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Retail Banking

“In FY2020, we continued to execute our strategy of building our business centred around high-value segments, namely affluent individuals and small and medium-sized enterprises (SMEs). We strengthened our Priority Banking proposition, which has allowed us to grow our Priority Banking client base significantly where we now offer a wider range of wealth management products and services including foreign currency products, retail bonds and investment-link products. We have also grown our retail SME franchise significantly, with Current Account Savings Account (CASA) growing 13.6% and loans 34.8% YoY.”

ABOUT US

Retail Banking provides integrated value propositions to both individuals and small businesses from the Bank and our strategic partners. We have put in place differentiated value propositions designed to best serve specific segments such as Priority Banking, mass affluent and SME clients. These value propositions are delivered nationwide through physical channels represented by our 170 branches as well as nine Priority Banking Centres and digital channels via AmOnline and AmAccessBiz. In addition, we have 1,090 self-service terminals consisting of 641 Auto Teller Machines (ATMs), 33 Cash Deposit Machines (CDMs), 210 Cash Recycler Machines (CRMs), 206 Cheque Deposit Machines (CDMs).

Business Review

– Retail Banking

OUR PERFORMANCE

Retail Banking continues to focus on growing our market share of mass affluent, affluent and small business customers by providing relevant and timely solutions that meet the needs of our clients delivered through our physical and digital channels. We have put together a solid team of relationship managers and specialists supported by strategic partners to assist our clients. Furthermore, we have invested in and deployed award-winning digital channels to support clients that prefer to engage with us through non face-to-face channels, and have dramatically improved branch and contact centre service levels.

We were able to hold our income steady YoY despite margin compression as a result of multiple reductions in the overnight policy rate during our financial year. Our PAT reduced by RM253.3 million mainly due to the impact of our debt sale held last year that resulted in a one-off gain in FY2019 of RM285.0 million. Furthermore, our recoveries were reduced YoY as the debt sale had depleted the total recoveries base.

Our total deposits declined primarily due to our active management of high cost-fixed deposits, which was offset by CASA growth of RM1.5 billion. This resulted in our total funding cost declining which helped mitigate against the margin compression seen.

Profit After Tax (PAT)

RM315.2 Million in FY2020

RM568.5 Million in FY2019

Profit Before Provision (PBP)

RM601.4 Million in FY2020

RM608.3 Million in FY2019

Cost-to-Income Ratio (CTI)

59% in FY2020

58% in FY2019

Mortgage

RM36,498 Million in FY2020

RM34,122 Million in FY2019

Credit Card Outstanding Balance

RM2,599 Million in FY2020

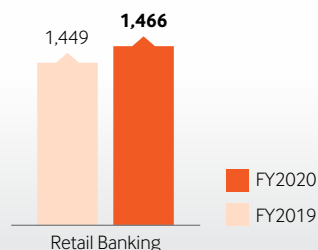
RM2,514 Million in FY2019

Retail SME

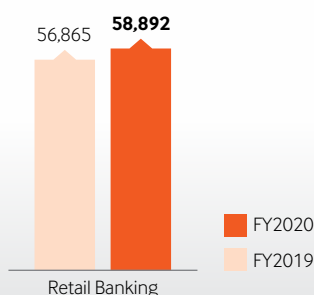
RM3,602 Million in FY2020

RM2,673 Million in FY2019

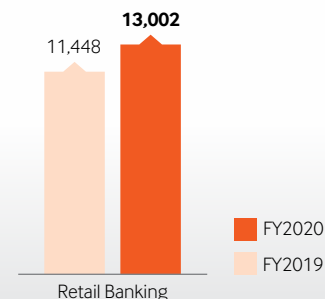
Income (RM Million)



Gross Loans (RM Million)



Current Account Savings Account (CASA) (RM Million)



AWARDS & RECOGNITION



Malaysia e-Payments Excellence Awards 2019 (by PayNet – Payments Network Malaysia)

- Outstanding Contribution to MyDebit
- Outstanding Contribution to JomPAY

Asian Banker Award 2019 – Most Improved Bank

AKPK Best Implementation Award 2018/2019

MasterCard

- Best Overall Spend Growth
- Best Leverage of Mastercard Assets

Visa

- Highest Payment Volume (PV) Growth for eCommerce Spend
- Highest Payment Volume (PV) Growth for Co-Brand Card

AmDigital – Global Business Outlook:

- Best Mobile Banking App
- Most Innovative Mobile Banking App

KEY INITIATIVES & OUTCOMES
Key Initiatives
Outcomes
Priority Banking

- Opened nine Priority Banking Centres and refreshed the priority banking value propositions.

- 13.6% growth in CASA YoY.
- 34% increase in Wealth Penetration in FY2020.
- 57% growth in Investment AUM compared to the corresponding previous period.

Digital Banking

- Launched AMY™, AmOnline's Virtual Assistance that offers proactive and personalised assistance to customers through a self-guided chat interface.

- 70% growth of registered users, increasing our AmOnline users from 575K to 977K.

Driving SME Banking

- Established the SME-in-a-Box platform that delivers more value to SMEs through cross products propositions in a bundled package.
- Entered into a strategic collaboration with Maxis to provide connectivity and e-Commerce solutions for SME-in-a-Box, which opens up opportunities of new target base for acquisition and growth.
- Continue to provide SMEs with collateral-free working capital facilities and comprehensive insurance solutions for businesses. This includes attractive premiums, 6-month payment deferrals, low merchant terminal rates, preferential term deposit rates, preferential forex rates, amongst several other benefits.

- SME clients are provided with integrated value propositions at attractive rates for deposits, loans, Bancassurance amongst others.

- Allows SME customers access to comprehensive financing and digital solutions that leverage the potential of e-Commerce, particularly in these challenging times.

Developing Our People

- Conducted a High-Performance Culture (HPC) training module that aims to change mindsets, improve competencies and build entrepreneurial skills amongst the sales channels.

- 15 Branch Managers participated in the 'Retail Banking Branch Manager Excellence Programme' to equip them with the knowledge and skillset to motivate, lead and coach frontliners to achieve the KPIs that are set.

- Introduced a comprehensive people development programme that strengthens service-oriented culture towards building service excellence and customer-focused service skills.

- 87 Regional Directors and Branch Managers enrolled to receive the Asian Institute of Chartered Bankers (AICB) certification.

- 41 Relationship Managers and 9 Priority Segment Managers attended the 'Empowering Signature Bankers in Sales Excellence Training', improving their communication and counselling skills, with focus on acquiring and nurturing Priority Banking customers.

- 50 Team Leaders from Customer Care and Service Operation Manager attended the 'Building Service Excellence through Stakeholders Engagement Training', which aims to change our customer service team into a more Service Mindset to drive team performance.

- 18 Assistant Branch Managers (ABM) participated in the 'Service Leadership Training for Branches' to strengthen our service-oriented culture towards building service excellence and customer-focused service skills.

Customer Value Proposition

- Established AmOnline as a new platform that digitally supports the mass affluent channel across all core product transactions and services, including onboarding approvals and fulfilments, payments, loyalty rewards and financial management.

- Over 977,000 registered users for AmOnline, an upsurge of 38% from a year ago.
- 52% of Call Centre service requests deflected due to AmOnline, allowing the team to better focus on customer service issues.

Operational Optimisation

- Introduced the Post Market Stabilisation Scheme that enables process enhancement and the consolidation of roles and responsibilities.

- 21% reduction in the total headcount for Retail Banking.

CHALLENGES & RISKS

Challenges/Risks	Mitigation Strategies	Results
<p>Hire Purchase (HP) Contraction The year-on-year contraction of the segment's HP business impacts our financial performance.</p>	<ul style="list-style-type: none"> • Re-engage with car dealers to rebuild relationships. • Launch new product packages with attractive prices for targeted segments such as government servants. 	<ul style="list-style-type: none"> • Significant increase in sales volume for HP.
<p>Margin Compression The reduction in the Overnight Policy Rate (OPR) results in a margin compression, affecting total revenue contribution.</p>	<ul style="list-style-type: none"> • Accelerate the growth of fixed-rate loans (e.g. HP). • Drive fee income through Priority Banking to mitigate the impact on revenue from interest income. 	<ul style="list-style-type: none"> • Maintained a flat income YoY despite the OPR cuts that occurred.
<p>Customer Experience A high number of complaints from clients on our service levels impact customer attraction and retention.</p>	<ul style="list-style-type: none"> • Revamp our approach in creating a service culture at customer touchpoints. 	<ul style="list-style-type: none"> • Considerable drop in customer complaints • Positive acknowledgement of customer service by independent parties.

PROSPECTS & OUTLOOK

In the year ahead, Retail Banking will remain cautiously optimistic as we continue to navigate margin compressions, high customer expectations, and most significantly, the economic impact of the COVID-19 pandemic. Business and supply chain disruptions will cause cash flow challenges to customers, which affects our growth and assets. As such, we remain committed to easing the financial burdens of both individual and business customers, delivering financial solutions that allow them to financially recover alongside the economy. At the same time, we will continue to innovate the business to stay ahead of the competition. Our focus will remain in digitalisation, in which we provide tailored products and services to provide customers with a personalised banking experience.