

# Bad loans a 'national systemic risk'

Ireland central bank chief says

REUTERS, Dublin

Ireland's central bank governor Philip Lane said on Sunday that bad loans held by the country's retail banks represent a "national systemic risk" in the event of an economic downturn.

The financial crisis wiped 55 percent off Irish property values between 2007 and 2013, leaving the banks with Europe's largest stockpile of non-performing loans.

Ireland's economy has recovered to clock the fastest growth in Europe for five straight years. But efforts to purge bad loans through a series of portfolio sales international distressed asset funds have slowed in the face of opposition from consumer groups.

"Even if the overall economy is firmly in recovery mode, the legacy of the crisis remains with us," Lane wrote in Ireland's Sunday Business Post.

"While many households and firms have sacrificed much to reduce debt levels

over the last decade, the stock of non-performing loans is still too high and constitutes a national systemic risk in the event of a future downturn."

The average current non-performing loan rate of 11.4 percent at retail banks is significantly lower than the 2013 peak of 32 percent but well above the European Union average of 3.6 percent. Lane wrote that economic forecasts for national, European and global levels are for continued economic expansion, but risks remain.

"The latest assessments (including at our mid-December governing council meeting at the ECB) signal that the balance of risks is shifting to the downside," he wrote.

"On account of the mixed signals about the momentum in the global business cycle and the extraordinarily high levels of policy uncertainty, with businesses and households expressing concerns about the future of the global trading system and, more locally, Brexit."

# Opec to meet again if output cuts not enough: UAE

REUTERS, Kuwait

If an agreed cut in oil output by 1.2 million barrels per day is not enough to balance the market, Opec and allied producers will hold an extraordinary meeting and do what is necessary, the United Arab Emirates energy minister said on Sunday.

Extending the output agreement signed in early December will not be a problem and producers will do as the market demands, Suhail al-Mazrouei told a news conference at a gathering of the Organization of Arab Petroleum Exporting Countries in Kuwait.

"What if the 1.2 million barrels of cuts are not enough? I am telling you that if it is not, we will meet and see what is enough and we will do it," Mazrouei said.

"The plan (to cut oil production) is well studied but if it does not work, we always have the power in Opec to call for an extraordinary meeting," he added.

The Organization of the Petroleum Exporting Countries (Opec) and its Russia-led allies agreed this month to slash oil production by more than the market had expected.

Still, oil prices fell on Friday to their lowest since the third quarter of 2017 as global oversupply kept buyers away from the market ahead of holidays over the next two weeks.

The Emirati minister said a joint Opec/non-Opec monitoring committee would meet in Baku at the end of February or the beginning of March, as producers aim to return the oil market to the balance reached in the summer of 2018.

Mazrouei was speaking at a news conference with Saudi Arabia's Opec governor, Adeb Al-Aama, and Iraqi Oil Minister Thamir Ghadhban.



Ali Reza Iftekhar, managing director of Eastern Bank, and Masud Mahmood Khandaker, first vice president of Bangladesh Foreign Service Association, open an EBL Dropbox and ATM at the Ministry of Foreign Affairs in Segunbagicha of Dhaka yesterday.



KSM Mostafizur Rahman, managing director of One Pharma, and Muhammad Mahboob Ali, programme coordinator at the Dhaka School of Economics, attend a seminar on access to entrepreneurial finance from banking sector on the school's campus in Dhaka on Saturday.

# Investors frown upon DSE app charge

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"Another Tk 1,800 charge every year for use of the mobile app is a huge amount compared to the returns from the market," he said.

Abdur Rahim, another trader who has been using the app since its inception, said: "We should try to harness the power of digital platforms, including smartphone-based ones, in trading of stocks for the sake of investors and the market."

The DSE is utilising all means to make money, especially after the exchange got demutualised in 2013, said Khairul Bashar Abu Taher Mohammad, secretary general of the Bangladesh Merchant Bankers Association.

"Traders will stop using the app if they do not get expected returns on their investments," he said.

Trading stocks through mobile phone has become a common practice in many countries, including the United States, the European Union, China and India.

According to a CNBC report, there are several apps in use in the US, of which only a handful impose charges. For instance, Acorns charges \$1 (around Tk 84) as monthly fee. Other apps like Robinhood, WiseBanyan, M1 Finance and Fundrise carry no user fee.

The DSE should not impose such charges on traders now as the market is seeing low turnovers while the DSE index is also on the decline, said Mostaque Ahmed Sadeque, a former president of the DSE Brokers' Association.



Anis A Khan, managing director of Mutual Trust Bank, and Syed Mohammad Kamal, country manager at Mastercard Bangladesh, attend the launch of the bank's two contactless credit cards, Mastercard World and Mastercard Titanium, in Dhaka. The cardholders will get privileges and free access to the bank's air lounges.

# Ghosn detention extended

AFP, Tokyo

Former Nissan boss Carlos Ghosn will be spending Christmas and the beginning of 2019 behind bars after a Tokyo court on Sunday extended his detention through to January 1.

The court's decision is the latest twist in a rollercoaster saga that has gripped Japan and the business world since the auto sector titan was arrested out of the blue in Tokyo on November 19.

# Special economic zone on cards for Japanese investors

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Sumitomo Corporation will invest about Tk 600 crore and would get it back from investors.

It has built and continues to run economic zones in the Philippines, Indonesia, Myanmar, and Vietnam and the SEZ in Bangladesh would be its fifth, according to Chowdhury.

He said since the visit of the prime ministers of both Bangladesh and Japan to each other's country in 2014, an increasing number of Japanese investors are doing business in Bangladesh.

On November 18, Daisuke Arai, country representative of Japan External Trade Organisation (Jetro), at a press meet said investment of Japanese companies in Bangladesh had been increasing steadily at a rate of 16-17 percent for the last few years with the majority of investors showing growing interest to expand business.

Investment has continued to increase even after the Holey Artisan attack, he had said.

Besides, a survey of Jetro shows that 70 percent of Japanese companies expressed interest to expand their presence in Bangladesh in the next one year and around 60 percent in the next two to three years.

The number of Japanese companies operating in the country was 183 in 2014 and it went up to 223 in 2015, 245 in 2016, 260 in 2017, and 269 in 2018, according to the survey.

# India's no-frills hotel giant eyes European markets

AFP, Mumbai

An Indian startup is turning its attention towards usurping the West's largest hotel chains after establishing itself as India's biggest player and shaking up the Chinese market.

Oyo Rooms, which specialises in no-frills accommodation, was only formed in 2013 but is already worth an estimated \$5 billion after receiving funding from international venture capitalists.

The app-based company has quickly become India's largest hotel firm by number of rooms and one of the biggest in China as it pursues an aggressive expansion abroad.

Oyo, as it is commonly called, entered the British market in September and is eyeing other European countries, fuelled by money from Japanese group SoftBank and America's Sequoia Capital.

"We are seeing great results in all our global markets and are growing aggressively in London," Oyo's founder, 25-year-old Ritesh Agarwal, told AFP.

"We will definitely consider expanding into the broader European region," he added in the telephone interview.

Oyo teams up with owners of budget hotels to help connect them with tourists looking for cheap but clean accommodation that meets certain hygiene standards.

Oyo staff carry out inspections of hotels. If they are deemed to be up to scratch then they are made available for booking on Oyo's website and mobile app.

Many offer hot water, free wifi and regular laundry services for as little as 1,800 rupees (\$25) a night, well below what mid and high-range hotels charge. The startup takes a commission for facilitating bookings while the hotels -- often small, independent ventures -- are re-branded as an "Oyo hotel".

The company's distinctive red and white logo has been put up outside thousands of Indian hotels across the vast Asian country over the past five years.

Those signs could soon become omnipresent across Europe's main cities, unsettling major hotel chains like Marriott International if Agarwal has his way.

"We want to bring quality affordable spaces for travellers and help neighbourhood hotels beat the big hotel chains," he said.

"Small asset owners are finding it hard to survive while the big hotel companies are continuing to win in every neighbourhood."

"We want to lead and empower those small franchise owners and make sure that they thrive," Agarwal added.

The entrepreneur, now one of India's youngest billionaires, founded Oyo when he was just 19 years old.

He had seen enough dingy hotels promising services that they didn't offer to know that there was a gap in the market for a company that would give accommodation a stamp of approval.

It started with a tie-up in New Delhi and now vouchers for 164,000 hotel rooms in India and 180,000 in China.

# WB's assertive plan for job creation

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In February the one-stop shop act was passed. If it is fully implemented in the next two years, the time and cost for registering new businesses will come down significantly and it will also create more jobs, the WB said.

At present, it takes 19.5 days to set up a new business. It will decrease 25 percent in 2022 once the one-stop shop is implemented.

In the last five years the average annual growth in new business registration was 0.4 percent. It will rise to 5 percent.

The government has already passed the new customs act, but for fully implementing it regulations will have to be prepared. So far, the National Board of Revenue has established a risk management directorate.

Besides, the cabinet will have to approve the National Single Window Policy or law.

If the steps are taken, 3.19 lakh exporters and importers will be benefitted, according to the WB.

"These will contribute to job creation by enhancing competitiveness of exporters as well as firms using imported inputs to sell in the domestic market."

Several conditions are related with the protection of the interests of workers. The conditions include full implementation of the new labour law and introduction of pension system in the private sector.

The government has already approved the comprehensive pension strategy. At least one government-regulated pension scheme will be launched outside of the civil service within the next three years.

Under the budget support scheme various steps would have to be taken for improving policies and programmes to enhance access to jobs for the vulnerable.

The average migration cost through formal channel is Tk 418,455 for male and Tk 253,078 for female. If the WB's reform conditions are fulfilled 20 percent of the cost will be reduced.

The WB has tagged the condition that the Wage Earners Welfare Board Act 2018 be fully implemented.

The Wage Earners Welfare Board Act 2018 includes raising the allocations for legal assistance for expatriate workers and emergency repatriation for female workers by at least 30 percent from the present allocations of Tk 30 lakh and Tk 57.3 lakh respectively. In the last fiscal year, 13,213 expatriate workers were provided with training, of which 31 percent are females. The WB said the number has to be increased to 19,345 per year, 41 percent of which must be females.

Besides, at present there are 294 training centres for workers; this would have to be raised to 500. At least 200 day care centres will have to be set up. At present there are none.

# Ashuganj Power to issue bonds to raise Tk 600cr

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Tawfik-e-Elahi Chowdhury, energy adviser to the prime minister, said raising funds through bonds would deepen relations with financial institutions, making it easier to mobilise funds in other sectors.

Finance Minister AMA Muhith said after coming to power in 2009, the government took up a crash programme to increase production of electricity and had succeeded in its efforts.

The expansion in the power sector has to be continued, he said. Abul Kalam Azad, chief coordinator for Sustainable Development Goals at the Prime Minister's Office, Ahmad Kaikaus, power secretary, and Khaled Mahmood, chairman of Ashuganj Power Station, also spoke.



Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, opens the bank's 184th branch at Moghbazar in Dhaka yesterday.



Quazi Osman Ali, CEO of Social Islami Bank, opens a branch of the bank in Natore yesterday.