

10th year anniversary series: Article

Digital Savvy Leaders in Demand

by Ms Lim Lai Hong, CEO of FIDE FORUM





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“We need digital leadership on Boards.”

As the CEO of the sole organisation dedicated to serve the needs of financial institutions’ board of directors in Malaysia, I can appreciate this view. The financial services landscape in Malaysia is rapidly changing, due to multiple factors. Fintech has impacted almost every key vertical of the industry, with non-traditional players having the competitive advantage of agility and better technology to quickly remove pain points in the customer journey. To gravitate this, today’s consumers have more choices on where, when and how they spend their money, capitalising on the high smartphone usage and internet penetration rate as well as proliferation of digital platforms offering financial services. Technology-enabled democratisation of finance have continued to empower millions of Malaysian consumers to decide which company deserves their share of wallet.

Recognising the impact of these changes, banks and insurance companies have embarked on their respective digitalisation journeys to deliver financial services more effectively and efficiently, customized to their consumers’ preferences. Regulators have also developed policies to safeguard public interest and ensure sound and effective technology-related risk management in this regard. Indeed, changes in market forces continue to influence the leadership mix of the board of directors of banks and insurance companies as they lead executives in navigating the business in a digital age.

There is a common perception that board must have a board director with strong technology-related technical expertise for the board to discharge its duties more effectively. While it is definitely helpful to have board members who, as c-suites or entrepreneurs, had successfully led technology adoption or digital transformation in their career, we have to be mindful that it is critical that we do not appoint single-expert board members given the board’s extensive governance responsibility.

Our view is that a digital leader is not solely defined by the person’s specific technological expertise but by broader factors such as a successful c-suite’s or entrepreneur’s worldview, competencies and personality relevant to the area of digital or business transformation.

As a case in point, the board can easily request for more information from relevant senior management such as the chief technology officer or external experts on pure technical issues pertaining to disruptive technologies. The question is – after receiving different technical views, how does the board provide guidance on strategy, oversee risk effectively and decide on appropriate investment given the broader challenge of competition, digitalisation and unprecedented disruption to the market? How can the board bridge the gap between ‘knowing the facts’ and ‘doing something about it’ while effectively managing risks, especially the newer forms, for the financial institution’s sustained competitive advantage?



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Our view of digital leaders and their impact on the board of directors is derived from our experience in co-creating value with FIDE FORUM's member financial institutions in the areas of board talent management, especially new board member recruitment and selection. Following FIDE FORUM's research and publications on 'Board Leadership Framework' and 'DNA of a Board Leader' for financial institutions, and having engaged with hundreds of successful c-suites, partners and entrepreneurs for potential placements on the boards of financial institutions through our Directors Register services, we observed that leaders who have the following attributes are digital savvy leaders:

- a disruptor mindset in strategy development and are open to innovation;
- ability to connect the dots from disparate data sources and trends (for example, changing demands of consumers and signals by competitors and other key players) to see the 'big' picture of what that means for the organisation;
- embrace the usage of digital technology, keeping abreast of its latest development;
- are reasonably comfortable with managing ambiguity; and
- have the courage to raise and debate issues, even unpopular ones, for optimal decision making at the board level.

While the criteria above are not exhaustive, it specifies the qualities that can be identified based on the person's mindset, experience and personality and is not directly linked to any specific technical expertise. Therefore, it is possible to have a successful accountant, for instance, who is a digital leader, and a career-technology specialist or programmer who is not.

It should be noted, however, that an organisation does not need all of its board members to be digital leaders as it is equally important to have diversity in the boardroom for robust discussion and decision making. The board is, after all, a team sport and it is important to leverage the strength of each member to win the game. Having said that, it is equally important for all board members to keep abreast of the latest development surrounding digital technology-related issues, initiatives and risks given the fact that the board's decision is a collective responsibility.

Perhaps a quick note on the Chairman's role is apt at this juncture. The Chairman plays a determining role on whether digital leaders can contribute effectively on the board since the Chairman sets the tone and culture, and drives the right values on the board. A board culture that values respectful and open discussions, is much more receptive to different ideas and manages conflict effectively. It will provide a conducive environment for digital leaders to flourish, which, in turn, will strengthen governance and benefit the organisation.

Of concern is a shortage of successful digital leaders in Malaysia based on conversations with industry players. If you identify with the digital leadership profile stated in this article, please contact FIDE FORUM - a financial institution may just need someone like you on their board of directors to lead them to achieve their next big success.

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