

Banking gets speed from e-payment

Says BB deputy governor at the launch of Al-Arafah bank's mobile banking service

STAR BUSINESS REPORT
Around Tk 7,000 crore worth of cheques are being cleared a day under the electronic payment system, which makes the economy vibrant, Bangladesh Bank Deputy Governor Nazneen Sultana said yesterday.

The central bank's initiative has revolutionised the payment system, she said at the launch of Al-Arafah Islami Bank's mobile banking service—HelloCash—in the capital.

Around 1.5 lakh cheques are being cleared a day with the electronic payment system. "Previously, it used to take three or more days to clear a cheque."

A huge change has taken place in electronic fund transfer, Sultana said. About 10 lakh instructions are received and Tk 300 crore in funds are transferred electronically a day, she said.

The salaries of government and non-government employees are now transferred to their accounts within a minute, said Sultana.

The central bank bears the cost of running the system, she added. "Our governor [Atiur Rahman] often says this is a kind of CSR of the central bank. We want people to get used to electronic banking and take benefits from it."

Twenty out of the 28 banks which got Bangladesh Bank's approval for mobile banking,

including Al-Arafah, have so far introduced the service.

At present, around Tk 391 crore is transacted through mobile banking, she said.

Transaction in banks did not decrease even amid political unrest, thanks to the electronic fund transfer facilities, she said.

Banking services are not available in all the 68,000 villages of the country, said Md Habibur Rahman, managing director of Al-Arafah.

About 70 percent of the population has mobile phones, he said, adding that his bank will try to extend such services to all of them through mobile phones.

The bank's new service will also allow clients to pay utility bills, enjoy cash-in and cash-out services, send-receive remittance and many other transactions with security and ease, he said.

Badiur Rahman, chairman of the bank, and SM Shameem Iqbal, vice chairman, also spoke.

BB drafts law for payment systems

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The central bank has prepared a draft national payment systems act to govern the operations of all kinds of payments in the country.

Once implemented, the Payment Systems Act 2015 will enhance efficiency in controlling the payments.

The objectives of the national payment system include minimising payment, clearing and settlement risks as well as achieving reliable, secure, convenient, cost effective, universal and integrated systems to meet the needs of the growing economy.

It also aims to instate punitive measures for those who contravene laws.

"At present, there are a lot of

activities under the electronic system. The law aims to prevent irregularities and bring law breakers to justice," said Nazneen Sultana, deputy governor of Bangladesh Bank.

The proposed law comes right when transactions through the electronic payment system, the electronic fund transfer and mobile banking are growing tremendously -- a development which necessitates providing users a safeguard from electronic frauds.

The draft of the law has been uploaded on the central bank's website for public scrutiny and opinion, both from individuals and banks, after which the regulator will move to make it law.

Under the draft, Bangladesh Bank will regulate the national

payment systems to reduce potential risks, and no individual or company will be able to implement payment services without obtaining a licence from the central bank.

However, banks or other financial institutions which already maintain accounts with the central bank will not require new licence to provide payment services. They will however, need to get the regulator's no-objection certificate.

People found guilty of violating rules under the law would face a fine of a maximum of Tk 5 lakh, or a prison-term of up to three years or both.

If any licensee wants to outsource the payment system management, it has to take permission from the central bank.



Aminul Islam, additional managing director of Bank Asia, hands over a crest to Atiur Rahman, governor of Bangladesh Bank, at the inaugural session of a conference of chief anti-money laundering compliance officials held in Cox's Bazar on Friday.

Customs surveillance boosts state revenue

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The national coffers particularly got a boost after customs intelligence detected 277 cases of false declaration in iron products such as coil and BP sheet

imports, mainly from Chittagong and Mongla ports.

The incidents facilitated realisation of additional Tk 35.45 crore of revenue, said the customs intelligence directorate.



Nazneen Sultana, deputy governor of Bangladesh Bank, attends the launch of Al-Arafah Islami Bank's mobile banking service—HelloCash—at Sonargaon Hotel in Dhaka on Sunday. Badiur Rahman, chairman of the bank, was also present.



Rokia Afzal Rahman, president of Bangladesh Federation of Women Entrepreneurs, and Nasreen Rab Ruba, president of Women Entrepreneurs Association, pose at a ceremony held to award women for entrepreneurship and contribution to society, at Palm View restaurant in the capital recently. Maqsuda Moyeed and Hosneara Khan received lifetime achievement awards, and Rubina Husain Farouq, Hafiza Montaz Hashi and Aklima Sultana Sony were given "woman of the year" awards.

Cotton hedging is need of the time

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The BTMA tried, several times, to ease the central bank's rules for hedging but in vain, due to some technicalities, Alamin added. In recent times, cotton prices in the international markets declined significantly due to non-stockpiling of the fibre by China, the largest cotton-consuming country in the world. In fact, it is at its five-year low of 60-65 cents per pound at present.

Hedging will also ensure guaranteed supply of cotton at a reasonable price even in times of crisis as the purchase agreements are signed way before the shipments.

Since Bangladesh is not a cotton producing country, it should always think about regular and adequate supply of the fibre for the best interests of of the garment sector, Alamin said.

If there is any disruption in the supply chain of cotton, the whole garment sector, which is considered the lifeline of the economy, will be in trouble, said Alamgir Morshed, head of financial markets of Standard Chartered Bangladesh.

HSBC and SCB were the first banks to introduce commodity hedging in the country. The option will also help during the current phase of currency volatility, he said. Major currencies like euro and dollar are fluctuating against the local currency, at present.

Another reason to pursue hedging is that the prices of garment items are related to cotton prices, the Morshed said.

He went on to cite the case in 2010 when cotton prices reached its peak of \$2.5 per pound. Bangladeshi importers had to source the fibre at the price but the prices of garment items did not increase.

Given this bitter experience, the government has been trying to sign agreements with India and Uzbekistan for guaranteed supply of cotton. But the agreements are yet to be signed due to difficult conditions laid out by the supplying countries.

Furthermore, after the price volatility of cotton in 2010 and 2011, many Bangladeshi importers ended up on the default list of International Cotton Association, a Liverpool-based organisation that makes the laws and bylaws of global cotton trade, for delayed payment or for deferred payment.

"Hedging could have been solved all these problems," Alamgir added. In fiscal 2004-05, the country imported three million bales of cotton [480 pounds make a bale], but within a span of ten years the country's consumption doubled, according to BTMA.

Cotton import registered 8 percent growth to 5.6 million bales in fiscal 2013-14 and 6 percent the previous year.

Currently, the local spinners and weavers have the capacity to consume 10 million bales of cotton, but they are unable to go into full production due to inadequate supply of gas and power to industrial units.

Yunus gets more time from NBR over tax claims

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The NBR said Yunus had given out about Tk 77 crore as gifts to his family members and others over three assessment years, against which, Tk 15.39 crore were payable to the state as taxes.

Yunus, the founder of Grameen Bank, remits the earnings from books, speeches and prizes back to Bangladesh through formal banking channels and has been paying the requisite taxes against his income on a regular basis, according to the statement. From his earnings of Tk 77.42 crore in fiscal 2011-2014, Yunus donated Tk 72 crore to the Muhammad Yunus Trust for charitable purposes, research and development and social development, and Tk 5 crore to Yunus Family Trust for his family members' welfare.

He did so after paying all the necessary taxes claimed by the tax authority and showed these donations in his income tax return, according to the statement. "The tax authority accepted this up to 2013 and did not raise any questions, and issued tax payment certificates accordingly." Yunus contested on the ground that this is not legally required as the donation is tax-free according to Gift Tax 1990. He has appealed to the high court and the case is now sub-judice.

Denmark applies to join China-backed AIIB investment bank

REUTERS, Beijing

Denmark has applied to join the Beijing-led Asian Infrastructure Bank (AIIB), China's Ministry of Finance said on Sunday, becoming the latest European power to join the institution despite misgivings of the United States.

The Ministry of Finance said that Denmark has written to China to "announce its intention to apply to be a founding member" of the AIIB.

"China welcomes Denmark's decision," the ministry said in a statement on its website, adding that China will first seek the views of other members. If the decision is approved, Denmark will officially be a founding member of the AIIB on April 12, the ministry said.

Danish Minister of Trade and Development Mogens Jensen called China's establishment of the AIIB "a significant and exciting development in the world order".

"Since many Danish trade interests as well as development cooperation interests will be at stake in AIIB, there are many reasons to engage in and influence AIIB's

investment decisions from its beginning," Jensen said in a statement.

On Saturday, Russia, Australia and the Netherlands became the latest countries to say they plan to join the AIIB, adding clout to an institution seen as enhancing China's regional and global influence.

China has set a March 31 deadline to become a founding member of the AIIB, which is seen as a significant setback to US efforts to extend its influence in the Asia Pacific region and to balance China's growing financial clout and assertiveness.

The AIIB has been seen as a challenge to the World Bank and Asian Development Bank, institutions Washington helped found and over which it exerts considerable influence.

The United States has urged countries to think twice about joining the AIIB until it could show sufficient standards of governance and environmental and social safeguards.

But the United States' European allies Britain, France, Germany and Italy announced this month they would join the bank, leading the Obama administration to reassess its stance.

Korean firm, Wasa team up to improve water supply network

STAR BUSINESS DESK

Korean company Kunhwa Engineering will rehabilitate and expand 376 kilometres of water pipelines for Dhaka Water Supply and Sewerage Authority.

The Korean consulting firm will work in the neighbourhoods like Fakirapool, Malibagh, Moghbazar, Mouchak, Rampura and other adjacent areas under the utility company's MODS Zone-6, Wasa said in a statement. The Asian Development Bank will finance the 42-month project that begins next month to ensure a better quality

of supplied water through new pipelines as well as a reduction in system loss, according to the statement.

Taqsem A Khan, managing director of Dhaka Wasa, and Wui Jae Kim, Bangladesh representative of Kunhwa Engineering, signed an agreement under Wasa's environment-friendly sustainable water supply project yesterday.

Kim Hyun Joo, Charge de Affairs of the Korean embassy in Dhaka, was also present.

Dhaka Wasa now supplies 242 crore litres of water every day against a demand of 230 crore litres.

Russian team to inspect pest-free potato exports

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Shaikh Abdul Quader, president of Bangladesh Potato Exporters Association, said they have been exporting potato to Russia for the last two-three years. "Russia has a huge market for potato. We want to consolidate our standing there by ensuring supply of disease-free potato."

Of the total potato shipment of around 103,000 tonnes in fiscal 2013-14, more than 20,000 tonnes of potato went to Russia. Nearly 71,000 tonnes of potato were shipped between July 1 last year and March 24 this year. Of the quantity, 9,300 tonnes went to Russia, according to the agriculture ministry.

Bangladesh produces more than 80 lakh

tonnes of potato a year, with consumption remaining lower than total output, according to Bangladesh Cold Storage Association. Between July and February, the country raked in \$19.38 million for potato exports, up 76 percent year-on-year, according to Export Promotion Bureau.

Russia is the third largest potato producer in the world after China and India. Its potato imports never exceeded 0.6 million tonnes a year in 2000-2010, according to a report by USDA Foreign Agricultural Service. On the whole, Russia produces 29 million tonnes of potatoes every year. Its potato market capacity is estimated at nearly 8 billion rubles a year (about \$224 million), according to Russian news agency TASS.



Nurun Newaz Salim, chairman of NCC Bank, and Golam Hafiz Ahmed, managing director, attend the opening of the bank's Baridhara branch in Dhaka yesterday.



Mahmood Malik, CEO of Infrastructure Development Company Ltd, attends an agreement signing ceremony with 12 new partner organisations under the company's improved cook stove programme to disseminate such stoves in Dhaka recently. Enamul Karim Pavel, head of renewable energy, was also present.