

The future of wholesale banking

StanChart official shares views with The Daily Star

SOHEL PARVEZ

Once it was unimaginable to many that Bangladeshi entrepreneurs can take risks on large capital-intensive projects. Nowadays, it is a reality: local entrepreneurs are showing the courage of undertaking big projects, with time.

Investments involving Tk 100 crore are quite a common phenomenon now, with some braving to take more risks by taking projects beyond Tk 500 crore.

"Our entrepreneurs are becoming quite courageous. A decade ago, we never thought that our local entrepreneurs can do large power projects," says Abrar A Anwar, managing director for wholesale banking of Standard Chartered Bank in Bangladesh.

"Projects are becoming larger with time. I can remember, in the past, people looked for loans such as Tk 50 crore. Now people are coming and asking for much more," says the official of Standard Chartered, a leader in corporate banking.

Thanks to an annual growth rate of over 5 percent in the past two decades, a window of opportunity has opened for businesses in many sectors and bolstered demand for various financial services, including corporate banking.

In recent years, consumer banking businesses are on the rise but corporate banking still dominates in Bangladesh.

The thrust for investment, coupled with a steady rise in exports and imports, widens scope for banks to get more corporate clients seeking various services ranging from cash management, and financing for letter of credits to issue debts.

According to Anwar, corporate banking is growing by 15 percent CAGR (cumulative average growth rate) a year in Bangladesh and the revenue market of corporate banking is \$1.3 billion.

"It will get a further boost over the next two-three years," says the banker, who expects the revenue market will touch the \$2 billion mark in the next four to five years. Anwar started his career with ANZ Grindlays Bank in 1991 as a management trainee, after an MBA from the Institute of Business



Abrar A Anwar

Administration, Dhaka University.

According to Anwar, economic growth, which remains subdued due to a shortage of power and other infrastructure constraints, may pick up in the years ahead, giving a further boost to investment.

Overseas trade (import and exports) will also grow to meet rising domestic demand for commodities, capital machinery and industrial raw materials.

Exports surged 41 percent to \$20 billion in the July-May period of fiscal 2010-11. Imports climbed 42 percent

to \$30 billion in the same period, according to Bangladesh Bank.

For the current fiscal year, the government has set a target to export \$26 billion.

"When the economy and client base will be in growth mode, they will throw different types of opportunities," says Anwar, referring to the prospects for a rise in demand for hedging, fund raising cash management and electronic banking.

Banking on the prospects of a rise in demand for wholesale banking in Bangladesh, Standard Chartered intensi-

fies its efforts to attract more corporate clients with a promise to provide 'tailor-made' services to meet the requirements of businesses.

"We are gearing our product capability everyday. We are reaching out to our global partners, convincing and engaging them to come to Bangladesh and work with us to deliver products to our client," says the executive at Standard Chartered.

He says Bangladesh's steady economic growth, even during the recent global financial crisis, has given confidence to Standard Chartered to take

more risks in the country of 160 million people.

"No other country continued to grow like Bangladesh. So we are very proud of it and we, as a bank, are willing to do more and take more risks in Bangladesh, its people and entrepreneurs," he says.

The Asia focused bank is the leader in corporate or wholesale banking in Bangladesh and offers various services from cash management, commodity and trade financing to debts bonds issues for clients.

The bank also helps corporate firms to borrow from the international market for large projects. As the size of the economy increases, investment size by firms also increases.

"So, the local liquidity is not necessarily enough to support the huge requirement that our economy is generating now," he said, citing the investment requirements for infrastructure development, such as power and energy, roads highways and bridges.

Anwar says Standard Chartered is working to help firms generate funds from both the domestic and international market to implement projects in areas such as power and energy.

The country rating by Standard & Poor's and Moody's makes it easier for bankers to arrange finance from the global market.

"International market response is better than before because Bangladesh is rated now. Now, it is a known commodity, to some extent," says Anwar.

He says Bangladesh was treated like a black hole earlier. "We were only some people talking for investing in Bangladesh, but they didn't understand," says the banker.

"Now, they don't need to that. Any one can go to S&P or Moody's and download the rating report and see the economic situation, challenges and opportunities in Bangladesh," he says, adding that investors in the global market can now price Bangladesh by comparing the countries with similar ratings.

"That's why you can see that new investors are looking in."

sohel@thedailystar.net

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Indians put more meat on the menu

AFP, Mumbai

Indians are consuming more meat than ever before despite a strong culture of vegetarianism and a religious taboo about consuming beef as diets change and hygiene improves in the processing industry.

The UN Food and Agriculture Organization (FAO) says Indians' per capita consumption of meat is running at 5.0 to 5.5 kilograms (11 to 12 pounds) a year, the highest since it began compiling records, reflecting a wider taste for protein-rich diets in developing countries.

Experts say strong economic growth, which has led to increasingly affluent, better-travelled consumers, is partly the reason for the rise, leading to new opportunities for supermarkets and restaurants to cater to more varied palates.

"Indians are losing their inhibitions and getting adventurous," said Jaydeep Mukherjee, executive chef at Indigo Delicatessen, one of Mumbai's most popular foreign cuisine restaurants.

"Beef (buffalo) and pork steaks are regular favourites," he told AFP.

The fine-dining restaurant, which prides itself on its Reuben sandwich with pastrami, is now scouting for suppliers to source pheasant, quail and duck meat for its restaurants at the Phoenix Mills shopping mall and in south Mumbai.

"Meat consumption, which was once dependent on parental sanction, is going up rapidly with more liberal attitudes and greater Western influences," added Mohit Khattar, managing director of gourmet food chain Nature's Basket.

For Khattar, eating non-vegetarian food is no longer a luxury while the standard of domestic meat production has become more hygienic, improving consumer confidence.

Non-vegetarian items accounted for a sixth of Nature's Basket's total sales of nearly \$13.3 million in the last financial year -- marking 64 percent growth year-on-year.

At the supermarket, part of the Godrej conglomerate, imported pork products such as smoked ham, bacon and prosciutto, as well as chorizo and fuet, are best-sellers, Khattar added.

India produces 10.6 million tonnes of meat



An Indian delivery boy carries chickens at a meat market in Mumbai.

and fish a year, according to the FAO but the country still remains a stronghold of vegetarianism.

There are no official government figures on the number of vegetarians but in 2006, the newspaper, The Hindu, conducted a nationwide survey which concluded that up to 40 percent of the country consume dairy products and eggs but no meat -- the highest number in the world.

Meat-eating, particularly beef, is still unacceptable for the majority Hindu population, who consider the cow a sacred animal and their slaughter for consumption is banned in most Indian states under a law with tough sanctions.

Fast-food retailer McDonald's does not sell beef burgers in India and some co-operative housing societies ban meat-eaters from buying or renting property.

India's second-largest religious group, the sizeable Muslim community, shuns pork products. Seafood and chicken, though, remain popular among all religious groups.

India's per capita consumption of broiler chicken has doubled to 2.26 kilograms per year in 2010 from 1.08 kilograms a decade ago, according to the US-based Food and Agricultural Policy Research Institute.

The increasing availability of meat is a boon for people such as Ajoy Mukhopadhyay, a 39-year-old Hindu who likes beef curry when dining out.

"Unlike the kebab, there's more body in beef. I enjoy my beef bhuna (a spicy curried roast beef), it's fibrous and juicy," said the animator for a software firm from the eastern city of Kolkata.

"(Eating beef) was a different experience in younger days. It was never listed on most menus but we knew where to find it."

India's per capita meat consumption rates, however, are well below the average in Asia -- 27 kilograms or 59.5 pounds -- and the rest of the world, which eats 38 kilograms or 83.7 pounds, according to FAO figures from 2007, the most recent figures available.

"Per-capita meat consumption continues to rise in India and other countries," said FAO Asia-Pacific spokesman Diderik De Vleeschauer.

"While not quantified as yet, (the) FAO is confident that meat consumption has increased and is still further increasing," he added.

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