Mercantile Bank beefs up digital platforms

Managing Director Md Quamrul Islam Chowdhury tells The Daily Star

AKM Zamir Uddin

Mercantile Bank Ltd (MBL) has taken a set of initiatives to widen its businesses by way of strengthening its different digital platforms, sidestepping the ongoing business slowdown caused by the coronavirus pandemic.

The third generation bank has already implemented some of its long-term goals amid the ongoing crisis, which has fortified its confidence to materialise the rest, said Md Quamrul Islam Chowdhury, managing director of the lender.

Its strong financial base along with confidence has given an additional boost to the bank to celebrate its 22nd anniversary today.

MBL has been adopting concerted efforts to serve its clients during the pandemic, he said in an interview with The Daily Star.

DS: What are the plans the bank has to widen its banking services in the days ahead?

Chowdhury: The bank's main business plan is to concentrate on sustainable long-term growth of business, better deposit mix, improving the quality of assets and rationalising operating cost.

On top of that, it will improve operational efficiency and productivity of resources, ensure better and faster customer service and offer a number of new products in the field of retail banking, SME financing and card services.

DS: What are the crore strengths of the bank in doing business?

Chowdhury: "Efficiency is our strength" with this slogan, MBL started its journey in June 1999.

From the beginning, the bank has created a credible brand impression and achieved its customers trust and loyalty.

The bank has a corporate mission that is bigger than just making profit through bringing a positive impact on society.

It will help MBL face any challenges like this pandemic or other disaster.

DS: What are the major achievements of the bank during its journey?

Chowdhury: MBL is rated by international credit rating agency Moody's, which reflects the bank's good profitability, modest asset quality and solvency profile.

The bank serves a large customer base comprising individuals and institutions through a network of 150 branches supplemented by 186 ATM booths and 20 cash deposit machines.

The initiatives are helping unbanked and under banked section of the society to enjoy financial services smoothly.

Md Quamrul Islam Chowdhury

In addition to providing all ranges of banking services, MBL is also providing other services through its four subsidiary companies, two offshore banking units, internet banking and mobile banking.

MBL has started its agent banking and 'Islamic Banking Window Operation' in the name of Taqwa.

Mercantile Bank Foundation (MBF) has begun operations in 2000 with a view to enforce Bangladesh Bank's guidelines for carrying out broader corporate social responsibility (CSR) activity through the Foundation.

MBF has been undertaking a range of activities over the past 21 years with the sole purpose of helping its target people improve the quality of life.

MBL has been awarded various times by the Institute of Chartered Accountants of Bangladesh (ICAB) for best presented annual reports, which testifies to our commitment for promoting transparency.

DS: Could you share some of your digital initiatives to attract tech savvy youths?

Chowdhury: The bank has already taken different steps to serve tech savvy clients and it will roll out different products to this end in the days to come. We are continuously putting due emphasis on strengthening our IT platform.

We recently launched a digital platform named 'MBL Rainbow', which would make banking more customer friendly and digitalised, which is in the line with the country's goal of becoming 'Digital Bangladesh'.

DS: What are your next plans to give a boost to both retail and wholesale banking?

Chowdhury: We have already taken many initiatives to boost both retail and wholesale banking.

The bank has made a separate wing named 'Liability Sales Wing' which consists of a total of 150 trained members, who are attached with different branches across the country; hunting current account and savings account (CASA) from individual customers.

DS: Will you continue your branch-led banking model in the future as many global lenders now shy away from the model riding on the technology based banking means?

Chowdhury: From the beginning, MBL has adopted modern technologies to provide fast track customer-centric services to clients.

We have introduced on-line real time banking services to our clients through our ATM booths across the country.

The lender has recently launched internet banking service 'MBL Rainbow', which would bring banking services to customers' door steps.

We have a plan to continue both branch banking and on-line technology based banking simultaneously.

DS: Is there any possibility to escalate default loans in the bank in the coming months due to ongoing business slowdown?

Chowdhury: The bank always focuses on providing maximum returns while ensuring sustainability. It has registered a profit that is competitive, built a strong base for itself for any future turmoil, improved its' capital base at a level which is quite higher than required by the regulators.

So, despite the tough situations posed, we hope that there is no possibility to escalate default loans in the coming months.

Loans and advances of MBL increased to Tk 24,899 crore in 2020 from Tk 23,689 crore in 2019, marking a 5.11 per cent increase from last year.

In spite of the increase in loan, the ratio of non-performing loans decreased to 4.72 per cent in 2020 from 4.86 per cent a year ago.

DS: What are the major challenges for the country's banking sector for this year?

Chowdhury: Our banking industry is facing unprecedented challenges in managing the ever-bulging defaulted loans. The pandemic has slowed down the country's overall business activities.

But, the government and the central bank undertook a range of coordinated fiscal, monetary, and macro-prudential policy actions, which included stimulus packages and easy credit availability in order to cushion Bangladesh's economy from the pandemic fallout.

The overriding objectives of these policy measures are to minimise the negative impacts of the pandemic and to bring economic activities back to the pre-Covid-19 level.

These policy measures are expected to make financing conditions easy for investors, entrepreneurs, and corporate bodies who now can access more favourable financing sources to resume their business in full swing.

> *The bank concentrates on sustainable long-term growth of business, better deposit mix, improving the quality of assets and rationalising operating cost*

GLOBAL BUSINESS

India's factory activity growth slips in May as demand falls

REUTERS/FILE

A labourer welds an iron pillar at a building material factory in an industrial area in Dasna, in the central Indian state of Uttar Pradesh.

Reuters, *New Delhi*

India's factory activity growth slowed significantly in May as an escalation in coronavirus cases whacked new orders and output while scarcity of raw materials drove up input costs, a private sector survey showed on Tuesday.

Although daily infection rates have started falling in the past few days there are concerns about underreporting of cases due to a dearth of testing in rural areas.

India has already reported around 28 million coronavirus cases and over 300,000 deaths, leading many states to impose restrictions affecting economic activity.

The Nikkei Manufacturing Purchasing Managers' Index , compiled by IHS Markit, fell to 50.8 in May from 55.5 in April, its lowest since July 2020. That was only just above the 50-mark separating growth from contraction.

"Key gauges of current sales, production and input buying weakened noticeably in May and pointed to the slowest rates of increase in ten months. In fact, all indices were down from April," noted Pollyanna De Lima, economics associate director at IHS Markit.

"That said, the detrimental impacts of the pandemic and associated restrictions seen in the manufacturing sector are considerably less severe than during the first lockdown when unprecedented contractions had been recorded."

The output and new orders sub-indexes fell to their lowest levels since July last year.

Some of that meager expansion was driven by producers completing pending projects and backlogs of work declined for the first time in over a year.

With activity weak, firms reduced headcount for the 14th consecutive month and IHS Markit said close to 5 per cent of companies shed jobs.

Despite softening to a four-month low, input price inflation remained sharp, with the strongest rise noted in the consumer goods segment. Only some of that burden was passed on to buyers.

The Reserve Bank of India, however, is expected to hold interest rates this fiscal year, supporting an economy struggling with a devastating second wave of the virus, a recent Reuters poll showed.

The economy expanded 1.6 per cent in the Jan-March 2021 quarter year-on-year.

Business expectations fell in May as companies were concerned about the lingering impact of the pandemic on activity although it did remain positive.

"The overall degree of optimism towards the year-ahead outlook for output was at a 10-month low, a factor which could hamper business investment and cause further job losses," added De Lima.

China's third-child policy boosts shares in toy, diaper makers

Reuters, *Shanghai*

Shares in Chinese toy makers, diaper producers and infant food companies soared for the second day on Tuesday, as investors piled into stocks seen as benefitting from Beijing's new three-child policy.

China's announcement on Monday to allow married couples to have up to three children - from the previous limit of two - also sent brokerage analysts scrambling to recommend stocks, despite a widely-shared perception that the policy shift won't have a sudden impact on the country's declining birth rate.

Shares in toy maker Goldlok Holdings (Guangdong) Co jumped to their 10 per cent daily limit for the second day, as did shares in Jinfa Labi Maternity & Baby Articles Co. Other baby-related stocks, including milk powder maker Beingmate Co, baby products maker Shanghai Aiyingshi Co and toddler care equipment maker Ningbo David Medical Device Co also soared.

An index tracking the so-called "third baby concept" stocks, newly compiled by Hithink RoyalFlush Information Network Co, rose about 2.5 per cent on Tuesday, while China's benchmark stock index was roughly flat.

Hu Yunlong, a Beijing-based hedge fund manager, said the sharp gains in such stocks were the result of "short-term speculation," as he sees limited immediate impact on corporate fundamentals.

China lifted the cap on births in a bid to stave off risks to its economy from a rapidly aging population. But analysts say the policy by itself is unlikely to boost many couples' willingness to have more children, given high childcare costs.

REUTERS

An adult holding a baby walks at a store selling baby products in Shanghai, China yesterday.

Still, Xu Qi, investment adviser at Guosheng Securities, said Luolai Lifestyle Technology Co, which makes home textile products such as quilts and pillows, stands to benefit from the new policy. He also recommends Zhejiang Semir Garment Co, which makes children's clothes.

Essence International suggested investors pay attention to China Feihe Ltd, a Hong Kong-listed maker of infant milk formula products.

Meanwhile, Chinese listed companies fielded questions from investors anxious to learn how their businesses will be affected by the new policy. Thinker Agricultural Machinery Co Ltd, a maker of rice harvesters, was asked if the company was a "third-child concept" stock.

"Thanks for your humorous question," the company replied in an online investor relations platform.

The indirect relationship is that "an increase in population will increase grain consumption... and demand for harvesters. "But the precondition is...people are willing to have a third child."

UK house prices jump 10.9pc, could speed up further

Reuters, *London*

British house prices jumped by an annual 10.9 per cent, the most in nearly seven years, and they look set to accelerate further as people seek new homes after the pandemic, mortgage lender Nationwide said.

Almost seven in 10 homeowners considering a move said they would be doing it even without the extension of a tax incentive by finance minister Rishi Sunak, Nationwide said, citing a survey it conducted in late April.

Shifting housing preferences were "continuing to drive activity, with people reassessing their needs in the wake of the pandemic," Nationwide's chief economist Robert Gardner said.

Tuesday's figures are the latest to show the scale of the surge in house prices which hit a new record high at an average of 242,832 pounds ($345,355.67), according to Nationwide. Bank of England Deputy Governor Dave Ramsden said in an interview published on Tuesday there was a "risk that demand gets ahead of supply and that will lead to a more generalised pick-up in inflationary pressure."

REUTERS/FILE

An estate agent board is displayed outside a property in London.

"We are looking carefully at the housing market and a raft of real-term indicators," he told the Guardian newspaper. Nationwide said house prices were 1.8 per cent higher than in April.

Economists polled by Reuters had expected prices to rise by 9.2 per cent in annual terms and by 0.8 per cent from April.

Nationwide said there was scope for annual house price growth to accelerate further in the coming months, given how weak the housing market was in early stages of the pandemic.

But if unemployment rises sharply later in 2021 - when Sunak's jobs protection programme is due to expire - there was scope for activity to slow, perhaps sharply, it said.