



BUSINESS

DHAKA THURSDAY AUGUST 14, 2014, e-mail:business@thedailystar.net

BB relaxes car loan policy

STAR BUSINESS REPORT

The central bank has doubled the ceiling for car loans to reflect the increased prices of motor vehicles and provide banks a channel to utilise their excess liquidity.

Banks can now extend up to Tk 40 lakh as car loan, Bangladesh Bank said in a notice yesterday. The previous ceiling for car loans was Tk 20 lakh.

The debt-equity ratio has also been changed to 50:50 from 30:70 earlier. In other words, consumers can now buy cars worth up to Tk 80 lakh by availing a Tk 40 lakh bank loan. Previously, cars worth up to Tk 67 lakh could be purchased by taking a bank loan.

The move comes in response to the higher market prices and demand for vehicles, said Md Anwarul Islam, deputy general manager of the central bank.

Another BB official said the relaxation of the car loan policy arose from the need to give banks a channel to direct their huge piles of liquidity in the face of sluggish investment demand.

At the end of May, banks were sitting on Tk 140,243 crore of excess liquidity, up from Tk 79,441 crore at the end of June last year.

The increase in car loan ceiling will not affect inflation, as the product is generally consumed by the society's high-income group, Islam added.

Meanwhile, Abdul Haque, a former president of the Bangladesh Association of Reconditioned Vehicle Importers and Dealers Association (BARVIDA), welcomed the central bank move, as the previous loan policy was "too tough" for the general public.

The new policy will be beneficial for small businessmen who until now could not afford the high cash requirement to purchase a car or utility van, he said.

Haque, however, called for further relaxation of the policy.

The ceiling for auto loan under consumer financing was first fixed in 2004 at Tk 50 lakh; loans could be availed after a 10 percent down payment.

Then in 2005 it was lowered to Tk 20 lakh, to be raised back to Tk 50 lakh in 2010. The debt-equity ratio was then fixed at 50:50.

In 2012, as part of BB's efforts to discourage loans to unproductive sectors, the ceiling was again lowered to Tk 20 lakh and the debt-equity ratio set at 30:70.

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Political stability key to higher growth: MCCI

STAR BUSINESS REPORT

Bangladesh needs to control inflation, keep the macro-economy stable and meet the export and revenue collection targets to achieve the desired economic growth this fiscal year, a leading chamber said yesterday.

The overall economic condition was positive as indicated by steady improvements in the major economic indicators in the just concluded fiscal year, said the Metropolitan Chamber of Commerce and Industry (MCCI).

Restoring momentum in economic activities and improving law and order conditions will be the other major challenges for the government, which has set the target of achieving 7.3 percent GDP growth in the current fiscal year, the chamber said.

Political stability should also be maintained to achieve

CHALLENGES

- Reining in inflation
- Keeping the macro-economy stable
- Meeting the export and revenue collection targets

the government's growth and inflation targets, the MCCI said in its quarterly review of the economic situation in Bangladesh for April-June.

WHAT TO DO

- Political stability should be maintained
- The govt should restore momentum in economic activities
- Law and order conditions should be improved

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National Credit and Commerce Bank Limited a leading private commercial bank and equal opportunity employer invites application from potential fresh Post-graduate individuals for immediate appointment as Management Trainee Officer (MTO).

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Required Competencies

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- The aspiring candidates should have minimum GPA 4.00 in the scale of 5.00 and CGPA 3.00 in the scale of 4.00. In traditional system of academic result, the candidate should have minimum 3(three) First Divisions/Classes (i.e 1st Division in both SSC & HSC and One 1st Class in Bachelor or Masters). No third class will be allowed. Without fulfilling the above criteria the online application system will not accept any application.
- Candidates with incomplete academic qualification (e.g. appeared or pursuing internship) or any other anomalies found at the time of final selection/at any point of time shall not be eligible for recruitment.
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- Successful Candidates on the both test will be called for Viva-voce.
- A final merit list of candidates will be prepared on the basis of combined result of written test, IT Test and Viva voce.

■ Step by step results will be published in the website of the Bank.

How to Apply

Interested and eligible candidates may apply through www.nccbank.com.bd by 31st August, 2014 (No hard copy or e-mail application will be accepted). A recent passport size color photograph (Maximum Size 30 Kb) should be uploaded at the designated spot of the online application format accordingly. A Pay Order/Bank Draft (non refundable) of Tk.300/- (Taka Three Hundred) only favoring NCC Bank Limited mentioning Name, Applicant ID & Cell Number on the rear side of the PO/DD along with the resume (print out version of online application) generated from website after submission of the application mentioning Pay Order/Bank Draft Number with date and Bank's Name in space indicated in the form and the photocopy of Post-graduation certificate (dually attested) should be sent to Human Resources Division, NCC Bank Limited, Head Office, 7-8, Motijheel C/A, Dhaka-1000 by September 05, 2014.

NCC Bank Ltd.

Where Credit and Commerce Integrates

www.nccbank.com.bd

Transactions via SWIFT rise 32.7pc

The financial messaging network celebrates 20 years in Bangladesh

SIUMAN SAHA

Bangladesh last year registered 32.7 percent year-on-year growth in foreign exchange transactions through SWIFT owing to an increase in trade finance payment.

Around eight million foreign currency transactions in and out of Bangladesh were completed through the SWIFT network last year, according to Alain Raes, chief executive of SWIFT's Asia-Pacific region.

Trade accounts for 56.1 percent of financial traffic sent by Bangladesh, which is 5.06 million a year.

"Bangladesh has registered significant growth in trade finance as it is gradually becoming a manufacturing hub," he told The Daily Star in an interview yesterday.

Bangladesh's import payment rose 9.77 percent year-on-year to \$33.18 billion between July and May, according to data from BB. Inward remittance was \$14.22 billion in fiscal 2013-14, while Bangladesh exported \$30.17 billion of goods in the same year.

Raes was in Dhaka to mark SWIFT's 20 years of operation in Bangladesh. A programme was



Alain Raes

organised at the capital's Westin hotel, which was attended by top officials of financial institutions and Bangladesh Bank Governor Atiur Rahman.

The country ranks 16th in the Asia-Pacific region for total sent traffic and 14th for received traffic, he said.

SWIFT, short for the Society for World-wide International Financial Telecommunication, is the mem-

ber-owned cooperative that provides the communications platform, products and services to connect 10,500 banking organisations, securities institutions and corporate customers in 216 countries and territories.

Its presence was extended to the US in 1979 and to Asia in 1980. Today, it handles more than four billion messages a year between financial institutions, market infra-

structures and corporation.

The network was introduced to Bangladesh in 1994 by AB Bank Ltd and a few other ambitious commercial banks.

Later in 2002, more commercial banks including the central bank started using SWIFT for their day-to-day payment and settlement activities. At present, 56 commercial banks are members of SWIFT.

As a modern payment system, SWIFT is playing a crucial role for economic development of any country, Rahman said at the event, adding that the network has made secure, hassle-free foreign transactions possible for the country.

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SWIFT TRANSACTIONS SENT FROM BANGLADESH



Time to fortify institutions

WB country director says Bangladesh needs institutions that fit a middle-income country

STAR BUSINESS REPORT

Bangladesh needs to develop its weak institutions to make them appropriate for a middle-income country as the existing ones only fit a low-income nation, the World Bank said yesterday.

"We are living in a country that has institutions that are developed for a low-income country. Understandably, it was a low-income country when those institutions were developed," said Johannes Zutt, country director of the global lender.

But the reality is the country is now on the way to becoming a lower middle-income country, he said.

"So, it needs to have institutions that are appropriate for a middle-income country. The country needs institutions that can handle much larger and much more complex pro-

jects and problems."

The WB official spoke during a presentation at the monthly meeting of American Chamber of Commerce in Bangladesh (AmCham) at Ruposhi Bangla Hotel in the city.

Zutt said the country has some weak oversight institutions such as the Anti-Corruption Commission and Election Commission. "They are quite weak for a country at this level of development."

"They need to be strengthened and need to have their independence assured. They should be given freedom from political interference and also a degree of financial independence."

Zutt also said record keeping is quite poor in the country. "Bangladesh still has a budget system that is not run on an integrated financial management system. There is problem with land records. There are a lot of oppor-

tunities for information and communication technology to enhance service delivery."

The WB official also praised Bangladesh's overall macroeconomic management, saying the country has made remarkable progress since its independence.

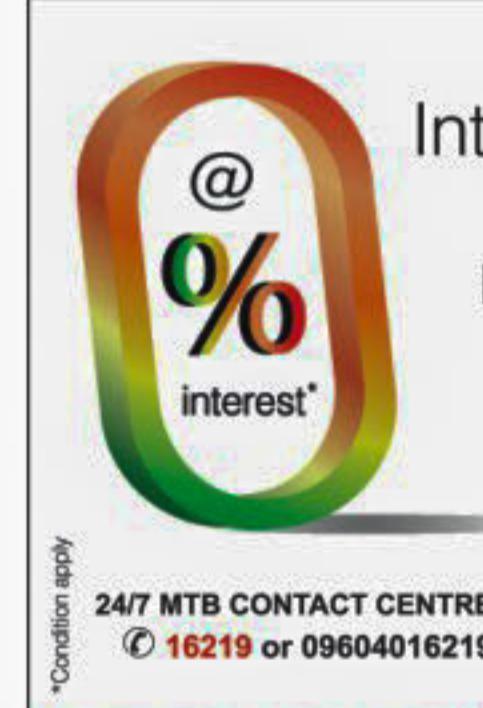
"In addition, Bangladesh is one of the few developing countries that are doing quite well in case of achieving the Millennium Development Goals."

He said Bangladesh is trending in the right direction in the medium term, but the slope of the trend is a bit disappointing.

"If the right things are done the trend of positive growth and poverty reduction could be much better."

Zutt also talked about the challenges the country faces.

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