



Openness in its DNA

ARTICLE

_ HENDRIK LANG, CEO
Finnova AG

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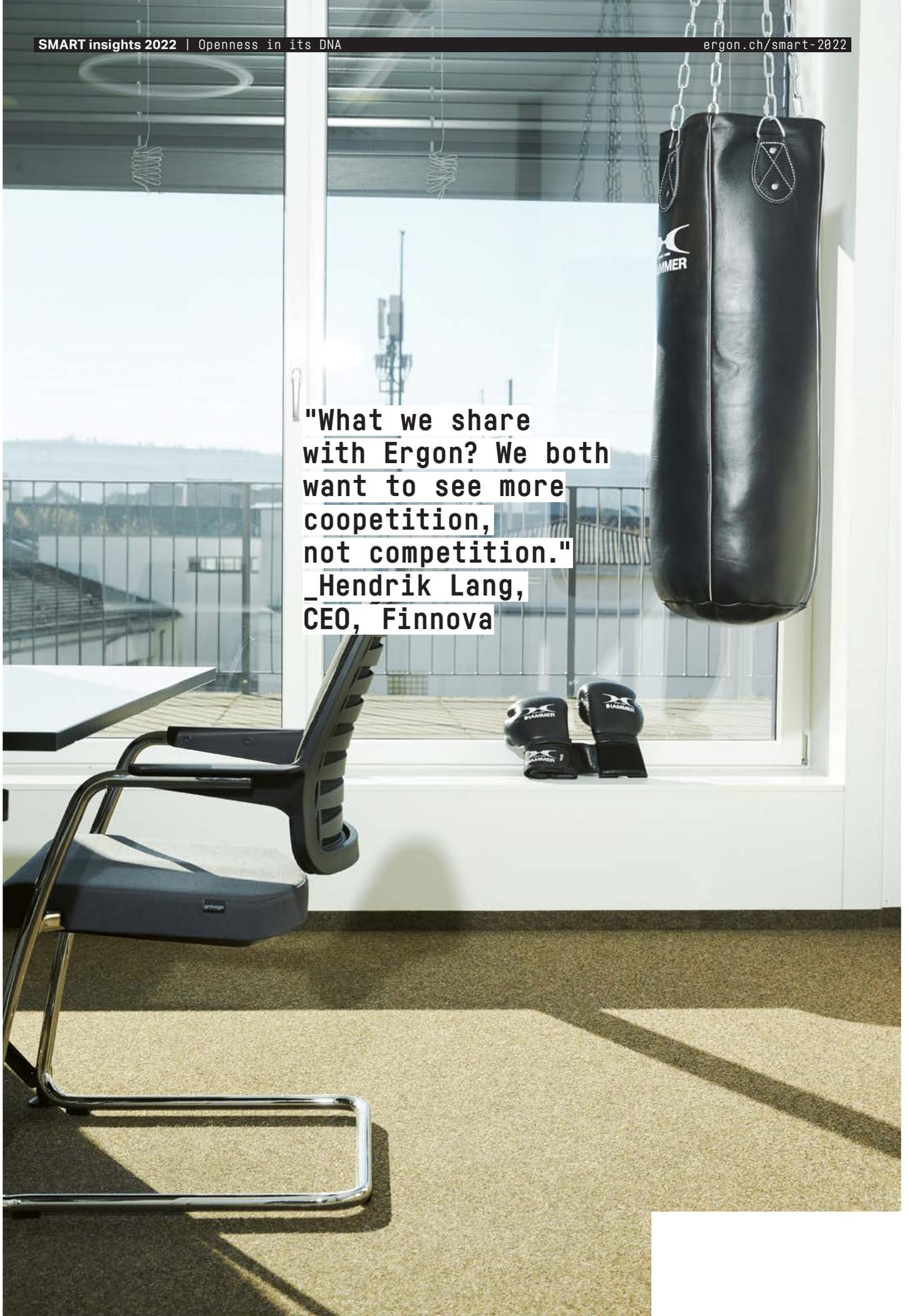
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Lenzburg-based Finnova AG represents the future of banking. As a Swiss bankware provider it invests significantly in expanding its digital products, services and solutions within a platform-based business model. With open banking it also furthers the fusion of banks and providers from outside the financial sector. CEO Hendrik Lang gives us an exclusive insight into this solution provider's vision, mindset and ecosystem, and reveals why openness is good for business.

**"What we share
with Ergon? We both
want to see more
coopetition,
not competition."
_Hendrik Lang,
CEO, Finnova**



Finnova has represented innovative banking solutions since 1974, in development, operations and advisory. In addition to core banking systems, its focus today is on digital transformation, data science and on embedded finance, which is built on the open banking approach. Alongside banks and selected third-party partners, Finnova is a major force behind the new banking age. It's successful, too. Its solutions and services enable more than 100 Swiss banks to operate both competitively and sustainably. Based on customer numbers, Finnova now has a share of almost 50 per cent of the Swiss market, and the figure is rising.

CEO Hendrik Lang explains: "Our software solutions should establish themselves as the go-to for end-to-end banking in our target markets. At the same time we have to meet the banks' growing desire to differentiate their business models and offerings. Banks that are limited in their capacity to adapt, be that strategically, technologically or structurally, will have a tough time holding their ground. I see open banking not as a means of maximising profits, but more importantly as the key to survival in the banking industry - and thus also for Finnova."

The personalised solution provider

Finnova used to be simply a product provider specialising in developing code. As the banks' need for differentiation gained momentum, however, it was no longer willing or able to do everything in house. The focus shifted not only to core banking systems, but also to opening up to fintechs and third-party providers to be able to offer banks more options and freedom of choice. At the same time, the service business was expanded and investments were made in process frameworks to adapt products to specific customer needs. The combination of products and service leads to the emergence of customer oriented solutions. This has prompted Finnova to evolve from a manufacturer of products to a provider of solutions.

Finnova therefore developed a future-focused platform with modular services. It brings all of the parties together and gives access to an immense product portfolio. This high degree of flexibility demands two things: [1] an open system, and [2] the right mindset, open to partnerships and to building an extensive ecosystem. Finnova embodies the latter, cultivating its community via a whole root system of discussion groups. Its vision? For better customer experience to drive innovation in the financial sector.

"The market is so fragmented and the banks' strategies so diverse that we're having to make freedom of choice and flexibility our new DNA. We have to learn to adapt," explains Hendrik Lang. In addition to its own products, Finnova is therefore increasingly selling white labelled solutions from partners or developing products and solutions in interaction with partners or banks.

Unparalleled product portfolio

Finnova's core banking system controls a bank's central processes, such as customer accounts, payment transactions and backend portfolio management. It is the mainstay of all of the solutions connected to it. These core banking systems emerged in the late 1970s from the banks' own IT departments.

In middle-office operations Finnova supports the front office with compliance, risk management and IT matters where there is no client contact. This is where it really shines, with solutions such as the Advisor Workbench and the Investment Cockpit for asset managers, or task and campaign management. The field of data science is becoming increasingly important, for example for use cases such as fraud detection and cross-selling. For years now Finnova has been developing its own client-facing solutions such as internet and mobile banking, as well as portals. Supported by open banking, that's precisely the point of entry for many fintechs.



My 3 hacks for trust and solidarity
_Hendrik Lang

Putting values into practice

Our values are openness, innovation, entrepreneurship and engagement. As a leader you have to live by these values and give them substance.

Communication

Open and transparent communication through all levels should feel like an instinctive freedom, not an obligation. It's crucial to a hybrid company like ours and it does wonders in bringing and keeping us together.

Responsibility

You have to be able to let go but at the same time make sure people meet the responsibility you've delegated to them. When the weather's stormy it's essential to help navigate safely to the harbour.



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_Hendrik Lang, CEO, Finnova**

Security first

In addition to broad functionality, the main thing that a bank customers want today is ease of use combined with the very highest security. And they want it during onboarding, when they change their phone, and no matter how often they log in. The better the mobile customer experience, the less customer support has to do. It is all made possible by Ergon's Airlock Secure Access Hub. Among its many features, it offers banks a choice or combination of different login processes, even incorporating third-party technology. Ergon also thinks in terms of ecosystems here: coo-competition, not competition.

◦ Hendrik Lang reveals what's so special about Finnova's long relationship with Ergon: "The recipe for success here is trust, transparency and fairness, as well as a basis of shared values that has been affirmed time and again over the years. Now and then we can go full speed ahead on a project based just on a verbal agreement, before the ink is even dry on the contract. Ergon and Finnova people have known each other for years in some cases. That's valuable operationally with every new project we do, but also in terms of a symbiosis that generates new business ideas."

Partnerships = value propositions

While most financial-service providers have a single value proposition, Finnova has several. The top priority is to enable banks to operate reliably and securely. Finnova has broadly diversified its business model, much as its customers do their investment strategies.

This value proposition is clearly defined. First, the software must be stable and function smoothly, both internally and externally. Second, Finnova takes care to maintain an extremely inclusive ecosystem that gives customers

huge freedom of choice. If you don't like one Finnova product, in most cases you can swap it for another without having to switch platform. It's a fundamental departure from the single provider approach typical of certain competitors. Finnova also believes in fair pricing, now and in the future.

Where now for the Swiss financial industry?

Hendrik Lang firmly believes that consolidation will progress and that open banking will change platform economics to unlock a whole range of new and lucrative business areas. Science, analytics and insurance are just three examples. He also believes that the hybrid model will remain for full-service and private banks that are investing in digitalisation but want to maintain in-branch in-person contact with their customers. They must tread a line between the latest tech and human service to improve the overall experience for good.

It's a gentle reminder that companies across the board can and should take the advancing digitalisation of society seriously, and learn to navigate it successfully. The Finnova example teaches us that openness is all it takes. />

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