



Creating a cost effective hub based on operational excellence

Sberbank worked with SWIFT Professional Services to achieve best-in-class operations and security while optimising costs.

Features and benefits

Benchmark messaging infrastructure costs against peers

Highlight cost discrepancies between different legal entities and identify potential savings

Pinpoint opportunities for greater efficiency and more robust controls

Align group entities on SWIFT security and common security best practices across the organisation

Provide a roadmap for implementing group-wide best practice

Identify opportunities to centralise SWIFT traffic from different legal entities

Sberbank was using a fragmented infrastructure to access SWIFT across different locations – an approach which had resulted in operational risks and inefficiencies. The bank therefore set out to gain a clearer understanding of its SWIFT infrastructure. The planned project would involve assessing the efficiency of existing processes, evaluating security policies and their implementation at a local level, and quantifying the total cost of ownership. Building on this knowledge, the bank hoped to identify opportunities to centralise SWIFT traffic, target operational excellence and adopt more robust controls, as well as identifying potential cost savings.

Sberbank contacted SWIFT Professional Services to carry out a neutral assessment of how effectively Sberbank and its subsidiaries were running SWIFT across locations including Russia, Belarus, Switzerland, Central & Eastern Europe, Turkey and Kazakhstan. The goals of the exercise also included identifying the total cost of ownership of the current setup and assessing the existing security levels.

“The main idea was to study our IT and operational architecture for SWIFT network access, and identify potential areas of improvement, in terms of both the total cost of ownership and security,” explains Vadim Kotov, Chief Technology Officer at Sberbank Corporate Investment Banking (CIB). He adds, “We didn’t even consider pursuing any other options, because nobody in the world knows this infrastructure better than SWIFT.”

“It makes sense for all banks operating across multiple locations to obtain a clear view of their financial messaging infrastructures. By doing so, they will be better placed to save money and achieve operational excellence.

Vadim Kotov

Chief Technology Officer at Sberbank
Corporate Investment Banking (CIB)

The project included three different components: an operational excellence assessment, a SWIFT infrastructure security review and a total cost of ownership review.

— **Operational excellence assessment:** SWIFT conducted on-site interviews to assess existing processes and procedures relating to SWIFT operations. This included reviewing the bank’s existing operational framework and highlighting current strengths, weaknesses, opportunities and threats. SWIFT also prioritised its recommendations for improvement based on the importance of the addressed risks and the size of cost savings generated.

— **SWIFT infrastructure security review:** SWIFT Professional Services reviewed the architecture, security organisation and setup of Sberbank’s local infrastructures across different legal entities. Referring to SWIFT’s security guidelines, SWIFT also provided advice about best practices for security configuration and governance.

— **Total cost of ownership:** The TCO review provided insights into the cost of Sberbank’s SWIFT infrastructure, including messaging costs, technical costs and resourcing costs. SWIFT benchmarked the bank’s infrastructure against five different institutions of a comparable size, as well as comparing costs across different Sberbank entities. SWIFT then provided recommendations about how Sberbank could reduce its TCO.

Following the initial project scoping exercise, the first goal was to complete an ‘as-is’ framework analysis. This included carrying out onsite interviews with Sberbank’s subject matter experts to understand the business drivers and challenges experienced by different entities. Six legal entities were studied in detail, while an additional 20 legal entities were assessed remotely.

In the next phase of the project, SWIFT Professional Services compared the existing infrastructure to industry best practice, identifying any gaps and opportunities for improvement, and recommending actions that the bank could take to reduce costs and adopt best-in-class processes.

Benefits achieved by the customer

As well as providing a clear view of the bank’s existing infrastructure and costs, the assessment resulted in rich insights and recommendations across all the areas under review. A number of areas were identified in which the bank could achieve efficiency gains, cost reductions and more effective controls.

Consolidating SWIFT infrastructures into a central hub

Key to the resulting roadmap was the consolidation of Sberbank’s SWIFT infrastructures into a central hub. “Using this model, our operational setup would be aligned for all of our legal entities,” explains Kotov. “This structure would enable all legal entities to achieve best practice for operational excellence, as well as resulting in lower costs.”

Supporting operational excellence

The review recommended strengthening the group’s SWIFT governance model by extending the existing model across the group. Recommendations also included creating a group competence centre focused on skills management and training, which would enable the bank to achieve a more consistent approach to operations across different legal entities.

Optimising security

Where security was concerned, the report highlighted opportunities to implement group-wide best practice around SWIFT security operations. “There were also some minor security issues and vulnerabilities, which were acknowledged and fixed straightaway,” notes Kotov. Specific recommendations included introducing multi-factor authentication for Alliance Access and Alliance Gateway, as well as reviewing RMA records on a four-eyes basis to identify any RMAs that are no longer valid.

Identifying cost discrepancies

By benchmarking costs across different Sberbank legal entities, the review highlighted some significant discrepancies. For example, transaction costs were found to be around 20 times higher for some legal entities than for others as a result of lower messaging volumes. The TCO assessment also found that the bank’s SWIFT access architecture was very fragmented.

Providing rationale for consolidation

In light of these discrepancies, SWIFT Professional Services found that Sberbank could achieve cost savings of up to €700k by consolidating SWIFT activity into a central hub. “We were advised of the cost of the different structures and given some ideas about how to fix this issue,” says Kotov. “Centralising access to the SWIFT network was one of proposed solutions.”

Next steps

Based on the insights gained during the assessment, Sberbank has begun putting SWIFT’s recommendations into action. “We used the final report to justify our next steps, the first of which will be to create a centralised payment hub here in Moscow,” says Kotov. “In the first instance, we will use this hub to centralise SWIFT traffic from several legal entities. We will then expand this approach by incorporating all of our legal entities into the hub.”

The project is already underway, with several legal entities already centralised into the payment hub. The bank has implemented an IT system to manage advanced payment messaging – and the benefits of this system are expected to extend beyond the original remit of the SWIFT infrastructure review. “We’re reviewing whether the new system can connect to other financial messages networks that we use at Sberbank, as well as serving the messages coming from the SWIFT network,” Kotov comments.

Kotov notes that the infrastructure challenges that Sberbank was facing at the beginning of the project are common for all major banks with multiple legal entities across different countries. “My experience of working with SWIFT Professional Services is very positive,” he concludes. “The team is very professional and have enabled us to get quick results, creating a viable starting point for centralising our access to the SWIFT network.”

SWIFT is a member-owned cooperative, providing secure financial messaging services to more than 11,000 organisations, across the financial ecosystem, in almost every country in the world. For nearly five decades we have delivered certainty, continuity and excellence by constantly evolving in an everchanging landscape. In today’s fast moving, increasingly connected and challenging world, this approach has never been more relevant.

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