

Case Study # 2

SEB MAY 2006

SEB restructures business and IT processes in order to increase efficiency and reduce costs.

With a decade of experience of Internet banking, SEB has come farther than most in its online services offering. The processes needed to keep services running smoothly have increased in number and grown more complex over time. It was therefore inevitable that the entire process be reviewed in order to streamline it, and render it more cost efficient. Today the bank has consolidated a complex IT environment with multiple partners into a lean operation and one outsourcing partner. Besides substantial cost savings, additional benefits are that the bank has come closer to its customers and also that it meets the latest legal anti-money laundering requirements. With an outsourcing partner handling life cycle management of security devices for Internet banking purposes SEB now has better tools to keep track of its active online customers.



The challenge

Consolidating and re-engineering complex IT processes in order to increase efficiency and lower costs.

For years, the trend in the banking community had been to automate and move customers onto the Internet. SEB's customers have access to virtually all banking services online. Today, increasing competition on the market has made it more important than ever to meet and have a personal relationship with the customer. Also, new legal requirements to combat online fraud and money laundering have been implemented which in effect require customers to identify themselves at a physical branch office. The challenge has been to bring the customer back into the branch offices.

Another challenge has been to streamline the complex patchwork of IT processes which have either been added over time as changes were needed or because the bank grew by bank acquisitions in new geographies and existing processes were "inherited." To add complexity to this problem, SEB also had multiple partners working together to provide a complete online banking service offering. Some programmed and delivered security devices, others printed PIN mailers and yet others printed materials to be sent to the end customer. One challenge was to consolidate some or all of these functions in order to achieve efficiency in the IT processes.

The solution had to combine consolidating a multi-vendor environment, moving customers back into bank offices, and streamlining business and IT processes.

"We had to make several substantial changes at once in order to achieve the cost savings and efficiency we aimed for. At the same time we could not risk losing sight of the strict security policies within the bank, which are essential for our customers' trust in the Internet bank" says Christer Samuelsson, CIO of SEB.

"Verisec helped us re-engineer some of our complex IT processes. Today Verisec can plan production cost efficiently ahead of time and save personnel costs, which in turn has lowered the total cost for the Internet bank"

Christer Samuelsson, CIO of SEB

The solution

Outsourcing and streamlining IT processes.

Today SEB customers come to their closest branch office where the bank's personnel can issue them a security device for online banking purposes, while at the same time offering them the bank's full range of products and services. The customer thereby has a more personal contact with the bank and an added benefit is that the bank is able to meet new legislative anti-money laundering requirements for "knowing your customer." *

Verisec receives all security devices directly to its premises where they are programmed and personalised for delivery. Branch offices place their orders directly to Verisec via a web form and Verisec's logistics application then follows the device through production and delivery and right up to when it is returned to a branch office of the bank due to a defect or "end of life."

"This functionality enables the bank to keep track of each and every device which is necessary in order to clear the bank's back end systems from obsolete devices" says Christer Samuelsson.

Verisec noted that delivery rates were evenly distributed over the year. This meant that the existing J-I-T (just-in-time) *production and personalisation* of devices was inefficient. In order to avoid redundant and costly personnel it would be more efficient to prepare large quantities of devices and then to set up a J-I-T *delivery* process instead.

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* "In the financial community, knowing your customer translates into substantial requirements for gathering information and fact-checking the identity of clients when they open an account," *Designing an effective anti-money laundering plan*, Daniel C. Becker and Richard M. Strassberg, American Corporate Counsel Corporation.

ABOUT SEB

The SEB Group is a North European financial group for corporate customers, institutions and private individuals with ten home markets in the Nordic and Baltic countries, Germany, Poland and the Ukraine. SEB has 680 branch offices and 5 million customers, of whom approximately 2 million use the Internet for their banking transactions. The Group is represented in some 20 countries around the world and has a staff of about 20,000.

ABOUT VERISEC

Verisec is a world leader in providing end-to end solutions for mass deployment of security devices.

Verisec delivers measurable value through software solutions, services and outsourcing.

