

Suitable regulations key to financial inclusion: analysts

STAR BUSINESS REPORT

Technology, innovation and suitable regulations are the key to deepening financial inclusion, analysts said at a seminar yesterday.

"We need a grand alliance to create a new inclusive model where the government, mobile operators, payment service providers, banks and users will get a common platform with only one objective in mind," said Muhammad A (Rume) Ali, chairman of ICC Bangladesh Banking Commission and CEO of Bangladesh International Arbitration Centre.

At a discussion on 'supporting sustainable development goals through digital financial models by inclusive business' at Sonargaon Hotel, he said bKash, a mobile financial service provider, did a great job in Bangladesh so far but it is only a payment system, which helps to transfer money.

"To harness the right potential we need to create a great inclusive model," he said on the last day of the two-day conference on 'regional integration to achieve sustainable development'.

He stressed the need for proper identification of the customers for suitable wallets and a balanced regulation regime.

"The country needs fast and cheap payments, which will also help create a digital currency; here, the last mile access is very important, said Ali.



Analysts attend a discussion on 'supporting sustainable development goals through digital financial models by inclusive business' at Sonargaon Hotel in the capital yesterday.

Salehuddin Ahmed, a former governor of Bangladesh Bank, said the regulator should not be extra cautious or careless about any new technology.

"We can't stop technology but we need to be careful about it. We need to try to find out the people behind the technology, their purpose and how they are using it.

"The regulator shouldn't put every-

thing on the bank's shoulder."

The International Chamber of Commerce-Bangladesh co-organised the event with the United Nations Economic and Social Commission for Asia and the Pacific and the commerce ministry of Bangladesh.

Barbara Meynert, chair of ESNB Task Force on Digital Economy, said technological challenges do not create any

barriers. Rather, it is regulation that is the main obstacle to financial digitisation, she added.

Ten years ago, China was a cash-driven economy but now 75 percent of their transactions happen through technology, because of a change in regulation. The same thing happened in India as well, she added.

Kamal Quadir, chief executive of

bKash, said people earlier used to keep their money under their mattresses, but they now go for a digital format.

Money is sent from one mobile to another, which reduces the cost of human intervention. It will lead to achieving the SDGs before the targeted time of 2030, said Quadir.

"This innovation gives advantages with some kinds of challenges. And just because there are challenges, it doesn't mean that we shouldn't pursue the solutions."

Mahtabuddin Ahmed, managing director of Robi, said mobile operators have the investment and technological capability as well as the platform to give financial services.

Arastoo Khan, chairman of Islami Bank Bangladesh Ltd, said digital financial services will be the real game changer and they are going to concentrate on the issue, though there are some challenges.

Sohail RK Hussain, managing director and CEO of City Bank Ltd, said digital banking will help establish a cashless society and that will play an important role in achieving further economic growth.

George Kam Ho Yuen, board director of Industrial and Commercial Bank of China (Asia); Naoyuki Yoshino, dean of Asian Development Bank Institute; Phang Yew Kiat, vice chair and CEO of Credit China FinTech Holding Ltd, and Vineet Sachdev, director of BOSS BPO, also spoke.

Nissan posts weaker-than-expected operating profit in Q3

REUTERS

Nissan Motor Co posted on Thursday a weaker-than-expected operating profit for the third quarter as higher marketing and selling expenses along with currency effects offset higher domestic sales.

Japan's second-largest automaker posted an operating profit of 163.5 billion yen (\$1.46 billion) for the October-December period, down from 192.56 billion a year ago and lower than a median forecast of 170 billion yen from nine analysts polled by Thomson Reuters I/B/E/S/.

Nissan left its full-year net profit forecast unchanged at 525.0 billion yen, while it maintained its expectations for operating profit at 710.0 billion yen, based on its forecast for the yen to average 105 yen to the U.S. dollar and 120 yen to the euro.



Dhaka Bank Managing Director Syed Mahbubur Rahman attends the bank's business review meeting for Dhaka region at its corporate office in the capital yesterday.

Bank of India sees further improvement in bad loans

REUTERS, Mumbai

Bank of India Ltd does not expect any additional bad loans in the current quarter on a net basis, its chief said on Thursday, as India's sixth-biggest lender by assets reported its second consecutive quarter of profit after a stretch of losses.

The state-run lender booked a net profit of 1.02 billion rupees (\$15 million) for the three months to Dec. 31, compared with a net loss of 15.06 billion rupees a year earlier.

Gross bad loans as a percentage of total loans as at the end of December eased to 13.38 percent from 13.45

percent as at September-end.

For the fourth quarter through March, the bank expects gross bad loan additions of about 35 billion rupees but also recoveries and upgradations by an equal amount, effectively adding no bad loans on a net basis, Chief Executive Officer Melwyn Rego told Reuters after the results.

A surge in bad loans had seen the lender report losses for four straight quarters to last June.

Rego said the bank's loans will likely grow 5-6 percent for the full year to March, adding it was increasing its share of retail loans and cutting expo-

sure to companies as part of a strategy to check bad loans and accelerate growth.

The bulk of bad loans in India are from industries led by metals and power. The bank's share of loans to corporates has fallen to 52 percent from 56 percent when Rego took the helm in August 2015, he said, while retail loans have increased to 48 percent.

Bank of India, which raised 5.4 billion rupees by selling a stake in a life insurance joint venture last year, was looking to raise another up to 3 billion rupees by March by selling assets it considers non-core, Rego said.

Intel CEO joins Trump to tout US chip factory

AFP, Washington

US tech giant Intel unveiled plans Wednesday for a \$7 billion chip factory in Arizona, in an announcement at the White House with President Donald Trump.

While Trump appeared to take credit for the plan, Intel called the investment an "update" of a 2011 plan to invest \$5 billion for the same facility in the southeastern US state.

An Intel spokesman said the initial plan had not been completed due to lack of demand, and that Wednesday's move represented a "new" investment of \$7 billion.

It marked the latest in a string of such announcements since Trump began pressing companies to create more American jobs and reverse the trend of offshore manufacturing.

"Intel is very proud of the fact that the majority of our manufacturing is here in the US and the majority of our research and development is here in the US, while over 80 percent of what we sell is sold outside of the US," chief executive Brian Krzanich said at a White House event with Trump. The company said the Arizona plant would produce "the most advanced 7-nanometer semiconductor chips on the planet" and directly lead to 3,000 "high-tech, high-wage jobs" at Intel.

With the indirect impact, the company said an estimated 10,000 jobs would result from the factory.

Trump said Krzanich "called a few weeks ago and said, we want to do a very big announcement having to do with our country, but also having to do mostly with Arizona, and the jobs and the great technology that will be produced."

He called the investment a "great thing for Arizona," and added, "it's a lot of jobs."

Krzanich acknowledged that "we've been working on this factory for several years" but "held off actually doing this investment until now."

Asked if the decision came in response to the new president's actions, he said, "It's really in support of the tax and regulatory policies that we see the administration pushing forward that really make it advantageous to do manufacturing in the US."

Private sector can play a vital role in regional integration

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Deeper regional integration and more investment in infrastructure are needed to create an environment for more cross-border investment, said Mukhisa Kituyi, secretary-general of United Nations Conference on Trade and Development.

Wencai Zhang, vice-president of the Asian Development Bank, called for implementation of the Bangladesh, Bhutan, India and Nepal motor vehicle agreement at the earliest.

He also suggested developing more economic corridors inside the country, like special economic zones in Bangladesh, or along the border.

The Manila-based multilateral lender will continue its support in different projects in this region and take up more projects. "Primarily, the private sector should come forward

first for implementing the projects."

Last year, the ADB as a regional bank delivered \$17.5 billion, where \$14 billion was co-financed, he said.

It has extended \$1.1 billion to Bangladesh and is trying to provide more funds such that the country can implement the seventh five-year plan easily, Zhang added.

Nepal, Bhutan, Bangladesh, the north-east India and West Bengal are integrated, said Gowher Rizvi, foreign affairs adviser to the prime minister. "This sub-regional cooperation has a common desire to fight poverty, manage water resources and water problems."

The South Asian sub-regional cooperation agreed in numerous areas to provide seamless movement, he said, adding that the government is working to upgrade the

existing transport infrastructure.

Rizvi said the government can do with a helping hand from the private sector as upgrading of infrastructure needs massive investment.

Commerce Minister Tofail Ahmed moderated the session. The forum is jointly organised by the International Chamber of Commerce and ESCAP for the first time in Bangladesh in its 13-year history.

More than 500 high-level professionals from both the public and private sectors participated in the two-day conference.

Launched in 2004, the Asia-Pacific Business Forum provides an effective annual platform for regional public-private sector dialogue on the role and needs of business in achieving inclusive, resilient and sustainable development.

SMEs hit by lack of finance: experts

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In addition to finance, ICC Chief Operating Officer Philip Kucharski said SMEs need wider access to market, training and knowledge to flourish.

A lack of information on the market is also a problem for the SMEs, said Sampa Banerjee, executive director of the World Association for Small and Medium Enterprises.

She suggested setting up an incubation centre for SMEs to grow. Common facilities and common standards can be set for the growth of SMEs in the region, said Md Mosharrar Hossain Bhuiyan, senior secretary of the industries ministry.

Regulatory framework for SMEs should not be stringent, he added.

Fast-track projects to get more loans

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About the impact of the coal-fired power plant at the Sundarbans, he said: "I believe that super technology will be used to minimise the negative effect of the power projects on environment."

Zhang said Bangladesh has achieved a good progress to graduate to a middle income country and the private sector has a significant role to play.

He suggested Bangladesh ensure good governance, strengthen capital market and remove infrastructure bottlenecks to materialise the graduation properly.

Focus on joint hydropower cooperation

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The opportunity for renewable energy is very limited in Bangladesh and there are safety concerns about nuclear power, he said.

But Bangladesh needs huge energy to grow at a 7 percent rate or more, so regional hydropower generation would be the optimum solution, Nishat added.

On the private sector's involvement in addressing the energy shortage, Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh, said it hinges on the regulatory framework and government policies.

Success in independent power production can be forwarded to alternative sources, Anwar added.

The Nepalese government has a target to harness 10,000MW of hydropower in 10 years, said Arbind Kumar Mishra, a member of Nepal Planning Commission.

He went to call for a regional grid and partnership for energy cooperation in the region. Energy partnership is crucial for a better future, said Arunabha Ghosh, chief executive officer of the Council on Energy in India.

Bhutan has so far harnessed only 7 percent of its hydropower potential, said Karma Tshewang, chief engineer of the department of hydropower and power systems in Bhutan. Nazimuddin Chowdhury, secretary of the energy and mineral resources ministry of Bangladesh, moderated the discussion.

3 banks get nod to open branches in Saudi Arabia

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The inflow of remittance from Saudi Arabia fell 11 percent year-on-year to \$1.36 billion in 2016, despite a rise in the number of migrants going to the gulf country, according to the Bureau of Manpower, Employment and Training.

The number of workers leaving Bangladesh for jobs in Saudi Arabia surged 146 percent year-on-year to 143,913 last year. Slow remittance inflows also prompted the BB to form a panel to find out the reasons behind the fall. A member of the panel will visit Saudi Arabia, the UAE, Malaysia and Singapore to get an idea about the causes.



Syed Alamgir, executive director for ACI Consumer Brands; Md Quamrul Hassan, director for business; Md Zakir Hossain, general manager for sales, and Anisul Hoque, a writer, attend the launch of a campaign of the company—Savlon-Clean Bangladesh—at a programme yesterday. The campaign will create awareness and help people develop the habit of hygiene.



Mosleh Uddin Khan, chairman of Narayanpur Union Parishad, attends an event of Midland Bank when the financial organisation handed over loans with 5 percent interest under Bangladesh Bank's re-financing scheme to women entrepreneurs under the milk production and artificial insemination programme to purchase cattle.

MIDLAND BANK