

Strengthen banks' internal control, compliance for governance

Experts tell at a workshop at BIBM

STAR BUSINESS REPORT

Experts yesterday called for strengthening the internal control and compliance of banks in a bid to ensure governance in the sector.

"There is no alternative to good governance to take the banking sector forward," said Abu Hena Mohd Raze Hassan, a deputy governor of the central bank. He said absence of governance in some areas has led to irregularities in the sector.

"On many occasions, we have seen that there is lack of governance in the banking sector. As a result, some irregularities have been taken place," he told a workshop at the Bangladesh Institute of Bank Management (BIBM) in the capital.

The BIBM organised the day-long review programme on internal control and compliance of banks.

"The ICCD [Internal Control and Compliance Department] functions as the third eye of the banking sector. So, the ICCD has to be strengthened further." The deputy governor blamed the weaknesses of the ICCD for rising irregularities. The ICCD had failures when Tk 3,000 crore was embezzled from a branch.

"Sometimes, it is seen that outsiders remain present in board meeting. This is not good news for the banking sector at all. It will not be possible to protect the interest of the deposits if it continues."

The deputy governor also called for allowing the audit department and the ICCD work independently.

Hassan said only 750 to 800 people work at the central bank's supervision division. But there are more than 12,000 branches of different banks across the country. "There are some weaknesses in all stages of supervision because of inadequate workforce."

Helal Ahmed Chowdhury, supernumerary professor of the BIBM, said the ICCD of banks is like a king without a kingdom. "If the situation does not improve governance will not be established in the banking sector."

The former managing director of Pubali Bank said bankers would have to improve their capacity in using technology.

"Otherwise, it will be tough to prevent irregularities."

Md Yasin Ali, also a supernumerary professor of the BIBM, said, "There is no alternative to strengthening the audit department and giving it liberty

to ensure 100 percent governance".

BIBM Director-General Toufic Ahmad Choudhury said the BIBM has been organising workshops on internal control and compliance for more than six years.

Mohd Humayun Kabir, executive director of Bangladesh Bank, said the central bank has taken various steps on internal control and compliance to protect the interest of depositors. The central bank guideline has also empowered audit departments to work independently.

Sajjad Hossain, head of the ICCD at Bank Asia, said there are many shortcomings in the internal control and compliance laws. If these shortcomings can be overcome the governance would be strengthened further.

Prof Md Mohiuddin Siddique, director of Dhaka School of Bank Management and Md Mahabbat Hossain, assistant professor of the BIBM, jointly presented a paper titled "Review Workshop on Internal Control and Compliance of Banks - 2016".

Syed Abu Naser Bukhtear Ahmed, an independent director of Dhaka Bank, and Shamsuddin Ahmad, chairman of the audit committee at Prime Bank, also spoke.



ROLE OF GUIDE

Kazi Aminul Islam, executive chairman of Bangladesh Investment Development Authority, and Nasreen Ahmad, pro-vice chancellor (academic) of Dhaka University, attend a seminar on "Building an effective national innovation system for Bangladesh: role of government, universities, industries and development partners" at Nabab Nawab Ali Chowdhury Senate Bhaban in Dhaka on Wednesday. Dhaka University Innovation and Entrepreneurship Lab in partnership with the Department of Organisation Strategy and Leadership organised the event.

London banks need to move key functions to EU to keep access: ECB

REUTERS, Frankfurt

The European Central Bank expects London-based banks seeking to keep access to the European Union's single market once Britain leaves the bloc to move key functions, branches and dealing operations, the ECB's top supervisor said on Thursday.

The ECB, the euro zone's banking supervisor, has had many inquiries from British-based banks wanting to

come under its watch and may give them an expedited entry.

But Daniele Nouy reiterated Frankfurt would not sanction "empty shells" and said bank branches as well as key functions should be attached to the holding company supervised by the ECB.

"We don't want to authorize empty shells," Nouy, head of the ECB's Single Supervisory Mechanism (SSM), told a hearing of the European parliament.

"We want what is needed in the SSM

to be domiciliated in the SSM, so internal control, risk management and so forth."

She said the ECB should be allowed to supervise broker-dealers, too, closing a loophole and giving it authority over a key area of business for investment banks.

"Some investment banks in London can be attracted by countries saying 'I will give you the status of broker-dealer so you'll be supervised by me and not by the SSM'," Nouy said.

Ford lowers profit forecast as US auto boom ebbs

AFP, New York

US auto giant Ford said Thursday its first quarter earnings would come in well below analysts' expectations, as it projected industry-wide US and Chinese car sales would decline in 2017. Ford, the second-biggest US automaker after General Motors, projected first quarter adjusted earnings of 30 to 35 cents per share, falling far short of the 47 cents expected by analysts.

But Ford said was standing by its full-year earnings estimate of \$1.64 per share, according to a presentation by chief financial officer Bob shanks. The company expects global auto sales to grow 1.8 percent to 92.9 million in 2017.

However, industry-wide sales in the US are projected to decline 1.1 percent to 17.7 million vehicles after a multi-year boom despite "solid" economic conditions in Ford's home country.

Sales in China are seen falling 1.0 percent to 27.5 million units this year, due to receding tax cut benefits in 2017 and 2018, Ford said.

Shares of Ford fell 1.3 percent in early trading to \$11.62.



Selim RF Hussain, managing director of Brac Bank, speaks at a programme to present the financial results of the bank for 2016. The bank's after tax profit (consolidated) increased 74 percent year-on-year to Tk 406.2 crore in 2016. Story on B1

Top of Mind's CEO elected as jury of Festival of Media Asia Pacific Awards

STAR BUSINESS DESK

Ziauddin Adil, CEO of Top of Mind, an advertising agency, has been elected as the Shortlisting Jury for the second time on the Festival of Media Asia Pacific Awards.

The Festival of Media Awards is established as the leading recognition for brands, agencies, media brands and digital/marketing specialists. The Awards provide the benchmark for innovation in media across its global, Middle East and North Africa, Asia Pacific and Latin America editions, the agency said in a statement yesterday.

The Festival is the only awards ceremony dedicated to the evolution of media across the Asia Pacific region, according to the statement.



China-backed bank approves 13 new members

AFP, Beijing

The China-backed Asian Infrastructure Investment Bank (AIIB) said Thursday it has approved 13 new prospective members including Canada, in a coup for Beijing after Washington failed to dissuade US allies from signing up.

The Beijing-headquartered multilateral lender, which began operations earlier last year, has been seen by some as a rival to the World Bank and the Philippines-based Asian Development Bank, which was founded in 1966.

The \$100 billion AIIB counts several major European countries among its shareholders after they joined up despite Washington's objections.

The bank announced approval of 13 new members Thursday, including Hong Kong, Canada, Venezuela, Afghanistan, Ireland, Hungary, Belgium, Peru, Ethiopia, and the Republic of Sudan. They will officially join AIIB after making their first deposit of capital and finishing required domestic processes, bringing the bank's total membership to 70, it said in a statement.

"The interest in joining AIIB from around the world affirms the rapid progress we have made to establish the Bank as an international institution," AIIB president Jin Liqun said in the statement. "I am very proud that AIIB now has members from almost every continent, and we anticipate further applications being considered by our Board of Governors later this year."

Critics feared the bank would set low standards for projects and undermine principles of social, environmental and economic sustainability adhered to by the World Bank and other multilateral development finance institutions.

Banglalink fined for helpline fraud

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Asif Ahmed, head of Banglalink corporate communications, said they received the DNCRP order.

"Banglalink is always at the forefront in ensuring the best customer experience... With due respect to DNCRP, we believe that Banglalink has maintained the required level of customer service and did not violate any consumer right," he added.

Earlier in February, DNCRP also fined Grameenphone and Robi after complaints from consumers.

In those two cases, the government agency fined Robi Tk 5,000 and Grameenphone Tk 2.5 lakh.

American Airlines to buy stake in China carrier

AFP, Shanghai

American Airlines is in advanced talks to buy a \$200 million stake in Asia's biggest airline China Southern, reports said Thursday, as it looks to get a shoe-in to the country's huge aviation market.

The Texas-based company plans to take the stake in the Chinese firm's Hong Kong-listed shares through a private placement, Bloomberg News reported, quoting people familiar with the matter.

China Southern suspended its stocks traded in both Hong Kong and Shanghai on Thursday morning pending a "possible major strategic cooperation", exchange statements said.

China Southern has a total market capitalisation of HK\$15 billion (\$2 billion) in Hong Kong, exchange data shows.

American is the world's biggest airline in terms of revenue by kilometres flown, while China Southern is the fifth largest

and number one in Asia, according to the latest available rankings by the International Air Transport Association.

The move comes as increasing demand for air travel among China's growing middle class is expected to make it the world's biggest aircraft market in the coming years.

If the deal goes through, American will be able to take a seat at the board of China Southern without voting rights.

The report buoyed share prices of two other major Chinese airlines Thursday. China Eastern jumped 4.71 percent in Hong Kong and more than two percent in Shanghai, while flag carrier Air China rose four percent in Hong Kong and more than three percent in Shanghai.

American Airlines' earnings plunged in the final quarter of last year, with net profit dropping to \$289 million from \$3.3 billion in the same period last year.

China Southern is scheduled to release its 2016 earnings on March 31.

UK's e-commerce firm for real estate enters Bangladesh

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Currently, the company has operations in Dhaka, Chittagong and Sylhet, and more than 40,000 unique listings are available on the website, the company said in a statement.

The company started its groundwork in 2016 and in the last 10 months, more than 1 lakh houses have been added to its portfolio, according to Ahsan.

Monjur Murshed, marketing manager, said bproperty is the only e-commerce company in Bangladesh which operates physical customer care centre.

"We not only provide our customers with an option to rent or buy apartments and commercial spaces, but also all necessary information and legal support that help them make informed purchase or rental decision," he said.

The company has an app and dedicated Facebook page to help the clients. To avail the services, tenants, apartment buyers, commercial space tenants and commercial space buyers would not have to pay any fee.

The portal is part of the Emerging Markets Property Group, which also owns UAE-based property portal bayut.

Brac Bank's profit surges 74pc in 2016

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Hussain said Brac Bank has, through its new customer-centric and one-bank vision, delivered a robust financial performance last year.

"Our significant investment in technology, processes, premises and most importantly people were instrumental to this outstanding result."

The bank has already achieved significant milestones on its journey to becoming the best bank in the country and is confident of continuing business momentum over the next few years.

With more than 15 lakh customers, the bank is one the largest SME lenders in the country. Brac Bank employs 6,500 people and has 181 branches and 448 SME unit offices.

Monetary policy lacks steps to boost private investment: SANEM

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Raihan said recent banking scams and escalation of non-performing loans show major institutional weakness of the financial sector.

Mere lowering of the interest rate is not enough for private sector credit expansion; there are numerous other challenges that need to be addressed under the broader reform agenda mentioned above, he added.

He identified five issues for further growth acceleration in Bangladesh -- accelerating private investment, diversification of the economy, rise in efficiency, mobilising political capital and promoting inclusive growth.

Agent banking getting popular

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Among the banks, Dutch-Bangla and Bank Asia led the agent banking market as of December last year. Of the total accounts, 68 percent belonged to Dutch-Bangla and 24 percent to Bank Asia.

Bank Asia disbursed 66 percent of the total remittances channelled through agent banking during October-December last year, while Al-Arafah came in second with 19 percent and Dutch-Bangla third with 14 percent.

Banks prefer agent banking as it requires minimum cost to provide financial services in remote areas, said Shirin.

Humaira Azam, deputy managing director of Bank Asia, said the bank has invested heavily in agent banking as it is the easiest channel to take the banking services to the unbanked.

Bank Asia has the highest number of outlets and agents: 1,150 and 1,110 respectively.

Humaira said the government is using Bank Asia's agent banking network to distribute benefits under its social safety net programmes.

Moosa summoned for illegal luxury car

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According to Khan, the directorate has brought three specific charges against him: duty evasion through forgery, money laundering and corruption.

The directive came two days after the CIID seized a Range Rover from Dhanmondi by chasing it from morning to afternoon.

The car was brought from the UK in 2010 under a duty-free benefit termed Carnet de passage on condition of re-exporting it after a certain period, the CIID found during preliminary investigation.

Carnet de passage is a permission given to foreigners to bring cars from abroad to Bangladesh and use it for a specific period of time.

Instead of re-exporting, the vehicle was registered with Bhola office of Bangladesh Road Transport Authority (BRTA) under the name of Faruq-z-Zaman Chowdhury from Pabna using fake documents, said the CIID.

The registration was obtained by showing a payment of Tk 17 lakh as duty, based on a bill of entry that does not exist in the records of Chittagong Customs. The car was also not found in the possession of Chowdhury, according to the directorate. The Customs Intelligence also asked Chowdhury and officials of BRTA responsible for registering the vehicle in Bhola to appear before the inquiry committee on April 20.

"Our records show that the car was silver in colour when imported. But it was registered as white, and found to be black in colour," Khan added.

Shamsher is the chairman of manpower recruiting agency DATCO. When contacted on March 21, ATM Mahub Morshed, deputy general manager of DATCO, said, in an emailed statement, the chairman has been using the car on rent from Faruq-z-Zaman since August 2015.

The chairman's family members also used the vehicle, said Morshed.

Drug prices may go up once Bangladesh leaves LDC club

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EVI is one of the criteria used by the UN CDP in the identification of LDCs.

The index is a composition of: population size; remoteness; merchandise export concentration; share of agriculture, forestry and fisheries in GDP; homelessness owing to natural disasters; instability of agricultural production; instability of exports, and the share of population living in low elevated coastal zone.