



DBS BANK

Using Data to Highlight Risks, Increase Resilience
and Usher in the Future of Audit



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Derrick Goh

Managing Director, Head of Group Audit



There are many banks on the planet, but few can claim they've been named the best bank in the world. DBS Bank Ltd. is one of them. The Singapore-based financial institution has earned that title three years in a row, in fact — twice from *Global Finance* magazine in 2018 and 2020, and once from *Euromoney* magazine in 2019. The latter accolade marked the first time that *Euromoney*, in the 27-year history of its awards program, gave the top prize to a bank from outside the United States or Western Europe.¹

As for the 2020 award, *Global Finance* attributed its decision to bestow upon DBS the top honor of “World’s Best Bank” partly because of the bank’s readiness to respond to “the sharp rise in demand for digital banking services during the [COVID-19] pandemic.”² The magazine’s write-up about the award also noted how, over the past decade, DBS has “invested heavily in all things digital and created an inclusive and efficient banking culture,” and acknowledged that “those investments are paying off at a time of economic uncertainty and increased credit risks, strengthening the bank’s resilience and helping it step up at a time of heightened customer need.”³

Joyce Kar Hong Heng, regional chief operating officer (COO) for Group Internal Audit at DBS, credits the “visionary leadership” of the bank’s CEO Piyush Gupta as a key reason DBS has been earning so much attention on the global stage. “We’re always at the forefront of leveraging digital technology, and we’ve been on a massive transformation journey led by our bank’s leadership,” she says. “I remember when we started this process

several years ago, and we needed to change our mindset to one of agility. Our CEO told us to think of DBS as a startup with a workforce of more than 25,000.”

Agility at DBS, says Heng, is “about looking at the disruption in the world and figuring out how to stay ahead of it to keep our customers happy.” She adds, “We don’t just compete for the sake of competition, though. We always think about how we, as a bank, can outdo ourselves.”

An Ongoing Journey to Refine Agile Practices

Group Internal Audit at DBS has taken the companywide agility mandate to the next level by adopting agile methodology practices. Heng works closely with Derrick Goh, the bank’s managing director and head of Group Internal Audit, to help guide and refine those practices. Heng, who has been with DBS for 19 years, transitioned into the internal audit team about two and a half years ago.

“My role as Group Internal Audit COO is to partner [with Derrick] to help cultivate cutting-edge techniques, tools and solutions in the function,” says Heng. “Internal audit was already starting a journey toward agile practices when Derrick joined as the head of Group Internal Audit in 2018. But we both saw agile as a way to provide better assurance to the board of directors and senior management, and to work more collaboratively across the bank.”

“I believe our internal audit organization was one of the first in the world to formally adopt agile auditing practices,” says Goh.

¹ “Euromoney names the world’s best banks in its 2019 Awards for Excellence,” July 10, 2019: www.euromoney.com/article/b1g6954mhl7sl/euromoney-names-the-worlds-best-banks-in-its-2019-awards-for-excellence.

² “World’s Best Banks 2020: DBS Honored as World’s Best Bank,” by Gordon Platt, *Global Finance*, October 6, 2020: www.gfmag.com/magazine/october-2020/best-banks-global-winners.

³ Ibid.



He explains that agile practices help the internal auditors at DBS to be more flexible in their thinking: “Things change all the time: systems, products, customers, regulations. Agile auditing practices push auditors to explore beyond what they already know and their personal biases. This whole idea of maintaining a flexible mindset has become a ritual for our team — and it strengthens our resilience.”

Goh adds, with a laugh, “It kind of sounds like a religion, doesn’t it?”

Auditing at the Speed of Risk — Powered by Data

As part of the shift to agile practices, Heng says the Group Internal Audit team at DBS has widened its embrace of data analytics and other technology to help team members automate routine processes, work faster and more efficiently, and stay on top of emerging risks. And she emphasizes that the team has made this transition with a careful eye toward ensuring that digitized work is accurate, of high quality, performed in a standard way across the function, and conducted with appropriate security and governance.

All the work Group Internal Audit did to digitize prior to the COVID-19 pandemic has helped the team be more resilient during the crisis, according to Heng. Although, at the start of the crisis, there was some concern about whether the team could conduct its highly collaborative “sprints” — the short, repeatable phases of agile projects — in a virtual environment. But Heng says they soon realized they could pivot without a hitch. “It was really seamless,” she recalls. “We were totally equipped to make this transition. There wasn’t even any downtime. We were plugged in and ready to go.”

Heng and Goh say that the team’s pre-pandemic work to automate the request

for information (RFI) process has also proved to be very beneficial in the virtual work environment. “As part of our digital transformation journey over the last five years, we’ve automated this information-heavy part of the auditing process,” says Heng. “The whole bank’s repository of information now goes into our data warehouse. So, when the pandemic kicked in, there wasn’t even a worry about seeing stakeholders because the data we needed for auditing was already at our fingertips.”

“Our technology tools — and our massive use of data — help increase resilience for DBS,” says Goh. “Traditional auditing is about taking samples. You pick samples and hope you can make conclusions about a population based on those samples. Well, that can be a very hit-or-miss exercise. But with digitized data, we can run scripts and automation to check the data 100%. We can also drive continuous improvement in our technologies and systems and make our algorithms more powerful over time.”

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Group Internal Audit is now moving full speed ahead on a new digital initiative: implementing a data-driven operating model (DDOM). Goh explains, “My team has fully embarked on this effort. DDOM is an approach to further our use of data, and our algorithms and machine learning tools, as part of our everyday auditing. For example, we produce audit reports and schedule audits a year in advance. Well, how can we use data to discover risks and highlight them before



we even conduct an audit, so they can be fixed ahead of time? In other words, how can we use data to highlight and fix risks proactively, and make this process a central aspect of auditing, rather than focus on producing reports and auditing after the fact?”

“When fully implemented at scale, the DDOM approach will make audits more flexible and responsive to emerging risks because of all the real-time or almost real-time context we’ll have on transactions, changes in the marketplace, regulations and more,” says Goh. “That would be the ideal state of audit, right? I’ve not seen any internal audit function, in any part of the world, do this yet. But this is how we *should* work. It’s where I see the future of audit.”

DBS is also working to further fortify its business resilience through an array of sustainability efforts.

Hunting Together to Find and Thwart the “Common Enemy” of Risk

Goh, who reports to the audit committee of DBS’ board of directors, currently oversees a team of over 200 employees. Half of the auditors are based in Singapore, with the rest located across DBS’ key markets of Hong Kong, China, India, Indonesia and Taiwan. Goh says he expects that more talent will join his organization because of DBS’ recent bank acquisitions as well as business expansion into new areas.

In April 2021, for example, DBS, which operates in 18 markets, acquired a 13% stake in Shenzhen Rural Commercial Bank for US\$814 million. That deal is part of DBS’

strategy to widen its presence in the rapidly growing Guangdong–Hong Kong–Macau Greater Bay Area. Also, in November 2020, DBS purchased the Lakshmi Vilas Bank, a nearly century-old, Chennai-based private sector bank. That move substantially increased DBS’ footprint in India to more than 550 branches and over 900 ATMs.

DBS is also working to further fortify its business resilience through an array of sustainability efforts,⁴ which include:

- **Responsible banking**, including an emphasis on fair dealing, preventing financial crime and promoting financial inclusion by delivering financial services to traditionally underserved consumer segments.
- **Responsible business practices**, including a commitment to pay its fair share of taxes across the countries in which it operates, developing an inclusive work environment (one in four leaders at DBS is a woman), and influencing its supply chain to adopt more sustainable practices.
- **Creating social impact**, by helping to support regional communities that have been hit hard by the COVID-19 pandemic, championing social entrepreneurship in Asia, and reducing waste.

“I think DBS has demonstrated significant business resilience through the ability of the bank and operating units like Group Internal Audit to continue to serve our customers and grow despite the challenges of the pandemic,” says Goh. “The pandemic will pass, but then, there will be other challenges for us to face — like competition from fintech companies, the changing demographics and needs of our customers, and evolving regulations. This is why resilience is such an important topic right now.”

⁴ “Stronger Together: Sustainability,” DBS website, accessed May 2021: www.dbs.com/sustainability/default.page.



And, according to Goh, building resilience is a team effort at DBS not only because everyone is united in the mission to be agile but also because it's a necessity. He explains, "It's impossible for any one person, unit, group or department to cover every angle of risk. I think the old adage of 'More heads are better than one' applies here — especially in a critical time like this."

Goh continues, "Internal audit alone can't help the business build resilience. Our stakeholders play their part in our agile approaches and discussions. We are thankful to the bank's leadership for allowing us to work like this — and for the openness of the corporate culture to acknowledge that there are risks and that we must all hunt for them together."

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