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Star BUSINESS

DHAKA WEDNESDAY DECEMBER 22, 2010, e-mail: business@thedailystar.net

Tripura minister proposes border haats

STAR BUSINESS REPORT

Tripura's Commerce Minister Jitendra Chaudhury has proposed that Bangladesh set up markets along its border with the Indian state in order to exploit trade potential.

The proposal came during the visiting minister's meeting with Commerce Minister Faruk Khan at his Secretariat office in Dhaka yesterday.

Chaudhury said he had already sought permission from his central government for setting up such border haats.

He said his state has already selected seven spots along the border areas for establishing makeshift markets where buyers and sellers from both the countries can gather.

The Indian minister also invited Bangladeshi businessmen to attend the weeklong Agartala Trade Fair, due on December 28, to tap bilateral trade potential.

Faruk Khan said Bangladesh plans setting up 10-15 border haats in near future if positive feedback is found from Sunamganj and Kurigram border haats, which are expected to be



AMRAN HOSSAIN

SME women entrepreneurs pose with their trophies at Sonargaon Hotel in Dhaka yesterday: From left, Sharnalota Roy from Sylhet, received an award on behalf of Women's Fashion World; Rokhsana Akter from Dhaka, owner of Kashem Fiber Glass Composite Industry, was the 'creative entrepreneur'; and Tanuja Rahman from Jessore, owner of Rong Handicrafts, won the best woman entrepreneur award.

BB restricts loans for car purchase

STAR BUSINESS DESK

Bangladesh Bank (BB) has asked banks not to finance the purchase of any car older than five years.

The central bank emphasised that the banks willing to finance the purchase of used cars must prepare a set of uniform guidelines to determine the value of the vehicles.

"However, in no case the banks will finance the cars older than five years," it said in a notice to the scheduled banks.

The central bank also instructed the banks to finance the vehicles imported as described in the existing import policy order.

Muhith hits out at 'stock conspirators'

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday vowed to tame the 'well-known conspirators' of stockmarket that went through a long spell of volatility.

"Everybody knows the conspirators. The government is working to bring them under control," he said. But the minister did not name the 'conspirators'.

His comments came after Dhaka stocks witnessed the steepest single-day fall on Sunday, with the key index of the premier bourse sliding by 551 points, or 6.72 percent.

The minister made the remarks at an awards ceremony at Sonargaon Hotel in Dhaka.

SME Foundation organised the event to honour three SME women entrepreneurs.

The finance minister termed the country's stockmarket strange and said: "The index has increased three-fold within a year. The index is increasing by the day. It is an abnormal situation."

He said the country would not benefit from the increase in the prices of paper shares. "We need to augment production and investment. But that is not happening."

He also chastised the investors who expect overnight profit. "By investing Tk 10 they immediately want the share price to rise to Tk 12. This trend must be stopped."

The minister accused some conspirators of putting the country's stockmarket at stake. "For the sake of the stockmarket, we have to rein in the trend of making profit everyday. The conspirators need to be controlled."

"We have heard and also read in the newspapers that people who took financial assistance as SMEs have invested the money in the stock market," Muhith said.

He said some people who received assistance for their SMEs invested the funds in the stockmarket sector mistakenly. The market will be stable if they use the assistance as promised, the minister said.

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Onion more pungent

SOHEL PARVEZ

Onion prices are on the rise as supply plunged on the domestic market amid a sharp fall in imports from the major supplier India where heavy rains damaged crops.

The supply crunch has pushed up the prices in India and the country on Monday banned exports until January 15, leading to a fresh spike at wholesale and retail markets in Bangladesh yesterday.

The wholesale prices of both Indian and local varieties shot up yesterday as demand outpaced the supply.

At the wholesale level, the prices of early harvested varieties of local onion, increased 10 percent to Tk 38-Tk 43 each kilogram in a day, said traders at Shyambazar, a wholesale hub in Dhaka.

The wholesale prices of the rest of the imports also edged up.

Since December 2, the retail prices rose by 30 percent to Tk

44-Tk 60 per kg from Tk 35-Tk 45, according to Trading Corporation of Bangladesh data.

The traders said the Indian ban is yet to largely impact the retail market. The consumers will have to pay more for at least the next three weeks, they added.

"The market is volatile. The Indian exporters are failing to meet the previous orders due to rain-related crop losses there. The harvests of the local onion are also getting delayed," said

Narayan Saha, co-owner of Nobin Traders at Shyambazar.

Saha said the old stocks of local varieties have almost dried up, and some importers now try to book onions from Myanmar.

Bangladesh produced more than 14.2 lakh tonnes of onion last season, up from 8.5 lakh tonnes the previous season, according to Department of Agricultural Extension.

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Local banking software lags behind

MEHDI MUSHARRAF BHUIYAN

Going tech smart is all the rage in today's increasingly dynamic banking world. Be it at home or abroad, big names in the financial services are vying with one another to offer the best services to their clients through state-of-the-art technologies.

As the banks are receiving subscribers and introducing services in growing numbers, they are becoming tech savvy as well. The financial giants are now spending more on automation than ever before.

"Seven or eight years ago, we used to spend not more than Tk 3 lakh for automating each of our bank branches," said Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank Ltd, a pioneer in banking automation.

"Those were the days when we needed to count separate software and hardware costs for automating our branches," Shirin said. Since DBBL introduced core banking in its system in 2003, their total automation costs stood at Tk 200 crore through a seven-year span, he added.

Increasing the number of service delivery channels and the volumes of transactions means that the banks are spending more on technology to remain competitive and prove efficient in customer handling.

The local software houses are failing to cash in on the booming automation market, which is partly blamed on the mindset of the banking industry as well as a lack of apt

marketing of the homegrown IT companies.

"In the days of distributed software system in the past, most bank branches used to rely on local software for their everyday banking. As core banking gained a secure footing, most of the local bankers switched to foreign software for more advanced solutions," said Shirin.

"The cost of automation no more depends on the number of branches, rather it depends on the range of later services offered to the customers and the mode of service delivery channels."

Although it would cost nine to fifteen times more to install foreign software compared to a local one, most banks are now going for the more expensive option. This trend is labelled by the proponents of local software as 'disturbing'.

"The local software companies often suffer from an image problem as the locally developed products are often perceived to be inferior," said M Mainuddin Chowdhury, senior executive vice president of Southeast Bank Ltd.

"This is despite their lower installation and maintenance costs and the proven ability to provide the same services," he added.

Electronic payment systems like debit and credit card as well as automated teller machines have come to define the latest automation expenses, while new forms of delivery channels like SMS banking, internet banking, e-commerce and m-commerce are likely to be the next wave of growth in banking automa-

tion. Against the backdrop, most of the bankers, however, pointed to the enhanced ability of the foreign software to offer the latest range of services and security features compared with their local counterparts.

"Currently, we are using local software for our core banking solution, but we'll switch to a foreign solution when the Basel II will be implemented," said a top IT official of a bank, asking not to be named.

When asked about their stance, the local software houses, however, often complacently state that they are able to offer services suitable to the local customer base and industry needs.

"There are regulatory compliance issues, which are better addressed in the locally made software," said Anisur Rahman Khan of Leads Corporation Ltd, a top software solution provider.

"There are no hidden costs involved in the local software; the cost of ownership is also low and the maintenance is easier. Even the implementation of Basel II with the local software services should not prove to be any tricky job."

Leads' BankUltimus, a real time online core banking solution, has been implemented by a number of local banks.

The industry insiders have long been concerned about the lack of necessary investment in research and development in the local software houses, which they cited as a reason for the homegrown companies lagging behind.

Banks asked to set up CSR desks

STAR BUSINESS DESK

Bangladesh Bank yesterday asked commercial banks to set up CSR desks in their offices.

The desks will update the BB on the banks' corporate social responsibility activities.

"The banks are required to have a separate contact point to maintain proper communication with all concerned," the central bank said.



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