HSBC The world's local bank

Analyst Roadshow to Asia-Pacific

Rakesh Bhatia,
CEO Indonesia

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Strong mid-term growth

growth for the last year and this year as well would be over 6%. The investment which came into the country last year was $16b. $10b as portfolio investments, $6b as foreign direct investment.

I see that in the next 12 to 18 months there is election and there is current inflation threat across Asia, so the next 12 to 18 months will be more circumspect. But I can see that the smart domestic business groups are already trying to expand very aggressively because they know that after the elections, come 2010, the economic activity is going to shoot up

Financial performance

In 2007 we grew our profits by almost 45% to 50%. Now, they were flattered by credit issues in 2006. So in percentage terms there were credit issues in 2006 which were not there in 2007. Equally, there were a lot of investments in 2007 which actually reduced the profit. So if I gross up both, then I'm still growing at about 25%.

Broad based strategy

In terms of the joining up, a lot of international interest when it comes into Indonesia, we can help. So India, China, Korea, Japan, Middle East are increasingly coming to Indonesia for investments, and we can help them.

Equally, the Amanah, which his the Islamic brand, we can pick up a lot of best practices from Middle East and from Malaysia and make sure that we are doing the same thing in Indonesia as well.

We've got a unique opportunity in Indonesia, that we can actually build scale. So we had 15 branches at end of December. And today I've got 80. What we have done is we've converted all our consumer finance outlets, about 60 of them, into normal branches. So all 80 branches can now do all banking activities. Now that gives me tremendous scale.

We've got a very strong market share in the Premier, in the top band, and the global Premier, where the joining up really helped a lot. Our global Premier deposits are up by about 50%, 55% over last year. Our numbers are going very robustly.

We're also investing a lot in the payroll business, again with the branches, with the operational expertise we've got with the brand and with the strong corporate franchise, you get all the employees and deal with their payroll. We've got some investment knowledge from Latin America HSBC where it was very powerful.

Along with that we've got the global markets business which is very profitable which has got a significant trading element to it and a very fast-growing sales element to it. So one of my main objectives is to make sure that the global market business penetrates my corporate banking business, the franchise business. So the franchise revenues are up almost 75%.

Benign regulatory environment

From a banking regulatory perspective, it is a user-friendly place. So actually I'm fortunate. The policies are clear. They're helpful. And once they also formulate a policy on public spending, you know, infrastructure, roads, bridges, railways, etc., then there will be a lot of domestic and foreign investment coming into the country. That's when you will see growth rates like India and China, I think. That's all ahead of us because that's not happened yet.

So if we can put our platforms across all businesses in place, when this above-trend growth will happen, we will be one of the key players who will be taking advantage.

Unique strengths

There are a few things which we have got unique. One is that we are one of the few ones amongst international ones who are investing very aggressively into the scale. So I'm trying to build scale, which not everybody else is trying to build. The second is, as compared with the domestic banks, we've got a very strong international product offering, so the global Premier and the cross-border funding, etc., cross-border investments as they come to us. And the Amanah piece, all are very unique to HSBC. This is what we bring to the table.

Right to win

We are already a very established brand for a significant period of time. So we are not new. The second is that our approach is totally new in terms of trying to build scale. And then around the scale we're building propositions, both on the corporate, the SME and on my retail side. And I think that is what is going to be new, that ht scale will be able to take advantage across all segments.

As the economy expands, as it takes its place in the sun with all the public and private investment that will happen and the foreign investment that will happen, we would be again in pole position to take a corporate share, market share of the corporate world as well.

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