Cheap smartphones key to 3G expansion

Banglalink CEO Ziad Shatara says the operator will continue its heavy investment

MD FAZLUR RAHMAN

CHEAPER smartphones and favourable pricing for 3G spectrum are keys to the growth of internet in the country, a top telecom official said.

"The more penetration we have, the more spectrum we will need," Ziad Shatara, chief executive officer of Banglalink, the country's second largest mobile phone operator, told The Daily Star in an interview recently.

More reasonable pricing of spectrum would allow mobile operators to invest more in spectrum and network, he said, while suggesting the government remove barriers so that smartphone prices can be lowered.

"Our aim is to bring down smartphone prices below $50 -- we believe this will help grow penetration."

Banglalink might initially subsidise the price of smartphones to get as many customers to use 3G services, Shatara said, adding that the operator is working with handset manufacturers to make it happen.

It is hoping to have a similar effect to the industry as in 2005, when it introduced a low-cost handset. It took everyone off-guard and put mobile phones in the hands of people who previously saw it as something unaffordable.

Shatara said the internet is not a luxury but a necessity even if it can be used for entertainment.

"So delivering internet to the public can even resolve road traffic -- if people can resolve their day-to-day problems online, they won't need to travel. If this mindset is applied, you will have to facilitate everything that will lead to internet reaching everyone."

A subsidiary of the Netherlands-based Vimpelcom, Banglalink has about 25 percent shares in a market of 116 million mobile subscribers, according to data from Bangladesh Telecommunication Regulatory Commission.

The operator recently crossed the 3 crore-mark in terms of subscribers.

"We have done a good job in terms of acquiring market share, but we want to continue grow. We look forward to grow and acquire more happy subscribers," he said.

Ziad Shatara

He said Banglalink has taken 3G very seriously.

"We see this as an opportunity for us to grow the data market because there is a big demand, as the data connectivity was under-served in Bangladesh prior to the arrival of 3G."

Just to demonstrate how serious the company is, Banglalink launched 3G services in October last year, less than a month after getting the licence.

It completed the coverage of all of the 64 districts in June this year, nine months after it got the licence.

"Now, we have one of the highest numbers of 3G sites in the country. As a result, our coverage is one of the best and we deliver the fastest internet in the market," said the Jordanian.

As of August, its 3G user base stood at 811,881, up 21 percent from the previous month. Data usage grew 52 percent from the previous month in August, according to data from Banglalink.

The mobile operator is upgrading its network, which is due to be completed in October. Huawei, the world's largest telecommunications equipment maker, is helping the mobile operator replace the old system with new ones.

"In simple terms, it will allow us more capacity and better voice quality. It also means less maintenance and power consumption, more green and environment-friendly technology and operations," he said.

Shatara joined Banglalink in January 2013 as its CEO.

He has accumulated regional and international experience exceeding over two decades of proficiency in building, running and expanding operations in telecommunications, cellular business, and fixed and broadband networks integration technology.

Under his leadership, Banglalink went for massive investment in having 2G licence renewed, 3G licence acquired and network expanded.

The company spent about $300 million annually in the last three years, with total investment in the country since 2005 being around $2 billion.

"The heavy investment will continue next year because we will continue to invest on 3G and 2G coverage expansion, both which are very critical for us," said Shatara.

He said the country's telecom industry is going through a transformation as it shifted to being a data connectivity provider from a voice and SMS operator.

Banglalink has also chosen its own path as it plans to become a mobile data company, rather than only a voice company.

"Voice would happen as a by-product. In the end, we are aiming to drive our company to a mobile internet company. For this we invested and took it very seriously. We want to see ourselves as the leader in the segment."

Shatara thanked the government for taking internet education very seriously under its Digital Bangladesh Vision by 2020.

He also said in general he is a fan of a more liberal regulatory system that allows the market to operate freely.

The company employs 3,000 people and recruits people every day. But what is more important to Shatara is that the company is creating job opportunities indirectly for millions of others across the country.

Banglalink has partnered with banks in providing mobile financial services under the model developed by Bangladesh Bank. It has 4.2 million customers who are using mobile payment services offered by various banks.

"We believe we can complement the banks because they have the money experience and we have the network and the physical channel to reach people. If we can partner together, we can create a very successful experience for the people."

He said the potential for the mobile payment service is huge because the number of unbanked people in the country is extremely low.

"We have 116 million subscribers -- these subscribers could be customers of banks. Then money circulation will be much easier and the economy will benefit as a result."

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Tech sector sizzles as Myanmar embraces internet for the masses

AFP, *Yangon*

FROM navigating gridlocked city roads to playing a favourite national sport, new home-grown apps are blossoming in Myanmar as cheap mobile technology ignites an internet revolution in the once-isolated nation.

Myanmar web surfers were once paradigms of patience and ingenuity as they dodged and weaved through the former military regime's communications blocks in decrepit backstreet internet cafes.

But commuters in Myanmar's biggest cities can now be seen tapping away on smartphones as an online awakening sweeps the country, fuelled by the loosening of junta-era restrictions and foreign telecoms firms unleashing a flood of affordable SIM cards.

Big brand names like Facebook, Google, Viber and Instagram have rapidly expanded their presence in the country, lured by the growing market -- and web-savvy local entrepreneurs are also seizing the chance to create internet ventures in Myanmar style.

"There are so many things I want to do -- I think about it not as business but as a way to find solutions to problems I face," said Ei Maung as he demonstrated his prototype traffic app in a car inching through the congested streets of the commercial hub Yangon.

"Yangon commuting is worse than bad. It's terrible. You waste countless hours queuing in traffic every day," he told AFP.

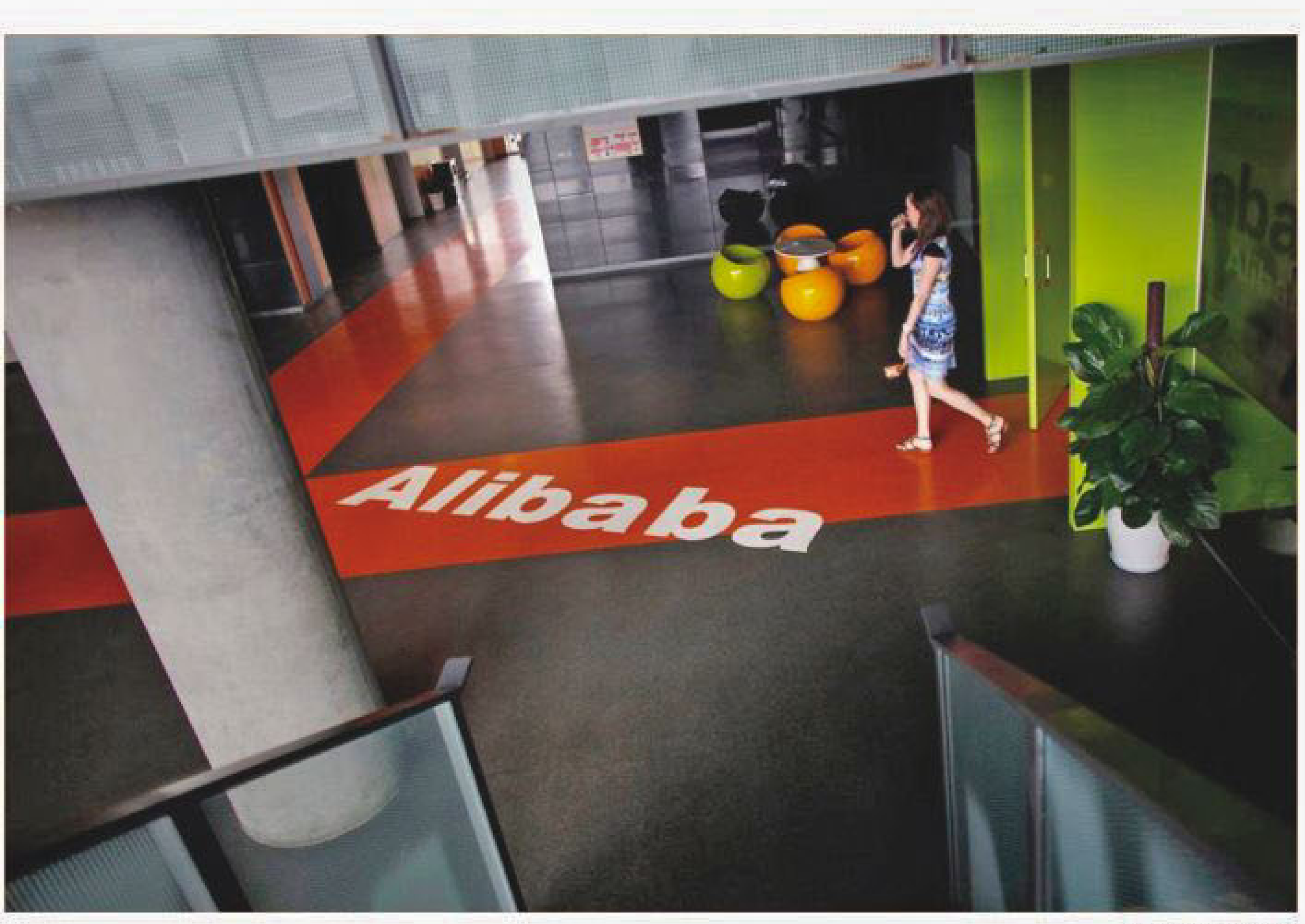
His Cyantra: Crazy Yangon Traffic app went live in June and allows smartphone users to share traffic problems and view potential snarl-ups on their driving routes.

Internet access has already increased exponentially since the country began to throw off the shackles of military rule.

Just one percent of the population was thought to be online three years ago, as the democratic transition began, but the loosening of web controls and greater access to affordable phone cards has opened the internet up to millions.

On Saturday Norway's Telenor launched SIM cards costing just 1,500 kyat ($1.5) in Mandalay -- a far cry from the $3,000 a card could cost under military rule -- ahead of a wider roll-out in Yangon and Naypyidaw.

The move comes after Qatari firm Ooredoo began selling its SIM cards at the same price last month, throwing open the mobile internet floodgates.



REUTERS/FILE

An employee walks past a logo of Alibaba (China) Technology Co at its headquarters in China. Alibaba Group Holding has bought a 15 percent stake in hospitality technology provider Beijing Shiji Information Technology Co for $458.66 million, marking its first major investment since raising $25 billion in a record-breaking initial public offering. Shiji provides IT consulting to hotels and sells software that manages room reservations, purchasing and inventory and point of sales systems.

Foreign firms still await free-trade zone reform bonanza in China

AFP, *Shanghai*

CHINA on Monday hailed the first anniversary of its first free-trade zone (FTZ), but foreign companies expressed disappointment over the pace of pledged reforms as they await real business opportunities.

The FTZ was set up in China's commercial hub Shanghai with the promise of a range of financial reforms, including full convertibility of the yuan currency and freer interest rates -- both of which remain unfulfilled.

But just two weeks ago authorities shook up the zone's management, removing Communist Party chief and executive deputy director Dai Haibo without giving a reason, after media reports he was facing allegations of corruption.

In recent days, a flurry of activity has surrounded the zone.

Earlier in September, China launched a gold market in the FTZ and Premier Li Keqiang gave his stamp of approval during a visit.

And on Monday Microsoft launched its Xbox One in China -- made possible by a new policy for the FTZ.

"The results of the reforms in the pilot FTZ in the first year are better than expected," Shanghai's Communist Party chief Han Zheng told state media in a lengthy interview carried by major newspapers Monday.

"It's a major step to further promote reform and opening-up under the new scenario." On Sunday, China's cabinet approved further opening to 27 sectors, plans for which had been announced by Shanghai in July.

The policies include allowing foreign investors to set up wholly owned companies to design yachts and manufacture aviation engine components. They would also be allowed to process green tea through joint ventures with Chinese partners.

Foreign company executives say privately they are disappointed, while publicly many say they are still waiting to see what opportunities might arise.

"It's (the FTZ) part of the ecosystem to encourage new things, out-of-box thinking, which nowhere else has. So we're still watching," said Frank Jiang, head of R&D in Asia-Pacific for French pharmaceutical giant Sanofi.

About 12,266 companies had registered in the zone by mid-September but only 13.7 percent, or 1,677, were overseas firms, according to official figures.

Chinese investors still cheered the one-year anniversary on Monday, chasing stocks of companies related to the zone.

Protests hit Hong Kong banks, travel and business

AFP, *Hong Kong*

HONG Kong's shares tumbled Monday and the local dollar hit a six-month low against the greenback as pro-democracy protests shut down many schools, businesses and banks in the city.

As demonstrators refused to back down on their demands for China to grant the city universal suffrage, fears of a long stand-off saw investors sell major banks including HSBC and Standard Chartered.

In response, the stock exchange said trading would continue as normal while the de facto central bank sought to reassure investors by making liquidity available to support the banking system. The city's financial chief also said the government was tracking events on markets.

However, the Hang Seng Index sank 2.20 percent at one point before paring some of the losses to end 1.90 percent lower.

"We are likely to see (a) major sell-off and volatility for days to come" in the Hong Kong stock market, said a report by New York-based advisory firm JL Warren Capital.

It said those likely to be hurt most would be Hong Kong-listed retailers such as luxury businesses selling products purchased by mainland tourists, and local and Macau tourism businesses.

The protest will be felt especially in the retail sector as the Chinese Golden Week holiday begins on Wednesday -- usually a time when big-spending mainlanders visit Hong Kong's numerous shopping outlets.

ANZ senior economist Raymond Yeung said the protests will "add salt to the wound" of the retail industry, already reeling from a slowdown in the China economy.

Sunday's unrest was the worst since the handover in 1997 and saw police fire volleys of teargas into crowds of thousands.

While the trouble subsided by Monday morning, crowds of defiant demonstrators still controlled a number of major thoroughfares and intersections in the congested city.

REUTERS

A branch of Citibank is closed as thousands of protesters occupy a main street at Mongkok shopping district in Hong Kong yesterday. Hong Kong's de facto central bank said that 44 branches, offices or ATMs of 23 banks had temporarily shut as of 3pm on Monday amid growing civil unrest in the city.

An AFP reporter in Mongkok -- one of the most densely populated districts and the site of a second protest across the harbour in Kowloon -- saw angry confrontations between protesters and members of the public frustrated at the disruption.

Banks, jewellery shops and clothes stores in Mongkok remained closed.

The Transport Department said more than 200 bus routes were suspended or diverted while central sections of the tram network were also down.

The underground rail service was largely unaffected but multiple station exits in the busy districts of Causeway Bay and in Admiralty -- where many international businesses are located -- were barricaded by protesters. Some exits at Mongkok were also blocked.

The stock exchange insisted it would continue to operate as normal but the Hong Kong Monetary Authority (HKMA) said 17 banks were forced to close 29 branches across the city.

Standard Chartered, HSBC Holdings, Bank of East Asia, the Bank of China and CITIC were among those who said their operations were affected.

The HKMA said the Hong Kong interbank markets would function normally Monday. "The Currency Board mechanism will also function normally to maintain the stability of the Hong Kong dollar exchange rate," it said.

"The HKMA will also inject liquidity into the banking system as and when necessary under the established mechanism."

Later it announced there was still ample cash in the banking system. It also said the exchange rate remained generally steady despite the Hong Kong dollar slipping to 7.7623 against the greenback -- its lowest since March.

The dollar is pegged to the US unit but can move within a band of 7.75 to 7.85.

Financial Secretary John Tsang urged investors to keep tabs on possible risks, adding the "government will closely monitor the market situation and strive to maintain normal operations".

Fitch Ratings' Andrew Colquhoun, head of Asia-Pacific Sovereigns, reiterated the agency's double-A-plus rating on the city, saying: "The events of the past 24 hours don't significantly affect Hong Kong's ratings."

The Education Bureau said schools in the areas where protesters had gathered would remain closed.

The government also announced all committee meetings at the city's legislative building, which has become a major gathering point for protesters, would be cancelled.