

# Supporting customers

“The markets we compete in account for over 60 per cent of the world’s population with over half the population under 30. We’ve been in these markets for over 150 years and believe it is our responsibility to ensure we not only provide our customers with transparent and helpful banking advice and products, but also educate them to better understand and manage their financial needs as they grow.” Mike DeNoma, Group Executive Director, Consumer Banking

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## 2007 Highlights

**84%**  
Consumer Banking Loyal and Positive Index

**98%**  
Wholesale Banking Service Quality Index

**20,000**  
employees completed e-learning on treating customers fairly

Supporting our customers to make the right financial decisions sits at the core of our business. It is in our own interest to provide individuals and communities with every opportunity to prosper because, in the long term, this will help the Bank grow.

This is why we work hard not only to deliver a culture that treats customers fairly, but also to improve the ‘financial literacy’ in the countries where we work. This is of particular importance for many people in markets where financial independence, managing wealth or even access to financial services are relatively new concepts.

### Setting high standards

Standard Chartered aims to embed a sales culture that delivers these high standards in every country we work in, so that products meet genuine customer needs and that customers have sufficient information to make the right choice.

Our standards are aligned with the UK Financial Services Authority’s ‘Treating Customers Fairly’ guidelines and supported by our own ‘Outserve Plus’ programme which focuses on enhancing customer service. Our standards cover product design, marketing and promotion, sales and advisory processes, remuneration and after-sales information, as well as

building customer loyalty through excellent service experiences.

Mike DeNoma, group executive director, Consumer Banking, is the Board sponsor for initiatives related to the fair treatment of customers. In 2007, he brought in a focus on customer experience as an end-to-end process, from product design and delivery through to after-sales service.

The initiative helped ensure that everyone in the Bank is empowered to act as the ‘customers’ bankers’ instead of purely focusing on product sales.

At the heart of our approach is the Bank’s Code of Conduct, which includes a focus on mis-selling. All front-line staff in Consumer Banking are required to successfully complete training on Treating Customers Fairly (TCF) within three months of joining the Bank. From June 2007, all Consumer Banking staff are required to undergo TCF e-learning.

The Consumer Banking Product and Reputational Risk Committee reviews risks related to sophisticated and complex consumer banking products. Senior product managers are responsible for ensuring that product development and product standards pay due regard to TCF issues.



### Complaints management

Sharing of best practices saw Nigeria take the lessons learnt from Botswana’s continuous improvement programme in complaints management and further improve the process so that today 95 per cent of complaints are resolved within 24 hours.



### Financial literacy

In Malaysia we teamed up with the central bank, local government authorities and the Ministry of Education to develop a financial literacy programme for schools. This programme will be rolled out to 81 schools in 2008.



## Creating customer loyalty

The Outserve Plus initiative has led to several improvements in day-to-day operations as well as in broad-based transformational programmes to enhance the level of service to our customers. For example:

- In the UAE, a real-time, virtual application barcode system tracks the flow of all Direct Banking applications across the Bank's network. Productivity and performance can be tracked and error rates can be measured. The error rate for Business Instalment Loans has reduced significantly; and
- A Rapid Response Unit has been established in Wholesale Banking to work with countries to tackle issues that generate inefficiency, poor client service and unnecessary risk.

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In 2007, the Bank introduced the following improved processes around TCF:

- Credit scoring, credit decisions and sale of credit products are undertaken after customer debt capacity analysis and appropriate use of credit bureau data;
- New standards on transparency around the sale of lending or credit products were introduced. For instance, key terms and risks are outlined in an 'Important Information Document'. Loan documents now set out interest rates, fees and their method of calculation more clearly; and
- Sales scorecards were revised to mitigate the risk of churning of investment sales and to include the impact of customer complaints on incentives and compensation.

### Assessing customer debt

The Bank is proactive in preventing over-borrowing by focusing on a thorough credit evaluation of the customer's total borrowing exposure. Positive credit bureaus have become effective tools in our markets in this regard. Unlike negative credit reference bureaus which only alert a financial institution when a customer has defaulted on payments, positive bureaus offer a comprehensive view of the customer's exposure to debt, allowing the Bank to make sure that it does not over-burden the customer. In 2007, the Bank continued to collaborate in industry initiatives by participating in Asia Pacific credit bureau conferences. We also have a continuing engagement in this regard in Singapore, Thailand, Malaysia, Hong Kong, India, Korea, Taiwan and China.

### Education and financial literacy

Whilst we recognise our responsibility to treat customers fairly, every individual has a responsibility to manage their own finances. In this respect, we believe that a financially literate society benefits everyone because it is better placed to contribute to long-term economic growth.



### Attack on madness

This is a global ideas scheme within Wholesale Banking to fight bad work bugs (issues) that get in the way of service and/or operational excellence. In 2007, one thousand ideas were generated from 27 countries.

The Bank can raise financial literacy by educating customers about financial products. In Hong Kong, Consumer Finance led the finance industry in introducing a domestic helpers' card, to prevent over-borrowing. In our Consumer Finance business, customer references and testimony are key to business referrals. Almost 40 per cent of our customers are repeat borrowers.

Standard Chartered also conducts consumer education through brochures and conducting seminars on how to manage debt and avoid over-borrowing. In 2007, Malaysia developed a training programme that will extend financial literacy training to schools to build a future customer base who invest and spend responsibly.

#### Continuous improvement through Outserve Plus

One of the Bank's five strategic priorities is to continuously improve the way we work to achieve operational excellence. Outserve Plus is our umbrella programme of continuous improvement and measurement. It aims to delight customers with the quality of our service.

The information we collect from our annual customer surveys across 26 countries helps us develop products that meet our customers' needs and exceed their expectations.

As a result, our Consumer Banking Loyal and Positive Index score has increased from 66 per cent to 84 per cent over the past five years.




We have also introduced a sales performance scorecard and we include indicators such as customer complaints in our sales incentive and reward programme. There have been no audit or regulatory findings of systemic issues relating to mis-selling.

Complaints are tracked and monitored from the time the complaint is logged through to its resolution. We aim to ensure all post-sales services including collections practices and the complaint-lodging process are fair and accessible.

#### More information is available on our website on the following topics:

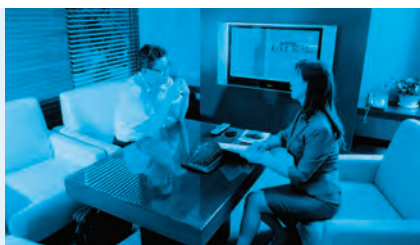
- Group Code of Conduct; and
- Access to Finance.

## Our goals and achievements in 2007

Our goals for 2007	Status	What we have done
Consumer Banking aims to sustain its Loyal and Positive Index at over 80 per cent and will focus on improving the share of 'loyal' customers	 Completed	Achieved a Loyal and Positive Index of 84 per cent in 2007, up from 83 per cent in 2006
Through Outserve Plus we will seek to improve quality, reduce cycle time and increase productivity while maintaining effective controls	 Completed	Several improvement projects across the Bank implemented, achieving operational efficiency and customer service gains
In addition to superior customer experience resulting from our operational excellence initiatives, there will be increased focus on improving the post-sales experience of customers	 Ongoing	We have enhanced our post-sales services which include collections practices and complaint-lodging

## Our priorities in 2008

- Consumer Banking aims to sustain its Loyal and Positive Index above 80 per cent
- Continuously improve processes to reduce complaint rates, and to re-engineer solutions into the underlying processes
- Strengthen financial literacy programmes to enable customers to manage their assets in volatile markets



#### Customer-friendly account opening forms

Wholesale Banking Account Opening and Services Agreement forms have been simplified into plain language.