RANGS

Sohana Rouf Chowdhury, managing director of Rangs Motors Ltd, and Sagar Bhadkamkar, general manager of Mahindra India, attend the launch of new Mahindra Supro Maxitruck at a programme at Rangs Bhaban in Dhaka on Saturday. Pankaj Singh, country manager of Mahindra Bangladesh, is also seen. Supro Maxitruck, a commercial vehicle, will be available in three variants and three colours. Rangs Motors is the sole distributor of Mahindra vehicles in Bangladesh.

China exports, imports slump in January

AFP, *Beijing*

CHINESE trade slumped in January, authorities said Monday, as both exports and imports tumbled with feeble domestic and global demand dragging on the world's second-largest economy.

Exports dropped 11.2 percent year-on-year to \$177.5 billion in dollar terms, Customs said, while imports plummeted 18.8 percent to \$114.2 billion -- giving the Asian giant a record monthly trade surplus of \$63.3 billion.

Tremors in overseas markets and weakness in partner economies have weighed on China, a main driver of the world's economic growth, and the globe's largest trader in goods.

Rock-bottom prices for commodities such as oil and slowing growth in infrastructure spending have hit China's import values, while exports have been hurt by frail overseas demand, along with rising labour costs and the increasing competitiveness of rival economies.

"We believe the slump in trade growth mainly reflects weakening investment demand, possibly from weaker property investment and measures to reduce overcapacity," wrote Nomura analyst Zhao Yang.

The figures were far worse than expected, with economists forecasting a 1.8 percent fall in exports in a Bloomberg News survey, and a 3.6 percent slide in imports.

China's economy grew 6.9 percent in 2015 -- the lowest rate since 1990 -- and is expected to slow further this year, with the darkening perspective contributing to plunges in global stock markets in recent weeks.

It has also been a factor in the decline of the yuan currency in recent months, but analysts said the record trade surplus gave Chinese officials some breathing room to cope with the floods of cash that have flowed out of the country.

On Monday the yuan leapt up more than one percent in onshore trade, its biggest gain for more than a decade according to Bloomberg News. The large positive trade balance "should help offset some of the capital outflow and alleviate some depreciation pressure on the RMB", said the ANZ analysts.

The export figures were sharply lower than the 1.4 percent slide in December, when imports had declined 7.6 percent.

Inward trade was hammered in January, falling in both volume and value terms, which a BofA Merrill Lynch research report said was "due to weakness in domestic demand and further downward adjustments in commodity prices". China's leaders are looking to retool the economy to one focused more on consumer spending, but BofA Merrill Lynch said the lack of investment in fixed assets -- such as the big-ticket infrastructure projects that long fuelled China's growth -- would drag on imports.

"The sharp drop of trade in January was a reflection of weak external demand," ANZ analysts wrote in a note, citing weakness in trade partners Korea and Taiwan, although they added seasonal factors may have been an issue.

Capital outflow from China was nearly \$160 billion in December alone, according to Bloomberg Intelligence. Over the weekend China's central bank chief blamed foreign speculators in part for volatility in the yuan currency and said there was no further basis for depreciation.

Financial literacy a must for inclusive finance

PRASHANTA K BANERJEE

BANGLADESH Bank's numerous initiatives for financial inclusion like directives to banks for opening no-frill accounts (NFA), banking for minors, school banking and banking for working/street children are very effective to bring the huge number of financially excluded people under the financial services. With a view to making these initiatives more successful within the given time, ensuring financial literacy of the common people is a prerequisite. In this respect, BB has identified success in dissemination of financial knowledge as key to meeting the critical objectives of financial inclusion and consequently, financial stability.

A diverse financial education initiative has been undertaken in a rigorous manner by BB across the country from 2014. Creation of a dynamic and interactive web portal linked to BB website containing story books, games, videos, a calculator and informative write-ups on different financial services; preparation of two television commercials and ten radio broadcasting commercials; and awareness building press layouts are included in this initiative. Additionally, BB has indentified 'strengthening financial education initiatives' as an important core objective in its recently announced strategic plan for 2015-2019. A very specific action plan as well as timeline for reaching this target has also been outlined in this document.

Financial literacy is a complex concept. Although a number of definitions of financial literacy are available, the definition given by the Organisation for Economic Co-operation and Development (OECD) is more focussed. It defines it as a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. Of course, definition of financial literacy and its manifestations may vary from country to country. In Bangladesh, bridging the lack of basic knowledge on common financial services including very simple risk-return framework might be kept as the initial object of campaigning financial literacy.

Given the vastness of task, conducting countrywide financial education campaign is not easy. Although measures taken across the country by BB to achieve financial literacy have started to give the results, following ideas may be considered as food for thought for bringing momentum and ensuring sustainability of this initiative.

BB may ask every bank to create one or more financial literacy centres in each district considering the bank's business, network and profit. Banks may support these centres financially from their funds created for corporate social responsibility. The respective department of BB may take the responsibility to facilitate and oversee the activities of these centres. Importantly, a regional joint taskforce consisting executives from the central bank, commercial and development banks and NGOs, members of local civil society and other stakeholders, representatives of local government bodies, and academicians can also be involved in the activities of these centres.

These centres will do necessary tasks for spreading financial literacy, creating financial awareness about financial products and offering counseling to customers of banks. In this respect, these centres can be assigned to arrange in-house training, organise competition for young population, distribute pamphlets and comic books, arrange exhibitions and give stalls in different local fairs. Relevant academicians might be invited to contribute to preparing a comprehensive financial literacy guide and other training materials. Above all, we need to make our future generation financially literate. In this regard, evolving as well as introducing a formalised curriculum for schools on the basic principles of money, credit, savings and investments is necessary. Bankers as the delivery units of financial services should also be well-conversant with financial literature for making the whole campaign successful. Of course, the mindset of bankers is also important in this respect. In this enormous task, Bangladesh Institute of Bank Management, and Bangladesh Bank Training Academy can extend support in planning, organising and conducting financial literacy campaign within the stipulated timeline.

We may take lesson from the global approach too as many countries are trying to come out from the problem of financial illiteracy. The OECD created the International Network on Financial Education (INFE) in 2008 to promote and facilitate international cooperation between policymakers and other stakeholders on financial education issues worldwide. More than 240 institutions from 110 countries have joined the OECD-INFE as of 2014. We may also proceed to take the membership of OECD-INFE to gather the global experience on how to ensure financial literacy for a massive population for financial inclusion.

The writer is director (research, development & consultancy) of Bangladesh Institute of Bank Management.

AFP

Placards reading "Keep jobs in Europe" are seen during a protest of steel workers in front of the European Commission in Brussels yesterday.

Thousands march in Brussels against cheap Chinese steel imports

AFP, *Brussels*

THOUSANDS of European steelmakers descended on the EU capital Brussels on Monday demanding that officials do more to stop the flood of cheap imports from China.

Police said about 5,200 representatives from Europe's struggling steel industry circled the EU's Berlaymont headquarters demanding that China be denied market-economy status, an official designation that would make it harder to raise barriers against cheap Chinese steel products.

"Say 'no' to MES for China," said a banner carried by steelworkers dressed in hardhats and fluorescent uniforms, referring to the market economy status long denied Beijing.

China joined the World Trade Organization in 2001 as a developing country economy run largely by the state but was promised a review within 15 years to win a change in status to put it on a par with its major trading partners.

Without the market economy status, the WTO's 162 member countries are much freer to slap anti-dumping measures on cheap Chinese products.

The Unites States and Canada are determined to continue denying China the designation, but fears are that Europe may forge ahead in an effort to avoid angering Chinese authorities.

Though declining for years, the European steel sector counts for 11 percent of the world's total output and employs about one million people in some of Europe's most economically fragile regions.

"If surrendered, China MES could cost the EU millions of jobs and hundreds of billions of euros in lost growth," said a statement by AEGIS, a lobby grouping several industries that would be affected by the change in status.

"We are calling on EU leaders to deny Market Economy Status to China, as it simply is not yet a market economy," it added.

The European Commission, which handles trade matters for the EU's 28 member states, has until the end of the year to make a decision.

At a news briefing, Commission spokesman Daniel Rosario insisted that the decision would be strictly based on technical grounds.

"We are not engaging in a broader philosophical discussion on whether China is a market economy or not," he said. "This is a specific discussion in the very specific and strict framework of the anti-dumping legislation of the EU," he said.

Thai growth accelerates in 2015 but economy remains fragile

AFP, *Bangkok*

Thailand's economic growth accelerated in 2015, official figures showed Monday, after the junta boosted spending to pump up an economy that has wilted amid years of political turmoil.

High household debt, weakening exports, slumping foreign investment and low consumer confidence have cramped growth in what for years was Southeast Asia's flagship economy.

The ruling military has tried to spend its way out of the malaise, especially on farmers who have been hit by slumping global commodities prices and now face severe drought.

As a result gross domestic product rose 2.8 percent last year, according to data from the Office of the National Economic and Social Development Board, rebounding from 0.8 percent in 2014, its slowest rate in three years.

While state spending will likely continue, analysts have cooled expectations for 2016.

"We doubt growth will pick up strongly this year," said Krystal Tan of Capital Economics in a briefing note, forecasting GDP of three per cent for 2016.

"Thailand's unstable political situation will continue to hang over the outlook for private investment, while high levels of household debt will keep private consumption growth subdued."

Exports are also on the wane in line with a tailing-off in global demand, she added.

It also faces stiff competition from increasingly attractive neighbours like Vietnam, Cambodia and Myanmar.

HSBC bank stays in London, snubbing Hong Kong

AFP, *London*

EUROPE'S largest bank HSBC informed the financial markets on Monday it would remain headquartered in Britain, rejecting a move to Hong Kong despite concerns about increased regulation in the UK.

The Hongkong and Shanghai Banking Corporation said in a note to the London Stock Exchange following a board meeting on Sunday that London's many advantages meant it was "ideally positioned" to provide a home base.

"Having our headquarters in the UK and our significant business in Asia Pacific delivers the best of both worlds to our stakeholders," group chairman Douglas Flint told BBC radio.

It made no reference to growing fears in Hong Kong that the city's freedoms are being eroded by an increasingly influential China, a trend observers say could damage its status as a freewheeling finance hub.

The bank began its review of where to put its headquarters in April last year, two weeks before a British general election, amid growing calls for a crackdown on a sector seen by many voters as feckless.

It also cited as a reason for the review the British bank levy introduced in 2010 -- a tax based on the size of any British-based banks' global balance sheet which has since been scaled down.

A British finance ministry spokeswoman said the decision was "a vote of confidence in the government's economic plan and a boost to our goal of making the UK a great place to do more business with China and the rest of Asia".

The final choice had been between Britain and Hong Kong, although the review had also reportedly considered Germany and the United States.

AFP/FILE

A pedestrian is walking past the logo of HSBC outside a branch of the bank in Hong Kong.

The decision will come as a relief to the City, where bank stocks have suffered this year and there is growing concern about uncertainty from a referendum on Britain's EU membership expected this year.

"London is one of the world's leading international financial centres and home to a large pool of highly skilled, international talent," the bank's statement said.

"It remains therefore ideally positioned to be the home base for a global financial institution such as HSBC," it said, adding that the board decision was "unanimous".

Investors cheered the news, with HSBC's share price rising 1.27 percent at the start of trading to 446 pence and other bank stocks also rallying.

The bank's Hong Kong-listed stock rising also rose more than four percent at closing.

"This decision is a big vote of confidence in the UK," a spokesman for the British Banking Association trade body said, underlining that banking is "an internationally mobile industry".

"We cannot afford to be complacent about the contribution banking makes to the British economy, a sector that employs over half a million people".

The Confederation of British Industry's director-general Carolyn Fairbairn also said that banks were "critical for the British company".

"HSBC's thorough review and consideration of other international financial centres emphasises the need for the UK to continuously stay competitive on regulation, tax and talent," she said.

But John Thanassoulis, professor of financial economics at Warwick Business School, said HSBC's move raised the question of whether "the balance is pushed too far towards the banks".

"Systemic risks can materialise quickly," he said.

While the uncertainty may have counted against London, slowing growth in China -- for which Hong Kong acts as an important gateway -- has made the former British colony less attractive in recent months.