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DHAKA THURSDAY MAY 16, 2019, JAISHTHA 2, 1426 BS starbusiness@thedailystar.net

## Cash use costs Bangladesh BJMC in a bleak state Tk 9,000cr every year

Finds a recent central bank report

AKM ZAMIR UDDIN

The country has to count more than Tk 9,000 crore a year because of its heavy dependence on cash, further depicting the necessity to move towards a cashless society.

is nearly 0.50 percent of the country's GDP, according to the central bank report styled 'Reducing the Cash Transaction'. The Bangladesh Bank calculated the cost based on a survey by US consultancy firm McKinsey & Company. Shops and banks have to bear most of the

followed by corporate entities at 13 percent, the government at 10 percent and individuals at 6 percent, according to the report. Banks have to take insurance coverage for their vault as well as the transportation of cash in order

cost for the use of cash at 33 percent each,

to secure the money, adding a large amount to their operating costs, said Md Mustafizur Rahman, head of alternate delivery channel of City Bank. They have to appoint dedicated manpower to manage both their cash and counter. Armed

guard and specialised vehicles have to be hired frequently when banks transport their cash from one branch to another, he said. "Huge time is wasted because of transportation

of cash. The shoppers and distributors of the corporate entities are also facing the same





Vendors are seen selling taka notes, a common scene on the streets of Motijheel in Dhaka thanks to the popularity of cash in Bangladesh.

difficulties," he added.

Meanwhile, the central bank's expenditure on printing and circulation of cash has been on the

rise for years with the growth of the economy. For instance, in fiscal 2016-17 the BB spent Tk 450 crore for this end, up 22 percent from four years earlier.

This indicates the existing transformation process to digital banking from the manual one is not adequate, said a BB official, adding that the banking sector will have to run at a faster pace to embrace the cashless society.

At present, 8 percent of the utility bills and 2.6 percent of the salaries are paid through the digital platforms, meaning the country has a long way to go to become a cashless society, said the central bank report.

Only 6 percent of the total transactions are now settled through the electronic mode, it said.

A majority of the employers, ranging from industrial units to owners of retail stores, are still paying their employees' wages in the form of cash, which wastes time and fuels costs, said Anwar Hossain, head of Mutual Trust Bank's card division. **READ MORE ON B3** 

Finance Minister AHM Mustafa Kamal says

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal yesterday divulged that he is at wits' end on what to do with the lose-making mills under the Bangladesh Jute Mill Corporation (BJMC).

"I don't know how this will be fixed," he said, while briefing reporters after a meeting of the cabinet committee on purchase in the cabinet division in the secretariat. Over the past decade,

the government handed the BJMC, the largest state corporation, Tk 7,477 crore to bail it out of its financial troubles and yet it has put its hand out for more.

wages until June of its 32,740 workers and

It has sought Tk 340 crore to clear arrear

employees.

"If we get the fund, the ongoing labour unrest will be over," BJMC Chairman Shah Muhammad Nasim earlier told The Daily Star.

The BJMC, which comprises of 22 jute mills and 3 non-jute mills, is likely to seek an allocation of Tk 1,600 crore to implement the 2015 wage scale for its workers.

And yet, it is nowhere near to standing on its own feet. "How long will the

government finance the

BJMC?" Kamal questioned.

He said he had a meeting with the BJMC, in which he asked the top management of the corporation to go the prime minister. READ MORE ON B3

#### ONE YEAR OF DSE'S SHARE SALE Chinese consortium yet

to impress investors AHSAN HABIB

One year has passed by since the Chinese consortium agreed to come on board as a strategic partner of the Dhaka Stock Exchange (DSE) but investors are still waiting for the two Chinese bourses to deliver on their promises.

One of the big promises made by the Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange (SSE) was that they would bring in technological upgrades to the country's premier bourse. including electronic information disclosure

platform of the listed companies.

The platform would provide corporate information of the issuing companies, simple analytical tools, interactive question and answer facility and online complaint portal with a view to enhancing transparency and corporate governance.

"It is yet to fulfil this expectation," said Shakil Rizvi, president of the DSE Brokers' Association (DBA).

The general investors also expects higher foreign investment in the market through the Chinese Consortium.

READ MORE ON B3

### Automobile repair draws big Islamic banks' profitability business groups' interest

Jagaran Chakma

Big business groups are entering the automobile workshop business, tempted by the massive jump in the number of motor vehicles plying the roads in the past several years.

Their entry means traditional workshops will gradually be phased out and replaced with sophisticated automated repair centres.

According to market players, the owner of a five-year-old 1,500cc car has to spend an average Tk 18,000 a year for servicing. The cost is 20 percent to 30 percent higher for higher capacity cars. While there is no reliable data of

the auto workshop industry, Zahirul Hoque, secretary general of the Bangladesh Automobile Workshop Malik Samity (BAWMS), believes the market has been increasing almost 15 percent annually for the last five to six

In 2018, car owners spent around

Tk 1,200 crore on servicing, he said. Observing this growth of the sector, some investors like Syed Samiul Huq, director of Japan SolarTech (Bangladesh) and owner of Auto Trade International (ATI), set up a sophisticated auto repairing centre spanning 25,000 square feet at the capital's Tejgaon Industrial Area for Tk

There is a lack of skilled technicians and engineers to repair hybrid and sophisticated cars, due to which Huq

set up the repair centre. He appointed a total of 120 technicians and engineers who were provided advanced training on automobile servicing in Japan and

ATI has the capacity to repair a vehicle within two hours of diagnosing

reasonable prices, he said. Similarly, Navana has set up a

servicing centre with cooperation with Toyota Motors at the Tejgaon-Gulshan 25 percent of the reconditioned cars link road in the capital.

to provide quality services for the former president of the Bangladesh latest and technologically advanced Reconditioned Vehicles Importers cars, said Shafkat Ahmed, a senior and Dealers Association (Barvida).

At present, hybrid cars make up imported to Bangladesh, according Very few auto workshops are able to Mannan Chowdhury Khoshru, a



A technician is diagnosing a vehicle to find what is needed to be repaired, at a workshop of Auto Trade International in Tejgaon, Dhaka yesterday.

inflated information.

manager of the company. "There is a good future for percent. technologically advanced workshops in Bangladesh," he added.

Rahimafrooz also set up a modern service centre spanning 7,000 square

By 2023, the ratio would be 75

"So, we need advanced auto workshop to provide services to the car owners in the coming days," he added.

# shrinks in 2018

STAR BUSINESS REPORT

Shariah-based banks' net profit margin declined to 2.2 percent in 2018 from 3 percent a year earlier at a time when the banking sector's rose, found a recent study.

The banking sector's net profit margin improved to 3 percent from 2 percent last year, according to the study titled "Islamic Banking Operation of Banks-2018".

The findings of the study, which was carried out by the Bangladesh Institute of Bank Management (BIBM), were disclosed at a workshop yesterday. Md Alamgir, an associate professor of the BIBM, presented the research paper.

There are eight Islamic banks in Bangladesh. Besides, many banks have Shariah-based branches or windows. Together, they had a combined deposit base of Tk 237,366 crore on December 2018. Of the deposits and investments, the fullfledged Islamic banks accounted for about 95 percent.

Among other key financial indicators, the return on asset of the Islamic banks came down to 0.56 percent last year from 0.7 percent a year earlier. The return on equity fell to 10.7 percent from

The return on asset of the Islamic banks came down to 0.56 percent last year from 0.7 percent a year earlier. The return on equity fell to 10.7 percent from 13.1 percent during the period

study showed.

On the other hand, classified loans increased to 4.79 percent from 4.2 percent in 2017, weakening the health of Islamic banks.

The Islamic banks seemed to have been involved in aggressive lending as their advance deposit ratio climbed to 90.8 percent in 2018 -- which is 13.1 percent during the period, the beyond the authorised limit of 90

percent -- from 87.8 percent the previous year.

Though the overall banking sector was going through a tight liquidity, the market share of the Islamic banks improved to 8.54 percent in 2018 from 7.47 percent in 2017 in terms of excess liquidity.

The rising NPL was identified as a serious problem for the Islamic banking industry as well.

A lack of investment products for land purchase and home loan is hindering the investment of the industry, the report said.

"The Islamic banks should redesign their products to bring in more diversification."

The Bangladesh Bank is working to strengthen the Islamic banking industry, said SM Moniruzzaman, a deputy governor of the central bank.

Shah Md Ahsan Habib, a director of the BIBM, urged the Islamic banks to put emphasis on compliance instead of growth.

The Islamic banks should operate under a central Shariah council, said Helal Ahmed Chowdhury, a supernumerary professor of the

institute. He emphasized on product diversification to make the Islamic banking popular among customers.

feet at the Tejgaon link road. Akij Group has also set up a The workshop has high-tech service centre at Tejgaon with modern technological facilities. equipment to provide up-to-date The latest data of the Bangladesh service with high-quality engineers and technicians keeping in mind the Road Transport Authority (BRTA) shows a total of 674,883 cars have the problem using top quality parts at advanced automobile technology, said Niaz Rahim, group director of been registered till March 2019 in YEARS **Best Compliments** Bangladesh. Rahimafrooz. of Togetherness to our Valued Customers, FRC asks ICAB to re-audit Coppertech **Patrons and Well-wishers** MTB CARDS STAR BUSINESS REPORT JOY AMAZING AMADAN OFFERS The Financial Reporting Council (FRC) has asked the Institute of Chartered Accountants of Bangladesh (ICAB) to re-audit the financial report of Coppertech Industries. Cashback The copper producer has already completed the initial public offering lottery draw after completion of public daraz subscription of 2 crore shares worth Tk 20 crore under the

fixed price method. It is now waiting to get listed. www.nccbank.com.bd In the meantime, the Dhaka Stock Exchange decided to

scrutinise the company's financial report on allegation of