White Paper

On the Mobility Fast Track: Bank Islam Brunei Darussalam’s Digital Transformation

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IN THIS WHITE PAPER

While mobile banking has become a standard for most banks in the region, most banks still struggle to move beyond plain vanilla transactional services and, more importantly, with its monetization. Today, there is a clear shift toward adding new forms of mobile payments and a mobile commerce capability to embed loyalty and rewards management.

The biggest potential for mobility in financial services we see is the convergence of big data and mobility resulting in a personalized, contextual, and real-time interaction with the customer. Clearly, this will have the most impact on marketing and loyalty management, but it will also benefit merchant acquisition, transaction banking, and customer service. While some banks have made impressive progress in this regard, the industry still stands only at the beginning of this journey and we expect considerable investment, as well as solid returns, in the next five years.

In this report, we look at Silverlake’s Digital Economy Model Suite (SDEMS) and Silverlake’s Mobility Lifestyle Ecosystem Backbone (MLEB) and its implementation in Bank Islam Brunei Darussalam (BIBD). SDEMS is a customer platform that allows a bank to deliver all business services to its customers across all channels in a consistent manner. It also delivers sales and service support capabilities to customer-facing staff and delivers a consistent channel experience across both self-service and manned channels.

SITUATION OVERVIEW

Key Objectives

The transformation program, which BIBD launched in 2011 in partnership with the Silverlake group, set the bank on the journey toward customer centricity and operational excellence. The bank invested in a large-scale program to upgrade core systems enhancing product sets and processes, improving technology infrastructure focusing on getting business intelligence right, and boosting IT security and business continuity.

A core section of BIBD’s Transformation Program lies in its Mobility and Digital Economy Engagement Program with the main objective to bring digital services to its customers, making it the first bank in the country to provide comprehensive banking services on mobile devices (smartphones and tablets).
The bank sought to address challenges and leverage opportunities driven by changing market forces such as customer needs, compliance requirements, and the need for higher cost efficiency, business consolidations, and competition.

Solution Overview

While Silverlake’s forte lies in its core banking proposition, SDEMS and MLEB were functionally separated from the core platform to ensure that business capabilities driving the customer experience are flexible and can be aligned across all users and channels.

This setup provides customers with a consistent "look and feel" across all digital and even nondigital channels, while giving the bank flexibility in the back office facilitating security governance, platform administration, and introducing a "build once, deploy everywhere" concept for business services. This customer experience is what sets BIBD apart from the typically fragmented frontline experience of the competition.

The mobile application was soon enriched with enhanced rewards redemption for bill payments and top-ups, allowing customers to use reward points for instant redemption or making payments with reward points at merchants.

The bank also launched a digitized merchant acquiring platform for mobile payments at retail outlets and introduced state-of-the-art ecommerce and mcommerce features to optimize functional possibilities of mobile banking. The latter allow customers to pay at selected merchant online stores directly from their bank accounts or with reward points via quick response (QR) codes on BIBD Online.

Merchants are also provided with a market-leading cash management feature that allows them to monitor online transactions via online banking from the time a transaction is authorized until transactions are settled.

Finally, a mobile advertising platform using interactive content and the push (marketing) messaging capabilities put BIBD into a strong position to engage its customers. It helps the bank to
reach out to the relevant target market with interactive content, promote new products and services, and educate customers in an easy way.

FIGURE 2

Silverlake Digital Economy Model Suite

![Silverlake Digital Economy Model Suite](image)

* Please refer to Technology White Paper (Rev. 4). A Universal Mobility Enabler for Mobile Internet Commerce, October 2013

Fig. 2: Silverlake Digital Economy Model Suite (SDE MS)

Source: Silverlake, 2014

FUTURE OUTLOOK

BIBD’s mobile application took the small Brunei market by storm. With a target market for digital banking services estimated at 45,000 payroll customers, the app was downloaded more than 36,000 times in 2013. Given BIBD’s strong position as the country’s largest bank, there is still considerable upside potential within its existing customer base and beyond. Its new customer-centric strategy has set BIBD apart from its Islamic competitors and puts it into an excellent position to further expand its market dominance.

The mobile application has unlocked new revenue sources for the bank, adding mobile top-ups and merchant discount fees as well as increasing utilization of credit and debit cards through a better positioning of its reward and loyalty program. Moreover, it comes with intangible benefits of lower operational costs, for instance, by offloading transactions from the branch to low-cost channels and higher customer satisfaction, which eventually may benefit the acquisition and retention of customers.
CONCLUSIONS

Mobile is moving to the core of channel distribution of banks, yet it remains only one channel out of many. BIBD’s approach to build a consistent channel experience across both digital and traditional channels will largely benefit the customer experience and help the bank to manage its operations more efficiently by allowing it to flexibly adapt to change and implement new products.

We expect that more banks will move toward an orchestrated channels strategy, playing into the specific strengths of each channel while allowing customers to define their experience according to their individual preferences.
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