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.

Identify

We identify matters that may impact the execution of our strategy. This is a group-wide effort considering input from all business and support units, and incorporating feedback from stakeholders.

Read more about our stakeholder engagement on page 74.

Prioritise

We prioritise matters that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decision of key stakeholders.

Integrate

Those matters that are material to value creation are integrated into our balanced scorecard to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

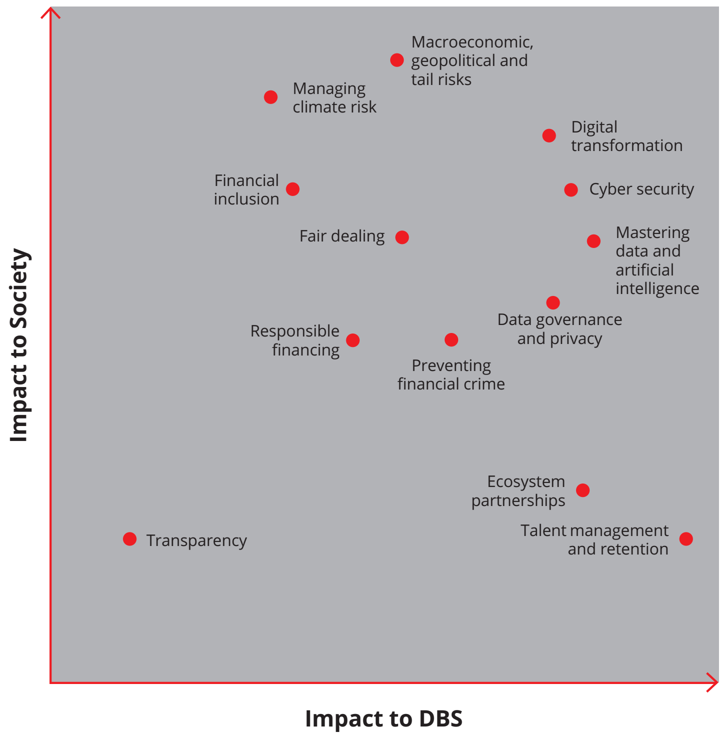
Read more about our balanced scorecard approach under "Our 2020 priorities" on page 26.

In 2020, we adopted the dual materiality approach and conducted a re-assessment of our materiality matrix to improve disclosure on material matters that are important to the bank's financial performance, as well as to the health of our society and the environment.

For example, we leveraged our digital leadership to develop several hyper-connected ecosystem partnerships to establish new revenue streams for the bank. In turn, these ecosystem partnerships enabled large corporates and MSMEs to obtain trade financing quickly and digitally, ensuring they have timely and ample access to liquidity throughout the pandemic.

Read more about material ESG matters in the Sustainability Report.

DBS 2020 Materiality matrix



Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Macroeconomic, geopolitical and tail risks	Geopolitical tensions, pandemic-led disruptions and social distancing regulations across several markets globally have negatively impacted businesses, asset quality and global trade.	The rising affluence of Asia continues to drive urbanisation, consumption and digitalisation across the region - all of which are supportive of the long-term growth prospects for banks.	We conservatively built up general allowance reserves to fortify our balance sheet during the year; our strong capital and liquidity, nimble execution, and digital savviness will enable us to manage risks and swiftly capture regional opportunities. We continue to grow our presence in India with the recent amalgamation of Lakshmi Vilas Bank. ***Read more in the "Letter from Chairman and CEO" on page 8 and "CEO reflections" on page 18.***
Digital transformation	The pandemic has accelerated demand for digital products and services. With growing affluence, customers are also becoming more digitally-saavy, driving greater demand for new digital innovations. With the pace of digitalisation picking up globally, demand for personalised banking services that are contactless, convenient, and secure is expected to increase.	Continued transformation will allow us to react more quickly to changes and innovate faster to deliver relevant and differentiated banking products and services. DBS has always been at the forefront of offering digital solutions and platforms and these shifts present timely opportunities in strengthening supply chain resilience and enhancing payment and collection efficiencies.	Our digital transformation investments over the last few years helped position us well to face the crisis. Our digital readiness enabled us to better support and pre-empt our customers' needs. ***Read more in "CIO statement" on page 36, "Institutional Banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***
Mastering data and artificial intelligence (AI)	Greater use of machine-learning (ML) algorithms, AI and predictive models in data-driven decision-making processes will require measures to remove implicit biases and incorporate principles of fairness, ethics, accountability, and transparency. Those who fail to leverage data and technology in a digital age will fall behind and lose competitiveness.	Transforming into a data-driven operating model and industrialising data capabilities through AI and ML in a structured and coordinated manner allow the bank to make informed decisions based on data. Increased experimentation drives innovation while automation scales out more digital capabilities. All these enable us to pivot quickly to new growth opportunities where possible.	With our enhanced data and AI capabilities, we are becoming more pre-emptive in value-adding and meeting our customers' needs. DBS also works with local regulators and industry peers to ensure the responsible use of AI and data analytics. ***Read more in "CIO statement" on page 36.***
Data governance and privacy	The increasing intensification of data collection and data use trends have cultivated deeper sensitivities to data governance and privacy concerns.	We build customers' confidence and trust through our strong focus in corporate governance around the responsible use of AI and data analytics. Our overarching Privacy Policy sets out principles on processing of personal data and we integrate our PURE data governance framework into our management process.	***Read more about "Data governance and privacy" in the Sustainability Report.***
Talent management and retention	The massive disruption brought about by Covid-19 created unprecedented demands for crisis management, resilience, and adaptability of the workforce. Attracting and retaining talent are crucial to succession planning and expanding into new areas. In this digital age accelerated by the pandemic, there is an urgent need for employees to upskill and reskill to continue contributing to the future of banking.	The accelerated digital adoption has changed perspectives requiring more digital and agile skill sets from our workforce. The shift towards working from home presents opportunities to rethink areas of productivity, talent pool and efficiencies.	***Read more in "CEO Reflections" on page 18 and "Talent management and retention" in the Sustainability Report.***
Ecosystem partnerships	Ecosystem partnerships are increasingly vital to scale businesses, harness new technologies and drive value to customers. Moreover, non-FI platform companies are now able to provide financial services and can leverage their ecosystem partnerships to reach more customers.	Being a strong digital player in the financial sector, DBS is well positioned to harness the collaboration with strategic ecosystem partners to offer more efficient and personalised customer journeys with greater differentiated experiences.	DBS is continually exploring collaborations with different ecosystem partners from many industries. ***Read more in "2020 Priorities" on page 26, "Institutional Banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***
Managing climate risks	Climate change poses an increasing threat to mankind and the global economy, and the Covid-19 pandemic has shown how tail risks can manifest. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks.	Banks play a vital role in financing new or changing business models to help manage climate risk. Opportunities include areas such as energy efficiency, adoption of low-emission energy sources, building resilience along supply chains and others.	Climate action has wide ranging implications that are addressed in various parts of our business. ***Read more about "Managing climate risks", "Managing our environmental footprint", "Responsible financing" and "Sustainable procurement" in the Sustainability Report.***
Responsible financing	Our financing takes into account environmental, social and governance (ESG) risks to promote sustainable economic growth and our long-term stability. Failure to do so may give rise to credit and reputational risks. Public expectations are also increasingly demanding that banks lend to responsible and transparent corporate activities that help address the global challenges we face.	Responsible financing is most relevant in a post-Covid world as we align ourselves with a green recovery and just transition. Our stakeholders are attracted to financial institutions with strong financials and responsible financing practices, alongside the positive reputation and strong track records to be contributing to sustainable development.	***Read more in "Responsible financing" in the Sustainability Report.***
Financial inclusion	The pandemic has widened the income and social inequity, further marginalising certain segments in the formal banking services. Furthermore, developing niche products and services usually comes at relatively higher operating and credit costs, which may erode shareholder value.	Technological advancements and targeted partnerships have afforded us the opportunities to reduce the costs of transactions, acquisitions, and networking processes. These provided us insightful knowledge that helps sharpen financial literacy and democratising wealth.	***Read more about "Consumer Banking/ Wealth Management" on page 40 and "Financial inclusion" in the Sustainability Report.***
Preventing financial crime	Financial crime is an ever-increasing threat to today's global economic climate. It has evolved with the rapid advancement of digital technology and more efficient channels of fund transfers.	A robust governance and control framework incorporates training, advisory, enforcement, and compliance with policies and procedures, alongside data analytics and systems capability to prevent financial crimes.	***Read more in "CRO statement" on page 34 and "Preventing financial crime" in the Sustainability Report.***
Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns as Covid-19 accelerated the consumption of digital banking services and changed working arrangements working patterns.	A well-defined and executable cyber security strategy promotes confidence in customers and differentiates leaders in an increasingly digital space.	***Read more in "CRO statement" on page 34 and "Cyber security" in the Sustainability Report.***
Fair dealing	Customers expect us to put their interest first and to provide relevant information, quality advice and appropriate recommendations when we conduct business and interact with them.	Fair dealing is the foundation of doing business and we believe customers are more likely to bank with us when they trust we are fair and transparent.	***Read more about "Fair dealing" in the Sustainability Report.***
Transparency	Calls for more transparency in disclosure have been made to promote good governance, trust and decision-making. Failure to adequately respond may give rise to regulatory and reputation risks.	A more open and transparent banking system can improve the likelihood of a more rapid resolution and increase the efficiency of risk management, all of which can directly impact the financial standing of the bank.	***Read more about "Corporate governance" on page 44 and "Managing climate risk" in the Sustainability Report.***