MasterCard: Banking on mobile tech

The company will open a country office in November to strengthen its footprint

SUMAN SAHA

MASTERCARD, an American multinational financial services corporation, looks to strengthen its footprint in Bangladesh through a modern electronic payment system, a senior official said.

"It is a terrific market for the electronic payment industry. The game is just getting started and we are very much excited," Ari Sarker, MasterCard's division president for South Asia, told The Daily Star in an interview.

The company, which is set to open its first country office in Bangladesh in November, wants to offer innovative payment services, spearheaded by the mobile phone.

"The use of mobile wallet is now very limited in Bangladesh, but it has tremendous potential to grow seeing that the use of smartphone is growing very rapidly in the country."

Bangladesh has around 1.2 million credit cards and 1.7 million debit cards, while mobile subscription is more than 100 million.

"The convergence of mobile and card devices, therefore, is inevitable," he said, adding that the full-fledged arrival of 3G services would accelerate the process.

Nearly $100 billion is spent every year on private consumption in the country, of which only 0.5 percent, or $500 million, is done through electronic payment means such as debit or credit cards and mobile wallet, he said.

Sarker, who has been with MasterCard since December 2010, tipped the country's electronic payment industry to hit

Ari Sarker

$10 billion over the next five years. "We honestly believe it is doable if the government, bank and mobile phone operators provide the necessary support."

The headroom for growth in other South Asian countries, too, is "extremely large", he said.

The annual electronic payment market in India is around $12 billion at present, after growing over 30 percent over the last couple of years. India now has 340 million in debit cards and 19 million in credit cards, while around 150 million people have access to internet and nearly 12 million people go online for any kind of shopping.

"We believe it would also happen here as the county has higher mobile phone penetration, and internet usage, too, is on the rise due to easy availability of bandwidth."

MasterCard, which started card services in 1997 in Bangladesh, also wants to serve the country's 'bottom of the pyramid' segment by partnering with financial inclusion agencies.

In emerging markets, the challenges for growth of the electronic payment industry involve educating the consumers and merchants and bringing the best practices for the issuing banks, he said.

"Merchants should see the value of electric payment and consumers should see the convenience in using the facility than carrying cash," he said, adding that card payment will induce customers to make on-the-spot purchasing decisions.

About the recent spate of card forgery in the local banking industry, the MasterCard official blamed the poor fraud-fighting tools. "Organisations have to investment money periodically to prevent fraud."

He recommended rolling out 'chip and pin' cards to replace the magnetic strip cards to check forgery.

A joint effort of Europay, MasterCard and Visa to ensure greater security, the cards come with an embedded microchip that is authenticated automatically using a personal identification number (PIN). "The technology ensures that the cards can not be cloned."

He also urged the Bangladesh Bank to introduce PCIDSS (Payment Card Information Data Security Standard) in the country. "It is a standard on how the payment processor will run their shop. It will ensure basic level of security in the electronic payment system."

In 2012, the company processed 34.2 billions transactions, a 25 percent year-on-year, according to the company's annual report.

MasterCard has so far entered into partnerships with 11 financial institutions in Bangladesh.

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Nissan to begin production in Myanmar

AFP, *Tokyo*

JAPANESE automaker Nissan plans to begin producing small cars and trucks in Myanmar with its Malaysian partner as early as this year, the Nikkei business daily reported Monday.

Nissan Motor and Malaysia's Tan Chong Motor Holdings Bhd will jointly produce several thousand small passenger cars and pickup trucks a year in the Southeast Asian country, the newspaper said without citing sources.

Myanmar has been experiencing sharp growth in demand for cars since it began taking steps toward democracy in 2011, and used Japanese models are especially popular there.

In a bid to tap the market, automakers have begun moving in, with Japan's Suzuki announcing the restart of production there earlier in the year and Ford saying it would open a showroom.

But Nissan would be the biggest carmaker so far to start production in the country, the Nikkei said, where huge import taxes and a US investment ban aimed at the previous regime had meant vehicles were too expensive for most people.

Car ownership was only around 2.36 million units as of last year in a country with a population of 63 million, meaning the market had much room to grow, the Nikkei said.


AFP

The new Infiniti Q 30 concept car is displayed at the booth of Infiniti, the luxury brand of Renault-Nissan, in IAA international motor show in western Germany.

Indian drugmaker Ranbaxy faces new US regulation woes

AFP

Ranbaxy-manufactured drugs are seen at a chemist shop in New Delhi.

AFP, *Mumbai*

SHARES in Indian generic drugs giant Ranbaxy Laboratories crashed as much as 35 percent on Monday after the US Food and Drug Administration suspended imports from one of its factories.

The FDA issued an alert on Friday against the factory in Mohali in the northern state of Punjab, spelling more bad news for Ranbaxy which is struggling to put a near decade-long history of US-led regulatory action behind it.

A spokesman for Ranbaxy, which was bought by Japan's Daiichi Sankyo group in 2008, said "the company has so far not received any communication from the US FDA" and it was seeking information.

The FDA website did not explain the reasons for the "import alert".

Ranbaxy, one of the biggest generic drugs makers in the world, slid to a day's low of 297.25 rupees on the Bombay Stock Exchange in early trading, down 34.99 percent, before recovering to 329.50 rupees, down 27.94 percent.

In May, Ranbaxy pleaded guilty to US charges of selling adulterated antibiotic, acne, epilepsy and other drugs and agreed to a record $500-million fine. The episode was a huge hit to its image.

The US fraud, uncovered over eight years, was exposed by a whistle-blowing ex-employee who said Ranbaxy created "a complicated trail of falsified records and dangerous manufacturing practices".

Ranbaxy imported adulterated batches of drugs made in its Paonta Sahib facility near the Indian city of Chandigarh, which FDA inspectors said had poor record-keeping and an inadequate testing for the stability of the drugs over time.

The company also admitted to making false and fraudulent statements to the FDA in 2006-2007 on stability tests made on several other export drugs.

The Paonta Sahib facility and another, in Dewas in central India, were blacklisted from producing drugs for the US market.

Ranbaxy is not alone in facing scrutiny from global regulators because of problems at its factories.

In July, Britain's healthcare regulator recalled 16 drugs from Indian pharmaceutical firm Wockhardt after finding deficiencies at one of its manufacturing units in western India.

"The import alert could be a huge setback for Ranbaxy Labs," said Sarabjit Nangra, pharma analyst with Mumbai's Angel Broking, adding that import alerts can take months to resolve.

Ranbaxy will for now have to rely on its New Jersey-based Ohm Labs to service all its US business, Nangra said.

The US is the biggest drugs market in the world and Ranbaxy makes about 40 per cent of its revenues selling drugs there.

India's government has been forced to defend the country's lucrative generic drug industry, which accounts for nearly $15 billion in annual exports.

The country has built a reputation as the "pharmacy to the world" for its production of life-saving generic versions of medicines for poor nations that cost a fraction of those with brand names.

Former Obama aide withdraws from race for Fed chair

REUTERS, *Washington*

FORMER Treasury Secretary Lawrence Summers withdrew on Sunday from consideration to succeed Federal Reserve Chairman Ben Bernanke after fierce opposition from within the Democratic Party hurt his chances of being confirmed in Congress.

Summers, a former top aide to President Barack Obama and widely regarded as a brilliant economist and a shrewd and decisive policy maker, was considered to be the front-runner for the position to replace Bernanke, whose second term expires in January.

But Summers was dogged by controversies including his support for deregulation in the 1990s when he ran the Treasury Department in the Clinton administration - blamed by some for the financial crisis of 2007-2009 - as well as for comments he made about women's aptitude while president of Harvard.

"It became obvious he did not have support from some in his own party and had too much baggage to get approved for a number of reasons," said Richard Daskin, chief investment officer at RSD Advisors in New York.

Summers' withdrawal appeared to open the door for the nomination of Fed Vice Chair Janet Yellen, who was seen as his chief rival for the position. Yellen, who has a long career in the Fed system and also chaired the White House Council of Economic Advisers under former president Bill Clinton, would be the first woman to lead the US central bank.

Still, the president has said he is also considering others, and has mentioned former Vice Chairman Donald Kohn, who retired in 2010 after 40 years at the Fed. Roger Ferguson, who


Lawrence Summers

was vice chairman from 1999-2006 and is currently chief executive of the academic retirement fund TIAA-CREF is also considered a possibility.

Former Treasury Secretary Timothy Geithner, while popular at the White House made clear on Sunday he has not wavered from his oft-expressed disinterest in the job.

Summers' withdrawal in a letter to Obama in which he said any confirmation process would likely be acrimonious and a distraction came after weeks of intense political pressure for the administration.

The president sought congressional approval for a military strike against Syria for a suspected poison gas attack against rebels, only to meet resistance from within his own Democratic ranks as well as from Republican lawmakers. He averted the possibility of a humiliating defeat in Congress by embracing a Russian proposal for destroying Syria's arsenal of chemical weapons.

Looking ahead, is the approaching battle between the administration and Republicans in Congress over government funding and an extension of the US debt ceiling, without which the federal government could shut down in two weeks and the nation could default on its debt. Obama also must defend his signature healthcare reform against attempts to cut its funding.

It was not clear if Summers was persuaded by Obama to withdraw because of growing fears that nominating him as Fed Chairman would lead to an ugly battle within the president's own party, or whether Summers decided himself that he did not want to go through such a potentially damaging process.

"Maybe it was a recognition that he wasn't going to get through the confirmation process, and Obama certainly doesn't seem to have a whole lot of political capital right now," said Scott Frew, Managing Partner and Owner, Rockingham Capital Advisors in Hartford, Connecticut.

Word that the president was leaning toward nominating Summers over Yellen elicited an unprecedented backlash against a potential nominee to run the US central bank.

Summers said that the storm pointed to a difficult confirmation process that could hurt the president's economic agenda and the institution, and decided to pull back.

Libya to tender for first private mobile licence

AFP, *Tripoli*

LIBYA will launch a tender in 2014 for the award of the country's first private mobile phone licence, Communications Minister Usama Siala told AFP on Monday.

The country's two publicly-owned providers have more than eight million subscribers, one of the highest penetration rates in Africa, but Libya has no private mobile telecoms operators.

"We are going to propose a mobile telephone licence for the private sector in three to six months," Siala said in an interview with AFP.

"The ministry got the green light from the cabinet, from the prime minister and from the telecommunications committee of the General National Congress," the country's highest political authority, Siala said.

"We in the ministry would prefer the new operator to be foreign. But that will depend on a law on encouraging foreign investment that is being studied in the GNC," he added.

"According to the legal framework that will be adopted, we will decide if the candidates need to be foreign, Libyan, or in a joint-venture," he said.

The award of the licence to a private operator is aimed primarily at "stimulating the telecommunications market in Libya," until now monopolised by public companies, Siala said.

Libya's two public mobile telephone operators, Madar and Libyana, have more than eight million subscribers, of whom some six million subscribe to Libyana.

This puts Libya's mobile phone penetration, the ratio of phones to the population, at 120 percent, one of the highest in Africa according to official figures.

The two operators contribute between two and three percent of the country's GDP, the ministry said.

"Until now, we have been competing with ourselves. We need competition, which can only be beneficial for the market and particularly for users," the minister said.

During the regime of long-term dictator Moamer Kadhafi, Libya in 2009 launched a tender for a private licence for mobile and fixed telephones before cancelling it at the last minute.

Turkish company Turkcell and Emirati telecoms operator Etisalat competed for the licence at the time.

Siala said that the government had been in contact with international organisations and experts from the World Bank, from Britain, France and the US to improve infrastructure in the telecoms sector.