

International Business News

RBS India, Chile units seen next for sale

REUTERS, London

Royal Bank of Scotland is close to selling its Indian business to HSBC and may shortly sell its investment bank arm in Chile as an overseas retreat accelerates, a person familiar with the matter said.

RBS, 83 percent owned by the UK government, could fetch over \$8 billion from a trio of big asset sales in the coming months and is also selling a number of smaller non-core business to refocus on its core strengths.

The Edinburgh-based bank is in talks to sell its global banking and markets business in Chile, the source said.

The business offers equities, corporate finance and advisory, cash management and trade finance.

RBS is also near to selling its Indian unit to HSBC after over a year of talks.



Pakistani stockbrokers sit under an index board during a trading session at the Karachi Stock Exchange (KSE) in Karachi yesterday. The benchmark KSE-100 index was 9637.79, down 7.92 points in the morning session.

Outlook cloudy as advertisers meet in Cannes

REUTERS, Paris

Advertisers are likely to strike a cautious note at this week's Cannes festival, after making a strong start to the year, on concern sovereign debt-fuelled European austerity measures could hamper the rebound.

The 57th Cannes Lions event is set to bring together the heads of the world's top ad firms, including WPP, Publicis and Interpublic, as well as executives from Internet giants Facebook and Google.

Some 8,000 delegates from 90 countries are expected to take part in a week of seminars and workshops in the French seaside town. Major advertising groups posted more solid organic sales growth than expected in the first quarter of this year, thanks to economic improvement in the United States and the dynamism of emerging markets.

Europe's wealth gap laid bare

AFP, Brussels

Europe's wealth gap was laid bare on Monday in new data showing that Luxemburgers have on average seven times greater purchasing power than fellow EU members Bulgaria.

Compared to a European average expressed as 100, the people of Luxembourg, a substantial private banking and finance centre, enjoy spending power pegged at 268 percent of that average.

Ireland came in second, on 131 percent, with Britain and Germany comfortably above on 117 percent and 116 percent respectively.

The statistics, before massive austerity cuts, gave Greece 95 percent of the EU average, whereas Poland, the bloc's fastest-growing economy, came in at just 61 percent.

Australia, China sign major deals, push free trade pact

AFP, Sydney

Australia and China signed new deals worth 10 billion dollars (8.8 billion US) yesterday and vowed to push for an early free trade agreement as they ignored diplomatic comments to focus on economic ties.

Prime Minister Kevin Rudd warmly welcomed China's Vice-President Xi Jinping to Canberra, entertaining 300 Chinese delegates with jokes in Mandarin, as he spoke of the booming economic ties with Australia's biggest trading partner.

"If we are going to face the global economic challenges of our time, then we must do so together," Rudd said, adding that total trade between Australia and China grew by 15.1 percent to 85 billion dollars during the slump of 2009.

Xi, who is tipped to succeed President Hu Jintao in the next two years, is the first high-level Chinese official to visit Australia since the jailing of Rio Tinto executive Stern Hu in Shanghai in March.

INTERVIEW

StanChart on growth path

Bank's top official shares plans with The Daily Star

SAJJADUR RAHMAN

Standard Chartered Bank Bangladesh plans to recruit up to 400 employees over the next six months, as part of its plan to double business in three years, said a top official.

"As part of our new strategy, we've decided to operate in Bangladesh as a universal market. Here, we want to grow a lot faster," says Steve Bartamini, group executive director and chief executive officer of consumer banking of Standard Chartered Bank.

The bank will invest a big sum of money this year to support this planned business growth in the country.

Bartamini spoke to The Daily Star when he visited Bangladesh last month. Sandeep Bose, head of consumer banking of Standard Chartered Bank Bangladesh, was also present.

The German-born banker, who was brought up in Europe and studied in the US, said Standard Chartered Bank is shifting its focus to customers from products. In other words, it is going to value the needs of the clients.

Although the bank as a whole is expanding globally, it believes it has a big opportunity in consumer banking in Bangladesh. He said Standard Chartered values Bangladesh as equal to Hong Kong and Singapore.

The bank started setting up financial kiosks at different key points to provide cost effective services to clients. At least 30 kiosks will be installed by year-end.

A financial kiosk has some advanced functions than an ATM. It provides the services of ATMs, bill payment, internet and phone banking, while service staffers are there to support customer queries and requests.

The bank will also boost consumer banking areas such as the personal loan segment,



Steve Bartamini

credit cards and savings accounts. A dedicated training academy will also be set up soon.

About six months ago, the bank decided to expand its presence in Bangladesh. The bank wants to make Bangladesh its universal market. It plans to double its business in Bangladesh in just three years.

"We'll hire more people -- some 30 to 40 percent or 300 to 400 staffs -- by this year to help the bank grow its business," said Bartamini. He has been leading the bank's consumer banking division since joining in

May 2008.

"The bank is Bangladesh was under-invested for the past few years. Now we want to catch up very quickly and invest three to four times higher this year than last year."

Standard Chartered Bank is the largest foreign bank in Bangladesh in terms of consumer banking. It has nearly four lakh credit cards, which is by far, larger than any other bank in the market. The bank's overall business has been growing by 17 to 18 percent.

Bartamini said the bank is shifting to customer-focused from product-based

businesses, to value the needs of the customers.

"This is a big shift -- we want to value what the customers want."

But the banker said it does not mean that the bank is focusing less on wholesale banking.

"Wholesale banking continues to do well. It has even performed well during the financial crisis," he said. "Wholesale banking depends on the relationship with the customer."

On the bank's loan-deposit ratio, he said: "We're very conservative when it comes the issue of lending out. We have a conservative AD (advance-deposit) ratio."

Bartamini also said the bank is facing growing competition from the local, private banks. But he said they are not worried as the bank's customer retention rate is high.

On charging higher rates for services, Bartamini said people have a choice and if a bank charges higher rates than the market, it will lose market share.

The bank will set up a dedicated in-house training academy within the bank to train its employees. A branch will be set up to help trainees know the banking services practically, said the chief executive officer of consumer banking of Standard Chartered Bank.

Standard Chartered Bank is one of the few financial institutions that sustained growth even during the financial crisis. It is too early to comment on recovery from the crisis, he said.

"The western market is still volatile. They (west) have to de-leverage debt more."

The banker also said the positive country rating would benefit Bangladesh.

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CURRENCY

China unshackles yuan ahead of G20

REUTERS, Shanghai

China's yuan surged on Monday by the most of any day since its landmark revaluation in 2005, sending a clear signal ahead of this weekend's G20 summit that Beijing is keeping to its word and allowing greater currency flexibility.

The central bank has maintained a de facto peg since the middle of 2008, a controversial policy aimed at steadying the world's fastest-growing major economy during the global economic downturn.

But the People's Bank of China (PBOC), the central bank, stepped aside on Monday to back up its surprise weekend announcement that it would allow more flexibility for the yuan, buying some time against critics who argue the currency is undervalued and gives China an unfair advantage in trade.

After setting the mid-point for the day's trading range, the central bank let the currency rise 0.42 percent to 6.7976 per dollar -- both the biggest daily gain and the highest close since China revalued the currency and introduced a managed float regime in 2005.

At one point, the yuan was up as much as 0.47 percent from the day's mid-point -- just shy of the currency's 0.5 percent limit, which had rarely been tested in practice in the past.

Traders said the absence of intervention from the central bank suggested it wanted the market to drive intraday trade and so underline its weekend pledge.

But it also showed it had ultimate control by setting the reference rate, around which the yuan can trade, at the same level as Friday's fixing.

Traders said it was unlikely the yuan would repeat gains on the same scale in coming days, with Tuesday's mid-point setting serving as an important barometer of how much more appreciation the central bank is willing to stomach.

"It is still too early to say what the PBOC is going to do in the coming days but we expect the trend to be gradually lower rather than volatile," said Callum Henderson, global head of FX strategy at Standard Chartered Bank in Singapore.

"Tomorrow's fixing is awfully key in terms of the sentiment of the market. One can



A grocery store cashier holds a display of 100 Renminbi notes in Beijing. At one point yesterday, the yuan was up as much as 0.47 percent from the day's mid-point.

pontificate on what is going to happen based on one day, but frankly it is a guessing game on what is going to happen. We will have to see the fixing tomorrow and that should set the tone for the next couple of days."

China's economic strength gave policymakers confidence to end the peg, but they remain worried demand for China's exports is not on a solid footing given risks like Europe's debt woes.

The central bank ruled out a one-off revaluation of the currency and suggested the yuan's value was close to fair value.

Still, analysts said China needs to show the G20, whose leaders meet June 26-27 in Canada to discuss issues including global trade imbalances, that it is serious in its

commitment to make the yuan more flexible.

Indeed, the United States called for "vigorous implementation" of the policy, and some of the strongest critics of China's policy in the U.S. Congress are unlikely to be easily impressed.

Monday's gain in the yuan, small by comparison with freely floating currencies, is likely to be enough to ease tensions at the upcoming G20 summit, Ben Simpfordorfer, strategist with Royal Bank of Scotland in Hong Kong, said in a note to clients.

But tensions are likely to return following the summit, as the scope of appreciation disappoints critics who complain Beijing has used the peg to gain an unfair trade

advantage.

"If so, fault lines at the heart of the US-China relationship will be largely to blame," Simpfordorfer said.

"The former is a developed Western country run by politicians subject to the short-term demands of an electoral cycle. The latter is a developing Eastern country run by state planners subject to the medium-term demands of living standards and social stability."

The PBOC's announcement at the weekend that it would give the currency greater flexibility was welcomed globally, albeit with some caution as policymakers waited to see what the words would mean in practice.

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