

Banking on IT

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Know Your Customer (KYC) is one of the fundamental principles underlying most well regulated financial systems. The idea is that provided banks and other financial service providers know who they are dealing with, terrorists, gangsters and the like won't be able to hide their ill-gotten gains and we will all sleep more safely; a laudable aim and one which I wholeheartedly support. The problem is that most of the banks I have had the pleasure of dealing with recently seem to think that this is a license to create bureaucracy for its own sake! Why can't banks join up their systems! It must cost them a fortune to be so mind bogglingly disorganised.

I'm not going to name names because the staff I have dealt with have been unfailingly helpful and courteous, despite the labyrinthine complexities they seem to face in actually getting anything done. But despite their good will, application forms (yes bits of paper) still get left in drawers for months, and mail gets sent to old addresses for years, despite solemn promises that it will never happen again.

Fundamentally the problem seems to be paper, or at least systems which are rooted in paper oriented processes. If you contrast the experience of dealing with a conventional bank with companies like Paypal, where every aspect of the relationship is managed on line, the comparison is stark. Because every interaction is managed by the same system feedback is instant and relatively complex transactions can be completed in a few simple steps. For example, sending money to a friend by email or even with a text message takes seconds. Whilst services like this do not yet offer a full range of banking facilities they represent a very powerful launch pad to offer more and more services until we can hardly tell the difference.

Its not just banks either, just recently I have seen a revival of some of the less well thought out approaches to IT, the kind of thing that costs investors a fortune, wastes lots of time and delivers very little. For example organisations that decide that they would like 'an all singing and dancing website' whatever that is. 'Its got to sell things, come top in Google, have a members area with forums and stuff and a few real time data feeds and we need it yesterday' ; 'Oh and the budget is fixed as is the deadline but we don't have an actual specification and did I mention the video clips, can they be in stereo?'

My other favourite is the one where the entire organisation has been working for six months trying to salvage something from the ruins of the new system the Chairman bought from a friend at his club because those IT chaps said they needed to replace the 200 year old rolodex based system he put in himself all those years ago. The fact that the new system was designed for a completely different business and is incompatible with the IT infrastructure and skills available is a minor detail.

It's not all doom and gloom though, you will no doubt be glad to know that the New Zealand Police seem to have harnessed the revenue raising potential of joined up systems very effectively, as I found out to my cost this summer. Following a delightful couple of weeks spent

touring the country in a hired campervan we arrived at the Blitz depot in Auckland to be informed that we (by which I mean I) had picked up a speeding fine along the way. The Blitz check out staff printed out the details directly from the internet and kindly offered to process it for a mere \$60 admin fee. Alternatively we could pay on line within 28 days.

On our return to the Island, after a suitable interval for jet lag and sulking, I went on line, entered the reference number and flexed the credit card for a final souvenir of the holiday. A rather smug receipt arrived with unseemly efficiency about 3 days later. What really impressed (or do I mean depressed) me about the whole experience was the watertight simplicity of the system. I could not get away with the fine because Blitz would have charged it to my credit card after 28 days (plus that \$60) but at least it was easy to pay from home and the administration was flawless. When it came to getting my money off me the New Zealand police at least, knew their customer!