

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▼ 2.68%	▼ 2.23%	\$1,377.80	\$90.34	▼ 0.57%	▲ 1.44%	▲ 0.78%	▼ 0.51%	BUY TK	70.99	91.51	108.27	0.83
7,735.21	14,193.42	(per ounce)	(per barrel)	20,184.74	10,529.76	3,279.70	2,824.20	SELL TK	71.99	96.62	113.42	0.91

NCC Bank VISA Debit Card

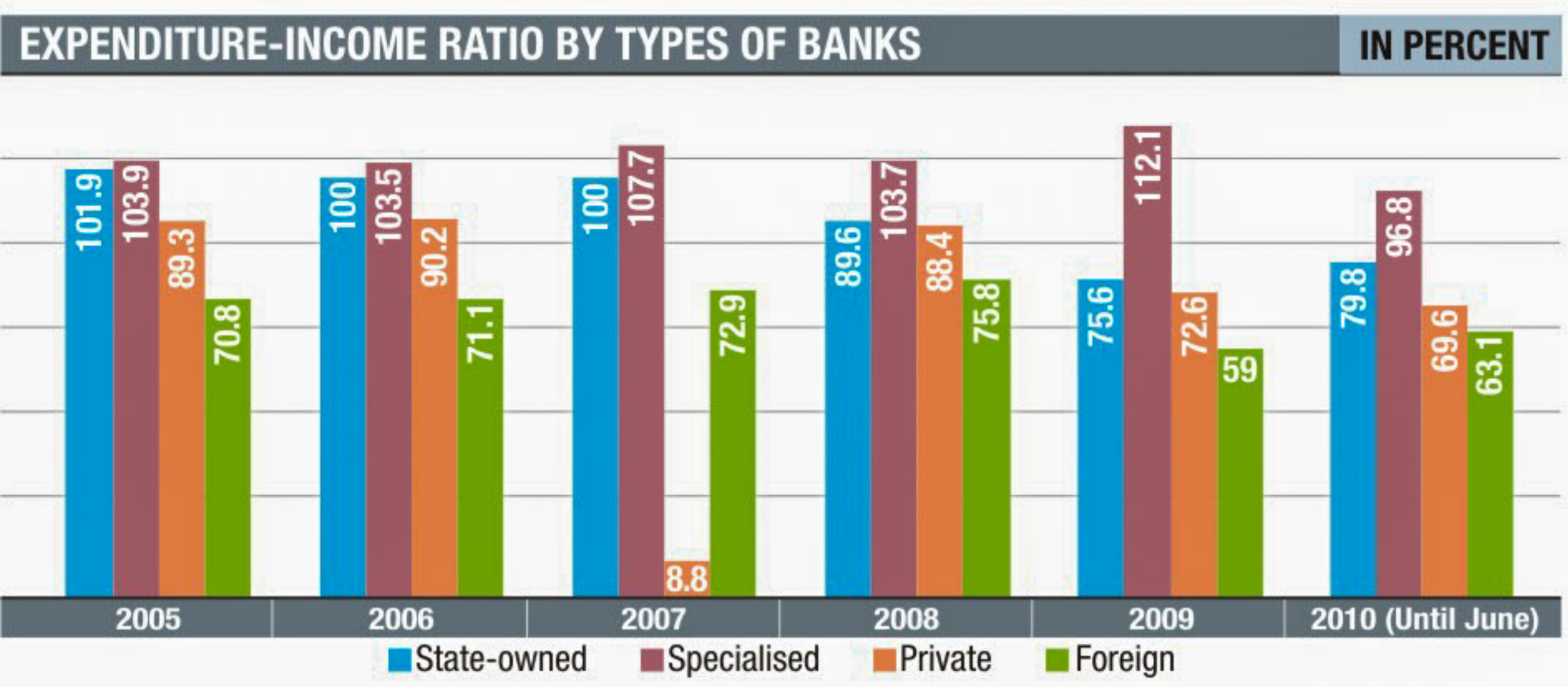
- Real-time online
- 24 hours banking
- Enjoy shopping
- Nationwide access
- VISA and Q-Cash ATM facilities

NCC Bank Ltd.
Where Credit and Commerce Integrates
www.nccb.com.bd

Star BUSINESS

DHAKA FRIDAY JANUARY 7, 2011, e-mail: business@thedailystar.net

Banks scale down costs



SAJJADUR RAHMAN

Management efficiency, use of technology and reduction in bad loans helped banks minimise their operating costs in the past decade.

Private and foreign commercial banks operating here were more efficient in managing their expenditure than the state-owned commercial and specialised banks, a central bank report shows.

The report found that a private bank spent 93.1 percent of its income in 2003. Such expenditure was 69.6 percent in June 2010, down by over 25 percent between the periods.

The foreign banks have minimised the costs by 21 percent, state-owned banks by 19 percent and specialised banks by only 4 percent between 2003 and 2010, according to the draft annual report of Bangladesh Bank (BB).

The cost-income ratio is a key financial

measure, particularly for valuing a bank. It shows a bank's expenditure in relation to its income. It is useful to measure how costs are changing compared to income -- for example, if a bank's interest income is rising but costs are going up at a higher rate, it may not be good for the bank.

The Bangladeshi banks have long been blamed for poor efficiency, which pushed their costs up. It also increases the borrowing costs.

Bankers credited young professionals, use of technology and declining bad loans for a significant fall in costs in the just-concluded decade.

"Young generations are bright and their productivity is higher than their older colleagues," said Shahjahan Bhuiyan, managing director of United Commercial Bank, who has nearly four decades of experiences in the banking industry.

Bhuiyan also attributed the suc-

cess to the falling non-performing loans (NPL).

BB data shows that the average NPL for the banking sector was 17.6 percent of their total loans in 2004, which came down to 8.7 percent at the end of June 2010. The private and foreign banks are the best performers in terms of controlling bad loans with only 3.7 percent and 2.4 percent respectively as of June 2010. The NPL was nearly 23 percent for the state banks.

"The banks are heavily investing in technology, which ultimately helps us with efficiency enhancement and managing the costs," said Anis A Khan, managing director and chief executive officer of Mutual Trust Bank.

According to Khan, the main reason behind the fall in the expenditure-income ratio was a tremendous growth in the banks' profit.

sajjad@thedailystar.net

Bhutan eyes deal to access Mongla port

STAR BUSINESS REPORT

Bangladesh is preparing to sign a fresh agreement with Bhutan this month to allow the South Asian landlocked country to use Mongla port, said a senior official of the commerce ministry yesterday.

The official also said the deal may be inked during the January 10 visit of Bhutanese Prime Minister Lyonchen Jigmi Yoser Thinley or anytime this year.

Bangladesh is now finalising the guidelines for signing the pact, he said.

Thinley is scheduled to arrive in Dhaka on January 10 on a four-day visit. "The guidelines for the agreement are at the final stage," the official said, asking not to be named.

Bangladesh and Bhutan had earlier signed a transit agreement in 1980, but it did not come into effect, as Bangladesh and India had failed to reach an agreement on giving a corridor to Bhutan to use a strip of

the Indian territories.

Bhutan has long been asking for access to Chittagong port, but Bangladesh prefers offering Mongla port to increase its use, the official said.

"We are still busy finalising the guidelines of the transit agreement," said Chairman of Bangladesh Tariff Commission Mojibur Rahman, without elaborating.

Earlier, the commerce ministry asked the Tariff Commission to prepare the guidelines.

DSE turnover hits record low

STAR BUSINESS REPORT

A dearth of liquidity takes a heavy toll on the premier bourse's turnover or transaction value that hit its lowest yesterday in eight months.

It came on top of a continued free fall in share prices.

The single-day turnover on the Dhaka Stock Exchange came down to Tk 969 crore yesterday, 6 percent lower than the previous day's and 70 percent lower than the highest-ever single-day turnover of Tk 3,249 crore a month ago.

The market is facing the liquidity crisis mainly due to the monetary tightening measures taken by the central bank to curb inflation. As a result, the institutional investors are going through a shortage of

funds, while the lenders cannot provide credit.

"Many investors were not confident enough to put in fresh funds. The market felt sales pressure from the investors who were sitting on profit," said LankaBangla Securities in an analysis.

It said the credit providers could not extend additional loans to the clients because of costly borrowing. "Institutions sat idle due to expensive liquidity in the money market and are reluctant to overexpose to the stockmarket due to tight surveillance of the watchdog."

"The bearish trend is expected to be chronic if the market does not get liquidity support," LankaBangla said.

The market went down for the fourth consecutive session yesterday, with the benchmark index of

the Dhaka bourse -- DSE General Index (DGEN) -- suffering a loss of 212 points to 7,735. In the last four trading days, the DGEN slumped by 570 points.

The continuous slump also prompted the retail investors to take to the streets yesterday for a second day in a row.

Police detained at least six people in front of the Dhaka bourse and the adjacent areas on charge of street vandalism during a demonstration.

Chittagong stocks also suffered a big loss yesterday, with the CSE Selective Categories Index sliding by 323 points to 14,193.

The single-day turnover on the Chittagong Stock Exchange also plummeted by 22 percent to Tk 94 crore.

125! years of delightful customer care

Anyone can sell you a vehicle, but can they take care of it for you?

Unauthorized service can be dangerous.

Ask yourself if they can support you with the following:

- Genuine spare parts
- Internationally trained & certified technicians
- Repair facilities with specialized tools

Unauthorized service may look like a good value but can be expensive in the long run. So, be sure your vehicle is being properly serviced.

Your Authorized Mercedes-Benz Dealer will not be beaten on price.

Mercedes-Benz

Rancon Motors Ltd.
General Distributor for Daimler AG in Bangladesh

Hotline
01730 089 001

FAO sees drop in cereal import

STAR BUSINESS REPORT

Bangladesh's cereal import demand is likely to fall in 2011 due to increased domestic production, the Food and Agriculture Organisation (FAO) said in its report.

The cereal production was expected to increase 3.8 percent to 52.3 million tonnes in 2010 from 50.4 million tonnes a year ago, as a result of buoyant paddy production, said FAO in its December report on crop prospects and food situation.

"Production will rise significantly in Bangladesh, Cambodia, India, Indonesia, Nepal, Philippines, Sri Lanka and Vietnam," the report forecasted.

Paddy production rose to 50.3 million tonnes in 2010 from 48.4 million tonnes in 2009.

Bangladesh's total cereal import requirement will drop by 26 percent in fiscal 2010-11, compared to a year earlier, FAO said.

Despite the rise in production and fall in import, prices of rice are mounting on the domestic market, influenced by soaring global market prices and government procurement price hike for millers in July.

Prices of coarse rice, consumed mainly by the poor, stood at Tk 35-36 a kilogram yesterday, 31 percent higher than the previous year.

Prices of rice are rallying up since September 2009 but it rose distinctly since June 2010 and maintained the upward trend despite a good aman harvest.

The Daily Star

grameenphone

VOICE NEWS SERVICE

Dial 2 2 2 2

for the latest news highlights in English

SIT DRINK LEARN RELAX

kube

Exclusive imported home furniture

242 Tejgaon-Gulshan Link Road, Dhaka 1208
t: 8822511-2 · f: 8822517
www.kubebd.com

EBL Human Resources

GREAT CAREER STARTS HERE

Senior Officer

Eastern Bank Limited the "Employer of Choice". We are recognized for combining the wide range of products, fully online and most up to date technological solutions and service excellence. EBL markets Corporate Banking, Consumer Banking, SME Banking, Investment Banking, International Trade, Foreign Exchange and Syndication Services through a network of 49 branches and 74 ATMs in major cities/towns of the country. As EBL expands its business countrywide so we require more talents and future leaders to fulfill our commitments that we have made to our valuable customers. Eastern Bank is going to recruit a special batch of exceptionally good resources who will be absorbed directly as Senior Officer after completion of 6 months comprehensive training program and preparing them for responsible position.

At EBL we don't offer job, we shape career.

Qualifications

- Business Graduate (BBA/MBA/MBM) from well-reputed educational institute/ university
- Minimum CGPA 3 out of 4 (no third division or class in academic career is acceptable)
- Very good command of English and Bengali
- Excellent interpersonal skill
- Computer literacy
- Geographic mobility and flexibility

Compensation & Benefits

- Excellent career progression opportunities with competitive salary and benefits package
- Fast track career program to recognize the good performers

Application Procedure
Apply online through www.ebl.com.bd/career on or before January 15, 2011

Eastern Bank Ltd.
Simple Math™