

Standard Bank in retail African expansion

Standard Bank has lost another key executive, Craig Bond, to Absa as the Africa expansion strategies of both banks gain momentum.

Standard is spending billions on retail infrastructure in various African countries, notably Angola and Nigeria, but the income derived from these operations has so far been muted. However, they hold the promise of increased profits and a higher return on equity over time, as the success story in Uganda has proven.

Bond was one of Standard's executives involved in the process, especially with regard to how it fits in with the strategy of majority shareholder Industrial & Commercial Bank of China (ICBC), which owns 20% of Standard. Bond worked for 12 years at Standard and played a key role in the negotiations over ICBC's stake. He later served as chief executive of Standard Bank China.

Bond will be relocating from Hong Kong to Johannesburg to take up his new position at Absa.

He follows in the footsteps of Kennedy Bungane, another seasoned Standard executive who is now head of Absa's group strategy in Africa. Both have intimate knowledge of Standard's business in Africa, which Absa surely will put to use.

Standard has been quick to react. It promoted retail head Peter Schlebusch to a new group role as chief executive of Standard Bank's personal and business banking business in Africa. Schlebusch says a target will be to replicate the success the bank has achieved in the local retail area in other African countries. "We are following the same process as that of the corporate and investment banking division on the continent."

Bond is not commenting; but promotion to group level has been the most important career step in the Standard hierarchy, where loyalty is a premier requirement. Group deputy executives work closely with chief executive Jacko Maree on expanding and implementing strategy and some local executives probably feel left out of the key decisions taken at group level.

At the same time the key position of Sim Tshabalala as South African chief executive remains in place. He could be in the running for the group CEO position should Maree step down, as expected, in two years' time.

Bungane and Bond have a challenge on their hands to expand in Africa at a time when Absa is still struggling with a local bad debts and bond impairments. The credit loss ratio has now increased to 1,5% from a previously estimated 1,4% of advances, the highest among the big four banks.

For more, visit: <https://www.bizcommunity.com>