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Star BUSINESS

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Analysts take part in a roundtable on "Building payment ecosystem for digital Bangladesh - challenges and opportunities" jointly organised by The Daily Star and the Association of Bankers, Bangladesh at The Westin Dhaka yesterday.

Safety concerns, poor infrastructure holding back digital payment

STAR BUSINESS REPORT
Digital payment has not taken off in a big way in Bangladesh in the absence of infrastructure and interoperability and safety concerns, experts said yesterday.

"There is an unprecedented opportunity to grow digital transactions in Bangladesh," said Tom Crawford, public policy advisor of FTI Consulting, a global business advisory firm based in Washington DC.

Cashless payments are growing fast across the world, including Asia, because of its greater convenience. Yet, cash remains king in Bangladesh, despite the great advances made in ICT.

Subsequently, the Association of Bankers, Bangladesh (ABB) and The Daily Star joined hands and organised a roundtable on building a payment ecosystem for digital Bangladesh and its challenges and opportunities at The Westin Dhaka.

"Trust and reliability matter," said Syed Mahbubur Rahman, chairman of ABB, citing the mindset of many savers as a case in point.

A section of the savers park their funds with state banks despite private banks' offer of higher returns.

"We will have to give comfort to the clients about digital transactions by developing a secure system."

Moreover, people will have to be

encouraged to adopt the electronic payment system.

Rahman, who is also the managing director of Dhaka Bank, urged the central bank to relax its mandatory policy of routing all card transactions through the National Payment Switch Bangladesh (NPSB) in a bid to mitigate the risks of cyber attacks.

"If the NPSB collapses for any reason, the entire banking transaction system will be disrupted," he added.

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, echoed the same as Rahman on the routing all transactions only through the NPSB.

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Spices get costlier ahead of Eid

DWAIPAYAN BARUA, Ctg
Spice prices have started rising on the back of opportunistic traders' bid to cash in on the surge in demand for the essential cooking ingredients ahead of Eid-ul-Azha, the second biggest religious festival in the country.

The wholesale and retail prices of spices increased both in Dhaka and Chittagong although the import of six spices—cardamom, cumin, cinnamon, cloves, nutmeg and black pepper—rose 10.73 percent year-on-year to 4.54 crore kilogram in fiscal 2017-18, according to Chittagong Customs data.

"This is very frustrating," said a mid-aged shopper at Mohammadpur Town Hall Market.

The traders have gotten away with increasing the spice prices because of a lack of monitoring and surveillance by the market watchdogs, he said.

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State banks' escalating bad loans a threat: BB report

STAR BUSINESS REPORT
The rising default loans in the eight state banks, which accounts for 57.53 percent of the total classified loans in the banking sector, have become a threat to the sector's stability, according to the Bangladesh Bank's Financial Stability Report.

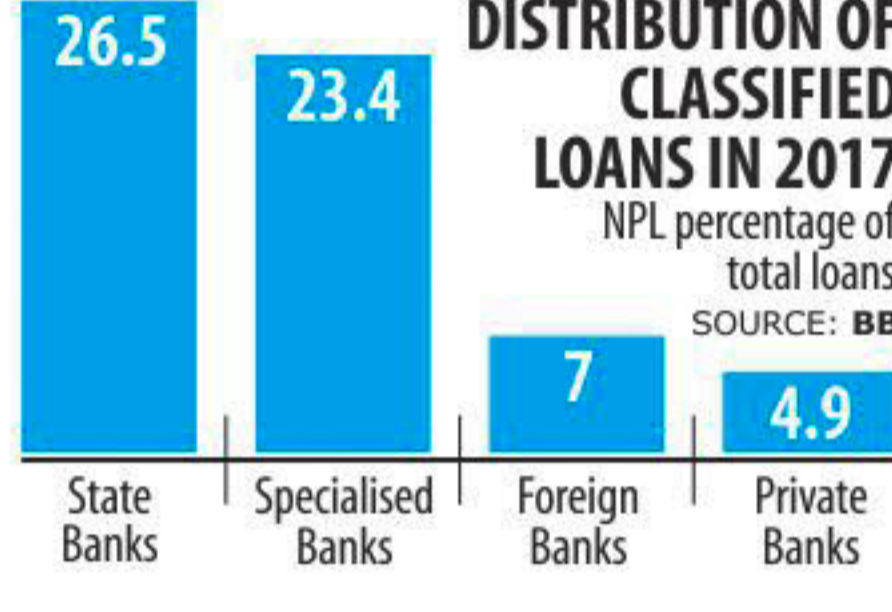
The presence of state-run banks in the top 10 list for non-performing loans may weaken the stability of the financial system as these banks play critical roles in financial intermediation, said the report, which was unveiled yesterday.

BB Deputy Governor Ahmed Jamal unveiled the report at the central bank headquarters in the capital while managing directors of all banks were present.

Inadequate due diligence in credit management is one of the major reasons behind the escalating NPLs in the eight state banks in recent years.

The NPL of the eight state banks -- Sonali, Janata, Agrani, Rupali, BASIC, Bangladesh Development, Bangladesh Krishi and Rajshahi Krishi Unnayan -- increased 16.46 percent to Tk 42,752 crore in 2017 from a year earlier.

The practice of loan rescheduling also went up heavily in the banking sector last year in line with the rising default loans,



which created further stress on banks.

In 2017, the amount of rescheduled loans stood at Tk 19,120 crore, up 24 percent year-on-year. The rescheduled loans, however, had declined in 2016 from a year earlier.

"Poor due diligence, influenced lending, fraud and negligence in compliance of risk management practices could be the reasons for the rise in rescheduled loans," it said.

Private banks accounted for a highest portion of the rescheduled loans: 53.1 percent of total such loans in the banking sector.

State-owned commercial banks, specialised banks and foreign commercial banks accounted for 41.9 percent, 4.1 percent and 0.9 percent respectively of the banking sector's aggregate rescheduled loans.

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1 ton	39,500	32,725
1.5 ton	53,500	45,475
2 ton	64,000	54,400

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2018 HSBC Export Excellence Awards

As the leading international bank, HSBC seeks to promote trade by recognising exporters who have made great contributions to Bangladesh's economy by growing the 'Made in Bangladesh' brand across the globe.

Nominations for the 8th HSBC Export Excellence Awards are now open across five categories:

- ◆ Ready Made Garments
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- ◆ Traditional and Emerging Sectors
- ◆ Small and Medium Enterprise
- ◆ Import Substitution

Nominations close on 31 August 2018, we look forward to receiving your entries.

For more information, visit business.hsbc.com.bd/eea or call 01711295060




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