

DO YOU HAVE A BUSINESS IDEA? BDB WANTS TO HEAR IT

**SANJEEV PAUL, GROUP CEO OF BAHRAIN
DEVELOPMENT BANK, TELLS US WHAT BDB IS
FOR BAHRAIN AND WHAT IT DOES FOR BAHRAINIS**





or years, Bahrain has been the financial hub of the Middle East. The Gulf island-state's banking system is consisting of Islamic banks and conventional banks with more than 114 banks in operation, including 23 retail banks, 69 wholesale banks, 2 specialized banks, as well as 36 representative offices of overseas banks.

However, due to the global financial crisis which thoroughly affected the stability of the Middle East, perhaps more than any other banking sector in the Gulf, Bahraini banks were the ones facing the most challenging situation due to the government debt burden and to debt affordability, which is expected to deteriorate significantly in the next three to five years.

Despite the troublesome waters, domestic & specialized banks, on the other hand, have generally fared reasonably well throughout the years. With the lots of small and medium-sized enterprises (SMEs) currently flourishing within Bahrain's commercial scene, one bank never falters to lend a helping hand to individuals who harbor a brilliant business idea in mind and wants to bring that idea come to life; a bank that specifically focused its resources on encouraging & supporting entrepreneurship activities and is eager to drive the Kingdom of Bahrain to its Economic Vision 2030, the Bahrain Development Bank (BDB).

This month, *Business in Gulf Magazine* had the exclusive privilege of interviewing BDB's new Chief Executive Officer, Mr. Sanjeev Paul, as he tries to bring in his ample years of banking experience to rectify the future of Bahrain's SME sector.

Can you share to us a background of yourself?

I graduated with a Bachelor's degree in Engineering from Delhi College of Engineering and a Master's degree in Finance and Marketing from the University of Delhi in India.

Currently, I am the Group CEO of Bahrain Development Bank (BDB). I have accumulated over thirty years of international banking experience with Standard Chartered Bank (SCB) where I handled a number of senior leadership roles.

Before moving to Bahrain, I was based in Singapore where I served as the Regional Head of Commercial Banking for ASEAN & South Asia, heading the SCB's business across nine countries including markets in Singapore, India, Malaysia and Indonesia. I was also the Chairman of Board of Directors of Standard Chartered Bank Vietnam Ltd. which is a role I am continuing with in addition to my role as CEO of BDB.

Prior to that, I served as the Global Head of Local Corporates and Commodity Traders for SCB, a business spanning around thirty countries including the Middle East and Bahrain.

I also had the opportunity to set up SCB's Middle Market Business from scratch

in India, a business which primarily banks the Small-and-Medium Enterprises (SMEs) in the country. Before that, I worked as SCB's Senior Risk Approver for 5 years as well as ran the Bank's Global Structured Trade Finance & Financing Solutions business.

What were you like when you were in high school?

During my high school days, I never really imagined becoming a banker because what I really desired before is to become an Aeronautical Engineer. I did take up an engineering course but I never really pursued it because my career was already heading into the banking industry.

You graduated at Delhi College of Engineering with a Degree in Mechanical Engineering and received your MBA from the University of Delhi. Did you always want to go into the financial and banking sector?

I was basically drawn to a career in corporate banking because it allowed me to look into diverse forms of businesses, understand what made them tick, help them grow, lead them to thrive in their own business sector. Also banking was considered as one of the best career and paying jobs available for professionals.

Some textbooks and other sources mislead people by saying that banks lend from the depositors savings. Is that true?

You are actually right to an extent because that's how all banks started long time ago. They channel the savings from individual clients, combine them all together, and put that money to work as loans to people who need money or invest that money in corporate businesses. Nowadays, banking has evolved into a much bigger thing; it's all about facilitating trade and risk management. Banks today also play a role in putting together acquisitions or looking into a company's growth targets. Banking has drastically changed and it'll continue

to change and advance in the coming years especially with the tech companies like Google, Amazon, and Alibaba, etc. planning to enter the banking scene.

In those years of running a massive international bank in Southeast Asian Region, what would you consider to be your greatest achievement there?

Southeast Asia's banking scenario is extremely competitive. All major cities are packed with banks, chasing the same clients each day and putting the whole banking industry under tremendous pressure in terms of margins. Banks have to differentiate and compete on service quality and innovative solutions to client issues. →

"BDB IS MORE THAN JUST A BANK. IT IS A VITAL INSTITUTION DIRECTLY LINKED TO THE GROWTH AND ADVANCEMENT OF THE KINGDOM OF BAHRAIN."



With that said, I would say my biggest achievement working in Southeast Asia was that I was able to establish new businesses which are now fairly successful despite being bombarded with heavy competition. One example would be a mid-market business that I started from scratch which basically takes care of the SMEs by meeting all their banking needs.

As an International Banker, you probably might have monitored earlier GCC's economic & financial instability and how member countries struggled to keep up despite the decreasing price of oil. In line with this, what is your insight on Bahrain's existing financial scene?

The Kingdom of Bahrain, particularly its financial sector, has a very special place in the Middle East and North Africa (MENA) region. I am very impressed with the professional caliber of the workforce here. They are well educated, hardworking and are very much eager to learn and succeed. The proximity to Saudi Arabia, which is the GCC's biggest market, makes it even more attractive for foreign investors to capitalize on Bahrain. Moreover, the country's leadership and government bodies like the Economic Development Board (EDB) are very progressive and supportive in promoting entrepreneurship among Bahrainis. It's not impossible for Bahrain to effectively serve as a financial and services hub of the MENA Region in the coming years.

Bahrain Development Bank is not a normal bank and the entity itself couldn't be compared to other commercial banks that operate in the country. With this regard, who are the typical BDB customers?

BDB's target customers are actually very different from most commercial banks. We want to bank the Bahraini entrepreneurs. I would say there are two targets for BDB clients: one would be a small enterprise owner who aspires to grow their business; perhaps an entrepreneur who operates a store, a small factory, a service shop, or any other small-scale business venture. The other target would be a person who has a brilliant idea in mind and is eager to bring that idea to reality. BDB would look into that person's determination and if the idea is deemed plausible, we will support that person through our various programmes, grant them a capital when needed or finance their various needs through a loan.

How does BDB differ from other banks in Bahrain? What are some of the main services that BDB offers?

BDB is more than just a bank. It is a vital Institution directly linked to the growth and advancement of the Kingdom of Bahrain. BDB differs from other banks because it is the only bank in the country that targets the small and medium-sized Bahraini entrepreneurs, offering loans and assisting them, especially during their company's start-up stage. We finance their working capital as well as offer them 'term-financing' in order for their companies to grow.

In addition to funding these companies, we also run a unique development service programme called "Rowad" wherein we support entrepreneurs in improving their businesses through mentoring, training, incubation, funding, partnership and providing them a network to investors and various events in the country. BDB also runs a pioneering accelerator programme called the "Seed Fuel" wherein we invest up to BD 25,000 of seed capital in a start-up

in Bahrain and the Farmers Market in Hawrat Aali which was launched earlier this year, aimed at helping Bahraini agricultural producers sell and market their products.

What exactly is the Women Business Finance Scheme? How is it different from any Finance Scheme available in the market today?

The Women Business Finance Scheme was launched in 2016 in cooperation with the Supreme Council for Women (SCW) and Tamkeen. A total of \$100 million was allocated to boost Bahraini women's business activities in the SME sector, thus promoting women entrepreneurship and development in the Kingdom.

Does BDB have a certain preference in terms of what type of SME sector the bank would most likely support?

We actually don't have any specific preference on what type of SMEs that we support. BDB is quite an industry-agnostic and we basically bank any kind of industries, be it in the mobile application

"BDB'S TARGET CUSTOMERS ARE ACTUALLY VERY DIFFERENT FROM MOST COMMERCIAL BANKS. WE WANT TO BANK THE BAHRAINI ENTREPRENEURS."

enterprise. The programme also offers the same mentoring and networking scheme to the entrepreneurs like the Rowad programme.

Our financial services include a complete range of options for SMEs like the BDB Finance, BDB and Tamkeen Finance, Education Finance, Women Business Finance Scheme called "Riyadat", Overdraft Facility, Agricultural Loans, Fisheries Loans, Letters of Credit, and Letters of Guarantee.

BDB also runs the Bahrain Business Incubator Centre (BBIC), an entity that mainly provides Bahraini entrepreneurs with mentorship and a subsidized facility where they can have the freedom to operate and grow their business in confidence. BBIC also operates the Bahrain Women Incubator Centre that focuses primarily on women entrepreneurs, the Arts Cluster that supports the development and commercialization of art related projects

sector, advertising, manufacturing, and a lot more. We are very open to any entrepreneur segments as long as they are not doing something which is illegal.

How do you encourage the SME sector in Bahrain to take on a sustainable approach?

The SME sector in every country is more vulnerable than the larger corporations because they have a minimal ability to sustain market shocks on the account of limited management bandwidth and lack of financial strength to see them through the hard times. Often times SMEs fail because they divert time and money to chase unrelated opportunities while putting the core business at risk. We, in BDB, handhold the SMEs in Bahrain from the beginning of their journey until they achieve success. We encourage Bahraini entrepreneurs to become sustainable through our Rowad Programme, which is mainly intended to train, mentor, and →



COVER STORY

further equip them with the necessary skills and competencies in order for their business to succeed.

It is crucial that SMEs should have a good business strategy and does not take on too many risks during the early days of the enterprise. A slow, steady growth and gradual integration of an organization plan are vital to keeping their businesses thrive in a positive pace.

Can you share with us some success stories of businesses that the BDB was behind?

BDB has a number of success stories of young Bahraini entrepreneurs, who with hope and confidence, brought their idea to life and strived to develop and expand their businesses. Their stories served as a motivation to institutions like ours that serve to broaden the entrepreneurial base within the Kingdom of Bahrain. Many of our clients received local, regional and international awards as recognition for their determination, hard work and of course, success.

So far, BDB has financed and partnered numerous enterprises in their business journey, such as Mr. Mohammed Al Ali's venture, Wires International, which has grown into a vibrant business and is considered as one of the largest aluminium wires manufacturers in the country with exports to over 40 countries. His enterprise was financed by BDB during its early days in 2001.

Similarly, Mr. Jameel Ameen, who has built his Delta Cables company into a robust business which meets a significant part of Bahrain's requirement of cables and they're even exporting now. Again, he was financed by BDB during the company's early stages.

Moreover, Our Seed Fuel-Rowad programme has put seed capital in 6 ventures in diverse businesses namely: Get Baqala, a grocery delivery platform; Inagrab which is a mobile app that provides price comparisons for online shoppers; and Majra.me which is an online millennial recruitment platform. There are several other business prospects in the pipeline for this programme in 2018.

What do you think is the most important trait one should possess in order to be an effective leader?

I believe that one of the most important traits of a leader is his ability to bring out the best in his team. This starts with being able to attract the right talent with complementary skills, retaining and motivating them to perform better. Over a period of time, the leader should make himself a redundant to the

organization. This is even more relevant nowadays because role definitions are starting to blur and skill requirements are changing rapidly. Also, banks nowadays are getting more inward looking and overlook the 'raison d'etre' for their very existence which is to attend to the needs of their clients. A leader's job is to bring the organization back to that mindset. With regards to managing my team in BDB, I can proudly say that we have a good set of people within the organization because everyone recognizes that BDB is more than just a bank; it is the Kingdom's primary vehicle in supporting Bahraini entrepreneurs and startups to grow their businesses and achieve success.

Is there a specific quote or saying that you liked?

There's one quote from Bill Gates which I liked. I may not get this exactly right but the idea of the quote says: "People may not need banks, but they definitely need banking." I think he said it in the context of big e-commerce companies like Amazon and Alibaba entering into the world of banking and I certainly agree with that statement.

Are you more of a hunter or a gatherer?

In banking, I think you have to become both hunter and gatherer. You opt to hunt for new business prospects and take care of your already secured

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clients at the same time. Unlike other businesses where you tend to forget about your product when it's already sold, in banking, you actually want to get your money back after a certain period of time with interest. One good thing in banking is that you succeed when your clients succeed. You somewhat mirror the success and accomplishment of each other. **BIG**

