From promise to proof: Mutual Trust Bank's 26-year journey of reliability

As it enters 27th year, the bank is focusing on digitalisation and maintaining its reputation for trust

Syed Mahbubur Rahman

MD MEHEDI HASAN

Over the past 26 years, Mutual Trust Bank PLC (MTB) has managed to live up to the name it carries, said Syed Mahbubur Rahman, managing director and CEO of the bank.

"There has never been a case where, for example, MTB gave Tk 9 when it promised Tk 10," Rahman said in an interview with The Daily Star on the occasion of its 26th founding anniversary. "In all these years, nothing abnormal has happened in the bank."

The MTB was granted a licence by the Bangladesh Bank on October 5, 1999, and started operations later that month. Now, the third-generation private commercial bank operates 122 branches, 53 sub-branches, 185 agent banking centres, 344 ATMs, including 31 cash recycling machines, eight air lounges, four foreign exchange booths, and more than 3,300 point-of-sale terminals across the country.

The bank provides real-time online banking services along with internet and SMS services to customers.

As it enters its 27th year, the bank is focusing on building a digitally empowered institution while maintaining its reputation for trust and good governance.

"Over the last 26 years, we have built a brand based on reliability, transparency, and service. As we move forward, we want to transform this trust into a more technology-driven, customer-focused banking experience," Rahman said.

He credited the board of directors for maintaining strong governance while encouraging innovation. "The board has always supported new ideas but also ensured compliance and discipline. That balance has helped us maintain stability in a challenging environment," he said.

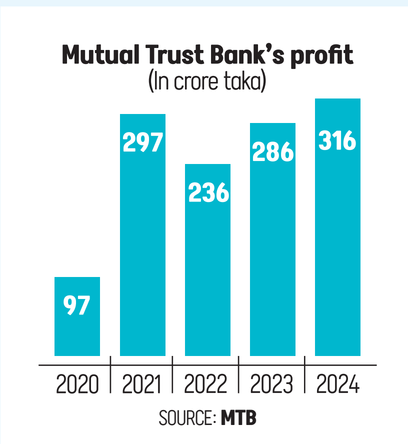
He continued that the MTB has evolved from a traditional bank into a diversified financial institution with strong retail, SME, and corporate portfolios. "We are not only expanding in size but transforming in spirit."

Earlier this year, the bank went through a rebranding exercise, unveiling a new logo and colour scheme to reflect youth and dynamism. "We wanted to connect with younger customers who value speed, convenience, and digital access. At the same time, we retained our core promise of trust. The new look symbolises both continuity and change."

As of December 2024, the MTB's total deposits stood at Tk 33,187 crore, while loans and advances reached Tk 30,105 crore. The bank reported a consolidated profit of Tk 569.84 crore for the year ending December 31, 2024, a 10 percent increase from the previous year.

The MTB is among the few private banks that maintained a clean image amid turbulence in the sector, marred by money laundering and loan default. Rahman attributed this to its emphasis on compliance, risk management, and internal control. "We have always prioritised reputation over short-term gain."

Retail and SME financing remain central to the bank's growth strategy. Retail banking has expanded significantly in recent years, particularly in credit cards and home loans.



"We are now among the top banks in terms of credit card outstanding, and our home loan portfolio has grown sharply," Rahman said.

To enhance efficiency, the MTB has introduced a 48-hour home loan approval process and a pre-approved credit card system for eligible customers. "We want to offer simple, fast, and transparent retail solutions."

In SME banking, the bank aims to deepen its engagement with small entrepreneurs, especially in the manufacturing and service sectors.

"We are working with fintech partners and supply chain networks to reach micro and cottage enterprises that remain underserved by traditional banking," Rahman said.

The MTB is also exploring partnerships with technology firms to improve loan assessment, credit scoring, and monitoring. "We are focusing on structured and data-driven SME lending to reduce risk and improve outreach."

Despite weak private sector credit growth in recent months, the MTB continues to take a cautious lending approach. "We are not being aggressive at this point," Rahman said. "Investor sentiment is weak, and many are waiting for stability. We are lending selectively to sectors that are performing well."

The bank now prioritises pharmaceuticals, textiles, export-oriented industries, and renewable energy while keeping limited exposure to sectors under stress like real estate and construction. "Our philosophy is to grow responsibly. Aggressive expansion without proper due diligence can create future risks. We prefer sustainable profitability over short-term volume."

Although the banking sector continues to struggle with rising non-performing loans (NPLs), the MTB has managed to keep its ratio below the industry average. At the end of 2024, the bank's NPL stood at 6.95 percent of total lending. "We have strong early-warning systems and an experienced recovery team," Rahman said.

"We conduct quarterly stress tests and closely monitor large exposures. We do not allow concentration in a few borrowers. Our credit culture is built on discipline, accountability, and data."

He added that the bank's recovery process combines negotiation with legal action. "We work with clients to revive viable businesses but take strict measures when necessary. It's a balance between empathy and enforcement."

Deposit growth has remained steady as customers shift funds from weaker institutions. "People are looking for banks they can trust. Our reputation and service quality have helped attract new deposits," Rahman said.

Digital transformation is now central to the bank's strategy. Earlier this year, it launched MTB Neo, a next-generation digital banking platform offering integrated services through a mobile app. The system features an AI-based chatbot, automated call centre support, and future plans for voice-activated banking.

"Even without a digital bank licence, we want to deliver a fully digital experience," Rahman said.

The bank is also upgrading its core banking software and data analytics capabilities. "We are investing in predictive analytics and AI to improve customer experience, risk assessment, and fraud detection," said the CEO.

Customer expectations are changing rapidly, he added. "Banking is no longer about brick-and-mortar branches. It's about accessibility and relevance. We want to serve both digitally savvy youth and traditional customers who still value personal interaction."

According to Rahman, good governance remains a cornerstone of the MTB's operations. The board maintains oversight through active committees on audit, risk, and compliance. "Our directors are experienced professionals who ensure that every major decision passes through a proper governance filter."

He emphasised the importance of human capital development in sustaining success in the long term. "Technology can only go so far. The real strength of a bank lies in its people. We invest heavily in training, mentoring, and leadership development."

The bank has also focused on gender diversity and inclusion, with growing representation of women at managerial levels, he noted.

The MTB has integrated environmental, social, and governance (ESG) principles into its operations. It finances renewable energy projects, promotes paperless operations, and encourages green office practices. Recently, it launched a vocational training initiative under its CSR programme. The MTB Skill Development School offers courses in baking, graphic design, and digital marketing, targeting 1,200 trainees over three years. "Our goal is to help young people develop employable skills," Rahman said.

Meanwhile, it continues to support education, healthcare, and disaster-relief initiatives through partnerships with NGOs and community organisations.

Looking ahead, Rahman said the bank's priorities are to strengthen its capital base, enhance digital capabilities, and ensure consistent shareholder returns. "We may not always top the profit charts, but we want to be known as the most responsible bank," he said.

The CEO envisions a hybrid banking model combining physical presence with digital agility. "We want to be the bank that every generation can relate to — modern yet trustworthy," he said. "MTB's story is not just about banking; it's about building relationships and adapting to change without losing our core values."

The paperless future of microfinance

MAMUN RASHID

Nearly two years ago, the Bangladesh Bank issued a letter of intent (LOI) for licensing two digital banks. The process later proved flawed, and the recipients were seen as personally favoured. Yet few questioned the broader idea of licensing digital banks. Recently, the central bank restarted the initiative, and the country may soon have several digital banks. In that same spirit, many are asking: why not one or more digital microfinance institutions (MFIs) in Bangladesh too?

Almost five decades ago, microfinance gave Bangladesh a story of hope. It lifted millions out of poverty and built a model that inspired the world. But that success story now stands at a crossroads. The system that once thrived on face-to-face trust and cash transactions is struggling to keep pace with a digital nation. The next frontier of inclusion will not be written in paper ledgers. It will be powered by data, mobile wallets and real-time connections.

Microfinance now serves more than 40 million people and disburses hundreds of thousands of crores each year. Yet it still operates mostly on cash and manual systems. Field officers travel from village to village to collect repayments, and branches keep physical records. The result is slow operations, high costs and interest rates that burden the very people the system was meant to empower.

Digital transformation is not about replacing the human heart of microfinance. It is about freeing it from inefficiency. A digital microfinance model could bring speed, security and affordability to millions of borrowers. Digital transactions through mobile wallets or bank accounts can cut operational costs by up to 30 percent, reduce interest rates and give borrowers more breathing room. It would also build something microfinance has long lacked: a digital footprint. Every payment would generate data that could help borrowers access better credit, savings and insurance.

Bangladesh is already a leader in digital payments and mobile banking. As noted, the government is considering digital bank licences to promote financial innovation. This raises an important question: when digital banks are being licensed to serve the formal sector, why not a digital MFI licence to serve the informal one?

Microfinance institutions, whether profit-driven or mission-driven, operate closest to the grassroots. A digital MFI licence would recognise that role while giving them the regulatory flexibility to modernise responsibly. It would allow them to digitise loan management, connect with mobile financial service providers and use data to design flexible, client-centred products that could be channelled through alternative banking platforms.

This step is not just about technology; it is about inclusion. A farmer should be able to receive a loan instantly on his phone when he needs seeds and pay his suppliers without withdrawing cash. A woman in a remote village should be able to repay her loan safely without walking miles to a branch. A loan officer should act as a digital guide rather than a collector with a ledger, enabling him to reach more clients and spend more time assessing their needs.

Bangladesh has always been a pioneer in financial innovation. Grameen and BRAC showed the world how finance could fight poverty. Now the country can show how technology can deepen that mission. The government, regulators and private sector must work together to craft a clear policy for digital MFIs that safeguards data, promotes interoperability and invests in digital literacy.

The question is no longer whether microfinance should go digital. It is whether we are ready to build the framework to make it happen safely, fairly and at scale.

If Bangladesh wants to lead the next phase of financial inclusion, this is the moment. A digital microfinance revolution could do for the next 50 years what Grameen, BRAC, Asha, RDRS, TMSS and Buro did for the last. It could also add a new dimension to the financial architecture of Bangladesh in line with digital disruption at every level and attract international impact capital to scale up.

The writer is an economic analyst and chairman at Financial Excellence Ltd

US, China start trade talks in Kuala Lumpur

AFP, *Kuala Lumpur*

China and the United States began their latest round of trade talks in Malaysia on Saturday, a US Treasury spokesman and Beijing's state media said, ahead of a highly anticipated meeting of their leaders in South Korea next week.

Beijing's commerce ministry previously said Vice Premier He Lifeng would lead a delegation to Malaysia until Monday for talks with the United States.

AFP journalists on Saturday saw He Lifeng and his entourage entering Merdeka 118 -- the world's second-tallest building -- where the talks are being held.

They went through the lobby and did not speak to reporters. The US delegation used a separate entrance.

Building staff told AFP the delegations were meeting on the 92nd floor.

The world's two biggest economies are seeking to avoid further escalating a damaging tit-for-tat tariff war, with US President Donald Trump expected to meet his Chinese counterpart Xi Jinping in South Korea next Thursday.

The US president has made it clear he hopes to seal a "good" deal with China and end the trade war, even though he previously threatened to cancel the meeting, happening on the sidelines of the Asia-Pacific Economic Cooperation summit, starting October 31.

A US Treasury spokesman said Saturday that the talks in Kuala Lumpur had begun.

China's official Xinhua news agency also reported that the Chinese and US delegations had "convened".

Beijing announced this month sweeping controls on the critical rare earths industry, prompting Trump to threaten 100 percent tariffs on imports from China in retaliation.

The two countries also began charging arrival fees on each other's ships, sparked by a US "Section 301" investigation that found Beijing's dominance in the industry was unreasonable.

India can switch from Russian crude, but at a cost: analysts

AFP, *New Delhi*

Indian oil refiners can shift away from Russian crude after US President Donald Trump imposed sanctions on Moscow's two largest oil companies -- but the move will come at a cost, analysts said Friday.

Trump has claimed that Indian Prime Minister Narendra Modi has agreed to cut its Russian oil imports as part of a prospective US trade deal -- something New Delhi has not confirmed.

Relations between the countries plummeted in August after Trump raised tariffs on Indian exports to the United States to 50 percent.

US officials have accused India of helping to fund Russia's war in Ukraine by buying discounted oil from Moscow.

There has been no immediate response from India's foreign or oil ministries since Washington announced the sanctions on Wednesday.

"The key is to what extent Modi bends to the American will," Jorge Montepeque of ONYX Capital said, adding that the "initial responses were that the state oil companies were very cautious."

Oil prices jumped more than five percent after the US sanctions were announced.

"Any recalibration means... paying more for alternative oils," Montepeque told AFP. "One of the areas would be the Middle East and the price is shooting up."

Reliance Industries, the privately-owned main Indian buyer of Russian crude, said it was assessing the implications of Washington's restrictions, as well as those imposed this week by the European Union.

"We will comply with the EU's guidelines on the import of refined products into Europe," a spokesperson for the company said, and with any guidelines from the Indian side.

The European Union's new curbs include a complete ban on Russian liquefied natural gas (LNG) imports by the end of 2026.

An oil tankers train passes near the Guwahati Refinery operated by Indian Oil Corporation, in Guwahati. US officials have accused India of helping to fund Russia's war in Ukraine by buying discounted oil from Moscow. PHOTO: AFP/FILE

Reliance said it was confident that its "time-tested, diversified crude sourcing strategy" would ensure stability in refinery operations for meeting the domestic and export requirements, including to Europe.

India, one of the world's largest crude oil importers, relies on foreign suppliers for 85 percent of its oil needs.

Long dependent on Middle Eastern producers, New Delhi began purchasing heavily discounted Russian crude in 2022, capitalising on Western sanctions that limited Moscow's export options.

India imported just over 1.6 million barrels per day from Russia in September, according to trade intelligence platform Kpler.

Kpler, in October 21 comments made just before the sanctions, said that the economics were "compelling".

"Russian barrels remain deeply embedded in India's energy system for economic, contractual, and strategic reasons," it said.

"Russian crude remains structurally vital for India, accounting for roughly 34 percent of its total imports and offering compelling discounts that are too significant for refiners to ignore."

Analysts said, however, that it would not be technically difficult for Indian refiners to adjust.

"Indian refiners can easily pivot away if needed, the trade-off would be mainly pressure on refining margins," said Vandana Hari, a Singapore-based oil market analyst.

But she noted that the "import bill will climb".

Hari said that a weaker rupee "adds to the burden", though it was not as "big a sticker shock as might have been if crude was in the $70s or $80s."

The United States is India's top trading partner, but New Delhi is yet to secure a formal deal.

Indian Trade Minister Piyush Goyal said Thursday, in remarks carried by state-run media, that talks with Washington were "progressing" and that he hoped for a "fair and equitable agreement in the near future."