

temenos

Navigating the future:
The Power of Banking
Technology
Modernization

Temenos LEAP
Value Proposition - Mortgages



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temenos

Opportunity

Analyst recognition

Challenges

Temenos Solution

Benefits

Customer success stories

Why Temenos

The Opportunity of Next-Gen Core Banking Platform

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Operational Efficiency

New digital Banks serve full digital operations up to **80%** lower than traditional banks.²

Increasing interest rates and a cost-of-living crisis have decelerated new mortgage applications, placing pressure on **refinancing**.

Revenue Generation

Residential mortgages remain core product of most retail banks.

80% of retail credit and nearly 40% of the total credit portfolio in many Western countries is represented by the mortgage book²

Regulation & Market Practice

Global regulators are scrutinizing **banks' lending practices**, asking to increase support for consumers.³

Mortgage rates experienced a significant surge in 2023, reaching a peak of 7.79%,¹



Banks

Innovation

Embracing **cloud-based & open APIs solutions** is essential to facilitate swift access to innovation.

71% of customers choose a mortgage bank based on experience rather than price, with only 27% reasons related to cost.²

¹- Source: Forbes– Housing Market Predictions For 2024

²- Source: Mckinsey– Brokering growth in the mortgage market

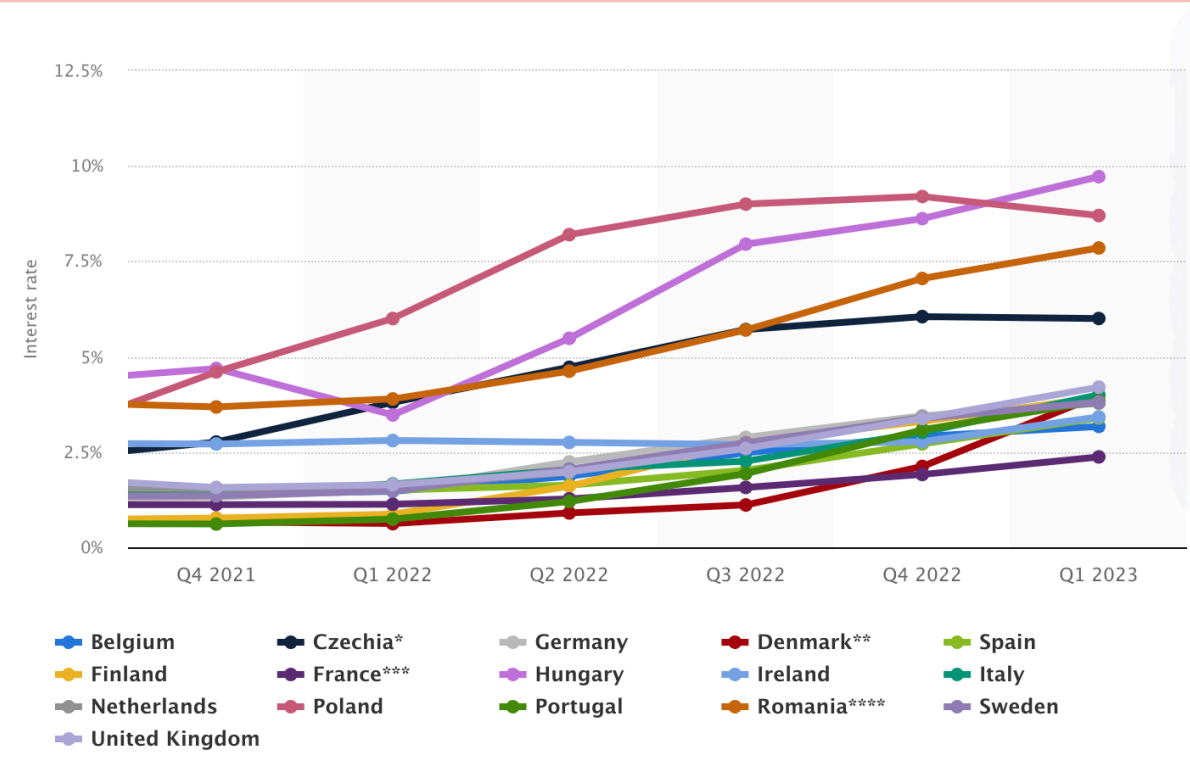
³- Source: Deloitte Insights – 2023 banking & Capital Market Outlook

Mortgage rate trends

Interest rates hitting high in 2023¹

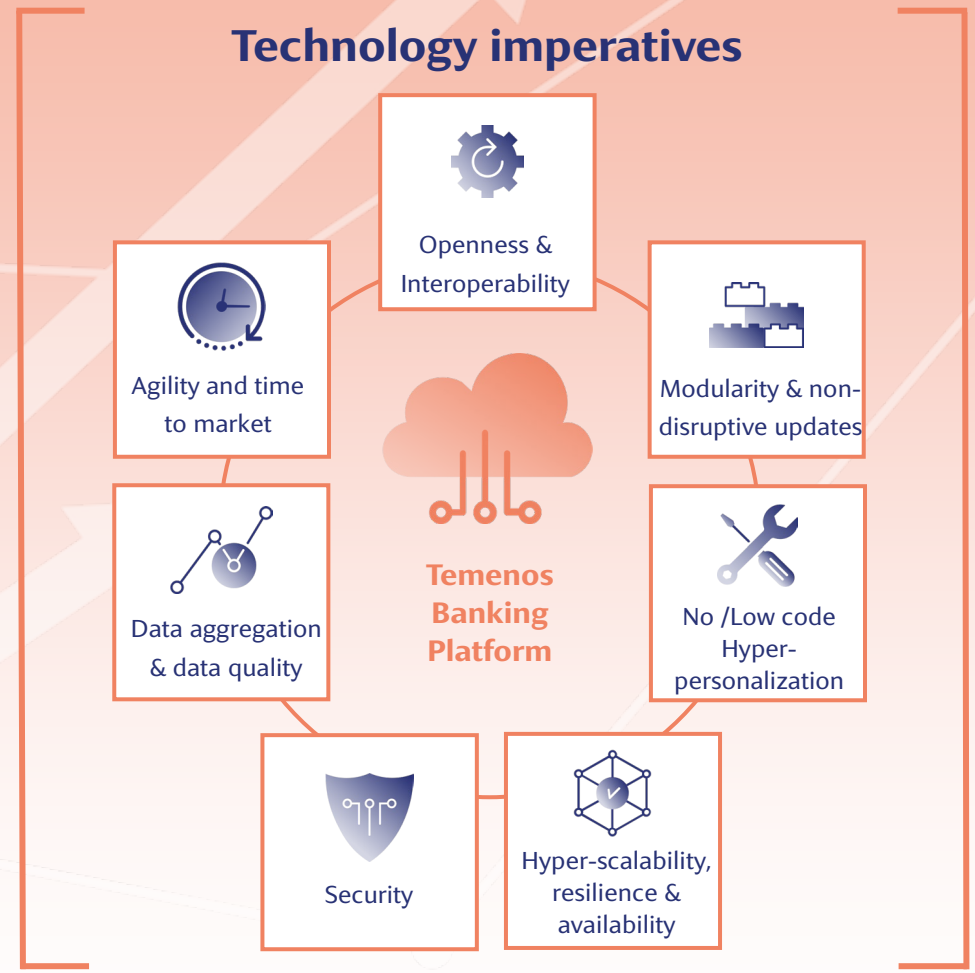
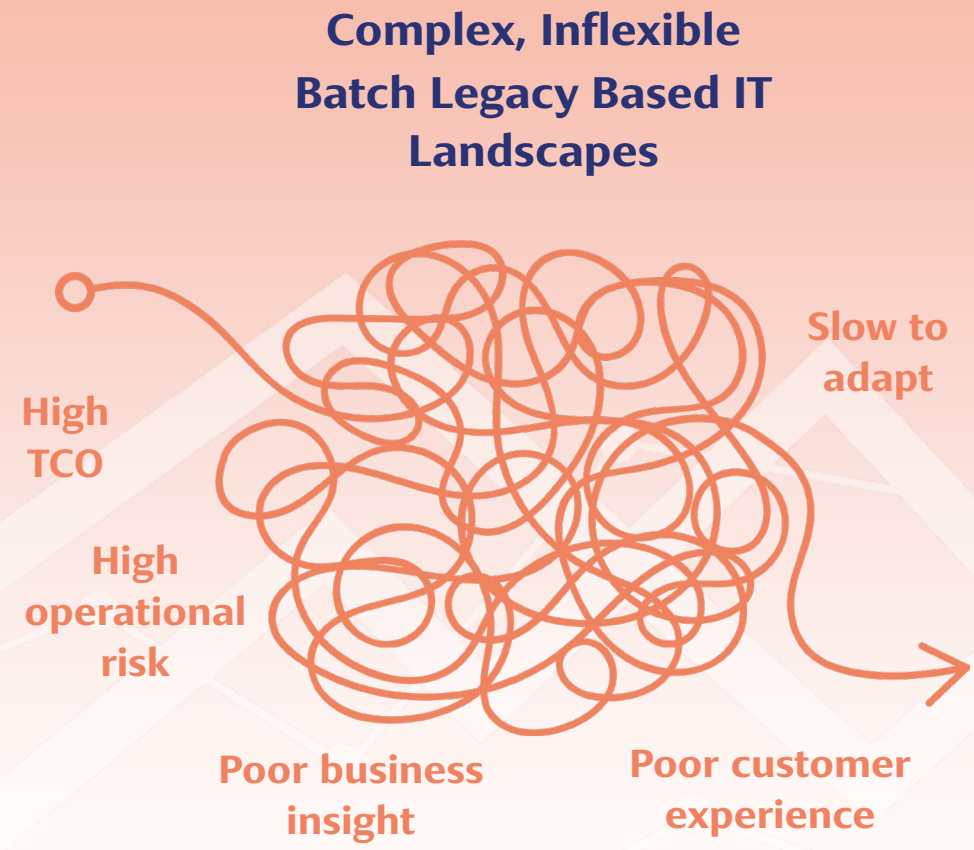
7.79%
Average
Mortgage rates
(Dec 2023)²

Q1 2023	
Belgium	3.17%
Czechia*	6%
Germany	3.78%
Denmark**	3.98%
Spain	3.39%
Finland	3.93%
France***	2.37%
Hungary	9.72%
Ireland	3.42%
Italy	4%
Netherlands	3.78%
Poland	8.7%
Portugal	3.84%
Romania****	7.85%
Sweden	3.81%



1 Source: Statista: Average weighted mortgage interest rate in select countries in Europe from 1st quarter 2012 to 1st quarter 2023
 2 Source: Forbes– Housing Market Predictions For 2024

Tech imperatives for continuous banking modernization



Delivering tangible business value through Temenos Next-Gen Platform

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Win on Customer Experience

Hyper-personalization powered by open banking and explainable AI



Agility to Grow

Faster innovation with cloud native, API-first banking capabilities and a plug-and-play fintech ecosystem



Scale Without Limits

Improved cost-to-income ratio with unlimited scale and services delivered at a fraction of cost of legacy systems

27%

Higher Technology Agility Rating¹

30%

Higher NPS Score³

5x

Launch newer products²

34%

Higher cross-sell rate⁴

31%

Higher operations STP rate³

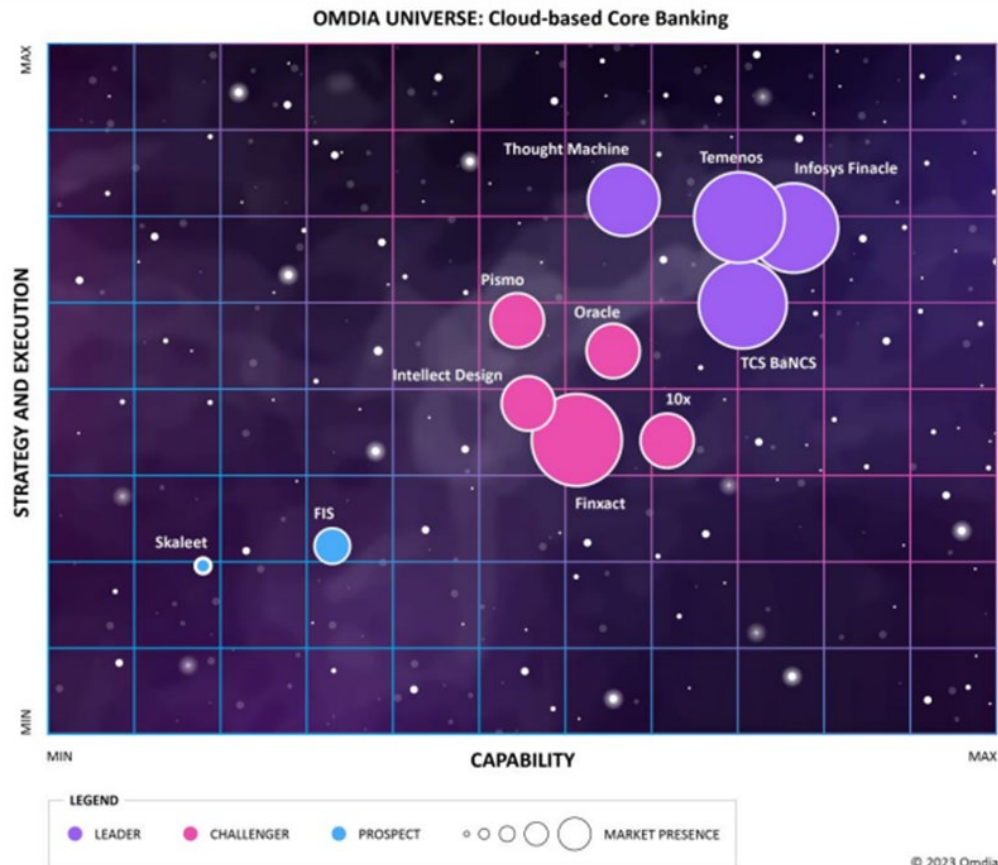
24%

More IT spend on growth & innovation³

Source: 1. Temenos Value Benchmark 2023. Sample from 102+ Banks. Refers to Digital Banking capabilities; 2. Retail banks with Temenos Product Builder; 3. Banks with Temenos core banking; 4. Banks running Temenos front-to-back

Analyst recognition: Leader in Cloud Core Banking¹

Figure 1: The Omdia Universe for Cloud-based Core Banking



Source: Omdia

- Omdia recognized that Temenos was a **high performer** across the board and achieved the **highest scores overall for market alignment and innovation**, in addition to performing strongly for Temenos Banking Cloud's **broader platform capabilities**.
- Omdia highlights the strength of the Temenos solution which offers **innovation** in the areas of **open products** for the creation of highly configurable financial products (i.e., smart products), **AI and ESG**.
- Other strengths referenced by Omdia include Temenos' **(X)AI-enabled analytics** which are embedded throughout the platform.

¹ Source: Omdia Universe: Cloud-based Core Banking 2023

Key Value Performance Banking Indicators



Innovation

Ability of banks to:

- Launch innovative, differentiated products and services quickly and cost-effectively
- Stay competitive by delivering flexibility and scalability addressing customers' demands



Revenue Generation

Ability of banks to:

- Grow customer base in existing and new markets quickly and cost-effectively
- Provide contextual hyper-personalized experiences ensuring relevance, convenience, responsiveness and reliability



Operational efficiency

Ability of banks to:

- Streamline end-to-end operations and IT across the organization.
- Optimize day-to-day operations and deliver seamless services, reduce costs, and stay competitive in an ever-evolving financial landscape



Effective Risk and Compliance

Ability of banks to:

- Manage business risk across the organization and effectively handle regulatory compliance and reporting obligations

Bank's situation & challenges

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INNOVATION

- Achieve a focused and **low risk** business model
- Deliver **sustainable profitability** and capital generation
- Stay ahead of the competition – respond to market & **customer demands**
- Build bank's **ecosystem**
- Enhancing **customer satisfaction** through investments in retention and compliance



REVENUE GENERATION

- **Become The Bank Of Choice:** Transforming customer experience
- Provide **personalized offers** for customers
- **Transparency focus** for customers
- Seamless and consistent **customer experience**
- **Self-service mortgage servicing records** (interest rates, principal amount, outstanding amount, etc) from one single platform



Operational Efficiency

- Develop **high performance** teams – resource optimization
- Maximize **Temenos capabilities** out of the box
- **Automation** in processing to minimize cost
- Operating model underpinned by **flexible architecture, partnerships and new ways of working**
- Facilitating **standard mortgages' servicing actions:** overpayments, overdue payments, advance repayments, and payment holidays



Risk & Compliance

- Maintain **Capital Level** well above regulatory requirement
- Leverage Temenos platform: **ESG-based** platform
- **Regulators** express dissatisfaction with outdated technology



HOW YOU CAN BENEFIT WITH TEMENOS

	Revenues	Cost
▪ Out of the box capability for launching flexible mortgage products and services	↑	
▪ Flexible product builder capability to allow quick launch of new products and services	↑	
▪ Offering personalized mortgage products and services to customers	↑	
▪ Fully integrated platform for all products, services, and partnerships	↑	↓
▪ Modern and robust cloud native/API-based platform , designed to seamlessly handle the rigorous demands of banking institutions	↑	↓

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Temenos solution

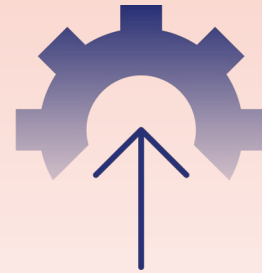


How Temenos Platform supports your modernization with Arrangements Architecture



Fast time to market

Use an efficient **Product Design** & launch new products for targeted customers faster and better



Focus on core business

Delivered with **pre-configured** out of the box **banking capabilities** from one single platform



Sustainable Innovation

Delivered in a **Future-proofed**, scalable API-first & cloud-enabled platform to address market demands

...and gets you there faster



Fast time to market Product Designer

The all-in-one solution



API



Temenos UI

Product Creation



No-code definition
management of banking
products for loans and
deposits



API



Temenos UI

Contract Creation



Create contracts of any product
following the configuration and
rules configured in the product
creation.



API



Temenos UI

Contract Servicing



Service all the contracts
according to your customer's
needs and product configuration



Fast time to market Product Configuration

No code



Business user

Common Reusable Pool of Components

Customer	Eligibility	Limit	Charge	Settlement
Team Amount	Interest	Officer	Activity Restriction	Accounting
Account	Payment Rules	Payment Schedule	Closure	Overdue
Activity Mapping	Activity Messaging	Tax	Periodic Charges	User Defined

Products

Accounts

Saving Accounts		Current Accounts	
SME Acc.	Salary Acc.	Cash Acc.	

Lending

Loans		Mortgages	
SME Loans	Personal Loans	Mortg. 2Y	

Deposits

Deposits		
Short Deposit	Long Deposit	Saving Plan



Product Definition



Product Catalogue



Fast time to market Next-Gen Product Designer

BENEFITS



INNOVATION



REVENUE GENERATION



OPERATIONAL EFFICIENCIES



RISK & COMPLIANCE

- Product life cycle management from launching to expiring
- Fast time to market on new product launch and changes to products
- Personalized offers – quick response to demands (customer & market)
- Flexible pricing engine with automatic calculations
- Centralized Product designer and Product Catalogue
- Launch innovative products to be ahead of the competition

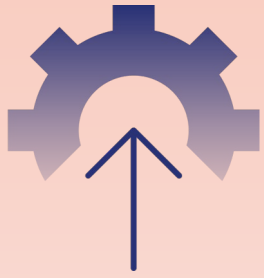
5x

Launch newer products¹

34%

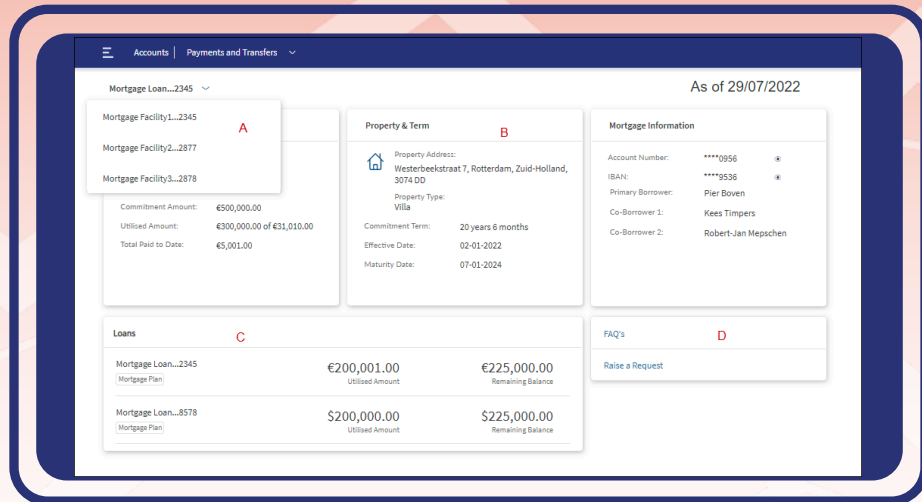
Higher cross-sell rate¹

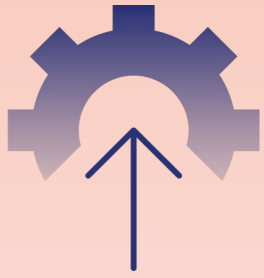
Component based Product designer with no need for coding



Focus on Core business Next-gen of mortgages

- Leverage Temenos best-of-breed capabilities for mortgages, delivered out of the box.
- Home loans optimized configuration for servicing business flows
- Self-service Assistant – APIs based to be consumed
- Mortgage Servicing actions





Focus on Core business Next-gen of mortgages

BENEFITS



INNOVATION



REVENUE GENERATION



OPERATIONAL EFFICIENCIES



RISK & COMPLIANCE



- Mortgage Life cycle management from initiation to expiration
- Flexible & Coordinated Mortgage Servicing workflows
- Straight through, orchestrated and real-time servicing of mortgages
- Full & real time view on Mortgage Facilities, status, interest rates and amounts
- Empower users to handle mortgage applications from a single location
- Fully API enabled servicing

9.7%

Better STP
rate for
deposits¹

12.5%

Better STP
rate for
loans¹

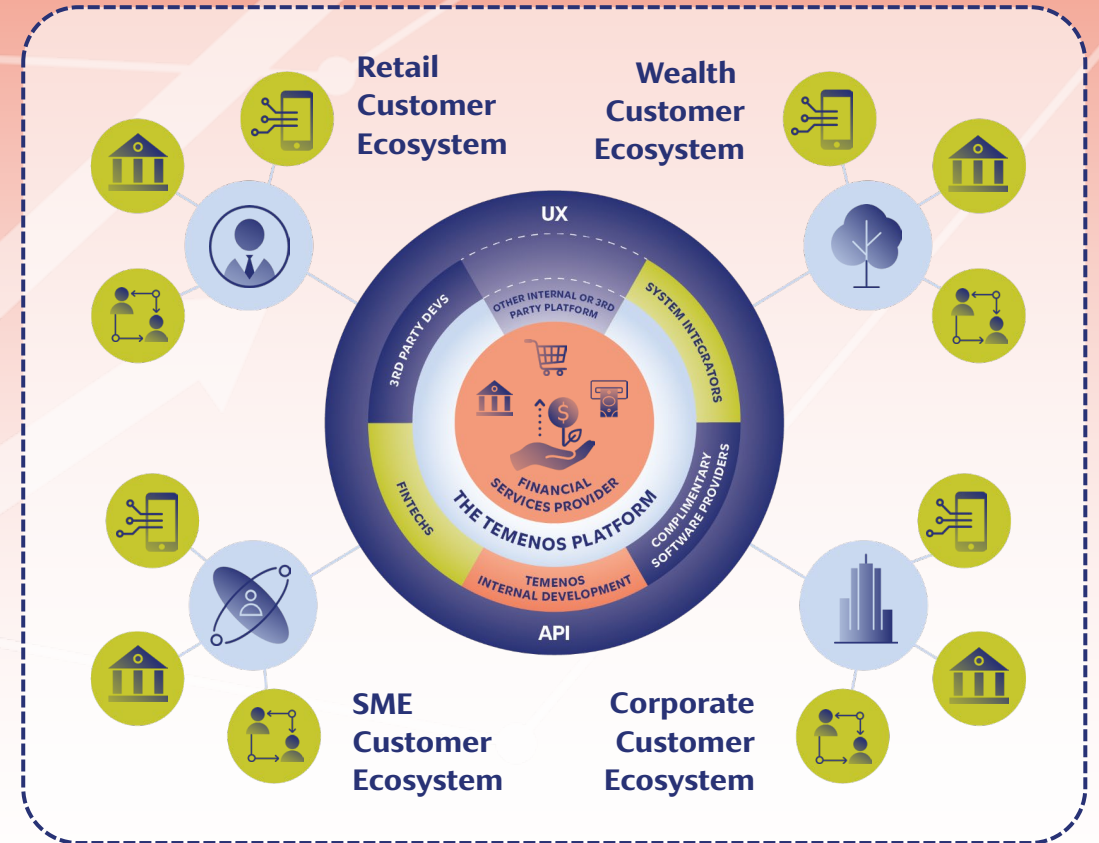
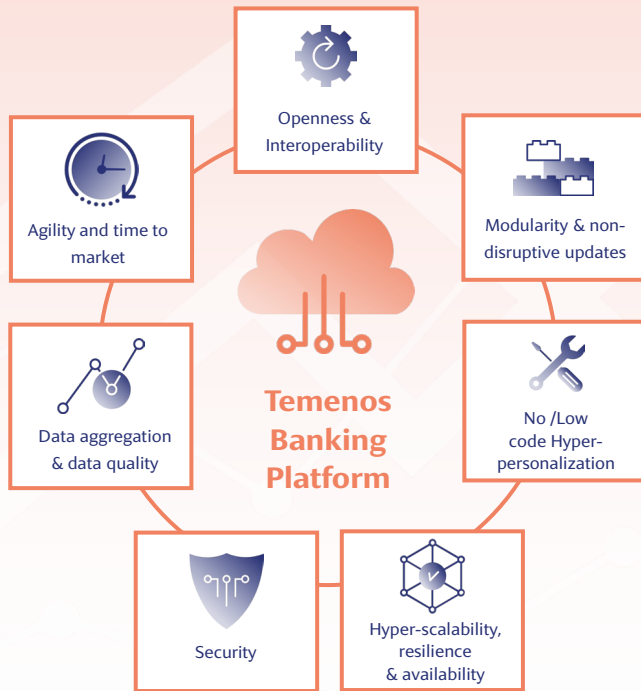
Single solution for servicing and managing Loans & Deposits, increasing operational efficiency



Sustainable Innovation Temenos Platform

- Delivered through a cloud-native and API architecture
- Highly efficient and flexible environment tailored to the needs of banks
- Catering all sizes and business focus: Retail, Corporate, SME, Universal, etc.
- API-first approach, and inherent cloud-native delivering flexibility and scalability to address needs of banks

Technology imperatives

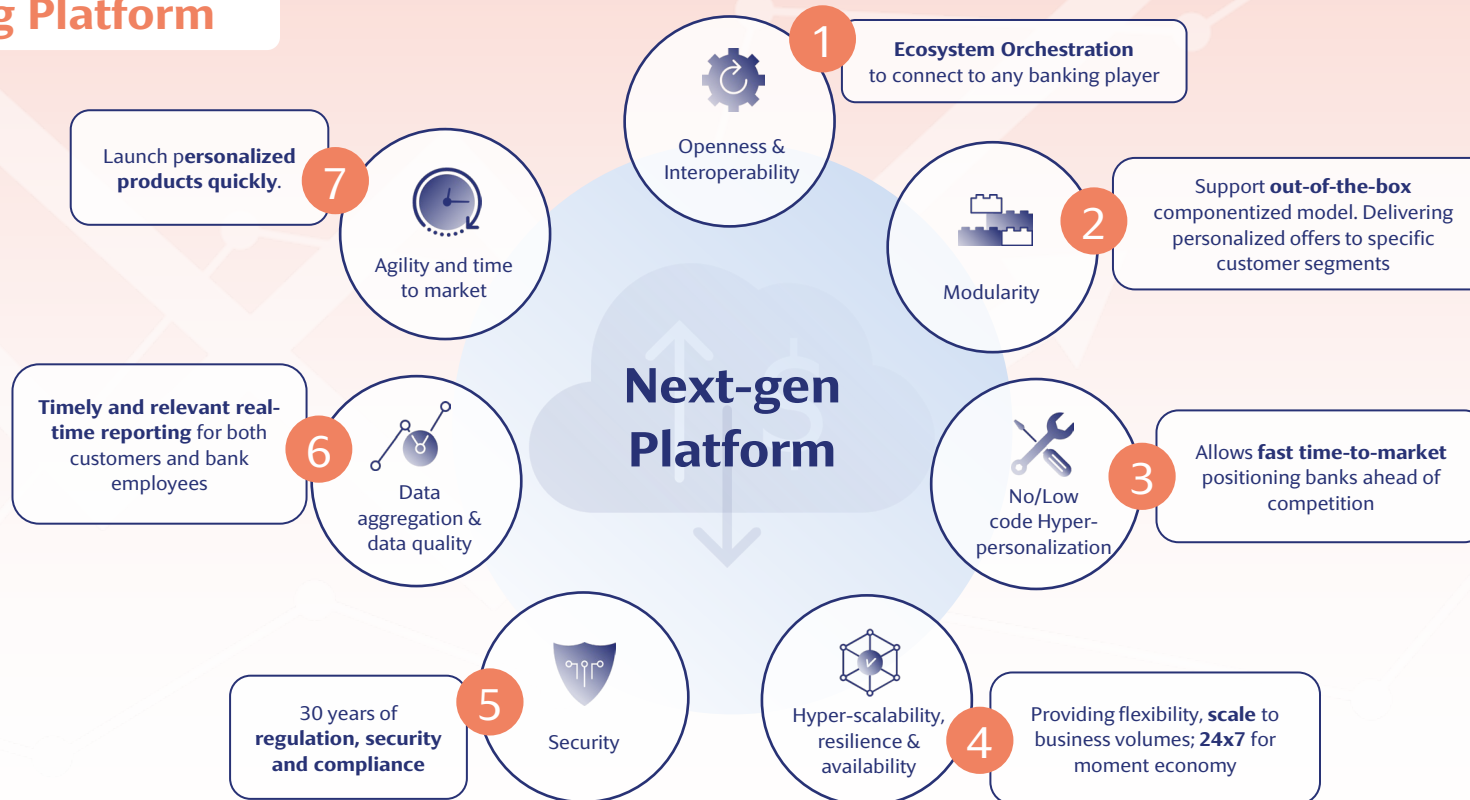




Sustainable Innovation Temenos Platform

ATTRIBUTES

Temenos Banking Platform





Sustainable Innovation Temenos Platform

Temenos Banking Platform

BENEFITS



INNOVATION



REVENUE
GENERATION



OPERATIONAL
EFFICIENCIES



RISK &
COMPLIANCE



- Achieving **lower TCO** thanks to out-of-the-box componentized model
- **Launch new products** and personalized customer experiences
- **Scaling** business volumes: **24x7x365** banking operations
- Faster **response** to **business & regulatory** change
- **Optimize** existing IT skillsets in bank; Catering all sizes and **business focus**

31%

Higher
operations
STP rate¹

24%

More IT spend
on growth &
innovation¹

API Catalog and designers for quick API use, reducing Time-To-Market and TCO while supporting innovation

Summary: Banking Modernization Benefits

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Product Designer



- Faster time to market
- Lower TCO
- Personalized Customer Experiences
- High Degree of Automation



INNOVATION



REVENUE GENERATION



OPERATIONAL EFFICIENCIES



Mortgages servicing



- Best-of-breed out of the box capabilities
- Model bank optimized
- STP & real-time servicing
- API first- enable
- Optimized business flows



INNOVATION



REVENUE GENERATION



OPERATIONAL EFFICIENCIES



Next-gen Platform



- Lower TCO, componentized model
- Scaling business volumes: 24x7x365 banking operations
- Faster response to regulatory change
- Catering all banking sized



INNOVATION



REVENUE GENERATION



OPERATIONAL EFFICIENCIES

Temenos Next-Gen Mortgages Platform

Success stories: Transact Modernization

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"Working with Temenos has enabled us to build innovative services that help us to stand out and succeed in an immensely challenging market, and to broaden our customer base"

Irene Huang

Head of Digital banking division at Bank SinoPac

1.5M

new digital accounts, with 78% new clients

4.9

out of 5 rating on Apple App Store.

100%

increase in market share

[BankSinoPac Success Story](#)



"Temenos...makes it easy for us to adapt to new requirements from the business and rapidly roll out new functionality and products. This agility is invaluable to us as a bank that's constantly growing and changing"

Mohammed Saleh

VP of IT at Al Salam Bank

x3

increase in customer numbers

x3

faster time to market

400K-1M

daily transactions

[Al Salam Bank Success Story](#)

NEXT Bank: Disrupting banking with speed



"We are so impressed by the quick and smooth implementation of the Temenos core banking platform. It enables us to minimize time-to-market. Speed is a huge competitive advantage, and will be more so as we introduce new products into market."

Eric Lee

Chief Information Officer, Next Bank



Background & Context

- Taiwanese **native digital** bank launched in 2022
- Main shareholder - Chunghwa Telecom - has committed to **disrupt** banking sector



Why Temenos

- Balance of **standardization** and **configuration**
- **Breadth of capabilities** and **ease of integration**
- **Global reputation with deep local knowledge of the Taiwanese market**
- Plans for Temenos to open a **dedicated support** hub in Taiwan



Outcomes

- Core banking platform deployed in 4 months
- Digital mortgage service launched in 6 months
- 50-70% reduction in new product readiness

Everyone's

Banking

Platform

3K clients

Smallest Client
500 accounts

Largest Client
200M accounts

200+ partners

In **150+** countries



Temenos Value Benchmark

3x
RoE
vs industry average

1/2
Cost-income ratio
vs industry average

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Retail



Business / Corporate



Wealth



What makes Temenos different



Temenos vs ALL vendors



Packaged, upgradable



Pre-built **localization**



Functionality breadth & depth with **extensibility**



“Switch on” pre-packaged solution



Temenos vs Traditional vendors



100% **Banking** focused



Market leadership, including non-incumbents



Proven **SaaS** delivery and **cloud native**



Temenos vs Neo-vendors



Proven **scalability**



Proven **go-lives** and **migration** credentials in every segment and tier



30 years of **regulation, security** and **compliance**

We continue to top ESG global indices and ratings

95% fewer emissions



Top 25 Swiss stocks
SXI Switzerland Sustainability 25® Index

Ranked #1 in the SOF category globally
Dow Jones Sustainability Index World & Europe

Top 10%
FTSE4GOOD Index

Highest rating
CDP Leadership (A/A-)

Highest rating
MSCI AAA Rating

Highest rating
ISS QualityScore in all ESG categories

PRIME status
ISS ESG Corporate Rating

Low risk
Sustainalytics

Top performer
Bloomberg Gender Equality Index

3x Sustainability Award Winner
2023 S&P Global Gold Class & Top 1% Global ESG Score

Top 1%
Ecovadis Platinum medal

Top 20%
Vigeo Eiris

Thank you!

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