



ICB GLOBAL MANAGEMENT SDN BHD

# Seeking Out Opportunities

ICB Global  
Management  
replies to  
queries by  
*Malaysian  
Business.*

**T**HE International Commercial Bank Group (ICB), with a string of banks in Eastern Europe and Africa, has come a long way since its first bank was set up in the Czech Republic in 1993. But its acquisition of PT Bank Bumiputera in Indonesia marks its entry into the big league of international banking.

With the successful penetration of the Indonesian market, the group looks set to expand beyond the non-traditional financial markets into Southeast Asia or where it sees opportunities for growth. Harith Harun, general manager of ICB Global Management Sdn Bhd, has been tasked with the job of ensuring that plans are being put in place, in line with ICB's aim of being identified as a key player in the emerging markets.

ICB founder Tun Daim Zainuddin has declined a request by *Malaysian Business* for an interview. However, we caught up with Harith to get some insights into the group's operations.

Harith, 49, started his banking career in 1981 at United Malayan Banking Corporation and remained with the bank until 1993. In 1994, he joined the ICB Group to set up ICB Budapest.



Harith was general manager of the bank for three years, after which he came back to Malaysia to establish ICB banks in other countries. Following are excerpts of the interview:

**Eastern Europe and Africa are not exactly the traditional financial centres. Except for the global European and United States banks, none of the Malaysian or regional banks are in these countries. What do you see that others don't?**

Our focus has always been on the emerging markets. These markets provide relatively greater opportunities for growth in the long-term. We entered the Eastern European market (Hungary and the Czech Republic) in 1993, at the early stage of the political and economic transition of countries in the region following the collapse of the Soviet Union.

The transition from a closed, centrally planned economy to a market 'western-modelled' economy had opened up new opportunities to foreign investors in all fields. The establishment of banks, particularly foreign banks, was very much welcomed by the various governments, not only to provide the much-needed funds to rebuild the economy but also as a way to modernise the old banking system, which hitherto was controlled by the state.

We went to Africa in 1996, at a time when our government was actively encouraging Malaysian companies and businessmen to invest in Africa - in line with the policy on South-South Cooperation. Petronas and Telekom Malaysia are among the companies that have established a strong presence on the continent. In the banking sector, there was a big scope, and there still is, for new banks to set up operations.

With the rise in education and income level, customers are demanding wider, more sophisticated and efficient banking services. You will be surprised that even basic banking needs such as housing loans are not easily available in some of these countries. Here is where Malaysian bankers can impart their experience and skills to develop suitable and attractive products to meet the customers' needs.

**Does ICB have what it takes to succeed in these markets?**

We have been in these markets for 10 years now and have acquired a fairly good knowledge of the local business conditions and practices. We have invested substantially in people and systems. Our customer base is growing every year. Each country is different and as such ICB strives to ensure tailor-made and differentiated products to suit customer needs. We want to be identified as a progressive bank, and committed towards excellence in the provision of banking services to our customers.

**Where and what will be the thrust of ICB's expansion plan?**

The thrust of our expansion will be in Africa. We will be commencing operations in Sierra Leone this month; and the next, in The Gambia, is planned for November this year.

We expect to receive approval of banking licences in three other countries in Africa later this year.

**What are the priority areas of focus at present?**

Our group recognises that the key to penetrating the emerging markets is to focus on capacity building. In this respect, we have dedicated substantial investments to ensure that the best people are employed; the operating systems are technologically superior; proven systems and methods are implemented consistent with best practices; strong internal controls are entrenched; and proactive risk management is implemented and respected.

**Which market is the most profitable for the group?**

It is difficult to compare the financial performance of our banks in the two markets as the various banks are at different stages of growth. Further, the banking environment is different not only between the two markets but also among countries in the same market. Having said that, based on the performance of the group in recent years, we see that growth will be more significant from our African operations.

**What has ICB's financial performance been like over the past three years?**

We are unable to provide the figures on group basis as the accounts of the various banks are not consolidated. Overall, growth in assets, revenue and income has been within expectations. Total assets have grown at an average rate of 60% a year. ROE of the respective banks on average ranged from 5%-20% over the past three years.

**What has contributed to the growth?**

A significant portion of the growth was contributed by lending activities. Our target segments are the middle market, SMEs and the consumers. Trade finance business is also growing rapidly. It has to be noted that the loan growth was funded entirely by customers' deposits. Hence, the substantial increase in deposits indicates that the public has confidence in us.

**ICB recently spread its wings to Indonesia. How important is the market to the group? Is it the start of similar investments in Southeast Asia?**

Indonesia is an important market for us. The country has gradually recovered from the Asian financial crisis, and has enjoyed political and economic stability in the last few years. GDP has rebounded to pre-crisis level. Over the next three years, GDP is forecast to grow at 4%-5% a year.

The banking sector is cleaner and leaner now following a spate of mergers and consolidation. We see tremendous potential in the banking sector considering the huge market. Indonesia is our first investment in Southeast Asia. We however are not limiting our expansion to Southeast Asia but are also looking for opportunities in other parts of Asia.

**There is a view that the sale of Langkah Bahagia's stake in Malaysian Plantations marks Daim's exit from the local banking sector so as to concentrate on ICB's operations overseas. Is this true?**

Langkah Bahagia is not part of ICB and Daim sold his interest a long time ago.

**How would you describe your partnership with Temasek Holdings?**

A good partner to have. **mb**