

Philippine outsourcing industry braces for artificial intelligence

REUTERS, Manila

The outsourcing industry in the Philippines, which has dethroned India as the country with the most call centres in the world, is worried that the rise of artificial intelligence (AI) will eat into the \$23 billion sector.

AI-powered translators could dilute the biggest advantage the Philippines has, the wide use of English, an industry meeting was told this week. Other AI applications could take over process-driven jobs.

The Philippines' business process outsourcing (BPO) industry is an economic lifeline for the Southeast Asian nation of 100 million people. It employs about 1.15 million people and, along with remittances from overseas workers, remains one of the top two earners of foreign exchange.

"I don't think our excellent command of spoken English is going to really be a protection five, 10 years from now. It really will not matter," said Rajneesh Tiwary, chief delivery officer at Sutherland Global Services.

The Philippines, which was an

American colony in the first half of the 20th century, overtook India in 2011 with the largest number of voice-based BPO services in the world.

"There's definitely reasons to be concerned because technology may be able to replace some of what could happen in voice," Eric Simonson, managing partner of research at Everest Group, a management consulting and research firm, told Reuters.

AI, which combs through large troves of raw data to predict outcomes and recognize patterns, is expected to replace 40,000 to 50,000 "low-skilled" or process-driven BPO jobs in the next five years, said Rey Untal, president and chief executive officer of the IT & Business Process Association of the Philippines (IBPAP).

Contact centres make up four-fifths of the Philippines' total BPO industry, which accounts for 12.6 percent of the global market for BPO, according to IBPAP.

BPO firms in the Philippines list Citibank, JPMorgan, Verizon, Convergys and Genpact among their

clients. While the United States remain the biggest customers for the industry, demand for BPO services from Europe, Australia and New Zealand is also growing.

The Philippines' share of the global outsourcing pie, estimated to reach about \$250 billion by 2022, is forecast by the industry to reach 15 percent by that year.

To get there however, the Southeast Asian nation must prove to the world it has more to offer than just a pool of English-speaking talent. BPO executives said the country has to take on high-value outsourcing jobs in research and analytics and turn the headwinds from Artificial Intelligence into an opportunity.

The key to stay relevant and ahead of the competition, they said, is to ensure workers are trained in areas like data analytics, machine learning and data mining.

"You will see in the next few years more automation coming in the way we do things in IT and BPO industry, robotic processing, the use of chat bots," Luis Pineda, president of IBM Philippines, told Reuters.



Manzurul Islam, chairman of Eastern Housing Ltd, presides over the company's 53rd annual general meeting in Dhaka on Wednesday. The company declared 22 percent cash dividend for the year ending on June 30, 2017. Dhiraj Malakar, managing director, was also present.

Dollar suddenly becomes dearer

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The central bank has already sold \$126 million to banks this month to halt the depreciating trend of the taka, according to a Bangladesh Bank official.

"But it is not yielding the desired result as the demand for the US dollar continues to rise."

From July 1 to November 9, the central bank has sold \$440 million to banks. In contrast, it sold \$175 million and purchased \$1.93 billion during the course of fiscal 2016-17.

Some banks are now trading the US dollar with each other bypassing the inter-bank exchange rate set by the central bank, meaning that they completed the transaction beyond the rate, the BB official said.

The central bank has put a cap on

the US dollar at inter-bank exchange rate plus Tk 2 on April 27 in a meeting with the Association of Bankers, Bangladesh with a view to keeping the market stable.

Besides, on Monday it warned a number of banks for such unethical practice and asked them to strictly follow the inter-bank rate to settle foreign exchange transactions among them.

"Some banks had secretly struck up deals between themselves," said Md Arfan Ali, managing director of Bank Asia, adding that the banks were forced to settle transactions at the higher rate because of the scarcity of the US dollar.

Banks usually do not get greenbacks from the central bank, which compelled them to settle the deal avoiding

the inter-bank rate, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

Subsequently, he urged the government to take initiatives to increase export earnings and remittances to ensure steady supply of the US dollar.

"The current account balance posted a huge deficit in the first quarter of the fiscal year. This reflects the existing foreign currency shortage," he added.

Between the months of July and September, the current account deficit stood at \$1.79 billion, in contrast to \$539 million in the surplus a year earlier, according to data from the central bank.

During the period, the trade deficit widened to \$3.65 billion from \$1.56 billion a year earlier.

Digital hundi shrinks flow of remittance

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It is hoped that awareness programmes would encourage non-resident Bangladeshis to come forward to know the importance of channeling their money through banks, he said. Chowdhury also said to ease the flow in the formal channel, Bangladesh Bank has reduced the security deposit requirement for exchange houses abroad to establish drawing arrangements with local banks.

In addition to their own bank branches and ATM booths, banks are now using the branch networks of microfinance institutions and post offices as sub agents for remittance distribution.

Remittances are also distributed through agent banking, such as that provided through Singer Bangladesh Limited outlets, he said.

Furthermore, Bangladesh Bank has established a separate "Financial Integrity and Customer Interest Protection Department" to handle complaints and suggestions of customers or stakeholders at home and abroad to ensure smooth and hassle free services.

The "16236" hotline is to address customers' hassles, if any. He said at the moment no bank can take more than two days in reaching remittance to designated beneficiaries.

Exports spring back

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The sector's prospects on the global stage brightened after the long-delayed diversification of the product range and the higher demand for Bangladeshi made jute yarn for carpets and rug manufacturing in Turkey and some Middle-eastern destinations, according to industry people. Moreover, jute exports to Japan and Russia are increasing due to higher demand of natural fibre-made products there, exporters said. Home textile exports increased 20.37 percent year-on-year to \$260.79 million, while the shipment of agricultural products like vegetable, fruits, spices, cut flowers grew 20.22 percent to \$203.21 million.

Frozen fish, live fish and shrimp export increased 15.41 percent to \$226.91 million, which is 37.21 percent higher than the target for the period.

Shrimp exporters said they have been receiving better prices from buyers as the demand for the black tiger variety of shrimp increased in the western world.

Last year, shrimp exporters received \$5.50 to \$6.50 for a pound of shrimp, but this year they are receiving between \$7.50 and \$8, according to exporters. Pharmaceuticals exports grew 17.31 percent year-on-year to \$32.19 million and furniture exports 18.81 percent to \$14.15 million.

Exporters seek long-term tax, energy policies

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"However, it is very simple to fix the rate for the long term so that the business can predict their expenditure and plan for future," Hoque said at a roundtable on the export potential of Bangladesh.

Bangla daily Prothom Alo and banking giant HSBC jointly organised the discussion at the newspaper's office in Dhaka, where a minister, exporters, bankers, manufacturers and entrepreneurs spoke.

Siddique Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, echoed Hoque's views.

He also complained about the poor state of the premier Chittagong port and airport in Dhaka.

Not only the sea port and airport, the poor state of the Dhaka-Ashulia highway is also responsible for the bad transportation system.

The truckers demand higher fares because of the rundown roads between Dhaka and Ashulia-Savar, he said.

Subsequently, he called for the highways to be expanded into six lanes as hundreds of garment factories are located on both sides of the road.

David Hasanat, chairman and chief executive officer of Viyellatex Group, a leading garment exporter, said the garment sector's success stories should

be spoken of more.

"We should also continue with the PR initiative to carve out a positive picture of the country's successful garment sector," he added.

The exporters of Bangladesh are responsible for not only driving economic growth but also for establishing the 'Bangladesh' brand across the world, said Francoise De Maricourt, chief executive officer of HSBC Bangladesh.

Muhammad Shohiduzzaman, country head of global trade and receivables finance of HSBC Bangladesh, said the popularity of export through open accounts system has increased worldwide due to simplicity of the process.

Bangladesh can also adopt it instead of the time-consuming and traditional letters of credit system, he said.

Saiful Islam, president of Leathergoods and Footwear Manufacturers and Exporters' Association of Bangladesh (LFMEAB), said the condition of the customs department at the Chittagong port has worsened.

Customs officials take a lot of time to scrutinise the imported goods meant for manufacturing in the factories, Islam said, adding that the Chittagong port should have a contin-

gency plan to avoid any kind of sudden deterioration in the system.

Abu Taher, former chairman of the LFMEAB, said the global market size of leather goods is \$240 billion and in a few years' time China will be importing another \$100 billion worth of leather and leather goods and footwear.

"So we have a lot of opportunity to export leather goods worldwide. We need export diversification," Taher said.

The demand for diversified jute goods like yarn has been increasing worldwide, so the scope for jute and jute goods exports is also rising worldwide, said Mahmudul Haque, managing director of Sadat Jute Industries Limited.

"We need the government's support to make the best of this global opportunity," he added.

MA Mannan, state minister for finance and planning, said sometimes the government's activities are stopped through filing writ petitions in the court.

"This is one of the major reasons for the slow progress of the government's development projects," he added.

Abdul Qayyum, associate editor of the Prothom Alo, moderated the roundtable.

Joint venture to produce 600MW in Matarbari

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The government has approved two floating LNG terminals, each of which will supply 500 million cubic feet of gas per day.

In July, state-run Petrobangla and

US-based Excelerate Energy signed the final deals to set up Bangladesh's first LNG terminal in Maheshkhali, which will supply gas to the national grid from early 2018.

The government also awarded Summit Group the work to set up the country's first floating LNG terminal, also in Maheshkhali. This one is due for commissioning by next October.



Supratip Ghose, head of the CSE department at the University of Information Technology and Sciences, receives a "best professor in engineering" award from Zunaid Ahmed Palak, state minister for ICT, at a ceremony organised by the Asian Confederation of Business in association with Singapore-based CMO Asia and Stars of the Industry Group.