

# Covid-19 challenge is both a marathon and a sprint

*Concerted efforts needed to ensure long-term recovery and address immediate needs, says Naser Ezaz Bijoy, CEO of StanChart Bangladesh*

MD FAZLUR RAHMAN

All stakeholders must work together to enable long-term economic recovery of Bangladesh while addressing the immediate need to save and sustain lives, said a top banker.

"The Covid-19 challenge is both a marathon and a sprint," said Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh.

His comments came as Bangladesh continues its fight against the persisting coronavirus, which impacted the exemplary gain in poverty eradication over the decades, hurt economic growth and left millions without jobs and incomes.

Bijoy said the Covid-19 situation is the time that will test the characters of all stakeholders such as buyers, manufacturers, exporters, workers, bankers and insurers.

"The government alone can't solve all the problems and the honourable prime minister has already done a lot. Now, everyone has to have skin in the game."

Now the main challenge is to ward

off the emergence of the second wave of infections.

A renewed spread of the virus will create significant stress on the domestic healthcare system, the capacity of which was low to start with, and further impact consumer and investor sentiment, and this may affect the momentum that was regained over the last few months.

According to Bijoy, Bangladesh entered the turbulent time on a much stronger footing compared to many of its peers, due to low external debt to GDP, low overall public debt and comfortable debt service capability given its healthy foreign exchange reserve.

"If the government had to finance the entire \$12 billion stimulus packages through foreign currency borrowing, Bangladesh's external debt-to-GDP ratio would have been 18 per cent from 15 per cent now. But it is not required as a large part is being done through the available liquidity in the banking system and refinancing window from the Bangladesh Bank."

But the government cannot be



Naser Ezaz Bijoy

complacent. The country should prioritise projects, which will generate employment and curtail investments in discretionary projects.

"In an encouraging sign, the finance ministry has identified areas of efficiencies that can be redeployed towards the immediate priority of stimulating growth, generating employment and ensuring public health."

Bijoy has been serving the bank for more than 27 years and has held several roles in corporate banking, risk and audit in Asia, Middle East and Africa. He became the CEO of the international bank's local operations in November 2017.

He said the coronavirus pandemic prompted corporates and businesses to re-evaluate how they respond to the elevated needs of the communities.

The bank had decided to extend payment holiday to customers in March after seeing a slump in business activities. It accrued the interests for the quarter ending March, but it did not realise the amount from clients, allowing additional time to settle the interest obligation.

Instead, the bank decided to look at the needs of all clients to find out who needs what kind of support. The activities led the bank to give needs-based payment holiday and loan extension to customers, even before the regulatory payment holiday was implemented. Now, it is working in line with the guidelines of the banking sector.

The bank ramped up its community engagement. It arranged 3.6 million meals for 120,000 individuals in association with Brac, Kumudini

Welfare Trust and Bidyanondo Foundation.

It arranged life-saving medicine and medical services for a month for 460 critical Covid-19 patients through Sajida Foundation in Dhaka and Bidyanondo Foundation in Chattogram.

Standard Chartered Bangladesh donated Tk 11.1 crore to the Unicef Bangladesh to be used for protection measures and remote education of vulnerable children. It gave Tk 2.5 crore to the Red Crescent to support health workers.

It is now working with the Underprivileged Children's Educational Programmes (UCEP) to re-skill people who have lost jobs.

to be done to rein in bad loans. As a result of the payment holidays, banks will not be compelled to recognise entire losses in 2020 arising out of financial challenges due to pandemic.

Hence, the financial statements of 2021 may reflect the complete manifestation of the asset quality of the banking sector.

"Because of the interest rate cap, revenue potential has been subdued. So, the banking sector will not have the luxury of operating in the same way. Banks need to make a paradigm shift in addressing the cost to serve and to scale up."

He said the adoption rate of digital services accelerated after the pandemic hit the country.

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The bank is planning to take an initiative to train up returnee migrants under an entrepreneurship development plan.

"If we can't employ them gainfully, they might go off the rails," said Bijoy, who holds an MBA from the Institute of Business Administration under the Dhaka University.

The banking sector was struggling to contain non-performing loans even before the pandemic, and much needs

Half of Standard Chartered Bangladesh's retail customers are already transacting online. The percentage is even higher in the case of the corporate banking segment.

After the pandemic is over, the world, as well as the banking, would be different, according to Bijoy. Banks have to be nimble, accelerate digitalisation and bring in innovations so that clients can avail services on their own.

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## DEFERRED CELEBRATIONS, DAMPENED SALES



The need for social distancing amidst the pandemic has dampened celebrations and big gatherings, resulting in a wane in sales of associated decorations and accessories. Wholesale shops such as this one in Bokshir Haat of Chattogram city are witnessing a drop in daily sales to Tk 4,000-Tk 5,000 whereas once they were recording up to Tk 30,000-Tk 35,000. The photo was taken recently.

RAJIB RAIHAN

## Ecneec okays four projects of Tk 1,659cr

STAR BUSINESS REPORT

The Executive Committee of the National Economic Council (Ecneec) yesterday revised three projects and approved a fresh one worth a total of Tk 1,659 crore.

The first revision of the National Poet Kazi Nazrul Islam University Physical Infrastructure Development project saw its cost go up by 71 per cent to Tk 840.56 crore from the initially-approved Tk 491.34 crore.

The university will implement the project between January 2018 and June 2023.

The approval came at a meeting at the NEC conference room in Sher-e Bangla Nagar. Ecneec Chairperson and Prime Minister Sheikh Hasina presided over the meeting from her official Gono Bhaban residence through video conferencing.

The physical infrastructure development project of the university has been undertaken to improve the quality of education through the expansion of academic, residential and other facilities.

Besides, it would provide world-class education and increase student admission capacity, according to the project summary.

The revision came about for increase in land cost and of some components as per public works department's new rate of schedule and estimate changes for physical infrastructure design amendment as per consultancy firm's study.

Briefing reporters after the meeting, Planning Minister MA Mannan said Hasina directed universities not to take in students beyond their capacity.

He said University Grants Commission was working on limiting student enrollment.

Zakir Hossain Akanda, a planning commission member, said the university was located far away from Mymensingh city and its size was very small when it was initially constructed.

As the number of students, teachers and staff is increasing, new residential halls and residential buildings for teachers and staff have to be constructed, he said.

The Ecneec approved the first revision of an emergency-basis multi-sector project to address the Rohingya crisis, raising the cost by 88 per cent to Tk 1,987.84 crore from the original Tk 1,058.64 crore.

Of the total cost, World Bank and German state-owned development bank KfW would provide Tk 1,967.48 crore as grants and the rest would come from the government.

The project has been revised as the coverage of development activities has widened and new activities have been taken up on the back of the increase in the grant part.

Besides, the new rate of schedule of the public works department has come into effect, which prompted the formulation of a new estimate.

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## Brokerage licence now just Tk 6 lakh

*But with no stock exchange ownership*

AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) has finalised new regulations regarding issuance of brokerage licence allowing such businesses to be opened at a cost of just Tk 6 lakh.

The same licence was selling anywhere between Tk 30 crore to Tk 100 crore when the market was going bullish in 2010, according to a top Dhaka Stock Exchange (DSE) official.

According to the new regulations, a company or individual will have to spend Tk 1 lakh in applying for a Trec licence and once they get the approval, they will have to provide another Tk 5 lakh as registration fee.

But the new Trec holders will only get trading rights, not ownership of the stock exchange.

The Trading Right Entitlement Certificate

(Trec) regulations, approved by the stock market regulator one week ago, is going to be made public through a gazette soon, according to a top official of the regulator.

"We want to open the business for all so that more entrepreneurs can come to the business and attract new investors," he said.

However, stock brokers say the BSEC's decision just devalued their brokerage licences by many fold.

Moreover, they have been struggling for many years for low turnovers and the arrival of new brokers will just add to their woes, said a top broker preferring anonymity.

The DSE's daily average turnover now ranges from Tk 350 crore to Tk 400 crore, which was around Tk 1,200 crore to Tk 1,500 crore on an average during the late 2010 bullish period to mid-2011.

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## Regulator asks DSE to improve its IT platform

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has ordered the country's premier bourse to improve its IT services so that investors can easily trade their stocks online.

The existing online trading platform of the Dhaka Stock Exchange is problematic as investors are often unable to view updated data on stocks and trade, which is a cause for concern, said Professor Shibli Rubayet Ul Islam, chairman of the BSEC.

"Therefore, it should be fixed to ensure better services for investors," he added.

Islam made these comments while addressing a virtual programme styled, 'Dealing with investors', held by the DSE yesterday to observe World Investor Week, an initiative of the International Organization of Securities Commission.

The DSE needs to ensure proper

digital trading facilities for all stock brokers so that investors can trade at anytime from anywhere in the world, said Islam.

"We have to deal with all the investors and issuers in a way that boosts their confidence in the capital market."



Steps should be taken to list foreign multinational companies with the country's bourses in order to boost the local stock market.

Eunosur Rahman  
DSE Chairman



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Prof Shibli Rubayet Ul Islam  
BSEC Chairman

As a part of its efforts to boost investor confidence, the market regulator took the initiative to improve junk stocks by granting quick approvals for initial public offerings, issuing bonds and returning money that was raised through debentures.

"But please give us more time considering our low manpower as we aim to turn the country's stock market into a modern one within the next two years," the BSEC chairman said.

Turnover, an important indicator of the market, currently hovers around the Tk 1,000 crore mark but the BSEC intends to increase this value to Tk 1,500 crore within the current year, he added.

Bangladesh needs huge investment in the coming years to achieve the government's development goals and this may impact the stock market, said DSE Chairman Eunosur Rahman.

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