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EXCLUSIVE FEATURE HABIB BANK AG ZURICH

Innovating on a different platform

HABIB BANK AG ZURICH'S BANKER MIDDLE EAST CAUGHT UP WITH Reza Habib, recent bold moves into new the visionary chief executive vice president of the Group, areas of IT-driven business. Amid the renovation of the UAE headquarters of Habib Bank AG Zurich, Reza Habib's new office is a haven of tranquility.

However, behind the traditional façade lies a thought modern heart.

Habib, the Group's chief executive vice president, may have banking running through his heart (he is the fourth generation of the family to be involved in banking), but his mind is that of an IT visionary. With global headquarters in Switzerland, you might expect Habib Bank AG Zurich to be truly conservative; but Friday September 1 was a day when the bank proved its technical edge once and for all. This day saw the simultaneous launch of FOUR new services:

1. HBZwap Banking, WAP (wireless application protocol) banking on wireless devices.
2. HBZweb Banking, Internet banking.
3. HBZgsm Banking, SMS Push banking services to mobile phones.
4. HBZatm Services, new ATM switch network.

The move made the bank the first in the UAE if not the Gulf to launch WAP banking.

Reza is understandably exhilarated by the prospects of launching such cutting edge technologies. But there's more. All four new launches have not only been developed by BiLogic Systems (Reza's technology arm), but everything has been developed in Java.

Technology and Habib Bank AG Zurich go hand in hand. It was Sun, the company behind Java, who went to Habib Bank to investigate its virtual machine, hPLUS, which the bank developed in-house ahead of Sun's Java launch.

Indeed, Habib bank's IT team has been called on to beta test new Java Developer Kits prior to their launch on the market.

With so much to take in, Banker Middle East was left agog by the confidence exuded by the bank, and had to find out more...

WAP

Reza explained that 'standard products' will be made available via this service, which basically allows web content to be beamed to your mobile phone, palm pilot, etc (see page 28-29, this issue, for more information). He is fully aware of the burgeoning demand to provide such service, and appreciates the benefits of being first to market in what could prove to be such a differentiating field.

In terms of marketing the service, the bank has spoken to number of UAE customers regarding the service, and interest is expected to be exponential.

Security, of course, is the big issue here. With its reputation on the line, surely, Banker ME asked, Habib Bank would not have anything to chance?

Reza quickly explained that during the last two years since the idea of a WAP service was mooted, 90% of the time has been spent on security.

He explained that as well as commercial firewalls, the bank has its own proprietary firewall, and another two layers of security on top of that.

He believes WAP services are currently as secure as transactions via the internet, with Habib Bank utilizing WTLS, the WAP equivalent of the most pervasive web security protocol, SSL.

Services provided initially will include account balances; consolidated summaries and funds transfer. He stressed that WTLS 1 is only acceptable if the WAP server, WEB server and the Database server all sit behind the firewalls. Therefore WTLS 1 is ideal for institutions that deploy their own WAP server. If institutions rely on their service providers then data between the WAP server & Database server could be compromised.

Internet Banking

Habib bank is not the first to launch its on-line web presence, but again it has to score points for innovation. The web site has been designed in house using open source Java, and tested, tested and tested again to ensure customers will receive a quality service. The web site will, off course, offer more bandwidth than the WAP services, so it is envisaged that a wider range of services will be offered, such as letters of credit for example. Visit habibbank.co.ae for more information.

SMS

Short Messaging Service allows brief text messages to be sent to your mobile telephone. Again, Habib Bank has rooted its SMS backbone in Java, with Reza excited by the possibilities presented by this push technology.

Basically, the SMS service can be bespoke to each and every customers' exact requirements.

The first message to go out on launch day was a welcome message, to introduce the service to Habib Bank's customer base.

This event-based service will allow customers to choose exactly what they want to receive via SMS-information such as when large deposits or withdrawals are made on their account.

This will also be made available to the bank's corporate customers, with Reza giving the example of a company account receiving all information via SMS but the CEO only receiving notifications when payments of, for example, greater than \$1m were made.

ATM

The ATM switch network is the first in the world to be developed on the Java platform. The ATM controller and the UAE SWITCH are fused into hPLUS. Since the ATM software is part of hPLUS, one can apply for other delivery channels via the ATM itself. The services are very responsive; any client can test this by walking up to an ATM, applying for HBZgsm Banking, then withdrawing some cash. Usually in under a minute the user would receive an SMS notification of their transaction.

These four technologies offer a fine example of convergence of services. Users of any service will not be able to choose the medium they prefer (i.e. web, SMS, WAP), but can log on to use HBZweb & HBZwap services with the same user name and password. Keeping everything in-house has created enormous efficiency. There are only two companies Reza has dealt with globally - Sun and Sybase.

He clearly believes Sun's powerful marketing message, running on Solaris server and entrusting the bank's critical operations to Java-based application's praise enough for the technology company. Sybase is another company Reza has been more than pleased with. "Sybase 12's Java in the database implementation is by far superior to anything else out there", he said.

"They are not the largest database company in the world, but are the best. I have been impressed by their professionalism," he enthused.

An in-house e-mail system based on hPLUS has been pushing user-defined information to bank employees for a number of booking for exceptions.

hPLUS users heuristics to look for exceptions in the day-to-day business operations, reporting any abnormalities to the relevant people - or those who have requested such information.

Creating its own Java-based IT infrastructure also meant while every other operation across the globe was investing (and panicking about) Y2K, Habib Bank's IT team quietly continued implementing the new swathe of cutting edge projects.

The biggest problem for institutions is interpretability, according to Reza.

While some might cry 'Middleware!' at this sort of problem, Reza strongly believes 'Middleware is not the 'magic glue' that binds a system together. Architecture is most important as this is what will determine how effectively applications can adjust to changing business rules".

The proof of interpretability is found in HBZweb where a customer can find all their accounts, with full leaf level details. This means that whether a customer needs a details on Time Deposits, Letters of Credit or Outstanding Bills, everything is available from one screen source. Most bank executives don't even have this power in their internal systems. Furthermore while banks refer to records older than six months as archives, hPLUS provides customers history of more than five years on-line.

Using Java in its group-wide operations has clearly given Habib Bank a competitive advantage.

And in terms of cost justification, or cost benefit analysis, there is little or no need. The IT system has already paid for itself, so the launch of WAP service and the web banking operation have not only been straightforward, but minimal cost to the bank.

With such a strong IT backbone, why hasn't Habib Bank packaged up its Java offerings and sold them as off the shelf products to other banks and financial institutions? Because, according to Reza, the IT infrastructure if what sets it apart from the competition, and it has always concentrated on banking, not IT.

"We are also constantly improving our system, so as soon as we sold it, it would be out dated", he said.

Acknowledging his IT Chief Syam Pillai and Deputy IT Chief Haja Alavudeen he said, "I'm proud to work with the best crew in the world".

Despite the impressive nature of Reza's undertaking, he remains humble about the whole affair.

"All this technology will become standard. Everyone will have to implement them. All the technology will become the same, and we will be on a level playing field", he suggested.

You would think in the light of all this, that Reza would purely think in terms of the IT side of the banking industry. Not so.

Reza is also a strong proponent of people, stressing that management attitude and expertise are more important to the bank than the best IT in the world.

Although he did rather sheepishly add, "it's nice to be first".

QUICKFACTS

HABIB BANK AG ZURICH

- In the UAE since the early 70s
- Started in Zurich in 1968
- 2nd most reliable bank in Switzerland according to The Banker Top 100 banks, recent survey
- Is not to be confused with Habib Bank, a completely separate entity