IBM Banking Industry Framework – core banking transformation

Modernizing and renovating core banking functionality

Highlights

- Adopt a progressive approach to renovating and transforming core banking systems
- Leverage the “best-of-the-best” components from leading application providers
- Speed core transformation efforts with best practices, methodology, solution templates and other accelerators
- Lower near-term cost, shorten time to value, and reduce risk in your transformation effort

Never before have agility and flexibility been more important for banks. They are pressured to grow top line revenues while reducing operating costs. To respond to competition from new market entrants, banks must be able to launch new products faster and support evolving channels. They also must be able to handle mergers and acquisitions effectively.

Banks around the world have been working to renovate systems that cannot adequately support evolving business needs. The underlying systems supporting core banking functions are complex. Many core processes are supported by internally developed or highly customized legacy applications. Processes are often hard-wired in applications, making it impossible to respond quickly to new opportunities. Reconfiguring applications to support new processes is difficult and time consuming.

For many banks, a simpler, more strategic core infrastructure is needed. However, large scale transformation efforts are often costly, risky and slow to generate a return on investment. Today banks need a smarter, progressive approach that enables them to transform their infrastructures over time, project by project, leveraging the assets they already have and driving value along the way. Now banks can build a technology roadmap to meet these needs with the IBM Banking Industry Framework for core banking transformation.
Bridging the gap between business requirements and IT capabilities

The IBM Banking Industry Framework provides a software platform along with prebuilt integrated core banking software extensions, solution accelerators, tooling, templates and best practices to help you significantly speed time to value in your solution implementation. It provides an approach for a progressive, managed, business-driven transformation of your core banking processes.

As you prioritize your changing business needs, you have a choice in how to get started. Along with a selection of applications from leading independent software vendors (ISVs), the framework supports your transformation journey with core banking transformation projects in the following solution areas:

Core banking application modernization. Transition to modern core banking applications in a staged and modular way with near-term payback and reduced risk and disruption. Integrate best-of-breed application components, buy new packaged applications and integrate with horizontal enterprise-wide processes, or build new service-oriented architecture (SOA) components for a customized, lower cost, and less risky approach.

Core banking process agility. Improve profitability by expanding into new markets faster and bringing innovative products to market more quickly. Offer better product pricing and terms for higher customer satisfaction using flexible and efficient processes, like account opening and management, product bundling, and dynamic relationship pricing.

IT foundation transformation. Transform the core banking platform, reduce operational cost and risk, and improve core banking process efficiency with projects addressing fundamental capabilities such as simplified IT infrastructure, platform scalability, and enterprise-wide customer and product information management.

The IBM Banking Industry Framework: Giving you what you need

A framework approach delivers benefits quickly to your business. With robust tooling and methodology you can accelerate the renovation of your core processes and related systems. Select from multiple entry points for your transformation efforts. Develop new applications, renovate existing applications, or integrate applications provided by independent software vendors (ISVs). Take advantage of development
best practices for faster results and ROI. Migrate your customer, contract and product data incrementally from multiple existing systems to a master data store and make it available to support processes across the enterprise. Enable agile product management and dynamic product bundling to better meet the needs of your customers. Plus, as you create a more flexible infrastructure for core banking processes, you build the foundation for a more strategic architecture that can support improved risk management and better customer service.

**Take advantage of our vast expertise**

IBM is a global leader in financial services. Financial institutions around the world are using an industry framework approach to simplify their technology infrastructure. IBM can help you get on the path to greater agility, whether you are just starting out, seeking to optimize your existing infrastructure or somewhere in between. Talk to your IBM representative today about conducting a Business Value Assessment to identify ways to get started.

**The IBM Banking Industry Framework for core banking transformation provides:**

- A common banking vocabulary prepopulated with IBM Information FrameWork (IFW) terms
- An established, standards-based data and message model based on IFW to simplify integration
- Extensions for IBM Master Data Management Server that include core banking-specific concepts such as lending, credit cards, and deposits
- Common foundational IT services required in core banking solutions such as auditing, logging, and security to speed solution development and deployment
- Reusable application components (e.g., interest rates, price optimization) plus building blocks (e.g., arrangement, campaign) to compose business processes
- Specific solution accelerators for processes such as product bundling and account opening; includes architecture, design, and a reference implementation
- A collaborative integrated solution development platform optimized for core banking that integrates transformation methods, tools, and assets
- Proven architectural design work products for core banking projects
Case study: Asian bank speeds time to market

This leading Korean bank was struggling to grow its revenue. It wanted to boost revenue growth by speeding time to market for new banking products, especially new deposit and loan-based offerings. The bank needed to evolve from being a product-centric organization to being more customer-centric. With help from IBM, this bank is becoming a “total financial network” bank, supplying a full suite of tailored financial offerings for retail and small business customers. They are achieving this by modernizing an existing ISV core banking application and using components of the IBM Banking Industry Framework. The modernized application will provide the bank with the ability to bundle products and services dynamically, based on specific customer needs.

For more information
To learn more about the IBM Banking Industry Framework for core banking transformation, contact your IBM representative or visit: ibm.com/software/industry/frameworks/banking.