

BRAC Bank aims to be a flag-bearer

ABDULLAH MAMUN

BRAC Bank aims to adopt all global standards in terms of services and product delivery. At the same time the bank wants to be a flag bearer of the country.

"We all are working hard to fulfill the ambition. We want to be a bank for all Bangladeshis," said Syed Mahbubur Rahman, the chief executive officer of the bank.

"To bring more convenience to the banking services, we customise the products. We don't want to be more supply driven than demand driven. We want to make the bank more automated," he said.

BRAC Bank has created a different dimension in the banking sector of Bangladesh. From the very early days its main focus has been on SME (small and medium enterprise) banking, when the commercial banks and the microfinance institutions were looking for the top-tier customers and the people at the bottom of the pyramid. But there was no room for the middle-income people. BRAC Bank appeared in the scene with its new vision of SME banking, the CEO said.

Rahman, who has been working for the bank for the last three years, said: "Though we have similar services, our loan portfolio is above 50 percent for SMEs, while the total loan is more than Tk8,000 crore."

The average loan figure is Tk 5 lakh to Tk 6 lakh. And more than 90 percent of these loans are collateral-free.

The outreach is much higher and distribution network is wider; almost 40 percent branches are in the rural areas.

In the last 10 years, BRAC Bank provided loans to almost 3.75 lakh people, and the total disbursement is almost Tk 200 crore. Direct employment is more than a million while indirect job creation should be even higher. It has a very widespread distribution network with a field force of 16,000 to 18,000 people, according to the MD.

Isn't SME banking a risky business? The MD said yes. "At the same time, it is less risky too," he said, adding that small borrowers are more committed than the big shots.

But due to natural calamity, sometimes the bank faces problems too.

"We are focusing on value-based banking," said Rahman.

He also talked about three Ps -- planet, people and profit.

If one can protect the planet and people then definitely profit will flow through.

The bank is also a member of the Global Alliance for Banking on Values, an independent network of banks using finance to deliver sustainable development for unserved people,



Syed Mahbubur Rahman

communities and the environment. There are 13 banks within the alliance.

BRAC Bank management believes in sustainability in the long run, he said.

"We should not do anything that affects our planet or people," he said.

The bank has introduced solar panels in its 22 branches, out of a total 421. It plans to bring all the branches under solar energy.

There is a desk set up to deal with renewable energy issues such as financing. The bank has introduced "planet cards" to promote green investment.

"We are very robust in terms of using technology. You can transfer your money from home, if you have internet connectivity. The service will be more flexible when mobile financial services will be introduced," he said.

"We want to take part in the financial inclusion of people. Mobile banking is one of the means to reach the goal. About 80 percent of the people are still out of banking services. And mobile banking

can help us reach the objective," Rahman said.

He said the bank is going to launch mobile financing service styled 'bKash.'

"It's almost done. We have signed agreement with Robi Axiata, and are in talks with the other operators. By the third week of July the service will be launched," Rahman said.

Now the bank has 12 lakh clients and its aim is to take mobile banking services to seven crore users in the next 10 years.

M-banking would create a money saving culture in the country, the CEO said.

The bank has already introduced e-commerce for the people who have debit or credit cards. It is effective for the purposes such as ticket booking or hotel booking, but there are still a lot of problems for online shopping.

The bank is also connected with 13 local banks by a program, Omnibus, a network of 700 points.

Also, as many as 11 banks can do transactions in between by a program, Eldorado.

Rahman also talked about the overall eco-

nomie situation of the country. He said the falling remittance growth, rising commodity prices in international market, machinery and fuel import for rental power plants, and higher import are impacting foreign exchange reserve, he said.

The government has already planned to borrow \$1 billion from the International Monetary Fund in the face of a tight forex reserve.

"But I think we need to find innovative ways to overcome the crisis. Instead of borrowing -- for example -- the government can consider encouraging the NRBs (non-resident Bangladeshis) to send money through regular, legal channels."

If the government provides Tk 1 incentive for per dollar remittance sent home by the NRBs, and if that results into a mere 10 percent rise in remittance flow through the legal channel, the country would have \$12 billion from existing \$11 billion a year, he points out.

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BRAC Bank has completed its 10 years in banking. On this occasion, Managing Director and Chief Executive Officer Syed Mahbubur Rahman sat with The Daily Star to share his future plan in the bank, and the overall economic situation of the country

Energy crisis leaves Pakistan textiles in tatters

AFP, FAISALABAD, Pakistan

Spinning yarn into cloth used to be a path to fortune in Pakistan, but a story of decline encapsulates how far a crippling energy crisis and rocketing inflation are suffocating the economy.

Power cuts sometimes lasting more than 12 hours a day have forced factory owners in Pakistan's cloth capital Faisalabad to switch off the lights and sell their looms for scrap, leaving tens of thousands of workers jobless.

The country is the world's fourth-largest producer of cloth and the industry accounts for 60 percent of export revenue according to official data. But the shortages are heaping pressure on Pakistan's crippled and debt-ridden economy.

Malik Ammanullah Mani, 31, used to be a leading light on the party circuit. As manager of his family's textile factory, he belonged to a small, rich cabal that regularly graced private members' clubs and dined at five-star hotels.

But in the three years since Pakistan returned to elected rule, the energy crisis has steadily worsened amid poor investment and rampant theft from the grid, causing daily cuts and a sharp rise in the cost of power.

Inflation has also hit the price of thread -- leaving Mani no option but to sell most of his family's weaving looms.

"Electricity and yarn prices have become unaffordable, for most of the time there is no power to run our looms, so we had to sell half of them to a scrap dealer," Mani told AFP as other workers sat idle in his closed factory.

The former rich kid now works a loom in his father's factory and says he gets by on pocket money of just 500 rupees (\$6) a week.

"In good times, I was manager and distributing wages among my workers. Now I myself work on the looms we have left because I have nothing to pay workers," said Mani, kitted out in a black t-shirt and jeans covered in chemical marks.

Faisalabad's textile district has now become a haven for metal dealers who buy looms from closing factories and sell them as scrap.

Those dealers' warehouses are filled with broken machinery while workers wait idle in weaving factories, plunged into darkness until the power resumes.

ated in Pakistan's most populous province of Punjab, say the shortage of electricity and gas has forced hundreds of units to shut down, with unknown numbers more in line to fall.

"Almost 800 units of a total of around 2,000 factories in Punjab province have closed down and many more are likely to be shut," said Sheikh Abdul Qayyum, former head of the city's chamber of commerce and a factory owner.

"Around 500,000 workers lost their jobs in the province -- about 100,000 in Faisalabad alone due to the closure of the factories," he said.

The country faced a total shortfall of 7,739 megawatts of electricity in the peak summer month of June, before monsoon season, while the overall shortfall in the gas supply to industry is around 400 million cubic feet per day.

The authorities manage the shortages by cutting supply for hours at a time to industrial and domestic users.

Towns and cities across Pakistan are rocked by daily summer protests against the crisis and the government's perceived inaction, sometimes leading to violent clashes with riot police.

Despite a wealth of natural resources, Pakistan produces only 80 percent of its electricity needs and even some of that comes from imported fuel.

"Lack of political will, bad governance and administrative inabilities pushed us into the crisis. If the situation stays the same, I have no hope things will improve," said Fazlullah Qureshi, former top bureaucrat at the country's planning commission.

Punjab's industrialists blame politicians for

exacerbating the crisis, accusing the government of giving preferential treatment to the textile industry in southern province of Sindh, the home of President Asif Ali Zardari.

A constitutional clause approved by parliament last year gives each province first right to use the natural resources they produce, putting Sindh ahead of Punjab in the queue for gas, which in turn fuels electricity generation.

"We want a uniform policy in the country as everybody should share the burden and opportunities," said Shabbir Ahmed, a senior member of Faisalabad's chamber of commerce.

But the prospect of respite is so remote the Water and Power Development Authority acknowledged last week that power cuts would continue for at least another seven years.

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A Pakistani man prepares threads at a textile factory in Gujrat.

AFP