

What DBS is doing to drive change

At the helm of arguably the most progressive wealth management firm in Asia today, Tan Su Shan of DBS Bank reveals the development of a culture and mind-set that has inspired designs, technologies and processes to bring it into the new world of banking, and profitably.

When Tan Su Shan stood up in early October 2013 to deliver her first-ever TED Talk, on the subject of the evolving nature of banking, she was confident enough to admit her technology naivety.

This might seem at odds with what has followed within DBS Bank since then. But as managing director and group head, consumer banking and wealth management, Tan was already very aware of the need to pay increasingly close attention to the Googles, Facebooks, Apples, Alibabas and other leading tech firms of the world – or risk being left behind.

The timing was spot on. A couple of weeks after her speech, Alibaba's on-line-payment affiliate Alipay launched its online investment fund Yu'e Bao.

Not even six months later, by the time DBS Bank announced its intention to buy the Asian private banking business of Societe Generale in Asia, Tan recalls

that Yu'e Bao had already raised more money than DBS across its three wealth segments – S\$133 billion (roughly US\$99.4 billion).

"It was clear then that the world had changed," says Tan. "The power of timely, relevant and easy-to-use digital marketing was already proving to be tremendous, so we realised we needed to move with the times."

DBS has clearly done just that.

Beyond what Tan is proud of in terms of people and product innovation, the real game-changer has come from the bank's platform – via its huge digital agenda, which puts the customer at the centre of the banking experience.

Key initiatives for the institution have included its digital bank, the roll-out of DBS Watson, Wealth Adviser, and also a Joint Lab with A*STAR's Institute for Infocomm Research.



TAN SU SHAN
DBS Bank

"Unless we are at the forefront of the drive towards digital, we will disappear from the everyday lives of customers, which is where we want to be," she says.

RE-INVESTING PROFITS

Being able to pursue such an array of expensive and time-consuming innovations on the technology side of the business has only been made possible by the bank's financial success.

At a time when many of its competitors in its space are struggling to be profitable, DBS' income from consumer banking / wealth management in 2014 rose 14% to S\$2,882 million, with the wealth management segment growing 19% to S\$1,100 million.

Being headquartered and listed in the wealth hub of Singapore, where DBS is a market leader with over four million customers, has been vital to this growth and success.

Ultimately, this is about distilling the offering down to what customers really want, so that they have more choices, explains Tan.

"If they want to do their banking from their couch, we can offer them that; if they want to use video or FaceTime, we will give them that; if they want to bank via their mobile phone, we will provide this; if they want to get their questions answered anywhere, anytime, we can offer that."

DIGITAL BY DESIGN

As a 138-year old institution with 280 branches across 17 markets in Asia, DBS should have done enough to convince existing and potential customers about its soundness in risk management.

rate headquarters at Marina Bay Financial Centre in Singapore.

It is from here that the bank makes sure it gets customer feedback before websites, apps or any other technology-related initiatives are rolled out.

This is a key part of getting the client experience right.

The rationale is to make sure that anything the bank offers is done from the client's perspective, based on testing user-friendliness and relevance with these individuals directly.

"We don't just want to look at these things through our own eyes," says Tan.

There have been cases, for example, where in the testing stage clients don't notice a certain aspect of the functionality, based on which sections of a web page they are more inclined to look at.

Or, despite DBS wanting to stick to its corporate branding by using red, black and white colouring, testing with customers has shown that they are more responsive to greens and yellows.

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As has its growing presence in the three key Asian axes of growth – Greater China, South-east Asia and South Asia.

"This shows the benefits of being able to build scale," says Tan. "We can definitely grow market share further."

And DBS has been quick to reinvest its profits into innovative projects.

In turn, says Tan, the bank's value proposition has evolved to something akin to: we will keep your money safe while being smart and keeping up with the times.

That is a given, but Tan is adamant that future success depends on being as smart and agile as the Googles, Facebooks, Apples and Alibabas. Further, as these firms grow a larger and deeper financial services offering, they too will soon be perceived as safe.

"That is the reason we have created our digital bank," she explains. This includes using what it has learned and developed in terms of apps and wealth technology, in partnership with IBM Watson.

DBS even has its own design lab, located on the 40th floor of its corpo-

As a result, DBS has incorporated some innovative eye-tracking technology to enable it to better understand what customers are more likely to focus on, and then re-arranges the functionality and colouring accordingly.

"By identifying what customers like and avoiding anything which they don't like, or which frustrates them, we can come up with the final design," adds Tan.

This all has important implications for the digital bank in development. "We want it to be intuitive and easy-to-use," she explains.

BREEDING BUSINESS SUCCESS

In the nearly five years since Tan took the helm of DBS' wealth management business, the strides which she and the institution has made are impressive.

Being part of a progressive team has been a key factor. Tan is quick to acknowledge the role that everyone has had to play, from senior management down to the most junior employee.

"We have simply been able to unlock the opportunities that already existed within the institution," she explains. "We can genuinely be the cradle-to-grave bank for our customers."

Among the components of delivering this, Tan points to the connectivity that DBS creates for its clients. This is especially from a regional perspective in Asia, given that entrepreneurs based in local markets are likely to be doing business in each other's back yard.

For example, a wealthy Chinese businessman often needs help in Hong Kong, Taiwan and Singapore; and an Indonesian will want access in India, China and Singapore.

"The banks which can play well in this space, which means deep and wide, are the ones most likely to get their business," says Tan. "By understanding how they have made their money and about their industries, we have been able to better help them meet their wealth management needs."

Buying the Asian private banking assets of Societe Generale has also been an important component of DBS' recent growth and success.

Tan articulates this in relation to some specific achievements. First, for those

assets the bank kept after the acquisition, post-integration attrition has been negligible. Secondly, DBS was able to retain the majority of the talent it wanted – especially in terms of senior bankers and investment counsellors. And thirdly, there was a complement in terms of the geographic expertise that came on board. "Societe Generale was strong in areas we weren't such as in Dubai, the Philippines, and Japan, and also their international team," explains Tan, "so that brought us scale overnight."

Further, the collaboration on the product and research side of the business has added value to DBS, she adds.

Innovation has also been key to DBS' success in servicing Asia's entrepreneurs. That goes beyond just the technology, and into the wealth solutions delivered to clients.

One example of this includes the bank offering asset securitisation solutions for customers in real estate who have pre-sold a development.

"This enables such developers to realise some liquidity from what would otherwise be an illiquid asset," explains Tan. "They can then diversify their risk from a single asset class to a global and more balanced portfolio."

Such customised solutions create stickiness among the customer base, in terms of loyalty and the assets themselves. It also means the bank is not then trying to compete in terms of returns with the client's own – and often more lucrative – business.

Tan explains that the driver behind these types of solutions – whether for a mining tycoon in Indonesia, a shipping magnate in Hong Kong, or a hotel owner

in China – is bankers wanting to come up with something new based on what the customer actually needs.

There is also a strong sense of the need to survive within today's intensely-competitive industry which senior management uses to instill the right customer-focused mind-set among everyone within the organisation. "We have to be creative and innovative to remain relevant," says Tan.

MAKING BANKING JOYFUL

This desire for simplicity and customer centricity extends throughout DBS. Tan is intent on achieving it at both ends of the spectrum of clients where she says the bank has identified, and is pursuing, specific goals.

At the highest end of the wealth pyramid, the bank is always looking to onboard more UHNW individuals and family offices. And increasingly, she feels it is able to achieve this with its enhanced platform and processes, using the kinds of customised solutions it has been implementing to help these clients unlock value and liquidity.

At the other end of the spectrum, DBS wants to use its digital bank to excel in the mass affluent space, which means ensuring it can execute clear and easy-to-understand goals.

To put this into practice, the bank is empowering all staff to make decisions that improve the client experience – including scenarios ranging from opening an account to retrieving a bank card from an ATM to making a call to ask questions about a product.

In paraphrasing her boss, Piyush Gupta, Tan says this all comes down to being able to "make banking joyful". ■