

CASE STUDY

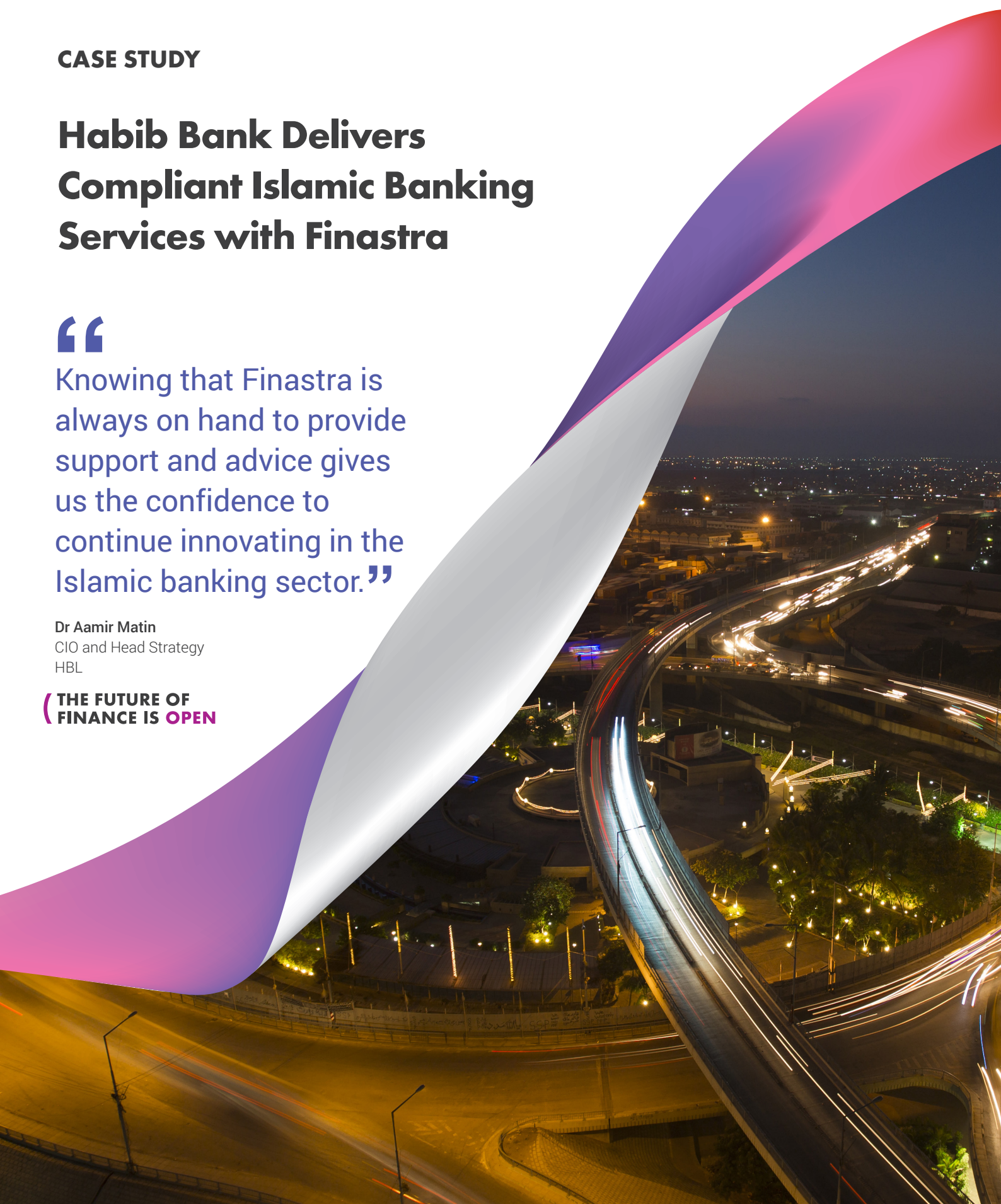
Habib Bank Delivers Compliant Islamic Banking Services with Finastra



Knowing that Finastra is always on hand to provide support and advice gives us the confidence to continue innovating in the Islamic banking sector.”

Dr Aamir Matin
CIO and Head Strategy
HBL

**THE FUTURE OF
FINANCE IS OPEN**



At a Glance

Solution

- Fusion Equation
- Fusion Risk
- Fusion Trade Innovation
- Fusion Treasury



Fusion Treasury appealed to us because it would help us achieve full Shari’ah compliance and it delivers a wide range of excellent features.”

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About Habib Bank

Habib Bank (HBL) was the first commercial bank in Pakistan when it was established in 1947, and has since grown to serve over 11 million customers worldwide. The bank has long been a trend-setter and market leader, acquiring the lion's share in inward foreign remittances and a major market share in loans to small industries, traders and farmers. The bank now operates in over 20 countries across four continents.

The Challenge

With demand for convenient, modern Islamic banking services on the rise, banks that fail to comply with the strict codes of conduct that govern Shari’ah finance could lose out on a rapidly growing market. Keen to expand both its Islamic banking offerings and increase market share, HBL launched a project to increase service efficiency while ensuring that its core systems would comply with Islamic principles.

The Solution

HBL upgraded its Fusion Treasury platform to ensure that it could deliver efficient, compliant, and convenient Islamic banking services to its customer base in Pakistan. Working closely with Finastra during the implementation, HBL deployed and integrated the solutions on time—helping the bank accelerate time-to-market for new Islamic finance services.

The Result

With all treasury operations running through a single automated system, HBL can provide customers with a much wider portfolio of Islamic banking products and services. With ultra-efficient, Shari’ah-compliant services, HBL is very well placed to strengthen its position in the Islamic finance sector.

[hbl.com](https://www.hbl.com)



The flexibility of Fusion Treasury helps us to refine our Shari'ah banking products.”

Dr Aamir Matin

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Habib Bank deploys the tools required to deliver modern, convenient, and fully compliant Islamic banking services.

Developing Islamic Banking Services

Experts believe Islamic financial assets, covering banking products, bonds and insurance funds, [will expand to reach a total value of \\$3.2 trillion by 2020](#).

For institutions operating in the Islamic financial space, this presents a huge growth opportunity.

HBL aims to appeal to consumers by offering the most attractive, Shari'ah-compliant services.

Dr Aamir Matin, CIO and Head Strategy at HBL, explains: “We are committed to building a culture of integrity, honor and candor across every level of our organization—both in the services we offer and the way we conduct our business. With Islamic financial services proving increasingly popular across the globe, we are constantly striving to launch new offerings and to ensure these products meet Islamic banking principles.”

To spur further growth, HBL wanted to enhance the way it calculated Murabaha deals, strengthen its Wakala borrowing and lending services, and deliver a wider range of Bai Muajjal sales packages.

The spokesperson continues: “One of the major challenges facing banks in the Islamic financial sector is how to combine robust core systems with the agility to develop new, market-leading products that always meet Shari'ah laws.

“We have an excellent set of solutions from Finastra—however, we wanted to find a way to enhance these systems and add even richer functionality, enabling us to bring new Islamic services to market in a quick timeframe.”

Convenient, Compliant Banking

Having deployed a range of Finastra solutions with great success, and as a longstanding user of Fusion Treasury for its conventional treasury business, HBL decided to upgrade its Fusion Treasury platform to integrate Islamic Treasury.

The upgraded Fusion Treasury solution will help HBL to create the next generation of Islamic banking services.

Dr Aamir Matin says: “Fusion Treasury appealed to us because it would help us achieve full Shari'ah compliance and delivers a wide range of excellent features.”

Fusion Treasury provides valuable functionality to HBL, such as the ability to utilize Continuous Linked Settlement (CLS) and foreign exchange (FX) trade authentication services as well as Standard Settlement Instructions (SSI) for secure and efficient payment processing.

The spokesperson adds: “On top of this, the solution also enables us to connect with our core banking system, Fusion Equation, Bloomberg and Reuters interfaces and FX trading platforms. Equipped with these capabilities, we can provide our customers with fast, reliable Islamic banking services.”

Many banks in the Islamic finance sector experience a lengthy and expensive time-to-market for new products.

“Fusion Treasury helps us to stay agile when developing new Islamic banking products and services,” continues Dr Aamir Matin. “For example, if a Shari'ah Board asks us to adapt a product in a certain way, we can easily and conveniently make any required changes.”

Growing Market Share

Since introducing Fusion Treasury, HBL has significantly improved operational efficiency, achieved valuable savings, and can develop the new services that will help sharpen its competitive edge.

Dr Aamir Matin says: “Because we could easily customize Fusion Treasury to incorporate key functionality, we didn't have to implement an entirely new treasury platform—enabling us to save huge amounts of time and money and keep operational costs low during the implementation.”

Dr Aamir Matin continues: “The flexibility of customizing Fusion Treasury helps us to refine our Shari'ah banking products, especially our Murabaha deals, Wakala borrowing and lending services, and Bai Muajjal sales offerings, so we can expand our customer base in this rapidly growing sector.”

Fusion Treasury has also empowered HBL to streamline many internal processes.

Dr Aamir Matin adds: “Our new Finastra solutions enable us to eliminate many mundane, repetitive tasks for our employees. For instance, previously our staff had to complete data entry jobs manually; now the system handles these tasks automatically—giving our staff more time to focus on value-add activities.

“What's more, having all treasury operations running through a single system will allow us to benefit from rapid straight-through processing (STP) capabilities.

Dr Aamir Matin continues: “With Finastra solutions powering our services, we can ensure that all of our products and services remain compliant with Islamic finance, while also providing

A longstanding partnership with Finastra yields new opportunities for growth and development



Fusion Treasury enables us to maintain full compliance with Shari'ah banking standards, so we can serve a wider customer base in this rapidly growing market.”

Dr Aamir Matin

CIO and Head Strategy
HBL

our customers with efficient banking services. This combination of convenient and compliant solutions will help us expand our presence in the Shari'ah finance arena.”

Working Hand in Hand

One of the biggest challenges faced in the project was the introduction of a brand-new product for the Pakistan market. To support this product launch, HBL's system had to be customized by approximately 30% to ensure that it would satisfy Islamic banking principles.

To ensure success, the project was split into two phases. The first was to upgrade Fusion Treasury, followed by the Islamic implementation, with careful planning of the scope of the customizations during the workshops and by increasing project resources when required.

With the Finastra Global Services team supporting HBL throughout the implementation process, the bank was able to deploy the solution on time in just nine months.

“Working with Finastra is just like working with one of our own internal teams,” says the spokesperson. “They have a very clear understanding of our business goals and are committed to helping us realize our vision of first-class, transparent, banking services.”

The spokesperson concludes: “Not only did Finastra provide excellent service throughout the implementation, they also delivered fantastic end-to-end support throughout the whole project by offering our staff comprehensive training on how to make the best use of Fusion Treasury. Knowing that Finastra are always on hand to provide support and advice gives us the confidence to continue innovating in the Islamic banking sector.”

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. 90 of the world's top 100 banks use Finastra technology. Please visit finastra.com

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