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Online foreign card transactions face roadblock

Cardholders will have to take prior approval from banks

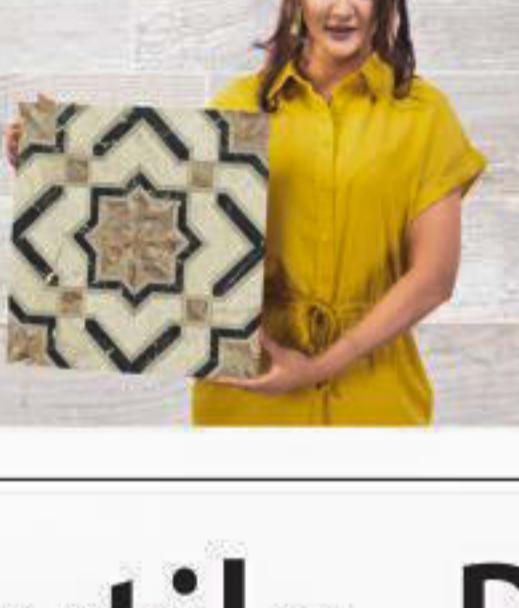
AKM ZAMIR UDDIN

International credit cardholders will face trouble in settling online transactions abroad as they will have to take prior approval from banks for every cross-boundary payment.

The central bank asked commercial banks on November 14 to take online transaction authorisation form (OTAF) from clients for every foreign payment in order to tackle illegitimate online transaction.

This has forced the Bangladesh Association of Software and Information Services (BASIS), the national trade body for software and IT-enabled service industry, to sit with the central bank today to withdraw the notice.

"I know no country in the world that follows this rule. This will bring huge woes to clients in settling their cross-boundary payments," said Syed Almas Kabir, president of BASIS.



Versatile like me
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The Association of Bankers, Bangladesh (ABB), the forum of private commercial banks, will also take preparations to sit with the central bank on this matter as this is highly tough for clients to submit OTAF for every transaction, said its Chairman Syed Mahbubur Rahman.

"For instance, many clients have to make a number of foreign transactions per day. And they will have to send OTAF for every transaction."

This will create a difficult situation for banks as well, he said.

"It is quite tough job for banks to verify every OTAF round the clock," said Rahman, also the managing director of Dhaka Bank.

Clients will not be able to settle their transactions immediately if they do not get approval from lenders rightaway, he said.

As per the central bank's circular, international credit cardholders will have to submit OTAF to banks concerned, mentioning their name, card number, beneficiary name, amount of foreign currency and details of products and services to be purchased.

The banks will then activate the respective card if their reasons are satisfactory.

After completion of the transaction, the foreign payment option will be deactivated again.

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MUHAMMAD ZAHIDUL ISLAM

Smart mobile accessories and smartphone-related wearable product imports are soaring on the back of the rising propensity towards a digital lifestyle.

Currently, the annual market for smart accessories is more than Tk 3,000 crore and the entire market is based on Chinese products, according to industry insiders.

The market is also observing about 50 percent annual growth in terms of value, said importers and leading brands.

Few years back the mobile accessories

AT A GLANCE

Mobile accessories market size: Tk 3,000cr

Growth rate: 50%

Major source: China

High-demand products: power bank, smart watch, talk band

Local mobile handset market: Tk 10,000cr

market comprised of chargers, power banks, headphones, USB cables, memory cards and phone covers.

But now there are wearable devices like smart watches, fitness trackers, wireless chargers and Bluetooth headphones and speakers, all of which can be connected to smartphones.

Other than wearables, importers are also bringing in internet of things-enabled devices.

"Now, it is easy to connect home appliances with smartphones through Bluetooth or over the internet," said Md Imrul Hasan, proprietor of Motion View, which imports devices of Chinese brands Xiaomi and UiiSii.

Currently, they are importing a wide variety of products and almost all are smart devices, including door security systems, water pots and air purifiers.



STAR

Smart mobile accessories such as watches, speakers and talk bands are on display at a shop at Bashundhara City shopping mall in the capital.

Yang said they have put forward a seamless "artificial intelligence (AI) life strategy" that serves intelligent experiences.

"Alongside succeeding in smartphones, Huawei is flourishing in smart accessories. Huawei delivers some innovative products for those tech lovers."

Huawei witnessed and participated in one of the world's fastest transformation from 2G, 3G and 4G networks in the country and is also getting ready for joining hands and evolving into the 5G era.

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Listed textile, RMG companies in a tight spot

Their net profit falling for high cost of production, low prices

AHSAN HABIB

Stock market data depicts a sorry picture of the textile and garment companies, depriving thousands of investors of expected dividends from the sector that accounted for 84 percent of Bangladesh's exports last fiscal year.

Analysing the data of 36 listed companies for 2011-2018 period, The Daily Star found that their net profits nosedived to Tk 341 crore in 2018 from over Tk 1,252 crore eight years ago.

Entrepreneurs blamed higher cost of production, over capacity, competition, exchange rate and lower prices from international buyers for the situation.

But an analyst raised questions about the quality of financial reports these companies make public.

Data showed of the 36 listed textile and garment companies nine incurred losses last year. But all of them except one had logged

profits in 2011. After 2011 another 19 textile companies have been listed on the DSE to take the tally to 55.

An aggrieved investor said he

bought some shares of Generation Next Fashions at Tk 8 per share against Tk 10 face value on October 1 last year seeing the company's dividend paying trend, which is no

less than 10 percent a year.

The investor lost half of the share value in just one year and the price further fell to just Tk 2.4 a share on Thursday.

"Now I don't know how long it will take to get my investment back," said the investor wishing not to be named.

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Japan wants cuts in bike registration fees

Seeks tax benefits as it looks to boost investment

REJAUL KARIM BYRON and JAGARAN CHAKRA

Japan has come up with more than two dozen proposals, including tax benefits and a cut in motorcycle registration fee, as it looks to boost its investment in Bangladesh.

On behalf of the businesses, Japanese Ambassador Naoki Ito shared the proposals at a meeting with Finance Minister AHM Mustafa Kamal at National Economic Council in Dhaka yesterday.

After the meeting, Ito told reporters, "We have raised some issues to increase Japanese investment. I think these issues will be addressed. We are looking for some solutions to expand business here."

"Our hope is to expand business in Bangladesh which will bring very positive outcome for the economy of Bangladesh," the Japanese ambassador said.

He said if the investment climate for business improves, foreign investment, including those from Japanese companies, will receive a boost.

The Japanese team requested the government to review the Motor Cycle Policy 2018 and lower the registration fees to 8 percent.

Presently, the registration fee for motor cycles is 22 percent whereas it is 5 to 8 percent in other South Asian countries. The envoy raised the proposals on behalf of the Japan Commerce & Industry Association in Dhaka.

According to the proposals, many Japanese companies are considering to set up subsidiary offices and factories in Bangladesh. The Japanese side has been requesting to revise the free of cost import policy to accept the global business practices.

It has already been noted to the National Bureau of Revenue (NBR) and the Bangladesh Bank, and Japan has requested to take necessary steps to make changes in the policy which stipulates the rules and regulations for free of cost import.

After the meeting, Kamal told reporters that the Japanese side raised issues which are not law related; rather, they are procedural only.

"We can solve the problems at our level as there is no legal complexity," he said.

He said the NBR chairman, who was present at the meeting, assured that the developments would be brought about.

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Tax fair logs Tk 1,064cr in first three days

STAR BUSINESS REPORT

The National Board of Revenue (NBR) logged Tk 1,064 crore in collections in the first three days of its weeklong tax fair as an increasing number of taxpayers turned up to complete tax related formalities.

The amount was around 5 percent higher than the Tk 1,014 crore of the same period a year ago, according to an NBR statement.

Similarly, income tax return submissions surged 20 percent to 2.21 lakh. Attendee

figures were also higher this year. The fair is in its 10th edition in providing assistance to individual taxpayers for completing tax-related formalities and creating a tax culture in the country where evasion and avoidance are said to be very high.

Apart from all the divisional cities, 56 district towns and 56 upazilas are witnessing the fair. In Dhaka and Chattogram, the event is ongoing at Officer's Club and at GEC Convention Centre respectively from 9:00am to 5:00pm.



Deposits dominate agent banking

AKM ZAMIR UDDIN

Rural clients of agent banking are missing out on its benefits as loan disbursement amounted to less than 5 percent of the deposits collected as of September this year, highlighting lenders' preference for deposit only.

Banks attracted Tk 1,619 crore in deposits as of September, up from Tk 2,577 crore in the same period a year earlier, according to Bangladesh Bank data.

However, only Tk 306 crore was lent, although it is a twofold rise compared to the Tk 150 crore given out a year ago.

Bankers apprehend that this imbalance created by banks would adversely affect the rural economy in the long run.

Though the jump in lending is stunning, the trend is not good in context to the deposits mobilised, said a central bank official.

"We earlier attained tremendous growth in agent banking as this has the potential to give a boost to financial inclusion and make the rural economy vibrant," he said.

But it is time to analyse the actual benefits rural clients are deriving from the window, he said.

The present scenario implies that the banks are using agent banking to mop up funds from rural areas and disburse those in urban ones, he said.

The central bank has already noticed the issue and taken different remedial measures, said Md Anwarul Islam, a general manager of the BB.

"Agent banking does not date back that long in the financial sector. So there might have been some hurdles in the spread of the product," he said.

Nineteen banks have so far commenced agent banking services, but only eight gave out loans.

With a view to taking banking services to the underserved parts of the country, the BB issued the agent banking guideline in 2013. But the licensees did not start full-fledged operations until 2016.

Agent banking offers limited banking and financial services by way of village stores.

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Correction

In a news item headlined "Kamal, family own assets worth Tk 221.75cr", which was published on Friday, it was inadvertently mentioned that Prime Minister Sheikh Hasina's tax return was submitted on behalf of her by former finance secretary Siddiqur Rahman Chowdhury. Actually, former tax commissioner Siddique Hosen Chowdhury submitted the PM's tax return on her behalf. The Daily Star had used the information from a statement of the finance ministry.

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