



This report is published by the Asian Institute of Finance (AIF). AIF cannot accept responsibility for any errors or omissions or any liability resulting from the use or misuse of any such information. The views and opinions in this report may be used for information purposes only.

© 2016 Asian Institute of Finance.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in whole or in part, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of AIF.

For more information, please contact:

Asian Institute of Finance  
Unit 1B-05, Level 5, Block 1B  
Plaza Sentral  
Jalan Stesen Sentral 5  
KL Sentral  
50470 Kuala Lumpur  
Malaysia  
Phone: +603 2787 1999  
Fax: +603 2787 1900  
Email: [research@aif.org.my](mailto:research@aif.org.my)  
Web: [www.AIF.org.my](http://www.AIF.org.my)

# Table of Contents

|         |   |
|---------|---|
| 2 - 3   | FOREWORD                                  |
| 4 - 5   | EXECUTIVE SUMMARY                         |
| 6 - 13  | 1: KEY ADOPTION TRENDS IN DIGITAL BANKING |
| 14 - 18 | 2: CONSUMER EXPERIENCE AND PERCEPTIONS    |
| 19 - 21 | 3: DRIVERS AND INHIBITORS                 |
| 22 - 23 | 4: DIGITAL FEATURES                       |
| 24 - 29 | 5: INDUSTRY INNOVATIONS                   |
| 30 - 33 | 6: RECOMMENDATIONS                        |
| 34 - 35 | 7: PROFILE OF RESPONDENTS                 |

# Foreword

It is widely accepted that digital banking is the future. Over the past 10 years, digital banking in Malaysia has advanced rapidly due to the growth in internet penetration and unprecedented access to a wide range of smart devices.

This changing landscape will require banks to develop holistic strategies in terms of how consumers interact and transact across both traditional and digital channels. The market potential is significant as digital banking has the capability, not only to meet the anytime-anywhere needs of young professionals, but also to reach out to those who do not currently bank.

As the digitalisation era is redefining how banks engage with customers, this report raises important considerations for the financial services industry regarding consumer trends in digital banking.

The report findings highlight the so-called shift from 'bricks' to 'clicks' enabled by the high rate of digital banking among Gen Ys and Gen Xs. Findings suggest that certain transactions have already been digitalised to a significant extent. Balance enquiries, for example, have shifted from traditional to digital banking channels, and although the personal computer remains the most common channel for digital banking in Malaysia, mobile banking is becoming an increasingly popular way to track balances.

Nevertheless, traditional bank branches are still widely preferred for certain transactions like opening accounts and receiving advice on financial products. Furthermore, although this study suggests that digital banking consumers are highly receptive and appreciative of the new value brought by digital banking, their reported experience is far from perfect.

Their expectations of digital banking are beyond what is currently offered, particularly concerning mobile banking capabilities, reliability and security of stored information. On top of these concerns, there is still a lack of awareness and familiarity with what digital banking offers and what its value-added benefits are.

It is therefore the aim of this report to encourage organisations to continue to take a proactive approach to delivering an enhanced digital banking experience to consumers, as well as provide new business opportunities and respond fully to the digital transformation agenda.

**Dr Raymond Madden**  
Chief Executive Officer  
Asian Institute of Finance

**Elma Berisha**  
General Manager,  
Strategy, Policy Development and Research  
Asian Institute of Finance

# Executive Summary

The Malaysian retail banking sector has been in the process of digitalisation for more than a decade. Operating in one of the most developed financial services markets in Southeast Asia, retail banks in Malaysia are making the strategic move towards digital banking via a diverse range of technology platforms. This move is crucial for their future business success as digital banking is redefining how banks engage with customers.

With this evolution in consumer engagement, organisations in the industry need to further develop an in-depth understanding of digital consumer trends, preferences, choices and identify key adoption drivers and inhibitors, to continue to enhance the customer-facing interface and experience.

To support the financial services industry in monitoring and understanding consumer developments, AIF recently surveyed a total of 2,000 respondents aged 18 and above, to examine digital banking trends in Malaysia. This survey analysed customer experiences, perceptions and expectations in terms of the digital banking services being offered, as well as exploring strategies for banks to succeed in the digital arena. The survey findings suggest a high adoption rate of digital banking in Malaysia, with only a small segment of consumers (12.5% on average) not having tried digital banking at least once. While online banking via personal computers remains the most common channel, consumers are also increasingly using mobile phones to do their banking.

Digital banking is particularly dominant among Gen Ys<sup>[1]</sup> and Gen Xs<sup>[2]</sup>. However, the findings suggest that the move to digital banking is likely to be multi-generational, given the receptive attitude and relatively positive self-reported IT-literacy rates across different generational groups.

Although future digital users are still likely to be predominantly Gen Ys and Gen Xs, the survey suggests that with improving security and enhanced features making digital banking increasingly convenient - the less tech-proficient Baby Boomers<sup>[3]</sup> are becoming more interested in digital banking.

The survey reveals that unlocking business value through proactive, relevant and user-friendly digital financial solutions is crucial, as consumer expectations are rapidly evolving beyond current offerings.

Malaysian retail banking consumers expect tailored digital financial services built around their spending, usage habits and preferences. In addition to developing increasingly personalised solutions, digital banking strategies need to ensure the highest standards of customer data protection and privacy, ensuring customers feel safe at all times when banking online.

As consumers have become more digitally-sophisticated and increasingly reliant on smart devices, our findings suggest that the Malaysian retail banking sector needs to develop data-driven, customer-centric digital strategies. This will only be possible through a better understanding of how consumers use technology and their expectations of digital banking. Such an improved understanding will both enhance the digital customer experience, as well as provide opportunities for future growth as the digital banking transformation gathers pace.

---

[1] For the purpose of this study, AIF has defined Gen Ys as between 18 to 30 years of age

[2] Similarly, early Gen Xs are defined as 31 to 40 years of age, while late Gen Xs as 41 to 50 years of age

[3] Baby Boomers are defined as 51 years of age and above

# 01

## Key Adoption Trends in Digital Banking

Digital consumers represent a sizeable and significant proportion of the entire banking ecosystem in Malaysia, with all indications suggesting that the use of digital banking channels will increase.

Over the past 10 years, digital banking in Malaysia has advanced rapidly due to the unprecedented proliferation of a wide range of smart devices. Its success has also been attributed to Malaysia having one of the highest internet penetration rates in Southeast Asia. Studies have indicated that in 2013 Malaysia had 14.6 million online banking subscribers, equating to a 49% penetration rate, while mobile banking had 3.25 million subscribers representing approximately 10% of the population<sup>[4]</sup>.

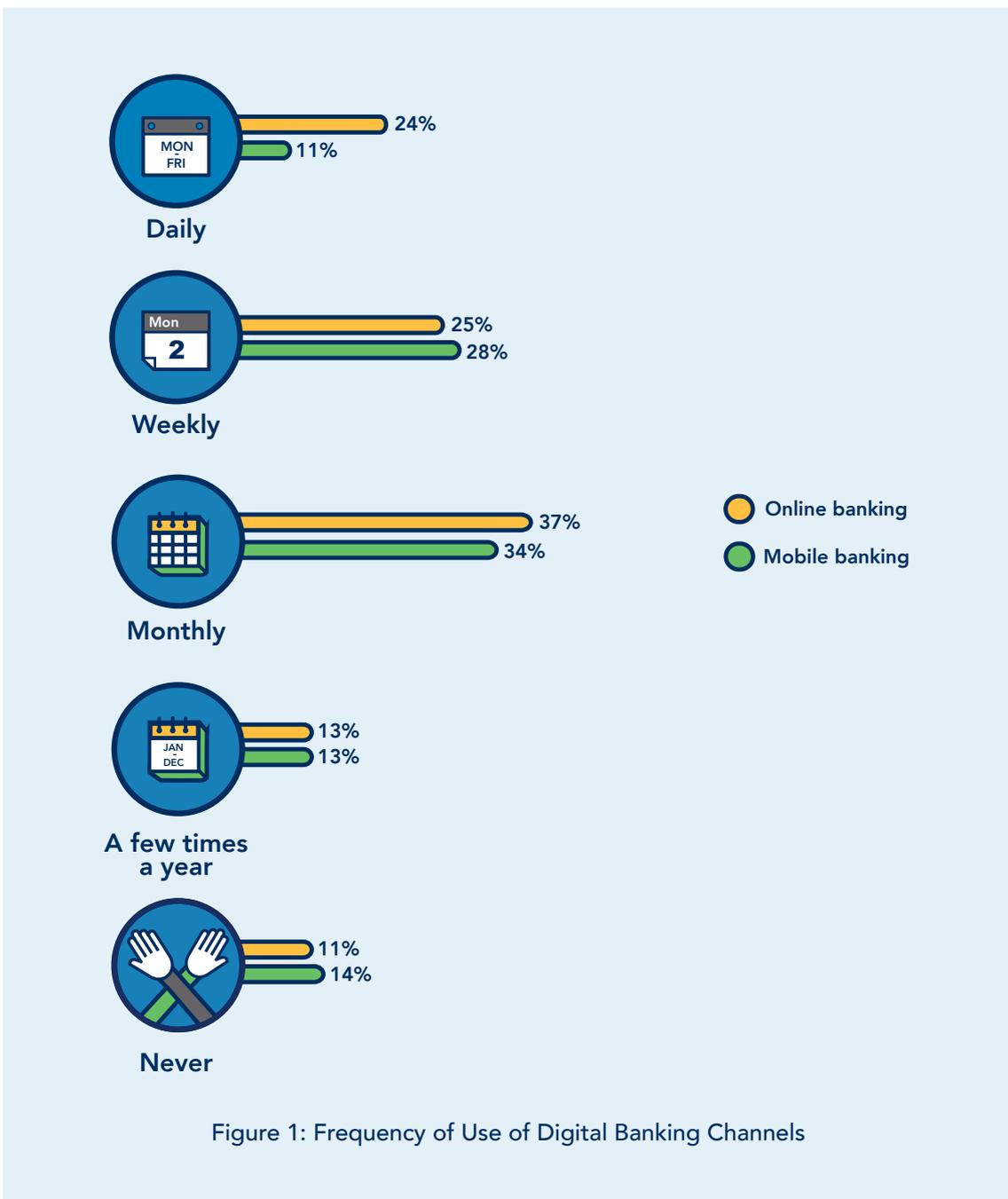
Therefore, digital consumers represent a sizeable and significant proportion of the entire banking ecosystem in Malaysia, with all indications suggesting that the use of digital banking channels will increase. Confirmation of this trend is further strengthened by our findings suggesting that only a minor segment of consumers have yet to try online banking (11%) or mobile banking (14%) (Figure 1). Over one-third (37%) of all consumers are regularly using online banking on a monthly basis, while approximately one-third of them (34%) are using mobile banking on a monthly basis.

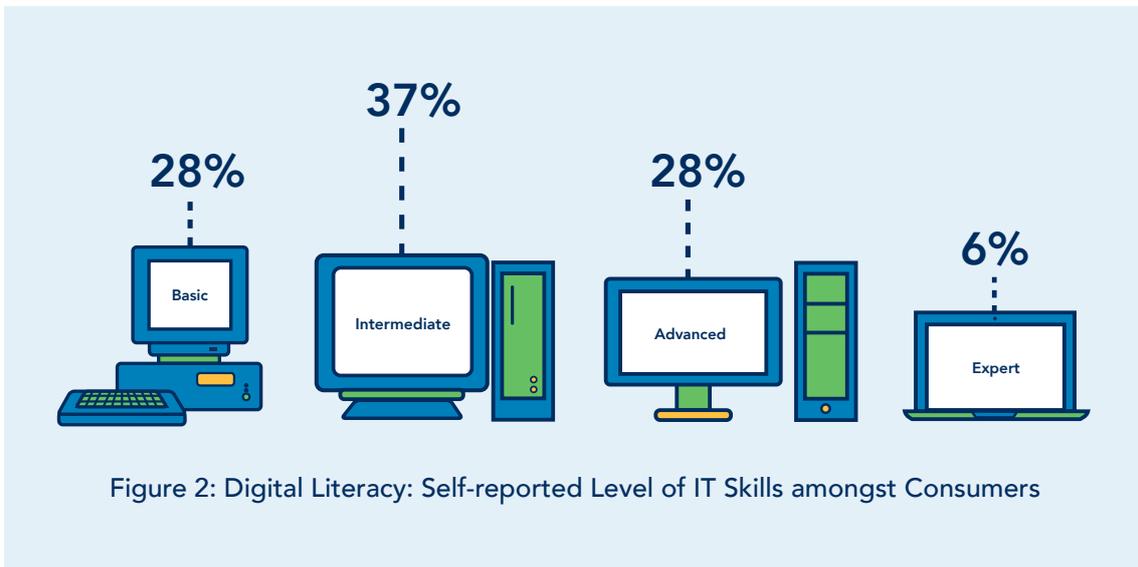
Almost one-quarter of consumers surveyed (24%) rely daily on online banking to meet their banking needs.

---

[4] Raj, PA (2014), Digital Banking to advance more rapidly in Malaysia, The Edge Malaysia

The daily use of mobile banking is found to be lower (11%) compared to online banking (24%), as it is relatively new in Malaysia and it currently offers users a limited range of services such as accessing account balances, performing fund transfers and bill payments. However, if viewed in terms of weekly use, mobile banking is growing with more than one-quarter (28%) of all consumers surveyed, using it at least once a week.





## Malaysian professionals are confident about their IT skills with two-thirds of those surveyed reporting advanced or intermediate IT skills.

The so-called shift from 'bricks' to 'clicks' has also been enabled by Malaysia's relatively successful efforts to bridge the digital divide through ensuring a more equitable distribution of IT skills among youngsters in urban and rural areas, across genders, and across generations.

AIF survey findings (Figure 2) indicate a high confidence level among Malaysian professionals regarding their current IT skills, with almost two-thirds of all respondents surveyed reporting either advanced (28%) or intermediate (37%) IT literacy rates, irrespective of gender.

IT literacy and savviness are highly associated with Gen Ys. AIF findings also suggest that IT literacy, as well as the adoption of digital banking, correlate with age in a predictive manner, with Gen Ys currently using online banking extensively (43%) compared to Gen Xs (34%), and followed by Baby Boomers (22%) (Figure 3).

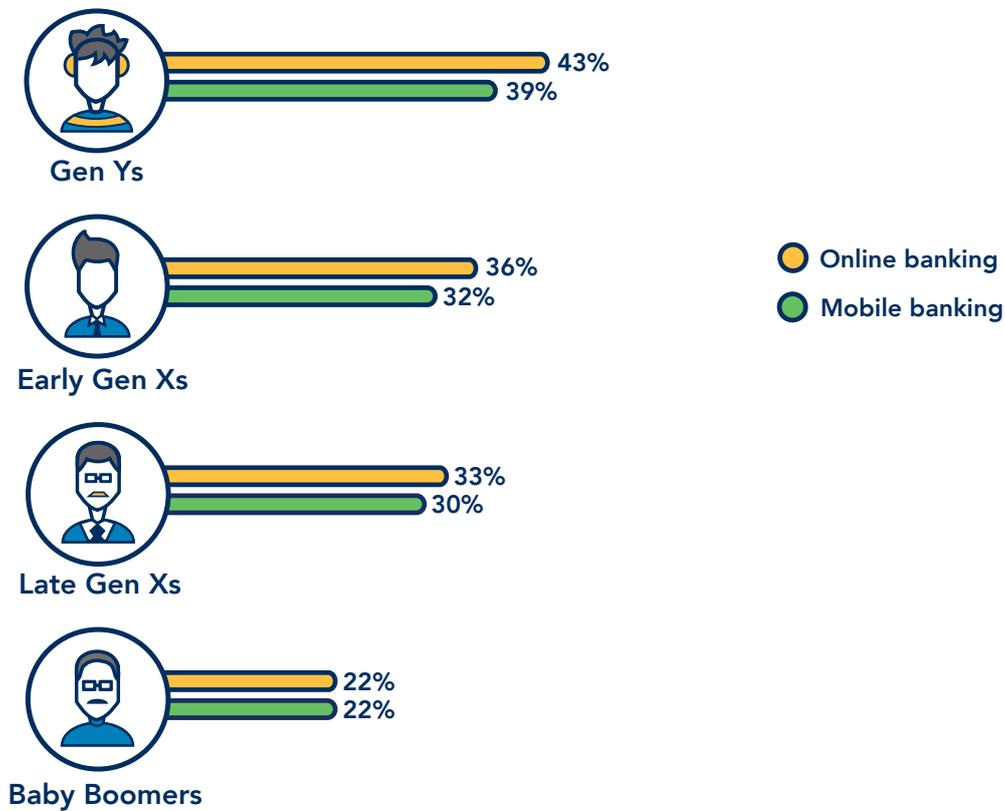


Figure 3: Current Monthly Use of Online and Mobile Banking by Generation

## The adoption of digital banking correlates with age and IT literacy in a predictive manner.

Similar differential adoption trends across generations are reflected in AIF survey data for the current use of mobile banking in Malaysia.

Even though digital banking is fairly new to Malaysia compared to other countries such as Australia and South Korea<sup>[5]</sup>, our data indicates an incremental adoption trend across generations, including early and late Gen Xs. This suggests that a healthy digitalisation process is underway in the country.

[5] Barquin, S & HV, V (2015), Digital Banking in Asia: What do consumers really want? McKinsey & Company

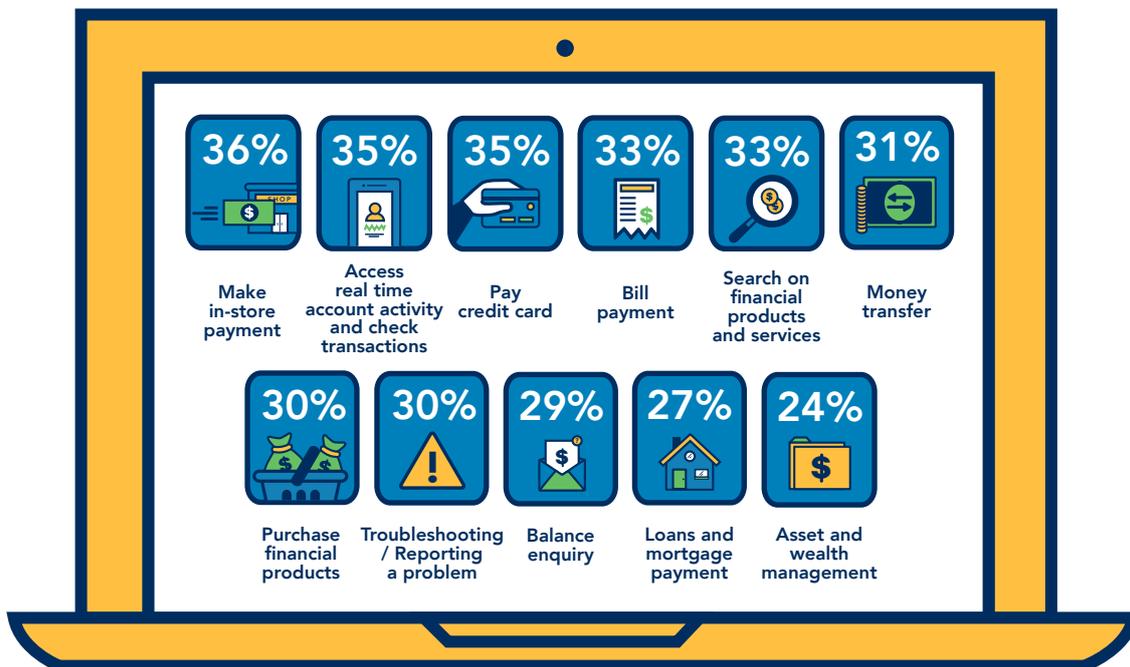


Figure 4a: Online Banking Transactions

## Consumers still prefer traditional bank branches for opening accounts and discussing financial products.

The research also examined to what degree the adoption of digital banking in Malaysia is changing the status quo of consumer transactional habits. In particular, how is digital banking affecting established consumer habits in traditional channels?

AIF survey results reveal that certain transactional patterns have not changed. Traditional bank branches are still preferred for opening accounts and for discussing financial products, including asset and wealth management, as well as for reporting problems.

This may be because consumers in regulated markets may still seek personal advice on more complex products, such as mortgages, investments and life insurance, even after searching online sources and consulting family and friends. In Malaysia, the current Anti-Money Laundering (AML) regulatory requirements mandate banks to require personal contact with customers when opening accounts, unlike in some other countries where this process has already been digitalised<sup>[6]</sup>. However, other transactions have already been digitalised to a significant extent.

Our survey findings suggest that online banking is used regularly (on a monthly basis) by a third or more of consumers (Figure 4a) to make in-store payments (36%), access accounts in real time (35%), pay credit cards (35%), pay bills (33%), as well as search for financial products and services (33%).

The rate of money transfers via online banking is also reasonably high (31%), although a substantial majority of consumers still seem to rely on ATMs to undertake transactions.

## How consumers make balance enquiries has evolved from traditional to digital channels, with mobile banking emerging as a popular option for monitoring balances.

Our findings also suggest that balance enquiries have almost completely shifted from traditional to digital channels. As many as 38% of consumers surveyed reported using mobile apps for balance enquiries (Figure 4b).

---

<sup>[6]</sup> Raj, PA (2014), Digital Banking to advance more rapidly in Malaysia, The Edge Malaysia

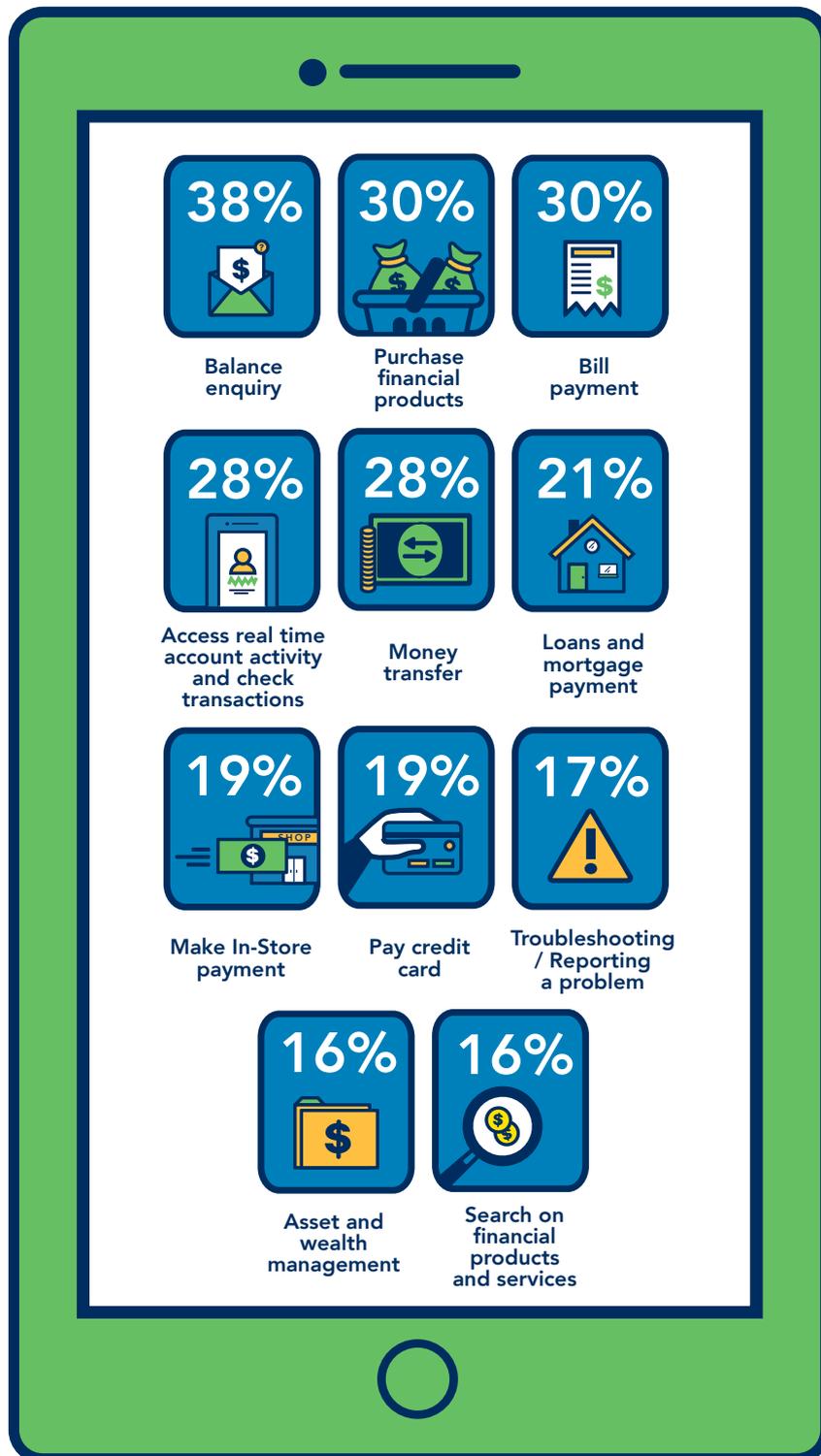


Figure 4b: Mobile Banking Transactions

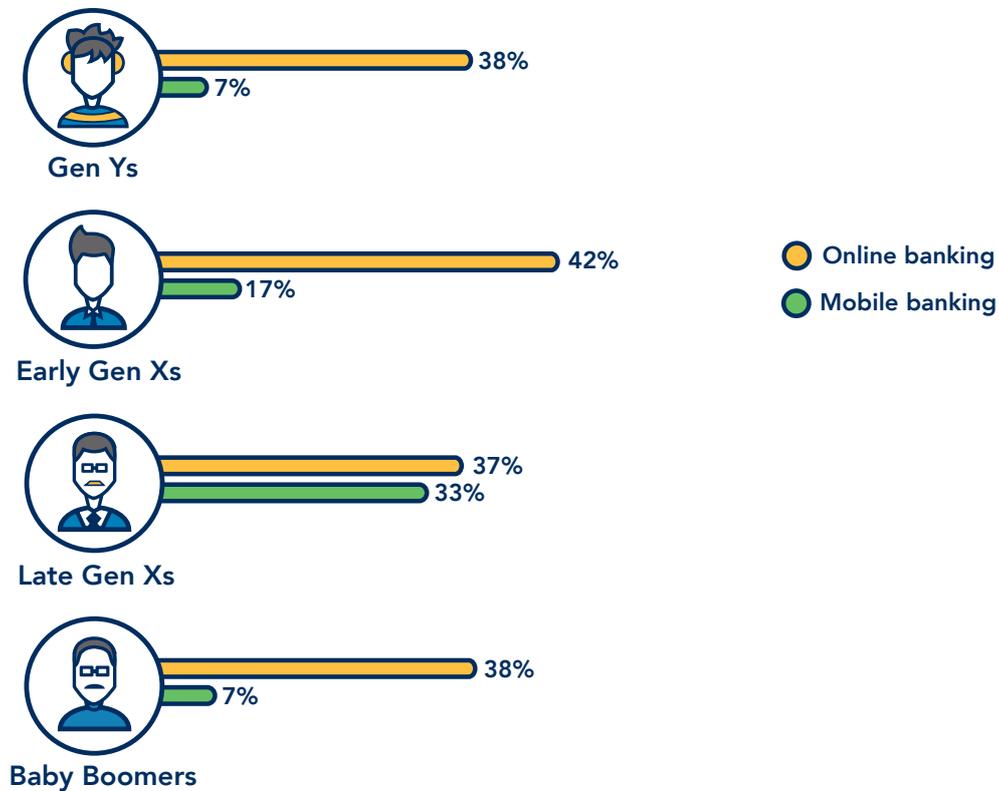


Figure 5: E-bill Payment by Generation

There is potential for e-bills to grow in the future to cater for a maturing Gen Y population who will assume more household financial responsibility.

Electronic bill payment (e-bills) is the most common transaction offered by digital banking platforms. Mobile payments are quite high among the late Gen Xs (Figure 5) while payment via online channels is high across all generations.

There is significant potential to further reach out to Gen Ys to increase the adoption and use of e-bills. As Gen Ys become more mature customers and assume more financial responsibility for households, there is potential for e-bills to grow further.

# 02 Consumer Experience and Perceptions

Perceptions of the digital banking experience are relatively positive with roughly half of consumers reporting their experience to be 'good' and one third as 'very good'.

As a result of digitalisation, organisations are becoming more customer-centric. In the past, organisations were mainly focused on product-centric or service-centric policies. Today, customer experiences and expectations are being transformed by customer empowerment due to smart technologies and social media.

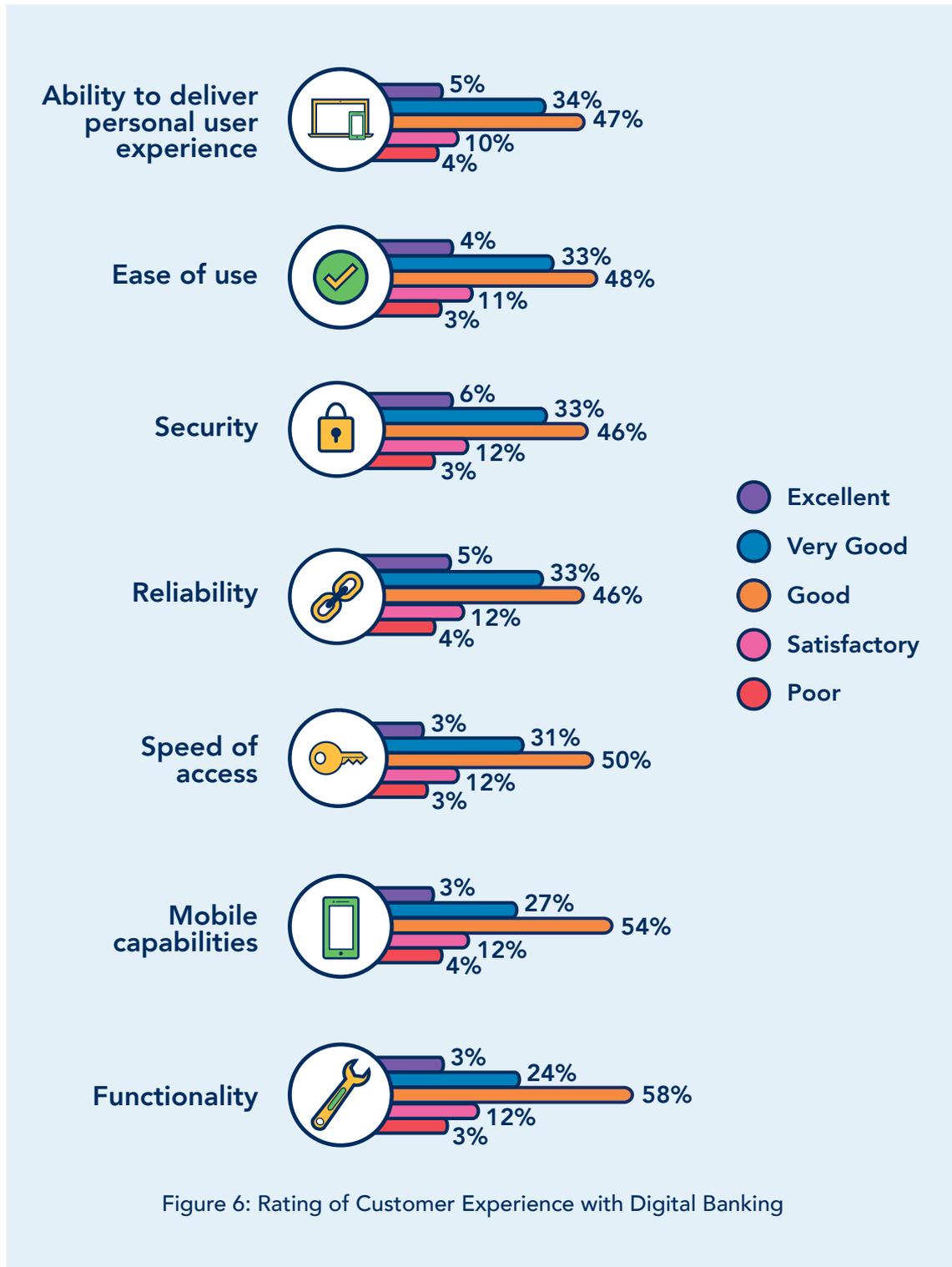
Among other objectives, our research sought to establish levels of consumer satisfaction with digital banking.

The findings suggest that the digital banking experience for consumers in Malaysia is relatively positive, with around half of consumers surveyed rating their current experience as 'good', and a third rating it 'very good' (Figure 6).

This could suggest that although consumers are receptive and appreciative of the new value brought by digital banking, their expectations are increasing beyond what is currently being offered.

Expectations seem especially high for mobile capabilities and functionality, with only 27% and 24%, respectively, rating their experiences as being 'very good' (Figure 6).

There is room for improvement in consumer digital banking experiences across all touchpoints.



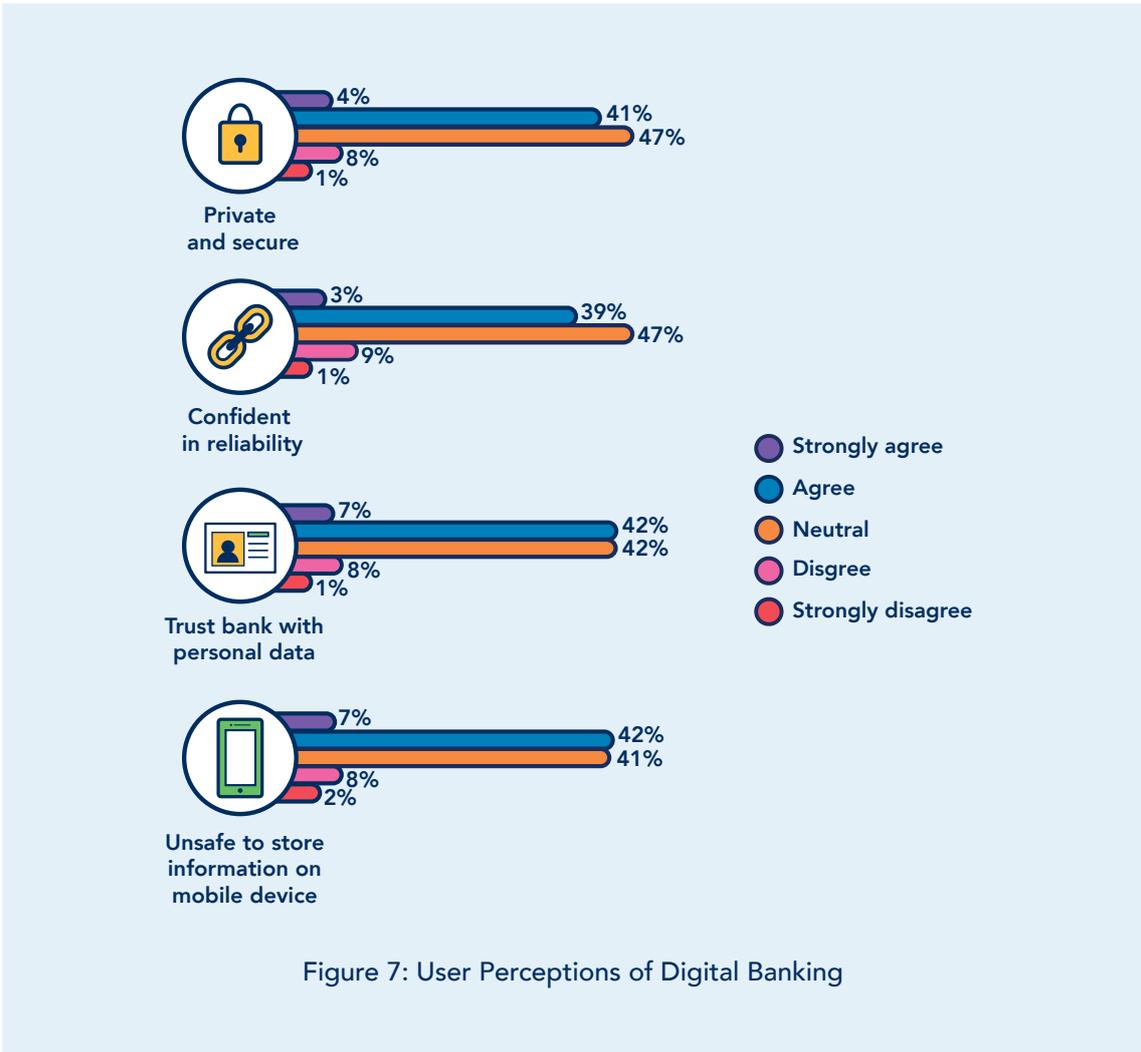


Figure 7: User Perceptions of Digital Banking

The number of consumers who trust banks with personal data is roughly the same as the number who do not feel safe in storing information on mobile devices.

Consumers were asked to what extent they agree or disagree, using a scale of 1-5, with certain statements relating to their digital banking experience as follows: privacy and security of digital banking, their confidence in the reliability of digital banking, trust with their personal data and perceived safety in storing information on mobile devices.

Results suggest that reservations among consumers are still significant, with close to half of respondents surveyed being 'neutral' (47%) towards privacy and security, as well as confidence in reliability (Figure 7).

Meanwhile, consumer perceptions of online banking are more favourable in comparison to their security concerns with mobile banking. Figure 7 shows that the proportion of consumers surveyed trusting banks with their personal data (42%) is equal to those who do not feel safe in storing information on mobile devices (42%).

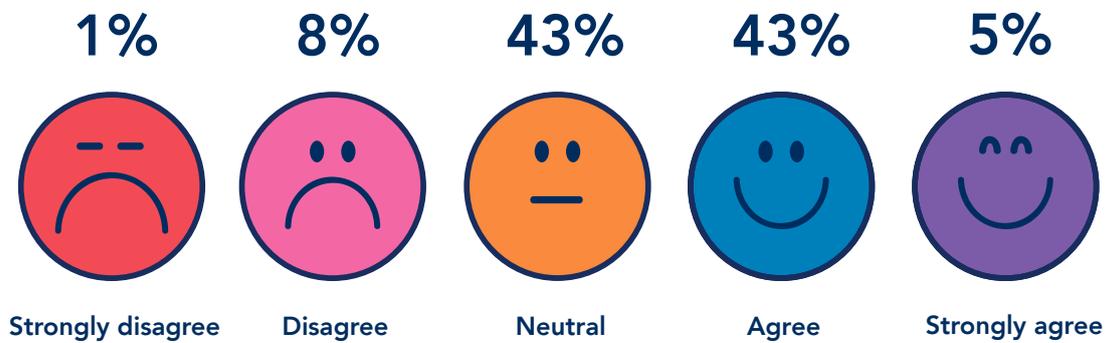


Figure 8: Likelihood to Increase Use of Digital Banking

**Almost half of respondents surveyed agree that they would be likely to increase their use of digital banking in the future.**

A similar lack of consumer engagement is revealed when consumers were probed on the likelihood of increasing their use of digital banking in the future.

Close to half of respondents surveyed 'agree' (43%) to the statement "to increase use of digital banking in the future". However, the number of consumers in the neutral category is equally high at 43% (Figure 8).

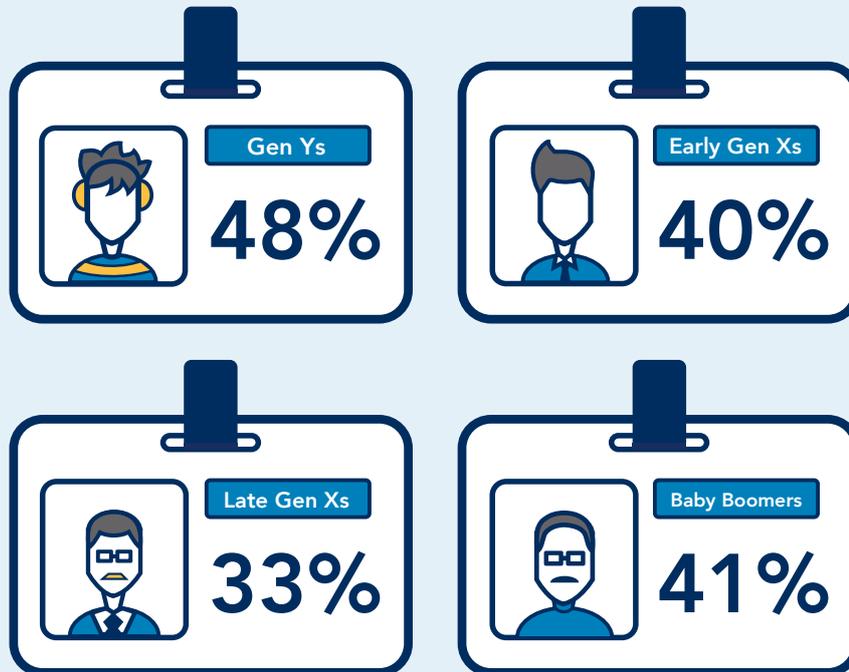


Figure 9: Age Profile of Consumers Likely to Increase Use of Digital Banking

Further demographic and behavioural profile analysis was conducted among those consumers likely to increase their use of digital banking.

The age profile of consumers making up this segment is interesting. The Gen Ys are significantly more likely to report increased usage of digital banking (48%), while Baby Boomers, who are characterised with lower current usage rates as compared to younger consumers, also report a likelihood of increased usage at a comparatively high rate (41%) (Figure 9).

# 03

## Drivers and Inhibitors

The top two inhibitors to using digital banking are concern for privacy and security.

There is a wide-reaching consensus in the banking industry that digital banking is the future. However, as our survey data has suggested, current adoption trends, perceptions and attitudes to digital banking among Malaysian consumers, vary among different demographic groups.

Certainly, there are still groups of consumers that are moderately conservative in their feelings towards digital banking. This section explores the key adoption drivers as well as inhibitors or factors that are acting as barriers to increasing consumer use of digital banking.

The findings confirm that the top two inhibitors to using digital banking are concern for privacy and security. 59% of all consumers surveyed cited concern with privacy as a key factor for them when considering using digital banking, while another 54% cited security concerns. Reliability is a factor for about a quarter of consumers surveyed (24%) (Figure 10).

As the high internet penetration rate has acted as a catalyst for the adoption of digital banking, slow and unreliable internet connections act as an inhibitor.

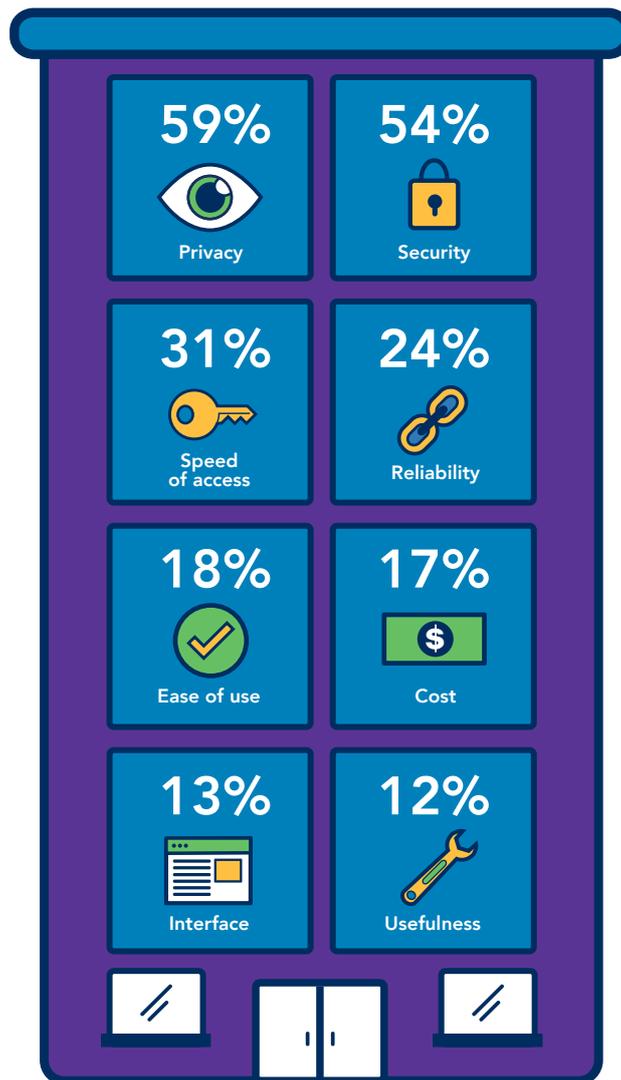


Figure 10: Top Adoption Factors for Digital Banking

31% of respondents interviewed identify “speed of access” to digital banking services as one of the key adoption factors.

Other adoption factors were given less importance by survey respondents, with fewer voicing any concerns with ease of use (18%), cost (17%), interface (13%) and usefulness (12%) (Figure 10).



Figure 11: Key Digital Banking Security Concerns

### Lack of privacy most concerns consumers followed by the possibility of others gaining access to their personal data.

When probed on the most important security and privacy concerns, a significant majority (58%) of surveyed consumers indicated that potential lack of privacy is what concerns them most, followed by the possibility of others gaining access to their personal data (53%) (Figure 11).

Malware also figures among reported concerns, although it is less relevant compared to other concerns cited.

A potential lack of privacy and security concerns remain the main reasons for consumers not to be as excited as they could be about digital banking, and this is true across gender, age and income levels.

# 04

## Digital Features

Digital features have the potential not only to meet the needs for anytime-anywhere banking, in response to the busy lifestyles of young professionals, but also to reach out to the large group of unbanked as well.

As demand for digital banking services grows, there is the potential not only to meet the needs for anytime-anywhere banking, in response to the dynamic and demanding lifestyles of young professionals, but also to reach out to the large group of unbanked as well.

In order to achieve this, particularly as the landscape is competitive, banks will have to come up with strategies that are holistic in terms of how consumers interact and transact across all digital channels.

Smartphones, tablets and PCs/Macs have unique capabilities that characterise the different digital banking channels. However, the most crucial part of the puzzle remains the consumer and their preferences.

In terms of future expectations, our survey indicates that consumers prioritise certain banking features over others.

Personalised products and services and being rewarded for mobile banking are preferred over biometric security features.



Figure 12: Priority Rating of Additional Features

Top 'must have' features are personalised products and services based on consumer personal spending and bill payment patterns, a personalised homepage and loyalty points/cashback/ discounts/ for the use of mobile banking (Figure 12).

Features rated as 'good to have' are personal financial capabilities, shopping updates on mobile apps and a seamless experience across channels.

Features considered as optional and not necessary are real time personal money management and financing alerts, a mobile wallet facility, support features (chat/voice/video), financial management games and biometric security features.

# 05 Industry Innovations

Malaysian consumers, despite having a generally receptive and positive attitude towards digital banking, still lack awareness and familiarity with what it offers and what its benefits are.

The rapid consumer uptake of digital technologies presents major opportunities for retail banks to reduce costs by migrating transactions online from traditional channels, while simultaneously better engaging with customers and strengthening customer loyalty.

Digital banking is also likely to spur growth through cross-selling and up-selling particularly via mobile channels.

This study has enabled us to recognise the key requirements of customers, which in turn, has helped us to identify the key strategic drivers in order for digital banking to innovate further.

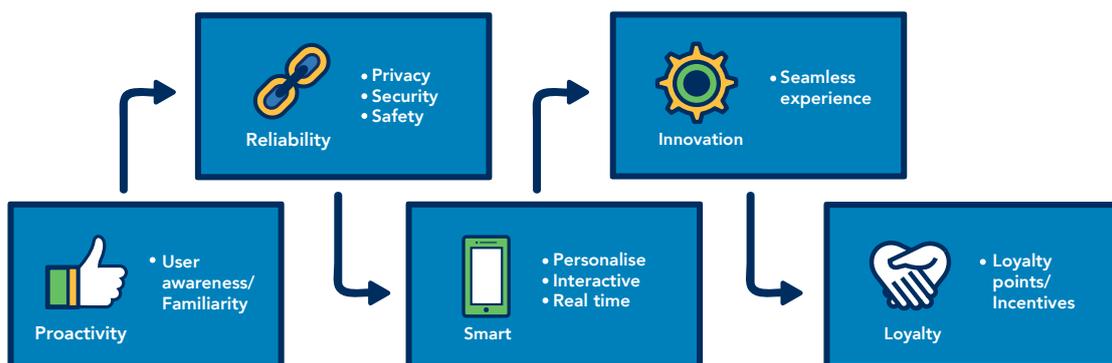


Figure 13: Customer Expectations and Strategic Drivers of Digital Banking

This survey indicates that consumer trust of banks is positive, but banks still need to proactively demonstrate the value they add, through digital banking.

## Proactivity

Our survey has suggested that Malaysian consumers, despite having a generally receptive and positive attitude towards digital banking, still lack awareness and familiarity with what it offers and what its benefits are. This is demonstrated by their relatively high 'neutral' response towards digital banking and its future enhanced features.

Banks need to instill the excitement and the 'wow' factor of digital banking in customers before other players in the market do so. Banks need to meet customer expectations in terms of digital banking, especially among Gen Ys who are more aware, familiar and expectant of its benefits. They also need to stay ahead of the competition and proactively reach out to consumers with lower awareness and adoption rates.

Although the survey confirmed that the uptake of digital banking is high, especially among Gen Ys and Gen Xs, it also identified that a large number of Gen Ys and Gen Xs in Malaysia are not fully aware of the value proposition. This echoes another study conducted by AIF on Gen Ys financial behaviour, which found that the majority of Gen Ys lack know-how on how to effectively manage their finances. The results also suggested that Gen Ys do not always see the value that financial institutions can offer<sup>[7]</sup>.

---

[7] Wan Azmi, WN & Madden, R (2015), Finance Matters: Understanding Gen Y – Bridging the Knowledge Gap of Malaysia's Millennials, AIF, Kuala Lumpur

With Gen Ys currently being the most crucial segment of digital banking users, the question is whether banks are ready to respond to their digital banking expectations proactively.

Are banks equipped to interact with Gen Ys proactively, in order to mitigate the potential threat posed by digital and technology innovators (e.g. Apple Pay and PayPal) that are keen to establish themselves in the retail banking value chain? For example, according to Viacom Survey research in UK 33% of millennials believe they will not need a bank in the next 5 years [8].

**As banks are able to reliably ensure the safety of all digital transactions, privacy and security should not be inhibitors to the adoption of digital banking.**

## Reliability

Retail banks have to reach out to consumers proactively to reassure them on the latest advancements in design and security, and help close the reality gap between consumer perceptions and delivery. Consumer concerns with privacy and security should not act as an inhibitor for the adoption of digital banking in an age when banks should be able to reliably ensure the safety of all digital transactions. As the survey has suggested, privacy and security are key influencing drivers in relation to the adoption of digital banking.

They are particularly important as banks hold a great deal of personal and confidential information about their customers, raising significant data protection and privacy concerns. This survey indicates that consumer trust in banks is positive, but banks still need to proactively demonstrate the value they add.

---

[8] Bosley, J (2015), Millennials won't be millennials forever, keep hold of the branch, finextra.com

In order to increase and attract greater use of digital banking channels, banks need to be able to authenticate devices, using methods that comply with domestic regulations.

Fraud control measures need to cover risk specific customer actions where the integrity and confidentiality of customers' credentials and identities needs to be protected.

## Smart

Proactive strategies to cater for consumer needs in the digital banking era have also been made more viable with the use of big data analytics and predictive models.

Our survey suggests that consumers expect a personalised customer experience but, at the same time, they need space and time for decision making by not being bombarded with notifications and sales offers.

A combination of smart technologies linked to big data could enable a suitable level of engagement on the part of financial institutions, without infringing on customers' privacy.

Social media is creating a large forum for online discussion with enormous commercial potential for financial institutions.

It has also become a global sounding board for consumer opinion, where customers discuss their likes and dislikes and share their experiences with broader audiences.

Banks can capitalise on this information source by tapping into the data, opinions and behaviours consumers are willing to share online, using insights to develop future strategies.

## Branches will need to reinvent their offerings as digital banking takes on a more significant role in the future.

### Innovation

Globally, banking is moving away from multichannel offerings to an omni-channel delivery. 43% of survey respondents indicated that their banks provide a seamless banking experience across all channels.

The survey suggests that consumers in Malaysia still prefer branch banking for transactions like opening accounts, asset and wealth management advice, enquiries on financial products and services, and troubleshooting/reporting problems.

However, branches will need to reinvent their offerings as digital banking takes on a more significant role in the future.

Customer service will have to shift from a transactional to a more personalised approach. As digital platforms take the lead, banks may consider specialist branches for delivery of niche products and services and virtual branches for conducting transactions through digital channels. The future of branch banking is moving towards a paperless system in Europe where banks are exploring innovations like digital signatures or video-enabled kiosks for customer services.

Branches can also be used to showcase brands and the latest technology offerings; in some parts of China and the US 'smart branches' have already been set up to test mobile apps for digital banking<sup>[9]</sup>.

---

[9] Ginovsky, J (2015), What really is 'digital banking'? Banking Exchange

## Loyalty

The research suggests that Malaysian consumers are incentive-driven and they expect to be rewarded with a tailored experience based on their transactions.

Currently, digital banking offers primarily routine banking transactions and consumers do not feel sufficiently rewarded; some online platforms offer self-service for common low-cost products, like credit cards, which are generally aimed at the mass market.

Retail banks should focus their sales and marketing efforts on promoting specific services targeted to high value customers, as they will have a propensity to use those services, while also ensuring customers feel rewarded by offering loyalty points, cashbacks, discounts and so on.

Being rewarded is one of the top 'must have' digital banking requirements for Malaysian retail banking consumers.

# 06 Recommendations

**Banks should have more social media presence to increase awareness of product offerings and create a buzz about new enhanced features.**

Digital banking is evolving and becoming a one-stop-shop for complete banking services.

Our findings indicate that there is room for improvement in terms of awareness and knowledge among consumers, as indicated by relatively high neutral consumer ratings for their perceptions and experience of any new enhanced features of digital banking.

In order to overcome this, banks should have more social media presence to increase awareness of product offerings and create a buzz about new enhanced features. Marketing strategies need to focus on creating more excitement around and advocacy of digital banking among consumers, particularly amongst Gen Ys, through word of mouth and first-hand experience of trying out new apps.

In order for banks to successfully enhance their digital banking experience, they have to have the right strategies in place in several key areas, as highlighted in Figure 14.

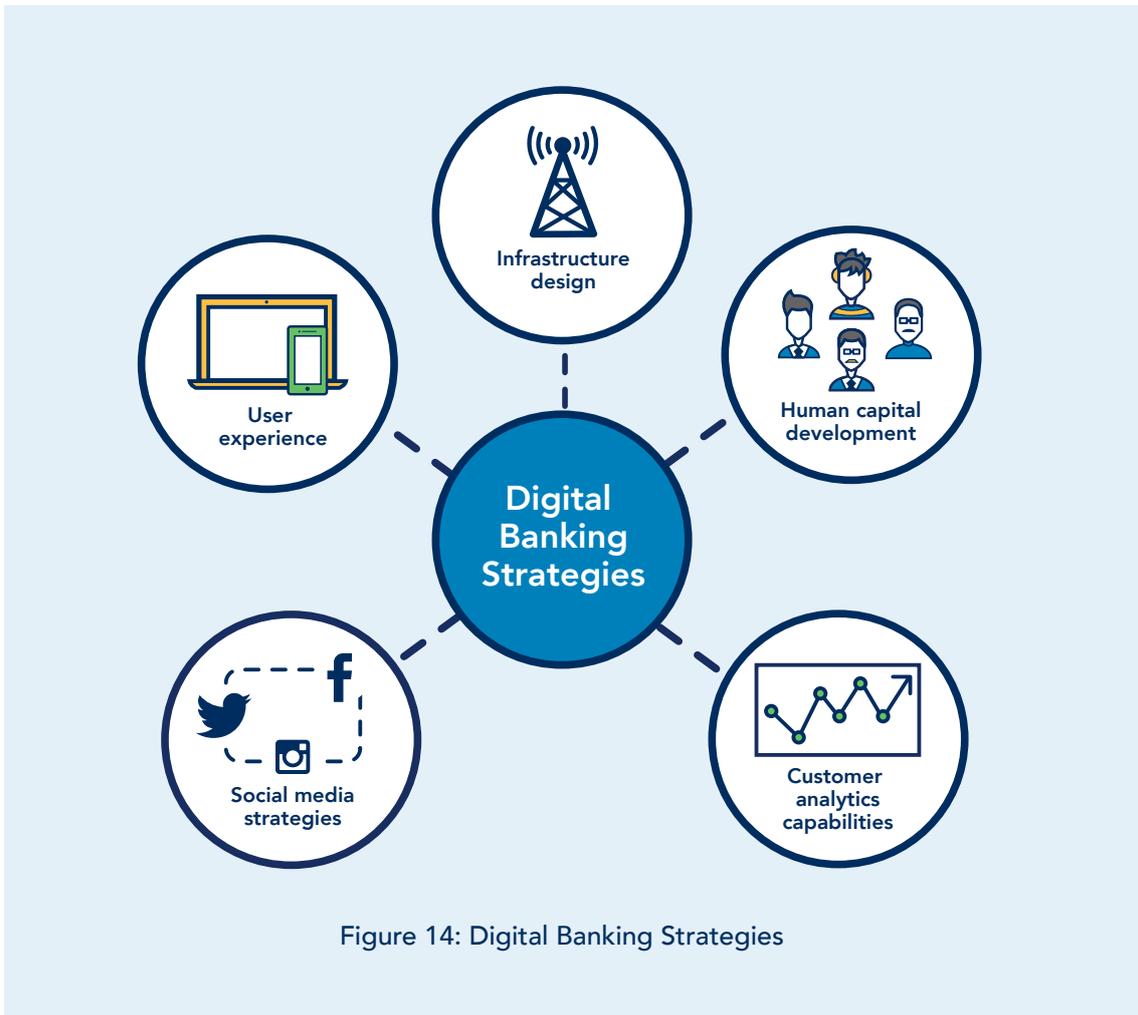


Figure 14: Digital Banking Strategies

## Infrastructure design

Banks need to incorporate the right infrastructure, which is fully secured, to enable seamless retrieval of consumer data. Infrastructure design also involves having the right talent in the right place to run the smart and real-time operations, as well as forging strategic alliances with key players in the market.

Banks may consider expanding their traditional branches with a virtual branch concept, and collaborating with technology innovation partners to create a digital app store as a one-stop-shop for mobile business applications, authentication and accessing security. With other platforms, like Google, offering e-wallet services, banks may look to other potential business collaborations too. One example of this was the recent strategic collaboration in ASEAN announced in November 2015 between Malaysia's CIMB Group Holdings Bhd (CIMB) and Philippines' telecommunications company, Philippine Long Distance Telephone Company (PLTD). This agreement between CIMB and PLTD's wireless service provider, Smart Communications Inc., and its wholly owned digital unit, Voyager Innovations, Inc., was formed to target "innovative and differentiated digital banking and financial technology solutions" in the Philippines and the wider region<sup>[10]</sup>.

Telecommunication companies are also innovating and expanding their services beyond their traditional services to meet the digital demands of their customers. Recently Digi has offered its Malaysian customers an alternative payment channel through their postpaid and prepaid monthly bills for their Google Store purchases. This initiative will help those who do not yet have access to a banking card<sup>[11]</sup>.

## Human capital development

Digitalisation is having an impact on business culture and operations in terms of encouraging a shift from a product-centric to a customer-centric view.

An awareness and understanding of digitalisation should involve everyone in the bank, including departments that are not directly involved in or impacted by digitalisation. Employees should be informed about the latest digital practices, new services, technologies and processes, as well as evolving consumer expectations.

---

[10] CIMB to offer digital financial offerings across ASEAN, The Star Online

[11] Lee, A (2015), Digi is Malaysia's first telco to offer direct billing on the Google Play Store

Banks may consider expanding their traditional branches with a virtual branch concept, and collaborating with technology innovation partners to create a digital app store as a one-stop-shop for mobile business applications, authentication and accessing security.

## Customer analytics

Having the right data is key to understanding consumer needs which can then translate into tailored financial products and services.

Developing sophisticated and user-friendly financial instruments and transaction-processing modules involves crunching large volumes of data from multiple sources.

Analytic capabilities should include multi-dimensional analysis by location, customer type, spending habits, product traffic source, user profiling and segmentation. Strategies and policies need to be developed to control, protect and enhance the value of data and information.

## Social media

Social Media is an ideal platform for retail banks to engage with consumers, provide product knowledge and gauge insights into consumer wants and needs, reactions, experiences and future expectations.

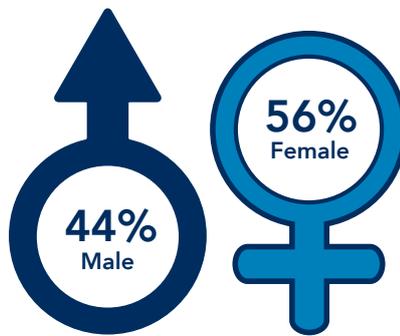
## User experience

Strategies to create a multifunctional user experience need to be in place, including enhanced mobile apps with more options and personalised website interfaces for both mobile apps and websites.

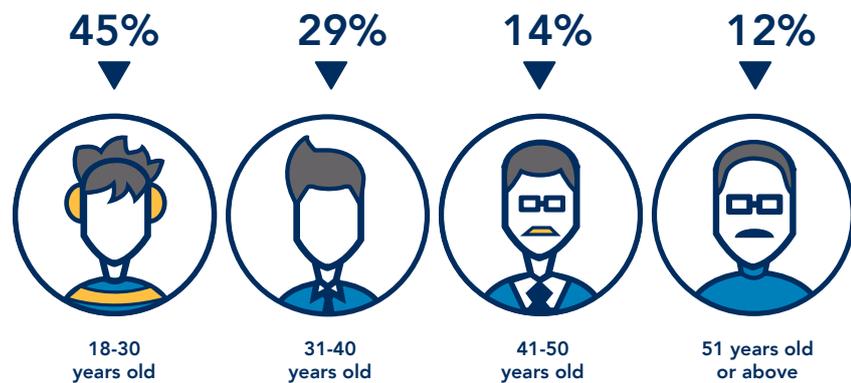
# 07 Profile of Respondents

Total number of respondents = 2000

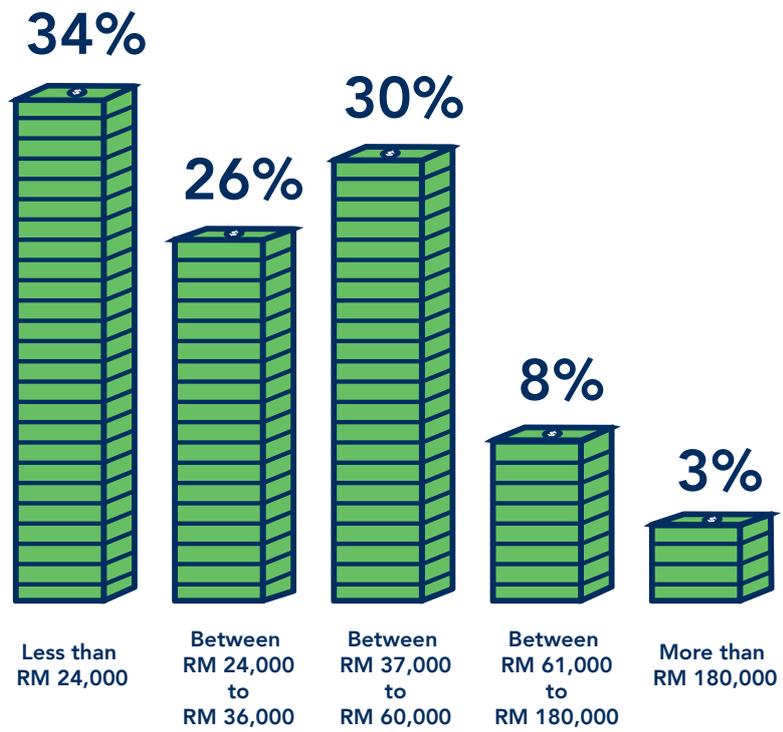
## Gender



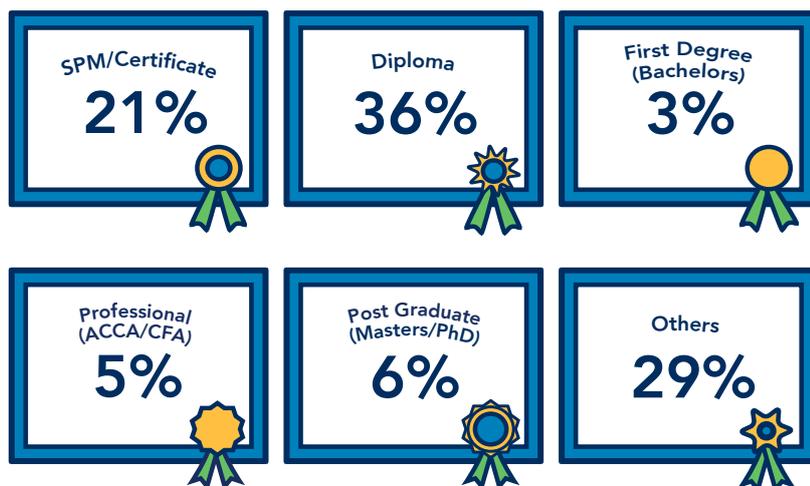
## Age



### Annual Income



### Highest Qualification



## **Contributors**

Elma Berisha

Dr Raymond Madden

**ASIAN INSTITUTE OF FINANCE** (838740P)

Unit 1B-05, Level 5, Block 1B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur.  
Tel: +603-2787 1999 Fax: +603-2787 1900 Email: [research@aif.org.my](mailto:research@aif.org.my)

[www.AIF.org.my](http://www.AIF.org.my)

ISBN 978-967-0822-07-5



9789670822075