



CASE STUDY

State Bank of India Reinvents its Trade Finance Business for the Digital Age



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Shiv Kumar Bhasin
Chief Technology Officer, State Bank of India

**THE FUTURE OF
FINANCE IS OPEN**



At a Glance

Solution

- Fusion Corporate Channels
- Fusion Trade Innovation

Partner



encoretheme.com



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Shiv Kumar Bhasin

Chief Technology Officer
State Bank of India

About State Bank of India

State Bank of India (SBI) is the largest bank in India and a Fortune 500 company; it provides a range of products and services to individual, corporate and institutional customers. Headquartered in Mumbai, SBI has 198 offices in 37 countries, more than 24,000 branches and approximately 420 million customers.

The Challenge

SBI is on a mission to become one of the top 10 digital banks in the world by 2020, and is working hard to reinvent operations to fulfill this ambition. Focusing on trade finance, SBI wanted to introduce new digital services that would enhance the customer experience, and optimize back-office processes to unlock new efficiencies and cost savings. In addition, the bank looked to implement a SWIFT certified solution to enable secure financial messaging services.

The Solution

Joining forces with Finastra and implementation partner Encore Theme Technologies, SBI consolidated trade processing for businesses in 25 countries to a central hub, harnessing Fusion Trade Innovation to support highly digitized and integrated operations. The bank has also launched a corporate banking portal, built on Fusion Corporate Channels, giving clients access to a range of trade products. Both of the new solutions are compliant with SWIFT standards.

The Result

By increasing automation and harmonizing its operations on a standardized, integrated platform, SBI can process a higher volume of trade finance business faster and more cost-effectively. Today, the bank offers highly efficient global trade execution capabilities and a richer digital experience, boosting its appeal to trade finance customers of all sizes, and helping SBI win valuable new business and increase up- and cross-sell activity.

In addition, the bank has realized impressive quantified results, including:

- Tripling trade finance transactions while cutting average processing time by 95%
- Achieving a 3% uplift in overall trade finance business
- Reducing global labor costs by an anticipated 75% in the short term and potentially by 80% in the medium term.

sbi.co.in



“We are on target to reduce global labor costs for trade finance by 75% in the short term, and potentially by 80% in the medium term as we make further optimizations.”

Shiv Kumar Bhasin
Chief Technology Officer, State Bank of India

In just 14 months, SBI consolidated trade finance operations across 25 countries on a single platform, built on Finastra technology

The Challenge

SBI may be one of India's oldest banks, but it has its sights set firmly on the future, with ambitious plans to become one of the world's top 10 global digital banks by 2020. To fulfill this vision, SBI decided to transform every aspect of its operations.

Shiv Kumar Bhasin, Chief Technology Officer at SBI, begins: “One of the key areas we targeted for improvement was trade finance. Existing services weren't on a par with other large multinational banks, which dulled our competitiveness. For example, in many markets we didn't offer digital banking, which meant that customers had to come into branch to perform transactions.”

Recognizing that corporate clients were increasingly demanding slick digital services, SBI knew that it needed to enhance the customer experience.

At the same time, SBI realized there were areas of the business where it could work smarter and more efficiently, boosting its overall productivity. Shiv Kumar Bhasin continues: “We have trade operations in 25 countries and in multiple locations throughout India. Each location ran its own trade processing center, where operations were largely manual – resulting in high costs and inefficiencies.”

SBI's aim was to consolidate trade processing for its global network at a central hub in India. This would improve the bank's cost-to-income ratio and help it to drive greater consistency. On the front end, SBI wanted to offer clients a new trade finance experience – creating a single digital platform where they could easily manage trade finance activities.

The Solution

To serve as the foundation for its digital reinvention, SBI selected Fusion Corporate Channels. Using the Finastra solutions, the bank created a new corporate banking portal for delivering a range of trade products across multiple channels.

At same time, SBI has consolidated international trade operations in over 25 countries to a centralized hub in India, where it has digitized and automated the majority of processes to maximize efficiency. The bank has harnessed Fusion Trade Innovation as the strategic platform for supporting the new trade processing hub.

To guide a smooth implementation, SBI worked closely with Encore Theme Technologies, establishing strict timelines for the project. The team dedicated 10 months to initial planning and development work, then deployed both Finastra solutions in parallel over the course of 14 months.

SBI carried out the deployment on a country-by-country basis, initially bringing one country onto the platform every month, then ramping up to two to three countries a month as the team perfected its implementation methodology.

“This was the first project of its kind ever undertaken by SBI—migrating businesses in 25 countries to a new platform in just over a year,” recalls Shiv Kumar Bhasin. “We were able to deliver this groundbreaking initiative on time and within budget thanks to careful planning and strong collaboration from the teams at SBI, Encore Theme and Finastra.”

Boosting Trade Business and Profits

By offering more efficient global trade execution capabilities and a richer digital experience, SBI has boosted its appeal to trade finance customers of all sizes – helping the bank book more business than ever before.

Shiv Kumar Bhasin confirms: “We have tripled trade finance transactions since introducing Finastra solutions. Total business volumes are also growing – previously, trade finance was growing at an average of 2-3% per year; today, it is growing by 5-6% annually.”

He adds: “We are also attracting business from a wider variety of clients, including Indian multinational corporations. While these large corporates placed some banking business with us in the past, they typically turned to global banks with subsidiaries in India for their trade finance dealings. Thanks to the new capabilities delivered by Finastra solutions we can attract these kinds of customers away from the competition, winning valuable new business.”

By automating operations and consolidating to a central processing center in India, where labor costs are lower, SBI is achieving big savings.

“We are on target to reduce global labor costs for trade finance by 75% in the short term, and potentially by 80% in the medium term as we make further optimizations,” remarks Shiv Kumar Bhasin.

In addition, SBI has cut the time taken to process a typical trade transaction by 95%, thanks to increased automation and more standardized, integrated processes.

SBI has laid the foundations for future innovation, such as using blockchain solutions to enable secure cross-border payments and trade finance activities



We are very excited to explore all the opportunities that the future holds now that our digital foundation is in place.”

Shiv Kumar Bhasin
Chief Technology Officer
State Bank of India

Pursuing Innovation

SBI has taken a huge global trade finance business and rebuilt it from the inside-out in just 14 months, using an agile approach for the development work.

“A common perception is that a large bank like SBI, which has been around for centuries, will be slow to react to changing dynamics. This project proves that is not the case,” notes Shiv Kumar Bhasin.

“The sheer speed and scale of our transformation is unprecedented in the Indian market, and credit for that must go to the dedication of the entire project team, and the agile methodologies that we have adopted.”

Thanks to its work with Finastra and Encore Theme Technologies, SBI has put a future-proof foundation in place for forward-looking services. For example, SBI has set up a new initiative called BankChain, where a consortium of 27 banks will collaborate on new blockchain solutions for the banking industry. SBI has several pilot projects planned with BankChain around trade finance, as well as contract and cash management.

Shiv Kumar Bhasin states: “By enabling a more modular and API-driven approach to delivering IT services, our new trade finance platform will serve as a base for innovation, allowing us to integrate BankChain and similar initiatives seamlessly. We are very excited to explore all the opportunities that the future holds now that our digital foundation is in place.”

About Encore Theme Technologies

Encore Theme Technologies is a global provider of software solutions to the banking and financial services sector. Encore Theme is the fastest growing Premier Select Partner of Finastra and has achieved this by successfully implementing end-to-end trade finance solutions for over 50 Finastra sites in more than decade of partnership with Finastra. The company's project delivery framework, ThemeAssure, effectively takes care of complexities involved in multi-country deployment to ensure rapid and robust delivery. To learn more, please visit encoretheme.com

About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world's top 50 banks use Finastra technology. Please visit finastra.com

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