Disrupting growth markets

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

Agenda for the day

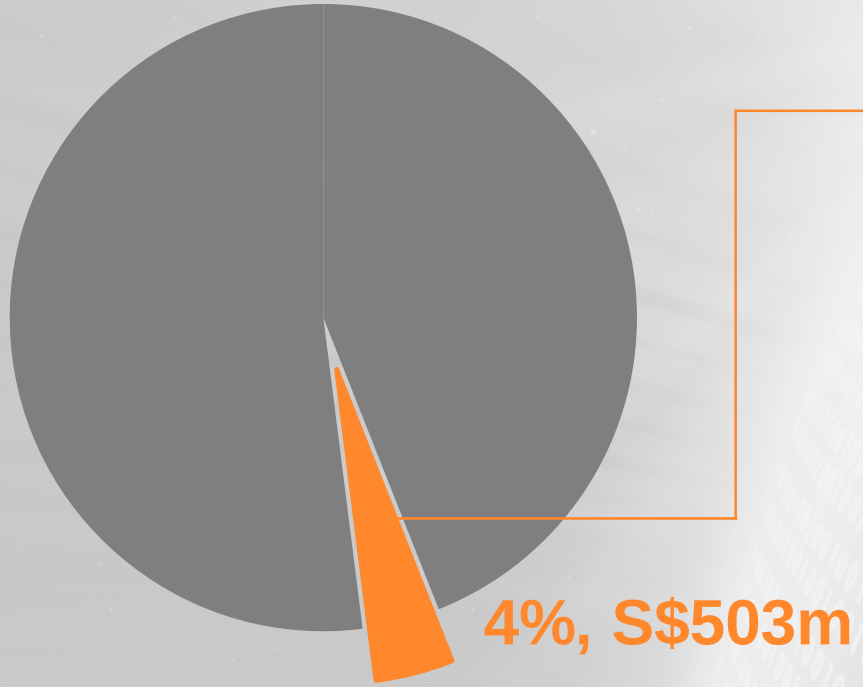
	Presentations	Showcases
Digital Transformation	Transforming technology and culture	Tech and Ops | APIs Use of data insights
Consumer and SME (Singapore, Hong Kong)	Pre-empt disruptors	Bancassurance | POSB Smart Buddy
Consumer and SME (Growth Markets)	Disrupt incumbents	digibank | Tally
Other Businesses[1]	Digitalise for profitability • Audit • Cash Management • Wealth Management • Strategic Marketing	Reimagining Audit Treasury Prism iWealth

[1] Corporate Bank, Private Bank, Markets, and Others

DBS

Consumer and SME (Growth Markets)

Disrupt incumbents



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

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

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

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Our hypothesis:

Rapid adoption of digital technologies creating a unique opportunity

No longer constrained by historic brick and mortar challenges

Key Drivers

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



Digital Business Model

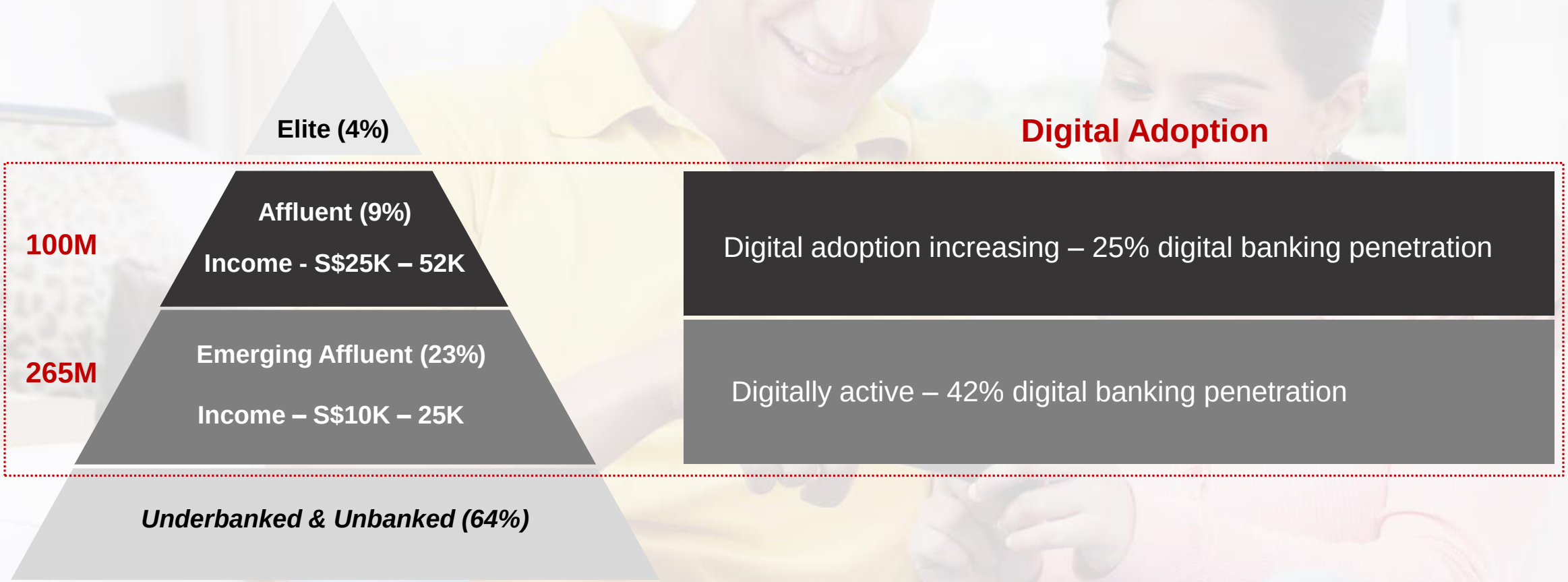
- Substantially lower acquisition and servicing cost
- Leverage partnerships and rich data
- Ability to scale at a faster pace

Agenda

01	Reimagining Retail Banking
02	Reimagining SME Banking

The digital consumer opportunity in India

Target population of 365M customers (32%)



Income = Household Income

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

Design thinking to discover customer needs and define solutions

Discover

What problems need to be solved?

Save time, convenience

Help achieve my goals

Define

How will we solve them?

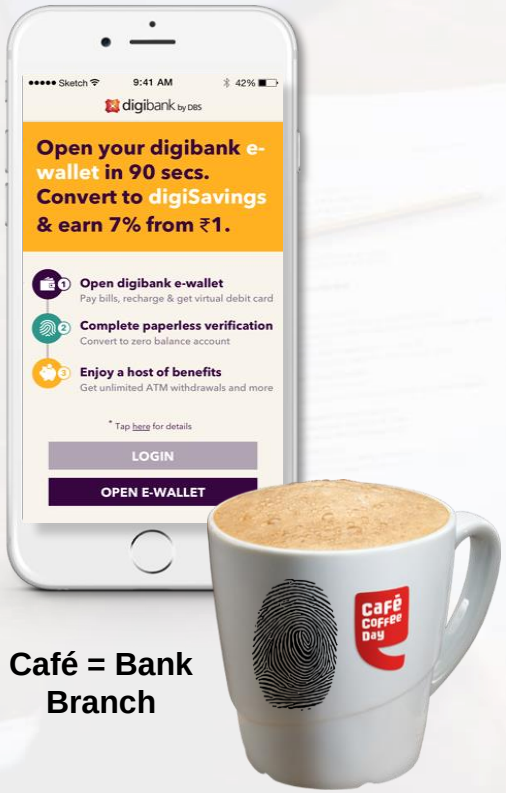
- **Liberate banking from branches**
- **Embed banking into customer journeys**
- **Flexible self service platform**

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

Visit our digibank booth to get the full experience!

digibank: delivering an entire bank in a smartphone

Paperless account opening in 90 seconds



Café = Bank Branch

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

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

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

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

Live More, Bank Less

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Go-to-market strategy



Phase 1 (Q4'15 to Q2'16)

Test MVP[1] with liability & payment platform to build scale

- Sharpen acquisition engine with MVP[1]
- Test launch in 2 cities
- Rapid iterations using Agile methodology
- digibank brand launched with Digor and Sachin Tendulkar

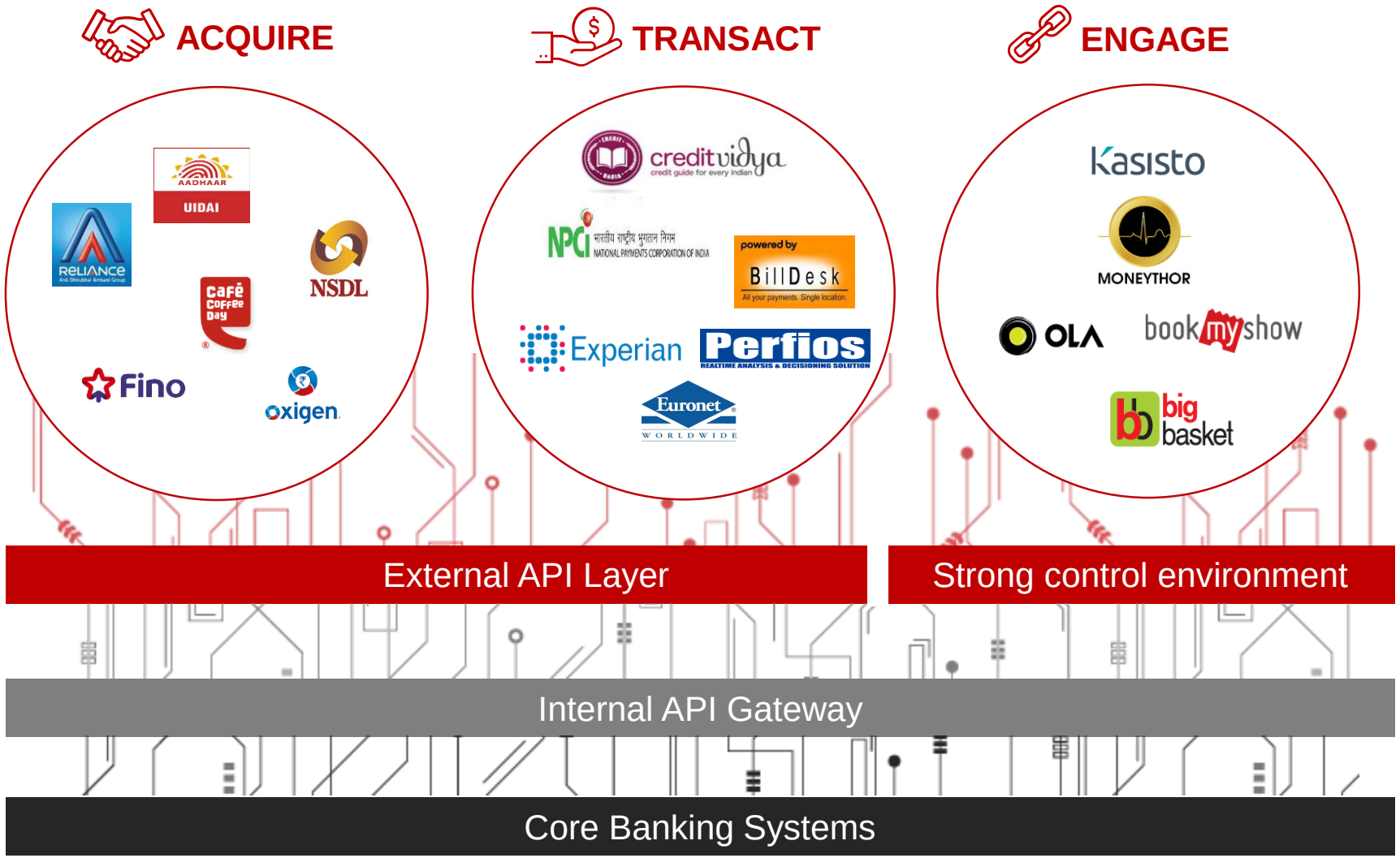
Phase 2 (Q3'16 onwards)

Build out full value proposition

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

[1]*MVP = Minimum value proposition*

Delivery model is based on building multiple partnerships



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Outcomes so far

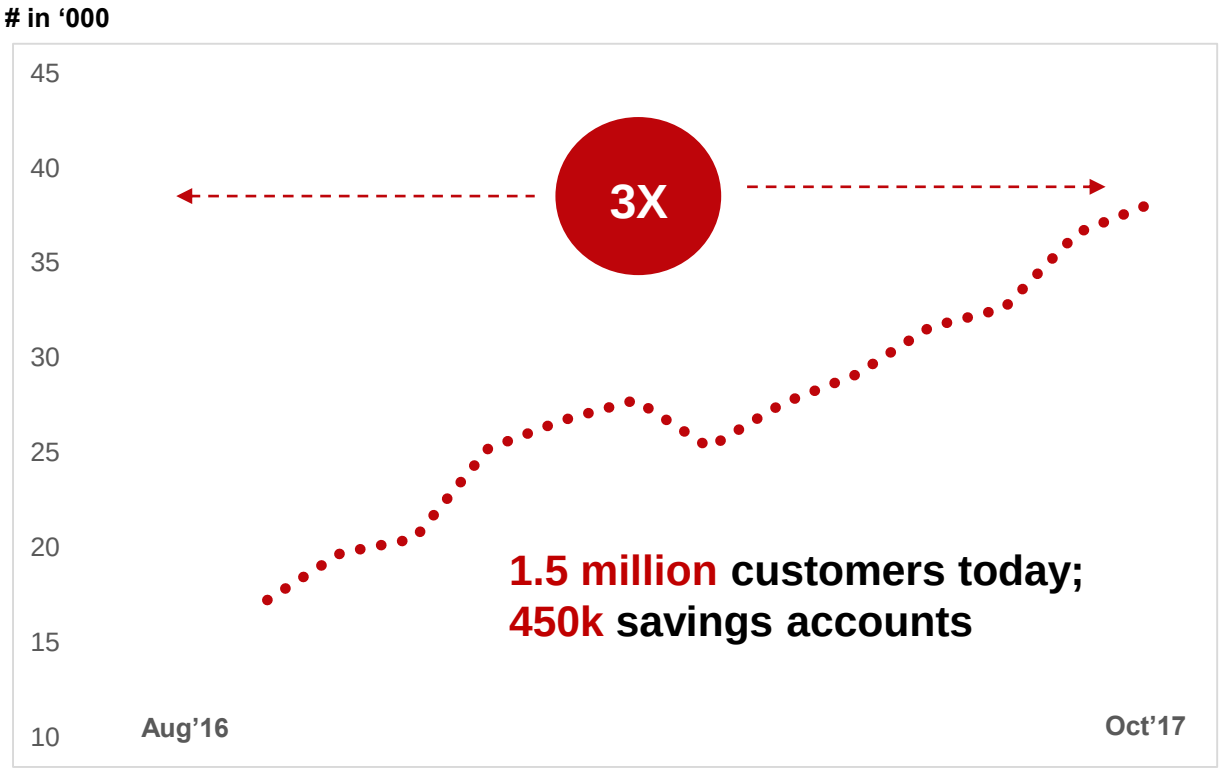
- Solving for the distribution challenge
- Cracking the low cost delivery challenge
- Seeing early results from data driven engagement
- Progressing well into Phase 2
- Replicable business model

Creating a multi-channel digital acquisition model

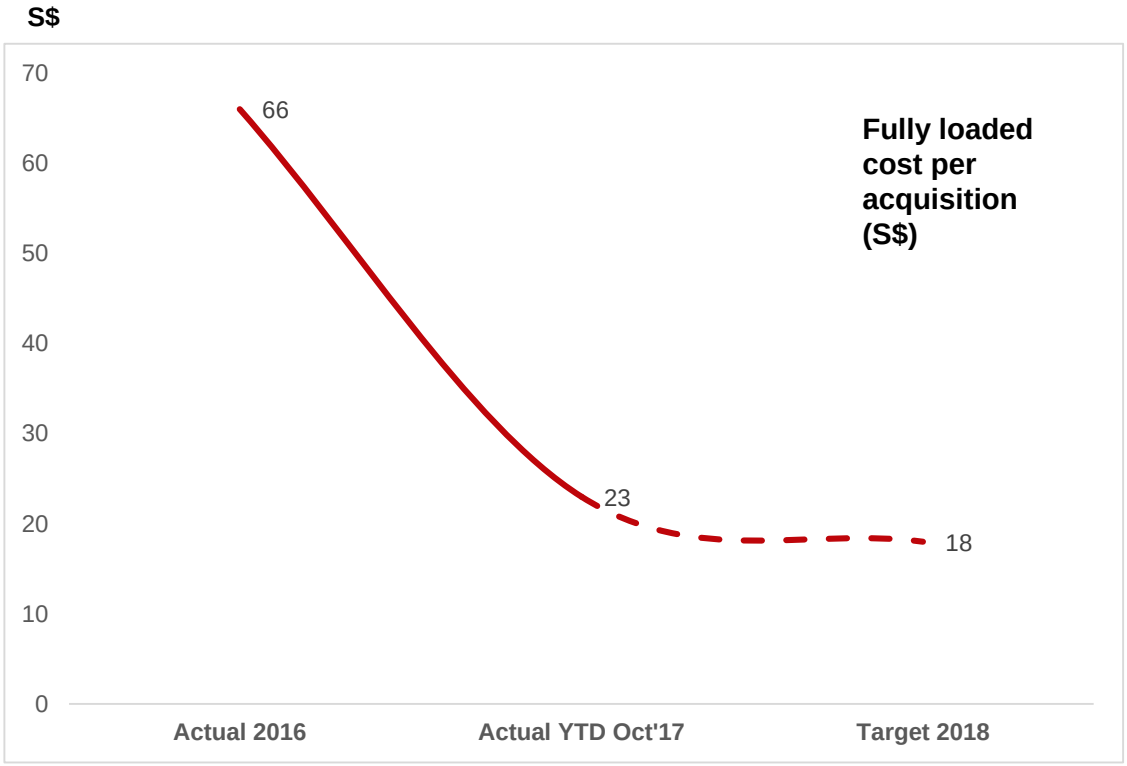
Channels	Acquisition drivers	Share
Open Market: Use Digital Performance Marketing	• Advanced digital targeting tools • Perpetual optimisation to minimise cost per acquisition	40%
Partnerships: Tap on networks of ecosystems	• Fast track into Customer Journey • Contextual offers	30%
Digital Member Get Member: Capitalise on Social Virality	• Convert Advocacy to Acquisition • Ease and speed of referral	30%

Scaling up while reducing cost

Accelerated pace of acquisition



Reducing cost of acquisition



..... 3 month moving average

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Design for ~~ops~~ NO OPS!

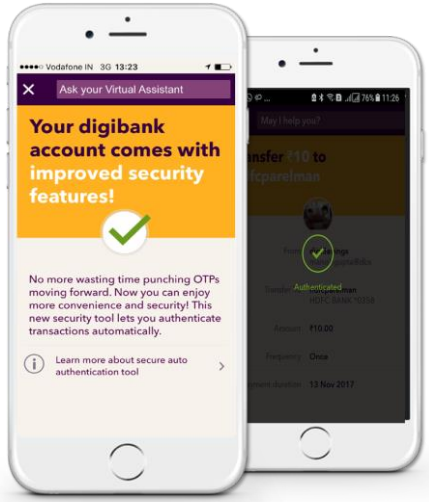
Traditional Bank Operations



digibank Operations



Enhanced security at a lower cost



Fully digital front to back processes; minimal manpower requirements

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

In-built dynamic authentication
Replacing expensive hard token and cumbersome one time password (OTP)

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

Data-driven customer life cycle management

Download The App → **Install Wallet** → **Open Saving Account** → **Fund The Account** → **Transact** → **Buy Products**

	Time to install	Cost per acquisition	Funding modes	Transaction types	Cross-sell
Days	T+7		T+30		T+45 onwards

Management Dashboard



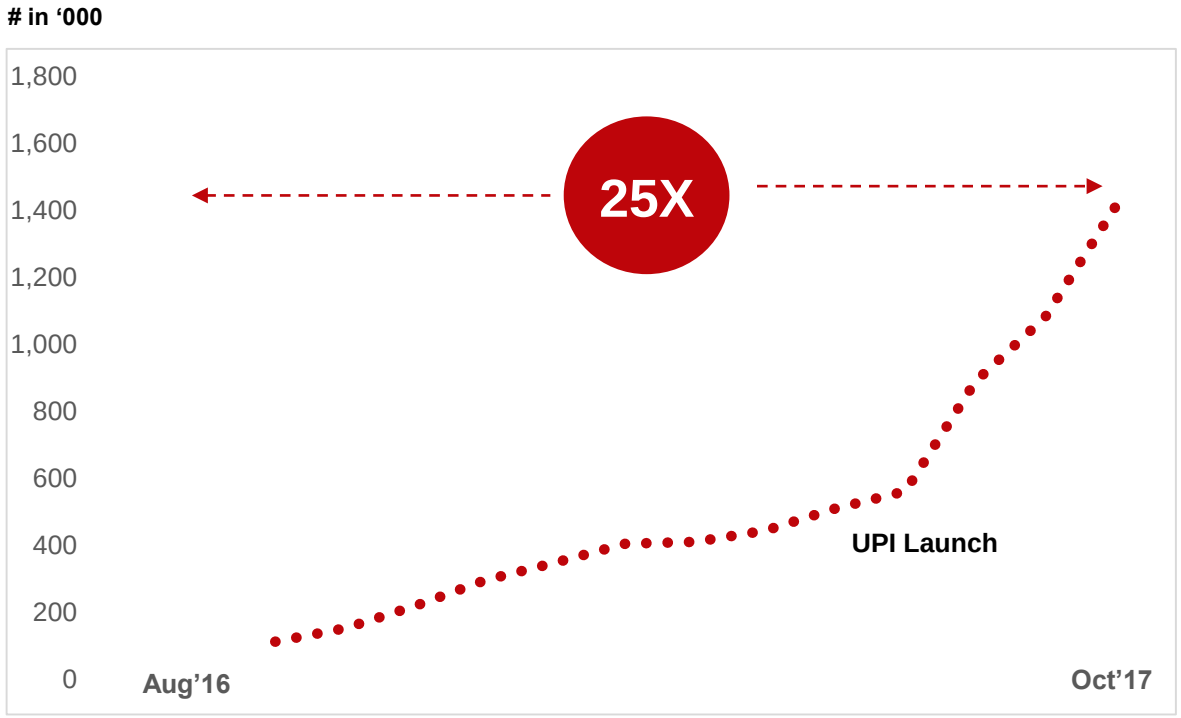
Contextual Messaging



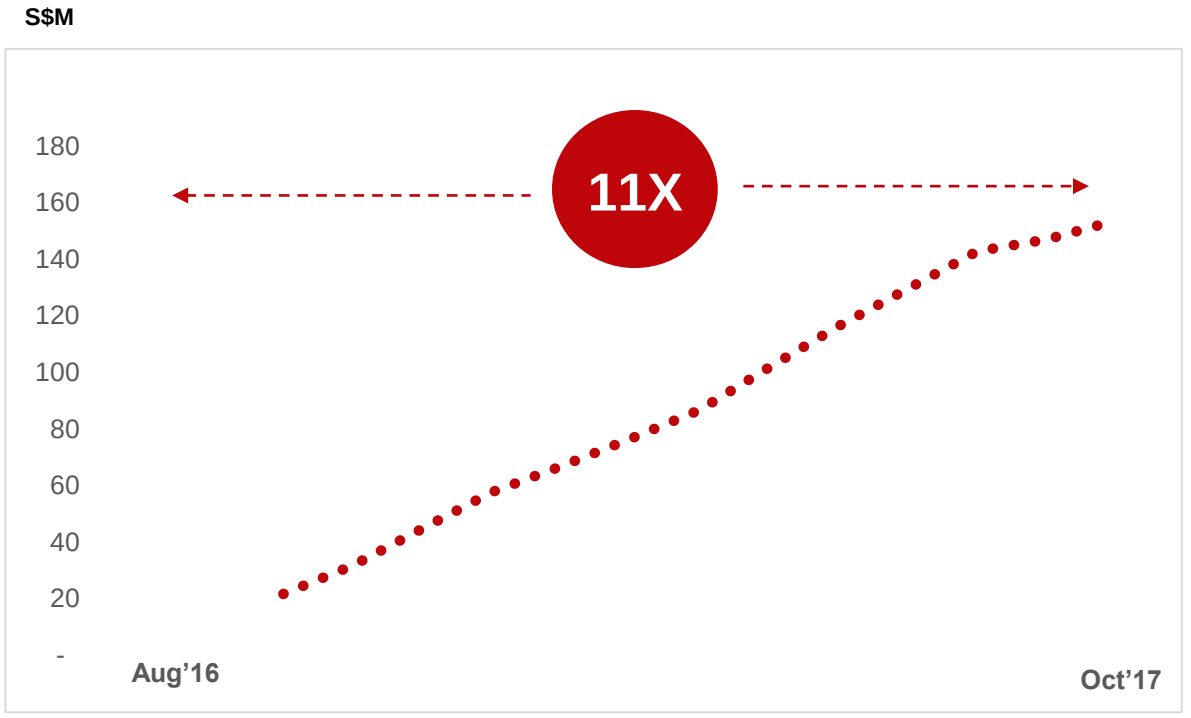
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Engagement driving usage

Number of transactions per month



Value of transactions per month

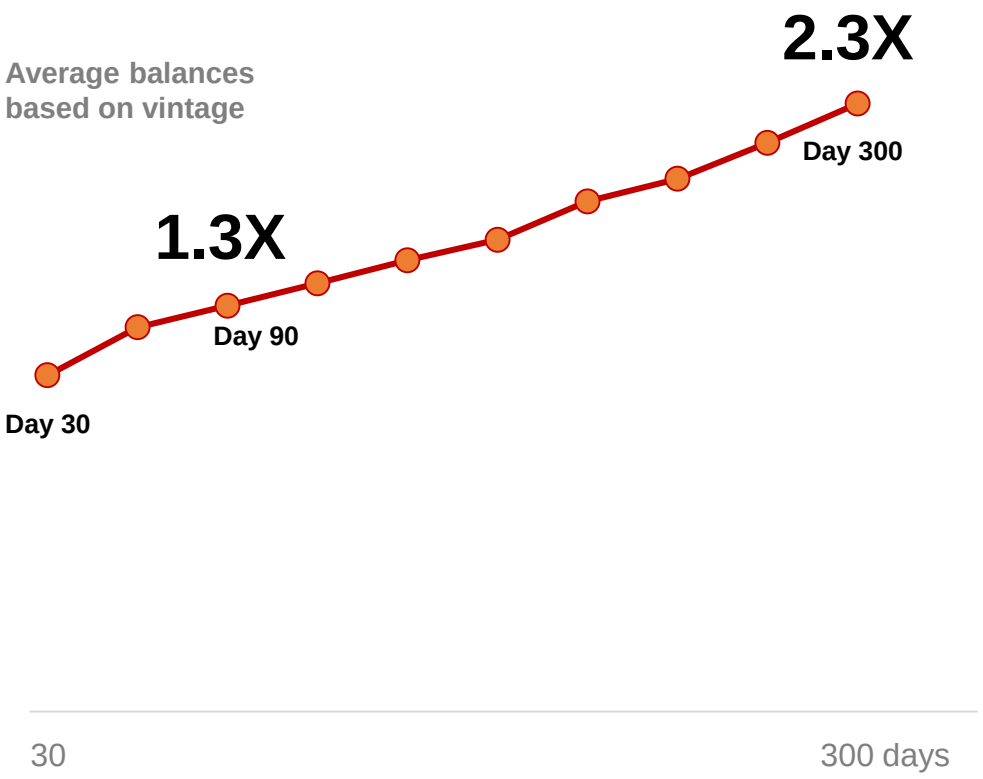


..... 3 month moving average

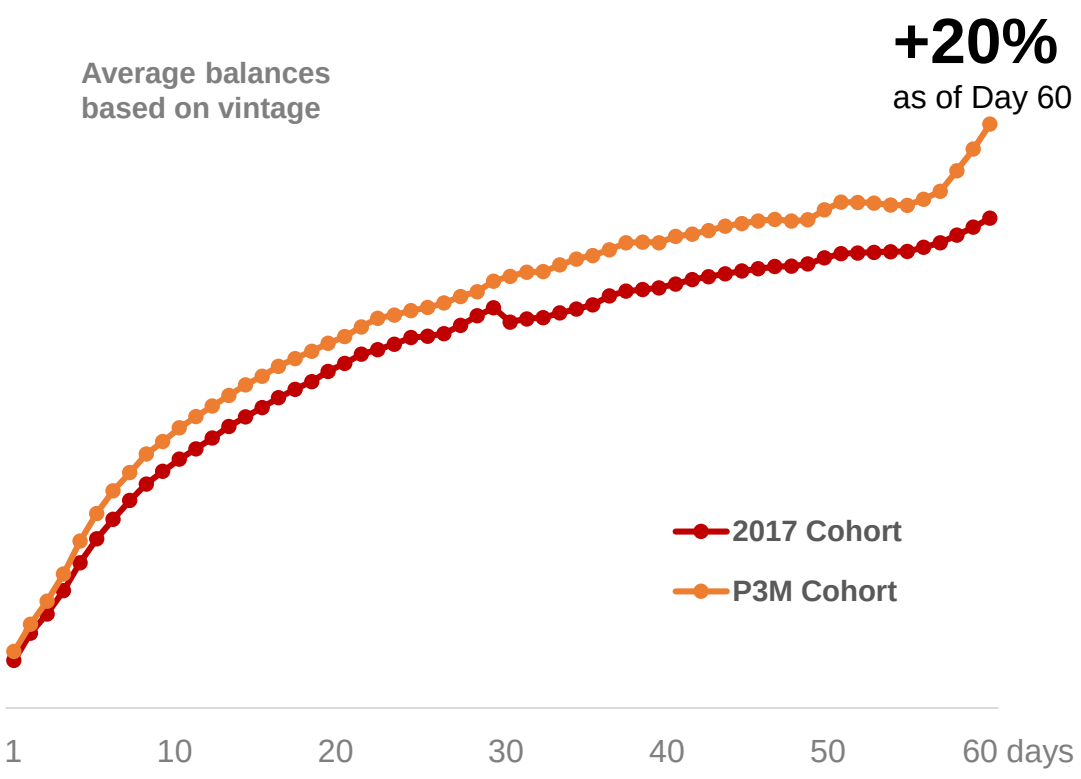
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Balances build with vintage, recent cohorts are improving

Savings account balances by vintage



Savings account balances by cohorts



P3M = Customer cohorts acquired from Jun–Aug 2017

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

The full value proposition and path to profitability

Phase 1

Refining the acquisition model



Savings a/c, Time deposits



Payments (IMPS, UPI & Bharat QR)

Phase 2

Deepen relationship & deliver profitability



Mutual Fund



Mortgages



Unsecured Loan (Q1'18)



Remittance (Q2 '18)



Insurance (Q4 '18)



Credit Card (Q1 '19)

To be launched

DBS

Unsecured Lending: Algorithm-based lending model

Fully digital model

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

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

Onboarding
- Traditional data
- Transactional, behavioral and social data

Anchored by ecosystems and strategic partners

Ecosystem partners

Experian

creditvidya
credit guide for every indian

Perfios
REALTIME ANALYSIS & DECISIONING SOLUTION

Data providers

Telecom

ecommerce

Non exhaustive

DBS

Launched digibank Indonesia – Aug 2017



Replicable & Scalable: learned from digibank India

- Reduced time to market
- 70%+ solutions reused reducing build cost
- Leveraged learnings from digital onboarding and ecosystem-led acquisition

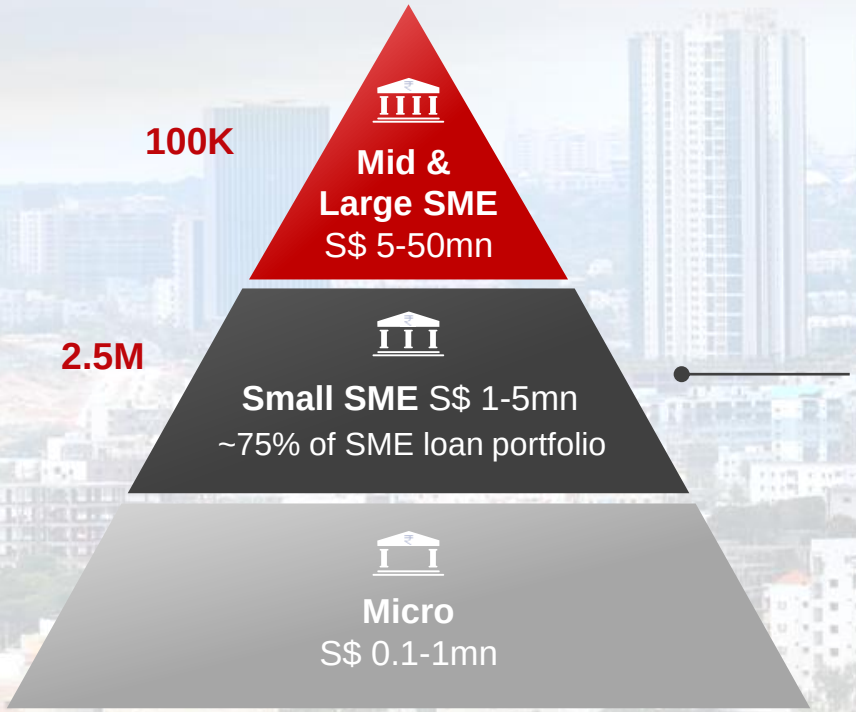
Agenda

01	Reimagining Retail Banking
02	Reimagining SME Banking

The SME opportunity in India

Traditional approach for Mid and Large SMEs

Leverage digital to target 2.5m Small SMEs



Our Hypothesis

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

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

Leveraging Ecosystem partners

Embed through APIs for digital acquisition & transaction

Found Right Strategic Partner



Tally: Leading ERP player in SME space

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

Good match with our footprint

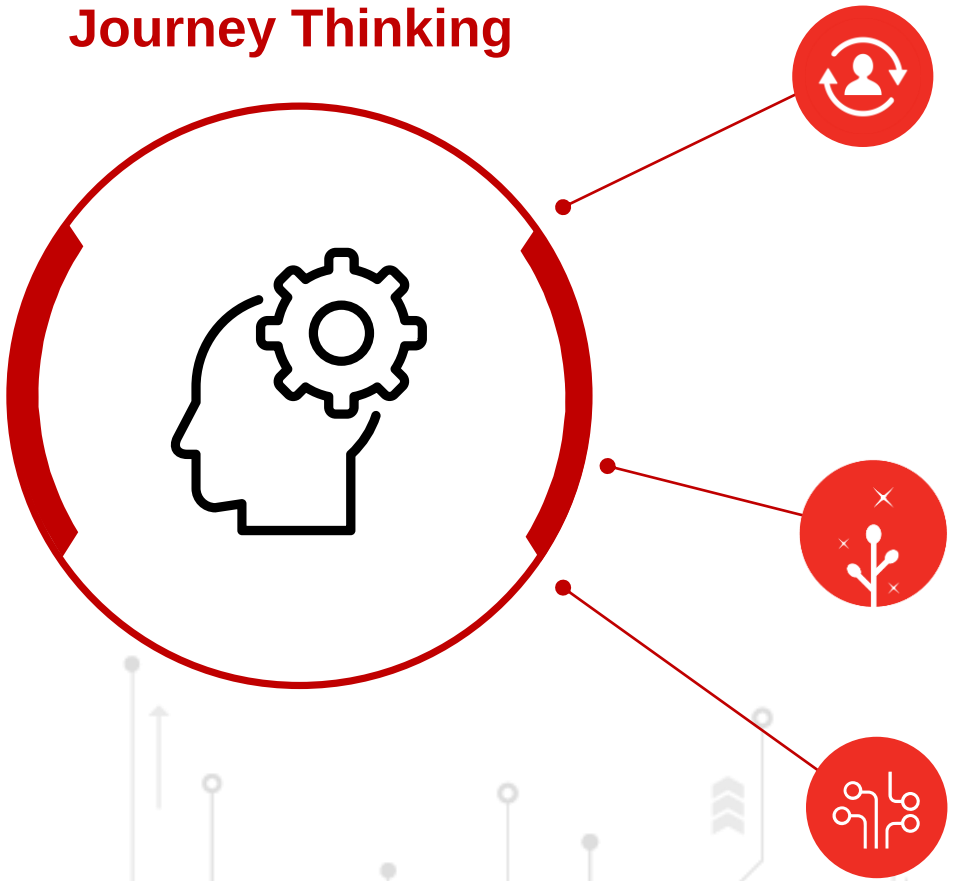
75% of Tally's customers in DBS existing + proposed cities

Extensive product distribution channel

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

Building the partnership with Tally

Applied Customer Journey Thinking



Applied journey thinking, engaged stakeholders extensively to develop solution

Stakeholder engagement

Tally	Multiple workshops
Customers	Surveys and interviews
Sales partners	Training, workshops and marketing events

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

Our open technology stack allows us to integrate at low cost

Developed standardised ERP APIs that can be replicated across the region

Visit our Tally booth to get the full experience!

DBS + Tally – The power of integrating ERP with banking

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

Seamless E-Payments

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

Empowered by mobile

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

Embedded Security

User-friendly soft token, highest encrypted security standards

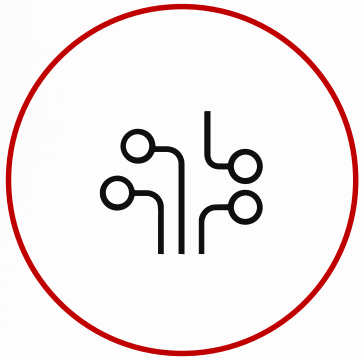


Roadmap for the partnership



Acquire customers using digital onboarding

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



More value-added services

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

To be launched



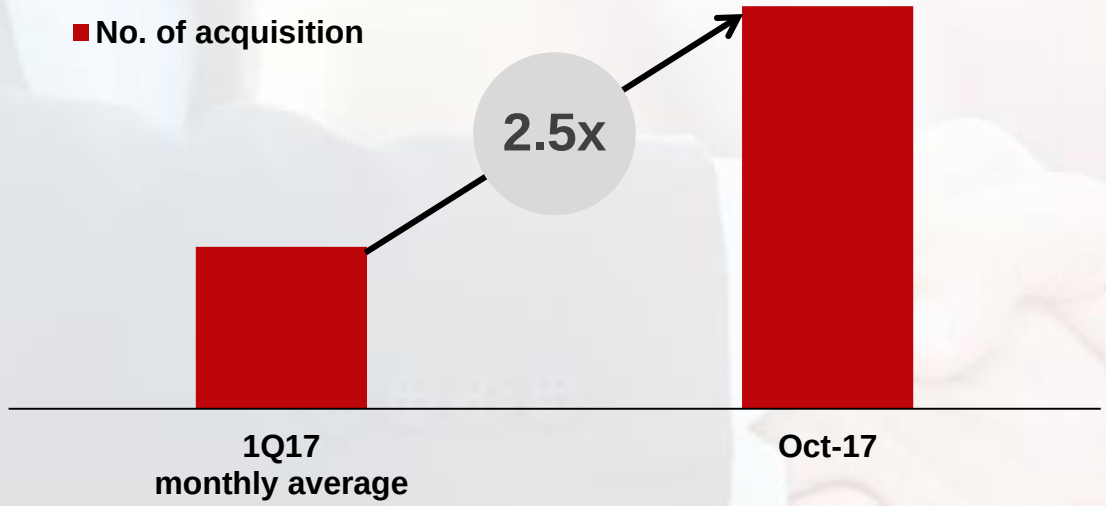
Build digital loan proposition

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



Early Results

Acquisition gaining momentum



3,600
customers
(12 months since launch)

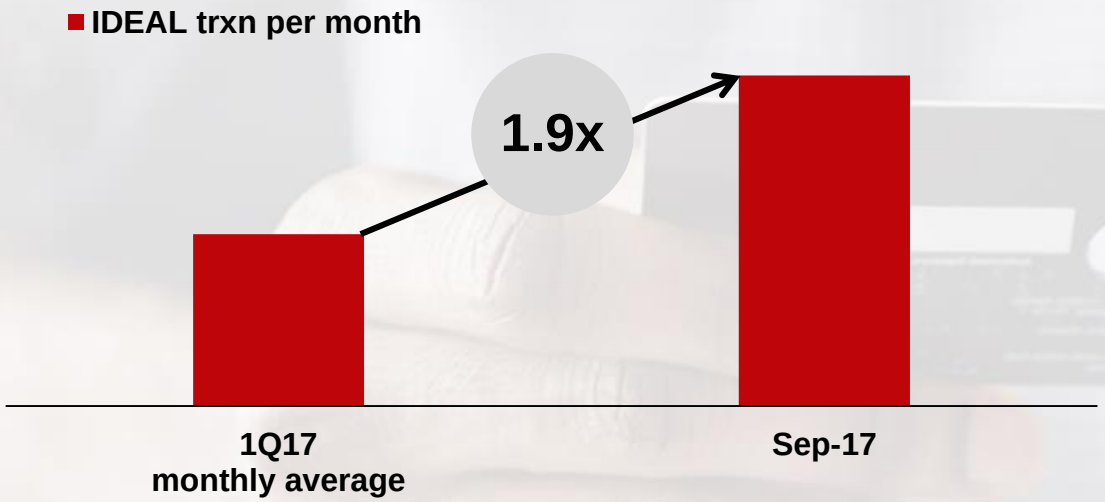
500
accounts per month
vs
90 previously

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

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

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Transactions gaining momentum



S$10k
average balance per customer

70%
of accounts funded within 2 months

Customers funding their accounts in half the time it usually takes

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

DBS

Good feedback from customers and Tally Channel Partners…

… constantly improving based on learnings and feedback



DBS integration is quicker, simpler and better.

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



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

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



We have saved lots of man hours.

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

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

Sunil Ghadge
First Base Technologies, Mumbai
Partner's feedback

Summary

Distribution challenge	Digitalisation enables DBS to play in growth markets to overcome brick and mortar challenges
Delivery challenge	Much lower cost structure versus traditional bank
Data-driven engagement	Partnership-led specific data sources creates an edge
Progressing well into Phase 2	On track to broaden product solutions
Replicable business model	digibank in Indonesia launched (faster, lower cost), SME partnership model launched in other countries

Building elements towards a profitable business model

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Digital Distribution, Global



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



Best Digital System or Service Initiative

DBS

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