

# Arab-Irish Commerce

## Oiling the wheels of the bank system

Irish firm CR2's software is helping to drive the deployment of ATM, internet and mobile banking by Arab banks, writes **Éibhir Mulqueen**

**D**ubai is booming, says Martin Dolan, chief executive of CR2, the banking software company that started life as an Irish start-up but now has its sales operations headquartered in the Gulf city. Comparing the thriving city to Dublin at the peak of the Irish boom, he says it is "all abuzz".

"What you are seeing in the US and in Europe is a recession in the economy and a banking crisis. Out here, you do not have a recession in the economy," he said.

The banking crisis, meanwhile, although international, has not hit Middle Eastern banks as hard. Dolan said subprime debt was not figuring on banks' books. When oil prices are high, there is "a ton" of money swirling around in the local oil-rich economies and, although the UAE's government has pumped money into the banking system to recapitalize it, the banks are in more robust shape than their western counterparts.

"Here, they talk the economy up. There is an awful lot of optimism," he says, in contrast to the gloom he encounters on trips home to Dublin, where 70 of CR2's 149 employees are based.

"It seems to have grabbed the media that you talk down the economy. You are fighting sentiment. It is quite the opposite here at the moment: People are pretty confident they can spend cash, and that they will have cash tomorrow."

For CR2, which is 11 years in business this year, after it began operations in Dublin with just two staff in 1997, times are busy. It also helps that emerging markets are less affected by the worldwide credit crisis.

Today CR2 has staff across eight locations worldwide, including Perth, Bangalore, Jordan and Dubai. Last year's turnover was €14.3 million, up from €13.3 million the previous year, and its global reach extends to 70 countries in four continents.

CR2 software is now helping to drive 8,500 ATMs for banks as one component of "a full range of self-service devices" for banking.

"We provide a self-service platform for banks. One element of that is ATM but you also have internet, kiosk [a device that does not dispense cash but can provide A4 state-

'Because we have the technology that can deal with the complexities and challenges of emerging markets, we win business there'

ments and so on], SMS, Wap banking and banking on your PDA [personal digital assistant] through the internet."

Dolan, who joined the company four years ago, said it was targeting emerging economies including sub-Saharan Africa, as well as developed economies in the region. Dubai, apart from being a base for local business, is a strategic hub for the remainder of CR2's world.

"Because we have the technology that can deal with the complexities and challenges of emerging markets, we win business there. The connections out of Dubai are phenomenal. If you are dealing with banks, it is essential you can go and talk with the executives in those banks and develop a relationship. I can be anywhere, in the case of the Gulf, in an hour. We deal with Russia and the former Soviet republics. You can be there in four to six hours."

As a management style, Dolan strongly believes in the merits of getting out of the office, and has made travel a large part of his life.

"You do not learn anything about your business sitting in your office. You become iso-



At the announcement of Bank of Sharjah's adoption of CR2's BankWorld were (back row) Donie Cassidy, TD; Mary Hanafin, Minister for Social and Family Affairs; Micheál Martin, Minister for Foreign Affairs; former taoiseach Bertie Ahern; Tánaiste Mary Coughlan; and Frank Ryan, chief executive, Enterprise Ireland. Front row: Ivan Van Bladel, regional manager CR2; Mario Tohme, deputy general manager, Bank of Sharjah, UAE; Martin Dolan, chief executive of CR2

lated and you begin to believe what you think rather than what you see in the marketplace. If you are not out there sensing it, you are left behind."

CR2 recently exhibited at the Gulf Information Technology Exhibition (GiteX) in Dubai, the biggest such exhibition in the Middle East, taking a space on the Enterprise Ireland stand.

One of the most innovative solutions in which it is involved is the integration of biometric scanners into ATMs. Last April, CR2 announced that one of its customers, Cairo Amman Bank in Jordan, had gone live with biometric authentication at its ATMs.

The iris scan technology, from IrisGuard Inc, was integrated with CR2's BankWorld software solution, its banking solutions platform. No card is used in the process, an innovation that has massive potential for reducing card and internet banking fraud and the consequent crisis of confidence among customers.

"We have put a huge amount of effort into fraud reduction technology," Dolan said. Sometimes this involves simple, straightforward solutions, like sending a text message



CR2 staff demonstrate BankWorld to the region's leading banks

every time a CR2-enabled ATM is used, alerting a customer if an authorised transaction is occurring.

But Dolan said there was massive potential with this technology in sub-Saharan Africa, where low literacy levels mean that Pin technology

is not an acceptable option for retail banking, and where bank branches are few. The result is that large quantities of cash are still held "under the mattress". New mobile ATMs with biometric technology could be a solution to bringing banking to such areas.

"There have been estimates that there could be \$3 billion under the bed on the African sub-continent. If they can get those people to put that in the bank and be assured that it is okay, that would bring a huge amount of money into the economy," said Dolan.

The company recently announced that African Banking Corporation had chosen BankWorld to manage its electronic network including ATM, internet, mobile and point-of-sale in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe, marking that bank's move into retail banking.

Other recent customers include the UAE's Bank of Sharjah, Finance and Credit Bank in Ukraine, and National Bank of Abu Dhabi in Egypt, all of which have been added to a list of banks stretching from Latvia to India.

Dolan, who trained as a chartered accountant, originally moved to Dubai eight years ago as director of international sales for Kindle Banking Systems, after it was acquired by Missys.

He and his wife are fully adapted to life in Dubai – he last worked full-time in Dublin in 2002 – and have an eight-year-old son who regards it as home.

The climate, he said, was the reverse of Ireland. "People there are complaining about the rain. Here, you are delighted to see it," he said.

He said there were three months in the summer, with

temperatures touching the 40s, when nobody moved beyond an air-conditioned zone if they could help it.

"For the other months, it is 19 to 25 degrees. It is very easy to be here nine months of the year. Christmas is absolutely gorgeous here.

"It is a different lifestyle. Once you re-shape your social network from being Ireland-based to Dubai-based, it becomes home."

He added that, while school costs were expensive, "you get what you pay for".

He moved over to CR2 four years ago because he wanted to get out of back office operations and saw the potential of self-service banking. CR2 took off with the acquisition of Interlink, the ATM switch software provider, in 2000.

"Acquiring a company that had maybe 50 to 60 banks as customers allowed CR2 to sell its additional products to those banks, and it also gave it a revenue stream," Dolan said.

Today, the private company is funded by its founders, Ron Downey and Cian Kinsella, and the management team, along with investors such as ACT Venture Capital, Trinity Holdings and GIMV.

## Irish companies make their mark in oil exploration

A growing band of Irish oil firms are thriving as a result of their Mid-East and African connections, writes **Margaret O'Brien**

**N**ot many sectors are reporting record profits, but oil companies are bucking the trend with continued impressive results. Names like Exxon, Shell and BP roll off the tongue when talking oil, but Ireland has its own band of entrepreneurs who are making their mark in the industry.

Circle Oil, established in 2003 with headquarters in Limerick, has assembled a balanced portfolio of exploration assets. "We started with an Irish and Namibian licence. The Irish licence was small so we dropped it and got involved in Oman instead," said David Hough, chief executive, Circle Oil.

"We raised €8.5 million privately and used it to secure the licences in Namibia and Oman. With that money behind us, it became obvious that we were serious players," he said. "Our Irishness cannot be

underestimated as an advantage when dealing with governments in north Africa and the Middle East. We go there without any colonial baggage, and that is a huge advantage."

One of the big changes in the direction taken by Circle was influenced by the recruitment of Professor Chris Green, who worked for Shell for 25 years and is now Circle's chief operating officer. "He advised that for a company of our size we should focus on projects to underpin Circle's earnings; in other words, get into production as quickly as possible through lower risk projects," said Hough.

"Taking this advice, we acquired licences in Morocco, and Tunisia, followed by Egypt. We are now drilling in all three of those countries.

"In Morocco, we have a gas well in production and are currently drilling another six wells there, while in Egypt, we have



David Hough, chief executive, Circle Oil



David Horgan, managing director of Petrel Resources, Paddy Power of Paddy Power Trader, and American trader Bill Hubbard

made an oil discovery in the past few weeks which we hope to bring into production in the first half of next year. This well, under tests, flowed approximately 3,500 barrels of oil per day," he said.

Circle Oil is also the largest licence holder in Oman, in terms of acreage. Circle holds two concessions in the sultanate of Oman: the first, Block 52, extends approximately 600 kilometres along the south-western coast; and the second, Block 49, is located in the western quadrant of the country, adjacent to the border with Saudi Arabia.

Hough has high hopes for Block 49 in particular. "It's next door to Block 6 and at the southern end of that block is the South Oman Salt Basin, where 300,000 barrels of oil are currently produced per day by Petroleum Development Oman."

Circle's technical team is confident the Salt Basin extends through Circle's licence area and, if that proves to be the case, then the company's exploration in Oman could prove very profitable.

Apart from its head office in Limerick, Circle Oil also has local offices in Oman, Tunisia

and Morocco. Importantly, the technical office located in Wokingham in Britain is now fully functional, and the recent addition of highly-skilled staff has further strengthened that team.

"We are continually evaluating and looking for new opportunities, within existing and new areas, especially in north Africa and the Middle East," said Hough.

In general, he finds working in North Africa and the Middle East to be relatively easy. "Kuwaitis and Omanis are charming people to deal with. It's our experience that it is

easy to do business in this part of the world. Once you have their trust, they really row in behind you. Our dealings with the politicians and ministry staff locally have always gone smoothly.

"As an Irish company, we are not viewed suspiciously or seen as a threat, either politically or commercially, and that stands to us," said Hough.

Another key player among Irish oil exploration companies is Petrel, which continues to master the challenging task of doing business in Iraq. "Petrel is an Iraqi specialist, having operated continuously in Iraq

since 1999," said managing director David Horgan. "The company also operates a large, East Safawi acreage exploration block in eastern Jordan."

"No one can predict the exact timing or direction of Iraqi developments, but Petrel has survived and generally progressed through five different administrations. The future will reveal surprises, but Petrel has shown its ability to survive and adapt."

Asked how easy it is to do business in Iraq, Horgan said: "The Iraqi authorities like operators who can function and deliver, but they are overstretched, unfamiliar with the private sector and would ideally prefer to deal with large, integrated oil companies with a long history."

"They grow impatient with foreign companies that provide technical training, negotiate and wish to sign agreements giving title to assets they are slow to develop."

Looking at the current state of play in the oil sector in Iraq, he said that Iraq had restored exports to circa two million barrels of oil daily, almost all from the southern fields. "The Ministry of Oil lacks the ability to dramatically increase this level, though there are shut-in reserves of at least 115 billion

BO and relatively straightforward development and exploration potential."

Looking to the future, Petrel's main interest is to lead a consortium to bid for southern Iraqi development fields, with potential to add barrels through development or exploration. Horgan believes the company is well-placed to realise that ambition.

"Petrel's existing projects include the largest engineering, procurement and supervision of a construction contract awarded by the Iraqi authorities [EPC] on the Subba and Luhais oil fields, which may enhance our prospects for an eventual risk-sharing arrangement on these or other fields," he said.

Petrel also operates two Framework of Case Study – Technical Cooperation Agreements on the Merjan oilfield and the Dhufriya gas and oil field. Petrel also agreed a pre-war exploration project on Iraqi Western Desert Block Six, due for confirmation under new law.

However, Petrel's main future focus, according to Horgan, is "to attain a Production Sharing Agreement (PSA) or similar risk-sharing contract to develop one or more southern Iraqi oil fields".