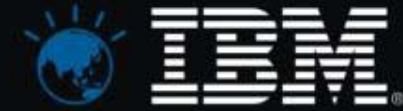




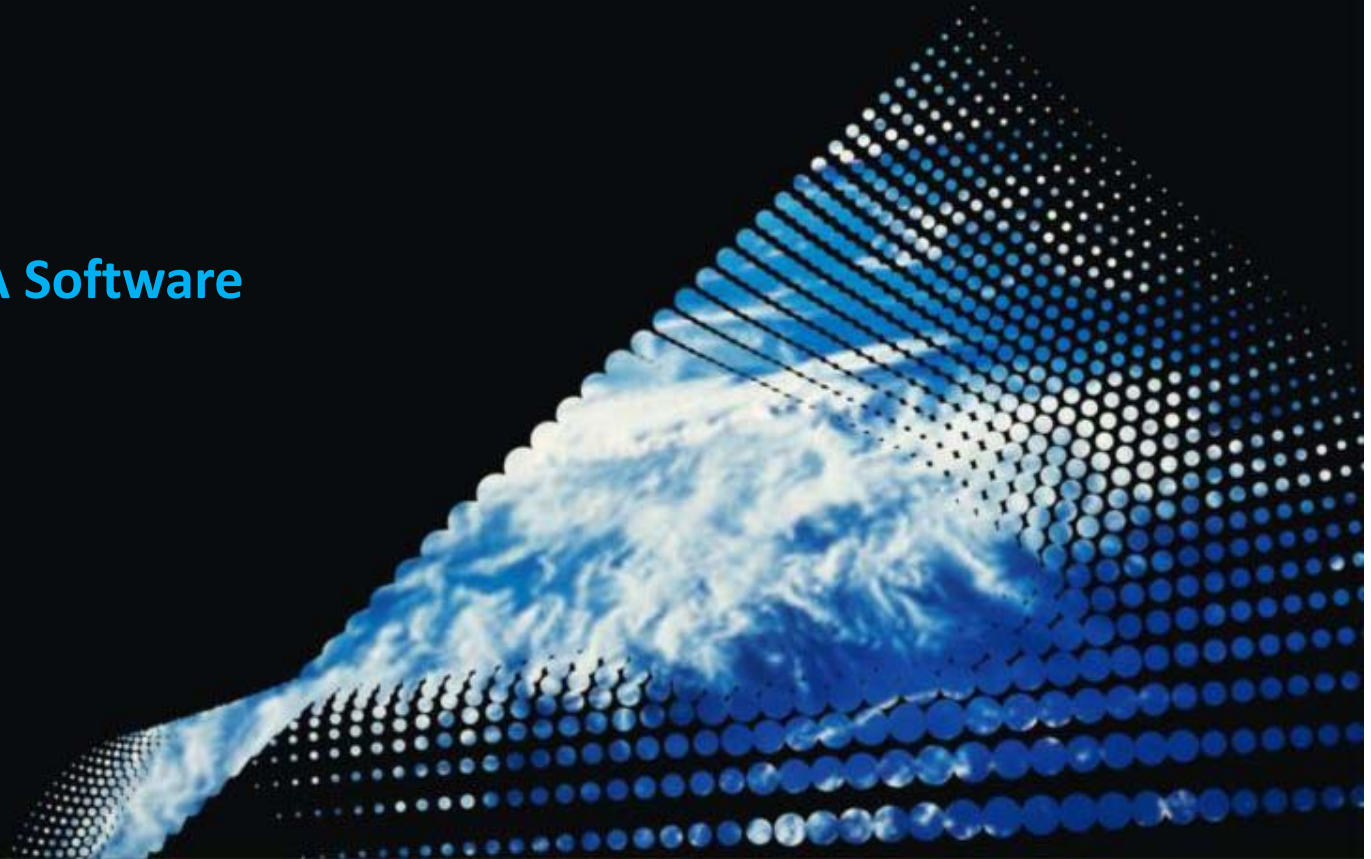
IBM Software Universe
Smarter Businesses, Smarter Industries.

8th March 2011, Pan Pacific, Dhaka.



Banking Performance Management

Rajesh Shewani
Presales Leader, BA Software
IBM India/SA



A Smarter BFSI focus on three key imperatives....



- IBM BFSI Industry Solutions - Enabling speed, flexibility & choice in solution deployment
- **Banking Performance Management**
- Managing Security, Risk & Compliance in BFSI
- Securing Enterprise Data for Banks
- Managing Quality & Security of Banking Applications
- Unified Business Process Management for Collaborative Process Improvement
- Payment Systems: Evolution and Framework
- Better Customer Service Through Exceptional Web Experiences

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What bankers need from their technology investments



Alignment

Single view of sales, customer service and data to make data-driven decisions, fast.



Agility

People get the information they need when and how they need it to react in a rapidly, changing environment



Value at every step

Single platform enables banks to start anywhere and build value by expanding department by department to transform other areas of business.

What if....



..... a **product manager** could personalize offerings, pricing and terms to maximize margin and improve service levels?



..... a **loan officer** could use adaptive risk control at the customer and transaction level?

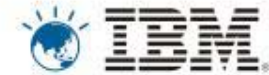


..... a **call center employee** could predict what products or offers would retain a customer thinking of switching banks?

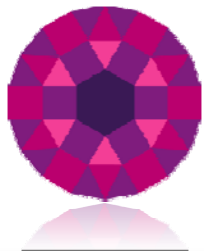


..... a **branch manager** could stop a large wire transfer if predictive analytics showed likely fraud?

What is Business Analytics and how does it help bankers?



- **Business Intelligence**
 - Instant information about how the business is doing and why
- **Financial Performance and Strategy Management**
 - Financial and operational planning, budgeting and forecasting to put resources in the right place and set targets
- **Advanced Analytics**
 - Predictive modeling and what-if analysis to predict opportunities and threats and confidently take action
- **Analytic Applications**
 - Best practice-based industry solutions and accelerators
- **Governance, Risk and Compliance**



Business Analytics from IBM

Actionable insights for better business outcomes

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Business Analytics in banking from IBM



world's largest banks²



North American banks²



European banks²

A proven solution

Envision Credit Union

Achieved a 178 percent return on investment (ROI) in seven months on a risk and operational efficiency project

UBS

Gained portfolio aggregation views to counterparties to exceed risk and reporting guidelines

First Tennessee Bank

Lowered direct marketing costs and boosted response rates



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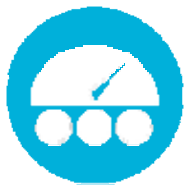
Informed, aligned decisions and actions

IBM Cognos® 10 software – independent, SOA-based platform

Allows decision makers at virtually all levels of the organization to gain insight into business performance and data to support and guide actions.

How are we doing?

Deliver immediate insights into business performance



Dashboards/
Scorecards



Reports



Ad hoc
Query



Content & Trend
analysis



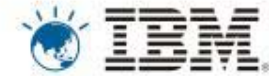
Planning/
Budgeting



Predictive
Modeling



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IBM Business Analytics

Deliver insights that help drive better business performance



Operational efficiency



Integrated risk management



Customer care and insight

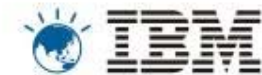


Payments and securities

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Banking solutions for operational efficiency



- **IT Cost Transparency Blueprint**

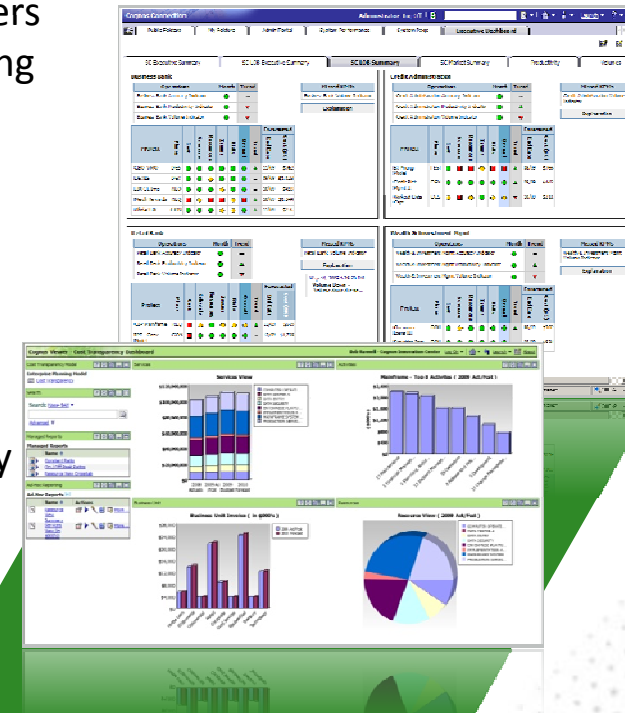
- Enable conversation between IT and departmental owners
- Reports, dashboards and metrics show technology costing and chargeback
- View of technology services, cost of delivery and service levels

- **Branch Performance**

- Top-down and bottom-up branch planning helps ensure alignment with strategic objectives
- Manage branch profitability planning through analysis by product and customer segments

- **Banking Operations Executive Dashboard**

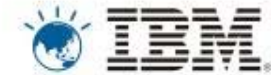
- Executive view of operations for a multiservice bank





HSBC Bank Hong Kong

From 7 weeks to 7 seconds



The need

- Many disparate systems and processes to track sales activities and it would take up to 7 weeks to get a report on performance.
- Need to streamline compliance and risk management.
- A closed-loop system for decision making so sales and branch management were empowered with necessary tools to manage performance.

The solution

- Implemented IBM Cognos 8 BI for reporting on daily branch and staff performance. This timely, consolidated view of performance enables managers to spot trends and identify areas for improvement and provides a more holistic view of customer relationships.

What makes it smarter

- Improved productivity – Reallocated 90 full time employees from data entry to value added roles.
- Predictable branch staffing levels
- Improved, real time insight into branch and sales performance from “7 weeks to 7 seconds”

“We've gone from 7 weeks to 7 seconds for reporting. We've eliminated a data entry requirement of 90 full time people. We've aligned finance, HR, sales and more around a single version of the truth so we can continue to make good decisions for our customers”

— *John Marchioni*

*Executive VP, Chief Underwriting and
Field Ops Officer, Selective Insurance*

Solution components:

- IBM Cognos 8 BI

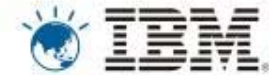


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Major U.S. Bank

Satisfying BASEL II while reducing costs



The need

A major bank needed to satisfy BASEL II regulatory requirements by having proper performing IT reporting and business intelligence (BI) processes. The bank had too many analytical engines and needed to standardize onto a single business intelligence solution

The solution

The company developed a Center of Excellence (COE) for Business Intelligence to implement an IBM Cognos 8 BI software solution to provide the decision makers, at all levels of the enterprise, with a consistent and accurate view of all business information to help manage performance.

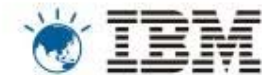
What makes it smarter

- Better able to satisfy BASEL II regulatory requirements
- Reduced maintenance fees through standardizing on Cognos 8
- Centralized support through the Service Bureau enables the bank to leverage information as a strategic asset and optimize the overall performance of its business

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Banking solutions for integrated risk management



- **Finance and Integrated Risk Management (FIRM)**
 - Credit, operational, marketplace, counterparty, and financial risk and scenario analysis
- **Risk scenario analytics**
 - “What if” risk scenario analytics predicts trade book marketplace risk, credit risk and capital
- **Liquidity risk**
 - In-house analysis, presentation and disclosure
- **Banking risk – credit risk application**
 - Monitors credit risk from origination to collections
- **Risk adjusted profitability**
 - Maximize risk adjusted return on capital (RAROC) for risk-based profitability management
- **New! Operational Risk and Regulatory Compliance**
- **New! Financial processes and controls**



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New from IBM!

Operational Risk and Regulatory Compliance By OpenPages



- Complete suite of risk management solutions available in five languages
 - Financial controls management
 - Operational risk management
 - IT risk and compliance
 - General compliance management
 - Internal audit
- Already embeds IBM Business Analytics reporting and financial planning capabilities
- 250+ customers worldwide



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New from IBM!

Financial processes and controls by **Clarity Systems**



Investor relations

- Press releases
- Annual report
- Prospectus
- News wire releases

Internal reporting

- Board Books
- Flash Reporting
- Management Reporting

External reporting

- Statutory
- SEC Filings (10K, 10Q, etc.)
- LSE RNS
- CSR

Regulatory reporting

- To National and Regulatory bodies
- FSA, HMRC

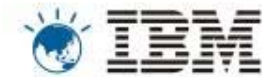
Legal

- Notes and exhibits to statutory filings
- Proxy statements

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Banking solutions for customer care and insight



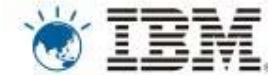
- **Customer profitability analytics**
 - Measure and identify customer profitability
 - Use predictive analytics to focus attention on most profitable customers
 - Create an ideal customer profile using lifetime value models
- **Banking campaign insight and optimization**
 - Reduce costs and increase effectiveness of lead generation activities
 - Target offers to key customer segments more effectively
- **Relationship pricing for commercial banking**
 - Pricing solution to support daily credit and noncredit pricing decisions to customers



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IBM Business Analytics solutions for customer care and insight



- **Client servicing blueprint**
 - Provides customer facing portal and self-service statement reporting
 - Includes internal wealth and asset management dashboards
- **Customer and product cross-sell**
 - Profitability and cross-sell analysis with data tied back to the IBM Banking Data Warehouse
- **Branch Performance**
 - Establishes corporate targets and develops integrated top down/ bottom up functional and operational plans.
 - Provides profitability planning and analysis by product and customer segment using activity-based drivers and rates.

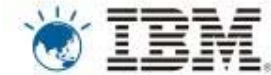


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First Tennessee Bank

Sharpens market focus with predictive analytics



The need

First Tennessee Bank, the state's oldest and largest bank, suspected thousands of dollars were wasted annually on direct marketing campaigns that focused on products rather than customer knowledge and behavior.

Despite an abundance of data, the bank was not identifying individual customer behavior and devising marketing strategies tailored for particular preferences and buying patterns.

The solution

First Tennessee began using statistical analysis software that enabled it to better target its direct marketing efforts, improving response rates and lowering costs.

What makes it smarter

- Analyzes 30 to 40 data points per customer to deliver actionable insights used to focus marketing campaigns, resulting in a 3.1 percent boost in response rate
- Delivers insights based on current transactional data and two years' worth of marketing campaign ROI data stored in bank systems
- Gathers data from all customer touch points—ATMs, telephone, Web, in-person interactions—to build accurate profiles of individual customers

“Predictive analytics gives us unprecedented insights from our data”

— **Tanner Mueller**

*Direct Marketing Database Manager,
First Tennessee Bank*

Solution components:

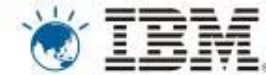
- IBM® SPSS Modeler



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IBM Business Analytics solutions for payments and securities



- **IBM Cognos Now! real-time payments monitoring software**
- **Enterprise payments monitoring**
 - Comprehensive payments process monitoring, reporting and analysis
 - Includes dashboards, key performance indicators and scorecards, monitoring, reporting, and alerts

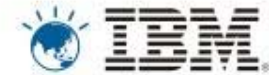


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Canadian Imperial Bank of Commerce

Intra-day Payment Reconciliation



The need:

- Track and monitor payment reconciliation in real time
- Meet bank's payment group's service level objectives and required payment times to external parties
- Establish a single vendor for historical reporting and real time monitoring
- Architectural synergies between Cognos 8 BI and Cognos Now!
- Real time alerting for exception notifications – out of bounds processing times, bottleneck occurrences, customers at risk, service disruptions

The solution:

- Consolidated real time view of payments process flow by vendor/ customer/ time/ dollar value and customized for manager and VP perspectives
- Providing key process flow KPIs by key customers
- Alerts for out of bound payments, bottlenecks or customer at risk
- Payments within and outside cutoff limits
- Dollar amount of exposure value
- Customer cutoff identification

What makes it smarter:

- Maintain established service levels
- Insure customer commitments are met
- Increase customer satisfaction by improved results with payments processing
- Better insight into process bottlenecks decreasing time to act
- Improve straight-through processing rates
- Reduce service disruptions and operating costs

Provides real time view of payments process flow to managers and VPs.

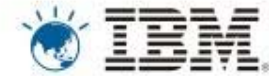
Solution components:

- IBM Cognos 8 BI
- DB2 / XML



Why Business Analytics Software from IBM?

Delivering value to business users



- **Breadth**

- Offers integrated, single service-oriented architecture (SOA) platform for business intelligence (BI) and financial and predictive analytics

- **Flexibility**

- Delivers insight into preferred format: Microsoft® Office software, smart phones, online
- Pulls data from just about any transactional or operational system

- **Reliability**

- Provides a safe choice for your technology investment with a large services team and more than US\$12 billion in analytics acquisitions

- **Scalability**

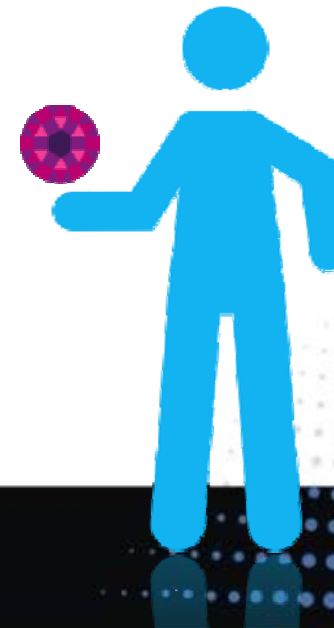
- Starts with a single department or project and expands investment into other areas

- **Industry accelerators**

- Helps maximize time to value with insurance-specific assets

- **Relationships**

- Builds focus on your long-term success



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