

Peart confident digitisation will level turf for Mayberry

BY HG HELPS
Editor-at-Large
helpsh@jamaicaobserver.com

Sunday, February 17, 2019



PEART... that now will become the holy grail

MAYBERRY Investments Ltd is confident that when it becomes fully digitised, the financial turf will be levelled and the company's fortunes will take an even greater positive leap.

Company officials are not saying when digitisation will become a reality, but according to the 34-year-old organisation's President and Chief Executive Officer Gary Peart, it will be "soon".

Peart, highly regarded by his peers and industry officials as one of the acutely bright minds of financial management in Jamaica, is oozing with confidence, almost to the point of getting goose pimples when the possibility of how digitisation will change the Mayberry landscape is examined.

“We have actually set a date for when Mayberry will be fully digitised, 100 per cent, because that now will become the holy grail,” Peart told the **Jamaica Observer** in an interview last week. That is the race that every financial company in Jamaica is having right now...to be fully digitised.

“Digitisation will level the playing field significantly for us. So before, to catch up to Scotia (Bank of Nova Scotia) and NCB (National Commercial Bank) who have 40 and 50 branches, it didn't make sense. But with digitisation, Mayberry will have access to every single person with a smartphone in the country.

“So there might be pockets of wealth that because I'm not physically there I cannot build that relationship. But now if I have a national PR programme, the same set of people who are seeing the same things that Scotia and NCB are saying to them, they will see Mayberry. So it now becomes a race of intellectual property, because there's not much difference between the financial service companies. It's just really a brand and in some instances some of them might offer a little better service than others, but it always balances out at the end of the day. How they might treat you as their special customer might be better than a man next door, but the man next door might also have a special customer that it treats the same way,” Peart went on.

Amid sips of his favourite brew from his Chelsea Football Club mug — one of the last symbols of hope for supporters of the London club following the team's 6-0 hammering by Manchester City in the English Premiership a week ago — Peart set aside that sentimental flop to sound the trumpet of optimism that digitisation, he insists, will bring to the St Andrew-based financial institution.

“Mayberry is legally not a commercial bank, but the only thing we cannot do is have what is called a chequing account, so we can't accept deposits, we can't have a chequing account, but we can give you a fully secured instrument for a day.

“So you can give us your money and we put it in one of our money market managed portfolios. You can give us your money today and we pay you tomorrow with interest, if you want. So if you want to manage your money tighter and get a better return, you can invest in one of our money market instruments. But the average person might not know that. With digitisation, we can now advertise across the country using different media and they can access our products much easier because it's just now a message away to transfer your funds to our account,” Peart told the **Sunday Observer**.

“We now have one of the best apps where when you download it you can see your statements broken down. So one of the things we realised when we did a survey is what took up most of our sales people's time is someone calling, asking about his balance. With the app, you can do it at any point in time.

“It has increased our efficiency because the customer can use it up. You can actually place stock orders on the app and have it fully executed. We have had the app for some time now.

“With the digitisation it now opens up Mayberry’s potential up to three million customers. This is the beauty of digitisation. We have strategically set a very clear timeline as to when the company will be digitised,” Peart said.

Started with \$10,000 by former deputy governor of the Bank of Jamaica Maurice Berry in 1985, Mayberry, among other things, invests in companies, bringing in governance structures, and grows them. The company’s assets now stand at \$13 billion, which executives describe as a fine growth story.

The company trades vigorously on the Jamaica Stock Exchange for its clients and itself and also plays an advisory role in the running of organisations.

Investment banking is described by Peart as “our fastest growing side where you sit with certain clients, convince them to do certain equities and debt transactions. A lot of people see us as just a stock broker, but we actually spend a lot of time raising debt for customers via bonds and all sorts of things whether its quasi preference shares, equity, debt, commercial paper, you name it.

“The best investment that we believe is in Jamaica is the stock market,” Peart went on, “and the majority of Mayberry’s profit has come from the stock market and we have shown that you can make a decent living.

“The company’s activities are not limited to the Jamaican market. We can partake and depending on how the market is we do partake in the overseas market, primarily in fixed income bonds. We do some equities but the reality is that Jamaica has been the place to be for the last five years and it shows in that two of those five years the Jamaica Stock Market has been ranked number one in the world. So it represents the type of growth that exists in the companies. People ask the question, how is it that you have a stock market which is the number one market but your growth rate is still low? Once people understand what goes into the overall growth numbers, they get a better feel as to what we really need to do to grow the country,” Peart said.

And the records will show, Peart added, that Mayberry has a highly successful rate arising from the number of IPOs brought to the market, ranging from 30 per cent to over 600 per cent.

One of the challenges that Mayberry has had to undergo is the accounting changes that have been made to the organisation’s balance sheet, which has made it more difficult for investors and analysts to understand.

“We struggled with it for a couple years, trying to educate people, but they wouldn’t get it,” Peart stated. “How the business is set up, we had a subsidiary in St Lucia that held our long-term investments and then the entity we have in Jamaica is really the full service financial service institution —investment banking, bonds, etc. When we add the two together, our stock wouldn’t past four or five dollars. It stuck there.

“So we listed the subsidiary, changed the name and called in Mayberry Jamaican Equities (MJE), and we only have the companies that are listed on the Jamaica Stock Exchange in MJE. What's important is after we listed MJE, that stock was trading at between \$9 and \$11. The two companies were together and the stock for the two was trading at basically \$4. I took out a piece of the company, put it on its own and it trades at \$10 to \$11, so how can a piece be greater than the whole?, was the question.

“You actually had a situation in which the MJE was in the \$10 region and Mayberry was down to the \$5 region, so someone said if Mayberry is \$75 per cent of this and this is at \$10, the minimum Mayberry can be at is \$7.50 and then they started trading up. So what we have seen is both stocks going up — MJE went up to as high as \$13 at one point and Mayberry traded up to \$10 from \$4.

“So the accountants changed how you measured gains from equities, so when I get my gains from equities it does not go to what you would refer to as the traditional profit and loss. The accountants created a new thing called Other Comprehensive Income which the average and traditional person doesn't know much about.

“Interestingly, when I make money on equities, it goes through this special account. When I make money on my fixed income it goes to my P and L (profit and loss). The problem is Mayberry is one of the only companies that holds and invests in so many equities. So my competitors are not as impacted, because they make a lot of money from the trading of fixed income securities, deposits, loans, etc, which go into your traditional profit and loss. We struggled with it for people to understand, but to simplify it we just listed the subsidiary.

“What has happened now is it is similar to an exchange traded fund, so if you don't want the hassle of managing a portfolio, just buy MJE. Go to your broker, buy shares in MJE and you get immediate exposure to 30-odd companies that are professionally managed. The fees that are charged to MJE is one of the lowest in the country for an equity managed portfolio. So you are getting the best of both worlds — low fees, no stress in managing it, you buy the stock and we just manage that portfolio,” Peart said.

http://www.jamaicaobserver.com/news/peart-confident-digitisation_157403?profile=1373