

Katrina Ying – Case Paper #2: DBS Bank

DBS Bank first rose to prominence in Singapore, later branching out across Southeast Asia, China, and South Asia. However, it faced many challenges due to fierce market competition and the increasing use of technology within the banking industry. As CEO Piyush Gupta mentioned, the company's growth strategy was to transform DBS Bank into the "Asian Bank of Choice". As a result, the bank underwent a digital transformation that included creating new technology platforms, addressing business challenges, and increasing connections with customers. This paper will discuss the key points of DBS's transformation, the solutions they deployed, and the change management decisions made during the process.

DBS bank faced two main challenges: expansion into local markets and adapting to the rise of technology. DBS's presence in the local market was weaker when compared to competitors from Singapore and Malaysia. As a result, DBS failed to acquire Indonesia's Bank Danamon in 2013 (Kien et al., 2015). Furthermore, digital banking was on the rise; increased phone use meant that DBS needed to adapt to mobile and online banking methods. If the bank did not address these issues, then they would fall behind in a highly competitive market. DBS bank then went on a transformative journey to "rewire [the] organization for mobility", which included: 1) internally restructuring the Technology and Operations (T&O) group; 2) creating new platforms to enhance the customer experience; and 3) investing in collaborative technology to better connect with customers (Kien et al., 2015).

A key business objective behind the transformation was technology. Firstly, the T&O department was reorganized and slimmed down so that teams could operate more efficiently with local markets. Employees were also encouraged to participate in "process improvements" – the "Tell Piyush" portal gave workers a place to air their concerns and provide feedback directly to the CEO. DBS also incorporated various new platforms, such as "Finacle", which added customer and liquidity management features to the usual banking capabilities; and the IDEAL 3.0 platform, which offered customizable banking solutions in multiple languages. DBS also used data analytics to track peak usage of their ATMS so that they could reload the cash in time; on the other hand, voice analytics were used to track key phrases at call centers, giving insight into potential customer issues.

Increased technology use meant that DBS could create mobile apps as well, gaining a younger customer base as time passed. They implemented solutions such as a "customer journey design laboratory", creating customer journey maps to follow the customer experience from beginning to end. Because top markets such as Hong Kong and Singapore had high mobile phone usage, DBS also created apps such as "DBS PayLah!" and "HomeConnect" to

cater to digital banking strategies. “DBS PayLah!” focused on P2P fund transfers while “HomeConnect” focused on property valuations, showing that DBS was branching out into the e-payment and mobile banking sectors as well.

Another part of DBS’s customer connection strategy was to connect with its younger customers. DBS created the uGoiGo website in Hong Kong to organize group-buys for interest rates, which was extremely successful; the campaign in Singapore hit 100% of its target goal in just five days after going viral on social media. DBS also created stickers for the Taiwanese social media app LINE, and DBS India created online films about Indian cuisine and culture to appeal to local markets. The bank also engaged with outside stakeholders by partnering with university programs, working with FinTech accelerator bootcamps, and hosting hackathons.

Change management played a large part in DBS’s transformation, from revamping the T&O department, to fostering active participation from employees, to brainstorming internal and external changes so that the business could grow. By using “lean principles”, “incubating” innovative ideas, and encouraging active feedback from employees, change management allowed the employees, customers, and stakeholders to all be involved in DBS bank’s growth strategy. At the same time, going from “technology idiots” to “digital warriors” was precarious because DBS bank was undergoing change at a rapid pace. This left DBS bank vulnerable to other market competitors like Paypal, WeChat, and Alipay, which all offer promising new methods for mobile payments.

Furthermore, there were security and logistical concerns. Opening so many new platforms and apps meant that there was a higher risk of data being hacked or stolen during ransomware attacks; threatening both the security of the bank and the private information of its customers. Expanding locally also meant that DBS bank needed to understand banking policies specific to each region, or else face more failed ventures like the attempted takeover of Bank Danamon. DBS CEO Piyush acknowledged these concerns, saying that DBS still needs to be vigilant about its current capabilities in order to stay afloat in a rapidly changing market.

Personally, I think that DBS was highly successful in its transformative journey. The bank incorporated change management plans to overhaul its current structure, incorporating technology in a creative and unique way. Furthermore, the bank used technology to supplement areas in which they were lacking, such as digital payments and customer connection. Lastly, DBS bank was proactive in its transformative journey, taking feedback from employees, stakeholders and customers to improve upon the business. Prioritizing continuous improvement pushed DBS bank to overcome its challenges and grow as an innovator in the banking industry.

References

Kien et al., 2015. "Rewiring the Enterprise for Digital Innovation: The Case of DBS Bank". HBP No. NTU071.