

# ERI Banking Software and the Rise of Digitalisation in Asia's Wealth Industry

ERI Banking Software is the Asian arm of ERI, which is a fully global, digital solutions provider that is further building its Asia business, as the region continues its accumulation of economic might and private wealth. To achieve the goals of smart and also secure digitalisation, wealth management customers need to invest wisely in the requisite technologies that can also be upgraded and adapted easily and cost-effectively in the future. Hubbis met with two of the firm's leaders in Asia, Nicholas Hacking, Sales Director and jointly responsible for the global markets, and Karsten Kemna, Director for Asia Pacific.



NICHOLAS HACKING  
ERI

**E**RI IS A GLOBAL SOLUTIONS PROVIDER SPECIALISING IN THE DESIGN, development, distribution and support of

the integrated, real-time banking software package, namely the OLYMPIC Banking System, which is specifically designed for financial institutions, especially in the retail and private banking, wealth management, fund and investment management areas.

The company's mission is to support the growth of its clients via the product and the teams and thereby enable them to monitor and control their operating costs.

### **OLYMPIC Banking System's medals**

The OLYMPIC Banking System is a fully integrated, digital, front-to-back, parameter-driven banking solution. The system supports a broad range of functional domains and business segments through its flexible conceptual design.

It has a leading position amongst financial institutions in the wealth management sector. OLYMPIC Banking System ranks second in Europe in terms of the number of banking clients there, according to research the

### **Getting Personal with ERI's Nicholas Hacking**

Hacking is currently Sales Director with ERI, jointly responsible for the global markets. He has been with ERI for over 23 years, since 1996.

Before joining ERI, Nicholas worked for several IT companies, and in client-facing and operational roles in the wealth management operations of several international banks.

He was born in Sri Lanka but was then educated in the UK. Almost like a training ground for the world of wealth management, Hacking's father was in the tea business, and Hacking spent many of his formative years in Charterhouse boarding school in the UK. He went straight from school to work as a trainee accountant in the UK and has been based in Geneva for the last 30 years.

firm highlights from Gartner, and therefore ranks ahead of Avaloq, Sopra, Temenos, SAP and other big names, based on that data.

ERI has 30 years of experience and more than 300 sites using the application, across more than 60 countries. ERI is present in Geneva, Zurich, Lugano, Luxembourg, London, Paris and Singapore.

The firm's core markets include private banking, wealth management, funds & trusts, e-banking/ brokerage, treasury management, corporate banking, retail banking, and central banks.

### **ERI's global footprint**

ERI has a who's who of clients. The firm has, for example, enjoyed a long track record of partnering with JP Morgan, first implementing its software in 1994 and today offering the bank globally a back-office hub in Geneva, producing economies of scale and reduced costs, a concentration of software maintenance, reduction of IT

involvement and standardisation. The firm boasts competitive agility, with a short implementation time in each new location.

ERI enjoys similar relationships and ongoing business with names such as France's BNP Paribas Wealth Management as well as Societe Generale Private Banking and Sweden's Skandinaviska Enskilda Banken. The firm also ranks a host of leading names amongst its clientele, from UBS to SMBC Nikko and many, many more around the globe.

The firm also boasts alliances with IBM, Oracle and other big names as solution vendors, and reports a 100% successful implementation track record.

### **Are you ready?**

Noting that ERI works under the broad banner of 'Ready for your Digital Transformation', Kemna begins by explaining that ERI's comprehensive software solution for the private banking and wealth



KARSTEN KEMNA  
ERI

management environments offers a core banking platform, which has modular components around it. “This allows us to provide a front-to-end type solution that banks can use in multiple locations, languages and across different currencies,” he reports.

“We are all about digitalisation at a reasonable cost,” Hacking adds. “What often surprises us is the cost we see some people ending up paying to obtain a reasonable platform to offer their private banking clients. Some of these investments these banks are making I would call ‘horrific’, you often wonder how they can really justify those costs to their shareholders in the longer-term.”

Cost-cutting in Europe, Hacking reports, is increasingly seen as a vital mission for digitalisation, due to fee compression and other pressures on the banks.

“How can the banks use digitalisation, particularly nowadays AI, to boost the proposition?” he ponders. “We have been working recently with IBM on AI to reduce the basic servicing costs for a client, and that is certainly one trend. The other trend is more digitalisation in the interaction between

## Getting Personal with Karsten Kemna

Kemna since July this year has taken up the reins as Director for Asia Pacific for ERI, based in Singapore. This is his latest and most significant jump since the days of his early career as a professional basketball player.

Kemna is German and hails from Wuppertal. He earned two degrees, one from Iona College in the US, studying International Marketing and Finance, plus a second degree from the Fern Universität in Hagen / Germany in Marketing and Management, studying via correspondence classes in Marketing and Management while at the same time pursuing his Basketball career for over 10 years on the highest German level.

Before he recently joined ERI, his professional career path developed at Wincor Nixdorf, which in 2016 was bought over by Diebold of the US and which is today Diebold Nixdorf. He started out as a marketing professional, but steadily moved into sales and business management, which culminated in him running the APAC banking business for the last 5 years of his tenure there.

"I was with Wincor Nixdorf, a German company, for 16 years," he recalls, "starting in the headquarters in Germany for five years and then they sent me to Asia, originally for two years; it ended up being many more, and now I have been here almost 13 years, married a Singaporean lady, and built my family here, so I can call Singapore my home."

the clients and the banks, as clients often prefer the speed and efficiency of digital automation, rather than the human interface, to accomplish basic tasks.”

### Welcome to the cloud

Kemna points to another key trend, namely cloud computing, noting that ERI has been working with Microsoft Azure to extend ERI’s OLYMPIC Banking System cloud offering. “We are sorted with Microsoft Azure already and now implementing Amazon Web Ser-

vices,” he reports. “Amazon today is actually the market leader in this field, well in advance of Azure and then somewhere further behind that is IBM, with the IBM Cloud.”

Hacking explains that Amazon Web Services (AWS) not only started earlier but has invested huge amounts in their data centres and now controls an estimated 40% of the global ‘cloud’ market.

“In some markets, the cloud is still looked at slightly negatively, due to concerns about confidentiality,” he comments, “but that is

changing, and even regulators who had shunned the cloud are now moving towards it. So, we have seen firms opening data centres in Switzerland and in other jurisdictions, and we have been seeing local regulators warming to the concept of cloud solutions generally.”

Hacking explains that for each major cloud provider, ERI has become a partner, with the idea to keep tabs on the developments, to see what they add to their platform, and to learn of the latest evolutions.

“This all helps our teams be proactive and to support the banks that are using the OLYMPIC Banking System on the relevant cloud,” he explains. “Whereas the private banks and other private

existing cloud providers, we need to make sure we cover them all, for ease of application for our clients.”

He adds that in Asia the mindset is nevertheless still somewhat ambivalent towards the cloud solution, with regulators in the region remaining unconvinced about data protection and confidentiality. “Asia is therefore behind the game compared to Europe,” he notes, “but the trend is certainly on a positive line, and we are hopeful things will evolve fast.”

### **Keeping a lid on costs**

Turning to one of ERI’s USPs, Hacking maintains that cost efficiencies play a key part in the differentiation the firm offers clients.

**“We conquered Europe first, and we are building an ever-stronger presence in Asia, where we have operated for more than 12 years now, and we are also expanding in Africa and America. We are truly a global company.”**

wealth firms were wary, in the past 18 months or so we have seen a wholehearted trend in that direction, while some of the others who are still sceptics are now reviewing their policies.”

### **Staying agnostic**

Kemna explains that ERI is, crucially, agnostic as to solutions providers. “The core banking element from ERI is actually only a small cost, relative to many banks’ overall spending on IT, so, for example, one of the bigger banks in Singapore spends upwards of USD80 million a year on cloud with just one provider. Our mission is, therefore, to ensure that we can combine our solution with the

“When you look at total cost of ownership over a period of time for the core banking system, whether it is retail banking or private banking, and bearing in mind this is not something you are going to change very frequently because there is a lot of disruption, the key is the cost of the system, over time,” he explains.

“The banks need to train all their people on the new system, they must test it, and then it needs to go live, then there will be upgrades over time, new versions and so forth,” he continues. “Where ERI scores so well compared to competitors is in the overall cost that our system represents. This is a major USP for us.”

### **Staying flexible**

Kemna also explains that ERI’s flexibility and nimble approach adds great value to the customers. “Most of our competitors, for very good reasons, will say, ok if you want to change you can only have it in the next version, you need to be patient,” he elucidates. “But we believe in agile development and rapid change, you need to be flexible, and as a streamlined business we can do that, it is a considerable advantage.”

Kemna also points to the very robust core technology ERI offers. “Our customers are extremely happy with the implementations because they see it working, they don’t have to upgrade every two or three months. Moreover, at the same time, our innovations on the user interface side mean we are tracking key trends in the market, boosting the interface that people want via the application on tablets, and via voice or text.”

### **A contradiction in terms?**

“Most banks,” says Hacking, expanding on this theme, “want something stable, reliable, and secure, but they also want something that’s up to date, and that means there is somewhat of a contradiction. But we achieve that in many ways because by having a single set of source code, by having that source code adaptable to run on multiple platforms and to be modular in terms of new technologies around digitalisation, the user experience, and so forth, we are thereby giving them something that’s very modern, but equally it is very stable.”

Hacking adds that he hears war stories from some banks of the battles they have in terms of constantly having to upgrade, constantly having to make changes.

“It is expensive, time-consuming, and it adds additional risk to all the operations of the bank,” he warns. “It all needs to be thought out and approached very carefully.”

### Plenty of challenges ahead

Hacking talks about the threat from the challenger banks, noting that their success or failure will be driven by digitalisation, whether it is in terms of automating the compliance, whether it is in terms of making sure that the customer is doing most of the work, not the e-bank, or whether it is in terms of the way the processes internally are functioning or the investments they make, even in technology.

“This is all critical as they must make very substantial investments initially to provide just the basic offering customers are using today,” he observes. “Accordingly, these are early days, and we have yet to see whether they are indeed able to make that really a profitable exercise. Most of them are not yet profitable despite having lower overheads, despite trying to slim down their processes, because they have had to invest such huge amounts in technology. Time will tell if that will ever get paid back.”

### The incumbents fight back

He also notes that while this is happening, the major incumbent banks are increasingly competing in terms of slimming down their services, making everything more automated. “But the incumbent players also then need to do something different; otherwise they are just levelling the playing field,” he advises.

In wealth management, Hacking observes, the banks can indeed offer more, largely away from technology and in the more human, personal space, as customers still need and want advice. For

example, he notes that in the US, there is a great need for personal advice on mortgages, investments, pensions, and so forth.

“The bigger banks do actually have the brands, the experience, the intellectual capital, and they can probably still offer something that the challenger banks of this world cannot offer,” he observes. “Certainly, in private banking, people are expecting a more personalised experience, and the best technology can, in fact, help deliver that.”

### First-class delivery

Kemna agrees that technology can also certainly enhance the skills of the RMs and the delivery of the advice and service.

“Technology,” he states, “can boost the guidance for and proposals for private banking clients, based on analysis of their behaviour, their portfolios, their expectations and needs. But it also revolves around how much money the banks would invest in training their RMs to be able to provide a better proposition than the customers on the sofa at home browsing the internet. This is a dilemma that banks will always have, as so often the wealthy customers are better educated than the RMs. But certainly, technology needs to be utilised then to reduce this gap.”

### A happy anniversary

2019 marks the 30th anniversary of ERI. “We conquered Europe first, and we are building an ever-stronger presence in Asia, where we have operated for more than 12 years now, and we are also expanding in Africa and America. We are truly a global company.” Kemna remarks on closing the discussion. ■



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## The key priorities

As to priorities, these two ERI leaders both stress the importance of cloud-related solutions. "We are in the early stages globally," Hacking remarks, "and there is much more we can do in our technology to take even further advantage of what the cloud offers, so that is a core priority for us over the next 12 months."

The second priority, Hacking reports, is to further enhance ERI's process automation offering.

"We are constantly looking into automating additional areas with AI, and we are focusing on this," he reports. "For example, after somebody provides advice to a customer, how do they get those recommendations into the system? Moreover, there are ways to help ensure monitoring of the RMs and advisers to ensure they are within the house view, that they adhere to the standards and quality required. AI can help them significantly in terms of analysing a customer's position, the market, thereby helping to provide and maintains the right standards and quality of approach to a customer."

The third priority is to enhance the regional footprint in Asia. "There is a great opportunity that we need to be taking advantage of over the coming 12 months," Kemna reports. "We do significant business with a very healthy nucleus of global banks that work with us on OLYMPIC Banking System in this region, and at the same time, we have now started to implement a number of local and regional initiatives in this region, to really drive into new geographies; for example, Indonesia, Malaysia, Thailand and Taiwan are markets where we see great potential."

He reports that ERI is currently rolling out OLYMPIC Banking System for a Malaysian bank in Singapore, with the concept of then migrating that into other locations in the region for this bank.

"Singapore is an ideal hub from which to expand into other countries in the region," he notes. "Another example is a retail bank in Indonesia which is trying to access more of the growing middle class and the growing income levels of the country, meaning they need better and more advanced solutions and banking services going forward, and our software could certainly help them in this endeavour."

Hacking adds his own view that Asia's compelling growth story offers great potential for building new clients in a region where new products and processes are getting created, where people are setting up for the first time. "Compared with mature markets like the US or Europe, much of this Asia region is open to change," he explains, "they want to take advantage of digital and leapfrog competitors."