Multinational Banks in Bangladesh

The Daily Star | Special Supplement | September 24, 1997

24 hour Banking: Standard Chartered's Moneylink and Phonelink

Standard Chartered Bank has been known for some time for its unique Moneylink ATM network. Recently, the Bank's 24-hour service offer has been expanded to include Phonelink, the first Phone Banking service in the country to offer round the clock account access to customers.

The benefits of these two services are various. The most obvious advantage of having a Moneylink ATM card, of course, is ready access to cash. In addition to that, however, you can take a print-out of a mini-statement of your account, transfer funds between accounts, put in a requisition for a new cheque book or a full statement or even change your Personal Identification Number (PIN) — and you can do any of these things at your convenience, any time of the day or night. Another attractive feature of Moneylink is that, simply by displaying the cards, you can get substantial discounts on the prices of items from a large number of shops, boutiques, restaurants and hotels — across the country.

Phonelink phone banking, introduced on March 1,1997, combines state-of-the-art electronic banking technology with the renowned professional expertise of Standard Chartered's finest personal bankers. Everyone with a personal account in Standard Chartered now has the option of having a variety of this/her banking needs catered to around the clock through the automated component of the Phonelink service. In addition, a team of specially designated Phone Bankers is also available during office hours (8:30 AM to 5:00 PM every working day) if the customers needs their individualised attention and expert advice. The Phone Bankers can also provide services not available from the automated system.

Moneylink and Phonelink are very much among the products that have been designed to take banking services to the 21st century. With the pioneering of 24-hour cash access from Moneylink ATMs and round the clock Phone Banking from Phonelink, Standard Chartered is doing its share to introduce world-class banking to the local market, in terms of both service and technology.

Standard Chartered has recently launched Moneybuilder, a savings plan product that has been received very enthusiastically by the customers. The plan enables people with regular income to leverage their existing savings to maximum effect.

What Is Moneybuilder?

Moneybuilder is a Savings Plan, through which Standard Chartered helps its customers build up a savings mass over a period of five years. For every unit of Moneybuilder purchased, the customer deposits BDT 10,000 up front, and the Bank sanctions a loan of BDT 40,000 in the customer's name for a period of 60 months. This entire amount (BDT 50,000) is then invested in Bangladesh Sanchay Patras (BSPs — 5-year term savings certificates). The customer may purchase upto 20 units of Moneybuilder (40 units in the case of joint applicants). The customer will be expected to pay back the fixed loan made out in his name @ BDT 900 per month for each unit of Moneybuilder purchased for the 60-month period during which the Plan is valid. At the expiry of the term of the Savings Plan, the customer is assured of a return of more than BDT 86250 for each unit of Moneybuilder purchased. The customer is also covered by the Moneybuilder Personal Accident Insurance Scheme for the entire period of the Plan.

How Does Moneybuilder Work For The Customer?

Moneybuilder works for the customer in a variety of ways:

1. For an initial deposit of only BDT 10,000 per unit, and easy installments of BDT 900 per month for the period of the

Plan, the customer gets a return of at least BDT 86,250 at the maturity of the Plan. He/she therefore gets a return of more than 8.6 times the initial investment at maturity, and the beauty of the scheme is that the fund commitment on the customer's part is very low. In effect, he/she is being provided with a loan that in turn is earning him/her high returns.

2. The monthly installments can be seen as forced savings; money that would have been spent on everyday expenses by the customer in normal circumstances and not saved. The installments are on easy terms and therefore are relatively painless.

3. The customer is free to invest in upto 20 units, thereby maximising his/her return on the maturity of the Plan.

4. The customer is also covered by the Moneybuilder Personal Accident Insurance Scheme for the entire period of the Plan; in case of the unfortunate demise or incapacitation of the customer, the beneficiaries of the policy shall be entitled to the value of the Moneybuilder unit(s), inclusive of the interest earned, less the outstanding liability owed to the Bank, and also the original BSPs purchased in the customer's name.

Moneybuilder has proved very popular with customers in the three months after its introduction — the product was launched on June 1, 1997. To find out even more about this innovative product, you can call up any of the Standard Chartered branches — or call 9569011 to talk to one of the members of the Phonelink Phone Banking team.

CITIBANK in 1996 — A Year of Success

Citicorp reported 1996 net income of $3.8 billion or $7.42 per fully diluted common share, up 9% and 15%, respectively, compared with $3.5 billion, or $6.48 in 1995. Earnings were led by continued momentum in the emerging markets in both the Corporate Banking and Consumer businesses, but were dampened by high Cards credit costs.

Return on common equity of 20.4% for 1996 remained strong, but was down slightly from a year-ago, reflecting higher common equity levels. Return on average assets was 1.40% compared with 1.29% for 1995.

The Consumer businesses earned $2.0 billion in 1996, up 4% from 1995, as higher revenue and margin growth were partially offset by increased Cards credit costs. Earnings in Corporate Banking of $2.2 billion were up 23% from 1995, reflecting improved credit performance, solid operating margin growth, and lower effective tax rates.

Adjusted revenue of $21.5 billion was up $1.9 billion or 10% from 1995. Revenue in the Consumer businesses increased 9% to $13.5 billion, led by a strong performance in the emerging markets, and by continued growth in the Cards business. Revenue of $7.2 billion in the Corporate Banking businesses was up 9%, as Emerging Markets revenue increased by 19%.

Trading-related revenue of $1.9 billion in 1996 was down $80 million or 4% from 1995. The decline primarily reflected lower foreign exchange activity in Global Relationship Banking. Venture capital gains of $450 million for the year were up $60 million or 15% from 1995, reflecting the robust US equity markets in 1996.

Adjusted operating expense for 1996 of $12.2 billion was up $1.0 billion or 9% from 1995, reflecting business expansion in the emerging markets (a 19% increase in 1996), while expense related to Consumer businesses and Corporate Banking activities in the developed markets was up 4%.

Operating margin grew $890 million, or 11%, to $9.3 billion. The incremental revenue to expense ratio was 1.9:1 for the year, and the efficiency ratio (adjusted operating expense as a percentage of adjusted revenue) was unchanged from 1995 at 57%.

Total credit costs were $3.0 billion in the year, up $483 million or 19% from 1995. Consumer credit costs of $3.1 billion in 1996 were up $642 million or 26% from 1995, and net credit losses on managed loans were 2.37%, compared to 1.99% for 1995. The increases in credit costs and the related loss ratio chiefly reflected a continued rise in US bankcards credit losses. The managed consumer loan delinquency ratio (90 days or more past due) decreased to 2.62% from 3.01% and 3.14% at the end of 1995 and 1994, respectively.

Commercial credit costs remained low at a net benefit of $87 million in 1996, compared to net charges of $72 million in 1995. Commercial cash-basis loans and OREO of $1.5 billion at year-end were down from $2.2 billion a year earlier, principally reflecting continued reductions in the commercial real estate portfolio.

At December 31, 1996, total reserves (including reserves for sold consumer portfolios) were $6.0 billion. Citicorp continued to build its allowance for credit losses during the year, adding $200 million above net credit losses, primarily related to Cards. In 1995, Citicorp built the allowance through an additional provision of $281 million across both franchises.

Citicorp's effective tax rate was 38% for both 1996 and 1995.

Total capital (Tier 1 and Tier 2) was $28.9 billion, or 12.23% of net risk-adjusted assets, and Tier 1 capital was $19.8 billion, or 8.39%, at December 31, 1996. During 1996, Citicorp generated $3.0 billion of free capital, and repurchased 36.1 million shares for $3.1 billion. With these repurchases, the number of shares acquired since June 20, 1995, when the Board of Directors authorized the stock repurchase program, totaled 59.2 million at a cost of $4.6 billion. As expanded in January and November 1996, the program is authorized to make total purchases of up to $8.5 billion.

In credit and charge cards, we have the largest worldwide business, with $55 billion in outstanding receivables. We have 61 million cards in total (including private label and affiliates), of which three million cards are in Europe, seven million in Asia and nine million in Latin America.

By introducing cards as a preferred and secure payment method, Citibank also helps cash-based societies develop a system for consumer credit. This enables millions of people in emerging countries, such as the Middle Eastern family at left, to enjoy a new middle-class lifestyle.

Above, our private bankers in 32 countries act as a gateway to Citibank's network of people, products and strategies.