

Interview: Tony Kinnear, CEO of Azentio Software

You were appointed to lead Azentio Software fairly recently, since May 2021. What is your vision for the firm? Can you tell us what your top priorities are and the strategy you are implementing?

Azentio's vision is to be the leading provider of banking and insurance software across Asia, Middle East and Africa. We are a portfolio company focused on banks, financial institutions, wealth managers, asset managers and insurance firms. And we also have an ERP [enterprise resource planning] solution that serves mid-market organizations across the region. We are building a world-class software company out of the region to serve banks and insurance firms locally and worldwide.

We have acquired four companies, integrating them together and looking to build a comprehensive set of products for our clients, and achieve the scale that allows us to invest in our business to grow and expand more effectively. Each of the four companies we acquired has great people and great products. By combining them, we are stronger together and have remarkable breadth and depth. Now we have close to a thousand clients across our markets. We can do much more together than we did before separately.

Will we see more acquisitions by Azentio? Are you planning to go public via an IPO process?

The priority right now is to effectively integrate each of the businesses, build our team and capabilities and focus on serving our clients. Our planning for the next year is centered around our existing business.

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But that said, we will look at doing more acquisitions where it makes sense. There are several criteria we will consider when assessing potential acquisitions. Firstly, will an acquisition bring more talent into the organization to help us take advantage of the significant opportunity we have in the region? There are several thousand banks, financial institutions and insurance firms across Southeast Asia, India, Middle East and Africa, which are our focus markets, and you need exceptional talent to be able to serve that market and grow effectively. This applies across product engineering, service delivery and sales and marketing. So, continuing to bring proven talent into the business through acquisition is high priority.

Secondly, the assets that we have assembled provide us with a lot of the back- and front-end solutions that are needed for core banking and insurance platforms, as well as digital. But we still have gaps in our portfolio, and it might make sense to acquire new companies that can fill those gaps and provide an even more comprehensive offering to our clients.

With regards to going public, one of the great things about being a private company is that we can take our time and invest appropriately in the sort of things I have already mentioned. On the



product side, we are really focused on modernizing our technology platform, integrating the different components that we have, taking our solutions to the cloud. These require a lot of investment, a lot of patience. I think our approach is to get that work done over the next few years and then look at different options for future growth.

It has been quite a tumultuous two years for most of us around the world. How has the global COVID-19 pandemic impacted the business of fintech and banking software?

The pandemic itself is hugely impactful on people and businesses. But for fintech and the banking business generally, and the same applies for insurance, it has been a real accelerator, and I would say there are more positives than negatives. The most important issue around the pandemic is the way it has impacted the ability of customers to interact with banks and the ability of banks to service their customers. It seems an obvious thing to say, but going into the bank branch during the pandemic was not possible, so it has forced literally every financial institution to accelerate new ways of onboarding and servicing customers.

How are financial institutions adapting to this unprecedented disruption? Are you seeing a difference in coping mechanisms across different markets?

I think every conversation that we have with banks involves leveraging digital and other new technology capabilities to help them service, compete and grow in some shape or form. I don't think that would always have been the case before the pandemic. This is the case in both mature markets like Singapore, Hong Kong or India and the emerging markets in MENA or Africa.

Every client wants to talk about digital, and the pandemic is just one driver of this. The shift to open banking in different countries, which is allowing existing institutions to expand their product offerings and allowing new entrants, has made the market larger and more competitive. Customer expectations are a lot higher. So, leadership at financial institutions must think carefully about how to serve

customers better, compete more effectively, win new business and invest in technology as an enabler.

So how are they coping? I think by and large, reasonably well. The important thing is that executives and leaders are making plans and then starting to make progress on them. The challenge in our industry for some of the players that have been around for a long time is that they have legacy systems with customer data and workflow deeply embedded in those systems. The key is to be able to deploy new technologies and launch new products into the market on top of those core platforms and do it in a fairly agile, quick and cost-effective way. That is why I think providers like Azentio have a real advantage in being able to help clients with both core and digital offerings, with a reasonable degree of reliability, agility and cost effectiveness.

The acquisition of Path Solutions by Azentio is an interesting one. Would you walk us through how the deal came to be?

Path Solutions is very well known. They are a pioneer in the market and highly respected and a leading provider of Islamic banking software globally. Our geographical focus is Southeast Asia, Middle East and Africa where Islamic banking is such an important part of those economies.

The thinking for us was that, as I mentioned, to be a global leader in the technology space, you have to be a provider of Islamic as well as conventional software. So, it made sense to engage in a discussion with Mohammed Kateeb (ex-chairman of Path Solutions).

We found that we were very aligned with Mohammed Kateeb and the Path Solutions's team on our vision, and it just seemed like a very natural fit for us. Path Solutions's suite is very complementary to the products we already have with very little product overlap. I think what we can do for Path Solutions is add a lot of ability to take their Islamic and core banking solutions to a broader market. For example, because we are based in Singapore, we can provide Path Solutions with stronger access to markets like Malaysia, Indonesia, Thailand and the Philippines.

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I think in the Islamic banking space, there is a lot of innovation. Path Solutions will develop new products and provide new solutions to their constituencies, and Azentio can provide the scale and funding to help the team deploy those new solutions more quickly.

As far as the Islamic finance market is concerned, are there any particular growth areas that you have identified?

In my opinion, there are probably two ways to think about that. Firstly, our vision is to be able to provide Shariah compliant software to Islamic institutions anywhere in the world, including conventional banks with Islamic desks. I think we can absolutely do that, and that will be a key growth driver.

But when it comes to specific solutions, it is really again all about digital. The need for digital solutions to serve customers more effectively is just as strong, if not stronger, in the Islamic space as it is in conventional banking.

Islamic banks are very focused on the SME and retail segments. It is this customer base that is probably most greatly impacted by the pandemic, and a key way to help SMEs and retail customers is through providing much greater access to digital banking services, and innovative and ethical products. That is where I think we can really help the Islamic banking community.

Beyond digital, it is also important to make banking services much more widely available to the Islamic world, which in many cases, is still in development mode. Azentio's larger purpose, beyond being a great software company, is to help our clients extend their reach into new markets and help emerging economies get better access to banking and insurance products and services and contribute to maximum financial inclusion throughout the world.

For example, the level of life insurance penetration in the markets we operate in is still very small. Our mission is to help communities get access to life coverage and get protected. Our product development focuses on equipping banks and insurance firms with the right products to do that. Providing technically modern but affordable platforms to support microfinance is very important to us and an area that we will be investing in. And this is particularly acute again in the Islamic world. There are a lot of Islamic product ideas that Mohammed Kateeb and his team have for us to move forward with. I think one very interesting solution that is coming out now is the profit calculation tool that sits inside our iMAL core banking software, which is the only solution in the world to be certified by AAOIFI, the standard-setting body. The Path Solutions's team is extracting that engine from the core banking solution and making it available to clients that need to be Shariah compliant. I think that creating microservices such as this to support a broader set of customers in a more agile and cost-effective way is quite innovative. We also have a lot happening around AI [artificial intelligence], blockchain and facial and voice recognition to strengthen our fraud management solutions.

What are some of the most pressing pain points for financial institutions as far as digital innovation is concerned? And what are the biggest barriers to achieving digital transformation?

That is a great question. If I were to summarize it: It is the weight, cost and complexity of the legacy systems that sit within organizations. Workflow, analytics and customer data often sit within multiple legacy systems that have been built up over many years. Quite often, the components are pretty much siloed within organizations, so trying to deploy solutions that work for clients quickly and reliably can be very challenging. And clients these days, because of the emergence of fintechs and alternative providers, know the level of expectation around speed and personalization, which is higher than ever. So, for the incumbents, the challenges are all around extracting data, processing outside legacy systems and being able to drive that change in a very nimble, cost-effective and differentiated way.

What were the biggest digital trends in the financial space in the last year? Will these persist and what other key trends are you anticipating to emerge over the next 12–18 months?

It probably sounds like a broken record, but it is all about digital. More specifically, I think it is around much more personalized customer service. Customers now expect financial services providers to understand what their needs are. The customer is in control. I think banks just need to understand what their individual customers want and deliver it quickly and reliably.

It is all about how to use data more effectively to identify the needs of customers and provide personalized solutions faster, using AI and digital. And that could be through cross-selling within applications to generate more opportunities, enhance customer experience and build deeper, stronger, trusted customer relationships. ☺