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DHAKA TUESDAY JULY 19, 2011, e-mail: business@thedailystar.net



YUNUS CENTRE
Dr Zulkefli A Hassan, secretary general of Malaysia's Ministry of Higher Education, officially inducts Professor Muhammad Yunus as Nobel Laureate in Residence at Universiti Kebangsaan Malaysia (National University of Malaysia) while Yunus and the pro-chancellors, vice-chancellor and deputy chancellor of the university look on. Yunus spoke on how to solve social problems with social business and microcredit, technology and innovations, at a ceremony attended by 2,000 people. Story on B3

RanksTel set to resume service

ABDULLAH MAMUN
Private landline operator RanksTel won back approval from the telecom regulator on Sunday to resume operations after a 16-month shutdown.
A team of Bangladesh Telecommunication Regulatory Commission restored RanksTel's licence and spectrum, after the operator withdrew the case it filed against the government.
RanksTel has refunded Tk 1.82 crore to the regulator in shared revenue and annual spectrum and utilisation charges. But unpaid interconnection charges with the mobile operators would be refunded after operations resume, said Abul K Shamsuddin, chief operating officer of RanksTel.
"RanksTel got back its licence after it paid all due charges," said AKM Shahiduzzaman, director general of the legal and licensing division of BTRC.
The regulator will also return licences to four other PSTN (public switched telephone network) operators -- Dhaka Phone, National Phone, PeoplesTel and WorldTel after they meet the conditions,



Shahiduzzaman said.
The licences of five PSTN operators were cancelled in March last year due to allegations of illegal call termination activities.
RanksTel had almost 3 lakh subscribers and 450 employees last year. Now the company has no subscribers, but about 150 employees are still working there, said Shamsuddin.
After the ban, RanksTel had to suspend services to banks, hospitals, multinational companies and call-centers.
"But RanksTel has never missed its loan repayment installments with the banks," said the RanksTel COO.
The time it would take to fully get back to operations is not yet sure, he said.
The company has 250 base transceivers (BTS) in 35 districts.
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Bangladesh Bank board opposes plan to open new banks

REJAUL KARIM BYRON
The board of directors of the central bank has opposed a government plan to allow more banks and financial institutions to come on the scene, saying the country does not require any new player in its financial regime.
During an exclusive meeting with Finance Minister AMA Muhith on Sunday, the Bangladesh Bank board led by Governor Atiur Rahman expressed their opposition about the plan, said a finance ministry official.
Before giving permission to open new banks, the government should conduct a study whether the move is viable, the BB said.
The meeting also discussed the country's current economic climate, especially the risks in dealing with the macro-economic factors in the current fiscal year in line with the new monetary policy of the central bank.
The BB board members include a number of noted economists such as Sanat Kumar Saha, a professor of economics at Chittagong University, Sadiq Ahmed, a former World Bank high official, Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, and a number of government secretaries.
Almost all board members said there is no logic in allowing opening of any new bank in the country, a board member told The Daily Star, requesting not to be named.
They also said the number of banks in Bangladesh is too high compared to many other countries. If new banks are allowed to open, a new type of ill-competition would emerge.
Even if new banks get permission, it would be given on political consideration. Besides, the BB will not be able to allow approval to set up new banks ignoring political influence, and scrutinising the applications will not be flawless, the board members said.
During the meeting, Muhith asked the BB to prepare a report on the country's overall banking situation and send it to the finance ministry.
Finance ministry officials said the central bank will include in the report a detailed study on the banking sector and also the observations of the BB board.
The latest development came following Muhith's statement during the parlia-

mentary budget session that the government would allow opening of new banks and would seek applications soon.
Early this month, the finance ministry sent to the central bank the part of the finance minister's speech in parliament on the subject. The ministry, however, did not give any specific directive to the regulator about seeking application.
The number of banks in Bangladesh stands at 47 now. Besides, there are more than 100 financial institutions, said a finance ministry official.
Permission to set up any commercial bank or financial institution has not been granted since 2001. But the government is now under pressure from political front to allow opening of about five new banks.
The finance minister neither admitted nor refused the political pressure. "Indirectly [people] might talk about the pressure, but the number of entrepreneurs has increased substantially. So the government is thinking of allowing new banks to give them a chance," Muhith told The Daily Star on Thursday.
"The banks that cannot survive in the competition should go for merger," he said.
The central bank on July 26 will declare its half yearly monetary policy and the meeting also discussed how the next monetary policy would be.
The BB board members said two risks would figure high in the next monetary policy -- containing inflation and minimising the pressure on balance of payments.
The board also said easing the pressure on the balance of payments would also be the main challenge for the government in the current fiscal year.
The board members said the central bank should not interfere in the foreign exchange market.
The amount of unnecessary imports will go down if the greenback is made costlier, they said.
The board also said money flowing to Bangladesh in the form of foreign aid should be disbursed quickly to trim down pressure on the external balance sheet.
It also gave opinion in favour of cutting the credit flow to unproductive sectors and government borrowing from banking sector in an effort to reduce inflation.
This was the first meeting with the finance minister after the board was formed, said the central bank governor.

India's Polaris, local banks to set up financial tech firm

SAJJADUR RAHMAN
Three local banks have tied up with a global financial technology firm -- Polaris Software with its headquarters in India -- to set up a joint venture IT company in Bangladesh.
The Tk 7 crore company would initially



provide software solutions to these three banks before selling customised services to other banks, non-bank financial institutions and insurance companies.
The Chennai-based IT firm will hold a 51 percent stake in the proposed company. Three Bangladeshi banks -- Sonali Bank, Bangladesh Commerce Bank and Rajshahi Krishi Unnayan Bank (RAKUB) -- will own the rest 49 percent shares in the company.
These banks and Polaris Software have announced the move with signing a memorandum of understanding on Saturday in Dhaka. The name of the new company would be Sonali Polaris FT Ltd.
None of the parties has yet disclosed formally the financial involvement required to

form the firm.
"It (investment) would be quite large," AQ Siddique, chairman of Bangladesh Commerce Bank, told The Daily Star yesterday. "Investments will depend on the size of operations," he added.
Officials of the local banks, however, said the total investment would be Tk 7 crore (around \$1 million).
Of the 49 percent local stakes, Sonali Bank will hold 34 percent, Bangladesh Commerce Bank 10 percent and RAKUB 5 percent.
The joint venture company will provide end-to-end core banking solutions that would allow the banks to run a single application for its different functions, thereby facilitating easy operations to its customers.



"This is a great initiative as it will create employment, ensure transfer of technology and save much-needed foreign currency spent for imports of software," said SM Jahangir Akhter, executive vice president and head of IT of Bangladesh Commerce Bank.
Akhter hopes the joint venture company

will start operation in three months.
He said, this would be the local banks' second instance of joint venture IT firm after Bank Asia to provide software solutions.
Sonali Bank is the largest state-owned commercial bank in Bangladesh with nearly 1,200 branches including operations in the UK, the US, Middle East and India. RAKUB is also a fully state-owned specialised bank, while Bangladesh Commerce Bank is a commercial bank with public-private partnership.
Founded in 1993, Polaris Software is a leading financial technology company. Polaris offers state-of-the-art solutions for core banking, corporate banking, wealth and asset management and insurance. The company is the outsourcing partner for nine of the top 10 global banks and seven of the 10 top global insurance companies, according to the company's website.
Total income of Polaris grew by 26 percent to \$354 million from \$280 million in fiscal 2010-11 ended on March 31.



Govt doubles capital requirement for financial institutions

STAR BUSINESS REPORT
The government has doubled the capital requirement for financial institutions to Tk 100 crore to help them withstand various risks.
In an order on Thursday, the banking division of the finance ministry said banks and other financial institutions will have to implement the new capital requirement by June next year.
At present, all financial institutions maintain Tk 50 crore as capital.
The Bangladesh Bank will soon issue a circular to inform the financial institutions about the new capital requirement.
Officials of the central bank said the capital requirement has been increased to maintain international banking standards in line with Basel II.
Basel II regime is the latest version of

risk-based capital standards set for banks worldwide. The accord has been prepared on the basis of three pillars: minimum capital requirement, supervisory review process and market discipline.
All three types of risks -- credit risk, market risk and operational risk -- have to be considered under the minimum capital requirement.
The capital requirement has been doubled in efforts to help banks better manage risks in running financial institutions, the BB officials said.
The number of banks in Bangladesh stands at 47 now. Besides, there are more than 100 financial institutions, including insurance companies. Of them, only five may fall short of meeting the new target, while the rest are almost at par when it comes to capital requirement, according to the officials.

Iran warns India over oil export

REUTERS, Tehran
Iran said it would stop exporting oil to India from August 1 if a financial dispute over payment was not resolved, the semi-official Fars

NOTICE
Star Business brings out today four pages instead of its regular eight as the stockmarket was closed yesterday due to Shab-e-Barat. The pages include one on Sunday's stock data.

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