

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

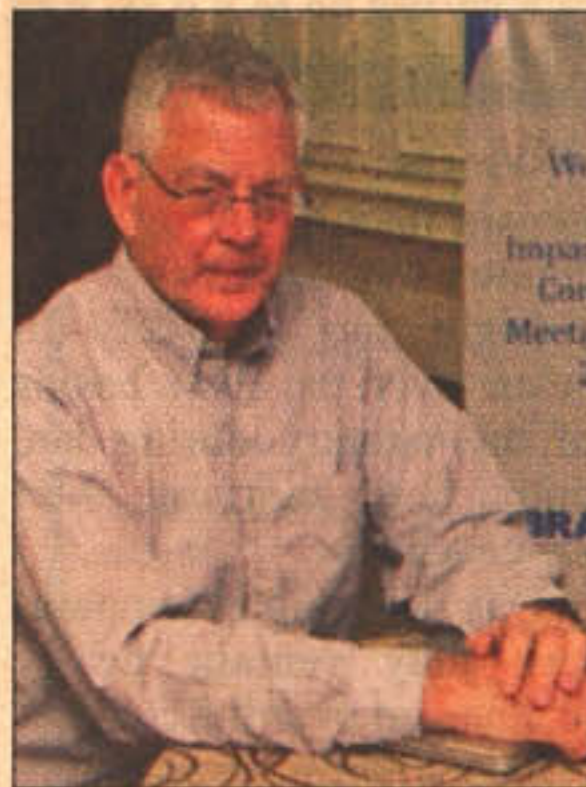
Siddique Islam

A senior global banking expert has suggested the country's bankers to develop a long-term client rela-

tionship 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 (GABV), told the FE in an exclusive interview in the capital on Tuesday.

But the senior adviser of the GABV 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 GABV 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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of the banking system in an economically sustainable manner.

"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 GABV adviser said while replying to a query relating

to the sustainable banking practices in Bangladesh.

The GABV 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 GABV adviser said while explaining the main objective of the meeting of GABV in Dhaka.

The GABV is planning to increase the number of

member banks to maximum 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 GABV 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.