
Client case study: Intesa Sanpaolo



At a glance



Project year:
2022



Bank type:
Digital greenfield



Cloud partner:
OpenShift and Google Cloud



Geography:
Italy

Challenges

Italy's largest banking group, Intesa Sanpaolo, planned a four-year vision for the evolution of their organisation. This wide-ranging plan covered cost reduction, technology modernisation, customer experience and more. Intesa Sanpaolo sought a technology partner – in the truest sense of the word – a core banking vendor that had the technology credentials, the experience of working with Tier 1 banks, and the right architecture to be a close partner over the years ahead and truly modernise their service.

The solution

We have a central role in Intesa Sanpaolo's 2022-2025 Business Plan. We have been selected to provide core banking technology for Intesa's newly announced digital bank: Isybank. A new, digital greenfield, targeting Intesa Sanpaolo's digital-savvy customers, many of whom never visit a bank branch. Intesa Sanpaolo needed a technology vendor who could provide all of the required features, have a high level of self-service, configurability for the future, and technology which could eventually be incorporated into the bank's broader technology stack.

Our story

The Italian banking landscape is dominated by a handful of large, highly capitalised, and successful incumbent banks. These incumbents have been in situ for decades, if not longer – providing the familiar, trusted banking services that Italians use every day. All of these banks, however, share a common challenge – outdated technology at the core of their stack which limits their functionality and growth.

Intesa Sanpaolo, one of the first major banks in Italy to recognise and act on this looming issue,



outlined decisive plans in their four-year business plan – committing to adopt Thought Machine’s core banking technology, Vault Core, as the foundation layer for their new digital greenfield Isybank.

Intesa Sanpaolo has a bold vision – to optimise their traditional bank offering, and make an even better bank for their 13.5m Italian customers. They want to reduce their costs, improve core profitability, and offer a new proposition for their ‘digital native’ customers.

Intesa Sanpaolo rightly identified that a significant portion of the bank’s customers rarely, if ever, visit a bank branch – optimising physical banking experiences would not be appropriate. A new entity had to be designed and developed for this customer segment. This new bank will be going live in 2022 – on Thought Machine’s core technology.

Our cloud-native platform will be the core engine for Isybank – an initiative

that expects €650m in investment over the years to bolster its capabilities and reach. In particular, Vault Core was selected for its ability to handle multiple asset classes and denominations – a necessary feature for Intesa Sanpaolo’s multinational, overseas customers who will be regularly transacting across borders.



While the project is still early – there are indications that Intesa Sanpaolo has bigger plans for Vault Core. The bank made a £40m investment into Thought Machine and has become an investor into the business, demonstrating their commitment to our long-term project.

“Our new Business Plan aims to take the fintech challenge head on. This is why we decided to create a new entirely-digital bank to serve our younger retail customers, who prefer not to use branches and don’t require the same in-person service that our Executive, Affluent and Private multichannel clients do. This new digital bank will evolve our retail business from incumbent to fintech challenger in the mass market, with the option to expand internationally. We chose Thought Machine as our partner due to its international standing as a fintech innovator. We believe strongly that Thought Machine is the right partner for this transformation that we are also announcing our investment in the company to be part of its growth story”

Carlo Messina,
Intesa Sanpaolo, CEO



Intesa Sanpaolo CEO Carlo Messina spoke positively about Thought Machine's application into the bank's wider technology portfolio over the coming years, and its potential to serve an expanded range of clients, including private, wealth, and affluent banking customers – beyond the initial mass-market retail segment.

Results

Migration

There are millions of customers who will eventually be migrated onto Isybank. These customers will be migrated through our state-of-the-art migration tooling which de-risks and minimises core banking migration timelines.

Vault Core offers a simple-to-use API entry-point architecture, which performantly supports common migration use cases and helps banks of all shapes and sizes overcome their migration challenges.

For example, configurable dependency fields enable banks to send legacy data to Vault Core in any

order instead of in highly-orchestrated sequential loads, which saves time and reduces risk of manual error over migration events.

Multi-currency

Vault Core's Universal Product Engine and real-time Ledger have been designed to support a high degree of banking complexity on a single instance of the platform. This includes multiple banks, multiple currencies, operations teams, branches, business lines and reporting. It has the ability to differentiate between ring-fenced and committed funds. This will provide Intesa Sanpaolo with the flexibility they will need as they service millions of customers, in multiple currencies.

Intesa Sanpaolo will have the flexibility to slice and dice balances into any structure, while giving them unrestricted visibility, enabling powerful and personalised real-time reporting capabilities. They can choose to use AI on this data to personalise propositions for customers.