CASE STUDY

FGB Launches First-in-Market Cash and Trade Services

“Finastra has helped us to put a future-proof foundation in place for forward-looking services. We are ready for innovation.”

Manoj Menon
Global Head of Transaction Services & Financial Institutions, FGB
About FGB

Founded in 1979, FGB (formerly known as First Gulf Bank) has grown to become the largest United Arab Emirates bank in market capitalization, second largest in net profit and fourth largest in total assets. FGB offers a wide range of financial services in the wholesale, consumer and treasury banking sectors, including Islamic banking and bancassurance solutions.

The Challenge

As international banks continue to retrench in the Middle East, opportunities abound for local players to fill the gaps. FGB was keen to seize a bigger slice of the corporate banking market, but it first needed to expand its limited range of cash and trade offerings if it was to win over demanding customers.

The Solution

Working with Finastra and partner Encore Theme Technologies, FGB launched a host of new cash management and trade services, all of which are compliant with Shari’ah finance principles. This move has set FGB apart as the only bank in the region that offers full Islamic banking capabilities around cash and trade. Behind the scenes, the bank has digitized and integrated end-to-end cash and trade operations, delivering a seamless, omni-channel experience for all clients, both big and small. The FGB Connected Corporate Banking initiative, which involved the deployment of Fusion Corporate Channels and Fusion Trade Innovation, won the Celent Model Bank 2017 award for ‘Corporate Banking Digital Platform’.

The Result

FGB has unlocked a valuable source of competitive differentiation and is reaping the rewards. Between 2014-2016, the bank boosted transaction banking revenues by 73% and cash revenues by 315%, and saw payment volumes rise by 29%. FGB has also deepened its share of wallet with existing customers, who have been keen to take advantage of the new portal and products. All of this has helped the bank grow its asset base by AED 6-7 billion in the last three years.

Solution

- Fusion Corporate Channels
- Fusion Trade Innovation

Partner

This initiative was a major undertaking that has seen FGB reinvent its entire approach to corporate banking, transforming back end systems and processes and revolutionizing client-facing capabilities.”

Susan Feinberg
Senior Analyst, Corporate Banking
Celent

At a Glance
**The Challenge**
As global banks retreat in the Middle Eastern market, huge opportunities have opened up for local players to fill the void – but only if they can offer the ultra-fast, innovative service needed to win over demanding customers.

To sharpen its competitiveness around corporate banking, FGB sought to reshape its approach to trade and cash management.

Manoj Menon, Global Head of Transaction Services & Financial Institutions at FGB, comments: "Traditionally, we only offered basic payment products, such as guarantees and financing, and we lacked the ability to cope with multiple channels. What’s more, nearly everything was done manually and on paper, which drove up our costs and slowed turnaround times."

Concerned that the lack of agility and sophistication was damaging its competitiveness, especially with large corporates, FGB was keen to expand its range of offerings and deliver a seamless, omni-channel experience for all clients, both big and small.

Behind the scenes, the bank wanted to move towards fully integrated, digitized processes. This would enable FGB to deliver services more efficiently and make it easier to scale up to meet rising business volumes.

**The Solution**
FGB created a new corporate banking portal for delivering a range of cash and trade products across multiple channels – all fully compliant with Shar‘ah finance principles.

"Today, customers can access all the services they need from a single, easy-to-navigate front-end interface," notes Manoj Menon. "On the back end, we’ve designed a future-proof framework for digitizing and integrating end-to-end cash and trade operations. This allows us to deliver a seamless experience for all customers, whether they are a big multinational corporation with complex needs or a start-up handling very vanilla transactions."

FGB chose Fusion Corporate Channels, specifically the trade finance and cash management modules, to serve as the foundation for its corporate banking transformation. It is also using Fusion Trade Innovation as the back-office platform for trade.

Close collaboration between internal stakeholders, Finastra and Encore Theme Technologies helped FGB to bring in the project on time and within budget.

Manoj Menon says: "This was a major undertaking that saw us reinvent our entire approach to corporate banking, transforming back-end systems and processes and revolutionizing front-facing customer services. Naturally, there were bumps along the way, but having such a dedicated team, including Finastra and Encore Theme, really helped us over the line."

**Reaping the Rewards**
FGB’s vision for fast, fully digital corporate banking is quickly taking shape. To date, the bank has digitized 25% of transaction volumes – achieving an STP rate of 85% for these transactions, which it expects to rise to 90% in the near future.

FGB also anticipates that 50-60% of all transactions will be digitized within the coming months. The bank’s ultimate goal is to go entirely paperless and process all transactions with minimal touch.

Additionally, FGB has slashed transaction turnaround times, thanks to greater straight-through-processing and automation. Certain transactions that took 1-2 weeks to process in the past can now be completed in just 1-2 days.

FGB’s new corporate banking offerings are proving to be a huge hit with both new and existing customers, delivering a big boost to business volumes and revenues at the bank.

Manoj Menon states: “Between 2014-2016, we grew our cash management revenues by 315% and transaction banking revenues by 73%. Payment volumes have risen by 29 percent in the same period."

Manoj Menon
Global Head of Transaction Services & Financial Institutions, FGB

FGB’s total banking transformation has delivered a huge boost to income: transaction banking revenues are up 73% and cash has grown by 315%
FGB is primed to seize massive growth opportunities with innovative, Shari’ah-compliant trade and cash services

Award-Winning
FGB won the Celent Model Bank 2017 Award for ‘Corporate Banking Digital Platform’ for its deployment of Fusion Corporate Channels and Fusion Trade Innovation.

The award recognizes FGB’s accomplishment as a bank in a developing region that is leveraging technology to leapfrog its competitors by offering an integrated, digital experience for its transaction banking clients.

“This initiative was a major undertaking that has seen FGB reinvent its entire approach to corporate banking, transforming back end systems and processes and revolutionizing client-facing capabilities,” comments Susan Feinberg, Senior Analyst, Corporate Banking at Celent.

Taking the Lead
Today, FGB can offer corporate clients a banking experience that is second to none, putting them in full control of their financial activities.

“Finastra Fusion solutions help us deliver a hugely improved customer experience, with much better visibility and control over all their dealings with us,” explains Manoj Menon. “Before, when a customer performed a transaction it essentially went into a black hole — they had no way to see its status, and some people would call our support team several times a day to get updates.

“Using our new portal, customers can simply log in and get an immediate, up-to-the-minute view of their pending transactions, limits, account balances, etc. and perform a range of transactions—all from one point of control.”

With its newly enriched portfolio of cutting-edge trade and cash services, FGB is primed to make the most of new opportunities for growth.

Manoj Menon remarks: “We have definitely enhanced our competitiveness with Finastra — we can now offer a much wider range of products, and deliver them quickly and cost-effectively across every channel. What’s more, we are the only bank in the region that can truly claim to provide full Islamic banking capabilities around cash and trade — a vital advantage in our market.”

He concludes: “Finastra has helped us to put a future-proof foundation in place for forward-looking services. We are ready for innovation, and are excited to continue refining our services to deliver a best-in-class corporate banking experience.”

About Finastra
Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today — spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location — from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world’s top 50 banks use Finastra technology. Please visit finasta.com

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