



## Chittagong apt for banking growth

ARUN BIKASH DEY, Ctg

**M**UCH of the growth Bangladesh has logged in so far in entrepreneurship and industrialisation has come under the auspices of the private sector banks. As Chittagong plays a pivotal role in pushing the growth up, these banks put their increasing focus on the port city, where almost every private bank has at least one branch. Recently, Anwar Uddin, executive vice president and Chittagong regional head of Southeast Bank Ltd, sat with The Daily Star to exchange his views on the private sector banks and particularly, his bank's individual operations. Anwar, who came to the banking profession in 1987, also talked about the prospects of Chittagong and how economy evolved in this business hub.

*From your long experience, what do you think are the prospects of banking in the private sector?*

I think the prospect of banking in the private sector in the port city as well as in Bangladesh is very bright. It is now proven. Since the 1980s, from the very beginning of the activities of private banks in our country, healthy competition has taken place in banking that is enriching the sector day by day.

You know, healthy competition is one of the main reasons for enrichment. When you see your competitors are doing better, you will be inspired to develop yourself and ultimately, it will enrich the sector you belong to.

*How do the private sector banks contribute to our national economy?*

The private banks are contributing a lot to our national economy. In fact, industrialisation in Bangladesh would not have been possible as you see today without the help of the private banks. The private banks have created entrepreneurs. The private banks control a lion's share of export and import business.

*Do you think the private banks are doing better than the nationalised ones?*

Of course. After the Liberation War, our banks were nationalised. But the outcome of the process of nationalisation was not good. Nationalisation did not achieve its goal. When the private banks started their activities, there began a healthy competition between the private banks and the nationalised banks. The private banks are flourishing through a good functioning structure, skilled personnel and well planning.

On the other hand, the nationalised banks could not do so because of bad management, unskilled manpower, unwanted interruption of trade unions and political appointments at top management positions. Our mental set up is such that we care about least for public property. Personnel at nationalised banks show apathy for developing their skills as well as for developing the position of the bank.

*How much do you prefer the private banks for building a career?*

A private bank is a very suitable

place for a fresher to build a career. In our country, job scopes for a fresher in the private sector are limited. In this situation, private banks offer competitive salary packages for freshers. In fact, the private banks have initiated corporate culture in Bangladesh.

*Why do personnel in nationalised banks show apathy?*

One of the main reasons is that their salary package is poor. It does not bring job satisfaction to a person working in a nationalised bank. You know, job satisfaction mainly depends upon two things; one is salary and the other is job atmosphere. The private banks meet both the criteria.

So the personnel working here get inspiration to enrich themselves, as well as the banks. And due to the lack of facilities, people working in the state banks do not get any interest in working seriously.

*Do you think the condition is changing nowadays?*

Yes. After the nationalised banks were made limited companies, the condition has improved much. Now these banks are well positioned. Change has come in their approach. I would not say that they have changed overnight and they have fully changed, but I must say that they have opted for some reforms and changes which I hope will be increasing day by day.

*What is your observation about the regulatory initiatives of the Bangladesh Bank?*



Anwar Uddin

I think the rules are supportive and they would help in expanding the banking sector. You know, during the global recession when the major economies throughout the world were in serious crisis, our economy was stable. This was possible due to the right steps taken by the central bank.

*How is Chittagong for banking growth?*

It is a great place for banking growth. Every private bank has launched at least one branch in the port city. I am involved in the banking sector in the port city for the last 24 years. In my consideration, Chittagong is the best place for banking growth. It is a safe zone. Businessmen here are banking friendly. They

have a long tradition in business. Most of them are involved in business through the third or fourth generation. So you have options for selecting good borrowers. When you know the root of your clients, then risks of getting back the investment or loan is minimal. Moreover, you have options to be selective here, as you know who the real businessmen are. By nature, they do not default on loans. You will not get this in Dhaka or anywhere in the country.

*How can the private banks benefit from the transit facilities given to the neighbouring countries?*

The private banks should welcome the transit facilities. Personally, I believe that transit and tranship-

ment are important for connectivity. We should be pragmatic. We will be benefited through transit.

The banking sector will also be benefited through the transit. For transit and transshipment, infrastructure development is a must. There is scope for investing here and the banks can be benefited largely.

*How would you evaluate Southeast Bank's performance in the port city?*

Southeast Bank is functioning in the port city with nine branches and clocks one sixth of its total income from here. This is because Chittagong is the business hub of Bangladesh. Moreover, the oil refinery industry, steel industry, ship breaking and ship building make the city unique. These industries have enhanced business gravity of the city.

Southeast Bank has a huge investment in the shipbuilding industry with Western Marine Shipyard Ltd. The city is also the hub of export and import. So our branches can make good income and contribute a lot to the total income of the bank. I am happy to say that the branches functioning in the port city have 99.25 percent good loans.

*What are your suggestions for the development of the private sector banks?*

The private banking sector is on the right track. But still, there is a lot of scope to improve the quality. I think the government should not approve the formation of any more private banks at present. We should look forward to quality instead of quantity at this moment.

## Setting a banking culture to emulate

ARUN BIKASH DEY, Ctg

*Banks have strengthened their foothold in Chittagong, a buzzing hub of business activities. The port city accounts for a significant part of the banks' annual revenue. Here is why.*

Chittagong is a favourable zone for banking growth, says Rashedul Amin, assistant vice president of Dutch-Bangla Bank Limited (DBBL). The bank began its journey in Chittagong in 1998 in Agrabad. At present, it has nine branches functioning in the port city, generating 20 percent of the bank's total income from here. The total number of DBBL branches in Bangladesh is 92.

"We have good interactions with our clients apart from the formal relationship. Moreover, the clients of Chittagong are paymasters. They repay or reschedule business loans as stipulated. That is why the bank's income in Chittagong is good," Amin says.

The loan recovery rate of the nine branches in Chittagong is almost 100 percent. The amount of classified loans of the nine branches is only 0.25 percent, Amin adds. "A major reason behind the excellent loan recovery is that we are very selective about sanctioning loans."

DBBL realises its corporate social responsibility (CSR) commendably, says Amin. He adds that the bank has a foundation named the Dutch-Bangla Bank Foundation through which it conducts its social welfare activities.

"The welfare activities are mainly conducted from Dhaka. But we also initiate some from Chittagong. For example, we organised four surgical camps in the port city for the treatment of children born with cleft lips. We donated Tk 25 lakh for the rehabilitation of the families affected by land slides a few years back," Amin says.

AB Bank Ltd was the first bank in the private sector to open a branch in Chittagong in 1982 in the Agrabad commercial area. Now the bank operates 13 branches there,



ANURUP KANTI DAS

**Bank tellers attend to customers at a branch of Exim Bank in Khatunganj in Chittagong.**

while the total number of branches across the country is 81. Bank officials say the port city branches account for approximately 15 percent of the total income.

National Bank Ltd (NBL), a first generation bank, opened its first branch in Chittagong at Khatunganj in 1983. Now, eight of the bank's branches function in the port city.

NBL Executive Vice President Mohammed Nazrul Islam said the Chittagong branches generate about 30 percent of the bank's total income. According to him, the loan recovery rate at the branches is 98 percent.

He said the bank performs its corporate social responsibilities centrally. They now plan to initiate CSR activities from Chittagong too.

"We are now contemplating some CSR activities in Chittagong as we contribute a lot to the total income of the bank," Nazrul added.

The services that the bank pro-

vides to clients include consumer credit schemes, lease finance, house building finance, SME finance, and overdraft facilities. The bank performs CSR in education, sports, culture and disaster management.

Another first generation bank, United Commercial Bank Ltd (UCBL), opened its first branch in Chittagong in Khatunganj in 1983. It now counts 14 branches in the city. According to Senior Executive of the bank's Rifle Club branch Yusuf Ali, the branches contribute 20 percent of the bank's total income, with a loan recovery rate of 95 percent.

Eastern Bank Ltd (EBL), a second-generation bank, opened its first branch in Chittagong in 1992 in Agrabad. The bank now runs nine branches, contributing 30 percent to total income, say bank officials. The loan recovery rate of the branches is 97.5 percent and classified loans stand at 2.5 percent, they add.

National Credit and Commerce

Bank Ltd (NCCBL) started its journey in Chittagong with its first branch in Agrabad in 1993. Now it has 11 branches.

NCCBL Senior Principal Officer Md Shahidullah said the branches contribute 20 percent to the bank's total income. He said the loan recovery rate of the branches functioning in the city is approximately 80 percent.

Prime Bank Ltd, a second-generation bank, started its journey in Chittagong with an Agrabad branch in 1995. Now, it has 13 branches in the port city, giving 28 percent of total income, say bank officials.

Dhaka Bank Ltd inaugurated its first branch in Chittagong in 1996 in Agrabad. At present, it runs seven branches. The bank has a total of 60 branches across Bangladesh.

Sirajul Hoque, executive vice president and zonal head of Chittagong zone, informed that the nine branches contribute 16 per-

cent of the total income of the bank. He says the bank has a loan recovery rate of 95 percent.

Mohammad Jahangir Khaled, executive vice-president of Social Islami Bank Ltd and head of the bank's Chittagong zone, says Chittagong is favourable for the growth of the sector.

He said the bank started its journey in Chittagong in 1996 in Agrabad and at present, runs six branches, contributing 25 percent. The bank has 66 branches altogether. Loan recovery of the six branches is 95 percent, he adds.

The bank provides three sectors of banking services -- formal, non-formal and voluntary banking -- Khaled says. The formal sector deals with commercial banking, using the latest technology; the non-formal sector deals with family empowerment micro-credit and micro-enterprise programmes and the voluntary sector deals with social capital mobilisation through CASH WAQF and other schemes, he adds.

"The bank's vision is to reduce poverty. It was a prime objective stated in the bank's Memorandum of Association, with a commitment to work for a caring society," Khaled says.

Mercantile Bank Ltd inaugurated its first branch in Chittagong in Agrabad in 1999 and now operates seven branches in the port city. Assistant Vice President Mesbah Uddin Ahmed says the branches contribute 23 percent to total income. The loan recovery rate of the branches is 96 percent, he adds.

The bank provides monthly schemes, monthly deposit schemes, double benefit deposit schemes, consumer credit schemes, small loan schemes, lease finance, doctors' credit schemes, SME finance, personal loans, car loans, home loans and overseas employment loan schemes.

The bank performs CSR in education, health and disaster management, among others.

Standard Bank Ltd opened its

first branch in Chittagong at Khatunganj in 1999 and now runs 10 branches. The bank's Regional Manager Nurus Safa informed that the branches contribute 25 percent to total income with a loan recovery rate of 98 percent.

Bank Asia Limited, a third generation bank, started Chittagong operations in 2000. It now has 10 branches there, while the total stands at 48. Bank officials said loan recovery of the 10 port city branches is 96 percent.

Jamuna Bank, a third generation bank, opened in Chittagong in 2002. At present, it has nine branches there. Zobaidul Islam, a senior executive vice president, said the port city branches account for 40 percent of the total income of the bank, while the total number of branches is 66.

"The clients in Chittagong are banking friendly. The city is the hub of export and import activities of the country. We can contribute to a lot in the total income of the bank," Islam said, as the Chittagong branches account for 40 percent of total income.

Islam said the amount of classified loan of the branches in Chittagong is nominal. The loan recovery rate of the branches is 99 percent, he adds. He said the bank runs its CSR activities mainly from Dhaka.

"Now, we are planning some activities as part of our CSR efforts in Chittagong," he says. They keep 5 percent of the total profit of the bank in the 'Jamuna Bank Foundation' and that money is used for humanitarian purposes, he adds.

Besides these, Uttara Bank, One Bank, Pubali Bank, Premier Bank, Southeast Bank, ICB Islami Bank, Brac Bank, Mutual Trust Bank, Trust Bank, IFIC Bank, First Security Islami Bank, City Bank, Al Arafah Islami Bank, EXIM Bank, Islami Bank, Bangladesh Commerce Bank and Shahjalal Islami Bank are functioning in the port city with a significant number of branches.