

FRONT-TO-BACK OFFICE INTEGRATION – KEEPING THINGS IN BALANCE

Nicholas Hacking of ERI Bancaire talks about the importance of simplifying the IT infrastructure in order to provide clients with quality advice and service.

“We all know particularly in private banking, costs are simply too high for many institutions”

Nicholas Hacking agrees that costs are high for many institutions, especially in private banking with 80 – 100 per cent cost income ratios.

However, he argues that it is important and imperative that banks invest in IT.

But before doing so, he suggests that banks evaluate their reasons for doing so.

Choosing the right solution

While outsourcing certain aspects of the services to a BPO may be the right solution for an institution, Hacking says it depends on the size, attitude and the customer segmentation of that organisation.

Referring to a previous presentation by an industry colleague, Hacking says banks need to invest more than 20% of their income in setting up a competent IT infrastructure.



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“And instead of investing 20% in IT expenditure, banks need to increase it”

Commenting on the retail banking aspect, Hacking says it has not developed enough.

However, he mentions that the processes are very complicated in most banks today.

Simplifying the process

Hacking suggests a lot needs to be done in order to simplify the way in which a bank in run.

Either they can outsource the services or banks can use the ASP model through which they retain some control over their services, he recommends.

“BPO is the right solution for many banks, depending on their size and their attitude and customer segment. But it is important to look at what is that IT is doing for you”

He reiterates the importance of the banks' attitude before choosing the type of solution they want to use in order to service their clients more effectively and efficiently.

While using the BPO model might suit the bank, he advises them to protect themselves with SLAs in case something goes wrong. By doing so, banks retain some control over their services.

“I would say there are a number of banks that have complicated IT, built up over time. A lot can be done by simplifying that and taking the cost out, without impacting the client service”

He points out that ultimately it is the quality of service and advice that clients are paying for.

According to him, banks need to be conscious as to how much control they want to hand over to a third party and how will that decision impact their service.