

# Financial institutions must upgrade digital security: analysts

STAR BUSINESS REPORT

Financial institutions in Bangladesh should put in place sophisticated digital security and trusted cloud to combat cybercrime as they are major targets from hackers and terror groups, experts said.

“Financial institutions must leverage advanced technology to defend themselves from cybercrime and safeguard vital customer information and finances,” said Keshav S Dhakad, regional director of the Digital Crimes Unit at Microsoft Asia.

He spoke at the Banking Solutions Day organised by Microsoft at the Westin hotel recently.

Senior Microsoft executives, senior government officials, and top bankers participated in the event to discuss the future of banking in Bangladesh and the role of digital transformation in building a secure cyber environment for the country.

Dhakad highlighted some of the security threats facing Bangladesh and how cyber security and trusted cloud

can help to combat cybercrime.

“Whether you come from a developed or emerging market, the banking sector is vulnerable to cyber threats. The financial industry is an attractive target for professional hackers and even terror groups,” he said.

When attacked, organisations lose not only data and money but also trust and credibility.

Dhakad said chief information officers need to move away from typical discussions on IT cost savings and proactively bring cyber security as a business discussion in the boardroom.

The Microsoft official also said global digitisation combined with unprecedented changes to the financial services business model is mandating transformation.

Arijit Roy, sales director for data platform at Microsoft Asia Pacific, shed light on the urgency for corporations in Bangladesh to protect themselves against cybercrime attacks.

The Banking Solutions Day was divided into two sessions. The first

session was a panel discussion on ‘Public Policy for Financial Sector’. Members of the panel included Mohammad Muslim Chowdhury, additional secretary of the finance ministry, Syed Almas Kabir, chief executive officer of MetroNet Bangladesh, and Mohammed Ishaque Miah, systems manager of Bangladesh Bank.

In the second session on the ‘Future of Banking Sector in Bangladesh’, Md Arfan Ali, managing director of Bank Asia, Mohammad Ali, deputy managing director of Pubali Bank, Lahiru Munindradasa, MD of Tech One Global, and Rezaul Islam, head of IT at AB Bank.

Speaking at the event, Sonia Bashir Kabir, MD of Microsoft Bangladesh, said digital transformation is relevant for every country, industry and business.

“Organisations should leverage advanced technology to build up their security capabilities and open new opportunities to leapfrog their growth.”



Chairman of Social Islami Bank Md Rezaul Haque inaugurates the 125th branch (corporate branch) of the bank in Motijheel, Dhaka yesterday. Managing Director and CEO Md Shafiqur Rahman was also present.

## A decent year for capital market

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Strong investor participation in the last quarter, consolidation of stocks prices, comparably high corporate earnings, low commodity and oil prices in the international market along with low interest rate were the pivotal reasons behind the decent year for the Bangladesh capital market, he added.

LankaBangla Securities in an analysis said the index movement was mostly driven by financial stocks.

“Since their year-end is in December and there is dividend expectation, these stocks moved up, which eventually contributed to the upward trend of the broad index,” the stockbroker said.

Apart from the index value, trading

activities also jumped up 17 percent year-on-year.

Among individual stocks, Zeal Bangla Sugar Mills yielded the highest yearly return of 576 percent, while Bangas was the worst loser, plunging 46 percent in 2016. The daily turnover, another important gauge, stood at Tk 494 crore on average, up 16.78 percent year-on-year.

Market capitalisation stood at Tk 341,244 crore, an 8 percent jump from the previous year.

During the year, 11 new securities were listed on the DSE, which raised about Tk 1,112 crore.

With the inclusion of the new securities, the total number of listed securities

on the DSE stood at 560.

The foreign investors have higher exposure now than ever before. The data and trading patterns reveal that most were in a buying mood rather than selling: they bought shares worth Tk 5,057 crore and sold shares worth Tk 3,716 crore to take their net investment to Tk 1,341 crore at the end of yesterday’s trade. It can be reasonably expected that going forward in 2017, interest in the Bangladesh capital market will increase, as it presents an attractive case for foreign investors.

“Our low-correlation with developed markets, recent positive market trends, and low foreign ownership strengthen this case,” Islam said.



FIRST SECURITY ISLAMI BANK

The logo of Bangladesh Science Academy-First Security Islami Bank Science Olympiad: 2017 was unveiled at a programme on Wednesday. Emeritus professor Aminul Islam, president of Bangladesh Academy of Science; Mahfuzur Rahman, chairman of ATN Bangla and ATN News; and Syed Waseque Md Ali, managing director of First Security Islami Bank, were present at the event.

### India's Petronet to build LNG terminal

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The capacity of the terminal is expected to be 7.5 million tonnes a year, according to the statement.

The project will be completed in four years with a plan for future expansion and can also be used to supply LNG through small barges and LNG trucks to users still unconnected by the gas grid.

The project will bring both direct and indirect employment and will further enhance the economic development of Bangladesh.

“The implementation of the project will be the starting of a new era and bring long lasting benefit for the people of Bangladesh.”

Kutubdia Island has a natural harbour with good draft and a natural breakwater, idle for setting up LNG terminal.

Bangladesh is looking outside to ease its energy shortage largely caused by depleting domestic reserves and rising demand. Gas supply stands at about 2,700 MMCFD against the demand for 3,300 MMCFD.

Earlier in July, Petrobangla and US-based Excelerate Energy signed the final deals to set up Bangladesh’s first LNG terminal, which will handle imported LNG and supply it to the national grid from early 2018. The terminal will be set up at Moheshkhali in the Bay of Bengal.

The LNG terminal, also called floating storage and re-gasification unit, will have the capacity to supply 500 MMCFD.

The government aims to set up four land-based LNG terminals and one or two floating storage and re-gasification units, as an additional 3,500 MMCFD of gas will be required in the coming years, especially for power generation and industrial purposes.

### International calls plummet 44pc

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The total outgoing international call minutes stood at 27.83 crore last fiscal year, down 16.85 percent year-on-year. Not only for international communication, people in Bangladesh are now using the free apps to make local calls as well. “But we will never do anything that creates problems for telecom users,” he added.

## Quick telecom bidding raises eyebrows

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Normally, the technical evaluation committee takes seven days to evaluate the pros and cons of a proposal. The board has to approve it. There are other formalities to complete, such as depositing performance security. Then a final deal can be signed, according to Hossain.

However, the officials who were responsible for the purchase said they complied with related rules and regulations.

The procurement process started on November 9 when BTCL’s board at a meeting decided to install transmission systems from Kuakata to Dhaka under a direct purchase.

The meeting minutes were signed on November 13. However, TSS placed a proposal for the purchase on November 10, according to documents.

TSS has never produced or assembled this kind of transmission systems, said its officials.

It decided to bring the required equipment from an Indian company, Tejas Networks, meaning TSS obtained Tejas Networks’ experience certificate, technical and financial certifications and offers within less than 24 hours after getting the green light from BTCL, said insiders.

On November 10, BTCL formed a committee to ink a deal with TSS. The committee gave their nod in favour of TSS on November 13, as November 11 and 12 were weekly holidays.

A day later, BTCL approved the purchase proposal in an emergency board meeting, and on November 15, the contract between BTCL and TSS was signed, read the meeting minutes of BTCL board.

According to the Public Procurement Rules-2008, a performance security is mandatory before signing an agreement. But it was missing in this case.

After receiving the notification award, TSS in a letter assured BTCL that it will provide security deposit within shortest possible time after getting it from their technology partner Tejas, again violating public procurement rules.

Earlier, BTCL board of directors called an international bidding on

October 15 where Netas Telekomunikasyon A.S., Turkey, offering US-based Ciena’s equipment, was found responsive both technically and financially. The Turkish firm was declared a successful bidder and recommended for the contract.

But when it was placed before the board for approval, the board cancelled the whole tender process without citing any reason.

Netas immediately initiated a complaint under the Public Procurement Act-2006 and the Public Procurement Rules-2008. As per the law, any notification of an award to anybody is barred until any complaint is settled at the CPTU.

However, BTCL awarded the contract to TSS, keeping the complaint pending.

This prompted Netas to file a writ challenging the legality of cancelling the tender it took part in, and the awarding of the contract to TSS.

The High Court in a verdict on December 12 declared illegal the process of awarding the job to TSS as well as cancellation of the bidding process that saw Netas emerge as the qualified bidder.

The court also directed BTCL to call for a fresh international bidding.

Telecom Division Secretary Md Faizur Rahman Chowdhury, also the chairman of both BTCL and TSS, said the issue is now in court and they are waiting for the court order.

“What we have understood is that the court said the tender cancellation procedure is okay. And the court also directed us to go for a fresh tender,” he told The Daily Star in a telephone interview.

A copy of product delivery receipt dated December 20 shows that TSS started supplying materials to BTCL under the agreement signed on November 15 though the court declared the deal illegal.

“The court has directly said the notification of the award to TSS is illegal. So, if TSS again supplies materials under the agreement then it is clearly contempt of court,” said Barrister Mahfuzur Rahman Milon.

“We may file a separate petition for the contempt of court,” said Milon, who is a lawyer of Netas

Telekomunikasyon.

TSS Managing Director Kabir Hasan could not be contacted despite several attempts.

Kuakata is the landing station of the country’s second undersea cable known as SEA-ME-WE-5 (South East Asia–Middle East–Western Europe 5 optical fibre submarine communications cable system).

Earlier in April, BTCL floated an international tender. Three companies -- Netas, and Huawei Technologies and FiberHome Technologies Group, both Chinese companies -- submitted their proposals. But only Netas qualified both technically and financially.

Tejas bought tender documents through its local agent System and Services Ltd but did not submit its offer. However, in the meantime, Tejas placed a separate proposal to BTCL in May and placed another revised proposal in July, according to documents.

When Netas’ offer was placed before the BTCL board for the final approval in October, it refused to endorse the offer and cancelled all the previous procedures.

Documents show that, before cancelling the tender procedure, managing directors of BTCL and TSS and another state-owned entity Bangladesh Submarine Cable Company Ltd, along with Faizur Rahman Chowdhury, visited Tejas office in Bangalore, India. The company paid all the expenses of the officials’ visit.

Chowdhury said visiting a particular company before buying their products is a normal practice. He saw no problem in visiting Tejas Networks factory.

He also said Bangladesh has until February 21 to connect with the SEA-ME-WE 5 cable. He is hopeful that the country will be able to get connected with it by the stipulated time.

Once connected, Bangladesh will get an additional 1,400 gigabits per second of bandwidth from the new cable.

Initially, the longevity of the cable has been fixed at 20 years, and it may be increased to 25 years by optimum maintenance.

## Wheat acreage unchanged

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“Many switched to other crops this season affected by last year’s disease outbreak. And a section of them have suspended plans after agricultural officials discouraged cultivation.”

This correspondent visited the Chuadanga district and parts of Jessore and Jhenaidah recently and saw plenty of maize, vegetables, rice and orchards fields. Wheat fields were scarce.

Royal said he planted wheat on 33 decimals, locally known as one bigha, for the first time last winter.

He got only two and a half maunds of wheat against the minimum of six maunds per bigha in the past years.

Royal said he spent Tk 5,000 to grow the cereal but could not recover the

investment because of unfavourable weather and disease attack. This year, he planted sugarcane on that field.

But wheat cultivation has expanded in the northwest districts, according to DAE officials.

The rising demand for wheat and falling underground water level are the major reasons behind the increased cultivation in the northwest, Barma said.

Domestic consumption rose 10 percent annually while market prices remained steady, he said.

Bangladesh requires more than 50 lakh tonnes annually but its domestic production can meet one-fourth of total annual consumption.

Last year, wheat production was 13.48 lakh tonnes, according to BBS.

## Shocks and setbacks, but economy stood tall

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Among other economic indicators, foreign currency reserves stood at \$31.92 billion on December 21 -- enough to cover more than eight months of imports.

Inflation remained stable throughout the year and was much lower than the government’s target. It declined to 5.38 percent in November, down from 5.57 percent in October this year and 6.05 percent in November last year.

The government has aimed to contain inflation to within 5.8 percent this fiscal year, but the increase in coarse rice price, largely consumed by the lower income groups, which make up the majority, was a dent for the government’s effort to keep inflation in check.

Power generation capacity hit 15,000 megawatts as more and more power plants are added to the network under the government’s massive efforts to bring the one-third of the population who still does not have access to grid power under the coverage.

However, the construction of transmission networks has not kept pace with the rate of generation capacity.

The government cut prices of petrol, octane, diesel, kerosene and furnace oil to pass on the benefits of lower petroleum prices in the global market to consumers.

People however expected major cuts as the price of oil in the international market hit the bottom in January before recovering some ground.

But the government has not gone for any steep decrease as it is unsure whether the move will prompt cuts in transport costs and the price may also rise in the international market.

The year will be marked as the beginning of the journey to achieve sustainable development goals, which must be met

within the next 15 years.

On the downside, remittance inflow fell by more than 9 percent in the 11 months of 2016 to \$12.65 billion due to low oil prices on the global market and transfer of money from abroad through illegal means.

The progress on making it easier to do business in the country has been slow. It was reflected in the World Bank’s last ranking of the ease of doing business report.

Although Bangladesh has gone up two places, it ranks 176 among 190 economies, thanks to the snail-paced regulatory reforms.

Despite the relative calm in the political scenario, private investment has not picked up. If fact, it has been stagnant at around 22 percent of GDP for the past five years.

Binding constraints such as the high cost of doing business, difficulties of procuring land, high rates of corporate taxation, severe shortage of energy, the inefficiency of trade logistics and limited availability of skills have to be overcome to win over private investors.

Although it is too early to say with certainty, Brexit and the election of Donald Trump as the US president might have negative implications for Bangladesh’s export performance and remittance in the long-term if the rhetoric against free trade and migrant workers ahead of both the polling see the light of the day.

Both the US and the UK are major export destinations and Bangladeshis living in the two countries make up a significant chunk of remittance income.

Again, the onus will largely be on the government. If it can get over domestic challenges and maintain political stability then the country would be in a better position to offset any external challenges in 2017.