

Stocks

DGEN 0.85%
2,931.38

CSCX 0.34%
4,824.77

Asian Markets

MUMBAI Flat
17,824.48

TOKYO 0.75%
13,925.51

SINGAPORE 0.66%
3,074.15

SHANGHAI 0.80%
4,511.11

Commodities

Oil \$99.50 (per barrel)
SOURCE: AFP

Currencies

	Buy TK.	Sell TK.
USD	68.20	69.20
EUR	101.52	106.07
GBP	133.62	138.66
JPY	0.64	0.67

SOURCE: STANDARD CHARTERED

More News

Golfers swing Bangladeshi exports

It's not just ready-made garments in Bangladesh's export basket. Champion golf stars have been playing and winning using golf clubs whose shafts are made in a factory in Chittagong.

B-4



International

Scientists unveil corn genome

US researchers have sequenced the corn genome, a development that could help improve crops.

B-4

Cellphones as 'robot' buddies!

A Japanese company is offering a cellphone that turns into a robot buddy ready to chat.

B-4

Bangla Biz Lexicon

Hundi—an illegal way of channeling money, usually from abroad, based on trust and goodwill. The system requires much less documentation compared to the banking channels.

Contact Us

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Oriental Bank to expand with Islamic banking

SAJJADUR RAHMAN

Switzerland-based ICB Financial Group Holdings AG, the new majority owner of Oriental Bank, plans to turn the once scandal-ridden bank into one of the country's biggest, focusing on Shariah-based banking.

Dr Hadenan Bin A Jalil, chairman of the ICB Group, which is listed on the London Stock Exchange, said Bangladesh has huge potential, but it would take five to six years to transform Oriental into one of the best banks in the country.

Hadenan made the comments on the day ICB formally signed a deal to take a 50.10 percent stake at a cost of more than Tk 350 crore (US\$51 million). Oriental Bank will be renamed ICB Islamic Bank Limited, according to the new owner.

"ICB is expanding. The company is now targeting emerging Asian economies and we've seen potential in Bangladesh where 85 percent of the 150-million people are Muslim," Hadenan told The Daily Star in an interview yesterday at Oriental Bank's headquarters at Karwan Bazar in Dhaka.

He said: "We're committed to provide a wide variety of innovative Islamic products and services to fulfill the financial needs of the locals."

Other potential areas of business the ICB Group has identified are agriculture, services sector and remittance.

"We will pump more into the bank to improve its efficiency and strengthen product base," said Hadenan, who is also the



Dr Hadenan Bin A Jalil, chairman of ICB Group, the new majority owner of Oriental Bank, says the bank will be renamed ICB Islamic Bank Ltd. The logos of Oriental Bank and (far right) ICB Financial Group Holdings AG

chairman of Takaful Malaysia, an insurance company.

ICB Group has already deposited the purchase sum with the Bangladesh Bank.

"There will be zero tolerance with inefficiency in the management. Staff of the bank will be given time and training to improve their efficiency," he

said. "No employees will lose job initially as they will be monitored for one year."

On expansion plans, he said the first one year will be spent for restructuring the bank, aiming to provide improved services to the clients.

Infrastructure, especially information technology will be

heightened to international standard.

"More emphasis will be given to electronic banking, including ATMs," he added.

New branches will come up, but the number will not cross 50, he said. Currently, the bank has 30 branches across the country.

The bank will ensure good governance, transparency and accountability. "We'll provide a benchmark for other banks to follow," he added.

On the higher interest rate charged by banks in Bangladesh, Hadenan said: "An efficient management can cut the lending rate."

The new owner of the bank said initially the bank's board will consist of as little as five or six members. Of them, one or two will be nominated from Bangladesh and three/four from foreign countries.

The Bangladesh Bank in June 2006 dissolved Oriental Bank's board of directors after detecting massive corruption. To safeguard the interest of the depositors, the central bank took over its full control and appointed a BB executive director as the bank's administrator.

In August 2007, BB floated a tender to sell the bank's majority shares. Two bidders participated in the tender and Swiss ICB Group won the bid as it offered higher price than that of Domestic Consortium.

Private sector, BB and Islamic Development Bank own the remaining shares.

ICB Group has banking business in some 13 countries in Africa and Asia.

Managing Director of Oriental Bank Asaduzzaman said the paid-up capital of the bank is over Tk 700 crore of which Tk 351 crore is ICB Group's share, Tk 300 crore depositors' shares and Tk 50 crore is with the bank's old shareholders.

sajjad@thedailystar.net

Banks fail to keep pace with agri-credit needs

Bank borrowing to finance 4.7pc budget deficit tolerable: BB governor

UNB, Dhaka

Commercial banks have failed to keep pace with the credit requirement to help recover the agriculture output losses from two recurrent floods and devastating cyclone Sidr.

During July-January period of the current fiscal year, the banks disbursed only 54 percent against the requirement of around 80 percent of the year's total credit target of Tk 8,370 crore to stimulate farm production.

The disbursement of Tk 4,551 crore during the period was, however, 62 percent more than what the commercial banks disbursed during same period in the previous fiscal, according to Bangladesh Bank (BB) figures released yesterday.

The central bank has been insisting the banks since the second flooding last year to increase agriculture credit and disburse 80 percent of the fiscal year's total credit target by January so that the farmers could recoup their production losses through increased Boro cultivation.

"The response from the state-owned banks has been slow. The private banks did better," Bangladesh Bank Governor Dr Salehuddin Ahmed said yesterday.

He was exchanging views with the new executive committee members of Economic Reporters Forum at the BB conference room on current economic issues including government's borrowing from the banking system, inflation and foreign exchange reserve position.

The governor said the central bank will again talk to the commercial banks to expedite agriculture credit disbursement and achieve the target by March.

He advised the banks not to chase the certificate cases while considering loan disbursement, as the amount stuck up against the cases would be at most Tk 50 crore, which is much less than one single loan defaulter from the large sectors.

On the most recent estimate of increased government borrowing from the banking system, Dr Salehuddin said: "The 4.7 percent budget deficit is quite tolerable. It's unlikely to affect the inflation as well as the private sector lending."

He said the government borrowing so far was not so high except for the portion of Bangladesh Petroleum Corporation (BPC).

The government has so far borrowed only Tk 4,667 crore, excluding BPC's Tk 7,000 crore, from the banking system during the current fiscal year against total budgeted amount of Tk 7,253 crore.

About the forex reserve that stood at US\$ 5.9 billion as of yesterday, the governor said some people have suggested that the BB should hold the reserve at a level of US\$ 3.5 billion and release the rest to ease the forex market.

Dhaka Sheraton keeps up pace in battle for guests

Posts \$4.16m operating profit in 2007

SAYEDA AKTER

Dhaka Sheraton Hotel made an operating profit of US\$ 4.16 million in 2007 and said it had expanded its business, despite intense competition from new rivals, a senior official claimed.

"We have to compete with new hotels opened in recent years, yet Sheraton is still a premier and bigger hotel in terms of its accommodation and services," said Jayed Shams Mahub, assistant marketing and communications manager of Dhaka Sheraton Hotel.

He said Sheraton has gained 27.5 percent of the total market share held by five star hotels in the capital and achieved an occupancy rate of 85 percent.

Mahub said in 2007, Sheraton earned the second highest revenue of US\$ 11.27 million in the hospitality sector, which is a 6 per cent rise over the last year.

"For this profit, the main reason might be the country's current political stability that attracts more investment and tourists," said Mahub.

Sheraton's main competitors are Radisson Water Garden Hotel, Westin and Regency, which can attract more people, especially the garment businessmen from abroad, because those are close to the international airport in Dhaka.

According to Mahub, Sheraton now looks forward to



Photo shows Dhaka Sheraton Hotel. Competition in the five-star hotel business in Dhaka has intensified in the past two years with three new hotels opening. Yesterday management at the Sheraton said Dhaka's oldest five-star hotel was doing well despite the newcomers.

attracting foreign tour companies, international event managers and big business delegations.

"Despite new hotels entering into the market, Sheraton still is a trusted one to the visiting foreign business and sports delegates, and more importantly, it locates in the heart of the city," remarked the hotel

official.

"As a state-run hotel, Dhaka Sheraton generally accommodates the important guests coming to Dhaka on state visit," he added.

Mentioning that South African cricket team is now staying at Dhaka Sheraton, Mahub said several visiting trade and sports delegations

also prefer this hotel.

Dhaka Sheraton, the first international five-star hotel in Bangladesh that started its operation in 1984, has now 272 rooms and five categories of suites.

It has a plan to redecorate its rooms this year to make those more customers-friendly.

Sayeda@thedailystar.net

China RMG makers shift from exports to home market

ANN/ CHINA DAILY

Zhang Yang, the driving force behind a major Sino-foreign joint venture knitwear exporter in East China's Zhejiang Province, has cultivated a habit of opening his computer and checking the daily exchange rate when he enters his spacious office.

There was no rest for Zhang's heart on February 20 when the Chinese currency reached a new high, with a central parity rate of 7.1452 yuan against one US dollar. It was the 17th record high for the yuan since the beginning of this year.

Zhang was understandably disturbed by the appreciation of the yuan, also known as the renminbi, because it had a strong impact on the performance of his firm.

"We keep an average profit margin at about 3 percent from exporting garments. We would struggle through it if the yuan remains to stand so high."

A one percent appreciation in the currency results in a loss of two percent in profit margin in the labor-intensive textile industry, the bulk of China's foreign trade, said Guotai Junan Securities Research Institute statistics.

The yuan has appreciated more than 13 percent since it

was de-pegged from the US dollar in July 2005. It climbed 6.9 percent against the greenback in 2007 and has already appreciated more than 2 per-



A China textile worker busy at a factory.

cent so far this year.

Zhang, however, was well prepared to face up to the growing export risks rather than await doom. His way out was to divert many of his orders to the domestic market and sell the products as "export goods withdrawn for sale on home market" shops.

"These days, exported garments make profit largely on the basis of volume. Sales in the home market creates higher profits, normally hit-

ting 10 to 15 percent," said Zhang, glancing away from his computer screen, hastening to issue more orders of woolen sweaters and underwear to Hangzhou, the Zhejiang Province capital.

"The Chinese market is no smaller than the EU and the United States. We may first cultivate our own brand by boosting our business on the domestic retail market. After that, we will export products under our own brand," the garment baron said.

Exports, a driving force of the Chinese economy along with fixed-asset investment, has come to a turning point, as evident in the declined monthly growth rate in January, industry experts said.

"The slowdown in export growth in January is largely a result of weakening demand from abroad, a fallout from the US subprime mortgage crisis, the appreciation of renminbi and, in some cases, China's decision to curb exports of certain items by cutting export rebates or imposing export taxes," said Li Yushi, Chinese Academy of International Trade and Economic Cooperation vice president.

Industry experts welcomed the trend that more export-oriented businesses have returned to the home market.