

# HSBC to arrange \$333m loans for Power Development Board

STAR BUSINESS DESK

HSBC Bangladesh will arrange a \$333 million credit facility for Bangladesh Power Development Board.

The BPDB will use the funds to implement its 416-megawatt Ghorasal Third Unit Repowering Power Plant Project in Narsingdi, HSBC said in a statement yesterday.

BPDB owns 54 percent of Bangladesh's total generation capacity, along with its subsidiary companies.

The Bangladesh government will provide sovereign guarantee for the project, which will take three years to complete, according to the statement. The government plans to increase total electricity generation capacity from existing 12,071MW to 24,000MW by 2021.

Md Zahurul Haque, secretary of BPDB, and Arnaud Cachard, head of export finance in Asia Pacific for HSBC, signed the agreement.

Tawfiq-e-Elahi Chowdhury, adviser to the prime minister; Monowar Islam, power secretary; Md Shamsul Hasan Miah, chairman of BPDB; and Francois de Maricourt, CEO of HSBC Bangladesh, also attended the event.



Md Zahurul Haque, secretary of Bangladesh Power Development Board, and Arnaud Cachard, head of export finance in Asia Pacific for HSBC, sign an agreement for the arrangement of a \$333 million credit facility for the board. Tawfiq-e-Elahi Chowdhury, an adviser to the prime minister; Md Shamsul Hasan Miah, chairman of BPDB; and Francois de Maricourt, CEO of HSBC Bangladesh, are also seen.

CEO of HSBC Bangladesh, also support Bangladesh's economic growth by facilitating the increase of electricity generation capacity," said Francois de Maricourt, CEO of HSBC Bangladesh.

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# BB's deputy governors may get extension

STAR BUSINESS REPORT

Finance Minister AMA Muhiith yesterday hinted that the tenure of three deputy governors of Bangladesh Bank would be extended.

Of the four deputy governor posts of the central bank, three have been vacant since January 20, when the contracts with Abu Hena Mohd Razeen Hassan, SK Sur Chowdhury and Nazneen Sultana expired.

The government is considering one-year extensions for all three, a finance ministry official said.

If they are not reappointed, it will take about three months to make new appointments, as a search committee would have to be formed for the purpose, Muhiith told reporters at his secretariat office.

The governor and deputy governors are usually given contractual appointments.

# Credit Suisse, Barclays to pay \$154.3m over 'dark pools'

AFP, Washington

Barclays and Credit Suisse will pay \$154.3 million combined to settle charges that they violated federal securities laws over their so-called "dark pools," the US Securities and Exchange Commission said Sunday.

They agreed to record individual settlements for operating alternative trading systems, known as "dark pools," the SEC said in a statement. Barclays admitted wrongdoing and will pay a total of \$70 million, while Credit Suisse will pay a total of \$84.3 million.

Dark pools allow clients to trade large volumes of shares anonymously with prices

posted only after the transaction is finished, avoiding the open reporting of ongoing bid and offer prices required on public exchanges.

"Dark pools have a significant role in today's equity marketplace and the firms that run these venues must ensure that they do not make misstatements to subscribers about their material operations," said Andrew Ceresney, director of the SEC's Enforcement Division.

"These largest-ever penalties imposed in SEC cases involving two of the largest ATSS show that firms pay a steep price when they mislead subscribers."



Geir Sikko, general manager of Radisson Bay View, receives the New Hotel of the Year 2015 award on behalf of the hotel at the Carlson Rezidor Asia Pacific award ceremony in Bangkok last week.

# Stocks break eight-day losing streak

FROM PAGE B1

Of the traded issues, 165 advanced, 107 declined, and 48 closed unchanged on the premier bourse.

Apollo Ispat Complex dominated the turnover chart with 1.16 crore shares worth Tk 23.19 crore changing hands, followed by Square Pharma, Fu-Wang Ceramic, The City Bank and Beximco Pharma.

Among the major sectors, engineering increased 1.02 percent in market capitalisation, followed by textile that rose 0.96 percent, fuel and power 0.34 percent, cement 0.28 percent and banks 0.41 percent.

Conversely, food and allied and mutual fund sectors declined 1.46 percent and 0.36 percent respectively.

Apex Spinning and Knitting Mills was the day's best performer with 9.98 percent in gains, while Dacca Dyeing & Manufacturing Company was the worst loser, shedding 9.86 percent.

Chittagong stocks rose with the bourse's benchmark index, CSCX, increasing 33.72 points or 0.39 percent to finish the day at 8,531.38 points. Gainers beat losers as 118 advanced and 87 declined, while 31 finished unchanged on the Chittagong Stock Exchange.



Officials pose at the signing of an agreement between Energypac Electronics and United Nations High Commissioner for Refugees (UNHCR), for the establishment of two units of Solar Mini Grid Power System at Kutupalong Refugee Camp in Ukha, and Nayapara Refugee Camp in Teknaf, in Cox's Bazar, by August 2016. The camps house more than 32,000 registered Rohingya refugees who are unable to return to Myanmar. The IKEA Foundation of Sweden is one of the largest donors to UNHCR Bangladesh.

# National payment switch: both boon and bane

FROM PAGE B1

Security continues to be an issue, as the NPSB can only process data from the magnetic stripe and not from secure chips, he said.

As a result, the acquirer bank is always exposed to loss and fraud; and if there is a fraud they are not going to be compensated.

There is also lack of dispute resolution and fraud management in the NPSB, he said.

Ali Reza Iftekhar, chief executive officer of Eastern Bank, requested the central bank to review its policies on the NPSB and hold discussions with stakeholders in order to sort out some unresolved issues.

The opportunities are limitless in payment solutions and the gap between the number of mobile phone subscribers and people making payments electronically gives a rough idea of the potential, he said.

"To tap the opportunities, positive regulations are required."

Iftekhar, who is also a former president of ABB, said the regulator should make the framework and let others operate it.

If the regulator becomes the operator, it will hinder the growth prospect of the payment ecosystem, he said. Iftekhar also touched upon the security risks of the NPSB.

The Bangladesh Bank itself is not compliant of the US-based PCI Security Standards Council (PCI-SSC), an open global forum for the storage, dissemination and implementation of security standards for account data protection.

"Then what was the hurry to launch the NPSB? All the operators are running huge risks. If something goes wrong, these institutions will be penalised and the reputation of the country will be dented," he added.

Vikas Varma, executive director for South Asia at MasterCard, a

global payment network, said the two key drivers of the growth of a payment system are ways to pay and places to pay.

The government and the regulator have a large role in laying the foundation for a payment system, and they can do that through policy formulation and incentives for participants.

Growth can be challenging if there are situations in markets such as Bangladesh where the regulator also becomes a player in the payment ecosystem, Varma.

Eight million out of 109 million or less than 10 percent of the adults can transact electronically today, Varma said.

Besides, less than 1 percent of everyday purchase happens electronically in Bangladesh, whereas the global average is 16 percent, and it is more than 60 percent in developed markets such as the US and South Korea.

"In Bangladesh, there is significant room to grow. Besides, cash at the teller is 4 to 6 times more expensive than it is at ATMs," he added.

Sanjay M Nazareth, head of client support services in India and South Asia for VISA, another global payment network, said: "When we talk about Digital Bangladesh we are talking about the growth of electronic payments."

He said innovation, safety and security are the keys to the growth of the electronic payment system.

"At the end of the day, it is the customers who need to have the confidence in the payment system for them to pull out the cards and use. Safety and security should never be compromised."

He said they hope the regulator would come up with decisions that would help build the customers' confidence.

Subhankar Saha, executive director for the payment services department of the BB, said the evolution of the payment system would never stop and it is an unending process.

Bangladesh has made huge strides towards electronic payment system in the last five years by parting away with the manual traditional method.

In its place, automated cheque processing system, electronic fund transfer network, mobile financial service, national payment switch and real time gross settlement system were brought in, he said.

Saha said the NPSB has been introduced to facilitate interoperability of the different payment systems. It also aims to reduce the transaction cost and settlement time.

He also said maybe the national switch has some limitations but the BB can sit with the banks to sort out issues.

The BB has already formed a committee to see how it can move to chip-based cards and comply with the PSI-SSC.

Jeremy King, international director of PCI Security Standards Council, said the challenge Bangladesh faces in payment is a global problem.

"We live in a world of global organised crimes and criminals who are trying to steal money."

If the criminals can obtain the data contained in the cards with magnetic stripe, they can copy the card and withdraw money from the ATMs, he said.

"So, we are seeing the migration towards chip cards and adoption of the EMV in the US and Europe," he said, adding that EMV significantly reduces face-to-face fraud.

In Bangladesh, all merchants are using the same process where the

data is sent through a single switch.

"Unfortunately, our criminals are much organised. They know about the payment systems as much as we do. That is why they will know where the greatest aggregation of cardholder data is."

It represents the greatest threat to the payment system as Bangladesh is still in an era of using magnetic stripe data and growing e-commerce data, he added.

Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank, said e-commerce sites are not keen to accept payments through cards because they have to pay a 3-4 percent fee to banks, which do not happen in case of cash-on-delivery.

Omar Faruque Bhuiyan, senior executive vice president of Premier Bank, said if the central bank can provide service in line with the standards of VISA and MasterCard and maintain security features and settle disputes then the BB can act as a service provider.

Anwar Hossain, head of cards at Mutual Trust Bank, said the electronic payment system has to be taken to the larger section of the population.

"To reach them, we have to raise acceptance awareness of the customers," he added.

Muhammed Shaikat Ali, vice president of Islami Bank Bangladesh, said interoperability is a big challenge for mobile financial services.

Extrapolating from the experiences of the fast growing mobile financial services, Syed Mohammad Kamal, country manager of MasterCard, said when the pay-out points are at the right place people will use the services despite the cost.

Arun Devnath, business editor of The Daily Star, moderated the discussion.



Sayed H Chowdhury, chairman of ONE Bank, poses with the recipients of scholarships for poor but meritorious students of Chittagong in the port city on Thursday.



Ruhul Amin Molla, chief executive officer of Orion Footwear, opens an outlet of the company on Zila Sadar Road in Tangail on Sunday. Arefa Hossain, senior manager-merchandising, was also present.

# Apollo Hospitals to expand in Ctg, signs \$35m loan deal

FROM PAGE B1

STS Hospital Chittagong's Chairman Bob Kundanmal; Managing Director Khondoker Monir Uddin; directors Mohammad A Moyeen and Tipu Munshi; IFC Country Manager Wendy Werner; and Director of DEG representative office in Bangkok Herbert Baumgartner, attended the signing event.

The hospital, a joint venture between Indian hospital chain Apollo Hospitals Enterprise Ltd and STS Holdings Ltd of Bangladesh, began its operation in Bangladesh in 2005, with its hospital in the capital.

Apollo Hospitals Dhaka is the first and only hospital in Bangladesh to get JCI accreditation. The Joint Commission International (JCI) is a US-based accreditation body dedicated to improving healthcare quality and safety around the world.

# Businesses seek cuts in VAT

FROM PAGE B1

He also suggested NBR train businessmen on how to file returns and pay VAT online.

He also requested the tax administrator to team up with FBCCI, district chambers and associations to train and inform the business community

about the new VAT system.

State Minister for Finance MA Mannan said minor problems might arise in the initial days of implementing the new VAT law. "We hope all will be okay in two years."

"Online VAT is a reality. It is going to be done. But it is a journey

and we have a long way to go," said NBR Chairman Md Nojibur Rahman.

The revenue administration would increase coordination with businesspeople. NBR would hold a strategic workshop with the businesses in this regard, he added.

NBR Member Md Rezaul Hasan

said contact or call centres will also be set up.

From April, the existing VAT paying units would require online re-registration to get the nine-digit "business identification number" in place of the existing 12-digit number, said Hasan.