MTBiz

Monthly Business Review, Volume: 04, Issue: 06, Apr-Jun 2013

BASEL III & ITS POSSIBLE IMPACTS ON BANKS

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

24 HOURS a day | 7 DAYS a week | 365 DAYS a year

AT YOUR SERVICE, ALWAYS

just dial **16219** or **096040 16219**

from overseas **+880 96040 16219**

MTB Contact Centre

Retail Deposits & Loan Products Enquiries | Requests & Requisitions for Statements & Cheque Books
Accounts Services | Cards Services | SME, NRB & Remittance Enquiries | Customer Feedback

* conditions apply

www.facebook.com/Mutual.Trust.Bank

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

www.mutualtrustbank.com

MTBiz

Article of the Month page 02

BASEL III & ITS POSSIBLE IMPACTS ON BANKS

CONTENTS

Developed and Published by

MTB Group R&D

Please Send Feedback to: mtbiz@mutualtrustbank.com

Design & Printing

nymphea

BASEL III & ITS POSSIBLE IMPACTS ON BANKS

The Basel Committee

Basel Committee on Banking Supervision (BCBS) or "The Basel Committee", in brief, is the primary global standard-setter for the prudential regulation of banks and provides a forum for cooperation on banking supervisory matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability. Mr Stefan Ingves, Governor of Sveriges Riksbank, is the chairman of the Basel Committee.

The Committee reports to the Group of Governors and Heads of Supervision (GHOS). The Committee seeks the endorsement of GHOS for its major decisions and its work programme.

The Committee's Secretariat is located at the Bank for International Settlements in Basel, Switzerland, and is staffed mainly by professional supervisors on temporary secondment from member institutions. In addition to undertaking the secretarial work for the Committee and its many expert sub-committees, it stands ready to give advice to supervisory authorities in all countries. Mr Wayne Byres is the Secretary General of the Basel Committee. (Last update 10 June 2013)

Purpose and role of BCBS

Mandate

The BCBS is the primary global standard-setter for the prudential regulation of banks and provides a forum for cooperation on banking supervisory matters. Its mandate is to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing financial stability.

Activities

The BCBS seeks to achieve its mandate through the following activities:

a. exchanging information on developments in the banking sector and financial markets, to help identify current or emerging risks for the global financial system;

b. sharing supervisory issues, approaches and techniques to promote common understanding and to improve cross-border cooperation;

c. establishing and promoting global standards for the regulation and supervision of banks as well as guidelines and sound practices;

d. addressing regulatory and supervisory gaps that pose risks to financial stability;

e. monitoring the implementation of BCBS standards in member countries and beyond with the purpose of ensuring their timely, consistent and effective implementation and contributing to a "level playing field" among internationally-active banks;

f. consulting with central banks and bank supervisory authorities which are not members of the BCBS to benefit from their input into the BCBS policy formulation process and to promote the implementation of BCBS standards, guidelines and sound practices beyond BCBS member countries; and

g. coordinating and cooperating with other financial sector standard setters and international bodies, particularly those involved in promoting financial stability.

Legal status

The BCBS does not possess any formal supranational authority. Its decisions do not have legal force. Rather, the BCBS relies on its members' commitments, as described in Section 5, to achieve its mandate.

International Regulatory Framework for Banks (Basel III)

"Basel III" is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector.

These measures aim to:

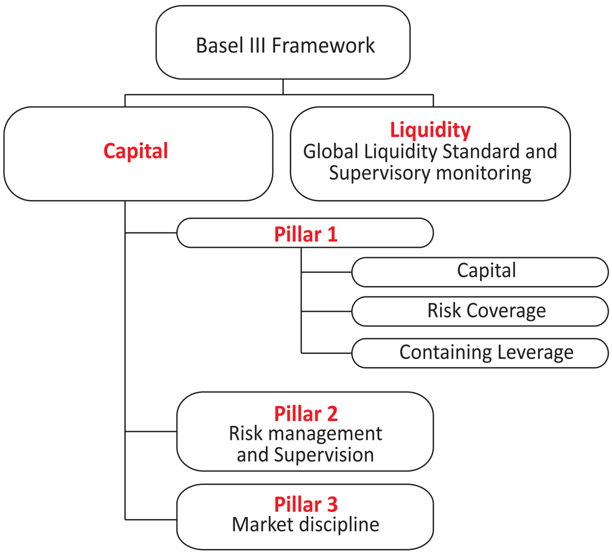
- improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source
- improve risk management and governance
- strengthen banks' transparency and disclosures.

The reforms target:

- bank-level, or microprudential, regulation, which will help raise the resilience of individual banking institutions to periods of stress.
- macroprudential, system wide risks that can build up across the banking sector as well as the procyclical amplification of these risks over time.
- These two approaches to supervision are complementary as greater resilience at the individual bank level reduces the risk of system wide shocks.

BASEL III presents the Basel Committee's reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

Through its reform package, the Committee also aims to improve risk management and governance as well as strengthen banks' transparency and disclosures. Moreover, the reform package includes the Committee's efforts to strengthen the resolution of systemically significant cross-border banks.



The total BASEL III Framework may be sketched in a simplistic structure, indicating related areas of reform and regulations.

ARTICLE OF THE MONTH

Timeline for Basel III implementation:

	Phases	2013	2014	2015	2016	2017	2018	2019
Capital	Leverage Ratio		Parallel run 1 Jan 2013-1 Jan 2017 Disclosure starts 1 Jan 2015				Migration to Pillar 1	
	Minimum Common Equity Capital Ration	3.5%	4.0%	4.5%				**4.5%**
	Capital Conservation Buffer				0.625%	1.25%	1.875%	**2.5%**
	Minimum common equity plus capital conservation buffer	3.5%	4.0%	4.5%	5.125%	5.75%	6.375%	**7.0%**
	Phase-in of deductions from CET1*		20%	40%	60%	80%	100%	**100%**
	Minimum Tier 1 Capital	4.5%	5.5%	6.0%				**6.0%**
	Minimum Total Capital		8.0%					**8.0%**
	Minimum Total Capital plus conservation buffer		8.0%		8.625%	9.25%	9.875%	**10.5%**
	Capital instruments that no longer qualify as non-core Tier 1 capital or Tier 2 capital	Phased out over 10 year horizon beginning 2013						
Liquidity	Liquidity coverage ration-minimum requirement			60%	70%	80%	90%	**100%**
	Net stable funding ratio						Introduce minimum standard	

* Including amounts exceeding tha limit for deferred tax assets (DTAs). mortgage servicing rights (MSRs) and financials
--transition periods

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We have more than 152,000 outstanding professionals working together to deliver value in 156 countries worldwide.

KPMG has analyzed on the new BASEL III provisions and regulations and has estimated the tentative outcome on the financial institutes mainly banks, on Global as well as macroeconomic context. KPMG believes, in the new BASEL III era, maintaining the Liquidity would be greater challenge for banks than maintaining the Capital Adequacy requirements.

Liquidity: A bigger challenge than capital

The Basel Committee on Banking Supervision (Basel Committee) has introdu ced two new liquidity rations for banks. A major issue during the crisis was caused by banks being unable to roll over short-term financing. Investor confidence plummeted, leading to a liquidity squeeze within some financial institutions.

> **"Additional costs may arise for banks seeking to improve - or indeed simply to maintain - their liquidity positions because many banks will be attempting to take similar actions at the same time"**

By introducing the new ratios, the Basel Committee aims to strengthen banks against adverse shocks; eliminate structural mismatches between assets and liabilities; and encourage more stable sources of funding – medium and long-term rather than short-term options. The liquidity requirements set by the Basel Committee are likely to prove an even bigger challenge than those on capital. For many banks, these requirements are 'the iceberg below the water'. Until recently, the main focus had been on the challenges posed by capital requirements, but these additional standards will necessitate operational, financial and structural change and a move away from short-term wholesale funding towards a longer-term funding strategy.

Key issues for firms

- Banks that rely too heavily on short-term wholesale funding or do not hold sufficient high quality liquid assets will face high costs of adjustment to meet these new minimum ratios.
- Many banks will find it difficult - not least in terms of reduced profitability. It will be costly for banks to adjust their balance sheets by holding more (relatively low yield) high quality liquid assets; raising more expensive retail deposits; raising additional medium and long-term wholesale funding; and reducing long-term lending.
- These challenges will be compounded because many banks will be seeking to make similar adjustments at the same time - so that market will be moving against them. The Basel 3 requirements affect all banks, with varying severity depending on the type and size of bank, and they will all need to act at the same time to ensure compliance
- Global banks will find it more difficult to manage their liquidity centrally, as local requirements constrain their ability to move funding and liquidity from one centre to another.
- Many banks also face significant costs in meeting other aspects of the new liquidity requirements, such as:
  - ✔ Assembling and reporting the necessary data;
  - ✔ Running a wide range of stress and scenario tests;
  - ✔ Modeling cashflows;
  - ✔ Monitoring and assessing their maturity mismatches, concentrations of funding and the availability of unencumbered assets;
  - ✔ Holding additional liquidity to meet 'Pillar 2' requirements;
  - ✔ Putting in place more robust recovery plans to cover both capital and liquidity.
- For many banks, these costs- combined with the impact of other regulatory changes- will force changes in business model and organizational structure.

The Basel 3 liquidity proposals

The Basel 3 package of tougher capital and li quidity standards will impose two new liquidity requirements on banks- the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Banks that rely too heavily on short-term wholesale funding will struggle to meet both ratios.

The LCR is designed to strengthen the ability of banks to withstand adverse shocks. It will require banks to hold sufficient high quality liquid assets (cash, government bonds, and other liquid securities) to meet a severe cash outflow for at least 30 days. The stressed cash outflow includes the withdrawal of a proportion of retail deposits and the withdrawal of all wholesale funding due to mature in the next 30 days. The LCR requirements will apply on a currency by currency basis, so that banks can survive shocks that also cause sharp exchange rate movements or disrupt currency convertibility.

> **Industry challenges**
>
> Banks will face a number of pressures in meeting the requirements of the new regulatory agenda. There is a danger of " being squeezed from all sides." It is therefore important for banks to have a holistic view of the full suite of regulatory changes and the potential impacts on their business in order to manage the challenges ahead.
>
> Banks are not the only ones who will feel the heat. The liquidity requirements, in addition to those from within the Basel package and other regulations, will have a knock on effect on other parts of the financial sector, eg. asset managers and insurers, and the finance industry as a whole. Infrastructure and mortgage lending will feel the strain of reduced funding and an overall lack of liquidity.

The NSFR is a more structural measure, intended to ensure that banks hold sufficient stable funding (capital and long-term debt instruments, retail deposits and more than one year maturity wholesale funding) to match their medium and long-term lending.

Monitoring and re-calibrating these measures….

The Basel Committee has acknowledged that further calibration and fine-tuning of these requirements is likely, although it has stressed that any modifications will only cover ' a few key aspects', without changing the overall approach. The Basel 3 package therefore recognizes that the exact specification and calibration of these two ratios will benefit from further study of the positions of different types of bank, and of different banking market characteristics across countries; and that banks should be allowed time to adjust their balance sheets and business activities in order to meet these new ratios.

Implementation timetable

The Basel 3 implementation timetable allows for an ' observation period', during which banks report their positions under the two rations to their national supervisors, before the ratios are finalized and become regulatory requirements. The LCR observation period runs until 2014, after which the LCR will become a minimum standard from 1 January 2015; while the NSFR observation period runs until 2017, with the NSFR becoming a minimum standard from 1 January 2018.

Impacts of the new liquidity ratios

The Basel Committee and the European Banking Authority (EBA) have undertaken studies of the impact of the full Basel 3 package. The most recent studies have used bank's data for end June 2011. These Studies were conducted before the key EuroCrisis issues of Q4 2011 – in particular the Greek default – and therefore may not be a realistic representation of the current figures.

> **"The NSFR is a more structural measure, intended to ensure that banks hold sufficient stable funding to match their medium and long-term lending."**

The most recent Basel Committee study showed that the large internationally active banks face significant shortfalls against the two liquidity ratios, with this group of banks reporting (on average) a 90 percent LCR and a 93 percent NSFR. The smaller banks in the sample were, on average, further from meeting the two ratios, at 83 percent for the LCR and 94 percent for the NSFR. In actual cash terms, these gaps are significant. For all banks in the sample, this equates to a shortfall of US $ 1.76 trillion of holdings of high quality liquid assets and US $ 2.78 trillion of stable funding.

The EBA study showed that European banks were further away from meeting the two new Basel 3 liquidity ratios that the wider international sample of banks covered by the Basel Committee study. Major European banks had, on average, a 71 percent LCR and an 89 percent NSFR as at end of June 2011, with smaller European banks showing very similar results, at 70 percent for the LCR and 89 percent for the NSFR. The worse position (on average) of the European banks reflect their much greater dependence on short0-term deposits – from both other financial institutions and from non-financial corporate – although this position may have improved, albeit temporarily, as a result of the long-term refinancing operations undertaken by the European Central Bank (ECB) in December 2011 and February 2012.

The Basel Committee and the EBA also noted that the reported LCR and NSFR shortfalls varied widely across the individual banks in each group; that both ratios remain under review, so the final specifications could change the amount and distribution of any shortfalls across banks; and that banks facing a shortfall will have a lengthy period within which to adjust in order meet both ratios. Banks need to be mindful of the full requirements and not to be misled by the fact that these percentages seem to be close to the required figures. The ratio requirements will be difficult to meet for many.

Banks may also need to hold a buffer of liquidity over and above meeting the 100% ratio for the LCR and NSFR, as a result of:

- A bank's own view of how much additional liquidity it needs to hold to protect itself against shocks and against balance sheet movements arising from lending growth or the imminent maturity of long-term funding;
- Supervisors applying additional Pillar 2 liquidity requirements to a bank; and
- A bank having to meet a higher than 100% liquidity ratio at group level because some of its liquidity cannot be transferred easily around the group.

Impacts on banks

Banks which fall short of meeting these two liquidity ratios will need to adjust their balance sheets. On the asset side, this could take the form of holding more high quality liquid assets and shortening the maturity of some lending, so that it falls under the one-year maturity cut-off point that is critical to the NSFR calculation of the quantity of assets that require stable funding. On the liabilities side, this could take the form of holding more retail deposits and more longer-term wholesale funding.

These measures will reduce the yield on bank's assets and increase the cost of their liabilities. Additional costs may arise for banks seeking to improve – or indeed simply to maintain – their liquidity positions, because many banks will be attempting to take similar actions at the same time. Banks may therefore find the market moving against them as they try to adjust their positions.

Key issues:

- The amount of retail deposits in an economy tends to grow at a modest r ate, in line with nominal income. Historically, the total amount of retail deposits was usually price-inelastic, which meant that it responded only marginally to changes in

"Many banks are considering and implementing the available 'quick wins' and relatively easy fixes that would enable them to meet (or more towards being able to meet) the requirements."

the interest rates paid by banks on retail deposits. So as banks compete more aggressively for retail deposits – because of the 'value' placed on such deposits as a means of meeting both the LCR and the NSFR – the overall result may be to make retail deposits both more expensive and less 'stable' as retail depositors chase the best rates.

- An increased demand for more than one year maturity wholesale funding may also have the effect of making such funding more expensive, and making it even more difficult for many smaller banks to access longer maturity wholesale funding at any price.
- Separate proposals for the 'resolution' of failing banks include giving the authorities powers to 'bail in' (write off or convert into equity) unsecured and uninsured liabilities. If – as seems likely - long- term wholesale funding is first in line (after equity and subordinated debt) to be subject to 'bail in' when a failing bank is put into resolution by the authorities, then there will be further adverse impacts on the cost and availability of such funding. The possibility of such 'bailing in' is already causing the providers of long term funding to banks to demand a higher price for such funding; making them less willing to provide such funding at any price; and leading them to demand that banks raise funding on a secured or collateralized basis, in order to avoid the prospect of funding being bailed in. This will in turn have an adverse impact on the position of unsecured creditors – and thus on the cost of unsecured funding.
- Banks will have to respond to tougher requirements on establishing credible and effective recovery plans, including plans to restore liquidity under stressed conditions. This will put upward pressure on the cost of contingency liquidity arrangements.
- Moves by many national supervisors to 'ring fence' branches and subsidiaries of foreign banks may force bank groups to hold more liquidity across the group than would be required under a purely group- wide calculation of the LCR and NSFR. Many national supervisors are requiring banks to be locally self-sustainable in terms of liquidity, rather than being used to send funding around the group or relying on intra-group funding from the rest of the group.

What are banks doing in response?

Systems, reporting and monitoring

The first action for banks has been to establish data and reporting systems that allow them to calculate report and monitor their LCR and NSFT ratios. Banks should be monitoring closely their positions against the LCR and NSFR, in addition to whatever liquidity requirements are currently in place for their domestic and overseas operations. These new ratios require a significant widening in the scope of data collection and reporting, and therefore significant widening in the scope of data collection and reporting, and therefore significant changes to business processes and technology systems for many banks.

Banks should also be putting in place the data, processes and systems required to undertake these calculations using a range of stresses and behavioral assumptions, including for example different estimates of the rates at which retail and corporate deposits might be withdrawn following a firm-specific or market=wide shock (or a combination of the two).

Banks will also need to put in place systems that allow for forward-looking assessments of these liquidity ratios, including the dynamic tracking of the 'cliff edge' effect of large deposits or bond issues as the remaining maturity falls to below one year – at which point they will be of less value to the bank as 'stable' medium term funding – and of the ability of a bank to maintain its liquidity ratios during a period of balance sheet growth or restructuring.

Banks should also be developing systems that enable them to assess the options available to them to adjust their liquidity positions, and to assess the potential impact of a possible recalibration of the LCR and NSFR by the Basel Committee and by national authorities before the ratios become binding minimum requirements.

Adjusting

Many banks are considering and implementing the available 'quick wins' and relatively easy fixes that would enable them to (move towards being able to meet) the LCR and NSFR requirements. These include:

Liabilities:

- Extending the maturity of liabilities where possible;
- Shifting the balance of deposits towards retail deposits, towards 'stable' rather than 'less stable' retail deposits, and towards medium
- term funding through the wholesale market and through issuing bonds and other securities.

Assets:

- Switching out of less liquid securities and other assets into government bonds and other instruments that count as high quality liquid assets;
- Entering into liquidity swaps, for example with insurance companies, to exchange less liquid assets for high quality liquid assets. It is important to note that this is only to the extent permitted by national supervisors – some local regulators are pushing back against these measures;
- Reducing the maturity of some lending so that it falls below the one year cut-off point that is so critical to the NSFR.

Related actions:

Banks may also be taking actions to meet other regulatory requirements that are beneficial for their liquidity positions. These include:-

- Raising new capital;
- The sale of long-term assets;
- Issuing medium-term unsecured wholesale funding that could be "bailed in" as part of the resolution of a failing bank.

These adjustments all come at a cost - be it having to pay a higher interest rate on liabilities or receiving a lower yield on assets. Some banks have very limited access to longer-term funding at any price. And in some countries the availability of high quality liquid assets and of long-term funding may be constrained, either because these markets are underdeveloped, or because governments have not run deficits and therefore have not had to issue government bonds to finance deficits. Some banks will therefore not have the ability and capacity to make relatively inexpensive adjustments in order to meet the LCR and NSFR requirements.

Source:
http://www.bis.org
http://www.kpmg.com

Investment slows further amid bickering politics

Business activities have come to a near-halt because of frequent shutdowns and confrontational political programmes in the last couple of months, bankers and businesspeople said.

The situation worsens further as borrowers are not taking their approved loans and banks are sitting idle amid a sluggish investment demand. Wholesale markets and large commercial and shopping centres are counting losses on every strike day.

"There is no investment demand. We have around Tk 100 crore in sanctioned loans that are not being taken by the borrowers," said Mafizuddin Sarker, managing director of BD Finance, a non-bank financial institution. The picture is even gloomier for banks as they bear greater overheads than non-banks. Pubali is sitting on Tk 2,000 crore in sanctioned loans (funded and non-funded) as the borrowers are not showing any interest in the money. "Banks' loan-deposit ratio has gone down to 71-72 percent now, which is a sign of a lack of demand for finance," said Anis A Khan, managing director of Mutual Trust Bank. Khan blamed the political climate for the negative impact on the economy. He said Mutual Trust Bank has around Tk 1,000 crore in sanctioned loans sitting idle.

Less than two years ago, Bangladesh Bank cautioned the banks against overexposure to lending. The central bank had asked the banks to bring down the loan-deposit ratio to 85 percent, which means that a bank can lend a maximum of Tk 85 against a Tk 100 deposit. Now, the ratio has come down to around 70 percent.

Mostofa Kamal, managing director and chairman of Meghna Group of Industries, said his business activities are seriously being disturbed by the ongoing political violence. Abul Hashem, a wholesaler of edible oil and sugar at Moulvibazar market in Old Dhaka, said traders like him have been incurring huge losses for the past couple of months due to shutdowns and violence.

Source: The Daily Star, May 15, 2013

FDI, foreign aid to Bangladesh mark substantial rise

Net foreign direct investment (FDI) and net foreign assistance to Bangladesh rose significantly in the first seven months of the 2012-13 financial year (FY13), ending on June 30, reports BSS.

According to Board of Investment (BoI), net FDI inflow in the first seven months of FY13 increased to $875 million from $780 million of the same period of the 2011-12 financial year (FY12). Net foreign assistance also grew to $870.8 million during June-January period of FY13, up from $550.4 million in the corresponding period of FY12.

The BoI released the data Sunday, referring to a report of the Asian Development Bank (ADB), published in March. The ADB in its report suggested that Bangladesh should improve business climate and encourage more private participation including PPP (public-private partnership) to attract higher FDI, particularly in infrastructure sector.

The FDI Report 2013 of the FDI Intelligence team of the UK- based newspaper The Financial Times however, showed around 67 per cent rise in FDI funded projects in Bangladesh in 2012 when capital investment and new jobs also increased significantly. According to the report, the growth in Bangladesh is much higher than many other countries in this region. However, Pakistan, Bhutan, Nepal and Sri Lanka were not included in the report.

Source: The Financial Express, April 23, 2013

Country's trade gap narrows to $ 5b on higher exports

The country's trade deficit during the first eight months of the current fiscal year 2012-13 slid by 26.27 percent to about $ 5 billion riding on higher exports. During the period, the country had to make import payments of $ 21,784 million, down 1.45 percent, during July 2012 to February 2013 period, while it fetched $ 17,077 million from exports, which was 8.63 percent higher compared to that in the same period last fiscal. The export-import gap in the same period last fiscal year (July 2011-2012) was $ 6,384 billion.

Both the imports and the exports of the country maintained a continuous fall due to political unrests.

Agencies add: Trade analysts say narrowing trade gap at this stage is not good for Bangladesh when it needs to go for huge industrialization to reach its development targets. A BB official, who preferred to be unnamed, said a decreased import trend in capital machinery, food grains and petroleum products resulted in a significant reduction in the trade deficit. The World Bank on Saturday last said Bangladesh's economic growth may slow to 5.8 percent in the current fiscal year compared with the government target of 7.2 percent and 6.3 percent in the last 2011-12 fiscal year.

Salman Zaidi, acting country head of the World Bank in Bangladesh, told reporters Saturday in a press briefing that intensified unrest, weak exports and investments due to the euro- area crisis are likely to contribute to the slower economic growth in Bangladesh.

Source: Daily Sun, April 17, 2013

Fresh NBR move to automate tax administration by Jan

The National Board of Revenue (NBR) will launch a fresh project to automate the whole state of things about tax administration in an integrated way by January next year. The process of digitalization of tax administration under various, separate projects began in 2009.

Under the new modernization plan, the NBR has decided to frame a single integrated Information Technology (IT) strategy to ensure transparency and interlink with the system. The program is likely to be initiated with the assistance of the World Bank (WB) under its 'Program for Results'. The NBR may get funding support of about US$ 100 million if it can meet the deadline for the integrated automation project.

A meeting was recently held between the NBR and the WB representatives to implement tax modernization plan. The NBR will implement the ongoing IT projects in income tax, VAT and customs, keeping its IT integration strategy into consideration. Under the digitalistion plan, the NBR will cleanse its existing Taxpayers Identification Numbers (TINs) in order to rid those of fake, false out dated tax registration numbers, automate its customs houses and Vat offices and establish interlink with different government agencies and Election Commission (EC).

The efforts are yet to yield results for lack of coordination among different wings of the revenue board and for alleged corruption in the segregated projects. Introduction of e-payment and tax-calculator are the only success of the NBR in its move to automate its tax wing. It also introduced online filing of tax returns but it is now inoperative.

The NBR chairman Ghulam Hussain expressed his extreme displeasure over the slow progress of digitalization process. "Income tax, VAT and customs wings are running separate projects for digitalization which need coordination. Interlink between the wings will ensure transparency and help check tax evasion though sharing of data," he added. He is optimistic that by January 2014 the NBR will be automated in an integrated way.

The NBR plans to initially focus on strengthening its field offices at the divisional headquarters' level and then rolling out to district or upzila levels after a careful scrutiny of economic justification for the purpose. The NBR Chairman stressing the potentials of the project said, "We hope the aggregate revenue earnings would be increased by 50 per cent with the implementation of the integrated automation plan."

Source: The Financial Express, April 09, 2013

BTC keen to work more on domestic industries

Bangladesh Tariff Commission (BTC) would like to be more proactive to protect the interest of the domestic industries, the commission's Chairman Md Sahab Ullah said in Chittagong yesterday. He spoke at a seminar on the "Role of Bangladesh Tariff Commission in protecting interest of domestic industries and extension of industries" organised by the Chittagong Chamber of Commerce and Industry (CCCI).

The BTC does not have that much of power like the tariff commissions in the developed countries to form a structure of tariff for a fiscal year, said Sahab Ullah, who is also a senior secretary of the government. The National Board of Revenue does a lot of BTC's work, which weakens the commission's position, he said. He hoped the BTC will get its due authority to make the tariff structure and be able to be more proactive in protecting interest of domestic industries and their extension.

Source: The Daily Star, April 28, 2013

Country's overall import orders mark 14.44pc rise in March

The country's overall import orders increased significantly in March over the previous month despite political turmoil, officials said. Opening of LCs against imports, generally known as import orders, increased by 14.44 per cent to US$3.28 billion in March, 2013 from $2.87 billion in February, according to the central bank statistics. On the other hand, the settlement of LCs, generally known as actual imports, increased by nearly 4.0 per cent during the period under review over the previous month of this calendar year. The country's actual import payments rose to $2.63 billion in March from $2.54 billion of the previous month, the BB data showed.

The central banker also said the import order for different essential products including capital machinery, scrap vessels, raw cotton and back-to-back imports for readymade garment (RMG) increased substantially during the period under review. The import orders for capital machinery increased by 47.19 per cent to $393.53 million in the month of March from $267.36 million in February 2013. However, the actual import of capital machinery dropped by 5.52 per cent to $117.68 million in March 2013 from $124.56 million in the previous month. The capital machinery import orders for apparel and clothing sector, pharmaceuticals and telecommunications have increased recently, according to the BB officials.

The import for apparel and clothing sector has increased due mainly to rising trend of export of the woven garment and knitwear products. Actual import of raw cotton increased by 19.01 per cent to $158.98 million in March 2013 from $133.58 million in February while import orders for the industrial raw materials rose to $269.18 million from $235.29 million. The opening of back-to-back LCs for RMG products including fabrics and accessories increased by 32.98 per cent to $566.33 million in March 2013 from $425.87 million of the previous month, according to the BB officials.

In February 2013, the country's overall import orders fell by more than 13 per cent from the level of previous month as political turmoil had gripped the country ahead of the general election.

Source: The Financial Express, April 30, 2013

$25m in foreign loans approved for 3 pvt companies

The Private Sector Foreign Loan and Supplier's Credit Approval Committee has approved US$ 25 million in foreign loans for three private companies of the country.

Of the $ 25 million approved for three projects, $ 22.57 million was meant for Summit Bibiyana II Power Company Limited, $ 0.6 million for Silver Company Limited and $ 2.0 million for Global Attire Limited. The highest interest rate of the approved proposals is 6-month LIBOR+4.50 per cent.

The committee approved foreign loans worth $ 1490 million in 2012 and $ 819 million in 2011. The committee officials (two Joint Directors of BB) informed the committee that more foreign financing proposals are under process and close consideration for approval.

The committee expects that this type of foreign financing will be helpful for keeping the dollar price stable, the deficit of the country's 'Balance of Payment' will decrease and it will create more job opportunities for the country.

Source: The Financial Express, April 30, 2013

Forex reserve crosses $15b mark on BB dollar buying spree

The country's foreign exchange reserve on Tuesday crossed the $15-billion mark for the first time due mainly to the Bangladesh Bank's dollar buying spree, slump in imports in the first nine months of this financial year and increased inflow of remittance, said official of the central bank.

The BB purchased dollars worth more than $4 billion from the commercial banks in this financial year with a view to stopping devaluation of the greenback against the local currency taka which played a significant role in crossing the $15-billion mark of the foreign exchange reserve, he said.Before the FY 2012-13, the BB purchased the highest amount of greenback worth $2.16 billion in the FY 2009-10, the BB data showed.

The official said that a negative import growth in the first nine months of the FY 2012-13 had also played a significant role in crossing $15 billion mark of the country's foreign exchange reserve. The settlement of letters of credit or import bill payment in July-March of the FY 2012-13 stood at $23.98 billion against that of $26.77 billion in the same period of the FY 2011-12. The import of capital machinery and industrial raw materials declined significantly due to the ongoing political turmoil which ultimately played a major role in decreasing the overall import payment, he said.

Besides, the remittance inflow increased by 15.89 per cent to $12.30 billion in the first 10 months of the FY 2012-13 compared with that of the same period a financial year ago.

Source: New Age, May 08, 2013

Exports up 10 pc on garment sales

Bangladesh's exports rose nearly 10 percent in April to $2.08 billion from a year earlier, rising for a 10th month, thanks to stronger clothing sales, the Export Promotion Bureau said on Tuesday.

Total exports in the first three quarters of Bangladesh's July-June financial year were $19.70 billion, compared with $17.89 billion over the same period the previous year. Monthly exports had fallen year-on-year from March through June as the global economic slowdown weighed on demand. But exports have since picked up, with a 10.16 percent rise in the July-March period.

Garment exports totalled $17.31 billion for the 10 months that ended in April, 11.5 percent more than a year earlier. The European Union, which gives preferential access to Bangladeshi garments, had threatened punitive measures in order to press Dhaka to improve worker safety standards after the collapse of Rana Plaza. The garments trade had already been in the spotlight since a factory fire that killed at least 112 people in November.

Source: The New Nation, May 08, 2013

EU wants changes to Bangladesh's investment rules

The European Union countries are keen to invest in Bangladesh's shipping, pharmaceuticals and jute sectors, but want changes to some rules and regulations to ensure a good return of their investment. "We have put forward a set of suggestions about changing some laws and regulations so the EU investors get interested in Bangladesh," EU Ambassador William Hanna told reporters after a meeting with Finance Minister AMA Muhith at the latter's secretariat yesterday.

Muhith said a committee has been formed to remove the obstacles to attracting foreign direct investment. He said the proposals made by the EU ambassadors will be sent to the committee. "I have told them [the EU envoys] that we are providing some protection measures for our domestic industries for their expansion. But such measures will not continue for long and will be withdrawn after a certain period."

Currently many EU products do not have access to Bangladesh as the same pharmaceutical products coming from a country beyond agreement do not get entry into Bangladesh. The EU envoys proposed easing such barriers. The EU investors also want to invest in jute, education, health care and shipping sectors, they said.

Source: The Daily Star, April 09, 2013

No' to foreign investors as EPZs lack plots $142m investments refund in July

Bangladesh Export Processing Zones Authority (BEPZA) has refused a good number of foreign investment proposals worth millions of dollars due to insufficient land.

In last July-February period, BEPZA could not accept investment proposals of $ 142.5 million from 16 foreign investors as there were no adequate plots at the Export Processing Zones (EPZs), said the sources.

After eight months of investment feasibility studies at different EPZs, the foreign investors came up with the proposals. Of the firms, 10 were from China, one from India, one from Pakistan, one from Malaysia, one from Hong Kong, one from South Korea and one from Sri Lanka.

Most of the investors including the Chinese firms said their priorities included Chittagong EPZ, Dhaka EPZ, Comilla EPZ and Adamjee EPZ to invest in. Karnaphuli EPZ was also chosen by some.

According to BEPZA sources, the investors considered geographical location and infrastructural condition to ask for plots at different EPZs. Chittagong EPZ and Karnaphuli EPZ were chosen for their proximity to the Chittagong port while Dhaka and Adamjee EPZs were liked for being located in the capital.

"Bangladesh EPZs have a good image to the foreign investors. Bu we now lack plots at Dhaka, Chittagong, Adamjee and Comilla EPZs to give them," says Executive Chairman of BEPZA, Major General KM Mominur Rahman. He adds that some other EPZs will become completely covered by end of this year.

Though there were plots in some other EPZs, the investors didn't show their interest in them, said A BEPZA official. "The investors wanted to be limited to those EPZs that are close to sea ports and in the capital as political strikes have become more frequent," the official said.

In this backdrop, BEPZA now thinks of expanding areas of the EPZs. "We will propose government to expand areas of the EPZs," said BEPZA chief. "There is also a plan to increase the number of its standard factory buildings at the EPZs what I think will ease the crisis of plots," he added.

Source: Daily Sun, April 7, 2013

Abuse of bonded warehouse facilities worries local businesses, government

Local businesses are facing uneven competition due to abuse of bonded warehouse facilities, especially in plastic grains and fabric import.

The NBR offers bonded warehouse facilities to the exporters who import duty-free raw materials for exporting finished products. Imported products under bonded warehouse facilities are not allowed to be sold in local market. Commercial importers have to pay duty for importing those products and sell those in the local market. Through the bonded warehouse, the government offers benefit to the tune of Tk 300 billion annually to the businesses by way of duty-free facilities, customs officials said.

Md Nasir Uddin, head of the customs and bond wing of the NBR has directed its two bond offices to intensify their efforts to check the irregularities. NBR chairman Ghulam Hussain last week suspended bond licence of a company in Chittagong after he found abuse of the facilities, following an investigation. Dr Shahidul Islam, commissioner of Dhaka customs bond commissionarate, said the customs officials have taken some steps to check the abuse of 'bonded' facilities. "Our inspection team visits different factories thrice a week to monitor proper utilization of bonded warehouse facilities," he added.

In some cases, customs officials have nothing to do after the association having given its approval of Utilization Declaration to the respective exporter, upon his application. "Some exporters claim higher level of imports of clothes or plastic grains than their requirement for actual exports and sell those in local market," he added.

Last year, the NBR streamlined the abuse of diplomatic bonded warehouse facility through an intensive investigation. A senior customs official said the government will receive Tk 22 billion extra revenue this year due to change in rules of the diplomatic bonded warehouse facilities. "The punitive measure is also not so strong to restrict its abuse. NBR can impose penalty of Tk 50,000 or a maximum of ten-time tax of the evaded amount in case of abuse of bonded warehouse facilities," he added.

Source: The Financial Express, April 01, 2013

Bangladesh FX reserves snap 5-month gaining streak

Bangladesh's foreign exchange reserves slipped in May for the first time since December, the central bank said. Reserves at the end of May eased to $14.53 billion from a record high of $14.83 billion the previous month but up from $9.52 billion a year earlier.

Strong remittances from Bangladeshis working overseas, rising exports and slower imports have helped reserves rise to this level, a senior central bank official said. The marginal drop in May was due to a rise in imports and a slower pace of remittances.

This week, the International Monetary Fund is due to disburse $136.6 million to Bangladesh as a third tranche of a three-year, $975.9 million loan to help it tackle budgetary pressures. The south Asian country's exports in the 10 months to April increased 10 percent over the same period the previous year on the back of clothing sales. But industrial accidents, such as the April 24 collapse of a garment factory complex where more than 1,100 people died, have raised serious questions about worker safety and low wages, and could taint the reputation of Bangladesh, which relies on garments for 80 percent of its exports. Imports dropped 6 percent in the July-March period amid political unrest. Remittances from Bangladeshis working overseas climbed 16 percent to $12.30 billion in July-April.

Source: Reuters, June 02, 2013

S&P reaffirms Bangladesh's rating with stable outlook

Standard and Poor's its annual rating review reaffirmed the BB-rating for Bangladesh and also kept its 'stable outlook' for the fourth consecutive year, reports UNB.

An S&Ps press statement says that on May 30, the Standard and Poor's had its annual rating review for Bangladesh that mentioned "The stable outlook on the long-term rating reflects strong growth prospects and ongoing donor support, which ensure low-cost and long-maturity external debt and minimize refinancing risk. These factors are balanced against lingering fiscal and inflation risks, and the impact that rising political disturbances related to the coming elections could have on the real economy".

According to a Bangladesh Bank release, Bangladesh is rated second highest in South Asia behind India (BBB-) and ahead of Sri Lanka (B+) and Pakistan (B-). Other countries in the BB- category along with Bangladesh include Vietnam, Mongolia and Nigeria.

S&P visited Bangladesh on February 25-28, 2013. Their meetings began with a three-hour discussion on the economy at Bangladesh Bank chaired by Governor Dr Atiur Rahman and was based on a detailed economic update presented by Bangladesh Bank chief economist Dr Hassan Zaman.

S&P also met with senior officials of Ministry of Finance as well as NBR. S&P also had detailed discussions with international organizations like IMF, foreign diplomatic missions, management of a large commercial bank, independent economic and political analysts, and visited export oriented footwear factory and multinational organization having FDI in Bangladesh.

Source: The Financial Express, June 04, 2013

Bangladesh plans to set up rice silos, begin exports

Bangladesh is likely to join Myanmar as a key rice exporter once its plans to set up a silo to store 1.5 million tonnes of milled rice.

"Bangladesh plans to set up a silo for milled rice under build, operate transfer basis. Under this, the Government will take over in a year or two in contrast to India where private players operate it for 20-30 years," said Munishwar Vasudeva, Chief Executive Officer, Eco Agri Forum Consulting Services. Vasudeva is involved in the project to construct the silos.

The basic cost for setting up the rice silo in Bangladesh is likely to be $240 a tonne minus the land cost. "We have finished the first phase which is from conceptualisation to preparing tender documents. The World Bank with Bangladesh is likely to float a tender by August and possibly the bidder could be shortlisted by October. After that it is a matter of 24 months, which means by end of 2015," he said. This is time limit that India has set to come up with 40 silos to store some two million tonnes wheat. Bangladesh's effort come at a time when it is facing problems with rising rice production. During 2012-13, it produced 34.2 mt up almost half a per cent. At the same time, its rice imports, mainly from India, dropped to a 16-year low of 27,700 tonnes. "Bangladesh is planning to export rice. But lack of sufficient warehousing and port infrastructure is hindering its plans. Once the silos are in place, it will export," Vasudeva said.

India has quite a different approach regarding rice storage. According to J.S. Oberoi, Head of Infrastructure Projects, LT Foods Ltd of india, rice in is stored for the public distribution system in the form of paddy and then milled according to requirement. Therefore, rice silos may not be needed in India. On the contrary Vasudeva believes milled rice storage makes a lot of sense than even wheat. "China was doing bulk storage of paddy but it now is of the view that is more economical to store rice as paddy husk is about makes up 20 per cent, rice bran six per cent and broken 15 per cent. China will switch over slowly to storage of brown rice and later to milled rice to save operation costs," he said. According to the Food and Agriculture Organisation, post-harvest losses are more in rice than wheat and the solution is bulk handling and storage. It will make a lot of sense for India to store either paddy or rice in bulk preferably paddy.

Vasudeva was among the first one in India to convince basmati rice millers to store paddy in bulk since 2000 and today, all rice mills are conceptualised with steel silos.

Source: The Hindu, May 31, 2013

WB launches Bangladesh Enterprise Survey 2013

The World Bank has launched the Enterprise Survey in Bangladesh to assess the business environment and investment climate barriers that limit economic growth. The survey is part of a global project in South Asia and would include interviews with over 1,550 manufacturing and services companies, reports UNB.

The previous Enterprise survey in Bangladesh was conducted in 2007. The World Bank publishes aggregate measures of the survey data on its website (www.enterprisesurveys.org) where more than 100 indicators of the private sector are created on topics such as infrastructure, access to finance, and business- government relations.

"A thriving private sector is at the heart of a country's development. Private investment leads to higher growth, more jobs, and greater prosperity, thus helping to reduce poverty levels,"' said Johannes Zutt, World Bank Country Director for Bangladesh and Nepal. "The survey results, along with previous data, will help us to understand the dynamics of the Bangladeshi economy and to identify further ways to help private businesses to success-both at home and abroad," he added.

The World Bank implements this type of study on the business environment throughout the world using a standardized questionnaire adapted to the particular context of each country. The questionnaire includes topics on infrastructure, access to financial services, innovation and technology, competition, workforce, informality, and the effect of government regulations on businesses.

Nielsen Bangladesh, a leading research company of the country, has been contracted to implement the survey. The survey commenced from April would cover Dhaka, Chittagong, Sylhet, Rajshahi, and Khulna divisions. Preliminary results of the survey are expected in September 2013. To ensure reliability of the collected data and to protect the identity of the interviewed firms, the World Bank guarantees confidentiality of individual information of firms.

Source: The Dhaka Tribune, June 06, 2013

$198m ADB credit to upgrade roads, land ports in Bangladesh

Asian Development Bank (ADB) will provide a credit of US$198m to support upgrading a critical regional highway and two land ports in Bangladesh, aimed at boosting connectivity and trade across South Asia. ADB and Bangladesh signed the credit agreement on the South Asia Subregional Economic Cooperation (SASEC) Road Connectivity Project at Economic Relations Division in Dhaka.

The project will expand and improve a 70-kilometer section of the Dhaka-Northwest highways (Joydevpur–Chandra–Tangail–Elenga Road) the second busiest arterial route in the country. The initiative will also upgrade land ports at Benapole and Burimari, which handle the bulk of goods transported between Bangladesh and India, and through India, with Bhutan and Nepal.

These upgrades will boost trade volumes, improve traffic flows and reduce the loss of perishable goods, said an ADB statement. Studies show upgrading regional highways in Bangladesh will support the movement of about 18m tonnes of freight in Bhutan, India and Nepal, boosting intra-regional trade across South Asia. "Upgrading this important section of the Dhaka-Northwest highways will give a big lift to both domestic and subregional trade, as well as encouraging more domestic and foreign investment," said M. Teresa Kho, Country Director for ADB's Bangladesh Resident Mission.

"The project is an integral part of the SASEC programme's push to improve infrastructure and promote economic cooperation in one of the world's most densely populated areas."The narrow two-lane highway currently suffers from serious congestion and high accident rates.Expanding the route to four lanes, and introducing a separate lane for slow-moving vehicles will help ease bottlenecks, reduce crashes, and provide the nearly seven million people living in the area with new business opportunities and better access to markets, schools and other social services.

As a public-private partnership initiative, a five-year performance-based contract to maintain the road will be included in works contracts, which also target up to 50% of the jobs provided for women.The project also includes a technical assistance grant of $1.5m equivalent, financed from the Japan Fund for Poverty Reduction, to modernize and improve the Roads and Highways Department. The project will be carried out over five years and is scheduled to complete by December 2017. The OPEC Fund for International Development and the Abu Dhabi Fund for Development will each provide co-financing loans of $30m.

The SASEC program is an initiative of Bangladesh, Bhutan, India, and Nepal to build closer links that will spur growth and development across the sub-region.Its work covers activities in sectors, including transport, trade, energy, the private sector, tourism and the environment. ADB provides the program with supports, including project financing, technical assistance, and advice.

Source: The Dhaka Tribune, June 06, 2013

BB smells foreign hand in money-laundering

Some foreigners have been transferring crores of taka to other countries with the help of local collaborators in the name of business every year, according to Bangladesh Bank (BB) sources.

Board of Investment sources said that SAARC countries, such as India and Sri Lanka, have imposed strict restrictions on foreign investment in certain types of business in the service sector. However, foreigners can set up companies by investing small amount of money in Bangladesh. These companies are used as tools to transfer huge amount of money illegally to other countries.

On September 26, 2012, the High Court Division of Bangladesh Supreme Court issued a ruling, banning 100 per cent foreign investment in shipping, buying, freight forwarding, and airlines GSA, travel agency, and indenting and distribution sectors. The ruling said that the domestic investment must be at least 51 per cent of the total investment. However, it remains unclear whether foreign investors follow this directive.

The BB's Financial Intelligence Unit (FIU) found shipping agents Speed Mark Transportation Lanka Pvt. Limited and Speed Air Cargo Net Pvt. Limited, owned by a Sri Lankan national named Anslem Sunil Malawana, engaged in laundering huge amount of foreign currency since 2008, Bangladesh Bank sources said. The FIU said that Malawana had contacts with Etihad Airways, along with Bangladesh government-owned GSA Cargo Limited, as the country's sole agent, according to the sources. It was also found that Malawana did not register his name with the GSA Cargo Limited, but he had his own representative, Dumindu Amarathunge, another Sri Lankan national, as the cargo manager, and he helped him to transfer funds out of the country. Amarathunge was presented to the Bangladesh market as the Etihad Airways representative, although he, as the agent of Malawana, controls the GSA's commercial and financial business. Malawana, his two sons and various senior executives of Speed Air Net Cargo Pvt. Ltd, and Speed Air Cargo Net (Pvt) Ltd have been frequently visiting Bangladesh since the commencement of the GSA Cargo Limited in Bangladesh to collect cash in foreign currencies and to smuggle funds out of Bangladesh. They have been doing it without declaring the amount at the airport for evading taxes.

The report said that the whole operation of Malawana as anonymous shareholders of GSA Cargo Limited had been assisted by Helaluddin Akbar, Rezaur Rahman and a former MP Abdul Mannan. Both Rezaur Rahman, and Abdul Mannan are shareholders of Speed Mark Transportation (Bangladesh) Limited representing Bengal Airlift Limited. The other shareholders of Speed Mark Lanka are Paul Teo Boon Leng, and Chng Loo San of Speed Mark Singapore. It has been also alleged that Rezaur Rahman, Abdul Mannan, Helaluddin Akbar, and Malawana have repatriated the untaxed profits of GSA Cargo Ltd through Speed Mark Transportation (BD) Ltd and All port Ltd UK respectively. Malawana was involved in similar type of money laundering through PT Swift Kargonize, an Indonesian company representing Etihad Crystal Cargo in Indonesia.

The report says that certain shipping companies, such as Orient Overseas Container Line (OOCL) and Germany's Hapeug-Lloyd and Switzerland Company Mediterranean Shipping Corp (MSC), are involved in fraudulent activities, violating the BB's Foreign Exchange Regulation Act (FERA). The OOCL claims that it had paid Tk. 13.5 crore as commission to Continental Traders Bangladesh Ltd. However, according to audit and tax documents, OOCL only paid Tk. 6.7 crore to Continental Traders and transferred the remaining amount illegally. Ahsan Iqbal Chowdhury, managing director of Continental Traders Bangladesh Ltd, however, denied any involvement in money laundering activities.

Source: The Independent, June 10, 2013

$34.5m loan deal signed with WB for public procurement reform project

The World Bank (WB) will provide US$ 34.5 million worth of additional loans for Bangladesh's ongoing public procurement reform project to scale up electronic procurement (e-GP) and its performance monitoring in the key public agencies. Economic Relations Division (ERD) Secretary Abul Kalam Azad and World Bank's newly appointed Country Director in Bangladesh Johannes Zutt signed the loan agreement in Dhaka Monday.

Under the second phase of the Public Procurement Reform Project (PPRP-II), the WB will provide the concessional additional fund to help scale up e-GP and on-line procurement performance monitoring in key public agencies. Earlier, the WB provided $ 24.10 million assistance for the PPRP-II, which is scheduled to complete in December 2016.

The WB Dhaka office said Bangladesh has been steadily improving its procurement environment since 2002, with the support of two consecutive WB-financed projects. The government has started e-GP pilot programme in four agencies -- Roads and Highways Department, Local Government Engineering Department, Rural Electrification Board and Bangladesh Water Development Board -- that account for more than half of the total procurement.

Since PPRP II piloted electronic procurement and online procurement performance monitoring systems, some 65 per cent small value contracts at decentralized levels were awarded within initial bid validity period in 2012, up from only 10 per cent in 2007. Now 100 per cent of bid invitations are published in newspapers, up from 70 per cent in 2005, the WB said.

"Bangladesh government has made progress in improving its procurement in recent years, and the World Bank continues actively to support the government in this effort," said Mr Zutt, the WB chief in Bangladesh and Nepal. "Electronic procurement makes public contracting more transparent, more secure and more competitive, helping to reduce inappropriate bidding practices and to ensure the efficient use of taxpayer resources to achieve the development aspirations of the Bangladeshi people," he said.

The additional financing will deepen electronic procurement in these four agencies and also scale up capacity development in 20 more agencies, covering health, education, power and public works. Further, expansion of procurement performance monitoring system (PROMIS) will enable improved efficiency of government bidding. Within the next three years, it is expected that the four key agencies will have 100 per cent implementation of on-line procurement performance monitoring system.

"The government recognises that enhancing accountability and governance is a prerequisite for faster poverty reduction and economic development. Full-scale adoption of e-procurement would speed up the implementation of annual development programme (ADP)," said Abul Kalam Azad.

The credit from the International Development Association (IDA), the World Bank's concessional lending arm, has 40 years to maturity, including a 10-year grace period; and carries a service charge of 0.75 per cent.

Source: The Financial Express, June 11, 2013

Anomalies by credit rating agencies; BB to inspect agencies every year

The Bangladesh Bank and the Bangladesh Securities and Exchange Commission recently received allegations against some rating agencies that they had given ratings to corporate organizations violating rules and regulations. In reference to these allegations, BB has decided to regularly inspect all the recognized agencies every year.

The BB has already prepared a draft inspection manual for external credit assessment institutions in a bid to ensure transparency and accountability in their activities, said BB officials. The draft inspection manual has been communicated to the managing directors of the credit rating agencies through a letter issued by BB. The manual has covered the background and quantitative and qualitative assessment and progress of previous findings of a credit rating agency, he said. The BB will take punitive action if any credit rating agency gets below 60 per cent mark out of 100 per cent of the inspection manual requirement, another BB official said.

The BSEC regulates the credit rating agencies and provides approval to the agencies to operate in the country. Under the circumstances, the BB and the BSEC on November 21 last year at a meeting presided over by BB governor Atiur Rahman decided that the agencies should be taken under regular inspection, The central bank will send a copy of the report of every inspection to the BSEC.

The BB has so far given its recognition to seven credit rating agencies. The credit rating agencies are CRISL, CRAB, NCRL, ECRL, ACRSL, Alpha Credit Rating Ltd and Waso Credit Rating Company (BD). Any commercial bank is supposed to seek credit rating of a corporate organization before sanctioning loan to the institution.

Once the inspection manual is implemented, the credit rating agencies will have to publish its process in rating a company, the BB official said. It will decrease anomalies and irregularities by the credit rating agencies significantly, he added.

Source: New Age, April 01, 2013

BB cautions banks on dashboard

The Bangladesh Bank (BB) directed the scheduled banks to watch whether their branches are properly submitting reports on foreign exchange transactions through the dashboard software to detect irregularities. The central bank also gave some directions on reporting the transactions to the dashboard. The directions came at a workshop, held at the central bank Sunday with BB Deputy Governor Nazneen Sultana in the chair. BB Executive director Ahsanullah, among others, was also present.

All foreign exchange branches of banks and their chief executive officers (CEOs) were given an identification number (ID) and password each to access the dashboard software. The BB installed the software on February 12 to monitor all foreign exchange transactions of commercial banks to check fraudulence and forgeries in the banking sector.

Source: The Financial Express, April 01, 2013

BB lowers loan provisioning for SMEs by 75pc

Bangladesh Bank (BB) has revised the general provisioning (GP) against standard loan and lease down to a minimal level for small and medium enterprises (SMEs) and women entrepreneurs, reports BSS.

A BB circular, issued Monday, set the general provision against loan and lease for SMEs and women entrepreneurs down to 0.25 per cent from current 1.0 per cent.

A BB official said, under the GP, companies should set aside funds to pay for losses that are anticipated to occur in the future. So, lower provisioning by 75 per cent means the SMEs and women entrepreneurs will be able to keep more funds in their hands for their business.

Source: The Financial Express, April 30, 2013

BB tightens rules for setting up new ATM booths

Bangladesh Bank (BB) has tightened the licensing rules for opening new automated teller machine (ATM) booths on allegations of overspending of depositors' money by some private commercial banks.

As per the revised rules, a commercial bank must sign a memorandum with the central bank to connect its ATM to the National Payment Switch (NPS) to enable clients' access to online banking services through plastic cards— commonly known as Debit or Credit card. "Other pre-conditions are: the bank must clarify the rationale of a new ATM booth's location, absorption of its maintenance cost and the plan for ensuring cash facility to the clients round-the-clock through the new booth," an official concerned of the central bank Said Tuesday.

In recent investigations, the BB found that some of the private banks were spending huge amount in the name of opening new ATM booths, said the official. The official said some banks are spending huge amount in the name of setting up new ATM booths—mostly at irrational and inconvenient locations and clients often fail to withdraw cash from those booths due to lack of cash in the machines. "But, the bank is adding the expenditure with the cost of funds and charging higher lending rates, which is not fair," said the central bank official.

However, some top private bank officials made the observation that, "Applying to the central bank for setting up an ATM booth is irrelevant to business plan of banks. It is time consuming and involves extra cost for bank in terms of money and time,"

Source: The Daily Sun, May 08, 2013

BB amends DRR policy to scrutinize audited financial statements of banks

The central bank has amended its diagnostic review report (DRR) policy to scrutinize commercial banks' annual audited financial statements for 2012, officials said. He also said the central bank has started preparations to analyze the banks' annual audited financial statements and management reports in line with the amended DRR.).

"We've already decided to assess different information including foreign bill purchases (FBPs), loans against trust receipts (LTRs), payment against documents (PADs), loans against imported merchandise (LIMs), forced loans and off-balance exposures in line with the amended DRR," another BB official said.

He also said the central bank has already appointed an expert as consultant to strengthen the skill of its inspection and supervision departments in identifying and preventing acts of fraudulence or misconduct of the banks. Under the amended DRR, off-balance sheet items, including opening letter of credit (LC), guaranty and commitment, will be scrutinized along with the balance sheet items.

During the scrutiny, the central bank officials will also verify the figures of classified loans and net profits of the banks in line with the BB's latest policy instructions. "We'll check the figures of classified loans and net profits of the banks considering our inspection reports," another BB official said.

The central bank is now conducting a special inspection in some selected large branches of 20 private commercial banks (PCBs) to verify the figures of classified loans and net profits, he added.

Source: The Financial Express, April 23, 2013

Central bank identifies 'main' irregularities on SME loan operations

The central bank has identified six main types of irregularities about disbursement of loans to the country's small and medium enterprises (SMEs) by its scheduled banks, sources concerned said.

DR. SULTAN HAFEEZ RAHMAN APPOINTED INDEPENDENT DIRECTOR OF MTB

Dr. Sultan Hafeez Rahman

has recently been appointed as Independent Director of Mutual Trust Bank Ltd. (MTB). Dr. Rahman obtained his Ph.D. from Stanford University and M.A in Economics from Vanderbilt University.

Organizations he served: BIDS, Agrani Bank, Ministries of Jute, Industry, Commerce and Finance and Planning (GOB), and ADB.

Date: April 15, 2013
Venue: MTB Centre, Dhaka - 1212

JAPANESE AMBASSADOR VISITS MTB CENTRE

Chied Guest: H. E. Shiro Sadoshima
Ambassador of Japan to Bangladesh

Special Guest: Rokia Afzal Rahman
President, Bangladesh Federation of Women Entrepreneurs &
Former Adviser
Caretaker Govt. of Bangladesh

Date: April 15, 2013
Venue: MTB Centre, Dhaka - 1212

MTB DIRECTOR AND SENIOR MANAGEMENT TEAM VISITS AMIRJAN SCHOOL & COLLEGE @ DUMNI

Mr. M.A Rouf, Director, MTB &
Anis A Khan, MD & CEO,MTB are among
Amirjan School & College faculties.

Date: April 04, 2013
Venue: Khilkhet, Dhaka - 1229

THE 1ST QUARTERLY MANAGERS' CONFERENCE FOR DHAKA DIVISION BRANCHES

Md. Ahsan-uz Zaman, Additional Managing Director, MTB With the MTB Branch Managers of Dhaka Division Branches.

Date: April 20, 2013
Venue: MTBTI, Dhaka - 1208

ANWARUL AMIN APPOINTED AS INDEPENDENT DIRECTOR OF MTB

Mr. Amin, a very senior and respected banker of the country, graduated from Westminster Bank Institute of Banking, Oaken Holt, Oxfordshire, UK.

Organizations he is serving:Impact Foundation Bangladesh, Bangladesh-China People's Friendship Association, Kayfin Consultants Ltd.

Organizations he served:Muslim Commercial Bank (1955), Eastern Banking Corporation, Bangladesh Shilpa Bank, BCCI: Bangladesh, China and Japan, Uttara Bank of UK, Equity Resources Limited., Bank Asia Limited.

Date: April 15, 2013
Venue: MTB Centre

AGREEMENT SIGNING CEREMONY BETWEEN SME FOUNDATION AND MUTUAL TRUST BANK LTD.

MTB signed an agreement with SME Foundation to extend collateral free loan facilities to start-up businesses at a single digit rate of interest, in collaboration with Bangladesh Youth Enterprise Advice & Help centre (B'YEAH).

Agreement signed by:

MTB Managing Director & CEO Anis A. Khan and SME Foundation Managing Director (In-charge) Md. Mujibur Rahman.

Abdul-Muyeed Chowdhury, Chairman of B'YEAH, Md. Ahsan-uz Zaman, MTB Additional Managing Director, DMD Md. Hashem Chowdhury, B'YEAH Executive Director Ms. Nahid Jabeen were present along with officials of all three organizations at the program.

Date: June 10, 2013
Venue: MTB Centre, Dhaka - 1212

FIRE SAFETY DRILL AT MTB PREMISES

Date: April 18, 2013
Venue: MTB Centre

Date: June 13, 2013
Venue: MTB Principal Branch

Date: May 22, 2013
Venue: MTB Square

14TH MTB ANNUAL GENERAL MEETING 2013

MTB Chairman Dr. Arif Dowla
MTB Founding Chairman Syed Manzur E Elahi
MTB Vice Chairman Rashed Ahmed Chowdhury
MTB Directors & General Shareholders with MTB officials

Date: April 29, 2013
Venue: Bashundhara Convention Center, Dhaka

The SMEs & Special Programme Department of Bangladesh Bank (BB) detected those irregularities through a recent special inspection, sources added.

The irregularities are: non-preparation of reports in proper ways, showing some consumers' credits in the category of SME credits by some branches of the banks, presenting a large volume of credits as being meant for SMEs thought most such funds are diverted to other sectors, sources said. Besides, some of the branches of the banks are charging a higher lending rate, in addition to imposition of service charges on the SMEs' credits. Besides, some banks are found to be not following properly the Bangladesh Bank (BB) circular at the time of disbursement of such loans.

"The BB is relentlessly working to help remove the hindrances to the disbursement of SME credits. We will caution all concerned banks about the imperatives to remove the regularities that have been detected so far", Sukamal Singh Chowdury, general manager of the BB's SMEs Department, told the FE this week.

Source: The Financial Express, April 09, 2013

BB allows banks to hold 40pc more foreign currencies

The Bangladesh Bank (BB) has increased the NOP by nearly 40 per cent to US$1.131 billion from earlier $809 million of all the 47 scheduled banks. The central bank has taken the latest move due to increased flow of foreign exchange in the market as well as capital base of the banks because of falling trend in settlement of import payments in the recent months. The falling trend of the country's overall import is expected continue until the prevailing confrontational political situation improves.

The new NOP has been determined on the basis of 15 per cent of the total capital of the banks as on December 31, 2012, according to the BB officials. He also said the central bank has already informed the revised limit to the banks and asked them to maintain the new NOP limit for holding foreign exchange.

"We've revised the NOP limit in line with our ongoing monetary policy," another BB official said, adding that the new NOP limit would help curb the inflationary pressure on the economy through reducing injection of money into the market. Earlier on January 31 last, the BB unveiled a monetary policy statement (MPS) which sought to bring down inflation to 7.5 per cent by the on-going fiscal year.

Source: The Financial Express, April 09, 2013

Banks asked to submit applications thru BB web portal

Bangladesh Bank has asked all the banks to submit applications of Bangladeshi citizens or organizations willing to act as agents of foreign companies through the central bank's web portal.

Earlier, the banks used to send hard copies of the applications to the central bank, but from now on, they have to both send the hardcopies and submit them through the portal, read the circular. However, the BB will not take hardcopies of any application after one year as the whole process will be done online, it added.

The BB also asked all the authorized dealer branches of the scheduled banks to inform their clients about this new development. The BB will take punitive action against a bank if the country's import and export activities are hampered due to its negligence on the issue, the circular further said. The BB will also take action against a bank if its clients file complaints to this end, the circular added.

Source: New Age, April 04, 2013

Monetary Policy H1 of 2013

This issue of the Bangladesh Bank (BB) half yearly Monetary Policy Statement (MPS) outlines the monetary policy stance that BB will pursue in H2 FY13 (January-June 2013), based on an assessment of global and domestic macro-economic conditions and outlook

The July 2012 MPS had as its core objectives (i) limiting domestic credit growth to levels consistent with the FY13 single digit CPI inflation target (ii) ensuring that productive growth-conducive activities are not hampered by access to credit and (iii) preserving external sector stability including building reserves to more comfortable levels.

Data for the first half of FY13 suggest that the achievement of these objectives is largely on track. Average inflation has been declining steadily over the past nine months, from a peak of 10.96% in February to 8.74% in December and within reach of the FY13 CPI inflation target of 7.5%. This decline has been due both to lower food and non-food price inflation with point to point non-food inflation declining from a peak of 13.96% in March to 8.43% in December 2012. A measure of core inflation defined as non-food, non-fuel, inflation also reflects these downward trends.

There were three key developments related to monetary policy in H1FY13. First the sharp increase in foreign remittances (22% in H1FY2013) and lower imports contributed to a sharp increase in Net ForeignAssets. While this contributed to the much-needed reserve build-up, it also led to some over-shooting of monetary targets with broad money growth at 18.6% in November against a target of 16.2%. The second key development relates to the sharp decline in inter-bank rates which fell from a peak of around 20 percent in January 2012 to around 12% a year later. Customer deposit and lending rates remain stickier although with the decline in inflation and short term borrowing rates, these are expected to decline in the coming months.

The third development centers around the healthy growth in private sector credit which grew by 17.4% in November 2012, while public sector credit growth was only 5%. Term loans are also now less concentrated among large borrowers, witha growing share going to SMEs.

Financial sector stability is also important for effective monetary policy. Recent measures include tightening loan classification and provisioning requirements towards convergence with global best practices, introducing online supervisory reporting requirements on financial transactions and strengthening onsite and offsite vigilance. Various measures to detect fraud have been implemented; BB has strengthened its supervision capacity as well as reiterated the role that bank boards and management play in this regard. BB will focus on improving the quality, timeliness and transparency of reporting from the financial sector. BB will also commence special diagnostic examinations at the four SOCBs in early 2013 and will begin publishing a set of quarterly performance indicators on these banks. BB will continue to focus on ensuring that credit is used for productive purposes consistent with financial inclusion goals. BB's policies have also contributed to stabilizing the capital market and BB will continue to collaborate with the BSEC.

The FY13H2 monetary policy stance is designed to ensure that the credit envelope is sufficient for productive investments to support the attainment of the government's FY13 real GDP growth target while keeping it consistent with the targeted 7.5% average inflation rate for FY13. In view of the risks to output growth due to the uncertainties around the global economy, BB will reduce all repo rates by 50 basis points effective immediately. BB has also revised its monetary program with a broad money growth target of 17.7% in June 2013 compared to the FY13H1 MPS target of 16.5%, and a new private sector growth envelope of 18.5% in June 2013 compared with the original program of 18%.

Central bank needs full autonomy for preventing financial scam

Speakers at the roundtable discussion organized by The policy research institute (PRI), demanded full autonomy of the central bank to prevent Hall mark type scam in the future. “A fully autonomous regulator that can hire quality staff it needs, procure the technology it requires to strengthen its effectiveness and implement prudent norms without the fear of political influence is essential to prevent the Hallmark type scams in future,” said Sadiq Ahmed in a keynote paper presented at the discussion. The speakers pointed out that the weakly performing public banks with a huge amount of infected portfolio are a serious threat to the soundness of the banking sector.

Former Bangladesh bank governor Dr Salehuddin Ahmed pointed out that there was no dearth of policy and regulations in the country but the main problem is the implementation of those regulations. Referring to the Hallmark scam, Ahmed pointed out that it happened because the whole system was in cracks. It is a red signal for the future of banking system in the country, he observed. According to him there was no visual and rapid action by the Bangladesh bank to prevent the Hallmark scam.

Sadiq Ahmed in his paper pointed out that an autonomous central bank is necessary to conduct sound monetary policy management and to exercise utmost prudence in such matters as the licensing of new banks and the use of directed credits. “Recent experience with government interventions in these matters is illustrative of the critical importance of establishing an autonomous central bank in Bangladesh.” He also suggested the government rethink the strategy for the supervision of public banks.

Source: The Independent, April 28, 2013

Challenges lie ahead for green banking: BB

The Bangladesh Bank (BB) has identified some major challenges, being faced by the commercial banks, to do this. These include lack of proper awareness on the part of the top management about the imperatives for promoting green banking, the BB said in a report. Absence of coordination among public and private commercial banks and also of effective capacity building, are two other major areas of concern identified by the BB in its report on green banking published last Thursday.

The BB report said awareness of the top management is ‘necessary and important’ for introducing green banking across the country. The other challenges, mentioned in the report, are: giving an immediate concentrated focus on sectoral lending policies and procedures, applying a quantitative approach for a more justified rating, and relocation of different categories of mills and factories such as garment factories, textile mills and tanneries to proper locations.

All 47 commercial banks of the country have formulated Green Banking Policy Guidelines, approved by their boards of directors/ competent authorities and formed Green Banking Units (GBUs). Forty-four banks have Green Office Guidelines for in-house green activities. The country’s banks disbursed an aggregate amount of Tk 2,70,921.53 million as green finance in 2012. They were encouraged to utilise Tk 258.89 million for green events and green projects as part of their corporate social responsibility (CSR) activities. They also concentrated on green marketing, training and development through utilising Tk 90.42 million from their fund.

The Financial Express, April 28, 2013

Dual regulatory system affecting banking sector

Political consideration in governing the banking sector and dual regulatory system for the state-owned commercial banks are the major problems for banking sector reform, said speakers at the roundtable discussion on ‘Banking Sector Governance: Reforms and Impact’ organized by Institute of Governance Studies of BRAC University.

‘The SCBs (State owned Commercial Banks) are in a tight position if we consider the key parameters of the banking. The political consideration of the government is one of the main reasons for it,’ Institute of Governance Studies research fellow Shahidul Islam said while presenting the keynote paper on the occasion. He said although the private commercial banks had accomplished the BASEL II requirement for capital adequacy but the SCBs were far behind. ‘The Bangladesh Bank should be allowed to exercise more power on the SCBs, especially in appointing the board of directors,’ he said.

BB‘s economic adviser Akhtaruzzaman said the banking regulator was working to change the relevant laws for having greater power on the SCBs.‘We are revising the relevant laws for increasing power of the BB on the SCBs as we also have identified the problem of such practice,’ he said.

Source: The New Age, April 28, 2013

BB brings 19 major areas under automation for digitization

BB brings 19 major areas under automation for digitization. These include introduction of Bangladesh Automated Clearing House (BACH), Bangladesh Electronic Fund Transfer Network (BEFTN), online CIB service, banking application, enterprise resource planning (ERP), e-tendering, e-recruiting, e-commerce, online dashboard reporting system, national payment system, large loan monitoring software, import export and remittance monitoring system, open data initiative, online transactions of prize bond and savings certificate, online bond market, mobile banking, internet and online banking and PayPal for remitting income from outsourcing.

BB on October 10, 2010 launched the automated clearing and settlement of interbank cheques and electronic transactions to address the growing demand for a fast, secure and state-of-the art payment system in the country’s banking sector.

Introduced on February 28, 2011, BEFTN is also a critical component in the development of a modern payment system infrastructure, which facilitates a wide variety of credit transfer applications. Currently, 37 out of total 47 banks are offering online and internet banking services to their customers.

Introduction of online CIB (credit information bureau) report on July 19, 2011 offers banks, financial institutions and entrepreneurs furnish necessary credit information at anytime around the year.

Following the issuance of the guideline for mobile financial services by BB on September 22, 2012, many banks started providing this service 24 hours a day and seven days a week with partnership of mobile phone operators.

Source: The Daily Sun, April 29, 2013

BB goes tough on banks’ housing sector financing

The Bangladesh Bank asked scheduled banks to send compliance reports on the banks’ financing in the housing and real estate sector within June 30, 2013 to its Banking Regulation and Policy Department.

A BB official told New Age on Sunday that the central bank had observed that some banks were disbursing loans to private ventures for developing land or constructing buildings that do not have the approval of the authorities concerned. The BB issued the circular in a bid to ensure the banks’ financing to clients so that they (clients) will take prior approval from the authorities concerned to build their infrastructure. He said that the BB would take action against the banks which had not followed the compliance rules for financing in housing and real-estate sector.

The central bank circular said that the banks will disburse loans to the housing sector if the clients follow the laws and regulations like the Building Construction Act-1952, Bangladesh National Building Code-2006, Bangladesh Environment Conservation Act-1995, Environment Conservation Rules-1997, Fire Protection and Prevention Act-2003, Private Housing Project Land Development Rules-2004. The BB asked the banks to ensure that their clients take prior approval of the housing projects from the National Housing Authority, Rajdhani Unnayan Kartripakkha and development authorities of City Corporations concerned.

Source: The New Age, April 29, 2013

NATIONAL NEWS-BANGLADESH BANK

BB drive to achieve farm loan disbursement target

The central bank has strengthened its drive to achieve agriculture loan disbursement target by the end of this fiscal year (FY), 2012-13, officials said.

A senior BB official said the central bank has already strengthened its monitoring and supervision to ensure credit facility for all interested farmers across the country without any harassment. "We're working to achieve the target of farm loan disbursement by the end of FY 13 without considering any excuse of the banks," the BB official said, adding that the utilization of credit in agriculture sector must be ensured.

Meanwhile, the banks and financial institutions, in the first nine months of this fiscal (July-March), have achieved 72.19 per cent of their annual target of farm credit disbursement, fixed at Tk 141.30 billion. All banks and financial institutions have disbursed an aggregate amount of Tk 102 billion in the first nine months of this fiscal, compared to Tk 91.10 billion in the corresponding period of the previous fiscal, according to the central bank statistics. Of Tk 102 billion, six state-owned banks disbursed Tk 60.81 billion, and the private commercial banks (PCBs) and foreign commercial banks (FCBs) disbursed Tk 41.19 billion. The recovery of farm loans also rose to Tk 100.84 billion in the first nine months of the FY 13 from Tk 88.82 billion in the corresponding period of the previous fiscal, the BB officials added.

Source: The Financial Express, April 29, 2013

Thrust on solid SME banking policy

Bangladesh Bank (BB) governor Dr Atiur Rahman Sunday said the banks and non-banking financial institutions (NBFIs) need to have a tailored and explicit strategy to build a solid SME banking policy to facilitate sound growth and profitability in the sector. The governor also emphasised on having a much better credit evaluation mechanism, product design, marketing skills, and knowledge of customer and product profitability in the financial institutions in this connection.

Mr Rahman was addressing an inaugural ceremony of a seminar on "SME Banking Strategy" as the chief guest at a city hotel. The seminar is the first one of a series of seminar programme for senior management of commercial banks and NBFIs as part of the European Union (EU)-funded project INSPIRED (Integrated Support to Poverty and Inequality Reduction through Enterprise Development)- Component 3.

The seminar was arranged to create awareness of senior management for required changes in the financial institutions in order to facilitate further dissemination of SME banking and to make SME banking less risky and more profitable. It explored the key considerations in formulating a competitive market strategy to attract and service SME customers in dynamic emerging markets in Bangladesh.

Source: The Financial Express, April 29, 2013

Atiur asks banks to stop lending to non-compliant RMG units

'Stop lending to non-compliant garment factories where conditions are not suitable enough to ensure safety of the workers and employees, or face punishment,' said Atiur Rahman, the Bangladesh Bank governor while addressing the chief executives of banks in a seminar. The governor gave the directive against the backdrop of the tragic building collapse at Savar where most of victims are the workers of the five garment factories inside a house, which was built flouting rules.

The governor said since many garment owners are involved in banking businesses, the CEOs and the managing directors of banks should be responsible for ensuring that no non-compliant garment factories get bank loans. Atiur advised bankers to collect information about the building and establishment of their clients in garment sector to take proper steps so unscrupulous people cannot take any advantage from the banks at the cost of risking the country's apparels industry.

Source: New Age, April 29, 2013

Energy crunch

With only an estimated 7.7 trillion cubic feet (tcf) of proven natural gas reserve remaining, Bangladesh is definitely not in an enviable position, so far as its energy situation is concerned. This is despite the fact that another probable reserve of 5.5 tcf may add to the proven total. Another report puts the recoverable total slightly higher at 16.59 tcf and says that it will last for another 18 years at the rate of current consumption. Naturally, the country was on the lookout for sources beyond its border.. The most likely source was Myanmar with enough reserve to feed Bangladesh for a long time but both lukewarm relations between the two countries and the latter's failure to make the most of the situation when the time was ripe have not quite helped the cause. Its overtures in the form of 'gas for fertilizer' later also did not count much because by that time the source country had made commitment to supply gas to another neighbor.

Bangladesh's eagerness to be a party to the Turkmenistan-Afghanistan-Pakistan-India (TAPI) project that envisages gas supply through pipelines from the central Asian country to India fell flat simply because a study has found it to be economically non-viable. The third initiative concerns import of liquefied natural gas (LNG) from Qatar. This option also shows no sign of materializing soon because no foreign companies or contractor showed interest in the construction of the proposed floating LNG terminal on a build-own-operate-transfer basis for 15 years. Even the country's attempt to build the terminal under the Speedy Supply of Power and Energy (Special Provision) Act 2010 did not make much of a head-way for reasons better known to the policymakers. And this is where the country's search for gas becomes exhausted. Then the import of power from India may have to wait for sometime because of technical reasons.

All this points to the fact that the country's energy crunch may further deepen with time because of rising demands for power and gas. Apart from the use of gas for domestic household purposes, it is used for production of fertilizer and power. Now that depletion of gas reserve is a reality, the country definitely needs to shift to other sources of energy. Source: The Financial Express, 02 April 2013

Bangladesh fails to tap solar energy fully

Bangladesh could not reap full benefits of solar energy at mass level despite having a potential of 16.5 million Solar Home System (SHS) in the country. These were revealed at a press conference on installation of 2.0 million SHSs and launching of 1.0 million improved cooking stoves (ICS) project held on May 12, 2013 at the ballroom of Ruposhi Bangla hotel in the city. The failure was attributed to lack of awareness and technical knowledge.

The country already has received a significant amount of $750 million in loan and $ 100 million as grant to install 4.0 million SHS by 2015. Till date the Infrastructure Development Company Limited (IDCOL) could install slightly over 2.0 million SHS with some other companies installing 10,000 to 20,000. Still $200 million remains unutilized with possibility of receiving more funds from the development partners in renewable energy sector. The IDCOL, a non-banking financial institution owned by the government is a financing company for infrastructure projects and renewable energy technologies in Bangladesh. More than 2 SHSs have been installed under its programme. The company has a target to finance 4 million SHSs by 2015.

The government has a target to add 5.0 per cent power to the national grid from renewable energy sources by 2015. Recently, the IDCOL has also undertaken a project to finance 1.0 million improved cooking stoves (ICSs) by 2017. At present the IDCOL SHS covers 7.0 per cent of the total population or about 10 million where the national coverage of electricity is 53 per cent and it stands at 63 per cent considering the solar power.

The IDCOL SHS programme is now considered to be one of the fastest growing and least expensive renewable energy programmes in the world. 2.0 million SHSs installed under the IDCOL programme are generating 100 MW of electricity in the off-grid areas of Bangladesh where electricity may not reach in the near future..

Source: The Financial Express, May 12, 2013

BPC to build 14 oil storage tanks near Mongla by 2014

State-owned Bangladesh Petroleum Corp. plans to build 14 new oil storage tanks with a total capacity of 100,000 mt by 2014 to increase the country's overall fuel storage capacity from 894,000 mt currently and avoid paying demurrage on delays in discharging oil products, BPC Chairman Md Eunusur Rahman said recently.

All the tanks are slated to be built in Bagerhat near the Mongla sea port terminal. BPC has issued a tender seeking bid from companies to build these tanks, and deadline for submissions is May 19, he said. The winning firm will need to build the storage tanks within 18 months from the date of signing the contract, he added.

Construction cost for building the 14 tanks was estimated to be Taka 1.50 billion ($19.23 million), he said. Of the 14 new oil storage tanks — three will have 15,000 mt capacity each, one with 10,000 mt capacity, one 7,000 mt capacity, five of 5,000 mt capacity each, one 4,000 mt capacity and three 3,000 mt capacity each.

BPC is building these new oil storage tanks to accommodate the mounting oil imports, Rahman said. Bangladesh 's oil demand has surged after it launched a drive to increase the number of oil-based power plants in the country from mid-2010 to counter the impact of fast-depleting domestic natural gas resources, commissioning over three dozen new oil-based power plants by 2013.

Source: EnergyBangla.com, April 26, 2013

50 Lakh Power Lines Given in Last 4 Years

The government has given 50 lakh new electricity connections in the last four years, which benefit as many as 1.5 crore people, the state minister for power and energy said in parliament.

Speaking in the proposed budget discussion, the state minister, Brig Gen (retd) Muhammad EnamulHuq, also informed the House that 6,435 MW power was generated on June 15, which was the highest generation in a single day so far.

Elaborating on the government plan to increase power generation, he said 35 plants having the capacity to generate 2,876 MW power had already been set up and a process was underway to construct another 33 plants with a capacity of 6,708 MW power generation.

Another process is in the pipeline to import 500 MW power by September or October from India.

Regarding system loss in the power sector, he said the system loss was 11.8 percent now down from 16 percent in 2009.

PDB Assures Undisrupted Power Supply in Chittagong

The officials of Power Development Board (PDB) assured the garments leaders of minimizing the load shedding and un-interrupted power supply in the port city.The assurance came when the leaders of BGMEA (Bangladesh Garment Manufacturers and Exporters Association) led by its acting president Mohammed NasirUddin held a view exchanging meeting with the top officials of PDB including the chief engineer of Chittagong zone Swapon Kumar Shaha at PDB office.

Acting President of BGMEA Mohammed NasirUddin said alleged that the production of industrial sector particularly garment factories were being heavily disturbed due to regular disruption in power supply in Chittagong. "The machineries of the factories are being damaged losing the capacity of production in Chittagong."

He requested the PDB officials to reduce the load shedding and increase the power supply here in the port city for undisrupted production of the factories. Chief engineer of PDB Chittagong zone Swapon Kumar Shaha assured that PDB will try to control the load shedding and maintain undisrupted power supply.

China's Economy Unexpectedly Stumbles Again on Weak Export Results

After a powerful recovery through the autumn and winter from a V-shaped downturn last summer, China's economy is unexpectedly faltering once again. Exports are weak. The country's domestic economy is still growing mostly because of huge increases in lending by state-controlled banks and a surge in off-balance sheet lending. Consumer spending is rising, but not fast enough to offset weakness in other sectors. That combination has prompted growing concerns among economists and business executives about the sustainability of even 7.5 percent growth in China in the coming years, the government's current goal after three decades of double-digit growth with only a few interruptions.

The latest sign of trouble came, when China's General Administration of Customs announced export and import figures for April. On the surface, they looked fairly respectable: exports were up 14.7 percent from a year earlier, and imports were up 16.8 percent. But April 2012 was an exceptionally bad month for Chinese exports and imports — indeed, dismal trade statistics for that month were the first sign that economic weakness during the preceding winter was turning into a precipitous decline.

This April's trade figures appeared even weaker when economists looked closer and found that the export growth had been largely propelled by growth in exports to Hong Kong, up 57 percent, and to special customs zones in China for export later, up even faster. Since Hong Kong's own data has not been showing large increases in imports from China so far this year, the Chinese government has already opened an investigation into whether exporters are overinvoicing for shipments. Overstating exports can allow companies to evade currency controls and move money into China to profit from the gradual appreciation of the renminbi against the dollar. Louis Kuijs, an economist in the Hong Kong office of the Royal Bank of Scotland, estimated that with the exclusion of overinvoicing, export growth came to only 5.7 percent.

Over the last few years, economists have tended to pay less attention to China's exports because they were declining as a share of the country's total economic output, because of weak overseas demand. But newer research suggests that China may still be dependent on exports. Mr. Kuijs estimated that 20.7 percent of China's economic output came from exports last year, a figure that had bottomed out in 2009 at 19.7 percent.

In a bad sign for exports in the months ahead, the Canton Fair announced this week that export orders placed at this year's spring session had fallen 1.4 percent from a year ago. It was the latest sign that steeply rising blue-collar wages in China and a gradually appreciating currency are starting to erode the country's international competitiveness; foreign investment in China has also begun to level off, while surging in lower-wage countries in the region, like Cambodia and Vietnam. Li Yong, the general manager at Yuesen Musical, said that many Japanese, Taiwanese and Korean companies in his industry had recently moved to Indonesia as costs climbed in China.

What has kept the economy running is the huge volume of cash being pumped into it. Total social financing — a measure of all nongovernment borrowing from banks, bond markets, trusts and other sources — surged 58 percent in the first quarter of this year from the same period last year. Off-balance-sheet financing from the so-called shadow banking sector has been particularly active. Borrowing — by a range of local, regional and national government agencies as well as many state-owned enterprises and some private businesses — is increasingly a concern.

Source: The New York Times, May 08, 2013

China Plans to Reduce the State's Role in the Economy

The Chinese government is planning for private businesses and market forces to play a larger role in its economy, in a major policy shift intended to improve living conditions for the middle class and to make China an even stronger competitor on the global stage. In a speech to party cadres containing some of the boldest pro-market rhetoric they have heard in more than a decade, the country's new prime minister, Li Keqiang, said this month that the central government would reduce the state's role in economic matters in the hope of unleashing the creative energies of a nation with the world's second-largest economy after that of the United States.

The Chinese government issued a set of policy proposals that seemed to show that Mr. Li and other leaders were serious about reducing government intervention in the marketplace and giving competition among private businesses a bigger role in investment decisions and setting prices. Whether Beijing can restructure an economy that is thoroughly addicted to state credit and government directives is unclear. But analysts see such announcements as the strongest signs yet that top policy makers are serious about revamping the nation's growth model.

China's leaders are under greater pressure to change as growth slows and the limitations of its state-led, investment-driven economy are becoming more evident.

Foreign investors will be given more opportunities to invest in finance, logistics, health care and other sectors. For years, Western governments, banks and companies have complained that the China government has impeded foreign investment in banking and other service industries, despite promising to open up. The latest directive, however, did not give details about the specific changes to foreign investment rules that policy makers in Beijing have in mind.

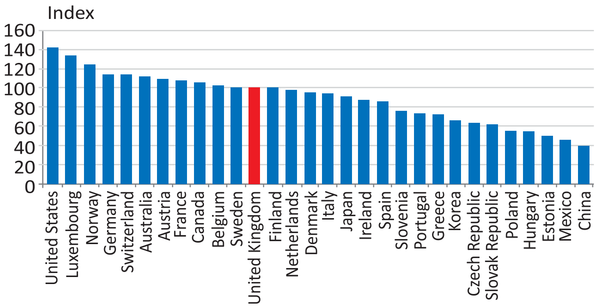
The push does not signal the end of big government in China. The Communist Party, experts say, is unlikely to abandon the state capitalist model, break up huge, state-run oligopolies or privatize major sectors of the economy that the party considers strategic, like banking, energy and telecommunications.

Nicholas R. Lardy, a senior fellow at the Peterson Institute for International Economics and an authority on the Chinese economy, said government controls on interest rates, the exchange rate and the price of energy had resulted in a huge misallocation of capital and unbalanced growth. "These reforms would raise household income and reduce savings, providing a double-barreled boost to private consumption," Mr. Lardy said.

Source: The New York Times, May 24, 2013

UK plunges down economic wellbeing league, while US remains top

OECD Countries, UK=100



In terms of disposable household income, UK fell from fifth place to 12th place over six years, according to new report. The UK has plunged down an economic wellbeing league, falling from fifth place to 12th over six years, according to a new report that underlines the pressure on Britons' finances amid rising unemployment.

The ONS ranked OECD countries in terms of disposable household income from 2005 to 2011, but on a separate ONS labor-market ranking Britain dropped even further, falling 12 places over the six years.

The ONS looked at various economic factors that might affect wellbeing across the OECD club of mostly rich nations as part of its scheme to measure national wellbeing. It ranked the United States top in terms of disposable household income, followed by Luxembourg. Chile was ranked bottom out of 30 countries.

OECD Countries

Rank	2005	2011
1	United States	United States
2	Luxembourg	Luxembourg
3	Norway	Norway
4	Germany	Germany
5	United Kingdom	Switzerland
6	Australia	Australia
7	Austria	Austria
8	Switzerland	France
9	France	Canada
10	Canada	Belgium
11	Belgium	Sweden
12	Netherlands	United Kingdom
13	Ireland	Finland
14	Italy	Netherlands
15	Japan	Denmark

Statisticians said part of the UK's drop down the disposable household income table was due to the devaluation of the pound, which raised the price of goods and services in the UK relative to other countries. But the ONS also noted other factors including changes to taxes and benefits.

"Over the course of the recession, as unemployment rose, people paid less in taxes and claimed more benefits – causing less of a strain on household income. However, as the economy emerged from the first period of contraction (measured by GDP), households began to feel the squeeze on their incomes as these effects wore off," the ONS said.

The ONS put the shakeup in the labor market rankings down to the nature of the recession. "Many of the countries that have overtaken the UK and US in the rankings are smaller economies, less exposed to the 2008 downturn, which centered on the US and Europe. The fall of 12 places in the international rankings for the UK has therefore come despite historically the most stable labor market seen in a UK recession," it said.

Source: The Guardian, May 14, 2013

Britain Must Do More for Economy, I.M.F. Warns

Britain should do more to fuel economic growth and be prepared to pump more money into its bailed-out banks if necessary, the International Monetary Fund said in a report. It said that some recent economic data from Britain were "encouraging," but that the data did not point toward a sustainable recovery in the near term. "Activity appears to be improving, but a slow recovery remains likely," the fund said. That view stands in contrast to comments by the outgoing governor of the Bank of England, Mervyn A. King, who said last week that there was "a welcome change in the economic outlook" and that a recovery was "in sight."

The fund has been a critic of the austerity program designed by George Osborne, the Chancellor of the Exchequer, saying that the British economy would recover more quickly if the government slowed its spending cuts and tax increases. The I.M.F. reiterated that warning on Wednesday and called for additional public spending. Especially helpful to the economic recovery, the fund said, would be spending on transportation and energy infrastructure and on training for low-skilled workers. "The U.K. is, however, still a long way from a strong and sustainable recovery," the I.M.F. said, adding that the low level of capital investment and high youth unemployment remained a concern. "The prospect remains for weak growth," the report said.

In remarks before the I.M.F. released its report, Mr. Osborne said he broadly agreed with its contents but added, "There are no easy answers to problems built up in the U.K. over many years." He added that it was "a hard road to recovery. But we're making progress." However, Mr. Osborne has rejected criticism of his austerity plan, saying that the spending cuts were essential to reduce the budget deficit, which in turn would keep Britain's borrowing costs low and allow for economic growth to return.

The I.M.F. also said that the government should not shy from bolstering the capital of two bailed-out banks, Royal Bank of Scotland and Lloyds Banking Group, to ease the process of returning them to private ownership. The government took stakes in both banks during the financial crisis and owns 81 percent of R.B.S. and 39 percent of Lloyds. In separate statements, R.B.S. and Lloyds said Wednesday that they would increase their capital reserves by retaining earnings and selling assets. Regulators said recently that all of Britain's largest banks must raise a combined 25 billion pounds, or $38 billion, to make them more stable.

Source: The New York Times, May 22, 2013

Germany reports sluggish first-quarter growth of 0.1%

Germany's economy barely grew in the first quarter of 2013 as exports and investment shrank, figures show. But higher domestic consumption - thanks to rising wages - helped offset the declines in foreign trade and capital investment, raising hopes it will help drive a sustained recovery. Gross domestic product rose 0.1% from the previous quarter, but contracted 1.4% compared with a year earlier.The figure showed the economy narrowly avoided falling into a recession.

In the previous quarter, Germany's annual economic output shrank by 0.7%. A recession is defined as two consecutive quarters of economic contraction.In the latest GDP data, which confirmed a preliminary estimate, only household spending was positive, growing 0.8%. Imports fell by 2.1% and exports dropped 1.8%, "Germany's consumers ride to the rescue," said Christian Schulz, senior economist at Berenberg Bank.

"In 2013, Germany will have to rely largely on domestic demand for growth. With consumption showing signs of strength and some bounce-back in investment after the long winter, the outlook for domestic demand is brightening," he said. "Strong fundamentals such as low unemployment, rising wages and low inflation are starting to have their 'normal' effect. And more growth is in store,"

A separate survey of 2,000 households by market research group GfK showed consumer sentiment rose for the sixth month in a row. GfK pointed to "the favourable and stable framework conditions in Germany. The high level of employment, favourable wage agreements and slowing inflation are buoying sentiment." Business sentiment also showed a surprise rebound this month after two consecutive months of declines, according to the closely-watched Ifo business climate index released on Friday.

But some analysts still warned that the recovery was fragile. Germany's economy lost steam last year as the eurozone crisis and weakness in China hit exports. "The data also hold an inconvenient truth," said Carsten Brzeski, senior economist at ING. "Without its exports, the German economy is currently only like a sports car without sixth gear."

Source: BBC, May 24, 2013

Alarm over skills shortage in Europe

European industrialists are sounding the alarm over a growing skills shortage on the continent that threatens their competitiveness and leaves manufacturing companies scrambling to find enough engineers.

Chief executives of some of Europe's biggest manufacturers said that problems around youth unemployment, demographics and the education system all mean that engineers could be increasingly difficult to find in the future. This would force their companies to move more research and development facilities to countries with a greater supply of engineers, such as China or India.

"By 2025, we might need 500,000 engineers," said Olof Persson, chief executive, of Volvo Group, the world's second-biggest truckmaker.Peter Löscher, chief executive of Siemens, Europe's largest engineering group, said "the skills shortage, particularly in Germany, is a big issue. We have to ensure that our education system is providing the right engineering skills, that we have qualified immigration coming to Europe . . . And perhaps the biggest issue that European industry has to grapple with is that we have almost 24 per cent youth unemployment."

Many of Europe's leading industrialists laid out an array of problems facing the continent's manufacturers, from more expensive energy compared with US competitors to the lack of financing, especially in countries such as Italy and Spain for small companies. "We are losing a lot of small companies that support medium-sized business like ours due to financing problems," said Flavio Radice, chief executive of Pietro Carnaghi, an Italian company that is the world's largest maker of vertical lathes. Industrial production in the EU remains more than 10 per cent below its pre-crisis peak from 2008, while manufacturing companies have shed 3.4m of the 35.4m workers they had at the same time. But some manufacturing company executives also argued that European industry was holding its own against both the old-world competition from the US and Japan and newer rivals from China or India.

"Let's stop being pessimistic. Yes, we have to face a moment of crisis and a moment of restructuring in many countries but companies are continuing to develop. Europe stands for high quality and keeps on innovating even more," said Jean-Pascal Tricoire, chief executive of France's Schneider Electric.

Nonetheless, business leaders are worried about the skills of Europe's newly educated workers compared with estimates of at least 400,000 and 100,000 engineers graduating each year from China and India respectively. Germany alone currently lacks 70,000 engineers, according to the VDI, the association of German engineers. Mr Persson said that other issues such as the availability of energy and regulation were important but meant little without skilled workers. "If you don't have a good, transparent, motivating education and innovation system, then the other things are very difficult to achieve," he added.

Source: Financial Times, May 27, 2013

Buffett to FOX Business: 'Watch Out, It's Coming'

In a one-on-one interview directly after Berkshire Hathaway Chairman and CEO Warren Buffett addressed thousands of shareholders at his annual meeting, the Oracle of Omaha, as he's called by his stockholders, told FOX Business that when the Federal Reserve stops or scales back its stimulative program of buying billions in Treasurys, "I don't know what the reaction will be but you can bet every single trader will react."

Buffett went on to say that despite that uncertainty, he would bet that stocks in years to come will go "much higher" than they are right now. On Friday, the Dow Jones Industrials hit 15,000 intraday, and closed up 142 points at 14,973.

The 82-year-old Buffett predicted that when the Fed eventually moves, that move would be "the shot heard 'round the world" but told FOX Business the U.S. dollar would remain the world's reserve currency. Even so, he told FBN, "I'm not making currency bets right now."

Buffett explained he loves to buy quality businesses and these days most of his acquisitions will be in the $75 million dollar range, although he likes buying huge companies at the right price. "We'll just keep playing the game and if we hear about something tomorrow that we can buy for $20 billion, you just never know when opportunity comes along."

The five-and-a-half hour meeting, held at the CenturyLink Arena in downtown Omaha, most likely "drew a record crowd," Buffett said during the interview. In past years, some 35,000 shareholders have descended upon Buffett's hometown for the meeting, often called "Woodstock for Capitalists." Shareholders get a discount at all Berkshire-owned businesses over the weekend.

Is Buffett's Son Qualified to Take a Major Role?

"He's taking on the role of non-executive Chairman in case a mistake is made in the CEO choice. It's not his job to run the business," Buffett explained. "It's to have enormous concern for the way the business is run. He's a protector of the (Berkshire) culture and he has an enormous sense of responsibility about Berkshire and has no interest in running the business itself. I have seen many times over my 60-plus years (in business) when a mediocre CEO — likeable but not the person to run a company — is chosen. If that needs to change, that's hard for a Chairman. I know of nobody that will feel that responsibility more than my son Howard."

Swiping at the Banks

Munger and Buffett expressed distaste for certain aspects of banking today. "The financial statements of big banks are way harder to understand today than in the past," said Munger dryly. "They're not my grandfather's banks."

Buffett did say he considered the banking system to be "stronger than at any time in 25 years. Capital is dramatically higher, a lot of significant troubled loans are gone. I think compared to European banks, they're stronger. I do not worry about the banking system being the cause of the next bubble. It will be something else." Munger was not nearly as magnanimous. "I'm a little less optimistic about banking long-term," said the 89 year-old Munger. "The more bankers want to be like investment bankers, the worse I like it."

None of the shareholders pressed Buffett on the fact that BRK stock has underperformed the market over the past few years. They seemed to be content with the latest earnings report that came out Friday. Operating income saw a 41% jump, and BRK's derivatives position doubled. Participants seemed to soak up the plain-spoken, march-to-the-beat-of-a-different-drum personalities of the long-time best friends on stage.

Source: Fox Business, May 04, 2013

HSBC's 14,000 new layoffs

HSBC, Europe's largest bank by market capitalization, will lay off 14,000 employees around the world to save $2 billion to $3 billion by 2016, the company announced.

The layoffs -- representing more than 5% of its 254,000 workers worldwide -- will come on top of some 42,000 job cuts in the past two years as the bank has sought to reorganize its operations to increase profits and efficiency in the wake of the 2008 global financial crisis.

This layoff announcement had been widely expected. In March, HSBC's CEO Stuart Gulliver had said he would "fixate on costs" in 2013. That realignment could see redundancies in HSBC's non-core markets -- "probably Europe and South America" -- while Asia will continue to be "a growth market," predicts Jonathan Hollands, managing director of executive search firm Carraway Group. According to an HSBC spokesperson said "all geographies and business will be reviewed but there are no specific details."

"They're still not finished with redundancies," cautioned Hollands of Carraway Group. "They are still restructuring," But HSBC's need to still lay off workers "is probably the exception" than the rule when comparing it to other global banks, says Houston of Executive Search Group International. "It very much depends on the institution and what lines of business they are in. U.S firms have really tried to cut to the bone. They might exit some businesses and then you would see redundancies (like in) mergers and acquisitions and investment banking. "Hollands believes other major banking corporations need to follow HSBC's streamlining. "(Singapore-based) DBS and OCBC could do with that sort of realignment," says Hollands. "Business banking -- they're very good at that. They should be focused on that. The same for (Hong Kong-headquartered) Standard Chartered. UBS has got to ask itself 'what is our core business' and 'do we give up on wealth management'."Similar questions exist for larger global banks including Deutche Bank, Merrill Lynch and Credit Suisse, adds Hollands.

Looking ahead, analysts agree that job loss will occur at differing speeds depending on the sector.

"We are seeing an increase in wealth management (jobs), an increase in risk management compliance that deals with regulatory aspects," says Hollands. "We're seeing a dropoff (in jobs) of cash equity sales and structured product demand and a big drop in investment banking in Asia.

Source: CNN, May 16, 2013

In Hours, Thieves Took $45 Million in A.T.M. Scheme

In two precision operations that involved people in more than two dozen countries acting in close coordination and with surgical precision, thieves stole $45 million from thousands of A.T.M.'s in a matter of hours. In New York City alone, the thieves responsible for A.T.M. withdrawals struck 2,904 machines over 10 hours starting on Feb. 19, withdrawing $2.4 million.

Federal prosecutors in Brooklyn unsealed an indictment charging eight men — including their suspected ringleader, who was found dead in the Dominican Republic last month. The indictment and criminal complaints in the case offer a glimpse into what the authorities said was one of the most sophisticated and effective cybercrime attacks ever uncovered. The indictment outlined how the criminals were able to steal data from banks, relay that information to a far-flung network of so-called cashing crews, and then have the stolen money laundered in purchases of luxury items like Rolex watches and expensive cars.

In the first operation, hackers infiltrated the system of an unnamed Indian credit-card processing company that handles Visa and MasterCard prepaid debit cards. Such companies are attractive to cybercriminals because they are considered less secure than financial institutions, computer security experts say. The hackers, who are not named in the indictment, then raised the withdrawal limits on prepaid MasterCard debit accounts issued by the National Bank of Ras Al-Khaimah, also known as RakBank, which is in United Arab Emirates. Once the withdrawal limits have been eliminated, "even a few compromised bank account numbers can result in tremendous financial loss to the victim financial institution," the indictment states. And by using prepaid cards, the thieves were able to take money without draining the bank accounts of individuals, which might have set off alarms more quickly.

With five account numbers in hand, the hackers distributed the information to individuals in 20 countries who then encoded the information on magnetic-stripe cards. On Dec. 21, the cashing crews made 4,500 A.T.M. transactions worldwide, stealing $5 million, according to the indictment. While the street crews were taking money out of bank machines, the computer experts were watching the financial transactions from afar, ensuring that they would not be shortchanged on their cut, according to court documents. MasterCard alerted the Secret Service to the activity soon after the transactions were completed, said a law enforcement official, who declined to be identified discussing a continuing investigation.

After pulling off the December theft, the organization grew more bold, and two months later it struck again — this time nabbing $40 million. On Feb. 19, cashing crews were in place at A.T.M.'s across Manhattan and in two dozen other countries waiting for word to spring into action. This time, the hackers had infiltrated a credit-card processing company based in the United States that also handles Visa and MasterCard prepaid debit cards. Prosecutors did not disclose the company's name. After securing 12 account numbers for cards issued by the Bank of Muscat in Oman and raising the withdrawal limits, the cashing crews were set in motion. Starting at 3 p.m., the crews made 36,000 transactions and withdrew about $40 million from machines in the various countries in about 10 hours. In New York City, a team of eight people made 2,904 withdrawals, stealing $2.4 million.

Beyond the sheer amount of money involved, law enforcement officials said, the thefts underscored the vulnerability of financial institutions around the world to clever criminals working to stay a step ahead of the latest technologies designed to thwart them. "The significance here is they are manipulating the financial system to be able to change these balance limits and withdrawal limits," said Kim Peretti, a former prosecutor in the computer crime division of the Justice Department who is now a partner in the law firm Alston & Bird. "When you have a scheme like this, where the system can be manipulated to quickly get access to millions of dollars that in some sense did not exist before, it could be a systemic risk to our financial system."

Source: The New York Times, May 09, 2013

Cyprus's future: Is euro membership viable?

Thinking about the future is hard for many of those struggling with the crisis in Cyprus - yet it is essential to consider how an economic recovery could be engineered, and whether this would be best done within or outside the eurozone.

If some sectors of the Cypriot economy - finance, construction, real estate, retailing - must inevitably shrink, what other parts could take up the slack?

Tourism is one obvious candidate, and a handy export earner for a country that in 2012 collectively spent more than 6% more than it earned. The sector already accounts for about a sixth of the economy.

Manufacturing may also have potential, although it would be starting from a much lower base - only 6% of GDP - and has been shrinking up until now. Manufacturers also typically rely on the ability to import parts - something that may prove impossible for local companies so long as international capital controls stay in place and the banking system remains dysfunctional.

Unfortunately, both these sectors also face another common enemy: the euro. Cypriot labor costs rose 40% between 1995 and 2008, making it a relatively more expensive place to go on holiday or locate a widget factory, and the main reason why Cyprus has been collectively spending more than it earns. But as long as it remains in the single currency, Cyprus - like the rest of southern Europe - cannot gain a cheap international price advantage by devaluing its currency. That puts it at a permanent disadvantage as a holiday destination to nearby Turkey, for example.

Hard budget constraint

Another drawback of being in the euro is that you do not control your own central bank. Whereas the UK and US governments can rely on their central banks to buy up a lot of their debts through their quantitative easing programmes, the countries in the eurozone face much harder budget constraints.

Cyprus - like all other governments seeking a bailout - has been told to impose spending cuts and tax rises. As the IMF recently pointed out, imposing austerity in the middle of an economic depression - an increasingly common practice throughout the industrialized world since 2008 - has turned out to be much more damaging for those countries' economies than policymakers (though not many economists) had anticipated. Cyprus is expected to carry out "fiscal consolidation" equivalent to 4.5% of GDP, which the IMF study suggests is likely to shrink its economy by even more than that percentage. Even so, the Cypriot government's debts are still expected by the EU to pile up, peaking at 140% of GDP, a level that many consider both optimistic and unsustainable.

The Option of leaving Euro

Cyprus does, of course, have some say over its destiny - it could still choose the nuclear option of leaving the euro.Any expectation that Cyprus would leave would result in bank runs, capital controls and huge losses for depositors. Who wants their deposits forcibly converted into a new Cypriot currency and then devalued?

But, given that Cyprus already faces all the above, some economists are asking why not just go ahead and leave? At least that way it can enjoy the benefits of devaluing and of regaining a central bank that is able to finance the government directly.

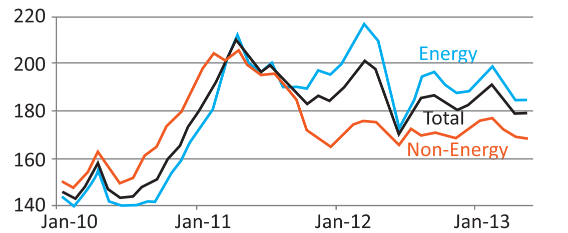
The Cypriot public have seemingly turned against the euro - and the popularity of the single currency is on the wane generally across Europe. Indeed, it could be that if Cyprus does end up leaving, it is because depositors anticipate the decision before the government has even made it.

Source: BBC, April 18, 2013

COMMODITY MARKET OUTLOOK

Commodity prices rose by 0.1 percent in May—with modest gains in food and energy prices essentially offsetting declines in industrial materials, mainly metals, due to a weak macroeconomic

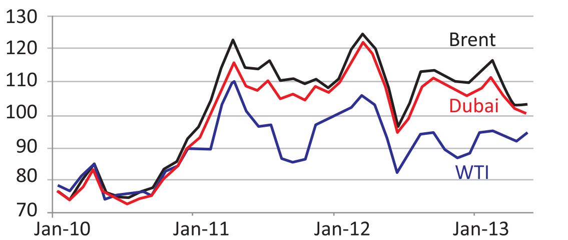
IMF Commodity Price Indices (2005-100)



environment and rising production capacity. Energy prices traded in a narrow range, as summer demand starts to pick up. Prices for the main agriculture crops rose because of planting delays in the U.S. as a result of heavy bouts of wet weather.

Crude oil prices rose 0.5 percent in May to $99.3/bbl, and edged above $100/bbl in early June. Prices traded in a narrow range, despite sluggish demand, as geopolitical tensions and numerous

Crude Oil Prices ($/barrel)



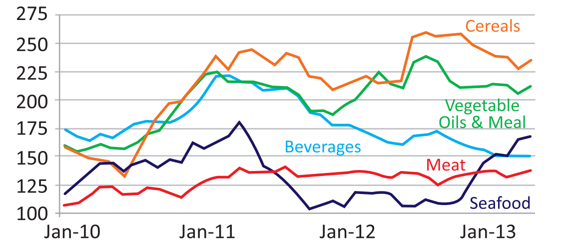
supply outages in the Middle East and Africa helped underpin prices. Light-sweet crude supplies remain abundant, in part due to rising tight oil production in the U.S. which has backed out imports and forces light-crude producers to find alternative markets. Heavier sour crude supplies are relatively tight due to a seasonal uptick in refinery demand and lower exports from Iran, Iraq, Russia and elsewhere. In the case of Russia, lower exports are due to the processing of more crude by domestic refiners and increased exports to East Asia. OPEC output continued to edge higher to 30.9 mb/d, with Saudi Arabia accounting for most of the increase, as the country ramps up output to meet higher domestic power demand. OPEC left its production target unchanged at 30 mb/d at its end-May meeting. The price of WTI rose 3 percent and the discount to Brent narrowed to $8/bbl. New U.S. pipeline/rail infrastructure is starting to debottleneck the crude surplus in the midcontinent, by transporting rising tight oil (shale) production to refineries on the Gulf and East Coasts. Crude stocks at Cushing remain high, however, as the initial impact of the new capacity has been to prevent surging production from lifting Cushing stocks higher. Further pipeline expansions in 2013-14 will help lower stocks.

Natural gas prices in the U.S. fell 3.0 percent in May on mild weather, lower demand for power generation, and strong injections into storage.

Natural gas prices in Germany fell 2.0 percent on weak demand and lower oil prices (as a large volume of imported gas is indexed to oil prices with a lag).

In the agriculture sector food prices rose by 2.0 percent in May, with increases in all main indices, due to supply concerns focused on wet-weather planting delays in the U.S. Cereals prices increased 3 percent led by a 5 percent jump in corn prices due to effects of

Food and Beverage Price Indices (2005-100)



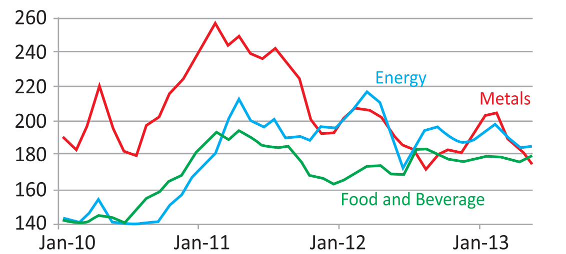
delayed planting (see page 8). Some acreage may shift to soybeans that can be sown later. Wheat prices rose 3 percent, as planting is more delayed in the northern states. Vegetable oils & protein meal prices rose 3 percent, led by a jump in soybeans and soybean meal prices of 5 and 7 percent, respectively, on strong animal feed demand. There were strong gains in other food prices—swine (14 percent) and shrimp (12 percent)—due to rising demand and supply tightness for both products.

Beverage prices rose by 0.5 percent, led by a 2 percent increase in tea prices due to a seasonal tightening of supplies owing to cool weather. Cocoa price rose 2 percent on stronger import demand.

Raw materials prices rose 0.2 percent, with a 6 percent jump in rubber prices on stronger Chinese demand for restocking and a weaker yen. This was partly offset by declines for coarse/fine wool, down 2-4 percent, on subdued demand and rising output.

Metals prices dropped 3.9 percent in May—down for a third straight month—on disappointing macro indicators and rising stocks for some metals. The largest decrease was for iron ore prices, falling 10 percent, on fears of a larger-than-expected slowdown in Chinese demand, and coincides with rising iron ore production. Slumping steel prices has led Chinese mills to reduce inventories in anticipation of production cuts. Meanwhile iron ore shipments from Australia's Port Hedland—the world's largest bulk terminal—climbed to a record in May, heading mainly to China. Nickel prices fell 4 percent due to rising stocks and surplus supply, including rising nickel pig iron production in China from low-grade ore from Indonesia. A key concern for the nickel market—and other mineral markets as well—is Indonesia's planned ore export ban in 2014. Tin prices also fell 4 percent due to higher stocks

IMF Commodity Price Indices (2005-100)



and rising exports from Indonesia—but the latter could fall in July when the government introduces new quality standards on exports. Partly offsetting these declines, lead prices edged higher on falling inventories and tightness in scrap supplies. Copper prices also rose slightly, despite rising stocks, due to a supply disruption at Indonesia's Grasberg mine— the world's second largest after Chile's Escondida. A tunnel collapse on May 14th killed 28 people, and the mine could remain shut for three months until an independent investigation concludes. This follows April's pit wall collapse at the Bingham Canyon mine in Utah. Preliminary estimates suggest a combined 250 kt could be lost this year, but the global copper market is still projected to remain in surplus.

Source: International Monetary Fund

Global issues

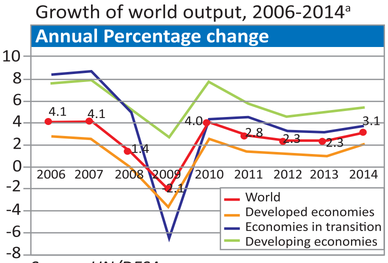
Global growth remains below potential

Despite improved global financial conditions and signs of reduced short-term risks, the world economy continues to expand at a subdued pace. After markedly slower growth over the past two years, global economic activity is expected to slowly gain momentum in the second half of 2013, but growth will still remain below potential. Near-term downside risks remain to the recovery.

The baseline outlook presented by UN/DESA in the World Economic Situation and Prospects 2013: Update as of Mid-2013 shows a downward revision in estimates of the world gross product (WGP), which is expected to grow 2.3 per cent in 2013, the same pace as in 2012, before gradually strengthening to 3.1 per cent in 2014.

Since late 2012, several new policy initiatives in major developed economies have somewhat muted systemic risks and helped stabilize consumer, business and investor confidence, but with very limited impacts on growth and job creation. As a result, the unemployment situation remains a key concern in developed countries. In March 2013, average unemployment in the euro area reached a new all-time high of 12.1 per cent and is forecast to increase further in 2014. In the United States, the unemployment rate has fallen, partly due to a significant decline in the labour force, but the level of 7.6 per cent in March 2013 is still high by historical standards. Further improvements are expected in the outlook period, with US unemployment forecast to average 7 per cent in 2014.

Growth of world output, 2006-2014[a]



Source: UN/DESA
a Estimates for 2013 and 2014 are forcasts

Growth in developing countries and economies in transition slowed but remain strong and higher than developed economies. In response to the economic slowdown in 2012, many large emerging economies adopted more expansionary monetary and—to a lesser extent—fiscal policies to strengthen domestic demand. This, along with a slight upturn in external demand, should provide a lift to economic activity in 2013. Nevertheless, the pick-up in growth will be slower than previously estimated as many large emerging economies face significant structural challenges. The least developed countries (LDCs) are projected to see faster growth in 2013 than in the past two years. However, with commodity demand moderating and Official Development Assistance (ODA) falling, the pace of expansion in LDCs will still be notably slower than during the 2004-2008 period.

The short-term risks associated with the situation in the euro area, the fiscal adjustments in the United States and the economic slowdown in large developing countries have diminished, but not disappeared. At the same time, new medium-term risks have emerged, including possible adverse effects of unconventional monetary measures in developed economies on global financial stability. These risks have the potential to once again derail the feeble global recovery. The priority for policy makers worldwide should therefore be to support a robust and balanced global recovery, with a focus on promoting job creation. International policy coordination needs to be enhanced to mitigate negative policy spillovers, curb protectionism, promote cooperation in reforming the international financial system, and ensure sufficient resource flows to developing economies, and in particular the least developed countries.

Developed economies

The United States: financial markets foreseeing the phasing-out of QE

The economy of the United States registered moderate growth in the first quarter of 2013, after stagnating at the end of 2012. There have been measureable improvements including substantial gains in equity prices, a notable recovery in the housing market, and moderate growth in employment. The Federal Reserve Bank (Fed) continues its accommodative monetary stance and is purchasing long-term securities despite debates over the implications. On the fiscal side, Congress's agreement to permanently maintain lower income tax rates for a majority of households is positive but the activation of the automatic government spending cuts in March 2013 is expected to weigh down the economy for the rest of the year. There are concerns that this may restrain the fledgling recovery in private consumption and business investment. In the outlook, GDP growth is forecast at 1.9 per cent in 2013, a few percentage points below 2012, but it will gain momentum to 2.6 per cent in 2014 as financial market and consumption spending strengthens. The recent appreciation of the dollar against other currencies may however slow down the export growth. The perception that quan¬titative easing may be phased out earlier than originally expected has likely triggered the jump of bond yields and the exchange rate of the dollar.

Japan: long-run effects of monetary easing uncertain

After expanding by 2 per cent in 2012, Japan's GDP is projected to grow by 1.3 per cent in 2013 and 1.6 per cent in 2014. In early 2013, the Japanese Government introduced a bold stimulus package composed of a supplemental budget that increases central government spending by about 2.2 per cent of GDP and a new round of monetary easing by the Bank of Japan (BoJ). The BoJ's new policy attempts to propel the annual consumer price inflation rate to 2 per cent within two years by significantly increasing its purchases of Japanese government bonds and other securities. By pushing down the yields for long-term securities through these purchases and formally adopting inflation targeting, the BoJ seeks to move up inflation expectations, encouraging consumption and investment. Consumer price inflation is expected to turn positive and reach 0.3 per cent in 2013 and 1.5 per cent in 2014. The average unemployment rate is projected to decline from 4.4 per cent in 2012 to 4.0 per cent in 2013, mainly owing to the continued decrease in the labour force. The recent sharp depreciation of the yen will contribute to a moderate recovery in exports in 2013 and 2014. The volatility in the bond and equity markets in the second half of May has raised concerns about the ultimate impacts of the new monetary policies.

Western Europe: poor outlook amid continuing recession

Western Europe remains mired in recession. GDP fell sharply for most countries in the fourth quarter of 2012, and the trend per¬sisted in the first quarter of 2013 despite an improvement in confidence While activity is expected to pick up in the second half of the year, the low growth carry over and low momentum are expected to lead to yet another year of weak or negative growth. In the euro area, GDP is expected to decline 0.4 per cent in 2013 after falling by 0.7 per cent in 2012. Only a small increase of 1.1 per cent is expected for 2014. There remains considerable diversity in the euro area performance. Among the large economies, Germany is expected to grow by 0.6 per cent in 2013 while the United Kingdom will grow by 0.7 per cent, but France is expected to register no growth, and Italy and Spain to contract by 1.5 and 1.7 per cent, respectively. The other crisis countries (except Ireland) are expected to experience far worse contractions. Growth is held back by fiscal austerity programs in many countries in the region, fragile bank¬ing systems, the contagion effects of low confidence caused by the sovereign debt crisis, low extra-regional and exceptionally low intra-regional demand, as well as structural problems, such as a lack of competitiveness, inflexible labour markets, and institutional deficiencies in public administration.

New EU members: growth in the near-term to remain subdued

The new EU member States in Central and Eastern Europe will continue to see subdued performance. Growth of aggregate GDP of the region is forecast to accelerate from 0.8 per cent in 2012 to 1.1 per cent in 2013 which may pick up to 2.2 per cent in 2014. Three countries, the Czech Republic, Hungary and Slovenia, entered a recession in 2012, and the Slovenian economy may shrink even further in 2013. The protracted weakness in the euro area will drag down exports of the new EU members and foreign direct investment (FDI) inflows. Liquidity measures of the European Central Bank eased pressure on the parent banks from the EU-15 (which provide a large share of the lending in the region through local subsidiaries); however, banks still continue cross-border dele¬veraging and private credit would remain constrained despite loose monetary policy. Domestic demand remains subdued owing to weak labour markets, stagnant real wages and fiscal austerity. Growth in the biggest economy in the region, Poland, is expected to decelerate further to 2 per cent in 2013. For the smaller, export-oriented economies in Central Europe, near-zero growth is projected, while the economies of the Baltic States may expand at an average rate of about 3 per cent.

Economies in transition

CIS and Georgia: economic performance in the area will remain diverse

Economic performance in the countries of the Commonwealth of Independent States (CIS) and Georgia is expected to remain diverse in 2013. The aggregate GDP of CIS and Georgia is projected to expand by 3.2 per cent in 2013, down from 3.5 per cent in 2012. Provided the global economic environment gradually improves, growth is forecast to strengthen to 3.9 per cent in 2014. Economic growth in the Russian Federation, which strongly impacts its CIS neighbours through trade, FDI and remittance flows, is expected to slow down further from 3.4 per cent in 2012 to 2.9 per cent in 2013 in the face of challenging global conditions. Domestic demand is also slowing in response to weaker confidence and moderate inflation. Growth is expected to remain low in Belarus and Ukraine. While global liquidity has facilitated access by the CIS countries to financial markets, Ukraine, which faces significant foreign debt repayments in 2013, may still need balance of payments support from the International Monetary Fund. Growth may slightly accelerate in Azerbaijan, driven mostly by the non-energy sector. The countries of Central Asia will continue to register high growth rates on the back of strong export revenues and fiscal spending. In Kazakhstan, growth may accelerate thanks to the development of a new major Caspian Sea oil field. Economic activity in Armenia, Georgia, Kyrgyzstan, Republic of Moldova, Tajikistan and Uzbekistan will continue to be supported by remittances from migrant workers.

South-Eastern Europe: both external and domestic conditions constrain the recovery

The countries of South-Eastern Europe will see another year of meagre economic performance in 2013, after several economies en¬tered into recession in 2012. The aggregate GDP of South-Eastern Europe, which contracted by 1.2 per cent in 2012, will expand by only 0.9 per cent in 2013, with a mild strengthening to 1.9 per cent forecast for 2014. The weak performance reflects unfavourable external conditions and feeble domestic demand. The ongoing weakness in Greece, Italy and Slovenia, which are important export destinations and sources of FDI and remittances for South-Eastern Europe, remains a drag on the region's near-term prospects. High unemployment and stagnant wages, coupled with deleveraging by businesses and households and a lack of lending growth, continue to suppress private consumption and investment. The region's economies have limited policy space, as they are trying to rebuild fis¬cal buffers, and monetary policies are constrained by formal and informal pegs to the euro. Strong exposure to the Greek banking sector remains a particular risk for the region.

Developing economies

Growth for Africa revised slightly lower, but still relatively strong

Africa is expected to grow by 4.6 per cent this year and 5.1 per cent in 2014. This implies a very moderate downward revision by 0.2 percentage points for the current year mostly owing to the negative impact of the fall in the export demand from developed econo¬mies. Over the forecast horizon, growth drivers include further increases in output in the natural resources sector, which underpins rising fiscal expenditure, especially on infrastructure projects. Looking ahead, Africa's trade and investment ties with emerging and developing economies are expected to intensify. Across the region, rising incomes and urbanization are supporting growth of domestic demand, which helps to reduce the exposure to external economic shocks. As a consequence, increasing diversification, for example into services will continue to create a more solid growth profile. However, high levels of poverty and unemployment continue to constitute a major policy challenge in many countries. Average inflation is forecast to moderate further, based on lower food prices and slightly moderating oil prices. Risks to the outlook include a more severe global economic slowdown with negative impacts on trade, tourism and remittances; a more pronounced negative effect of the fiscal problems in developed countries on ODA flows; and adverse weather conditions.

East Asia: growth projected to pick up slightly

Economic growth in East Asia is projected to pick up slightly in the outlook period, following the marked slowdown since mid-2011. The region's GDP is forecast to expand by 6.1 per cent in 2013 and 6.3 per cent in 2014, up from 5.9 per cent in 2012. The mild upturn is expected to be underpinned by robust growth in domestic demand and a gradual recovery in exports amid slowly improv¬ing global conditions. In most economies, domestic demand will be supported by stable labour market conditions, strong household income growth, and accommodative monetary policies. China's economy has likely shifted to a lower but more sustainable and balanced growth trajectory, with full-year growth in 2013 projected at 7.8 per cent, the same pace as in 2012. The region's high export-oriented economies are expected to see a mild recovery, in line with a pick-up in global demand, but growth will remain well below potential. In Indonesia, Malaysia, the Philippines and Thailand, growth is expected to remain fairly robust owing to buoyant consumption and investment demand. Average consumer price inflation is forecast to accelerate only slightly to 3.1 per cent in 2013 as further weakening of global commodity prices helps curb upward pressures.

South Asia: moderate upturn in growth expected; major structural challenges remain

After experiencing a sharp slowdown over the past two years, South Asia is expected to see a moderate recovery. The region's GDP is projected to expand by 4.7 per cent in 2013 and by 5.4 per cent in 2014. The recovery will be based on an upturn in private demand following the recent easing of monetary policy, and a gradual strengthening of exports amid slowly improving global conditions. Structural factors such as stubbornly high inflation, large fiscal deficits, political uncertainties, fragile security conditions, and transport and energy constraints will keep investment and growth below potential. In India, growth is likely to have bottomed out, but the recovery will be slower than previously expected, with economic activity forecast to expand by 5.5 per cent in 2013 and 6.1 per cent in 2014, up from 5.1 per cent in 2012. The rest of the region continues to be characterized by stark differences in economic performance, with growth in 2013 projected to range from -0.3 per cent in the Islamic Republic of Iran to more than 6 per cent in Bangladesh and Sri Lanka. Monetary and fiscal policy space is constrained by persistently high consumer price inflation and large budget deficits of more than 5 per cent of GDP in most economies.

This is a monthly briefing of Development Policy and Analysis Division, Department of Economic and Social Affairs of United Nations

@ 120 Gulshan Avenue, Dhaka 1212

MTB Gulshan Branch & 1st MTB **Smart** Banking (Kiosk)
have it your way

In addition to Retail, SME & Wholesale banking
you can avail the following facilities:

- 24/7 ATM
- 24/7 Cash & Cheque Deposit
- 24/7 Bills Pay
- Lockers
- Internet Banking Access
- 24/7 Contact Centre
- Customer Services from 9.00 am to 9.00 pm

MTB Contact Centre 16219 or +88 096040 16219

Old address:
7 Gulshan Avenue
South Avenue Tower
Gulshan 1, Dhaka 1212

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

www.mutualtrustbank.com

MTB NETWORK

Corporate Head Office
MTB Centre, 26 Gulshan Avenue, Dhaka 1212
Tel : 880 (2) 882 6966, 882 2429, Fax : 880 (2) 882 4303

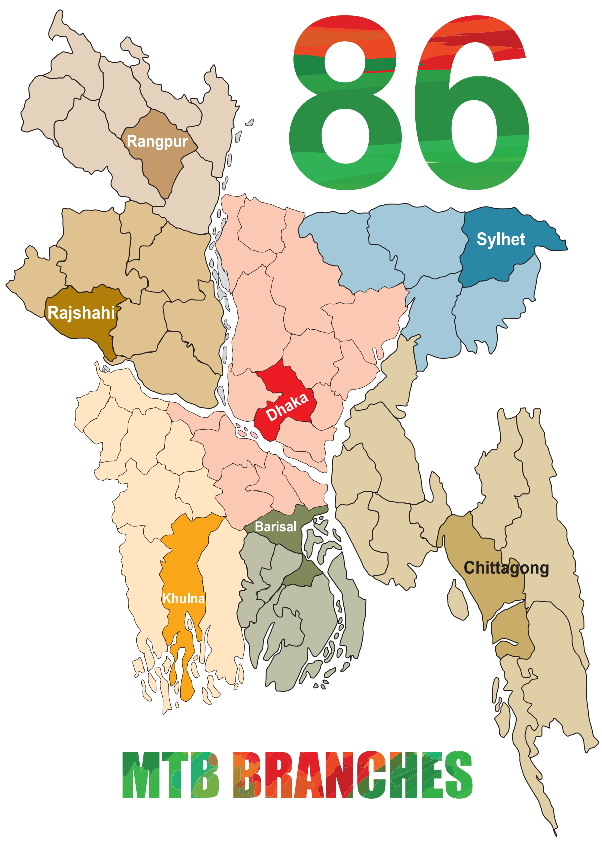
156 MTB ATM

MTB Contact Centre

24 HOURS a day | 7 DAYS a week | 365 DAYS a year

just dial **16219** or 096040 16219

86 MTB BRANCHES



Dhaka	Rangpur	Barisal	Khulna	Rajshahi	Sylhet	Chittagong
Division	Division	Division	Division	Division	Division	Division

MTB Dhaka

Aganagar Branch
Babu Bazar Branch
Banani Branch
Baridhara Branch
Bashundhara Branch
Bashundhara City Branch
Chandra Branch
Chawk Moghaltuli Branch
Dhanmondi Branch
Dholaikhal Branch
Dilkusha Branch
Elephant Road Branch
Fulbaria Branch
Gazipur Branch
Gulshan Branch
Kakrail Branch
Kamrangir Char Branch
Kapasia Branch
Madaripur Branch
Meghna Branch, Sonargaon
Mohammadpur Branch
MTB Centre Corporate Branch
Mymensingh Branch
Narayangonj Branch
Narayanganj BSCIC Branch
Pallabi Branch
Panthapath Branch
Principal Branch
Progati Sarani Branch
Savar Branch
Shah Mokhdum Avenue Branch
Shanir Akhra Branch
Sonargaon Branch
Sreenagar Branch
Tejgaon Branch
Tongi Branch
Uttara Model Town Branch

MTB Securities Ltd.

Corporate Head Office
Extension Office-Motijheel
Extension Office-Fulbaria
Extension Office-Fakirapul
Extension Office-Dilkusha
Banani Office
Dhanmondi Office
Gulshan Office
Narayangonj Office
Pallabi Office
Progati Sarani Office
Uttara Office

SME/Agri Branch

Dhanbari
Gafor Gaon
Hasnabad
Kaliganj
Noria
Sharulia Bazar

MTB Booth

Hazrat Shahjalal International Airport
- Arrival Lounge
- Departure Lounge

MTB Rangpur

Dinajpur Branch
Gabindaganj Branch
Rangpur Branch
Thakurgaon Branch

MTB Securities Ltd.

Rangpur Office

MTB Barisal

Gournadi Branch

MTB Khulna

Jessore Branch
Kushtia

MTB Capital Ltd.

Corporate Head Office

MTB Exchange UK Ltd.

25 Whitechapel,London E1 1DU
United Kingdom
Tel: +02086162214
Fax: +02073779759
Web: www.mtbexchangebd.com

MTB Rajshahi

Bogra Branch
Joypurhat Branch
Naogaon Branch
Pabna Branch
Rajshahi Branch

SME/Agri Branch

Belkuchi
Ishwardi

MTB Securities Ltd.

Rajshahi Office

MTB Sylhet

Habigonj Branch
Moulvi Bazar Branch
Shahparan Gate Branch
Sylhet Branch

SME/Agri Branch

Syedpur

MTB Securities Ltd.

Sylhet Office

MTB Chittagong

Agrabad Branch
Alankar Mor Branch
Aman Bazar Branch
Brahmanbaria Branch
CDA Avenue Branch
Chokoria Branch
Chittagong Medical College Branch
Comilla Branch
Cox's Bazar Branch
Dhorkora Bazar Branch
Feni Branch
Jubilee Road Branch
Karnaphuli EPZ Branch
Kerani Hat Branch
Khatungonj Branch
Khilpara Branch, Chatkhil
Nazirhat Branch
Oxygen Mor Branch
Raipur Branch

SME/Agri Branch

Dagon Bhuiyan
Haidergonj
Laksham
Nazumeah Hat
Ramchandrapur Bazar

MTB Securities Ltd.

Agrabad Office
Alankar Mor Office
CDA Avenue Office

MTB Booth

Shah Amanat International Airport

http://www.facebook.com/Mutual.Trust.Bank
http://www.mutualtrustbank.com
http://www.linkedin.com/company/mutual-trust-bank-ltd.
MTBiz http://www.mutualtrustbank.com/info_mtbiz.php

MTBiz Online Sign Up Now

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

MTB CAPITAL LTD. You can invest with us
MTB SECURITIES you can grow with us
MTB EXCHANGE UK LIMITED you can remit with us