

Banks don't want to be weakest link in blockchain revolution: experts

AFP, London

Blockchain, the cutting-edge technology behind virtual currencies like bitcoin, has the potential to play a disruptive role in the global finance sector, experts say, as banking behemoths seek to connect with its opportunities.

While banks could reduce their costs, the gains could eventually shift to consumers who could benefit from quicker and cheaper services.

"Any disruptive shock -- be it technology, economic or political -- tends to result in winners and losers, and blockchain is no different," Colin

bitcoin and other cryptocurrencies, blockchain or so-called distributed ledger technology could also support trading of other assets, thus posing a risk to banks who earn hefty fees helping their clients trade currencies and other assets.

Key areas of financial services where blockchain could have an impact are the settlement and clearing of transactions.

But a recent report by Moody's found that while blockchain technology could slash cross-border transaction costs for financial institutions, it would likely ramp up competition among banks.

months ago, Dutch bank ING and its Swiss peer Credit Suisse successfully traded securities through a blockchain-style network.

The pair transmitted 25 million euros of bonds almost instantaneously. The deal would normally have taken one day or more.

Ellis believes that international transactions are an area where banks could cut their costs by using blockchain technology. Currently international bank transfers often take several days as several banks are often needed to act as intermediaries.

But a blockchain could eliminate the need for those intermediaries, thus speeding service and reducing costs.

Santander last month began using a blockchain to allow its retail customers in Spain, Britain, Brazil and Poland to complete international transfers the same or following day.

"One Pay FX uses blockchain-based technology to provide a fast, simple and secure way to transfer money internationally -- offering value, transparency, and the trust and service customers expect from a bank like Santander," the bank's chief executive Ana Botin said at the launch of the service.

One Pay FX uses a blockchain service for banks developed by Ripple, a start up firm with offers a cryptocurrency with the same name.

Around \$2.1 billion (1.8 billion euros) will be invested via blockchain globally in 2018, according to US-based consultancy IDC.

One third of that will represent the financial services industry, IDC said.

Other notable sectors using blockchain include distribution and services, retail and professional services, and manufacturing and resources.

"The technology is still at a relatively early stage" so "it is too soon to know what the final impact will be," said Ellis.

"But it could ultimately make banking cheaper and quicker for consumers," he concluded.



A man walks past an electric board showing exchange rates of various cryptocurrencies at a cryptocurrencies exchange in Seoul.

Ellis, managing director for credit strategy at Moody's, told AFP.

"It could reduce costs for banks but at the same time could foster more competition that would put downward pressure on fees."

A shared, encrypted "ledger" that cannot be manipulated, blockchains offer the promise of secure transactions that allow anyone to get an accurate accounting of money, property or other assets.

Much like it underpins trading in

Anish Mohammed, a cryptography expert and academic at Berlin University, told AFP that the losers would be those who failed to adapt to the latest technological trend.

"There will be winners and losers, the losers will be those who do not make any changes."

The world's biggest financial institutions are already experimenting with blockchain, although recent data indicates that they risk lagging behind other sectors in its use.

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Auditing through a chartered accountancy firm is also required to ensure transparency in utilisation of the fund, he said.

Institutionalisation of zakat fund will aid financial inclusion, said Ahmed, suggesting that the CSR mobilise banks' corporate social responsibility funds as those were being misused and that tax incentives be provided to promote such efforts.

The zakat fund is based on morality and has to be utilised in a manner which retains that quality, said Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre.

He gave a presentation on the Jeebika project, saying that 450 households were each initially provided Tk 20,000 between 2011 and 2017.

The average monthly income of each household more than doubled from Tk 7,469 to 17,412 while dependency on moneylenders dropped from 61.9 to 1 percent, he said.

Zafnullah Chowdhury, founder of Gonoshasthaya Kendra, called upon the CZM to invest in cancer hospitals.

Niaz Rahim, chairman of the governing body of the CZM, was present among others.

The CZM announced holding the "Sixth Zakat Fair 2018" at Bangladesh Shooting Sport Federation on May 11-12 with the theme "Making a Difference with Zakat", aiming to motivate Muslims to give zakat in a planned way.

Other programmes of the CZM in 37 districts include ones on livelihood development, healthcare and nutrition for mother and children, education and skills development for unemployed women and youth.

It will help create a database of legally imported or locally manufactured handsets and cut the use of illegal devices, top importers said.

It will also help the government earn several hundreds of crores of taka from handset imports, they said.

Prospective buyers will be able to check the legality of a set through the system before making any buying decision.

Ruhul Alam Al Mahbub, president of the association, praised the BTRC and the government for recognising the importance of the system and for extending help to initiate the project.

Mahbub, who is set to establish a mobile handset plant with the assistance of Samsung in Bangladesh, said illegally imported mobile sets are creating threats to the national security. "Along with other benefits, this system will also help combat security threats."

Last year, importers brought in 3.34 crore handsets, which accounted for 70 percent of all the devices imported. The sets contributed about Tk 2,000 crore in import duties.

The rest 30 percent handsets are brought in by dodging import tax.

"It is a timely and essential system. The system will help boost the government revenue and combat many crimes carried out using mobile phones," said Shahjahan Mahmood, chairman of the telecom regulator.

Md Nasim Parvez, director-general of the spectrum management division of the BTRC, described the initiative as a good example of a joint collaboration between the government and the private sector that will benefit businessmen, the government and the mobile phone users.

Janata Bank gets new DMDs



STAR BUSINESS DESK

Md Tajul Islam and Md Zikrul Hoque have recently been promoted as deputy managing directors of Janata Bank.

Islam was a general manager of the bank prior to the promotion, the state-run bank said in a statement yesterday.

He joined the bank as a senior officer in 1988.

Islam obtained honours and master's degrees in public administration from the University of Chittagong.

Hoque, who also served Janata Bank as a general manager before the promotion, joined the bank as a senior officer in 1986, according to the statement.

He obtained a BSc degree in agricultural engineering from Bangladesh Agricultural University and an MBA from a private university.

Dhaka to see six new luxury hotels

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Unique Group, the parent company of Westin Dhaka, is establishing Sheraton Dhaka in Banani, while Lakeshore Hotels has teamed up with Thai hospitality group Dusit International to set up a business hotel in Uttara for Tk 150 crore.

Once all the under-construction properties become operational, the total supply of upscale hotel rooms in Dhaka will more than double to 3,000 from existing 1,250, according to industry operators.

The new entrants will also drive up competition, and possibly lower the room tariffs, said MA Awal, director of sales and marketing of Pan Pacific Sonargaon Dhaka.

He went on to state that the supply is growing faster than the demand. Al-Amin, director of sales and marketing of The Westin Dhaka, differs in opinion.

"The room rates in upscale hotels in Dhaka are high, which reflects the solid demand," he added.

Shahidus Sadeque, director of marketing and business promotion of InterContinental Dhaka, which is expected to resume welcoming visitors later this year, has a similar position. The economy grew steadily in the last five-six years, but the number of international hotels has not increased to that extent, he said.

"Our market is under-supplied. We have only half a dozen of international hotel brands whereas Kolkata has more than a dozen of such hotels," he added.

At present, five international hotel chains are serving in Dhaka: Marriott International's brands Westin and Le Meridien, Radisson, Pan Pacific and Amari.

About 3.1 million visited Bangladesh in the last six years and the average occupancy rate in the upscale hotels in Dhaka is 60-70 percent, according to Syed Mehran Hussain, manager marketing of Four Points by Sheraton, which began operations last year. "And the number is increasing day by day. With the rise of visitors, the number of star-hotels is also increasing."

Md Golam Faruque, CEO of South Bangla Agriculture & Commerce Bank, receives a trophy on the bank winning "The Golden Globe Tigers Award 2018" from CMO Asia at a Malaysia hotel recently for excellence and leadership in branding and marketing.

SBAC BANK



ACI upsets investors

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Depreciation of local currency against the dollar by about 5 percent also pushed up the company's import bills for raw materials, he said, adding that the prices of raw materials also shot up in international markets in recent months.

"There was a 22 percent import duty on rice but the government brought it down to 2 percent, so our rice has become a loss-making product," he added.

After the second quarter's significant fall in net profits, M Anis Ud Dowla, chairman of ACI, blamed it on slow growth in the company's agriculture segment.

"There are lots of opportunities -- we will do good business in the

coming days," he told The Daily Star, banking on the new investments it undertook in different fields.

In October last year, ACI announced investment of Tk 24.7 crore in its subsidiary ACI Foods. It will also invest Tk 4 crore in its joint venture with British beverage manufacturer Tetley. On the other hand, ACI imports 70 percent of its products from China, where these products' prices are soaring.

China decided to shut down thousands of its polluting factories and ACI sourced products from many of them. So, those products' prices have soared almost 22 percent.

"We shifted only 10-11 percent of the higher prices on to consumers, which weighed down our EPS

despite registering 27 percent growth in sales," said Chowdhury, also the chief financial officer of ACI.

Another shock on the EPS came from the food products. Quarterly report of ACI shows loss in the food subsidiaries increased 165 percent year-on-year to Tk 17.99. This year, EPS was washed by the new subsidiaries also.

Quarterly report of ACI shows its supermarket chain Shwappno's losses are shrinking: it declined 7.14 percent year-on-year to Tk 88.03 crore.

ACI announced 115 percent cash and 10 percent stock dividends in 2017, which is the same as in the previous year.

Its net profit after tax for the financial year that ended on June 2017 was Tk 124.4 crore.

Govt inks LNG deal with Oman

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According to the draft contract, LNG from Oman would be supplied at 11.9 percent of the three-month average price of Brent oil plus \$0.4 constant per million British thermal unit, a measure of the heat content of fuels or energy sources.

In September last year, the government signed a separate 15-year contract with Qatar's RasGas, which would supply 2.5 million tonnes of LNG every year.

The first consignment of LNG from Qatar has already arrived at Excelerate Energy's terminal in Moheshkhali. The supply from the terminal may start later this

month.

In case of Qatar, the LNG pricing formula is 12.65 percent of the three-month average price of Brent oil plus \$0.5 constant MMBTU.

At present, the country's gas supply stands at about 2,750 million cubic feet of gas per day against the demand of 3,600 mmcfd. The shortage has affected power generation as well as industries and households.

The government estimates the country's demand for gas would be 8,000 mmcfd by 2041, said the statement.

Nasrul Hamid, state minister for power and energy, was present.

Sale of debt-laden Air India fails to take off

AFP, Mumbai

The Indian government's attempt to sell debt-laden national carrier Air India is in danger of hitting the skids as a key deadline looms with no bidder in sight.

Prime Minister Narendra Modi's administration announced in March that it would privatise the beleaguered airline. But the plan has struggled to get off the ground with several prospective buyers ruling themselves out.

"Conditions put forth by the government with regards to debt and employee costs are restrictive and have put off investors," aviation expert Amrit Pandurangi told AFP.

Deal signed with Chinese firm for 1,320MW plant

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After the programme, Hamid talked about his ministry's move to extend the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010 up to 2021.

This is needed for quicker implementation of power and energy projects as they face delays for various reasons, he said, adding that it was also needed to meet the rising demand for electricity.

The ministry is seeking a three-year extension of the special law which allows awarding of contracts without competitive bidding. The law gives officials indemnity from being prosecuted for awarding contracts without tender.

An inter-ministerial meeting on the extension proposal took place on Thursday, according to a ministry official.

The government enacted the act in October 2010 for two years amid criticism from different sectors.

In 2012, the act was extended for two years and in 2015 for four years. The current extension expires on October 11 this year. The Maheshkhali project witnessed a six-year delay as the two sides signed its memorandum of understanding six years ago. The act will be helpful in getting rid of the delay, according to Hamid.

BPDB Secretary Mina Masud Uzzaman and CHDHK Vice President Wang Zhihao signed the agreement. Zhang Zuo, Chinese ambassador to Bangladesh, and Ahmad Kaikaus, power secretary, were also present.

Trade with Canada to cross \$3b by 2021: Tofail

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Bangladesh is one of the only 25 nations for which the Trade Facilitation Office Canada has been working to strengthen its export capacity.

Canada exports goods such as wheat, lentils, potash fertiliser, oilseeds, hot and cold rolled steel, telecommunications and energy equipment to Bangladesh.

In addition, Canada is a major supplier of fixed wing aircrafts and helicopter in this market, Hartman said.

"Besides trade, Canada wants to collaborate in areas such as airline safety and aircraft certification and ensure that our countries have safe, efficient and competitive aviation industries," he added.

Considering the growing two-way trade and Canadian investment in Bangladesh, the government should form a 'blue ribbon panel', a special body for facilitating investment from the North American nation, said Masud Rahman, CanCham president.

The signing of a bilateral investment treaty between Bangladesh and Canada will help attract more foreign direct investment from the North American nation, he added.