

## Consolidated blacklist in Raiffeisenbank, a.s.

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***The system of a consolidated blacklist – as it is called in the bank- was put into operation in 2003 and it is now being operated in its third development generation.***

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### Client's Situation

Raiffeisenbank, a.s. is a classical type of a commercial bank that is widely spread on the Czech market. Therefore we may evaluate the bank sector as highly competitive and this is one of the reasons for constant pressure on comfort provided to clients of a bank as to the speed of handling an application for credit but maintaining a minimum level of costs for the handling, which is characterized by pressure on automation of processes and minimisation of human factor.

*Raiffeisenbank a.s. started its activities as a universal bank with a foreign exchange licence in autumn 1993. The majority shareholder of Raiffeisenbank a.s. is Raiffeisen International Bank Holding AG (RI), an Austrian financial institution, the mother company of which is Raiffeisen Zentralbank (RZB), a leading group in the sphere of commercial and investment banking in the whole Central and Eastern Europe.*

*Raiffeisenbank a.s.'s corporate stock is two billion five hundred million crowns and the total balance sum of the bank represents more than 61.8 billion crowns. By the end of 2003 the bank employed more than 1,045 employees in 45 business places located evenly in the territory of the whole CR. (source: [www.raiffeisenbank.cz](http://www.raiffeisenbank.cz) – Profil Raiffeisenbank 1.4.2006)*

Raiffeisenbank, similarly to other banks, provided its users in the sphere of risk product approval with various proprietary solutions that were mostly focused on a particular

### Outline of the solution:

Country: the Czech Republic

Sector: Financial Services

### Profile of the client:

Raiffeisenbank, a.s. – a commercial bank providing risk products for retail, SME and corporations. About 1,000 employees in several dozens of branches.

### Initial state:

No existence of automation of external and internal sources evaluation during approval process for credit products.

### Solution:

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segment of products or applicants – for example, retail, SME, corporations, factoring, etc. Therefore the bank used several applications in 2003. They were mostly of the front-end type that registered a business case from filing an application and monitored transferring the application gradually from business places up to an approval whether the applicant would or would not be awarded the given product. Evaluation of the payment morale was carried out by analysts and risk managers who analysed a given applicant with help of various external and internal sources of the bank, and finally recorded their evaluation to the given system and proceeded the case further. Quite often this process is still used in some financial institutions (it is often called “hand-over” process).

### **Problems of the Current State**

A negative element of such process is a substantial operational risk resulting from subjective view of a given analyst of the given case. Thus, even unintentionally, the deciding may often be influenced by a human-made error. Another negative element is the problem of speed and guarantee of changes of evaluation rules and strategies. In that case it is mostly necessary to change a particular execution regulation, distribute it further to all the employees that participate in the process, and rely on their absorbing and utilising the change in practice. Therefore the time of projecting such a change in an institution which has several dozens of branches may take weeks. A possibility of increasing capacity of approved applications without any impact on length of the approval process seems to be an unsurpassable problem. As long as the bank did not increase a number of its employees with the given qualifications linearly, it would have to prolong the length of evaluation of applications for credit, which is totally incompatible with pressure developed by competition that offers to award credits within hours today.

### **Goals of Implementation of a Consolidated Blacklist**

Therefore, when the business strategy for 2003 (and on) presumed a high growth of retail clients, it was necessary to seek possibilities of optimisation of the evaluation process. Moreover, there were new external sources of information, such as the bank register (BRKI), which contained much relevant data the evaluation of which would further have extended the length of evaluation of an application by an analyst. Therefore, the goal of the optimisation was:

- ✓ automation of evaluation of data from external and internal sources;
- ✓ integration to the existing systems of the bank;
- ✓ a possibility to change an evaluation strategy by analysts of the bank within days.

### **Solution**

Raiffeisenbank chose the Credit Bureau System supplied by SinTe for its solution and the system was used in the complex architecture as a source of data, called the consolidated Blacklist. The solution is fully based on Microsoft technologies, using technologies such as XML, .NET and MS SQL 2000.

### **Main contributions of the solution:**

- *Automation of manual work;*
- *Ability to parameterise the solution;*
- *Strong integration of several information sources for the bank’s need;*
- *Unified standard for various bank applications.*

### **Partner’s profile:**

*SinTe is a renowned supplier of evaluation and process systems for the financial sphere. Besides it is the biggest integrator of bank and non-bank entities into the bank and non-bank credit register. SinTe has cooperated with Raiffeisenbank since 2002.*

### **Contacts:**

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#### **Partner**

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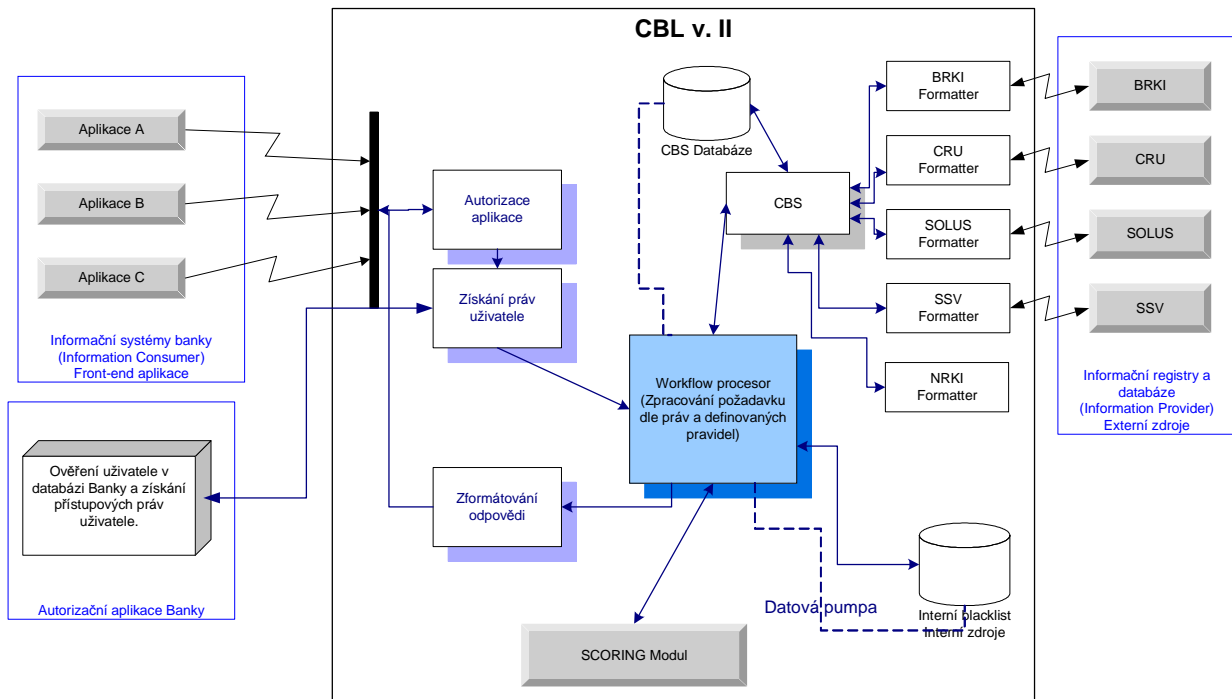
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*Partner*

A reason for using these technologies was a high level of integration and compatibility with the front-end applications that had already existed in the bank. Moreover, majority of the external sources is also based on Microsoft technologies and therefore the use of these technologies seemed to be optimal.

The solution was proposed with a maximal level of universality and openness for integration of other external and internal data sources, and also for further integration into the bank's environment. The advantage was also used during further generations implemented in 2004 and 2005:

#### Architektura konsolidovaného blacklistu



The scheme clearly represents that by using this implementation transparency against communication with external sources and against evaluation of these sources may be achieved for the internal front-end applications (the Application A, B,C on the left). After a user initiates the evaluation process, he/she does not know in principle which events will run within the consolidated blacklist, but the result is a traffic light for the user – it shows if it is a good/bad client. Moreover, according to a user's role, through which the front-end applications communicate with the system, the user receives either the above mentioned traffic lights only, or detailed excerpts of the data ascertained about an applicant in external sources. Thus an applicant evaluated in the grey zone between approval and rejection may be evaluated with an analytic view. It is obvious that operator's manual process is secured through a workflow processing module ( the blue box) which communicates through the Credit Bureau System with various external and internal sources and evaluates provided information on basis of parameterised strategy

(which takes into account which products it is, what is the amount and who is the applicant). (Data sources: CRU, SOLUS, SSV, BRKI).


A critical factor of the success was loading tests of the whole solution and its implementation into the moment of the start of the bank's promotional campaign. Before that there were only few applications that went through the system before the campaign, but from that moment on several hundreds of applications were communicated daily. Also here the efficiency of Microsoft technologies met expectations and no reinforcing of the application and communication server with additional hardware elements increasing efficiency of the solution was necessary.

The system was implemented within the team with the bank co-operating: SinTe was the integrator and a third party provided integration of the front-end system. Thanks to compatible technologies used by both parties and thanks to use of web-service standards, SOAP and XML, the integration was implemented without any problems.

## **Contributions of the Solution**

Thereby the bank unambiguously achieved an optimised process which, thanks to the suitable proposed technologies, operates without problems. Thanks to the use of optimal elements and modules of the process the bank may administer evaluation strategies, create new strategies and set a scope of the information flowing from the consolidated blacklist to users of the front-end applications without any interference by an integrator or without need of hard-coding. The proof of the quality of the implemented solution and good choice of operational technologies is its connection to other approval processes for SME segment and corporation segment. Creation of a back-up solution of the front-end applications of a so-called "manual input" was an additional contribution. It is especially used for testing purposes and ad-hoc evaluation that go outside of standard processes, but can also be used in case the front-end applications cannot be entered by a user.

Illustration of registration in the intranet application "Manual Access" above the consolidated blacklist.

 **Raiffeisen  
BANK**  
Lepší služby každý den

## Konsolidovaný blacklist

**Přístup do této oblasti je omezen.  
Přihlaste se prosím.**

Aplikace:

User name:

Password:

**Kontakty**

SinTe s.r.o.  
Hot-line: 222 721 135  
Email: [hotline@sinte.cz](mailto:hotline@sinte.cz)

*Obecné informace*  
Podpora pro uživatele systému je poskytována  
od 8.00 do 17.00 v pracovní dny.

### Quotation

SinTe is a system integrator that may definitely be recommended thanks to its experience with connection to external registers.

*Tomáš Eder, Project Manager Raiffeisenbank, a.s. (5.4.2006)*

### Technology

Database server:

- MS Windows 2000 Server (MS Win2003 Server)
- MS SQL Server 2000

Application server:

- MS Windows 2000 Server (MS Win2003 Server)
- MS Internet Information Services 5.0+
- MS .NET Framework 1.1