

Case study: Rietumu Banka, Latvia

Rietumu Banka delivers Internet banking services



Challenges

- Deploy a powerful online banking system in line with the bank's strategic IT expansion plans
- Deliver modern, secure, multi-lingual and multi-currency customer-centric services
- Implement an open, flexible and scalable infrastructural-platform
- Provide integration capabilities to banks multiple back-office systems

Why CR2

- CR2's approach to Internet banking and channel management
- Commitment to security and authentication levels within BankWorld
- CR2's expertise in the banking industry
- Understanding of Rietumu Banka's e-banking requirements

Results

- "Rietumu BankWorld" - a highly profitable, multi-lingual Internet channel
- Improved personalised services and communications
- Increased transaction volumes and values
- High and growing percentage of payments performed online
- Reduced transaction processing costs
- Cross selling opportunities initiated
- High security standards employed
- Acquired corporate clients - International and local
- Tangible return on investment

Background

Established in 1992, Rietumu Banka is a prominent Baltic bank that provides extensive banking services to corporate clients. Following its merger with Saules Banka in 2001, the organisation now has a comprehensive portfolio that covers exclusive payment services, Foreign Exchange, Corporate Lending & Finance, Trade Finance, Wealth-Investment Management and Retail banking.

Challenge

To provide corporate customers with an advanced Internet banking channel

Rietumu Banka started operations with one branch office, and by 1993 was communicating with its client base via PC-banking, email and fax. While several new branches were opened, the bank realised that a more powerful online system would be needed to manage its future e-banking facilities. The system also had to be

- Multi-lingual and multi-currency solution for clients in Latvia, Russia, USA and other countries
- Secure - both customer's data and the associated transaction processes should be fully protected
- Easily integrated with the banks host and other systems

Finally, Rietumu Banka needed to ensure that it would be able to deliver a consistent and personal level of service to its corporate high net worth clients, thereby implementing the bank's "bricks & clicks" philosophy.

Why CR2

Following extensive evaluation of several applications, Rietumu Banka chose CR2's BankWorld Internet and Channel Management solution. Rietumu Banka was CR2's first Internet banking customer, and in April 2001 Rietumu Banka officially launched its Internet banking facility known as Rietumu BankWorld.

This initial version of BankWorld enabled Rietumu to provide its commercial and high net worth customers with 24x7 online banking facilities. It also provided a seamless communication between the bank's back and front offices. It gave Rietumu's customers the ability to

- perform balance enquiries
- monitor transactions
- conduct international and local payments
- perform currency conversions
- open accounts
- place deposits
- send generic orders to the bank
- digitally authorise all types of transactions

Over time both Rietumu Banka and its customers became more familiar with the power of BankWorld's channel management and Internet capabilities. Soon the number of registered users and the specific needs of the banks clients started to escalate. It became apparent that due to the success of Rietumu BankWorld, further developments and improvements would be required. As a result, in late 2002, Rietumu selected an upgraded version of BankWorld which went live in June 2003. The upgraded release now enables the bank to provide a superior level of Internet services to its customers, and gives Rietumu Banka increased flexibility in the operational and design features of their Internet channel strategy.

Results

Highly profitable, multi-lingual Internet channel

Through the introduction of CR2's Channel Management and Internet solution, Rietumu Banka now operates a highly profitable, multi-lingual Internet Channel that delivers tailored services to its customers. Offered as a chargeable service, Rietumu Banka uses differing service levels for its customers. Different charges associated with each level, reflects the service and the associated transaction requirements as requested by the customer. Having taken this approach the banks Internet banking facility is a profit centre for the bank.

Rietumu Banka continually monitors the growth and usage of its online channel. Over the years it has recorded a considerable increase in both the volume and value of the transactions conducted by its international customers. The number of active users has doubled, with clients performing several transactions per week.



The actual transaction value-amounts have increased considerably:

- 18% of the bank's current payments are performed via the BankWorld Internet Channel, an increase of 7% from figures recorded in 2004

We have successfully transferred a high percentage of our corporate clients and associated transaction banking activities to Rietumu BankWorld. Year on year we have observed increased growth in both the volume and value of transactions conducted via this channel, which is now profitable in it's own right. High security procedures used by bank staff and our corporate clients have ensured that this is the preferred channel of choice for many of our international customers.

Michael J. Bourke, Chairman of the Board, Rietumu Banka

- BankWorld transactions conducted via Rietumu BankWorld are more profitable than similar transactions conducted via the branch teller route
- Corporate users can conduct as many as 20 – 30 transactions per day
- Single transactions amounts can be as high as \$10,000,000 (US)

"The Rietumu BankWorld online service has enabled our organisation to improve its regular communications exchange between staff and customers, thereby improving our customer service, and provides Rietumu Banka with a mechanism through which we can promote new products and services to our international clients."

Evgeny Shikhman, vice president, Rietumu Banka

Customer-centric secure communications

BankWorld Internet gives clients the ability to maintain close contact with an assigned member of Rietumu staff, known as their "personal banker".

The Personal Banker feature within Rietumu BankWorld is of particular importance to Rietumu as it provides a value added service to its corporate customers who may often be travelling. The secure email facility associated with this feature ensures that confidential information and payment instructions are clearly imparted to the bank.

The highest standards of security have been adopted by Rietumu Banka in order to ensure that all transaction activity from the bank's high net-worth clients remains confidential, and is not subject to a security breach. The bank employs digital certificates for identification of each corporate user of Rietumu BankWorld as well as electronic signatures for every transaction.

For the banks retail customers, Rietumu Banka has adopted a password and username security login option, which has associated restrictions in terms of payment amounts.

Tangible return on investment

- While the initial costs associated with the introduction of this new channel appeared excessive in 2000, this channel achieved break-even status in 2003, and in 2005 Rietumu Banka continues to witness a return on its investment.
- The percentage of corporate customers who use this channel exclusively for their daily banking business has increased over the years.
- The total number of local and international customers acquired by Rietumu Banka has also grown since the launch of this e-banking channel.
- Transaction processing costs have reduced and the bank anticipates that this will be reduced even further as they continue to target their banking customers to adopt this channel to carrying out their regular banking transactions.