

**Banking Architecture Reference
Taxonomy – A Simple, But Invaluable
Dollar Saver**



Application Silos – A Product of Layered Legacy Infrastructure

Traditionally, the level of automation in the Banking industry is much higher than many other contemporary vertical industries. Maintaining very large day-to-day banking transaction volumes, ensuring the appropriate operational liquidity and the need to oversee the requisite financial controls are essential reasons for such high automation levels in the Banking industry.

Since the 1980s, global banks have invested heavily in software, hardware, and infrastructure to enable core banking, payment infrastructure, multi-channel capabilities and various processing hubs within domestic and international circuits. However, as building blocks of these assets have been layered on existing infrastructure, banks, on many occasions, have already developed silos of applications and infrastructure – this impacts the traceability and control of the overall investment across the organization.

The Need to Create a Common Taxonomy of Business Architecture Reference

Various techno-functional architecture teams across the banking industry are trying to address this complexity with multiple integration solutions, service-based frameworks and creation of efficient hubs while revisiting the future technology needs enabling the flexible and agile needs of this industry. While the entire techno-functional architectural community strives hard to learn and unlearn the new ways of building technology infrastructure, a strong need is felt to create a common taxonomy of Business Architecture Reference (BAR) that would serve the purpose of creating a common identifiable business terminology across multiple stakeholders within the banking industry.

Functional and technical architecture blueprints along with the relevant functional and technology documentations are usually complemented to relate and identify the assessment of ‘as-is’ versus ‘to-be’ state of the assets, design and landscape of the various applications, hardware and infrastructure assets. However, with such traditional approach it becomes very difficult for medium and large scale banks to encapsulate the entire organization’s operations, even assuming with the good intentions of ensuring reusability and ensuring extensive control while mapping it to the actual business LOBs/sub-LOBs. Thus, loss of traceability of the larger picture is very common across the industry.

BAR Taxonomy – Why do Banks Need it?

BAR taxonomy can encapsulate the entire business operation across the bank with identification tags¹. In BAR each line of business, such as retail, corporate and investment banking, is mapped with entire customer offerings (L0), high-level process lifecycle (L1) and related services to these processes (L2) of each LOB and sub-LOB, and with further decomposition (upto Ln) for the specific services in each L2. In other words, this BAR taxonomy can be used to decompose the entire business operations across all lines of banking business. Once this extensive BAR is created with proper identification numbering, this is wired across the multiple business operations in logical groups.

¹ Polaris’ innovative Banking Process decomposition Framework L0 –L3 has been patented by Polaris. While other solution providers/ financial institutions may break up the industry and its processes, the GUB/GTB chicklet structure is unique to Polaris.



With the use of BAR, every individual in the banking organization can use the identification tag for every initiative, project and program in order to bring uniformity.

Advantages of BAR

The BAR can be used extensively for the following purposes:

- BAR serves to identify the high level view of business offerings, processes and services related to the entire organization and will help organization to speak a common terminology across its departments through this taxonomy.
- BAR can be used to complement the identification of reusability of software, hardware, infrastructure across multiple projects or programs. It will also enable assess the wasteful expenditure in terms of needs for each such asset. Therefore, it brings strong uniformity and control of the organization's operations.
- Change control programs can be complemented with BAR encapsulation and wiring; this taxonomy helps the 'change control teams' to comprehensively visualize the depth of each program and project they would approve.
- BAR can be extensively used in defining organization-wide process definition or process streamlining, while wiring each process to the relevant taxonomy.
- Various projects across the bank can develop business scenarios, use cases, test case based on ready BAR framework. It helps to define the project requirement definition in very short time. These could be used not only in development projects, but also in various other projects such as testing, consulting, due- diligence, product implementations, etc.
- The BAR framework can complement GAP analyses of 'to-be' versus 'as-is' scenarios for identifying improvement areas in development or enhancement of functional components.
- The framework can help to train newly inducted (and existing) employees and make them aware of the high level business environment in which they would operate.
- Most banks find it difficult to structure reporting needs from various data sources. The BAR taxonomy can help complement traceability for creating data uniformity needs across the organization.

Banking Process Decomposition Framework by Polaris

Polaris has in depth knowledge and experience in designing BAR for leading global banks. It leverages a framework called Master Process Exchange (MPX) framework that utilizes a state-of-the-art MPX tool and proprietary Knowledge Shelving and Shelving (KSW) methodology. Our experience has convinced us – and our customers – on the genuine need to enable this as an industry-wide phenomenon. The use of BAR can help banks in cost optimization across various areas such as new projects, mergers and acquisition programs, restructuring programs, transformation programs, organization-wide control initiatives, process improvements, and so on.



Polaris' proprietary banking Knowledge Shelving and Wiring (KSW) framework (LO) has over 5,000 business processes, and over one hundred thousand business cases documented in the areas of core banking, lending and mortgages, credit card, private banking, brokerage, asset management, cash management, liquidity management, trade finance and treasury spaces.

About the Author



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Shripad is a Fellow Chartered Accountant from ICAI. He has been a Judging Panelist for five years for Global Finance Magazine Inc., NY, USA. Shripad has also published white papers, blogs and articles in India and abroad on various Banking topics.

About Polaris Financial Technology Limited

Polaris Financial Technology Limited is a company engaged in providing Financial Technology services to the banking and insurance sectors. The company delivers services for core banking, corporate banking, wealth and asset management, and insurance sectors. Polaris' key products include, Intellect Global Universal Banking, Intellect Global Transaction Banking, Intellect Consumer Finance, Intellect Wealth, Intellect Cards, Intellect CBX, Intellect Cash and Liquidity, Intellect Risk and Treasury, Intellect Business Process Studio, Intellect Securities. The company's services include Oracle, SAP Infor, BaaN, Siebel, DWH/BI, Enterprise Content Management.

Over the past 20 years, the company has been providing its services to about 200 of the world's largest financial institutions and counts 9 of the top 10 Global Banks and 7 out of top 10 Insurance majors as its customers. Polaris is headquartered in India.