

# Dhaka Bank rides on tech to make retail, SME banking vibrant

Emranul Huq, managing director of the lender, talks to The Daily Star

AKM ZAMIR UDDIN and SUKANTA HALDER

Dhaka Bank Ltd has embraced technologies to make its retail and SME banking vibrant instead of relying on the corporate segment as it looks to drive the next phase of growth.

The bank has set a target to disburse 30 per cent of its total outstanding loans to the small and medium enterprises sector and retail clients within the next year and 40 per cent by 2025, up from 20 per cent now.

The aim is to reduce the credit risk as banks usually face a major problem when a large borrower turns into a defaulter.

"Such risks can be reduced by adopting diversified loan disbursement models," Emranul Huq, managing director of the bank, told The Daily Star in an interview recently.

Dhaka Bank marks its 26th founding anniversary today.

Over the years, the private commercial lender has gained huge experience from running wholesale banking. It selects corporate borrowers based on their previous business records to avoid non-performing loans.

Now it plans to duplicate the success in the retail and SME banking segments. In order to become successful in the two areas, the bank

has already embraced technologies to serve clients in the changing banking industry.

Many banks around the world have jumped on the bandwagon of digital banking in recent years, and the adoption of technologies has accelerated during the coronavirus pandemic.

Dhaka Bank introduced Robotic Process Automation (RPA) in 2019, becoming the first lender in Bangladesh to do so. The system helped it run operations efficiently when the country came under a lockdown during the first wave of the pandemic.

UiPath, a global software company based in New York, recognised Dhaka Bank with UiPath Automation Excellence Awards in December last year, also the first among the banks.

RPA makes it easy to build, deploy, and manage software robots, which emulate human actions interacting with digital systems and software.

Software robots can complete the right keystrokes, navigate systems, identify and extract data, and perform a wide range of defined actions. It reduced the cost of disbursing financial aids and incentives to thousands of payroll clients and garment and other factory workers during the pandemic.

RPA is also helping clients open an



Emranul Huq

account with Dhaka Bank straight from home and receive the account opening pack at their doorsteps. This means there will be no requirement for them to visit a branch to collect the debit card and cheque book.

"This has inspired us to automate our banking process more and more," said Huq, who was promoted to the post in February last year from the post of additional managing director.

The bank looks to introduce a nano digital loan product for payroll customers in the quickest possible time.

Clients who have a salary account with the bank will be able to avail themselves of the loan within two hours if they apply for the credit during banking hours.

Depending on the income, they will initially get loans ranging from Tk 16,000 to Tk 50,000. The amount will go up to Tk 300,000 gradually.

The artificial intelligence technology will be used to make the new programme successful. "We will make the product available for all customers in the future," Huq said.

The bank is pinning its hopes on the expanding middle-class to widen the retail banking operation. It recently started financing SMEs under a digital platform.

It has focused on SME clients linked to the corporate entities financed by Dhaka Bank.

Two categories of small businesses have been selected for the loans. One of the categories comprises the businesses that supply raw materials to large groups. The other group is traders who sell products manufactured by the groups.

Importers, too, are now allowed to open letters of credit online.

The bank has already secured a strong position in the foreign exchange business: it is one of the largest lenders in terms of earnings in the segment.

Dhaka Bank contributed around 3.50 per cent to the country's total trade volume last year, and it expects to lift it to 4 per cent this year.

Between January and May this year, total exports and imports through the bank stood at \$1.54 billion, up 63 per cent year-on-year.

"We have been able to attract foreign exchange business through the digital platform," said Huq, who has been with Dhaka Bank for 24 years.

Huq hopes that the foreign trade volume of the bank would get a boost in the days to come.

The bank, which commenced its operation in 1995, does not attach much importance to opening full-fledged branches because of the banking industry's shift towards digitalisation globally.

"We only open sub-branches in the remotest parts of the country where people are yet to be brought under the formal financial umbrella. This will help expedite the financial inclusion agenda," said Huq, who started his banking career in 1986.

The success in corporate financing has helped the lender bag the prestigious "Best Corporate and Investment Bank 2021" under the Asia money Bangladesh Awards 2021.

"They have considered the quality of our loans given to large infrastructural projects implemented by corporate groups," Huq said.

Dhaka Bank accounts for 10 per cent of the financing in the power sector, which has increased electricity generation fourfold in the last decade.

Huq said the bank had never adopted any aggressive strategy to make quick bucks in its history.

"We have always concentrated on quality growth. We always try to provide financial services to clients in line with global standards. As a result, we have been able to avoid any major financial anomalies."

The noted banker also touched upon the macroeconomic situation of Bangladesh, saying the major indicators were now in good shape despite the pandemic.

Higher export earnings and robust growth in remittances have assisted the government in tackling the economic uncertainty comfortably. The ballooning of foreign exchange reserves has given a breathing space.

According to Huq, both Bangladesh Bank and the country's lenders should continue supporting SMEs as the economy would not return to its higher growth trajectory if the sector did not make a turnaround.

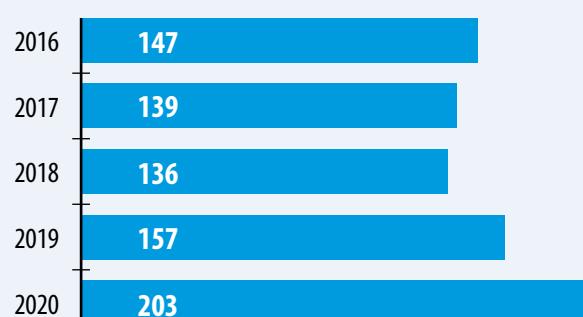
Excess liquidity has become a burden for banks owing to lower credit growth for the time being. But the private sector would absorb the additional funds in the coming months as many businesses plan to expand their footprint.

"On top of that, the global economy is gradually recovering from the slowdown, and the revival will have a positive impact on our economy," he said.

## NET PROFIT OF DHAKA BANK

In crore taka

SOURCE: BANK'S ANNUAL REPORT



## GLOBAL BUSINESS

### Amazon, Tata say Indian govt e-commerce rules will hit businesses

REUTERS

Amazon.com Inc and India's Tata Group warned government officials on Saturday that plans for tougher rules for online retailers would have a major impact on their business models, four sources familiar with the discussions told Reuters.

At a meeting organised by the consumer affairs ministry and the government's investment promotion arm, Invest India, many executives expressed concerns and confusion over the proposed rules and asked that the July 6 deadline for submitting comments be extended, said the sources.

The government's tough new e-commerce rules announced on June 21 aimed at strengthening protection for consumers, caused concern among the country's online retailers, notably market leaders Amazon and Walmart Inc's Flipkart.

New rules limiting flash sales, barring misleading advertisements and mandating a complaints system, among other proposals, could force the likes of Amazon and Flipkart to review their business structures, and may increase costs for domestic rivals including Reliance Industries' JioMart, BigBasket and Snapdeal.

Amazon argued that Covid-19 had already hit small businesses and the proposed rules will have a huge impact on its sellers, arguing that some clauses were already covered by existing law, two of the sources said.

The sources asked not to be named as the discussions were private. The proposed policy states e-commerce firms must ensure none of their related enterprises are listed as sellers on their websites. That could impact Amazon in particular as it holds an indirect stake in at least two of its sellers, Cloudtail and Appario.

On that proposed clause, a representative of Tata Sons, the holding company of India's \$100 billion Tata Group, argued that it was problematic, citing an example to say it would stop Starbucks - which has a joint-venture with Tata in India - from offering its products on Tata's marketplace website.

### Bezos steps aside after living high on the hog

REUTERS

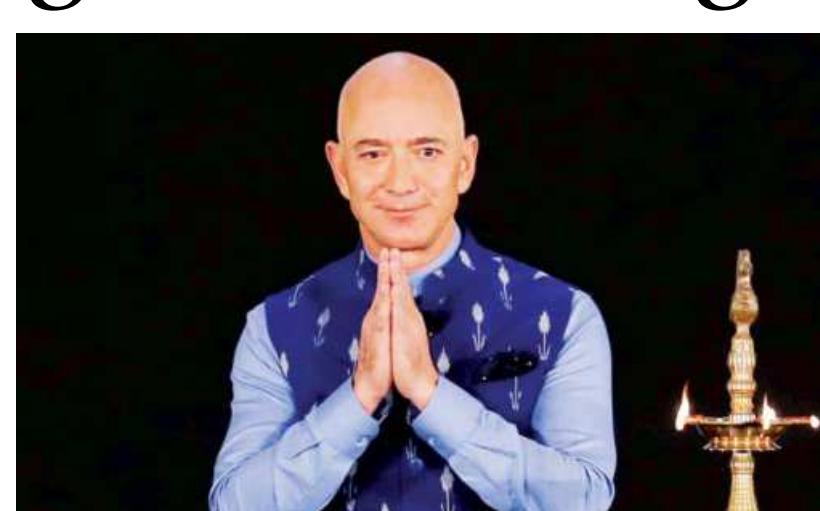
Jeff Bezos has some solid timing. The founder and chief executive of Amazon.com is handing over the CEO role to Andy Jassy, head of the cloud division AWS, after a fortuitously good year at the \$1.7 trillion retail giant.

The new boss will face a different, more challenging normal that includes regulatory scrutiny.

First the results: Amazon said Tuesday that fourth-quarter revenue rose 44 per cent year-over-year to \$126 billion.

That's the first time the company topped \$100 billion of sales in a quarter helped by delivering items to customer's doorsteps during the pandemic and, of course, the holidays.

That's the good news. The rest



Jeff Bezos, founder of Amazon, attends a company event in New Delhi, India on January 15, 2020.

### Amazon to grant new CEO Jassy \$200m in stock

REUTERS

Amazon.com Inc plans to award incoming Chief Executive Andy Jassy more than \$200 million in extra stock, which will pay out over 10 years, the company said in a regulatory filing on Friday.

Amazon will record the grant of 61,000 shares on July 5, the filing said. That's the date Jassy succeeds Jeff Bezos in the online retailer's first CEO transition since its founding in 1994. As of Friday's close, those shares are worth about \$214 million.

harkens some major challenges for Jassy. Operating expenses ballooned 42 per cent in part because costs associated with worldwide shipping rose about two-thirds.

The vaccine rollout will coincide with choice, which could make life harder for Amazon.

The company is forecasting sales volume to drop by a quarter in this period compared to three months ending December.

The hurdles may partly be why Jassy is now leading the company.

AWS is one of Amazon's jewels.

## NEWS In Brief

### US on way back to pre-crisis employment levels: Fed official

REUTERS

Federal Reserve Bank of San Francisco President Mary Daly said Friday that at the current pace of job growth, averaged over the past three months, US employment could regain its pre-crisis level by the end of next year.

"Today's job market report just says we're on our way," Daly told CNN in an interview, referring to a government report earlier Friday that showed US employers added 850,000 jobs in June.

She added that she was very confident that by fall more Americans will be returning to the workforce.

### Former French PM Fillon joins Russian oil company board

AFP

Former French prime minister Francois Fillon has been named to the board of Russian state oil company Zarubezhneft, a list published by a website specialising in business information disclosure showed.

Zarubezhneft did not respond Friday to a request for comment on the list posted to the e-disclosure.ru website run by the Interfax news agency, which said Fillon had been on the board since June 28.

Fillon, who ran the French government under President Nicolas Sarkozy between 2007 and 2012, is head of Apteris, a consultancy he set up after an ignominious 2017 presidential bid. His campaign was capsized by a fake-jobs scandal, for which a court sentenced him in June 2020 to five years in prison, three suspended.

He has already worked with Russian firms through Apteris and was nominated for his role on the Zarubezhneft board by the government in Moscow in June.

Fillon, 67, is just the latest in a string of former senior European politicians to join Russian energy companies.

Austrian ex-foreign minister Karin Kneissl, who notoriously danced with President Vladimir Putin at her wedding in 2018, was in June named to the board of Rosneft, Russia's biggest oil producer.

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