

## Business

# Technology played key role in achieving NBK's strategic objectives

## Kokosioulis outlines bank's digital transformation initiatives

**KUWAIT:** In an exclusive interview with Kuwait Times, Dimitrios Kokosioulis, Deputy CEO, Group Head of Operations & IT at the National Bank of Kuwait, outlined how the bank's IT played a key role in achieving its strategic objectives both in Kuwait and abroad. He also spoke in depth about NBK's digital transformation strategy and its latest technological services such as Mobile Banking launched to improve and enrich customer's experience. Excerpts:

### Kuwait Times: What did NBK achieve last year on the IT and banking operations front?

**Kokosioulis:** Last year was a very significant and successful year for NBK. Group Operations & IT played a key role in helping the bank achieve its strategic objectives and targets in Kuwait and abroad. In KSA, we commenced the preparations to open two new branches in Riyadh and in Khobar thus expanding our footprint and presence in this important market. In KSA we also managed to successfully establish and get licensed by the CMA to operate Watani Wealth Management as part of the bank's strategy to expand on wealth management opportunities outside Kuwait as well.

In Iraq, we were able to establish a new, state-of-the-art modular Data Center in a box in only 5 months which is a significant achievement on its own given its complexity and local circumstances. We also laid the foundation for a successful conversion for our Paris operations to successfully become a subsidiary of NBK Group thus maintaining the passporting rights in the EU and mitigating any risks from Brexit. In Egypt, which is the largest market for us outside Kuwait, we have continued the expansion in terms of opening new branches and continued full speed ahead with the transformation and digitalization initiatives which included the launch of a new state-of-the-art mobile banking application. Furthermore, we commenced our efforts to proceed with a major core banking system upgrade both in Egypt and in all our remaining international locations to provide solid foundation to continue our expansion in our key global markets as part of the revenue diversification and to be able to provide new products and services to our customers.

Open banking is also a new reality that we have started working on at our locations in Europe (London and Paris) with the implementation of PSD2 (Payment Services Directive) as well in the GCC with the directives issued by the regulators in KSA and in Bahrain.

In Kuwait last year, we focused on our transformation led by innovation and digitalization activities. We delivered new products and services to our customers and we were the first bank not only in Kuwait but in the region to launch innovative products such as the biometric card, the authentication of e-commerce transactions for Mastercard products using biometrics (Selfie Pay), the video chat feature for our mobile banking app to name a few. We also continued to add new features on our mobile banking app and introduced and pioneered the latest technologies in the payments and remittances space in Kuwait by being the first bank to join SWIFT gpi and Ripple Net. In Group Operations & IT we have also successfully performed a Proof of Concept (POC) to utilize Robotics Process Automation (RPA) to our credit card refund process with great results. The bank also hired a Group Chief Digital Officer and a Chief Data Officer to continue to drive our digital agenda and to ensure we utilize data in a meaningful way that will help us introduce new products and services.

**KT: IT plays a key role in NBK's digital transformation strategy, what are the main**

**objectives that the Group seeks to achieve in implementing its strategy?**

**Kokosioulis:** Information technology is a critical enabler to lead the bank's digital transformation strategy. Banks need to become agile and abandon the waterfall approach of delivering and launching new products and services to their clients. NBK has partnered with Ripple Net to offer customers a fast, safe and convenient cross-border payments service, called "Direct Remit" and making NBK the first bank in Kuwait to join the growing network of Ripple Net globally and to execute a cross border foreign currency payment to one of our international locations using X-Current's block chain service from Ripple. In only 48 seconds the beneficiary of the transfer was able to receive the funds to his account along with the relevant SMS confirmation. We are now working on opening new corridors in other markets including in the UK, Egypt and in Southeastern Asia. On another breakthrough achievement in the payments space, NBK was the first bank in Kuwait to successfully join SWIFT gpi (global payment innovation) network and we were also the first bank to offer payment tracking feature to our electronic channels (mobile banking, Watani On Line, Watani on Line Corporate). With the tracking feature through a unique transaction reference code our customers can check on the status of their payment online while enjoying the processing of their payment securely and fast.

Furthermore in alignment with our key strategic pillar of digitizing processes, NBK was the first bank in the country to offer the E-Dividend payment option to clients to receive their dividends online rather than in a form of a check - towards that end we offered first the online E-dividend subscription through our online banking platform (WOL) to our customers.

### KT: What are the latest updates and new services launched by NBK as part of "NBK Mobile Banking"? What is expected to improve in this application in 2019?

**Kokosioulis:** Mobile Banking First is a key strategy for the bank. We want to provide all services and products online using the mobile banking app. In 2018 we have added more than 13 new features on our mobile banking app, 1 feature every month. Some of the new features include Peer to Peer payments (Quick Pay), bill payments, standing orders, add/modify/delete beneficiary, cardless ATM transactions using mobile banking and civil ID, SMS and Miles subscription, to name a few. With the new features we have added on our mobile banking app and the remaining of our electronic channels, we have managed to have close to 70 percent of all our daily financial and non-financial transactions to be processed through our electronic channels outside the branch. This is a key achievement that will help us redesign our branch operations and better serve our clients by reducing waiting lines and providing all key services and products online.

As a result of the new features and services we added on our mobile banking, customer satisfaction has increased to more than 92 percent and our customers rated our mobile banking app on IOS as 4.2 out of 5 and on Android as 4.4 out of 5.

A key recognition of the bank's transformation efforts through innovation came from the globally renowned and prestigious Global Finance publication that gave NBK 3 major digital awards in 2018: 1) Best Mobile Banking App in Kuwait, 2) Best in Mobile Banking in Kuwait and 3) Best Consumer Digital Bank in Kuwait.

**KT: Besides NBK Mobile Banking, what are the latest technological services offered**



Dimitrios Kokosioulis, Deputy CEO, Group Head of Operations & IT at the National Bank of Kuwait, speaks during the interview

**by NBK to improve and enrich customer's experience?**

**Kokosioulis:** We are the first bank in Kuwait to offer "Tap & Pay" wearable innovative services that enable our customers to use wristbands and stickers to make payments up to a limit.

We have enhanced our ATMs with new innovative features that included card-less payments using the mobile banking app and the civil ID to withdraw cash and to update their civil ID expiration information. We have also successfully introduced contactless NFC transactions on our ATMs where our customers do not need to insert their card on the ATM but can commence their transaction through taping their card on the NFC reader located on the ATM.

Through our WOL channel customers can open a savings and a time deposit account in a matter of a few minutes without visiting a branch and they can update their customer information such as email address online. Furthermore we were the first bank in EMEA to introduce the online PIN WEB feature with First Data where a customer can retrieve his card PIN online.

For our corporate clients we have enhanced the services and features at our Watani Corporate Online (WOLC) application by offering an OTP service that replaced the digital certificate, as well as providing intelligent inquiries and STP salary file salary processing minimizing the relevant turnaround time.

We have also successfully implemented a Proof of Concept to introduce Robotics Process Automation (RPA) in our credit card refund process which brought in excellent results reducing the average handling processing time in seconds from hours. Our plan is to launch RPA in 144 processes within operations over the next couple of years and our customers will see significant improvements in the turnaround time and relevant customer experience.

Outside Kuwait we have also continued our efforts to enhance the digital channel offerings in key markets and have upgraded our online banking platform and launched a new state of the art mobile banking service in 5 countries.

**KT: Cybersecurity, is one of the biggest challenges facing most organizations, especially banks. How does IT Operation Group meet such challenges, especially in light of the ever-accelerating progress of technology?**

**Kokosioulis:** Cybersecurity is a key area that NBK is focusing and placing much

importance. The bank has recently completed a cyber-security assessment with a third party and we are working towards enhancing our defense and protection mechanisms to offer our customers greater security and convenience. Towards that end we have significantly increased the allocated budget for cybersecurity related initiatives from 3 percent a couple of years ago to 10 percent of our total IT budget. We have also launched an assessment for all our international locations as well and are working closely with the regulators in the countries we operate abroad such as SAMA in KSA and NESAI in the UAE to implement the local cyber security frameworks published by the regulators in these countries.

We have enhanced the security features on our mobile banking and online banking applications as well in line with our strategic pillar of providing secure services to our clients. In Kuwait, NBK is working closely with the Central Bank to formulate and finalize the country's cyber security framework.

Awareness is critical to address forms of cyber-security threats such as phishing, vishing and sms fraudulent related activities and as such we have launched awareness campaigns for our customers and staff.

**KT: NBK pioneered in introducing Blockchain transfers across borders, so what are the benefits of that service and what is the level of safety and security it provides?**

**Kokosioulis:** As a leading bank in Kuwait and in the region, NBK was the first bank to join the SWIFT gpi and Ripple Net thus transforming the payments landscape in the domestic market. Payments can now be made much faster and more convenient thus enhancing customer experience.

We are using the X-current service from Ripple that is a secure and convenient way of processing cross border payments. In 2019 NBK will be offering new corridors for Direct Remit payments and the service is currently available on our online banking platform.

**KT: In today's world where we are getting closer to being cashless societies... what are NBK's efforts towards e-payments and electronic settlements? And how do you see the future of electronic payment system in Kuwait?**

**Kokosioulis:** NBK has worked hard to provide e-payments solution to our clients through the introduction of new services such as NFC cards, wearables, cardless transactions, new online and mobile banking

features and by joining globally renowned remittance and payments platforms such as SWIFT gpi and Ripple Net.

The bank is also actively working with the Central Bank to successfully implement the Kuwait National Automated Payments System (KNAPS) that will revolutionize and automate the current payment landscape in the country and further digitize the ecosystem. With the introduction of a 24x7 Real Time Settlements System (RTGS), of an Automated Clearing House (ACH), of a digital currency to name a few of the new services to be provided through KNAPS, the entire ecosystem will be significantly improved and enhanced to the benefit of the customer and the economy.

**KT: What are the latest developments regarding the new data center? When do you expect it to be launched? How will NBK's subsidiaries benefit from the new data center? What is the latest technology adopted by the new center?**

**Kokosioulis:** NBK is investing in a state of the art modular Data Center that has been certified as a Tier 3 in the design and construction from the Uptime Institute and this makes us the only financial institution in the country to be certified with this prestigious accreditation. Our new Data Center is scheduled to be ready by end of Quarter 3, 2019 and will utilize state of the art infrastructure and will give us an active - active alignment and connection with the Disaster Recovery location thus giving the bank greater resilience and safety.

The new modular Data Center will allow the bank to get the right infrastructure to sustain its growth plan and strategic expansion in the future providing fast and secure services and innovative new products.

**KT: NBK's technological infrastructure is the foundation on which the digital transformation strategy is built, what are the latest developments in this regard, and what are your future plans? How is this reflected in the banking services provided to customers?**

**Kokosioulis:** NBK's technological infrastructure is the backbone of the bank and ensures the bank operates efficiently, securely and at the same time can offer fast, reliable and uninterrupted service to our customers 24x7.

Towards that end the bank has invested significantly over the past years in upgrading our core infrastructure by investing in a new state of the art modular Data Center, by implementing a new Enterprise Service Bus (ESB), by upgrading our core banking system in our international locations and by replacing legacy systems and applications.

**KT: NBK is the largest national employer in the private sector, would you please elaborate on NBK's recruitment strategy? How is the Kuwaitization strategy reflected on IT and Operations Group staff?**

**Kokosioulis:** NBK is an employer of choice for Kuwaitis. We are proud to provide opportunities for young Kuwaitis to give them a clear future and a solid career path. NBK Academy is an institution that introduces young Kuwaiti university graduates into the bank and provides them with the opportunity to excel and have a solid career with us. I am proud to say that Kuwaitization within Group Operations & IT has increased by more than 20 percent over the past few years and in all critical managerial and leadership positions of the group we have successfully placed talented Kuwaitis that have a clear career path and future and the retention rate of Kuwaitis in the group has increased significantly. We are committed to continue this trend and introduce more talented Kuwaitis in the group.