The Successful launch of Allica Bank

An award winning success story

Allica Bank

Allica Bank exists to empower small and medium businesses to succeed. Having been granted their banking license in September 2019, we use tailored expertise, local relationships and modern tools to deliver expert banking for business Britain.

Starting with commercial mortgages, Allica's aims to provide a full suite of banking services for the underserved SME community – powered by innovative technology, but built on real human relationships and trust.

Acting with integrity, working collaboratively and being straightforward are the values Allica Bank lives by.

The Build-out-the-bank Program

With a vision towards serving the SME market in the UK, Allica embarked on an ambitious journey which required them a Quality engineering (QE) partner, who could assure every process to help them get market ready.

After an in-depth evaluation process, Maveric was selected to lead the QE "Build–out-the-bank' programme based on its successful engagement track record with similar banks

The Project Goals

- QE approach modeling
- Thorough testing of Core banking (FMS.Nxt) application functionalities
- Mapping and validation of Allica's accounting structure
- Documentation for the external audit team
- Live proving for launch readiness

Program Complexity

The building blocks for the programme required the development of a test pyramid approach that cut across all areas of the bank coupled with new-age microservices architecture for: Banking Products – SME Loans & Deposit, Core banking, Treasury, Regulatory reporting, GL recognition, Payments, digital platforms (mobile and platform), middle-ware – API's, MI Reporting. Following were the other complexities

- **GL Reconciliation** – The GL reconciliation process for all the contracts was taking up 5 business days to input into the core banking system. This was a big concern.
- **Project Management Approach** – For MI Reports' testing there were close to 250 KPIs which were fed into 8 reports. This activity required a differentiated approach as there were many unavoidable dependencies.
- **Defects Management Approach** - During the build, the bank had multiple vendors and modules for which testing was carried out. Without the appropriate process in place, managing the defects flowing around different streams of the bank and vendor management of assigned defects were a challenge.
- **API Testing Approach** - The speed of requirements, changes around RAML documents and accelerations of the endpoints required a lot of effort to independently test each endpoint at every deployment.

A Ring-fenced Finance Testing

A ring-fenced squad was set up, which included Maveric's finance testing specialists with industry expertise of at least 10 years including Maveric's Test Managers, Allica;s Finance team, Treasury team, and the project team.

Figure 1: Ring-fenced Squad – Finance Testing

Solution Strategy

The entire solution were divided into 4 phases as follows

- **IT launch readiness with Test Pyramid Approach and Shift-left Automation** - Allica's business team crafted an IT launch readiness plan wherein a minimum viable product (MVP) was defined to reach markets faster. The comprehensive plan included all the critical criteria for its business operations and the regulatory requirements checklist for launch readiness.

  Given the context of delivery from multiple development / product partners at play, Maveric devised a Test pyramid approach to test pieces that got delivered early; enabling the bank to have an early signal on launch readiness.

  A significant level of shift-left test automation practices were used including the augmentation of a BDD test automation framework.

- **Core banking validations-** In order to build the base for a stable code, rigorous levels of regression testing was conducted for Allica's core banking application. The Maveric team employed a rolling-wave planning strategy to address the incremental delivery of core banking platform, it covered the below activities

  - Extensive levels of early testing on the core banking (FMS.Nxt) product configuration capabilities of loans and deposits
  - Business scenarios were designed using various combinations of product matrix and decision tree to ensure comprehensive coverage for ease of review
  - Proofing of interest accruals accumulated during EOD COB runs
  - Downstream validations included the below focus areas
    - All extracts from the Core banking system-FMS.Nxt and Treasury System-Acumen were validated and loaded in downstream systems Accounts IQ and Risk Avert for further generation of Regulatory reporting and MI Reports.
    - Integration testing was thoroughly done between the core banking system and downstream systems.
    - Bank's MI reports were tested consuming the data from EDH and business forecasting data from the finance team

- **Financial data and GL reconciliation -** A proven Maveric GL Recon accelerator was employed to map and validate the data elements of the project. Along with Allica Bank's finance team, the accelerator was customized and tailored to suit Allica's accounting structure for product level, category code level, and transaction code level.

  Few key validations covered by the GL recon accelerator included:

- **Deposits** – principal balance, interest accruals etc., for all the accounts
- **Loans** – All loan contracts with all the components like outstanding principal, interest accrual, principal overdue, interest overdue, etc., for all the loan contracts.
- **Proofing and updating** accounting entries, interest accruals, closing balances up to 4 decimal points.
- **Transaction codes and accounting entries** into Internal accounts

- Product level business scenarios were remodeled to sequence the life cycle events of the loan and deposit contracts
- Maveric deployed a new template specially customized for COB Management for Allica. These templates served as guidelines for daily COB Runs. 1800+ runs were executed including the real-time holiday calendar in order to time travel on the journey of the contract period, providing robust and extensive testing of all the bank operations.
- **External audit and Bank's licensing-** Allica engaged an external audit team from Mazars for reassuring the quality of their business process, business operation and the QA process. Maveric's team played a critical role in the audit by:
  - **Creating a demo walkthrough** of the test strategy, prepared test plans, maintenance of end-to-end traceability, test execution model, and the granularity on the test evidence captured.
  - **Providing a bi-directional tracing of requirements** converting into test cases, test cases converting into results, and the failed test cases resulting in defect logging and retesting.
  - **Documenting the methods and techniques** adopted by Maveric testing team to ensure accuracy of interest accruals, accounting entries, and functional flows in the core banking system-FMS.Nxt.

After a detailed assessment and revalidation on the testing practices, procedures, and tool usage followed by Maveric team in Allica, the External Audit team shared the audit report with no major threats of non-compliance. This Audit report and reassurance from the Mazars on standards maintained by Maveric QE team provided additional confidence to Allica's executive board for their banking license process.

Some of the key QE tools used

- **Zephyr tool for Test Management -** Zephyr tool was made compatible with JIRA for test management. It allowed the testing team to develop a script that automatically updated the status of the test cases in Zephyr as and when the defect status is changed in the JIRA tool.
- **Kanban boards for MI Defect Management -** The MI defect management complexity was addressed with Kanban boards. Defects were prioritized based on KPI/report priority
- **API Testing Engine Framework** handled all the endpoint testing at every deployment and offered early feedback to all stakeholders

The Impact Delivered

- Testing best practices adopted assisted Allica bank in **procuring banking license**
- **1800+ COB runs were executed flawlessly**
- Test Data creation using automated data injection utilities across all product lines in the bank, **slashing test data management effort by up to 60%.**
- **Enhanced testing productivity by 20% and periodic regression tests of endpoints through** automated utilities for digital channels, with the utility of notifying the performance of the microservices, thereby

Simon Bateman, CIO at Allica Bank said:

"Allica set out with some very ambitious timelines to build the bank and selecting the right QA Testing partner was critical to this success. During the build, Maveric consistently impressed me with their ability to work collaboratively and flexibly to deliver the right expertise needed to support the project. This successful delivery has led to establishing a long-term relationship with Maveric as we continue to build Allica."

The Accolades so far…

THE MAVERIC QE STORY

2
decades of exclusive banking domain experience

65+
Banking Transformations

1200+
Domain and tech led Specialists

4.6
Out of 5 on Gartner Peer insights

POWERED BY IQe (Intelligent Quality Engineering Platform)

ABOUT MAVERIC

Started in 2000, our global presence spans across 15 countries with regional delivery capabilities in Bangalore, Chennai, Dubai, London, Mexico, Poland, Riyadh and Singapore. Our deep focus in banking combined with specialized competencies across Digital, Data, Core and Quality Engineering, make us the preferred transformation partner for customers worldwide

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