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HSBC scales back Islamic finance

The British bank pulls Amanah out of Bangladesh

MD FAZLUR RAHMAN

Leading bank HSBC has stopped offering Shariah-compliant products and services in Bangladesh and five other countries.

The other countries are the UK, the UAE, Bahrain, Singapore and Mauritius, HSBC said in a statement yesterday.

"It was done as part of a strategic review of our Islamic financing business," said Talukdar Noman Anwar, head of communications at HSBC Bangladesh.

The decision comes into effect immediately, he said.

HSBC will, however, continue its wholesale Islamic financing business -- Sukuk -- in these countries and globally through its operations in Saudi Arabia and Malaysia.

The UK-based bank launched its global Islamic financial services business in 1998.

The bank introduced its Shariah-

compliant products and services in Muslim-majority Bangladesh in December 2010.

Last month, the banking giant sold its operations in Pakistan, comprising 10 branches, to the country's JS Bank, as HSBC CEO Stuart Gulliver is offloading assets in many countries around the world to cut costs by \$2.5 billion to \$3.5 billion and revive profit.

HSBC said it will focus its Islamic finance offering on customers in Malaysia, and Saudi Arabia, and maintain a limited presence in Indonesia.

The three countries together account for 83 percent of HSBC's Islamic business revenues and the six countries the rest.

In Saudi Arabia, Islamic financial products will be offered through Saudi British Bank, in which HSBC Holdings indirectly holds a 40 percent shareholding.



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BB opens probe as banks' dues against accepted bills soar

REJAUL KARIM BYRON and JULFIKAR ALI MANIK

The central bank has opened an investigation into the rise in banks' dues against their accepted bills.

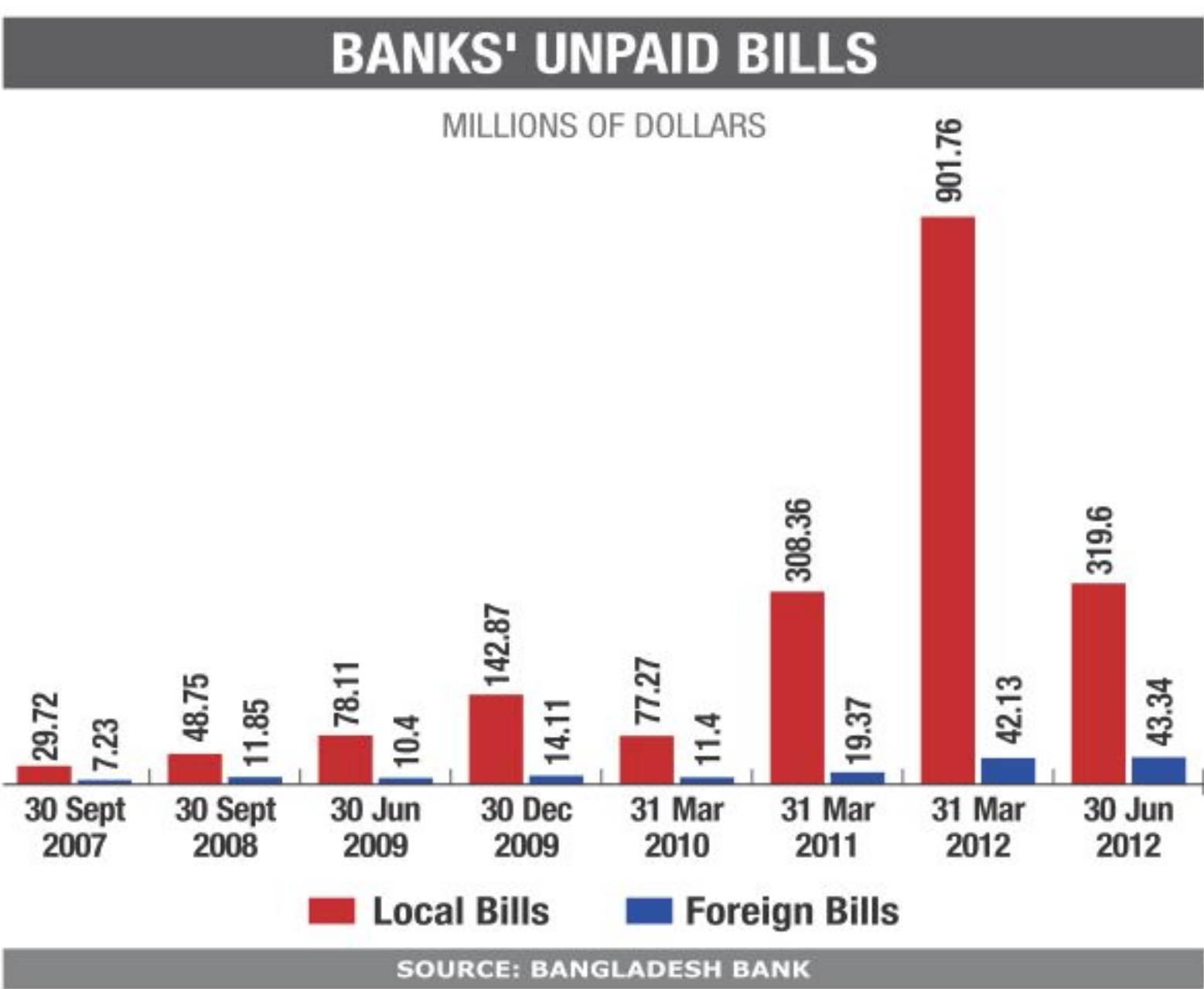
Banks accept foreign and local bills against letters of credit. But due to complaints of false documentation and faulty accepted bills against local and foreign LCs, the banks later refuse to pay the bills.

Influential businesses in collusion with some bank officials provide these false documents to banks to siphon money. The Hall-Mark scam is one such example.

A Bangladesh Bank official said eight teams started investigation last week in all branches of the banks in Dhaka dealing with foreign trade. Another team will soon start such investigation in Chittagong.

On September 13, the BB directed the commercial banks to pay their overdue accepted bills against local and foreign LCs within 15 days. But most banks did not comply with the directive.

According to BB statistics, the rise in banks' overdue unpaid bills has taken an alarming turn since March



last year. The number of such bills was 833 in September 2007. The number reached 4,846 in March 2011 and 7,260 in June this year.

The rise was so alarming that even the central bank deducted money from accounts of some banks forcefully.

Officials of the central bank and some commercial banks said

some bills remain unsettled always and it is normal for some business reasons.

They blamed the unusual rise in such bills on some dishonest businessmen who use "inland bill purchase" as a tool to take loans without collateral and siphon off money.

A nondescript firm, Hall-Mark Group, in the same manner made

fake local and foreign bills with the help of some Sonali Bank officials and swindled Tk 2,686 crore from the bank.

The managing director of a private bank said such practice was prevalent in some other banks as well.

Many exporters failed to export commodities due to a financial crisis in the European countries, which may also increase the amount of unsettled bill. But the amount in such cases is nominal, said another chief executive of a private bank.

The BB official said they have been receiving written and verbal complaints since early this year that some banks were not paying money to other banks despite giving "acceptance" to the bills.

The central bank then launched an investigation, which brought the Hall-Mark scam into the light.

The BB official said the new probe teams will try to find whether other businesses like the Hall-Mark Group are involved with the rise in the banks' unpaid bills and any possible link of the bank officials.

Western Fishers launches first deep-sea fishing trawler

STAFF CORRESPONDENT, Ctg

Western Fishers Shipyard Ltd (WFSL) has launched its first deep-sea mid water fishing trawler recently.

WFSL -- a joint venture between Western Marine Shipyard and Fishers Shipyard Ltd -- is the first shipyard in Bangladesh to build such a trawler.

The 42-metre vessel -- FT Agro Food-1 -- has a freezing capacity of 300 tonnes of fish, Western Marine said in a statement.

It has a draft of 4.3 metres and is equipped with an engine of 1,850 BHP, a generator of 800 kilowatt, an anti roll-tank, a Kaplan propeller, a Kort nozzle, a bulbous bow and a bollard pull.

The vessel has a pulling capacity of



WESTERN FISHERS
The country's first deep-sea mid-water fishing trawler, built by Western Fishers Shipyard Ltd, is pictured in Chittagong.

26 tonnes, according to the statement.

Unlike other imported fishing trawlers, FT Agro Food-1 has been customised following a design from Iceland to operate in the rough weather of the Bay of Bengal, said Sakhawat Hossain, managing director of Western Marine.

The trawler has a hi-tech refrigeration system, including a processing deck, a slurry ice machine, a chilled water maker, a blast freezer and a store freezer, which will keep stored fishes fresh, said A Rouf Chowdhury, chairman of WFSL.

New jobs will be created if WFSL secures orders to build such trawlers that were previously imported mainly from China and Thailand, according to the statement.

Garment exports to US surge

REFAYET ULLAH MIRDHA

The falling prices of Bangladeshi wares and the rebounding American economy bid well for the country's readymade garment exports to the US.

The global fall in cotton prices and the rising productivity of Bangladeshi workers thanks to technological upgrade in factories, account for the lower prices.

Consequently, international buyers are increasing their orders from Bangladesh, industry insiders said.

Bangladesh's RMG exports to the US in July-August stood at \$892.63 million, up from \$869.80 million in the same period last year, data from Export Promotion Bureau showed.

In July, the volume of Bangladeshi apparel reaching US shores jumped 21.5 percent from a year earlier, the fastest growth in a year and a half. A key factor behind this increase is lower average landed costs -- an 8.3 percent decline from a year earlier, the biggest drop in 27 months.

"The higher export to the US is a positive sign for Bangladesh," said Ahsan H Mansur, executive director of Policy Research Institute.

Anwar-Ul-Alam Chowdhury Parvez, a former president of Bangladesh Garment Manufacturers and Exporters Association, said garment exports to the US will continue to rise as China is losing its competitiveness due to labour shortage and higher production costs.

China is shifting its productions from basic to high-end segment of the garment market, providing Bangladesh the opportunity to consolidate its already strong standing in the basic segment of the market.

Call to use modern agro tech

Fair on farm and food processing technologies begins in Dhaka

STAR BUSINESS REPORT

A three-day fair on agriculture and food processing technologies began in Dhaka yesterday with a call to encourage producers to use modern machinery in agro-processing.

Some 80 firms -- including 40 from India, Thailand, Taiwan, China, Japan, Turkey and the UK -- display seeds, farm equipment, and machinery for food processing, dairy and packaging.

The fair at Bangabandhu International Conference Centre will remain open from 11am to 7pm.

Banks also opened booths to offer their products and services suitable for the farm and food processing industries.

Public sector institutions such as Bangladesh Rice Research Institute are providing information on newly developed seeds and farm tools.

The agriculture ministry organised the show in association with Bangladesh Seed Association and the fisheries and livestock ministry.

"Farm mechanisation is the demand of the day. One of the reasons is higher wages of farm labourers due to their shortage during the harvesting season," said Agriculture



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Visitors take a look at seedlings at a stall of a three-day fair on farm technology and food processing, at Bangabandhu International Conference Centre in Dhaka yesterday.

Minister Matia Chowdhury at the opening session of the fair.

She said government agencies have made various farm implements such as granular urea applicator and called on the private sector players to develop such tools.

"Use your intellect to understand the demand and introduce products. It will reduce our dependence

on imports," said Matia.

She also asked the private sector entrepreneurs to do business honestly.

"Let us build a relationship based on trust and confidence. It will benefit the country," said the minister.

She also promised to punish the seed sellers who marketed sub-standard seeds.

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Mobile top-up service on hold in parts of Dhaka

STAR BUSINESS REPORT

Mobile phone top-up vendors in some parts of Dhaka stopped offering credit recharging services yesterday demanding a raise in commissions.

No vendors in Jatrabari, Demra, Gendaria, Jurain, Sutrapur, Shyampur and Kotwali areas provided credit recharging services to mobile phone users throughout the day, said HM Badruddoza, the general secretary of Bangladesh Mobile Phone Baboshaye Association (BMPBA), a platform of such vendors.

The act was to express solidarity with the association that went on strike on the issue on September 20, Badruddoza said.

The prime demand has been a raise in commission from Tk 27 to Tk 100 for every Tk 1,000 recharged from the mobile phone operators.

The association will sit with mobile phone top-up vendors in parts of the city today to discuss their next plan of action over their 11-point demand.



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