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Global Network

National Bank of Kuwait
supports ambitious expansion
with technology transformation



LEARNING FROM SUCCESS

by N. Ganapathy Subramaniam, President, TCS Financial Solutions



“A core banking upgrade is a competitive asset from the boardroom to the branch in any business environment.”

We have highlighted a number of key customer engagements in this newsletter. To accompany that, I thought I would share several TCS Financial Solutions insights that we have learned from many successful implementations.

TCS Financial Solutions has helped financial institutions of every size and around the world to become more competitive and successful using **TCS BANCNS**. Core banking poses a particular challenge in that nobody wants to fix something that isn't apparently broken. But if you cannot respond quickly to market opportunities, it's broken. If you're not cost-competitive, it's broken. And if the sales ability of your employees is constrained by legacy systems, it's broken.

The overall benefit from a core banking upgrade is the ability to become proactive

rather than reactive. This is a competitive asset from the boardroom to the branch in any business environment.

First, the technology refresh itself brings about visible benefits to customers and employees. Core replacement involves complete real-time channel integration, which gives banks the opportunity to reinvent the branch experience with a wider range of products and services. We've found that a core banking upgrade really energizes the entire staff of a bank, giving employees the ability to come up with creative ways to improve the customer experience and create products that meet customer needs.

Second, the elimination of bottlenecks in the back-office enables a whole range of process engineering opportunities. The goal of straight-through processing starts with modernized core systems, and the effects of automation can be felt across the financial supply chain. When information travels faster, decisions based on that information can be made with both greater certainty and greater speed.

Third, revitalized core systems contribute to a reduction in total cost of ownership (TCO) at the facilities level, with lower requirements and resource consumption for electricity, space, cooling and heating. Also, a financial institution can make the most out of each kilowatt and square meter by reselling its excess capacity to other banks in a shared-services “utility” model, or by participating in a banking utility run by some other industry organization. Typically, banks need to have real-time core systems in order to participate in an advanced shared-services model.

Fourth, core replacement allows banks to consolidate their legacy applications and decommission systems that have outlived their usefulness. Most banks have plenty of candidates.

Fifth, core modernization is a solid business decision, as an investment that pays dividends in terms of market growth, customer retention and share-of-wallet. By taking advantage of greater visibility into customer activities, behaviors and preferences, banks can build upon relationship-based pricing and product bundling to stand apart in a crowded marketplace. The key success factor in the progressive banking market has become the ability to rapidly deploy new products, and that depends squarely on having control of one's infrastructure.

Finally, having a solid core system strengthens your bargaining position if you intend to acquire or to be acquired – and there's no sitting on the sidelines in the M&A game.

To reduce risk on implementation of client solutions, our strategy with **TCS BANCNS** revolves around our ability to reuse engagement assets such as “Solution Accelerators.” After decades of engagements with a diverse collection of financial services clients we developed the experience and insight to build products, tools and methodologies addressing specific business functions within each segment of the industry. Our software development tools and solution-specific frameworks and methodologies reinforce these efforts, and the result has been solutions that our customers can bring to market quickly and at high levels of quality.

ANALYST RECOGNITION

Success of TCS BaNCS draws attention of leading industry analysts



“With a total of 18 deals in 2006, TCS’s new umbrella brand **TCS BαNCS** continued to extend its footprint in Asia Pacific and also won projects in Europe, South America, Africa and Middle East...2006 deals covered functionality such as deposits, loans, cards, payments, customer data, treasury and liquidity and Islamic banking. Most of the deals covered came close to full functional spectrum, ranging from core banking to branch and multichannel support.”

—Jost Hoppermann, Forrester

GLOBAL BANKING PLATFORM DEALS 2006: VENDORS, August 2007

“**TCS BαNCS** Insurance is a very complete end to end system with many of the components able to be sold and installed separately. BαNCS Insurance supports much of the core insurance business process with modern technology and TCS continues to invest in this product.”

—Catherine Stagg-Macey, Celent

EUROPEAN POLICY ADMINISTRATION SYSTEMS 2007: LIFE INSURANCE VENDORS, July 2007

“Tata Consultancy Services (TCS) is a veteran in the corporate actions automation space. TCS’ corporate actions product **TCS BαNCS** Corporate Action is a well tested, robust end to end corporate actions processing solution. The SWIFT ISO 15022 compliant **TCS BαNCS** Corporate Action component was developed through working relationships with some of the largest global custodians, depositories and investment managers.”

—David Easthope, Celent

CORPORATE ACTIONS AUTOMATION - THE VENDOR LANDSCAPE MATURES, March 2006

LETTER FROM THE EDITOR



Welcome back to the TCS Financial Solutions Newsletter – **TCS BANC**S. For those of you who reported back on Volume #1 issued in October, thanks for the kind words, support and inputs. I suppose you know you have a good thing going when the biggest problem turns out to be having underestimated the size of the print run we needed. So last time not everyone got a copy. We won't be making that mistake

again any time soon, I can assure you.

It's Awards Season again here in the USA – The Hollywood Foreign Press' Golden Globes was held on Jan 13 for film and TV and is soon to be followed by the world famous Oscars on Feb 24. It is also time for roundups and predictions by the industry analysts and trade press. Have you seen the array of reports and articles ranking the anticipated 2008 spend rates and priorities for IT by FSIs around the world from The Asian Banker, Bank Systems & Technology, Bank Technology News, The Banker, Celent, Tower-Group, AITE, Gartner, Forrester, Gartner, Financial Insights, et al?

Well I have, and I am very happy to summarize that Transformation for Core Banking, Capital Markets and Insurance is very much coming into vogue and spend rates are increasing. According to the pundits, if this subject is not on your firm's near-term agenda for serious consideration, then it should be.

Based on the above, I thought my contribution to this newsletter should be a roundup for TCS Financial Solutions. Considering the fact that we only launched TCS' new strategic business unit – TCS Financial Solutions – nine months ago on April 1, 2007, I am sure your quick review of our progress to date regarding Customers, Awards and New Offerings will leave you both impressed and interested to hear more from such a dynamic organization.

I hope this summary stimulates your interest to read the rest of our impressive articles enclosed. Until next time...

Dennis Roman
Editor-in-Chief

Chief Marketing Officer
TCS Financial Solutions

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CUSTOMERS

- Guangdong Provincial Rural Credit Cooperative Union Selects **TCS BANC**S Core Banking Solution
- RBC Dexia Investor Services Chooses **TCS BANC**S
- HDFC Bank Implements **TCS BANC**S Treasury Solution
- New Zealand Stock Exchange Selects **TCS BANC**S Market Infrastructure Solution
- **TCS BANC**S Core Banking Solution Implemented at Bank of Panhsin
- **TCS BANC**S Securities Processing Goes Live at Orbay
- General Insurance Corp. of India Implements Centralized **TCS BANC**S Insurance within Six month Timeframe
- B.I.N. BANK Selects TCS and FNS for **BANC**S Core Banking Solution

AWARDS & CERTIFICATIONS

- Tata Consultancy Services Ranked 10th Leading Global Provider of Financial Technology
- **TCS BANC**S Payments Accredited with SWIFT Gold 2007 Ready Label
- **TCS BANC**S Products — Custody and Corporate Actions — Win SWIFT Gold 2007 Ready Certification
- **TCS BANC**S Core Banking Ranked China's No. 1 Core Banking Solution in 2006 by Independent Research Firm
- **TCS BANC**S Financial Solutions' Payments Product Wins Technology Award
- **TCS BANC**S Awarded Top Retail/Private Position in 2006 IBS Sales League Table
- **TCS BANC**S Gains B.I.S.S. Corporate Actions Accreditation for the Fifth Year in a Row
- **TCS BANC**S System Achieves World's First Corporate Finance B.I.S.S. Accreditation

NEW OFFERINGS

- TCS and Smart Stream Launch TCS Aspire Service to Deliver Scalable, Industry Leading Outsourced Reconciliation Service
- Tata Consultancy Services Launches Strategic Business Unit for Financial Services Products
- TCS Sets its Sights on Becoming a World Leader for Business Applications in BFSI



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About TCS Financial Solutions

TCS Financial Solutions is a strategic business unit of Tata Consultancy Services. Dedicated to providing business application solutions to financial institutions globally, TCS Financial Solutions has compiled a comprehensive product portfolio under the brand name of **TCS BANC'S**. Our mission is to provide best of breed solutions that will drive growth, reduce costs, mitigate risk and offer a faster speed to market for our clients. With a global customer base in excess of 200 institutions operating in over 80 countries, TCS Financial Solutions delivers state-of-the-art software solutions for the banking, insurance and capital markets industries worldwide. For more information, visit us at www.tcs.com/bancs

About Tata Consultancy Services Ltd (TCS)

Tata Consultancy Services is an IT services, business solutions and outsourcing organization that delivers real results to global businesses, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled services delivered through its unique Global Network Delivery Model, recognized as the benchmark of excellence in software development.

A part of the Tata Group, India's largest industrial conglomerate, TCS has over 100,000 of the world's best trained IT consultants in 47 countries. The Company generated consolidated revenues of US \$4.3 billion for fiscal year ended 31 March, 2007 and is listed on the National Stock Exchange and Bombay Stock Exchange in India. For more information, visit us at www.tcs.com.

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ENABLING TRANSFORMATION

*National Bank of Kuwait enables regional growth
and global presence with centralized technology*



“The vision for the transformation is to bring all of the operations onto a single hub.”

—Dr. Fadi Chehayeb. CIO

National Bank of Kuwait (NBK) has some of the best numbers in banking. In 2006, on assets of US\$27 billion NBK generated over US\$1 billion in operating income, up 23 percent from the previous year. Today, NBK boasts a cost-to-income ratio of 23.4 percent in 2006, down from 25.1 percent in 2005, and well below the 40 to 50 percent range for the typical bank.

In addition to branches across Kuwait, the bank has built up an extensive international network which includes branches, subsidiaries and representative offices in New York, London, Paris, Geneva, Lebanon, Jordan, Bahrain, Qatar, Singapore, China, Iraq and Saudi Arabia. Within the past three years, NBK acquired a 20 percent ownership stake in the International Bank of Qatar, opening a new branch in Jordan and a tenth branch in Lebanon. In 2007, the bank added four branches to its network in Kuwait, opened a representative office in Shanghai, and commenced operations in Iraq through the newly acquired Credit Bank of Iraq.

“We will be using shared processing and shared centers for technology and for banking processing, as well as for management.”

—Dr. Chehayeb

TRANSFORMATIONAL BANKING

Positioned to become the premier hub for international trade in the Middle East, NBK has embarked upon a major transformation program to support its growing global presence. NBK's international presence and regional expansion "helps attract customers who are looking for multicountry operations," says Dr. Fadi Chehayeb, Chief Information Officer at NBK. "More and more, customers want to capitalize on our presence and our services in the region." To accommodate the growth in demand, NBK sought to build an integrated platform to deliver all banking services to all of its global locations. "The vision for the transformation is to bring all of the operations onto a single hub," says Dr. Chehayeb.

Starting in 2003, the bank embarked upon a year-long strategic analysis to establish the bank's direction, goals and vision, with the involvement of bank officers, consultants and high-level IT strategy firms. From there, NBK looked at over 80 core banking vendors, which over the course of 18 months was whittled down to a select few – and finally to TCS Financial Solutions.

NBK is building an integrated platform based on TCS B@NCS Core Banking solution. Within a single hub, NBK can further reduce its operating costs by eliminating redundancies on both the technology and management levels. "We are moving towards a shared processing approach, including shared technology data centers and shared banking and other processing centers," says Dr. Chehayeb. "That requires a different category of solutions, systems and technologies than what we had before." The

project requires some customization, mostly in adapting and configuring various modules of TCS B@NCS to match the specific operations of NBK and its integration architecture. "We are aligning our channel solutions that we built in-house--such as branch and CRM solutions, Internet banking, and telephone banking solutions--with the integration hub," says Dr. Chehayeb. "This will allow us to introduce the remaining portions of the TCS B@NCS core smoothly, in addition to building the foundation for full Service Oriented Architecture (SOA), which is a key element of NBK's future architecture."

STRONG SERVICES

With a Service Oriented Architecture (SOA) underlying TCS B@NCS, NBK will be able to ensure that the customized components work seamlessly within the overall system. "Our belief is that SOA will allow systems to be much more agile, and serve very fast-changing market trends and support the fast introduction of products," says Dr. Chehayeb.

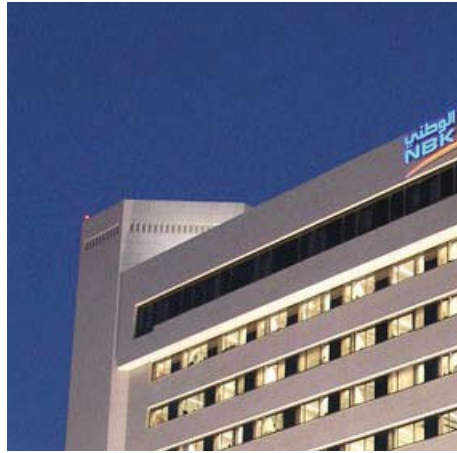
For its part, NBK uses the Microsoft .NET development environment for its custom SOA development. TCS B@NCS will provide the core functionality that will be relatively unchanging, while the SOA enables changes at the periphery to be performed with ease. "The core banking solution, TCS B@NCS, will be quite stable for us from the perspective of changing business needs, since it supports extensive sets of options through parameters" says Dr. Chehayeb. Indeed, most of the customizations will involve tapping into the functionality now en-

abled by TCS B@NCS. "Integration will take place through the integration hub, which is designed to work within the SOA," says Dr. Chehayeb.

Adapting SOA technologies also brings with it organizational benefits from an IT governance standpoint, ranging from compliance with industry and government standards to improved change management and quality control, in addition to better alignment to the business needs. "We believe that changing the core system will accelerate the implementation of SOA and the governance that's associated with it," says Dr. Chehayeb. "If we did not change the core it would not be as easy."

STEADY PROGRESS

For the first phase of the project, completed in 2007, NBK converted its branch platform to TCS B@NCS Link, while still operating the core legacy systems. The next phase will take place in 2008 with the installation of TCS B@NCS Lending and Borrowing, with the remaining components of TCS B@NCS Core Platform to be installed by early 2009. Beyond 2009, NBK will be rolling out the new full TCS B@NCS platform to the NBK regional branches to operate with a central hub approach. Further down the road, NBK will be expanding the scope of services it receives from TCS beyond core banking, to include IT infrastructure, IT services, and eventually business process outsourcing, says Dr. Chehayeb. "While today we're mainly focused on the core banking system, our experience is helping us build confidence to be able to expand the relationship."





PARTNERSHIP MODEL

By Charlie Hamdan, Director of Product Management, Commercial Banking

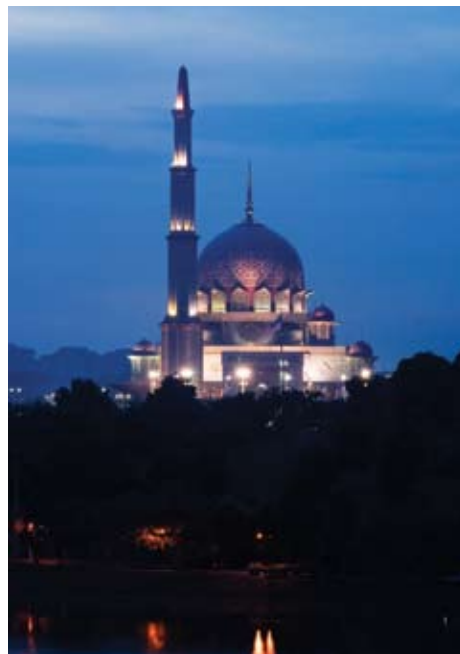
Islamic banking has become a potent force for innovation in the banking industry across Asia and Europe. Not just for those of the Islamic faith, the partnership model of banking is being recognized as a socially responsible, inclusive alternative to the conventional banking model.

Islamic banking includes many of the same challenges and requirements as conventional banking. Both use the same customer channels and offer functional equivalents for just about every product in the banking mix. The difference in Islamic banking is that a partnership element turns customers and their bankers into partners. In a competitive banking environment, where the element of trust between customers and bankers has often been eroded, the ability to offer a true partnership has become a fundamental advantage for Islamic banks.

Taking interest in customers, not from customers

Unlike conventional bank accounts, deposits into an Islamic bank account do not receive interest. Instead, they are allocated shares in a "revenue pool" to be split between the bank and its depositors proportionately. In this way, the bank acts as the depositors' agent, dispersing funds on their behalf to worthy borrowers.

On the other side of the ledger, borrowers in Islamic finance do not pay interest. Con-



sider a car purchase. The bank purchases a car from the auto dealer, and then turns around and resells it to the borrower at a markup. The borrower then repays the loan, interest-free. Any fees for late payments are collected and turned over to charity. Similarly, for commercial financing activities, the bank shares both the risk and return with the entrepreneur for the term of the loan.

Because of the nature of the banker-borrower relationship, banks that offer Islamic financing have to be exceptionally skilled at customer relationship management, in order to capture and act upon the level of information required to maintain relationships at

such a high level. To be sure, even conventional banks should have equally close relationships with their customers – but in Islamic banking, it's a necessity.

TCS BANCNS provides a real solution

TCS BANCNS Islamic Banking, an integrated Core Banking and Channels solution, supports multiple deployment models: Islamic banking-only, for institutions that focus solely on the Islamic customer; as well as an approach that uses a single technology infrastructure to manage both conventional and Islamic banking products, while maintaining complete separation between accounts.

The technology architecture supports the need for Islamic banks to maintain separation of accounts, while still allowing organizations to remain flexible and agile. TCS BANCNS uses an N-tier architecture separating business logic from data access logic. Layered on that are message-based services, of which there are over 1,300 application services available, including adaptors for WebSphere, WebLogic and BizTalk platforms which are commonly used by legacy enterprise systems. The bottom line for Islamic banks: It's the same cutting-edge technology for channel and customer management as used by leading conventional banks, while still ensuring Sharai'ah compliance for Islamic banking.

With experience ranging from the United Arab Emirates to Saudi Arabia, Iran, Indonesia and beyond, TCS Financial Solutions

can help financial institutions to offer a full range of banking services that appeal to customers both inside and outside the Islamic community.

Based on the TCS BANCs Core Banking platform, which has received top accolades and awards by analysts and leading trade publications such as IBS Publishing and IDC, TCS BANCs Islamic Banking provides true Islamic banking capability and support for multiple Islamic law interpretations. Furthermore, in keeping with the need for Islamic finance organizations to maintain strong customer relationships, TCS BANCs provides bankers with a total view of the customer, along with the ability to craft new products that best meet customer needs.

TCS BANCs also meets the needs of the global financial institution with multilingual, multicurrency capabilities as well as customers around the world. As we gather insights from our global customer base about commercial banking, capital markets, anti-money laundering, compliance and risk management, we feed those insights back into our solution roadmaps to the benefit of our financial services customers.

With TCS Financial Solutions' global aspiration to become the core banking system of choice to Islamic financial institutions, our roadmap for 2008 includes solutions for Takaful insurance, Sukuk financial certificates and Islamic trade financing. We are also helping "Greenfield" startup banks to achieve rapid launch, by providing end-to-end integrated universal banking services for Islamic banking, and by evolving to meet emerging trends such as direct banking, multibranding and microfinancing. We typically launch one major release every 12 to 18 months, and our next production release (TCS BANCs Islamic Banking Release 10) is scheduled for the second quarter of 2008.



Case Studies

NATIONAL COMMERCIAL BANK

National Commercial Bank, based in Jeddah, Saudi Arabia, announced in January that it would upgrade its Core Banking system. NCB will use TCS BANCs latest releases for Core Banking, Deposits, Loans, Islamic Banking and Origination software. As part of the upgrade National Commercial Bank will also be implementing TCS BANCs Internet banking and browser based front-end solution.

Mr. Taha Hussein, Head of Information Technology, National Commercial Bank, says: "National Commercial Bank selected TCS BANCs Core Banking solution based on TCS Financial Solutions extensive Islamic banking and technology domain expertise, proven implementation skills and growing commitment to Saudi Arabia's banking and financial services market. Since 1992, the advanced functionality of TCS BANCs Core Banking solution has provided National Commercial Bank with outstanding performance; it was a wise decision to upgrade with TCS BANCs."

Mr. N. Ganapathy Subramaniam, President, TCS Financial Solutions, adds: "National Commercial Bank in Saudi Arabia is a multi-award-winning bank that is one of the most highly respected financial institutions in the region. Over the years we have developed a strong, long-term partnership with National Commercial Bank that has assisted both companies to continue to drive innovation in Islamic banking. This Shari'ah compliant upgrade will certainly add strength to National Commercial Bank's Islamic banking market growth strategy."

AMLAK FINANCE PJSC, DUBAI, UAE

Just as the Emirate of Dubai has developed from a minor trading port into a one of the world's foremost economic powerhouses, so too has Amlak Finance evolved, from the home-finance subsidiary of real-estate developer Emaar Properties into a highly successful, exchange-traded financial institution with a diversified product line and expansive business strategy.

Established in 2000, Amlak Finance quickly became the largest publicly listed Islamic home finance company in the UAE. As a leader in Islamic finance, Amlak provides real estate financing, construction finance and property management services. All of its services are compliant with Sharai'ah Islamic law, dedicated to helping UAE nationals and expatriates alike to share in the ongoing success of Dubai.

Arif Alhami, CEO of Amlak Finance PJSC, stated: "Amlak Finance is known as a pioneer in the Islamic Home Finance industry, and we are committed to retaining this role; identifying the new areas for growth in the industry, whether it be international expansion, new financial solutions, strategic tie ups with leading developers or innovative products targeted at our core audience, the consumer."

Amlak Finance was a TCS Financial Solutions customer from the start, and continues to use TCS BANCs Islamic Banking for its operations.

BANK NEGARA INDONESIA

The oldest commercial bank in the country, Bank Negara Indonesia (BNI) is also recognized as one of the fastest-growing and most innovative banks in the region.

Facing competition from sophisticated foreign banks, BNI upgraded its inflexible legacy IT environment to TCS BANCs Core Banking. The new system provided solutions for deposit and loan processing and tracking, cards, payments, branch delivery and customer interfaces.

Also, to serve the full needs of the population, TCS Financial Solutions provided a complete solution supporting both conventional banking and Sharai'ah-compliant Islamic banking, with completely separate accounting on the same physical infrastructure.

Following the deployment, BNI achieved a 30 percent reduction in time-to-market for new products while reducing total cost of ownership by over 50 percent. BNI can compete with its foreign competition with 100 percent uptime, increased ability to adapt to new market conditions and product opportunities, all at a low cost and with low risk.

COUNTING ON CARBON IN KIWI COUNTRY

by R. Vivekanand

Director, Product Engineering, TCS Financial Solutions

New Zealand intends to lead the Asia Pacific region in the carbon trading market, and that isn't just hot air.

The New Zealand Stock Exchange (NZX) has selected TCS BANCs Market Infrastructure to upgrade its clearing and settlement capability for share trading, while supporting other new business opportunities. "With TCS BANCs, we'll be able to pursue a wide range of new product development initiatives," said Stuart Turner, Head of Strategy and Delivery at NZX.

Foremost among these initiatives is TZ1, New Zealand's hub for trading commodities based on carbon emissions. Set to kick off in 2008, TZ1 is positioned to be the first straight-through, transparent and regulated market for carbon credits in the Asia-Pacific region and one of only a handful around the world.

Under the Kyoto Protocol, each participating country is allocated a fixed amount of carbon emission units that can be divided among its industrial base. Companies that reduce carbon emissions below their allocation can sell excess units to industries that emit in excess of their allocations. In addition, units derived from projects in developing countries—such as carbon emissions savings through infrastructure projects such as wind farms, methane digestors and alternative power projects—can be unitized as "Certified Emission Reductions (CERs)

which can also be imported to meet obligations. With its strong agricultural component to its economy, New Zealand stands to be a net buyer of CERs.

TZ1 will act as a trading, clearing and settlement mechanism between carbon-producing firms and carbon-reducing firms for both domestic NZ Kyoto units and CERs, while also providing trading opportunities for financial players. "Like in other commodities, the trading volume will far exceed the physical demand," explains Mr. Turner.

In addition to trading emissions units, TZ1 will facilitate trading in the voluntary carbon market. In the current era of "green marketing," even organizations not covered by the Kyoto Protocol seek to reduce their carbon footprint by offsetting, for example, airline trips and power consumption. According to consultancy ICF International, the voluntary carbon market could grow from 10 million tons of carbon dioxide in 2005 to 400 million tons in 2010. The new Voluntary Carbon Standard (VCS) – which provides much-needed quality assurance for certification of credible voluntary credits – will be instrumental to this future growth. "We intend to be a VCS registry for New Zealand, if not for the entire Asia Pacific region," says Mr. Turner.

With a carbon registry based on TCS BANCs Market Infrastructure, NZ1 will be able to provide critical settlement capabilities to sophisticated market participants, filling a significant gap in the marketplace. "Traders understand the importance of delivery-versus-payment and they understand the importance of having a registry linked into the payments mechanism, which is what TCS Financial Solutions has given us," explains Mr. Turner. "Out of nowhere, we can create the best carbon registry."





A Settled Solution

Previously, Mr. Turner worked as Head of Market Operations for the launch of the Dubai International Financial Exchange (DIFX), which opened in September 2005 with a complete trading, clearing and settlement infrastructure supporting equities, bonds, Sukuk financial certificates and structured products. Like NZX, DIFX is powered by TCS B α NCS Market Infrastructure. “I’m a repeat customer,” he says. “When I got to Dubai, we did a worldwide search for the best suppliers using independent consultants to verify our results, and TCS stood out.”

Turner carried this positive experience over to NZX. Spurred by weaknesses in its previous clearing and settlement system, which was designed in the 1980s, the exchange in 2004 called for an overhaul which led to the adoption of TCS B α NCS. The

earlier system lacked a central securities depository (CSD) for recording the purchase and sale of securities; instead, it relied on outside registries to perform this function. “While the rest of the world was using CSDs, New Zealand still had settlement on register,” says Mr. Turner. In addition, the system used by the New Zealand Exchange was “restricted to cash products; we could do stock and bonds quite well and efficiently but that was it.”

By providing a built-in CSD that supports multiple asset classes, TCS B α NCS brings New Zealand’s exchange into line with those of other countries, making it a destination not just for stocks and bonds, but also for commodities such as carbon. By reducing risk and uncertainty in the clearing and settlement process, TCS B α NCS will help NZX spur foreign direct investment.

“Overseas investors evaluate markets by how similar it is to the way they do business,” says Mr. Turner. TCS B α NCS “will reduce entry barriers, and make New Zealand more attractive to firms that want to invest overseas.”

In addition to providing a CSD, TCS B α NCS Market Infrastructure is compliant with ISO 15022 for SWIFT messaging, which enables counterparties to a trade to exchange post-trade messages. TCS B α NCS also follows the principles of the G30 and International Organization of Securities Commissions (IOSCO), which promote regulation of financial markets. “TCS B α NCS Market Infrastructure is really the best system out there, bar none,” proclaims Mr. Turner. “It’s way ahead of the opposition.”

TOTAL TEAMWORK

How can a small, community-focused credit union compete with large retail banks?

By Colin Sword, Delivery and Operations Manager, TCS Financial Solutions

In the case of four Australian credit unions, the solution was to band together as a single corporate entity – Community Alliance Credit Union (CACU). Based south of Sydney in New South Wales, Australia CACU formed in 2003 with the merger of Illawarra Credit Union and Unicom Credit Union. To drive growth CACU then acquired Shoalhaven Community Credit Union and Western City Credit Union in 2006.

constituent brands now have over \$460 million in total assets and more than 51,000 members serviced by 11 branches, 32 ATMs and 120-plus employees.

Members of each credit union in the CACU family retain their own member and account numbers, while at the same time the TCS BANCNS Core Banking system seamlessly links them to a unique account identifier. This is in keeping with CACU's philosophy of maintaining a consistent, community-based relationship with the customer. In every way, CACU works behind the scenes to enable the success of each of its credit unions.

Illawarra Credit Union began using the precursor product to TCS BANCNS in 1999. Built with highly-scalable technology and flexible configuration options, TCS BANCNS helped the credit union to make the transition to a flexible business model for a competitive banking market. Indeed, the challenges in the current market are significant. Recent changes in the Australian tax code have siphoned deposits to superannuation funds for pensions, and this makes financial institutions compete harder for deposits. Plus, new legislation for anti-money laundering and accounting changes for Basel II also raise the operational challenge.

In light of these trends, financial institutions that can react quickly and efficiently have a decided advantage in the marketplace. "The flexibility of TCS BANCNS allows us to deliver new products to the market within weeks ... very quickly and at low cost," says Mr. Halloran. New products have included "BPAY," a bill payment portal, Internet Banking, a person-to-person "Pay Anyone" service, and an innovative "All-in-One" account type that combines the best

features of a home loan and a savings account.

In terms of back-office efficiency, CACU also shines with the help of TCS BANCNS. "We are able to complete our month-end processing on the last night

of the month and have statements in members' hands within one working day," states Mr. Halloran.

In addition, CACU readily provides data to Abacus, an industry association for credit unions in Australia. Abacus runs a shared industry resource called the Movement Marketing Database (MMD), which in turn is managed by CUSCAL, a service provider to credit unions. MMD provides business intelligence, industry benchmarking, geographical mapping and transaction monitoring using data from the entire credit



ILLAWARRA
Credit Union



"The TCS BANCNS retail banking platform forms the backbone of the company's expansion strategy," says Mr. Michael Halloran, CEO of CACU. "We are also comforted by the local client support provided by TCS Financial Solutions Australian based team."

This strategy has proven successful for CACU, which in 2007 posted its best operating profit in over ten years. CACU's



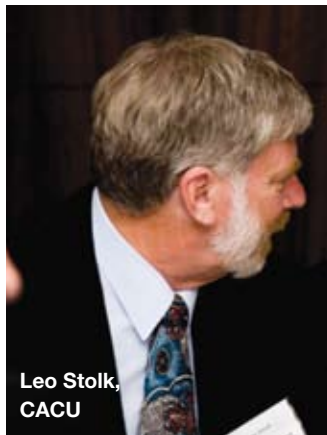
union market. TCS BANCNS helps CACU to get the most out of their participation in the scheme. "All reports are also available on day one of the following month and we relay our MMD data to CUSCAL on day one," says Mr. Halloran.

In building a business with TCS BANCNS, the bottom line for CACU has been an increased level of competitiveness for each of CACU's brands, and the ability to maintain continuity with the customer and the ability to provide high-quality service and innovative products. "If we are aiming to launch new savings products or more advanced internet banking services we can do it extremely fast, faster than any other credit union in Australia," says Mr. Halloran.

"It really is an outstanding core banking platform," he adds. "TCS BANCNS provides our staff with a clear competitive advantage. This technology puts us in the race and provides our clients with reliable and agile technology solutions."

CACU currently uses TCS BANCNS Core Banking plus Deposits, Loans, Cards, Connect (Internet Banking) and Link Branch Delivery (branch banking). For CACU, the platform-independent TCS BANCNS runs on a HP Itanium II platform, using the HP-UNIX operating systems and an Oracle database.

On the web: www.cu.com.au/index.html



Leo Stolk,
CACU



Colin Sword,
TCS Financial
Solutions



THE CORPORATE ACTIONS CHALLENGE

With larger numbers of investors taking positions in global markets, even the smallest asset manager must offer coverage of international markets, equities, currencies and instruments. At the same time, the spread of derivatives and exotic asset classes has increased the complexity involved with Corporate Actions data for the broker-dealer. As a result, players throughout the securities market face operational challenges that cannot be met with manual processes alone.

“The risks now associated with corporate actions are going up, probably faster than anywhere else,” says Mr. Gary Wright, founder of B.I.S.S. “But it’s still, in global industry terms, the ‘under-resourced’ area in terms of technology.”

This lack of investment may be shortsighted, suggests Wright. “There’s a black hole of loss that can appear in the Corporate Actions department,” he says. “It’s the one area of the securities operational process in which you can lose millions, risk the reputation of your company and lose your clients’ money.”

“Regulators now look very, very closely at how organizations manage their customers’ assets,” adds Mr. Wright. “It’s not going away, and sooner or later the investment into and implementation of corporate actions technology is going to have to take place.”

However, the uptake of corporate actions technology has been relatively slow over the past two years. “Other market initiatives took hold of larger parts of the budget – in the U.S. with Sarbanes-Oxley, over here [in the U.K.] with regulatory changes, and with money laundering and the industry response to each crisis that looms up,” says Mr. Wright.

Custody in good hands

Global custodians manage huge data banks containing information about securities on behalf of broker-dealers and asset managers. “Custodians are the linchpins of the global markets,” says Mr. Wright. “They offer stability and structure, and they are fundamental in ensuring that the global markets can clear and settle efficiently and cost-effectively.” Accordingly, asset managers and broker-deal-

ers seek out custodians who can provide “certainty and surety of service,” says Wright.

As strong as the custodian systems are, it’s not enough for asset managers and broker-dealers to simply rely upon the ability of their custodians to manage the increasingly complex data requirements associated with Corporate Actions. To ensure the accurate flow of information throughout the entire lifecycle of a corporate action, asset managers and broker-dealers can benefit from having systems with capabilities that match those of the largest custodians.

On the asset management side, it’s a matter of connecting with the customer. “Asset managers have to manage the information flow to their clients, and they still have to manage the market information with all of the brokers with whom they deal. The global custodian doesn’t have the relationship with the customer,” says Mr. Wright.

And in the case of an error, finger pointing doesn’t work: “If something goes wrong on the custody end, it’s a waste of time for the asset manager to go their client and say, ‘Sorry, our custodian loused up.’ The client will say, ‘We don’t know them. That’s your problem, not our problem,’” says Mr. Wright. Asset managers have to take responsibility for the entire relationship, and deploy systems that allow them to do so with confidence.

For broker-dealers, Corporate Actions provide vital support to trading activities, especially involving exotic instruments, international investors and global transactions. “With hedge funds and OTC (over-the-counter) securities, there’s always potential to be a manufactured position in the market, i.e. there’s more shares owed than actually appears on the company listing,” explains Mr. Wright. “When everyone goes short, that position still has to be covered by somebody in the market. Managing the corporate event in those circumstances is absolutely vital, so that the trader and the dealing desk can know exactly what their position is, so that they can cover it. If you don’t know your position for a week or two, the market could have moved 300 points away from you.”

In both situations – for the asset manager seeking to manage



N. Ganapathy Subramaniam, president of TCS Financial Solutions, receives certification from Gary Wright, founder of B.I.S.S.

client relationships, and for the broker-dealer keeping track of complex portfolios, the business case for complete coverage of Corporate Actions is compelling.

Accreditation where due

TCS recently earned B.I.S.S. accreditations for its Corporate Actions solution for the securities industry. One of the few firms remaining in the Corporate Actions vendor market, the TCS Financial Solutions maintains the combination of implementation skill and technical ability to handle the most complex demands of the global marketplace. “TCS Financial Solutions has, by far and away, the most superior custody system available on the market,” notes Mr. Wright.

TCS Financial Solutions also has, according to Wright, “the bandwidth to cover just about any securities market, anywhere in the world. They also have the implementation power to be able to more easily put systems into large organizations – and small organizations – without necessarily having the problems that smaller vendors have.”

Mr. N. G. Subramaniam, President, TCS Financial Solutions, states: “TCS Financial Solutions is proud to be honoured with B.I.S.S. Corporate Actions Accreditation. TCS BANCNCS Corporate Actions automates the Corporate Actions life-cycle, helping organizations to deliver accurate and timely data to stakeholders. We continue to deliver product superiority to the world’s leading financial institutions that improve operational efficiency and drive revenue growth.”

B.I.S.S. also awarded TCS Financial Solutions accreditation for its Corporate Finance solution targeted to issuers. “TCS Financial Solutions are clear leaders in this, because they’re the only ones that have actually got a product that works.”

About B.I.S.S.

As the founder of B.I.S.S. (Benchmarking of International Systems and Services), Gary Wright helps financial institutions to select enterprise solutions. “There’s a growing gap between the buyer and the vendor in understanding what the products are,” Wright explains. “The risk of buying systems and services has never been greater.”

Using criteria generated from interviews with the buyers in the marketplace, B.I.S.S. surveys vendors regarding their products, and then assigns independent experts to verify the responses. The resulting benchmarking reports have helped financial executives to lower the risk involved with acquiring new systems.

Originally focused on corporate actions and corporate finance, B.I.S.S. has also extended into the payments area with benchmarking of SEPA and MiFID compliance solutions. But it’s corporate actions where some of the greatest challenges and opportunities exist.



SIBOS

TCS Financial Solutions recently participated in the prestigious SIBOS event held in Boston. This world-class event provided the team with an excellent platform to launch TCS BANCNS range of solutions. We showcased our strength in offering end-to-end solutions in the Capital Markets through our Securities Processing, Corporate Actions and Market Infrastructure solution. The team also highlighted our Core Banking, Payments, and Compliance offerings to over 6,500 delegates. Over 40 plus meetings were facilitated between prospective clients, analysts and subject matter experts. TCS Financial Solutions also hosted a Networking Event for over 50 clients, media, industry analysts, and executive staff at The Taj Hotel, Boston.



Who's Who: 1. Stuart Turner, NZX, and R. Vivekanand, TCS Financial Solutions; 2. Manmohan Singh, Corporate Actions Lead, TCS Financial Solutions (left) with booth visitor; 3. The entire TCS Financial Solutions contingent; 4. Amit Saxena, Capital Markets (left), and Dennis Roman with Canara Bank CEO Shri MBN Rao (center) and his team; 5. Emmanuel Daniel, editor of *The Asian Banker*, with Dennis; 6. Martin Whybrow, editor and director, IBS Publishing, with NGS.





BAI
Who's Who: 1. Bart Narter, Senior Analyst, Celent, with guests of TCS Financial Solutions at a private function; 2. TCS Financial Solutions' Marc Ostryniec with customer from Nova Ljubljanska Banca, Slovenia; 3. Mr. Fernando Pozo, filming a video with *Bank Systems & Technology*; 4. Glenn Stafford, Banking Lead, TCS Financial Solutions, takes his turn; 5. Mr. Fernando Pozo and distinguished guests; 6. From left to right: Mr. David Zimmerman, IBM, Mr. Pozo, Banco Pichincha, and Rob Mullen; 7. Bob Hunt, The Tower Group takes a question.



SOLUTION SHOWCASE

TCS Financial Solutions participated in the BAI RDS 2007 Conference and Expo in Las Vegas. This retail banking conference and expo is rated as one of the world's most highly respected and attended events in the North American market. The event attracted thousands of retail bankers, consultants, solution providers, media and industry analysts. To launch TCS Financial Solutions' "Customer Reference Program" the team invited Mr. Fernando Pozo, General Manager, Banco Pichincha to act as our Client Ambassador at BAI. Over the course of the three-day event Mr. Pozo kindly participated in a number of prearranged media briefings, analyst meetings and high level networking events. The team also held a high level Networking Event for over 60 clients and prospects.

SYDNEY CLIENT LUNCHEON



Who's Who: 1. James Wakim, Managing Director, Arab Bank and Tony Ward, Executive Board Member, TCS Financial Solutions; 2. John Vohradsky, Executive Manager, Operations, Community Alliance Credit Union LTD. with Mr. N. Ganapathy Subramaniam, President, TCS Financial Solutions; 3. Neville Roach, Executive Board Member, TCS Financial Solutions (standing)

An exclusive, invitation-only client luncheon was held in Sydney for TCS Financial Solutions Australian based clients. The luncheon provided our Australian based TCS BANCs Core Banking customers with an excellent opportunity to network and discuss a range of business initiatives with key executives from TCS Financial Solutions.

TCS Financial Solutions also participated as the lead sponsor at The Australian Financial Review's BANKTECH.07 event held in Sydney on the 1-2nd August 2007. This event provided Mr. N. Ganapathy Subramaniam, President, TCS Financial Solutions with a solid platform to outline TCS Financial Solutions exciting growth plans to over 250 leading representatives within Australia's banking sector.

TCS BANCNCS ORIGINATION

Assisting banks to achieve faster loan origination delivery

TCS Financial Solutions recently launched **TCS BANCNCS Origination**. This solution fits seamlessly into the **TCS BANCNCS** architecture as a channel-independent origination and automatic decisioning engine that supports both retail and corporate products. The first release focuses on retail products and the second release will include enhanced financial analyzer functions targeting—but not limited to—corporate account origination.

The **TCS BANCNCS Origination** solution is fully integrated with the TCS Financial Solutions advanced product solution set and supports Straight-Through-Processing (STP) capabilities from origination through to fulfillment and into servicing. **TCS BANCNCS Origination** solution can also be deployed with third-party products.

Mr. N. Ganapathy Subramaniam, President, TCS Financial Solutions, states: “In today’s competitive world of commercial banking, senior-level executives realize that they must

drive new product innovation to achieve aggressive revenue targets. With the robust and technically advanced **TCS BANCNCS Origination** solution, financial institutions will be able to achieve customer growth through simpler and faster loan origination delivery.”

TCS BANCNCS Origination allows a financial institution to define its own origination workflows, and through the business rules engine, business users can define their own credit policies. As a result, financial institutions can deliver a faster speed of service from application through to fulfillment, with an improved time to market for new product development.

In addition, this solution provides a powerful and fast “product build engine.” Business processes and credit decision policies can be built and applied to all origination sources in days rather than months. Controlled by the Business Process Workflow engine embedded

within **TCS BANCNCS Origination**, both internal and external agents of a financial institution can draw upon a wide range of business processes involved in origination (e.g., the “Credit Application” process).

On capturing and verifying the quality of the application, the system then seamlessly submits it to the Business Rules Engine for an automated credit decision. On approval, the application, customer and collateral details are automatically populated into the servicing engine.

With **TCS BANCNCS Origination**, TCS Financial Solutions has delivered an integrated solution that offers a single sales and service platform and a 360° view of each customer’s relationship with the financial institution. This is a view that encompasses all arrangements, facilities, accounts, applications, contacts and collaterals - plus all relationships that a customer has with any other entity of the bank.

About the L-Centre

TCS Financial Solutions’ L-Centre assists banking, capital markets and insurance organizations to test and use **TCS BANCNCS** business applications. Located in Whitefield, Bangalore, which ranks among the main technology regions in India, the L-Centre is one of TCS Financial Solutions’ major product development centres.

As we move forward we are looking to develop a world-class “Co-Innovation Network” with our clients. With the spirit of partnership, we can develop an even greater level of collaboration and shared vision, helping our engineering and product development teams to best meet the needs of your business. Together, we can achieve unparalleled success.



TCS Financial Solutions

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TOP TEN IN FINTECH 100

Tata Consultancy Services ranked 10th leading global provider of financial technology

Tata Consultancy Services recently announced that it ranked 10th on the FinTech 100, an annual international listing of the top vertical technology providers that derive more than one third of their revenue from the financial services industry as named by American Banker and research firm, Financial Insights, an IDC company. The financial services industry contributed 41.3% of TCS' global revenues in fiscal year 2007. "Tata Consultancy Services is recognized as having one of the largest and most successful IT services, business solutions and outsourcing practices in the world," said Mr. N. Ganapathy Subramaniam, President, TCS Financial Solutions. "Our growing list of banking, capital markets and insurance customers continue to derive outstanding benefits from our world-class Global Network Delivery Model™, Integrated Quality Management System (IQMS™) and **TCS BANCs** award-winning business application solutions. This ranking endorses our team's outstanding commitment to advance innovation and reduce the total cost of ownership for the financial services industry. The upward movement from 21st in 2005, 13th in 2006, and now 10th in 2007 highlights our ability to ensure that customers experience certainty in delivery and performance."

"Global sourcing is becoming the norm, ex-

tending beyond just IT outsourcing into acquisition of packaged solutions and consultative services. TCS is the only Indian outsourcer to break into the Top 10 of the FinTech 100, indicative of the success this firm has found as financial institutions expand their horizons in their search for technology partners." states Jeanne Capachin, Research Vice President, Global Banking and Insurance, Financial Insights.



MARK YOUR CALENDAR

Meet TCS Financial Solutions' executives and view the latest TCS BANCs product demos at a range of upcoming events. Arrange a time by sending an email to: alex.goldrick@tcs.com

MEFTEC

Bahrain International Exhibition Centre
11-12 February 2008
www.meftec.com

INSURANCE DAY SUMMIT ASIA

Singapore
26-27 February 2008
www.insurancedaysummit.com

INSURANCE MARKET FORUM

London
5-6 March 2008
www.marketforce.eu.com/imf

SIBOS 2008

Vienna, Austria
15-19 September 2008
www.swift.com

BAI 2008

Orlando, Florida, United States
18-20 November 2008
www.bai.org/retaildelivery



As a platinum sponsor of MEFTEC, TCS Financial Solutions will be taking a leading role to present its range of award winning business application solutions to delegates. TCS BANCs solutions to be showcased at MEFTEC will include our Core Banking, Islamic Banking, Compliance, Origination, Securities Trading, Securities Processing, Treasury, Insurance and Wealth Management business applications. With an extensive number of blue chip clients positioned in the Middle East and South East Asia region delegates will be able to leverage TCS Financial Solutions implementation expertise and gain a fresh perspective on innovative business application solutions that will assist to drive customer growth and reduce total cost of ownership.

To learn how TCS Financial Solutions can assist your organization to enhance returns please visit booth number V1.





Reducing time-to-market
for innovative products in the
fast changing insurance industry
with **TCS BANCs**. That's
certainty

Tata Consultancy Services (TCS) presents TCS BANCs from TCS Financial Solutions, a complete portfolio of business application solutions for the insurance, banking and capital markets industry. TCS BANCs Insurance offers a range of solutions for property, casualty, workers' compensation, extended warranty, individual life, group life and reinsurance. Moreover, TCS BANCs Insurance has innovated to introduce Product Workbench, a solution that supports the rapid deployment of new insurance products; and the Agent's Workbench, for lead generation and customer relationship management. TCS BANCs Insurance has been developed using advanced Service Oriented Architecture (SOA) technologies, to offer web-based, flexible, and scalable solutions that enhance operational efficiency. Catering to the varied needs of insurance enterprises across lines-of-business, distribution channels and customer segments. Offering solutions to increase operational efficiency and drive revenue growth across 200 financial institutions in over 80 countries. And of course, enabling insurance companies to experience certainty.

TATA CONSULTANCY SERVICES

Experience certainty.

IT Services ■ Business Solutions ■ Outsourcing

To learn how TCS BANCs can help your organization experience certainty,
log on to www.tcs.com/bancs or email us at tcs.bancs@tcs.com