Banking for the digital generation

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TMRW competes on Customer Intimacy, enabled by technology to deliver operational efficiency & costs.

Competitive Strategies for Market Leadership

- **“Best Total Cost”**
  - Operational Excellence
  - Instant & paperless processes available 24/7 to streamline operations and reduce costs

- **“Best Total Solution”**
  - Customer Intimacy
  - Providing a unique range of experiences to meet the needs of YP/YPF customers

- **“Best Product”**
  - Product Leadership
  - Achieving premium market prices due to the experience created for customers

Source: The discipline of the market leaders by Michael Tracy and Fred Wiersema in 1995
Differentiated & advocated banking for tomorrow

1. **Why did we build TMRW?**
   - Young & digitally advanced ASEAN consumers
   - Complex, universal and opaque banking
   - Favorable regulatory environment

2. **How is TMRW different?**
   - Laser focus to be the most engaging bank
   - Unique ATGIE business model
   - Three-stage path to profitability

3. **What have we achieved?**
   - Acquired a sizable & high quality customer base
   - Top tier NPS within one year of launch
   - Won ten prestigious awards

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1. NPS: Net promoter score.
Why did we build TMRW?
ASEAN is young and digitally savvy

We are young
- 57% Under 35 years old

We are mobile
- 66% Owns a Smartphone

We are addicted to mobile
- 3.6 Hours of mobile internet usage/day

We are influenced digitally
- 67% Made an Online Purchase

Source: Worldmeters projection 2020 data from United Nations; We Are Social 2019; derived data
Role of Digital Banks: Increasing financial inclusion as majority of ASEAN is still unbanked & underbanked

Unbanked
No access to basic financial services

Underbanked
No access to credit, underinsured, no long-term saving products

Banked
Have access to credit, insured, have investment products

Source: Google, Temasek & Bain, the future of SEA’s digital financial services
UOB’s view of the future of Retail Banking

The retail banking future

Digital Banking & Digital Bank

Digital banking (omni-channel) and the digital bank (mobile only): distinct and will co-exist

Data-centric digital banks will drive unprecedented disruption globally

Opportunities will open for progressive banks, big techs and FinTechs

Emerging capabilities to power this will accelerate

The new business model

From Cross-selling to Engaging

The data-centric Digital Bank’s advantage:
Digital Engagement

A unique business model: ATGIE

- Acquire
- Transact
- Generate data
- Insight
- Engage

The new Digital Bank

Making it Simple, Engaging and Transparent

Simple
- Intuitive user interface, remembers you, fast and fully digital experience

Engaging
- Anticipates your needs and prompts you towards smarter spending and saving habits

Transparent
- Promotes openness and engenders trust
We concluded that a compelling digital bank should:

- **Know that millennials are unique**
  *Different Generation, Different Solution*

- **Make everything accessible**
  *Bank, Chat, Find Solutions*

- **Be simple and straightforward**
  *Less Clicks, Less Jargon*

- **Be a friend not a bank**
  *Help them Save and Spend Better*

- **Grow with your customers**
  *Learn to create personalised experiences*

- **Be proactive**
  *Anticipate their Needs*
Which we built into **TMRW’s proposition**

<table>
<thead>
<tr>
<th>What millennials want</th>
<th>What millennials don’t want</th>
<th>What TMRW is</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy, accessible &amp; fuss-free</td>
<td>Complex, time-consuming</td>
<td><strong>Simple</strong></td>
</tr>
<tr>
<td>Anticipate &amp; tailor to my needs</td>
<td>One-size-fits-all</td>
<td><strong>Engaging</strong></td>
</tr>
<tr>
<td>Open &amp; fair interactions</td>
<td>Opaque with hidden fees &amp; terms</td>
<td><strong>Transparent</strong></td>
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TMRW markets selected by the highest potential

**Source:** BCG banking pools (2019), World Bank (2017), We Are Social (2019)
YP/YPF: people aged 25-39

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**Official launch in Mar 2019**

- Population 70 Mil (20% YP/YPF)
- 71% smartphone penetration
- Favorable regulatory environment
- First mobile-only digital bank

**Soft launch in Dec 2019**

- Population 273 Mil: (23% YP/YPF)
- 60% smartphone penetration
- Favorable regulatory environment
How is TMRW different?
Lifetime engagement differentiation towards profitability

Extreme focus on customer engagement
- To achieve high NPS and ultimately build long-term customer advocacy

Serve customer of the future well today
- Foundation for lifetime relationship

Unique three stage approach
- Mitigate risk and scale efficiently
How we designed TMRW for customers

- **Pain points**: (E.g., avoiding fees, underserved, poor service)
- **Insights**: (E.g., remove 50B to save)
- **Segment**: (Young Professionals (YP)/Young Professional Families (YPF))
- **Habits**: (E.g., over-spend, always on-the-go)
- **Expectations**: (E.g., Transparent, Zero friction, K-bank standards)

- **8M**: YP/YPF in Greater Bangkok
- **>500**: Customers interviewed
- **62%**: Reduction in fields and T&Cs
- **30K**: Thai phrases taught to chatbot
How we designed TMRW for business

TMRW Business Model

Acquire
- Fast & modular
- Avatec.ai

Transact
- New UI capabilities & 24/7 fast digital service
- Goal savings & control

Generate data
- Access to real-time categorized transactions for high context & relevance

Insights
- New cognitive analytics engine powered by Personetics

Engage
- Engagement lab for design and experimental learning about engagement
How we built new capabilities for TMRW

Design
(Customer centric: Biometric unmanned kiosk)

Fintech
(Avatec, Meniga, Personetics, Cloudcherry ...)

Agility
(Scrum teams, colocation, tradeoffs, discipline)

Enablers

Core Systems
(Leverage existing regional core, new regional bundle)

Ecosystem
(MAP, Line, Central, Go-Jek, Grab, Tencent, Shopee ...)

Data
(Collectors, clean, enhance, categorize)

1st Global implementation

1st Thai bank with non-face to face biometric

1st Bank to develop a full-fledged savings game to make savings fun and easy

1st Bank to set up a pan-regional engagement lab

Agile
New ways of working
Key engagement differentiators of TMRW

**Insights cards**

**Real-time expense tracking**

**City of TMRW**

Enhancing engagement

Increasing balances

Growing transactions
3-stage Path to Profitability: Exit Stage 1 by end 2020

**Stage 1**
- ~18-24 Months*, NPS >40
- **Exit:** Cost of Acquisitions < Revenue
  - On par with basic banking
  - Every customer generates positive income
  - ↓ Cost of acquisitions enabled though higher NPS

**Stage 2**
- 2-5 Years*, NPS ~60
- **Exit:** Cost to Serve
  - Push NPS higher for cost of acquiring customers to near ~$0
  - Cost-to-serve drops
  - Revenue covers some annual fixed costs

**Stage 3**
- >5 Years*, NPS >60
- **Goal:** ↓ Cost-to-Income Ratio 35%
  - NPS large enough allowing scale to spread annual fixed costs over larger customer base

* From the time of TMRW launch Feb-19
What have we achieved?
NPS 33 - 3rd in market 1YR after launch & ahead of ME
Focus on reducing detractors to become market leader

Source: Bain, NPS Prism: Thailand Retail Bank Consumer Insights and Implications, 15 Apr 2020
We’ve taken the 1st step to prove that it works in Thailand…

<table>
<thead>
<tr>
<th>Advocacy Rate</th>
<th>Active Rate</th>
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<tbody>
<tr>
<td><strong>74%</strong></td>
<td><strong>51%</strong></td>
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<tr>
<td>Customers spread the word for us</td>
<td>High percentage of active customers</td>
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<table>
<thead>
<tr>
<th>No. of Customers</th>
<th>Cost of Acquisition per Active Customers</th>
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<tr>
<td><strong>↑306%</strong></td>
<td><strong>↓75%</strong></td>
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<tr>
<td>Acquired sizable &amp; high quality customer base</td>
<td>Growing organic &amp; declining acquisition offers</td>
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Note: first row: Feb 2020; second row: comparison between Aug 2019 and Feb 2020. Active customers are defined to be those who perform at least one transaction in the last 30 days.
...and have won 10 awards along the way

- Most Innovative Digital Bank in Asia Pacific
- Asia’s Best Bank Transformation Award
- Best Digital Bank in TH
- Best New Digital Bank - TH
- Best New Mobile Banking App - TH
- Best Digital Bank TH - Rising Star
- Best Bank for Millennials
- Best customer centric business model
- Outstanding client onboarding
- Outstanding social media campaign
Make Tomorrow Yours