

How Digitalisation is Transforming the Bank Islam Brunei Darussalam

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'Digital Engagement' can seem like a buzzword but to the Bank Islam Brunei Darussalam (BIBD) this two-word concept is reinventing its operations. To find out more, we spoke to Dr. Gyorgy Ladics (BIBD's Chief Operating Officer). Ladics has held several demanding roles such as Chief Technology Officer at Barclays and Head of Operations and Technology at Citibank. Whilst working in the financial sector, Ladics has voyaged around the likes of Central Europe, UAE, Egypt, India, Pakistan and Singapore. Currently Ladics is using the experience gained from these experiences to help execute BIBD's digital engagement initiatives.

Ladics began with the basics, "BIBD has a fully-fledged banking licence. It is Brunei's largest bank and leading full service Islamic financial institution" he tells us. "In addition to consumer and corporate businesses, we also have a quite significant treasury & global markets and merchant banking business lines." With an asset base of B7.5 billion, BIBD remains the largest bank in Brunei Darussalam and plays an important role in supporting the country's long term development plan, known as Brunei Vision 2035.

When did digitalisation become a focus for BIBD? According to Ladics, BIBD started a transformation journey five or six years ago "BIBD was pretty much a bank that provided services through branches (so-called 'traditional banking') where the customers interact with the branch staff." When you need to make a transaction, you come to the branch or you can go to an ATM.

BIBD recognised that something was missing – it was limiting itself. "In a small market like Brunei, we had significant competitors; there's all the big international and regional names with strong well-known brands, international best practices and strong technology so we need to ensure that BIBD is up to the challenge" Ladics explains.

BUSINESS IMPACT

**From a traditional
government bank
to Brunei's number one
commercial bank in
the past 7 years**

▲
+ 5%
MARKET
SHARE

▲
+ 15%
ACTIVE
CUSTOMERS



Source: The Asian Banker,
International Awards Presentation
Citation: 2016 (BIBD)

BIBD set a strategy to become the bank of choice, earn customer trust, provide signature services and ‘use technology as a differentiator’ – a strategy which enables sustained and healthy growth as well as market-leading position. “The goal is to be the bank of choice and digital initiatives are key enablers for that. We are really focusing on the changing behaviour and needs of our customers.”

Ladics informs us that BIBD is well on its way to reaching that goal. The bank has changed the way it looks, the way it serves customers and the way its services are accessed. Rebranding, branch redesign and refurbishment, smart branch initiative, establishment of a robust contact centre and moving towards digital are all key contributors to success. We ask Ladics to expand. “We’re now present on our customers’ phones. We started mobile banking in 2012 and it has gained a very rapid adoption which by now has reached a 70–75% penetration of mobile usage in our customer base. We have introduced digital merchant platforms so you can use your phone while paying a merchant” Ladics commented.

BIBD also introduced an enterprise loyalty and rewards programme in November 2013. BIBD customers could use their Hadia points for bill payments and top-up services. A wide range of eVouchers are available to redeem points. Guided by its ‘Digital Engagement Roadmap’ the bank introduced a mobile advertising platform the following month. The interface featured interactive content and push messaging. April 2014 saw the introduction of virtual pre-paid credit cards for online shopping and quicker transfers. Throughout this period, the number of people logging on to BIBD’s mobile app steadily increased. Ladics tells us that BIBD customers interact at least 18 times in a month via digital channels and 70–75% of the customer base uses digital regularly. “I think this is a great story” Ladics enthuses. “This sort of penetration and the popularity of digital services speaks for itself.

Despite being so passionate about its ‘digital evolution’ as Ladics calls it, BIBD is keen to retain its physical branches and presence. “It’s important to keep the branches upgraded and service customers seamlessly, irrespective of whether it is digital or face-to-face” affirms Ladics. “BIBD has transformed, refurbished and ‘digitally enabled’ its branches to a service-oriented, functional, contemporary style.” The refurbished branches are now more spacious, modern and, one might say, fashionable. However looks aren’t everything. BIBD’s branches have benefited from digital engagement too: a new digital banking platform and reengineered business services allow consumers to experience ‘express banking’. Using shopping carts adopted from e-commerce, they can purchase products and services whilst in the bank. The focus indeed is on human interaction, demonstration and explanation of products and services. Ladics explains “You don’t come and fill forms. In the age of digital transformation, we also went in the direction of a smart branch, for which we got an award from Asian Banker magazine. There is no need to fill any forms. When you come to see the customer service representative (either to open an account or additional services), the process is like an e-commerce tour with product briefs where you can pick and choose your services.”

He names Silverlake Digital Economy and the entire Silverlake Group as key backers who are “truly driving the innovation of digital banking services”.

In order to enable self-service and support customer digital engagement, BIBD has built a call centre which was later transformed to a contact centre to further boost customer interaction. “For the generation of WhatsApp/WeChat customers, the centre enables consumers to instant message or call contact centre agents with any issues they may have”. BIBD boasts a secure, authenticated digital conversation via its Mobile Application.

Ladics summarises: “We’re opening up all the channels both face-to-face and digital. We are well aware of the cyber threats in the industry and we have to protect ourselves and our customers from any potential dangers.

Our IT infrastructure and data centre is upgraded to protect our data and our customers’ information.”

By putting customers first and valuing its customers, BIBD manages to stay ahead of the competition. According to Ladics, BIBD successfully retains customers and has hardly lost any customers to competitors. In his own words BIBD is “opening the door to new prospects whilst retaining its customer base”. Ladics added: “Through the past few years we became more and more aware that customers are choosing banks and service providers based on service levels; simplicity and ease to access or obtain services also play a key role.

Finally Ladics says that it not only values customers, it prized its partners too. He names Silverlake Digital Economy and the entire Silverlake Group as key backers who are “truly driving the innovation of digital banking services”. Ladics also mentions IBM, EMC and RSA – they operate BIBD’s data centre and help the bank cope with the increase in processing requirements.

Ladics rounds off with his thoughts on the future. “We believe that digital banking on the payments, deposits as well as on the lending side will definitely grow and be significant. Also we might see that digital banking services will be seamlessly integrated or packaged into the offering of other bigger digital players (social media, digital chat providers, telcos, e-commerce giants etc.)” he says.

BIBD’s digital journey continues; it is far from completion. Building a seamless omni-channel customer experience, forming strategic alliances with FINTECH and other market players are coming on the horizon •



Silverlake Digital Economy in Banking

Background

In 2012 the founder of Silverlake, in conjunction with a new team from an international bank background, set up a new company 'Silverlake Digital Economy' to devise a way of simplifying the business problem of managing continuous change in banks as customers embrace mobility and the pace of business change increases. The goal of Silverlake Digital Economy was to develop a bank-wide unified Platform of customer experience and customer fulfilment services that would sit in front of any bank's systems of record, including core banking. The resulting, newly architected Silverlake FINTECH Banking Platform provides a properly layered solution for meeting the needs of customers, whilst positioning Core Banking as a manufacturing system to meet the needs of bank management and regulators. The Platform is architected to be agnostic to core banking vendors and acts as a 'CO-Core' to the Core; the CO-Core focused on the customer, the Core on bank manufacturing and regulatory needs.

Deployments

The 'anchor bank' for the development of the Silverlake FINTECH Banking Platform since 2013 has been Bank Islam Brunei Darussalam (BIBD). A number of applications have been delivered to BIBD using the FINTECH Banking Platform in accordance with the bank's highly successful digital banking strategy. One of these applications (an assisted-service bank sales and service model) won an Asian Banker award for Best Smart Branch Project in 2016.

The Platform has reengineered all of a commercial bank's fulfilment processes (for example account opening, origination, account maintenance, payments) into digital operating models that can be executed STP. These digital operating models are designed around the customer and provide an end-to-end (e2e) solution (for example the loan fulfilment process begins with the customer application (on any channel) and ends with disbursement - cutting across multiple existing bank organization silos). These new operating models and the business service software components that automate these fulfilment processes were launched to the market in the second half of 2015.

Two more banks committed to the Platform at the end of 2015 - Commercial Bank International (CBI) in the UAE and People's Bank of Sri Lanka. CBI chose to deploy multiple FINTECH Banking Platform modules and a new version of Silverlake Core Banking as a 'Big Bang' deployment; this was achieved in June 2017. People's Bank has chosen to deploy the selected modules of the FINTECH Banking Platform in phases; the first phase - a new sales and service model for branches - was launched at the end of July 2017.