

Path Solutions shares the success of its Sharia-compliant systems implementations

IBS Intelligence



Path Solutions is demonstrating a track record of successful implementation experiences with its Sharia-compliant solutions for banks and microfinance companies around the world. Here we review three of the firm's recent projects in the African continent.

Al Baraka Bank, South Africa

Headquartered in Durban, Al Baraka Bank Limited is the only fully-fledged Islamic bank in South Africa. It was established in 1989 and operates as a subsidiary of Bahrain-based Al Baraka Banking Group BSC (ABG), one of the world's largest Islamic financial institutions with more than \$26 billion in assets and some 700 branches in 17 countries.



According to Mohammed Kaka, Chief Operating Officer at Al Baraka South Africa: "The bank was considering modernising its core banking system, and, following a rigorous evaluation process, **iMAL** Islamic core banking platform from Path Solutions was selected based on its broad Islamic coverage and technological strengths, being the perfect match for the subsidiary's current and future requirements. Besides, **iMAL** had earlier installations at the group's 8 other international units. Plus, there is a great deal of alignment between Path Solutions and Al Baraka Bank as both have deep expertise in Sharia compliance, and the bank was also comforted by the fact that the platform is certified by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) which allows to meet the expectations and needs of our customers."

Path Solutions successfully deployed the **iMAL** platform at Al Baraka Bank South Africa. "One of the biggest challenges", Kaka said, "was the geographic location of the bank being situated at the tip of Africa

which required frequent long-distance travel. Also, obtaining visas for Path Solutions' resources was another challenge. However, the bank overcame these hurdles working closely with Path Solutions and the local authorities. Regarding the project scope, Path Solutions worked meticulously with us to understand the bank's needs, from the system features and functions to tasks, deliverables and deadlines, and, ultimately, costs. The roll-out had been so well prepared beforehand that we were able to execute it entirely without major incidents. Path Solutions also customised the system to meet South African regulations and compliance requirements. The implementation was flawless so as not to threaten our banking operations, and the go-live was very smooth. Post-implementation, the platform has enabled our bank to modernise and customise processes, gave the bank a 360-degree view of its relationship with customers, which help us to successfully up-sell and cross-sell, a strong differentiating advantage."

Bank Assafa, Morocco

Bank Assafa, wholly owned by Attijariwafa Bank Group, is a Moroccan banking institution that specialises in participative finance. The bank was created to meet customer expectations with a focus on the values of Islamic finance. According to Youssef Baghdadi, Bank Assafa's General Manager: "The vision of the Islamic bank had to be backed up by a leading system provider able to develop next-level products and services in conformity with Islamic principles, and in accordance with the rules and regulations practiced in Morocco, while accelerating time to market for new digital products. Hence, the bank chose Path Solutions based on a very selective tendering process that made it stand out as a suitable IT partner capable of supporting the bank in its growth strategy."





The bank initiated the implementation of **iMAL** Islamic core banking platform in coordination with Path Solutions' team. The suite of services centralised the main activities of the bank, in terms of management of branch operations, whether they were Islamic financing products or daily banking transactions, along with the management of electronic payment services, among others. **iMAL** also manages the accounting aspects generated by customers' operations. The system also helps in the areas of cheque/bills, clearing and settlements, and remote banking.

"One of the challenges faced was with data migration of customer activities from the bank's legacy core banking system to the new one. The bank needed to build a foundation for the new platform while ensuring the migration of customer data and products in a Big Bang model without impacting the bank's activities or the quality of service provided to our customers. Another challenge was to adapt to the Islamic finance regulations in Morocco, and to ensure compliance with the decisions and advices of the Supreme Council of Ulemas. Moreover, working during Covid-19 pandemic was a continuous challenge, especially to maintain the pace of development and completely transform the bank-customer relationship. Despite these challenges, Path Solutions succeeded in the migration of our customer base to **iMAL** platform on time. Some of the practical benefits include the implementation of the concept 'Bank Customer' instead of connecting customers to the branch, with real-time management of operations. The bank intends to develop its relationship with Path Solutions through the launch of new Sharia-compliant products such as SALAM and IJARA, other digital payment modules and AI-based services to support the needs of our customers," said Baghdadi.

Kaah International Microfinance Services, Somalia

Established in 2013, Kaah International Microfinance Services (KIMS) is based in Hargeisa, the capital of Somaliland. The company operates on a commercial basis providing enterprise financing and linked savings services to low-



income but economically active Somalis and small businesses in Somalia. The company operates through 12 branches in 10 different locations throughout Somaliland, Puntland, and Southern and Central Somalia. According to Mohamed Abdurahman Malin, Chief Executive Officer of KIMS: "The objective of the project was to upgrade KIMS from the old **iSHRAQ** 4.4 to the latest **iSHRAQ** 5.0 release. **iSHRAQ** provides Islamic-based financial and investment solutions to institutions specialising in Sharia investments. The solution is architected on the latest state-of-the-art technologies that maintain competent traits such as security, stability, and user-friendliness. The modules upgraded were **iSHRAQ*Finance** and **iSHRAQ*General Ledger**."

The scope of the project was clearly illustrated and approved by both KIMS and Path Solutions prior to its start. The project was within budget and the only challenge faced was related to the Covid-19 crisis which resulted in flight cancellations. Both parties agreed to cancel onsite activities and resume the implementation remotely. The project was completed in two months and the end result was a real success. The upgrade is expected to help KIMS benefit from the new platform enhancements and customisation, its dynamic dashboards, smart devices compatibility, significantly improving business processes, and a full integration with omnichannel solutions for clear data visibility, enhanced serviceability and reliability. Some of the distinguishing characteristics of this upgrade include new products introduced to **iSHRAQ** 5.0 along with notable software enhancements, facilitating the user's job by accessing **iSHRAQ** 5.0 weblink through tablet and android devices, and implementing new modules including omnichannel, provision, collection and fingerprint software integration."

Conclusion

Overall, Path Solutions has been professional, engaging, and responsive to its clients' inquiries and requests. Moreover, all clients highlighted that Path Solutions maintained daily effective communication with their teams. Clients have also indicated that they are looking forward to extending their relationship with Path Solutions for future core banking system upgrades.