

## **Sunil Kaushal Is Taking Standard Chartered Down A Bold New Path In MEA—One Led By Digital**

When you walk into a run-of-the-mill block in Dubai's International Financial Center, you don't expect walls full of shelves and showcases housing artifacts, ornaments and fashion. Standard Chartered's Dubai base is different—in parts it's more gallery than office. "It's a reflection of our footprint in Africa, Asia and the Middle East," says Sunil Kaushal, Regional CEO for Africa and the Middle East, which spans over 25 markets in two continents.

The ambiance reflects the story of the division's welltravelled Indian leader—number two in Forbes Middle East's ranking of the Top Indian Executives Making An Impact In The Middle East 2019. Now based in Dubai, Kaushal, 54, reminisces as he looks around his office. "I'm very fortunate to have worked in most parts of the world in some shape or form," he smiles. "It's been a good run. There's never been a dull moment."

U.K.-based Standard Chartered also claims to be on a good run currently, reporting a substantial increase in underlying profits before tax of 28%—from \$3 billion in 2017 to \$3.8 billion in 2018. However, annual reporting of statutory profit after tax tells a conflicting story, reporting a 13% drop from \$1.26 billion in 2017 to \$1.1 billion in 2018, partly due to restructuring and regulatory costs. Forbes' Global 2000 list placed the bank at number 357 for 2019, down from 309 last year, with a market value of \$28.9 billion.

Ups and downs are arguably not unusual considering the transformative period the 150-year-old bank is currently going through. In Africa and the Middle East, Kaushal is spending a lot of his time on technology, aggressively leading Standard Chartered's push into digitization as the lender looks to capitalize on the region's growing hunger for digital banking solutions.

According to McKinsey research, more than 80% of banking consumers in the U.A.E. and KSA alone, and 40% in Africa, prefer to use digital channels, visiting branches only on occasions when their needs are more complex. "Digital banking is no longer only an option; it has become imperative for banks and financial institutions to succeed," says Dr. Saeeda Jaffar, Managing Director & Co-Head of the Middle East Office for Alvarez & Marsal. "What consumers really want is choice."

McKinsey's research suggests that banks who fail to provide reliable, engaging digital experiences could find themselves irrelevant in less than five years. That's unlikely to happen to Standard Chartered. In March last year, it opened its first ever online-only digital bank in the west African country of Cote d'Ivoire under a Capturing Digital Initiatives project (it's no coincidence that both have the initials CDI). Don't glaze over at the digital banking mention—according to Kaushal this is more than just an app.

"What we're offering is all bank services on the mobile phone," he insists. "In many cases

most banks only have a front end that is digital and the rest of it, the middle office, is paper-based. Ours is end-to-end digital. That's where you really make an exponential change."

Cote d'Ivoire was chosen as it is one of the few countries in Africa, Asia and the Middle East where Standard Chartered has little retail presence and only one physical branch. Africa is also, according to Kaushal, at the forefront of technology in many ways. "They are leapfrogging and moving into digital adoption quite rapidly. We saw an opportunity there," he explains.

This made it the ideal place to test a completely online solution, not just for payments and transfers, but for every service a bank offers, from loans to insurance and account management. Users can reportedly set up an account online in around 15 minutes and from that point on never need to set foot into a branch or suffer hours of being bounced around a call center. They can even track and trace a request submitted. This could be life-changing for the notoriously underbanked African market.

Having found success across eight markets in Africa within a year, with the launch of a ninth planned for September, Kaushal is aiming to replicate the model across the Middle East in the next 12 to 15 months.

It is a well-timed approach, as the Middle East's consumers begin to demand digital options. "The high penetration of mobile coupled with the demographics of a young, well-educated population are clear signs to the readiness of consumers to embrace digital banking," says Khaled Hilmi, Partner, Consulting at Deloitte Middle East. "This means a substantial investment not only in technology but in human capital and organizational culture change."

Standard Chartered embarked on the path of digitization a few years ago. In 2015, it committed to investing \$3 billion in technology over the following three years. In 2018, it launched its SC Ventures unit, which is dedicated to investing in digital innovation and fintech. The bank has also invested hard in blockchain, completing a pilot of the industry's first blockchain-based smart guarantees in trade finance last year.

It is something that Kaushal is clearly impassioned about. "We are only limited by our own thinking in terms of what we can achieve," he asserts. "If you look at the cost of delivery, if you look at the speed of delivery, if you look at the range of products you can offer—I think [technology] just opens up a different world once you start adapting and adopting it at an industrial level, at a large scale level."

This passion for the world of banking began young, albeit with a less specific goal.

Growing up in Mumbai in the 70s, Kaushal lived with his family on the premises of the steel company where his father worked as CEO. The senior Kaushal often took his children to visit the facility. Dusty, dirty, noisy and hot—the steel industry did not impress his son. The city offices that could be seen from the factory, however, left a different impression.

"There I'd see these nicely-dressed people, wearing ties, sitting in air-conditioning, and I thought what are they doing?" Kaushal remembers. Turns out they were in banking, finance, investment, etc. "I thought this is probably something I want. It's like when you take your first flight and you say I want to become a pilot. It was not a well-informed decision, but it grew on me."

He went on to study chartered accountancy and to receive his Bachelor of Commerce at

what was the University of Bombay, before cutting his teeth as a management trainee at KEC International and the Bank of Credit and Commerce. In 1989, he began a stint at American Express in Mumbai, which included a year on a management training program in New York. By the mid-nineties he was back in Mumbai again working with NatWest Markets, but in 1997 a new path that would take him around the world beckoned.

An old boss from American Express got in touch with an opportunity—he'd moved on to Standard Chartered in Dubai, and he wanted Kaushal to join him. "I really didn't show any great interest at the time," Kaushal remembers. He came for a visit anyway. A year later, convinced, he moved to the U.A.E. to head up the client relationships team and cohead wholesale banking in the Dubai office.

He wasn't there for long. Kaushal moved to Singapore in 2003 and was promoted to become the global head for SMEs two years later.

His big break came in 2008, after Standard Chartered had revealed that it was acquiring Hsinchu International Bank—one of Taiwan's largest banks—in a \$1.1 billion deal to reportedly capitalize on rising trade and investment in Asia. At that time, with a decade of experience under his belt, Kaushal was promoted into his first CEO role, for Standard Chartered Bank Taiwan, and moved once again, this time to Taiwan. He accepted his second CEO appointment and moved back to India in 2012 to oversee India and South East Asia.

Change came for the whole Standard Chartered group when Bill Winters, CBE, was appointed as group chief executive in July 2015. As the bank was plagued by allegations of misconduct and poor performance, Winters was brought in to clean things up and turn things around. He began almost immediately by restructuring the management teams, including reducing eight sub-regions down to four. South Asia was combined with ASEAN, and in October 2015 Kaushal moved back to Dubai to become regional CEO for Africa and the Middle East.

"When I took over, we were going through quite a tough time," Kaushal admits. "Moral was, I think suffice to say, pretty low. We realized we had made some mistakes, and that was the immediate focus."

It wasn't going to be easy, but for Winters, Kaushal was the right guy for the job. "Sunil has transformed our business across Africa and the Middle East through innovation in retail banking and further strengthening and focusing our corporate businesses," Winters reveals. "[He] has also positioned the bank in this region as a prominent player in global trade and investment, helping to establish us as the go-to bank for the Belt & Road Initiative, building on the U.A.E.'s role as a gateway to Africa and the Middle East for some of the world's fastest growing trade routes."

It has been a pivotal time for Standard Chartered. Over the last three years, Winters and his management team have set about sharply transforming the business, addressing one-by-one the key issues, including raising capital, risk management and adequate provisioning. Tough decisions have been made to save costs and set up a sustainable strategy for the bank.

Fundamental change takes times though. Having fallen short of growth targets in 2018, the bank is seemingly exploring further restructuring. It was widely reported in February that over the next three years Winters plans to cut costs by \$700 million in an effort to raise

return on equity to 10% by 2021—double last year's figure.

For Kaushal, Africa and the Middle East also come with their own challenges and unique characteristics compared to other markets. Significant investment continues to be made in infrastructure development in real estate, roads and energy, with a lot of economic activity determined by government spend. But the region remains built on resource-based economies.

As such, geopolitical pressures are impossible to ignore, although Kaushal assures that the bank has not yet felt any major disruption. There's a chance it never will. "If tensions continue to increase without leading to a confrontation, oil price will probably edge up, which would be beneficial to a certain extent (if there was no disruption to exports) for the banks in oil exporting countries," says Mohamed Damak, Senior Director, Lead Middle East & Africa Bank Ratings at S&P Global Ratings.

Remaining vigilant, as well as tapping into technology, the CEO is also putting his energy into strengthening the bank's network in this region, looking at how it can use its clout and scope to finance trade, increase the flow of capital, promote Islamic banking and continue to bridge the gap between east and west.

It is a heavy to-do list, but as Kaushal prepares to once again head to the airport—this time to Europe—he is clearly positive about the road ahead for Standard Chartered as a group, and the 25 markets he heads specifically. "The future is going to be about technology. We're redefining the way and disrupting ourselves in the process," he says. "I'm very excited to be a part of this journey."

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