

# City Bank aims for greater heights

## Managing Director K Mahmood Sattar shares his future plan for the bank

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**T**HE local banking industry is gradually turning into a role model for the bankers of the emerging countries thanks to offering innovative products and services through adopting global best practices.

The banking sector now starts getting international recognition and eyeing more accolades from global arena.

"We are in the limelight in the international arena due to our adoption of global best practices for satisfying customers' financial needs," said K Mahmood Sattar, managing director and CEO of The City Bank.

The bank was recently conferred the prestigious 'Best Bank in Bangladesh for 2012' award by FinanceAsia, a leading financial publication in the Asia Pacific region.

"We are extremely delighted with the award," said Sattar at an exclusive interview with The Daily Star at the bank's head office in Dhaka recently.

The award came thanks to City's successful adoption of global best practices of the banking sector.

"This is the first year we are awarding in this category and have selected City Bank for its leadership in risk management and its plan for steady and sustainable growth," said the FinanceAsia award citation.

"It might not be the best bank in the country in terms of network and balance sheet size or even profitability, as there are some bigger and more profitable banks operating in Bangladesh."

But it is the best bank in terms of adopting global best practices, which in an emerging market is extraordinarily important, as the commercial banking system is the backbone of the economy, according to the citation.

The transformation began when

senior banker Sattar stepped up to the helm of the bank in mid-2007 as the managing director and CEO.

He spearheaded several innovative steps to turn the bank into a modern financial supermarket using the latest technologies.

"Since its establishment in 1983, City Bank's main endeavor has been to increase its shareholders' value and be respected as a compliant organisation," Sattar says, while explaining the main philosophy of this first generation bank.

But under Sattar's leadership the bank has gone beyond those targets.

Sattar joined the local banking industry after 20 years of senior management experience across the globe with banks such as SCB and ANZ.

His core management team also came with extensive foreign banking backgrounds -- and they brought international standards to the table.

They focused on remodelling the business along a customer value segmented line and created separate tailor-made services for each segment such as corporate, retail, SME, cards and treasury.

The decentralised branch-based banking system, steeped in irrational cost and non-transparency, was shunned for a centralised business plan overseen by top industry professionals.

But City did not just streamline operations: they improved the overall quality of assets, re-launched the brand, leveraged the potential of technology potential, improved the quality of product offerings and put in place much higher benchmarks for service excellence.

"We have brought an international standard in risk management and improved service standards," said Sattar. "So now we are getting international recognition."

Earlier in 2010, Asian Banker, another esteemed international financial publication, honoured City



K Mahmood Sattar

with 'The Strongest Bank in Bangladesh' award in recognition of successful 'change management processes'.

The bank also collected other awards such as the American Express Marketing Award for 'Outstanding New Card launch' in 2010, MoneyGram International's 'Best Corridor Collaboration in South Asia for 2011' for its inward remittance business growth.

"We actually got the international attention in 2009, when American Express nominated City Bank as its sole franchisee in Bangladesh," said Sattar, a former chairman of the Association of Bankers Bangladesh, a professional body for senior bankers.

He said American Express, after a six-year long search, finally selected City as its sole franchisee in Bangladesh, thanks to the bank's strong

corporate governance, transference and sound credit risk management.

Considering the overall negative outlook for the global economy and the many challenges Bangladesh that faced in meeting its macroeconomic goals for fiscal 2011-12, City Bank's solid performance during the year becomes all the more impressive.

Despite liquidity pressures, the bank was able to maintain its credit deposit ratio at a satisfactory level.

City's statutory liquidity ratio, by the end of December 2011, according to the annual report, stood at 20.90 percent against the 19 percent demanded by the central bank.

Earnings per shares of the bank rose to Tk 3.99 in 2011, from Tk 3.66 of the previous year, despite the share market crash.

In 2011, capital adequacy of the

bank stood at 12.79 percent against the Basel II and regulatory requirement of 10 percent, while profit before tax rose to Tk 3,468 million from the previous year's Tk 2,999 million.

Non-performing loans dropped from 4.42 percent to 3.44 percent in 2011, indicating further improvement in asset quality.

City has been awarded an AA3 for long-term rating in 2011, one notch higher than that of the previous year, by the credit rating agency of Bangladesh.

As part of the restructuring plan, the bank introduced various innovative services and products: brokerage business, merchant banking arm, SME centres and numerous SME and Agro-products and a full-fledged Islamic banking business under the brand name of City Manarah.

Currently City has 104 online branches and 132 ATM booths; it has around 1 lakh Amex cardholders, with plans to launch two new Amex cards this year.

The bank also plans to launch mobile banking both for rural and urban people. It also aims to open at least 10 financial kiosks this year.

"Once the kiosks go in full operation a customer need not go to the bank branches. From the kiosks, customers can satisfy all their banking needs, such as applications for loan and credit card, deposit and cash withdrawal," said Sattar.

"The accolade is not only for City Bank but for the whole country," said Sattar, adding that the award will encourage other banks in the country to adopt global best practices.

Sattar feels the award had notified the international community of Bangladesh's strong banking system -- and will now consider Bangladesh as an emerging market for investment.

"Banking is the backbone of an economy. If a local bank gets international recognition, it portrays a positive image among the prospective investors. It will encourage them to invest more in that country."

"So local industries will get the opportunities to form more joint-venture companies with foreign partners," Sattar said.

He said the luring of foreign investment, however, depends on opportunities and regulations, citing examples of African countries where there are plenty of opportunities but no regulations -- and hence there have not been that many significant investments.

"But we have both opportunities and regulations to attract foreign investments," he added.

The City Bank will continue to put emphasis on organisational excellence, the bank chief stressed.

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# Asia-Pacific nations pledge growth, fret over economy

REUTERS, Vladivostok, Russia

**A**SIA-PACIFIC nations including China, the United States and Japan promised measures to boost growth on Sunday and rejected limits on food exports to try to revive the flagging global economy.

Countries on the Pacific Rim ended a two-day summit on an island off the Russian port city of Vladivostok by expressing concern about the state of the world economy, global food security and growing signs of protectionism.

The 21 members of the Asian-Pacific Economic Cooperation (Apec) group agreed to slash import duties on "green technology", take steps to bolster growth and liberalise trade to counter problems heightened by Europe's debt crisis.

"The financial markets remain fragile, while high public deficits and debts in some advanced economies are creating strong headwinds to economic recovery globally. The events in Europe are adversely affecting growth in the region," they said.

"In such circumstances, we are resolved to work collectively to support growth and foster financial stability, and restore confidence."

Apec, which also groups Malaysia, Indonesia, Canada and South Korea, makes decisions by consensus and its moves are not binding. But its influence is growing as Europe's declines.

It accounts for 40 percent of the world's population, 54 percent of its economic output and 44 percent of its trade. In the United States, China and Japan, it has the world's three largest economies.

Despite concern about Europe's debt problems, Apec welcomed European leaders' attempts to resolve the crisis.

International Monetary Fund Managing Director Christine Lagarde, who arrived for the last day of the summit, also signalled support for a European Central Bank plan to staunch the crisis with unlimited bond purchases.

She expressed an interest in the IMF playing a role in the design and monitoring of the ECB plan, under which the central bank would stand ready to buy sovereign debt with maturities of up to three years in return for a bailout deal.



Apec leaders pose for a family photo during the Asia Pacific Economic Cooperation summit in Russia's far eastern port city Vladivostok yesterday.

"There's a general sense that the world economy is a little fragile ... but there is confidence that we can get through this," New Zealand Prime Minister John Key told reporters.

The Pacific-Rim countries agreed this must not be done through protectionism. Despite a drought that has hit crops in the United States and Russia, which are global wheat suppliers, they ruled out limiting food exports and underlined the importance of open markets to ensure reliable food supplies.

They also endorsed a list of 54 environmental goods on which import duties will be reduced to no more than 5 percent by 2015, including equipment for renewable energy, waste treatment and environmental monitoring.

Putin used the summit to grandstand four months after returning to the Kremlin and less than a month after Moscow joined the World Trade Organization (WTO). Underlining Russia's growing status as a wheat supplier, he said Russia would ramp up grain production and more than double exports by 2020.

Russia and the United States are both looking to Asia, where economic growth is relatively strong, in a pivotal turn to boost their econo-

mies following the 2008-9 global financial crisis.

"It is absolutely clear that the most important region for economic growth this decade -- and probably the next decade -- will be the Pacific," said Mexican President Felipe Calderon.

Hosting the summit on an island linked to the mainland by a spectacular new \$1-billion bridge, a symbol of Moscow's decision to look east, Putin has advertised his vast country at the summit as a gateway for Asia to European markets.

Chinese President Hu Jintao promised that his country, Asia's dominant economic force, would rebalance its economy to secure stable and robust growth after a slowdown that has hit the entire region.

In a sign of Russia's intent, state-controlled gas monopoly Gazprom signed an agreement with Japan to develop plans for a \$7 billion liquefied natural gas plant on Russia's Pacific coast.

For his part, Hu spelled out a plan to pump \$157 billion into infrastructure investments in agriculture, energy, railways and roads in China.

# India economy, democracy flounder after monsoon washout

AFP, New Delhi

**A** total impasse in India's parliament is not only undermining the world's biggest democracy but also deepening its economic woes as long-awaited reforms fall by the wayside.

A now familiar chorus of recriminations echoed around the grandiose circular chamber on Friday as the second of the three annual sessions ended in paralysis.

Faced with MPs from the main opposition BJP party shouting and waving papers, the parliamentary speaker called an end to proceedings shortly after midday.

The BJP has been demanding the resignation of beleaguered Prime Minister Manmohan Singh over a scandal involving the awarding of coal mining concessions in his first term as premier, which has come to be dubbed "Coalgate".

Auditors say the concessions were handed out too cheaply and in a process that lacked transparency -- heaping more embarrassment on the main ruling Congress party and Singh in particular who was in charge of the coal ministry at the time.

Once widely admired as the architect of reforms in the 1990s that transformed the Indian economy, Singh now finds his latest legislative plans thwarted at every turn.

In the latest "monsoon" session which began on August 8, lawmakers spent just 25 out of a possible 120 hours considering legislation, according to PRS Legislative Research, a New Delhi-based independent study group.

Only four bills were cleared by both houses of parliament, despite as many as 30 being listed for consideration on issues such as pensions, land acquisition, tax reform and corruption.

"The coal scandal has changed the entire political and economic complexion of the country," Arun Kumar, chairman of the Centre for Economic

Studies and Planning in New Delhi, told AFP.

"The victim of this deadlock is the economy which has been stopped from getting back to growth," Kumar said adding that lawmakers had unanimously ignored their "real business" which, is to "pass bills and introduce reforms". "They are holding back India's economic growth story."

Singh, not normally known for his temper, made a rare outburst to reporters as he expressed his frustration on Friday afternoon outside parliament.

"We take pride in the fact that since independence we are a practising, functioning democracy. What we have seen in this session is a total negation of that," said the 79-year-old Congress party veteran.

While few commentators believe the BJP really wants to force elections before the scheduled date in spring 2014, the Coalgate revelations have put further wind in their sails at a time when the economy is experiencing a sharp slowdown.

India's economy grew by 5.5 percent in the second quarter of the year against a figure of eight percent over the same period in 2011.

The BJP, a right-wing Hindu nationalist party which lost power in 2004, has been unapologetic about its wrecking tactics, saying the protests were necessary and that obstructing parliament was a legitimate measure.

"We are fighting for a cause," Sushma Swaraj, the leader of the party in parliament, told reporters.

"Bills were not passed in the house... we are aware of that but the fight against corruption is more crucial for the nation," she said, outlining how the party now planned to organise more anti-government street protests.

Political pundits warn that a bigger economic storm is brewing and if the lawmakers do not pass the crucial bills in the next session then several sectors of the economy will plunge into crisis.