



PURSUING GROWTH
OPPORTUNITIES IN THE SHIPPING-
RELATED AND NON- SHIPPING
SEGMENTS

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EXECUTIVE SUMMARY

This research project includes an in-depth analysis of the banking industry in Singapore with focus on the Norwegian corporates. We conducted this report for Nordea Singapore Branch to find out how they can pursue growth opportunities in shipping-related and non-shipping segments.

For the gathering of primary data we conduct in-depth interviews and e-mail surveys to both current and potential customers of Nordea. We summarise the internal and external factors in a SWOT analysis, to point out Nordea's strengths, weaknesses, opportunities and threats. From our analysis we have revealed that there is an existing but small market in the non-shipping segment for Nordea to expand in.

We have recommended a strategy to make it possible for Nordea to reach out to the non-shipping segment. We have also highlighted the importance of not losing their actual position. Our strategy is based on that Nordea should actively develop relationships with their current and potential customers. This strategy strives to make the current customers loyal and to attract new customers. If Nordea expands in the non-shipping segment, they must be aware that there are challenges. The greatest risk lies in alienating the customers in the shipping segment. For Nordea to be perceived as a better bank than its competitors and to strengthen their position in the non-shipping segment, a re-positioning of the brand is necessary.

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CHAPTER 1 – INTRODUCTION

1.1 BACKGROUND TO RESEARCH

Nordea is the number one or two in most Nordic markets, and enjoys good brand recall in their overseas markets. The Nordic region is especially known for shipping, and it has been in this segment Nordea has been focusing on in the past. But due to new opportunities in the non-shipping and shipping-related segment, caused by the ever-increasing number of Nordic corporations locating their business in Asia, and Singapore in particular, Nordea wants to widen their customer base. New segments refer to the shipping-related and non-shipping-related companies. For the rest of the report, we refer to them as corporate.

In order to attract these new segments, Nordea is in need of some changes. This report will put forward some changes that the company can consider.

1.2 AIM AND SCOPE

The aim of our paper is to come up with a strategy that enables Nordea to expand in the Norwegian corporate segment here in Singapore. In order to do this, we will have to classify the Norwegian related companies, see how many and who they are. In this paper, we will not elaborate on the shipping segment, since Nordea already has a strong presence here. The focus is on the non-shipping and the shipping related corporations. Furthermore, this paper focuses on the Singaporean branch of Nordea, and we will not elaborate on the strategies Headquarter has to focus on.

1.2.1 PROBLEM DEFINITION

Based on the current situation and the potential issues facing Nordea as stated above, we define our research problem as follows:

“How can Nordea pursue growth opportunities in shipping-related and non-shipping segments and still maintain its position in the shipping segment?”

1.2.2 RESEARCH OBJECTIVES & QUESTIONS

The research objectives of this paper are:

- Find out who the Norwegian corporates are
- Gain insight on the needs of potential customers
- Find out how satisfied current customers are with Nordea.
- Develop strategies that enables Nordea to reach this new segment(s)

We suggest ways of reaching them, and also how this is best done. The six main factors we want to find answers to are the following;

1. Who are the Norwegian corporates in Singapore?
2. What are their needs?
3. Why do some companies prefer a competitor?
4. Does Nordea deliver the promised service standards to the current customers?
5. What are the Norwegian corporates' perceptions of banking in Singapore?
6. How is the decision making process in the company?

1.3 RESEARCH METHOD

We will use in-depth interviews and e-mail questionnaires as our research methods to gather primary data. This is a sensitive theme, and we see this as the best solution.

Our sampling procedure and method will be from the Norwegian corporates in Singapore. After we have compiled a list of all the potential customers here in Singapore, we have to make a selection of which of the companies we will contact. It will not be random sampling, but in this case, that is not possible.

1.4 ORGANISATION OF REPORT

The rest of this report is organised as follows; *in chapter two*, we elaborate on the banking industry and the different banking types. *Chapter three* is an introduction to Nordea Bank AB, with details of both Nordea Group and the Nordea branch in Singapore. We will also give an introduction to the different services they provide to their customers. *Chapter four* explains our external and internal analyses. In *chapter five* we will elaborate on how we conducted the primary data research and present our findings. In *chapter six* we will sum up the analyses in a SWOT matrix, and come with strategic recommendations. In *chapter seven* we conclude the paper.

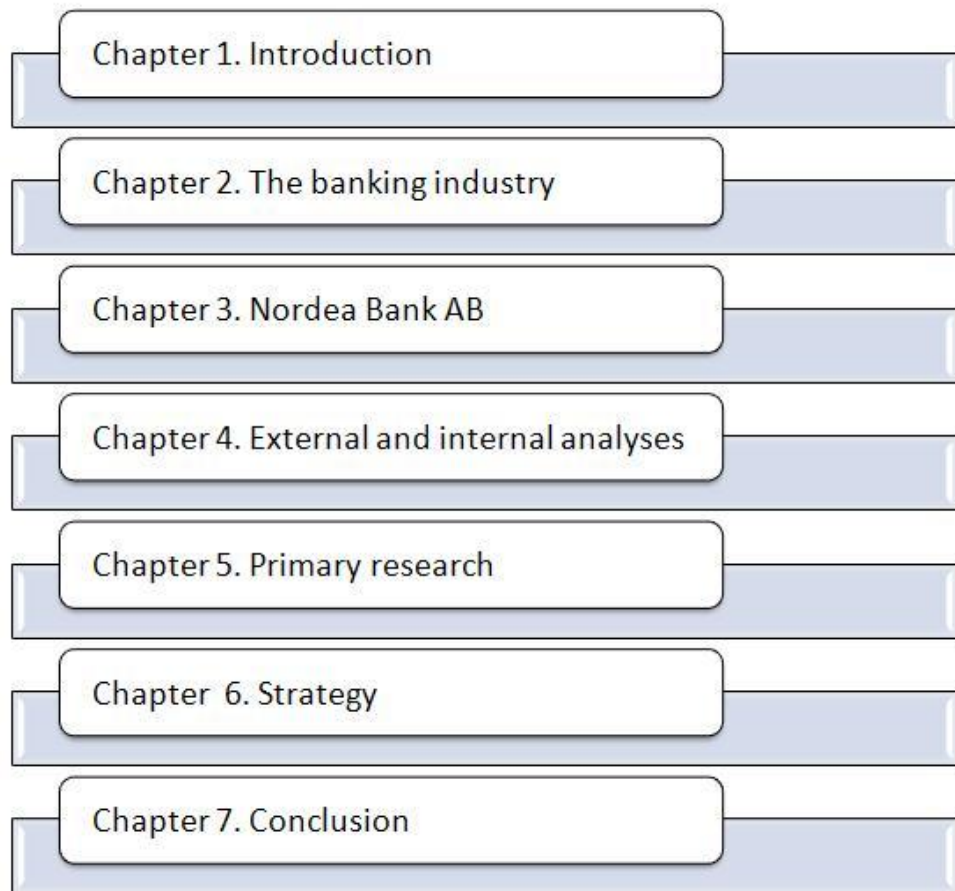


Figure 1: Organisation of the report

1.5 INDICATIONS ON EXPECTED OUTCOME

We expect this paper to reveal how many and who the Norwegian corporations in Singapore are, and also how they make their decisions. We also predict that we will reveal how and where Nordea should do their marketing. As of today all of Nordea's marketing is centralised in Finland, and Nordea Singapore hardly does any marketing themselves. We also expect to see how relationship building is important when establishing customer relations here in Asia, even though we are mainly dealing with Norwegians and Norwegian-related

companies. We come up with a strategy based on the seven Ps of the service marketing mix, and give a recommendation on how Nordea should use these Ps to expand in the corporate segment.

CHAPTER 2 – THE BANKING INDUSTRY

2.1 THE BANKING INDUSTRY

Singapore gives access to multiple business opportunities in Asia and has a diversified financial sector with a dynamic, competitive and innovative environment. It is a global foreign exchange trading hub, and is ranked as the fourth most active foreign exchange trading centre in the world, after London, New York, and Tokyo¹.

Singapore is often described as an economic miracle because of the high growth rates it achieved over the last two decades. The Gross Domestic Product (GDP) at 2000 market prices was in 1987 at 9.8 %, in 1997 at 8.3 %, and in 2007 at 7.7 %². The forecast for 2008 is 4.5 – 6.5 % in 2008³.

Since the Asian Financial Crisis in 1997, the government has encouraged consolidation among domestic banks, opened new opportunities to the foreign banks, and spurred the growth of markets in shares and bonds⁴. Total funds managed out of Singapore amounted to over S\$720 billion in 2006 and this underlines its position as a country with a pro-business environment.⁵ For a more in-depth understanding of the different forces shaping the industry, see Porter's Five Forces (Chapter 4). From the table below (Table 1) we see that the total lending by the financial sector in Singapore was estimated to 154.43

¹ <http://www.worldbank.org/fandd/english/1296/articles/051296.htm>

² <http://www.singstat.gov.sg/stats/themes/economy/hist/gdp1.html>

³ <http://www.singstat.gov.sg/news/news/gdp3q2007.pdf>

⁴ Singapore Country report, the EIU, available from the URL:
https://venus.wis.ntu.edu.sg/lib_databases/alpha.aspx?formtype=&alpha=E

⁵ http://www.edb.gov.sg/edb/sg/en_uk/index/why_singapore/conductive_environment/pro-business_environment.html

% of the GDP in 2006. The gross domestic savings were approximately US\$66.08 billion the same year.

Singapore was ranked the world's seventh most competitive economy by Swiss-based World Economic Forum (WEF) in their Global Competitiveness Report 2001, and the rankings are seen as an indicator of growth prospects for the next 5 years⁶.

The new Basel II Banking Standards apply to Singaporean banks since January 2008 and the Monetary Authority of Singapore (MAS) has been working with the banking sector to prepare them. The new standards should lead to an improved risk-management. The top corporate income tax will be reduced from 20 % to 18 % in 2008 and this will positively affect the market attractiveness for banks and other companies.

⁶ http://www.weforum.org/pdf/Global_Competitiveness_Reports/Reports/gcr_2007/gcr2007_rankings.pdf

Financial market indicators	
Demand for financial services	
Gross domestic product, 2006 ^A (US\$bn)	132.16
Gross domestic savings (estimated) 2006 ^A (US\$bn)	66.08
Gross domestic product per person (estimated) 2006 ^A (US\$bn)	29.470
Financial intermediaries	
Total lending by financial sector (estimated) 2006 ^A (% of GDP)	154.43
Total lending to the private sector (estimated) 2006 ^A (% of GDP)	127.00
Pension- fund assets, end- 2006 ^C (% of GDP)	61.33
Mutual- fund assets, end- 2006 ^D (% of GDP)	14.29
Venture- capital and private- equity funds under management, end- 2006 ^E (% of GDP)	9.05
Factoring turnover, 2006 ^F (% of GDP)	2.81
Capital markets	
Domestic equity market capitalization, end-2006 ^G (% of GDP)	290.69
Domestic financial sector and corporate debt issues outstanding, end 2006 ^H (% of GDP)	17.58
International financial sector and corporate debt issues outstanding, end 2006 ^H (% of GDP)	33.78

Sources: (A) Economist intelligence unit, Market Indicators and Forecasts. (C) Central Provident Fund Board. (D) Monetary Authority of Singapore. (E) Economic development board. (F) Factors Chain International. (G) World Federation of exchange. (H) Bank of international settlements, Quarterly review on international banking and financial market development.

Table 1: Financial Market Indicators

THE NUMBER OF COMPETITORS OF A CERTAIN SIZE

In February 2008, Singapore had 116 commercial banks. 106 of them were foreign banks categorised as full banks, wholesale banks or offshore banks. Full banks are allowed to offer the whole range of banking services, and wholesale and offshore banks face restrictions on their local activities⁷. Nordea is an offshore bank. The MAS has started to liberalise the banking sector, and in 1999 and 2001 they issued 6 Qualifying Full Bank (QFB) licences to foreign banks to promote competition. The new QFB's can establish more branches

⁷ Singapore Country report, the EIU, available from the URL: https://venus.wis.ntu.edu.sg/lib_databases/alpha.aspx?formtype=&alpha=E

and ATMs. The MAS also upgraded 6 offshore banks to wholesale banks in 2001 and 2003⁸.

Foreign banks are also competing “aggressively and creatively” according to the Economist Intelligence Unit. HSBC has reached an agreement with Dairy Farm Group giving access to 425 outlets, from where the banks’ customers can obtain cash via cash – bank services. Standard Chartered has renovated its branches and raised standards through technology for over US\$ 100,000,000. Citibank has increased its number of outlets and ABN Amro plans to increase its number of ATMs.

On the other hand, the government wants local banks to maintain a market share of at least 50 % in local banking to increase their competitiveness, the quality of senior management and restructuring operations⁹.

Until today, Nordea has been focusing on the medium to big companies in the market. There are several other banks present in Singapore that also provide the same services to this segment. Banks like Citibank, SEB, DnB NOR and BNP Paribas are also present in Norway (the home market), and are competing for the same clients and should not be ignored when evaluating the competitive landscape. In Singapore, Standard Chartered Bank and OCBC could also attract some of the Scandinavian businesses that are independent branches here, and could therefore also be Nordea’s direct competitors.

⁸ Singapore Country report, the EIU, available from the URL:
https://venus.wis.ntu.edu.sg/lib_databases/alpha.aspx?formtype=&alpha=E

⁹ Singapore Country report, the EIU, available from the URL:
https://venus.wis.ntu.edu.sg/lib_databases/alpha.aspx?formtype=&alpha=E

THE BANKING INDUSTRY GROWTH RATE

After enduring a series of economic up - and – down turns over the past decade, Singapore is now showing signs of stability and its liquid assets are increasing strongly. For example, retail savings and investment balances in Singapore have grown at a compound annual rate of 6.8 % from 2002 to 2006, rising from US\$123.8 billion (SGD189.8 billion) in 2002 to US\$161.1 billion (SGD246.9 billion) in 2006. Retail savings and investments increased by 9 % in 2006 alone¹⁰.

Singapore has had an annual growth of 26.5 % in banks' bond portfolios in 2007¹¹. The country ranks fourth after Taiwan (117.7 %), Australia (30 %), and China (23.4 %). Hong Kong ranks fifth with a growth of 17.6 %. Elsewhere in the region bond holdings fell first quarter of 2008.

DIFFERENTIATION

The banking industry has very standardised products with limited possibilities for differentiation. The companies have to use service and price to attract customers. When operating in a market with many competitors, companies have to find out how to reach their customers. After analysing potential competitors to Nordea we found out that most of them focus on high quality of service or low price (Table 2).

¹⁰ <http://www.datamonitor.com/industries/research/?pid=DMFS2141&type=Report>

¹¹ "Competitive landscape – Singapore – Q1 – 2008": Singapore banking and finance 07 Feb 2008

2.2 THREE DIFFERENT BANKING TYPES

As mentioned above, the three foreign banking types in Singapore are full banks, wholesale banks, and offshore banks¹².

Full banks are able to deliver almost the same services as universal banks. In Singapore there are 27 full banks, where 16 of them are branches of foreign banks, five are local institutions, and another six are foreign institutions with QFB licences. They have the possibility to establish sub – branches and ATMs¹³.

The *wholesale banks* are branches of foreign banks. They can deliver the same services as the full banks, except that they are not able to “carry out Singapore dollar retail banking activities”.¹⁴ These banks “operate as wholesale banks when transacting business in the (offshore) Asian dollar market through their Asian Currency Units (ACUs).” When doing business through the Domestic Banking Units (DBU’s) they can conduct Singapore dollar transactions, with some limitations for the offshore banks; the local currency lending limit is fixed at S\$ 500 million.

Further, *the offshore banks* can “engage in the same activities as full and wholesale banks for business transacted through their ACUs”¹⁵. They conduct activities at a smaller scale; including corporate finance, mergers and

12 www.mas.gov.sg/fin_directory/index.html

13 “Competitive Landscape – Singapore – Q1 2008 – Banking/Finance – 07 Feb 2008. Available from ProQuest

14 “Competitive Landscape – Singapore – Q1 2008 – Banking/Finance – 07 Feb 2008. Available from ProQuest

15 www.mas.gov.sg/fin_development/Types_and_Number_of_Institutions.html

acquisitions advice, investment management and consultancy. As mentioned earlier, Nordea is classified as an offshore bank.

CHAPTER 3 – NORDEA BANK AB

3.1 NORDEA GROUP TODAY

The whole Nordea Group is operating under the Nordea brand after mergers between the Finish Merita Bank and the Swedish Nordbanken in 1997, then the Danish Unidanmark in 2000, and lastly an acquisition of the Norwegian bank “Christiania Bank og Kreditkasse” and the Swedish Postgirot Bank in 2001¹⁶.

Nordea has about 10 million personal customers and 1 million corporate customers, and their home market is said to be the Nordic countries (Norway, Sweden, Finland and Denmark), where they are ranked number one or two in most markets¹⁷.

In addition to the Nordic region, the bank is present in 19 countries around the world, “operating through full service branches, subsidiaries and representative offices”¹⁸.

Nordea’s profitability has increased during the last years, and they have had a strong growth in revenues and profits¹⁹. In addition, the bank has received several awards; e.g. three international fund prizes, and the “World’s Best Trade Finance Providers 2008” (Global Finance Award)²⁰. The president of Global Finance, Joseph D. Giarraputo stated regarding this award:

¹⁶ <http://www.nordea.com/About+Nordea/Frequently+Asked+Questions/51472.html>

¹⁷

<http://www.nordea.com/Corporate%2b%2bInstitutional/International%2bNetwork%2band%2bServices/50132.html>

¹⁸

<http://www.nordea.com/Corporate%2b%2bInstitutional/International%2bNetwork%2band%2bServices/50132.html>

¹⁹ “Nordea Bank AB, Company profile”, January 2008

²⁰

"The best banks in the trade finance business are those that understand the global supply chain requirements of their customers and integrate financial services with automated processes in order to handle the growing volumes of international trade efficiently and with less risk".

3.2 NORDEA BANK AB IN SINGAPORE

Nordea has been present in Singapore as a branch since 1980, and they deal mostly with international shipping companies, Nordic companies and local regional clients of Nordic companies²¹. Their services range from full-scale corporate services throughout the South East Asian markets, the Indian subcontinent and Australasia.

Nordic corporates' presence in Singapore is increasing. Norwegian investments in Singapore were 425 million S\$ in 1996, and increased to 7.9 billion S\$ in 2005²². This might be one of the reasons why Nordea has chosen to establish a branch office here.

<http://www.nordea.com/About%2bNordea/Awards%2b%2bnominations%2b2008/Awards%2b%2bnominations%2b2008/Nordea%2bwins%2bGlobal%2bFinance%2bawards/1025602.html>

21

http://www.nordea.com/Erhverv++institutioner/International+Network+and+Services/International+Network/Singapore/61912.html?q=singapore&link=2_1

22 www.singstat.gov.sg/stats/themes/economy/biz/foreigninvestment.pdf

3.3 VISION & MISSION



Figure 2: Nordea’s Foundations

The Nordea *logo* is used on all of their products and services provided, and is the same in all markets. They believe that the brand will be stronger with a simple and consistent brand structure. This is why the master brand strategy is the best way to be able to support the business, and to create value for the shareholders²³.

Nordeas’ *mission* is “making it possible”²⁴. Their homepage states that Nordea’s success depends on our ability to act as one bank with common processes, corporate values, direction, objectives and a common brand is a cornerstone.

23 <http://www.nordea.com/About+Nordea/Brand+and+intangibles/768002.html>

24 <http://www.nordea.com/About+Nordea/Brand+and+intangibles/768002.html>

Their *vision* is to be “the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders”²⁵. The bank wants to help their customers to reach their goals by providing services in banking, insurance and asset management.

3.4 FINANCIAL SOLUTIONS

3.4.1 CASH MANAGEMENT

As all banks do cash management, and it shows the importance of providing something extra to the customers, something they see as special.

Singapore is a “cheque community”, and most companies still use cheques as payment e.g. stationary shops. Since Nordea does not provide companies with cash, Nordic companies normally have a local bank in addition to an overseas bank.

Nordea provides their customers with current accounts in major currencies (EUR and USD) including balance reporting and payments from other Nordea branches or other banks. Incoming payments are free, but the outgoing payments have a flat fee depending on the payment type.

3.4.2 TRADE FINANCE (LETTER OF CREDIT/GUARANTEES)

Trade finance is important for the corporate market. The focus is on letters of credit, collections, and documentary collections which all support trade. The bank can offer one or more of these services to the customer, depending on the

²⁵ http://www.nordea.com/About+Nordea/51332.html?q=vision&link=1_2

relationship the customers have to their trade partners. Trade finance products are very competitive, and all the competing banks to Nordea offer these services. Nordea does not compete only on price, but is focusing more on giving advice, and trying to understand the needs of the customer.

3.4.4 CREDIT / LENDING

Nordea offers different types of loans, including working capital and investment finance, export and project finance transactions. To help companies to start up, Nordea can provide start-up capital to companies and also give loans in other currencies. “The Nordea Group has become a dominant arranger of mixed credits or soft loans for Nordic exporters in a number of Asian markets.”²⁶ A soft loan is a loan with a below-market rate of interest.

3.4.5 CORPORATE FINANCE

Corporate finance is about maximising the value of the firm and may be defined as “the processes by which companies raise capital, especially to fund growth, acquisitions etc.”²⁷

It is often a division in investment banks that advises on acquisitions, management buy-out, mergers, financing joint ventures, bid defences, restructures and disposals.²⁸ The fact that Nordea has been in Singapore for 27

²⁶ http://www.nordea.com/sitemod/upload/Root/www.nordea.com%20-%20uk/Productsservices/InternationalNetworkandService/Singapore_brochure.pdf

²⁷ http://www.ashburton.com/XX_Glossary/

²⁸ <http://www.icaew.co.uk/index.cfm?route=122299>

years makes them suited to give advice based on the experience and knowledge they have acquired.

CHAPTER 4 – EXTERNAL & INTERNAL ANALYSES

4.1 EXTERNAL ANALYSIS

4.1.1 SECONDARY RESEARCH

We have used web pages that are connected to companies, governments and organisations. The scope of this paper is restricted to the Norwegian corporates in Singapore. Not much research has been done on this particular problem in the past, and we have not found answers to our problem searching through secondary data.

One of the most important tasks to do before strategies can be developed, is to thoroughly analyse the environment the company faces, and get an overview of the company's opportunities and threats.

4.1.2 PESTEL ANALYSIS

The PESTEL- analysis will help us to get a better understanding of macroeconomic factors that will affect the environment Nordea operates in. Political, economic and legal factors can affect the banking industry directly, while socio-cultural and environmental factors can have a more indirect effect.

POLITICAL FACTORS

The Republic of Singapore is a parliamentary democracy. The Prime Minister (Lee Hsien Loong) and the cabinet are appointed by the President (S. R. Nathan), and are responsible to him. The major political parties are the ruling People Action's Party (PAP), Singapore Democratic Party (SDP), Workers' Party (WP), Singapore Democratic Alliance (SDA), and Democratic Progressive Party (DPP).

The latest national election was held in May 2006, and the next election is scheduled sometime in 2012. The PAP won 66.6 % of the votes in 2006, and controls 82 of the 84 elected seats in the parliament. This dominance reflects the weak and fragmented opposition parties²⁹. The PAP remains in a strong position and continues to restructure the economy to prepare Singapore for the challenges of globalisation.

According to asiarisk.com; the ruling PAP has, in one generation, transformed an island of slums into a nation with one of the highest standards of living in Asia. The transformation was achieved largely through the government's efforts in encouraging foreign investment with economic policies and attractive incentives.³⁰

²⁹ www.asiarisk.com/subscribe/siindex.html
³⁰ Singapore Country Report, 2008

The PAP government has a tight grip on Singaporean politics, having won power consistently over the last few years. However, the bureaucracy also has considerable influence, with its more senior officials sometimes appearing to have as much influence as Cabinet ministers – much to the frustration of the Members of Parliament. The latter are also constantly looking for opportune moments to remind the executives about the importance of their own status and that of the legislature as the source of the government's legitimacy³¹.

Singapore's political risks are low and stable³². The one-party political system has its domestic and foreign critics, and Singaporeans do not enjoy the same freedom of speech that other democratic nations enjoy. The press is influenced by the government, and there are few ways for opposition politicians and activists to air their grievances. However, from the perspective of foreign investors, Singapore offers more domestic political stability and predictability than any other countries in South-East Asia³³.

ECONOMIC FACTORS

Singapore faces three major economic challenges; increases in regional competition; an ageing population; and the need to restructure its manufacturing sector. As a small and open economy being affected by globalisation, Singapore has to work to maintain its role as a major trading centre in Asia. In the recent years, the government has tried to attract more

31 <http://www.asiarisk.com>

32 <http://www.asiarisk.com>

33 http://www.asiarisk.com.ezlibproxy1.ntu.edu.sg/subscribe/ai/ai745.html#_Toc185710093

FDIs by a wider range of tax incentives³⁴. Singapore is also highly dependent of foreign investments. As much as 81 % of investment commitment in the manufacturing sector in 2006 came from abroad.

Marketers need to consider the state of a trading economy, especially interest rates, the level of inflation and the GDP when analysing the environment. In Singapore the economy can be described with four basic characteristics: “city-state economy, heavily dependent on foreign multinational capital, state activist and free-trade traditions”³⁵.

As seen in The Economist Intelligence Units Country Report³⁶, Singapore’s economy is highly industrialised. The most important sector is manufacturing, followed by wholesale and retail trade, business services, transport and communications, and financial services. The manufacturing sector is quite diverse, with electronics accounting for the largest part. It directly accounted for 32.4 % of manufacturing output in 2006. Other key sectors in the economy include chemicals and chemical products, pharmaceuticals and transport engineering equipment³⁷. When it comes to interest rates, we can see from Table 3 that they have been gradually increasing from 2002 to 2006.

34 Singapore Country Report, 2007

35 Li, Ku-Wai, 2002

36 http://portal.eiu.com.ezlibproxy1.ntu.edu.sg/report_dl.asp?issue_id=1512190736&mode=pdf

37 http://portal.eiu.com.ezlibproxy1.ntu.edu.sg/report_dl.asp?issue_id=1512190736&mode=pdf

The MAS keeps their monetary and exchange rate policies appropriate for sustained and non-inflationary economic growth³⁸. The inflation rate in Singapore can be seen from Figure 3 and we have focused on the MAS' underlying measure, which excludes accommodation and private road transport costs. This slowed from 1.7 % in 2006 to 1.2 % in Q1 2007, before rising to 2.8 % in Q3 2007. But all in all, inflation is steady and acceptably low in Singapore. Nevertheless, the sustained economic growth and the signs of price pressures in 2007 have led the MAS to conduct a gradual appreciation of the Singapore dollar against the US dollar³⁹.

As we can see from Table 4, the economy in Singapore has a steady growth rate in terms GDP. The GDP rate has not been growing as rapidly as before, and is expected to have a steady growth rate for the next years as well. The country has built a successful market economy, and is today one of the most transparent economies in the world⁴⁰.

SOCIO-CULTURAL FACTORS

For statistical purpose, Singapore Department of Statistics (DOS) adopts the 'de jure concept' for Singapore's population estimates based on a person's place of usual residence. According to the United Nations recommendation⁴¹, countries should apply a threshold of 12 months when considering place of usual residence. Based on the latest estimates, Singapore's total population at

38 <http://www.singstat.gov.sg/pubn/reference/yos/statsT-finance.pdf>

39 EIU Monthly report, March 2008

40 <http://www.innovasjon Norge.no/Internasjonale-markeder/Landrapporter/Singapore/>

41 The "principles and recommendations for population and housing census, revision 2" was adopted by the United Nations commissions at its 38th session in 2007.

the end of June 2007 was 4,588,600. The total population in 2007 grew by 3.4 per cent over the previous years. The Singaporean population has grown older and the median age for the resident population rose from 35.0 years in 2003 to 36.4 years in 2007⁴².

If we look at the trends in “dual- career couples” we can see that the participation of Singapore resident females in the labour force has been increasing over the years. The “dual- career couples” accounted for 44 % of married couples in 2007, up from 41 % in 2000⁴³.

The strong economy led to another record-breaking year for employment creation in 2007. Preliminary estimates show that employment grew by 64,200 in the fourth quarter of 2007. This brought total employment creation in the whole of 2007 to 236,600. All major sectors registered employment growth in 2007. The services sector saw the largest employment gains of 144,100. Manufacturing employment rose by 49,400, supported by strong manpower demand in marine and offshore engineering. Both locals and foreigners benefited from the strong job creation⁴⁴. By December 2007, there were 900,800 foreigners in Singapore, forming 33 % of the 2.73 million persons employed. The majority of the workforce was local (67 %)⁴⁵.

Singapore is a multicultural nation and has many different languages and religious views. The major spoken language at home in 2000 was English by

42 <http://www.singstat.gov.sg/pubn/popn/respop.pdf>

43 <http://www.singstat.gov.sg/pubn/papers/people/op-s11.pdf>

44 http://www.mom.gov.sg/publish/momportal/en/press_room/press_releases/2008/20080131-employment.html

45 http://www.mom.gov.sg/publish/momportal/en/press_room/press_releases/2008/20080131-employment.html

68.5 %. The second largest spoken language at home was Malay (15.6 %) ⁴⁶.

The other official languages in Singapore are Mandarin and Tamil. But English serves as the link between the different ethnic groups and is the language of the educational system and the administration. The colloquial English used in everyday lives is often referred to as “Singlish”. When it comes to religion, 42.5 % of the Singaporeans are Buddhists, 14 % are Christians and 14 % have Islam as their religion ⁴⁷.

TECHNOLOGICAL FACTORS

According to the Singaporean government, Singapore is recognised as a global leader in the adoption and use of information communication technology and the technology for the banking industry is developing.

“The use of information communication technology is omnipresent across all economic sectors in Singapore and has proven to be a key enabler for individuals, businesses, and government agencies.”⁴⁸ The information communication technology is an important part of Singapore’s infrastructure. From the Singapore government’s website on infrastructure, we can see that the Internet penetration amongst the households in Singapore is 71% of the population ⁴⁹. Being updated on the technology will help Nordea to win more customers. The Internet banking technology has to be easy to use. If there are too many problems with it, the customers could be encouraged to switch to

46 <http://www.singstat.gov.sg/pubn/popn/c2000sr2/cop2000sr2.pdf>

47 <http://www.singstat.gov.sg/pubn/popn/c2000adr/chap5.pdf>

48 <http://www.ida.gov.sg/Infrastructure/20060816193152.aspx>

49 <http://www.ida.gov.sg/Infrastructure/20060411230420.aspx>

another bank.

According to the Economist Intelligence Unit's monthly report for March 2008, the MAS Electronic Payments System was upgraded in December 2006. This is "a real-time gross settlement system for large-value Singapore dollar interbank funds transfers and it now provides a more efficient liquidity management, improved risk management and more streamlined payment flows."⁵⁰

ENVIRONMENTAL FACTORS

The globalisation is a force that influences the pace of change in the global business environment⁵¹. A survey done among business executives found that the factors the respondents see as contributing most to the accelerating pace of change in the business environment is innovation in products and services. The global business landscape is shaped by macroeconomic, social and environmental factors⁵²; greater ease of obtaining information and developing knowledge, plentiful, cheap, and mobile capital, reduction in trade barriers, expanded access to talent and labour pools, technological change, more capable competitors, and rising consumer awareness and activism also contributes to

⁵⁰ Singapore Monthly report, March 2008

⁵¹ McKinsey Quarterly global survey of business executives, March 2006

⁵² McKinsey Quarterly global survey of business executives, March 2006

the change⁵³. According to the survey, globalisation is expected to have a positive impact on the organisations the next three years.

LEGAL FACTORS

There are some requirements that you have to consider when you wish to do business in Singapore, and you must do this through a sole proprietorship, partnership, limited liability partnership, company or business trust⁵⁴. It is required to comply with the requirements under the Business Registration Act⁵⁵. A study that has been carried out by National University of Singapore's Corporate Governance (released in 1997) showed that many companies do not comply with the requirements of the code of Corporate Governance."⁵⁶ Foreign investors operate with a minimum of constraints and are subject to essentially the same rules as local firms; this is mainly because Singapore strives to become a major regional centre for multinational business. In general, no restrictions are placed on levels of foreign equity, except in the areas of finance, media and certain government-linked companies⁵⁷. There has been a liberalisation on restrictions in banking and finance, and this has opened for foreign competition.

CURRENCY RESTRICTIONS

There are no restrictions for individuals or corporations to import capital, move funds or repatriate profits. There are no exchange restrictions in Singapore and you may bring in or take out any amount in any currency. Financial services

53 McKinsey Quarterly global survey of business executives, March 2006

54 <http://singapore.angloinfo.com/af/13/singapore-financial-and-legal.html>

55 <http://www.iras.gov.sg/ESVPortal/Home/index.asp>

56 EIU Country report, March 2008

57 EIU Country Finance Singapore, page 26 and 28, September 2007

are a key source of growth since the 1970s and the government constantly provides incentives for its development. Singapore has an open economy and a strong commitment to free trade, which welcomes foreign investments. These companies may freely repatriate investment capital and profits. The MAS maintains an explicit policy of not encouraging the overseas use, or “internationalisation”, of the Singapore dollar⁵⁸ and consists of two basic requirements. First, where non-resident entities wish to obtain a Singapore-dollar loan or tap Singapore’s bond or equity markets to fund overseas activities in excess of S\$ 5 million, they have to swap or convert the Singapore-dollar proceeds in excess of S\$ 5 million into foreign currency as and when the proceeds are used offshore. Second, exporting amounts exceeding S\$ 5 million to non-residents is not allowed, because it may be used for speculation against the Singapore dollar⁵⁹.

TAXATION SYSTEM

The taxation system in Singapore is one of the most transparent in the world. The three types of direct taxes imposed are; income tax, property tax and estate duty, and goods and services tax⁶⁰. Companies are taxed on income after deductible expenses, depreciation allowances, trading losses, and donations to approved charities⁶¹. In July 2007, the government increased the rate of goods-and-services tax from 5 % to 7 %. This strategy is in order to remain competitive and to continue to attract FDI inflows⁶². The tax burden in

58 EIU Country Finance Singapore, page 26 and 28, September 2007

59 EIU Country Finance Singapore, page 26 and 28, September 2007

60 <http://www.singaporelaw.sg/content/BA.html>

61 <http://www.entersingapore.info/sginfo/banking-taxation.php>

62 EIU Country Finance Singapore, September 2007

Singapore is moderate compared with other countries in the region. The corporate tax rate was in 2005 20 % and will be reduced to 18 % in 2008. Singapore also added special incentives for finance and shipping to attract international investors. Singapore is striving to develop itself into a premier financial centre and as part of this, the MAS offers concessionary tax incentives for financial institutions to set up operations.

4.1.3 PORTER'S FIVE FORCES

We use Porter's five forces to get a better understanding of the industry Nordea operates in.



Figure 4: Porter's five forces

We have classified these forces according to their threat/bargaining power.

Rankings are: 1: very low threat, 2: low threat, 3: medium threat, 4: high threat, 5: very high threat.

THREAT OF NEW ENTRANTS

According to a new PriceWaterhouseCoopers/Economist Intelligence Survey, 36 % of CEOs in Asia currently have over 10 % of their headcount offshore. In three years time, more than 64 % expect over 10 % of their headcount to be based in offshore centres. This trend reflects the globalisation and the increasing international focus businesses face. It is difficult to map potential new entrants. We cannot exclude the Norwegian banks, even though they are small they might be specialised on the Norwegian corporates. We get the impression that the threat is bigger from the global banks because they have larger networks and stronger financial positions. We rank this force to be middle to high (3 to 4).

THREAT OF SUBSTITUTES

The banking industry does not really have any direct substitutes, because doing business without a bank is not very likely. Therefore the threat is ranked as very low (1).

BARGAINING POWER OF SUPPLIERS

There are several suppliers of technology, software, funds, and physical assets in the market, and Nordea could choose the one they prefer. The suppliers have a low bargaining power (2).

BARGAINING POWER OF CUSTOMERS

There are about 150 Norwegian companies in Singapore today⁶³, but this number also includes existing customers of Nordea. Therefore, the number of potential customers in the corporate market will be low.

The bargaining power is high to very high (4 to 5), especially when the customers trade in big volumes. To quote the CFO of Kongsberg Maritime, Lona Chang:

“Because we deal with them a lot [...] we have the bargaining power.”

INTENSITY OF RIVALRY

Customers have an abundant amount of banks to choose from in Singapore. There are full, wholesale and offshore banks.

There are no substitutes and the bargaining power of the suppliers is low. But as we can see from our rankings, the bargaining power of the buyers and the

⁶³ <http://www.innovasjon Norge.no/Internasjonale-markeder/Kontorer-i-utlandet/Singapore/In-English/Norwegian-Companies/>

potential new entrants has the strongest influence on the rivalry; therefore we evaluate the intensity of the rivalry to be high.

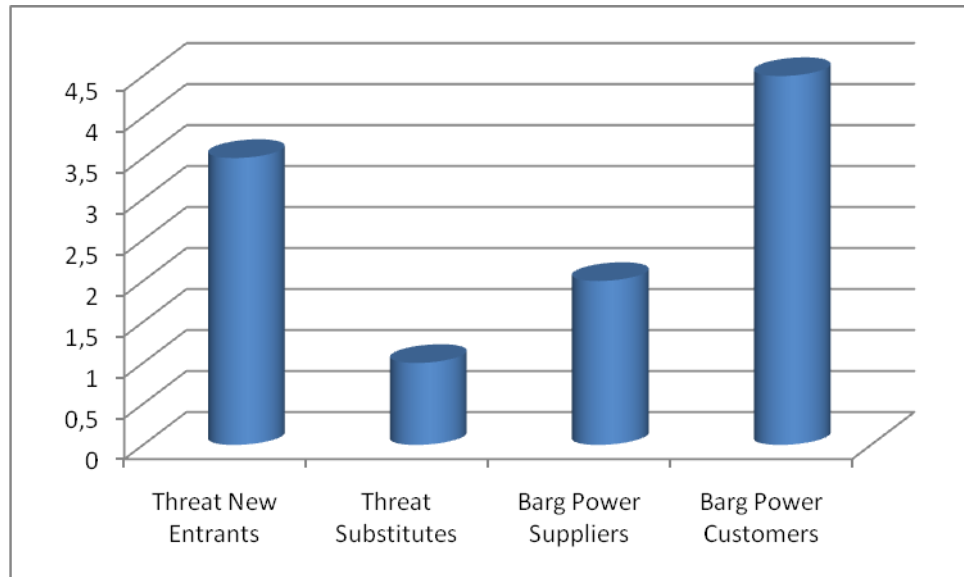


Figure 5: Intensity of Rivalry

4.1.4 TIER 1 CAPITAL RATIO

As we can see from the competitor analysis below, all of Nordea's competitors are ranked as "well – capitalised" with a ratio above 6 %. "Tier 1 includes capital stock, reserves, and retained earnings or undivided profits."⁶⁴ Tier 1 capital is a measure of capital adequacy that takes into account a firm's core capital relative to its risk-weighted assets.

Dividing Tier 1 capital by risk-weighted assets results in its Tier 1 Capital Ratio. An institution's Tier 1 Capital Ratio is used by regulators to grade its capital adequacy. There are five rankings: Well-Capitalised (ratio of $\geq 6\%$ and

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<http://www.briefing.com/GeneralContent/Investor/Active/ArticlePopup/ArticlePopup.aspx?SiteName=Investor&ArticleId=NS20071102105404AskAnAnalyst>

may not pay dividends that would change the ranking), Adequately Capitalised (ratio $\geq 4\%$), Undercapitalised (ratio $\leq 4\%$), Significantly Undercapitalised ($\leq 3\%$), and Critically Undercapitalised (restricted from paying dividends and must file a capital restoration plan).

The capital base of a company is in general the firm's equity (and its reserves) and represents its capacity to absorb losses and keep resources under difficult conditions. The larger a firm's capital base, the more setbacks it can endure without going under. To measure the adequacy of the firm's capital, one should compare it with its risk-weighted assets. "Risk-weighted assets are calculated by assigning assets and off-balance sheet items to a risk category of 0 %, 20 %, 50 %, or 100 %. Cash, for instance, is without risk, while a letter of credit carries substantially more risk. The greater the proportion of dependable assets compared with risk-weighted assets, the more stable and efficient the institution and the more protection it offers depositors and investors."⁶⁵

Risk-based capital ratios do not measure an institution's exposure to operational and competitive threats, nor market and interest rate risks. But the capital ratio offers a useful metric in conjunction with other measures. The Tier 1 ratio indicates the amount of equity or capital support or assets that can protect the bank from unexpected events.

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<http://www.briefing.com/GeneralContent/Investor/Active/ArticlePopup/ArticlePopup.aspx?SiteName=Investor&ArticleId=NS20071102105404AskAnAnalyst>

4.1.5 COMPETITOR ANALYSIS

If we take an overview on who Nordea's competitors will be we can say that all banks are competitors. Our main objective is to see if there is a potential for Nordea in the corporate market in Singapore. Therefore we have to focus on banks that can be a threat to Nordea in achieving this.

We have categorised banks into three groups. I.e.: full banks, wholesale banks and offshore banks. Our main focus has been on banks that operate both in Singapore and Norway, but also large international banks that have a huge market in Asia but not yet a market in Norway. This is because companies can choose to have a local bank in their local market and not a large international bank for all their business units. We ended up with 9 banks (Table 2), but not all of them will be a huge threat to Nordea, since they focus on different business segments, or operate their services differently than Nordea. The main competitors will then be those banks with most similar business strategies, and focus on the same segment as Nordea. Following is a brief introduction to the main competitors.

CITIGROUP

Citigroup has been hit quite hard by the subprime crisis in the US, and had a Tier 1 capital ratio of 7.3 % in 2007, down from 8.6 % in 2006⁶⁶. But they are a large company, so the financial stability is higher than with a small company. Citigroup has several brands in their portfolio, including names such as Diners

⁶⁶ <http://www.citigroup.com/citigroup/fixedincome/data/capital.pdf>

Club and Smith and Barneys. Citibank is organised into four major segments, in addition to 4 regions covering all continents in the world with over 200 million customer accounts⁶⁷. Within the corporate segment, they focus on small and medium sized companies, but due to their large size, we feel that a small customer to Citigroup might prove to be considered large by Nordea.

Citigroup also have a strong brand name, and most people know who they are. Citibank is a full bank⁶⁸, and is able to offer cheques and ATM services in Singapore, which gives them a competitive edge compared to offshore and wholesale banks. Citibank was also awarded the best bank in Singapore in 2007⁶⁹, so it is safe to say that they are doing really well.

THE OVERSEA – CHINESE BANKING CORPORATION LIMITED

The Oversea – Chinese Banking Corporation Limited's (OCBC) principal networks in banking are found in Australia, Brunei, China, Hong Kong, Indonesia, Japan, Malaysia, Myanmar, South Korea, Taiwan, Thailand, UK, USA, Vietnam, and Singapore (from Annual Report 2007)⁷⁰. The bank is Singapore's longest established local bank, categorised as a full bank⁷¹, and is one of Asia's leading financial groups, with a market capitalisation of S\$23 billion⁷². OCBS is a high ranked player in consumer-, business-, investment-, and transaction banking, and in treasury. Their focus is on the small – and

67 <http://www.citigroup.com/citigroup/business/brands.htm>

68 http://www.citibank.com.sg/global_docs/microsite/hr/recruit/ma07/index.htm

69 <http://www.euromoney.com/Article/1391912/Article.html>

70 http://www.ocbc.com.sg/global/investorrelations/Gco_Inv_AnIRept.shtm?bcid=M4_C2_S1

71 http://www.mas.gov.sg/news_room/press_releases/1999/Fact_Sheet_Commercial_Banking_in_Singapore.html

72 http://www.ocbc.com.sg/global/newsroom/Gco_Nws_CorporateDev_MergerandAcq.shtm?bcid=M6_C2_S1

medium sized enterprise market. The bank's Tier 1 capital ratio is 11.5 %, and the Total capital ratio is 12.4 % (2007)⁷³.

STANDARD CHARTERED

The Standard Chartered Group (SC) was formed in 1969 following a merger between The Standard Bank of British South Africa and the Chartered Bank of India, Australia and China⁷⁴. SC was among the four first banks in Singapore to get awarded as a qualified full bank⁷⁵, and has focused on developing their strong franchises in Asia, the Middle East and Africa. They have also had focus on consumer, corporate and institutional banking and on the provision of treasury services⁷⁶. The whole SC group has the last year reported record income and the Singapore Branch has had another record year of profits. Deposits grew strongly as a result of their successful and innovative e\$aver and Business\$aver campaigns⁷⁷. They had a Tier 1 capital ratio at 9.8 % at 2007 year end, increased from 8.3 % at the end of 2006⁷⁸.

SEB

The SEB Group is a North European financial group with a presence in some twenty countries. In Singapore they operate as an offshore bank⁷⁹. They got

73 http://www.ocbc.com.sg/global/newsroom/Gco_Nws_CorporateDev_MergerandAcq.shtm?bcid=M6_C2_S1

74 <http://www.standardchartered.com/about-us/history/en/index.html>

75 <http://www.standardchartered.com.sg/home/aboutus.html>

76 <http://www.standardchartered.com/about-us/history/en/index.html>

77 http://www.standardchartered.com/annual-report-07/en/business_review/group_overview_regions.html#d

78 http://www.standardchartered.com/annual-report-07/en/business_review/key_performance.html

79 <http://masnet.mas.gov.sg/fin/findir/SDFIDIR.NSF/Offshore%20Banks?OpenView&Start=1>

awarded best bank for international currency forecasts by FX Week and Reuters as well as the best foreign bank in Swedish kronor on a global basis. And as stated in the annual report 2007 they are in a strong financial position. Their operating profit has increased by 9 % and the interest income was positively affected. Their Tier 1 capital ratio was 10.43 % in the end of 2005⁸⁰.

SVENSKA HANDELSBANKEN

The Svenska Handelsbanken is one of Scandinavia's largest banks, and they have been in Singapore since 1987, where they operate as an offshore bank⁸¹. They have Aa1 rating by Moody's, and is thereby one of six banks worldwide with this high rating. Their Tier 1 Capital Ratio was 11.1 % at the end of 2007, which is somewhat higher than the average ratio for Nordic banks of 8.6 %⁸². They focus on corporates with strong Nordic or British ties⁸³, and are therefore able to attract the same customers as Nordea.

DNB NOR

DnB NOR is the leading bank in Norway and has a predominant focus on the Norwegian market in their international operations. DnB NOR has had an

80 <http://hugin.info/1208/R/1199529/244761.pdf>

81 <http://masnet.mas.gov.sg/fin/findir/SDWFIDIR.NSF/Offshore%20Banks?OpenView&Start=1>

82

[http://www.svenskahanvelsbanken.com.sg/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_07_eng_ar/\\$file/hb07eng_medfoto.pdf](http://www.svenskahanvelsbanken.com.sg/shb/inet/icentsv.nsf/vlookuppics/investor_relations_en_hb_07_eng_ar/$file/hb07eng_medfoto.pdf)

83 <http://www.svenskahanvelsbanken.com.sg/>

average growth of 13 % over the last 5 years, but expect a slower growth over the next years⁸⁴, and their Tier 1 Capital ratio was 7.5 % in 2007⁸⁵.

DnB NOR and Nordea are the only Norwegian banks in Singapore⁸⁶. They are both offshore banks and target the same customer base. Therefore, DnB NOR will be the main competitor to Nordea. However, DnB NOR has a higher focus on the largest customers while Nordea focuses more on the midrange to big firms.

All of these banks have strong financial positions, and are all well capitalised according to the Tier 1 Capital Ratio (ratio of ≥ 6 %). This information is used in the Multi Attribute Model in Chapter 4 to compare the competitors and see how strong they are.

4.2 INTERNAL ANALYSIS

The Internal analysis focuses on internal factors that give an organisation certain advantages and disadvantages in meeting the needs of its target market. The internal analysis helps us to define the company's strengths and weaknesses.

84 https://www.dnbnor.com/portalfront/nor_com/nedlast/no/2007/6/dnbnor_covered_bond_final_draft.pdf

85 https://www.dnbnor.com/portalfront/nor_com/nedlast/no/2007/6/dnbnor_covered_bond_final_draft.pdf

86 <http://masnet.mas.gov.sg/fin/findir/SDWFIDIR.NSF/Offshore%20Banks?OpenView&Start=1>

4.2.1 RESOURCE BASED VIEW ANALYSIS

The resources of a firm consist of all assets, capabilities, organisational processes, information and knowledge that enable the firm to develop and implement value-creating strategies. These specific assets are useful to create competitive advantages based on either cost or differentiated strategies.

Resources are divided into tangible and intangible assets; however, they do not create competitive advantages or strategic competitiveness on their own. This is only achieved when combined. The challenge of internal analysis is that managers might identify capabilities as core competencies that do not create a competitive advantage. The decisions concerning resources, capabilities, and core competencies are characterised by uncertainty, complexity, and intra-organisational conflicts (Hitt et al., 2007:79).

TANGIBLE RESOURCES

A firm's financial statement shows its many tangible resources, but excludes some of the assets that cannot be seen. Examples of tangible resources are a firm's plants and equipment, and its borrowing capacity (Hitt et al., 2007:78).

FINANCIAL RESOURCES

For the Nordea group as a whole, the 2007 year-end report⁸⁷ stated a total income increase of 8 %, to € 7,766 million. Net income grew by 11 % to € 4.282 million mainly driven by strong lending and deposit volume growth and increased deposit margins (Year - end report page 3). The growth rate was stable during all of 2007, even though the US subprime crisis troubled the market in the third quarter. Nordea's good performance is explained by a "well diversified" and strong funding base, including a stable household deposit base. The bank continued to pursue a prudent liquidity management strategy (Year - end report page 5).

The net profit for the group in the fourth quarter of 2007 decreased compared to fourth quarter 2006. A reduction by 13 % to € 764 million was mainly due to a higher level of positive net loan losses and lower tax expenses the year before (Year - end report page 5).

If one looks at financial performance in the eyes of the shareholders, the earnings per share (EPS) have increased the last years, with an EPS of €1.20 in 2007 and €1.21 in 2006. This is a positive development if compared to the EPS of 2005 and 2004 which were €0.86 and €0.74 accordingly.

Nordeas's financial strength measured in return on equity (ROE) was 19.1 % in 2007, and 21.4 % in 2006 (up from 18 % in 2005) which can be characterised

⁸⁷ <http://www.nordea.com/Investor%2bRelations/Financial%2breports/Annual%2breports/804982.html>

as a positive stable trend. The total shareholders' return and the ability to generate value was 6.4 % in 2007, compared to the 2006's return of 32.3 %.

This is a decreasing result, explained by the turbulent market in the last half of 2007. The numbers for 2005 was 27.5 % and for 2004 29.8 %, so this has been an upward trend.

The overall performance for the group as a whole is strong "based on the bank's growth strategy and prudent risk management" (Year – end report 2007).

ORGANISATIONAL RESOURCES

The firm's formal reporting structure, which is its formal planning, controlling, and coordinating system is relevant when analysing the organisational resources.

The company's focus is to have an open, flat structure through empowerment. This results in involved, participating and contributing employees. The organisational chart of the Singaporean branch shows that Nordea is divided into Group funding, Corporate finance, SOOS, Nordic Corporate Banking, Private Banking, Administration and operations, and Credit and Compliance (Figure 6). The branch in Singapore is organised in a way that allows the employees to be consulted regardless of the department they come from. We

experienced this at our meetings with Mr. Pitkanen (Senior Relationship Manager at Nordea), where several managers participated in the discussions.

Teaming and collaborating make thoughts and resources more easily available, and this helps to deliver optimal solutions which are highly valued by their customers. E.g. the back office departments need to be up to date on every client's needs and current situations, so that when the customer is calling, waiting time is shortened. This local adaptation is pointed out as one of their main strengths when it comes to building personal relationships, given that the "people – factor" is very important in Asian countries.

The SRM, Markku Pitkanen, at the Singapore branch has conducted studies to improve the working environment at their office. The feedback given was more positive at the Singapore office than at the other regional offices of Nordea. Reasons for these results could be due to high power distance and a high level of formality in the Singaporean culture, which implies that employees tend to give more positive feedback to their managers than people from less formal and more equal cultures (Francesco and Gold, 2005:24).

PHYSICAL RESOURCES

The Singaporean office is located at the "Springleaf Tower" at 3 Anson Road, in an area of the island which was levelled from the sea around the year 1880⁸⁸.

We feel that the sophistication and location of several big companies and

⁸⁸ National Library Singapore: http://infopedia.nlb.gov.sg/articles/SIP_348_2004-12-17.html

especially banks in the area contribute to the bank's image and is important to show their presence in the market. The offices are modern and based upon an "open landscape" – model, with several separated offices.

TECHNOLOGICAL RESOURCES

Use of the right technology and infrastructure is a "must – have" for Nordea as they do financial transactions with the whole world and provide their customers with Internet banking. They are connected to their global network through a highly advanced IT system. The basic system is called MIDAS, and the Trade Finance Department use the Trade Innovation system. It's important to upgrade the technology continuously and focus on exceptional expertise when doing so.

INTANGIBLE RESOURCES

Intangible resources are more difficult to study and are often entrenched in routines and practices which have been developed over time. The intangible resources are less visible and more difficult for competitors to understand and imitate. These intangible resources consist of human, innovation and reputation assets (Hitt, 2007: 136-139), and the firm's vision and mission.

HUMAN ASSETS

Every employee in Nordea has to follow “The Code of Conduct”.⁸⁹ This is used to describe, among other things, the behaviour that is expected from the employees, and mentions that their long-term success is based on confidence and trust. Nordea states that they enable people to perform and grow. And to strengthen this statement, we see that close to 700 employees changed to a new position within the company during the first half of 2007⁹⁰.

The employees in Nordea consist of 61 % female and 39 % male. But of all managers only 40 % are female and 60 % are male. We might ask if this is due to a glass ceiling in Nordea which makes it harder for women to reach up to higher positions. But we see that Nordea has stated that they want to increase the number of females in management, and especially executive positions, so this is a priority throughout Nordea. They have as a general policy that both genders should be represented among the final three candidates when recruiting for managerial and executive positions. We note that the number of female managers has increased since 2005⁹¹.

Nordea expects that the employees will influence the company’s profitability. There is a clear connection between a motivated and satisfied employee and the customer satisfaction, as it can be explained from the “Service – Profit Chain” (Zeithaml, 2005:357). In the 2007 Year - End Report they state that: “People make the difference. Product systems and even strategies can easily be copied.”

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http://www.nordea.com/About+Nordea/Corporate+Social+Responsibility/Code+of+Conduct/51582.html?q=code+of+conduct&link=1_1

90 <http://www.nordea.com/About+Nordea/Employees+in+Nordea/815282.html>

91 <http://www.nordea.com/About+Nordea/Employees+in+Nordea/815282.html>

The managerial capabilities within Nordea tends to be good, they have a full range of professional leadership training programmes which is covering everything from potential managers to top executives⁹². This is highlighted by SRM Markku Pitkanen:

“The new employee goes through a training relevant to her/his position, and the in-house training is arranged in Singapore and also when needed in other Nordea units. As part of the personal development, every employee is entitled to participate to a relevant course, jointly agreed with their superior.”

REPUTATIONAL RESOURCES

The Norwegian study on consumer satisfaction is a research programme conducted on a yearly basis by the Norwegian School of Management BI. It focuses on the relationship between consumers and suppliers, and is a good source for understanding the Norwegian consumers⁹³. This study measures the reputation, the brand name, and the perceptions of a company. Nordea ranks 34 of all companies, and is the second highest bank on the list after Skandiabanken which ranks as 13. The satisfaction with Nordea is 74.8 %, while loyalty is 78.9 %. Another important factor seen from this research is that DnB NOR only ranks as 143. Their satisfaction is 64.5 %, and their loyalty is 68.8 %. Nordea has an overall good reputation and a valued brand name in Norway.

⁹² <http://www.nordea.com/About+Nordea/Employees+in+Nordea/815282.html>

⁹³ <http://www.kundebarmeter.com/index.php?content=nkbhome>

CORE COMPETENCIES

The resources of Nordea are not the sole basis for competitive advantage and the advantages are not always sustainable over time. That is why we will now look into which of Nordea's resources fulfil the criteria of being a source of sustainable competitive advantage. There are four criteria that the resource has to fulfil in order to be a core competency; it must be valuable, rare, costly to imitate and non – substitutable. These criteria are evaluated in the following VRIO analysis.

4.2.2 VRIO

First of all the resource must be *valuable* – in a way that it exploits opportunities and neutralises threats. Secondly, it must be *rare* – a resource that few of Nordea's competitors and potential new entrants possesses. If other firms end up pursuing a similar strategy as Nordea, this will not be a source of competitive advantage. The third criterion is that the resource is *difficult to imitate*. In Nordea's case, where the financial services are mostly standardised, service will be a way to constrain competition. On the other hand, this could be only a temporary advantage, because competitors can try to imitate it. Fourth and finally, the resource must have no strategically equivalent *substitutes*.

Nordea’s resources are evaluated in the following table.

	Valuable	Rare	Costly to imitate	Non-Substitutable
Strong financial position	Y	N	Y/N	Y
Modern technological resources	Y	N	N	Y
Physical assets	Y	N	Y/N	N
Organisational structure	Y	N	N	N
Human resource assets	Y	N	Y	N
Brand reputation	Y	N	Y	Y
Service quality	Y	Y/N	Y	Y

Y= Yes, N: No Intangible Tangible

Table 5: VRIO

As we can see from the table, Nordea does not have any clear core competency. Because the banking industry is highly standardised, it is hard for Nordea to differentiate itself from the competitors. The service quality is evaluated to be rare because of Nordea’s ability to deliver specialised service to the Norwegian corporates. On the other hand, because all banks are focusing on this aspect, we do not see this resource as rare. That is why we evaluated this factor to be Y/N.

4.2.3 MULTI ATTRIBUTE MODEL (EXTERNAL & INTERNAL)

Key Industry Success Factors	Nordea		DNB Nor		SEB		CitiBank		
	Weighting	Rating	Result	Rating	Result	Rating	Result	Rating	Result
Price*	0,30	3	0,9	4	1,2	4	1,2	5	1,5
Provided service	0,25	9	2,25	7	1,75	8	2	6	1,5
Network/Availability	0,15	7	1,05	6	0,9	8	1,2	10	1,5
Product range	0,1	9	0,9	9	0,9	9	0,9	10	0,10
Human resources	0,1	6	0,6	6	0,6	6	0,6	7	0,7
Strong brand	0,1	5	0,5	6	0,6	6	0,6	7	0,7
Total	1,0		6,2		5,95		6,5		6,0

Table 6: Multi Attribute Model

The Multi Attribute Model identifies how consumers in high-involvement situations combine their beliefs about product attributes to form attitudes about various brand alternatives or corporations, and this will enable us to find Nordea's strengths and weaknesses within the segment they operate in. The key factors are based on the competitor analysis. The weighting score reflects the importance of the factor, with price and the service provided as the two most important.

The rating of each factor is based on the performance of the company. High score (10) means high performance, and low score (1) means lower performance. The rating is subjectively done with the viewpoint of Norwegian corporates in mind, and the banking needs they have. Multiplying the weighting and the rating shows the results for each company.

Banks do not have a standardised price list, so it is hard to compare. But we have based this on our perception, and also the fact that the overseas banks are more expensive than local and global banks. Price has a negative impact on the score, so the bank with the most reasonable pricing is rated with the highest score. The second most important factor is provided service. Provided service includes the expertise among the employees, if the company has customer service centres and the general ability to provide service in accordance to the needs of Norwegian corporates. From the e-mail survey, Klaus Munch Andersen from Eitzen Bulk declared that the reason why they stay with Nordea is because they:

“...Need a bank who understands both cultures, the Norwegian and the Singaporean. They [Nordea] have a good understanding of our needs and requirements.”

Sissel Grefsrud from Songa Shipping explains that they stay with Nordea:

“Because they [Nordea] know our business and are able to service our needs.”

This is the reason Nordea scores highest, since they are the ones most able to offer customised and personal service to their customers.

Network and availability concerns how easy it is for the customer to reach the bank, and how broad a network they have. Citibank has the highest score, since they have a 24-hour customer service and have branches all over the world.

Product range indicates the banks' width and depth of the products offered.

CitiBank is a full bank and is therefore able to offer ATM and cheque services, which give them the highest score.

Human resources concern the human capital and the experience of the employees. Human capital is a vital asset in a bank.

Citibank is rated highest because we see them as a more attractive employer since they have branches all over the world.

The final factor is strong branding. Nordea does not score so well here, much due to the fact that they do not do much marketing here. As Ms. Lona Chang pointed out to us, she did not know the difference between Nordic banks and Nordea Bank, and she has been with a Norwegian company for close to 30 years.

So as we can see, SEB scores the highest, even though the difference between the competitors is quite small. This reflects what we have seen in the industry, i.e. that banking is not a service easy to differentiate, and therefore it is hard to distinguish the company from its competitors.

CHAPTER 5 – PRIMARY RESEARCH

5.1 PRIMARY RESEARCH

By focusing on an explorative research we are able to clarify and define the nature of the problem, which in this case is the banking industry in Singapore. We had limited knowledge about the topic, and explorative research gave us qualitative data that helped us understand the subject better. With this research we are able to diagnose the situation and come up with new ideas.

We find personal in-depth interviews and e-mail surveys to be the most beneficial method for our research. Interviews make it easier to have an open dialog with the respondent and give us more in-depth information about preferences and experiences within in the banking industry.

5.1.1 WHOM TO INTERVIEW

Our mission was to define Norwegian companies in Singapore and define how to reach this segment. We wanted to get in touch with Norwegian corporates to get a better understanding of their banking situation. We also interviewed a few of Nordea's current customers to see how they perceive Nordea's service.

When we talk about big and midrange companies we evaluate the companies after different criteria such as revenue, debts, assets, employees and

receivables. Midrange firms have a turnover of more than S\$10 million, and the big companies are classified to above S\$50 million (Table 7).

5.1.2 IN-DEPTH INTERVIEWS & SURVEYS BY E-MAIL

We conducted in-depth interviews for our primary research. We sent out e-mail requests to targeted companies, and requested meeting with them. With the consent from the interviewees, we audio taped the interviews. From our first e-mails we got only one response. Reminders were sent out one week later, and two more companies responded.

The reason we conducted e-mail surveys, was that we had a low response rate on our request to do face-to-face interviews. In the start of our project, we intended only to conduct in-depth interviews, but this was not plausible, since the response rate was only 3 companies. The segment of “Norwegian businesses in Singapore” consists of only 153 companies⁹⁴, and out of these Nordea classified 44 as potential customers. Our response rate was therefore 6.8 %, which is too low. But since our main purpose was to gain general insight to the segment, we still see it as acceptable, even though we are not able to generalise our findings.

⁹⁴ <http://www.ntc.org.sg/norwaylist/dir/>

The use of e-mail surveys is a relatively new method, so there is little information available on the benefits and drawbacks of it (Zikmund, 2003:219-221). It might negatively affect the outcome e-mail survey if the respondent is not immediately motivated to respond, he or she can quickly hit the delete button. To avoid this, we made our introduction letter short and precise, and the subject line inviting.

Potential customers

Company	Name	Position	Method used
Kongsberg Maritime	Lona Chang	CFO	Interview
Snorre Food Pte. Ltd	Frank Arne Naesheim	MD	Interview
Asia Maritime Logistics Pte. Ltd.	Kenneth Nielsen	GM	E-mail
PGS Asia Pacific	Phillip Briandet		E-mail
Grieg Logistics Pte Ltd	Øistein Dahlslett	GM	E-mail
WME Simtronic Fire & Gas	Andy Ng	GM	E-mail
Norwegian Hull Club	Per Gustav Blom	CFO	E-mail

Current customers

Vogt & Wiig	Erlend Lous	Partner	Interview
Songa Shipping	Sissel Grefsrud	MD	E-mail
Eitzen Bulk	Klaus Munch Andersen	MD	E-mail
Awilco Offshore	John A. Sydness	MD	E-mail

Table 8: Interviewees

5.1.3 CONDUCTING THE INTERVIEWS/SPECIFIC QUESTIONS ASKED

In order to classify who the Norwegian corporates in Singapore are, we used the database of the “Norwegian Business Association in Singapore”⁹⁵, and based our segmentation on this.

The interview questions to current customers were divided into three main headings; current situation, service and decision-making (Appendix 1). We wanted to know how satisfied the customer is with the current banking situation, more about Nordea’s strengths and weaknesses, and how they can improve their services. Under the decision making section we wanted to know if there were any connections between the Norwegian and the Singaporean offices, and see where the decisions are made.

The questions to potential customers were divided into four categories; current situation, service, decision making and about Nordea (Appendix 2).

First we asked questions about their current banking situation before we moved on to questions regarding service. We were interested in knowing what services they received from the current bank and how satisfied they were. We also asked questions to see where the decisions are made. Finally we asked them about Nordea, how much they knew and which perceptions they had.

⁹⁵ <http://www.ntc.org.sg/nbas/index.html>

Both questionnaires measure needs, preferences, perception, and service standards. The factors are related to the questions in the questionnaire, and are used when analysing the data. The “c” indicates the questionnaire to current customers, while the “p” relates to the potential customers, as seen below.

	Current customers	Potential customers
1. Who are the Norwegian corporates in Singapore?	c1, c2,c4, c27	p1, p2, p4, p19
2. What are their needs?	c7, c16+c16.1, c17, c20, c21, c23, c24+c24.1, c25	p8, p9, p10, p11, p12, p14, p16, p18
3. Why do some companies prefer a competitor?	c5+c5.1,	p5+p5.1, p6
4. Does Nordea deliver the promised service standards to the current customers?	c3, c8, c9, c10.1+c10.2, c11,c12, c13, c14, c15, c18+c18.1+c18.2,c22	p3, p13, p15, p17+p17.1
5. What are the Norwegian corporates' perceptions of banking in Singapore?	c6, c19, c26	p7+p7.1, p24, p25, p26, p27
6. How is the decision making process in the company?	c28, c29, c30+c30.1, c31	p20, p21, p22, p23, p27

Table 9: Research Questions

5.2 ANALYSIS

Each interview was recorded, and the first thing we did was to transcribe the recording from the interviews. After the transcription, we did a content analysis to identify patterns and themes from the data, and wrote down the learning points from each interview (Appendix 3). To be able to compare current and potential customers, and the shipping and non-shipping companies, we have arranged the answers into Table 10.

5.2.1 PATTERNS AMONG POTENTIAL CUSTOMERS

The majority of the potential customers said that they have an independent branch in Singapore but that the relationship between the Singaporean office and Norwegian office is close to very close. The key decisions are made in Norway. It is considered important that the bank has knowledge about the Asian culture and practises, and about the rules and regulations in Singapore. The fact that the bank has knowledge about the Norwegian market is seen as an advantage, in terms of cultural similarity and that they are more aware of their needs and trade in the same currency.

The respondents state that they have a good relationship with their current bank. They are currently using DnB NOR, Den Svenske Handelsbanken and

HSBC. They all use the same bank as Headquarters in Norway, except Snorre Food. But this is due to the fact that Snorre Food sees themselves as a Singaporean company, and does not have a mother company in Norway. 4 of 6 companies say that they have had an experience working with a local bank. When it comes to physical interaction with their current bank, we see that there is a demand for it, but there are variations regarding how often they interact. This seems to depend on the volume of transactions and their business life cycle. All of the respondents gave the impression that they are satisfied with the service they currently get from their bank.

Price seems to be an important factor when choosing banks, but good service is one of the main criteria. Service is factor that may influence them to switch. By good service the respondents mean prompt and efficient service, quick responses, international representation, attractive interest rates, flexibility, short decision making process, good access to information, that the bank has authority, is able to offer support, and that they are willing to take risks. None of the companies have any particular perception of Nordea in terms of price.

The customised service and soft features are considered very important, as it makes the customer feel more comfortable. Cash management is one of the most important services. All respondents use cheques, but would change to Internet banking if it was possible because they see it as more efficient. Further

they express that this is not yet possible in Singapore. As Mr Lous from Vogt & Wiig said:

“They managed to implement a system where you can pay with fingerprints on Starbucks, but Internet banking, they’re not able to implement!”

All respondents have heard of Nordea, but have not considered Nordea as a bank for their company.

5.2.2 DIFFERENCES AMONG POTENTIAL CUSTOMERS

There is big variation among the companies when it comes to how long they have been in Singapore. The answers vary from one to 21 years. There were no patterns regarding how long they have been a customer of their current bank.

There were different preferences of what type of bank they would have chosen if they could choose regardless of legislation. Some preferred having a global bank, since the whole group could use the same, while others wanted a Nordic bank due to cultural similarities. The different respondents interact physically with their banks when there is a need for it. It all depends on the nature of transactions. One of the respondents makes all decisions in Singapore, while the rest has a combination of both Norway and Singapore. There is some variation regarding why they would change banks; they would be willing to switch if their current bank makes mistakes, or if they are not willing to take risk with the company. Poor customer relationships will also affect this decision, in addition to HQ’s directives.

The respondents had different perceptions of Nordea. Some of them see Nordea as an expensive and conservative shipping bank. While on the other end, a respondent stated that they have good service and good people. A few of the respondents believe that Nordea would still be a shipping bank in the future, but some meant that Nordea would expand into other segments.

5.2.3 PATTERNS AMONG CURRENT CUSTOMERS

The current customers we interviewed have been in Singapore less than nine years. They have all been customers with Nordea since they established in Singapore, and they have an additional bank to Nordea. The companies see themselves as having close relationships with Norway, but yet they are independent. They all prefer Nordic banks, since this simplifies coordination, provides synergy effect, and Nordic banks have better understanding of culture.

It is common to all to have little physical contact with their bank (1-6 times per year), but phone or e-mail contact is more frequent; up to several times per week. The respondents also have good and unproblematic relationships with Nordea. They are overall satisfied with their services; Nordea delivers what is promised. The service mostly used is cash management. Nordea also responds to feedback, and answers requests within an acceptable timeframe. The interviewees state that the excellent relationship management, their knowledge about the market, broad services, their competitive and flexible product offering, and their good customer understanding are factors that contribute

positively to their perception of Nordea. They see Nordea as able and competitive in the next five years, and still see them as one of their banks in the future.

The respondents do not see low prices reflecting the quality of the service, but if the bank is not able to deliver up to standards, is too expensive and uncompetitive, they would consider switching to another bank.

5.2.4 DIFFERENCES AMONG CURRENT CUSTOMERS

There are differing answers regarding the importance of knowledge in the home market and the region. The answers range from not important to very important. Only one firm stated that price is the dependent criterion when choosing bank services. This was a shipping company; and they are generally more capital intensive. Some of the respondents feel that Nordea is good on both price and service. Others do not know, while some think that Nordea is fairly competitive, but has to be pressured to give the best price. Another view is that Nordea is not excessively expensive. The price factor is important to all when choosing banks, but there are other differing factors that influence the decision. The respondents stated that; knowledge about industry, credit availability, efficiency and the balance between service, price and flexibility affects their choice.

Not all companies feel that they receive customised service. But for those who do, they have dedicated managers on their account, and the Internet banking covers both Norwegian and Singaporean accounts. The companies that have a

special contact person in Nordea value this because it saves time, and it is easier to discuss with someone dedicated to their business. Some have one contact person, other several. One company does not have any. For some firms, important banking decisions are made in Norway, with day-to-day operations decided in Singapore. Others provide suggestions to head office in Norway, and one common statement is that it is the CFO and a financial team that make the decisions.

5.2.5 SHIPPING VERSUS NON-SHIPPING

We wanted to see if the differences between the shipping segment and the non-shipping segment were of any relevance. This is an important aspect of our analysis, since this can affect Nordea's decision to enter this new segment. If there are similarities across the two segments, Nordea would be able to leverage on their strengths, and could achieve economies of scale. If there are great variations between the two, it would be more challenging for Nordea to be successful.

From our two interviews with potential shipping customers, we see that both of them are currently customers of DnB NOR. We also notice that some of the shipping companies feel that the service level is more important than the price. The shipping companies have a close relationship with HQ in Norway, while there is no clear pattern for the non-shipping companies.

We have studied the data, but we could not see any great differences between the shipping- and the non-shipping segments. This implies that there could be just as big variation between companies in the same segment, as there can be between segments.

Nordea needs to be aware that some of the shipping customers prefer Nordea due to the fact that they are perceived as a shipping bank. If Nordea “lost their position as a major shipping bank”⁹⁶ the company would consider switching to another bank. This is important for the re-positioning strategy. Price is important to most of the respondents, but in addition, we see that low price does not reflect poorer service, and therefore it is crucial for Nordea to look out for competitors with lower prices.

5.2.6 MAIN FINDINGS

We have chosen to highlight the findings we see as most important:

- We find that there is in general a close relationship between the firms in Singapore and the Headquarter in Norway. The key decisions are mostly made in Norway.
- Knowledge about the home market and the Singapore region
- Soft features of service seen as important and might be the element that makes the different. This is an interesting observation due to the fact that we are dealing with a standardised service.
- Low price does not reflect poor standard-understanding

⁹⁶ Sissel Grefsrud, 2008

- The respondents express that they have a good relationship to their current bank.
- Perceptions that we revealed of Nordea; Shipping firm. Good people and customised service, conservative and expensive.

5.3 SUMMARY OF ANALYSES

The analyses of this report are based on our in-depth interviews and secondary data research. We have used the PESTEL framework to analyse the external environment Nordea operates in, as well as making use of Porter's five forces to further highlight this. To analyse the internal environment, we made use of the resource-based view. The assembled information was further evaluated against one another in the Multi Attribute Model.

Singapore is a financial hub that can offer stable and competitive environment to the businesses establishing here. The region is also attracting more and more businesses, and we do not see that this trend will be reduced in the future.

The new segment can be classified as quite 'small', but interesting. By small we mean that there are not that many Norwegian corporates present here. We also see that some of the Norwegian companies in Singapore are not aware that Nordea is represented here. And the ones who do know, still have not considered Nordea as a bank for their company. The customers are normally very loyal to their banks, and the psychological switching costs are perceived as high.

On the other hand, the Norwegian companies in Singapore see it as a big advantage to have a Norwegian / Scandinavian bank, since they feel the bank will have a better understanding of their culture and their needs.

We will base our strategic recommendations on these analyses.

CHAPTER 6 – STRATEGY

6.1 INTERNAL & EXTERNAL FINDINGS

6.1.1 SWOT

According to Kotler (2006:50-52), a SWOT analysis is the best tool to diagnose the strategic situation of a company. By using a weighted SWOT we can clearly map the strengths, weaknesses, opportunities and threats of Nordea and also identify key success factors. All of this will create the foundation of our strategic recommendations. As a basis for this evaluation, we have looked at the Nordea Group and the Singapore branch as a whole. These ratings are based on our previous analyses, and are subjectively valuated. The rating goes from 1 to 5, where 1 is seen as very low, and 5 is very high.

SWOT matrix		Degree of Strength/ Opportunity/ Weakness/ Threat	Importance to Nordea
Internal Factors	Strengths		
	Strong financial position	4	5
	Strong growth in revenue and profits	4	5
	Leading position in home market	5	5
	Increasing non interest income	3	4
	Cost efficiency	4	5
	Qualified and trained employees	4	5
	Potential for expanding	2	3
	Weaknesses		
	Centralised marketing in Finland	5	5
Lack of scale	3	3	
Lower tier 1 ratio than global competitors	2	3	
External Factors	Opportunities		
	Attractive market for Norwegian companies	5	5
	Stronger brand reputation in Scandinavia	4	5
	Singapore as a financial hub	5	5
	New legislation regarding foreign banks	3	3
	Strong financial growth in Singapore	4	4
	Large nb of new businesses in S-E Asia	4	5
	Threats		
	Intense competition	5	5
	Standardised product portfolio	3	2
Do not provide cash	4	2	
Basel II Accord	3	3	
Larger banks w/including cheques & ATM	5	4	
Low usage of internet banking in Singapore	5	3	
Reputation as a shipping bank	5	5	
High psychological switching costs	3	4	

Table 11: SWOT

The different analyses we have conducted (both external and internal) help us to see where there are strategic planning gaps (Kotler, 2006:45).

Combined with information from interviews and the findings from the questionnaires, we see that the challenges facing Nordea are all interlinked.

We will in our strategy focus on branding, developing personal relationships, and re – positioning to be able to develop a future plan for Nordea.

6.2 IS THERE A MARKET POTENTIAL FOR NORDEA IN THE CORPORATE MARKET IN SINGAPORE?

The competitive environment and other factors including politics and the economic situation of Singapore are affecting the outcome of Nordea's new strategy. Based on our analysis, we describe this new segment as small, but existing and interesting to Nordea. There is a limited amount of Norwegian businesses in Singapore (153 companies⁹⁷). Nordea's criterion regarding the company's size (> 10 mill S\$ in turnover) eliminates many companies from the list of interesting prospects. We feel that this segment is interesting, as the remaining companies could be profitable to Nordea.

One main reason why we have decided to recommend Nordea to go into this new segments' is because we can see from our analysis of the interviews, that

⁹⁷ <http://www.ntc.org.sg/nbas/index.html>

there are no large differences between the shipping and non-shipping segments preferences.

The amount of Nordic corporates in Singapore is increasing, and the investments from Norwegian companies were S\$ 7.9 billion in 2005. This shows that there is a large potential for Nordea to increase its customer base in Singapore.

6.3 THE STRATEGIC PROBLEM DEFINITION (SPD)

How can Nordea leverage on their leading market position in the home market, the qualified and trained employees, and the attractiveness of the Singaporean market as a financial hub to compensate for their centralised marketing from Finland, intense competition, and their reputation as a shipping bank, to reach the Norwegian corporates in Singapore?

6.4 CRITICAL SUCCESS FACTORS

Critical success factors (CSF) are elements that are necessary for Nordea Singapore Branch to achieve its mission. Nordea should have a plan on how to achieve growth and revenues that include these CSFs (McKinsey & Company, 1961). We have chosen to categorise our CSFs into three factors represented by the model “the Service Triangle”.

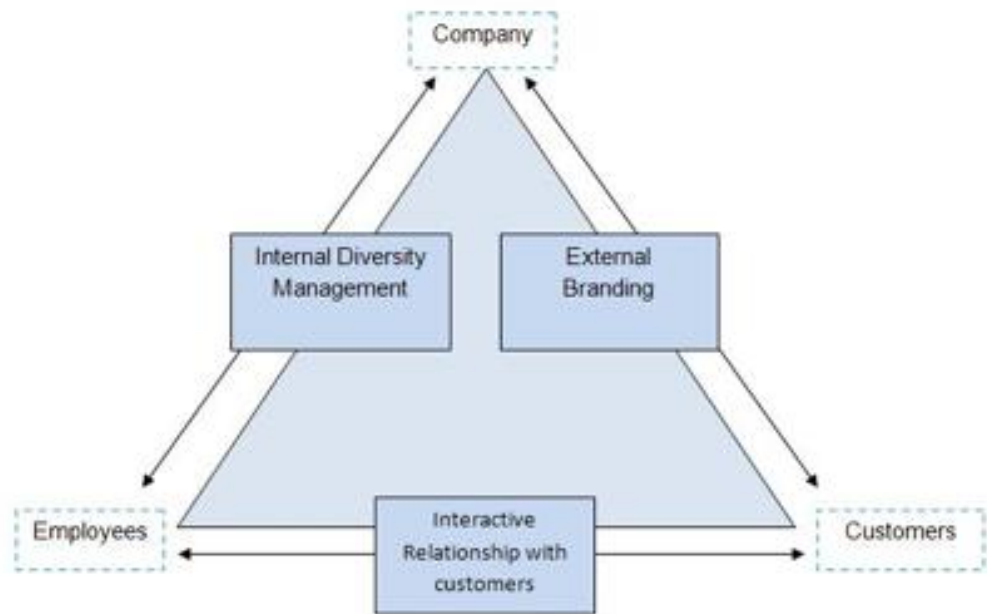


Figure 7: The Service Triangle

6.4.1 INTERNAL DIVERSITY MANAGEMENT

Internal diversity management is the link between Nordea and their employees, and how the company enables them to deliver the service. It is important that the internal communication is working, and that the information flows freely. Since Nordea is a large group it is especially important that the information to and from the head office and the branches is efficient. The training of the employees and a strong focus on Human Resource Management is relevant here, as they should always aim to have the best employees. The CSFs we have classified regarding internal diversity management are:

- Continued focus on HR, developing the intellectual capital for the firm, attract and retain skilled employees
- Continuously developing their product and service offerings

- Top management must allocate resources to develop the new segments

6.4.2 EXTERNAL BRANDING

The external branding is the link between Nordea and their customers. This is the most influential factor to achieve success, and we can point out two relevant factors:

- To acquire new customers
- To develop relationships with customers to find new sources of business

6.4.3 INTERACTIVE RELATIONSHIP WITH CUSTOMERS

As we have mentioned, relationship building is a central aspect of doing business here in Singapore, and it is therefore important that Nordea is constantly working on this. Erlend Lous from Vogt & Wiig mentioned that:

“Even though we are in Singapore working mainly with Norwegians, Relationship - building is very important.”

We have also seen that the current customers feel Nordea is able to respond to feedback. This is vital since feedback is one of the key aspects of the communication mix (See the Marketing Mix figure 10). The service delivery and *the moment of truth* (Zeithaml, 2006:133) should be the main focus. Under

interactive relationship with customers, the CSF we have found is to increase the customers' satisfaction by delivering the promised service.

6.5 GOALS

In this section we will recommend future goals for Nordea in Singapore that are achievable and measurable. These will be the basis for our strategy development and should create possibilities for Nordea to make use of its opportunities in the Singaporean market.

The goals that we have set are:

- To become accepted and seen as capable to operate also outside of the shipping segment
- To expand in the shipping-related and non-shipping segments, without losing its status in the shipping segment.
- To be a preferred bank for the non-shipping and shipping-related segment as well as the shipping segment.
- To become top of mind of all Norwegian corporations in Singapore

6.6 NORDEA AS A BRAND NAME

6.6.1 BRAND IDENTITY

Nordea's perception about itself is stated in their vision and mission. They are making it possible for the customers by providing them the services they need.

Nordea wants to be perceived as one bank with common values and objectives that has a common brand for the whole group. These are Nordea's cornerstones⁹⁸ when it comes to branding, and makes it easier for the customer to remember and to recognise the Nordea brand.

To build a strong brand, the company can use different tools like public relations and press releases, sponsorships, event and social cause marketing, create value for money, and visits to the office (Keh, 2004:172).

Brand image is customers' perceptions of Nordea as a brand and the brand identity should be a basis for the brand image. The brand image should be positive and unique to be able to capture new customers⁹⁹. The customer needs to feel that they can gain value from their relationship with Nordea.

We can see from our VRIO analysis that the brand reputation is valuable, costly to imitate and non-substitutable. We have found that that the brand reputation is not rare, and therefore Nordea needs to build a stronger brand

98 http://www.nordea.com/About+Nordea/Brand+and+intangibles/768002.html?q=brand&link=1_1

99 <http://www.asiamarketresearch.com/glossary/brand-image.htm>

reputation to achieve a core competency. The Norwegian study on consumer satisfaction¹⁰⁰ shows that Nordea has a good reputation and quite satisfied customers in Norway.

Nordea is currently not top of mind of Norwegian companies in the Singaporean market; this is something they should achieve in the long run. They are known as a shipping bank in Singapore, but need to adjust this image to be able to obtain new customers. It is not necessary to be the preferred bank even though the brand is top of mind; and vice versa. Nordea should point out that they are not only interested in just selling their services, but to create a good and long term relationship with the customers¹⁰¹.

The impression we get from our interviews is that both the current customers and the potential customers have different perceptions of Nordea. Some of the respondents state that they think Nordea is a shipping bank, conservative, and expensive, while others state that Nordea has good knowledge about the market. One of our interviewees had not even heard about Nordea.

Nordea needs to create coherence between the brand identity and the brand image. Or else there will become a gap between what the company wants to be and what the customers capture.

100 <http://www.kundebarmeter.com/index.php?content=nkbhome>
101 <http://www.davedolak.com/articles/dolak4.htm>

6.7 RE-POSITIONING

We use re-positioning to enable Nordea to address to new target audience (Temporal, 2001:119) and to make improvements regarding the existing perception people have of Nordea. It is vital that this includes an enhancement of the customer experience of Nordea as a brand (Temporal, 2001:119). Re-positioning can create new appeal for existing customers or attract new ones. The main purpose is to differentiate Nordea from its competitors¹⁰². If Nordea is to expand in the non-shipping segment, they must be aware of the possibility to alienate the existing customers in the shipping segment (Temporal, 2001:118). Sissel Grefsrud from Songa Shipping would consider switching bank if Nordea lost its position as a leading shipping bank. Today's position in the non-shipping segment can be defined as weak, while the position Nordea has in the shipping segment can be defined as strong. The purpose of the re-positioning is for Nordea to be perceived as a better bank than its competitors which will strengthen its position in the non-shipping segment as shown in the figure below.

¹⁰² http://business2000.ie/cases/cases_9th/case7.htm

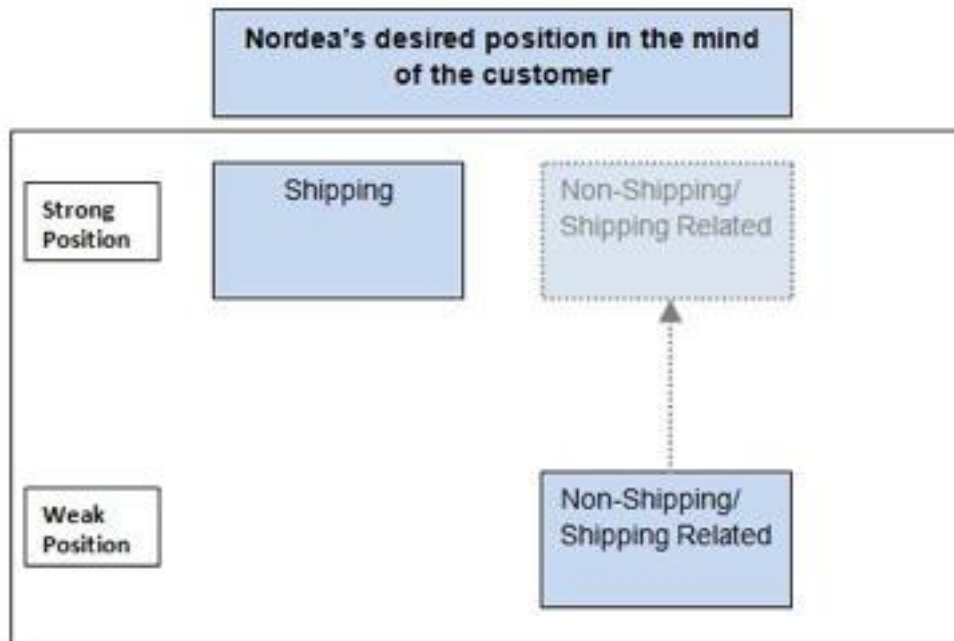


Figure 8: Re-positioning

We get the impression that Nordea is seen as a shipping bank within the majority of the Norwegian corporates in Singapore. And if Nordea focuses on expanding in the non-shipping segment, it is critical not to lose their strong position as a shipping bank. They also have to be careful not to give their current customers in the shipping segment the impression that they are not valuable to Nordea. This would not only make huge damage to their current customers but also make it more difficult to attract potential shipping customers. Since Nordea wants to target a segment where they already have customers, the service they deliver to this segment will be an attempt to create its own brand positioning and add considerable strength (Kotler, 2006:288).

Nordea can only have one true position (Temporal, 2001:118) or else it might confuse the target audience (as we have mentioned earlier in the branding

section). Nordea should focus on presenting the brand differently to various target audiences (Temporal, 2001:118). The target audiences are defined as the shipping and non-shipping segments. There has to be only one brand identity, but it has to be presented differently to the two different categories. The success of this depends on an accurate judgment of the segments and the segments' needs and wants. (Temporal, 2001:118)

McKinsey (2001) state that you have to make sure that what you say is what you do and mentions three steps that can help win customer acceptance when re-positioning a brand; to identify the performance that is needed to convince customers of the new brand positioning, to develop necessary service programs to ensure consistent performance on these signals to the customers, and make sure approaches are in place to track and assess your performance against these customer signals.

6.8 CUSTOMER RELATIONSHIP

For Nordea to be able to re-position they have to build a better relationship with the customers. There has been a paradigm shift in marketing (Zeithaml, 2006:177); with more orientation towards relationship building, and customers are more than just clients of the company.

As a result of our interviews we understand that service and relationship between the bank and the company are important. Nordea should try to develop a *partner relationship* (Zeithaml, 2006:181) with their customers based on high

level of trust. A friendship is not developed over night so they have to focus on establishing trustworthy relationships.

Nordea's employees should develop a *social bond* with their customers. This would mean a long term relationship through social and interpersonal, as well as financial bonds. Nordea already has a focus on building relationships with their customers. SRM in Nordea, Markku Pitkanen states that;

"... Most of the "social events" are bilateral lunches etc.

We arrange annual golf tournaments for a wider group of customers..."

The interactive relationship with the customers will be an important factor in Singapore. Nordea should focus more on social activities for current customer as well as the potential ones. This will also be helpful in building brand identity and change the brand image.

In 1997, the average relationship between a bank and a Norwegian company was 16 years (Biong, 2003:64). In Nordea Singapore, Mr. Pitkanen estimates that their customers stay with them for approximately 5-10 years. The reason for this difference could be that Nordea has many global competitors, or that many of the companies have just established their offices in Singapore. Based on this, we will recommend Nordea to scan the market for any potential newcomers to the region, and start to build a relationship with them. It will be easier to attract a new customer in this industry, than it is to convey a company to switch bank. Even though, as Mr. Naesheim from Snorre Food Ptd Ltd. said:

“We got approached by another bank that could offer us a better package.

Then we changed bank.”

So it is possible for Nordea to attract a competitor’s customer, but in general, the psychological switching cost is high.

A way of doing this is to have a good relationship with the Nordic community in Singapore. It will enable Nordea to hear about the companies who might wish to establish an office in the region, as well as making sure that the expanding companies hear of Nordea.

Nordea should frequently focus on attracting new customers but it is also very important to focus on how to keep them. With this we mean that by losing a customer, Nordea’s brand reputation can be affected by negative word of mouth.

From the article: “The hard sell”¹⁰³ we can see that it is crucial for a bank to have trained and skilled employees. They have to be able to meet the customer’s needs, and to deliver the service to attract and retain customers.

Relationships tend to evolve over time and when a new company becomes a customer of Nordea, they have to spend a lot of time to get to know the company and their specific needs to develop a partner relationship that makes the switching barriers higher for the customer.

¹⁰³ http://www.experian.com/whitepapers/bank_marketing_international.pdf

Nordea can also provide the customers with incentives from time to time.

This can be done by inviting them out for lunch after meetings or have social gatherings with customers on a regular basis. As mentioned, Nordea already holds golf tournaments; this is a very good effort in building relationship.

Nordea should continue with this and plan for other activities with their customer who does not play golf.

Relationships also include financial bonds between Nordea and the customers.

Nordea has to give the customers a better offer on services than their competitors to make sure that the customers want to stay with them and make the relationship valuable. This will make the switching barriers higher.

By giving the customers customised service and putting efforts in understanding the customer's needs, Nordea will be able to build relationships with their customers. Customised service can be simple things such as quick responses or going the extra mile for the customers to satisfy their needs. Soft features such as smiles and friendliness towards the customers will make them feel more important and that Nordea is willing to do something extra just for them. Nordea can do this by referring to the customers by name and this will make them feel more special. As Mr. Briandet from PGS Asia Pacific put it:

“Features are seen as important because it makes them [the employees/the company] feel important”.

In business, small talk is an important element when building relationship.

Employees in Nordea should try to remember the last conversation with the

customer and for example continue the conversation from the last meeting. The customers will then feel that the relationship they have with Nordea is special.

6.9 ANSOFF'S PRODUCT-MARKET GROWTH MATRIX

To achieve the goals that we have stated, we will use the framework of Ansoff's Product-Market-Growth Model. A company's strategic arrangement should be a review of opportunities which Nordea may use to improve their existing business (Kotler, 2006:45-47). Ansoff's growth matrix is a tool for detecting new intensive growth opportunities and the outcome of this model will be a suggested strategy for growth that we use to set the direction of the strategy.

Nordea wishes to go more in depth with an existing product in an existing market. According to Ansoff's Product-Market Growth Model, Nordea should focus on Market Penetration.

	Existing Products	New Products
Existing Markets	Market Penetration	Product Development
New Markets	Market Development	Diversification

Figure 9: Ansoff's Product-market matrix

To develop the market penetration strategy, we suggest that Nordea improves the seven Ps to attract more customers in the non-shipping segment.

6.10 THE MARKETING MIX

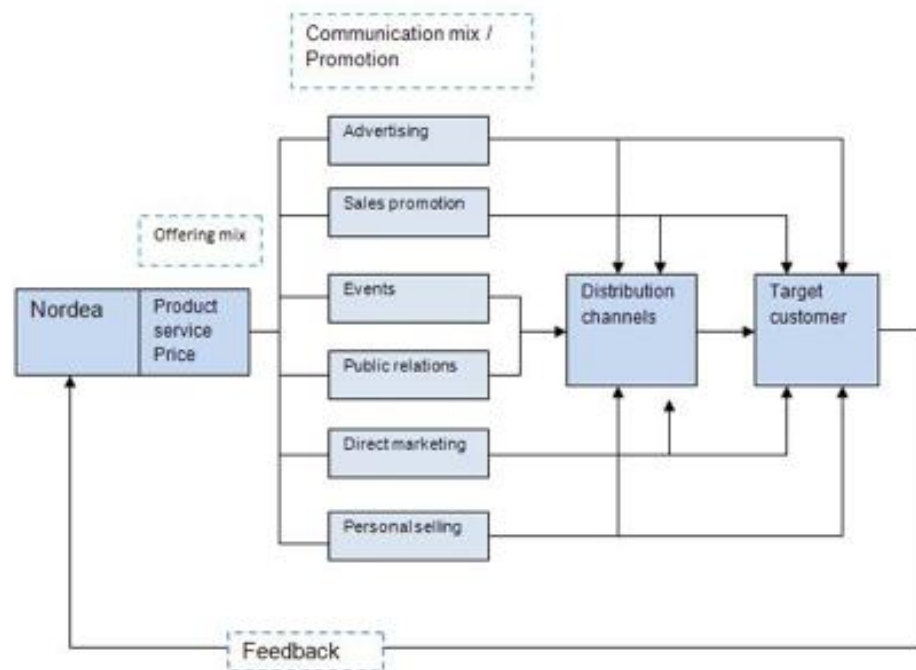


Figure 10: Marketing Mix

The traditional marketing mix has four Ps, but when it comes to services, the mix is extended with three new Ps. This is because service is intangible and also produced and consumed simultaneously (Zeithaml, 2006:25). We will only elaborate on the factors that will be important for Nordea. We will not look into “place” as a factor because Nordea in Singapore is not going to open up any other branches or conduct any further expansion. These factors explain how Nordea can implement the strategy for their corporate market, going through each factor to come up with a strategic position for Nordea.

6.10.1 PRODUCT

As the banking services are standardised, Nordea has about the same product portfolio/offerings as their competitors. Nordea is not the cheapest service provider in Singapore. The bank could leverage on this and capture “higher” end customers that value a particular service or special relationship with Nordea. The problem is that if the standardised services do not justify charging a higher price. This is because it is very difficult to offer something extra which will not be copied by the competitors. This is the reason why Nordea must focus on the relationship building. This is also shown in the Multi Attribute Model where Nordea gets a higher score on the service provided because of their special relationship with the Nordic corporates.

6.10.2 PRICE

Different customers have different needs. This will also affect how Nordea prices their services. Nordea does not have any standardised pricing for their customers, but customised pricing packaged for each customer.

Risk associated with the service purchase is another factor that increases the dependence on price as a quality indicator. Pricing services can be a challenge. When developing a price strategy we have to understand what value the service has for the customers. There are four different price strategies based on the customer’s definition of value (Zeithaml, 2006:526). Zeithaml explains that value is everything the customers want in a service. Another viewpoint is that

value is the quality they get for the price they pay. This is also reflected in our interviews:

“[...] if you have two banks and both of them provide good service, but the other one is cheaper, if one of them [companies] have one hundred transactions, even five cents make a lot of difference. So pricing is one of the important things”

Lona Chang, CFO, Kongsberg Maritime.

Nordea has today a strategy that matches the customer’s perception. They have a *market segmentation pricing* (Zeithaml, 2006:535). This means that Nordea charge different prices to a group of customers that perceive different quality levels of service. Each customer receives different prices customised to their needs.

6.10.3 PROMOTION

So far Nordea’s promotion has been focusing on the shipping segment in Singapore, and from the interviews we understand that most companies still see Nordea as a major shipping bank, both for now and in the future. Customer’s perception of Nordea needs to change.

“If you look at Singapore at least, I see Nordea bank still as a major shipping bank in the future. I don’t think Nordea will priority a growth in the common corporate market, they have so strong presence in shipping so I think they would focus on that.”

Erlend Lous from Vogt & Wiig

The promotion needs to focus more on the corporate market in Singapore. Nordea should do their promotion with a focus on corporate companies in Norway with an office in Singapore. There is a variation among companies where their decisions regarding banking are made. Decisions are primarily made in Norway and the Singaporean office does not take part in the major decisions. Most of the companies use the same banks as the Headquarter back in Norway. This implies that Nordea needs to promote in Singapore because they are influencers, as well as in Norway where the decisions makers are. They have to focus both the companies that have a division in the Singapore market, but also the companies that have plans to expand to the Singaporean market. We think there is a big potential for Nordea if they position them self towards the newcomers in the Singapore market.

Since the marketing is centralised from Finland, Nordea must correlate the marketing with the rest of the division. We will be focusing on the promotion that should be done in Singapore. The marketing strategy for Norway and Finland is not within the scope of this project.

From our interviews we can see that many companies might consider switching bank if the new bank can provide a better service and give something more than the current bank.

“...the new bank would be willing to take more risk, have to provide something more than the current bank, provide more services.”

Snorre food Pte Ltd, Mr. Robin Teo, Financial Controller

Nordea has to deliver high service, and as mentioned earlier, build a strong relationship with customers. The customers have to feel that they are a *special*, and also a short decision making process is important for the customers.

From Figure 10, we can see that the communication mix contains seven different channels to promote products. Not all these factors will be important for Nordea's promotion in Singapore. Promoting Nordea in Singapore, employees should attend different fairs and events where there can be potential customers. The employees can also promote their services during business lunches or other gathering they might attend. Singapore is a financial hub and also has a tendency to be a much more relationship focused country compared to Scandinavia; therefore promotion during small talks and other events will be important. Being visible for the customer in the market will be an important factor to get more customers in Singapore.

Feedback from the customers of Nordea will help Nordea to further improve their services. Customers should be encouraged to give constructive feedback to Nordea so the internal, external and interactive communication can improve even further.

6.10.4 PEOPLE

In the banking industry the people *is* the service; therefore it is important that the personnel are well prepared to deliver the service to the corporate segment.

The internal marketing within Nordea is important so the employees can be able to deliver high quality service to the customers.

As mentioned earlier Nordea states that “We enable people to perform and grow.”¹⁰⁴ One important issue Nordea have to remember when expanding the corporate segment is that the new customers need to feel that their decision about choosing Nordea as a bank is the right one. It is also important for them that there are qualified people within Nordea who can provide them with the services needed.

Nordea Singapore branch has a high focus on shipping and the employees have good knowledge about the shipping segment. We also have the impression that they have high knowledge about the corporate market. But to be able to get a larger market share of the corporate segment, the employees in the administration and operation department have to get more in- depth knowledge about the needs of the corporate customers in Singapore.

In 2007 Nordea did an internal survey to evaluate employee’s satisfaction. The result of this survey can give Nordea an indication on what the employees are satisfied with. If we see this in context to the *service profit chain* (Zeithaml, 2006:357), Nordea has to make sure that the employees are satisfied with the working environment and can deliver high service quality to their customers. Nordea have to train employees and have high focus on HR. By giving the employees empowerment Nordea will be able to deliver the service standards to the customers.

¹⁰⁴ <http://www.nordea.com/About+Nordea/Employees+in+Nordea/815282.html>

When the employees are satisfied they will be able to affect the customer's satisfaction by delivering what the customer needs. This will lead to customer loyalty which in turn will lead to profit and revenue growth for Nordea.

6.10.5 PHYSICAL EVIDENCE

Physical evidence refers to the tangible element that is included in a service. This includes for example brochures, letterheads, business cards and report formats (Zeithaml, 2006:27). This will also be closely related to Nordea's promotion. It is important that the evidence is presented in a consistent manner, since these cues often are what the customer bases their judgment of the service on.

Brochures and letterheads should appeal to non-shipping segments as well as the shipping segment. By doing this Nordea will be able to change their brand image as a shipping bank towards a bank that also provides high quality services to the corporate segment.

In Nordea's case, this can be that the information from the bank is provided in a coherent way, and that whenever the customer is in need of seeing a bank representative, the office holds a high standard. It will also be important for Nordea that the customers get the perception that Nordea is not only a shipping bank but also provides a high-quality service product to corporate customers.

6.10.6 PROCESS

With process we mean the actual flow of activities delivered to the customers, including the service delivery and the operating systems (Zeithaml, 2006:27).

As mentioned, external branding is an important link between Nordea and their customers. Customers' experience with the service can be seen as a part of the process. This will include both onstage and backstage activities, such as administration and general transactions performed by the employees, as well as *the moment of truth*. For Nordea as a service company the onstage performance will be one of the most critical process factors. The internal management will affect the backstage performance and enable a good and valuable interaction between employees and customers.

Managing director John A. Sydness in Awilco Offshore states this about soft feature from the service provider:

“Always welcome, and makes collaboration easier”

For the customers to be satisfied with the services Nordea provides, the soft features such as friendliness, smiles etc. will improve the customers' experiences with Nordea.

As of today the marketing is centralised in Finland. Since the external branding is an important link between Nordea and the customers, we recommend that the Singaporean branch has its own marketing division in Singapore. This will

help Nordea to adapt the marketing mix to the Singaporean market in the long run. In the meantime the focus must be on strengthening the relationship between the Singaporean branch and the HQ.

6.11 IMPLEMENTATION

We have based the recommendations on branding, relationship building and re-position and the marketing mix has explained the implementation of the strategy. We have divided the implementation into short term goals and long term goals.

With short- term we mean a one year perspective. With long- term we mean goals that should be achieved over a longer period of time than one year.

Nordea should continue to focus on the short-term goals even after one year.

The communication mix is a part of the marketing mix and consists of six different promotion channels. The communication mix translates the strategy into specific action steps, and clarifies how the goals should be reached. On a lower level, this communication mix or strategic plan aims at getting the attention of the potential customers, create interest in their products, and make the segment to want and desire Nordea's products, and as an ultimate goal; translate this into some kind of desired action.

For Nordea, increasing the knowledge about the bank in the new and the existing segments is vital. They have to get the customers interested in their products, and make them prefer Nordea as their main bank.

We can see from Porter’s Five Forces that customers have high bargaining power. By improving the service level, and by developing a close relationship with the customers, the bargaining power of the customers will decrease and the exit barriers will get higher.

The new positioning strategy should provide the company with this. The main challenge would be that some of the companies have little or no knowledge about the services Nordea provides. We are fully aware that the decisions are mainly made in Norway by the Headquarter, but we still think that the employees and managers in Singapore are influencers to these decisions.

We have come up with a specific action plan for Nordea to reach their goals.

We have chosen to separate the communication mix from the additional Ps due to the fact that the promotion part is more comprehensive. We will only elaborate on three of the Ps that we feel are of importance to Nordea in implementing the strategy, which is people, product and process.

Goals	To become accepted as a bank that is capable to operate also outside of the shipping segment.
	To be seen as a capable bank in the shipping-related and non-shipping segments, without losing its status in the shipping segment.
	To be a preferred bank for the non-shipping and shipping-related segment as well as the shipping segment.
	To become top of mind for all Norwegian corporations in Singapore

Specific actions	Ps	<p>Short- term Price: Continue with customised pricing Product: Use customised product offerings People: Monthly gathering for employees; social events (lottery for the employees), training employees.</p>
		<p>Long- term Price: Competitive pricing strategy Product: Further development of the product, maintain high standard. People: Team-building, develop higher knowledge among the employees</p>
	Comm. mix	<p>Short-term PR campaigns: Invite companies to learn more about the financial offerings Nordea delivers. Sponsor events Norwegian companies might attend (as Norwegian Seafood dinner, social activities in the Norwegian Seamen’s church (a meeting place for Nordic citizens)). Try to get into the news, even the local newspaper at the Norwegian Seamen’s church. Support and donate money to non – governmental organisations.</p> <p>Direct marketing by sending offers by mail/e-mail or to meet the companies for an informal talk about their financing services.</p> <p>Sales promotion: provide incentives like price reductions, interesting product offerings (bundling), and loyalty programs. Send out newsletters to provide better information. Special ad campaigns in trade magazines in Norway.</p> <p>Improved personal selling by consultants, advisors, CRM – even more training and incentives for them. Product placement: i.e. boat races, Scandinavian gatherings etc...</p> <p>Events/ Fairs both segments (furniture fairs, seafood fairs, shipping fairs). Golf tournaments (build relationships and friendships). Continue bi – lateral lunches. Arrange for boat trips with dinner and entertainment. Four times a year arrange brunches (champagne / chocolate at the Fullerton Hotel).</p>
		<p>Long- term Marketing division in Singapore; locally adapted marketing mix. Try to influence parent companies by doing lobbying in Norway - get help from HQ, lobbying before and after expansion. Encourage companies to establish companies in Singapore. Support them and be there for them early in the process (Innovation Norway). Increase / improve WOM – find new customers and develop closer connections to existing clients. Repeat participation to fairs:; Boat Asia, Hospitality Style Asia, Asia Pacific Maritime, FHA (International Food and Hospitality Event), OSEA (International Oil & Gaz Industry Exhibition & Conference) CommunicAsia.</p>

Table 12: Goals & Action steps

These action steps provide Nordea with guidelines on how to reach the Norwegian corporate segment in Singapore and growth in the shipping segment.

6.12 FEEDBACK

It is essential that Nordea measures their marketing efforts regularly. Feedback is one of the most important factors to get an impression if there have been any changes in the customers' perceptions of Nordea. Since the employees have an important part in the service delivery, Nordea also need to measure if there have been any changes in the employees' satisfaction.

To do this Nordea has to send out surveys to the current customers on a regular basis. Simultaneously we recommend that the surveys are done internally in Nordea. We recommend doing this every two years by professional market analysts.

The result of this analysis will help Nordea to develop a further plan for improvements both internally and externally.

CHAPTER 7 – CONCLUSION

Throughout this project we have gained knowledge from our secondary and primary research, enabling us to answer our problem definition:

“How can Nordea pursue growth opportunities in shipping-related and non-shipping segments and still maintain its position in the shipping segment?”

Nordea’s new segment is attractive, and even though it is quite small we consider it to be profitable. As we could see from the VRIO analysis, Nordea has a strong service quality, and is therefore a strong service provider. As of today, we consider the brand not to be strong enough in Singapore. The bank has to adjust their brand image to the corporate segment, and build stronger relationships with both their current and potential customers to achieve success. This also includes a re-positioning in the market.

The strategy we have recommended, focuses on these aspects, and should smooth the progress of developing sustainable core competencies.

From the marketing- and communication mix we have made specific recommendations for Nordea to reach the goals. These goals are outlined in the action plan, and divided into short and long term.

7.1 LIMITATIONS

We faced a few challenges along the making of this thesis. First and foremost, it was extremely hard to get hold of interviewees. One example of this is one company we actually had arranged to meet, did not show up for the interview. The reason for this can be that the people we need to get in touch is the top management (CEO/GM and CFO), which we all know have a tight schedule, and it might not be a priority for them to spend time with students. And this could have influenced our response rate as well.

By requesting to tape the interviews, people have a tendency to withhold information because of the sensitivity of the topic. We need to be aware of this when we interpret the data. But it is an advantage in this situation to be students, since this might improve on the willingness to talk more freely, compared to if there was a Nordea employee present.

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APPENDIX

APPENDIX 1: QUESTIONNAIRE TO CURRENT CUSTOMERS

CURRENT SITUATION

- For how long have your company been in Singapore?
- Is it an independent branch or a sales office?
- How would you describe your current relationship with Nordea Bank?
- How long have you been a customer of Nordea Bank?
- Do you use other banks?
 - Local / Asian
 - Global
 - Nordic
- What advantages and/or disadvantages do you see in having a Norwegian bank?
- Why do you stay with Nordea Bank and other current banks?
- What are your perceptions of Nordea Bank?
- Are you satisfied with the service(s) you currently get from Nordea Bank?
- Do you receive customized service from Nordea Bank?
 - What kind of customization do you get?
 - How important is this to you?
- Do you feel that they are able to deliver what they promise?
 - If not, why / what?
- How long does it take for Nordea Bank to respond to your request?
- Do Nordea Bank respond to feedback?
- Where does Nordea Bank stand in terms of service versus price?
- How do you see Nordea Bank in the next five years?

SERVICE

- How do you physically interact with your bank?

- How often?
- How often do you contact Nordea Bank by phone or mail?
- Do you have a specific contact person in your bank?
 - If yes, how does this contribute to your satisfaction?
 - If not, could this improve the service level?
- Do you feel that you contribute to the service quality?
- How important is it that Nordea Bank has knowledge about Scandinavia and/or Norway?
- How important is it that Nordea Bank has knowledge about Singapore/South East Asia?
- How important is the soft features of the service to you? For instance friendliness, smiles etc.
- Which services do you require from Nordea Bank? Please rank from most important to the least important.
 - Foreign exchange _____ :
 - Trade finance _____ :
 - Cash management _____ :
 - Credit facilities _____ :
 - Corporate finance _____ :
- Do you use cheques?
 - If yes, would you be willing to switch entirely to Internet banking?
- How important is price as a factor when you choose banking services for your company? Please explain your answer.
- Do you think that a low price will reflect poorer standards in service?

DECISION MAKING

- How close is the relationship between the Singaporean branch / office and the Norwegian company?
- Where is the decision regarding banking services made? (In Singapore or in Norway / Scandinavia?)
- Who is the decision maker?
- Which criteria does your company adopt in choosing bank services?
 - Which is the most important?

- Under what circumstance(s) would you consider switching to another bank for the services you currently use?

APPENDIX 2: POTENTIAL CUSTOMERS

CURRENT SITUATION

- For how long have your business been in Singapore?
- Is it an independent branch or a sales office?
- How would you describe the relationship with your current bank?
- For how long have you been a customer of your current bank?
- If you could choose regardless of legislation, would you prefer a:
 - Nordic Bank
 - Local / Asian Bank
 - Global Banks
 - Why?
- Do you have any experience with local banks?
- In your opinion would it be an advantage or disadvantage to have a Norwegian bank?
 - Why/why not?
- Why do you stay with your current bank?

SERVICE

- How frequently do you *physically* interact with your bank?
- How often do you contact your bank by *phone or mail*?
- How important is it that your bank has knowledge about Scandinavia/ Norway?
- How important is it that your bank has knowledge about Singapore/ South East Asia?
- How important is the soft features of the service to you? For instance friendliness, smiles etc.

- Which services do you require from your bank? Please rank from most important to the least important.
 - Foreign exchange
 - Trade finance
 - Cash management
 - Credit facilities
 - Corporate finance
- Are you satisfied with the service(s) that you currently get from your service provider(s)?
- How important is customized service to you?
 - Why?
- Do you use cheques?
 - If yes, would you be willing to switch entirely to internet banking?
 - Why? / Why not?
- How important is price as a factor when you choose banking services for your company?

DECISION MAKING

- How close is the relationship between the Singaporean branch / office and the Norwegian company?
- Where is the decision made? (home-based or in Singapore?)
- Who is the decision maker?
- Which criteria does your company adopt in choosing bank services?
 - Which is the most important?
- Under what circumstance(s) would you consider switching to another bank for the services you currently use?

ABOUT NORDEA

- Have you heard of Nordea prior to us contacting you?
- What are your perceptions of Nordea?
- Where does Nordea stand in terms of service versus price?
- Have you considered Nordea as a bank for your company in Singapore?
- How do you see Nordea in the next five years?
- Which bank are you using?

Thank you for taking the time to answer our questions

APPENDIX 3: LEARNING POINTS FROM INTERVIEWS

Date	6 th of April 2008
Company	Awilco Offshore, Singapore
Interviewee	John A. Sydness, Managing Director
Interviewers	Responded by e-mail

The company has been in Singapore since 2006, and is a fully owned group-sub-sidiaries.

They have been a customer of Nordea since the beginning, and are also using a global bank.

The reasons why they are staying with their banks are because they can live up to their standards and can fulfil the services they require.

From Nordea they receive customised services like Internet banking covering bank accounts both in Singapore and in Norway, this is very important for them. Nordea respond to feedback with in 2-3 days. Sydness states that the pricing is reasonable, and has not found Nordea especially expensive.

Physical interaction with the bank is approximately once every other month, but they have contact with Nordea per phone and mail several times per week.

Cash management is the most important service they require from Nordea, while credit facilities are the least important.

Service and facilities are more important than price. So price does not reflect service quality.

The decisions are made in Norway, but with suggestions from Singapore. The choice of bank was made when they established the company here in Singapore.

They would switch bank if their requirements cannot be met or if they become more expensive compared to competitors.

Date	7 th of April 2008
Company	Eitzen Bulk Singapore
Interviewee	Klaus Munch Andersen, Managing Director
Interviewers	Responded by e-mail

The company has been in Singapore since 1999 and they have several offices in Singapore, some of them acting as independent branches.

Andersen states that:” Nordea is the biggest financier for the Eitzen Group on a worldwide basis and Nordea Bank Singapore is doing the vast majority of all our banking business in Singapore.” The Group was a customer of Christiania Bank before the merger into Nordea. They are also using a global bank, HSBC, but this is mainly for invoice and salary payments.

Using a Norwegian bank is convenient for Eitzen Group because they work as a global team so they do business both in Norway and in Singapore. They need a bank that understands both cultures and Nordea can offer the synergy between Norway and Singapore.

The relationship between Nordea and Eitzen Group is based on mutual trust and respect, and this takes a long time to build up. Their perception of Nordea is that they are: competitive, flexible, good customer understanding and excellent relationship management.

The service they rate as the highest is corporate finance, while the least important is trade finance. Andersen also states that the understanding of their business, professionalism, and competitive pricing is more important than the soft features of the service.

The weakest part of Nordea in Singapore is the day-to-day banking and salary payments, this because it is not possible to switch everything into Internet banking.

The decisions on day-to-day banking services are made in Singapore, but for financing of assets and credit facilities the decisions are made at the HQ.

Date	7 th of April 2008
Company	Grieg Logistics Pte Ltd
Interviewee	Oistein Dahlslett, General Manager
Interviewers	Responded by e-mail

The company has been in Singapore since May 2007. And they have been a customer of their current bank, DnB NOR Singapore Branch, since September 2007.

The reason why they are staying with them is because the owner company use the same bank in Norway.

Dahlslett states that using a Nordic bank is easier because of cultural similarity. And it is important that the bank has knowledge about Scandinavia and Singapore/South East Asia.

Trade finance, cash management and credit facilities is the most important services they require from their current bank.

Date	25 th of April 2008
Company	Kongsberg Maritime
Interviewee	Lona Chang, CFO
Interviewers	Kristin Hogsve, Michelle Rasch and Asne Helen Vole

Lona Chang is the CFO for Kongsberg Maritime here in Singapore. She could tell us that they have been in Singapore since 1987. She states that they today have three banks, Standard Chartered, DnB NOR and SEB.

They have been a customer of DnB NOR for 15 years, SEB for 8 years and have been using Standard Chartered since the beginning, 1987.

It is easier for them to use a Norwegian bank since they deal a lot with foreign currency, since they are doing business with other Norwegian companies.

For the local bank, Standard Chartered, the main services they use are for certain payments, like the usage of cheques.

When it comes to service, Kongsberg Maritime, use phone or mail when they interact with their bank.

It is important to them that the banks have good knowledge about the region since they are operating with many different currencies. States that DnB NOR is slower than SEB when it comes to customized service.

When it comes to choosing bank, the price is the main factor, but service is also important. This is the factor that would make them switch to a new bank.

Also is the relationship with the HQ. Kongsberg Maritime, Singapore will not switch bank unless the HQ tells them to. She has never heard about Nordea before.

Date	13 th of April 2008
Company	Norwegian Hull Club
Interviewee	Per Gustav Blom, CFO
Interviewers	Responded by e-mail

The company has been in Singapore for one year. And is a:” is a representative office providing technical assistance in connection with accidents on ships, rigs etc. “

Norwegian Hull Club has been a customer of their current bank for more than 25 years.

Blom states that by using a Nordic bank, it simplifies the coordination when it comes to payments.

They do not have much contact with their bank, either physically or by phone or mail here in Singapore, but more frequent in Norway.

He rates cash management as the most important one, and corporate finance as the least important.

The importance of price when they are choosing bank services is very high. He states that it is because: “...requirement is quite standard and price easy to use for differentiation.”

The accounting manager of CFO is the decision maker when it comes to choosing bank, and the decisions are made back in Norway.

About Nordea he states that: “Good people and customer service, somewhat complex matrix organisation, cash management system not fully developed on Internet.”

Date	10 th of April 2008
Company	OSM Ship Management
Interviewee	Janus Ng
Interviewers	Responded by e-mail

The Company has been in Singapore since September 2005, and has been a customer of Nordea since the beginning.

The current relationship with Nordea is good, but can be improved. They state that the reason for staying with Nordea is because Nordea is their group appointed banker.

OSM SHIP Management has a specific contact in Nordea, but not in the local bank they are using.

It is more important to them that Nordea has knowledge about the Singaporean market than the Norwegian. And they rank foreign exchange as the most important service and trade finance as the least important to them.

Price is: “on the top priority of consideration when we choose the bank services. As this may direct affect our running cost.” A lower price will not reflect poorer standards in service.

The managing director in Singapore makes the decisions regarding banking services. Most important when choosing bank are the facilities and the charges. This is also the main reason why they would consider switching bank.

Date	3 rd of April 2008
Company	Songa Shipping
Interviewee	Sissel Grefsrud, Managing Director
Interviewers	Responded by e-mail

Songa Shipping has been in Singapore since 2005, and is an independent branch. Grefsrud states that they have an active business relationship.

The group has been a customer of Nordea for about 16 years. But they are also using other banks like: Fortis, Calyon, which is global, and DnB NOR, Fokus and Eksportfinans, which are Norwegian banks.

Nordea knows their business and are able to provide the services they need, these are the main factors why they stay with Nordea.

“Bumpy financial markets” as said by Sissel Grefsrud is one of the factors Songa Shipping sees as the reason why Nordea is tightening their lending activity. But still feel that Nordea is able to deliver what they promise.

Ms. Grefsrud states that they interact with their bank on a daily basis when it comes to payments and by mail or phone once or twice a month.

Ms. Grefsrud has ranked credit facilities as the most important service they require from Nordea, and corporate finance as the least important one.

Songa Shipping is willing to switch entirely to Internet banking, but not until the Singaporeans use Internet banking. Many of their suppliers ask for cheques when they are doing business with Songa.

Price as a factor is important for Songa because their “company is capital intensive and financial expenses is a large and important part of our business.” They would consider switching to another bank “if Nordea lost its position as a leading shipping bank.”

Date	8 th of March 2008
Company	PGS Asia Pacific
Interviewee	Philip Briandet
Interviewers	Responded by e-mail

PGS was established in Singapore in 1995 and has a very good communication with the Norwegian company. The decisions are made in Norway. PGS is currently using HSBC as their bank and see the relationship with them as good. They have been a customer with HSBC for more than 10 years due to the fact that they are satisfied with their service and that the bank is used globally for the company. The criteria that the company adopt in choosing bank services are prompt efficient service, banks with international representation, good reputation and attractive interest rates. Good reputation is seen as the most important. PGS would consider switching to another bank if there is a poor customer relationship or corporate directives. PGS physically interact with HSBC 3-4 times a year while they are weekly in contact by mail or phone. The soft features are seen as important because it makes them feel important. And the customised service is very important to the company, that the bank is able to provide financial solutions to meet the client's needs. They don't feel that it is necessary that their bank has knowledge about Scandinavia or the Norwegian market, while it is seen as very important that the bank has knowledge about the Singapore market and the business culture.

PGS has heard about Nordea, but does not have any experience with them. They see Nordea as an offshore bank in Singapore who mainly provide banking services to Nordic clients. And see Nordea expanding into the emerging market during the next five years.

Date	19 th of March 2008
Company	Asia Maritime Logistics Pte. Ltd.
Interviewee	Kenneth Nielsen, General Manager
Interviewers	Responded by e-mail

Asia Maritime Logistics has been established in Singapore since January 2006 and is an independent branch. They have a very close relationship with the Norwegian branch but the decisions are made mostly in Singapore. They prefer to use a Nordic bank because they see it as an advantage due to the fact that they know their business. The criteria's they adopt in choosing bank services are personalized service, price, location, and facilities. They have now been using DnB NOR for 6 months and explain the relationship as very good. They state that the soft features of the service are very important and that price is seen as fairly important, in addition to the customized service. They state that it is important that their bank has knowledge about the Singapore market in terms of rules and regulations. They would not switch entirely to Internet banking because they see that there are risks involved with internet usage.

Asia Maritime Logistics has heard about Nordea, and has the impression that they are a good bank. They have no idea about where Nordea stands in terms of service versus price but see them as growing in the next five years.

Date	19 th of March 2008
Company	Snorre Food Pte Ltd
Interviewee	Frank Arne Naesheim, Managing Director
Interviewers	Janne Berge, Michelle Rasch & Asne Helen Vole

Snorre Food Pte Ltd has been in Singapore for 21 years, and is currently using Den Svenska Handelsbanken (DSH). They see them self as a Singaporean company, so all the decisions are made in Singapore. They switched from another Swedish bank three years ago, after a 15 years long relationship. The reason for this was that they got approached from DSH who could offer a better package and were more willing to take risks. They state that the operational costs and service in addition to the fact that DSH were able to grow with them and establish a long relationship were important factors. They describe the relationship with this bank as very good and they keep daily contact with their bank.

They have the impression that this Nordic bank can give them more comparative skills compared to a local bank. But that it is important that the bank has knowledge about both home market and Singapore market.

They view Nordea as a shipping bank who is conservative, expensive, and willing to take little risks. They state that since they are a Singaporean company, they felt that Nordea was more able to accommodate a company with HQ's in Norway, rather than a Singaporean company. They have not considered Nordea as a bank for their company.

Date	7 th of April 2008
Company	WME (Simtronics Fire & Gas)
Interviewee	Andy Ng, General Manager
Interviewers	Responded by mail

WME has been present in Singapore for two years and has an independent branch here. WME's headquarter decides upon bank and the Singapore branch supports this decision even though he is not reluctant to change. WME Singapore prefers a Nordic bank; they see this as an advantage in term of bank transaction and other issues. The bank they are currently using is DnB NOR and they have had a long and good relationship. WME has an "ok" image of Nordea but no perceptions about Nordea and pricing.

Date	3 rd April 2008
Company	Vogt & Wiig
Interviewee	Erlend Lous, Partner
Interviewers	Janne Berge and Linn Veronica Furnes

The company has been in Singapore since January 2007, and is an independent branch.

Vogt & Wiig have been a customer since the start here in Singapore, and are also a customer back in Norway. The decisions regarding banking services are made in Norway. And it is their head of accounting department that makes the decisions.

There is an advantage for them to use a Norwegian bank because they are a company that mainly operates in Norway.

Cash management and foreign exchange is the most important services they are using. The use of cheque is important for Vogt & Wiig, and they say that they would be willing to switch entirely to Internet banking,


“But that’s not possible here in Singapore. It is a lot of hassle because we have to go to the bank in person and pay a lot of money.”




“They managed to implement a system where you can pa with fingerprints on Starbucks, but Internet banking, their not able to implement!”

Lous states “ if you look at Singapore at least I see Nordea bank still as a major shipping bank.”



TABLES

Table 2: Competitors

COMPANY	REPRESENTED IN	CURRENT STRATEGY	FUTURE GOALS
	<p>Location: Oslo, Norway</p>	<p>Vision: "DnB NOR – a source of pride"</p>	<p>Being the leading and preferred partner for clients in Asia.</p>
	<p>International Branches: Denmark Finland Sweden Germany London New York Singapore Shanghai</p>	<p>Business idea: "A local presence and a full range of services are our strengths. We will be the best financial partner" Customer relationships based on local presence and a full range of services are the foundation of our operations and provide the basis for profitable growth.</p>	
	<p>Representative Offices: Huston, USA Rio de Janeiro, Brazil Santiago, Chile</p>	<p>Primary focus is on covering our clients' needs for FX/Treasury and Corporate Risk Management products. DnB NOR will create value for shareholders, customers, employees and other stakeholders by realising identified synergies, creating new solutions in the merged group and exploiting the opportunity for strategic repositioning provided by the merger.</p>	
	<p>Subsidiaries: Bank DnB NOR Denmark DnB NOR Luxembourg DnB NOR Markets, Inc. New York USA DnB NOR Assest Management AB Sweden OAO DnB NOR Monchebank Russia</p>	<p>Offers a wide range of financial products and services to Norwegian related clients as well as clients within selected industrial segments. Newcomers to Asia, provide basic financial services, intricate solutions to complex issues and financing to a wide spectrum of shipping companies and other corporate clients.</p>	

	<p>Office in more than 100 countries around the world.</p> <p>Present in all parts of the world.</p>	<p>Becoming more accessible to our clients</p> <p>Focus on small and midrange companies</p> <p>Citi is obligated to deliver profits and growth to their shareholders. Of equal importance is to deliver those profits and generate growth responsibly.</p>	<p>Expanding distribution globally, leveraging organization-wide capabilities across businesses and geographies, integrating technology toward a common platform to serve clients better, and operating day-to-day as one company.</p> <p>generate better growth in U.S. Consumer</p> <p>focus more of our activities outside the United States</p> <p>Expanded presence in Central America</p>
	<p>Singapore's longest established local bank</p> <p>Singapore, Malaysia, Indonesia, Thailand, Vietnam, China, Hong Kong SAR, Taiwan, Brunei, Myanmar, Japan, Korea, Australia, UK, USA</p>	<p>Focus on small and medium businesses.</p> <p>Dominant presence in both the consumer and business banking segments in Singapore and Malaysia</p> <p>One of Asia's leading financial services groups and one of the largest financial institutions in the combined Singapore-Malaysia market</p> <p>Values: Customer People Teamwork Integrity Prudent risk taking effectiveness</p>	<p>New Horizons II is our five-year strategy from 2006 to 2010. It continues on the broad strategic direction and successes of New Horizons (2003 to 2005). The emphasis is on embedding OCBC in the region through a build-and-transfer approach, and on continuing our efforts to build a high performance bank through a balanced scorecard discipline.</p> <p>aim to sustain as a top 3 consumer banking position and become one of the top 3 corporate banks in the combined Singapore-Malaysia market.</p> <p>build more best-in-class products and strive to become known for product innovation</p>
	<p>450 offices in Australia, Brunei, Canada, China, France, Hong Kong, Indonesia, Japan, Malaysia, Myanmar, Philippines, South Korea, Taiwan, Thailand,</p>	<p>Our mission is to be a premier bank in the Asia-Pacific region, committed to providing quality products and excellent customer service.</p> <p>Acquisitions: To acquire banks in the region where there is a strategic fit</p> <p>Niche Markets: To focus on increasing market share in certain niche customer and product segments in</p>	

	<p>United Kingdom, USA Vietnam.</p> <p>UOB has a banking subsidiary, Far Eastern Bank, in Singapore, while their banking subsidiaries in the region are United Overseas Bank (Malaysia), United Overseas Bank (Thai), PT Bank UOB Indonesia and PT Bank UOB Buana.</p>	<p>Singapore, selected ASEAN countries, Greater China and Australia.</p> <p>Strategic Alliances: To form strategic alliances with financial institutions as and when there are opportunities for mutual benefit.</p> <p>Branding: To build on the UOB brand in Singapore and in the region.</p> <p>Sales Culture: To create a strong sales culture characterised by creative marketing and the pursuit of sales at every opportunity and for every bank activity/transaction.</p> <p>Channels And Processes: To rationalise, re-engineer and develop efficient and cost-effective distribution channels and processes.</p>	
SEB	<p>Denmark Estonia Finland Germany Latvia Lithuania Norway Poland Sweden Ukraine</p> <p>SEB in the rest of the world Brazil China France Great Britain Luxembourg Russia Singapore Spain Switzerland USA</p>	<p>SEB is a North-European financial group for corporate customers, institutions and private individuals.</p> <p>SEB's vision is to be highest ranked by its customers within the chosen markets in Northern Europe and leading in terms of financial performance. These goals shall be reached with the help of motivated employees, increased co-operation between the Group's different parts and Group-wide staff and support functions.</p>	<p>As from 2006 SEB has set new financial targets. SEB's return on equity shall be the highest among its peers, while its profit growth shall be sustainable. SEB's minimum rating shall be AA.</p> <p>Higher ambitions to realise the full potential of the platform shall contribute to profitable growth in SEB's existing markets. Increased pro-activity towards customers in combination with a better integrated business will form the basis of customer satisfaction and profitability. By fully realising the whole SEB, higher quality, more complete services to our clients as well as cost-efficient operations will be achieved.</p>
Handelsbanken	<p>459 branches</p> <p>38 branches in Denmark, 44 in Finland, 42 in Norway and 34 in Great Britain.</p> <p>In addition there are</p>	<p>One of the most solid and profitable banks in the world.</p> <p>Handelsbanken's financial goal is to have higher profitability than the average for its competitors</p> <p>The financial goal should be achieved by the Bank having more satisfied customers and</p>	<p>Speed up the organic expansion rate further in Great Britain and almost doubled the number of branches, bringing the total close to 50.</p>

	20 branches in 16 other countries.	<p>lower costs than its competitors</p> <p>A strongly decentralised organisation - the branch is the Bank</p> <p>The customer in focus - not individual products</p> <p>A long-term perspective</p>	
	<p>Has a network of over 1,400 branches in more than 50 countries and territories across the globe</p> <p>Well established in South East Asia, with offices across the region in Singapore, Malaysia, Thailand, Indonesia, Philippines, Vietnam, Australia and Brunei.</p>	<p>"We want to be recognized across Asia, Africa and the Middle East for delivering a sustainable business and to lead by example in our markets."</p> <p>Known and trusted for our high standards of corporate responsibility</p> <p>Customers Passionate about their customers' success, delighting them with the quality of their service</p> <p>People Helping people to grow, enabling individuals to make a difference and teams to win</p> <p>Communities Trusted and caring, dedicated to making a difference</p> <p>Investors A distinctive investment delivering outstanding performance and superior returns</p> <p>Regulators Exemplary governance and ethics wherever we are</p> <p>Competitive positioning Combining global capability, deep local knowledge and creativity to outperform their competitors</p>	Future success and building a sustainable business
	<p>A presence in more than 85 countries</p> <p>In Europe: France Germany Norway Poland UK</p> <p>In Asia: China Hong Kong India Indonesia Japan Macau Malaysia</p>	<p>"In all its core businesses, BNP Paribas is determined to be a benchmark banking group, focusing on customer satisfaction and actively pursuing the improvement of its earning capacity."</p> <p>"One of the largest international banking networks with strong positions in Asia and a significant presence in the United States."</p> <p>"BNP Paribas has built up 3 major complementary areas of activity. Thanks to the</p>	Being "The bank for a changing world"


	Philippines Singapore South Korea Taiwan Thailand Vietnam North America South America Africa Oceania Middle East	synergies created between our various lines of financial business and between our establishments across the world, we are excellently placed to rise to the challenges that our clients set us.”	
	HQ in London HSBC's international network comprises over 10,000 offices in 83 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.	HSBC: We are the world's local bank. -Align presence with global trends -Invest primarily in developing markets -Focus developed markets businesses on international connectivity -Maintain financial strength	Strategy for the future called "Managing for Growth" HSBC's strategy is aligned with three trends which are shaping the global economy -Emerging markets are growing faster than developed countries -World trade is expanding faster than GDP -Longevity is increasing virtually everywhere

Table 3: Interest Rates

	1996	2001	2002	2003	2004	2005	2006
Banks							
Prime lending rate	6,26	5,30	5,35	5,30	5,30	5,30	5,33
Deposit rates							
3 months	3,41	1,02	0,78	0,40	0,41	0,56	0,57
6 months	3,67	1,33	1,05	0,52	0,52	0,66	0,67
12 months	3,99	1,53	1,32	0,70	0,72	0,86	0,88
Savings deposit rate	2,72	0,77	0,44	0,24	0,23	0,30	0,29
Finance companies							
Up to 3 months	3,20	1,20	0,76	0,44	0,48	0,83	1,00
12 months	3,98	1,65	1,50	0,79	0,98	1,56	1,92

Table 4: GDP

Gross domestic product (market prices)	2002	2003	2004	2005	2006
Total (US\$ bn) At current prices	88.1	92.3	107.4	116.7	132.2
Total (US\$ bn) At current prices	157.7	160.9	181.5	194.2	210.0
At constant (2000) prices	162.5	167.5	182.3	194.4	209.7
% change, year on year	4.2	3.1	8.8	6.6	7.9
Per head (S\$)					
At current prices	37,718	38,357	42,828	44,796	46,831
At constant (2000) prices	38,866	39,945	43,008	44,826	46,762
% change, year on year	3.2	2.8	7.7	4.2	4.3

Country profile, EIU. Available from the URL:

<http://portal.eiu.com.ezlibproxy1.ntu.edu.sg/sso/cas/client?ticket=ST%2D4A2A7235%2D8172%2D4D40%2DAA16%2DDEEAEACE1C36>, page 57

Table 7: ACRA

	Shipping	Classification	Revenue	Assets
		Big > S\$ 50M Moderately big > S\$ 10M		
1	AJM Ship Pte Ltd			
2	Anglo-Asian Shipping Pte Ltd			
3	Asia Maritime Logistics Pte Ltd			
4	Awilco Offshore Singapore Pte Ltd			
5	Barwil Agencies Pte Ltd			
6	Barwil Unitor Ships Service (S) Pte Ltd			
7	Belden Shipholding Pte Ltd			
8	Belships Management (Singapore) Pte Ltd			
9	Beta Moss (S) Pte Ltd			
10	Boa Offshore Far East Pte Ltd			
11	BW Shipping Managers Pte Ltd			
12	Camillo Eitzen (Singapore) Pte Ltd			
13	Dolphin Drilling Pte. Ltd. - Fred. Olsen Energy Group			
14	Eidsiva Shipping Pte Ltd			
15	EMS Ship Supply Pte Ltd (= Camillo Eitzen)	Moderately big > S\$ 10M	30 026 894	12 841 323
16	Eukor Car Carriers Singapore Pte Ltd			
17	Fearngas (Singapore) Pte Ltd			
18	Fearnleys Asia (Singapore) Pte Ltd			
19	Grieg Logistics Pte Ltd			
20	I.S. Shipbrokers Pte Ltd			
21	J. Martens (Asia-Pacific) Pte. Ltd			
22	J.B. Ugland Shipping			
23	Jebsens International (Singapore) Pte Ltd			
24	Klaveness Asia Pte Ltd			
25	Lorentzen & Stemoco Singapore Pte Ltd			
26	MarineTrans Singapore			
27	Masterbulk			
28	Nexxt Europe			
29	Nordic Maritime			
30	Nortechs FPSO			
31	Odfjell Singapore			
32	OSM Ship Management			
33	Prosafe Production Services			
34	Seadrill Offshore Singapore (Shipping)			
35	ShipNet Asia (Shipping)			
36	Singa Ship Management			
37	Songa Shipholding			
38	Star Shipping AS			
39	Strom Shipping			
40	Trelleborg S.E.A			
41	Viking Shipping Company			

 Source: <http://www.acra.gov.sg/>

	Debt			Receivables	Currency	Year
	Short - term	Long - term	Total debt			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15	8 439 379	911 025	9 350 404	10 457 055	S\$	2006
16						
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40						
41						

	Shipping-related	Classification	Revenue	Assets
		Big > S\$ 50M Moderately big > S\$ 10M		
1	APL Asia Sdn Bhd (Singapore Branch)	Moderately big > S\$ 10M		
2	Berg Business Research			
3	Beta Drilling Pte Ltd			
4	BitNor Pte Ltd			
5	Dalseide Shipping Services Pte Ltd			
6	Dualog Singapore Pte Ltd		676 165	368 181
7	Endeco Marine Engineering Pte Ltd			
8	Frank Mohn Singapore Pte Ltd	Moderately big > S\$ 10M	19 165 213	18 890 208
9	Fugro GEOS Pte Ltd		1 090 752	911 052
10	Goltens Singapore Pte Ltd		0	28 638 752
11	Imarex Asia Pte Ltd		1 115 548	4 325 945
12	Jotron Asia Pte Ltd (dormant)			
13	Kongsberg Maritime Pte Ltd	Big > S\$ 50M	63 801 371	38 768 477
14	Koppernaes Singapore Pte Ltd		461 243	510 921
15	National Oilwell	Moderately big > S\$ 10M		
16	Neptune Marine & Drilling		10 879 904	18 403 071
17	Marine Services and Engineering		4 135 672	943 398
18	Nordisk Defence Club			
19	Norwegian Hull Club			
20	PGS Asia Pacific			
21	R.S Platou	Moderately big > S\$ 10M	3 091 578	1 636 359
22	Rolls-Royce Marine Singapore		37 477 045	43 026 163
23	Scanvik Marine Services	Moderately big > S\$ 10M		
24	Seagull Maritime Information Technology		997 155	619 899
25	Ship Equip Private			
26	ShoreConnection Asia			
27	Stromme Ships Service			
28	TDW Offshore Services			
29	Thome & Partners (Shipbrokers)		2 864 687	1 590 248
30	Thome Ship Management		0	0
31	Unitor Ships Service			
32	Zenitel Marine Asia		10 668 177	5 788 301
33	Novenco AS			
34	Odin Far East			
35	Scana Singapore	562 270	228 455	
36	Star Information Systems			
37	StarVision Information Technology	1 816 141	3 842 546	

 Source: <http://www.acra.gov.sg/>

	Debt			Receivables	Currency	Year
	Short - term	Long - term	Total debt			
1						
2						
3						
4						
5						
6	1 037 684	137 430	1 175 114	272 689	S\$	2006
7						
8	4 788 240	516 000	5 304 240	12 863 510	S\$	2006
9	651 275	0	651 275	858 488	S\$	2006
			14 261			
10	13 421 284	840 157	441	20 733 635	S\$	2006
11	5 642 586	0	5 642 568	4 176 751	S\$	2006
12			33 286			
13	33 206 221	20 000	221	38 383 009	S\$	2006
14	20 861	1 224 601	1 245 462	523 020	S\$	2006
15			16 414			
16	16 414 595	0	595	18 111 500	S\$	2006
17	559 243	262 489	821 732	812 023	S\$	2006
18						
19						
20						
21	27 318	0	27 318	1 336 359	S\$	2006
			12 015			
22	11 895 266	120 335	601	40 769 116	S\$	2005
23						
24	633 240	0	633 240	614 915	S\$	2005
25						
26						
27						
28						
29	552 953	0	552 953	1 589 317	S\$	2006
30	0	0	0	0	-	-
31						
32	4 560 889	12 573	4 573 462	5 503 545	S\$	2006
33						
34						
35	276 046	0	276 046	215 869	S\$	2006
36						
37	3 776 760	0	3 776 760	3 795 203	S\$	2006

	Non-Shipping	Classification	Revenue	Assets
		Big > S\$ 50M		
		Moderately big > S\$ 10M		
1	Acergy Singapore Pte Ltd		1 376 032	24 879 351
2	Aibel AS (Vetco)			
3	Aker Kvaerner MH (S) Pte Ltd	Moderately big > S\$ 10M	9 607 000	8 049 000
4	Alliance Maritime Pte Ltd		284 355	46 025
5	ASSAABLOY Hospitality Pte Ltd			
6	Borregaard SEA Pte Ltd	Moderately big > S\$ 10M	8 953 159	4 984 368
7	Earthtree Pte Ltd		556 635	113 732
8	Ekornes Asia Pte Ltd		2 875 792	1 823 147
9	Eltek Energy Pte Ltd			
10	FMC Technologies Singapore Pte Ltd		233 714 005	226 475 436
11	Fuglesangs (S) Pte Ltd		386 751	179 009
12	Glamox Far East Pte Ltd	Moderately big > S\$ 10M	15 052 352	11 814 324
13	Harald Frigstad Engineering Pte Ltd		542 497	407 912
14	Hydro Aluminium Asia Pte Ltd	Big > S\$ 50M	68 381 891	41 565 518
15	Ibas / Kroll Ontrack S Pte. Ltd.		540 620	383 516
16	Innovation Norway			
17	Laerdal Singapore Pte Ltd		3 165 291	1 289 883
18	Larsen Oil & Gas Pte Ltd		0	2 917 620
19	Det Norske Veritas Pte Ltd		1 376 032	2,678,582,00
20	Marlink		37 001	282 193
21	Meltwater			
22	Multiconsult AS			
23	Nautisk Forlag AS			
24	Nera Telecommunication		0	90 597 000
25	NHST Media Group Asia		1 785 010	1 082 485
26	Nordic Investment Bank			
27	Norske Skog Pan Asia		0	783 618
28	Nortech Enterprises			
29	O Mustad & Son			
30	Orkla Asia Pacific		337 818	840 633
31	Pareto Securities Asia			
32	Scandinavian Airlines System			
33	Snorre Food	Moderately big > S\$ 10M	13 413 269	7 517 969
34	Tandberg Data		17 017 905	11 138 884
35	Vogt & Wiig			
36	Wikborg, Rein & Co			
37	Yara Asia	Big > S\$ 50M	47 452 249	287 234 099
38	NOS Clearing			
39	Rignet		4 731 111	6 547 994
40	Skuld Singapore			
41	UFIS Airport Solutions		1 691 823	1 485 846
42	Uniscan Far East		2 618 408	1 842 110
43	Viking Engineering			
44	WME (Simtronics Fire & Gas)			

Source: <http://www.acra.gov.sg/>

	Debt			Receivables	Currency	Year
	Short - term	Long - term	Total debt			
1	34 144 391	4 900	34 149 291	24 175 935	S\$	2 006
2						
3	4 256 000	32 000	4 288 000	5 057 000	S\$	2 006
4	9 454	0	9 454	17 794	S\$	2 004
5						
6	1 728 477	34 497	1 762 974	4 847 589	S\$	2 006
7	157 911	12 200	170 111	77 826	S\$	2 006
8	705 697	0	705 697	1 693 207	S\$	2 006
9						
10	95 457 682	3 249 664	98 707 346	190 822 694	S\$	2006
11	67 357	0	67 357	171 097	S\$	2006
12	3 701 665	4 826 293	8 527 958	8 710 073	S\$	2006
13	3 878 839	24 843	3 903 682	324 429	S\$	2006
14	31 901 719	132 180	32 033 899	41 393 724	S\$	2005
15	150 167	47 908	198 075	309 132	S\$	2006
16						
17	527 330	1 682	529 012	1 244 831	S\$	2006
18	2 642 642	0	2 642 642	2 917 620	S\$	2006
19	1 215 790	0	1 215 790	142 774	S\$	2006
20	175 035	0	175 035	278 045	S\$	2006
21						
22						
23						
24	27 196 000	0	27,196,000	81 598 000	S\$	2006
25	462 600	0	462 600	1 029 583	S\$	2006
26						
27	182 193 000	241 000	182 434 000	79 416	US\$	2006
28						
29						
30	339 792	550 345	890 137	578 343	S\$	2006
31						
32						
33	3 693 526	41 986	3 725 512	7 284 807	S\$	2002
34	8 888 679	0	888 679	10 748 033	S\$	2006
35						
36						
37	17 502 097	1 389 192	18,891,765	144,335,334	S\$	2005
38						
39	5 937 805	0	5 937 805	1 252 238	S\$	2004
40						
41	484 197	0	484,197.00	1,465,591.00	S\$	2006
42	1 430 660	44 519	1,475,179	1,753,910	S\$	2006
43						
44						

Table 10: Questions and answers - Current customers, shipping segment

Q	Current customers
	Shipping
	Awilco Offshore
	Songa Shipping
c1	2,5 - 3 years
c2	Independent branch
	Fully owned Subsidiaries
c4	2,5 - 16 years
c7	Know our business and service our needs
	Up to standard
c16	Little physical contact
c17	Payments on a daily basis, e-mail
	phone contact once or twice a month. More often in transaction periods
	Several times per week by mail and phone
c20	Quite and very important (4 and 5)
c21	Moderately important and quite useful
c23	Credit / CM
	CM / FX
	FX / TF
	TF / CF(from HQ)
	CF/ Credit
c24	Yes. Cannot change in Sg.
c25	Very important(capital intensive)
	Service and facilities more important
c5	No Local, but global and Nordic
c3	Active / good and unproblematic
c8	Efficient and knowledgeable
	Good service, knowledgeable, broad services
c9	Yes, but tightening lending activity (subprime)
c10	No / Yes, Internet banking covering both Norway and Sg account
c11	Yes
c13	Yes, usually / Yes
c14	Fairly competitive, needs pressure
	Assumed reasonable, not excessively expensive
c15	Still one of our banks / no comment
c18	Yes, makes it easier to discuss with someone who is dedicated
	Several, contributes to their satisfaction
c22	Important because pleasant
	Makes collaboration easier
c6	Mostly advantages, understanding
	They know us
c19	Generally satisfied
	Yes
c26	Not for us / No

c27	Very close / arms length
c28	Both / Suggested in SG to be agreed in Norway
c29	Financial team / CFO in Norway
c30	Placing power, efficiency and price
c31	If Nordea lost its position as a shipping bank
	Needs not met, or too expensive

Questions and answers - Current customers, non - shipping segment

Q	Current customers
	Non-shipping
	Norwegian Hull Club
	Eitzen Bulk
	Vogt & Wiig
c1	1 year / 15 months / 9 years
c2	representative office independent branch
c4	15 months - 25 years / before merger
c7	Advantage / advantage / synergy is important, work as a global team, understanding of both cultures important, competitive and good service, understands our needs, they go way back, and they know how we work. Mutual trust and respect
c16	Once every quarter / one meeting since startup/ Meetings and social gatherings, 4-6 times per year
c17	Phone or mail, several times in Norway, not that often in Sg. Meetings and social gatherings, 4-6 times per year Several times each day, because we are customers of each other Daily
c20	Not very important / crucial / Very important
c21	Not important / Important when introducing various projects
c23	CM / CM / CF FX / FX / Credit TF / CM Credit / FX CF / TF
c24	Limited extent / yes a lot If not required by counterparty / not possible in Sg
c25	Very important / Not involved / service and price hand in hand, willing to pay, but benchmarked
c5	Local and Nordic / Global
c3	Good / A waste / Biggest financier, majority of all our banking businesses
c8	Good people and customer service, complex matrix, Slow development in CM,

	Dangerous to say anything other than good
	Competitive, flexible, good customer understanding, excellent relationship management
c9	Yes
c10	No / Yes, dedicated managers on our account.
	Very important to get understanding
c11	Yes / To the best of my knowledge, yes
c12	Acceptable timeframe
c13	Have that impression, yes / Would say so
c14	Good on both / Very good service
	not a clue
c15	Very able and competitive bank, with ambitions outside Nordic regions
	Mutual benefit, hopefully we can expand our relationship
c18	No / Yes, helpful since good understanding of business, saves time
c22	Important / professionalism and pro active is important
c6	Advantage simplifies coordination /
	synergy and understanding of cultures
	Big advantage, all done in Norway
c19	Probably not / two way street,
	to save time and make routines as efficient as possible
	More efficient structure, then service just as good
c26	Tempting to say no, higher income-->better service
c27	Very close, but yet independent / Very close
c28	In Norway / Financing of assets and credit facilities in head office, day to day baking is done locally
c29	CFO / Subject to the level of decision, CFO, financial directors, financial managers and financial controllers. Locally, directors and account managers
c30	Price and knowledge about financial services / the marine insurance industries. Price is most important
	A balance between service, price, flexibility, understanding and credit availability
c31	In Sg, price clearly uncompetitive or service unacceptable /
	If switching bank in Norway
	If they fail to deliver, and another bank can deliver
	what we are looking for

Questions and answers - Potential customers, shipping segment

Q	Potential customers
	Shipping
	Asia Maritime
	Grieg Logistics
p1	16 months / 11 months
p2	Independent / sales office

p4	6 months / 8 months
p19	Very close / close
p8	Because it is a Norwegian bank / same as the owner
p9	Once a week / once a month
p10	3 times a week / occasionally
p11	Very important / important
p12	In terms of rules and regulations, very important / Important
p14	CM
	Credit
	TF
	FX
	CF / Credit, CM and TF important
p16	Very important
p18	Fairly important / Not that important
p5	Nordic bank due to service / Nordic due to cultural similarity
p6	Yes / No
p3	Very good / fairly good
p13	Very important / important
p15	Yes / So far, so good
p17	Yes, but not switch entirely, always risk-contingency plan/Yes, more efficient
p7	Advantage, they know us / Advantage, cultural similarity
p24	Yes / Yes
p25	Good bank / No perception
p26	No idea / Do not know
p20	Most in Sg / Both
p21	In Sg, GM, in Norway several managers / MD locally, Board of Directors in Norway
p22	Personalised service, price, location, facilities, service most important / NA
p23	If current bank does not deliver what promised / NA
p27	No / No

Questions and answers - Potential customers, non - shipping segment

Q	Potential customers
	Non-shipping
	Snorre Food
	Simtronics
	Kongsberg Maritime
	PGS
	Eitzen Bulk
p1	9, 21, 20, 2 and 13 years / 2 - 21 years
p2	Independent branches / sales office

p4	From 2 - 15 years
p19	Very good, close / NA / Very good, frequent communication
p8	Operational costs / service / NA / service and bank is used globally
p9	Not that often, twice a month / not often / 3-4 times a year
p10	Every day / Few times a day, to once a week / when I need assistance
p11	Very important / NA / Not necessary
p12	Very important / Very / NA / Very, Asian culture and practices
p14	Credit / Credit
	CF / CM
	FX / FX
	CF
	TF
p16	Yes / Very much / NA / Quite satisfied
p18	Yes, internet banking is not possible in Sg / will be more efficient
p5	Location does not matter / Global bank - provide efficient service across different continents
p6	Yes / NA / No for corporate banking
p3	Very good / NA / Good
p13	Feel comfortable, good service, quick response / Very important
p15	Very much / NA / Quite satisfied
p17	Very important / NA / Knowledge about the industry
p7	Advantage due to currency, disadvantage in terms of payment / Bank transactions / No preference
p24	Yes / Yes, definitely / No
p25	Offshore bank, service to Nordic clients / OK / lack of authority, more centered to home-based companies
p26	No experience / NA / probably expensive, do not really know
p20	Home based / NA / Credit from HQ
p21	Corporate / NA / Singapore / CFO and MD
p22	Prompt efficient service, international representation, good reputation, attractive interest rates / flexibility, short decision making, access to information, have authority, support, cheap and good, the risks they are willing to take / service and price
p23	Poor customer relationship, corporate directives / willing to take more risk, and provide something more, value for money, able to grow with us
	Accuracy, not making mistakes
p27	NA / Yes, if bank is approved by HQ / No

FIGURES

CPI Inflation and MAS Underlying Inflation

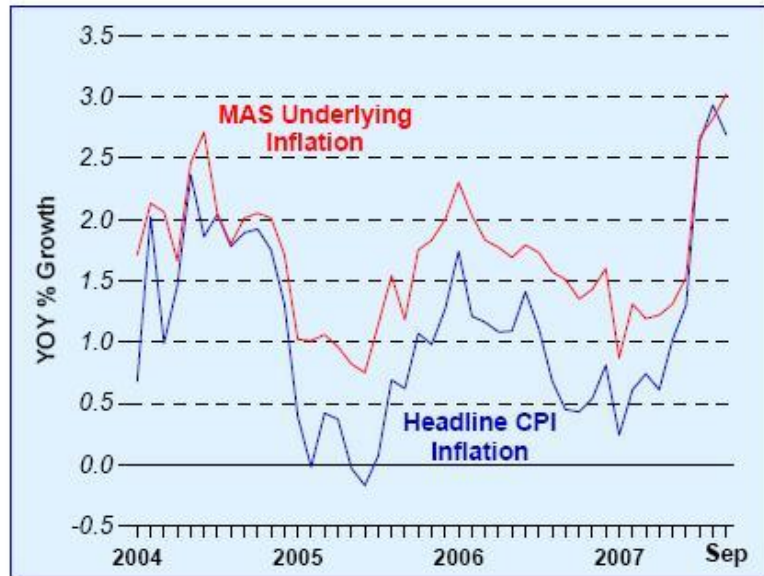


Figure 3: Inflation Rate

Figure 6: Organisational Chart

Nordea in Singapore

