

# HSBC opens up a world of opportunities during pandemic

HSBC Bangladesh CEO Md Mahbub ur Rahman says in an interview

MD FAZLUR RAHMAN

HSBC Bangladesh has stepped up its efforts to support customers to run operations amidst the coronavirus pandemic and connect them with global opportunities using its unrivalled geographical footprint, its top executive said.

"We continued to help our customers -- and their customers, suppliers, franchisees or subsidiaries -- achieve their growth ambitions and access simpler, safer and more competitive financing," said HSBC Bangladesh CEO Md Mahbub ur Rahman.

"In other words, we succeed together." "Our dedicated teams are ensuring that we capture the value from our customers' networks and own geographical footprint."

In Bangladesh, HSBC was the first bank that stood by its customers soon after the crisis hit the country.

It announced wide-ranging support measures to provide immediate assistance to textile and garment customers impacted by the pandemic and the related economic shock in March 2020.

HSBC provided an up to 90-day extension of import liability for three months (up to six months) where export shipments were delayed.

Special short-term loans were provided to help pay wages, bonus and utility bills and other overhead payments.

"The package came at a critical time for the textile and apparel manufacturers as well as the overall economy of Bangladesh and was well appreciated throughout the industry," Rahman said.

Rahman started his career with Standard Chartered Bangladesh. He joined HSBC in 2002 and was previously

deputy chief executive officer and head of wholesale banking in Bangladesh.

Prior to this, he led HSBC's commercial banking business in Malaysia. He helmed the top position of the local subsidiary of the London-headquartered bank in April last year.

According to Rahman, there is no denying that many of the customers and markets the bank serves are going through difficult times.

"We are supporting our customers and communities, and we remain committed to helping all our stakeholders manage the uncertainty that remains."

The leading trade finance bank in the world has a long history in Asia, which fetches the bulk of the profits for the British multinational lender.

The bank gives businesses access to a geographic networks covering more than 90 per cent of the global trade and capital flows, and that's where its strength lies, opening a world of opportunities for customers.

"We are gaining real momentum in our business, and that we have a lot to look forward to," Rahman said.

Despite the pandemic, HSBC Bangladesh's net profit grew 10 per cent year-on-year to \$64.01 million in 2020, according to the audited financial statement.

Economic forecasts are improving, particularly in Asia. And HSBC has a clear plan to accelerate growth and adapt the business to long-term challenges.

HSBC has always been bullish about Bangladesh's growth potential. In 2018, the international bank forecast the country is going to be 26th largest economy by 2030.

The projection was made based on normal circumstances at that juncture and did not take the pandemic into



Md Mahbub ur Rahman

consideration.

"However, having said that, Bangladesh's trade is gaining momentum gradually within the present situation," Rahman said.

According to the government estimate, the economy will clock a 7.4 per cent growth rate in the current fiscal year despite the pandemic. Various international agencies said the country's position would be at the top among the Asian countries in terms of GDP growth rate.

"Bangladesh's achievement is not getting the attention it deserves. As the leading international trade bank, we need to project Bangladesh much more and take the 'Made in Bangladesh' label globally."

An MBA from the Kellogg-HKUST, a joint programme of the Kellogg School of Management and Hong Kong University of Science and Technology, Rahman has a bachelor and master's degree in finance from the University of Dhaka.

He pins his hope on the growing middle-class as they could dramatically change the outlook for domestic industries catering the growing domestic demand.

In July 2020, HSBC Bangladesh concluded the first-ever receivable finance deal for a customer and

another global banking client.

HSBC is the only bank in Bangladesh having offices in all the export processing zones, facilitating foreign direct investment flowing into the country.

The bank's contribution to the power sector includes more than \$1 billion of financing to implement four new power projects for the Bangladesh Power Development Board. It has continued its support for the cross-border electricity import of 250 megawatts from India.

It bankrolled the country's largest urea fertilizer plant in December 2019 and has made possible the first commercial import of liquefied natural gas.

Over the past five years, the lender has arranged about \$143 million of export credit agency-backed financing in private sectors, creating a gateway to the international debt market for local conglomerates.

"We are committed to Bangladesh's growth and have been actively contributing to Bangladesh's economy by providing innovative financing solutions, mobilising credit for energy and power, telecommunications, infrastructure, and export-oriented industries," Rahman said.

"Not only are we helping Bangladesh's

businesses and entrepreneurs capture global opportunities, we are also helping global players take advantage and open up a world of opportunity for our customers."

The Covid-19 pandemic has led to an inevitable surge in the use of digital technologies due to the social distancing norms and nationwide lockdowns.

People and organisations all over the world have had to adjust to new ways of work and life. HSBC has embraced the new normal pretty early.

In the retail banking space, HSBC quickly came up with several special processes capitalising the personal internet banking platform and website to offer customers digital ways of doing business. As a result, retail customers' transaction volume through internet banking went up by about 40 per cent in the first quarter of Covid-19 in Bangladesh.

It strengthened transaction capabilities in HSBC debit card by including dual currency transaction, mobile wallet top-up, and e-commerce features, helping customers embrace digital ways of doing business.

HSBC executed the first-ever cross-border blockchain letter-of-credit transaction involving the import of 20,000 tonnes of fuel oil by United Mymensingh Power from Singapore. The LC processing time was reduced from the standard 5-10 days to under 24 hours.

It is the only foreign bank in Bangladesh to have introduced e-VAT solution, an end-to-end automated online VAT payment solution for corporate customers in collaboration with the National Board of Revenue.

The arrangement will allow companies to make paperless VAT payment, and each transaction will be completed near real-time through the Real Time Gross Settlement, and the e-Challan (e-receipt) will be delivered to initiators within 24 hours.

"The arrangement will help both clients and the national exchequer to save significant turnaround time," Rahman said.

Recently, the bank digitalised Unilever Bangladesh's supply chain finance to make doing business easier for the bank's customers and their

suppliers too.

"We have embraced the technology, and that's not an option but a requirement to move ahead."

HSBC has announced a plan to prioritise financing and investment that supports the transition to a net zero global economy and helps to build a thriving, resilient future for society and businesses.

Recently, it extended a \$118-million sustainability-linked loan to a customer, which was the first-ever sustainability linked loan (SLL) in Bangladesh. Another initiative that Rahman touched upon is a sustainability campaign under its "Joy of Giving" platform, which was launched in May 2020.

The initiative supported more than 100,000 people across the country whose lives have been impacted by the pandemic.

"Throughout the year, we have continued such community initiatives. We are now focusing on going beyond to extend our support for the improved livelihood of the most vulnerable," he said, adding that HSBC's support amounted to \$1 million for Bangladesh in 2020.

As Bangladesh is set to graduate from the group of the least developed countries, the bank anticipates an increased international movement of people in and out of Bangladesh, payments processing becoming drastically digitalised, more wealth being created among the high net worth segment, and domestic consumption growing among middle and low-income groups.

"HSBC plans to focus on providing world-class services for international transaction needs and digital solutions to our retail customers. We want to play a leading role in the digital transformation that the country's financial services are experiencing."

Rahman enjoys poetry and has a huge passion for music.

He said HSBC feels a great responsibility to support the country towards its growth journey.

"As an international bank with presence in more than 64 geographies, we believe we can play a pivotal role in publicising the immense potential the country holds."

"We continued to help our customers -- and their customers, suppliers, franchisees or subsidiaries -- achieve their growth ambitions and access simpler, safer and more competitive financing."



## GLOBAL BUSINESS

### Global freight sails out of the digital dark ages

REUTERS, London

If suppliers in China fail to pick up freight containers to fill an order for MediaShop, Marcel Schneider gets an alert via a digital freight system, allowing the retailer to reach out and fix the problem swiftly.

Before July 2020, Austria-based MediaShop's deputy supply chain director says he would discover problems in his supply chain only when containers failed to arrive in Hamburg as scheduled.

"It was like being in a tunnel where you had only a limited view of what was going on," Schneider said.

Lost containers means lost sales for MediaShop, which sells consumer goods ranging from kitchen knives to fitness equipment. A missing load can mean the company pays penalties to wholesale customers for late shipments.

Global supply chain snarls, from shortages of freight containers in China to a blockage in the Suez Canal, have thrown a wrench into the recovery from the Covid-19 pandemic.

They have also accelerated the freight industry's shift out of the digital dark ages. That's benefiting a fast-growing cluster of startup companies that had struggled to



Trucks loaded with shipping containers leave the Port of Montreal in Montreal, Quebec, Canada on May 17.

REUTERS/FILE

sell their software-powered freight tracking technology, until now.

A Reuters analysis of digital freight startups shows there are close to 250 companies globally, including Uber's logistics arm Uber Freight, and some

Chinese operators looking to go public like Full Truck Alliance.

"Really, the pandemic gave us a chance to shine, with capacity being taken offline and demand surging in unpredictable ways," says Ryan Petersen, Chief Executive

Officer of San Francisco-based Flexport, a freight forwarder whose revenue almost doubled to \$1.27 billion last year and which has raised \$1.3 billion from investors. MediaShop is a client.

Digitization in the freight industry has been under way for years, but the expense of grafting digital tracking systems onto legacy databases has discouraged many companies. Now, a number of startups staffed by alumni of tech companies like Facebook, Amazon and Uber have developed platforms that integrate with customers' transportation management systems, making them easy to use from home.

"We have seen a massive acceleration in products that normally wouldn't have been adopted for three, four or five years from now because people have had to figure out how to operate remotely," said Sune Stilling, former head of growth at the venture capital arm of shipping giant Maersk, which has invested in several of these startups.

Deep-pocketed traditional freight giants are also beefing up their own systems to compete. But smaller companies may find it hard to fund the transition to digital, which should drive consolidation, especially in the freight forwarding industry.

## NEWS In Brief

### Jack Ma to step down as president of his business school

AFP, Beijing

Chinese billionaire Jack Ma, founder of ecommerce giant Alibaba, is going to step down as president of the elite business school he founded after having been caught in a Beijing clampdown on tech titans, the Financial Times reported Monday.

Ma, formerly one of China's most flamboyant entrepreneurs, has largely disappeared from public view since Alibaba's fintech arm was investigated and fined by regulators for alleged monopolistic practices.

The Financial Times report cited sources saying that Hupan University -- an elite academy for Chinese business executives established in Ma's hometown of Hangzhou in 2015 -- has changed its name and will restructure its curriculum. Ma will not hold any high-level title at the restructured organisation, the report said, as Beijing seeks to limit his influence.

"Hupan is like an elite community, it's one of (the authorities') main targets," one person who worked with Ma was quoted as saying by the FT. Viral videos circulating on Chinese social media earlier this month showed construction workers using a blow torch to remove characters on a large "Hupan University" sign.

The FT also reported last month that Hupan University was forced to suspend new student enrolments after sustained pressure from Beijing to dismantle Ma's fintech empire.



Jack Ma

### China crypto mining business hit by crackdown

REUTERS, Shanghai

Cryptocurrency miners, including HashCow and BTC.TOP, have halted all or part of their China operations after Beijing intensified a crackdown on bitcoin mining and trading, hammering digital currencies amid heightened global regulatory scrutiny.

A State Council committee led by Vice Premier Liu He announced the crackdown late on Friday as part of efforts to fend off financial risks. It was the first time China's cabinet has targeted virtual currency mining, a sizable business in the world's second-biggest economy that some estimates say accounts for as much as 70 per cent of the global crypto supply.

Cryptocurrency exchange Huobi on Monday suspended

both crypto-mining and some trading services to new clients from mainland China, adding it will instead focus on overseas businesses.

BTC.TOP, a crypto mining pool, also announced the suspension of its China business citing regulatory risks, while crypto miner HashCow said it would halt buying new bitcoin mining rigs. Crypto miners use increasingly powerful, specially-designed computer equipment, or rigs, to verify virtual coin transactions in a process which produces newly minted crypto currencies such as bitcoin.

"Crypto mining consumes a lot of energy, which runs counter to China's carbon neutrality goals," said Chen Jiahe, chief investment officer of Beijing-based family office Novem Arcae Technologies. The crackdown is also part of



Representations of the virtual currency Bitcoin and Ethereum stand on a motherboard in this picture illustration.

REUTERS/FILE

China's stepped-up drive to curb speculative crypto trading, he added.

Bitcoin took a beating after the latest Chinese move, and is now

down nearly 50 per cent from its all-time high. It shed as much as 17 per cent on Sunday, before paring some losses and was last

trading steady in Asia. Elsewhere, Ether fell to a two-month low on Sunday, down 60 per cent from a record peak hit just 12 days ago.

Investor protection and money laundering are particular concerns of global financial regulators who are grappling with whether and how they should regulate the cryptocurrency industry.

The latest shakeout in digital currencies also stems from tighter scrutiny in the United States. Last Thursday, US Federal Reserve Chairman Jerome Powell said they pose risks to financial stability, and indicating that greater regulation of the increasingly popular electronic currency may be warranted. "Huobi always strives to abide by the evolving policies and regulations of each jurisdiction," Huobi said in a statement to Reuters.

### UK reviews tariffs on US imports amid metal trade impasse

REUTERS, London

Britain said on Monday it had launched a review of its tariffs levied against imports from the United States in response to an ongoing trade conflict around steel and aluminium.

The administration of former US President Donald Trump introduced 25 per cent and 10 per cent tariffs on steel and aluminium imports, prompting retaliatory measures from the European Union that Britain kept when it left the bloc's economic system this year.

"The UK will do whatever is necessary to protect our steel industry against illegal tariffs that could undermine British industry and damage our businesses," British trade minister Liz Truss said in a statement, adding that she wanted to deescalate the dispute.