



Disrupting growth markets

Surojit Shome
India Head

17 November 2017



The presentations contain future-oriented statements, including statements regarding the Group's vision and growth strategy in the light of anticipated trends as well as economic and market conditions. Such statements necessarily involve risks and uncertainties, which may cause actual performance in future periods to differ from projections.

Agenda for the day

Presentations

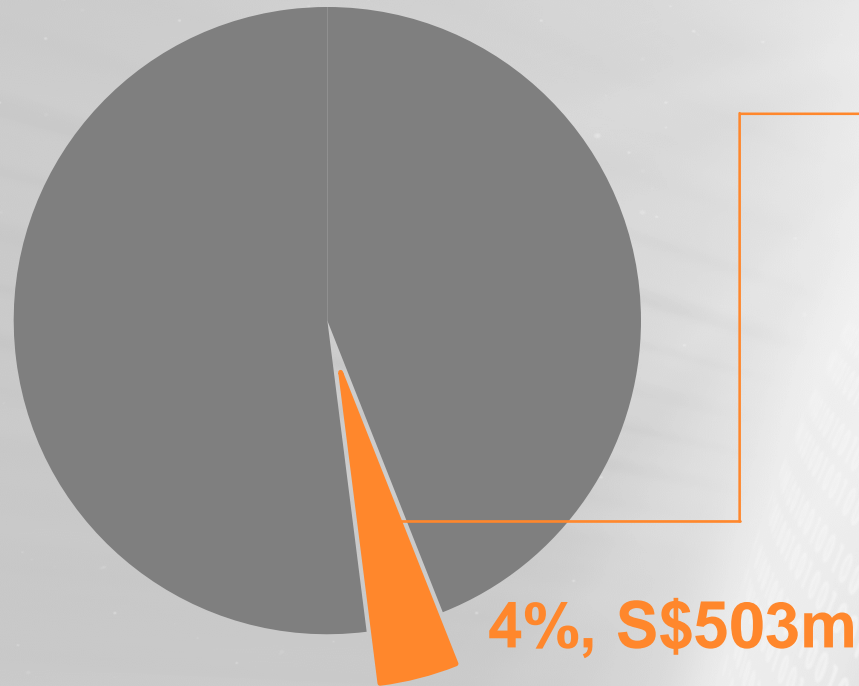
Showcases

Digital Transformation	Transforming technology and culture	Tech and Ops APIs Use of data insights
Consumer and SME (Singapore, Hong Kong)	Pre-empt disruptors	Bancassurance POSB Smart Buddy
Consumer and SME (Growth Markets)	Disrupt incumbents	digibank Tally
Other Businesses ¹	Digitalise for profitability <ul style="list-style-type: none">• Audit• Cash Management• Wealth Management• Strategic Marketing	Reimagining Audit Treasury Prism iWealth

¹ Corporate Bank, Private Bank, Markets, and Others

Consumer and SME (Growth Markets)

Disrupt incumbents



1H17 income annualised: **S\$11.6bn**

- Successfully launched new distribution models in India & Indonesia
- Still nascent, loss-making

- *A bet on the future*
- *Income growth likely to be >20% CAGR*
- *Has potential to contribute ~10% of the bank's income in 5 years; aspirational ROE >10%*

Our hypothesis:

Rapid adoption of digital technologies creating a unique opportunity

No longer constrained by historic brick and mortar challenges

Key Drivers

- Enabling regulatory and technology infrastructure is changing banking landscape
- Large digitally enabled individuals and SMEs
- Improved data availability for cross-sell and credit



Digital Business Model

- Substantially lower acquisition and servicing cost
- Leverage partnerships and rich data
- Ability to scale at a faster pace

Agenda

01

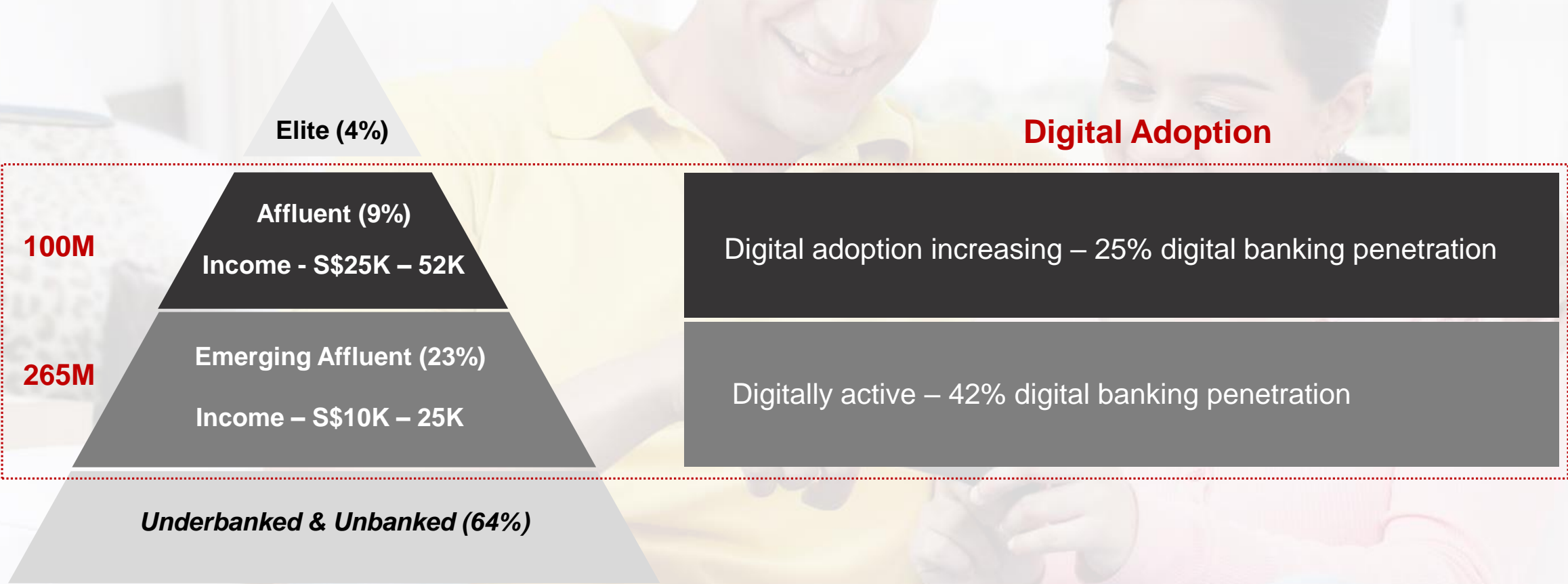
Reimagining Retail Banking

02

Reimagining SME Banking

The digital consumer opportunity in India

Target population of **365M** customers (32%)



Income = Household Income

Source : India's Banking Pyramid - Morgan Stanley Blue Paper – “The Next India” (Sep 2017), Indian ecommerce insights, McKinsey research



Design thinking to discover customer needs and define solutions

Discover

What problems need to be solved?

**Save time,
convenience**

**Help achieve
my goals**

Define

How will we solve them?

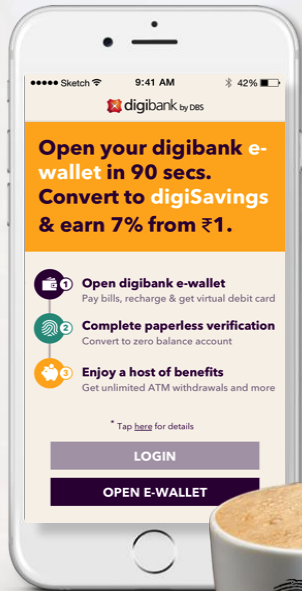
- Liberate banking from branches
- Embed banking into customer journeys
- Flexible self service platform

- Attractive rates
- Meet financing needs
- Provide investment options
- Contextualised offers



digibank: delivering an entire bank in a smartphone

Paperless account opening in **90 seconds**



Café = Bank Branch



Paperless, signatureless and fully digital – eliminating the need to ever visit a branch

Front-to-back **digital servicing model** using AI-enabled chatbot to minimise manual processing

Leveraging data for **lending and cross-selling** products to build a complete proposition

Build a cool and **unbank-like** experience where customer can focus on meeting lifestyle needs rather than on banking

Live More, Bank Less

Go-to-market strategy

Keep your interests alive.
Get upto 7%* interest rate on digiSavings.



Phase 1 (Q4'15 to Q2'16)

Test MVP¹ with liability & payment platform to build scale

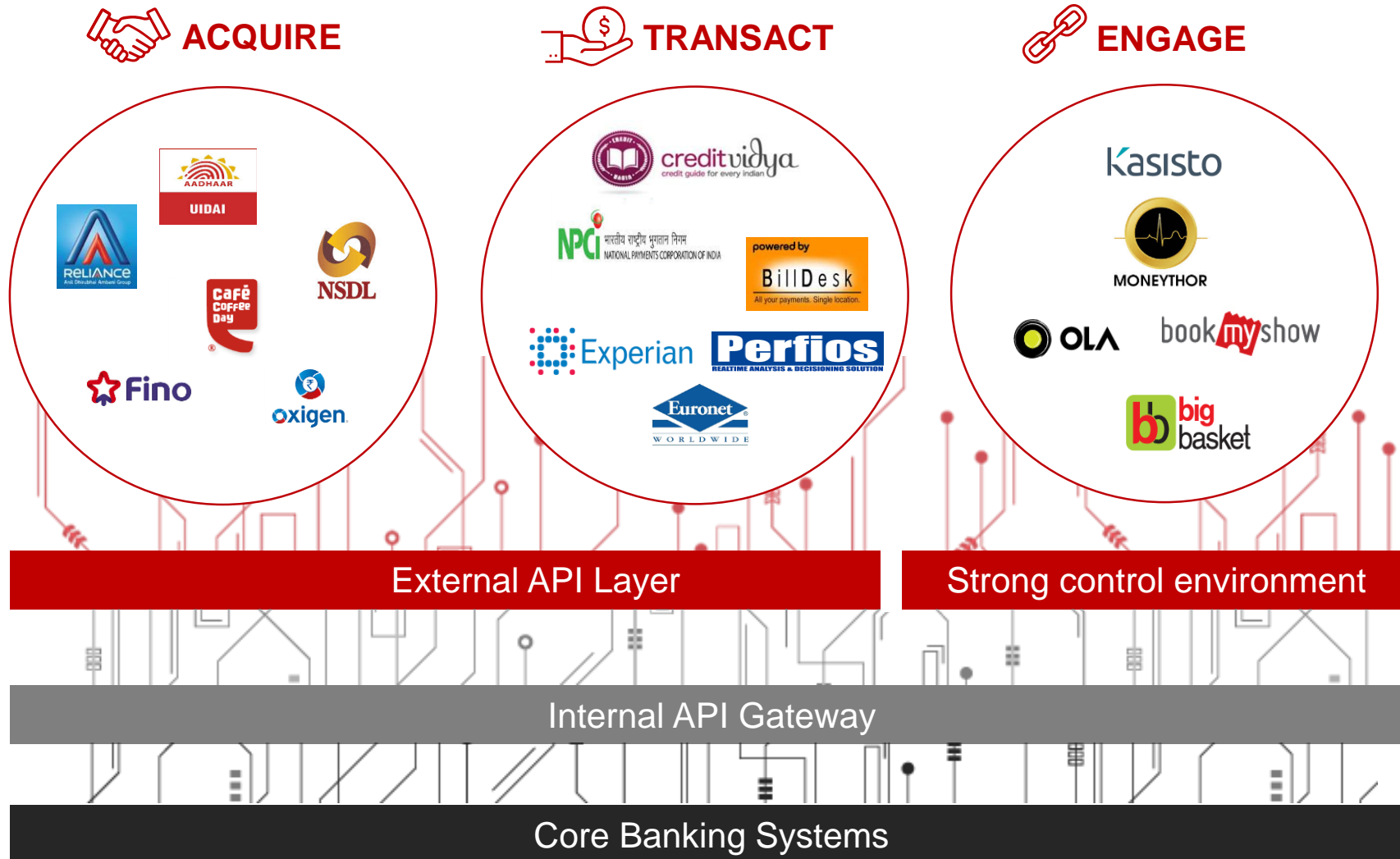
- Sharpen acquisition engine with MVP¹
- Test launch in 2 cities
- Rapid iterations using Agile methodology
- digibank brand launched with Digor and Sachin Tendulkar

Phase 2 (Q3'16 onwards)

Build out full value proposition

- Payment products (UPI, Bharat QR)
- Investment and Insurance products
- Lending products
- Remittance products

Delivery model is based on building multiple partnerships



Outcomes so far

**Solving
for the
distribution
challenge**



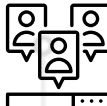
**Cracking
the low cost
delivery
challenge**

**Seeing early
results from
data driven
engagement**

**Progressing
well into
Phase 2**

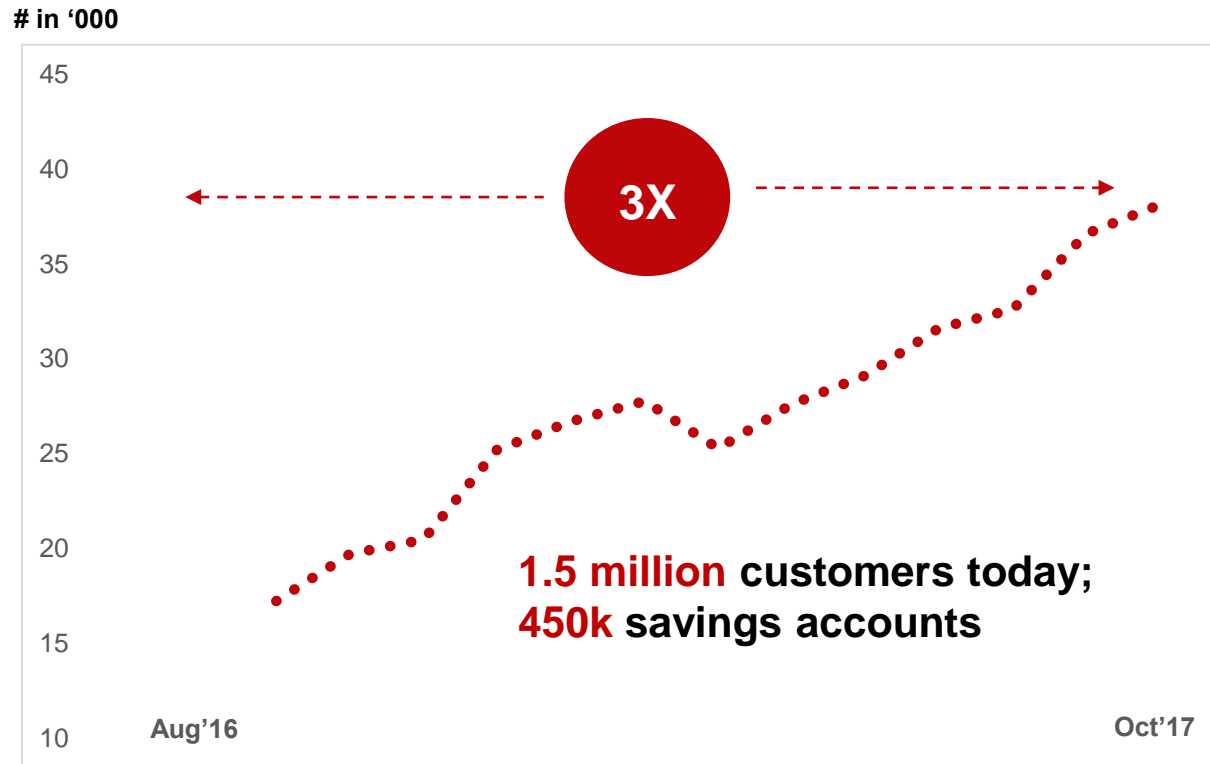
**Replicable
business
model**

Creating a multi-channel digital acquisition model

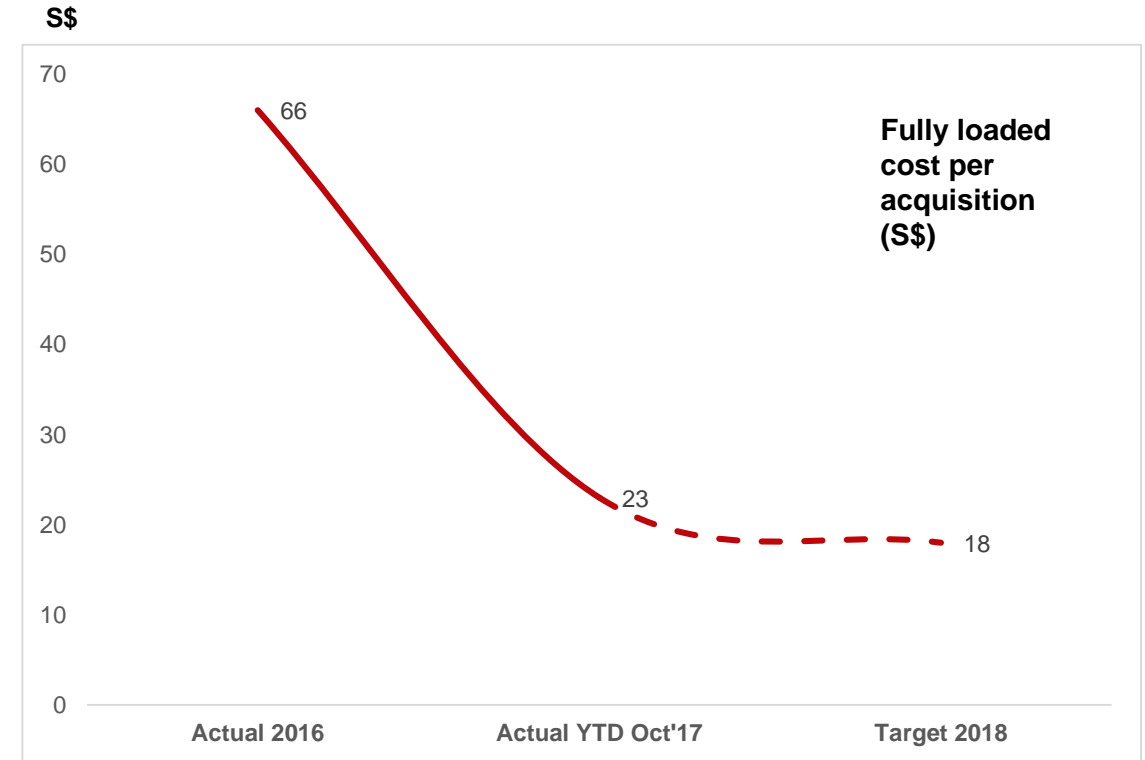
Channels	Acquisition drivers	Share
 Open Market: Use Digital Performance Marketing	<ul style="list-style-type: none">• Advanced digital targeting tools• Perpetual optimisation to minimise cost per acquisition	40%
 Partnerships: Tap on networks of ecosystems	<ul style="list-style-type: none">• Fast track into Customer Journey• Contextual offers	30%
 Digital Member Get Member: Capitalise on Social Virality	<ul style="list-style-type: none">• Convert Advocacy to Acquisition• Ease and speed of referral	30%

Scaling up while reducing cost

Accelerated pace of acquisition



Reducing cost of acquisition



..... 3 month moving average

Design for ~~ops~~ **NO OPS!**

Traditional Bank Operations



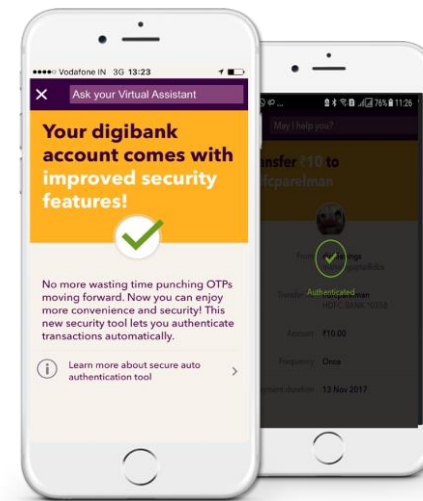
digibank Operations



Fully digital front to back processes; minimal manpower requirements

- Straight through paperless on-boarding enables high volume acquisitions
- 100% integrated platform to handle all transactions digitally
- Servicing through AI-enabled *digibot*

Enhanced security at a lower cost

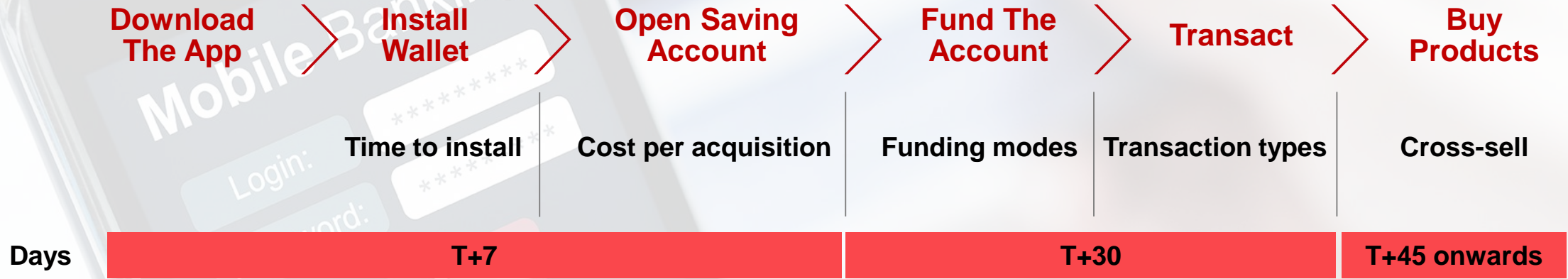


In-built dynamic authentication

Replacing expensive hard token and cumbersome one time password (OTP)

Cost of delivery is expected to be <30% of traditional branch model

Data-driven customer life cycle management



Management Dashboard



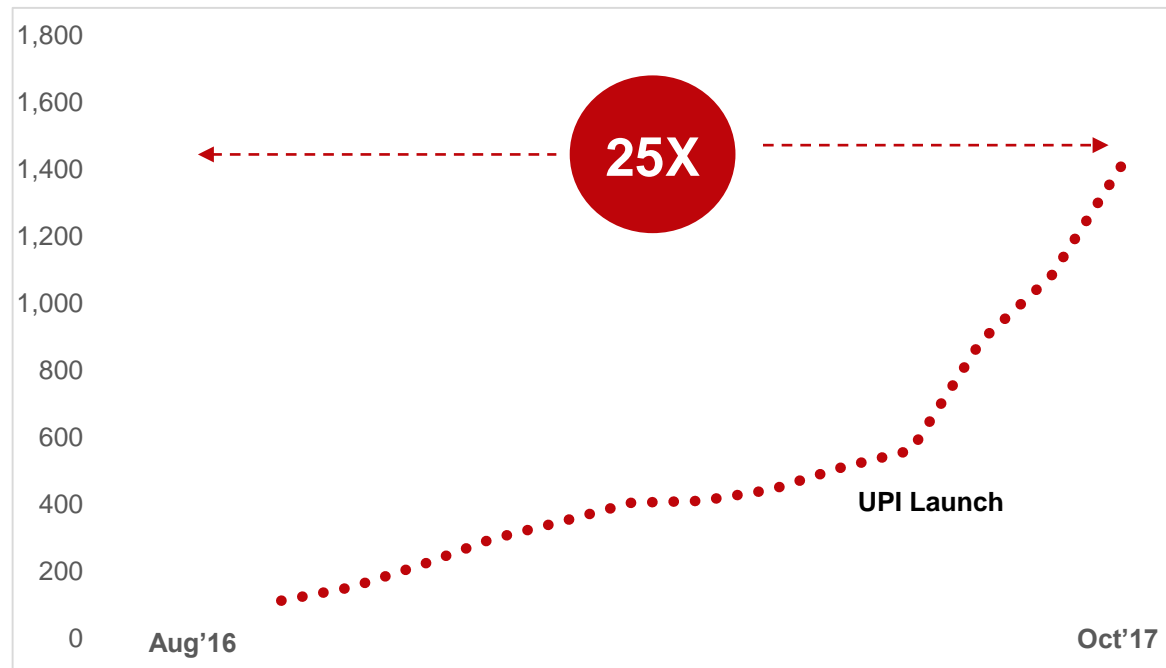
Contextual Messaging



Engagement driving usage

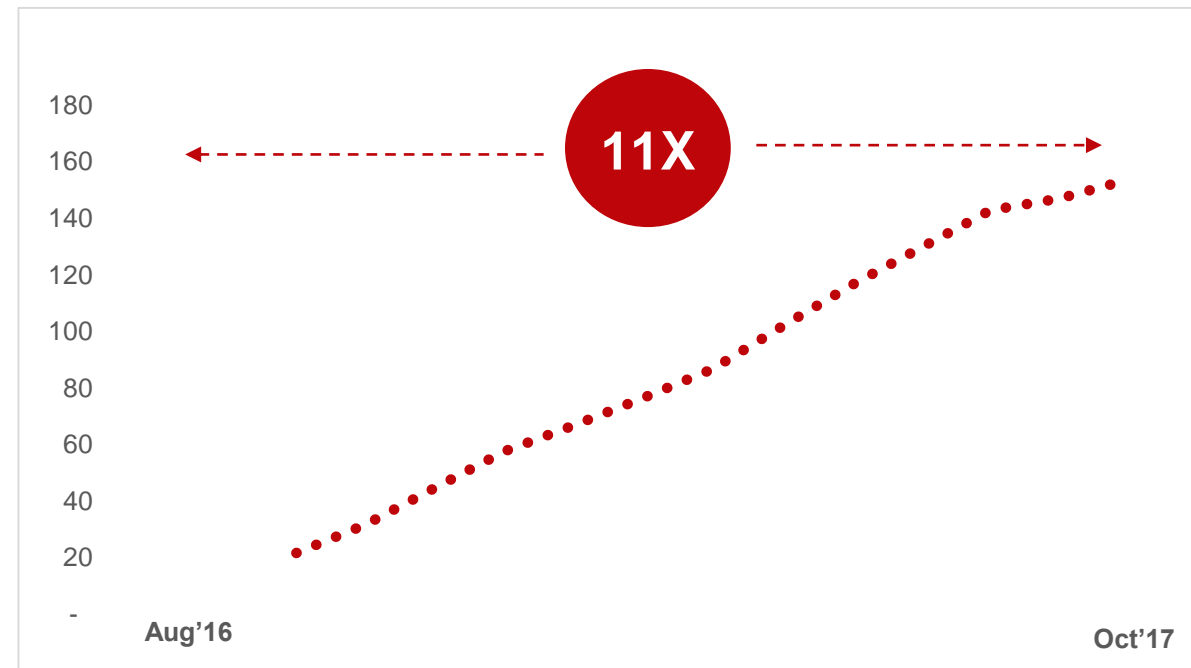
Number of transactions per month

in '000



Value of transactions per month

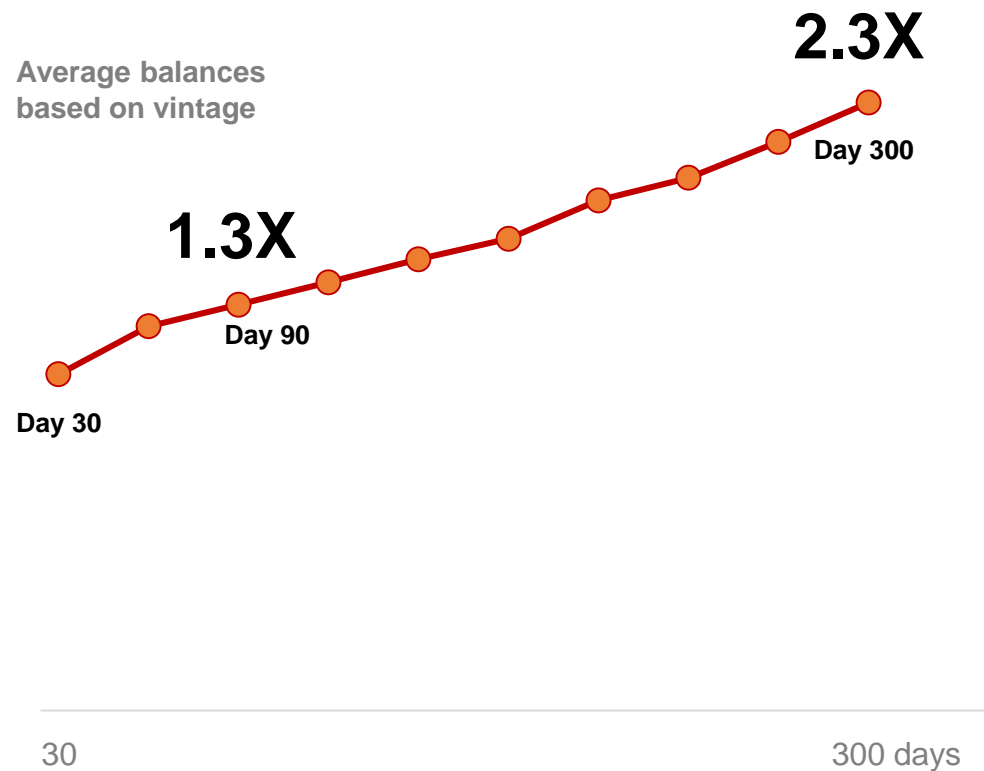
\$M



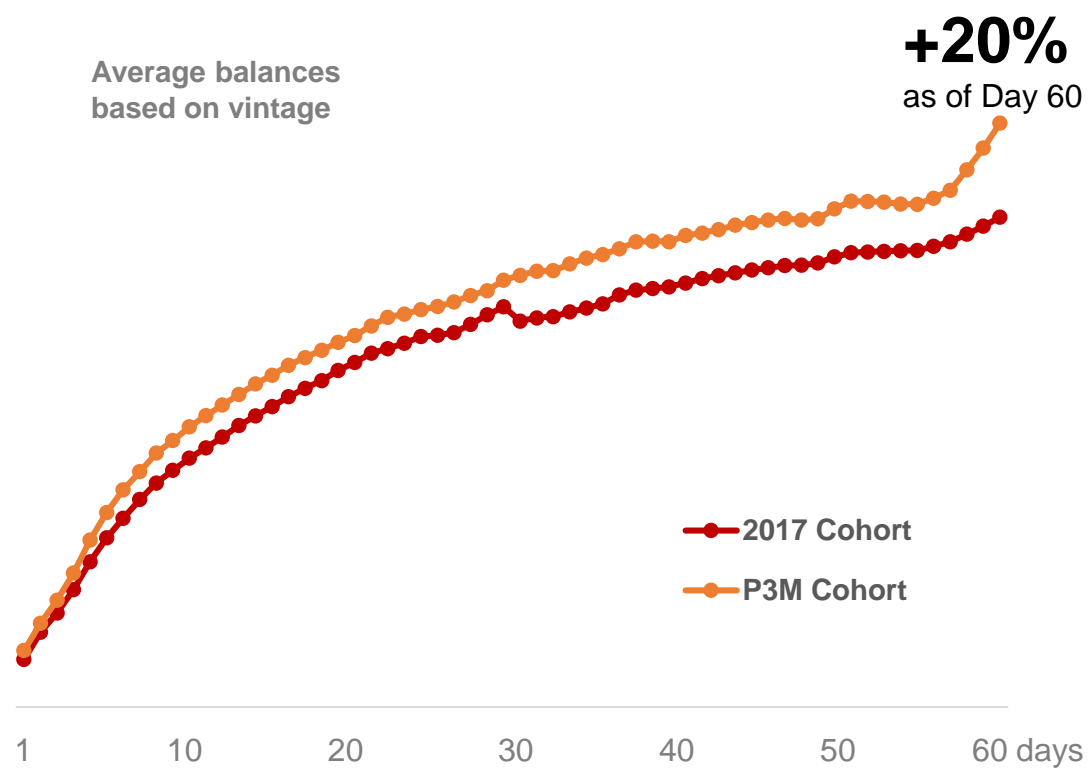
..... 3 month moving average

Balances build with vintage, recent cohorts are improving

Savings account balances by vintage



Savings account balances by cohorts



P3M = Customer cohorts acquired from Jun–Aug 2017

Average balances are based on average savings account balances of customers acquired in each defined cohort

The full value proposition and path to profitability

Phase 1

Phase 2

Refining the acquisition model

Deepen relationship & deliver profitability



**Savings a/c,
Time deposits**



Mutual Fund



Mortgages



**Unsecured
Loan (Q1'18)**



**Payments
(IMPS, UPI &
Bharat QR)**



**Remittance
(Q2 '18)**



**Insurance
(Q4 '18)**



**Credit Card
(Q1 '19)**

To be launched

Unsecured Lending: **Algorithm-based lending model**

Fully digital model



Customer Acquisition

- Digital acquisition through ecosystem partners
- Use-case based offers



Underwriting

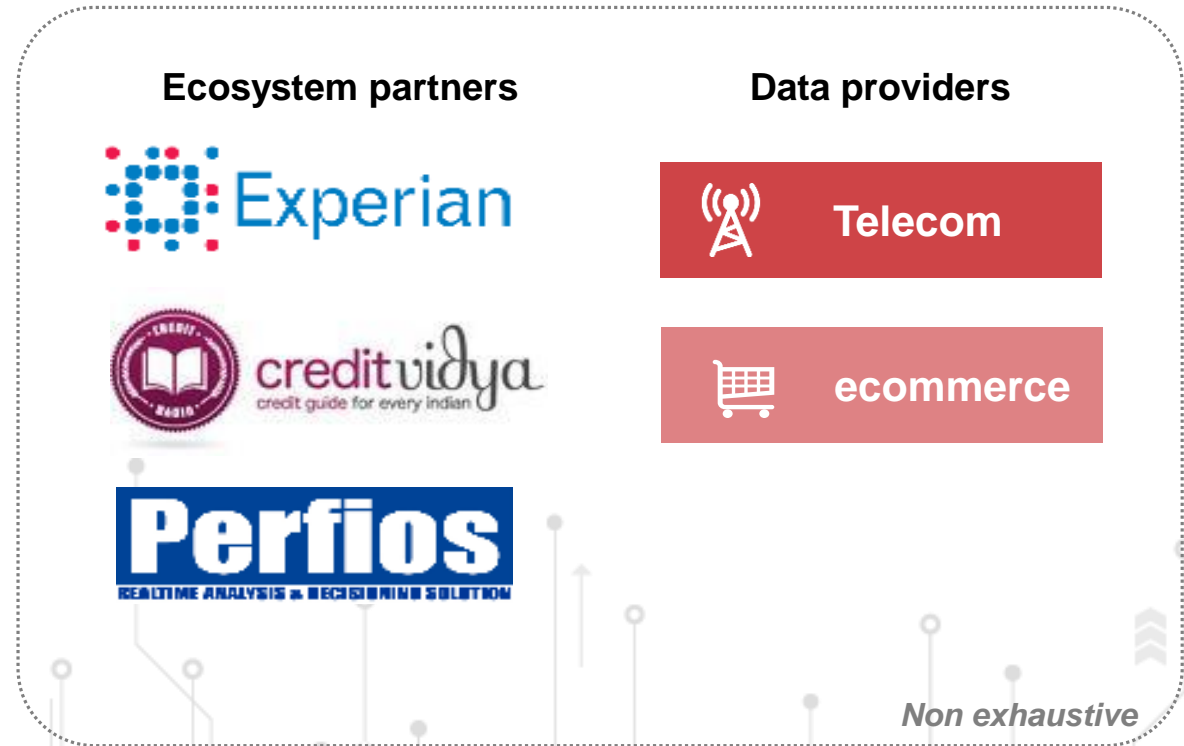
- Traditional data
- Transactional, behavioral and social data



Onboarding

- Digital verification and KYC
- Digital onboarding and end-to-end journey

Anchored by ecosystems and strategic partners



Launched digibank Indonesia – Aug 2017



Replicable & Scalable: learned from digibank India



Reduced time to market



70%+ solutions reused reducing build cost



Leveraged learnings from digital onboarding and ecosystem-led acquisition

Agenda

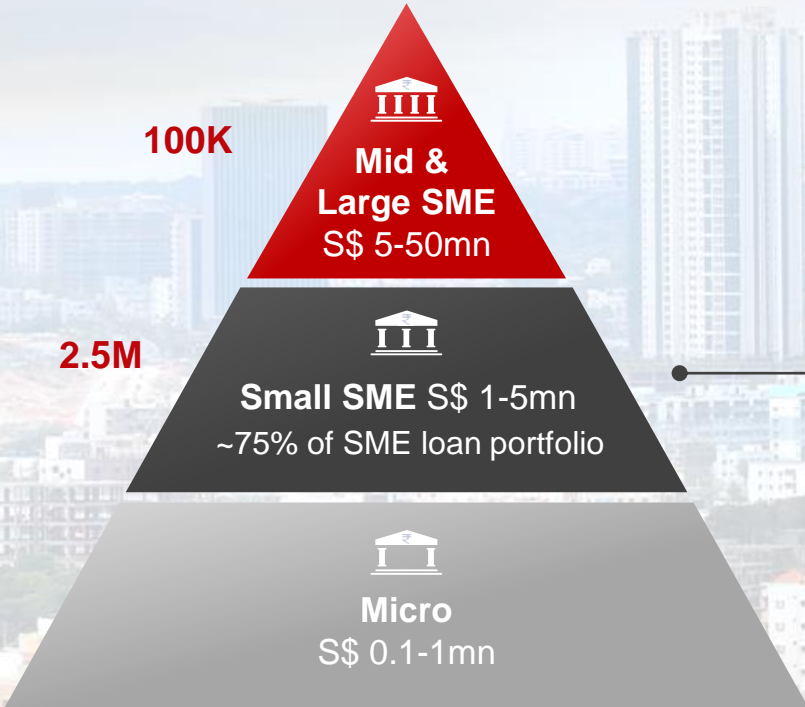
01 Reimagining Retail Banking

02 Reimagining SME Banking

The SME opportunity in India

Traditional approach for Mid and Large SMEs

Leverage digital to target 2.5m Small SMEs



Our Hypothesis

- Access to bank credit challenging
- Becoming more digitally enabled (GST)
- Increasing availability of data
- Primarily online, supported by offline

Replicate learnings from digibank for digital acquisition and servicing through ecosystem partners

Leveraging Ecosystem partners

Embed through APIs for digital acquisition & transaction

**Found Right
Strategic Partner**



Tally: Leading ERP player in SME space

~8m customers **~70%** market share

Good match with our footprint

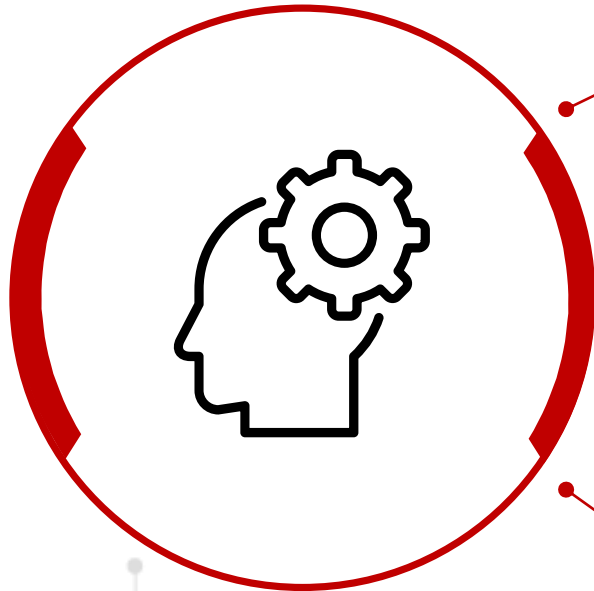
75% of Tally's customers in DBS existing
+ proposed cities

Extensive product distribution channel

>2k certified channel partners **~30k** sales agents

Building the partnership with Tally

Applied Customer Journey Thinking



Applied journey thinking, engaged stakeholders extensively to develop solution

Stakeholder engagement

Tally

Multiple workshops

Customers

Surveys and interviews

Sales partners

Training, workshops and marketing events



Willingness to co-create – primary reason for Tally choosing DBS to work on full integration



Our open technology stack allows us to integrate at low cost

Developed standardised ERP APIs that can be replicated across the region

DBS + *Tally* - The power of integrating ERP with banking



Democratising bespoke host-to-host solutions for SMEs at low cost



Seamless E-Payments

APIs that integrate Tally to DBS banking services in just one click
– real-time tracking and automated updates in Tally



Empowered by mobile

SMEs can approve payments anywhere anytime using the DBS IDEAL Mobile app



Embedded Security

User-friendly soft token, highest encrypted security standards

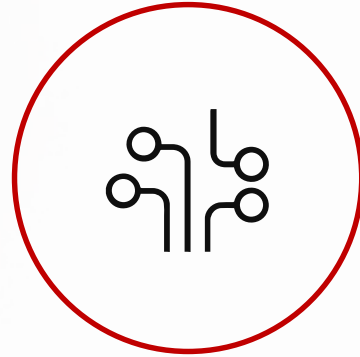


Roadmap for the partnership



Acquire customers using digital onboarding

- Tap into Tally's customer ecosystem: offer the integrated ERP plus banking platform
- Paperless digital onboarding process for convenience



More value-added services

- Incentivise SMEs to transact:
 - E-payments
 - **Real time auto reconciliation**
 - **Cashflow projection**

To be launched



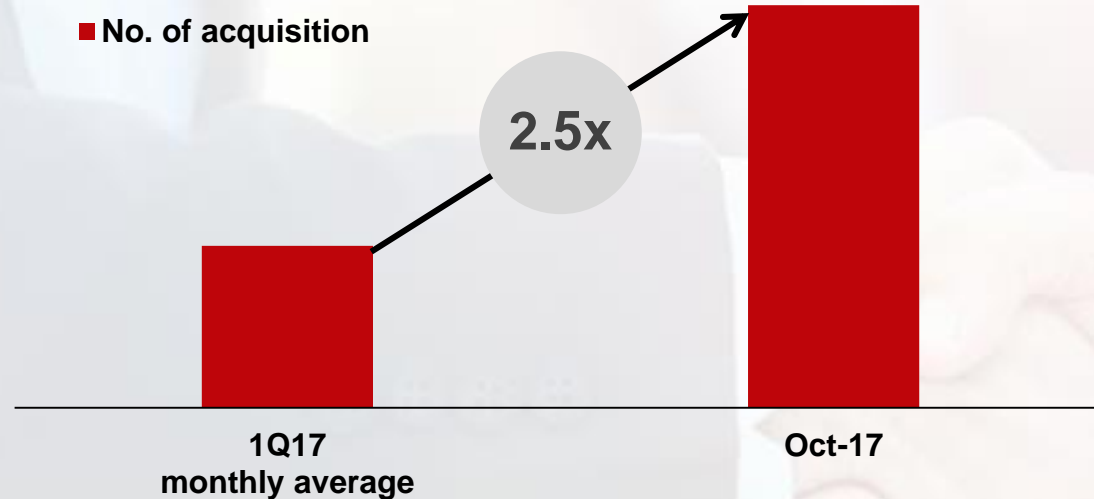
Build digital loan proposition

- Complement traditional data with non traditional and proprietary sources to drive analytics-based underwriting
 - Bureau, utility, payments data
 - Transactional data from Tally
 - Tax data from GSTN

Early Results



Acquisition gaining momentum



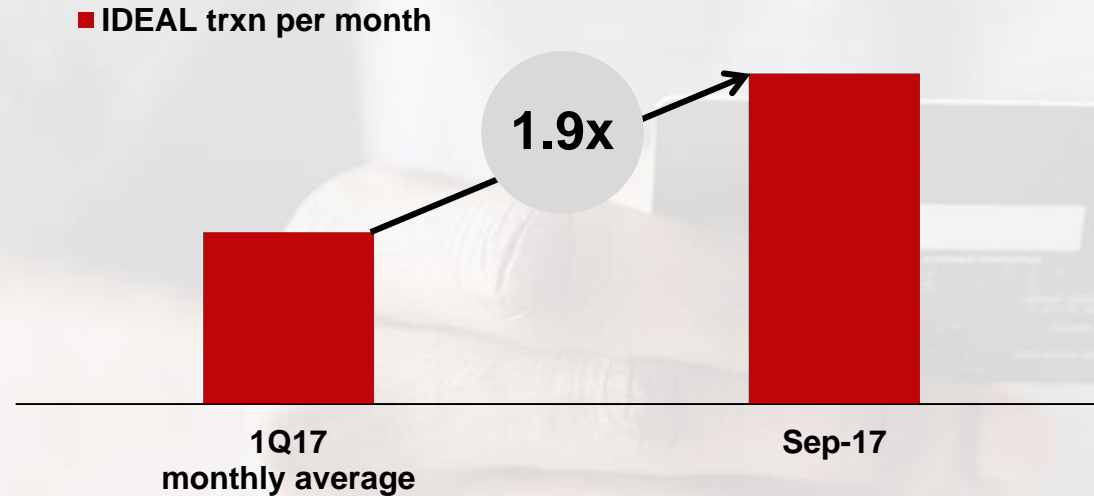
3,600
customers
(12 months
since launch)

500
accounts per month
vs
90 previously

Leveraging
'Design For No Ops'
Same Day
account opening
(vs 2 weeks)

- Leveraging Tally Channel Partner's network to achieve scale
- Digital onboarding using iPads

Transactions gaining momentum



- Embedding electronic banking services into Tally
- Integrating online FX platform

S\$10k
average
balance per
customer

70%
of accounts
funded within
2 months

Customers funding
their accounts in
half the time it
usually takes

Good feedback
from customers and
Tally Channel
Partners...

... constantly improving
based on learnings and
feedback



**DBS integration is quicker,
simpler and better.**

Ashwin
Line Manager
Econship Marine Pvt. Ltd
Customer's feedback



**We have saved lots of
man hours.**

Upendra Deshpande
Director
Milan Laboratories India Pvt. Ltd
Customer's feedback



**The best thing about
working with DBS team
is their passion and
consistency in approach.**

Sanjeev Shivapurkar
Instacomp Office Automations Pvt Ltd., Kolhapur
Partner's feedback

**Experience with DBS bank
is really great... Best thing
noticed while working with
DBS team is the, positive
and helping attitude.**

Sunil Ghadge
First Base Technologies, Mumbai
Partner's feedback

Summary

Distribution challenge



Digitalisation enables DBS to play in growth markets to overcome brick and mortar challenges

Delivery challenge



Much lower cost structure versus traditional bank

Data-driven engagement



Partnership-led specific data sources creates an edge

Progressing well into Phase 2



On track to broaden product solutions

Replicable business model



digibank in Indonesia launched (faster, lower cost), SME partnership model launched in other countries

Building elements towards a profitable business model



**Digital
Distribution,
Global**



**Asia/Pacific's
Leader in Digital
Financial Services
– digibank**



**Best Digital
System or Service
Initiative**



Disrupting growth markets

Surojit Shome
India Head

17 November 2017

