# cts.TRADE IT.

Case study:
Implementation of CTS at Slovenská sporiteľňa

Cleverlance Enterprise Solutions successfully implemented its Clever Trading Solution (CTS) at Slovenská sporiteľňa, a.s. (SLSP). This led to a reduction in the treasury department's operating expenses thanks to better quality IT support for processes in the sphere of securities trading on local and foreign exchanges and an effective linkup to the Slovak Central Securities Depository, including direct sales support of treasury products in the bank's branch network.
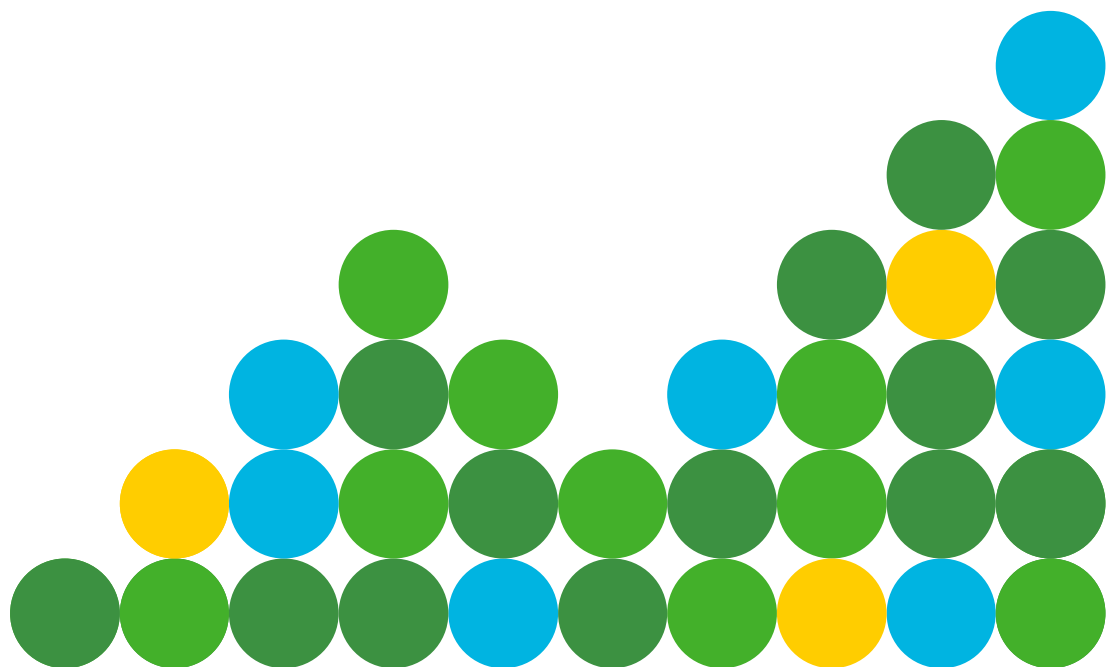
Introduction to SLSP

With two and a half million clients SLSP is the largest commercial bank in Slovakia. The bank's sole shareholder is the Austrian Erste Group Bank. For a long time SLSP has enjoyed a leading position in terms of the volume of total assets, consumer credit, client deposits and the number of branches and ATMs. It provides comprehensive banking services at 293 branches and 18 corporate centres throughout Slovakia. In the treasury sphere SLSP provides services linked with trading in Slovak shares on the Bratislava Stock Exchange (BCPB) and foreign shares trading on Xetra Frankfurt, London (S.E.T.S), NYSE, etc. The bank brokers the purchase and sale of bonds, mortgage-backed securities and its own investment certificates. In 2011 Slovenská sporiteľňa was the most active member of the stock exchange with a turnover of almost EUR 27 billion, which represented a share of 71.4 % of the total volume of transactions on the Bratislava Stock Exchange, making the bank the undisputed number one on the market.

Starting point

As part of the implementation of the new core-banking system the connection of the existing securities trading system to this system had to be resolved. In a programme focused on a reduction of expenses and increased flexibility during the introduction of new products and services, SLSP opted for a new solution to the system for securities. The bank's basic requirement was for a solution that over the long term involved lower operating expenses and that at the same time would allow for the continued strategic development of the treasury department at SLSP. Last but not least, the system had to be put into live operation in accordance with the deadline for launching the new SLSP core-banking system.

Progress of project

Cleverlance won the public tender with its product CTS, which met all the requirements of SLSP and outperformed the original system, especially in respect of the cost of operation and maintenance, integration possibilities to other bank systems, and great flexibility in respect of the specific needs of users from various departments of the bank.

Implementation of the new system for supporting securities trading at SLSP commenced in April 2010 with a three-month in-depth analysis involving the cooperation not only of employees from all the departments affected, but also the active involvement of the bank's top management. This phase also saw the installation of the functional prototype of CTS (i.e. a current version of the product without user adaptations), which sped up and clarified the assignment and made significant time savings during communication between the users and Cleverlance consultants. Thanks to their

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experience with the real application, users were not obliged to read through hundreds of pages of user manuals, but were able to discuss the operation and possible modifications of system with the supplier by using this prototype.

Given the deadline for putting the system into live operation, the user requirements had to be prioritised and then divided into three phases of the delivery in order that the critical business functionalities were delivered in advance of user testing at SLSP. The output of the analytical phase was a business specification approved by the bank's users.

As part of the implementation of CTS at SLSP all the necessary business functionalities were supplied that allow

- on-line access to the local market, i.e. the Bratislava Stock Exchange (BCPB),

- access to the local securities register of the Central Securities Depository (CDCP),

- on-line access to foreign markets via partner brokers implemented using a standardised FIX protocol,

- a user-friendly branch system with sales support of investment products,

- simplified static and dynamic data management in the system,

- support for comprehensive custody services, the automatic generation of statements at intervals defined in advance,

- support for the processing of various corporate actions, including a high level of automation of input and output linked to the SWIFT interface.
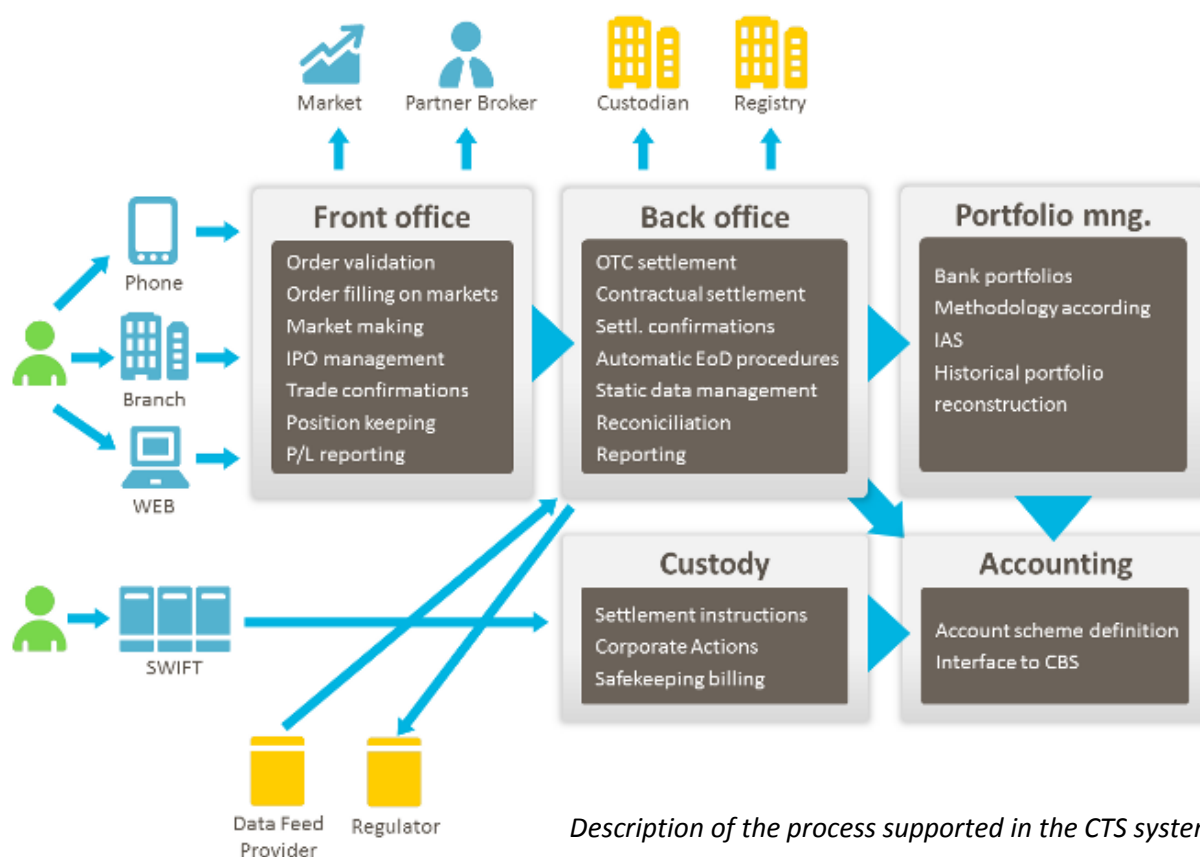
Description of the process supported in the CTS system

The result of the project was the problem-free transition over to production, which was realised on the anticipated dates in accordance with the project plan and within the agreed budget.
During implementation of the first stages other requirements were identified and specified that were again divided into another three phases, so that the new system could evolve smoothly with no restrictions on the gradual transition over to the new core-banking system. These new requirements involved a connection to a new print centre, a change of partner broker, etc.

Outcome and contributions of solution

The key contribution of CTS for Slovenská sporiteľňa is a reduction of operating expenses linked with maintenance and future development under the specific conditions of the Slovak market. An important

benefit is the synergy of the sales model with other CTS clients in the sphere of securities trading, especially with Česká spořitelna, an affiliated bank within the Erste Group.

Slovenská sporiteľňa thus acquired a modern, stable and powerful system that can be easily developed and that allows the bank to provide improved services to its clients.

- CAPEX / OPEX savings
  - The price of implementing requirements for new functions and the introduction of new products does not reduce their business case and SLSP can thus offer more new services and products than previously.
  - OPEX expenses were reduced by 63 % against the original solution, which allows SLSP to increase the comfort of client services by investing more in new functionalities and products for clients.
- More flexible implementation of changes and thus increased business flexibility, the faster rollout of new products onto the market. SLSP says: "We do not have to wait a year for a new version and our requirements are not given low priority, as was the case in the past. If necessary, the supplier will prepare a new version for us by the deadline we specify."
- Shared processes with Česká spořitelna, a member of the banking group. During project realisation the following processes and interfaces were used:
  - interface to the Symbols core-banking system
  - interface to the Kondor+ risk system
  - FIX interface for trading via Erste Bank
- In order to draw on further group synergies, SLSP has begun an analysis of the implementation of the following spheres:
  - issues surrounding futures
  - accounting off-exchange derivative trading (OTC options)
- Without any restriction on the number of user licences the number of users was more than doubled (above all in the branch network), which sped up securities-related client services.

The creation of a file transfer interface to the Central Securities Depository system and increased automation, especially as regards the processing of transactions on the Slovak market, reduced the operating risk of the processing of the services of a member of the Central Securities Depository by approximately 20-30%.

The back-office transaction processing time was shortened without the need for an increase in headcount and the number of transactions increased by 40 % over less than two years.

Utilisation of CTS is to be expanded in the future, above all to the processing of transactions involving derivatives and accounting such transactions.