

Misys Trade Innovation

Bank of East Asia



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How Misys Trade Innovation helped transform trade services at Bank of East Asia

The Bank of East Asia ("BEA") has achieved higher levels of efficiency in its trade services operations thanks to Misys Trade Innovation - the world's fastest growing and most comprehensive trade services system.

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BEA's trade finance team has experienced a measurable increase in throughput, a reduction in processing time and a marked enhancement of operational efficiency since implementing Misys Trade Innovation. The bank has benefited from a proven software solution that is built around flexibility, scalability and openness.

BEA is well established and highly respected in Hong Kong's banking world. Since its incorporation in 1918, it has dedicated itself to serving the people of Hong Kong as well as providing business and personal banking services to customers in China and overseas. With total consolidated assets of HK\$238.8 billion (US\$30.79 billion) as of 31st December 2005, BEA is listed on the Stock Exchange of Hong Kong and is one of the constituent stocks of the Hang Seng Index. Currently BEA operates about 160 outlets worldwide, including nearly 110 branches and SupremeGold Centres in Hong Kong, 26 outlets in Greater China, and an extensive international network covering the United States, Canada, the United Kingdom, the British Virgin Islands and South-East Asia.

Technical Overview

Misys Trade Innovation is open, modern and efficient. It offers a Windows GUI (Graphical User Interface), object-oriented design and the use of industry-standard features such as OLE and ActiveX. This enables connectivity with Microsoft Word for document production as well as third party packages for document scanning, imaging and reporting. Misys Trade Innovation is fully SQL compatible. Thin-client architecture is a key feature of the BEA solution, with the central processor held on an application server and available through configurations that use Citrix Metaframe. Upgrades and maintenance are centralised on the server.

Misys Trade Innovation offers thick-client, thin-client or web-client functionality to deliver software via individual PCs, an application server or the Internet respectively, as required. BEA opted for thin-client architecture most of the time to provide its trade services operatives with full access to Misys Trade Innovation functions.

"The fact that Misys Trade Innovation offers thin-client architecture meant we didn't need to install the same programme on every terminal," said Mr Chan. "Instead, the central programme is held on an application server. There is no external interface to customers."

From an architecture standpoint, Misys Trade Innovation is designed to deliver the highest possible levels of straight-through processing to ensure re-keying is kept to a minimum, providing maximum accuracy and therefore maximum efficiency. System integration enables a bank's trade finance department to interface easily with the systems used by other departments of the bank. These can be banking

systems, such as Misys Equation, Misys Bankmaster, Misys Midas or Misys Opics or other systems as required.

All Misys Trade Innovation modules are supported by a wide range of common processing services, which ensure a highly unified look to all applications. All these modules can offer the same underlying functionality in key areas: charging, documents, payments, message handling, accounting, workflow management and authorisation, and release procedures. Misys Trade Innovation also provides a sophisticated, easy-to-use payment system. This includes discrepancy tracking, discounting, foreign exchange and financing. Users enjoy a full suite of daily activity, credit and management reporting and can define additional reports to meet local and bank requirements through easy-to-use reporting tools.

Investing in enhanced efficiency and productivity

Trade services are an essential part of the bank / corporate customer relationship. As market dynamics continue to evolve, banks today need to develop and deliver more sophisticated trade services, as well as identify new ways of reducing operating costs and enhancing productivity.

Kenneth Leung is the Head of BEA's Trade and Loan Services Department. Together with BEA's Head of Information Technology Department, Mr Chan Yau-tak, he helped select a new trade finance system incorporating the latest technology as a cornerstone of BEA's strategy to bring even greater strength to its successful trade finance capabilities.

"We wanted to replace our long-serving software, which we developed in-house with a solution that would increase the

efficiency of our operations and raise productivity," said Mr Leung. "We wanted to ensure we could respond quickly to customer requests. A key requirement was for easy integration with our core system. We wanted to ensure our customers would benefit from the investment as soon as possible.

"Our original trade finance system was developed over many years. It served us well but it was clear there were opportunities for improvement in terms of speeding up the way we make changes. The business environment is changing rapidly so we needed to find a new system to help us launch new products quickly and efficiently."

Misys Trade Innovation is a comprehensive solution for automating and streamlining the trade finance process, using the latest in document management and workflow technology.

"We used to have a paper flow that included a significant amount of paper for each transaction, but now we use workflow imaging," said Mr Leung. "This allows us to scan all documents and store them as electronic files. The image and the associated data flows among the desktops of our staff. By reducing the manual handling of documents, we have saved time and increased efficiency. It's faster and more secure to process an image rather than a piece of paper. It also saves us a great deal, as storage can be a very costly element at any bank.

"This requires the use of an imaging machine. The Misys solution has a good interface to a range of external imaging hardware. Some competitive solutions we considered were unable to match this capability and these were disqualified during BEA's selection process."

Advanced functionality and support services for the bank

Misys Trade Innovation supports not only the traditional business of Letters of Credit (LCs) and collections but also comprehensive open account processing including purchase orders, inward and outward payments, invoice factoring and standbys. Other features include full transaction history online (including attachments and related details), diary, work-in progress and notepad. Prioritising, logging and work group facilities ensure work is correctly allocated and given the priority it needs. All documents, charges and accounting are easily configured to the bank's own requirements. Misys Trade Innovation is a customisable multi-branch, multi-currency system, which was a crucial factor in BEA's decision to use the solution from Misys. By using either Misys Trade Innovation's integral limits system, or through external credit risk management systems, users can make reservations against customer limits. They can define limits for individual customers, groups of customers or countries, with facilities to define flexible structures in line with BEA's risk management policy. This can be done on-line and in real time, with automatic re-assignment of liabilities according to the event.

Servicing Hong Kong, China and beyond

"Our operating territory is effectively worldwide as we facilitate global trade," said Mr Leung. "From our base in Hong Kong, our focus is on this market with support to Chinese and overseas branches. We have many types of trade finance product, starting with Letters of Credits (LCs) but also embracing trust receipt loans, export billnegotiation, collections and various types of import / export loans."

In developing Misys Trade Innovation, Misys has focused heavily on the key needs of the banking sector - ease of use, efficient workflow management and the ability for banks to customise software to suit their particular needs. All this has been incorporated into a modern design that is open and adaptable to change. BEA recognised these factors and identified many other areas in which Misys has demonstrated clear leadership and strength.

"We were impressed by Misys Trade Innovation's comprehensive functionality, its flexible design and its advanced technology. Misys met the required level of support and represented an overall competitive pricing option. Misys has already been selected for trade finance in about 250 sites around the world, including 5 of the top 10 banks, so the solution has an implicit track record in terms of the scale of global use."

All the documentation produced by the system - customer acknowledgements, advice notes and much more - can be tailored to BEA's exact requirements, giving the bank ultimate flexibility in document preparation.

"When we want to launch a new product or a new feature, it takes less time because Misys Trade Innovation is more flexible in the way it is designed," said Mr Leung. "A good example is when there is a need or wish to place additional information on a customer advice slip. This used to require the resources of the IT team before launching a change like this. With Misys Trade Innovation, staff members work from a template and test the result themselves without requiring any programming assistance. Everybody benefits."

"Current account statements provide another example. If we wanted to add additional data such as the average balance for each month, we would have previously needed to call on the IT people to run the change then test it before finally launching it. Now the end user can do this directly."

Chinese language capability supports BEA's business focus

BEA looked at more than three other solutions besides Misys Trade Innovation. The ability to operate fully in Chinese was crucial to the bank.

"One key factor when we considered this package was Chinese language processing. Misys Trade Innovation can support Chinese characters and this was of course a major consideration for us when we evaluated the best option. Staff members can enter text in Chinese at the terminals and keep records in Chinese and print documents in Chinese too. Some competitive offerings we looked at could not match this coherent Chinese language capability.

"We are very strong in trade finance in China," continued Mr. Leung. "We have 11 branches there and are now working on the implementation of Misys Trade Innovation in China. Our aim is to put our trade services on the same platform and provide integrated services to our customers."

BEA team was delighted with the implementation programme, using the experts from Misys Professional Services whenever required.

"It was a large and complicated project as you can imagine with over 140 users in the bank in Hong Kong," said Mr Chan. "A key requirement was that the trade finance system had to interact with many other systems: deposit, central liability, foreign exchange, SWIFT. The project demanded that sufficient time was allotted for user acceptance tests to ensure the end user within the bank could work easily and effectively with the new solution. We worked closely with Misys within a prudent and well managed timeframe over a 12-month period."

Helping BEA to achieve its business objectives

"The implementation was a complete success," said Mr Leung. "BEA has secured an excellent platform for further development of its world-class trade services capabilities. We are confident the investment will help us maintain our competitive edge and will sharpen our ability to meet the needs of our customers."

For more information on Misys Solutions please visit:
www.misys.com/banking

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