Conference on Building Trust In Investment Banks

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“For the past couple of years the investment banking industry has been shrinking and the current scenario calls for combined efforts by the regulators and the industry itself to take measures for improving the situation”.

This was stated by the managing director of Banking Services Corporation, State Bank, Liaquat Durrani at a conference organized by College of Management Sciences, PAF Karachi Institute of Economics & Technology on “Building Trust in Investment Banks” held in July 2005. He also said that at present the industry is going through changes. Many non banking finance companies are focusing on becoming multi business entities so that they can remain commercially viable.

Durrani said that by 2005 investment banks have been reduced to nine from sixteen in 2002. Total assets of these banks have been reduced to Rs 32.7bn in 2004 from Rs 41.5 bn in 2000. Not only have the assets been reduced considerably in these past years but total investment has also declined to Rs 16.4bn in 2004 from Rs 22.1bn in the preceding year.

It was also stated in the conference that the corporate sector has perennial needs for services such as investment advisory, corporate restructuring, distressed assets acquisition and equity and debt financing. And as the economy improves the need for these services will further intensify. This indicates good prospects for the investment banks proficient in these areas of business.

The need for investment banks to focus on developing competitive advantages in the form of wider outreach and ability to mobilize national savings with greater efficiency was highlighted in the seminar, House Building Corporation (HBHC) Chairman Zaigham Mahmood Rizvi emphasized the role of investment banks in promotion of affordable housing. He stated that there were 19 million housing units in the urban areas while the rate of growth of demand is around 8% per annum. Of the total housing units in the urban areas, 15.5mn are owned by residents basis, 2 mn are rent
free and 1.5mn are rented. The HBFC chairman further informed that there is a short fall of 6 mn units in the country.

PAF KIET Chancellor Izhar-ul Hasan also addressed the guests on the objectives of the conference.

Papers on specialized subjects were presented by Dr Javed Ansari, (College of Management Sciences, PAF-KIET) Dr Rafique Khan (Dadabhoy University), Dr M. Nishat (IBA), Iqbal Ismail (Ace Securities), Faisal Abdullah (Reuters Pakistan) Fareed Alam (PICIC), Mateeha Fatima (PAF-KIET) and Aejaz Daanishmand (Habib Bank Ltd).

The Final Session of the conference was chaired by Zafar Aziz Osmani, Senior Executive Vice President.

The Conference was sponsored by Habib Bank Limited, National Bank Limited, Allied Bank Limited, Pakistan International Airlines, PEPSI Beverages Ltd, M.N. Textiles and Data Steel Pipes Pvt. Ltd.