

MARKETING PLAN:

How can Bangkok Bank Public Company Limited, Cambodia Branch compete with other commercial banks?



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LIST OF ABBREVIATIONS

BBL	Bangkok Bank Public Company Limited
NBC	National Bank of Cambodia
LPCO	Liquidity-Providing Collateralised Operation
L/C	Letter of Credit
T/R	Trust Receipt
L/G	Letter of Guarantee
TL	Term Loan (Longer than 1 Year)
RSTL	Revolving Short Term Loan (Less than 1 year)
COF	Cost of Fund
CASA	Current Account and Saving Account
CBC	Credit Bureau of Cambodia

EXECUTIVE SUMMARY

In recent years, banking industry in Cambodia is seen to be very well developed due to many investors from foreign countries, especially Korea and Malaysia. Bangkok Bank, Cambodia Branch has arrived in Cambodia since December 2014; however, the Branch still seems to struggle in competition with the newcomers in the industry. Therefore, this report is prepared to give a clear and detailed view of the Branch compared to its competitor operating on a similar scale of business, DGB Bank Plc, through a combination of 5C, SWOT and PEST analysis. As a result, it is concluded that to be able to compete with DGB Bank, two additional banking products, namely internet banking and housing loan, are proposed for implementation along with effective marketing mix and strategies. In addition to the new products, there are other recommendations on digital banking service improvement, branch network and business hour extension, ATM facilities set-up, and staff empowerment and recruitment which the Branch Management Team should consider if they want to remain sustainable and competitive with DGB Bank as well as in the whole banking industry in Cambodia.

INTRODUCTION

Bangkok Bank Public Company Limited is a public company limited founded on 01 December 1944 and registered in the Kingdom of Thailand with its head office located in Bangkok. The Bank's main business is commercial banking involving diverse financial products and services catering to customers of different needs and lifestyles as well as promoting access to financial services by offering opportunities and channels for all groups of customers.

The Bank conducts its businesses through a network of branches covering all parts of Thailand and some major parts of the world in 14 economies/countries. As of 31 December 2020, the Bank had 1,128 branches in Thailand, 302 in Indonesia, 6 in China, 5 in Malaysia, 3 in Taiwan, 2 in Vietnam, 1 in Cambodia and 11 in the US and other Asian and European countries. Currently, it has become the 6th largest bank in Southeast Asia and the largest bank in Thailand by total assets¹.

Bangkok Bank, Cambodia Branch was opened in December 2014 with a 100% share from the Bank in Thailand, providing a wide range of banking services, including Trade Finance, Corporate Lending, Remittance, Foreign Exchange, and Deposit Account Services, as well as offering full support to Thai customers pursuing growth and direct investment opportunities in Cambodia. The Branch is located at 344 (1st & 2nd), Mao Tse Toung Boulevard, Sangkat Toul Svay Prey I, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia. It opens from Monday to Friday for full banking services from 8:30a.m till 3:30pm, a total of 7 hours per day and 35 hours per week².

According to its Annual Report for the financial year of 2020, the Branch in Cambodia had 21 employees to support the Branch's operations in Phnom Penh. As of 31 December 2020, the Branch had total assets of approximately USD 106,860,418 and net loss of USD 1,076,201³.

PROJECT OVERVIEW

SCOPE

The scope of the 'other commercial banks' referred to in this marketing plan is limited to DGB Bank Plc, which, in the author's view, is operating on a scale of business similar to the Branch of Bangkok Bank because their shares of capital contributed in their business is 0.9% for Branch of BBL and 1.4% for DBG Bank⁴.

METHODOLOGY

This marketing plan is prepared on the basis of a qualitative analysis which mainly involves a desk research and an interview with staff at the Branch of BBL. In addition, several analyses have been incorporated, including 5C analysis, SWOT analysis, and PEST analysis.

5C analysis provides a tool to look deeply into the Branch's key factors of success and key risk areas within the environment in which the Branch is operating. SWOT analysis is another technique of the situation analysis used to analyze the Branch's both internal and external environments while PEST analysis gives a more detailed breakdown into the external factors affecting the Branch.

With the result of these analysis techniques, we are able to develop the marketing strategy and marketing mix of the Branch as well as concrete recommendations to remediate any significant marketing issues that could put pressure to the Branch's ability in achieving its corporate objectives.

MARKETING PLAN

1. VISION AND MISSION

Vision

To be a bank which provides quality financial service in line with customers' requirements and is well equipped with qualified human resources and world-class technology and working systems, while maintaining its status as a well-established international bank and a leading Asian bank.

Mission

The bank has a financial mission, market and customer mission, quality operational mission, and capability mission, as described below:

- **Financial perspective:** To attain stable growth in financial performance.
- **Market and customer perspective:** To maintain business leadership with excellent service.
- **Quality operations perspective:** To have efficient working systems and quality control procedures and to set standards for work processes and be able to use data from these processes to support decision making.
- **Capability perspective:** To equip the bank's staff with the ability and potential to support the bank's business expansion.

Corporate Objective

To support customers in Cambodia through its financial products and services

Creating Value

- Using expert knowledge, commitment as a trusted partner and reliable close friend and technology to better know and serve our customers and all stakeholders.
- True friend: Work closely with communities and wider society to promote sustainability of society and the environment.
- Digital Revolution: Focus on innovation, prepare for digital transformation and future challenges.
- Value chain empowerment: Share financial knowledge and provide opportunities for access to financial services to small and medium-sized enterprise operators, farmers, and needy groups.
- Employee centric: Attract, develop, and retain capable employees able to cope with volatility and rapid changes
- Ethical Banking: Adhere to business ethics in undertaking the Bank's partners throughout the business value chain to realize the importance of ethics and sustainable development.

2. SITUATION ANALYSIS

a. 5C ANALYSIS

(i) COMPANY

Strengths

- **Low Transfer Fee to Thailand** - Compared to other banks, transfer fee rates at BBL, Cambodia Branch are lower than its peers. For instance, individual transfer:
 - From BBL to BBL and under USD 3,000 charged only 5\$
 - From BBL to other banks in Thailand and under USD 3,000 charged 7\$
 - The amount of over USD 3,000 will be charged 0.20% of the amount transfer with cable charge of USD 20.
- **Less Organization Structure** - Total number of staff is relatively low (22 staff as at 2021), hence the decision making is rather quick.
- **Renowned Thai Bank** - BBL is known as the largest bank in Thailand and thanks to this, most of the Thai prospective customers view BBL as their bank of choice.
- **Highly Skilled Expatriates from Thailand** - Expatriates from Thailand are highly trained people who have deep understanding in the field and can perform any tasks productively.
- **Stringent Credit Lending Policy** - The bank really set a high standard for lending criteria to its new customer apropos to its Credit and Lending Policy which continuously update twice per year. Once per year, the bank also conducts the credit annual review of their existing customers to update business performance and industry trends to closely monitor the potential risks that might occur.
- **Low Cost of Fund (USD)** - Thanks to high CASA, the bank could maintain its COF of around 2% which it could offer to clients at a very competitive rate.
- **One Stop Products and Services** - BBL has all kind of products that would suit the needs of its corporate customers (with limit of USD 17M) ranging from:
 1. Short-Term Loan
 - 1.1 Revolving Short-Term Loan or Promissory Note (not exceeding 12 months)
 - 1.2 Non-Revolving Short-Term Loan (not exceeding 12 months)
 - 1.3 Overdraft
 2. Long-Term Loan (maturity over 1 year)
 3. Trade Financing
 - 3.1 Import Financing
 - Letter of Credit (L/C)
 - Trust Receipt
 - Shipping Guarantee
 - Revolving Short-Term Loan for Import-Open Account

- Revolving Short-Term Loan for Payment under Bills for Collection
- 3.2 Export Financing
 - Packing Credit
 - Bill Receivable under L/C
 - Bill Receivable
 - Revolving Short-Term Loan for Export-Open Account
- 4. Guarantee
 - 4.1 Letter of Guarantee
 - Bid Bond
 - Performance Bond
 - Advance Payment Bond
 - Retention Bond
 - Maintenance Warranty Bond
 - Goods Payment Bond
 - 4.2 Standby L/C
- 5. Other Types of Lending Facilities
 - Project Finance
 - Syndicated Loan

Weaknesses

- **Unstructured Workflow** - Day to day work was a mess and no clear guideline for cross department to work together. Everyone else do not know what other departments are doing and no clue how the dots are connected together.
- **Lack of Key Success Factors** - BBL lacks many critical factors that every bank needs to have such as Internet Banking, Communication Channels (do not even have Facebook page), Sales Team (heavily relied on referral customers from oversea branch), ATM, let alone payment cards.
- **No Incentive** - There is no other incentives beside the basic salary to its staff, thus there is no such incentive offer either the staff reach the target or not. Furthermore, other popular tools such as staff loan and personal development do not exist at BBL.
- **High Cost of Fund (KHR)** - BBL solely relied on LPCO bidding at NBC to obtain the KHR source of fund which is relatively high (around 6-8%) because it has little KHR deposit customers. Hence, it is hard to acquired customers who need KHR loan due to high KHR COF.
- **Very Minimal Training** - BBL offers very little training both in-house and external training which hinder the growth of its staff.
- **Lack of Manpower** - As above mentioned, there is no such sales team to seek for new customers. In fact, there are only 4 head counts in the Credit & Marketing Department, which responsibility ranging from credit annual review, credit application write-up, reports, customer supporting tasks, loan agreement, evaluation

report, and insurance renewal that are considerably work overloads, and some are considered to be out of scope.

- **Staff Qualification** - Except the expatriates from Thailand, other staffs are mostly unqualified due to lack of experience and proper training.

Goal

To be chosen and respected as an excellent provider of banking services.

Objectives

- Sustainable Growth & Profitability.
- Operational Excellence.
- Efficient Cost Management.
- Zero Non-Compliance.
- Strong Employment.

Culture

- **Hierarchical and Centralized Management** - Everything is top-down approach whereas the CEO makes all decision regardless of how minor it is. Thus, there are many protocol to follow on how the staff should interact with senior management team.
- **Traditional Working Style** - Long working hour and a lot of paper work. Hence, some department needs to work on holiday to finish their job without over time paying.
- **Friendly Colleagues** - Most of the people working at BBL are very nice and reliable; there is no back-stabbing or political game in the organization.

Resources

- **Enormous Backup Capital** - BBL is ensured to have enough backup capital for any strategic development that it is committed to implement, thanks to its parent bank which has a total asset of USD 75B.
- **Strong Support from Oversea Branch** - BBL's oversea branches (exists in 15 countries) are working closely together to support its corporate customer that has present in various countries.
- **Highly Skilled Expatriate Pools** - BBL has a huge pools of skilled labor which is highly trained and has deep knowledge in their field.

(ii) CUSTOMER

Market Size & Segment

Apropos of the NBC Annual Supervision Report 2020, we could see that BBL has 0.3 % of total asset in market share, 0.3% of total deposit in market share, 0.1% of total loan in market share, and 24.6% of non-performing loan among the 59 banks in Cambodia. With this, Branch of BBL has a very small market size in the banking industry.

As at FYE2021, the total loan outstanding of BBL has grown by 90% compared to the same period last year, of that its customer are corporate clients who mainly operate in Agricultural, Wholesale and Retail Trade, and Manufacturing sector. The loan growth is mostly acquired through new customer referred from other BBL's Branches in other countries and the expansion of existing customers' business operation.

One of the main reasons that customers kept coming for using BBL's loan products are because i) they have one stop products which suit all kind of needs for the customer ii) BBL is widely known around the globe which make their Trade Finance Products and other bank guarantees trusted by all of beneficiaries' bank, and iii) BBL could offer a very competitive rate of USD loan thanks to its low COF.

It is good to mention as well that corporate customers have a high bargaining power, all of which will ask for decreasing price year on year (0.25%-0.5%) base on the ground that they take BBL offer to negotiate with other banks for a better price and come back to BBL to issue the same price for them in order to save time and cost shall they go with the alternative banks. Hence, it is better for BBL to diversify its loan products to Housing Loan in view of i) revenue generate for existing customer will be lower yoy, ii) relied on referral customers from overseas are mostly new established, ergo there is high risk, and iii) housing loan is a potential industry to exploit.

Furthermore, BBL has losts many corporate customers due to there is no internet banking. In a real case example, there was a customer whom we have negotiated, approved from board, and set up the account for oprating already but the customer surprised and changed their mind not to use our bank services due to they need to transfer money by lots of transaction per day and they do not want to spend time and money just to come to bank and perform transferring physically. As a consequences, it is a no brainer to implement the internet banking as early as possible.

(iii) COMPETITOR

Competitor's Profile

DGB Bank Plc ("DGB") was initially incorporated as a Micro-Finance Institution in 2010 and transformed itself into a Commercial Bank in September 2020 with 100% of shareholding by Daegu Bank in the Republic of Korea⁵.

Product & Market Share

Based on its official website⁵, DGB provides two main products including deposits and loans as in the table below:

A. Deposits: Saving account, fixed deposit, installment deposit, current account with interest bearing, and current account

B. Loans: General loan and housing loan

Please find the market shares amongst the 59 commercial banks in Cambodia by categories as at 31 December 2020 in the following:

Category	DGB Share (%)	Bangkok Bank (%)
Total Assets	0.60%	0.30%
Total Loans	0.78%	0.10%
Total Deposits	0.00%	0.30%

Source: NBC Annual Supervision Report 2020⁴

Strengths

- **Large Customer Base:** Since DGB was established in 2010, it has positioned itself in Cambodian market for more than 10 years, making itself known to the public, and thus gained more customers, particularly loan customers.
- **Large Branch Network:** There are 1 Head Office and 8 branches catering to customers' banking and business needs from 7:30am to 5:00pm from Monday to Friday.
- **Better Digital Banking:** After becoming a commercial bank, DGB has launched its mobile banking app for individual customers and internet banking (web-based) for corporate customers to stay relevant and competitive in the banking industry.

Weaknesses

- **High COF:** Since DGB has just accepted deposits from the public after becoming a commercial bank, it needs other alternative sources of fund such as borrowing, which charges higher interest of up to 8% per annum compared to only 6% for customer deposits.
- **No Trade Finance:** According to its website, DGB does not provide credit facilities related to trade finance which is a common banking product in many other commercial banks in the industry.

- **Lower Credit Limit:** The limit of general loan provided by DGB is only USD 1,000,000 regardless of individual or corporate customer type, meanwhile the Branch of Bangkok Bank could provide up to USD 17,000,000.

Opportunities

- **Cashless Payment Trend:** Since customers prefer to perform payment or fund transfer on a cashless basis, DGB's digital banking products can attract more customers.
- **Positive Economic Growth in 2022 at 5%:** Economic growth means more business activities and more demands for financing (loans) in the economy.

Threats

- **Covid-19:** It is still uncertain as to when the pandemic will end since there is a new variant, Omicron, which could cause another widespread community outbreak and city lockdown again.

(iv) COLLABORATOR

- **Depositor:** is undoubtedly the main contribution to all banks and no exception to BBL. The more deposits at bank the lower COF bank could obtain, hence it could lend at a competitive rate as well.
- **Oversea Branches:** has contributed alot to BBL, thanks to their customer refferral and other inputs regarding to the detail analysis of each refferral customers and their parents company.
- **Partners:**
 - Insurance company: BBL has been using Asia Insurance PLC as the main insurer to their customers' property when they put those as the colatorral to bank. Ergo, the pace of their evaluation is contributed to our time input to obtain the approval of loan from board as well.
 - Property evaluation company: There are 4 evaluation panels for BBL namely i) Key Real Estate ii) CBRE, iii) CPL, iv) Land Property, all of which are the agencies for evalting the property and assets of BBL's customers for securing as collatoral.
 - Other FIs: Collaboration from other financial institutions is also important for fund placement and sharing the critical information of each customer on CBC with prior consent from the customer.

(v) CLIMATE (refer to PEST Analysis)

- Politically stable
- Many strict regulations issued by authorities
- Cambodia resumed almost of the industry and adapt to new normal
- New Free Trade Agreements (FTA) with China, Korea, and regional has directly and indirectly help our customers
- Positive economic outlook in 2022 with expected growth of 5%
- Digital payment such as mobile banking is a trend now

b. SWOT ANALYSIS (compared to DGB)

Strengths <ul style="list-style-type: none"> • Larger talents pool • Lower COF (USD) • One stop products to support corporate clients • Stringent credit lending policy, hence resulted in low risk • Higher credit limit offer (USD 17M) 	Weaknesses <ul style="list-style-type: none"> • Only 1 branch since 2014 • No internet banking, no ATM, no Payment Cards • Lack of manpower
Opportunities <ul style="list-style-type: none"> • Trending mobile banking usage • Investment from Thai investors kept growing (i.e. CP All) • FTA with various countries such as China, Korea, and regional bring growth to the economy 	Threats <ul style="list-style-type: none"> • Covid-19 still exists • Tighten regulators from authorities • New entrance kept rising (i.e. Oriental Bank)

c. PEST ANALYSIS

Political Factor

For an overall political outlook, it has been observed that the country's political tension has subsided since the last national election. The next national election will be conducted in 2023; therefore, at the present, we consider that Cambodia has a stable political situation.

Operating as a banking financial institution, the Branch is strictly under the governance of various regulators in Cambodia such as the National Bank of Cambodia (NBC), Ministry of Commerce, Ministry of Economics and Finance, Ministry of Labor and Vocational Training, General Department of Taxation, and so on. In 2021, the Branch is significantly affected by new regulatory requirements issued by different regulators in order to cope with the Covid-19 pandemic. Stepping into 2022, it is uncertain that the Branch will be under less pressure in fulfilling the newly issued regulations since the Covid-19 pandemic still prolongs.

Economic Factor in 2022

In the last quarter of 2021, the world's economy started to recover, although at a different pace due to different coping mechanisms with the pandemic. Cambodia, with its success in the Covid-19 vaccination roll-out, has also been seen to recover from the pandemic by resuming its economic activities, reopening air travel for international visitors, and lifting the Covid-19 preventive measures in communities. Consequently, the Cambodian economy is positively expected to grow by 5% in 2022 along with an inflation rate decreasing from 2.9% (2021) to 2.6% (National Bank of Cambodia, 2021).

The National Bank of Cambodia has played an important role to maintain the financial stability in the market through various measures including ensuring that banks and financial institutions in the financial system have sufficient liquidity to support its daily operations in the context of Covid-19.

Social Factor

As observed, the population in Cambodia gathers most in the capital city, Phnom Penh. City dwellers' lifestyle tend to be more digitalized these days as great amounts of payment transactions are performed via internet banking for corporate companies and mobile banking for individuals. Similarly, people living in provinces also enjoy the usage of digital banking experience for their everyday business and payments.

Technological Factor

Due to the pandemic, people have developed increasing needs for digital payments, so to meet customers' demands, financial institutions have utilized the latest technology to develop digital banking products and services. Simultaneously, they also take preventive measures of information security problems such as online scam, fraud and hacking incidents. Thus, technology currently plays a vital role in driving the banking business in the competitive market.

3. MARKETING STRATEGY

Market strategy is a crucial part of any business that wants to introduce their products or services to the market in order to be well focused and targeted. Qualified business decisions are based on noble market research and intelligence. By studying the market thoroughly, we can diminish the business risk, classify new opportunities, while promoting a better relationship with our customers. In this topic, we will briefly discuss three types of marketing strategies practiced by Bangkok Bank Branch in Cambodia and our comparison bank, DGB such as defining target audience, setting measurable goals, and developing budget.

a. DEFINE YOUR TARGET AUDIENCE

There are four characteristics in outlining target audience in the Cambodian Market such as geographic, demographic, behavioral, and psychographic.

Geographic

Bangkok Bank and our comparison bank, DGB are both located in Cambodia in which the size of its population in 2021 has risen to 16,946,438 citizens for both sexes combined based on Worldometer elaboration of the United Nations data⁶. Bangkok bank has only 1 branch in the heart of its country, which is in Phnom Penh City with a size of 692.46 km² and a density of 2,123 people/Km² according to Facts provided by Phnom Penh Capital Hall⁷. Our bank targeted the population of its capital city the most rather than other provinces because it is the largest in terms of population with 2,143,591 residents in 2021⁸. Although Bangkok Bank has only 1 Branch in Cambodia, its corporate customers and suppliers can communicate and

do business very well. Almost 70% of its loyal stakeholders are from Phnom Penh City and another 30% comes from Provinces such as Kampot, Kampong Thom, Banteay Meanchey, etc. Similarly, DGB Bank placed its Head Office and Branches⁹ in Phnom Penh City as well in which they hit the same target in geographic means as Bangkok Bank. The only difference is that they spread more branches in different areas of the capital. There are 9 locations in total for customers to easily reach out and run their business operations.

Geographic	DGB Bank	Bangkok Bank
Country	Cambodia	Cambodia
Population in 2021	16,946,438 citizens	16,946,438 citizens
Based Location	Phnom Penh City Only	Phnom Penh City Only
Size of the city in 2021	692.46 km ²	692.46 km ²
Population of the city in 2021	2,143,591 residents	2,143,591 residents
Density of the city in 2021	2,123 people/Km ²	2,123 people/Km ²
No. of Branches	9	1
Location of Branches	Santhormuk, Phsar DermThkov, Chaom Chao, Russey Keo, Boeng Keng Kong, Olympic, Steung Mean Chey, Sensok, and Ta Khmao	Chamkarmon

In summary, both banks mark the same goals in geographic position, the merely variance is that DGB Bank seems to be more competitive by having a variety of branches in the city. The concept of having one branch is still reasonably powerful since Bangkok Bank can make its stakeholders visit their bank even if they live in provinces.

Demographic

Both banks have a very similar target in terms of age in which they allow citizens from 18 years old to access the right of doing business. In fact, Bangkok Bank collaborates mainly with corporates, and so the age varies. Each of its customer profiles ranges between 25 years old to 55 years old which accounted for almost 80% compared to its total users. Somehow, Bangkok Bank cannot identify deeply for a real number of its customers since borrowers are not shown as legal persons for their personal purposes but shown as legal entities for business purposes. They can look through submitted documents such as Certificate of registration, Patent Certificate, Operation License, and Financial Statement. Despite the personal age, Bangkok Bank exclusively objects to a life of business with at least 3 years in order to comply with its own regulations. The most corporate age in its data analysis of active and loyal

customers ranges between 3 to 5 years. This shows a mature business operation target which operates stably rather than a young one. However, for DGB Bank, the target age is not focusing much since it operates in general terms. It allows borrowers aged from 18 years to access both general loan and housing loan with less requirements. Furthermore, DGB Bank is less likely to restrict on gender, occupation, and income. As long as its customers want to have loans and they have the ability to pay back within an agreed timeline. The higher the income, the higher the amount to access the loans. In contrast, Bangkok Bank needs to evaluate their corporates through Financial Statement in order to ensure that the loan amount given is matched with its ability to pay back in a reasonable timeline. The bigger the assets of the company has or the bigger the profit they make each year, the bigger loan amount they can access. In terms of Religion, more than 90% of its residents in Cambodia practice Buddhism in which it is almost similar to Thailand Religion. This helps Bangkok Bank to operate and adapt well through mindset and thoughts.

Behavioral

Cambodia's economy has been continuously increasing at around 7% for several years, and strong growth is projected in the near future. The government of Cambodia actively supports foreign investment, with no restrictions on shareholding, capital controls, or financial transfers out of the country. Income taxes are modest, and import and export taxes are exempt. In addition, investors can own 100 percent of their Cambodian companies. In recent years, there has been a boom in investments in Phnom Penh City as well as Sihanoukville Province with the greatest potential of construction and real estate sectors. Investors and corporations tend to find more sources of funds through loans in order to expand their business sizes, utilize their operations, or even establish new forms of business. Bangkok Bank can help investors to raise their capital through loans up to generously \$17M per Group of Corporations with a very competitive rate of 6.5% per annum and loan tenor is up to 10 years. However, for DGB Bank, they can give loan amounts only up to \$1M per corporation and Loan Tenor is up to 10 years with a 9% loan rate per annum. Bangkok Bank also targeted the trading and the agricultural business sector, which relies on the country's need to grow the huge amount of rice and export to the outside world. They focus much more on Investors and Corporations from Thailand who come to invest in Cambodia and have a loyal mindset to their home country. Bangkok Bank offers the same experiences and services just like its brand in Thailand. DGB Bank cannot offer an exclusive of brand loyalty if compared to Bangkok Bank since it mainly runs its business in general terms whether through private/business loans or housing loans that were reached to only local corporations and end-users. We can conclude that Bangkok Bank has a very strong point of catching its market needs by offering higher loan amounts and incentives to both Cambodian's and foreign companies in fueling their funds as well as its brand awareness.

Furthermore, in 2021, the behavior of banking activities has changed very much due to the business adaptation of Covid-19 health crisis. People started to reach out more to bank sectors for saving accounts and lending loans. In fact, the most noticeable growth is that technology of banking in Cambodia has rapidly developed in order to comply with the Industry 4.0 era. People started to have interests in electronic money without relying much on real paper money. This behavior includes transferring from one account to another,

transferring from one bank to another, and paying for purchased goods and services both locally and internationally in timely and convenient manners. Bangkok Bank provides a full range of banking services, backed by local expertise and knowledge. Indeed, all of its customers can loan their funds and make payment transfers electronically through offline banking services. In contrast, DGB Bank can solely compromise the electronic banking system through saving and lending services without allowing customers to experience the fund transferring activity as Bangkok Bank. All in all, the behavior of the consumer market in Cambodia has changed unexpectedly making both Banks limited to their growth prospects that allow customers to make their own Online banking.

Psychographic

In 2021, lifestyle in Phnom Penh City has been modified noticeably by following the modern living standard like the outside world. People started to look for better products and services in the market ranging from latest electronic devices, modern transportation, unique constructions, Borey, Apartments/Condos to Online financial transfers, private health care service, private insurance, and entertainment. Individuals and firms give more trust and value on Banking Sectors as the technology is now highly secure and reliable. They believe that both depositing and loaning money for supporting their daily operations can be easily accessible with competitive interest rates.

Talking about the communication, many Cambodians can speak English as the second language of choice, especially in major cities and destinations, thanks to the influx of foreign companies entering the market and growth of tourism. Moreover, Cambodia is one of the few countries in the world to practice the U.S. dollar as the defacto currency, providing economic stability and making life easier for individuals and companies who run businesses or rely on overseas incomes. In fact, both Bangkok Bank and DGB Bank are able to operate in Cambodia without hesitation since they foresee many benefits counting from working environment as international to raising profits in guaranteed currency. They also offer currency as in Khmer Riels as well in assisting to strengthen its own currency as mentioned and monitored by the National Bank in Cambodia.

b. SET SMART GOALS

As Bangkok Bank foresees its potential in the Cambodian Market, they put more attention to two improvements of their products and services in this year, 2022. The two goals that are planned and put into action are implementing BIZ iBanking Services to the business market and offering Housing Loans to the end-user market.

BIZ iBanking Services

- **Specific:** In the third quarter of 2022, Bangkok Bank Branch in Phnom Penh will be able to set up and implement its main BIZ ibanking system to fulfill the needs of Online Banking for corporations. This aims to keep current users satisfied and to increase more new corporations.

- **Measurable:** In the first quarter of 2022, it will completely set up this system by expatriates from the Head Office in Thailand. Then, in the second quarter, there will be a system testing to ensure that it runs smoothly without any errors, bugs, or troubleshoots. Finally, starting from the third quarter onward, the program can be launched to our active corporations.
- **Attainable:** It is very convenient for this branch to implement this system since it will use the existing ORACLE Banking System from its Head Office based in Thailand. There will be a handy support from expatriates, who specialized in installation and configuration. Then, experts will provide lessons and guidelines to those employees in Cambodia, who control and manage this system responsibly. So, there will be enough manpower and experience to execute this plan.
- **Realistic:** It is practical since this system was raised in the meeting between Bangkok Bank in Cambodia and its head office in Thailand. It was listed as the first priority in the Business Plan for Year 2022.
- **Time-bound :** It will take approximately two quarters or 6 months to implement this system counting from now because from the third quarter onward, the system is ready to be reached out to consumers.

Housing Loan

- **Specific:** In the second quarter of 2022, there will be an establishment of a new product to its existing market which is Housing Loan to end-consumer in Cambodia. The aim is to increase Loan Disbursement to \$1.2M per year or \$300K each quarter in order to have an additional source of income through loan diversification that comply with local regulation from National Bank of Cambodia.
- **Measurable:** In the first quarter, Bangkok Bank will conduct a market study of Housing Loan in Cambodia by using CIC Market Solution Outsource. The study aims to find the position of Housing Loan demand and supply as well as market shares to each bank. It also focuses on competitive rates in the current market. This comforts Bangkok Bank to understand more on customer satisfactions with existing offers and aids them to make flexible decisions in terms of proposing new terms and conditions. In the second quarter, after this study is successfully evaluated, it can be launched to the Cambodian market.
- **Attainable:** Bangkok Branch in Cambodia will follow the existing guidelines, rules, and regulations from its Head Office in Thailand and then apply to Cambodia. This is favorable since their knowledge and know-how will be transferred and shared across the border. Even though, new plan of having a Housing Loan in Cambodia is the beginning step, it is very conductible through proper planning and their past experiences.
- **Realistic:** It is concrete that they understand the Current Market Demands in Cambodia well through observation and Bangkok Bank lists Housing Loan as second priority in its Business Plan for year 2022.
- **Time-bound:** It will take only a quarter to launch their new product offers by starting at the same timeline as BIZ i-banking service implementation. However, it will be finished faster since Bangkok Bank is ready enough to launch in the second quarter of 2022 after a short period of market survey.

c. DEVELOP BUDGET

Budget Year: 2022

Department: Marketing

Operation Expense(US\$)	Q1	Q2	Q3	Q4	YTD 2022
Marketing - System Development	10,000	-	-	-	10,000
Marketing - Develop Videos/Photos	500	500	500	500	2,000
Marketing - Website	600	600	600	600	2,400
Marketing - Facebook	3,000	3,000	3,000	3,000	12,000
Marketing - Youtube/Google	1,000	1,000	1,000	1,000	4,000
Marketing - Banner	800	800	800	800	3,200
Marketing - Poster	-	1,000	1,000	1,000	3,000
Marketing - T-shirt	1,500	1,500	1,500	1,500	6,000
Marketing - Leaflet/Brochure	400	400	400	400	1,600
Marketing - Parasol	-	1,500	-	-	1,500
Marketing - Desk Calendar	3,000	-	-	-	3,000
Marketing - Pen	1,000	-	-	-	1,000
Marketing - Notebook	1,500	-	-	-	1,500
Marketing - Bag	-	1,500	-	-	1,500
Marketing - Loyalty Program	300	300	300	300	1,200
Marketing - CSR/Sponsorship Program	1,000	1,000	1,000	1,000	4,000
Marketing - Field Trip and Mission	1,000	1,000	1,000	1,000	4,000
Marketing - Survey	2,000	-	-	-	2,000
Marketing - Other Expenses	1,000	1,000	1,000	1,000	4,000
Total	28,600	15,100	12,100	12,100	67,900

As Bangkok Bank Branch sets two measurable goals above, it needs to develop its own budget for the year 2022, as well. The total budget for the Marketing Department is estimated to be \$67,900 in which \$10,000 arised in Q1 is to support the BIZ i-banking system development and \$4,000 per year for the Business Mission that helps both expatriates and locals to complete the system set-up. For Housing Loan, the noticeable expense is the market survey with a projection of \$2,000 in Q1. While others expenses are combined to be promoted as a whole with BIZ-ibanking system and Housing Loan advertisement.

4. MARKETING MIX

a. PRODUCT DEVELOPMENT

Internet Banking (BIZ iBanking Services)

As the world has been developing day by day, and technology still upgraded, so the people try to find a way to make their life easier. For the banking industry, they also find another easier way to make their customer to enjoy their service by create many products in order to make them satisfy; so as a bank will be to launch the new product called internet banking to facilitated the customer for unnecessary come to the bank.

Bangkok Bank Cambodia will be developed their new product called “BIZ iBanking”. It can help the customer to spend more time running their business and less time doing their banking with BIZ iBanking – a highly-secure 24/7 internet banking service for small and medium-sized businesses. This new product will be available for both customer (Corporate), and it will be launch by the Q3 of 2022 which it will be supported from the Parent Company from Thailand as this product has already launched in Thailand since early of 2000.

This product feature will be included:

- Checking the balance
- Print the Account Statement and Repayment Schedule
- Fund Transfer (local and international)

The advanced technology of BIZ iBanking is secure and reliable, and the security is protected as following below:

- Intrusion Detection Software alerts for any suspicious activity immediately.
- Uses a 256-bit algorithm, which is the highest level of encryption currently available for use in the world's banking industry.
- Automatic Signed off from our service after a set period. This feature prevents anyone from using your account while you are away from your computer.
- ‘VeriSign Global Server Certificate’ which means it is virtually impossible for anyone to duplicate our website and pretend to be you.
- User needs to log in the password to the website. The Token is a password generator providing a double layer of security. The Super User, Approver and Account Controller must use the Token to log on to the system each time

It is also important to note that DGB bank has already developed their internet banking since 2020. Their product feature has included only 2 functions:

- Checking the balance
- Fund transfer (local only)

The Internet Banking of Bangkok Bank and DGB Bank are considered as the potential part to develop their brand name, and it makes their customer life easier. If Biz ibanking has been launched as their plan in Q3, it has shown that this product “Biz ibanking” will be a better choice than internet banking in DGB because there are more functions and security.

Retail Loan (Housing Loan)

The real estate industry in Cambodia seems to be boom with the last 3 years even during the difficulty situation, and the demand of buying the house is also increased day by day as the income of each person (salary earner and businessman/woman) still getting with an acceptable and high paid, and it can afford for purchasing the house.

As a result, Bangkok Bank also plans to develop other new product as retail loan which focus on housing loan, and it's expected to be launch by Q2 2021. The product features have included the condition such as:

- Loan amount will be up to US\$1M (or 70% of house price); in case the buyers buy from the Borey that corporates with the bank, it can be provided up to 80%
- Tenor up to 15 Years
- Provide NID, Proof of Income, other business license
- Only HTD
- Only for buying house

For DGB, the product features have included the condition such as:

- Loan amount will be up to US\$300K
- Tenor up to 25 Years
- Provide NID, Proof of Income, other business license
- STD or HTD including in Phnom Penh and Province
- For buying house and construct the house.

With all the conditions above, we could see that DGB bank will get more retail customer more than Bangkok bank as they accept all kind of collateral including Province and Phnom Penh. For the suggestion, Bangkok Bank need to improve their product condition by provide more tenor up to 20 years because I think Bangkok Bank have a good condition especially the loan amount. For the tenor, 20 years is still competitive condition in the market. I believe the bank will conduct the credit analyze of their customer before they granted the loan facility.

b. PRICE

Internet Banking

While DGB Bank will be no charge of any corporate customer, Bangkok Bank will be free for their internet banking for the 1st year of any person subscription, and it will be charged around US\$30 per customer in the next year onward. However, Bangkok Bank will be no charge for any loan customer or VIP customer.

In overall, Bangkok Bank internet banking is better than DGB bank because it has many functions such as the account statement or loan repayment statement. I believe that most of the customer who have a loan facility with Bangkok Bank will choose the use the internet banking, for it is free of charge too.

Retail Loan

- **Interest Fee**

The pricing of the interest rate is also as the main point for the customer to consider during their discussion. The interest rate will be low or high based on the source of fund. Normally, the source of fund from oversea is cheaper than local.

As the Bangkok Bank is the subsidiary of Bangkok Thailand, mostly source of the fund is supported from Thailand; as a result, their base rate is 6.5% per year. So, the interest rate of housing loan could be around 7% to 8% base on the condition as the customers.

For DGB Bank is also the subsidiary from DGB Financial Group in Korea. For their interest fee is start from 9%-11%.

- **Other Fees**

The upfront fee is 1% for Bangkok Bank's housing loan (but there will be a discount based on the customer condition or request). DGB has the same fee rate.

For the Hypothec Registration, Bangkok Bank will use the external lawyer firm to deal with this matter, and the fee charge starts from US\$250 per HTDs. However, for DGB Bank, the register fee is around US\$100 per the soft title deed, and US\$250 per HTD.

In overall, even if both of the banks are the subsidiaries of the oversea banks, we could see that Bangkok Bank can provide the interest rate lower than DGB Bank. Also, DGB will charge higher interest because it accepts all kinds of collateral and customer location. The other fees are similar and competitive in the banking industry. The upfront fee can be negotiated or waived, and the registration fee is HTD average from US\$200-US\$250.

c. PROMOTION

In order to launch the new product and go to the market, it's really necessary to have a unique promotion to make the customer interested. As the Bangkok bank will launch their two new products in Q2 and Q3 of 2022, So, they plan to advertise their product as below:

- **Social Media:** They will advertise through the social media by Facebook, Youtube, Instagram, Twitter. Also, they will contact to the agency to control and posted any updated information of their product and answer the quires of the customer.
- **Internal Staff:**
 - To recruit the experience marketing staff to promote the new product, and to mention the key main point of the product in order to attract the customer. Moreover, it's really important to promote to the existing customer.
 - To encourage the other staff in the bank to promote to their friends, relatives, family.
- **Customer:** Referral from the existing customer, or new customer to new customer by provide the coupon to them such as movie ticket, Card Top up.
- **Other:**
 - To issue the leaflet of the promotion for these two new products
 - Get a gift for new subscription customer by provide the gifts such as hat, bottle, T-shirt, etc.

d. PLACEMENT AND DISTRIBUTION

- To join the business event such as grand opening of the new project of Borey as the bank have focus on housing loan product. So, Bangkok Bank staff can promote their new product of housing loan and other business loan to the developer or their visitor and share the name card.
- To have a marketing site in the Borey project such as Chip Mong Land, Borey Peng Hout, Borey Pipub Thmey, etc.
- To promote in the Mall such as AEON, Macro and other local mall if possible because there are many type of customer come there.

5. IMPLEMENTATION AND CONTROL

Bangkok Bank will contact the IT team from the Head Office at Thailand to get support and assist the IT team in Cambodia branch for setting up since we also use the same BIZ iBanking system. As the same with Housing Loan product, we also take existing housing loan guidelines from Head Office and alignment with our local regulations to make it applicable for Cambodian's customer. Our plan will start from quarter 1 of this year and will expect to be ready in quarter 3 for BIZ i-Banking product and in quarter 2 for Housing Loan product.

To monitor results, Bangkok bank has created monthly benchmarks for Housing Loan by instructing Marketing Officers/RM to have daily marketing appointments with customers. Target and implementation of Housing loan for quarter 2 is USD 300,000. Management also prepared weekly meetings in order to update the status of work. The same with BIZ i-banking,

Calendar has been created to track work progress and meeting schedule. Weekly meetings with IT expatriates have taken place to update all information. The pilot testing and final testing on the system will be made in quarter 2 before public launch in quarter 3.

RECOMMENDATION

- **Digital banking service should be improved.**

Staying relevant to the current trend of cashless payment is the first important step into competition with DGB Bank as well as other commercial banks. Therefore, it is recommended that the Branch improve its existing internet banking service by incorporating more features as described in the section above and developing mobile banking app to facilitate individual customers' transactions and improve customers' experiences in overall. However, it is also suggested that mobile banking app should be launched after the success of ibanking.

- **Housing loans should be added to the credit portfolio.**

To expand customer base as well as to make financial services available to more people, the Branch should add an additional product of housing loan to its credit portfolio. We can see that the construction and real estate industry is developing dramatically as the population in the city keeps increasing; thus, housing loan would be a profitable product for the Branch and the first step into expanding individual customer base.

- **The branch network and business hours should be extended.**

Due to its only office, the capability to reach customers widely is limited. It is suggested that the Branch should open more new branches to stay competitive with other banks who have more than one branch in the market. Furthermore, it should also extend its business hours to 8 hours per day instead of 7 hours. The extended hour will ease customers' experiences in cash deposits or wire transfer.

- **ATM facilities should be assembled.**

Currently, the Branch has no ATM facilities in place, so customers have to visit the Branch premise in order to perform cash withdrawals. The ATM facilities will help customers perform such transactions at ease. As the first step, the ATM should be placed at crowded areas such as malls, eating place areas, etc.

- **Manpower should be improved both in quantity and quality aspects.**

Adding more products into the Branch's product portfolio normally requires more staff to create, control and monitor on a regular basis. As a result, existing staff should be well-trained as part of the institution's staff empowerment program, and new staff should be recruited in a number proportional to the business plan.

APPENDIX

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