

Same but different

Burgan Bank Group is attempting to standardise its operations by rolling out the ICS Banks core banking platform from Jordan and UK-based vendor, ICSFS. The system is live in one of the six banks within the group, and projects at three more are scheduled for completion within the next year. The project has been challenging, but Ivan Jensen, CTO at Burgan Bank, says that progress has been made, and with forthcoming acquisitions, more ICS Banks projects could be on the agenda.

Burgan Bank, part of the Kuwait Investment Projects Company (KIPCO), has been in expansion mode over the past few years. Since 2008, it moved four regional subsidiaries of its sister bank, United Gulf Bank (the investment banking arm of KIPCO), under its ownership and management. These are Jordan Bank Kuwait, Tunis International Bank, Algeria Gulf Bank and Bank of Baghdad, which have combined to become Burgan Bank Group. United Gulf Bank and its subsidiary, Syria Gulf Bank, operate separately within the KIPCO group. Both are long-standing users of the ICS Banks system from ICSFS.

Within Burgan Bank Group, Bank of Baghdad is at present the only user of ICS Banks, but Burgan Bank Kuwait, Jordan Kuwait Bank and Tunis International Bank are all in the process of implementing the system, with all three expected to go live by February 2014. Algeria Gulf Bank had selected the ICS Banks system under its previous ownership in 2007, but this project failed to materialise and the bank is still running its legacy platform, System Global Banking. The recently acquired Eurobank Tekfen (now renamed Burgan Bank Turkey) is also a potential candidate to be moved onto the ICS Banks platform in the not-too-distant future, says Ivan Jensen, CTO at Burgan Bank.

Jensen explains how the initial drivers to replace the core system at Burgan Bank in Kuwait emerged in 2009, as a result of the CEO, Eduardo Eguren, wanting to move the bank and the group to the next level. 'Our CEO was looking to expand the group by acquiring more entities and he was looking to try and promote a core banking platform,' says Jensen. Burgan Bank Kuwait offers a broad range of invest-

ment, corporate and retail banking, and had been using its existing core system, Symbols from System Access (now Ambit Retail Banking from Sungard) for eleven years. The bank had reached a point where it needed a new approach to its technology, Jensen recalls. The main requirements for the bank were for a 'fully-fledged, bank-in-a-box solution', which could provide a full range of modules and also incorporate

were the incumbent Sungard as well as Temenos, Oracle FSS, BML Istisharat and Path Solutions. 'We looked at these products from a pricing and functionality perspective, and none stood up to the ICSFS product,' says Jensen.

Burgan Bank also conducted several site visits prior to selecting ICS Banks, and was impressed with the recommendations it received. 'We visited Lebanese

'We have all signed our own contracts, but we made ICSFS commit to a group-related pricing approach.'

Ivan Jensen, Burgan Bank

a flexible group model if required, he says.

The selection process was not in the traditional model, as Jensen explains. Jordan Kuwait Bank had initially proposed that it would expand upon its in-house system and offer it to the rest of the group as a core solution. However, Jensen says 'they realised that it wasn't a strong enough proposition.'

Burgan Bank's CEO then witnessed a presentation from ICSFS, after which he felt it was a strong offering. Instead of issuing a formal RFP, the bank used the ICS Banks offering as a benchmark, and evaluated other solutions in comparison to it. Among the vendors that expressed an interest

Canadian Bank in Beirut [now defunct, with some assets transferred to Société Générale] and it was a very successful visit. We also visited Doha Bank in Qatar and its branch here in Kuwait where they have also installed the system.' Both clients were 'happy' and implemented the system without any major issues, he claims. He adds that several references suggested that ICSFS was flexible and 'not the type of company that keeps taking out the order book when you want something.'

The bank opted for the ICSFS offering as it felt it would benefit not only its Kuwait-based operations, but on a



group-wide level. 'It has a strong core and a fully-fledged options catalogue, from treasury to mobile banking,' comments Jensen. The contract between Burgan Bank and the vendor was agreed in May 2012. The bank also felt that whilst some of the competitors were 'more professional' in their marketing approach, the quality of the ICS Banks system was a prevailing factor. 'From a marketing perspective they may not appear as professional as some of the major competitors, but it's a very strong engine, and is a very well integrated suite of modules.'

One of the other attractive aspects to the ICSFS pitch was the vendor's pricing options. Although each bank remains independent, Jensen describes how Burgan Bank Group has made provisions for the likelihood of its subsidiaries migrating to the ICS Banks offering in the future. 'We have all signed our own contracts, but we made ICSFS commit to a group-related pricing approach', thereby allowing Burgan Bank to add extra subsidiaries at the pre-agreed implementation price. The bank has agreed two different pricing models,



one is based on the number of users and clients and the other is for the number of branches, 'one is often better than the other', comments Jensen.

Of the three ongoing roll-outs of ICS Banks, the first one due for completion is Tunis International Bank, scheduled for a July 2013 go-live. This project is simplified due to the bank only having one branch, says Jensen. At Burgan Bank Kuwait and Jordan Kuwait Bank, the projects have both reached the implementation stage. 'We have completed the gap analysis, signed off the gaps, agreed on the implementation costs with ICSFS and we have an implementation plan on the table

which has been accepted,' says Jensen. Cutover at Jordan Kuwait Bank is set for September 2013, and National Day in Kuwait (25th February 2014) for Burgan Bank.

Ernst and Young has been brought in by Burgan Bank Kuwait as the implementation partner. However, Jensen says there have been some challenges with regards to personnel. 'We had a little bit of an issue with the three parties working well together,' he says. He also adds that one of the challenges of the project has been to win over the bank's long-standing users, who are accustomed to the old system. 'They want it to look the same and smell the same, so getting them out of that frame of mind takes some work.'

The ICS Banks system will cover a range of functionality for corporate, retail and private banking at Burgan Bank Kuwait. This includes a credit facility, loans, transfers, trade finance, BI, internet banking, SMS and mobile banking. Jensen outlines the training and testing approach the bank will use, although he adds that this is not necessarily a universal method for the other subsidiaries implementing ICS Banks. Training started in mid-March 2013, with 50+ 'super users' undergoing three weeks of training with both the vendor and the bank.

On the testing side, the bank has brought in a new QA testing team, including two new full-time members of staff, who will carry out the testing of the system. This QA team will verify that the unit and integration testing is performed prior to UAT, and will ensure that documentation is available. The team will also remain onsite after the implementation of ICS Banks to support the bank going forward.

Burgan Bank Group has opted to decentralise the ICS Banks implementation, mainly due to the challenges regarding the differing levels of regulation in each country. Jensen cites difficulties in Algeria for instance, whereby the central bank does not permit Algerian data to be sent abroad. Likewise in Tunisia, although there is an exception if a Tunisian national is handling the data. 'We do have some serious regulatory constraints,' admits Jensen. Iraq has proved more straightforward, with the data for Bank of Baghdad running out of Amman.

These challenges, and the differing nature of the institutions within the group, have made it difficult to develop a blueprint for the implementation projects, with these being done on an 'ad-hoc' basis. 'The subsidiaries are at different maturity levels, so work needs to be done to bring everyone up to the same baseline level,' says Jensen.

As mentioned earlier, Burgan Bank Turkey is another potential site for ICS Banks. 'It acquired a packaged solution [Inter-next from local vendor Intertech], and has maintained and bought the source code for itself,' he says. 'I would imagine that sometime in the future, it will be looking at ICS Banks and if it can satisfy their needs, it will move to it.' Jensen adds that Algeria Gulf Bank is also likely to look at ICS. 'They do need a new system, but I think they are in a wait-and-see situation to see how it goes with the rest of us,' he says. 'My feeling is they will come here, take a look and hopefully they will also go with ICS Banks.'

Once the core system roll-outs have been completed, Jensen says there are other projects which Burgan Bank will look to take on. One is to implement a new card switch service, which Jensen describes as 'a very costly application to maintain and replace', and the other is for a new treasury system, which the bank will discuss in the coming months.

The lack of a robust organisational group structure is something which Jensen also thinks Burgan Bank Group will address in the near future. The prospect of new acquisitions, of which Jensen expects there to be two by the end of the year, places further emphasis on the need for this. 'With the absence of a group organisational structure and mandate, you can only take it so far,' he says. One of the acquisitions is imminent. Jensen describes this institution as 'not a traditional retail or corporate bank, so whether ICS Banks fits there remains to be seen'. No name is forthcoming, but this is believed to be Malta-based trade finance bank, FIMBank, which also has a presence across Egypt and the UAE. In Q1 2012, Burgan Bank and United Gulf Bank reached an agreement with Massaleh Investments to acquire 39 per cent of FIMBank's shareholding. FIMBank is a long-standing user of the Flexcube core system from Oracle FSS and the Kastle Factoring solution from 3i Infotech. 

