

# Information Technology

Albaraka Bank's Information Technology (IT) division, as a core component of its developing architecture, is driven by the needs of the bank and its various stakeholders.

While such needs require IT to be the very essence of service automation, strategic business transformation and progressive development, the division remains mindful of financial considerations and the economic climate within which the bank operates. To this end, the employment of cost-effective, smart technology, coupled with synergistic strategies and processes of rationalisation, are envisaged to position the division appropriately within the context of the bank's growth strategies and plans.

## The 2007 financial period

Most key objectives planned for the 2007 financial year were successfully achieved, while a number of items were carried over to the new financial year, in line with the implementation of strategic decisions, a review of priorities and identification of new requirements introduced within the review period.

## Branch automation

Branch automation systems, comprising front-end teller functionality integrated with the existing back-end mainframe system were implemented nationally, achieving a major milestone in front-line transaction processing systems. Implementation resulted in the successful achievement of improved efficiencies in servicing clients, with fewer capturing processes required and consequently, less human intervention required.

A further milestone was the completion of an electronic signature verification system, completed in tandem with the branch automation environment. Electronic signatures at selected branches were integrated with transaction processing systems in order to facilitate direct signature verification, as opposed to manual validation against conventional card-based systems. Branch automation has contributed significantly to business process re-engineering efforts and has resulted in visible efficiencies to the benefit of both customers and staff.

## Regulatory reporting systems

During the past several years and, particularly, during 2006 and 2007, tremendous effort has been expended by the board executive team, management and staff in ensuring that Basel II compliance requirements were met. Between September and December 2007, the bank participated in and successfully completed a parallel-run programme with the Reserve Bank. While gearing itself to meeting its regulatory requirements, the bank was pleased that a number of positive organisational spin-offs were achieved during the process, such as streamlining of data, improved internal operations, development of reports and the integration of systems. Following the success of prior milestones, the bank appears to be favourably positioned to meet its reporting obligations going forward.

In a further regulatory compliance effort, the bank pursued the development of a credit application processing system able to accommodate the flow and recording of applications passing through the system. Phase one of the system development, which focused on motor vehicle applications, was successfully completed during the review period. Once again, structured development efforts assisted greatly in streamlining operations with built-in web-styled application forms, integrated legal document templates and built-in data validation. The concept of one-time data capture has been embedded within the system with a view to extending this philosophy throughout the organisation.

The introduction of the Home Loans and Mortgages Act prompted the creation of a register to record salient information relating to property financing transactions. While the elementary, though nonetheless, automated spreadsheet-based solution proves suitable for interim requirements, further regulatory updates were envisaged, together with the need for the centralisation of systems. Accordingly, subsequent developments have been planned within the credit application system environment, given the similarity in information requirements.

## Information Technology (Continued)



### Online (internet) systems

Following the success of deposit account statements being published online, the second phase introduction of debtor statements was equally well received. The timely extension of the secure online service was particularly welcomed by the bank's business customers who found access to the system convenient for the tracking of deal activity. The interface also underwent aesthetic improvements in line with the bank's corporate format.

### Core banking systems

Following comprehensive workshops and product assessments, the bank concluded a decision to select a suitable core Islamic banking solution to replace its existing systems and initial licencing arrangements have accordingly been concluded. The system acquisition brokered by the group represents a significant investment in core banking technologies. The investment further emphasised the bank's ongoing commitment to enhancing its technologies and processes.

A pilot implementation programme at one of the participating entities was initiated during the period under review and expectations are that implementation of the system will begin during 2009.

### Risk management and business continuity

The bank's disaster recovery systems are hosted at off-site centres located at key geographic locations. Our primary recovery facility is situated at Umhlanga Ridge, Durban.

The bank also employs the use of off-site storage facilities on a national basis, all of which are immediately accessible should an emergency arise. In providing additional assurance, recovery testing is conducted four times per annum, so ensuring that business continuity capabilities within all our operating regions are in a constant state of readiness and that routine processes are regularly assessed and improved upon where deemed necessary. In addition, the bank's front-end transaction processing systems, located at each branch, enjoy built-in fail-safe mechanisms, which allow for the continuity of operations in the event of a network line failure. In such instances, key branch personnel are able to connect via secure wireless communications to back-office and mail systems based at head office.

With regard to prevailing power outages, load-shedding and other business disruptions, particularly in the Gauteng region, during the period under review, the bank acquired an independent generator for its Laudium, Pretoria branch. We also entered into negotiations for the sharing of power as regards our other branches. Generator acquisition, electrical works and landlord permission requests were initiated during the review period, with implementation targeted to occur during the first quarter of 2008.

Critically, our head office in Durban and the Athlone branch in Cape Town already enjoy sustainable power, through previously acquired generator back-up systems. Clients have shown their appreciation for the bank's ability to continue branch services during prolonged power outages.

### Infrastructural upgrades

A comprehensive communications infrastructure review was conducted during the past financial year aimed at assessing the current situation and inter alia, providing guidelines towards achieving improvements within the focus area. Taking cognisance of bank priorities and whilst observing the recommendations arising from the review, a series of data compression devices were acquired and deployed nationally.

The result was the overall optimisation of network performance, with data streams prioritised according to the needs of the bank. Upgrades to both traffic routing devices and communication network services are scheduled for the new financial year as a follow-through of the band-width expansion plan.



### **Kingsmead relocation project**

Perhaps the most eagerly awaited event scheduled for 2008 is the relocation of the bank's head office to new premises at Kingsmead Office Park, Durban. The relocation planning process is gathering momentum with intensive preparatory efforts and contingency planning taking effect in tandem with service providers, vendors and project consultants, all essential elements in ensuring a smooth transition, whilst maintaining the sustainability of existing operating environments. The move is envisaged for December 2008.

Looking ahead, we recognise the challenges which lie in the future and are committed to overcoming such challenges with the vigour, dynamism and passion, all attributes the bank espouses in its day-to-day business.