NRB Bank

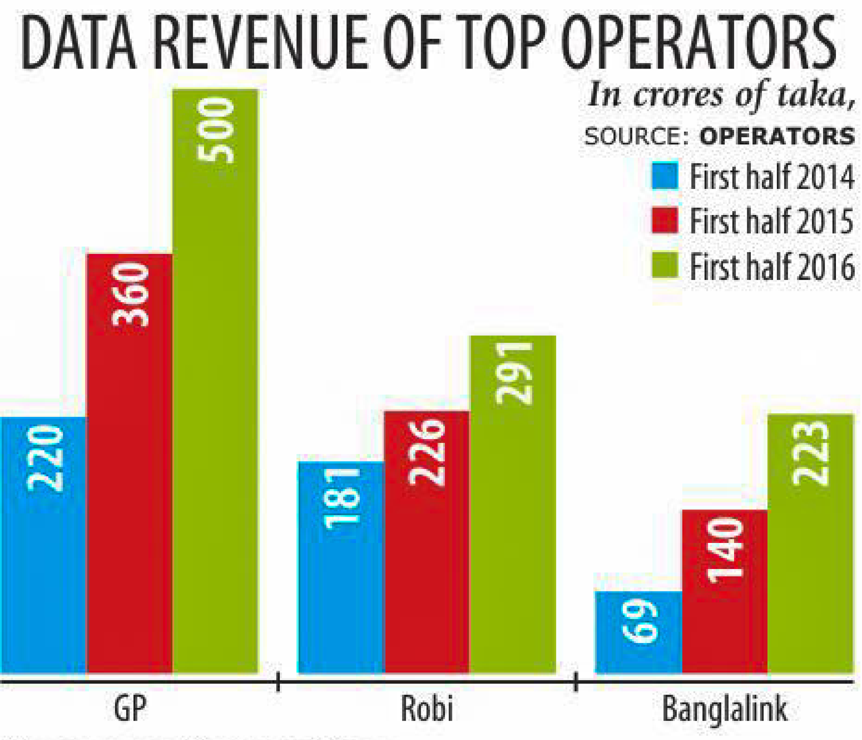
STOCKS		COMMODITIES As of Friday		ASIAN MARKETS Friday closings				CURRENCIES STANDARD CHARTERED BANK				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
▲0.49%	▲0.40%	▼$1,328.00 (per ounce)	▼$46.05 (per barrel)	▲0.66%	▲0.70%	▲0.78%	Closed	BUY TK	77.80	85.77	100.04	0.74
4,623.98	8,652.42			28,599.03	16,519.29	2,827.45		SELL TK	78.80	89.17	103.44	0.78

Star BUSINESS

DHAKA MONDAY SEPTEMBER 19, 2016, *ASHWIN 4, 1423 BS*

Top telcos' data earnings up 40pc

DATA REVENUE OF TOP OPERATORS



MUHAMMAD ZAHIDUL ISLAM

Grameenphone, Banglalink and Robi, the country's top three mobile operators, registered 40 percent growth in combined data revenue in the first half of 2016 -- a development that bodes well for the Digital Bangladesh cause.

Between January and June, the three operators, which control up to 90 percent of the market, altogether raked in Tk 1,014 crore from data services.

Data services constituted about 10 percent of the three operators' revenue during the period, up from 7.07 percent a year earlier.

Of the three operators, Robi's data revenue is growing slightly faster than the other two; it accounted for about 12 percent of the operator's revenues in the first half of the year.

As of June, the total number of active mobile internet connections stood at six crore in contrast to 4.69 crore a year earlier, according to the Bangladesh Telecommunication Regulatory Commission.

Market leader Grameenphone's data revenue is growing fast due to heavy investment in 3G technology, a rise in the number of subscribers and increased smartphone penetration, said Nehal Ahmed, the operator's senior director for communications.

"The average data consumption per user sees significant growth over time, fuelled by access to a wide range of digital lifestyle solutions, social media and other applications," he added.

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Insurance losing pace

SAJJADUR RAHMAN

Insurance penetration has been declining for the past several years, even though the country's major economic indicators have been growing steadily for over a decade now.

In Bangladesh, insurance and other insurance-based forms of risk transfer, overall insurance penetration, both life and non-life, stood at 0.72 percent in 2015, down from 1.13 percent in 2010, according to Swiss Re, a leading global reinsurer.

Of the penetration rate last year, 0.53 percent came from life and 0.19 percent from non-life insurance companies.

The insurance penetration rate indicates the level of development of a country's insurance sector. It is measured as the ratio of premium underwritten in a particular year to the country's gross domestic product.

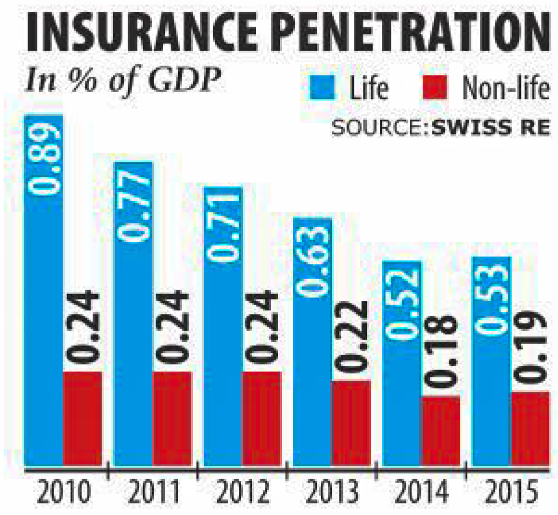
Data shows the penetration rate continued to slide down in Bangladesh since 2010. The rate was 1.02 percent in 2011, 0.95 percent in 2012, 0.85 percent in 2013 and 0.70 percent in 2014.

But the penetration rate is much higher in other South Asian countries and Bangladesh's peer nations across the world.

Insurance penetration was 3.4 percent in India last year and 1.06 percent in Sri Lanka. The penetration was much higher in Vietnam, Kenya, Angola and Pakistan, according to the Swiss Re report.

The industry players blamed a number of reasons for the poor insurance business in the country.

INSURANCE PENETRATION



They are: lack of awareness, saturated market, falling private investment, declining premium income from multinational companies, no effort to bring untapped sectors into insurance and poor claim settlement records by insurers.

But some of the insurance companies' tendency not to show their real premium earnings in their books of accounts is the major reason behind the falling penetration rate.

No regulatory approach to developing the sector is another cause driving down the business, industry insiders said.

"The market is saturated with dozens of companies," said Khaled Mamun, chief executive officer of Reliance Insurance.

Companies tend to do business with the traditional system and products and they are not investing in research and development to tap new business from hugely unexplored sectors, Mamun said.

For example, households and lakhs of flats in Dhaka and other big cities are still out of insurance coverage.

If 80 percent of motor insurance, which are done by third parties, come under comprehensive insurance, the premium will shoot up significantly.

Also, hundreds of passenger and cargo vessels in the country are not insured.

"Many insurers maintain two books of accounts to cover up the illegal rebate they spend in the name of commission. So, huge amounts of premiums are not booked in the accounts," said the chief executive officer of an insurance company wishing not to be named.

"Some of the regulatory approaches are also not helping the industry grow," he added.

M Shefaque Ahmed, chairman of the Insurance Development and Regulatory Authority, claimed the total insurance premium to be 0.90 percent of Bangladesh's GDP and not 0.72 percent quoted by Swiss Re.

Regardless, the penetration rate is much lower than its peer countries, he said.

"Bangladesh is a hugely untapped market. A lack of awareness among people about insurance is a major reason behind the poor premium growth."

The IDRA chairman asked the companies to develop new products to bring more people into the sector.

A total of 77 insurance companies are operating in Bangladesh. Of which, 46 are non-life, including one state-owned company. There are 31 life insurers, including state-run Jiban Bima Corporation.

Job creation by EPZs grows 8pc

STAR BUSINESS REPORT

The number of jobs created by the enterprises based in the country's export processing zones increased 8 percent year-on-year to 33,551 last fiscal year, according to Bangladesh Export Processing Zones Authority (Bepza).

"By creating huge employment opportunities in the EPZs, Bepza is playing an important role in implementing the Vision 2021 of the government," the state agency said in a statement.

Among the EPZs, Karnaphuli EPZ hired 8,306 persons, Uttara EPZ 7,124, Chittagong EPZ 6,154, Adamjee EPZ 6,368 and Dhaka EPZ 3,330 in 2015-16.

At present, 453,652 Bangladeshi nationals are working in 461 enterprises in the export processing zones. Of them, 64 percent are female workers.

"The EPZs are playing a pivotal role in women empowerment," Bepza said.

Exports by the factories located in the EPZs are also posting healthy growth.

Last fiscal year, shipments from the factories rose 9.16 percent year-on-year to $6.67 billion, accounting for about 20 percent of the total national exports.

The factories invested $3.75 billion as of 2015, according to the Bepza website.

Some 58 percent of the EPZ-based enterprises are wholly foreign-owned, 14 percent are joint ventures and 28 percent locally-owned.

GRAMEENPHONE

***Third from left*, Yasir Azman, chief marketing officer of Grameenphone, and Rajesh Chandel, *centre*, sales director of Opera for South Asia, attend the launch of GameBox, a platform of Grameenphone. The customers of the mobile operator will be able to download and play full versions of premium games and apps without worrying about in-app purchases and advertisements. Only Tk 10 will be charged as subscription fee per week to have unlimited gaming experience on the platform.**

Banking services at post offices on cards

STAR BUSINESS REPORT

The government plans to launch banking services at post offices to give a boost to social safety net programmes and popularise savings tools across the country, especially in remote rural areas.

The post and telecom division sought approval from the finance ministry last month to introduce the services under Bangladesh Post Office, said Tarana Halim, state minister for telecom.

"We think there is scope to serve the people living in remote areas through the post offices and that's why we have applied to the bank and financial institutions division."

The telecom division is yet to finalise the paid-up capital that will be needed to launch the services, she said.

"After getting the approval, we will plan to introduce banking services at the post offices," Tarana said.

The postal department had been a losing concern for a long time, but things have changed, she said.

The department earned around Tk 6 crore in profits in 2015-16, she added.

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Ministries will sit Wednesday to resolve Jubok controversy

STAR BUSINESS REPORT

An inter-ministerial meeting scheduled for Wednesday at the finance ministry will discuss how to settle the controversial Jubok issue, which has remained hanging since 2006.

The meeting will explore ways to return funds to the depositors and assign an administrator to look after the properties worth around Tk 2,500 crore owned by Jubo Karmasangsthan Society or Jubok.

Finance Minister AMA Muhith will chair the meeting where representatives from the commerce, home and law ministries and the central bank will be present.

Formed in 1994, Jubok lured in funds from people by promising abnormal returns. After getting wind of its duplicitous activities, the central bank shut it down in 2006.

To date, 3.03 lakh people have claimed money by producing documents against four Jubok concerns, including Jubok Housing and Real Estate Development.

A number of legal measures that are needed to be taken to settle the case will also be discussed at the meeting, said an official of the commerce ministry.

All the committees formed to investigate the Jubok scam recommended appointment of an administrator.

In April this year, the commerce ministry sent a summary of the issue to the prime minister.

The Office of the Registrar of Joint Stock Companies and Firms could take initiatives to appoint the administrator, according to the summary.

In April, the government high-ups asked the commerce ministry to discuss the issue with the finance minister, according to the commerce ministry official.

Consequently, the commerce ministry wrote a letter to the finance minister, saying the clients have been facing financial losses as the issue has remained unresolved for a long time.

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Labour leader, rights group demand fair compensation to Tampaco fire victims

REFAYET ULLAH MIRDHA

The victims of Tampaco Foils fire should be compensated the same way as the victims of Rana Plaza building collapse and Tazreen Fashions fire, a labour leader said yesterday.

Rescuers have so far recovered dead bodies of 34 workers killed in the blaze on September 10.

The compensation package for the victims of Rana Plaza building collapse was made following the ILO Convention 121, which mainly deals with compensation to workers in case of industrial accidents.

However, Bangladesh is yet to ratify the ILO Convention 121.

"It does not matter whether the government has ratified the convention; it is the best practice so far and we should follow this formula so the victims get more money," said Roy Ramesh Chandra, a labour leader.

As per the convention, compensation to the victims is paid calculating the 'loss of future earnings'.

This formula was applied while paying compensation to the victims of Rana Plaza building collapse and Tazreen Fashions fire, said Ramesh.

The government, Bangladesh Employers' Federation, trade unions and the International Labour Organisation should work together to ensure that the victims get the money the soonest, he said.

"We came to know that Tampaco used to supply foil to some multinational companies like British American Tobacco, Nestle and Unilever."

The factory also supplied products to two international clothing retailers, he said.

"We want immediate arrest of the owner of Tampaco and the government officials who allowed the company to continue production in such an old building," Ramesh said.

Meanwhile, following the fire incident, Guy Ryder, director general of the ILO, expressed deep condolences in a statement.

"We are deeply saddened by the loss of lives resulting from an explosion and fire at Tampaco Foils," Ryder said.

There have been major efforts to enhance workplace safety over the past three and a half years in Bangladesh, mainly focusing on the readymade garment sector, he said.

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