



LEADING ISRAELI MORTGAGE BANK MODERNIZES IT ASSETS AND GROWS MARKET SHARE BY 7%

Challenge

To compete effectively in Israel's dynamic banking industry, Mizrahi Tefahot Bank wants to reach customers in new ways and offer custom-tailored products quickly and easily. To reach this goal, the bank needs an IT infrastructure that can adapt rapidly to changing requirements and serve as a unified customer management platform.

Solution

The bank develops its core systems using Software AG's Natural language, webMethods ApplinX and webMethods EntireX. The systems give the bank an all-encompassing view of customers and help it more efficiently manage all real-estate securities and mortgages.

Benefits

- Time to market that's three to five years faster than the competition
- Market share increased 7% since year 2000
- Customers can access services conveniently via the Web
- Graphical user interfaces increase customer satisfaction
- Single customer center and Web channel built in the shortest time possible
- Bank gains all-encompassing view of customers
- Loans are processed faster and more accurately
- Projects delivered on time and within budget, thanks to Software AG's expertise



Mizrahi Tefahot Bank is Israel's fourth largest bank with approximately 3,500 employees and 110 branches. Considered the country's largest mortgage bank, Mizrahi Tefahot manages one-third of Israeli housing loans. More than 300,000 households use the bank's services. The bank also serves more than 100,000 deposit, savings and pension-fund customers. In addition to financing mortgages, Mizrahi Tefahot also handles mortgages financed by the state treasury valued at approximately 56 billion New Israeli Shekel (NIS).

Get there faster.™

“The Shoham Mortgage System allows us to take Mizrahi Tefahot Bank forward and provides the bank with a big advantage over the competitors in the Israeli market.”

Zvika Agrovitz | CEO | ITeam, a subsidiary of the Mizrahi Tefahot Group

The customer is the center of Mizrahi Tefahot

Fierce competition in the mortgage market today has brought a large variety of available financial products to the end consumer, subsequently increasing the customer's need for professional consultation throughout the mortgage process. In addition, since there are many savings and investment opportunities available to the consumer, Mizrahi Tefahot Bank wanted to tailor its products and loans to individual customer needs. Above all, the bank needed to provide customers with fast and efficient service and information in real-time.

“Mizrahi Tefahot Bank's legacy systems did not fit the bank's ongoing business and legal requirements,” said Zvika Agrovitz, CEO, ITeam, a subsidiary of the Mizrahi Tefahot Group. “The competition among banks is harsh and, in order to succeed, the bank had to change the way it handled customers and the products it offered, to present customers with the widest possible range of choices.

Agrovitz added that customers are the bank's main focus. “We want to directly connect with our customers through various communications channels and offer them custom-tailored products quickly and easily,” Agrovitz said. “To reach this goal our IT infrastructure needed to be able to quickly provide solutions appropriate for our changing requirements and serve as the unified customer management platform across the enterprise. We wanted to create a single customer center and a Web channel, all in the shortest time possible and based on a well-structured methodology.”

The bank's IT infrastructure integrates core mainframe systems with applications running on open environments, such as Customer Relationship Management (CRM), optical archiving and Web-based applications. The bank clerk's desktop included both 3270-emulation and .NET applications, requiring them to switch between screens while working with the customer.

Enabling core flexibility in real-time

After an in-depth assessment of the business logic and user interfaces development alternatives, Mizrahi Tefahot chose to develop its core business systems using Software AG's Natural, webMethods EntireX and webMethods ApplinX.

The bank first developed a customer system to manage and optimize customer data from the core systems. The system has become the bank's singular customer management resource. It's written entirely in Natural and holds all relevant information on more than 750,000 customers while it maintains full connectivity with all other Mizrahi Tefahot Bank systems. Now users have a complete and encompassing view of each customer.

The customer system utilizes an authorization process that allows bank employees to perform actions based on hierarchy and allows customers to utilize the advanced services the bank offers via the Web. Today, bank employees can receive any relevant detail required for issuing a loan in real-time, from connectivity to the government's population registry, and this is fully integrated with all the other bank systems. Being able to fully integrate Natural with COBOL enabled the legacy systems to be brought into the new era of user-friendly, unified GUI.

Using webMethods ApplinX, the development team created a unified user interface that was adapted to customer requirements and automatically produced smart Web screens from mainframe screens. With ApplinX, Mizrahi Tefahot can now also easily interface with open system-based products, such as Office and optical archiving.

Agrovitz added: “At the end of the project we analyzed and assessed our steps and found that the project's time schedule and product characteristics were exactly as estimated by the Software AG Israel team, our systems development partner.”

A second core system developed using Natural and webMethods EntireX was Mizrahi Tefahot's real-estate securities system. This system manages all real-estate securities according to the same rules that govern bank customer management.

The third core system, the Shoham Mortgage System, was developed using Software AG technology and went live in 2007. This is considered the bank's leading project and one of the most complex banking systems to date, requiring approximately 200 work years to develop.

Leveraging proven technology

“The Shoham Mortgage System was developed using a technology that has proven itself in various projects at large Israeli customers,” said Arman Pashay, Banking and Government Sector Manager, Software AG Israel.

“The combination of technology and the skills of Software AG's experts, together with the IT infrastructure we developed in cooperation with the bank's team made it possible to bring the

project to a successful completion within the planned budget and time schedule. It's a flexible system that will be able to support changing demands of a dynamic bank operating in a competitive market. It will provide full response to Mizrahi Tefahot Bank loans and securities management needs. The challenges we were facing were fast and smooth development, flexibility to meet business changes, capability to process complex and large data, support of various complex work flows, user-friendly Graphical User Interface (GUI) and tools that would improve efficiency and customer service. I can confidently say that all goals were fully achieved."

The Israeli loans market is dynamic, developing – and most of all – competitive. This demands the ability to respond quickly to changes in business needs, continually improve customer response times, decrease time-to-market and, of course, retain customers. The Shoham system maximizes Mizrahi Tefahot's flexibility to create and manage financial credit products while fully integrating it with all the various loan and securities elements needed.

A transaction execution control mechanism was developed as part of the system. This allows the task-handling processes to be distributed across the executing and approving personnel. Based primarily on online processes, the Shoham system is fully transparent and details all financial transactions. In addition, the data is constantly updated so it supports a wide variety of operational processes.

Years ahead of the competition

The Shoham system serves as the keystone of the bank's mortgage management process today. It has full connectivity to the CRM system and

commercial portal, as well as the customer, securities, savings, deposits and charging systems. It supports management of various banking and budgetary processes, plus the needs of product accounting.

The system provides an overall view of the customer from the initial customer contact to the funds transfer and subsequently the loan management itself, while keeping all the financing program, eligibility, warrantors and securities aspects in sync. The processes-directing mechanism supports all the activity management stages and applies rules, data and handling authorizations.

A transaction subsystem constantly monitors and updates the system with all activities. Calculation engines manage the accounting activity, calculate the charges, levies, retro calculations and update the loan balances, as well as conduct repayment, reimbursement, financial movements, current charges, eligibility, accumulations and revaluations.

"The Shoham system allows us to take Mizrahi Tefahot Bank forward," Agrovitz said, "and provides the bank with a big advantage over the competitors in the Israeli market. The whole handling process of a loan has been shortened. We are able to avoid discrepancies and inaccuracies because the system is operative, guiding and friendly and offers control channels rather than just documentation."

Each stage of the process is handled by the authorized person according to his or her role and responsibility. It allows for process execution in the shortest time and has resulted in fast customer response times, especially when compared to competitors. Following these development projects with Software AG, Mizrahi

KEY COMPONENTS

Natural

Used to build the bank's core systems.

webMethods ApplinX

Helps create a unified user interface that produces smart Web screens from mainframe screens.

webMethods EntireX

Provides bi-directional service wrapping for the bank's real estate securities system.

Tefahot Bank market share has increased by 7% since year 2000, and today the bank commands more than one-third of the Israeli mortgages market. The Shoham system manages 400,000 active mortgages and 8,000 daily transactions spread across the bank's 110 branches. "This system has allowed the bank to be ahead of its competitors by three to five years and greatly increased the bank's market share," Agrovitz said.

Methodology exceeds expectations

"Together with Software AG's experts we have created a new and innovative methodology for joint project team development," Agrovitz said. "The Software AG team shared a wealth of best practices with the bank's team. We were able to benefit from faster development times by combining Software AG's deep technological knowledge with the extensive business knowledge of the bank personnel. I believe that the IT infrastructures and methodology that were created together will serve the bank well for all future developments."

ABOUT SOFTWARE AG

Software AG is the world's largest independent provider of Business Infrastructure Software. Our 4,000 global customers achieve measurable business results by modernizing and automating their IT systems and rapidly building new systems and processes to meet growing business demands.

Our industry-leading product portfolio includes best-in-class solutions for managing data, enabling service oriented architecture, and improving business processes. By combining proven technology with industry expertise and best practices, our customers improve and differentiate their businesses – faster.

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