



KSoft Systems, Inc.

# SAP for Banking

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White Paper

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## 1.0 INTRODUCTION

There is no question about it – in today’s highly competitive business environment, banks are cutting costs in a number of ways. One trend in banking is to break up value chains through business-area outsourcing. This dividing of processes leads to technical componentization, to ensure maximum utility of software-development efforts. Across the board, banks are scaling up processes and consolidating operations to improve efficiency and save costs. Changes such as these increase the already large volumes of data that you need to process at the highest performance levels. And, to remain a step ahead of your competitors, you have to continually offer new products and services. So you also need to have product-design tools that help you meet your time-to market requirements. In short, you need software that not only meets, but also excels in addressing all of these demands.

## 2.0 CAPABILITIES OF SAP ACCOUNT MANAGEMENT FOR BANKING

SAP Account Management for Banking proves to be the most cost-efficient bank accounting system for balance-based products of large retail and private banks. The application fully supports checking and savings account products as well as debit- and credit-card products. It is designed for high-performance mass processing.

To support contract and transaction services, SAP Account Management for Banking enables key scenarios for automated posting and highly efficient post processing, as well as for opening, settling, and closing account or card contracts. While providing you with all the functions you need today, SAP Account Management for Banking accommodates future market changes, providing the functionality to generate new types of products and to adapt existing products.

The solution not only offers state-of-the-art capabilities, but also includes the following decisive competitive advantages for Companies in the banking industry.

**Full Integration and Low Levels of Migration Risk** SAP Account Management for Banking is designed to integrate harmoniously into existing SAP and non-SAP IT landscapes through open and accessible interfaces. It fully supports the integration of new technologies. Since incremental steps are possible during migration, the modifications can be virtually transparent.

**Real-Time Processing and Performance** SAP Account Management for Banking is capable of real-time online processing and is available 24 hours a day, 7 days a week. This allows you to run end-of-day processing parallel to posting and, consequently, there is a significant reduction in the complexity of posting-control processes. The solution is designed to manage many millions of accounts and allows for the processing of millions of payments per hour.

### 3.0 TIME-TO-MARKET PRODUCT LAUNCHES

SAP Account Management for Banking offers a tool that enables you to launch products with rapid time to market, since it is designed to configure new products without modifying your system's code. This product-configuration tool, which accesses a library of possible features, allows for quick and decisive reactions to market trends, so that your sales force and back-office staff are well equipped to perform the tasks involved in product launches.

**Customer-Centric Posting Control** For most banks, the processing of posting-control items is laborand cost-intensive. However, with the automation and streamlining of posting-control processes, employees who once handled these tasks can now be deployed to work on revenue-generating activities.

SAP has developed a framework of rules that are bank segment oriented. These posting-control rules enable a bank to define which posting errors are to be processed automatically. Consequently, the amount of manual exception handling can be minimized to result in significant cost cutting.

To achieve maximum efficiency in the manual processing of posting-control items, SAP has developed the posting-control office, software that provides employees with all the information they need for this process, again reducing costs.

For the administration of locks and their underlying business events, such as garnishment, death, insolvency, and low credit rating, SAP Account Management for Banking includes posting lock management. It enables bank employees to set a central lock for all accounts, checks, and debit and credit cards owned by a customer, or to set a single lock. It enables you to reduce your employees' manual workload, which leads to crucial cost savings.

## 4.0 VALUE PROPOSITION OF SAP ACCOUNT MANAGEMENT FOR BANKING

### **Minimized Total Cost of Ownership**

SAP Account Management for Banking is a very cost-effective IT investment providing the maximum degree of automation that can reduce your manual workload. Redundant processes can be abolished and remaining processes can be streamlined. Moreover, SAP Account Management for Banking holds your maintenance costs to a minimum.

### **Cost-Efficient Scalability**

The high scalability of SAP Account Management for Banking has been proven in the production environments of major European top-tier banks that manage several million accounts and process millions of payments per day. This degree of scalability is a milestone achieved only by SAP software.

### **Exclusive Sales Opportunities**

The product-configuration tool of SAP Account Management for Banking enables you to create and deliver new products without modifying your system's code. This means you can dominate new product segments before your competitors even get a foothold.

### **Real-Time Processing**

SAP Account Management for Banking processes your data in real time. This means you do not need downtime to handle batch processing, as your competitors most likely do.

### **Performance**

SAP Account Management for Banking also excels in mass processing performance. No other IT company has products that can match the performance numbers of SAP software while providing the range of functionality offered by the SAP Account Management for banking solution.

### **Full Integration**

SAP Account Management for Banking is designed to ensure full integration in both SAP and non-SAP environments. The application also aligns with the SAP NetWeaver™ platform, the open integration and application platform that reduces total cost of ownership. SAP Account Management for Banking with SAP NetWeaver presents the most powerful cost-cutting combination for the banking industry.

### **Vendor Credibility**

SAP has a more than 30-year track record for delivering standard solutions that meet the needs of its customers. You can rely on us.

## 5.0 SOLUTION BRIEF

### **My SAPTM BANKING INTEGRATES A BANK'S CORE PROCESSES**

To meet the demands of an increasingly expanding and tightly competitive global market, banks have been scurrying to scale up, consolidate operations, control costs, and improve efficiencies. Like you, they are relying more and more on automation to optimize customer transactions. And like you, they are discovering that the race to automate has created a gap between customer-focused applications and back-end processes.

How can you resolve this gap and increase operational efficiency? With IT that's been reinvented for core banking strategies and arranged on an application landscape that uses the same process chains from end to end. You need an integrated solution that:

- Reduces the complexity and costs of your current IT system
- Offers round-the-clock availability
- Uses real-time processing based on proven technology
- Includes product-design tools that help you meet your time-to-market requirements
- Provides functional enhancements that sharpen your competitive edge
- Offers total Web integration

You'll find all of these advantages in my SAPTM Banking, an innovative electronic solution designed and supported by one of the world's most respected software vendors.

### **FULL INTEGRATION, END-TO-END EFFICIENCY**

MySAP Banking lets you maximize your e-business potential and deliver your products to market ahead of the competition. The solution provides a robust environment for incorporating new technologies, extending operations to the Internet, and managing other needs in key organizational areas such as:

- Customer information
- Checking and savings accounts management
- Loan management

Because it integrates your core banking processes, mySAP Banking offers exceptional opportunities for scalability. Through its high-performance database it provides flexible configurations you can tailor to your size and your business lines, then expand as needed. Smaller institutions can use the solution as a fully integrated system on a common platform. Larger institutions and transaction banks, which offer their IT services to other financial institutions, can deploy the solution as part of a component-based software architecture. Whichever way it's used, mySAP Banking and its components – including planned enhancements for clearing, funds transfer, and collateral management – can be integrated with standardized interfaces.

## CUSTOMER INFORMATION WHEN AND WHERE YOU NEED IT

mySAP Banking stores and manages all your customer information and links that information to other mySAP.com® components for back-end and customer relationship management operations. In this way, it acts as a central hub, optimizing the information flow for all your banking processes.

The value of customer data, a nonmaterial asset, is determined by its availability and quality. With mySAP Banking, customer data is always and easily available. You can call it up from a central file and use it to model your marketing campaigns, track and measure campaign performance, and manage customer contacts across all channels. And the solution's multichannel format lets employees and customers connect face to face or via call centers, Web portals, and other communication routes.

mySAP Banking also assures data integrity and eliminates data redundancy, freeing you to focus on customer acquisition and retention. You can specify business partnerships with customers that have different roles – and change those roles during the course of your relationship. You can merge customer data from multiple systems, identify the potential for new contracts with existing customers, and add customer-specific data without system modifications, smoothing your upgrade to a new release. mySAP Banking lets you merge customer data on a cross-application basis that includes:

- Name and addresses of the customer
- Customer relationships – Link your customers in different ways – to form borrower or risk entities, for example. Or assign a relationship category to two customers that are married or belong to the same risk group. Assigning specific attributes at the relationship level, such as the date of the marriage, helps you avoid data redundancy.
- Additional category data – Entered within the categories of person, group, and organization, such data might include the birth date of an individual or the legal form of a company.
- Industry-specific roles – Account holder, main borrower, guarantor, beneficiary, and architect are among the wide range of roles available for managing your processes. Or you can define your own roles without changing the code.
- Proof of identity data – This can be used for both individuals and organizations.
- Credit rating data – This includes data from information agencies and scoring results as well as data relevant to marketing campaigns.
- Budget and balance sheet analysis – Collaboration with SAP customers and software partners helps you access the tools that let you communicate with credit information

agencies, prepare budget and scoring proceedings, and analyze the balance sheets of corporate customers.

### **CHECKING AND SAVINGS ACCOUNTS JUST THE WAY YOU NEED THEM**

To meet the demands of a dynamic marketplace you must produce a constant stream of new products and services. MySAP Banking gives you the design tools you need to develop and introduce retail offerings in step with market changes. Through a customer-focused environment for transaction processing, the solution offers a wide array of distribution channels and a flexible,

Scalable infrastructure that permits gradual migration from existing systems and applications.

Using the product-configuration tool for checking and savings accounts, you can add your own product fields (without modifying the program) and design products using graphical support. In addition, you can easily adapt existing services or features such as standing orders, direct debits, cash concentration, and interest compensation to reflect current market requirements. The newly designed product can then serve as a template for customer accounts.

mySAP Banking delivers preconfigured products for private checking accounts, corporate checking accounts, savings accounts, bank accounts, internal clearing accounts, and onetime accounts – and allows you to define and name other products to suit your needs. It also lets you depict account pools or hierarchies (which could accommodate cash concentration or interest compensation, for example) and helps you manage master data for your customers' credit and debit cards.

Ultimately flexible, the solution handles account interest, charges, and value dates as well as other conditions your bank may require. It lets you define both standard and specific conditions for particular accounts and helps you manage all back office processes related to your checking and savings accounts. These processes might include account administration and monitoring, payment transactions, and delivery of account statements.

The solution's account management capabilities also include full end-of-day and end-of-period processing capacities. You manage checking and savings accounts based on the payment items (turnovers) posted to the account. The turnovers can be posted from payment transactions made through online interfaces or generated – either automatically or manually – from payment orders, balancing postings, or standing orders. The solution recognizes checks as a means of payment.

Depending on the volume of transactions you handle, mySAP banking lets you configure rules that automate your payment processes. It gives you many options for managing system reactions. For example, through a sophisticated locking mechanism, you could set account blocks that are triggered by specific business transactions, then lift those blocks once the transaction has

Expired or been resolved.

mySAP Banking can also help you manage central balancing for periodic tasks such as cash concentration, account balancing, and end-of-day balancing (including ledger updates). Before executing such tasks, the solution performs a posting cut-off. It then dates all subsequent postings for the following day.

### **LOAN MANAGEMENT MADE EASY**

The loan-management features in mySAP Banking support both medium- and long-term loans for real estate and other investment financing. These features provide the flexibility required for configuring the most individualized and sophisticated loan arrangements.

A selection of sample loans lets you create standard products with specific conditions. These loan templates help you process loan requests faster and more efficiently, as do the business tables that you can update manually or automatically to create user-specific condition grids. By allocating conditions for individual loans, you can offer complex interest and repayment terms. Such centrally defined conditions, valid for fixed periods, eliminate time-consuming searches for current interest rate information and assure that loan data is entered accurately

MySAP Banking helps you manage the full life cycle of customer loans from initial contact with a customer through the contract, disbursement, and position-management phases. With mortgage loans, you can incorporate a decision-making stage in the process flow between the time an application is entered and the time the corresponding loan offer or contract is drawn up. The solution lets you review mortgage loan applications with respect to the collateral value, the purchase price of the object that serves as collateral, and the credit standing of the borrower.

It also lets you create one or more offers or contracts from a single loan application.

With mySAP banking you can manage all common forms of real estate objects and other collateral. You can even define acceptable forms of collateral in advance and then assign them

as you create a loan contract.

The position-management features of the solution help your process contracts on existing loans that have been completely or partially disbursed. These features cover:

- Changes in your master data and contracts
- Business operations for your contracts (such as unscheduled repayments or a change of borrower)
- Rollovers and interest rate adjustments
- Capital transfers
- Periodic processing
- Correspondence (both individual and mass-processed)

- Reporting mySAP banking also incorporates extensive archiving capacity for your flow data.

MySAP Banking also incorporates extensive archiving capacity for your flow data.

### **A CROSS-DIVISIONAL SOLUTION FOR STANDARD BANKING PRODUCTS**

Through its innovative core banking capabilities, mySAP Banking provides much more than front-end/back-end business integration. It promotes faster and more cost-efficient real-time processing of financial transactions. At the same time, it offers the potential for customer-specific enhancements – without necessitating modifications on your end. Given the long investment cycle of core banking applications, such flexibility can be crucial to your bottom line as well as to your long-term success in a global market.

### **mySAP™ CUSTOMER RELATIONSHIP MANAGEMENT FOR THE BANKING INDUSTRY**

Banking institutions today face many challenges including global competition for deposits, loans, and underwriting fees; increasing customer demands; shrinking profit margins; and the need to keep up with new technologies.

As you encounter these obstacles – whether you are a retail bank, investment bank, or diversified financial services company– your future depends on one critical factor – strong customer relationships. And those relationships depend on your ability to provide personalized service to every customer, every time, everywhere.

That is why now is the time for your institution to discover the mySAP™ Customer Relationship Management (mySAP™ CRM) solution.

With mySAP CRM, your bank can improve the quality of sales and service at every touch point, including branch offices, kiosks, ATMs, call centers, fax, Internet, e-mail, and direct marketing. And, you can respond more quickly to fluctuating interest rates, shifting patterns of affluence, and changes in consumer and commercial lending demand.

As a result, you can focus on what is important to your business: increasing customer satisfaction, building asset levels, expanding relationships to include insurance and brokerage services, reducing operational costs, and building profitability.

### **DELIVER WORLD-CLASS SUPPORT FROM THE BRANCH OFFICE TO THE WEB**

With mySAP CRM, you gain state-of-the-art capabilities for managing the customer interaction cycle from start to finish, including the following:

*Customer engagement support* – Provide an open, cross bank platform for collecting customer information from core banking and legacy systems, to achieve a unified view of each customer. Develop consolidated financial products that match the needs of customers at

every stage of life – such as bundled programs that incorporate retirement savings and life insurance. Identify and nurture your most profitable customers to increase their loyalty. Plan, execute, and evaluate advertising, direct mail, and sales promotion programs to ensure a unified message. Track all customer calls, e-mails, and branch visits. Follow up on qualified leads through the branch office, call center, or Internet. Manage relationship-building events on topics such as women's finances, retirement planning, education financing, and insurance. Provide branch and relationship-management personnel with a marketing encyclopedia that includes product materials, new product literature, competitive analyses, and price lists.

*Business transaction support* – Alert tellers, loan officers, customer service representatives, brokers, and financial advisors service personnel to customer appointments and important events. Capture and organize customer communications that take place through any channel. Perform sophisticated analyses of customer and product profitability, including net worth analysis, life stage analysis, assets under management, market data, limit utilization, and overall financial performance. Empower loan officers and service personnel to access loan proposals, loan applications, contact reports, and internal follow-up queries.

*Core banking and legacy systems integration* – Integrate with the core banking capability of the mySAP™ Banking solution or other legacy systems that use open technologies such as the IBM MQ Series® Workflow. Accommodate current and future lending, deposit, and risk management systems. Compute and deliver bank statements and balance notifications.

*Customer service support* – Answer customer queries regarding account balances, loan maturities, interest rates, statements, product features, and other issues. Access your current and archival data. Handle transaction-related complaints more efficiently. Plan and track the activities of customer information systems. Support your interaction center with online banking, computer telephony interface, e-mail, and Internet self-service functions.

## **PROVIDE A CUSTOMIZED PORTAL FOR EVERY USER**

mySAP CRM is delivered through the mySAP™ Enterprise Portal solution, allowing all members of your value chain to access, collaborate on, and analyze the information they need. This may include news, announcements, alerts, notifications, and industry-specific updates. With the right information in the right hands, everyone – including tellers, loan officers, call center representatives, brokers, marketers, customers, and business partners – can operate more efficiently and productively.

## **TURN STRONGER RELATIONSHIPS INTO STRONGER PROFITS**

As the only fully integrated customer relationship management (CRM) solution on the market today, mySAP CRM helps your bank turn outstanding service into outstanding profitability.

With it, you can accomplish these goals:

*Control costs* – Track the variables of your bank's sales, marketing, and promotional programs to improve performance while reducing overall costs. Reduce compliance costs through more efficient management and reporting of customer related data. Reduce loan administration and deposit account maintenance expenses through online statements and electronic check imaging.

*Increase revenues and profits* – Underwrite more loans through better understanding of customer needs and better risk analysis. Generate new accounts and assets through better coordination of sales and marketing programs. Help relationship managers and marketers identify prime prospects for fee based products. Increase cross-sells of other banking products through a superior understanding of customer needs and product profitability.

*Manage the customer life cycle* – Build an intimate profile of each customer, and provide personalized guidance for finances in every aspect of life – including young adulthood, home ownership, business ownership, family protection, retirement planning, education planning, retirement, and estate planning. Design products to meet the financial goals of your clients.

*Build customer trust* – Provide today's sophisticated customers with the information they need to make sound financial decisions. Build loyalty through superior banking service and consistent messaging. Expand your share of wallet by providing innovative financial products, value pricing, and having a clear understanding of individual financial goals.

*Mine your knowledge base* – Leverage your bank's vast data resources through seamless integration with the mySAP™ Business Intelligence (mySAP™ BI) solution. Use CRM analytics to rank customers by target group; customer loyalty; profitability; life stage; recency, frequency, and monetary (RFM); and lifetime value. Use the SAP® Balanced Scorecard to monitor business performance, ensuring compliance with internal goals and external regulations.

*Go mobile* – Allow your customers to keep track of their financial information wherever they go, using any Web enabled laptop, personal digital assistant, or cell phone.

## **GET A COMPETITIVE ADVANTAGE YOU CAN BANK ON**

At a time when bank customers have an infinite variety of choices, stronger customer relationships are the key to long term success. And nothing helps you build customer relationships like mySAP CRM.

No other solution does more to help you implement banking industry best practices for customer sales and service. And no other solution offers the same level of built-in integration with your existing business management systems.

## **THE mySAP.COM® E-BUSINESS PLATFORM**

To remain competitive and profitable in today's economy, successful companies must work together across traditional enterprise boundaries, collaborating in virtual global networks, with the best tools and solutions. That's why companies are choosing mySAP.com® – a comprehensive platform of e-business solutions, services, and technology built on SAP's 30 years of business experience. By using mySAP.com to power your business strategy, you gain a lasting competitive advantage, adding significant value and maximizing ROI. MySAP.com is based on an open, flexible, and collaborative services architecture that supports both SAP and non-SAP systems. mySAP.com creates value by allowing quick responses to new business opportunities and by reducing costs, enabling you to collaborate, integrate, and succeed in today's marketplace.

## 6.0 About KSoft Systems Inc

Based in New Jersey, United States, KSoft Systems, Inc provides IT consulting services for our clients in the United States and around the globe.

KSoft Systems, Inc was incorporated in 1996. We currently provide IT Services and have consultants specializing in the following:

- ERP Implementation Services with extensive expertise in SAP solutions
- E-commerce (both Sun and Microsoft technologies)
- Business Intelligence (ETL, Data warehousing and Reporting)
- EAI (WebMethods, IBM technologies, and Mercator)
- Client/server based application development
- Relational Databases (SQL Server, Oracle, and Sybase)

Our key differentiator is KSoft's Global Delivery Model, which envisages offshore-based (currently India-based) IT services such as application development, system maintenance, Internet consulting and establishing dedicated IT software development centers for our larger customers.

If you are implementing any of the above technologies to integrate your business processes and need to outsource your development work or supplement your existing team with top-of-the-line technical professionals, then we are your Partners in Success.

For more information visit us at [www.ksoftglobal.com](http://www.ksoftglobal.com)

### About the Author

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