

# UOB: Guiding businesses to be digital-first

*2023 outlook*

Company Insights

# twimbit Purpose Score

Customer Experience



Employee Experience



Supplier Satisfaction



Shareholder Value



Society/Planet Impact



Aggregate score



\*Changes vs twimbit Purpose Score 2020

# Executive summary – UOB at a glance

Company Name	: United Overseas Bank Limited
Headquarters	: Downtown Core, Singapore
Employees	: 24,346
Countries	: 19
Branches	: 440

Revenue	: USD 7.28 bn (SGD 9.79 bn)
Common Equity Tier 1 Ratio	: 13.5%
YoY Revenue Growth (%)	: ▲ +9.47%
Annual IT Spending	: USD 475 Mn (SGD 638 Mn)

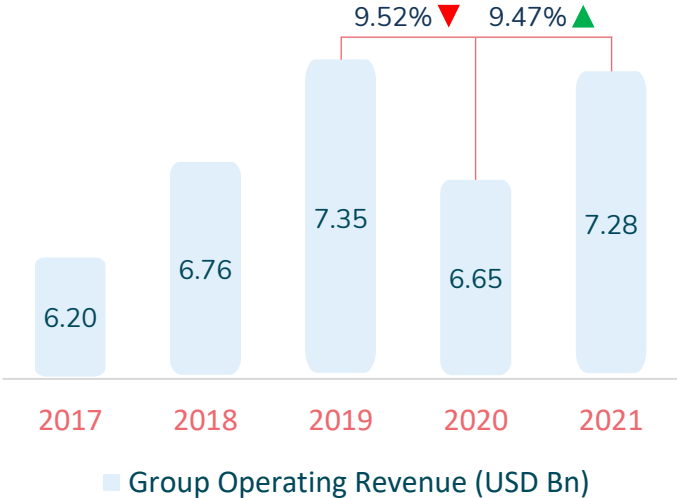
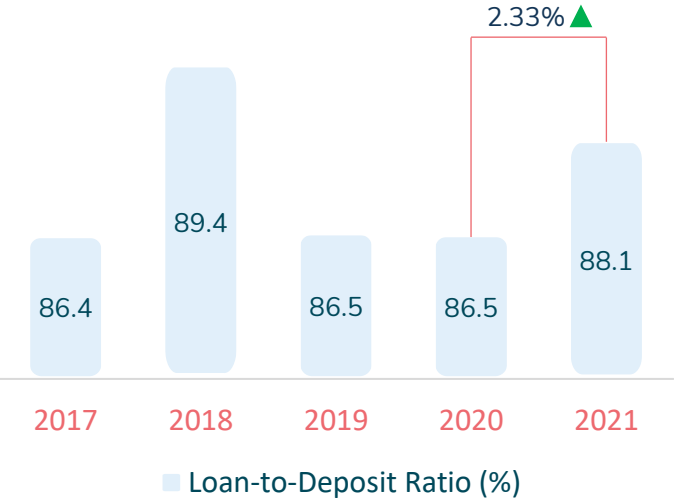
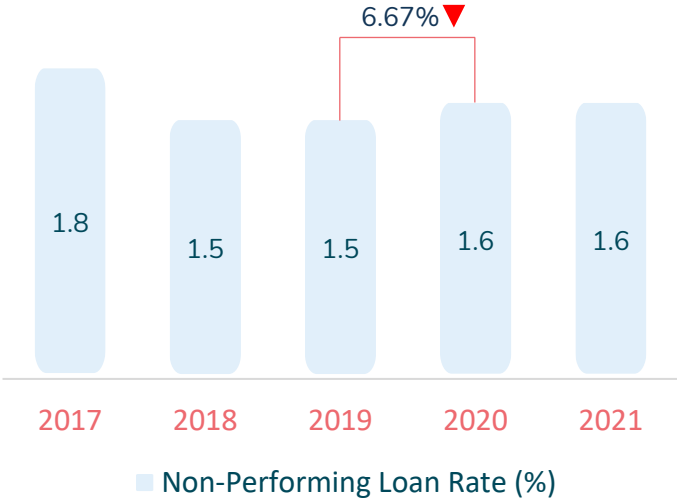
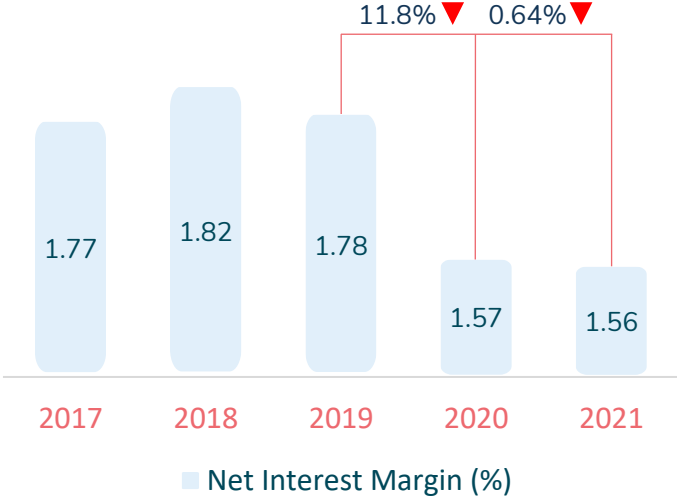
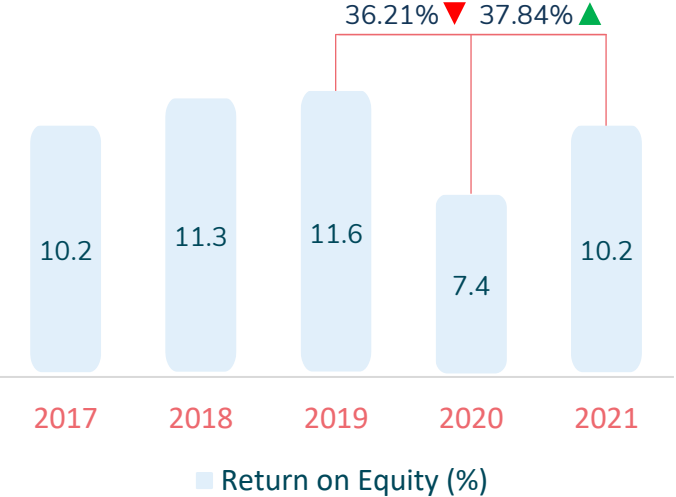
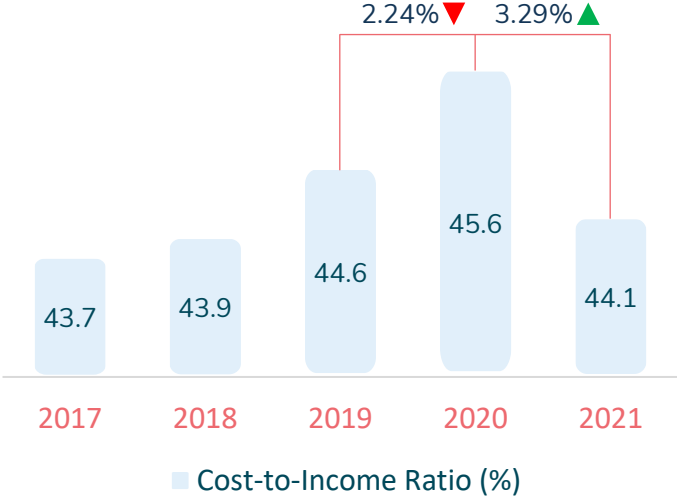
## Strategic focus areas

- ① Being SMEs preferred banker
- ② Helping businesses grow
- ③ Delivering an exceptional and omni-channel CX
- ④ Sustainability & ESG integration
- ⑤ Championing employee experience

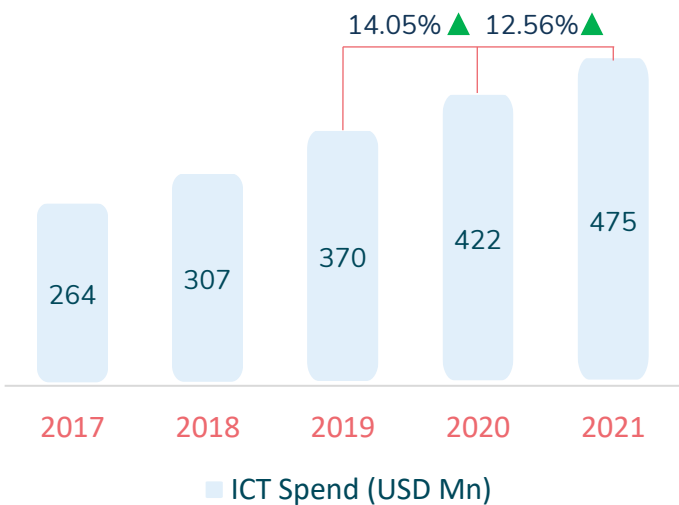
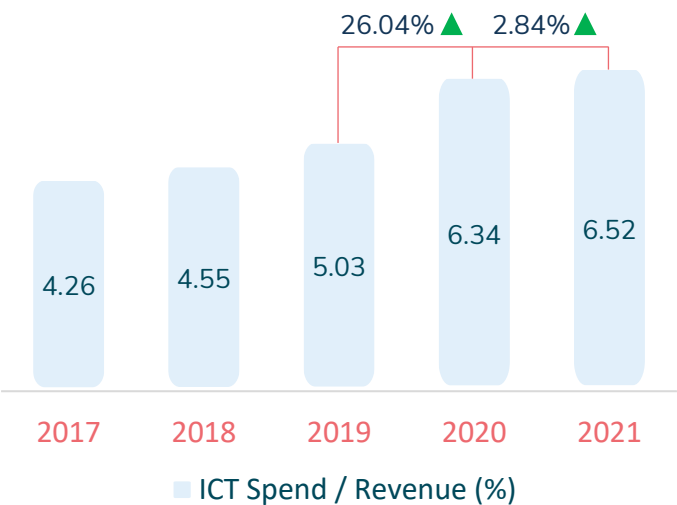
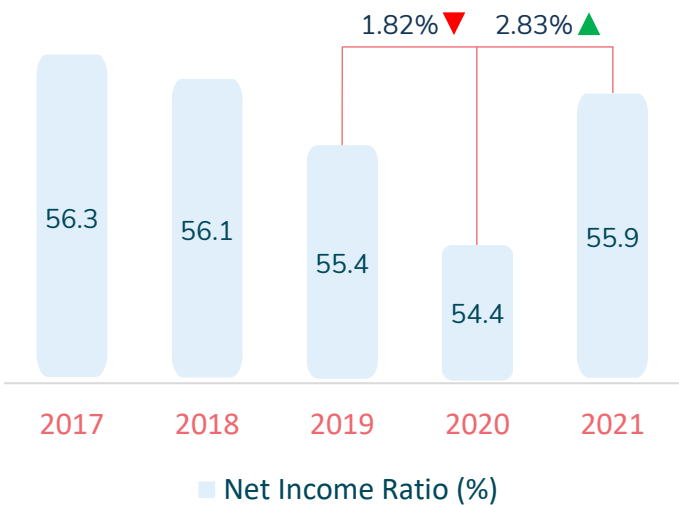
## Awards

- ✓ World's best bank for SMEs by Euromoney
- ✓ Best issuer for sustainable finance (SG) by The Asset
- ✓ Best digital bank in Thailand & Indonesia by International Finance
- ✓ Best digital bank in Southeast Asia by The Digital Banker
- ✓ Best digital bank for CX overall by The Digital Banker

# Financial highlights (1/2)



# Financial highlights (2/2)





# Measures of success

**USD 3.04 bn** (SGD 4.09 bn)

Net Profit of the Group ( ▲ 40% YoY)

**56.2%**

CASA ratio for the Group ( ▲ 5.05% YoY)

**3<sup>rd</sup> place**

Ranking in Net Promoter Score (NPS) among peers

**3.5 million**

Digitally-enabled customers in Southeast Asia ( ▲ 14% YoY)

**36.72%**

Total shareholder return ( ▲ 632.17% YoY)

**4.8 stars**

for UOB TMRW in the Apple Store and Google Play Store  
( ▲ 2.5 stars compared to UOB Mighty)

Note: Figures are for FY 2020-2021

# Top 5 strategic focus areas

#1



Being SMEs  
preferred banker

#2



Helping  
businesses grow

#3



Delivering an  
exceptional and  
omni-channel  
CX

#4



Sustainability &  
ESG integration

#5



Championing  
employee  
experience

# #1 Being SMEs preferred banker

UOB helps its clients build **resilient business models** for the **long run**



## UOB BizSmart

- Developed an integrated suite of cloud-based business solutions.
- Provides 6 categories of services: accounting, HR and payroll, digital transaction, digital marketing and collaboration, POS and payment, corporate services.
- Benefitted 16,000+ SME in Indonesia, Malaysia, Singapore and Thailand since launch.

## UOB BizMerchant

### UOB BizMerchant

- An unsecured loan program tailored to help online businesses on e-commerce platforms.
- Determines the creditworthiness from revenue data gathered from e-commerce platforms, instead of audited financial records that are sometimes unavailable.
- Online application with fast approval, within 3 days.



**EasyStore**

### EasyStore

- A platform for e-commerce sellers to sell and manage their business across multiple channels.
- Works with Shopee, Lazada, WhatsApp, Facebook, Instagram, Facebook Live and more.
- Subscription available at MYR29.50 (Lite), MYR99.50 (Standard) and MYR249.50 (Business).



# #2 Helping businesses grow

Connecting businesses to **opportunities** in ASEAN and beyond

## Advancing businesses through digitalization

- Singapore – Managed two ASEAN tech summits where more than 25 tech start-ups from the region showcased their solutions to more than 300 SMEs.
- Malaysia – Conducted two cohorts of the Jom Transform programme to equip businesses with the tools, know-how and confidence to transform digitally.
- Thailand – Organised multiple webinars to better comprehend how data analytics helps to analyse consumer needs, customise products and develop advertising campaigns, as part of the Smart Business Transformation programme.

## Facilitate cross boarder currency exchange

- UOB subsidiaries, UOB China and UOB Indonesia, were the appointed cross-currency dealers (ACCDs) for the Renminbi (RMB) and Indonesian Rupiah (IDR), making UOB the first Singapore bank to hold the licences in both markets.
- This promotes the expansion of businesses across borders, international goods and services trade, and direct investments in the involved markets.
- UOB can now help its clients open onshore RMB and IDR accounts, hedge their trade transactions and investments using onshore RMB/IDR exchange rates to seize more regional opportunities.
- UOB can also contribute to increasing the liquidity of the RMB and IDR currencies in Asia's FX market.

# #3 Delivering an exceptional and omni-channel CX

Adapting to the **ever-changing environment** and providing a **progressive and personalised solution**



## Physical

1. Lifestyle Branches for young professionals and young families.
2. Wealth Centres for emerging affluent and the affluent.
3. Business Centres for entrepreneurs and small businesses.

## Online

1. UOB TMRW – UOB's mobile banking platform issues regular updates and security patches to ensure a competitive and secure experience.
2. SimpleInvest – UOB's simplified investment service offers more than 100 unit trusts and insurance services to facilitate investment for first-time investors.
3. UOB Rewards+ – UOB's reward programme is Singapore's largest rewards programme, with more than 1,000 deals, cashback and rewards at more than 20,000 merchant locations to encourage customers to spend with UOB cards.
4. PayNow-PromptPay – UOB's fund transfer service is a fund transfer service that connects Singapore's and Thailand's national fast payment systems to extend the border of both markets.



# #4 Sustainability & ESG integration

## Encouraging sustainable lifestyles and investments

### Green loans

- UOB Sustainable Future Home Loan is a specialised home loan for applicants looking to finance a property that has been awarded the Green Mark certification by the Building and Construction Authority Singapore.
- The UOB Sustainable Future Car Loan is a specialised auto loan for applicants looking to finance electric vehicles (EV), with 90% of new EV models qualifying for the loan.
- The U-Solar programme is an interest-free instalment plan for customers and is enabled when they use a UOB credit card to pay for their purchase and installation of solar power systems for their homes.

### Sustainable investments

- UOB quadrupled their total assets under management (AUM) in ESG-focused investments for their retail customers in 2021.
- UOB issued Singapore's first sustainability bond offering under the newly-established UOB Sustainable Bond Framework.
- A few new ESG focused investment offered by UOB is:
  - UOB APAC Green REIT ETF – the world's first ETF to focus on green real estate investment trusts in the Asia Pacific.
  - United Smart Sustainable Singapore Bond Fund – the first Singapore-focused ESG fixed income fund.
  - United Battery and EV Technology Fund – investment opportunities arising from the growing adoption of EVs globally.

# #5 Championing employee experience

Helping **colleagues** make a **meaningful difference**



## Covid-19 support

- Vaccination exercise at UOB premises for the convenience of employees.
- Teleconsultations with medical professionals for employees to seek medical advice from home.
- Medical insurance with coverage for Covid-19 and vaccination side effects.
- Covid-19 kits containing test kits, hand sanitizer and supplements for employees.



## MyUOB

- Exclusive online platform for UOB employees to access staff deals, accessible only from the group intranet.
- Offers various lifestyle and wellness promotions brought by various partnerships with merchants.



## Employee development

- UOB flagship development program, Better U Programme, covers five core competencies: growth mindset, problem solving, digital awareness, human-centred design and data storytelling.
- UOB offers a great set of specialised development program for their employee to participate.

# UOB's digital strategies

#1



Building  
superior digital  
experiences

#2



Hyper  
personalised  
online offerings

#3



Preparing for  
the digital future

# #1 Building superior digital experiences

## UOB TMRW

- UOB overhauled their digital experience in 2021, launching the new and improved UOB TMRW to replace UOB Mighty as UOB's main mobile digital banking application.
- UOB TMRW rectified several pain points of UOB Mighty, such as the complicated design, stability issues and bugs.
- UOB ensures that UOB TMRW will be always updated and secure, while adding new features to keep it competitive, such as:
  - SimpleInvest and SimpleInsure
  - Singapore-Thailand instant fund transfer facility

## Specialised application and services

- UOB introduced a set of regional-based services to serve the unique needs of the market and also a set of specialised applications for different customer types.
- UOB launched TMRW Pay, TMRW Power Saver in Indonesia and TMRW CashPlus in Thailand as country unique services.
- UOB has specialised applications for different customers, for example:
  - UOB TMRW for consumers
  - UOB SME for SMEs
  - UOB Infinity for corporate clients



# #2 Hyper personalised online offerings

## Targeted digital solutions

- UOB BizMerchant – an unsecured loan program for SMEs was launched as an online exclusive program.
- UOB SimpleInvest – a digital investing platform that offers actively managed simple investment solutions.

## Creating hyper phygital accessibility

- Transitioned most of their traditional banking services online, bringing more convenience for customers to bank digitally.
- Allowed the opening of savings and current account to be done online.
- Enabled the application of UOB Property Loan to be done online.

## Exclusive online rewards and benefits

- Rewards customers that choose to transact online with perks and benefits.
- Offers preferential rates for corporate clients that book foreign exchange online directly with UOB Infinity.
- Provides cash back and gift cards for customers that apply for UOB Property Loan online.

# #3 Preparing for the digital future

## Communicating UOB TMRW's growth aspiration

- Frequently hosts or participates in events such as fintech exhibition, summits and panel discussion to communicate UOB's vision of the future for disruptive technologies and its implementation possibilities in the UOB ecosystem.
  - UOB participated in twimbit's 'Bank of Tomorrow' summit
  - UOB TMRW booth at the Singapore FinTech Festival
  - UOB partnered with the National University of Singapore to host a panel discussion on digital inclusion
  - UOB participated in TheAsianBanker panel discussion on the future of digital banking

## Creating a digitally dexterous team

- UOB has created a specialised TMRW and digital banking division in UOB to accelerate growth and ensure that UOB's digital suite of applications remains competitive.
- UOB is currently hiring multiple talents to join the TMRW team led by banking veteran Kevin Lam.

*"Currently, UOB is testing and learning disruptive technologies and is proceeding on a leading edge but not bleeding edge," – Kevin Lam, Head of TMRW and Group Digital Banking.*

# UOB's digital consolidation with TMRW

UOB launched several innovative digital exclusives in the year:

#1



UOB TMRW

#2



TMRW Pay

#3



TMRW  
Power Saver

#4



TMRW  
CashPlus

# #1 UOB TMRW

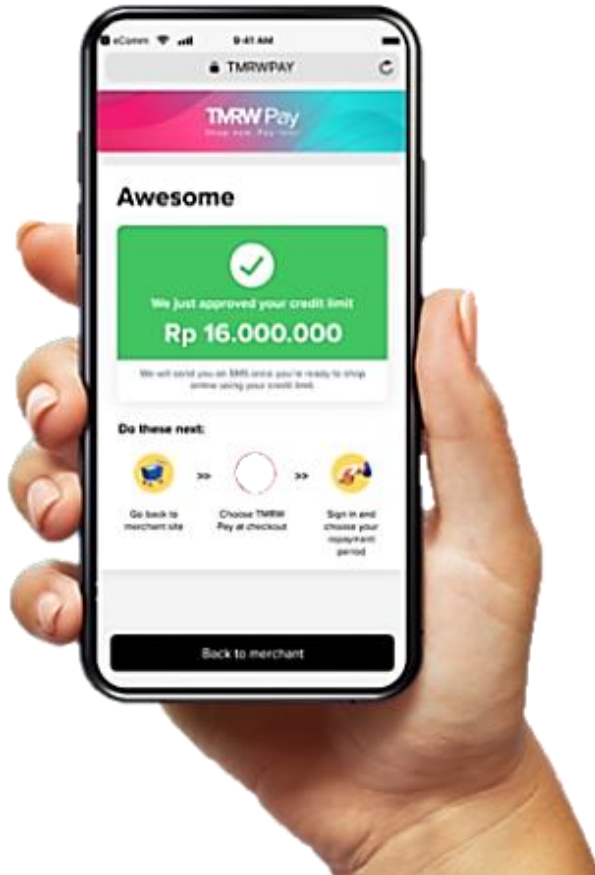


The **all-in-one banking app** built around you and your needs

Available in: **Singapore**

- UOB's flagship digital banking platform launched in 2021, the successor to the UOB Mighty application.
- Features AI-driven insights that are personalised to customers and provides benefits and perks through Rewards+.
- Made investing simple through SimpleInvest.
- Manage accounts, credit cards, investment, and transaction on the go.
- Allows access to bill payment, Buy Now Pay Later (BNPL) and various instant payment facilities locally and in Thailand.
- Features smart money management capabilities that provides;
  - a consolidated view of your finances across banks and government agencies,
  - and investment recommendation from SimpleInvest and SimpleInsure.

## #2 TMRW Pay

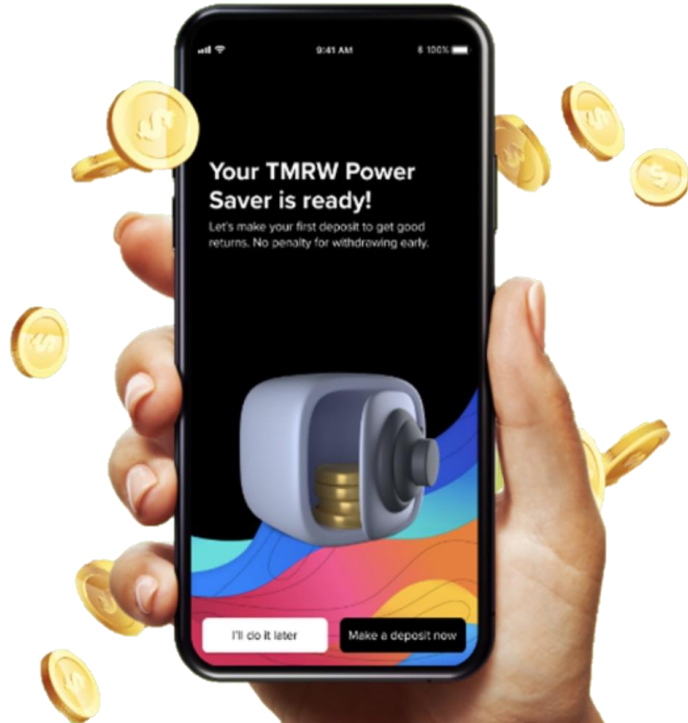


A new way to pay at your favourite online sites

Available in: Indonesia

- An e-commerce checkout loan, allowing shoppers to defer payments of up to 9 months.
- A collaborative effort by UOB, Bhinneka, dinomart.com, Garuda Indonesia, Mapclub and Hartono.
- Bundled with a free TMRW Account and debit card for convenient repayment and other banking needs.
- Features 0% interest and no fees for up to 90 days with instant approval for customers.
- Affordable interest rate for 6-9 month loans at 3% per month with a 2% processing fee.
- Conducted an exclusive launch promotion that waives users' last instalment.

# #3 TMRW Power Saver



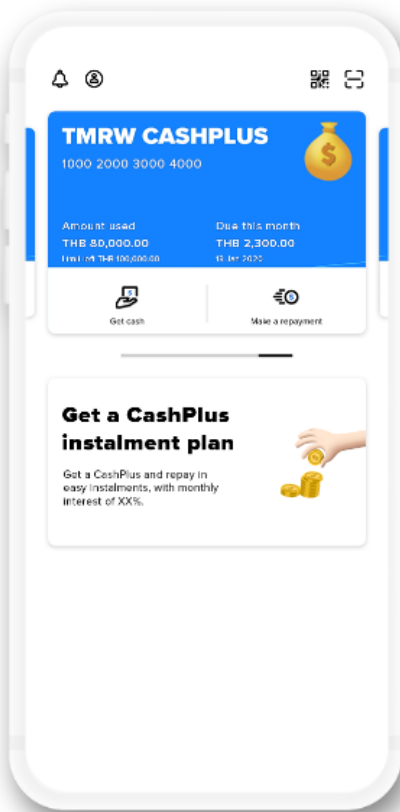
Boost your **savings**

Available in: **Indonesia**

- An online exclusive time deposit that earns higher interest with a minimum tenure of one month.
- Features a low minimum entrance deposit of only IDR 8,000,000 (Approx: USD 515).
- Features competitive interest rate of 3.5%-4.55%, depending on tenure, where longer placement yields higher returns.
- Choose from a 1, 3, 4, 5, 9 and 12 month tenure.
- Easily manage the account via the TMRW app.
- No withdrawal fees are implemented for early cash withdrawals, granting true flexibility to customers.



## #4 TMRW CashPlus



Get **instant cash** transferred anywhere, anytime

Available in: **Thailand**

- An online exclusive credit facility for customers.
- No credit facility fees or charges on the unutilized approved loan amount.
- Instant credit facility up to THB 1 million (approx. USD 26,500) anytime of the day.
- Cash is instantly transferred into the customer's TMRW account with a click of a button.
- Flexible monthly repayment minimum of 2.5% of the loan amount or an easy instalment of up to 48 months.

# Technology partnerships (1/2)

#1



## Digital bond issuance on Marketnode

- Marketnode is an exchange-operated digital asset issuance platform.
- Marketnode targets capital markets workflows through smart contracts, ledger and tokenisation technologies.
- UOB is the first financial institution issuer in Singapore to tap Marketnode's digital asset issuance, depository and servicing platform.
- UOB's non-call seven-year additional Tier 1 (AT1) capital securities offering was issued on Marketnode in parallel with the conventional issuing process during June 2021.

#2



## UOB-ADDX sustainable-linked digital bond

- UOB and digital securities exchange ADDX has digitized and taken digital custody of the inaugural sustainability-linked bond launched by Sembcorp Industries (Sembcorp) in October 2021.
- UOB partnered with ADDX, and became the lead manager for the project, with a bond valuation of SGD 675 Mn.
- The digital bonds utilise technologies such as blockchain and smart contracts to eliminate manual processes in the bond's custody and post-trade administration.

# Technology partnerships (2/2)

#3



## UOB-lead bank consortium with SGTraDex

- The consortium consists of DBS, OCBC Bank, Standard Chartered and UOB.
- This initiative aims to enable effective data-driven decision-making for clear, consistent green trade financing standards across industries.
- This initiative will create a transparent green trade financing data exchange model facilitated by SGTraDex infrastructure for banks to validate required green certification data residing within a centralised repository.
- This initiative will build capabilities for the banking industry to make trade-based green financing more readily available and accessible in the market..

#4



## UOB-TradeTrust cross-boarder trade flow

- UOB partnered with Infocomm Media Development Authority (IMDA) on its digital trade financing pilot.
- Electronic bills of lading were used to digitalise the Singapore-China cross-border trade flows on TradeTrust.
- The electronic exchange of trade documents speeds up the shipping process, lowers the transaction costs, and helps businesses be more competitive.
- TradeTrust uses smart contracts that run on the Ethereum blockchain and polygon (beta) blockchain to verify all information flowing through it.

# Top 5 growth opportunities

#1



UOB TMRW –  
The Superapp

#2



Strengthening  
UOB digital  
proposition

#3



The Metaverse

#4



Buy Now Pay  
Later (BNPL)

#5



Cost to serve

# #1 UOB TMRW – The Superapp

## Superapp strategy

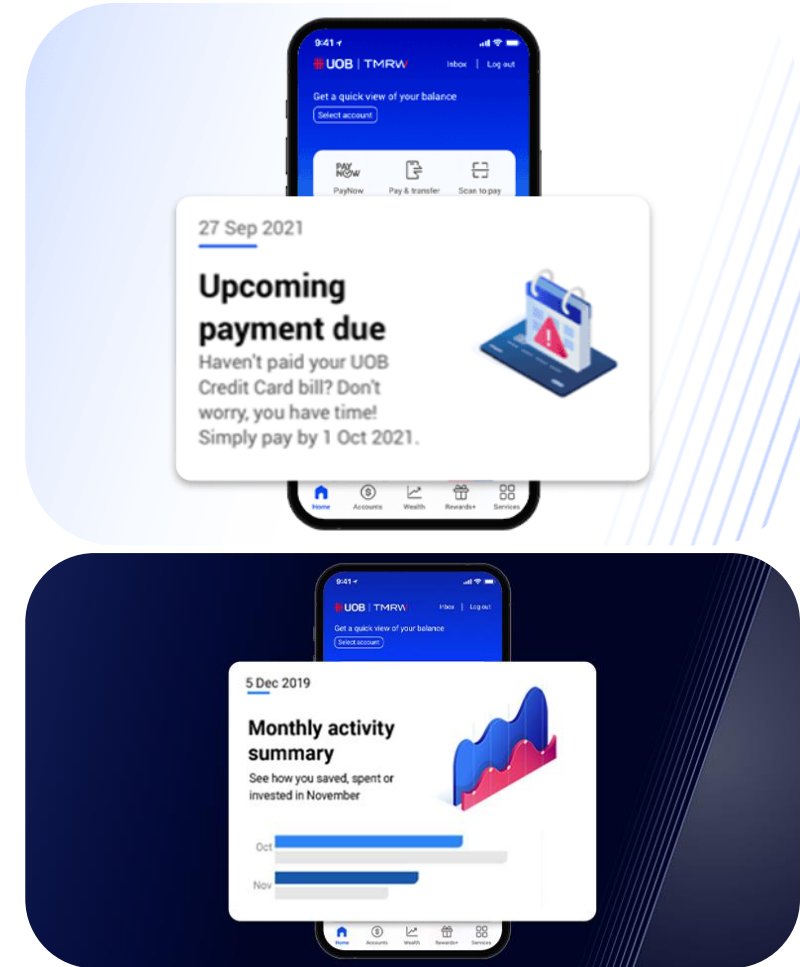
- UOB significantly enhanced their digital experience by unifying their consumer banking with their dedicated digital bank, TMRW by UOB to form the rebranded UOB TMRW, an all-in-1 banking app.

## Artificial Intelligence (AI)

- UOB utilizes AI to analyse and predict the movement of customers' money and tailor personal recommendations on potential products to assist with their money management.

## Data management strategy

- UOB integrated a smart money management capability into UOB TMRW that gathers data from participating banks and government agencies into one place for consumers to easily manage their wealth.



# #1 UOB TMRW – The Superapp

Analyst View

## How developing a Superapp will help advance UOB TMRW

<u>Steps</u>		<u>Potential outcomes</u>
1. UOB should continue to consolidate all their consumer services onto one platform, UOB TMRW, leading to an ecosystem of banking facilities for the consumers.	→	It will allow customers to shop for all their financial and non-financial needs under one unified platform.
2. UOB should then gather the data generated from all the departments and create a set of big data.	→	This will create a large, accurate and meaningful data base that comprises of spending habits, creditworthiness, risk tolerance and other crucial indicators.
3. The big data should then be analysed to create an accurate personal profile of each customer.	→	A personal profile can potentially increase the consumption of services.
4. UOB can use the personal profile to serve the customer with tailored services or continue using the enhanced AI Insights card in the app to serve the customer.	→	Potentially unlock new journey-based services from buying a home to furnishing a home and even planning a holiday.



## #2 Strengthening UOB digital proposition in Asia

### Fragmented launch of UOB TMRW in Asia

- UOB TMRW launched in Singapore during 2021, with a subsequent launch in Thailand.
- UOB has not announced a release date of when the other two primary markets of UOB, Malaysia and Indonesia will receive the UOB TMRW application.
- Currently, UOB Thailand offers both the digital-only TMRW by UOB bank and UOB TMRW Thailand as service options for the customer.
- UOB Indonesia only offers TMRW by UOB as the primary banking application.

### Malaysia, Thailand and Indonesia

- With the 3 country contributing to a sizable amount of profit to UOB (Table 1), the bank should improve their digital offerings in those region to remain competitive.

Operating Profit by Geographical Segment			
Overseas franchise provided diversification and cross-border connectivity			
\$ million	FY2021	FY2020	YoY (%)
Singapore	2,839	2,592	10
Rest of Southeast Asia	1,327	1,302	2
Malaysia	689	675	2
Thailand	407	392	4
Indonesia	221	211	5
Others	10	24	(57)
North Asia	605	548	10
Rest of the World	706	550	28
Total	5,476	4,992	10

Table 1: Breakdown of UOB's operating profit

## #2 Strengthening UOB digital proposition in Asia

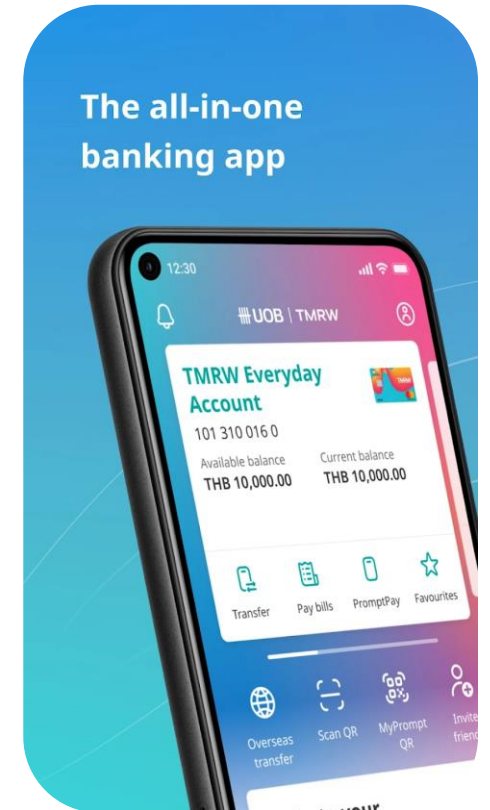
Analyst View

### Frictionless launches, seamless customer experiences

- UOB TMRW successfully launched in Singapore during 2021, and experienced positive reception, with customers complementing the new and improved mobile banking experience.
- With tested software already available, UOB should port the UOB TMRW application to Malaysia, Thailand (launched in Q3 2022) and Indonesia.

### An idea to start for Malaysia

1. Import UOB TMRW into Malaysia.
2. Have a period of transition for current UOB customers while simultaneously running campaigns and promotions for UOB TMRW.
3. Ensure that accounts can be opened online.
4. Add in some exclusive offerings such as higher saving interest rate and customizable debit cards.



# #3 Banking in the Metaverse

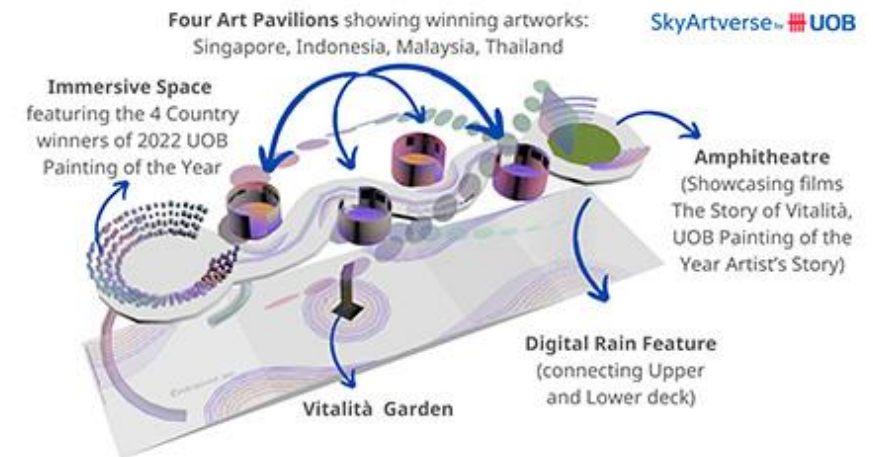
A **virtual universe** where humans can **immersively interact** with organisations, businesses, other institutions and one another

## Decentraland

- UOB has launched a virtual art gallery in Decentraland, one of the most well known Metaverse platforms.
- Decentraland is a virtual universe powered by the Ethereum blockchain, where users of the platform can buy and sell virtual land, estates, avatar wearables and name.
- Users can freely roam around the virtual world in their avatar with or without a virtual reality headset.

## SkyArtverse

- SkyArtverse by UOB, the futuristic gallery, is the first property build by an Asian bank to reach art enthusiasts through the decentralised virtual reality platform.
- The gallery features 37 winning artworks from the 2022 UOB Painting of the Year competition.



# #3 Banking in the Metaverse

Analyst View

The Metaverse market growth  
will accelerate at a CAGR  
(2021 – 2030) of  
**43.7%**

Source: [Prescient & Strategic Intelligence](#)

## Immediate wins: A roadmap for a differentiated omni-channel CX

1. UOB can follow the steps of JP Morgan and Union Bank by launching a virtual lounge in the Metaverse, where customers can explore the lounge while learning more about UOB.
2. UOB can organise events, such as banking summits and disruptive tech talks on their virtual property to attract more customers to the platform.
3. UOB can integrate their APIs into the Metaverse, allowing users to perform day-to-day transactions in the virtual space for a true omni-channel experience.
4. UOB can help other businesses establish their presents in the Metaverse via programs, such as UOB BizSmart.

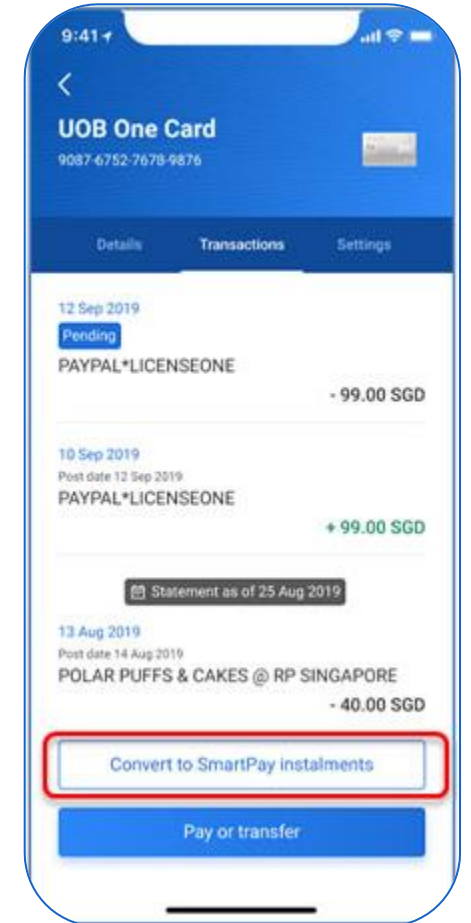
## Future wins: The virtual bank of the future

- UOB should establish a dedicated virtual bank, where virtual currency can be saved, spent or invested, all within the Metaverse.
- UOB should place virtual branches and ATMs in popular regions within the Metaverse to provide the same convenience of a physical customer to a virtual customer.

# #4 Buy Now Pay Later

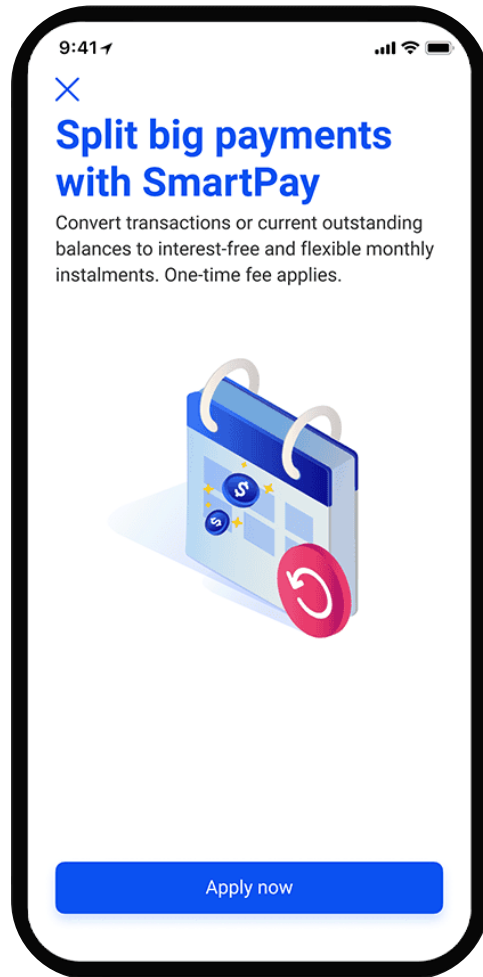
## UOB's current Buy Now Pay Later (BNPL) offerings

- Singapore – UOB SmartPay is UOB's BNPL offering in the country, where customers can convert outstanding credit card balances or selected transactions into a 1–12-month interest free loan.
- Malaysia – “UOB 0% Instalment Payment Plan” is UOB's BNPL offering in the country, where all UOB credit card holders can split payments at over 3,000 participating merchants up to a 24 months interest free loan.
- Indonesia – TMRW Pay is UOB's BNPL offering in the country, where all TMRW account holders can defer their payments of up to 9 months when purchasing at selected e-commerce partners.
- Thailand – UOB does not offer BNPL services in region, but instead offers TMRW CashPlus, an instant credit facility that allow TMRW account holders to apply for instant cash for a tenor of up to 48 months.



# #4 Buy Now Pay Later

Analyst View



## Unifying the product

- Standardising UOB's BNPL offering in the different markets they operate in will help UOB;
  - save costs in marketing, software and operational procedures
  - develop innovative solutions from the shared resources
  - provide better promotions or deals from the cost effectiveness of a unified product.

## Other suggestions

- Offer BNPL to existing customers in their existing customer journeys and increase attach rates.
- Continuously expand the acceptance of the program to more merchants both online and in stores.
- Maximise BNPL as a potential opportunity to onboard new customers, specifically, Gen Z to open other accounts with UOB.



# #5 Cost to serve

## 5-year change from FY2016 to FY2021:

○ Net interest income	↓ 1.04%
○ Net interest margin	↓ 8.77%
○ Non-performing loans	↓ 6.67%
○ Trading income	↓ 33.76%
○ Staff expenses	↑ 26.93%
○ Share-based compensation	↑ 48.78%
○ Fee Income	↑ 73.55%

## Observations

- The net interest income, net interest margin and non-performing loans declined significantly, signalling the deterioration of loan quality and loan amount.
- Trading income has fallen significantly, signaling a reduction in trading activities or a poor trading performance.
- Share-based compensation has raised tremendously compared to overall staff expenses, signaling that executive pay is raising.
- Fee income has raised significantly due to UOB's improved branding and customer service, as customers flock toward UOB's unit trust, foreign-exchange, BNPL and other offerings

# #5 Cost to serve

Analyst View

## Loan portfolio

- To improve the group's loan management, UOB should:
  - Increase the amount of loan disbursed to increase the net interest income
  - Increase the interest rate of the loan to increase the net interest margin
  - Improve the loan quality to reduce the non-performing loans
- Improving all items would be very challenging. Hence, UOB should only focus their efforts on one item at a time.

## Staff cost

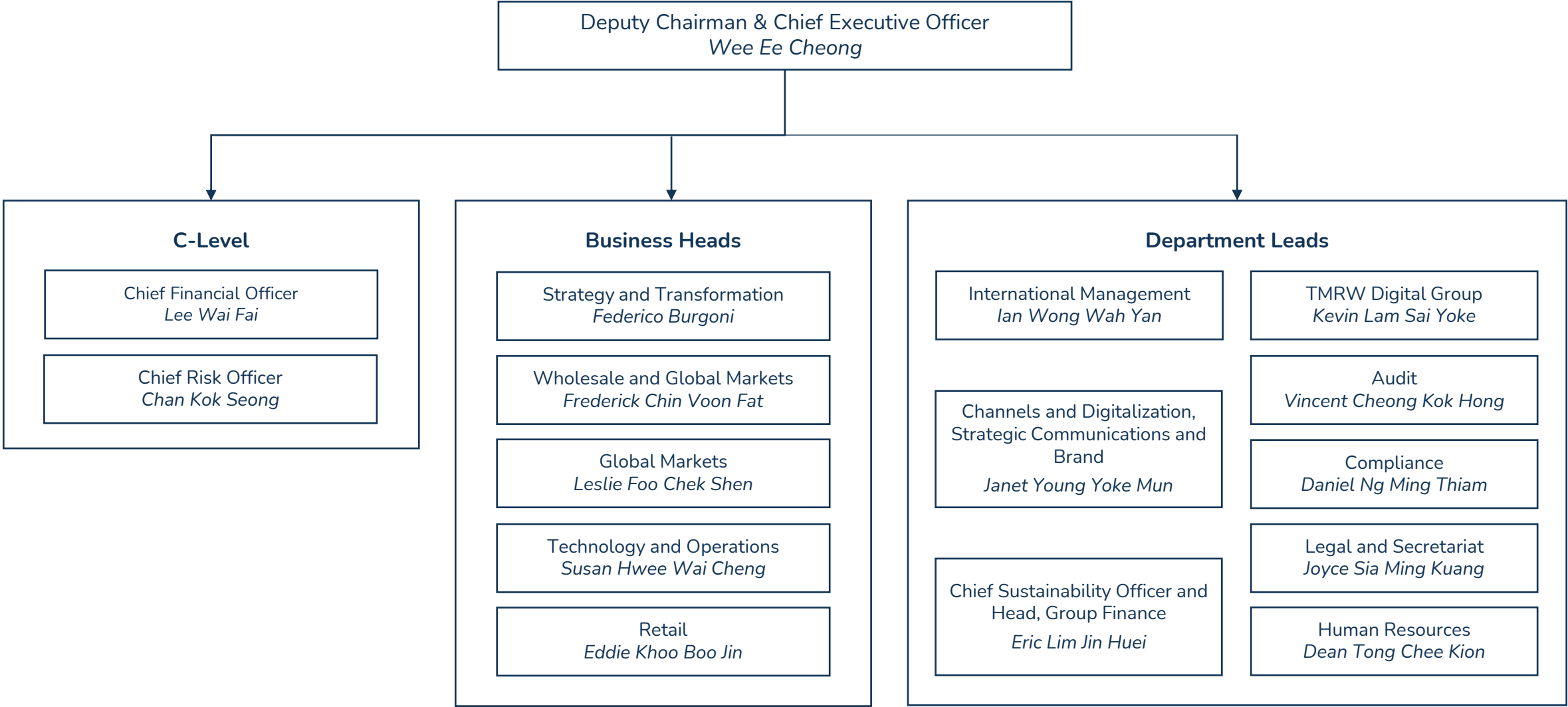
- UOB should monitor their high compensation packages, especially for their executive's share-based compensation to keep staff costs in check.

## Fee income

- UOB should continue maintaining its group image and improving the customer experience.
- UOB should periodically introduce new innovative services as well as keeping their current service competitive.

# Appendix

# Key decision-makers



# Wee Ee Cheong



## Group CEO

- Became the CEO of UOB Limited in April 2007
- Has been with UOB since 1979 (43 years to date)

### Supporting ASEAN growth:

“

We believe in the people and potential of ASEAN. It is our home and we know first-hand, the resilience, strength and abilities our businesses and communities possess to build a better tomorrow for all.

”

### Advancing responsibly:

“

To help businesses advance responsibly, we have developed four financing frameworks focused on facilitating green trade and the circular economy, as well as created smart cities and green buildings. These frameworks help businesses make meaningful progress on their green journey, with the Bank extending more than \$15 billion in sustainable financing, which exceeds our target two years ahead of schedule.

”

\*Direct quotes derived from the 2021 UOB Annual Report

# twimbit be more



Insights



Immersions



Challenges

How can we help?

[reachus@twimbit.com](mailto:reachus@twimbit.com)