

PingAn Podcast EP01

[Treena]

Welcome to the first episode of Technology Powered Growth, a podcast presented by Ping An. I'm your host, Treena Nairn. Today I'm speaking with Michael Guo, Co-CEO of Ping An Group, and Dr. Xiao Jing, Group Chief Scientist. We're going to talk about how Ping An leverages technology to drive our business growth.

Ping An's integrated finance plus healthcare and senior care strategy is unique for a financial services company. It's what stands out globally.

[Michael]

Yes.

[Treena]

So Michael, how would you describe Ping An's competitive difference in the market?

[Michael]

Yeah. Well, that's a good question because Ping An is a big conglomerate of financial services. It's one of the largest financial institutions in China and in the world.

I believe a good strategy should be in line with the mega trend of the overall economy and should be centered around the customer needs. So that's exactly what we're doing. If you look at Ping An, we have different financial services in banking, insurance, investments, securities, et cetera.

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Then we have a second part of the arm, which is around healthcare and senior care. So if we look at the overall China's economy for the past 20, 30 years, there has been rapid financial growth. Now through that process, Chinese families and individuals have accumulated a significant amount of wealth.

So when we talk about middle class in China, there are now about one third of the people, individuals or families are called middle class. Now, if you look at a typical Chinese family, for example, a couple with perhaps two children, maybe four parents to support these days, they have multiple credit cards, a number of insurance policies, a number of cars, perhaps a mortgage. Their financial needs are becoming more and more sophisticated and complicated.

So one of the key competitive differences of Ping An is that we're able to integrate our side of the financial services and provide a one-stop solution for our customers to make them hassle-free without having to deal with all these different sophisticated, more and more sophisticated financial products. So that's one side of our strategy and differentiator.

The other side is that we're looking at the overall long-term growth and demographic

change of China's population. Now in five years' time, roughly 25 to 30 percent of the Chinese population is becoming more than 65 years old. With that, we have more and more diversified needs on the healthcare and senior care part of the services. And for our customers who are roughly middle class families and individuals, they would prefer to have some high-quality, perhaps differentiated, tailored services in addition to the social welfare systems provided by the government.

So from that perspective, we're building up our capabilities around healthcare and senior care and provide a tailored solution to them based on Ping An's strong financial resources. So from that perspective, we are actually tailored to our customer needs to the future. So that's how we see ourselves.

One side of the integrated finance solution to make sure we satisfy our needs, our customers' needs at the moment, but also we gear toward the needs for them for the future.

[Treena]

So tell us a little bit about how technology feeds into that overall strategy.

[Timecode: 03:27]

[Michael]

Because one of the key things of all these things has to be integrated. And thanks to our Ping An's proprietary technology and the data we have accumulated for the past 15 years, we're able to actually provide much more integrated and, on the other hand, tailored solutions to our individual families and customers. And through the past 15 years of the investments, we have accumulated a massive amount of the customer data, not just on the financial side of it, but also end-to-end of the customer journey across different channels.

These days, you got internet, you got apps, you got offline, you got online, you got social media, then you got the behaviour data accumulated from our ecosystem. And all these data have to be integrated together so we're able to actually use the data to provide more tailored solutions to our customers. And that becomes available and possible thanks to our technology, and these days, AI advancements.

[Treena]

And of course, AI is the hot topic for everybody this year. So tell us a little bit more about the specifics of how AI actually helps Ping An stand apart from competitors.

[Michael]

Well, if you look on the AI, it's just part of the technology. It's just these days, the technology become more and more sophisticated. In Ping An, when we look at technology, our strategy is always around how do we use technology, AI in particular, add value to our services, to our customers, to our business, to our management.

So in general, if you look at technology and how we see it, there are perhaps a few areas the AI and technology is able to add value. It's around cost efficiency, it's around the productivity, it's around the risk management. So all these things come together to become

one of the driving forces for our profitability of our business.

That's why if you look at Ping An, we are one of the most profitable financial institutions in the market in China and also according to global standards as well.

[Treena]

Now we're going to come back and talk about some specific examples of what Ping An is actually doing with technology. But from what you're saying, Ping An's offering really comes through the scale of your business, the depth of customer data. And I understand from what you're saying that actually Ping An had a very early vision of digitalizing the business beyond that traditional financial services model.

So what have been the challenges in delivering that?

[Timecode: 05:51]

[Michael]

You mentioned the scale. This is actually one of the key challenges. On the one side is our strength.

We've got 240 million customers, we've got one third of the market share across more than 2,000 cities in China. So that scale gives us very strong financial strength. But on the other hand, when we talk about tailored personalized solutions, scalability versus personalization, standardization quality versus cost efficiency, those are the kind of competing and challenging factors that we have to be able to manage.

So again, coming back, the technology plays a key role in balancing all these kind of competing and conflicting factors through service providing process. So one of the things we actually started early on is to standardize all the operational processes across all the services, financial services side of it, healthcare, senior care side of it. Now through the standardization of the operational processes, we're able to generate, on the one hand, sufficient cost efficiency.

On the other hand, we're able to actually make a very good standard of the qualities of the services. Now with that being the backbone and foundation, using all the data we have accumulated using these days, much more advanced tools and data analytics, we're able to actually tailor make the solutions to our individual customers in different cities. So that's why when we look at this balancing kind of acts among all the competing factors, using the technology to standardize everything, but making sure we use the data and the tools to tailor make some of the solutions to different customers.

That's how we look at and how to actually make sure we satisfy the customer needs with different individuals, but with sufficient level for quality and cost efficiency.

[Treena]

Now Jing, as the group chief scientist, could you give us some insight into Ping An's technology framework? So how do you prioritize, where you invest those technology efforts?

[Jing]

We have been developing our own technology competencies for well over a decade. So we have a tremendously rich financial and the medical data science, which we have checked throughout that time. Today we have a strong enhanced technology team of more than 3,000 scientists and 20,000 IT engineers whose work is organized in what we call our 953 framework.

953 is a shorthand for our 9 leading databases plus 5 laboratories and 3 technology companies. Currently we have accumulated over 55,000 patent disclosures leads globally in fintech and health tech and also second in generative AI.

[Treena]

We've just talked through a lot of numbers there, so let's break that down a little bit. You've talked about your 953 framework, so 9 global leading databases, 5 laboratories, 3 technology companies. Can you walk us through each one of those?

[Jing]

Yeah, of course. Basically the 9 databases we have consists of 3 different categories. One is financial databases, another is medical and healthcare, and the third one contains the data from the internal business operation and management in Ping An.

For the financial databases, we have 3 different categories of data, including individual customers, corporate customers, and financial products. We process more than one billion records per day, so for more than 240 million individual customers to generate deep insights into customers' needs to improve the user experience. For the medical and healthcare databases, we have the information from 5 categories, respectively regarding disease and the symptoms, prescriptions, medicines and medical equipment, doctors and hospitals, and customer health records.

The third is our internal business operation and the measurement database.

[Treena]

Hold on there for a second. Let's go back. One billion records per day. That is impressive!

[Jing]

Yeah, thank you. But that's not all. We have 5 labs that are also focused on developing our capabilities in different AI areas, including computer vision, speech, and natural language understanding, data analytics, micro-expressions, and the Silicon Valley Lab, which is cutting-edge technology development.

By the way, we also already ranked world number one in terms of fintech and health tech patents disclosures.

[Treena]

Now, I think most people have an idea of what data analytics is all about, but computer vision research is about using AI to interpret images, right?

[Jing]

Yeah.

[Treena]

Speech and NLP, or natural language processing, is about computers being able to interpret and generate human language and micro-expressions. Now, that's about computer interpretation of those tiny facial movements that reveal human emotions. That is absolutely fascinating to me.

So those, along with research on cutting-edge technologies, make up your 5 labs, right? So what does the 3 represent?

[Jing]

The 3 represents our 3 tech companies, Ping An Technology, Ping An Health, and One Connect Financial Technology. These are the companies that develop digital solutions based on the AI research from our labs and our data, covering thousands of diverse business scenarios with hundreds of millions of large language model calls. This has given us strong AI technological foundations and unique attributes, especially with our rich data sets, which we collected from real cases from among our more than 240 million retail customers in China.

Just to give you an idea of how much data we have, our public domain text is made up of approximately 3.2 trillion tokens and approximately 310,000 hours of labelled speeches and more than 7.5 billion images. We use this immense data to create our unique ecosystem.

[Timecode: 12:10]

[Michael]

Yeah, all these are big numbers. So we can see, we always say that we're sitting on a gold mine of data, but that didn't really come overnight. Ping An started building our data starting from 15 years ago.

One of the key things we've done is to standardise all the operational processes so that we're able to capture the customer's data from channel to channel, end to end. So it's not just about their transaction data, it's also about their behaviour data, how they move from app to internet banking, to offline sales channel, then coming back to the call centre. So one of the key things we're able to actually leverage is the different customer end-to-end data across the different channels, behaviour data, but also with the advancement of the analytics engine and technology and algorithm, we're able to generate the tools and analytical engines to be able to interpret those data and generate good insights for our customers and for our sales agents.

So that's actually very important to add value to our business.

[Treena]

So every day as you're adding that data, it becomes harder and harder to replicate, isn't it? It's not like someone could just walk in and copy what you do.

[Michael]

Yes, absolutely.

[Treena]

So Michael, could you give us an example of how AI actually impacts the customer today?

[Michael]

Sure. If you look at our customer's interactions with us, one of the key channels is call centre. Now we have 240 million retail customers these days across different businesses, and every day there are more than 2 million incoming calls into our call centre. And our call centre is integrated, so it doesn't really matter if you're a credit card customer or you're an insurance customer, they all go to the same call centre and the calls are answered by the same group of agents. So that's a challenge, because if you look at the coming insight, people can make calls from all sorts of places, on the car, in the train station, maybe in the farm. So we have to be able to actually filter out all the background noises and for the machine these days to understand and interpret people's voice and their calls.

Also, China is a diversified country. We have people from different regions speaking different dialects, and that actually for the machine is very difficult to tell. This person is talking Cantonese and the other person is talking in Sichuan dialect.

It's very different. So that requires very strong capability, voice recognition, natural language processing, all this advanced technology to be able to actually understand the customer's voice and what they're trying to talk about. So that's only one side of the challenge.

The other side of the challenge is with this multimedia, with a multi-channel kind of service capability we have, and not just about call centre coming in. People could say, oh, I just put some information on my app or internet banking, and now I want to check on the process. So our call centre agents will have to be able to capture the information straight away, almost real time, from the information through internet banking or app and integrate it into their answers to the customers and say, okay, that's what you have asked for and this is what we are going to do for you.

And all this requires analytical AI technology to make all these things possible. So before, if you think about it, all these things would have to be handled by humans. But these days, with the advanced technology of AI, we're able to actually reduce our call centre agent's capacity by 50 percent, number of headcounts by 50 percent.

But at the same time, we're still able to answer the customer calls with increasing volume, with standard high-level quality. These days, every call we require would have to be picked up within three beeps. And that has always been the case. We're able to maintain the standard of our quality and improve the efficiency with fewer and fewer people.

[Treena]

Actually, it's out of the fewer people you're actually able to increase the standard of quality.

[Michael]

Yes, that's true. That's true.

[Treena]

Jing, how else is Ping An using AI?

[Jing]

Besides financial services, medical and healthcare are another strategic direction of Ping An Group. We launched a self-directed AI-assisted diagnosis system, AI Doctor. As far back as 2018, it has undergone continuous updates and enhancements to develop into a comprehensive end-to-end solution from pre-diagnosis, treatment, and post-recovery basis. Today, this ecosystem encompasses collaborations with nearly 4,000 hospitals, over 50,000 medical professionals, and more than 150 senior care services providers nationwide. The system now covers diagnostic expertise for over 2,000 most common diseases, achieving the navigation accuracy of existing 99% and the diagnosis precision of above 95%.

[Treena]

It is absolutely incredible how many AI models you're working on. You must need immense data inputs to feed them. So, how does Ping An actually manage all of these different models?

[Timecode: 17:27]

[Jing]

Our core technology foundation is called the Ping An Brain, which is the fundamental engine efficiently and effectively empowering the group's various business units to advance and scale up their AI business solutions across enormous scenarios. The Ping An Brain engine consists of three layers of platforms. The first layer is computing power platform, which manages and optimizes the massive GPU and CPU servers clusters to support the computing power requirements of AI model training and inference applications.

The second layer is data platform, incorporating key processes such as data collection, merging, cleansing, labelling, storing, quality control, and so on. The thousands of data clusters in our data platform have accumulated tremendous amount of high-quality data in the domains of financial and medical services, both offline and online. These data not only help own business, such as better strategic decision making, but also create the data free will to continuously produce high-quality AI models.

At the meantime, we always take data security and privacy protection as the highest priority. It is the red line that cannot be violated. Thus, we have developed comprehensive policies and systems for extremely rigorous privacy protection and data security, covering the finest activities in the data platform.

In addition to the monitoring, inspection, and protection systems, we specifically developed a full-stack privacy computing system, Beehive, which allows different organizations to share their data efficiently and effectively in a compliant and secure manner.

The third layer is AI platform, which consists of three sub-layers. The first is the model layer, which stores and well-manages all the models we have trained and tested in the past, covering a wide range of AI areas, such as large-range models, computer vision, switch

recognition, synthesis, data analytics, micro-expression, and so on.

The model number is innumerable. Specifically for large-range models, we constructed three-tier architecture, standard purpose large-range models, domain-specific large-range models, and specialized scenario large-range models. The second layer provides all the model training, inference, operation, and maintenance tools and systems.

Only with the strong support of these tools, all the models in the model layer can be produced, utilized, and maintained at such a high standard quality and efficiency at a large scale. The third sub-layer is a platform providing agentic capabilities, which allows every member of Ping An group to build their own agents freely, efficiently, and effectively without the need of a technical background.

[Treena]

Wow. I mean, Ping An Brain, Beehive, robot assistants. It sounds very, very exciting, but this isn't science fiction, right? This is how Ping An's business is transforming right now. So, how about some specific examples about how Gen AI applications are supporting Ping An's businesses?

[Michael]

Well, let me just give you an example, an application that we all use, you know, every day. We have this app called Ask Bob, which is essentially an AI-powered tool. So, the interaction model is very much like these days you have with Chat GPT, for example. You ask Bob a question, then Bob will come back with some answers, and those answers are generated based on the massive data that we have accumulated, and also the knowledge base that we have built up internally based on our proprietary data in the financial services area, in the health and senior care area, around medical, hospital prescriptions, etc., etc. So that, powered by the Gen AI technology, we're able to make Bob more like a human-like. It's almost like an AI assistant.

This is actually very interesting and especially helpful for our Salesforce people. Now, when they interact with customers, Bob is able to come up with the first round of proposals, for example, based on different customer needs and their existing current financial situation. So, that significantly improves our sales capabilities and their expertise and also the efficiency.

So, now we've seen very good uplift of our sales agents' productivity thanks to this Bob.

[Treena]

And AI and Gen AI is really starting to come into everybody's daily life now. We've heard so much about open source Gen AI in recent months, things such as DeepSeek. So, is Ping An using those kinds of technologies in its products and services, Jing?

[Jing]

Yeah, as we discussed earlier, our large-language model platform has a three-tier architecture, general-purpose large-language models, domain-specific large-language models, and a specialized scenario large-language models. And yes, we do have incorporated the DeepSeek models into the first tier as one category of the general-purpose

large-language models. Of course, the DeepSeek-backed large-language models do not behave better in all the scenarios.

For example, in some scenarios, the tasks are relatively simple, while slow thinking is not necessary and fast thinking is good enough. Then DeepSeek-type models are not the right choice due to the higher cost and possibly worse result. In fact, we found that only less than 40% of our existing AI solutions could be improved by using the DeepSeek-backed models.

On the other hand, language models such as DeepSeek is only one kind of generative AI models which targeted at text data. In practice, there are other modalities of data that need to be understood or analyzed, such as images, audios, and videos. Therefore, we are also developing generative AI models targeting at other modalities and multiple modalities together.

Ping An Brain engine organizes and operates these generative models systematically to help achieve better business values.

[Treena]

It sounds like there is an incredible amount of work happening behind the scenes. But if we can zoom out a little bit, Michael, can you tell us a little bit about how Ping An actually assesses ROI on technology investments?

[Timecode: 24:06]

[Michael]

Yeah, well, that's a good question because technology can be very costly. As these days, we all heard about big companies pouring billions of dollars onto technology, onto chips, onto computing power. So are we.

As one of the largest financial institutions in the world, we invest in technology with billions of dollars every year. But being a financial institution, we are very much focused on getting value out of our investment. So we usually take a very disciplined and value-driven approach looking at our technology investment.

In general, we put our technology investment into three buckets. The first bucket is what we call must-have. So those are the investments that go into a technology infrastructure, the data centers, the architecture of the new next generation architecture for data, et cetera.

So those are the things that we believe are fundamental that would give us competitive advantage for the long-term. And those things, we're just putting money without looking at a return in general.

The second bucket is specific investment into applications, into use cases, et cetera. And there, we're very much focused on the ROI. We have to look at what kind of return on the business impact or value creation from that particular project and what kind of ROI that we could qualitative and quantitatively measure. And then we will have a rigorous process to check and making sure the expected return are able to be coming back.

The last bucket is what we call innovation per se. Those are the kind of trial and error

exercises where we say every year, we allocate a fixed amount of money into those experiments. We're willing to put in money and we're willing to, quote unquote, waste those money if we didn't succeed.

But because of that, here and there, now and then, we're able to actually get breakthrough into some of the new cutting edge technologies. So that's how we measure and manage our technology investments.

[Treena]

Michael, Jing, thank you so much for your time today. It's been great to gain all of these insights about what's happening with Ping An's technology foundations and their use of AI. Thank you so much.

[Michael]

Thank you for having us. It's been a pleasure.