

# What Markets Value:

*Inside DBS's  
multi-year  
journey of  
digitalisation*



Article based on a speech by **Mrs CHNG Sok Hui**,  
Chief Financial Officer of DBS Group

# What Markets Value:

## *Inside DBS's multi-year journey of digitalisation*

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***Culture by design transformed us into a learning organisation—customer-obsessed, data-driven, willing to experiment, and agile in the way we work.***



The following is an edited version of the keynote speech of the IVAS IVSC Business Valuation Conference delivered by **Mrs CHNG Sok Hui, Chief Financial Officer of DBS Group, and a member of the DBS Group Management Committee.**

The Conference was held on 27th August 2025 in Singapore. All monetary values are expressed in Singapore Dollars.

### IVAS-IVAC Keynote Address – The Art of Creating Value

It is an honour to speak at the IVAS-IVSC Business Valuation Conference 2025. I have titled my speech: *The art of creating value*. The art is the vision, the ambition, the courage, and the ability to look around corners, to position our organisation for megatrends including technological disruptions from AI and geopolitical shifts, as well as to navigate an increasingly fragmented world. Equally important is how we put the art into practice. How do we convert vision to reality? How do we create organisational alignment? What processes, controls and systems, including Management Information Systems (MIS), do we have to set up?

I will draw on DBS's digital transformation journey to illustrate how value is created. I will also share how we manage our earnings and capital for resiliency to create value. Another point to note is that effective communication of value creation is crucial to unlocking it. Many of the ideas I will be sharing are equally true in any other industry as they are in banking. I hope you will take away a few ideas that will be helpful to you in your organisation's transformation journey to create value.

It would be presumptuous for me to give a speech on value creation without some evidence that it has worked at DBS. DBS's transformation is demonstrated through provable metrics – revenue of \$22b, after tax profit of \$11.4b, ROE of 18% in 2024, market capitalisation exceeding \$140b, price to book multiple of 2.1 times, and Total Shareholder Return (TSR) of 13% pa over the last 15 years.

DBS has also received external validation. It has been named world's best bank 8 times by three different global publications since 2018, an extraordinary feat for a bank from a tiny country.

To frame this presentation, I have gathered a few quotes on the important drivers of value creation across most industries:

***"The capabilities that matter most - e.g. customer experience, product innovation, supply chain, or others - vary by leadership model. Technology matters for all of them."***

***"Culture eats strategy for breakfast".***  
And finally,

*"The world is experiencing a level of disruption and business risk not seen in generations. Some companies freeze and fail, while others innovate, advance, and even thrive. The difference is resilience."*

At DBS, we have been deliberate in understanding what drives value. Only by doing so can we use it as a tool to inform our strategic decisions.

For today's purpose, I will focus on what investors and the markets value, and what they need to see in an organisation to update their valuation models.

There is no doubt that the market is demanding. And with today's heightened uncertainty, the large swings in sentiment and an operating environment in flux will continuously test a company's ability to create value across cycles.

This is clear from the feedback we receive. The markets value our ability to capture and ride the wave of structural trends. At the same time, they value our resilience in navigating headwinds and being agile to seize opportunities. Importantly, they also want to know how

we do it.

So, let me now share our journey of creating value through five factors, every one of which is a key component of our corporate strategy:

1. Our strength in digital
2. The organisational and culture transformation we undertook
3. Capturing value where it matters most: our high ROE businesses
4. Our ability to be resilient amid volatility, and finally,
5. Having a clear framework for managing capital

### **1. Strength in digital.**

Today, technology is deeply embedded across industries and in our customers' daily lives. Its importance as a key structural enabler to drive value creation is obvious. At DBS, we recognised this early on, which gave us the conviction to truly embrace digitalisation in 2014, and to embark on a strategy to become digital to the core.

Being digital to the core means rethinking our technology infrastructure. It means shifting from monolithic

systems to microservices and moving to cloud-based technology infrastructure. It means greater connectivity with API-driven architecture. It means eliminating paper at every step of the process, not just putting apps at the front end. Being digital to the core means building up data capabilities into a competitive differentiator.

That conviction was important, as it required significant effort and investment to do so. Ultimately, it enabled greater agility in responding to customer needs and allowed us to innovate at scale.

Enacting those technological changes were key. But transparency on the value being created was equally important.

While we saw the impact of our digitalisation efforts through customer satisfaction scores and our internal processes, we realised that this was not enough for the markets. They needed to be able to see that as customers become increasingly digital, there will be measurable impact to P&L. Many of you undoubtedly face the same challenge today.

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***The art is the vision, the ambition, and the courage to look around corners and position the organisation for megatrends.***

In 2015, we thus embarked on a comprehensive exercise to develop a methodology to link the value of our digitalisation efforts to our P&L. We called this "digital value capture", or DVC. We time tested the methodology over 3 years, and by 2017 we were ready to present this at our first investor day. We became one of the first banks in the world to tangibly quantify and articulate the financial benefit of digitalisation. We were able to show a higher level of client acquisitions online versus offline, and that the ease of online transactions encouraged customers to use the platform more often. We saw that digital helped increase customer engagement, leading to higher income. With a lower cost to acquire, lower cost to serve, and deeper product penetration, the digital segment ROE was much higher. The revenue multiple of digital customers also accelerated from two to three times. To show commitment to our digital strategy, digital KPIs accounted for 20% of management's scorecard. The Finance team continued to track progress against KPIs and we disclosed our progress to the market yearly via our annual reports.

Our strength in digital was a milestone

in our value creation journey, and our digital value capture was imperative to unlocking it. Externally, it provided a way to translate key operational metrics into financial outcomes which could be plugged into valuation models. Internally, it expanded our ability to monitor our progress and informed our decisions. We began using granular metrics to accelerate digital adoption among customers. We were also able to better understand which processes were truly digital and drive our business as a digitally-enabled organisation.

Value creation is an ever-evolving process. Hence, capturing and communicating new ways of creating value will have to change accordingly.

Artificial intelligence is a good example of an area that has brought about profound change. Thus, showcasing our ability to leverage data and AI to boost efficiency and productivity is key.

A few years ago, we began to realise that our use of AI was beginning to bear fruit in many segments of our business. However, as these improvements were anecdotal, we set out to measure the value created by AI by conducting A/B

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***In a world of heightened uncertainty, resilience has become a key differentiator—and markets value it deeply.***

testing. This meant that for each use case, we created a control group that did not use AI and compared its outcomes against those of the experimental group that used AI. The differences captured were meaningful.

Using this methodology, we estimated \$750 million of incremental economic

value was created from AI in 2024. This year, we expect the economic value to reach \$1 billion. This includes additional revenue earned as well as productivity gains.

The ability to measure economic value across use cases has enabled us to galvanise the organisation into reaping



the value from AI. Today, we have over 1,500 AI models across more than 370 use cases.

Our ability to harness AI was a result of the strong foundation that we had built in our initial digitalisation phase, especially in developing our data capabilities. This includes implementing a scalable and robust data platform that allows AI deployment at speed and scale, as well as enabling our employees to leverage AI and data effectively.

## 2. Organisational and culture transformation

Along our journey, we recognised that transformation was not just about investing in technology. It was also about fostering the right culture that would ultimately lead us to sustainable value creation.

The first step was to embrace the customer journey. While everybody talks about being customer-centric, we differentiated ourselves by imagining the customer's job to be done. Banking is complex – for individual customers, there are deposits, fund transfers, wealth management, home loans,

credit cards, insurance needs etc. We take customers' feedback seriously. We find out what are customers' pain points as they navigate the mobile app or go onto the online platform. We examine the transactions customers cannot complete the way they expect. And we set out to systematically remove customer pain points and make banking easy and joyful for our customers.

This year, DBS was the inaugural winner of Euromoney's "World's Best Bank for Customer Experience". DBS has also been named "World's Best Digital Bank" by Euromoney and the world's "Most Innovative in Digital Banking" by The Banker.

The secret sauce was Culture by Design. This involved changing employees' mindsets to embrace innovation and cultivate agility.

In short, we became a learning organisation that is customer-obsessed, data-driven, willing to take risks and experiment, and agile in the way we work. We continuously learned and adapted. Today, we remain mindful of the need for technology resiliency and the responsible use of AI and data.

These policies, processes and training were implemented over several years to cultivate this mindset.

We also took things a step further by shifting our organisational construct toward a horizontal way of working. Most companies are organised by verticals: customer segments and functional units like technology, operations, risk, finance, compliance etc. We set out to create an organisation that cuts across vertical silos.

We call this shift "Managing through Journeys". It involves forming various cross-functional teams that are centred on specific customer journeys. These teams would then be aligned to delivering a differentiated customer experience from end to end.

This shift means that organisational silos are broken down and system workflows are designed horizontally across the organisation. It improves productivity as everyone works toward the common goal of a smoother customer experience.

This new way of working creates a continuous and reinforcing flywheel



as it deepens our understanding of customers' needs, which in turn informs our experimentation to meet these needs. Ultimately, it allows us to implement effective solutions that customers value and also acts as a guide on new engines of growth to invest in. Like Digital Value Capture, the Managing through Journeys construct is supported by the Finance department's Performance Management Architecture, making DBS probably among the world's first banks to create horizontal P&L by journeys.

### 3. Building high-ROE businesses

In the earlier stages of our digital and organisational transformation, we captured value in the consumer

and SME businesses in Singapore and Hong Kong because granular data was available. However, the pervasive nature of our transformation meant that all businesses were working on digital transformation.

Today, a large proportion of the fruits from our transformation are captured through the growth of high-ROE segments. This means wealth management business, transaction services business, and treasury customer sales.

As the contribution of these high-ROE businesses grew – rising from 24% of our total income in 2009 to about half of our total income today – our group ROE also rose. These three businesses

today contribute about \$11b to total revenue of \$22b. Importantly, high ROE businesses have become a key point of differentiation for our valuations, as it demonstrates our ability to generate returns that are 4 to 5% points higher than our peers.

### 4. Resilience amid volatility

Value creation is obvious when you are capturing opportunities. But it is also created in your ability to navigate the downside.

2025 has been a prime example of volatility, and our results have demonstrated how our resilient approach allows us to navigate headwinds effectively.

Specifically, the market saw a sharp collapse in interest rates and heightened uncertainty over the year; this negatively impacts banks like DBS. However, the efficacy of our hedging strategies that we put in place 2-3 years ago mitigated our downside risk. Our ability to nimbly manage our balance sheet while continuing to capture structural growth trends, such as deposit and wealth flows into Singapore and Hong Kong, allowed us to grow net profit by 1% year over year in 2025. In comparison, our peers suffered declines. I would add that the ability to communicate with clarity our earnings guidance under different interest rate scenarios is testament to the MIS capabilities we have invested in over the years.

**DBS Bank has a presence in 19 markets worldwide. This includes its core and priority markets in Singapore, Hong Kong, China, India, Indonesia, Taiwan, and operations or branches in other regions across Asia, Europe, and the Americas.**





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*Being digital to the core means eliminating paper at every step, building data as a competitive differentiator, and innovating at scale.*

While this is just one example, it demonstrates how our approach of staying resilient and the ability to navigate sudden shifts in the external environment can lead to financial outperformance. In a world of heightened uncertainty, it is a differentiator that is increasingly valued.

### 5. A clear framework for managing capital

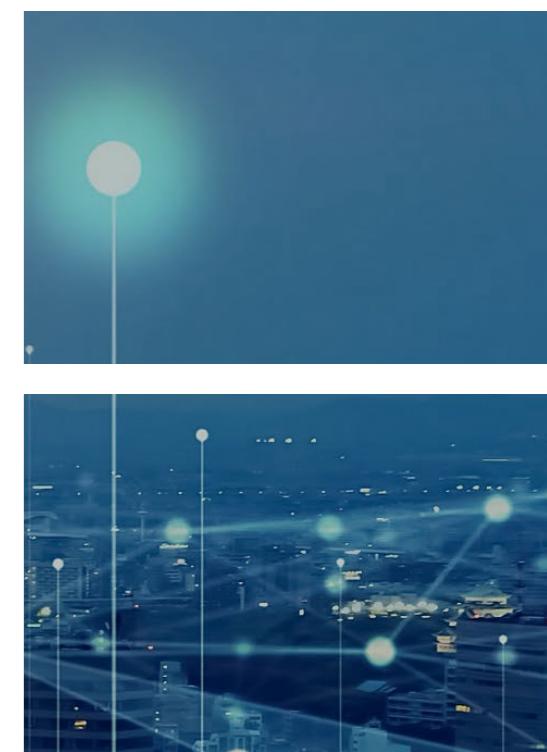
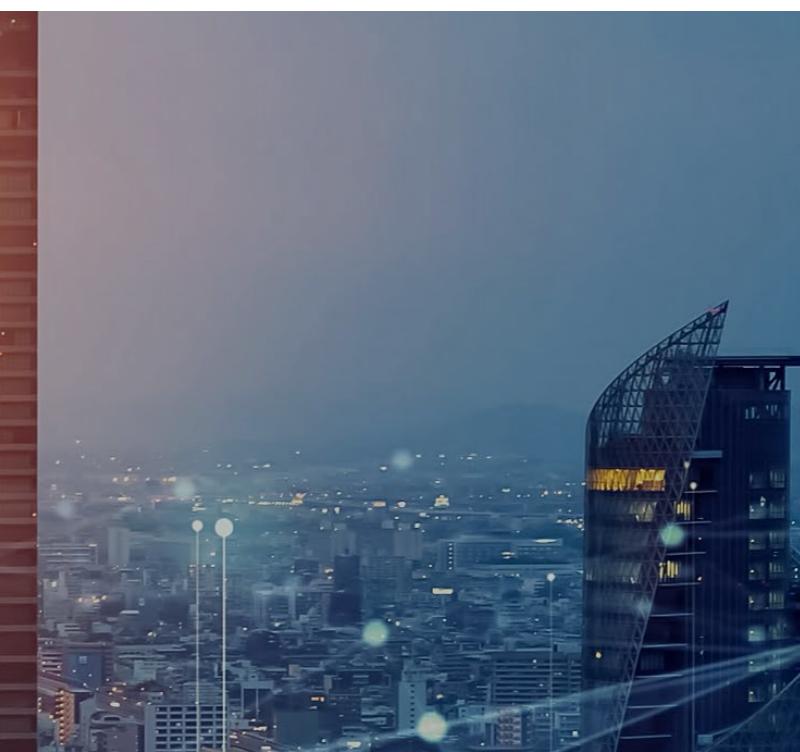
The final factor I will talk about is having a clear framework for managing capital.

In the previous factors, I largely discussed how we have created and captured

value. In this final factor, I will talk about managing and distributing that value.

While growing cashflow and earnings should result in a higher valuation, often times, demonstrating the ability to return value is a powerful catalyst to unlock it.

At DBS, having line of sight on earnings generation and a robust capital management framework is of utmost importance. It not only rewards shareholders, but also sends a powerful message about our confidence to continue creating value.



**Conclusion:**

Finally, I will end with this chart which depicts the multiyear journey of value creation at DBS.

Creating value first starts with the art of value creation: the vision and ambition of the organisation we want to be in the face of disruptions and megatrends. Equally important is how we put the art into practice. This includes building strength in digital,

implementing organisational and culture transformation, such as shifting toward a horizontal way of working, as well as building high-ROE businesses and capturing structural growth trends. Beyond capturing upsides, firms should also plan ahead to enable resiliency amid volatility.

Capturing and communicating the value created is also key. These provide the foundation upon which to further harness emerging forms of technology

and organisational construct transformations. As forms of value evolve, capturing these new forms is also crucial. Lastly, demonstrating the ability to return value, such as through a clear framework for managing capital, instils confidence and further unlocks value.

On the surface, the upward trend in our market capitalisation captures the growth in our earnings as well as the gradual improvement in our valuation. Below the surface, it reflects a deep foundation built on years of successful strategic decisions, many of which stem from our deep understanding about the "art of creating value".

We are all in this learning journey of value creation, and I hope you take away some practical ideas. Further details can be found on the DBS webpage: <https://www.dbs.com/investorday/index.html>.

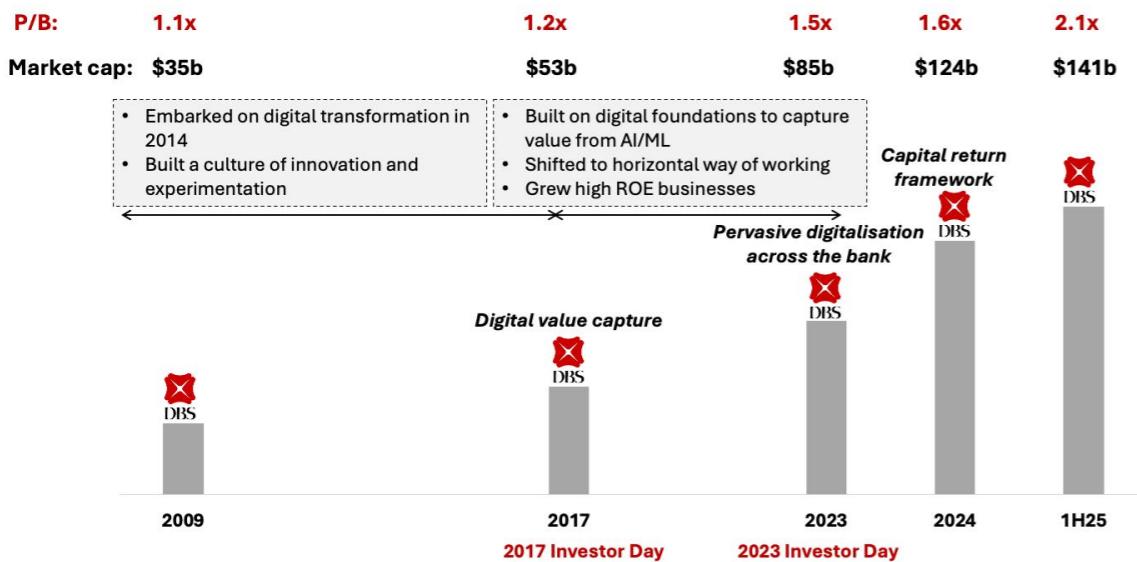
**DBS' value creation journey**

Chart: Multiyear journey of value creation at DBS



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