knowis

A GERMAN UNIVERSAL BANK ON ITS WAY TO

CREDIT MANAGEMENT 4.0

EXECUTIVE SUMMARY

In an environment of persistently low interest rates, volatile markets due to pandemic effects, unchanged high intensity of competition and increasing regulatory density, financial institutions should act quickly. A key requirement is to sharpen business models and to focus on company's own strengths.

Such a transformation requires an individual functional definition and a translation into a digital roadmap suitable for the respective financial institution. The selection of modern and future-proof technologies is hereby of substantial importance. However, the large number of legacy systems often based on outdated and difficult-to-maintain technologies cannot be replaced with a "big bang" due to project costs and operational risks.

To manage the mentioned challenges a leading German universal bank opted for a modern, knowledge-based banking platform for its lending business. This platform provides management of business logic as a layer on top of the core banking systems avoiding complex and time-consuming adjustments of the legacy systems. In just 12 months the cross-functional team of banking experts, IBM and knowis AG implemented a loan management solution, which paves the way towards "Credit Management 4.0" and significantly increases the bank's performance, despite the fact that operating resources have been reduced due to structural changes. The "electronic credit management" solution was implemented on the basis of the knowis isfinancial/ 3 platform.

1 THE CHALLENGES

1.1 Functional Requirements

Initial situation

- Pooling of analysis functions using the **risk led model** created the prerequisite for a higher degree of automation with corresponding system support

- The status quo of the financing process was characterised by **many manual processing steps, a lack of central transparency** beregarding the process sequence and heterogenous processes which had evolved historically

- Restructuring measures and various other measures to increase efficiency resulted in a demand for **consolidation of workflow through resource allocation changes**

Objectives

- **More efficient preparation of loan decision templates** by uploading data and using information from previous templates

- Reduction of **throughput times** for loan decision templates by means of partially automated completion of forms and **dispensing with paperbased mailing/processes**

- Faster decisions through **electronic approvals** and obtaining approvals from multiple persons simultaneously

- **Ability to provide information to clients more quickly** as a result of centralised provision of information

- Audit compliance and **transparency** in respect of template status for all of the departments involved, resulting from the ability to access documents in parallel

- Improvement of internal communications pathways by means of **electronic messaging** and forwarding of loan decision templates whenever there is a change of the person processing them

1.2 Processes

The problems with process support in corporate lending are not yet fully apparent in processes related to new business. These processes can usually be well defined and modeled a priori and implemented in a case management approach as supported by many industry-agnostic platform solutions.

A digital solution to support existing business in corporate lending or knowledge-intensive and collaborative processes in general is significantly more challenging. Due to an evolved history of the business partner and a comprehensive informa-