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IN THIS EXCLUSIVE INTERVIEW, PREMCHAND MUNGAR, WHO WAS APPOINTED CHIEF EXECUTIVE OF SBM BANK (MAURITIUS) LTD IN NOVEMBER 2023, SHARES HIS VISION FOR THE BANK AND HIS COMMITMENT TO TRANSFORM THE BANKING INSTITUTION IN A FINANCIAL POWERHOUSE. HE ALSO DISCUSSES THE EVOLUTION OF THE BANKING INDUSTRY AND HOW SBM IS LEVERAGING TECHNOLOGY TO BETTER MEET THE NEEDS OF CUSTOMERS ACROSS ALL SEGMENTS.

RICHARD LE BON

PHOTOS: KEVIN MEMRAJ MAHADOO

After playing a leading role in the turnaround of MauBank, you chose to return to SBM Bank (Mauritius) Ltd, where you started your career. Was this an easy or difficult decision?

Both. Hard, because we have achieved much during my time at MauBank. It would only be natural to continue on our journey. On the other hand, it was easy because I started at SBM and have always believed in the potential of the bank.

If we nurture the right culture, select the correct path and execute our strategies with excellence, SBM will be a formidable institution. More than any other, SBM contributed to the access to credit of a significant proportion of our population that needed it. That was our purpose back then, and I think my job is to ensure that we all understand that this is still relevant.

Your main task is to continue the transformation journey on which the bank has embarked in recent years. Can you tell us more?

Before we talk about transformation, we need to understand the fundamental values and principles and think about our purpose. The business landscape evolves rapidly but if we are anchored by our values and understand our purpose clearly, we have a solid basis to be able to respond to any shocks that can challenge us.

The bank has been on a journey to redefine its values. This is ongoing but it is clear that we are now focused on customer-centricity, excellence and sustainability.

We have a long way to go, and we continue to develop our strategy to make our operations more efficient and to redesign our customer journey. Our colleagues are working on

several exciting projects, and I look forward to telling you more later this year.

SBM Bank (Mauritius) Ltd went through a difficult period due to bad debts linked to cross-border loans, but it has managed to bounce back and, since 2021, has posted solid results in terms of both profitability and capital adequacy ratio. What factors have contributed to this renewed energy?

We are living in a period of growth, so naturally if your business fundamentals are right, you will be profitable. But I have to give credit to the work previously done at SBM so I don't think that it would be fair to attribute the growth merely to a rising tide lifting all boats.

Instead, I think that my colleagues genuinely want our institution to be better and stronger. That is an incredible starting point; everything else is then about nurturing this customer-centric culture, directing it within the framework of the right

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strategies and giving them the resources to achieve our aims.

We also have to remember that SBM is fundamentally a strong and resilient institution. Of course, I want to ensure that the errors of the past are not repeated, and we are building strong systems to make us a financial powerhouse.

Following the episodes of bad debts linked to Segment B, the bank thoroughly overhauled its internal control system. Are you satisfied with the improvements that have been made?

SBM has made progress following the issues it has faced in the past. However, it is not an area where you can rest on your laurels. An institution will always be developing new strategies or new areas of operations, and we need to be adapted to these. Banking failures may have different causes but the common root behind all of them is a lack of understanding from leadership of the activities of the institution. With data and technology being at the heart of what we do now, we need to understand the risks which stem from these activities. Only then can we adequately build a stronger SBM.

In line with the principles of good governance, we have strengthened our risk management and internal control mechanisms. In doing so, we want to maintain the highest standards of asset quality and ensure the stability and resilience of our operations.

We have made significant progress, yet we remain vigilant. We are prudent in the expansion of our activities. Our approach is based on market analysis, adequate risk evaluation and strong control and governance tests. We monitor economic trends and changes in regulatory frameworks and geopolitical dynamics.



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We are able to take advantage of growth opportunities while ensuring that we fully understand our risk profile to ensure the sustainability of our operations.

What is the share of Segment B in your deposits?

I can't share that, but I understand the point, which is to ask if we are well positioned in the global business segment. I believe that we can do much better. To do that, I think we need to go back to our purpose. Are we doing enough to service our customers on this front? I don't think so.

This isn't just about SBM, but it relates to the Mauritian banking sector generally. When you look at the number of foreign banks providing services in the global business sector you have to ask yourself why can't we do that? Clearly, it's about expertise and relationships because collectively we have the balance sheet capacity.

As an industry, we have to strive to do more. The types of financing required by the global business sector are more specific and specialised than the domestic market.

We are lucky in that our group has a presence on the ground in a number of emerging markets. This gives us the means to understand the geopolitical risk in these markets. So, let's accompany our clients better, let's understand their needs better and let's see how our products can serve them better.

Throughout its history, SBM Bank (Mauritius) Ltd has been close to the people, having been the first institution to extend the banking network to rural areas in the 1970s. Having said that, how are you positioned today in the retail

banking segment?

SBM has always been well positioned in the retail segment. I think that may have led to some institutional complacency. This is not an issue of the past couple of years. For the first thirty years of its existence, SBM's purpose was clear. You mentioned it yourself: SBM was there to increase financial inclusion. We didn't call it that back then, but ultimately this was the organisation's purpose for a long time, to open the doors to those who were excluded from the financial system.

After those incredibly successful years, it seems to me that the bank tried to follow established patterns of behaviour using what has worked in the past. However, banking has changed. It may be an uncomfortable assessment, but I think we need to be willing to have the hard conversations if we are to become a stronger bank. What should we do? We are rethinking our customer experience journey, and we need to accompany our customers in a holistic manner.

What is your strategy to make your retail banking business more dynamic?

We need to return to our purpose, which is to increase financial inclusion. With the number of bank accounts opened in Mauritius, you would think that we are high on the list of financial inclusive countries. But the story doesn't stop there; we need to look at how many people are getting access to credit on sustainable terms and enable people better manage their finances.

You will see that I am not talking about revolution. Instead, it is about renewing our purpose. After all, we have to remember that SBM has tradi-



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tional strengths. Through our branch network, we have been close to our customers. We have to preserve this strength and adapt it for today's world.

We also take feedback very seriously. We have established a Service Excellence team to evaluate customer satisfaction with the support of the Customer Service Forum. We have also invested in the development of our colleagues to ensure that we give the very

best of ourselves.

So far, the bank has not invested much to offer its customers a truly digital experience. Is it part of your strategy to position SBM Bank (Mauritius) Ltd as a digital bank, notably by investing in a mobile banking application?

Actually, I would say that the bank has invested but that investment hasn't necessarily led to an enhanced

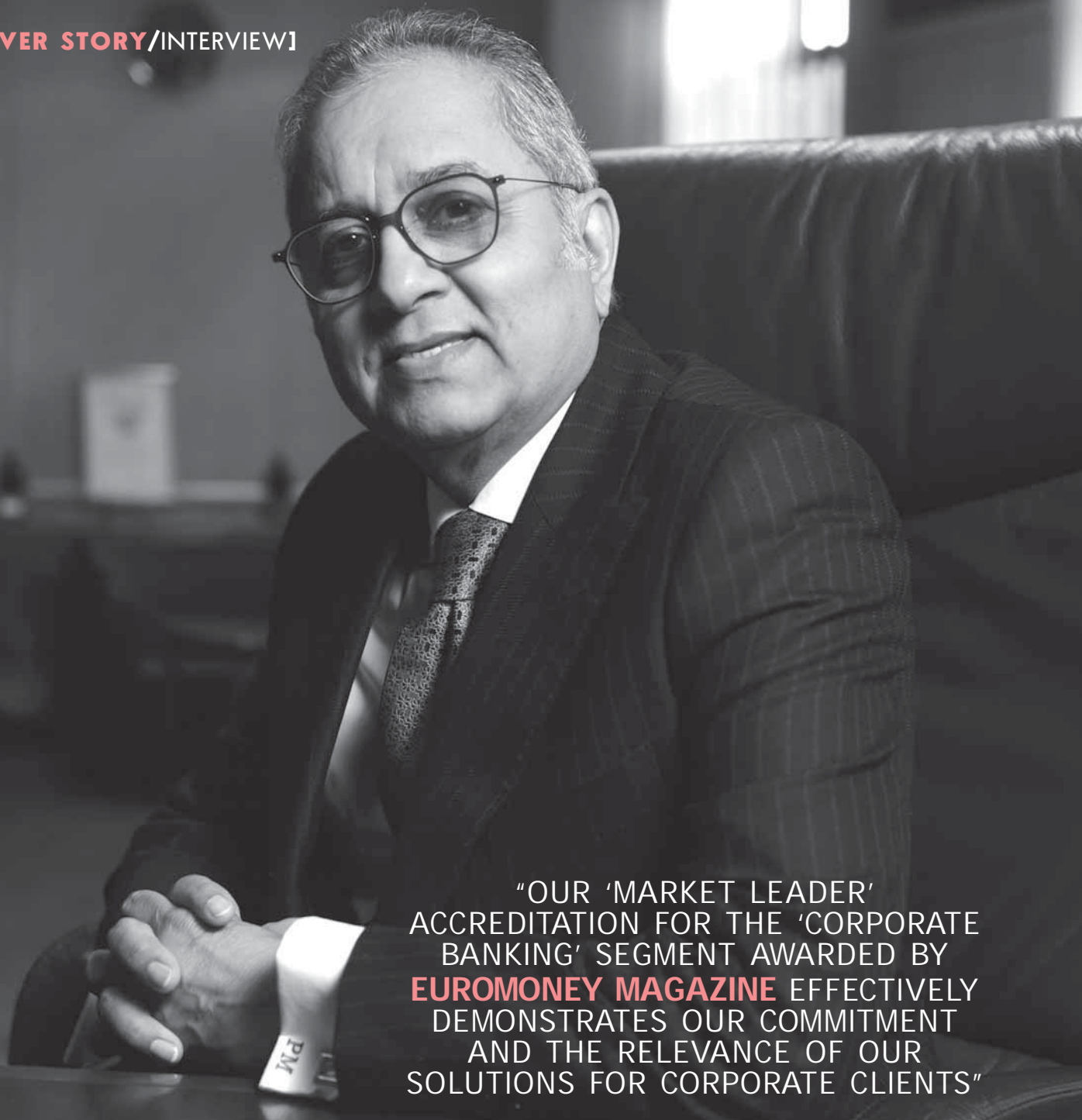
customer experience on our digital channels. At the risk of repeating myself, my perspective has always been simple: technology is a tool within our arsenal; it is not the solution itself. The goal is to use technology to augment our customer experience.

We understand that customer expectation has changed so we need to adapt accordingly. But our technology and digital strategy must be anchored in our overall business strategy. We are also enhancing our IT architecture, modernising infrastructure and increasing data capabilities. As mentioned before, we are working on the development of our digital services to provide a richer multi-channel experience to our customers.

The digital rupee is currently being tested. How is the bank preparing for this revolution?

We continuously monitor progress on the implementation of the digital rupee. There are still many possible permutations, and we need clarity on various points before we can move to the next step. The primary issue to be settled relates to the design of the currency itself and whether it will be a retail or wholesale currency. There is also the issue regarding whether it should be interest bearing or non-interest bearing.

These are fundamental points which will have wide ranging effects. Irrespective of the chosen direction, we will work to ensure that our customers understand the evolution of our currency. Throughout our history, we have worked towards the goal of ensuring that no member of society is excluded from the financial sector, and we will continue our role with the implementation of the digital rupee.



“OUR ‘MARKET LEADER’ ACCREDITATION FOR THE ‘CORPORATE BANKING’ SEGMENT AWARDED BY **EUROMONEY MAGAZINE** EFFECTIVELY DEMONSTRATES OUR COMMITMENT AND THE RELEVANCE OF OUR SOLUTIONS FOR CORPORATE CLIENTS”

Economic recovery is set to continue this year, with the Minister of Finance forecasting growth of 6.5%. Recovery means investment. Is the bank receiving more loan applications from its corporate customers?

That is correct; the business environment has recovered quickly following the pandemic and we have noted an increased demand for our

loan products from our corporate clients. The economic recovery has been evident in various sectors, such as aviation and hospitality, with significant growth in tourist arrivals, as well as several related industries.

Today, companies are looking to invest in their operations, develop new projects and seize growth opportunities. In this changing economic

context, they need personalised and professional service to help them develop and grow their businesses, with products and services adapted to their specific needs. And as a leading bank, we are here to support them in their growth ambitions by providing them with the necessary financing and appropriate solutions.

Our ‘Market Leader’ accreditation for the ‘Corporate

Banking’ segment awarded by Euromoney magazine effectively demonstrates our commitment and the relevance of our solutions for corporate clients.

How does your Corporate Banking team balance the need to ensure macro-prudential standards with the need to support the real economy?

The most important thing is

“OUR PRODUCTS AND SERVICES ARE PART OF THE VISION OF SBM GROUP AS DEFINED IN ITS SUSTAINABLE DEVELOPMENT PROGRAMME”

to have a careful and measured approach to our lending processes and to have adequate control and governance measures in place. We take the time to examine risks seriously and ensure that our loans truly contribute to driving the economy forward in a sustainable way. We listen to better understand our clients' needs and are thus able to offer financial solutions that contribute to the growth of their activities.

We also strive to offer solutions that promote sustainable development. Our products and services are part of the vision of SBM Group as defined in its sustainable development programme. Our Corporate Banking team ensures that ESG criteria are reflected in the financing solutions offered to our clients.

At MauBank, you have worked closely with entrepreneurs. As a result, you are very familiar with their expectations in terms of financing needs. How do you intend to bring this expertise to SBM Bank (Mauritius) Ltd?

To be fair, SBM has always had a strong commitment to entrepreneurs. Micro, small and medium-sized enterprises are the lifeblood of the Mauritian economy, and we are aware of the mutual benefits that we can derive if we work collaboratively. Our Business Banking, SME & Microfinance teams work tirelessly to identify the needs of micro, small and medium-sized

businesses to offer innovative, adapted and flexible financial solutions that support their growth. SBM's efforts in supporting SMEs have been regularly recognized; from the "Best Bank for SMEs in Mauritius" received in 2023 at the Euro-money Awards for Excellence to a similar award from the Asian Banker Global Middle East and Africa Awards.

However, I think we must try to do better. It is essential to establish strong relationships with local entrepreneurs and continually understand their concerns to ensure that we remain at the forefront in terms of financial support to businesses in Mauritius.

Do you plan on resuming the bank's internationalisation strategy, which has been put on hold for some time?

We are committed to gradually expanding our revenue streams and generate long-term value for all stakeholders.

We are bringing together all the elements necessary to develop a solid, coherent and effective strategy in international markets over time.

Today, we are focused on strengthening the skills of our colleagues and adopting robust and appropriate controls and risk monitoring tools to grow our overseas business in a prudent manner. Our primary goal is to ensure that our activities adhere to an appropriate risk tolerance.

