

Banking's technology challenge

FIVE industry leaders talk about the how the banking sector is dealing with a fast-changing technology landscape.

BT: How critical has the technology role become in today's financial services industry and how has it evolved in recent years?

Piyush Gupta: One key industry trend we've seen is the accelerated growth in consumer usage of mobile phones and tablets. On our part, DBS has developed a comprehensive range of more than 15 mobile applications across multiple mobile platforms. Leading Swiss research firm MyPrivateBanking recently ranked our mobile banking apps strategy as the world's best among 50 banks.

Big data and data analytics have also become increasingly important in enabling us to be more responsive to our customers. For example, DBS has been leveraging voice analytics at the customer call centre to improve customer satisfaction and operational efficiency.

In addition, customer touchpoints such as ATMs, – merely output channels previously – can now become a customer sensor point for us, delivering real-time information that we can use to form a bigger and better picture of our customers and their needs.

Ray Ferguson: Today, technology is even more integral to banking. Internet and mobile banking have become channels of choice. Year-on-year, we have seen the number of active online banking customers grow by 23 per cent.

As an international bank with a Qualifying Full Bank licence in Singapore, Standard Chartered has up to 25 physical places of business. Hence, building on our online banking presence has been part of our plan to extend our reach to more customers.

Over the past decade, we have launched many first-in-market products and services, including our award-winning mobile banking platform, Breeze.

On top of our highest priority on the security of our customers' transactions, banks now need to take an extra step when leveraging on technology – that is, to use it to ensure maximum focus on what customers really need, even if it means higher investments on the banks' part and a bigger commitment to incorporate back-end integration.

Wee Ee Cheong: The world is a much smaller place and its financial markets are now more interconnected because of innovation and technology. Technology is also broadening minds; with customers more informed, their expectations rise.

Roundtable participants:

- ◆ Ray Ferguson, CEO, Singapore, Standard Chartered
- ◆ Wee Ee Cheong, Deputy Chairman and Chief Executive, UOB Group
- ◆ Michael Zink, Head of Asean and Citi Country Officer, Citi Singapore
- ◆ Piyush Gupta, CEO of DBS Group Holdings
- ◆ Steven Miller, Dean, School of Information Systems and Steering Committee Head Co-Chair, Financial IT Academy@SMU, Singapore Management University





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The challenge for Asian banks is to provide customer experiences that are seamless and relevant to local needs, whether the transaction is a domestic or cross-border one. Over the last two decades, we have – through organic growth and well-timed acquisitions – built a network that spans more than 500 offices in 19 countries.

With our network in place, we are now harnessing its potential. UOB is in the last stretch of completing its common operating platform across the region. The platform is delivering greater scale efficiencies, facilitating faster time to market, strengthening risk controls and – importantly – ensuring consistent customer service.

We are fast moving beyond a collection of banks to a holistic regional entity that operates seamlessly across the region, supported by an effective local presence in each market.

Michael Zink: Technology is itself a key enabler of business. Nowhere is this more pertinent than in the financial services industry. What was once, many years ago, considered a back-office function, has become an absolutely critical key partner.

In today's world, customers can do much of their transactional banking on their mobile phones, tablets and computers, including opening accounts, transferring money, paying bills, and buying shares and unit trusts.

The latest piece in our Smart Banking strategy, Citi-bank Express, was conceptualised and developed in Citi's Consumer Banking Innovation Lab in Singapore's Changi

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– Mr Ferguson (above)

'About half our transactions in the last year were made online through the Internet and mobile banking. However, success is not just about being first-to-market with products or the latest technology platform. It is also about ensuring security, sustainability and scalability.'

– Mr Wee (above)

'Simplicity and speed are the keys to success. But herein lies one of the biggest challenges in the financial services industry – ensuring simplicity across products and services, in processes and in the very way we do business, as well as the speed in which we respond to rapidly evolving technological changes, market dynamics and customer needs.'

– Mr Zink (above)

Business Park. Designed with the capability of giving customers access to practically all our branch banking services in the future, Citibank Express has the ability to issue cashier's orders, scan documents and instantly print and issue ATM, debit and credit cards.

In the future, cutting-edge technology allows for biometric identification and a seamless platform for transactions to be started and continued across different banking platforms. Customers can start the account opening process on our mobile or online banking platforms and then complete the process and receive the ATM card at a Citibank Express terminal in a matter of minutes.

The Citibank Express is also an excellent example of how advances in technology can bring out the best synergies between a physical presence and a digital experience for banks.

BT: What are the biggest challenges facing the industry when it comes to technology?

Mr Wee: Evolution might suggest that one has the luxury of time to explore and experiment. But technology is now moving at a much faster pace than it did before, and this is fuelled by customer expectations and business intelligence.

Technology used to be mainly about automation and improving efficiency. In recent years, it has been about capturing growth opportunities in infrastructure development, new revenue streams and product innovation.

For instance, beyond speeding up transactions at physical branches, technology enables us to put branches in the hands of our customers, making banking an integral part of their lives.

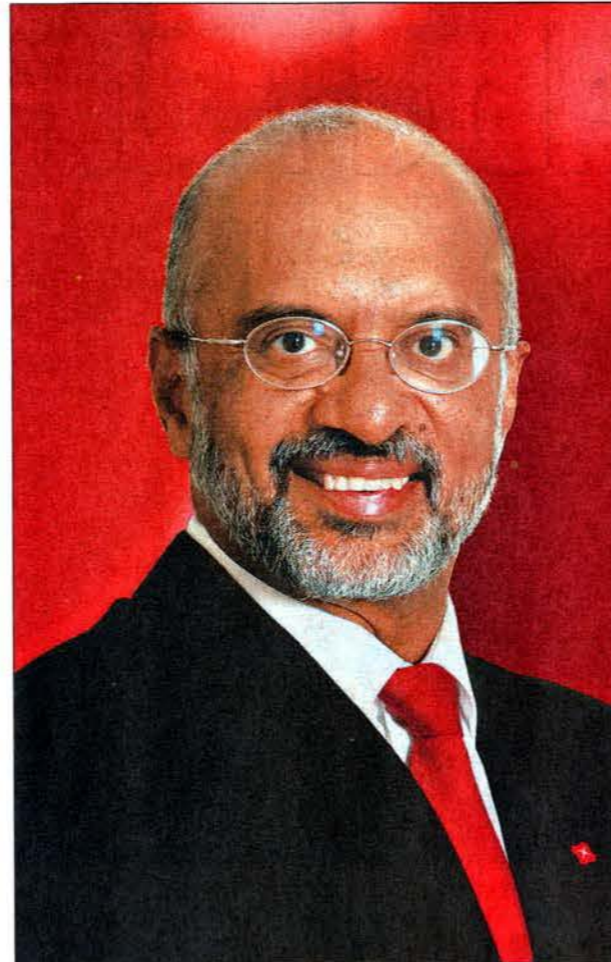
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Mr Ferguson: One of the biggest challenges is in prioritising the areas of technology to invest in. Regulations are fast dictating investment in technology for capital and liquidity management. This includes Basel, new settlement rules for derivatives, anti-money-laundering software, sanctions filtering, data privacy, security solutions – which are mandatory.

In addition to the mandatory spending in technology, banks then set aside budgets for discretionary spend – and this is the part that differs from bank to bank, depending on their strategy and focus.

As part of the bank's strategy in preparing for the completion of the local subsidiarisation process and delivering significant benefits and positive changes across the bank, we continue to invest in our technology platform, including a new core banking system which is pivotal in further enhancing efficiencies.

Mr Gupta: There is a paradigm shift from transaction to information that has catalysed a new way of thinking about banking. As the focus for connectivity with customers shifts from the physical space to the digital and mobile



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As we look to big data and data analytics to build this engagement framework, we are presented with immense opportunities, as well as huge challenges. With so much data, we need to be able to sort the insights from the noise, and ensure that we are able to leverage the opportunities at the right time and in the right way to deliver a better value proposition to our customers.

Mr Zink: The battle to deepen customer mindshare and loyalty does not lie merely in the ability to offer good, relevant banking and financial products and services, but increasingly, in how we can add value to a customer's life, empower them to get things done faster and more intuitively, and how fast to market we can bring these new technological initiatives.

Simplicity and speed are the keys to success. But here-in lies one of the biggest challenges in the financial services industry – ensuring simplicity across products and services, in processes and in the very way we do business, as well as the speed in which we respond to rapidly evolving technological changes, market dynamics and customer needs.

A challenge faced by many large organisations, and not only banks, is the increasing need to standardise and build a common platform for what are typically large and complex operating environments across business lines and countries.

The effective management and classification of big data will also become even more pertinent in the years to come, especially for banks that operate under strict data privacy regulations.

BT: Are banks here facing a shortage of qualified IT staff, and what are the potential risks of such a talent crunch on the industry?

Mr Zink: The rising demand for banking services in the region has seen a corresponding rise in the need for a wide range of operations and technology skills across multiple disciplines.

We are fully supportive of the government's efforts to groom Singaporeans to take on senior and specialist roles in the banking sector. This is particularly because with increasing demand for financial services and sophistication of products, there will be a requirement for more skilled individuals with the ability to meet the needs of customers.

Just as we are fully supportive of developing local talent, it is equally important to have foreign talent who have global perspectives, expertise and skills to complement the overall development of Singapore as an international financial hub.

Otherwise, the risk of a talent crunch may mean that as a nation, we are less competitive to introduce the latest technology and innovations in the shortest timeframe.

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Mr Gupta: With technology being key to the growth and success of the industry, there is certainly intense competition for the best talent. In addition, time to market is accelerating and a top priority is to get the right skills and talent to deliver against that.

DBS has been putting in place policies and initiatives to attract and retain the best talent, not just in technology, but across various fields and functions. We are gratified that today, we are perceived as an employer of choice, not just in Singapore, but across the region as well.

Mr Ferguson: In Singapore, there is a shortage of certain skills for specialists in data analytics and mobile banking technology, where there is increasing demand.

If banks do not get the skills on board to collaborate quickly with external partners, there is an increasing possibility of disintermediation, with banking, payment, lending-type solutions being offered by institutions other than banks.

If digitisation is not pursued keenly by banks, operational costs will not decrease sufficiently through economies of scale. Development of straight-through processing solutions is therefore critical.

Steven Miller: Yes indeed, this is the case. This is the result of four trends which are exerting a strong influence on the local environment: First, the financial institutions in Singapore are benefiting from the overall growth in the region, and this of course drives expansion efforts.



Touching base: Customer touchpoints such as ATMs are now becoming a customer sensor point for banks, delivering real-time information that the banks can use to form a better picture of their customers' needs.

PHOTO: REUTERS



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Second, there are still many changes and new requirements following from the recent global financial crisis of 2007-2009, and of course all of these changes require adaptations to business processes, rules and enabling software applications.

Third, Singapore has been phasing in pronounced policy changes regarding immigration, and this has imposed some constraints on the size and depth of the available talent pool from which the local financial institutions can draw.

And fourth, all of the financial services firms located in Singapore are responding to the overall trends driving the global world of business, including the rapid evolution of mobility and location-based services and the increasing integration of social networking into customer interactions and business applications.

If the banks and related financial institutions located in Singapore cannot find local talent to do this work, they will be forced to build the capability in other countries.

BT: What initiatives has your bank put in place to deal with the talent shortfall?

Mr Gupta: To address the growing and evolving needs of grooming talent in technology, two years ago, DBS introduced the Technology & Operations Graduate Executive Programme in Singapore, a 24-month, intensive, high-profile induction across various technology and operations functions within the bank.

Within the bank, we have also established two teams that are focused on innovation and driving change. These cross-functional teams ensure that we are able to tap the

diverse skills and experience of our staff – and in the process of working together, our people will be able to expand their perspectives and skill-sets.

Externally, we have also been developing strong and deep partnerships with vendor partners around the world in the US, China, and India. Through these partnerships, we are able to tap resources and a wide pool of talent from among the best globally.

Mr Ferguson: We are passionate about working with universities, polytechnics and institutions in Singapore that specialise in technology to bring in Singaporean talent at an entry level. This helps us build for the future.

Standard Chartered Bank has continued to demonstrate our commitment to talent development in this area through initiatives such as the Mobile Ventures Fellowship programme.

This is the second year that Standard Chartered is partnering the Infocomm Development Authority of Singapore (IDA) to offer the programme. The programme aims to train new infocomm graduates and professionals in emerging and critical technologies.

To date, 20 traineeships have been offered by the bank to young Singaporean technopreneurs. They will be embedded within specialist teams at the bank's multi-award winning Global Internet and Mobile Banking unit in Singapore.

Mr Wee: In every market in which we operate, we look for IT professionals who have deep local knowledge and strong IT capabilities. It is not just about skill-sets but mindsets and values.

Our expanding regional franchise opens up growth opportunities for our people across countries. These enable us to attract and retain talent looking to build long-term, progressive careers including that in banking technology.

Mr Zink: We believe that technology professionals can have a long-term career in the financial-services sector that is fulfilling, stimulating, challenging and ultimately, rewarding. The field of technology is extremely broad and wide, and it is evolving and growing by the minute.

Thus, offering technology professionals a long-term professional and personal development programme with career mobility options is important. Our career mobility programmes include mobility across different operational and technological functions, across local and overseas markets, as well as across business lines.

Under our ongoing outreach programme, we also work very closely with universities and our software development strategic partners to identify, train and groom future technologists through practicum in our innovation labs and hiring the graduates as our technology associates.

BT: What new skills or specialisations within the technology field do you see becoming more important for financial services?

Mr Zink: Speed and simplicity will continue to be at the forefront of technological change in the financial services industry. Technology professionals need to be adept not only at streamlining processes and technological innovations to suit customers' evolving needs, but also at bring-

ing these to market faster and more efficiently than competitors.

One key attribute to success will lie in the ability of technology experts to become an integral part of business streams and in addition to technical expertise, also harness an innate understanding of the broader business objectives, beyond the technological ones.

Mr Wee: Today, IT professionals need to have more than just technical skills. They must be able to appreciate and address increasingly complex business and customer needs. In banking, additional competencies are required in light of regulatory reforms and the need for more robust risk management systems – domestically and across borders.

These IT professionals need to be versatile and proficient in managing the different aspects of technology – from technical demands to vendor management, to process re-engineering – and ultimately be change leaders.

Mr Gupta: Beyond an understanding of transactions and platforms, increasingly, we will be looking for people who can connect the dots, derive insights from data, understand the customer's perspective and come up with creative ideas and innovative ways to engage our customers and enhance their experience and relationship with the bank.

Mr Ferguson: We expect individuals with skills in mobile application development, social media integration, big data analytics and security – such as data leakage prevention and data privacy solutions – to be in demand in the industry.

Prof Miller: Of course, each of the major segments of banking – retail, wealth management, corporate, institutional, financial markets and private banking – are all rapidly developing new products and services.

IT professionals working on software applications and delivery systems associated with these respective lines of business will thus need to be familiar with the product and service requirements in order to create or modify the enabling software applications.