



**Latifur Rahman, chairman of National Housing Finance and Investments Ltd, and Khalilur Rahman, managing director, attend a basic training programme and certificate giving ceremony for its first batch of management trainee officers, on Wednesday.**

## Central bank group argues for branch closures to lift profits

REUTERS, London

Banks should shut branches to help lift flagging profits and get on a healthier long-term footing, an influential global central banking forum said in a report on Sunday.

Closing bank branches is politically sensitive, particularly in Europe, with a backlash in countries including France, Spain and Britain where opponents say remote areas or regions where people are less well off have been targeted.

A Reuters analysis showed British banks are disproportionately closing branches in the lowest-income areas, while expanding in wealthier ones.

The Bank for International Settlements, which represents the world's major central banks, said that now banks have reinforced their capital reserves, it is time for them to focus on profits.

Persistently low interest rates, anaemic

economic growth and too many souring loans on balance sheets were holding back a recovery in profits, meaning banks need to pursue other ways to lift revenues, the BIS said in its annual report.

"It will be critical to cut excess capacity. One gauge of potential overcapacity is the density of bank branches."

Lenders in Europe are already taking action. Deutsche Bank and Spain's Santander are among the latest major European banks most recently looking to make significant branch closures.

BIS figures in the report showed the number of bank branches per 100,000 adults in Spain and Italy was 60 to 70, compared with fewer than 40 in Japan and the United States.

Its comments chime with European regulators who say Europe is "overbanked", suggesting that lenders should consolidate sooner rather than later to tackle poor profitability.

## Brexit clouds horizon for Britain's airlines

AFP, London

Britain's vote to leave the EU could open a period of turbulence for the country's airline industry, which has soared under the EU's Single European Sky system over the last two decades.

Among the mass of agreements that Britain will have to renegotiate with Brussels are those governing flights between Britain and the rest of the EU.

"They are not long, the days of wine and roses," whether for airlines, airports or British air travellers, said Peter Morris, chief economist at Ascend Flightglobal Consultancy.

The single sky system lifted trade restrictions on airlines controlled by EU member states or their nationals, and whose headquarters are located within the EU.

Unless British negotiators manage to secure preferential conditions, British airlines will lose this status.

This will mean they no longer enjoy rights including being able to freely set airfares, and to launch any

route in Europe without getting authorisation in advance.

In concrete terms, passengers leaving or arriving in the United Kingdom will face new taxes, while British airlines will be slower to develop new routes.

On the frontline are Britain's two main actors, EasyJet and the International Airlines Group (IAG): their shares plummeted Friday on news of the shock Brexit vote, losing 14.35 percent and 22.54 respectively on the London market.

Low-cost airline Ryanair, which campaigned vocally for Britain to remain in the EU, is a little less exposed because it is based in Ireland, even if it has a large presence in Britain.

As soon as the referendum result became clear, EasyJet wrote to British and EU authorities pressing them to ensure that Britain remains in the Single European Sky.

"Britain being in Europe is the best thing for Britain," EasyJet chief executive Carolyn McCall told AFP a few months before Thursday's referendum.

"That is based on the fact that

deregulation of aviation has been a fantastic benefit to consumers," she said, noting that it had reduced fares by 40 percent and increased routes by 170 percent.

On Friday the airline insisted that Brexit will not have a major impact on its strategy, but also said it was working on alternative options to allow it to maintain its current network and operations.

According to Morris, EasyJet, currently based at Luton airport north of London, "will doubtless already have plans under way for a head office within the EU, perhaps under a different brand".

He said he also expects that IAG, which includes British Airways and which is headquartered in London, will try to widen its network using its non-British subsidiary airlines, at the expense of British Airways.

IAG also owns Spanish carriers Iberia and Vueling as well as Ireland's Aer Lingus, which it could use to strengthen its operations around hubs in Dublin and Madrid.

That could harm London's role as an international hub with five airports.

Also on the downside for the British capital, tides of US and Asian passengers who transit via its airports could be attracted by offers from hubs which remain in the EU.

The long-debated construction of a new runway at Heathrow or Gatwick, Britain's two main airports, could be delayed further if "Leave" campaign figurehead Boris Johnson becomes prime minister.

The former London mayor, tipped as a frontrunner to succeed Prime Minister David Cameron after the Brexit vote, has long campaigned for an alternative plan to build a new airport in the Thames estuary east of the capital.

"For Heathrow and its third runway the game's up," said John Strickland of JLS Consulting.

He highlighted another more immediate consequence of the Brexit vote: the collapse of sterling on exchange markets.

This will lead to higher fuel and lease costs, and a likely fall in demand for flights to Europe by British travellers whose pounds aren't worth as much on the continent since Thursday's shock vote.



**Farzana Chowdhury, CEO of Green Delta Insurance, poses after being announced as one of the 10 Local SDG Pioneers of 2016, at the UN Global Compact Leaders Summit in New York.**



**Md Abdul Mannan Bhuiyan, chairman of National Finance Ltd, presides over the company's 14th annual general meeting at the Westin Dhaka hotel yesterday. The company declared 9 percent stock dividends for 2015.**

## Milk farmers sour as quota end brings price crash in EU

AFP, Rennes, France

A surge in milk production since the EU lifted milk quotas has skimmed profits for dairy farmers, leaving them sour as authorities struggle to get to grips with the crisis.

Last year the European Union finally got rid of its three-decade old milk production quotas that it had imposed to eliminate the milk lakes and butter mountains that had plagued the bloc's farmers in the 1980s.

While farmers in several EU countries had been looking forward to tapping into rising demand for dairy products in developing countries, particularly in China, that growth slowed and there was soon a glut on the world market.

"Europe's responsibility is overwhelming in the surge" in milk available on the global market, said Christophe Perrot, an economist at the Livestock Institute in Paris.

"Since 2013, the EU has supplied an extra 10 million tonnes on a market of 66 million tonnes," he said at a recent farmers conference in the western French city of Rennes.

This has led to a slump in prices -- by a fifth to a third -- that has hammered farm-

ers across the globe.

In France all farmers are now selling milk at a price lower than their costs. Meanwhile in New Zealand, the world's top exporter, 80 percent of farmers are selling at a loss according to the central bank.

In March, the European Commission, the executive of the 28-nation bloc, allowed member states to temporarily cut production on a voluntary basis as an emergency exception to rules guaranteeing economic competition.

But milk production has continued to climb.

The issue is likely to dominate a meeting of EU agricultural ministers on Monday and Tuesday, but EU leaders are only expected to heap pressure on the Commission, the bloc's executive body, to step up its efforts.

According to a draft seen by AFP, EU leaders will call on "the Commission to urgently implement all necessary support measures including, where appropriate, financial support to assist farmers..."

However, farmers meeting here at a recent Peasants Confederation conference want a full return to quotas, believing voluntary measures will be insufficient.

## Saudi, UAE see little Brexit impact on their banks

AFP, Dubai

Financial authorities in Saudi Arabia and the United Arab Emirates on Saturday downplayed the impact of Britain's vote to leave the European Union on their banks.

Authorities in both countries, whose currencies are pegged to the US dollar, said they were keeping an eye on the impact of the Brexit vote, but that their banks' exposure is limited.

"Due to the limited connection between the UAE financial system and that of the UK, the channels through which financial institutions in the UAE could be affected by the state of uncertainty over relations between the UK and the EU are limited," said the UAE's central bank.

In a statement carried by the UAE's official WAM news agency, the central bank said it will "continue to watch developments... mainly those that could affect the UAE economy."

The governor of the Saudi Arabian Monetary Agency, Ahmed al-Kholifey, said the Opec kingpin had already "revised its investment policy regarding assets denominated in euro and sterling pounds" ahead of Thursday's historic vote.

"It is early to assess the impact of the UK exit from the EU... but we expect the impact on the banking sector to be minimal due to its limited exposure to those two currencies," he said, quoted by the official Saudi Press Agency.

## Rangs opens mega electronics showroom in Gulshan

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The Rangs Electronic City will deliver a world-class shopping experience with its wide variety of products, interactive and helpful customer service and robust after-sales service, officials said.

"The success of our stores across Bangladesh is a proof that we are delivering on that promise. We are delighted to now bring multi-brand shopping experience here," Romel said, adding that there are plans to take the experience of Rangs Electronic City across the country.

## Drive against food makers soon to check adulteration: minister

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In response, the minister suggested retailers and wholesalers keep track of purchases by taking receipts from firms and other suppliers.

"Take receipts of every item you buy from others. Keep these receipts as proof so that we can trace them."

"At the same time, maintain hygiene while selling foodstuffs at your point. If you do not carry out your responsibility, you will face penalties and even imprisonment in line with the law. You should be aware of that," said the minister.

The government has been able to curb the use of health hazardous chemical formalin in

food, particularly fish and fruits, he added.

"We have become successful in curbing it. We will also be able to fight adulteration."

Bangladesh has become self-sufficient in rice and vegetables and now aims to free all sorts of food, including packaged and baked foods, from adulteration.

BFSA Chairman Mustak Hassan Md Iftekhar said traders also have a responsibility. BFSA will work towards creating awareness, he added. Golam Rahman, president of Consumers Association of Bangladesh, urged traders to avoid using health hazardous chemicals or mix antibiotics in poultry feed and water for chickens.

## GP hits milestone in 3G rollout

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The market leader has more than 12,000 BTSs and its next target is to cover the rest of the country within a short time, said Sethi.

Tarana thanked Grameenphone for its achievement, which, she believes, will help realise the vision of a Digital Bangladesh.

"It is a big achievement. But at the same time, the operators have to ensure services for every person," said Tarana.

She urged the operator to invest more in network upgrade. "By the end of this year, the government will offer 4G licence and

spectrum neutrality."

The Grameenphone CEO told The Daily Star that they invested Tk 1,800 crore in 2015 and the figure will be higher in 2016.

After getting the 3G licence in 2013, Grameenphone took an aggressive 3G rollout plan and had covered all 64 districts in six months. The operator aims to acquire five crore data customers by 2018, Sethi said, adding that 36 percent of its 5.73 crore active customers are using data now.

Grameenphone Chief Technology Officer Medhat El Husseiny also spoke.



**Mohiuddin Babar, chief executive of BizCare, and Azad Shamsi, head of MTB Other Division Branches, attend the opening of an eco-library at Nekjania High School in Munshiganj in Satkhira as part of a CSR project.**



**Syed Waseque Md Ali, managing director of First Security Islami Bank, opens the bank's Fatehabad branch in Chittagong yesterday.**