

Exclusive interview

NBK'S STRATEGIC VISION, DIGITAL INNOVATION
TRANSFORMING GLOBAL BANKING INDUSTRY

BANK LAUNCHES 3D SECURE TECHNOLOGY, BUILDS ON 'BANK IN A WALLET' CONCEPT

By Faten Omar

In 2016, banks in Kuwait focused efforts on modernizing infrastructure and building capabilities, especially in the digital space to position themselves for the future. In an exclusive interview with Kuwait Times, Dimitrios Kokosioulis, Deputy CEO, Head Operations and IT Group of National Bank of Kuwait discusses the bank's strategic vision and the importance of the digital transformation shaping the global banking industry as a whole.

Kuwait Times: What is NBK's market share in the banking technology sector?

Dimitrios Kokosioulis: NBK is one of the largest banks in the region. We are making investments in digital channels, especially in mobile banking, where currently close to 30 percent of the total daily financial and non-financial transactions (approximately this is equivalent to 1 million transactions out of the three million transactions we process daily through all our channels) are performed through our revamped mobile banking channel. We want to make sure that gradually we will provide all the services that our customers need on the mobile, as our goal is to build upon the "bank in a wallet" concept.

Also, we are investing and spending time and effort in protecting our customers' data confidentiality by beefing up our cyber security and anti-malware defense mechanisms. We do this by ensuring that the bank remains up to speed with the latest developments and trends including mobile device management, identity management and data classification among other things. We are certified with the global PCI DSS 3.1 accreditation and are working closely with the Central Bank of Kuwait and the KBA to develop a framework and the proper governance surrounding cyber security in the banking sector.

KT: What are the banking services that rely on technology where NBK excels? What are the innovative services in this area that will be presented by NBK in 2017?

Kokosioulis: NBK is investing in innovation and digitalization. As such we are upgrading our mobile banking application, where we recently launched a revamped application and introduced biometrics through touch ID on the NBK Mobile Banking App. We are also adding new services on the mobile application and by end of 2017, much more features will be delivered to our customers. Innovation at any cost without tangible benefits to the customer is not our main driver. We want to introduce new innovative services and products and invest in new technologies that will add convenience to our customers and add value to our product offering and service rendered.

We also recently launched an Interactive Teller Machine (ITM) at our Avenues Mall branch. This service enables customers to talk directly to an NBK Agent to assist with financial services such as cash withdrawal, cash deposit, check



Dimitrios Kokosioulis, Deputy CEO, Head Operations and IT Group of National Bank of Kuwait, speaks during the interview. —Photo by Joseph Shagra

to retrieve their credit card PIN through online banking (WOL) and the option to change their ATM pin through our ATMs rather than visiting a branch. PIN WEB is an innovative solution and we were the first bank to introduce it with First Data in the entire EMEA region.

Last but not least, we are working with the Central Bank of Kuwait on the NFC wearables product and hopefully once we get the relevant approval, we will be able to introduce wearables in the market using the contactless prepaid card technology.

Smartphone apps

KT: Transactions via smartphone apps have risen dramatically in recent years. How many transactions did NBK customers make in 2016 through smartphones?

Kokosioulis: We process nearly three million financial and non-financial transactions per day through all our channels, or 90 million per month, or close to 1 billion transactions per annum. Transactions via smartphones account for 30 percent of the total transactions and the number is growing every month.

This is why NBK works actively and diligently to beef up our cyber security defense mechanisms. We see the evolution of banking relying more on a digital arena and we want to ensure that our customers are enjoying safe and secure digital platforms.

KT: What is the importance of electronic banking services in enhancing the NBK brand, locally and internationally?

Kokosioulis: Because we are a global bank, we want to make sure that the use of online services to reach our clients' needs not only in Kuwait but also abroad. We are in a position to offer a wide array of international banking products and services

at our branches at key world financial centers, facilitating easy and reliable access to overseas financial markets. Furthermore, as part of our digitalization initiative we are upgrading our online banking platform for several of our key international locations and we are also adding mobile banking capabilities as well. We recently opened a full-scale branch in Shanghai, China making us the first GCC bank to accomplish this.

KT: How does NBK address the issue of security and technology, especially when

campaigns and we are coordinating with the CBK and the KBA to ensure that customers are alert and vigilant.

KT: Customers are always complaining about the failure of the ATMs, especially during the holidays. How does NBK respond to this?

Kokosioulis: We have the largest ATM network in Kuwait with more than 280

international hacker groups now seem to be targeting banks in the region?

Kokosioulis: We use the latest secure technology to monitor our databases and our systems to ensure they remain secure. We are cooperating with global partners to apply global security best practices initiatives where security is on the top of our priority list. We never launch a service unless the information security team has thoroughly tested it. For example on our ATMs we have upgraded our operating platform and installed anti-malware software thus enhancing the security of our network significantly.

KT: In view of activating 3D secure technology, how do you see customers interacting with it? Are there fears of safety on this service?

Kokosioulis: National Bank of Kuwait was the first bank in Kuwait and the Middle East to launch NBK Secure Online Shopping

Service through 3D secure technology for debit card e-commerce transactions internationally. This new service provides the highest level of credit and debit card protection for its customers against unauthorized usage when shopping online. We want to make sure that our customers' Internet purchases are as secure as possible. NBK Secure Shopping adds another authentication step for online payments. It is a free, quick, simple and secure payment process that works by using a passcode.

KT: As part of its efforts to keep up with digital developments, what are the projects currently being implemented by the bank?

Kokosioulis: NBK signed an agreement with the Kuwait Clearing Company (KCC) to enable the electronic transfers of dividend payments and trading proceeds to NBK shareholders. We were the first bank to do this and in the last two years this service was made available to all our shareholders providing them with a convenient way to collect their dividends. We have also signed an MOU with PACI to utilize the digital signature feature on the civil ID. We have on board all our SME clients on the state-of-the-art Salary Portal application where a client can upload a salary file from the convenience of his premises rather than to visit the bank. Also we are on boarding corporate clients on our Client Trade portal where clients can upload documents electronically to process trade finance related transactions from their offices. Recently we also made available on our online banking application (Watani On Line) the option to our customers to open fixed and variable Time Deposits as well as to update their customer information online. We are also working on an e-wallet solution, and NFC wearables along other things. Last but not least the bank is also investing in a new state-of-the-art Data Center which was certified by the Uptime Institute as Tier III which is ranked highest among all banks in Kuwait. The new Data Center will be utilizing the latest systems and technologies and will be operational by end of 2018.

Reforms

KT: What do you think are the major external and internal challenges that banks in Kuwait and NBK in particular will have to address in the near future?

Kokosioulis: The GCC region is also entering into a major economic transformation. The reduction in oil prices has

pushed governments to initiate reforms and this has an impact on the banking industry as well. We are seeing consolidation and M&A activity taking place in other countries in the region. In the UAE, NBAD and First Gulf Bank merged and also in the KSA mergers among banks is starting to be a reality. For us, our aim is to grow organically in key markets outside Kuwait where we have presence mainly in Egypt and the KSA. Another challenge the banks face today is the growing trend of FinTechs and blockchain. Nonbanking entities are competing with traditional banks on services and products and this is a growing challenge that the banks will have to address. NBK is closely monitoring this trend and we are examining various ways of positioning ourselves in this space.

KT: What is the role of Operations and Technology and how do you contribute to the bank's strategy and success?

Kokosioulis: At NBK, Group Operations & Technology was formed recently with the combination of operations and IT under one roof as per global best practice. The group is the backbone of the bank ensuring that we provide to our customers top-notch quality of service and after sales support. We constantly strive to improve and benchmark ourselves both internally and externally. Group O&T underwent a major restructuring and change management initiative as it is critical in today's competitive environment. Our efficiency has improved through a cost containment initiative we launched as a result of vendor renegotiations and internal restructuring without compromising quality. With HR, we have been actively embedding the "I AM NBK" principles along with the OASIS values (Ownership, Automation, Service, Initiative and Spend Clever) to all our employees in the group. We have also increased our Kuwaitization program rate significantly. I am happy to say that as per our succession plan for all the critical leadership positions within Group Operations & IT, we have identified good and talented Kuwaitis. Also, the NBK Academy is a pool we use to get good talent within the group. In summary, Group O&T is playing an integral role in ensuring that the bank is growing through the execution of our strategic pillars that are reflected through cost containment, quality of service rendered, risk and controls, innovation, efficiency and people.

NBK NEW DATA CENTER



deposit, transfers and audio and video conferencing.

ATM locations

NBK also added ATMs at convenient locations across the country to make banking more convenient and easier for our customers. Another significant innovation we recently launched was contactless cards, NBK Tap & Pay Service, where NBK Cards are enabled with a new technology which allows for contactless transactions, making paying for your shopping faster and easier. We are the largest acquirer in Kuwait with the largest number of NFC enabled POS machines and we work together with all stakeholders to increase awareness on the usage of contactless cards with our merchants and card holders.

Also we have given customers the ability

to retrieve their credit card PIN through online banking (WOL) and the option to change their ATM pin through our ATMs rather than visiting a branch. PIN WEB is an innovative solution and we were the first bank to introduce it with First Data in the entire EMEA region.

3D Security

Security on electronic transactions is critical for our clients. Awareness is a key element in ensuring that both our customers and staff remain vigilant on fraudulent activities and are always on alert. To this extent, we have launched awareness

Service through 3D secure technology for debit card e-commerce transactions internationally. This new service provides the highest level of credit and debit card protection for its customers against unauthorized usage when shopping online. We want to make sure that our customers' Internet purchases are as secure as possible. NBK Secure Shopping adds another authentication step for online payments. It is a free, quick, simple and secure payment process that works by using a passcode.

Secure Shopping is based on a three domain model named 3D secure service. The 3D secure service adds an additional level of authentication by confirming customer identity with a dedicated 3D passcode that makes Internet shopping more secure.



NBK's new building