

**IN THE ERA OF DIGITISATION:  
THE TIME OF THE DIGITAL BANK IS NOW.  
IS YOUR BANK READY?**

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PROCEEDINGS REPORT

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**In the era of digitisation: The time of the digital bank is now. Is your bank ready?  
Proceedings Report**

**Introduction**

1. The Asian Banker held the Digital Banking Dialogue in Malaysia, Indonesia and Thailand recently in August and September, and it brought together senior banking professionals, mainly from the digital banking department and practitioners in a serious and frank dialogue on the challenges and opportunities arising from the digital banking.
2. The following report summarises the central points presented by the speakers of this session, including main issues discussed, as well as the Question and Answer session that followed.
3. The objectives of the dialogue were to:
  - I. Review the outlook and prospects on digital banking in APAC
  - II. Assess how digitalisation is changing the way banks compete
  - III. Evaluate the benefits and challenges in implementing various digitalisation strategies

**Key discussion points**

The following key discussion points were drawn from the dialogue and expanded below:

- I. Challenges to the digital bank: infrastructure, technology and technology investment, regulatory pressure and customer focus and education
- II. Customer Experience Management: Presence Detection, Real Time Offers, Location Based Offers
- III. Client On Boarding/ Due Diligence and Counter Fraud Management

**Detailed discussion points:**

The following detailed discussion points represent the contribution of all participants

**1. How can banks leverage and utilise digitalisation?**

- The main objective of digital banking is to improve the relationship between customers and their respective banks by making the banking experience for customers as seamless as possible while reducing the costs involved in banking.
- Digitalisation will be a core of the banking industry and not just a side line anymore with digitalisation being used both in the front and back office of banks.
- Banks that fail to embrace digitalisation will be left behind with a fall in consumer experience leading to a fall in bank growth.

- Digitalisation would look at how banks can identify different customers and segment them in order to cater to their individual needs.
- This would result in consumers having a relevant contextualised experience with them having a unique experience that they can identify with respective banks, improving the customer---client relationship. E.g. integrating branch experience with lifestyle experience.
- The rise of digital banking will not eliminate branch banking because face to face interaction is needed for activities like when customers need to make critical investment banking decisions.
- In the digital banking ecosystem, there is a need to have this ability to integrate the different services offered by banks.
- Integration of services enables clients to act faster on financial decision---making.
- Mobile tablet banking might bring fundamental changes inside and outside the branch.
- Digital banking will be a key revenue driver in 2020 as bank---client relationships are deepened and strengthened.

## **2. What are the prospects and challenges in implementing various digitalization strategies?**

- Banks can improve the level of integration of the different services that digitalisation can offer so that information is provided quickly and consistently to clients.
- Banks should make digitalisation a new culture instead of a channel to facilitate better services to customers.
- Culture, and not specifically a conservative culture, prevents the full exploitation of digital banking.
- Costs of digital banking includes: the cost of acquisition of new customers and cost of technology to provide digital services.
- How banks can come up with a behavioural customer based insight in order to segment the different types of customers is dependent on payment modes.
- Know Your Customer (KYC): how to ensure that the customers banks are accepting are appropriate despite the risk profiles, using predictive analytics in terms of statistical and behavioural models to know the customer and what he is most likely to do.
- Entity analytics enriches the current KYC whether it is in retail banking or wealth management.
- How to have enough confidence in bank's own technology to detect fraud.

## Conclusion

- How banks and non-banks are using data and processing huge amount of data in real time situations can offer customers a relevant and contextualised experience.
- The evolution towards a digital bank is not about changing process or channels but a more cultural change that involves the whole organisation.
- The banks need to weigh cost of acquisition vs cost of technology.
- Data & analytics can be employed to provide real time data for customers as well as for predictive analysis of customer behaviour in order to filter out the type of customers the banks would want to deal with.
- Digitalisation creates a robust backend, with some new processes becoming digital while others enhancing the current processes with digitalisation.
- Digitalisation can help to connect the process of better services provided to customers and to enhance fraud management.
- The diverse set of operations in the bank requires different approaches to digitalisation.

### Photos of the Dialogue



The Asian Banker  
10 Hoe Chiang Road  
#14-06 Keppel Towers  
Singapore 089315  
Tel : (65) 6236 6500  
Fax : (65) 6236 6530

Mobasher Zein Kazmi  
Head of Research  
Tel : (65) 6236 6516  
Email :  
mkazmi@theasianbanker.com

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IBM Singapore Pte Ltd  
9 Changi Business Park  
Central 1, The IBM Place,  
486048

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