Banglalink getting ready for 3G

Its CEO says high base price in auction and SIM tax are main hurdles

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MOBILE phone operator Banglalink is going to modernise its network after swapping its equipment as a preparation for the upcoming 3G technology and to develop quality, said its newly appointed Chief Executive Officer Ziad Shatara.

He said the company will start a bidding process to upgrade its network to strengthen both coverage and quality.

The upgradation will also make their network ready for 3G so that they can start providing 3G services as soon as they get the licence, Shatara said.

The operator will swap its entire network in phases to avoid any disruption in services.

The new equipment will be compatible with 2G, 3G and even 4G technology, the chief executive of the second largest mobile operator said.

Shatara has a vast experience on data service in various markets including Italy, Saudi Arabia, Iraq, and the Maldives. Wind Italy, where he worked as a chief technology officer, offered up to 42 megabits per second data speed through mobile technology.

He joined Banglalink on February 01, and recently talked to The Daily Star about the current issues and some of the plans of the company.

He said mobile data penetration will be depending on the uses of 3G-enabled handsets. Currently the operators cannot provide handsets with their bundle offers; so it is not possible for them to subsidise handsets.

But with the changes in regulations, they will be able to do that. The operators are now in talks with the regulator in this regard, Shatara said.

About the 3G rollout, he said Banglalink is fully prepared in terms of both human resources and investment.

Ziad Shatara

He said the company is now with the world's sixth largest telecom operator, VimpelCom. So further investment in Bangladesh will not be a problem, he said.

If the conditions in the 3G guideline tagged with the spectrum prices are business friendly for the shareholders of the company, it will participate in the auction.

He said, "We know there is a market for 3G in Bangladesh and it has business potential. But the licensing conditions should be friendly as well."

"It will have to make sure that the company can pay back the shareholders in the medium and long term."

The government has finalised the 3G guideline and set $20 million as the base or starting price of the auction for per megahertz spectrum in the 2,100 MHz band.

The Banglalink CEO said the operators will have to invest for both spectrum purchase and network development. "The base price is bit higher and less profitable."

"If it is not possible to reduce the base price, the government can at least increase the duration of the licence. It will help them create business case," he said.

He said, in a couple of markets the operators could not create business case due to the higher spectrum fees. Even in Bangladesh, some operators are unsuccessful for higher fees, he added.

The spectrum will be technology neutral and the operators will be able to offer both 3G or 4G or LTE (long term evolution), which is a better data speed technology than 3G.

But it is not possible to provide LTE service in Bangladesh right away, as the penetration of 4G-enabled handsets is very slow, even in the developed markets.

About the regulatory environment, he said Bangladesh Telecommunication Regulatory Commission is an independent body, which is absent in many countries, especially in developing nations. "This is very good for the sector," he said.

The relationship between the regulator and the operators should be based on a 'win-win' situation so that no one loses, he added.

For example, he said, if the current Tk 600 SIM tax is withdrawn, the operators will spend the money on their subscription growth. In return, this will increase the government's revenue.

"If the SIM tax is removed, it will be the second boom for the sector."

The operators need two-three months to adjust the Tk 600 spent on SIM tax. So when it will be removed, operators will invest more and penetration will also rise, he said.

The Banglalink CEO raised another concern about the SIM tax when the 3G service will be available in Bangladesh. People will have multiple SIMs for multiple devices and the operators will have to pay more subsidies for a single customer.

If the SIM tax exists in the same way as it is now, it will affect the data penetration, Shatara said.

Though Banglalink has been in the market since 2005, it is yet to break even due to continuous investment on network development and subsidies on new connections, the official said.

Operational cost for network management is very high in Bangladesh, almost same as the European countries, because of a lack of electricity in the remote areas. The operators run their base transceivers with generators. Comparatively, the revenues the operators are getting are not healthy, he said.

But the good news for the company is that its EBIDTA (earnings before interest, taxes, depreciation and amortisation) is positive and on the rise, he said.

Regulator fines stockbrokers

STAR BUSINESS REPORT

THE Bangladesh Securities and Exchange Commission (BSEC) fined 15 stockbrokers Tk 1 lakh each for breaching securities rules while trading.

The financial penalties were imposed at a meeting of the stockmarket regulator on Tuesday.

The firms -- Be Rich, Mona Financial Consultancy and Securities, Mirpur Securities and Western Securities Investment Management -- violated securities rules in trading of Safko Spinning Mills' shares.

PHP Stock and Securities was fined for violating securities rules in trading of International Leasing and Financial Services' shares.

Sylhet Metro City Securities, Al-Muntaha Trading Co, HAC Securities and SIBL Securities broached security rules by short-selling Beach Hatchery's shares.

Sinha Securities and Shaymol Equity Management were fined for providing share credit against Quasem Drycells shares, which was a non-marginable security.

Salta Capital, Sinha Securities, M Securities and ICB Securities Trading Company violated securities rules in trading of Legacy Footwear and Bangladesh Autocars' shares.

The stockbrokers also provided share credit against non-marginable shares.

At Tuesday's meeting, the regulator warned Abdul Khair, Golam Mostafa and Selim Soyal for violating securities rules in trading of GQ Ball Pen shares.

The regulator warned Mahbubur Rahman and Razzakul Haider Bhuiyan for violating securities rules in trading of Paramount Insurance Company shares.

The BSEC also fined two other stockbrokers -- Global Securities and Oshadhi Securities -- Tk 2 lakh each for inconsistencies in their clients' ledger books.

Worldwide mobile phone sales fell in 2012: Gartner

REUTERS, *London*

SALES of mobile phones around the world fell last year for the first time since 2009 as consumers shunned cheaper feature phones, research company Gartner said on Wednesday.

"Tough economic conditions, shifting consumer preferences, and intense market competition weakened the worldwide mobile phone market," Gartner analyst Anshul Gupta said on Wednesday.

Smartphone sales, a category dominated by Samsung and Apple, continued to rise, he said, and the higher-end devices would account for more than half the market for the first time this year.

Total worldwide mobile sales to end users fell 1.7 percent to 1.75 billion units in 2012, Gartner said. Samsung and Apple continued to dominate the market, with the Korean company selling 385 million phones in 2012, of which 53.5 percent were smartphones, with Apple selling 130 million smartphones.

In the fourth quarter alone, Apple and Samsung accounted for 52 percent of smartphone sales, up from 46 percent in the third quarter.

Chinese company Huawei reached third spot in worldwide smartphone sales for the first time in the fourth quarter, Gartner said. It sold 27.2 million smartphones to end users in 2012, up 74 percent.

Japan cast as villain in global currency war drama

AFP, *Tokyo*

JAPAN is being cast as the villain in a heated currency drama, accused of driving down the yen's value to shore up its fragile economy, as a statement from financial powers fails to reassure markets ahead of G20 talks.

A global war of words has seen the new government in Tokyo reject claims of manipulation, and reasserting its mantra of big spending and aggressive monetary easing is meant to boost the economy after two decades of limp growth and deflation.

The rhetoric of Shinzo Abe's fledgling administration, however, has sent the yen tumbling in recent months, angering some European officials, who hinted at their own intervention to tame the soaring euro and protect exporters.

With talk growing of a global war in which nations weaken their currencies to gain an export advantage, the Group of Seven richest nations waded into the debate to warn forex market turbulence would hurt financial stability.

"We... reaffirm our longstanding commitment to market-determined exchange rates and to consult closely in regard to actions in foreign exchange markets," said a brief G7 statement.

G7 Members -- Britain, France, Germany, Italy, Japan, the United States and Canada -- would keep fiscal and monetary policy limited to meeting "our respective domestic objectives" and "not target exchange rates", it added.

Market uncertainty over the G7 message initially pushed the yen down on bets it meant the the group was backing Japan's economy-boosting efforts, but the unit quickly reversed course.

Analysts said the comments were squarely aimed at scolding Tokyo, as talk of a global currency war heats up ahead of this week's meeting of the Group of 20 top economies in Moscow.

German Chancellor Angela Merkel has openly questioned Tokyo's policies while France is calling for a debate and action to protect eurozone exports.

However, European Central Bank chief Mario Draghi has sought to play down any row, calling the idea of a currency war "way overdone".

AFP

An electronic board flashes the numbers of the Tokyo Stock Exchange (upper) and the foreign exchange rate of the yen against one dollar (bottom) at a foreign exchange brokerage in Tokyo yesterday.

Japan's Finance Minister Taro Aso cast the G7 statement as a rebuke to those who have accused Tokyo of tinkering with the yen, claims more often directed at China which has long been accused of manipulating its yuan.

"That is not the case, and the rest of the nations (in the G7) have properly, correctly understood this," Aso said.

National Australia Bank (NAB) saw it differently, saying the comments were a "shot across Japan's bows" that came as the Bank of Japan began a two-day policy meeting.

Markets are waiting to see if Bank policymakers unveil fresh easing measures, which tend to weaken the yen.

Aggressive monetary easing has been a key priority of Abe's government, which swept to power in December on a pledge to rescue the economy and to urge the independent BoJ to follow its line or be forced to change.

"Europe's objection to Japan's guiding its currency lower appears stronger than earlier thought," said Hiromichi Shirakawa, a research analyst at Credit Suisse in Tokyo.

The statement could temper Japanese officials' frequent musings about the value of the unit, and influence future policy, he added.

It will "make it extremely difficult for senior Japanese officials in the future to make comments like '100 yen to the dollar would be fine'."

The yen has tumbled 17 percent to 93.00 against the dollar and 25 percent to 125.00 against the euro since mid-November when the former government called an election that was widely expected to be won by Abe's opposition.

However it is still well below lows around 123 yen to the dollar and 170 against the euro seen in 2007.

But the recent weakening has bolstered Japan's exporters, who spent last year complaining the strong unit was ruining their finances, as they struggled to recover after the 2011 quake-tsunami disaster.

The yen hit a record high around 75 to the dollar in late 2011, making Japan's exporters less competitive while shrinking their overseas income.

The strong unit helped push Japan into a record trade deficit last year.

"Japan can't deny that, in its heart, it thinks a cheaper yen is desirable for the export sector," said Keiichiro Kobayashi, professor of economics at Tokyo's Hitotsubashi University.

But a weaker yen is double-edged sword as it drives up import costs and makes overseas investment pricier.

Even some of the biggest beneficiaries are not cheering, with the heads of electronics giant Sony and Suzuki Motors warning the weakness may not last, whatever Tokyo's intentions.

"It's premature to think that the yen's devaluation will continue," Osamu Suzuki cautioned.