

Affin Bank Streamlines Reporting, Automates Budgeting, Forecasting with Integrated System



Affin Bank Berhad
Kuala Lumpur, Malaysia
www.affinbank.com.my

Industry:
Financial Services

Annual Revenue:
US\$560 million

Oracle Products & Services:

- Oracle Financials
- Oracle Fixed Assets
- Oracle Cash Management
- Oracle iExpenses
- Oracle Procurement
- Oracle Purchasing
- Oracle Project Costing

“It was easy to make the transition to Oracle E-Business Suite and it has since reduced our infrastructure maintenance costs by 30%.” – Ramanathan Rajoo, Head of Finance, Affin Bank

Affin Bank Berhad was established in 1975 and today, the bank operates a network of 82 branches across Malaysia servicing retail and corporate customers. Affin’s parent company, Affin Holdings Berhad, is listed on the Bursa Malaysia stock exchange. Affin Bank recorded a pre-tax profit of RM272 million (US\$84 million) for the year ended December 31, 2006.

Since 1999, Affin Bank had used Oracle E-Business Suite 10.7 to automate its general ledger and accounts payable processing, as well as cash management and fixed assets accounting procedures. However, financial budgeting and forecasting were then done manually using Microsoft Excel spreadsheets.

“This was a tedious and time-consuming process,” said Ramanathan Rajoo, head of finance at Affin Bank. “Requisitions and expense claims were performed manually, resulting in unproductive hours being spent on processing of payments to suppliers and employees.

“We figured we should have a better solution to improve our payment processes to ensure timely reporting to management,” said Rajoo.

In October 2006, Affin Bank extended its Oracle capabilities by upgrading to Oracle E-Business Suite 11i to automate its purchasing, budgeting, and forecasting process, enable online staff claims and payment to vendors, and streamline reporting across its branch offices. The modules run on Oracle 9i Database.

“Data retrieval and extraction is just a click away and we can make more productive use of our resources with the new system,” said Rajoo.

Key Benefits:

- Reduced infrastructure costs by 30%
- Enabled month-end financial reports to be compiled within a day
- Processed employee expenses within a day, compared to one week in the past
- Supported electronic payment system for suppliers
- Ensured department managers can write financial reports without relying on IT support
- Made budget and forecast reports available immediately after they are created and approved

Streamlined Reporting, Budgeting, and Planning

Affin Bank is using Oracle E-Business Suite to improve its budgeting and planning. The bank's department heads can enter their own departmental budgets and submit them for approval.

"A reporting tool is available for users to write financial reports without relying on IT support, helping them to get reports completed quickly and easily," Rajoo said.

Financial budget and forecast reports are available immediately after they are created and approved. Previously, it took up to 15 days for reports to be made available to managers.

"Upon approval, budget data is uploaded into Oracle General Ledger for consolidation and the budget is ready to be used. No further data entry or manual consolidation is needed," said Rajoo.

"We can do our budgeting and forecasting without having to rely on any hard copy reports. Data no longer turns up late, which affects our ability to properly forecast, and all financial projections are based on actual numbers that can be calculated quickly and easily."

Month-end reports can also be created and made available within a day, compared to two days with the previous manual process, Rajoo added.

Affin Bank also uses the Oracle Project Costing module to gain an up-to-date view of individual project costs. "We can track all work in progress at each stage of the job," said Rajoo.

Self-Service Expenses and Procurement

Affin Bank's employees use the Oracle iExpenses self-service application to enter and manage their own expense claims. Payments are made in Oracle Payables, which automatically credits the staff member's bank account.

"We process about 100 expense reports per day," said Rajoo.

"With the new Web-based claims payment system, staff members receive their claims immediately after they are approved.

"If employees submit their expenses before 4 p.m., the money is credited on the same day, and the next day if the transaction is submitted after 4p.m. Previously, it took up to a week to process and credit money into employee accounts," said Rajoo.

Oracle iExpenses tightly integrates with Oracle Payables and Oracle General Ledger, reducing data re-entry and shortening the claims processing time and effort. “In addition, with the underlying workflow, staff members are notified straight away through e-mail when payment is made,” said Rajoo.

Oracle iProcurement and Oracle Purchasing are used hand-in-hand to automate the requisition process. Management and sales staff are able to view the request approval status, history, purchase order, receipt, invoice, and general payment information.

“We finally have a centralized, common purchasing system that provides intelligence to management for bank transaction reporting,” said Rajoo. “It also provides us with the ability to do budget checking during the requisition process, ensuring that we don’t overspend.

“We can define budgets in the Oracle General Ledger and reserve funds for requisitions, and check to see whether funds are available before fulfilling the requisition.”

Affin Bank’s suppliers are also paid electronically through the Web-based system. “There are far less incidents of lost checks in transit since most payments are made online even if our suppliers maintain accounts at a different bank,” said Rajoo.

Why Oracle?

Affin Bank has been using Oracle solutions since 1999, so it made sense to extend its existing infrastructure with an upgrade to the Oracle E-Business Suite.

“It was easy to make the transition to Oracle E-Business Suite 11i and our infrastructure maintenance costs have been reduced by 30%,” said Rajoo.

“Our staff members are also familiar with the platform, so training wasn’t an issue. Oracle always provides good service and support when we need it.”

Implementation Process

The Oracle E-Business upgrade project began in October 2006. Finance staff familiar with Oracle technologies, Payment and System Controls and IT support staff worked with consultants from India on the project.

The consultants provided Oracle E-Business training to key users at the bank who, in turn, provided training to the remaining staff.

Affin Bank implemented Oracle Financials (General Ledger and Budget), Oracle Fixed Assets, Oracle Cash Management, Oracle iExpenses, Oracle Procurement, Oracle Purchasing, and Oracle Project Costing.

The company also beefed up its back-end hardware infrastructure for better performance, and upgraded to the Microsoft Windows XP operating system on all desktops.

The project was completed by April 2007.

Advice from Affin Bank

- Be crystal clear about the business requirement to move to a new platform.
- Clearly identify the current business issue and ideal proposed solution.
- Use experienced staff resources to handle the project.
- Identify any system limitations.
- Don't do too much customization on the original features.

Affin Bank Berhad was established in August 2000 following a merger between Perwira Affin Bank Berhad and BSN Commercial Berhad. Today, the bank operates a network of 82 branches across Malaysia and services retail and corporate customers.