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ফার্মা প্রজা, ৭০ গ্রীনবোর্ড, পাবনা মেডিকেল ফোন : +৮৮০-২-৯৬৪২৯৭

Hotline: 01991150900

star BUSINESS

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52pc banks in cyber risks

BIBM survey sheds light on IT operations of banks

STAR BUSINESS REPORT

Bangladesh's 52 percent banks ran the risk of information management security breaches in 2016, of which 16 percent were in the highest risk, a report found.

Bangladesh Institute of Bank Management (BIBM) released the survey report at a workshop on "IT operations of banks", at the BIBM auditorium in Dhaka yesterday.

Around 36 percent of the surveyed banks were found in high risk of information loss at any moment, 32 percent banks were under moderate risks and 16 percent banks in low risk.

Shihab Uddin Khan, associate professor of BIBM, presented the report at the workshop.

The research found that a major portion of the IT budget of the banks is used to procure hardware.

The portion of expenditure for hardware was 40.4 percent of IT budget in 2016, slightly down from 41.9 percent in 2015, according to the survey.

The second highest amount of their budget went to the software sector, and the spending on security, training and audit was very poor in the last six years.

In 2016, around Tk 1,793 crore was invested on the IT system in the banking sector, up by 22 percent from Tk 1,467 crore in 2012.

The report says the total number of employees working in the IT department was not sufficient and they are under tremendous stress.

In 2016, the average, minimum and maximum number of employees of IT department of different banks was 66, 15 and 320 respectively.

Core Banking Software (CBS) plays a key role for online banking, and most of the banks use foreign CBS, the survey found.

In 2016, some 56 percent banks were found using foreign CBS while 34 percent were using local CBS.

Microsoft Windows was the most popular operating system in banks. Around 97 percent terminals of banks were running under Windows operating system last year.

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New VAT law still raising qualms

SOHEL PARVEZ

Many are still expecting goods and services to become costlier for the imposition of uniform 15 percent VAT under the new law despite repeated assurances from the National Board of Revenue.

"We should be happy with the NBR's statement, but we are worried that prices may rise," said Abul Kasem Khan, president of the Dhaka Chamber of Commerce and Industry.

Goods and services that are currently subject to multiple VAT rates -- such as edible oil, processed spices, paper, biscuits, electricity, restaurants, rod, bricks, apartments and furniture -- may see their prices creep up once the uniform VAT is applied from July.

Currently, the NBR collects reduced rates of VAT on 85 products based on tariff value and 15 services based on truncated base. Their discontinuation means people will have to pay VAT at the market price instead of the administered one.

But the NBR maintains that the new law will not increase the prices of goods in general as businesses will be able to get rebates.

So, in theory, the prices of various products should decline as rebate will be effective in all stages of the value chain, according to taxmen. Under the existing law, getting rebates is a long drawn-out process.

"But it is unlikely that businesses will slash the prices after getting rebates," said a senior official of the

NBR seeking to remain unnamed.

Rather, the burden on consumers is likely to rise in many cases, he said.

"But we have nothing to do here as we are not responsible for ensuring that the rights of consumers are protected."

If such a scenario arises, the consumer rights watchdog should step in, the official added.

Mir Nasir Hossain, former president of the Federation of Bangladesh Chambers of Commerce and Industry, said not all firms have the capacity to claim rebate.

Subsequently, the FBCCI has demanded reduced rates of VAT for firms that are yet to become capable of keeping records properly.

"It appears that the imposition of 15 percent VAT will have an effect on prices although the NBR says otherwise. There is an apprehension. We cannot be sure until we see the coming budget," Hossain added.

The DCCI president said businesses will get a clearer idea if the revenue authority gives a breakdown of which products would see their prices rise, which would remain the same and which would fall after the new VAT law comes into effect.

"I share the view not only as a businessman but also as a consumer," he said.

The government initially planned to implement the VAT and Supplementary Duty Act 2012 from July last year. But in the face of opposition from businesses the implementation was delayed.

The new law aims to increase

revenue collection from domestic sources by reducing evasion and ensuring transparency and accountability in revenue administration.

The legislation has kept basic foodstuff, selected life-savings drugs, public transport, public health, education and farming exempt from VAT.

Md Shafiqul Islam, first vice-president of the FBCCI, said the NBR should carry out an impact assessment study instead of saying that there will be no negative effect on the prices of goods and services.

There is a lack of trust as the recommendations of the joint panel of the FBCCI and the NBR on VAT law and the decisions of a joint working committee have not been implemented yet, Islam said, adding that as many as 20 meetings took place in recent months.

"But we do not know what is going to happen. We do not want the inflation to rise. That is what we are trying to make them understand."

On the NBR's claim of rebate, Islam said there is confusion among many on the matter.

"There are many good things in the law. Let them implement that by addressing our concerns. We have no problem. Anything imposed upon will not be good," Islam added.

NBR's view

In a statement recently, the NBR said a section of people are campaigning against the law without considering the rebates that the businesses would be enjoying.

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India launches South Asia satellite today

Bangladesh not ready to reap benefits

MUHAMMAD ZAHIDUL ISLAM

Bangladesh is not yet ready to benefit from the South Asia Satellite, the first common satellite of this region, which is set to be launched today by Indian Space Research Organisation (ISRO).

So far, Bangladesh has no landing station that can establish a link with the satellite. It will take four-five months to complete building a downlink station in Gazipur, said Shahjahan Mahmood, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC).

"We are establishing two satellite landing stations for our own Bangabandhu-1 satellite and one can be used for the South Asia Satellite," said Mahmood. The second landing station is at Rangamati.

The government has not taken a decision in this regard, Mahmood added. On March 23, Bangladesh officially became a part of the South Asian Satellite after BTRC signed a deal with Indian High Commissioner in Dhaka, just before Prime Minister Sheikh Hasina's visit to India on April 7.

The South Asian Satellite will have 12 transponders and Bangladesh would be able to use one of them for free, according to the deal. One transponder is equivalent to 40 MHz of spectrum.

But to get the facilities, Bangladesh will have to set up an earth station in the country with its own funding for the use, the deal also mentioned.

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From left, Arif Hossain, marketing manager of Transcom Beverages; Arshad Waliur Rahman, director of Transcom; Saifur Rahman, director of Transcom; Khurshid Irfan Chowdhury, deputy managing director of Transcom Beverages; GQ Chowdhury, CEO of Transcom Beverages; Simeen Hossain, director of Transcom; Meghna Nanda, marketing manager of PepsiCo, and Manish Muley, country manager, pose at the launch of Mountain Dew Grip pack PET bottle. The event took place at International Convention City Bashundhara in Dhaka on May 2.

ADB to help Bangladesh produce renewable energy

Its president says as the lender's 50th annual meeting kicks off

REAZ AHMAD, from Yokohama, Japan

The Asian Development Bank is ready to partner with Bangladesh in generating clean and renewable energies, including solar, geothermal and hydropower.

Takehiko Nakao, the bank's president, lauded Bangladesh for making good strides in ensuring workplace safety following the Rana Plaza disaster and for posting an 'encouraging' 7 percent GDP growth rate.

The 50th annual meeting of the bank kicked off yesterday in the Japanese port city of Yokohama. Speaking at the inaugural press meet at the Pacific Yokohama conference centre, Nakao explained the interrelation between ADB and China-led Asian Infrastructure Investment Bank (AIIB).

The AIIB is trying to emerge as a multilateral banking institution with a \$3 billion lending portfolio, as opposed to the ADB's \$31 billion.

"But the media tries to draw rivalry between the two (ADB and AIIB), whereas these are not comparable.

"When we started 50 years back, we had only 30 staff members in

Manila," said the ADB president. Today, the bank has over 3,000 staffers, including 1,100 overseas employees. The AIIB is evolving with a 100-strong workforce now.

The 67-member ADB began its May 4-7 annual meet yesterday amid its golden jubilee celebrations. As many as 5,500 delegation members, representing member country finance ministers, governors, officials, NGO and civil society members and journalists gathered at the ADB Board of Governors meeting. Finance Minister AMA Muhith represented Bangladesh.

The AIIB's entry has created no competition, rather the ADB and AIIB supplement each other, said Nakao.

On why Japan is not joining AIIB, the ADB president said, "It's a matter of Japan's sovereign decision."

Twenty years after the Asian financial crisis, Nakao said the Asian countries need an estimated \$1.7 trillion of yearly investment in infrastructure for the next decade or so.

The ADB president said he had nine meetings over the past three years with his AIIB counterpart, and they discussed, among other things, co-

financing, staff expertise and use of local currencies in development projects.

Bangladesh boasts having the first ADB office outside its base in Manila, and is now a member of both ADB and AIIB. These two institutions already co-financed a project in Bangladesh.

On China's one belt one road (OBOR) initiative, Nakao said the bank is positive about it, but at the moment, it is working on a Central Asia Regional Connectivity (Cerec) initiative.

Looking back at ADB's operations over the last 50 years, he said Asia has become a more integrated region and weathered many a crisis in this time.

However, there still remain challenges like ensuring gender equality, further promoting the private sector, and attaining the Sustainable Development Goals.

Nakao said, after India, China gets the largest chunk of ADB loans (15 percent). At the same time, China has doubled its support to the bank's grant window Asian Development Fund (ASF) during the 2017-20 period.

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