

# Emerging Myanmar discovering it pays to insure

AFP, Yangon

It was only when Aye Aye Nge's pharmacy burned down for the second time that she thought about taking out insurance, a novelty in impoverished Myanmar where most people either can't afford to buy premiums or don't trust those selling them.

The two blazes -- one in 2010 and then in January this year -- gutted much of the bustling Mingalar market in downtown Yangon, taking with it two shops and valuable stock belonging to the 73-year-old.

"I thought there couldn't be a fire accident again after the first one," she told AFP from her tiny new store on the fourth floor of a nearby building where the market has moved. "I am going to buy insurance," she added. "I must do it. I have lost (everything) twice already and am afraid of losing it all again."

Decades of brutal, corrupt and economically inept military rule left Myanmar's people with a deep distrust of state-run institutions.

Many people chose to hide or bury their savings rather than deposit them in a bank.

For 50 years until 2013, the only insurance company in the country was a state-run monopoly after the junta closed down all rivals.

But the country's dramatic transformation from military to civilian-led rule, capped by last November's elections that spurred Aung San Suu Kyi's party to power, has begun to shift the fortunes of the economy. The values and aspirations of Myanmar's people are also changing.

Insurance firms are gambling that as people get richer, they eventually will do more to protect themselves -- and their assets -- in a country prone to natural disasters and with near non-existent health and safety standards.

Investment has flooded in and the country's largest city Yangon is now filled with cranes and cars plying traffic choked streets.

But according to the government, just five percent of the country's 600,000 drivers have any sort of insurance.

Likewise, few of the shop owners around the bustling Shwe Mingalar market have taken out protection measures, despite losing thousands of dollars in the recent fires.

After decades of junta rule, insurance is simply not a priority to the public. "They are not interested at all," admits Htay Paing, the deputy managing director of Grand Guardian Insurance Public, one of a host of new insurance companies.

Management consulting giant McKinsey believes the economy, if managed properly, could quadruple from \$45 billion in 2010 to \$200 billion by 2030. That should be a boon to insurers. "The (potential) market is very big, it's true that it's a virgin market," Htay Paing said.

Until 2013 the only insurer allowed to operate in the country was Myanmar Insurance, which offered a limited number of products -- including protection against snake bites in a country where the mortality rate from such incidents is twice as high as the world average.

Competitors have since been allowed in alongside a handful of foreign companies.

"There's absolutely huge potential in Myanmar, it's a nearly untapped market," an employee of a large western insurance broker who regularly travels to Myanmar told AFP, asking not to be named.

"But there's currently very little culture of taking out insurance and the state still dominates the industry," he added.

Under current rules, private insurers are still limited to offering just 11 products, largely life, health and car insurance. Myanmar Insurance is able to offer more products, often at a cheaper premium.

But companies are nonetheless jostling to get a head start in the hopes that regulations will be further relaxed. So far 22 foreign firms have been granted licences with Japanese companies leading the way -- three have been granted concessions to sell products inside a newly opened special economic zone.

The rewards for those who get in early could pay off.

Asia Insurance Review, a website monitoring the regional market, believes Myanmar's sector could be worth as much as \$2.6 billion by 2030. Meanwhile, US giant MetLife, which opened up a Myanmar office in 2013, has estimated that the life cover market alone could grow from just \$1 million in 2012 to \$1 billion in 2028. Car insurance is one area already seeing growth.



Officials of City Group attend the launch of a new product of the company—Teer Whole Wheat Atta—at Amari Dhaka yesterday.

## City Group launches whole wheat flour

STAR BUSINESS DESK

City Group has added another item to its list of food products—Teer Whole Wheat Atta—for the consumers of Bangladesh.

The new kind of flour is made by grinding the wholegrain completely, without losing any part of it, the group said in a statement. The latest brand under the umbrella of Teer products was launched at a ceremony, at Amari Dhaka yesterday.

The group also produces fine flour, semolina, soybean oil, sugar, mustard oil and drinking water called Jibon.

Mohammad Hassan, director of the group;

Mohammad Imran Uddin, Buhler Bangladesh's country manager, and Shaheen Ahmed, former principal of Home Economics College, were present at the launch.

"According to the doctors' advice, 50 percent of all our diet should consist of whole grains. To fulfill this nutrition requirement, Teer Whole Wheat Atta is carefully prepared from the world's best quality wheat," the group said. The natural ingredients of the product significantly lower the risk of colon cancer, it said.

Fahrenheit Marketing Communications Ltd partnered with the group to create communication materials.



M Matiul Islam, chairman of Industrial and Infrastructure Development Finance Company, attends the 15th annual general meeting of the company at MTB Centre in Dhaka on July 27. The company approved 10 percent cash and 5 percent stock dividends for the shareholders for 2015.

## Citi, best bank for transaction services in Asia

STAR BUSINESS DESK

Citi has recently received the "Best Bank for Transaction Services" in Asia award from the Euromoney magazine in the 25th edition of its Awards for Excellence programme.

In its citation for the award, Euromoney commended Citi for its "enthusiastic tide of innovation and ideas", the bank said in a statement yesterday.

Euromoney also highlighted that Citi is doing the basics right, according to the statement.

Some of the other achievements highlighted by Euromoney include the CitiDirect BE mobile solution,

which saw \$425 billion transactions in Asia and \$130 billion in India.

Amol Gupte, head of Asean and Citi country officer for Singapore, who ran Citi's treasury and trade solutions business in Asia Pacific from 2012 to July 2016, accepted the award on behalf of Citi at the recent awards dinner in Hong Kong.

"We are honoured to be recognised by Euromoney for our excellence in transaction services," he said.

"Winning this accolade speaks to the strength, stability and continued potential of our business and our people. We will continue to leverage

our global scale, deep Asia roots and country expertise, innovative solutions and product capabilities to serve our clients every day with excellence."

"This award highlights Citi's leadership in cash management and trade business across all countries in Asia, including Bangladesh," said Moinul Huq, head of treasury and trade solutions for Citi Bangladesh.

"This award also commends Citi's way of doing business that serves its global clients through innovation while putting regulatory compliance at the forefront of all matters."

Citi also won the global and Latin

America awards for "Best Bank for Transaction Services". For the Asia region, Citi won the "Best Bank in Markets" as well as the "Best Investment Bank" in India and Singapore.

Euromoney magazine was created in 1969 to cover the re-emergence of the international cross-border capital markets.

Their award decisions are made by a committee of senior journalists, chaired by Euromoney's editor, following the receipt of detailed submissions from market participants and extensive year-round research into the banking and capital markets in the region.

## New Diamond brand cement hits market

STAFF CORRESPONDENT, Chittagong

Diamond Cement Ltd yesterday launched the company's new brand: Diamond Coastal+.

"At present there are two types of cements in the country's market: ordinary Portland cement and Portland composite cement. But we are going to launch a new variety: Portland slag cement," said Jasim Uddin Khondakar, executive director of Diamond Cement Ltd.

"This slag cement is effectively useful for constructions in coastal area."

"Although we are launching Portland

slag cement for the first time in Bangladesh, it is not new in the world market," he said. The slag cement protects construction from saline water and enhances the strength and longevity of construction, he said.

Hakim Ali, director of Diamond Cement Ltd, said Portland slag cement is useful for construction not only in coastal areas but also in other areas, as it is environment-friendly.

GM Sadiqul Islam, associate professor of the civil engineering department of Chittagong University of Engineering and Technology, also spoke at the launch.

## Oil edges up to \$42 after slide

REUTERS, London

Oil edged higher to \$42 a barrel on Wednesday after hitting its lowest since April the previous day, supported by an industry report showing a fall in U.S. inventories and a weaker dollar.

But prices could struggle to make much headway, analysts said, as sentiment remains bearish. A supply glut that has weighed on prices could increase if oil exports actually restart from ports in Libya that have been closed since 2014.

Brent crude LCOc1 was up 27 cents a barrel at \$42.07 at 0957 GMT. It reached

\$41.51 on Tuesday, the lowest since April 18. U.S. crude CLc1 added 28 cents to \$39.79.

"The sentiment is still quite negative and depressed on oil prices," said Eugen Weinberg, analyst at Commerzbank.

"There are factors which should be supportive, but at the moment I think there is no single (piece of) news which would convince the bears that the decline is over."

The U.S. dollar stayed close to a six-week low against a basket of currencies, lending oil some support. Weakness in the dollar makes dollar-denominated commodities cheaper for other currency holders.

## Euro zone business growth picks up slightly but still muted

REUTERS, London

Euro zone business activity expanded a touch faster than expected last month as the region appeared, so far, to have largely shrugged off Britain's vote to leave the European Union, a survey found.

The latest increase, which came alongside some of the fastest hiring growth in the euro zone since before the financial crisis in 2008, was led by a surge in Germany, masking stagnation in France and a slower pace in Spain and Italy.

Euro zone business growth is now in stark contrast to Britain, where a survey suggested its economy is shrinking at the fastest rate since the financial crisis after a sharp hit to activity following the EU referendum in June.

Markit's final composite Purchasing Managers' Index for the euro zone, released on Wednesday, was 53.2 in July, above a flash estimate of 52.9 and June's 53.1. It has been above the 50 mark that divides growth from contraction since mid-2013.

"The composite PMIs have held up a little better than people expected after the UK's Brexit vote but that doesn't change the fact that growth is still weak and not doing enough to pick up core inflation," said Stephen Brown at Capital Economics.

"Even though the composite PMIs and surveys have done a bit better than

expected that doesn't change the fact that there is still pressure on the ECB to take more action."

Last month, the European Central Bank left interest rates unchanged but said more stimulus could be on the way. A July Reuters poll suggested it would soon be forced to extend and expand the scope of its asset purchase program.

Despite years of ultra-loose monetary policy, inflation is nowhere near the central bank's 2 percent target ceiling and is not expected to get there until at least the end of 2017.

Of some relief to policymakers though, a sub-index measuring output prices jumped to a 10-month high of 49.8 from June's 49.1, an indication firms barely cut prices.

Economic growth in the euro zone halved in the second quarter to 0.3 percent and Markit said if sustained the latest PMI reading pointed to a similar pace in the current quarter. Last month's Reuters poll predicted the same.

According to the PMIs, growth is being led by Germany, where a stronger expansion in services boosted private sector activity last month to its highest this year, although some companies were less optimistic following Britain's vote to leave the EU.

But France's composite PMI barely tipped over the break-even mark while the Italian and Spanish ones both fell.

## Australia cuts interest rate to record low

AFP, Sydney

Australia's central bank dropped interest rates to a new record low Tuesday after a recent run of soft inflation readings, with some economists forecasting further cuts ahead.

The 25 basis point cut to 1.5 percent means the Reserve Bank of Australia (RBA) has slashed rates by 300 basis points since November 2011 to support the economy as it transitions towards non-resources growth after a mining investment boom.

"The board judged that prospects for sustainable growth in the economy, with inflation returning to target over time, would be improved by easing monetary policy at this meeting," bank governor Glenn Stevens said in a statement.

The decision follows official figures last month showing that consumer prices fell to a 17-year annual low of 1.0 percent in April-June, well off the RBA's inflation target of 2.0-3.0 percent. Treasurer Scott Morrison denied that the cut was a sign of a struggling economy, saying that Australia was posting 3.1 percent growth, while Stevens said it was unlikely to overheat the housing market.

The majority of economists had forecast that the RBA, an inflation-targeting central bank, would cut interest rates, with 20 out of 25 surveyed by Bloomberg News predicting the move. The Australian dollar fell 0.4 percent to 75.09 US cents at 2.33pm in Sydney (0430 GMT), according to Bloomberg.

Commenting on the global economy, Stevens noted that the underlying pace of growth in Australia's largest trading partner China "appears to be moderating".

Australia has been growing more strongly than most of the world's advanced economies but like most countries is struggling to kickstart inflation, with oil prices subdued and global trade tepid.

Wages growth has also remained soft, while "labour market indicators continue to be somewhat mixed but are consistent with a modest pace of expansion in employment in the near term", Stevens said.

"It's not that they've got a newly bearish view of the economy or that inflation was materially different from their expectations, it was more that they cut rates back in May and felt that they had room to do it further this month," National Australia Bank senior economist David de Garis told AFP.

## GIS map to show locations of all optical fibre cables

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BTRC prepared the GIS map as there is a demand for it in the local market in creating a network.

Under the supervision of BTRC, the Centre for Environmental and Geographical Information Service (CEGIS) of the water resources ministry prepared the map. The CEGIS will also update the map in the next two years.

BTRC officials said 464 upazilas have already been covered by optical fibre cables, while the rest 45 upazilas do not have connectivity. BTRC Vice Chairman Md Ahsan Habib Khan, Commissioner Md Jahurul Haque and senior officials were also present.

## Dutch envoy expresses satisfaction over security steps

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The minister said militancy is not a challenge for Bangladesh alone, it is a global challenge.

Ahmed said Lilianne Ploumen, minister for foreign trade and development cooperation of the Netherlands, is also scheduled to visit Bangladesh next month to discuss the safety and compliance issues in the garment sector.

The Netherlands is a major export destination for Bangladesh, particularly for garment items. In fiscal 2015-16, Bangladesh exported goods worth \$845.92 million, of which \$659.55 million was garment items, according to data from the Export Promotion Bureau.

In fiscal 2014-15, Bangladesh's export to the Netherlands was \$840.34 million, the data said. Bangladesh imports goods worth nearly \$141 million from the Netherlands in a year.



M Shahidul Islam, additional managing director of United Commercial Bank (UCB), and Moinuddin Mohammed Rahgir, chief financial officer of bKash, attend the signing of a deal at a programme at the corporate office of the bank in Dhaka. The bank will help bKash in collection and payment of its distributors' bills.