

# "SAAS: Rapid, effective, success in digitalisation"

To manage their private banking and wealth management operations, many of the world's leading financial services organisations have chosen the OLYMPIC Banking System, the integrated front-to-back software application from ERI. The company offers a reliable and secure digitally-enabled solution to support financial organisations of varying sizes. Alan Goodrich, Sales Manager, ERI Bancaire Luxembourg explains how ERI answers the challenges of our digital era.

**Who is ERI Bancaire Luxembourg? Can you explain how your OLYMPIC Banking System software can benefit your customers?**

ERI is an international company specialised in the design, development, implementation and support of an integrated, real-time banking software package: the OLYMPIC Banking System. The solution's core banking technology underpins financial services' delivery for over 300 institutions worldwide making it the most widely installed private banking solution internationally. 30% of banks in Luxembourg use the OLYMPIC Banking System, and the application is to

date used in more than 50 countries across Europe, Asia, North America and Africa. Our clients are Private Banks and Wealth Management Companies, Investment Fund Companies (Transfer Agents, Administrators, and Custodians), Retail & Commercial Banks as well as Central Banks and other Financial Institutions.

ERI is a long-established and respected player in the Luxembourg market, and has Luxembourg running through its veins, having been recently awarded the "Made in Luxembourg" brand. With a significant team locally of highly qualified staff members, ERI is perfectly positioned to assist banks and financial institutions in the Benelux region in transforming their businesses and gaining competitive advantage, through technology, in the new digital paradigm.

**What major trends are you observing in the Luxembourg financial services' market place?**

Currently, banks in Luxembourg have to commit significant resources to manage the constant stream of regulatory requirements. Recently, the Luxembourg Bankers Association said: "When you look at the investments banks have to make to comply with regulations, it is 35% of their revenues, 51% for small banks".

Banks are increasingly looking to technology to assist with the regulatory burden, through RegTech, and to gain competitive advantage in productivity and services to customers, through FinTech. This is the digitalisation journey, which has become the buzz word for the industry. We now live in a digital world, with a generation of financial service customers that embrace digital services and have a different attitude towards trust and transacting.

Trying to keep pace with, or even get ahead of these trends in isolation is extremely resource-intensive and costly for an institution.

**Please describe what digitalisation means for financial services?**

Digitalisation is as much about a change in culture and mind-set of the organisation, as about new technology. It is about rethinking the "how" and "what" of product and service delivery to customers as well as internal processes. Without the rethink, the intended benefits of using new technology to minimize regulatory compliance costs, increase operational efficiency, improve service delivery to existing customers and attract revenue-generating business from the new generation, are unlikely to be achieved.

**So, for financial service providers, what are the key success factors to achieving digitalisation?**

Based on past observations, we would argue that there are two principle success factors. Firstly, the institution needs to have a clear understanding of where its digitalisation journey is starting from, where it wants to get to and what it wants to achieve along the way. Digitalisation, for a financial service institution, is really just an abbreviation to describe a business growth strategy in a digital world. A digital world that is currently evolving at a rapid pace. For example, mobile banking offerings that were considered state-of-the-art a few years ago, are already taken for granted now. Artificial Intelligence (AI) is quickly becoming considered an essential component of fraud detection, risk analytics and robot advisory services – but what's next? Secondly, execution of the strategy is as critical as its formulation. Looking around

the market, unfortunately, we have seen a number of financial service providers that hoped to lead the way in digitalisation. However, they ended up embarking on projects that quickly became significantly longer and more draining on resources (both in human and financial terms) than intended. This has had a potentially detrimental effect, not only, on the institution itself, but also, on the market place as a whole, as others become nervous of suffering the same outcome. However, as no financial institution can avoid going down the digitalisation road, we would suggest risks can be reduced by a "Keep it Simple" approach to any projects.

**Finally, digitalisation is about a change of organisational mind-set, as well as technology. How do you see SaaS as a part of a strategy for this latter aspect?**

Keeping in mind the previous response, we would recommend choosing technology that keeps as many options open as possible, and therefore allows the institution to adopt an incremental, agile approach to the digitalisation journey. The core system, which is the backbone and central nervous system of a financial services institution, needs to be open to integrate new Fintech and RegTech solutions that allow the desired innovation in processes, products and services. In this regard, the OLYMPIC Banking System is again perfectly positioned, being built on SOA standards with an open API framework that is open-banking ready. We would also recommend institutions opt for a technology delivery model that offers maximum flexibility and that transforms some legacy, fixed, capital costs into variable, operation expenses. ERI, in collaboration with our partner institutions, offers the OLYMPIC Banking System in a "Software as a Service" model. In Luxembourg, this is offered in conjunction with partners that have received the PSF agreements. The SaaS model reduces the up-front investment and the level of human resources required to manage a digital transformation project, as well as the associated project risks. Sharing the commoditised aspects of application management and infrastructure costs, which offer no competitive advantage in their own right, allows resources to be focused on the areas that will generate revenue opportunities and benefit from reduced time-to-market. ■

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