

## Case Study

31 August, 2015

### **Mercantil Bank (Schweiz) AG**

#### **"The desired completely carefree package"**

It is vital for every bank to have its clients' absolute trust. At the same time, quick reaction and implementation is required in this sector. "What clients expect from us, we have to ask of all our partners," said Sandra Righetti. According to the COO of Mercantil Bank (Schweiz) AG, that is also true for IT.

#### **Criteria, analyses, visits**

Mercantil has a long-standing, good partnership with SOBACO, which was already responsible for the application management of the previous solution. "In 2010, we were informed that this software would no longer be developed and that SOBACO would rely on the standard solution Finnova," said Righetti, looking back. As a consequence, the private bank launched its own product evaluation, defined a detailed set of criteria, analysed the market, visited the suppliers and decided to use: Finnova with SOBACO.

#### **Shorter, more direct, faster**

What spoke for the SOBACO and Finnova package? "The price-performance ratio of both partners was right. We are not a number, we are taken seriously. For us, it is important to build on solid companies with a broad client base. This ensures the software will continue to be developed, with regards to regulatory systems, for instance. "These factors, the costs and the significant configurability scored the Finnova platform additional points. For the COO, the advantages of SOBACO as the operator of the system are its broad base of know-how, the short distances, direct contact and quick decisions. "That is essential when a bank outsources a service as fundamental as IT – we would make the same choice again today. Because we have what we want: a completely carefree package."

#### **Three countries, three systems**

Two years after the platform change to Finnova, Mercantil gave up trade finance and focussed exclusively on private banking & wealth management. As before, most clients are domiciled in Venezuela. Although all clients have a business relationship with the parent company and some have a bank account in Miami or Panama, each country maintains its own IT. "The regulatory requirements are too different for them to all be covered by a single solution. The handling and appearance of the solution are standardised," summarised Righetti. "Otherwise, each one is a self-contained, autonomous unit."

## **What, how, with what**

With the standard solution Finnova, the SOBACO platform covers a very extensive range of applications. By integrating third-party products, the system can be adapted to the specific requirements of the individual banks. Thus Mercantil has integrated the archive and soon also Bloomberg. "Not to mention QlikView, which is licensed via SOBACO," added Righetti. "This software has greatly helped us internally in terms of reporting, risk control and monitoring. At the same time, our client service has an overview of all clients, documents and finances at all times." The openness and flexibility of the SOBACO platform simplifies manual intervention during defined processes, which allows them to be completed in a more cost-effective manner. "Finnova grants a high degree of flexibility. The banks must carefully consider what they want to do and with what."

## **Mobile and eBanking**

The communication infrastructure bridges the significant distance between Venezuela and Switzerland. The time difference does not matter to the operation of the platform – but the same cannot be said for contact with the clients: "In this regard, eBanking can be of some help. More than half of the clients use this channel for individual portfolio reports and for payment transactions. However, depending on the client segment, many still prefer telephone contact." In other areas, on the other hand, the Bank relies on personal contact between the clients and their advisers so eBanking is not available for trading. Mobile banking is a complementary channel: "On the one hand, it requires less infrastructure. Plus our clients have a strong affinity for new technologies," said Righetti.

## **Twelve years, zero problems**

"IT is an important cost factor, but is not at the top of our considerations," explained the COO of Mercantil. This is because the cost-income ratio of a small bank cannot be improved primarily by reducing spending. According to Righetti, other considerations are just as relevant as financial ones. Thus, the bank benefits from the fact that IT costs have remained stable while the scope of functions has continuously increased over the years.

By operating the whole platform, the SOBACO solution makes a significant contribution to optimising the price. All the technical and specialist resources are always available; the total expenditure is shared amongst the clients. "It reduces our costs and optimises our organisational structure," stated Righetti. And in the last twelve years, there has never been a data security problem.

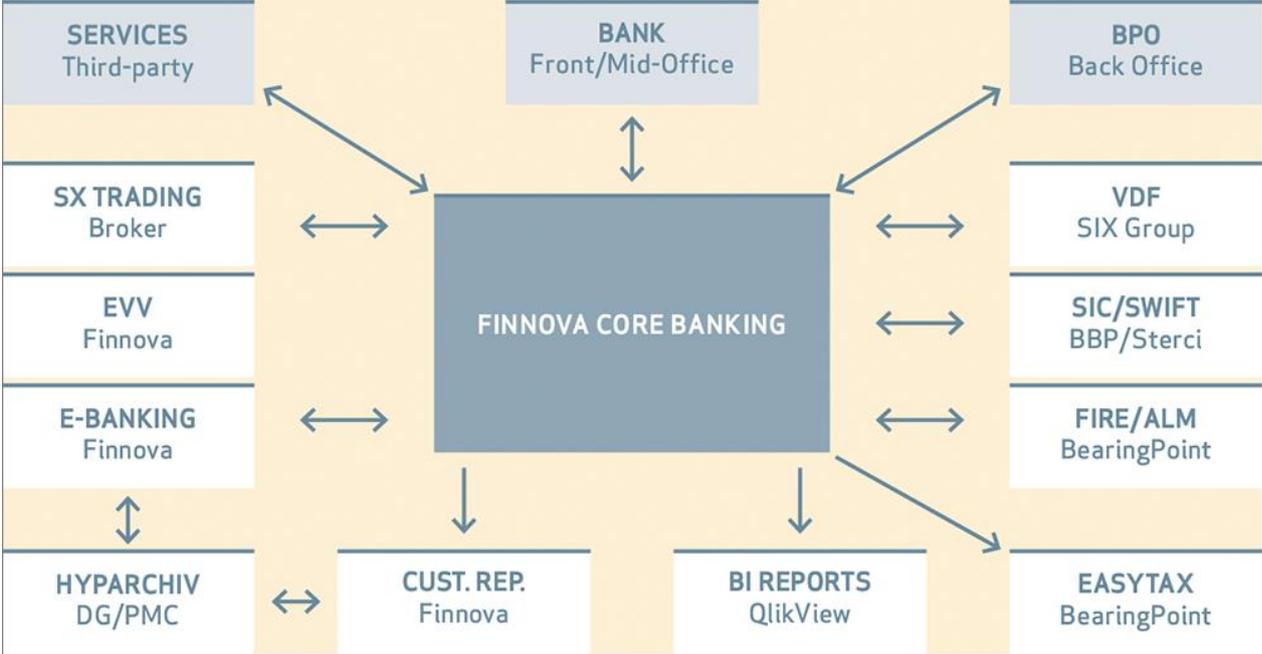
# SOBACO

**Together at a single table**

Mercantil is in direct contact with SOBACO several times a day to clarify questions regarding the operation of the banking platform. For the most part, these are operational issues or smaller projects, such as improvements to the processes. SOBACO is not only responsible for the entire support, the private bank also entrusts SOBACO with more complex projects due to the good history with its services. There are advantages to having all the software and operating specialists at the same table. As Righetti said, "The interaction between these key areas works very well, as a unit." That is not always self-evident in the event when there are multiple partners, different competencies and unclear boundaries.

**A sign of stability**

With the software company Finnova, Mercantil is maintaining an institutionalised exchange within the community. Although SOBACO, based on Finnova, covers all the bank's requirements, contact between users and software vendors for the future development of the banks and the solution is key. "We will be heard and have an influence in the specific bodies of the Finnova community. Equally important are the exchanges with other client representatives," stated the COO, summing up the advantages of a community with a broad base. Aside from ad hoc meetings, the SOBACO community meets once a year. "More is completely unnecessary – I view this as a sign of the stability of the SOBACO platform."



The SOBACO platform with the Finnova core banking solution

## **Personal and electronic**

Mercantil expects the future of banking IT will look somewhat different. Regulatory systems will keep the banks as well as the software manufacturer on their toes. "The whole industry is investing in the technical mapping of regulations and laws, which partially detracts from the development of the banking business," said Righetti. The current roadmap for the SOBACO platform with topics such as the Internet and mobile banking, portfolio management system, stock exchange, advisory and automation would also be of great interest to the private bank.

Will personal client contact become obsolete in the face of technological advances and opportunities? "No," Sandra Righetti is convinced "that personal contact with the clients will continue to play an important role in private banking." In the future, it will be important to offer clients a good mix of various electronic and personal channels – and the SOBACO platform continues to provide attractive and integrated solutions in this regard, from functionality to productive operation.

## **Mercantil Bank (Schweiz) AG**

In 1988, Mercantil Bank (Schweiz) AG was founded under the name BMS Finanz AG. Twelve years later, the institute received the Swiss banking license and started operating as a financial intermediary: the first bank in Switzerland with Latin American roots. Starting in 2012, it focussed its activities on pure private banking and wealth management for clients in Venezuela and discontinued its trade finance activities. The private bank is a wholly owned subsidiary of the Mercantil group established in 1925 in Venezuela, which has banks and representative offices in nine American and European countries. The private bank currently has around 23 employees in Switzerland.

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