

## KBANK gets serious about China



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## KASIKORNBANK now 'locally incorporated institution' in china, with eyes on 'belt and road'

Kasikornbank is strengthening its banking business in China and aims to be a bridge connecting China's "Belt and Road Initiative" with the Asean Economic Community (AEC). Banthoon Lamsam, chairman of Kasikornbank, presided over an inauguration ceremony of the Kasikornbank (China) Co headquarters in Shenzhen on Friday.

"It took time and we had to overcome many challenges before the China Banking Regulatory Commission awarded Kbank a permit to set up a locally incorporated institution (LII)," said Banthoon.

He said that the LII gives Kbank greater opportunities arising from trade and investment linkages between the Belt and Road Initiative and AEC to serve Chinese, Thai and other national business leaders.

"Many Chinese businesspersons are interested in the AEC, in alignment with their Belt and Road Initiative," said Banthoon.

Shenzhen is an ideal location for Kbank China's headquarters as it is a hub of IT innovation, dubbed the "Asian Silicon Valley," according to Kbank executives.

"China will continue to be a main driver of the global economy and will leverage its advanced technology, especially IT, to expand global trade," said Vongpat Bhuncharoen, president of Kasikornbank (China) Co.

To grab business opportunities, Kbank China has already formed business partnerships with Chinese giant technology firms, including WeChat and online payment Alipay, the latter owned by ecommerce giant Alibaba Group. The two provide payment services in China. Currently, Kbank China provides financial services to corporate clients, with Chinese clients accounting for 60 per cent, Thais 30 per cent and the rest Japanese and other nationals. Chinese investors in recent years have invested more in Thailand partly because they want to avoid trade restrictions imposed by Europe and the United States on products made in China.

The Western countries have accused China of dumping unreasonable cheap products into their markets, sometimes resulting in devastated local industries and a rise in unemployment. Chinese have already invested in Thai companies manufacturing rubber products, among other industries. Thai investors have invested in rubber product manufacturing, food processing and energy plants in China, said Vongpat.

"China welcomes Thai firms, it's a vast opportunity for those who have their own knowhow," he said.

China's middle-class populations are growing and expected to rise to 700 million by 2020 from 300 million currently.

And a large number of Chinese tourists have visited Thailand each year. Vongpat said that Kbank in China plans to take advantage of this phenomenon and will apply for a retail banking licence in the next two years.

If the bank receives it, it would be able to fully operate banking services for both wholesale and retail markets, said Vongpat.

The LII is a master licence and will pave the way for Kbank to enter the retail banking service in China, he said.

Trade between Thailand and China has been growing, with its aggregate value exceeding US\$59 billion (Bt1.92 trillion) during the first nine months of this year compared to \$77 billion in 2016 full year.

The slower growth of the second-largest world economy does not adversely affect Kbank in China as its growth rate remains high, said Vongpat.

GDP growth in China was 6.8 per cent year on year in the third quarter this year and is expected to grow at least 6.7 per cent next year.

Asked about the threat of shadow banking and high corporate debts in China, Banthoon said that Chinese authorities are well aware of the challenges and have been trying to tackle them.

Kasikornbank is only one of two Thai commercial banks awarded local bank status in China, the other being Bangkok Bank.

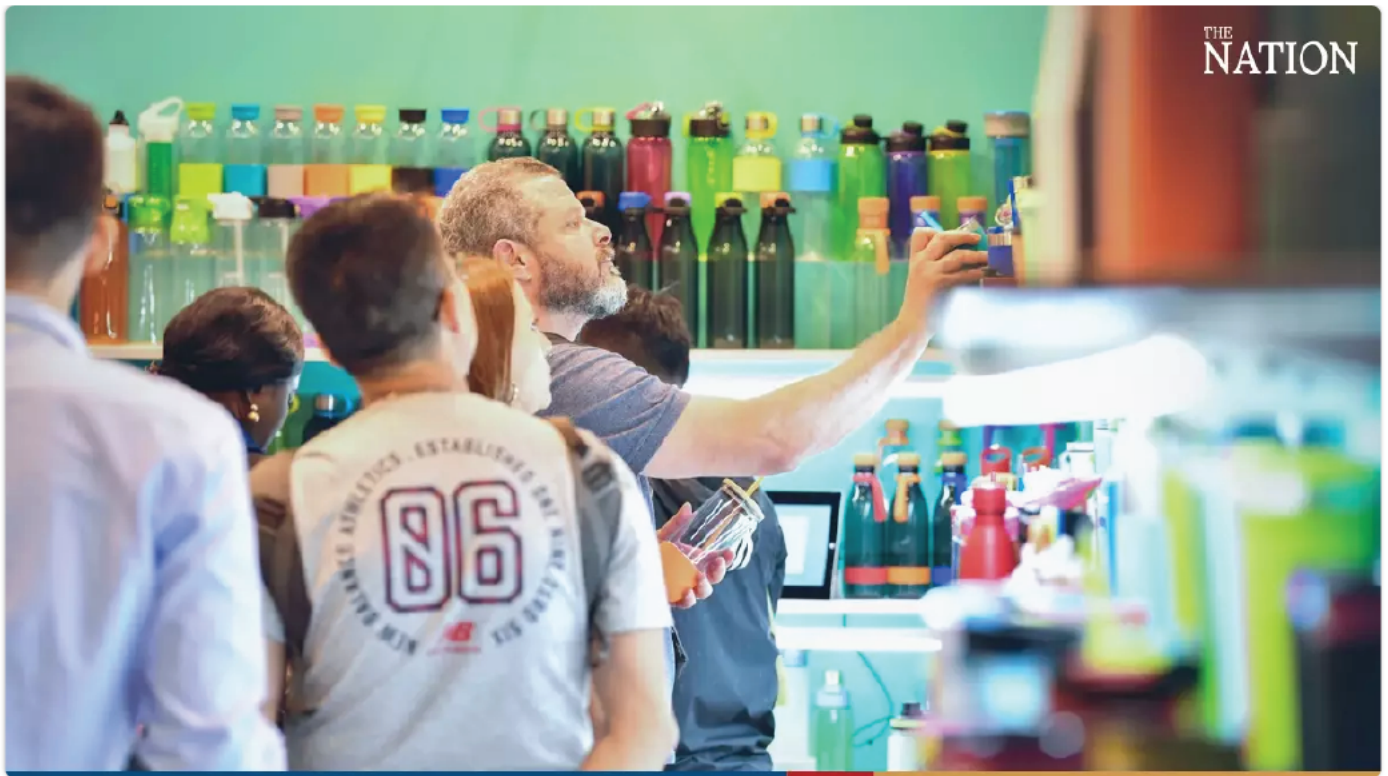
Kasikornbank first opened its representative office in Shenzhen in 1994 and then gained foreign bank branch status in 1996, along now the local bank license, or LII, in August this year.

So far, it has four branches and two representative offices in some key cities and regions including Shanghai, Hong Kong, Beijing and Kunming.

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