

# UIU team wins HSBC-IBA business case contest

STAR BUSINESS REPORT

A team of students from United International University has become champion of the HSBC-IBA Business Case Competition-2018.

The members of the team—Mahir Abid, Ahmed Yusuf, Khatib Mohammad Taameem and Fabia Shahzadi—will now go on to compete in the regional finale to be held in Hong Kong in June.

The winning team—Arcane—was awarded with a fund of Tk 1 lakh, at a programme at the Westin Dhaka on Friday.

Two other teams of the Institute of Business Administration (IBA) of Dhaka University—Brains of Castamere and Free Launch—won the silver and bronze awards along with Tk 75,000 and Tk 50,000 respectively.

Launched in 2013 to encourage young talented undergraduate business school students into unleashing their potential, the contest will see winners from Asia Pacific regions compete in the regional finale.

HSBC Bangladesh and the IBA organised the Bangladesh round of the competition, where 42 teams from 22 universities took part.

There were six finalists who presented solutions and recommendations to a panel of judges on receiving a business case on reviving Maersk Line.

The judges' panel included Ali Ashraf, partner of KPMG in Bangladesh; Zahur Ahmed, manag-



HSBC BANGLADESH

**Abul Kalam Azad, coordinator for SDG affairs at the Prime Minister's Office, and Mahubur Rahman, deputy CEO of HSBC Bangladesh, pose with the winners of the competition at the Westin Dhaka on Friday.**

ing director of Apex Holdings; Ashish Jamal Haque, country customer manager of Maersk Bangladesh, and Tahsina Banu, country head for international commercial banking at HSBC Bangladesh.

Addressing the prize-giving ceremony, Mahubur Rahman, deputy CEO and country head for wholesale banking at HSBC Bangladesh, said the competition aimed at

sparking young ambition and they were proud to support spirited youth into becoming leaders in the business sector.

Abul Kalam Azad, coordinator for SDG affairs at the Prime Minister's Office, and Kyoko Yokosuka, deputy country director of UNDP, were present as the chief and special guests respectively along with Professor AKM Saiful Majid, director of IBA.

# Cryptocurrencies hit hard on Indian exchanges after RBI clampdown

REUTERS, Mumbai

The Reserve Bank of India moved to bar banks and other entities that it regulates from having any linkages to virtual currency dealers, leading to a plunge in Bitcoin and other cryptocurrencies on local exchanges on Friday.

The government and the central bank have previously cautioned the public on cryptocurrencies, with New Delhi earlier this year vowing to eliminate the use of digital currencies, which it considers illegal in the country's payment system.

Entities regulated by the RBI shall not carry out transactions with individuals or businesses dealing in virtual currency, the RBI said on Thursday after issuing its bimonthly monetary policy report.

In India, Bitcoin, a volatile cryptocurrency, plummeted to a low of 350,001 rupees or about \$5,392, according to crypto-currency exchange Coinome, compared with its international market price of \$6,617.

Before the announcement, Bitcoin had been trading at about a 5 percent premium to its overseas price, said Vishal Gupta, co-founder of Block Chain and Cryptocurrency Committee, an industry body, noting it is now trading at a significant discount.

"This seems to be a very aggressive move," said technology law expert Namita Viswanath, a principal associate at IndusLaw.

"Instead of the RBI taking a holistic approach and seeing how to curb potential misuse, it seems to be a rather broad-stroke approach of completely prohibiting this

altogether."

Late on Friday, the RBI issued a more detailed that stated any regulated entities which already provide services to facilitate dealing with virtual currencies will have to cut all ties within three months.

The Indian government has previously likened cryptocurrency investments to "Ponzi schemes" that offer unusually high returns to early investors. It has set up a panel to look into the issues relating to cryptocurrencies and plans to appoint a regulator to oversee unregulated exchanges.

But Thursday's announcement raised concerns about the exit options for investors who currently hold cryptocurrencies.

Gupta estimates that at least 4 to 5 million people in India hold some kind of cryptocurrency and that 60 percent of them entered the market between October and December, when prices were at a peak.

"Most of these people are already sitting on capital losses," he said. "Now the asset has become dead. You can't transact with it. If you transact with it, your bank accounts are going to be shut."

Virtual currencies raise concerns of consumer protection, market integrity and money laundering, among others, the RBI said on Thursday.

"If the government stands firm on their decision then we will have to eventually pivot our business model from crypto-fiat to crypto-crypto hence omitting the fiat part in totality," said Shivam Thakral, CEO of BuyUcoin, a cryptocurrency exchange.

# EU feels heat in China, US trade row

AFP, Brussels

China reached out for Europe's support in its bitter trade war with the US, leaving the EU at risk of getting entangled in a conflict with repercussions around the world.

The European Union is caught in a bind as it too shares many of Washington's grievances with Beijing's trade practices, but is also under a threat of protectionist measures ordered up by US President Donald Trump.

In a rare diplomatic plea, China on Friday called on the EU to take a joint stand against US protectionism as Trump warned that he could slap another \$100 billion (86 billion euros) of extra tariffs on China's imports.

"China and the EU... should take a clear stance against protectionism, jointly preserve the rules-based multilateral trade order, and keep the global economy on a sound and sustainable track," Zhang Ming, the head of the Chinese mission to the EU, said in a statement sent to AFP.

"This is a joint responsibility of China and the EU. We must act together to make that happen," Zhang said.

The EU declined to respond directly to the envoy's invitation, insisting only that trade conflicts should be resolved at the World Trade Organization, the Geneva-based body set up to resolve disputes.

The bloc is "firm in the belief that free and fair trade is one of the most powerful engines for growth, supporting millions of jobs and contributing to

prosperity," European Commission spokesman Daniel Rosario said in a response to AFP.

The EU and the US themselves nearly descended into a trade war after Trump in March threatened to impose tariffs on steel and aluminium imports that would, if confirmed, punish European manufacturers.

But Trump granted Europe a last-minute exemption, giving EU negotiators until May 1 to come up with a solution to unfair trade policies alleged by the US leader.

The Europeans reject Trump's allegations, which have mostly circled on Germany's auto industry, and prepared a list of counter-measures in case the US reverses course and slaps on the tariffs.



PI STRATEGY

**Gowher Rizvi, international affairs adviser to the prime minister, attends the launch of the pi STRATEGY's fourth volume of "Insight Series" publication at the Westin Dhaka yesterday. Story on B1**

# Revenue shortfall widens in Jul-Feb

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Income tax receipts will rise 20 percent by the end of the fiscal year, said Zia Uddin Mahmood, NBR Member for Tax Administration and Human Resource Management.

Khan went on to state that it is critical for the government to revise the annual target for the ongoing fiscal year in a pragmatic manner.

The current revenue collection goal is 34 percent higher than NBR's claimed collection of Tk 185,003 crore last year.

Economists on several occasions in the past had flagged the revenue collection target to be ambitious.

The target would not be achieved owing to the NBR's capacity constraints, evasion and sluggish pace of reforms.

The NBR registered 14 percent annual growth in tax collection in the last five years.

"As the entire reforms agenda in the area of revenue mobilisation has apparently been shelved in view of the forthcoming national election, the government should not be overambitious while setting the revenue collection target for the next fiscal year," Khan said.

Hopefully, reforms related to revenue mobilisation will find their due place in the election manifestoes of the major political parties, he added.

Last week, the South Asian Network on Economic Modelling in its quarterly

review of Bangladesh economy said the low revenue mobilisation through taxes and poor performance in income tax generation are two key challenges for fiscal 2018-19's budget.

In the case of tax composition, a lack of improvement can be noticed over the past few years, it said.

VAT has been the prime source of tax revenue, followed by income tax. But the proportionate contribution of income tax has been quite low in comparison to other south Asian countries.

The research organisation said Bangladesh needs to drastically improve its performance in terms of revenue mobilisation through increased tax generation efforts.

Abdur Rouf, director general of the NBR's research and statistics department, said collection will pick up in the last four months of the fiscal year owing to increase in spending for development works.

"Historically, we have seen that revenue receipts go up in the last quarter and the last month of the year," he said, while expecting the NBR's collection to rise 20 percent at the end of the fiscal year.

In view of the situation, the government is likely to revise down the current year's tax collection target for the NBR.

The goal may be fixed within Tk 225,000 crore, according to an official of the finance ministry.

# Promote innovation for further growth

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Subsequently, under the Bangladesh Mission Innovation 2041, the government plans to transform education for problem solving, facilitate research and development collaboration, enhance trust in government and simplify processes, mobilise financing and support commercialisation of innovations, and catalyse innovation by youth, women and persons with disability.

The country's education system has to make an improvement sooner so that it can drive innovation, said Arif Dowla, managing director of ACLI. "The existing curricula promote memorisation rather than critical thinking."

He went on to call for promotion of a culture of innovation within companies as the current system is largely hierarchical.

"We need to give a little bit of freedom to employees so that they can express their ideas freely," he added.

Creating trust is crucial for innovations, said Robert C Wolcott, a clinical professor at the Kellogg School of Management of Northwestern University.

The Bangladesh government is committed to innovation, so the firms and start-ups already have a head start.

One of the most powerful forces reshaping markets for the coming generation would be production of products and services ever closer to the point of demand.

"True breakthroughs won't happen due to doing what we do today more efficiently. They will happen due to doing what was hitherto impossible," said Wolcott, also a co-founder and executive director of Kellogg Innovation Network.

Bangladesh is ready to do a lot as it has untapped potential, said Yasir Azman, deputy

chief executive officer at Grameenphone.

In the same session, one participant raised the issue of red tape and taxation, saying they are preventing ideas from coming to fruition.

The country has come a long way as a nation and as an economy and its performance in attaining the Millennium Development Goals is also a benchmark for others, said Shariful Islam, managing director of Bangladesh Brand Forum.

"Yet, the journey ahead needs innovations and proper planning and strategy to be executed by leaders for sustainable development."

In order to flourish in the changing times, businesses should re-strategise, embrace and exploit the power of digital, strategically collaborate and partner, rethink modes of employment, and promote a 'start-up' mindset, said Mir Salim, principal of Boston Consulting Group, an American management consultancy firm.

Bangladesh needs multiple growth engines and focus, said Namrata Dubashi, partner of McKinsey & Company, another American management consultancy firm.

Successful development journeys concentrate on six to 10 sectors. "Prioritisation should follow a framework that will match national objectives with market opportunity."

Bangladesh is poised to benefit from China's rebalancing, provided it leverages technology and upgrade skills, said Faisal Ahmed, chief economist of the central bank, in a session on the economy. There is no magic bullet in managing equity and social cohesion.

"A quantum leap is needed in our education, health and fiscal performance, both revenue and the equality of public expenditure. Finance, infrastructure, investment have to play their roles too," he said in a presentation.

# Greater enforcement of law needed to fight graft, fraud

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Some 89 percent said they believe companies should self-report cases of fraud, bribery and corruption to the appropriate authorities.

"As Bangladesh strives to capitalise on business growth opportunities and cultivate a positive commercial environment, combatting fraud risks is a priority for companies operating in the region."

Companies operating in Bangladesh need to take a cue from more mature economies and apply leading global practices to help deter fraud, said the report.

To create and sustain an ethically robust corporate culture, companies need to conduct regular training and awareness programmes that are practical and relevant -- not simply box-ticking exercises.

For instance, 48 percent of the survey respondents said their company has not conducted anti-bribery and corruption training for employees.

"Companies need to communicate to their employees the importance of upholding ethical standards -- and developing programmes that promote ethical behaviour. Such actions will be instrumental in driving transparency and sound governance." Financial misconduct, insider threats, cybercrime and money laundering are areas of concern for corporates and governments alike -- and law enforcement is an obvious deterrent, the report said.

"However, engaging with professionals who have substantial forensic accounting experience and strengthening an individual company's ethical quotient can also help combat fraud -- enhancing the appeal of Bangladesh to foreign investors."



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**Anir Chowdhury, policy adviser of the a2i Programme at the Prime Minister's Office; Arif Dowla, managing director of ACLI Ltd; Yasir Azman, deputy CEO at Grameenphone, and Robert C Wolcott, a clinical professor at the Kellogg School of Management of Northwestern University, attend the fifth Leadership Summit at the Le Méridien hotel in Dhaka yesterday. Story on B1**



UCB

**Ahsan Afzal, additional managing director of United Commercial Bank (UCB), and Christoph Voegeli, general manager of Radisson Blu Dhaka Water Garden, attend a deal signing ceremony at the hotel recently. UCB platinum credit cardholders will enjoy buy one get one free buffet breakfast, lunch and dinner at Radisson's "Water Garden Brasserie" restaurant.**