

# Allianz sows seeds in Greater KL, Malaysia to reap regional harvest

For a nation blessed with natural resources galore, there is only one resource in particular in Malaysia that caught the eye of multinational financial services company Allianz.

And that coveted resource is people, says Allianz Malaysia Bhd CEO Zakri Khir — specifically, highly skilled and highly trained actuaries.

It is why the German multinational, the world's largest insurance company, decided to invest in a Center of Competence (COC) right in the heart of Malaysia's capital city, Kuala Lumpur.

"Malaysia has a great talent supply for actuaries. We have a lot of good higher learning institutions that are producing quality actuaries here, and they are so in demand globally."

"But because there are not enough opportunities for all these talent domestically, we see young Malaysians leaving to seek opportunities elsewhere and that is why today we see Malaysian-trained actuaries in high-ranking positions across the globe," says Zakri.

With an initial investment of RM3.5 million between January and September 2019, the COC today counts a workforce of 23, out of which 19 are Malaysians. They support the insurance behemoth's number-crunching needs across seven countries in Asia.

Though the headcount may appear small, the value of tapping the burgeoning talent pool for Allianz cannot be overstated in the context of its exposure to the region, says Zakri.

To date, Allianz's exposure to the region is still relatively small compared with other markets. However, that low base means Asia is its biggest growth segment globally, Zakri adds.

The Allianz Group closed another successful quarter with a strong business performance. The group reported strong operating profit of €3.0 billion in 3Q2019.

Internal revenue growth, which adjusts for currency and consolidation effects, was 6.4% with positive contributions from all business segments, in particular the Life/Health business segment. Total revenues increased 8.1%

to €33.4 billion (third quarter of 2018: €30.9 billion).

Operating profit was strong at €3.0 billion.

"So from that perspective, the COC in Kuala Lumpur could be considered the engine in the larger regional growth drive," says Zakri.

The team, split into seven work streams, undertakes high-value and high-skilled work on a daily basis, which includes underwriting, actuarial analysis, compliance and risk management and claims.

That said, Malaysia is not the only country in the region with a respected conveyor belt of well-trained actuaries. Joseph Gross, CEO of Allianz Life Insurance Malaysia Bhd, acknowledges that the consideration process had reviewed multiple candidate countries.

Even then, the decision was not easy — the COC was to be the first of its kind in Asia for Allianz. And the consolidation in Kuala Lumpur of the actuarial brainpower, so to speak, away from the head office in Singapore was "counter-intuitive" and took some convincing before it was greenlit, Gross recalls.

"We had three key criteria that we placed the highest importance on and Kuala Lumpur fit the bill perfectly. First was competency in the skillset we needed; second, value for money; and third was multi-lingual capabilities to support our operations across Asia-Pacific," says Gross.

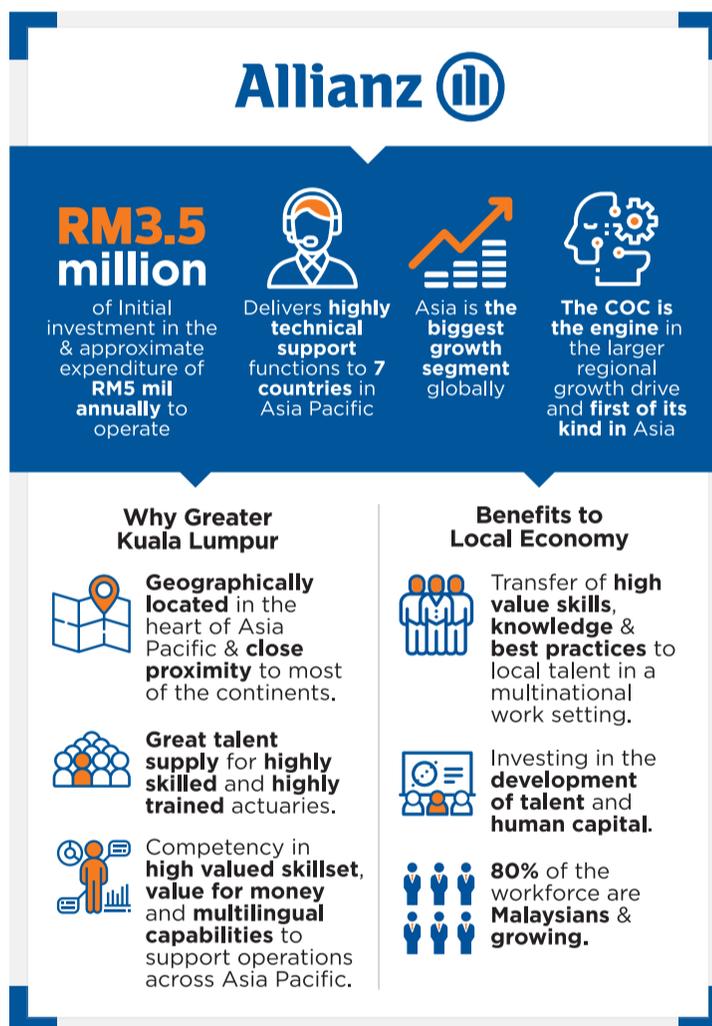
Given instant connectivity in this day and age of rapidly advancing technology, the fact that Kuala Lumpur is geographically smack in the heart of Asia-Pacific and within just hours of flying to most of the continent was not critical but a pleasant bonus too, Gross adds.

However, it was not plain sailing to set up the COC even after the decision was made. One of the key challenges from Allianz's perspective was to convince the local financial services regulator, Bank Negara Malaysia, that the idea benefits the country as much as Allianz.

That was where InvestKL came in and played a pivotal role, Gross remi-



From left: Joseph Gross, CEO, Allianz Life Insurance Malaysia Bhd and Zakri Khir, CEO, Allianz Malaysia Bhd



nises. The agency facilitated communications and discussions between the two parties and smoothed over the transpicuousness.

In fact, the presence of InvestKL as a facilitative body to aid multinational investors looking to come in also lent weight to the choice of Malaysia over other competing nations in the region, Zakri acknowledges.

An agency under the Ministry of International Trade and Industry, InvestKL is tasked to attract 100 multinational companies (MNCs) to invest in a regional hub in Kuala Lumpur by 2020. Allianz is part of 78 MNCs that it had wooed over between 2011 and 2018.

In the end, both InvestKL and Allianz successfully convinced the regulator and the rest is history. In addition, InvestKL also aided Allianz in navigating other forms of red tape and in procuring much-needed incentives to get the COC off the ground.

In hindsight, it was not difficult to see how the COC would be good for Kuala Lumpur. Among others, its establishment means the transfer of high-value skills, knowledge and best practices to local talent in a multinational work setting — a rare combination that is difficult to obtain elsewhere.

That in itself also became a slight problem in the early days, Gross points out. As the COC trained a specialist, other competitors came knocking and, as a result, the COC initially had a relatively high churn rate, he says, adding that things have stabilised in more recent times.

At present, the COC costs approximately RM5 million to operate on an annual basis. In return, however, it delivers a highly technical supporting function to seven markets in Asia-Pacific worth many times more, Zakri says.

"We are still working out how to measure the value of the support from the COC to the regional operations, but what is clear to us is that the COC has given Allianz value for money from a big-picture perspective," says Zakri.

"That is why we are still planning for further investments in the COC, which will mostly go towards developing the talent and human capital," Zakri adds.

While plans are fluid, Allianz is firm on growing the COC's headcount to north of 50 in the coming years, he adds, especially as companies across the region prepare for the looming implementation of IFRS17, the international financial reporting standard set to kick in in 2022.

## InvestKL creating global opportunities in Kuala Lumpur

As global insurance behemoth Allianz committed to setting up a Center of Competence (COC) in Kuala Lumpur to power its growth strategy in Asia-Pacific, it is another accomplishment under the belt for InvestKL in multiple ways.

First, the COC fits perfectly into the national agenda of growing the insurance sector spearheaded by Bank Negara Malaysia, says InvestKL's Acting CEO Muhammad Azmi Zulkifli.

Second, it aids in positioning Kuala Lumpur — and by extension, Malaysia — as a digital innovation hub for the region, which then becomes a platform for multinationals to ride on the regional economic and sectoral growth.

"And the COC represents another step and affirmation of Malaysia's strategy and journey towards trans-

forming its economy into one that is knowledge-based," says Azmi.

A major plus point in the setting up of Allianz's COC in Greater KL was that it directly mitigates Malaysia's brain drain issue — whereby a mismatch of talent supply and job creation had resulted in highly trained Malaysian actuaries leaving for greener pastures abroad. The COC offers great opportunities for the country's bright talent as it creates high-value, high-quality regional jobs.

InvestKL, an investment promotion agency under the Ministry of International Trade and Ministry, had worked tirelessly to ensure that the hurdles and challenges from Allianz's point of view was addressed in order to ensure that Greater Kuala Lumpur remains the top investment location, thus having

the COC here, says Azmi.

The agency focusses on attracting global multinational companies (MNCs) to invest in and set up regional headquarters in Greater Kuala Lumpur. As at end-2018, InvestKL had attracted 78 MNCs with approved investments totalling RM11.7 billion and it aims to bring in another 13 multinationals in 2019.

That said, Allianz is a perfect example of how InvestKL is pursuing its focus with care to ensure that the MNCs identified and courted actually do bring value-add to Malaysia both in the short term and long term.

Kuala Lumpur's advantage is in



its solid fundamentals foremost — promising an excellent destination for any MNC looking for a stepping stone into Southeast Asia.

Apart from its geographical advantage of sitting right in the centre of the region, Kuala Lumpur has benefited from having a vibrant talent pool, quality infrastructure and high-quality living.

And by its own admission, Allianz had not found Kuala Lumpur falling short in any aspect — in fact, the COC in Kuala Lumpur had been all the insurer had expected and much more, says Joseph Gross, CEO of Allianz Life

Insurance Malaysia Bhd.

"It was not false advertising, if anything it was under-promising and over-delivering by InvestKL from our perspective," says Gross.

But InvestKL remains focused on its goals that will spur a sustainable economic growth and create job opportunities in new sectors that are more innovative and of high technology.

"We will continue to selectively pursue investments that will add value to our economy and fit into the Shared Prosperity Vision 2030. And, most importantly, support the government's vision to achieve greater economic value by focusing on high-impact industries such as aerospace, digital economy and consumer technology," adds Azmi.