

Global firms join rush to bet on Indonesia as next start-up frontier

AFP, Jakarta

Big-name investors including Expedia and Alibaba are pumping billions of dollars into Indonesian tech start-ups in a bid to capitalise on the country's burgeoning digital economy and potential as Southeast Asia's largest online market.

Indonesia has seen a surge of cash into its technology sector over the past two years, helping support dozens of homegrown start-ups ranging from ride hailing apps to e-commerce firms.

And with a population of more than 250 million, a swelling middle class and growing availability of cheap mobile devices, firms from around the world are piling in.

"We believe that Indonesia is poised for a huge leap forward for its digital economy, following China's growth and becoming the leading tech destination in the Southeast Asia region," Adrian Li, a partner in Jakarta-based Convergence Ventures, told AFP.

Last year \$631 million in disclosed venture capital was ploughed into the

country, according to research firm CB Insights, up from \$31 million in 2015.

But that figure has already been shattered in 2017, with \$3 billion worth of deals clinched as of September 2017, said Meghna Rao, a tech industry analyst at the firm.

Tokopedia -- a marketplace that allows users to set up online shops and handles transactions -- won \$1.1 billion in capital from China's Alibaba in August.

Motorbike on-demand service Go-Jek secured \$1.2 billion from Chinese tech giants JD.com and Tencent Holdings in May, according to data from Crunchbase. In another sign of confidence, Koison became Indonesia's first e-commerce service to go public in October.

"While it's too soon to say that this investment is indicative of a larger pattern of Indonesian startups pulling in many big ticket investors, it is part of a growing clutch of mega-rounds," Rao said.

Internet use is growing faster in Southeast Asia than any other region

in the world, with 124,000 users coming online every day over the next five years, according to a 2016 report from Google and Singapore's Temasek Holdings.

By 2020 an estimated 480 million people are expected to be connected to the internet, up from 260 million in the region last year.

Indonesia's mobile-first market will comprise more than half of Southeast Asia's e-commerce market by 2025, with an estimated value of \$46 billion, the Google report said.

"When you do startup business in Malaysia, Singapore, Thailand and Indonesia, the cost, effort and time that you spend is almost even. But when you go to Indonesia (growth) is unlimited -- the market is so big," said Willson Cuaca, whose venture capital firm East Ventures specialises in early-stage investments.

As a result, big names like US venture capitalist Sequoia Capital, Japan's Rakuten Ventures and travel company Expedia -- as well as Chinese tech giants -- have all made investments in the country.



Sunil Motiwal, CEO of Saarc Development Fund, poses with the officials of the implementing agencies of the "Post-harvest management and value addition of fruits in production catchments in Saarc countries" project at an event in Bhutan last week.

City Bank gets new AMD

STAR BUSINESS DESK

City Bank has recently appointed Adil Islam as additional managing director, the private commercial lender said in a statement yesterday.

He served as chief risk officer for South and Southeast Asia at ANZ Bank and HSBC Indonesia. He also worked as head of wholesale banking at HSBC Bangladesh.



sustainable business growth.

Islam has more than 26 years of banking and business leadership experience, gained through working in various international banks and financial institutions in Southeast Asia and the Middle East, according to the statement.

He has knowledge and experience in business development, risk governance and organisational transformation, driving

BIDA to recruit private sector professionals

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He suggested introduction of one-stop service at BIDA, quick implementation of SEZ projects, reduction of the dependency on quick rental power plants, efficient operation of the Chittagong port and airport in Dhaka and development of the tourism industry.

While presenting a paper on "the secrets of Singapore's amazing success and lessons for Bangladesh", Sazzadul Hassan, managing director of Syngenta Bangladesh, stressed the need for strengthening the institutional capacity of BIDA. He also called for good governance and private sector-friendly policies.

The government should put priority on sectors like textiles and garment, ICT and software, pharmaceuticals, agro-processing, leather and leather goods, tourism, fisheries, power and renewable energy, he said. Salahuddin Kasem Khan, president of Japan-Bangladesh Chamber of Commerce and Industry, moderated the function.



Shah A Sarwar, CEO of IFIC Bank, cuts a cake to celebrate the bank's 41st anniversary at its head office in Purana Paltan of Dhaka yesterday.

Seven banks fined for flouting stockmarket rules

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The overexposure of banks was one of the leading causes for market debacle in 2010 when lenders were allowed to invest 10 percent of their liabilities. Later, the Banking Company Act was amended curbing banks' exposure to stocks, by tagging the allowable investment limit to capital instead of liabilities.

Banks are now allowed to invest 25 percent of their capital in stocks, according to the Banking Company Act 2013.

The average exposure of the banking sector remained at 20 percent of their capital as of August, according to the central bank data. The BB observed that the price indices of the stockmarket are moving based on bank stocks as huge number of shares change hands.

Bank shares have been dominating the turnover chart for several months.

Though the direct exposure to the stockmarket remained within the permissible limit, banks are increasing their indirect investment through loans as the banking sector is awash with excess liquidity, said a senior executive of a private bank.

Total loan portfolio to the stockmarket stood at Tk 7,600 crore at the end of 2016, according to BB data. Of the amount, 53 percent came from banks and the rest from non-bank financial institutions. Banks invested Tk 2,130 crore through merchant banks and Tk 1,900 crore through other instruments last year.

Non-banks lent Tk 2,330 crore through merchant banks and Tk 1,270 crore as margin loans, according to BB data.

Aamra to start local assembly of handsets in Dec

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Aamra provides its clients with customised and integrated technology-based solutions and the company entered into handsets business with its little known brand WE in the first half of last year, Haque said.

In 2016, about 3.1 crore handsets were imported, up 11 percent year-on-year, according to Bangladesh Mobile Phone Importers Association (BMPIA). The total value of the imports was about Tk 8,000 crore.

However, Aamra could not make its place in the top six handset importing companies, each of which brings in 20 lakh sets a year, according to BMPIA report.

Haque said his company has set a sales target of Tk 450 crore through handsets this year. Aamra is a pioneer in ATM technology in Bangladesh and it has installed more than 800 booths throughout the country.

With over 70 percent market share, Aamra has installed over 11,000 credit card processing terminals in the country, according to its official website. The company also implemented the country's first data centre for private banks.

Exports slump in Sep

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Export of pharmaceutical products surged 18.68 percent to \$23.95 million, and leather and leather goods 1.74 percent to \$324.62 million.

Shipment of jute and jute goods grew 15.46 percent to \$236.12 million, which is 5.87 percent below the target for the July-September period.

Home textile export grew 23.81 percent during July-September to \$193.69 million, according to EPB data.

Engage local firms to study impact of new VAT law

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The implementation of the much-talked law, which was scheduled to come into force from July this year, was deferred by two years to July 2019 in the face of opposition from businesses.

The concern was that various sectors, particularly small businesses, would be affected owing to application of a single and uniform VAT rate while doing away with multiple rates under the present VAT Act 1991.

Businesses had been demanding that the government conduct a study before enforcing the new law, framed at the prescription of the International Monetary Fund.

The NBR said the new law was formulated as the existing one suffered from various limitations and failed to capture all the economic activities, which should be brought under the revenue system to accelerate collections and reduce dependence on external financing.

Mohiuddin said the World Bank and the IMF were donors and their prescription should be viewed keeping in mind domestic realities.

He said many meetings took place in the past. "Let us not look back at the hiccups we had had. Let us go

forward together," he said.

"We have to take the socio-economic condition and reality into cognisance," said Sheikh Fazle Fahim, first vice-president of the FBCCI.

He said Bangladeshi research firms should conduct the study as they know the country's reality better than their foreign counterparts.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said policymakers should focus on establishing a modern VAT system, not merely emphasising on a goal of increasing revenue collection.

Citing implementation of the Goods and Services Tax by India, he said small entrepreneurs have started facing problems with it. "It is a good experience for us," he said.

Moazzem suggested for a sector-based study involving all stakeholders.

Jamaluddin Ahmed, general secretary of the Bangladesh Economic Association, recommended involving business chambers, professional business bodies and government agencies to reach consensus on the total number of taxpaying companies, firms and

individuals.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said regulatory impact assessment was conducted in advanced economies before any implementation.

"This is not done in Bangladesh. Unless we hold discussions, the NBR will have to face resistance again ahead of the implementation of the law," he said.

Mansur recommended keeping reduced VAT rates for the service sector, where the rate of value addition was less and the extent of non-compliance was high.

"There should be automation (for the VAT system under the existing law). It should not be implemented from the perspective of the 2012 law," he said.

NBR Chairman Md Nojibur Rahman proposed a consortium of researchers from autonomous bodies such as the Bangladesh Institute of Development Studies, the University of Dhaka and private research organisations and business chambers.

The NBR can form a review group and place the findings to the top policymakers, he said.

Thousands protest across Australia against giant Adani coal mine

REUTERS, Sydney

Large protests were held across Australia on Saturday against Indian mining giant Adani Enterprises' proposed Carmichael coal mine, which would be the country's largest coal mine but has been delayed for years over environmental and financing issues.

Environment groups say the mine in Queensland state would contribute to global warming and damage the Great Barrier Reef.

The "Stop Adani" movement organised 45 protests. On the sands of Sydney's Bondi Beach more than 1,000 people formed a human sign saying '#STOP ADANI', said organiser Blair Palese from activist group 350.

"I think there's a very real national concern that goes beyond Queensland about the idea of giving this mine a billion-dollar taxpayer-funded loan," she said.

The national rallies come as new polling shows more than half of Australians oppose the mine, reported local media.

Analysts have raised doubts about whether Adani can fund the mine, at an initial cost of \$4 billion, given a global backlash to investment in fossil fuels.

A serial defaulter in BB

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"We will take action against Mallick through the administrative way," said Subhankar Saha, spokesperson and executive director of the BB.

Mallick could not be reached on his mobile despite repeated attempts. He did not even respond to text messages sent to his number yesterday.

He joined the central bank in 1988 as an assistant director and progressed through the ranks over the years.



Mohammed Shawkat Jamil, additional managing director of United Commercial Bank and director of UCB Capital Management Ltd; ATM Tahmiduzzaman, company secretary of the bank and director of UCB Capital, and Mohammed Rahmat Pasha, managing director of UCB Capital, pose during an event titled "UCB and Bloomberg bring market-building workshop in Dhaka", at the bank's corporate office in the capital on October 7. The workshop was a joint effort by the bank and global financial services technology firm Bloomberg.

Adnan Mahmud Ashraf Uz Zaman, head of card at Jamuna Bank, and Mustafizur Rahman Shazid, chief operating officer of Butterfly Marketing Ltd, exchange documents after signing a deal at the head office of the latter. Employees and credit cardholders of the bank will get equated monthly instalment facilities on Butterfly products.



JAMUNA BANK