



ASEAN FOR YOU



**CIMB**

# Banking Transformation in ASEAN and Mobile Banking in Indonesia

16 Feb 2012

Indonesia International Banking Convention (IIBC)

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Head of Transformation Office and Business Process Development  
CIMB Group

# Agenda

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**1**

**CIMB's Transformation Journey**

**2**

Promoting ASEAN Agenda

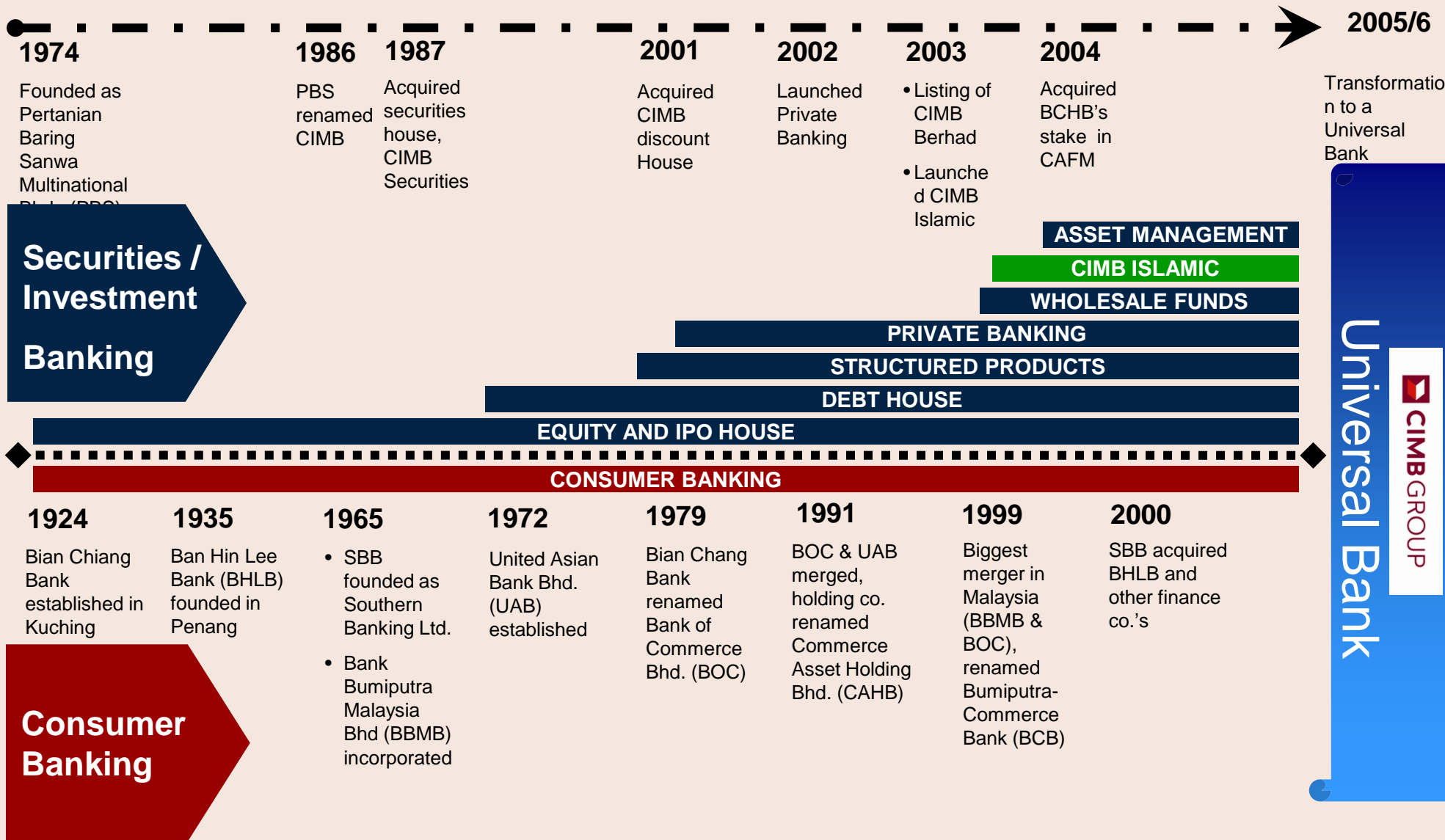
**3**

Key Elements of Our Transformation Strategy

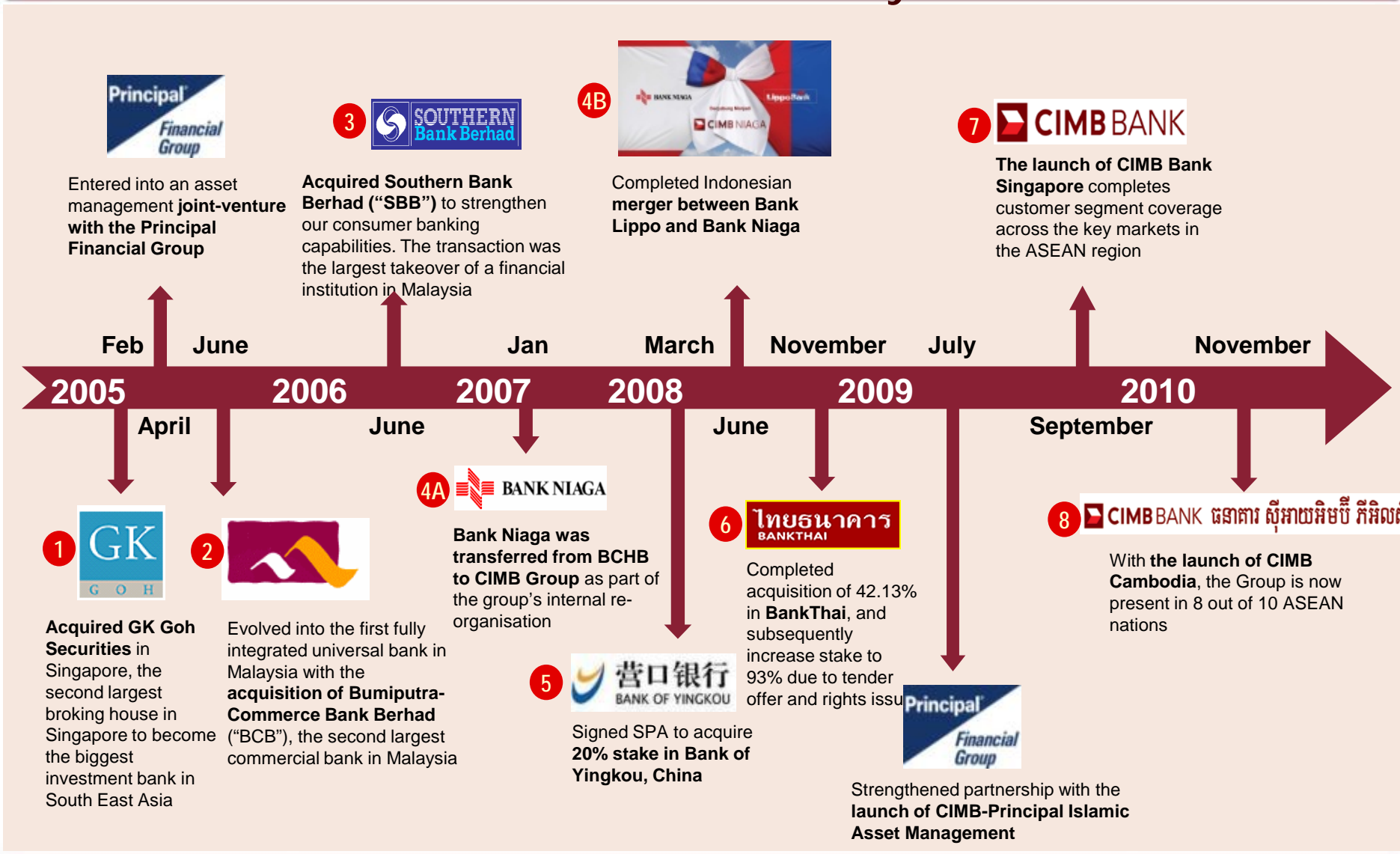
**4**

Mobile Banking in Indonesia

# Looking Back : Our Origins

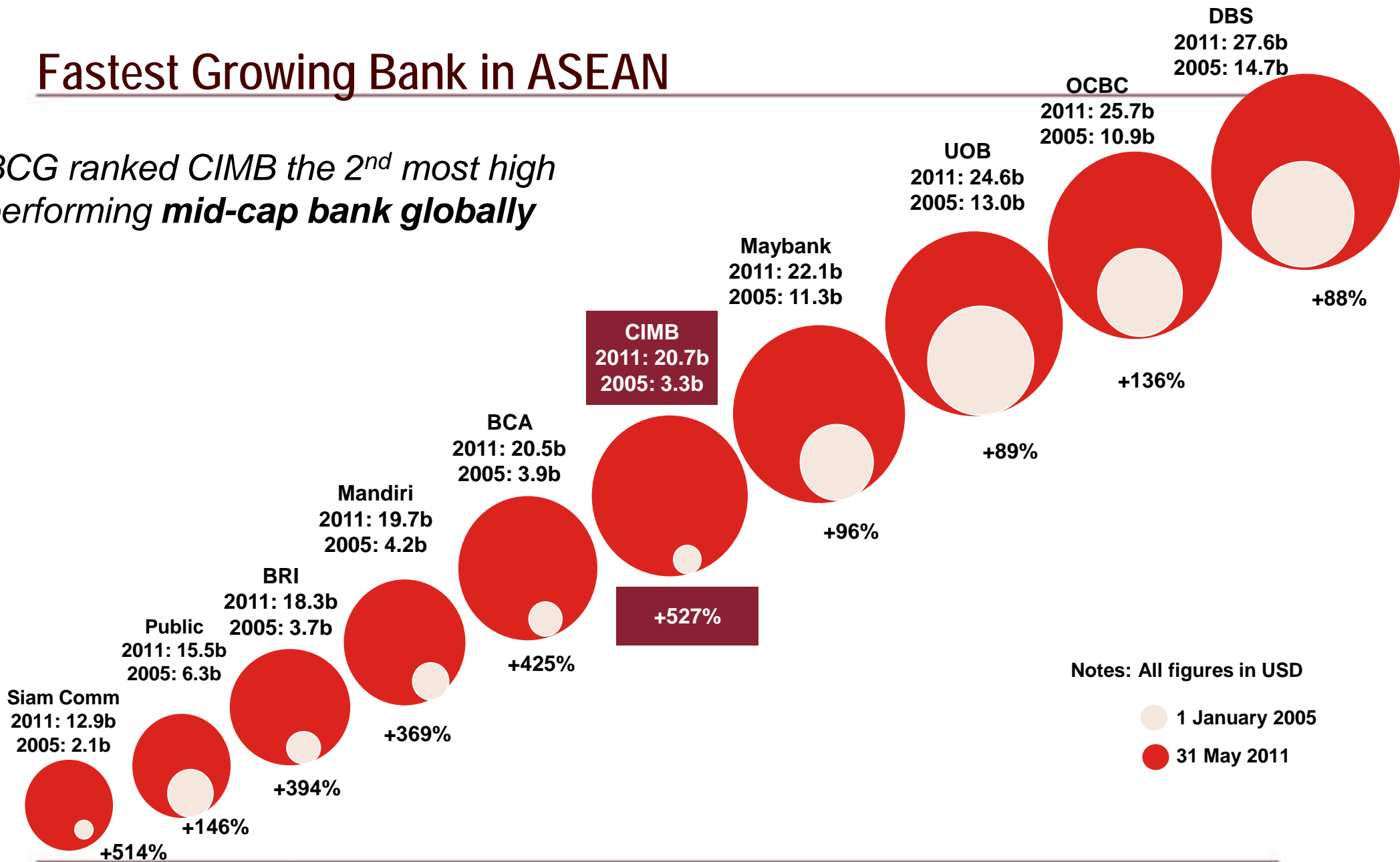


# Modern "CIMB" – our more recent history



# Fastest Growing Bank in ASEAN

*BCG ranked CIMB the 2<sup>nd</sup> most high performing mid-cap bank globally*



Notes: All figures in USD

● 1 January 2005

● 31 May 2011

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## ASEAN: Scale, Network, Synergies

**Malaysia**  
28 million people

**Indonesia**  
230 million people

**Singapore**  
5 million people

**Thailand**  
68 million people

**Cambodia**  
15 million people

**ASEAN**

600 million  
people

Combined GDP  
among the  
world's top 10

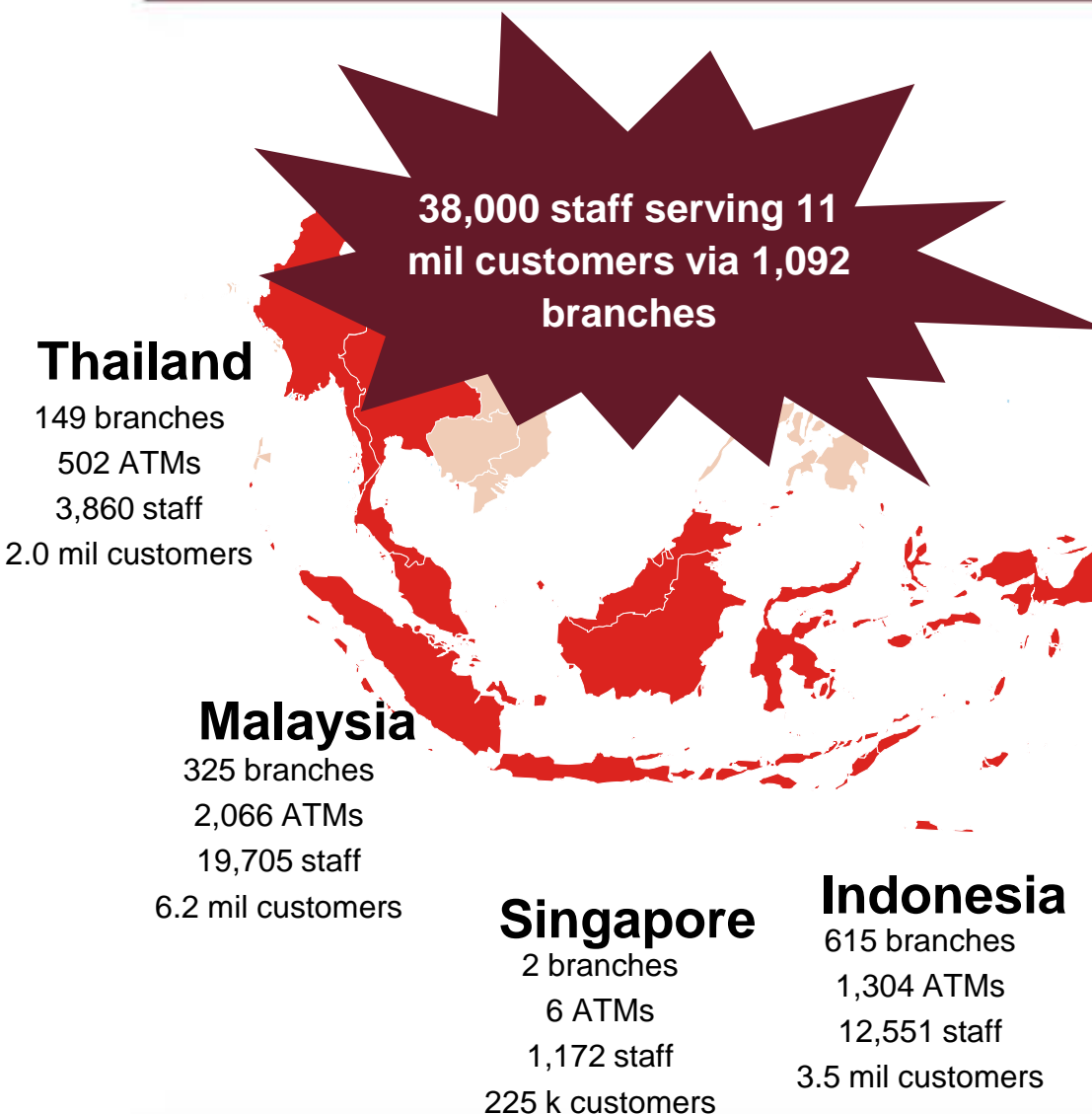


**We believe that ASEAN will truly prosper when it embraces diversity and leverages cross border synergies**

- **ASEAN is poised for robust economic growth**
- **CIMB Group reaches at least 81% of the ASEAN population, representing 89% of the region's GDP**
- **Through our comprehensive regional network and local expertise, we are able to offer seamless banking services and privileges to our customers, so they are able to do business, shop and dine with ease all over ASEAN**



# We commenced our comprehensive ASEAN universal bank journey since 2005



				
<b>CIB</b>	Yes	Yes	Yes	Yes
<b>Treasury</b>	Yes	Yes	Yes	Yes
<b>Retail Banking</b>	Yes	Yes	Yes	Yes
<b>Credit Cards</b>	Yes	Yes	Yes	WIP
<b>Commercial Banking</b>	Yes	Yes	Yes	Yes
<b>Islamic Banking</b>	Yes	Yes	Ltd	No
<b>Private Banking</b>	Yes	Yes	WIP	Yes
<b>Stock Broking</b>	Yes	Yes	Yes	Yes

**Most comprehensive UB platform in ASEAN**

## CIMB Group - “ASEAN For You”





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“From our hugely diverse personal and institutional backgrounds, we have come together as one ASEAN company, with the conviction that our **scale, networks and synergies** strengthen our ability to deliver for our customers. No one has more precisely designed their business model around ASEAN as we have – **no one is as integrated across ASEAN as we are.**”

**Dato' Sri Nazir Razak,  
Group CEO**

# CIMB as ASEAN's Universal Bank

Customer Need	What our vision is enabling for Customers	Customer Need
<p>My turf has grown. It spans ASEAN.</p> 	<p>Cross border seamlessness</p> <ul style="list-style-type: none"><li>• Operate Bank Accounts</li><li>• Manage investments</li><li>• Issue and accept payments</li><li>• Financing</li></ul> <p>Consistent experience across borders</p> <p>Pricing, rates and service levels based on aggregate ASEAN customer relationship</p>	<p>Does CIMB know what I am worth as a customer?</p> 
<p>I need a one-stop shop.</p> 	<ul style="list-style-type: none"><li>• Single View of CIMB Bank across ASEAN</li><li>• Innovative products, available across the footprint</li><li>• Financing based on regional collateral and limits</li><li>• Solutions to meet needs from effective product bundles</li><li>• Tailor products to in-country conditions and customer needs</li></ul>	<p>I need flexibility.</p> 

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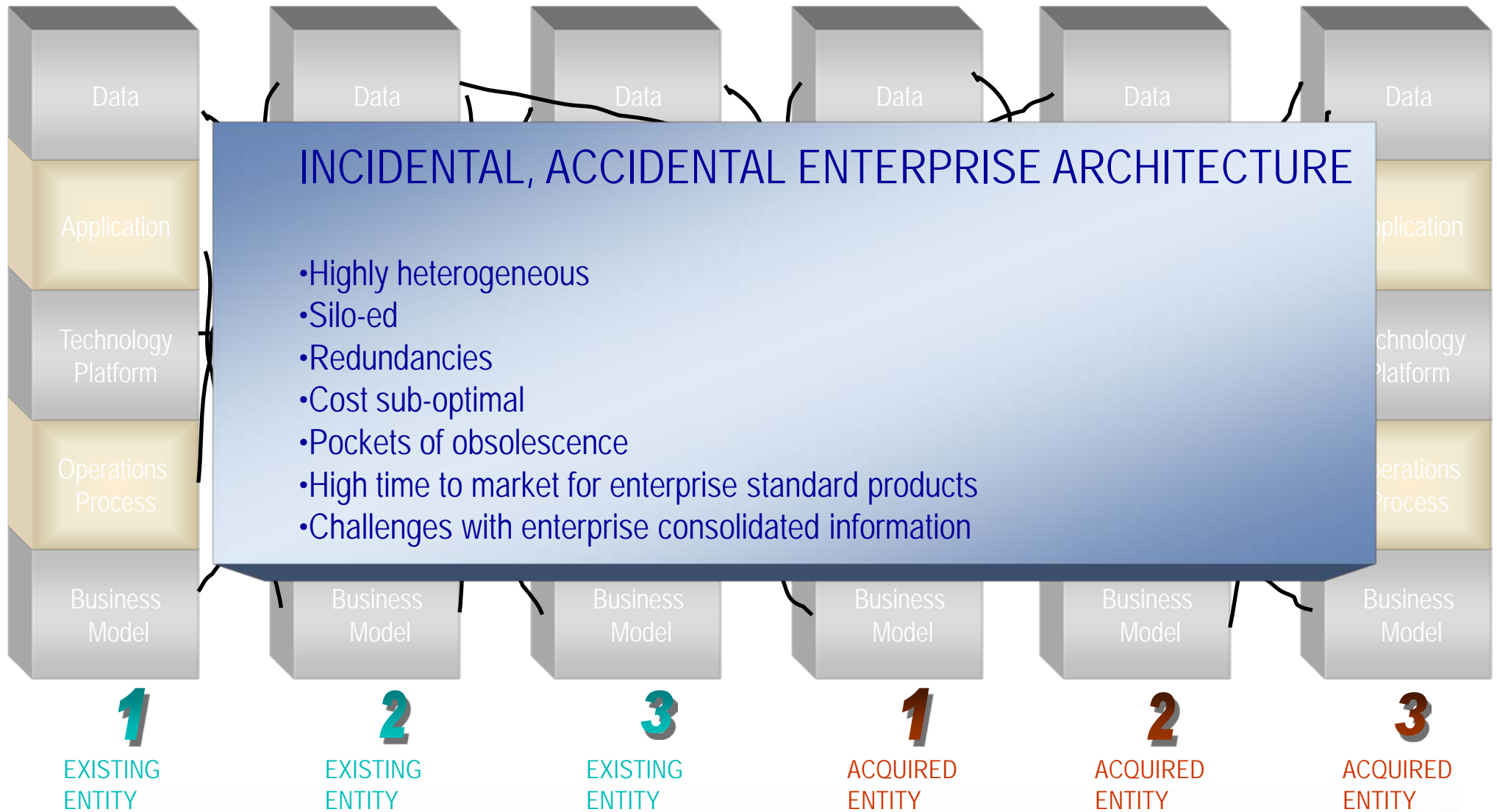
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**Key Elements of Our Transformation Strategy**

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Mobile Banking in Indonesia

# Banking Transformation is Complex

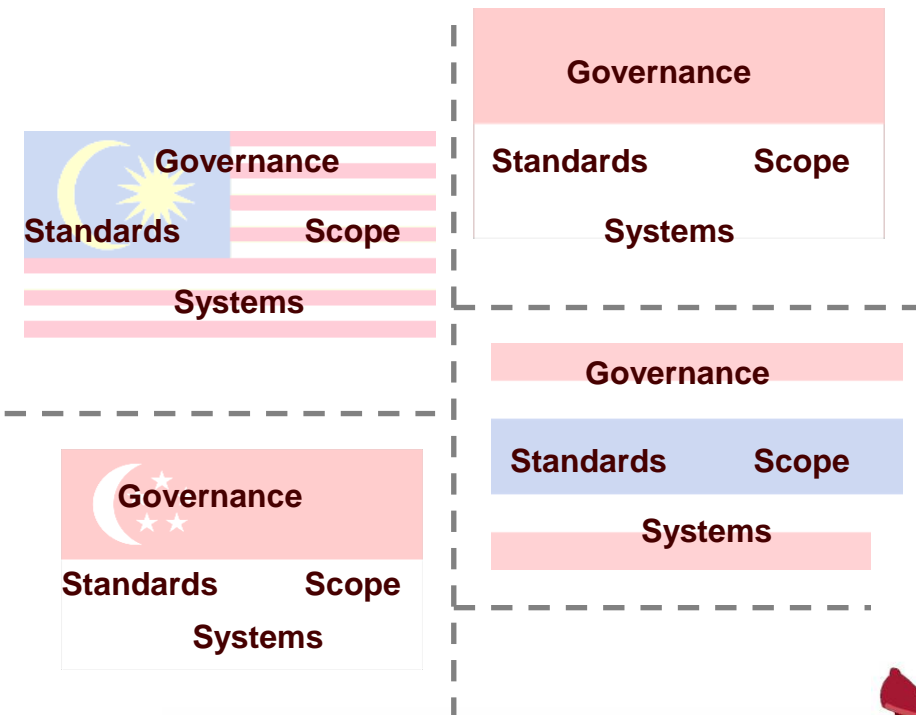


# Our Banking Transformation Roadmap is based on following 4 Pillars

**Optimus – A technology-based, phased, incremental transformation**

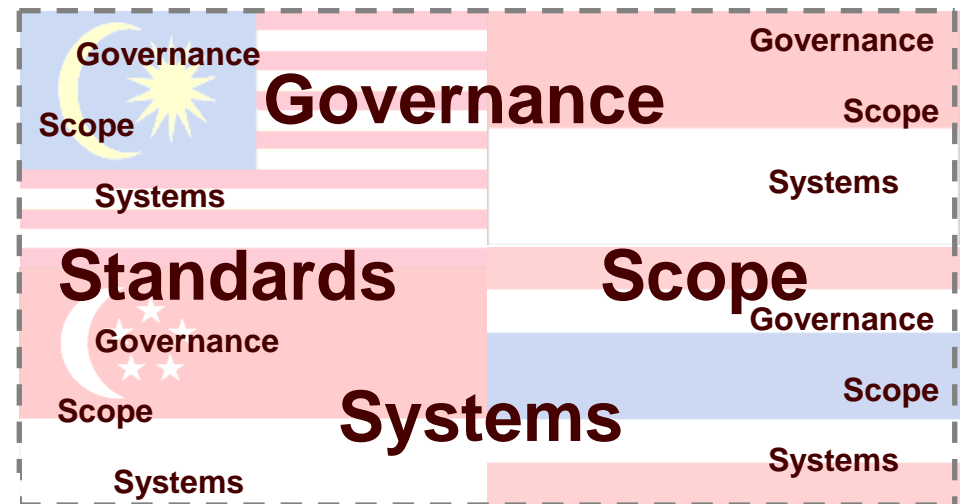
## Start State (2008)

- Each country had different systems, standards, governance models, scope of services and processes



## End State (2015)

- Shared / standardised operations and systems, governance and quality management mechanisms



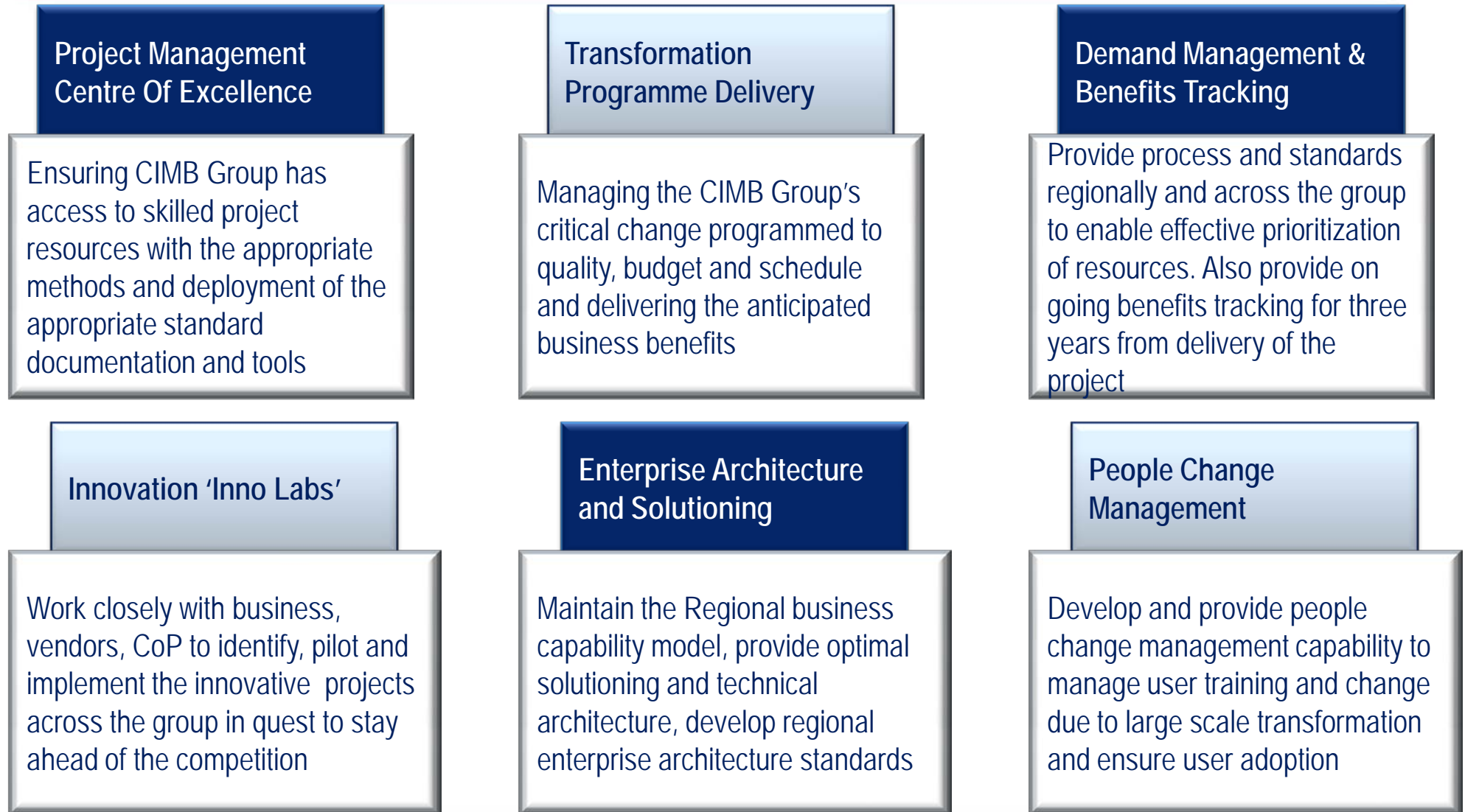
- New, regional, technology-enabled business and operations capabilities to strengthen our ASEAN universal bank proposition

# Our Roadmap is not static. Each year we revisit and re-prioritise versus market trends and business demands

The Optimus Transformation Programme comprises 6 major elements, geared towards growth agendas of customer centricity, differentiated capabilities, flexibility, speed-to-market, regionalization, and renewal of internal IT capabilities.

	Examples of Strategic Imperatives			
A: New Capabilities	A1: Sales Transformation & Effectiveness	A2: Service Transformation & Excellence	A3: Customer-Centric Architecture/ Product Bundling	CRM Multi-Channel
B: Upgrades/ Replacements	B1: Product systems upgrade/replacement	B2: Corporate services systems upgrades/ replacement		Regional Transaction Banking Regional Payment
C: Regional Banking Platform	C1: Core Banking System Replacement Program			Core Banking – 1P
D: IT Capability	D1: IT Transformation Program			SOA-ESB
E: Regulatory-driven	E1: Basel II Program	E2: IFRS Program		
F: Business-as-usual	F1: 2008 Releases	F2: 2009 Releases	F3: 2010 Releases	

# In order to strategize and execute such huge transformation programs CIMB Transformation Office (TO) has evolved with the following functions ....

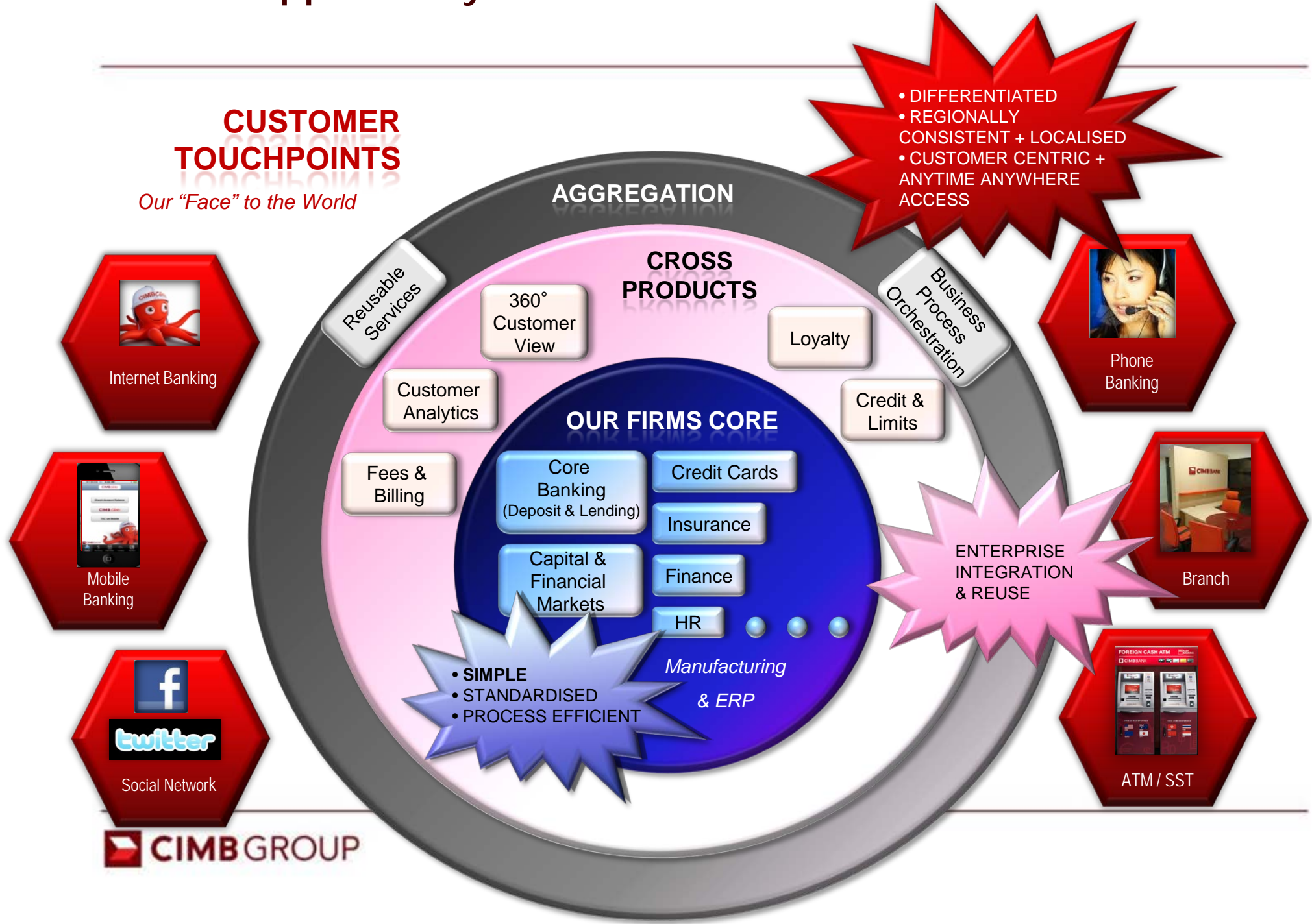




# ...and supported by a clear End State Architecture

## CUSTOMER TOUCHPOINTS

Our "Face" to the World



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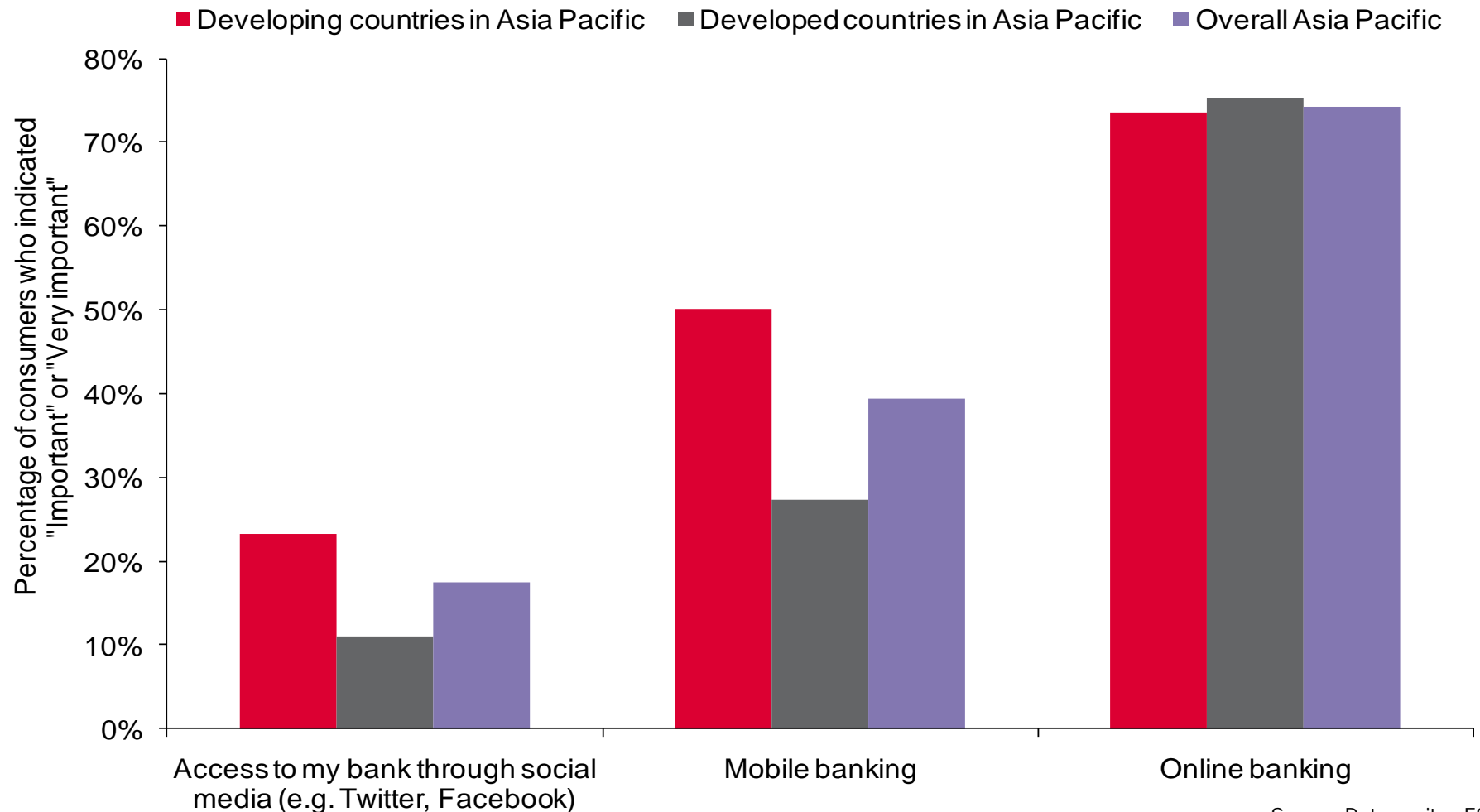
Key Elements of Our Transformation Strategy

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**Mobile Banking in Indonesia**

# Online banking is a necessity across Asia Pacific, with mobile banking increasingly so in developing Asia-Pacific

How important are the following to you in financial services?



Source: Datamonitor, FSCI

# The Indonesian market is diversified macro-economically, but boasts a fairly mature mobile environment

## Macro-economic landscape

- 60% of Indonesia's population is situated in the Java island where most banks have their networks
- Only about half of the population is urban, making mobile a platform with much wider reach than traditional channels
- Domestic migrants are present throughout Indonesia, but are concentrated in the areas of Jakarta, Java Barat and Riau which account for 37% of domestic migrants

**Developing services for the rural population is difficult because of their geographical dispersion**

## Banking landscape

- CIMB Niaga's banking network is largely focussed in the urban areas which makes them highly inaccessible to the rural population
- Provinces with a specially low branch and ATM density and yet significant population include Sumatera Barat and Sumatera Utara
- About half of the population is unbanked
- About a half of people save at banks with a third of people not saving at all
- Time and costs are the main deterrents for rural households to access bank services

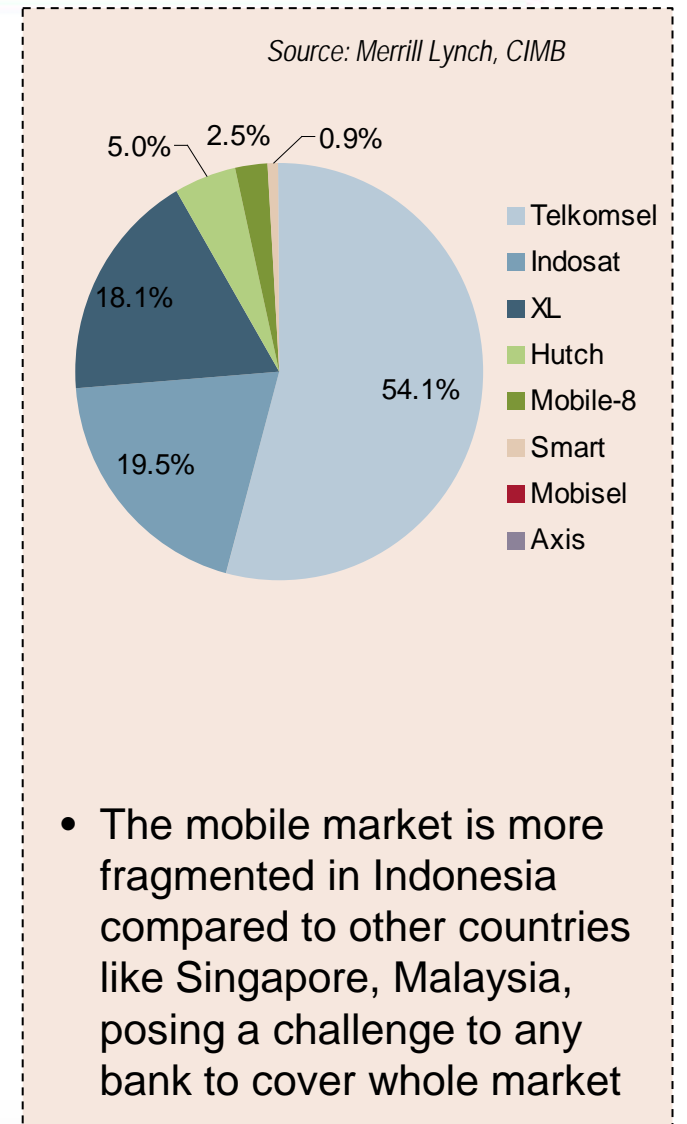
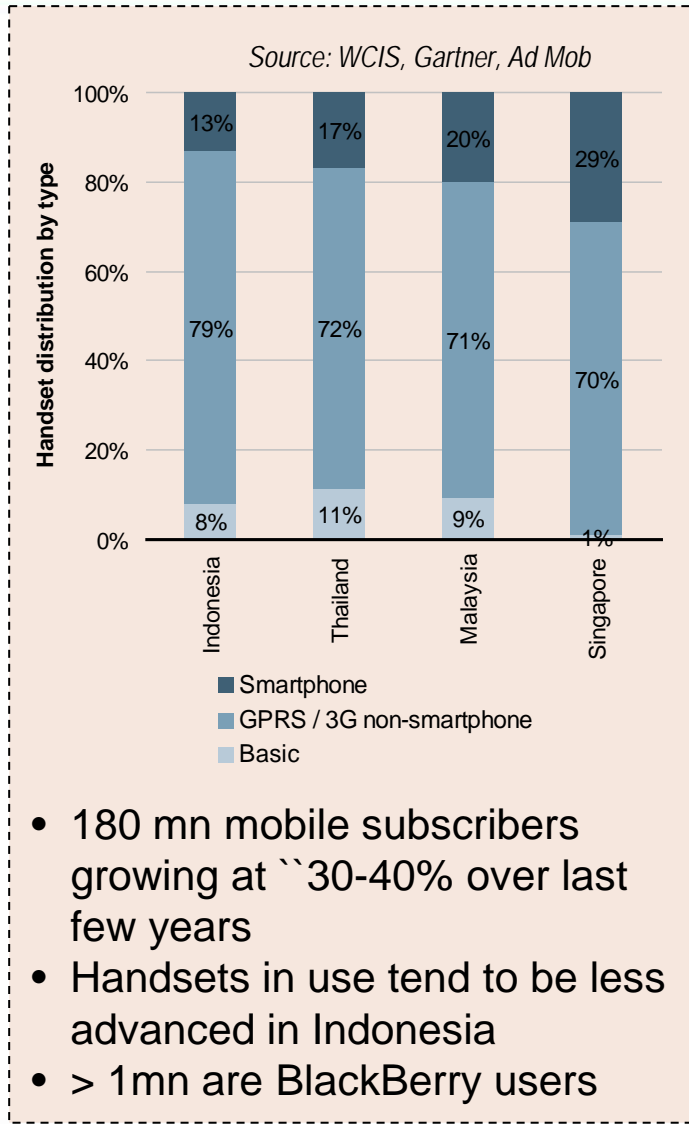
**A significant proportion of the population remains unbanked and cannot be served with traditional channels**

## Telecoms landscape

- The Indonesian mobile telecoms market is fairly fragmented and yet has a single dominant operator Telkomsel
- The market is largely prepaid with high churn, with a penetration of 58%
- Telkomsel also has the widest support of mobile devices (smartphones) and platforms (USSD)
- Engaging at least one of the key mobile operators will be key to securing access to a sizable mobile population

**The mobile telecoms environment is fairly mature, with Telkomsel holding clear lead in market share and device or platform support**

# Indonesia's Mobile Market Demographics



# Indonesia is taking lead in Mobile Banking in ASEAN

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- **Mobile Channels**

- ❖ BlackBerry
- ❖ iPhone
- ❖ J2ME
- ❖ SMS
- ❖ USSD

- **Banked Segment**

- ❖ Secure Registration for existing Banked Customer (Multi Channel Registration)
- ❖ Account Management (Balance, History etc)
- ❖ Fund transfer (intra/inter-bank)
- ❖ Bill payment
- ❖ Mobile Reload
- ❖ Actionable Alerts
- ❖ ATM/Branch Locator

- **Unbanked Segment**

- ❖ Stored Value Wallet for Unbanked
- ❖ Secure KYC flow for Unbanked
- ❖ Bill payment
- ❖ Mobile Reload
- ❖ Fund transfer (to any)
- ❖ Cash-in/Cash-out
- ❖ Merchant payment

# Conclusion

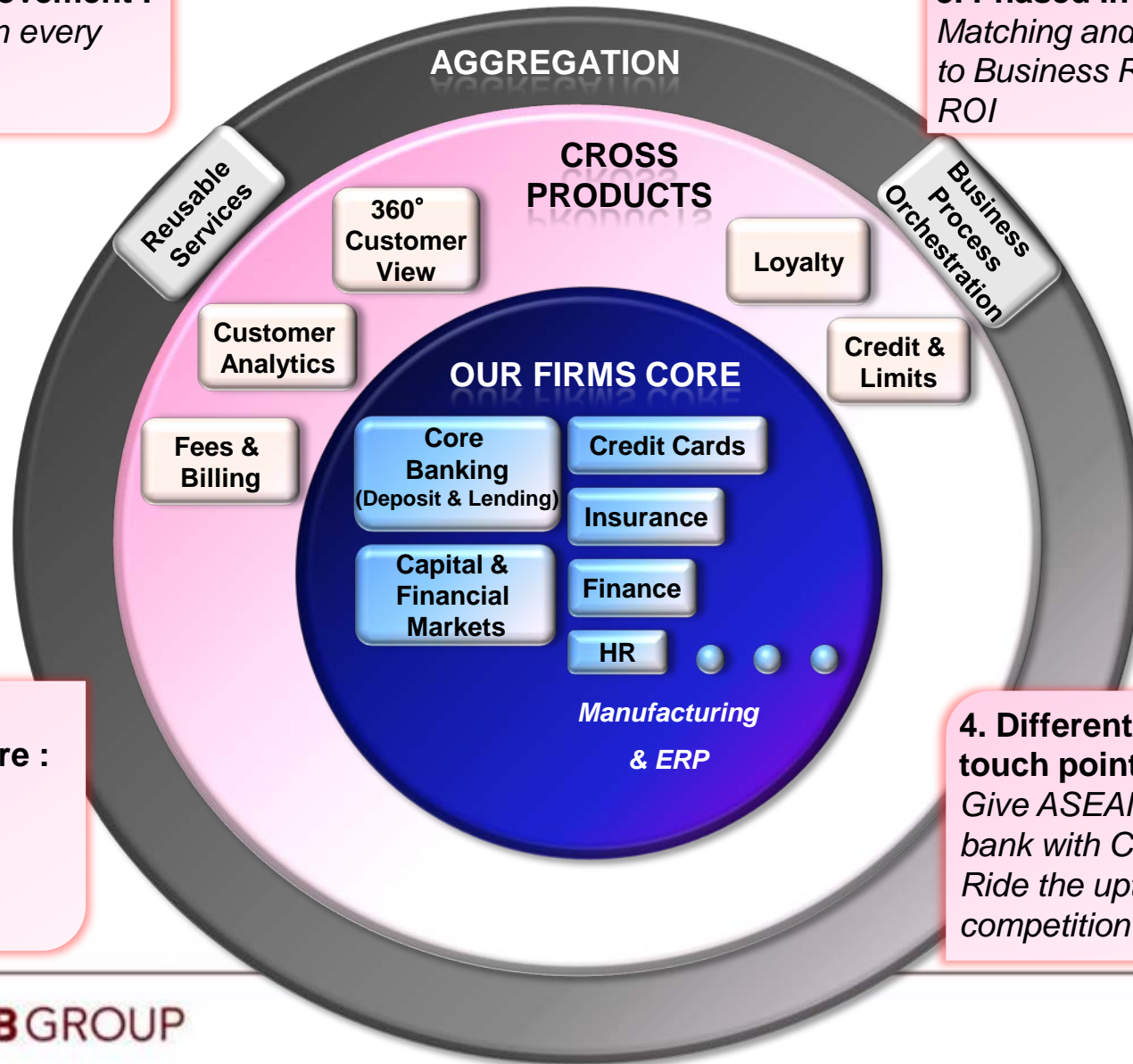
**1. Continuous Improvement :**  
*Maturing execution in every sphere of the Bank*

**3. Phased Investments :**  
*Matching and Tweaking Spend to Business Results to ensure ROI*

**2. Simplified & Cost Optimised at the Core :**  
*Withstand and react quickly to economic volatility*

**4. Differentiated and seamless at touch points :**  
*Give ASEAN stronger reasons to bank with CIMB*  
*Ride the upturns faster than competition*

**No 'one size fits all' solution** – the mobile banking offerings will have to be tailored to each market and customer segments





THANK YOU



CIMB