

# Soneri Bank Limited approached Path Solutions to implement **iMAL\*ProfitCalculationSystem** to integrate with the bank's existing core banking system

IBS Intelligence



Soneri Bank Limited was established in Pakistan on 28 September 1991 as a public limited company under the Companies Ordinance 1984. Over the years, the bank has grown its branch network and operates today with more than 300 branches and ATMs all over Pakistan. Soneri Bank has also identified the need for Islamic banking to provide Sharia-compliant solutions to its customers and has over 30 dedicated Islamic banking branches across the country along with Islamic windows in all conventional branches. Soneri Bank is a full-service commercial bank with key areas of operation being Branch Banking, Corporate & Investment Banking, Treasury, SMEs, and Islamic Banking. Further, the bank aims for financial inclusion and ease of transactions through its wide range of products and services.

Known for providing innovative financial solutions to individuals and small businesses (SMEs), Soneri Bank aims to benefit everyone in their financial dealings. According to Syed Kabir Hussainy, Head Core Banking, Asset IT Division at Soneri Bank, the bank wanted to enhance the existing profit distribution functionality of their core banking system by integrating it with **iMAL\*ProfitCalculationSystem** as their existing system lacks automated features recommended by the Sharia team. The bank also required to implement automated pool management to be compliant with SBP's regulations and avoid existing manual intervention, which may be prone to errors. Furthermore, pool balancing and weightage assignment was done manually by the bank's Islamic Banking department and the Rate of Return was being fed into the system for distributing profit to depositors. Hence, the bank's department approached the IT division to search for the right system provider.

The selection process was long where multiple vendors were involved, and the bank had to undergo rigorous selection criteria. Initially, around 5 vendors were contacted by the bank and post elimination this was reduced to 3 vendors. The bank also approached several local software houses. During the selection process the bank came across Path Solutions' **iMAL** platform. The bank then discussed with Path Solutions its scope of offerings and the bank's Islamic Banking department was pleased with the company's unique offering. Hence, the bank selected Path Solutions to move to **iMAL\*ProfitCalculationSystem** to benefit from the latest platform features and enhancements.

The project initially started in February 2021 with overall project duration set to be around 3 months, including the integration interface deployment. The project is still in its implementation phase.

The core objective of this project is to integrate **iMAL\*ProfitCalculationSystem** with Soneri Bank's existing core banking platform from Temenos, to provide AAOIFI and Sharia-compliant pool management services. **iMAL** is built from the ground up as an Islamic banking software, following Sharia principles and guidelines, and duly certified by AAOIFI. This provides an edge to the bank concerning accounting treatment and the ability to operate in a Sharia-compliant manner.

## Implementation Process

The implementation of the Sharia-compliant **iMAL\*ProfitCalculationSystem** is based on Soneri Bank's provided

	<b>Framework</b>	Implementation will offer Sharia compliance framework and AAOIFI certification
	<b>Compliance</b>	Compliance with the local regulatory requirements as stated by the State Bank of Pakistan
	<b>Flexible Integration</b>	Flexibility of integration with any system using database element or web services
	<b>Parameterization</b>	Option of flexible parameterization for setting up multiple pools through pool management interface
	<b>Custom Reports</b>	Extensive reports for pool management and reconciliation: <b>iMAL*Reporter</b> tool gives the flexibility to the client to create its own custom reports

workflow encompassing all standard functionalities. This module will allow the bank to work in a Sharia-compliant manner for the calculation and distribution of profit. The implementation will follow the creation of all pools managed by the bank, based on a set of criteria and parameters that are built into the system.

The bank aims to have the capability of streamlining pool management activities using **iMAL\*ProfitCalculationSystem** and to manage the complete array of business offerings through general Mudaraba pool and special pools, along with an online integration with Temenos T24. The system is mainly for profit distribution and rate calculation, and these calculations are carried out based on the asset side as well. Further, the bank's loan and deposit module will be integrated through ETL process with Path Solutions' system.

The integration was planned to be carried out from database element or web services covering the following areas:

- ETL to push the data from 3rd party core system into PCS data mart - ETL IN
- ETL to push the data from PCS to Temenos core banking - ETL OUT
- ETL OUT extracts the profit & RoR by account for a specific month/year after the PCS run
- Web services to cater for break of deposit recalculation of the profit.

**iMAL\*ProfitCalculationSystem** is currently customised for the Pakistani market and includes major Central Bank operational and Sharia compliance framework requirements. Hence, the bank does not foresee any major changes to be made on the system, other than specific business cases.

Only a few customisations were carried out by Path Solutions for the bank. The existing system is embedded with core banking and the bank had to extract the data from the core banking for the profit calculation module. Hence, minor customisation was done to meet the bank's requirements. The bank required profit rates for all its deposit products and profit distribution for all accounts. Path Solutions was already aware of some of the requested customisations

needed by the bank and offered the right consultancy and solutions.

The initial POC happened onsite where Path Solutions' team worked alongside the bank's database team. However, due to the ongoing Covid-19 pandemic, the bank has been conducting online sessions with Path Solutions' team over a few in-person discussions.

### Challenges Faced

Some of the challenges faced by the bank were around the initial contract-signing. This was mainly due to the initial agreement shared that was not aligned with the rules in Pakistan. The discussion around this took almost a month to finalise. Post agreement, the bank had a sign-off and the project started around 22 February 2021.

### Potential Benefits

Since the project is still in its implementation phase, the bank is yet to reap the complete benefits. For now, the bank is happy with **iMAL\*ProfitCalculationSystem** and in due course, will analyse its requirements and will opt for additional modules, as and when required.

Soneri Bank's overall experience of working with Path Solutions has been remarkable. According to Hussainy, Path Solutions has been professional, engaging, and responsive to inquiries. Moreover, the bank has been engaging with the Path Solutions' team as needed, and with every issue raised by the bank, the former has been very responsive. Moreover, with Path Solutions' support centre in Pakistan, this is keeping the bank at ease in terms of instant onsite support when needed.

### KEY FACTS

**Bank:** Soneri Bank Limited  
**Headquarters:** Lahore, Pakistan  
**Supplier:** Path Solutions  
**Solution:** **iMAL\*ProfitCalculationSystem**  
**Timeline:** Three Months

