



10 years with TCS BaNCS



Interview with Hansruedi Köng, CEO, PostFinance



If we look back to pre-2011, what triggered the launch of the BaNCS initiative?

How time flies... Our payment solution at the time had worked smoothly but was certainly at the end of its life cycle and could no longer cope with the increasing complexity. Therefore, with TCS BaNCS, we moved away from individual solutions to a standardised solution based on a modular structure. Already at that time, TCS Financial Solutions could boast 20 years of experience in product development –incredible know-how paired with a worldwide network via their client base. It was important for us to get a software supplier on board like TCS, that would enable us to run the platform in-house as part of a transformation process.

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How would you summarize the BaNCS initiative?

In order for payments of any kind to be made, a software that can process them is needed. With around 900 million payments per year at that time and with a total of 1.185 billion customer transactions in 2020 (equivalent to CHF 1,777 billion), large volumes have to be processed. Even at peak times, the payment system must remain stable and function, to meet customer expectations.

TCS has even larger accounts where it has addressed such high demands in full. TCS BaNCS is a modular system that has allowed us to implement elements in e-finance step by step. The Easter holiday in April 2018 marked the launch of the Core Banking Transformation (CBT), where we replaced our core banking system, and were thus able to integrate new elements almost every year. With TCS BaNCS, we have become more modern and standardized - especially in terms of product diversity. With the new capabilities, we can set up and launch new products more swiftly. In short, TCS was the enabler for the next generation of technology in payment traffic and has made us leaner and more modern with a standardized approach, which ultimately benefits our customers.

Were all expectations met?

After the introduction of the CBT with the Big Bang at Easter 2018, there were, as expected, some small glitches that needed to be eliminated. However, we had prepared ourselves very well at that time, and together with TCS, we were able to quickly establish a stable system from the customer's perspective. In the meantime, we have implemented a new major release of the TCS software and thus brought many business innovations to the market. From an operational point of view, we have now achieved a stable situation thanks to the close cooperation based on our partnership. We have a state-of-the-art core banking system which we can use to support our "Speed-Up" strategy.

How has Core Banking Transformation improved customer experience?

Through simplicity, speed, independence, and security. Let's take the investment business as an example: with CBT, we have laid the foundation to offer our clients a wide range of investment products, also in cooperation with TCS. Especially in the field of e-asset management. And as another example, the customer login: in the past, this was done using a reading device, but today biometric face or fingerprint recognition is sufficient. It's easier, we're faster, we can offer more in self-service mode, and we provide even more security. Digitalization has improved the customer experience enormously. CBT has laid the foundation for these developments and will continue to support us in our digital transformation efforts for years to come.

How has it improved internal operations and stakeholder performance?

The renewal of our banking software offered a great opportunity to unite the different ways of working and integrate systems within the company. The architecture is built in such a way that we can implement product innovations without making far-reaching adjustments to our core banking system. This allows us to react more flexibly to market changes. This also applies above all to internal processes and helps us to further optimize processes and make them more efficient. In addition, we benefit from product innovations made by TCS, so that our core banking system is ready for future challenges.





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What aspects of the PostFinance-TCS partnership (e.g. leadership, methodology, experience, technology) were most important to the success of the 10-year journey and why?

An IT service provider must understand our strategic goals and must want to be part of the joint success story. I have to feel this already at the negotiation stage.

Furthermore, I expect absolute professionalism in all areas. Therefore, we usually only select a partner after proof of concept, when we can assess an initial performance. We did the same with TCS.

It is also important for me that the IT service provider thinks with us and helps to ensure the transfer of know-how to our employees. We want the leadership and conceptual competence to be with our employees. Of course, I must be able to rely on a partner. Verbal agreements also apply. We have developed a common language over these years, we know what our requirements are and what skills we can rely on, and I am very grateful for this cooperation also at my managerial level.

How has this 10-year partnership positioned PostFinance to be a market leader, whether relative to competitors or peer organizations in other markets?

Thanks to the cutting-edge core banking system, we can move forward. And we also have to move. Banks need to act. If we don't transform, challenger banks and other tech providers will move deeper and deeper into banking. We have been working on this transformation for years and are constantly improving our offering. Of course, it is essential that we have a partner with whom we can trust and rely on, and with whom we can jointly drive further development.

What are your plans for building upon these accomplishments over the next 10 years?

The smartphone is becoming increasingly important and an integral part of everyday life. We also have to align ourselves with these changing customer needs. Our path – also with our "Speed-Up" strategy – is about automation and digitalization. We want to digitalize our processes end-to-end and automate all repetitive, rule-based tasks. We want to use new technology (machine learning, analytics, and communications) to simplify the handling of money for our customers. For this, we need a strong partner at our side.

What would you advise to other banking and payments executives considering a similar journey with their organizations?

Evaluate yourself: What are your requirements? And only then evaluate the provider! Specify the high-level requirements in a sub-area and carry out a proof-of-concept to test the cooperation. Only then decide with a view to the provider's overall package (technology, skills, availability) as well as with a view to your own needs and agree on a partnership with the provider and not just a supplier relationship. This includes, above all, a common understanding of the cooperation after the introduction.

MILESTONES

Core Banking Transformation at PostFinance

2011
Journey with TCS BaNCS commences

2014
Initial consolidation onto TCS BaNCS

2018
Core Banking Transformation Go-Live

2020
Upgrade to the latest Major Release

2021
10-year milestone and continuous enhancements

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