



# State of **Top APAC Banks** 2022

Unlocking growth with purpose

# twimbit purpose index

Companies need to serve a purpose beyond just shareholder value. ESG is not just a compliance requirement, but a way of being. The twimbit purpose index is about helping Asia's leading corporations migrate to the future desired state of being purpose driven organisations. It is our belief that every organization, (including every bank) should serve all its stakeholders in equal measure. It should be equally accountable to all five stakeholders:

- Shareholders
- Customers
- Partners / Suppliers
- Planet / Society
- Employees

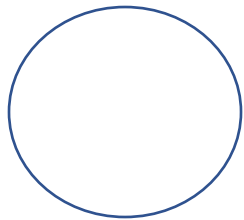
This report benchmarks Asia Pacific's top 28 banks across these five pillars. They provide a basis of understanding best practices and innovation opportunities for the industry.



# twimbit purpose index

**Y – Axis:** Normalised scale of the revenue growth

**X – Axis:** Aggregate score across four purpose pillars



**Size** of the bubble denotes the operating revenue

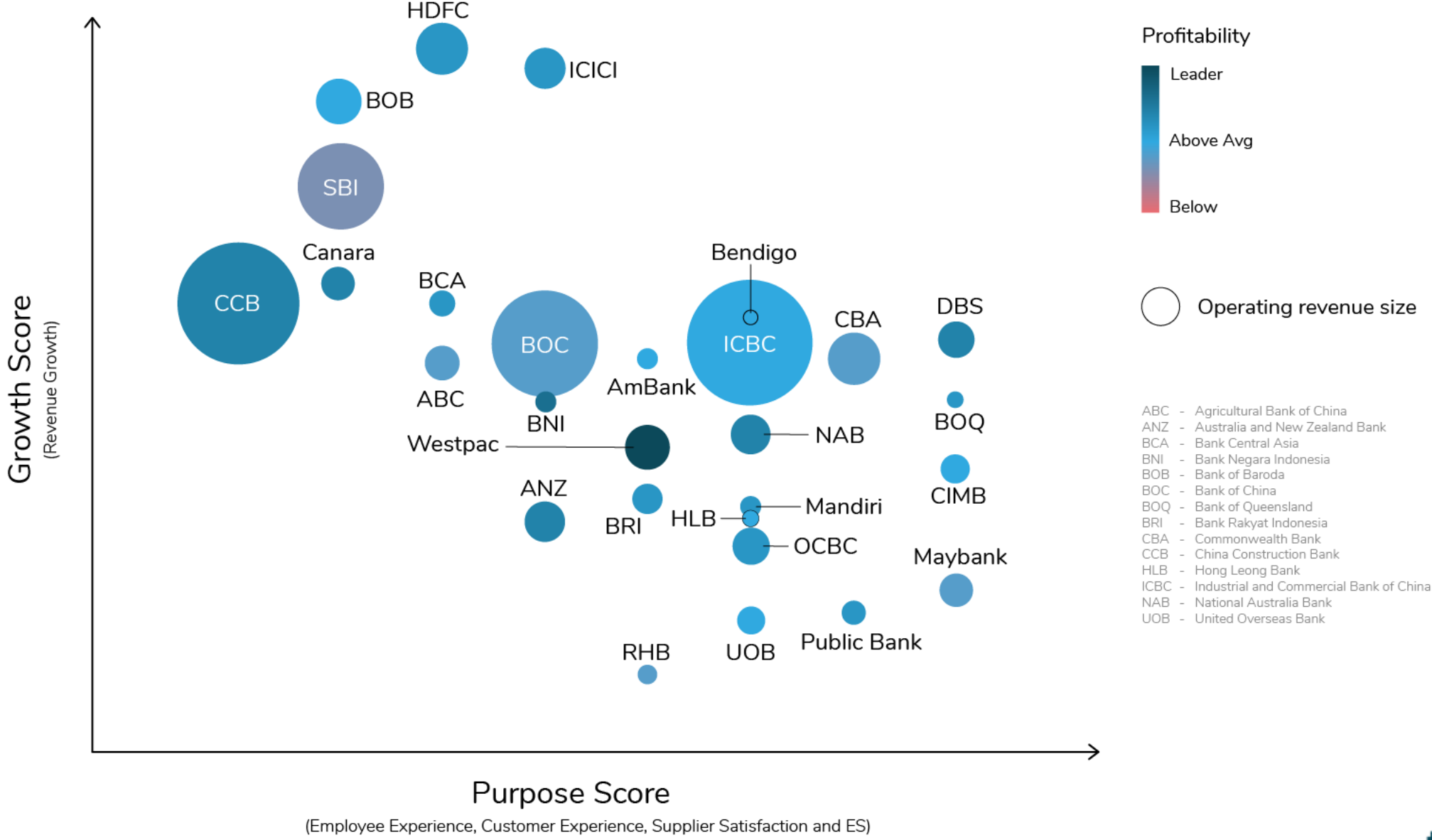
Profitability



**Colour** of the bubble is determined by the EBITDA margin

- 1 **Customer experience (CX);** Re-imagine the path to CX success
- 2 **Employee experience (EX);** Learn best practices to deliver exceptional EX
- 3 **Supplier satisfaction;** What does it take to treat supplier = customer
- 4 **Society and planet impact (ES);** Ensuring compliance and responsible reporting

# Benchmarking Asia Pacific's top 28 banks on twimbit purpose index



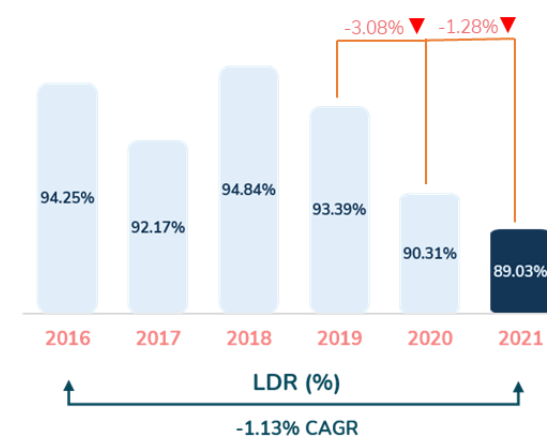
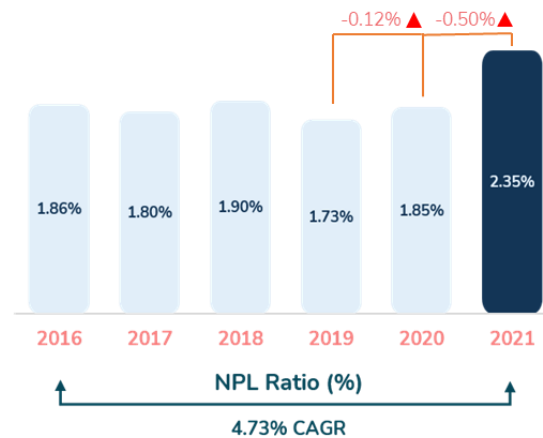
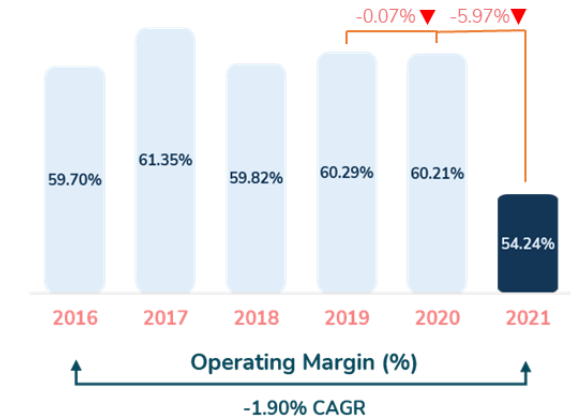
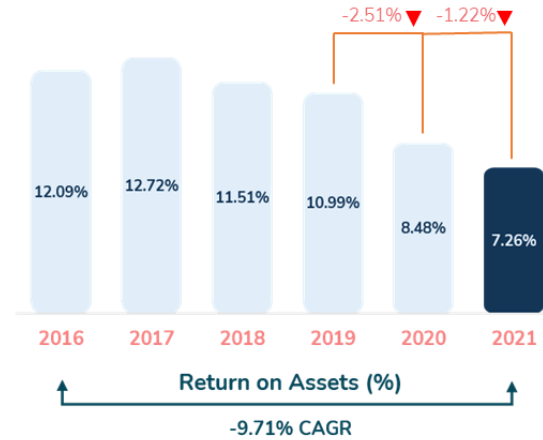
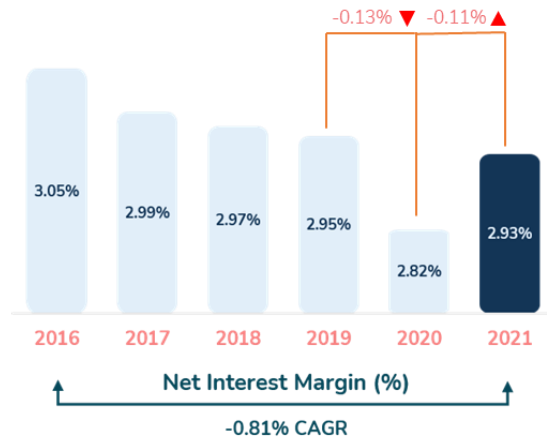
# twimbit purpose index – key takeaways

- #1 DBS is the best performer among all 28 banks in driving the highest stakeholder value across the four purpose pillars
- #2 Along with DBS, BOQ, CIMB, & Maybank scored high on purpose pillars across all 28 banks
- #3 CIMB and Maybank purpose score is reflective of their strong investment in increasing stakeholder value across the four purpose pillars, a big feat for Malaysian banks
- #4 Westpac is the clear leader in driving profitability across all 28 banks
- #5 Despite having a good growth score and revenue, SBI is fairing lowest in profitability and purpose score
- #6 The largest operating revenue pool of ICBC, CCB, ABC and BOC is not translated in their profitability scores
- #7 Indian financial services market is fast growing with HDFC, ICICI, and BOB having the highest growth score with above average profitability despite small operating revenue size compared to the other banks

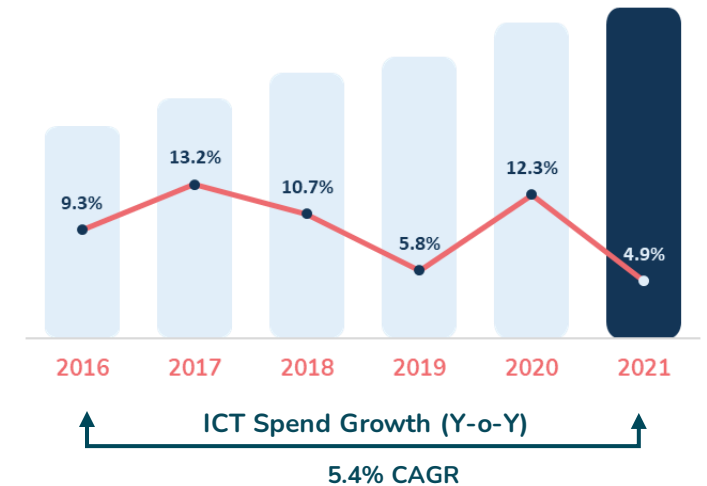
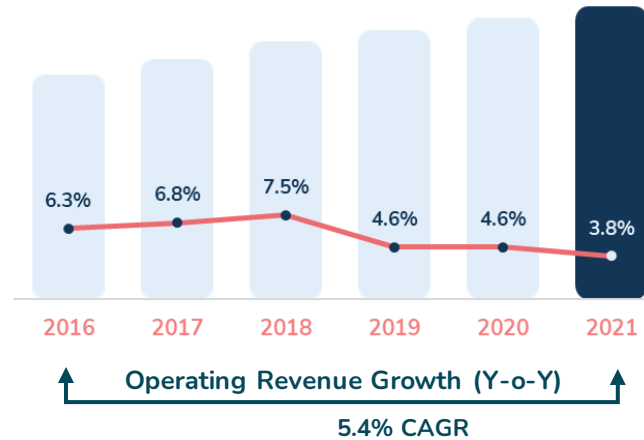
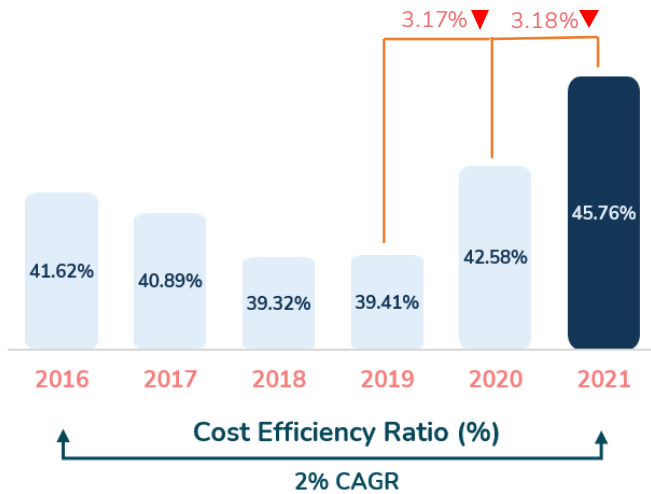


# Path to growth and innovation

# #1 Pandemic slowed the operational efficiency and profitability in 2020 and 2021



# #2 ... but banks indicate **strong resilience** and maintained digital investment



Source: twimbit analysis

Note: ICT spend is reflective of 18 banks out of the total 28 banks

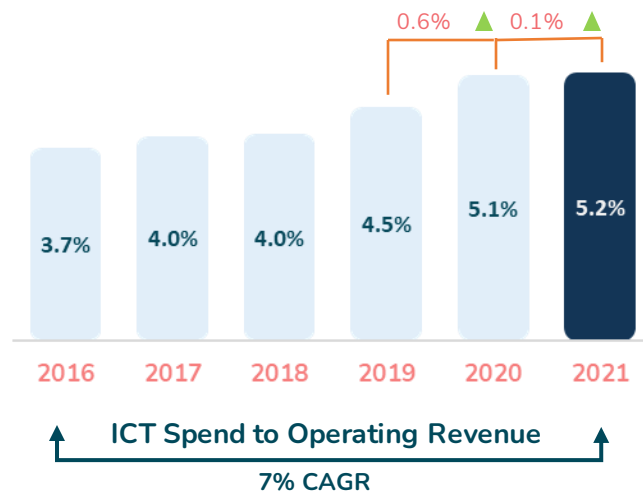




# Reimagined CX

# 5 CX priorities for every bank

Digital investments exceed revenue growth



the highest ICT spend and is reflective with most innovative CX outcomes

- 1 Digital efficiency value
- 2 Digital engagement value
- 3 Embedded finance/ Ecosystem
- 4 Gamification
- 5 Transform branch experience

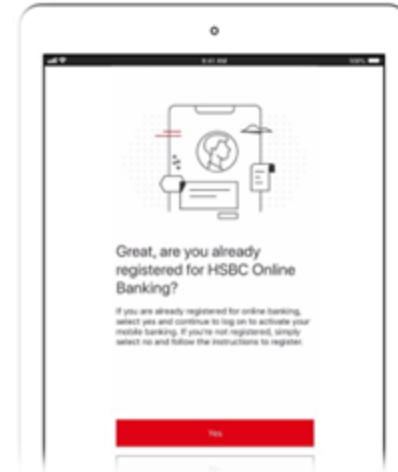
Source: twimbit analysis

Note: ICT spend is reflective of 18 banks out of the total 28 banks

# Digitalisation enables frictionless customer journeys



**Bendigo** simplifies customer onboarding by **reducing the sign-up process** and verification to **3 minutes**



**HSBC** has minimised account approval time to **60 seconds** once the account is opened online



**ICICI** bank allows opening an InstaSave account in just **7 clicks**

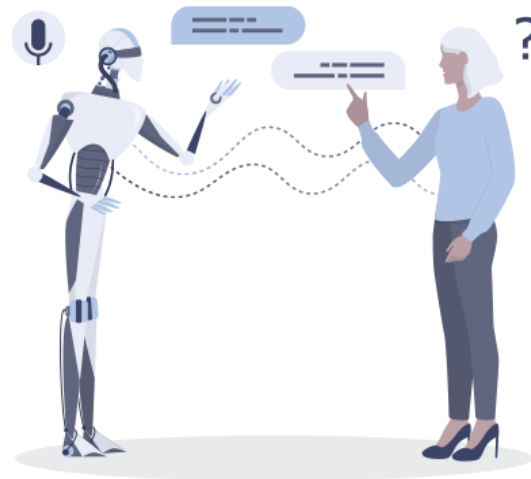


**HDFC's** V-CIP service allows video KYC for **enhanced customer onboarding**

# Exceptional customer support powered by intelligent systems

ICICI propelled an industry-first initiative with its online **real-time dispute resolution** using data science and **0 human interaction**

NAB optimised the customer support system by increasing virtual chats resulting to only **15% of chat sessions transferred to contact centres**



Westpac launched 'Resolve', a centralised customer complaints management platform, to reduce the **complaint resolution time from 9 days to 6.5 days**

Mandiri Intelligent Assistant (MITA), a **chat application** that acts as an **information service**. It can be accessed directly by users via cell phones to find information about products, services, promotions, ATM locations, and branches

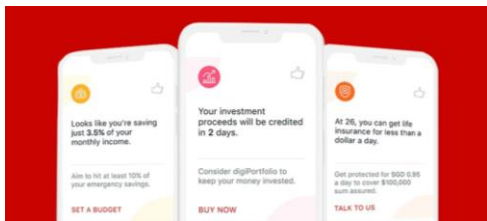
# Era of gamified tools and integrated offerings



BRI CERIA is an application which processes loans in 10 minutes without human interaction



HSBC launched 'Juniors e-savers' where children can play as an avatar. It allows them to acquire saving and investing knowledge



DBS launched NAV Planner, an intuitive financial tool that has delivered more than 30 million hyper-personalised insights



UOB Mighty provides personalised insights by analysing banking and spending patterns



# Driving ecosystem value with embedded finance



DBS has an **online property marketplace** that offers listings from both agents and owners. It facilitates end-to-end **paperless transactions, from cheque-free payments to digital documentation**



Launched its super app named '**bob World**' with functionalities beyond financial services like- **lifestyle, travel and investments**



ICICI STACK comprises of five layers, providing integrated solutions to the partners like **savings, loans, insurance, e-KYC, neobanking stack licenses**



Rolled out a **digital BaaS platform** and signed on with buy-now-pay-later firm Afterpay and SocietyOne to **extend the product offering** to their customers



Finhay partners with CIMB to open a virtual account and use a co-branded debit card on the Finhay app with eKYC solution to take control with **all-in-one spending, saving, investment**



CBA has a 5.5% minority stake in Klarna, a BNPL provider rolling out **new BNPL products** with Klarna's existing pay-later options as a customer acquisition strategy

# Transformational in-branch experiences (1/2)



Made innovations to launch interactive online “cloud outlets” and “cloud studios” for customer managers to provide **24/7 contactless financial services**.



Uses machine learning (ML) to analyse shopping patterns, land use, journey to work, and foot traffic to decide where to position a branch or ATM. Launched **digital smart branches** for a smoother CX.



Launched a lifestyle space where digital banking and human connection complement one another with its **“café and branch” concept**.



# Transformational in-branch experiences (2/2)



Introduced **tablet-based smart counters**, which use more flexible and accessible technologies to provide clients with a thoughtful and personalised **“one-to-one” service experience** in a variety of scenarios.



Launched humanoid robots, **Pepper**, to provide guidance to customers making the **branch visit smoother and more efficient** for the customer.







# Experiential EX

# Trends shaping EX



Employees are 4x more likely to quit when the management is not sensitive towards their needs



Having a good work culture that attracts high talent can lead to 33% higher revenue



87% of CIOs believe digitally empowering their employees can drive up to 5% additional revenue growth over 3 years



Empathetic companies outperform their more callous counterparts by 20%



An inclusive reward and benefits program is necessary to keep employees satisfied

# Treating employees as customers



Maybank setup the “GO Ahead. Take Charge!” platform to empower employees and own their **career progression by reskilling, tailoring their working arrangements** and building an entrepreneurial mindset



Mandiri offers **Mandiri Scholarships** specifically for employees who wish to obtain MBA degree in the top 25 world class universities including a month preparation facilities to focus on GMAT including the test expenses and full coverage scholarships



BCA's **Digital buddy program** uses a reverse mentoring method with a bottom-up approach. The Digital Buddies mostly are millennials, selected to assist non-digital savvy workers as they embrace digital technology and learn about various digital platforms and new work trends in the digital world

# Positive culture



**Ask Piyush** is a direct channel of communication for employees to get-in-touch with the CEO for

- Share creative ideas
- Express personal views
- Solve queries and grievances



Extend **medical coverage** to parents of all employees by:

- Analysing spending patterns on medical expenses
- Understanding the claims on parent's medical bills

A **third of their staff** in total have enrolled in this medical benefits plan to date.



**“Shristhi”** is the bank's flagship program on diversity.

- Focus on eliminating the descending progression of women in the bank's workforce
- Provide **an equal playing field to all women employees**

# Integrating technology



Over 18,000 DBS employees have completed data training, more than 3,000 employees in the fundamentals of Artificial Intelligence (AI)/ Machine Learning (ML) through Amazon Web Services (AWS) DeepRacer, a **gamified learning platform**.



- Introduced **Hackathons** to discover talents and to inculcate an innovative mindset
- Used **HALI**, an AI chatbot and **virtual recruitment** assistant to match suitable candidates with high-skill jobs



- **Data Certification Pathway**, a strategic initiative allows the bank to train its employees in harnessing the use of technology and data.
- **Future Smart Programme**, is a sustainability training aimed at equipping employees with technological skills of the future

# Practised empathy



A **special employee communication team** to circulate Covid -19 information from credible sources , conduct medical webinars and newsletters and circulate video messages from managers to express appreciation and solidarity



**Clock Your Happiness Challenge**, a series of mindfulness activities and competitions with free access to a mindfulness app to promote mental and emotional well-being



**Renovates workplaces** to meet the needs of a diverse workforce with **50 nursing pods for women** returning from maternity leave.



# Rewards and benefits



- Flu vaccinations program available to all staff.
- Fee-free transaction accounts, discounted insurance, credit cards, home ending, personal lending
- Salary sacrifice options including superannuation, airline memberships, car parking and novated leases
- BOQ Share Plan offered on an annual basis



- Performance-linked variable pay in the form of bonuses
- Payroll account with high interest earnings preferential fixed deposit rates
- Preferential rates for personal loan, auto loan and mortgage
- An employee assistance program, encompassing staff housing and car loans, a staff sundry loan and a staff festival advance



# Supplier Satisfaction



# Shifting pace with Digital Procurement



DBS improves the supplier **onboarding journeys**, reducing the turnaround time by **75%**. With this solution, bank increases the supplier acquisition by more than **six-fold**



**Open Application Programming Interfaces (API)** testbed environment for parties to connect with the bank's ERP to facilitate strategic partnerships with suppliers for delivering efficient solutions and meeting customer expectation



**E-Procurement system** to ensure transparency, efficiency and professional management of all supplier tenders

# 4 sustainable supplier best practices

## #1 ESG in supply chain



Lays out an **ESG-focused** code of conduct for suppliers of goods and services, operating under the following headings:

1. Economic
2. Environmental
3. Social
4. Labour
5. Health and safety
6. Ethics

## #2 Indigenous Procurement



Supports local businesses and help create jobs by purchasing from more than 10,000 suppliers in seven key markets, of **which local suppliers accounted for 93.8 per cent of total purchases.**

Aims to maintain local procurement spend above 85% to support local suppliers.

### #3 Diversity and inclusion



Spends AUD \$19 million on supplier inclusion and diversity program with diverse suppliers during the year. Westpac aims at developing relationships with:

- Businesses owned by women (at least 51% owned and controlled)
- Australian disability enterprises
- Social enterprises
- B corporations

### #4 Shared purpose



Encourages all their suppliers to become signatories to the Group's Supplier Sustainability Principle, which specify the sustainability requirements for suppliers providing goods and services to their businesses.



# Society and planet impact (ES)

# ES in APAC banks

Disclosure of ESG data has increased in all countries and regions in APAC over the past decade, but the region is still lagging behind the global average.

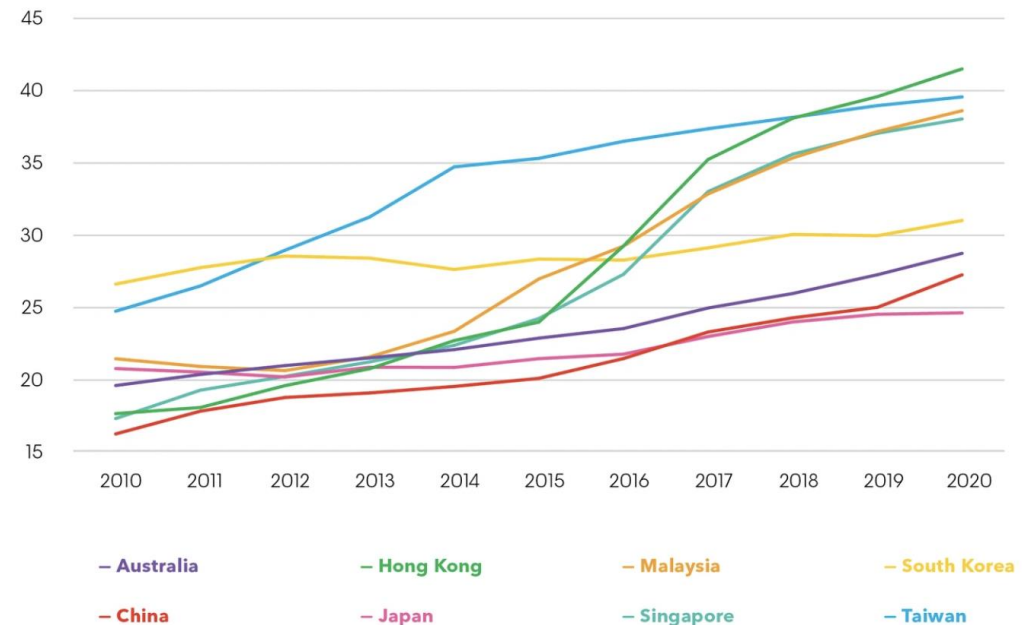
The main hurdle APAC banks face is a **lack of standardised regulation and reporting methodology**, where regulators in each market predominantly work in isolation.

With Asia being the largest primary energy consumer, regulations must be bolstered to encourage sustainability-decision making and drive the ESG agenda.

Corporate governance is the weakest area for ESG in APAC.

Note: For the purposes of this study, governance initiatives were not included as part of the analysis; hence, we only evaluated the initiatives taken by the banks for environment and society impact (ES).

ESG Disclosure Trends by Country/Region (2010–2020)



# APAC banks winning at ES



Endorses investments in renewable energy through initiatives ie. HLB SME Solar Financing', a green energy financing facility specially developed for SMEs looking to install small-scale solar PV systems.

Introduced HLB LaunchPad and iStart@HLB to enable SMEs to access financial services easily through their smartphones, as well as fostering growth via the HLB Jumpstart initiative.

Integrating climate and environmental considerations within the bank's business activities and internal operations via an inclusive approach involving key stakeholders.

Launched a **hackathon** that aims to get creative ideas and unique solutions on how people in the region interpret ESG and how technology can be leveraged to improve digital banking products, services and experiences.



# APAC banks winning at ES



Rolled out the Money Ma\$ter Programme, a structured financial literacy programme to educate students on managing their finances.

Conducted online classes and educational sessions through social media for targeted B40 (Bottom 40% of the population based on income) students to ensure they could keep up during the pandemic.

Committed to extend USD 1.23 billion by 2025 to support green activities and transition to a low-carbon and climate-resilient economy through either lending, advisory and investment activities.

Demonstrated support of value-based intermediation principles by developing Malaysia and the Asia-Pacific's first eco-friendly recycled plastic debit card.



# APAC banks winning at ES



Trialled solar panels and LED lighting in branches and successfully reducing carbon emissions between 20-45%.

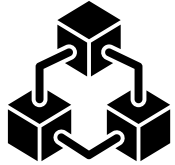
Introduced e-statements, estimated to save more than 600,000 sheets of paper a year.  
Introduced electronic invoice processing, making paper invoices obsolete.

Recovered and redeployed 100 unused computers through an IT amnesty program.

Committed to cease funding equipment directly involved in the extraction of fossil fuels by FY2024.



# Tech as a powerful tool for ES reporting



**Blockchain** for land registration to decrease risks for green investments and emissions data tracking. The World Bank's Climate Warehouse has been fielding consultations with crypto firms about building a so-called "public-good" data layer. The layer would sit atop a blockchain and could enable countries and groups to report and audit carbon assets in a centralized manner, solving issues of trust and transparency.



**AI-driven ESG models** provide a standardized framework for evaluating a financial institution's ESG impact and predicting trends that can impact performance.



**Cloud and machine learning** for the disclosure, comparison and monitoring of climate risk and environmental data. Cloud assists in automating processes and standardizing data, providing increased transparency.

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