

BPTrends Book Review

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Bank of the Future: Minimise Technology Risk, Maximise Business Return Kannan Subramanian R and Dr. Chithra Selvaraj

This is not, strictly speaking, a book on business process change. It is, however, a book on how technologies are changing the banking industry, and thus, indirectly, a repository of ideas about the kinds of changes in banking that will lead to new banking processes in the near future. A major focus of the book is on operational risk management. The book argues that a detailed enterprise architecture and a mature understanding of how business processes relate to underlying technical processes is key to any sophisticated risk management effort.

From this brief description, many potential readers may decide that the book is only for IT people, only for risk management experts, or, simply too technical for the average bank business analyst. I'd urge all those who think that to pause a second and consider: Bank business processes are getting more complex all the time. They are international in nature, they involve interactions with incredibly complex customer mobile environments, and they are under constant threat from both internal threats and from external attacks. If you are going to think productively about the business processes used at a bank, let alone design new processes, you are going to have to have at least a working knowledge of the technologies and the risks that need to be considered to develop useful, safe processes. Many books on risk management are much more abstruse than this one. The authors of this book try to explain all of the various issues, protocols and standards involved. In Chapter 3, for example, they work through 82 risk incidents involving ATM, cards, networks, the internet and mobile banking, operating systems, and bank applications, describing what went wrong and what banks will want to avoid when they build newer processes.

The authors mention early that this book is for banks that buy most of their applications and not for those who develop their own software systems from scratch. In other words this is a book for banks using ERP software in one of its various forms.

Let's consider the chapters, briefly:

Chapter 1. Evolution of Banking Technology

This chapter focuses on technology developments in the 50s and 60s in US and European banks. It considers the introduction of Charge Cards, ATMs, and the various machines involved. It considers the move from flat files to relational databases and the shift from a focus on product lines to a focus on comprehensive customer relationships. It also considers the evolving legal environment that was created to support the new services.

Chapter 2. Era of Internet and Mobile Banking (2001-2017)

Chapter 2 proceeds to consider the development of TCP/IP in the 80s and the Internet in the 90s and how globalization turned banks from regional to global players. Finally, it considers the late entry of African, Middle East and Asian banks in the 80s and the advantages they had by initially adopting scalable technologies.

Chapter 3. Technology Risks in a Commercial Bank

Chapter 3 and Chapter 4 evaluate risks that banks face. Chapter 3 considers 82 incidents that it organizes under 18 categories.

Chapter 4. Technology Risk Management

Chapter 4 proceeds to discuss the development of risk management strategies to help counter the risks, and considers the broad methodologies that have been developed to manage risk.

Chapter 5. Service-Oriented Enterprise Architecture and Process Automation - Minimise Technology Risk and Maximise Business Returns

Chapter 5 and 6 proceed to explain, in more detail, how a service-oriented enterprise architecture and process automation are keys to risk management and describe a number of standards for enterprise management that can help.

Chapter 6. Enterprise Data and Security Management – Minimise Technology Risk and Maximise Business Returns

Chapter 6 continues the discussion by focusing on enterprise data management and its relationship to process automation and how it provides a second key to good risk management. Various enterprise standards like Zachman, TOGAF and BIAN are considered and shown to help. The chapter does a nice job of defining the relationship between a good enterprise data model and various analytic approaches and how the latter depends on the former for best results.

Chapter 7. IT Governance Maturity - Minimise Technology Risk and Maximise Business Returns

Chapter 7 proceeds to focus on management maturity and describes how Forensic audits and standards like COBIT and ITIL provide a basis for good risk governance.

Chapter 8. Bank of the Future – Emerging Trends

Chapter 8 considers currently evolving technologies. It cautions readers about the limits of cloud environments and blockchain technologies, and suggests things to watch before making a decision about incorporating specific technologies into the bank's enterprise architecture.

Again, this book isn't a process book, as such, but it places a lot of emphasis on the importance of an architectural approach to bank processes and the further importance of tying technologies to a process architecture. Put another way, it is a sustained warning to those who push ahead with technology implementations without consideration of the risk involved in creating complex, interactive processes without sufficient planning and management.

This is a book that I would recommend to any business process professional involved in designing processes for banks. Some of it might prove challenging reading, but think of it as a reference book. It can provide you with a good orientation to the problems facing anyone trying to design large-scale bank processes and a reference book for when you encounter technical issues you need to learn more about.

I'd also recommend this book to a variety of other process people. Banking has consistently been on the cutting edge of business process improvement. Banks are often the first to adopt new technologies and the first to run into problems with implementation. They are probably the leading industry that has worked to create customer applications that empower customers using mobile access devices in an 24/7 international environment. Where banks are today, lots of other industries will be tomorrow. Reviewing the changes to the banking industry and the problems banks have encountered will provide most business process professionals with a seminar in how technology is changing the future of business throughout the world. Much in this book is specific to banking and can be skimmed, but much of it should be studied for the lessons that can be applied elsewhere.

The book is apparently only available from the Indian Amazon site:

https://www.amazon.in/Bank-Future-Minimize-Technology-Maximize/dp/9387963675/ref=asap_bc?ie=UTF8. The price in dollars is \$27.