

> CFI.co Meets Michel Accad:

A Q&A Session with the CEO of Gulf Bank



GULF BANK HAS MADE HEADLINES AND RECEIVED SEVERAL AWARDS RECENTLY IN PART BECAUSE OF ITS PERFORMANCE IN RETAIL BANKING AND GOVERNANCE. COULD YOU OUTLINE FOR US THE HIGHLIGHTS OF GULF BANK'S PERFORMANCE THIS YEAR?

Gulf Bank is having a good year so far despite adverse market developments, which require us to continue to take high levels of precautionary provisions. Our operating performance is very strong across all our core business lines, and not just consumer banking. We are particularly proud of our achievements in risk management and in corporate governance and compliance, where a number of best practices and new systems have been introduced.

WHAT DO YOU THINK GULF BANK'S KEY STRENGTHS ARE AND WHAT DIFFERENTIATES YOUR BANK?

I think our customer service standards really set us apart from the competition. We always enjoyed a customer-centric reputation, which had served us well in times of crisis. In 2011 we launched our Promise Campaign – promising the best and fastest service, “guaranteed”. We essentially make five key promises – where we guarantee very fast queuing times at our counters and same-day turnaround time for Gulf Bank cards and loan disbursements. I don't know of any other bank in the region that makes such customer promises. It took us nearly a year to redesign our processes to achieve these targets. In 2013, we will be offering similar commitments to our corporate clients. I also believe we have been able to establish one of the best risk management processes and structures. This now has become an integral part of Gulf Bank's culture.

THE GLOBAL ECONOMIC CLIMATE REMAINS UNPREDICTABLE; WHERE DO YOU SEE CHALLENGES AND OPPORTUNITIES FOR YOUR BANK?

As we have exited the exotic derivatives, prop trading, direct investments and hedge fund business, there aren't many “opportunities” we can associate with volatile markets, only challenges – and we prefer it that way. However, the fact is that we were extremely proactive in building up a “fortress balance sheet” since 2009. For instance, we have taken around KD 300M in provisions since 2009, and yet, we are still making money in the end, which is a tribute to the strength and sustainability of our core operating businesses.

HOW HAS GULF BANK'S CUSTOMER BASE EVOLVED OVER THE PAST FEW YEARS AND HOW DOES THAT IMPACT ON NEW AND ONGOING BUSINESS, INCLUDING NEW PRODUCTS AND SERVICES; AND WHICH AREAS HAVE MORE ROOM FOR EXPANSION AND DIVERSIFICATION?



In Pictures: Michel Accad

In fact, the evolution for Gulf Bank has been more in the other direction, i.e. exiting all non-core activities as mentioned above as well as non-core segments (such as international lending to foreign entities). Rather than diversifying our products and services, we have decided to focus on what we think we do well, which is the domestic consumer and commercial banking business. Our differentiator will be service excellence and speed.

ARE THERE AREAS OF BUSINESS THAT ARE SPECIFIC TO THE ENVIRONMENT IN WHICH GULF BANK OPERATES AND ARE THERE EXTERNAL AND INTERNATIONAL/GCC AREAS THAT HAVE ROOM FOR IMPROVEMENT?

The banking environment in Kuwait tends to be a little constrained on the retail side. For example, spreads and fees are very tightly regulated and generally lower than in most other international and GCC markets. Now we understand why that

is, and the justification makes good sense, as the regulators do not want the banks to encourage consumers to borrow beyond their absorption capacity and become over-extended.

WHAT ARE GULF BANK'S MAIN TARGETS FOR 2014 THAT YOU CAN SHARE WITH US?

Our target, very simply, is to become the pre-eminent bank and to provide the best and fastest service to our clients. That will bring more business our way, as well as, ultimately, more profits.

GULF BANK HAS SHOWN POSITIVE PROFITS AND THIS HAS CONTINUED TO INCREASE. TO WHAT DO YOU ATTRIBUTE THIS STEADY PERFORMANCE?

Our success is essentially attributed to our strategy to focus on our core competencies and differentiate ourselves through service excellence. ✱