TrustBond in 2017: Pragmatic, Prepared and Proactive

From Niyi Akinlusi

The gale of financial stress in 2016 is no respecter of industries; it affected virtually every sector. This is no exaggeration.

Officially, Nigeria slid into a recession and the nation's entire economy, particularly the banking industry was severely hit. In spite of the economic and other challenges the Bank was able to consolidate on its business growth from continuing and sustainable operations.

Considering the new realities in the market place, there is an urgent need to continue to re-engineer/restructure our business and operations including the need to adopt more aggressive cost reduction measures.

Notwithstanding, the continuous depreciation of the Naira and increasing inflation continue to erode the gains of the business growth significantly.

Our successful rating in 2016 by Global Credit Rating (GCR), a reputable rating agency and the Bank's deepened level of relationship with Federal Mortgage Bank of Nigeria (FMBN) and Nigeria Mortgage Refinance Company (NMRC) stand us in good stead to access more long term funds from FMBN, NMRC and other sources to fund our mortgage operations and grow our mortgage portfolio.

We must therefore continue to grow our business and at the same time reduce our operating cost to weather the storms of economic recession and preserve shareholders' value.

Considering the new realities in the market place, there is an urgent need to re-engineer/restructure our business and operations including the need to adopt more aggressive cost reduction measures. For instance, the acquisition of a new Toyota Corolla commonly and preferably used by organisations as pool cars has skyrocketed to N19million from about N7million in 2015, no thanks to the fallen Naira against the US Dollar. This is besides the attendant maintenance cost which expectedly is tarred with the same brush of rising cost.

It would be downright imprudence not to proactively identify, develop and implement creative alternatives for overcoming the lingering economic ill-wind. We need to embrace new creative ideas of reducing our cost to income ratio of 0.89 in 2016 to 0.65 in 2017.

In thinking outside the box, it may not be out of place to engage a leasing company or the recent popular UBER services as alternatives to operating pool cars if appreciable cost would really be saved particularly as the cost of one car presently equates the cost of three cars just a year ago, while the revenue to be generated by the car outlay has not tripled but rather shrinking apart from erosion from foreign-exchange induced inflation.

We may also consider immediate collapse of business units to operate from one location, as the cost-benefit analysis points in that direction. Options are varied, really. Not taking any action at all would be inadvisable considering the outlook of Nigeria's economic situation in the short term.

Although the expectations of 2017 are that the economy would be out of recession by the end of the New Year, we must however brace up, re-engineer and restructure our business and operations as fortunes favour the "Pragmatic, Prepared and Proactive".

I wish you and your families a Happy and Prosperous 2017!