

# CASE STUDY

## Housing Bank for Trade and Finance (HBTF) Transforming legacy to leadership



### Profile

Amman, Jordan-headquartered The Housing Bank for Trade and Finance (HBTF) traces its history to 1973 when it was established as a limited public shareholding company with a primary focus on housing finance. In 1997, it became a full-fledged commercial bank offering a comprehensive range of commercial banking services. Today HBTF is one of the leading banks in Jordan serving a customer base of over one million customers through the largest banking network in the kingdom. The Bank has also extended its operations to London, Bahrain, Algeria, Palestine and Syria. As of June 2014, HBTF had total assets of US\$ 10.7 billion with total capital of US\$ 1.46 billion.

## Overview

Over the years, the technology ecosystem at HBTF had become quite fragmented with multiple software applications driving different aspects of business operations. An architecture comprising predominantly legacy-based applications, most of which did not conform to open standards, and outdated technologies, for which vendor support had long lapsed, posed a huge challenge both in terms of cost and manpower. The limitations of the underlying technology also severely impeded the in-house development team's ability to add new functionalities or even new capacities to drive the Bank's expansion agenda. Time-to-market for new initiatives and products had to be measured in months, rather than weeks. And most importantly, the inherent complexities of the technology landscape made it extremely difficult to manage legal compliance and governance.

## Key Business Drivers

Having realized the need to replace their legacy applications with a modern platform, HBTF identified Finacle as their partner of choice to drive a business transformation program that would simplify day-to-day banking operations and address all the bottlenecks, limitations and challenges of the existing system

The key plot points of the transformation program were

- To implement a solution that could be standardized and scaled to support HBTF's aspirations for global expansion and growth.
- To create an agile architecture that would enable the Bank to be more responsive to changing customer expectations and needs.

- To cut down time-to-market from the current time frame of months to mere weeks so as to accelerate the launch schedules for new and innovative products and services.
- To lower cost, complexity and time to compliance in order to conform to the increasingly stringent requirements of regulation.

According to HBTF's Chairman, His Excellency Dr. Michel Marto, "Over the years, our customers' goodwill has been a key driver of our leadership position in the market. To sustain this advantage, we need a robust technology infrastructure to relentlessly drive our product innovation and banking experience to greater heights. We selected Finacle™ for its rich functionality, proven flexibility and unmatched delivery track record. We are confident that this partnership with Finacle™ will enable us to delight and grow our customer base."

## Transformation Complexities and Challenges

Since this was the first program for Team Infosys Finacle in Jordan, the unique business practices of the region in areas like value dating and asset classification for example, called for some highly complex customizations. The integration of multiple channels also added a layer of complexity in terms of stakeholder management.

The implementation program itself was founded on an extremely robust governance structure comprising a steering committee, risk committee, change committee and working groups to ensure that all risks were identified and assessed and that adequate preventive and corrective controls were implemented.

In order to avoid complications arising from crunched delivery timelines, the Training, Detailed Requirements Gathering (DRG) and Solutioning phase was spread out over a period of 7 months. Even so, the team was able to deliver this big bang project within the scheduled timeline of 20 months

The use of the ARIS tool for process maps during the solutioning phase helped optimize the entire program lifecycle. The solutioning team was also responsible for taking the requirements brief and containing customizations. The HBTF team created a comprehensive control mechanism consisting of a two-layer review structure – a preliminary working committee of IT and business leads to review, recommend and hand over to a change committee, anchored by IT and business heads, for the final assessment and clearance.

The customization phase was further streamlined by deploying various tools, like FVP (Flash Virtualization Platform), RTC (Rational Team Concert) and buildsmart, to ensure complete process adherence. E2E testing, carried out by the functional anchors, who also did the DRG, enabled the proactive identification and correction of over 1,000 defects during this phase. This significantly limited the number of escaped defects and ensured that the customization progressed smoothly.

Overall, not too much customization was required, which was commendable given the scale of the program. This was due to the fact that nearly 85% of processes were mapped directly to the out-of-the-box product. Of the total 6,000 days of customization, only half were linked directly to functional changes, with the rest dedicated to interfaces and reports.

Also, given the paucity of time between the design and System Integration Testing (SIT) phases, a collective decision was taken to adopt a staggered release model that would deliver integration-specific drops in two phases.

## Transformational Best Practices

- A. The Infosys Finacle Team deployed an extensive array of productivity aiding tools created as part of the Finacle Solution Delivery Platform (FSDP) initiative to automate different lifecycle stages of any Finacle implementation program. This afforded unparalleled system-controlled traceability through all stages of the process and ensured that the team was in complete control of both time and quality of delivery. This approach helped sustain regression-related defects in the HBTF project to below 1% of the total.

The HBTF project also saw the pilot deployment – as part of FSDP – of IBM's Rational Team Concert (RTC) tool that facilitates end-to-end customization lifecycle development. The enhanced review mechanism functionality of RTC helps in achieving better efficiency and higher quality in code delivery and in this particular case helped limit DIR defects to a mere 4.8 per 1,000 person-hours of coding.

- B. The team also adopted various Quality Assurance Practices that would help minimize the number of escaped defects. For instance, the same functional anchor, who identified all

out-of-the-box requirements during the DRG was assigned to internally validate them again before they were presented to the client. This ensured that all defects were identified and addressed before the final Finacle application was handed over to HBTF for testing. A similar approach to E2E testing helped ensure that customization output matched or exceeded the defined in the Master Requirements Document.

- C. A strategic approach to team structuring also helped add tangible and substantial benefits to the HBTF project. For instance, the entire process of customer perception management and change management was simplified and vitalized by retaining over a third of the team from the DRG phase for the implementation phase. In fact, this was one of the key factors that were instrumental in the client scoring the team a perfect 7 on 7 for the engagement. Also, creating a common technical team to assist and supplement the functional teams in handling migration, infrastructure, defect debugging etc., helped streamline and optimize project time and effort. In the end, the strategic approach to talent structuring and optimization was vital to limiting customization scope creep to below 15% of that specified in the DRG.

The talent optimization strategy also paid off with the opportunity to cross-skill the team in new areas, thereby enhancing engagement, motivation and ownership.

## Transformational Benefits

Finacle's unified future-proof banking platform delivers all the benefits of Straight Through Processing and support for true 24X7 multi-channel and multi-currency transactions to HBTF. One of the biggest limitations of the erstwhile technology ecosystem that the modern platform addresses is the ability to quickly switch to High Availability Architecture as and when required; in the earlier paradigm, the switching operation took more than six hours. With Finacle, which is a clustered solution, switching was seamless while also delivering the functionality for HBTF to implement load-balancing solutions, another critical feature that the old technology did not afford.

The new next-generation architecture also empowers HBTF with the agility to be more responsive to customer expectations and needs. Activities like loan origination for instance, which were previously done manually, have now been automated. The Bank is now able to accelerate innovation through the launch of personalized offerings, bundled products and enriched segment-specific portfolios. Overall, the new platform has reduced the time taken for the Bank to provide services to their customers by as much as 30%.

A coherent and flexible CRM module also fosters a better understanding of customer needs, thereby creating the capability to match service to demand. Finacle's unified 360-degree customer view has set the stage for HBTF to institutionalize its retail and corporate client relationships and enhance its service experience exponentially.

In terms of internal efficiencies, the Bank's technology team is now equipped to turnaround 50% of all business requests within one working day. The seamless integration of new requirements into the application has also augmented branch processing efficiency by 30%. Time-to-market for new product and service launches has been slashed from months to weeks.

Report generation, which earlier relied on an unwieldy and limited hierarchical

database model, has now been speeded up and shifted online. Time-to-compliance has also substantially reduced even as the cost of compliance has come down drastically.

### In Summary

With the successful transformation of the legacy applications with Finacle core banking, CRM & e-banking solutions, HBTF has been able to standardize several outdated manual processes with the best practices offered by Finacle. The Bank

also stands to gain significantly from the business process re-engineering exercise that was carried out concurrently with the transformation program.

Together, the Bank and Team Infosys Finacle have achieved out-of-the-box functionality of nearly 85%, a figure that is far higher than the average for other similar engagements. The transformation program has simplified day-to-day banking operations and helped achieve all of HBTF's strategic objectives.



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## About Infosys Finacle

Finacle is the industry-leading universal banking solution from EdgeVerve Systems, a wholly owned subsidiary of Infosys. The solution helps financial institutions develop deeper connections with stakeholders, power continuous innovation and accelerate growth in the digital world. Today, Finacle is the choice of banks across 84 countries and serves over 547 million customers – nearly 16.5 percent of the world's adult banked population.

Finacle solutions address the core banking, e-banking, mobile banking, CRM, payments, treasury, origination, liquidity management, Islamic banking, wealth management, and analytics needs of financial institutions worldwide. Assessment of the top 1000 world banks reveals that banks powered by Finacle enjoy 50 percent higher returns on assets, 30 percent higher returns on capital, and 8.1 percent points lesser costs to income than others.



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