

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
Week-on-week		As of Friday		Friday Closings		As on Thursday STANDARD CHARTERED BANK	
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	USD	EUR
▼ 0.47%	▼ 2.66%	\$1,856.30	\$41.92	▲ 2.28%	▲ 0.51%	83.95	96.80
4,978.78	8,523.90	(per ounce)	(per barrel)	37,388.66	23,204.62	105.76	12.09
						SELL TK	84.95
							100.60
							109.56
							12.71

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BUSINESS

DHAKA SUNDAY SEPTEMBER 27, 2020, ASHWIN 12, 1427 BS ● starbusiness@thedailystar.net

Incentivise e-payments to speed up digital transformation

Experts say at Visa-The Daily Star webinar

STAR BUSINESS REPORT

Both the government and the central bank should take initiatives to provide cashback or incentive to customers for carrying out transactions using digital tools with a view to attaining sustainable economic growth, experts said yesterday.

The country has made an impressive stride in expediting digital financial services (DFS) during the coronavirus pandemic as remote working received a boost to keep the deadly virus at bay while e-commerce, e-payment and even e-learning took a major leap forward.

Now, the regulators and the government should step up their efforts to keep the wheel of the transformation moving, the experts said at a webinar.

Visa and The Daily Star jointly organised the event titled “Digital Bangladesh 2021: Payment Systems and Fintech”.

The government introduced a 2 per cent cash incentive on remittance, giving a great boost to the inflow of the money sent by expatriate Bangladeshis, said TR Ramachandran, group country manager for India and South Asia operations at Visa Inc.

“Such incentives can be applicable to widen the DFS. India, Nepal and many other countries have achieved tremendous success by using the policy,” he said.

The authorities should take required policy measures to allow clients to enjoy cashback or incentives on the transactions by using DFS tools. Tax rebate may also be given if people settle transactions digitally, he said.

Bangladesh has enjoyed a surge in DFS in recent years and Visa is one of the pioneers in the area in Bangladesh, Ramachandran said.

Visa is a global payments technology

company working to enable consumers, businesses, banks and governments to popularise the use of digital currency.

The US-based company facilitates electronic funds transfers throughout the world, most commonly through Visa-branded credit, debit and prepaid cards.

“The regulators should think whether charges will be imposed on clients who make cash transactions at banks,” said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd.

“The use of cash will fall if such a measure is taken. This will ultimately help build a cashless society,” he said.

The government may consider offering 5 per cent cash incentive per transaction, said Syed Mohammad Kamal, country manager of MasterCard.

Of the incentive, 3 per cent will go to clients and 2 per cent to merchants, he said.

A level-playing field should be ensured for all DFS providers to ensure a sound business environment, Kamal said.

“Cashless society is an indispensable part to achieve further economic growth in the country,” said Mahfuz Anam, editor and publisher of The Daily Star.

“We need robust infrastructures to build the public’s trust in DFS. Legal infrastructures have yet to be defined in some cases. Such infrastructure is highly important to bolster the public faith in the financial system,” Anam said.

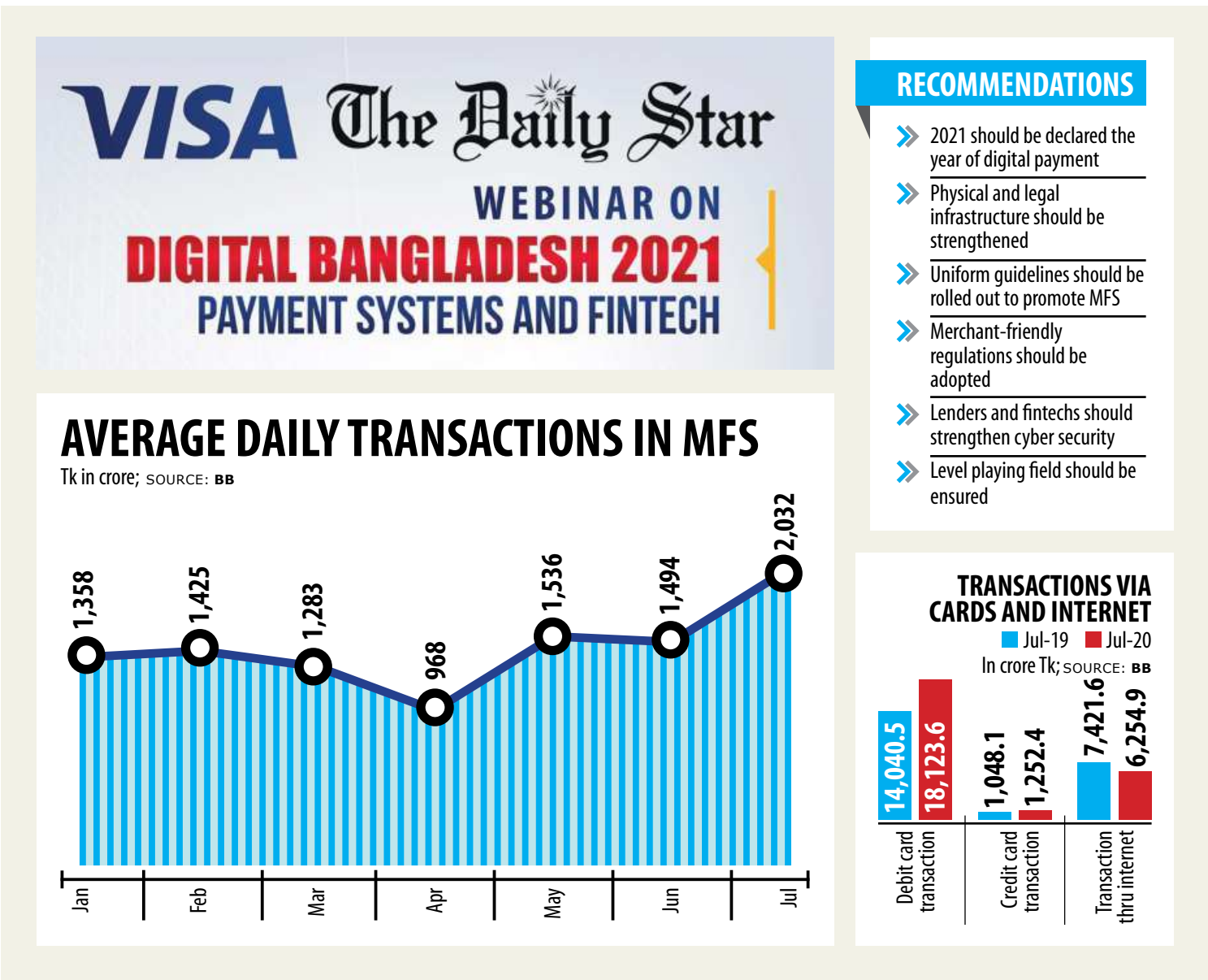
Posts and Telecom Minister Mustafa Jabbar said the coronavirus pandemic accelerated the momentum of transformation to a cashless society.

“Villages will be brought under 4G internet connectivity within the next year,” he said.

Transactions through cards, mobile financial services, internet and agent banking are growing, in a sign of improving physical infrastructures of DFS, he said.

“But we will have to ensure legal infrastructures in tandem as cybercriminals are relentlessly trying to siphon off money from banks,” the minister said.

Half of the population is yet to get an opportunity to open accounts with banks, said Md



RECOMMENDATIONS

- » 2021 should be declared the year of digital payment
- » Physical and legal infrastructure should be strengthened
- » Uniform guidelines should be rolled out to promote MFS
- » Merchant-friendly regulations should be adopted
- » Lenders and fintechs should strengthen cyber security
- » Level playing field should be ensured

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Arfan Ali, managing director of Bank Asia, who pioneered agent banking in the country.

“This has created a gap between the banked and the unbanked people when it comes to accessing services from the financial sector,” he said.

“We should work together to remove the discrimination. And agent banking is doing well to make the digital financial inclusion vibrant.”

Uniform guidelines should be rolled out to promote mobile financial services, said Kamal

Quadir, chief executive officer of bKash, the country’s leading MFS operator.

There are different types of MFS providers and their organisational structure contradicts with each other, he said.

READ MORE ON B3

Wheat imports rise 116pc in six years

Driven by changing food habits, bakery exports

MOHAMMAD SUMAN, Ctg

Wheat consumption in Bangladesh has more than doubled in the past six years for changing food habits, increasing demand and exports of bakery products.

The grain’s imports have seen a 116 per cent rise as its local cultivation failed to meet the demand, businesses and nutritionists said.

Moreover, whole grains are gaining popularity for growing health awareness and rising rates of diabetes and obesity.

Among the grains, wheat tops rice with its higher protein and lower water content, said nutritionists.

Flour being cheaper than rice has also led to a trend over the past decade of bread being consumed in at least one of the day’s meals.

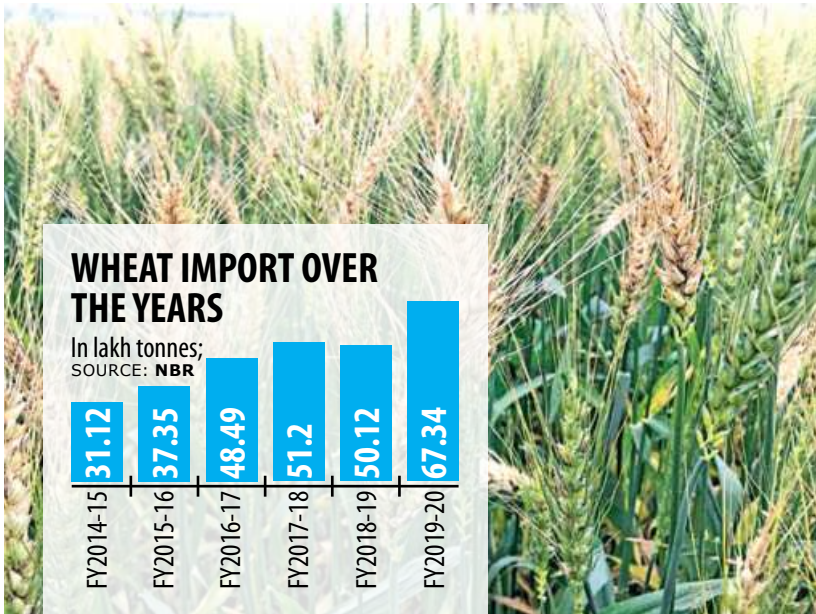
“The number of diabetic patients in the country is increasing due to reduced physical activity,” Prof Khaleda Islam of the Institute of Nutrition and Food Science of the University of Dhaka told The Daily Star.

“Moreover, both rich and poor people are suffering from obesity due to the absence of proper diets. For those reasons, the demand for flour and flour-based food is increasing as an alternative to rice.”

Statistically, daily consumption of the cereal has gone up from 72 grammes in fiscal 2014-15 to 125 grammes at present, according to the Directorate General of Food alongside traders.

The country’s annual demand stands at around 77 lakh tonnes, 85 per cent of which is met through imports, as per the National Board of Revenue (NBR) and Department of Agricultural Extension (DAE).

Being an essential commodity, wheat bears no import tariff. Some 67.34 lakh tonnes of it worth Tk 14,114 crore were brought over in the recently concluded fiscal 2019-20. It



was just 31 lakh tonnes in fiscal 2014-15, shows the NBR data.

Wheat comes to Bangladesh from 16 countries, including Russia, Canada, Ukraine, India, the US, Cyprus, Italy, Australia, Argentina, Estonia and Belgium.

When it comes to its own production, Bangladesh averaged in the range of 10 to 12 lakh tonnes in the past six years.

About 12 lakh tonnes were harvested from some 3.5 lakh hectares of land last fiscal year whereas 11.49 lakh tonnes from 3.29 lakh hectares of land in 2018-19, states the DAE.

“Several initiatives have been taken to increase wheat production and cultivation of high yield varieties such BARI Gom-25 and BARI Gom-26,” said Arif Mohammad Muzakker, additional deputy director of the DAE.

“There is also a project underway to develop salt tolerant wheat,” he said.

The growing appetite is increasing

competition among importers according to the NBR, with many new trading companies and factories recently moving in for a slice of the pie.

Leading importers for long include Shampa Flour Mills (City Group), Sonargaon Flour & Daal Mills (Meghna Group of Industries), Bashundhara Food and Beverage Industries, Ruby Food Products (BSM Group), Akij Flour Mills, Smile Food Product and Nabil Auto Flour Mills.

“The demand of wheat has doubled in the last few years but our production has not increased at that rate. As a result, we have to rely on imported wheat,” said Abul Bashar Chowdhury, chairman of BSM Group.

“The demand of wheat has increased as the price of flour is lower than rice. There is always a difference of Tk 10-12 between the prices of good quality flour and medium quality of rice,” he said.

READ MORE ON B3

Huge potential lies in electronic procurement

Govt saves \$600m during FY2012-2018

REJAUl KARIM BYRON and MOHIUDDIN ALAMGIR

Despite some loopholes, the implementation of an electronic system for public procurement, replacing paper-based lengthy process, has been a boon for Bangladesh as it is saving millions of dollars and reducing time in the bidding process, the World Bank said.

Because of the Electronic Government Procurement (e-GP), an estimated \$600 million has been saved between fiscal year 2012 and FY2018, the development lender said in its latest assessment on the public procurement system in Bangladesh.

Average procurement time from the invitation of bidding to contract signing declined from 93 days to 59 days in case of open tendering method works from FY2011 to FY2019, according to the report titled

“Assessment of Bangladesh Public Procurement System”.

After the introduction of e-GP in 2011, the bidding environment has improved significantly compared to the paper-based tendering system. Market access has also increased.

Only 10 per cent of tenders were awarded on time in 2007. It jumped to 90 per cent in 2019. Only 15 per cent tenders award publication took place in 2007 and it was 100 per cent in 2019, the WB said.

On average, only four bidders participated in bidding in 2007. It rose to 16 in 2019.

The report is based on information of 296,760 e-GP and 12,000 traditional paper-based purchases by the government between FY12 and FY19.

Besides, it incorporated interviews and focus group discussions with key implementing agencies and surveys of bidders conducted in five districts.

E-GP AT A GLANCE

- » Average procurement lead time dropped from **86.7** days in FY12 to **62.2** days in FY19
- » Share of awarded bids within original bid validity period rose from 10pc in FY07 to **90pc** in FY19
- » Share of rejected bids fell from **8pc** in FY12 to **3pc** in FY19
- » **\$600m** saved between FY12 and FY18

In FY20, government purchase was estimated at around \$24.1 billion, which was 45.2 per cent of the annual budget and 8 per cent of the GDP. In FY2019, e-GP processed 62 per cent of \$24 billion in public procurement expenditure.

“Therefore, any improvement in the public procurement system is likely to have a significant financial effect,” said the WB.

According to the assessment, 80 per cent of government procurement was made through the open competitive method.

Before the introduction of e-GP, bidders from a geographical area generally participated in the procurement process only within that area. However, e-GP has changed the scenario with a significant increase of non-local winners, the WB said.

The share of rejected bids declined from 8 per cent in FY2012 to 3 per cent in FY2019.

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