

Financial Reporting Council not fully ready

Chairman says they are working on regulations

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THE Financial Reporting Council (FRC), formed in 2016, is yet to be fully functional as the regulations that will govern the accountings, earning reports and disclosure of companies have not been formulated yet.

"We cannot do anything without the regulations," CQK Mustaq Ahmed, chairman of the council, said in an interview with The Daily Star at his office in Dhaka on Sunday.

The government enacted the Financial Reporting Act in 2015 to ensure transparency in the accountings of listed and non-listed companies. Although established in 2016, it started to work formally in July 2017 following the appointment of the chairman.

Stakeholders in the stock markets, especially investors, had long been demanding the formation of such a body after they identified major deviations in many companies' financial disclosures such as quarterly unaudited earnings.

"We are working on the regulations and it may take another six months to complete the job," said Ahmed.

The FRC will have to take views from the stakeholders before formulating the regulations. Later, it will have to take vetting before getting the approval from the government.

"We are very careful and we want to make the regulations flawless so that stakeholders get expected outcome from the FRC," said Ahmed, also a former

senior secretary to the home ministry.

"The council wants to bring confidence and trust on the accounts of listed and non-listed companies and NGOs as well."

The first chairman of the council also talked about the FRC's work philosophy.

"The FRC's main goal is not to punish accountants and auditors. Rather, it aims to put in place a self-regulation culture so that investors, donors, and the government can get the true financial figures of companies." "Punishing professionals is not the only way out."

The FRC will also act to protect accountants and auditors.

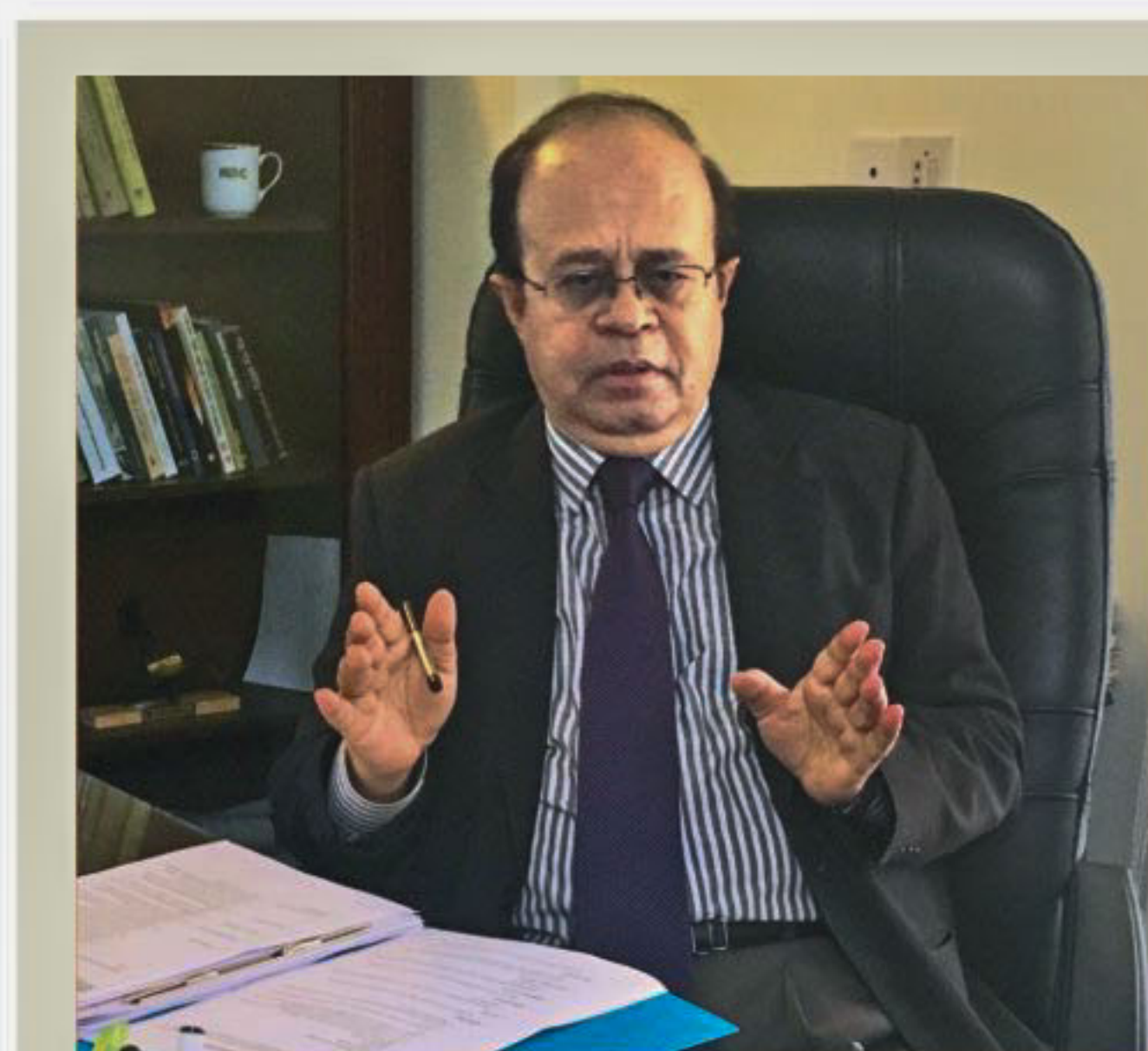
Accountants and auditors get remuneration from companies, sometime creating a mental barrier on not to go against their employers, Ahmed said, adding that company managements in many cases compel them to make inflated financial reports.

"So, we will work on their remuneration and appointment."

He said FRC approval may be made mandatory for companies to appoint auditors, so that the companies can't punish them for stating flaws in reports.

"Auditors who are paid for digging out flaws should be treated like doctors. We will create an environment so that professionals can work independently."

He said foreign investment in the stockmarket is very low. There are reasons behind this. Of the factors, a lack of confidence and trust in the listed companies' financial statements is the



CQK Mustaq Ahmed

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most important.

"When the FRC begins functioning in full swing, trust will be restored among foreign investors, benefiting the capital market considerably."

The FRC itself will also have to win people's confidence and become trustworthy as a regulator, according to Ahmed.

"It's a big challenge for the FRC. If it fails to work carefully, it will not be able to bring any result."

Ahmed also believes that the commission will be able to work without any political influence.

He said directors of many listed companies are involved in manipulation of their shares by showing inflated or lower earnings and it is easy to do as quarterly reports remain unaudited.

"The FRC will work on it too, checking quarterly reports if we find significant deviation."

Ahmed said the commission would ensure good corporate governance in companies as well and would be a one-stop service door to find out problems related to companies' financial reports.

The former bureaucrat is also aware that some companies maintain multiple accounts for their own benefit: they submit the worst ones to the National Board of Revenue (NBR) and the rosy ones to the Bangladesh Bank (BB).

The FRC has a wing that works to coordinate among all regulatory bodies including the BB, the NBR, and the Bangladesh Securities and Exchange

Commission.

"We will extensively work on the issue by crosschecking the reports submitted to different regulators."

He said once the FRC starts functioning at top gear, none will be able to evade tax.

"This will benefit the government and investors will get a better picture of companies. As a result, foreign investors' confidence will be boosted."

The FRC is working to set up a common form of reporting for every similar company so that it becomes easily understandable to people.

The commission is reviewing several companies' financial statements, holding hearing with them and sending findings to their primary regulator.

Pre-Brexit Britain buffeted by global headwinds

AFP, London

With just weeks to go until Britain is due to exit the European Union, the country's economy is experiencing mixed fortunes, with slowing growth and low unemployment.

Pre-Brexit Britain is also buffeted by bitter global headwinds -- from slowing Chinese and eurozone economies as well as trade war tensions.

Ahead of this week's crucial vote by parliament on support for the Brexit deal, here is a summary of Britain's key economic indicators:

Gross domestic product (GDP) growth slowed to 1.4 percent last year after expanding by 1.8 percent in 2017.

The OECD, which groups the world's top developed economies, last week forecast that Britain's economy would grow only 0.8 percent this year as it slashed a previous estimate of 1.4 percent.

Worryingly, the revision assumed a smooth Brexit process, despite fears that Britain could still crash out of the European Union without a deal. The Bank of England has also drastically cut its UK growth forecast for this year, even in the event of an orderly Brexit.

The government is expected to revise its official growth forecasts when it gives a budget update on Wednesday.

Faced with Brexit uncertainty, companies' UK investments dropped 1.4 percent in the final three months of last year compared with the third quarter, according to the Office for National Statistics (ONS).

It was the fourth quarterly decline in a row, the worst run for Britain since the global financial crisis a decade earlier. Japanese carmakers Honda and Nissan both recently curbed investment, while doubts remain over Airbus activities in Britain, especially after the European aerospace giant axed its A380 superjumbo jet.

British unemployment stands at 4.0 percent, the lowest rate since 1975.

Average earnings including bonuses grew by 3.4 percent in the three months to December from a year earlier, boosting the purchasing power of workers' salaries.

Britain's annual inflation rate, which surpassed 3.0 percent following the Brexit referendum in June 2016 as a plunging pound hiked import costs, has steadily declined to stand at a two-year low of 1.8 percent.

The drop has allowed the Bank of England to keep its main interest rate at very low rate of 0.75 percent, helping borrowers but hurting savers. Consumer confidence has hit a five-year low, according to the GfK Institute.

The ONS has meanwhile pointed to sluggish growth in household spending over the past two years.

The pound, seen as a better indicator of the UK's economic health than the London stock market which is loaded with multinationals, has shed approximately 12 percent against the dollar since June 2016 -- and more than 10 percent versus the euro.

To lure young talent, banks mimic tech workspaces

REUTERS, Copenhagen

TATTOOED models in mustard robes replaced the usual gray-suited bankers at Nordea Bank's Copenhagen headquarters recently, as the Danish bank strutted out its latest attempt to woo young talent.

Hosting a fashion show is just one way companies like Nordea, the largest financial group in Nordic countries, are trying to attract twentysomething and thirtysomething employees. As financial services have moved online, banks have to

according to data from ISS World, a Danish provider of facilities management, security, catering and other support services to companies globally.

"It has moved from being on the janitor's agenda to the CEO's agenda," Bjerg said.

Nordea is also looking at places like Disney and Silicon Valley for inspiration to shed banking's dusty image.

"It is important that you have something you can talk about when you get home," said Trine Thorn, Nordea's head of workplace management in Denmark. "We



REUTERS/FILE

A general view of the ISS headquarters on the outskirts of Copenhagen, Denmark.

battle with tech giants like Google and Amazon, which boast offices with features like massage rooms, to sign up tech-savvy millennials skilled in areas like artificial intelligence and programming.

"Banks today are not really banks like they were years ago," Danske Bank's head of real estate, Christian Ronn Osteraas, said in an interview. "Banks are more and more IT companies, so the fact that we compete for the same talents also means that we have to offer the same or better physical benefits and services."

Workplace ambience is becoming increasingly crucial for banks in the quest for talent among youth who care about the environment and not just a juicy paycheck.

"Seventy-seven percent of millennials say that the workspace is more important than salary," said chief operating officer Troels Bjerg at ISS, a top facility services firm whose customers include most of Europe's 25 biggest banks.

Chief executives see attracting and retaining talent as their No. 1 challenge,

have to create something attractive and different. I want to have this start-up feeling."

At Danske Bank in Vilnius, Lithuania's capital where it has 700 IT employees, you can nap in a booth in 'The Library' relaxation area or challenge colleagues at ping pong or PlayStation in another room.

Danske's shared services center in Vilnius will stay when the bank pulls out of the Baltic countries and Russia in the wake of one of the largest-ever money laundering scandals.

Video games and flexible seating may not suit everyone, though.

"Everybody wants an inspiring workplace and the challenge might be that millennials have been highlighted so much lately," Osteraas of Danske said. "It is important to attract talents of the future, but it should not remove focus from other types of employees."

Nordea has been working closely with ISS to create a workplace that feels both like a bank and a tech start-up.

Jobless millions to haunt India's election

AFP, New Delhi

VISHAL Chowdhary is young, bright and armed with an MBA. But he has spent two years struggling to find work in India's sluggish jobs market -- a major headache for Indian Prime Minister Narendra Modi ahead of looming elections.

The government's failure to create enough jobs in Asia's third-biggest economy is a key issue for voters in the polls that are set to take place between April 11 and May 19 with results on May 23.

"I went for 50 job interviews in the last year but with no success. One company I did join laid off most of its staff, bringing me back to square one," Chowdhary, 27, told AFP.

Increasingly desperate, late last year he became one of 23,000 applicants for five government jobs as a "peon" or "office boy" with duties like making tea and photocopying, well below his qualifications.

The shocking figures are not unusual in 1.25-billion-strong India, particularly for secure government jobs with perks that attract hordes of overqualified candidates like Chowdhary. Last year 19 million applied for 63,000 positions at Indian Railways.

Modi swept to power in 2014 pledging to modernise India and create jobs for the one million young people estimated to enter the labour market every month.

Some 65 percent of Indians are under 35, and economic growth has in recent times fallen below the eight-percent level seen as essential to create enough employment.

A newspaper recently published what it said was an official report buried by Modi's government showing unemployment at its highest since the 1970s.

Rahul Gandhi, head of the opposition Congress party, attacked Modi for creating a "national disaster".

The report -- which the government said was not finalised -- added to evidence that the economy was hit hard by two of

Modi's signature policies: demonetisation and a new Goods and Services Tax (GST).

The first saw 86 percent of banknotes withdrawn overnight in 2016 to bring the cash-only black economy out of the shadows. The second in 2017 was to simplify India's stultifying thicket of a tax code.

Almost half the workforce toils in agriculture, and although work-

caused in part by the "huge crisis" of bad debts at India's state-owned banks, making them reluctant to lend, Mehrotra told AFP.

Red tape and corruption also make buying land for factories difficult, and infrastructure is often poor.

Furthermore India is battling a dearth of decent data on which to base policy, not helped by vast numbers of people working in the

employs more women, has also had an effect.

While India's universities may produce large numbers of graduates, there is a mismatch with what the labour market requires, and basic education for the poor is patchy.

One in eight 14-year-old students in rural India cannot read simple texts, while 56 percent can't do basic division, a recent



REUTERS/FILE

Supporters of an Indian political party paint on a wall their party symbol for the upcoming general election in Siliguri, India.

ers are moving to manufacturing and services as the economy modernises, the rate is slower than elsewhere in Asia.

These sectors are not creating enough jobs, hampered by stringent labour laws and insufficient investment in skills training, according to the Organisation for Economic Co-operation and Development (OECD).

Another factor is a sharp fall in private investment, resulting in "very little" job creation in the private sector, said Santosh Mehrotra, a professor at Jawaharlal Nehru University.

This lack of investment is

shadow, cash-only economy who are therefore not counted.

"(More) than a lack of jobs, the issue is a lack of data on jobs," Modi said last year.

The situation is particularly dire for women.

The female workforce participation rate tumbled from 38.7 percent in 2005 to 28.6 percent in 2017, one of the lowest in the world, according to the World Bank.

In the highly status-conscious and patriarchal society, women often give up working once their household income rises. The decline of agriculture, which

survey showed. Millions of children aren't even in school.

"The sectors which are growing are modern services -- telecom, education, health, banking. This requires a much higher level of education than what is available to youth today," Mehrotra said.

According to an India Today opinion poll published on Monday, unemployment is the biggest issue for voters.

"Education and jobs are two very important topics for the youth. This government has failed on both these fronts," S Malik, a student, said at a recent protest in Delhi.