

DHAKA TUESDAY SEPTEMBER 2, 2014, e-mail:business@thecustomers.com

# State banks slow to go online

SAJJADUR RAHMAN

The government banks are lagging behind private and foreign banks in introducing online banking for customers, Bangladesh Bank data shows.

BB's quarterly report as of June 2014 shows that all 75 branches of foreign banks and 3,632 branches or 99.94 percent of private banks have introduced online banking, gaining an edge over the state banks.

A mere 858 branches or 24 percent of the total 3,540 branches of state-owned commercial banks offer online coverage. The situation is more depressing with the state-owned development banks; less than nine percent of their branches have an online facility.

"The government's procurement system is stringent and it takes a lot of time to execute a contract," said SM Aminur Rahman, former managing director of state-owned Janata Bank. He served the bank for six years before his contract expired on July 27.

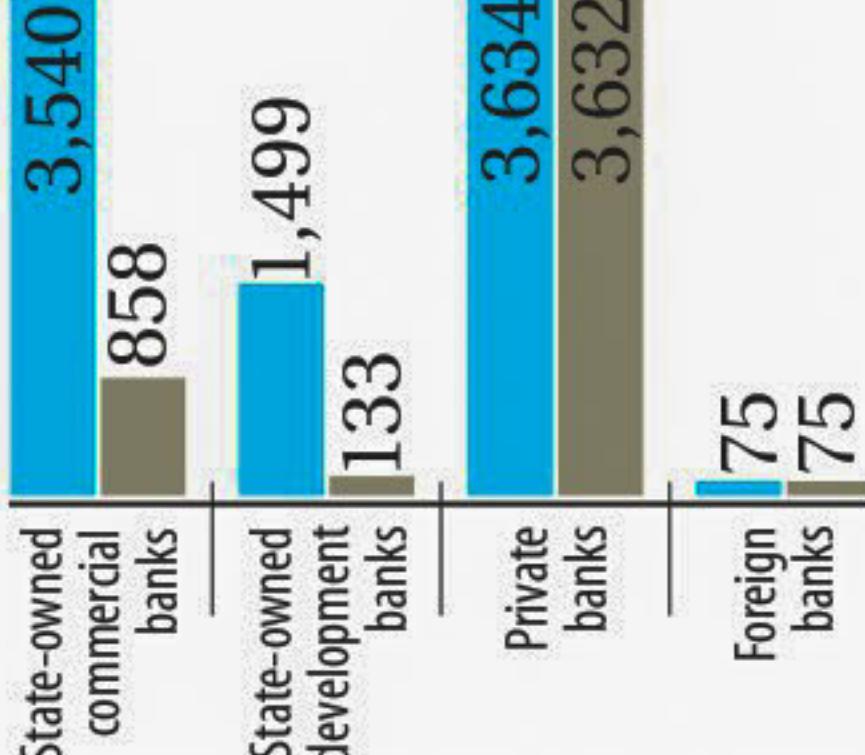
He pointed at an excessive number of branches and poor locations for the state banks' lagging in adopting automation and online facilities. Many of the branches are located in places with no internet coverage, he added.

Online banking is an electronic payment system that enables a customer of a financial institution to conduct transactions on a website operated by the institution, such as a bank or a non-bank financial institution. Online banking is also known as internet banking, e-banking, or virtual banking.

Bangladesh is relatively late in introducing online banking. The trend gained momentum in the last five to six years. Now, 46 out of 47 banks scheduled before 2013 have adopted the concept to deliver prompt services to its customers.

## DIGITAL FOOTPRINTS

As of June 2014



Under online banking, banks offer services like checking account balances and recent transactions, downloading bank statements and periodic account statements, ordering cheque books, fund transfers between customers' linked accounts, and paying third parties, including bill payment.

Pubali Bank has the largest online banking network in the country with all its 427 branches now offering such services.

"There is no alternative to modern and technology-driven services that have made our tasks easier," said Helal Ahmed Chowdhury, managing director of the bank.

Pubali has brought all its branches under the online system by using software developed by the bank's own human resources. Chowdhury said Pubali yesterday signed an agreement with Oracle and Aamra Technology to install the latest technology of Oracle Exadata that offers improved online banking services.

"It is tough in today's world to survive without online banking services," said Touhidul Alam Khan, deputy managing director of newly established Modhumoti Bank that introduced the system from its inception last year.

Khan, who is also the first Certified Sustainability Reporting Assurer in Bangladesh and a pioneer in initiating green banking activities in Bangladesh, said online banking not only serves promptly but also promotes green banking. Masodul Bari, head of IT of Al-Arafah Islami Bank, said online banking helps both bankers and customers.

A banker can take prompt decisions by analysing data, while a customer can get many services without going to the bank branches."

Online services are also cost-effective, he said. If a manual transaction costs a bank Tk 10, it is only Tk 0.10 for an online transaction, he added.

## Govt to make 500 mobile apps in Bangla

STAR BUSINESS REPORT

The information and communication technology division of the government will make 500 mobile applications in Bangla for the users of Android operating system.

The ICT division signed a deal on Sunday with Ethics Advanced Technology Ltd (EATLApps), a local mobile application developer, according to a statement.

Android is a popular operating system developed by US-based search engine giant Google.

ICT Secretary Nazrul Islam Khan said the government will spend more than Tk 9 crore on the project.

The ministry wants to encourage the local app developers, as it has already trained 2,500 people for application development, Khan said.

EATLApps will have to develop all the applications in a year and they will be able to engage other firms too, he said.

Of the 500 apps, 300 will provide information and services from the government ministries and institutions, according to the statement.

The rest will be based on creative concepts that will emerge through various competitions.



AMRAN HOSSAIN

Ruposhi Bangla Hotel shut its doors to guests yesterday as it goes for an extensive renovation. The five-star hotel in the capital will be rebranded as InterContinental when it reopens in January 2016.

# Denim makers all set for expansion

REFAYET ULLAH MIRDHA

Local entrepreneurs are investing heavily in denim, as at least six new factories will come into operation this year to meet growing global demand.

"We will start producing an additional one million yards of denim fabric a month in the next three months," said Kutubuddin Ahmed, chairman of Envoy Group. It produces three million yards a month at present.

"I know that five to six other groups have already installed machinery to produce the fabric," Ahmed added. Currently, he purchases 60 tonnes of yarn a day from local yarn makers to produce denim.

"To meet growing demand, we are now establishing a new spinning mill at a cost of \$30 million to produce 50 tonnes of yarn a day. Production at the new factory is scheduled to begin in the next 18 months."

In the middle of 2013, denim lost much of global demand to jeggings, a kind of stretch fabric. "But people rejected it later due to poor quality. Western buyers now returned to denim," Ahmed said.

Bangladeshi entrepreneurs supply denim to major retailers and brands, including H&M, Uniqlo, Levi's, Nike, Tesco, Wrangler, s.Oliver, Hugo Boss, Puma, Primark, JC Penney, C&A, Tommy Hilfiger, Inditex.

# Banks' capital falls as defaults pile up

## CAPITAL ADEQUACY RATIO

In % of risk-weighted assets, as of June 2014. Minimum requirement: 10%

AB	10.17	NCC	12.65
Al-Arafah	13.58	ONE	12.16
Bank Asia	10.91	Premier	9.35
Brac	14.41	Prime	11.57
City	12.15	Pubali	11.6
Dutch-Bangla	13.58	Shahjalal	12.09
Dhaka	11.04	Social Islami	10.51
Eastern	12.28	Southeast	10.52
EXIM	11.92	Standard	10.11
First Security	10.04	Trust	10.22
Islami	12.90	UCB	10.38
IFIC	10.12	Uttara	11.84
Jamuna	10.89	BASIC	-5.75
Mercantile	12.55	Rupali	8.29
Mutual Trust	11.33	Janata	10.23
National	11.71	Agrani	10.88

REJAUL KARIM BYRON

Banks' overall capital base shrank 1.36 percent in the second quarter of this year compared to the first quarter as the asset quality of state banks deteriorated further.

On June 30, the banks' capital was Tk 63,694 crore, which is 10.68 percent of their total risk-weighted assets. The amount was Tk 64,575 crore on March 31, or 11.32 percent of their risk-weighted assets.

In line with international standards, banks have to maintain a capital adequacy ratio (CAR) of 10 percent against their risk-weighted assets.

State-owned commercial banks' capital fell by around 9 percent in June and stood at Tk 9,250 crore mainly due to a rise in default loans.

As capital went down, their CAR now stands at only 8.05 percent, which is embarrassing in the context of a commercial bank. Bank officials said if CAR is low, various charges go up in international business.

State-owned specialised banks, except Bangladesh Development Bank, had no capital at the end of June, rather they had negative capital, which rose by around Tk 600 crore in three months to stand at Tk

# Foreign funds in stocks plunge

SARWAR A CHOWDHURY

Net foreign investment in Dhaka stocks fell 84 percent month-on-month in August amid selling pressure for profit-taking among overseas investors.

Foreign investors bought shares worth Tk 164.93 crore and sold shares worth Tk 152.47 crore to take net investments to Tk 12.46 crore last month, according to data from the Dhaka Stock Exchange.

Stock indices and turnover rose last month, leading foreign investors to offload shares from their portfolio.

DSEX, the benchmark index of the premier bourse, went up 25 percent to 5,549 points at the end of August. Daily average turnover on the DSE also jumped 109 percent to Tk 602 crore last month.

In addition to profit-taking, foreign investors remained on the sidelines for relatively weak corporate earnings announcements, said a portfolio investment manager at a leading stockbrokerage.

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