


AmBank unveils growth strategies

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By DALJIT DHESI



PETALING JAYA: Amid the tough business and economic environment, [AMMB Holdings Bhd](#)  (AmBank) is putting in motion strategies that will help the sixth largest banking group in the country to sustain its earnings for the financial year 2024 (FY24).

Group chief executive officer Datuk Sulaiman Mohd Tahir said AmBank is currently at the tail end of its financial year ending March 31, 2023 and its strategies for FY24 and beyond would focus on the small and medium enterprise (SME) segment, environmental, social and governance (ESG) initiatives and digitalisation.

On the SME front, he said the group would focus on tapping into foreign direct investment (FDI) opportunities to capitalise on the potential influx of foreign investments, which is expected to grow further.

“We are looking at investing resources in this space, given our strategy to widen our footprint by capturing overseas investors, and we do this by tailoring solutions to meet their needs to grow in our domestic market.

“Through our strategic partnerships with travel operators, we look to capitalise on the rebound currently taking place within the global tourism industry.

“The group will continue to aid SMEs in their digitalisation as well as scale up, and we will do this through our Road to Capital Market initiative,” he told StarBiz.

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Sulaiman said the banking group is also looking at strengthening its footprint in targeted areas that have high SME concentration, including in the Klang Valley as well as southern and northern regions.



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The compounded annual growth rate of SME deposits and SME loans have been at 7.8% and 12.2%, respectively, in the last few years. The group currently has an SME customer base of about 100,000.

For its second quarter ended Sept 30, 2022 (2Q22), AMMB’s net profit rose 35.6% year-on-year (y-o-y) to RM435.4mil while quarterly revenue was at RM1.18bil compared with RM1.12bil in the same quarter a year ago.

Basic earnings per share for the quarter was at 13.15 sen versus 9.69 sen previously.

The group declared an interim dividend of six sen per share, or a dividend payout ratio of 23%.

On the issue of ESG, he said the group is fully focused on entrenching ESG considerations into its strategies, businesses and operations.

For FY24, AmBank would further sharpen initiatives within the environmental pillar via the provision of innovative and sustainable banking products and services.

These include green home financing, green deposit, transition finance as well as financing renewable energy businesses, electric vehicles, sustainable infrastructures and sustainable agribusinesses.

By tapping into digital transformation enablers, Sulaiman said the group is looking to accelerate its digital agenda in FY24.

“We will strengthen our existing digital channels and augment our physical channels as well as capitalise on new segments of growth.

“The expansion and enhancement of our digital touch points and offerings for both retail and non-retail customers will be undertaken in collaboration with our strategic partners,” he noted.

He said AmBank is investing in dedicated resources within the group, focusing primarily on penetrating new segments innovatively.

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These include gig workers, influencers, young graduates and micro-SMEs, entirely through digital means.

Given that this is a new market segment, it opens up a new revenue stream for the group, he said.

In terms of performance for FY24, Sulaiman said despite headwinds, the group has been able to register strong showing, reflected in its 2Q23 results, on solid fundamentals.

He said the group has outperformed in the first half of FY23, compared with the same period in FY22, and expects the momentum to continue.

Sulaiman said AmBank looks to sustain this performance, facilitated by prospects ahead for the economy, particularly the robust economic growth expected in South-East Asia and China, which in turn would support loan expansion and revenue growth.

“China’s reopening will also improve prospects for regional economies as well as consumption growth in addition to trade activity. We anticipate China’s reopening to spur more cross-border demand,” he said.

Sulaiman said there is also less pressure on funding costs and this is due to expectations of smaller interest-rate hikes for the year, adding that he expects another 25-basis-point (bps) hike in the overnight policy rate for 2023 to 3%.

“The intensity of the deposit competition is likely to ease as loan growth tapers in 2023 amid the slowdown in the global economy. This will put less pressure on funding costs ahead,” he said.

As for the challenges for the banking industry this year, he said not only would it face slower loan growth but also a potential higher gross impaired loans (GIL) ratio.

He foresees the banking sector’s GIL ratio to be less than 2% in 2022 and less than 2.5% in 2023. For the month of November 2022, GIL ratio stood at 1.8%.

As for loan growth, Sulaiman expects the industry loan growth to come in at 4% to 5% this year against a forecast of 5% to 6% for 2022.

Despite these challenges, he said AmBank is confident it would be able to leverage its position as one of the leading financial institutions in the country while striving to gain market share in the segments it competes in.

To this end, he said it plans to increase trade utilisation as well as other ancillary businesses for trade customers, while tapping into data analytics to increase the share of wallet for targeted trade customers.

“We are also preparing to facilitate supply chain financing to bring buyers and sellers together. Importantly, the group will be shifting from some already crowded segments, and instead will target

industry-specific businesses, with particular attention to logistics and warehousing.

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“AmBank aims to capture new market segments that are unserved or underserved by banks. This will be undertaken by delivering needs-based digital products such as Buy Now, Pay Later (BNPL), eWallet and QR Pay,” he said.
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BNPL sales volume is projected to double by the end of this financial year compared to FY21. Today, 70% of the group’s BNPL sales is contributed via AmOnline.

The number of QR Pay transactions to date has increased to around 170,000 compared to only 20,000 a year before.