

## Case Study



### Award-Winning Specialist Lender Lowers Operating Costs with Fiserv ICBS

## Birmingham Midshires

Fiserv CBS Worldwide core processing solutions helps Birmingham Midshires transform its operating model and accommodate rapid growth

### Award winning specialist lender

Birmingham Midshires is the United Kingdom's number one specialist lender and one of the fastest growing savings providers in the UK with 900,000 deposit accounts, 400,000 loan accounts and 2,050 employees. It is also part of Halifax Bank of Scotland (HBOS), the 9th largest bank in the world and the UK's largest home loan provider.

A Fiserv CBS Worldwide client since 1993, Birmingham Midshires specializes in selling mortgage products to niche markets direct (via the Internet and call centers) and through mortgage brokers. The company also administers savings and Internet accounts for a number of UK household-name companies.

Birmingham Midshires has grown dramatically since its acquisition by Halifax plc in 1999 and subsequently as part of the HBOS group. Since becoming part of HBOS in 2001, business has boomed with total mortgage assets growing from \$19.8 billion (£11 billion) in 2001 to \$50.4 billion (£28 billion) in 2004. The company was named Top Buy-to-Let lender for the first half of 2005 by the UK Council of Mortgage Lenders and in 2004 picked up no fewer than 31 independent awards for its specialist lending products.

### A clear strategic direction

Birmingham Midshires' success is based on two key elements: the clarity of its business strategy to become the number one specialist lender in the UK, and the scalability and flexibility of its technology.

"When we were acquired by Halifax, we decided not to compete directly with them. Instead, we decided to become the Halifax group's specialist lender providing home loans for private landlords (buy-to-let mortgages), the self-employed and those with irregular or difficult to prove income (self-



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Head of Support, Governance  
and External Relationships  
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certification mortgages) and high earners. It is as a specialist lender that the company has become so successful and a central element of this has been our use of Fiserv's core processing engine," said Andrea Hackett, Head of Support Governance and External Relationships for Birmingham Midshires.

### **Lower operating costs**

Running on a mid-range iSeries platform, the Fiserv CBS Worldwide International Core Banking System (ICBS) Version 7.1.1 efficiently processes Birmingham Midshires' mortgage, loan, savings and Internet accounts. With automated loan administration, accounting and maintenance and streamline customer servicing, ICBS has enabled Birmingham Midshires to halve its cost to income ratio in the past four years bringing it very close to realizing its strategic goal of being one of the most efficient lenders in the UK market.

### **Fast, flexible, parameter-based product development**

"ICBS has shown that it has the functional depth and adaptability to meet our changing needs," said Hackett. "Fiserv's core technology enables us to be leaner and meaner than our competition and maintain our speed to market. With ICBS we can support and launch products with different interest rates and features via its easy to use parameter framework. Because of the system's reliability and

flexibility, we could launch as many as 50 new products daily and the system would completely support this operation. This speed and efficiency has allowed us to maintain our position and expand into new markets."

"When we wanted to become a white label savings bank, Fiserv technology enabled us to do this quickly and at little cost," said Paul Baker, Birmingham Midshires' Director of Savings. "We haven't found anything yet that ICBS cannot accommodate in the required timeframe."

The scalability of ICBS has helped Birmingham Midshires grow its customer base dramatically over the last few years. "In five years, we have grown from two million customer accounts to our current number of 3.3 million and we have had not difficulties in dealing with these dramatic increases in scale," said Hackett. "At the same time, ICBS has accommodated dramatic growth in loans and savings, with net lending now 12 times higher than in 2000 and savings moving from a new outflow in 2000 to a significant inflow in 2004."

Birmingham Midshires is well on the way to becoming the most cost-efficient specialist lender in the UK market, a testament to the company's sound business strategy, commercial agility, and investment in flexible, scalable, and cost-efficient Fiserv technology.

### **The Challenge**

- To drive through fundamental changes in Birmingham Midshires' business operating model
- Take advantage of the opportunities presented by a change in ownership
- To build a sustainable position as UK's Number One specialist lender
- Be able to respond quickly to changing business and market conditions
- Provide reliable core processing for 3.3 million accounts
- Significantly reduce operational costs

### **The Solution**

- An end-to-end multi-channel banking solution for retail lending and savings based upon Fiserv CBS Worldwide ICBS core banking platform and CBS customer relationship servicing (CRS) solution

### **The Benefits**

- Reduced cost of operation by 50%
- Highly scalable and flexible core enables fast adaptation to changing business models
- Reliable, efficient processing for branded and white label savings, loan and Internet accounts
- Fast, parameter based, on-demand product development
- Powerful, automated loan processing and administration