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NEWS

## Credit Europe in Russia selects platform for factoring push

Moscow-based Credit Europe Bank, a subsidiary of the European giant, Fiba Group, is rolling out a new factoring system from a local developer, Inversia. Inversia beat off competition from another domestic vendor, Diasoft, and a domestic integrator, IBS, that offered 3i Infotech's solution. Inversia's system, dubbed Factoring, will support Credit Europe's front-to-back office factoring operations, and will bring browser-based customer connectivity.

A couple of first test customers have been moved to Factoring, confirms Arthur Nemtsev, head of the factoring division at Credit Europe. The next stage is to customise the system and correct some shortcomings that testing exposed, as well to integrate it with the bank's core solution.

Although Credit Europe is a new win for Inversia, Nemtsev has collaborated with the vendor before when working for another bank (until September 2006 he was heading factoring operations at Nomos-Bank, a key player in the country's financial sector). There, Nemtsev built the factoring operations from the ground up, in just two years helping to propel Nomos-Bank to a place in the top three in Russia's factoring market.

Factoring is a new line of business for Credit Europe, launched at the start of 2008. 'Although it is yet hard to tell the significance of this business compared to other products we offer, it is definitely important to the bank from the point of view of diversifying the product range,' says Nemtsev. Credit Europe is facing fierce competition from a multitude of banks that have been actively promoting factoring in Russia over the last year or two. Overall, it is a new market for both vendors and financial institutions. Current leaders –

Eurokommerz, Promsvyazbank, National Factoring Company (NFC), Petrocommerce and Trust Interregional Factoring Company (a member of Trust Financial Group) – 'are developing extremely rapidly'.

The main system selection criteria were price, implementation experience and functionality. Nemtsev says: 'The vendor has



Arthur Nemtsev,  
Credit Europe

gone a long way since Factoring's inception and although the system is far from perfect, we realise that out of everything available at present, it is the best.' At the time of selection, Inversia already had eight customers, including Ural Bank for Reconstruction and Development (UBRD), Orgresbank (Russian subsidiary of Nordea) and Transcreditfactoring (subsidiary of Transcreditbank, one of Russia's major domestic banks). Meanwhile, IBS had two large customers, one of them the aforementioned Eurokommerz.

A significant difference in the price of Inversia's and IBS's 3i Infotech-derived offerings could be a reason for a less enthusias-

tic uptake of the latter: Factoring comes with a price tag of around \$50,000, far below that of IBS.

The contract with Inversia was signed in May 2008 and the implementation kicked off virtually straight away. Although Factoring is already live at Credit Europe with a handful of customers, the bank is still 'at the learning curve'. One task is to interface Factoring to the bank's core solution from Diasoft, Diasoft 5NT (predecessor of the vendor's current offering, Diasoft FA#). This is deemed to be a complex task by Nemtsev, as Factoring and Diasoft 5NT are 'alien to each other'. He also indicates that the bank might be looking to replace the core solution at some stage.

Another Moscow-based financial institution, Regional Factoring Company, is also currently implementing Factoring, as are some other banks across Russia, although no names are being disclosed yet.

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