

DHAKA SUNDAY NOVEMBER 29, 2015

New banks facing trouble in foreign trade

They can't open nostro accounts with foreign banks for strict rules

SAJJADUR RAHMAN

Nine new banks, which began business more than two years ago, are still facing difficulties in opening their nostro accounts with foreign banks, an issue which hampers their foreign exchange business and trade transactions.

Officials of these banks said it also creates problems in opening letters of credit (LC) for imports.

"We have tried to open nostro accounts with foreign banks operating in Bangladesh. But they have declined to open the accounts," said Rafiqul Islam, managing director of South Bangla Agriculture and Commerce Bank, one of the new banks.

South Bangla is now collaborating with other local banks that already have nostro accounts to settle their LCs.

Nostro account is a bank account held in a foreign country by a domestic bank, denominated in the currency of that country. Nostro accounts are used to facilitate settlement of foreign exchange and trade transactions. This account also gives a bank a line of credit and overdraft protection when needed.

Fifty-six banks operate in Bangladesh now, of which 47 are local, including eight state banks, and nine are foreign banks.

Most of the local banks, except the nine new ones, have their own nostro accounts either with Standard Chartered, HSBC or Citibank NA. These three foreign banks, which have their operations across the world, have declined to open nostro accounts for the nine new banks due to strict rules.

Officials said banks in America and Europe have been forced to exercise extreme caution and ensure strong compliance set by their respective governments.

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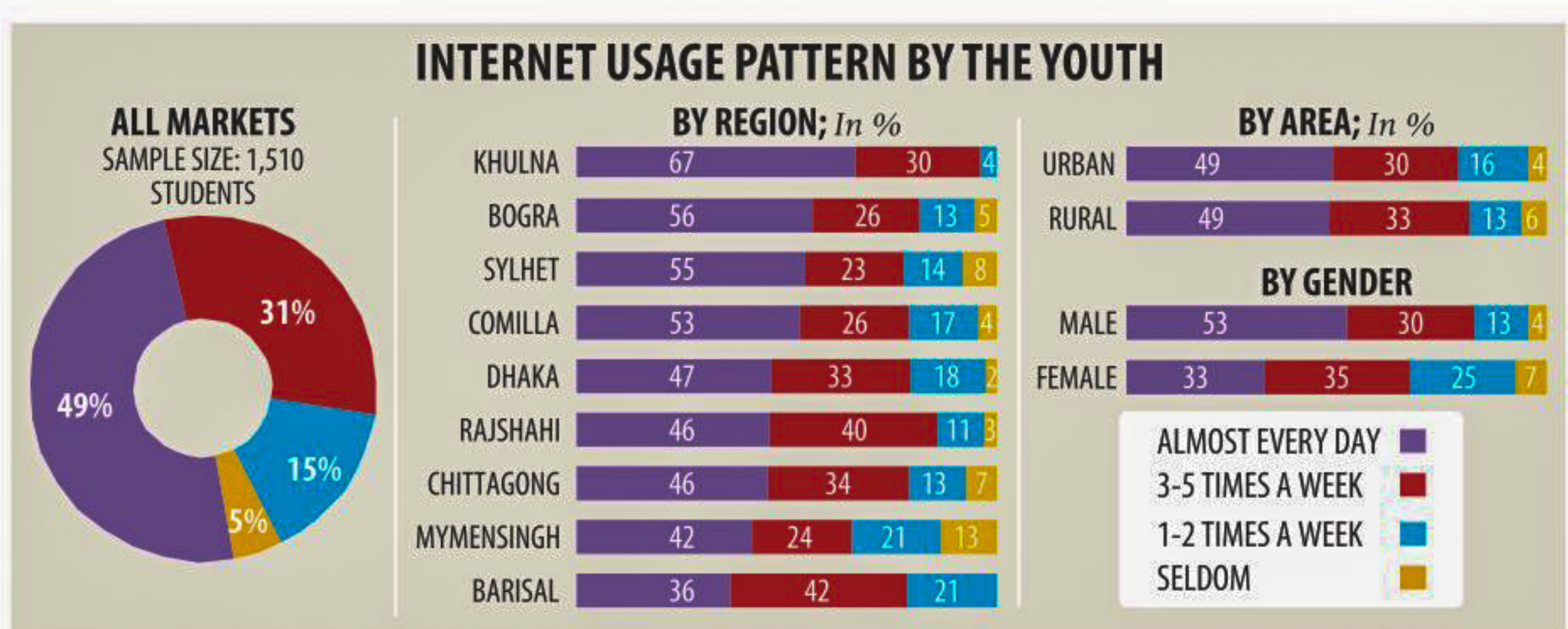
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Students drive mobile data growth: GP study

STAR BUSINESS REPORT

Half of all high school students covered in a Grameenphone survey use the internet almost daily, and 70

percent of them feel there is no one to guide them in case of any problems online.

The leading mobile phone operator studied some 1,510 school-going

students aged 11-18 years between June and July last year, to understand the internet usage patterns and practices of the youth in Bangladesh.

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Robi's net profit slides 13pc

STAR BUSINESS REPORT

Robi's net profit fell about 13 percent year-on-year to Tk 113.1 crore in the third quarter of the year, according to a presentation by Axiata Group, the mobile operator's parent company.

Between July and September, the company recorded year-on-year revenue growth of 10.38 percent, according to its unaudited report.

The company reported Tk 1,340.9 crore in revenue in the third quarter of this year, rising from Tk 1,214.8 crore

in the same quarter of 2014.

"Competition continues to be very stiff and in that context, Robi performed moderately," Axiata Group said on its website. It was an "encouraging performance despite heightened competition".

Performance was driven by the seasonality of Eid, device sales and data revenue growth.

Data accounted for 9 percent of the company's total revenue in the third quarter of last year, which rose to 10 percent in the third quarter of 2015.

Maintaining data revenue growth, smartphone penetration under Robi's network increased to 17 percent as of September, which was only 12 percent at the start of the year.

However, the average revenue per user eroded to Tk 142 in the third quarter from Tk 144 in the previous quarter due to stiff competition.

As of September, Robi had 2.84 crore active connections, witnessing a 13.6 percent year-on-year growth. Of the total active connections, only 1.58 lakh users are enjoying post-paid connections.

BB directs banks to stop taking fees from job seekers

STAR BUSINESS REPORT

Some banks are taking fees for applications from job seekers, although a Bangladesh Bank directive prohibits such practice.

Job seekers raised the allegation at a programme on the sidelines of the banking fair at Bangla Academy on Friday.

In response, Bangladesh Bank Governor Atiur Rahman said banks are not allowed to take fees from job applicants during their hiring process.

"Bangladesh Bank has clear directives against this practice. Steps will be taken if we receive specific complaints against any bank."

The programme was organised to allow clients to voice their complaints about banking services.

Chief executives of local state-owned and private banks as well as top officials from two foreign banks were present at the event.

When another client raised the issue of charging Tk 20 for every page of a bank statement, Rahman said: "It's inhumane. It's totally unacceptable."

He requested the client to lodge a complaint with the central bank.

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Two-day India Expo ends today

STAR BUSINESS REPORT

A two-day Indian trade fair kicked off in Dhaka yesterday to showcase footwear products and accessories, as Indian shoemakers count Bangladesh as a potential market.

Ninety-six delegates from 53 Indian companies are taking part in the show organised by the Federation of Indian Export Organisations (FIEO) at Sonargaon Hotel.

The Bangladesh corridor for Indian products plays a significant part in bilateral cooperation, Mashiur Rahman, economic affairs adviser to the prime minister, said while opening the show.

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