

Barclays to overhaul back office operations

Barclays Plc is about to overhaul its back office operations under a restructuring to help it comply with new post-crisis rules forcing British banks to ring-fence their retail operations from their riskier business.

It has formed a new company that will operate as a standalone unit providing support services to both of its two main operations when they are formally separated - retail and investment banking, the bank said.

The ring-fencing rules seek to avoid a repeat of the 2008 crisis, when banks' bad bets threatened depositors' cash. While Barclays was not among those that needed a UK taxpayer-funded bailout, the new rules apply to all lenders in Britain that have retail and commercial or investment banking activities.

At Barclays, the aim is that critical support functions could continue to operate smoothly if either of its two main businesses were to run into trouble, while also keeping costs down by not having several separate back-office units, sources involved in the project said.

The overhaul - including the creation of the new company known internally as ServCo - will affect most of the more than 10,000 people who work in Barclays back offices operations in 17 countries around the world.

It will group together the bank's huge operations in India and South Africa that provide technology support and data management, along with functions such as compliance with regulatory requirements, corporate relations, legal affairs and human resources.

While for some staff this will simply involve a change in the name of the legal entity they work for, the sources said it was also likely to lead to some job losses.

Barclays declined to comment on the possible staff cuts or the cost of the restructuring.

However, sources with direct knowledge of the project said it would soak up much of the 1 billion pounds (\$1.25 billion) that Barclays has said it will cost to comply with the ring-fencing rules.

A fourth of Sonali's loans soured

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For instance, the bank's operating profit slumped about 51 percent from a year earlier to Tk 424 crore.

Total recovery against the default loans stood at Tk 1,288 crore in 2016, which was Tk 2,726 crore in 2015.

From the top 20 defaulters Tk 305 crore was recovered in 2016, while the amount was Tk 1,114 crore in 2015.

"Sonali was the biggest bank in the country a few years back. Now it is lagging behind slightly. I believe this is temporary. The bank will be able to reclaim its previous position very soon," Muhith said.

However, he said there are some causes for frustration.

"Sonali has a large scale capital deficit. Its default loans and loss-making branches are more than one-fourth of the total. These indexes do not instill much hope. However, we have to be hopeful."

Muhith said he has a target for Sonali: become the number 1 bank in the next two years.

"This is a big challenge. However, they will have to march forward."

Muhith also touched upon the issue of a banking commission, a longstanding demand of various quarters. In his budget speech he also promised to form one.

However, yesterday he said there is no need for a banking commission as the government is running the sector cautiously. "No big crisis has been created in the banking sector."

If the sector matures further, a banking commission may be required to review the existing laws, rules and regulations to see if they were robust enough.

"Maybe at the end of this government's tenure we can think over the subject and leave the idea of forming a commission for the next government," Muhith added.

The country's banking sector saw many developments but the public sector banks do not seem to enjoy too many positive opinions, said MA Mannan, state minister for finance and planning.

"The situation needs to be overcome," he added.

State banks dominated the banking sector once, but now their market share has shrunk to 27 percent, said Kabir, the BB governor.

"The motive of the private banks is to clock in profits, whereas the state-owned banks have to do many works for socio-economic development."

As the regulator BB expects that the state-owned banks will establish good governance and corporate governance in their management, Kabir said.

He also emphasised giving more loans to small- and medium-sized enterprises and if necessary a target will be set.

Banking secretary Yunusur Rahman, Sonali Bank Chairman Ashraf M. M. M. and Managing Director Obayed Ullah Al Masud were present.



CEO of US-Bangla Airlines Imran Asif, Director for Sales and Marketing Ghazi Salahuddin and Deputy Director for Sales and Marketing Sohail Mazid attend a press conference at La Vinci Hotel in Dhaka yesterday when the carrier launched its new flight to Kuala Lumpur from Dhaka. A Boeing 737-800 aircraft of US-Bangla will start flying to the Malaysian capital every day but Fridays and Saturdays from March 1.

Qatar Airways launches world's longest flight

AFP, Doha
Qatar Airways launched the world's longest scheduled commercial service with its inaugural flight from Doha to Auckland taking off eight minutes early on Sunday, a company spokeswoman said.

Flight QR920 left the Qatari capital at 05:02 and is set to land in New Zealand at 07:30 local time on Monday.

The Boeing 777 flight will take 16 hours and 20 minutes, pass over 10 time zones, five countries and travel 14,535 kilometres (9,032

miles) before reaching Auckland.

But even that flying time may be looked on jealously by passengers on the return flight which, due to high-altitude winds, will take 17 hours and 30 minutes, according to the company website.

This will make it the world's longest passenger service in terms of flying time, according to tracking website flightradar24.

Qatar Airways did not immediately have a figure for the number of passengers who boarded on Sunday, but it is believed there are four pilots and 15 crew on the plane.



Dhaka Bank's Managing Director Syed Mahbubur Rahman and CEO of Infrastructure Development Company Ltd Mahmood Malik attend a deal-signing ceremony at the bank's corporate office in Dhaka on February 2. The bank will allow non-funded credit facilities to the common clients against the letter of comfort issued by IDCOL.



Edison Group's Director for Marketing Ashraf Haque, National Sales Manager MA Hanif and Deputy General Manager Asaduzzaman pose at the launch of Symphony ZVIII, a new smartphone of the company, at Smartphone & Tab Expo at Bangabandhu International Conference Centre in Dhaka on Friday. The 5-inch device has an 8 megapixel front camera, a 13 megapixel rear camera and a price tag of Tk 13,990.

Palak stresses cyber security for key govt agencies

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Various government agencies, including the NBR, have already taken initiatives to automate their systems to provide better services to citizens - at a time when increasing cyber attacks raise calls for ensuring security of information and its critical elements such as systems and hardware.

Palak, citing data of rising cyber attacks across the globe since 2013, said attacks are focused on higher value data. Locally, many hackers target Bangladeshi sites out of curiosity and give alerts about vulnerability of the system, he added.

He said cyber attack and the heist of \$81 million from Bangladesh Bank is a bitter experience for Bangladesh. The heist took place through a SWIFT account, using a new kind of malware, he added.

Palak said Bangladesh faces a number of challenges in ensuring cyber security. These include: creation of awareness, public private partnerships and collaborations in the domain of cyber security, ensuring proper cyber security governance and protecting critical infrastructure from cyber attacks.

"Existing ICT infrastructure is unable to protect advanced and persistent threats."

To ensure cyber security, the government has taken various steps, including initiatives to frame a Digital Security Law. A National Cyber Security Agency and Digital Forensic Lab will be established under the law, he added.

The minister said the NBR has already

taken various steps to digitise revenue administration and tax payment systems. The risk for the NBR is data theft, mainly the data of 27 lakh registered taxpayers, he added.

It is also necessary to see reliability of the vendors from whom systems are procured, he said. Palak said the NBR's website is continuously being monitored and findings on vulnerability are sent to the NBR for resolution.

He suggested the NBR conduct IT security audits at least twice a year. "Before the implementation of any new software or hardware system, it should be tested in a separate environment, so that no system is deployed in the production environment without security assurance."

NBR Chairman Md Nojibur Rahman said the NBR and ICT division would sit once a month in order to work together and ensure digital security. Mustafa Jabbar, president of Bangladesh Association of Software and Information Services (BASIS), said awareness of digital security is vital.

Jabbar said the data security of 27 lakh taxpayers is important. "We have to go digital. There is no alternative." At the programme, the NBR recognised 10 firms for payment of the highest VAT at the just concluded Dhaka International Trade Fair.

The companies are Walton Group, Rangs Electronics, Hatil Complex, CP Bangladesh, Singer (BD) Ltd, Nadia Furniture, Akhtar Furnishers, Fit Elegance, Durable Plastics and Brothers Furniture.

DSE backs relaxed rules for brokers, merchant bankers

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DSEX, the benchmark index of the Dhaka Stock Exchange, crossed the 5,700-point mark for the first time in January, while turnover scaled a six-year high of Tk 2,100 crore. But the index closed at 5,322 points yesterday, while turnover came down to Tk 678 crore.

Although the portfolio value of the margin accounts rose a bit during the price rally, they are still burdened with negative equity and the current downward trend worsens the scenario.

So, the premier bourse requested the Bangladesh Securities and Exchange Commission to relax the related clause until December so that the stockbrokers and merchant bankers can go for share trading from the margin accounts, a DSE official said.

A margin account is an account offered by merchant banks and brokerages that allows investors to borrow money to buy securities. The loan in the account is collateralised by securities and cash.

As per securities rules, a stockbroker or a merchant bank is not allowed to make any new transaction in the margin account if the equity falls below 150 percent of the debit balance.

The BSEC in 2013 suspended the clause until March of the following year. Since then, the regulator has been extending the timeframe by issuing directives from time to time.

The last extension was until December

2016, and the regulator is yet to extend the suspension of the clause.

However, a BSEC official said the regulator may consider the Dhaka bourse's request of relaxing the clause for another year in its next commission meeting.

The DSE official said the extension will also help the stockbrokers and merchant banks to recover the losses in their clients' margin accounts, which became negative mainly due to the market crash in early 2011.

As the market continued its slide for the third session yesterday, losers beat gainers on the premier bourse with 227 declining, 80 advancing and 21 remaining unchanged.

Saif Powertec dominated the turnover chart with its transactions of 40.50 lakh shares worth Tk 26.48 crore, followed by Beximco, LankaBangla Finance, Islami Bank and ACI Formulations.

LankaBangla Finance was the day's best performer, posting an 8.54 percent gain. EBL 1st Mutual Fund was the worst loser, plunging 8.21 percent.

Chittagong stocks also went down yesterday, with the bourse's benchmark index, CSCX, sliding 96.25 points, or 0.95 percent, to close at 9,967.39.

Losers beat gainers as 180 stocks declined and 58 advanced, while nine finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.7 crore shares and mutual fund units, generating a turnover of Tk 41.5 crore.

Correction

In a photo caption published yesterday on B2, it was said that Microsoft Bangladesh organised a two-day workshop titled "Coding for kids" in Dhaka on February 3. Actually, it was a two-hour workshop. We regret the error.

Mobile messaging firm Infobip opens Dhaka office

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Infobip takes only a few seconds to send an SMS to the customers and it will never be late, he said. "Our system is capable of managing millions of SMSs within a few seconds." Infobip started its operations in the Asia Pacific in 2010. Now it works with more than 800 telecom service providers around the globe.

It has offices in 44 countries such as Malaysia, Thailand, Indonesia, Korea, Vietnam, the Philippines, China, Japan and India.

Bangladesh is the ninth largest telecom market in the world and it is growing very fast. So it is necessary to ensure security for telecom and financial services, Razem said.

Currently, there are more than 12 crore active mobile phone subscribers in the country. The current market size of mobile text is more than Tk 1,500 crore a year, with annual growth of 10-20 percent in terms of revenue in Bangladesh. Infobip said it has some other services, including mobile payment services.

Users of Infobip can purchase games and mobile applications from global platforms through their mobile phones, said Faisal Alim, managing director of Wintel.

Alim said the opening of the Dhaka office of Infobip is a turning point for the telecom sector.

The office will mainly be staffed by local sales and account managers as well as specialised support and integration engineers to power operators' partnership, he said.

The company also plans to establish a data centre in Bangladesh within a short period of time, said Roberto Katic, chief operations officer at Infobip.



AB Bank Chairman M Wahidul Haque and Managing Director Shamim Ahmed Chaudhury attend the bank's managers' conference 2017 in Dhaka yesterday.

BGMEA asks for a single inspection agency

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In the new guideline, the association also wants the inclusion of the government, BGMEA, International Labour Organisation, trade unions and global retailers in the agency's core committee.

Babu said the BGMEA has already discussed the matter with Alliance, and negotiations are ongoing with the Accord for the finalisation of the draft.

The new guideline will remain effective till 2021, and after that, the Remediation Coordination Cell, a body of the Department of Inspection for Factories and Establishments, will monitor the processes, he added.

BGMEA wants the terminology 'legally binding' from the present article of the Accord and Alliance to be

removed, when the new guideline comes into force, he said.

The BGMEA formed a five-member committee in October last year to develop a strategy to cope with the situation following the expiry of the Accord and Alliance.

Under the new initiative, factory assessment would be done on an individual basis and failure in the remediation in any particular unit would not impact other production units belonging to the same group.

Laws of the land will be applicable regarding closure of factories, compensation for workers and penalty for the factory owners, according to the draft strategy.

In the draft guideline, BGMEA proposed that signatory buyers continue

their contributions for the initial period (June 2018-June 2020), but at half of the rates that they have been paying to the Accord and Alliance since 2013.

The BGMEA proposed that third-party auditors, having prior experience in audit and certification with the Accord and Alliance, will be hired for conducting all structural, fire and electrical audit.

The new factories will have to pay for their inspections.

Accord has so far conducted initial inspections at 1,600 factories while Alliance inspected 759 factories.

At the same time, under the National Action Plan, the Bangladesh government, in collaboration with the ILO, inspected around 1,500 factories