Strong people make a strong bank

StanChart HR head says biggest challenge is in meeting potential

MD FAZLUR RAHMAN

Standard Chartered Bank will continue to develop and introduce new products and investment in Bangladesh to cater to growing consumer banking, buoyed by people's rising purchasing power, its top human resource strategist said.

The demand for consumer banking in Bangladesh is 10 times higher than supply, thanks to leaps in people's purchasing power, making Bangladesh a lucrative market for retail banking, which is expected to grow by around 15 percent annually.

"There is a lot of focus on the growth potential that exists here," said PK Medappa, group head of human resources for Standard Chartered Bank Ltd. "We are also focusing on maintaining and growing our position in Bangladesh. We hope we will have support to tap growth."

He said Bangladesh is one of the top markets of Standard Chartered, thanks to its huge growth potential. "The business is very important for us. Today, Bangladesh is among our top 15 markets and fast going up the ladder."

"To be able to sustain growth and growing our people are important, but the biggest challenge is how we meet our future potential," he told The Daily Star last week.

Medappa, who joined Standard Chartered in 1991, said the bank's Bangladeshi staff should be given more international exposure to help them contribute further.

"We have 30 people from Bangladesh working elsewhere in the group. Our intention is to continue it."

"Perhaps in consumer banking, we can take people out and give them the exposure, so that in a couple years, when they return, they can help our business and meet our future human capital needs. It will not only develop people but also make sure they are adding value."

He said when people go into other markets and add value, they create a reputation for Bangladeshis. "It creates kind of a brand. That is why we are very careful about the kind of people we put out."

Standard Chartered Bank has operations in more than 70 countries. Among them, about 35 countries have proper consumer banking. Bangladesh is one of them.

"We actually look at Bangladesh as one of our universal markets, which means that it is one of our top markets that offer our full products range."

"In the bank, it's all about people. The bank today is in such a strong position in this market because of the people we have. That is why we give so much focus to the kind of people we bring in, how we train them and keep them engaged"

PK Medappa

"We see it as a growth market, and we will continue to invest as the opportunity arises to make sure we maintain our competitive position. Bangladesh is an integral part of our global business."

The banker said the bank could grow significantly in the current market.

Medappa credits his staff for growth of the business. "In the bank, it's all about people. The bank today is in such a strong position in this market because of the people we have. That is why we give so much focus to the kind of people we bring in, how we train them and keep them engaged."

He however admits there are one or two areas in compensation practices that need to be looked at and should do better.

Many other local banks are making a foray into the lucrative consumer banking business. But Medappa said his group is well equipped and strong enough to offset any challenge.

"We are leading the market. The strength of our group is our product development capability. I do not see losing that competitive advantage at all. We will definitely continue to introduce newer and newer products. We have a structure to maintaining the advantage."

"We will become much more customer-centric, that is what drives us."

"We know the next stage of our growth in the next few years is going to come from our much more stronger value proposition for our customers. As an organisation, we are becoming much more customer-centric."

He said any competition is healthy and the bank would continue to develop innovative products. "We will differentiate our products and services from others so that customers come back to us."

Medappa, a South Indian, said the restriction on opening branches has restricted their growth. "For foreign banks operating here, the disadvantage is the restriction on growth. We cannot expand freely. There are regulations on the number of branches being allowed to open, which restricts our growth."

"Moreover, there are opportunities for us as it is a fast growing market. We have fantastic franchisees. We have very good products, good people. Besides, the economy is booming. If there were no restrictions then growth would have been much higher."

The restriction has not however dampened the bank's enthusiasm to grow. Among the foreign banks operating in Bangladesh, Standard Chartered is the largest with operations in six major cities in the country, whereas other international banks have concentrated on Dhaka or Chittagong -- the two major cities -- or both.

"We have quite an expanded network, which will give our customers better experiences."

Consumer banking makes up 50 percent of total revenues generated by Standard Chartered in Bangladesh. The bank however says this segment of banking in Bangladesh is still in its early stages and demands will mount as purchasing power goes up.

Medappa also voices satisfaction about its team in Bangladesh. "We have a very talented team. Our measurement of annual staff engagement shows that they are happy and content and willing to go the extra mile for the organisation, which also shows that we are good employers and the employer of choice."

On recruitment plans in Bangladesh, he said, "It will be driven by our business strategy and growth aspirations."

Medappa also discussed how they prepare employees for the competitive market.

"We, as an organisation, believe in leveraging on people's strength. So, the basic philosophy is to identify people's strength and give them the necessary skills and knowledge to make them world-class."

"That's the overall strategy on how we actually develop our people."

"To make this happen, you have got to change the way you recruit, develop, train, pay and keep people engaged. That is what we are trying to do here."

"So, in the whole range of what we do, I think we are quite sophisticated and have the tools and processes to meet each of their needs in the whole employee life cycle. The issue for us perhaps is how well we implement."

Medappa, who has a master's degree in personal management and human resources, said there is a long way to go to give the customers the real experience about consumer banking.

"We are on a journey that is going to be long. We have completed 60 percent of the journey. Once we actually complete it, I think people will be able to distinctly see us differently from the other banks and realise that we have really provided them with differentiated services."

He said the bank has incorporated technology advancement to take its services to the people.

"In some of our markets, we have significantly moved to that route. But the pace with which we move, depends on internet usage and population and how comfortable the people are in being online."

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Budget airlines open up Asia's skies to the masses

AFP, *Hong Kong*

A decade ago, even some of Asia's wealthier people could face a long bumpy ride on a bus to visit family or take a break on the beach -- flying was simply too expensive.

Not any more. The proliferation of low cost airlines across the region, particularly in Southeast Asia, has opened up air travel to the masses.

Malaysia-based AirAsia, which launched in 2001, was one of the first airlines to rip open Asia's skies to the general public.

"Suddenly, people who had never been on planes -- people who lived in villages and used to go on a 12-hour bus ride to see relatives -- suddenly they were flying," says planemaker Airbus's Asia communications director Sean Lee.

"If the same thing happens in China, India and Indonesia, with their massive populations, imagine -- the potential is huge."

So huge, in fact, that Airbus predicts that a third of all new planes will be sold into the region over the next 20 years -- 8,560 aircraft worth a cool $1.2 trillion.

The company has a backlog of over a thousand aircraft waiting to be delivered to the region. And of those, AirAsia has 175 firm orders for A320s, with a further 50 on option.

The airline continues to expand with the opening of three hubs in Kuching in the east Malaysian state of Sarawak, Chiang Mai in northern Thailand and Medan in Indonesia.

It is also launching operations in the Philippines later this year.

"For 2011, our plan is to further expand our route network and key routes," AirAsia's chief executive Tony Fernandes told AFP.

"We also plan to be more aggressive in penetrating the Indian market and further expansion in China."

Cebu Pacific, the Philippines' already long-established low cost carrier, plans to invest a billion dollars in 21 new Airbus aircraft and hire 2,000 more staff over the next four years to boost its international operations.

Singapore's low cost carrier Tiger Airways, meanwhile, will take delivery of 26 aircraft by the end of March 2011, the company said.

India has eight budget airlines, which have gained nearly half of the market share in the country's rapidly growing aviation sector.

IndiGo, launched in 2006, is the country's youngest airline but has already become the third

AFP

Malaysia's long-haul budget airline AirAsia X Airbus A340 jetliner is greeted with jets of water upon its landing at Paris' Orly airport.

largest, flying 8.4 million passengers in 2010, a 16.5 percent share in domestic air traffic.

The airline announced a deal for 180 A320s, the largest number of Airbus planes ever bought in a single order, at the Paris air show this year.

IndiGo currently operates only domestic flights but has ambitious targets for 2011, planning to start flying internationally in August after recently getting government clearance.

Large scale models of the Airbus suite of aircraft were on display at the Asian Aerospace Expo in Hong Kong, alongside rival Boeing and the Chinese upstart COMAC, which has its own aircraft on the drawing board if not yet in the sky.

All will be competing for a slice of this massive market which will soon overtake both Europe and North America.

Airbus predicts a need for 5,200 new airliners in the single-aisle 100 to 210 seat category, such as the A320 family. Of these, around a third will go to low cost airlines.

The increase will be driven primarily by the growth of low cost carriers, as well as the opening of new secondary short haul routes, especially in China, India and Southeast Asia.

Airbus expects the number of passengers carried by Asia-Pacific airlines to rise by 5.8 percent per year, compared to global average increases of 4.8 per cent.

"Asia has traditionally been a wide bodied aircraft market," Airbus spokesman Sean Lee told AFP. "But the single aisle market is growing substantially, largely thanks to the low cost carrier sector.

"If you look back to 2001 there were basically no (Airbus) aircraft flying with low cost airlines in this region. It's expected to be 20 percent by the end of this decade -- the growth has been really fast."

There are currently just over 300 Airbus aircraft in service with Asia-Pacific budget airlines, most of which are A320s -- 18 percent of the current in-service Airbus fleet in the region.

There is also a backlog of around 370 aircraft on order for future delivery to budget carriers in the region.

Greater liberalisation "open skies" policies, especially amongst the ASEAN block countries, is also expected to boost air travel in the region, Airbus say.

But it might not all be bright skies and sunshine.

Standard and Poor's Equity Research aviation analyst Shukor Yusof says low cost carriers are likely to gain a bigger market share in the near to mid-term, as much as 20 per cent, as demand for leisure and discretionary travel grows and per capita income improves.

"That said, we anticipate turbulence in the energy markets to impact low cost carriers the most, given their business model and limited ability to offset the higher fuel costs," he told AFP.

Singapore's low cost carrier Tiger Airways, meanwhile, will take delivery of 26 aircraft by the end of March 2011. India has eight budget airlines, which have gained nearly half of the market share in the country's rapidly growing aviation sector