President & CEO, Askari Bank
Syed M. Husaini

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Syed M. Husaini joined Askari Bank as President and Chief Executive Officer on June 03, 2013. Mr. Husaini is a Masters in Economics & International Finance, along with professional certification by the National Association of Securities Dealers, USA and North American Securities Administrators Association. He has held key positions which required expertise in start-ups of financial institutions, infrastructure, and business development for commercial banks in developing countries, with over 30 years in banking, of which the first 10 years were spent overseas with a number of international banks in South Africa, Kenya and the Middle East. His assignments led him to successfully manage diversified foreign trade finance, commercial and corporate finance, and liability management. Apart from conventional banking, he helped in establishing a micro-finance bank in Karachi, and became the first CEO of that bank. This provided him with a perspective on issues of poverty alleviation and building financial outreach. His other major assignments in Pakistan include President KASB Bank, CEO of a Modaraba, Head of Corporate Banking Group, MCB, and Executive Vice President at the National Bank of Pakistan. Another intellectual dimension of his career has been his association with training. He has been a visiting faculty member at the training centers of BCCI, MCB and Askari Bank.

ICMAP: Please tell us briefly about your Bank and its performance in the banking sector in terms of deposits, assets base, advances and profitability and what measures your bank have taken to enforce good governance practices for improving internal control and ensuring strong oversight?

SMH: Askari Bank is majority owned by the Fauji Foundation Group and is amongst the fastest growing private sector banks in the country. The exceptional growth posted by the Bank in recent periods is mainly contributed by a greater focus towards business development, backed by good governance policies and practices. The growth has enabled the Bank to enhance our market share of business in terms of customer deposits, loans and advances and total assets. In terms of profits, Askari Bank closed the third quarter of 2015 with a profit after tax of Rs.4 billion despite absorption of an unusual tax levy on the banking sector. It is pertinent to mention that post acquisition by the Fauji Group, Askari Bank has resumed cash payout to the shareholders, and since 2014 to-date has distributed thirty percent cash dividend. Cash dividend had remained suspended for almost seven years prior to transfer of Bank's ownership to the Fauji Group.

Askari Bank fully recognizes the significance of internal controls in present day banking and places greater emphasis on developing, documenting, streamlining and continually improving processes and procedures with the primary objectives of enhanced operational efficiencies and improved customer services. While the internal control environment extends to all facets of banking business and operations, certain units within the Bank are also dedicatedly tasked with ensuring the presence of strong internal controls and proper oversight, including a mechanism that timely identifies gaps and risks along with requisite escalation matrix for adequate remedial measures.

Askari Bank's recent successes have arrived on the back of a strong management that has done its best to ensure the implementation of best practices across the bank, with checks and balances in place at all levels of the institution. These measures have been taken to ensure the efficiency and effectiveness of all Askari Bank employees, as well to make certain that they are working in a progressive environment that promotes ethical practices.

ICMAP: How is your bank dealing with the issue of non-performing loans and what is the progress made in Corporate Rehabilitation Law (CRA)?

SMH: Managing non-performing loans has always been a key area of concern for the banking industry. In our case, NPLs peaked at Rs. 35.066 billion, as a result of book clean-up post Fauji Group acquisition. However, our latest closing shows NPLs declining to Rs. 30.93 billion against total advances of Rs. 218.56 billion i.e. NPLs are at 14.15% of the gross advances compared to an all-time high of 21.12% at the time of change of Bank's ownership. This significant improvement was achieved due to focused approach involving aggressive, continuous and painstaking follow-up of the borrowers for recovery of NPLs.

Corporate Rehabilitation Law is still under process of discussion between stakeholders. Detailed progress may be viewed at: http://www.secp.gov.pk/Reports/2015/ConceptNote_CorporateRehabilitationLaw_20150420.pdf

Askari bank will continue to maintain an aggressive recovery stance against bad loans, which has earned the Bank good standing in the market, with a reputation for superior financial management. The Bank has done very well in terms of curtailing the growth of NPLs, while previous against non-performing assets have increased due to the aging of classifies portfolios, resulting in an increase in the coverage ratio from 90 percent in December 2014 to 92 percent as of September 2015. The Bank follows The Financial Institutions (Recovery of Finances) Ordinance, 2001; a decree which covers recovery laws pertaining to all kinds of loans.

ICMAP: Please explain your banks' policy towards SME-financing. Could you share some statistics with regard to bank's lending to the private sector, especially SMEs during last few years?

SMH: SME sector is yet to attract its due importance as conventional lending largely prefers collateral over cash flows. However, Askari Bank aggressively pursues growth opportunities in the SME sector and ensures that SME customers are facilitated in terms of access to credit through strategically located regional credit hubs, as well as through our expanding branch network across Pakistan. Through its hubs, the Bank also creates trade finance awareness, shares its expertise on the subject, as well as offers solutions. Dedicated and specialized credit resources are placed at credit hubs, along with empowered relationship management teams, to effectively serve SMEs at grassroots levels. We are also developing new SME products, as well as working on the increased marketability of existing products and services to the SME sector.

ICMAP: How do you see general emerging economic conditions in terms of challenges and opportunities and especially in the context of China-Pakistan Economic Corridor (CPEC)?

Pakistan is currently witnessing a moment in time which is rich with prospects for a thriving economic future. The economic outlook of the country seems promising on the back of higher industrial growth targets, increased budgeted spending on energy, infrastructure and relief projects, all of which seem to indicate strong GDP growth in the future. The successful execution of these projects, along with accelerated development of the China - Pakistan Economic Corridor (CPEC), is critical to achieving a step change in the country's macroeconomic trajectory.

CPEC has the potential to open up multi-faceted avenues for socio-economic development across the region, with the promise of funding from China for the development of energy resources, infrastructure and trade routes. Pakistan' economy can greatly benefit from the Chinese investments pledged under CPEC as they can bring an end to the power crisis in Pakistan as well as a much-needed trade boost. However, the situation, while ripe with possibilities, also comes with a fair share of challenges. Apposite fund allocation, project execution timelines and security concerns; all these aspects must be factored in while attempting to determine CPEC's success.

ICMAP: Do you think that the banking industry in Pakistan is ready to capitalize on the opportunities of CPEC including massive liquidity and required financing appetite to meet the demand and is there any concrete measure have been taken in this regard?

SMH: If rolled out according to plans currently in the pipeline, CPEC can open up business opportunities at a scale beyond the capacity of any one bank in Pakistan. Realization of the economic corridor will offer all banks across the industry with the golden opportunity to claim their share of the fiscal pie. With an anticipated project-run of 15 years or so, CPEC offers hope of economic stability and growth for the entire region that can lead to long-term trade and development opportunities for financial institutions as well.

ICMAP: Is your bank foreseeing or is in process of investment opportunity in any CPEC related projects such as construction of roads and motorways, energy and telecom projects etc.

SMH: Askari Bank is already involved in several power and infrastructural projects aligned with CPEC, including the upgradation of the Karakoram Highway, and a number of motorway, railway and airport development projects. The Bank is in the process of opening a representative office in China, as well as upgrading its Gwadar branch to better serve business projects associated with the CPEC initiative. We have a strong presence within the Chinese community doing business in Pakistan, and are well-placed to enhance our presence alongside trade routes being developed under CPEC.

Askari Bank is one of the leading banks engaging with Chinese businesses and projects, and is keen to be part of CPEC, as and when any new opportunity materializes.

ICMAP: How do you see the role of Management Accountants in bringing operational efficiency in banks and also cost effectiveness in financial products offered to customers?

SMH: Role of management accountants is quite restricted in the banking industry as management accountants are experts of manufacturing/production costing processes. Banks, being financial institutions, are involved more in financial and operational tasks and hence financial accountants are generally preferred over cost and management accountants. However, banks do employ management accountants for their varied arena of diversified divisions and benefit from their knowledge. Askari Bank also utilizes the capabilities of management accountants for several functions, including cost-benefit analysis, expense management and cost control etc.

ICMAP: How do you see the contribution of Management Accountants under CPEC regime specially in the context of infrastructure projects, construction of roads and motorways, energy and telecom projects etc.?

SMH: Management accountants are considered the spine of infrastructure and construction projects, and we see them playing an important role in the development of these sectors as management accountants have knowledge and expertise to give valued input regarding costing of projects, budgeting methods and monitoring thereafter, industry analysis, all of which help in effective decision-making up the ladder.

A project like CPEC can be extremely advantageous for management accountants. CPEC has the potential to open up diverse avenues and opportunities for management accountants, as they will of tremendous value in the decision-making process for various projects. ■