



# Business Transformation in the Asia/Pacific Financial Sector

## Siam City Bank (SCIB): Building a Core for Great Customer Service

**Asia/Pacific: Retail Financial Services**

Case Study gmsAP719004M  
August 2005

Sponsored by: IBM

Analyst: Michael Araneta, Senior Research Manager, Asia/Pacific

### Situation Overview

One of the biggest challenges facing banks throughout the world is finding ways to gain a better understanding of their customers. After growing rapidly over an extended period, many find themselves with multiple IT systems supporting different parts of their organizations. With client information held in each system, gaining a complete view of a particular customer's business relationship with a bank can be a difficult, if not impossible, task.

From the customer's point of view, this can make dealing with a bank frustrating, as personal details must be communicated multiple times, and different departments need to be contacted for different types of transactions. From the bank's perspective, opportunities to provide extra services to existing customers can be lost because there is little understanding of what products a customer may already have, or what their future needs might be.

### The Challenge

This situation faced Thailand-based Siam City Bank during 2001. With one and one-half million customers holding two million accounts and generating more than 20 million transactions each year, the bank needed to be able to access the vast amounts of information stored within its IT systems.

Khun Sanur Yodpinit, Siam City Bank Executive Vice President and Chief Information Officer, said the organization realized it would have to upgrade its existing IT infrastructure if it was to achieve the goal of having a single customer view. SCIB wanted a more flexible and easy to maintain solution in order to meet the growing needs of the Bank.

Khun Sanur said the bank recognized that a new organization-wide customer information system would be required, and so a search began to find a suitable replacement for the existing IT infrastructure.

## The Solution

After a careful assessment of all available alternatives, SCIB selected IBM to design and implement a new core banking system, delivered through IBM partner and systems integration provider Silverlake, to support the bank's network of 360 branches throughout the country.

Silverlake's core banking application running on a iSeries i570 system with on demand capabilities, and iSeries 890 for disaster recovery, was implemented at two locations to provide overall system management.

Design and scoping work began in January 2002, and the first branch went live with the new system in early 2003. Initially, three branches were used as pilot sites and to train staff from other locations. By the end of that year, the new system was extended to cover the bank's entire branch network.

"We realized we had to migrate to the new system in a short period of time, and our team worked very hard to achieve this goal," said Khun Sanur. "We had about 50 people in the project, and benefited from IBM and Silverlake's extensive experience in the banking sector."

The total cost of the project was approximately 800 million baht, which included full rollout to all branches.

## The Benefits

The benefits for SCIB have been considerable, including improved efficiencies and lower ongoing maintenance costs.

"We are now able to serve our customers much better than before," said Khun Sanur. "Our back-office systems are far more efficient and, as a consequence, our staff have more time to undertake sales and marketing activities." He also noted that the bank was now able to offer a greater range of products to customers, while easily handling the ever-increasing number of transactions.

Khun Sanur noted that the new system had also succeeded in integrating the bank's various transaction channels. This meant it was now possible to have a single view of a customer regardless of how that customer preferred to transact with the bank. There were also a range of areas in which the bank could now consider charging fees. These included payroll services, credit card accounts, and personal loans. In addition, SCIB can gradually extend Internet banking services to customers as appropriate.

Benefits again were reflected in improvements in data entry processes. Where the old system had required much of the work to be completed manually, the new system

automated the process. The time required to open a new account dropped from more than half an hour to less than 15 minutes.

The bank also introduced new remittance and trade finance services for corporate customers, using the facilities offered by the new back-end system. “Overall we have become more cost effective in our operations,” said Khun Sanur. “At the same time we are able to provide a more reliable service to our customers.”

## The Future

The flexibility offered by SCIB’s new IT infrastructure allows the bank to quickly implement changes and support new products and services in the future as they are introduced.

As an example, the bank expects to increase its network with the addition of a further 30 branches. With the benefits afforded by the new IT infrastructure, each will only require between three and five staff to provide a full range of customer services. Each new branch will offer services such as passbook-updating machines, check deposit facilities, and ATMs.

The bank also plans to roll out a new payments gateway, which will allow customers to easily transfer funds between their accounts and other financial institutions and retain merchants.

Khun Sanur said the bank intends to spend some 60 million baht each year for the next three years to further enhance its IT systems. Between 70% and 80% of this amount will be invested in transactional channels, with the remainder allocated to projects such as enterprise application integration, a call center, ecommerce facilities, and a customer relationship management (CRM) system.

Copyright © 2005 Financial Insights, an IDC Company. Reproduction without written permission is completely forbidden. External Publication of Financial Insights Information and Data — any Financial Insights information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate Financial Insights Vice President. A draft of the proposed document should accompany any such request. Financial Insights reserves the right to deny approval of external usage for any reason.