

Digital Banking in Singapore and Malaysia

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London • Singapore

Digital Banking in Singapore and Malaysia: Engineering an Agile Future

OUTLINE

On 28 June 2019, the Monetary Authority of Singapore (MAS) announced that it will issue up to five new digital banking licenses by mid-2020. These will be in addition to any digital banks created by incumbent Singaporean banking groups. The aim is to increase diversity and strengthen the future as Singapore secures its digital banking future. Since then, the MAS has announced 21 applications were received by the 31 December 2019 deadline. "The majority of applicants are consortiums, with entities seeking to combine their strengths to enhance the digital bank's value proposition", said the MAS.

There are two types of licenses:

Full Digital Licenses

Up to two full digital banking licenses will be issued, allowing a broad range of financial services, including deposit taking.

Wholesale Bank Licenses

Up to three digital wholesale bank licences will be issued, allowing SMEs and other non-retail segments to be served.

While many of the existing banking groups within Singapore are looking at implementing digital banks the approach and sophistication vary. Both current and future digital banks are offered the ability to start afresh and simplify and streamline their existing processes.

On 27 December 2019, Bank Negara Malaysia offered up to five licences to establish digital banks to conduct either conventional or Islamic banking business in Malaysia.

In Malaysia there is no such distinction, but the aim is "to offer meaningful access to and promote responsible usage of suitable and affordable financial solutions to financial consumers". Another key difference is that in Malaysia incumbent banks may apply.

THE CHALLENGES

Incumbent banks have some lineage and process flows mapped, but these are typically either paper-based, Excel-based or operating within existing legacy systems that have their own constraints.

There is now the opportunity to structure a new business model based on a solid operational blueprint – one that can map both operational processes and data flows, at either a micro or macro level, and across several systems. Over time, large banks have acquired tens of thousands of systems creating complexity, redundancy and duplication limiting the bank's ability to truly comprehend their technical assets, or to ensure that they achieve optimal compliance.

Without this millstone of legacy processes and systems, challengers will plan and visualise from inception. Understanding the links between processes; ensuring correct user entitlement and data retention policies are effectively managed; implementing exclusively golden source reporting; enforcing strategically-determined data governance; and reducing risk around system transformations.

DIGITAL AGILITY IS ESSENTIAL IN A CONSTANTLY CHANGING WORLD

SOLIDATUS AS A SOLUTION

Solidatus enables the effective management of data, people and processes

It highlights gaps, declares transparency and provides a simpler, quicker and better route to implement change. Solidatus delivers this in a clear and transparent way, offering a DevOps approach to business change and providing lasting value.

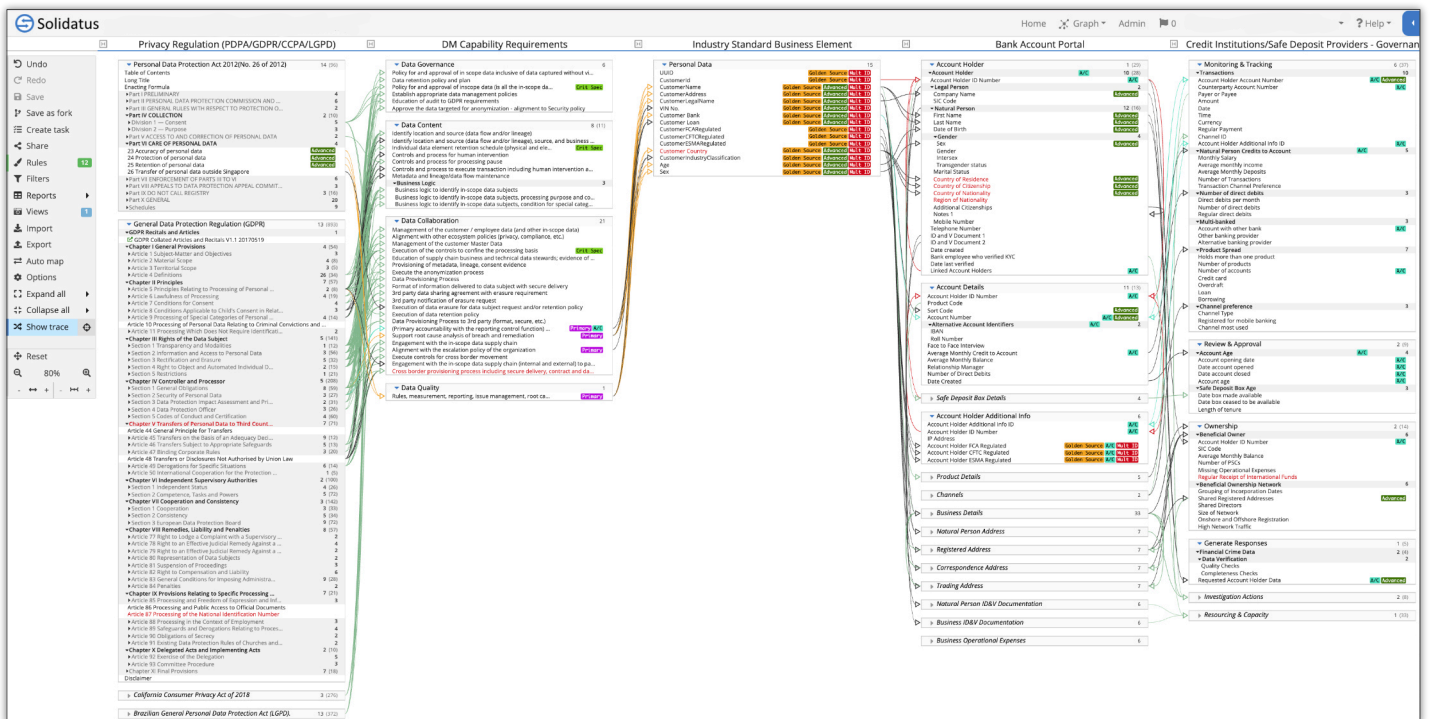
Solidatus facilitates both data lineage and business process engineering

We consider lineage to be the visual representation of any form of connected entities, be that low-level attribute data lineage, high-level systems data lineage, process or any other business connectivity. Whether documenting data flows or disaggregating complex workflows, Solidatus allows users to engineer clear and intuitive models. The trick is to deliver regulatory compliance and business value at the same time – use the obligatory investment to create an advantage, creating a sustainable approach where each new challenge or opportunity is easier and less costly to achieve.

By planning from the outset and utilising the Solidatus API, market entrants can manage change in their process and create lineage automatically. Giving managers confidence that the organisation exists as they understand it.

Banking regulators across Asia, including the MAS, have started to open the banking markets with the granting of new banking licenses for digital-only banks

SOLIDATUS MODEL



DATA GOVERNANCE

Proper data governance typically consists of five aspects: where data is, where it has come from, where it will go to, who has access to it and how long they should retain access. Solidatus delivers on all fronts – it is at the heart of what we do. By building an operational data blueprint, the software shows the location and flow of critical data elements (CDEs) in addition to promoting collaboration on the model and creating a full audit of change over time. Utilising the rules-based approach within the tool provides modelling of user access rights and mapping of data retention policies to enable real-time alerts and reduce the risk of erroneous data transfer. Further, by understanding the location and flow of data, PDPA compliance can also be achieved.

TRANSFORMATION

The transformation of existing and implementation of new systems is an expensive and time-consuming process. Typically, this requires significant resources to understand data flows and minimise disruption at the point of conversion. Solidatus was built specifically to address this challenge. It enables interrogation of the full downstream implications, helping to prevent costly failings. A clear and transparent map of flows ensues to enable effective planning for change. This substantial risk reduction helps to remove the inherent fear of change. Practical examples may include cloud migration, blockchain integration, artificial intelligence deployment or system upgrade/change/implementation. Digital banks may, by deploying Solidatus, ensure that they plan for change from the outset of implementation, enabling them to live by the mantra that the only constant is change and therefore retaining an agile, nimble approach.

REPORTING

Creation of reporting - especially regulatory reporting - typically, as with transformation, requires interviews of relevant stakeholders within an organisation before reports are generated. Solidatus simplifies this process: information can be mapped and identified at the outset, thereby establishing the information is coming from the optimal “golden” or “authoritative” source, ensuring accurate reporting. These sources can then be leveraged for other reports. In the event regulations change, Solidatus enables the delta of change to be mapped. Existing reports can be modified rather than rebuilt entirely - as currently is the norm within large financial organisations. Consequently, reputational risks and the financial consequences of inadequate compliance (in addition to resources required for report generation) can be contained, especially when these digital challengers will likely be closely monitored from the outset. With information continually kept current, Senior Managers can achieve confidence in the integrity of their organisation’s reporting and data flows. Solidatus has already been successfully deployed in some of the world’s largest banks to assist with lineage requirements within documentation such as BCBS 239 and CCAR. It can also help with MiFID II, PDPA, GDPR, CCPA and FRTB enabling challengers to plan and simplify future expansion overseas.

DATA QUALITY

By ingesting data quality metrics and deploying the task functionality within Solidatus, data quality can be actively managed, ensuring both regulatory excellence and a competitive advantage from optimally utilising and exploiting the organisation’s data.

CREATION OF INTERNAL RULE BOOKS AND MANUALS

By modelling law within Solidatus, the flow of these laws within an organisation can be modelled downstream throughout the relevant manuals and handbooks. The effects of legal change, therefore, can be immediately understood throughout an organisation and appropriate alerts generated. Equally, machine readable inputs can be automatically ingested and mapped from external consultants, advisers and lawyers.

SOLIDATUS FOR DIGITAL BANKING

The organisations that are awarded the licenses will need to be truly nimble and agile, operate with cost efficiency to maximise profitability and demonstrate optimal, transparent compliance to auditors and regulators.

Solidatus creates a framework where future change can be effectively deployed whilst maintaining a competitive advantage over legacy players. By using Solidatus, this can be engineered into processes from the outset ensuring operational and technical excellence from inception.

Equally, given the ability, the enhanced likelihood of a consortium winning, the need to collaborate across different taxonomies and entities will be vital to the success of these ventures.

ABOUT SOLIDATUS

Award-winning Solidatus is the leading next generation data management and conceptual modelling solution that effectively manages data, people and processes. It has solidified its place as one of the most influential and critical new software solutions positioned to help the world's largest data-rich and regulated organisations manage their processes and data. It highlights gaps, declares transparency and provides a simpler, quicker and better route to implement change.

Solidatus facilitates both data lineage and business process engineering. Whether to demonstrate regulatory compliance, improve governance, assist with transformational change or optimise your data landscape, it builds a connected digital map of your organisation, reducing complexity while driving efficiency. It is uniquely engineered to build end-to-end data models more efficiently and effectively and improve an organisation's data economy.

Solidatus is being implemented globally by some of the world's leading consulting and technology integrators into top-tier international financial, pharmaceutical, utility and infrastructure firms.

To learn more visit www.solidatus.com or contact info@solidatus.com.

ADDITIONAL KEY BENEFITS

- ▶ Generate an operational data blueprint that can help reduce risk around system transformation and regulatory reporting
- ▶ Map the delta of change of regulatory updates to reduce future project work
- ▶ Assist in good data governance practice, with the potential to expand models to managing user entitlements and data retention policies, with a full version history
- ▶ Identify data redundancy and duplication, allowing efficiencies and cost savings over the entire data life cycle from data capture, through storage, retention and timely, managed destruction
- ▶ Demonstrate data lineage, model data quality and manage user access rights and data retention.
- ▶ Gain a competitive advantage by analysing and optimising organisational data