



BEST FINANCIAL INSTITUTION

Pubali Bank's journey to the top



The lender had gone through ups and downs in the 64 years since it was founded before finally coming out on top through its performance, growth and innovation

MD MEHEDI HASAN

While more than a dozen banks in Bangladesh are struggling to stay afloat, Pubali Bank, which has emerged as one of the leading private commercial lenders, stands as a glowing example of how to traverse difficult times.

The lender had gone through ups and downs in the 64 years since it was founded before finally coming out on top through its performance, growth and innovation.

The bank has been able to maintain a low non-performing loan (NPL) to outstanding loan ratio and secured staggering profits over the last couple of years.

The bank's NPL to outstanding loan ratio was over 35 percent in 2000. But

it was brought down to 6.25 percent in 2014 and then to 2.86 percent in 2023.

Last year the bank secured substantial year-on-year growths in profit (35.42 percent), deposits (19 percent), loans and advances (20 percent), remittance collections (42 percent) and import and export business (8 percent).

Moreover, every segment has continued to grow.

According to Managing Director and CEO Mohammad Ali, the secret lies in maintaining good governance under experienced management, strictly abiding by rules and regulations, undertaking timely initiatives, tackling political interference and focusing on financial inclusion and digital inclusion.

After Bangladesh gained independence, Pubali Bank was nationalised and subsequently corporate governance was destroyed and defaulted loans increased to 54 percent, Ali told The Daily Star in a recent interview.

The bank had started its operation in East Pakistan as Eastern Mercantile Bank in 1959. In 1984, the lender turned into an ailing institution and was denationalised and renamed Pubali Bank.

After denationalisation, the first responsibility of the board was to cover up its financial, managerial and operational weaknesses and establish a mindset that focused on ensuring corporate governance, Ali said.

The board needed 21 years, meaning till 2005, to fix those issues and the ups and downs during that period helped investors of the bank gain experience, he said.

Bangladesh Bank assigned an observer to monitor its activities in 2005 and withdrew the official in 2007, he added.

Now, Pubali Bank is the largest private commercial bank with 504 branches, 195 sub-branches, 21 Islamic banking window branches and the largest real-time centralised online banking network.

Till last year, deposits at the bank stood at Tk 60,629.64 crore and advances stood at Tk 55,449.55 crore.

The bank does not lend money to anonymous or paper-based companies, Ali said, nor does it compromise or bow down to political pressure, he said, adding that they have been able to create a quality asset base.

"Pubali Bank is now in the number one position in terms of the regulator's confidence and customer confidence," he said.

It also boasts the lowest amount of classified loans in the banking sector, said Ali, adding that they were able to maintain bad loans at less than 3 percent of all loans.

The bank is continuously progressing in offering digital banking services and has different products for different segments of the population, even senior citizens, he said.

It also always tries to ensure customer comfort through financial inclusion and digital inclusion.

The board of directors of Pubali Bank adopted policy measures that are helpful for maintaining the corporate governance at the bank.

The commitment of the board of directors is the main issue here, explained Ali.

When discussing digital inclusion, Ali said it would ensure the survival of the banking sector in the future.

"Now banks must focus on digital inclusion," he said.

A CEO of a bank will have to spend 50 percent of his or her time on digital inclusion and will have to take the right decision at the right time, he added.

Digital inclusion helped to expand the portfolio, Ali pointed out.

"Every employee of a bank must adapt to a digital environment. Banks must focus on business, digital inclusion and financial inclusion. Now there is no option to survive without digital inclusion," he said.

"When I joined Pubali Bank, its loans and advances stood at Tk 6,500 crore 16 years back. But now loans and advances at our principal branch stand at Tk 8,500 crore," Ali said.

The bank is maintaining balance in export and import, which will help mitigate the forex crisis. All of the bank's segments are growing, he said.

AK Khan, OR Nizam, MR Siddiqui, Khan Bahadur Mujibur Rahman, Mirza Mohammad Ali Ispahani, Habibur Rahman and Dr Naimur Rahman were some of the notable sponsors of the bank.



Mohammad Ali

OUTSTANDING WOMAN IN BUSINESS

A trailblazer for women in business

Dolly spends 1 percent of her company's earnings on the welfare of her society, such as by providing free education to underprivileged children. She also gives technical education and assistance to her community

REFAYET ULLAH MIRDHA

Her dream was to enrol in Chattogram University or another reputed institution, but she could not even sit for the admission test as her father fell ill in 1994.

Since he believed he would not be around for a lot longer, the bed-ridden gentleman advised his daughter to get admitted to a college to obtain a degree rather than committing the time to complete an Honours degree.

This would enable her to graduate more quickly and find a job sooner.

Kyaw Sein Thay Dolly, managing director of Cloths "R" Us Ltd, a garments-buying house, followed her father's advice and got admitted to Tejgaon College in Dhaka in the B. Com (Pass) course.

Her ambition was to complete her education, become the breadwinner of her family, and assume responsibility for her four younger siblings.

During her student life in Dhaka, she worked as a tutor, but after getting her degree in 1996, things began moving quickly.

Dolly was helped by her elder sister, who was working as a merchandiser at Li & Fung and referred Dolly for the job. But her prospects were also bolstered by her initiative to complete another six-month secretarial science course from the YMCA in Dhaka.

When she went to join Hong Kong-based Li & Fung in January of the next year, Dolly was given two options by her British boss.

The first was to work as his personal secretary for a salary of Tk 15,000 per month while the alternative was to work as an assistant merchandiser for a much lower wage.

Dolly chose the latter, spurred by her

belief that being a secretary offered little career prospects or progression.

After successfully completing the six-month apprenticeship, she continued working at the company for 13 more years.

While working at Li & Fung, Dolly continued her studies and secured an MBA degree from a private university by 2003.

"My MBA degree was a turning point in my life. It taught me how to become an entrepreneur and a good manager," Dolly said.

Finally, in 2010, she departed Li & Fung to take on a bigger responsibility, joining global garment sourcer PVH as a divisional manager.

In the meantime, she gained leadership experience and sought out more responsibility. She was not content with being a divisional manager and instead aimed to become a country manager for a foreign garment sourcing company.

She achieved that goal in 2013, joining Dutch brand MS Mode as country manager, but she moved that same year to MGF Sourcing, a US-based high-end garment retailer, and was posted in Jakarta until 2016.

She earned a lot of experience in Jakarta, meeting people of different nationalities, and was eventually promoted to director of merchandising.

She quickly became the de facto leader of the office in Jakarta as her skills and grasp of the English language outshone others.

As per her request, the company transferred Dolly to Bangladesh and promoted her to country director.

However, in 2018, Dolly began planning to use her vast experience to launch her own business.

In May of 2019, she started her business. To gather the starting capital, she sold a parcel of land in Cox's Bazar, which had been bought by her family.

She managed to gather around Tk 1 crore from the sale of the land and the savings she had built up during her years as a highly paid employee.

Finally, she opened her own buying house in Dhaka.

Afterwards, she visited Germany, India and other large markets and got a good response from foreign buyers



Kyaw Sein Thay Dolly

despite the Covid-19 pandemic posing significant barriers.

After a pause in business due to the severe fallouts of the pandemic, her business picked up again, and she broke even in 2021.

Now, with her company boasting an annual turnover of \$10 million, Dolly plans to set up a garment manufacturing unit in 2025, believing her business will be an even bigger hit after Bangladesh graduates from a least developed country (LDC) to a developing nation in 2026.

As she has always prioritised environmental concerns, her company makes garments from bamboo fibre, and organic cotton that has been certified by the Better Cotton Initiative (BCI).

Such success has been achieved by Dolly despite her never wishing to be an entrepreneur in her student life.

Dolly was born in Chattogram's Patharghata, where her father used to run a small business, although her hometown is Cox's Bazar.

Her father, who had been educated

in textile engineering in Myanmar, was likely the first Bangladeshi in Chattogram with a handmade screen printing and dyeing factory, which was launched just after independence in 1971.

There, he made sarees for local consumers until 1982 or 1983.

From those humble beginnings, Dolly now has a business with 12 employees and an annual turnover in the tens of millions. Her profit margin is around 10 percent.

Her dream is to become a bigger player in the sustainable fashion world by making clothes from recycled materials such as plastic.

She wants to expand further and hopes to increase turnover to \$30 to \$50 million over the next five years.

Although Dolly has faced a lot of ups and downs, she believes the business environment for female entrepreneurs has improved a lot, to the point that she does not see any difference between male and female entrepreneurs.

Business ethics, payment terms, honesty and expertise matter a lot to

Dolly and those are areas where she does not make any compromises.

Dolly, a Rakhine girl from the Harbang village under Chokoria in Cox's Bazar, is also the president of the Bangladesh Rakhine Buddhist Welfare Association of Dhaka Metropolitan unit.

She is also the president of a Buddhist Temple in her village.

Dolly spends 1 percent of her company's earnings on the welfare of her society, such as by providing free education to underprivileged children.

She also gives technical education and assistance to her community and works as an organiser of the Rakhine community people in Dhaka.

The self-made Dolly thinks that many struggle in business due to a lack of motivation and mental strength. Having the proper mindset as well as realistic goals is very important.

The garment business in Bangladesh has a lot of potential and the government should place special emphasis on this business, Dolly said.