

CASE STUDY: Capitec Bank faces the risk of losing its Banking license.

Synopsis

Capitec Bank is benefitting from a **fully automated daily reporting solution** from Synthesis to deal with SARB's foreign exchange compliance requirements. Faced with the **risk of losing its banking license** while it was struggling to get its previous application to perform, Capitec Bank turned to Synthesis. Capitec now has a sophisticated, automated tool that only requires manual intervention in the case of exceptions and provides peace of mind with automatic updates each time SARB makes a change.

Challenge

Capitec Bank, like all banks, faces an onerous compliance-reporting burden. This includes Balance of Payments (BoP) reporting on foreign currency trades to the South African Reserve Bank (SARB) in a specified format, to comply with Financial Surveillance requirements.

The bank had been trying to implement a solution for daily BoP reporting, but was **battling through the process due to the instability of their previous technology**. SARB had recently combined two different systems into one, and added new requirements, and the technology was not coping with the new demands. In addition, the tool required manual intervention and was built using old technology.

The deadline for daily reporting to SARB was fast approaching and Capitec was not confident that their technology would be able to deliver stability in time.

"We ran the major risk of no longer being able to deal in forex should we carry on relying on our current technology," says Coenie Louw, Capitec Bank's IT Manager: Payment Systems.

"We urgently needed a tool for daily reporting on customers using their credit cards beyond South Africa's borders, money coming into the country via SWIFT accounts and withdrawals from other countries via our ATMs. We started actively looking for an alternative vendor; one that fitted in with our model of using **leading-edge, competitive technology**."



Customer Profile

Stellenbosch-based Capitec Bank was established in 2001 and listed on the JSE the following year. It is South Africa's fastest growing retail bank with approximately 590 branches, 8 900 employees and 5 million customers. Capitec Bank focuses on providing accessible and affordable banking services to clients via the innovative use of technology.

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Coenie Louw, Capitec Bank's IT Manager: Payment Systems

Solution

Capitec approached Synthesis, which provides the solutions banks need to manage risk and compliance across their business.

Synthesis has 12 years of cross border flows reporting experience and has utilized this knowledge to develop a licensed software solution incorporating all future FINSURV changes and validation rule updates.

Having seen a demonstration and investigated the architecture of the solution, Capitec invested in the Synthesis txstream Reporting application. This provides an automated submission engine to SARB, compliant with its FINSURV specifications.

“The Synthesis software fitted in with our strategy as well as limitations, and we liked the integration strategy,” says Louw. “It was developed in a newer environment and although more costly than our existing tool, was a better quality solution for Capitec.”

Results

Implementation was quick and efficient, and **Capitec Bank was able to meet the 19 August 2013 compliance date** set by the SARB.

The Bank is now reaping the benefits of a stable daily reporting system that is fully automated and is updated by Synthesis every time SARB reporting requirements change.

txstream features straight-through processing, which requires no manual intervention. Previously, a Capitec employee was needed to submit the reporting information to SARB once it had been collected.

“The old system was driven by a user sitting at a PC,” says Louw. “Now, the system is **totally automated** and users only need to deal with exceptions.”

The solution also allows the bank to keep up-to-date with the latest regulatory changes while focusing on its core activities.

“Compliance reporting is not our main business, so it makes sense to outsource it,” says Louw. “We need to rely on our outsource partner to provide updates as the regulations change.”

“Recognizing that compliance is an ever-changing environment, we ensure customers get new releases of txstream each time anything changes,” says Marais Neethling, Product Manager, of Synthesis.

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Neethling adds that the SARB reporting has onerous validation requirements.

“txstream incorporates a feature that expedites this,” he says. “The system applies validation and alerts users if anything is missing. We expose the validation rules via a web service so the bank’s internal system can leverage off it.”

“In addition, our software takes care of the complex re-submission process. To re-submit, one needs to delete the previous transaction and flag the new one. **txstream takes care of the complexity of cancelling, waiting for a response and then resubmitting. In other systems this all has to be done manually.**”

Louw points out that another major benefit is the good relationship between the two companies.

“I like the company, **their response time is good and their knowledge of the product excellent,**” says Louw. “There has to be trust in this kind of relationship. We are now looking forward to purchasing additional compliance solutions from Synthesis, including the Synthesis IT3b Suite for the new monthly (potentially) reporting requirement from SARS.”

“I believe that Synthesis will be an **essential partner on the road ahead,**” he concludes.

CONTACT US:

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