

## **Business Transformation in the Asia/Pacific Financial Sector**

### **AFFINBANK Leverages Technology To Put The Customer First**

Case Study  
December 2007

Sponsored by Silverlake Axis

Analyst: Abhishek Kumar, Senior Research Analyst, Asia/Pacific

#### **Situation Overview**

Affin Bank Berhad (AFFINBANK) is one of Malaysia's medium sized banks with assets in excess of RM 30 billion. Formed in 2001, following the merger between Perwira Affin Bank Berhad and BSN Commercial Berhad, the bank has worked hard to leverage its branch network of 150 branches after the merger to service its two million active banking customers.

In its early years, the bank found itself in a static state as it assessed the ability of its technology infrastructure to meet its business strategies. With the hiring of forward thinking upper management in 2004, AFFINBANK initiated a new business strategy focusing primarily on providing its customers with the highest level of service possible. The bank's new motto of "Banking Without Barriers" kick started the initiative.

With the aim of having service quality as its main competitive differentiator, AFFINBANK has been looking for synergies within its business units by leveraging technology. The bank aims to identify and grow its profitable customer base by providing services and products customized to this segment's needs. Ultimately, AFFINBANK aims to bring value to its shareholders through its new service-centric business strategy.

#### **The Challenge**

In order to achieve its vision of quality service, AFFINBANK had to work on trimming the fat from its technology infrastructure by cutting down its number of systems. In addition to this, the bank wanted to reduce its branch network and undertake branch renewal initiatives. However, the bank found that its systems were not able to meet some of its basic requirements. For example, during off-peak periods, the old system could not finish batch processing runs in the allotted off-hour period. In addition, the system also had trouble in extracting and aggregating necessary information from the institution's multiple databases.

Financial Insights  
An IDC Company  
80 Anson Road  
Singapore, 079907  
Tel +65.6226.0330  
[info@financial-insights.com](mailto:info@financial-insights.com)

AFFINBANK's management and technology team quickly realized that a major technology overhaul was required if they truly wanted to leverage technology to support their customer-centric strategy. If their old system was having trouble in keeping up with its back end operations, how could it support the dynamic customer service initiative?

## The Solution

In August 2005, AFFINBANK implemented Silverlake Axis' Silverlake Integrated Banking System (SIBS). This was shortly followed with the Silverlake Axis Integrated Branch Framework (SAIBF) to focus on its front-end branch operations.

According to Mr. Azlan Rashid, Head of IT Services Management, Silverlake's core banking solution was chosen because it was an end-to-end solution with high resiliency and scalability. The following factors also figured in the bank's investment:

*Experience:* The bank was impressed with the level of Silverlake's experience in the Malaysian market and were comforted with the fact that Silverlake understood the cultural nuances therein

*Support:* Silverlake exhibited a high level of in-country support. An onsite team is provided for application support as well as development maintenance.

*Platform:* The fact that the SIBS front-end and SAIBF solutions run on .NET platform and Microsoft SQL Server was also very attractive to AFFINBANK mainly due to the ease in programming and the resiliency of the associated hardware

## The Benefits

**Improved Branch Service Levels** – The bank was able to trim down its number of branches from more than 150 to approximately 82. The remaining branches were also re-engineered to be more customer-oriented. For example, customers no longer need to fill out any forms or vouchers when making withdrawals or deposits as is the norm in many bank branches. In AFFINBANK branches, the system will generate all the necessary paperwork, all a customer needs to do is sign

**Improved Branch Level Backend Operations** – Whereas previously, the old system was hard pressed to handle the average of 50,000 daily transactions, the SIBS system's processing capacity can cope with the 300,000 to 500,000 daily transactions that the bank is currently seeing. In addition to this, branch operations are highly resilient, with the system keeping strong backup and disaster recovery measures, especially for branches in far-flung areas with poor infrastructure

**Greater Flexibility and Faster Time to Implementation** – AFFINBANK found that the .NET platform's programming language was much more easily picked up by its programmers allowing for increased efficiency when developing, modifying and implementing new applications and systems. A prime example of this was seen with AFFINBANK's need to segregate conventional banking operations with its Islamic banking operations as required by Shariah law. With SAIBF, the bank was able to logically partition

and separate the processing of the two operations to different applications running on the same platform.

**Stronger Database Management** – SAIBF utilizes Microsoft’s SQL server that the bank found had better performance in extracting, reviewing and verifying relevant data from the core banking system

## The Future

Mr. Rashid stated that AFFINBANK is very pleased with its partnership with Silverlake and plans to continue with its current support setup. With the SAIBF in place, AFFINBANK plans to focus on Basel II related application initiatives as well as expanding the functionalities of its other channels such as retail internet banking. Since the .NET platform allows for shorter development times, the bank believes that it will be able to rollout these initiatives in the near future.

Mr. Rashid summed up the true benefits of the SAIBF system when noting, “When you have a system in place that runs smoothly, without any significant operational glitches and performance issues, then the bank can truly focus on its business issues.”