

SMEs need policy support to create more jobs: experts

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The small and medium enterprises (SMEs) need policy support to boost the sector's contribution towards generating more jobs, experts said.

Besides, the banking sector needs to undergo a digital revolution to ensure that micro, small and medium enterprises (MSMEs) have better access to financing as the sector is constrained by limited funding, they added.

They spoke at a webinar styled, 'BBF SME Digital Summit 2020', organised by the Better Bangladesh Foundation (BBF) in association with BBF-Global on Wednesday.

The event was moderated by Masud A Khan, chairman and CEO of BBF.

Considering that SMEs account for around 90 per cent of most developed economies, such as the US, it is incumbent for Bangladesh to invest more in this sector, said Selim RF Hussain, managing director of Brac Bank.

Aside from its business with the corporate, commercial or retail sectors, Brac Bank's primary focus is on SMEs, particularly the cottage micro small (CMS) enterprises, he said.

Over the last 19 years, the commercial bank has disbursed around Tk 14,000 crore as loans to roughly 1.70 lakh CMS customers, said Hussain, who delivered a keynote speech at the programme.

"The vision has always been to use this segment to add value to our society and grow employment to add to the country's overall economic activities."

Terming increased operating costs as a big challenge for SME banking, Hussain said digitalisation of the financial sector is an obvious solution as it improves customer service, increases a bank's reach, reduces costs and allows people to avail services in real-time.

Meanwhile, Qazi Kholiquzzaman Ahmad, chairman of the Palli Karma-Sahayak Foundation (PKSF), said the number of cottage and ultra-small entrepreneurs in the country is around one crore while around three crores of people are related to them.

The eminent economist underscored the need for financing in this segment, which is seemingly not a good customer for banks.

While informing that the Tk 20,000 crore stimulus package aimed at the ultra-small, small and medium entrepreneurs announced by the prime minister in April is yet to be implemented, Ahmad said distributing this fund to target groups through banks is a challenge task.

Training should be provided before making any fund disbursement to prospective entrepreneurs. Besides, the SMEs need to be aware about what technologies they should use and where to collect it from.



RECOMMENDATIONS

- Incorporate the concept of digital lending
- Enhance employment through SME development
- Ensure access to finance for SME sector
- Promote the sector for sustainable economic growth
- Ensure training before making fund disbursements
- Undertake strategies based on SME development

"Efficient use of skills and technology will ensure productivity and subsequently profit," Ahmad said.

While speaking at the programme, Shafiqul Islam, managing director of the SME Foundation, said enhanced employment would be ensured if SME sector is developed properly.

He underscored the need to undertake strategies based on the development of the SME sector so that more employment

could be created, which would play a vital role in revamping the country's economy in the post pandemic era.

Planning Minister MA Mannan, chief guest at the programme, said the government would extend all kinds of policy support in this regard.

SBK Tech Ventures Founder Sonia Bashir Kabir said SMEs, mainly MSMEs or cottage, small, medium entrepreneurs (CSMEs), are called the missing middle since they are too small for

commercial banks and too big for micro financing institutions to finance.

According to the SBK Tech Ventures Founder, underwriting of SME loans needs to be simplified by incorporating concept of digital lending.

"We need to work with the regulators to keep up with the fast pace technological changes brought by FinTech," Kabir said.

"We can think that bank is a ship and the FinTech is a speed boat. We coexist, we collaborate," she added.

Kabir also stressed on the need to ensure consumer data protection as well interoperability across users and national borders.

BASIS Senior Vice President Farhana A Rahman, Ayat Foundation CEO Nusrat Feroz Aman, BBF Global CEO Rafiq Khan, BBF Global Managing Director Sazzad Rashid and Channel-I Programme Manager Raju Alim were present on the occasion.

Mantasha Ahmed, president of the Association of Fashion Designers of Bangladesh; Barrister Miti Sanjana, an advocate of the Supreme Court and representative of UK-based Hoda Vasi Chowdhury and Co. Sk Md Tarikul Islam also spoke among others.

Brac Bank Ltd joined the virtual summit as gold partner while Daraz Group as second gold partner and SME Foundation as strategic partner.

Regulator fines NRB Equity Tk 10 lakh for breach of rules

STAR BUSINESS REPORT

Local merchant bank NRB Equity Management has been fined Tk 10 lakh for breach of rules while opening beneficiary owner's (BO) accounts and handling multiple clients under an omnibus.

Bangladesh Securities and Exchange Commission imposed the fine in a meeting chaired by its Chairman Prof Shibli Rubayet Ul Islam on Wednesday.

The stock market regulator also cautioned three other brokerages for breaking securities and exchange rules along with giving go-ahead to AFC Health's initial public offering (IPO).

The BSEC also warned three brokerages for breaking securities and exchange rules and gave a go-ahead to AFC Health's initial public offering



Following an investigation, the commission found that NRB Equity Management opened 551 BO accounts without verifying the required documents.

The merchant bank also failed to open a distinct BO account against the omnibus accounts, operating around 307 BO accounts against a single beneficiary, which is a breach of the regulator's directives.

The fact that the company gets IPO proceeds through two BO accounts under an omnibus is also a breach of regulations.

Besides, the investigation found that these rules were broken with help of some well-placed officials within NRB Equity.

Meanwhile, AFC Health is planning to offload 1.70 crore ordinary shares to raise Tk 17 crore at face value.

With the IPO proceeds, the issuer will purchase various machineries and equipment and bear the IPO cost.

The company's per share net asset value was Tk 13.13 as of June 30, 2019, while earnings per share was Tk 1.47 for the last fiscal year.

Imperial Capital and CAPM Advisory was the company's issue manager.

To apply for an IPO, eligible investors should have at least Tk 1 crore invested in listed stocks from the day of subscription till its end.

Meanwhile, the BSEC formed a two-member enquiry committee in order to find the reasons behind the unusual price hike of GQ Ballpen.

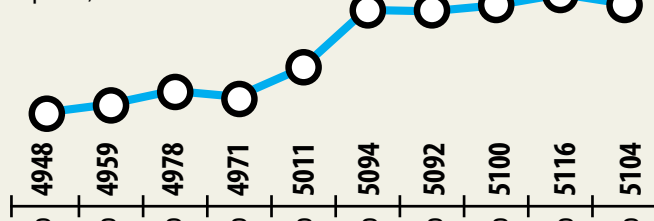
The company's stocks skyrocketed to Tk 240 on Wednesday while it was just Tk 66 on July 7, DSE data shows.

At the same time, the BSEC froze 10 BO accounts that were allegedly involved in stock gambling. The accounts will remain frozen until the investigation is concluded.

Stocks fall on profit booking

MOVEMENT OF DSEX IN THE LAST TWO WEEKS

In points; SOURCE: DSE



STAR BUSINESS REPORT

Dhaka stocks dropped 0.23 per cent yesterday thanks to profit booking by investors as many scripts advanced 10 to 15 per cent in the last few days.

DSEX, the benchmark index of the Dhaka Stock Exchange, fell 12.15 points to hit 5,104 after a rise in the previous day.

This is a normal movement of the index because when the index rises, investors take profit home and then come back with more confidence, said a stock broker.

Turnover, another important indicator of the market, also nosedived 11.68 per cent to Tk

1,013.79 crore yesterday.

The market went through some corrections but overall, it was in an upward trend due to the presence of confident general investors, said a merchant banker.

"The correction is the beauty of the stock market," he added. If the index keeps rising continuously, then it is abnormal and a crash is waiting to take place, he said. "So, it is a good sign to see the investors taking profits."

Of the total 354 stocks, 107 advanced, 210 declined and 37 remained unchanged, according to DSE data.

Monno Ceramic topped the



STAR

The new headquarters of the Dhaka Stock Exchange (DSE) at Nikunja in the capital.

turnover chart with shares worth Tk 35 crore changing hands followed by Brac Bank, Beximco Pharmaceuticals, DBH and Nitol Insurance.

Yesterday, the Bangladesh Securities and Exchange Commission decided to allow the trade of Monno Ceramic in the public market.

The company was sent to the spot market on September 12 in

2019 to cool down its price as the stock was rising abruptly.

In spot market, only cash purchase of shares is allowed.

Republic Insurance topped the gainers' list with a 9.85 per cent rise followed by Nitol Insurance, Monno Ceramic, GSP Finance and Purabi General Insurance.

GQ Ballpen shed the most with an 8.73 per cent fall, followed by Hakkani Pulp, Meghna Pet

Industries, ISN Ltd and Fuwang Ceramic.

The port city bourse also witnessed a reduction in its benchmark index.

CSCX, the benchmark index of the Chittagong Stock Exchange, fell 13.97 points, or 0.15 per cent, to 8,756.91.

Of the total 278 stocks, 89 rose, 147 fell and 42 remained unchanged.

Introduce incentives for digital and card payments: MasterCard's Bangladesh chief

MD FAZLUR RAHMAN

The government should think of providing incentives for using digital payments to reduce the use of cash in order to become a less-cash society, said an industry executive.

"We think it is the right time to incentivise digital payments, especially payments through cards," said Syed Mohammad Kamal, country manager of MasterCard Bangladesh.

"The timing is right now to start the incentive on digital payments, when people

are getting used to it due to the pandemic."

The government is already giving incentives to various sectors such as garments, ICT and leather.

The government may announce a 5 per cent incentive on digital payments, especially through cards, to take the segment to a new height, Kamal said.

Of the incentives, users would get 3 per cent and merchants the rest 2 per cent to accept the payment digitally.

"This would encourage the users to pay digitally and the shop-owners to receive payments digitally instead of cash."

Kamal gave the example of India. He said the neighbouring country introduced incentives for digital payments when it went for demonetisation in 2016. The incentive has still been continuing.

In December 2016, New Delhi announced 11 measures to encourage digital payments, a month after it demonetised high-value currency notes.

"As people are availing digital services and making payment digitally in Bangladesh, the electronic payment would receive a massive boost if the government seizes the opportunity by providing an incentive," Kamal said.



Syed Mohammad Kamal

The digital financial service community along with Mastercard is in talks with the finance ministry and the central bank about it, he said.

According to Kamal, the coronavirus pandemic has worked as a trigger for digital transformation, especially for digital

payments.

"Today, we are seeing things that we had hoped would happen five years later. People started adopting various digital services in the last six months."

The domestic use of cards has increased for online shopping and services. Sectors like online grocery, food delivery and lifestyle shopping have grown by leaps and bounds. Adding money to the mobile financial service accounts has grown.

He said the lesson from the pandemic is that people have become more digital-savvy and are using more contactless payments. People now feel comfort in using cards.

The World Health Organisation recommended using contactless payment in early March.

Still, Bangladesh is far away from becoming a cashless economy. "But it would be a great achievement if all of us try to make the country a less-cash society. The more use of digital transactions would mean lesser use of cash and having more traceability of transactions."

Kamal said Mastercard is working to connect and power an inclusive, digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible.

It pioneered BanglaQr, the national interoperable quick response (QR) in Bangladesh, and also launched contactless cards with many banks. It pioneered "Add Money" with mobile financial services and ensured interoperability between cards and the MFS operators in Bangladesh.

Debit card users transacted a record Tk 18,123.6 crore in July as they opted for the digital money over cash to keep the coronavirus at bay. The transaction is the highest at least since December 2018, Bangladesh Bank data showed.

In the first month of the fiscal year, credit card-holders spent Tk 1,252.4 crore, which was the highest in six months and up 9.49 per cent year-on-year.

For the card business, April was the worst month though it recovered to some extent in May and made a moderate comeback in June.

"July was a good month. Eid was a factor as the religious festival was celebrated at the end of the month," said Kamal.

"The card industry came back strong."

Mastercard is a global technology company in the payments industry. It is the only global payments company having a country office in Bangladesh for the last seven years.

Govt may announce 5 per cent incentive on digital payments, especially through cards -- users would get 3 per cent and merchants the rest