

## Signing Ceremony

D-Money & Uddipan Energy Ltd.

Digital Cash & Payment Solution for MFI Communities

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Aref R Bashir, CEO of D Money Bangladesh, and Emranul Huq Chowdhury, chairman of Uddipan Energy, sign a deal at a programme in Dhaka yesterday. D Money launched micro-financial services through mobile phones. Sonia Bashir Kabir, a member of the Board of Directors of D Money, was also present.

D MONEY BANGLADESH

## VimpelCom drafts in Ericsson to overhaul IT infrastructure

STAR BUSINESS DESK

Banglalink's parent company VimpelCom has struck a software partnership with Ericsson in a deal worth more than \$1 billion that will radically transform the Amsterdam-based telecom service provider's global IT infrastructure.

The partnership, which was announced on Saturday, encompasses a complete overhaul of VimpelCom's IT infrastructure across 11 countries and 12 time zones, said a press release.

VimpelCom will digitise and globalise its business support systems (BSS) infrastructure using Ericsson's new software and cloud technologies.

Banglalink officials said the entire amount will be spent on the digitisation process of different VimpelCom companies, but it is yet to be known the sum that would be utilised in Bangladesh.

The move would help VimpelCom better respond to its customers, while also centralising and simplifying the business, which would result in a more efficient cost structure across their global footprint, said Jean-Yves Charlier, chief executive officer of VimpelCom.

In a fully connected world, success for operators requires performance, flexibility and efficiency, said Hans Vestberg, president and CEO of Ericsson.

"Ericsson's BSS as a service concept, combined with our leading services and technology capabilities, will support VimpelCom in realising these ambitions, while positioning the company for further growth as ICT transforms industries everywhere."

VimpelCom's contract with Ericsson is for a seven-year period, with an option of extension.

## D Money aims to serve unbanked women in remote areas

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"We have invested in building 100 percent local software and plan to go global."

D Money has recently raised \$5 million and will begin operations soon, said Sonia Kabir, also the managing director of Microsoft Bangladesh.

The company plans to expand its team rapidly and engage in nationwide market awareness activities while investing in its home-grown software platform.

The digital platform built by D Money will take services to Uddipan beneficiaries and help loan disbursements and collections for the unbanked and under-banked people.

The platform will also help deposit receipts and refunds, and facilitate agent banking, merchant acquisitions and registrations, insurance premium collections and claim settlements and

bill payments. The beneficiaries will also be able to use their existing feature phones to access financial services via the D Money platform.

Sonia Kabir has been appointed as the governing council representative of Bangladesh to the UN Technology Bank for the least developed countries. "We are excited to be a part of this journey with Uddipan and expect this to be the beginning of many such initiatives," said Aref R Bashir, chief executive officer and managing director of D Money.

In 2006, Aref Bashir and Sonia Bashir Kabir established technology-based company Syntec and recently overhauled it to D Money.

Additionally, D Money will provide electronic customer authentication and a full range of e-commerce and other non-core financial activities, they said. Beneficiaries that do not

have access to smartphones or connectivity for utilisation of D Money's m-wallet will be given a D Money NFC-enabled chip and pin cards to process transactions through branch and branchless banking, the company said in a statement.

"We are looking forward to harnessing the local talents to create a world-class digital payments platform and network, and providing innovative financial services and solutions to the people of the country," said Aref Bashir.

D Money is well positioned to leverage technology to innovate and bring financial services to the last mile, he said.

Emranul Huq Chowdhury, chairman of Uddipan, said they are happy to be able to provide financial services digitally to the underprivileged people of Bangladesh with D Money.

## BKMEA sets Sept 3 as election day

STAR BUSINESS REPORT

The election for the board of directors of Bangladesh Knitwear Manufacturers and Exporters Association will be held on September 3, as the election board announced the schedule yesterday.

The polls will take place at the Dhaka and Narayanganj offices of BKMEA and the last date to submit applications to be eligible voters is July 10.

The board will publish the primary voter list on July 14 and the final voter list

on July 24.

It will distribute the nomination papers to the expected candidates on July 25, 26 and 27, while the board will announce the names of the final candidates on August 10.

Mohammad Ali, former vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, has been made the chair of the election conducting board.

Mahmud Hossain, president of Narayanganj Club Ltd, has been made chairman of the election appeal board, BKMEA said in a statement.

## Higher growth doable with current investment

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Bangladesh's investment to GDP ratio now stands at 29.4 percent and analysts said it needs to reach 33 percent to achieve the desired 8 percent economic growth.

Of the total investments, the private sector's stake went down to 21.8 percent in fiscal 2015-16 from 22.1 percent a year earlier.

"Our investment to GDP ratio is much higher than in our neighbouring countries," Kamal said.

Though he cited Singapore, Malaysia, Thailand, Vietnam and the Philippines as examples, he did not talk about the investment scenario in Bangladesh's closest neighbours -- the South Asian nations.

At present, India's investment is more than 32 percent of its GDP and Sri Lanka's nearly 32 percent. For Bhutan, it is upwards of 50 percent.

Participants at the discussion, who range from businessmen to bankers and politicians, however, found that declining private investments have become a concern for the country as the economy cannot absorb 20 lakh fresh workers every year.

Fazlul Azim, a garment exporter, said adequate employment is not being created due to the falling private investment.

Moreover, the government has given a negative signal to the exporters, who actually create jobs, by hiking the tax at source to 1.5 percent from existing 0.6 percent, he added.

Nurul Amin, managing director of Meghna Bank, said banks are sitting on excess funds because of low demand from the private sector.

"Investors are just not coming forward to set up factories," he added.

Faruq Hassan, senior vice-president of Bangladesh Garment Manufacturers and Exporters' Association, said without new investments they cannot create jobs for fresh workers.

For instance, only 3.5 lakh new jobs were generated last year, he said.

Mainuddin Monem, deputy managing director of Abdul Monem Ltd, urged the government to develop economic zones on a fast-track basis so that the much needed investments and jobs creation can take place.

Muhammad Abdur Razzaque, chairman of the parliamentary standing committee on the finance ministry and a former food minister, expressed his concern over the deteriorating private investment.

Some 20 lakh fresh faces are coming into the job market every year, but they are

not getting jobs, he said. "If there are investments, we can ensure employment."

Razzaque stressed the need for setting up a liquefied natural gas terminal. "The shortage of gas is a major obstacle to industries."

On the foreign aid in pipeline, the ruling party lawmaker said donors also have bureaucracy and they take huge time to process a project.

Amir Khosru Mahmud Chowdhury, a former commerce minister and a senior BNP leader, said private investment is not taking place because of the anti-business environment and capital flight.

"When governance, rule of law and freedom of the media are at question, private sector won't come forward with their investments," he added.

Biru Paksha Paul, chief economist of the central bank, however, disagreed with the speakers regarding the stagnant investment scenario.

"It's not a matter of concern," he added. Paul said banks have excess liquidity because the government did not borrow from them the targeted amount.

MA Mannan, state minister for finance and planning, said budget implementation is a serious difficulty in Bangladesh as there are hundreds of laws that hamper the execution of works.

He also hinted that the government wants to get rid of the subsidy and incentive culture gradually.

"We need a lot of reforms. If we cannot make the land reform happen, there will be huge problems in future," he added.

In his concluding speech, Syeduzzaman urged the government to allocate more resources for agriculture research and education.

He said the banking system that is in serious trouble has to be improved, if necessary, by forming a commission.

Earlier, CPD in its analysis on the proposed budget found that the quality of fiscal planning remains weak as the revenue target was not achieved for the last four years and the rate of shortfall is also increasing.

"The weakest programming among all the indicators is net foreign borrowing as three-fourths of the target remained unattended," said Rahman of CPD.

The implementation of budget for fiscal 2016-17 will continue to face a number of familiar challenges, such as mobilisation of the targeted domestic resources, capacity to spend allocations and growing pre-dominance of non-concessional foreign loans, he said.

## WB gives \$130m for economic zones

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"Bangladesh needs to create more and better jobs in the manufacturing sector to accelerate growth and poverty reduction. The economic zones play a critical role in attracting private investment and creating jobs, as the benefits are many," said Rajashree Paralkar, acting WB country director for Bangladesh.

The official said the financing would directly contribute to the government's vision of establishing 100 zones over the next 15 years and promoting socially and environmentally responsible industrial growth for the country.

"Both the sixth and the seventh five-year plans considered establishing new economic zones as a cornerstone to strengthen the manufacturing sector and promote efficient use of skilled labour, land, and other resources," said Kazi Shofiqul Azam, additional secretary of the ERD.

"The new economic zones and high-tech parks will be important to achieve the government's poverty alleviation goals."

The WB said the financing would promote female participation in the manufacturing sector, and provide facilities such as childcare centres and counselors to address workplace safety, labour, and environmental issues inside the zones. Furthermore, independent semi-annual audits will ensure that all structures comply with building codes. The financing will also expand support to environmental standards compliance and certification for local firms even outside the zones.

Azam and Paralkar signed the agreement.



Aditya Mandloi, head of retail banking at Standard Chartered Bangladesh, and Uzma Chowdhury, finance director of Pran-RFL Group, open the bank's 89th ATM booth at Pran-RFL corporate office on Pragati Sarani in Dhaka.



Muhammad A (Rume) Ali, CEO of Bangladesh International Arbitration Centre, and Syed Waseque, managing director of First Security Islami Bank, sign a deal at the bank's head office in Dhaka to assist resolution of commercial and money loan disputes through alternative dispute resolution.

## No impetus to investment

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"The budget should address the concerns of the directives and galvanise investments."

However, it seems the main focus of fiscal 2016-17's budget is revenue collection and increasing the tax burden of the existing taxpayers.

"This will not only discourage the existing taxpayers but will also create new avenues for corruption and poor governance."

At the same time, it will increase the cost of doing business, which, in turn, will erode the country's competitiveness in the global stage.

The government must rationalise the tax collection strategy in a manner that will reward and incentivise the existing taxpayers, discourage tax dodging, bring more new taxpayers under the net and not increase the cost of doing business, Manzur said.

The MCCI expressed concerns over the various proposed tax measures such as the increase in source tax for exporters to 1.5 percent from 0.6 percent at present.

"It is not a rational proposition and it will make our export sector completely non-competitive," said Sadiq Ahmed, vice-chairman of PRI.

He cited the outstanding debt of state banks and their losses and opposed the funding from

proposal that seeks to slap a condition that businesses will have to deposit 50 percent of the disputed VAT amount with the revenue authority for filing appeals against VAT claims.

"It will discourage appeals, and it may lead to unfair practices," he said, while demanding continuation of the present rules of depositing 10 percent of the disputed amount for appeal.

Manzur also lamented the absence of reduction of tax and the 15 percent VAT on import of technical know-how.

"It will seriously increase the cost of acquiring much needed technology and know-how for our industries and therefore prevent us from increasing productivity and global market share."

Citing pharmaceuticals, Manzur said tax and VAT cuts on import of technical know-how will help Bangladesh diversify its export basket.

He appreciated the higher allocations for transport and social sectors but added that the highest priority should be given to improving the quality and timely implementation of the projects.

"It will not help if the projects take so long to implement," said Sadiq Ahmed, vice-chairman of PRI.

He cited the outstanding debt of state banks and their losses and opposed the funding from

state coffers to recapitalise the banks. "Treasury funding of the public banks must be stopped."

Mohammed Farashuddin, former governor of Bangladesh Bank, said the scope for investment rebate for taxpayers should not have been reduced when the government is seeking to boost investment.

"The businessmen demand tax cuts but revenue is necessary. Perhaps they should also state from which sectors the state can collect tax."

He, however, suggested for keeping the source tax on exports at 1 percent instead of the proposed 1.5 percent.

He also said there should be two slabs for VAT: 5 percent for small businesses and 10 percent for others.

MA Mannan, state minister for finance and planning, said the government backtracked from its decision to implement the new law from July this year amid opposition from the businessmen.

"But it will be enforced next year," he added.

Muhammad Abdur Razzaque, chairman of the parliamentary standing committee on finance ministry, said they would urge the finance ministry to make the needed revisions of the new VAT law by sitting down with the business community.