

Big US banks to push for easing of money laundering rules

REUTERS, Washington/New York

America's largest banks are to propose a complete overhaul of how financial institutions investigate and report potential criminal activity, arguing that rules imposed in the years after the Sept. 11, 2001 attacks and strengthened during the Obama administration are onerous and ineffective, sources said.

The Clearing House, a trade association representing the largest US banks including Goldman Sachs, JPMorgan Chase & Co and Bank of America, has long raised concerns about the effectiveness of the current rules, but this will be the first time the group has publicly called for them to be revamped.

The proposal, which could be published as soon as Thursday, will set the stage for an intensive lobbying effort targeting bank regulators and members of the Senate and House of Representatives finance committees. President Donald Trump has said he wants to cut costly regulations for Wall Street.

To keep drug traffickers and terrorists from laundering money through the US financial system, federal law mandates that bank employees file a Suspicious Activity Report (SAR) with authorities if they suspect transactions could be part of a crime.

Faced with record penalties in recent years over failures to alert authorities to criminal activities, banks say they now over-report, filing hundreds of thousands of SARs out of fear of later falling foul of regulators.

"Now we tell banks to file a (report) on everything that might be criminal," said Gary Shiffman, CEO of compliance software maker Giant Oak. "But when everything is a priority nothing ends up being a priority."

The number of suspicious activity reports rose from 669,000 in 2013 to almost a million in 2016, according to US Treasury's Financial Crimes Enforcement Network (FINCEN), which enforces anti-money laundering rules and collects data on suspicious transactions from banks around the country.

Complying with anti-money laundering rules, including the manpower needed to file suspicious activity reports, costs US companies as much as \$8 billion a year, the Heritage Foundation estimated in a report last year.

The Clearing House will propose a new system under which banks do not investigate and report every transaction that could possibly raise a red flag, according to people involved in the effort.

Instead, banks would focus on

investigating and reporting transactions based on specific concerns relayed to them by law enforcement. Under this approach, banks could shift their focus, as law enforcement priorities change.

Institutions in different parts of the country may also watch out for certain types of criminal transactions, based on information from authorities. For example, law enforcement could warn banks in the southwest of the United States to look out for drug traffickers moving funds to Mexico, according to people involved in drafting the proposal.

The Clearing House will also call for the creation of an information-sharing platform that would allow banks to share data among themselves about possible criminal transactions.

For international banks, the group will push for the US Treasury's FinCEN to be responsible for investigating compliance, rather than the Office of the Comptroller of the Currency, a main bank regulator.

Since FinCEN is already responsible for sharing threat data with law enforcement agencies, the agency will be better able to determine if banks are making a substantial contribution to law enforcement efforts, the bank group will argue.



Shafiqul Islam Sarker, managing director of Karim Textiles Ltd, a concern of Purbani Group, and Sudipta Bandyopadhyay, partner of PwC, sign a deal at a programme to implement SAP-ERP software. Abdul Hai Sarker, chairman of Purbani Group, was also present.

KARIM TEXTILES

Telenor to roll out Google's new messaging service in Asia, Europe

REUTERS

Alphabet Inc's Google said on Thursday it partnered with Telenor ASA to roll out Rich Communications Services (RCS), an upgraded messaging service, to the Norwegian telecoms company's subscribers in Asia and Europe. The messaging service includes features such as group chats, photo sharing and

read receipts among other things, Google said in its official blog.

Google said these features would come as standard on its Android operating system. Telenor subscribers, who already have Google's Messenger app on their phones, would gain access to RCS services automatically through an app update, Google said.

The internet giant said it plans to

roll out RCS in more countries in the coming months.

Telenor said it has had a long-term strategic partnership with Google and has supported RCS being rolled out as widely as possible. "Partnering with Google for RCS at a group level is another step in this direction as it enables us to launch RCS in our respective markets," a spokeswoman said.



Fazle Kabir, governor of Bangladesh Bank; Zaid Bakht, chairman of Agrani Bank, and Mohammad Shams-Ul Islam, CEO, attend the zonal heads and corporate branch heads conference 2017 of Agrani Bank at Le Meridien Hotel in Dhaka on February 11.

AGRANI BANK

Nur Mohammed, chairman of Jamuna Bank Foundation, and Shafiqul Alam, managing director of Jamuna Bank, attend the opening of Jamuna Bank Institute of Information, Communication and Technology, which will give free ICT training to poor but meritorious students.



JAMUNA BANK

Chinese firm files complaints with govt over McDonald's China sale

REUTERS, Hong Kong

A Chinese consultancy that has previously helped to win antitrust battles against Coca-Cola and Apple has taken aim at McDonald's Corp, arguing in a complaint to regulators that the American fast food giant's China sale may hurt workers and consumers.

McDonald's said last month it had agreed to sell the bulk of its China and Hong Kong business to state-backed conglomerate CITIC Ltd and U.S. private equity firm Carlyle Group LP for up to \$2.1 billion, in a deal that will see the consortium act as the master franchisee for a 20-year period.

The complaint, which follows allegations from a US labour union that the transaction will likely lead to poorer pay and conditions for McDonald's 120,000 workers in China, could delay regulatory approval for the deal.

Beijing-based Hejun Vanguard Group, a Chinese management consultancy that has a track-record of representing domestic companies against foreign firms, filed two separate complaints against McDonald's with the Ministry of Commerce's (MOFCOM) antimonopoly bureau and its franchise office, Hejun Vanguard told Reuters.

While Hejun has stopped short of asking MOFCOM to block the deal, it has called on the regulator to closely scrutinize the transaction and take measures to prevent McDonald's "abusing" what it claims

is the company's dominant position in the fast-food burger market in China.

It has also called for MOFCOM to investigate alleged violations of China's franchise law by McDonald's, which it claims has failed to properly register all of its outlets in mainland China.

MOFCOM had yet to respond to a request for comment at the time of publication. CITIC, CITIC Capital and Carlyle declined to comment.

McDonald's said it had filed its franchise business with MOFCOM in accordance with franchise regulations, and disputes Hejun's analysis of its market share in China. It added that its franchise model globally is based on mutually beneficial partnerships.

Hejun said it was not acting for any specific companies in the case and generally seeks to protect domestic brands from overly aggressive foreign companies.

The Service Employees International Union, a US labour organization, last year warned potential buyers of roughly 3,000 McDonald's restaurants in Asia that such deals could saddle them with operational risks, including significant costs and liabilities.

In January, it raised concerns over McDonald's China deal, saying previous such transactions in markets - including Brazil and Puerto Rico - had put enormous pressure on franchisees, making it harder for them to provide adequate pay and conditions for their workers.

India plans to invest \$3b in Bangladesh

FROM PAGE B1

Tofail Ahmed urged the Indian government to remove the tariff, para-tariff and non-tariff barriers for a higher export of goods from Bangladesh to India.

The balance of trade between the two countries is heavily tilted towards India because Bangladesh imports a lot of raw materials and food items from there, he said.

India has given duty-free access to all Bangladesh goods except 25 alcoholic and beverage items. "I am happy that a large amount of investment is coming to Bangladesh," Ahmed said.

Abdul Matlub Ahmed, president of Federation of Bangladesh Chambers of Commerce and Industry, Taskeen Ahmed, president of IBCCI, Abhijeet Chakravorty, country head at State Bank of India, Ambarish Dasgupta, leader of the Bengal Chamber of Commerce and Industry Delegation, and Pankaj Tandon, leader of the Confederation of Indian Industry Delegation, also spoke.

Exporters suffer as air cargo ban lingers

FROM PAGE B1

In 2016, 29,779 tonnes of cargoes were sent by air to Germany, which is the highest, according to Bangladesh Freight Forwarders Association (BAFFA). To the UK, 13,969 tonnes were shipped.

"The ban on direct cargo flights from Bangladesh to the UK and Germany had a disastrous effect on our exports," said Nurul Amin, director of BAFFA.

Bangladesh has a target to hit \$50 billion in garment exports by 2021, but the continued ban to Germany and the UK would put a damper on the plan. The country exports more than \$3 billion worth of garment items to the UK in a year and more than \$5 billion to Germany.

India's Tata Motors, Microsoft ink technology collaboration deal

REUTERS

Tata Motors Ltd and Microsoft India on Thursday announced a strategic collaboration on the technology front to make driving a more personalized experiences for the customers, the companies said in a joint statement.

The first vehicle showcasing the vision of

the enhanced driving experiences will be unveiled at the Geneva International Motor show on March 7, they said.

"Using IoT (internet of things), AI (artificial intelligence) and machine learning technologies, we will provide vehicle owners in India and across the world a safe, productive and fun driving experience," Anant Maheshwari, President at Microsoft India, said.

Economy grows despite weak institutions: analysts

FROM PAGE B1

Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue, said elites get accountable at least once in five years through credible and contestable elections.

Policy reforms and liberalisations since 1980 facilitated growth of the Bangladesh economy. But the scope of rent-seeking still remains, he added, citing the scope of licensing in the banking sector, telecom and IT and even ocean-going ships.

Kazi Anis Ahmed, director of Gemcon Group, said in Bangladesh, it is important to look at political actors as different from bureaucratic actors. Bureaucratic actors should be recognised as independent, autonomous and power-centred, he added.

CPD Founder and Chairman Prof Rehman Sobhan said there is no coherent

ideology. "What are you facing today is intra-party contestation over resource capture."

Hossain Zillur Rahman, executive chairperson of Power and Participation Research Centre (PPRC), said he saw the current situation as the new normal of governance.

For example, there is a new reality at the field level where the historic balance between various arms of the administration has been altered significantly, he added.

On contested elections, he said, let alone contested political election, the country does not have contested sectoral and professional body elections anymore.

At the programme, Sultan Hafeez Rahman, executive director of BIGD, and David Hulme, chief executive of ESID and professor at the University of Manchester, also spoke among others.



Muhammed Ali, managing director of United Commercial Bank, and Swapan Kumar Roy, a general manager of Bangladesh Bank, exchange the signed documents of a participating financial institutions deal with the central bank under the Japan International Cooperation Agency assisted "Urban building safety project". Fazle Kabir, governor of Bangladesh Bank, was also present.

UCB

Alibaba, Amazon to build network in Bangladesh

FROM PAGE B1

Tarana said they are also working to allow customers to use their mobile phone balance for purchases from e-commerce platforms.

The postal department has added 18 new vehicles to its existing delivery channel, she added. A total of 9,866 post offices will be turned into e-centres by next year, said a senior official of the postal department. "All the post offices are now ready to launch this service."

The government has also planned to expand electronic money order services to the remotest parts of the country. The postal department has a huge range of services. However, there is no publicity about those. With the launch of the services with Alibaba and Amazon, they now plan to spend more on campaigning, said Tarana.

At present, there are 500 e-commerce sites in the country and another 1,000 entrepreneurs are running their business through Facebook.



AKM Shahidul Haque, managing director of Islamic Finance and Investment Ltd, and Swapan Kumar Roy, a general manager of Bangladesh Bank, exchange the signed documents of a participating financial institutions deal with the central bank under the Japan International Cooperation Agency assisted "Urban building safety project". Fazle Kabir, governor of Bangladesh Bank, was also present.

ISLAMIC FINANCE