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Stocks

DGEN	2.01%
2,972.08	(Tuesday closing)
CSCX	1.76%
5,301.66	

Asian Markets

MUMBAI	0.44
16,015.56	
TOKYO	0.80
12,604.58	
SINGAPORE	1.0
3,025.20	
SHANGHAI	5.42%
3,411.49	

Currencies

	Buy Tk.	Sell Tk.
USD	68.10	69.10
EUR	106.13	110.75
GBP	134.92	140.11
JPY	0.68	0.72

SOURCE: STANDARD CHARTERED

Commodities

Oil	\$106.35 (per barrel)
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SOURCE: AFP

More News

GP's Clinics on Wheels For the coastal poor

Grameenphone, the leading private mobile phone operator, has introduced two movable clinic styled 'Clinic on Wheels' to provide medical services to the poor people in the coastal areas.

B-3

International



A woman gazes at a 417 million yen (US\$4.17 million) diamond necklace during a press preview at the world's largest diamond trader De Beers' flagship shop in Tokyo yesterday. De Beers' new flagship shop opens at Tokyo's Ginza fashion district today.

B-4

Biofuels boom hurting Asia's poorest: UN

Biofuels are not only hurting poor consumers in Asia by driving up crop prices, they are also failing to help the region's farmers who have not been able to adapt their production to cash in on the boom, a United Nations report said on Thursday.

B-4

Bangla Biz Lexicon

Jhoom-a way of growing crops on the slopes of hills. Jhoom cultivation is risky as it causes natural disaster like landslides. Lack of farmland forces the poor hilly people to go for jhoom cultivation.

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Huge expansion of ATMs planned nationwide

Cash Link Bangladesh, Euronet Worldwide tie up

SAJADUR RAHMAN

Cash Link Bangladesh, a company formed by a group of banks, and Euronet Worldwide have tied up to set up 505 automated teller machines (ATM) across the country in next three years, officials said.

Euronet, which secures electronic financial transactions for the financial institutions to deliver information and transaction services from ATMs, mobile phones, wireless devices and web etc, will work as the Cash Link's technology operations management partner.

The agreement between the two sides is seen a move to speed up economic activities, bringing more rural people under an electronic transaction system.

"We will set up 100 ATMs in 2008 and the number will reach 350 in 2009 and 505 in 2010," Syed Masoud Bari, head of IT of Al-Arafah Islami Bank Ltd, which is one of the partner banks of the project, told The Daily Star yesterday.

The project cost is estimated to be \$17 million, which is equivalent to Tk 117.3 crore (1 dollar= Tk69). Of the amount, \$4 million will come from entrepreneurs as equity and the remaining money will be financed from bank loans,

according to the project proposal.

As per the proposal, AB Bank Limited will own 30 percent stakes in the Cash Link Bangladesh, Al-Arafah Islami Bank Ltd 10 percent, Euro Net 10 percent, a local company Net World 11 percent and the rest 39 percent shares will be owned by some banks that include United Commercial Bank, South East Bank and Agrani Bank.

Besides ATMs, some 10,000 point-of-sale (POS) centres, 9.5 lakh debit and 22.55 lakh prepaid cards will be marketed under the project by 2010.

As on October 2007, the country has only 438 ATMs, 10,526 POS, 7.7 lakh debit and 30,000 credit cards issued by all banks in the country.

Electronic transaction is getting increasingly popular across the world. Many developing countries, including China and India, are trying to build a 'cashless society' by introducing ATM, debit and credit cards to avoid risk in moving with cash.

Rural people in Bangladesh are deprived of banking services and the central bank has set a branch opening guideline for the banks. According to the guideline, a bank has to open at least one branch in rural area if it opens four urban branches.

But most of the private banks are reluctant to open branches in rural areas to avert losses.

"We'll make cashless banking happened not only in urban areas but also in rural Bangladesh. We'll issue over three million debit and prepaid cards by 2010, the largest in the country," a senior AB Bank official said.

He said: "More than 60 percent of the 505 ATMs will be set up in rural areas."

The head of IT at Al-Arafah Islami Bank said the work on data processing are going on in full swing and we hope to start our operations on a limited scale by May this year.

He said customer-base will rise significantly as some 5 to 6 banks will join the network. Some other banks may also join as associate members who would not have equity partnership in the project.

"We'll be able to get back our investment in three years," the AB Bank official hoped.

The project has already got Bangladesh Bank's nod, officials said.

According to Dutch-Bangla Bank Limited, which owns the highest number of ATM booths in the country, every transaction by the ATM costs the bank Tk 70, but it charges only Tk 10.

sajad@thedailystar.net



A file photo shows a client drops by an ATM to withdraw cash.

Mobile operators to open battle in hill districts

Md HASAN

The country's mobile phone operators have been given a new opportunity to intensify their rivalry as they battle to win customers in hill districts that are to be opened for mobile telephony.

Chief Adviser Fakhruddin Ahmed yesterday in Rangamati announced a government decision to allow cellphone network in Chittagong hill tracts.

The government however will allow mobile phone services in municipal areas of the three hill districts, once troubled by tribal insurgency that ended following the December 2, 1997 peace accord between the government and Parbatya Chattagram Jana Sanghati Samity.

The cellular phone companies now have their network coverage in 61 districts out of 64. The mobile phone services were introduced in the country more than one and a half decades ago.

The hill districts-- Rangamati, Khagrachhari and Bandarban -- have a population of around 1.4 million.

The government restricted the use of mobile phones in the hill districts, fearing that network connection in the region might be a serious threat to the law and order situation there.

Welcoming the government decision, the country's leading mobile phone operator Grameenphone's Chief Executive Officer Anders Jensen said, "We welcome this decision by the government and we look forward to providing quality mobile phone services to the people of this region."

"The Grameenphone nationwide network already covers 98 percent of the population and we will bring the Chittagong Hill Tracts region within the coverage of the GP network as soon as possible," he said.

After the present caretaker government took over the policymakers initiated moves to introduce mobile telephony in the region.

The Bangladesh Telecommunication and Regulatory Commission (BTRC) also initiated some moves to allow mobile phone services in the districts of about 13,184 sq km, which is approximately one-tenth of the total area of Bangladesh.

"From June last year BTRC started its work to allow mobile services in the hill areas," said a high official of the commission.

The official said the chief adviser's announcement will help the country's mobile industry to achieve the target of having 50 million customers by the end of 2008.

The army and the security agencies have also made a very positive response to the proposal to allow mobile operators to provide services in the three hill districts, the official said.

According to the latest figures released by the BTRC, up to February 2008, the number of total mobile phone subscribers reached 37.55 million, increased by 68 percent compared to the same period a year earlier.

The total mobile phone subscriber was 22.38 million by the end of February 2007.

hasan@thedailystar.net

Sizeable cut in lending rates in 3 months

UNB, Dhaka

Bank borrowers are likely to see a substantial cut in lending rates within the next three months, as the bankers yesterday promised to start reducing the interest rates from the next month.

"They (bankers) will report on a roadmap in reducing the interest rates after this month," Bangladesh Bank Governor Dr Salehuddin Ahmed told reporters after a meeting with the chief executive officers (CEOs) of government-owned, private and foreign commercial banks.

"You'll see a substantial reduction in lending rates in three months from April next," Association of Banks Bangladesh (ABB) Chairman K Mahmud Sattar said at the meeting held at the Bangladesh Bank (BB) office.

The central bank has long been motivating the commercial banks to reduce the lending rates to infuse dynamism into the country's economic activities through providing increased loans to agriculture, SMEs, housing, IT and other real sectors.

"Term loan has picked up since January but lending to real sectors, including housing, has not," the Bangladesh Bank governor said, adding that he instructed the banks to accelerate lending to agriculture, housing, shipbuilding, biotechnology and IT sectors.

The governor also advised the bankers to look beyond their heavy concentration on readymade garments and textiles sector, and start talking to the businesspeople to

expand lending to other sectors.

The central bank governor asked the bankers to improve client services as a Bangladesh Bank survey found that the clients were not getting the services at the standard they deserve.

Meeting sources said the governor also asked the bankers to make bank directors from among the clients.

They said foreign banks were asked to reduce the interest rate spread by reducing lending rates as well as various charges on banking services. The governor will soon hold a meeting in this regard with the foreign banks operating here.

ABB Chairman Mahmud Sattar said the overall client services could not be improved overnight, but the banks were lately considering investment in improving the services amid intense competition.

Replying to a question, he said the money market has no liquidity crisis, but there might be some inefficiency in liquidity management that pushed up the call rate to some extent.

"The deposit rate has also gone up due to the increased call rate."

About financing capital machinery import, the ABB chairman said there had been a positive growth during the last quarter showing signs that more investment is coming in near future.

"I think, the growth will be much better in the days to come," he said, adding that the overall economy is showing recovering trend.

Vietnam commits to supply Philippines with 1.5m tonnes of rice

AFP, Manila

Vietnam has committed to supply the Philippines with 1.5 million tonnes of rice this year to alleviate an expected rice shortage in the coming months, the Agriculture Department said Thursday.

The agreement, signed by Philippine Agriculture Secretary Arthur Yap and Vietnamese Trade Minister Yu Huy Hoang commits Vietnam to supply 1.5 million tonnes of rice to the Philippines in 2008 except in case of natural disasters or unforeseen harvest losses.

Both countries also agreed to take "strict measures"

against illegal rice trading between the Philippines and Vietnam, the statement said.

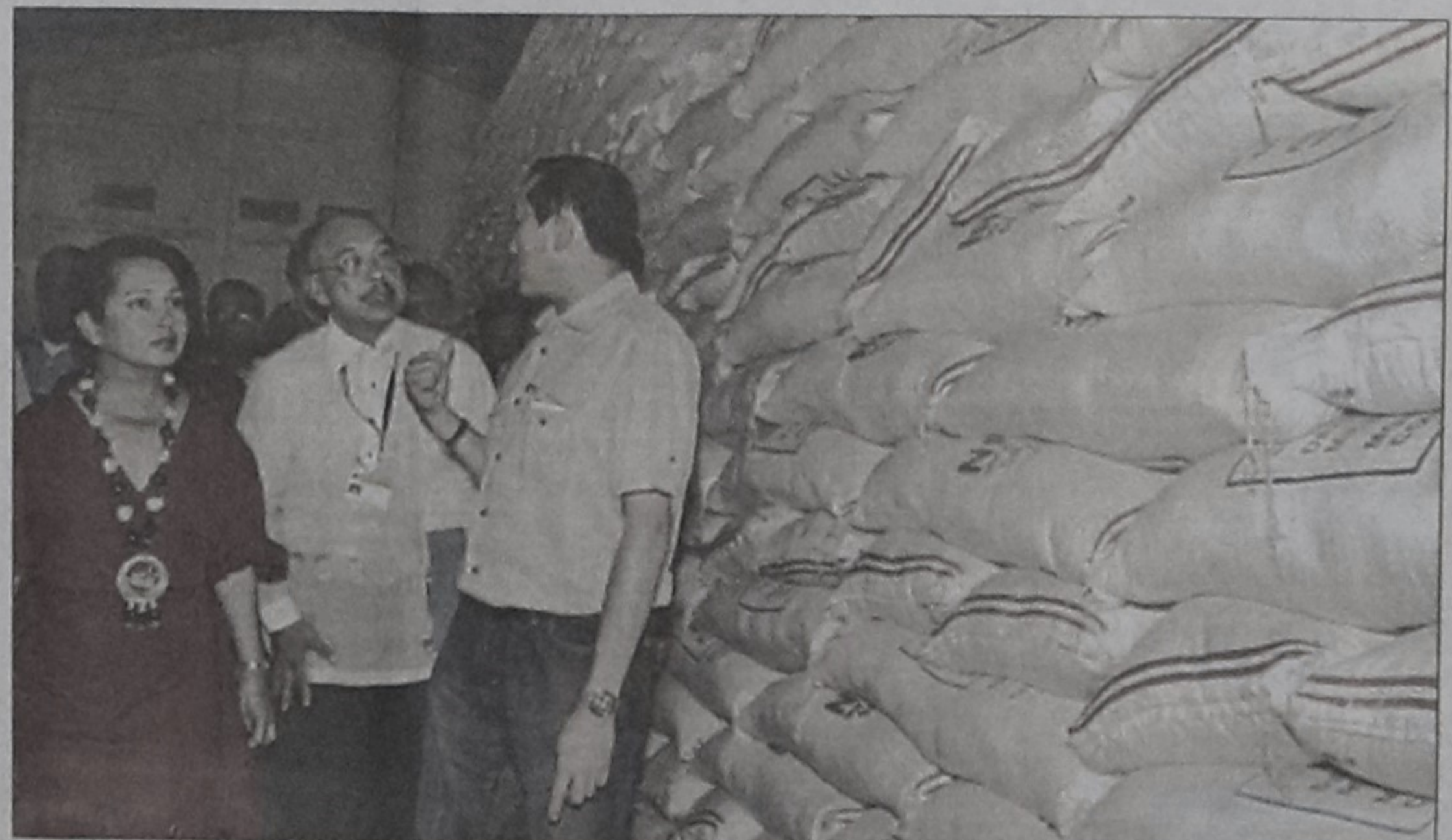
The Agriculture Department said the price for the Vietnamese rice will be determined through the public bidding system between suppliers.

To further forestall any rice shortage, the US Department of Agriculture will also increase its credit commodity programme with the Philippines to 75 million dollars, clearing the way for the importation of an additional 100,000 tonnes of US rice into the country, the statement added.

The commitments were made as part of the Philippine government's efforts to avoid a rice shortage due to rising domestic demand and tight inventories around the globe.

Rice, the staple food for the country's 90-million populace, is a political commodity in the Philippines, and any fluctuations in price and shortages in supply could potentially rouse unrest, analysts have warned.

Last week, the National Food Authority, the state's rice-importing agency, announced it had bought some 335,000 tonnes of rice mainly from Vietnam, Thailand and Pakistan to avoid any crisis in the months to come.



Philippines President Gloria Arroyo (extreme L) accompanied by Agriculture Secretary Arthur Yap (R) inspects some 15,000 sacks of rice during her visit at the National Food Authority warehouse in Butuan City in southern Philippines island of Mindanao yesterday.

Asia-Pacific exporters to be hit hard by US financial turmoil

AFP, Geneva

Economic growth in Asia Pacific's developing nations will fall slightly in 2008 to 7.7 percent, the UN said Thursday, but buoyed by booming India and China, it will likely weather a slow-down in the US.

The region is entering a phase of "heightened uncertainty", the United Nations report said, with export-led countries to be hardest hit by the ongoing financial turmoil in the United States.

"In the worst case scenario of a recession in the US and a deeper depreciation of the dollar, the impact in much of the region would be harsh."

"Most vulnerable will be the exporters of high-technology products, such as electronics, to the US: Singapore, South Korea and Taiwan," said the report outlining the economic and social situation for the region for 2008.

After a record GDP growth of 8.2 percent in 2007, global factors including high oil and food prices would take a toll in the region, the report by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) said.

Rich countries in the region including Japan, Australia and New Zealand

will see growth drop to 1.6 percent in 2008 from 2.0 percent in 2007, it said.

But China and India's economies would continue chugging along, offering opportunities to other export-led economies.

India is expected to maintain growth at 9.0 percent in 2008 while in China, government spending increases will spur domestic demand.

"China and India, the region's growth locomotives, are expected to grow at a robust pace, boosting growth in the region," said ESCAP's deputy executive secretary Shigeru Mochida.

"So far the Asia Pacific region has been resilient -- it is mainly due to the good and strong economic fundamentals," he told reporters at the Bangkok launch of their report.

Maintaining these fundamentals by moderating inflation and keeping budget deficits and interest rates low was key to weathering turmoil in the world's largest economy, sparked by the housing crisis and credit crunch, he said.

Exporters would face a double whammy of a weakening dollar due to sharply lowered interest rates in the US, as well as slowing demand.