Bankable Insights:

Transaction Banking

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DHL Express talk Partnership to scale Sustainable Aviation Fuel

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Foreword

In any organisation, the need to scale is a sign that the business is headed in the right direction. But scaling requires companies to have a clear vision, to be well prepared and to have knowledge and understanding of the business' nuanced financial, legal and regulatory environment across the various markets and jurisdictions where they operate.

As a connector bank, our focus is on offering our global network, our on-the-ground knowledge and expertise and our solutions to enable our Corporate and Institutional clients to scale for growth.

In this edition of Transaction Banking Bankable Insights, we share tools and innovative solutions that corporates are using to push their boundaries of growth. We deep dive into Regional Treasury Centres, share our global perspectives on the transformative power of technologies when companies are scaling, and we discuss the importance of balancing growth with sustainability.

I hope you find the content and insights useful and inspirational.

Michael Spiegel
Global Head of Transaction Banking
Standard Chartered

At-a-glance

Highlights and happenings from across our network

1

Three internal appointments to our Transaction Banking leadership

Effective 1 September, Sofia Hammoucha has been appointed Global Head of Trade & Working Capital, and Marion Reuter has added Head of Transaction Banking, Europe and Head of Transaction Banking, Standard Chartered Bank AG to her portfolio. Ankur Kanwar has also been appointed Head of Transaction Banking, Singapore and ASEAN. Read more about the appointment of Sofia, Marion and Ankur.

2

Supported Seatrium in its SGD1.1 billion inaugural Syndicated Bank Guarantee Facility

In a first-of-its-kind in the offshore and marine industry in Singapore, Standard Chartered supported Seatrium as a Global Coordinator on its Syndicated Bank Guarantee Facility, which comes with a flexible structure to help to further Seatrium's plans for expansion and future growth opportunities.

3

Four client deals signed at the Global Fintech Fest 2024

In addition to our participation on panels exploring different opportunities and growth areas in the global economy, deals cementing the use of innovative digital solutions were signed for 1-step import payments, for e-Bank Guarantee issuance, UPI AutoPay, and for Dynamic QR collections.

4

Launch of a new ESG-linked Cash Account

Our new solution rewards corporate clients – subject to restrictions, select markets, and eligibility conditions – for meeting material environmental, social and governance (ESG) related targets. It will be gradually rolled out across the bank's markets, starting with Hong Kong.

5

Launch of the Sustainable Finance variant for our Borrowing Base Trade Loan (BBTL)

As we continue our focus on driving positive change through innovative working capital solutions, we have added a new Sustainable Finance variant to BBTL, increasing the opportunity for capital to be directed towards more sustainable trade flows and decarbonising the commodity sector.

6

Cash and Liquidity Management Guide for Corporates 2024 now available

The much-anticipated 2024 edition of our Cash and Liquidity Management Guide for Corporates is now available to download. This refreshed Guide, produced with PricewaterhouseCoopers Singapore, provides clients with an up-to-date view of factors impacting liquidity management considerations for each of the markets covered.

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Scaling up in high-growth trade corridors

Sunil Kaushal
Co-Head, Corporate & Investment Banking and CEO, ASEAN and South Asia, Standard Chartered

As businesses spend more time focusing on diversifying their supply chains, we are seeing the rapid expansion of trade corridors across Asia, Africa, and the Middle East. These high-growth corridors drove the value of South-South trade to 21 per cent of global flows by the end of 2022, up from 19 per cent a decade earlier, according to UNCTAD.

During this time, there has been substantial growth in technology, manufactured goods, and primary commodities sectors. In Asia, Intra-ASEAN trade accounts for the largest share of the region's trade, led by electrical machinery and fuels. In Africa, seven of the continent's ten primary export sectors, including "high-technology", are now more dependent on continental than international markets.

A great example is China, which is now moving from being the manufacturing base of the world to moving overseas and setting up factories there. The Economist recently reported that since 2016, Chinese firms' foreign sales have more than doubled, and their greenfield FDI grew to more than USD160 billion from USD50 billion a year before. Nearly three-quarters of that was in manufacturing, the publication found.

The ability of our clients to scale up will, of course, partly depend on greater South-South connectivity, which in turn needs collaboration from policymakers. The establishment of regional trade and integration agreements including the African Continental Free Trade Area and ASEAN Economic Community, respectively, — both in effect for less than a decade — has facilitated trade between southern countries. As a result, South-South trade now offers emerging markets some of the greatest economic opportunities in history.

Better infrastructure and lower trade barriers will unlock even faster growth; adopting digital supply chain finance solutions will enable more efficient and less frictional trade.

However, inadequate access to trade finance instruments like letters of credit, guarantees, and insurance make it difficult even for multinationals to manage risks and secure trade transactions. This is where our global network and local market expertise can help unlock trade opportunities. We are able to facilitate cross-border flows between, for example, South Asia and Africa, or intra-regionally between ASEAN markets - by providing our clients with better access to working capital finance and liquidity management solutions, we help them engage in cross-border trade and meet their growth ambitions.

A tale of two cities: The growth of regional treasury centres

Increasingly, multinational companies are looking to establish dual or multiple treasury centres across regions. These support international growth by providing local insight into regulatory trends and time zone flexibility to support quick decision-making. They also help companies headquartered in restricted markets with opportunities to grow internationally.

Historically, most companies have had a treasury department at their corporate headquarters. However, interest in establishing dual or multiple treasury centres across regions has accelerated in recent years as multinational corporations (MNCs) expand and look for ways to power growth and manage new international markets.

Regional treasury centres (RTCs) offer several advantages. Most obviously, they allow companies to support operations across different time zones with real-time services. By making local operations more efficient and responsive, they offer a cost advantage.

> As companies expand globally, time zones and having 'boots on the ground' really matter. By setting up an RTC, you are moving away from a singular global focus to accommodate the growth and complexity in emerging markets. Having your staff on the ground enhances your agility, especially in critical situations such as a sudden change in regulatory restrictions or repatriation of trapped cash.

Ruta Jukneviciute
Executive Director for Structured Solutions with expertise in the Middle East and Africa region, Standard Chartered

For instance, when the Central Bank of Egypt unexpectedly announced a new set of regulatory restrictions that affected the repatriation of funds, one company with extensive operations in Egypt benefited from having established an RTC in-country. Time was crucial since the changes took immediate effect and were expected to cause currency devaluation. The RTC was able to flag the regulatory changes as soon as they were announced, allowing the firm to act quickly.

The RTC team leveraged its understanding of national regulations and its established relationships with banks and regulatory bodies to quickly interpret the new rules and assess their impact. In collaboration with headquarters, the RTC formulated and implemented a strategy to comply with the new regulations, finding ways to renegotiate terms with local banks, invest extra liquidity and repatriate cash. By having "boots on the ground", the company was thus able to adapt quickly and minimise financial risk.

RTCs can also help companies access new markets, with local staff bringing important language skills and relationships. A local footprint brings a deeper understanding of market practices and helps businesses navigate complex regulatory landscapes – including the management of foreign currency exchange and liquidity in important growth markets.

This is especially useful for MNCs operating in restricted markets in Africa and East Asia. Establishing treasury centres focusing on these regions can help companies develop important relationships with local banks, and build a better understanding of complex regulations, risks and investment opportunities for cash that cannot easily be pooled back to headquarters.

Conversely, companies headquartered in restricted markets may use RTCs in freer markets to grow their international business.

> Often, MNCs would like to have a treasury centre outside of their restricted market, for example in locations like Hong Kong and Singapore, to manage the rest of the world.

Herman Koo
Executive Director for Structured Solutions with expertise in North Asia, Standard Chartered

By helping MNCs operate in complex markets, treasury centres can add strategic value to a business. "Treasury services can go beyond simple liquidity management, working to find opportunities to manage equity investments and develop the business," notes Ms Jukneviciute. "This is where treasury becomes strategic because it can bring that value to the CFO."

Growth markets for regional treasuries

Treasury centres have followed wealth creation, moving from the US and Europe in the 1980s, towards Asia. Today, high-growth regions are becoming new hubs for RTCs, from Shanghai to Mauritius and Malaysia.

MNCs continue to structure for tax efficiency, making the Middle East, where corporate income tax is low, especially attractive. The UAE's open regulatory system supports its growth as a hub, as does its position as a gateway to African growth markets. European, American, and Chinese companies in sectors such as mining, logistics, manufacturing, and energy have set up treasury centres there to manage their operations across the Middle East and Africa.

In Asia, Hong Kong and Singapore are hubs, offering the most mature financial markets, regulations, and legal systems.

Many Chinese CEOs look to Hong Kong to establish a treasury centre outside China, due to language and cultural affinities as well as its unique position under "One Country, Two Systems". Hong Kong's government also halves the profit tax for corporates who establish treasury centres there, under a Corporate Treasury Centre tax regime, which involves no pre-approval processes or sunset clauses.

Singapore, meanwhile, provides a base for companies in sectors such as pharmaceuticals looking to expand through ASEAN, Asia and beyond. Like Hong Kong, Singapore's government provides incentives to support its growth as a centre for treasury management activities. For example, under a new Finance and Treasury Centre Incentive, it offers tax inducements, including a reduced corporate tax rate on income from treasury centres.

Best practices for building dual or regional treasuries

There are many factors to consider in building successful dual or multiple treasury centres, but three stand out.

First, integrating finance and treasury technology systems is crucial. In the past, RTCs became a point of fragmentation between companies' regional operations and headquarters, creating problems with multiple cash balances and a complex web of internal treasury management systems. It is important for companies to avoid this trap by ensuring that regional systems are seamlessly connected and harmonised with headquarters.

"The technology is the backbone of effective treasury set up. It is very important that a treasury management system is implemented not only at the headquarters but also at all RTCs, ensuring that all treasury data is captured in the system and communication between headquarters and RTCs is effective," says Ms Jukneviciute. "This will not only streamline processes but also minimises the risk of human error, leading to more accurate and reliable financial reporting and cash flow forecasting."

Second, companies looking to establish treasury centres should prioritise strong governance, which is vital to align processes and procedures internationally, and to bridge gaps between regions. When establishing treasury centres, it is important to define their relative roles and responsibilities, and to align rules and standards. Headquarters need strong visibility and oversight of treasury centres to ensure proper governance.

"Alignment of processes and procedures is key when you have different treasury centres, because otherwise you have a variety of processing procedures, and this may cause problems with internal audits," says Mr Koo.

Third, leaders should invest in local talent. Many of the benefits of RTCs rely on human insights and relationships. Talented staff are needed to form relationships with local banking partners, and to gain a deep understanding of market risks and investment opportunities. This is especially important in restricted markets, where debt may need to be raised locally, and where cash cannot be returned to headquarters.

Companies should also leverage the expertise of their banking partners. For example, Standard Chartered offers a unique proposition to international corporations looking to establish treasury centres in different regions and facilitate growth. It offers both cash and risk management capabilities, while its global presence gives it a strong presence in growth markets, matching the footprint of globalising corporations. Its team is also unique in the market, comprising experts of varied backgrounds, with deep experience in setting up treasury centres.

Its advantage in structuring treasury services gives clients much-needed flexibility as they establish dual or regional treasury centres. Rather than offering boxed solutions, Standard Chartered's approach is to first understand clients' challenges before designing customised solutions that suit their needs.

> If we have clients looking for a solution that doesn't exist in the market today, we can work with the client on co-creation. We listen to our clients' problems, and work together to find the solutions they need.
>
> **Ruta Jukneviciute**
> Executive Director for Structured Solutions
> with expertise in the Middle East and Africa region,
> Standard Chartered

Partnership for scaling the adoption of Sustainable Aviation Fuel

Many organisations seeking to transition to more sustainable energy sources can relate to the following chicken-and-egg dilemma: how do you scale demand for alternative fuels in order to increase their supply and bring down cost? DHL Express encountered this conundrum in its quest to transition to Sustainable Aviation Fuel (SAF) within its aviation network.

Partnerships are proving key to driving supply and demand to help build scale for SAF. Standard Chartered was the first global bank to explore SAF as a more sustainable fuel alternative by joining forces with DHL Express through its GoGreen Plus programme.

Decarbonising the skies: a vision and a challenge

For DHL Group, new solutions for air transportation are essential to providing more sustainable logistics over the long-term. The company's air freight network accounts for around 90 per cent of its carbon footprint. Therefore, improving aviation sustainability at DHL Express, the division for air express transportation services, is crucial to achieving net-zero emissions by 2050.

A multi-pronged strategy for decarbonisation includes solutions to burn less fuel (i.e. demand management) and solutions to burn cleaner fuel. However, burning cleaner fuel offers a larger contribution to sustainability for its carbon emissions. This involves DHL Express transitioning to cleaner and more sustainable energy sources, such as the use of e-vehicles in its first and last mile operations and the use of SAF in its aviation network.

Whereas conventional carbon-intensive aviation fuels derive from mineral oil, SAF is made from alternative raw materials with a more sustainable energy profile, including used cooking oil, waste and hydrogen. IATA, the International Air Transport Association, estimates that SAF could contribute to as much as 65 per cent of the reduction in emissions that is necessary to reach net zero by 2050.

DHL Express aims to achieve a minimum of 30 per cent blending of SAF into its aviation network by 2030. However, the current cost of SAF is nearly three times higher than traditional jet fuel. A key challenge for SAF is the lack of a sufficient supply. Demonstrating demand for SAF could help to encourage more SAF producers to scale their production. This would reduce the price, which would in turn increase demand, thereby creating a virtuous circle.

Fueling the market by building a network of partners

Growth in demand and supply is essential to scaling the market for SAF in order to pave the way for its broad adoption. This is a difficult task, but DHL has clear ambitions to lead the industry in this direction.

Towards this end, DHL Express launched its GoGreen Plus service in 2023 to enable customers to reduce the CO_2 emissions associated with their air freight. The programme allows customers to co-invest in SAF simply by adding the cost to their shipping fee. GoGreen Plus is made possible by three of the most significant SAF supply contracts with BP, Neste, and World Energy.

> Reducing carbon emissions in the logistics industry is vital to mitigating the impact of climate change. It is a long-term journey that requires like-minded partners and customers to join together in scaling the growth of sustainable solutions for emissions reduction.

Yung Chiun Ooi
Senior Vice President for Commercial Asia Pacific,
DHL Express

Standard Chartered's partnership with DHL Express through the GoGreen Plus programme began with the bank's procurement organisation, which has visibility of the entire supplier ecosystem across the bank. This vantage point has enabled the procurement group to work with Standard Chartered's supply partners to support the bank's net zero ambitions. Previously, Standard Chartered participated in the GoGreen programme, which began in 2011. The earlier programme used a traditional carbon offsetting surcharge. GoGreen Plus was a logical expansion of this longstanding partnership.

> We did not hesitate in working with DHL on the GoGreen Plus programme to make a real and actionable reduction in our carbon footprint whilst continuing to serve our customers. Many of the bank's customers are pursuing more sustainable practices and they expect their partners to follow suit. The use of SAF aligns with this shared commitment to continuously improve our sustainability practices and overall approach, while continuing to deliver for our stakeholders.

Rob Davidson
Global Category Lead, Procurement,
Standard Chartered

Leading the charge with global trade

As one of the largest trade finance providers in the world, trade was an obvious starting point for Standard Chartered's participation in GoGreen Plus. "Our customers, both importers and exporters, entrust us with their crucial trade documents," says Khuresh Faizullabhoy, Managing Director and Chief Operating Officer, Trade at Standard Chartered.

"We are required to deliver these documents, worth billions of dollars, quickly and securely. For years we've been partnering with DHL to ensure these valuable documents reach their destinations swiftly and efficiently. We sought a way to reduce the fuel emissions that result from this essential courier service."

SAF can help the bank to reduce lifecycle emissions of typical aviation fuel by up to 80 per cent compared with traditional jet fuel. The bank estimates that it will save 3,780 tonnes CO_{2e} between 2024 and 2030. The partnership is part of the bank's efforts to invest in emissions reductions projects within its supply chain across a diverse set of services. The GoGreen Plus programme allows the bank to spread the cost across a wider cross-section of consumers of the service.

> Whilst the digitisation of trade documentation is progressing, through this agreement to scale the use of SAF with our logistics partner DHL Express, we will jointly drive down emissions that would otherwise be generated from this essential service. This is a win-win for our customers and in line with our own commitment to delivering net zero across Standard Chartered.
>
> **Khuresh Faizullabhoy**
> Managing Director and Chief Operating Officer, Trade, Standard Chartered

Building market momentum

Standard Chartered hopes to set a positive example that encourages other organisations to adopt cleaner fuels as part of the collective effort to achieving net-zero emissions. Partnerships, through collaboration amongst industry players, are key to building momentum for solutions such as SAF to make sustainability initiatives sustainable themselves. This partnership provides a playbook for others who are committed to sustainability practices to adopt a similar approach, which should help make SAF more mainstream, thereby driving broad adoption.

In 18 months, the GoGreen Plus programme is experiencing very positive customer demand. More than 90,000 customers across Asia Pacific have signed up for the programme so far, and the programme has recently welcomed more global companies. Yung Chiun Ooi explains, "When we partner with the right providers and the right customers with like-minded carbon goals, it shows what we can accomplish together."

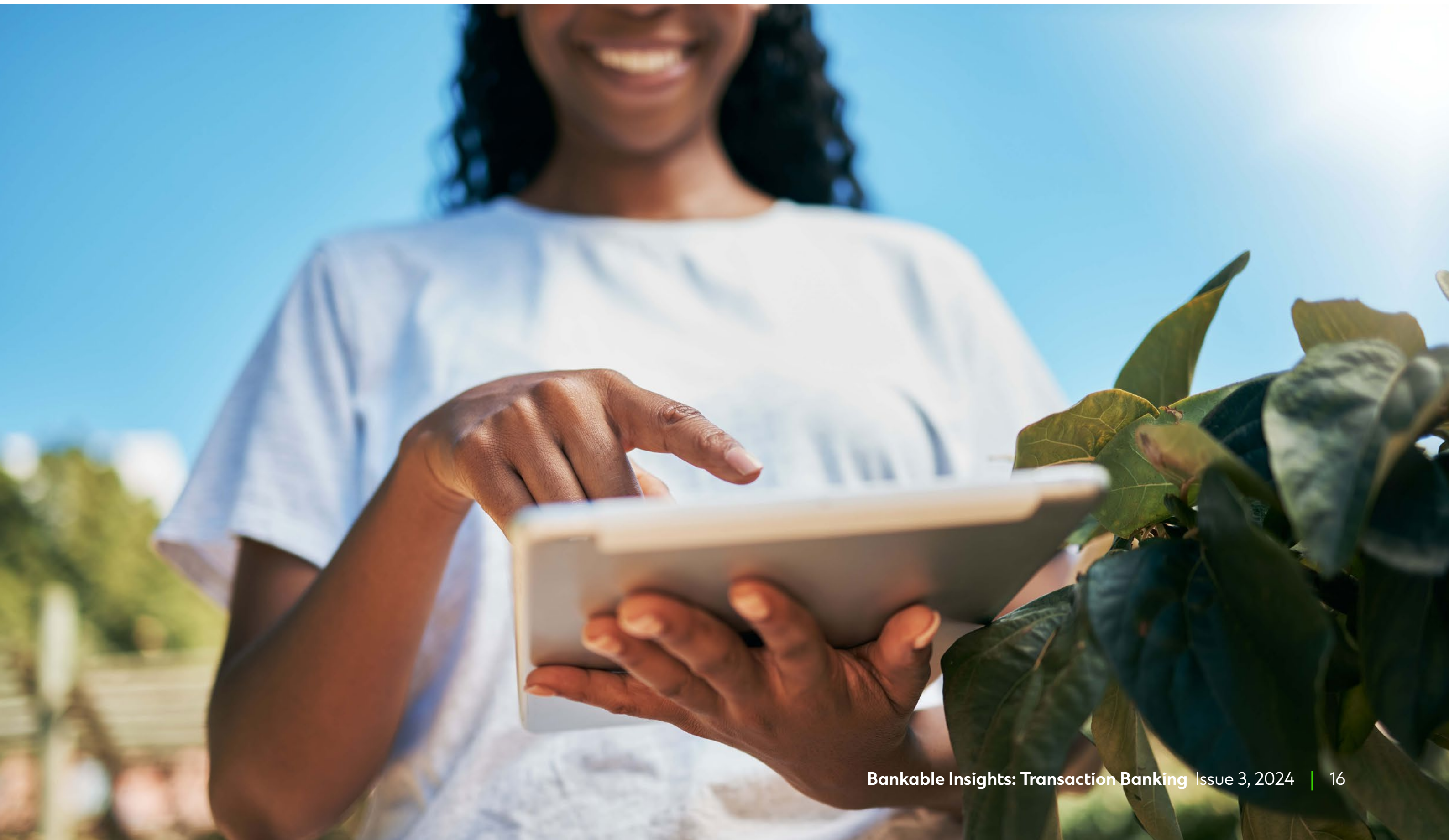
Why digital supply chain finance could be a game changer

Digital solutions have the potential to bridge the trade finance gap – but only one in five businesses are using them. How can we incentivise adoption?

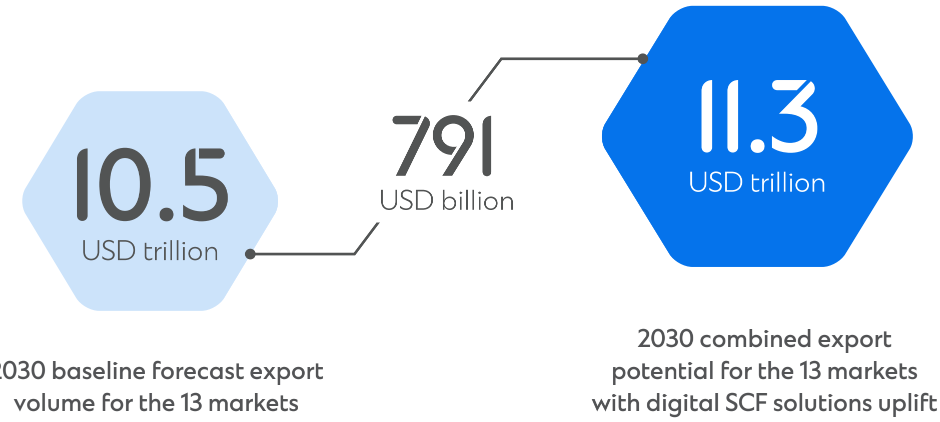
Adopting digital supply chain finance (SCF) solutions could boost trade in Asia, Africa and the Middle East by 7.5 per cent to USD11.3 trillion by 2030, bridging the trade finance gap and making global trade more sustainable, inclusive and transparent.

The Asian Development Bank estimated that the global trade finance gap reached USD2.5 trillion in 2022, due to macroeconomic factors, geopolitical tensions and increase in rejection rate of trade financing requests. SMEs are disproportionally affected when it comes to rejected applications, compared with multinationals and large corporations.

The trade finance gap exacerbates inequalities and increases supply chain fragility. When SMEs are unable to secure the capital they need to weather disruptions or fulfil orders, the global flow of goods is disrupted, negatively impacting trade and economic growth.



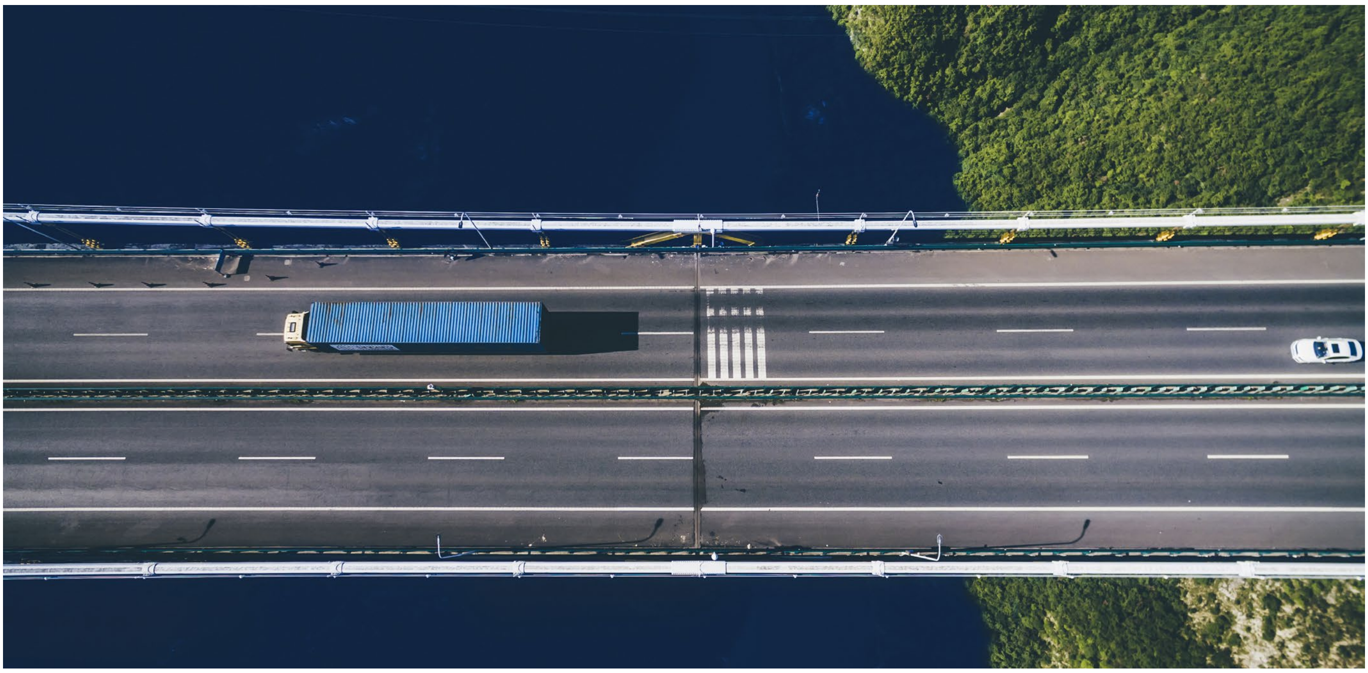
Digital supply chain finance solutions could unlock additional export potential



Our Future of Trade report shows that digital SCF solutions can improve SMEs' access to trade and working capital and can unlock USD791 billion of additional export in 13 key markets[1].

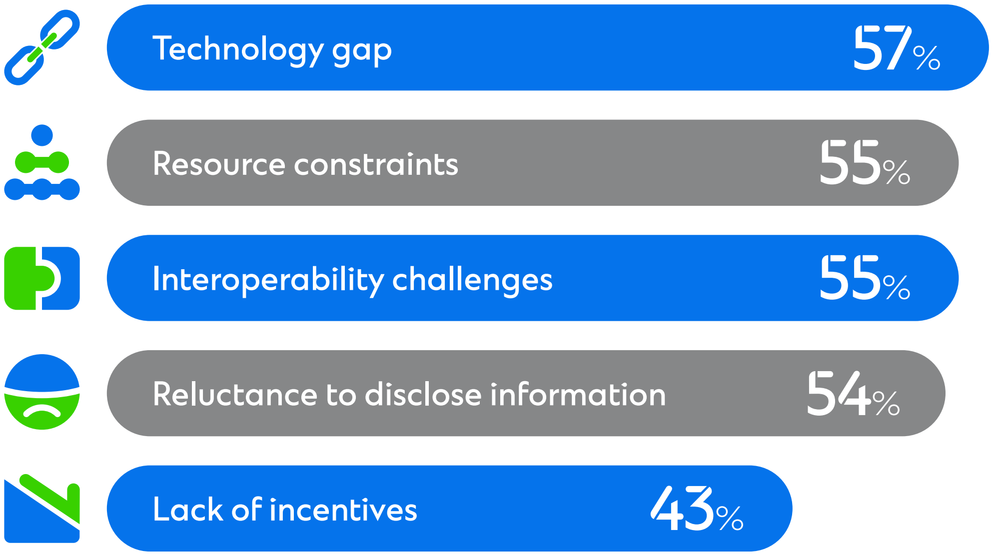
With more SMEs onboarded to such solutions, organisations purchasing goods can diversify their supplier base and improve supply chain resilience. In addition, this enables tracking of ESG-aligned sourcing and commercial behaviour across the entire supply chain.

Although digital SCF solutions have wide-ranging benefits, they are currently underutilised. Our survey with over 100 business leaders shows that they express strong interest in such solutions, but only 18 per cent of them have implemented digital SCF solutions.



[1] Bangladesh, Mainland China, Hong Kong, India, Indonesia, Kenya, Malaysia, Nigeria, Saudi Arabia, Singapore, South Korea, the UAE and Vietnam.

Technology gap is the top barrier for business to adopt digital SCF solutions



Percentage indicates the share of respondents that selected a given barrier as one of the top three barriers for greater digital SCF solutions adoption.

Among the barriers, almost six in ten business leaders cited technology gaps as the key inhibitor to wider adoption. 55 per cent of respondents also feel that there are limited resources available to adopt and maintain SCF solutions, and face challenges when integrating this with existing systems. Additionally, 43 per cent of business leaders cited that there is a lack of external incentives for businesses to adopt SCF solutions in their organisation.

Currently, tracking the supply chain carbon footprint – an attractive add-on for digital SCF solutions – is not directly and widely incentivised. Legislations that encourage businesses to track and report the direct and indirect emissions could be a necessary incentive to promote greater adoption of SCF solutions.

Besides legislation, governments could directly address other key barriers to adoption of digital SCF solutions, by providing businesses with much-needed subsidies and technical assistance.

Multinational businesses should take up the mantle in leading SCF solutions adoption in the business community and leverage their position in their supply chains to drive positive changes.

Only through close public-private partnerships, can digital SCF solutions be extensively adopted in markets around the globe and the technology benefits realised.

Case study feature

One-stop cloud-based solution supports OANDA's ambitions to scale and grow efficiently

Consultative approach of implementing a one-stop cloud-based payments and collections solution was key to improved workflow efficiencies and visibility of funds and transactions for OANDA across the globe.

> Standard Chartered, by offering comprehensive Cloud-based solution covering key areas such as foreign exchange, prime brokerage, bank transfers and investments, goes hand in hand with OANDA's mission to support its clients globally in the most effective way possible.

Philip Holemans
CFO, OANDA

Results

One-stop cloud-based solution encompassing foreign exchange, payments, collections, and reconciliation

Visibility of funds and transactions across the globe

90 OANDA client accounts on-boarded in just 8 months

Background

OANDA is one of the world's leading online trading groups, offering multi-asset trading, currency data, and analytics to corporate clients around the globe.

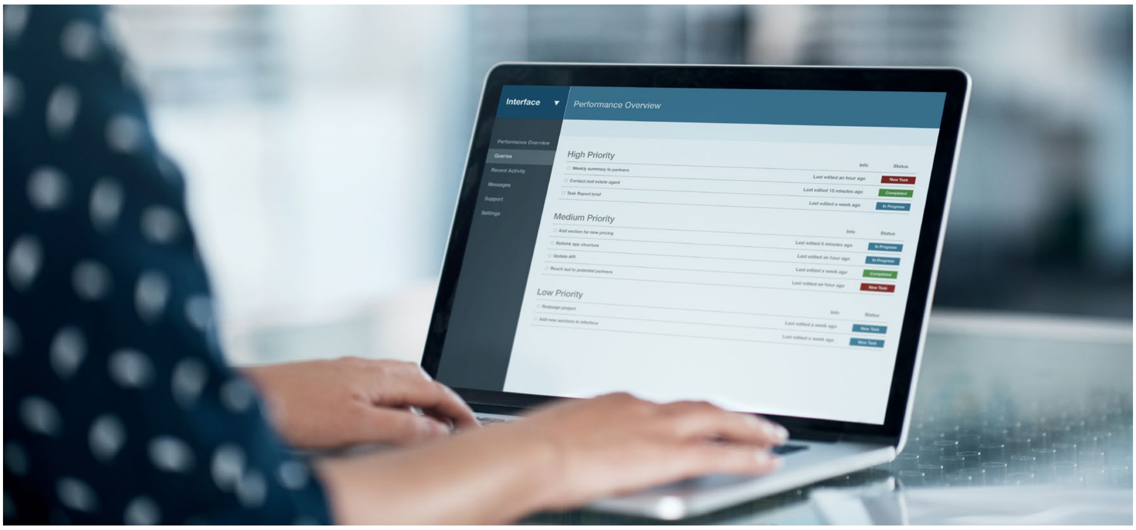
Standard Chartered was appointed as OANDA's cash management provider for payments and collections in the United States, United Kingdom, and Singapore. Standard Chartered is OANDA's foreign exchange (FX) prime broker for its retail FX business internationally.

Objectives

OANDA wanted to streamline its payments and collections flow – including FX – to improve workflow efficiencies and visibility of funds and transactions for its corporate treasury teams.

It was also looking for opportunities to increase the speed of making payments and clearing of funds, as part of enhancing the end-user experience for its corporate clients. The scope for an initial pilot included implementing host-to-host connectivity for 90 OANDA client accounts across the United States (via Automated Clearing House, ACH), United Kingdom (via Single Euro Payments Area, SEPA, and Banker's Automated Clearing Services, BACS), and Singapore (via Instant Transfer, IBFT).

> The Implementation team's creativity and ability to think outside of the box in face of challenges is representative of Standard Chartered's in-market expertise and strength in bringing complex solutions to life for its clients.
>
> **Lukasz Malyjurek**
> Head of Treasury and Client Cash Management (CCM), OANDA



Solution

Standard Chartered's award-winning **Straight2Bank** digital platform offered OANDA a secured connectivity and third-party integration, which were utilised for critical payment and reporting flows. The reconciliation process for billing was further simplified using reports from Standard Chartered's Global Payments Billing Service.

The solution also offered direct access to ACH, SEPA, BACS and IBFT networks from one centralised instance. OANDA no longer needs to maintain multiple local accounts and can instead benefit from predictable turnaround times and automated FX conversion to improving workflow efficiencies while ensuring that its international payment operations run smoothly.

Implementation

The expertise of Standard Chartered's Transaction Banking Global Implementation team in industry best practices was key to meeting OANDA's objective. The Implementation team provided a consultative review to understand OANDA's infrastructure and business needs before recommending and implementing the solution.

As the speed for migration from partner bank to Standard Chartered was crucial for OANDA, transition management was essential for the Implementation team to maintain onboarding oversight of each of OANDA's 90 client accounts. Relevant teams in both OANDA and Standard Chartered, such as technology and product, were also proactively engaged in anticipation of requirements to facilitate a smooth rollout.

> This exemplifies our Implementation team's strong consultative approach to guide clients through transitions, moving from partner bank to Standard Chartered.
>
> **Arlene Gan**
> Global Head, Global Implementation, Transaction Banking, Standard Chartered

Adopting a growth mindset

An interview with Michael Spiegel, Global Head of Transaction Banking at Standard Chartered.

From the birth of transaction banking in the 1990s to the rise of GenAI, Michael Spiegel shares his views on the evolution of cash and trade, and the importance of adopting a growth mindset.

Tell me about your background and career history.

I'm from Reutlingen, which is southwest of Stuttgart in Germany. I actually grew up speaking Swabian which is a German dialect spoken mainly in south-west Germany – in a way, my first foreign language was High German.

I started off with an apprenticeship at Deutsche Bank, and at the end of it they offered me the chance to enter a development programme, rather than going to university full-time. The programme involved studying in the evening for two or three years, and I extended that with a management course for another three years to gain the equivalent to a university degree, and the opportunity to work abroad.

As I was more interested in the opportunity to explore the world than full-time university/academics, I joined that development programme. And so in December 1993, my international career started by moving to Vietnam. I wanted to experience the world, and Asia sounded interesting. As French author Andre Gide said, "Man cannot discover new oceans unless he has the courage to lose sight of the shore." I returned to Germany in August 2017, so almost 24 years later.

Michael Spiegel
Global Head of Transaction Banking
Standard Chartered

How have you seen the world of transaction banking evolve in that time?

When I started in banking, the payments department took care of domestic payments, and the foreign department took care of documentary and non-documentary cross-border payments. There was no such thing as a transaction banking department – it was only in the mid-90s when banks started talking about transaction banking as a wider discipline.

It's interesting to see how much has changed, and also how some key values are still the same.

When I look at transaction banking, particularly trade and cash, I look at facilitating commerce. We power the real economy, and deliver excellent services to our clients to help them focus on their core business. And these values have been the same since I started in this industry.

Where we've seen the most evolution in cash and trade is in how technology enablement has helped the industry, and also how fintechs have helped banks realise that we need to innovate. I welcome working with fintechs, and with large tech companies – they partner with us to deliver better solutions – and there's clearly been a disruption in the market. The evolution has been much more dramatic in the area of cash than in the trade space. Think about the instant payment schemes, tokenisation of deposits, alternative communication channels, central bank digital currencies (CBDCs). It's the payments space that's currently attracting the most attention, because that's where most of the innovation and disruption is happening.

You previously had a long career at Deutsche Bank. What prompted your move to Standard Chartered in 2021?

Any institution is defined by its core value and purpose, and by its people. In my mind, Deutsche Bank is more anchored in the developed world, with a strong footprint in emerging markets. I played in the Champions League of a strong developed world bank for a long time, and then I got an opportunity to play in the Champions League of a bank that is anchored in the developing markets, with a strong connection to the developed world.

Standard Chartered has people in more than 50 markets, so we have a pretty unique footprint. We are strong in Europe and the Americas and particularly strong in Asia, the Middle East and Africa. This was very attractive because I fell in love with the dynamism of the developing world. Even when I lived in New York, I travelled into Latin America quite a bit. Likewise, when I lived in London, I spent quite a bit of time in the Middle East and Central and Eastern Europe.

We're present in some of the world's most dynamic markets, and I'm also in the 'coolest' business in the world, because we facilitate commerce and power the real economy.

What's also important for us, for our kids, and definitely for our kids' kids, is the sustainability angle. Standard Chartered has been active in this space with leadership in several sustainable finance areas. This allows us to support the increase in demand that we have seen over the past couple of years for such solutions.

What have you learned about doing business in Asia Pacific?

There's no such thing as Asia Pacific as such! Geographically there is, of course, but when it comes to doing business there are lots of nuances across the different markets, with different cultures and values. Asia Pacific houses not just some of the largest economies, but most of the world's largest populations and most dynamic markets.

These countries have started interacting more with each other. For example, ASEAN has become the largest trading partner to China – that wasn't the case just a few years ago. You also see a lot more collaboration now. So I think it's one of the most promising regions – highly competitive, and highly diverse in itself, which makes it fascinating to work in this region. It's incredible how fast innovation has happened in the areas of e-commerce and related payments solutions in China, India and across ASEAN.

How can banks and corporates adapt to the uncertainties of the current environment?

There's a lot of uncertainty right now in many places, particularly given the record number of elections taking place this year. The world is changing, but that isn't new – it's just that the more recent generations haven't lived through periods like the Asian Credit Crisis, the Western World Financial Crisis, and the Cold War. Banking, and in particular Transaction Banking, is a long-term business, and I am of the fundamental opinion that you have to see through the cycle while being nimble.

To remain successful over time, it's important to remain curious and have a growth mindset, which includes being willing to accept failure as an opportunity to learn and do better.

It's also vital to be able to adapt. There are concerns about generative AI and computing and what that means for people's jobs. But skills and the labour market have already substantially changed a lot in the last 30 years: new opportunities arise, and new jobs are created. Many children today have no idea what sort of job they will have in the future. I would suggest to look at AI as the tool to further develop IA or Intelligence Augmentation. In simple terms, how we make use of technology to enhance human intelligence and cognitive abilities. In banking, there are and there will be massive opportunities.

What's clear is that human skills and leadership capabilities will continue to become more important. We all have to stay agile, keep looking forward and be aware of what people's needs are, because human interactions will only become more important. We are further developing as a skills based organisation to nurture and hone the skills and talent for tomorrow.

This article was first published on Treasury Today.

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Bankable Insights: Transaction Banking

Issue 3, 2024: Scaling for growth

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