

ADVERTORIAL

Standard Chartered: Bangladesh's partner in progress

IN the immediate aftermath of Bangladesh's independence in 1971, the war-torn country was facing its first rite of passage to nationhood. Years of under-development and the horrors of war left the nation with many pressing needs, including finding a way to import essential commodities and vital industrial inputs. Complicating this task was the lack of a reliable international payment system – the banking sector had to be reorganised and gaining international recognition and trust remained a key area that was evolving.

At this historical inflection point, the country's oldest surviving financial organisation, Standard Chartered Bank, issued the sovereign nation's first external "Letter of Credit", achieving the first of many milestones in its unique strategic relationship with Bangladesh.

Since then, Bangladesh has achieved incredible socio-economic progress. The industries have flourished, while poverty levels have nearly halved since 1990. Inequality remains low and stable, defying regional trends. The country stands out among its peers in terms of many development indicators, not least of which is financial inclusion. Only last year, Bangladesh was the second fastest growing major economy in the world. And Standard Chartered's footprint in Bangladesh has also grown, having been a part of this exemplary growth story every step of the way.

Today, Standard Chartered is the only foreign financial institution in the country to offer the full spectrum of banking services. It works to help individuals meet their personal banking needs to more complex large project finance and arranging lease of aircraft owned by Standard Chartered group subsidiaries. The bank has about US \$4 billion in assets, including a capital of US \$460 million. It accounts for about half of all deposits and 58 percent of all assets in the foreign banking space.

Over the years, major impetus to our economic growth has come from rapid expansion of public and private enterprises supported by development of underlying infrastructure, requiring capital investments in the form of debt and equity. To this end, it has been Standard Chartered's mission to partner in the nation's economic progress by financing the critical growth engines. The bank has helped businesses achieve the right financing mix by proactively finding innovative solution for its clientele, mobilising significant private sector credit for telecommunications, energy and power, aviation, infrastructure (including cement, steel and allied industries) and export-oriented sectors.

Standard Chartered's contribution to the power sector has been especially noteworthy, with its engagement in multiple capacities accounting for more than 20 percent of the total installed power generation capacity of Bangladesh. The bank also takes pride in facilitating more than 60 percent of the nation's power import. In the aviation sector, Standard Chartered has helped Biman Bangladesh, our national flag carrier, modernise its fleet, acting as lead arranger for almost the entire fleet of Boeing aircrafts procured recently.

Accordingly, through these landmark deals and many others, Standard Chartered has established itself as a leader in the debt capital and loan syndication markets, closing the highest number of transactions in this seg-



STANDARD CHARTERED

Standard Chartered financed 20 percent of the total installed power generation capacity of Bangladesh.

MAJOR CONTRIBUTIONS

Operating for more than **112** years

Accounts for about half of all deposits and **58%** of all assets in the foreign banking space

Facilitated around **50%** FDI in 2016

Financed **20%** of total installed power generation capacity of Bangladesh in various capacities, and facilitated more than **60%** of nation's power import in 2016

Directly and indirectly supported more than **13%** of the country's trade and handled **30%** of all USD clearing in 2016

Commanded a market share of **95%** in bond deals and **75%** in loan syndication in 2016

85% market share among development organisations in 2016

ment till date and raising over US \$6.5 billion, equivalent of financing for vital sectors. In 2016, the bank commanded a market share of 95 percent in bond deals and 75 percent in loan syndication, with a total value of US \$420 million.

These achievements were only made possible by Standard Chartered's unique blend of deep-rooted local presence and capacity to capitalise on its network and product coverage, giving the bank access to diversified liquidity pools, low-cost offshore financing, and banking presence in key regions. The bank also has ready access to over 25 export credit and multilateral agencies, enabling the bank to secure low-cost, high-quality financing for future capital-intensive projects and infrastructure vital to meeting the nation's development aspirations. Beyond

our own borders, the bank can use its network strength to help local businesses go global, building manufacturing plants in Africa or trading hubs in South East Asia and beyond.

The remarkable progress in the country's real economy necessitated a rapid growth of the financial sector. Being an innate part of this sector, Standard Chartered has performed its responsibilities as a trusted partner to other financial institutions, starting from being a leader in raising Tier-2 capital to arranging the first structured funding transaction for banks. With its global footprint in key trade and investment markets for Bangladesh, the bank has become a major gateway for facilitating trade and payments. In 2016, the bank directly and indirectly supported more than 13 percent of the country's trade and handled 30 percent of all US dollar clearing.

However, trade, credit and investments are not the only contributions banks make to society. As a responsible corporate citizen, Standard Chartered continues to lead migration of best practices for the industry, especially those related to anti money laundering and financial crime prevention. The bank's contributions to the development sector, a key driver for financial inclusion, are also demonstrated by its 85 percent market share among development organisations and significant market share in microfinance space.

To support increasing complexity of business needs and risk management in our maturing market, Standard Chartered has been at the forefront of product innovation. The bank operates one of the country's most sophisticated dealing rooms with a diverse range of risk management products, pioneering a number of financial firsts - FX option in 2006, commodity derivative in 2008, and interest rate derivative in 2009, to highlight a few.

Standard Chartered has also been a market leader in introducing new technology that eases access to finance and lowers transaction costs. Its proprietary Straight2Bank banking platform has set new standard in terms of offering clients an integrated solution that automates cash, trade and securities services transac-

US economy speeds up in Q2



REUTERS

A woman shops with her daughter at a Walmart Supercentre in Arkansas.

REUTERS, Washington

THE US economy accelerated in the second quarter as consumers ramped up spending and businesses invested more on equipment, but persistent sluggish wage gains cast a dark shadow over the growth outlook.

Gross domestic product increased at a 2.6 percent annual rate in the April-June period, which included a boost from trade, the Commerce Department said in its advance estimate on Friday. That was more than double the first quarter's downwardly revised 1.2 percent growth pace.

Wage growth, however, decelerated despite an unemployment rate that averaged 4.4 percent in the second quarter. Inflation also retreated, appearing to weaken the case for the Federal Reserve to raise interest rates again this year.

"Although growth is solid, the lack of wage pressure buys the Fed plenty of time, and works with a very 'gradual' tightening cycle," said Alan Ruskin, global head of G10 FX strategy at Deutsche Bank in New York. "There is more here for the Fed doves than the hawks."

Prices of US Treasuries rose after the data but pared gains as oil prices hit two-month highs. The dollar fell against a basket of currencies and stocks on Wall Street were trading mostly lower following recent hefty gains.

Economists expect the Fed to announce a plan to start reducing its \$4.2 trillion

portfolio of Treasury bonds and mortgage-backed securities in September.

The US central bank left rates unchanged on Wednesday and said it expected to start winding down its portfolio "relatively soon." The Fed has raised rates twice this year.

The rise in second-quarter GDP was in line with economists' expectations. Output was previously reported to have increased at a 1.4 percent pace in the first quarter.

The economy grew 1.9 percent in the first half of 2017, making it unlikely that GDP would top 2.5 percent for the full year. President Donald Trump has set an ambitious 3.0 percent growth target for 2017.

Speaking to law enforcement officers in Brentwood, New York, Trump applauded the GDP data and said it was the result of his administration's rollback of some business and environmental regulations.

"We're doing well, we're doing really well and we took off all those restrictions," Trump said. "Some we're statutorily stuck with for a little while, but eventually that statute comes up and we're going to be able to cut a lot more."

But analysts are skeptical of the Republican president's vow to push through major tax cuts in the wake of his party's failure early on Friday in the Senate to pass a bill that would have repealed parts of former President Barack Obama's 2010 healthcare law. So far, the political gridlock in Washington has not hurt either business and consumer confidence.

Once fragile India gets thumbs up even as rates set to fall

REUTERS, Mumbai

WHEN Fed taper fears jolted emerging markets in 2013, India was one of the worst hit and was forced to raise interest rates to underpin its tumbling markets.

Fast forward to this year, and history has been turned on its head. Not only is the US central bank raising rates, but India is widely expected next week to be the first country in Asia to cut policy rates this year.

And rather than being concerned at India's falling policy rate premium over the United States, foreign investors are giving the country's markets the thumbs up.

The rupee is rallying and the country's bonds are in demand, offering some of the best inflation-adjusted returns in Asia. Inflation, long a thorn in the economy, is at its lowest in five years, economic growth is picking up and the current account deficit is a fraction of its old self.

Prime Minister Narendra Modi unveiled a national goods and services tax on July 1, India's biggest tax reform since independence in 1947, raising confidence among investors that other measures to boost the economy would follow.

"The structural story for India remains pretty strong," said David Cornell, chief investment officer of London-based Ocean Dial Asset Management, which argues India and other emerging markets will outperform over the next 12 months.

India operates some capital controls, including on foreign investment. Foreign buyers have almost exhausted their quota in debt with net purchases of \$21 billion this year - including record high inflows for a January-June period - after net sales of \$6 billion last year. An auction of government and corporate bond quotas for foreign investors, which gives them the right to purchase additional debt, was heavily oversubscribed this week.

They have bought a net \$8.8 billion in shares, more than the combined \$6.3 billion of the previous two years, helping push indexes to record highs. Long positions in the rupee are the highest among major Asian currencies and almost double those of the second-placed Malaysian ringgit, a Reuters poll shows.

"My view would not change as a result of a rate cut on Aug. 2. Rate cuts are likely to be justified by lower inflation and higher-trend growth rates in India due to reforms," said Jan Dehn, head of research for Ashmore Capital, which has more than \$57 billion under management.

At a review on Wednesday, the Reserve Bank of



REUTERS

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India (RBI) is expected to cut its policy rate by 25 basis points to 6 percent, which would be its lowest level in more than six years. It would be the RBI's first rate cut since October and the first in Asia since the Reserve Bank of New Zealand in December.

Many other central banks have already signalled they are done with the long period of super easy policy that followed the global financial crisis, especially given the prospect of more US rate rises and the potential for the European Central Bank to ease up on its bond purchases.

India no longer resembles the "Fragile Five" country of 2013, when the RBI was forced to raise rates by 75 basis points to arrest foreign investment outflows. Other countries in this group, including Indonesia, Brazil, and South Africa, also took defensive policy measures at the time as their markets came under pressure.

Indian consumer price inflation is now 1.54 percent, boosting the 10-year bond's real interest rate to 4.9 percent, the highest in Asia and nearly double the rate of Indonesia, another popular emerging market investment destination.

The rupee has rallied 5.6 percent against the dollar this year and volatility in the exchange rate is its lowest since mid-August, a reassuring signal for investors.

The current account deficit has narrowed to just 0.6 percent of GDP from a record 4.8 percent in 2013, while foreign exchange reserves hit a

record \$389.1 billion as of July 14.

Standard Chartered has also recently launched its global FX E-commerce system Straight2Bank Exchange (S2BX) for its partner banks in Bangladesh, enabling them to transition from voice trades to e-commerce FX trades. These banks can now improve efficiency and deal time through high speed execution, deep liquidity, broad currency coverage, and instant access to pricing offered by S2BX.

In order to maintain its growth trajectory, Bangladesh has over the years prioritised attracting foreign investments. Standard Chartered, itself among the largest foreign investors in Bangladesh, facilitated around 50 percent foreign direct investment (FDI) in 2016 and is continuing its efforts to bring in more foreign investment to the country. In 2016, it organised Bangladesh Investment Summit in Hong Kong. This was the sixth time Standard Chartered had organised an investment summit outside Bangladesh. As a regional investment hub, Singapore has been identified as a priority destination, and the bank has organised investment summits there in 2012, 2014 and 2015. Standard Chartered has also organised investment summits in London in 2013 and 2015.

The bank also worked for more than a year to devise a process flow enabling foreign institutional investors to access the Bangladesh government debt market and invest in Bangladesh government bonds. The introduction of this fresh investment channel had the desired effect of creating more active players in the secondary government securities market, giving it greater depth. At the time of writing, Standard Chartered remains the only bank providing access to Bangladesh bond markets to foreign institutional investors.

For its contributions to the banking sector and the overall economy, Standard Chartered Bangladesh has been recognised by a host of international organisations. Most recently, it has won the "Best Foreign Bank in Bangladesh" and "Best Foreign Investment Bank in Bangladesh" awards at the FinanceAsia Awards 2017, "Power Deal of the Year - Bangladesh" at Asset Triple A Asia Infrastructure Awards 2017 and "Best Foreign Bank" and "Best Digital Bank" at Asiamoney Banking Awards 2017.

"Standard Chartered has operated for more than 112 years in Bangladesh. During this time, we have never once closed our doors to our clients. We have continued to invest and grow in Bangladesh, steadily building up our presence over the years. With the encouraging trajectory of social and economic development in recent years, we see great opportunities in the country," said Naser Ezaz Bijoy, Managing Director and Country Head of Global Banking, Standard Chartered Bank, Bangladesh. As one of the largest and oldest foreign investors in Bangladesh, Standard Chartered itself demonstrates the opportunities that exist in the nation.

Bangladesh today finds itself on the cusp of change. It is ready to make the step up to a middle-income nation. As the nation continues on its growth journey, the banking sector must continue to play its part as a partner in progress. There will no doubt be challenges, but as Standard Chartered's 112-year old legacy in Bangladesh has shown time and again, this is a nation where the upsides continue to be far more significant.