

Digital centres open for former enclave people

STAR BUSINESS REPORT

The Access to Information Programme launched four digital sub-centres in the former enclaves, allowing residents to enjoy digital services for the first time.

The people of the area can register and get birth certificates digitally, make phone calls, browse internet and take own photographs at the centres.

The newly established centres are located at Dashiarchhara in Kurigram, Garati in Panchagarh, Rahmanganj in Nilphamari and Baskata in Lalmonirhat.

"Those were the four biggest enclaves in four districts that we received from India," said Naimuzzaman Mukta, people's perspective specialist of a2i programme.

Kabir Bin Anwar, project director of a2i programme, opened the centres in the last three days.

The solar energy-run centres will benefit around 20,000 Bangladeshis who have never received any government service, he said.

Access to Information, a USAID- and UNDP-funded government programme that works for digital innovations, will also establish multimedia classrooms, according to Mukta.

State-owned telecom firm Bangladesh Telecommunications Company Ltd ordered its divisional engineers this month to set up necessary infrastructure to offer telecom services in the former enclaves.

Amu stresses diverse energy sources for development

OUR CORRESPONDENT, BARISAL

Industries Minister Amir Hossain Amu emphasised establishing coal- and electricity-based industries instead of natural gas-based plants for regional development, as there is an acute scarcity of gas in Bangladesh.

Payra marine port in southern Bangladesh will play a bigger role than railways in speedy socio-economic development of the region, he said yesterday.

Amu spoke at a seminar on economic and industrial prospects of Barisal division, at the Barisal Club auditorium.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in collaboration with Friedrich Naumann Foundation of Germany

organised the programme.

Abdul Matlub Ahmad, president of FBCCI, presided over the programme where Saidur Rahman Rintu, president of Barisal Chamber of Commerce and Industry, presented a keynote paper on the topic.

Amu said 604 acres of land have already been selected for establishing special economic zones in Barisal and Bhola.

The ship-breaking industry would also be established at Taltali coast of Barguna, he said.

The minister said efforts to establish a 250MW electricity generation plant and a fertiliser factory are ongoing in Bhola.

He also urged the businessmen and industrialists to use vacant plots of Bangladesh Small and Cottage Industries Corporation estates.

Amu also assured women entrepre-

Swatch CEO signals plans to add to smartwatch range

REUTERS, Zurich

Swatch plans to add to its new smartwatch range, the Swiss watchmaker's chief executive told a newspaper in an interview published on Saturday.

The Biel, Switzerland-based company is competing with Apple and other watchmakers in the budding smartwatch market.

"Our product is called Touch Zero One and that gives enough room for Zero Five, Zero Nine," Nick Hayek was quoted as saying by Switzerland's Tages-Anzeiger newspaper. "The Touch Zero One is not the end of the progression."

Hayek told the paper Swatch would launch Touch Zero Two at next year's Olympic Games in Rio de Janeiro.



Mohammed Ibrahim, managing director of Super Star Group, and Md Jalalul Azim, chief executive of Pragati Life Insurance, exchange documents of a group health insurance agreement at a programme in Dhaka.



Azad Shamsi, head of Mutual Trust Bank's other division branches, and Lieutenant Colonel Tushar Bin Yunus, commander of 30 Border Guard Bangladesh, Thakurgaon, attend the launch of the Alokito Shimanto project, organised by the BGB and supported by the bank's CSR initiative, in Thakurgaon. The programme will create self-employment projects for the destitutes of Dharmaghar border area.



Golam Hafiz Ahmed, managing director of NCC Bank; and Akhtar Hamid Khan and Md Fazlur Rahman, deputy managing directors, attend a get-together programme for its customers. The bank's Joydevpur branch organised the event in Gazipur.

WB to give \$1.7b this year

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The WB has already selected five municipal areas where the lodgings would be erected and they come with toilets, kitchen and electricity facilities, according to the project documents.

The lodgings would be provided with safe water through rain water harvesting or from tube wells.

Of the six programmes, there are three projects that will directly or indirectly improve trade in the sub-region of India, Nepal and Bhutan.

Bangladesh is now focusing on

waterways for transporting goods and passengers.

Two of the big projects will directly improve inland water transport route alongside protecting the poor from river erosion.

The WB will provide \$600 million to the River Management Improvement project that will provide protection against river bank erosion along the Brahmaputra and develop an embankment road.

The road is envisaged to become a major corridor linking parts of Bangladesh.

The corridor will reduce transport costs, improve accessibility and promote private sector participation in the management and operation of road infrastructure in Bangladesh.

Along with the development of the corridor, the overall programme will be the first step towards improving navigability of the river.

Another project is the 'regional connectivity 1 (border posts)', for which the WB will provide \$60 million.

A WB team has already inspected a number of border posts in differ-

ent areas of the country.

The border posts will be improved so that consignments from India, Nepal and Bhutan can quickly be transported from Bangladesh.

Another project -- the Inland Waterways Corridor -- that will cost \$220 million is aiming for smooth transportation of goods inside the country and also the transit items.

Besides, the WB will finance \$414 million in two power generation projects that will play a big role in increasing investment.

Draft mobile banking rules come under fire

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Khaled said the existing homegrown MFS model has been running for a long time to global acclaim. "If it was ineffective, then how come others, including the outsiders, have lauded it as a good model?"

Bangladesh's MFS is the second largest payment service in the world, with more than \$1.4 billion changing hands monthly. It has also given a push to the country's efforts to boost financial inclusion.

He said central banks should not develop any business model; they can only give a framework.

But in the name of a framework, the BB has given a business model, he said, adding that the central bank wants to kill the existing models to make the new one a monopoly.

Khaled said seven players grouping together and forming an MFS platform is not practical in the context of Bangladesh and will not work.

Subsequently, he proposed a bank-led model in which a principal bank would have 51 percent of the majority of the shares and the remaining shares distributed among other participants such as banks, non-banks and telecoms.

He opposed the idea of forming an independent bank in the guidelines, as neither the central bank nor Bangladesh Telecommunication Regulatory Commission would be able to control it. "So the central bank is ceding its authority to thin air. It is committing hara-kiri," Khaled added.

Shahadat Khan, chief executive of Progoti Systems, a mobile banking and payment solution provider, said there should be more than two service pro-

viders in the country to ensure competitiveness and provide more benefits to people.

But, there is no market for 28 MFS providers in the country either, he added.

Some 28 banks have been given licences to provide mobile banking services but 18 have introduced the service to date.

Brac Bank-owned bKash and Dutch-Bangla Bank control 95 percent of the market.

Mohammed Nurul Amin, chief executive officer of Meghna Bank, echoed Khan about the need for more than one operator in the event that the proposed guidelines materialise.

More operators should come into the scene to break the monopoly, reduce cost and boost competitiveness, he said.

The coordination cost of running a single platform with 7-8 players will be high and there are doubts about the platform's operability, he said, adding that the definition of non-bank entities is also not clear.

Nazmus Salehin, CEO of Standard Bank, said there should be a lead bank in the model that will enjoy 51 percent share in the platform.

Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank, said the existing policy that was implemented four years ago is robust enough to run the mobile banking system in a competitive manner.

"The existing policy has highly been accepted by the whole world. India has praised our policy and so has the US president. So, why should it be changed suddenly?"

The banker said if the regulators want

to introduce an inclusive approach to the MFS business, it can do so under this current policy. Mobile operators can play a part in the MFS business under the existing policy.

Dutch-Bangla Bank has already invested more than Tk 100 crore for mobile banking services. It has 51 lakh active customers and five lakh agents.

"And now if I lose this money for the new rule, the regulator will be responsible for it and not the bank. Under the proposed rule we also need to sell out 85 percent of our venture. Is it realistic?"

It is not possible to change the rules after starting the game, he said.

"If six other investors join the consortium, then who will lead it? The new members of the consortium will not allow us to use our brand and distribution network as well."

Shirin also said because of the rise in agent-to-agent transactions, the number of mobile wallet is not increasing. "And we don't know whether the money channelled through over-the-counter process is for bribery or terrorist financing."

Raihan ul Ameen, deputy managing director of IFIC Bank, was of the same view.

While MFS has made life easier for people across the country, the agent-to-agent transfers are posing a challenge, he added.

TIM Nurul Kabir, secretary general of Association of Mobile Telecom Operators of Bangladesh, thanked the central bank for acknowledging the mobile operators as a key part of the MFS.

In the last 18 years, the mobile operators have invested billions of

dollars, taking connectivity to the remotest parts of the country, which are also helping the banks, he said.

Globally, the mobile operators run 70 percent of the MFS business, he said.

However, the mobile operators have some concerns about the proposed guidelines. "We are not accepting this guideline. This is a complicated proposition where at least seven players are needed to create a consortium."

Mirza Mahmud Rafiqur Rahman, additional managing director of United Commercial Bank, said the proposed guideline is not well-thought-out.

He, however, said he personally welcomed the inclusion of mobile operators in the proposed guidelines because although it is a bank-led model, it is not a banking business.

There are some technological aspects for which banks are already dependent on mobile phone operators, he said.

UCB is looking for strategic partners to revive Ucash, its MFS business, Rahman said, adding that he would not mind if the bank has to take up mobile operators as partners as they already have large distribution and agent networks.

Syed Mohammad Kamal, country manager of MasterCard, said the MFS business is scaling up, so it should not be reined in at this stage.

M Shamsuzzaman, deputy managing director of Islami Bank Bangladesh, said the prospect of eight parties coming together to run a single business have next to no chance of success.

"In such a scenario, who will take the responsibility of KYC (know-your-customer) or when someone is accused of money laundering and terrorist

financing offences?"

Taher Ahmed Chowdhury, head of ICT of First Security Islami Bank, said access to the telecom network has to be ensured as MFS players are sharing profits with them.

Kamal Quadir, CEO of bKash, questioned whether all banks want to join this type of business where the average ticket size is Tk 700.

"Twenty-eight banks have got licences, but one of the reasons we have not seen so much competition is perhaps it does not interest everybody."

"It is not banking and it does not give credit. The only thing we do is payment."

He said bKash has four shareholders and all of them are known for their inclusive agendas locally and globally. "Still, it took five years for us to bring the four of them together."

"So, if they are anticipating that we would be having seven-plus shareholders on day one, with all having the same mindset, focus and objectives, we may need to review this thought."

Moynul Islam, a joint director of BB, said the guideline is a pre-draft and it may not be passed in its current form.

The central bank always pays heed to people's demands and will do the same in this case too, he added.

Brig Gen Shahedul Anam Khan (ret'd), editor of Op-Ed and Strategic Affairs of The Daily Star, moderated the discussion.

Pial Islam, managing partner of PI Strategy Consulting, made a presentation, while Mamun Rashid, chairman of Financial Excellence, and Rokonzaman, a professor at North South University, also spoke.

Greece dampens German consumer confidence

AFP, Frankfurt

Consumer confidence in Germany is being dampened slightly by the enduring wrangle over Greece's debt crisis, a poll found on Friday.

"The hitherto marked optimism among consumers has received a slight knock," market research company GfK said in a statement.

"Despite the deal reached with Greece over its debt, the downward trend in economic expectations has intensified with the third consecutive monthly decline," the statement said.

That, in turn, has weighed on consumers' willingness to spend money and on their income expectations, GfK continued.

Another negative factor was a slight increase in households' willingness to save, it added.

Looking ahead to next month, GfK's headline household confidence index was forecast to slip to 9.9 points in September from 10.1 points in August.

"Despite the decline, however, it cannot be said that Germany's economic motor, consumption, has stalled or even choked off," GfK said.

Money laundering cases on the rise

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On average, illicit outflows eat away 1.1 percent of the country's gross domestic product a year, Global Financial Integrity, a Washington-based research organisation, said in a report in June.

The slippage amounts to 12.7 percent of the country's total tax revenue, according to the study.

On average, \$1.31 billion a year was funnelled out of Bangladesh between 2003 and 2012, according to the research organisation.

Bangladeshi citizens' deposits with various Swiss banks rose 36.02 percent year-on-year in 2014,

according to a report of the central bank of Switzerland this year.

The amount was Tk 4,283 crore (506 million Swiss francs) last year, up from Tk 3,149 crore in 2013 and Tk 1,991 crore in the previous year, according to data from Swiss National Bank.

Several reports also show that Malaysia is the other major destination of money from Bangladesh in recent years.

More than 3,000 Bangladeshis have taken up the Malaysia My Second Home programme, sending nearly Tk 3,500 crore out of the country illegally.

But the ACC cannot do anything to recover the money. "We sought information from Malaysia on the Bangladeshis who have allegedly laundered the money. But we are yet to get any information," Badiuzzaman said.

The ACC has initiated to sign a memorandum of understanding with Malaysia to build cooperation on money laundering, but the proposal awaits the law ministry's vetting for months now.

Through the attorney general's office, the ACC sent 34 mutual

legal assistance requests (MLARs) to different countries, seeking information on the Bangladeshis who laundered money out of the country.

Mutual legal assistance is a method of cooperation between states for obtaining assistance in the investigation or prosecution of criminal offences.

Politicians and businesses are involved in most cases of the 34 MLARs, according to ACC officials.

The commission has not yet received any feedback on even half the MLARs, officials said.

"The countries where the money

was laundered ask for a court's judgment. Otherwise they'll not give information or send back any money," the ACC chairman said.

On ways to effectively handle money laundering issues, Abu Hena Mohd Razee Hassan, a deputy governor of Bangladesh Bank, said, "The ACC can look for other avenues of international cooperation to recover the money."

The ACC can seek information from Egmont Group of Financial Intelligence Units, of which Bangladesh is a member, he added.

Egmont Group has 146 member countries that exchange informa-

Garment exports to China up 26pc

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"China has become a big market for us and our garment exports to the country could cross the \$1 billion mark soon," Azim added.

"China's domestic apparel market is worth \$178 billion a year. If we can grab even 1 percent of that, it will translate to about \$18 billion exports in a year to China alone," he said. Local garment makers will participate in the Shanghai international trade fair in October to explore the Chinese market further, Azim said.

"Bangladesh is still a very strong player in making basic garment items, the demand for which is high among middle-income customers."

Bangladesh's presence in the Japanese market has also grown as garment exports to Japan crossed \$652.55 million last fiscal year, from below \$100 million five years ago.