

## SUSTAINABLE AND RESPONSIBLE BANKING - Digitalisation

### DIGITALISATION

At RHB, digitalisation and technology are crucial building blocks of our operations, enabling us to better serve our customers while increasing our productivity.

RHB's Digital Transformation Programme began in 2017 with the vision of being a digital banking leader in the region. Since then, we have made good progress in our digital transformation, launching many market firsts that have helped improve customer experience and business performance, as well as enhancing the digital banking ecosystem as a whole.

#### RHB'S DIGITAL TRANSFORMATION PROGRAMME

##### Our Targets by 2026

### Embedding digital experiences in our customers' lifestyle and business needs

Embedding Financial Services through Digital Ecosystem Partnerships

#### Digital Customer

Innovative customer-centric experience

#### Customer Engagement & Acquisition

Frictionless digital experience

#### Accelerating Digital Payments

Enabling lifestyle and business tools towards a cashless society

#### Digital Enablement Overseas

Expanding digitalisation to key home markets (Cambodia & Singapore)

Data Analytics and Artificial Intelligence-Driven

Next Generation Technology Capabilities

#### OUR TARGETS BY 2026

- **15% revenue from ecosystem partnerships** (Embedded Finance).
- **50% customer acquisition** done digitally.
- Analytics-driven benefits to be **10% of PBT**.
- **Digital transactions to exceed 95%** of total customer transactions.
- **Top 3 in DuitNow** transactions by volume.

The Group has set aside considerable resources for the continuous progression of Digital and IT transformation and modernisation efforts, driven by the clear understanding that a strong digital backbone is critical to the long-term sustainability of the organisation.

We have stepped up our efforts to nurture and encourage an innovation culture within the organisation to meet the challenges of a rapidly evolving landscape. Through the Agile way of working, the Group has produced many first-in-market solutions and digital-first ecosystems that can benefit our customers across all segments. The significant growth in digital adoption and digital origination has resulted in an improved Net Promoter Score ("NPS"), reflective of the seamless and frictionless customer journeys we have created and which we will continue to improve on going forward.

## SUSTAINABLE AND RESPONSIBLE BANKING

## - Digitalisation

## DIGITALISATION

## INPUTS/ENABLERS

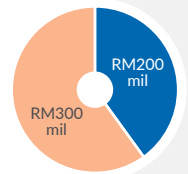
## I INVESTMENTS

Committed RM500 million for Digital and IT modernisation (2018 - 2022), of which RM200 million was dedicated to Digital. As of December 2021, 68% of the Digital commitment has been utilised.

## Investment Commitments

■ Digital Investments ■ IT Modernisation

- RM200 million in CAPEX on digital investments between 2018 and 2022.
- RM300 million for IT Modernisation Programme to future-proof our technologies and adopt modern architecture like Cloud and DevOps between 2019 and 2022.



## A AGILE

The Agile way of working increases efficiency and puts the customer journey front and centre to deliver customer-centric digital solutions quickly.

## Where we are on Agile as at end-2021

## ● Agile@Scale

- > More than 82% of RHBians, or 11,518 employees, have moved into the Agile way of working, which improved productivity by 36%. This includes:
  - > achieving 186 routine Minimum Viable Products ("MVP") and 6 breakthrough MVPs.
  - > training 228 design-thinking practitioners.

## What is next for Agile

## ● Conclude Agile Transformation

- > Conclude Agile structural transformation for the remaining units in Malaysia.
- > Pilot Agile way of working for selected overseas franchises (i.e. delivery organisation in Singapore and Cambodia).
- > Review and refine Tribes' customer journeys and MVP roadmaps (including teaching of product management).

## ● Drive Agile Maturity

- > Roll out Agile Maturity Assessment to systematically gauge Agile maturity levels (squad to enterprise level).
- > Launch executive coaching for Agile Leaders (i.e. Portfolio Owners, Tribe Leads).
- > Drive sustainable practice of Agile way of working via Agile Champions Programme.
- > Diagnose and enhance key enablers across the Agile operating model (process improvement and automation).

## ● Accelerate Innovation

- > Accelerate innovation agenda by implementing a holistic and synergistic set of initiatives across the entire innovation value chain (from discovery to delivery):
  - Improve our discovery of breakthrough ideas to solve customers' biggest unmet needs by institutionalising design-thinking and MVP approaches across the Group.
  - Conclude Agile transformation and elevate the Group's Agile maturity to ensure disciplined and faster delivery of product releases to the market via Agile way of working.

- Galvanise all employees in support of a shared innovation agenda via vigorous communication campaigns and bespoke incentive structures that foster creativity and innovation.

## Expectations moving forward (2022 onwards)

Agile 2.0 (2022-2026) is about moving from 'doing Agile' to 'being Agile', with a focus on driving innovation and employee engagement. We will continue to grow the number of people working in Agile to 13,033. With almost 100% of RHBians moving into the Agile way of working, the Agile Maturity Index is targeted to achieve 3.5 and above. In terms of innovation, the expectation is to achieve 180 routine MVPs and at least 8 breakthrough MVPs, while continuing to train more design-thinking practitioners.

To read more about the Agile way of working, please refer to the People & Workplace section of this report on page 83.

## I INNOVATION

Using a best-in-class innovation organisation framework, we seek to balance differentiated paths to innovate at scale and pull ahead of our competitors, based on a clear strategic roadmap divided into three phases.

## RHB Innovation Roadmap

## Phase 1:

Building internal capabilities to drive the culture of experimentation Group-wide and solve problems through co-creation and co-experimentation within the tech ecosystem.

## Phase 2:

Scaling up partnerships and investments to rapidly increase market penetration.

## Phase 3:

Growing RHB's digital capabilities and enabling rapid prototyping to propel the Group as an industry leader.

To sustainably scale volume, variety and velocity of innovations, we introduced the RHB Innovation Community of Excellence ("RICE"), a modular

community architecture that is supportive, inclusive and rewarding, and anchored on three pillars:

## Pillar I

A democratised innovation process that allows all RHBians to take part in the initiative by submitting ideas to the idea bank, joining the Future Skills Programme at RHB Academy or applying to be part of Solution Design Labs to stand a chance to win variable bonuses at 'Dragon's Den'.

## Pillar II

Individual contributors with outstanding achievements are offered rewards and recognition.

## Pillar III

To provide participants with supportive key enablers such as design thinking facilitators, RHB Mentors and the Innovation Squad at every stage of the journey.

In 2021, we introduced an internal incubation programme inspired by the 'Dragon's Den' television series to encourage and challenge our employees to accelerate innovation to develop groundbreaking next-generation ideas. It enables employees to set up their own squad of 'co-founders' consisting of multi-

disciplinary talents to pitch their proposed solutions to a panel of 'RHB Dragons', comprising senior management. If their ideas get funded, they will be rewarded with bonuses should their innovations produce tangible outcomes, such as revenue uplift, cost reduction or greater customer acquisition. In 2021, we successfully ran 17 innovation labs with five teams getting funded.

## Training &amp; Recruitment

Specialised training programmes were implemented through curated learning journeys, online and offline, to build a world-class Digital, Technology and Analytics team. RHB took a two-pronged approach by hiring experienced talents as well as upskilling internal talents through specialised training programmes.

1. Workforce of the Future ("WOTF") - Capability upskilling for 45 roles across the areas of Digital, Technology and Analytics. The roles involve 400 staff and will be expanded up to 800 staff.

To read more about WOTF, please refer to the People & Workplace section of this report on page 85.

2. Cloud Fluency Programme - 361 staff trained in the fundamentals of Cloud Technology.

## SUSTAINABLE AND RESPONSIBLE BANKING

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#### OUTCOMES

##### Overall – Performance against 2017

Digital Transactions grew from  
**64% (2017) TO 93% (2021)\***

Digital Business Origination grew from  
**<1% (2017) TO 25% (2021)**

Cost-to-Income Ratio improved from  
**49.9% (2017) TO 45.2% (2021)**

NPS turned around from  
**-9 (2017) TO +15 (2021)**

\* With ATM transactions, excluding ATM transactions: 85%.

##### RHB Banking Group

Net Income

**RM7,789 MILLION**  
(2021)

IT Cost

**RM280 MILLION**  
(2021)

Cost-to-Income Ratio

**45.2%**  
(2021)

IT Cost-to-Income Ratio

**3.6%**  
(2021)

Gross Impaired Loans Ratio

**1.49%**  
(2021)

##### Retail Banking

The **Digital Channel Platform** represents the way we approach the retail banking portfolio and allows a seamless transition between our Internet Banking platform and the Mobile Banking app by organising products and services around three main pillars:

- **My Bank** – RHB helps customers manage their money.
- **My Life** – RHB aids customers in living their life with ease.
- **My Wealth** – RHB empowers customers to grow their wealth.

##### The RHB MyHome Ecosystem

The RHB MyHome ecosystem provides homeowners end-to-end services that are required when purchasing a home. From applying and obtaining a mortgage loan/financing through the RHB MyHome App to obtaining resources and services to transform the house into a home with the RHB MyHomeWeb platform, the ecosystem has it covered. In addition, the RHB Partners App allows property agents and developers to recommend home loan/financing offers to customers.

- 48 hours approval after submission of full documents.
- MyHome app has decreased sales time spent per application from eight hours to 3.5 hours.
- Contributed 56% of new mortgages valued at RM5.8 billion compared to 40% in 2020.

##### SME Banking

###### SME e-Solutions

RHB SME e-Solutions is a first-of-its-kind SME connected banking ecosystem that provides all-in-one business management solutions to ease and automate our customers' daily operations, Human Resource management and accounting tasks.

**Leveraging API technology, we have onboarded and connected almost 13,000 customers with seven partners offering solutions for different segments.**

###### SME Online Financing

SME Online Financing has transformed the way our SME customers apply for and obtain financing as they no longer need to visit a branch. Over time, we have continually enhanced our onboarding capabilities to make the loan/financing application journey as convenient and frictionless as possible.

- As of end-2021, 50% of SME Financing applications originated digitally.
- Almost RM1 billion worth of applications approved.
- An estimated one-third of customers now apply for and receive their loan/financing approvals without physically stepping into the Bank.

###### iSmart

The iSmart solution has enabled Relationship Managers to vastly improve the efficiency of the loan/financing application and approval process through virtual meetings and the conversion of manual requirements to digital. This has led to:

- 20% reduction of end-to-end turnaround time for Retail SME loan/financing approval.
- 37% increase in productivity from the Retail SME sales channel.
- 20% increase in SME overall productivity.

##### Wholesale Banking

###### RHB Reflex

RHB Reflex is a one-stop banking platform for businesses of all sizes and segments, aimed at empowering business owners in managing their cash flows through account management, payment process, collection and liquidity management, helping customers to sustain long-term business growth and have control over their business cash flows. Through our digitalisation efforts, the platform now has the RHB Reflex Mobile app, DuitNow QR integration and RHB LiveFX, a dedicated foreign exchange platform to monitor and book contracts and manage settlements for up to 34 currencies.

The RHB Reflex platform now serves more than  
**133,927**  
customers, an **increase of 52%** since 2018.

**Completed** more than  
8,800 deals worth  
**RM1.46 BILLION**  
through RHB Live FX@Reflex.

#### MOVING FORWARD

RHB aims to enhance its efforts through the four pillars of its digital strategy – customer-centric journeys, engagement and acquisition, accelerating digital payments and digital enablement – across the region by building better customer value propositions via digital ecosystem partnerships through API.



##### 15<sup>th</sup> Alpha Southeast Asia Awards 2021

- > Best Digital Bank in Malaysia (2<sup>nd</sup> time in a row)

##### The Asian Banker's Top Digital Finance 2021

- > Ranked 2<sup>nd</sup> among Malaysian banks