

Mercantile Bank maintains good reputation amid turmoil

Says managing director of the bank on the eve of its 26th anniversary

MD MEHEDI HASAN

The banking sector is currently going through one of its worst times. People are suffering, with some even failing to withdraw their own money, causing immense distress.

However, Mercantile Bank stands as an exception in this situation, according to Mati UI Hasan, the managing director of the private lender.

"Mercantile Bank has been able to maintain its reputation in this situation. People still have trust in us. We are able to repay depositors on time," Hasan said in an interview with The Daily Star.

The private commercial bank is going to celebrate its 26th anniversary today.

"We have around 200 branches and sub-branches. At no point have we heard of any of our branches facing issues where a depositor was affected, and that is a significant achievement."

Mercantile Bank was established on June 2, 1999. Now the lender offers banking services through a total of 152 branches and 47 sub-branches, 200 ATM booths, and 188 agent banking outlets.



Mati UI Hasan

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The lender is conducting correspondent banking with 618 foreign banks. Till December of last year, total deposits at the bank stood at Tk 34,272.42 crore, while advances and loans amounted to Tk 30,002.51 crore.

Mentioning the bank's lending strategy, the managing director said its focus is to gradually shift from corporate lending to small and medium enterprises.

"At present, SMEs account for 13 percent of our loans, and we aim to increase it to at least 25 percent by 2025. In addition, our focus on retail has been relatively low, but we are also planning to expand in that area."

In 2024, loan disbursement to SMEs and agricultural sectors increased by 121.5 percent and 22.5 percent respectively compared to 2023. Mentioning the previous year's performance, he said there was growth in deposits, but lending was intentionally kept a bit low.

"This was a planned decision to ensure that we had the capacity to absorb both external and internal economic shocks. In that context, our foreign trade business remained stable. Although there was a temporary US dollar crisis, we managed to overcome it."

Speaking about challenges faced by the bank, Hasan said there is pressure on everyone given the current circumstances. He added that it could be noticed through both qualitative and quantitative judgment.

"We were more or less able to manage the quantitative judgment, but this year, what has happened is that the qualitative judgment has put pressure on us," the Mercantile Bank MD said.

"Many loans are being classified as 'by name,

by identified quality' -- which implies there is risk involved -- and we are required to keep provisions against those. However, we have not issued any loans that are unidentified."

Following the political transition in August last year, the business environment has seen a shift towards reforms aimed at promoting transparency, democratic processes, and improving the overall climate for businesses.

Addressing technological development and digital banking, Hasan said the bank's biggest asset is that it has the latest software from the United Kingdom.

He said this is a major asset because, in the future, as banking becomes more software-driven and digital, the bank will be capable of launching any new product digitally, he added.

"Many banks have started offering nano loans through mobile financial services like bKash, and we are also trying to develop such products. Ultimately, banking is heading in that direction -- and that's where it's going."

Mentioning popular products for the new generation, he said the bank has a good product specifically designed for startups.

"For example, if someone finishes their studies and wants to do something as an entrepreneur -- if I see that the person has determination, some form of security, innovation, and a solid idea -- we provide them with loans of up to Tk 25 lakh."

He added that the bank is offering financing options for those involved in outsourcing or IT freelancing. Anyone can apply and there is no collateral required.

However, they must have relevant education, certifications, and the necessary capacity or skills. "This is a great opportunity for the new generation," he said.

"We have a product called 'Rainbow', through which 16 types of services can be provided. You can get these services from home. This is something unique to our bank."

"So, one of our market assets is that we have

all types of products. Every product that exists in the Bangladeshi banking industry -- we have it. In terms of digitalisation, if you look at the top five banks leading in digitisation and compare their products with ours, you'll see that we have products of the same standard."

Mercantile Bank promotes financial inclusion through several avenues, including digital banking platforms, agent banking, and sub-branch services, aiming to bring unbanked individuals into the formal financial system.

"We also focus on specific initiatives like 'MBL Nari Sanchaya Prokolpo' for women and SME financing. In 2016, Mercantile Bank established the 'Financial Inclusion Department' under the Agriculture Credit Division."

The private commercial bank is also focusing on agent banking and offers Islamic banking products.

"We have different wings and one main branch dedicated to Islamic banking. Through this main branch, we can offer Islamic products and services to any branch across the country. This is an advantage -- any person from the market can now access Islamic banking facilities."

"We have all types of products in our basket so that people can benefit from them. Our goal is to ensure that our services reach people even in the most remote areas."

"All the products of Mercantile Bank are doing well, and the bank is now trying to reduce system costs."

"One of our advantages -- our plus points -- is that our board does not interfere in management operations. I still believe that our bank's board members want the bank to remain secure and stable."

The bank received the 23rd ICAB National Award, the "Elite Quality Recognition Award 2021" from J.P. Morgan, the lender's "MBL MyCash Limited" was awarded the "Most Loved Brand Award" by Bangladesh Brand Forum, and it was also recognized as a large taxpayer institution by the Large Taxpayer Unit of the National Board of Revenue.

Advertorial

Bank Asia does it again! – Strategic acquisition of Bank Alfalah's Bangladesh operations by Bank Asia

In a significant development within the country's banking sector, Bank Asia PLC has signed a Memorandum of Understanding (MoU) with Bank Alfalah Limited, one of the largest commercial banks in Pakistan, in which Bank Asia will acquire the Bangladesh operations of Bank Alfalah Ltd. The acquisition is subject to both parties signing definitive agreements and obtaining regulatory approvals. This acquisition is aligned with the bank's strategic objectives and paves the way for long-term growth and value for the colleagues and customers in Bangladesh.

The acquisition process was initiated in April 2024 and has reached a significant milestone with the signing of the MoU for a definitive agreement and the completion of legal formalities required for the complete transfer of assets and liabilities related to Bank Alfalah's operations in Bangladesh.

Bank Alfalah has been widely recognised as one of Bangladesh's most efficient foreign banks. With a classified loan ratio of less than 2 percent and a deposit mix consistently outperforming the industry average, the bank's operational indicators reflected sound management and prudent lending practices.

Headquartered in Pakistan, the

Dr Muhammad Yunus to discuss bilateral cooperation and matters of mutual interest.

The acquisition positions Bank Asia as one of Bangladesh's largest banking institutions, reinforcing its reputation for strategic growth and innovation. Marking its third major acquisition in its 26-year history, Bank Asia previously set a precedent by acquiring the Dhaka operations of the Bank of Nova Scotia, a first-of-its-kind transaction in Bangladesh. Further cementing its growth trajectory, the bank successfully integrated the local operations of Pakistan's renowned Muslim Commercial Bank Ltd (MCB).

Bank Asia continues to lead Bangladesh's banking sector with its commitment to innovation, financial inclusion, and sustainable growth. Since pioneering agent banking in 2014, Bank Asia has expanded its robust presence across corporate, small-medium enterprise, and retail banking segments, serving over 8.8 million customers. Its corporate governance and transparency excellence have garnered multiple local and international awards. Bank Asia solidifies its role as a dynamic and progressive force in Bangladesh's financial landscape by leveraging technology to enhance customer service and operational efficiency.



ANM Mahfuz, additional managing director and chief business officer of Bank Asia PLC, and Farooq Ahmed Khan, group head of CIB and IB at Bank Alfalah Limited, pose for photographs during the signing ceremony of a memorandum of understanding at the Bank Asia Tower in the capital's Karwan Bazar recently. Sohail RK Hussain, managing director of Bank Asia PLC, was also present.

PHOTO: BANK ASIA

Abu Dhabi Group acquired Bank Alfalah in 1997, and since then, it has evolved as one of the leading financial institutions in the country. The Chairman of the board, His Excellency Sheikh Nahayan Mubarak Al Nahyan, is a senior member of the ruling family of Abu Dhabi and currently serves as the UAE's Minister of Tolerance and Co-existence. His Excellency recently visited Bangladesh and met with Interim Government Head

This acquisition stands as a testimonial to the substantial transformation within Bangladesh's banking landscape, reflecting the evolving dynamics of the financial sector. It underscores the resilience and growing stability of the nation's economy while also affirming Bank Asia's strong financial position and strategic vision in navigating and contributing to the nation's progress.

IFIC Bank slipped into losses in 2024

STAR BUSINESS REPORT

IFIC Bank PLC reported losses in 2024 compared to a profit in the previous year, due to lower interest spreads and deteriorating asset quality, according to a price-sensitive information disclosure by the bank.

The bank reported a consolidated net loss of Tk 121 crore in 2024. Its consolidated loss per share stood at Tk 0.63 in 2024, a sharp reversal from earnings per share (EPS) of Tk 1.56 in 2023.

It also reported a consolidated net operating cash flow per share (NOCFPS) of Tk 3.48 for the year that ended on December 31, 2024, slightly up from Tk 3.36 in 2023.

However, the net asset value declined due to the annual loss. The board of directors has recommended no dividend for 2024, while the bank declared a 5 percent stock dividend in the previous year.

In a separate disclosure, IFIC Bank posted a consolidated loss per share of Tk 2.60 for the first quarter of 2025, down from a restated EPS of Tk 0.21 for the same period of the previous year.

The bank attributed the loss to continued asset quality deterioration.

Its consolidated NOCFPS stood at negative Tk 0.04 for the January-March period of 2025, compared to Tk 3.01 (restated) in the same period of 2024.

Rupali Bank's profit slumped 82% in 2024

STAR BUSINESS REPORT

Rupali Bank PLC's profit plummeted in 2024 due to declining operating income.

The state-owned bank's profit dropped 82 percent year-on-year to Tk 11.22 crore in 2024.

The bank reported consolidated earnings per share (EPS) of Tk 0.23 for the year ending on December 31, 2024, down from Tk 1.28 (restated) a year earlier, according to a price-sensitive information disclosure.

The bank attributed the decline in EPS to a fall in total operating income. Its consolidated net operating cash flow per share (NOCFPS) stood at negative Tk 8.06 for 2024, sharply down from positive Tk 105.06 (restated) the previous year.

The fall in NOCFPS was due to a rise in loans and advances, the bank said. The board of directors has recommended no dividend for the year ended December 31, 2024, while it issued a 5 percent stock dividend in the previous year.

In a separate disclosure, the bank reported consolidated EPS of Tk 0.13 for the January-March quarter of 2025, down from Tk 0.47 (restated) in the same quarter of 2024.

Oil under \$65 a boon for consumers, but a burden on producers

AFP, London

US President Donald Trump's tariffs, his call to "drill baby drill" and especially a decision by Opec+ to hike crude output quotas have oil prices trading at lows not seen since the Covid pandemic.

That is good news for consumers but not so much for producers, analysts say.

A barrel of Brent North Sea crude, the international benchmark, stands below \$65, a far cry from the more than the \$120 reached in 2022 following the invasion of Ukraine by major oil producer Russia.

Lower inflation

The fall in oil prices has contributed to a global slowdown for inflation, while also boosting growth in countries reliant

on importing crude, such as much of Europe. The US consumer price index, for example, was down 11.8 percent year-on-year in April.

Cheaper crude "increases the level of disposable income" consumers have to be spending on "discretionary items" such as leisure and tourism, said Pushpin Singh, an economist at British research group Cebr.

The price of Brent has fallen by more than \$10 compared with a year ago, reducing the cost of various fuel types derived directly from oil. This is helping to push down transportation and manufacturing costs that may, in the medium term, help further cut prices of consumer goods, Singh told AFP.



A view shows the crude oil terminal Kozmino on the shore of Nakhodka Bay near the port city of Nakhodka, Russia. The price of Brent has fallen by more than \$10 compared with a year ago, reducing the cost of various fuel types derived directly from oil.

PHOTO: REUTERS/FILE

But he noted that while the drop in crude prices is partly a consequence of Trump's trade policies, the net effect on inflation remains difficult to predict amid threatened surges to other input costs, such as metals.

At the same time, "cheaper oil can make renewable energy sources less competitive, potentially slowing investment in green technologies", Singh added.

Oil producers

As prices retreat however the undisputed losers are oil-producing countries, "especially high-cost producers who at current and lower prices are forced to scale back production in the coming months", said Ole Hansen, head of commodity strategy at Saxo Bank.

Oil trading close to or below \$60 "will obviously not be great for shale producers" either, said Rystad Energy analyst Jorge Leon. "Having lower oil prices is going to be the detriment to their development," he told AFP.

Some companies extracting oil and natural gas from shale rock have already announced reduced investment in the Permian Basin, located between Texas and New Mexico.

For the Opec+ oil alliance, led by Saudi Arabia and Russia, tolerance for low prices varies greatly.

Saudi Arabia, the United Arab Emirates and Kuwait have monetary reserves allowing them to easily borrow to finance diversified economic projects, Leon said.

Hansen forecast that "the long-term winners are likely to be major Opec+ producers, especially in the Middle East, as they reclaim market shares that were lost since 2022 when they embarked on voluntary production cuts".

HSBC to close its US business banking unit

REUTERS

HSBC is exiting its business banking portfolio in the United States, as it continued to simplify operations and shift its focus to Asia and Middle East markets.

"Following a strategic review of our business, we have decided to exit our Business Banking portfolio in the United States," it said in a statement.

"We are supporting impacted clients while they transition to a suitable alternative provider and will retain some clients in our Mid-Market and Global Network Banking business," it added.

The Wall Street Journal reported on Friday that HSBC's move would affect about 4,500 clients.

The UK-headquartered lender has been reducing its global footprint in an attempt to boost profits and expand in Asia and Middle East markets.

The bank said in January it would wind down M&A and some equities businesses in the Americas and Europe. The Wall Street Journal said HSBC laid off 40 employees in the US business banking division. HSBC declined to comment.

In 2021, the bank said it was withdrawing from US mass market retail banking by selling some parts of the money-losing business and winding down others.