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Chinese mobile brands growing rapidly

MUHAMMAD ZAHIDUL ISLAM

Chinese mobile phone brands are building up their presence in Bangladesh, doubling their share within a year. In 2017, Chinese brands accounted for 22 percent of the smartphones imported, up from 12 percent a year earlier, according to local importers.

Mobile device imports in Bangladesh

Volumes in percentage of total imports



The brands' import more than doubled to 39.40 lakh units in 2017 from a year earlier, whereas the overall market grew only 11 percent to 3.44 crore, according to data collected by the top importers of the country. The growth is even higher in case of basic phones: imports by Chinese brands surged 117 percent year-on-year to 21.68 lakh units last year. Counterpoint, a Hong Kong-based technology market research firm, also came up with the similar numbers in the first three quarters of 2017. It has not published the full-year report yet. "We didn't get as much business as we had expected in 2017. Chinese companies might be growing here," said Jakaria Shahid,

managing director of Edison Group, the parent company of mobile handset brand Symphony. Shahid, also the general secretary of the Bangladesh Mobile Phone Importers Association (BMPIA), said the pattern of the business is also changing in Bangladesh because of the advancement of new technologies.

Symphony, the market leader for the last several years, is planning to establish a handset assembly plant in the country. "Once we start the assembling in our own plant, the gap will be narrowed and Symphony will grab more market share and it will ultimately improve the local brands' position." Walton, another local brand, has already started assembling handsets on its own but has not been able to create much impact in the market. Some other local brands are planning to set up assembly plants.

In the smartphone segment, total imports remained flat in 2017. Last year, importers brought 80.99 lakh pieces of devices, up slightly from 80.05 lakh units from a year earlier. Some 62 percent of the devices in the market were imported by local brands in 2017, down from 71 percent in 2016, 78 percent in 2015, and 84 percent in 2014.

Rezwanul Haque, chief executive officer of Transsion Bangladesh Ltd, a Chinese-branded device that launched in Bangladesh a few months ago, said the major difference is that Chinese companies are spending heavily to establish their brands across the country. "About 80 percent of the global mobile handsets are made in China. That's why the country's backward linkage is very strong, enabling it to offer high-quality products to customers," said Haque, also the immediate past general secretary of the BMPIA.

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Seated from right, M Anis Ud Dowla, chairman of ACI Group; AMA Muhith, finance minister; Tapan Chowdhury, managing director of Square Pharmaceuticals Ltd; Barrister Rafiqul Haque, noted jurist; Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority; Latifur Rahman, chairman and CEO of Transcom Group; Syed Manzur Elahi, chairman of Apex Group, and Prof Jamilur Reza Choudhury, vice chancellor of University of Asia Pacific, pose at an event to celebrate the 25 anniversary of local business conglomerate ACI Group, in the capital's Radisson hotel on Saturday.

BANGLADESH BANK CYBER HEIST

Case to be filed against RCBC by April: Muhith

REJAUL KARIM BYRON

The government will sue the Rizal Commercial Banking Corporation of the Philippines by April for its role in the cyber heist of \$81 million from the central bank's account with the Federal Reserve Bank of New York. "We have taken decision to file a case against the Rizal Bank and we will do it by April," Finance Minister AMA Muhith told reporters yesterday after an inter-ministerial meeting on the matter. Law Minister Anisul Huq and Home Minister Asaduzzaman Khan Kamal were present at the meeting. However, officials at the central bank and the Criminal Investigation Department investigating the case told The Daily Star requesting anonymity that it cannot be stated yet when the

lawsuit would be filed. But it will be done before February 2019, which would be three years from the event -- and the time limit for filing a case with a New York court. To file the case, the CID has to provide a charge sheet in the court, which the department has not yet gotten round to doing. The CID is being held up by non-cooperation of countries whose citizens were allegedly involved in the heist. Citizens from as many as nine countries, including the Philippines, Sri Lanka, China and Japan, are involved in the heist, one of the biggest in history. Over the last ten months, investigators have sent letters to the countries seeking particulars of some 40 suspects, but only the Philippines have responded.

At the meeting it was decided that the foreign ministry will look to bring response from the countries. If that does not work, the CID will close the process and submit the charge sheet. The case will be filed in New York and a law firm based in the city will be appointed to fight the case, according to Muhith. "We want to make the New York Fed a party with Bangladesh in the case," he said. A proposal has been sent to the NY Fed but it is yet to respond, said a banking division official. If no response is obtained in the near future, the BB governor may hold a meeting with the NY Fed in New York in April, he added. "A case has to be filed," Kamal told reporters after the meeting. At the same time, the process of recovering the money would continue.

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Japanese jobs calling

Palak tells local IT engineers

The scope for skilled Bangladeshi IT graduates to work in famous Japanese companies are widening as the technologically developed country needs a huge number of young engineers to run the companies, said Zunaid Ahmed Palak, state minister for ICT, yesterday. The hiring process has already started as 13 well-trained engineers recently joined different Japanese companies and some more will do so within a short time, he said. "Japan needs hundreds of IT engineers and we can manage jobs for our skilled manpower over there from next year," said Palak in a certificate presentation ceremony of a training session at the ICT division. Bangladesh Computer Council (BCC) in association with JICA Bangladesh Office organised the training for Bangladeshi youths under a "Bangladesh-Japan ICT Engineers' Training Program (B-JET)". Palak urged engineers and companies specialising in information technology and information technology enabled services (ITES) to take this up as a great opportunity to increase the export market of Bangladesh. "Bangladesh has a huge demographic dividend where more than 65 percent of the population is of working age and on the other hand, Japan, the third largest economy of the world, is experiencing a shrink in manpower," said Palak. Interestingly Japan is the third most attractive IT market in the world, next to America and Europe, he added. The government has targeted to digitalise Bangladesh by 2021 and set a target for employing 20 lakh people in the IT/ITES sector and get \$5 billion through exports from this sector, he said. "We are eager to take advantage by providing trained IT engineers to the Japanese market in an appropriate manner. Bangladesh will take the opportunity to fill this gap with skilled IT engineers for building Digital Bangladesh," Palak added. Japanese Ambassador to Bangladesh Hiroyasu Izumi, Japan International Cooperation Agency (Jica) Chief Representative Takatoshi Nishikata and senior officials of the ICT division were present.

Bangladesh's bad loan ratio higher than India, Nepal



Bangladesh Bank Governor Fazole Kabir speaks at a regional banking conference organised by the Bangladesh Institute of Bank Management at its auditorium in the capital yesterday.

The high non-performing loan ratio remains a key concern for the banking sector, said a country paper on Bangladesh that was presented at a conference yesterday. Between 2014 and 2018, the NPL ratio has been hovering above the 10-percent mark, according to the paper titled "A Review of the Activities and Performance of the Banking Sector of Bangladesh". The NPL ratio would go up to 17 percent if rescheduled or restructured loans are included, it said. The paper was presented at the Regional Banking Conference organised by the Bangladesh Institute of Bank Management held yesterday at its auditorium in the city. The state banks are another major concern for policymakers. Regular capitalisation of the state banks by the government with public money has caused anxiety, raising the demand for immediate broad-based corrective actions and legal

measures, said the paper presented by Shah Md Ahsan Habib, professor and director of the BIBM. Nepal's NPL ratio is less than 2 percent, according to Mohammed Farashuddin, a former governor of the Bangladesh Bank. Strong regulation and stringent application of rules have enabled Nepal to maintain that ratio, he said. India has managed to keep NPL within 7 percent thanks to strong regulations as well, said Yasin Ali, a supernumerary professor of the BIBM. India's central bank discloses the names of wilful defaulters whereas in Bangladesh bankers can't even dare to send notices to defaulters, he said. Bangladesh saw an enormous increase in the number of banks in the last decade but the industry's capacity has not improved as much, said Syed Mahbubur Rahman, managing director and chief executive officer of Dhaka Bank. He blamed the lack of governance for the higher bad loans in the bank-

ing sector. "We can't bring the defaulters to the negotiation table due to the inadequacy of the legal system," he said, while emphasising on improving capacity and independence of the regulatory body. Bangladesh's savings rate is above 20 percent, but it does not prove sound corporate governance, said Faisal Ahmed, chief economist of the BB. "Weak corporate governance has tempted the bad borrowers," he added. BB Governor Fazole Kabir, who inaugurated the two-day conference, said the banking sector in Bangladesh has grown manifold since independence, accompanied by steady and inclusive growth. The sector has undergone successive rounds of major structural and regulatory reforms, supporting the emergence of a vibrant private sector. "The central bank has steered this transformation by promoting market-based principles and macro-financial stability," he added.

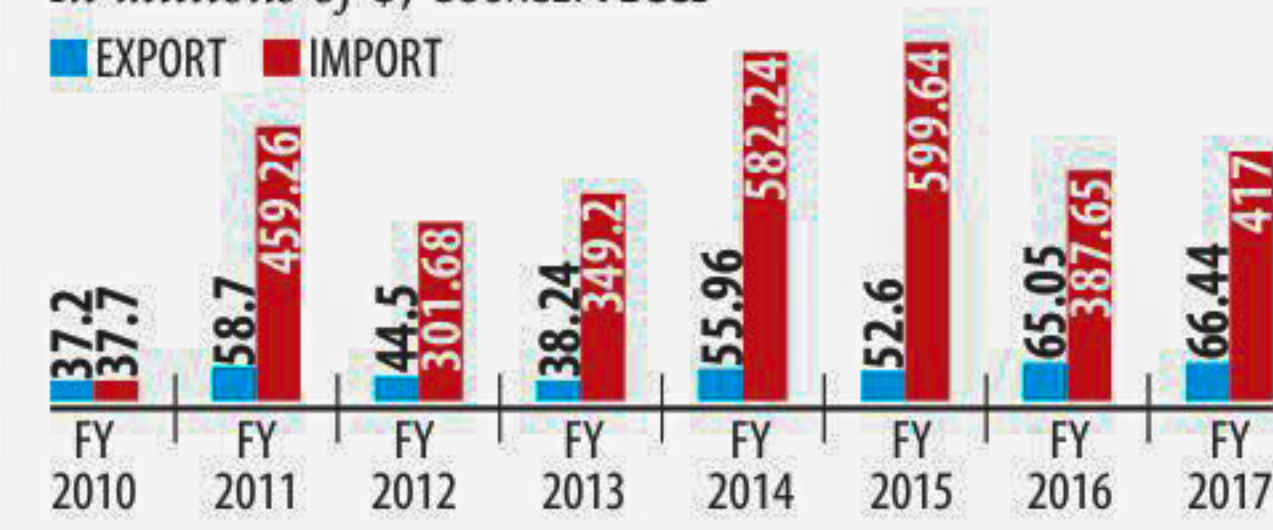
Bangladesh to seek more Vietnamese investment

Vietnam's president in town on a three-day visit

Bangladeshi businesses will seek more investment from Vietnam during the visit of the Southeast Asian country's President Tran Dai Quang, who arrived in Dhaka yesterday. The bilateral trade volume is in favour of Vietnam, from where Bangladesh has been importing woven fabrics in bulk quantity since 2011 after the relaxation of the Rules of Origin by the EU for the least developed countries.

Trade between Bangladesh and Vietnam

In millions of \$, SOURCE: FBCCI



The European Union started giving the zero-duty benefit to the exporters of apparels, including the ones made of imported fabrics. "We will ask for Vietnamese investment here so that the trade balance can be narrowed down at least to some extent," said Shafiqul Islam Mohiuddin, president of the FBCCI. Still, Bangladesh will have to meet 65 percent of its demand for woven fabrics from imports because of a weak local backward linkage industry. Thanks to spiralling Chinese investment, Vietnam has turned into a major hub for textile fabrics for Bangladesh, which is also dependent on Vietnamese rice.

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Correction

In a report titled "Four mobile container scanners lie idle for nearly 2yrs", which was published on January 11 this year, it was written that Apelo Barua is the manager of Beijing-based Nuctech Company Ltd. Actually, Barua has never been employed by the company and Nuctech has no Bangladesh office either. We regret the error.

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