



Home Credit & Finance Bank: ensuring universality, flexibility and effectiveness for the modern retail bank

Case study at a glance

HOME CREDIT BANK

www.homecredit.ru

Client:
Home Credit & Finance Bank

- Goals:**
- to move from being a monoliner to a universal retail bank
 - to expand the range of available products and services based on modern banking technologies
 - to create and change business processes in the system
 - to introduce a new system into the existing infrastructure within a short time frame

- Implementation:**
- integration of the Compass Plus system into the bank's existing infrastructure and its commercial launch was performed in a short period of time, with the first card being issued just five months after the contracts had been signed
 - adaptation of Compass Plus' implementation process to the bank's requirements, creating an individual production cycle
 - large-scale project implementation over the 6 month period meeting the specific requirements of the bank

- Results:**
- provision of a wide spectrum of banking products
 - simple and quick financial solutions for customers
 - significant reduction in time to market for new products and services
 - process efficiency through use of tools supplied by the workflow engine in the card management system

The client

Home Credit & Finance Bank Ltd. is a member of the Home Credit Group which has successfully served the Eastern European consumer finance market since 1997. Home Credit Group is one of the market leaders in Central and Eastern Europe and in Asia with customers across eight countries in these regions.

Home Credit Bank entered the Russian market in 2002 and quickly gained a foothold in the consumer finance market. Express crediting in collaboration with retail outlets became the bank's priority and it has been successful in achieving a strong position in the credit card market.

The challenge

Initially established as a monoliner, the bank made a decision to expand into full-service retail banking in 2007. Its certification in Visa issuing and acquiring has become the next step in developing a set of products and services based on advanced banking technologies.

The bank required a retail banking system capable of responding to new challenges in the retail market, and the decision was made in favour of solutions from Compass Plus.

The solution

The solution was chosen based on the following key criteria:

- ability of users to create and modify the rules that influence the business logic of the system
- broad functionalities provided by the system's basic functions
- high integration speed of the system into the bank's infrastructure
- credible references from banks and processors currently using the system

The integration of the system into the existing infrastructure and its subsequent launch into production was completed within a short timeframe; the first card was issued only five months after the contract had been signed. Simultaneously, the Compass Plus team was working on the further development of the system functionality to meet the bank's requirements. Many large-scale projects have been implemented over a year and a half and almost all of them had to comply with Home Credit Banks specific requirements:

- integration with external internet banking system
- deposits (including the capability to account for agent participation in acquiring a customer, to further calculate agent remuneration)
- payroll project
- service portfolios: a comprehensive set of products designed for debit cards to accommodate everyday customer needs. The bank's customers may switch from one tariff to another at any time depending on his or her preferences. This feature is possible due to the flexibility of the system
- business logic for regular transfers: this functionality ensures

the ability to manage regular transfers based on flexible business logic, to generate a payment dependent on the amount and the minimum and maximum limit requirements, to calculate payment installments for the base amount, the capability to account for commission whilst calculating the sum of the payment, to use an overdraft for payments and many other capabilities)

The user interface of the system is almost entirely built with workflow tools from the card management system. Using workflow enables the bank to get the exact business logic required whilst operators are able to avoid making any errors, and as a result it reduces the training period of operators and ensures process efficiency. Currently Home Credit Bank has a number of business processes which include:

- account creation/modification
- card issuance with account search/creation
- additional card issuance
- virtual card issuance
- account data amendment
- opening deposit accounts
- payment transfers

Some business processes have interfaces with other Home Credit Bank information systems (ABS, the scoring system and More) requiring both parties to mobilise their resources. The bank confirmed the schedule for implementation at nine months for integration projects, three months of this was set for analysis, development and testing by the software vendor. In order to adjust to Home Credit Bank's operation processes, Compass Plus had to adapt its implementation process to the bank's requirements, creating an individual production cycle.

The result

Together, Compass Plus and Home Credit Bank developed a new approach to ensure the high quality of Compass Plus solutions, the introduction of which has reduced the number of incidents in the production environment, as well as reduced the time to market for products and services. The quality of software products from Compass Plus is currently higher than that of other vendors (in accordance with the methodology established by Home Credit Bank). Home Credit Bank intends to apply the positive experience acquired with regards to quality assurance processes to their relationship with all other software providers.

As the bank operates across multiple geographies, from Kaliningrad to the Far East, it imposes strict requirements to scheduled work deadlines, for example, close of business day procedures and settlement periods should only take four hours. Compass Plus specialists together with the bank's team, reviewed the current Compass Plus card management system architecture and its environment, optimised a number of processes and made recommendations for the bank regarding the capability to process 1.7 million active cards.

Home Credit Bank continues to enhance the functionality of the system and plans to implement the following features in the near future: commission benefits (the mechanism for adjusting reduced charges for different commissions applied under various conditions), corporate cards and various customer insurance schemes.

Today the bank offers its customers a wide range of banking products, simple and quick financial solutions, favourable conditions and long-term partnerships. Home Credit Bank products are available in more than 33,000 partner-shops across 1,200 cities. According to IAS, as of 31 March 2010, the share of Home Credit Bank in the point-of-sale credit market amounted to 28% and its participation in the credit card market amounted to 7.2%. The regional bank network in Russia includes 82 representative offices, 175 branches, 7 affiliated offices and 250 ATMs. As of 1 July 2010, Home Credit Bank was ranked as the 36th largest bank in Russia in terms of net assets, amounting to 106.5 billion rubles at the time.

Home Credit Bank is a Visa and Mastercard Principal Member, providing its customers with a choice of payment cards in accordance to their growing requirements for banking services.