

# MANAGEMENT REPORT

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We are creating value for our customers to help them thrive in this challenging environment where the mega-trends of regionalization, urbanization and digitalization are increasingly affecting their lives and businesses. This includes improving convenience for customers, providing expert advice and assistance, helping them tap into new opportunities, and reducing hindrances and costs in their business operations.

On December 12, 2019 we were delighted to announce we had reached an agreement to purchase an 89.12% stake in PT Bank Permata Tbk (Permata), the 12<sup>th</sup> largest commercial bank in Indonesia by total assets. We anticipate the acquisition will be completed in the third quarter of 2020. It will be a major step forward for us as we will be able to capitalize on the rapid growth of Indonesia, the largest economy in ASEAN, along with other opportunities arising from increasing ASEAN integration.

Once concluded the acquisition of Permata will enable us to deepen our presence in Indonesia and take our strategy of regionalization to a higher level as a leading and well-diversified ASEAN bank.

In another breakthrough we facilitated the first trade finance transaction within ASEAN using Enterprise Blockchain, with a Letter of Credit (L/C) sent from Indonesia to Thailand which cut processing time and paperwork by more than half. In 2020 we will be looking to offer similar services to other trade finance customers.

Our international and corporate businesses are working closely together to support our customers with a presence in international markets. We are helping to integrate the ecosystems of our corporate customers within and outside of Thailand by developing solutions that add value to their businesses, such as payment services and credit lines that support their supply chains.

We are also supporting our customers involved in infrastructure development such as mass transit in urban areas, energy production and inter-regional connectivity via airports, seaports, road and rail. In line with the changing consumer landscape we are expanding our specialist advisory services in areas such as bancassurance, home loans and wealth planning to help customers build a comfortable and secure financial future.

Our new mobile application for Bualuang mBanking will be launched early in 2020. This dynamic platform will be regularly updated with new functions to suit customers' evolving lifestyles. New cash management and trade finance platforms are also under development and will have many more features to support our customers' businesses.

A major priority in 2019 was encouraging SME to move from cash to electronic payments. Not only will this enable SME customers to receive payments conveniently and securely, we will gain data-driven business insights that will enable us to serve them better in areas such as information-based lending.

In 2019, we rolled out more QR code acceptance services to our merchant and micro enterprise customers, providing more options for receiving payments and supporting the move to a cashless society.

We successfully completed Bangkok Bank InnoHub Season 2, our technology startup accelerator program, and continue to explore partnerships with startups with a decent track record on an ongoing basis. We are now working with several startups to provide services for SME customers in areas such as digital commerce and cloud accounting. Other startups are assisting us with process improvements for our business units including automation, check processing, loan operations and securities.

Transactions continue to grow strongly via our mobile banking application Bualuang mBanking and have grown more than 2.5 times in the past three years. Under our mobile-first policy we have been continually increasing the services available on the application and in 2019 we trialed electronic know-your-customer (e-KYC) technology using facial biometric authentication in the Bank of Thailand's sandbox. These new services will be introduced in 2020.

We are developing new infrastructure as part of our journey to becoming a digital bank. As part of this we are establishing a data lake and using Artificial Intelligence (AI) and Big Data to capture, store, analyze and disseminate data more effectively, thereby developing deeper insights in order to better tailor our service offerings for customers. We are also establishing architecture that will accelerate our ability to adopt Application Programming Interface (API), which enables greater integration with our partners' products, applications, platforms and services under a secure, interoperable system. This will help us innovate faster.

In line with our commitment to "puen koo kit mit koo baan" (aspiring to be a trusted partner and reliable close friend), we aim to continue to create value for our stakeholders and we look forward to another successful year in 2020.