Senior global banking expert tells FE
Long-term bank-client relationship can avoid financial irregularities

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A senior global banking expert has suggested the country's bankers to develop a long-term client relationship to avoid any financial irregularities like Hall-Mark scam in the Sonali Bank of Bangladesh.

"If you have long-term relationship with the clients, you easily understand their business activities and the risks involved, which will help prevent financial irregularities," David Korslund, senior adviser of the Global Alliance for Banking on Values (GAVB), told the FE in an exclusive interview in the capital on Tuesday.

But the senior adviser of the GAVB said developing the long-term relationships with clients is a challenge for the bankers in this age of market economy.

David Korslund

Mr. David is now in Dhaka to attend a four-day long GAVB meeting, which began Thursday aiming to build a shared view on non-financial measures of the sustainable banking activities.

The senior banker also said client and community focus provides for a better connection with the risks undertaken in the banking process. "With client focus, holistic stakeholder approach, resilient capital positions and sustainable banking that provide a model the current crisis could have been avoided", he noted.

The banker said sustainable banking focuses on meeting real human needs - jobs, education, housing, environmental security - through providing the support.

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Long-term bank-client relationship

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"Priority is meeting human needs and not just shareholder or management's financial demands," he said. Sustainable banking, long term client, community relationships and resilient capital positions lead to stable banks thereby impacting the broader financial sector, he added.

"Banks everywhere would benefit, as would their communities, from a focus on sustainable banking. Consideration of the holistic needs of all stakeholders will lead to a better society and economy," the GAVB adviser said while replying to a query relating to the sustainable banking practices in Bangladesh.

The GAVB is a membership organisation, made up of twenty of the world's leading sustainable banks from Asia, Africa and Latin America to the US and Europe.

The members include microfinance banks in emerging markets, credit unions, community banks and sustainable banks financing social, environmental and cultural enterprises.

"We hope this is the start of setting a high standard for banking in this area," the GAVB adviser said while explaining the main objective of the meeting of GAVB in Dhaka.

The GAVB is planning to increase the number of member banks to a maximum of 50 from the existing level of 20 by 2015, he said, adding that some banks from India, Sri Lanka, Nepal, Malaysia and Indonesia are discussing about obtaining membership of the global organisation.

"Actually, the key to the success of the GAVB is the ongoing sharing of knowledge across countries and regions in varying economic conditions," he said, adding that BRAC bank can learn about some of the approaches to reducing carbon footprints that have the benefit of also reducing costs whilst banks in other countries can learn from BRAC bank how to combine banking and other services to meet community needs for social and economic development.