Transparency in Banking – possible R/3 solutions for financial services

IBM Global Bank Demo-System for SAP R/3

The main points in short

Banks of today face the challenge to act more offensively on the financial market. They must be agile and flexible in offering innovative products to individual clients. What strategic decisions have to be made? Are the existing controlling systems adequate? Do you use efficient instruments to determine your daily trading risks? SAP Banking provides comprehensive financial functions in addition to the standard R/3 applications.

To assist you with evaluating the functionality of SAP Banking IBM Global Bank Demo-System contains models relating to banking structures and processes. Thus, prior to the main implementation, a prototype, adequate to meet the requirements, is possible.

Moreover, the IBM Global Bank Demo-System clearly shows the benefits of integrated banking applications.

Information systems support all bank employees as well as management.

The IBM Global Bank Demo-System is based upon the SAP expertise of many years

The IBM Global Bank Demo-System is a pre-configured, integrated SAP R/3 system for universal banks based on SAP Banking. It provides business processes for the following areas:

- Bank Profitability
- Risk Controlling
- Asset Liability Management
- Bank Customer Account
- Controlling
- Treasury
- Financial Accounting

Documentation of the design and customizing of the SAP modules is an integral part of the Demo System:

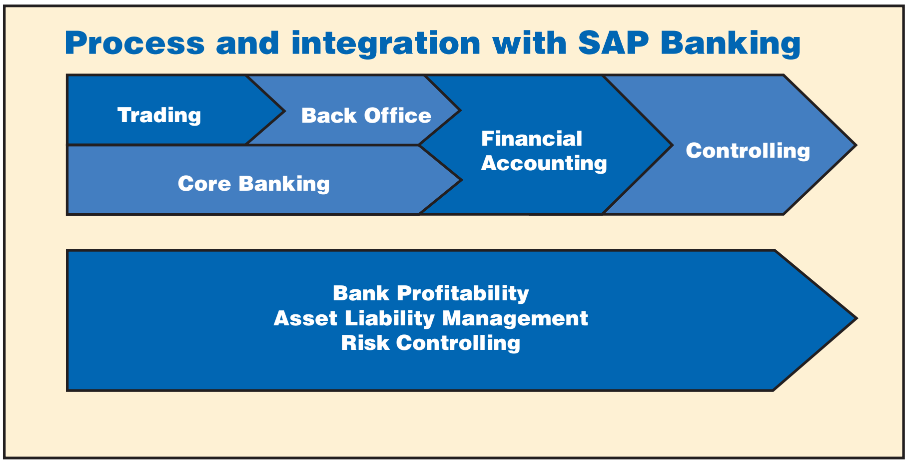
- Profit Analyzer (SEM-PA)
- Risk Analyzer (SEM-RA)
- Strategy Analyzer (SEM-SA)
- Bank Customer Account (BCA)
- Overhead Management (CO-OM)
- Profit Center Accounting (EC-PCA)
- Treasury Management (TR-TM)
- Finance Accounting (FI-GL)

Target groups

The IBM Global Bank Demo-System was developed to offer management and project teams quick access to an integrated SAP Demo Banking System. Thus, banking related business processes can be easily visualised.

Convincing utility profile
The advantages of the IBM Global Bank Demo-System can best be summarised as follows:

- Immediate availability of a prototype for a SAP Banking solution
- Detailed documentation
- Integration of TR-TM resp. BCA with FI > CO > SEM (PA, RA, SA)
- Suitable for training purposes
- Extensive evaluation facilities.



Integration of Trading, Back Office and Financial Accounting, with SAP Treasury
Within Treasury Management, the Demo-System shows all business processes, trading in money-markets, with foreign currencies, derivatives and securities, including back office and accountancy. Financial transactions are inserted into the system after trading. Transactions such as prolongation, termination or the exercise of options can be carried out through the trading facility.

The back office focuses essentially on control and settlement of trading transactions. Thus the Demo System includes functions such as standing instructions, correspondance and interest adjustments. For posting the Treasury Management has access to facilities of the module SAP FI through system interfaces. Here banking related balance sheets and profit/loss statements are possible.

Innovative Core Banking
The Demo-System simulates all business processes from account procedures to the closing operations. An integral part of the Core Banking is the tool „Central Business Partner" which contains information regarding all business partners. Furthermore it can be used as a central system for the entire institution. The flexible product configurator enables the generation of all types of customer accounts easily without additional programming. Considerable advantages can be gained in the market by the utilization of innovative products. All relevant postings e.g. interest and charge earnings are taken over by the integrated financial accounting module SAP FI.

Controlling with exemplary transparency and efficiency
The accounting data contain relevant information for controlling. The integration of the SAP controlling module into the Demo-System enables total bank control. The inclusion of Cost Center and Profit Center Accounting enables accurate budgeting and controlling systems. To support strategic business management a further control instrument for the bank profitability analysis is provided. The profitability of retail and trading transactions by dimensions (Profit Center, Trader, Branches, Product, Single Transactions etc.) can be determined using modern methods.

Core Banking
Obsolete technologies in Corebanking point clearly to the need for fundamental changes, if institutions exposed to the increasing pressure of regional and global markets are to be successful. SAP BCA is the initial development of the SAP R/3 based Core Banking system. It contains a flexible customer account system for private and business partners. Innovative technologies, e.g. for the configuration of bank products, are therefore available.

Total bank control
For optimal strategic decisions it is necessary to integrate all financial aspects of a business operation. SAP Banking Strategic Enterprise Management (SEM) supports bank controlling with getting information of profitability, risks and positions from an integrated business datapool, provided by the components Profit Analyzer, Risk Analyzer and Strategy Analyzer (ALM).

Managerial Accounting
Today's banking is concerned with profitability demands and improved access to sources of information. It is therefore necessary to consider and control costs and revenues at different levels. To accomplish these requirements SAP provides Overhead Management, Profit Center Accounting and Profitability Analyses.

Recognition and Analyses of Risk

For the analysis of risks the IBM Global Bank Demo-System uses business data from legacy systems or SAP Treasury. The risk analysis can be applied for internal risk controlling and for adherence to legal requirements. It can also play a decisive role for internal models.

Two different methods for the calculation of value-at-risk have been applied: the variance/co-variance approach and the risk simulation (Monte Carlo- and Historical Simulation). In both cases it is possible to trace the aggregate result back to single transactions. In scenario analysis, risk factors can be varied in order to demonstrate potential effects of negative market developments on portfolios.

Asset Liability Management – Strategic Business Planning

The Strategy Analyzer compliments the total bank controlling with Asset Liability Management as a component for strategic business planning. Numerous evaluations reveal substantial information on position, liquidity and P & L. Scenario and simulation functions support the planning of the total bank position as well as subsegmentations.

Decisive information at a glance

An extensive information system for analysis is available. You have the choice between predefined standard reports and interactive data mining.

The Development goes on

Future versions of the IBM Global Bank Demo-System will incorporate the following:

- Credit limit management system
- mySAP.com Market Place
- Loan Processing
- Core Banking for saving and loan transactions
- Customer Relationship Management
- Business Information Warehouse.

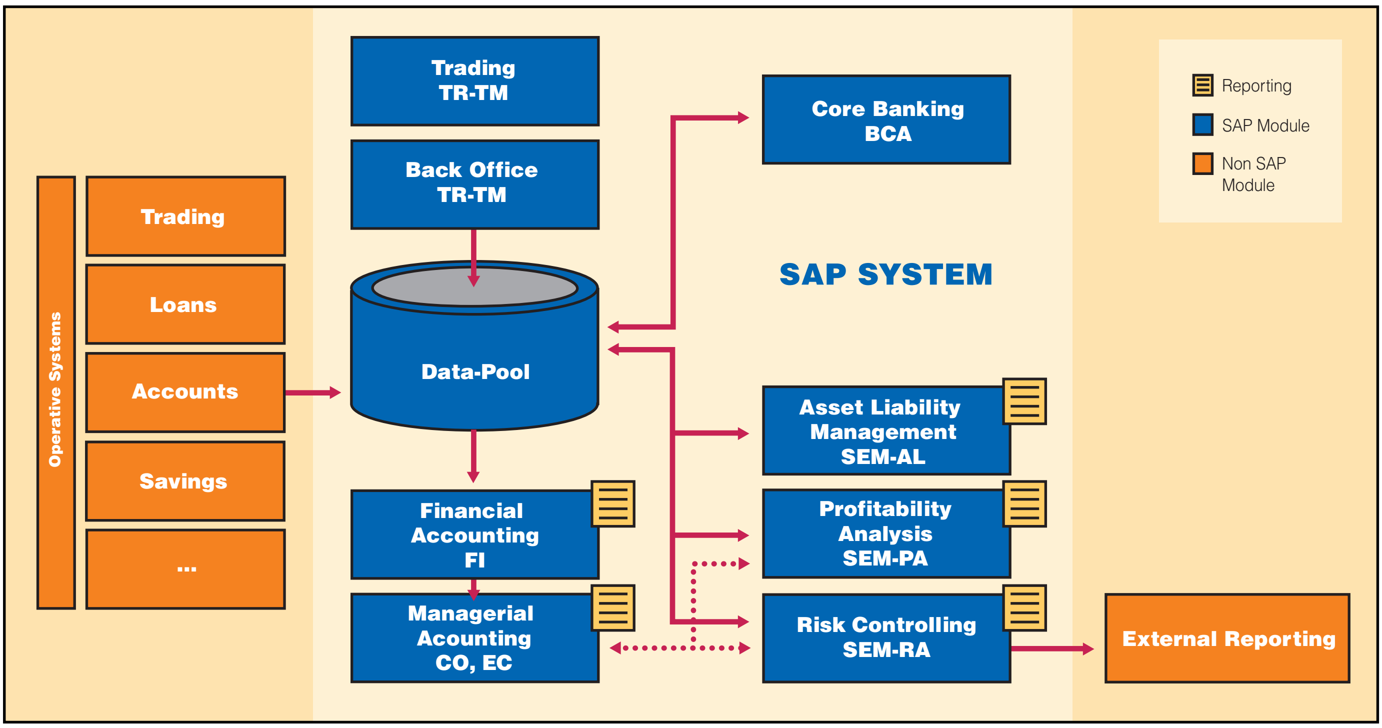
Successful introduction of SAP with IBM Global Services

IBM as a world wide SAP partner offers expertise in consultancy, development, training, platform and technology for all aspects, which are part of a SAP solution. IBM banking experts have proven experience in numerous bank projects.

With the Banking Industry Center of Expertise (ICoE), IBM has a team of experts for global and local SAP Banking projects.

Requirements for using the IBM Global Bank Demo-System

- License for SAP Banking.



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