

Abrar raises benchmark for Bangladeshi bankers

The outgoing CEO of StanChart Bangladesh talks about risks and potential of the sector

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BANKS will have to put in place the right strategies, IT infrastructure and skilled employees to protect themselves from cyber and money laundering risks, said the outgoing head of Standard Chartered Bangladesh.

"Cyber, money laundering and terrorist financing risks pose greater challenges for banks," said Abrar A Anwar, the chief executive officer for the Bangladesh operations of the London-based bank.

The risks take a toll on credibility and dent the customers' confidence in banks.

"If a bank can't get US dollar clearing in New York or loses the correspondence banking relationship, it will be quite devastating. Then the bank will lose its ability to participate in international trade."

Banks need to ensure that there is proper governance, anti-money laundering policies, procedures and training, and right resources in place.

Anwar's comments came in an interview with The Daily Star last week -- a fortnight before he sets off for his new posting in Kuala Lumpur as the head of Standard Chartered's Malaysian operations. He will join his new office on November 1.

"It's a privilege and a great opportunity for me to explore a more developed and competitive market. So, it is going to be a different kind of challenge for me."

Standard Chartered is the oldest bank in Malaysia, starting operations in the southeast Asian nation 142 years ago. Like Bangladesh, Malaysia is also a major market for the British bank.

Anwar started his banking career with ANZ Grindlays Bank in 1991. He joined Standard Chartered as the managing director of its wholesale banking arm in January 2011, after nine years in the country office of Citibank NA.

In January 2015, he took over the reins from Jim McCabe, becoming the second Bangladeshi to lead Standard Chartered



Abrar A Anwar

Bangladesh.

Bangladesh has huge potential thanks to its young population and sustained growth of about 7 percent, he said.

The country will have to find ways to employ the young people. "Otherwise, there is a risk of breeding frustration among the youth. We don't want frustrated youth."

During his recent visit to Malaysia, a lot of entrepreneurs, who are also the bank's customers, showered praise on Bangladesh's migrant workers there, Anwar said.

"I was proud to hear such a good account of our people."

Standard Chartered is the largest foreign bank in Bangladesh. It mobilised funds for 23 percent of installed power generation capacity and helped the country acquire all Boeing aircraft.

It, directly and indirectly, handles 13 percent of Bangladesh's global trade and 35 percent of the US dollar clearing.

It has been the leading bank in terms of profitability and the highest return on equity for the last three years.

"That's coincidental to the good job we do. Our biggest pursuit is: are our customers happy? Are they finding value in the bank? Are you adding value to our customers by bringing global capabilities that we are good at to them?"

He said, when he took over, his key mission was to ensure that the bank has a very cohesive team that is focused on customers.

"I am going with huge satisfaction that I am leaving behind a fantastic team and a strong client base. During my journey I also have been hugely supported by the regulators."

The bank employs 2,200 people, including four foreign nationals.

"We have so many talented people in Bangladesh. We hire the best talents in the market, we groom them and they become world-class products."

Today, 18 CEOs and additional CEOs in the banking sector had once worked for Standard Chartered. "They are so proud and we are so proud to see them running different banks."

He also talked about the economy, which has shown resilience amid global headwinds.

Exports and remittance are under pressure but it has not reached a critical state.

"However, forward-looking risks need to be looked at whether we can appropriately sustain the exports and remittance flow and we can keep on supporting infrastructure investment."

The per capita remittance will increase if Bangladesh can develop the skills of the outgoing workers, he said.

Once per capita income crosses the \$2,000 mark, Bangladesh would see a surge in domestic demand for various white goods such as fridges, televisions and home appliances.

"When it hits the inflection point you will see a boom. I think it is a very exciting period for Bangladesh. We just need to ensure that it is steered in that direction with all the other ingredients that are required to support such growth."

His advice for the young generation: "Career is not a 100-metre race. It is like a marathon, so you will have to move step by step. Don't get frustrated. You will have to keep on learning every day."

"Youngsters have more opportunities than us and they are smarter than us. They can access the world. They can actually operate at much higher level than we have done."

Anwar starts work at 9am and continues until 10pm. Still, he manages to set aside time for his family, friends, gym, golf and TV.

"It is well-balanced. I enjoy every day of my life," said the father of two.

He said he always starts internal meetings with a joke to disarm his staff.

Anwar has already told the team in Malaysia that he will work hand-in-hand to help them thrive in their roles. "Because, your individual success will amount to collective success."

"I am going to positively contribute to the Malaysian franchise and take it forward as per the strategies of the bank. That is the thing I am looking forward to."

Most business economists see US growth above 2pc: poll

AFP, New York

Most business economists predict that US economic growth will surpass two percent over the next year, despite softening in some business conditions, according to a survey released Monday.

The improving forecasts for US growth come amid a weakening profit outlook and continued uncertainty over thorny debates in Washington on trade and tax policy, said the National Association for Business Economics, summarizing a quarterly survey of 85 economists.

"Policy developments, including those affecting the North America Free Trade Agreement, remain on the panel's list of concerns, but continue to have limited impact on business decision-making with regard to hiring or investment," said Emily Kolinski Morris, chief economist at Ford.

"The recent hurricanes appear to have had relatively limited impact on respondents' firms, with more than 80 percent of panelists reporting no anticipated impact on their business in the third or fourth quarters due to Hurricanes Harvey and Irma."

The outlook for real gross domestic product growth "improved materially" in the October survey compared with July, the report said.

Eighty percent of the group predicted that growth would run between 2.1 percent and 3.0 percent over the next 12 months, while 15 percent saw it running between 1.1 percent and 2.0 percent, the report said.

Linde relieves merger deal pressure with easier terms

AFP, Frankfurt Am Main

German gas company Linde said Monday it would extend a deadline and lower a shareholder approval threshold in its planned tie-up with US firm Praxair, easing pressure on the high-stakes project.

The decision means only 60 percent of Linde shareholders must agree to exchange their stock for a stake in a new holding company for the merger to go ahead, rather than the previous 75 percent hurdle.

Because of the change to the terms of the deal, investors now have an additional two weeks -- until November 7 -- to reach a decision, the firm added.

By Friday, only 50.8 percent of the German firm's shareholders had agreed to the deal as the October 24 cut-off point approached, the two companies said.

Monday's move was good news for Linde stock, which added 1.4 percent to trade at 181.45 euros (\$213.18) around 0920 GMT, topping the DAX index of German blue-chip shares.

Linde and Praxair have been courting for over a year, after French rival Air Liquide's takeover of US-based Airgas in May 2016 pumped it up into the world's biggest industrial gas supplier.

Beijing garment industry resists Congress lockdown



A worker is packaging jackets at a clothing factory in Daxing, on the outskirts of Beijing, on October 20.

AFP, Beijing

AS China's Communist Party congress got under way, nervous garment factory owners were on high alert, running lookouts to evade inspectors as they continued to produce coats, jackets and button-down shirts in defiance of official orders to close.

Chinese authorities have taken extraordinary measures to prevent any disturbance -- including pollution -- from marring the week-long, twice-a-decade meeting as businesses ranging from bars to factories were shut down.

Apparel producers were ordered to suspend work for the month out of fire safety concerns, but in Dahongmen, one of Beijing's last clothing manufacturing hubs, some factory owners simply took their work underground.

"I can't possibly stop for a month, so I can only choose to secretly keep on working," factory owner Yue Fang told AFP as half a dozen tailors churned out cotton-padded coats.

Yue is one of some 200 small factory owners based in Dahongmen, some 25 kilometres (16 miles) from the Great Hall of the People, where the party's top leaders are meeting to hand general secretary Xi Jinping a second term when the congress ends Tuesday.

Each factory had staff keeping an eye out for inspectors weeks before the meet-

ing kicked off, Yue recalled.

"I didn't even dare set foot in my factory -- I just stood watch in the wind and rain" for plainclothes officials and police, she said, attaching tags to a mountain of fur-trimmed corduroy jackets in her workshop.

"It's been like World War II or something here," she said.

"As soon as the 'devils' enter the village, you quickly pull down the shutters and put out the lights. The whole town goes black and you won't find a soul on the streets," she said, using a wartime slur for Japanese invaders to refer to Communist Party inspectors.

But her business was raided a few days ago when she dropped her guard.

"They gave no explanations -- just swept through like bandits and took any clothes they saw," she said. Zhang Jie, a 26-year-old factory owner from Hubei province, decided to give his five employees time off rather than risk reprisals.

"As long as they don't like the look of you, they'll find some infraction. It's pretty terrifying," he said.

In Dahongmen's muddy, unpaved streets, garment industry workers lounged on damp sofas next to laundry hanging out to dry in the smoggy air, killing time. "We play cards, or talk about who made more money," said a 16-year-old button-hole maker surnamed Chen.

Elsewhere, a few other garment makers were also still operating on the sly.

Big money stays away from booming bitcoin

REUTERS, London

BITCOIN is booming, digital currency hedge funds are sprouting at the rate of two a week and the value of all cryptocurrencies has surged tenfold this year to more than \$170 billion.

Yet for all the hype, mainstream institutional investors are steering clear of the nascent market, taking the view that it is too lightly regulated, too volatile and too illiquid to risk investing other people's money in.

Bitcoin, the biggest and most well-known cryptocurrency, has outperformed all the world's traditional currencies each year since 2011, except for 2014. But many investors still view it as an opaque, esoteric instrument used by gun-runners and drug-dealers on the Dark Web that should be avoided.

This year, though, a flood of new hedge funds focused on cryptocurrencies has offered institutional investors who might be unfamiliar with the market a potential route into the world of digital currencies.

According to Autonomous NEXT, a financial technology research house, 84 so-called crypto hedge funds have been launched this year, taking the total to 110 with about \$2.2 billion in assets altogether.

But the fact most of the funds are relatively small with a limited track record - and that cryptocurrency price swings have been so pronounced - means the world's pension funds, insurance companies and large mutual funds are staying away.

"While cryptocurrencies are probably here to stay, they are difficult to analyze, wildly volatile and some may be prone to fraud," said Trevor Greatham at Royal London Asset Management (RLAM), part of the Royal London life insurance company.

"Diversification is a good thing but that doesn't mean investing in everything just because it's there. We favor assets with a long track record in producing returns or reducing risks," said Greatham, who heads RLAM's multi asset team.

Autonomous NEXT partner Lex Sokolin said there were probably only a couple of funds worth several hundred million dollars with most in the \$5 million to \$20 million range - well below the threshold most institutional investors would consider.

"For many institutional, discretionary fund managers, those funds wouldn't get cleared because the big question would be around liquidity," said James Butterfill, head of investment strategy at ETF Securities in London.



A Bitcoin and dollar note are seen in this illustration picture.

One way mainstream money managers could get exposure is by investing in a basket of hedge funds that includes a crypto fund. But the head of hedge funds at a major European bank that invests in more than 100 hedge funds said there were no crypto funds in his portfolio.

"It's a very controversial proposition," said the banker, who declined to be named. "It's unlikely that the most established hedge funds will make big bets on this because you could put your core business at risk."

Determining the value of bitcoin and other cryptocurrencies is tricky. There are almost 17 million bitcoins in existence now but the total supply is limited to 21 million, and that won't be reached until the next century.

Bitcoin's total value, or market capitalization, is close to \$100 billion, bigger than US investment bank Morgan Stanley. At the start of the year it was just \$15 billion. Ethereum, the second-biggest cryptocurrency, is now worth almost \$30 billion.

"If the supply is truly fixed then the price of these securities are determined purely by demand which, in turn, is determined largely by sentiment," said Ken Dickson, investment director, money markets and FX at Aberdeen Standard Investments.

"This means huge price swings with bubbles, booms and busts. Unless the supply processes of these instruments are reformed then it is unlikely that they will play any part of an investment portfolio," he said.

Bitcoin has been on a rollercoaster ride this year. After hitting what was then a record high just below \$5,000 in early September it lost about a third of its value in less than two weeks. It has since almost doubled in price again, to new highs near \$6,000.

Ethereum has been even more erratic. Its price surged almost 50 times from the start of the year to June, before falling back by about a fifth, according to industry website CoinDesk.

That kind of volatility means committees at institutional investment firms looking at the relative risks of asset classes are likely to rule out cryptocurrencies, asset managers said.

"Your risk-budgeting committee will say: you can't hold a lot of that because of the amount it increases risk in your portfolio," said Butterfill. "I do expect volatility to decrease over time but risk budget teams tend to look historically."

For now, those investing in crypto funds are high-net worth individuals, companies managing money for wealthy families, private wealth managers and some venture capital investors.