

Title : Using Technology to Improve One-to-One Service
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Money Matters

Using Technology to Improve One-to-One Service

As soon as he uttered the words "It's all about our personalized service and, of course, our technology," I was hooked. And even though the latter of those two benefits would dominate our conversation about Habib Bank AG Zurich's new HBZtrade service and the way the bank does its business in general, it was the former promise that compelled me to dig a little deeper into the other benefits offered by this remarkably approachable, yet tech-savvy institution.

The deeper I dug, the more impressed I was. For starters, their clients, or at least the ones that I spoke to, are delighted with them (barring some unavoidable parking issues at the Sheikh Zayed Road branch). Their employees are also delighted with them. And after spending two days mulling over everything I have come to know about Habib Bank AG Zurich (HBZ), the way to capture their business philosophy finally donned on me in the middle of dinner last night: This is a company that actually uses its technology to improve its one-to-one customer relationships. Now that doesn't sound like a revelation, but it really is.

Think about the number of times you have called x, y or z customer service line with a problem and found it impossible (even by hitting '0') to get a real, live human being on the phone. Or think about the times that you have gone to pay x, y or z bill and been sent to a self-service machine, while the person behind the desk continues to do absolutely nothing. Better still, how many times in the last few weeks have you sent someone a text message or email when you should have, but preferred not to, talk to them in person? By virtue of who we are, most of us use technology to consciously avoid each other. But this is not what's happening at HBZ, in fact, nothing could be further from the reality I experienced there.

HBZ not only believes in personal services and technology, they believe the two should be inseparable. Each and every element of

its high-tech banking platform has been designed with the customer – not the bank – in mind. For instance, the bank uses "straight-through processing" for everything it possibly can – from ordering a checkbook to buying stock on HBZtrade to sending money home using HBZcms. This means they don't have a back office staff of hundreds manually processing your requests; it's all done through their own systems, significantly reducing human error and processing time. If you were to transfer money from a traditional bank to your bank at home, for example, the request would normally be printed off and processed manually between your UAE bank, the SWIFT network and your home bank. Once the process was completed and SWIFT confirmed the transfer, you would contact your home bank to find out whether your transfer had been made. Now imagine this happening every month and it's easy to understand why it takes a few days and money can be "misplaced" for awhile. With HBZcms, your first transfer request is verified by the back office – once – and then your request is processed directly between you and SWIFT. In fact, you'll receive an SMS message directly from HBZ and be able to view the authenticated SWIFT message explaining that the transfer is complete and actually showing you its route and arrival time.

What's more, HBZ also uses its technology to focus on customer security – something very few other banks are doing enough about. "When we looked at security as a whole back in 2004, we decided that we needed to bring a higher level of security to the customer; something no one else in the region was doing. So we introduced Challenge Response Authentication Mechanism (CRAM) at the first level, and then we brought CRAM to another level," explained Amer Farid, the bank's second vice president. CRAM is what techies call that scramble of letters or numbers that appear when you're performing a transaction on a secure site. And, because CRAM is only visible to the human eye, hackers and spyware can't catch it.

"To further increase your security, we deployed a small application that sits in your JAVA-based phone," he continued. "You may have seen or heard about these one-time logins where a bank gives you a scrambler device that looks like a calculator. When you go on their website, you key the numbers on the screen into the device and it gives you new numbers, so even if a hacker manages to get your number, the numbers are never the same. When we looked at this, we thought you've already got your wallet, your phone, your briefcase, your laptop, your keys – do you really need another thing to carry around? And at that moment the bank's joint president Reza Habib pointed out that people already have an encryption device that they never leave home without – their JAVA-enabled mobile phone. So we wrote this tiny little application of only a few K, which takes the five numbers that appear on our site when you log in with your username

3G/GPRS enabled mobile/
PDA site

Secure login

Single view of all a/c's

HBZtrade options

Order placement

Order re-confirmation

Order acceptance

Execution confirmation via SMS

and password and immediately gives you five new numbers. It's incredibly safe and secure because they are two totally different devices. Nobody else is doing this stuff, but we're small enough to make these things happen and happen quickly, while also offering all the services of a very personal international bank. If anyone wants to see Reza, they can make an appointment and see him, you're not customer 00011 take a number."

Security features such as these, straight-through-processing and the bank's personalized service philosophy are perhaps best encompassed by one of their newest services, HBZtrade. The first of its kind in the region, HBZtrade allows the bank's customers to transfer funds instantly from their regular account to a brokerage account (without any fees) and then purchase and trade on international equity markets including NASDAQ, NYSE, AMEX, DFM (Dubai Financial Market) and ADSM (Abu Dhabi Securities Market)."

"What that effectively means is you can go online and read about a stock, get a quote and then place an order right now, while the market is still closed in New York," said Farid. "Then, depending on what pricing you want, there's an almost instant execution from the minute the market opens to you receiving an SMS confirmation that it's been done. Following that, all of the custodial settlement and everything else takes place. Of course, there are brokerage services that offer this, but in those cases, you have to send money to your brokerage account, for which there's a fee, and from there you need to pay out. Here, you've

got your money in your bank account and you're just moving money from one account to another, so there are no fees. The rates are low, and once you've actually bought the securities, you can use them against borrowing as well. It's a full banking service, as opposed to just a brokerage service."

And while simplicity normally comes at a price, HBZtrade has secured some of the lowest brokerage fees on the market for its clients, yet another benefit to its systemic straight-through-processing. Farid added, "Of course, we anticipate greater volumes as well; in fact, we've already begun to see a marked increase in new clients as a result of this STP offering, but really it's all about the technology."

If you suddenly find yourself scratching a deeply-seeded stock market itch, take a few deep breaths and pace yourself on your way to the bank. Although the HBZtrade process is easy, making money on the market isn't quite so foolproof. To ensure its clients are well-versed in what they are doing, the bank walks each new HBZtrade customer through the system before activating their account. Clients are also free to call on HBZ's private banking staff for advice at any time. "You know, our guys actually go and sit with our clients and walk them through everything step by step. And again, this is where the personal relationships come in – you can do things on your own schedule and there will always be someone here who you can just pick up the phone and call," explained Farid. Think about that next time you're in voicemail hell and ask yourself: Why isn't every bank doing this?

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