

# Abe, Merkel laud free trade amid 'choppy waters' for multilateralism



Japanese Prime Minister Shinzo Abe and visiting German Chancellor Angela Merkel attend the Japan-Germany Economic Group meeting with business leaders at Abe's Official Residence in Tokyo yesterday.

AFP, Tokyo

The leaders of Germany and Japan on Monday vowed a commitment to free trade at a time when multilateralism is being buffeted, in the words of Angela Merkel, by "choppy waters".

The German chancellor said her meeting with Prime Minister Shinzo Abe was "between two national leaders who want to work together, who believe that there can be very good win-win situations when all partners work together".

She added that February 1, when the free-trade agreement between the European Union and Japan came into force, was a "special day" which has "shown that we are prepared to make agreements -- even if multilateral agreements are to some extent in choppy waters".

The accord is the biggest bilateral trade deal ever signed, covering more than 630 million people and nearly one-third of global gross domestic product.

Merkel also stressed the importance of "fairness" and "reciprocity" in trade agreements at the start of her two-day trip to Japan accompanied by a large business delegation.

For his part, Abe said the two countries would "cooperate closely towards maintaining and strengthening a free and open economic system".

The German chancellor will also meet Emperor Akihito just months before he is due to abdicate and the crown prince Naruhito.

Stressing the economic aspect of the trip, she will also address German and Japanese business leaders and visit an artificial intelligence laboratory operated by electronics giant NEC.



Abdul Hai Sarker, chairman of textile composite group Purbani, greets Salman F Rahman, the prime minister's private industry and investment adviser, with a bouquet at the group's 45th anniversary celebration at International Convention City Bashundhara on Saturday.



Keith De Alwis, chief technology officer of Telenor Health, and Nazmura Rahim, head of retail banking of Brac Bank, attend a deal signing ceremony at the bank's head office in Dhaka recently. Telenor Health offers special privileges for the bank's loan customers.

TELENOR HEALTH

## Turkish inflation resumes rise in January

AFP, Ankara

Turkish inflation slightly surged 1.06 percent in January from December after two months of slowdown, reaching an annual rate of 20.35 percent, driven by higher food prices, official statistics showed Monday.

The highest monthly increase was recorded in food, at 6.43 percent, according to the Turkish statistics office (TUIK).

In recent months, Turkey has been facing a sharp surge in its inflation rate, which hit a 15-year high in October at more than 25 percent.

The central bank revised down its inflation forecast last week.

It said 12-month inflation was likely to be 14.6 percent at the end of 2019, down from the 15.2 percent estimate given in October.

The inflation forecast for 2020 also was cut to 8.2 percent from 9.3 percent and the central bank said it hopes price rises will stabilise at around five percent in the medium term.

Jason Tuvey, senior emerging markets economist at London-based Capital Economics, said in a note that inflation was expected to ease over the coming months.

"Looking ahead, the jump in food inflation should prove temporary and we expect inflation to ease over the next few months," he said.

## Goldman Sachs invests in HSBC-backed fintech app Bud

REUTERS, London

Goldman Sachs is among the investors in a \$20 million fundraising for financial technology firm Bud, the two companies said on Monday, the latest in a series of investments by big global banks seeking to partner with fintechs.

Bud, which is already backed by HSBC, is one of a number of upstart firms taking advantage of Britain's new Open Banking rules to try and help users manage their finances better by combining data from multiple banks and service providers.

Recognising the threat posed by nimble fintechs, big banks are investing in such companies in an effort to pair their respective strengths.

Fintech companies such as Bud have moved quickly to try to capitalise on the new rules designed to promote competition and make it easier for users to see all their financial products in one place. But traditional banks still have many more customers.

## Reduce property registration cost

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"We are trying to provide low cost apartments so that mid-income people can manage a suitable residence bearing expenditures similar to house rent," he said.

He also spoke of a low-interest housing loan for government officials introduced last year, saying that it would help the sector grow.

However, he said, the high interest rate of home loans and a lack of access to long-term loans for all segments of society were the main barriers to resolving the housing crisis of the country.

Kamal Mahmud, vice president of the REHAB, said the sector received around Tk 950 crore-worth booking orders last year. "Besides, we sell readymade apartments

regularly," he said.

The four-day REHAB fair will be organised at Bangabandhu International Conference Centre at Sher-e-Bangla Nagar and stay open from 10:00am to 9:00pm.

It will feature some 202 stalls of entities, including some 27 realtors, 20 building material manufacturers and 14 financial institutions. Visitors will have to pay Tk 50 for single entry and Tk 100 to enter for a maximum of five times.

The money collected would be spent behind people in distress and fund a raffle draw, through which some 10 prizes would be given out, including a private car and a motorcycle. Besides, the REHAB will run a raffle draw every day, courtesy of US-Bangla Group.

## Mahindra looks to grow as a 'localised' brand

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Mahindra has recently introduced two completely knocked down plants for its key products in the automotive space.

"This will enable us to deliver the value for money for the products in reduced time and develop local talents," said Mathew.

According to the top executive, Mahindra has almost doubled its business in Bangladesh in the last five years.

The company has started enhancing its brand awareness in Bangladesh with the launch of multimedia campaign "Cholo Re" and roped in Mashrafe Bin Mortaza, skipper of Bangladesh's one-day international team, as its brand ambassador.

"In our endeavour to ensure customer centricity, we will continue to expand our network and do our best on customer satisfaction," Mathew says Mahindra has

an ambitious plan to expand its global footprint and Bangladesh is a key part of this growth strategy. "The company plans to grow aggressively by 2021."

Mathew says the company's products have consistently met the needs of Bangladeshi customers over the past two decades, helping it become a leading brand in the commercial vehicle and tractor segments. "As we go forward we shall work with our local partners to further expand our presence through local assembly and production and this, in turn, will help in local skill development and market growth."

The company has a strong customer base of more than 50,000 across all product segments. It is the market leader in one-tonne pick-up truck and diesel generators and one of the top three players in the tractor segment, according to Mathew.

"In our endeavour to ensure customer centricity, we will continue to expand our network and do our best on customer satisfaction," Mathew says Mahindra has

## From cars to quakes: Italy's banks take on insurance

REUTERS, Milan

An ageing population and struggling state finances could turn into an unlikely boon for Italy's banks, which have turned to a growing market for insurance to brighten their prospects.

Intesa SanPaolo has marketed the move loud and clear since June last year, splashing white and green "Bank Insurance" stickers across its branches.

The country's biggest retail bank is leading a push to cross-sell to Italians who have traditionally shunned protection against medical bills or property damage, relying instead on their wealth, generous public health and tight family networks.

That is changing, with shifts in society and state spending constraints expected to drive demand for property and casualty (P&C) insurance, an opportunity Italian banks can ill afford to miss.

Battling loan losses and negative interest rates, Italian banks have also seen their asset management fees hurt by Italy's latest economic woes, while technology is exposing the industry to outside competition in core areas such as payments.

They have now identified a new potential source of revenues.

Non-life insurance premiums accounted for 1.9 percent of Italy's gross domestic product (GDP) in 2017, compared with 3.3 percent in France and Germany, industry



Intesa Sanpaolo bank headquarters is seen in Turin, Italy.

REUTERS/FILE

lobby ANIA's data shows.

Excluding cars, where insurance is compulsory, premiums were 0.9 percent of Italian GDP versus 2.5 percent in Germany, even after the number of Italians with private health insurance more than doubled between 2010 and 2016, Professor Mario Del Vecchio of Milan's SDA Bocconi said.

"We can see that some of our customers keep excess cash on their current accounts for rainy days ... we want them to understand they could invest some of it to buy protection," Intesa Sanpaolo insurance head Nicola Fioravanti said.

Although bank clients could find it useful to have a one-stop shop for both banking and insurance prod-

ucts, some have raised questions about the potential for cross-selling as people move increasingly to mobile and online banking, while disputed insurance claims could also sour customer relationships.

Intesa, which is already Italy's biggest life insurer with 22.5 billion euros in gross premiums, flirted with taking over top insurer Generali in 2017 but it is now targeting its 12,000 customers and investing 300 million euros (\$344 million) to move into segments like home and healthcare.

It has trained 220 specialists to steer the business and retool 30,000 staff, aiming to become a leader in non-motor P&C by selling three contracts a day in each of its 4,400

branches.

Its plan is to double the share of

its clients who buy insurance products - known as its penetration rate - to 18 percent in three years' time,

boosting gross non-life premiums to 2.5 billion euros from 400 million in 2017.

"All insurers as well as other banks are watching Intesa's moves very closely ... There is room to expand the potential size of the market, it's not a market share game," said Emanuele Costa, Partner & Managing Director at Boston Consulting Group.

A top executive at another of Italy's big banks, who asked not to be named, said it could follow Intesa's lead in a few years to better serve its growing wealth management clientele.

The potential opportunity is attracting investors including billion-air Warren Buffett, whose Berkshire Hathaway conglomerate has built a 9 percent stake in insurer Cattolica and last month won a tender to take over small Genoa-based Faro, which is being liquidated.

And Poste Italiane, which for years offered banking services through its network of almost 13,000 post offices, recently launched P&C policies to complement its life business. Meanwhile BPER Banca, which has a deal to sell products of its top shareholder insurer Unipol, recently revamped its bancassurance division and hired a former Munich RE executive to lead it.

## Liberty Fashion ready to resume operations

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The second blow for the company came when it was skipped for inspection by the Accord, the European inspection and remediation agency of more than 200 retailers and brands. Later, the engineers of the Accord, however, inspected the factory at Zirani in Savar as per a court order.

"But 14 buyers have left me when the Accord reported that the factory was unsafe," Huq said. "I want the Accord to recommend to its signatories to come back to my factory as I want to resume the production," he said at a press conference at National Press Club in Dhaka yesterday.

Huq said he did not remediate the factory as per the recommendations of the Accord engineers.

A major supplier to the members of the

Accord before the closure, Liberty Fashion used to export garment items worth Tk 350 crore a year and employ 5,000 workers.

It produced clothing items mainly for retailers like Tesco, Primark, and Walmart. Huq urged the Accord to withdraw the restriction on his factory.

"My factory building is safe as some other agencies have already inspected the factory and given positive reports on it. But, the Accord said the factory needs remediation."

The businessman, who invested Tk 200 crore to set up the factory on 22 bighas of land, said he had incurred a loss of Tk 500 crore in lost business due to the closure.

"I have lost almost everything. I have a Tk 140 crore loan with a bank as I could not repay the money."

## India's April-Dec fiscal deficit narrows to 7.01tr rupees

REUTERS, New Delhi

India's April-December fiscal deficit narrowed to 7.01 trillion rupees (\$97.80 billion), or 112.4 percent of the budgeted target for the current fiscal year, government data showed on Monday.

In April-November, the country's fiscal deficit was 7.17 trillion rupees, or about 115 percent of the budgeted target.

## Banks waive Tk 422cr interest in 9 months against default loans

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"Such unscrupulous practices by banks have misled the central bank while preparing accurate statement on the issue."

The total amount of interest written off in 2018 is set to be way higher as banks usually hand out waivers in the last quarter of a year, he added.

"The interest waiver directly hits banks' profitability as they are lumped under losses," said Khondker Ibrahim Khaled, a former deputy governor of the central bank.

The sponsors of banks frequently use their influence to waive the interest amount at the meeting of directors.

"The directors of banks should take responsibility in this regard as those persons earlier sanctioned the loans, which turned into bad ones later," Khaled added.



Md Mahbub ul Alam, managing director of Islami Bank Bangladesh Limited (IBBL), and Md Abul Bashar, a general manager of Bangladesh Bank, open a campaign of Islami Bank on financial inclusion with the slogan "Financial Inclusion: Small Savings and Accelerated Development" at its head office in Dhaka yesterday.

## Online bookstores eye huge February sales

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About 15 lakh books were sold by the e-stores last year, of which Rokomari accounted for 10 lakh, according to Sohag, a pioneer in online book selling.

At present, there are about 50 online bookstores, while some companies like Panjeree Publications are selling books through Facebook.

"We also have plans to publish books in the digital format, so that people can read them from their handheld devices," Bayany said. But for that, the market needs to grow more, he added.