

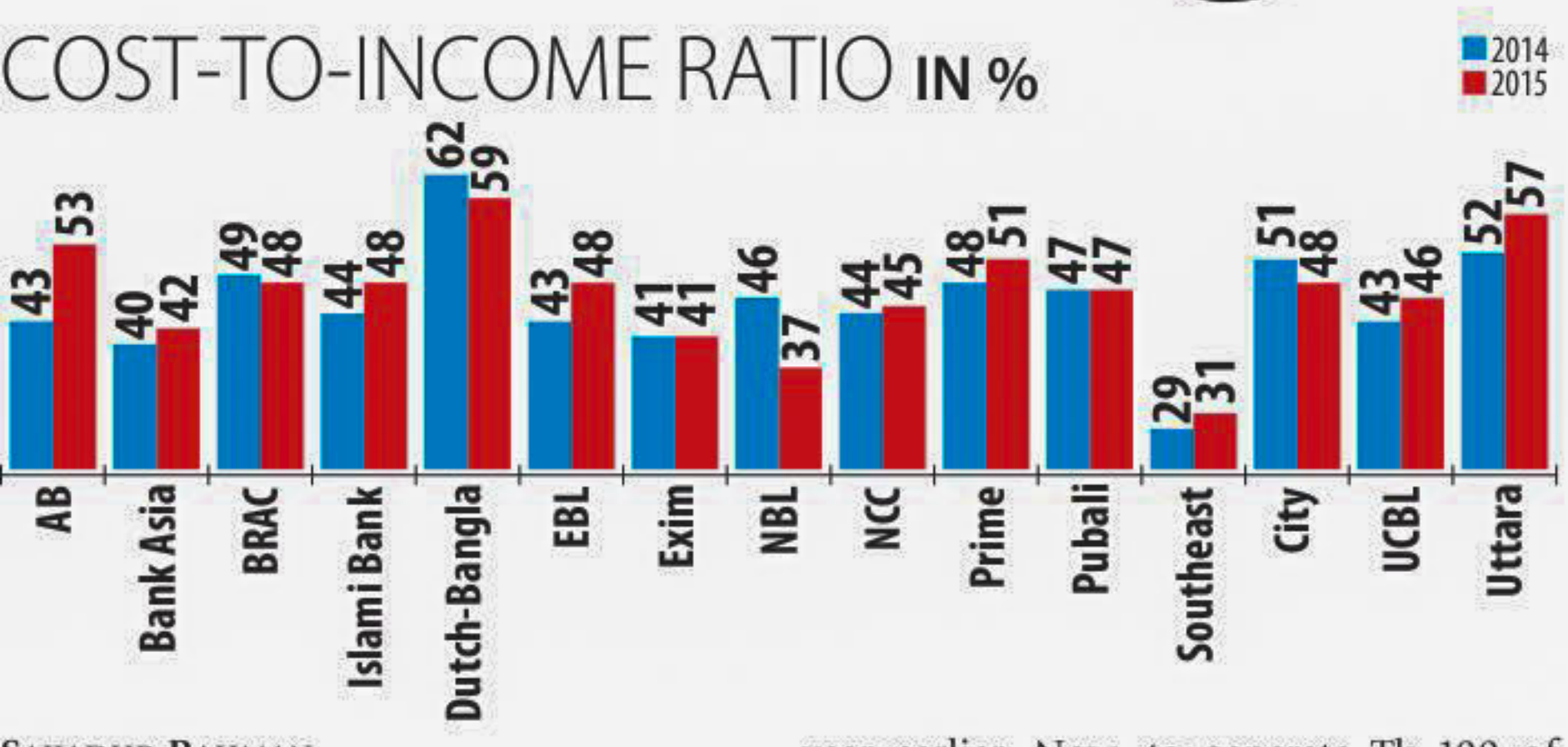
আপনার বিস্ময়কর ফি এবং সকল ইউটিলিটি বিল এসআইবিএল এর যে কোন শাখার মাধ্যমে জমা দিন

* ফ্রি অনলাইন সেবা
যে কোন প্রয়োজনে ০৯৬৯২০০৯৯২২

Star BUSINESS

DHAKA WEDNESDAY AUGUST 3, 2016, SHRABAN 19, 1423 BS

Banks' costs mounting



SAJJADUR RAHMAN

Most of the banks' cost-to-income ratio, which is used to measure efficiency and productivity, accelerated in 2015 from a year earlier.

The higher ratio generally indicates lower efficiency, but a number of factors can affect the ratio, including a bank's business model, its size and the overall investment climate of a country, according to bankers.

The Daily Star compiled data of 15 major private banks to analyse the industry's costs in relation to its operating income.

Nine banks' costs escalated in 2015; four saw their costs decline, while two remained unchanged, data showed.

Of the banks, Dutch-Bangla's operating cost was the highest, 59 percent, followed by Uttara Bank at 57 percent and AB Bank at 53 percent.

On the other hand, Southeast Bank was the most efficient private sector bank with a cost-to-income ratio of 31 percent.

Bankers attributed the rise in cost-to-income ratio to the high nonperforming loans (NPL) and the declining interest income amid a sluggish demand for credit.

Some banks that still have high cost deposit are also earning less, bankers said.

"NPL, which is rising in the overall banking industry, has been squeezing banks' income," said MA Mannan, managing director of Islami Bank.

He explained saying that if a bank's NPL is 10 percent, it has to keep the same amount as provision from the profits.

Islami Bank's cost-to-income ratio increased about 10 percent in 2015 from a

year earlier. Now, to generate Tk 100 of operating income its operating cost is Tk 48. The bank had to spend Tk 43 to earn the same amount in 2014.

The free-falling interest rate, which has come down close to single digit, has reduced the banks' incomes, said Abdul Halim Chowdhury, managing director of Pubali Bank.

"We are trying to leave out high cost deposits to reduce operating expenses and boost income," Chowdhury said.

Pubali's cost-to-income ratio remained unchanged at 47 percent, meaning that the bank has to spend Tk 47 to generate Tk 100 operating income.

"We have set a target to reduce the ratio to 40 percent this year," he said.

Dutch-Bangla Bank has stressed collecting low-cost deposits to reduce operating expenses, according to a top official of the bank.

"The number of low-cost deposit accounts has increased significantly. It is helping us to reduce our cost-to-income ratio," said Abul Kashem Mohammad Shirin, deputy managing director of Dutch-Bangla Bank.

Dutch-Bangla's cost-to-income ratio stood at 59 percent in 2015, down from 62 percent a year earlier.

Helal Ahmed Chowdhury, former managing director of Pubali Bank, suggested the banks improve their respective asset quality so that loans are not getting bad.

"Banks' monitoring and supervision have to be increased to reduce NPL and strengthen control on operating costs," said Chowdhury, who is now a director of Islami Bank.

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Aid disbursement reaches new high

REJAUL KARIM BYRON

Foreign aid disbursement increased 13.34 percent year-on-year to \$3.5 billion in fiscal 2015-16, setting a new record.

This is the third year in a row that foreign aid upwards of \$3 billion was disbursed, according to statistics from the Economic Relations Division.

However, actual disbursement fell short of the target for the fiscal year, which was more than \$4 billion.

"A few years back, Bangladesh could disburse up to \$2 billion. Now, with the increase in commitment, disbursement is also increasing," said an ERD official.

In fiscal 2015-16, foreign aid commitment touched the \$7 billion mark, which is highest in the history of Bangladesh.

In the last five years, Bangladesh got commitment in the region of \$5 billion to \$6 billion, and before that it was below \$2 billion.

India pledged \$2 billion last fiscal year, which is the highest, followed by the World Bank at \$1.5 billion. The disbursement was the highest from the WB's assistance, of \$1 billion.

In recent years, the government and the development partners have found a way to boost fund disbursement in order to take the benefits of development efforts to the people, the ERD official said.

Nowadays, the ERD, development partners and ministries sit in a tripartite meeting regularly and discuss the

barriers case by case to find out their remedies and expedite the implementation of projects.

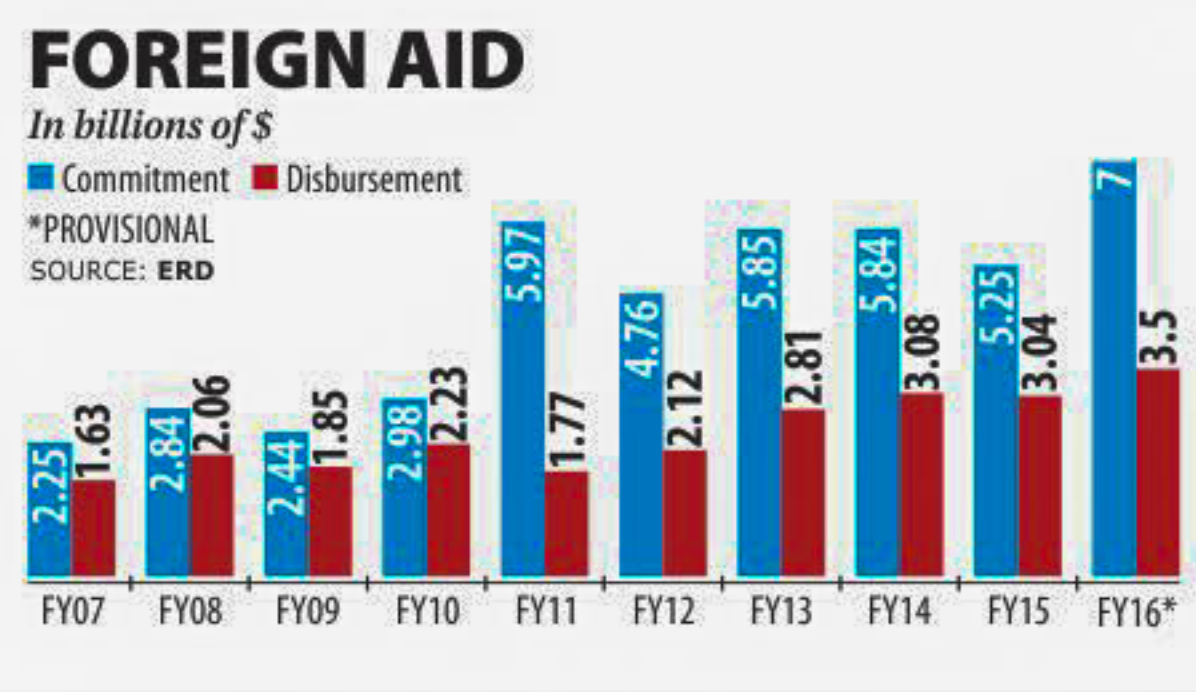
Besides, Bangladesh has become one of the few countries in the world to set up a locally developed online aid information platform called Bangladesh Aid Information Management System or AIMS.

Launched in October 2014, the web-based software application will help the country track and manage its aid flows.

"AIMS is expected to play a key role in promoting effective development partnership," said the ERD official.

The prime minister also directed the ministries and divisions on several occasions to expedite the use of foreign aid. It was also discussed in the cabinet meeting, he said.

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Sonia Kabir gets top award from Bill Gates

STAR BUSINESS REPORT

Sonia Bashir Kabir, managing director of Microsoft Bangladesh, has won the highly prestigious Founders award given by Bill Gates.

This award is the highest honour any Microsoft employee can win and 15 people among 100,000 employees of Microsoft won it this year.

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Remittance falls 29pc in July

STAR BUSINESS REPORT

Remittance plummeted about 29 percent year-on-year to \$1 billion in July as low oil prices continue to bite the countries that host the majority of Bangladesh's migrant workers.

July's receipt is also the lowest monthly remittance inflow in at least four fiscal years, according to the provisional figures from the central bank.

Bangladesh received \$1.4 billion in remittance in July last year.

Remittance inflow from the Middle Eastern countries declined 5.17 percent year-on-year to \$8.55 billion in fiscal 2015-16.

About 68 percent of Bangladeshi migrant workers reside in the Gulf Cooperation Council countries -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates -- which have been hit by the slump in oil prices.

Oil price crashed to a historic low in January this year from an all-time high in mid-2014.

Remittance slipped 2.54 percent year-on-year to \$14.93 billion last fiscal year, as weak oil prices forced many Middle Eastern countries to cancel development projects and weakened the demand for migrant workers.

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Bhutan keen to import internet bandwidth from Bangladesh

Indian territory may be used as bandwidth export route

STAR BUSINESS REPORT

Bhutan is keen to import internet bandwidth from Bangladesh, said State Minister for Telecom Tarana Halim, who is currently visiting the South Asian landlocked country.

Bhutan's Information and Communications Minister DN Dhungyel expressed their interest in a meeting with Tarana in Thimphu on Monday.

"The issue was also raised in my meeting with Bhutan's Prime Minister Lyonchhen Tshering Tobgay," Tarana told The Daily Star over phone.

Bhutan will send a delegation to Bangladesh by November to fix the amount of bandwidth to be exported, price and route, she said.

Currently, Bhutan uses an internet connection of 2gbps.

To export bandwidth to Bhutan,

Bangladesh will have to use Indian territory; fibre optic cable will also need to be laid.

Tarana got a positive response from India when she discussed the issue with Indian Telecom Minister Manoj Sinha last week.

India started importing bandwidth from Bangladesh Submarine Cable Company Ltd (BSCCL) in February this year for the Eastern part of the country.

During her visit to Delhi last week, Tarana received the first cheque for \$275,000 from Bharat Sanchar Nigam Ltd (BSNL)—India's state-owned telecom company—as bandwidth export price.

Bangladesh has a 200gbps bandwidth connection with the submarine cable: South East Asia-Middle East-Western Europe 4 (SEA-ME-WE 4), and the country uses around 130gbps now.

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Regulator approves Tk 200cr mutual fund

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission yesterday approved the prospectus of a Tk 200-crore closed-end mutual fund sponsored by Rupali Bank.

Of the total value, Rupali Bank has already subscribed to units worth Tk 40 crore as the sponsor, while Tk 65 crore has been raised through private placement.

The remaining Tk 95 crore will be raised from investors through an initial public offering, the stockmarket regulator said in a statement.

Vanguard Asset Management is the issue manager of the 10-year fund, Vanguard AML Rupali Bank Balanced Fund, while the Investment Corporation Bangladesh is the trustee and custodian.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

Presently, there are 35 mutual funds listed on the Dhaka Stock Exchange, accounting for only about 1 percent of total market capitalisation.

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BB officials visit Manila to seek recovery of bank heist money

REUTERS, Dhaka/Manila

Officials from the Bangladesh central bank are visiting Manila this week to pressure the authorities in the Philippines to find ways to return the \$63 million that is still missing out of the funds stolen from its account at the Federal Reserve Bank of New York earlier this year, two people close to Bangladesh Bank said.

Unknown cyber criminals tried to steal nearly \$1 billion from the Bangladesh Bank account between Feb. 4 and Feb. 5, and succeeded in transferring \$81 million to four accounts at Rizal Commercial Banking Corp (RCBC) in Manila. Only about \$18 million has been recovered.

The Bangladeshi officials are alleging that the money was allowed to disappear into the casino industry in the Philippines, where investigators say it was laundered, because of systemic failures at RCBC, the two sources said.

Bangladesh Bank is relying on internal RCBC documents to buttress its assertion that the Filipino bank's Jupiter Street branch in Manila ignored suspicions raised by some RCBC officials when the money was first remitted to the accounts on Feb. 5, and then delayed acting on requests from RCBC's head office to freeze the funds on Feb. 9, said one of the sources in Dhaka.

RCBC did not respond to requests for comment, but its then president Lorenzo Tan told a Senate hearing in March that the incident was "some judgment error from the people on the ground".

"I think what happened here is we had the IT controls, the human controls. But unfortunately, it failed in the end, in the execution," said Tan, who subsequently resigned. "Yes, we are sorry this happened, but you know, it is

human error, human judgment or intentional."

The Bangladesh delegation consists of Debaprosad Debnath and Abdul Rab from Bangladesh Bank's financial intelligence unit, Bangladesh Bank lawyer Ajmalul Hossain, and Bangladesh's ambassador to the Philippines, John Gomes. They plan to meet with officials from the anti-money-laundering council in Manila, the Philippines' department of justice, the central bank of the Philippines and from RCBC over the next four days, said the sources.

Bangladesh Bank spokesman Subhankar Saha declined to say if the bank had plans to sue RCBC, but added it was trying to recover the money with the help of the Philippines' central bank.

RCBC has previously blamed its own employees for the ease with which the money left the bank, including the manager of the branch in question. But the Dhaka source said the Bangladesh Bank believes the failures extend beyond individual officers and that RCBC allowed itself to be used as a conduit for the illegal transfer of stolen money.

Bangladesh Bank claims the documents show that RCBC should be accountable for the losses. The documents, which have been reviewed by Reuters, include emails between RCBC managers at the time of the heist in February as well as memos and emails to various RCBC officials during a subsequent internal investigation.

They show that RCBC had frozen the accounts concerned at its Jupiter Street branch in Manila for about an hour on Friday Feb. 5 because of questions from some bank officials about where the money had come from, where it was going, and whether the transfers were legitimate.

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