

Habib Bank: trade finance expertise

SERVICE with security is perhaps the most convincing feature of Habib Bank AG Zurich, one of the largest private owned family banks currently operating in the world. Spearheaded by a bulky corporate trade finance sector (nearly 87 percent of the bank's total global activity functions from the corporate side), the bank is the fifth largest in terms of deposits and the top most liquid foreign bank in the UAE (i.e. in terms of DA ratio - deposits and Advances). The bank specializes in trade finance and other related activities. Private banking portfolio looks after investment and capital guaranteed funds. "That's not to say that we do not have a consumer portfolio, but it has been restricted. Our belief is that it doesn't benefit the economy of a country if the policy is too liberal in as much the same way as corporate banking - this sector does a lot to enhance the economic and commercial aspect of country," says Chief Executive Vice President of the bank, Reza Habib.

Incorporated in 1967 in Zurich, Switzerland, there are over 35 Habib Bank branches across the globe with bases in the UK, US, Sri Lanka, Pakistan and a number of African nations.

In the UAE, there are eight offices including Dubai, Abu Dhabi and Sharjah. "Over here, we

concentrate mainly on the trade side - Dubai is an excellent market in terms of the amount of trade activity that is generated here. We finance traders with the required working capital and other aspects involved in the starting up of business," says Habib. The bank assists in export, import and re-export activities, supporting traders and local manufacturers in a variety of market segments and also helps retailers of foodstuffs, consumer electronics and textiles.

Habib Bank was one of the first to finance the garment export industry in the country. The bank was setup in the UAE and growth in deposits has doubled several times ever since and it continues to maintain an upward trend. One of the key aspects of the bank has been its well-defined policy on asset-liability and its position as the "most liquid bank". Lending is mainly short term and that helps adjust interest rates quickly.

Among the bank's recent successes was the launch of the world's first portable Java-based banking software solution in the UAE in order to streamline the bank's overall operations. Reza Habib says, "We re-engineered the system on large scale to benefit the entire operational scheme. We had been using many

client-server tools that were available but the requirement was to launch a system that's process geared towards significant applications and better options."

The Java-based banking system comes with over 1,200 options. "The idea behind launching our own system," says Habib, "was to avoid the regular tools that are normally used. Given the pace of change, they would be outdated before our banking solution was even ready." The bank created a platform independent Java development system called COMET and using this, they launched a modular banking package called hPLUS. hPLUS is among the world's first portable Java-based banking solutions. Based on a core of 60 modules, they can be used to deliver home and Internet banking services or run as a complete banking system. "And because Java has become a standard, we won't have to think about enhancing our own language - it is really an elegant system," says Habib.

Habib Bank's system differs from conventional packages in that it is a two-stage process and it updates records as transactions take place, unlike most banks which use four-stage processing models. Says Habib, "Transactions are

committed at both ends so everything is visible on the system and authorization processes are carried out subsequently. That has allowed us to do away with inter-branch reconciliation. So the more branches you have, the bigger the benefits." This Java version of hPLUS has now been implemented and piloted across Habib branches in the UAE. hPLUS runs at present on Habib's own intranet in the near future. "Sun's Java Station and its picoJava chips are widening the options still further to smartphones and handheld devices; since hPLUS is a full-fledged Java application, we will be able to run it on almost anything," says Habib.

The bank plans to branch out into telephone banking later this year and internet-banking towards December. It would mean such simple things like handling bill payments from the convenience of one's home.

Complete automation is what the future holds for Habib bank - delevering better services by using advanced technology and lowering the cost of banking and bringing technology towards people. "Our volume have doubled from 1992. Profit has gone up. And technology spells efficiency and faster results."

- Kalyani Gopinath