

Innovation and growth

INTERVIEW WITH CHARTSIRI SOPHONPANICH

PRESIDENT, BANGKOK BANK



CHARTSIRI SOPHONPANICH is President of Bangkok Bank and Chairman of Bangkok Bank (China). Bangkok Bank is Thailand's leading corporate and business bank and is one of the largest banks in Southeast Asia. Its international network also includes China, Japan, Hong Kong, Taiwan, New York and London. Mr Chartsiri holds Master's degrees in management and chemical engineering from the Massachusetts Institute of Technology, and a Bachelor's degree in chemical engineering from Worcester Polytechnic Institute, USA.

What do you consider to be the main objectives of the EEC and how is Bangkok Bank addressing this important initiative?

The Eastern Economic Corridor (EEC) is a further development of the Eastern Seaboard, Thailand's major manufacturing hub, to attract more innovation-related industries, with the objective of becoming a base for advanced industry as well as the gateway for the Indochina region. This will strengthen regional integration between Thailand and other ASEAN countries. Reforms will include the development of 10 targeted industries under the government's *Thailand 4.0* initiative as well as the development of transport infrastructure such as railways, ports, airports and highways and a major new aircraft maintenance, repair and overhaul centre.

The *Thailand 4.0* initiative is an economic model that aims to unlock the country from several economic challenges and serve as a new platform for development, starting with the EEC, and involving economic, social and regulatory reforms. Projects will be funded by both the private and public sectors and will require considerable foreign investment. Bangkok Bank is helping connect international investors to opportunities in the EEC and we are ready to support our customers' investments there.

What are the key challenges in maintaining sustained economic growth rates and what role is Thailand Strategy 4.0 playing in this strategy?

Thailand has become a middle-income country with an aging society, which means we can no longer compete on cost alone with labour-intensive countries, such as our near neighbours in the Mekong region. At the same time, the world is going through a fourth industrial revolution thanks to the emergence of new technologies. With *Thailand 4.0*, Thailand is embarking on structural reforms which are necessary to achieve broad-based and sustainable economic growth and narrowing inequality.

To what extent has macro-economic stability and development been achieved in Thailand?

Thailand's overall macroeconomic stability is strong as reflected in abundant foreign exchange reserves and a current account surplus. The economic outlook this year is also positive, with exports and tourism continuing to be drivers of growth, and private consumption and investment picking up. However, the recent economic

growth has yet to be fully translated into a recovery in household income. The planned structural adjustments and reforms are designed to help address such issues and support future economic development.

How is Bangkok Bank helping to ensure continued and sustained economic growth in Thailand?

Our history spans more than 70 years and we have played a role in every stage of Thailand's economic development. We are just as active in this stage, for example we are encouraging our customers to upgrade their operational systems, embrace innovation, explore new types of industries and expand regionally. We are also very active in financing areas essential to economic growth such as energy and infrastructure development, and we are participating in the government's Pracharath Project, a collaborative scheme between the public and private sectors, for the advancement of the economy and society. We are encouraging small and medium-sized enterprises to develop their knowledge and provide access to financial services they might not otherwise receive, such as supporting them across the supply chain. We offer many seminars and workshops for our customers which cover emerging trends and innovations in business, as well as practical advice in areas such as business and tax planning, while also providing business matching and networking opportunities.

In 2017 we launched Thailand's first global fintech accelerator programme, *Bangkok Bank InnoHub*, to attract world-class innovative start-ups, support Thailand's start-up ecosystem, and introduce useful financial technologies to Thailand and neighbouring countries, and we will be running a second programme this year. We are also partnering with innovation leaders such as universities and research institutions to share knowledge about wider aspects of industry.

ASEAN is a vital regional trading bloc. How is Bangkok Bank promoting investment and trade in the region and what are the plans for Thailand's Chairmanship of ASEAN?

We have 16 international branches across nine of ASEAN's 10 countries. These are well established, and our experienced people provide customers with local knowledge and connections as well as financial assistance. For many years we have organised a wide range of activities to encourage our customers to expand to markets or invest

in the region, not only our customers in Thailand, but those in other economies such as Singapore, China, Hong Kong and Japan. For example, in 2017 we hosted business leaders from China, Hong Kong and Taiwan to introduce them to business opportunities in Thailand and the wider region. Our industry experts support foreign investors by providing project finance and guidance in sectors such as automotive, petrochemicals and energy.

We also arrange educational activities such as our regular International Knowledge Talks (in collaboration with the Chinese embassy), our *AEC Business Leader* programme which helps Thai companies invest in the region, and our AEC Connect service which provides advice about investing in the region as well as publishing regular information about the region relevant to Thai business. The *AEC Business Leader* programme includes study trips to AEC (ASEAN Economic Community) countries where participants can meet with leading business people and learn from their experiences in investing in these markets. So far, the programme has included investing in Vietnam, Myanmar and Cambodia. We have also introduced same-day services for importers and exporters in the region, and support the use of local currencies for transactions, such as the rupiah and ringgit. This eases foreign exchange provisions for our customers and enables faster transactions in the local currencies.

There are many activities planned for Thailand's chairmanship of ASEAN throughout the year which will be supported by both the private and public sectors.

What are the key elements of Bangkok Bank's growth and development strategy? What is your vision for the Bank?

For many years our business strategy has focused on three major trends: regionalisation, urbanisation and

digitalisation. To tap into the rapid growth in trade, investment and travel within the AEC and nearby countries, we are supporting customers with regional interests via our international branch network and local knowledge. As urban centres in Thailand and the region grow rapidly along with incomes, we are also expanding our investment and wealth management offerings.

During this period of economic transition, it is important to work closely with customers and help them adapt to changing economic realities. The ways we are doing this include supporting their expansion to new markets, their adoption of new digital platforms, and their establishment of new supply chains.

Given the challenges facing the financial sector, we are also undergoing our own digital transformation, which means enhancing our digital platform to support different business models and forming partnerships with external partners, including global technology leaders and fintech start-ups.

Our approach is "Inside Out / Outside In". "Inside Out" means focusing on improving technology infrastructure and working processes to better meet our customer's changing needs. We are also incorporating machine learning, Big Data and AI to provide greater convenience to our customers and to offer relevant products and services while reducing operating costs.

"Outside In" means improving internal capabilities by bringing in external knowledge through initiatives such as Bangkok Bank InnoHub and our collaboration with international financial institutions, e.g. through our membership of the R3 consortium for application of blockchain in trade services. We are also working with innovation leaders in Thailand to develop new kinds of products and services for our customers. E

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Bangkok Bank developing across the region and worldwide