

BB warns banks on terror financing

STAR BUSINESS REPORT

The central bank yesterday instructed commercial banks to strengthen monitoring of money laundering and terror financing, a top official said.

The instruction came following the deadly Gulshan attack that killed 20 people including 17 foreigners on July 1.

"We have asked the banks to reinforce their efforts to rein in money laundering and terror financing," said Abu Hena Mohd Razeed Hassan, deputy governor of Bangladesh Bank and head of Bangladesh Financial Intelligence Unit (BFIU).


BB officials had a meeting with the chief executives and heads of anti-money laundering units of two dozen banks at its headquarters in Dhaka yesterday. Meeting with the rest of the banks will be held today. Bangladesh has 56 commercial banks.

"Banks were asked to conduct inspections frequently to identify whether there were any suspicious transactions and money laundering activities happening in their bank branches," Hassan said.

Suspicious transaction report or STR is one of the indicators of money laundering and terror financing activities. Though banks are the prime reporting organisations of STR, other organisations such as non-bank financial institutions, insurance companies, cooperatives, capital market intermediaries and NGOs also been brought under the reporting system.

The total number of STR submitted by the reporting agencies was 619 in fiscal 2013-14, which went up to about 700 in 2014-15. The number of STR reported to the central bank was only 175 in 2011-12.

FIGHT AGAINST TERROR FINANCING



Banks will send suspicious transaction reports to BB on a monthly basis

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Non-banks, insurers, cooperatives, capital market intermediaries and NGOs also submit STRs

"There are some banks that do not submit STR to us. We have asked them to send reports to us on monthly basis," said an official of BFIU who attended the meeting.

"The central bank has asked us to deal with money laundering issues strictly as terrorist activities rose in recent times," said the chief executive of a bank.

BB wants banks' board of directors and senior management to get involved in monitoring of money laundering and terror financing activities, he said.

Compensation for call drops within same network

STAR BUSINESS REPORT

Mobile phone users will soon get compensation for call drops that happen when in conversation with subscribers of the same operator.

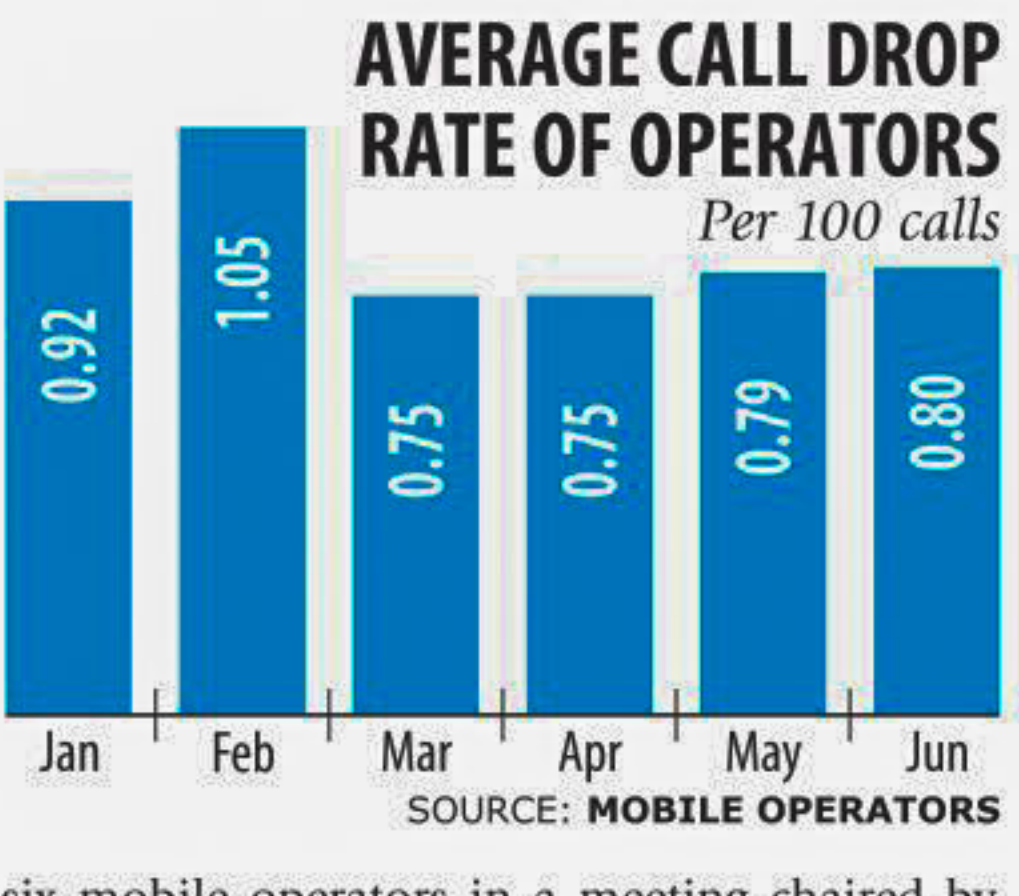
The development comes after mobile operators refused to implement the telecom regulator's directive to compensate subscribers with one free minute from the second call drop of the day from July 1 onwards.

Operators said call drops are expected in any radio network, even those in developed countries.

A 3 percent call-drop volume is acceptable according to the International Telecommunication Union, and the operators' call drop volume was less than 1 percent in the last six months. Only in February, it went up to 1.05 percent.

Besides, there are one second and ten second pulse for every mobile package, so if the call drops it is unfair to compensate with one whole minute.

But the amended directive was accepted by all



six mobile operators in a meeting chaired by Shahjahan Mahmood, chairman of the Bangladesh Telecommunication Regulatory Commission, on Monday.

"The regulator told us to ensure compensation as early as possible but we have some technical issues that need to be resolved first," said a senior executive officer of a mobile operator who attended the meeting.

Only the top three operators have the capacity to run with the directive now.

"Since this is not going to lead to any commercial gain for us, we will wait until all have sorted out their technical issues and have developed the capacity to run with the directive," he added.

A senior official of BTRC who is related with the issue said they will move to inter-operator call drops after ensuring compensation for the same network call drops.

The issue of call drops came to the regulator's notice in 2014, when Grameenphone and Banglalink introduced a promotional offer of call-drop compensation.

Previously, top officials of different operators said the local operators' quality of service, even in case of call drops, is much better than their counterparts in neighbouring countries.

Janata struggling with restructured large loans

SAJJADUR RAHMAN

State-owned Janata Bank is struggling to recover the large loans it restructured under a Bangladesh Bank special policy last year.

Under the policy, Janata has rescheduled Tk 5,270 crore in loans. Some of the clients' repayments matured in June this year but not all of them were able to pay the due instalments.

The bank retrieved Tk 326 crore out of Tk 441 crore due from the restructured loans in June, said Managing Director Abdus Salam.

Clients who have failed to pay their instalments in June have until September to do so, after which they will once again become default-

ers, he said.

Of the Janata's restructured loans, the highest amount has been of Beximco Group's, of Tk 1,958 crore.

But the group's repayment will mature in September and if Beximco fails to pay the bank by December, the loans will slip into bad debts again.

In a major move last year, the BB allowed defaulters of large loans -- Tk 500 crore and above -- to reschedule their debts on the ground that they were affected by 'various external and domestic factors beyond their control'.

The move came after Beximco Group had applied to the BB to rescue it from a cash crunch.

The BB took applications of the defaulters

through their respective banks and examined the proposals before approval in July last year.

Under the policy, Janata rescheduled loans worth Tk 665.78 crore for Tharmex Group, Tk 642.65 crore for Jamuna Group, Tk 1,125.55 crore for Annotex Group, Tk 427.26 crore for Ratanpur Group, Tk 113.62 crore for SA Group and Tk 337 crore for BR Spinning Mills.

To take the restructuring facility, a borrower had to pay minimum 1 percent of the loan as down-payment if the loan figure exceeded Tk 1,000 crore. The down-payment was 2 percent for borrowers of Tk 500 crore and Tk 1,000 crore.

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US cotton exporters look to double trade with Bangladesh

REFAYET ULLAH MIRDHA

The US wants to double its cotton exports to Bangladesh over the next five years, said senior officials of the Cotton Council International or CCI.

"We want to double the export of cotton to Bangladesh in next five years and it is possible as Bangladesh is the number one importer of cotton now," said CCI President Keith T Lucas Lucas.

Last December, Bangladesh became the largest cotton importer worldwide because China stopped importing cotton due to its previous stockpiling.

Currently, the US exports 160,000 bales of cotton in a year to some Bangladeshi spinning mills, which is only 3 percent of the total consumption of cotton by the country in a year, according to Bruce A Atherley, executive director of CCI, the export arm of National Cotton Council of America.

Atherley and Lucas came to Dhaka to attend a seminar on cotton, and on the sidelines, sat down with The Daily Star for an interview.

If Bangladesh's garment exports increase at the targeted rate of 12



Left, Bruce A Atherley, executive director of Cotton Council International, and Keith T Lucas, president, are seen during an interview.

percent, the country's cotton consumption will increase by 10 percent, Atherley said.

Cotton consumption in Bangladesh has been increasing because almost all globally renowned apparel retailers like H&M, Zara and Walmart purchase garment items from here in bulk, he said.

With higher demand for garment items from international retailers, the backward linkage industries like spinning, dyeing, finishing, weaving and printing industries have developed lots in Bangladesh.

The local spinners can meet 90 percent of the demand for raw

materials by the knitwear sector and the weavers can supply 40 percent of the demand for woven sector, according to industry insiders.

"We have the opportunity to expand our business here as the US produces one of the finest varieties of cotton," Atherley said.

Bangladesh imported 5.75 million bales of cotton last year and it may cross 5.9 million of bales in next year. The cotton year starts on August 1 and ends on July 31.

"Bangladesh has a rich history in cotton use. It is very important for the US cotton," he said.

Since 2009, when the prices of cotton increased abnormally, China started stockpiling cotton and last year they stopped importing altogether to clear the stock.

Currently, China has 60 million bales of cotton in stock, which is nearly half the global demand.

However, China will have to import its minimum quota of cotton at 4.5 million bales to help maintain stability in the global market, as per the revision done this year to the law of cotton trade, according to Atherley.

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Finding investors for DSE is top priority: new chief



KAM Majedur Rahman

SARWAR A CHOWDHURY

The new managing director of Dhaka Stock Exchange said he would attach top priority to finding strategic investors for the demutualised bourse by December.

"Getting strategic investors within the stipulated time is a major challenge for all of us -- for the stockmarket, for the bourse and for the regulator," KAM Majedur Rahman said yesterday.

Once the DSE gets reputed institutions or international stock exchanges as strategic partners, it will be able to help the market be more confident, he said.

"Before that, we have to improve the image of our market," Rahman said, sharing his future plan briefly with a group of reporters at the DSE.

The bourse has already started communicating with globally renowned institutions to encourage them to be strategic partners, he said.

"We can recommend a time extension from the regulator, but we have to try to achieve the target by the deadline."

In December last year, Bangladesh Securities and Exchange Commission asked the officials to find strategic investors in a year, as the twin stock exchanges could not find any strategic investor despite being demutualised in 2013.

Under the demutualisation scheme, 25 percent shares of the bourses are kept in a block account for strategic investors, while another 35 percent are set aside for institu-

tional and individual investors.

The remaining 40 percent are owned by existing shareholders, who are commonly known as stockbrokers and stock dealers.

As per the demutualisation scheme, which was approved by the BSEC in September 2013, a strategic investor should have the experience of managing exchanges or a business so that the tie-up could form an effective synergy.

Foreign stock exchanges, banks, financial institutions, technology firms and institutional equity investors can be counted as strategic investors and they can purchase shares in Dhaka and Chittagong stock exchanges.

Although the 13-member board of a bourse includes a director from strategic investors' category, the post still remains vacant, as the bourses are yet to get any strategic investor.

"It will be unfortunate if the bourses cannot sell shares to the strategic investors within the stipulated time," BSEC Chairman M Khairul Hossain said on Saturday.

He said increasing revenue generation, introduction of new products, activating trading of government treasury bonds and introducing a separate platform for small and medium companies will be the other major tasks for him.

"But these tasks cannot be done overnight," Rahman said, who has been in the banking industry for 33 years.

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Upgraded border check post opens in Benapole tomorrow

DIPLOMATIC CORRESPONDENT

Dhaka and New Delhi will open tomorrow the newly-constructed modern integrated check post at Benapole-Petrapole point of India-Bangladesh border, in a bid to facilitate increased trade between the two countries.

The prime ministers of Bangladesh and India will inaugurate the check post through a video conference, Salahuddin Noman Chowdhury, deputy high commissioner of Bangladesh High Commission in New Delhi, told The Daily Star.

This will be the second multi-purpose integrated check post between the two countries. The first one along the Akhaura-Agartala point on India-Bangladesh border was opened in November 2013.

"The check post will boost trade between

India and Bangladesh and make available various facilities for passengers and traders," said an official of the foreign ministry.

The check post will have customs and immigration facilities, weighbridges, security and scanning equipment, currency exchange booths, internet facility, cargo inspection sheds, warehouse and cold storage.

Other facilities include banks, scanners, closed circuit televisions, cafeteria and hotels.

Trade through Benapole-Petrapole amounts to more than Tk 20,000 crore a year.

BIMSTEC BUSINESS FORUM

State Minister for Foreign Affairs Md Shahriar Alam will leave for India this morning to attend the seventh BIMSTEC Business Forum scheduled to be held tomorrow in New Delhi.

During his three-day visit, Shahriar will hold

bilateral meetings with senior leaders of India and discuss issues related to the upcoming visit of Prime Minister Sheikh Hasina to India.

Hasina has been invited by Indian prime minister to attend an outreach meeting of BIMSTEC heads of states/governments on the sidelines of the eighth annual summit of BRICS on October 15-16 in Goa.

India assumed chairmanship of BRICS (Brazil-Russia-India-China-South Africa) from Russia in February.

Diplomatic sources said the state minister of Bangladesh will discuss the entire range bilateral issues between the two countries, but the security issue might come up prominently.

He is expected to share information with Indian officials about the recent terror attacks in Dhaka and Kishoreganj.