

# Stuck in a loop of political instability

*CPD research director says Bangladesh is unable to progress due to political crisis every five years*

MD FAZLUR RAHMAN

**T**HE country is unable to make the most of its stellar growth prospects, due to the cyclical political instability, a leading economist said.

"It is very unfortunate for the country that it faces a huge political crisis every five years. We are trapped in this vicious cycle," Fahmida Khatun, research director of the Centre for Policy Dialogue (CPD), told The Daily Star in an interview.

"We want true democracy and not just in name. The country has been practising democracy for more than 20 years, but instead of marching forward we are actually moving behind."

She says the lack of political advancement is costing the economy dearly, while citing the below average growth forecast for the year, struck with political turbulence. Bangladesh now records on an average 6 percent growth in gross domestic product (GDP).

"Our expectation of raising our GDP growth to over 7 percent to become a middle-income nation will not happen in near future if the political situation continues like this."

Fahmida, who did her Masters and PhD in economics from the University College London under the University of London, however, said the country has all the qualities to become a middle-income country. "Our human resources have high potential, even with so many political, natural and external odds."

Economist Fahmida who also worked with UNDP and USAID missions in Bangladesh went on to call for a "free, fair and reliable election and political stability" for the sake of attracting foreign investment to the country. "Without investment, we are not going anywhere."

The CPD researcher, who also served as a director of state-owned Janata Bank between 2008 and 2011, said there is "total indiscipline" in the financial sector, more so in state banks owing to political interference.

"Due to strong political influence, the state-owned banks cannot properly comply with the banking policies and rules and regulations—it is difficult to work independently there."

Although the state banks went on a reform programme supported by



Fahmida Khatun

the World Bank in 2007, it did not yield expected results "due to interference from a vested quarter and weak governance."

"There is lack of accountability and transparency within the banks. There has not been automation, compliance and monitoring."

She said the lack of any clear-cut authority for overseeing the activities of the state-owned banks is a glaring problem. "There is a strenuous relationship between Bangladesh Bank and the banking division under the finance ministry in supervising the state-owned banks."

The private banks have problems

of their own, too. "There is competition among the banks on how fast they can maximise their profits. In the process, they sometimes do not properly follow the banking norms and regulations and take care of the risk factors."

The private banks, however, are not immune from political interference, as licences of the banks are "mostly given on political consideration".

"So, private commercial banks can seldom withstand influence from political corners. Loans that are given under political pressure are mostly turned into bad loans."

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## Global telecom leaders call for financial inclusion through mobile phone

*ITU Telecom World comes to a close*

KOWSHER JAHAN KHALED, from Bangkok

**A**N international conference of global telecom leaders ended in Bangkok on Friday with a call to bridge the digital divide and deepen financial inclusion in the emerging and least-developed economies through mobile phones.

Speakers at the ITU Telecom World 2013 stressed putting proper regulations in place to bring the unbanked population of the world under formal banking activities.

They called upon governments, regulators and stakeholders to intervene and collaborate with each other to streamline mobile phone-based financial services and ensure security of such transactions.

The four-day event at Impact Exhibition and Convention Centre featured a world-class forum of interactive debate, a lively show-floor displaying products, technologies and investment opportunities from around the world and a range of networking opportunities.

Stakeholders from the public and private sectors, including ministers, regulators, industry CEOs from across the entire ICT ecosystem, consultants and academics took part in the conference.

One of the key discussions was on "the many faces of mobile financial services", especially in Asian and African countries such as Bangladesh, India, Pakistan and Nigeria, where the markets are more complicated and most people are

unbanked.

By 2020, access to mobile financial services could increase gross domestic product by 2 percent in Bangladesh, 3 percent in Pakistan and 5 percent in India, said Jon Eddy Abdullah, chief executive officer of Dtac, Telenor's mobile venture in Thailand.

Mobile financial services are now "poised for explosive growth". Telenor, which has around 56 percent share in Bangladesh's leading mobile operator Grameenphone, considers mobile financial services a "major" business opportunity, according to Abdullah, who spoke at the session on mobile-based financial services.

Financial inclusion represents a stepping-stone towards other progresses, bringing with it access to new technologies and services, he said. "Mobile banking provides a quick, accurate and transparent process and helps eliminate black economy," he added.

By using the existing infrastructure and distribution network, the telecom companies can offer affordable and sustainable solutions to customers with small funds, Abdullah said.

However, the telecom and financial services analysts suggested mobile-based financial services should not be overregulated so that the unbanked population of the world—now around 2.5 billion—can easily join formal banking activities.

John Ure, associate professor and

director at Telecommunications Research Project of University of Hong Kong, said a new regulator can emerge for the mobile-based financial services as the sector involves multiple regulators such as telecom, banking and financial services.

However, Abdullah, the Dtac CEO, ruled out the idea of a new regulator for such services, as the gap between the stakeholders can be minimised through discussions.

Ure said it is not possible for banks to reach all the unbanked people as it involves huge costs. "So, the role of technology, including mobile phone, becomes all that important".

Since the problems faced by the mobile banking service providers varies across countries, governments and regulators should keep in mind their local contexts while formulating regulations for the sector, he added.

Prashant Gokarn, chief strategy and planning officer of Indosat in Indonesia, said mobile banking provides a "unique" platform for micro-finance and micro-insurance to flourish.

There is a fine line between good regulation and over-regulation and the stakeholders "will have to understand that".

Eugene Juwah, executive vice chairman of Nigerian Communications Commission, also spoke at the session moderated by Marko Jagodic Jr, director (service network) of Telekom Slovenia.

## Microsoft sells over a million Xbox Ones in 24 hours

REUTERS, San Francisco

**M**ICROSOFT Corp sold over 1 million of its new Xbox One game consoles within 24 hours of their hitting store shelves on Friday, on par with Sony Corp's PlayStation 4 despite launching in far more countries.

The new console, which launched in 13 countries, set a record for first-day Xbox sales and is currently sold out at most retailers, Microsoft said in a statement.

Sony said it sold 1 million PS4 units in 24 hours after launching

last Friday in just the United States and Canada. The PS4 expands to other regions, including Europe, Australia and South America, from November 29. It then hits Japan in February.

Microsoft is locked in a console war with Sony this holiday season. The software giant hopes the Xbox One not only entices gamers but attracts a broader consumer base of TV fans and music lovers with its interactive entertainment features and media apps.

"We are working hard to create more Xbox One consoles," said

Yusuf Mehdi, corporate vice president of marketing and strategy at Xbox.

Robert W Baird & Co analyst Colin Sebastian has said he expects shipments of 2.5 million to 3 million units for both the Xbox One and PS4 in the fourth quarter.

Both the PS4, priced at \$399 in the United States, and the Xbox One, with a price tag of \$499, offer improved graphics for realistic effects, processors that allow faster game play and a slew of exclusive video games.

  
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