

Kiatnakin repositions for complex products

BID TO STAY IN THE BLACK WITH OFFERS OF HIGH RETURN AMID ECONOMIC GLOOM

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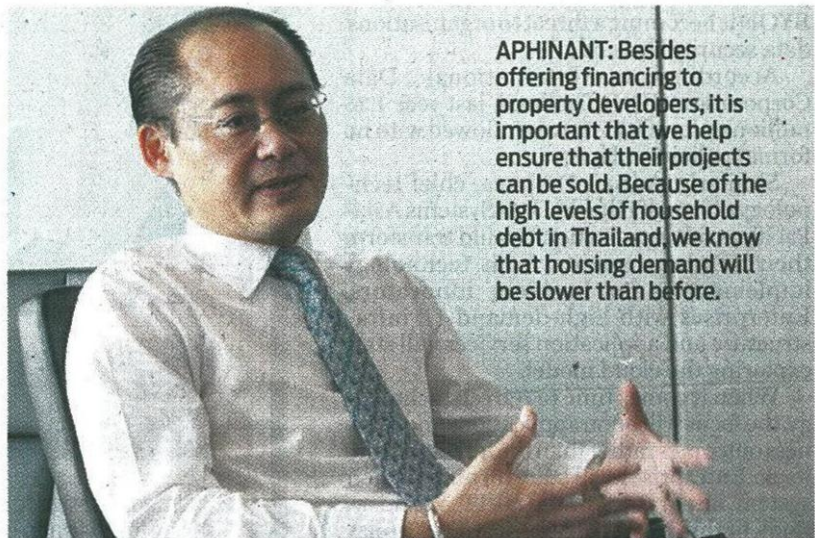
KIATNAKIN BANK (KKP) has positioned itself as a medium-sized institution that offers complex financial products to investors who want to make serious money, as it believes this will help keep it profitable even amid market uncertainty.

Aphinant Klewpatinond, president of the bank, said that one year after its merger with Phatra Capital, KKP in 2013 worked hard to improve the quality of its auto-loan portfolio, which had been artificially boosted by the government's first-car tax-incentive scheme. With that programme now finished, hire-purchase (lease to own), which typically generates 70 per cent of the bank's total loan portfolio, missed the growth target of 15 per cent.

The bank is also more cautious on lending to small and medium-sized property developers because of the economic slowdown.

He said that while acceptable, the overall loan-growth rate this year would be slow because the country lacks key engines to fuel the banking industry.

To him, the outlook for the economy is gloomy because of uncertainty over public investment, likely reduced private investment, and high household debt.



APHINANT: Besides offering financing to property developers, it is important that we help ensure that their projects can be sold. Because of the high levels of household debt in Thailand, we know that housing demand will be slower than before.

Given these factors, he said KKP should concentrate on maximising profits by developing various products.

Residential-project loans are expected to be in the same mode as in 2013, when the bank spent a lot of money to hire research houses for economic analysis so it could advise property developers.

"Besides offering financing to property developers, it is important that we help ensure that their projects can be sold. Because of the high levels of household debt [in Thailand], we know that housing demand will be slower than before," Aphinant said.

KKP must sustain itself amid the economic gloom, but the bank believes it should use this occasion to improve its products and prepare its strategies for the next several years.

To that end, the bank will steer

clear of the policies of major banks that offer privileges to attract customers, and will instead offer complex financial products aimed at serious wealth creation.

KKP is recruiting experts in many fields to strengthen its capability in this area.

He noted that the merger with Phatra Capital would help diversify revenue income. This means KKP needs new portfolios apart from hire-purchase and residential-project loans, and consequently developed its corporate business in 2013 and will lend to small and medium-sized enterprises this year.

KKP aims for its corporate-loan portfolio to grow to between Bt40 billion and Bt50 billion in four of five years. In the next few years, hire-purchase lending should account for only 50-60 per cent of the total, down from 70 per cent now, Aphinant said.