



Case Study

Commercial Bank of Africa / M-Shwari

Embracing and powering disruptive innovation to stay ahead in the digital age – launching the M-Shwari mobile bank in Kenya.



Name

Commercial Bank of Africa / M-Shwari

Headquarters

Nairobi, Kenya

Sector

Retail banking, Mobile banking

Business Benefits

- Implementation time reduced threefold; launched in only 5 months
- Seamless ramp-up, 3 million customers 5 months after launch
- Commercial viability in less than half the time initially forecast
- 100% STP, and only 7 back-office and IT staff

Numbers

- Launched in November 2012
- Over 3 million customers
- One single integration hub

The spectacularly successful launch of M-Shwari - conception to 3m customers in 10 months

Very few banks in the world can boast about onboarding 1 million customers in their first 40 days of existence and 3 million in the first 5 months after launch. Just as few banking vendors and solutions can rightly claim to have enabled such stellar and seamless growth. But this is precisely what Temenos, with its T24 core banking solution and its Integration Framework, achieved for Commercial Bank of Africa's M-Shwari mobile banking service which was launched in November 2012 at the term of an implementation which lasted a mere 5 months. As of mid-2013, M-Shwari had indisputably become one of the most successful new banking ventures in Africa in recent years. Temenos is proud to have played a central role in M-Shwari's success. This is the story.

Eager to tap the huge unrealized potential in domestic mobile banking, CBA formed a strategic partnership with Safaricom in 2012 to launch M-Shwari, a mobile phone-based virtual banking platform which would be accessible to the 15 million people (80% of Kenya's adult population) which already used the M-Pesa mobile money transfer (MMT) system. M-Shwari is highly innovative and convenient as the account opening process is remotely initiated by the customer and then fulfilled electronically, using automated processes to verify KYC information in the space of a few seconds. Customers can then access interest-earning accounts at CBA and apply for 30-day loans from CBA without ever having to walk into a bank or fill out paperwork.

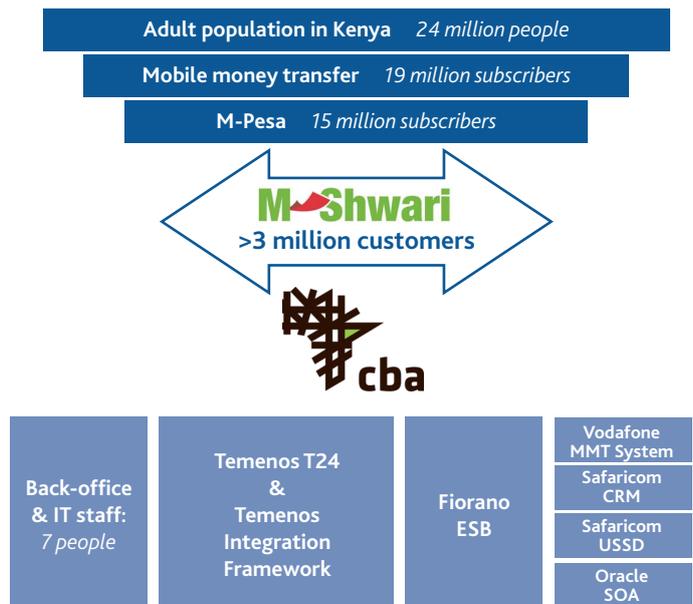
Considering the high intensity of competition and relentless pace of innovation in the Kenyan financial services market, CBA knew that it would need to rely on a world-class core banking system provider to deliver a fast implementation, seamless integration, and smooth ramp-up after launch. Based on its excellent prior relationship with Temenos for its traditional banking activities, CBA granted Temenos just six months to set up the environment, parametrize Temenos T24 to M-Shwari requirements, integrate T24 with the other systems (notably the mobile payment system), test the fully integrated system, and ensure that the platform was perfectly scalable to substantial volumes very soon after launch.

Using a highly agile delivery approach and the Temenos Integration Framework, Temenos drove the project from initiation to go-live in just 5 months, three times faster than with a traditional delivery approach. Key to the speed and success of M-Shwari implementation and launch was CBA's use of Temenos' Integration Framework which

offers pre-integration of best-of-breed vendor components and makes it easy to perform the integration of any system - whether third-party or in-house - on one single hub, without any code, rapidly and cost-efficiently. Having a central integration hub also means that transaction messages going between CBA's various systems can be treated in an extremely efficient manner, centrally and asynchronously, preserving the system's performance as it scales.

Implementations 3x faster with Temenos Integration Framework

Temenos powers the most successful mobile bank in Africa



"In the past, CBA has leveraged T24's flexibility to speedily launch new products and branches. What we did with M-Shwari was much more ambitious. It was a big, ground-breaking project and, to launch as quickly as possible, we turned to Temenos' Integration Framework. This enabled us to go-live in 5 months when otherwise it would have taken three times longer. And, because we were able to launch so quickly without any issues, we have massively exceeded our business case targets. In the first 3 weeks, we onboarded more than 850'000 customers, captured over KES1bn in deposits and processed over 5 million transactions."

Eric Muriuki Njagi, General Manager, New Business Ventures, CBA

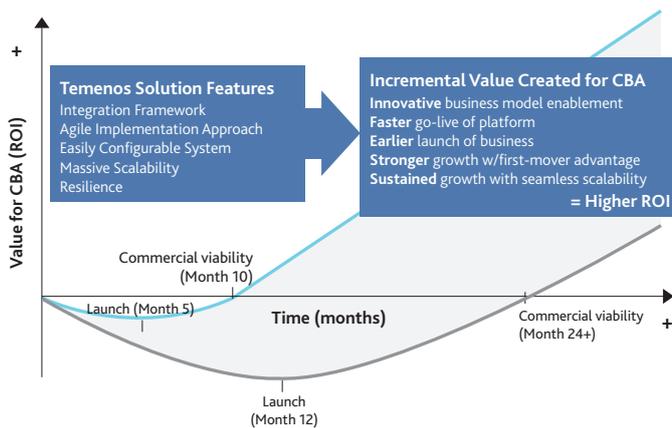


M-Shwari was officially launched on 27 November 2012 and drew 70'000 subscribers on day one of its operational launch. In the first 100 days after launch, it attracted on average 32'000 new customers per business day. It took M-Shwari only one month to attract 1 billion Kenyan shillings in deposits - a level which took traditional banks in Kenya many months or even years to reach - and 41 days to hit the 1 million customers mark, largely beating its initial target of reaching this number in 90 days. By April 2013, in less than half the time originally expected, over 3 million customers had been onboarded, a level identified as critical for the viability of the business.

M-Shwari's spectacular commercial success to date is certainly the best illustration that Temenos T24 and the Integration Framework have delivered not only substantial technical benefits but, even more importantly, outstanding business benefits to CBA and M-Shwari, namely:

- Empowering M-Shwari's clear **differentiation**, epitomized by its mobile access and paperless customer relationship, both heavily dependent on the seamless integration of many systems
- Giving M-Shwari a clear **first-mover advantage** at a **very low cost**, by enabling a speedy, error-free and resource-light integration process which, ultimately, allowed a speedy go-live
- Boosting CBA's **return-on-investment** and shortened CBA's **time-to-money** by making M-Shwari a massively scalable, fast-growing business requiring very minimal IT and back-office support

Temenos Integration Framework and Fast Implementation Boost M-Shwari Return-on-Investment



Light blue line - ROI with integration framework, agile implementation approach, easily configurable and massively scalable system
Grey line - ROI with point-to-point integration, rigid approach to implementation, system with limited flexibility and scalability

At the same time, and despite the stellar growth, the cost-efficiency of the model has remained extremely high: customer transactions are 100% straight-through, which allows the platform to be supported by only 7 back-office and IT staff. The numerous technical benefits of the Integration Framework have also helped CBA keep a lid on running costs. For instance, thanks to the specificity of message handling, it is very easy for CBA to diagnose and treat the rare integration issues between T24 and the mobile transfer system. The same interventions would have been costlier and slower had custom code been used for each integration and transaction type.

Having seen its initial expectations widely exceeded, CBA is now poised to thrive like no other African banking venture in recent years. In fact, fully confident in the highly flexible and massively scalable Temenos banking platform and integration hub, CBA is already planning to expand M-Shwari to neighbouring countries in the near-term and to run those foreign operations on the existing Temenos T24 platform.

Temenos is proud to have been an integral and invaluable part of M-Shwari's birth and stellar growth, and to have proven that it is an unmatched partner for any bank seeking to stay ahead of its competition through superior innovation and faster time-to-market.

“The top challenge in 2013 in banking IT will be speed. The key question is whether traditional banks can bring new technologies to market fast enough to retain and grow customers. [...] The technology capabilities now exist but banks must quickly implement them.”

Mark Sullivan, Managing Director of Banking IT Strategy, Accenture; interview in Banking Systems & Technology, December 2012

“The Temenos Integration Framework has been critical in enabling the speed and efficiency with which we have been able to roll out our market-changing product and handle the unexpectedly large volume of transactions and data. M-Shwari has exceeded all the performance KPIs that we set out to achieve in the first 100 days.”

Dennis Volemi, CBA's Head of Technology, New Business Ventures

Related information available on the Temenos website:

- Technical paper: "The Temenos Integration Framework"
- Interview of Temenos' Chief Enterprise Architect: "The Temenos Integration Framework"
- Demo of the intuitive integration tool: www.youtube.com/watch?v=ejDRkPpLVGA

www.temenos.com

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