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Headline: KBank allots B5bn for digitisation plan

KBank allots B5bn for digitisation plan

Move aims to fend off disruptive advances

DARANA CHUDASRI

Kasikornbank (KBank) is pursuing an ambitious digitisation strategy, with a plan to invest about 5 billion baht yearly in technology like data analytics and online lending to future-proof its business from technological disruption.

Ruangroj Poonpol, chairman of Kasikorn Business Technology Group (KBTG), the bank's digital banking and technology infrastructure arm, said disruption is everywhere in every industry, with some industries facing it on multiple fronts.

The travel business, for example, saw online bookers such as Expedia challenged by Airbnb's business model, which in turn is being disrupted by supply-side travel tech such as Oyo, an Indian startup that has more than 23,000 hotels in 800 cities in 80 countries in its portfolio, he said.

For the banking sector, KBank aims to be a regional digital business driven by three strategies — going with the flow of the commerce and value ecosystem; lending intelligently using sharp analytics (digital); and modernising its technology architecture and infrastructure.

"We spend about 5 billion baht a year to invest in data analytics and data technology," Mr Ruangroj said. "The investment and partnerships will help our customers. Our partnership with Nectec allows the bank's customers to use fintech and operational technology."

> **There are many players in Southeast Asia, but there is still no real winner. We must find a partner to compete.**
>
> **RUANGROJ POONPOL**
> Chairman, Kasikorn Business Technology Group

He said KBank sees major opportunities in becoming regionally recognised as a digital bank in Southeast Asia, a region where 75% of people have insufficient access to financial services.

"There are many players in Southeast Asia, but there is still no real winner," said Mr Ruangroj.

"We must find a partner to compete."

According to a Google-Temasek study called "Fulfilling its Promise — The Future of Southeast Asia's Digital Financial Services", 104 million adults in Southeast Asia are banked, 98 million of them are underbanked (having bank accounts without financial transactions or activities), and 198 million are unbanked (having no bank account, credit, savings or insurance).

The research estimates digital payments are on track to exceed US$1 trillion by 2025 (includes e-wallet payment, which is estimated at $114 billion).

The company's joint venture with Line for "social banking" will invest $50 million in Grab and Grab Wallet by KBank, while it is partnering with PTT for an e-wallet and Shopee for a co-lending project.

He said KBTG has invested in 61 startups, including eight edu-tech startups,

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KBank sees major opportunities in becoming regionally recognised as a digital bank in Southeast Asia. PATTARAPONG CHATPATTARASILL

while also investing via KVision and Beacon Venture Capital in global tech startups such as InstaRem and FlowAccount. KBank is also developing blockchain technology through the Stanford Thailand Research Consortium.

The bank has the most mobile banking customers in Thailand, with 12 million users on the platform and 2 million mobile merchants.

A year after launch, the KPlus mobile app facilitated 10 billion baht in digital lending, 10 billion in transactions a year, 50 million messages per day, and 10 terabytes of data every second.

Separately, KBank and Government Savings Bank (GSB) have collaborated in launching "white-label ATMS," with no withdrawal fees and unlimited withdrawals with some conditions.

Under this collaboration, customers of KBank and GSB can make withdrawals, seek deposit information and conduct interbank money transfers using bank accounts of both KBank and GSB. Transactions are free if conducted in the same province.

For interbank money transfers of more than four in different provinces, there is no cash withdrawal fee for KBank customers, while GSB customers are charged 15 baht per transaction.

The project is scheduled to start tomorrow and end on April 30, 2020. It is being tested in five provinces: Sakon Nakhon, Nakhon Phanom, Pattani, Yala and Narathiwat.

The move can help banks lower investment cost and facilitate better management in terms for ATMs and cash flows, said KBank co-president Kattiya Indaravijaya.

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