Historical Overview
In the 1850s South Africa’s Cape Colony flourished and numerous small town banks which had come into existence since 1837 were doing well, paying dividends of 12% to 20%. The staple export was wool and Port Elizabeth, the major port, was experiencing economic prosperity as never before.

In June 1857 a group of businessmen attempted to establish the Standard Bank of Port Elizabeth. Nothing came of the venture, presumably because investors were wary of two existing banks in Port Elizabeth. Still the dream persisted and John Paterson, the man behind the idea, sailed to England to encourage British investors to support the scheme. Paterson’s efforts were successful and in April 1860 a prospectus for The Standard Bank of British South Africa was published in London.

Two years after the appearance of its prospectus, The Standard Bank of British South Africa, Limited was established. On 13 October 1862 the Memorandum of Association was signed and on 15 October the bank was incorporated and registered as a limited liability company. Its capital was fixed at £1,000,000 in 10,000 shares of £100 each. The shares were eagerly taken up by capitalists in England who were aware of the value of Cape investments.

Operations commenced immediately in London and branch banking operations started in January 1863 in Port Elizabeth. The Port Elizabeth office was also to remain Standard Bank’s colonial headquarters for 23 years. By 1874 the shareholders of the bank comprised mainly people either resident in the Cape Colony or with direct business relations with it.
Expansion

A feature which distinguished the Imperial banks such as Standard Bank from the local private banks was the establishment of a branch network. Where possible, Standard Bank tried to absorb existing banks, bringing into its fold in the first 15 years:

- Commercial Bank of Port Elizabeth (est 1853) in 1863
- British Kaffrarian Bank (est 1857) in 1863
- Colesberg Bank (est 1861) in 1863
- Faure's Bank (est 1863) in 1863
- Beaufort West Bank (est 1864)
- Fort Beaufort and Victoria Bank (est 1860) in 1873
- Albert Bank, Burgersdorp (est 1861) in 1874
- Swellendam Bank (est 1852) in 1877
- London and South African Bank (est 1860) in 1877
- Caledon Agricultural Bank (est 1861) in 1878
- Malmesbury Agricultural and Commercial Bank (est 1862) in 1878

In towns where there was economic potential but no local bank or the local bank did not agree to amalgamation, branch banks of Standard Bank were opened.

The expansion of the Cape (and later Natal) railway line was one of the factors in the bank’s branch extension and, where economically viable, branches were opened at centres forming the temporary railhead at the end of the line. Railways made markets more accessible, boosting economic development and commercial growth.

Banking supplies such as ledger books, printed forms, safes, and the like, had to be shipped from England. In the absence of a central bank, all South African banks issued their own bank notes, the forms of which had to be signed by the manager and accountant of issuing branches before becoming legal tender. Current accounts, fixed deposits and bills of exchange were the basic facilities provided by the bank. Advances and overdrafts were granted to customers against securities such as bills or promissory notes signed by other persons of good standing.

The prosperity, optimism and over speculation of the late 1850s and early 1860s came to an abrupt end in 1865. Caution was called for. Standard Bank’s first general manager in South Africa, Robert Stewart, appointed in 1865, took dramatic steps to curb the bank’s expansion to within viable limits. He closed unprofitable branches, introduced more restrictive policies and established a better system of checks and balances.

Diamonds

The discovery of diamonds at the Vaal River did not cause an immediate stir in southern Africa. For fear of competition, successful diggers underplayed their discoveries, but rumours abounded. Standard Bank had confidence in the prospects of the diamond fields and realised that diggers would require banking facilities close at hand.

The first bank on the diamond fields was Standard Bank’s Klipdrift (Barkly West) branch, which opened on 02 November 1870. The branch played an important role in the diamond industry, which soon supplanted wool as the region’s major export product. Advances were made against estimated values and diamonds were sold on behalf of diggers in England.

“British” Dropped from Bank’s Name

Reports of gold discoveries in the eastern Transvaal, which formed part of the independent Zuid-Afrikaansche Republiek or Transvaal Republic, started to attract attention in the 1870s. Standard Bank’s desire to extend its field of activities was thwarted by its own memorandum of association, which limited its sphere of operations to areas under British jurisdiction. Immediately after the Transvaal was annexed by Britain in April 1877 the bank opened branches in Potchefstroom, Pretoria, Lydenburg and Heidelberg.

The return of independence to the Transvaal in 1881 left the bank with two options: to withdraw from the Transvaal or to alter its memorandum of association. The only rival bank in the Transvaal, the Cape Commercial Bank, was tottering and although Standard Bank’s Transvaal business was small and unprofitable, it believed the territory had potential. The Pretoria branch was therefore kept open and steps were taken to legalise the bank’s continued presence in the Transvaal.

On 19 July 1881 the Royal Assent was given to altering the bank’s memorandum to enable it to operate in areas outside British jurisdiction. As the bank was no longer exclusively a “British” bank, the word British was dropped from its title at a shareholders’ meeting on 16 February 1883. The bank was henceforth known as The Standard Bank of South Africa, Limited.

The western Cape’s superior communication facilities with the interior and overseas and the valuable government account induced Standard Bank to move its colonial head office from Port Elizabeth to Cape Town on 30 December 1885. The new, majestic Standard Bank building in Adderley Street served as an ideal home for the bank’s headquarters for the next 68 years.
Gold Fever
The faith placed in the Transvaal proved to be well founded. When, in 1886, the bank learnt of reported gold finds on the Witwatersrand, it sent an officer to open a branch there. Johannesburg’s first bank was a tent housing the Standard Bank. Even after the arrival of opposition banks, Standard Bank’s branch struggled to cope with the large volume of business generated by the fast growing town on the world’s richest gold reef. Numerous companies were formed and share market speculation reached manic proportions. When the bubble burst in 1889 – 1890, all the banks experienced difficulties in recovering monies advanced against the security of shares. The shock led to the collapse of the Union Bank, the Cape of Good Hope Bank and the Paarl Bank. The Stellenbosch District Bank also nearly came to grief and the Wellington Bank amalgamated with Standard Bank. In June 1890 another Imperial bank, the African Banking Corporation, was established, which, in 1892 – 1893, absorbed three of the seven banks that had survived the 1890 crisis.

Standard Bank in the Lead
During the 1890s Standard Bank consolidated its position as the leading bank in southern Africa. Branches were opened in neighbouring territories. It was, in fact, the first bank in both Southern Rhodesia (Zimbabwe), where it opened in 1892, and in Northern Rhodesia (Zambia), where it opened in 1906. Other countries brought into Standard Bank’s sphere of activities included Portuguese East Africa (Mozambique) in 1894; Bechuanaland (Botswana) in 1897; Basutoland (Lesotho) and Nyasaland (Malawi) in 1910; British East Africa (Kenya), Belgian Congo (Democratic Republic of the Congo) and Zanzibar in 1912; Uganda in 1912; South West Africa (Namibia) in 1915 and Tanganyika (Tanzania) in 1916.

During the First World War (1914 – 1918) a large number of the bank’s staff joined the armed forces to fight in the bloodiest war in man’s history. The resultant shortage of manpower at the branches forced the bank to break a lifelong banking tradition: in November 1915 it employed its first women. April 1917 saw Standard Bank take its first tentative step towards diversification of its services with the introduction of a savings bank facility. The political unification in 1910 of the former colonies and republics of the sub-Limpopo region was reflected in the consolidation of banking interests between 1910 and 1926. Standard Bank’s acquisition of the African Banking Corporation in 1920 resulted in it, once again, becoming the leading bank. In 1925 Barclays Bank entered the arena by way of acquisition and South Africa was left with Standard Bank, Barclays Bank (Dist. & O.L.), Netherlands Bank and the Stellenbosch District Bank.

Widespread depression and droughts throughout Africa during the 1920s and 1930s, followed by the Second World War (1939 – 1945) enabled the Standard Bank to consolidate its position in Africa, but hampered expansion. The bank’s policy of “nursing” customers through the depressions paid off and helped enhance its reputation and popularity.
Mechanisation

The lower number of banks placed a greater onus of efficiency on each. To improve productivity and efficiency, Standard Bank decided to change from pen to machine ledger posting in 1930. This first venture in mechanisation was a great success and gradually more banking functions were performed with the help of manually operated machines. These machines became more and more sophisticated and by the 1950s most were electrically operated.

In May 1953 the bank moved its administrative head office from Cape Town to Pretoria where the head offices of the South African Reserve Bank and other commercial banks were located. Johannesburg, however, establishing itself as the economic and financial centre of the country and in 1959 the bank’s head office moved again – to Johannesburg.

Throughout its history, the bank had employed black staff in South Africa, but purely as messengers, caretakers and other unskilled functionaries. In 1956 a pilot project was launched to appoint an African clerk with a view to training him to eventually undertake telling duties. African clerical staff were appointed on a permanent basis with effect from 1 October 1964.

During the 1950s and 1960s the bank focused on reaching a broader customer base, especially in the rural areas. A concerted effort to attract more indigenous African business, especially previously unbanked low-income savings bank customers, met with a good measure of success. The introduction of mobile agencies enabled the bank to provide services in remote locations.

Greater Autonomy

The 1950s were characterised by an unprecedented upsurge in commercial and industrial activity, not only in South but also Central and East Africa. Politically, African countries were gaining greater independence.

This move towards local control was reflected in the administration of the bank. In 1953 a South African Board was appointed and in 1956, the bank’s administration for the Federation of Rhodesia and Nyasaland was made independent of South Africa.

In 1961 South Africa became a republic. The time was also ripe for greater autonomy for the South African arm of the bank. In 1962 the bank’s shareholders voted in favour of splitting the company into a parent company operating from England, with control over its more than 200 non-South African branches and agencies, and a South African subsidiary company, with control over South and South West Africa. The parent company became known as The Standard Bank Limited and the South African subsidiary, registered on 31 March and effective from 2 April 1962, retained the name The Standard Bank of South Africa Limited. Until December 1967 local investors were able to buy shares in Standard Bank Limited only. The first public issue of shares in The Standard Bank of South Africa Limited saw three million R1 shares sold at R3.10 each in November – December 1967.

While administrative divisions were introduced, a unifying coat of arms was adopted. The arms depicted a gold flag or standard, representing the name of the bank, against a blue shield, for the blue skies of Africa. A ship alluded to the bank’s birthplace, Port Elizabeth, as well as the search for trade and commerce, while gold bezants or coins represented banking. The motto “Prodeant Vexilla” was adapted from a Latin hymn meaning “Let the Standards go forward.”
Diversification

Diversification of financial services through the acquisition of other companies as well as the formation of new companies characterised the next three decades.

In 1964 the Standard Bank Development Corporation, later to become Standard Corporate and Merchant Bank (SCMB), was formed. In 1966 Standard Bank became the first South African bank to enter the credit card field through the acquisition of a controlling interest in Diners Club of South Africa (Pty) Limited. In 1968 the National Industrial Credit Corporation Limited, established in 1937 and later to become Standard Credit Corporation or Stannic, was acquired.

To provide a more comprehensive and integrated accounting service, the bank installed its first central computer in 1967 in Johannesburg. The first branch to be computerised was the Harrison Street South branch, on 6 July 1968.

Standard Bank Investment Corporation

By the end of 1969 the bank had seven subsidiary companies providing a wide range of services, in addition to its minority interests in a number of other ventures. As the organisation had become a financial services institution rather than simply a bank, the time had come to separate the capital requirements for purely banking operations from the capital needed for its subsidiary interests.

The result was the formation of Standard Bank Investment Corporation (Stanbic) to serve as a holding company for the Standard Bank group in South Africa. The company was incorporated on 25 November 1969 and listed on the Johannesburg Stock Exchange on 9 February 1970, with an authorised capital of R50 million. The Standard Bank of South Africa Limited shares were exchanged for shares in Stanbic, making the former a wholly-owned subsidiary. The major shareholder in Stanbic was still Standard and Chartered Banking Group Limited (formerly The Standard Bank Limited) with over 80% interest.

The prestigious new head office building at 78 Fox Street, Johannesburg, designed by German architect Helmut Hentrich, established not only a landmark in the skyline of Johannesburg, but also a dynamic symbol of all that Standard Bank stood for.

Stanbic also adopted a new emblem, derived from, but different to, the old coat of arms. Initially it depicted the flag on a shield in blue and gold or white, and subsequently a more modern, simplified and stylised flag and shield in blue and white.

Continued expansion of services was a feature of the bank’s activities during the 1970s and 1980s as it entered the insurance broking, factoring, fund management, corporate banking and home loan fields, launched its own credit card and established Standard Trust Limited to manage its deceased estate business.
Automated Banking

Every effort was made to keep up with computer technology without losing sight of the need for the personal touch. In April 1981 Standard Bank launched its first Automated Teller Machine (ATM) called AutoBank – the first South African commercial bank to do so. A pilot of South Africa’s first fully electronic branch, Standard Bank’s AutoBank Centre, was launched in September 1983 and went public in Randburg six months later. In 1983 the Standard Bank group’s net income surpassed the R100 million mark for the first time. Two years later the computerisation of its branch network was completed when Hoedspruit branch went on line. January 1985 saw the introduction of the MultiNet Automated Teller Machine sharing system, servicing the machines of Standard Bank, United Building Society, Volkskas Bank and the Post Office. Standard Bank subsequently also joined Sarswitch, a company set up to implement a central computer switching system. Computerisation was making banking easier for customers. Through the Corporate Access Terminal System (CATS), corporate clients had direct access to banking and information. The Bank Electronic System Terminal (BEST), introduced in 1987, allowed commercial customers to conduct routine banking services from their own premises. By the end of the decade customers could perform banking transactions by telephone and use their AutoBank cards as debit cards. The full international point-of-sale online payment option became available in 1997 with the launch of the Maestro debit card. In 1994 Standard Bank established its E Plan – an electronic all-in-one transaction, savings and investment product – which provided simple and user-friendly banking to the consumer market. The bank introduced an Internet website and Internet banking service in May 1997. At the turn of the century the bank adopted a product-driven rather than a geographic approach as it expanded its global reach. It was the first South African bank to launch a comprehensive business service that enabled customers to bank, trade and purchase online in 2001. The new service, called Standard Bank Business Online, incorporated CATS 3 and best2000. The increasing computerisation of services did not mean that the human factor was being ignored. In fact, it meant that branches were being relieved of many back-office functions, allowing staff greater opportunity to meet customer needs. A wide range of products and services focusing on wealth creation were introduced. The focus was to be on sophisticated products and services and the maintenance and development of relationships. Structures were put in place to serve not only the group’s personal, private and business customers but also the investment and merchant banking needs of its corporate, institutional, government and international customers.
African Connection Re-established

During the 1970s and 1980s the British-based Standard Chartered Bank gradually reduced its shareholding in Stanbic. In 1987 it sold its last 39% interest. Stanbic was now a totally South African owned institution for the first time in its 125-year existence.

The severing of ties enabled Stanbic to go into competition with Standard Chartered Bank in the rest of Africa where a resurgence of economic growth appeared imminent. Stanbic now wanted to establish itself as a leading financial institution in Africa, providing a wide range of commercial banking services, personal, community-based and corporate, as well as merchant banking, trust, insurance, investment, trade, financing and exchange facilities.

The first step in the bank’s second wave into Africa was taken when the Uroo Bank of Swaziland Limited, in which Standard Bank had a major shareholding, became an operational commercial bank in July 1988. Upon Namibia’s independence in 1990, the group’s subsidiary there since 1978, Standard Bank South West Africa Limited, was renamed Standard Bank Namibia Limited. UnionBank of Botswana Limited was registered in September 1991 as a Standard Bank group subsidiary and the first branches commenced operations early the following year. Subsequently a representative officer was appointed for Mozambique and Angola. In 1992 Standard Bank acquired an interest in Union Commercial Bank SA, Madagascar, formed in association with Mauritius Commercial Bank, which it would eventually sell again in 2008.

African Acquisitions

In November 1992 the bank acquired the operations of ANZ Grindlays Bank in eight African countries (Zimbabwe, Zambia, Kenya, Botswana, Uganda, Zaire (DRC) and minority interests in Nigeria and Ghana). All the acquisitions, except Merchant Bank (Ghana) Limited, were renamed Stanbic Bank in 1993 to differentiate the bank from its former major shareholder and now competitor in Africa, Standard Chartered Bank. The bank merged its operations in Botswana and the subsidiary in Swaziland was later also renamed Stanbic Bank.

Stanbic acquired the Lesotho operations of Barclays Bank PLC Lesotho and also the Tanzanian operations of Meridien BIAO Bank Tanzania Limited in 1995 and renamed them Stanbic Bank Lesotho Limited and Stanbic Bank Tanzania Limited. In 1996 the Swaziland operations of Barclays Bank PLC London were acquired and merged with Stanbic Bank Swaziland Limited. The government of Swaziland held a 20% stake in the bank, Swaki Investment Corporation Limited 10% and the Standard Bank group the balance of 65%. Stanbic Bank in Lesotho and Swaziland changed their names to Standard Bank in 1996 on the exit of Standard Chartered Bank from those countries. Subsequently an agreement between Standard Bank and the government of Lesotho saw the establishment of Lesotho Bank (1999) Limited in which they held 70% and 30% equity respectively. The new bank in essence took over the business of the former government-owned Lesotho Bank Limited, which ceased to operate. This gave Standard Bank substantial market share in that country. Standard Bank Lesotho Limited and Lesotho Bank (1999) Limited merged in 2006 under the name of Standard Lesotho Bank Limited.

The equity in Stanbic Bank Uganda Limited formerly held by the Ugandan government, was acquired in 1996, increasing the group’s shareholding to 100%. The bank’s shareholding in Stanbic Bank Kenya Limited increased to 82% when the government of Kenya reduced its shareholding to 18%. A 40.72% share of the equity of Banco Standard Total de Mozambique sarl was also secured. The bank disposed of its shareholding in Merchant Bank (Ghana), but retained its presence by acquiring 93% in Union Mortgage Bank, which opened for business as Stanbic Bank Ghana Limited in December 1999.
After the break with its British past in 1987, Standard Bank also began establishing representative offices overseas, beginning with Zürich, London and Hong Kong. Its first international branch was opened in Taipei in June 1989. The early 1990s saw the incorporation in Luxembourg of SBIC Overseas Holdings SA (subsequently Standard International Holdings SA) as the holding company for the international investment banking activities of the Standard Bank group. Standard Bank acquired Ludgate Advisory Services Limited in London and changed its name first to Standard London Limited and then to Standard Bank London Limited (SBL) when it was awarded a banking licence on 29 May 1992. Standard Bank was the first South African bank to be granted a banking licence in Britain since South Africa’s debt moratorium in 1985.

The group acquired its first offshore trust and advisory banking interests, in Jersey and the Isle of Man, from Brown Shipley, a British merchant bank in May 1992. The Isle of Man operations were strengthened with the acquisition in 1994 of Standard Chartered’s banking activities there. Standard Bank Offshore Group Limited controlled the group’s offshore retail, stockbroking, trust administration and other private banking activities. In 1999 Standard Bank Offshore acquired the private banking, trust and corporate administration business of Lazard Brothers & Co in Jersey.

In 1994 a broker-dealer was established in New York, Standard New York Inc, later also with a branch in Miami and a deposit-taking institution in Hong Kong, Standard London (Asia) Limited. Subsequently the group extended its geographic reach even further with representation in Sweden, Russia, United Arab Emirates, Czech Republic, Argentina, Colombia, Brazil, Peru, Singapore, Iran, China, Italy, Turkey, Australia, Romania, Malaysia and Mexico. Some of these offices were subsequently closed while others were incorporated into the group’s other business ventures in their respective countries.

The geographic diversification, undertaken to increase the quality of the group’s service to its customers, was timely in the light of a lifting of international sanctions against South Africa in political, diplomatic and economic fields. Once initiated, the trend was set for continued expansion.

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The purchase in May 1994 of the platinum group metals trading operations, Ayrton Metals Limited, initiated a move into precious metals. In 1997 the group acquired the specialist mining corporate finance company, Warrior International, which added to its resource banking capability. SBL entered the energy market, principally oil and gas, when it commenced trading these products in September 1999.

Services in the Far East increased with the acquisition of Hong Kong-based Jardine Fleming Bank Limited in 2001. Renamed Standard Bank Asia Limited, it was refocused to match the group’s core product areas and served as the hub for the group’s Asian activities.
Take-over Averted

In September 1999 Nedcor, supported by Old Mutual, made an unsolicited approach to merge with Stanbic. Stanbic’s board rejected the offer as not in the best interests of its shareholders. The exchange ratio provided guaranteed earnings enhancement for Nedcor, which, in the absence of a cash underpin, deflected the merger risk onto Stanbic shareholders.

The move was the largest hostile take-over bid in the history of South African business. On 21 June 2000 Finance Minister, Trevor Manuel, ruled against Nedcor’s take-over.

Stanbic was named South Africa’s Bank of the Year 2000 for its “imaginative and constructive defence against rival Nedcor’s hostile take-over bid” by the authoritative British magazine The Banker.

Prompted by the case, the South African government subsequently introduced amendments to the Competition Act.

The consequence of the unsolicited bid was a reappraisal and re-evaluation of Standard Bank’s strengths and weaknesses. A programme of cutting costs was implemented, but not at the expense of profitable growth. The bank reaffirmed its commitment to African renewal and to remaining a major financial player on the African continent.

Liberty: Bancassurance

Standard Bank entered the bancassurance field when it acquired control of the life insurance company, Liberty Life, in 1999. Liberty had been established in 1958 and was the first insurance company listed on the Johannesburg Stock Exchange in 1962. In July 1978 the bank accepted an offer of a 25% shareholding in a new insurance company, Liblife Controlling Corporation (Pty) Limited (LCC), which was formed to acquire a controlling interest in the Liberty group’s Liberty Holdings. The bank’s equity interest in LCC was increased from 25% to 50% in July 1983. The acquisition ensured joint control of the Liberty Group with Liberty Investments. Over the years Liberty had also invested in Standard Bank and in 1998 owned 26% of Stanbic’s shares as well as 14% owned by its policy holders. The 30-year relationship had been mutually beneficial. In February 1999 Standard Bank agreed to purchase Liberty Investors’ 50% interest in LCC which gave it full control of LCC. The bank would retain a 30% interest in Liberty Life International PLC. The deal was finalised in mid-1999. Instead of a full bancassurance merger, the two companies continued as separate listed entities, Stanbic and Liberty Life Association of Africa Limited.

Liberty Life Association of Africa Limited decided at its AGM on 2 May 2000 to change its name to Liberty Group, which would better reflect the broader financial services business mix. Based on research on policyholder preferences, it subsequently reverted to marketing itself as Liberty Life. Group and Stanbic’s 29.8% interest in Liberty International was sold to Liberty International in mid-2000.

Liberty Group’s acquisition of the Liberty Ermagement Group from Liberty International secured it a foothold in the rapidly expanding alternative investment sector. Ermitage had operations in Jersey, Bermuda, Luxembourg and London. Soon thereafter the Liberty Group bought a small UK life and brokerage company, Hightree Financial Services, which provided an avenue for distribution of Liberty Ermagement products in the UK retail market.

Soon after acquiring Capital Alliance Holdings Limited (CAHL), a South African life insurance group, in April 2005, Liberty Group disposed of offshore asset manager, Liberty Ermagement and the Australian life insurance business, Prefsure, which was included in the CAHL deal, as well as Hightree. The decision to dispose of Prefsure was in line with Liberty Life’s stated intention of focusing its life assurance business on the domestic market for the foreseeable future. The integration of Liberty Active with CAHL allowed Liberty to reach out to the lower end of the market with a range of value for money risk products.
Standard Bank Group

To better reflect the Standard Bank group’s structure as a unified banking and financial services organisation, rather than an investment holding company, the name of Standard Bank Investment Corporation (Stanbic) was changed to Standard Bank Group Limited on Monday, 3 June 2002.

Having dropped the Stanbic holding company brand, Standard Bank Group phased out the SCMB and Stannic brands, and renamed the entities Corporate and Investment Banking Division and Vehicle and Asset Finance Division respectively. By 2004 the majority of the bank’s divisions were incorporated under the Standard Bank logo. Customer focus and service were at the forefront of the bank’s drive for operational efficiency. To this end the Group’s old Morningside Johannesburg Management College was converted into a state-of-the-art Global Leadership Centre.

It was opened in October 2006, paving the way for the Group to enhance its leadership development facilities and offerings, and improve its people management.

Wealth Management

Lodestone Investments, a multi-manager asset management company, was formally launched in May 2001 as a joint venture between Liberty, Standard Bank and Investments. It was to be renamed Stanlib Multi-Manager in 2003.

The acquisition of a small local investment manager, Melville Douglas, in 2000 formed the core component of the joint private bank initiative between the Standard Bank Group and Liberty Group, complementing the international private banking, Isle of Man and Hong Kong, Standard Private Bank, which offered an exclusive range of transactional and wealth products, was launched in April 2002.

On 15 May 2002 the asset management, investment marketing, linked products and unit trust operations of Standard Bank and Liberty Group were merged with the formation of a joint wealth management company, Stanlib. A year later Stanlib launched its expansion into Africa with the establishment of Stanbic Investment Management Services in Botswana.

In 2007 Liberty Group bought the 62.6% of Stanlib shares it did not own from Standard Bank and Quantum Leap Investments, giving it a 100% stake. It reshuffled its structures drastically to transform its business model from a domestic, life assurance and asset management entity into a broader wealth management company in Africa and other select emerging markets. It planned to expand meaningfully into the African markets, with south, east and west Africa being the primary target areas. In 2007 Stanlib introduced its Shari’ah Equity Fund, which focused primarily on capital growth and preservation, respecting the rigorous Islamic structures, such as the prohibition on interest-driven earnings and the ban on investment in companies engaged in activities offensive to Muslims.

In 2008 Standard Bank bought the ordinary shares in Liberty Holdings Limited it did not already own. Subsequently Liberty Holdings acquired the shares not already owned in Liberty Group Limited through a share swap arrangement, increasing Standard Bank’s effective interest in Liberty to 53.7%.

By 2008 Liberty had expanded its operations to Botswana, Kenya, Lesotho, Namibia, Swaziland and Uganda. Its acquisition of a stake in a Nigerian health insurance company in 2009 underlined its strategy of diversifying its business in terms of wealth solutions, geographic and distribution.

Standard Bank entered into a joint venture with Credit Suisse in 2006 to form an institutional agency broker in South Africa, Credit Suisse Standard Securities, focusing on equity research, sales, trading and capital markets. The unit would use Credit Suisse’s global reach to offer enhanced services. This joint venture was however terminated in 2010 when Standard Bank acquired full ownership of the unit and it was renamed SBG Securities in 2011.
Inclusive Banking


In 2004 previously unbanked and remote rural markets came within easier reach through the introduction of the easy-to-assemble bank-in-a-box, drop-down ATM kiosks, the low-cost Mzansi BlueAccount as well as a specialist housing unit comprising 8,000 retail agents, a high-value solution to customers. It ran on the bank’s new SAP mobile origination IT platform which enabled the opening of AccessAccounts anywhere by means of a handheld device. Mobile origination was not only far more accessible for customers but was also up to 80% cheaper than traditional origination accounts.

Built on the experience of the E Plan and Mzansi accounts, the AccessBanking suite of banking solutions was launched in 2012, replacing all former inclusive banking products. AccessBanking provides a full set of banking products and offered a high-value solution to customers. It ran on the bank’s new SAP mobile origination IT platform which enabled the opening of AccessAccounts anywhere by means of a handheld device. Mobile origination was not only far more accessible for consumers but was also up to 80% cheaper than traditional origination accounts.

Global Emerging Markets

By 2002 Standard Bank had developed from a South African bank into a broad-based financial services organisation with niche investment banking operations focused on emerging markets. Standard International Holdings’ operations have become truly global. Internationally it operated in three key regions: the Americas, Asia and CEEMEA (Central Eastern Europe, Middle East and Central Europe). Its South African roots enabled it to provide banking services in connection with trade, investment and business flows with an emerging markets or natural resource focus. The Group was active in the provision of debt financing and currency, interest rate and commodity risk management services to customers in emerging markets and the distribution of financial assets into the world’s major capital markets.

In 2002 Standard Bank Group bought Uşultüm Yakıtlar, a Turkish securities intermediary and renamed it Standard Türk. By 2003 the Group had established investment banks in Russia, named ZAO Standard Bank, and Brazil, named Bank International Investments S.A. These banks enhanced the Group’s ability to participate in local treasury and debt capital markets.

The acquisition of ING Bank N.V. in 2005 enabled the Group to expand its operations from just a representative office in Argentina into a bank, Standard Bank Argentina S.A. Standard Bank Argentina’s corporate and investment banking operations were integrated with those of Bank Boston Argentina (est 1977) when Standard Bank purchased it from Bank of America. The merged entity opened for business on 3 April 2007, showing that Standard Bank could successfully operate a full service bank outside of Africa.

With Brazil viewed as the most promising country in the region, Standard Bank Group moved its headquarters for the Americas from New York to Sao Paulo in 2009 and formed a private equity fund to invest in Brazilian companies.
Chinese Connection

In 2007 Standard Bank’s foreign ownership stood at about 25%. In a landmark deal, the Group entered into a strategic partnership with the Industrial and Commercial Bank of China Limited (ICBC), the world’s largest bank by market capitalisation, whereby ICBC became a 20% shareholder in Standard Bank Group in 2008. Foreign ownership increased to about 40%, leaving Standard Bank still majority South African-owned. The ICBC initiative included a proposal for a global resource fund of at least USD1 billion to focus on opportunities in Africa and China, specifically in the mining and energy sectors. In 2009 Standard Bank established a consulting firm called Standard Advisory (China) Limited in Beijing as well as a representative office of The Standard Bank of South Africa Limited. ICBC in turn opened a representative office in South Africa on 24 November 2011 to strengthen ties with Standard Bank and deepen their understanding of African markets in general.

Consolidation in Africa

Standard Bank Group’s South African operations remained the major contributor to its headline earnings. Business elsewhere in Africa and internationally, however, increasingly played a part through contributions from acquisitions and strong performances from established operations.

After the turn of the 21st century the bank’s African operations were integrated more closely with Standard Bank Group as a whole and where possible the name Standard Bank was introduced. The name Stanbic was retained only in those countries where the Group was legally required to differentiate itself from its UK-based competitor, Standard Chartered Bank Plc. The move boosted cross-border transactability in Africa, instant card issue, asset-based finance and enhanced payment systems.

Standard Bank’s partnership with ICBC generally remained an important element of its strategy as it provided an invaluable opportunity to capitalise on increasing trade and investment activity between China, Africa and other selected emerging markets. Together Standard Bank and ICBC undertook many co-operative projects in several countries which included Zambia, Nigeria, Ghana, Angola, Ethiopia, Russia and Brazil.

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Standard Bank (Mauritius) Offshore Banking Unit was established in 2001 to facilitate South African and inter-African trade. Its name was changed to Standard Bank (Mauritius) Limited in 2005 when legislation allowed for the abolition of the distinction between offshore and local banks. From 2008 it also served the bank’s clients in Madagascar. In 2001 the Standard Bank was granted a universal banking licence in Nigeria and for a few years operated a representative office in Côte d’Ivoire (Ivory Coast) to assist South Africans in Francophone West Africa. Its acquisition of 60% of the Commercial Bank of Malawi, and 80% of the previously state-owned Uganda Commercial Bank, substantially increased its presence in those countries. The former, initially known as Stanbic Bank Malawi, was renamed Standard Bank Malawi Limited in 2007. The latter merged with Stanbic Bank Uganda Limited, leaving the bank with a 90% shareholding and the government 10%. In November 2006 20% of the shares in Stanbic Bank Uganda, the largest private commercial bank in Uganda at the time, were floated on the stock exchange. It was the largest initial public offering to private investors that country had seen and included the government’s 10% holding.

The formation of Standard Bank Namibia Holdings Limited in 2005 provided a structure which would own certain of the Group’s Namibian holdings instead of them being owned by Standard Bank Group Limited.

In 2006 the bank opened a representative office in oil-rich Angola, the continent’s fastest growing economy. Consent to incorporate a full-service bank was granted in 2009 and Standard Bank’s first branch in Angola opened in Luanda in 2010.

With a bankable market of over 30 million people, the potential of Nigeria was clear. In 2007 Standard Bank merged its Nigerian interests with those of IBTC Chartered Bank Plc, securing a

Jacko Maree and Jiang Jianqing Mauritius Head Office 2013

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African Re-focus

The third quarter of 2007 saw the start of a Global Economic Crisis resulting from the breakdown in the US subprime housing market. The scale of the credit crisis and the potential harm to the global economy became a reality during the latter half of 2008 when nine major US financial companies collapsed. Many economies slipped into recession while emerging economies slowed sharply.

At the start of the crisis, South Africa’s prudent and sound monetary and fiscal policies, as well as the financial sector’s well-developed regulatory framework shielded the South African banks from the brunt of the Global Financial Crisis. However, as the crisis deepened and spread into emerging markets, South Africa experienced its first recession in 17 years. By 2010 it had become clear that the global economic downturn was greater and more prolonged than had been anticipated.

Standard Bank Group’s financial performance remained strong but about 30% of its banking assets were located outside South Africa in 24 different jurisdictions where it had banking licences. Sub-Saharan Africa had always been at the centre of Standard Bank’s emerging markets strategy and the impact of the Global Economic Crisis and Standard Bank’s exposure to international markets, prompted it to abandon its strategy of becoming a global emerging markets player and concentrate its investments in the large markets and large, well-established organizations. It had already begun to buy or build additional domestic businesses in markets outside of Africa but rather focussed on connecting other selected emerging markets to Africa and to each other.

International Operations Resized

In line with the re-focus on Africa, the reshaping of the bank’s international activities was set in motion. Early in 2011 Standard Bank sold its 36.4% strategic stake in Russian bank Troika Dialog to Sberbank, the largest bank in Russia, Central and Eastern Europe, and the deal was successfully closed in January 2012. An agreement signed with ICBC in 2011, saw ICBC taking over an 80% stake in Standard Bank Argentina and affiliates while Standard Bank Group retained a 20% shareholding: this transaction was completed on 30 November 2012. Agreement was also reached on a restructure of the bank’s partnership in Turkey and the ownership of Standard Unis. The divestiture of 53% of Standard Unis to its founder and chief executive, Mahmut Ünlü, was completed in October 2012 with Standard Bank retaining a strategic minority shareholding of 25% in the rebranded Ünlü Securities.

Standard Bank’s Asian operations were also restructured and Standard Bank Asia Limited was renamed SBA Hong Kong Limited as of 2 April 2013. The size of Standard Bank’s operations in Brazil was reduced and in 2015 the Central Bank of Brazil agreed to the proposal of Standard Bank Group’s shareholding in Banco Standard de Investimentos SA to Banco Inbursa SA, a subsidiary of Grupo Financiero Inbursa.

As Standard Bank remained committed to its model of linking Brazilian clients with both Africa and China, Standard Bank of South Africa Limited obtained approval to conduct operations from its representative office, Standard Bank Brazil Representações Ltda.

In 2011 a complex and prolonged process of scaling back the activities of Standard Bank’s principal international entity, Standard Bank Plc in London, commenced. The end of 2012 saw smaller, lower risk entities which was fully integrated with the bank’s South African operations but in 2013 Standard Bank reached an agreement with ICBC to acquire a controlling interest in its London-based global markets business. In partnership with ICBC, Standard Bank intended to create a new and larger commodity and financial markets platform and expand the strategic emphasis of the outside Africa global markets business to include a focus on China.

On 1 February 2015 the disposal of a 60% interest in CIBC Standard Bank Plc was completed and the name of the company was changed to ICBC Standard Bank Plc on 27 March 2015 to reflect its new joint ownership. The new joint venture, with operations in London, New York, Dubai, Hong Kong and Shanghai, would focus on the global markets business and provide trading services in commodities, foreign exchange, interest rates, credit and equities to clients worldwide. This arrangement marked the final step in the repositioning of Standard Bank’s international operations and in redeploying its capital to support its Africa-focused growth strategy.

Standard Bank’s other activities performed outside Africa, comprising services like investment banking, transactional products and services, corporate banking and personal and business banking did not form part of the deal and were transferred to its wholly owned legal entities in London, New York, Dubai, Hong Kong, Sao Paolo and Beijing. The offshore businesses were not also part of the deal.
Transformation

Standard Bank Group was intimately involved in the process of formulating the 2003 financial sector charter, which provided a framework for broad-based black economic empowerment. In April 2003 a consortium, including Standard Bank, formed a new empowerment financial services company, Andisa Capital. Subsequently Andisa Capital was re-integrated into Standard Bank and its securities arm rebranded Standard Financial Markets.

In 2003 the Group sold 25% of Stabec to an empowerment consortium and in 2004 sold a 30% equity stake in its South African banking operation which was sold to a broad-based group of black entities that became Tutuwa. The Group's Tutuwa BEE scheme had a 10-year lock-in period which came to an end in December 2013. The scheme represented a major achievement for the Group and bank and helped increase the net wealth of R10.7 billion for participating individuals, small businesses, communities and strategic partners. The beneficiaries included more than 6,100 staff and former staff members, two broad-based strategic partners, 216 Small Medium and Micro Enterprises (SMMEs) and a community foundation.

The Tutuwa scheme ran in addition to the Group’s other contributions to South Africa's social and economic development. These contributions included the financing of affordable housing, emerging black agriculture as well as public and private sector infrastructure projects that supported local social and economic activity in historically underserviced areas. Education of disadvantaged learners also continued to be supported through various initiatives, including bursary schemes.

Self-Service Banking

By 2010 the phenomenon of social media had changed the way customers engaged with their service providers and drove the demand for ever higher levels of convenience. In response, Standard Bank embarked on a drive to offer customers greater convenience and accessibility with cost-effective Internet and mobile banking channels.

Cellphone banking. Launched in May 2001, continued to gain popularity with an ever increasing registerd number of active users, while average monthly banking users increased to number 1.5 million at the end of 2012. In June 2012 Standard Bank launched its transactional banking app for smartphone users which also became the first banking app on the Windows 8 OS version of the banking app. In October 2013 this new cost-effective payment solution that was made available to Android devices also became available to Standard Bank and Stanbic Bank customers in several other African countries.

Standard Bank's banking app was officially re-launched in March 2014 with a new tablet app for iOS and Android. Designed around the customer, the app was not rigid. The central dashboard was fully customisable and contained many new features, such as new personal finance management features, the ability to see onshore as well as offshore investments while it also provided Standard Ontime Airline Travel partners and key currency and forex customers with easier access to markets. By the end of 2014 there were over 700 000 banking app user customers and approximately R4.5 billion was transacted through this platform in December 2014. A refreshed, responsive Internet banking platform was also introduced during 2014.

New innovative payment solutions, launched in 2014, included SnapScan, MasterPass and AirTaxis. SnapScan was the bank’s first mobile payments offering that allowed consumers to pay for their purchases with their smartphones through a combination of a QR code and a secure PIN number. MasterPass enabled travelers to book airline tickets via their debit cards and South African Airways was the first airline merchant to accept MasterPass as a method of payment. MasterPass also enabled consumers to store all their MasterCard or other branded credit card, debit or cheque card information as well as shipping and billing address details securely in one place. Standard Bank was the first local bank to offer a digital wallet powered by MasterPass via the Standard Bank MasterPass app.

Andisa Capital was re-integrated into Standard Bank and its securities arm rebranded Standard Financial Markets. MasterPass via the Standard Bank MasterPass app also allows customers to pay taxi fares with mobile phone airtime while InstantMoney, originally launched in 2010 and re-launched in 2014, was now available on the Apple Watch. The process of applying for a current account was also simplified by allowing customers to complete the application online with the use of any smart device.

With the digital revolution continuing to shape the Group's competitive landscape, the Group also recognised that a comprehensive overhaul of its IT infrastructure was necessary and invested heavily in processes to sustain a cost-effective, efficient and relevant IT infrastructure. The programme involved replacing the ageing legacy systems with new IT architecture capable of meeting customer demands for more agility, higher flexibility and increased availability. Scheduled for completion in 2017, the programme focussed on enhancing the front-end customer engagement interfaces as well as back-end systems to ensure continued stability, resilience and appropriate risk management.

2015 saw Standard Bank being on the frontline of incorporating biometric and wearable technologies into its banking services. Apple's TouchID technology for iPhone users debuted earlier in 2015, allowing Apple customers to access mobile banking services with their fingerprints, while the Apple Watch banking app was launched later in 2015. The process of applying for a current account was also simplified by allowing customers to complete the application online with the use of any smart device.
2015 and Beyond

With over 150 years of heritage, Standard Bank is a leading integrated financial services group on the African continent. The Group continues to position itself for the future by putting its customers and clients at the centre of its operations. In line with the realities of risk, regulation, technology and competition, significant investments are made in its diversified operations, its people and culture, its systems and infrastructure and in its brand.

By 2015 Standard Bank's investment in the development of an African franchise gave it an extensive on-the-ground presence in 20 countries in sub-Saharan Africa and fit-for-purpose operations outside Africa to facilitate the Group's strategy in, for and across Africa.

Governance

The Organisation for Economic Co-Operation and Development (OECD) Principles of Corporate Governance define governance as involving a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined. The Group’s presence in numerous jurisdictions across Africa and beyond exposes it to different regulatory regimes. Continued constructive engagement and interaction with regulators and other stakeholders and the implementation of appropriate controls in its operations are therefore the bedrock of the Group’s approach to governance. Governance is seen as an on-going process by which decisions are made, oversight strengthened, accountability ensured and appropriate culture reinforced.

The 2008 economic crisis revealed a need for a fundamental strengthening of the Basel Committee's international regulatory framework. Basel III, accepted globally in December 2010, which introduced new capital and liquidity standards, was adopted by South Africa on 1 January 2013, making it one of the first 11 countries in the world to do so. Standard Bank adjusted its business model to remain capital efficient and competitive in the more stringent regulatory environment.

The principles of the King Code of Governance Principles for South Africa (King III), recognised as international best practice in corporate governance, came into effect on 1 March 2010. While not compulsory, King III in effect became regulated through its inclusion in the JSE Listing Requirements, the South African Companies Act of 2008 and other statutes. Through its corporate governance framework for subsidiaries, Standard Bank ensures that its governance practices and standards are applied by all its subsidiaries in its operations.

Sustainability

With a view to ongoing sustainability, Standard Bank positively contributes to the societies in which it operates through its business activities. Understanding the challenges of energy conservation in developing countries where energy is an essential driver of growth and development, the bank conducted its first carbon footprint analysis in 2008. In February 2009 it adopted the Equator Principles – a global industry benchmark for managing social and environmental risks in project financing. The Group also actively participated in the policy discussions, events and exhibitions associated with the 17th meeting of the signatories to the United Nations Framework Convention on Climate Change (COP17) held in Durban at the end of 2011.

When considering its social and environmental impacts, the Group looks beyond its direct impact, created by its daily operations, to the indirect impact of the services offered and the finance provided to customers. The installation of energy efficient lighting and photovoltaic systems in its buildings assists in managing its direct impact while, as a member of the Green Buildings Council of South Africa, the Green Star SA building rating system is considered when designing new buildings. The Group’s new additional head office building in Rosebank achieved a 5-Star rating in 2004 and, where feasible, elements of green building design are introduced in the rest of Africa. An integrated waste management plan, based on waste minimisation and the reduce, reuse and recycle hierarchy, is also maintained.

While remaining actively involved in the development of a renewable energy sector in South Africa, the bank also advises and arranges funding for many renewable energy projects in other parts of Africa.

With a heritage of over 150 years, Standard Bank is a leading integrated financial services group on the African continent. The Group continues to position itself for the future by putting its customers and clients at the centre of its operations. In line with the realities of risk, regulation, technology and competition, significant investments are made in its diversified operations, its people and culture, its systems and infrastructure and in its brand. By 2015 Standard Bank’s investment in the development of an African franchise gave it an extensive on-the-ground presence in 20 countries in sub-Saharan Africa and fit-for-purpose operations outside Africa to facilitate the Group’s strategy in, for and across Africa.