

IN THIS ISSUE

- Islamic Banking
- New Zealand Stock Exchange
- Community Alliance Credit Union
- Corporate Actions
- Events Report

Global Network

National Bank of Kuwait
supports ambitious expansion
with technology transformation





ENABLING TRANSFORMATION

*National Bank of Kuwait enables regional growth
and global presence with centralized technology*



“The vision for the transformation is to bring all of the operations onto a single hub.”

—Dr. Fadi Chehayeb. CIO

National Bank of Kuwait (NBK) has some of the best numbers in banking. In 2006, on assets of US\$27 billion NBK generated over US\$1 billion in operating income, up 23 percent from the previous year. Today, NBK boasts a cost-to-income ratio of 23.4 percent in 2006, down from 25.1 percent in 2005, and well below the 40 to 50 percent range for the typical bank.

In addition to branches across Kuwait, the bank has built up an extensive international network which includes branches, subsidiaries and representative offices in New York, London, Paris, Geneva, Lebanon, Jordan, Bahrain, Qatar, Singapore, China, Iraq and Saudi Arabia. Within the past three years, NBK acquired a 20 percent ownership stake in the International Bank of Qatar, opening a new branch in Jordan and a tenth branch in Lebanon. In 2007, the bank added four branches to its network in Kuwait, opened a representative office in Shanghai, and commenced operations in Iraq through the newly acquired Credit Bank of Iraq.

“We will be using shared processing and shared centers for technology and for banking processing, as well as for management.”

—Dr. Chehayeb

TRANSFORMATIONAL BANKING

Positioned to become the premier hub for international trade in the Middle East, NBK has embarked upon a major transformation program to support its growing global presence. NBK's international presence and regional expansion "helps attract customers who are looking for multicountry operations," says Dr. Fadi Chehayeb, Chief Information Officer at NBK. "More and more, customers want to capitalize on our presence and our services in the region." To accommodate the growth in demand, NBK sought to build an integrated platform to deliver all banking services to all of its global locations. "The vision for the transformation is to bring all of the operations onto a single hub," says Dr. Chehayeb.

Starting in 2003, the bank embarked upon a year-long strategic analysis to establish the bank's direction, goals and vision, with the involvement of bank officers, consultants and high-level IT strategy firms. From there, NBK looked at over 80 core banking vendors, which over the course of 18 months was whittled down to a select few – and finally to TCS Financial Solutions.

NBK is building an integrated platform based on TCS B@NCS Core Banking solution. Within a single hub, NBK can further reduce its operating costs by eliminating redundancies on both the technology and management levels. "We are moving towards a shared processing approach, including shared technology data centers and shared banking and other processing centers," says Dr. Chehayeb. "That requires a different category of solutions, systems and technologies than what we had before." The

project requires some customization, mostly in adapting and configuring various modules of TCS B@NCS to match the specific operations of NBK and its integration architecture. "We are aligning our channel solutions that we built in-house--such as branch and CRM solutions, Internet banking, and telephone banking solutions--with the integration hub," says Dr. Chehayeb. "This will allow us to introduce the remaining portions of the TCS B@NCS core smoothly, in addition to building the foundation for full Service Oriented Architecture (SOA), which is a key element of NBK's future architecture."

STRONG SERVICES

With a Service Oriented Architecture (SOA) underlying TCS B@NCS, NBK will be able to ensure that the customized components work seamlessly within the overall system. "Our belief is that SOA will allow systems to be much more agile, and serve very fast-changing market trends and support the fast introduction of products," says Dr. Chehayeb.

For its part, NBK uses the Microsoft .NET development environment for its custom SOA development. TCS B@NCS will provide the core functionality that will be relatively unchanging, while the SOA enables changes at the periphery to be performed with ease. "The core banking solution, TCS B@NCS, will be quite stable for us from the perspective of changing business needs, since it supports extensive sets of options through parameters" says Dr. Chehayeb. Indeed, most of the customizations will involve tapping into the functionality now en-

abled by TCS B@NCS. "Integration will take place through the integration hub, which is designed to work within the SOA," says Dr. Chehayeb.

Adapting SOA technologies also brings with it organizational benefits from an IT governance standpoint, ranging from compliance with industry and government standards to improved change management and quality control, in addition to better alignment to the business needs. "We believe that changing the core system will accelerate the implementation of SOA and the governance that's associated with it," says Dr. Chehayeb. "If we did not change the core it would not be as easy."

STEADY PROGRESS

For the first phase of the project, completed in 2007, NBK converted its branch platform to TCS B@NCS Link, while still operating the core legacy systems. The next phase will take place in 2008 with the installation of TCS B@NCS Lending and Borrowing, with the remaining components of TCS B@NCS Core Platform to be installed by early 2009. Beyond 2009, NBK will be rolling out the new full TCS B@NCS platform to the NBK regional branches to operate with a central hub approach. Further down the road, NBK will be expanding the scope of services it receives from TCS beyond core banking, to include IT infrastructure, IT services, and eventually business process outsourcing, says Dr. Chehayeb. "While today we're mainly focused on the core banking system, our experience is helping us build confidence to be able to expand the relationship."

