Innovation through cooperation

Bankart empowers Slovenian banks to open to a much larger world

by Josh Young
5-minute read
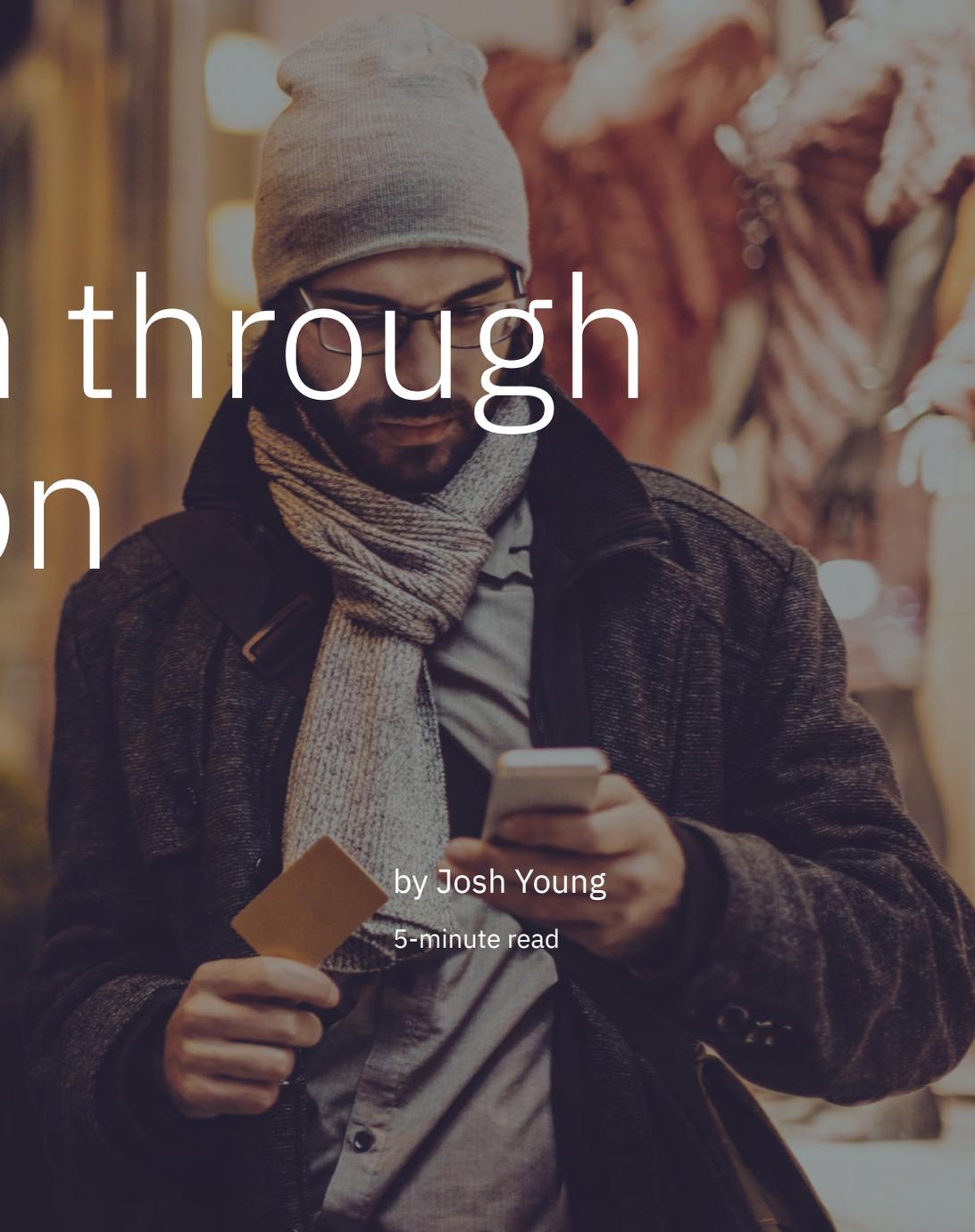
Banks are not often thought of as agile or being on the bleeding edge of technology. Reliable, consistent, institutional? Yes. But fast-moving or rapidly-evolving? Not so much. And it was the need for innovation and a market competition boost that the EU was attempting to achieve when it passed the 2013-amended version of the Payment Service Providers Directive (PSD2).

This new directive sought to increase innovation and service quality within Europe by pushing banks and other financial institutions to embrace the concept of open banking. In turn, third-

party providers (TPPs), operating within strict regulatory limits, would be able to take advantage of these advances to deliver supplemental, value-add services to bank customers.

"Before PSD2, if you had accounts at two or three banks, you would need to

have two or three mobile banking apps to manage those accounts," explains Sinisa Jancic, Business Development and Innovation Director at Bankart, Procesiranje plačilnih instrumentov d.o.o., a modern payment instruments processor. "Typically, each bank had just one solution to give you, and if it

wasn't that good, you were stuck with it—whether you liked it or not."

"But with open banking," he continues, "a TPP, which could be a fintech company or a technologically advanced bank, can give you an app that lets you see and manage all of your accounts. Similarly, providers can deliver payment systems that circumvented existing payment schemes—like Visa, MasterCard—using newer, instant payment options. All of this was quite radical for our industry."

Navigating radical change, however, is rarely easy. And many financial institutions face challenges with having the internal IT skills and knowledge available to deploy an open banking solution.

"PSD2 was not just a simple problem for each individual bank to solve, and we started getting inputs from multiple clients asking us if we were going to help

Bankart now has its open banking solution present in

11

of the 15 banks in the country

On average, the business processes

>45 million

transactions each month
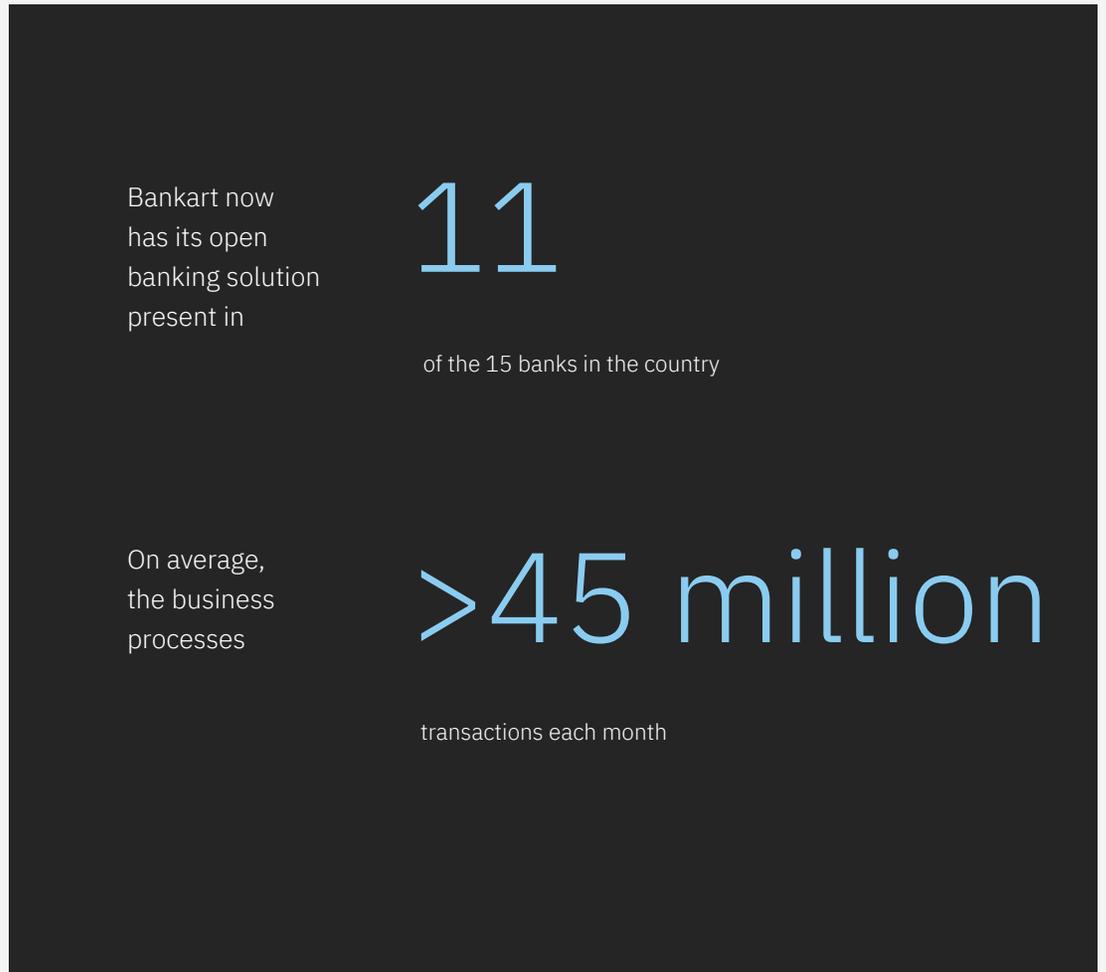
them," recalls Jancic. "We have multiple pillars of business—debit and credit cards, mobile payments, e-invoicing—so when projects come to our country

that make sense to be consolidated or that will have sort of an infrastructure solution, the country's banks tend to look to us for efficient, centralized options."

Collaboration promotes compliance

Working with IBM Business Partner SRC sistemske integracije d.o.o. and taking advantage of IBM technology, Bankart launched a new open banking platform. In addition to open API connections that facilitate integration with TPPs, the solution also empowers banks to support ongoing compliance with existing regulations and standards, such as those established by PSD2 and Berlin Group.

"What is evident is that these guys from SRC are quite knowledgeable," notes Jancic. "They know a lot about microservice programming and architecture, and they had designed
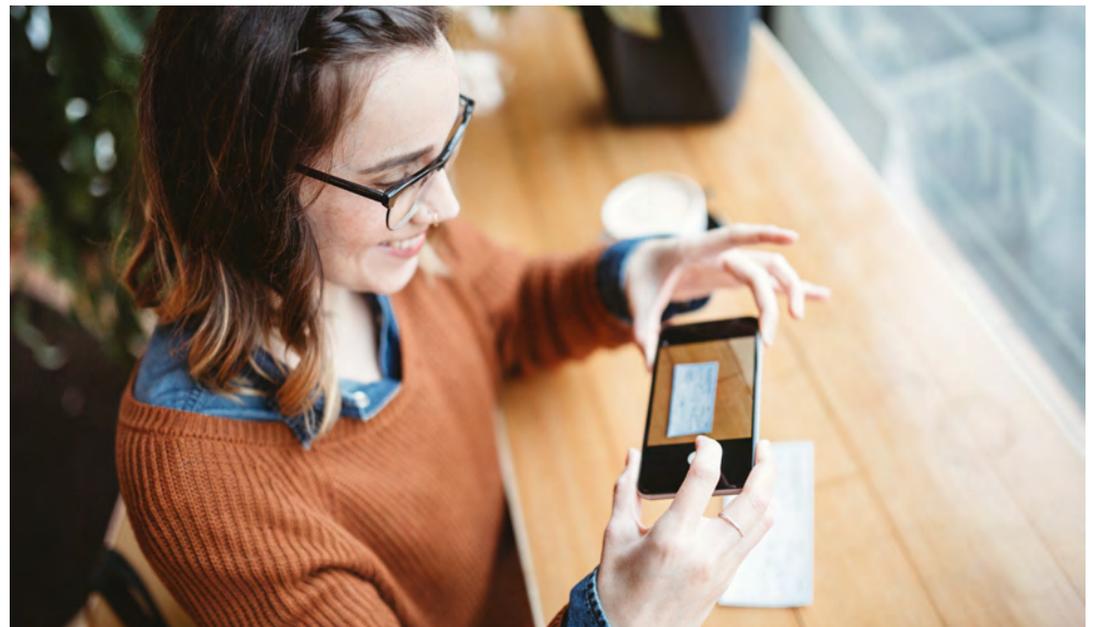
their solution based on Berlin Group standards, which are sort of unofficial pan-European standards."

The new solution is installed within Bankart's private cloud environment, relying on Red Hat® OpenShift® for

Kubernetes containerization and management. And using IBM API Connect® technology, the Bankart and IBM teams were able to build custom API interfaces for the platform's developer portal to simplify the creation of various services, such as payment initiations, ATM network data access and transaction reporting.

Offering further insight into the project, Toni Zupancic, Head of Sales at SRC, explains: "We focused on the API side. On the Kubernetes. On the microservices, aligning them with Bankart's business logic. And when we combined all of this with IBM API Connect we were able to create APIs that moved really fast and that could meet the regulatory requirements that we were focusing on."

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Sinisa Jancic, Business Development and Innovation Director, Bankart, Procesiranje plačilnih instrumentov d.o.o.

Open banking for an open tomorrow

Once launched, the Bankart solution quickly proved a success in the Slovenian market. "There are 15 banks in the country," notes Jancic, "and out of all of them, 11 chose to use our open banking solution. I'd say that's a pretty good achievement, especially since the remaining ones, for the most part, are subsidiaries of larger, international banking groups."

In particular, the new Bankart platform helped these 11 banks reduce the cost of establishing open banking environments while making significant cuts in development and deployment timelines when compared to the time

needed for the banks to create their own platforms in-house. "And as for the remaining banks," adds Jancic, "we integrated them across platforms as well, so now users of our solution

are able to access any account in the country via a single access point."

Beyond the success of this project, Bankart is pleased with its choice

to work with both IBM and SRC. As Jancic explains: "A majority of our web services backbone was already running on IBM, so for us, IBM API Connect was just an extension of what we were already familiar with. And as we recognized how much microservice architectures and Red Hat OpenShift were the way forward for our business, we were able to act much more confidently with SRC involved."

Continuing this theme, Zupancic notes: "The scale for this solution was bonkers. We're providing for 11 different banks—each with their own security requirements and so on. But we were all a lot more comfortable doing this together than we would have been doing it by ourselves. Between the IBM infrastructure, our knowledge of microservices and Bankart's experience with the banks, we could all work really fast and cover all of the bases to create an open, compliant solution."

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Sinisa Jancic, Business Development and Innovation Director, Bankart, Procesiranje plačilnih instrumentov d.o.o.

About Bankart, Procesiranje plačilnih instrumentov d.o.o.

Founded more than 20 years ago by Slovenian banks, Bankart (external link) currently provides supplemental financial services to more than 20 banks in six countries across Southeastern Europe. Employing roughly 200 people and processing over 45 million transactions per month, Bankart specializes in ATM, point of sale (POS), fraud prevention, open banking and payment-related services.

Solution components

- IBM API Connect®
- Red Hat® OpenShift®

About SRC sistemske integracije d.o.o.

For more than 30 years, IBM Business Partner SRC (external link) has helped businesses transform and grow through its targeted, industry-specific IT solutions and services. The company maintains its headquarters in Ljubljana, Slovenia, and currently employs over 300 staff.