



KCB Bank Kenya success story:

Transforming retail banking operations to future-proof its business

Goals

- to transform KCB's entire retail banking system and improve operational efficiencies
- to improve time-to-market for launching new products and services
- to improve financial inclusion in the Kenyan market for the unbanked and underbanked
- to reduce fraud within the bank's payment network by implementing a comprehensive fraud management solution

Results

- successfully consolidated KCB's three separate systems into one flexible in-house processing centre to handle its issuing, ATM and POS acquiring business
- vastly increased the number of ATMs by 23%, and POS terminals by an impressive 1000% helping to increase financial inclusion
- significantly reduced KCB's time-to-market for new products and services with some products launching in as little as one month
- effectively mitigated fraud cases by 80% within KCB's network since implementation of new fraud management system
- established KCB as one the region's top innovators, driving market leading initiatives

The customer

KCB Bank Kenya Limited is the largest commercial bank in the country. A subsidiary of KCB Group Plc, the bank has the largest branch network in East Africa, with over 200 branches, 367 ATMs and 16,000 agents offering banking services on a 24/7 basis. This is complemented by mobile banking and internet banking services with 24-hour contact center services for its customers to get in touch with the Bank.

KCB Group Plc — which also has a presence in Uganda, Tanzania, South Sudan, Burundi, Rwanda, and a representative office in Ethiopia, boasts a wide correspondent network totaling over 200 banks across the globe. This ensures its customers' international trade requirements will be seamlessly facilitated wherever they are.

Future-proofing its business

In 2012, the bank embarked on a major strategic transformation project to overhaul and replace its entire retail banking system. KCB's objective was to replace the three separate solutions for POS, CMS and ATM management from different vendors and launch an in-house processing centre, running on one fully integrated platform enabling the bank to manage its payments business across the region. This would also allow the bank to reduce time-to-market, increase system performance, and help to improve overall fault tolerance.

To achieve such a transformation, KCB undertook a rigorous tender process, in order to find a partner that could support the bank's rapid expansion plans.

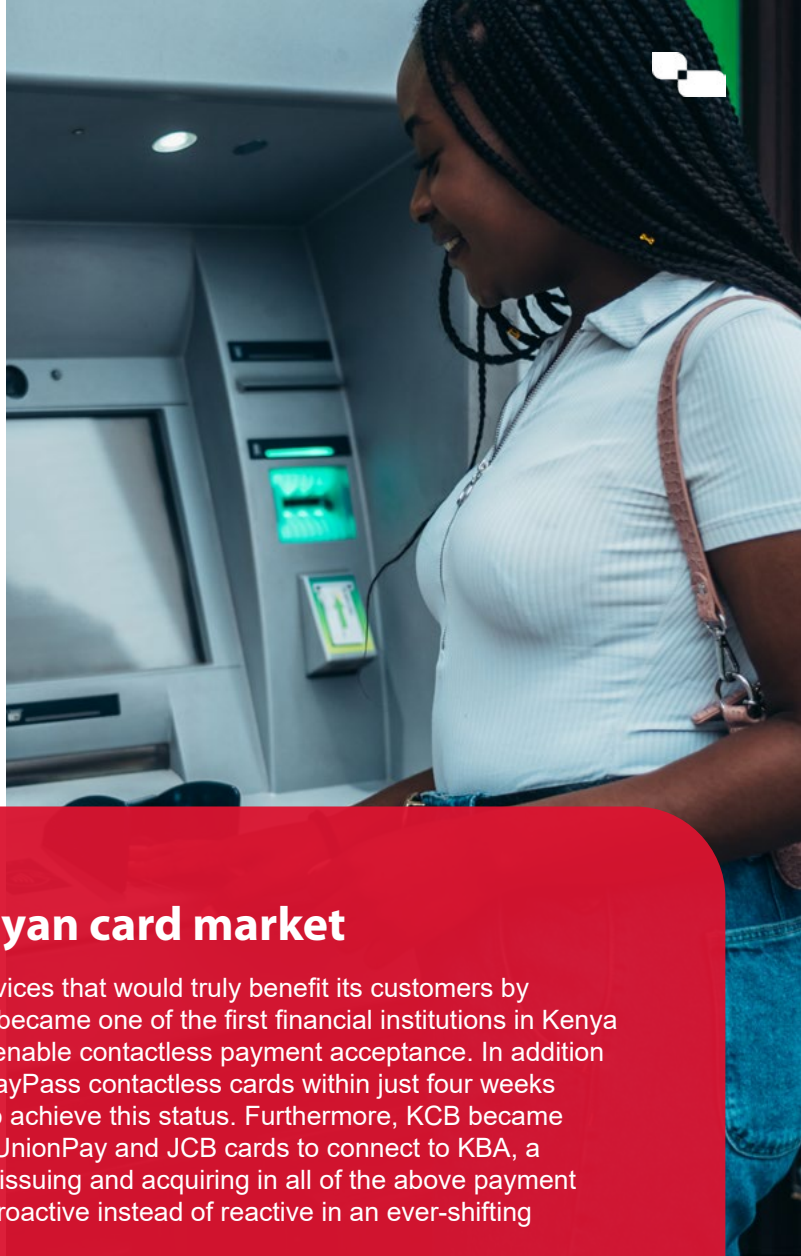
Compass Plus Technologies was identified as a leader in payments technology and best suited to deliver innovative products and services to its customers at a much faster pace and to provide the required operational flexibility, giving KCB the ability to pivot and shift its business direction based on the changing market needs.

The new in-house processing centre went live the following year - consolidating the three separate systems from different vendors in less than 12 months. This complex project involved migrating the banking group's entire 4.9 million card base to the new platform, as well as its network of more than 350 ATMs and 3,000 POS terminals.

Since going live, the partnership has continued to go from strength to strength, with various additional milestones achieved as part of KCB's long-term strategy to develop its retail banking business.

Serving the region's underbanked

In 2013, over 25.3% of adults in Kenya were unable to access everyday financial services. Through its work with Compass Plus Technologies, KCB has improved financial access across the region by expanding its network of ATMs and POS terminals by 23% to 450 and an impressive 1000% to 31,000 respectively. The expansion of these networks has allowed KCB to tap into a large unbanked and underbanked population in rural areas, providing customers with a wider range of banking services and an alternative way to bank. In conjunction with the growth of KCB's ATM and POS networks, the number of unbanked adults in Kenya has dropped to 11.6%, illustrating the success the bank has had in its financial inclusion initiatives.



Driving innovation in the Kenyan card market

Determined by its desire to provide products and services that would truly benefit its customers by offering both choice and convenience, in 2014, KCB became one of the first financial institutions in Kenya to issue contactless Mastercard and Visa cards and enable contactless payment acceptance. In addition to this, KCB achieved certification with Mastercard PayPass contactless cards within just four weeks – making KCB only the second bank in the country to achieve this status. Furthermore, KCB became one of the first financial institutions in Kenya to offer UnionPay and JCB cards to connect to KBA, a local payment network. The bank is certified for both issuing and acquiring in all of the above payment schemes, allowing KCB to drive profitability and be proactive instead of reactive in an ever-shifting payments landscape.

In addition to the operational flexibility Compass Plus Technologies software possesses, the vendor also provides rigid stability in its fraud management, with the security of these cards bolstered by personalised fraud management tools. The new system has enabled KCB to detect and prevent over 80% more cases of fraudulent activity than the previous vendor, giving the bank's customers reassurance that their money and data is safe. Compass Plus Technologies offer additional off-the-shelf risk prevention strategies such as the safe delivery of PINs to customers, a service which KCB launched via SMS and now chooses to do so as its default delivery method for all card PIN codes.

Increasing its footprint across East Africa

Since completing the major transformation project in 2013, KCB has seen significant growth, and now processes over 19.5 million transactions per month and successfully manages its network of 430 ATMs and 31,700 POS terminals. KCB's efforts have not stopped there as the bank continues to introduce new products and services to deliver better experiences to its customers, constantly developing its long-term strategy to expand its retail banking business.

In the future, KCB will work with Compass Plus Technologies to integrate with its acquired banks in Rwanda and develop the acquired bank's fraud management and claims management services.