

## BUSINESS REVIEW

## Retail Banking

**Our Competitive Advantage**

**Retail Banking's ability to provide integrated value propositions that go beyond banking for our key segments, including the affluent, mass affluent, SMEs and consumers, delivered through the right physical and digital channels, has enabled us to drive growth of new customers as well as deepening relationships with existing ones.**

**Our eco-system of strategic partners has been well received by clients as they create value that positively impacts not just their financial well-being, but also their lifestyle, business growth and sustainability efforts.**

**Our focus on building customer journeys that enhance the overall experience through the digitalisation of our processes using robotic process automation and AI has been well received, leading to markedly improved Net Promoter Scores (NPSs) from customers.**

**Finally, the most critical component of Retail Banking is its people and numerous efforts to engage with over 4,000 retail bankers have resulted in significant improvements in our Employee Engagement Scores that further contribute to our ability to provide a superior customer experience.**



AARON LOO BOON SENG

Managing Director, Retail Banking  
AmBank Group

## PERFORMANCE OVERVIEW

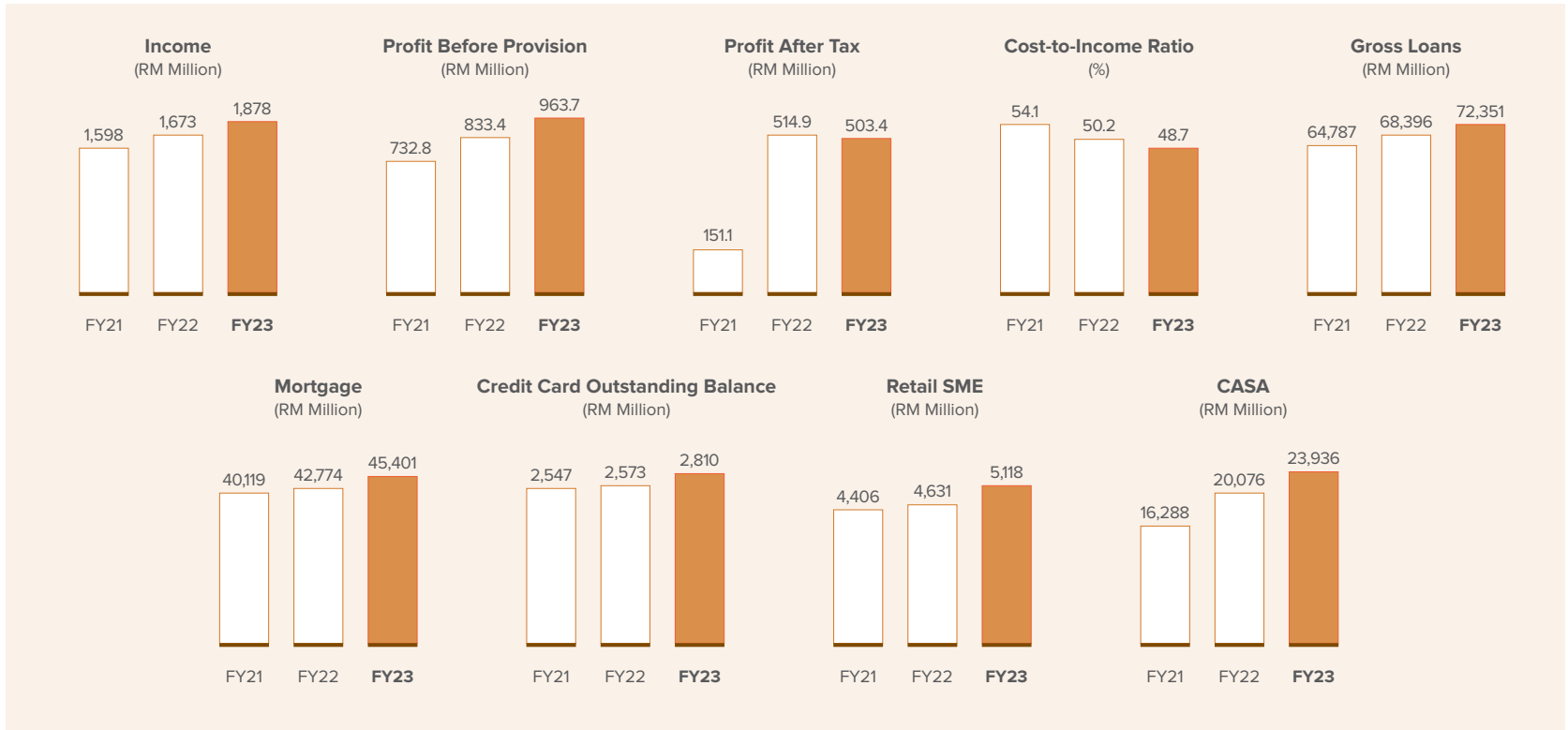
The Retail Banking franchise continued its accelerated growth journey in FY2023 as we focused on creating value by working with partners to develop ecosystems and optimise our delivery channels, primarily through digitalising our processes.

We registered solid income growth of 12.3%, mainly through higher NIM and strong loans growth. This was offset by lower NOII, which declined by 5.1% due to lower fee income from Wealth Management. Expenses were 8.9% higher in FY2023, translating to positive JAWs of 3.4% and further driving down our cost-to-income (CTI) ratio. Net impairments increased to RM302.2 million compared to RM157.7 million as a result of higher forward-looking provisions and higher delinquency rates. The increase was primarily due to the end of repayment assistance programmes. However, our delinquency ratios remain well below the pre-pandemic period.

As a result, PAT experienced a marginal decrease of 2.2%, settling at RM503.4 million. However, profit before provision continued on its upward trend, recording growth of 15.6% to RM963.7 million. CTI ratio also improved to 48.7% from 50.2% the year before.

Gross loans grew by 5.8% YoY to RM72.4 billion, mainly driven by Mortgages, Auto Finance and Retail SME. Customer deposits grew 15.1% YoY to RM61.9 billion while CASA saw growth of 19.2% to RM23.9 billion, resulting in an improvement in our CASA ratio to 38.5% from 37.3% the year before.

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### KEY INITIATIVES & OUTCOMES

#### Key Initiatives

##### People Engagement

- Rolled out digital engagement tools to help all levels of our team understand the benefits of digitalisation.

➤➤ Improvement in our Employee Engagement Score from 70% in FY2019 to 88% in FY2023.

##### Process Automation

- Deployed robotic process automation (RPA) since FY2022 to automate our due diligence as well as credit underwriting to reduce turnaround time and improve the overall customer experience.

- The 27 RPAs have processed more than 7,000 applications.
- More than 120 employees have been reskilled and reassigned to other critical tasks over the past three years.
- The savings realised have led to more efficient Retail Banking, reducing our CTI ratio from 58.0% in FY2019 to 48.7% in FY2023.

##### Data Analytics

- Deployed Relationship-Based Pricing in 2022 to enable us to price our products based on the depth of our clients' relationships with us.

➤➤ Projected revenue uplift of RM20 million over five years.

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#### Key Initiatives

##### Payment Solutions

- We were an industry leader in the deployment of innovative payment solutions, including:
  - All-in-one Android-powered merchant payment terminals (K9 solutions).
  - The mTAP app, which transforms smartphones into payment acceptance terminals.
  - Being among the first three banks to launch Apple Pay in Malaysia.
  - Deployed the fastest QR payments experiences via AmOnline.

##### Partnerships

- Partnered with Bonuslink, Tabung Haji and Amanah Saham Nasional Berhad to integrate their digital capabilities into AmOnline.
- Engaged with the fashion industry through Fashion Connect workshops in collaboration with the Federation of Malaysian Fashion, Textiles and Apparels.
- Partnered with one of Malaysia's largest township developers to convert Bandar Utama City Centre, a large and affluent township, into a cashless community, by integrating our payment solutions across all of their relevant touchpoints.
- Partnered with Persatuan Usahawan Maju Malaysia to assist MSMEs.

#### Outcomes

- Mobile Banking customer satisfaction increased from 79% to 83%.
  - Retail Banking's NPS improved by 26 points between FY2020 and FY2023.
  - 55,000 All-in-One Android terminals have been deployed nationwide since their launch in 2021. CASA balances linked to the K9 terminal recorded a 37% increase in 2022.
  - mTAP has been downloaded by over 2,000 small merchants since its launch in 2021 and has contributed to a 68% increase in mTAP merchant CASA balances.
  - We recorded a strong 40% month-on-month growth in AmBank Credit Card spend via Apple Pay.
  - Total QR payments volume increased significantly by 6.8 times from 2021 to 2022.
- Enabled AmOnline to seamlessly view balances and shift funds between AmBank, Tabung Haji and Amanah Saham Nasional Berhad. AmBank customers can also apply for the Hajj as well as view their Bonuslink loyalty points and convert them into cash via AmOnline.
  - Converting the Bandar Utama township into a cashless community by migrating their retail, clubhouse and condominium management and parking into our payment solutions.
  - The KL Fashion Week initiative has allowed us to support the lifestyle pillar of our AmBank Signature Priority Banking proposition and enabled us to connect with and support the local fashion industry.
  - Through Persatuan Usahawan Maju Malaysia, we have supported SME business owners by strengthening their financial awareness and enabling easier access to financing.



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#### Key Initiatives

##### Customer Experience

- Ensured a better customer experience by making banking safer, through initiatives such as:
  - Deploying a kill switch that allows customers to immediately terminate their digital banking service.
  - Enabling multifactor authentication when logging in from a new device.
  - Replacing SMS-based One-Time-Passwords (OTPs) in favour of using app-based authentication through AmSecure.
  - Introducing a cooling-off period when switching to a new mobile device.
- Incorporated lifestyle value propositions for our AmBank Signature Priority Banking customers through the annual KL Fashion Week event.



- Our annual Ipsos survey results improved significantly, with our NPS at +19 in 2023 compared to -6 in 2019.



##### Digital Channels

- We have rolled out a range of banking services that can be conducted through AmOnline, including account opening, loan applications and, most recently, DIY investments. We have also seamlessly integrated the BonusLink, Tabung Haji and Amanah Saham Nasional Berhad platforms with AmOnline.



- Over 82% of all transactions are now handled via AmOnline.
- The AmBank BonusLink co-branded card recorded payment volume growth of 17%.
- Customers that linked their AmOnline with Bonuslink, Tabung Haji and/or Amanah Saham Nasional Berhad showed almost 10% higher CASA balances.

##### Branch Transformation

- Partnered with Bask Bear Coffee to develop the concept of community banking through a banking in a café offering at selected locations.
- Repurposed branches located in affluent neighbourhoods to turn them into Wealth Advisory and SME Centres.



- Bask Bear Coffee obtained higher-than-expected sales and AmBank doubled its sales at the three 'bank-in-a-café' outlets that were launched.



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**Retail Banking**

**SUSTAINABILITY HIGHLIGHTS**

**Supporting Sustainable Financing**



- We were an early mover in providing favourable financing of electric vehicles (EVs) to drive sustainable mobility and support the transition to a low-carbon economy.
- Furthermore, we partnered with property developers to provide favourable financing of certified green homes.
- In FY2023, we disbursed a total of RM312 million in green financing and plan to do significantly more in FY2024.



Our Retail Banking’s accomplishments were recognised by the industry and we were honoured to receive the following awards:

**Awards & Recognition**

**1. Digital Customer Experience (CX) Awards**

- Outstanding Digital CX – Mobile Banking
- Outstanding Digital CX – Payments
- Excellence in Next-Gen Customer Satisfaction (SEA)

**2. Global Banking & Finance**

- Fastest Growing Retail Bank – MY 2023
- Best Retail Bank – MY 2023
- Best Bank for Digital Transformation – MY 2023

**3. International Finance Awards**

- Most Innovative Retail Bank – MY 2023
- Most Customer-Centric Bank – MY 2023

**4. Mastercard**

- Innovation Breakthrough Apple Pay Launch 2022

**5. The Asset**

- Best Retail Mobile Banking Experience 2023

**6. The Asian Banker**

- Best Productivity, Efficiency and Automation Initiative 2022
- Best Digital Account Opening/Onboarding Initiative

**OUTLOOK**

The coming financial year will be a challenging one for the industry as we navigate through volatile markets, an uncertain geopolitical environment and potentially rising inflation. The Retail Banking team will be addressing these challenges by ensuring consistent execution of our strategies as highlighted above, and we are confident of delivering continued market-leading growth for the Retail Banking franchise.