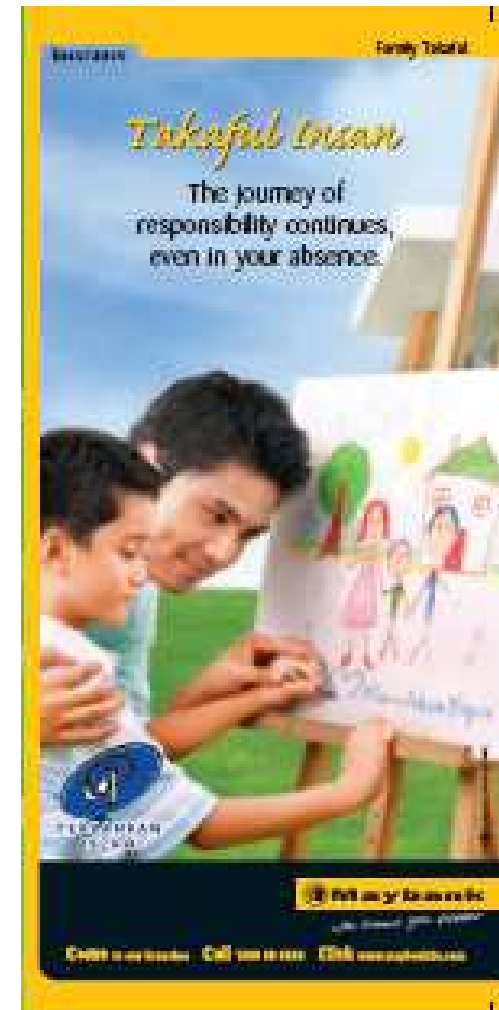


An integrated Bancatakaful model in practice

by Mohd Tarmidzi bin Ahmad Nordin
tarmidzi.an@etiqa.com.my

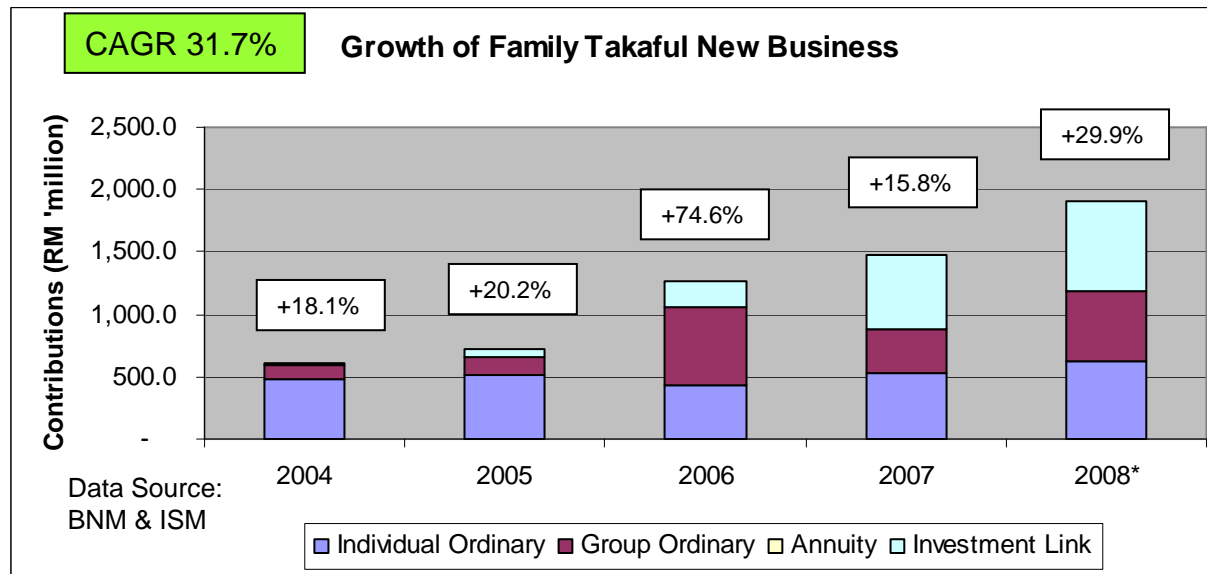
International Takaful Summit 2009
The Jumeirah Carlton Hotel, London
1st and 2nd July 2009



Top line Growth of the Malaysian Takaful Industry



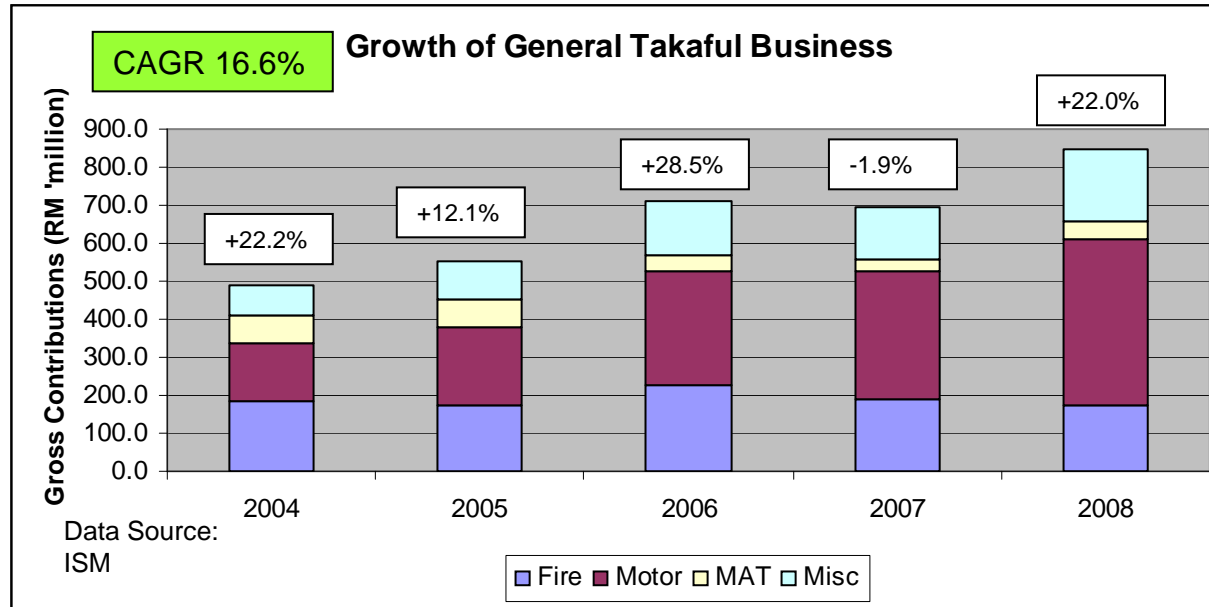
Family Takaful New Business Growth



Family Takaful **603.7** **725.5** **1,266.6** **1,467.2** **1,905.4**

<u>Market Share</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Family Takaful	8.5%	10.0%	15.0%	16.2%	21.1%
Life Insurance	91.5%	90.0%	85.0%	83.8%	78.9%

General Takaful Business Growth



Takaful **491.9** **551.4** **708.8** **695.2** **848.1**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Takaful	5.5%	5.6%	7.8%	7.1%	7.2%
Insurance	94.5%	94.4%	92.2%	92.9%	92.8%
	100.0%	100.0%	100.0%	100.0%	100.0%

Maybank & Etiqa's Integrated Bancatakaful / Bancassurance model

Insurance

Takaful Pesona *Lady*

**Enjoy life's best as it blossoms,
worry-free**

With Personal Accident coverage & protection against
female-related illnesses and crime-related accidents and losses.

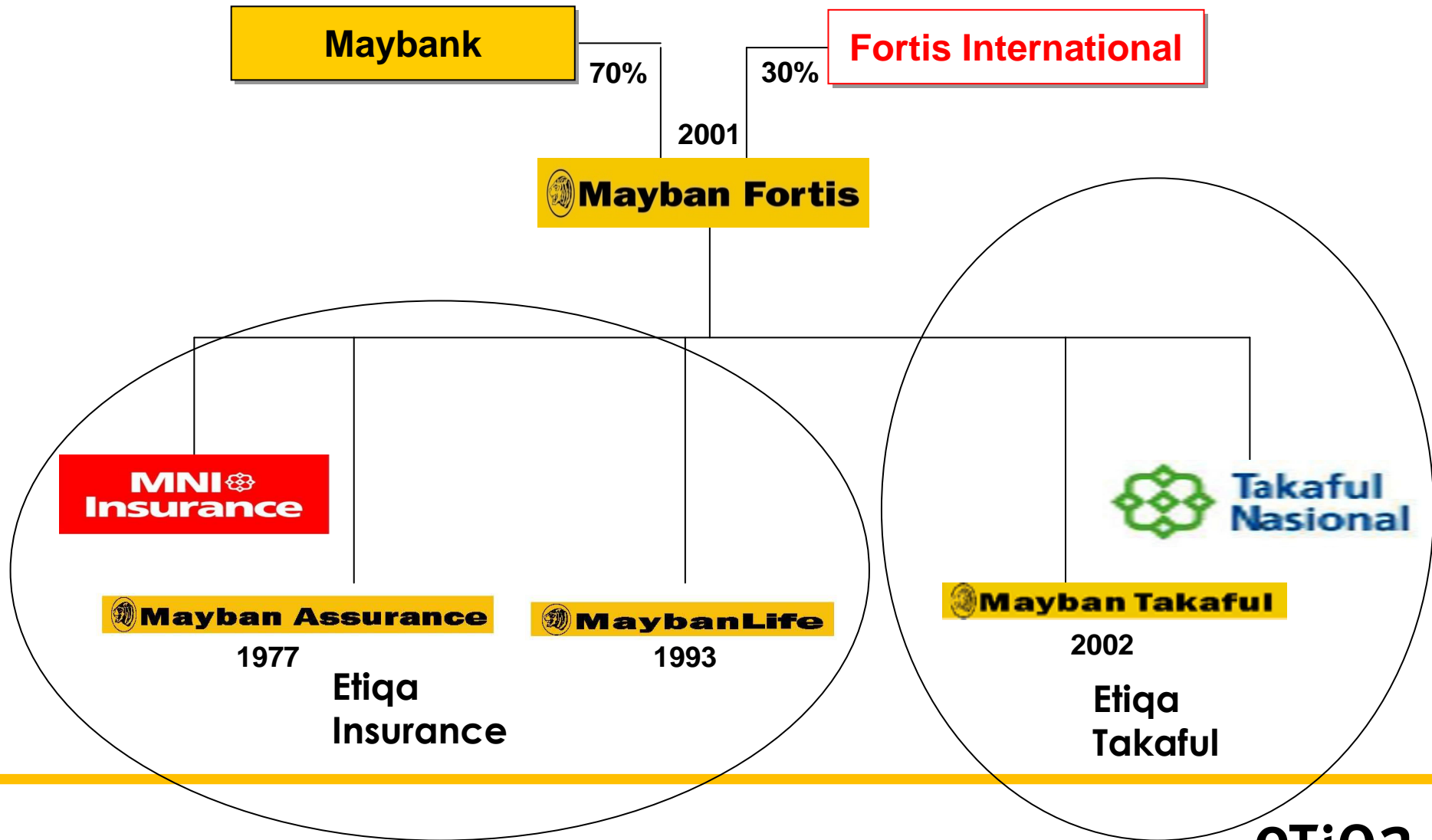


Maybank

Who knows you better

Come to our branches Call 1300 88 6688 Click www.maybank2u.com

Maybank's Insurance & Takaful Sector



Etiqua Takaful vs Takaful Industry

(contributions in RM 'million)

	Family (NB)	General (Gross)	Total
Industry 2008	1,905.4	848.1	2,753.5
Industry 2007	1,467.2	695.2	2,162.4
Growth	29.9%	22.0%	27.3%
Etiqua 2008	771.9	309.3	1,081.2
Etiqua 2007	411.5	230.6	642.1
Growth	87.6%	34.1%	68.4%

Etiqua's Market Share

2008	40.5%	36.5%	39.3%
2007	28.0%	33.2%	29.7%

Evolution of Maybank's Banca business

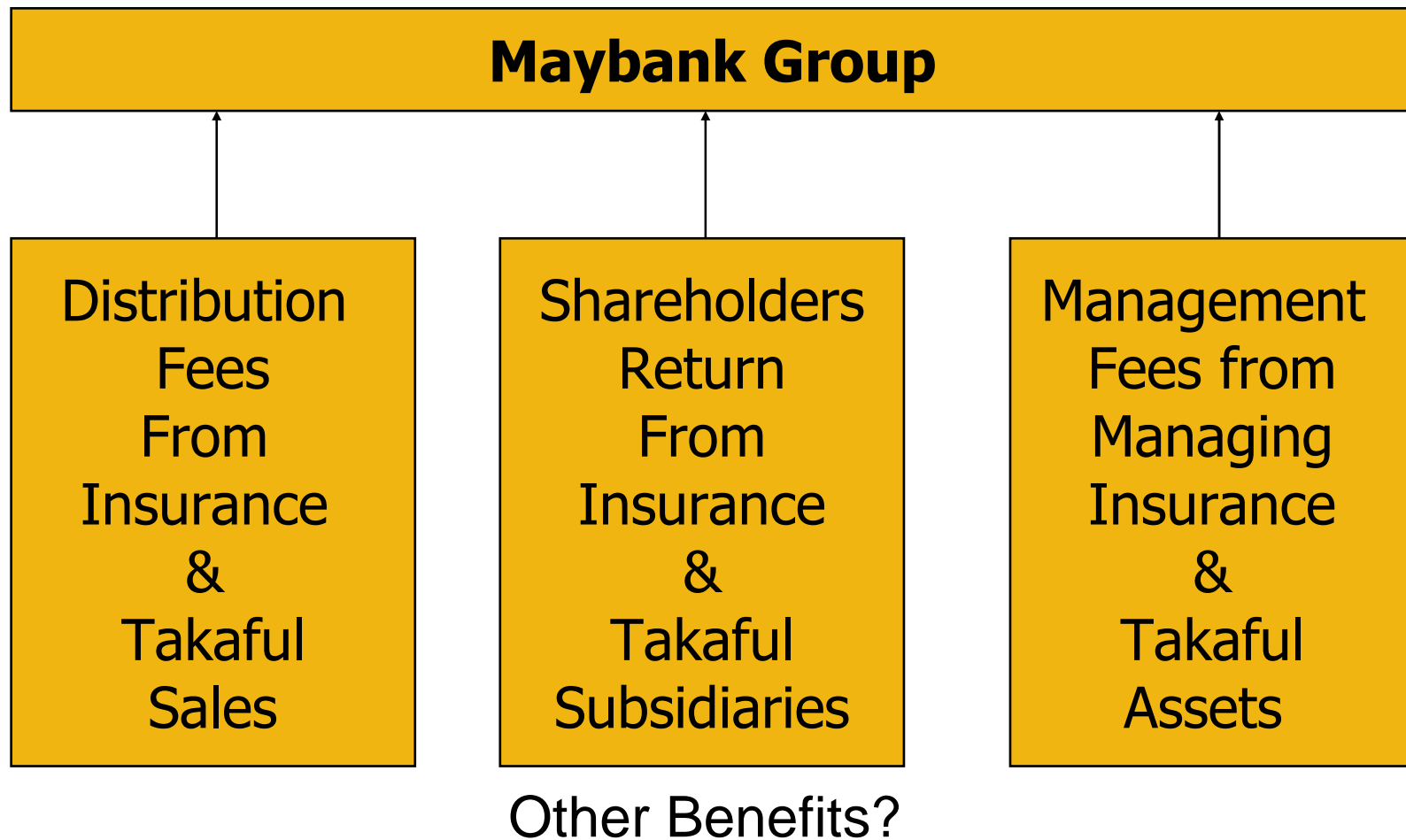
	2001	2002	2003	2004	2005	2006	2007	2008
Etiqa Insurance (MLA & MGA)	427.3	506.6	678.4	1,155.8	1,228.0	1,696.0	2,139.4	1,944.8
		18.6%	33.9%	70.4%	6.2%	38.1%	26.1%	-9.1%
Etiqa Takaful (MTB)	-	-	16.3	41.1	101.8	185.8	163.9	481.0
		!	!	152.1%	147.7%	82.5%	-11.8%	193.5%
total	427.3	506.6	694.7	1,196.9	1,329.8	1,881.8	2,303.3	2,425.8
growth		18.6%	37.1%	72.3%	11.1%	41.5%	22.4%	5.3%

RM 'million

figures as at 30th June each year excluding annuities.

US\$1 = RM3.50

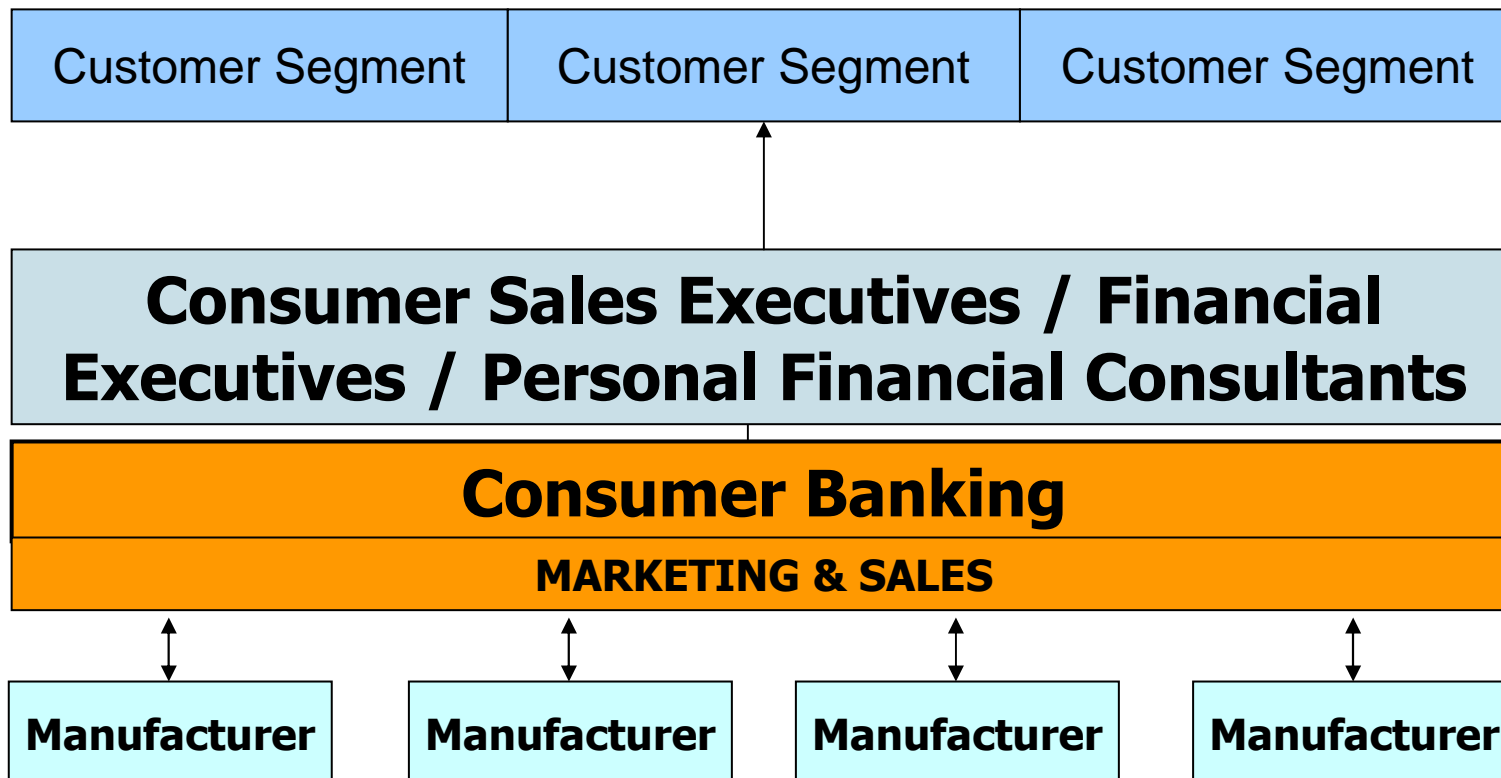
Why did Maybank embrace Bancassurance / Bancatakaful?



Bancassurance = Bank Strategy

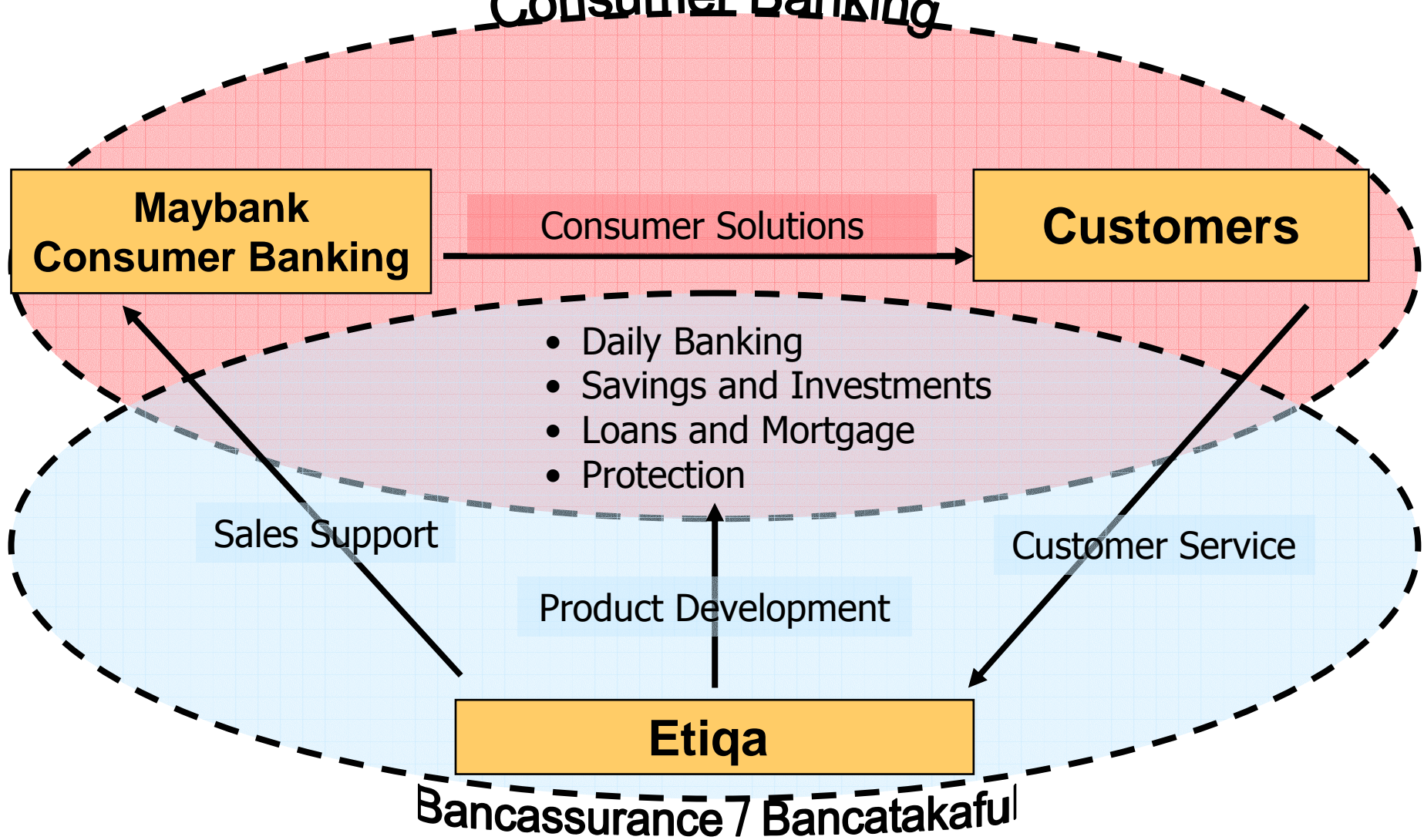
Consumer Banking drives

Bancassurance rides on the back of the retail capabilities of Maybank



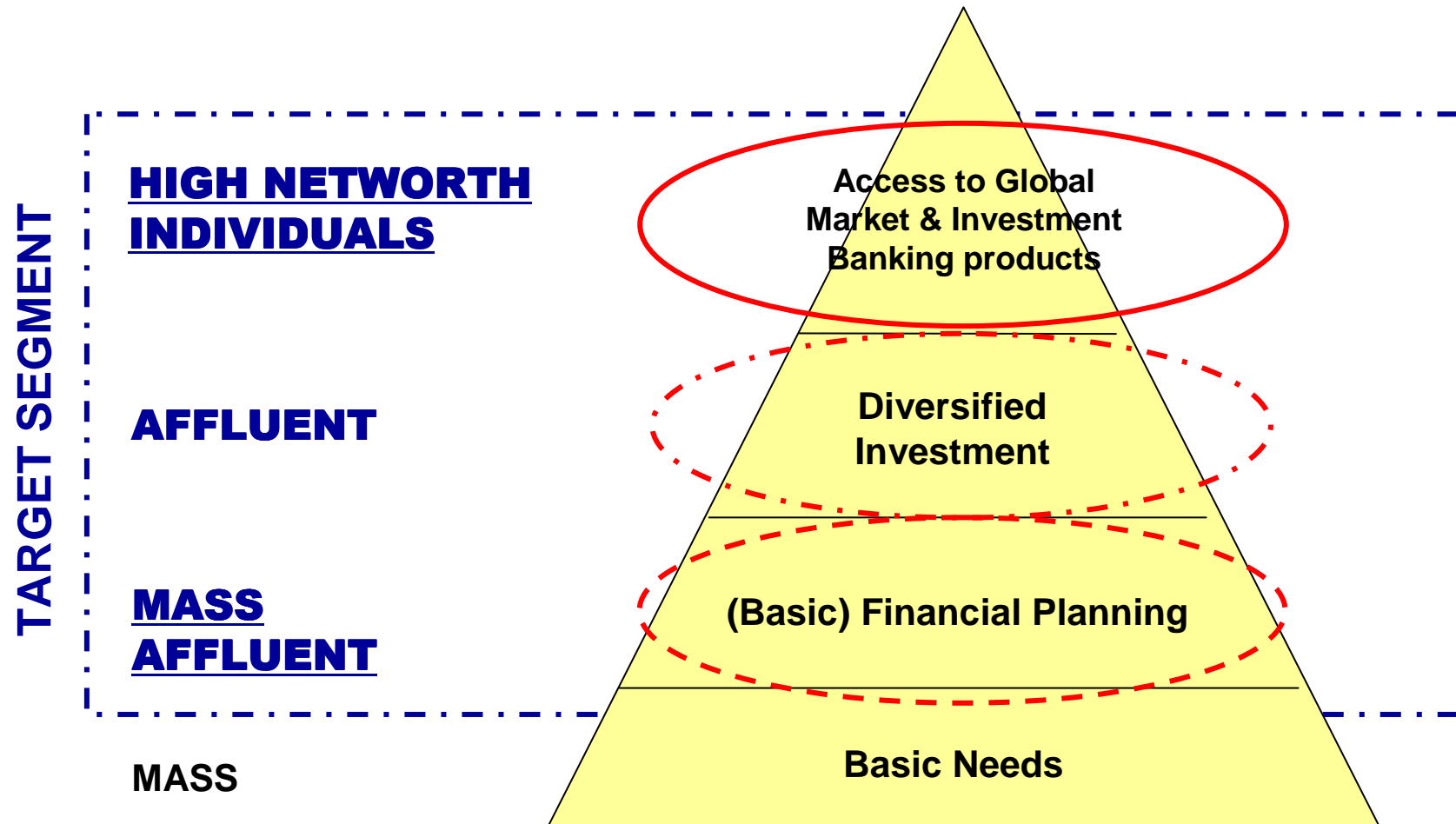
Integrated Working Model & Governance Structure

Consumer Banking



Customer Centric Approach (1)

Needs segmentation



Customer Centric Approach (2)

Fully fledged Group Customer Information File

- single view of the customer
- master for all linked products
- major data cleansing finished, going concern mode
- daily update of Group Data Warehouse

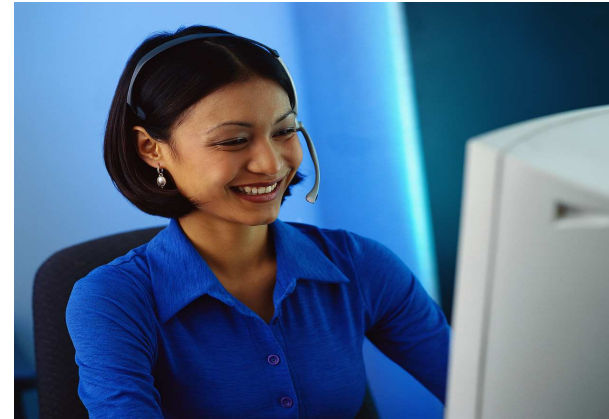
Marketing knowledge

- data warehouse and analytical tools
- customer experience unit
- customer segmentations
- customer ownership
- customer profitability



Distribution channels (1)

- **Fully operational Customer Care Center**
 - inbound and outbound
 - all customers financial needs
 - focus still on servicing but shifting
 - CRM tool supported
- **Network development**
 - New concept branches implemented
 - New signature branches
 - implemented changes in functions and roles
 - optimization of branch locations
 - straight through processing
- **Internet banking (Maybank2U.com) and Mobile Banking (M2U mobile)**

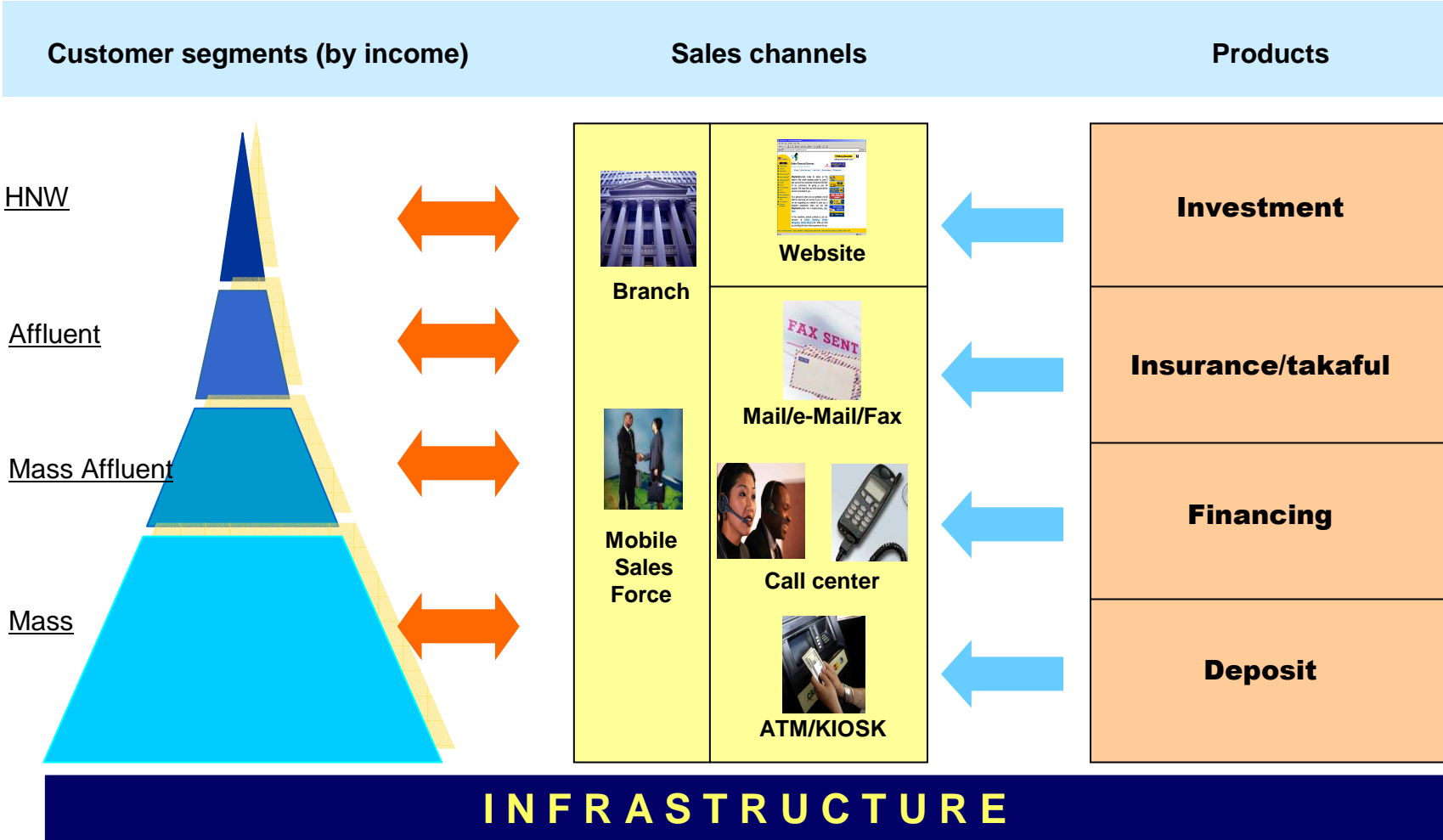


Distribution channels (2)

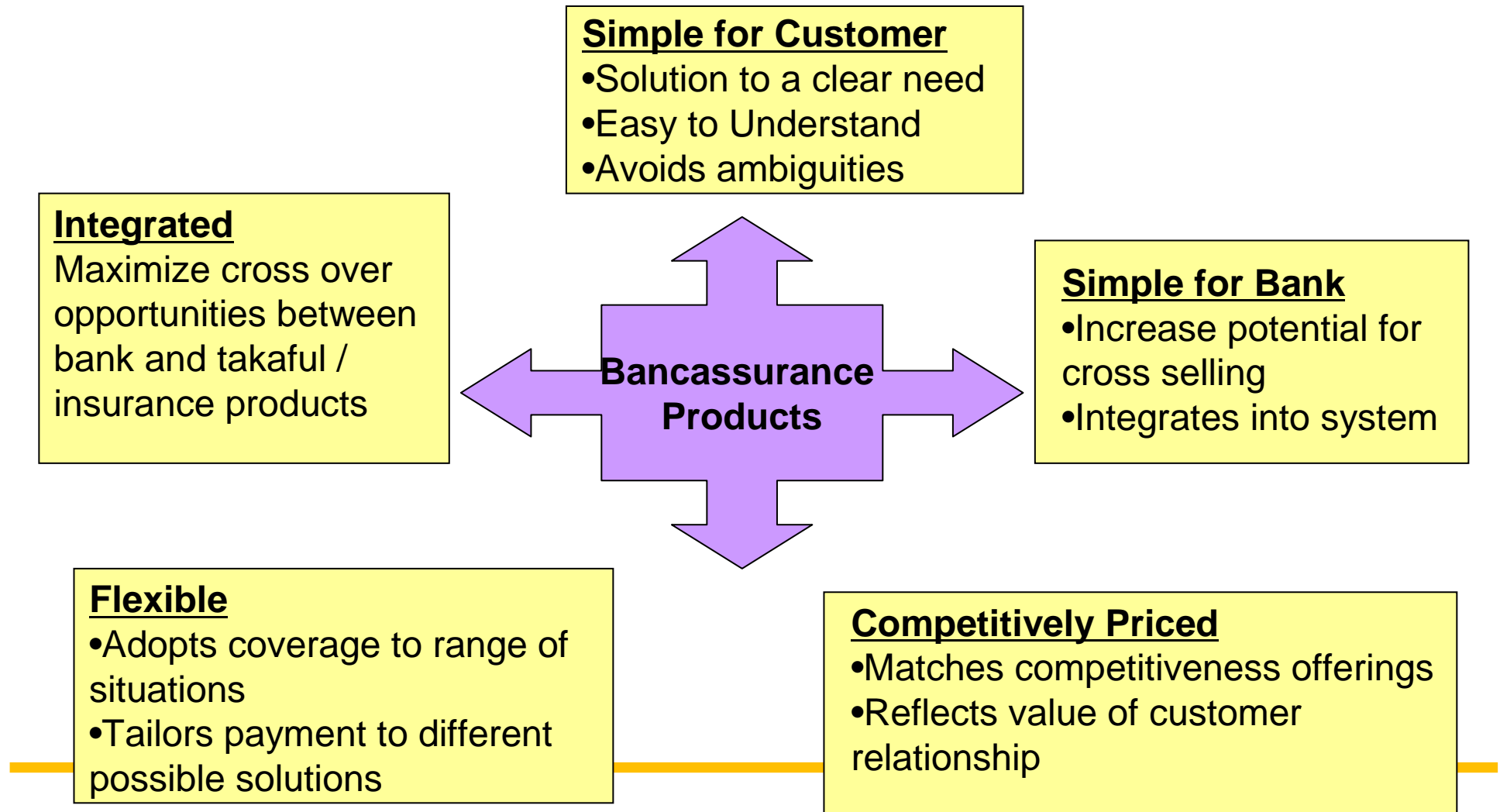
- **Operational CRM and WM in all branches**
- **Fully integrated Point-Of-Sales system for Insurance in branches and Customer Care Center**
- **Straight through processing**
- **Re-engineered claims handling process implemented**



Sales structure

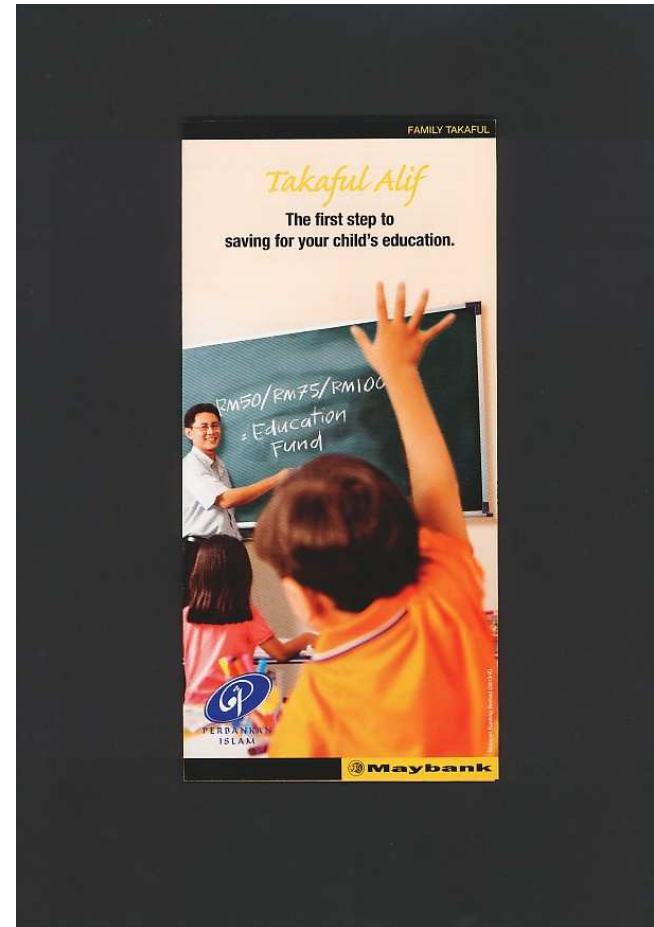


Suitable products for bancassurance

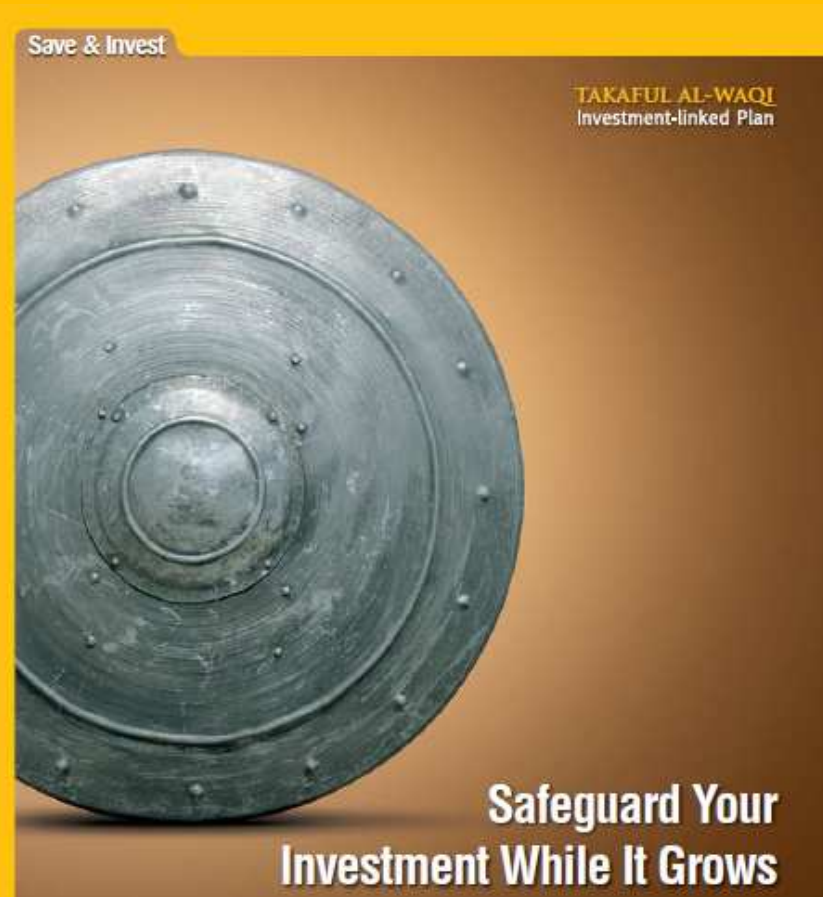


Branding Strategy

- As far as the customers are concerned, there is only one face to the customer – Maybank
- We choose to ride on the Maybank's brand / reputation in respect of Maybank Banca.
- Suffice to say product is underwritten by Etiqa Takaful or Etiqa Insurance
- Some advantages:
 - Lower marketing investment;
 - Higher customer acceptance
 - Better identification by bank's sales force
- Disadvantage however reputation of takaful company / insurer can be affected if bank's image is damaged and vice versa;
- Only for third-party bancassurance channel do we maintain Etiqa's own branding by keeping it separate from the bank.



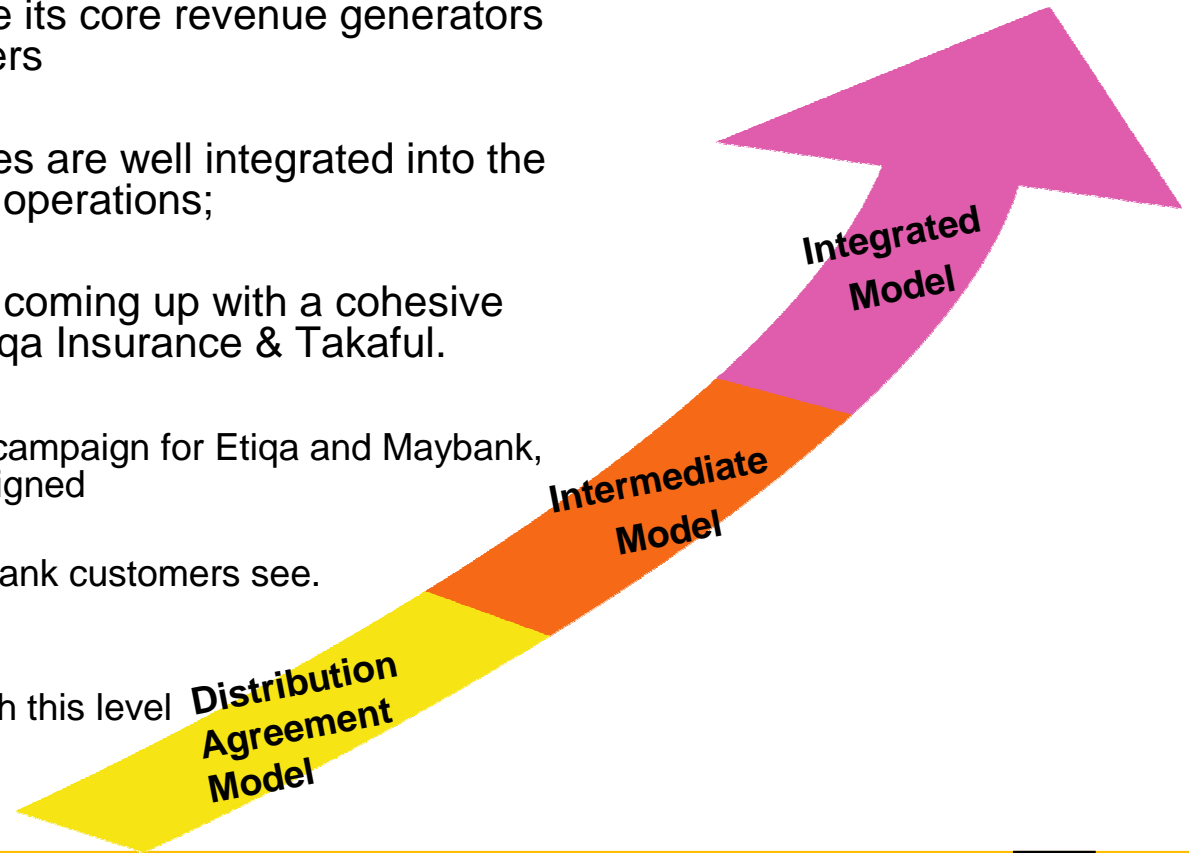
Critical Success Factors



CSF1: Greater Integration = Greater Success

Bancassurance = Bank Strategy

- The top management of Maybank has shown full commitment to selling takaful / insurance products exclusively for Etiqa as one its core revenue generators especially to retail customers
- Takaful / Insurance activities are well integrated into the many aspects of Maybank operations;
- Maybank takes the lead in coming up with a cohesive marketing strategy with Etiqa Insurance & Takaful.
- The annual targets and sales campaign for Etiqa and Maybank, Consumer Banking must be aligned
- Maybank's brand is what the bank customers see.
- It had taken some time to reach this level



CSF2: Maximise Sales Capacity

Keep It Simple & Standardised (KISS)

Products designed with input from Maybank to best fit banks delivery strategies, distribution strengths and meet appropriate needs of the targeted bank customers:

- easy to explain, easy to understand (so that everybody can sell)
- tailored to specific needs, not 'one size fits all'
- low advice content, high value content.
- Look & feel like banking products
 - features (Bank + protection)
 - terminology
 - transparency / information
- pricing & compensation different from agency based products

Processes

- minimise administrative complexity
- minimise exceptions / special features
- clear & simple sales processes



Recent Direct Marketing Campaign - Overall Results

	SENIOR PA Estimates	SENIOR PA Actual	LIFESTYLE SECURITY Estimates	LIFESTYLE SECURITY Actual	TAKAFUL PA Estimates	TAKAFUL PA Actual
Mailing Qty	100,000	98,337	175,000	175,502	175,000	175,524
Cost per Name	RM3.00	RM2.47	RM3.00	RM2.96	RM3.00	RM2.65
Response Rate	1.5%	3.99%	1.5%	4.82%	1.5%	2.51%
Average Contribution	RM402	RM520	RM352	RM422	RM352	RM501
Total Annual Contributions	RM603,077	RM2,037,598	RM923,462	RM3,574,500	RM923,462	RM2,206,780
Acquisition Rate	50%	12%	57%	14%	57%	21%

CSF3: Suitable end-to-end Processes

Maybank invested in technology (Care POS & BPI Trax) and re-engineered a number of processes both in the front and back offices in order to deliver top quality service (at low cost).

Processes that have made Maybank's integrated bancassurance model successful :

- Straight through processing
- Policy issuance upfront;
- Industrialised sales process / simple underwriting;
- Automation of premium payment / auto-debit, standing instructions;
- Claims / benefit payments using auto credit;
- Optimise Customer Profile Management;



CSF4: Best Value For Money Product & Service Packages

Win - Win - Win situation

We ensure there is alignment between the value proposition to all involved parties:

- Customers;
- Maybank (as distributors)
- Etiqa Takaful and Etiqa Insurance (as manufacturers)

Our bancassurance products are amongst the best value for money offered in the market for the clients arising from:

- Lower management expenses;
- Lower distribution expenses

Maybank share advantages with the customers



Some Challenges



Cultural difference between banking and insurance (takaful) business

For Maybank:

- Transition from transaction oriented to relationship oriented
- Lack of expertise in insurance (takaful) & underwriting;
- insurance (takaful) products are different and complicated
- Bad claims experience can damage relationship with customers.
- Third party bancassurance partners are not as integrated

For Etiqa:

- Training of Maybank staff to promote insurance (takaful) products
- Sales incentives and motivation processes;
- Shifting of business to banks;
- Integration of bank front-office and insurer's (takaful operator) back-office processes (straight through processing);
- Managing channel conflicts now that Etiqa takes a multi-channel approach as bancassurance can upset agents / traditional channels.

Peace to All



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