

BUSINESS RECORDER

Karachi, Monday 4 July 2011, 1 Shaban 1432

NBP to cross 1,000 online branches by year-end

The National Bank of Pakistan has two goals to achieve this year: automation of its banking, and improvement of consumer services. These are the two long cherished targets that the national flag carrier bank has currently been concentrating upon on fast track basis.

Online banking would enhance the fiscal potential of NBP's most wide spread branch network in the country and bring it at par with the modern day requirements of stakeholders. On the other hand, the currently ongoing restructuring phase would introduce many new areas of functioning for the manpower, in addition to creating specialized disciplines.

It is interesting to note that over the years the bank has survived many recessions and has absorbed many jolts and shocks. Surviving with dignity and credibility during the recent worldwide banking recession is one triumph that the National Bank can rightly be commended for. The bank came up to rescue public interests belonging to two falling monetary institutions: Mehran Bank and NDFC during recent recession and saved the banking system and any loss to the stakeholders of these institutions.

The present era belongs to on-line banking which enables different players in the industry to meet the modern day requirements of the account holders. National Bank has planned to bring as many branches online as possible during the current calendar year. To dispel the impression of NBP's lagging behind in updating with modern technology, the bank has lately been moving on fast track basis towards implementation of Core Banking Application System, a move towards centralization of operations, while several other modules are undergoing user acceptance tests. Major IT projects like On-line connectivity of its 1000 branches, 400+ ATM network will be completed by December 2011.

Reaching out to all fellow Pakistani citizens irrespective of accessibility or profitability of a particular area is the pride that only the NBP enjoys in the present cut throat competition era of commercial banking. The National Bank provides its services at the doorsteps of account holders of the remotest unbanked areas of the vast and diverse landscape of our homeland, like Lal Sohanra in Bahawalpur,

Pind Muneem in Abbottabad, Gambeela in D. I. Khan, Janglote in Gilgit, Rangla in Muzaffarabad, Kuchlak in Quetta and Bagerji in Sukkur areas where other banks do not go due to non-profitability. Currently a total of 280 NBP branches are functioning in far off areas of the country which are not considered viable in terms of profits and where in a radius of 5 kilometers no other commercial bank is operating. This actually shows that the bank has been venturing beyond profits all along its creditable history. This public services role has its own gains and returns; it acquires the nation's trust and credibility which ultimately transforms into the high commercial ratings of the Bank.

Despite this public service role, it might come as a surprise to many that the NBP is the only Pakistani bank that has bagged AAA rating in medium and long term banking against AA+ of other top commercial banks in Pakistan consecutively for the past many years. Also, the NBP heralds an A-1+ in short term banking. With most stable outlook, the National Bank is counted as one of the very few financially viable and successful State-run institutions.

NBP dominates the commercial banking sector with market share of 14% in total banking sector deposits. The deposit base has exhibited healthy growth and the bank has maintained strong liquidity indicators. In addition to enjoying a large retail deposit base, the bank also holds a major portion of total public sector deposits and enjoys one of the highest levels of capitalization, among the larger banks. In the present era of high interest and inflation rates which usually result in significant growth of non paid loans, the NBP's strategy has been to consolidate with focus on recoveries. The Bank is also looking to leverage its international presence to capture higher volumes of trade business.

Currently the Bank is restructuring various different areas of its system with an objective of bringing focus and better organization. With fast paced automation and improvement of customer services, increase in low cost deposits, stronger compliance culture and increase of the bank's fee based income are a few other targets towards which the bank is targeting to progress swiftly.—PR