



## Information Technology

Albaraka Bank's information technology division, as an integral component of the bank's operations, strives to enhance and streamline the bank's systems and processes to meet internal and external information services demands through systems automation and strategic employment of technologies of a world-class standard.

### The 2006 financial period

The period under review has been both challenging and encouraging, with several key milestones having been achieved. During this period, the division has engaged intensively with service providers and business partners in the pursuance of key strategic objectives. The following summary reflects achievements during the 2006 period:

- Implementation of the branch teller automation solution, known as Cashier 9 at the Durban, Athlone and Laudium branches spanning three national regions. The remaining two branches are scheduled to be completed during 2007. The new system incorporates simplified and integrated transaction and charge processing which consequently reduces capture and turn-around times. This, in turn, translates into more efficient customer service;
- Electronic Signature Verification has been successfully introduced at the Durban, Athlone and Laudium branches in parallel with the Cashier 9 implementation. Remaining branches are to be completed in tandem with the Cashier 9 implementation during 2007. The system facilitates the online verification of signatures against transaction vouchers to eliminate having to validate same against physical signature cards;
- The Online Statement System has been eagerly awaited as an introduction to the electronic banking arena and has been welcomed as a value-added service offered by the bank. The system enables customers to log-in securely over the internet, view and download deposit account statements on a 24-hour basis. Feedback from consumers, particularly those with high-volume transactions, have been most encouraging. Registrations have been received from as far afield as the Kingdom of Saudi Arabia, Dubai, Australia and the United Kingdom;
- The Basel II project has, perhaps, been the most challenging exercise during the period under review with the regulatory reporting requirement assuming a high priority on many financial institution's calendars. Most institutions faced similar obstacles in achieving the desired objectives which ranged from system limitations to appropriate translation of terms. Albaraka Bank adopted a structured and dedicated-project approach in addressing its Basel II objectives. In addition, the bank acquired supplementary technologies to complement the limitations of the existing system environment, ultimately allowing a series of operational and reporting developments to be achieved. The bank submitted its initial Basel II returns on due date with overall readiness of its Basel II Reporting Systems well on target;
- During the year the central server was upgraded to the latest IBM Power 5 Series Server, effectively doubling storage capacity while quadrupling processing performance. In conjunction with this, a comprehensive communications infrastructure review was initiated in consideration of the higher traffic volumes resulting from branch systems automation and planned developments. The comprehensive review is scheduled for completion during early 2007;
- The availability of critical business systems is a necessity for financial institutions where a broad internal and external stakeholder dependency exists. Regulators and promoters of corporate governance alike have emphasised the establishment of sound disaster recovery principles and routines to ensure business continuity. In progressing its own Disaster Recovery (DR) Systems, the bank has engaged with local service providers and partner entities to consider high-system availability solutions. Presently, the bank enjoys a shared off-site DR facility with a recognised service provider having access points in each of the major city centres in which the bank has a presence. More recently, a dedicated line has been established between the primary DR centre and branch networks to facilitate a switch-over to the DR centre in the event of the Head Office systems becoming inaccessible for a prolonged period; and
- On a broader scale, the group and several of its entities have sought to review the core banking systems that have been employed over the years with a view to considering more suitable systems in the light of medium to long-term requirements. Several product introductory events and assessment workshops held abroad have been attended by key personnel of the bank in pursuing the systems review process. Expectations are that more conclusive arrangements will be finalised during the ensuing period.

Growth in the bank's local and global operations has had a proportional impact on information systems and

technological resources in adapting to the rising challenges. A transformation of systems, infrastructure and resources is envisaged to meet the rapidly evolving needs of the bank and its stakeholders.

### Future strategy

The period ahead promises to be both stimulating and progressive with significant milestone achievements anticipated in the chronology of the bank's history. Of course, the realisation of key objectives, both major and minor, are not possible without considerable investment and effort in information systems, technologies and human resources.

Some of the more notable objectives planned for the ensuing period incorporate the following:

- Network and infrastructure upgrade on a national basis to accommodate higher traffic volumes and improve branch application systems response times. The design of the infrastructure is intended to be flexible enough to cater for convergence of voice, video and data in due course. In considering the sustainability requirements going forward, a fully managed network solution is envisaged;
- The replacement of core banking systems has been the subject of review at local and group levels, with the process having been initiated in the preceding period. In the ensuing period, towards the latter half of 2007, material commitments towards finalising replacement systems and implementation plans are anticipated;
- Investigations are currently underway to introduce electronic transaction processing and internet banking as part of the bank's online services offerings. In this regard, negotiations are taking place with third party service providers to facilitate the process going forward; and
- Branch automation, incorporating the Cashier 9 Teller and Electronic Signature Verification systems are scheduled for completion by the third quarter of 2007. This milestone will mark the overall independence of all branches insofar as off-line transaction processing is concerned, but also marks the completion of the branch automation project on a national basis.

Information technology, which is driven by the needs of the bank and its stakeholders, is at the heart of service automation, strategic business transformation and progressive development. We look forward to a dynamic year ahead.

