Al Baraka Bank Sudan goes live with Path Solutions' *i*MAL R14.0

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Al Baraka Banking Group (B.S.C.) is one of the largest Islamic banking groups headquartered in Bahrain, and listed on the Bahrain Bourse and Nasdaq Dubai stock exchanges. Although the Al Baraka Banking Group was established in 2002, its antecedents go back almost 40 years, when Jordan Islamic Bank was formed in 1978. Currently, the group has a wide geographical presence across 15 countries and an asset size of US$24.9 billion as of September 2017. Al Baraka Banking Group offers retail, corporate, treasury and investment banking services, in accordance with Islamic Shari'ah principles. The group's Sudanese subsidiary, Al Baraka Bank Sudan, was established in 1984 and currently operates 27 branches across the country, in retail, corporate, commercial and investment banking areas.

Al Baraka Banking Group runs a number of IT systems across its subsidiaries, with many of them using the *i*MAL system from Path Solutions, for its core banking system requirements. The Kuwait-based Path Solutions is a supplier of banking technology solutions and services, across multiple areas including core banking, investment banking, fund management, treasury and trading in GCC and global capital markets. *i*MAL is the supplier's flagship technology solution catering to Islamic banks, Islamic financial institutions, and Islamic microfinance companies.

Al Baraka Bank Sudan has been an existing user of the cloud 2.4.10 version of *i*MAL system since 2011. While this version of *i*MAL was satisfactory with respect to the core functionalities, one of the main drawbacks that Al Baraka encountered was with the client-server architecture of the system. Typically, a client-server model is less robust compared to a web-based model, especially while operating across multiple branches, due to issues such as requirement of hardware, two-tier architecture, and limited capacity to handle multiple client requests that impacts performance. With 27 branches to operate, this was becoming increasingly difficult for Al Baraka Sudan to handle with its previous *i*MAL system.

In 2016, the bank decided to upgrade its system to a web-based model that was more suitable for the management of its operations. While deciding on an upgrade, Al Baraka found it

natural to continue with Path Solutions and upgrade to the latest available version of *i*MAL, for several reasons. One of the main reasons was the availability of *i*MAL 14.0, a Java programmed, web-based model that would enable the bank to manage all its branches from a single, central hardware at the headquarters, along with new enhancements and added functionalities that were not present in the previous system. Besides this, Al Baraka's good experience with the previous system and the good relationship that it maintains with Path Solutions, also drove the decision.

In February 2016, the bank began discussing with Path Solutions about the *i*MAL upgrade, including requirements, specific enhancements, availability of resources, etc. The project kicked off in December of the same year. About 45 people from the bank and about 20 people from Path Solutions were mobilized for the project, with differing numbers at various stages. While Al Baraka had initially estimated to complete the implementation in nine months, it took about one year to complete it, and the system went live in February 2017. Path Solutions provided training for one month to the employees at Al Baraka, more specifically on the new Java modules, and the additional features that were included in the new release.

Al Baraka Sudan opted for a bank-wide implementation. Hence, all existing modules were upgraded to the R14.0 version of *i*MAL, across its 27 branches in Sudan. All the bank's processes were also shifted to the new Java platform.

Key modules upgraded by Path Solutions

1 Accounting	11 Batch processing
2 Alert Engine	12 Customer Service Management
3 ECC Interface	13 Report Designer
4 Internet Banking	14 Trade Finance
5 Fixed Assets	15 CSM Admin
6 Facility	16 System Administration
7 Financial Template Report	17 Store And Forward Engine
8 Islamic Invest	18 SAFE Tools
9 Integration Manger APIs	19 SWIFT
10 Islamic Profit Calculation	

One of the main challenges faced by Al Baraka Bank Sudan was during the initial phase of the implementation, mainly with regards to the finalization of requirements with Path Solutions. A key reason for this was meeting the regulatory compliance and reporting standards. Being a subsidiary of the Bahrain-based Al Baraka Banking Group, the Sudanese subsidiary's system had to be customized to meet the regulations dictated by both Bahrain as well as the Central Bank of Sudan. This was especially the case in critical components such as trade finance and credit. Besides this, the bank also needed some customization to the system which necessitated a slight revision in timelines to the overall project implementation.

While the execution of the implementation was fairly smooth, the bank encountered a few challenges related to the implementation and the post go-live phases. One of them was the migration of several custom client reports to Java, which was done in parallel with the other independent tasks.

Another issue was post go-live, when the bank faced performance issues due to high load, that was not encountered in the testing phases. Nevertheless, this issue was resolved with rectifications made to the hardware as well as code tuning, and a team of Path consultants available onsite to aid expedited support, that further improved the overall performance of the system.

Al Baraka was quite contented with the overall implementation. With the old system, the bank had to work with 27 different servers at each of its branches. The new system being a centralized model brought in many advantages such as easier management of hardware as well as processes, easier bug fixing and patch updates, and defect corrections that further complemented the core processes. Built entirely on Java platform, the new system enabled improved operational performance.

It also provided the latest integrations and interfaces that Path Solutions provided, which were not supported by the older version, such as Microsoft Business Intelligence, personnel and payroll system and the latest internet banking solution.

Post go-live, Al Baraka reported growth in assets and profits of about 16%, and a growth in liabilities of about 34.6%, that has resulted in overall cost savings of nearly $500,000.

The bank also witnessed significant improvement in performance and efficiency of batch processes. One example is the profit calculation duration that decreased from over 2 hours to the range of 10-15 minutes. Furthermore, several functional as well as technical enhancements that emanated from the latest release, expanded the capability of the bank in its service and operations. Owing to these, ever since Al Baraka Bank Sudan began working on the new system, it has witnessed an increase in customer base of approximately 10%-15%. Also, following the successful implementation, Al Baraka Sudan's Management has reportedly envisioned technology plans to make the bank further 'tech-savvy', and are in discussions with Path Solutions about this strategy.

KEY FACTS

Bank: Al Baraka Bank Sudan
Assets: US$ 2.08 billion (2016)
Location: 27 branches across the country
Supplier: Path Solutions
Solution implemented: *i*MAL R14.0
Modules: Islamic core banking suite
Timeline: 1 year