Material matters

Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

The matters that are material to us are similar to last year, with environmental matters becoming more prominent on our agenda. This is reflected in the inclusion of climate change as a material matter.

Identify

We identify matters that may impact the execution of our strategy. This is a group-wide effort involving inputs from all business and support units, and takes into account feedback from stakeholders.

Read more about our stakeholder engagement on page 30.

Prioritise

From the list of identified matters, we prioritise those that most significantly impact our ability to successfully execute our strategy and deliver long-term value to our stakeholders.

Integrate

Those matters most material to value creation are integrated into our balanced scorecard.

Read more about our balanced scorecard on page 38.

Balanced scorecard indicator	Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Shareholders	Challenging macroeconomic trends	The macroeconomic environment, characterised by a global and regional slowdown, oil price weakness and market volatility exacerbated by political shocks such as Brexit and the outcome of the US presidential elections, gives rise to business and credit risks.	Our multiple business lines, nimble execution and strong balance sheet enable us to capture opportunities in a challenging environment.	*Refer to "CEO reflections" on page 20, "CFO statement" on page 32 and "CRO statement" on page 74.*
Employees	Talent management and retention	Failure to attract and retain talent impedes succession planning and expansion into new areas such as digital. Employees risk obsolescence if they are not well-equipped with changing skillsets required in this new digital age.	We see the opportunity to transform our workforce into an innovative and tech-savvy 22,000-person start-up. This will enable us to be nimble and agile in responding to changes in our operating environment.	*Refer to "Employer of Choice" on page 113.*
Digital transformation	Digital disruption and changing consumer behaviour	Technology and mobility are increasingly shaping consumer behaviour. Traditional banks risk losing relevance to platform companies and fintechs.	A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in core markets as well as extend our reach into larger geographies.	*Refer to "World's Best Digital Bank" on page 12.*

Balanced scorecard indicator	Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Enablers	Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns.	A well-defined cyber security strategy that is well executed gives confidence to customers and can differentiate us.	*Refer to "CRO statement" on page 74 and "Customer privacy and cyber security" on page 109.*
	Combating financial crime	Financial crime, including money laundering and corruption, has corrosive effects on society and gives rise to compliance and reputational risks.	A reputation for being clean and trustworthy can help us attract and retain customers and investors.	*Refer to "CRO statement" on page 74 and "Combating financial crime" on page 109.*
	Fair dealing	Failure to observe fair dealing guidelines gives rise to compliance and reputational risks.	Customers are more likely to do business with us if they believe that we are fair and transparent.	*Refer to "Fair dealing" on page 74.*
Regulators	Evolving regulatory and reporting landscape	The evolving regulatory and reporting landscape, including Basel reforms, overhaul of accounting standards such as FRS 109 and tax measures to counter base erosion and profit shifting, may affect banks' existing business models and gives rise to compliance risks.	With capital well above regulatory requirements, we are in a strong position to serve existing and new customers. We also have greater flexibility for capital and liquidity planning.	*Refer to "CRO statement" on page 74, "Capital management and planning" on page 103 and "New impairment methodology" on page 102.*
Society	Responsible financing	The public demands that banks lend only for appropriate corporate activities. Failure to do so gives rise to reputational and credit risks.	We have an opportunity to make a positive impact on society and the environment through our lending practices. Investors are increasingly looking to invest in sustainable companies.	*Refer to "Responsible financing" on page 109.*
	Climate change	Climate change poses serious threats to the global economy and can give rise to reputational, credit and operational risks.	Banks can play an influential role in shaping the transition to a low carbon economy, which in turn brings new areas of opportunity and business growth.	Climate change is a wide topic addressed in various parts of our business, including "Responsible financing", "Managing our environmental footprint" and "Sustainable sourcing". *Refer to pages 109 to 111 for more information.*
	Financial inclusion	While Asia's rapid economic growth and development have led to an improvement in living standards across the region, certain marginalised segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.	With technological advancements, we see opportunities to drive costs down and develop a more inclusive financial system. This resonates with our digital agenda.	*Refer to "Financial inclusion" on page 110.*