Putting the Customer at the Heart of the Business Model
The banking industry is undergoing unprecedented change. Banks are challenged to enhance the customer experience while simultaneously reducing operational costs, better managing risk, and improving shareholder returns in a difficult regulatory climate.

To meet today’s massive business change agenda, banks need modern and agile technology, but most are encumbered by aging systems that are rapidly approaching obsolescence. At a time when banks must transform their business models, they are also confronting the need to fundamentally transform their IT platforms.

Oracle Banking Platform has been designed to help banks progressively transform their business models by

- "Industrializing" business processes, driving productivity improvements across both front and back offices and reducing operating costs
- Enabling top-line revenue growth and new distribution strategies
- Moving customer centricity from an aspiration to a reality by putting the customer at the heart of the business model
- Enabling business innovation

“Industrializing” Banking

As both banks and customers simultaneously reduce risk, the net effect is a shrinking balance sheet and reduced income. When coupled with regulatory requirements to increase capital and reduce leverage, this places considerable downward pressure on returns. To adjust to this “new economics of banking,” banks must re-engineer their operations to dramatically reduce costs.

Oracle Banking Platform enables banks to streamline and automate their business processes, enable back-office consolidation (for example, by creating “service hubs”) and creative sourcing strategies (for example, by “in-sourcing” third-party servicing volumes), and reduce operating costs. Another key platform capability is role-based processing, which limits users’ access to only those system functions required to fulfill their individual roles. This both addresses banks’ needs to improve policy and process compliance and reduce the costs arising from exception management.
Driving Top-Line Revenue Growth

To achieve acceptable returns on shareholder equity, banks must drive top-line revenue growth and generate more revenue from the existing cost base. Oracle Banking Platform has been designed to specifically enable revenue growth through

- “Multiproduct” origination capabilities that improve cross-selling effectiveness and result in an increase in products per customer
- Comprehensive pricing strategies that recognize the total value of the customer relationship
- Fee-based revenue optimization with fee waivers managed within delegation
- New distribution models that leverage Oracle Banking Platform’s “multientity/multibrand” architecture, enabling multiple brands to be supported within a single instance of the platform

Placing the Customer at the Heart of the Business Model

Customer centricity is something that every retail bank aspires to, but something that almost every bank falls short of achieving.

Breaking down silos and putting the customer at the heart of the business model is fundamental to delivering the customer experience that banks aspire to. Achieving this aspiration requires that banks put the customer at the heart of the IT architecture. Oracle Banking Platform exploits Oracle’s world-class “customer hub” to incorporate customer relationship data into business process rules and fundamentally change the customer experience.

For example, in the traditional account-centric model, an insufficient-funds scenario typically results in the withdrawal being declined and a fee charged regardless of the value of the customer relationship. Oracle Banking Platform enables the bank to apply more-sophisticated treatment strategies. By creating a range of responses from highly automated to “high touch,” the bank both recognizes customer relationship value and adheres to the bank’s risk appetite, allowing the bank to optimize the outcome for both the customer and the bank.

Enabling Innovation

For many banks, the complexity of their business and IT architectures constrains innovation. Stories of taking 12 months or more to launch new products or make comparatively simple changes are commonplace. By leveraging a tier 1 banking platform architecture, Oracle Banking Platform enables business analysts to configure process
rules, product definitions, and a variety of other system parameters, enhancing business responsiveness and innovation. The paradigm shift from modifying code to configuring rules and parameters reduces IT effort and creates business agility.

Modern Banking Requires Modern Systems

With banks increasingly encumbered by complex, aging, and obsolete banking platforms, technology modernization is critical to future business success.

For many banks, the problems are broadly the same:

• Highly efficient account processing platforms that are not easily modified for more customer-focused business models and distribution strategies
• Inability to deliver a consistent cross-channel customer experience, largely a consequence of different channels being implemented as discrete technology stacks with little commonality in architecture and design
• Protracted cycle times for implementation of new capabilities that affect new channel capability, new product development, or innovation in general
• Incredibly complex application portfolios that reflect years of best-of-breed purchase decisions at the component level and have resulted in massive integration complexity
• Limited or no practical upgrade paths for heavily customized vendor solutions and in-house developed legacy banking platforms

The decision to execute a technology modernization strategy is a decision to address fundamental issues in a bank’s IT platforms, but with a view to enabling transformational business outcomes.

Oracle Banking Platform is a truly modern architecture that delivers

• The benefits of a 2010 design and the latest technological advances
• A native service-oriented architecture with key services externalized, enabling banks to either use Oracle’s enterprise-class capabilities or integrate with their existing corporate systems leveraging world-class Oracle Fusion Middleware
• An enterprise-class security architecture covering bank staff, customers, and third parties
• A fully “multi-multi”-capable solution that supports multiple brands, entities, currencies, languages, and time zones within a single operating instance of the platform
• A platform designed and engineered for large bank scale, sophistication, and performance that reduces the bank’s total cost of ownership of technology

“A key reason for choosing Oracle Banking Platform was the integrated stack, which over time will give us a very low total cost of ownership.”

Christine Bartlett
Executive Program Director
NextGen Program
National Australia Bank
Enabling Progressive Transformation

Oracle Banking Platform enables multiple sequencing options depending on individual banks’ requirements. Most importantly, it enables banks to progressively transform their business and IT operating models by

- Addressing technology obsolescence risks
- Progressively enabling new business capabilities and realizing benefits
- Removing technology complexity and reducing the total cost of ownership of technology

Executing a complex transformational program can be expected to take a number of years and will need to be sequenced to reflect the bank’s

- Short- and near-term priorities and longer-range business strategies
- Available options for unraveling existing business and technology complexity
- Ability to successfully execute, absorb change, and realize benefits

Oracle Banking Platform provides banks with the flexibility to address immediate issues while progressively realizing increased benefits from an expansive Oracle application footprint preintegrated by Oracle and engineered on a standard technology stack.

Oracle Banking Platform: Changing the Game in Banking

For decades, Oracle technology and applications have set the standard for enterprise information management—enabling modern businesses to do more, know more, and grow more quickly. Oracle provides the highest level of performance, business intelligence, flexibility, security, and scalability—at the lowest total cost of ownership.

With Oracle Banking Platform, banks get a comprehensive, preintegrated solution that enables them to take the complexity and cost out of technology and redirect investment from simply keeping the lights on to executing a strategic transformation of their business.
Oracle Banking Platform is composed of banking-specific applications (Oracle Banking Base, Oracle Banking Channels Bank User Base, Oracle Banking Channels Bank User Experience, Oracle Banking Current Accounts and Savings Account, Oracle Banking Loans, Oracle Banking Term Deposits, Oracle Banking Limits and Collateral Management, Oracle Banking Relationship Pricing, Oracle Banking Originations, Oracle Banking Collections, Oracle Banking Reference Process Model, Oracle Documaker, Oracle Financial Services analytical applications); enterprise applications (Oracle CRM On Demand, Oracle Master Data Management’s customer hub products, Oracle Financials Accounting Hub, Oracle Incentive Compensation), Oracle Fusion Middleware products; and Oracle Database technologies.

CONTACT US

To learn about Oracle Banking Platform, visit oracle.com/banking; call +1.800.ORACLE1 to speak to an Oracle representative; or e-mail financialservices ww@oracle.com.

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