

# Standard Chartered: Bangladesh's partner in progress

**I**N the immediate aftermath of Bangladesh's independence in 1971, the war-torn country was facing its first rite of passage to nationhood. Years of under-development and the horrors of war left the nation with many pressing needs, including finding a way to import essential commodities and vital industrial inputs. Complicating this task was the lack of a reliable international payment system – the banking sector had to be reorganised and gaining international recognition and trust remained a key area that was evolving.

At this historical inflection point, the country's oldest surviving financial organisation, Standard Chartered Bank, issued the sovereign nation's first external "Letter of Credit", achieving the first of many milestones in its unique strategic relationship with Bangladesh.

Since then, Bangladesh has achieved incredible socio-economic progress. The industries have flourished, while poverty levels have nearly halved since 1990. Inequality remains low and stable, defying regional trends. The country stands out among its peers in terms of many development indicators, not least of which is financial inclusion. Only last year, Bangladesh was the second fastest growing major economy in the world. And Standard Chartered's footprint in Bangladesh has also grown, having been a part of this exemplary growth story every step of the way.

Today, Standard Chartered is the only foreign financial institution in the country to offer the full spectrum of banking services. It works to help individuals meet their personal banking needs to more complex large project finance and arranging lease of aircraft owned by Standard Chartered group subsidiaries. The bank has about US \$4 billion in assets, including a capital of US \$460 million. It accounts for about half of all deposits and 58 percent of all assets in the foreign banking space.

Over the years, major impetus to our economic growth has come from rapid expansion of public and private enterprises supported by development of underlying infrastructure, requiring capital investments in the form of debt and equity. To this end, it has been Standard Chartered's mission to partner in the nation's economic progress by financing the critical growth engines. The bank has helped businesses achieve the right financing mix by proactively finding innovative solution for its clientele, mobilising significant private sector credit for telecommunications, energy and power, aviation, infrastructure (including cement, steel and allied industries) and export-oriented sectors.

Standard Chartered's contribution to the power sector has been especially noteworthy, with its engagement in multiple capacities accounting for more than 20 percent of the total installed power generation capacity of Bangladesh. The bank also takes pride in facilitating more than 60 percent of the nation's power import. In the aviation sector, Standard Chartered has helped Biman Bangladesh, our national flag carrier, modernise its fleet, acting as lead arranger for almost the entire fleet of Boeing aircrafts procured recently.

Accordingly, through these landmark deals and many others, Standard Chartered has established itself as a leader in the debt capital and loan syndication markets, closing the highest number of transactions in this seg-



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Standard Chartered financed 20 percent of the total installed power generation capacity of Bangladesh.

## MAJOR CONTRIBUTIONS

Operating for more than **112** years

Accounts for about half of all deposits and **58%** of all assets in the foreign banking space

Facilitated around **50%** FDI in 2016

Financed **20%** of total installed power generation capacity of Bangladesh in various capacities, and facilitated more than **60%** of nation's power import in 2016

Directly and indirectly supported more than **13%** of the country's trade and handled **30%** of all USD clearing in 2016

Commanded a market share of **95%** in bond deals and **75%** in loan syndication in 2016

**85%** market share among development organisations in 2016

ment till date and raising over US \$6.5 billion, equivalent of financing for vital sectors. In 2016, the bank commanded a market share of 95 percent in bond deals and 75 percent in loan syndication, with a total value of US \$420 million.

These achievements were only made possible by Standard Chartered's unique blend of deep-rooted local presence and capacity to capitalise on its network and product coverage, giving the bank access to diversified liquidity pools, low-cost offshore financing, and banking presence in key regions. The bank also has ready access to over 25 export credit and multilateral agencies, enabling the bank to secure low-cost, high-quality financing for future capital-intensive projects and infrastructure vital to meeting the nation's development aspirations. Beyond

our own borders, the bank can use its network strength to help local businesses go global, building manufacturing plants in Africa or trading hubs in South East Asia and beyond.

The remarkable progress in the country's real economy necessitated a rapid growth of the financial sector. Being an innate part of this sector, Standard Chartered has performed its responsibilities as a trusted partner to other financial institutions, starting from being a leader in raising Tier-2 capital to arranging the first structured funding transaction for banks. With its global footprint in key trade and investment markets for Bangladesh, the bank has become a major gateway for facilitating trade and payments. In 2016, the bank directly and indirectly supported more than 13 percent of the country's trade and handled 30 percent of all US dollar clearing.

However, trade, credit and investments are not the only contributions banks make to society. As a responsible corporate citizen, Standard Chartered continues to lead migration of best practices for the industry, especially those related to anti money laundering and financial crime prevention. The bank's contributions to the development sector, a key driver for financial inclusion, are also demonstrated by its 85 percent market share among development organisations and significant market share in microfinance space.

To support increasing complexity of business needs and risk management in our maturing market, Standard Chartered has been at the forefront of product innovation. The bank operates one of the country's most sophisticated dealing rooms with a diverse range of risk management products, pioneering a number of financial firsts - FX option in 2006, commodity derivative in 2008, and interest rate derivative in 2009, to highlight a few.

Standard Chartered has also been a market leader in introducing new technology that eases access to finance and lowers transaction costs. Its proprietary Straight2Bank banking platform has set new standard in terms of offering clients an integrated solution that automates cash, trade and securities services transac-

tions. Standard Chartered has also recently launched its global FX E-commerce system Straight2Bank Exchange (S2BX) for its partner banks in Bangladesh, enabling them to transition from voice trades to e-commerce FX trades. These banks can now improve efficiency and deal time through high speed execution, deep liquidity, broad currency coverage, and instant access to pricing offered by S2BX.

In order to maintain its growth trajectory, Bangladesh has over the years prioritised attracting foreign investments. Standard Chartered, itself among the largest foreign investors in Bangladesh, facilitated around 50 percent foreign direct investment (FDI) in 2016 and is continuing its efforts to bring in more foreign investment to the country. In 2016, it organised Bangladesh Investment Summit in Hong Kong. This was the sixth time Standard Chartered had organised an investment summit outside Bangladesh. As a regional investment hub, Singapore has been identified as a priority destination, and the bank has organised investment summits there in 2012, 2014 and 2015. Standard Chartered has also organised investment summits in London in 2013 and 2015.

The bank also worked for more than a year to devise a process flow enabling foreign institutional investors to access the Bangladesh government debt market and invest in Bangladesh government bonds. The introduction of this fresh investment channel had the desired effect of creating more active players in the secondary government securities market, giving it greater depth. At the time of writing, Standard Chartered remains the only bank providing access to Bangladesh bond markets to foreign institutional investors.

For its contributions to the banking sector and the overall economy, Standard Chartered Bangladesh has been recognised by a host of international organisations. Most recently, it has won the "Best Foreign Bank in Bangladesh" and "Best Foreign Investment Bank in Bangladesh" awards at the FinanceAsia Awards 2017, "Power Deal of the Year – Bangladesh" at Asset Triple A Asia Infrastructure Awards 2017 and "Best Foreign Bank" and "Best Digital Bank" at Asiamoney Banking Awards 2017.

"Standard Chartered has operated for more than 112 years in Bangladesh. During this time, we have never once closed our doors to our clients. We have continued to invest and grow in Bangladesh, steadily building up our presence over the years. With the encouraging trajectory of social and economic development in recent years, we see great opportunities in the country," said Naser Ezaz Bijoy, Managing Director and Country Head of Global Banking, Standard Chartered Bank, Bangladesh. As one of the largest and oldest foreign investors in Bangladesh, Standard Chartered itself demonstrates the opportunities that exist in the nation.

Bangladesh today finds itself on the cusp of change. It is ready to make the step up to a middle-income nation. As the nation continues on its growth journey, the banking sector must continue to play its part as a partner in progress. There will no doubt be challenges, but as Standard Chartered's 112-year old legacy in Bangladesh has shown time and again, this is a nation where the upsides continue to be far more significant.