

Shohoz one of the most well-funded startups

The local company features on CB Insight's list for Asia-Pacific

STAR BUSINESS REPORT

LOCAL digital service provider Shohoz has featured on the list of most well-funded startups in Asia-Pacific in the US-based research organisation CB Insight's recent report titled Startup Continent.

The analysis excluded debt funding and considered only those tech companies that have raised at least \$1 million of equity funding since 2014, according to the website of the tech market intelligence platform.

Shohoz raised \$15 million funding from Singapore-based investment firm Golden Gate Ventures last year and ranked higher than Nepal's CloudFactory, Myanmar's Oway and Sri Lanka's oDoc, which raised \$10 million, \$5 million and \$1 million respectively, according to the report.

The most well-funded startup is Chinese payments company Ant Financial Services Group, with over \$19 billion, according to CB Insight, which evaluates millions of data to help companies take best business decisions.

While the list focuses on the recent round of funding raised by Shohoz, it is worth mentioning that the company has raised a sizable amount of funding previously as well, Shohoz said in a statement yesterday.

"As of yet, it is the largest disclosed funding round for any Bangladeshi tech company."

Shohoz started its journey as an online ticketing platform and later expanded its operation to ride-sharing and food delivery services and achieved massive success.

Maliha M Quadir, founder and managing director of Shohoz, said they are backed by global institutional investors and prominent angels, who believe in the story of Bangladesh, a country of 160 million young, passionate and hard-working people.

"It is also a country of responsible entrepreneurs, with a track record of promoting growth through technology and access to finance," the press release quoted Quadir as saying. "Collectively, we believe in the government's vision of a Digital Bangladesh. We are rapidly emerging as a role model of inclusive growth in emerging economies."

Shohoz began operations with a simple vision of making lives easier by solving the logistics challenges in Bangladesh, she added.

"I can proudly say that we touched 15 million people through our online ticketing, rides, and food delivery services. But our journey has just started and we want to bring more products and services online."

She said they want to set the benchmark for excellence in user experience.

The Asia and Pacific region is home to 19 countries where five companies have raised over \$1 billion, according to Startup Continent.



Hong Kong bourse bids \$39b for London Stock Exchange

REUTERS, London

HONG Kong Exchanges and Clearing has made an unsolicited \$39 billion takeover bid for the London Stock Exchange, an offer contingent on the LSE ditching its acquisition of data company Refinitiv.

The combination would help both exchanges compete better with rivals like ICE and CME from the United States. The LSE has long sought to bolster its presence in Asia and recently launched a link scheme with HKEX rival Shanghai.

"The board of HKEX believes a proposed combination with LSEG represents a highly compelling strategic opportunity to create a global market infrastructure leader," the Hong Kong exchange, HKEX, said in a statement on Wednesday.

In response to HKEX's announcement, the LSE said it was committed to and continued to make good progress on its proposed acquisition of Refinitiv.

The takeover bid by the Hong Kong company comes as Britain is set to leave the European Union, a step some politicians fear could weaken its large financial sector.

HKEX, which already has a base in London as owner of the London Metal Exchange, said it had played a key role in underpinning the City of London's position as a pre-eminent global center for metals trading.

"HKEX is fully committed to supporting and building the long term roles of both London and Hong Kong as global financial centers," it added.

The proposed 31.6 billion pounds cash-and-share transaction would only go ahead if the LSE's proposed takeover of Refinitiv does not proceed, HKEX said.

The LSE announced in August that it has agreed to buy Refinitiv in a \$27 billion deal aimed at transforming the exchange into a market data and analytics giant.

Refinitiv declined to comment. Its majority shareholder Blackstone had no immediate comment, while minority shareholder Thomson Reuters declined to comment. Reuters news agency is a unit of Thomson Reuters.

The bid for the LSE comes at a time when HKEX is beset by political turmoil. Pro-democracy protesters lit fires and vandalized a metro station near the exchange on Saturday as increasingly violent clashes with police move into their fourth month.

"This is not helpful. As a financial center, trust and confidence are important," HKEX CEO Charles Li said of the protests last month, when HKEX reported a 21 percent fall in trading fees in the first half of the year.

A top-10 shareholder in the LSE, who declined to be named in line with his company's policy during potential mergers, sounded a cautious note about the prospects of a successful takeover of the exchange.

"HKEX bought LME a few years ago so have a presence in the UK already, but clearly they are trying to diversify away from their Chinese exposure, which is why they are bidding now and not nine months ago," he said.

"Shareholders won't be rushed to make a decision as we like the Refinitiv deal, he added. "The share price reaction one hour after the approach says the market does not believe it will be successful."

Amazon bets big on India with mega-office

AFP, Hyderabad

WITH 49 elevators moving a floor per second and zumba classes for its more than 15,000 employees, Amazon's new Indian headquarters, its biggest building globally, matches its ambitions in a vast but challenging market.

The US retail giant launched its first site in the South Asian nation of 1.3 billion people in 2013 and is locked in a fierce battle with Walmart, which bought a 77-percent share in local e-commerce behemoth Flipkart for \$16 billion last year.

"For Amazon, India is a very important geography," the firm's human resources director for India and the Middle East, Deepthi Varma, told AFP at the gleaming new 86-metre (282-feet) tall office building in the southern tech hub of Hyderabad.

While the prospects of success in the vast nation are tantalising, the risks are also high, with Amazon and Flipkart incurring big losses as they expand and attempt to tap into new markets in Asia's third-largest economy.

Both firms will also face fierce competition from Indian conglomerate Reliance Industries -- helmed by Asia's richest man, Mukesh Ambani -- which is preparing to go up against the two US companies with its own e-commerce platform.

Bureaucratic hurdles present further challenges.

New e-commerce rules that came into force in February banned companies like Amazon from selling products from firms in which they have a stake. They are also



Security guards stand at the reception desk of the Amazon India office in Bengaluru.

forbidden from entering into exclusive deals with sellers. The regulations were brought in after brick-and-mortar retailers complained the e-tailers were unfairly selling products at discount prices.

"Going forward, the challenges are more around regulation and how to navigate the policy and regulatory environment," Ankur Bisen of Delhi-based consulting firm Technopak told AFP.

"We have seen how some of the policy announcements have got them off-guard." Amazon has already earmarked \$5 billion in investment funds for India, where one in three people use the internet -- a figure forecast to swell by 300 million by 2020 mainly due to growing smartphone use.

How independent should the central bank be?



MAMUN RASHID

TODAY, much of the developed world's central banks are built after the "Bundesbank model."

The model was born in post-World War I Germany after the country had been plagued with hyperinflation owing to financial indiscipline. The Deutsche Bundesbank was given full independence creating what is now known as the "Bundesbank model."

The general aim of central banks under this framework is price stability and this is achieved by separating monetary policy from the grasp of political influence. Political business cycles occur when governments advocate populist and inflationary policies prior to re-elections in hopes of winning the popular mandate. Indeed, the empirical literature generally suggests that independent central banks are more effective at stabilising prices than their less-independent counterparts.

But in the wake of financial crises, central banks have received their share of scrutiny. We have been forced to question the effectiveness of central banks in an era where the Phillips Curve—positive relationship between inflation and employment—no longer holds. This implies that inflation accompanies recession and banks are forced to employ increasingly unconventional monetary policy.

Bank bailouts as a response to debt-default, possible conflicts of interest due to its dual role

of setting monetary policy and supervisor, also has brought central banks' credibility and independence into question.

How does this discussion bode for a developing country like Bangladesh?

In the Bangladesh context, it is not difficult to imagine the benefits of replicating the central bank models of the developed world, especially as it pertains to independence.

Our financial sector has been in doldrums with burgeoning NPLs (non-performing loans) and an over proliferation of banks. State-owned banks particularly remain a critical aspect of the NPL problem, with them being frequently recapitalised.

Currently, the Bangladesh Bank has limited operational independence and it is commonly speculated that licences for banks are granted and loans are approved due to political affiliations. The result is a culture of impunity where loan defaulters are not held accountable and political interference causes lax monitoring and supervision.

Yet it may be a mistake to treat the developed country framework as the universal cure for all nations. There are special considerations one should take into account for a developing country like Bangladesh. For one, financial markets including bond markets are in their nascent stage in Bangladesh. In developed nations with mature bond markets, central banks engage in open-market operations to influence short-run interest rates and liquidity. In the absence of these options, central banks in developing economies would need to use other policy instruments and will thus have to coordinate with the government.

Moreover, central banks have a special role in the initial stage of a country's development by promoting the country's

financial infrastructure. It can endorse inclusive growth by expanding banking operations to poorer populations. To improve access to credit in rural areas, central banks can, for example, fund cooperative credit societies on the basis of a proper impact study or sensitivity analysis.

Furthermore, one of the government's major ambitions

meet the credit demands of a growing economy. Low interest rates are necessary to encourage both private and public sector investment. Lower interest rates decrease the cost of servicing public debt, making financing economic development easier.

If we look to the example of South Korea's development

complete independence from the government is thus neither feasible nor desirable, at least not at this stage of our development.

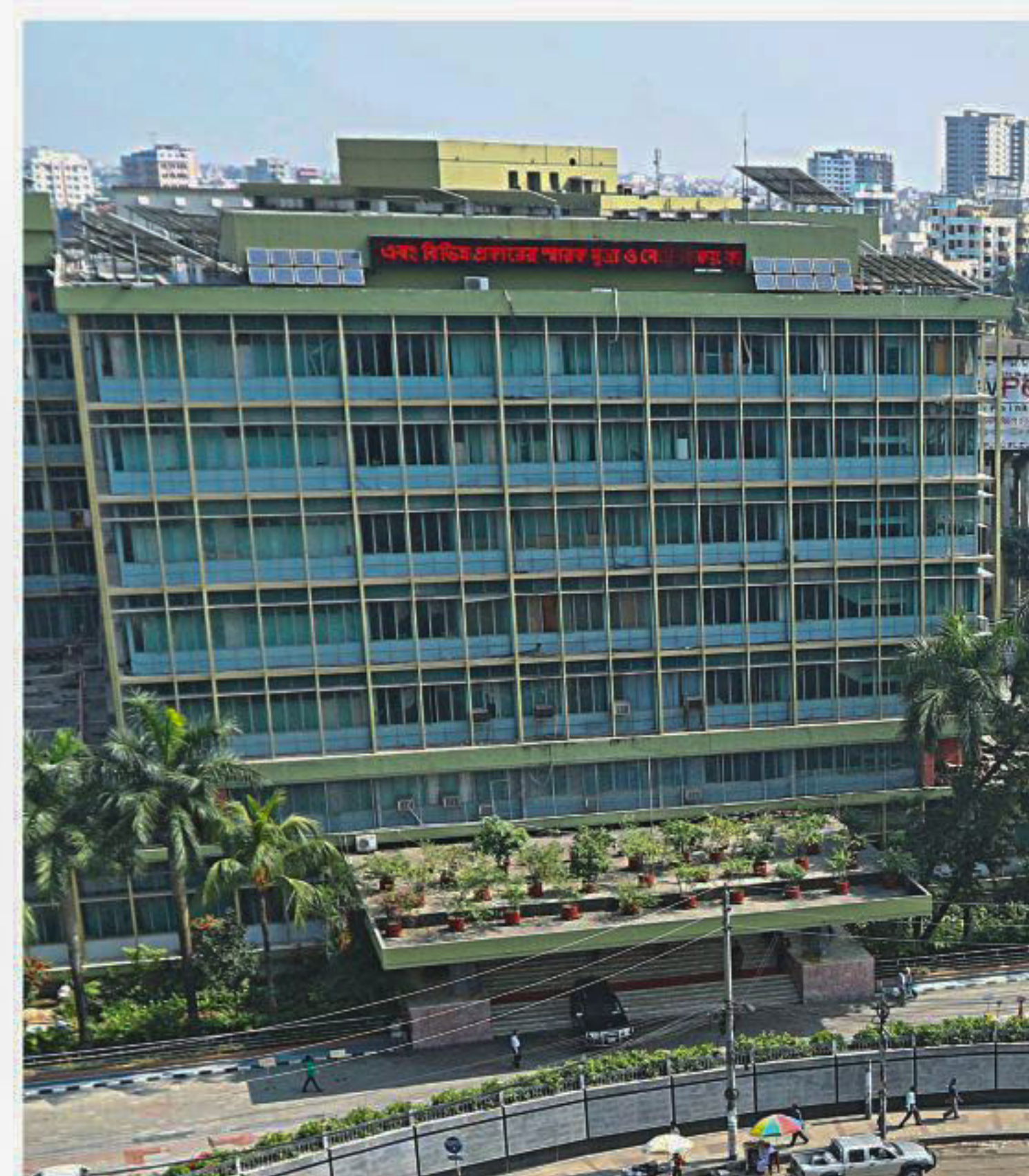
This is not to say we should disregard independence. Some form of institutional reform for the Bangladesh Bank is recommendable, particularly to ensure operational independence, so that day-to-day decisions are insulated from political interference. However, in terms of setting the wider agenda, coordinating with the central government is necessary at least in this stage of our development.

Separating the function of supervision and setting monetary policy to avoid conflicts of interest has been another key discourse occurring with regard to central banks. A central bank that performs both prudential supervision and decides monetary policy may have the incentive to set interest rates at very low rates to protect bank earnings, thus undermining price stability.

There have been suggestions that these functions be delegated to separate institutions or a 'Chinese Wall' be created within central banks. In Bangladesh, however, the functions of formulating monetary policy as well as supervising the banking sector falls to the Bangladesh Bank.

While there is a valid argument for separating these functions, there are notable disadvantages too. Playing the dual role gives central banks better access to information on the financial sector. This is invaluable to a developing country where information flows might not be as sound. Central banks playing both roles can also enable them to react to financial sector crises in a timely manner, especially in the developing economies.

The writer is an economic analyst.



The Bangladesh Bank office is seen in the capital's Motijheel area. Experts think the central bank currently has limited operational independence.

is to achieve Bangladesh's transition to a middle-income country. A strict focus on price stability might not always be conducive to this. Chasing inflation targets can create a "contractionary bias" where central banks may find their policies curbing growth.

In developing nations, monetary expansionary policies are more frequently needed to

story, the central bank had limited independence and was driven heavily by the directives of the Ministry of Finance. This enabled the South Korean government to direct credit towards preferential sectors in line with wider economic goals.

To meet these macro-level aims, a synergy between monetary and fiscal policy must be maintained. Thus,