MTBiz

Monthly Business Review, Volume: 04, Issue: 07, Jul-Sep 2013

POSSIBILITY OF THE GREAT RECESSION TO RELAPSE: A BRIEF DISCOURSE

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

Possibility of The Great Recession to Relapse: A Brief Discourse

CONTENTS

Developed and Published by

MTB Group R&D

Please Send Feedback to: mtbiz@mutualtrustbank.com

Design & Printing

nymphea

Possibility of The Great Recession to Relapse: A Brief Discourse

Introduction

Financial recession came and we all saw the world's financial system to be shaken and in response we adopted a number of provisions and precautionary measures. Yet, the question remains, is the Recession over permanently? Or, is there any further possibility to face such a situation in course of time? This article content has shed light on this particular question.

The answer to the question is mixed, according to a number of economists. The banking system, for example, has been strengthened with tougher capital and liquidity requirements. But the underlying cause of the recent financial crisis, like many before it, remains a threat: the ever-present potential for a real estate bubble.

"Financial crises are … an inherent part of having a developed financial system, and it's hard to believe that we can completely avoid them," says Wharton finance professor Itay Goldstein, adding: "At the end of the day, the financial system is fragile."

Mark Zandi, chief economist at Moody's Analytics, believes the government's tougher capital requirements – essentially, requiring more cash on hand for emergencies — have indeed made banks safer, while other new rules help ensure that loans are made only to borrowers likely to repay. But, he adds: "I don't think we're there yet. I think regulators still need to address too-big-to-fail issues."

The too-big-to-fail dilemma, where the government feels it must bail out a financial institution so it won't drag others down, is more challenging today because the top firms are bigger than they were five years ago. "If anything, the turkey is even fatter than before, in the form of the large banks," says Kent Smetters, professor of business economics and public policy at Wharton. He feels little has been done to prevent another crisis. "Large banks are impossible to seriously risk-manage."

Also unimpressed by recent remedies is Wharton finance professor Krista Schwarz. "Some measures to prevent future crises have been implemented as part of Dodd-Frank," she says, referring to the massive 2010 reform act. "But the overall response seems weak."

Financial Crisis in History

Before we analyze the common reasons behind all the financial crisis in history, let's look at what happened at some of the most notable ones in world history.

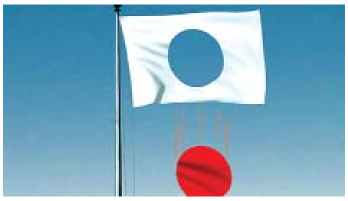
1. U.S. Savings and loan crisis of the 1980s and 1990s

One of the largest financial scandals in U.S. history, is the savings and loan crisis of the 1980s and 1990s (commonly dubbed the S&L crisis). In 1995, the RTC had closed 747 failed institutions, worth a book value of $402 billion, with an estimated cost of $160 billion. In 1996, the General Accounting Office estimated the total cost to be $370 billion, including $341 billion taken from taxpayers.

In the volatile interest rate climate of the '70s, large numbers of depositors removed their funds from savings and loan institutions (S&Ls) and put them in money market funds, where they could get higher interest rates since money market funds weren't governed by Regulation Q, which capped the amount of interest S&Ls could pay to depositors. S&Ls, which were largely making their money from low-interest mortgages, did not have the means to offer higher interest rates, though they tried to once interest rate ceilings were dropped in the early '80s.

S&L deposits were insured by the Federal Savings and Loan Insurance Corporation (FSLIC), depositors continued to put money into these risky institutions. A complex web of these factors and others, combined with widespread corruption, led to the insolvency of the FSLIC, the government bailout of the thrifts to the tune of $124 billion in taxpayer dollars and the liquidation of 747 insolvent S&Ls by the U.S. government's Resolution Trust Corporation.

2. The "lost decades" crisis in Japan



From 1991 through 2001, Japan experienced a period of economic stagnation and price deflation known as "Japan's Lost Decade." While the Japanese economy outgrew this period, it did so at a pace that was much slower than other industrialized nations. During this period, the Japanese economy suffered from both a credit crunch and a liquidity trap.

Japan's economy was the envy of the world in the 1980s - it grew at an average annual rate (as measured by GDP) of 3.89% in the 1980s, compared to 3.07% in the United States (according to the Bureau of Economic Analysis). But Japan's economy ran into troubles in the 1990s. From 1991 to 2003, the Japanese economy, as measured by GDP, grew only 1.14% annually, well below that of other industrialized nations. Japan's equity and real estate bubbles burst starting in the fall of 1989. Equity values plunged 60% from late 1989 to August 1992, while land values dropped throughout the 1990s, falling an incredible 70% by 2001.

3. The "Asian contagion" of the late 1990s

The Asian financial crisis was a period of financial crisis that gripped much of Asia beginning in July 1997, and raised fears of a worldwide economic meltdown due to financial contagion.

The crisis started in Thailand with the financial collapse of the Thai baht after the Thai government was forced to float the baht due to lack of foreign currency to support its fixed exchange rate, cutting its peg to the US$, after exhaustive efforts to support it in the face of a severe financial overextension that was in part real estate driven. At the time, Thailand had acquired a burden of foreign debt that made the country effectively bankrupt even before the collapse of its currency. As the crisis spread, most of Southeast Asia and Japan saw slumping currencies, devalued stock markets and other asset prices, and a precipitous rise in private debt.

Indonesia, South Korea and Thailand were the countries most affected by the crisis. Hong Kong, Malaysia, Laos and the Philippines were also hurt by the slump. China, Taiwan, Singapore, Brunei and Vietnam were less affected, although all suffered from a loss of demand and confidence throughout the region.

Foreign debt-to-GDP ratios rose from 100% to 167% in the four large Association of Southeast Asian Nations (ASEAN) economies in 1993–96, then shot up beyond 180% during the worst of the crisis. In South Korea, the ratios rose from 13 to 21% and then as high as 40%, while the other northern newly industrialized countries fared much better. Only in Thailand and South Korea did debt service-to-exports ratios rise.

Real Estate: An Incomplete Market

One particular asset bubble – housing – was at the core of the recent crisis. But look into the heart of just about any financial crisis and the same thing is apparent — a burst real estate bubble, says Wharton real estate professor Susan M. Wachter. She ticks off a long list, including the U.S. savings and loan crisis of the 1980s and 1990s, the "lost decades" crisis in Japan, the "Asian contagion" of the late 1990s and a Mexican crisis around the same time.

"There have been many others," she says. "It's not because people in real estate are particularly dumb; it's because real estate is an incomplete market…. You can't short-sale the real estate that you own or the securities that back it up."

An investor who believes stocks will lose value can, of course, sell his or her shares. But in addition to avoiding a loss, he can make money on the price decline by selling borrowed shares in hopes of replacing them with ones bought for less. In addition to these short sales, investors can profit on declines with "put" options and other derivatives based on individual stocks, market sectors or the market as a whole.

These opportunities allow people with negative views on the stock market to play a strong role in setting prices, often putting a break on excessive enthusiasm. But because there is no comparable system in real estate – you can't short-sale your home or buy a put option on it – pessimists can only retreat to the sidelines, leaving optimists to continue bidding prices higher, according to Wachter.

There have been some attempts in recent years to create securities that would permit profiting on a real estate decline, but none has so far been able to establish a sizeable, liquid market, she says, although she is hopeful that some current efforts will bear fruit.

Profit incentives, of course, also play a role in real estate bubbles. Lenders want to lend, and as long as real estate prices are rising, it looks like homes provide good collateral. But because the pessimists have little role, the optimists can continue driving prices up and arguing that property values are high enough to justify big loans, Wachter notes. In the recent crisis, lenders also engaged in a "race to the bottom," making ever-riskier loans in their fight for market share. When real estate values started to fall, the house of cards collapsed.

Federal regulators and lenders have toughened lending standards in the wake of the crisis, banning products like "liar loans" that did not require applicants to show proof of income. But bubbles, Wachter observes, do not require bizarre loans – they have occurred in countries that did not have the kinds of toxic mortgage products that triggered the U.S. crisis.

The underlying forces that cause real estate bubbles are still with us, she concludes, and because real estate is a huge market, it can bring down the entire economy when things go bad. "I still think that, unfortunately, there is not wide recognition that real estate asset markets are fundamentally different from other asset markets."

Classic Bank Run

Though the recent crisis involved a lot of newfangled products like credit default swaps and synthetic collateralized debt obligations, it was, at its heart, not very different from a classic bank run, Goldstein notes. Instead of long lines of depositors trying to withdraw their savings, this one was manifest in withdrawals from mutual funds, credit freezes and tumbling derivatives values – all arising from a lack of trust, just like the bank runs of the old days. Players suddenly worried they wouldn't get paid money they were owed, so they pulled back.

While the U.S. has had its share of financial and economic troubles since the Depression, a catastrophe on the scale of the Depression-era bank runs had long seemed to be a thing of the past due to safeguards like federal deposit insurance, which guarantees bank savings, Goldstein says. The potential for a bank collapse, therefore, received little attention in recent decades at the same time that investment banks, as opposed to the old-fashioned commercial banks, became larger players.

"A lot of the finance profession basically looked at how to make money in the stock market, at what explains patterns of risk and returns and things like that," Goldstein says. "To a large extent, there was not enough attention paid to the topics of financial fragility and financial crisis. But things were building up under the surface." Gradually, he adds, regulations were relaxed, and the banks were allowed to take on more and more risk, the key to making outsized profits.

The constant pressure to take more risk continues to build so long as nothing goes wrong. The process is prodded along by moral hazard – a term that refers to increased risk-taking — spurred by the belief that someone, such as the government, is standing by with a bailout. Worried about moral hazard, regulators allowed Lehman Brothers to go under five years ago, but were then horrified by the crisis that followed and scrambled for remedies.

Conclusion

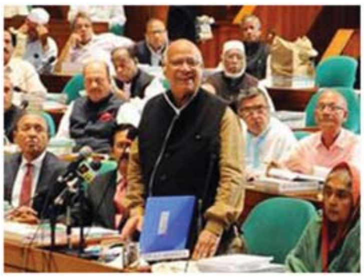
Today, critics say efforts like the Troubled Asset Relief Program, government spending to spur economic growth and Federal Reserve efforts to keep interest rates low were ill conceived, slowing the recovery. Defenders say such measures — even though they were flawed because of the rush to apply them — prevented a second Great Depression.

"We know what the government did, and we know what happened, but we don't know what would have happened if the government had done something different," Goldstein says. "By and large, I think the response was adequate."

But as the big banks grow bigger, it's unclear just what will happen if one bank gets into enough trouble to go under. New regulations require each bank to have a "living will" detailing steps for shutting down in a crisis, but regulators are still likely to fear the consequences of letting a big financial institution collapse, Goldstein notes. That can encourage the banks to take on more risk. Indeed, there have been numerous cases of big banks taking unwise risks in the years since the crisis. Just this week, the "London Whale" trading scandal led to $920 million in fines for JPMorgan Chase. As part of the settlement, the firm admitted wrongdoing, citing "poor internal controls," according to The Wall Street Journal.

"My guess is that the decision to let Lehman Brothers fail probably would not have been taken if people knew what the consequences would be," Goldstein says. "I think one thing we perhaps learned is that there can be very, very severe implications for letting such a huge financial institution fail as they are so interconnected."

JS passes Bank Co (Amend) Bill '13



Parliament passed Sunday a bill, titled the 'Bank Company (Amendment) Bill, 2013', seeking to strengthen the country's banking system by reforming the existing laws, reports UNB.Finance Minister AMA Muhith piloted the bill.The bill was passed by voice vote despite few opposite proposals of the opposition MPs, that were rejected by voice vote too.

The amendment proposes increasing the number of total directors of a bank to 20, including four independent directors, and the term of a director has been fixed at three years and a director could serve for two successive terms.However, a director could serve further after a gap of minimum one term while the same person could not be the director of more than one financial institution at a time.The bill said that the relevant bank authorities will have to take permission from the Bangladesh Securities and Exchange Commission (BSEC) before appointing an independent director.

It also said that after one year of passing the bill two members of a family will not be allowed to appoint as the director of the same bank.

The draft bill also keeps a provision of maximum Tk two million (20 lakh) as fine for investing more than 10 per cent of the paidup capital in the share market by the banking companies.In case of continued violation of this provision, another Tk 50,000 will be fined per day from the second day of breaching.

The aim of the proposed bill is to improve good governance in the banking sector, control the participation of the banks in the capital market and protect the interest of the small investors.Under the proposed bill, a provision has been made to prevent illegal banking in the name of cooperative societies. Besides, under the law, the definition and scope of loan defaulters have been simplified and widened.

Source: The Financial Express, 15th July, 2013

Private banks' capital goes up 7.75pc in six months

Private banks' capital increased by 7.75 percent in the first half this year though their default loans marked a rise during the period due to the recent political unrest and low investments. Their capital stood at Tk 42,592 crore as on June 30, a rise by Tk 3,065 crore from December 31 last year, according to central bank statistics.Among 36 private banks, capital of all but three went up. The surplus capital of the banks was Tk 2,751 crore on June 30.However, their default loans rose by more than Tk 6,000 crore during the January-June period.

After 2015, the banks will have to maintain higher capital as per the Basel-III requirements, Helal Ahmed Chowdhury, managing director of Pubali Bank Ltd.said.At present, they maintain capital at 10 percent of their risk weighted asset in line with Basel-II requirements. Basel-III regime will be the latest version of risk-based capital standards set for banks worldwide.Keeping the future requirements in mind, the banks are increasing capital every year so that they do not face pressure after 2015, the Pubali Bank chief executive said.

As the banks had to raise capital, most of them gave stock dividends instead of cash dividends in 2012, he said.

Source: The Daily Star, August 20, 2013

Installation of new ATM booths affected

Installation of ATM booths in the country has significantly been reduced in the last eight months allegedly due to Bangladesh Bank's (BB) policy tightening the installation process.

The BB issued a circular on November 29 last year tightening the procedure of setting up new ATMs, officials said. Before the circular, the banks didn't need to get permission from the BB to install new ATMs. At that time some banks would set up new ATMs taking permission from their boards, and some banks' boards had in advance delegated authority to a sub-body to select space and set up new ATMs, as a result of which the whole process for ATM installation would take less time than what is needed now under new policy.

According to the BB circular, now the banks first need to hire space for setting up a new ATM booth. Then, they need to get approval from their boards for the space, and finally send to the BB in a prescribed form for its approval. The whole process now takes longer time.

"The BB on the hand is encouraging the banks to increase plastic cards and on the other hand issued conservative rules in this connection, appearing contradiction of the central bank's policy," a high official of a commercial bank told the FE.

When his attention was drawn, BB executive director Dasgupta Asim Kumar told the FE Saturday, "Under the National Payment Switch (NPS) system, all the ATM booths will come under a single platform. As any banks' card holders can use any ATM under NPS, the BB circular was issued to monitor that many ATMs cannot be set up in a single location."

According to the sector insiders, currently, there are approximately 5,000 ATM booths set up by different banks across the country.

Source: The Financial Express, August 18, 2013

Islami Bank leads in automation and modernisation

Since inception in 1983, Islami Bank Bangladesh Limited (IBBL) has been focusing on using information technology to ease banking hassles and offer smooth services to the customers.

Whenever a new technology arrived in the banking arena, the Bank never hesitated to adopt it for making banking simpler and easier than before, says a press release. The Bank has its own-developed Core Banking System, Alternative Delivery Channels and some enterprise resource planning (ERP) systems.

It has the largest online banking network in the country's banking arena having dual connectivity at all of its 276 branches. Its ATM network is extended across the whole country with access to other renowned ATM Networks making the reach even bigger.

The bank has remittance card for beneficiaries of foreign remittance earners, long existing ATM (debit) card for on the spot cash withdrawal, and Electronic Fund Transfer (EFT), SMS Banking, and Internet Banking as alternative channels of delivery and payments.

Islami Bank mCash is already on track with plans to offer an enabling environment for all to become banked and perform small scale banking transactions. It has been specially designed so that any mobile phone and any carrier can be used ensuring maximum reach.

IBBL has recently established its own Contact Center namely Islami Bank Call Centre equipped with most modern call center facilities.

Based on open source technologies and most secure Database Management System, ORACLE interfaced toeIBS is the in-house developed full fledged Core Banking System of IBBL.

IBBL puts emphasis on alternate delivery channels like iBanking and SMS Banking. The Bank offers a range of Internet Banking (iBanking) and SMS Banking Services to its customers.

In compliance with Bangladesh Bank initiative to automate clearing of inter-bank instruments, namely Bangladesh Automated Clearing House (BACH), IBBL developed two separate systems-Bangladesh Automated Cheque Processing System (BACPS) and Bangladesh Electronic Fund Transfer Network (BEFTN).

Respecting the Bank's commitment to Green Banking, steps have been taken to reduce the usage of papers in all working paradigms of the Bank, the press release added.

Source: The Independent, August 14, 2013

NRB Commercial Bank statutory meet held

The statutory meeting of NRB Commercial Bank Limited was held at Gulshan in Dhaka on Monday. Engineer Farasath Ali, Chairman of the bank, presided over the meeting, said a press release.Dr Toufique Rahman Chowdhury, Vice Chairman and sponsor shareholder, Dewan Mujibur Rahman, Managing Director and CEO, and senior executives of the bank attended the meeting.

The statutory report of the bank was presented at the meeting. Sponsor shareholders took part in the discussion.

Source: The Daily Sun, August 14, 2013

NBFIs asked to set annual loan target of minimum Tk 3cr

The Bangladesh Bank (BB) on Monday asked non-bank financial institutions (NBFIs) to sign participant agreements with the central bank to give their clients loans under a Tk 200 crore refinance scheme for green products.

The central bank also asked the NBFIs to set a loan disbursement target of at least Tk 3 crore a year under the refinance scheme.The direction came at a meeting between the BB and the NBFIs at the central bank's headquarters in the capital.

The BB launched the refinance scheme in August 2009 in a bid to attract green and environment-friendly projects like solar home systems, bio-gas plants and industrial effluent treatment plants.

Under the refinance scheme, banks and NBFIs can get loans at five per cent interest from the central bank and can charge a maximum 10 per cent interest on the loans given directly to their customers for the green projects.

The BB official said the NBFIs at Monday's meeting had assured the BB that they would sign participant agreements with the central bank on loan disbursement under the refinance scheme as early as possible.

The NBFIs made a commitment to the BB that they would give at least Tk 3 crore in loans annually for green products.Another BB official said the central bank would show special consideration for the NBFIs which would ensure disbursement of the loans under the scheme in giving permission for opening new branch.The BB will consider the rate of success of the NBFIs in loan disbursement under the scheme when it will make CAMELS rating, he said.

BB deputy governor SK Sur Chowdhury presided over the meeting while high officials of the central bank, and managing directors and chief executive officers of the NBFIs attended.

Source: The New Age, July 30, 2013

SCB opens business dev office at Adamjee EPZ

Standard Chartered Bank (SCB) opened a business development office at Adamjee Export Processing Zone (EPZ) at Shiddirgonj in Narayanganj recently.

Jim McCabe, CEO of Standard Chartered Bank Bangladesh, Abrar Anwar, Managing Director and Head of Origination and Client Coverage of Standard Chartered Bangladesh and AZM Azizur Rahman, General Manager of Adamjee EPZ, inaugurated the office, said a press release.

Standard Chartered bank played a pioneering role in establishing relationship with the EPZ clients by introducing off-shore banking facilities in Dhaka EPZ in 1994.The office will act as banks Wholesale Banking (WB) strategic service representations both to the existing and potential customers.

Source: The Daily Sun, July 29, 2013

INTER-BANK TRANSACTION BB to launch instant settlement system by Jan 2016

The Bangladesh Bank has taken a move to introduce a system for instant settlement of inter-bank transactions by January 2016.

The new "real time gross settlement system"(RTGS) will replace the existing deferred net settlement system as per which the banks settle transactions in 1-2 days, BB officials said.

BB executive director Dasgupta Asim Kumar told New Age on Monday that the central bank would introduce the new system with the financial support from the Asian Development Bank. The ADB will give $1.80 million to set up the hardware and the software required for the new mechanism while the World Bank will provide technical support for the programme, he said.

The settlement in real time means payment transaction does not need any waiting period. The transactions are settled as soon as they are processed.Banks can now transact the high value cheque by 3:00pm in a working day while the regular value cheque by 5:00pm and the electronic fund transfer by 12:00am, the BB official said.

India, Pakistan and Sri Lanka have already introduced the RTGS for providing speedy transaction services to businessmen, he said.

Source: The New Age, 23rd July, 2013

30 years of UCB Financial inclusion, SME to spur further growth

United Commercial Bank Ltd (UCB) made remarkable achievements in its core business segments like deposit, advance and profit in the period ended June 30, 2013 against the corresponding period of the previous year.A first generation private commercial bank, UCB has now 131 branches and will rise to 139 by the end of this year.

UCB's profit jumped to Tk 3.25 billion till June 30, 2013 registering a 40 per cent rise against the corresponding period of the previous year.Similarly, the deposit and advance marked 13 per cent and 10 per cent rises respectively during the same period.The Bank recently completed 30 years of 'genuine banking' aiming to grab a significant portion of unbanked population under the banking channel.

"We are upbeat that our growing contribution in the trade and economy of Bangladesh will be able to broaden the banking network of Bangladesh in near future," Managing Director of UCB Muhammed Ali told the FE in an interview recently.

He said UCB's mobile financial service-Ucash- has already hit the market."We are optimistic that Ucash will make a thriving contribution in our efforts to broaden financial inclusion," the UCB MD said.

Mr. Muhammed Ali said that UCB's main priority is providing quality service to its clients with focus on people, planet and profit.He also greeted the depositors, clients and shareholders of UCB on the occasion of 30th anniversary.

To celebrate 30 years milestone with all stakeholders of bank, UCB awarded gold medals to top export-oriented clients, corporate clients and depositors for their contribution.To mark the great occasion, UCB also took CSR activities like voluntary blood donation and financial donation.

The Managing Director of UCB inaugurated the voluntary blood & financial donation programme. Blood was donated to Sandhani, the national blood bank and financial donation was given to CRP, a non-government organization.

Source: The Financial Express, July 21, 2013

REFINANCE SCHEME Loans at 8pc interest for small-scale investors proposed

A five-member committee formed by the finance ministry has suggested setting the interest rate for the loans under the government's refinance scheme for the small-scale investors affected by the stock market crash at 8 per cent, BSEC (Bangladesh Securities & Exchange Commission) officials said.

Earlier, a finance ministry guideline proposed 10 per cent interest for the loans the small-scale investors will take from the merchant banks and brokerage houses under the scheme.The committee also proposed that the name of the fund would be 'Capital market affected small investors assistance fund' and the fund would be of three-year tenure to be expired in December 2016.

According to the draft guideline, the BB will charge 4 per cent interest for the refinance fund, while the ICB will disburse the fund at 6 per cent interest rate to the merchant banks and brokerage houses and the affected small-scale investors will get the fund at 8 per cent interest from them.

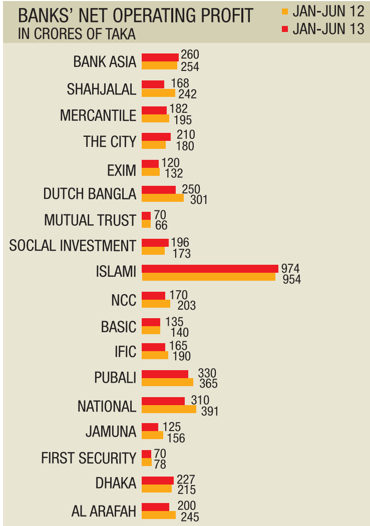
The affected small-scale investors will get the loans through the merchant banks and brokerages houses concerned.The investors have to pay back the loans within three years in a three-month instalment basis, the draft guideline said.

Merchant banks and brokerage houses will apply for the refinance scheme loans to the loan approval committee to be formed by the ICB.The merchant banks concerned have to provide sufficient documents with the application within the cut-off date to be set by the loan approval committee.The merchant banks and brokerage houses will provide corporate guarantee against the loans for the security of the fund.

The finance ministry on the same day released Tk 300 crore, the first phase of a Tk 900-crore refinance, in favour of the Bangladesh Bank.The ministry will release the rest Tk 600 crore by December this year.

Source: The New Age, 21st July, 2013

Banks' profits fall



Private banks saw a fall in their operating profit in the first six months this year due to an increase in default loans, sluggish import and political unrest.

Of the 30 private banks except the new ones, 14 marked a decline in operating profit, while four witnessed a slight rise, according to provisional data. The data of the rest was not immediately available.

A Bangladesh Bank official said political unrest, coupled with countrywide shutdowns and violence, has negatively impacted banking business in the first half of the year.

The private sector credit growth was 12.7 percent in April, down from 16.6 percent in December last year, according to BB data. Imports in the July-April period fell by 5.63 percent compared to the same period a year ago.

Non-performing loans, resulting in higher provisioning, and tight provisioning rules are the main reasons behind the decline both in their operating and net profit, bankers said.The impact of loan defaults, which shot up last year following a series of banking scams, continued this year too, the bankers said.

According to BB statistics, classified loans were 11.90 percent compared to total outstanding loans in March this year, which was 10.03 percent in December last year.

Source: The Daily Star, 2nd June 2013

Barclays cuts ties with exchange houses of 10 Bangladeshi banks

Barclays cuts ties with exchange houses of 10 Bangladeshi banks. Barclays, a British bank, has recently decided to discontinue services with the exchange houses of 10 Bangladeshi commercial banks on grounds that they do not match its new eligibility criteria.Barclays has decided to close business with 250 exchange houses across the world, including 10 in Bangladesh.

Local bankers said the move would affect their business, particularly that of sending remittances. But the banks' nostro accounts, used to facilitate settlement of foreign exchange and trade transactions, with Barclays will not be hampered.

Barclays had initially set July 10 as the date for terminating business ties with the exchange houses. The deadline was later extended by a month to give the banks time to make arrangements with alternative banks.

With more than 300 years of history and expertise in banking, Barclays operates in more than 50 countries and employs 140,000 people. The bank is engaged in personal banking, credit cards, corporate and investment banking and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia.

Source: The Daily Star, 17th July, 2013

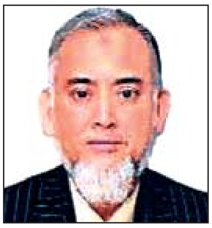
Md. Zakir Hussain promoted to DMD of MTB

Md. Zakir Hussain of Mutual Trust Bank Limited (MTB) has been promoted to the rank of Deputy Managing Director with the bank, with effect from August 1, 2013. Prior to this promotion, he was the Senior Executive Vice President (SEVP) and Head of Credit Risk Management Division. He joined MTB on March 31, 2008 and since then has made considerable contributions to the bank. Prior to joining MTB, he had served in National Bank Ltd. for three years as Head of Credit.

With over 35 years of banking experience, Zakir commenced his banking career with Janata Bank Ltd. as a Probationary Officer in 1977, and played important roles in different capacities there including branches, Human Resource Department and International Trade. He revised the working procedure manuals of General Banking and Advance in Janata Bank. His last role was as Deputy General Manager & Head of Credit. He also served as Head of Credit in NCC Bank Ltd. for two years. A Master of Arts from Rajshahi University, Mr. Hussain completed Post Graduate Diploma in Bank Management (PGDBM) and attained Diploma Associates of Institute of Bankers, Bangladesh (DAIBB) degree. He has attended various trainings and workshops both at home and abroad. Zakir also delivers lectures at various training institutes and academies on diverse topics related to banking for bank professionals.

Source: MTB press release, 13th August, 2013

Quddus joins NRB Global Bank as MD



Md Abdul Quddus has joined NRB Global Bank Limited as Managing Director (MD).

Prior to his new position, he was Deputy Managing Director (DMD) of First Security Islami Bank Limited.

After completing graduation in Economics from the Chittagong University, Quddus started his banking career with Rupali Bank Limited as probationary officer in 1977.

Source: The Daily Sun, 14th August, 2013

New AMD of UCB

Mr. A. E. has joined United Commercial Bank Limited (UCB) as the Additional Managing Director. Prior to joining UCB, he was the Managing Director of National Finance Limited.

Mr. Muhaimen is a senior banking professional with over 27 years of multi-functional experience with six banks in Asia, Australia and the Middle East. He earlier worked as CEO & Managing Director of Brac Bank, Bangladesh where he expanded the profitable SME, retail and wholesale business, earned market leadership in SME, remittance and retail deposits. It eventually led the bank to win prestigious financial express & IFC award for 'The Most Sustainable Bank in Asia' in 2010.

Source: The Financial Express, 25th July, 2013

IIDFC reappoints Managing Director

Md Asaduzzaman Khan has recently been reappointed as managing director of IIDFC, the non-bank financial institution said in a statement yesterday.

A career central banker, Khan joined IIDFC after taking voluntary retirement as executive director of Bangladesh Bank in 2008, according to the statement.

He is an MA in economics from Dhaka University and an MA in banking and finance from the University of Wales, UK.

He was appointed as administrator of the then Oriental Bank Ltd (now ICB Islamic Bank Ltd) in July 2008. He was also the managing director of the security printing press of the central bank at Gazipur.

He is also a director of ICB Capital Management Ltd, a member-cum-director of IIDFC Securities Ltd and a former director of the Dhaka Stock Exchange.

Source: The Daily Star, 24th July, 2013

Habibur Rahman made MD of Al-Arafah Bank

Eminent banker Md. Habibur Rahman has been made Managing Director of Al-Arafah Islami Bank Limited on Monday. Earlier he was the Deputy Managing Director of Islami Bank Bangladesh Limited, said a press release.

Habibur Rahman started his banking career through joining Sonali Bank in 1978 as probationary officer.He served the largest state owned bank in the rank of senior officer at its different branches and industrial credit division of head office with much efficiency and reputation.

Source: The Daily Sun, 2nd July, 2013

Haikal new IFIC Bank DMD

MM Haikal Hashmi joined IFIC Bank as its deputy managing director and chief risk officer on Monday, said a press release.

Prior to joining IFIC Bank, Haikal was the DMD and chief risk officer of Trust Bank. He started his career as a probationary officer of IFIC Bank in 1986.

He has also worked for Dhaka Bank, Mashreq Bank, American Express Bank, Standard Chartered Bank, ANZ Grindlays Bank and Banque Indosuez at home and abroad.

Source: The New Age, 3rd July, 2013

National Bank gets new AMD

AKM Shafiqur Rahman was promoted to Additional Managing Director of National Bank Limited recently.

Prior to his promotion he was Deputy Managing Director of the bank since November 2010, said a press release.

Shafiqur Rahman started his banking career as probationary officer in Bangladesh Krishi Bank in the year 1974. He joined the National Bank Ltd. in 1988 and hold important positions under various capacities.

He is an MA with Honours in Economics. He completed a Certificate Course on 'Programme on Investment Appraisal and Management' from HIID, Harvard University, USA in 1999.

He is widely traveled man and attended different seminars, symposiums in India, Japan and Thailand.He was born in Naria under Shariatpur district. He is a proud father of a son and daughter.

Source: The Daily Sun, 9th July, 2013

New director of Rupali Bank

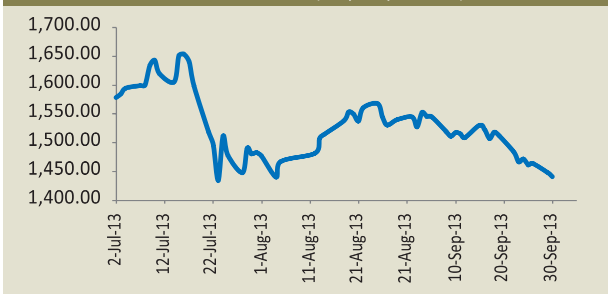
Mr Abu Sufian, Chief Editor of Weekly Chattala, published from Chittagong has been appointed a director of Rupali Bank Limited vide a circular of the Banking Division of the Ministry of Finance issued on July 8 under a presidential order.

Mr Sufian, also former president of Chittagong Press Club will serve the board of directors of the bank for a period of 3 years, said a press release.

Source: The Financial Express, 17th July, 2013

DHAKA STOCK EXCHANGE (DSE)

Quarterly Indices Trends : DSEX Index
Quarter 03, 2013 (July-Sept 2013)



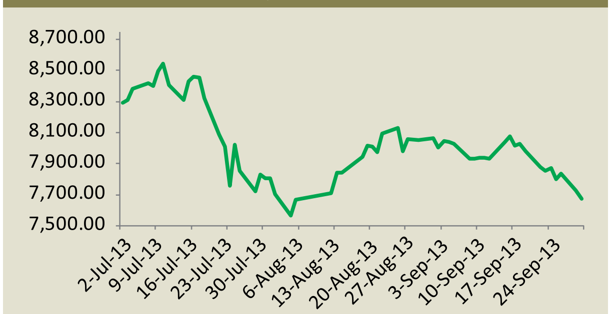
In the 3rd Quarter of 2013 Dhaka Bourser showed a bumping journey and ended on September 30 as bearish.

According to **DSEX Index**, the market started bullish and on July 10, 2013, the index has reached its pick of this quarter. While during July 16 to July 23, the index fell continuously, the biggest fall of the qurter took place on first week of August, to 3833.53. During the month of August the index was bullish to fall again during the month of September.

Quarterly Indices Trends : DSE 30 Index
Quarter 03, 2013 (July-Sept 2013)

According to **DSE 30** Index, the market has behaved almost same as the DSEX index. The quarter started with a rising trend and got into a pick of the quarter on July 2nd week and then started to fall untill it reached the lowest during the quarter on July 23. The fall was sharp and continuous, which took place within a week, the market's DSE 30 index fell from 1654.22 to 1435.07, which is a fall by 13%. During the month of August the index was bullish to fall again during the month of September, just like the DSEX Index.

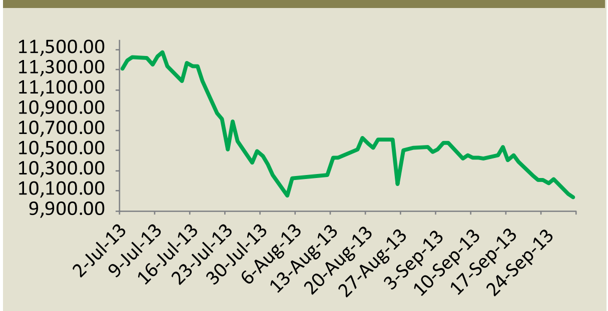
Quarter 03, 2013: CSCX Index



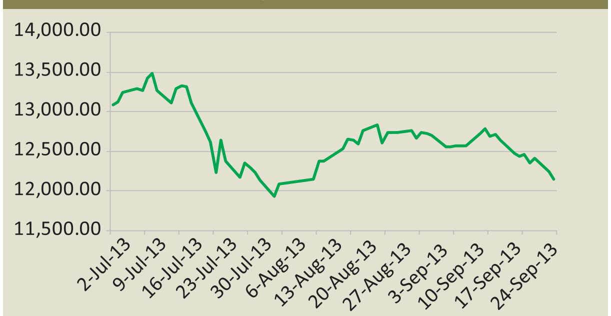
Comparative to the 2nd Quarter, the 3rd Quarter CSE bourse started bullish run for a period of one week or more and the next one week it happened to be bearinsh and fell to the lowest of this quarter. With a mild rising trend in August, it again started to fall from beginning of September and around end of the Quarter, the CSE bours fell almost to the lowest level of the quarter that took place back in first week of August. This trend refers to both CSCX & CSE 30 Indices.

This is also notable that, during the quarter, both the indices of CSE have similar pattern of bearish and bullish that followed patterns of DSE indices.

Quarter 03, 2013: CSE 30 Index



Quarter 03, 2013: CASPI Index



The ongoing depression in the financial sector also has affected the market performance of the bank stocks. Half-yearly profits of most of the listed banks witnessed downtrend allegedly due to political uncertainty hurting private sector credit growth. Moreover, banks had to meet higher provisioning requirements under a new strict method. Meanwhile, as most of the listed banks declared poor dividend last year, investors switched from banking stocks to other sectors. Share prices of most of the listed banks reflected the poor performance as market prices of the majority of listed banks have declined to below their Net Asset Value (NAV) per share. The banking industry that traditionally used to occupy the largest share in stock-exchange turnover has lost its shine in recent times as investors are losing interest. Among the 30 listed banks, share prices of only five banks- Brac Bank, Dutch-Bangla Bank, Islami Bank, Pubali Bank and ICB Islami Bank are trading above their NAV because of their previously disclosed satisfactory earnings for the year 2012.

Citi gets Euromoney award

Euromoney has awarded Citi as the Best Bank and the Best Investment Bank in Asia for 2013.

This is the first time a bank has been awarded the top two regional awards from the leading industry magazine.

Citi Asia has operations in 17 markets across the region and is Asia's largest wealth manager with over US$210bn AUMs with leading retail and institutional businesses. Citi Asia is the largest region for the bank's revenues and profits outside North America contributing over a quarter of global profit. In the most recently reported numbers, Citi Asia Pacific revenues for the second quarter were up 7% to US$4bn and income before tax was up 28% year on year to $1.7 billion.

"This is excellent recognition for the team in Asia for their passion and commitment, day in day out, supporting our clients. We are delighted to make history as Euromoney's first double winner for best Bank and best Investment Bank in Asia. I would like to extend our grateful thanks to our clients for their trust and support.

Source: The Financial Express, July 29, 2013

EBL, Dragonair sign deal

Eastern Bank Ltd and Cathay Pacific Dragonair in Bangladesh signed an agreement in Dhaka recently on customer services.

Under the agreement, Priority Customers of EBL will enjoy up to 9 percent discount on top of usual agency commission on airfare and 10 kg additional baggage allowance while flying with Cathay Pacific Dragonair, said a press release.

Ali Reza Iftekhar, Managing Director and CEO of Eastern Bank Ltd and Nick Hays, General Manager of Cathay Pacific Dragonair, Bangladesh signed the agreement on behalf of their respective organisations, said a press release.

With the arrangement, tickets can be purchased from any travel agent in Bangladesh or directory from Airline's office.

Source: The Daily Sun, 21st July, 2013

NCCB signs deal with Trans-East Remittance

NCC Bank Ltd signed an agreement with Trans-Fast Remittance LLC, USA at NCC Bank's head office in Dhaka recently.

Under this agreement, Bangladeshi expatriates can easily and quickly remit their money at home using Trans-Fast Remittance through NCC Bank, TMSS and Ansar-VDP Unnayan Bank network from 90 countries around the world, said a press release.

Source: The Financial Express, July 21, 2013

Dhaka Regency inks deal with StanChart

Dhaka Regency Hotel and Resort, a magnificent new-generation business class hotel recently signed a corporate agreement with Standard Chartered Bank.

Head of Sales and Marketing of Dhaka Regency, Anwar Hossain MIH, and Head of Cards, Consumer Banking division of Standard Chartered Bank, Tawfique Imam, signed the agreement on behalf of their respective organizations, said a press release on Monday.

Source: The Daily Sun, July 2, 2013

Southeast Bank launches green award

The first meeting of "Southeast Bank-Financial Express-Policy Research Institute Green Award Trust" was held at the corporate head office of Southeast Bank Limited at Dilkusha in Dhaka on Sunday.

Dr. Mohammed Farashuddin, Chairman of the Trust and President of the Board of Trustees of East West University and former Bangladesh Bank governor presided over the meeting, said a press release.

This Green Award introduced by Southeast Bank in collaboration with Financial Express and Policy Research Institute, will be given to SME, Corporate and Women Entrepreneurs for environment-friendly business operations as well as to organizations, institutions, and individuals for creating community awareness for promoting sustainable development.

Source: The Daily Sun, July 2, 2013

Stan Chart launches 'Goal' in Bangladesh

Standard Chartered Bank, Bangladesh has partnered with BRAC and Women Win to launch Goal in Bangladesh.

Md. Ashraf Hossain, Director General, Department of Women Affairs launched Goal in Bangladesh as chief guest, while Jim McCabe, Chief Executive Officer, Standard Chartered Bank Bangladesh was present, said a press release.

Rashida Parveen, Senior Programme Manager, Education Programme, BRAC and Bitopi Das Chowdhury, Head of Corporate Affairs, Standard Chartered Bank, Bangladesh, was also present.

Goal is a unique community programme that aims to empower young women for personal and economic development using sports and education as vehicles for change. The Goal curriculum is based upon four training modules focusing on financial literacy and livelihood under module 'Be Money Savvy'; communication skills under 'Be Yourself'; health and hygiene under 'Be Healthy'; and confidence and life skills under 'Be Empowered'.

BANKING INDUSTRY EVENTS & AGREEMENTS

In Bangladesh, Goal will target adolescent girls living in eight upazilas of three districts of Bangladesh. These districts are Sylhet, Bogra and Narayangonj.

Speaking at the ceremony, Jim McCabe said, "Standard Chartered's sustainability strategy has elements that are aligned to the aims of several Millennium Development Goals (MDGs).

Goal is Standard Chartered Bank's response to MDG focusing on promoting gender equality and empowering women. Bangladesh is moving forward in terms of women empowerment with a lot of women contributing significantly to the RMG sector.

Dr. Safiqul Islam, Director, Education Programme, BRAC said, "We trust Goal will empower adolescents girls to participate meaningfully in decisions that affect their lives and to become active agents of social change".

Source: The Daily Sun, July 9, 2013

4th HSBC Export Excellence Awards launched

The Hongkong and Shanghai Banking Corporation (HSBC) Limited has launched "HSBC Export Excellence Awards" for the fourth time this year aiming to promote excellence of Bangladeshi export and recognise contribution of the exporters.

The 4th HSBC Export Excellence Awards was formally opened at a press conference at a city hotel Tuesday. The bank recognises five Bangladeshi exporters as "Exporter of the Year" in the same number of categories each year for their contribution to sustainable growth of Bangladesh through export.

The award is open for all exporters of Bangladesh. They can participate in the programme by filling in a simple nomination form available at the website: www.hsbc.com.bd/eea. They can also nominate other exporters for any categories of the programme.

The press conference was addressed by Andrew Tilke, Chief Executive Officer (CEO) of HSBC Bangladesh, Md Mahbub-ur-Rahman, Head of Corporate Banking of HSBC Bangladesh and Talukdar Noman Anwar, Country Head of Communications of HSBC Bangladesh.

"With our exporters' relentless efforts in exploring overseas markets and reaching new destinations, Bangladesh is becoming a strong name in the global trade. HSBC Export Excellence Awards is our humble way of recognising their contribution in making a strong presence across the globe, Mr Rahman said.

Source: The Daily Star, July 10, 2013

Agrani Bank inks deal with SPS

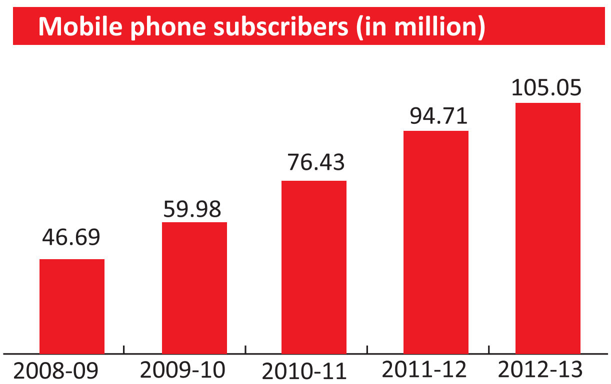
The state-owned Agani Bank Limited signed an agreement with Social Progress Services (SPS) for distributing saplings of oil palm, orange, strawberry, litchi and neem free of cost to the farmers across the country.

Mobarak Hossain, General Manager of Agrani Bank Limited and Abdul Mannan Bhashani, Executive Director of SPS signed the agreement on behalf of their respective organisations at the board room of the bank in Dhaka Tuesday

Source: The Daily Sun, 17th July, 2013

NATIONAL NEWS TELECOM INDUSTRY

Telecom witnesses faster growth in FY13



The sector registered about 53% of growth in 2012-13 as compared to the previous fiscal year's 7.35 million

The country's cell phone sector has come back on growth as it added 11.26 million new SIM connections in the last fiscal.

The sector registered about 53% of growth in 2012-13 as compared to the previous fiscal year's 7.35 million, Bangladesh Telecommunication Regulatory Commission (BTRC) reported yesterday. The new subscribers grew by 17.45 million in 2010-11 and 13.29 million in 2009-10.

The market leader, Grameenphone, captured the highest number of subscribers (4.67 million) during the period of July 2012 to June 2013. Third largest operator, Robi, added 3.69 million subscribers, leaving behind Banglalink, the second leading operator, with 1.59 million new subscribers on their account.Airtel and Teletalk could add 1.09 million and 550,000 new subscribers while the country's oldest operator lost 316,000 subscribers during the period.After June 2013, total active subscribers stand at around 105 million, adding over two million in the last month of the fiscal.

During the last six months, the sector added 2.56 million internet users – 95% from mobile phone users. After June, the internet users stand at around 33 million, according to the BTRC report.

Source: The Dhaka Tribune, 29th July, 2013

Mobile health service reaches 100,000 subscribers across Bangladesh

A global partnership of donors that aims at providing mobile phone aided health service this month reached 100,000 subscribers across Bangladesh under a program called Aponjon.

Aponjon, the first-ever nationwide maternal and child health mobile messaging service in Asia, is an initiative of the Mobile Alliance for Maternal Action (MAMA), a public-private partnership between United States Agency for International Development (USAID), Johnson & Johnson, the mHealth Alliance, the United Nations Foundation, and BabyCenter.

Aponjon delivers stage-based essential health messages to expectant and new mothers and their families across Bangladesh via mobile phones.USAID is the primary founder of the Aponjon service while D.Net, a Bangladeshi non-profit social enterprise, is the lead implementer of the service, working in close collaboration with dozens of local and international public and private sector partners.

"This month Aponjon reached another milestone when it registered its 100,000th subscriber in Bangladesh," said USAID in a statement on Monday.It said the Bangladeshi government has endorsed the service and actively promotes the registration of new subscribers through Ministry of Health community health workers and through non- governmental organizations.

According to USAID statement, Aponjon messages are designed to dispel common misconceptions, inform expecting and new mothers of potential health dangers and warning signs, help them find local healthcare services and explain the advantages of family planning.

Source: Xinhuanet, 30th July, 2013

3G in Bangladesh

One of the hottest topics of 2013 is the introduction of 3G technology in Bangladesh.

Four private mobile-phone operators (GrameenPhone, Banglalink, Robi and Airtel) have secured spectrum in an auction to introduce third generation (3G) mobile services in Bangladesh. Only Citycell has not opted in the bid.

Grameenphone, Banglalink, Robi and Airtel were the private bidders for as many licences after the BTRC had put 50 MHz. State-owned Teletalk had been providing the services on an experimental basis. A total of 25 MHz was sold at $21 million each at the auction held at Dhaka's Hotel Ruposhi Bangla in presence of Posts and Telecommunications Minister Sahara Khatun and Bangladesh Telecommunication Regulatory Commission (BTRC) officials. The bids made the government's kitty richer by $525 million (Tk 40.81 billion approximately).

BTRC Chairman Sunil Kanti Bose said the sale of 25 MHz was important. He said a decision on three unsold blocks, each of 5 MHz, would come later. BTRC boss Bose said licences will be issued within 10 days after the operators deposited their money.

Asked when Grameenphone would be able to introduce the services to its 44.6 million customers, its Chief Executive Officer Vivek Sood skirted a direct answer. "We are happy to get the spectrum to launch 3G. Grameenphone will bring the 3G services to it valued customers at the fastest possible time, ensuring the high quality," he said.

Banglalink's CEO Ziad Shatara also hoped to introduce the service 'soon'. "This is truly a memorable day for Bangladesh," he said adding they would go for the next stage with the 3G licence. Asked if the operator will provide quality services to its 27.3 million customers with a 5 MHz spectrum block, Shatara said the spectrum had been bought considering the number of their customers. "We reiterate our commitment to deliver to our customers the next generation of technologies and value propositions." At a post-bidding media briefing, Bose doubted if Banglalink would be able to provide 'quality service' with the 5 MHz spectrum but added its officials would be in the best position to make comment.

Airtel, in a media statement, said they were determined to provide world-class 3G services in Bangladesh. "We would like to thank the BTRC for conducting a fair and transparent auction. We are committed to the deploying a world class 3G network in the country. "It will be our endeavor to delight customers with best in class 3G services backed by rich content from our global portfolio," the statement said.

Mobile operator Robi also echoed Airtel. "Our bid was based on an exhaustive process that included a detailed study of the business case for the 5MHz spectrum, learning from similar experience amongst Axiata OpCos such as Idea and consultation with the Group," a statement from the company said. "Robi management is confident that very soon we will be able to provide our customers with a 3G experience that fully meets their expectations," it said.

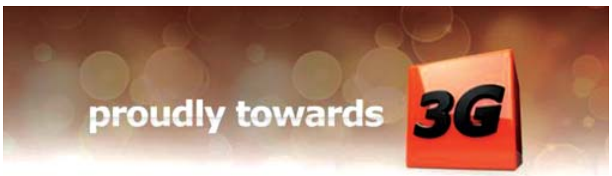
The four mobile operators deposited bid earnest money of $20 million each on Aug 29 to ensure their participation in the auction. As per the 3G policy, the licences will be valid for 15 years.

Bangladesh's first and only Code division multiple access (CDMA) operator Citycell dropped out of the bidding as they failed to submit their earnest money due to 'financial crisis'. They currently operates a nationwide third-generation CDMA2000 network which is similar to 3G technology. Nonetheless, the operator requested the regulator, BTRC, to allocate 5 megahertz spectrum after the auction so that it can offer 3G services when it manages the money, BTRC chairman Bose said.

Although Teletalk has already started providing the 3G services, the sole state-run mobile operator will have to pay USD 210 million to secure 10 MHz spectrum.

Indian telecom giants TATA and Reliance have shown their interest to get licenses for 3G operations in Bangladesh. Two other operators, Qubee and Banglalion, currently offer 4G Wimax data services in Bangladesh.

The 3G technology will make mobile telephony much more efficient, with high-speed data transfer facilitating users to watch mobile TV, make video calls, using navigation equipment and access many other services. However, as compared to 2G, 3G requires more battery power thus it would drain cell phone batteries much faster.



MTB NEWS & EVENTS

MTB OPENS ITS 157TH ATM AT ANNEXCO TOWER, FULBARIA, DHAKA

157th MTB 24/7 ATM inaugurated by:

Al-Haj Abdus Satter Dhali
Chairman, Annexco International Ltd. &

Al Haj Md. Akter Hossain
Managing Director
Waseq Textile Mills Ltd.

Date: 28/07/2013
Venue: Annexco Tower, Fulbaria, Dhaka - 1000

HALF YEARLY BUSINESS CONFERENCE 2013 OTHER MTB BRANCHES

Dhaka Division Branches

Date: 20/07/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208

MTB Other Branches

Date: 16/07/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208

ISSUE MANAGEMENT AGREEMENT BETWEEN DATA EDGE LTD. & MTB CAPITAL LTD.

Issue Management Agreement Signed by:

Md. Asifuzzaman
Managing Director, Data Edge Ltd. &
Khairul Bashar Abu Taher Mohammed
CEO, MTB Capital Ltd.

Mr. Alauddin A. Majid, Chairman, Bangladesh Krishi Bank & Chairman, Data Edge Ltd.;
Anis A. Khan, Vice-Chairman, MTB Capital Ltd. and couple of Directors of both the Companies were present.

Date: 23/09/2013
Venue: MTB Centre, 26 Gulshan Avenue, Dhaka - 1212

"THE 7 HABITS OF HIGHLY EFFECTIVE PEOPLE" A SIGNATURE PROGRAM

A training session was conducted for officers of different branches of MTB for enhancing individual's as well as MTB's culture, in the name of "The 7 Habits of Highly Effective People- Signature Program".

Date: 22/07/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208

1ST MTB RETAIL BANKING & NRB CONFERENCES HELD

Date: 14/09/2013
Venue: Hotel Ambrosia, Chittagong

Date: 09/09/2013
Venue: Gulshan Club, Dhaka

MMT 2013 INDUCTION CEREMONY HELD

MTB Management Trainee 2013 (MMT 2013) batch has joined MTB. An Induction Ceremony was held on the occasion.

Date: 01/09/2013
Venue: MTB Sky Dining, MTB Centre, 26 Gulshan, Avenue, Dhaka – 1212

FOUNDATION COURSES FOR MTB MANAGEMENT TRAINEE (MMT) 2013

Course on Law and Practice of Banking

Training on Business Etiquette & Communicative English

Different essential training sessions are in process for MTB Management Trainee 2013 (MMT 2013) batch.

Date: 22/09/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208

Date: 23/09/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208

E-LEARNING PRODUCT PROMOTION TO MTB BY CORE KNOWLEDGE LTD.

Core Knowledge Limited, a sister concern of Rahimafrooz Ltd. Arranged a Promotion Session on e-learning solutions to support workforce development. The e-learning solution, called online learning tools (OLT), provides courseware in the area of business, technology, desktop and banking.

Members of senior Management is seen to explore the product Online Learning Tools (OLT).

Date: 24/08/2013
Venue: MTBTI, MTB Square, Tejgaon, Dhaka 1208


Banking at your fingertips
Now with Mobile Recharge
grameenphone
Citycell
banglalink
রবি
TeleTalk
আমাদের ফোন
airtel
Prepaid Postpaid
available in any | mobile | tablet | computer with internet connection
Utility bill payment
Chequebook request
Credit card services
Fund transfer
Account statement
MTB internet banking
Fund transfer
Chequebook request
Utility bill payment
Credit card services
Account statement
Mobile recharge
MTB internet banking
For details call MTB Contact Centre at 16219 or +880 96040 16219
মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us
www.mutualtrustbank.com
www.facebook.com/Mutual.Trust.Bank

HSBC 'number one' social media bank

HSBC is the most effective and engaged bank on social networking channels, according to a research by IMGroup analysed the activity of the UK's ten biggest lenders on Twitter, Facebook, LinkedIn and Google+.

The study found HSBC replies to an average of 68 tweets a day, with a typical turnaround time of only 30 minutes. Using a point-based scoring system, it emerged on top with 27 out of 40, followed by Barclays on 22.

This puts it significantly ahead of the industry average of six and a half hours and demonstrates the benefits associated with a proactive approach.

John Brookmyre, head of capital markets at IMGroup, said: "Social media is an obvious platform for companies to engage with their customers and gain valuable insights from a customer's social data."Part of the reason for HSBC's success is that it set up a dedicated social media team last year that is tasked with engaging with its workforce online.

Source: http://www.bobsguide.com, September 30, 2013

Fed Borrows $58 Billion in Test of Rate-Control Tool

Banks and other financial companies lent the Federal Reserve Bank of New York $58 billion in cash Monday in exchange for low-risk securities, in the latest test of an overnight program that the Fed hopes will improve its control over short-term interest rates.

The New York Fed on Friday doubled the size of the transaction that a given firm can engage in, raising it to $1 billion. Both the number of bidders and average bid size increased on Monday.The New York Fed has stressed the reverse repo tests have no implications for monetary policy, which remains aggressively easy after the Fed decided in late September to press forward with its bond-buying stimulus effort. The New York Fed declined to comment Monday.

The central bank announced the launch of the fixed-rate overnight reverse repo facility on Sept. 20. It is part of the Fed's exploration of strategies to manage liquidity in the future when it shifts to a more restrictive monetary policy. The reverse repo facility takes in cash in exchange for lending securities from the Fed's vast holdings of bonds.

In a speech Sept. 23, New York Fed President William Dudley said the main goal of the reverse repos is to increase the Fed's control over short-term interest rates and put a floor under which short-term rates are unlikely to fall. A report released Monday by the New York Fed said reverse repo transactions may be particularly well suited to this mission because they are more able to address "daily liquidity shocks."

Source: Wall Street Journal, Sep 30, 2013

Money funds need new regulations: John Waggoner

Earlier this month, all 12 presidents of the Federal Reserve Bank recommended sweeping changes to the money fund industry. In response, the $14 trillion mutual fund industry disagrees. At issue: whether money market mutual funds need additional regulations to prevent another 2008-style meltdown. Though, need for a government intervention is clear in this statement: "The collapse of the Reserve Primary Fund on Sept. 16, 2008, not only prompted one of the largest bailouts in history, but also would have made a dire situation far worse without government intervention."

Like a bank account

A money fund invests in short-term, high-quality debt issued by the government, banks and highly credit-worthy corporations. Unlike other mutual funds, money funds keep their share prices at $1 every day, giving them the feel of a bank account, although they are not guaranteed by the government.

Reserve had $785 million of short-term IOUs from Lehman Bros. – which, at 4 p.m. on Sept. 16, the fund's board declared worthless. Because the fund's Lehman holdings weren't secret, large accounts had been fleeing the fund for the previous two days, shrinking its assets 60 percent, to $23 billion.

Money funds had run into similar problems before, but typically, the funds had a sponsor with deep pockets to buy the questionable securities from its portfolio. Reserve Primary didn't; instead, it let its share price fall below $1, to 97 cents. The fund also suspended redemptions.

It was the first money fund to let its share price fall below $1 – "breaking the buck," in mutual fund parlance – in 14 years, and the first large money fund available to the general public to do so. Within a week of Reserve Fund's collapse, investors yanked $172 billion from money market funds, prompting the Treasury to temporarily guarantee all money funds on Sept. 19.. When Reserve fell apart, so did the market for short-term corporate financing, particularly commercial paper – interest-bearing IOUs issued by highly credit-worthy corporations.

Corporations, like people, sometimes have uneven cash flows. A company may, for example, expect a $2 million payment to roll in on Friday, but be $500,000 short for a debt coming due on Monday. One option: Issue $500,000 in commercial paper. And many financial companies use short-term commercial paper to fund their longer-term loans.Companies typically roll over their commercial paper when it matures. After the Reserve collapse, however, demand for commercial paper dried up. Money funds were suffering redemptions, and many decided that, in light of the Lehman paper, that they were better off with government-guaranteed investments, such as Treasury bills.

Commercial paper outstanding shrunk by 15 percent a month after the Reserve fund's collapse, to $1.43 billion, according to a paper written by Kacperczyk and Philipp Schnabl (Stern School of Business). Financial commercial paper – the type used by investment banks and finance companies to fund their operations – plunged 30 percent in the wake of the Reserve collapse, in large part because money funds aggressively reduced their holdings.

The collapse of the commercial paper market meant that financial companies had less to lend, making the downturn all the more dramatic. In addition, companies that relied on commercial paper then had to turn to other sources of funding, such as bank lines of credit, which were also shrinking at an alarming rate.

Federal intervention

It was this collapse that prompted the Treasury to take the extraordinary step of guaranteeing money fund shares, and for the Federal Reserve to follow with a series of programs designed to buy commercial paper – something the Fed had never done before. "Banks that rely on overnight lending would have had no money to borrow, and would have disappeared overnight," Kacperczyk said.

The fund's failure led to a series of money fund reforms designed to make funds safer and less prone to runs. The rules mandated that funds upgrade average holdings, and make more mature sooner, in case they were hit by a wave of redemptions.

New proposals would eliminate the convention of keeping funds at $1 per share or allow exit fees and other restrictions on redemptions. The fund industry, by and large, dislikes current SEC proposals, which were put out for public comment in June.

The fund industry seems to think that eliminating the constant $1 share price would destroy the industry. The industry has done an admirable job of bailing out troubled money funds – which, incidentally, happened 78 times from 2007 through 2011, according to a study by the Federal Reserve.

As an investor, a floating share price could mean that your fund's share price could vary by a cent or two in times of stress. That's far better than collapsing the commercial paper market and endangering the economy.

Source: Asbury Park Press (www.app.com), Sep 24, 2013

Boston Fed president criticises proposed money market reforms

The president of the Federal Reserve Bank of Boston launched a broadside against proposed changes to the $2.6tn money market mutual fund industry, saying they risk making the financial system less safe. Eric Rosengren's comments underscore deep divisions between regulators over one of the unfinished post-crisis reforms, designed to prevent runs of the kind that occurred after Lehman Brothers collapsed in 2008.

Proposals by the Securities and Exchange Commission "might be worse than the status quo", Mr Rosengren said."We haven't in any way resolved the kind of problems that occurred in the crisis. The credit risk is still there for the prime money market funds . . . I really don't view this as a reform at all."

Investors treat money market funds as akin to bank accounts, since they maintain a fixed value of $1 per share even while the value of their underlying assets fluctuates around that.Losses on Lehman Brothers debt caused the oldest fund, the Reserve Primary, to "break the buck", meaning it could not return all its investors' money. The result was a panic by institutional investors and a run that was only halted when the federal government guaranteed all money market funds.

The SEC put forward compromise proposals in June that would introduce sweeping changes to some money market funds, but exempt those that cater to retail investors or which invest mainly in super-safe government debt.The proposal has two options, either a floating net asset value (NAV) or a system to limit investor withdrawals in times of market stress. The regulator is considering giving individual funds a choice of which measure to introduce.

Mr Rosengren and the other 11 regional governors of the Fed wrote a letter to the SEC this month criticising the proposed rules and arguing that the agency should focus on imposing a floating NAV on the widest possible range of funds.

Mr Rosengren's criticisms focused on the SEC's proposed "liquidity fee", which would require a money market mutual fund to impose a fee of not more than 2 per cent on redemptions if the fund's weekly liquid assets fall below a certain level, and a new ability to impose "temporary gates" against redemptions.Mr Rosengren was speaking at a conference held by the Federal Reserve Bank of New York on "stable funding" in the financial system.

During the conference, which was held under Chatham House rules with the exception of Mr Rosengren's remarks, speakers acknowledged that some critical weaknesses in the financial system remain unresolved more than five years since the start of the crisis.In his speech, Mr Rosengren noted that "many of the structural weaknesses that lie beneath these 'run' episodes have yet to be fully addressed by market participants and policy makers".

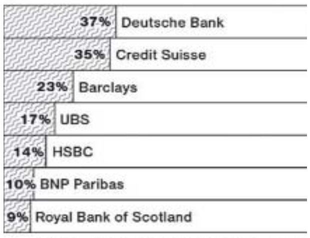
Source: www.ft.com, September 27, 2013

The Fed Wants More Protection Against Losses at Foreign Banks' U.S. Units

The world's biggest banks paint on a vast canvas. Many operate with a single, global balance sheet, raising money where it's cheapest and investing it where it earns the highest return. So in certain countries, banks can have more liabilities than assets. Regulators allow them a free hand on the assumption that if one of their national operations runs into trouble, the home office will quickly route it all the funds it needs.

Daniel Tarullo doesn't think that's such a good idea. And as the point person for regulation on the Federal Reserve's Board of Governors, he has sway in saying no. Tarullo is part of a wave of national regulators who are "ring-fencing" national banking operations—insisting that they have a thick cushion of capital locally. The Fed doesn't want to have to beg other central banks for help if a foreign bank in the U.S. suffers a funding crisis. Goodbye, globalization. Hello, Balkanization.

Share of Banks' Assets Held in the U.S.



GRAPHIC BY BLOOMBERG BUSINESSWEEK; DATA: MORGAN STANLEY, END OF 2012. BARCLAYS: 1H12

In December the Fed proposed a rule, shaped by Tarullo, that would require the U.S. units of foreign commercial and investment banks to have assets on their books well in excess of their borrowings as a buffer against losses. They can still lend and invest abroad. But the value of all the subsidiaries' assets, whether inside or outside the U.S., has to be greater than their liabilities such as bonds, repo borrowings, or bank deposits they've taken in.

STORY: What's $920 Million to a Whale of a Bank?

Although the U.S. wasn't the first country to propose ring-fencing, the move stirred opposition because the U.S. is a vital market for global banks and, traditionally, a defender of the free flow of money across borders. Michel Barnier, the member of the European Commission who oversees financial services, wrote to Fed Chairman Ben Bernanke earlier this year that the plan could trigger an international backlash and "fragmentation of global banking markets." What seemed to bother him most was that the Fed didn't trust its foreign counterparts. "Trust among regulators," he wrote, is "essential."

The Fed, which is reviewing public comments on the plan, has given no sign it's backing down. "I'm a bit bemused by complaints that somehow we are doing something that is a break with what's been done before," Tarullo said in a question-and-answer session after a speech in May at the Peterson Institute for International Economics.

Tarullo, 60, is no friend of big banks. Born and raised in Boston, he says that the late Democratic Senator Edward Kennedy was "my first real political mentor." He's a former professor at Georgetown University Law Center who held several posts in the Clinton administration and has a wonk's passion for international financial regulation. In a book published in September 2008, he criticized Basel II, the international accord that let banks use their own risk models to decide how much capital they needed. The financial crisis and its aftermath only heightened his concerns.

STORY: Will Dodd-Frank Ever Be Finished?

In November, Tarullo gave a speech at Yale that presaged the Fed's proposal on capital requirements for foreign banks the following month. "The likelihood that some home-country governments of significant international firms will backstop their banks' foreign operations in a crisis appears to have diminished," Tarullo said. He noted that foreign bank branches had become increasingly reliant on short-term funding (which is riskier, because it can be pulled away abruptly) and had become a conduit for money to leave the U.S. rather than enter it.

Foreign banks and regulators argue that the Fed plan would make it hard for multinational banks to operate globally. In a Wall Street Journal op-ed last spring, Sally Miller, chief executive officer of the Institute of International Bankers, which represents foreign banks operating in the U.S., called it "a glaring violation of long-standing principles of equal national treatment."

Economists on the staff of the Federal Reserve have documented what looks like genuine harm to the U.S. economy from a 2011 episode in which foreign banks operating in the U.S. were temporarily starved of cash. The Fed economists found that in the spring of 2011, investors began to fret that a Greek default would damage European banks that had lent to Greece. Money-market mutual funds that had lent to the European banks by buying certificates of deposit were forced to cut back their loans because their own customers were withdrawing deposits.

Source: BloombergBusinessweek, September 19, 2013

Rajan effect: Rupee stabilises despite US Fed tapering fear

Reserve Bank of India governor Raghuram Rajan's steps to attract foreign exchange reserves seems to be paying off.

The rupee was stable at 63.39 to a dollar despite the US Federal Reserve meet scheduled later on Wednesday due to dollar flows from banks raising overseas funds and money flowing in through FCNR deposits where the banks were offered special benefits for contracting these deposits.

In a slew of measures announced by Rajan on September 4, banks were allowed to raise overseas funds up to 100 per cent of their core capital, which can be swapped with RBI at concessional rate.

The jitters over tapering of quantitative easing by the US Fed has also died down with the markets expecting only a $10-$15 billion cut in the massive $85 billion a month bond purchase programme. While the US Fed meeting continues to play on the mind of the markets, there is a relief globally that Lawrence Summers, perceived to be a hawk, was forced to withdraw his candidature for the post of Fed chairman and Janette Yellen, a candidate who is known to be more dovish and pro-growth, is tipped to be the next Fed chairperson.

Devendra Kumar Pant chief economist and head-public finance at India Ratings & Research, said in a report, "Notwithstanding the likelihood of the US Fed reversing the quantitative easing programme, we expect the rupee to appreciate to 59-61 to a dollar by FY14-end. The expectation is based on RBI's recent policy measures, resumption of capital inflows, passage of economic reform bills, lower current account deficit in FY14 and pick-up of economic growth momentum from the third quarter of FY14."

Markets are more or less prepared for a tapering. The consensus is that the tapering will not be more than $10 billion to $15 billion and the markets will be able to absorb it.

NS Venkatesh, head of treasury, IDBI Bank, said, "Markets are a bit volatile not knowing what to expect from the Fed meeting, but there is a consensus that the tapering of the bond purchase programme will not be more than $10 billion to $15 billion, so the impact on the markets may only be benign."

Yields on government bonds also softened following the stability in the domestic currency market and easing of concerns over the quantum of tapering to be announced by the Fed. The benchmark 10-year bond maturing in 2023 closed the day at Rs 92.06 implying a yield of 8.37 per cent. The 91-day T-bill auction worth Rs 7,000 crore held on Wednesday was fully subscribed.

Source: www.mydigitalfc.com, Sep 18 2013

7 new bank licences coming, says FM

The suspense over the number of new banking licences to be issued by the Reserve Bank of India (RBI) has ended. Finance Minister P Chidambaram said in Bangalore on Saturday that the RBI would shortly issue seven licences. The announcement comes a day after RBI Governor Raghuram Rajan announced the names of the three members who will assist former governor Bimal Jalan in the external committee to vet the applications shortlisted by the central bank. The Jalan panel will propose the final slate to the RBI central board.

Addressing a function at the State Bank of Mysore, Chidambaram said the new banks should not try to become clones of existing banks. "We don't want the seven of them to look like each other with different mastheads. We want each one of them to cater to the needs of a special group of customers. You will have competition, efficiency and progress only if people attempt different things and do things differently," he added.Though the finance minister didn't elaborate, the RBI had earlier talked about differentiated licensing on the lines of the US and Singapore.

Differentiated licensing could enable specialists such as infrastructure lenders or gold loan companies to do niche lending and get a regulatory treatment different to what it is for existing banks. The RBI had in August this year suggested that after years of a single-track approach to bank licensing, it could consider different types of licensing. "With the broadening and deepening of the financial sector, some banks may choose to operate in niche areas. This has certain obvious advantages in terms of managing business and also risk management. Some countries have a differentiated bank licensing regime where differentiated licences are issued specifically outlining the activities that the licensed entity can undertake," an RBI paper had said.

While Singapore has five different kinds of licences, Hong Kong has a three-tier structure. As many as 26 firms, including top corporate houses such as Tata Sons, L&T, Reliance Group, Aditya Birla Nuvo, Bajaj, Shriram and Religare have sought banking licences. Among public sector units, India Post and IFCI have submitted applications. Microfinance institutions such as Bandhan Financial and Janalakshmi Financial, too, have expressed interest.

Meanwhile, commenting on infusing more capital into public sector banks than what was announced in Budget 2013-14, the minister said the government was waiting for banks to come up with specific plans. "Banks will be encouraged to lend more in certain sectors at lower rates to boost demand. Let each bank come up with what it can do. Then we can aggregate the demand and calculate what additional capital they require, and they will be provided that," he added.

Source: www.Business-Standard.com

The curious case of rising bank loans

LOAN GROWTH (%YoY)

	June	July	August
To Industry	14.1	15.9	17.3
To Services sector	12.1	13.3	18.4
To Retail trade	28.3	29.4	32.6
To Commercial real estate	15.4	15.6	17.4
To Non-banking finance companies	1.9	5.4	18.0
For Consumer durables	21.0	33.8	34.6
For Housing	17.0	18.4	19.0
Against fixed deposits	20.6	17.2	19.8
For Vehicles	24.2	23.4	23.0
Other personal loans	8.7	13.3	15.4

The economy is slowing, but lending by banks, usually an indicator of economic activity, seems to be picking up. Data put out by the RBI show that total (non-food) bank credit expanded 17 per cent year-on-year in August, accelerating from 13-14 per cent in the preceding months this year.

Breaking down this data into individual segments throws up quite a few surprises. The commercial real estate sector, believed to be in doldrums, saw credit growth of 17.4 per cent in August while home loans surged 19 per cent. The services sector saw credit expansion of 18.4 per cent. Vehicle loans grew 23 per cent.

WHAT EXPLAINS THIS?

First, if the corporate sector is wary of new investments, why is it using up so much more credit? According to bankers, companies are borrowing more, not to fund new projects but to finance working capital requirements. After RBI's short-term rate hikes in July, companies have taken to borrowing more from banks rather than the bond market. "Adverse money market conditions after the liquidity tightening measures have prompted companies to extend their line of credit with banks," says Sunil Pant, Chief General Manager, SBI.

Within the services segment, non-banking finance companies (NBFCs) rely a lot on bank credit. Loans to NBFCs shot up 18 per cent in August from 5 per cent in the previous months. Oil marketing companies have also been knocking at the banks' doors.

"Oil marketing companies have borrowed in rupees from banks, to swap them for dollars at RBI's special swap window. This has also led to a spike in credit growth for the entire system," explains Abheek Barua, Chief Economist, HDFC Bank.

All this explains why companies have been taking more loans, but what about individuals? Home loan companies say the 19 per cent growth in housing loans is due to first-time buyers, who don't time their purchases to interest rate or economic cycles."The home loan segment is driven by first-time home buyers. Tier-II and Tier-III cities are seeing higher growth," says Pant.

RETAIL LOANS GROW

Though the Index of Industrial Production shows shrinking consumer durable sales, credit to this segment grew 34 per cent in July and August. Players say the sudden spurt in loans shows that buyers are reducing cash purchases and depending more on credit.

Vehicle loans expanded 23 per cent in August, while automakers have seen only a 4 per cent growth in sales. Here, too, players explain that buyers are now using more credit than cash to purchase vehicles. Others say that banks have grabbed a chunk of this market."Vehicle purchases are made either fully on cash basis or financed by credit from the manufacturer or NBFCs or banks. With interest rates on the rise, banks have been able to offer better rates than NBFCs. Banks have also been able disburse loans quickly. Hence, there has been a shift in favour of banks which has led to higher growth," says SBI's Pant.

But others believe that this cannot be the sole reason. "The shift from NBFCs to banks has been happening for quite a while now, and it does not explain such a sharp increase in loans. We feel there is an anomaly in the numbers and there may be some downward revision," says HDFC Bank's Barua.

Overall, bankers warn that it may be best to not read too much into the August numbers but wait for sustained trends.

Source: www.TheHinduBusinessLine.com

ICICI Bank Launches Facebook Banking App Pockets

ICICI Bank has launched Pockets app on Facebook that allows ICICI customers to carry banking transactions on the social media site. ICICI customers can head over to Facebook.com/icicibank and click on Pockets By ICICI tab to access the service.

Pockets by ICICI Bank features:

- Split & Share that allows customers to split and track expenses and share them with friends on Facebook. It also allows one to send reminder on pending payments. This is a very interesting feature as it's usually cumbersome to keep a track of expenses when you're out with friends.

- The app also allows one to make a payment to friend, recharge prepaid mobile, book movie tickets. Another interesting feature is one does not need to know bank account details of their friends to make a transfer, users can create a coupon which can be redeemed by their friends.

- One can also carry out non-financial transactions such as accessing a mini statement of savings bank account, getting demat holding statements, open fixed or recurring deposit, order a cheque book, stop a cheque payment, upgrade debit card, among others.

ICICI Bank says customers can register for the service by granting requisite permissions and providing their ICICI Bank Debit Card and PIN number. Once done, the application will be added to user's profile under the section Apps. While registering one also needs to select a new four digit PIN, which can be used for subsequent logins.

Lately, ICICI Bank has been taking advantage of technology and social media to reach out to its tech savvy customers. Last year, the company had launched Your Bank Facebook app that allowed users to view their savings account details and statement on Facebook, and also order a cheque book and upgrade debit card.

In August 2012, it launched 25 self service e-branches across 18 cities including in metro and tier II cities for enabling 24*7 banking transactions. Essentially these are banking terminals, which will do away with full service staff and provide customers with facilities such as cheque deposit machines, cash deposit machines with instant credit, and 24-hour video conferencing with ICICI Bank customer care personnel. It had launched tablet based account opening, bank on move, and virtual lockers.

In August 2013, ICICI Bank had partnered with Vodafone to launch M-Pesa, their mobile money transfer and payments initiative, in Delhi, Mumbai and UP (east).

Source: http://www.medianama.com, September 22, 2013

RBI now against 0% EMIs for consumer goods,

Planning to buy a phone or a television during the upcoming festive season? Don't bet on paying off the bill in interest-free instalments. These schemes are being withdrawn as the Reserve Bank has frowned on the practice of banks tempting consumers to make big-ticket purchases by offering to break up credit card payments into EMIs.

RBI feels consumers have been fooled by zero per cent or discounted interest rate schemes into believing that bank funding comes for free, and wants them stopped. Consumer durable manufacturers offer the zero per cent facility mostly on high-value products such as smartphones, LED TVs and premium home appliances.

"Such schemes only serve the purpose of (luring) and exploiting vulnerable customers," the central bank said in a confidential note to banks on September 17. "These were found to be impinging on customer protection, accounting integrity and thereby the fair market practices which banks should epitomise."

The move by the central bank has panicked companies and retailers ahead of the festive season as nearly 20-30% sales depend on EMI schemes. They're worried that consumers will refrain from indulging in Diwali shopping sprees, especially after the surprise interest rate increase by RBI on Friday heightened concerns over home and auto loans becoming costlier. Looming over all of this is the growth slump that has got prospective buyers spooked anyway.

What may have prompted RBI to examine the finer details of such schemes is the 34% jump in bank loans for buying consumer durables between July 2012 and July 2013 compared with a 12% rise in the year-ago period.RBI said the interest component in a zero per cent scheme is often camouflaged and passed on to consumers in the form of a processing fee. The concept of zero per cent interest is non-existent and fair practice demands that the processing charges and rate of interest charged should be kept uniform across products and segments, it said.

The central bank has also barred banks from charging discriminatory interest rates on loans for all product categories that don't attract the zero per cent facility. It wants to stop the current practice where financing takes place on the maximum retail price of the product and not the market price, and wants banks to pass on benefits they get from retailers and brands to consumers. When it comes to non-zero per cent schemes, retailers said banks charge consumers 4-7% interest, depending on the product value and tenor. That's much below the base rate, supposedly the minimum lending rate. "This vitiates the transparency in pricing mechanism, which is very important to take (an) informed decision," RBI said.

"It is the responsibility of the banks, who are/ may be using their good offices to get the better bargain, to make the customers fully aware of these benefits and also pass on the benefits to them fully and indiscriminately. More importantly, this has to be done without tampering with the applicable rate of interest of the product," the note said.

Still, zero per cent schemes could make a comeback, just not in time for Diwali. It will take at least two months for banks to revive the plan since they have to make amendments to such offers in their own system as well as at the brand and retailer end, said the CEO of a leading multi-brand consumer electronics retail chain.

Meanwhile, RBI has also asked banks to terminate their relationships with merchants and retailers who charge an extra fee on debit card payments as this isn't allowed under bilateral agreements between banks and retail outlets.

Source: http://articles.economictimes.indiatimes.com, September 24, 2013

RBI governor Raghuram Rajan receives Deutsche Bank Prize

Reserve Bank of India governor Raghuram G Rajan has been awarded the fifth Deutsche Bank Prize for Financial Economics

2013, in recognition of his ground-breaking research work which influenced financial and macro-economic policies around the world.

The academic prize is sponsored by the Deutsche Bank Donation Fund and carries an endowment of euro 50,000. The Centre for Financial Studies (CFS) awards the prize bi-annually in partnership with Goethe University Frankfurt.

Presenting the prize to Rajan, Deutsche Bank co-chairman Juergen Fitschen on Thursday said that it would have been hard to find a more deserving winner for this year's award.Rajan's career "is not only marked by path-breaking, empirically-based research, but he never shied away from the real world of complex policy issues and special interests. He never shied away from speaking inconvenient truths," Fitschen said.He noted that Rajan had in 2005 warned about the dangers of building up "unsustainable imbalances in the financial system," three years ahead of global financial crisis.

"Prof. Rajan's work revealed that the relationship between the financial sector and the rest of the economy is so complex that it is not good enough to simply look at the size of the financial sector in relation to the gross domestic product (GDP), as is done so often at present," Fitschen said.He had also "warned us about the dangers of using or rather misusing" financial regulations and financial systems for purposes other than their original objectives, for example, for safeguarding stability or fostering growth, the Deutsche Bank co-CEO said.

Rajan was picked up for the prize from more than 260 nominations from top universities, central banks and research centres in 37 countries. More than half of the nominations came from the US.

Source: http://timesofindia.indiatimes.com, September 27, 2013

Philippines central bank in broad Islamic finance push

Being a non-Muslim country, the Philippines' central bank is pushing several initiatives to develop the sector and encourage financial inclusion of the Muslim minority.

"There is renewed interest in this and the key drivers are the peace initiative in Mindanao as well as broad initiative of the BSP to create a more inclusive financial system," Nestor Espenilla, deputy governor of the Bangko Sentral ng Pilipinas (BSP) told Reuters. "That is the arching principle.""We have a significant Muslim population and they are economically active and if you want to create an inclusive financial system then you should also have financial products that are geared to that particular customer base."

Espenilla said the central bank has asked congress to have its charter amended, a move that would allow it to provide Shariah-compliant instruments to Islamic banks, in particular interbank lending products.Islamic finance follows religious principles such as a ban on interest and gambling, making interest-based transactions a major problem for Islamic banks operating outside of the core industry hubs in the Middle East and Southeast Asia.

The BSP hopes an Islamic banking law can also help attract more market participants as there is only one Islamic bank, Al Amanah, which has struggled financially and is being privatised by the Development Bank of the Philippines (DBP).The BSP has setup a working group that is now drafting the proposed law which would then be presented to congress, Espenilla said, without giving a time frame.The BSP has sought support from industry bodies such as the Malaysia-based Islamic Financial Services Board (IFSB), of which the central bank is an associate member.

The IFSB and ADB also plan to hold a two-day Islamic finance conference in Manila in November.

Source: http://www.gulf-times.com, September 27, 2013

Azerbaijani bank launches Europe's first Islamic credit card

International Bank of Azerbaijan (IBA) is the first European bank to present the Qibla card, which corresponds to the rules of Islamic banking.During the presentation of the card on Wednesday, IBA Islamic Banking Department head Behnam Gurbanzade said the card will be released into circulation in the near future. The cost of the card is 40 manats, said a statement posted on the bank's website.

"This debit card was issued in conjunction with MasterCard Platinum. It is made in an unusual design and is equipped with an electronic compass indicating the direction of Mecca. "Qibla in Islam is the direction facing the Kaaba in Mecca, to which Muslims turn during the prayers and carry out a number of rituals," it said. "Qibla (orientation) is essential in the construction of mosques and other places of worship in many religions, as well as in the daily lives of Muslims, and serves as a symbol of the unity of all Muslims.

"Qibla card will be issued as a debit card, but can also be used with a limit of debt, issued by the bank. Prolongation of the limit term is discussed with the card holder at the end of the debt payment period. The debt paid by the holder is paid into card's balance statement and the debt limit restored.

"IBA started rendering Islamic banking services in 2003, becoming the first in the country's banking market. The bank has been rendering services in this sphere at the expense of resources attracted from the Islamic Development Bank group."Last year a consortium of Salans, KPMG, Pinsent Masons and Dar al Shari'ah companies was assisting IBA in the creation of a specialised structure for rendering products and services of Islamic banking.

"The International Bank of Azerbaijan was founded in January 1992 and is the largest in the country. The bank's main shareholder is the Azerbaijani government which owns a 50.2 per cent share with a 49.8 per cent of share owned by private individuals and legal entities."

Source: http://www.cpifinancial.net, September 29, 2013

Bank of the quarter: JP Morgan

The US bank will climb from fifth to first place in ECM rankings and rise from seventh to second in the M&A bookrunner tables versus the second quarter based on preliminary figures.It has occupied the number three slot in debt capital markets in both quarters.

Vis Raghavan, head of banking for Emea at JP Morgan, said issuers are prepared to engage with the markets.He said: "Global CEOs have been waiting for this moment. The UK and US economies are picking up, so companies coming to market have to have a strong growth story and a solid track record behind them. We have to be cautious but clearly there is a change in sentiment."

The firm has been front and centre of many of the quarter's key deals, including the Verizon $61 billion bridge and bond financing

and as sole strategy adviser to UK Financial Investments on the disposal of government stakes in Lloyds Banking Group. JP Morgan was also a joint bookrunner on the deal.The firm is also active in southern Europe, where it worked on July's €550 million capital increase by Alpha Bank, the largest equity transaction in Greece since January 2011.

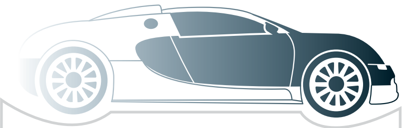
Over the first half of the year, JP Morgan was ranked number one for investment banking by analytics firm Coalition in its index of top-performing investment banks. It was also top in fixed income: equities; and origination and advisory.

Raghavan said that a key to the firm's success is the integration of different functions across the corporate and investment bank.He said: "Combining our investment banking, corporate banking and treasury services activities under one umbrella means we've been better able to service our clients' operational and flow business needs such as cash management, clearing, custody, trade finance, working capital and FX."We're covering clients from the board, CEO, CFO and treasurer down to finance and operations in a really connected way across the world."

Source: http://www.efinancialnews.com, September 30, 2013

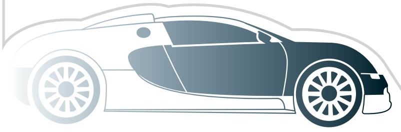
TOYOTA: What you Get in 2014

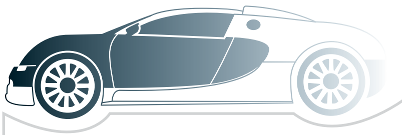
Toyota's Everycar, Straining to Get Noticed



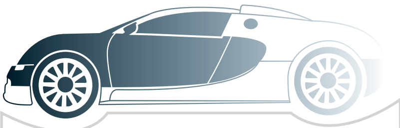
The 2014 Toyota Corolla LE. The Corolla's new shape shows Toyota is trying, but not quite succeeding, in keeping up with the compact-car style leaders. Compared with an Elantra, for instance, the Corolla looks choppy and unconnected, as if each section were styled separately and not quite blended together. The wheels seem lost in the wheel wells.

2014 Corolla LE Eco. The Corolla's chassis has been stretched 3.9 inches between the front and rear wheels, creating a more spacious interior with a claimed 5.1 inches of added rear-seat legroom.



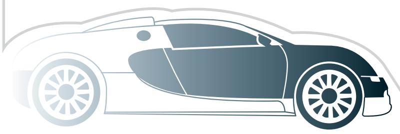


While the interior of the last-generation Corolla was dominated by compound curves of cheap-looking plastic, the 2014 version is more rectilinear, with an infusion of softer-touch materials — either fabric or leatherlike vinyl — and visible stitching. The higher-grade surfaces are a step up, but the design still needs work. At left, the Corolla L.



2014 Corolla LE. The longer wheelbase, shorter overhangs, more rigid body and more tactile electric power steering have gone a long way toward making the more mundane Corollas legitimately sweet-handling cars.

Still, the base-model L's 4-speed automatic is an anachronism even in this price-sensitive class.



2014 Corolla LE. The longer wheelbase, shorter overhangs, more rigid body and more tactile electric power steering have gone a long way toward making the more mundane Corollas legitimately sweet-handling cars.

Still, the base-model L's 4-speed automatic is an anachronism even in this price-sensitive class.

The S gets the same 132-horsepower power plant as the base L and midlevel LE, while the new LE Eco (pictured) gets a slightly stronger 140-horse engine with Valvematic, which increases highway mileage by leaving the throttle wider open, limiting power with reduced intake-valve opening so the engine breathes more freely.

With 15-inch steel wheels and plastic wheel covers, the LE Eco (pictured) is rated 30 miles per gallon in town and 42 on the highway. But in an odd instance of paying more to get less, upgrading to LE Eco Plus trim, with its 16-inch "aerodynamically designed alloy wheels," actually reduces the highway rating to 40 m.p.g.

The Corolla S, with its stiffer suspension, 17-inch wheels and CVTi-S tranmission, feels like an odd mix of a racetrack-tuned chassis and economy-car engine. The S with the CVTi-S achieves 29/37 m.p.g.; the stick shift is rated 28 in town.

Base prices range from $17,610 for the bare-bones L with a 6-speed manual transmission to $19,810 for the stiffer, flashier S with the CVTi-S (pictured). To get an S with a stick shift, you must upgrade to S Plus trim, for $22,110.

Credit: Toyota Motor Sales

The 2013 paddy season is well advanced, as the main crops have been already garnered along and south of the equator,while in the major producing countries, mostly located in the northern hemisphere, these are at the reproductive or, insome cases, ripening stage. FAO's forecast for global paddy production in 2013 has been set at 746.4 million tonnes(497.6 million tonnes, milled basis), roughly 300 000 tonnes less than anticipated in April. The downward revisionmainly concerns Indonesia, but output figures for Cambodia, China (Mainland), the European Union, Madagascar and theUnited States were also slashed. On the other hand, prospects for 2013 crops in the Islamic Republic of Iran, Peru,Thailand and Viet Nam improved. At 746.4 million tonnes, global paddy output in 2013 would stand 1.4 percent, or 10.2million tonnes, above a revised 2012 figure. Much of the expected growth would stem from favourable weatherconditions, which has fostered a recovery of plantings. Yet, subdued prospects for prices and rising costs are dampeningthe sector's expansion.

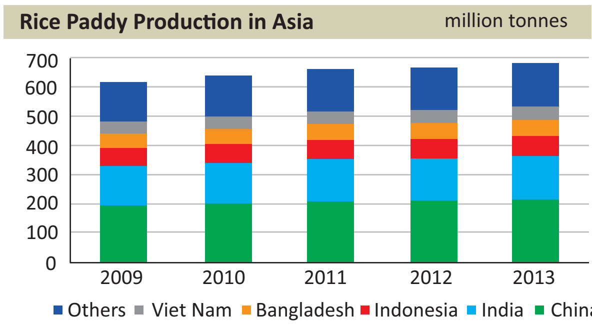
Early and abundant monsoon rains have boosted prospects for main crops in Asia, which may produce 677.9 (452.0million tonnes, milled basis), up 1.5 percent from a revised 2012 outcome. Provided weather conditions hold, Indiatogether with China (Mainland) are forecast to lead the region's growth, but virtually all countries in the region areheading towards larger crops, with particularly sizable gains foreseen in Bangladesh, Myanmar, Pakistan, the Philippinesand Thailand. In Indonesia, the increase is likely to fall short of the target, reflecting excessive rainfall and a rise in theprice of subsidized fuel. In Africa, the sector is expected to yield 27.2 million tonnes (17.8 million tonnes, milled basis), 2percent above the 2012 outturn, but some 500 000 tonnes less than last foreseen. West African countries along with Egyptwould drive much of the growth, but a strong recovery is also anticipated in East Africa. These contrast with projectedfalls in Southern Africa, especially in Madagascar, where prospects have been marred by widespread locust outbreaks. InLatin America and the Caribbean, production may witness a 2 percent rebound to 27.9 million tonnes, too modest for acomplete recovery, as more attractive prices are fostering a shift to other crops. The forecast remains subject to muchuncertainty, given predictions of an active to very active Atlantic hurricane season, which may impact crops in CentralAmerica and the Caribbean. A recovery in Brazil is forecast to contribute most to the region increase, although theDominican Republic, Ecuador, Guyana and Paraguay are also expected to witness sizeable gains. The outlook is lessfavourable in Argentina, Colombia and Peru, where little to no production growth is expected, while output may fall inBolivia, Chile, Uruguay and Venezuela. In the other regions, production is seen to contract in the EU and the UnitedStates, where adverse weather conditions and low price prospects prompted a cut in plantings, while it may rise in theRussian Federation and Australia.

FAO's forecast of world trade in rice in calendar 2013 has been upgraded by 200 000 tonnes to 37.5 million tonnes(milled basis) on expectations of larger imports by China (Mainland) and Nepal and, on the export side, on largerexpected deliveries by India, China (Mainland) and Myanmar. Put together, these changes more than compensated forlower export forecasts for Brazil, Thailand, the United States and Viet Nam. At 37.5 million tonnes, the 2013 forecastwould imply a 2.5 percent, or 1 million tonne contraction in the volume of rice traded internationally, resulting fromweaker African import demand, amid prospects for good crops and stepped up protection. Countries in Asia too areexpected to cut their rice purchases, whereas deliveries to countries in Latin America and the Caribbean, North Americaand Europe may increase. On the supply side, falling exports by India are behind much of the anticipated worldcontraction, but shipments from Argentina, Brazil, the Russian Federation and Uruguay are also likely to be cut. Bycontrast, Australia, Cambodia, China (Mainland), Egypt, Paraguay, Pakistan, and the United States all look set to exportmore, while consignments by both Thailand and Viet Nam remain little changed relative to levels registered in 2012.

International rice prices have been stable in recent months, with the FAO All Rice Price Index (2002-04=100) steadysince April 2013 around 241 points. This apparent stability masked diverging price trends across the various ricesegments and sources. Pressured by weak demand, Indica rice quotations fell steadily, with the High and Low qualityIndica Indices each shedding 2 percentage points to 223 and 237 points, respectively, between May and July. Thiscontrasted with a firming of Japonica prices, which were sustained by strong demand from Far East countries and theretreat of Egypt from exports. Meanwhile, the Aromatica Index tended to stabilise around the high values reached inMarch 2013, supported by rising Basmati quotations. The tendency for prices to fall has been particularly pronounced inThailand, where uncertainties over the paddy pledging programme compounded the downward pressure exerted by aweak external demand and a depreciating Baht.

Rice in Bangladesh

In Bangladesh, harvesting activities of the Auscrop, the smallest of three crops cultivated eachyear, are ongoing, while the second mostimportant Aman crop is being planted.Production in the country remains tentativelyforecast at 51.2 million tonnes (34.1 milliontonnes, milled basis), up 1 percent from thesomewhat depressed outturn of 2012. Thefavourable outlook rests on expectations thatthe area cut incurred in 2012 amid negativeprice prospects and rising production costs willbe recovered. Public support to the sector inBangladesh has primarily taken the form offertilizer price controls and input subsidies,extended to small and medium holders throughan agricultural input assistance card since 2010.As part of its 2013/2014 budgetary allocations, the Government has set aside Taka 90 billion (USD1.2 billion) to fund agricultural subsidies, down 25 percent from allocations under a revised2012/2013 budget.2 Officials expect that agricultural growth over the coming year will continue to beunderpinned by greater cultivation of high yielding varieties, a stable supply of power for irrigation,as well as greater credit, research and extension services. Initiatives to assist producers coverirrigation costs and expand storage capacity are also set to remain in place.



Source: FAORice Market Monitor, July 2013

MTB FAMILY NEWS

CONGRATULATIONS!

"Twinkle twinkle tiny light, little eyes that shine so bright
Babies from heaven to MTB Family came down with pride".

Md. Rahat Sikder
Date of Birth: Sep 20, 2013
Son of Mr. S.M. Abul Bashar
JO, MTB Progati Sarani Branch, Dhaka

Sriza Indro Protha
Date of Birth: Oct 01, 2013
Daughter of Mr.Phallad Kumer Indro
Junior Officer, MTB Noria Branch

Mohammad Rafan Hassan
Date of Birth: Sep 25, 2013
Son of Shamim Ara Kanta
AO, MTB Principal Branch

Date of Birth: Sep 15, 2013
Son of Mr. Md. Asaduzzaman
Officer, MITS Dhaka Centre, MTB

Aiyan Zaman
Date of Birth: Sep 16, 2013
Son of Mr. Mohammad Asaduzzaman
JO, MTB Chawk Moghaltuli Branch

Tasfia Islam & Tasnia Islam
Date of Birth: Sep 11, 2013
Daughter of Mr.Saiful Islam
AO, MTB Belkuchi SME/ Agri Branch

Ayan
Date of Birth: Sep 10, 2013
Son of Mr. S. M. Jahidul Islam
Assistant Officer, MID Division, MTB

Imam Mehedi
Date of Birth: Sep 03, 2013
Son of Mr. Muhammad Sayoduzzaman
JO, MTB Hasnabad SME/ Agri Branch

Namirah Nujhath Srishti
Date of Birth: Sep 02, 2013
Daughter of Md. Khaled Shah Newouj
AO, MTB Dhorkora Bazar Branch

Anika Sharmila
Date of Birth: Sep 01, 2013
Daughter of Md Almahmud
AO, MTB Tongi Branch

Swasti
Date of Birth: Aug 25, 2013
Daughter of Laizoo Akhter
Assistant Officer, Card Division

Muntaha Hasan Masabeeh
Date of Birth: Aug 22, 2013
Daughter of Farjana Boby
Assistant Officer, NRB Division, MTB

Abrar Rafid
Date of Birth: Aug 03, 2013
Son of Md. Rowshan Alam Sharif
Senior Officer, MTB Banani Branch

MTB FAMILY NEWS

Academic Achievements:

Mr. Abu Naser Chowdhury

Officer, Group MID
has successfully completed Banking Diploma, Part- 2 (DAIBB) which took place in June 2013.

Mr. Muhammed Naymot Hossain,

Junior Officer, Group MID
has successfully completed Banking Diploma, Part- 2 (DAIBB) which took place in June 2013.

Md. Abdur Rouf

Junior Officer, MTB Kushtia Branch has successfully completed the Banking Diploma Part-1 (JAIBB) in June 2013.

Sharmina Jahan

Officer, SME Banking Division has successfully completed Banking Diploma Part-1 (JAIBB) in June 2013.

Mr. Sheikh Mohammad Arfan Ullah

AO, MTB Dagonbhuiyan Branch has successfully completed Banking Diploma Part-1 (JAIBB) in June 2013.

Mr. Md. Zahirul Alam, JAVP, SME-CRM Department has been awarded for his outstanding contribution to organizing establishment of Kazi Nazrul University and International Nazrul Research Centre, Trishal, Mymensingh founded in 2001.

The awarded was handed over by Prof. Dr. Muhid-Ul-Alam, VC, Kazi Nazrul University held on Sept. 14 2013 at Shawkat Osman Auditorium, Central Public Library, Shahbagh, Dhaka.

Let us Congratulate all who have achieved Academic Achievements and let us hope this type of endeavors of our beloved colleague will be continuing in the days to come.

@ 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

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.

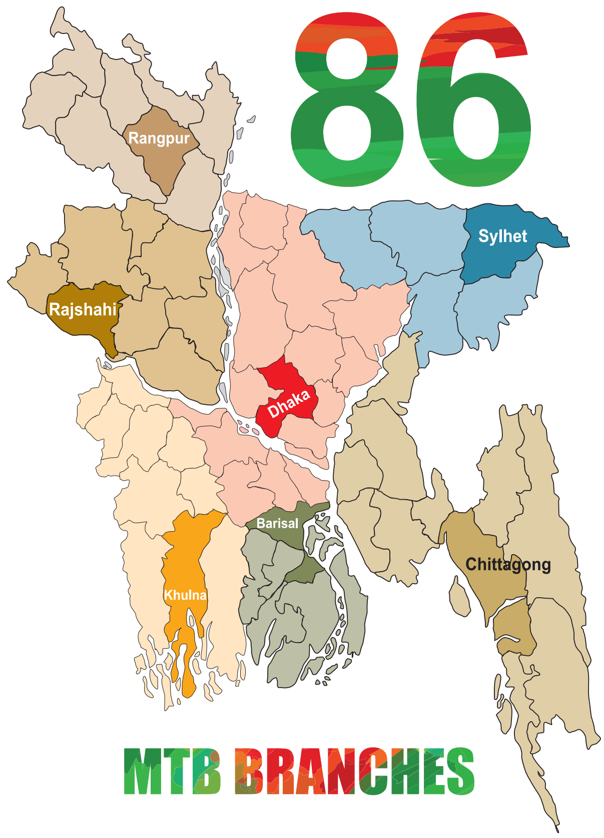
Corporate Head Office

157 MTB ATM

MTB Contact Centre

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

just dial 16219 or 096040 16219



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

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

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