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CONSTANTLY IMPROVING

THE COVID-19 PANDEMIC SHOWED VÚB BANK CEO **ALEXANDER RESCH** AND DEPUTY CEO **ROBERTO VERCELLI** THAT EVEN A HIGH-PERFORMING BUSINESS SUCH AS THEIRS ALWAYS HAS ROOM TO IMPROVE.

WORDS JACOB GOLDBERG • IMAGES VÚB BANK

Just before the dissolution of Czechoslovakia and the establishment of the Slovak Republic in 1990, commercial activities for Slovak corporate clients were separated from the State Bank of Czechoslovakia and placed into a new institution: VÚB Bank. In the years since, VÚB Bank has grown into a joint stock company belonging to Slovakia's National Property Fund, making it an essential player in the country's economic growth and development.

Through its subsidiaries and affiliates, VÚB Bank offers leasing and retirement savings services, as well as insurance products. Today, it is the second-largest bank in Slovakia and the only universal bank licensed to provide the full range of banking services to the public, corporate and institutional clients.

We spoke with CEO Alexander Resch and Deputy CEO Roberto Vercelli to understand what it takes to run a bank with 161 retail outlets and 32 branch offices and how they define excellence in providing banking and financial services to small and medium-size businesses.

How has retail banking in Slovakia changed over the years, and how has VÚB Bank responded?

Alexander: We operate in a very competitive market, especially in the area of mortgages. Margins are falling at a significant rate; we have some of the lowest mortgage rates in Europe. This is the result of fierce but fair competition. In recent years, the indebtedness of Slovak households has increased significantly; it is already the highest in the Central and Eastern Europe region. On one hand, this implies less potential for further growth in lending but also greater risk or greater restraint on the part of the central bank.

Roberto: Since there are many offers on the market, the client wants something more than just an ordinary mortgage. They expect some added value. Therefore, we must continuously improve the products we offer and invest in customer satisfaction. This is particularly true in the case of the online and mobile banking sector, where customer expectations are set extremely high. »

Alexander Resch and
Roberto Vercelli (right)

SUCCESSFUL DECISIONS

are always based on quality Data.

DATA MANAGEMENT

In times of **Digital Transformation**, we help companies with data management by building **Data Warehouses, Operational Data Stores**, real time decision-making systems and other data integration components. High-quality and on-time available data is a competitive advantage for every company.

DATA ANALYTICS

Management teams need all kind of analytic methods (**Artificial Intelligence, Business intelligence, Data Mining, Reporting**) to get a perfect overview of the current status of the company. Our BI solutions help monitor whether the business is in conformity with the company's goals by supporting the teams with relevant information.

“We manage data for **effective decision-making**”

DATA QUALITY

We provide variable solutions for Data quality, e.g. **Data Integration** and **Master Data Management**. Beneficial outcomes are: a unified view of the interpretation of information from multiple data sources, a definition of administrative links between data within the set business rules and a complete view of all interactions for the monitored business entity.

PROFESSIONAL CONSULTANCY

Delivery of experts to existing DWH/BI teams in the areas of **Banking, Insurance, Telecommunications** and **Retail**. We offer our knowledge supported by the standard methodologies of complex business and operational processes - Business Process Reengineering (BPR) and Business Process Improvement (BPI).

ABOUT THE COMPANY

MAIND is a recognised market player in the area of **DWH, ODS, BI** and **Reporting** in Slovakia. We specialise in providing services to the **Financial Services** sector. By joining forces with Neit Consulting in the Czech Republic, we increased our geographical coverage with a combined team of 180+ consultants, resulting in an annual turnover of €19m in 2019.

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Can you describe a scenario where you faced a setback and how VÚB Bank grew from the experience?

Roberto: Just look at the events of recent months and how they affected the whole world, how the pandemic hit us and how we have dealt with it at VÚB Bank. At first, we focused on how to protect the health and safety of our employees and clients. We responded as soon as the first cases began to appear in Europe, putting in place the right preventive measures, which we gradually hardened. We started making working from home accessible to all our colleagues. Of course, we were not completely ready for a situation like this but, in a matter of days, we managed to get everyone the necessary technology for them to work from home.

Alexander: At the same time, we were constantly available to our clients, who under the pressure of the situation needed our support more than ever. We reduced the opening hours of our branches but increased the capacity of our call centre. Our

corporate banking managers spend long hours making phone calls with clients to give them all the support they need. We have focused on how to save the economic system from collapsing. We started with the most important things, such as deferring payments, even before it became the standard on the Slovak market.

Roberto: Apart from this, we never neglected how our employees felt faced with this unexpected new situation. During the whole lockdown, we were, and still are, actively communicating with our employees. They receive practical information, we have explained the situation from the perspective of the company and we have maintained team spirit through the new communication channels that we started to use. We also set up a new platform to monitor and address mental health problems. We have tried to use this time to educate and assist in the personal development of our employees.

Alexander: Of course, we never closed our eyes to the situation in Slovakia and, therefore, VÚB Bank was the first company in the country to donate respirators and disinfectants to hospitals. We also launched a fundraising platform, which raised money to help Slovak health care. We devoted not only financial support but also our advertising time on television and human resources to help the public through the COVID-19 crisis. ■

What do you consider the most challenging aspect of running VÚB Bank?

Alexander: One major challenge is the intense competition we face in such a small market, not only when considering retail banking but also in the corporate segment. Of course, when you have a higher supply than demand, the price drops. The business model of banks in Slovakia, when compared to other countries, is strongly driven by the net interest income at the expense of fees. If we take a closer look at the ratio, here it is 80–20, while in more advanced markets in Europe it is 50–50 and, in some places, even 40–60. A big challenge in this context are long-term low interest rates, as it is difficult to charge customers negative interest.

Roberto: The same goes if we look at the corporate market, where margins are also very low due to excess liquidity. However, we have been working in this situation for a long time, so the second aspect that I see as challenging is the fact that, given the long-term low unemployment rate in Slovakia – below five per cent – it is challenging to find enough experts. We need to continuously invest in our colleagues, in their training, in order to maintain them while at the same time limiting employee turnover.