

# Modern solutions over half a century in the making

*Raji Challita, CEO of 52 years' young financial software vendor **BML Istisharat** talks to IBS Intelligence about the key trends in core banking in MENA and more*

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**B**anks should be more like FinTechs, or so it is said by many, but just what does that mean? “Although FinTechs and banks operate within the same ecosystem, FinTechs are more agile due to regulatory flexibility, enabling them to innovate and quickly adapt to market demands. Banks, governed by stricter regulations, offer greater resilience, stability, and consumer trust, critical for managing systemic risks and sustaining long-term credibility.

“Rather than competing, banks and FinTechs should collaborate, leveraging each other’s strengths to drive innovation and expand market reach. Banks can benefit from FinTechs’ cutting-edge digital solutions, while FinTechs, in turn, gain access to banks’ funding, stability, and regulatory expertise. By combining the trust, regulatory know-how, and financial resources of banks with the agility, customer-focused designs, and technological innovation of FinTechs, both parties create a synergistic relationship that enhances their value proposition, fosters growth, and delivers superior customer experiences.”

## What key trends do you see in core banking, especially in MENA?

“The core banking landscape in MENA is undergoing significant transformation.

**Adoption of Cloud-Based Core Banking Solutions:** Shifting from legacy systems to cloud-based core banking solutions, driven by cost efficiency, enhanced security, and operational agility. These platforms enable faster transactions, real-time updates, and streamlined customer experiences. GCC Central banks are actively promoting cloud adoption to boost efficiency and security. Additionally, cloud technology supports sustainability, reflecting a growing commitment to environmental responsibility.

**Technology-driven payment systems with emphasis on Open Banking:** Open banking is rapidly advancing in MENA as governments introduce frameworks to foster innovation and enhance the financial ecosystem. By leveraging APIs, banks securely share data with third-party providers, enabling the development of innovative financial products. Simultaneously, in payments, key trends include real-time payment systems for faster transactions and SME liquidity, the rise of digital wallets and mobile payments for seamless



**Raji Challita, CEO, BML Istisharat**

eCommerce integration, and cross-border payment innovations reducing remittance costs. Blockchain and cryptocurrency are being explored for secure transactions. Initiatives like the UAE’s Payment Systems Strategy and Saudi Arabia’s Vision 2030 are accelerating the shift toward cashless economies and broader financial inclusion.

**Focus on Enhanced Customer Experience and Growth of Digital Lending Platforms:** Banks are prioritising enhanced customer experiences, leveraging advanced data analytics to offer personalised financial products, streamline transactions, and accelerate loan approvals. As customer expectations rise, digital transformation and FinTech collaboration are becoming essential for improving accessibility, particularly for underserved populations. The growth of digital lending platforms is further driving efficiency, enabling faster approvals and disbursements, especially for SMEs and individuals. These platforms reduce bureaucracy, integrate Buy Now, Pay Later (BNPL) services with eCommerce and POS systems, and leverage alternative credit scoring to facilitate SME lending.

**Strengthening AML /CFT:** Banks are strengthening Anti-Money Laundering and Combating the Financing of Terrorism efforts to align with global standards and address regional risks. Governments are enhancing regulation, adopting a risk-based compliance approach, and promoting cross-border collaboration. Emerging risks, such as cryptocurrencies and trade-based money laundering (TBML), are

being tackled through regulatory bodies. Financial institutions are implementing simplified KYC for low-risk customers and leveraging digital KYC solutions, including biometric verification and e-KYC platforms, to streamline onboarding.”

### How is AI changing core banking?

“Artificial Intelligence is revolutionising core banking by driving innovation, enhancing efficiency, and transforming customer experiences. However, adoption of AI also brings challenges, including concerns over data privacy, algorithmic biases, integration with legacy systems, and the demand for skilled talent to manage and maintain AI systems. Despite these hurdles, banks that successfully incorporate AI into their core operations can unlock significant potential for growth, customer satisfaction, and long-term resilience.

- **AI in Credit Scoring:** AI-driven analytics assess creditworthiness by analysing customer behaviour, spending patterns, and alternative data, enabling more inclusive lending options.
- **Fraud Prevention and Compliance:** AI-powered fraud detection systems monitor transactions in real-time. Financial institutions leverage AI and blockchain for AML/CFT compliance, automating processes and ensuring transparency in cross-border transactions.
- **Process Automation:** Robotic Process Automation (RPA) automates tasks like data entry, KYC, and compliance checks, reducing costs, errors, and processing times.
- **Personalised Customer Experiences:** AI tailors financial product recommendations, enhances cross-selling. Chatbots powered by natural language processing (NLP) provide 24/7 customer assistance.
- **Predictive Analytics and Robo-advisors:** AI models forecast customer needs, market trends, and risk scenarios. AI-driven portfolio analysis and robo-advisors optimise investments and mitigate risks.
- **Cost Optimisation:** AI optimises workflows, automates back-office tasks, and reduces operational expenses, improving resource allocation.”

### How does digitisation differ between insurers and banks?

“Banking and insurance digitisation share common goals of automation, customer-centricity, and digital transformation but differ in focus and complexity. Bancassurance offers integrated financial and insurance solutions through unified platforms. Both industries leverage AI, predictive analytics, and chatbots, automate processes like KYC and claims processing, and rely on digital channels for self-service. However, banking prioritises real-time transactions, credit scoring, and compliance, while insurance focuses on risk management, behavioural data, and underwriting.”

### How are you working to develop your offerings?

“Beyond our standard offerings, we provide solutions that connect banks, non-bank financial companies, and FinTechs, fostering innovation, partnerships, financial inclusion, and ethical banking. This

collaboration benefits all stakeholders:

- **Banks** gain new revenue streams by selling insurance products.
- **Insurers** expand their market reach through banks’ customer bases.
- **FinTechs** integrate innovative technology for personalised, efficient services.
- **Customers** access a range of services through familiar banking channels.
- **The Non-Banked Population** gains access to essential financial and insurance products, enhancing inclusion and reducing barriers.

“In parallel, we offer models to enable banks, insurers, and FinTechs to integrate ethical banking principles into their operations, ensuring transparency, fairness, and sustainability. Bancassurance and FinTech partnerships can leverage these models to enhance trust, drive inclusion, and deliver sustainable value to customers and communities. Our solutions help financial institutions balance profitability with social responsibility, fostering long-term growth and customer loyalty.”

### What does the expansion of Islamic banking mean for BML Istisharat?

“Islamic banking is evolving alongside digital transformation, promoting financial inclusion, ethical banking, and FinTech collaborations to deliver innovative, Sharia-compliant solutions. Banks are partnering with FinTechs and non-bank financial companies to expand their offerings, enhance digital services, and reach underserved populations. FinTechs, in turn, are developing Sharia-compliant financial products, enabling banks to digitise services while adhering to Islamic financial principles.

“Key trends shaping Islamic banking include:

- **Ethical Banking** – A core tenet of Islamic finance, emphasising fairness, transparency, and the avoidance of interest, speculation, and unethical activities.
- **Digitisation & AI** – Islamic banks are leveraging digital technologies, AI, blockchain, and automation to enhance customer experiences, streamline compliance (KYC, AML/CFT), and offer modern Sharia-compliant products.
- **Bancassurance** – Islamic banks offer Takaful, a cooperative insurance model where risk is shared rather than transferred, reinforcing financial inclusion and ethical banking.
- **Financial Inclusion** – Islamic banking provides profit sharing-based products tailored to underbanked populations, ensuring access to financial services for those excluded from conventional banking due to religious beliefs.

“With a multicultural team bridging East and West, BML Istisharat operates from a region where both Islamic and conventional banking are well understood. Its global reach spans the Middle East, Europe, South Africa, and Southeast Asia. By continuously modernising and embracing the latest technologies, BML Istisharat remains a leader in providing flexible, cutting-edge financial solutions that align with both Islamic and conventional banking systems.”