



# BUSINESS

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## Industry experts contest BBS survey result on telecom

The agency says 7.74pc Bangladeshis have email accounts

MUHAMMAD ZAHIDUL ISLAM

About 92.50 percent of the people in Bangladesh are using mobile phones, indicating the breakneck speed at which the country is nearing the Digital Bangladesh goals.

Some 95.90 percent of the people in urban areas are using mobile phones and 91.20 percent in rural areas, according to the Household Income and Expenditure Survey 2016, which was published last week by the Bangladesh Bureau of Statistics.

However, only 7.74 percent of Bangladesh's 16.3 crore-strong population have email accounts -- the most basic way of exchanging messages between people digitally.

The figures have drawn the ire of experts and policymakers, who say the statistics do not reflect the reality given the digital transformation that took place in the country over the last few years.

"Some figures from this bunch are not acceptable," said Zunaid Ahmed Palak, state minister for ICT, citing the internet and Facebook users' numbers to disprove the email account figure.

At present, there are about eight crore internet users and more than 2.5 crore people use



### CHANGES IN DIGITAL NUMBERS

Number of email accountholders rose to **7.74pc** of population in 2016 from **1.39pc** in 2010

Computer users reached **3.04pc** in 2016, from **3.01pc** in 2010

Mobile phone subscribers rose to **92.50pc** in 2016 from **63.74pc** in 2010

Landphone users went down to **1.04pc** in 2016 from **2.07pc** in 2010

Facebook in Bangladesh.

"This is an authentic number. So, there is no chance that only 7.74 percent of the population have email accounts," said Palak.

Previously, Facebook asked for an email address to open an account but in recent years it has allowed registration with just mobile numbers.

The state minister said the BBS had published a similar report last year with misleading figures. For instance, in that report the BBS said only 4.8 percent of the households had access to internet as of 2013.

"This kind of survey can damage the industry," Palak added.

Mustafa Jabbar, president of the Bangladesh Association of Software and Information Services, echoed the same.

"This survey is not acceptable and is a misrepresentation of the digitisation process."

"If the industry cannot depend on the BBS, which is the state agency, for the correct information, then the investors will be puzzled."

Jabbar, also a former president of the Bangladesh Computer Samity, said computer usage has increased but the growth is not too high.

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## SAFETY NET SCHEMES

### Number of recipients rises, many needy still out of net

REJAUL KARIM BYRON

The number of safety net beneficiaries increased 4.1 percentage points over the last six years but many needy persons still remain outside the scheme's purview, highlighting the need for better targeting.

Some 28.7 percent of the total population are enjoying the safety net programme benefits, according to the preliminary report on Household Income and Expenditure Survey (HIES) 2016 by the Bangladesh Bureau of Statistics.

About 35.7 percent of the total population in rural areas got the benefit and 10.9 percent in urban areas.

"Latest data shows that social protection programmes are covering the poorer areas better than it used to," said Zahid Hussain, lead economist of the World Bank's Dhaka office.

However, a vast number of the poor still remain uncovered and the inclusion errors -- the addition of non-poor among the beneficiaries -- are significant.

As much as 52 percent of the total allocation for safety net schemes goes to three programmes for school students such as stipend and school feeding programme, where many non-poor are also benefitted.

On the other hand, old age allowance gets 14.22 percent of the safety net programme allocation and widowed, deserted and destitute women allowance get 4.2 percent.

Besides, there are many other programmes from which only the poor get benefits like maternity allowance programme for poor lactating mothers, which has less than 1 percent of the beneficiaries.

The sizes of the benefits are still inadequate relative to what is needed, Hussain said.

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## Sales of savings tools rising fast

AKM ZAMIR UDDIN

Net sales of savings certificates increased 8.91 percent year-on-year to Tk 12,694 crore in the first quarter of the fiscal year as people continue to park their funds in the instrument to enjoy high returns.

Banks are offering hardly 7 percent interest rate on fixed deposits nowadays whereas the rates offered by the national savings certificates are between 11.04 percent and 11.76 percent.

Net sales of savings tools in fiscal 2016-17 hit an all-time high of Tk 52,327 crore -- more than 2.5 times higher than the government's target of Tk 19,610 crore.

### SALES OF SAVINGS TOOLS (first quarter)

Figures in crores of taka



The trend would continue this year if the government does not slash the rates on savings certificates, said a senior Bangladesh Bank official.

Higher borrowing through the savings instruments are pushing the government's interest liability up.

If the government borrows from the banking system, it would cost them between 2.98 percent and 8.07 percent only.

Yet, the government's net borrowing from the banking sector was in negative in the first quarter of the fiscal year.

Between the months of July and September, the government borrowed Tk 2,132.30 crore from banks and repaid Tk 5,270.20 crore to take its net borrowing from the channel to Tk 3,137.90 crore in the negative.

Under the circumstances, the majority of the banks are flush with liquidity, the BB official said.

"The banks will get a respite if the government started borrowing full-fledged from them," he added.

The sales of savings tools might cross Tk 70,000 crore this fiscal year if the government does not recalibrate the interest rate on them, said Ahsan H Mansur, executive director of the Policy Research Institute.

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## Russia cuts interest rate for fifth time this year

AFP, Moscow

Russia's central bank reduced Friday its key interest rate to 8.25 percent, the fifth reduction this year as inflation hits a record low.

The bank took the decision to trim its main interest rate by 0.25 percentage points as "inflation expectations remain elevated...their decline has yet to become sustainable and consistent," it said in a statement.

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## Sonali Bank UK on the brink of insolvency

### Royal Bank of Scotland restricts its dollar account transaction

JEBUN NESA ALO

Sonali Bank's UK subsidiary (SBUK) is staring at insolvency after the Royal Bank of Scotland (RBS) restricted transaction on the Bangladeshi bank's dollar account for serious weaknesses in its anti-money laundering systems.

The Prudential Regulation Authority (PRA), the financial services regulatory body of the UK, has warned that it would declare SBUK insolvent if it fails to achieve efficiency in running the dollar, pound and euro accounts.

The developments were mentioned in a recent Bangladesh Bank letter sent to the finance ministry.

SBUK fell into financial crunch after the Financial Conduct Authority in October last year levied penalties on it for serious weaknesses in anti-money laundering systems. It was fined £3.25 million and prevented from accepting deposits from new customers for 168 days.

The PRA has now asked SBUK to appoint a project manager to overcome the ongoing crisis.

RBS has, however, kept open the other accounts, including those in pound sterling

and euro of SBUK, on a conditional basis until December 31, according to the letter.

Obayed Ullah Al Masud, managing director of Sonali Bank, is now in the UK to assess the condition of the subsidiary.

SBUK is also trying to open a dollar account with Dubai-based Mashreq Bank to resume business operations as many Bangladeshi banks, which maintain nostro account with it, are suffering badly.

Nostro refers to an account that a bank holds in a foreign currency in another bank.

Though SBUK was established to provide banking services to Bangladeshi expatriates living in London, it only collects deposits. Even then, the deposit products are not lucrative enough to attract savers.

As a result, its depositor base has been shrinking for the last five years and the subsidiary incurring losses for years, according to the letter. Remittance sent through SBUK was down 6 percent, 5.67 percent and 4.20 percent respectively from 2013 to 2015, according to the central bank.

Though the financial health of the bank has been deteriorating, the management of the parent bank is not concerned about it, according to the letter.

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