Goldman Sachs' European Financials Conference 2023

In-depth conversation with:

Saleem Razvi, Chief Financial Officer, Asia, Standard Chartered PLC

June 15, 2023

(Amended in places to improve accuracy and readability)

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Perfect. Let's get started. It's a great pleasure for us here at Goldman Sachs to welcome our next speaker, Saleem Razvi, Chief Financial Officer of Standard Chartered Asia. By way of intro, Saleem was appointed to his current role in April, 2021, having previously joined Standard Chartered Bank in 2006 as Head of Finance. Prior to his current role, he was group treasurer. Saleem, thank you very much for making time and joining our conference this year.

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Pleasure to be here.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Let's start with a broader macro question, just given the turbulence in the first quarter with events around SVB and Credit Suisse, how does the world feel for you now? Are you more or less optimistic compared to how you were around 1Q, in terms of performance from here?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

I think, Martin, it would be fair to say, we are as optimistic as we were at that time. One of the things perhaps worth remembering is, you refer to the turbulence, there was probably a lot more turbulence in this part of the world than we saw in most of our footprint, which is Asia, Africa and the Middle East. So, in terms of how business is doing, I think it's fair to say, that momentum is very good. It was very strong in the first quarter, it continues to be strong in the second quarter, you'll remember that we'd given this guidance at the end of the first quarter around full-year income, the 8 to 10% we'd said we'd be at the top of that range. We'd given guidance around jaws. We had said that in terms of RoTE [Return on Tangible Equity] we'd be approaching 10% this year. So, there's no reason for us to revise any of that guidance that remains in place.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. A month ago you hosted a joint investor seminar in Asia and one of the key highlights was a cross-border opportunity in particular within Asian corridors and I was just wondering what have you seen in terms of performance here recently but in particular cross-border from China since it has obviously dropped during the zero-COVID strategy?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

So maybe I should start with a bit of context because most of the people I think in the room weren't there for the Asia seminar. So, when we talk about cross-border, and this is more in the context of our CCIB business, our wholesale business, we're actually looking at three different categories of cross-border business. So, if I just focus on Asia, we are looking at inbound into Asia. That's the one that you are all familiar with. That's US and European companies and institutions doing business in different parts of Asia. That's a large amount. We made $1.3 billion [income] out of it last year. It's very high returning because it tends to be very capital-light because most of these entities meet their funding needs in their home markets. So, the business we do with them is transaction banking, FX and so on.

The other one which is slightly more recent, which people are slightly less familiar with is Intra-Asia. So as Asia grows and develops and there is greater prosperity, there is a lot more trade in investment happening Intra-Asia, and the Asian countries are making a deliberate effort to reduce friction in those areas. So, there were these regional agreements which aimed to do that. Now, last year we made $1.8 billion income out of that business, and it has lots of different elements. Primarily, it's North Asia investing in ASEAN and South Asia. And just to give an indication of how it's going in the first quarter this year, our income from China into ASEAN doubled year-on-year. Our income from Korea into ASEAN was up 50% year-on-year. So those are sorts of movements we are seeing. Some of it is to do with the traditional China plus one. So, whether it's Taiwan, whether it's Korea, whether it's Japan, some of their existing manufacturing et cetera is moving out of China, it's moving to ASEAN, it's moving to Bangladesh, it's moving to India.

More interesting we think is China's own China plus one, and that's happening for two different reasons. There's a bit of geopolitics, so clearly, it's advantageous for a Chinese company to manufacture something in Indonesia. It's just far easier to export it. But the other reason, and this is kind of a more profound reason, is China's economy is now a relatively developed economy. So basic manufacturing in many parts of China is quite expensive. So, if you remember as Korea became richer and more developed, they off-shored most of their basic manufacturing initially to China and now to other places. You are starting to see China do that now. For economic reasons, Chinese companies are now starting to invest in Indonesia, in Thailand, in Malaysia, in Bangladesh, and even slightly surprisingly in a place like Vietnam. That transformation, Chinese manufacturing at the slightly middle to lower end, moving out of China into other parts of Asia, is going to be absolutely enormous if you compare the size of China's manufacturing base to what Korea used to be. So that's kind of the big trend that we are going to be playing into. So that's Intra-Asia.

And the third kind of corridor is Asia outbound, so that's Asian entities buying European entities or investing elsewhere. Again, that has grown very strongly in the first quarter. It's up 60% year-on-year. That's a slightly long-winded answer, but in terms of our network business, not only is it growing very strongly, but there are fundamental structural reasons why it should continue to grow over a very sustained period long term.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

And then maybe let's just move to operating performance, and here in particular income, in April Standard Chartered was seeing a strong start of the year in terms of income, I think it was up 13% year-on-year, and I was just wondering, starting here with the fee income side, given fee income is a big proportion of your revenues, if you could comment in terms of what is the outlook for fee income performance in 2023 and beyond?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Okay, so with fee income, in the case of Standard Chartered, we are largely talking about two businesses: Financial Markets (FM) and Wealth Management. So, let's begin with Financial Markets. We had a very, very strong first quarter as you said, and part of that was driven by volatility. Now, two things have happened in the second quarter and you you'll be aware of this, volatility has come off. So early June was the lowest VIX [volatility index] point in 52 weeks, so that clearly means slightly lower transaction volumes. We've also seen with some Western Financial Institutions, they've taken a slightly more risk-off attitude since the events concerning the two banks a few months ago. So all of that means that our transaction volumes in second quarter have been slightly lower than they were in the first quarter. Nevertheless, because it's a good mix of businesses and there is underlying economic activity, particularly here in Asia, we are still doing well.

So, I think bottom line in terms of second quarter versus first quarter, our income will be slightly lower, but in terms of second quarter versus second quarter last year, in FM, we expect to be higher. And that's a really good outcome because remember in the second quarter last year we have a hundred million of own-credit adjustments, which is not going to be repeated. So, in other words, real momentum in the FM business continues to be very strong.

So, with Wealth Management, again, a bit of context. First quarter '22 was really strong because the interest rate hiking cycle hadn't made much progress by then, sentiment wasn't muted. Obviously, as rates continued to go up, second quarter, third quarter, fourth quarter were weaker. That was also impacted by COVID because with lockdowns in many markets, customers couldn't actually do wealth management transactions or at least the more lucrative ones.

Now, coming into this year, you have all our markets opening up, lockdowns disappearing, probably slight improvement in sentiment. And therefore, the first quarter of this year was strong, although not as good as a year ago. Where we've ended up is that we have had five successive quarters where our wealth management income has declined year-on-year, but because we are in recovery mode, that is now starting to change. So second quarter this year should be better than second quarter last year, and we expect that recovery to continue through the rest of the year. Some of that, and again, sorry I labor this point a little bit, but I think it's worth emphasizing. Some of that is just sentiment and a natural recovery and because COVID restrictions have ended, some of it is because of the rate at which we are growing our priority customer base in the CPBB [Consumer, Private & Business Banking] business at the moment. So, first quarter this year, new customers, for priority, were nearly two and a half times what they used to be pre-COVID in the first quarter. That's the kind of increase we've had.

In terms of domestic customers, they're up 60% year-on-year in terms of new onboardings, but in terms of cross-border they're up more than four times. And that is effectively pent-up demand in China. Chinese people, mainland Chinese people being able to travel outside their borders. So opening accounts with us in Hong Kong, and to a lesser extent in Singapore. It's not just China though because in Singapore we are seeing travelers coming in from Indonesia, Malaysia, Thailand and opening accounts there. Now, it takes about six months for these accounts to be fully funded and people to start doing Wealth Management transactions. So, the uptick we saw in February and March, it will translate into P&L third quarter this year. And the momentum I talked about has continued. So, it's not at the two and a half times level compared to normal periods, but it is still at elevated levels. And we think it will continue at elevated levels for quite a long time.

Sorry, the point of laboring with this was the following, you will get changes in sentiment and you will therefore have movements in how much Wealth Management income we earn, but this stuff I talked about, the fact that we are adding new priority customers at such a high rate consistently, and we believe we will continue doing so for a while, means we end up with a bigger, better franchise. And medium to long-term, that's what's going to power our Wealth Management business. So, if you recall, pre-COVID, over a 10-year period, we had an 8 to 9% CAGR for Wealth Management. Obviously, during COVID it's tapered off, because of this growth we are getting in our client base, we are confident we can get back to that 8 to 9% CAGR track again.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Very clear, thank you for that. Let's move to net interest income, obviously strong progression for the Group in terms of NIM in 1Q but also in the previous quarters on the back of the rate hike cycle. I was just wondering, what shall we expect in terms of NIM progression from here and broader NII progression?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

So, in the first quarter our NIM was 163 basis points. For the full year, we've said we expect to be at 170 and the next year we expect it to be at 175 and we go into why you get that uptake. But basically what we are seeing in the second quarter, Martin, is a slightly improved NIM compared to the first quarter, and consists of two or three sort of slightly different factors. Firstly, in our footprint, some interest rates are now higher than they were three months ago and some more assets have repriced at higher rates, so we are getting a NIM tailwind because of those factors. Then you've got the interest rate hedges, which are clearly, and we've been public about this, they're a headwind, but within that, 60% of the short-term hedges actually rolled off in February. So, this quarter we are getting a full quarters effect, which is again a bit of a tailwind.

So, all in all, second quarter more or less as we'd forecast, better than the first quarter, and as we go through the rest of the year, for the sorts of reasons I've talked about, we expect the NIM to continue improving, which is how we get to 170 basis points this year. Obviously, the rate of improvement will slow down. Then what happens is that by the end of this year all of our other short-term hedges mature and therefore that headwind disappears and that's one reason why we get a further NIM pickup as we go into next year. So that's why 170 basis points this year, 175 next year.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Turning to expenses, obviously 1Q expenses were up 10% and I was just wondering what you see in terms of cost growth going forward. Also, bearing in mind obviously, the inflationary environment, which in Asia seems more benign than in some of the developed markets?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Yeah, I think that's absolutely right. So if we start with the inflationary environment, You guys are obviously familiar with what inflation levels are in the UK and so on. What are we seeing in Asia? So, Singapore for example, we are seeing at 5% at the moment, which is materially down from what it was six or eight months ago. Korea, which a year ago, was six and a half, 7%, is down to three and a half now. If you look at Hong Kong and China, they're 2.3, 2.4%. If you look at Taiwan, it's 1% plus. So yes, you're right, inflation generally in our footprint, is lower than it is in the West.

In terms of though what we are seeing in the second quarter cost drivers are more or less what they were in the first quarter. The only difference you have in the second quarter is that in April our annual pay rises kick in, and therefore the second quarter we expect to be higher than the first quarter because of those pay rises. For the full year though Martin, we have, I think, reiterated our guidance. So effectively 10% income growth, which implies if there are 3% jaws, it implies 7% cost growth. We don't see any reason at the moment to revise that in any way. So, we are sticking with that. Our businesses, as you know, have publicly pronounced cost reduction targets, we'd said we would take $1.3 billion of gross costs down over a three-year period. We are on track to do that. So yeah, 7% cost growth for the year.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Let's move to liquidity and just deposit funding and within that, the composition within deposit funding. I was just wondering in terms of what you have seen recently, obviously a big focus on CASA to Time Deposit migration, what have you seen in the larger markets and has most of these kind of migration you would normally see in a rate hike cycle occurred by now?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

So, two or three questions there. First, in terms of total deposits, obviously a very, very strong position at the end of the first quarter, that hasn't changed. So, at the end of second quarter, we will have a very strong deposit position. We will have a very high LCR. And again, I think the earnings announcement a couple of months ago, Andy and Bill were very clear that for a while they wanted to maintain that just for explicit signaling to the market. In terms of what's happening to the deposit base, Time Deposit migration and so on. Let's start with the CCIB business. So, transaction banking, CASA. So, our experience is, pre-COVID, the CASA ratio used to be 60% of the total, so the rest was time deposits within CCIB. Then you had this flood of liquidity entering the markets because of what central banks did during COVID, and so that ratio went up to about 67% or 68%.

Since then, because of the rate hikes, it's normalized. So, at the end of quarter one it was about 59% or 60%. It continues to be around that level. One of the differences just to be aware of is, in this part of the world and in the US, it's very common for companies and for individuals to use money market funds. In most of our footprint you don't have that, and therefore some of the deposit migration trends tend to be different. So that was CCIB.

If you look at CPBB, the Retail business, again, we probably started at a 66% to 67% CASA ratio pre-COVID. Same thing, massive liquidity injections during COVID, low interest rates. So that ratio went up to 83%. By last year-end, it had come down to 63%. So, we'd seen 20% migration during the year. First quarter this year, it was 60%. So that migration has now slowed and that's basically what we expected. So for Retail CASA I think we've said we expect to be between 55% and 65% this year and next year we are currently at 60%. So, I think what's happening is in line with our guidance. For CCIB, we had said again 55% to 65%, we are currently at 59% to 60%. So again, what's happening is in line with our guidance, so we are not seeing anything in the markets that's contrary to what we expect.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Is that also the case for deposit betas in terms of what you have seen and how you're thinking about them going forward?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Yes, absolutely. So, if you look at our top CPBB markets, the top four markets for example, the average betas since the start of the rate hiking cycle is about 37% and we've guided to 30% to 45%. On the CCIB side, we are at 61% since the hiking cycle started and we'd actually guided to 60% to 80%. So, at the moment we are generally doing slightly better than we had forecast.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Let's move to asset quality. And asset quality and credit outlook in Asia generally seems to be largely benign despite much higher rate environment. I was just wondering, how do you see asset quality? In particular, obviously what's relevant for Standard Chartered, China commercial real estate, Pakistan and Sri Lanka?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

So, look, you are right, it does generally seem benign obviously because interest rates have been high for a while and may remain elevated for a while, as you can imagine> We are doing lots of what ifs and stress tests and so on to see whether there are any weak spots anywhere that we need to guard against. But at the moment we are not seeing anything that particularly concerns us. In terms of China real estate, we've taken $850 to $860 million of provisions so far. Within that, there's $170 million general overlay. The rest is specific. We have $3.4 billion China real estate portfolio. Of that, $1.1 billion is non-performing. That is covered 81% to 82% between provisions and collateral. So, I think we are adequately provided against that. In terms of the performing portfolio, which is roughly $2.3 billion, we've got $170 million-ish overlay to provide us a bit of a buffer.

In terms of what's happening in the market. Things have broadly stopped getting worse. So the Chinese government put in a lot of support measures for property companies, which means that their situation is now not getting worse. It is however, not getting materially better either. And we think it'll only start to get better when people in China actually start buying property again. That hasn't happened yet. That will probably take a while. It's only when they start buying properties again that the property companies become healthier on a sustained basis. We think we are at least 12 months away from that happening. So things not getting worse, but in terms of potential write-backs and so on, we are somewhere away from that. In terms of sovereign risk, you talked about the countries, so Pakistan, Sri Lanka, Ghana, we've taken $280 million of provisions against those. You'll remember though, Martin, that at quarter one we actually wrote some back for Sri Lanka and Ghana because they'd both completed their IMF agreements.

Pakistan hasn't defaulted yet. We have significantly reduced the balance sheet there. So, in case there is a default, the capital and ECL impact is actually very, very manageable on material. The one thing I would say for all of these three is the following. Given the sorts of markets we're in, we have great opportunities, but we obviously also sometimes have quite high risks, so we have to watch things closely. So, what we've done in all these three cases is, we actually realized quite early on that things were getting stressed and therefore we started cutting our exposure and we started cutting our balance sheets. So, since the start of 2021 until first quarter this year, we'd cut our exposures in these three markets by 55%. So, it's not merely that you sit there and watch as things get worse, we actually reduce our exposure so that if non-performance happens, the consequences are very, very manageable.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Let's move to capital and first maybe regulatory framework. Obviously, the fragility in the system in the US, in parts of Europe. I was just wondering would you expect any changes to the regulatory framework, or any thoughts?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

A couple of things. Firstly, on balance regulators acted quite decisively and quite quickly in both instances, and that clearly, whatever else may have happened, that clearly avoided the risk of a global contagion. So that's a really good thing, and regulators acting very quickly and decisively going forward will be needed and will continue to be a good thing. In terms of where regulators will end up with their thinking and changes and measures and so on and so forth, your guess is as good as mine. I just say two things. The first one, what the events show is that regulation for different tiers of banks should probably be harmonized. Some of the problems that happened may not have happened in the way they did if that had been the case. Also, regulation between banks and non-bank financial entities needs to be harmonized. So that's the first thing.

The second thing, and this is something that Bill Winters has said a number of times as well. One of the things that can be done to really instill confidence in the markets is if there is clarity on how much liquidity a central bank will be able to provide against the good quality assets that a bank has got. At the moment, banks don't have that clarity, the market doesn't have that clarity. But for example, if you knew that in any kind of stress a bank could pledge 70 or 80% of its assets to the central bank with say a 20 or 30% haircut, so in other words, a massive injection of liquidity without any stigma at all. I think that would be hugely helpful in calming nerves and avoiding a panic. And of course, if there are good quality assets being taken on at a haircut, then it is not a cost to the central bank or the taxpayer either. So, I think it would be really good if we could move in that direction.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Let's move to capital return. Obviously, capital return has been a key focus for the group. And I was just wondering, given your own growth markets, how do you balance the decision between returning capital versus the decision to reinvest? In particular, obviously the return and profitability of the group is heading towards 10% and above eminently from your targets, and also the capital distribution targets by 2024 look, eminently doable. How do you think about these two opposing goals in terms of growth and capital return?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Okay, I'm glad you said the targets look eminently doable because we've said $5 billion returns over three years. We are at $2.8 billion given the $1 billion we announced some time ago at the buyback that's in progress. So yes, it is eminently doable. It's been brought about by two things. It's been brought about by the fact that we've managed our RWA very, very frugally. So, there's been $26 billion of RWA optimization since the beginning of last year. That's been one element, and the other element has just been increased profitability. Those two areas of focus will continue. And therefore, we think that we will continue to accrete a lot of capital. Now, in terms of how we make our decisions around what we do with that capital, I guess there are three clear candidates. Do we return it to shareholders? Do we invest it organically? Do we invest it inorganically?

I've talked about, earlier in the conversation, about the opportunities in Asia and how wonderful those opportunities they are and how long-term they are, and clearly we would want to inject some capital into monetizing those opportunities. But remember, by their very nature, they tend to be relatively capital-light. When you are looking at this business across corridors in CCIB, it generally tends to be FM, it tends to be transaction banking and so on. Very little of it is capital-intensive lending. Similarly, if you're looking at the CPBB space, the priority customers I was talking about, what are you doing with them? You're doing Wealth Management and you are taking deposits, you're not generally lending them money.

So, I think just because of the nature of the opportunity that's available to us, Martin, and because of where we are positioned, we can actually achieve quite strong growth in these markets without using up too much capital. We clearly will use some, but not enormous amounts of capital. And therefore, I think, a paradigm, where we continue to accrete capital and continue to have reasonable distributions to shareholders, that will continue. But obviously at every stage when we make this decision, and as we go through this year, it'll will be dynamic. You compare the impact of returning to shareholders versus investing yourself versus inorganic.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Somewhat related to that is obviously the potential disposal of the aviation book, and I think there have been some headlines on the news recently. I was just wondering what will happen with the capital freed up from that disposal, -f there's any?

<<Saleem Razvi – Chief Financial Officer, Asia, Standard Chartered PLC>>

Okay, so we almost go back to the previous question that you asked. So just again, as a reminder, we are looking at freeing up roughly 1% of the group's RWAs. Roughly $2.5 billion RWA which clearly corresponds to a capital number, and to the extent there's a profit on that sale, that'll be more capital, that will go into our capital return dynamic. Now, I would say that when we did our planning for how much capital we'd be returning to shareholders over this period, some of this was already factored in. But as I said earlier, we will go at it quarter by quarter. What's our capital position? What are the capital requirements over the next few months? How much turbulence do we need to keep a buffer against? And then we make a decision about what we return.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great. Final question from my side is on your two digital banks. During the Investor Seminar you showcased both virtual banks; Mox in Hong Kong and Trust in Singapore. I was just wondering if you could just speak a bit more broadly about this digital approachs. And then obviously in terms of thoughts in terms of P&L contribution going forward?

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Okay, I'll do the best I can, although both of these banks are relatively nascent. So, Mox is our digital bank in Hong Kong, Trust is the digital bank in Singapore. So, let's start with Mox. We are hoping to break even in 2024, and then after that to significantly improve profitability and RoTE. Why is that? So in Hong Kong we have roughly 450,000 customers in Mox. There are eight digital banks. Mox is the largest in terms of customer assets. It's the second largest in terms of customer deposits. Levels of customer engagement are very high. So, on average our customers use 3.2 products and services with us. A third of our customers use more than four. And if you are a digital bank, four is kind of the indicator that you've become someone's main operating bank. So that applies to a third of the customers.

The demographic is also very interesting. We bank one in five of all under thirties in Hong Kong. In terms of how much our products are used, as an example, credit cards, on average our customers use our credit card 15 times a month. So, usage is really good. Now, turning to the cost and income dynamics, you effectively have really efficient tech stack. What that means is that your cost of onboarding is very low, but more critically, your cost of ongoing customer maintenance is vanishingly small. So, what's happened over the last year, Martin, is, in Mox, our cost has remained flat, our income has grown eight times. Or switch it around differently, on an annualized basis during the last year, our cost to serve per customer has fallen by a factor of four. Our income per customer has risen by a factor of four. And again, that's because you get this wonderful operating leverage because having effectively a fixed cost base.

So, as we onboard more customers, we deepen our relationship with them, we are very confident next year we'll break even, and once that's happened, any other customer activity we do falls pretty much straight to the bottom line. So operating profit and RoTE. So that's why we have the confidence that once we've broken even we can get to really good returns on tangible equity.

Trust in Singapore is slightly more nascent. We only started it in September, so it's not really meaningful to talk about cost and income trends, although structurally it'll be very, very similar to Mox. But look, since September we've onboarded 500,000 customers. That's one 10th of the population of Singapore in just that short period. And again, in terms of customer engagement levels; very, very high. 83% of our customers use our credit card. When they do, they use it 15 times a month. Our app has a rating of 4.8 on the app store. So, it's, I think, the joint highest rated digital banking app in Asia along with the Mox app, actually.

So again, in terms of customer penetration and the early indications, we are doing really well. In terms of operating leverage, you'd have the same dynamic as I described with Mox. So, I think we are very confident in terms of rapid improvement. Can I just mention one other?

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Of course.

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Because there are these two experiments that we are doing with Mox and Trust, and it'll be interesting to see which other markets we can port these to. But there's another kind of experiment we are doing in Indonesia. So, remember, Indonesia is quite a difficult market to tackle through traditional means. It's 17,000 islands, it's 270 million people. So, our approach is that we have developed a banking platform that can be plugged in to an existing commercial platform.

So, there's this entity called Bukalapak in Indonesia; people buy and sell things on that entity. You have 2 million vendors, you have 110 million buyers. These are staggering numbers. So, on that commercial platform we've plugged our banking app in, we effectively provide banking services. If you are using that platform, it's much easier for you to make payments, get receipts, borrow money if you are using our banking functionality. We started this very, very recently. We've only launched one or two products so far through this platform. We have 200,000 customers. It's growing very rapidly. Again, because it's all digital, it costs $1.47 to onboard a customer. Given there are 110 million people on this platform, just what is possible for us, you can just imagine.

And once this is really working in Indonesia, you then have the interesting question of, which of the other populous Asian markets that you can port it to? And obviously, doing it a second time would be much, much quicker and more efficient than it was doing it the first time. So, there are a number of these quite interesting digital experiments we are going through in various parts of Asia. And depending on how they work, we learn from them, we port them to other markets, we can do it much more cheaply, we can do it much more quickly. Really exciting space.

<<Martin Leitgeb – UK, Nordic and Irish Banks, Equity Research, Goldman Sachs>>

Great, Saleem, thank you. Thank you very much. We have almost run out of time. I think we can make time for one question if there's one from the audience, but otherwise, if there's no questions, Saleem, thank you very much again for making time and speaking to investors.

<<Saleem Razvi - Chief Financial Officer, Asia, Standard Chartered PLC>>

Thank you, Martin.