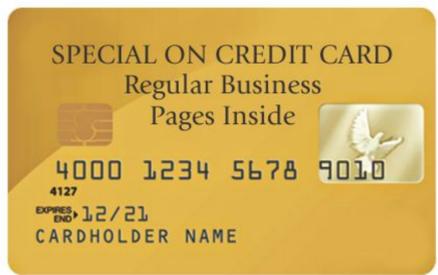


STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.31%	▲ 0.26%	\$1,283.20 (per ounce)	\$47.38 (per barrel)	▲ 0.11%	▼ 0.05%	▲ 0.52%	▲ 0.13%	BUY TK 80.50	93.94	102.72	0.72
5,862.33	11,007.10			31,291.85	19,383.84	3,263.79	3,291.03	SELL TK 81.70	97.54	106.32	0.76



Star BUSINESS

DHAKA WEDNESDAY AUGUST 23, 2017, BHADRA 8, 1424 BS

Credit card market still untapped

SAJJADUR RAHMAN

Corporate executives and businessmen quite often get stupefied with phone calls from banks selling credit cards.

It is a surprise for many that banks want to give credit willingly, even going to the doorstep of customers with the product.

Once you say you want it, the marketing crew of the banks will not leave you alone until you sign along the dotted line. These loans are processed the fastest with minimum document requirements.

A monthly income of Tk 20,000 can give you credit worth at least Tk 50,000 on the card. The upper limit may be as high as Tk 10 lakh.

Despite all the efforts, the product is yet to gain momentum in the country. As of May, there are less than 10 lakh issued credit cards in the country, according to data from the Bangladesh Bank.

Bankers blame the stalemate on the limited purchasing power of consumers and a lack of infrastructure. Some of them said the mandatory requirement of a tax identification number or TIN also hamper the growth of the card.

Though per capita income has increased to about \$1,600, the actual purchasing power or real disposable income of people in Bangladesh is still very low, said Mashrur Arefin, additional managing director of City Bank.

"Bangladesh is still a low income country, where credit card is seen as a credit facility by banks and consumers alike, and not as a lifestyle transaction vehicle. This makes a huge difference in understanding and appreciating the value of credit card."



The credit card market will not achieve its expected level of growth unless the Bangladesh economy graduates to the next level and appreciates cashless transactions, Arefin said.

The lack of infrastructure -- point-of-sales terminals and automated teller machines -- is a big barrier to the expansion of the credit card market in Bangladesh, said Anwar Hossain, head of cards and alternative delivery channels at Mutual Trust Bank.

"Credit card requires huge investments, from POS to ATMs and marketing costs. Moreover, it's

a collateral-free product, for which the risk is very high."

The installation of a POS terminal costs Tk 30,000 and it goes as high as Tk 10 lakh to Tk 15 lakh for an ATM.

Moreover, banks also have to offer incentives and discounts to attract credit card customers, the MTB official said.

Nazeem A Chowdhury, head of consumer banking of Eastern Bank, a fast growing player in the sector, attributed the slow growth to the non-negotiable requirement for TIN.

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Perks of having a credit card

ZINA TASREEN

Credit card: two words the mention of which turn many into full-blown cynics.

While it is undeniable that anyone who has a credit card risks running up too much debt -- a millstone that might take several years and lots of sacrifice to get rid of -- if used wisely the benefits can outweigh the downsides.

I have a credit card of a foreign commercial bank that I treat as a sort of debit card -- but with benefits.

For all transactions that can be made with plastic money, I use my credit card, and in so doing, I am accruing loyalty points, thick and fast. The points later come in handy when the time comes to pay the annual fee for the credit card.

I have been using the card for almost five years now and not once did I pay the annual fee with hard cash: I simply relinquished a certain portion of my loyalty points to the bank.

All major credit card issuing banks like Standard Chartered, City, Eastern, Brac, United Commercial and Mutual Trust now offer this facility.

The benefit of using the credit card for all my expenses as opposed to a combination of cash, debit and credit cards is that at the end of the month I know exactly how much I have spent and can calibrate my spending pattern accordingly.

Not least, I am also building credit, which is important to qualify for loans for major purchases like a car or home.

The neat feature comes to use if one wants to purchase an expensive electrical appliance or furniture.

With the credit card the items can be purchased on equal monthly instalments, meaning instead of dropping a huge sum in one-go to acquire the product its cost can be spread over a six-, 12-, 24- or even 36-month period.

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