



## Management of standards through processes



### Banco Popolare di Verona e Novara standardizes and improves its internal operations

+ “BPVN Group has standardized its internal operations and has enhanced the quality and speed of its reaction to customer needs.”

Mario Togni, Organizational Manager of Gruppo del Banco Popolare di Verona e Novara.

To satisfy internal requirements in the field of regulatory standards and business processes, Banco Popolare di Verona e Novara (BPVN) initiated a project to reorganize and manage the Group information system in line with internal processes. This MEGA-based project is focused on a clearly identified scope, namely compliance to the regulatory standards so critical to a credit institution’s operations.

The result is a new organizational model for the management of internal standards according to a process-dependent approach providing end-users with continuously available upgraded information and the instructions needed for guidance in business decision-making. Full support is given to the operational capabilities of the subsidiaries, with support from standardized procedures. The result is substantial returns in terms of effectiveness and efficiency, improving not only CRM but the induction of new staff.

### BPVN maps the processes by matching to regulatory standard requirements

*“The new Organization Module for Management of Regulatory Standards,” according to Vittorio Corsano, Project Manager, Process Integration and Organization for the BPVN Group, “developed a project at year-end 2004 that built on the process mapping begun at group headquarters in 2002 and that achieved a number of strategic objectives. Among these were the merger between Banco Popolare di Novara and Banca Popolare di Verona, and the attainment of the Basle 2 requirements in operating risks. Focusing a new project on internal standards, and even more so on the specific scope of the management and structuring of business-critical knowledge, was a factor determining our commitment to an IS that supported the day-to-day operations of the subsidiaries and staff, hence improving our customer service.”*

Mario Togni, Organisational Manager, Gruppo dell’Istituto veronese, adds:

*“The standards and obligations laid down by Basle 2 have an important impact on group processes, and thereby directly affect its operational capability, because they require the identification and monitoring of the internal processes used to control operating risk. Other obligations arise from the standards envisaged for the internal control system by the Institute*



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*of Vigilance as required under D.Lgs. 231/01, the Code of Self-discipline for the banks in the Group. It was necessary to identify an efficient management mode for this extensive corpus of standards and place them in the context of the business processes involved, while also taking into account the need for continuous updating. All this had to be transformed into a standardized operational instrument for the subsidiaries, accessible to all.”*

## Requirement: a comprehensive and all-inclusive overview of the processes in strategic control, business and support

The first steps taken by the BPVN Organization Department when given responsibility for the project, were to identify a model for the integrated management of internal processes, so as to bring into being standardized approaches and define the logic for the management of coherent information. Equally important goals were consultation, unifying access procedures to information, and its availability to different areas of the business (subsidiaries, organizations, IT, audit, human resources), from a perspective of providing operational support in all relevant skills areas. MEGA was chosen as the company that had already supported the group through the merger of two previously separate financial institutions.

Achieving a comprehensive and single overview of the BPVN processes, required the identification and detailed survey of three macro areas: strategic control processes, business processes and support processes. The project then focused on the group’s core business processes, analyzed in close connection with BPVN specific product and services offerings and Group requirements for operating efficiency.

The survey process by MEGA involved the inclusion in the mapping exercise of a further thousand processes connected to the bank’s operating structures and added into the MEGA internal data repository. The process took place at different levels – macro-process, process, sub-process, activity – the final outcome being operational definition in terms of “who does what” and “how”.

The system is now able to assess process efficiency and effectiveness of the process, both from the point of view of a specific business line or process, and from the point of a reference structure. Hence business costs for all the actors involved are identifiable.

## Improvement of customer service and simplified staff induction training

The process survey phase also included the analysis of the thousands of circulars intended to be implementation guidelines for the new mode of management of regulatory compliance, superseding the previous fragmentation and associated sub-optimality. Every new circular now sent to the MEGA website, where they are placed in the context of the various processes, identifies the procedures introduced and the location of practical instructions for the delivery of the specific service. Through the Intranet portal of the BPVN Group, all staff are empowered to access the relevant standards from the MEGA website, read the circulars, identify required processes, and

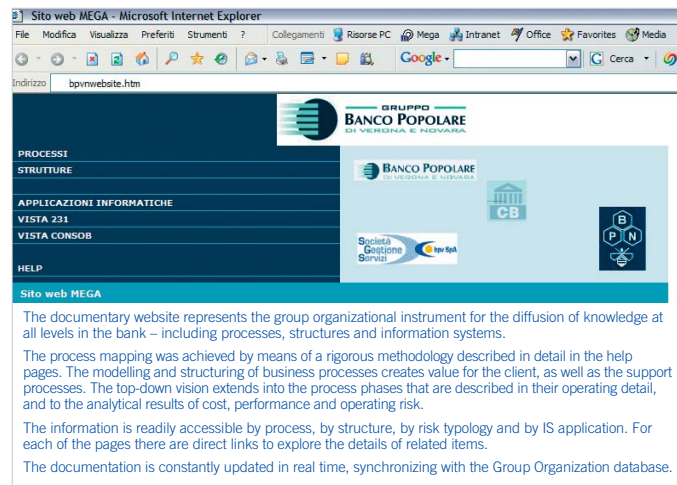


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check the controls to be implemented by the various actors. Hence, end-users always have at their disposal a common knowledge base and a synthetic vision of the main bank processes that can be used, either as an easy and rapidly consultable point of reference in day-to-day operations, or as a useful support for the induction of colleagues at various points in the organization.

The project has enabled BPVN Group to standardize and upgrade its own operations and has substantially improved the quality of reactivity, both to customers and to requests from the regulators at times of inspection. Benefits also include an economic dimension, ranging from process simplification and the unification of information systems, to savings on consultations relating to operational risk projects and to instruction 231/01. Last but not least there is the Business Continuity upside.

The main processes released into the BPVN network have given rise to extremely positive feedback from the end-users. The remaining processes are currently in the roll-out stage. Under study are subsequent upgrades of the module which will take into consideration other components of operational knowledge, such as the product catalogue and operating manual.



### BANCO POPOLARE DI VERONA E NOVARA GROUP

Banco Popolare di Verona e Novara Group came into being in 2002 as a result of the merger of Banca Popolare di Verona with Banca Popolare di Novara. The Group is at present made up of four divisions (Banco popolare di Verona e Novara, Banca popolare di Novara, Credito Bergamasco e Banca Aletti), and of product niche companies (leasing, investment, etc.), and by SGS, which accommodates all Group IT and back office activity. Banco Popolare di Verona e Novara Group came into being in 2002 as a result of the merger of Banca Popolare di Verona with Banca Popolare di Novara. The Group is at present made up of four divisions (Banco popolare di Verona e Novara, Banca popolare di Novara, Credito Bergamasco e Banca Aletti), and of product niche companies (leasing, investment, etc.), and by SGS, which accommodates all Group IT and back office activity.

BPVN is the seventh largest bank group in Italy and operates across the country through some 1,200 branches and 12,700 staff serving 3 million customers.

In 2004, the Group recorded investments of €36.3 billion, revenues of €38.8 billion and assets under management of €65.6 billion.