

Greater KL advances digitalisation for the banking sector

Digital transformation is the dominant trend in the global banking industry. Banks around the world — including Commerzbank, Germany's second-largest bank — are accelerating their digitalisation efforts. Commerzbank is focusing on being customer-centric, sustainable and profitable to future-proof its competitive advantage.

Banks in Malaysia are also embracing the digitalisation wave as they look to transform their customers' experience, drive greater financial inclusion and build world-class digital capabilities.

Bank Negara Malaysia's five-year financial sector blueprint launched in early 2022 has five strategic thrusts:

- Funding Malaysia's economic transformation
- Elevating the financial well-being of households and businesses
- Advancing digitalisation of the financial sector
- Facilitating an orderly transition to a greener economy
- Advancing value-based financing through thought leadership in Islamic finance



COMMERZBANK



ABOUT THE HQ

Commerzbank is the leading bank for the German Mittelstand (SMEs) and a strong partner for about

28,000 corporate clients and 11 million private and small-business customers in Germany.

Commerzbank transacts about 30% of Germany's foreign trade and has a presence in over 40 countries. As part of its international business, it supports clients with German connectivity and companies operating in selected future-oriented industries.



■ **ESTABLISHED**
1870



■ **BUSINESS SEGMENTS**

- Private and small-business Customers
- Corporate clients



■ **GLOBAL PRESENCE**

- HQ in Frankfurt, Germany
- 19 operational foreign branches
- 35 international representative offices/financial institutions desks
- 7 subsidiaries worldwide



■ **2021 FINANCIAL PERFORMANCE**

- Generated gross revenue of €8.5 billion
- Common Equity Tier 1 ratio improved to 13.6%
- Net result of more than €1 billion and dividend payment planned for 2022



■ **TALENT POOL**
About 46,500 employees across the globe in 2021



■ **STRATEGY**
Guided by its programme "Strategy 2024", Commerzbank aims to be the direct and advisory bank for Germany and to further strengthen its leading position as the bank for the German Mittelstand and a partner for private and small-business customers. It also aspires to become the digital consulting bank for Germany. This is a customer-oriented, high-performance, profitable and sustainable digital bank.



■ **ESG FOCUS**
Sustainability, customer-centricity, digitisation and profitability are integral elements of Commerzbank's transformation programme "Strategy 2024". The bank is committed to the UN Global Compact and to becoming a net zero bank.

ESG GOALS

- Net zero portfolio by 2050
- Net zero banking operations by 2040
- €300 billion for sustainable financial products by 2025

“Our company in Greater KL is crucial to the success of the Commerzbank group. It allows us to serve our Asian branches during Asian business hours and provide 'follow the sun' support for our European and US branches. Backed by favourable exchange rates and an excellent talent pool, this hub has grown in significance towards the overall group strategy and the cost/income ratio target that we have committed to shareholders.”



— Arne Graeber, CEO of Commerz Trade Services Sdn Bhd



ABOUT COMMERZ TRADE SERVICES SDN BHD

Commerz Trade Services Sdn Bhd (CTS KL), a wholly-owned subsidiary of Commerzbank, is based in Greater Kuala Lumpur. The company has grown from 15 employees to its current headcount of more than 300 employees. From processing trade finance transactions, CTS KL is now a global shared service

centre serving important markets across Asia and Europe.

CTS KL follows digital trends locally and works with Commerzbank to automate as many banking services as possible to improve process efficiencies, boost cost benefits and reduce human errors. The company also works with several fintech entities towards achieving the group's strategic goals.



■ **ESTABLISHED**
2012



■ **HEADCOUNT**
Over 300 employees

■ TECHNOLOGICAL & DIGITAL ADVANTAGE

- At the forefront of the group's artificial intelligence (AI) drive in trade finance.
- Deployed a tool that utilises optical character recognition (OCR) to capture data from physical documents. This is used to adhere to compliance controls.
- Captured data is used to populate mandatory information in different banking systems.
- A paperless trade financing processing model implemented during the pandemic enabled employees to work from home with minimal disruptions to the business.

■ FUTURE PLANS IN GREATER KL

- Algorithms and machine acumen will be augmented to improve turnaround time for transaction processing. This will improve

operational efficiencies at CTS KL.

- Other IT functions in the application operations system will be developed.
- Implementing more paper-reduction initiatives and targets.
- Further development to the AI system and extended its scope across all operational segments.

■ TALENT DEVELOPMENT

- Aims to recruit as many Malaysians with digital skills as possible
- Women hold key management positions throughout the company, including on senior and internal committees
- Employees are given role-specific training to learn global best banking practices and the latest developments
- Staff development includes local and

overseas training programmes, as well as exposure to regional and global forums

■ BUSINESS BENEFITS OF BEING IN MALAYSIA

- Highly skilled and experienced banking sector talent
- Strategic location
- Cost efficiencies



“Financial services-related companies such as Commerz Trade Services Sdn Bhd are part of the ecosystem that drives and enables the local banking industry as it enters a stage of IT-enabled development. We need the entire banking ecosystem to leverage global best practices and the latest cutting-edge technology to advance digitalisation of the financial sector. This way, the industry can continue to improve businesses and the well-being of society, and turn the government's vision of being a tech-enabled nation into a reality.”



— Muhammad Azmi Zulkifli, CEO of InvestKL

