

KBank and CMBC open borders toward financial service excellence

KASIKORNBANK, in collaboration with China Minsheng Banking Corporation (CMBC), has opened a new chapter in the Sino-Thai banking business, opening the financial frontier between the two countries by merging the service networks of the two banks to allow cross-border services. Both parties target joint lending to Chinese SMEs at 6 billion Baht this year.

Mr. Dong Wenbiao, Deputy Director of the Economic Committee of the Chinese People's Political Consultative Conference (CPPCC), and Chairman of the Board of Directors of CMBC, chaired the January 28 signing ceremony at Chomphu Phukha Reception Room, KBank's head office to open the financial frontier between the two nations. The move is aimed to enhance collaboration in financial services for customers of KBank and CMBC. KASIKORNBANK Chief Executive Officer Banthoon Lamsam and Mr. Hong Qi, President and Chief Executive Officer of CMBC, also signed the agreement at the ceremony.

Mr. Dong Wenbiao, Chairman of the Board of Directors of CMBC, said KBank and CMBC have been business partners since 2004. The two banks have together studied and developed a financial service platform and provided loans for SMEs in China with a risk management technique that has provided sound financial management for Chinese mainland SMEs. This joint project has seen significant progress, and has proven successful.

Over the past 5 years, trade between China and ASEAN has risen from USD 59 billion to USD 250 billion. On January 1, 2010, the ASEAN-China Free Trade Area (FTA) officially started, with trading volume between the two to be increased to 13 percent of total world trade volume, becoming a major economic community covering 11 countries with a total population of 1.9 billion and combined GDP of USD 6 trillion. The ASEAN-China FTA is the most populous free trade area and the world's most powerful economic driver among developing countries. Thus, the collaboration between KBank and CMBC in diverse aspects will serve as a strong base to support and provide convenience in business operations between the two countries, which are expected to grow continually.

Mr. Banthoon Lamsam, CEO of KBank, said the Bank has expanded business in China in collaboration with CMBC, China's leading private bank, by providing credits for SMEs in the Chinese mainland, which is one of the key business strategies of KBank in the country. The joint credit provided for China's SMEs measured CNY 178 million, or around 900 million Baht. As the SME market in China is quite large, with a huge demand for funding, the Bank has targeted provision of CNY 1.2 billion, or approximately 6 billion Baht, of joint lending in 2010.

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Aside from SME lending in China, KBank and CMBC are planning to open the Sino-Thai financial frontier via collaboration among the networks of 400 CMBC branches in China, KBank branch and representative offices in China, and 800 KBank branches in Thailand, in order to directly facilitate trade and investment between customers in the two countries, under the “boundless business” concept.

Thus, the cooperation in business expansion for customers in China and Thailand includes cross-border RMB funds transfer, wealth management such as mutual fund investments, securities trading, and deposits, credits such as syndicated loans and factoring, financial advisory services, derivative services, bancassurance, and exchange of economic and business information between the two banks.

“From now on, KBank customers will be able to use financial services offered by CMBC in China,” Bantoon said. “ For example, KBank and CMBC jointly provide RMB-denominated credits to Thai companies investing in China, and RMB-denominated credits to Chinese companies investing in Thailand. The services also include the Bank’s other financial products in four main groups including deposits, investments, risk management, RMB foreign exchange services, and international trade. Such cooperation is to innovate towards financial service excellence of the two countries in a way that will largely benefit businessmen of both nations.”

In addition, the two banks will exchange knowledge and banking management innovations. KBank is the number-one player among SME businesses in Thailand, and widely recognized as an Asian leader in providing financial services to SMEs under the concept of “Customer Centricity”. The exchange of knowledge in brand building, marketing, product development, and a complete credit management system, in combination with business administration techniques in China from CMBC, will benefit business operations to efficiently serve the needs of SME customers in China.