

FINASTRA

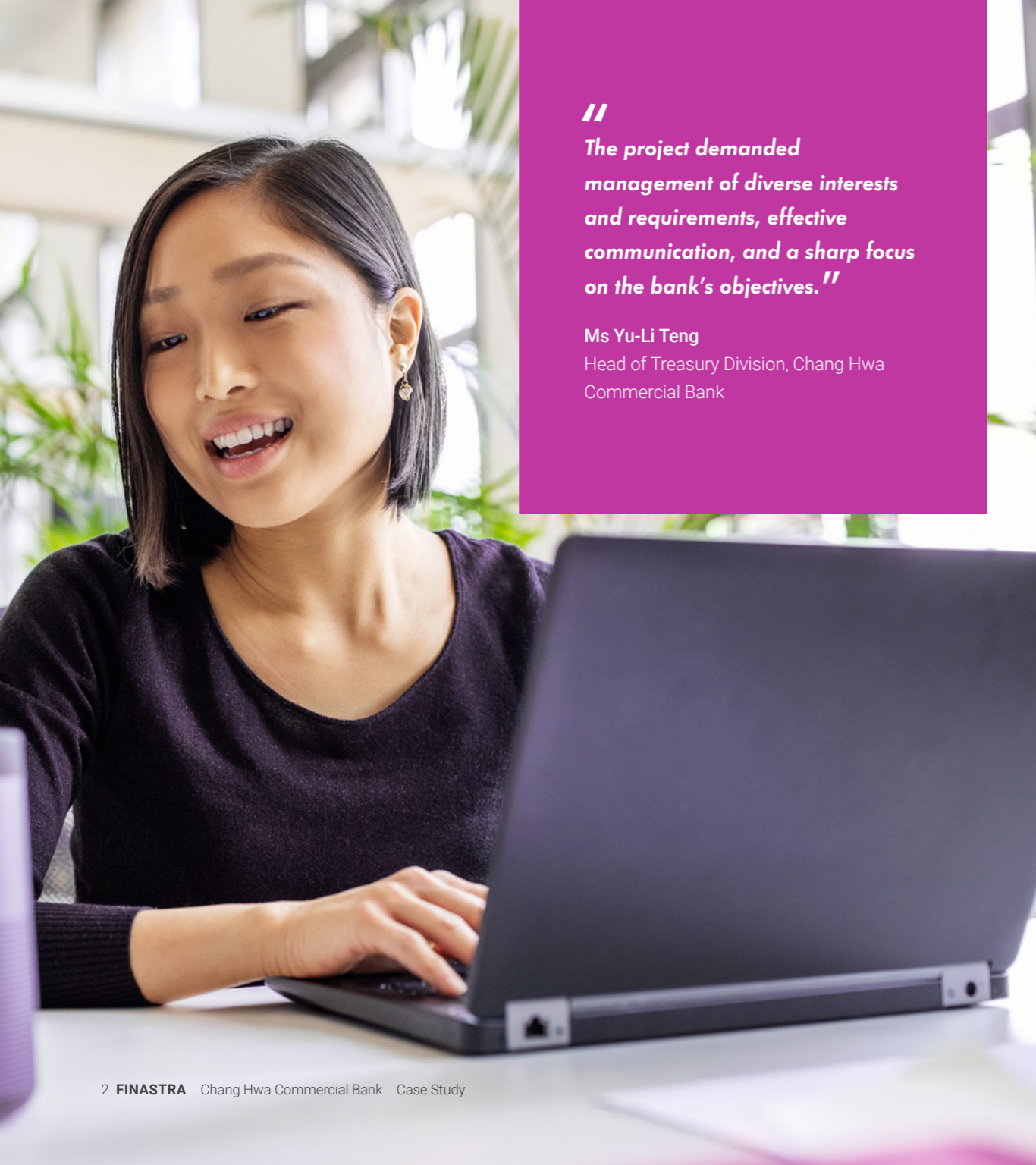


Case Study

Strategic Continuity and Enhanced Risk Management Capabilities

Chang Hwa Commercial Bank Leverages Finastra
Kondor Upgrade to Future-Proof Its Operations





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The project demanded management of diverse interests and requirements, effective communication, and a sharp focus on the bank's objectives.

Ms Yu-Li Teng
Head of Treasury Division, Chang Hwa Commercial Bank

About CHB Bank



Established in **1905**



Headquartered in **Taipei City, Taiwan**



Total assets
US\$ 90.1 billion



Operations and subsidiaries across **China and around the world**



Total number of branches: **198**

www.bankchb.com

About CHB Bank

Established in 1905, Chang Hwa Bank is a Taiwan-based bank that provides financial products and services to Taiwanese and overseas Chinese corporations and individuals as well as local corporations. The bank actively assists domestic SMEs to obtain funds needed for development, supports the development of new industries, and expands the added value of the overall industries. CHB is one of the leading banks in Taiwan in terms of paid-in capital and sound financial structure.



Kondor Back Office



Kondor Risk

The challenge

Successfully Navigating Regulatory Complexities

CHB met challenges head on, going beyond a simple software upgrade and tackling compliance, infrastructure, and systemic pressures

In 2019, Chang Hwa Bank faced significant challenges that went well beyond the technical realm. Taiwan's banking regulator, the Financial Supervisory Commission (FSC), required banks to strengthen their minimum regulatory liquidity coverage ratio to 100% and maintain a net stable funding ratio above 100%. The FSC also toughened its stance on bank misconduct risk, imposing more frequent and severe sanctions and penalties. Taiwan's banking industry is highly competitive and CHB also faced strong market pressures.

In this environment, CHB was confronted with upgrading their infrastructure and core Treasury system, Finastra Kondor.

The process involved a radical change in deployment, migrating the system from a physical server to a virtual machine, as well as implementing new modules and features to align with regulatory shifts, adhere to the Fundamental Review of the Trading Book (FRTB) requirements, and prepare for the impending London Interbank Offered Rate (Libor) exit.

Confronting such an array of issues, demanded effective collaboration and communication across diverse bank divisions. It required synchronization of stakeholders, including front, middle, and back-office divisions.

The bank's Project Manager (PM) played a critical role in navigating these complexities with strategic insight, harmonizing diverse requirements. Acting as a communication bridge between Finastra and the bank, they orchestrated meetings, ensured participation in critical project phases, and juggled responsibilities spanning functional specification documentation, system testing, and go-live preparation.

The challenge was not solely about upgrading a system; it was a combination of regulatory compliance, technology adaptation, and enhanced performance. The bank's decision to upgrade its infrastructure and core Treasury system, Finastra Kondor, was a response to these challenges.

The solution

Upgrading the Kondor system

Stable, streamlined and compliant technology

Chang Hwa Commercial Bank chose Finastra's Kondor 3.4.9 as a cohesive solution to the multifaceted challenges faced. The bank recognized the strengths of the existing Kondor system and leveraged them, emphasizing strategic continuity to streamline operations seamlessly. The decision was strategic, addressing information security risks, facilitating a smooth transition amid the impending Libor exit, and incorporating the Risk-Free Rate (RFR) function module to align with Fundamental Review of the Trading Book (FRTB) requirements.

By retaining Kondor, the bank demonstrated a commitment to effective risk management and adherence to international standards. The decision for strategic continuity mitigated the potential disruptions and risks associated with implementing a new system.

Moreover, the bank's decision to partner with Finastra's Kondor 3.4.9 fortified its existing operational framework and positioned it for the future, demonstrating an understanding of the complexities of financial technology and regulatory compliance.

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The successful upgrade of Finastra Kondor brought about enhanced stability and risk management capabilities, streamlining processes and addressing information security challenges."

Ms Yu-Li Teng

Head of Treasury Division, Chang Hwa Commercial Bank

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'This delivery journey set a benchmark for operational efficiency and aligned with the bank's commitment to meet Basel III and Fundamental Review of the Trading Book (FRTB) requirements.'

Ms Yu-Li Teng

Head of Treasury Division,
Chang Hwa Commercial Bank

Delivery journey

Smooth implementation

The journey of implementing Finastra's Kondor upgrade unfolded with precision, guided by the collaborative efforts of Chang Hwa Commercial Bank and Finastra. This process adhered to predefined timelines, surpassing expectations in functionality and significantly enhancing the overall stability of the system.

The project execution ensured that each phase of the upgrade process unfolded seamlessly. From the initial planning stages to the final implementation, the partnership between Chang Hwa Commercial Bank and Finastra exemplified a commitment to accuracy and excellence.

Teng, Head of the Treasury Division at CHB explained "the implementation journey wasn't merely a technical transition; it addressed the unique needs of the bank's diverse divisions.



The result

A Testament to Operational Excellence and Strategic Risk Management

Chang Hwa Commercial Bank witnessed a significant transformation in its operational landscape with the successful upgrade of Finastra Kondor. The upgraded system brought about enhanced stability and risk management capabilities, streamlining processes, and addressing information security challenges. This success was a testament to the bank's unwavering commitment to operational excellence and strategic risk management.

The improved stability boosted confidence in the bank's adaptability to the evolving financial landscape, while the enhanced risk management capabilities positioned it as a forward-looking financial institution.

Teng said "The tangible success was not just a technological upgrade but also a strategic move to future-proof the bank, ensuring its resilience in the face of regulatory changes and technological evolution."

The results highlighted the interdependent relationship between strategic decision-making, technological prowess, and operational excellence.

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Contact us

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by over 8,000 institutions, including 45 of the world's top 50 banks. For more information, finastra.com

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