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CASE STUDY: ADCB

## Back to the summit

Within an overall transformation of its operations, Abu Dhabi Commercial Bank is now turning to the payments piece, in an attempt to replace manual processes

Having implemented a new core system in the last couple of years, Abu Dhabi Commercial Bank (ADCB) has now embarked on a payments project, a next phase within an initiative to turn-around what had been a struggling institution. CIO, Steve Dickens, admits that the bank had 'really let itself go badly'. From a position at the forefront of the UAE market, it had slipped to fifth or sixth in terms of both performance and profile. It lacked new products and was hindered by legacy systems. This has all changed: in the last couple of years it has quadrupled its profits and, says Dickens, has regained its number one position.

For payments, 'the drivers are all about improving the service quality associated with our payments products', says Dickens. In the Gulf, a lot of the payments business has come to reside not with the banks but with the exchange houses. These offer remittance services that are popular because they are cheap, easy to use and not too intrusive. 'We are competing very much with them.' To do so effectively, the cost and ease of use must be matched or bettered. It is the ambition not only of ADCB but also of other banks in UAE as a whole, so there is a fair amount of automation at present.

It is not currently easy to make payments even from one bank to another in UAE. There is no electronic clearing and no products such as direct debits. ADCB

runs accounts for foreign banks, so receives instructions from them for payments to and from other banks. It is an 'extremely cumbersome process' – the instructions come in via Swift but are then printed and manually entered from scratch, which is time-consuming and error-prone. The end-user, entering the data, has the complication of having to manually retrieve or remember any instructions that are specific to the third party bank or customer. There are high internal repair rates as a result of the inefficiencies.

Primarily, the goal is much greater straight-through processing (STP), says Dickens. The good thing is that the processes are not complicated: 'So basically, to automate the whole process is relatively easy to do - it isn't rocket-science.' If banks elsewhere can do it, there is no reason why ADCB cannot do so as well.

The STP needs to encapsulate the branch. There is not a great level of understanding among customer-facing staff of payment processes and very little automated help when creating payment instructions. Automation will assist these staff in correctly capturing all relevant information and providing default values, beneficiary details, even appropriate BICs.

To find a solution to provide all of this, the bank drew up an RFI and detailed RFP. It received presentations from five vendors, including local players, although these were deemed unable to match the requirements.

The short-list came down to two UK-based suppliers, ACE Software and Aqua Global Solutions. There were technical evaluations and negotiations. Dickens describes the Aqua system as 'pretty good' and he knew the company from a previous engagement but ultimately ACE's Pelican platform was felt to be the best fit. It marked the first deal in the region for the supplier.

The decision was made in the first quarter of last year. All of the requirements have been mapped out for phase one of the project, centred on STP for all inward payment instructions. The project will include anti-money laundering and KYC facilities, including ACE's OFAC Guard software. Coding is under way and testing is due to start shortly. The bank is also finalising requirements for a second phase, focused on the customer front-end, including providing interfaces to customer accounting and order routing systems so that payment requests can be automatically picked up from here. This should offer a much more seamless and attractive proposition for customers, says Dickens. This phase is due to kick off in the second quarter of this year.

Although this is ACE's first project in the region, Dickens foresees little customisation – this was a key reason for the choice. 'Anything that works in other parts of the world, further up the chain, is bound to work here. A payment is a payment is a payment.' Thus, the bank will take a vanilla version as much as possible. In terms of


support, if the software proves stable and meets the business needs without much customisation, then it shouldn't need a lot of support. The development team is in India, which isn't a great distance from Abu Dhabi, while ACE would also probably look to set up an operation in the region if it gained other customers.

Where does the project fit within the bank's overall infrastructure? I-flex Solutions' Flexcube went live in January 2005 after a ten month project. It replaced a 'totally obsolete' mainframe-based system called CapBank, which was account-based to such an extent that there was 'not even

the concept of a customer', says Dickens. Flexcube has met all of the bank's needs, he says. It has proved to be a relatively simple, straightforward application, he says, with flexibility stemming from the heavy parameterisation. The bank also took I-flex's standard internet banking layer and has recently signed for its middleware to ensure consistency across all channels.

In general, the bank is looking at having a clean architecture so that it can control what is a rapid increase in its services. 'We need to take some hard decisions, otherwise we could tie ourselves up in spaghetti.' The bank must also not make the mis-

take of believing that technology solves everything, he adds. So, with the payment platform, there will still need to be a degree of expertise at the branch – new technology has to be accompanied by process change and training.

The bank has 'set the pace and we have to keep it up now', concludes Dickens. There is now a lot of innovation, in terms of new products and channels, and now there is the payments piece. The bank must not 'let itself go' again. Instead, having climbed out of the trough, it needs to push on to make sure that it doesn't once more lose its top spot. 

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