



■ Objective of the Congress



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To identify and discuss the challenges that lie ahead for policy makers and financial institutions in developing transition countries as well as demonstrating solutions and considering new ideas.



Agenda



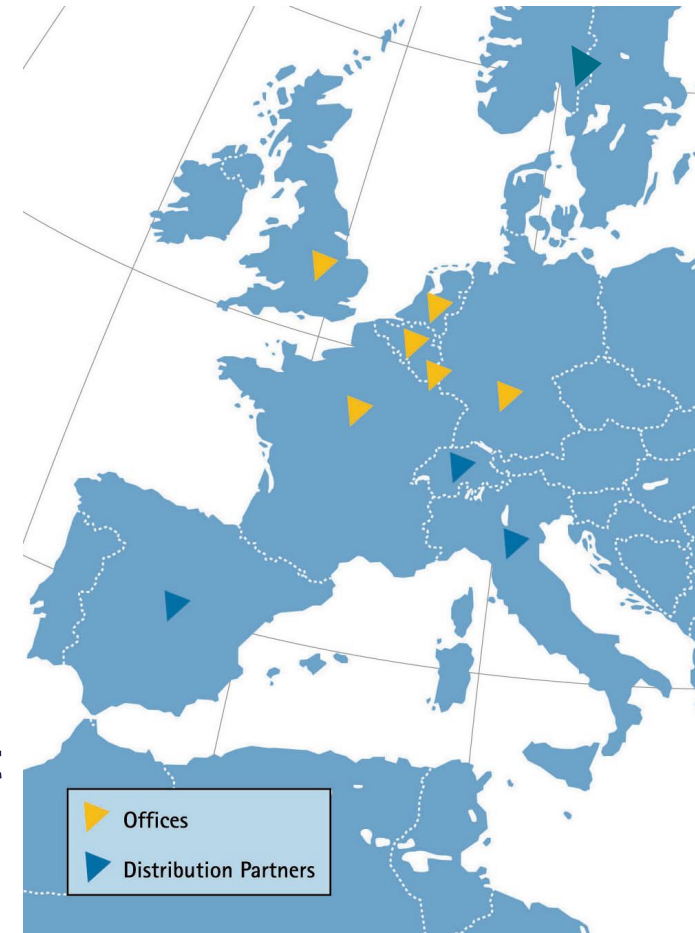
- Background to Business Architects
- Do current mortgage systems support your strategy?
- What are the future requirements of a mortgage system?

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■ Business Architects International



- Established end 1997
- 100+ staff
- Headquarters in Belgium
 - Offices in NL, LU, GB, DE and FR
 - Growing partner network
- Focused on solutions for financial markets
 - Solutions for Loans
 - Solutions for Investment Management



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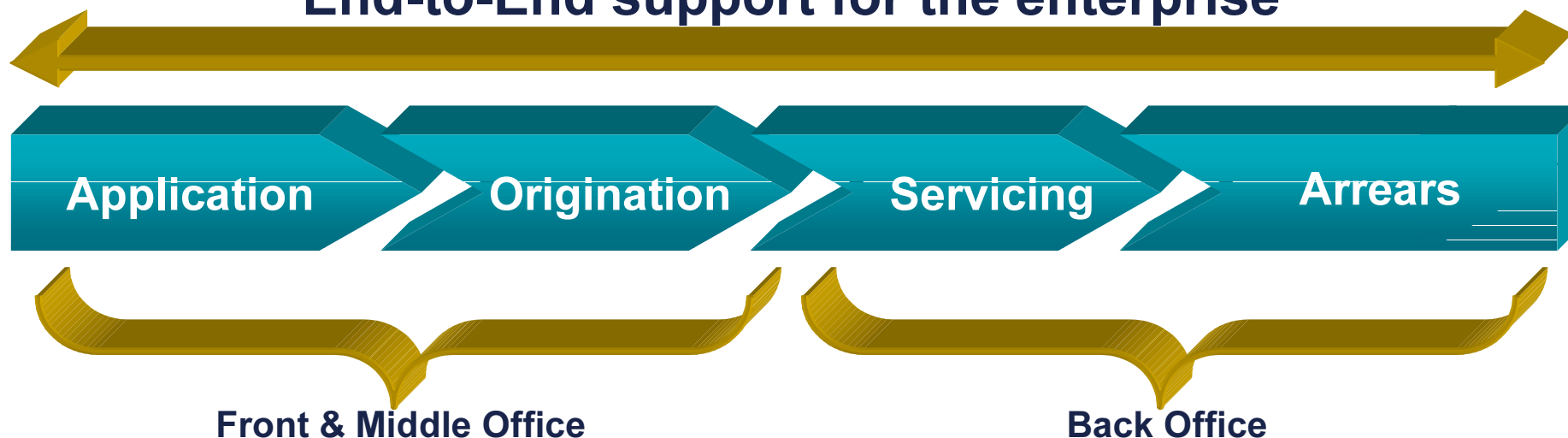


ComponentBanker®

Supporting the Loans value chain



End-to-End support for the enterprise

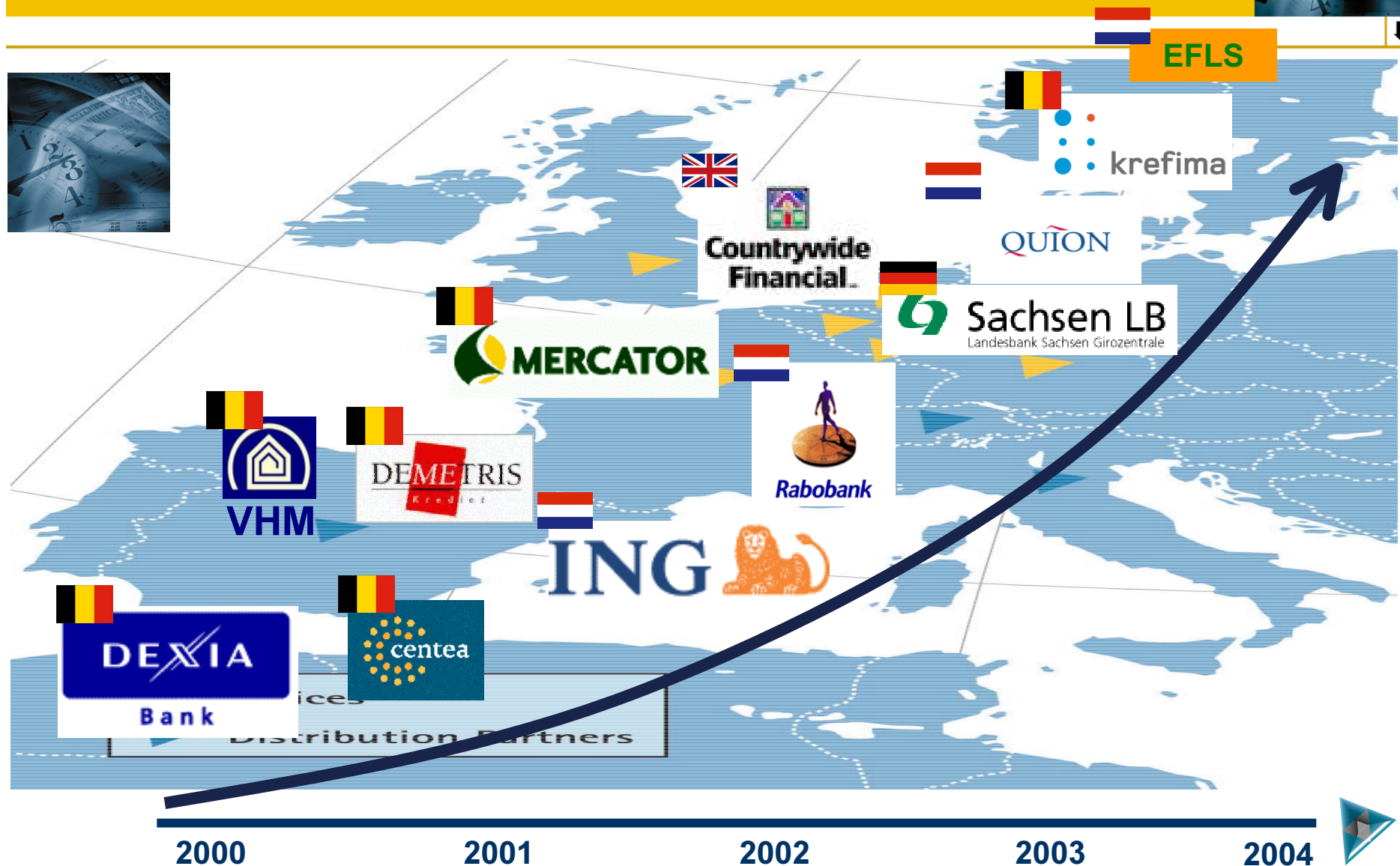


- **ComponentBanker®** is an integrated suite of solutions supporting the entire retail loans value chain.
- **ComponentBanker®** is delivered as:
 - Tier 1 package based on mainframe technology
 - Tier 2 and 3 package to a maximum of 350.000 loans
 - CX product for the registration of assets and collateral developed together with Cellent (LBBW) in the German market



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ComponentBanker® References



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Component **Banker**[®] Loans



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B U S I N E S S
A R C H I T E C T S

***Getting caught is the mother of
invention***

Robert Byrne

■ In general, mortgage systems were designed ...



- About 20 years ago
- Single language
- Single label
- Human as process integrator
- Single site
- Functionality over efficiency



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Are current mortgage systems at the end of their lifecycle?

Are the mortgage systems the limitation factor in implementing future strategies?

■ When is a mortgage system at the end of the life cycle?



- If you miss fundamental concepts for your current strategy
 - If your productivity in the Back office is below 4,000 loans per employee
 - If you have a number of mortgage systems in use blocking STP
 - If every adaptation of your process or product takes more than 2 months
 - If this software is used in the way it was never designed
 - If you are not Basle II Compliant
-
- **Market research in Germany to check future proof will start next month with PASS Consulting**



What are the basic elements of a new loans system?



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■ Basic elements of a new loans system for the coming 20 years



- **Change**
 - In Business Models
 - Multi channel, multi label, multi side, multi language, etc.
 - Process and functionality
- **Risk**
 - Fraud protection
 - Credit scoring on customers and assets
 - Risk based pricing
 - Process steering to guarantee process compliance
- **Cost**
 - High operational excellence against low costs.
 - STP, imaging, electronic file handling, workflow support, etc.
 - Multi site
 - Lower employee skill set
- **Employee satisfaction**
 - Decentralised, Multi site, etc.
 - High quality work



■ Legal requirements

- Basle II
 - Assets, Collateral, Arrears management, application process
- Consumer protection

History Concepts !!!

■ Internationalisation

- Language
- Process
- Interfacing

■ Speed

- New products
- Proposals

■ Etcetera etcetera



■ Can you develop a mortgage system?



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- Yourself as a bank
- Together with a partner
- Completely by a partner

Complexity



- **Lack of knowledge about the complexity of how to design, build or select a new loans system**
- **Lack of time and focus of the key players**
- **Internal bank view and a focus on improvement of the short comings in the current system**
- **Focus on functionality instead of productivity**
- **Best guess for translation of functional requirements to system design in new arrears**

Options for a new solution



- **Based on:**
 - Your strategic direction
 - Position in the market
 - Volume of Loans
 - IT architecture
- **If you select a partner**
 - Does the solution supports your strategy
 - Mid-tier limitations
 - Age of the solution
 - Most the solutions are 10-20 years old
 - Complexity increases market will decrease
 - Lack of international experience
 - Can you learn from them

Conclusion



- For future strategies you are likely going to need a new loans solution
- Focus on strategy and efficiency instead of functionality and IT
- Don't underestimate the complexity of the development of a new loan system
- Avoid a strong internal view and focus on the problems of today.
- Be careful in the selection of a partner



■ Any Questions?



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