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এসআইবিএল বিটেলি ব্যাংকিং  
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এসআইবিএল অটো ফাইন্যান্স



যে কোন প্রয়োজনে ০৯৬৯২০০৯৯২২

# Star BUSINESS

DHAKA MONDAY JUNE 22, 2015

## Bangladesh to pay \$132m initially to join China-led bank

### Govt to pay \$660.5m in five equal instalments over five years

REJAUL KARIM BYRON

Bangladesh will have to initially pay \$132.1 million to become a member of the proposed Asian Infrastructure Investment Bank or AIIB.

Proposed by the Chinese government in 2013, the new bank will look to finance Asia's enormous infrastructure needs, which are well beyond the capacity of today's institutional arrangements to finance.

The AIIB will have 57 members, the representatives of whom will convene in China later this month to sign the agreement that would make the multilateral development bank official.

MA Mannan, state minister for finance and planning, will sign the deal on June 29 on behalf of Bangladesh.

Once the bank is functional, Bangladesh

will apply for project loans and technical assistance, Mannan said yesterday, adding that the rate of interest would be competitive with those of the World Bank and the Asian Development Bank.

An official of the Economic Relations Division said the bank is likely to start off in next January and the terms and conditions of its loans would be similar to those of ADB.

At present, the ADB gives two types of loans: one which carries an interest rate of 2.5 percent and another linked to Libor, which is normally within the range of 4.5 to 5 percent.

The rate of interest on loans from the WB is 0.75 percent and is repayable in 40 years after a ten-year grace period. In other words, the receiving country gets 50 years to repay the loan.

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## Standard Insurance licence suspended

STAR BUSINESS REPORT

The insurance regulator yesterday suspended the operating licence of Standard Insurance for three months as the company failed to reinsure its policies worth Tk 46.33 crore.

The Insurance Development and Regulatory Authority or IDRA has instructed the private insurer not to issue cover notes or insurance certificates. The company would also be banned from new business activities during the suspension period effective yesterday.

The regulator asked the company to explain within 30 days why its licence should not be revoked. Standard Insurance can seek an appearance before the IDRA if it wishes, the regulator said in a statement.

"Standard Insurance has totally failed to comply with the mandatory reinsurance regulation for some of its big policies, which is a clear violation of the law," a senior IDRA official said.

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BONDING GENERATIONS

## Bangladesh to remain a popular sourcing destination for US fashion retailers: study

REFAYET ULLAH MIRDHA

Bangladesh will remain a popular sourcing destination for US fashion retailers due to price competitiveness, according to a recent study by the United States Fashion Industry Association (USFIA).

Bangladesh is the sixth most popular sourcing destination this year with 50 percent of the respondents currently buying from the country, the study found.

The country is also among the top five sourcing destinations with the highest growth potential after Vietnam, India and the US.

About 42 percent of the respondents expect to increase sourcing value or volume from Bangladesh in the next two years, though this figure sharply declined from 65 percent in 2014.

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importers and wholesalers were surveyed between March and April this year. The survey report was published early this week.

The survey was conducted in conjunction with Sheng Lu, an assistant professor at the University of Rhode Island's Department of Textiles, Fashion Merchandising and Design.

The survey asked respondents about the business outlook, sourcing practices, utilisation of free trade agreements and preference programmes and views on trade policy.

Ninety percent of the respondents report having more than 100 employees and 60 percent report having more than 1,000 employees.

Considering the business size of the respondents, the survey suggested the findings are well reflecting the views of the most influential players in the US fashion industry.

The survey also found that companies continue to diversify their sourcing options, though free trade agreements and preference programmes remain underutilised.

The US fashion industry is a critical Trans-Pacific Partnership stakeholder, as close to 80 percent of the respondents expect implementation of the TPP will impact their business practices.

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## Regulator eases listing rules for foreign firms

STAR BUSINESS REPORT

Joint venture and foreign companies with a paid-up capital of Tk 50 crore and above will not need to be listed with bourses, as Bangladesh Securities and Exchange Commission has recently scrapped a provision on the mandatory listing of such firms.

As per a notification issued in May 2010, private limited companies, including foreign and joint ventures, needed to turn into public limited firms within six months of exceeding their paid-up capital of Tk 40 crore.

Once the paid-up capital of a company exceeded Tk 50 crore, the company was bound to apply to the capital market regulator within a year to float shares in the stock exchanges.

With the new move, only the local companies will now have to be listed on the bourses after their paid-up capital exceeds Tk 50 crore, said an official of the stockmarket regulator.

The waiver came after different chambers requested the commission to scrap the provision, as it was barring many foreign companies from making additional investments in

Bangladesh.

Some multinational companies seek an exemption every year from being listed as their paid-up capital has crossed Tk 50 crore. The commission was giving time extensions to these companies every year as well.

At present, some 15 multinational companies are listed and they account for less than 1 percent of the total market capitalisation.

Capital market investors show interest in the multinational companies as the firms perform relatively better and pay higher dividends.

	NUMBER OF AGENTS	NUMBER OF REGISTERED CLIENTS	NUMBER OF TRANSACTIONS	TRANSACTION VALUE
Jan 2013	60,000	5m	10m	\$301m
Dec 2013	189,000	13.18m	31.36m	\$862m
Jun 2014	414,000	16.7m	44.01m	\$1,110m
Dec 2014	541,000	25.2m	74.47m	\$1,361m
Feb 2015	543,000	25.87m	76.99m	\$1,423m

**SNAPSHOTS**

- \$47.44m** Value of average daily transactions (as of Feb 2015)
- 2.57m** Number of average daily transactions (as of Feb 2015)
- 43%** Active customers out of total:

SOURCE: USAID

## Mobile cash transfer hits \$1.4b a month

Users say transactions are safe but cost is high: USAID study

MUHAMMAD ZAHIDUL ISLAM

The country's mobile banking sector continues to grow exponentially, scaling a new height in February, according to a study by the USAID.

The total value of monthly transactions made through mobile phones stood at \$1.42 billion or Tk 11,104 crore in February, according to the study, 'Mobile Financial Services in Bangladesh'.

Of the amount, cash-in transactions accounted for \$595 million, cash-out \$523 million and person-to-person \$265 million.

Bangladesh has a rapidly growing mobile financial services industry, accounting for more than 8 percent of the total registered mobile money accounts globally, said the USAID.

"All this has happened in less than four years since the launch of the first mobile financial service products in 2011."

Between January 2013 and February 2015, the number of registered clients increased more than five-fold from 5 million to over 25 million.

"But the industry has more options to grow further," said Mahfuzur Rahman, executive director of Bangladesh Bank.

The number of transactions has grown significantly over the past two years, from 10 million in January 2013

to just under 77 million in February 2015.

On average, \$47.44 million is transacted daily via mobile phones.

"Lots of people are still out of the banking network and if we can bring all of them under the banking channel this figure will rise faster than in the last two years," Rahman added.

The report is the consolidation of the findings derived from desk research and face-to-face interviews with key mobile financial services providers, telecom operators, technology platform providers, regulators, and USAID health and agriculture project staff and 904 beneficiaries.

A majority of the respondents were interested in using mobile phones for bill payments (77 percent), savings (76 percent), airtime top-ups (70 percent), school fee payments (60 percent) and merchant payments (55 percent).

By large margins, users of mobile financial services or MFS agreed that transactions are safe, easy, and convenient. Some 82 percent of the respondents in the survey certified mobile transactions to be safe but 8 percent of the users have doubt.

Although a majority of respondents noted that MFS saved them money due to lower transaction fees (61 percent), more than a quarter (26 percent) disagreed or strongly disagreed with that

statement, which shows that the cost of MFS remains a concern for some users.

Dutch-Bangla Bank, one of the leading mobile financial services providers, said they found that most of their customers do not have their own mobile banking accounts.

"We found that people are mostly using the agents' accounts for transacting money. The banking regulator is concerned about it," said Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank.

The study also mentioned the rapidly growing mobile financial services industry, with at least 10 providers already offering services on the market.

Brac Bank's bKash dominates the MFS space, accounting for more than half of the market, followed by Dutch Bangla Bank with about one-sixth of subscribers.

The remaining eight providers with live services currently account for around a quarter of the total market share.

The main population target of providers has been the unbanked and under-banked. bKash has played a significant role in creating the market and building awareness to the extent that some people refer to bKash to mean all mobile financial services.

## France warns off telecoms merger

AFP, Paris

The French government on Sunday warned Franco-Israeli media magnate Patrick Drahi against a 10-billion-euro takeover of rival mobile phone operator Bouygues Telecom.



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