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Islami Bank complies with BB, other requirements in credit management: CEO
Mohammed Monirul Moula addresses the Daily Sun in an exclusive interview
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* No change in board anytime soon * Continues LCs for food security * Tk 1.5 trn deposit is secured * It handled \$387m remittance in Nov In all investment and credit portfolios, Islami Bank Bangladesh Limited (IBBL) has adhered to all regulatory requirements of Bangladesh Bank (BB) for the past four decades, according to the chief executive officer of the bank. "IBBL has maintained a strong position over the years. We have been monitoring all the credits regularly. Some media reported that IBBL issued "grace periods," which is not possible in our compliance system. All investments were made in accordance with Bangladesh Bank regulations," Mohammed Monirul Moula, managing director and CEO of IBBL, told the Daily Sun during an interview at his office in the city's Motijheel. With its investments in almost all of the country's major conglomerates, as well as soft loans to micro-enterprises in agriculture and trading, the first-generation bank supports employment for an estimated 8.5 million people. In response to recent allegations of wrong handling of credit, IBBL's chief executive denied all allegations, saying that since the bank does not deal in cash, the loans are unlikely to default. Due to disruptions in global supply chains, trade-focused businesses have suffered setbacks since the Coronavirus pandemic emerged in the first quarter of 2020. At the time, the government introduced stimulus packages to support businesses. "As a responsible bank, we opened 80 percent letters of credit for fertilizer imports to help ensure the country's food security," Monirul said. Referring to the massive credit flow in November, IBBL's CEO said the bank has increased its investment to support businesses in their efforts to revive their business following the pandemic. "All of our activities are conducted in accordance with the guidelines set forth by our regulators, Bangladesh Bank, Ministry of Finance, and Securities and Exchange Commission," he noted. As eight of every

ten expatriates have an Islami Bank account, Monirul emphasized the bank's strong position for remitting expatriate earnings back to the country. IBBL holds 10 percent of the total deposits of the banking system, 13 percent of investments, and 12 percent of export income. In November, IBBL achieved a 32 percent market share in remittance handling, he informed. The bank has been providing soft credit to small entrepreneurs since 1995 as the first conventional bank to do so. According to Monirul, IBBL has invested Tk 420 billion in rural development schemes covering 1.6 million beneficiaries with 92 percent being women. IBBL was established in 1983 with the support of Islamic Development Bank (IsDB), who withdrew major shares in 2017. With 6000 outlets including 392 branches, 2030 sub-branches, 2700 agent outlets and 2500 automated teller machines, the bank serves 1.9 million customers. IBBL is one of the top sustainable banks in Bangladesh, with a strong hold on equity and paid-up capital. About 43 percent of the foreign shareholders remain with the bank, the CEO of IBBL noted. "IsDB supports Islami Banking globally. They supported our foundation in 1983 and they are currently supporting the development of a bank in Sudan. Because of this, they withdrew their shares from Bangladesh and invested elsewhere. As of now, foreign shareholders constitute 43 percent of the shares of IBBL." The IBBL board has three foreign representatives including one from IsDB. According to Monirul, the change of board in 2017 provided the bank with a strong platform to grow its deposits from Tk 580 billion to Tk 1.5 trillion within five years. "We collected Tk 580 billion in 38 years which topped Tk 1.5 trillion within five years," he said. Among the members of the Board of Directors of IBBL are economists, chartered accountants, army officers, and reputed personalities. "Our board chairman Prof Mohammad Nazmul Hassan is a globally reputed academician and economist. IBBL executive committee chairman Dr Salim Uddin is a reputed fellow chartered accountant while vice chairman Yousif Abdullah A AlRajhi is an influential personality in Alrajhi Saudi Group," he said. Islami Bank has been the subject of propaganda that there will be a change in the board. In response to all rumours, CEO Monirul stated that IBBL has a panel of expert directors and there will be no changes to the board in the near future. "Gossip is not real. We are keeping the economy of the country strong, but it is not liked by many people. IBBL issued each credit following verification of borrower information from Bangladesh Bank's credit information bureau (CIB) and approval by the Board in accordance with all policies." With respect to a specific conglomerate, Monirul stated that IBBL has provided seed funding to Nabil Group since its inception in 2002. Shimul Enterprise subsidiary is a subsidiary of the Nabil Group, which has developed into a leading agro-based conglomerate. The group maintains around Tk 30 billion credit with us. There has been no instance of default. "The company has some dues that will be settled in the next six to seven months," he explained. Due to the pressure on foreign currencies, IBBL has maintained strong supervision of the opening of letters of credit following the regulation of Bangladesh Bank. LCs for some luxury items, including foreign fruits, have been halted pursuant to the regulations. In order to meet the government's priority of food security, IBBL continues to support the import of essential foods and energy items. From the private sector, IBBL opened the first line of credit for Petrobangla. The foreign exchange reserves of Bangladesh reached a maximum of \$48 billion at some point, of which \$12 billion were contributed by IBBL. "Islami Bank contributes a quarter to the country's foreign exchange reserves," Monirul Moula added. He accused some vested quarter of mischievously undermining the confidence in banks to harm the economy. "We believe we have our depositors are with us. The first day the report against us was published on Thursday, the next week some of our depositors withdrew money on Sunday, and again came and deposited on Monday. We had instructions in all our branches that no check should be dishonoured," he said. Islami Bank received \$352 million in October and \$387 million in November. IBBL closed capital market trading on Tuesday at Tk 32.70 per share.