



State of APAC Banks 2024

A paradigm shift in banking



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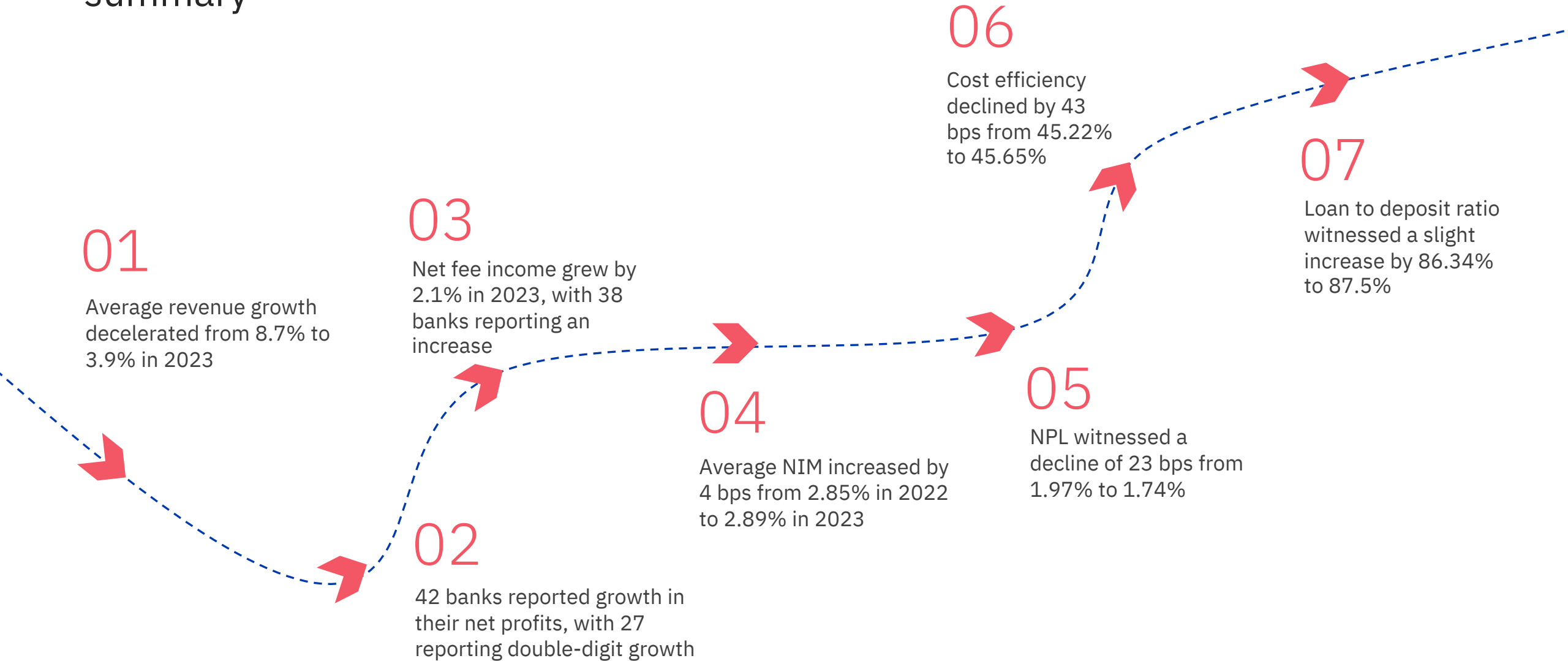


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for APAC Banks



Executive summary



01

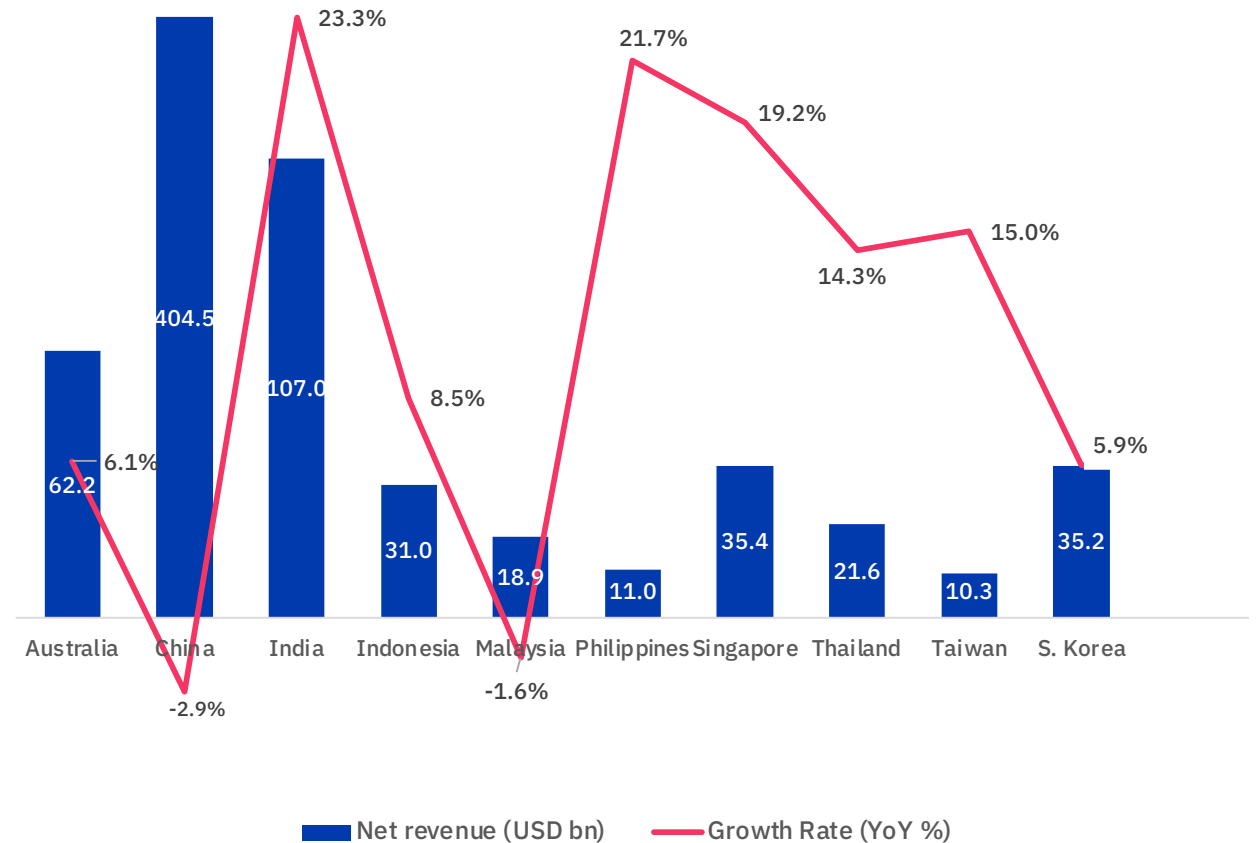
Financial performance of APAC Banks in 2023



Net revenue for APAC Banks grew by 3.9% in 2023

- Net revenue growth has decelerated, shifting from 8.7% YoY in 2022 to 3.9% YoY in 2023 largely due to China and Malaysia.
- Excluding China, the net revenue growth stood at 13.5% YoY, up from 11.2% YoY in 2022.
- In 2023, APAC Banks generated USD 737 billion in net revenues up from USD 710 in 2022 and USD 653 in 2021.
- This indicates a consistent growth trend, although at a slower pace in 2023.
- All the regions analysed reported a growth in net revenues, apart from China, which reported a very minute decline of 0.3% YoY.

APAC Banks net revenue and growth trends (YoY basis), 2023



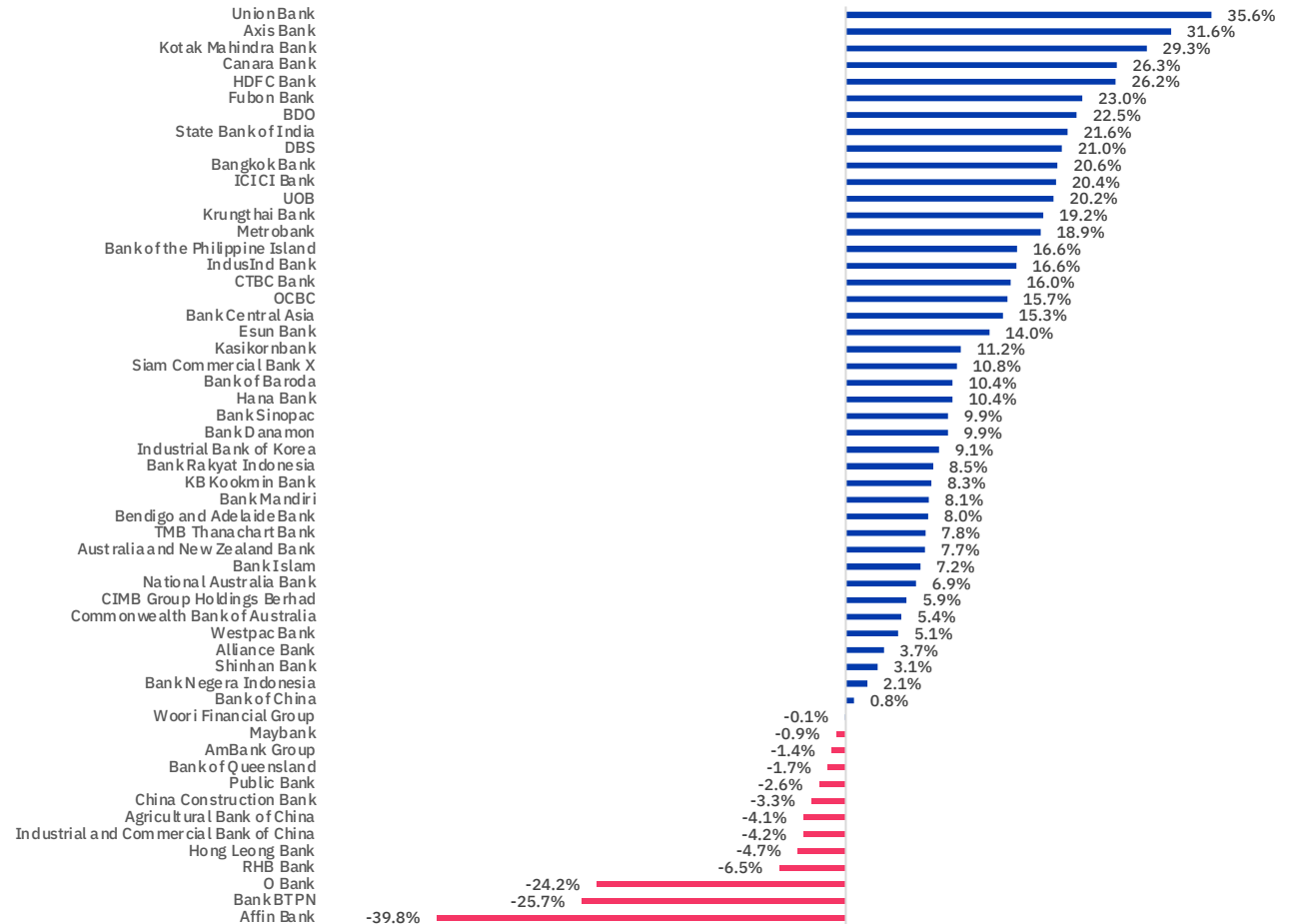
* Based on reported financials of 55 APAC banks; Average of the constant currency conversion rate of 3M 2024 has been applied to the net revenue of 2022 and 2023
 Source: Industry reporting; Twimbit Analysis

Banks in developing markets lead the net revenue growth change

- Average 2023 revenue growth is 3.9%
- ~76% of banks recorded net revenue growth in 2023
- 24 of 55 banks reported double-digit growth in their net revenues
- Union Bank of the Philippines reported the highest net revenue growth of 35.6% YoY to USD 1.3 billion in 2023
- ICBC added the highest net revenue of USD 114.1 billion in 2023, however, the net revenue for the bank declined by 4.2% YoY

* Based on reported financials of 55 APAC banks
Source: Industry reporting; Twimbit Analysis

Net revenue growth change 2023 (YoY), in %

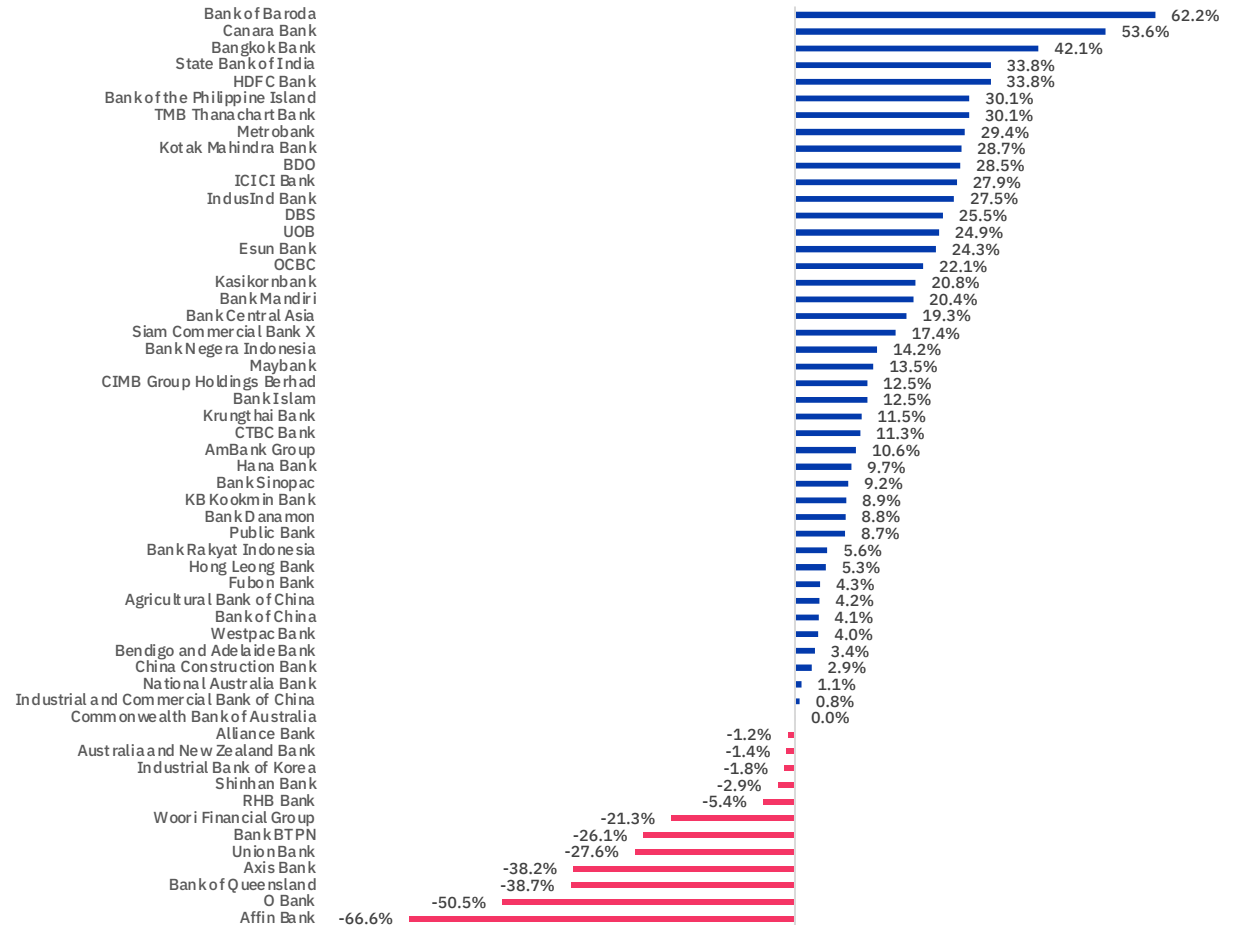


APAC Banks reported USD 279 billion in net profits in 2023

- ~78% of banks recorded net profit growth in 2023
- 27 of 55 banks reported double-digit growth in net profits
- Bank of Baroda reported the highest growth in its net profit at 62.2% YoY to USD 2.2 billion
- 7 of 55 banks reported a double-digit decline in their net profits
- Affin Bank reported the highest decline in net profits at 66.6% YoY to USD 88.3 million in 2023

* Based on reported financials of 55 APAC banks
Source: Industry reporting; Twimbit Analysis

Net profit growth change 2023 (YoY), in %

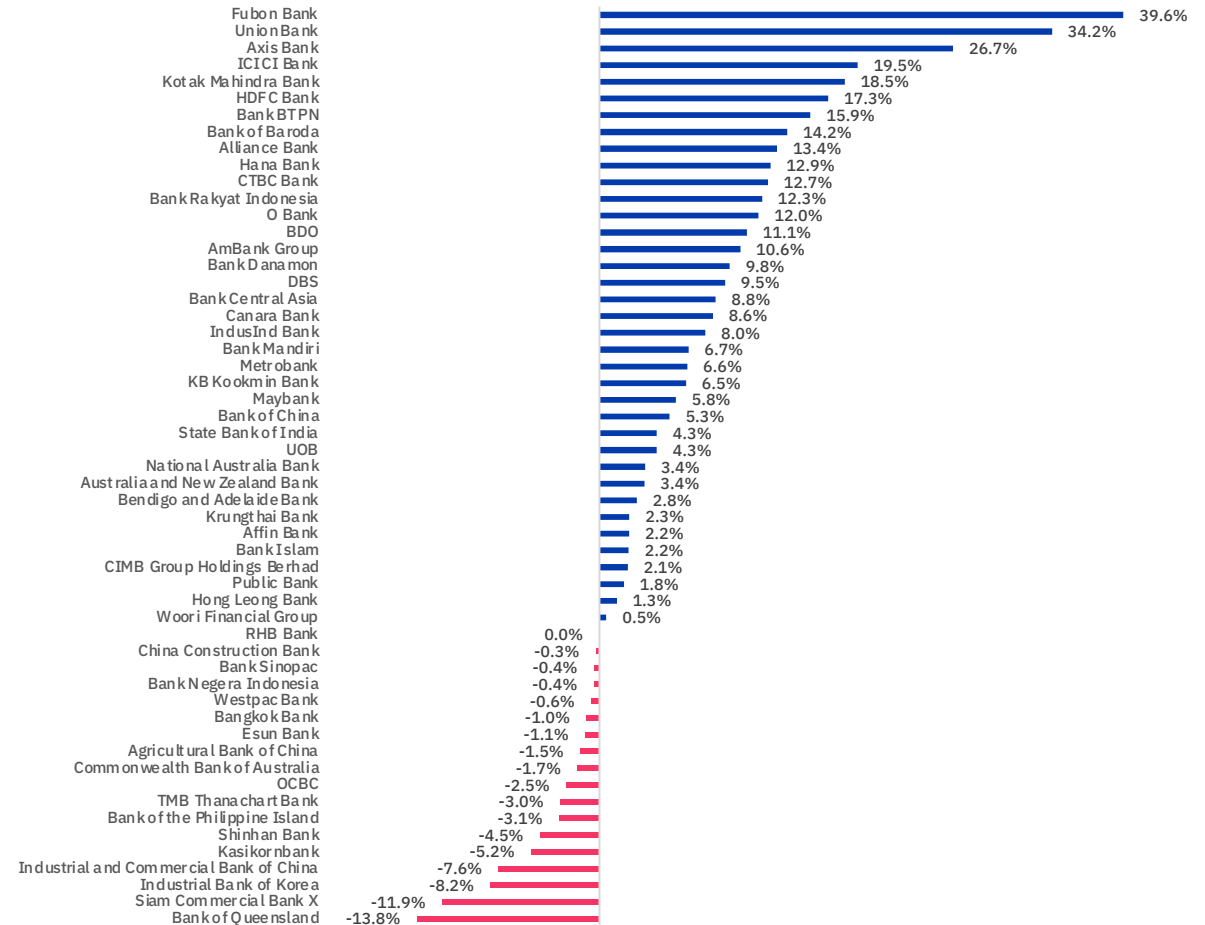


Net fee income for APAC Banks grew by 2.1% in 2023

- Net fee income for APAC grew from USD 100.1 billion in 2022 to USD 102.1 billion in 2023
- 38 banks reported an increase in net fee income
- 15 banks reported double-digit growth in net fee income
- 17 of 55 banks reported a decline in net fee income
- Of all the regions, only China and Thailand reported a decline in their net fee incomes
- On the other hand, India and Taiwan reported double-digit growth in their net fee incomes

* Based on reported financials of 55 APAC banks
Source: Industry reporting; Twimbit Analysis

Net fee income growth change 2023 (YoY), in %

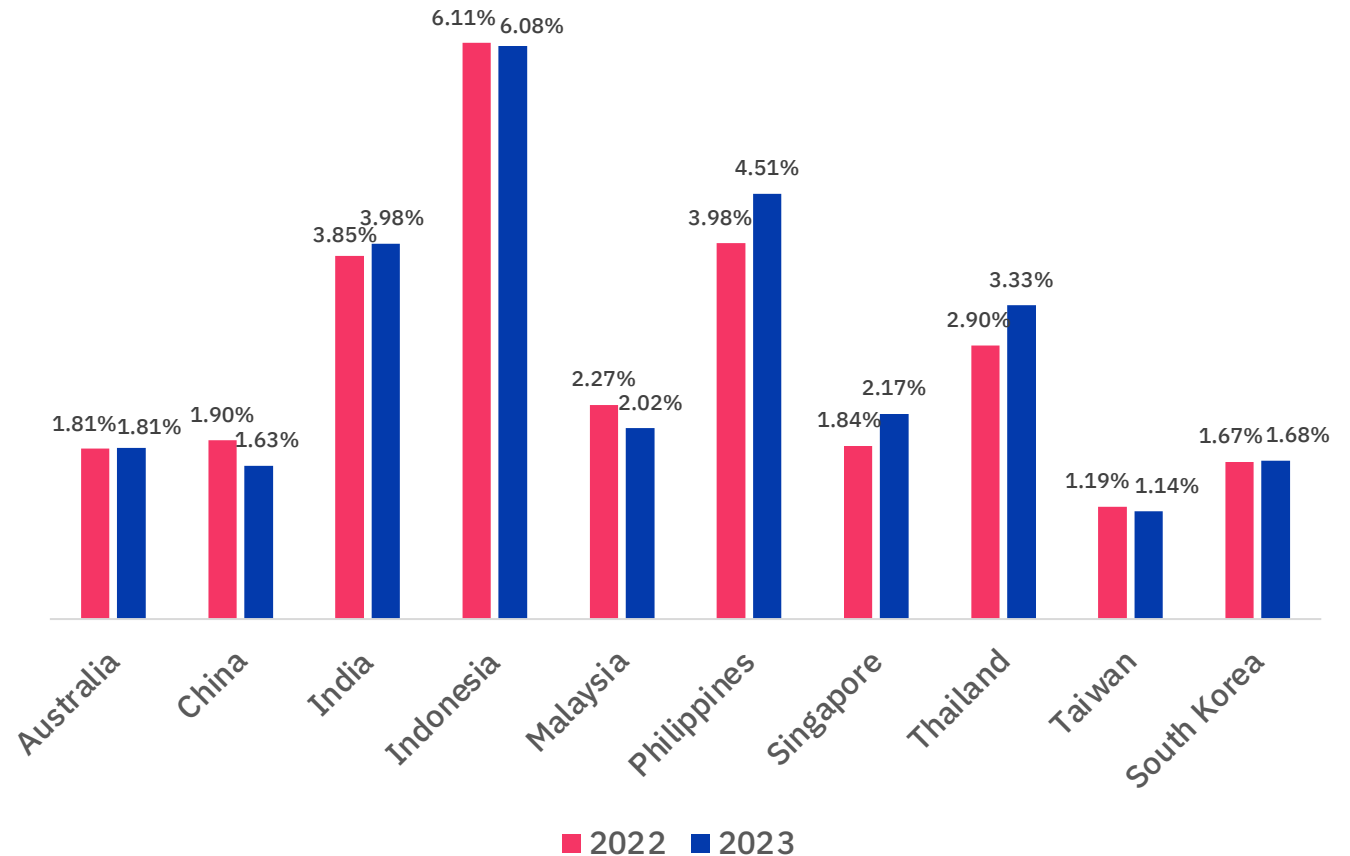


APAC Banks recorded an average NIM (net interest margin) of 2.89% in 2023

- The average NIM reported by the 55 banks analysed increased by 4 basis points in 2023
- The average NIM increased from 2.85% to 2.89%
- 25 of the 55 banks reported a decline in their NIMs
- Chinese banks reported the highest decline in their average NIM at 14.4%
- Malaysian banks also reported a double-digit decline in their average NIMs
- Singapore banks reported the highest growth of 18.4% in their average NIMs

* Based on reported financials of 55 APAC banks
Source: Industry reporting; Twimbit Analysis

Average NIM for 2022 & 2023 in %

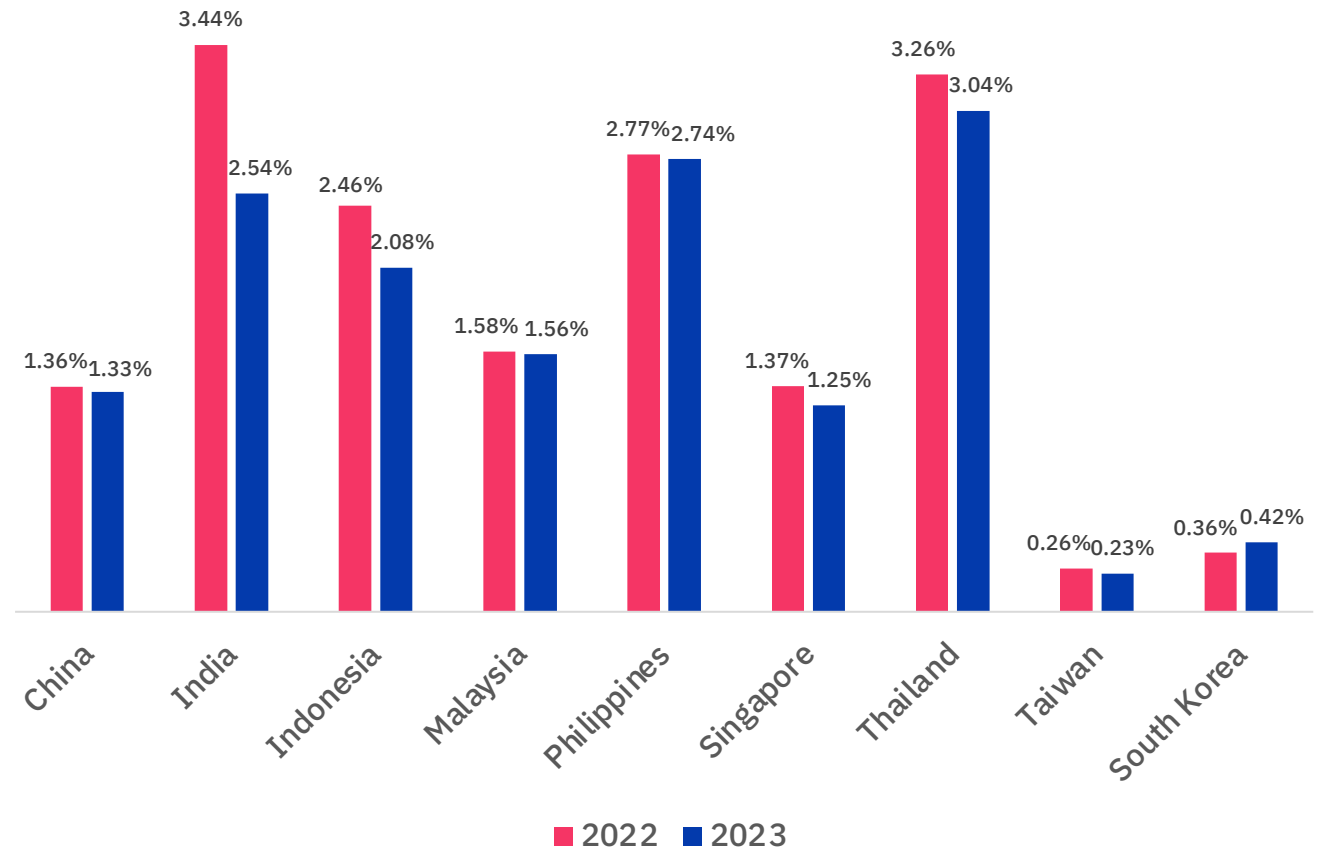


Average NPL (non-performing loans) for APAC Banks reduced by 23 basis points in 2023

- The average NPL of the 49 banks analysed decreased from 1.97% in 2022 to 1.74% in 2023
- 13 out of the 49 banks reported an increase in their NPLs
- South Korea is the only country which reported an increase in its NPL at 18%
- However, NPLs in South Korea are among the lowest in the APAC region
- India reported the highest decline in its average NPL from 3.44% in 2022 to 2.54% in 2023

* Based on reported financials of 55 APAC banks
Source: Industry reporting; Twimbit Analysis

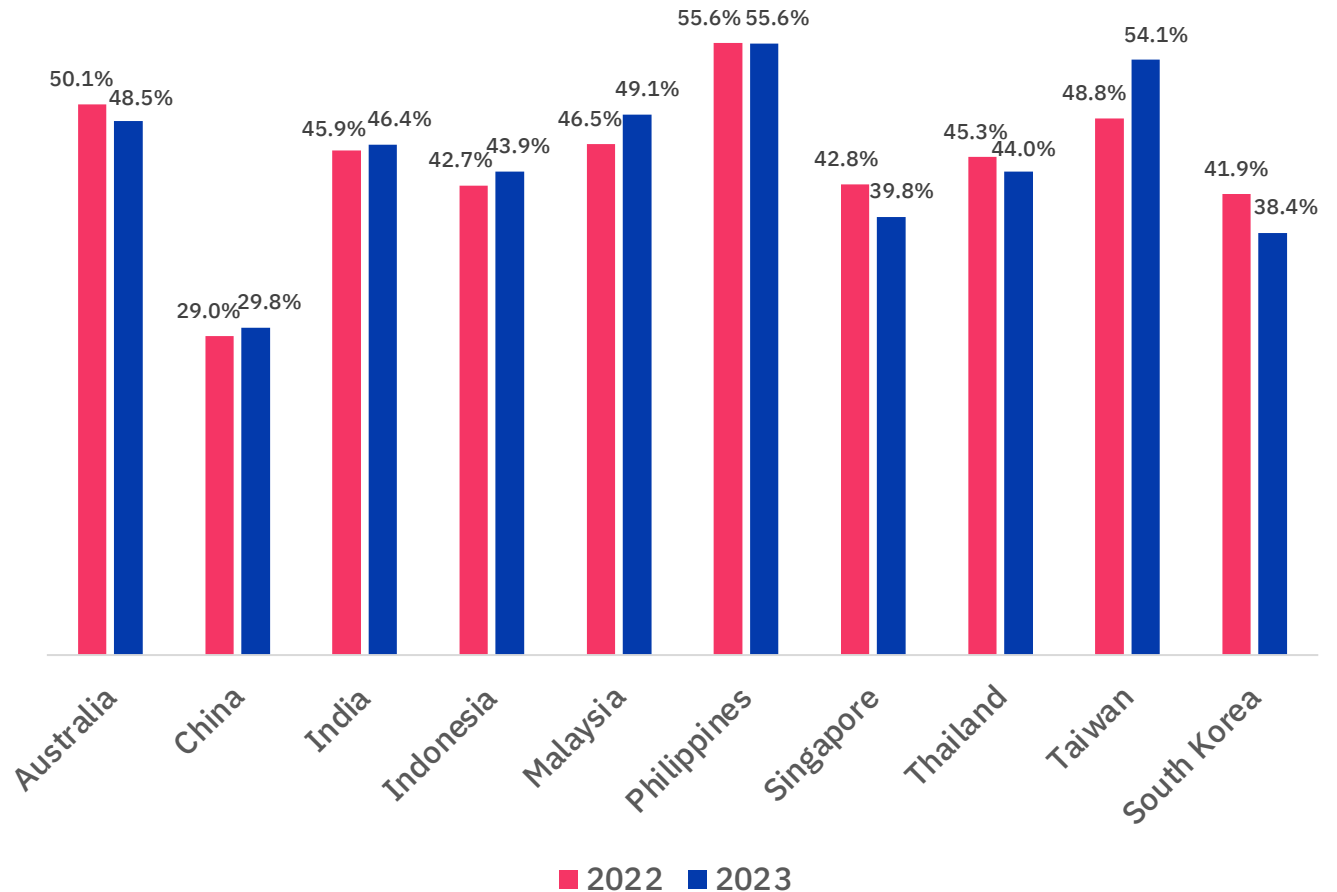
Average NPL for 2022 & 2023 in %



APAC Banks recorded an average cost-efficiency ratio of 45.65% in 2023

- The average cost efficiency of the 54 banks analysed declined by 43 basis points
- 22 of 54 banks improved their cost efficiency
- 16 of 54 banks have their cost efficiency above the threshold value of 50%
- Chinese banks have the best cost efficiency in the APAC region at 29.76% in 2023
- Banks in Australia, Singapore, Thailand and South Korea were able to improve their average cost efficiency in 2023
- Banks in the Philippines and Taiwan have their average cost efficiency above the threshold value of 50%

Average cost-efficiency ratio for 2022 & 2023 in %



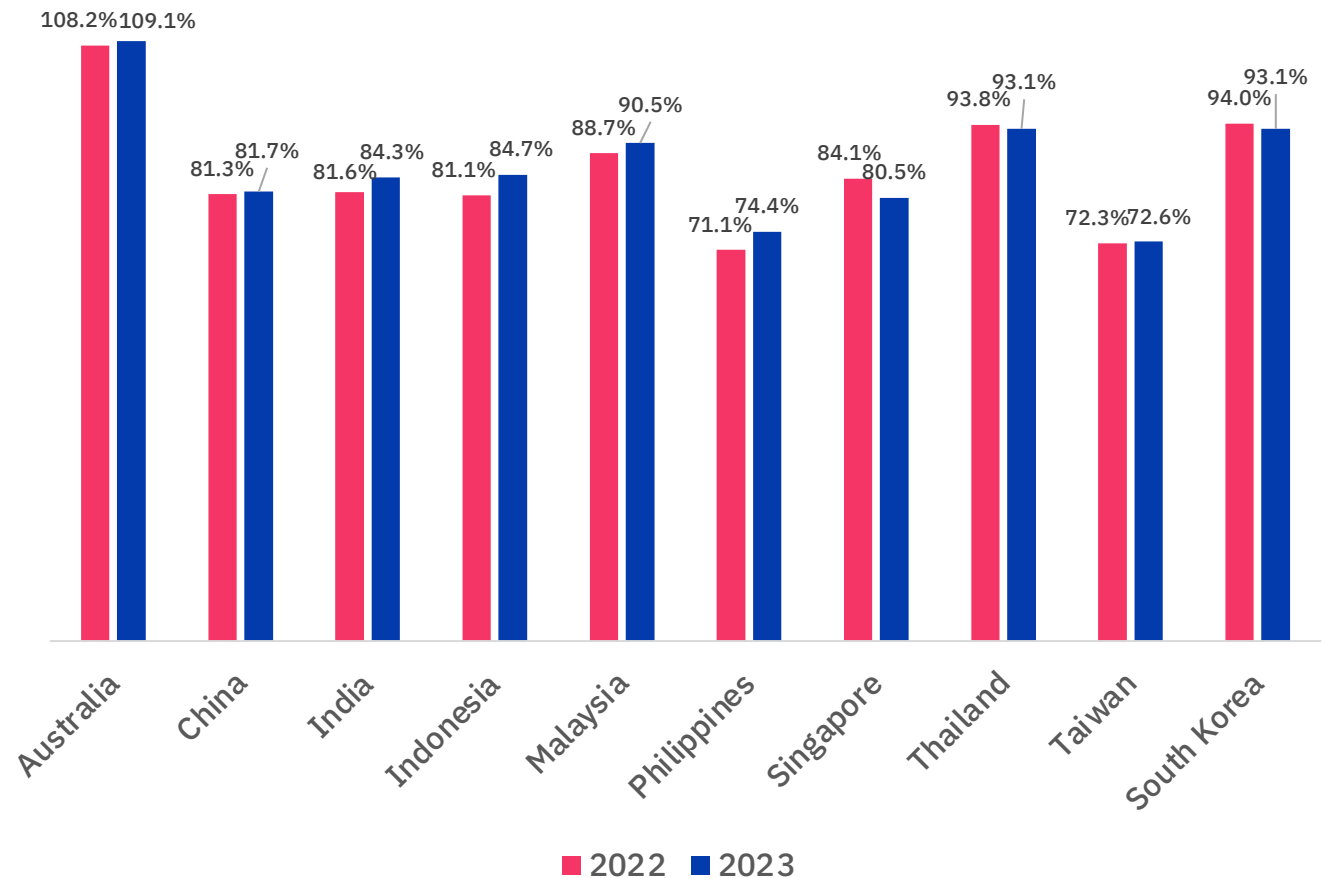
* Based on reported financials of 54 APAC banks
Source: Industry reporting; Twimbit Analysis

APAC Banks recorded an average loan-to-deposit ratio of 87.5% in 2023

- The average loan-to-deposit ratio of the 55 banks analysed increased by 116 basis points from 86.34% in 2022 to 87.5% in 2023
- Chinese, Indian, Indonesian and Singapore banks have their average LDR within the threshold of 80-90%.
- Taiwanese and Filipino banks have their average LDR below the threshold value
- Australian, Malaysian, Thai and South Korean banks have their average LDR above the threshold value
- Australian banks have the highest LDR among APAC at an average of 109.1% in 2023, this is up from 108.2% in 2022

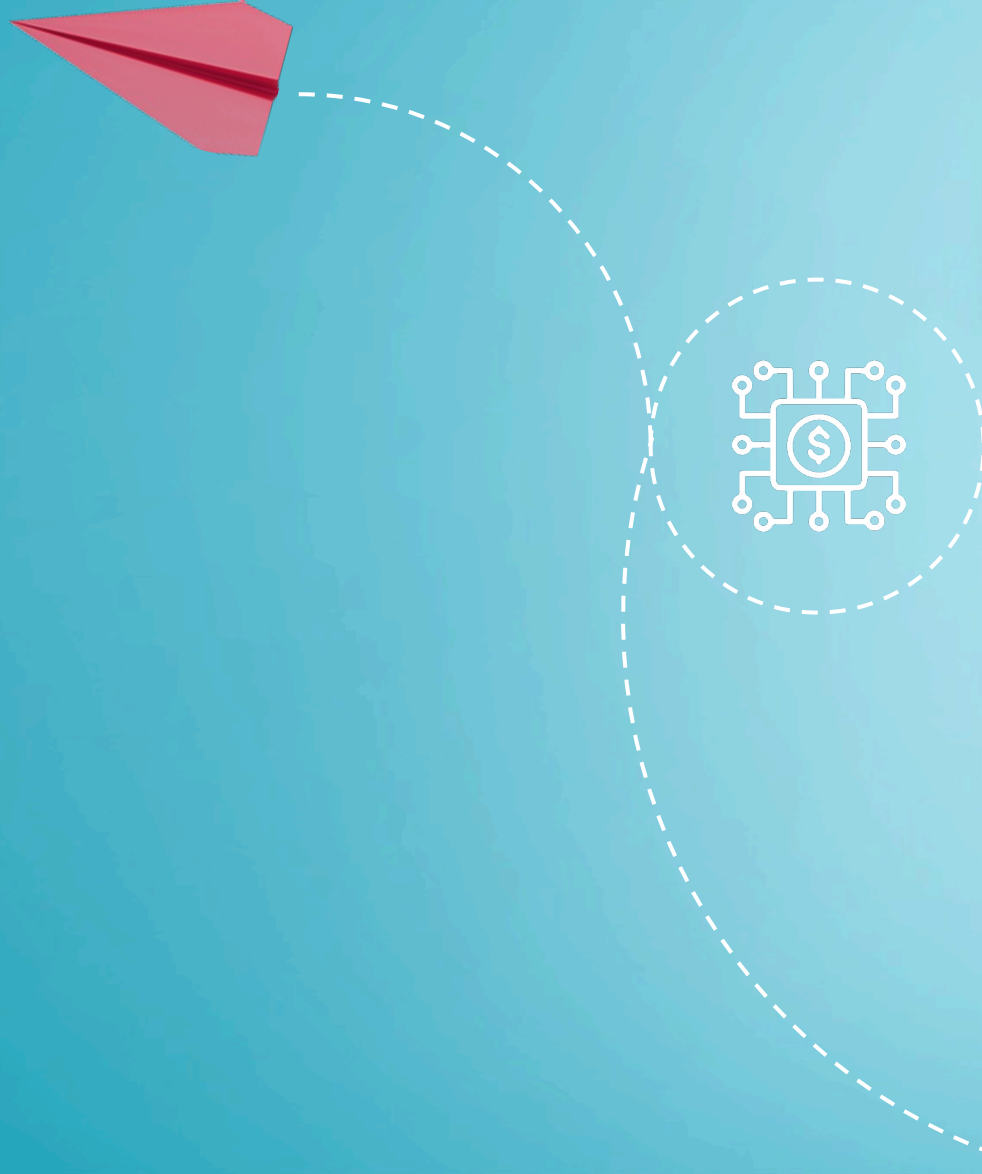
* Based on reported financials of 54 APAC banks
Source: Industry reporting; Twimbit Analysis

Average loan-to-deposit ratio for 2022 & 2023 in %

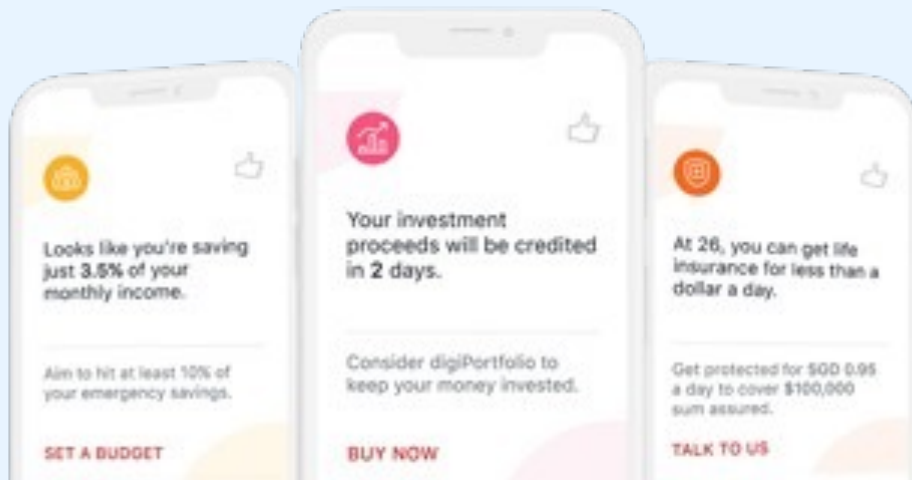


02

AI in banking



DBS industrializes AI across its business



Source: DBS; Twimbit Analysis

The race for AI adoption and corporate pressure can lead organizations to deploy technology without clear objectives. However, DBS (Southeast Asia's largest lender) has spent the past 7 years building a solid data foundation to support future big data and AI initiatives.

DBS tapping into AI-powered nudges

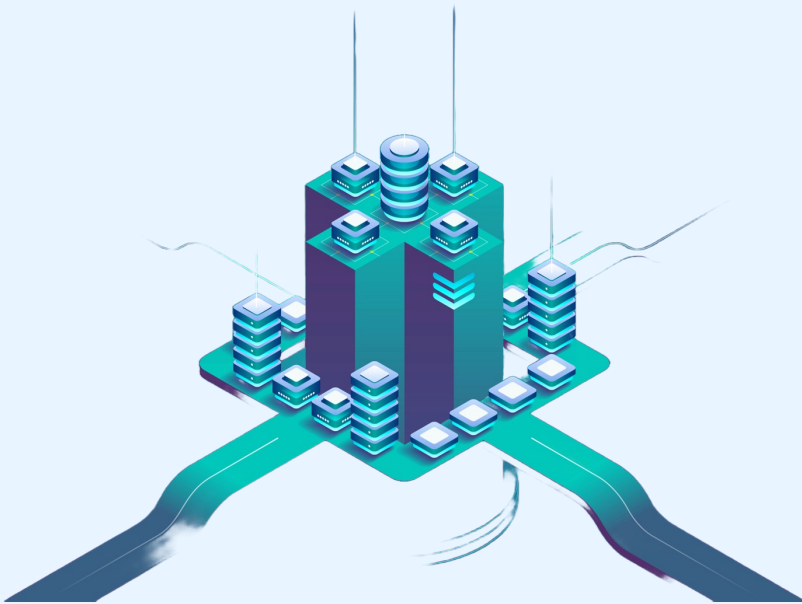
DBS has created more than 100 AI and ML (machine learning) algorithms that analyze internal data across 15,000 customer data points. This generates 7 types of nudges that can offer personalized product recommendations and celebrate customer milestones.

In Singapore, more than 3.5 million retail and wealth customers are interacting with 30 million hyper-personalized nudges every month.

Harnessing the benefits of Generative AI

DBS launched DBS-GPT, an internal variant of ChatGPT to support staff with content production and writing duties in a protected setting. Over 5,000 employees in DBS Singapore have utilized DBS-GPT, with plans for broader integration across the organization.

DBS' AI and data capabilities to pull ahead of peers



In addition to creating the convenience that comes from digitalization, you can use the context to create appropriate ideas and nudges for customers. And when customers can get insights and make more informed choices, they wind up doing more with you.

Piyush Gupta

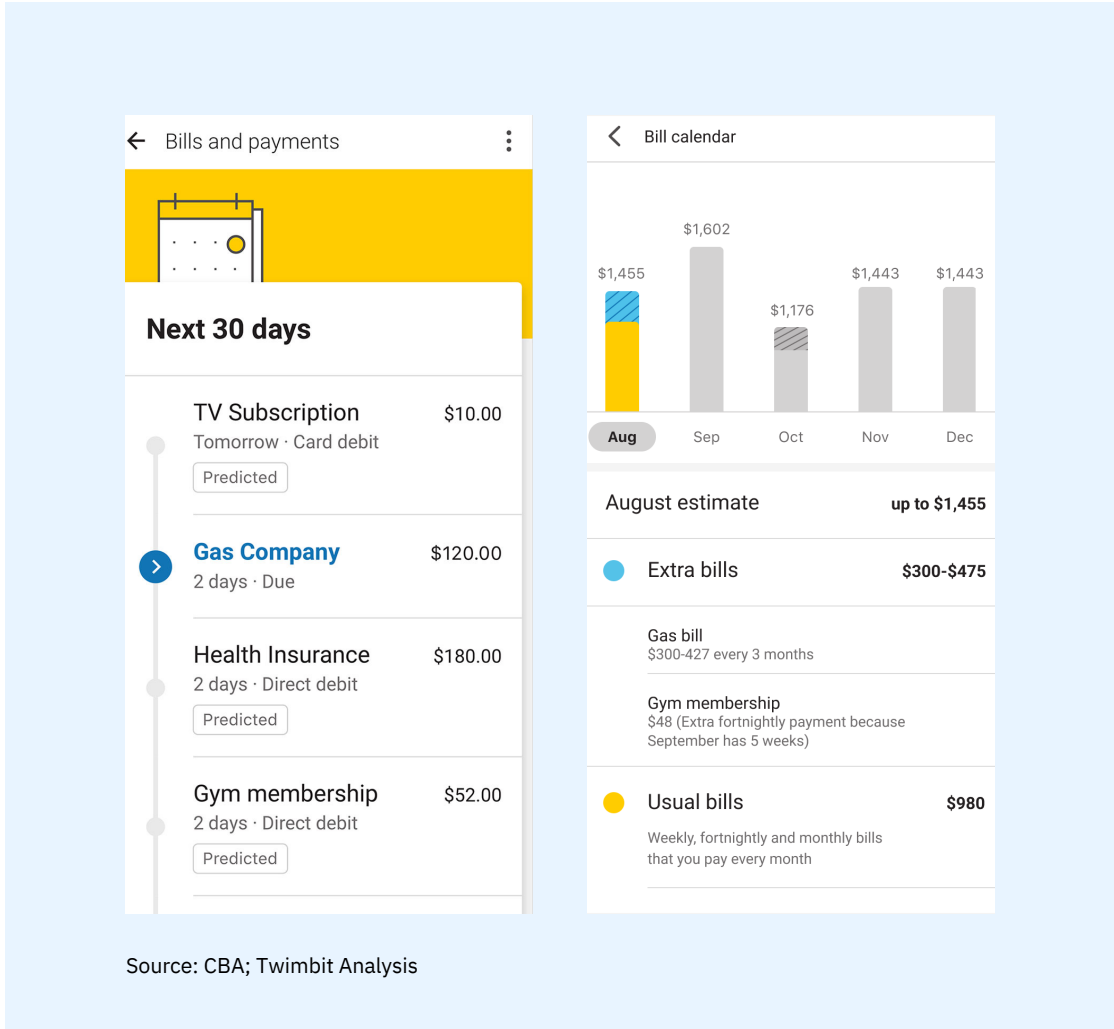
Chief Executive Officer, DBS



AI has become essential to DBS' operations



CommBank using AI to deliver personalized customer experiences



Source: CBA; Twimbit Analysis

Customer Engagement Engine (CEE)

The CEE is an AI tool employed by the bank to better understand its customer's everyday requirements and deliver personalized experiences. The tool makes over 35 million decisions every day using 1,000 ML models and 157 billion data points.

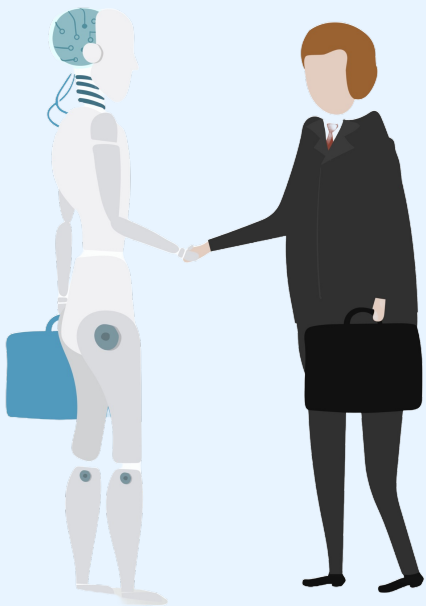
Utilising CEE, CBA aims to engage with customers who might face challenges and provide tailored assistance that suits their requirements, including options like loan deferment or emergency overdraft facilities.

CBA Bill Sense uses AI for bill prediction

The Bill Sense functionality integrated into the CommBank mobile app assists users in forecasting their forthcoming expenses. It empowers customers to anticipate the financial resources required to meet their monthly bills.

Moreover, this predictive feature extends its foresight up to 12 months in advance, aiming to shield customers from potential bill payment burdens by spreading them out over time.

Making AI fit for purpose



Our organization is committed to using technology, data and AI safely and with the right controls in place to help improve our customers' financial well-being. Our well-established processes and governance, including around data safety and security, help CommBank to apply AI safely and with the right accountabilities.

Dan Jermyn

Chief Decision Scientist, CommBank

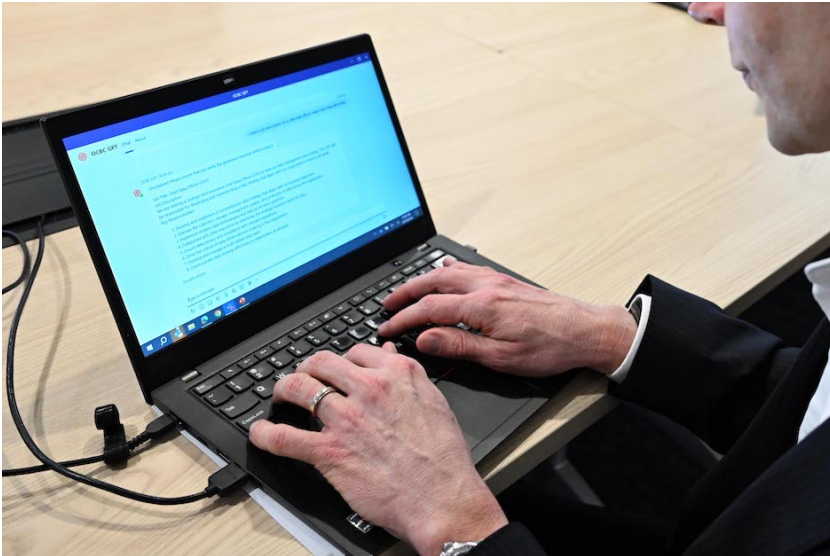


CommonwealthBank

Fairness, transparency and explainability of AI systems



OCBC becomes the first Singapore Bank to roll out generative AI for employees



OCBC GPT

1. OCBC partnered with Microsoft's Azure OpenAI to deploy a generative AI chatbot.
2. The chatbot is named OCBC GPT and will be available to 30,000 global employees in November 2023.
3. It aims to assist employees with writing, research, ideation and enhance productivity and customer service.
4. OCBC GPT is powered by ChatGPT's Large Language Models, utilizing text-based information from the web to produce comprehensive responses.
5. The chatbot operates within a secure environment, ensuring that information entered by OCBC staff remains confidential and is not shared with external parties.
6. The bank-wide deployment follows a successful six-month trial from April to September 2023.
7. Approximately 1,000 OCBC staff across various functions participated in the trial.
8. OCBC GPT was utilized for tasks such as writing investment research reports, translating content, and drafting customer responses.
9. Participants reported completing tasks around 50% faster than before, including time spent verifying OCBC GPT's output for accuracy.

AI in action:

How banks enhance customer experience



AU Small Finance Bank embracing FICO's technology

By adopting FICO's cloud-based platform, AU Small Finance Bank experienced a significant and immediate 30% rise in vehicle loan automation.

This immediate rise helped transformed lending services, reinforcing its dedication to financial inclusivity, especially for marginalized and underbanked communities.



Development of Sabrina, the AI chatbot

Sabrina provides information on products, promos and events, and BRI offices, helping agents to establish better customer connections. Sabrina also frees up human agents to handle more complex inquiries and build rapport with customers.

This eases the communication process for customers, enabling them to attain greater information on BRI.

Source: Industry reporting; Twimbit Analysis



Bangkok Bank's Thai conversational AI engine

Bangkok Bank's innovation program 'InnoHub' developed TT01 in collaboration with Singapore-based fintech Pand.ai.

The engine achieved an accuracy rate of 96%. The engine is trained to process mixed-use language in Thai and English, as well as emoticons.



Kookmin Bank has a human-based AI avatar

The bank collaborated with DeepBrain to pioneer the introduction of a kiosk-style AI Banker, a groundbreaking initiative in the nation. This virtual entity enables real-time interactions and direct communication with users through a combination of speech synthesis, video synthesis, natural language processing, and speech recognition technologies.

Consequently, the bank has revolutionized customer interactions by providing non-face-to-face services, thereby significantly reducing waiting times through swift responses.

Fostering innovation and enhancing customer satisfaction



“

As we integrate the FICO Platform into our operations at Axis Bank, we're already witnessing promising outcomes. As part of our commitment to elevating the credit card customer experience, we eagerly anticipate moving to real-time decision-making for overlimit approvals using richer customer data – a significant step towards a seamless and efficient process.

Balaji Narayanamurthy

Business Intelligence Unit Head, Axis Bank

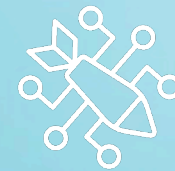


AI for customer ops and
loan automation



03

Cybersecurity is still a concern



Cyber breaches remain a significant challenge for banks

- 1. Legacy Systems** – Many banks still rely on outdated legacy systems that were not designed with modern cybersecurity threats in mind. These systems can be difficult to secure and integrate with newer, more secure technologies.
- 2. Organized Crime** – Many cyberattacks are orchestrated by well-funded and organized criminal groups that operate like businesses, with significant resources to plan and execute attacks.
- 3. Lack of Awareness** – Customers may not be aware of the security risks and may engage in unsafe practices, such as using weak passwords or falling for phishing scams.
- 4. Digital Services Expansion** – The rapid expansion of digital banking services increases the attack surface and introduces new vulnerabilities. Ensuring the security of these services requires continuous monitoring and updating of security protocols.
- 5. Third-Party Vendors** – Banks rely on a variety of third-party vendors for services and software. Security breaches at any point in the supply chain can compromise the bank's security.



The notion of privacy varies considerably from cultures



There are not only state actors, but large criminal syndicates, who are always trying to get into all kinds of end-user devices – not only what you carry in your pocket but the intermediate devices like the switching equipment or the telecoms and also back-end devices.

Piyush Gupta

Chief Executive Officer, DBS



DBS

Security is paramount



Cyber breaches and outages in 2023/24



DBS experienced an outage in May 2024 which lasted for more than two hours. Customers reported difficulties using "Paylah!" and when logging into their bank accounts, either online or on the app.

This is in addition to 5 major disruptions that the bank faced in 2023, in which 4 out of 5 disruptions were software-related.



In September 2023, ANZ Bank reported a suspected network outage that caused disruptions to various services nationwide. These included app access, internet banking, credit/debit card transactions, ATMs, and even branch services.



Maybank and CIMB experienced disruptions in services affecting their debit card, online banking, and ATM services in April 2024. This caused inconvenience for customers who couldn't make online payments or transactions at retail outlets.



A network outage impacted Commonwealth Bank in June 2023. Customers experienced disruptions to internet and mobile banking functionalities. The extent of the outage and its impact varied based on different locations.

04

Top initiatives by APAC Banks



Australia

Westpac revamps its digital banking capabilities for superior CX

Digital mortgage – The bank streamlines lending by leveraging open banking data for income verification and pre-filled liabilities from credit reports. Over 10,800 customers now utilize the digital mortgage solution, settling USD 607.4 million in FY 2023. Additionally, lenders save 60-90 minutes per application.

BOQ is modernising its core by migrating to a cloud-based system

ME Go – The bank's third app on its cloud-based system joins my BOQ banking app and Virgin Money. This new app aims to deliver a comprehensive in-app banking experience, featuring bill tracking, live chat, and biometrics like face and touch ID.

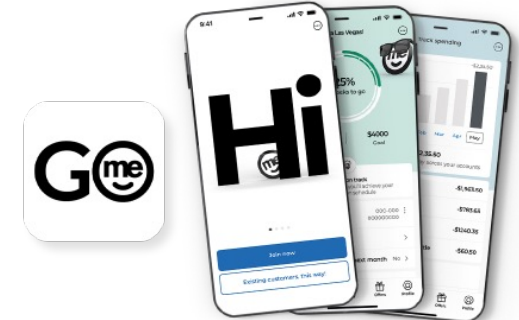
ANZ unlocks value for customers

Launched Tap to Pay on iPhone in September 2023

1. The Worldline Tap on Mobile app allows iPhones to accept contactless card payments.
2. The app provides customers with a simple onboarding experience and the ability to transact on the same day.

Enabled Payments through Alipay+ and WeChat Pay in September 2023

1. The program is enabled through a single Worldline Move 5000 EFTPOS terminal.
2. No additional hardware or payment terminal is needed.



Digital measures of success for Australian Banks



More than 9 million digitally active customers

More than 4.1 million digitally active retail users

More than 3.7 million digitally active retail users

More than 5.9 million digitally active customers

82.7 billion worth of digital transactions via app

83% retail customers regularly engage digitally

75% simple everyday banking products opened digitally

More than 412 million digital transactions

8.2 million CommBank app active customers

70% retail accounts opened digitally

More than 3.1 million mobile active banking retail customers

More than 387 million mobile wallet payments

More than 3 million CommBank Yello engagement

More than 341 million payments were made through digital channels

~54 million personalized digital notifications sent

96% mortgages processed on digital originated platform

Dec 2023

March 2024

March 2024

March 2024

Source: Bank financials

China

CCB Cloud improved the bank's business-technology integration

1. CCB Cloud offers a comprehensive financial cloud solution, incorporating FinTech infrastructures, operating systems, and premium applications.
2. By integrating core banking, AI, big data, and top-tier financial security, CCB Cloud achieved a computing power of 463.3 PFlops.
3. CCB Cloud continually improves its "Multi-Zone, Multi-Region, Multi-Technology Stack and Multi-Chip" structures to facilitate large-scale core financial and intelligent services.



ICBC promotes smart asset allocation to enhance value for wealth management clients

1. ICBC's "Intelligent Brain" marketing strategies improved customer perception and computational accuracy.
2. They deployed 61 models and 7,200 marketing strategies across 50,000+ products, benefiting 740 million customers with real-time service plans.
3. By 2023, 200 million customers enjoyed these strategies, resulting in USD 264.6 billion in purchases.
4. Their "intelligent asset allocation" system provided personalized services to nearly 6 million customers.



Source: Twimbit Analysis

India

IndusInd bank collaborates with IGL

The collaboration with Indraprastha Gas Limited (IGL) facilitates the acceptance of the digital rupee and the Central Bank Digital Currency (CBDC) by RBI.

1. Customers can pay with digital rupees at select IGL stations in Delhi NCR.
2. They can also scan any UPI QR using the Digital Rupee App at all IGL stations.
3. The user-friendly Digital Rupee solution supports P2P and P2M payments with full UPI QR interoperability.

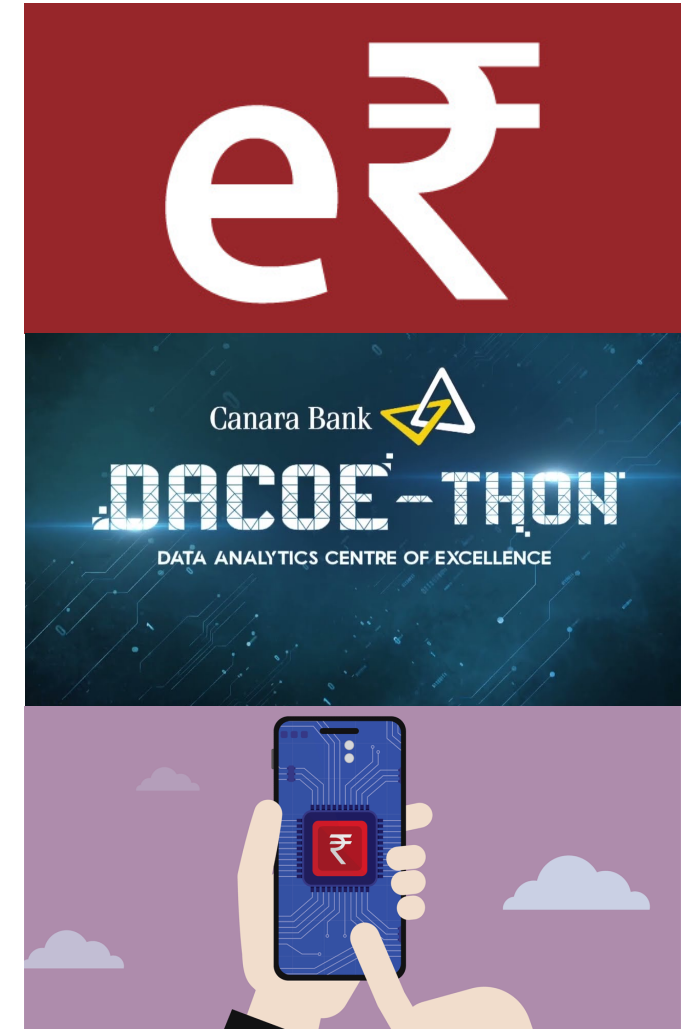
Canara Bank's new Data and Analytics Centre (DnA)

1. The data centre is a modern hub fostering innovation and collaboration.
2. Partnerships formed for data Lakehouse and Advanced Cloud Analytics Platform drive analytics and enhances customer experience, business generation, and employee upskilling.
3. Canara Bank hosted the "DACOETHON Hackathon", focusing on themes like customer experience, fraud prevention, and default prediction.

State Bank of India's handheld device for financial inclusion

1. Customer Service Point (CSP) agents can now reach customers anywhere.
2. The device will offer five core banking services: cash withdrawals, deposits, fund transfers, balance inquiries, and mini statements, covering 75% of CSP transactions.

Source: Twimbit Analysis



Digital measures of success for Indian Banks



IndusInd Bank



38% personal loans disbursed fully digitally

74 million registered users on YONO app

8.4 million registered users on IndusMobile app

96% digital transaction in Q4-2023

35% mortgages sanctioned fully digitally

1.7 million digital loans disbursed

More than 1000 crore personal loans disbursed to new to bank customers acquired digitally

More than 250 services on digital channels

6.2 billion UPI transactions in FY-2023-24

178 million YONO business payments in Q4-2023

8.5 million users registered on WhatsApp banking

More than 2400 people dedicated to digital agenda

85% digital processing for new car loans

25.76% mobile banking transaction market share across channels

60,000 registered Indus Merchant Solutions users

More than 14 million mobile banking monthly active users

March 2024

March 2024

March 2024

March 2024

Source: Bank financials

Malaysia

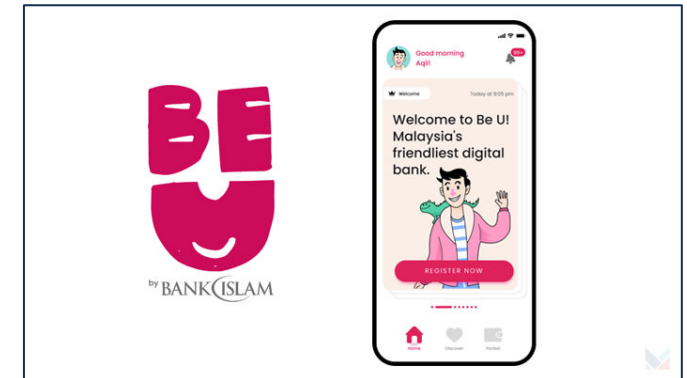
Maybank's cross-border QR Pay service to China

1. Maybank's expansion benefits over 8 million MAE app users in China and 700,000+ Maybank QRPay merchants in Malaysia, facilitating transactions for visitors from China.
2. Malaysian MAE app users can make cashless payments at Alipay merchants in China, receiving instant confirmation with details in CNY and RM.
3. This initiative results from Maybank's collaboration with PayNet to assist Malaysians in China and inbound Chinese tourists in Malaysia.



Bank Islam's Be U

1. The bank introduced "Be U" – a fully cloud-native digital banking platform that is expected to set the standard for future digital banks in Malaysia.
2. Be U aims to provide a seamless and branch-free banking experience that targets the younger, digital-native generation. Its user-friendly interface empowers users to manage finances effortlessly.
3. Be U focuses on early-stage working professionals, providing essential financial services. As users' financial stability grows, Be U plans to offer a broader range of Bank Islam's products and services.



Philippines

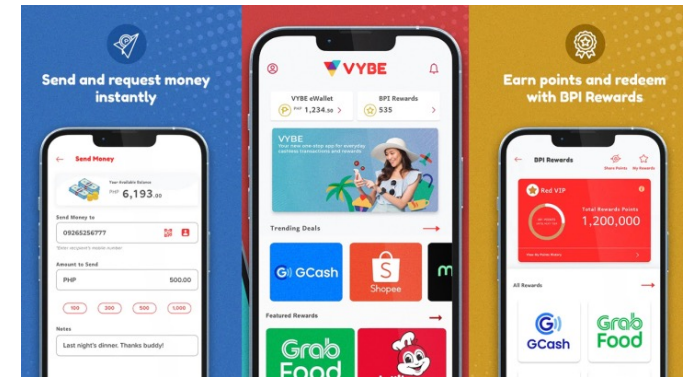
BizKo digital platform for SMEs

1. BizKo is an online banking platform for sole proprietors, freelancers, professionals, partnerships, and startups.
2. This subscription-based service is cost-effective and doesn't require a maintaining deposit balance.
3. The service also offers a wide array of digital solutions, including:
 1. Invoicing for customers
 2. Payment collection
 3. Fund transfers to suppliers and employees
 4. Financial report generation



VYBE by Bank of the Philippine Islands

1. The digital wallet and rewards platform by BPI introduces interoperable payments via QR Ph to enable secure payments.
2. Offers a user-friendly platform for clients to access and redeem rewards points from various BPI products.
3. Serve as an acquisition tool in the future towards business growth and financial inclusion due to its affordability and accessibility.



Singapore

UOBs' 'Better U'

The "Better U" program aims to enhance employees' understanding and development by covering career opportunities and benefits extending beyond retirement, including:

1. A 1-year collaboration with 5 Polytechnic and 3 ITE colleges in Singapore to develop student skills
2. A physical 'Better U' Campus at SIM focusing on upskilling and reskilling
3. A transition program to assist employee's post-retirement.



DBS improving the livelihood of the underserved

DBS announced their intentions to commit USD 741 million to improve the livelihood of the low-income and underserved. The bank will deploy USD 74 million annually in Singapore and its other key markets from 2024 to enact its initiative.

The funds will predominantly go towards programs dedicated to:

1. Assisting individuals with their immediate daily necessities, such as food and housing
2. Empowering underprivileged communities with education on digital and financial literacy



Digital measures of success for Singapore Banks



62% digital share of customers

3:1 ratio of digital to traditional income

More than 1.1 million active users on DBS NAV Planner

400 digital and financial literacy workshops

Dec 2023



82% penetration rate for UOB Infinity digital banking platform

80% of visitors use UOB SME app more than once a month

68% digitally engaged customers

84% of total transactions are on digital platforms

Dec 2023



1st Singapore bank to enable fully digital account opening for foreigners relocating to Singapore

97% financial transactions performed digitally

First bank to rollout money lock, anti-malware measures in its mobile app

Dec 2023

Thailand

SCB collaborates with Kakaobank for a Virtual Bank in Thailand

1. Bolstered SCB's competitive edge by utilizing the virtual banking expertise of KakaoBank.
2. Formed a consortium where SCB holds the majority stake and KakaoBank holds at least 20%.
3. Focused on enhancing global income equality and financial inclusion through upcoming virtual banks.
4. Aims to replicate KakaoBank's success in transforming Thailand's retail banking.
5. Identified strategic partners and strengthened the consortium's core competitiveness to secure Thailand's virtual banking license.



Bangkok Bank partners with AIS 5G

1. The partnership aims to boost domestic spending with a co-branded debit card, targeting 6 million new users within 5 years to enhance AIS customer loyalty.
2. Bangkok Bank aims to add 2 million Within 12 months, they aim to add 2 million new users.
3. This collaboration also enabled the AIS points program to now offer financial services and user rewards.
4. Users can earn one AIS point for every 200 baht spent online, which can be redeemed for benefits like phone/internet charges, food and beverage discounts, and Line stickers.



Digital measures of success for Thai Banks



More than 15 million mobile app users

4.2 million registered users on FINNIX app

3.8 million registered users on Money Thunder app

4.5 million registered users on Robinhood app

March 2024



21.7 million K PLUS mobile app users

73% active digital users

47.6 billion total transactions

9.7 billion financial transactions

Dec 2023



90% digital transactions

305 million digital financial transactions

1.1 million average daily QR code scan transactions

18% of accounts opened digitally

March 2024

Source: Bank financials

South Korea

Shinhan Bank's groupwide cloud-based AI contact center

1. The AICC (AI Contact Centre) platform aims to enhance efficiency, cut costs, and elevate customer service within Shinhan Financial Group affiliates.
2. Shinhan Bank and Shinhan Card have enhanced AI counselling, notifications, and customer support with multimodal web views and AI voice bots for a better customer experience.
3. Shinhan Investment & Securities will extend services through chatbots, while Jeju Bank will introduce AI counselling and chatbot services tailored to local needs.



Hana Bank's partnership with BitGo for digital asset custody

Accumulating over USD 448 billion in assets, Hana Bank aims to partner with BitGo to integrate advanced custody solutions to enhance transparency and security.

1. Foster consumer trust by combining BitGo's expertise with Hana Bank's financial prowess and compliance standards.

BitGo plans to establish an office in South Korea by late 2024 and recently secured USD 100 million in funding, raising its valuation to USD 1.8 billion.



Digital measures of success for South Korean Banks



15.8 million digital platform users

75% of mortgages processed digitally

95.5% of unsecured lending was done digitally

7.9 million Hana Pay users

March 2024



5.3 million daily active users for digital platforms

26 million monthly active users for digital platforms

14% CAGR growth in digital operating profit to USD 1.6 billion in FY-2023

3.75 million monthly active users of AI services

March 2024



21 million Woori WON banking app subscribers

82.9% of unsecured loans were processed digitally

87.6% of savings accounts opened digitally

45.1% credit cards issued via digital channels

March 2024

05

Growth opportunities for APAC Banks



Australia

Combatting financial scams to safeguard customers

Financial frauds in Australian banks have led to a rise in consumer grievances, straining the financial services dispute resolution system. Scams vary from enticing customers with high-yield deposits to remote-access scams via chat platforms. To tackle this, Australian banks are launching the Scam-Safe Accord, led by the ABA and COBA.



Branch transformation

1. The Australian Prudential Regulation Authority (APRA) noted a significant decline in Australian bank branches over the past year, with 424 closures (11% of total), including 122 in rural areas, worsening accessibility issues.
2. Public ATMs also saw a worrying decrease. Since 2017, operational ATMs in Australia have plummeted by 60%.
3. This left less than 6,000 ATMs operational, with over 700 removed in FY-2022.
4. This trend resulted in a 34% drop in rural branches and a 37% overall decrease since June 2017, largely due to customers favouring online/mobile banking over non-transactional branch visits.



Anti-scam measures to protect customers from fraudsters



This Scam-Safe Accord is a new offensive in the war on scams. It reflects the banking sector's unwavering commitment to safeguarding every Australian. It outlines the actions every bank will take to protect Australian consumers and small businesses and to harden the system against scams. It doesn't matter if someone banks with a regional mutual bank or the largest bank in the country, customers can be confident their bank is working hard to protect their money.

Mike Lawrence

CEO, Customer Owned Banking Association



Preventing scams is a shared responsibility



China

Global integration

1. Build global regulatory compliance skills by recruiting staff versed in diverse international regulations.
2. Forge alliances with global banks to tap into their market knowledge and risk strategies.
3. Target specialized markets by concentrating on sectors or regions where Chinese banks excel, like trade finance within Belt and Road Initiative nations.

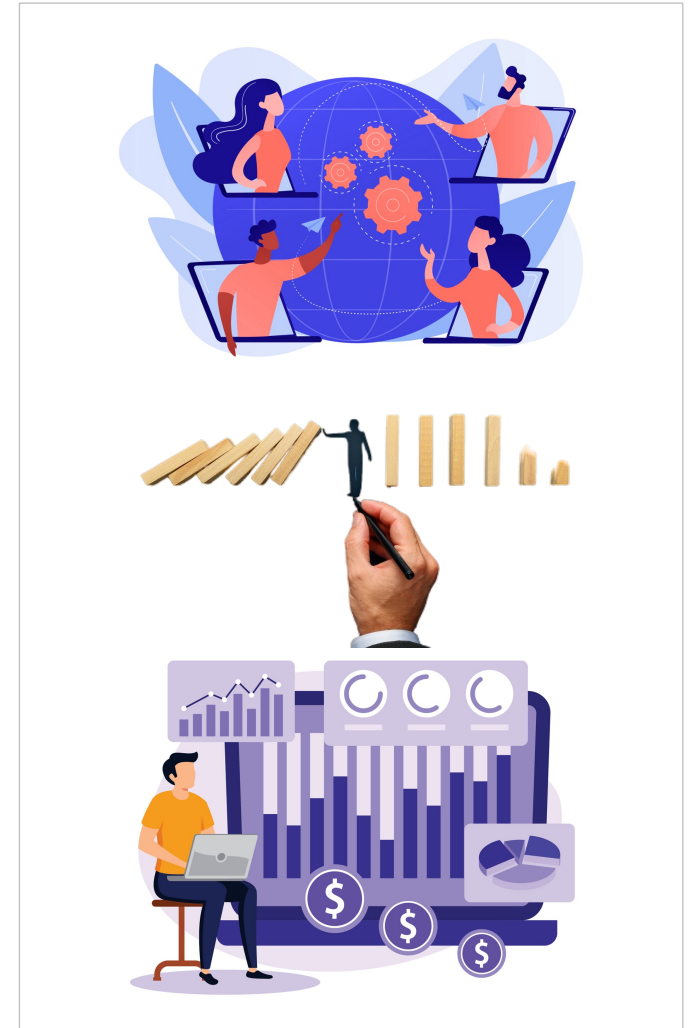
Risk management

1. Invest in granular data analysis – Utilize big data to evaluate creditworthiness using diverse factors like online spending and social media activity.
2. Strengthen stress testing – Conduct regular scenario planning to gauge the effects of economic downturns or financial shocks on loan portfolios.

Liquidity management

1. Secure long-term funding - Promote bond issuance and attract deposits with extended maturities.
2. Broaden funding options - Investigate securitization and commercial paper as alternative funding sources.
3. Enhance interbank liquidity management - Foster collaboration between banks to streamline fund transfers and address short-term liquidity demands.

Source: Twimbit Analysis



Emphasis on the need to manage credit, liquidity and market risks



China's commercial banks should constantly improve the organisational structure of risk management and strengthen risk governance with sound and prudent measures. The collapse of Silicon Valley Bank (SVB) suggests banks should strictly abide by the regulatory requirements and measures of risk management.

Xie Xiaoxue

Credit management department, CCB



China Construction Bank

Focus amid global banking crisis

India

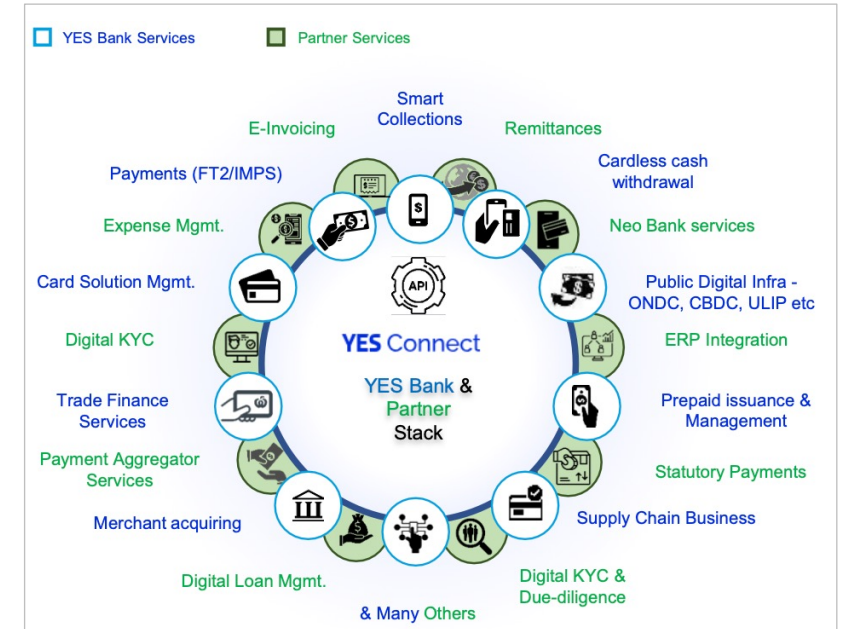
Establishing partnerships for new revenue streams

Fee-based income is limited to general banking services and commissions for most Indian banks. However, banks like Yes Bank and Federal Bank have created ecosystems to generate revenue through partnerships.

- Yes Bank boasts 450+ APIs and 30+ fintech collaborations, offering 100+ solutions, and leveraging digital assets for growth
- Federal Bank has a fintech landscape comprising 550+ APIs offered to 50+ fintech in 13 bundles

To mitigate reliance on interest income, other banks should emulate this model by fostering ecosystems and alliances. This shift diversifies revenue sources, buffering against the volatility of interest rates.

Partnerships allow banks to disaggregate and securely market their products and services to the customer base of their partners and tap into new revenue streams.



YES Bank's API'fied Marketplace model

APIs streamline time, reconciliation and business model creation



Yes Bank created solutions on top of API banking. All these co-creation with 1000+ companies have created business models on top of these APIs. Hence, we are able to charge for API Integration/Solutions and when we add value to my customer, we can charge for the service.

Ajay Rajan

Global Head Transactional Banking, Yes Bank



API banking is an integration



Indonesia

Financial inclusion

Large segments of Indonesia lack formal banking access.

1. Introduce low-cost branches or local partnerships to extend services.
2. Create mobile banking with simple interfaces for low-data users.
3. Collaborate with government and NGOs for financial literacy programs.

Digital transformation

Indonesian banks are advancing in digitalization but can enhance user experience and security.

1. Optimize app interfaces for smoother use.
2. Introduce AI chatbots for round-the-clock support and tailored financial advice.
3. Strengthen cybersecurity to safeguard customer data and transactions online.

Risk management

Ensuring financial stability requires strengthening risk management practices.

1. Implement stricter credit assessment processes to minimize bad loans.
2. Invest in technology to detect and prevent fraudulent activities.



Financial inclusion remains an unresolved requirement



Accounting for 98% of the total workforce and over half of the GDP, MSMEs are the backbone of Indonesia's economy. Yet, many cannot fully access financing and other financial services. Financial inclusion will unlock funding to help Indonesian small businesses grow, boosting jobs and the economy.

Poornima Jayawardana

Financial Sector Specialist, ADB



The country's nature and diversity constrains financial institutions



Malaysia

Buy Now Pay Later (BNPL)

In Malaysia, BNPL aims for a 35.4% CAGR, reaching USD 6.88 billion by 2028. Top Malaysian banks lack BNPL services; the closest are AmBank and CIMB with instalment options on their credit cards. For instance, AmBank's "AmFlexi-Pay" charges a 6% interest rate, while CIMB's Easy Payment Plan (EPP) does not charge any interest.

A competitive BNPL offering will help Malaysian banks in the following ways:

1. Attract younger, flexible-payment-focused customers.
2. Increase revenues via interest charges, late fees, and merchant fees.
3. Utilize BNPL data for cross-selling opportunities.

Digital-only banks

Malaysia's budding neobank sector offers local banks a golden chance, with a projected 14.24% CAGR in transaction value from 2023 to 2027. Bank Negara Malaysia just granted five digital banking licenses, split into two categories, to the following consortiums:

1. Financial Services Act 2013 (FSA):
 - i. Boost Holding and RHB Bank Consortium
 - ii. GXS Bank and Kuok Brothers consortium
 - iii. Sea Group and YTL Digital Capital consortium
2. Islamic Financial Services Act 2013 (IFSA):
 - i. AEON Financial Service Co., Ltd., AEON Credit Service (M) Berhad and MoneyLion Inc. consortium
 - ii. KAF Investment Bank Consortium



BNPL remains an emerging influence in the realm of e-commerce



“

I think it is here to stay and, going by what we see, will grow very robustly in Southeast Asia at a CAGR of between 15% and 20% over the next five to ten years. Today, in Malaysia, the penetration is very low on the e-commerce side. We see BNPL [accounting for] at least 5% to 10% of total e-commerce transaction value in the next five years.

Chayan Hazra

Head of Growth, Mintoak



BNPL increases customer conversion rates



Philippines

Financial inclusion

A significant portion of Filipinos remain unbanked, particularly in remote areas. Banks can address this by:

1. Improve digital banking with user-friendly apps and online account opening.
2. Partner with local businesses and NGOs to reach underserved communities.
3. Create microfinance options and accounts with lower balances.

The ADB granted a \$300 million loan to strengthen Philippine financial systems, aiming to enhance accessibility for Filipinos, particularly vulnerable groups, and spur economic growth.

Branch optimization

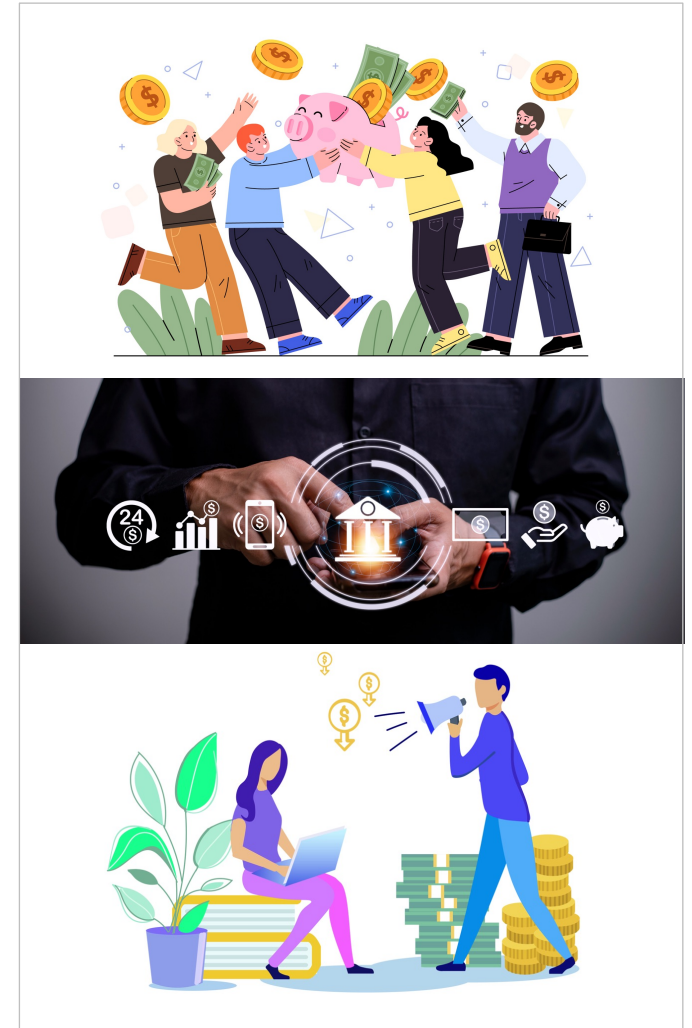
In the Philippines, banks face geographic challenges. Solutions include:

1. Prioritizing underserved areas in branch placement.
2. Using technology to streamline branch operations for efficiency and shorter wait times.

Financial literacy

Many Filipinos lack financial knowledge. Banks can play a role by:

1. Providing financial education programs covering saving, budgeting, and investments.
2. Ensuring product information is clear and easy to understand.



Supporting reforms to expand financial inclusion



Through this loan, ADB is expanding its partnership with the Philippines in ensuring all Filipinos will have access to financial products and services, including via digital platforms, to help improve their lives and livelihoods.

Kelly Hattel

Senior Financial Sector Specialist, ADB



Promote improved financial stability



Thailand

Alternate sources of revenue

Banks should explore alternative income streams:

1. Focusing on advisory services for wealth management to foster deeper customer engagement and boost fee-based earnings.
2. Prioritizing Real-Time Payments (RTPs) can help Thai banks counter fee income downturns by emphasizing faster payments, leveraging RTPs to compete with fintech firms and safeguarding payment revenues.
3. Partnering with Fintechs can lead to the introduction of innovative digital solutions for new revenue streams such as personal finance tools or specialized lending platforms.

Open banking

Thai banks can provide the following functionalities:

1. On-Demand Salary – Customers can withdraw a portion of their monthly earnings, akin to neobanks like Jupiter in India, with flexible repayment options.
2. Data Collaboration – Sharing financial information with external entities grants access to various products and services, facilitating cost-saving opportunities on loans, mortgages, and insurance through comparisons.
3. Simplified Identity Verification – Streamlining account verification and KYC procedures via open banking allows banks to authenticate customers' identities efficiently and securely. For instance, CIMB Bank Philippines adopted Junio's AI-powered identity verification solution, enhancing convenience.



Open banking for consumer empowerment



“

Regarding new use case development, the regulators and all parties should focus on providing financial literacy about borrowing, finance and debt management, as well as raising awareness about personal data protection and privacy.

Chonladet Khemarattana

President, Thai Fintech Association



TFA

Better debt consolidation using open banking data

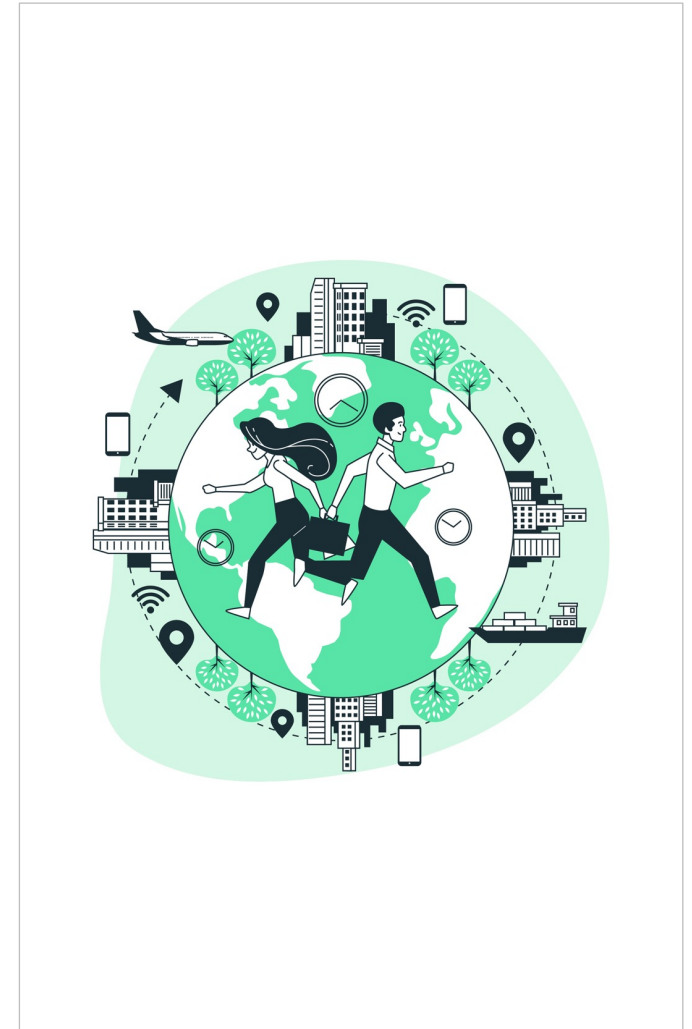


Taiwan

Internationalization – Focus on niche markets

Taiwanese banks can leverage their manufacturing and tech prowess to tap into niche markets through:

1. Industry-Specific Expertise – Collaborate with associations and research institutions to understand sectoral needs:
 - i. Semiconductors – Specialized R&D loans, production facility financing, and inventory funding.
 - ii. Electronics Manufacturing – Trade finance, tailored insurance, and supply chain financing.
 - iii. Biotech and Healthcare – Financing for trials, lab equipment, and bridge loans for regulatory challenges.
- i. Innovation Focus – Support startups in these sectors with:
 - i. Venture Capital Platforms – Partnering with VC firms or creating platforms for funding connections.
 - ii. Tailored Loan Products – Flexible loans suited for high-growth startups.
 - iii. Mentorship Initiatives – Guidance from industry veterans to scale young businesses effectively.



South Korea

Embracing digitalization

To enhance their operations, South Korean banks should prioritize investment in AI and ML that extends beyond chatbots. They can utilize AI and ML to customize customer experiences, automate processes, and enhance fraud detection:

1. Utilize AI for data analysis to offer personalized products.
2. Detect anomalies early to prevent fraud and minimize loan defaults.
3. Use predictive analysis to assess default probabilities and market trends.
4. Create AI-driven wealth management tools tailored to individual risk profiles and goals.

Expanding into new markets

To expand internationally, South Korean banks can:

1. Industry Focus
 - Target sectors such as healthcare, technology, and renewable energy.
 - Provide tailored solutions for industries and offer specialized financial services to Korean firms venturing into new markets.
2. Geographical Expansion
 - Explore entry into Southeast Asia and China by collaborating with local banks for cross-border financial services.
 - Unveil new revenue streams in untapped markets, while remaining cautious about the risks associated with market expansion.

Source: Twimbit Analysis



Record profits accelerate overseas push



“

In the Korean economy, the three lows [low growth, low profit, low interest rate] have become prolonged. Korean banks are doing their best to secure NIM to improve profitability, and are seeking ways to diversify profits, such as increasing non-interest income and expanding their global business.

Yong-byoung Cho

CEO, Shinhan Bank



Competition among South
Korean banks could get fiercer





Innovate to deliver
exceptional experiences
