

Intl bank sees big potential for SMEs in western market

By ZHANG HAIZHOU
zhanghaizhou@chinadaily.com.cn

Decked out in a navy pin-striped suit, white shirt and a dark tie, Goh Nai-Shin could easily be mistaken for your average banker in the City of London.

But Goh is proof that one does not have to work in the British capital's financial district to be successful. The Singaporean banker said there is just as much promise to be found in Chengdu, which is about 8,000 kilometers away.

"The group sees China as having great opportunities and within China, we see opportunities in the western region in particular, so we want to invest heavily here," said the 40-year-old general manager of the Chengdu Branch of London's Standard Chartered Bank and also the head of its department of small and medium-sized business in the western China region.

The oldest foreign bank with a branch in Chengdu, Standard Chartered established its first representative office in 1994.

In March 2005, the bank received approval to upgrade the Chengdu representative office to a full branch.

In December 2005, Cheng-

60
banks

69
insurance agencies

57
securities firms

13
intl banks

14
intl insurance companies
have set up their operations
in Chengdu.



The group sees China as having great opportunities and within China, we see opportunities in the western region in particular, so we want to invest heavily here. Now we see a trend that a lot of Sichuan businessmen are moving to Africa. We have an account network there. We have been in China for 150 years, and our history in Africa is as long as it is here."

GOH NAI-SHIN
GENERAL MANAGER OF THE CHENGDU BRANCH OF LONDON'S STANDARD CHARTERED BANK

du branch became the first branch for the bank in western China with the license to conduct a full range of foreign currency business with corporations as well as individuals.

"Standard Chartered has been at the forefront of promoting SME products. In terms of SMEs here, we are talking about micro-SMEs with annual turnover of \$10 million or lower," Goh said, adding his bank launched the product of business installment loans in the capital of Sichuan province in 2008 to provide one to three year term loans without the need to mortgage properties or third party guarantee.

"We see a lot of market potential," he said, noting more than 90 percent of the branch customers are local companies of which SMEs account for the majority.

Chengdu is transforming into the leading financial center in western China with the arrival of ever-increasing numbers of banks and institutions.

The capital city of Sichuan province is now home to at least 60 banks, 69 insurance agencies and 57 securities firms.

Thirteen international banks and 14 international insurance companies have branches in

COMPANY INFO

Headquarters: London, the UK
1,700 branches in 68 markets
89,000 staff globally
1858: set first China branch in Shanghai
1994: opened Chengdu Representative Office
2005: Upgraded to be a full branch in Chengdu
150 employees in Chengdu;
90 percent Sichuan locals

Chengdu, including Citigroup, HSBC, JPMorgan Chase and the Bank of Tokyo-Mitsubishi UFJ.

Now well established in the city, many multinational banks are looking to develop more local services in addition to catering to their global clients.

With its large number of financial institutions, Chengdu leads all other cities in western China in transactions.

Statistics from the city's financial office show that the balance of deposits in its financial institutions reached 1.7 trillion yuan (\$275 billion) in 2011, with a loan book worth 1.37 trillion yuan.

Revenues in the city's financial sector that year hit 52.4

billion yuan, accounting for 8 percent of Chengdu's GDP.

But Goh, who has been in Chengdu for a year and a half, said the local financial market is "still in initial phase".

"We need to educate customers when introducing financial products to them," Goh said, adding that customers in mature markets, such as Beijing, Shanghai and Shenzhen, tend to use more sophisticated products.

But he noted that companies in Sichuan "are able to change" and are "willing to try new things and accept new ideas".

In addition to its expertise in serving SMEs, the other strength of Standard Chartered, Goh said, is its global network, especially in Africa and the Middle East.

"Now we see a trend that a lot of Sichuan businessmen are moving to Africa. We have an account network there. We have been in China for 150 years, and our history in Africa is as long as it is here," he said.

When a Sichuan firm decides on a major move in Africa, such as a merger, Standard Chartered will have a local team to help the customer.

A leading international banking group, Standard Chartered has about 1,700 offices in 68 markets, employing more than 89,000 staff.



PROVIDED TO CHINA DAILY
A branch of Standard Chartered Bank in Chengdu. It was one of the first foreign banks to open an office in Sichuan's capital.

It earns around 90 percent of its income and profits in Asia, Africa and Middle East.

The group opened its office in China in 1858 in Shanghai and now employs more than 8,000 staff.

In Chengdu, it now has a

total of 150 employees, more than 90 percent of whom are Sichuan locals, Goh said.

"Although we are international bank, we believe we need to build a local talent pool so the business can be sustainable in the future," he said, noting

the market share of Standard Chartered in Chengdu is still as small as below 5 percent.

"So there is a huge market for us. We'll continue to innovate and expand our product offerings to help our customers grow their business," Goh said.

Cardinal Health spies opportunity in Sichuan

By LI FUSHENG
lifusheng@chinadaily.com.cn

A boom is on the horizon in the market for medical products in the southwestern Chinese province of Sichuan, said the CEO of a firm that specializes in the field.

Chen Zhiliang, general manager of Cardinal Health (Sichuan) Pharmaceutical Co Ltd, said the region's ever-growing medical infrastructure is certain to create a large demand for his company's products.

The province is home to 91 Grade A hospitals, including West China Hospital, the largest in the country in terms

of beds, and 392 classified as Grade B, Chen said. Each year, hospitals above the county level purchase about 25 billion yuan (\$4.1 billion) worth of pharmaceuticals, he added.

The 48-year-old's rich knowledge of medical information in Sichuan province is the result of his almost 10 years of work experience in the industry.

A native of Shijiazhuang in North China's Hebei province, Chen established a company in 2004 after he obtained an MBA from Chengdu-based University in Electronic Science and Technology in the same year.

He has remained as the head of the company, even after it was taken over by the US-based Fortune 500 medical enterprise Cardinal Health Inc in September 2011.

"Thanks to the acquisition, we now have a much more diversified product range," Chen said.

The company is experiencing faster growth now that it offers more than 2,000 products, ranging from pharmaceuticals and medical equip-

ment to cosmetics and plastic surgery products.

"In 2012, we had a revenue of 320 million yuan (\$52 million), registering an annual growth rate of some 40 percent, double the average rate nationwide," Chen said.

In sales, it ranked 15th out of 1,200 companies in this field in Sichuan province in 2012, according to a list released by the provincial health department.

The company has set a goal to make it to the top five in five years, and Chen said it can definitely achieve it.

In addition to an expanded product range, the company is now working in cooperation with such industry giants as Smith & Nephew, Allergan and Avane to seize a larger market share.

Swiss healthcare company Roche is building a surgery center in Chengdu, and the government is also encouraging the two to establish a cooperative relationship, Chen said.

"Meanwhile, our clients are now mainly concentrated in Chengdu. In other words, there

is a lot of room for us to expand our presence in the province," he said.

Indeed, Chen said his company has a series of advantages over its rivals in making inroads deeper into the market.

"Most companies do nothing more than delivering products from pharmaceutical manufacturers to hospitals," Chen said.

"But we do regular analysis of their products' destinations, market shares as well as the performance of rival products and feed the analytical results back to manufacturers. And this appeals to them."

And for hospitals, the company has another "magical tool", Chen said.

Currently, it is common at Chinese hospitals for nurses to manually prepare surgical instruments and deliver drugs to patients.

However, the short supply of nurses might result in delivery errors or poor punctuality, a major cause of medical incidents, Chen said, adding that the parent company Cardinal Health has accu-

mulated a lot of experience in addressing this problem in the US.

"It has developed an information-control system that can remind the nurses of things they will do — what time to deliver what drugs to which patient as well as what instruments to prepare for which doctor at which operating room," he said.

When coupled with a pharmaceutical or instrument cabinet, this system will help reduce human error, Chen said. It is used at most US hospitals but none of their Chinese counterparts have tried this, he said.

It is something revolutionary because it will benefit everyone, Chen said. Many local hospitals have expressed interest in the program, but the details have yet to be discussed, Chen said.

"We will launch it in Chengdu no later than the first half of 2014, probably starting from one department before it is widely adopted," he said.



Meanwhile, our clients are now mainly concentrated in Chengdu. In other words, there is a lot of room for us to expand our presence in the province."

CHEN ZHILIANG, GENERAL MANAGER OF CARDINAL HEALTH (SICHUAN) PHARMACEUTICAL CO LTD