

Maximizing Competitive Advantage for Asia Commercial Bank

A Case Study

300%

REDUCTION IN PAYMENT AUTHORIZATION TIMES

USD 37.78 M

WORTH OF TRANSACTIONS PROCESSED

128 K

NUMBER OF TRANSACTIONS PROCESSED

ABOUT THE BANK

Established in 1993, Asia Commercial Bank (ACB) is one of the largest private banks in Vietnam with an asset size of VND 329,333 Billion. As of 2018, the bank has 358 branches and sub-branches in 47 provinces and cities across Vietnam and employee strength of 10,340. It has been awarded the “Best Commercial Bank Vietnam 2018” by organizations like Global Banking and Finance Review, International Finance Magazine and International Banker (UK) and has achieved a raft of milestones in its journey so far including being the first private Vietnamese bank to issue MasterCard and Visa international credit cards.

STRATEGIC VISION

In November 2018, with a vision of becoming the leading bank in the Asia Pacific region, the Board of Directors adopted ACB’s new development strategy for the period of 2019 - 2024, with three strategic objectives: (i) remarkable growth in consumer and SME banking, (ii) offering the best customer experience, and (iii) ranking among the most profitable banks. These objectives were ambitious given the highly diversified banking industry and the increased competition from fintech companies - especially in terms of payment services.

While ACB was already offering business banking services to corporate customers earlier through a legacy platform, they were facing issues in launching new products rapidly to the market and also in timely onboarding their customers. It was taking the bank more than a month to onboard some

1st



VIETNAMESE BANK TO GO LIVE WITH A PRODUCTION TRANSACTION BANKING PLATFORM

169



CORPORATES ONBOARDED

business customers.

LEVERAGING TECHNOLOGY TO DRIVE GROWTH IN CORPORATE BANKING BUSINESS

Recognizing that technology would be a key enabler for the success of their development strategy, ACB decided to implement a specialized transaction banking platform for their corporate banking business. It was a landmark initiative since no other bank in Vietnam has a production transaction banking platform. The bank had to ensure that the core business continued to grow and be profitable, while simultaneously building an ACB of the future. They also realized that bank had to not only strengthen their own platform but also seamlessly link with platforms built by other organizations to ensure a non-disruptive experience for their customers.

The bank went for an agile approach using “the principles of lean startup” instead of a big-bang approach for implementing the transaction banking platform, to ensure the usual business operations were not affected. The first sprint phase included implementation of Payments and EIPP (Electronic Invoice Presentment and Payment) which allows for rapid deployment of Collections, FSCM, LM, EPPP and e-Trade in subsequent sprints of 90 days. Close monitoring of the execution of the development strategy, policies and action plans meant that the bank achieved minimum marketable product (“MMP”) and went live in just 5 months.

After the MMP go-live, the bank has already onboarded more than 50 corporate customers successfully within days of initial signup, not weeks like before. The platform has helped them rapidly respond to the changing corporate customers’ expectations, regulatory demands and increased competition from the new entrants. It has also enabled ACB to speed up their digital journey, bring products to market much more quickly, reduce risk exposure by offering customers with new capabilities for real-time working capital management, and deliver an improved customer experience across multiple channels.

KEY BENEFITS OF THE DIGITAL TRANSFORMATION INITIATIVE

1. Network Effects: With the implementation of EIPP, the bank is able to target the supply chain partners of their large corporate customers in a way they could not reach before, thus increasing its addressable customer base.
2. Better Analytics: It is not uncommon for the bank’s customers to have 6 or more accounts. Obtaining current cash balances was a manual process for customers. Now, the bank is able to provide their corporate customers a 360-degree view of their cash positions and single window operations for all their corporate banking requirements thus ensuring an enhanced customer experience.
3. Security: With over 80% of

payments requiring 3 or more approvers, customers were manually collecting signatures. With the provision of role-based access and AI-based anomaly detection, the bank is able to ensure greater security of transactions as well as increased employee efficiency by reducing payment authorization turnaround time in some cases by 300%.

4. Modularity: With an API Based framework, the bank is also able to ensure greater collaboration with other ecosystem partners including fintechs and open source solutions. The bank integrated standard OAuth2 functionality to enable a single-sign-on experience across its online platform and Nucleus’s platform.

BANK OF THE FUTURE

The implementation of the specialized transaction banking solution along with a long-term strategy on fostering and maximizing key competitive advantages- unparalleled customer focus, sustainable financial performance, risk management, business efficiency and ethics - has ensured that ACB has emerged as one of the leading corporate banks in the Asia Pacific region.