

# Croatian Pensions Insurance Institute (HZMO)



*HZMO counts on Sterling B2B Integrator for security-rich, automated data exchange with its partner financial institutions*

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## Overview

### Business challenge

Implement electronic means of transmitting information required by financial institutions authorized to make pension payments

### Solution

- IBM Connectivity and Integration
    - IBM® Sterling B2B Integrator
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## Customer background

The Croatian Pensions Insurance Institute (Hrvatski Zavod za Mirovinsko Osiguranje–HZMO) is responsible for handling the pensions of Croatia's 4.4 million citizens. The government agency, headquartered in the country's capital city Zagreb, manages contributions made by the workforce to the state's pension fund and payouts to some 1.2 million pensioners, living not only in Croatia but also retired overseas.

## Business challenge

Pensions payments are made through authorized banks, government bodies and financial organizations which rely on accurate and timely information from HZMO about the contributions made to, and the benefits to be paid out from, the pensions insurance fund. Until recently there was no electronic means of sending the information and each month HZMO was burdened with the task of copying the vital data onto 800 individual magnetic media, which were then sent out by post to each location.

In addition to the sheer scale of the operation, the procedure carried the risk of human error and dependence on the reliability of the postal system to ensure that partners received the disks. Failures led to HZMO incurring excessive costs due to erroneous payments – collecting back the monies paid and reconciliation of expenses.

Sanja Grković-Hrabar, Software Implementation Manager, IT Systems and Communications Department, HZMO, comments, “Preparing 800 magnetic media each month was a huge manual job for our organization – there's around 2GB of data that we need to send to our partner financial institutions each month. We made a decision that we had to start sending this information electronically and through a common gateway that would protect the data and ensure confidentiality. This was one of the main reasons we chose to use Sterling B2B Integrator.”



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### Business benefits:

- Helps ensure compatibility with diverse partnersystems
  - Frees up resources and reduces costs
  - Provides efficient, more accurate and standardized data exchange
  - Provides security-rich data exchange to help ensure privacy of information
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### Solution

Sterling B2B Integrator is a business-to-business collaboration tool which has helped enable the business process integration of HZMO and partner institutions inside and outside Croatia. The solution was implemented with an adaptor for IBM® Sterling Connect:Direct®, a tool used by many leading banks and financial institutions for security-rich, point-to-point file transfers, automating data exchange between mission-critical applications.

TIS Group, a leading provider of information and communication technology in Croatia, was the partner of choice in implementing the solution. Says Grković-Hrabar, “We’ve been using Sterling Connect:Direct for about five years and our experience has been very good. This was a strong reason for us to choose Sterling and TIS to carry out the work.” Through collaboration on other projects, HZMO felt confident both companies to be trusted and reliable.

Before implementation took place, groundwork was carried out to create the business processes describing the data flows, and a database with a directory of crucial parameters needed to transmit the data such as the names of the institutions, type of transmission and transmission schedule. Sterling B2B Integrator was installed on a server in the HZMO network and IT employees at HZMO were given training on using the software so that they could carry out the new processes going forward.

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*“In short, efficiency, accuracy and standardization are three of the major benefits we are receiving.”*

— Sanja Grković-Hrabar,  
Software Implementation Manager,  
Croatian Pensions Insurance Institute  
(HZMO)

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After an initial proof-of-concept pilot phase, the first connection to neighboring country and former fellow state member of ex-Yugoslavia, Slovenia, was established. The automated data exchange has helped the Slovenian pension agency manage the pensions of the Croatian contingent residing in the country.

Connections to other financial institutions are continuing to be rolled out in stages. With the two automated transmissions in operation, data is transmitted through Sterling B2B Integrator daily plus several times monthly.

The solution has enabled HZMO to reach the same standards that many other government-owned organizations are using to make pension payments in the European Union, helping it prepare for becoming part of an international network.

### Key benefits

A major advantage of using Sterling B2B Integrator over other competitive software is that it offers a range of modules, which work with a diversity of systems and standards. Explains Grković-Hrabar, “Our partner agencies can use FTP, HTTPS, Connect:Direct or whatever protocol they want to use. We can cover all of these different types with Sterling B2B Integrator because it is complete with all of these protocols. This is important for us in this difficult economic climate – we can’t expect our partners to invest in new software to be compatible with us. With Sterling B2B Integrator they can receive the data we send them without any upgrades to their systems.”

Automating data transfer has already benefited HZMO’s business by freeing up resource time and costs associated with carrying out the process manually. Data can now be sent to the agencies more regularly to help ensure that it is up-to-date and help minimize the risk of erroneous payments. Information can also be more easily updated and errors rectified without having to re-start the process, improving the manageability of data transfer.

Grković-Hrabar adds, “Data transmission is faster and more efficient now and we have a higher data accuracy because the entire process of data exchange from our mainframes to the partners’ systems at the other end is automated. Processes are also standardized. In short, efficiency, accuracy and standardization are three of the major benefits we are receiving.”



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