ABACUS/Transactions platform can unlock a strategic advantage

Achieving regulatory reporting objectives (MMSR) through agile delivery and a spirit of partnership.
About Santander
Santander Consumer Bank (SCB) is a foremost provider of banking and financial products and services in Germany. With a history dating back to 1957, the bank is a core subsidiary of Banco Santander, one of the largest financial groups in the world. SCB serves around 6.1 million customers and is a market leader in financing durables, auto and consumer loans. Its central software unit, Ingeniería de Software Bancario (Isban), is part of the Technology and Operations division of SCB.

What does the European Central Bank’s (ECB) Money Market Statistical Reporting (MMSR) mean for Santander Consumer Bank?
Regulatory changes have been raining down since the 2008 financial crisis, forcing banks into a permanent state of high alert. But in March 2016, the ECB’s MMSR posed a new set of challenges for SCB, a veteran of the EU compliance landscape. Owing to the magnitude of the requirements, SCB realized it didn’t just need to satisfy the rules from an IT standpoint. It needed to master the business implications too.

The IT hurdle
When the ECB called on financial institutions to move from a template to a transaction reporting system, it did more than disrupt a long-held norm. It altered the timetable for standard reporting. Historically, reporting obligations fell on a monthly, quarterly, or yearly basis. This gave financial institutions room to collect the data, check it, and manually enter it before sending it to the authority. With the new regulations, however, timelines were truncated, even as the bar was raised on data quality and quantity – more of it had to be processed, and at a more granular level. By removing the buffer period for verifying the data, SCB and its peers were now facing troublesome risk management considerations.

The business imperatives
But a smart IT-bookkeeping solution to fulfil the daily transaction-by-transaction reporting would not be enough. As it turned out, MMSR requirements had operational ramifications for SCB’s business practices and systems. On the one hand, the application platform needed to be powerful enough to fully integrate with SCB’s existing banking infrastructure. On the other hand, the platform needed the dexterity to handle future regulatory changes as well as internal alignment with the business. Engaging sophisticated consultative support soon became a priority.

How did the teams revitalize their compliance strategy?
Well-aware of the reputation of BearingPoint’s ABACUS/Transactions regulatory software solutions, and encouraged by our global reach and strong relationships with the Bundesbank and ECB regulators, Santander Isban sought our assistance.

Under tight time pressure, our first task was to engage with Isban’s multidisciplinary teams to define their business requirements and translate them in IT terms. From there, we focused on integrating our Abacus application to SCB’s banking system, starting with the design of a data interface (or logic layer) that would permit Isban’s vast data-troves to be loaded and processed by Abacus. As part of that, we also enriched some data that wasn’t yet in a form Abacus could read.
ABACUS/Transactions itself is an easy-to-use end-to-end solution, which is scalable and includes XBRL template generation. However, for an exceptionally smooth implementation, the teams methodically adapted diverse in-house processes and systems to ensure a clean integration with Abacus.

To be successful, these tasks demanded a major collaborative effort. Many moving parts were in play, and an agile methodology was adopted: software development, analysis, deployment and training all occurred in parallel. Isban’s leaders knew synchronized coordination and ongoing communication would be key. So, the teams followed a defined process chain: we didn’t try to merge the whole portfolio of data at once; rather the teams worked in small sprints so we could test and develop iteratively, while also shrinking the waiting times of other teams. Some formal workshops took place to discuss technical features for the reporting. But the teams were really in constant contact, communicating and training together daily.

SYNERGY WITH ONE SOFTWARE SOLUTION

SCB is well-prepared for the future

Santander Consumer Bank is now legally compliant for MMSR. The teams deployed ABACUS/Transactions with lightning speed, which ensured the daily, automatic and stable delivery of MMSR obligations. “It was accomplished in record breaking time, not only in meeting our goal but in surpassing it”, said Jose Álvarez, CEO of Isban. This is significant because failure to comply would incur a penalty, but also register a vote of no-confidence in SCB’s regulatory procedures.

Going forwards, Isban will enjoy the comfortable position of being able to respond swiftly as new reporting rules emerge. This is because our Abacus teams are always scanning the regulatory environment. So, when changes are afoot, Santander will already have in place the framework, along with the advisory relationship, to seamlessly adopt the rules and remain up-to-date.

Overall, achieving MMSR compliance has proved something of regulatory milestone for the bank. With this project, the collaborative energies of Isban and BearingPoint shone through, enabling them to attain their ultimate goal. In doing so, they transformed business practices, embraced new capabilities with a cutting-edge software application, and moved to a higher level of performance in compliance.

In the words of Álvarez again, “I would like to thank your team for setting their sights high, and making every effort to achieve that goal. They worked very hard in this project and at the end it turned out to be a great success.”
Committed consultants with adaptive intelligence

BearingPoint is an independent management and technology consultancy with European roots and a global reach. The company operates in three units: Consulting, Solutions and Ventures. Consulting covers the advisory business; Solutions provides the tools for successful digital transformation, regulatory technology and advanced analytics; Ventures drives the financing and development of start-ups. BearingPoint's clients include many of the world's leading companies and organizations. The firm has a global consulting network with more than 10,000 people and supports clients in over 75 countries, engaging with them to achieve measurable and sustainable success.

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