# Atiur links m-banking to faster financial inclusion

STAR BUSINESS REPORT

MOBILE banking will speed up financial inclusion and bring more unbanked people under the banking system, said Bangladesh Bank Governor Aitur Rahman yesterday.

Fast expanding mobile telephony has opened windows of opportunity for creative partnerships of banks and mobile telephone companies in devising cost effective arrangements for delivery of financial services, said the governor.

He said around seven lakh people have opened mobile bank accounts and transacted Tk 713 crore up to May this year.

The central bank has so far issued certificates to 23 banks to introduce mobile financial services in the country and among those, 14 banks have already launched their services.

These services include disbursement of inward foreign remittances, utility bill payments, salary disbursement, government allowance payment and tax payment.

Rahman spoke at a daylong conference on e-banking and mobile commerce as the chief guest at Sonargaon Hotel.

Total Communications, Pakistan, organised the event with the support of Bankers' CTO Forum and SAARC Chamber of Commerce and Industry.

B2M Technologies Ltd is the co-organiser of the event.


STAR

**Atiur Rahman, Bangladesh Bank governor, speaks at a daylong conference on "Dell e-Banking and Mobile Commerce 2012" at Sonargaon Hotel in the capital yesterday. Shafquat Haider, chairman of SAARC ICT Committee, and Sonia Bashir Kabir, country manager of Dell Bangladesh, were also present.**

Rahman said the central bank has introduced fully automated clearing and settlement of inter-bank paper-based and electronic fund transfers, which is hugely facilitating branch-based, and mobile phone/smart card-based banking.

Presently 85,000-90,000 cheques are being cleared through Bangladesh Automated Cheque Processing System (BACPS), which is about 95 percent of total cheques cleared through the banking system, said the governor.

Around 18,000-20,000 electronic fund transfer transactions are being processed per day through Bangladesh Automated Clearing House, said Rahman.

Out of 47 banks operating in Bangladesh, 37 are fully online, four partially online and six are in the process of going online. Around 79 percent banks now offer online banking services.

Tapan Kanti Sarkar, president of Bankers' CTO Forum, a platform of chief technical officers of banks, said security system of the banks should be strengthened for the electronic services.

Banks should launch mobile banking to reach their services to the unbanked people, said Sonia Bashir Kabir, country manager for Dell in Bangladesh.

The number of unbanked people in Bangladesh is 5.8 crore, according to a presentation of Abul Kashem Mohammed Shirin, deputy managing director of Dutch-Bangla Bank Ltd.

AK Azad, president of the Federation of the Bangladesh Chambers of Commerce and Industry, said the days of traditional banking are gone.

Azad urged the government to develop a system so that businesspeople can open letters of credit from their offices. This will save their time and money, he said.

He said the government has introduced electronic commerce services in limited areas but the system is not working properly. Inter-bank connectivity is also poor, Azad added.

Absence of cyber law, expensive internet and a lack of awareness are the obstacles to effective e-commerce, he said.

Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission, said people now do not have time to stand in long queues to get banking services, so mobile banking has become important.

He said almost the entire country has come under the mobile phone network.

ICT Secretary Nazrul Islam Khan said the entire country will come under the mobile-banking network within the next two to three years.

He also said all the high schools and madrasas will come under the internet network within nine to 11 months.

Analysts from India, Singapore, the Philippines, Pakistan and Dubai shared the latest global trends on e-banking and mobile commerce at the event.

# IDCOL offers funds to eco-savvy brick kilns

## *The company will lend Tk 400cr to 70 brickfields*

SUMAN SAHA

Infrastructure Development Company Ltd (IDCOL), a non-bank financial institution, will lend around Tk 400 crore to the owners of at least 70 brickfields to turn their brick kilns environment friendly by 2015.

The brick kilns will use Hybrid Hoffman Kilns (HHF) or similar technology.

The company will provide loan at a minimum interest rate of 10 percent against the current bank rate of 18 percent, said Nazmul Haque, director and head of investment for the IDCOL.

The HHF brick kilns can completely burn most of the fuel that is mixed into the bricks during firing, and thus drastically reduce energy use and production costs. They also dry the bricks by directing hot air into the tunnel from the annular kiln, which blocks greenhouse gas emission.

The cost of a single HHF unit with its production capacity of 50,000 bricks per day would be around Tk 10 crore, Haque said.

Of the total amount for a particular unit, the company will provide Tk 6 crore as loans and the owner has to finance the rest with his own source as an equity capital.

"We want to finance environment friendly brick kilns as brick making is one of the largest sources of greenhouse gas emissions and pollution," said Haque.

The company also wants to increase the size of the fund if it gets positive responses from the entrepreneurs.

"We will increase the fund size in future," said Haque, "But it will depend on responses from the entrepreneurs and performances of the brickfields."

A single kiln that runs on the HHK technology will produce 15 million bricks and cut carbon emissions by 5,000 tonnes a year. A double unit kiln will produce 30 million bricks and cut carbon dioxide ($CO_2$) emissions by 10,000 tonnes a year.

The IDCOL apart, a number of financial institutions including the Asian Development Bank are working on the sector.

The ADB last month signed an agreement to lend $50 million to Bangladesh to help improve the environment by financing more energy-efficient brick kilns.

The ADB will provide the funds in local currency to the Bangladesh Bank, which will re-lend the funds to participating financial institutions.

The financial institutions will then provide loans to brick makers who want to upgrade their existing kilns to cleaner ones or build new kilns.

Industrial and Infrastructure Development Finance Company Ltd (IIDFC) has so far funded four brick manufacturing units, said Shaymal Barman, manager at the carbon finance department of the company.

He said the brickfields in Bangladesh emit around 875 lakh tonnes of $CO_2$ every year. The HHK kilns will reduce carbon emissions almost by half.

Barman said a total of 30 brick-makers have converted their kilns under the HHF technology.

Bangladesh has now around 8,000 brickfields that manufacture bricks of different grades, and other building materials such as brick chips, dust, soling and herringbones, said Ali Ashraf Iftekhar, general secretary of Bangladesh Brick Manufacturing Owners Association.

About 60 percent of their yearly production is consumed by different government departments and the rest by the private sector, said Iftekhar.

The industry employs around 20 lakh people during peak-season and eight lakh in off-season, he added.

In Bangladesh, around 95 percent of the brickfields use highly-polluting fixed-chimney kilns, as they require low capital and have high investment returns.

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# The perils of an indispensable boss

HUGO DIXON

WAS Bob Diamond really irreplaceable? Barclays' board operated for 15 years on the assumption that he was. As a result, the UK bank's chief executive became more powerful -- and ever harder to replace. Now that he has been kicked out in the wake of the Libor rate-rigging scandal, Barclays is struggling to find new leadership.

This is an object lesson for all companies, not just banks. Think of two other UK-listed groups which have recently provoked shareholder anger over their bosses' high pay packages: WPP, the advertising giant; and miner Xstrata. In both cases, the boards paid their chief executives so much because they thought they were indispensable.

Barclays is now in a mess. Not only has Diamond quit, his chairman, Marcus Agius, has also said he will resign. Both men ultimately had to go: Diamond had come to epitomise the worst of the City of London's greed, while Agius seemed unable to hold his chief executive in check. Neither man responded to requests for comment.

The manner of their going means the bank is now rudderless at a time when a political storm is swirling around it and a financial crisis is bubbling across the English Channel.

It will be hard to find a good candidate to replace Diamond, given that Barclays has now become a political football and the next boss will have to put up with intense media scrutiny. Attracting a good chairman won't be easy either, although the deputy chairman, Michael Rake, seems prepared to step into the breach.

Diamond was undoubtedly an entrepreneurial banker. When he took over Barclays Capital in late 1997, the lender's investment banking unit had 135 billion pounds in assets and made 252 million pounds in pre-tax profit. By last year, assets were 1.2 trillion pounds and profit was 3 billion pounds.

This dramatic growth was largely a function of two factors: the multi-year credit boom that lasted until 2007; and Diamond's ability to persuade the Barclays board to pour resources into investment banking. This expansion continued after the crunch, when the bank acquired the largest chunk of Lehman Brothers out of bankruptcy.

**Bob Diamond**


**Protesters from the campaign group '38 degrees' demonstrate outside Portculis House in London on July 4 against what they describe as a 'close relationship between bankers and politicians' as former Barclays Bank Chief Executive Bob Diamond gives evidence to the British Treasury Select Committee.**

AFP

Barclays' share price performance, however, has been miserable, more than halving over the near-15 year period. During that time, Diamond and his key lieutenants received hundreds of millions of pounds in compensation. Diamond himself has earned at least 120 million pounds since he joined the board in 2005, according to Manifest, the corporate governance group.

Diamond ran BarCap as a fiefdom, with seemingly little oversight from a series of chairmen and chief executives at the parent bank. Despite the successes, there were problems: sometimes excessive risks were run; the organisation developed fiendishly complicated tax-minimisation schemes for its clients that went right to the border of what was legal; and, of course, it has now emerged that some Barclays traders attempted to manipulate Libor.

Diamond's first slip came in 1998 when BarCap expanded its exposure to Russia just before the Kremlin defaulted and devalued. But Barclays kept him on, fearing that the investment bank would be too fragile if he quit. The idea of Diamond the indispensable was born.

Over the next six years, BarCap expanded so rapidly that Diamond was considered a candidate to be the next Barclays chief executive. In the end, the board chose John Varley. But directors were worried that Diamond would leave and, soon afterwards, gave him the title of president of Barclays in addition to that of BarCap chief executive. That seems to have undermined Varley's authority.

When Varley retired at the end of 2010, BarCap was contributing 79 percent of the whole bank's profit and Diamond was the obvious successor. He then became an even more dominant force in the bank.

In theory, a strong chairman could have acted as a counterweight. But, in Agius, Barclays doesn't seem to have had such a chairman. This became apparent when Diamond was awarded 80 percent of his bonus for last year despite himself describing the results as unacceptable. Almost 27 percent of shareholders voted against the Barclays remuneration report.

The fiasco over this year's pay finally persuaded Barclays' non-executive directors that they needed a new chairman. They told Agius that they wanted him to step down at next year's shareholder meeting. But before they could implement the plan, the Libor scandal blew up.

The board initially decided to hang onto Diamond in part because there was nobody obvious to replace him. His two top lieutenants -- Rich Ricci, BarCap's chief executive, and Jerry Del Missier, Barclays' chief operating officer -- were both part of the same brash culture and out of tune with the current zeitgeist.

Agius himself decided to fall on his sword, seemingly thinking this would take the heat off Diamond even though the rate-rigging was an operational matter and so nothing to do with the chairman. But the Bank of England made clear this was not the right response and that Diamond would have to go.

Agius is, therefore, hanging on and running the executive committee on a stopgap basis even though he doesn't appear to have the necessary skills. Meanwhile, the bank is looking for both a new chairman and chief executive.

And the moral of the story? Boards must always counterbalance strong chief executives with strong chairmen and have good succession plans in place. Most importantly, they should never treat anybody as indispensable -- in case that is what they become.

*Hugo Dixon is the founder and editor of Reuters Breakingviews.*