

Alliance Bank to bolster SME ops

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BANKING

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PETALING JAYA: [Alliance Bank Malaysia Bhd](#)  is beefing up its small and medium enterprise (SME) business to carve a stronger market share in this lucrative segment.

The SME business, which is a crucial component of the bank's Acceler8 strategy, currently contributes approximately 26% of its total gross loans in financial year 2024 (FY24).

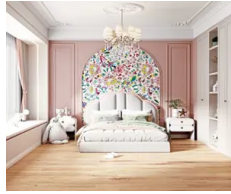
Alliance Bank group chief executive officer Kellee Kam said the SME business is a cornerstone segment for Alliance Bank.

On the back of two consecutive years of impressive SME loan growth of 11% and 12%, he said the bank's immediate target is to maintain a double-digit loan growth for FY25 in this segment.

"It is a segment we know well and are passionate about. Our SME loan portfolio grew 12% year-on-year (y-o-y) in FY24, outpacing the industry's 7% average loan growth.

"Heading into FY25, we will continue to accelerate our SME growth initiatives and further improve our digital infrastructure to maximise revenue and enhance cost-efficiency and productivity in this segment," he told StarBiz.

Kam said its focus remains on increasing customer acquisition through a variety of channels.

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“We aim to boost sales effectiveness and efficiency while targeting specific sectors and regions. We will continue to refine our products to better serve the dynamic needs of our SME and commercial banking clients, including their sustainability endeavours,” he said.

As for the specific sectors and regions, he said high growth sectors and value chain would be the bank’s primary targeted industries in FY25. This include education, healthcare, green solution, digital economy and high technology.

“Selected economic corridors such as the northern region, Johor and Sarawak will be our key focused regions in expanding the SME market reach,” he said.

Kam said given the bank’s long-standing relationship with the business community, it intends to support them on their growth journey.

Realising the unique challenges SMEs face at different stages of their growth, the bank’s strategy is centred around its customers.

“We continuously innovate and enhance our offerings to deliver timely, convenient and personalised solutions tailored to SMEs’ needs throughout their life cycle,” he noted.




On the digital side of its SME segment, Kam said the upgrade of the digital and technological platforms remains a key priority.

This involves making the customer onboarding process more efficient, equipping relationship managers with state-of-the-art tools for comprehensive customer support throughout their journey as well as building trust and loyalty through customised engagement strategies, he said.

Furthermore, he said the bank would be re-engineering its business processes to quicken turnaround times and deliver enhanced services.

On top of that, he said it would continue to build strategic partnerships that would help SMEs in their growth and environmental, social and governance (ESG) aspirations.

One such example is the state-wide partnership with InvestSarawak that assists SMEs in the state to transition to ESG practices.

The bank also continues to expand its Green Supply Chain Programme to its corporate partners such as [Mah Sing Group Bhd](#) , [Eco World Development Group Bhd](#)  and [Malaysia Steel Works \(KL\) Bhd](#)  to promote ESG adoption among SMEs.

“Our commitment to ESG-centric solutions led to significant uplift in our approved loans via the Bank’s Sustainability Impact Programme. With a cumulative RM420mil in loans approved, we have achieved over 140% of our FY24 green financing target of RM300mil.

“Overall, the bank remains committed and on track to achieve its sustainability top line goals, with a cumulative RM12.6bil in new sustainable banking business achieved thus far towards our RM15bil FY27 goal,” Kam said.

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On Alliance Bank’s loan growth for 2024, he said it is anticipating a healthy overall expansion of 8% to 10% this year, driven by the SME, corporate and consumer banking segments.

Kam said: “We expect our loan growth to continue to outpace the industry although we remain cautiously optimistic with the expectation for monetary policies to be conducive to sustainable economic growth with resilient domestic demand.

“We will continue to focus on driving fee and treasury income growth through an enhanced treasury assets portfolio positioning made earlier.”

Looking at the broader outlook, he said the banking sector is expected to remain robust this year, particularly in light of the first-quarter gross domestic product figures.

He said the overall domestic expenditure is projected to be resilient and household spending would increase.

At the same time, Kam said the bank is witnessing a resurgence in tourism and service sector activities, contributing to the overall economic vibrancy.

For the fourth quarter ended March 31, 2024 (4Q24), Alliance Bank reported a net profit of RM177.74mil and revenue of RM516.17mil, compared with a net profit of RM130.17mil and revenue of RM468.61mil in 4Q23.

Earnings per share for 4Q24 rose to 11.48 sen from 8.41 sen in 4Q23.

Its full-year net profit amounted to RM690.48mil against RM677.85mil in FY23, while revenue grew to RM2.02bil from RM1.92bil.

The bank proposed a second interim dividend of 11.45 sen per share, which brings the total dividend in FY24 to 22.3 sen per share, representing a 50% payout ratio. This brings the total dividend declared for the financial year to RM345.2mil.

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