

StanChart coming up with new strategy for Bangladesh

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STANDARD Chartered Bank is preparing its new strategy to carry on its growth momentum in the country, which it deems one of its core markets, said the chief executive of its Bangladesh operations.

The Bangladesh franchise had formulated a strategy in 2010 that has served its purpose, said Naser Ezaz Bijoy, who took its helm in November last year, becoming the third Bangladeshi to do so.

"We are revising our strategy and it will be finalised within the next month or so. I don't think the next five years will be the same as the previous five years," he told The Daily Star in an interview last week.

The strategy would be all-encompassing, with equal focus on corporate and institutional banking, commercial banking and retail banking.

"We think that we are well-positioned to realise the potential of the country," said Bijoy, who has been with the British lender for 25 years, serving in various roles in the Middle East, Asia and Africa.

Bangladesh is an important market for SCB, so the country office receives more commitment and support from the headquarters in London.

"We are very committed to this market. In fact, major markets such as Bangladesh are like a home market for us."

Corporate and institutional banking generates half of the revenues for the bank in Bangladesh, commercial banking about 20 percent and retail banking 30 percent.

Bijoy, who holds an MBA from the Institute of Business Administration, feels SCB's competitive advantage in Bangladesh lies in long-term project financing.

For instance, as of 2016, SCB has been

involved in financing of 20 percent of power generation in Bangladesh. It has arranged all aircraft financing for state-run Biman Bangladesh Airlines.

Subsequently, the bank's resources can come in handy in Bangladesh's much-needed infrastructure financing.

The 48-year-old though backed the Bangladesh Bank move to advise banks to avoid giving long-term loans to corporate borrowers and instead work as mediators to raise funds from the capital market for projects.

"What the central bank has suggested is perfect and it should be the practice. However, a congenial environment has to be put in place to do that and the policy framework has to be supportive as well."

He went on to call for incentivising investment in the bond market initially in order to popularise the market.

About the BB's much talked about move to lower the banks' loans-deposit ratio ceiling, he said the central bank opted for a practical approach: instead of lowering the ceiling in a big way, it cut the rate by a small margin.

Bijoy said the bank thinks it can do a lot in the retail banking segment.

He said there was a time when the bank's retail banking segment was underinvested. It, however, has invested in the segment in the last three years. At present, SCB has 24 branches in Bangladesh.

The bank, however, is giving more priority to enhancing the online banking experience for its customers such that they need to visit a bricks-and-mortar branch less and less.

Challenges for banks would be greater this year because of liquidity and currency situation, Bijoy said.

"Banks will have to be more innovative to



Naser Ezaz Bijoy

grow their business without depending entirely on loans."

He said the taka has depreciated against the US dollar because of the rise in commodity prices, slowdown in remittance flow, rising imports against slowing exports, and a natural adverse impact from a host of interventions from the regulator.

The major focus for all banks would be deposits this year.

"Banks would not be able to lend more if they can't attract deposits and banks would have to look to incentivise deposits," he said, adding that the cost of deposits will also go up.

Governance standards have to be strength-

ened and there is no alternative to it, he said, adding that governance can help banks keep both financial crimes and non-performing loans under control.

Banks have to take the issue of financial crime control seriously and invest to beef up security measures, he said.

SCB organises summits outside of Bangladesh to promote the country as an investment destination. It also shares with top regulators the feedbacks from investors.

Investors face challenges when it comes to getting land, access to adequate energy, and foreign exchange regulations.

When the foreign exchange regulations were framed they served the purpose. "Now, the time has come to relax the regulations on current accounts."

About the Bangladesh market as a whole, he said there are definitely challenges in the market.

"But there are raw opportunities. Risk-reward is favourable in the market if you understand the market. You have to have patience, understanding, and clear risk management and strategy."

The bank has opened a lounge at the Hazrat Shahjalal International Airport meeting a long-standing demand of clients and set up a booth in the Mongla Export Processing Zone to help exporters.

Bijoy said Khulna would be a growth market for the banking sector once the Padma bridge opens to the public.

The bank has also set up a financial crime control academy with support from the central bank. It recently teamed up with non-government organisation Friendship to sponsor 400 cataract surgeries for underprivileged people in coastal areas.

"There are a lot more in the pipeline."

Facebook to issue \$10m for community leaders

AFP, London

Facebook said Friday that it will issue up to \$10 million (8.2 million euros) in grants to help support and train community leaders around the world.

The tech giant unveiled its new initiative at a London summit of more than 300 community leaders from across Europe.

The Facebook Community Leadership Programme will offer residency, fellowship and training opportunities, as well as community leadership circles and specialised assistance on the social networking platform.

"Facebook will commit tens of millions of dollars to the programme, including up to \$10 million in grants that will go directly to people creating and leading communities," it said in a statement.

While the social network is a platform for virtual communities to gather, it is also a vehicle for advertisers to reach its more than 2 billion active users. Facebook last week said it booked nearly \$13 billion in sales in the last three months of last year.

Green cars in spotlight as India eyes revolution



A model poses next to KIA's electric hybrid Niro car during the Indian Auto Expo 2018 in Greater Noida.

AFP, New Delhi

ELECTRIC cars bask in the limelight at India's flagship auto show, where an ambitious plan to phase out polluting clunkers has manufacturers racing to lure millions of new drivers to their green vehicles.

Prime Minister Narendra Modi's government wants all new cars on India's roads to be electric by 2030 to combat smog that routinely eclipses dangerous levels in the nation of 1.25 billion.

Some auto giants at the motor show in New Delhi have expressed reservations about the aggressive roll out, when so little of India is equipped to charge electric cars and most drivers cannot afford the hefty price tags.

But few are willing to risk a golden opportunity in the world's fifth-largest car market, where owning a four-wheeler is a status symbol.

"We are a strong believer in electric, and with a leap of faith, we started investing even before the government announcement," said Mahesh Babu, CEO of Mahindra Electric, currently the only company producing electric vehicles in India.

The Indian auto firm is a "pioneer in e-mobility", investing \$75 million in its electric fleet since 2010 with another \$90 million earmarked as production ramps up in the next three years, Babu said.

Others are racing to produce competing models at lower prices, with Maruti Suzuki -- India's biggest maker of passenger vehicles -- promising to launch an electric car in 2020.

Banking on big sales, Maruti has poured \$180 million into a new plant to construct lithium-ion batteries in partnership with Japan's Denso and Toshiba.

Tata Motors, part of the sprawling tea-to-steel conglomerate, in September won a contract to supply 10,000 electric cars for the government.

The cars, priced at nearly \$15,500, are the first attempt by the government to replace its half-a-million fleet of diesel and petrol guzzlers with electric vehicles.

Tata Motors is also experimenting with electric buses, and is looking to revamp its popular small Nano model as a battery-powered vehicle.

Car ownership is steadily rising in Asia's third-largest economy, where four million new cars were sold in 2016.

PriceWaterhouseCoopers expects annual sales to grow to nearly seven million by 2022. But the lion's share still run on petrol and diesel, worsening already atrocious air quality in a country that ranks among the world's most polluted.

A government report in May said the mobility of passengers through shared and electric vehicles can cut India's energy demand by 64 percent and carbon emissions by 37 percent in 2030.

India is not alone in wanting all-electric cars -- Britain and France hope to achieve this by 2040 -- but New Delhi wants to go faster than others.

But the transition has been slow, and some global auto giants are hesitant to take the plunge in India.

Mercedes has described the 2030 deadline as rushed, while Elon Musk postponed the India launch of his Tesla Model 3.

The California-based company is slated to open a factory in China, India's regional rival where the electric car market is booming. At the auto show in New Delhi, car makers pointed out that India lacked the charging points needed to refuel depleted batteries -- a major roadblock to taking electric cars nationwide.

"Who will develop this, who will fund this? All this is unclear at the moment. It is absolutely crystal ball gazing," said Manohar Bhat from South Korean giant Kia Motors, which is expected to soon unveil an electric vehicle exclusively for the Indian market.

Other vendors at the car fair said securing enough lithium to build batteries for millions of electric vehicles would be challenging and costly.

Mahesh Bendre, an auto industry analyst with Karvi Stock Broking, said electric cars would only succeed in India if the price was right.

Maldives, a honeymoon haven in peril

AFP, Malé, Maldives

FAMED as an upmarket tourist destination of white beaches and turquoise waters, the island nation of the Maldives is troubled by political turmoil and rising sea levels.

The country is a collection of 26 atolls made up of 1,192 tiny islands scattered 800 kilometres (550 miles) across the equator.

Only 200 islands are inhabited with the country's population put at 340,000 in the last census but estimated at around 417,000 in 2016 by the World Bank.

Its 298 square kilometres (115 square miles) are home to about three percent of the world's coral reefs.

Tourism is the principal income earner, providing 41 percent of gross domestic product (GDP) in 2016 and nearly 20 percent of jobs, the World Travel and Tourism Council says.

The archipelago's beauty drew around 1.28 million tourists in 2016, a four-percent rise over the previous year, according to UN's World Tourism Organization data.

It is a destination especially prized among honeymooners, such as Hollywood stars Tom Cruise and Katie Holmes who visited in 2006.

Maumoon Abdul Gayoom ruled with an iron fist for 30 years until 2008, when he lost the first multi-party polls to human rights activist Mohamed Nasheed.

Nasheed was forced to resign in 2012 after a police mutiny and demonstrations that he said were part of a coup plot.

In disputed elections the following year, he was defeated by Gayoom's half brother, Abdulla Yameen, the current president.

In 2015 Nasheed was sentenced to 13 years in jail on a terrorism charge widely criticised as politically motivated.

In 2016 he was granted prison leave for medical treatment in London, where he secured political asylum with the help of high-



AFP/FILE

The wooden entrance leading to the Coco Palm resort on Boduhithi Island in the Maldives.

profile human rights lawyer Amal Clooney.

While Nasheed continues to push for change from exile, Yameen declared a state of emergency on February 6 after judges ordered the release of his opponents.

Eighty percent of the Maldives is less than a metre above sea level, making it one of the countries most threatened by rising sea levels linked to climate warming.

In 2009 Nasheed held a cabinet meeting underwater to raise awareness of the risk, also warning his people could become climate refugees.

Situated along Indian Ocean trading routes and about 650 kilometres southwest of Sri Lanka, the Maldives has been colonised several times.

Once a Buddhist kingdom, it converted to Islam around the 12th century.

Portuguese explorers occupied the main island of Mahe in the 16th century. The territory then became protectorates of the Dutch and the British before complete independence on 1965.

Sunni Islam today remains the state religion, all other religions being banned.

The Maldives follows a moderate version of Islam while banning alcohol, except in tourist hotels, and homosexuality.

It also flogs women found guilty of "fornication", says Amnesty International, which is critical of the human rights situation that it says includes restrictions on peaceful protests and expression.

China factory gate inflation slips to 14-month low

AFP, Beijing

CHINA'S factory inflation eased to a 14-month low in January while consumer prices grew at their slowest rate in six months, official data showed Friday.

The producer price index (PPI) -- an important barometer of the industrial sector that measures the cost of goods at the factory gate -- came in at 4.3 percent year-on-year in January, according to China's National Bureau of Statistics (NBS).



AFP

A woman selects dried longan at a supermarket in Fuyang, in eastern China's Anhui province on Friday.

January's PPI reading was the lowest since November 2016, though it was in line with forecasts by a Bloomberg News survey of economists.

It also dropped for the third consecutive month, with readings of 4.9 percent in December and 5.8 in November of last year.

The consumer price index (CPI) -- a main gauge of retail inflation -- rose 1.5 percent year-on-year, down from 1.8 percent in December and in line with forecasts.

NBS analyst Sheng Guoqing attributed the drop to Chinese New Year -- the country's largest holiday -- falling in January in 2017 but February this year.

"Declines in non-food inflation and producer price inflation will open the door to monetary policy easing this year," said Julian Evans-Pritchard of Capital Economics in a research note.

"The broader trend is that underlying price pressures are starting to cool on the back of weaker economic activity."

Other analysts took heart in the stable numbers from China's factories.

"The stable factory inflation suggests China's economy is steady and that's good news for the global economic recovery," Banny Lam, head of research at CEB International in Hong Kong told Bloomberg.