

Muslim commercial bank limited

[Finance](#), [Banks](#)



MCB Bank is the abbreviation of Muslim Commercial Bank Limited and it was established by the Adamjee group on 9 July 1947, under the Indian company Act, VII of 1913 as a company limited. This bank is established in view to provide the banking facility to the business community of the South Asia. This bank was nationalized in 1974 and at that time president of Pakistan was Zulfikar Ali Bhutto. This was the first bank to be privatized in 1991 and the bank was purchased by the Nishat Group. In the 2008, the Nishat Group holds the majority of the shares of this Bank. At that time MR. Atif Bajwa is the president of the Bank and that person is previously working with the Citi Bank.

Nishat Group was founded in 1951. Nishat Group is the leading and most widely separated business Groups in Pakistan. The presence of Nishat Group in the important business sectors of the country like Banking, Textile, cement and insurance. Mian Muhmmad Mansha is the owner of the Nishat Group. The company has fixed and current assets of over 300billion and this company were included in one of the top five companies of the Pakistan. Mian Mansha played a very important role in the success of the bank. The Govt. of the Pakistan gave him “ Sitara-e-imtiaz” and this is the most prestigious civil award of the country. If we take a look on the total asset of the bank that is 72, 052, 258 in March 2010 and if we take a look on the previous assets that was 69, 740, 013 we estimate that the bank is really working with a fast pace. And the profit after taxation of the company in March 2010 is 4, 141, 151 and at the end of the 2009 it was 4, 134, 971.

Muslim commercial Bank agreement to buy the Royal Bank of Scotland but it fails to acquire proper license from State Bank of Pakistan.

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Profitability of MCB

MCB is the Pakistan's fourth largest bank in term of assets base 5.9 billion US dollar. The bank has the almost 1082 branches including 11 Islamic banking branches and over 300 ATM machines.

During the last Fifteen year bank has concentrated on growth through improving service quality, investment in technology and people, utilizing its extensive branch network and managing the risk management.

MCB has established business in SriLanka and Bahrain and newly established Rep. Office in Dubai. The bank has also formed a private company in Hong Kong in partnership with the Standard Charter bank, handling trade transactions in Asian-Pacific region. MCB also incorporated a leasing company in Azerbaijan in 2009.

Fully owned Subsidiaries of MCB are;

Muslim Commercial Financial Services (private) Limited

MNET Services (private) Limited

MCB Trade Services Limited

MCB Asset Management Company Limited

MCB Leasing Company

Business Strategy of MCB

The business strategy of MCB is to provide financial solutions in major segments for its customers. The bank has also established an Islamic

Banking unit to offer Shariah complaint products and services, in six cities and the future plan is to establish more branches of Islamic banking and its branches is as much as the traditional banking branches have in the country.

Nishat Textile

Nishat Mills limited was founded in 1951. He has one of the largest Textile setup in the country. They have following production facility;

270, 000 Spindles

740 looms

Dyeing and printing capacity of 7 million meters

Cement

D. G Khan Cement Company Limited (DGKCC) is a unit of the Nishat Group and it is the largest Cement manufacturing company in the Pakistan with the capacity of 5500 tons clinker per day. They distribute their product in both nationwide and as well as internationally due to his consistent quality. This company is listed on all the stock exchanges of the Pakistan. Nishat Group also setup a new Cement manufacturing plant with a capacity of 6700 tons per day near kalar kahar, Distt. Chakwal. After the completion of this plant this will be the largest plant of the country.

Financial Services

MCB is the largest private bank in the country with a 1200 branches in Pakistan and they operate internationally. MCB was also the first bank of the country that is listed on the London stock exchange in October 2006.

Values of MCB Bank

Following are the values of MCB Bank:

Integrity

Innovation

Excellence

Customer Centricity

Respect

Integrity

We are the trustee of public fund and serve our community with integrity.

We believe in being the best at always doing the right thing. We deliver on our responsibility and commitment to our customer as well as our colleagues.

Innovation

We encourage and reward people who challenge the status quo and think beyond the boundaries of the conventional. Our team work together for the smooth and efficient implementation of ideas and initiatives.

Excellence

We take personal responsibility for our role as leaders in pursuit of excellence. We are the performance driven, result oriented organization where merit is the only criterion for reward.

Customer Centricity

Our customers are at the heart of everything we do. We thrive on the challenge of understanding their needs and aspiration, both realized and unrealized. We make every effort to exceed customer expectation through superior services and solution.

Respect

We respect our customer values, beliefs, culture and history. We value the equality of gender and diversity of experience and education that our employees bring with them. We create an environment where each individual is enabling to succeed.

Online services

Following are the online services that offer by the MCB Bank.

Million of Branches

ATMs

Call Center

Bill Payment

Funds transfer

MCB Limited Announcing his Million of Branches in the Country

MCB Limited has announced Mobile Banking facilities for its customers in July 2009, first time in Pakistan.

Speaking on the event, Mr. Atif Bajwa, Head & CEO of MCB Bank said that “ MCB Mobile” was a first step in ensuring the cost effective delivery of financial service. He added that when the State Bank of Pakistan’s advent the Branchless Banking procedure, development of many new financial products and services were already in progress at MCB. These products is not developed only for the MCB customer’s, but they also watch that most of the people have mobiles nowadays but they have no access to the banks through the mobiles so MCB Bank Limited introduce that system that help their customers to access their accounts easily”

He further added, users of “ MCB Mobile” are just not restricted to watching account balances or requesting mini-statements, they easily manage mass of payments, like pay utility bills, recharge their both pre paid and post paid connections and make payments of post paid numbers through their mobile phones, they can even transfer the amount from one account to another in few minutes.

Mehreen Ahmed, Group Head of Consumer Banking, also speaking on the event, that “ MCB Mobile” was developed to offer customers different facilities to access their account throughout a week from their mobile phones”

MCB Bank initiate the Wide Mobilization

Mobilization has been started in MCB Bank at 5 April 2009. The objective of the team is together bank and makes ensure that maximum number of members of MCB login and use MCB Mobile.

Remote banking team trained the peoples of MCB and how to use the MCB mobile to ensure that this is very successful across the country wide branches.

MCB Limited sponsors 2nd Mobile-Commerce Meeting in Karachi

MCB is the sponsors of the 2nd Annual Mobile Commerce meeting held in Karachi at 11 March 2009. The discussion was attended by a number of different Banks, Telco's and Technology.

Mr. Atif Bajwa, Head of MCB Bank Limited, delivered a key note that is the Banks and Telecommunication Company's work together and to bring revolution in that field. He gives offer to the telecommunication companies come to join the hands of MCB mobile banking to produce something new that no longer exist in Pakistan.

MCB meets the Chairman PTA

A team of the bank that lead by Mr. Qasif Shahid – Head of the remote banking system met with Dr. Yaseen – the chairman of Pakistan Telecom Authority in February 2009.

The meeting was attended by many of high ranking officers of PTA and members from all 5 Telecommunication Companies.

Key issues about the successful development of Mobile Banking in Pakistan were discussed in that meeting. All the 5 Telecommunication companies are agreeing to make a task force that made a road map for Mobile Banking.

These task forces have been created and complete their tasks under the supervision of PTA.

MCB link up with Fundamo Mobile Banking

MCB Bank has linked up with Fundamo for its Mobile Banking solutions in January 2009.

Fundamo's:

Fundamo is the Enterprise financial services platform. Fundamo is the world's largest mobile financial service provider; they have the expertise to build technologies, and they have experience and vision as well.

Vision:

Fundamo is the global mobile financial solution provider. The company was established in 2000 and looking towards providing financial services through mobile phones in both developing and developed countries.

Leadership:

The company has created its leadership position due to the history of innovation and successful development. This knowledge ensures that its customers will always hit their target markets. With over 30 successful development projects in over 20 countries Fundamo's technology and development strategy is proven.

Expertise:

Fundamo's leadership team has strong background knowledge in the financial services industry and has the strict design principles required for

secure banking system, and they also taking advantage of its unique character in mobile phone. This new style of financial system represents a powerful banking system due to its simplicity and uniqueness.

Collaborating for success:

An important element of Fundamo's is to collaborate with the specialist organization to effectively and efficiently meet the need of the client in the rapidly moving mobile financial service market.

Global coverage:

Fundamo's is now a global company with a 20 clients in different countries.

Fundamo's has a direct business as well partner business operations in many other countries.

Fundamo Solutions:

Enterprise Edition.

Mobile wallet.

Mobile Banking.

Mobile Money Transfer.

Fundamo is working in Pakistan through their official partners Access Group (Pvt) Limited.

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What can u do with the MCB mobile service?

Account Balance

Mini Statement

Transfer of funds

Purchase mobile Top-Ups through MCB Mobile service

Pay your Mobile Bills

Pay utility Bills

Make Visa Credit Card payments

Donation

Services

Balance inquiry

You can check your account balance any time.

Mini-Statement

You can access the transactions of last six months from your bank account at any time, making it easier for you to manage your account.

Fund Transfers

You can send money to anyone through MCB Bank account. The receiver of the money does not have to be a registered with the MCB Mobile user. You can receive money by giving the complete number that contain 16-digits or the ATM card number of the receiver.

Purchase Airtime for Prepaid Connections

Now you can easily purchase prepaid airtime from these mobile companies:

Mobilink

UFone

Zong

Warid Zem

Telenor

Pay Postpaid Mobile bills

Now you can forget to pay your bill to the franchise because MCB gives you the opportunity to pay the bill through MCB Mobile at any time without any difficulty.

Mobilink

UFone

Zong

Warid

Telenor

Pay the amount of Bills

MCB Mobile gives you facility to make payments of utility bills. Like

Electric city

Sui Gas

Water Charges

Tele phone bills

Make payments of MCB Visa Credit Card

You can now easily pay your Visa Credit Card payments through MCB Mobile.

Now you can pay minimum payment or the full amount.

Report a Lost ATM card

If you lost your ATM card during the usage you can inform to the bank immediately and the bank will deactivated that card. And issue new card on the demand of the customer but this is only for the register customers.

Donations

You can make donations to any charity through the use of MCB Mobile service within a second. Donations to the “ Prime Ministers Fund” are being accepted through this service. More charities will be added.

Questions that mostly people asked

Following question asked by the people. Who is eligible to register for the services?

Do I need a special mobile connection?

Is number portability supported for MCB Mobile?

Do I need special mobile phone (handset)?

Can I still register if I don't have Internet on my phone?

How can I activate GPRS/Internet?

What is bank charging for it?

Are there any other charges?

Is this service safe to use?

How do I register?

What happens after I register?

What are the payment limits?

If I forget my Mobile PIN?

Where do I find the terms & conditions?

Where can I get more information about the MCB Mobile?

ATMs Service

MCB ATM smart card works anytime, anywhere in Pakistan & abroad. MCB smart card is accepted over 4000 ATMS nationwide. MCB enables you to access fast cash, account balance inquire, transfer of funds etc through 450 ATMs in the country.

MCB bank offers different type of ATM cards:

ATM Regular Card

ATM Gold Card

ATM Regular Card

ATM Regular or classic card allow you to withdraw 15000 per day and minimum three withdraw in a day.

ATM Gold Card

ATM Gold card allow you to withdraw up to 25000 per day and minimum of six withdraw in a day. The other condition is that the cardholder has to make two transactions to withdraw the 25000 amount.

Call Center

MCB provide the call center facility to their customer through which you can take help from representatives. Those are available at any time. They can help you as well as give guidelines. You can all so take help about their credit card problems.

MCB offers following services:

General Inquires

Financial Services

Non- Financial Services

General Inquires

Following are the general inquires;

ATM locations

Account opening procedures

MCB Bank Charges

All MCB Product related information

MCB Merchant locations

Financial Services

Following are the different Financial Services;

Inquiry of account balance

Request for transfer of funds

Details of Debit Card transactions

Detail for last five transactions

Request for all Credit Cards

Blocking Service of ATM Card throughout the day

Payment for all the Bills

Purchase vouchers

Non Financial Services

Following are the Non Financial Services;

Request for Credit Card address change

Virtual Banking activation

Complaint registrations 24 hours a day

Mobile Banking activation

Call 111-000-MCB (622)

Bill Payments

MCB give you the services through which you can pay your bills and recharge your mobile accounts. So we save our time through this and pay our bills easily. MCB smart card holder can also pay their bills easily.

Bills Payment Features

Following are the Features;

Pay your Bills throughout the week

Make full or half payment. Full payment is required only for PTCL

Recharge your prepaid account

Pay as a register or non – register user. This will help you to avoid the time delay.

SWOT ANALYSIS

Strength

Long Establishment

Long establishment is one of the strength of MCB over private banks. Due to this it earn a name in the market,

The biggest Infrastructure

MCB has the biggest infrastructure among the entire private bank. So it is making business from one corner of the country to another corner of the country.

Other factors are:

Brand image because of “ Muslim” word in the name in an Islamic country.

In a growing economy of Pakistan.

Has strong market presence.

Mainly operating by Mansha Group.

Offers a wide variety of services to its customer and has a customer bank of round about 4 million.

The bank has efficient IT infrastructure and network of online services.

MCB is working in Pakistan over 60 years of success.

MCB fall under the big 5 domestic banks of Pakistan.

Bank is continuously focusing on developing new and innovative products to attract the target market.

Asset utilization is very good.

GPRS enable banking.

Weaknesses

In the changing environment where MCB has some strength it has some weaknesses also, some of the weak factors are;

None Professional staff

MCB keeps non professional staff even on higher post who is promoted from the typist and clerical area after a long time.

Nationalization Effect

When MCB was nationalized by BHUTTO's Govt. it was the glooming period of MCB. During that period, MCB suffered a lot.

Govt. Influence

Non-professional and bureaucratic people were placed at the top mgt level who knows nothing about the banking and they damage the repute of the bank in the markets as well.

Lack of dynamism

When a newly person employed in the bank they want to leave the bank very soon. Because the promotion period of the bank is so late till you retire. So lake at dynamism comes to the personality. He is no further creative in his life. So increasing age of the staff is one of the weaknesses of the bank because banks needs young and creative person who have the ability to meet the changing response of the environment.

Advances to non productive units

During the nationalized period, a lot of amounts are forwarded to the non productive unit just on political bases. Most of the advances are not still paid and not even written off.

Other factors are:

Political instability

Internal political issues

Less job satisfaction of employees.

Customers facing problems of NADRA verification while opening their accounts because its process is time consuming.

To give everyone equal protocol is lacking among employees customers having account with small amount and not giving same services like dealing to others who have high account.

Lack of organizational loyalty among employees.

Promotion is generally on seniority bases.

External Environment

Opportunity

Having an edge over the other commercial banks, MCB has greater profit, greater growth rate and market share than other commercial banks.

Privatization

After privatization bank deposits has accelerated tremendous speed because it gave the opportunity to get rid of critical influences and to put the bank on the professional root.

Other factors are:

To go global

Low exposure to consumer banking providing opportunity to explore the segment.

Emergence of Islamic banking in the country and MCB is increasing its Islamic banking operations.

SBP police to allow Islamic banking business separately.

Free staff training facilities offered.

Greater profitability can be achieved through strong internal control.

Elimination of risk of fraud through professional training.

Opportunity to open a branch in rural area to increase its branch network and gain more profit.

New schemes for deposit and finances should be introduced regularly.

Threats

Private Banks

Like citi bank and ABN amro are entering in the market with a greater power and strength in terms of brand name.

Govt. Policies

MCB faces the great threat from the Govt. policies like as finance the non productive units housing etc. so the bank does not feel the freedom in operating on its own view point, which is a threat for the bank. Because the bank is purely commercial so it should have autonomy to make its own decisions.

Other factors are:

Increasing competition in banking sector of Pakistan.

Strong competition.

Rising deposit rates.

Foreign banks in the market having more marketing budget.

People losing trust in banks.

Participation of foreign banks in local market that can hurt the market share.

Restructuring of privatized banks.

PEST ANALYSIS

Political

Political instability in Pakistan can lead to changes in laws and policies which can be in favor or against the banking sector.

Economic

Economy of Pakistan is facing issues about employment, inflation, illiteracy, which hinder business growth.

Social

Cultural issues can be there but still as there are multinational companies there, therefore, cultural issues are not prominent.

Technology

People are highly skilled and MCB can introduce new technology to increase competencies.

Porter's Model

The basis of much of the thinking on competitive advantage has been the writing of Michael Porter. Porter in his book COMPETITIVE STRATEGY: techniques for analyzing industries and competitors (1980) introduced his model of competitive rivalry.

Competitor rivalries are:

Competitive rivalry

Threat of potential new entrant to the sector

Threat of substitution product or services to the existing trade

The Bargaining power of buyers

The Bargaining power of suppliers

Threat of potential entrants

Competitive

Rivalry

Bargaining power of buyer

Bargaining power of supplier

Threat of substitution

Threat of New Entrants

The threat of new entrant relates to the ease with which a company can enter a given trade sector. Barrier to entry into a particular market include the need for capital, knowledge and skills. The barrier to entry, for example, in banking industry if a bank is working in particular area where any other bank is exist or any other branch is exist in the same city. Then the competition is exit and threat is exist for the bank that already exists. With the entrants of competitor your business is really suffer to overcome their competitor you have to introduce new strategies and make plans.

IT can be a barrier to enter to a given market place. Existing players in the sector may well have a substantial in IS / IT, including for instance the use of

EDI to coordinate their supply chain. This experience and investment can be difficult for the new entrant to match. The converse is that development in IT and e-commerce may leave existing players with a heavy investment in expensive, old technologies giving the new entrants the opportunities to enter the market with fresh ideas and a business plan facilitated by a new generation of IT provision. Internet e-commerce is a technology that can facilitate new entrants to existing markets without the need to match the IT and infrastructure investment of the existing players.

Threat of Substitution

Substitution is a threat to existing players where a new product becomes available that supplies the same function as the existing product or services. If we take the examples of banks if any commercial bank is not providing good services to their customers are not giving proper care to the customers then the customers go for the substitute where they find good services and where bank provide or give values to their customer as a priority.

The IT industry has itself substitute many products previously used in business with the replacement of the typewriter by the word processor being but one example of the e-commerce technologies, internet e-commerce has the potential to make significant inroads in the traditional retail sector with online banking.

Bargaining power of Buyers

For a business to be profitable the cost of producing and distributing its product has to be less than price it can fetch in the market place. Where there are a number of competitors in the market or the surplus of supply the

buyer is in a strong position to bargain for a low price and for other favorable conditions of trade. Over recent years the large retail chains have developed a strong bargaining position.

The bargaining strength of the buyer is of least threat to the low cost producer that organization can agree to tight terms of trade that competitor firms could not profitably match. The other defence is to have a branded product that the store will feel obliged to stock because their customers expect it.

Bargaining power of suppliers

The organization whilst trying to get an adequate price from its buyers will be looking to get favorable terms from its own suppliers. The organizations ability to get a good deal is the mirror image of its positions with the buyers. If the supply is plentiful or there are several suppliers it should get a good price. If the product is scarce or the number of suppliers that are able to meet its needs is limited then the supplier is in a more favorable position.

Competition between Existing Players

The final force is the competition between existing players in the market. The competition is to get the buyers and to trade at a price that produces an acceptable profit. That competition is won on the basis of the generic competition advantage of price, differentiation or focus. The competitive position of each organization is determined in part as least by the deal it is able to make with its suppliers. The competitive position of each organization is not absolute; in most markets the factors that lead to a successful deal in

one place at a given time will not necessarily be replicated in the next bargain that is to be struck.

Impacts of E- Business

Following are the impacts that E- business have on the bank:

New sales channel

Cost leadership

Reduced entry cost

New opportunities

Information System

Efficient quality controlling

Easy fraud detection in transaction

Easy data saving

Easy data recovery

Easy management of business transaction

New sales channel

E- Business is the new way of sale channel in the market. You can introduce any kind of your new product on your official website. The internet completely changes the selling process for both the buyers and sellers. Electronic commerce users found that they can reduce the cost of sale

through the internet. Internet is a very well media to advertise their product because if you launch your own site this is very help full for you because it is easier to buy anything from the site rather to go there and then decide. You can easily access the site and it is helpful for customer point of view because it takes less time and your required thing is at your door. Last many years advertising through internet is increased very rapidly manufacturers put every information about the product on the site so you can read it easily and you get familiar with the new product features. Amazon. com is the retail store for selling books through internet. Amazon is the most successful internet business launches ever. In MCB as they launch their mobile banking service customer feel much satisfaction because before launching this service or before online banking customers have to go to the bank for balance inquire are for any other service. After this service customer can check and access their account at their home and can send their money anywhere in the country easily. MCB mobile banking is the new way of doing business and they can send SMS to their users for the latest services that they introduced in the market.

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Cost Leader Ship

Cost leadership is a concept used in business strategy and it is developed by Michael Porter. It describes the competitive advantage in the firm. Cost leadership means reducing the cost of operation in the industry. The cost leadership is often determined by company efficiency, size, scale, scope, and

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cumulative experience. A cost leadership means to increase the level of production well defined scope and other economics and producing high quality products by using high technologies. In the last few years many companies used strategy mix to achieve market leadership. Companies that wish to follow the cost leadership strategy must maintain constant efforts to reduce the cost. Cost reduction strategies include:

Establishing tight control of production

Minimize the cost of sale

Like the multinational bank MCB launched their online services like mobile banking. This is launched to reduce the luxuries and to introduce the branch less banking that mean it reduce the cost of branches for example if they remove the branches that mean saving of cost in term of removing employees and cost of electricity and many other expenses of branches.

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Reduced Entry Cost

Reduced Cost of entry means introduce the new product to the market. Cost of entry includes the cost of all research, development, production, testing, marketing, advertising and distribution of the new product. Developing a website is reduced all these cost because internet provide you an easy access to every information so if you want to increase the production capacity you can find the new production techniques on the net. And you can adopt that according to your need.

If we take advertising websites and online other sources like newspapers, magazines reduced the cost of advertising very much. In traditional way of doing advertising like print the papers and join the local media this will charge you high cost at limited area coverage. But the internet is away that give you an opportunity to advertise the product on a larger scale.

If we talk