

Media Title : The Star
Headline : Alliance Bank strategy intact for FY24 growth
Date : 30 June 2023
Section : News
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Alliance Bank strategy intact for FY24 growth

Lender on track to increase value for stakeholders

FINANCE

PETALING JAYA: Amid the cautious sentiment surrounding the economy, Alliance Bank Malaysia Bhd has put in place a multi-pronged strategy to accelerate growth in its financial year ending March 31, 2024 (FY24).

The move is also to ensure that the group remains on track to meet the goals outlined in its enhanced strategic plan, called Acceler8 2027, to drive its business over the next four years by broadening growth across multiple segments, building competitive advantages and increasing value for its key stakeholders.

In its recently released annual report for FY23, the smallest lender in Malaysia said it would broaden its focus and expand into new areas beyond the small and medium enterprise (SME) segment and pay more attention to consumer banking, wealth management and Islamic banking.

Alliance Bank said it would also continue to build strategic partnerships to widen its product offering and distribution, create more value for its customers and expand its business presence in fast-growing states and secondary cities to capture the growth opportunities of fast-growing economic corridors in the northern region of Peninsular Malaysia and Sarawak.

"The next few years will see the bank increasing the velocity of our SME sales force expansion to deliver a faster, simpler and more responsive customer experience.

"At the same time, we will expand customer acquisition activities through strategic partnerships and scale up our digital channels to reach the SME segment," Alliance Bank said.

"We will also enhance our programme-lending and risk acceptance criteria. This will entail placing greater emphasis on selected growth sectors and businesses that are focused on healthcare, education and good environmental, social and governance (ESG) practices," it added.

Alliance Bank noted that its digital SME (DSME) segment would continue to play a key role in bringing smaller businesses into the banking ecosystem, with a target to attain a loan book of more than RM300mil by FY24 from RM211mil in FY23.

"In terms of new customers, DSME aims to contribute to approximately 30% of new business current account openings for the overall business banking segment by FY27," it said.

As for the corporate segment, Alliance



Expansion path: Alliance Bank's headquarters in Kuala Lumpur. The lender says it will continue to build strategic partnerships to widen its product offerings and distribution, create more value for its customers and expand its business presence in fast-growing states and secondary cities.

Bank said it would continue to broaden its customer base by focusing on large family-owned businesses.

"To acquire corporate customers, we will leverage our strategic partnerships and offer more distinctive value propositions such as ESG solutions," it shared.

Under the consumer banking segment, Alliance Bank said it would start to target attractive segments, in particular, the high earners, not rich yet segment, as well as high-net-worth individuals, as part of its new growth strategy.

In the Islamic banking scene, the group will focus its efforts on accelerating growth in the consumer, SME, commercial and corporate segments, as well as driving contribution from differentiated offerings in FY24.

"Alliance Islamic Bank (AIS) will continue to grow our distinctive value propositions for businesses through our flagship 'Halal in One' programme. For FY24, we aim to provide financing of up to RM600mil and will extend our market access proposition regionally through our partners," the group said.

"We will also drive client-based fee income through introducing new bancatakaful and syariah-compliant investment offerings," it noted.

In addition, the group said AIS would also pursue growth from the capital mar-

kets business.

"In view of the thriving SME segment in Malaysia, there are ample opportunities for initial public offerings (IPOs) by small- to mid-cap companies. We aspire to become a leader for advisory services to the ACE Market IPO and ESG-based sukuk," it said.

Given Malaysia's favourable regulatory environment and its robust Islamic finance ecosystem, as well as the country's transition to syariah-compliant services, Alliance Bank said it expected that the growth of Islamic financing in Malaysia would continue to outpace that of conventional banks.

In FY23, Alliance Bank saw its group revenue increase 2.8% year-on-year (y-o-y) to RM1.92bil, driven by an 11.6% growth in net interest income.

Accordingly, the group's net profit increased 18.6% y-o-y to RM677.85mil in FY23.

"We remain cautious and mindful of downside risks to growth stemming from external uncertainties, especially escalating geopolitical tensions and tightening financial conditions," the group said of the general outlook for FY24.

"Notwithstanding the above, the group expects to continue a positive financial performance going into FY24 and remains on track in fulfilling the growth ambitions under Acceler8 27," it added.