

Our strategy

Taking Standard Chartered to the next level

Transforming the way we deliver services to meet our clients' needs is at the core of our strategic priorities and critical to our success.

We are executing our refreshed strategic priorities that we announced in February 2019. We have made good progress in the year and we are on track to deliver our objectives. Going forward, we remain committed to these objectives while leading the transformation of the banking industry.

Our strategic priorities



Purpose and People

Understand our responsibilities

We view our experience and expertise in managing risk across complex markets and products as a competitive advantage. We aim to drive up standards of governance, ensure fair outcomes for clients and markets and continue to partner with others in fighting financial crime. We are further developing our Financial Information Sharing Partnership and increasing our Correspondent Banking Academy Programme.

Lead sustainable financing across emerging markets

We are maintaining our focus on supporting sustainable economic growth, expanding renewables financing and investing in sustainable infrastructure where it matters most. We will continue to facilitate the movement of capital to drive positive social and economic impact in our markets. In 2019, we launched our first emerging market-focused Sustainability Bond and the world's first Sustainable Deposit.

Support the communities where we live and work

We tackle inequality in our markets through Futuremakers by Standard Chartered, which works with local and global partners to deliver community programmes focused on education, employability and entrepreneurship. Our programmes support young people, particularly girls, women and people with visual impairment. The Standard Chartered Foundation, set up in 2019 to advance charitable purposes, will be the lead delivery partner for Futuremakers.

Maximise return from investment in our people

We want to deliver a client-centric environment with an inclusive culture that capitalises on the experience and unique diversity of our people. We are building a future-ready workforce, embedding digital, agile and people leadership skills. We aim to amplify the impact of our people by deploying them in markets that fit their capabilities and career aspirations.

Progress in 2019

Employee net promoter score + growth:

Year-on-year

+11.5  +0.2pts YoY

2018: +11.3

Employee net promoter score measures the number of promoters who would recommend the Group as a great place to work compared with detractors on a scale from -100 to +100.

Sustainability Aspirations met or on track

93.1%  +2% YoY

2018: 90.9%

Measuring progress against the targets set in our 11 Sustainability Aspirations.

Our strategy continued

Deliver
our
network

Leverage our unique footprint

Our unique network is a long-term source of growth and sustainably higher returns. We have continued to deepen our penetration among our core clients to fully realise the revenue potential of our network. Our footprint has enabled us to capture strong client flows as we focus on multinational corporates operating extensively in Asia, Africa and the Middle East, as well as investors and financial institutions that are seeking emerging market solutions. We are also positioned to take advantage of increasing sustainable finance opportunities in emerging markets.

Build on our strength in China

We will continue connecting our clients both within and beyond China. We are increasingly capturing growth opportunities arising from capital market opening, renminbi (RMB) internationalisation, Belt & Road corporate clients, offshore mainland Chinese wealth and the Greater Bay Area.

Grow with Africa

We aim to grow with our clients in Africa, focusing on capturing inbound flows of financial institutions, multinational corporations, and Belt & Road clients. Meanwhile, we have continued our Retail Banking client growth in Africa with our cost-efficient digital bank capabilities. We have now acquired over 150,000 customers on this digital platform (trebling previous client acquisition rates).

➤ [Read more on pages 26 to 29](#)

Progress in 2019

Corporate & Institutional Banking network income:

\$4.7bn  **+6% YoY**

2018: \$4.4bn

Corporate & Institutional Banking income generated outside of a client group's headquarter country.

Grow
our affluent
business

Meet the wealth needs of the affluent and emerging affluent

By continuously enhancing our offering for clients, we have been able to grow income as we attract new clients and improve our product mix (income from our Premium, Priority and Private clients increased 6 per cent YoY). In 2019, we launched a forex (FX) derivatives platform and introduced a 'Premium' banking service in 10 markets.

Enhance client experience with data and technology

We will increase our investment in data and analytics capabilities to generate a unique understanding of our clients and their needs, and in turn improve our offerings, deliver a personalised experience and increase client engagement. In 2019, we launched the Trade AI Engine in partnership with IBM to enhance the client experience in trade document processing.

We have been a core part of developing the FEAT (Fairness, Ethics, Accountability and Transparency) framework in Singapore and are embedding these principles in all AI offerings we develop.

Scale the non-affluent segment in a targeted manner

The rise of the emerging affluent is an important growth opportunity for our business. To profitably capture this opportunity, we will implement new business models, harness technology and work with non-bank partners to acquire and serve non-affluent clients with our target profile in a cost-efficient manner.

➤ [Read more on pages 22 to 25](#)

Progress in 2019

Affluent client income:

\$3.5bn  **+6% YoY**

2018: \$3.3bn

Income from Retail Banking Priority, Retail Banking Premium and Private Banking clients.

Optimise
low-returning
markets

Improve returns in markets where we are an international bank with trusted local capabilities

In markets where we can utilise our local and international capabilities, we have continued to improve our returns through our sharpened participation in Corporate & Institutional Banking and selectively in Commercial Banking and/or Retail Banking. In particular, we have focused on optimising the performance of four high-potential markets, namely India, Indonesia, Korea and the UAE.

Accelerate growth in our largest and most profitable markets

In markets where we are a top local universal bank and have attractive returns, we will participate in all of our business segments and invest to grow our market share.

Focus on Corporate & Institutional Banking in other markets

In markets where our capabilities are geared towards international business, we will reinforce our focus on originating and facilitating cross-border business with our Corporate & Institutional Banking presence.

Progress in 2019

Underlying operating profit before taxation in India, Indonesia, Korea and the UAE:

\$420m  **+10% YoY**

2018: \$383m

Aggregate underlying profit before taxation in the four markets; excluding Permata.

Improve productivity



Continue investing in productivity

Our investment in digitisation will continue to support productivity improvements and enhance client experience. We refreshed our digital platform with unified trade and FX capabilities in Corporate & Institutional Banking. In Retail Banking, we launched real-time client on-boarding on digital channels and refreshed wealth and FX platforms with full mobile access (Hong Kong transactions increased 15 per cent YoY).

Organise around client journeys

We are shaping our organisation around the journeys of our clients, to better align our processes and way of working with the needs of our clients and partners. In 2019, we launched journeys in cash management cross-border payments, retail credit card and personal loan on-boarding, FX, wealth lending, Private Banking on-boarding and investment advisory.

Unlock capital and liquidity efficiency

Since making Standard Chartered Bank (Hong Kong) Limited a wholly owned direct subsidiary of Standard Chartered PLC, the Group has moved its China, Korea and Taiwan subsidiaries under the new entity. We also consolidated our activities in Singapore in a new legal entity hub. These actions allow more efficient use of capital and liquidity that will over time result in a lower cost of funds for the Group.

Progress in 2019

Underlying operating income per FTE:

\$182k +5% YoY

2018: \$173k

Underlying operating income over the past 12 months divided by the 12-month rolling average full-time equivalent (FTE) employees.

Transform and disrupt with digital



Transform our Retail Banking business with digital

We have continued our strong momentum in digitising our Retail Banking business. For example, we have rolled out a full-service, cost-efficient digital bank in eight additional markets in Africa, and our joint venture with PCCW, HKT and Ctrip Finance has obtained a virtual bank licence in Hong Kong and will launch a new entity in 2020. Going forward, we aim to adapt and replicate these capabilities as appropriate across our footprint to enhance client experience, improve efficiency, gain market share, disrupt and build a future-proof retail bank.

Progress in 2019

Retail Banking digital adoption:

54.4% +500bps YoY

2018: 49.4%

Mobile and online adoption by active clients.

Corporate & Institutional Banking digital volumes:

\$157m +9% YoY

2018: \$144m

Financial markets sales income originated via e-platforms.

Consolidate our strong position with corporate clients

We have been leading disruptive innovations in corporate banking. In 2019, we launched an open digital platform for small and medium-sized enterprises in India, we completed our first cross-border letter-of-credit blockchain transaction in the oil industry with PTT Group on the Voltron platform and the first joint deep-tier supply chain financing transaction with Linklogis for Digital Guangdong.

We will continue to invest in cutting-edge digital tools and new corporate banking models.

See case study on page 50

Commercial Banking digital adoption:

68% +310bps YoY

2018: 65%

Percentage of Commercial Banking clients active on the Straight2Bank application.