

Banks focus on real business drivers

## Efficiency of Finnova banks confirmed

**Finnova banks have once again taken places one to four in the cost/income ratio ranking of the Lucerne University of Applied Sciences and Arts IFZ's Swiss 2015 Retail Banking Study. Banque Cantonale de Fribourg, AEK Bank 1826 Genossenschaft, Banque Cantonale du Valais and Schwyzer Kantonalbank have successfully proved their leading positions. This shows that Finnova's increasing investment in the key areas – industrialisation, digitalization and compliance – is the right choice. That is why Finnova is making significant investment in development resources. Optimisation of functionalities and interaction with bank clients, bank client advisors, middle office and back office divisions of banks should progress considerably, as should compliance and DWH solutions.**

*Lenzburg, December 8, 2015.* - Many Finnova banks are able to maintain their cost/income ratio (CIR) despite significant regulatory requirements and the resulting increase in operating costs. Banque Cantonale de Fribourg defended its number one position this year too. With almost seven percentage points more than the next bank in the ranking, AEK Bank 1826 Genossenschaft, it was able to maintain the previous year's level. In banks, the focus is on optimising and transforming existing business models and day-to-day operations. Ideas, initiatives and concrete measures for improving income and profit rates are primarily found in product and service bundling. That is where you can really see the advantages of consistently pre-parameterised standard software, such as the Finnova Banking Software. Adjustments can be made quickly and cost-effectively.

### **Compliance requirements put further pressure on margins in banks and in industry**

Finnova has supported the comprehensive Retail Banking Study of the Lucerne University of Applied Sciences and Arts IFZ since 2012. In addition to other sources, the results from the market make it possible for the banking software manufacturer to continually align key areas of investment and development with the market needs of the segments and target groups. This is done systematically in three focus areas – digitalization, industrialisation and compliance. After a first look at the results of the study, Finnova's exponents feel that their allocation of resources is justified. For a few years, compliance has taken on an almost existential dimension for banks, which must be taken into account by software manufacturers in development and implementation. Further significant changes are imminent, such as FATCA, EMIR/FMIA and AEI (Automatic Exchange of Information), with the Financial Services Act (FinSA) and the Financial Institutions Act (FinIA) to follow. Preparing and implementing the IT and organisational infrastructure necessitated by these complex requirements is costly for everybody involved, requiring significant investment from all concerned, not only in terms of money, but also in terms of staff. Finnova monitors these topics systematically and continually. Together with the well-functioning Finnova community, and the extended partner network, Finnova's specialists and developers have the essential knowledge and necessary experience to implement regulatory requirements in the Finnova Banking Software, thereby supporting bank management and bank advisors.

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### **Banks feeling pressure of digitalization and industrialisation**

In response to developing costs and decreasing income from the margin business, banks are obliged to continually adapt process chains in the areas of clients, advisors and back office. They have to make suitable applications and functionalities available to the respective target groups. That is why the mobile banking and e-banking applications are constantly being expanded and supplemented at Finnova. This means that they are being adapted to market and client needs. This includes, for example, further payment systems, PFM functionalities and order management. This also applies to process optimisation for back-end processes, such as automated foreign exchange trading (FXLinX), fully automated returns in payment transactions, increased use of the connection to eGRIS (electronic property information system, which Finnova connected to its banking software two years ago), and implementation of ISO Payments 20022 (new international standards for transfers between banks and bank clients).

### **Increasing advisor quality in banking – Developing POS**

The IFZ study shows that many banks are preparing to rethink and overhaul their POS strategies (reduction in volume and interior design), in order to optimise their possibilities for differentiation in service sampling (through product bundles and pricing models), via e-channels and through advisory activities. Clearly this puts high demands on the software. On a technical level, these demands are met through simple, cost-effective parameterisation – such as is possible with the Finnova Banking Software. Key concepts regarding front office service include: continuous processes that support bank advisors, e.g. onboarding, whether for granting loans or advertising products and services, as well as attractive user interfaces. Finnova is working at full speed on development – over the next few years, it will be offering innovative solutions, either independently or together with third parties.

### **Conviction and transfer of knowledge**

Since 2012, Finnova has sponsored the IFZ Retail Banking Study. Finnova's financial support makes it possible to carry out scientific studies such as this one. Not only do Finnova's clients benefit from the transfer of knowledge between companies, they also benefit from the strategy review regarding further development of the Finnova Banking Software. That is how 'Smarter banking' is put into action. Finnova values the independence of the people carrying out the study, as well as the neutral, factual interpretation of the results. That is why Finnova limits its role to that of sponsor.

### **[(Cost/Income Ratio (CIR))]**

A statistical value showing the ratio between income and expenditure relating to operative business. The CIR shows how much of each franc earned (income) needs to be spent to ensure that operative performance (expenditure) requirements are met.

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### About Finnova

Finnova is a leading provider of banking software in the Swiss financial centre. We help banks and outsourcing providers to realise growth in the banking sector, especially in challenging times, thanks to efficient and innovative IT solutions compliant with regulatory requirements: 'Smarter banking' with Finnova - that is what we stand for. And that is why over 100 banks have already put their trust in us.

Finnova was founded in 1974 and employs around 400 people at its headquarters in Lenzburg and at branch offices in Chur, Seewen, Lausanne and Singapore. Its standard solution, Finnova Banking Software, is currently used by around 80 universal banks and 20 private banks. They benefit from the software's extensive functional breadth and depth, combined with the lowest total cost of ownership in the industry. Finnova's outstanding scalability and parameterisation capability allow banks to implement their strategic requirements efficiently, within budget and on schedule.

You can find further information at [www.finnova.com](http://www.finnova.com)

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