

Organized Banking

The European private banking sector and the solution provider industry have experienced substantial consolidation in recent years. By the same token, Switzerland's private banks have been offering new services. Intelligent core banking solutions help maintain competitiveness and business growth.

Andrea Pillay

Compared to many other countries, the private banking sector in Switzerland is mature and well developed. It has weathered the financial crisis and even picked up new customers from the large, international banking groups. Yet in today's financial world, established tradition and experience in private banking must be coupled with a great deal of flexibility and adaptability to respond to a market that is changing rapidly and constant-

ly. The consequences are increased margin pressures, revenue growth challenges and regulatory and compliance requirements, as well as new customer behavior.

New customer needs

Private banking customers today no longer comprise mainly rich heirs of old and wealthy families, but also an increasing number of affluent upstarts and small enterprises with new and different demands. Banks must be prepared to offer excellent yet flexible and broad wealth management. These new customers expect their bank of choice to offer a broad palette of services, from traditional private banking to expertise in pensions, insurance and taxation. These new requests present great opportunities and potential for the financial industry, but this type of customer usually does not create exclusive and well established relationships with one particular brand. In fact, they are more likely to switch banks than private banking customers did just a few years ago. Institutions can therefore no longer rely on managing their established clientele but must reach out for new customers and new markets.

Cost control

As the industry evolves and new revenue streams are explored, private banks must be

flexible enough to reach out for these new opportunities and target and cater to new customers. They must offer added value and gain customer loyalty with excellent services. Simultaneously, they need to manage their costs carefully. This is yet another driver in a fiercely competitive environment. High fixed costs are not only a result of growing overhead and back-office services. Greater regulatory scrutiny and compliance measures are additionally ramping up the expenses. Last but not least, IT development and maintenance costs are also rising constantly.

Information technology

Keeping up with technology is expensive. In order to quickly respond to the challenges in the current market and seize new business opportunities successfully, business strategies in private banking must be supported by, and aligned with, sophisticated IT systems. They help banks not only monitor their business, but also optimize their processes and enhance their advisors' effectiveness. Traditionally banks have grown and enhanced their IT architectures to respond to these challenges. They have implemented, one by one, a series of new systems and applications that enable new business practices and new and diverse offerings. These systems, however, require constant

About SunGard

With an annual revenue of USD 5 billion, SunGard is a global leader in software and processing solutions for financial services, higher education and the public sector. The company also helps information-dependent enterprises of all types to ensure the continuity of their business. SunGard serves more than 25,000 customers in more than 50 countries, including the world's 50 largest banks.

About SunGard Ambit Apsys

Ambit Apsys is a comprehensive solution designed for banks and financial institutions primarily active in private banking and wealth management, focusing on the needs of their private or institutional customers with global and holistic service. Ambit Apsys is a real-time, multi-lingual, multi-currency and multi-entity, front-to-back integrated solution operating on an open and state of the art technical environment. www.sungard.com/apsys

development. Consequently, the maintenance of these systems and the respective interfaces have grown, and in some cases exploded. Reducing IT costs has therefore become a key driver not only for efficiency gains but also for costs controlling.

Integrated solutions

“Current IT spending is often heavily weighted towards IT operations and maintenance, with the bulk of IT resources and management time focused on keeping the lights on rather than supporting necessary change,” says Daniel Bardini of SunGard, a specialist in financial solutions. Integrated core banking solutions provided, implemented and maintained by a reliable partner are of great help when banks need to examine their IT costs and make sure any spending is directly related to supporting their business. They reduce reliance on in-house development resources for integration and customization. And they design systems that grow and evolve with the business and provide precisely those tools needed to execute business effectively and meet new customer demands. These demands span all segments, from ultra high-net worth individuals and family offices, to mass affluent and high-net worth individuals. The solutions blend portfolio management, financial planning, family office functionality and e-banking with compliance monitoring, customer relations and information management and reporting, as well as systems to enhance sales and marketing efficiency. And they offer fully integrated front-to-back office applications and give financial institutions of all types the flexibility to support product innovation and market expansion.

Ready for business

As in other organizations, private banks often use core system replacement projects as a vehicle to streamline their infrastruc-

Full speed ahead

Daniel Bardini, President of the SunGard Private Banking business unit, on consolidation and its opportunities.



Mr. Bardini, there has been quite some upheaval in the banking solution industry in Switzerland. What's the reason for the consolidation trend?

A rapid analysis of new sales in banking solutions in Switzerland over the past three to five years shows that only three solution suppliers have gained market share. The rest have stagnated or lost customers. The key to bringing a core banking solution forward is to acquire new customers in a specific area/segment, thus adding new functions and features for the benefit of the rest of the customers base. When the development engine is no longer fuelled by new ideas or projects coming from new prospects, the solution starts to decline and eventually disappears from the market place. At SunGard Ambit Apsys, we believe that you cannot seriously and professionally support a core banking solution without having a critical mass of existing customers and new gains year after year. Vendors who have not gained new customers for a long period can disappear from the evaluation process and from the market. We have seen this happen recently.

What exactly went wrong?

The absence of a critical mass of existing customers does not allow the proper level of customer support nor solution evolution to keep up or anticipate new market requirements and market trends. This translates as a deficient relationship. The customer base is dissatisfied with the solution, the support and has difficulties sustaining the requirements of the users. Some of our competitors also shifted focus away from the Swiss market,

which ultimately triggered a number of new core banking replacement projects that opened opportunities in all segments from cantonal banks to regional institutions as well as small to mid-size private banks.

It seems that you are profiting from this situation, now...

SunGard Ambit Apsys has good market share in Switzerland. This year we have won projects at six new customers. Over 55 financial institutions in Switzerland/Liechtenstein use our SunGard Ambit Apsys solution as their core banking platform. This is a direct result of our continuous effort to focus on the specific requirements of Swiss customers, keep TCO ratio among the best. An illustration of this is the very low level of efforts and investments required by our customers to move from one release to the next. As part of our solution, we integrate this parameter when developing new functions and releasing a new Apsys version. With our current number of existing customers in Switzerland and our package solution for rapid implementation at optimized costs, we are getting the success we deserve and winning market shares from other suppliers year after year.

How do you manage the workplace shift for the bank's staff when applying outsourcing solutions?

This really depends on the outsourcing option chosen by the bank. Our offer starts with an ASP service that focuses on the management and operation of our solution for the bank and extends to full BPO service in combination with selected strategic partners.

tures. Keeping in-house tailor-made systems up to date or replacing them is a difficult and risky venture and such projects may become a major challenge. As organizations seek to reduce their risks, they also seek a reliable partner, who not only sells systems but also manages implemen-

tation and provides regular and seamless release management. Experienced providers help their customers to reduce operational risks and their systems guarantee rapid time-to-market when institutions want to respond quickly to industry developments. ■