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 **Allen Quaye's
Funny Money**

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The topic of Internet banking is to you and I, all about a more convenient way of dealing with your finances, for example being able to pay your bills, transfer money, check your balance, order a new cheque book all without going to your local branch. However, to banks like Habib Bank AG Zurich (HBZ) e-Banking is about all of this and so much more as I found out when I visited the bank recently to talk about its technology drive. Wendy Jackson reports.

Without wishing to sound too technical I will start with how it all began. Because of the key locations of HBZ offices around the world (resulting in multi-regulatory environments), it became apparent that there was not an off the shelf product that was going to create a system and standard for Internet banking that would fulfill all the needs of the bank and its customers' needs. And so they started working with it's technical partner, BiLOGiC Systems Inc. to develop a joint own programming language around which new technical implementations would be based.

Around the same time, Sun Microsystems was developing what was soon to become the world's most famous and robust computer programming language, Java. The bank when looking at Java decided that the language was everything the bank needed in its operating environment, and thus the relationship began.

Since 1994, HBZ has been using a banking application called hPLUS. This C++ application was then, by 1996 converted into hPLUS Java by the hPLUS team.

And according to Reza S Habib, Joint President, HBZ, "The deployment of hPLUS has made a significant contribution to the bank and its clients both from an operational and financial standpoint."

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"The bank was established in 1967, offering corporate, consumer, private, retail and correspondent banking services along with trade finance to clients in the UAE, Switzerland, UK, Isle of Man, Canada, Hong Kong/Singapore, Pakistan, Kenya and South Africa."

HBZ is now a leader in secure combined web and mobile-based e-Banking. And as a result some 70.12 per cent (by amount) of its credit customers and 60.05 per cent (by amount) of its deposit customers have signed up. In addition, reduced costs of redundancy, insurance, security, maintenance and upgrades have led to a lean and efficient business environment. As a result, HBZ UAE has registered the lowest DA (Deposits to Advances) ratio and the highest ROE (Return on Equity) simultaneously, although both are inversely proportional; all while maintaining a capital adequacy ratio much higher than mandated by BIS.

And then...

Continuing its tradition of secure services, HBZ wanted to offer customers the convenience of banking via the Internet and WAP-GPRS enabled devices. And in the interest of long-term business success it also wanted to reduce the costs of operations and to pass the savings to its clients.

The aim, according to Amer Farid, assistant vice president, HBZ, "was to provide customers with the ability to transact via the Internet and WAP/GPRS-enabled devices such as mobile phones and personal digital assistants (PDA's). For the bank, the advantage would be the process automation provided by the e-Banking interface. Many tedious and time consuming tasks, such as inputting details from customer applications and letters of credits (HBZelC) to name a few are eliminated.

For the customers, meanwhile, the benefit would be an improved service and the ability to do banking 24 hours a day, seven days a week, from virtually anywhere in the world at competitive costs."

And it was thus, when on September 1, 2000, hPLUS from BiLOGiC enabled HBZ to simultaneously launch multiple delivery channels for its client base. HBZ became the first bank in the Middle East to offer secure WAP (now GPRS enabled) banking, multiple products through HBZweb (Internet banking) and HBZgsm (event-based SMS messaging). Even its ATM network is powered by hPLUS. HBZ also offers the region's only PDA enabled banking platform through HBZpda.

Farid continues, "HBZ conceived the idea of a delivery channel for both routine and one-off transactions. The HBZgsm event-based SMS messaging "pushes" information to the customers based on specific events. Meanwhile, the HBZweb and HBZwap would both "pull" services, for actions such as funds transfer or opening letters of credit and monitored through SMS messages."

The remote banking client services through HBZweb (Internet banking) include secure mail, unlimited cascading account login management (particularly useful for both large companies and SMEs where senior management travel often and need to delegate controlled access to company accounts receivables and payables staff), global unified login access for all accounts (thereby reducing the need to remember different passwords), bill payment, secure key enabled third party fund transfers to any bank account in the world (HBZcms), electronic letters of credit (HBZeLc) and document level drilling. Client ownership of data via Excel(tm), text and XML downloading of statement of accounts with live history for over nine years for all accounts, also allows clients easy integration with their systems.



Security and...

... the key criteria for the successful implementation and roll-out at Habib Bank AG Zurich.

Security is the key priority for any bank - even more so for a bank with a mandate demanding such high standards of Service with Security as HBZ. During the hPLUS implementation project, HBZ worked closely with Sun Microsystems Middle East & North Africa and its Sun Professional Services division (SunPS).

"SunPS was critical for the success of the design and implementation in a large number of areas, including HBZ's security concept and architecture design," Reza S Habib disclosed.

Adding, "Security, control and auditing are major components of hPLUS. Any change of information in the system (not necessarily financial data) is considered a transaction. As a result, all transactions have to go through the business and security control rules defined in the core of the hPLUS banking system.

Security was not considered a single element residing somewhere on the network, like a firewall. It was a design principal for all tiers and layers of the application, the required software infrastructure and the physical infrastructure. In short, it was integrated security across the board and implemented as an integral part of the security policy."

As I understand it, one of the many strengths of hPLUS from BiLOGiC is that there was no difference between the multi-channel parts and the core processing components; all were equally well secured. It was well understood from the beginning that the strongest keys and locks do not help if Windows are left open. Consequently security policies and procedures for the entire organisation were created and implemented.

Reza S Habib explains, "Different levels of authentication were implemented to provide authorisation flexibility from low-value to high-value transactions. Depending on the value of a business transaction, different approvals are required. Authentication is the key to allow hPLUS to properly distinguish individuals and accordingly to assign roles with different rights granted and tasks permitted."

HBZ today

When the bank decided to offer e-Banking services to its customers, the BiLOGiC and IT department set up a project to reach customers via Internet and WAP/GPRS-enabled devices such as mobile phones and PDA's.

And what you have today, is a bank which deploys one of the most efficient IT operation models, allowing for an extremely low total cost of ownership thanks to a unique and multifaceted approach in deploying its hPLUS core banking system. At the same time, the infrastructure, as well as the application itself, provides flexibility and scalability to meet ongoing future demands. As a result, Habib Bank AG Zurich is an outstanding example of highly efficient operations, customer orientation and cutting-edge front-end and back-end banking solutions.

HBZ future....

According to the bank's very tech savvy leader, Reza S Habib, "HBZ is continually researching and reviewing new technologies which it aims to exploit whenever appropriate in a manner that will be mutually beneficial for the bank and its customers."

And this week, the bank has announced the launch of two more new products.

The virtual information store, HBZeLocker - Accessible only with the use of HBZsecure key, this tool allows account holders to securely store sensitive data such as credit card details, passwords, passport particulars and other private information using strong encryption algorithms. HBZsecure key provides an additional layer of security on top of the 128-bit SSL (secure socket layer) connection. Delivered on a physical media such as mini CD ROMs, SD cards (secure stamp-sized flash memory card), UFD (a portable USB flash hard drive is used for storage and transportation of data and applications) or virtually any media of the user's choice, HBZsecure key is mandatory for some of the more sensitive web options like HBZcms, an online third party fund transfer option or HBZeLocker that customers can access online.

And the HBZcms (cash management system) via HBZsecure key - a third party fund Transfer facility over HBZweb (www.habibbank.com). HBZweb customers can now transfer funds to any bank account located anywhere in the world. Since security is the hottest issue all over the world, this service offers a combination of multiple levels of security. From 128-bit SSL (secure socket layer) security, the highest level of commercial security available on the web today, to proprietary firewalls, user name, password protection and challenge-response-authentication-mechanism.

The challenge-response-authentication-mechanism, a dynamically generated 4 digit challenge embedded in a graphic background, is displayed whenever the HBZweb login screen appears on the user's browser. In addition to the login ID, password and the optional secure key, the user has to enter the challenge digits displayed in the specified field. This new, previously unseen feature for the Middle East online banking sites prevents automated processes from guessing HBZweb passwords.

Reza S Habib adds, "HBZ's IT department has a dedicated team to study all emerging technologies such as new delivery channels, storage and clustering. The bank believes that these areas, along with open-source computing such as Linux and related technologies will give unprecedented power in the future."

Highly technical

There is no doubt that HBZ has achieved an unquestionable amount of technical supremacy, some of it goes over my head. But my question to the bank was is the UAE ready for this? Are people now starting to put the suspicions of web and mobile based banking to one side and give it a go?

Farid explains, "Banking customers are ready and enthusiastic to use web and WAP-mobile based e-Banking services. As our customers become increasingly mobile they are demanding 24 hour management of their accounts wherever they may be worldwide. Our services currently offer over eighty user driven options at your fingertips with the highest security in the region."

Additionally, HBZpda (<http://pda.habibbank.com>) is configured for ease of use and speed while still offering a multitude of secure functionality for the client.

"But that's not all. We are developing systems and e-Banking solutions that are enjoyed as much by the organisation as but by its customers. HBZ has been able to achieve a significant reduction in operating costs - savings which can be passed on to customers, too. This is evidenced by the highly competitive personal loans starting from 5.0 percent and auto loans from 4.25 percent."

I found out that only two per cent of the total workforce are in the IT department, the majority of whom focus on programming...this is a true example of a successful technology department. For there is a very limited back office at HBZ. The majority of the transactions are a STRAIGHT THROUGH PROCESS - meaning when you make a transaction via internet banking (for that matter also for most in-branch transactions as well) that happen via the Internet and not through a manual back office procedure. Now there is something!



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