

Digital Treasury Transformation:

# THE JOURNEY IS FAR FROM OVER



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# Introduction

Digital transformation powered by mobile devices is well and truly underway in Asia, which is home to some of the fastest growing and most innovative companies in the world. But while digital disruption may be the 'new normal' for consumers, digital innovation and transformation has yet to really take hold in the corporate treasury space.

CFOs and treasurers across Asia-Pacific (APAC) feel pressured by their competitors, customers and supply chains to digitise their business processes. Yet, according to a survey of treasurers and CFOs across APAC commissioned by DBS, **seven in 10 companies in APAC lacked a digital execution strategy**. Only one in four (28%) large APAC companies (revenues in excess of \$USD1 billion) had a clearly defined digital strategy. Our research also highlighted huge regional disparities with digital treasury transformation being the most advanced in markets like Japan (44% of enterprises) and Singapore (two in five companies) and least advanced in markets such as Australia, Vietnam, and the Philippines.

Figure 1A

## Current state of digital strategy development

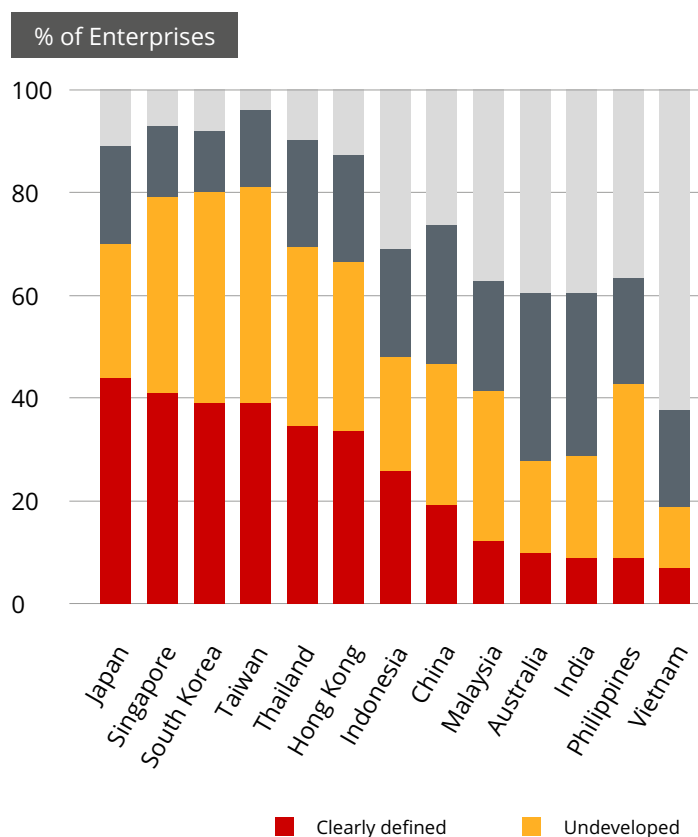
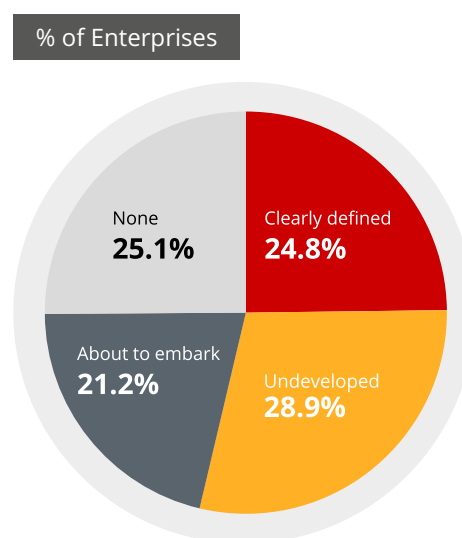


Figure 1B

## Regional view



<sup>1</sup> Deloitte, "Crunch Time V: Finance 2025" 2018

## New technologies can be confusing

Digital technologies bring a multitude of benefits to a company's treasury operations. Manual, time-consuming business processes can be automated. Treasurers can gain actionable and real-time insights into their cash and liquidity, as well as the flow of goods and services. The benefits extend beyond treasury to other parts of the business, including customer services, inventory management and procurement.

However, the technology landscape is more confusing than ever before for CFOs and corporate treasurers, and the digital skills and talent to leverage these technologies successfully isn't always available. Yet, those companies that fail to address inefficient and costly manual processes, leverage new digital technologies to speed up the flow of goods and services and make better informed cash and liquidity management decisions are likely to be at a competitive disadvantage, compared to those companies that steal an early lead in this space.

## Collaboration is essential

Now more than ever, companies need to work with fintechs and their banking partners to help them make the most of investments in technologies like blockchain, artificial intelligence, cloud computing and Application Programming Interfaces or APIs. In the past, transforming treasury operations typically involved multi-year implementations of treasury and ERP systems, which often failed to deliver promised cost savings and operational efficiencies.

Thanks to these new technologies, moving to a well-designed and integrated digital treasury operation does not have to be a multi-year project that requires significant upfront investment. API-led connectivity, which easily plugs into a company's existing workflow and business processes, creates new solutions that drive collaboration and mutual benefits for a company's broader ecosystem. Blockchain or distributed-ledger technologies also facilitate the seamless, transparent and real-time exchange of information between multiple parties, giving treasurers more actionable insights that support the more strategic role they now play within companies.

This paper will look at how corporate treasurers can leverage these new technologies to build digital ecosystems that improve efficiency, reduce manual processes, improve end-to-end traceability of goods and services, and enable them to leverage real-time data to help them better manage their cash and liquidity.

We'll draw on real-world examples of companies in the automotive, commodities and insurance sectors – companies which we have worked with using APIs and blockchain technologies to create digital ecosystems that have transformed how they do business and interact with their suppliers and customers. We'll also identify what steps you should take to get your digital strategy off the ground.



# Where are CFOs and Treasurers in their digital transformation journey?

In the work we do with corporate customers at our Innovation Centres, DBS has noticed varying degrees of digital readiness and we wanted to better understand what was behind this variability. Is it because of which function within an organisation is responsible for driving the digital agenda, the location a customer may be headquartered in, an enterprise's size, or some other factor?

To find out, we commissioned East & Partners market research and Corporate Treasurer magazine to interview more than 1,300 businesses in 13 APAC markets, made up of the Top 100 corporates (in excess of \$USD1 billion in revenues) and mid-market companies (\$100m-\$1bn in revenues). Companies were asked about their digital readiness, who led their digital strategy, the challenges they faced, as well as the obstacles and benefits of going digital.

## Key survey findings

1. Digital readiness amongst CFOs and treasurers depends on company size and how advanced markets are in adopting new digital technologies
2. Digital strategy tends to be led by the CTO in most companies, although in Singapore, Japan and Hong Kong, corporate treasurers are starting to set the pace
3. Larger companies with revenues in excess of \$1bn tend to have a more clearly defined digital strategy than their mid-market counterparts
4. Chinese companies see themselves as being at the vanguard of digital treasury operations
5. Reduced costs and improved efficiencies were ranked as the biggest benefits of going digital, followed by improved customer experience and lower market engagement barriers
6. Integration; attracting/retaining employees with digital skillsets; managing the unknown or hidden risks of adopting new technology, were among the biggest challenges to going digital
7. Companies in all markets plan to increase their investment in new technologies in the coming year, with Singapore, China, Japan and Thailand set to spend the most
8. Businesses in the region are relying on their banks to be their 'eyes and ears' across the fintech landscape
9. More and more companies are using APIs to connect with banks and other partners

## Digital strategies incomplete

For many companies in the APAC region, their digital transformation is just beginning. **According to the survey, only one in four (25%) top-tier companies by revenue had a clearly defined digital strategy.** Almost 29% had an 'underdeveloped' digital strategy, whilst another 46% had no strategy at all or were just starting to develop one.

Instead of investing time in leveraging new and innovative technologies, most of a treasurer's time is still taken up with routine cash forecasting, liquidity and risk-management functions. Cash visibility across currencies and supply chains remains a challenge. Traditional treasury reporting functions remain almost entirely manual with Excel spreadsheets still predominant.

*“ Treasurers can see the benefits of the digital horizon, but they're getting dragged back into this Excel basement. ”*

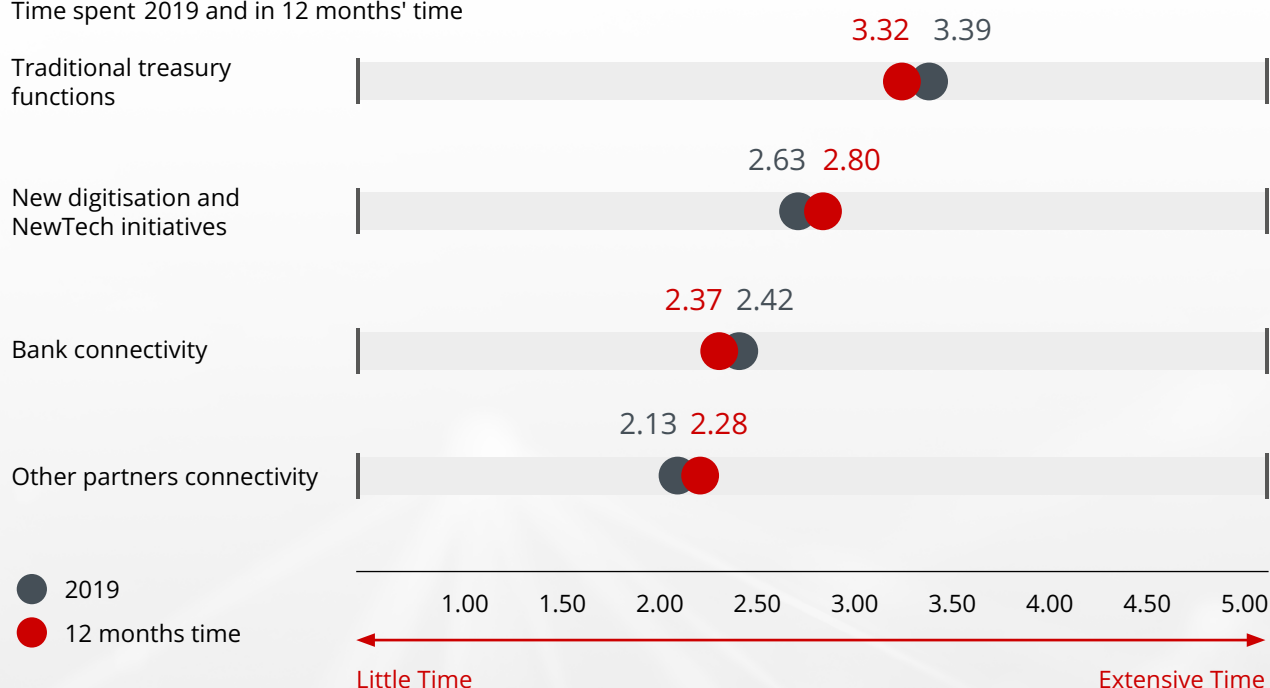
**Paul Dowling**

Principal analyst at East & Partners

Figure 2

### Traditional treasury remains time consuming

Time spent 2019 and in 12 months' time



## Size matters

**Top-tier companies (59%) were more likely to have a digital strategy in place than mid-market companies (48%). In the mid-market, companies continue to struggle with manual reporting.**

Companies in Singapore reported the most automated reporting, followed by China, Japan and South Korea. Even in markets where treasury reporting was more automated, some treasurers and CFOs indicated that spreadsheets, built up over years, still drove most of their treasury reporting, although they are now looking at ways of automating them.

*“ We are still an Excel shop in treasury, but are migrating slowly away to improve the speed of our reporting; difficult though as that's where our skill base is. ”*

### Treasurer

Large Malaysian food manufacturer

## Digital strategy: Who should lead it?

In most cases, a company's digital transformation is led by the CTO, who was cited by **approximately 44% of companies in our survey as being the business function most likely to push for digitisation.**

But in our experience, every part of an organisation, from front-end sales, to procurement, finance and back-end operations, are impacted by digital. CFOs and treasurers increasingly have a role to play in a company's digital journey, **with corporate treasury being cited by approximately 15% of companies as the key digital strategist and the CFO by 14%.**

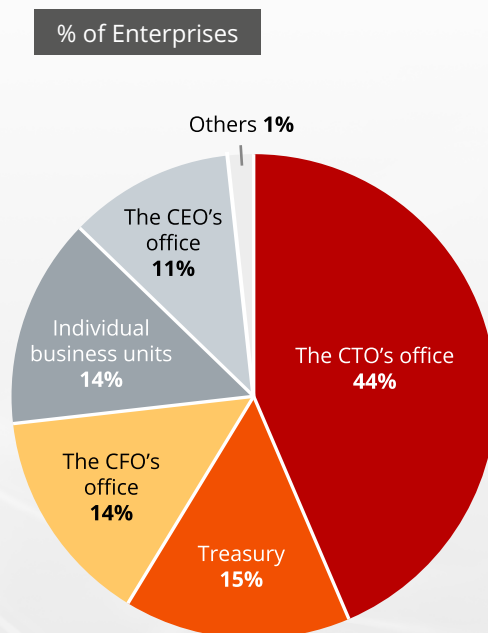
At DBS, we are seeing cross-functional teams across client organisations set up to drive digital. Business heads are looking to harness digital for commercial objectives and the treasurer is playing a key role in these cross-functional teams to bring digital transformation projects across the line.

*“ More and more CFOs and treasurers being called upon to drive change because they have broad oversight and in-depth understanding of key business drivers and organisational challenges. ”*

### John Laurens

Group Head of Global Transaction Services at DBS

Figure 3  
**CTOs, Treasurers and CFOs are leading the agenda**



## Location, location, location

Digital readiness amongst companies varied markedly from region to region, our survey found. **Companies in Japan (44%) and Singapore (41%), two of the most technologically advanced markets in Asia-Pacific, were more likely to have a digital strategy in place than companies from countries like Australia (only 10% of companies had a clearly defined digital strategy), Malaysia, India, the Philippines and Vietnam.** In Singapore, more than 80% of treasurers say their digital strategy is either clearly defined or under development.

## Challenges to going digital

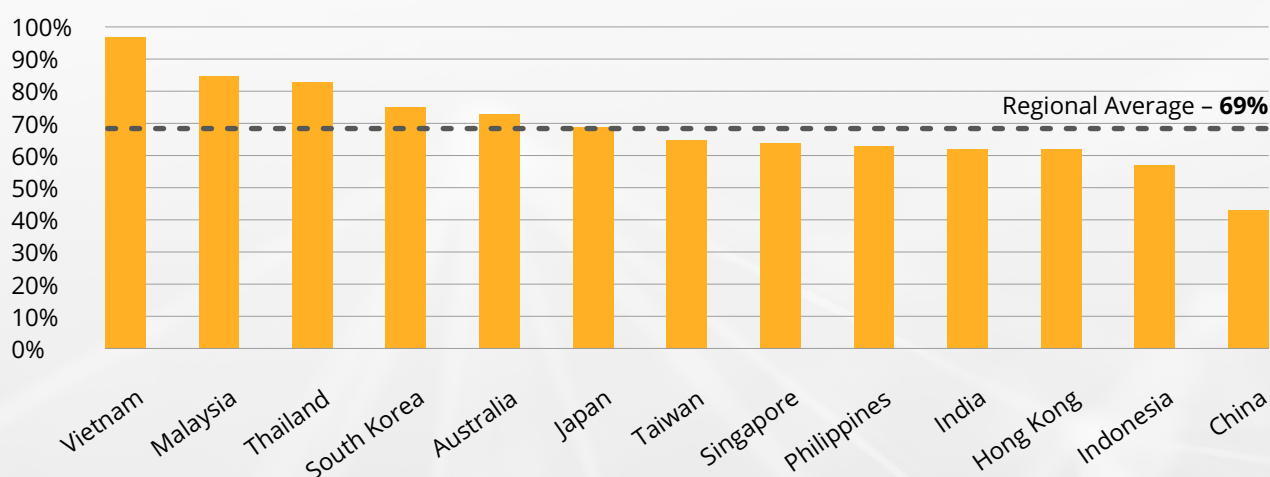
The biggest road blocks for companies looking to develop a digital strategy are keeping pace with the speed of change; **the growing complexity of technologies (nominated by 86% of companies); concerns around execution and delivering expected outcomes (78%); attracting digital talent and skills (68%); and concerns that digitisation could expose a company to greater cybersecurity risks (59%).**

In China, the main obstacle to going digital was managing unknown hidden disruptive effects, which may be attributed to many companies there experimenting with cutting-edge technologies such as the blockchain, artificial intelligence and mobile payments. **In countries like Vietnam, cost was identified as the number one (94%) impediment to companies advancing their digital strategy.**

Increasingly, treasurers are turning to their banks for help and support with their digital transformation. **Almost 70% of treasurers in our survey indicated that they rely on their banks to help them navigate the fintech landscape.** Companies in Vietnam, Malaysia, Thailand and Australia were more likely to enlist the help of their banking partners. They see banks as being ahead of the curve and better resourced when it comes to the adoption of digital technologies. Instead of exposing their business to the risks of experimenting with new technologies or working with fintechs, treasurers are happy for the banks to go off and test new protocols and technologies and let the corporates buy from the banks.

Figure 4

### Proportion of businesses relying on banks as eyes and ears



“ We just don't have the internal capability or skills for this. Our home bank does and we're using them to drive the implementation of our digital treasury – especially across our supply chains. ”

**Group Treasurer**

Top-tier light manufacturer in Thailand



## Asia-Pacific treasurers digital transformation journey: Unique or universal?

The challenges that CFOs and treasurers face in Asia-Pacific (APAC) when it comes to their digital transformation are not unique to the region. Treasurers in every corner of the globe are looking to automate costly and inefficient manual processes to help them better manage financial risks, gain better visibility over their cash and liquidity and identify opportunities in their supply chain for unlocking working capital.

No matter where companies are located, or their size, they all have to confront questions around the level of investment required; integration with existing systems; a lack of digital talent and skills; and the prospect of new risks being introduced by working with some of the latest digital technologies.

The rate of technological adoption is not consistent across the region. But APAC has a greater propensity for digital technology adoption. Mobile penetration rates in the region are amongst the highest in the world and it is expected to lead the rolling out of new technologies such as 5G. In China, more than 90% of smaller transactions are paid for using a mobile device and mobile payments are also growing rapidly in India where cash has been king for some time. The lack of legacy systems in developing Asian markets also means digital presents a great opportunity for this part of the world to leapfrog other markets when it comes to digital transformation.<sup>2</sup>

## Digital is here to stay

APAC is home to a raft of innovative digital-first platform companies such as Alibaba and Gojek. Banks in the region are also starting to leverage open APIs, blockchain and artificial intelligence to deliver greater cost savings and efficiencies to their corporate treasury customers and to open up opportunities to drive strategic advantage through an improved customer experience and sustainability objectives in the physical supply chain.

DBS' digital-first approach saw us develop innovative solutions like Treasury Prism, an online simulation tool that allows treasurers and CFOs to model optimal account and liquidity management structures across multiple markets and compare each solution through a quantified assessment of its cost and benefits.

"There is a genuine need to invest in digital technologies in this part of the world," says Ramesh Sankar, Head of Group Digital Channels for Transaction Banking at DBS. "A changing regulatory landscape that encourages innovation, a vibrant start-up culture in markets like India and China, and increased investment opportunities are

forcing companies to think differently and develop new business models."

Companies in APAC are more proactive when it comes to collaborating with start-ups. According to our survey, more than two-thirds of companies in India, Hong Kong, Singapore, Japan, China, Indonesia and South Korea have regular direct contact with fintechs.

'Internationalisation' is also a key driver for companies in the region to digitise their business. As the world's factory and a significant component of most Western companies' global supply chains, Asian companies are under enormous pressure to automate their business in order to be successful on the global stage.

**More than two-fifths of businesses in India (44%) and Japan (42%) say internationalisation is a key pressure point for digitising their business, while 31% of Indonesian companies identify supply chain complexity as being a key driver for digitisation.**

*"We're seeing competition coming from different parts of the globe; same as customers. Dealing with these new shifts is a major driver of trying to digitise our supply and delivery chains."*

**Group Treasurer**

Top-tier logistics company in Singapore

<sup>2</sup> McKinsey, "Digital innovation in Asia: What the world can learn"  
<https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-innovation-in-asia-what-the-world-can-learn>

## Investment in new technologies set to rise

Treasurers in APAC may only be starting their digital transformation journey, but things look set to change considerably over 2020. **Investment in newer fintech solutions by treasurers is set to increase to more than 16% of treasurers' total ERP spend.**

Top-tier companies with revenues in excess of \$1 billion invest more in innovation, with fintech solutions making up approximately 17% of their overall ERP spend. **In Singapore (21%), Japan (20.5%), China (18%) and Thailand (16%), the level of investment in 'new tech' was significantly higher than regional averages.** Technology investments viewed as most valuable by top-tier and mid-market corporates included automating reporting and end-to-end accounting, smart contracts, and API integration with banks/corporates ERP and treasury management systems.

*“ Smart contracts are a great way for us to achieve improved efficiencies and low error rates in our trade business. ”*

### Corporate Treasurer

Taiwanese manufacturing firm

*“ We'll see 100% of our ERP ecosystem get digital within the next three to four years; the trick for us is to stay in touch with all the new solutions coming to market and use them to enable our digital implementations. ”*

### CFO

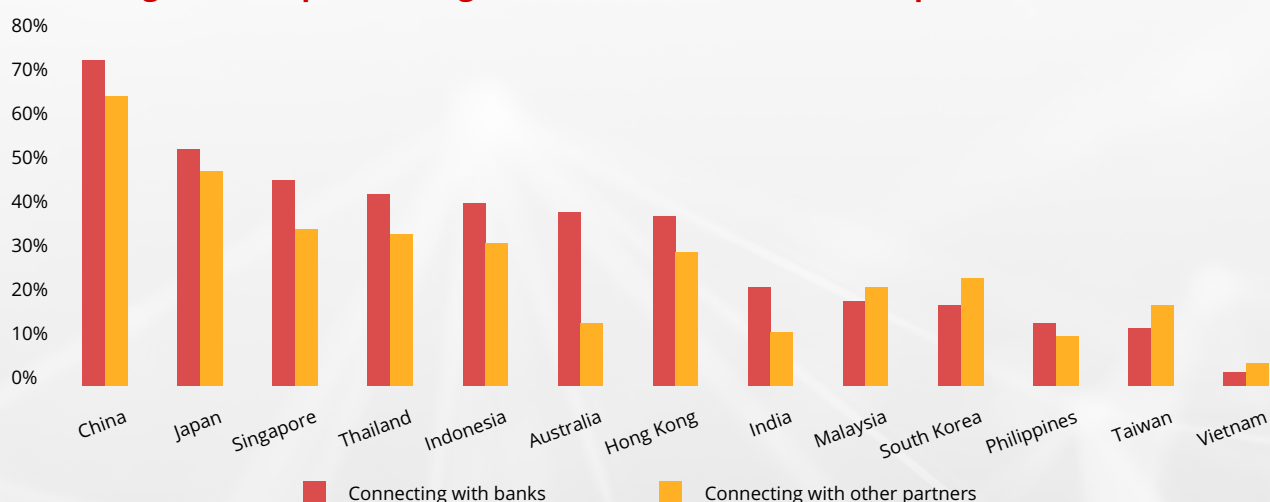
Top-tier Japanese manufacturing exporter

## Connectivity

The favoured method of interaction and connectivity for treasurers in Asia Pacific is mobile and APIs. **APIs are now used by more than 30% of companies we surveyed, which is set to increase to 40% in the coming year. Companies in China were the biggest users of APIs with more than 70% saying they focused on APIs for their bank connectivity.**

Figure 5

### Percentage of enterprises using APIs to connect to banks and partners



*“ It's all about APIs for us; they are quick to deploy and tend not to require major rework around our ERP platforms. We have found this approach especially useful as well across our supply chain partners. ”*

Large Hong Kong based exporter

# APIs: A powerful enabler for digital treasury transformation

APIs have been around for 20 years or more, but as a key enabler for digital treasury transformation, they can help companies and banks more easily solve a number of integration challenges. They are a way of leapfrogging legacy platforms and technologies, and are easier and quicker to deploy than point-to-point integration or file uploads.

*“ CFOs and treasurers are demanding new ways to connect with banks such as through APIs where the connection is both direct and instantaneous. ”*

**Raof Latiff**

Group Head of Digital, Institutional Banking at DBS

DBS has developed more than 160 APIs to directly integrate our banking services into customers' trade, payments, collections, FX and reconciliation processes.

## APIs: Bringing new solutions to legacy problems

**Gojek**, a leading Southeast Asian **ride-hailing** platform, wanted to recruit more drivers and get them comfortable with accepting cashless real-time pay-outs. Using RAPID, DBS's Real-Time API suite, passengers can pay Gojek's drivers electronically via a mobile app. Drivers can pay the money directly into their bank account or withdraw it via an ATM. Human errors are eliminated and payout is initiated at the driver's convenience.

We've also opened up our APIs to trusted third parties and fintechs so that our customers can benefit from the agility, creativity and innovation these companies afford. A good example of this is the work we've done with **accounting software** provider, **Xero**, which uses an API-driven capability so companies can seamlessly connect their DBS bank accounts to its accounting platform. This greatly reduces the time spent on manual integration or importing and reconciling bank statements.

In the world of **insurance**, DBS has used APIs to speed up the processing of insurance **claims and payouts** to claimants. In trade, API integration has facilitated instant fund transfers and the re-use of trade data to facilitate trade financing and settlement. Ultimately, insurance and trading companies are able to deliver a better customer experience and realise strategic business advantages in terms of enhanced working capital and liquidity management.

In the B2B space, API-based payment settlement and credit notification is one of the best use cases of APIs for large value settlement/transactions. For **Lykos**, the world's first **online sales platform for base metals**, DBS implemented an API-driven collections and payments system, which allowed them to expand their range of payment offerings and business use cases and issue refunds whenever they want, outside of normal business hours.

*“ Our partnership with DBS has clearly illustrated the potential to use digital solutions to radically transform B2B trade... ”*

**Vikrant Jindal**

Head of Business Development and New Initiatives, Lykos

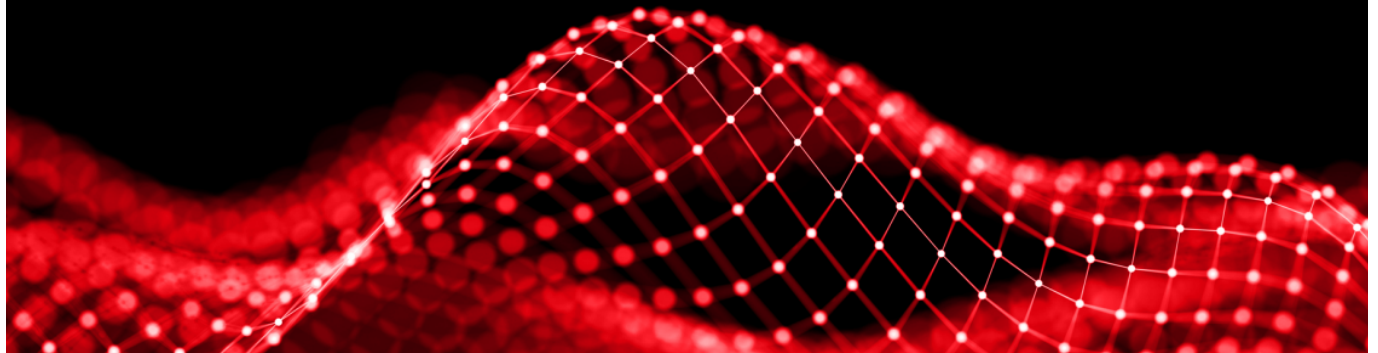
The value that APIs bring to the end customer is enormous, and as we move towards the Internet of Things and 5G, APIs will enable devices to more easily connect to various systems (payment networks, inventory management systems), thereby delivering even greater levels of business transformation.

## WHAT IS AN API?

The term 'API' is now widely used by fintechs and banks. But what does it actually mean and how can it benefit corporate treasurers? The best way to think of an API is as the software equivalent of a 'user interface'.

APIs allow companies to easily expose a service they've developed to other users and often removes an unnecessary layer of manual and costly human interaction. In the past, companies exchanged data or information with one another via printouts, which required teams of people to extract data from one system, reformat it and feed it into another system.

An API simply automates the exchange of data between two systems. APIs are also more secure than using manual processes to exchange data as access can be restricted to specific areas – for example, viewing account information may be allowed, but making payments can be restricted. A well-designed API should reduce software development time frames and speed up implementation, which is important in an environment where new and innovative applications need to be brought to market quickly and customers need to easily integrate and connect with them.

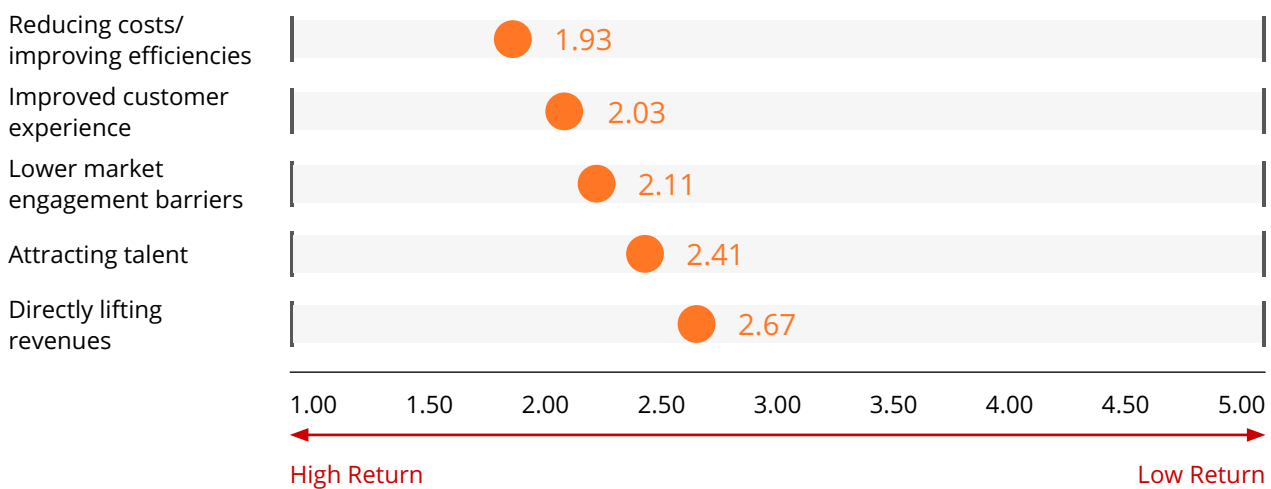


# The benefits of going digital

**Lower costs (1.95 on a scale of 1 to 5, with 1 being the highest return and 5 being no return) is the biggest benefit to treasurers in Asia-Pacific of going digital**, according to our survey, alongside an improved customer experience. Other benefits included the ability to retain and **attract talent** (2.41) and **lower** market-engagement barriers (2.11).

Figure 6

## Drivers of ROI from digital initiatives



But in our work with companies across various industry sectors, leveraging the latest digital technologies (APIs, blockchain, the cloud), we've identified a number of additional benefits, which we've summarised below, that treasurers should consider as they embark on their digital transformation journey:



### Cost and time

- Reduced processing times
- Reduced cash handling costs
- Minimising paper-based processes
- Less internal resources or budget required to implement solutions
- Reduction in failed payments and human error



### Traceability and accuracy

- Real-time information flows enhance cash, liquidity and inventory management
- Near instant payments and quicker disbursements of funds
- Enhanced reconciliation
- Enhanced traceability of products and information throughout the physical supply chain



### Efficiency and better customer experience

- Better integration between the physical and financial supply chains
- Ease of integration with other systems
- A truly "anytime-anywhere" customer experience
- The ability to more easily leverage external data sets to enhance cash and liquidity management and make better informed decisions
- Better access to more affordable working capital



## HOW DBS CUSTOMERS ARE **LEVERAGING DIGITAL TECHNOLOGIES TO TRANSFORM THEIR BUSINESS**

To explore the benefits of going digital in more detail, below we've outlined some examples of companies we've worked with in the commodities, insurance and automotive sectors. Using the latest digital technologies, all the companies we've worked with have eked out greater cost savings and efficiencies, with benefits that extend well beyond the finance function — such is the power of digital.

For these companies, going digital has strengthened their supply chains, helped drive greater price and market transparency, and access to more affordable working capital. We've also helped players in the commodities industry meet their environmental and sustainability objectives.

## Case Study A:

### Bringing greater transparency to the commodities industry

#### (i) Halcyon Agri Corporation Limited

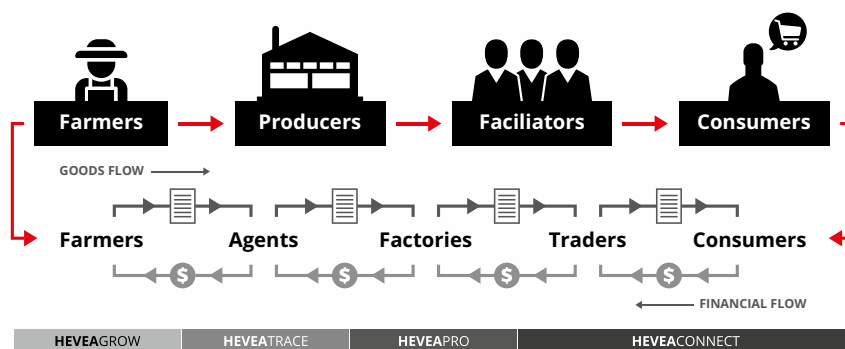
The rubber industry is heavily reliant on paper-based processes and the transaction value chain, from the purchasing of raw materials through to the manufacturing of the final product (rubber tyres), lacked pricing transparency and traceability.

Together with DBS Bank, leading natural rubber producer Halcyon Agri Corporation developed a digital marketplace, HeveaConnect, which enables all participants in the natural rubber supply chain to more easily track pricing and supply information. Robert Meyer, Executive Director and Chief Executive Officer of Halcyon says HeveaConnect will not only promote greater price transparency in the natural rubber market, but also provide an all-inclusive platform for farmers, producers, tyre manufacturers, as well as facilitators such as financial institutions, logistics and warehousing suppliers.

With HeveaConnect providing greater transparency and oversight of transaction flows between buyers and suppliers, financial institutions like DBS can more easily extend working capital and trade and commodity financing to all parties in the value chain, including smallholder rubber producers, who previously found it difficult to access affordable banking credit facilities.

Using APIs, DBS is able to provide trade financing to both upstream and downstream rubber players via HeveaConnect. Building on its ambition to be the leading provider of sustainable natural rubber, Halcyon also uses HeveaConnect as a way of more easily tracking sustainable business practices in rubber plantations and smallholders' rubber plots (HeveaGrow) and promoting traceability requirements in the sourcing of natural rubber (HeveaTrace).

#### A transparent and traceable transaction value chain for the rubber industry



“ We are digitalising the natural rubber supply chain with industry support. Mapping risks from the small farmers through the agency network to the processors, logistics and all the way to end consumer globally is just the beginning, HeveaConnect is actively providing solutions to address these risks through data and partnerships. ”

**Gerald Tan**  
CEO, HeveaConnect

#### KEY BENEFITS

- One-stop bespoke platform for natural rubber stakeholders
- Instils consumer confidence with high quality standards and sustainably produced and certified products
- Price discovery is seamless and transparent – reduces administrative costs and errors
- Payments efficiency

## (ii) Agrocorp International Pte Ltd

Similarly, in the agricultural commodities sector, Agrocorp, a leading agri-commodity trading and processing company specialising in physical commodities such as pulses, wheat, rice, sugar and cotton, faced three key challenges:

- 1 A large number of paper documents exchanged between multiple counterparties (processing plants, shipping, ports, banks) created unnecessary costs and inefficiencies
- 2 The trade lifecycle created working capital constraints
- 3 A lack of secure, transparent exchange between all parties to a transaction

DBS, Agrocorp and blockchain technology provider Distributed Ledger Technologies collaborated to develop a blockchain-based electronic platform to digitise the entire process for commodities transactions.

Farmers now receive payments for their goods more quickly, and all parties in the supply chain can more easily trace where commodities are sourced from. Paper contracts are replaced with blockchain-based digital agreements secured by digital signatures. Each counterparty can easily upload and view trade documents. Any update or change needs to be validated by all counterparties, which ensures the validity of the transaction.

DBS' RAPID API suite facilitates real-time connectivity between Agrocorp and DBS' systems, which means farmers get paid more quickly once the goods have been shipped. Digitisation of invoices and transport documents means accounts payable financing can be more easily extended to exporters.

*“The blockchain platform that has been developed in conjunction with DBS and DLT has the potential to be a gamechanger in our space. Using it, we are able to have paperless and more seamless transactions and provide our customers and bankers with an unparalleled level of traceability in the supply chain. Agrocorp's business model is based on connecting farmers around the world with consumers in Asia and the Middle East, and we are now able to enhance that connection like never before.”*

**Vishal Vijay**

Director of Agrocorp Processing

### KEY BENEFITS



- Buyers can more easily trace information to achieve sustainability objectives
- Full transparency for participants in a transaction due to availability of details of each trade and the source of commodities
- Farmers receive payments for their goods faster
- Faster and more efficient generation and transfer of documents increases payments efficiency
- Quicker processing allows goods to be shipped earlier, reducing charges at storage centres and interest costs to participants

## Case Study B:

### Eliminating paper and empowering smaller suppliers in the automotive logistics sector

#### China Capital Logistics Co. Ltd (BAIC CCL)

The automotive logistics industry lacked transparency in terms of order and delivery status. Transactions were heavily paper-based, which resulted in higher costs and inefficiencies. Carriers also had to wait long periods to collect payment and had insufficient access to credit.

DBS partnered with China Capital Logistics (BAIC CCL), a professional logistics company jointly established by BAIC Group and Shougang Group, and Shanghai's Wanxiang Blockchain, to develop a blockchain-based auto supply chain service platform called Yun Lian Meng.

Logistics, settlement and supply chain finance are now integrated on a single platform, which provides BAIC CCL's supply chain network with greater efficiency, cost savings and transparency. All participants in the supply chain, including car manufacturers and exporters, as

well as logistics carriers and car dealerships, can access information about their order and delivery status in real-time, which results in faster turnaround times for orders.

All information posted on the blockchain platform is provided to each participant in the transaction, building trust and transparency across the entire supply chain. Yun Lian Meng also serves as a secure information repository, ensuring that confidential data is protected and accessible only by authorised parties.

The blockchain platform facilitates faster and easier online accounting reconciliation. Using APIs, DBS can easily integrate trade financing opportunities to empower small and medium-sized businesses and give them access to more affordable and convenient working capital.

*“ In co-operation with DBS and Wanxiang Blockchain, we have delivered a customised solution that overcomes the industry's key pain points of inefficiency and high costs. The supply chain solution based on blockchain technology, jointly offered by the three parties, opens a new chapter in the automotive logistics supply chain. ”*

**Min Jie**

Chairman, BAIC CCL

#### KEY BENEFITS



#### FOR LOGISTIC COMPANIES

- Replace paper documents, which could be easily mislaid or damaged
- Improve operational efficiency
- Improve bargaining power with carriers

#### FOR CARRIERS

- Access to lower-cost financing

## Case Study C: Helping insurers keep pace in the digital age

With most consumers now taking out insurance online and looking for speedier resolution of insurance claims, leading insurers across Asia-Pacific wanted to provide a better customer experience and speed up the policy issuance and claims process.

Leveraging advances in local market infrastructure, such as the launch of 24/7 Faster Payment systems, QR codes, as well as our RAPID API suite, DBS has reduced the time it takes to settle travel insurance claims by approximately four days.

For insurance premium payments, policyholders simply launch a scan and pay function on their mobile banking app and validate the information contained in a QR code before the payment is released in real-time.

Similarly, policyholders can electronically upload documents to support their claim. Once the documents are validated, the insurance company sends a real-time payment instruction via DBS's API gateway.

### Real-time payments and claims in the insurance industry

**1** Policyholder accesses the insurer's online website and:

- Makes a loan payment request
- Files an insurance claim

For payment, they may opt to provide FPS proxy (Mobile or mail or FPS ID)

**2 For Insurance Claim**

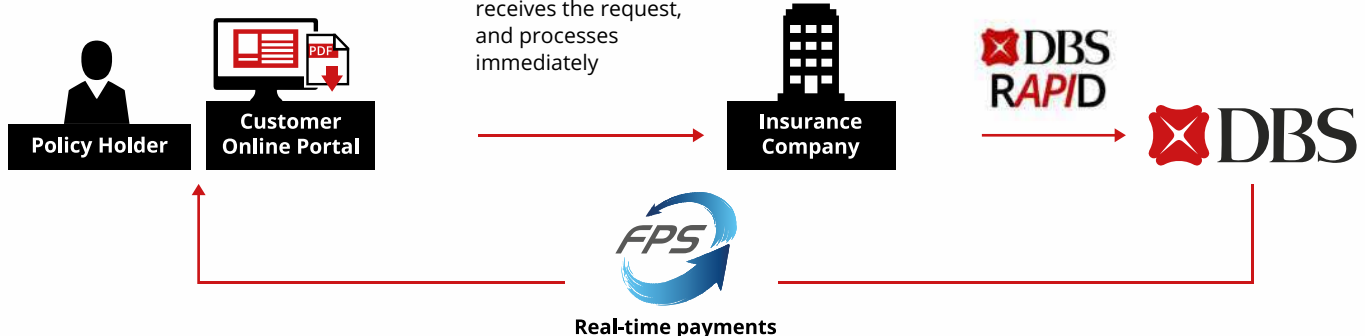
Policyholder uploads supporting documents for the insurance claim during online submission. Insurance company investigates and approves claim

**For Loan Payment**

Insurance company receives the request, and processes immediately

**3** Once validated, insurance company sends a real-time payment instruction via DBS RAPID (API Gateway)

\*Insurance company may also perform a proxy validation to ensure the beneficiary name matches in their records



“ Working with DBS marks another step in our digital transformation journey to leverage smart technologies for a swifter and more seamless claims experience. ”

**Cady Ho**

ALG Singapore's Vice President,  
Chief Claims and Customer Officer

### KEY BENEFITS



#### FOR INSURERS

- Improve operational efficiency with reduced claims processing time
- Eliminate paper-based manual processes
- Deliver better and seamless customer experiences with real-time claims payment



# Taking the next steps towards your company's digital transformation

Navigating the digital technology landscape can be confusing for CFOs and treasurers. With so many new technologies on the horizon — everything from APIs, blockchain and smart contracts, to AI, machine learning and the Internet of Things — going digital has never seemed more challenging. But companies do not need to embark on this journey on their own.

From our work with companies, as well as the steps we've undertaken ourselves to leverage technology to make us more agile and better able to respond to our customers' needs, we've identified five key steps that companies need to consider as they embark on their digital transformation journey.

## STEP 1 Think About The End Customer

Often times the need for change is triggered by a need to reimagine the end customer journey

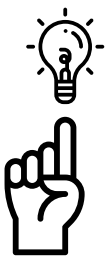
From the different journeys we have embarked on with our clients, we found that using the 4D framework below is key. The ultimate goal is to understand the end objective and what needs to be done to achieve it.

At DBS, we believe in becoming a seamless part of your journey by co-creating and customising digital solutions with your business in mind.

**Our co-creation journey with you:**

### The 4D Framework

Our engagement approach is changing conventional bank-client partnerships. It allows us to better shape and customise product designs and co-create client-centric solutions



#### Discover

Insights and inspirations



#### Define

Opportunities and concepts



#### Develop

Experimenting, learning, aligning and planning the implementation



#### Deliver

Implementing the concept

## STEP 2 Start small and scale

Start with the low-hanging fruit first as it may provide an experimental platform from which to launch new digital services

There are many examples of clients who have started small — identifying and closing incremental gaps before progressing to their more complex supply chains and ecosystems.

## STEP 3 Use a Minimum Viable Product (MVP) approach

The key is to build a solution that not only focuses on functionality, but also thinks about the overall customer experience. A MVP approach allows you to test the waters more easily without investing considerable amounts of money in a solution that may not win over your customers. If done correctly, it can mean an earlier return on investment, faster times to market, and ultimately, a solution that is not only good for your company, but also delivers significant benefits and improvements for the end customer as well.

## STEP 4 Use the opportunity to upgrade and build tech infrastructure to adopt a more digital-ready strategy, such as embracing the Cloud

Going digital nowadays does not need to involve multi-year processes and investments for companies to realise a successful outcome. However, the relevant and appropriate investment in tech infrastructure still needs to be seriously considered. Cloud, for example, has changed the digital landscape in more ways than one.

## STEP 5 Identify and groom change agents

Cultural issues are often a strong barrier to change. Having change agents can help foster an environment for innovation

As can be seen from the findings of our digital treasury survey, digital transformation involves a significant extent of changing perceptions. A company may want to move towards digitalisation and put the right processes in place, but if the mindset of the employees and management are still 'old-school', then these barriers will prevent success. Change management is very much part and parcel of the digital transformation journey and change agents play a vital role.

*“ At the end of the day, any transformation needs to start with the client and end with the client. Try on their shoes for a change and experience what they experience, feel what they feel. Only then will you have the motivation to change and the insight to deliver lasting transformation. ”*

**Iain Taylor**

Chief Operating Officer, Global Transaction Services, DBS

# Conclusion

A company's digital transformation journey is dependent on a multitude of factors: their size; where they are located; the pace of technology adoption in the wider marketplace in which they operate. The Asia-Pacific region may project a tech-savvy image to the rest of the world — mobile penetration rates there are among the highest in the world — but many companies in Asia-Pacific are still in the early stages of their digital transformation journey. Digital may be here to stay, but taking that next step can be challenging.

Now more than ever, companies are faced with a confusing array of technology choices — cloud computing, APIs, blockchain, smart contracts. CFOs and treasurers enjoy a complex relationship with technology. While they want to leverage digital to bring greater cost savings, efficiencies and transparency to cash/liquidity management and reporting, a lot of their workflow is still reliant on manual, paper-based processes and Excel spreadsheets. How can they leverage the latest technologies to transform their business? And who is best placed to lead their company's digital transformation?

In the past, most technology implementations were driven by the CTO, but with CFOs and corporate treasurers now playing a more strategic role within organisations and assuming responsibility for multiple aspects of the business (finance, procurement, sales), they are being called upon to help drive change as part of a cross-functional team. They do not need to embark on this journey on their own. At our innovation centres, DBS has worked with hundreds of companies at different stages of their digital transformation journey.

We've leveraged our own experience of going digital to help companies deliver solutions that not only benefit their company, but bring significant cost savings and efficiencies to their end customers as well. Using APIs we have simplified how we integrate our services with companies' existing workflow so we can more quickly and easily launch new digital solutions that have a transformative impact on entire industries and all participants in the physical supply chain.

Using APIs, blockchain and instant 24/7 payment systems, we have helped insurers remain relevant in the digital age by providing a more seamless online customer experience and paying out insurance claims more quickly. In the automotive logistics and natural rubber supply chains, DBS used blockchain technologies and APIs to integrate all parties, bringing greater transparency to the status of orders and suppliers' sustainability credentials, and making it easier for us as a bank to extend working capital to companies that could not access affordable credit before.

Unlike traditional ERP and treasury management system implementations, these are not multi-year projects with a questionable return on investment. APIs deliver instantaneous digital transformation. Going digital has never been easier, but companies need to start small and scale with each successful implementation. The biggest challenge perhaps is not the technology itself, but making sure you're changing mindsets along the way and bringing every part of the organisation with you on a journey that has multiple rewards.

*“ All DBS' numbers are underpinned by tech. Digital customers, by DBS's definition, account for 48% of the consumer and small business base today.....The bank has published over 350 application programming interfaces (APIs), enabling 90 external partners to integrate the bank's technologies; it has trained over 10,000 staff on a data-driven curriculum; and has increased its 'release cadence' of new applications 10 times over. ”*

**Euromoney magazine on its selection of DBS as the the World's Best Bank 2019**



Live more,  
Bank less