

PRIVATE BANKER
INTERNATIONAL
Global Wealth Awards 2023

MINTING SUCCESS

A deep dive into banking trends, analysis and strategic projections that are shaping the financial landscape



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2023 GLOBAL WEALTH AWARDS

Congratulations to all the winners, thank you to all the nominees and we will see you next year.

A hearty welcome once again from Private Banker International as we enter the Global Wealth Awards 2023.

This has been one of the most important years for the private banking sector. Historians will look back on it as a turning point.

The biggest story of the year was Credit Suisse's collapse and its rescue by UBS. With a newly merged megabank, the Swiss and worldwide markets need to adapt. Not only is there a bigger serious player on the market with scale and assets, but there is now market share up for grabs.

Another lesson to be learned is to not get complacent. If a monolith such as Credit Suisse can go down, anyone can. Just ask Silicon Valley Bank.

Following the years of Covid-19 and lockdown, clients want a return and they want it now. Do we look at traditional investments such as equity, or the new fancy propositions such as ESG and blockchain? Can we actually be ESG-compliant and invest in blockchain at the same time?

This year saw an incredibly high standard of submissions. Congratulations to all the winners, thank you to all the nominees and we will see you next year.

Patrick Brusnahan

Editor | PRIVATE BANKER INTERNATIONAL

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SERVICE PROPOSITION AWARDS

Best Family Office

Taurus Wealth
Standard Bank★

Best Next-Generation Offering

Union Bank of the Philippines
Citi★

Most Effective Investment Service Offering

Itaú Private Bank
Emirates NBD Private Banking★

Outstanding NRI/Global Indians Offering

Emirates NBD Private Banking

Outstanding Philanthropy Offering

LGT Private Banking
Huriya Private Foundation★
Société Générale Private Banking★

Outstanding Private Bank for UHNW Clients

Taishin International Bank
Indosuez Wealth Management★
Nuvama Private★

Outstanding Wealth Management Service for the Affluent

Chinabank
ICICI Securities★

Launch of the Year

Bank of Ayudhya

Best Boutique Private Bank

Alpha Capital
Sanctum Wealth★

Best Private Bank for Islamic Services

Ahli United Bank

Best Insurance-Based Wealth Solutions

Lombard International Assurance

PEOPLE AWARDS

Outstanding Global Private Banker

Zuzar Madarwala
Ahli United Bank (Bahrain)

Outstanding Private Banker-Regional Player

Hojeong Choi, Hana Bank
Pankaj Walia, Standard Chartered
Private Bank India
Shiv Gupta, Sanctum Wealth
Younghee Park, Hana Bank

Outstanding RM Training and Development Programme

SG Kleinwort Hambros
Motilal Oswal Wealth Limited★

Outstanding Young Private Bankers

Thanojan Shanmugamagathevan
Nations Trust Bank

Rising Star

Joseph Hiu, Shanghai
Pudong Development Bank

STRATEGY AWARDS

Best ESG Offering

First Abu Dhabi Bank
Commercial Bank of Ceylon★

Most Innovative Digital Offering

Crossinvest (Asia)
Taipei Fubon Bank★
UBS Fund Distribution (Shenzhen) Co. Ltd. ★

Outstanding Private Bank for Growth Strategy

Kasikornbank
360 ONE★
Standard Chartered Private Bank India★

Outstanding Wealth Management Technology Initiative-Back Office

Moxo
Standard Bank★

Outstanding Wealth Management Technology Initiative-Front End

Wealth Dynamix
CTBC Bank★

INSTITUTIONAL AWARDS

Outstanding Global Private Bank-Africa

Standard Bank

Outstanding Global Private Bank-Asia Pacific

UBS
China Merchants Bank★
Citi★

Outstanding Global Private Bank-Europe

Société Générale Private Banking
Quintet Private Bank★

Outstanding Global Private Bank-Global

Julius Baer

Outstanding Global Private Bank-Latin America

Itaú Private Bank
Bradesco Global Private Bank★

Outstanding Global Private Bank-North America

RBC Wealth Management

Outstanding Private Bank-Middle East

Mashreq Private Banking
Ahli United Bank★
Standard Chartered★

Outstanding Private Bank-North Asia

HSBC Global Private Banking and Wealth
Hana Bank★

Outstanding Private Bank-Southeast Asia

Maybank Private Singapore
Axis Bank★
Bank of Singapore★

★ Highly Commended

RETAIL BANKER

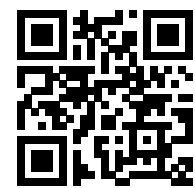
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THE BANKING SECTOR IS AT A CROSSROADS

It is evident the banking industry is at a crossroads, poised to transform into a more technologically advanced, environmentally responsible and globally interconnected sector.

The ongoing digital revolution continues to redefine the banking sector. In the wake of the Covid-19 pandemic, consumers have accelerated their adoption of digital banking services. Mobile apps, online account management and contactless payments have become the norm.

The relentless pursuit of innovation, driven by fintech startups and traditional financial institutions alike, is revolutionising customer experiences, optimising operational efficiencies and, ultimately, redefining what it means to be a bank.

Simultaneously, the regulatory landscape is undergoing a seismic shift as governments and international bodies recognise the need for more comprehensive oversight.

How these regulations evolve will profoundly affect the future of banking and the integration of emerging technologies into traditional banking systems.

Climate change and social responsibility are no longer peripheral concerns but integral to banking strategies. As a result, the industry is witnessing a surge in green finance, sustainable investment products and ethical banking practices.

These developments in the banking sector have profoundly influenced our special report 'Minting Success'. In this issue, we spotlight the success stories of banks that have excelled in implementing these transformative changes.

Many financial institutions, both established banks and innovative newcomers, have been recognised for their exceptional achievements through the prestigious PBI Global Wealth Awards 2023. These accolades testify to their commitment to innovation and excellence in banking practices.

As we look ahead, it is evident the banking industry is at a crossroads, poised to transform into a more technologically advanced, environmentally responsible and globally interconnected sector.

Sarah Rizvi
Editor | MEED



TOP-TIER INVESTMENT INSIGHTS

Krungsri is continuing its client-centric strategy across investment processes by providing open architecture wealth solutions to clients.

With an aim of providing sustainable business solutions to its clients, Thailand's Bank of Ayudhya (Krungsri) has introduced a new segment called Krungsri Private Banking. Curated by a team of professional advisers, the segment focuses on delivering comprehensive investment advisory services and offering a balanced perspective of local and global investments. Krungsri Private Banking is designed for the bank's top-tier customers having an asset-under-management (AUM) of THB50m (\$1.5m) or higher.

VALUE PROPOSITIONS

As Thailand's fifth-largest universal bank, Krungsri continues to adopt a client-centric strategy across its investment processes by providing open architecture wealth solutions that help clients monitor their investments and make informed decisions. Additionally, Krungsri Investment Intelligence provides professional investment advisory services with a long-term asset allocation approach. This is handled by a team of professional investment strategists and consultants.

Krungsri has also partnered with an investment, advisory and wealth management solutions provider, US-

based BlackRock, to give clients access to investment tools.

Constantly working to enhance client support and providing a holistic understanding of investments, the bank has introduced the ONE Krungsri Investment View. This platform offers a wealth of expertise such as investment insights, research and strategies from Krungsri professionals. This platform covers a range of areas such as economics, currencies and global financial markets.



ROBUST OUTCOMES

In order to cater to the private banking segment, Krungsri has launched several new products in the past year. These

include foreign currency deposits, direct offshore mutual funds, direct offshore stock trading, US dollar-denominated bonds and US dollar-structured notes.

Additionally, the bank has initiated the launch of three private equity funds, strategically timed to yield positive returns for 2022. These funds outperformed both the global private equity sector (which experienced a decline of -2.7 per cent) and the developed market equity (which saw a decline of -17.7 per cent). Over the past

three years, the proportion of private banking clients has increased at a compound annual growth rate (CAGR) of 16 per cent, while the compound value (CV) of deposits, mutual funds and bancassurance has seen a CAGR of +149 per cent during the same period.

Bank of Ayudhya (Krungsri) has won the Launch of the Year award at the PBI Global Wealth Awards 2023.

Krungsri has introduced the ONE Krungsri Investment View, which offers investment insights, research and strategies from Krungsri professionals.



ACCESS TO INSIGHTS

Quintet Private Bank is focused on enhancing the client experience and providing improved digital solutions across markets.

Banks today are increasingly deploying unique strategies to deepen trust and build customer loyalty. Digital transformation is at the core of this change, with banks embracing new technologies to streamline operations, enhance security and cater to diverse customer needs.

To thrive and grow, banks have adopted customer-centric strategies across operations that are designed to better understand customer requirements and deliver products and solutions that meet these needs. This seamless access to insights, advice, products and services that are tailored to individual consumer needs has revolutionised service delivery in banking and led to greater productivity, increased revenues and lowered overall expenses.

ROBUST DIGITAL SOLUTIONS

Luxembourg-based Quintet Private Bank has prioritised the provision of digital wealth planning solutions to its private banking clients for a more seamless and interactive client experience. Doing so has helped bolster the relationship between customers and the bank's advisers while also helping curate personalised solutions.

Quintet Private Bank has developed an efficient workflow system that allows client advisers and financial intermediaries to systematically monitor client data and documentation pertaining to anti-money laundering and know-your-customer (KYC) activities. In 2022, the bank piloted a digital wealth

planning solution in Belgium called the Richer Life Plan. Integrating this solution allows advisers to give clients an overview of their assets and create detailed simulations on the evolution of their wealth and the organisation of their inheritance, all of this on a digital and 24/7 accessible platform.

PERSONALISED APPROACH

A personalised approach in banking recognises that every client's financial journey is unique, and Quintet Private Bank's role is to be a dependable companion on that journey, helping customers realise their goals and secure their financial future.

Quintet Private Bank focuses on providing clients with proximity, agility and personalised service

The bank focuses on providing clients with proximity, agility and personalised service – staying in close, constant contact with them, responding quickly to their specific needs and offering tailor-made solutions that reflect their individual priorities and long-term goals.

ENSURING CSR OBJECTIVES

Quintet Private Bank's commitment towards making meaningful contributions towards society is reflected in its corporate social responsibility (CSR) initiatives. While the bank has constantly worked on

initiatives to strengthen its relationship with clients, it has also contributed resources, time and capital towards noteworthy initiatives including supporting charitable associations, encouraging employee volunteering and extending support across areas affected by conflict. Despite unstable



geopolitics, challenging macroeconomic conditions and significant inflationary pressure, Quintet Private Bank's strong position across local markets in Europe and the UK has helped it record solid financial results last year. In 2022, total group income rose to €524m (\$571m), up 14 per cent compared to €460.8m (\$502.5m) in 2021.

Quintet Private Bank has been recognised as Highly Commended for Outstanding Global Private Bank in Europe at the PBI Global Wealth Awards 2023.



SEAMLESS BANKING

UBS is redefining the customer experience with a suite of financial services and digital solutions.

The banking industry is constantly working towards creating superior value for clients, shareholders and employees. While projecting strong financial results remains the key objective of these institutions, they are gradually adopting a more holistic approach that balances innovation, social responsibility and connecting people to create a more inclusive and better world.

To help clients better achieve their financial objectives, Switzerland-headquartered bank UBS has introduced WE.UBS, a highly interactive platform that offers clients an innovative, digital service model with proactive financial planning based on big data and chief investment office (CIO) views.

INTERACTIVE PLATFORMS

The platform provides both local and global investment solutions through a robust selection process, dedicated investor education and 24-hour tracking based on market developments.

Adding to the bank's digital initiatives is the launch of UBS Circle One, a platform that brings together the best of the UBS ecosystem and connects clients to experts, thought leaders and actionable ideas around the world. This is facilitated through the provision of easily digestible digital content on a daily and weekly basis, complementing traditional investment reports and physical events.

Last year, UBS also closed its first \$50m tokenised debt transaction for Asia-Pacific (APAC) investors using



The UBS Circle One platform brings together the best of the UBS ecosystem and connects clients to experts, thought leaders and actionable ideas around the world.

blockchain, a technology often utilised to make issuing securities more efficient.

HOLISTIC SERVICES

To provide seamless access to its investment banking and wealth management capabilities in 2022 the bank established the Global Family & Institutional Wealth (GFIW) division, which houses its global family office (GFO) unit as well its global markets, lending, prime brokerage and private markets capabilities all under one roof. The GFIW One Bank business model

has been designed for entrepreneurs, especially those in the new economy sector, as a strategic growth driver in the APAC region.

The bank's holistic services go beyond corporate banking and investment solutions to include wealth planning, family office advisory and philanthropy services. Its family adviser teams in Hong Kong and Singapore provide insights, comprehensive advice and execution services to clients, helping them set up family offices in Asia with supporting policies and incentives from both governments.

CORPORATE PHILANTHROPY

The bank's philanthropic arm, the UBS Optimus Foundation, has partnered with clients to deliver solutions for various social and environmental issues, and is the only foundation linked to a global wealth manager with philanthropy experts. The bank has further expanded its charitable efforts by venturing into other areas of social impact, launching a new UBS Optimus Foundation entity that drives initiatives in the areas of healthcare, education and child protection systems as well as tackling environmental degradation and climate change. With the support of its clients, the foundation is supporting more than 50 programmes in Southeast Asia and 30 programmes in Greater China.

UBS has been recognised as the winner of the Outstanding Global Private Bank in Asia-Pacific award at the PBI Global Wealth Awards 2023.



CUSTOMER-CENTRIC SOLUTIONS

Taishin International Bank has launched a sustainable business model to provide seamless solutions for its unique client base.

Sustainable financial products play a key role in furthering global climate goals. But their success demands a strategic approach that aligns with clients' values and ethical preferences.

The significance of such a model in private banking is particularly

created a portfolio-based investment strategy curated to help customers enjoy their onshore and offshore product offerings.

To better understand customer objectives, Taishin International Bank has adopted a solution-based wealth advisory approach with clients at the



To understand customer objectives better, Taishin International Bank has adopted a solution-based wealth advisory approach with clients at the heart of the process.

relevant due to the unique needs and expectations of high-net-worth (HNW) clients as it could assist them with managing their portfolios effectively while reducing exposure to risks.

Taishin International Bank has strategically positioned itself for long-term growth by leveraging its expanding regional presence, upgrading its existing wealth management capabilities and providing solutions to its unique client base. The Taiwan-based bank has

heart of the process. The approach involves systematically examining clients' assets across personal and business wealth and then structuring their portfolios by employing relevant financial products and services.

To better assist with wealth planning, the bank has a dedicated private banking department that works with clients using a team-based client service model. Clients are served by a dedicated adviser together with a

full team of financial experts including investment, product and credit solution specialists. The specialist team is responsible for managing and facilitating the daily unique and complex service needs of the client base.

VALUE-ADDED SERVICES

In addition to custom-designed investment solutions, Taishin International Bank offers a series of personalised services such as tax, law, trust and estate planning solutions through commercial partnerships with qualified tax and law firms, as well as external providers that are onboarded following stringent background checks.

Adding to its holistic suite of products and service offerings are tailor-made credit solutions that provide clients with financial options that align closely with their goals, risk profiles and financial circumstances.

Taishin International Bank has strategically invested in the right resources and talent, and has witnessed a surge in the number of private clients as a result.

The bank's total assets under management (AUM) were recorded at NTD\$76bn (\$2.4bn) at the end of 2022, a 225 per cent increase from the previous year's NTD\$23bn. With a customer-centric approach and long-term vision, Taishin International Bank will continue to invest in its products and services.

Taishin International Bank has won the Outstanding Private Bank for Ultra-High-Net-Worth Clients award at the PBI Global Wealth Awards 2023.

GLOBAL WEALTH MANAGEMENT MARKET OUTLOOK

Investment and wealth management refocus on wealth preservation and inflation protection as client communication takes centre stage.

HIGH-NET-WORTH DEMAND FOR ESG

■ The environmental, social and governance (ESG) theme is flourishing within the high-net-worth (HNW) investor space. Globally, these investors allocate an average of **27 per cent of their financial assets** to ESG investment products. However, there remains room for increased penetration.

■ About **51 per cent of wealth managers** in the HNW space have an ESG proposition. It is not just traditional players; many robot advisers now offer ESG portfolios. This trend will continue going forward.

■ While there are regional differences, this means ESG investments can no longer be regarded as an add-on or 'nice to have' service. Instead, they should form an **integral part of a wealth manager's service** proposition, given the strong demand forecast.

As global markets continue to navigate the complexities of the post-pandemic world, wealth management takes on renewed significance.

The outlook for this vital segment of the financial industry is a blend of challenges and opportunities, as financial professionals adapt to new realities and investor demands.

Here are some of the key trends that are shaping this segment:

Consolidation in robo-advisers

Expect to see more mergers and acquisitions activity focused on robo-advisers as standalone services with limited near-term prospects of achieving the necessary economies of scale to become profitable seek out deals.

AI to proliferate as an advisory tool

Wealth managers keen to increase efficiency in a market with weak revenue growth will increasingly invest in AI. This will help their advisers effectively serve a larger pool of clients without sacrificing customisation, which is a core part of why investors seek out advice.

More automated lending to the affluent

Weak revenue from investment management – coupled with rising interest rates – means lending to affluent investors has never been more attractive for wealth managers. Expect more wealth management firms to invest in software that increases the efficiency of loans via financial advisers.

Inflation protection will be key

The dominant message in investment and wealth management client communication and marketing will be a focus on wealth preservation and inflation protection.

Cryptocurrency investment regulation to increase

Regulators will pass more rules to bring transparency and safeguards to the cryptocurrency investment market, making it more like other financial markets. Stricter regulation of the companies behind cryptocurrency exchanges is all but certain, leading to consolidation and barriers to entry for new exchanges.

Source: GlobalData



AGILE BANKING SOLUTIONS

Emirates NBD Private Banking offers astute wealth management solutions, from investment advisory to generational wealth transfer.

With private banking solutions catering to high-net-worth (HNW) and ultra-HNW individuals, UAE-based Emirates NBD offers families and select institutions diverse investment advisory and wealth management solutions through its network of relationship managers (RMs) and certified investment advisers across the UAE, Saudi Arabia, the UK and Singapore. The private bank follows a global relationship manager (GRM) framework for offshore accounts with full capabilities across its booking centres.

Emirates NBD Private Banking offers clients personalised advice at the various stages of investment decision-making by understanding their investment objectives and building suitable portfolios to meet their needs. The bank's advisory service places clients at the heart of decision-making, offering diverse investment strategies while utilising an open-architecture product to bring them to life.

UNDERSTANDING THE CLIENT

Emirates NBD's approach to advising clients on their investments follows a systematic process involving a thorough understanding of their needs, and a portfolio constructed with carefully selected products, periodic reporting and rebalancing.

The bank offers several asset allocation frameworks that can deliver sustainable returns with limited potential downside. While strategic asset allocation is the backbone of the bank's investment solutions, short-term



Emirates NBD offers a concierge-based online ordering platform called 'Moments of Delight', which offers several money-cannot-buy lifestyle and fine dining experiences for elite clients.

investment advice is provided in the form of tactical asset allocation calls that capture market inefficiencies and tilt the portfolio exposure towards asset classes, potentially offering higher returns in a shorter time frame.

The third layer of expertise is portfolio population, involving the creation of a well-diversified portfolio

overseeing funds, structured products and alternative investments that could provide clients with better returns on their investments.

CUSTOMER-CENTRIC APPROACH

With customer satisfaction at the core of its operations, Emirates NBD offers a concierge-based online ordering platform called 'Moments of Delight', which offers several money-cannot-buy lifestyle and fine dining experiences for its elite clients.

In addition, the bank has an elite network of partnerships with leading lifestyle and luxury brands showcasing their new product lines and services. These are offered to elite clients as exclusive 'first-view opportunities' before becoming available to the general public.

Emirates NBD's social strategy aligns with the UN's sustainable development goals and the UAE's vision to be a sustainable knowledge-based economy. Over the years, the bank's sustainable investment principles have been naturally embedded into its operations, especially when building portfolios and selecting issuers, companies and funds that are suitable for the long-term goals of clients who are trans-generational.

Emirates NBD Private Banking has won the Outstanding NRI/Global Indians Offering award and is highly commended as the Most Effective Investment Service Offering at the PBI Global Wealth Awards 2023.



HOLISTIC BANKING STRATEGIES

Standard Bank is streamlining its portfolio and enhancing the client experience through digital innovation and global accessibility.

With a diverse regional presence spanning 88 offices across 17 countries, Standard Bank partners with Africa's affluent and high-net-worth (HNW) individuals, helping them build, grow, manage and preserve the generational wealth of their families.

Anchored on its 160-year legacy of driving Africa's growth, the bank's value proposition is designed to identify unique client requirements and offer tailored and integrated solutions that are delivered through a superior client experience. As a purpose-led, client-driven private bank, Standard Bank's business model is structured to strategically address clients' onshore and offshore banking requirements.

A team of experts focuses on developing intelligent relationships with clients by creating insight-led experiences that are tailored according to each individual and their family's ambitions and financial motivations.

DIGITAL STRATEGY

Standard Bank's international footprint, combined with innovative digital technology that facilitates engagement across multiple platforms, enables clients to leverage the expertise, tools and diversification required to create a globally effective wealth strategy.

A key strategy of the bank's international citizenry is its next-generation academic programme that supports African children to study in renowned global universities. Additionally, emigrants and non-



Standard Bank provides banking advisers with real-time, accurate client information, enabling them to proactively deliver insights and recognise challenges and opportunities as they arise.

residents have also been identified as key growth drivers, with outcomes designed to assist them even when outside the country.

Through the innovation and adoption of a suite of data-led, internal digital tools, Standard Bank has created a multi-channel engagement strategy that provides banking advisers with real-time, accurate client information, enabling them to proactively deliver insights and recognise challenges and opportunities as they arise.

WEALTH MANAGEMENT

Designed to meet the growing need for digital transformation across financial processes, Standard Bank's wealth management onboarding tool

(WMO) enables wealth managers and wealth administrators to efficiently create investment proposals and instructions incorporating client information obtained from various sources. This helps in streamlining end-to-end processes and in reducing the turnaround time.

The bank's wealth management app 'My360' allows advisers to view client information in real-time with access to their net value assets (NAV), asset allocation and liabilities. The application includes a function that enables a holistic view of clients' assets including those held in trust and investment holding companies.

Additionally, the bank's international investment and payments application 'Shyft' has been incorporated into the bank's operations, enhancing client experience through global accessibility. The app has been developed for clients looking for a secure and self-driven offshore investment experience.

Standard Bank's focus on client-centric solutions has helped it forge lifelong partnerships with clients and enabled positive results across its financial outcomes. Additionally, the bank has witnessed a 7 per cent growth in clients and an 8 per cent increase in assets under management (AUM).

Standard Bank South Africa has won the Outstanding Global Private Bank in Africa award at the PBI Global Wealth Awards 2023. It has also been Highly Commended for Best Family Office and Outstanding Wealth Management Technology Initiative-Back Office.

REDEFINING THE CUSTOMER JOURNEY

Lenders are revolutionising their physical branches by creating a more personalised and engaging banking experience.

THE BRANCH TRANSFORMATION trend currently taking the banking sector by storm involves lenders making sweeping strategic changes within their physical channels, encompassing technology, workforce and the design of their branches. Here are a few examples of how banks are revisiting their branch design and experience:

Technological upgrades: One way is to introduce cutting-edge technologies within the branch, such as interactive kiosks, self-service machines and digital signage.

Workforce optimisation: Several banks have restructured their branch workforces to align with changing customer demands. This can involve deploying specialised staff members such as financial advisers and product experts to provide personalised assistance and advice to clients.

Digital integration: Lenders are also integrating digital channels with physical branches to offer an omni-channel experience.

Automation and self-servicing: Many banks are installing interactive teller machines (ITMs) and automating transactions such as fund transfers, deposits and card applications. Lenders are also introducing self-service stations within their branches. However, the extent of automation varies, with some banks automating all branches and others focusing on newly designed fully digital branches.

Reskilling and upskilling: Some lenders are also investing in reskilling or upskilling their employees. Others are upskilling their employees to provide financial advice as wealth managers.

Cross-selling initiatives: Banks have also started leveraging branch transformation to enhance cross-selling opportunities.

Non-banking services: Several lenders have introduced services that are not related to their main value proposition, such as mental wellbeing programmes.

Centralisation: Some lenders have adopted a hub-and-spoke model, centralising advisory services and wealth managers in key branch locations. Secondary branches then serve as spaces for clients to access services remotely or utilise self-service options, reducing costs in the long run.

DEPENDING ON THE OBJECTIVES OF EACH LENDER, BRANCH TRANSFORMATION CAN ASSUME DIVERSE FORMS, EACH TAILORED TO ADDRESS SPECIFIC NEEDS AND CAPITALISE ON OPPORTUNITIES.



Source: GlobalData



CHARTING PATHWAYS TO PROFITABILITY

Traditional banks are embracing digitalisation as they capitalise on technology to create new revenue streams.

By Sarah Rizvi

Traditional banks and fintech companies represent two distinct approaches to financial services. With their long-established presence, conventional banks offer a sense of stability and trust. They provide various services including savings accounts, loans and investment opportunities, usually supported by extensive physical branch networks.

In contrast, fintechs are agile, tech-driven startups that prioritise innovation and the user experience. They deliver convenient, digital-first solutions such as mobile banking apps, peer-to-peer lending and digital wallets.

While these entities have historically been seen as competitors, they are increasingly finding ways to collaborate and complement each other.

STRATEGIC COLLABORATIONS

Collaboration with fintechs is a strategic move that traditional banks have embraced to stay competitive. These partnerships allow banks to integrate innovative solutions into their offerings without starting from scratch, benefiting from technological advancements and expanding their service portfolios.

"The most effective strategy is to find a balance between digital innovation and maintaining a physical presence," says Ullas Rao, assistant professor of finance at Heriot-Watt University Dubai.

"Traditional banks capitalise on their reputation for security and compliance, offering customers a sense of trust that some fintech startups might struggle to match. While online services are crucial, maintaining brick-and-mortar branches reassures customers who value face-to-face interactions and prefer tangible locations for financial discussions."

Traditional banks are thus foraying into establishing 'digital banks', often as subsidiaries with features similar to those of fintechs.

The launch of the digital banking platform Wio in 2022 is a good example. This multi-venture between Abu Dhabi holding company ADQ, investments holding firm Alpha Dhabi, telecoms provider Etisalat and First Abu Dhabi Bank leverages the strengths of some of the most prominent players in the banking and telecoms industries to serve digital-savvy customers.

DIGITAL TRANSFORMATION

Technology adoption is playing a major role in this banking transition. Integrating AI and automation has become a key strategy for traditional banks. For instance, these technologies can provide efficient customer service by reducing response times through chatbots and automated processes. This allows banks to allocate resources more effectively and streamline their operations.

Rao adds that robo-advisers or digital investment managers are equally popular in offering investment products tailored to match clients' risk profiles.

"On the lending side, AI has proven to be a boon by safeguarding banks against exposure to profiles flagged to be too risky. Incorporation of biometrics in combination with safety wallets is [protecting] clients and banks against fraudulent activities, even as progress continues to be an evolving process," says the academic.

"By leveraging AI and machine learning, the global banking sector can elevate customer support, delivering round-the-clock assistance via automated systems," says Khalil Alami, founder and CEO of Dubai-headquartered payment gateway provider Telr.

PERSONALISED SERVICES

Alami argues that the usefulness of these technologies extends beyond chatbots and automated responses to offering personalised financial services. "Through analysis of customer interactions, AI-driven platforms offer tailored recommendations and solutions, yielding enhanced user experiences."

Banks can leverage these technologies to analyse customer data more effectively and offer personalised financial advice, generate precise forecasts and offer risk-free solutions.

“The challenge will be understanding how the enhanced productivity and streamlined banking services using technology will dictate the winner and loser rankings,” says Mandeep Nalwa, CEO of asset management firm Taurus Wealth.

“This means we will have regulatory, credit and other challenges in institutions. This, in turn, hurts the standing of jurisdictions where such institutions are based.”

DIGITISED CURRENCIES

The banking sector is transforming into a digitised system, with central banks embracing national digital currencies to complement cash circulation. This digitisation strategy targets domestic and cross-border payments, and seeks to enhance financial inclusion.

Although physical cash remains dominant in some countries, the introduction of a digitised national currency is propelling select nations toward a cashless economy.

Central bank digital currencies (CBDCs) have the potential to reshape the financial landscape and the global economy in profound ways. These digital representations of national currencies issued and regulated by central banks have been gaining momentum globally, with several countries making significant strides in their development and implementation.

From China’s pioneering efforts with the Digital Yuan to the EU’s exploration of a digital Euro, CBDCs are reshaping how we perceive and utilise money in the modern digital age.

“CBDCs present businesses and consumers with various advantages, including transferability, convenience, accessibility and heightened financial security,” says Telr’s Alami. “This innovation can potentially simplify the complexities and expenses linked to conventional financial systems while simultaneously reducing cross-border transaction costs and offering more affordable avenues for fund transfers.”

However, CBDCs are unlikely to affect the competitiveness of commercial banks as the latter only need to manage the challenge of transiting from cash to digital currency with minimum disruptions, Heriot-Watt University’s Rao adds.

LIMITED ROLLOUT

While there has been significant interest and experimentation by central banks worldwide, the rollout of digital currencies is occurring on a limited scale in the form of pilot projects or proofs of concept. Central banks are proceeding cautiously, carefully evaluating the technical, regulatory and economic implications of CBDCs before considering wider implementation.

This cautious approach reflects the recognition that CBDCs represent a fundamental shift in the monetary landscape and the need to ensure their deployment is well-planned, secure and aligned with broader economic

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Founder and CEO of Dubai-headquartered payment gateway provider Telr.

and financial goals. As a result, the development and implementation of these currencies are ongoing processes, with each central bank proceeding at its own pace and based on its unique economic and regulatory context.

“The jury is still out with respect to competing voices on decentralisation vis-à-vis centralisation,” says Rao.

“The answer may well lie somewhere in the middle. In keeping with their mandate, central banks would continue to adopt centralisation while leaving sufficient remit for independent institutions – under a watchful eye – to adopt decentralisation in serving their clients through innovative products and services.”

How fintechs and traditional banks CAN DRIVE INNOVATION

Rob MacTighearnain, CFO at technology firm Bayzat, on the advantages of fintechs and banks teaming up.

Since 2021, Middle East financial technology (fintech) startups have secured funding of some \$2bn, through somewhere between 140 and 160 deals. As much as 43 per cent of the funding went to promising firms in the UAE. In 2021, the UAE was home to 22 of the Middle East and North Africa’s top 50 startups by funding, and 13 of those companies were fintechs. Last year, Dubai-based fintechs alone raised a combined \$615m.

Impact on Banks

One of the most common reactions to the rise of fintech is to ponder its impact on the traditional banking sector. This concern is not without merit on a global scale. For example, global consultancy McKinsey predicts fintech companies worldwide will capture some 60 per cent of retail banking profits by 2025. These more agile firms are driven by data analytics and so their services tend to be more personalised. They also commonly charge lower fees and are quicker to adapt to shifting customer demands.

However, in the UAE, traditional banks have been at the forefront of digital transformation for some time. Emirates NBD launched the app-only Liv service and the SME-focused E20 digital-banking offering, and Mashreq is famous for its virtual branches. Here, the fintech-bank friction is unnecessary as rather than being afraid of the competition, there is significant potential for banks to work with the emerging disruptors.

Mutual Benefits

But there is also room for banks to reach out to fintechs with a tantalising proposition. They can offer startups ready access to established customer bases in return for their ability to appeal to younger-generation customers. In return, fintechs would get access to older retail customers and lucrative wholesale business that includes commercial entities and other banks.

Banks, meanwhile, are not the fastest movers. It may take years for them to develop and test offerings to their own internal standards. But if they work with fintechs on different products and services, they can scale up their ecosystems that much faster. A bank can remain relevant by taking under its wing a fintech that is a natural at reading the market and keeping up with trends such as embedded finance and as-a-service offerings.



A bank can remain relevant by taking under its wing a fintech and keeping up with trends such as embedded finance.

A Race for Stars

Consumers expect the stars of the brands with which they transact. Every organisation wants to offer everything, everywhere, all at once. But this takes collaboration. Traditional banks and fintechs complement one another perfectly. Their union is one of infrastructure, market position and scale on the one hand, and agility, speed and vision on the other.

There are clear advantages to both banks and fintechs in their collaboration. But they will often discover that the end-customer is the greatest beneficiary. The region is home to a thriving financial services ecosystem and a customer base hungry for innovations. And that means opportunities beyond the imagination of the widest-eyed fintech entrepreneur or the most progressive bank CEO.



CHAMPIONING CLIENT SUCCESS SOLUTIONS

Itaú Private Bank is nurturing customer relationships through enhanced transparency and strategic investments.

Customer-centric solutions are essential in banking as they place customers at the core of all operations and decision-making processes. By focusing on enhancing the customer experience, banks can gain the trust and loyalty of their customers, forging relations that can last a lifetime. Furthermore, in an age of rapid technological innovation and increasing competition, banks are making it a priority to adapt and innovate in order to stay relevant and achieve long-term success.

CUSTOMISED BUSINESS MODEL

Brazil-headquartered Itaú Private Bank works alongside clients, helping them define their investment goals, structure a portfolio aimed at producing excellent returns and find solutions for the perpetuation of legacies across generations. Offering a diverse line-up of investment and advisory services in estate planning, taxes, family and corporate governance, the bank's strategy is based on providing customised, conventional and non-traditional banking solutions, reflecting the overall interests of clients.

Itaú Private Bank is consistently working towards providing a diverse ecosystem of services and products, offering global services to customers,

strengthening partnerships, enhancing its technology platform and further expanding operations within and outside Brazil. To do this, the bank has combined access to its consolidated financial services offered in Latin America, including Itaú BBA, Itaú Asset Management and Itaú Banking, with an open investment platform that gives clients access to investment products from the reputable institutions in the market, enhanced by expert curation and support.

STRONG RELATIONSHIPS

Over the years, Itaú Private Bank has successfully developed a reputation for its strength, flexibility and commitment to transparency, which have been nurtured through extensive customer



relationships, investments in cutting-edge technology and comprehensive organisational training.

To connect with a larger global Brazilian audience, regardless of where the onshore or offshore investments or non-investment products are made, the bank provides customers with the convenience of a "one-stop shop". In Brazil, the bank aims to continue working on significant environmental, social and governance (ESG) initiatives across various fronts, including tailored product offerings and exclusive events for affluent clients.

Additionally, to address the growing contribution of the agribusiness sector to Brazil's GDP, Itaú Private Bank aims to collaborate with other segments of its parent group, such as Banco Itaú BBA, to establish a coverage model in other regions in Brazil. This model will primarily target rural producers, entrepreneurs and investors interested in the sector, offering them a range of global investment and credit products.

Itaú Private Bank has access to the leading consolidated financial services offered in Latin America and an open investment platform that gives clients access to investment products from the best houses in the market, enhanced by expert curation and support.

Itaú Private Bank has been recognised as the winner of the Most Effective Investment Offering and Outstanding Global Private Bank in Latin America awards at the PBI Global Wealth Awards 2023.

Itaú Private Bank has combined access to the best consolidated financial services offered in Latin America with an open investment platform that gives clients access to investment products from the best houses in the market, enhanced by expert curation and support.



EMPHASISING VALUE

Maybank Private Singapore is addressing client aspirations and ambitions through accessible and intuitive financial facilities and solutions.

In an increasingly interconnected financial landscape, Maybank Private Singapore is striving to differentiate itself from the competition and bring greater value to clients through its unique expertise, connections and opportunities.

The Malaysia-headquartered bank has a physical presence in all 10 Southeast Asian (Asean) countries. In 2013, Maybank established its private banking platform, Maybank Private, to complete its overall wealth management proposition. Ever since, Maybank Private has strategically expanded its business footprint globally.

With three onshore booking centres firmly established in Singapore, Malaysia and Hong Kong, the bank offers high-net-worth (HNW) clients across the region direct access to regional and global investment opportunities. It acts as a one-stop centre within Maybank Group to service the individual and business banking needs of HNW clients.

A strong presence in Southeast Asia allows Maybank Private to facilitate cross-border lending solutions in a seamless way. In addition, clients can benefit from investing anywhere within the region by pledging assets in their home country to invest in opportunities found in another.

ISLAMIC BANKING

Maybank continues its leadership in the Islamic private banking space, following the launch of Maybank Islamic Private and the rollout of several sharia-compliant products. These include the General Investment Account (GIA-i) – providing the potential to earn higher



Maybank Private aims to grow and establish its presence across London, the Middle East and Asia by offering clients a full suite of Islamic wealth management solutions.

returns with indicative profit rates, Islamic Dual Currency Investments – short-term investments that offer higher returns and Islamic Auto-Callable Structured Products. In the near future, the bank aims to introduce several other solutions including its Islamic Legacy Planning solutions.

The total financial assets of Maybank Islamic Private Wealth reached RM5.5bn as of July 2023, with 2.5 per cent year-to-date growth since December 2022. Maybank Private aims to grow and establish its presence across London, the Middle East and Asia by offering clients a full suite of Islamic wealth management solutions.

FOCUS ON SUSTAINABILITY

With sustainability at the core of its operations, the bank aims to achieve long-term financial success and contribute to a more sustainable and equitable future for both its

stakeholders and the wider global community. To achieve this, it has integrated environmental, social and governance (ESG) criteria into its direct lending, investments, services and advisory solutions.

At the same time, Maybank Private is also scaling up existing green, social and sustainability (GSS) bonds/sukuk, project financing for green projects, ESG thematic funds, GSS loans, sustainability-linked trade products, sustainable supply chain financing platforms, sustainability-linked derivatives and structured products, as well as providing new green solutions via the community financial services and insurance sectors.

Maybank Private Singapore has been recognised as the winner of the Outstanding Private Bank in Southeast Asia award at the PBI Global Wealth Awards 2023.

HOW TO BUILD TRUST WITH DIGITAL CUSTOMERS

Segmented privacy policies and clarity on usage can increase consumer willingness to share data with providers.

BANKING CUSTOMERS often feel differently about what data to share when and how. This may depend on the services they receive and the provider, as well as the sensitivity of data. Engaging in a personalised way will increase the chance of such clients consenting to share information.

The ability of banks to personalise the customer digital experience is dependent on how much data they can access. This access hinges in part on effective participation in data ecosystems. But it is also about cultivating trust in client relationships and making clear the benefits of sharing data so that those clients are inclined to do so.

The more comfortable customers feel about sharing personal data with companies, the more likely it is that they will use their products and services. Providers can increase customer comfort levels by segmenting clients by privacy preference rather than assuming a one-size-fits-all policy.

Financial services providers can start by building trust around low-risk data types such as information on product preferences, and then gradually encourage customers to share more sensitive data by using more meaningful incentives.

Long-term banking providers must work out which data a given institution needs most or which data drives the most behaviours or outcomes, and then focus on collecting and making sense of that information. In the context of personalised banking, it seems logical that the more data you collect, the better. However, many lenders struggle to make sense of the massive amounts of data that their customers generate every second.

To understand the types of data that can be used to advance their personalisation efforts, providers must first understand customer pain points. This requires demographic research and applying behavioural science to understand the hurdles customers face when trying to satisfy their banking needs. In addition, banks need to look at attributes that drive the customer's choice of providers as well as when and how personalisation can be used to optimise them.

BANKS NEED TO LOOK AT ATTRIBUTES THAT DRIVE THE CUSTOMER'S CHOICE OF PROVIDERS AS WELL AS WHEN AND HOW PERSONALISATION CAN BE USED TO OPTIMISE THEM.



Source: GlobalData



FLUID BANKING SOLUTIONS FOR ALL

Société Générale supports clients in their banking journey with responsible and innovative financial solutions.

Société Générale Private Banking (SGPB) is the wealth management arm of French lender Société Générale and offers wealth management solutions and fiduciary services to entrepreneurs and high-net-worth individuals (HNWI). Adopting a holistic approach to wealth management, the bank takes into consideration each client's personal requirements and advises on the most suitable asset allocation.

SGPB has developed fluid and transparent experiences for its customers to help them bank easily and independently, using integrated and efficient processes. Solutions include the launch of Mon Patrimoine (My Wealth), an application developed with and for private banking clients in France. Using a single internet and mobile interface, the product offers customers a holistic view of their entire portfolio, regardless of whether it is housed at Société Générale or not.

DIGITAL INNOVATION

Additionally, the bank has developed Synoe, an in-house solution based on an innovative algorithm and natural language technology that enables investment advice to be digitally and automatically sent to eligible clients depending on their requirements, investor profile and their targeted investment portfolios. Meanwhile, developed in collaboration with clients, the Coach Financier application has been exclusively designed for clients that are looking to make their own investment decisions.



With customer-centric solutions defining the bank's overall objectives, SGPB's management team comes equipped with the resources to provide clients with results that match their strategy, market knowledge and risk profile. Customers can take advantage

Société Générale Private Banking has developed fluid and transparent experiences for its customers to help them bank easily and independently, using integrated and efficient processes.

of personalised and diversified allocation across all asset classes, long-term monitoring of their investments and further benefit from the bank's environmental and societal convictions. Dedicated wealth engineers assess the requirements of each HNWI and how to best achieve their goals. Société

Générale delivers highly targeted solutions by matching a tailored strategy to the needs of every client.

CORPORATE PHILANTHROPY

One of SGPB's core missions is to inspire clients and help them build a meaningful and impactful philanthropy strategy for themselves and their family. Financial experts lead clients in every step of their philanthropic journey, identifying and nurturing their willingness to give back, crafting a tailor-made strategy, building the governance, involving all the generations within the family, and setting metrics to measure the impact of their generosity.

To help its clients donate to a good cause before or after their demise, SGPB has created 29 Haussmann, a foundation run under the aegis of Fondation de France. The organisation supports the implementation of solidarity projects devoted to children and young people and allows clients to benefit from dual expertise in wealth engineering and societal expertise.

Société Générale Private Banking has been recognised as the winner of the Outstanding Global Private Bank in Europe award and has been Highly Commended in the Outstanding Philanthropy Offering category at the PBI Global Wealth Awards 2023.



INTELLIGENT BANKING

Hana Bank is diversifying its portfolio and unlocking new avenues of business amid market fluctuations and economic challenges.

In the ever-evolving landscape of global finance, institutions face the constant challenge of adapting to increased market volatility and heightened competition. Amid this, Hana Bank is strengthening its core business competencies and enhancing its market positioning.

The South Korean bank's spectrum of services covers investment management, estate planning, corporate finance advice and specific wealth management products. Its strategy revolves around catering to diverse customer needs by offering tailored financial services, advice and investable solutions for both affluent individuals and families.

STRATEGIC FOCUS

In 2022, Hana Bank directed its efforts towards comprehensive and dedicated portfolio management, with a strong customer-centric approach. Recognising the need to navigate market fluctuations, the bank proactively monitored investment products.

During periods of heightened volatility, such as downturns in the equity and bond markets, the bank suggested portfolio rebalancing strategies on a monthly basis. This approach aimed to ensure customer portfolios were resilient and aligned with their risk preferences, enhancing customer satisfaction and loyalty.

Despite the adverse economic conditions resulting from the Covid-19 pandemic, Hana Bank increased the total assets under management (AUM)



HOJEONG CHOI | HANA BANK

Outstanding Private Banker Award

➔ Hojeong Choi's remarkable achievement of winning the Outstanding Private Banker Award is a testament to her exceptional capabilities and dedication.

With agile management skills, Choi has overseen an estimated \$169m in assets under management (AUM) as of May 2023, achieving a commendable 60 per cent growth in AUM. Over the past three and a half years, her efforts have led to an increased amount of about \$64m, a

notable achievement that anticipates an annual operating income exceeding \$4.5m.

Choi's capacity to generate profits through transaction-related foreign exchange and overseas investments is particularly noteworthy.

Her tenure at KEB Hana Bank (China), a subsidiary of Hana Bank, has resulted in a growth of about \$75m in AUM for high-net-worth individuals over the past three years.

Choi's advisory services, tailored to Korean residents transacting with Hana Bank's overseas branches, have attracted about \$6m in imported overseas investment. Her systematic asset management across Hana Financial Group's global network showcases her dedication to providing clients with optimal solutions for overseas investments. Choi's recognition is well-deserved and a testament to her exceptional skills and contributions to the field.

Hana Bank stands out in a competitive landscape through its differentiated target marketing and innovative business approaches.

in its private banking business from about \$52.2bn in 2021 to \$54.5bn by the end of 2022.

NEW FUNDS

The driving force behind this achievement was the infusion of new funds into various financial products including savings, time deposits, equity-linked trust (ELT) products and specified money in trust. In addition, interest rate hikes played a pivotal role in incentivising customers to channel their investments into these avenues.

Hana Bank has also established a digital wealth management platform that offers customers personalised services driven by artificial intelligence. This transformation has enabled the

bank to deliver a seamless and tailored experience across the customer lifecycle. The bank has diversified its portfolio by focusing on art enthusiasts and investment products related to art, with membership growing from 650 at the end of 2022 to 760 by March 2023.

ART BANKING

Hana Bank has expanded into art banking through strategic alliances that have allowed customers to co-own fractionalised ownership interests in investment-grade blue-chip artwork. It also launched a storage service for its customers – H.Art1 – in November 2022. This service utilises public space to exhibit artwork of rising and famed artists and to store the art securely.

Hana Bank has been recognised as the winner of the Outstanding Private Bank – North Asia award at the PBI Global Wealth Awards 2023. Additionally, two senior executives at the bank – Younghee Park and Hojeong Choi – have won Outstanding Private Banker – Regional Player awards this year.



YOUNGHEE PARK | HANA BANK

Outstanding Private Banker Award

➔ Younghee Park's success in being honoured with the Outstanding Private Banker Award is a reflection of her distinct strengths in the field of private banking.

She has navigated assets worth about \$235m by managing investment portfolios, achieving a growth of 95 per cent within a year and a half. This growth was a result of adept management of investment tools such as bonds, foreign fixed income and share sales.

Park's expertise further extends to nurturing relationships with notable clients, including one of South Korea's leading e-commerce companies. She has demonstrated a deep understanding of corporate financial needs, resulting in the successful management of initial public offerings (IPOs) and an influx of about \$75m. Additionally, her collaborative approach has attracted investments totalling about \$23m through tailored services.

Park's approach to portfolio management and expert grasp of corporate services have earned her this well-deserved recognition.

ARE BANK BRANCHES A RELIC OF THE PAST?

Despite closures, 55 per cent of consumers globally prefer banks that have branches, indicating that physical channels are still popular.

A COMMON TREND across different regions has been the relatively rapid decrease in the number of branches over the past decade or so. This decrease cannot be attributed to one exclusive factor but rather to a mixture of reasons, including cost pressures due to a decrease in retail banking profits, acquisitions and consolidation within the sector as well as digitisation.

Many believe bank branches are a relic of the past that will eventually fail to withstand the waves of automation and digitisation. However, and even though the figures undeniably point towards a continued drop in the net number of branches in most countries, the fact that banks have carried on opening new branches and invested considerable sums in rethinking their physical channels means that branches will continue to be part of high street landscapes for the foreseeable future.

The continuous rise of digital and online channels has made it unnecessary to visit branches and ATMs for simple transactions and activities such as transferring money and checking account balance. This is apparent in GlobalData's survey data where online and digital channels are more frequently used on a daily and weekly basis. However, visiting branches is still the most common method used for more complex activities such as applying for credit and mortgages or to research financial products.

The way a bank goes about transforming its branches depends on its overall business, marketing and product strategies. Retail banks that are more focused on cost reduction and emphasising profits from transactions are likely to focus the most on automation and self-service.

Other banks that are interested in cross-selling products and deepening their customer relationships might focus less on automation and more on creating a welcoming environment at their branches via a hospitable and open design, as well as offering services that boost client trust.

VISITING BRANCHES IS STILL THE MOST COMMON METHOD USED FOR ACTIVITIES SUCH AS APPLYING FOR CREDIT AND MORTGAGES OR TO RESEARCH FINANCIAL PRODUCTS.



Source: GlobalData

The role of regulatory technology in FINANCIAL SERVICES

David Boast, general manager at UK-based software company Endava, on how technologies can help boost compliance.

Staying a step ahead in the Middle East's crowded banking and finance sector calls for unhindered innovation. Indeed, the region's banking, financial services and insurance (BFSI) firms rise to the challenge. But all too often, they are sidetracked by the pressing need to deal with the threat of money laundering and fraud. Technology, as always, is seen as the best way to prevail. In the regulatory space, we call it 'reg-tech'.

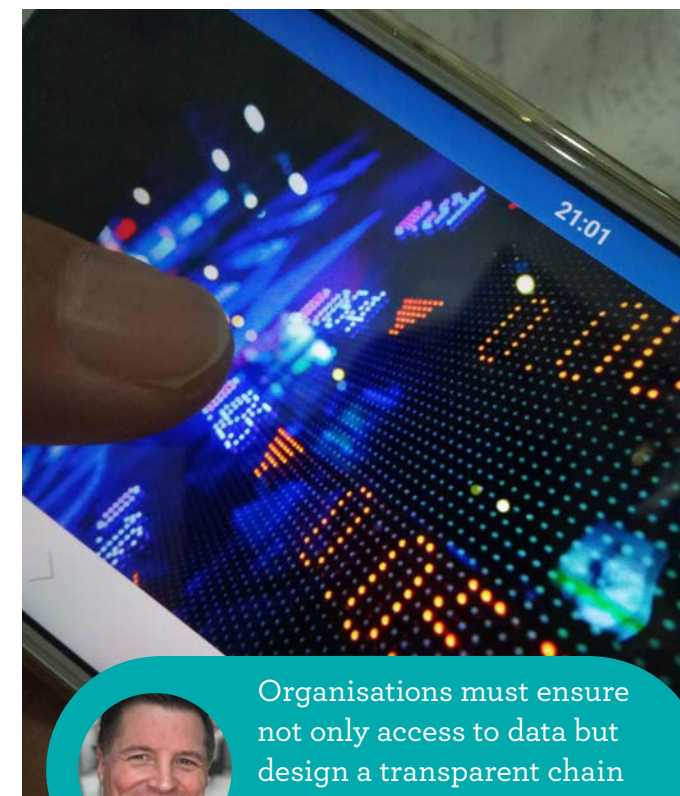
Startups in the Middle East and North Africa reg-tech segment take just 4 per cent of financial technology (fintech) funding, according to one estimate, but regional pioneers like Lebanon's Card Switch and the UAE's Azakaw are being joined by global players such as DX Compliance, which opened its UAE office in 2020. Another success story is Saudi Arabian AI specialist Mozn, which recently branched out from anti-money laundering (AML) to launch an anti-fraud offering.

Adding Value

Every BFSI entity must have eyes everywhere to identify risks and mitigate them. Data can be both an ally and enemy depending on how well an organisation strategises and manages its risk function. Organisations must ensure not only access to data but design a transparent chain that will document lineage and accountability.

One important step in delivering this openness is model standardisation, which is a way of mapping enterprise data onto the formats used by reg-tech vendors and regulators. But this presents a challenge as most legacy systems are inflexible and third-party data providers present too much risk. Data infrastructure must be able to cope with commercial expansion in which the organisation finds itself in new markets with unique regulatory requirements. Plus it must be able to handle the fraudster's innovation.

Businesses that hit upon the ideal compliance formula are unlikely to share their experience, as it will be seen as a market differentiator. This makes industry-wide and economy-wide progress on anti-fraud and AML difficult to attain. And even if the will was there, variations in data formats make cooperation problematic, especially across borders. However, several industry reports and the International Financial Action Task Force – of which the GCC is a member – call for just such data-sharing to strengthen standards.



Organisations must ensure not only access to data but design a transparent chain that will document lineage and accountability.

Aligning Practices

For the individual business, however, the challenges remain. Your observability in real-time must be enough to detect patterns and flag anomalies quickly while being transparent about how alerts trace back to regulatory text.

Clearly, automation must be allowed a place in daily operations. AI is a competent ally when reducing the number of false positives. Such technologies can alleviate the workload on compliance teams and are getting better at understanding problems as humans would, given the emergence of large language models. We are still shaping the future of reg-tech in the GCC and wider Middle East. But as we move forward, every government and business will have a role to play in making sure adoption is efficient and adds value for every stakeholder.



EMPOWERING FINANCIAL FUTURES

RBC Wealth Management has built a strong wealth planning portfolio and is committed to adaptable and inclusive wealth management.

With a global network of professionals, RBC Wealth Management (RBC WM) serves affluent, high-net-worth (HNW) and ultra-HNW (UHNW) clients from key operational hubs in Canada, the US, the British Isles and Asia.

A subsidiary of the Royal Bank of Canada, RBC WM provides a full suite of banking, investment, trust and other

RBC WM boasts a client-first mindset and a comprehensive suite of solutions, including holistic wealth planning, investment management (advisory and discretionary), banking and credit, estate and trust, insurance, business succession planning, tax planning, and charitable giving.

The bank has solidified its position as a leading full-service private banking and wealth management business.

Its businesses in the US include RBC Wealth Management - US and City National Bank.

DIVERSE PORTFOLIO

In Canada, RBC WM is among the top private banks and wealth managers, with a leading market share of assets. RBC Wealth Management - US is the seventh-largest full-service wealth advisory firm in the US as measured by assets under administration. The business continues to leverage the combined strengths of City National Bank, RBC Wealth Management - US and RBC Capital Markets to serve the needs of individuals, families and institutional clients and accelerate growth.

RBC WM's businesses in the UK and Asia are enjoying positive momentum as part of a focused international strategy targeting global HNW and UHNW families. In the UK, RBC Brewin Dolphin is one of the largest wealth managers, with more than 30 regional offices, over 2,100 employees and a long history of providing exceptional service to all its private clients. With a comprehensive Asian wealth management platform in Singapore and Hong Kong supplemented by market-leading capabilities in North America and a strong presence in the UK, RBC WM is well positioned to meet the demands of a growing client base.

RBC Wealth Management has been recognised as the winner of the Outstanding Global Private Bank - North America award at the PBI Global Wealth Awards 2023.



wealth management solutions.

Asset management products and services are provided directly and through RBC and third-party distributors to institutional and individual clients, through the RBC Global Asset Management (RBC GAM) business.

RBC WM's businesses in the UK and Asia are enjoying positive momentum as part of a focused international strategy targeting global HNW and UHNW families.



PRESERVING GENERATIONAL WEALTH

Bradesco Global Private Bank is curating customised solutions to manage, protect and improve clients' wealth.

With a strong national and international presence, Brazil's Bradesco Global Private Bank (BGPB)

works closely with its clients to preserve and manage their family wealth across generations and offer wealth strategies compatible with their personal needs and risk profile.

To cater to the unique requirements of its clients, the bank has established a comprehensive wealth management framework covering a range of assets, both easily accessible and less liquid, and provides clients with ideal investment options and structures for preserving family wealth.

Clients have access to a complete, open and differentiated platform of local and international investments, including exclusive funds. Backed by a skilled team of advisers and economists, BGPB provides access to several business solutions including investment banking, credit, insurance, brokerage and pension funds.

CLIENT-CENTRIC APPROACH

Clients play a vital role in shaping BGPB's strategy. Tailoring its approach to match the needs, life stages and aspirations of its clients, the bank offers assistance in asset management and financial advice.

Adhering to this strategy enabled the bank to grow its assets under management (AUM) 59 per cent between 2022 and 2019 (pre-pandemic), and 107 per cent between 2018 and 2022. As a result, in 2023, BGPB increased its market share by a total



of 3.8 percentage points against 2018. Over the past year, the number of customers increased by 8 per cent, proving the bank's goal to devise customer-centric strategies.

ROBUST LEADERSHIP

BGPB has been transforming its service model to provide stronger representation in management versus operations. Over the past two years, 17

Adhering to its client-centric strategy enabled BGPB to achieve 68 per cent growth compared to the pre-pandemic period.

per cent of the bank's positions were transformed into management, reaching 81 per cent of personnel dedicated exclusively to the business.

By embracing an inclusive model of approach, BGPB has effectively drawn in and retained talent throughout the years. The global private banking team in particular has experienced a notable growth of 107 per cent in the past five years and continues to invest in strategies and solutions that differentiate itself from its peers.

Bradesco Global Private Bank has been Highly Commended in the Outstanding Global Private Bank in Latin America category at the PBI Global Wealth Awards 2023.

Harnessing mobile wallets for FINANCIAL INCLUSION

Ghady Rayess, co-founder and managing director at FOO, on how mobile wallets are spearheading financial inclusion for the unbanked.

For the majority of individuals in the developed world, mobile technology serves as a means of simplifying our lives. But for many emerging countries within the Middle East and Africa (MEA) region, the smartphone plays a more profound role.

What is it about smartphones that has ignited this revolution? The answer lies in the remarkable strides made in terms of financial inclusion, a direct result of the smartphone's widespread adoption.

In the Middle East, smartphone ownership stands at 81 per cent, far surpassing the bank account ownership rate of 38 per cent. This discrepancy arises from the fact that smartphones have become widely accessible at highly affordable prices in recent years.

Onerous Requirements

The persistence of strict and detailed documentation prerequisites for opening a bank account in the region has resulted in the exclusion of individuals who lack the necessary paperwork. The scarcity of nearby bank branches and high minimum balance requirements act as further obstacles.

Consequently, forward-thinking fintech companies have devised a solution that leverages the extensive adoption of smartphones to offer disadvantaged groups an easier way to access basic financial services.

Enter mobile wallets – a means to carry out transactions, settle bills and conduct affordable cross-border and peer-to-peer (P2P) transfers, all from the convenience of the user's smartphone. Signing up for a mobile wallet typically only entails downloading an app and completing a straightforward digital onboarding and eKYC process.

Easy Transactions

Users can then top up their mobile wallet using physical cash deposit machines, partnering with a local bank without the need to open a bank account. You can also top up the wallet through an agent network, a debit card and international remittances.

On top of this, mobile wallets democratise access to micro and consumer lending, making these services accessible to marginalised individuals. Lenders operating through mobile wallets also reduce overhead costs associated with



Current projections indicate 4.8 billion mobile wallet users by the end of 2025.

maintaining physical bank branches, allowing them to offer smaller loan amounts without compromising their profitability.

It therefore comes as no surprise that current projections indicate 4.8 billion mobile wallet users by the end of 2025. Fintech players looking to enter this market should seize the opportunity swiftly as the landscape will soon become saturated with competitors.

This is where harnessing the capabilities of white-label technology providers comes into play, enabling companies to launch their operations within a matter of weeks, as opposed to a year of development and testing. Those demanding a higher degree of personalisation should select a fintech partner who will develop the solution in-house.

HOW THE METAVERSE CAN BE USED IN BANKING

Growth of the metaverse as a digital economy demands integrated payment solutions.

THE METAVERSE BRINGS TOGETHER a range of next-generation technologies from cloud computing to artificial intelligence, blockchain, cryptocurrencies, cybersecurity, the internet of things, virtual reality, augmented reality, digital twins and adtech.

The development of the metaverse into a digital economy where users can buy and sell products and services will require effective payment solutions embedded in metaverse platforms.

According to GlobalData, there will be three key payment channels for settling transactions in the metaverse:

- Mobile payments offered by technology players such as US-based Amazon, Google and Apple, and China's Tencent.
- Card payment networks made available to consumers by banks that partner up with card scheme providers such as Visa and Mastercard.
- Cryptocurrencies such as Bitcoin, Ethereum and Mana (offered by 3D virtual platform Decentraland).

GlobalData anticipates that most metaverse platforms will integrate all three payment options, while blockchain-based metaverses will prefer cryptocurrencies to attract crypto enthusiasts.

Indeed, blockchain-based metaverses such as Decentraland, The Sandbox and Axie Infinity offer native utility tokens – Mana, SAND and Axis Infinity Shard respectively. Mana, for instance, can be used to pay for virtual plots of land in Decentraland, while SAND allows the user to play games, purchase equipment and customise avatars on The Sandbox. Similarly, Axis Infinity Shard serves as a governance token, allowing the holder to claim in-game rewards and vote on potential game developments.

The development of metaverse-based marketplaces will also trigger competition between centralised banking services offered by traditional banks and decentralised finance (DeFi) providers. It is too early to say who will win in the long run, but the gap between the two will shrink as the metaverse matures.

**GLOBALDATA
ANTICIPATES THAT MOST
METAVERSE PLATFORMS
WILL INTEGRATE
PAYMENT CHANNELS
FOR TRANSACTIONS.**

Source: GlobalData

HOW BANKS ARE SHAPING A BRIGHTER FUTURE

By leveraging the power of community and collaboration, financial institutions are undertaking CSR initiatives that provide long-term benefits and value for stakeholders.

By Mrudvi Bakshi

In recent years, the financial industry has recognised the increasing importance of CSR as a fundamental aspect of its operations. Defined as the voluntary integration of social and environmental initiatives into an organisation's decision-making operations, a robust CSR framework can help firms enhance their overall image, strengthen market reputation, create value and develop a positive image among customers. Additionally, it could substantially improve the performances of firms and increase their revenues in a sustainable manner.

Such outcomes are imperative for companies to maintain a competitive edge and improve business functions by allowing them to focus on creating customer-centric solutions.

WELL-DEFINED STRATEGY

"CSR strategies and execution should align with the company's values and goals and be able to embed sustainability considerations into the company's regular operations and decision-making process," says Patrick Tsang, chairman for Hong Kong and Dubai at Tsang Group. "Moreover, collaborations between the private sector,

NGO [non-governmental organisations], and governments are vital for addressing complex social and environmental challenges. Engaging in partnerships and collective initiatives can amplify the impact of CSR efforts and foster shared value creation."

To evaluate the success of their strategy, organisations should monitor and assess the impact of their initiatives using metrics related to environmental, social and governance (ESG) factors.

Consumers today are expecting higher ESG standards and to meet these requirements, banks must restructure their IT systems to represent a wide range of ESG data. Achieving this objective will necessitate substantial modifications to the entire IT infrastructure, ranging from applications to data integration, architecture and governance.

Upcoming applications encompass not just overseeing and collecting ESG data but also models for emissions tied to financing, assessing climate risk, scorecards evaluating ESG factors, stress tests focused on climate impact and ratings adjusted for climate considerations.

The incorporation of ESG data into existing procedures, such as credit approvals and decision-making, is also crucial. In addition, banks will also need to adapt their data structure, formulate a strategy for data gathering and restructure their data management framework to effectively oversee and report ESG data.

SUSTAINABLE COLLABORATIONS

"A successful CSR strategy transcends mere charitable acts and directly addresses challenges, empowers communities and restores ecosystems," says Nipun Srivastava, managing director of global management consultancy Protiviti. "To maximise the impact of their CSR initiatives, financial institutions need to engage in collaborations with stakeholders, including local governments, industries, communities, NGOs and green funds."

Over the past decade, leading banking institutions have increased their involvement in CSR initiatives, reflecting a growing understanding that such efforts not only align with customer and investor expectations but also serve as a key driver of long-term success and resilience in an ever-changing global landscape.

The Futuremakers programme, for instance, is a global sustainability initiative launched by UK-based Standard Chartered bank to tackle inequality and promote greater economic inclusion for young people across communities. In 2022, the programme successfully reached more than 335,000 people by providing opportunities to earn, learn and grow, and further aims to raise and donate \$50m by end of this year.

From empowering startups to helping young individuals reach their full potential and building stronger, more inclusive communities, Deutsche Bank Asia-Pacific offers another example of a successful CSR initiative, changing more than 200,000 young lives by deploying CSR initiatives and continuing to implement similar strategies to the most relevant local concerns.

GREEN PROJECTS

As part of their CSR initiatives to achieve their environmental objectives, companies are increasingly investing in green projects as they see the potential for long-term rewards and positive effects. The incorporation of environmental considerations into financial decision-making is key to sustainable development.

"Financial institutions and governments in the Middle East should work together with US, European and Chinese peers in building a common taxonomy for making green finance credible globally. It will ultimately help global investors better compare green bonds and contribute to the further integration in those rapidly growing markets," says Alexis Garatti, senior climate change manager of global insurance company Allianz Trade.

"Across the Middle East in particular, leading banks are expected to actively participate in the Net-Zero Banking Alliance (NZBA), an industry-led alliance convened by the

CSR strategies and execution should align with the company's values and goals and be able to embed sustainability considerations into the company's regular operations and decision-making process.



PATRICK TSANG
Chairman
TSANG GROUP



NIPUN SRIVASTAVA
Managing Director
PROTIVITI

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ALEXIS GARATTI
Sr. Climate Change
Manager
ALLIANZ TRADE

UN. The grouping unites banks worldwide, representing more than 40 per cent of global banking assets, with a commitment to align their lending and investment portfolios with net-zero emissions by 2050," explains Srivastava.

LOOKING AHEAD

As financial institutions continue to evolve, CSR activities must better align with the most recent strategic goals of the organisation. Tsang Group's Tsang believes banks will need to create more meaningful engagement with customers, employees, communities and regulators to jointly create a more responsible environment and address societal challenges.

Additionally, banks must avoid disjointed or conflicting approaches, and demonstrate genuine commitment and transparency in their CSR programmes to gain stakeholders' trust and avoid accusations of greenwashing or social washing, he adds. Encouraging transparency across operations is key, including providing relevant disclosures on banking systems, processes, performance and access to annual CSR or sustainability reports. It will be prudent for organisations to also establish and disclose specific and measurable key performance indicators (KPIs) related to CSR goals, and regularly report the progress of these KPIs in a concise and accessible manner.



THE KEY TO LASTING CHANGE

LGT Private Banking supports clients in every step of their philanthropic journey.

Thinking and acting for the long term is in the DNA of the Princely House of Liechtenstein and is one of the reasons the family has been involved in various charitable causes for centuries. These values are closely reflected in the convictions and strategies of LGT Private Banking.

For more than 15 years, the private bank has placed a clear focus on philanthropy to ensure a better tomorrow for society and the environment, and to support clients in maximising their positive impact.

AMPLIFYING IMPACT

Over the centuries, philanthropic principles and approaches have



If clients are looking to maximise their philanthropic impact, we're there to support them throughout their entire philanthropic journey.
~ Nina Hoas, LGT Private Banking



continuously evolved. Unlike in the past, there is now a much greater emphasis on making philanthropic commitments sustainable and scalable in order to amplify their positive impact. In other words, the aim today is not just to do good, but to achieve the best possible outcome with the resources available, which can include experience, expertise and partnerships.

This entrepreneurial approach is one of LGT's guiding principles in its commitments to society and the environment. The bank's owner, the Princely House of Liechtenstein, places great importance on developing and aligning its philanthropic activities in such a way that they effectively and efficiently contribute to positive and sustainable change.

It was against this backdrop that LGT established the LGT Venture Philanthropy Foundation in 2007. In addition, with its philanthropy advisory offering, LGT supports clients in every step of their philanthropic journey – from defining their underlying values and areas of engagement to developing a strategy and implementing it successfully.

DRIVING CHANGE

"If you have a medical problem, you go to a doctor and if you have legal issues, you talk to a lawyer," says Nina Hoas, head of LGT's philanthropy advisory

division. "So if clients are looking to maximise their philanthropic impact, we're there to support them throughout their entire philanthropic journey, which often spans generations.

This process begins, Hoas explains, with developing a vision and a concrete mission. "Using that as a basis, we then build a philanthropic strategy with them and together define a clear process for achieving long-term impact."

But in addition to being beneficial for individuals who are new to philanthropy, the advice provided by LGT's philanthropy advisory team can also help philanthropists who have been working in the field for many years.

"Experienced philanthropists also want to talk to experts with an in-depth knowledge of relevant topics, and want to learn about new opportunities in philanthropy," says Hoas. There is no lack of compassion and commitment in today's world. But the sheer complexity of social and environmental problems can make it difficult to effect positive change. "There are so many people who have the best intentions but who don't achieve the impact and effect they are striving for," says Hoas.

"This might be due to hierarchies, or a lack of coordination within the family. Or it could be the result of a lack of strategy, or because they're simply too far removed from the problem. I'm convinced that strategic philanthropy is the key to lasting change."

LGT Private Banking has won the Outstanding Philanthropy Offering award at the PBI Global Wealth Awards 2023.

Why enterprises struggle with AI-DRIVEN DECISION-MAKING

Karl Crowther of US software company Alteryx on the inherent risks of using imperfect or non-compliant data.

Data-driven decisions continue to form the backbone of successful scientific, government and business strategies as more businesses and government bodies use data in new ways to gain actionable insights.

Data from a recent CEO survey by the UK's PwC reveals that two-thirds of regional CEOs consider technological disruption a top concern. Furthermore, 84 per cent are poised to champion artificial intelligence (AI), automation and cloud technology this year, while 74 per cent are investing in enhancing their teams' skills.

Yet, amidst this momentum, the question remains: why

do some enterprises struggle with AI-driven decision-making and how can we be confident of the accuracy of the output?

Explaining the Challenge

Once a domain ruled by data scientists, AI's realm has now been democratised. A PwC study forecasts that by 2030, the Middle East alone will account for 2 per cent of the global AI advantages, translating to an impressive \$320bn.

However, there is still a general distrust in AI and many businesses remain sceptical about AI's insights. According to the US-based International Institute for Analytics (IIA), the majority of organisations still sit at the 'spreadsheet stage' of analytics – ranking at just 2.2 out of 5 on the Analytic Maturity Scale. This environment inevitably becomes a hotbed for biased AI insights.

AI with Integrity

Consider this scenario: a team requests an AI model tailored for a particular task. The data they receive might be a raw list of CVs from the past decade, rather than a meticulously curated dataset.

Such data might inadvertently contain biases. For instance, in the tech domain, there might be an inherent gender bias due to past hiring practices.

This underlines the critical criteria for ethical AI – data should be of high enough representative quality to deliver valid insights when fed into AI models. Every department contributing to the data pipeline must have a solid understanding of ethical data handling to negate biases.

Neutralising AI Bias

Businesses must recognise the inherent risk of using imperfect or non-compliant data, potentially heavy with age-old biases. To ensure AI accurately reflects our ethical landscape, it is imperative to institute mechanisms for recognising bias and incorporating diverse perspectives right from the data collection phase.

In the UAE, the Digital Dubai Authority has launched the AI Ethics Toolkit, guiding responsible AI use across sectors and individuals. This has the potential to expedite the evolution of AI towards achieving automated decision intelligence at scale while minimising bias.



Data should be of high enough representative quality to deliver valid insights when fed into AI models.

BANKS CEMENT FOCUS ON CLIENT EXPERIENCE

Lenders are increasingly focusing on revamping their services to consistently deliver exceptional customer experiences.

IN THE PAST few years, customers in the banking sector have been reassessing their connections to money, financial stability and institutional ties. In this new landscape, lenders have risen to the challenge and embraced this opportunity to transform into true collaborators, aligning their objectives with individual needs.

In today's business landscape, customer experience leaders must acknowledge the intricate relationship between experience elements. They need to prioritise wisely by considering existing customer scores, the capabilities of direct banking competitors and the multitude of startups providing faster, more affordable and ethically-driven solutions across the value chain. This focus has resulted in improvements to existing models and the creation of new ones.

Nonetheless, determining where to allocate investments for the most significant breakthroughs remains a challenge. This means that lenders must adapt to a constantly changing landscape of products and customer touchpoints. Here are some of the factors that have influenced the rapid changes that the banking industry has experienced in the past few years:

- Transformation projects should not only be technologically innovative but also compatible with the actual preferences of clients.
- Mobile application and website designs are vital for creating user-friendly experiences and engaging interfaces. Furthermore, the integration of voice-activated messaging allows clients to interact with chatbots using their voice, enhancing convenience and accessibility.
- By digitising the banking journey, lenders can accelerate processing, reduce costs and customise customer offerings based on individual preferences.
- To adapt to evolving customer channel preferences and mitigate disintermediation risks, banks are collaborating with third-party platforms. This necessitates flexible technology platforms that enable lenders to expand their reach beyond proprietary channels.
- Partnerships and platforms ensure the availability of financial services such as banking licences, anti-money laundering, know your customer (KYC), core banking and payment infrastructures to customers 'as a service'.

DETERMINING WHERE TO ALLOCATE INVESTMENTS FOR THE MOST SIGNIFICANT BREAKTHROUGHS IN CUSTOMER EXPERIENCE REMAINS A CHALLENGE FOR BANKS.



Source: GlobalData

How crypto can streamline CROSS-BORDER PAYMENTS

Nicola Buonanno, area vice-president at US blockchain analysis firm Chainalysis, on how cryptocurrencies could revolutionise the field of remittances.

As the popularity of cryptocurrencies continues to grow, many are asking how this new technology can benefit people beyond offering speculative investment opportunities. What real-world problems can cryptocurrencies solve? Here's one that is of interest to the UAE and its expat population: remittances.

According to The World Bank, some 90 per cent of the UAE's population are immigrants but the question remains how many from this population transfer funds back to their families. Many fund-senders in the UAE have expressed concerns about transaction speeds, with a 2022 study by global payments company Mastercard showing that more than half (54 per cent) rank 24-hour delivery windows as their top priority.

Remittance Fees

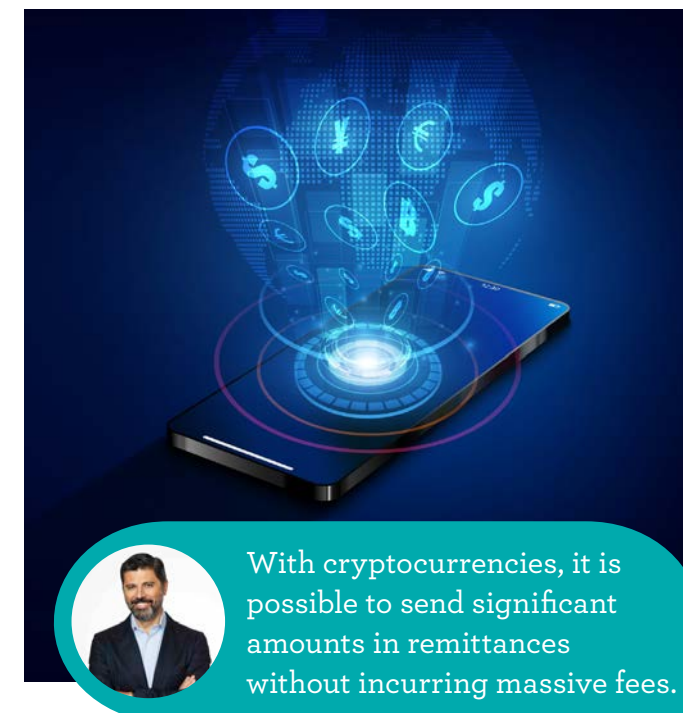
Apart from speed, remittances also exact fees that affect the sender and the recipient. India, as the prime recipient of remittances from UAE workers, is the best example to take here. According to the World Bank, the options for sending parties in remittances from the UAE to India can carry fees from 0.71% to 11% and the funds can take from a few hours to a few days to reach the recipient.

With cryptocurrencies, it is possible to send significant amounts without incurring massive fees. Consider the USDT_TRX, which is a token pegged to the US dollar. In a transaction that sends \$485.72 (which converts to 485.72 USDT_TRX) between two wallets, the sender pays fees of 0.01 per cent (7 cents or 13.704 USDT_TRX). The transactions take less than a minute to complete.

This crypto transaction is therefore verifiably faster and cheaper than any remittance options currently available for UAE-to-India transactions. UAE senders tell researchers they are seeking speed and cost-effectiveness. Crypto payment providers are in a position to offer both. This will lead to a workforce with greater disposable income that can be spent or saved. And if remittance senders choose the former, this leads directly to GDP growth.

Notable Upswing

It is pertinent to highlight that Chainalysis has observed a notable upswing in the utilisation of cryptocurrencies for



With cryptocurrencies, it is possible to send significant amounts in remittances without incurring massive fees.

remittance payments among UAE workers. Our empirical data illustrates a progressive escalation in the volume of transfers originating from the UAE, specifically for sums under \$1,000, a conventional threshold for remittance transactions, over the preceding three-year period.

We have already seen the UAE acting on the potential of cryptocurrency for foreign remittances. The country has engaged with some of its largest fund receivers on crypto remittance projects. Recently, the UAE's central bank embarked on a joint project with India to establish a central bank digital currency (CBDC) bridge. The authority cited faster remittance payments as one of the main drivers of the project.

These promising developments warrant careful observation. Considering the substantial demographic of foreign labour within the nation, it is probable the UAE will greenlight even more initiatives in the near future. In due course, its workforce and their dependents will experience enhanced involvement in the worldwide financial framework, thereby gaining improved access to the tangible advantages of cryptocurrency-based remittances.

2023 AWARDS NIGHT







CLOCK IS TICKING ON PERSONALISED EXPERIENCES

Personalisation is the truest expression of customer centricity but not all types of personalised services are valued equally by clients.

TODAY, BANKS that fail to personalise the customer experience risk encouraging the perception among consumers that all banks are the same and treat customers the same. These lenders are more prone to getting pushed down the value chain and being supplanted in the customer relationship by other organisations with stronger brands and deeper customer understanding, who often do not have a history in financial services.

Personalisation is perhaps the truest expression of customer centricity, demonstrating that a provider truly knows its customers. In an open finance environment, personalisation can be used to serve and sell in a variety of ways.

EVOLVING REQUIREMENTS

According to a recent survey by London-headquartered data analytics consultancy GlobalData, half of all baby boomers (those born 1946-64) and nearly 60 per cent of older customers indicate that “receiving a personalised service is not important to me”. This compares to only 30 per cent for Generation X and below 20 per cent for younger customers (both Generations Y [those born between 1980 and 1994] and Z [those born between 1995 and 2012]).

The highest score goes to Generation Z and is related to tips and advice to help stay within budget. Generation Y and millennials also score highly for this feature, suggesting that broader efforts at financial wellbeing, specifically campaigns that drip-feed advice to consumers in moments of need. Also known as point-of-sale decision support, this will help drive customer advocacy (the belief that a financial services provider values customers and acts in their interest), which is associated with long-term increased product purchases and lifetime value.

TRUSTING THE PROCESS

The ability to deliver personalisation is not about any one technology or confined to a single area of customer interaction or one set of bank processes. Instead, a multi-pronged approach is necessary, in which banks identify the types of personalisation that promise to unlock the most value to customers, then seek to increase access to that data, consolidate it, and run machine-learning algorithms on the information to prove results in areas such as customer satisfaction and online conversions.

The lenders will then resupply those results back to the stakeholders (customers and employees) to drive continued momentum and support for scaling personalisation across the enterprise. The specific personalisation options that

customers most care about can vary by the relevant sub-segment of financial services (banking, payments and wealth management), as do the specific priorities of their providers.

PAYMENTS SYSTEMS

The encroachment of big technology is most advanced in payments systems. Within only two years, software giants Apple Pay and Google Pay were able to more than double their market share in the US e-commerce market, using a combination of social media interfaces and digital wallets that offer highly personalised contextual experiences.

These short and more frequent interaction cycles (payments) were ripe for personalisation as they encouraged the best providers to optimise for ever-more brief ‘micro-moments’ of interaction and deliver valuable tips, offers and rewards at that moment. As the types of payments multiply and these interfaces broaden to enable super-app functions, the pressure for incumbents to remain competitive is increasing.

RETAIL BANKING

New market players are raising the bar for personalisation as they are unencumbered by legacy issues and often able to bypass financial regulations. This enables them to provide convenient services and valuable insights to customers at a faster pace compared to traditional banks.

Over-the-top digital services and lower digital start-up costs have also allowed new entrants to deliver ever-more segmented propositions, making it progressively more difficult for incumbent banks to compete in all areas at all times. It is also true that the central role of banks – helping customers manage their finances – has been somewhat supplanted in the digital age.

Personal financial management (PFM) has been a perennial priority for many banks, long before financial wellbeing, but it is an open secret that very few of these implementations ever saw the adoption and sustained usage that was hoped for. In many cases, early PFM offerings involved too much work for end-users in terms of setting up savings goals and budgets. In this context, personalisation amid financial wellbeing take all the work out of money management for consumers and deliver more value upfront.

WEALTH MANAGEMENT

Arguably, the prize is the largest in wealth management, given the depth and breadth of data that could be accessed to inform investment decisions. But this complexity and the regulations involved also lead to reluctance on the part of customers to try new, digital-only equivalent services. As this sentiment changes, GlobalData expects big technology in particular to go more squarely after wealth management using highly personalised platforms.

NEW MARKET PLAYERS ARE RAISING THE BAR FOR PERSONALISATION AS THEY ARE UNENCUMBERED BY LEGACY ISSUES AND OFTEN ABLE TO BYPASS FINANCIAL REGULATIONS.

THE ABILITY TO DELIVER PERSONALISATION IS NOT ABOUT ANY ONE TECHNOLOGY OR CONFINED TO A SINGLE AREA OF CUSTOMER INTERACTION OR ONE SET OF BANK PROCESSES.



GOVERNMENT ACTION VITAL IN DRIVING SUSTAINABLE INVESTMENTS

How robust regulations and standardisation can increase the transparency and credibility of sustainable investments.

By Sarah Rizvi

Sustainable finance addresses a range of pressing global challenges. By tackling environmental issues through investments into clean energy, resource-efficient technologies and sustainable developments, it can help combat climate change, conserve biodiversity and reduce environmental pollution. It also plays a pivotal role in the world's transition to net zero by channelling private money into carbon-neutral projects.

This is reflected in the EU's Green Deal and Climate Law, which sets binding targets to cut emissions by 55 per cent by 2030 (from 1990 levels) and reach climate neutrality by 2050. To achieve this, the green deal plan aims to mobilise at least €1tn (\$1.05tn) in sustainable investments by 2030.

ESG CONSIDERATIONS

"At a corporate level, this is achievable by embedding ESG considerations and goals at a strategic level and within the organisation's culture. The financial decision-making process must have ESG considerations as pillars of success," says Roberto D'Ambrosio, CEO of Belize-based Axiory Global.

These efforts are too often looked at as a burden more than an opportunity, adds D'Ambrosio, and that is why a full awareness of ESG foundations and developments is crucial.

One of the reasons for this view is that companies and investors find it challenging to accurately measure and report the social and environmental impact of their investments.

Financial institutions use ESG data to identify companies with sustainable business practices, strong governance structures and positive societal contributions. This data is collected from various sources, including company reports, public disclosures, third-party ESG rating agencies, and other stakeholders, and requires careful assessment.

Inconsistency in this data will affect the evaluation of the level of implementation of ESG goals and the accuracy of forecasts of their impact, especially considering ESG efforts often take time to be fully implemented and for their benefit

to materialise. It can also lead to greenwashing, which is fast becoming an increasing concern as companies make claims of 'green' credentials without a reasonable basis or exaggerate their environmental and ethical credentials to boost customer loyalty and numbers.

"Long-term effects are hard to attribute, and external factors can confound results. Resource constraints and the risk of 'greenwashing' further complicate matters. Overcoming these challenges requires standardised frameworks, improved transparency, technological innovations and stakeholder collaboration," says Jelena Janjusevic, associate professor and head of accountancy, economics and finance at Heriot-Watt University Dubai.

"Due to the lack of standardisation in the reporting metrics and the fact that in many cases the impact assessment is rather subjective, the risk of greenwashing becomes more apparent, especially where companies are at a risk of overestimating or willingly exaggerating their level of ESG awareness, readiness and strategic focus," adds D'Ambrosio.

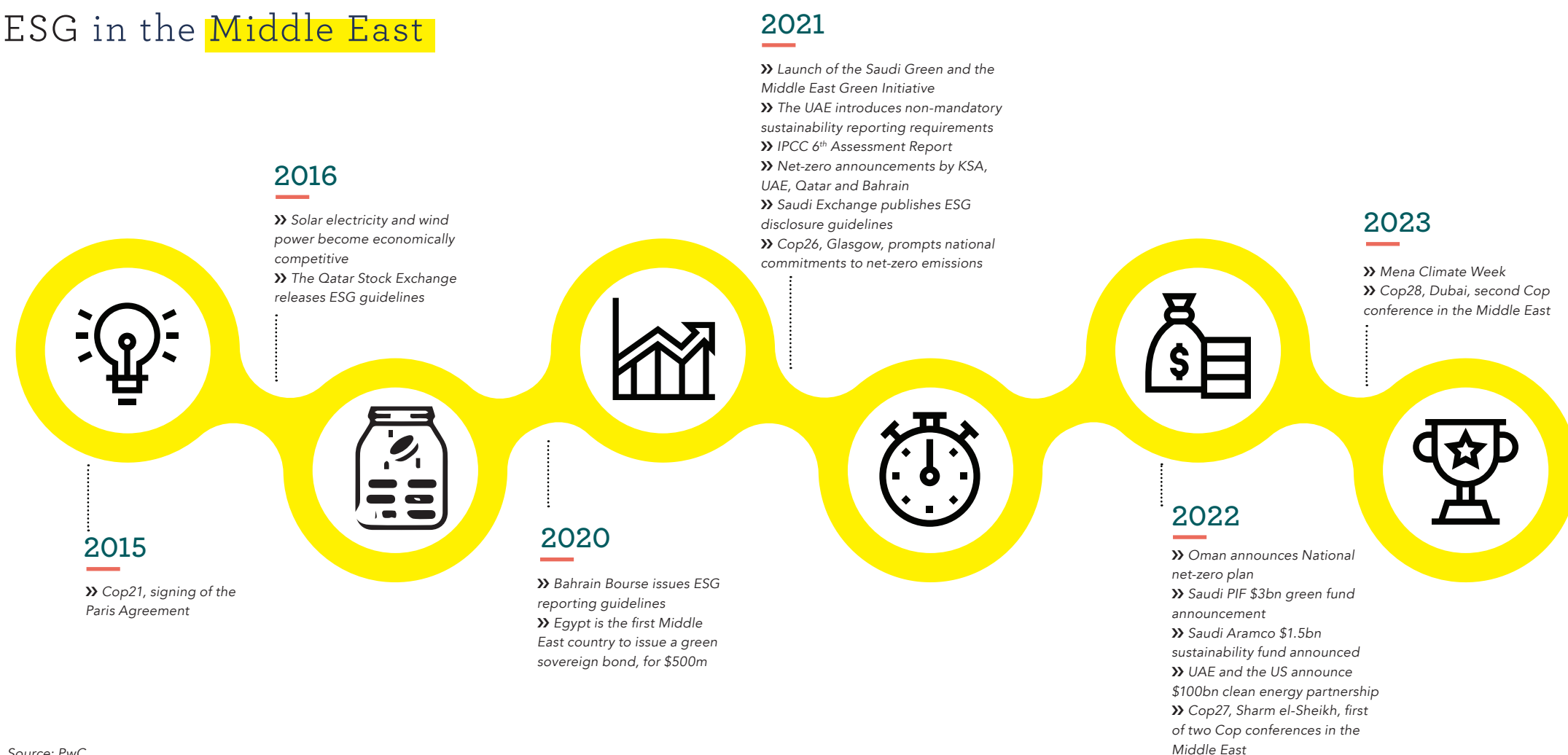
There is a need to introduce enhanced regulation around ESG accountability and performance tracking, and develop standards for a global baseline of sustainability disclosures.

D'Ambrosio highlights the need to pursue a level of standardisation of reporting metrics and regulatory harmonisation to allow for a more efficient and less costly implementation of ESG goals while also facilitating a more efficient evaluation of such topics by investors, thus increasing their level of trust in ESG-conscious organisations.

LEADING BY EXAMPLE

Although financial regulatory authorities are prioritising ESG regulations, guidelines and frameworks, the scale of action required cannot be underestimated, and many believe the onus should be on governments to take the lead. Government policies and regulations encourage investors to consider ESG factors in their decision-making process and

ESG in the Middle East



Source: PwC

promote investments that align with broader sustainability goals. This helps improve transparency for sustainable investment products and sustainability claims while also preventing greenwashing.

"Government policies and regulations play a critical role in shaping the growth and direction of sustainable finance initiatives," says Janjusevic. "When governments set the framework, it encourages responsible and sustainable investment practices while also addressing systemic environmental and social challenges."

Government bodies can foster ESG awareness and pursue related goals such as building incentive structures, promoting ESG-focused research and best practices, determining a timeline of obligatory renewable energy targets, conducting mandatory reporting to follow up on such goals and adhering to set timelines.

Policymakers in all major economic regions are upping the ante on regulations due to their net-zero pledges. The Japanese government, for instance, has introduced green bond guidelines to facilitate investments in environmentally friendly projects. In India, the Securities & Exchange Board (SEBI) encourages responsible investing by requiring mutual funds to offer ESG-focused schemes.

The UAE's Sustainable Finance Framework is another good example, says Janjusevic: "Initiatives aimed at facilitating green and sustainable finance products go a long way in helping address the challenges and gaps in the private sector's efforts to strengthen its sustainability agendas."

Government action also influences the investor appetite to embrace ESG.

"Look at the net-zero announcements, including the UAE's announcement in 2021 to reach this goal by 2050, and how they triggered a domino of rapid positive disruption in support of sustainability," says Michelle Meineke, sustainability consultant at UK-based The Write Intel.

"Companies already trying to improve their sustainability significantly upped their ambition, and those on the side-lines largely stepped forward, publicly engaging in conversations that were unlikely on their board's agenda even two years ago," she adds.

COLLABORATIVE EFFORTS

To scale the positive impact of sustainable finance, governments, financial institutions and other for-profit and non-profit players must come together and pursue ESG goals, which will ultimately allow the creation and maintenance of a

healthy environment in which everyone can prosper.

"Very little can thrive in a vacuum of information, so rolling out clear, action-led and accountable policies and regulations that promote inclusivity and growth will act as key signposts for entities. Such transparency will boost confidence and, in turn, grease the wheels of progress," says Meineke.

Establishing common frameworks and reporting standards is essential to ensure consistency and comparability in measuring impact. Coordinated policies and regulations across jurisdictions will create an enabling environment for sustainable finance.

"Collaborative efforts must include educational programmes that promote awareness and expertise in sustainable finance within academic institutions, supported by partnerships between financial organisations, non-profits and governments to ensure the integration of ESG principles in curriculum and research initiatives," says Janjusevic.

"Ultimately, these collective initiatives will create a harmonised ecosystem, attracting more capital toward sustainable endeavours, amplifying positive effects, and driving the transition to a greener, more equitable global economy," the academic adds.

Sustainable Finance & Tech

Advanced technologies play an important role in enhancing transparency, real-time tracking and automation, reinforcing accountability, and ultimately driving positive social and environmental change.

ROBERTO D'AMBROSIO
Axiory Global

"The use of technology can greatly enhance good governance. If we look at blockchain technology, we can see how applications like smart contracts can improve transparency and due diligence, and how KYC (know-your-client) processes and procedures can be enhanced in terms of **efficiency and reliability, helping in preventing fraud** via decentralised verification of documents and identities."



MICHELLE MEINEKE
The Write Intel

"**Technology is vital to getting ESG goals under way** and ensuring well-managed and comprehensive data banks are created, for example. Without access to clean data for historical references and sophisticated forecasting, entities cannot accurately pin down their ESG roadmap. This is just one aspect of how significant technology is within the ESG sphere."



JELENA JANJUSEVIC
Heriot-Watt University Dubai

"Fintech platforms can provide real-time access to data, allowing investors to track the progress of their impact investments. This transparency ensures the intended social and environmental outcomes are achieved, encouraging trust between investors and impact projects. Furthermore, decentralised ledgers can verify the authenticity of impact claims, mitigating the risk of greenwashing. Investors can confidently assess the verifiable impact of their investments, leading to **better decision-making and increased capital flow into impactful projects.**"





DEMYSTIFYING WEALTH MANAGEMENT

Julius Baer has a differentiating business model focused on wealthy clients, underpinned by an engagement-led sustainability strategy.

Financial institutions are constantly re-evaluating their strategies to include what works best for their customers and business. Striving to keep empathy and agility at the core of its operations, banks are becoming more transparent with clients, thus driving their retention and ensuring business longevity.

When Swiss wealth management bank Julius Baer presented its updated strategy for 2023-25, the bank's CEO, Philipp Rickenbacher, commented: "We are initiating a new phase of profitable growth, building on the transformation we pursued successfully since 2020. Our client-centric business model and dedicated focus on high and ultra-high-net-worth clients put us in a strong position to shape our future."

TRANSFORMING OPERATIONS

With a structural efficiency programme in place, Julius Baer was able to reduce costs by CHF200m (\$227m) by the end of 2021, demonstrating that the bank's financial strength is a prerequisite for the successful implementation of its business strategies.

The greatest impact on Julius Baer's operations has come from the introduction of value-based pricing for its services. Over the past three years, the bank has repriced more than 20,000 accounts, working closely with clients to ensure mutually beneficial outcomes.

This significantly bolstered the bank's revenue generation capability for future sustainability.

To strengthen its operations, Julius Baer has restructured its legal



entity portfolio and made necessary upgrades to the business wherever required. Working towards further enhancing its value proposition, the bank has reviewed the requirements of high- and ultra-high-net-worth clients and designed solutions to match their requirements. Over the course of the past financial year, Julius Baer reassessed its market strategies, ensuring the largest investments were

To serve its clients better, Julius Baer has upgraded its service model and delivery, and introduced new touchpoints and solutions reshaping the way operations are conducted.

allotted to areas with the highest strategic and profit potential, building on local critical mass. This has set the foundation for Julius Baer's next growth

cycle, where the bank aims to scale at a global and local level, while maintaining a well-diversified international footprint.

To serve its clients better, the bank has upgraded its service model and delivery, and introduced new touchpoints and solutions reshaping the way operations are conducted.

SUSTAINABLE PRACTICES

With sustainability being a key part of its client value proposition, Julius Baer has been taking proactive measures to achieve its net-zero goals by the end of 2030 as part of its climate strategy. Encouraging positive impact and sustainable practices, the bank aims to broaden responsible and sustainable investment offerings, integrate environmental, social and governance (ESG) principles into its risk management framework, and roll out ESG client reporting, including climate metrics, globally.

By accelerating investments in technology and people, Julius Baer has upgraded its digital channels to include new e-banking, content distribution and digital client onboarding solutions. Working towards its strategy of being the most digital bank for relationship managers, the bank has invested in digital tools including an advisory suite and mandate solution designer, crucial in helping scale the business in a flexible, yet regulatory-compliant way.

Julius Baer has been recognised as the winner of the Outstanding Global Private Bank Global trophy at the PBI Global Wealth Awards 2023.



PRIVATE WEALTH ASSURANCE

Lombard International Assurance is driving innovation and seeking to support clients integrate ESG priorities with investment options.

Unit-linked life insurance, also known as wealth assurance or private placement life insurance (PPLI), is an established and internationally recognised tool for wealth preservation, international mobility and asset protection.

Sitting at the crossroad of insurance, asset management and private banking, this solution provides access to alternative investments such as private equity, and is adaptable to supporting the various wealth planning needs of clients. As such, its robustness and flexibility make it highly complementary to other wealth management solutions.

Based out of Luxembourg, Lombard International Assurance provides customised insurance-based solutions to equip individuals and institutions with tools that can be tailored to support financial planning.

DIGITAL EXCELLENCE

Client and partner needs are continuously evolving in this age of constant digital change and transformation. To meet these ever sophisticated needs, Lombard International Assurance has focused on driving innovation within its business operations, including the development and inclusion of digital capabilities designed to provide enhanced services and solutions.

To better serve its intermediary partners and clients, the international wealth solutions provider has designed a robust digital infrastructure to provide the right level of connectivity while



maximising operational efficiency. Among the provider's digital innovations is the Connect platform that enables online, secure, and compliant contract management including client and partner queries. From a sales perspective, digital onboarding, and

navigate these evolving landscapes.

As a result, the provider offers custom-designed cross-border insurance-based wealth, estate and succession planning solutions for upper affluent, HNW and ultra-HNW individuals, families and institutions. While HNW families re-evaluate their existing planning and with more than \$15tn in wealth set to transition globally by 2030, early planning becomes a necessity in the face of the unknown. Lombard International Assurance provides flexibility and choice to partners and clients, and delivers tailored wealth solutions that are deep-rooted in local knowledge.

SUSTAINABLE INVESTMENTS

The financial services industry, like several others, is involved in defining and applying environmental, social and

Lombard International Assurance has focused on driving innovation in every aspect of its business operations, including the development and inclusion of digital capabilities.

servicing platforms, coupled with the availability of online transaction tools, represent important growth levers aligned with partner needs. The past few years have seen a demonstrable change in the demands of wealthy individuals and families as they navigate an uncertain global economy. Driven by geopolitical instability, a changing market and macroeconomic dynamics, Lombard International Assurance has pledged to help high-net-worth (HNW) and ultra-HNW families and institutions

governance (ESG) principles to create more sustainable investment portfolios. By defining and selecting their own investment strategy, partners and clients at Lombard International Assurance can proactively activate their wealth as a tool to achieve both financial and non-financial goals.

Lombard International Assurance has won the Best Insurance-based Wealth Solutions award at the PBI Global Wealth Awards 2023.



PRIORITISING SUSTAINABILITY

Kasikornbank delivers robust wealth management services under tailor-made operational plans.

Wealth management services provide the expertise and guidance needed to navigate the complexities of managing wealth across borders, ensuring financial security and success on a global scale.

Thailand-based Kasikornbank's private banking arm integrates expertise in wealth management from Lombard Odier, one of the oldest boutique private banking service providers in Geneva, Switzerland.

The bank provides family health planning services, helping clients establish a wealth framework for future generations. With the assistance of in-house relationship managers, families are guided and provided with the resources needed to achieve their personal goals and support generations to come. The solutions provided cover succession planning, family risk management planning and asset holder and structure planning.

ENSURING EFFICIENCY

Kasikornbank's operations are designed to provide comprehensive advisory services to assist clients in real estate portfolio management, with the aim of ensuring efficiency and achieving financial goals in the short and long term, including management, real estate utilisation and land loans for investment.

Kasikornbank provides investment advisory services in diverse aspects of businesses and activities outside capital markets, focusing on efficiency enhancement and sustainable growth.



Additionally, the bank provides investment advisory services in diverse aspects of businesses and activities outside capital markets, focusing on efficiency enhancement and sustainable growth. One of its key investment strategies is risk-based allocation, which involves using risk-based asset allocation to compare various asset classes in designing portfolios and adjusting investment proportions.

SUSTAINABLE APPROACH

Aside from sustainability and sharing, S-Curve is one of the three core strategies of Kasikorn Private Banking

that largely focuses on clients attaining their financial objectives. This could be achieved through the pursuit of new investment opportunities, seeking sustainable solutions for individual portfolios, wealth management and global welfare (sustainability), and considering those instrumental in fostering mutual growth (sharing).

These guidelines can be restructured to accommodate changing market scenarios and client needs. By implementing such principles, Kasikornbank seeks to not only drive its business but also create an environment where clients can prosper without having to compromise.

Kasikornbank has been awarded Outstanding Private Bank for Growth Strategy at the PBI Global Wealth Awards 2023.



DEFINING PRIORITIES

Mashreq Private Banking is committed to strategic sustainable development, client-centric solutions and a digital-first approach.

The banking industry is undergoing rapid transformation as a result of evolving customer expectations and rapid advancements in digital innovation. While embracing this change is crucial, banks with a focus on customer journeys at the forefront of their operations are optimally leveraging technological solutions to offer clients access to a holistic suite of products and services in the most intuitive and seamless manner.

To foster better relationships, meet changing customer needs and offer a personalised experience that transcends traditional banking strategies, banks are introducing diverse models with unique solutions to help customers adapt.

SMART INVESTMENTS

UAE-based bank Mashreq provides clients with a team-based approach to help them manage and grow their wealth under the guidance of a dedicated team of experts and advisory specialists. The bank offers a carefully curated selection of investment and wealth management solutions that cover diverse client requirements.

Mashreq's experts assist clients in their decision-making process, whether it involves taking mortgages against UAE properties, equity release or providing lease rental discounts along with a range of deposit and certificate of deposit (CD) products. Clients seeking to invest offshore can take advantage of the bank's open architecture investment platforms to access local and international equities, margin

trading, and structured solutions that help them access markets that are otherwise inaccessible.

DIGITAL-FIRST APPROACH

Banks today are embracing digital solutions to improve productivity, customer experience and design personalised products that can be accessed through multiple channels. Using its unique digital platform, Mashreq's clients can trade equities, foreign currencies and commodities that can be chosen from thousands of securities across multiple exchanges.

centralisation and storage of large amounts of data while older applications are being migrated to the cloud via development operations (DevOps) and microservices architecture.

ESG GOALS

Incorporating environmental, social and governance (ESG) strategies into banking operations is becoming increasingly important to manage risk, enhance reputation, meet regulatory requirements and drive innovation. In an effort to minimise waste, conserve resources and adopt eco-friendly

Offering end-to-end solutions for a range of investment products, Mashreq has a robust and integrated wealth management platform in place.

Clients also have access to a range of technical analysis and charting tools that can empower them to make relevant investment and trading decisions.

Offering end-to-end solutions for a range of investment products, the bank has an integrated wealth management platform that allows customers to navigate all financial tasks efficiently.

To meet the evolving needs of their clients, financial institutions including Mashreq are moving towards a more focused and strategic customer-centric model, enabling a seamless and consistent customer experience across all touchpoints.

Mashreq has set up new applications on flexible, secure and elastic cloud infrastructure, which is enabling

practices, Mashreq has completely digitised its business operations and continues to devise solutions to eliminate all manual processes.

The bank's commitment to strategic sustainable development is reflected in its sustainability framework, which focuses on enabling a low-carbon transition and environmental stewardship, empowering employees and communities, incorporating responsible and sustainable practices throughout the organisation, and exceeding customer expectations.

Mashreq Private Banking has won the Outstanding Private Bank in the Middle East trophy at the PBI Global Wealth Awards 2023.

DRIVING ESG ACTION

GlobalData believes environmental, social and governance factors will be the critical theme affecting businesses over the next decade.

51%
PROPORTION OF COMPANIES THAT HAVE AN ESG PLAN IN PLACE.

47%
PROPORTION OF RESPONDENTS WHO BELIEVE MOST COMPANIES TREAT ESG AS A MARKETING EXERCISE.

~ GlobalData ESG Sentiment Poll
Q2 2023

THE ENVIRONMENTAL, social and governance (ESG) regulatory landscape is evolving. Policymakers in all major economic regions are upping the ante on regulation with their net-zero pledges.

Previously, ESG adoption had been driven by companies seeking to attract and enhance customer loyalty by marketing their green or socially considerate qualities. However, only 14 per cent of respondents in an ESG sentiment poll by London-headquartered data analytics firm GlobalData said customer pressure was the main reason for creating an ESG performance plan.

Today, governments are increasing pressure on corporations to meet ESG disclosure requirements as part of their plans to reach net zero. This includes tackling climate change, improving governance and making companies more socially sustainable. They are also developing anti-greenwashing legislation and introducing enhanced regulation around ESG accountability and performance tracking.

Corporate disclosure on ESG is becoming mandatory and standardised across jurisdictions, which will help to improve transparency. Companies must do more to communicate their ESG strategies clearly to meet government transparency and disclosure requirements.

The next step or ESG 2.0 will see greater focus on the 'E' component, with a shift from a voluntary regime to a mandatory one, driven by government mandates rather than consumer pressure. In addition to this, there still remains a continued lack of faith in the business community's commitment to ESG as 47 per cent of the GlobalData survey's respondents believe ESG disclosure is still considered by most companies as a marketing exercise.

A host of new environmental laws are in the pipeline, relating to mandatory reporting, carbon pricing and carbon import tariffs, as well as more state support and investment in clean energy technologies. Companies unprepared for ESG 2.0 will therefore face higher costs and loss of sales.

Source: GlobalData

Trust cannot exist WITHOUT TRANSPARENCY

Dave Wright, chief innovation officer at US software provider ServiceNow, on how we need to start acting on responsible AI usage.

As artificial intelligence (AI) spreads at breakneck speed, efforts at keeping it in check can feel like a game of catch-up. It is going to take both governments and private enterprises to ensure the technology is effectively deployed.

While many governments are trying to legislate guardrails, private enterprises need to take the lead on responsible AI usage. If business leaders race to adopt AI and blindly rely on it for decision-making, we could be facing a future of mutually automated destruction.

How can we use technology to help our creativity reach new heights safely?

Audit Guardrails

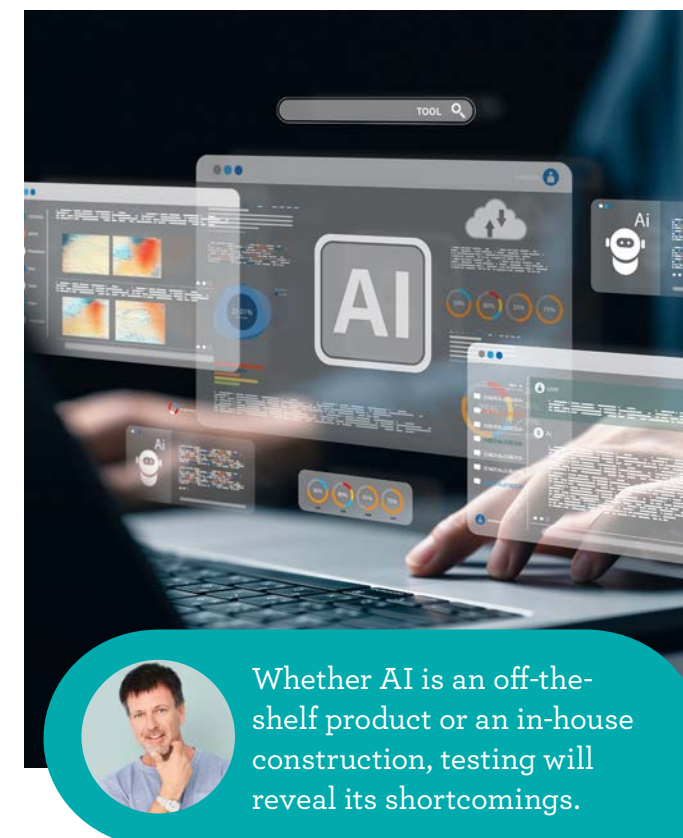
While you can't deny that AI is a powerful tool for innovation, there's also reason to be cautious. Generative AI might have heightened the public's expectations, but AI is far from perfect. Any AI system that is a candidate for a real-world use case should be assessed against its primary function. That is why it's important to understand the purpose and capacity of specific models. Whether the AI is an off-the-shelf product or an in-house construction, regular testing will reveal some of its shortcomings.

Data Transparency

As we usher AI into the workplace, we have to recognise that trust cannot exist without transparency. The risk of 'black box' AI means companies will need to understand how AI processes data and delivers results. While it becomes harder and harder to understand how outcomes are derived, it is possible to maintain where the source for that data was. The ability to understand reference sources will be something that people want to consider and the concept of master data management will evolve as a result.

Constant Curation

Companies are going to have to look at the nature of the data that they want to include in models. Remember, AI is only as good as the data on which it feeds. If that data records human biases, then the AI may exhibit the same biases. An enterprise's brand may be damaged if its systems suggest (or even, through automation, execute) unjust actions.



Whether AI is an off-the-shelf product or an in-house construction, testing will reveal its shortcomings.

Rethinking Access

In addition, organisations must effectively control access to data and systems by defining what roles are allowed access to what types of data. The AI itself should not be allowed to be part of this control. In an enterprise environment, we have to guard against employees being able to use vague 'imagine'-style statements to the AI system that would allow it to bypass restrictions on their behalf, as we have seen in the real world.

Controlled Trajectory

It was 21 years after the Wright brothers' flight before the first major air traffic law was passed in the US. Just like air travel, AI technology is outpacing regulation. So, until governments can catch up, the challenge for business leaders is to make sure AI changes our lives for the better. As with aviation, it is humans that will determine the shape of the journey.

CAN AI REVOLUTIONISE PAYMENTS

Success in AI will require judicious investments in related areas such as cloud and robotic process automation.

ARTIFICIAL INTELLIGENCE (AI) has the potential to revolutionise the payments industry by providing personalised payment experiences for customers. AI will be the single most disruptive technology theme within the financial services industry because it has the most wide-ranging potential applications across mission-critical business areas.

By leveraging vast amounts of customer data and behavioural patterns, AI-powered tools can provide tailored recommendations and offers. For example, the technology can assess which retailers a consumer most frequently makes purchases from and can then offer the consumer discounts for those companies.

Another way AI can enhance personalisation in the payments industry is via predictive analytics. By analysing historical customer data, AI-powered tools can predict future spending patterns and recommend products and services that align with these patterns.

An open banking application programming interface (API) can incorporate real time data to further improve bespoke customer offerings. Through third parties, banks can utilise this technology to further personalise the client banking experience.

Those banks that do best in AI will have a holistic strategy that cuts across business lines, products, departments and partners, enabling them to quickly identify and deploy the most proven use cases for maximum customer impact.

For these lenders, success in AI will require judicious investments in related areas such as cloud and robotic process automation, to harvest the transformational potential of the technology across all dimensions of the client experience.

BANKS CAN BENEFIT FROM AI THROUGH COST SAVINGS, QUALITY IMPROVEMENT, EXPANDED SERVICES AND PERSONALISED PRODUCTS.



Source: GlobalData

How AI can help OPTIMISE ANALYTICS

Sid Bhatia, regional vice-president and general manager at US-based AI firm Dataiku, on how everyday AI can play a key role in many areas.

The UAE's GDP growth was 7.6 per cent in 2022, almost double the 2021 figure, according to the nation's central bank. A strong driver of this was the banking, financial services and insurance (BFSI) sector, which saw 10.5 per cent growth in total assets to reach a value just shy of \$1tn. Technology and the leverage of the golden goose we know as 'data' has lent a helping hand to the sector's players.

A report titled 'UAE banking perspectives' by Netherlands-based KPMG published this year pointed out the "creation of new jobs" in the financial services industry (FSI) in areas such as financial technology (fintech) and data analytics. In an analysis of multi-cloud strategies being employed by FSI entities, KPMG cited data analytics as one of the key technologies driving institutions into the cloud. A wave of innovation is already in full ascent, but transformation programmes are not without their challenges.

Staging Areas

The best way forward has been to create secure staging areas for the testing of analytics models that are monitored through strong governance. Over time, data can be categorised by type, criticality and level of sensitivity.

Once we have established data access and governance, we must address skills. Not every employee is a data expert and business-embedded analytics – what one might call "everyday AI" – calls for an update in mindset, followed quickly by upskilling and change management.

Everyday AI means AI every day. Everyday AI means everyone knows what to do in the case of, say, missing data. Do you use proxies or estimates or something else? Missing prices for traded instruments on a particular day may be suitable for estimates, which can be used to guestimate margin calls and risks, for example. But in other cases, estimates could have an adverse effect on decision-making.

Quick Wins

As the FSI industry's AI journey moves beyond investment teams, banks carry with them lessons about AI's usefulness. Institutions have discovered the AI toolbox can help with more than just predictions and new business models. Today, we see a lot of AI leverage in risk management. Regulatory



Alternative data and agile modelling can be beneficial when navigating crises such as pandemics and climate change.

reforms are ongoing in the UAE and AI can play a key role in many areas of concern. It has the potential to improve trust in the system by bringing agility and impact to investigations involving financial crime and facilitating the introduction of new internal controls. AI can allow organisations to take significant leaps forward in risk assessment. Alternative data and agile modelling can be significantly beneficial when navigating crises such as pandemics and climate change.

When everyday AI is in place, an FSI business has multiple opportunities within reach. The only question that remains is which organisations will be the last to move. As long as you can solve the data access problem and establish robust governance, there is no reason your FSI organisation cannot be out in front on everyday AI.



SOLUTIONS PORTFOLIO

Chinabank is deploying processes and systems that address the needs of the next generation of affluent clients.

Banking institutions are constantly trying to keep up with the changing times and introducing solutions that could help clients better preserve their wealth through robust financial planning, diversified investment options and unique personalised experiences.

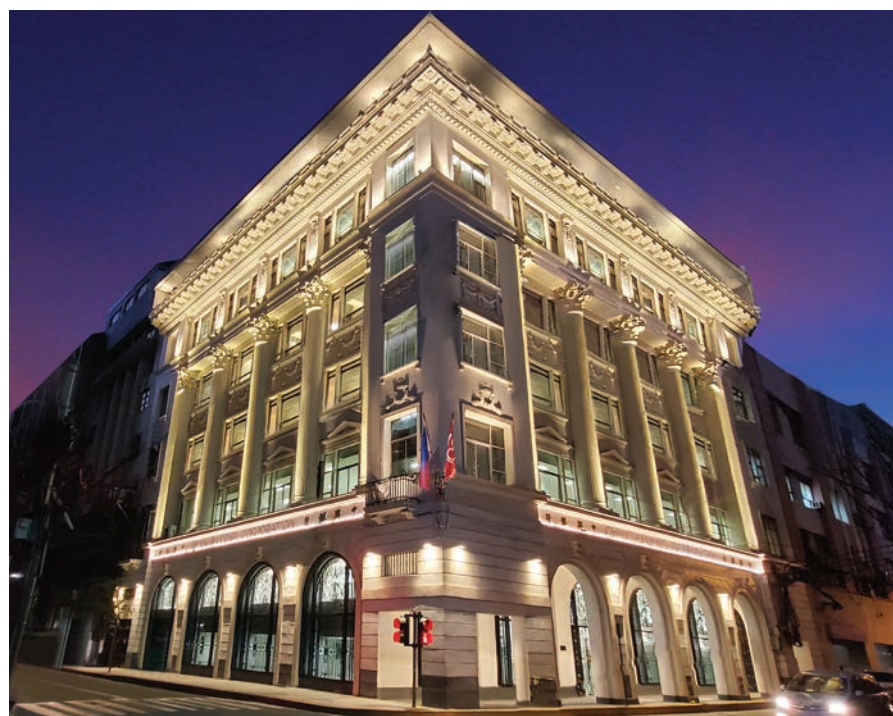
Chinabank offers highly personalised services that address the financial goals of its affluent client base through a needs-based strategy grounded on a clear understanding of their unique requirements.

DEDICATED TEAM

This tailored approach to banking is provided by dedicated relationship managers who review client investment portfolios holistically and provide solutions based on their financial goals and risk appetite.

The managers, together with the support of wealth associates, ensure seamless client servicing through better pricing and service delivery. Besides personal banking requirements, clients are encouraged to grow their business through loan facilities provided by the bank's commercial banking division.

With need-based solutions at the core of Chinabank's strategic objectives, clients have access to a wide range of investment products such as bonds, equities, hybrid securities, derivatives, pooled funds and other investment alternatives, along with personalised financial advice and investment tools that assist in maximising returns. Always having clients' best interests in mind, the bank also provides them access to



Chinabank's dedicated relationship managers, together with the support of wealth associates, ensure seamless client servicing through better pricing and service delivery.

fiduciary services for unbiased advice on managing their finances.

DIGITAL TRANSFORMATION

To meet changing customer expectations, and improve efficiency and productivity, Chinabank is undergoing rapid digital transformation to drive its business and enhance customer experience. In the face of increased competition, the bank is introducing unique solutions and adopting digital products. These digitisation efforts cover several different

products offered by the bank, including wealth management systems, processes and product offerings to address the needs of the next generation of affluent clients while remaining true to the values that have made Chinabank a trusted partner over the past century.

Chinabank has been recognised as the winner of the Outstanding Wealth Management Service for the Affluent award at the PBI Global Wealth Awards 2023.

Can AI and ethics co-exist in FINANCIAL SERVICES

Vijay Valecha, chief investment officer at UAE financial services provider Century Financial, on how to overcome the risks of integrating AI in the financial services industry.

The world is currently witnessing a pivotal moment in terms of the adoption of new-age technologies as well as integrating legacy-based traditional business models with these revolutions. What started with a post-Covid-19 digitalisation wave has now evolved into a more sophisticated technology wave in the form of AI, machine learning and big data analytics.

The advent of ChatGPT has turned the entire narrative in favour of automating the most mundane to the most complex tasks. Major employment areas, including customer service, content writing, teaching and academia, are already seeing a significant paradigm shift in work and operations.

For the financial services sector in general, the power of AI deployment is slowly being adopted and accepted across all sub-industry landscapes. Major Wall Street firms and global banks have already been using AI in some form even before the entire ChatGPT-related euphoria started.

Integrating AI in financial services has also given rise to several risks. Some of the most prominent ones include:

Algorithm Bias

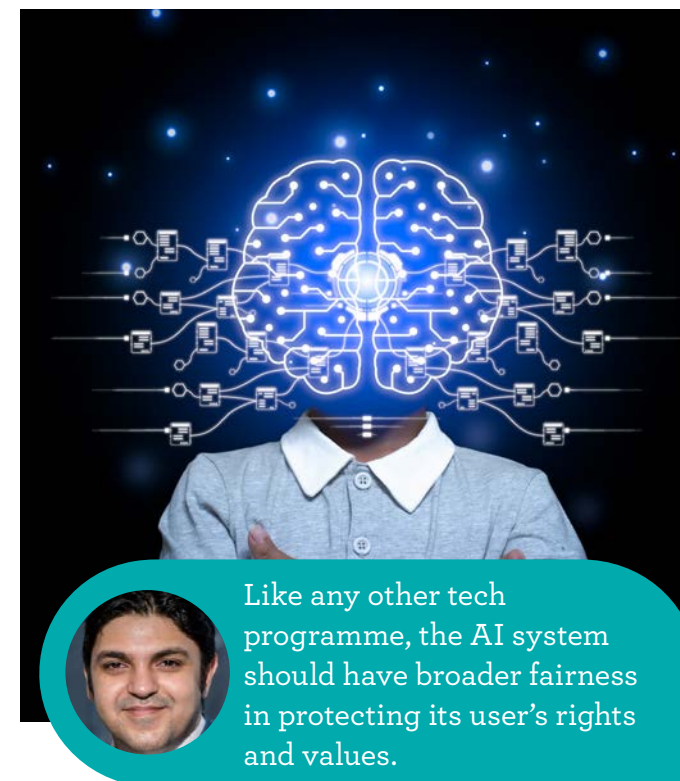
This refers to an AI system's lack of fairness and impartial ability to give the desired output. The prejudices, in general, may include prejudices as simple as age to those as complex as the inherent bias of the developers themselves. Other biases must also be countered, such as anchoring bias, availability bias, hindsight bias and overconfidence bias.

Data Privacy

With AI, the concern is that the system should not be able to use the captured private data to manipulate an opinion or even change an individual's credentials. With this comes the other aspects of accountability and transparency. Like any other tech programme, the AI system should have broader fairness in protecting its user's rights and fundamental values.

Ensuring Accountability

How can we hold a computer system like AI accountable? Ultimately, wouldn't the end liability lie with the creators and designers of the system? Accountability here refers to the ability of the system to explain, justify and take responsibility



Like any other tech programme, the AI system should have broader fairness in protecting its user's rights and values.

for the outcomes of the response.

Upholding Morals

The power provided to any AI system should adhere to the core guiding principles of the system creator and its organisation. The system should be able to introspect and opt for self-course correction rather than subvert the rules set. It would be essential for the system to adhere to the civic and social process on which the morals of society depend and exist.

The ability to harness the power and potential of AI systems may provide a tectonic shift in making our lives more productive and agile. These systems should, however, be run keeping in mind the principles of moral ethics and the ability to distinguish between right and wrong. While the systems for monitoring are evolving, AI models don't necessarily have to be a complete black box. Responsible AI is what the world will require going forward.

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