

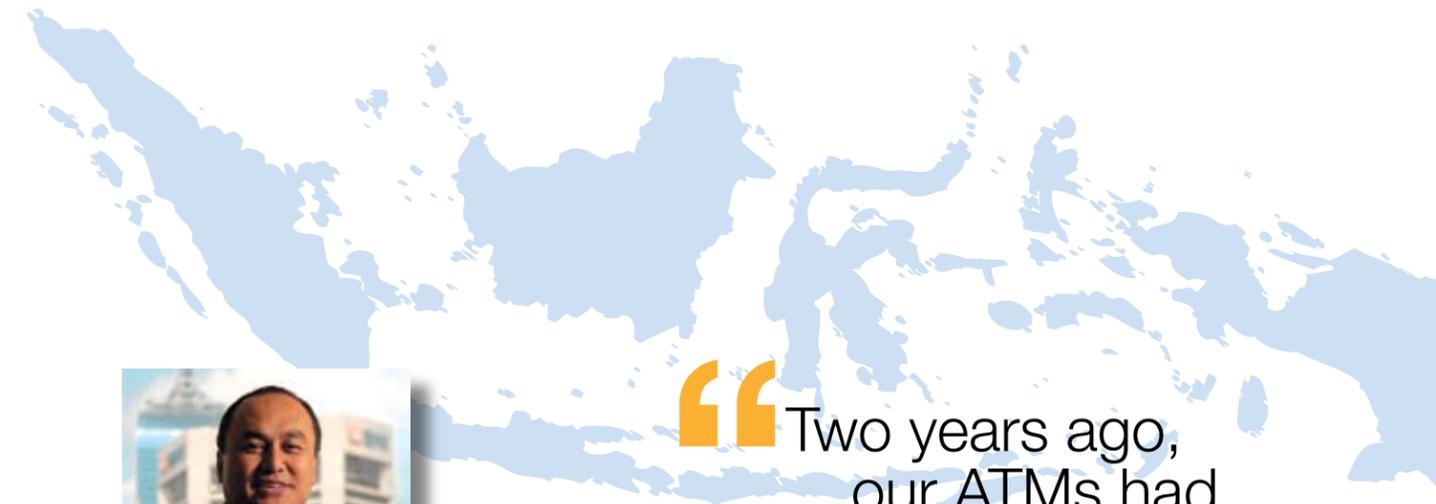
# Flexible strength



# Remarkable speed

*Fast time-to-market assists Bank Negara Indonesia in achieving leadership in services and performance*

by David Parker, Regional General Manager, ASEAN, TCS Financial Solutions



“Two years ago, our ATMs had about 30 features... last year we had about 100.”

—Mr. Wisnu Wardana, CIO, Bank Negara Indonesia

**F**ounded in 1946 as the country's first national bank, Bank Negara Indonesia continues to serve as a pillar of Indonesia's business community and a diversified provider of financial services to over 9.6 million retail customers and about 150,000 corporate customers. Operating under the "BNI" brand, the institution responds to customer needs with rapid adoption to changes in its operating environment.

"Time-to-market is our biggest challenge - it's about how fast we can deliver our services, functions or features to customers," says Mr. Wisnu Wardana, CIO of Bank Negara Indonesia. Mr. Wardana heads up the bank's IT organization, including operation of the data centre, core banking platforms and surrounding applications. By any measure, Mr. Wardana's organization has demonstrated an impressive ability to meet the time-to-market challenge, as Bank Negara Indonesia offers an incredibly diverse set of offerings for retail banking customers, Islamic banking customers, small-to-medi-

um-sized enterprises, corporate customers and government entities.

Powering the bank's capabilities is **TCS BOXNCS Core Banking**. Installed in 2005 and internally known as BNI iCONS (Integrated and Centralized Online System), the system handles over 8.5 million accounts and processes an average of 2.8 million transactions daily. Following the deployment, the bank achieved a 30 percent reduction in time-to-market for new products while reducing total cost of ownership by 50 percent. With these improved capabilities, the bank has unveiled numerous initiatives in retail banking (including Islamic banking) and commercial banking, along with innovative industry partnerships.

## RETAIL BANKING

With the flexibility of its core banking system, Bank Negara Indonesia offers savings and loan products carefully crafted to fit the needs of the Indonesian people. Popular consumer products include the "BNI Taplus

Utama," an interest-bearing savings account with free accident-protection insurance; "BNI Haji," a haj pilgrimage savings account including free insurance; "BNI TKI," convenient funds transfer for Indonesian workers overseas; "BNI Tapenas," an education fund savings account; "BNI Dollar," a housing loan product in cooperation with local developers; and "BNI Fleksi," a credit facility with repayment through direct debit from salary deposits.

Most of these various account types can be accessed from the bank's versatile ATM network, through which customers can buy shares on the stock exchange, make credit card and bill payments, and even pay off loans at other financial institutions. "Two years ago, our ATMs had about 30 features," says Mr. Wardana. "Last year we had about 100."

Islamic banking has also been a significant growth area for the bank. Although Islamic banking branches are separate from conventional branches, and although the

“ Bank Negara Indonesia offers savings and loan products carefully crafted to fit the needs of the Indonesian people. ”



assets are kept separate from an accounting perspective, it's the same **TCS BANCs** system managing both aspects of the business. “We launched our first Shari’ah branch about four years ago, and now, we have 30 branches all over Indonesia,” notes Mr. Wardana. “Whatever the customer can do in our conventional branches, they have the same features and functions at our Shari’ah branches.”

Although accounts adhering to the Shari’ah principles of Islamic banking currently represent less than two percent of total bank assets, that figure is expected to grow, according to Mr. Wardana. Part of the reason has been the adoption of central bank regulations supporting the growth of Shari’ah banking services, as well as the emergence of a secondary market for Shari’ah assets. Also, Indonesians are becoming better educated about their options in financial services, with Bank Negara Indonesia leading the way with a front-line training program for employees. “Our technology division runs three training classes, and they’re full all year,” says Mr. Wardana.

### COMMERCIAL BANKING AND TREASURY

With a strong footprint among manufacturers and infrastructure providers in Indonesia, Bank Negara Indonesia also takes the lead with commercial banking services.

For example, the bank recently launched a financial supply chain management system, connecting bank payments to customers’ ordering and account systems. “We can create seamless supply chain management, delivered not only through the Internet, but also through mobile devices,” says Mr. Wardana.

In addition, the corporate banking portal includes account management, statements, scheduled payments, transfers, sweep accounts, and electronic bill payment to approximately 100 billers. “We now connect with the tax department and also some of the government agencies,” notes Mr. Wardana. “You can prepare, submit and pay your corporate tax online.”

As domestic companies benefit from favorable economic conditions accompanying Indonesia’s strength in exports and manufacturing, Bank Negara Indonesia stands ready to enable its customers’ global success.

### INDUSTRY PARTNERSHIPS

With its flexible technology infrastructure, state-of-the-art data centers and comprehensive disaster recovery sites, Bank Negara Indonesia also has an excellent opportunity to resell its infrastructure capabilities to smaller regional banks. “There’s quite a lot of opportunity for shared services in banking in Indonesia,” says Mr. Wardana.

“The strong banks can run their infrastructures by themselves, but the smaller ones don’t have the luxury.”

In order to signal its capabilities to potential business partners, Bank Negara Indonesia invited the ISO to perform a series of process audits. “We are now certified in operations and management, the systems development lifecycle and security management,” relates Mr. Wardana. “With these three main pillars of IT infrastructures, we can leverage our facility here so that other parties can have access to it.”

Bank Negara Indonesia also participates in multi-bank partnerships to provide enhanced capabilities to its customers. The bank is one of three financial institutions participating in “T-Cash,” a new mobile wallet and digital cash system. The RFID-based payment system operates in conjunction with telecom provider Telkomsel and other technology partners.

The micropayments business has tremendous upside potential in Indonesia. “More than 60 percent of transactions here in Indonesia are still done with cash. The opportunity is for small transactions – less than \$10 – to pay for food, drinks, parking and toll roads,” explains Mr. Wardana. “Last year, we finished developing the infrastructure and this year, we are ready to launch.”

“It’s going to be our biggest challenge this year,” he adds.

