

BB hands out guideline to assess terror financing risks

STAR BUSINESS REPORT

The central bank has issued a set of instructions for banks to help them hedge risks related to money laundering and terrorist financing.

The Bangladesh Financial Intelligence Unit (BFIU), the anti-money laundering wing of the central bank, issued the "Money Laundering and Terrorist Financing Risk Assessment Guidelines for Banking Sector" yesterday.

"This guideline will provide the basic ideas of identifying, assessing and mitigating money laundering and terrorist financing risks that banks may encounter," Bangladesh Bank said.

The guideline is issued to comply with the Money Laundering Prevention Rules 2013 which states that every reporting organisation-financial institution shall conduct periodic risk assessment and forward the same to the BFIU for vetting.

It is also in line with the UN's Financial Action Task Force's recommendations, which require financial institutions and designated non-financial businesses and professions to identify, assess and take effective action

to mitigate their money laundering and terrorist financing risks.

The guideline said in order to treat the identified risks, banks shall assess the level of risks by blending likelihood and impact of the risks. Banks shall put anti-money laundering and counter-terrorist financing programmes in place to conduct periodic risk assessment.

However, the guideline shall be treated as the minimum instructions and indications to identify and assess the risk of money laundering and terrorist financing in their businesses and take effective measures to mitigate the identified risk.

"Banks are allowed to use more stringent tools to identify and assess the risk of money laundering and terrorist financing in their entities," the BB said.

Banks have to apply enhanced due diligence in high risk cases and simplified due diligence in low risk ones.

Banks will get up to March 31 this year to complete the risk assessment process.

The central bank is beefing up its efforts to curb money laundering and terrorist financing, as money launderers are coming up with new and inventive ways to go about their financial crimes.

Chip sales cushion Samsung Q4 profit decline

AFP, Seoul

Samsung Electronics, the world's largest smartphone maker, flagged a lighter than expected profit decline in the fourth quarter Thursday, with memory chip sales cushioning a continued slump in mobile revenue.

Operating profit for the October-December period was estimated at 5.2 trillion won (\$4.7 billion), down 37.4 percent from the fourth quarter of 2013, the company said.

The performance nevertheless beat analyst forecasts with profits from high-margin chip sales helping to offset the downturn in the key mobile sector which has struggled in the face of intense competition from cut-price Chinese rivals. "This is much better than expected," said Greg Roh of HMC Investment Securities, who said sales of Samsung's recently launched outsized Galaxy Note smartphone had helped prop up the faltering mobile division.

"At the same time semi-conductor sales have benefited from a weaker won and TV sets sold well during the peak season," Roh said. Business had picked up from the preceding quarter with the estimated operating profit up 28 percent on the July-September figure.

The estimate offered no net profit forecast or details of divisional earnings, which will be provided in an audited earnings report later this month.

Samsung's share price, which has taken a battering over the past year, closed up 0.54 percent on Thursday.

The South Korean behemoth, which is also facing a once-in-a-generation leadership change, had reported a 20 and 50 percent net-profit decline in the second and third quarters of 2014 respectively. It has been a dramatic reversal after several years of stellar growth, driven by the once-all-conquering mobile division.



Md Akramul Islam, director of Brac, and Sasi Kumar, head of operations for Ayesha Abed Foundation, attend a programme to mark Delta Brac Housing Finance Corporation's donation of 2,000 blankets through Brac, in Dhaka recently.

Central bank eases stock exposure reporting

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The central bank yesterday relaxed its monitoring policy on the ailing share market by easing its strict conditions on commercial banks to provide investment exposure reports to it.

From now, banks will have to provide statements on their exposure to the stockmarket to Bangladesh Bank on a weekly basis, instead of daily.

The decision was taken at a coordination meeting of the central bank and Bangladesh

Securities and Exchange Commission.

Banks' exposure to the stockmarket came down to 43 percent of their capital at the end of November last year, which was 50 percent at the end of September 2013.

The banks are also scheduled to bring down their stock market exposure to 25 percent of capital by 2016.

"The central bank wants to see a stable capital market and for this, we have taken the decision," said SK Sur Chowdhury, deputy governor of Bangladesh Bank.



Mohammad Khairuzzaman, country head of Trans-Fast, and Mohammed Nurul Amin, managing director of Meghna Bank, attend the signing of a remittance transfer agreement at Meghna Bank's head office on Wednesday.

Marks and Spencer sales lose sparkle over Christmas

AFP, London

British retailer Marks and Spencer posted Thursday sliding sales in the run-up to Christmas, as clothing was hit by unseasonably warm autumn weather in the third quarter.

Total sales sank 1.6 percent in the 13 weeks to December 27, compared with the same period of the group's previous financial year, M&S said in a trading update that sent its share price diving.

"Trading in October and November was affected by unseasonal conditions which impacted sales across the clothing sector," the company said. "We deliberately held back the level of discounting especially in December. While this had an adverse

impact on sales we delivered a good performance on gross margin."

On a like-for-like basis, which strips out the impact of new floor space, British sales fell 2.7 percent in the reporting period, but food rose 0.1 percent.

However general merchandise, which includes clothing, sank 5.8 percent -- registering the 14th successive quarterly decline.

M&S added that an "unsatisfactory performance" at its e-commerce distribution centre had "strongly impacted" the performance of the division.

International sales meanwhile slid 5.8 percent, hit by worsening currency and economic turmoil in the Middle East and Russia.

The group's share price sank in response to the disappointing earnings news.



Farzana Chowdhury, managing director of Green Delta Insurance, poses with the IFM award for Best Non Life Insurance Company in Bangladesh, recently.

Bank Asia to ease payment channel for IT freelancers

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"With a rapid development in the IT sector, data management will be the largest business segment in Bangladesh in the coming days," he said.

"Taking this into account, we have given the necessary directions to authorised dealers to seek help from the online payment gateway service providers to bring in foreign currency at low costs earned against the export of IT services," he said.

The partnership between Bank Asia and Payoneer will ease the process of receiving payment for the freelancers, the central bank governor added.

A Rouf Chowdhury, chairman of Bank Asia, said freelancers in Bangladesh are facing problems in receiving their payments.

Bank Asia pioneered online payment of its kind in Bangladesh by setting up the strategic alliance

with Payoneer, he added.

"Around \$18 million will be channelled through Payoneer annually and the figure will be much more in the coming years."

Mehmood Husain, managing director of Bank Asia, expects that the bank's alliance will help Bangladeshis get payment quickly and easily.

Shamim Ahsan, president of Bangladesh Association of Software and Information Services, said the ICT sector's contribution to gross domestic product will be 1 percent in the next five years.

"We want to create a \$1 billion local market for ICT in the next five years," he said, requesting the private commercial banks to approach the local IT companies for services.

Md Ahsan Ullah, executive director of Bangladesh Bank, and Scott H Galit, chief executive of Payoneer, also spoke at the function.

Pharma expo takes off amid high hopes

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It was inaugurated by Commerce Minister Tofail Ahmed. Swiss BioHygienic Equipments, a Bangladeshi equipment manufacturer that specialises in the field of hygienic plant and process pipe construction, also participated in the fair with their new products like the purified water generation and storage system.

The company was established in 2013 as a joint venture between Incepta Pharma and Bioengineering AG, a Swiss engineering company.

"We provide solutions for WFI [water for injection] generation and storage system," said Hafiz-us-Sayeed, a senior officer at Swiss BioHygienic Equipments. "All of our products are designed considering international standards." The company also provides certification on machineries, he said.

"Equipped with advanced machinery and planning tools, our company is in a position to execute each of the assigned projects in the pharma, biotech, food, beverage and cosmetic industry."

The fair has opened a window of opportunity to showcase our products and services, he said.

Azbil Telstar Bangladesh, a joint venture among Japan, Spain and Bangladesh, wants to strengthen its brand in the market through the fair, said Md Mazedul Islam, technical opera-

tions manager of the company.

The fair is also a platform to reach more clients, he said.

The company provides high-tech solutions in design, engineering and construction, and sells equipment and machinery to pharma companies. It was established in April 2014 with current investment standing at Tk 100 crore, according to SA Khan, managing director of SAKA International.

SAKA has a 35 percent stake in the company. The remaining 65 percent is owned by Azbil Telstar, a joint venture of Japan and Spain.

Recently the company designed four production floors with space of 4 lakh square feet for Beximco Pharma, where it will produce solid and liquid medicines, said Islam, technical operations manager of the company. Azbil has taken Tk 5 crore from Beximco to design the units, he added.

"I will propose the prime minister to give cash incentive on exports to the pharma industry considering the industry's export potential," Commerce Minister Tofail Ahmed said.

According to the sixth five year plan, the government wants to diversify product and market, he said.

"We are working to explore new markets." The government is giving importance to four sectors: pharma, shipbuilding,

leather, and information technology, he said.

"We give cash incentive to shipbuilding industry; why not for pharma industry," he said.

"I will go to the WTO headquarters in Geneva and apply to WTO to extend TRIPS [trade-related aspects of intellectual property rights] for Bangladesh to 2021," he said.

TRIPS is an international agreement administered by the World Trade Organisation that sets down minimum standards for many forms of intellectual property regulation as applied to nationals of other WTO members.

Through TRIPS, least-developed countries can copy any medicine developed by global big companies without paying patent fees.

"We will do our best for the pharma industry," he said. "It is our pride that Bangladesh exports medicines to 90 countries including some in Europe and Latin America," he said.

The local pharma market is valued at Tk 12,000 crore. The industry meets around 99 percent of local demand, said Salman F Rahman, president of BAPI. The domestic market for pharma is expanding with the growth in the national economy, he said. The industry grew 10 percent last year.

gazitowhid@thedailystar.net

Govt spends 28pc of ADP outlay in six months

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The minister said they have already held meetings with the secretaries of the ministries over the progress in ADP implementation.

Kamal said they will also call similar meetings with project directors to speed up implementation.

The minister said the government will introduce a digitised system for correspondence with ministries in a bid to reduce time in project implementation.

easier so that project approval is not delayed, he added.

In the first six months of the fiscal year, 28 percent of the government fund was utilised, down from 30 percent in the same period last year, according to the Implementation Monitoring and Evaluation Division.

The utilisation of foreign fund was 27 percent of the allocation, against 24 percent in the same period last year. Among 55 ministries and divisions, 10 got around 80 percent of the total ADP allocation.



Arif Dowla, managing director of ACI Ltd, attends the company's annual sales conference held at Cox's Bazar on Tuesday. M Mohibuz Zaman, chief operating officer, was also present.



Md Abdul Halim Chowdhury, managing director (current charge) of Pubali Bank, attends the inaugural of the relocated premises of the bank's Dhaka Central Regional Office recently. Safiul Alam Khan Chowdhury, deputy managing director, was also present.

Inflation lowest in 25 months

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Stable exchange rate also helped to keep prices stable, and lower consumer demand in the domestic market arrested the upward pressure on prices, the report said.

Inflation has been under control partly because of favourable international price trends. But the credit also goes to the monetary policy framework which pursued price and external stability, according to Zahid Hussain, lead economist of the World Bank in Dhaka.

The central bank, however, forecasts that an upward pressure on inflation will remain in 2015 because of the new pay scale for government employees, the possibility of oil price hike and the demand pull impact on the price level because of expected 6.5 percent economic growth.

"Bangladesh Bank will keep these issues in mind and design the upcoming monetary policy accordingly so the targeted 6.5 percent inflation becomes achievable," the BB said on December 30.