

How DBS is driving innovation in Indonesia

Pursuing its vision in buying ANZ's local business, DBS Bank is creating new products and innovations as it scales up its wealth proposition in the country – starting with a groundbreaking mobile-banking initiative, explains Widrawan Hindrawan.



WIDRAWAN HINDRAWAN
DBS

THE ANZ ACQUISITION IN INDONESIA is already achieving some of the desired results for DBS Bank, enabling it to strategically evolve and grow its wealth management business in a more scalable way.

A unique digital proposition has been first ‘off the block’ - with the launch in late August of digibank in Indonesia, an entirely mobile-led bank. Such a groundbreaking venture creates a new era of paperless and signature-less banking - by pulling together the power of biometrics, natural language, artificial intelligence (AI) and in-built security in one offering.

More broadly, this highlights the importance of Indonesia as a core market for DBS in Asia. And tapping into the country's large digitally-savvy population is an effective way to grow the client base, explains Widrawan Hindrawan, DBS' executive director and head of wealth management in Indonesia.

“Building our customer base is still the first priority, but with an emphasis of focus on our customers' journey, after which is penetrating existing customers with a different flavour of offerings,” he says. “The third priority will be how to make sure we are top-of-mind in the eyes of the customer when it comes to their wealth.”

BEING TECH LED

Hindrawan welcomes the opportunity to embrace the brave new digital frontier to target key segments such as Millennials and the mass market. “We see those as our target markets as well as the users of all the mobile plat-

NEW DIGITAL DIMENSION

With digibank, DBS is giving customers in Indonesia what it believes will be a seamless banking journey via several novel features:

Biometric technology – by leveraging E-KTP, Indonesia’s biometrics-enabled ID programme, citizens who live in the Greater Jakarta area can open a digibank account anywhere at a time of their choosing, by meeting a digibank agent to help them use a biometric device on the spot; there is no paperwork involved.

Customer service provided by a 24x7 AI-driven Virtual Assistant – customers can, for example, type or say ‘What is my account balance?’ – and the Virtual Assistant will assist in the same way a banker would.

Intelligent financial planning and monitoring – this is a spending tracker to help customers plan their expenses while simultaneously monitoring their banking transactions made using their digibank debit card. There is also a budget optimiser to help with budgeting, tracking expenses and analysing purchasing trends.

Enhanced security – this is in the form of embedded soft token security, avoiding the need to wait for an SMS.

forms that have been growing a lot in Indonesia,” says Hindrawan. “We are trying to offer more convenience in terms of their transactions and also more variety in terms of products we can offer digitally.”

If DBS’ digibank success in India is anything to go by – where it has penetrated the country’s retail banking market by acquiring around 1.5 million new customers to date since the roll-out in April 2016 – it has a lot to expect in Indonesia too.

In this market, Hindrawan says the bank needs to view the country’s Millennials as potential customers – once it can help educate them about finance. “We need to provide the right information to all customers,” he adds.

DOING MORE ONSHORE

Developing the offering in this way will also enable the bank to tap into the emerging phenomenon in Asia – the growing volume of funds being repatriated, coupled with investments by offshore investors into local markets.

This has been an important factor in driving the DBS strategy in key local markets across Asia. For example, the bank plans to bring its private banking offering to Indonesia by February 2018, to run alongside the ANZ integration, via DBS Treasures Private Client; this is as an upgrade to existing Treasures customers who have over USD1 million-equivalent in AUM. This is also vital as many locally-based entrepreneurs continue to grow their onshore wealth, so have a greater need for a one-bank solution.

In preparation for this as well as to access other opportunities today, DBS is steering more towards an ap-

proach to portfolios guided by asset allocation, based on a broader range of products than many of its competitors in Indonesia across insurance and investment. “We are also planning to add variations to be able to focus on financial planning,” adds Hindrawan.

With this comes an element of customisation, he explains, supported by the new stance of the local regulator. “Since the tax amnesty programme, the government has changed quite significantly in terms of allowing firms to be creative in terms of product structuring,” he adds.

For example, recently-introduced rules permit banks to offer discretionary funds to investors. In turn, this opens up a broader range of investments on which asset managers can work with banking partners, as part of being genuinely more solutions-focused. “Given that we now have a more stable currency, there is more room to be a bit more relaxed in terms of the regulations,” he says. “The regulators are now a bit more open in terms of exchanging ideas [with industry players].”

SOWING THE GROWTH SEEDS

In line with this, Hindrawan sees the ongoing integration of ANZ into the DBS business as providing some interesting opportunities in the coming years.

“There are a lot of opportunities for us in terms of being more creative within the framework of the regulations,” he says. This will partly be built off ANZ’s larger customer base due to its credit card business. “This gives us a bigger opportunity to explore and expand by cross-selling,” adds Hindrawan. ■