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Star BUSINESS

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Card spending halves in April

Shows signs of recovery in June

AKM ZAMIR UDDIN

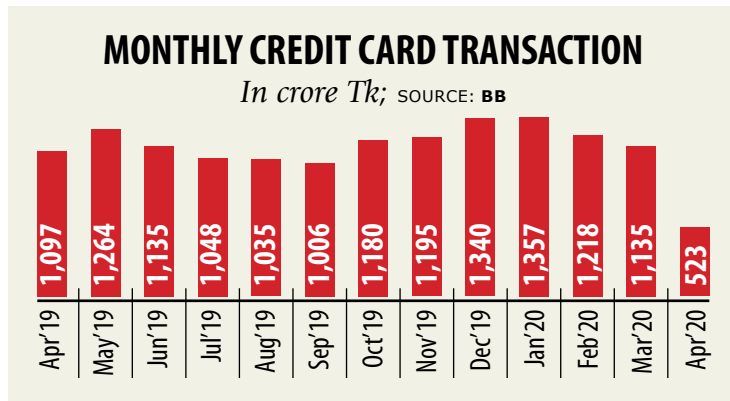
The coronavirus pandemic triggered a decline in card spending by nearly 50 per cent in April, in an indication of a massive fall in demand in Bangladesh as people went for belt-tightening amid income collapses.

Transactions through debit cards stood at Tk 8,336 crore in April, the first month that bore the full brunt of the coronavirus-induced shutdown, down 45 per cent from that a month ago, according to data from Bangladesh Bank.

Credit card spending declined 54 per cent to Tk 523 crore.

The record fall in transactions through debit and credit cards came about after people movement was restricted by the government in an effort to tackle the spread of the contagion.

Almost all countries in the world adopted the same path to fight against the deadly flu, triggering a financial recession. With malls and shops closed,



people tightened their belts in apprehension that the upcoming days might be harsher.

Although the government has relaxed the shutdown since the beginning of June, card spending is yet to pick up as both local and global economies have been facing the financial meltdown due to the twists and turns of the pandemic.

The fall in income levels put an adverse impact on consumption, forcing people to spend only on

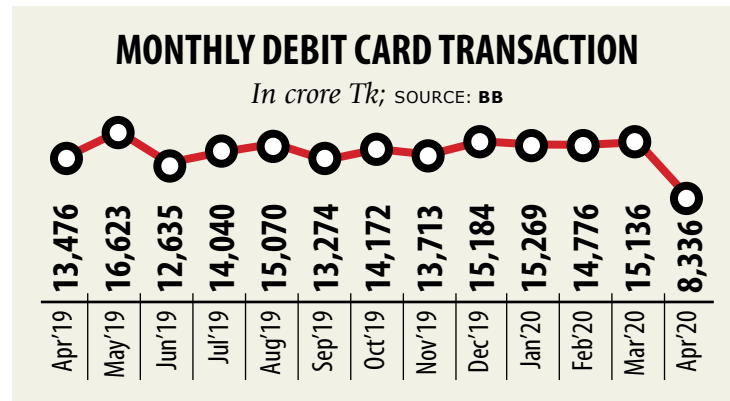
essentials items. "Card spending can be considered as an indicator to verify the demand in the economy," said Ahsan H Mansur, executive director of the think-tank Policy Research Institute of Bangladesh.

"We will judge the economic trend by analysing the indicators of card spending-related data. This will give a signal to us whether it will start to turn around from the ongoing meltdown," he said.

Card transactions would get back its tempo when the pandemic is tackled, said Mansur, also a former high official of International Monetary Fund.

Syed Mohammad Kamal, country manager for Mastercard Bangladesh, gave a piece of good news.

In June, card transactions rose by nearly 60 per cent compared to that in April as people are trying to return to a normal life, he said. The digital cattle market



targeting the upcoming Eid-ul-Azha will give a further boost to the transactions, he said.

However, the digital market has still a long way to go before returning to normalcy and beginning to enjoy pre-Covid-19 level growth.

The card market will have to fight to a great extent to move to the next stage as it will not be easy to enhance the confidence of the people during the pandemic.

People from middle and higher-income groups have still been shying away from the shopping markets, hitting the sales of lifestyle products, Kamal said.

"We do not know when the international hotels and tourism will make a comeback. Card spending will not pick up until the industry reopens fully."

There has been also a good sign that e-commerce transactions have recently widened its sphere as people continue to opt the service

to avoid the contagion, he said.

Banks used to issue 15,000 to 17,000 credit cards every month before the virus arrived on the shores of Bangladesh. In April, it stood at just 694 cards, BB data showed.

The release of debit cards faced the same consequence in the month: lenders issued 77,664 debit cards against the monthly average 300,000-350,000 previously.

Dutch-Bangla Bank, one of the largest debit card issuers in the country, saw a card transaction of Tk 5,000 crore in April through its vast network of automated teller machines against the average monthly transaction of Tk 8,000 crore, said its managing director, Abul Kashem Md Shirin.

The private commercial bank faced a lower transaction of Tk 75 crore in April on point-of-sale (POS) terminals against the average monthly transaction of Tk 250 crore.

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AB Bank asks over 100 employees to resign

STAR BUSINESS REPORT

AB Bank has asked more than 100 of its employees to resign as part of its efforts to restructure operations.

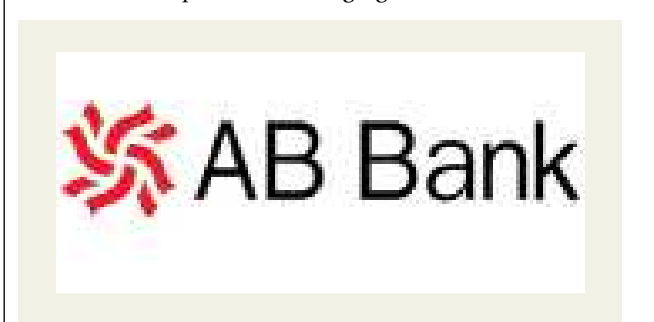
The management of the first-generation bank said unqualified and corrupt officials had been asked to leave.

Two officials, who are set to lose jobs, said the majority of the officials who were facing the downsizing were now at the last stretch of their careers.

So, the job-cut has dealt a big blow to them as they don't know how to get on in the days ahead and there is little scope to manage a new job due to the ongoing economic fallout, they said.

A large number of employees were asked to resign by yesterday and a termination letter of the employees has been obtained by The Daily Star.

"The management has asked 70-80 employees to resign due to their incapacity to do the job keeping up with the time," said Tarique Afzal, managing director of AB Bank.



The job-cut is a regular process and it has no relation with the bank's austerity measures, he said.

The employees who have been found to be involved in corruption were also asked to go, he said.

The bank had earlier faced a number of crises, including scams and fraudulent activities but it has recently turned around from the loss-making situation, Afzal said, adding that the latest effort would help the bank's operations shine out.

The employees facing the termination will get their service benefit from the lender.

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Pharma companies count their blessings as exports rise

JAGARAN CHAKMA

Bangladesh's pharmaceutical industry managed to grow its exports in the just-concluded fiscal year on the back of a steady demand for medicines during the coronavirus-induced economic and health crises, which have decimated other major export sectors.

"Pharmaceutical products are essential for all countries. That is why the industry's exports did not decline amid the Covid-19 outbreak. Rather, it rose," said Ananta Saha, international business manager of Renata.

Pharmaceutical shipments soared 4.49 per cent year-on-year to \$136 million in fiscal 2019-20 following improvements in product quality and policy support.

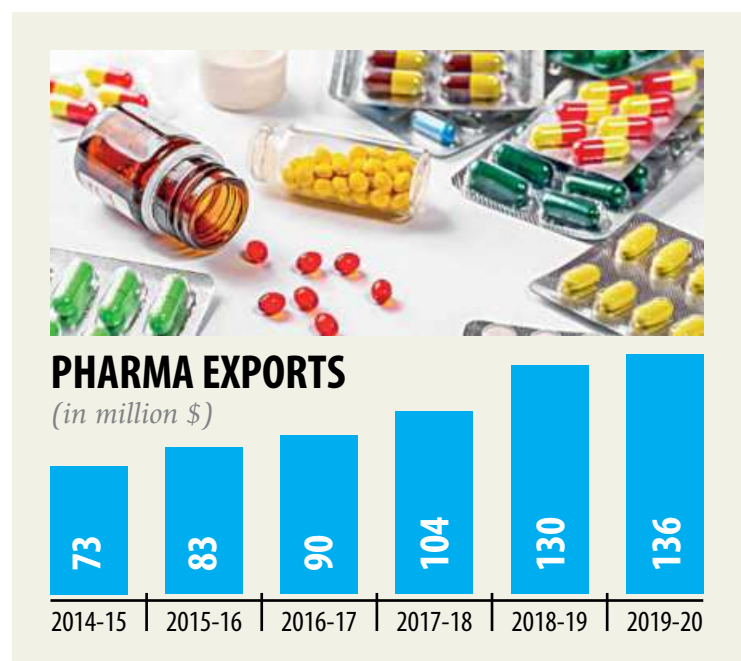
The industry is one of the handful of sectors that ended the fiscal year in the black. National exports fell 16.93 per cent.

The sector fetched \$130 million in export earnings in fiscal 2018-19 and \$103.46 million in fiscal 2017-18.

One of the major manufacturers and exporters, Renata ships

AT A GLANCE

- ▶ Total export destinations: **144**
- ▶ Domestic market size: **Tk 22,000cr**
- ▶ Local firms meet **98%** of domestic demand
- ▶ Major players: Square, Incepta, Beximco, Eskayef, Opsonin and Renata
- ▶ Local demand was **Tk 18,755.6cr** in 2017



digital marketing as a new avenue for sales. However, it is difficult to gauge future market demand for pharmaceuticals since all fairs and seminars related to the industry have been put on hold or cancelled to prevent mass

infections, Saha said. Bangladesh is currently exporting medicines to many countries across four continents, including a few highly regulated markets in the European Union and Australia, said Mohammad

Mujahidul Islam, director for marketing and sales at Eskayef Bangladesh, another pharmaceuticals company.

Numerous regulatory bodies - the European Union Good Manufacturing Practice, the Medicines and Healthcare Products Regulatory Agency of the UK, the Therapeutic Goods Administration of Australia, the United Arab Emirates Good Manufacturing Practice and the Veterinary Medicines Directorate of the UK - approved Eskayef's state-of-the-art manufacturing facility.

"This only reinforced the company's high standards for quality, safety and efficacy. For this reason, Eskayef's exports have increased," he said.

Although the country's export earnings from the sector are still comparatively insignificant, it has good potential in the global market. The domestic pharmaceuticals market is dominated by six major players.

Square Pharmaceuticals leads the pack with an 18.8 per cent market share, while Incepta comes in second with 10.2 per cent.

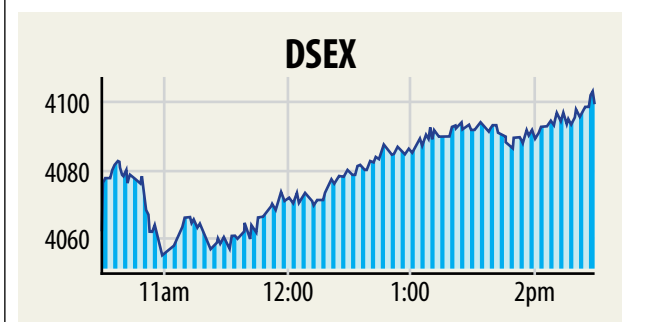
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Drugmakers fuel Dhaka stocks' momentum

STAR BUSINESS REPORT

Dhaka stocks yesterday maintained last week's gaining momentum riding on the rising demand for stocks of drug makers amid the Covid-19 pandemic.

The DSEX, the benchmark index of Dhaka Stock Exchange, rose 37.85 points, or around 1 per cent to stand at 4,099.42.



Some people went on a buying spree as the prices of many stocks have gone down to a very low level at a time when the government gave the go-ahead to the investment of untaxed money in the stock market, said a top official of a brokerage house.

Some banks formed funds to invest in the lucrative stock market but they are yet to start making purchases, he said.

The investors are now choosing the pharmaceutical and information technology sector stocks as these sectors remained almost unhurt when the coronavirus pandemic has been destroying others, he added.

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Walton compressors hit Turkish market

STAR BUSINESS REPORT

Walton has expanded its export basket further as the local electronics giant started shipments of made in Bangladesh compressors for refrigerators and air conditioners to Turkey.

"We aim to export one million units of compressors to some African, Middle East countries and Turkey by 2021," said Meer Muzahedin Islam, chief executive officer of Walton Compressor.

The number would hit five million by 2025, as some more export destinations will be explored by the time, he said.

"The company was busy producing compressors for the local market until last year. Now we are trying to serve the foreign nations, as we have already increased our capacity to produce four million compressors a year."

On July 7, the compressors were sent to Turkish company Kargi, which imports, exports and markets hi-tech spare parts for domestic and industrial products



throughout Turkey and also abroad, especially in Europe.

Walton's International Business Unit President Edward Kim and Kargi's Managing Director Emin Kargi signed a deal in this regard, making the Turkish brand a distributor of Walton products in the transcontinental Eurasian nation.

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Remove all investment barriers for faster economic recovery: experts

STAR BUSINESS REPORT

Bangladesh needs to quickly remove any barriers preventing growth in both domestic and foreign direct investment (FDI) in order to ensure the country's economic recovery from the ongoing coronavirus pandemic, speakers said at a virtual discussion held yesterday.

Identifying new opportunities for business amid the Covid-19 situation, aligning critical reforms with formal development strategies and actively exploring fresh investment sources from places such as the EU and South Asia will be crucial in this regard.

Besides, issues like tax and foreign exchange constraints should be immediately addressed to boost the country's investment climate and bring investment dynamics back to normal in the post-coronavirus era, they said.

The virtual meeting styled, 'Private Investment in Uncertain Times: Covid Impact and Policy Implications for Bangladesh', was organised by Resurgent Bangladesh, a platform to plan economic recovery initiatives amid the

SUGGESTIONS

- ▶ Remove all investment barriers
- ▶ Identify opportunities created by pandemic
- ▶ Attract more FDI from Asia and Europe
- ▶ Ease tax and forex regulations
- ▶ Improve business climate
- ▶ Increase exports to China and India

Covid-19 outbreak.

This was the third Resurgent Dialogue session featuring members of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka Chamber of Commerce & Industry (DCCI), Chittagong Stock Exchange (CSE), Business Initiative Leading Development (BUILD) and Policy Exchange.

The meeting, moderated by MCCI President Nihad Kabir, was also attended by members of

parliament, the executive chairman of BIDA, executive chairman of BEPZA, both serving and former civil servants, leading foreign and local investors, economists and development partners.

CSE Chairman Asif Ibrahim, also a member of the Resurgent Bangladesh steering committee, emphasised enhancing private investment and the business climate in Bangladesh to help the country meet its development needs and devise effective recovery plans.

During his keynote presentation, Policy Exchange Chairman Masrur Reaz stressed the need to identify the shifting trends of global production systems, investor priorities and how they shape future investment outlook, new opportunities and the associated policy framework.

Reaz also laid out possible strategic moves to gain leverage and a five-pronged approach to revive the lagging private and foreign investment in Bangladesh, according to a DCCI statement.

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