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Star BUSINESS

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Mobile cash jumps 47pc in January

Increased economic activities at the grassroots level fuel growth

MUHAMMAD ZAHIDUL ISLAM

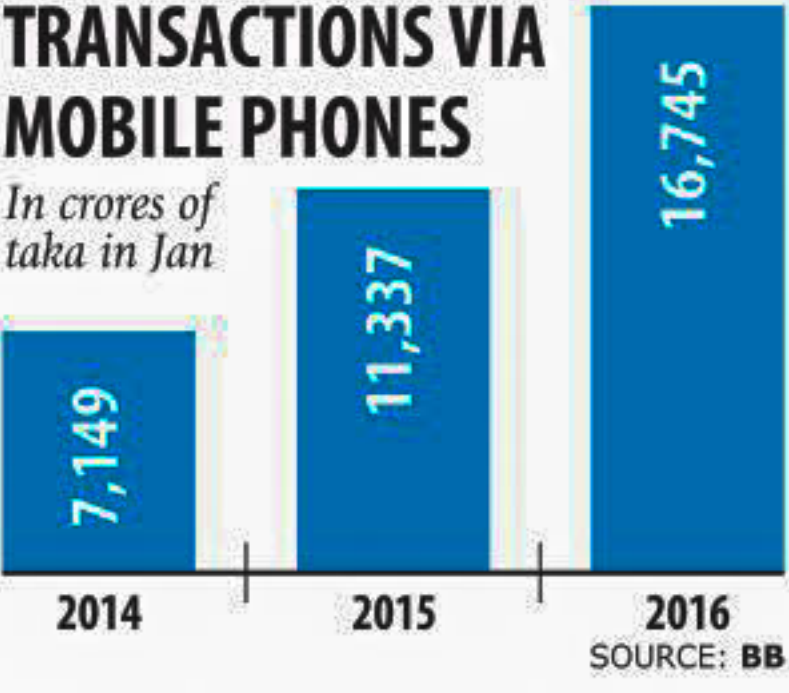
Transactions through mobile phones rose 47.7 percent year-on-year to Tk 16,745.27 crore in January thanks to increased economic activities at the grassroots level, according to Bangladesh Bank data.

The amounts were Tk 11,337 crore in January last year and Tk 7,149 crore in the same month of 2014.

Average transaction per active account stood at Tk 12,282 in January this year, up from Tk 10,257 in the same month last year. The market for mobile financial services is yet to pick up, and the banking regulator is unhappy with the current transaction patterns, most of them being cash-in or cash-out transactions.

In the last few years, low-income people started taking part in economic activities seriously, which resulted in a rise in the volume of mobile transactions, said Subhankar Saha, executive director of the BB.

Person-to-person transaction, salary disbursement and utility bill



payments are not increasing much, revealing how immature the sector still is, said Saha, who is also the spokesperson for the central bank.

In January, cash-in transaction volume was Tk 6,969 crore, about 41.62 percent of the total transactions, while cash-out transactions were Tk 6,128 crore or 36.6 percent of the total.

In 2015, cash-in transactions accounted for 41.83 percent of the total volume, while cash-out transactions were 36.82 percent.

Saha said they are trying to help increase salary disbursement, utility bill payments and other transactions

through mobile banking to help diversify the sector.

In January, salary disbursement through mobile banking amounted to Tk 157.79 crore while utility bill payments were of Tk 114.73 crore.

The BB asked banks to add tuition fees and other services to their menus so that users get more options, Saha said.

As of January, around 1.36 crore mobile banking accounts are active, out of the 3.31 crore registered.

Many people open mobile banking accounts, but stop using those later due to a lack of confidence, said a senior official of a bank.

Banks should put efforts to help mobile financial services flourish, he said.

Any account that is not used for transactions for 90 days is considered inactive under the current rules of the BB.

As the number of inactive accounts is increasing every month, the central bank plans to change the definition of those accounts by extending the time scale to 180 days, the official said.

Calls for SWIFT to set up local office grow louder

SAJJADUR RAHMAN

SWIFT Global, whose service was used by hackers to transfer Bangladesh Bank's \$101 million, should set up an office in the country to reduce the risks that arise from cross-border transactions, bankers said.

If SWIFT had an office in Dhaka, the BB could have detected the February hacking much earlier, the bankers said. It is also evident in the case filed by the central bank on March 15.

Officials of the BB dealing room sensed on February 5 that something was wrong with the SWIFT terminal

and it took three days to get the system up and running again.

On February 8, after analysing the information on the terminals connected to the SWIFT interface, they discovered that four unauthorised messages were sent from their end against which \$101 million were remitted to the Philippines and Sri Lanka.

The \$81 million that was channelled to the Philippines was withdrawn on February 9, while the \$20 million wired to Sri Lanka could be retrieved as the hackers made a spelling error on the transfer order, which

prompted the bank to contact the BB.

"If SWIFT had a customer support office here, the problem with the BB's SWIFT system could have been fixed promptly," said a senior BB official wishing not to be named.

Not only that, SWIFT does not have a security server in Bangladesh although the BB and 52 banks have been using its system to transfer funds for the last 10 years or so.

In its absence, Bangladeshi banks have to make do with SWIFT's security servers in India, Singapore, Hong Kong or elsewhere.

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BoP surplus widens 58pc

REJAUUL KARIM BYRON

The balance of payments surplus widened about 58 percent in the first seven months of the fiscal year from a year earlier on the back of less spending on petroleum and reduced trade credit for imports.

At the end of January, the overall surplus stood at \$2.7 billion in contrast to \$1.7 billion a year earlier, according to central bank statistics.

The surplus increased mainly due to slower growth in import compared to exports in the first seven months of fiscal 2015-16. In the same period, exports grew 7.11 percent and imports 6.73 percent.

Typically, Bangladesh spends a large sum on petroleum imports every year. But this fiscal year, petroleum imports dropped almost 30 percent year-on-year in the first seven months, according to LC settlement statistics.

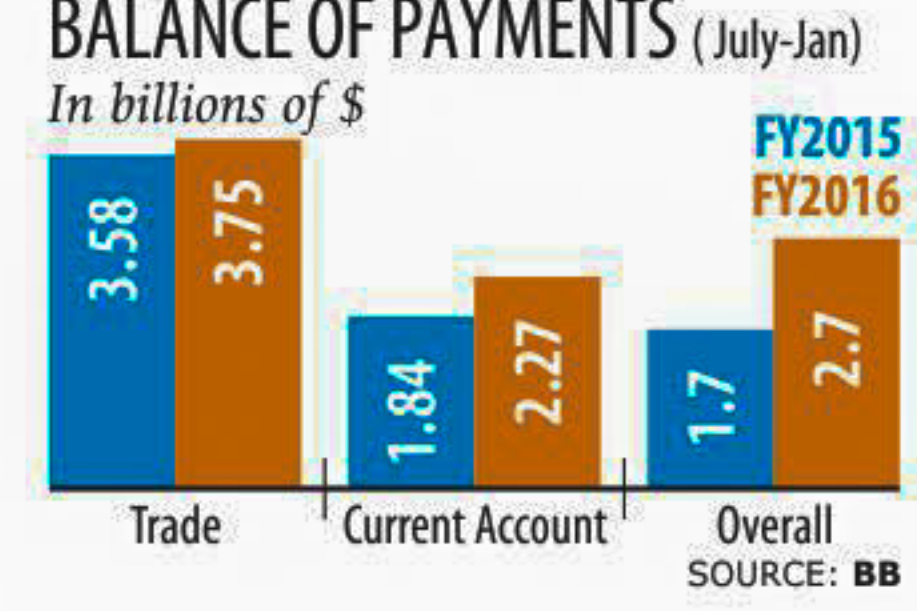
Another cause for the slowing import is the continued sluggish trend in the manufacturing sector, as reflected in raw material imports, which increased only 2 percent during the period.

Central bank officials said one of the causes for the increase in overall surplus this year is that the net credit is in favour of Bangladesh.

The net trade credit in the first seven months of this year stood at \$996 million in the negative, down from \$2.11 billion in the negative a year earlier.

The officials said the customers made less deferred payment against imports, as a result of which the negative trade credit dropped this year.

Another reason for the increase in surplus is that the net foreign direct invest-



ment increased significantly.

During the July-January period, FDI swelled 30.6 percent to \$1.23 billion.

As the overall balance increased, so did the foreign currency reserves.

Reserves crossed the \$28 billion-mark last year, but it dropped slightly this month. On March 15, it stood at \$27.84 billion, enough to honour 7.84 months' import bills.

The bulging reserves have been described as "fat" by an economist at a pre-budget meeting with Finance Minister AMA Muhith last month.

For an economy, reserves equal to 5-6 months' import bill are adequate, whereas Bangladesh now has reserves equivalent to eight months' import bill, he said.

Subsequently, he called for steps to use the reserves to boost investment.

A senior official of the central bank said the businessmen's explanations for the sluggish investment include a high interest rate on loan, non-availability of gas and electricity connections, land-related problems and high costs of doing business.

The lending rate has come down, so the government will have to solve the other problems to boost investment, he added.

Food expo ends with calls to produce safe products

STAR BUSINESS REPORT

A four-day exposition on food and agro products ended yesterday amid calls to produce and market safe and quality food for domestic and global markets.

The quality of food products in Bangladesh is not up to international standards, said AKM Shameem Alam, an additional deputy director of the Department of Agricultural Extension.

He said at a seminar on agriculture in Bangladesh's food quality and management, on the sidelines of the show—Food 7 Agro Bangladesh Expo-2016—that took place at Bangabandhu International Conference Centre in the capital.

Eighty local and foreign firms joined the show to display their products ranging from processed food products, agro processing and packaging machinery.

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