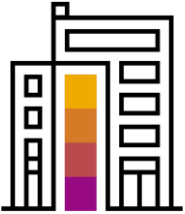




SAP® Innovation Awards 2020 Entry Pitch Deck

Paving the Way for Innovation with Digitized Loan Processing
Rabobank



Company Information

Headquarters	Urecht, the Netherlands
Industry	Banking
Web site	http://www.rabobank.com/

One of the biggest banks in the Netherlands, Coöperatieve Rabobank U.A. (Rabobank) serves almost 8.3 million customers at home and internationally through a combination of digital offerings and more than 100 local banks. As the first financial institution in the Netherlands to offer Internet banking, Rabobank has a reputation for innovation. Yet, faced with intense competition from equally agile competitors, very high customer expectations, and a rapidly changing financial services landscape in the Netherlands, Rabobank identified an urgent need to digitalize its business.

Innovation with Digitized Loan Processing

Rabobank



“Our STP rate using banking solutions from SAP is huge. We had an idea we could handle 80% using STP. Even the initial figure of around 90% was beyond expectations, and now we are at 95%.”

Bart Vloet, Senior Delivery Manager Lending and Insurance, Coöperatieve Rabobank U.A.

Challenge

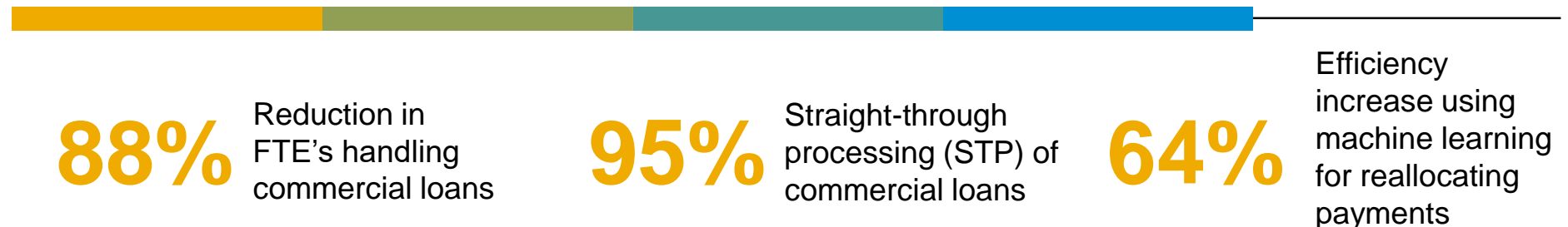
Rabobank was looking to replace slow and inflexible loans and collateral administration with an automated solution that requires little customization and supports straight-through processing (STP), satisfies customer demand for speedy online transactions, provides accurate and up-to-date information as well as supporting the goal of becoming the top innovator in the Dutch banking sector.

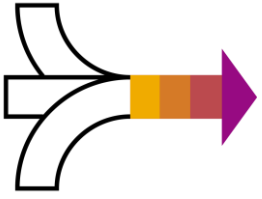
Solution

SAP banking solutions support STP, allowing for smooth and efficient transaction processing and eliminating the need for manual data re-entry. Additionally, the solution offered quick time to market, the ability to implement standard solutions with flexible configuration capabilities, an agile approach to project implementation and a track record of excellence.

Outcome

The SAP solution promotes faster transactions, which are handled in real time instead of batch end-of-day processing. Loan processing is done more efficiently, plus fast and trustworthy loan service has increased customer satisfaction and provides a solid basis for further digitalization and innovation of banking services.





Business Challenges and Objectives

Rabobank needed a new system for loans and collateral administration to remove the manual handling of loan processing. A key part of this transformation was replacing the bank's legacy system for loans servicing which was developed in-house in the late 1980's – 1990's. The loans solution was slow, inflexible and unable to accommodate new loan products or automate processes. Staff had to enter transactions manually into the system for batch processing and every local bank had staff handling these transactions, a team of 250 dispersed across all local banks. As well as being inefficient, the legacy system was not up to the job of facilitating instant online access that today's customers demand.

The objective of the Rabobank initiative was to automate straight-through processing (STP) – a streamlined fully automated process across the complete loan-servicing lifecycle. Specifically, some of the areas that would be positively impacted would include:

- Helping customers pay their loans on time
- Improving data analytics and predictive analysis
- Allowing for the integration of third parties/other platforms
- Identifying a robust solution that could be implemented with minimal customization
- Laying the foundation for innovation





Project or Use Case Details

Already a user of SAP software such as the SAP HANA platform, across central processes such as finance, risk and procurement, Rabobank was aware of the good market reputation of banking solutions from SAP. This made SAP software the logical choice for the bank's core banking processes and the introduction of STP.

The bank first conducted a small pilot in which it configured the software for its most difficult products to ensure it could implement the standard solutions with configuration only, without developing additional code. After a successful pilot, Rabobank decided to implement banking solutions from SAP for its loan processing, starting with its commercial loans and collateral portfolio.

With Rabobank's new system for loans, all transactions from the time a loan contract is closed are now processed automatically. In fact, for 95% of the loans, there is no manual intervention at all until they are fully repaid. All servicing events across the loan's lifecycle, from onboarding and disbursement to regular transactions such as monthly repayments and nonstandard transactions such as additional payments, are handled automatically by the new solution.

The team adopted an agile approach to the project, with a strong focus on the functionality required from a business perspective, and shifted its IT organization internally to support this flexibility. Using this approach, the project was able to move quickly to the DevOps stage, where teams became responsible for operations support. SAP offered special support where help was needed.

Rabobank has also started to use machine learning capabilities from SAP to automate loan processes even further. In some instances, loan repayments cannot be allocated, because information is missing or incorrect. For these cases, Rabobank uses artificial intelligence to propose the account to which payment should be made.



Benefits and Outcomes

Business or Social

- Efficiency increase in servicing commercial loans - only a small volume of exceptions requiring manual intervention are processed by operators
- Customer satisfaction has increased due to faster transactions and more reliable data, which in turn leads to increased positive word of mouth as well as customer loyalty
- Easier to grow through industrialized/automated complex business

IT

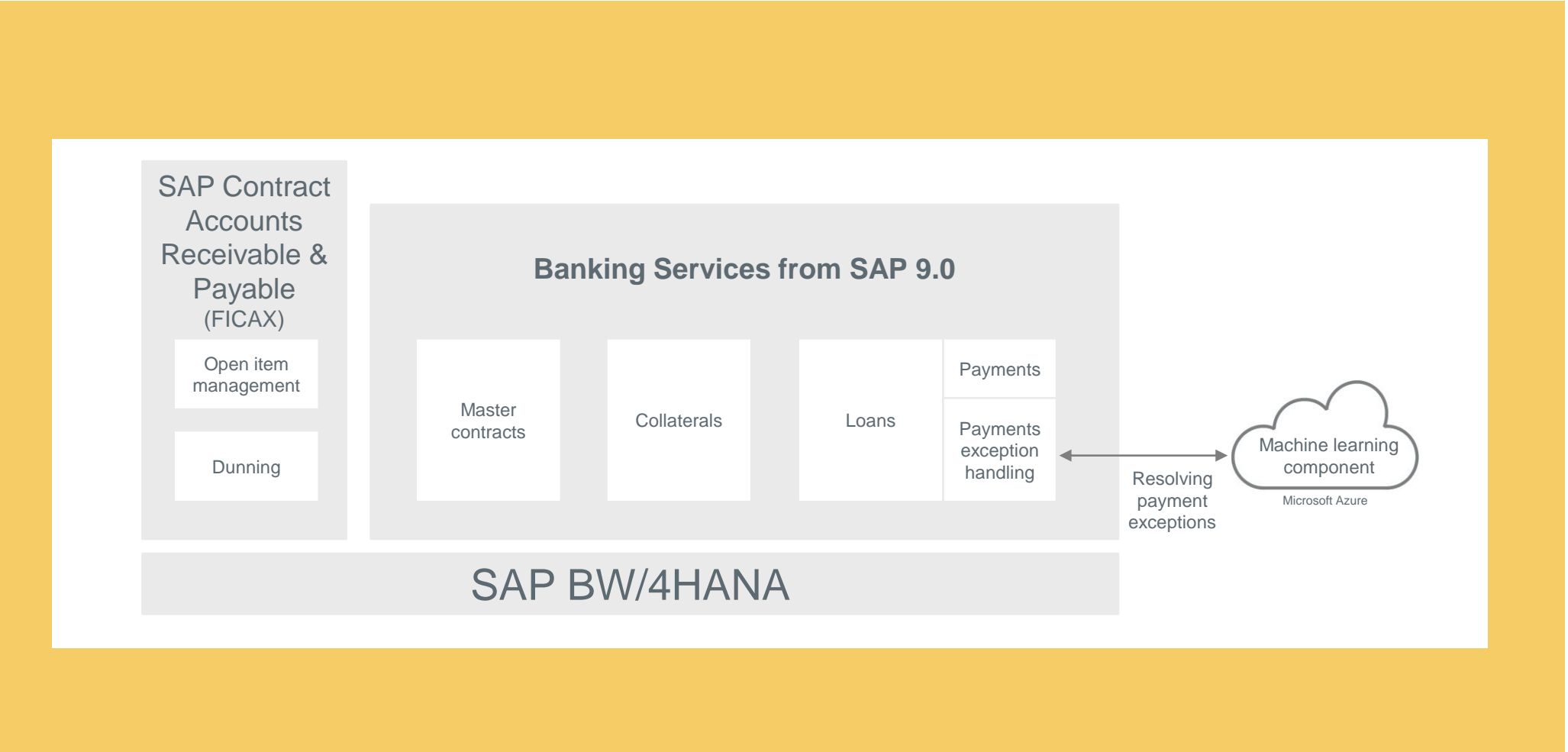
- The result was a higher quality of delivery and support – a smaller, more efficient IT staff can focus on less manual repetitive processing and instead on higher-value qualitative tasks
- All packages and version upgrades are a straightforward job
- Ability to grow more quickly and efficiently, including the ability to onboard/migrate additional banks more quickly due to the increased automation

Human Empowerment

- Solution sets the stage for transformation of the whole chain, including middle and front office systems, enabling the bank to efficiently develop new products to meet customer demand for fast online services and innovative service offerings



Architecture





Deployment

Deployment status Live & POC

Date May 2020

Number of users

The intelligent account finder runs (as a job) automatically to handle all misdirected payments in Post Control Office

SAP technologies used:

	SAP product	Deployment status (live or proof of concept [POC])	Contribution to project
1	SAP Transactional Banking	Live	Automates lending servicing and enables STP processing
2	SAP Leonardo AI	POC	Automate exception handling & operational processes
3	SAP HANA, platform edition	Live	Utilized across finance, risk and procurement processes

If you have used one of the services or support offerings from SAP Digital Business Services during the implementation or deployment phase, please select with ☒ one or more of the following offerings:

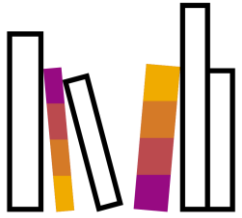
- ☐ SAP MaxAttention™
- ☐ SAP ActiveAttention™
- ☐ SAP Advanced Deployment
- ☐ SAP Value Assurance
- ☐ SAP Model Company
- ☐ Others:
- ☐ SAP Innovation Services
- ☐ SAP Innovative Business Solutions



Advanced Technologies

The following **advanced technologies** were part of the project.

	Technology or use case	Yes or No	Contribution to project
1	3D printing	NO	
2	Blockchain	NO	
3	Internet of Things (IoT)	NO	
4	Machine learning and AI	YES	Automate loan processes; accelerate loan management
5	Conversational AI	NO	
6	Robotic process automation	NO	
7	Data anonymization	NO	
8	Augmented analytics	NO	



Additional Information

Video: [SAP Financial Services at Rabobank](#)