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Headline: To ride digital wave, think beyond apps: DBS Bank CEO

INSTITUTIONS NEED TO 'RELOOK THEIR ENTIRE PROCESSES'

To ride digital wave, think beyond apps: DBS chief

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SINGAPORE – To ride the digital wave, banks need to think beyond just offering customers mobile applications and instead relook their entire processes, said DBS Bank chief executive officer Piyush Gupta yesterday at a conference on digital banking.

“A lot of people simplify digital banking to be just apps... (This) is too simple,” said Mr Gupta at the fifth annual Sim Kee Boon Institute (SKBI) for Financial Economics.

Referring to his bank's digital strategy, he added: “How do banks do the entire back-end process to

allow instant digital fulfilment? We are spending billions of dollars in digitising the bank and 90 per cent is digitising the middle and back end.”

Mr Gupta also urged the banking industry to make better use of big data in offering advice for, say, wealthy clients. He cited the example of DBS' tie-up with IBM, where the bank's relationship managers use the IBM supercomputer Watson system to go through large volumes of complex data, including research reports and customers' individual profiles.

“(The system) goes through reams of unstructured data ... to figure out intelligently what kind of advice to



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Mr Piyush Gupta
DBS CEO

give customers ... There is a customised set of suggestions for each customer,” he said.

Professor David Lee, executive director of the SKBI for Financial Economics, who also spoke at the conference, pointed out that alternative digital banking services have been disrupting the industry. “(There are) concerns that the use of smart data from the Internet and mobile wallet will begin to further threaten the profit margins of traditional banks.”

Other panellists at the conference noted that costs would be a challenge for the banking industry to go digital. Mr Kristian Kjeldsen, a head of department at Danish Central Bank, said: “It is extremely important to move away from cash, but we need infrastructure to do that. You need digital payment systems — this will be a challenge for banks.”

Nevertheless, Ms Norma Sit, chief executive officer of financial services firm Numoni, felt cash management remains critical to banks despite the digital revolution, and they need to

take this into account even while they transform their processes.

Delivering a speech at the conference, Minister-in-charge of the Smart Nation Programme Office, Dr Vivian Balakrishnan, urged companies in the banking and finance industry to find new ways to deliver their services.

He noted that mobile phones are “spreading faster than bank branches” and that it is no surprise that some companies are focused on creating innovative financial services for the mobile platform.

He also pointed out that the key competitive advantages banks enjoy, including funding and knowledge of their customers, have diminished.

“If you stop to think about it ... You want access to funds, crowd-funding portals. You want information. Well, it's not just banks (that have it) ... It's the people who have (an) accurate pulse on the flow of data and transactions,” he said.

E-commerce giant Alibaba, for example, has hired employees to mine customers' data, he added.