

# BANKING INFRASTRUCTURE

Our goal is to build and sustain a robust IT platform with versatile functions and features that our businesses can rely on to drive growth. We endeavor to provide our businesses with optimal solutions to deliver the best quality products and services for our customers, enabling us to offer the best pricing in the marketplace. For our businesses, technology must provide a distinct competitive advantage allowing them to offer unique products and services unmatched in the industry. We strive to remove every opportunity for mistakes and errors in our designs and build capability that allows customers to conduct their own transactions.

## IT Platform Driving Highly Automated Processes

We break our work down into individual tasks and organize them as structured processes that are backed up by our IT systems, delivering a very high quality automated and paperless work environment. Tasks are presented to our staff along with the information necessary to complete them, allowing people with generalist skills to perform all the work with minimal training. The flexibility and convenience of our IT platform powers the rapid growth of the entire Shinsei Bank Group. Shinsei Bank is an industry leader in customer satisfaction, launching new products and services that meet the needs of our institutional and retail clients. The focus on excellence never ends, as we continually review our operations and increase the use of automated processes to ensure we have the resources to support our growth.

The key difference between us and the competition is that we look at the entire operation as if it were a large computer, categorizing ourselves into three classes of “machines”: a class of machines that process transactions for customers and the Bank; another that controls the processes; and a third which controls all of the data processing “machines.” This approach applies to the entire process chain, from direct customer contact all the way to the back-end of accounting, reporting and gateway of financial transfers. We differentiate ourselves from the competition in almost all aspects of our IT systems, including the way we have organized our work; we do not use supervisors to check transactions, as machines check the transactions.

## High Degree of Flexibility

Shinsei has built a unique IT platform among banks. It was created to be flexible, enabling the Bank to move quickly to seize opportunities in both the institutional and retail markets and offer new products and services to our customers. It is scalable, allowing the Bank to grow rapidly without straining personnel and resources. Our infrastructure is built to be flexible and interchangeable, leveraging the strength of existing systems and continuously incorporating new developments and innovations. The modular platform is designed to be continually updated and improved. As a result, building blocks can be added seamlessly to enable the Bank to handle complex transactions effortlessly. The design allows Shinsei to quickly and inexpensively update new technology or software needed to support a new product offering.

## Highly Secure

Most importantly, our IT platform ensures the safety and security of our customers and their transactions. The redundancy we have built into the system ensures our customers' experience, whether online or at a branch, is best in class. The Bank's technology platform has multiple levels of redundancy, with back-up systems located in a number of facilities. Should any of our sites go down, there are several other sites positioned to take over and ensure the customer experience is not interrupted.

We have increased capacity to our host machines with the new data center in Fukuoka prefecture. To ensure that we always have command and control capabilities, we have built a second command center in Singapore. For processing customer documents we have established an additional center in Chiba prefecture. Taken together, they make our platform highly robust and resilient.

## Scalable

We are able to scale up our operations very rapidly because all our IT systems are made up of discrete components, and we can add components as needed. Work is spread out and assembled around various stations and does not occur at a single point. Organized quite literally like a factory, with IT systems deployed as in a factory, this structure is extremely resilient. Even when we add new machines, we do not stop our operations as our businesses are working around the clock. This allows us to deliver uninterrupted service to our customers, even as we introduce new changes on the running platform.

## Empowering Our Customers

We are transparent to our customers through our processes and technology. This is to make sure that we do not make a mistake as a result of a lack of experience in serving the customers. Our systems are designed for self-service, including a capability called "assisted channel," which allows customers to initiate and complete their transactions quickly.

Our IT capabilities are designed to be highly visible in order to service the customer. All the tools are available within easy reach at any of our Financial Centers, including the ATM, a call center hotline and an Internet terminal for account access. We keep housing loan applicants constantly updated on documents to be submitted and the status of their applications through periodic mailings and whenever they contact the call center. As a result, the entire process is highly transparent and customer-friendly.

## We are Where Our Customers are

We have tried to create a model where our customers can either call us on the phone or visit any of our branches. Everything that can be done in person can be done over the Internet, as it is available through all channels, and this applies for all our institutional and retail customers. Our basic belief is: "We will be where you are."

Our customer sessions are highly interactive, with the customer in full control of their account in all dimensions. We wrap the Bank, as well as the technology, around the customer, whether over the Internet, on the phone or in-person at our branches. We focus our technology in a way that conveys to the customer: "You are the only customer we have."



**DESCRIPTION\***

Many managers think that developing and rolling out a major IT system is like putting up a warehouse: You build it and you're done. But that does not work for IT anymore. Taking that approach results in rigid, costly systems that are outdated from the day they are turned on. What's needed for today's businesses is IT that serves not only as a platform for existing operations but also as a launchpad for new functions and businesses. In this article, the authors present a path-based approach that addresses the primary challenges of IT: the difficulty and expense of mapping out all requirements before a project starts because people often cannot specify everything that they need beforehand; the other unanticipated needs that almost always arise once a system is in operation; and the tricky task of persuading people to use and "own" it. Japan's Shinsei Bank emerged during the authors' research as a standout among the companies applying the path-based method. The firm designed, built, and rolled out its system by forging together, not just aligning, business and IT strategies; employing the simplest possible technology; making the system truly modular; letting it sell itself to users; and ensuring that users influence future improvements. Some of the principles are variations on old themes, while others turn the conventional wisdom on its head.

\* The description for the Harvard Business Review article "Radically Simple IT" by David Upton and Bradley R. Staats (March 2008) is taken from the Harvard Business Publishing website [www.harvardbusiness.org](http://www.harvardbusiness.org).