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Standard Chartered keen to expand

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WITH a 122-year history in Malaysia, Standard Chartered Bank is practically "one of the boys" in the local financial sector.

Thus, it is natural that the bank is committed to strengthening its presence here and is keen to help the country regain its strong economic footing.

Standard Chartered Plc chairman Patrick Gillam said the bank wanted to do more to help Malaysia deal with the economic problems as well as with the consolidation of the banking sector in the country.

"Standard Chartered is willing to look into the possibility of acquiring a local bank, if it is acceptable to the Government for foreign banks to take control of local banks.

"We are interested in discussing the matter if the Government thinks that the bank could help by having a large investment in Malaysia," Gillam said in an interview in Kuala Lumpur recently.

He was here for an official visit which included a meeting with Prime Minister Datuk Seri Dr Mahathir Mohamad.

Currently, the Government has put a 30 per cent ceiling on foreign ownership in local banks.

Gillam said in having total control, Standard Chartered would be able to bring in a highly efficient method of banking, a first-rate technology and this, coupled with local expertise, could increase the local bank's efficiency.

He noted that for the past five years, the bank had improved its position in Malaysia enormously.

He said unlike other banks, Standard Chartered was totally committed to this part of the world.

"Because we have been in Malaysia for a long time, we feel totally local. We do not have a home to go back to. In the UK, we have only one branch and a head office.

"We always ask the question: can we in Malaysia with the business that we are in produce wealth for the society as well as the shareholders? And we believe we can and we can continue to be very successful."

Gillam and 18 other board members were in Kuala Lumpur as part of the board's visit to the bank's major market.

Malaysia is the bank's third most important market in Asia after Hong Kong and Singapore. With 35 branches nationwide, the local operation contributes 10 per cent to the group's earnings.

In Malaysia, Standard Chartered's history began when it opened the first branch in Penang in 1875 after trading as an agency for the then Chartered Bank of India, Australia and China since the early 1860s.

Standard Chartered Bank Malaysia Bhd, a subsidiary of Standard Chartered Bank, London, was incorporated in 1984. In 1994, the business of the Malaysian operation was transferred from Standard Chartered Bank to SCBMB.

Standard Chartered has over 500 offices in more than 40 countries. Its activities are mainly in Asia, where 65 per cent of its business is located; Africa and the Middle East.

On the merger of local banks, Gillam said the exercise brought better management and technology, lower cost and stronger institutions.

"I think there are too many small banks in Malaysia, and the banking industry will be stronger if they merge."

On the local operation, Gillam said Standard Chartered would continue to

reinvest its pre-tax profit to expand the existing commercial bank business.

"Basically, we are more into consumer banking and treasury.

"We are not doing a lot of financial services that other people are doing. We have been very conservative and have virtually no exposure to the property sector in the region."

Standard Chartered Malaysia chief executive officer David Morgan said despite the limitation on the number of branches for foreign-owned banks, Standard Chartered would continue to increase its business through service excellence and product innovation.

Gillam said globally, Standard Chartered intended to continue expanding and be able to continue registering better performance.

He admitted that this year would be a difficult one for the bank because of the state of the economy in Asia but nevertheless was confident of the bank's performance.

"We have a very good and prosperous institution and we have made the right choice with the businesses we are in. We hope that we will go on being as successful as we have always been."

He said in any situation, the environment in which the business was operating would always bring opportunities as well as risks.

"But the worse thing you can do is to say since the economy is bad, our (financial) result is going to be bad. That means we are not managing our business well."

Gillam said although inevitably Standard Chartered would need to make higher provision to deal with the problem arising from the regional financial problems, the business would not be to adversely affected.

Standard Chartered "is very sure" of its direction particularly in expanding its presence in Asia, Africa and the Middle East, he added.

Gillam, who is also Business Ambassador for Britain, joined the board of Standard Chartered Plc in 1988 and became chairman in 1993.

He was appointed as the co-chairman of the Malaysia-British Business Council which was launched by Dr Mahathir last Tuesday.

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