

5 banks get Asiamoney award



Ali Reza Iftakhar, CEO of Eastern Bank, poses with the "Best corporate and investment bank of Bangladesh" trophy presented by Asiamoney, a financial publication, at the Asiamoney award giving ceremony at JW Marriott Hotel in Hong Kong on Monday.

STAR BUSINESS
Five banks from Bangladesh have recently been awarded at the Asiamoney best bank awards 2018. Asiamoney, a financial publication, presented the awards for excellence across a range of core banking activities over the past 12 months, reports Euromoney, a UK-based English monthly magazine focused on business and finance. Brac Bank received three awards for

being the best domestic bank as well as digital bank and for its corporate social responsibility at the presentation ceremony at JW Marriott Hotel in Hong Kong on Monday. Standard Chartered bagged the one for best international bank and City Bank received the premium banking services award while the best corporate and investment bank award went to Eastern Bank. HSBC won accolade as the best bank in small and medium-sized

enterprise category. The winners were selected by a team of senior journalists chaired by Euromoney's editor. They received detailed submissions from market participants along with research into the banking and capital markets of the country by its editorial committee. The magazine's editors also visited the country to meet leading bankers and gather client and competitor feedback.

BMW sued in US over diesel emissions

AFP, New York
German luxury carmaker BMW has been sued in the United States over "defeat devices" installed in tens of thousands of vehicles in order to cheat diesel emissions tests, lawyers for the plaintiffs said Tuesday.

The case, filed in federal court in New Jersey, will become a class-action suit once it is certified by a judge. The suit singles out the BMW X5 and 335D model diesel cars sold between 2009 and 2013. The attorneys at the Hagens Berman firm claim emissions from those cars were as much as 27 times higher than the standard allowed. "At these levels, these cars aren't just dirty -- they don't meet standards to be legally driven on US streets and no one would have bought these cars if BMW had told the truth," said Steve Berman, the firm's managing partner.

In South Korea, US cars are rare, and often German or Japanese

REUTERS, Seoul
The United States and South Korea have agreed to revise a trade pact with a side deal to deter competitive currency devaluation by Seoul and with concessions for US auto and pharmaceutical companies, Trump administration officials said on Tuesday. In addition to increased access for American vehicles that meet US but not necessarily South Korean safety standards, US officials said they won reductions in non-tariff barriers to US vehicle sales in the world's 11th largest vehicle market, including elimination of duplicate environmental testing requirements and recognition of US replacement parts standards. In South Korea, vehicles made in the United States are a niche market, and most foreign models sold in 2017 were German and Japanese, according to South Korean vehicle registration data provided to Reuters. In 2017, Koreans registered just over 42,000 US made vehicles, many of them sport utility vehicles. Of those, nearly two thirds were vehicles made by German or Japanese automakers in their US factories. The Ford Explorer was the most popular US made vehicle in South Korea last year, with about 6,000 vehicles registered, according to statistics compiled by the

Korea Automobile Importers and Distributors Association. South Korean consumers registered 4,843 US-made models sold by the Jeep brand of Fiat Chrysler Automobiles NV last year, while General Motors Co's Cadillac brand registered 2,008 US-made models sold last year, according to the KAIDA figures. The data does not include the 4,739 Chevrolet vehicles imported and sold by local manufacturer GM Korea last year. Overall, however, South Korean consumers preferred American-made vehicles offered by German and Japanese brands. German luxury vehicle brands BMW AG and Mercedes-Benz registered 12,947 US-made vehicles in South Korea in 2017. South Korea last year became the sixth biggest market for Mercedes. Among Japanese automakers, Honda had the most success selling its US-made vehicles to South Korean consumers, with 7,900 US-manufactured Hondas registered last year. Under revisions in the US-Korea free trade agreement, US automakers will be able to bring into South Korea 50,000 vehicles per automaker per year that meet US safety standards, not necessarily Korean standards, up from 25,000 vehicles previously.

Oracle's big-money case against Google gets new life

AFP, San Francisco
An appeals court on Tuesday gave Oracle another shot at wringing billions of dollars from Google in a keenly watched legal battle over the use of freely available Java software code. A federal appellate court revived Oracle's case, ruling that the application programming interface (API) code at issue is protected by copyright law and sending the case back to the original judge to figure out how much Google owes the business software titan. A trial two years ago ended with a jury deciding that Google did not unfairly use Java code, saving the internet giant from a possible multibillion-dollar verdict. The appellate court on Tuesday disagreed, saying the software is entitled to copyright protection. Oracle, a major business software and cloud firm, sought billions in damages from Google over the search engine company's use of Java

programming language in its Android smartphone operating system. But Google and its allies argued that extending copyright protection to bits of code, called application programming interfaces, or APIs, would threaten innovation. The case was closely watched by the tech industry because of its implications for software innovation and copyright law. Google, at the time, said that its victory at trial was "a win for the Android ecosystem; for the Java programming community and for software developers who rely on open and free programming languages to build innovative consumer products." Oracle, which obtained Java when it acquired Sun Microsystems in 2009, had been seeking some \$9 billion in damages. Dorian Daley, Oracle's general counsel, welcomed the latest decision, saying it "upholds fundamental principles of copyright law and makes clear that Google violated the law."

Poor salaries, skills gap plague insurance sector: analysts

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He said the IDRA was established in 2011 but the associated laws were still not being implemented in absence of regulations, while the office is being run wholly by temporary employees. State Minister for Finance MA Mannan said coordination was missing among the government, insurers, and clients. Insurance companies are not adequately aware of professional creation, said Farzana Chowdhury, managing director and CEO of Green Delta Insurance. It is a company's responsibility to take initiatives for skills development of their staff, she said. Chowdhury also said the entry-level salary in the insurance sector is almost 50 percent lower than those of other sectors such as banking. As a result, the new generation is not that much interested in this industry, she said. Lack of governance and unhealthy practices among the companies have created an uncomfortable atmosphere, discouraging the talents of this new generation from seeking jobs in the

sector, she said. Shibli Rubayat Ul Islam, a professor at the University of Dhaka, said the insurance sector has failed to keep up with the pace of the country's overall economic growth. He said all the economic indicators, be it the gross domestic product, export or import, were growing steadily. So, insurance has immense potential to grow but this depended on the industry, he said. "Salary in the sector is very low and if you don't offer more, you won't get quality executives," said Islam, also the chairman of state-owned Sadharan Bima Corporation. The major challenge for the insurance sector is to build trust, said Ahasanul Islam, chairman of Sandhani Life Insurance. "We have an insurance academy but it cannot produce enough workforce," he said, adding that many insurance companies were not getting chief executives due to a lack of efficient workforce. Human capital is the prime need for the insurance sector at this moment, said Borhan Uddin Ahmed, a member of the IDRA.

"We need to find out why the industry people are reluctant to receive training," said Gokul Chand Das, a member of the IDRA, in response to Bangladesh Insurance Academy's claim that insurers were not interested in providing training to their workforce. Sainesh Dar, regional director of the CII for South Asia, said not only salary but also working environment mattered when it comes to recruiting the right people for the industry. He said a skills gap exists at all levels and the insurance companies should initiate a move to introduce relevant courses at different academic levels. Nasir A Choudhury, adviser and founding managing director of Green Delta, Rubina Hamid, chairman of Sunlife Insurance, Imam Shaheen, CEO of Asia Insurance, and Monirul Alam, managing director of Guardian Life Insurance, also spoke. Brig Gen (ret'd) Shahedul Anam Khan, associate editor of The Daily Star, delivered the welcome address. Keith Richards, CEO of the CII, was present.

Saudi Arabia to create world's biggest solar power firm

REUTERS, New York
SoftBank Group Corp's Vision Fund will invest in creating the world's biggest solar power project in Saudi Arabia, it said on Tuesday, stepping up its involvement in the kingdom and expanding beyond technology. The project is expected to have the capacity to produce up to 200 gigawatts (GW) by 2030, SoftBank Chief Executive Masayoshi Son told reporters in New York. That would add to around 400 GW of globally installed solar power capacity and is comparable to the world's total nuclear power capacity of around 390 GW as of the end of 2016. By investing in solar power, Saudi Arabia, the world's biggest oil exporter, can reduce the amount of crude it currently uses to generate power and increase its overseas shipments. The move illustrates the commitment by the de facto Saudi ruler, Crown Prince Mohammed bin Salman, to transform the country's economic status quo. The final investment total for the 200 GW of generation, including the solar panels, battery storage and a manufacturing facility for panels in Saudi Arabia, will eventually total around \$200 billion, Son said. The initial phase of the project, for 7.2 GW of solar capacity, will cost \$5 billion, with \$1 billion coming from SoftBank's Vision Fund and the rest from project financing, he said. Saudi Arabia's Vision 2030 reform plan, which aims to reduce the country's economic dependence on oil, was a good match for the fund's long-term vision for innovation, said Son. "These two visions have come together to create clean, sustainable, low-cost and productive renewable energy," he said. "The Kingdom has great sunshine, great size of available land, and great engineers..."

Private banks' profits slide on piling bad loans

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Of the 40 private banks, 17 saw their net profits decline from a year earlier. Rahman, also the chairman of the Association of Bankers, Bangladesh, a forum of banks' managing directors, said the private banks would struggle to register growth in profits this year too given their ongoing liquidity crunch. This is not good news for the stockmarket, as it means the listed banks might announce lower dividends to their shareholders this year, he said. The private banks will have to recover their defaulted loans at any cost this year, said MA Halim Chowdhury, managing director of Pubali Bank. "Otherwise, their liquidity and profit crisis will deepen further," he added. Khondkar Ibrahim Khaled, a former deputy governor of the central bank, said some private banks had faced financial scams last year that eroded their profits. He went on to suggest that the private banks' actual net profits last year were lower than what is being reported: the majority of the private banks did not calculate their defaulted loan accurately to avoid keeping provisioning in a bid to enjoy net profits. "The actual net profit might have been lesser had the private banks calculated the defaulted loan following all rules and

regulations," Khaled added. Among the private banks, Standard Chartered recorded the highest net profit of Tk 762 crore last year, followed by National Bank at Tk 653 crore and Islami Bank Bangladesh at Tk 624 crore. But the overall banking sector's profits, however, grew 11.91 percent year-on-year to Tk 9,296 crore in 2017, on the back of some robust numbers logged in by state banks, according to provisional statistics from the central bank. The six state-owned commercial banks—Sonali, Janata, Agrani, Rupali, BASIC and Bangladesh Development Bank—collectively logged in Tk 716 crore as net profit for 2017 in contrast to a net loss of Tk 511 crore a year earlier. The state banks enjoyed robust profit based on their surplus liquidity, according to Rahman. "They invested their excess fund by lending them to private banks that were going through a liquidity crunch." Besides, the government settled transactions for its mega infrastructure projects through the state banks, which also helped them generate good amount of net profit, he added. The state banks' good run will continue this year too due to their available liquidity, according to Chowdhury. "They will enjoy a charming year."

CSE sees lowest turnover in 10yrs

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When the market was falling, the participation of CSE's TREC holders was thin compared to those of Dhaka Stock Exchange's, he said. Mazumdar also said the overall market was continuously falling because of low transactions in the CSE. Moreover, the dual TREC holders—who were enlisted both in DSE and CSE—were very active in the Dhaka bourse, but inactive in the port city bourse when the market was bearish, he said. The DSE saw another fall yesterday for the third consecutive day thanks to low participation of investors. The benchmark index—DSEX—was mostly volatile. The market started the session on a positive note but soon fell. DSEX fell 2.93 points or 0.053 percent to close at 5,488.86 yesterday. "The capital bourse of the country closed marginally lower amid low participation from the investors," EBL Securities said in its daily market analysis. It also said the market opened in an upward trend but the selling pressure from the shaky investors brought the index down. "The regulator was very careful not to let it go on a free fall again," said a senior official of a merchant bank requesting anonymity. He also said one institution at the very beginning of the day was in the mood to make purchases, for which the index started to go up.

It did not sustain even though merchant bankers and stock brokers motivated investors not to sell their shares, he said. Turnover, one of the important indicators of the capital market, fell by 11 percent to Tk 277.35 crore with 8.46 crore shares and mutual fund units changing hands on the DSE. Losers beat gainers as 160 declined, 117 advanced and 60 finished unchanged on the premier bourse. Renata dominated the turnover chart with 1.37 lakh shares worth Tk 17.16 crore changing hands, followed by Square Pharmaceuticals, Brac Bank, Gramophone and Salvo Chemical. FAS Finance was the day's best performer with a 9.48 percent gain followed by Central Insurance, Envoy Textile and Stylecraft. BD Finance was the worst loser, shedding 7.42 percent, followed by Savar Refractories, Sonargaon Textiles and Jute Spinners. Among the major sectors, pharmaceuticals declined the highest—0.83 percent—in market capitalisation followed by engineering 0.68 percent, general insurance 0.32 percent and fuel and power 0.27 percent. Conversely, the banking sector saw the highest increase of 0.82 percent followed by textiles 0.45 percent. The port city bourse also fell yesterday. The benchmark index CSCX shed 2.06 points to finish the day at 10,236.21. Losers beat gainers as 104 declined, 82 advanced and 34 finished unchanged on the CSE.

German consumers more positive in April: survey

AFP, Frankfurt
German consumers' outlook is brighter for April after wavering in March, a regular survey published Wednesday found, regaining confidence in the country's economic strength. "The trend in consumer confidence has turned upwards again. The outlook for domestic demand this year remains very favourable," pollsters GfK said, after their forward-looking monthly barometer gained 0.1 per-

centage points to reach 10.9. Inching progress in talks to form a government in Berlin six months after tricky September elections clouded optimism among the public in the last reading, which shed 0.2 points. That appears to have been "only a small dip", GfK said. This month Chancellor Angela Merkel has been installed for a fourth four-year term after winning the support of the Social Democratic Party to renew a left-right "grand coalition". But GfK pointed to even stronger

perceptions of economic performance, high levels of employment and higher personal income expectations as more immediate reasons for the upturn. The German economy grew 2.2 percent in 2017 and Berlin has upgraded forecasts from 1.9 percent to 2.4 percent expansion this year. Joblessness held steady at a record low of 5.4 percent in February, and survey data point to continued good times in the industrial heart of Europe's largest economy.

Unused foreign fund rises 12pc to \$40.24b

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As of February, the highest amount of foreign fund that remained unused—\$7.8 billion—came from Asian Development Bank while \$6.63 billion came from World Bank. In case of bilateral commitments, India gave word to hand \$7.09 billion, Russia \$11.76 billion and Japan \$1.95 billion as of February, said Ruhul Amin, joint secretary to the ERD. However, Amin hopes that China would turn out as one of the top bilateral development partners in three years. The lending amount of Asian Infrastructure Investment Bank—which has already started its journey as

a multilateral lender—is likely to increase rapidly, he said. The utilisation of foreign loans should be increased to cut costs of development projects, said AB Mirza Azizul Islam, a former caretaker government adviser. He also alleged that the implementing agencies were more interested in spending government funds compared to foreign ones due to their inefficiency. Use of more foreign funds from the pipeline would lessen the pressure on domestic resources and leave a positive impact on the economy, Islam said.

China's \$2.6b loan may get approval today

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The rail link project is scheduled to be implemented by 2022, but a portion of it would be completed by December 2018 when the government plans to open the Padma bridge. The project will be connected with the Padma bridge and will enable a direct rail link between Dhaka and the southern parts of Bangladesh, particularly the Mongla port and the Benapole land port. Railway ministry officials said the preparatory work for the project has already started even though the signing of the loan agreement has been delayed.