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Building Societies look to IT outsourcing

Building societies are responding to tough economic conditions by outsourcing IT services and saving money.

According to NIIT Technologies, increased consolidation among major banks is sharpening competition for Britain's mutuals, particularly in the savings market.

The outsourcing firm's spokesman, Ravi Pandey, explains: "We are seeing growing interest among building societies. More and more of our customers are reporting the increased business benefits of managed outsourcing in the current economic environment as the speed and security allows companies to be more competitive and agile."

NIIT says it has already started work on an initiative to develop e-commerce services for a major UK building society, providing managed back-up and recovery, desktop, e-mail, network, security, storage solutions and the like.

The firm also draws attention to government proposals that could help cut costs in the sector through improved processing.

The recent Reforming Financial Markets White Paper apparently backs the idea of UK financial institutions sharing back office functions and promises closer examination of continental models that could lead to economies of scale for UK building societies.

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