

Case study

Driving Digital Banking Transformation Through Payments Modernization

Vietcombank implemented Finastra Global PAYplus to support its mission to become the first Vietnamese bank to digitize all payments activities





About Vietcombank



Founded in 1963



Nearly **600 Branches**
and **Transaction Offices**



More than **22,000**
employees

The Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) was founded in 1963 and is one of Vietnam's four largest commercial banks with total assets of more than 60 billion USD. The Bank is engaged in the offering of various commercial banking services and products for both consumer and corporate clients and is a major player in international trade and payment settlements.

www.vietcombank.com.vn

Highlighted solutions



Finastra Global PAYplus

Key benefits

- Increased operational efficiency
- Enabling digital payment experiences
- Close to 100% STP rate
- Enabling embedded payments and e-commerce solutions

The challenge

Laying the foundations for a true digital transformation

Vietcombank has embarked on a payments infrastructure modernization journey to support its mission to become the first Vietnamese bank to digitize all payments activities.

In recent years, the Vietnamese banking and financial system has witnessed rapid, unprecedented, and dramatic changes in risk culture, transformation in income structure, lending portfolio and improvements in corporate governance. However, the most important trend is the digital transformation of Vietnamese banks. The application of new technologies has allowed the industry to completely change the way it provides products and services, from the traditional physical channels to a new digital environment. Branchless and paperless operating models allow customers to perform all transactions through digital devices connected to the internet without having to visit a physical location.

According to the Payment Department of the State Bank of Vietnam, in April 2022, non-cash payment transactions increased by 69.7% in quantity and 27.5% in value compared to the end of 2021.

One of the country's leading financial institutions that is leading this transformation is Vietcombank, who started its digital transformation roadmap in 2019, and aimed to become the number one bank in Vietnam in terms of digital transformation by 2025. To enable this digital transformation, Vietcombank has embarked on a mission to build a modernized digital platform for its banking services. In addition, the bank has recognized that a real digital transformation is much more than nice looking online and mobile applications, but must also include the modernization of many of its backend banking systems and IT infrastructure.

It was clear to the bank that with the enhanced use of its planned digital banking services, channels, and applications, customers' expectations include an enhanced frictionless experience and faster response time.

Vietcombank had to take a strategic decision to modernize its backend payment processing infrastructure in order to enable their digital transformation and to consolidate, simplify, and reduce the footprint of its payment ecosystem by migrating to a new modernized Payments architecture.

The key industry and strategic imperatives that drove Vietcombank's decision include:

- Replace siloed, rigid, and aged payment systems
- Remove complexity, eliminate manual processing and operations, and automate as much as possible
- Readiness to fully adopt ISO 20022 standards and be able to comply with its ongoing changes

- Improve operational efficiencies by reducing, standardizing, and optimizing workflows
- Implement a single platform for supporting multiple payment types
- Leverage modern APIs to easily integrate with other systems
- Increase customer satisfaction and the value they can provide to customers
- Gain the ability to introduce new services to the market much faster

The solution

Payments infrastructure transformation

Consolidating legacy payments systems into a single, highly configurable payment hub solution

To accomplish its Payments infrastructure modernization, Vietcombank took a strategic decision to move away from a siloed payment processing ecosystem to a modern, future-ready Payment Hub system that would consolidate the processing of multiple payment types into a single central, standardized solution.

The bank conducted extensive research to find the right solution that would meet their needs and business objectives. After a comprehensive evaluation of the top global payments hub vendors, they selected the Finastra Global PAYplus payment hub system.

By implementing Finastra Global PAYplus, the bank was able to retire its payments programs and consolidate multiple domestic and cross-border payment types into a single, highly configurable payment hub solution. Leveraging modern APIs and an ISO 20022 native data model, the bank can be easily, quickly, and predictably integrated with their existing technology infrastructure, enabling them to simplify their payments ecosystem architecture complexities, and reduce their operational complexities and costs.

Vietcombank was the first Vietnamese bank to implement a modern payment hub solution. With the Coronavirus outbreak however, the project hit an unexpected hurdle. Nevertheless, with the help of its local partner ETC Technology Systems JSC, Finastra adjusted commendably, unprecedentedly delivering the go-live remotely with almost no travel.

ETC also became one of the few system integrators in the world who successfully delivered a Finastra Global PAYplus payment hub with a high level of complexity without onsite support from Finastra during the Covid time. The success of the project in record time showed the effort and the determination of the bank to meet its goals, improve the quality of payment services and uphold its market-leading position, not only in Vietnam but also in the eyes of its foreign partners.

“We implemented the project during the Covid pandemic, and thanks to the expertise and dedication of the Finastra team and the support we got through its partner ETC, we managed to successfully implement this project and meet our goals”, said Vu Thi Xuan Tho (Ms.) Deputy Director, Payment Center Head Office.

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Deputy Director, Payment Center Head Office

The result

Enhanced operational efficiency and digital payment experience

Finastra Global PAYplus enabled Vietcombank to accelerate payments transaction speed, improve efficiency and customer experience, and create a foundation for the long-term development of digital transformation.

By implementing the Finastra Global PAYplus payment hub solution, Vietcombank has been able to meet their key objectives to simplify, streamline, and automate payment processing to reduce operations complexity, improve STP rates, increase transparency, and reduce risk and costs, and above all enhance their customer satisfaction. With Finastra’s solution the bank has been able to consolidate multiple low and high value domestic and cross-border payments services into a single platform, and overcome the operational challenges of its legacy systems.

One key capability of Global PAYplus that was embraced by the bank, is the solution’s best practice workflows and business rules, leveraging Finastra’s 30 years of proven competency and expertise.

Adopting these best practice workflows has allowed the bank to establish new, optimized, and simplified end-to-end procedures and processes, and enabled it to move away from the previously highly customized payment ecosystem.

“By implementing Finastra Global PAYplus, we have significantly reduced manual intervention and processing and the time it takes to process a payment. Our STP rate for domestic payments is now nearly 100%, and for cross border, it is more than 90%, which has helped improve our customers’ satisfaction”, said Vu Thi Xuan Tho (Ms.) Deputy Director, Payment Center Head Office.

Vietcombank has seen an incredible transformation in recent years as it moved customer interactions and transactions to digital channels.

Customer payments transaction preferences have also changed markedly, for example, from preferring card over cash for payments, as well as performing remittance and bill payment transactions on its Digibank omni-channel platform that combines mobile and internet functionalities to provide a unified experience to customers. Thanks to automating payments processing with Finastra Global PAYplus, the bank was able to accommodate and support the digital transformation as well as the continuous growth in payments transaction volume.

Finastra Global PAYplus is designed for configurability and re-usability. Its user-friendly interface and its intuitive rules engine configuration screens are focused on usability and it empowers the bank staff to quickly provision payments processing workflow changes, and quickly react to clearing and settlement mechanism, market and regulatory changes, and to optimize customer service.





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Adopting Finastra's solution has helped the bank significantly improve its agility and reduce the time and complexity of implementing changes in payments processes, or when introducing new services and capabilities, while reducing the time from months to just a few days.

The State Bank of Vietnam (SBV) is driving the country's banking sector's plan to implement the national strategy of developing a digital economy and digital society by 2025, with a vision to 2030.

Vietcombank plays a leadership role in executing this plan. One innovative example is its embedded financing initiatives that help its partners and customers integrate its payment system APIs into their e-commerce platforms.

Digital consumers today expect a simple and easy experience in everything they do. This includes paying, and therefore payment methods must keep pace with the rest of their digital life.

Vietcombank embedded payments solution enables merchants and businesses to seamlessly integrate the payment journey into their end-user experiences, offering a convenient, frictionless experience.

Contact us

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (digital, retail and commercial banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by ~8,600 institutions, including 90 of the world's top 100 banks. For more information, finastra.com

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