

# MTBiz

MONTHLY BUSINESS REVIEW

VOLUME: 06 ISSUE: 05

MAY 2015

## School Banking in Bangladesh





## SME Bank of the Year & Women Entrepreneurs' Friendly Bank of the Year

Mutual Trust Bank Ltd. (MTB) rejoices along with its customers, shareholders, stakeholders, regulators, patrons and well-wishers, on receiving the **SME Bank of the Year** and **Women Entrepreneurs' Friendly Bank of the Year** Awards.

The recognition was made at the '**SME Banking Award 2014**' ceremony jointly organized by Bangladesh Bank and the SME Foundation. With this achievement, MTB becomes the first-ever best SME bank of the year for its contribution to the development of small and medium enterprises (SMEs).



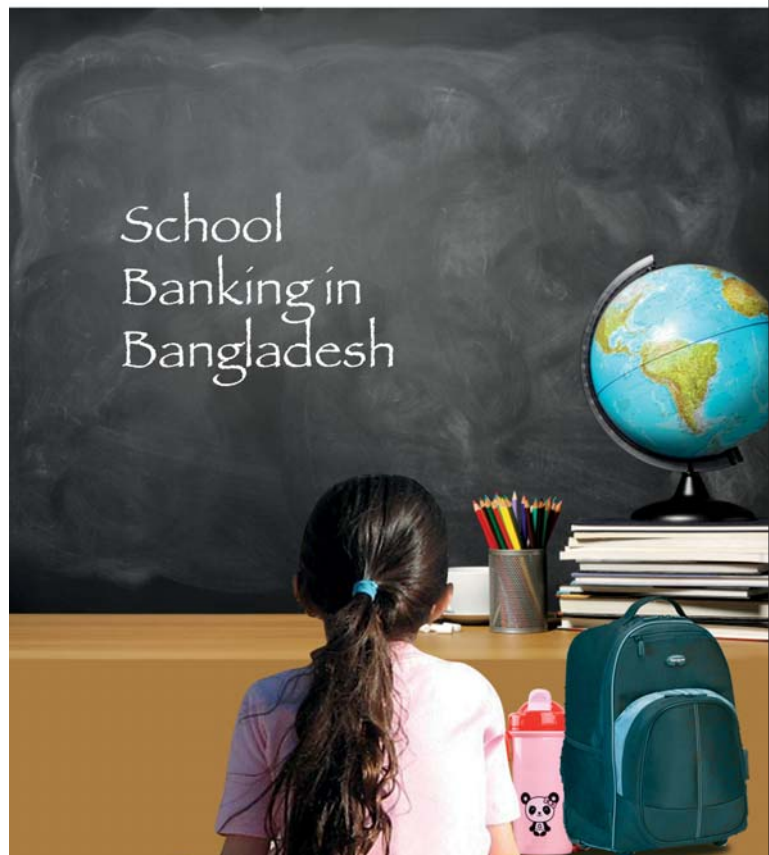
মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**

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Developed & Published by  
MTB Group R&D

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Design & Printing:  
Corporate Communications

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# School Banking in Bangladesh

## Introduction

School banking is a successful story in the banking industry of Bangladesh. The Central Bank Governor Dr. Atiur Rahman initiated this program in November 2010 with a vision to strengthen the inclusive growth and engaging the base of pyramid of the population with financial activities. Since then, school banking has been experiencing a very spontaneous response and getting a large population under its umbrella as it was anticipated by the central bank governor. The idea of school banking was materialized emphasizing some important aspects of socio-economic development: extending the horizon of financial inclusion in general and, developing a habit of savings from an early age and involving students in economic activity in particular.

Ian Smillie, the author of 'Freedom from Want: The Remarkable Success Story of BRAC' said development does not mean the roads, the highway or the buildings; development means what happens in the brain of people inside the building. What Ian Smillie indicated is development lies in the practice or habit that people do for improvement.

The very same thing is true for school banking. Developing saving attitude is the core purpose of school banking. Changing individual attitude would change the attitude of the country at large. Habit of savings from very early stage of life would allow them to think of better savings in future. When a large part of population develop the habit of savings and skill of money management, it would have a very farm impact on the national economy as a whole.

The purpose of school banking is not to make huge profit out of it but to nurture the habit of savings from the early stage of life of a student. It introduces the youth to the economic activities and gives them the banking orientation through small but important money transactions.

School banking also allows students to have a hands-on banking experience at a very early stage of life. The generation that finds banking comfortable is the generation that paves the economic development since a student of today is a banking customer of tomorrow.

## School Banking Status of 2014

Following the Bangladesh Bank instruction, banks have started school banking program since 2010 and gradually the number of banks increased. As of December 31, 2014, 49 out of 56 scheduled banks opened 8,50,303 school banking account. Among 8,50,303 accounts, 307764 number of accounts was opened under rural bank branch while 542539 number of accounts was opened under urban bank branch. The urban rural ratio was 1.76 in the last quarter of 2014.

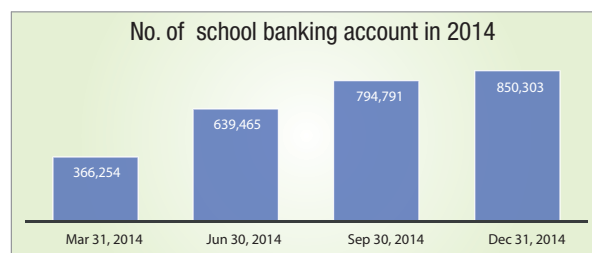
No. of school banking account opened in 2014

Type of Banks	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014
SoBs	68334	101,468	137,976	166895
SBs	51458	106,503	121,572	130799
PCBs	245706	429,995	533,402	550426
FBs	672	1,210	1258	1,269
New Banks	84	289	583	914
<b>Total</b>	<b>366254</b>	<b>639,465</b>	<b>794,791</b>	<b>850303</b>

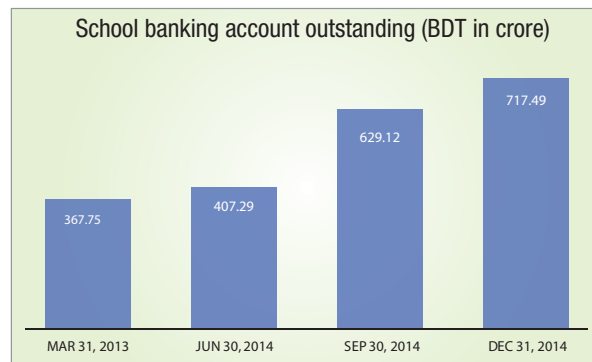
SoBs: State-owned Commercial Banks, SBs: Specialized Banks, PCBs: Public Commercial Banks, FBs: Foreign Banks

Among nine Foreign Banks (FBs), eight of them (except Citibank NA) started school banking program and opened 1,269 school banking accounts. Among newly opened nine scheduled banks, three (Meghna Bank, NRB Commercial Bank and NRB Bank) of them started school banking. They opened 914 school banking account.

Public commercial banks (PCBs) lead the school banking program and more than 65% of the total number of accounts was opened by the PCBs in all four quarters of 2014 while more than 15% of the total number of accounts was opened by State-owned commercial banks (SoBs) in all four quarters of 2014. Roughly more than 80% of the total number of accounts was opened by PCBs and SoBs. Compared the first quarter, number of accounts increased 2.3 times in the last quarter of 2014.



The total outstanding of school banking as of December 31, 2014 was BDT 717.49 crore. PCBs possessed the lion's share (roughly more than 75% of the total outstanding) of the total outstanding of school banking in 2014. SoBs was the second leading bank that possessed the second largest share (on an average of 12% all over the year) of the total outstanding of school banking in 2014. FBs had BDT 1.89 crore outstanding on December 31, 2014 while newly opened scheduled banks in 2013 had BDT 1.85 outstanding as on the last quarter of 2014. Compared to the first quarter, amount of total outstanding increased almost 2 times in the last quarter of 2014.



## Money Transaction and use of ATM in School Banking

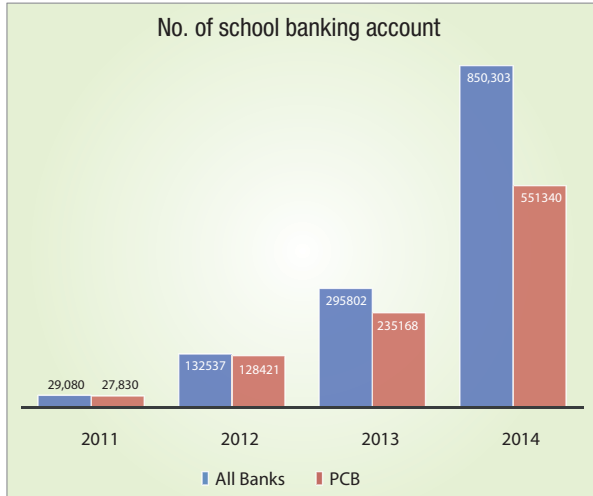
School banking successfully involves the youth with financial activities through its pro-student functions. At the same time, it paves a tremendous way to introduce the students with modern money transaction methods that connects them to the highway of digital money transaction. Students habituated with modern money transaction would find the financial transaction friendlier, which is very positive for the future of the country. In the first quarter of 2014, BDT 73 crore was deposited in accounts and BDT 47 crore was withdrawn among which



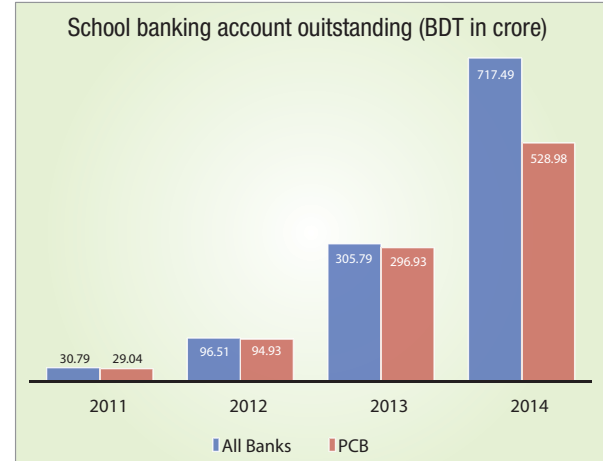
BDT 4.52 crore (9.62% of withdrawn) was withdrawn through ATM. In the second quarter of 2014, BDT 248.31 crore was deposited and BDT 169.90 crore was withdrawn among which BDT 20.33 crore (11.97% of withdrawn) was withdrawn through ATM. In third quarter of 2014, BDT 276.19 crore was deposited and BDT 175.98 crore was withdrawn among which BDT 20.63 crore (11.72% of withdrawn) was withdrawn through ATM. In the last quarter of 2014, BDT 307.43 crore was deposited and BDT 179.52 crore was withdrawn among which BDT 22.39 crore (12.47% of withdrawn) was withdrawn through ATM.

## Trend of School banking: 2011 - 2014

Since the inception (2010), school banking has been increased with a decent pace. As of 2014, out of 56 banks, 49 of them has started school banking program including newly opened banks in 2013. The total number of opened accounts increased over the years. In 2011, the number of total account was 29080. In 2012, it increased 4.6 times and increased to 132537. In 2013, it increased 2.23 time and increased to 295802. In 2014, it increased 2.87 times and increased to 850303. Compared to 2011, the total number of accounts increased 29.24 times in 2014. PCBs possessed the lion's share (on an average, 84% accounts was opened between 2011 and 2014) of number of school banking accounts opened from 2011 to 2014.



The total amount of outstanding also increased significantly between 2011 and 2014. In 2011, the total amount of outstanding was BDT 30.79 crore. In 2012, it increased 3.13 times and increased to BDT 96.51 crore. In 2013, it increased 3.17 times and increased to BDT 305.79 crore. In 2014, it increased 2.35 times and increased to BDT 717.49 crore. Compared to 2011, the total amount of outstanding increased 23.3 times in 2014. As of December 31, 2014, mathematically, the average amount of per account outstanding was roughly BDT 8438.



## Conclusion

In nutshell, school banking has been doing very well in the banking industry of Bangladesh. Most importantly, the purpose it started with to develop a savings habit among students and involve them with economic activities has been well served with the response of students all over the country. Initially, the urban rural composition was much higher while the urban rural ratio is getting closer with the progress of time. The use of ATM cards in withdrawing money was impressive and it's a very good sign for a country that 10-12% of total money withdrawal of school banking occurred through ATM. It implies the impact of school banking on students financial activities and also elicits the initiation and orientation of modern money transaction method in economic behavior of students of the Bangladesh.

Md Saiful Islam

Group R&D, MTB

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**SCHOOL BANKING**

**MTB Junior**

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- অ্যাকাউন্ট নেইনটেনেস একদম ফ্রি
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## NATIONAL NEWS

### Dutch queen lauds BBs financial inclusion campaign



Maxima Zorreguieta Cerruti, the queen of Netherlands, has recently appreciated the 'Financial Inclusion Campaign of Bangladesh Bank' including mobile financial services and other inclusive financial activities. The queen also expressed

her desire to visit Bangladesh early next year (2016). Queen Maxima came up with the appreciation at a bilateral meeting with Bangladesh Bank (BB) Governor Dr. Atiur Rahman at the WB-IMF Spring Meetings 2015 in Washington, DC at IMF Headquarters. The BB governor lauded the queen's role in promoting financial inclusion and shared some of the innovative examples of financial inclusion in Bangladesh.

### Banks, NBFIs to invest in Green Industries: BB Governor

Bangladesh Bank (BB) Governor Dr. Atiur Rahman asked the commercial banks and non-banking financial institutions (NBFIs) for taking necessary measures to invest in green industries to protect environment. He advised all the Chief Executive Officers (CEOs) of banks and NBFIs, while visiting Plummy Fashions, the first green knit garments factory, at Fatullah in Narayanganj recently, to look for potential entrepreneurs for building socio-economic and green industries through proper financing not only from BB's refinancing facility but also from their own sources. He also said the central bank has been contributing to green banking for the last half a decade. 47 green products in 10 categories have been introduced since 2009 till date. Many products among these, such as solar panel, activated ETP, solid and other liquid waste management, working condition in factory and above all, green component installation, inclusion, adjustments or extension according to LEED's design have been considered for establishing Plummy Fashion as a green factory.



### Credit flow to green projects on rise: BB



According to Bangladesh Bank (BB), the green and eco-friendly projects have become one of the major focuses of country's banking sector, with increasing credit flow. The latest data of the BB's green banking and CSR department showed that the banks in 2014 disbursed BDT 450.53 billion (BDT 45 thousand 53 crore) to finance various projects those have direct or indirect link to green initiatives. Of the amount, BDT 36.23 billion (BDT 3 thousand 623 crore) were disbursed to finance absolute green

projects when the rest BDT 414.29 billion (BDT 41 thousand 429 crore) lent to finance the eco-friendly projects. The central bank attributed the increased credit flow to the green and eco-friendly projects to its prudent policy support. The central bank strongly suggested banks increase their lending to green and eco-friendly projects.

The BB earlier launched refinancing scheme of BDT 2.0 billion (200 crore) from its own source to finance green projects. Besides, the central bank in association with the Asian Development Bank (ADB) also introduced another refinancing scheme of BDT 4.0 billion (400 crore) for funding eco-friendly brick kilns. The major green and eco-friendly projects include effluent treatment plant (ETP), renewable energy, solar power and waste management.

### Banks asked to increase credit flow to SMEs



The banking sector has been strongly advised again to increase their credit flow to support small and medium enterprises (SMEs) and women entrepreneurs, which have long been seen vital to economic growth. Inaugurating a workshop on "The Role of the Policy Makers and Central Banks in Promoting SMEs' Access to Finance - The Case of Bangladesh" in the city, Bangladesh Bank (BB) Governor Dr. Atiur Rahman said banks should be more enthusiastic in promoting SMEs and women entrepreneurship. Bangladesh Institute of Bank Management (BIBM) in association with European Union (EU) and Bangladesh inspired project of Ministry of Industries organized the workshop at BIBM. He suggested providing SMEs and women entrepreneurs both financial and advisory assistance to ensure the better use of loan and its timely recovery.

### Fingerprint to replace PIN code for ATM use



Bangladesh Bank (BB) is going to replace existing four-digit security PIN code used to settle transactions through automated teller machines with a target to strengthen financial security. A BB official recently said that the

central bank had taken the initiative to strengthen financial security as well as to popularize the country's card-based payment system among the rural people. Such type of security measures is globally known as biometric solution and a number of developed countries have already introduced the system. The biometric solution will also decrease the existing fraudulent acts through hacking the passwords. The BB issued a letter to Managing Directors and Chief Executive Officers of all banks

recently asking them to send their opinion regarding the fingerprint introduction. The banks in their replies said that they would require one or two years to introduce the system as they would have to prepare fingerprint database of the clients and set up scanners at ATM booths.

## Pension scheme for NRBs: BB Governor



The government is planning to introduce a pension scheme for expatriate Bangladeshis which will benefit millions of non-resident Bangladeshis (NRBs) working abroad and

help attract more foreign investments.

As Bangladesh Bank (BB) Governor Dr. Atiur Rahman said while he was addressing the inaugural ceremony of World Conference Series 2015 that if every NRB contributes USD 5, there will be a fund of billions of dollars for the scheme. Highlighting the urgency of social security scheme, the Governor stressed the need for introducing the plan in the next budget which, would be run by the central bank. According to the Governor, the BB will conduct all activities of the scheme, including generating income and paying interests. According to the Governor, the scheme will run alongside the 'US Dollar Bond' that is already in place for the NRBs. Through this bond, the NRBs can invest in the country's capital market from anywhere in the world.

## Mandatory lending to women entrepreneurs

Each and every branch of all banks and non-banking financial institutions (NBFIs) will from now onwards have to lend a minimum of BDT 50,000 to, at least, one woman entrepreneur a year. The central bank's latest directive to this effect is apparently to materialize its avowed objective of empowering women through their financial inclusion. However, the initiative in question does hint at the fact that the

banks and NBFIs have not been doing enough so far in this direction. This has been the situation, notwithstanding the fact that the central bank has been breathing down their necks all the time for the purpose. The country's leading women businesses are still complaining about the lack of access on the part of such actual and potential entrepreneurs to credit from formal financial institutions like banks and NBFIs.

## BB to launch commemorative coin on Bangabandhu's Mar 7 speech

Bangladesh Bank (BB) is working to release a commemorative coin marking Bangabandhu Sheikh Mujibur Rahman's March 7 speech. According to acting Executive Director of the currency management department, Shuvankar Saha, a preliminary design of the coin has already been made. He added they were awaiting clearance from the Bangladesh Bank Note Design Advisory Committee and Prime Minister before going into production. The nearly two inch diameter coins would be available coated with silver or gold. One side of the coin would have an image of Bangabandhu giving the speech and the other a quote from it. The coins are planned to be released before Victory Day. The initial pricing puts the silver-coated one at BDT 3,000 and the gold-plated at BDT 4,000.

## BB asks 4 SoCBs to go for small, medium loans to minimize risks

The central bank asked four state-owned commercial banks (SoCBs) to go for small and medium-scale loans instead of large ones for minimizing risks. The instruction came at a meeting held at the central bank headquarters in Dhaka recently to review the memorandum of understanding (MoUs) of the four SoCBs -- Sonali Bank, Janata Bank, Agrani Bank and Rupali Bank -- with Bangladesh Bank (BB) Governor Dr. Atiur Rahman in the chair. The BB also asked the SoCBs for taking effective measures to improve their financial health immediately through expediting classified loan recovery drives. The SoCBs have been advised to be more careful in case of selecting borrowers. Proper due diligence should be given when sanctioning fresh loans.

## MTB Gift Cheque

MTB Gift Cheque users have the unique opportunity to choose their gift whenever they wish. Purchasers save time and receivers have the option to buy something they require.

**MTB GIFT CHEQUE** can be exchanged for money anytime, at any MTB branch in Bangladesh.

**Benefits:**

- Purchasers do not have to be account-holders of MTB to purchase MTB Gift Cheque
- No document is required for purchase of MTB Gift Cheque
- No service charge is applicable
- Attractive rate of interest
- Other conditions may apply

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## এমটিবি ইন্টারনেট ব্যাংকিং সেবা এখন আপনার আই-ফোনেও

নিজস্ব ব্যাংক একাউন্ট পরিচালনা করে নিজেই উপভোগ করুন  
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- ক্রেডিট কার্ড-এর বিল প্রদান এবং লেনদেন-এর সংক্ষিপ্ত বিবরণী
- ইন্টারনেট-এর বিল প্রদান
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## NATIONAL NEWS

### AB Bank receives an appreciation award



Deputy Managing Director of AB Bank Moshur Rahman Chowdhury received an Appreciation Award awarded by Centre for Non Resident Bangladeshis to the

bank for its outstanding contribution to the Remittance Sector of the country from Adviser to the Prime Minister HT Imam at a function in the city recently. Among others, Governor of Bangladesh Bank Dr. Atiur Rahman, International Affairs Adviser to the Prime Minister Gowher Rizvi and Chairperson of Centre for NRBs MS Shekil Chowdhury were present on the occasion.

### IFIC bank observes Earth Day



IFIC Bank recently organized a green event named "Green Generation Next" to observe the Earth day at Dhaka Residential Model College in the city. The main focus of the event was to create awareness among our future generation on preventing environmental pollution and energy efficient habits in daily life. Noted poet Asad Chowdhury was present as Chief Guest while Deputy Managing Directors of the bank Mr. M.M.Haikal Hashmi, Mr. Shah Md. Moinuddin and Head of Green Banking Mr. T.I.M. Rawshan Zadeed were present in the event. The program was chaired by the Principal of Dhaka Residential Model College Brigadier General Md. Asaduzzaman Subhani. Tree plantation, inauguration of green signage, green activities & experience sharing amongst students took place during the program.

### NBL to receive water bill online



Dhaka WASA customers will be able to pay their water and sewer bills to various branches of National Bank Limited (NBL) through real-time online service. The service will ensure confirmation of payment by sending an SMS to customers' mobile phone instantly. The launching ceremony of real-time online bill payment service with NBL was held recently at Dhaka WASA Board Room in the city. Dhaka WASA Managing Director Taqsem A Khan and NBL Managing Director Shamsul Huda Khan were present on this occasion. Dhaka WASA MD Taqsem A Khan said his agency is moving forward to developing an environment-friendly, sustainable and customer-friendly water management system. Dhaka WASA has launched real-time online billing service to reduce the hassles of the customers. Besides, the customers can also pay their bills through mobile phone SMS service and credit card as well.

### IFIC Bank signs agreement with Independent Television



IFIC Bank Limited and Independent Television Limited (ITV) recently signed an agreement at Independent Television's office at Tejgaon for disbursing their District Correspondents salary through IFIC Mobile Bank. Deputy Managing Director & CFO of IFIC Bank Mr. S. M. Abdul Hamid and Chief Executive Officer (Independent Television Ltd.) & Editor (The Independent) Mr. M. Shamsur Rahman signed and exchanged the documents on behalf of the respective organizations. Deputy Managing Director of IFIC Bank Mr. Raihan Ul Ameen, Head of News of ITV Mr. Khaled Muhiuddin, Head of Business of IFIC Mobile Bank Ms. Tasnuva Tarek, ITV's Head of Broadcast Technology Mr. Abu Toha Md. Anowarul Azim, Head of Human Resources Mr. Mahbubur Rahman, Chief News Editor Mr. Shibabrata Barman were also present at the ceremony.

### ONE Bank and Fair Distribution sign MoU



Managing Director of ONE Bank M Fakhru Alam and Managing Director of Fair Distribution Md Ruhul Alam Al Mahub signed an MoU on behalf of their respective organisations in the city recently. Under the deal, credit cardholders of the bank will enjoy interest free flexible installments for a period of three months to 12 months in purchasing Samsung Smartphone and tablet from Samsung Smartphone Café and Samsung outlets under "Smart EMI" plan, an interest free payment proposition for the bank's credit cardholders.

## Southeast Bank lends to Sylhet non-profit

Southeast Bank Limited disbursed Tk 100 million (10 crore) loan to a non-profit Friends in Village Development Bangladesh (FVDB) under the bank's SME and Agriculture loan program recently in Sylhet at a function. Mijanur Rahman Joddar, Executive Director, Bangladesh Bank was present as Chief Guest. Shahid Hossain, Southeast Bank's Managing Director, handed over the letter of loan disbursement to Zahin Ahmed, Executive Director of FVDB. Zakir Ahmed Khan, advisor of the bank, Mohammad Mobarak Hossain, General Manager of Bangladesh Bank, Mohammed Gofran, Additional Managing Director, S.M. Mainuddin Chowdhury, Deputy Managing Director, Ziaus Shams Chowdhury, Senior Executive Vice President and Pritish Kumar Sarker, Senior Executive Vice President, Southeast Bank were also present in the loan disbursement program.

## IFIC Bank signs MoU with Oxford Int. School for Payroll Banking



IFIC Bank Limited signed a Memorandum of Understanding (MoU) recently with Oxford International School, a premier English medium school in the capital, for offering payroll and all other banking services. The MoU was signed by Senior Vice President & Head Retail Banking of IFIC Bank Ms. Ferdousi Begum and President of Oxford International School Mr. Md. Shakawat Hossain on behalf of Oxford International School at the IFIC Bank Head Office at Motijheel C/A. Under the agreement, IFIC Bank will offer all types of banking services to teachers, students and employees of the college.

## Midland Bank and Grand Sultan Tea Resort & Golf sign MoU



Midland Bank and Grand Sultan Tea Resort & Golf signed memorandum of understanding (MoU) recently. Muhammad H Kafi, SEVP and Chief Information Officer of Midland Bank Ltd. and Md Sayedul Islam Bhuiyan, head of sales and marketing of Grand Sultan Tea Resort and Golf, Srimongal, signed the agreement on behalf of their respective organizations.

## Holcim, Bank Asia introduce gift cards for Holcim partners



Holcim Cement (Bangladesh) Limited and Bank Asia jointly introduced Gift Cards for Holcim channel partners. Sumanta Pandit, Managing Director of Holcim Bangladesh, and Md Mehmood Husain, President and Managing Director of Bank Asia, jointly inaugurated the initiative at the Principal Office Branch of Bank Asia in Dhaka recently. Around 800 eligible channel partners of Holcim Bangladesh across the country will receive the Gift Cards which will enable them to purchase goods and services within the financial limits and stipulated time of the cards.

## EBL, BTI Retail ink customer benefit deal



Eastern Bank Limited (EBL) has recently signed a customer benefit agreement with BTI Retail Limited (BRL) in the capital. EBL Head of Direct Business M

Khorshed Anowar and BRL General Manager (Finance) Kazi Saiful Hoque signed the agreement on behalf of their respective organizations.

Under the agreement, the bank's cardholders will enjoy up to 10 per cent discount on furniture and home decor items at Business Technology and Ideas (BTI) retail outlet at Pragati Sarani in the city or they will be allowed to pay in up to 12 monthly instalments without any interest.

## National Bank, DESCO sign an agreement

National bank and Dhaka Electric Supply Company Limited (DESCO) signed an agreement recently in the capital. Shamsul Huda Khan, Managing Director of National Bank Limited, and Zulfikar Tahmid, Company Secretary of DESCO, signed the agreement on behalf of their respective organizations. Under the agreement, clients of DESCO will now be able to pay their electricity bill through different branches of National Bank in Dhaka city.

## HSBC gets GP mandate



Grameenphone (GP) has awarded the Hongkong and Shanghai

Banking Corporation Limited (HSBC) in Bangladesh the mandate to manage the company's annual and interim dividends for two consecutive years, 2015 and 2016 (if any). Chief Financial Officer of Grameenphone, Dilip Pal and Chief Executive Officer of HSBC Bangladesh, Francois de Maricourt signed the dividend distribution mandate recently.

Under this mandate, HSBC will coordinate and manage the dividend distribution service for the shareholders of Grameenphone in an efficient and effective manner by utilizing the bank's comprehensive expertise in handling large volume transactions through Bangladesh Electronic Fund Transfer Network (BEFTN) and award winning payments and cash management services that include customized banking solutions and sophisticated online transaction platform.

### Midland Bank signs a MoU with Hotel The Cox Today



Midland Bank Limited (MDB) recently signed a MoU with Hotel The Cox Today. Under this agreement, MDB Visa cardholder will enjoy special privileges from Hotel The Cox Today. Mr. Khodoker Nayeemul Kabir, Deputy Managing Director of Midland Bank Ltd. and Mr. S. M. Shahab Uddin, General Manager of Hotel The Cox Today signed the agreement on behalf of their respective organizations at a simple ceremony held at Bank's Head Office in the city.

### EXIM Bank distributes scholarship among the meritorious students



Export Import Bank of Bangladesh Ltd. (EXIM) distributed scholarship among the meritorious students of Rajshahi region as part of its corporate social responsibility activities in an event held at Hotel Naz Garden in Bogra Saturday. Vice Chairman of the Bank Md. Abdul Mannan, MP, was present as the chief guest and handed over the cheques among the students. Managing Director Dr. Mohammed Haider Ali Miah presided over the program. Around 200 students from different educational institutions of Rajshahi region received the scholarship.

### Standard Chartered Bank signs MoU with Palace Resort & Spa

Standard Chartered Bank, Bangladesh signed a Memorandum of Understanding (MoU) with The Palace Resort and Spa at Bahubal, a luxurious 5 star rated standard boutique villa resort and spa in Bangladesh recently.

Under the agreement, the Palace Resort & Spa will provide a range of exclusive benefits to Standard Chartered Bank VISA Signature



and VISA/MasterCard Platinum credit or Priority Banking branded debit cardholders. Spread across 150 acres of lush green land, The Place Resort & Spa is a destination of indulgence. Accommodation comprising 107 rooms in tower along with 20 exclusive villas, 2 presidential villas and 2 helipads.

### 10 banks win Remittance Award

The Centre for Non-Resident Bangladeshis (CNRB) recently honoured two distinguished personalities, Khondkar Ibrahim Khaled and Nasir A Chowdhury, Lifetime Achievement Awards 2015 for their contribution in their respective fields. The centre also gave away the Top Ten Remittance Award to 10 banks. The banks are Islami Bank Bangladesh Ltd, Agrani Bank, Sonali Bank, Janata Bank, National Bank, Pubali Bank, Bank Asia, BRAC Bank, Prime Bank and the City Bank. Ten other banks which received the Appreciation Award 2015 are Dutch Bangla Bank, Southeast Bank, AB Bank, NCC Bank, Dhaka Bank, Mercantile Bank, Bangladesh Krishi Bank, Trust Bank, United Commercial Bank and the Mutual Trust Bank. It also honoured Standard Chartered Bank as the Highest Remittance Earner among the foreign banks in 2015 and Social Islami Bank Ltd with the Highest Remittance Growth Award 2015.

### FSIBL, NCC Bank sign agreement for IME remittance payment



IME Remittance Sub-Agency agreement has been signed between First Security Islami Bank Limited (FSIBL) and National Credit & Commerce Bank Limited (NCCBL) on 22 April 2015 at the Head Office of FSIBL. Mr. Syed Waseque Md Ali, Managing Director, FSIBL & Mr. Golam Hafiz Ahmed, Managing Director, NCCBL signed the agreement in this regard. Among others, Mr. Quazi Osman Ali, Deputy Managing Director, Mr. Foiz Ahmed, Head of International Division, Mr. Azam Khan, Head of Marketing & Development Division of FSIBL and Mr. Akhter Hamid Khan, Deputy Managing Director, Mr. ABM. Jashim Uddin Ahamed, SVP, Remittance & NRB Services Dept. of NCCBL, & Mr. AKM. Nazmul Hossain, Country Manager, IME & other officials of both the banks were also present in the occasion.

## NATIONAL NEWS

### Pubali Bank chairman, vice-chairman re-elected



Eminent Industrialist and social worker Hafiz Ahmed Mazumder has been re-elected as Chairman of the Board of Directors of Pubali Bank Ltd.; On the other hand, Habibur Rahman and Fahim Ahmed Faruk Chowdhury have been re-elected as Vice-Chairman of the Board of Directors of

the bank.

### Chairman of Al-Arafah re-elected

Mr. Badiur Rahman will continue as the Chairman of Al-Arafah Islami Bank Ltd. for 8th time. The 273rd meeting of the Board of Directors re-assigned him as the Chairman unanimously.



According to the decision of the meeting Chairman Mr. Badiur Rahman will continue his responsibilities for the period until the next Annual General Meeting (AGM) of the Bank is held.

### Yousuf Haroon SIBL new director



Hakim Md Yousuf Haroon Bhuiyan, Managing Director of Hamdard Bangladesh Limited, has been elected director of Social Islami Bank Limited (SIBL).

The election came at the annual general meeting (AGM) of the bank held in the city recently with the bank's shareholders' vote.

Yousuf Haroon Bhuiyan has been instrumental in the management of Hamdard in Bangladesh and brought this age old medical system to a modern shape.

### Shaheen joins Prime Bank as DMD

Mr Ahmed Shaheen has recently joined Prime Bank as its deputy managing director (DMD). Prior to joining the Prime Bank, he was the senior executive vice president (SEVP) and Dhaka Area Head of Corporate Banking of Eastern Bank. He started his banking career by joining IFC Bank as a Probationary Officer in 1992 and served the bank in different capacities. Mr Shaheen is a multifaceted management professional with 22 years of diversified experience in Corporate Banking, Structured Finance, International & Offshore Banking, Trade Services and others.



### EXIM Bank gets new DMD

Mr Mohammad Feroz Hossain has recently been promoted to the post of deputy managing director (DMD) of EXIM Bank. Prior to his promotion, Mr Hossain was the senior executive vice president of the bank. Mr Hossain started his banking career with



National Bank. He joined the EXIM Bank as an vice president in 1999. In his 15 years' career with EXIM Bank, Mr Hossain served the bank in various capacities. Mr Hossain was the head of many departments and the manager of different branches.

### Dell gets a new Country Manager

Dell recently announced the appointment of Atiqur Rahman as Country Manager for Dell in Bangladesh. Based in Dhaka, Atiq brings in-depth experience to the role and will oversee the next phase of the business growth in Bangladesh.



Atiq is an IT veteran with 15 years of experience ranging from channel management and marketing, sales enablement, retail sales and product marketing. He has a strong track record in business development and building customer, distributor, channel and vendor relationships at all levels. He started his career with Siemens where he worked for 6 years and prior to joining Dell he served as Head of Business Development for Microsoft Bangladesh for 6 years. He's been with Dell for almost 3 years.

### Prime Bank gets new DMD



Syed Faridul Islam has recently joined Prime Bank Limited (PBL) as deputy managing director (PBL). Prior to his new assignment, he was head of Risk Management in BRAC Bank Limited.

He worked for Standard Chartered Bank and successfully launched SME business

products there.

Syed Faridul Islam has 31 years of banking experience, covering in branch management, business process reengineering and IT integration. He started his career at ANZ Grindlays Bank in 1984.

He is a certified 'Credit professional' of world reputed OMEGA in UK and was a member of core implementation team of system integration for ANZ Grindlays Bank, Bangladesh and India.

### Hashem reelected UCBL Chairman

Partex Group Chairman MA Hashem has been reelected Chairman of United Commercial Bank Limited (UCB) unanimously in the 378th board meeting held recently. Hashem, one of the pioneers to fostering corporate governance in business and industry sector, is a prominent business tycoon and a leading entrepreneur in the country. A philanthropist, socialite, Hashem, is the founder life member of NSU Trust and Member of NSU Board of Trustees, member of IBAS university trustee board and former member of the Parliament. Meanwhile, Anisuzzaman Chowdhury Ronny has been reelected Executive Committee Chairman of UCBL. He is the son of veteran politician,



one of the founding Directors of United Commercial Bank Limited and former Presidium member of Bangladesh Awami League Akhtaruzzaman Chowdhury.

## Sonali gets new chairman



The government has appointed former senior secretary Fazole Kabir as the new chairman of Sonali Bank. Kabir has been appointed as a director as well as the chairman of the state-run bank, the Bank and Financial Institution Division at the finance ministry said in a circular. His appointment came a week after AHM Habibur Rahman resigned from the bank citing personal reasons, eight months before the end of his tenure. Kabir retired from public service as the finance secretary in 2014.

## CDF gets new chairman

Emranul Huq Chowdhury has recently been elected as the chairman of Credit and Development Forum, the Forum said in a statement. Chowdhury is the executive director and chief executive of Uddipan, according to the statement. He is also involved with various national, regional and international philanthropic and development networks and organisations, according to the statement.



## IBBL gets two new DMDs



Abdus Sadeque Bhuiyan, head of International Banking Wing, and Md Shamsuzzaman, head of Information & Communication Technology

Wing of Islami Bank Bangladesh Limited, have been promoted as deputy managing directors of the bank. Abdus Sadeque Bhuiyan started his career as a probationary officer of the bank in 1984. Md Shamsuzzaman also started his career as a probationary officer of the bank in 1984.

He served as the head of business promotion and marketing division and asset management division of the bank.

## IFIC's new deputy managing director

Fariduddin Al Mahmud and Shah Md Moinuddin have recently been made deputy managing directors of IFIC Bank. Prior to the promotions, the two have been working as senior executive vice presidents of the bank. Mahmud, a marketing major from Dhaka University, joined IFIC in 1984. He has experience in trade finance, credit administration, corporate banking and internal control and compliance, according to the statement. Moinuddin, an accounting major from Dhaka University, has been associated with IFIC since 1986. He brings trade finance, credit and corporate banking experience to the new appointment.



## ONE Bank elects chairman and vice chairmen

Sayeed H Chowdhury has recently been re-elected chairman of ONE Bank for another one-year term. The election was held at a meeting of the bank's board of directors in Dhaka. The board also re-elected Asoke Das Gupta as its vice-chairman and Zahur Ullah as its executive committee chairman.



British educated Sayeed is the founder, chairman and chief executive officer of HRC. He is a member of the British Institute of Management. Sayeed is the chairman of Media New Age Ltd and Information Services Network Ltd. He is also the honorary adviser of the Bangladesh Ocean Going Ship owners' Association. Sayeed is the chairman of the editorial board of the Bangla daily Jajaidin. Vice-chairman Asoke is the chief executive of IMTRES and the managing director of Uniroyal Trade Limited. He is also the chairman of Uniroyal Securities Limited and OcuNova Eye Hospital. EC chairman Zahur is the chairman of LL Group and also the managing director of GTEX Ltd. He is one of the directors of Holiday Publications Ltd.

## New chairman for Jamuna Bank



Md Sirajul Islam Varosha has recently been elected as the chairman of Jamuna Bank. Varosha has previously served the bank as vice-chairman for the 2007-08 terms, the bank said. He is also managing director and chairman of Karim Impex Ltd, Amazon Tex Knit Fashion Ltd, SV Food and Chemical Industries Ltd and managing director of RK Metal Industries Ltd. He is also an operative director of RK Industries Ltd, according to the statement. Varosha also owns SV Tobacco Co, M/S Siam Enterprise, Siraj Chemical Co and SH Trading Co. He is also a member of the liaison committee of International Business Forum of Bangladesh.

## IMCB elects new chairman, president

M Monzurul Haque and M Zakir Hossain were elected as chairman and president of the Institute of Management Consultants Bangladesh (IMCB) respectively for the term of 2015 and 2016 at the Institute's 14th annual general meeting (AGM) held at a city hotel recently, according to a statement. Newly elected IMCB Chairman Mr Haque is the chairman and managing director of Org-Quest Research Limited while newly elected IMCB president Mr Hossain is the chief executive of Young Consultants (YC), a reputed private consulting firm established in 1998.



## MTB ORGANIZES BAMLCO CONFERENCE 2015

Mutual Trust Bank recently organized the Branch Anti Money Laundering Compliance Officers' (BAMLCO) Conference 2015 on Anti-money Laundering (AML) and Combating the Financing of Terrorism (CFT).

M. Mahfuzur Rahman, Deputy Head of BFIU & Executive Director, Bangladesh Bank, graced the program as the chief guest while Anis A. Khan, MTB Managing Director & CEO was present as the special guest. Md. Hashem Chowdhury, Additional Managing Director & Chief Anti-Money Laundering Compliance Officer (CAMLCO), along with MTB DMDs and Branch Managers & BAMLCOs of 103 MTB Branches attended the conference.



Date: April 18, 2015

Venue: MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000

## Q1 BUSINESS CONFERENCE OF MTB OTHER DIVISION BRANCHES



Date: April 17, 2015

Venue: MTB Training Institute, Tejgaon, Dhaka 1208

## WORKSHOP ON ISS REPORTING TO BANGLADESH BANK



MTB organized a workshop on 'Integrated Supervision System (ISS) Reporting to Bangladesh Bank (BB)' in Khadim Nagar, Sylhet recently.

ISS reporting provides branch-wise monthly information to BB, which allows it to know the updated position of the banks and perform comparative analysis. It enriches the existing supervision by BB and keeps the banking sector more sustainable.

Date: April 25, 2015

Venue: FVDB, Khadim Nagar, Sylhet 3103

## MTB CLUB OBSERVES PAHELA BAISHAKH 1422



Pahela Baishakh 1422 was celebrated by MTB Club through organizing a Pitha and Juice Festival at which traditional Bengali pitha-puli and seasonal fruit crush were served.

MTB employees participated at the program "wholeheartedly" and celebrated the Bengali New Year in a very festive mood.

Date: April 8, 2015

Venue: MTB Sky, Gulshan, Dhaka 1212

## MTB SUPPORTS ASSISTANCE FOR BLIND CHILDREN (ABC)

Mutual Trust Bank Ltd. (MTB) has recently handed over a cheque for BDT 4 lacs to Assistance for Blind Children (ABC) as the annual educational expenses of ten blind children living in their dormitories.

Md. Hashem Chowdhury, Additional Managing Director, MTB, handed over the cheque to Prof. Dr. Md. Saleh Uddin, President, ABC, at a simple ceremony held at MTB Centre.

K M Zainul Abedin, General Secretary, Munira Khan, Treasurer and Aftab ul Islam, Convener Fund Raising and EC Member, ABC, MTB Deputy Managing Directors, Quamrul Islam Chowdhury, Md. Zakir Hussain, were present at the occasion.



Date: March 24, 2015

Venue: MTB Centre, Gulshan, Dhaka 1212

## MTB SIGNS MOU WITH INDEPENDENT UNIVERSITY, BANGLADESH (IUB)



Mutual Trust Bank Ltd. (MTB) recently signed a Memorandum of Understanding (MoU) with Independent University, Bangladesh (IUB), at a simple ceremony held at the IUB campus.

Anis A. Khan, MTB Managing Director & CEO, and Prof. M. Omar Rahman, Vice Chancellor, IUB signed the MoU on behalf of their respective organizations.

Under this MoU, IUB will conduct a research on the development of a business model focusing on effective approval, monitoring and recovery process for MTB.

Date: April 21, 2015

Venue: Bashundhara R/A, Dhaka 1229

# NATIONAL NEWS

## Prime Finance invests Tk. 15,919.10 million

Prime Finance & Investment Ltd's total investment was Tk. 15,919.10 million in the FY 2014 as against Tk. 15,078.94 million in the FY 2013. Net profit after tax of the Company stood at Tk. 469.73 million in the FY 2014 as against Tk.

370.68 million in the FY 2013 and Earnings Per Share (EPS) was Tk. 1.59 in the FY 2014 where it was Tk. 1.10 in the FY 2013. Among others, Directors of the Board Mr. Shahriar Khaled, Mr. K. M. Mobarak Hossain, Mr. Waheed Mahmud Khaled, Mr. Mohammad Masudur Rahim, Mr. Tauseef Iqbal Ali, Prof. Parimal Chandra Datta, Ph.D (Independent Director), Mr. Asad Khan, Managing Director and Mr. Syed Moniruzzaman FCS, Company Secretary were also present at the meeting.

## Inflow of low-cost foreign fund for pvt sector up 17% in 2014

Borrowing of low-cost funds from overseas sources by private sector entities continued to rise in the year 2014.

The inflow of foreign funds for the private sector increased by around 17 per cent last year when the local banks sat on tonnes of idle money.

Borrowers and business leaders have attributed such a steep rise in overseas borrowings to the higher lending rates being charged by local banks and other financial institutions.

According to the latest data of the central bank, outstanding external debt of private sector of the country stood at around US\$ 4.73 billion until December, 2014 which was \$4.06 billion in the corresponding period of 2013.

The data available with the Board of Investment (BoI) also showed that local companies are showing increased interest in foreign credit as they get funds at around 5.0 per cent interest, including six months' LIBOUR rate, while the lending rates charged by the country's banks and financial institutions range from 13 per cent to 17 per cent.

However, bankers claimed that high yield rates of the government's saving tools had forced them to keep their lending rates at high levels.

Chairman of the Association of Bankers, Bangladesh Ltd, Ali Reza Iftekhhar said lucrative interest rate lured the local businesses to opt for overseas loans which is quite natural in business.

However, economists also expressed their concern over uptrend in foreign borrowing.

They said it might create pressure on the country's foreign currency reserves. And in case of any fall in the inflow of foreign currencies officially, refunding of the loans might become a big headache for the state.

Headed by the BB governor, a committee comprising representatives from the BoI, the ministries of finance, commerce and industries and Prime Minister's office makes the final decision on permitting any company to take overseas loans.

## Finance Division forecasts 7% GDP growth in next fiscal year

The Finance Division's projection about the country's economic growth rate for the next fiscal year is dissimilar to that of the General Economic Division of the Planning Commission.

According to the Finance Division, the country's projected growth rate in the next fiscal year may be above 7% despite political turmoil over the last few months while the General Economics Division (GED) put it at 6.6% under the Perspective Plan 2010-2020, 1.7% down from the previous target of 8.3% growth.

The growth rate of next fiscal year along with other economic indicators will be fixed at today's fiscal coordination council meeting in the Finance Division, he added.

The GED revised the medium-term macro-economic framework (MTMF) growth rate for 6.6 % recently in the meeting of national steering committee on preparing the seventh five-year plan.

The meeting was held at the NECconference room in the city with Planning Minister AHM Mustafa Kamal in the chair.

As per the seventh five-year projections, the next fiscal year revenue-GDP percentage will be 12%, private sector credit growth 14.5%, domestic credit growth 16%, percentage of investment-GDP 28.9%.

Those economic indicators of the country will be discussed at the fiscal coordination council meeting, according to sources in the Finance Division.

## Export growth brings sunshine

Exports rose 7.43 percent year-on-year to \$2.93 billion in March, a development which has brought a ray of sunshine amid the gloomy economic prospects.



SOURCE: EPB

The figure takes the total export earnings so far in fiscal 2014-15 to \$23.24 billion, up 2.98 percent year-on-year, according to data from the central bank.

Garment products account for more than 80 percent of the country's total export basket.

The impact of the current stretch of political unrest would manifest in the export earnings three or four months later, as garment makers bagged fewer than normal orders from retailers between January and March.

After the long downward trend, garment exports to the US have started showing positive movement from March.



In the January-February period garment exports to the US registered 2.82 percent growth from the previous year to \$881 million, according to data from the US Department of Commerce.

After the Rana Plaza building collapse in April 2013, garment exports to the US dropped as retailers were waited for signs of progress in workplace safety.

## IDLC Finance launches SME Advantage Card



IDLC Finance Ltd, a non-bank financial institution of the country, has launched its SME Advantage Card, a loyalty programme that provides privileges at select life-style outlets for SME entrepreneurs.

Deputy Governor of Bangladesh Bank Abul Quasem launched the SME Advantage Card in the city recently.

The SME Advantage Card will be made available to all SME customers of IDLC Finance.

Among others, General Manager of SME & Special Programmes Department of Bangladesh Bank Swapan Kumar Roy, Deputy Managing Director & CFO of IDLC Finance HM Ziaul Hoque Khan and General Manager and Head of SME Zahid Ibne Hai were present on the occasion.

## LBFL, Rangs Industries sign MoU



LankaBangla Finance Ltd (LBFL) has recently signed a memorandum of understanding (MOU) with Rangs Industries Ltd for its customer privilege.

Khurshed Alam, head of Retail Finance of LBFL and Md Munir Uddin, chief operating officer of Rangs Industries exchanged documents after signing the MoU.

Under this MOU, LankaBangla Master Card and VISA Card members will enjoy installment facility at zero per cent interest under 'ezypay' scheme to buy all kinds of home appliance from Rangs.

Khurshed Alam, head of Retail Finance of LBFL and Md Munir Uddin, chief operating officer of Rangs Industries Ltd signed the MOU for their respective organisations.

## e-Krishok Initiative: Smart farming on the way



Bangladesh Institute of ICT in Development (BIID), Grameenphone and Department of Agricultural Extension (DAE), together have awarded the most innovative ideas on 'How to use ICT in Agriculture' which is part of the 'Smart Farmer, Smart Future' campaign at the Krishibid Institution Bangladesh, Khamarbari, Farmgate. Mr. Hasanul Haq Inu, MP Honorable Minister, Ministry of Information, Government of the Peoples Republic of Bangladesh was present as Chief Guest at this ceremony. In this grand event, top three idea winners were awarded, together with three best SAAO's. Moreover, three special ICT entrepreneurs were given special recognition for their contribution in ICT in Agriculture, as well as in this campaign.

'Smart Farmer, Smart Future' was an awareness building campaign as well as innovative idea hunting initiative to promote ICT enabled e-Krishok services in agricultural sector. The wide spread use of mobile phones, availability of shared access points and the constantly growing pace of high speed internet, provides a huge opportunity to provide the much required services and smart solutions for empowering our farmers and relevant stakeholders.

## ICMAB for 10% incentive for timely tax returns

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) has proposed providing 10 per cent tax incentive to individual taxpayers for submission of their income tax returns on time (by September 30).

The ICMAB made the suggestion in a set of tax proposals, recently placed to the National Board of Revenue (NBR) for inclusion in the national budget 2015-2016.

The ICMAB, however, proposed keeping the company and individual assesseees, paying tax up to the level of minimum tax out of this tax incentive.

It also suggested to increase tax exemption limit for individual taxpayers from Tk 220,000 to Tk 250,000.

The ICMAB also proposed to set a uniform rate of minimum tax for individuals at Tk 5,000 across the country instead of separate rates such as Tk 3,000 in city corporations, Tk 2,000 in district headquarters and Tk 1,000 in other areas.

It further suggested withdrawing the existing provision of giving 10 per cent tax rebate to the listed companies paying cash dividend of 20 per cent or more.

The listed companies are liable to pay tax of 35 per cent instead of 25 per cent if cash dividend of less than 10 per cent is paid, it said.

"There should not be any condition of dividend payment in determining the tax rate of the listed companies. It is inequitable to ask the low ability taxpayer to pay tax at higher rate," it said.

To encourage the foreign banks to be listed with the stock exchanges and make the local banks more competitive, the ICMAB also proposed to impose 10 per cent higher tax (52.5 per cent) on the former than the latter.

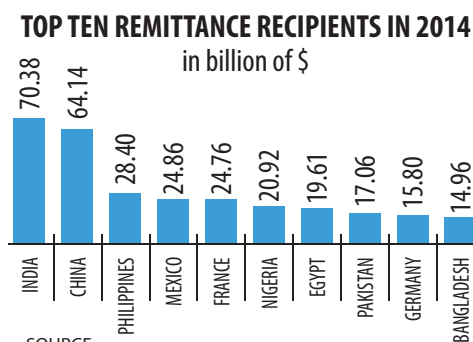
Currently, all local and foreign banks pay 42.5 per cent income tax, it said.

## LUBRIZOL, RFL to set new benchmark in hot & cold plumbing market

The Lubrizol CPVC Piping Systems business announces the introduction of its new, advanced FLOWGUARD™ PLUS Pipe & Fittings to the Bangladesh plumbing industry. High performance FLOWGUARD™ PLUS plumbing pipe and fittings are engineered with Lubrizol's specially formulated chlorinated polyvinyl chloride (CPVC). Among the advanced features that FLOWGUARD™ PLUS delivers is a 25% higher pressure rating - 8.79 kg/cm<sup>2</sup> @ 82° C, the highest of any CPVC pipe available.

FLOWGUARD™ PLUS is now being produced by Lubrizol's Bangladesh manufacturing partner, RFL Plastics Ltd., from CPVC compounds produced in Europe and the United States. In the future, Lubrizol will partly provide the CPVC compounds from its new manufacturing facility currently under construction in India. The plant is expected to begin compounding operations by end of 2015.

## Bangladeshis pay highest migration costs worldwide: WB



Bangladeshi migrant workers pay the highest recruitment costs in the world, the World Bank said in a report.

Citing a recent survey by the Global Knowledge Partnership on Migration and Development, the WB said worker-paid recruitment costs averaged \$1,955 in Kuwait with the Bangladeshis paying the highest, ranging between \$1,675 and \$5,154.

Almost 10 million people use regular channels to migrate in search of employment every year. A large number of them pay illegal recruitment fees to recruitment agents.

A 2009 Bangladesh Household Remittance Survey conducted by the International Organisation for Migration found that more than half of the migrants paid over \$2,000 in recruitment fees. Fees paid to smugglers for crossing international borders, a reasonable proxy for the black market recruitment fees, tend to be even more exorbitant.

For example, according to the European Union, smuggling fees to Europe ranged from \$5,000 in the case of Vietnamese workers to more than \$15,000 for Bangladeshi workers in 2013.

On top of these direct fees paid to recruitment agents, migrant workers are often subject to usurious interest rates of over 50 percent on loans taken to cover the costs of migration, the study said.

Recruitment agents are also often reported to offer bribes to the employing company personnel, with amounts ranging between \$300 and \$1,000 per worker and these costs are recovered from the workers.

The study also predicted that growth in global remittance, including developing countries, will slow sharply this year due to weak economic growth in Europe, deterioration of the Russian economy and the depreciation of the euro and ruble.

The South Asia region is projected to receive \$120 billion in remittance in 2015, at a slower growth pace of 3.7 percent, compared to 4.5 percent the previous year.

Large scale construction activities and fiscal expansion in the Gulf Cooperation Council countries, which account for 60 percent of remittance to South Asia, and improving economic prospects in the US will continue to support inflows to the region.

Partly due to the appreciation of the rupee, growth in remittance to India, the world's largest recipient, slowed to 0.6 percent in 2014 (from 1.7 percent in 2013), amounting to \$70 billion. In contrast, remittance soared to Pakistan (by 16.6 percent), Sri Lanka (9.6 percent) and Bangladesh (8 percent), it said.

In Bangladesh, some 108,709 people found jobs abroad in the three months to March against 96,088 in the same period last year, government data shows. In March, overseas employment rose about 36 percent from the same month a year ago.

The 2015 remittance growth rates are the slowest since the global financial crisis in 2008-09. Nonetheless, the number of international migrants is expected to exceed 250 million in 2015, and their savings and remittance are expected to continue to grow.

The slowdown in the growth of remittance this year will affect most developing regions, in particular Europe and Central Asia where flows are expected to decline by 12.7 percent in 2015.

## Microcredit guru Prof Yunus among top business pioneers of all time

Microcredit guru Prof Muhammad Yunus has been named one of the top six business pioneers in finance by The Financial Times.

The UK-based international newspaper selected the founder of Grameen Bank as one of the 50 business pioneers of all time.

By successfully implementing his microcredit idea through Grameen Bank, Prof Yunus showed the world how bringing banking to the unbanked people could make a big difference.

His championing of small loans to the poor in Bangladesh -- and the related idea of social business -- has spread around the world, including in the US, according to the FT.

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**BANKING**



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# INTERNATIONAL NEWS

## China to launch three new free-trade zones

China will launch three new free-trade zones building on a project that began in Shanghai to much fanfare but has so far undershot expectations. The free-trade zones (FTZs) will be opened in the southern province of Guangdong, the northern port of Tianjin and the eastern province of Fujian, reported the website of the People's Daily, the ruling Communist Party's mouthpiece. Each will cover around 120 square kilometres (46 square miles), the State Council, China's cabinet, said. China's first FTZ, set up in the commercial hub Shanghai in September 2013, will also be quadrupled in size, it said, bringing it up to a similar scale and likely to take in the financial centre of Lujiazui, along with a manufacturing area and a high-tech base.

## China consumer inflation rises to 1.5% in April

Consumer inflation in China rose to 1.5 per cent in April but came in below market forecasts and analysts called for more action to avoid deflation in the world's second-largest economy. The rise in the consumer price index (CPI), a main gauge of inflation, released by the National Bureau of Statistics (NBS) was the highest since December, and a slight increase on March's 1.4 per cent. But it came in lower than the median prediction of 1.6 per cent in a survey of 39 analysts by Bloomberg News. "April CPI inflation remained subdued," Japanese financial firm Nomura said in a research note, which added there was no inflationary pressure in the near term. CPI inflation at these levels means there is ample room for monetary policy easing. Moderate inflation can be a boon to consumption as it encourages consumers to buy before prices go up, while falling prices encourage shoppers to delay purchases and companies to put off investment, both of which can hurt growth. Concerns about the risk of deflation in China have been on the rise especially after January's slump in consumer inflation to 0.8 per cent, the lowest since November 2009. PPI last rose more than three years ago. Analysts called for Beijing to take stronger monetary stimulus measures to address a broad growth slowdown in the Chinese economy.

## Wage increases in focus ahead of retail earnings



Labor expenses will be a key focus during retailers' earnings conference calls in the coming weeks, with many companies under pressure to boost workers' wages at a time when low U.S. unemployment levels

have given workers more leverage. Wal-Mart (WMT.N), Target Corp (TGT.N), T.J. Maxx (TJX.N), Gap (GPS.N), and McDonald's Corp (MCD.N) have already announced wage increases, and the trend appears to be trickling further into the retail and restaurant sectors. The competition for that job is tougher for the employer. The employee has choices now, said Thomas Sudyka, managing director at investment management firm Lawson Kroeker based in Omaha, Nebraska. So far in this reporting season, companies such as Bed Bath & Beyond Inc (BBBY.O) and Buffalo Wild Wings Inc

(BWL.D.O) have discussed wage pressure, while Pier 1 Imports Inc (PIR.N) plans incentive pay for the first time in three years. Fast-food workers have been vocal in fighting for better wages. They rallied in U.S. cities on April 15 to demand higher pay, using the deadline for filing tax returns to publicize their argument that they cannot survive on the hourly wages paid by many U.S. corporations. The U.S. government said U.S. job growth rebounded last month and the unemployment rate dropped to a near seven-year low of 5.4 percent, while average hourly earnings rose three cents in April, a year-on-year gain of 2.2 percent. Big retailers reporting in the week starting May 13 include Macys Inc (M.N), Nordstrom Inc (JWN.N) and Kohl's Corp (KSS.N).

## Visa in talks to buy former subsidiary Visa Europe for up to \$20 billion: Bloomberg



Visa Inc (V.N) is in preliminary talks to buy former subsidiary Visa Europe Ltd, in a deal that could be valued at up to \$20 billion, Bloomberg reported, citing people with knowledge of the matter. The talks, which began when Visa approached Visa Europe, are at an early stage and could fall apart if the two sides cannot agree on a price, Bloomberg said. Visa's shares were up 4 percent at \$69.29 on the New York Stock Exchange. The range being discussed is \$15 billion-\$20 billion and both companies are working with advisers, Bloomberg said. Visa said last year it might have to pay more than \$10 billion to buy its London-based European licensee, Visa Europe, if the owners exercised their option to sell it. Visa Europe, which since 2007 has operated independently of Visa, is a cooperative of more than 3,700 European banks with more than 500 million cards in circulation. Visa has a call option to buy shares in Visa Europe, while Visa Europe members have a put option to sell shares to Visa.

## Toyota, Mazda in talks on expanding partnership



Toyota Motor Corp (7203.T) and Mazda Motor Corp (7261.T) are in talks to expand their technology partnership to fuel-cell vehicles (FCVs), sources said on Saturday, as global automakers face rising costs to comply with stricter emission regulations. The two Japanese automakers already have a technology and production tie-up, and Toyota was now considering providing fuel-cell and plug-in-hybrid technology to Mazda, said the two sources, who were not

authorized to discuss the matter publicly. Mazda, in return, was considering offering its partner fuel-efficient gasoline and diesel engine technology under its proprietary SkyActiv series. Mazda has been trying to develop FCVs on its own, but it has decided to team up with Toyota, which produces the Mirai, the world's only mass-market fuel-cell car. Toyota has said hydrogen FCVs offer the most promising zero-emission alternative to conventional cars since they have a similar driving range and refueling time. Toyota has already decided to share some of its patents concerning fuel cell technology for free, hoping this will speed up the development of the infrastructure. The Nikkei business daily reported the two companies intended to reach an agreement on the partnership soon. Toyota and Mazda officials said nothing has been decided.

## Goldman Sachs expected to settle forex suit for almost \$130 million: WSJ



Goldman Sachs Group Inc is expected to pay \$129.5 million to settle its portion of a lawsuit that accuses banks of rigging prices in the foreign exchange market, The Wall Street Journal

reported, citing a person familiar with the matter. The Journal said in its report that a final agreement may be reached in the next several weeks. The lawsuit accused traders at a dozen banks of improperly sharing confidential information about their clients' orders through electronic chat rooms, then using that information to make money at the expense of their clients. In April, Bank of America Corp had agreed to pay \$180 million to settle the lawsuit. JPMorgan Chase & Co settled for \$99.5 million in January, and Switzerland's UBS AG settled for \$135 million in March.

## TPG Capital looking to buy Cushman & Wakefield for \$2 billion: Bloomberg

TPG Capital TPG.UL is in advanced discussions to buy commercial property brokerage Cushman & Wakefield Inc from Exor SpA (EXOR.MI) for about \$2 billion, and an agreement could be announced as soon as next week, Bloomberg reported on Saturday, citing people familiar with the matter. Still, Bloomberg said one person cautioned there was no certainty of a deal being completed. David Bonderman's TPG would combine the Cushman brokerage with DTZ Group, which it bought last year, to create one of the world's biggest real estate services firms. Italian holding company Exor SpA hired Goldman Sachs Group Inc and Morgan Stanley to find a buyer earlier this year. TPG has been competing against a range of other private-equity and strategic bidders, Bloomberg said, citing a person familiar with the matter. Last month, Exor said it had received several non-binding expressions of interest for the real estate company, in which it holds an 81 percent stake.

## Monsanto set to press ahead with Syngenta takeover plan

U.S. agrochemicals firm Monsanto (MON.N) has not given up on a proposed takeover of Swiss rival Syngenta (SYNN.VX), a source close to Monsanto said recently after its \$45 billion offer was rejected. It is still working on the deal and could decide to increase

its initial bid which valued the firm at 449 Swiss francs a share, a 36 percent premium to Thursday's closing price. A deal would give Monsanto, which



dominates the market for seeds and genetically-modified crops, access to lucrative crop protection chemicals and create an industry behemoth with combined sales of more than \$31 billion. Syngenta rebuffed the cash-and-shares offer, saying it undervalued its prospects and did not fully take into account regulatory risks. But the Swiss firm does not consider the deal dead, according to another source, who is familiar with Syngenta. Monsanto, which earlier confirmed it had made an offer, declined to comment on whether it would improve the bid. Meanwhile, major investors in Syngenta told Reuters that they were confident a deal with Monsanto would come off if the U.S. firm upped its initial \$45 billion bid by at least 10 percent.

## China's Commerce Ministry says trade levels in second half of year to improve



China's trade position is expected to improve in the second half the year, the country's Commerce Ministry said, playing down concern sparked by recent dismal trade figures.

China's exports unexpectedly fell 6.4 percent in April from a year earlier, while imports tumbled by a deeper-than-forecast 16.2 percent, according to data released recently. The poor trade performance raises the risk that second-quarter economic growth may dip below 7 percent for the first time since the depths of the global financial crisis, adding to official fears of job losses and growing levels of bad debt. The trade situation in the second half of the year is expected to be better than in the first half, Ministry spokesman Sun Jiwen said in a statement despite China's "increasingly complicated and grave" foreign trade situation. Sluggish external markets, the appreciating yuan, high financing costs and rising labor costs were among the main challenges, Sun said, adding that the ministry would continue to cut red tape to facilitate trade.

## Columbia Sportswear Boosts Profit with Focus on Supply Chain

Columbia Sportswear Co. says investments in supply chain analytics software are paying off, and were a factor



in last year's profit growth. The company says the software, which tracks open purchase orders, product fill rate, sales, as well as where products are in the supply chain, helped boost the share of merchandise delivered on-time and in-full, considered a core metric among retailers, from 28% to 78%. The analytics include a diagnostic component, showing Columbia why products are late, such as a ship delay at a port. We're raising gross margin because we're selling products at full price versus discounting because we didn't move it around right," said Fred Pond, chief information officer of the Portland, Ore.-based retailer. The company has seen a stronger financial performance in the past year. Columbia Sportswear added \$415.6 million in net sales in 2014 over the previous year, a 25% increase to \$2.1 billion in worldwide revenue. Columbia did that while expanding its inventories by only about 17% year-over-year. That was one reason the company increased its operating income 51% in 2014 over 2013, to \$198.8 million and net profit 45% to \$137.2 million.

## Alibaba buys US\$56 million stake in US online retailer Zulily



Alibaba Group has bought a 9 per cent stake in US online retailer Zulily, extending its e-commerce reach. The group said in a regulatory filing that it had spent US\$56.2 million to

buy shares in the Seattle-based e-tailer of clothing and household items. Alibaba has announced at least US\$2.4 billion in investments in the past 12 months including a Chinese soccer team, a smartphone maker and a mobile application for hailing taxis. The company is trying to diversify while still tapping the more than 557 million Chinese who access the Internet from their smartphones and tablets. Alibaba operates China's most popular online shopping platform, Taobao, which is estimated to hold more than 90 percent of the country's online market for consumer-to-consumer transactions. Taobao has faced criticism that counterfeit goods are sold through the site, and in January Alibaba got into a row with China's top industry policy and regulatory body, which said it had evidence of fake products. Alibaba made its debut on Wall Street in September last year, raising US\$25.02 billion and breaking the record for the largest initial public offering in history. Alibaba's shares were up 1.23 per cent to close at US\$87.06. Alibaba has made a string of small investments looking to learn more about the American market, The Wall Street Journal reported.

## U.S. Economy May Reach Job Market Nirvana in Next Six Months



If U.S. employers continue to add jobs at a pace near what was seen in April, the economy could reach what central bankers view as full

employment within six months. According to the Atlanta Fed's online jobs calculator, if employers add an average of around 270,000 jobs per month for the next six months, all else being equal, the jobless rate should drop to 5% from 5.4% in April. Last month, the economy added 223,000 jobs after a weak 85,000 rise the prior month and a 266,000 increase in February, so the gains suggested by the Atlanta Fed tool is entirely doable. That number rests at the bottom of Fed officials' projected range for the long-run unemployment rate. (In March, their so-called central tendency, which excludes the three highest and three lowest forecasts, was 5.0% to 5.2%). Many economists and policy makers believe that this rate indicates that the economy is at "full employment," meaning that if unemployment dips lower, rising wages bubbling out of a hot job market should spur higher inflation. That's significant for thinking about what to do with short-term interest rates, which have been near zero since late 2008. The expectation squares with market expectations, which see the Fed starting to raise interest rates somewhere around its September policy meeting.

## China cuts interest rates for third time since November as economy sputters



China's central bank cut its benchmark interest rate on Sunday for the third time since November, as economic growth cools to levels not seen since the global financial crisis. The

People's Bank of China (PBOC) lowered its benchmark lending rate by 25 basis points (bps) to 5.1 percent, and its one-year benchmark deposit rates by the same amount to 2.25 percent, adding that the reductions would be effective from May 11. The central bank said in a statement on its website that the move would support the healthy development of the economy. Economists had said it was not a matter of if, but when China eased policy again after economic growth in the first quarter cooled to 7 percent, the slowest pace since 2009. Some market watchers had even said the central bank was risking falling behind the curve in responding to rapidly deteriorating conditions. Initial indicators and industry surveys for April released over the last few weeks had pointed to a further loss of momentum heading into the second quarter. Currently, the pace of domestic economic restructuring is quickening and the fluctuation of external demand is relatively big.

## Indonesia to Gradually Cut Corporate Tax Rate to Below 18%

Indonesia will gradually cut its corporate tax rate to discourage companies from booking profits in lower-tax countries such as Singapore, President Joko Widodo's top aide said. The government will cut the rate from 25 percent currently to "maybe 17.8 or 17.5 percent," Luhut Panjaitan, the president's chief of staff, said in an interview in Jakarta on May 8. The move adds to plans for a tax amnesty for citizens as the government tries to lift revenue collection. Widodo, known as Jokowi, is focusing on shoring up state coffers as he seeks funds to improve the nation's infrastructure and reach growth of 7 percent. A decline in government spending

contributed to a further slowdown in Southeast Asia's biggest economy last quarter, and Indonesia's tax collection is falling short of target so far this year. Economic growth, which cooled to a more than five-year low of 4.7 percent from a year earlier in the three months through March, could recover to 5.3 percent this quarter after the government started to spend its budget in April, Luhut said. The effects of increased state spending will be seen in June or July, he said. The tax cuts will narrow the gap with Singapore's rate of 17 percent to stop "transfer pricing," Luhut said. The term typically refers to the practice of companies transferring goods to a parent overseas before selling internationally and then paying a different tax rate on profits abroad.

## Ericsson Sues Apple in Europe Over Phone Patent Royalties



Ericsson AB said it sued Apple Inc. in three countries as it ratcheted up a global licensing battle between the companies. The suits in Germany, the U.K. and the Netherlands add to

U.S. filings seeking a patent-licensing agreement for technologies fundamental to the way mobile devices communicate and for intellectual property related to user interfaces, batteries and operating systems. Apple continues to sell products globally without a license from Ericsson, the wireless-network maker said recently. Everybody needs to take a license for the technologies we are providing to them, Kasim Alfalahi, Ericsson's chief intellectual property officer, said in a phone interview from the company's Stockholm headquarters. Ericsson shares jumped as much as 6.3 percent and advanced 3.3 percent to 93.75 kronor at 4 p.m. in Stockholm, giving the company a market value of 309 billion kronor (\$38 billion). Apples shares rose 1.4 percent to \$126.97 in New York. The issue has split the technology industry between those who have created some of the basic ways phones operate and those that use the technology in complex devices. Apple had been paying royalties to Ericsson before a license expired in mid-January. When talks over renewal failed, the companies sued each other, seeking court rulings on whether Ericsson's royalty demands on fundamental technology were fair and reasonable.

## Tycoon Li Taps Singapore Inc. for \$16 Billion U.K. Wireless Push

As billionaire Li Ka-shing finalizes a \$16 billion deal to create Britain's biggest wireless carrier, he's turned again to his friends at Singapore Inc. to make it happen. Li, whose Hutchison Whampoa Ltd.



is merging its U.K. mobile operator with O2 UK, will sell a 1.1 billion-pound (\$1.7 billion) stake in the combined operations to Singapore wealth fund GIC Pte, according to a statement Friday. The

Hong Kong tycoon has now raised \$12 billion selling interests in his retail, ports and telecommunications businesses to arms of the Singapore government, data compiled by Bloomberg show. The deals help Li keep down debt as he pursues a \$31 billion reshuffle of his empire and makes overseas purchases as varied as an Australian gas distributor, a jet fleet and a U.K. rail-car portfolio. State-backed investment companies in Singapore, the only AAA-rated economy in Southeast Asia, have bought stakes in overseas firms including Citigroup Inc. and UBS Group AG as they seek growth outside the nation of 5.6 million.

## Bonderman's TPG to Buy Cushman & Wakefield in \$2 Billion Deal

David Bonderman's TPG Capital agreed to buy Cushman & Wakefield Inc., the largest closely held commercial-property brokerage, in a deal that values the company at \$2.04 billion. EXOR SpA, the Agnelli family's Italian holding company will generate net proceeds of \$1.28 billion from the transaction, according to a statement Monday. DTZ will be combined with Cushman & Wakefield to create one of the world's biggest real estate services firms. "It gives us great satisfaction to see a business we have owned for many years become part of a new powerhouse in the sector as it approaches its centennial year, reinforcing its prospects for even greater success in the future," John Elkann, chairman and chief executive officer of EXOR, said in the statement. A combination of New York-based Cushman and DTZ would result in a global company to rival CBRE Group Inc. and Jones Lang LaSalle Inc., the industry's No. 1 and 2 firms, respectively. Creating a brokerage of that heft has been a goal for Brett White, executive chairman of DTZ and CBRE's former chief executive officer. The joint company would will have more than \$5.5 billion in annual revenue and more than 43,000 employees, Cushman & Wakefield said in a separate statement.

## Apple Expands Renewable Energy Goal

Apple has pledged to create enough energy through renewable sources to power its global operations. Now it's setting a far more ambitious goal to do the same for its manufacturing supply



chain. Apple says it generates renewable energy – from solar, wind, biogas, fuel cells, geothermal and small hydropower plants equivalent to 87% of the energy used by its facilities worldwide. The company's goal is to get to 100%. Including the supply chain, which produces hundreds of millions of its products every year, will be a much tougher task. Apple says the supply chain uses roughly 60 times as much power as Apple's own facilities. This won't happen overnight—in fact it will take years—but it's important work that has to happen, said Apple Chief Executive Tim Cook. The new target is part of Apple's initiative to improve its environmental track record in China, which is now the company's biggest overseas market and the base for most of its manufacturing.

## Toyota, Mazda Consider Sharing Fuel-Efficient Technologies



Toyota Motor Corp. and Mazda Motor Corp. are in talks to share certain technologies, a person knowledgeable about the matter, as some auto makers turn to tie-ups with rivals to reduce

mounting costs of developing fuel-efficient cars. Under consideration is a deal in which Toyota would offer its plug-in hybrid and fuel cell technologies to Mazda. In return, Mazda would provide its fuel-efficient gas and diesel engine technologies to Toyota, said the person who spoke on the condition of anonymity. The new arrangement would expand the scope of the existing partnership between the two Japanese auto companies. Toyota already offers its gas-electric hybrid technology for some Mazda cars, while Mazda is set to start producing a small car for Toyota at its plant in Mexico later this year. The current partnership doesn't involve any capital investments. This is likely to remain the same even if the cooperation expands, the person said. Spokesmen from Toyota and Mazda said concrete plans haven't been set for further technology swaps. The Nihon Keizai Shimbun business daily first reported the plans in its Saturday edition.

## International Experience Strengthens New Alibaba Chief's Hand

Alibaba Group Holding Ltd.'s new chief executive brings to his new role experience dealing with international brands and foreign investors. Such skills have become more crucial for the Chinese e-commerce company as it tries to attract more overseas sellers and buyers to further expand its shopping sites after going public in the U.S. last year. The appointment of Daniel Zhang signals a change in the types of



qualities required to steer Alibaba through the next stage of its growth while also coping with scrutiny from overseas investors following the firm's record-setting \$25 billion initial public offering in September. Alibaba framed the appointment of Mr. Zhang, previously chief operating officer, to his new role as part of a wider effort to bring younger leaders into the company, even though Mr. Zhang, age 43, is only a few years younger than Jonathan Lu, whom he is succeeding. Others who were set to start handing over responsibilities starting Sunday include executives who oversee technology, risk, strategy and marketing. Mr. Ma, who started Alibaba in 1999 from his apartment with a group of colleagues, remains in his current executive-chairman post. Unlike Mr. Zhang's predecessor, Mr. Lu, who joined Alibaba in 2000 when the company was only a year old, Mr. Zhang joined in 2007 after serving as the chief financial officer of a U.S.-listed Chinese online-games company, Shanda Interactive Entertainment Ltd. While overseeing Tmall's expanding operations, When Alibaba appointed Mr. Lu in 2013, the company cited as his key qualification the fact that he had managed every major business segment of Alibaba.

## Goldman Sees China Rebound Happening This Year Again

As gloom gathered over China's economic outlook in March last year, Goldman Sachs Group Inc. economist Song Yu declared growth likely had "troughed" and a rebound would follow. The top forecaster on China's economy was proven right, and sees a repeat this year. Now it's very similar to this time of last year in terms of having a combination of monetary, fiscal and administrative loosening, said Beijing-based Song, ranked the best overall forecaster of China's economy by Bloomberg Rankings for the past two years. The data in recent years consistently show us one thing: If the Chinese government really, really wants to push up short-term growth, they can. Reflecting that determination, the central bank recently announced the third benchmark interest rate cut of the past six months, which combines with two reductions to banks' reserve ratios and targeted liquidity injections. Song's sanguine stance is echoed by other economists on the top five forecasters list, who don't see a hard landing scenario. The ranking of economic forecasters is based on the last two years of data reported to April 21 and uses estimates submitted to Bloomberg for nine key indicators that include GDP, exports, imports, fixed-asset investment and consumer and producer prices. They commented before the People's Bank of China's latest cut, which lowers the benchmark lending rate by 0.25 percentage point to 5.1 percent and the one-year deposit level to 2.25 percent.

## Caterpillar Invests in an Airbnb for Excavators

Caterpillar Inc. said it had invested in Yard Club Inc., a San Francisco startup that helps owners of heavy equipment rent idle machines to one another, much as Airbnb Inc. helps people find vacant homes or apartments for short stays.



A spokeswoman for Caterpillar, which makes construction and mining equipment, said the company had provided a bridge loan that could be converted to equity in the future. Colin Evran, Yard Club's 31-year-old chief executive who founded the startup in 2013, declined to provide details of the financing but called it "pretty substantial." Yard Club already had attracted \$1.6 million of venture capital in late 2013, he said.

## Pinterest Employees Can Sell Shares via New Secondary Offering



Pinterest said it is allowing employees to sell a portion of their stock as it completes its \$553 million round of funding that values the image-bookmarking site at \$11 billion. This marks the second

time the San Francisco-based company would be doing a secondary offering for employees, available for those whose options have vested by April 30. It last allowed a secondary offering in October 2012. Employees will be allowed to sell a certain portion of



their stock to unnamed investors. A company spokesman said that the company will not be buying back the stock. The environment around startups have changed dramatically over past the couple of years but companies, equity programs and philosophies have not changed at all and we think they should so that's why we launched an options extension and now are offering a secondary, said a company spokesman. In March, Pinterest told its more than 500 employees that those who have been with the company for at least two years and choose to leave can keep their vested stock options for another seven years without exercising them. The decision is a departure from typical start-up policy, which usually gives employees just 90 days to exercise their options after leaving the company, saddling them with a big tax bill.

## Australia to crack down on alleged tax avoidance by 30 multinationals



Australia's Treasurer Joe Hockey holds a news conference after a meeting of G-20 finance ministers and central bank governors during the IMF-World Bank annual meetings in Washington

October 10, 2014. The Australian government on Monday announced a world-leading crackdown on alleged tax avoidance by 30 multinational companies in a move that could force the likes of Apple Inc and Microsoft Corp to restructure their businesses to escape huge penalties. These companies are diverting profits earned in Australia away from Australia to no-tax or low-tax jurisdictions," Treasurer Joe Hockey told reporters in Canberra. Google Inc, Apple Inc and Microsoft Corp revealed earlier this year they were under review by the Australian Tax Office. The Australian subsidiaries of these global tech titans have all denied any tax evasion. Australia and Britain are leading steps by countries to tackle large companies over base erosion and profit shifting methods of avoiding tax ahead of coordinated international efforts by the OECD through the Group of 20 leading economies (G20). More details will be provided in the federal budget due for release. Companies could be fined up to 100 percent of the amount of tax deemed to be avoided, he added. Hockey also unveiled a plan to extend the country's existing goods and services tax (GST) to cover digital products purchased from overseas suppliers.

## China becomes world's top crude buyer despite economy stuttering

China overtook the United States as the world's top importer of crude oil for the first time in April, and its purchases are expected to remain strong despite a slowing economy, with far-reaching consequences for global oil and commodities markets. The soaring imports came as a surprise as growth in the world's second-largest economy was sputtering and its oil demand was expected to ease. However, low oil prices and China's series of interest rate cuts -



including one over the weekend - in a bid to stoke growth are factors boosting demand. China's crude oil imports hit a record of almost 7.4 million barrels a day (bpd) last month, putting it ahead of the United States' estimated imports of 7.2 million bpd for April, Reuters data show. While China may drop back to second place in some months ahead, it is clearly headed towards overtaking the United States as the world's top crude importer on a permanent basis. China is already the world's biggest energy consumer, with oil by far the largest traded energy market. Overtaking the United States means China is the top user of almost all commodities, including coal, iron ore and most metals, with far-reaching implications for markets which continue to shift from West to East. Being the world's biggest crude importer should give China more buying power.

## Oil rises towards \$66 after China cuts rates



Oil rose towards \$66 a barrel after China moved to bolster its flagging economy, raising hopes that the world's top energy consumer would help absorb a global supply glut. China cut

interest rates for the third time in six months on Sunday to stoke its sputtering economy, which is headed for its worst year in a quarter of century. Recent data on showed China ahead of the United States as the world's top oil importer in April, as the Asian economy seized on lower crude prices to stock up. Brent crude LCOc1 for June was up 20 cents at \$65.59 a barrel by 0800 GMT (4 a.m. EDT) after dropping 1.6 percent last week. June U.S. light crude CLc1 was up 20 cents to \$59.59 a barrel after rising for eight straight weeks, the longest winning stretch since late 2012 to early 2013. Analysts talk of a growing disconnect between the futures market, which has gained more than 40 percent since its January low, and a growing physical supply glut. Investors will be looking at this week's monthly report from the International Energy Agency to see if falling oil prices have boosted global demand for oil, Weinberg said. In a sign that the market is responding to the recent price gains, U.S. drillers added rigs to the Permian basin for the first time this year after weeks of idling rigs.

## Japan first-quarter GDP growth seen moderate, weak consumption a concern

Japan's economy was expected to post a second straight quarter of moderate growth in January-March, led by a pickup in exports and business investment, a Reuter's poll found,



pointing if realized to a steady recovery from recession after last year's sales tax hike. Annual expansion of 1.5 percent in gross domestic product (GDP) would match the rate of growth in October-December, translating into a quarterly increase of 0.4 percent, unchanged from the prior quarter, the Reuters poll of 22

economists found. Subdued growth could be a source of concern for policymakers counting on consumer spending, backed by increased corporate profits and higher wages, to help sustain a virtuous growth cycle and defeat nearly two decades of deflation. The economy is slow-going despite expected (positive) effects from cheap oil prices. Private consumption, which accounts for roughly 60 percent of GDP, was expected to register a quarterly gain of 0.2 percent, slowing from a 0.5 percent rise in October-December. Consumers tightened their purse strings as the sales tax hike boosted prices across the board, outpacing salaries and curbing real incomes, hurting household purchasing power.

## India picks private banker KV Kamath as first BRICS bank head



India has named private banker K.V. Kamath as the first head of a new development bank being set up by the BRICS group of emerging market economies, Finance Secretary Rajiv Mehrishi

told reporters recently. The BRICS - Brazil, Russia, India, China and South Africa - agreed to set up the \$100 billion development bank last July, in a step toward reshaping the Western-dominated international financial system. It was agreed that the New Development Bank, which will fund infrastructure projects in developing nations, would be based in Shanghai. It would be headed by an Indian for a first five-year term, followed by a Brazilian and then a Russian. Kamath has been appointed as the head of the BRICS bank, the appointment will become effective when he becomes free from his current assignments, Mehrishi told reporters in New Delhi. Kamath, 67, is a veteran banker who was credited with developing ICICI Bank (ICBK.NS) into India's second-largest lender. He headed the bank for 13 years until 2009 and is now its non-executive chairman.

## China central bank cuts interest rate

China's central bank announced it would cut interest rates by 25 basis points as authorities seek to boost the flagging economy following a raft of data indicating a slowdown. The benchmark one-year lending rate would be reduced to 5.1 percent and the deposit rate to 2.25 percent, the People's Bank of China (PBoC) said on its website. The move was widely predicted following subdued consumer inflation data and a fall in exports, according to analysts. The PBoC had already cut interest rates twice since November and this year has twice reduced the amount of cash banks must keep in reserve, as well as using other measures to inject liquidity into the market. The bank said the latest cut was to reduce the cost of borrowing "to continue to support the sustained and healthy development of the economy". The economy was facing "downward pressure" while domestic prices remained low, providing space to cut rates, it said. The bank has ruled out quantitative easing for an economic boost, saying it would use monetary policy to fine-tune the economy, the official Xinhua news agency reported. Gross domestic product (GDP) expanded 7.4 percent in 2014, the lowest rate in 24 years.

## Tesla to Modify Cars to Fit China Charging Standards



Tesla Motors Inc. said it will modify its vehicles to fit China's national charging standards, the latest move by the electric-car maker to boost sales in the world's largest auto market. Tesla will

fully support China's charging standards when they are released and ensure that its vehicles are compatible, the company said in a statement posted on its Chinese website. Concerns over access to charging will ease with the development of charging infrastructure over the next few years, the company said. Sales of electric vehicles have been hampered by "range anxiety," or the fear of running out of electricity while on the road, a challenge exacerbated by the incompatibility of Tesla's vehicles to the charging facilities built by China's State Grid. Tesla owners and prospective buyers have cited the logistics of powering the vehicles as a key concern despite the company building its biggest charging network outside the U.S. "Solving the charging issue is vital to the promotion of electric vehicles," Tesla's China General Manager Zhu Xiaotong said in the May 11 statement.

## GM Cuts Prices in China as Foreign Brand Sales Slow



General Motors Co. cut its prices in China after reporting a decline in deliveries there last month, joining Volkswagen AG in stepping up discounts as growth slows in their

largest market. GM's joint venture with SAIC Motor Corp. announced price cuts of as much as 53,900 yuan (\$8,700) on 40 models across its Buick, Chevrolet and Cadillac brands, according to a statement on its website. Chevrolet deliveries dropped 5.6 percent last month, while Buick sales slumped 8.5 percent, according to the company. Foreign automakers have come under increasing pressure in China as economic growth slows in the world's largest auto market and local brands gain market share by offering cheaper sport utility vehicles. Passenger-vehicle sales rose at the slowest pace in five months in April, with most of the expansion coming from local brands. "In years to come we expect 2015 to be known as the start of China's 'Great Moderation,' as pricing and margins fall from levels far above global norms," Robin Zhu, senior analyst at Sanford C. Bernstein Ltd., wrote in a report today. "The ramifications of a drop in Chinese market profitability may be substantial."

## JPMorgan Hires Banker for Private Financing

JPMorgan Chase has hired a senior banker to lead the firm's effort to provide private financing for companies like hot Silicon Valley start-ups, the bank announced in an internal memorandum. The firm has poached Keith Canton, who will become head of private capital markets with an emphasis on so-called equity private placements when he joins the firm in August.

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