Financial inclusion is a way out of global crisis: Atiur

BANGLADESH BANK

Bangladesh Bank Governor Atiur Rahman, *second from right*, speaks at the 2012 AFI Global Policy Forum at Cape Town in South Africa on Thursday.

STAR BUSINESS REPORT

THE global economic crisis has brought into attention the need for inclusive growth-focused policies, Bangladesh Bank Governor Atiur Rahman said.

He cited Bangladesh's real GDP, which has been growing at over 6 percent plus amid the global slow-down, as an example.

"The inclusive growth-focused monetary and credit policies have helped the economy maintain a firm foothold on a stable progress path," Rahman said at the 2012 AFI Global Policy Forum at Cape Town on September 27.

Poverty alleviation, too, has been gaining pace, with a sharp uptrend in rural wages.

"Central banks can play a catalytic role in this reorientation of goals of financial institutions and markets towards the socially responsible inclusive lending practices, by ensuring adequate credit flows to the underserved or financially-excluded economic sectors and population segments."

Following the global financial crisis the BB launched a countrywide financial inclusion campaign to motivate and guide banks to reach out cost effectively to the underserved rural and urban poor.

Given the fast growing popularity of mobile telephony, mobile financial services (MFS) emerged as a solution, and in 2011 BB issued a guideline on it.

So far 23 banks have been given the licence for MFS, and 14 banks have already started their operations, informed Rahman.

Over the past two years, around 1.3 crore no-frills accounts have been opened in the names of hitherto unbanked people with initial deposits as low as Tk 10, revealed the BB governor.

Bangladesh's daily transaction via mobile banking stands at Tk 33 crore on average, Rahman thinks, provide ample evidence of the ever deepening role of financial inclusion in GDP growth.

BSRM to set up new plant to cut dependence on imports

SAYEDA AKTER

LOCAL steel conglomerate BSRM Group is set to establish a new steel melting plant in Mirsarai, Chittagong, in a bid to stabilise the country's fluctuating steel prices.

"Basically, it's a part of our expansion plan that we have been working on for the last couple of months," said Alihussain Akberali, BSRM Group's chairman. "This is an essential step in strengthening the backward integration of our plants."

The group plans to spend Tk 1,300 crore for the plant, with IDLC Finance Limited, Standard Chartered Bank and The City Bank Limited raising 70 percent of the total cost, informed Akberali.

"The steel melting plant is meant for billet casting, which will be an import substitute product. It would lessen foreign exchange pressure on the economy," he said.

The plant is estimated to be functional in a year and half or two, and would be capable of producing 8.6 lakh tonne steel billets per annum, sufficient to meet most of the group's demand.

Local steel manufacturers have to import steel billet, whose often fluctuating price in the international market is the key reason for the oscillating steel prices in the local market, he said.

"When we would be able to produce enough steel billets, the price fluctuation in the local market would be stabilized," explained Akberali.

Billet, formally known as bar stock, is a common form of raw purified metal, which after processing gives way to steel that can be sold on in markets.

BSRM has already received all relevant approvals from the government for setting up the plant, with land development and the construction work in progress since early this month, he said.

Last month BSRM Steel Mills Limited appointed IDLC Finance Limited and The City Bank Limited as joint arrangers to raise Tk 500 crore through a syndicated term loan.

"The arrangement will be the one of the largest-ever syndication deals in the Bangladesh steel sector."

Founded in 1952, the BSRM Group is now the leader in the local steel market.

BSRM Steels started operation in June 2008 and now has an annual production capacity of around six lakh tonnes of steel rods.

ANURUP KANTI DAS

Steel rods are piled up at a factory of BSRM Group in Chittagong. The steelmaker plans to set up a new steel melting plant in Mirsarai in the port city.

What happens if smartphones become commodities?

KEVIN KELLEHER, *for Reuters*

REMEMBER Antennagate? Back in the summer of 2010, the brouhaha over reception glitches in the iPhone 4 dominated tech headlines for weeks and led to a class-action lawsuit and a $15-per-user settlement. In retrospect, the controversy seems meaningless, which is why I thought of it amid the current flap over Apple Maps.

Apple will survive the Maps controversy, just as it weathered Antennagate. But there is another trend affecting Apple that the announcement of the iPhone 5 revealed, a larger trend that will take much longer to play out: Smartphones are becoming too similar for their own good.

Only five years after Apple refashioned the smartphone with its touchscreen and its iOS software, smartphones are becoming a commodity. Any must-have feature that distinguishes one phone from the pack is quickly adopted by the pack itself. Fandroids and Apple fanboys will always argue passionately about which phone is superior, but for mainstream consumers, it's getting harder to see that one brand's phone is better than the others.

When an industry becomes commoditised, there is less differentiation between the products being sold. Brands stop being so much of a driving force in consumer decision as low price becomes the paramount factor. Lightbulbs are consumer commodities, as are cheap foodstuffs like ramen and staples like salt.

Laptops and desktops have become commoditised over the past decade. It started with Dell, which used just-in-time supplies and customisation to make its PCs a low-cost household item. But as others began to replicate Dell's successful business practices, Dell became just another PC maker. And consumers learned to see that price was really the biggest differentiator among brands.

AFP

A customer holds the new Apple iPhone 5 smartphone in a telephone operator's shop in central Rome on September 28. The new iPhone 5 broke records in its launch weekend with sales above five million, Apple said this week.

Today, PC makers like Asus and Lenovo are seeing their market shares rise because they can build PCs at lower costs -- and sell them at competitive prices. Dell and HP are seeing their sales fall by more than 10 percent a year. There is still a market for high-performance, well-designed laptops that sell for a much higher price, but it's largely dominated by Apple and its MacBook Airs and MacBook Pros. So PCs aren't dying. The bulk of the sales are just becoming consumer commodities.

Apple took control of the small but lucrative high-end of the PC market by cultivating a loyal base of customers and pushing performance and design. Its computers are big sellers among people working in areas like film, music and programming. But for the legion of computer users who use PCs to perform mundane business tasks or to surf the Web, a low-cost PC -- if not a tablet -- works just as well for a fraction of the price.

Early on, Apple pulled off the same trick of cornering the high end of the market for smartphones. It's been aided by the subsidies offered from mobile carriers like Verizon and AT&T, which lower retail price to, for example, $199 from $649 for a 16-GB iPhone 5 when a two-year contract is signed.

But other high-end smartphones, like the Galaxy S III, are also priced at $199 with a two-year contract. To many consumers, $199 has become a standard smartphone price, low enough that they won't consider pricing when comparing smartphones. That could change, however. This year, Verizon and AT&T have started experimenting with cutting or limiting subsidies. That would make pricing a bigger factor when some people choose a smartphone.

Until then, the hardware and software features on a phone will remain what distinguishes smartphones from each other. But it's getting harder to distinguish them. The iPhone's intuitive touch-screen interface set it apart when it debuted in 2007, but is a standard feature today. So are other hardware features like the screen size, phone width and quality of the camera.

Apple focused the bulk of its innovation on the iPhone 5 on incremental improvements like a lighter, thinner phone, a faster processor and a better battery. And make no mistake, these are significant accomplishments, but true innovations that make the iPhone a top contender. But while welcome, they lack the wow factor of earlier iPhones. And as this comparison table assembled by the Verge shows, the iPhone 5 looks a lot like top Android and Windows phones in many respects.

Reviews of the iPhone 5 uniformly called it the best iPhone to date, praising its slimmer shape, its lighter feel and its faster performance. But most also stopped short of declaring it the best smartphone on the market. Walt Mossberg called it "an excellent choice" after noting there were "plenty of other choices." Engadget said it's the phone for the Apple faithful, and while iOS is beginning to show its age, the phone itself "is sitting at or near the top" of most benchmarks.

In a few years, the iPhone has gone from the must-have mobile device to one among several models that are nice to have. There will always be a crowd loyal to the Apple brand, although some of them are growing annoyed with some new features. But for many others, there are multiple choices.

There is still plenty of room for more innovation in smartphones. And perhaps future iPhones will push Apple ahead of the pack again. But without dramatic new innovation, many smartphones will continue to resemble each other. And the more they do the more price will play a part in consumer choices. That, coupled with a desire among carriers to cut subsidies, could push down smartphone prices overall.

In that case, we could see a big change in the way the mobile industry works. Right now, people pay a high price for smartphones but shy away from apps that cost more than 99 cents. But if smartphones become commodities, that could reverse. The device could be low cost, but the better apps on them could command a higher price.

Kevin Kelleher is a writer based in San Francisco.

Sony to invest $645m in scandal-hit Olympus

AFP, *Tokyo*

ELECTRONICS giant Sony will invest 50 billion yen ($645 million) in scandal-tainted Olympus, the firms said Friday, as they both look to turn the page on disastrous chapters.

The investment will make cash-bleeding Sony the single biggest shareholder in Olympus, with slightly more than 11 percent of its outstanding stock.

The companies will also establish a joint venture to develop endoscopes, with the focus on a type used in keyhole surgery, the statements said.

"At Sony we are aggressively pursuing the growth of our medical business, with the aim of developing it into a key pillar of our overall business portfolio," said Sony president Kazuo Hirai in a statement.

"The business and capital alliances we have agreed with Olympus today will be integral to these plans," he said. Sony will take a 50 billion yen private placement of Olympus shares by the fiscal year-end for 1,454 yen a share.

The price represents a saving on Olympus's shares on the open market, where they closed on the Tokyo Stock Exchange at 1,520 yen.

Olympus's reputation was badly damaged after its British former chief executive blew the whistle last year on an accounting scam that saw $1.7 billion worth of losses moved off its balance sheet.

The camera-maker has since announced a major overhaul that includes cutting about seven percent of its workforce, while its new boss had publicly said he was seeking a capital injection to shore up the company's finances.

Olympus reported a 4.46 billion yen loss in the April to June quarter.

For the fiscal year to March, Olympus has said it expects to book a net profit of 7.0 billion yen on sales of 920 billion yen.

"Investment from Sony will help strengthen our financial base," said Hiroyuki Sasa, president of Olympus, in its statement.

The alliance will enable the embattled company to "contribute to world medical progress by developing a variety of new medical devices that would not be possible by Olympus alone", he said.

For Sony, which continues to lose money in its mainstay television business and has completed the sale of its chemical products in its streamlining effort, strengthening its medical equipment business has been a stated management goal.

Olympus dominates the global market for endoscopes, which are used for internal medical examinations, with nearly 70 percent of the market.

The two companies also hope the alliance will strengthen each other's camera businesses through "transactions involving core components primarily for compact digital cameras", they said.