

# project case

Complex calculation of fees in the securities business for B2B customers

*"A project of this scale can only succeed within such a short time frame, if the goals and scope are clearly comprehensible for everyone involved. It needs professionally and technically skilled employees who proactively communicate with each other. It takes quick decision-making and a precise escalation process for support requests."*

Akin Altintren, Head Service Center TB at Bank Vontobel AG, Zurich



# Bank Vontobel AG

For the billing of the diverse service fees, Vontobel relies on calculo, Sowatec's fee management platform.

## Our customer and the project

Bank Vontobel AG (Vontobel) is an internationally-oriented Swiss private bank, founded in 1924 in Zurich.

Vontobel is also a transaction bank that provides the trading infrastructure and securities management for Raiffeisen Switzerland and its investment clients. The fees for this are charged to Raiffeisen in the first instance, before they are passed on to the end customer.

### Challenge

So far Vontobel had been using, complex Excel spreadsheets for billing. Data extracted from the core banking system was consolidated manually according to various criteria.

In light of rising transaction volumes, this process was becoming increasingly time consuming and error-prone. A new solution had to be found.

### Goal

A high quality system that:

- automates the billing process
- doubles as an audit-proof settlement system

### Solution

We introduced a fee calculation platform that manages even complex business-to-business (B2B) fee calculations. calculo is an agile solution, based on "Business Rules Management (BRM)" technology.

**In the Swiss banking industry, there is no comparable cooperation to that between Vontobel and Raiffeisen in the area of securities settlement and administration. It is a business with expansion potential.**

For us, the successful implementation of client custody is another milestone in securities transactions with other Swiss banks. calculo can be extended with other accounting processes and methods of calculation at any time.

## Vorteile

- Automated, efficient and traceable fee calculations process
- Clear overview of invoices and charged rates
- Significantly reduced personnel and time requirement

## In Conversation

**Akin Altintren is responsible for the Transaction Banking Service Centre at Bank Vontobel AG. He took over the technical project management for the implementation of calculo.**

### **How large is the transaction volume you manage for Raiffeisen?**

We manage approximately 300,000 customer accounts on behalf of Raiffeisen's 316 co-operative banks and Raiffeisen's head office. Raiffeisen has transferred responsibility for all transaction process related data, as well as for the securities holdings to us. Calculated over the course of a year this constitutes around 500,000 stock market transactions relating to 800,000 customer accounts.

### **What kind of fees do you manage?**

We calculate a total of 60 different fee types. Categories include trailer fees, transaction and counter fees, as well as fixed charges.

The calculation of trailer fees proved to be particularly complex.

### **Was that due to the elaborate fee logic?**

There were two reasons: Firstly, the precision required to enable us to meet Raiffeisen's exacting data output requirements. Secondly, the very broad fee structure

with diverse fee models.

We are required to respond flexibly to customers' demands.

### **Large volume together with a corresponding number of line items creates opportunity for error. What problems had to be solved?**

After the introduction of calculo, we experienced some rounding differences, especially in relation to shares that are subject to VAT. This required a lot of manual work. Sowatec has now crossed this hurdle by optimising and updating the solution for us. Today, we are able to calculate and validate bills that are accurate to the last Franc.

### **A project of this scope and depth presents challenges beyond the question of precision.**

In our case, the timely implementation of the project was also relevant. It took less than three months from the software installation to the first billing. Overall a total of five of our employees from the business and IT were involved in the project, with a time investment equivalent to 1.5 Full Time Employees (FTE).

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*“ Thanks to standardised interfaces, calculo can be integrated seamlessly with our existing business processes.”*

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We summarised the specific requirements for Sowatec’s software solution in a so-called “term sheet”. They included:

- Represent and manage master and contract data
- Automatic import of holdings
- Automated handling of the billing to Raiffeisen
- Development of a custom fee module to model special cases
- Production of multilingual invoices and cover letters
- Scalability: the ability to easily add new customers

**Does having to do extensive fee calculations also have consequences for the IT infrastructure?**

Thanks to standardised interfaces, calculo could be integrated seamlessly with our existing business processes. I should add that our asset management area already has a calculo-based billing system in place. With this software we automate fee administration and management for our institutional clients.