The corporate couple

MD FAZLUR RAHMAN

THIRTY years ago in a typical Bangladeshi family the husband would go to work, while the wife, despite holding the qualifications to make it in the corporate world, would stay behind to look after the family.

Mohammodi Khanam, managing director of Prime Insurance Company, one of the leading general insurers, has bucked the trend. She moved up the career ladder in an area where many women of her generation would not tread into, all the while maintaining a family and professional life.

Her journey to the top though was not smooth—rather, it was full of struggles.

In 1981, when Khanam was still a student of economics at Dhaka University, she applied and joined state-run Bangladesh Television as programme announcer upon her father's insistence.

After graduation, she started as a research officer at the Bangladesh Institute of Development Studies, one of the leading research organisations of the country. She, unfortunately, had to quit the job following the birth of her first son.

After a pause of three years, she got back to the corporate world, taking up the role of a trainee executive at Peoples Insurance.

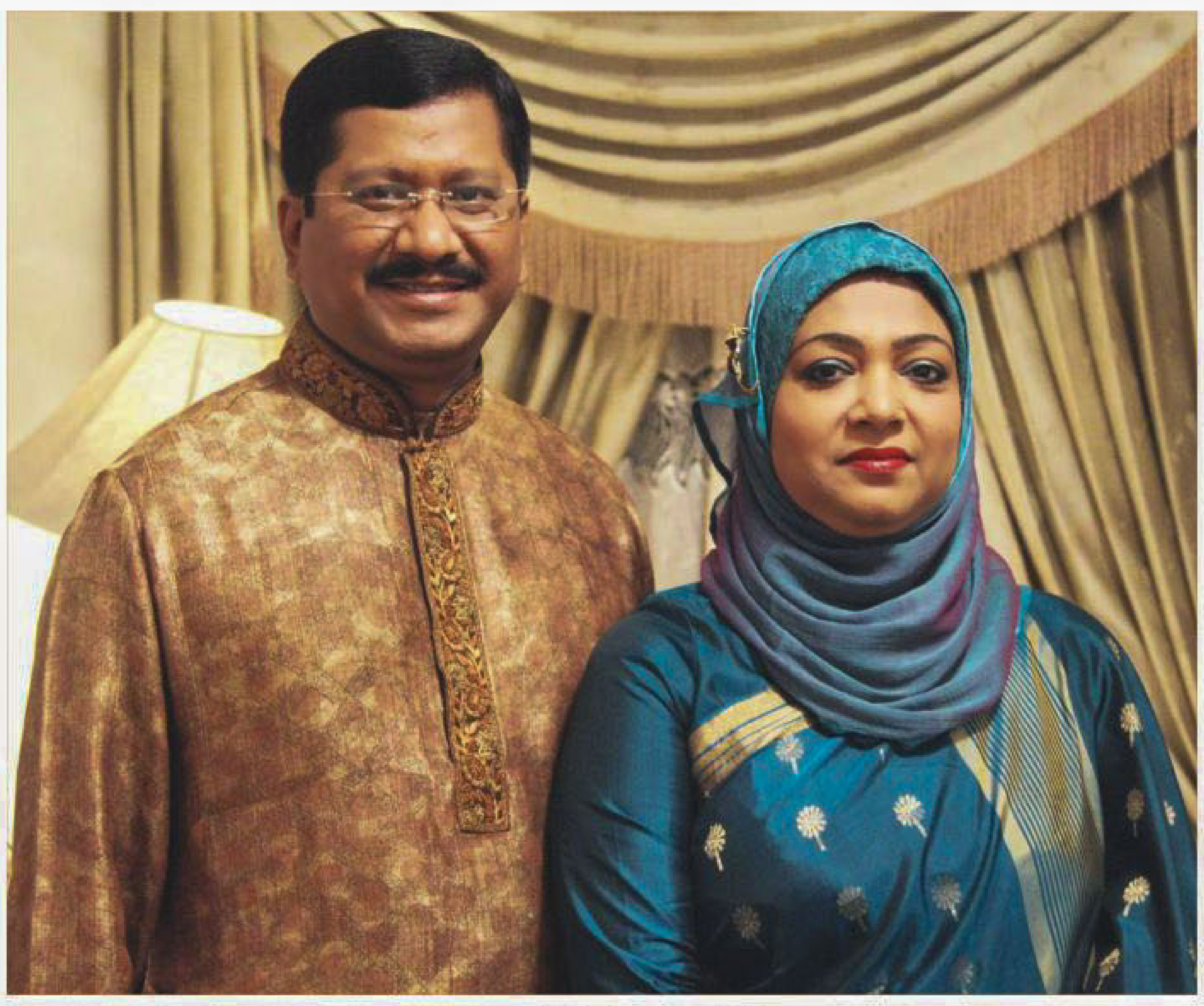
She again faced a tough time juggling work and home in 1991 when she gave birth to her second son.

"I went through difficulties in taking care of my children and running the family and pursuing the professional goal at the same time," she told The Daily Star in an interview.

In those days, she had to put in order the daily chores of the sons, prepare their food and help them do home work.

"But they never hindered my career. My children and husband are like my friends. Everyday we had our dinner together, shared what happened throughout the day, shared laughter and even took advice from each other on important issues."

Recognised as an international trade finance specialist, Khanam said the current state of general insurance in Bangladesh is satisfactory.



The dynamic duo: Mehmood Husain and Mohammodi Khanam

"However, the size of the insurance market is not large enough to create sufficient scope for the operation of a large number of companies. This has lead to aggressive competition and resulted in unhealthy practices, which are detrimental to the industry as a whole."

She said the absence of modern technology in the operational system encourages misappropriating in business, while adding that high corporate tax rates and weak governance are acting as major deterrents to the sector's development.

Prime Insurance, however, has restricted itself from doing any aggressive marketing and unethical practices in underwriting of insurance business.

"We ensure strict compliance of the Insurance Act and rules. We also constantly monitor such that we are not involved in any unhealthy competition."

She is also opposed to providing licences to any new insurance company as the business is very limited.

At present, there are 45 general insurance companies and most are doing traditional business.

"Without tapping into new avenues and increasing business, it would not be worthwhile to increase the number of insurance companies in Bangladesh," she said, adding that she plans to steer Prime Insurance to non-traditional markets such as small and medium enterprises, microfinance, agriculture and health.

The company also plans to launch Bankers Blanket Bond Coverage, cyber crime coverage, hajj coverage and professional indemnity.

She credited tenacity, patience and creativity for her success in the industry.

"I have the philosophy of giving my best regardless of the nature of the task -- I believe that persistence pushed me to do great things along the way."

"Having said that, I don't mean to underestimate the importance of professional networking and the mentoring provided by my seniors, as it was under their guidance and support that I learnt to be adaptable and also to seize every given opportunity."

Khanam said her in-laws have been very supportive and appreciative of her efforts and the success she has achieved so far.

"They are just as proud and happy as I am. My husband was also very supportive all throughout. He has supported me a lot mentally and advised me whenever I was upset because of troubles in office."

Her husband Mehmood Husain, who was also a student of economics at Dhaka University, is currently the managing director of Bank Asia.

The career banker believes success does not come instantly or by luck.

"It's a continuous process to struggle and nurture with your inherent qualities."

Husain credits his parents and wife for his journey to the top, adding that he tried to give quality time to his family but it might not have been enough.

"I try my best to maintain a satisfactory work life balance, but since my job nature is very demanding, sometimes my family has to sacrifice."

He acknowledged that bringing up children was difficult but they both shared the responsibilities.

Husain touched upon the current condition of the banking sector.

At present, the sector is struggling with the low investment growth opportunity and management of classified loans, he said. Lower investment growth brought about excess liquidity, which is costly in terms of opportunity cost.

About the non-performing loan issue, he said the NPL situation in this sector is also alarming. It has been increasing over the years, although a huge amount of classified loans has been rescheduled and written-off every year.

Husain said he would love to see the newly licensed banks work in areas where economic concentration is low, because a great portion of the population still remains un-banked in the country.

READ MORE ON B3

Samsung battles on two fronts as Apple readies iPhone 6

REUTERS, Seoul

SAMSUNG Electronics Co Ltd is losing smartphone ground not only to cheaper Chinese rivals but also at the high end to Apple Inc, a survey showed, in an ominous sign for the South Korean giant as Apple readies to launch its next-generation iPhone 6.

Samsung last week gave second-quarter earnings guidance that was far weaker than expectations and is on track for its worst quarterly profit in two years, a performance the company attributed in part to price competition and higher inventory levels in China.

Research firm Counterpoint's survey of 35 markets accounting for nearly 90 percent of global sales found that sales for the eight-month-old iPhone 5s stood at 7 million in May, compared with about 5 million for Samsung's flagship Galaxy S5, which was in just its second full month of sales after a late March release.

Counterpoint said that the Galaxy S5 appeared to be doing worse than the Galaxy S4 had done in its early launch against the iPhone 5, with each selling about 7 million units a month. The data measure retailers' sales to consumers as opposed to typical industry data that look at shipments made by the manufacturer.

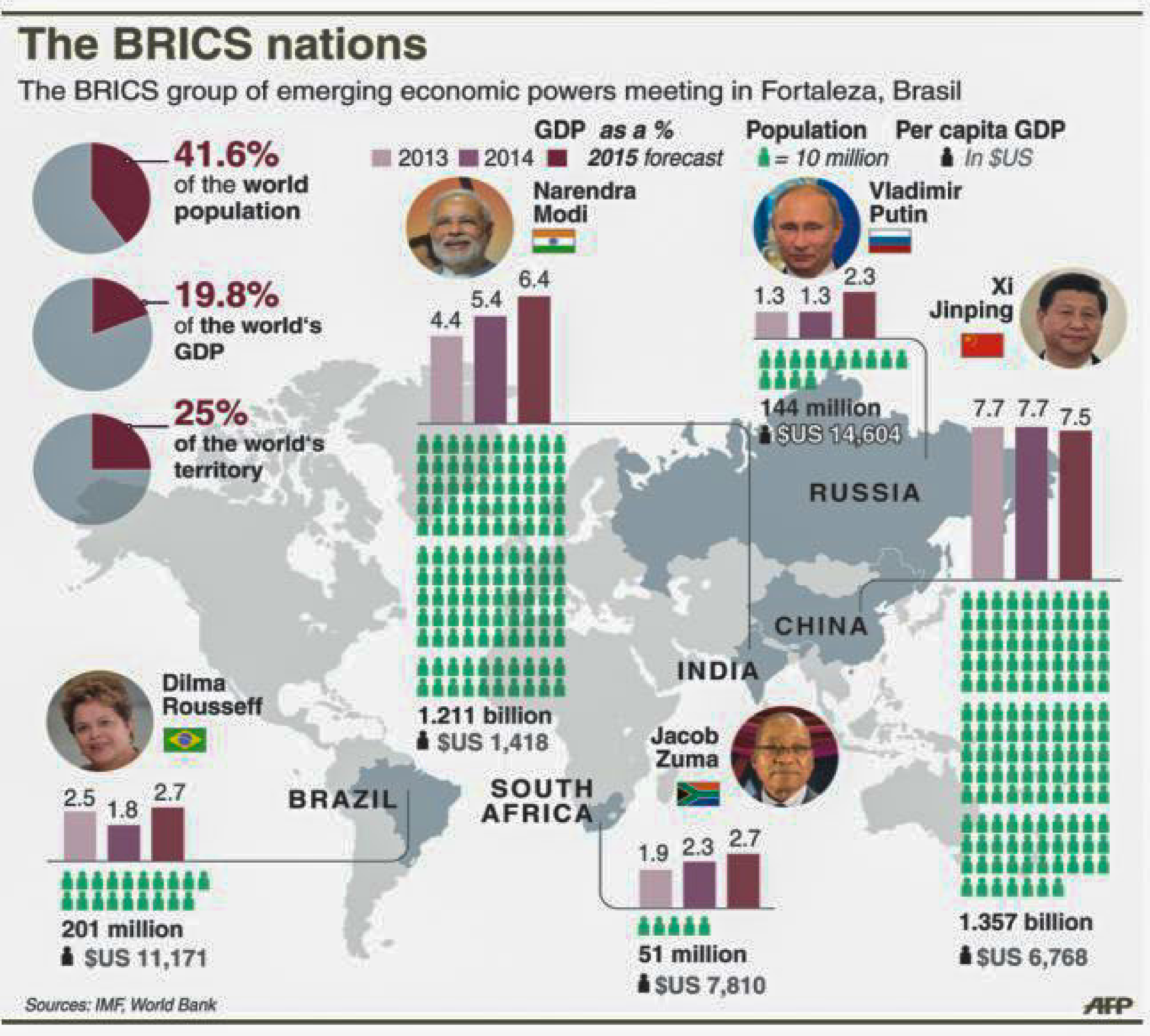
Galaxy S5 sales probably remained at about 5 million units in June, said Tom Kang, Seoul-based analyst for Counterpoint. He said the Galaxy S5 fell short of market expectations in terms of display quality and by using a plastic case.

"They made one mistake, one product that didn't hold up to expectations and they are paying the price," he said in a phone interview. "They will have to move forward and leave behind what has failed and focus on the next product."

The data suggests that Samsung's problems run deeper than just the inventory buildup in mid-to-low tier devices that the company reported earlier in the month after disclosing weaker-than-expected second quarter guidance.

Samsung declined to comment on Counterpoint's data or disclose shipment figures for the Galaxy S5, though a Samsung executive in April said that the new flagship device was expected to outperform its predecessor.

BRICS bank to counter Western hold on global finances



REUTERS

L-R, Russian President Vladimir Putin, Indian Prime Minister Narendra Modi, Brazilian President Dilma Rousseff, Chinese President Xi Jinping and South African President Jacob Zuma join their hands at a group photo session during the BRICS summit in Fortaleza in Brazil on Tuesday.

REUTERS/AFP

THE creation of the BRICS development bank to be based in Shanghai is meant to reshape the Western-dominated global financial system.

At a summit in Brazil, the BRICS group of emerging economic powers -- Russia, India, China and South Africa -- created the $100 billion New Development Bank to finance infrastructure projects in developing nations. They also set up a $100 billion currency reserves pool to help countries forestall short-term liquidity pressures.

It is the first major achievement of the BRICS countries since they got together in 2009 to press for a bigger say in the global financial order created by Western powers after World War Two and centered on the International Monetary Fund and the World Bank.

The BRICS were prompted to seek coordinated action following an exodus of capital from emerging markets last year, triggered by the scaling back of US monetary stimulus.

The new bank reflects the growing influence of the BRICS, which account for almost half the world's population and about one-fifth of global economic output.

The bank will begin with a subscribed capital of $50 billion divided equally between its five founders, with an initial total of $10 billion in cash put in over seven years and $40 billion in guarantees. It is scheduled to start lending in 2016 and be open to membership by other countries, but the capital share of the BRICS cannot drop below 55 percent.

The contingency currency pool will be held in the reserves of each BRICS country and can be shifted to another member to cushion balance-of-payments difficulties. This initiative gathered momentum after the reverse in the flows of cheap dollars that fueled a boom in emerging markets for a decade.

"It will help contain the volatility faced by diverse economies as a result of the tapering of the United States' policy of monetary expansion," Brazilian President Dilma Rousseff said.

"It is a sign of the times, which demand reform of the IMF," she told reporters at the close of the summit.

China, holder of the world's largest foreign exchange reserves, will contribute the bulk of the contingency currency pool, or $41 billion. Brazil, India and Russia will chip in $18 billion each and South Africa $5 billion.

If a need arises, China will be eligible to ask for half of its contribution, South Africa for double and the remaining countries for the amount they put in.

China's official Xinhua news agency, citing unidentified sources at the Chinese Finance Ministry, said the new bank would give developing countries a greater say in the international financial order, a theme President Xi Jinping struck ahead of the summit.

The new bank "will promote the global system of economic governance to develop in a just and fair direction," the agency said.

Negotiations over the headquarters and first presidency lasted until the eleventh hour due to differences between India and China. The impasse reflected the trouble Brazil, Russia, India, China and South Africa have had in reconciling stark economic and political differences that made it hard for the group to turn rhetoric into concrete action.

"We pulled it off 10 minutes before the end of the game. We reached a balanced package that is satisfactory to all," a Brazilian diplomat told Reuters.

Negotiations to create the bank dragged on for more than two years as Brazil and India fought China's attempts to get a bigger share in the lender than the others.

In the end, Brazil and India prevailed in keeping equal equity at its launch, but fears linger that China, the world's No. 2 economy, could try to assert greater influence over the bank to expand its political clout abroad. China, however, will not preside over the bank for two decades.

Facing efforts by leading Western nations to isolate Russia for annexing Crimea and stirring revolt in eastern Ukraine, the BRICS summit provided President Vladimir Putin with a welcome geopolitical platform to show he has friends elsewhere, economic powers seen as shaping the future of the world.

The BRICS abstained from criticising Russia over the crisis in Ukraine and called instead for restraint by all actors so the conflict can be resolved peacefully.

An opinion piece in the Global Times newspaper, known for its nationalistic editorial stance, said competition from the BRICS bank could prompt the World Bank and the International Monetary Fund (IMF) to carry out much-needed internal reforms.

"BRICS countries have to blaze a new trail to reduce losses as well as safeguard interests," wrote Liu Zongyi, a research fellow at the government-linked Shanghai Institute for International Studies.

China's growth accelerates 7.5pc

AFP, Beijing

CHINA'S economic growth hit 7.5 percent year-on-year in April-June, official data showed Wednesday, ahead of expectations as the world's second-largest economy was boosted by government stimulus.

The second-quarter figure announced by the National Bureau of Statistics compared with 7.4 percent in the previous three months and exceeded the median forecast of 7.4 percent in a survey of 17 economists by AFP.

"Generally speaking, China's economy showed good momentum of stable and moderate growth in the first half-year," said NBS spokesman Sheng Laiyun.

"However we should keep in mind that the domestic and international economic environment is still complicated and the national economy still faces many challenges."

The NBS also said China's economy expanded 7.4 percent in the first half of the year.

The results come after Beijing introduced a series of policies in April in response to concerns over slowing growth, including tax breaks for small enterprises, targeted infrastructure spending and the encouragement of lending in rural areas and to small companies.

Wendy Chen, Shanghai-based economist with Nomura International, told AFP: "A series of policy easing measures have taken effect, and the economy has already bottomed out and recovered."

Growth would be "slightly better" in the second half of the year, she said, but added: "We expect more policy easing in the third quarter, in all aspects including the property sector."

Despite the short-term stabilising effect of the efforts, which economists have dubbed "mini-stimulus", some analysts remain pessimistic on the full-year outlook given persistent concerns over the huge but troubled property sector.

China's economy grew 7.7 percent in 2013, the same as 2012, which was the worst pace since 7.6 percent in 1999.

For full-year 2014, the median forecast in the AFP survey is for an expansion of 7.3 percent -- down from 7.4 percent in the last quarterly poll three months ago.

If realised, 7.3 percent growth would be the weakest annual performance since the 3.8 percent of 1990 -- the year after the Tiananmen Square crackdown.

China in March set its annual growth target for this year at about 7.5 percent, the same as last year.

The objective is usually set conservatively so as to ensure being met. The last time China missed the target was in 1998, during the turmoil of the Asian financial crisis.

Officials including Premier Li Keqiang earlier this year emphasised that the goal was flexible -- widely seen as a hint it may not be realised.

But last month, Li called achieving it the "inescapable responsibility" of local governments and urged "no delay" in action, an indication of concern.

China's leaders consistently say that slower growth is good for the country as they try reduce decades of over-reliance on the huge though often inefficient investment projects that have girded expansion.

They envision a new model in which the country's increasingly affluent consumers drive activity, generating slower but more sustainable growth in the long run.

Economists expect refinements to the limited stimulatory efforts to continue in the form of "targeted" steps, though they differ on whether authorities will go so far as cutting interest rates or reserve requirement ratios for all banks.

Separately, the NBS said China's industrial production, which measures output at factories, workshops and mines, rose 9.2 percent year-on-year in June.