

# Bangladesh sees an impressive economic transformation: Atiur

STAR BUSINESS DESK

Bangladesh has been demonstrating an amazing story of macroeconomic transformation which is resilient, inclusive and broad-based, said Atiur Rahman, former governor of Bangladesh Bank.

He spoke in an international research symposium jointly organised by the Business School of Monash University and the Faculty of Business Studies of Dhaka University in Melbourne.

In his key note address, Rahman highlighted the strengths of Bangladesh economy.

He said the economy is surging ahead in terms of leveraging strategic location, advantageous demographic dynamics, cost advantages, enhanced women participation in formal sector, large domestic market and timely reforms. The government's determination to implement large infrastructure projects is also sending positive signal to foreign investors, he said.

"Moreover, innovative central banking promoting ease of doing business and financial inclusion has been a complementary factor, supporting such a favourable development journey of Bangladesh."

He also talked about the challenges like weak ties with neighbours and other growing emerging economies, prevalence of 25 million extreme poor, infrastructure deficit and low skills development. Commenting on a keynote by Prof Fang Lee Cooke of Monash University on human resource management, Rahman argued for continuous upgradation of skills and



Former Bangladesh Bank Governor Atiur Rahman speaks in an international research symposium in Melbourne jointly organised by the Business School of Monash University and the Faculty of Business Studies of Dhaka University.

technical knowledge of both workforce and mid-level management.

He also urged the policymakers of developing countries to invest more in human resources and research and development.

Kazi Imtiaz Hossain, Bangladesh's high commissioner to Australia; Prof Atiul Islam, vice chancellor of North South University; Prof Julie Cox, Prof Gavin Jack and Prof Dean Xu of Monash University also took part in the discussion.

Rahman is now visiting Australian universities as a member of a delegation of teachers of Dhaka University, which also includes Prof Shibli Rubyat Islam, dean of Faculty of Business Studies, and Prof Fariduddin Ahmed, dean of the Faculty of Social Studies. During the visit, dozens of scholarly papers were presented by them and a number of memoranda of understanding were signed between Dhaka University and some universities of Australia.

# Reliance of smaller Chinese banks on interbank funds raises credit worries

REUTERS, Hong Kong

A growing reliance by smaller Chinese banks on cheap short-term funds from bigger peers is raising the risk of a credit crunch and prompting regulators to push the banks towards more stable funding.

China's mid-sized and smaller banks accounted for half of the trading value in the interbank market in each of the three quarters ended June, data from the China Foreign Exchange Trade System (CFETS) shows.

China's top four banks, including Agricultural Bank of China and Industrial and Commercial Bank of China, accounted for less than 20 percent even though they own 40 percent of China's \$26 trillion in banking assets. Brokers and securities firms made up the rest.

While the larger commercial banks mainly use customer deposits - a stable and long-term funding source - to make loans, over the past year smaller Chinese lenders have been aggressively borrowing from local rivals to raise funds for investments and risky but lucrative shadow-bank loans.

Many of the banks classify the shadow-bank loans as investments to minimize the impact on their bank capital buffers.

"A lot of the credit is going into financial asset purchases. So the creditor is unfortunately being used to fund an investment," said Julian Evans-Pritchard, China economist at Capital Economics in Singapore.

If some of those bets turn bad and the small banks are faced with a liquidity crisis, the problem would reverberate across a

banking system already concerned with the highest level of non-performing loans since the global financial crisis and a deterioration in asset quality.

"The smaller banks look more vulnerable at the moment. They have poured a lot of money into shadow banking sector where... operating conditions have become tougher for a lot of firms," Evans-Pritchard said.

Although the smaller banks are not classified as systemic - able to bring down the entire banking system if they fail - some are quite large. For instance, China Minsheng Banking Corp, with a stock-market value of \$49 billion and total assets of more than \$793 billion, is bigger than Standard Chartered Plc.

Ninety-seven percent of the value of interbank trading was in overnight or seven-day funds in each of the last three quarters, CFETS data shows.

Citing figures from the People's Bank of China (PBOC), Moody's ratings agency said small and medium-sized banks had increased their reliance on interbank funding to 10.4 percent and 10.9 percent of their total funding respectively in the first two months of this year from 9 percent and 9.4 percent a year earlier.

Analysts said the concern is that a large portion of this debt is being used to increase investments, including shadow loans.

China Everbright Bank, for instance, boosted total investments in the first-half of 2016 by 39 percent from the end of 2015 to 1.3 trillion yuan (\$194.70 billion) - roughly the same as Portugal's 2015 GDP. Its loan growth was 12.3 percent.



Md Nazmul Alam, owner of Smart View; Yeamin Sharif Chowdhury, head of business at Transcom Electronics, and Shakil Chowdhury, head of finance and accounts, open an exclusive showroom—Smart View—of Transcom Electronics, at Gulshan 1 in Dhaka.

TRANSCOM ELECTRONICS



Rashed Maqsood, country officer for Citibank, NA, Bangladesh, hands over a crest to Md Nurul Islam, regional senior vice president and head for Bangladesh, Nepal and Myanmar at MetLife, to mark the successful completion of Host-To-Host setup between the two entities yesterday. Host-to-Host is an automated, two-way data transfer service for high volume online banking usage.

# IPO application must be forwarded to regulator within 90 days

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The delays in submitting the final recommendations by the bourses were creating complexities for the commission in approving the IPO prospectuses.

"In the interest of investors and securities market and for the development of securities market, the stock exchanges shall comply with certain further requirements regarding public issue," BSEC Chairman M Khairul Hossain said in a notice.

The regulator would take its decision on an IPO approval after receiving and evaluating the observations and recommendations from the exchanges.

Earlier in June last year, the twin bourses won back the authority of making recommendations on any IPO after three years, as the practice was suspended by the regulator following a conflict between the BSEC and Dhaka Stock Exchange in 2012 over the listing of a new company.

In line with the revised Public Issue Rules, 2015, stock exchanges are supposed to submit their primary recommendations to the commission within 20 days of receiving an IPO prospectus from an issuer company.

After that, stock exchanges seek clarifications from the issuer company and submit their final recommendations on the IPO to the commission within seven workdays after receiving the responses from the issuer company.

As there is no timeframe for the companies to give back the exchanges clarifications, issuer companies take much time in making responses to the bourses' queries, the officials of bourses said.

The delay made by the companies was the main reason for the bourses' hold-up in providing their final recommendations on IPOs to the commission, they said.

# UK says sets up working group with India to prepare for post-Brexit trade

REUTERS, London

Britain has set up a trade working group with India to prepare for a future deal following Britain's exit from the European Union, trade minister Liam Fox said on Thursday.

Britain cannot formally agree trade deals with other countries until it has left the EU, a process which will take at least two years from when it kicks off divorce talks. But the government has said it can

do preparatory work.

"There is nothing to stop us having discussions and scoping out future agreements," Fox told parliament.

"We have now concluded a deal to set up a trade working group with India to look at how we will remove barriers to trade before we negotiate a free trade agreement on our exit from the European Union."

Earlier this week, Britain said it had set up a similar group with Australia to "scope out the parameters" of a

future deal and prepare for bilateral negotiations.

Fox said leaving the EU would give Britain greater freedom to strike its own trade agreements, including with some of the world's largest and fastest-growing economies.

He also said that given the EU's trade surplus with Britain, it would be in their interests to maintain "a very open free trading environment" with Britain following its exit from the bloc.

# Bangladesh stays free from money laundering risks

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Between October 11 and 21 last year, legal experts came from New Zealand and Brunei Darussalam, financial experts from China, Indonesia and Cambodia, law enforcement expert from India and two experts from the APG secretariat called in to Bangladesh for onsite appraisal.

The team conducted a series of meetings with government authorities and representatives from the private sector, which allowed the assessors to gain a detailed understanding of the framework and effectiveness of Bangladesh's AML/CFT regime.

During the visit, the team could not get a clear idea of which government agency led the probes in lawsuits over money laundering and terror financ-

ing, said the APG in its website.

After the team left, the government resolved the issue and reformed laws.

The Anti-Corruption Commission was given the responsibility to probe corruption issues and the Criminal Investigation Department of police to investigate money laundering issues, officials said. At its meeting with Bangladesh officials in October last year, the APG team raised questions about recent major irregularities in the financial sector such as the scams at BASIC and Sonali banks as well as sluggish pace in investigation.

Dhaka has formulated a national risk assessment report on how to fight money laundering and terror financing and prepared National Strategy Paper 2015-17. In 2002, Bangladesh

became the first country in South Asia to promulgate the Money Laundering Prevention Act in line with the recommendations from the FATF.

The APG is an autonomous and collaborative international organisation founded in 1997 in Thailand with 41 members and a number of international and regional observers. Bangladesh is a founding member of the APG.

Some of the key international organisations which participate with, and support, the efforts of the APG in the region include the FATF, the International Monetary Fund, the World Bank, the OECD, the United Nations Office on Drugs and Crime, the Asian Development Bank and the Egmont Group of Financial Intelligence Units.

# Tk 4,500cr fund planned for Teletalk expansion

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After becoming the state minister of the telecom division, Tarana also rebranded Teletalk earlier this year.

"Teletalk is riddled with problems, especially in the network segment, and I assure you that within one year, these problems will be resolved and it will be a self-dependent company," she said.

Telecom users want to use Teletalk's service, but the poor service quality has deterred them from coming under its network, she said.

The operator will establish 20 customer care centres by this year, as part of its plan to set up such centres at all the district headquarters.

Teletalk has only 87 customer care centres now. The company will set up 2,900 base transceiver station or BTSs for 2G services and 2,000 sites for 3G under two separate projects.

At present, Teletalk is operating with 3,750 2G BTSs and 1,562 BTSs for 3G services.

# Tanners miss deadline to set prices of rawhides

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"We will follow the international rates in fixing the prices for purchasing rawhides from the field level," he said.

Last year, the price of salted cowhide was fixed between Tk 50 and Tk 55 per square foot in Dhaka and between Tk 40 and Tk 45 per sft outside the capital, according to data from Bangladesh Tanners' Association.

The price of goatskin was fixed between Tk 20 and Tk 22 per sft across the country last year.

In 2015-16, Bangladesh exported leather and leather goods worth \$1.16 billion, which was \$1.13 billion in the previous fiscal year, and \$1.29 billion in 2013-14, according to Export Promotion Bureau.



Samuel S Chowdhury, chairman of Square Textiles, presides over the 21st annual general meeting of the company at Raowa Convention Hall-2 in Dhaka yesterday. The company declared 25 percent cash and 10 percent stock dividends for the 18 months ended June 30, 2016. Ratna Patra, vice chairman, and Tapan Chowdhury, managing director, were also present.

SQUARE TEXTILES



Mahbub Ahmed, chairman of Bangladesh Infrastructure Finance Fund Ltd and senior secretary to the finance division, presides over the company's fifth annual general meeting in Dhaka on Wednesday.

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