

## Local card transactions must go thru' national payment switch: BB

**STAR BUSINESS REPORT**

The central bank yesterday issued a notice that mandated domestic card transactions with its national payment switch, which is yet to be EMV-compliant and remains vulnerable to fraud.

EMV, which stands for Europay, MasterCard and Visa, is a global standard for cards that uses computer chips to authenticate and secure chip-card transactions.

The notice said all point-of-sales (POS) terminals have to be connected with the NPS and transactions must go through it.

The Bangladesh Bank has also issued a number of regulations, including making all card-based transactions PIN-based by this year.

All banks have to be certified by the Payment Card Industry-Data Security Standard (PCI-DSS), a global standard, by next year and all cards have to be chip and PIN-based by June next year, according to the notice.

The move aims to crack down on rising card fraud and discourage cash transactions in the country.

Bankers welcomed the decision, but they said making the NPS EMV-compliant is very

urgent to avoid fraud.

"There will be risks unless the NPS becomes EMV-compliant," said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, which runs around 3,000 automated teller machines and over 8,000 POS terminals across the country.

Shirin also said there should be a contingency plan so that if anything serious happens with the NPS, card transactions remain active.

Some other bankers said security continues to be an issue, as the NPS can only process data from the magnetic stripe and not from secure chips.

As a result, the acquirer bank is always exposed to loss and fraud, and if there are frauds they are not going to be compensated.

In February last year, when fraudulent cash transactions were detected at several ATM booths, some banks switched off the NPS line as they thought the fraudsters exploited the weakness of the NPS.

Another group of bankers, however, said there is nothing wrong with the central bank's NPS platform; rather, the banks should take measures to protect their customers' PINs.

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## WB gives \$59m hard credit for power sector

**STAR BUSINESS REPORT**

Bangladesh is set to take a \$59 million loan for the power sector from the World Bank at non-concessional terms for the first time.

The rate of interest on the loan would be about 2.85 percent, with the repayment period being 30 years including a nine-year grace period.

"Even though it is a semi-commercial loan, it is more tolerable than the international market rate," said a finance ministry official.

The decision to take the non-concessional debt from the World Bank comes as Bangladesh has a deficiency of resources in comparison to the investment need in the public and private sectors, he added.

The loan will come from the Scale-up Facility (SUF) fund, a scheme formed in March last year to provide additional support to the clients of the International Development Association, the WB Group arm that hands out loans and grants to the world's poorest nations, until June 30.

Only IDA client countries that are at low- or medium-risk of debt distress are eligible to access the SUF, the credit from which is expected to finance projects with strong development impact.

Before this, Bangladesh only got loans from the IDA, which carried a 0.75 percent interest rate and came with a repayment period of 38 years including a six-year grace period. Bangladesh borrows the second highest amount from the Asian Development Bank after the WB.

The ADB provides two types of loans to Bangladesh: one from the Asian Development Fund that carries a 2 percent interest rate and another from the Ordinary Capital Resource, whose interest rate is LIBOR-based.

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## Foreign funds treble in stocks

**JEBUN NESA ALO**

Net foreign investment in the capital market more than tripled to Tk 1,569 crore in the first seven months of 2017 compared to the same period last year riding on the positive movement of price indices.

The net position of foreign portfolio stood at Tk 449 crore in the January to July period of 2016, according to Dhaka Stock Exchange (DSE) data.

In July this year, foreign investors bought shares worth Tk 625 crore and sold shares worth Tk 424 crore.

It means, the net investment position stood at Tk 200 crore in July, up by 25 times from Tk 8.3 crore in July last year.

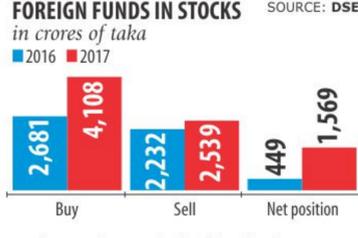
Foreign investors are mainly interested in buying bank shares, a senior executive of a merchant bank said.

He said lack of investment opportunities in the global market amid economic recession prompted the foreign investors to widen their portfolio in Bangladesh.

The International Finance Corporation has recently invested over Tk 131 crore to buy 5 percent share of City Bank. The private sector lending arm of the World Bank Group will put its director to the board of the local private bank.

The foreign holdings of City Bank increased to 10.55 percent in July, up from 6.10 percent in December last year.

The share holdings of foreign investors in other private banks are also increasing, giving a boost to the prices of bank stocks.



The market capital of banks shares rose by 15 percent to Tk 56,000 crore in June this year from Tk 48,400 crore in December last year, according to DSE data.

Foreign investors like Islami banks the most, thanks to the fast-growing Islamic banking in Bangladesh, said a banker.

The foreign holding of Islami Bank Bangladesh, the largest private commercial bank in the country, increased 32.18 percent in July from 6.38 percent in December last year.

Among other listed Islami banks, Al-Arafah Islami Bank saw a rise in foreign holding, from zero in December to 2.96 percent in July this year.

The foreign holding of First Security Islami Bank rose to 4.95 percent in July from 2.77 percent last December, while it rose to 1.43 percent from 0.48 percent for Social Islami Bank during the period, DSE data show.

Among other private commercial banks, Exim, IFIC, Mercantile, One, Trust, Prime, Southeast and Uttara also experienced a rise in foreign holdings.

## Poor should be included in value chain: experts

**STAR BUSINESS REPORT**

Businesses should include the poorest part of the population in the value chain as consumers, producers, retailers, distributors or partners to make their ventures sustainable, experts said yesterday.

"The real solution lies in making this group of population a part of your business," said Ivdad Ahmed Khan Mojlish, managing director of LightCastle Partners, at the launch of a report -- Business for Sustainability: Imperatives for Inclusive Ventures -- at The Daily Star Centre in Dhaka.

Bangladesh has an estimated 77 million people who are languishing in the bottom of the pyramid and whose monthly income is lower than \$150, according to the report.

Elizabeth Dunn, president of US-based Impact LLC, said all parties of a value chain must have a shared vision to make the chain successful.

FH Ansarey, managing director of ACI Agribusiness, said agriculture could be the best area to make a larger impact on the lives of the people.

Bangladesh's agriculture sector employs about 47 percent of the total labour force.

Ansarey said his company was supplying high-yield seeds, other inputs and modern technologies to farmers. "We are closely working



Experts attend the launch of a report -- Business for Sustainability: Imperatives for Inclusive Ventures -- at The Daily Star Centre in Dhaka yesterday.

with farmers. As a result, our company is growing and farmers are also growing."

Firoze Shah Sikder, executive coordinator of Lal Teer Seeds Ltd, said his has developed high quality seeds and was encouraging farmers to grow more.

Farhad Zamil, country director of Syngenta Foundation for Sustainable Agriculture, said Syngenta was making science-based interventions in Bangladesh and providing high-yield seeds to farmers.

While presenting the report,

Zahedul Amin, head of consulting engagements and finance director of LightCastle Partners, said people who are a part of the bottom of the pyramid have to be turned into an integral part of the market economy.

"We have to create jobs for them and convert them into consumers," he said.

The report said the better a business was integrated with the entire value chain, the better was its chances for success. Value chain integration in businesses lowers cost and betters control.

It said when the bottom of the pyramid (BoP) was the customer, the backward linkage should ensure cost-competitiveness and adequate quality, whereas forward linkage should ensure reduced distribution costs and increased accessibility.

When BoP is the producer, ensuring supply of inputs and working capital is essential for quality production, the report said.

The report pointed out that one of the key challenges of operating an inclusive business was the lack of information about the BoP size.

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## Tiger IT digitising number plates in Nepal

**STAR BUSINESS REPORT**

Bangladesh-based firm Tiger IT has recently opened a factory in Kathmandu as part of a \$43.7 million project, the biggest IT related one in Nepal, to provide digital registration plates which would ensure security in vehicle management.

In the next five years, 25 lakh registration plates will be produced under the project of the country's Department of Transport Management, said Tiger IT Assistant General Manager Rajib Choudhury.

"This is a milestone project for us, which will help us move forward at a faster pace," he said on returning to Dhaka yesterday. It will increase security in Nepal's transport system, he added.

Physical Infrastructure and Transport Minister Bir Bahadur Balayar inaugurated the factory on Monday, producing a plate himself.

Senior government officials and Tiger IT Chief Operating Officer Gautam Bhattacharya were present at the ceremony.

Tiger IT got the same project in Bangladesh under a joint venture with Bangladesh Machine Tools Factory. They started operations in 2012 with a target of manufacturing 31 lakh registration plates.

In Nepal, they joined US-based Decatur Consortium to win the contract beating some joint ventures from developed countries through a competitive and open international bidding.

The consortium signed a contract with the ministry on May 30, 2016 to provide

materials, hardware, software, and relevant services for owner enrolment and production of high security embossed vehicle registration plates.

Established in 2000, Tiger IT is leading the way in Southeast Asia in identification related software and undertaking national identification and immigration related projects.

They earlier provided machine readable passports in Nepal and national identity cards and biometric ID services for immigration and border control of Bhutan.

In 2008, they developed software solutions for national identity cards and voter registration in Bangladesh, a project that involved around 10 crore people.

It earlier ran international projects in the USA, Canada, UK, Moldova, Tajikistan, Kenya, India, Nepal, Bhutan and Cambodia, among others.

It has offices in the USA, UK and Poland, apart from Dhaka.

Under the Nepal project, each vehicle owners will get two embossed aluminum plates containing an RFID sticker, said Choudhury.

This plate will limit crimes making use of vehicles by preventing counterfeiting and manual replacement of number plates.

Biometric enrolment will prevent impostors from registering vehicles in their name whilst the ability to quickly check the vehicle data against the RFID stickers will allow law enforcement to track down stolen vehicles more effectively.

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## Pran's export receipts hit \$231m

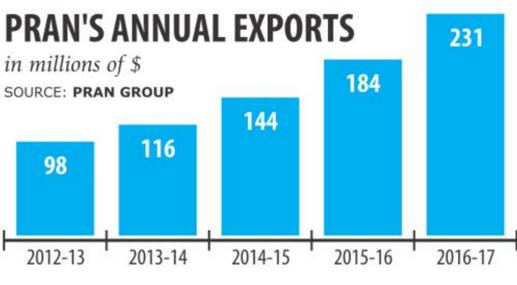
**REFAYET ULLAH MIRDHA**

Pran, Bangladesh's leading processed food exporter, saw its export earnings soar 25.54 percent to \$231 million last fiscal year on the back of a rising demand for its products in the 134 countries that it ships to.

Buoyed by the higher receipts, the company recently launched some new products like cup noodles, sweets, cakes, frozen mini snacks and yoghurts, according to Kamruzzaman Kamal, director of marketing at Pran-RFL Group.

At present, Pran has a good market share in countries like India, Nepal, the United Arab Emirates, Saudi Arabia, Qatar, Kuwait, Oman and Malaysia.

"This is a matter of pride that Pran products have taken their place in global chain shops by competing with renowned international brands," Kamal said.



Pran products are available in the super-market giants like Walmart, Carrefour, Poundland, Mustafa Mart, Reliance Fresh and so on.

"Going forward, we are putting special emphasis on the African, Gulf and Oceania countries as the potential of these vast regions is yet to be exploited fully." Until now, Pran has given special priority to the northeastern states of India because of the geographical proximity and cultural similarities.

Some of Pran's popular products in the Indian north-eastern markets are fruit drinks, beverages, snacks, biscuits, ketchup, noodles, jelly, chanachur, jhal muri and candy. Established in 1996, Pran-RFL currently employs 94,000 people in its 51 companies.

"We have a plan to open more factories and bring more products in the markets in the near future," Kamal added.

## BIBM organises workshop on sustainable finance

**STAR BUSINESS REPORT**

Coordination among the policymakers is a must to get the expected outcome from sustainable finance, experts said yesterday.

Bangladesh Bank and banking associations can jointly take initiatives for the sake of sustainable development of the country, experts suggested at a workshop at Bangladesh Institute of Bank Management (BIBM) office in the capital.

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SK Sur Chowdhury, deputy governor of Bangladesh Bank, speaks at a workshop on sustainable finance, jointly organised by the Sustainable Finance Department of the central bank and Bangladesh Institute of Bank Management, in the capital yesterday.