HSBC wins Asian Banking and Finance awards

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HSBC Bangladesh has won "International Retail Bank of the Year" and the "Best Marketing and Brand Initiative of the Year 2023" awards by the Asian Banking and Finance, a publication for banking and finance executives in Asia.

Tanmi Haque, head of wealth and personal banking of HSBC Bangladesh, received an award at Marina Bay Sands in Singapore recently.

"This prestigious award is a testament to all our efforts, and it will keep inspiring us to go the extra mile for our customers," said Haque.

"This recognition will propel us to support our customers with their evolving international banking needs," said Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh.

The bank won the "International Retail Bank of the Year" for the third time in a row, said a press release.

The awards recognised the strengths of the bank's personal banking capabilities and its commitment to opening up a world of opportunity for its customers through its international connectivity.

Tanmi Haque, head of wealth and personal banking of HSBC Bangladesh, receives an award at the award-giving ceremony of the Asian Banking and Finance at Marina Bay Sands in Singapore recently.

PHOTO: HSBC BANGLADESH

China issues guidelines to increase foreign investment

REUTERS, Beijing

China's State Council issued guidelines on Sunday that it said would further optimise the country's foreign investment environment and attract more foreign investment.

The State Council said in a document containing 24 guidelines that authorities should increase protection of the rights and interests of foreign investors, including strengthening enforcement of intellectual property rights.

The document also announced guidelines to increase fiscal support and tax incentives for foreign-invested enterprises, such as temporarily exempting withholding income tax for foreign investors' reinvestment of their profits into China.

The State Council also said it would explore a "convenient and secure management mechanism" for cross-border data flows. The proposal comes amid tensions between authorities and international enterprises, including global accounting firms, over data security.

Sharifa Khan, chairman of Infrastructure Development Company, presides over the company's 26th annual general meeting, which was held virtually recently.

PHOTO: IDCOL

Idcol declares Tk 120cr dividend

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Infrastructure Development Company Ltd (Idcol) declared a dividend of Tk 120 crore, including Tk 70 crore in cash, for fiscal year 2022-23 at its 26th annual general meeting recently.

Facilitating adoption of renewable energy technologies and promoting energy efficiency, the company's profit before tax and provision was Tk. 698.79 crore. Chairman Sharifa Khan, also secretary to Economic Relations Division, presided over the meeting, said a press release.

M Tofazzel Hossain Miah, Tapan Kanti Ghosh, Md Shahriar Kader Siddiky and Abu Hena Md Rahmatul Muneem, shareholders, Fatima Yasmin, Mohammad Salahuddin, Md Habibur Rahman, Nihad Kabir, Abdul Haque and AKM Nurul Fazal Bulbul, directors, and Alamgir Morshed, executive director and CEO, attended the meeting.

India's industrial output growth falls

REUTERS, New Delhi

India's industrial output growth rate slipped to a three-month low of 3.7 percent year-on-year in June, data from the Ministry of Statistics showed on Friday.

Analysts in a Reuters poll had forecast an expansion of 5.0 percent. Industrial output for May was revised to 5.3 percent from 5.2 percent.

Manufacturing, which accounts for about 17 percent of the Indian economy, rose 3.1 percent year-on-year in June, slowing down from a revised 5.8 percent annual growth rate recorded in May.

Electricity generation during June rose 4.2 percent over the same month a year earlier, while mining activities increased 7.6 percent, the data showed.

In May, electricity generation fell 0.9 percent, and mining activities increased 6.4 percent.

"The sequential slowdown was led by the manufacturing sector, while the mining and electricity sectors witnessed an improvement in their growth performance amid deficient rainfall in the month," said Aditi Nayar, an economist at ICRA.

India's central bank sees the economy growing 6.5 percent in the financial year to the end of next March, with growth led by government capital spending.

In June, infrastructure or construction goods production grew 11.3 percent year-on-year, unchanged from the downwardly revised annual growth rate for May. Capital goods grew 2.2 percent compared to a year earlier.

Consumer spending has been weak though there has been some pick-up in recent months.

Consumer durables output contracted 6.9 percent year-on-year in June from a revised year-on-year growth of 1.2 percent the previous month.

Midland Bank, NEC Money sign deal on remittance service

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Midland Bank Ltd signed an agreement with NEC Money Transfer Ltd, a UK-based Global Money Transfer Company, enabling the former to disburse hard earned remittances of NRBs living in different parts of the world from its branches and agent banking centres through NEC Money.

Md Ahsan-uz-Zaman, managing director and CEO of the bank, and Farazy Ikram, chairman and CEO of the money transfer company, inked the deal at the bank's head office in Gulshan, Dhaka yesterday, said a press release.

NEC Money Transfer is a Bangladeshi-owned fin-tech based remittance transfer company, which is widely known among Bangladeshi expatriates in the UK, Italy, South Africa, UAE, Australia, Canada and other EU countries.

Md Ahsan-uz-Zaman, managing director of Midland Bank, and Farazy Ikram, chairman of NEC Money Transfer, exchange signed documents of an agreement on remittance channeling service at the former's head office in Gulshan, Dhaka yesterday.

PHOTO: MIDLAND BANK

Mahbubur Rahman, chairman of Eastland Insurance Company Ltd, inaugurates the insurer's half-yearly "Business Conference-2023" at DCCI auditorium in Motijheel, Dhaka on Saturday. Among others, Abdul Haque, chief executive officer of the insurer, Arun Kumar Saha, consultant, Md Shafiul Alam and M Golam Hafez, additional managing directors, and other senior executives of the insurer were present.

PHOTO: EASTLAND INSURANCE COMPANY

Why foreign banks

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the Bangladesh Academy for Securities Market.

Worldwide, the insurance market plays a significant role by pouring funds into the long-run investment tools, but the non-depository financial institutions are still at a nascent level in Bangladesh.

They either keep their funds at banks as fixed deposits or buy assets, so their contribution to the stock market remains at a low level.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, says the capital market lacks well-performing companies and it is suffering from structural weakness.

"So, foreign banks consider their investment in the market is highly risky."

Analysts have long pinpointed the weaknesses facing the stock market, but those weaknesses have been hardly addressed.

One of the weaknesses is manipulators are not punished in proportion to their crimes even though manipulation is rampant.

"The quality of financial reports of the listed companies is not up to the mark. As a result, most investors don't trust them," the economist said.

"The market is volatile due to the absence of a true market stabilisation mechanism while institutional investors behave like day traders," he said, adding that the supervision of the exchanges and the stock market regulator against the firms that exist merely in names is weak as well.

Another tendency that keeps multinational banks at bay is the dominance of weak firms when it comes to trading.

So, when an investor sees that "z" category companies or low-performing firms top the gainers' list or the turnover list, the confidence level of general investors receives a jolt.

"Until the government resolves all of the structural problems, foreign banks will not be interested to invest," Moazzem added.

A merchant banker thinks banks should not come to the stock market because they deal with short-term deposits while stocks are long-term investment tools.

"If banks want to invest in the stock market, they need to gain proper expertise. So, it would be better for them if they invest through a fund manager."

He urged mutual funds, pension funds, insurance companies, and provident funds to invest in the stock market.

US investors flag retaliation risks after Biden's China tech curbs

REUTERS

While the market mostly shrugged off President Joe Biden's move to prohibit some US technology investments in China, US investors said they were worried Beijing would retaliate or pull back from buying American technology.

Aiming to protect national security and prevent US capital and expertise from aiding China's military modernisation, Biden this week issued an executive order barring some new US investments in China in sensitive technologies including computer chips, while regulating others.

US investors were unfazed by the initial news, saying that the restrictions, at first blush, were more limited than feared and unlikely to extend to passive investments in public Chinese stocks. But several portfolio managers said the bigger worry was whether China would strike back, as it has in the past.

"Much depends on how China decides to react to that. The very significant technology war between the countries is a big negative and the administration seemed to be trying to make that announcement without making too many waves with China," said Rick Meckler, partner at Cherry Lane Investments in New Jersey.

Biden this week issued an executive order barring some new US investments in China in sensitive technologies

The iShares MSCI China Exchange Traded Fund, one of the largest ETFs of US-listed China-based companies, finished up 0.7 percent on Thursday, while the rest of Wall Street finished flat.

In response to Biden's executive order, China's commerce ministry said it was "gravely concerned" and reserved the right to take counter-measures. Some China analysts said Beijing's options are limited and would unlikely escalate the matter.

Others, though, thought that view was too optimistic.

China in May targeted US chip maker Micron Technology after Washington imposed a series of export controls on American components and chipmaker tools to China, and the US has accused Beijing of penalising other US companies amid growing tensions between the two global economic powerhouses.

"It is naïve to think that there won't be some type of retaliation from China," said Tom Plumb, CEO of mutual fund Plumb Funds. China could restrict exports of rare earths used in consumer electronics, electric vehicles, and other components, or target other US technology companies, Plumb said.

India's new rules

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"But India has high tariffs on electronic components that go into manufacturing the laptops. Therefore, if India wants a manufacturing base, it needs to reduce tariffs and free up imports of components as well."

Under Prime Minister Narendra Modi's "Make in India" initiative, the government this year announced a US$2 billion (S$2.7 billion) incentive scheme to attract technology firms to manufacture IT hardware, including laptops and tablets.

This comes after a successful 2020 incentive scheme to push phone production in India, which leveraged companies seeking to diversify their supply chain amid the Covid-19 pandemic and worsening ties between China and the United States.

India, too, is dependent on China for IT hardware.

The Indian market for laptops and personal computers is worth around US$8 billion annually, with around 65 per cent of laptops and personal computers being imported, according to data from tech market research firm Counterpoint Research.

China accounts for 70 per cent to 80 per cent of these imports.

Still, domestic manufacturers have reacted positively and interpreted the new licence regime as being aimed at pushing them to make their products in India.

Indian electronics manufacturer Dixon Technologies, whose shares trended upwards after the licence announcement, said it would move in a "very aggressive" manner to capture market share.

"We feel strongly that the success story of the automotive sector – where India emerged as a manufacturing and export hub – could be replicated in electronics manufacturing," said Dixon chief financial officer Saurabh Gupta.

The licence announcement also came after Indian conglomerate Reliance launched its JioBook laptop, which has an 11-inch HD screen and is priced at 16,499 rupees (S$270).

Lenovo, HP, Dell, Apple and Acer were the top five companies in the personal computer segment in the second quarter of 2023, according to Counterpoint Research.

Apple, which started assembling the iPhone 14 in India in 2022 and now has 7 per cent of its global manufacturing share in the country, does not make iPads or MacBook laptops in India.

Apple did not respond to an e-mail sent by ST seeking comment on the licence requirement.

The Indian laptop manufacturing industry is seen to be still at a very early stage. Most parts are imported, including high-end chips, with a few items such as batteries being manufactured locally.

Other issues, according to a 2022 India Cellular and Electronics Association report, include a lack of adequate infrastructure, domestic supply chain and logistics, inadequate availability of quality power, limited design capabilities and focus on research and development by the industry, and inadequacies in skill development.