

Digital wage for 90pc garment workers by 2021

BGMEA chief says

STAR BUSINESS REPORT

NINETY percent garment workers will be brought under the digital wage system by 2021 as part of the government push to build a cashless society.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is gradually bringing the workers under the cashless payment system.

At present, 1.5 million readymade garments workers receive their wages under the digitalised system, while another 2.6 million workers are set to join

Development Fund jointly organised the summit.

At the event, the government and the private sector committed to working together to solve the challenges in ensuring all garment factories pay their workers digitally, according to a press release of the organisers.

The summit discussed issues faced in making cash payments for both the garment employees and manufacturers, and how digital payments are beneficial for both parties, in terms of security, efficiency, empowerment and independence.

Shifting to digital payments

needs of women, who represent the majority of the garment workers in Bangladesh."

Huq said they would teach the workers about the operation of digital wage system in order to empower them.

"Through digitalising wage, we are pledging to further promote financial benefits, such as cashback, reward points, and merchant discounts to the next level," she noted.

Huq said everything like overtime payment and leave will also be digitalised. Under the digital wage system, they would be able to take loans from banks.

contributed to this change. At this point, it is necessary to raise the financial literacy of the garment workers to implement the payment system.

Zunaid Ahmed Palak, state minister for ICT, hopes the government would digitalise all financial transactions by next year. "At least 90 percent transactions should be online."

"We are dedicating our services to coordinate, support and test innovative solutions to digitalise payroll in order to empower garment workers, particularly women."

He said the government is working on three important areas to digitalise public and private services: verifiable digital identification card, digital payment platform, and interoperable framework.

Ahmed Jamal, deputy governor of the Bangladesh Bank, said the central bank is supporting digital transaction to make digital society and this would automatically ensure financial inclusion.

BTCA Managing Director Ruth Goodwin-Groen said, "We are committing to helping bring together the key public and private sector stakeholders who can take wage digitalisation in Bangladesh to the next level."

Kiran Gokathothi, regional sustainability manager of H&M, said, "We will continue to support industry collaboration for scaling digital wages in Bangladesh. The move from cash to digital payments will help empower the garment workers, especially women, who represent the majority of the workforce."

Moderated by Anir Chowdhury, policy adviser of the a2i, the event had Sudipto Mukerjee, resident representative of the UNDP, Tuomo Poutiainen, country director of the International Labour Organisation, and Shwapna Bhowmick, country manager for Marks & Spencer, as speakers.

The Business for Social Responsibility and the BGMEA were the co-organisers of the event.



Industries Minister Nurul Majid Mahmud Humayun addresses "Bangladesh Digital Wages Summit" at Radisson Blu Dhaka Water Garden yesterday. State Minister for ICT Zunaid Ahmed Palak and BGMEA President Rubana Huq were also present.

them.

"We want to go for cashless transaction to pay wages to workers to upgrade them to next level," said Rubana Huq, president of the BGMEA, at the opening panel discussion of Bangladesh Digital Wage Summit at Radisson Blu Dhaka Water Garden yesterday.

The Access to Information (a2i) Programme of ICT Division supported by Cabinet Division and United Nations Development Programme (UNDP), and Better Than Cash Alliance (BTCA) of United Nations Capital

benefits both employers and employees, while promoting stronger business relationships.

When payroll got digitalised, garment factories recorded a 53 percent savings in staff time for their administration and finance teams. Wage digitalisation also improved the likelihood of women to participate in household decisions related to spending and savings by 15 percent, according to the statement.

However, to realise these positive impacts, it is vital to ensure responsible wage digitalisation, considering the

Addressing the event, Industries Minister Nurul Majid Mahmud Humayun said the digitalised wage system would empower workers.

"We are committed to supporting the readymade sector to leverage new technologies that will improve the lives of garment workers. These efforts will, in turn, accelerate the country's economic growth."

In the statement, the minister said there has already been a huge change in the garment sector in terms of payment of salaries. The Bangladesh Bank, in coordination with related industries, has greatly

improved the payment system.

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Beijing tariff demands may expand US-China 'phase one' trade deal

REUTERS, Washington

A"phase one" trade deal between the United States and China was supposed to be a limited agreement that would allow leaders from both countries to claim an easy victory while soothing financial markets. But it may morph into something bigger if US President Donald Trump agrees to Beijing's demands to roll back existing tariffs on Chinese goods, people familiar with the talks say.

China's commerce ministry said this month that removing tariffs imposed during the trade war is an important condition to any deal. The demand has US officials wondering if higher Chinese purchases of US farm goods, promises of improved access to China's financial services industry, and pledges to protect intellectual property are enough to ask in return.

Two people briefed on the talks said Trump has decided that rolling back existing tariffs, in addition to canceling a scheduled Dec. 15 imposition of tariffs on some \$156 billion in Chinese consumer goods, requires deeper concessions from China.

The president wants the option of having a bigger deal with China. Bigger than just the "little deal" announced in October, said Derek Scissors, a China scholar with the American Enterprise Institute in Washington.

Scissors, who consults with administration officials, said whether Trump will agree to remove existing tariffs depends largely on whether he believes it will benefit his re-election chances. Some White House advisers would like to see China agree to large, specific agricultural purchases, while the US maintains existing tariffs for future leverage.

That would help Trump's farm belt constituency while allowing the president to campaign on maintaining his "tough on China" stance, which holds appeal to voters in key states like Ohio, Michigan and Pennsylvania.

But Beijing is balking at committing to a specific amount of farm product purchases, within a particular time frame, and wants to let supply and demand dictate deals instead.

Beijing also wants Trump to eliminate the 15 percent tariffs on about \$125 billion worth of Chinese goods imposed on Sept. 1, as well as provide some relief from the 25 percent tariffs imposed on an earlier, \$250 billion list of industrial and consumer goods.

Creating value for telecom stakeholders



ARIJIT CHAKRABORTI

THE global telecom sector has undergone a number of transformations in the last couple of years. While fixed line services have witnessed decline in number of subscribers globally, wireless services are struggling with increase in prices. Though there has been saturation in the number of mobile subscribers in many developed economies, the subscriber base in Bangladesh has steadily increased in the last couple of years. The competition for mobile subscribers and their wallet shares has become fiercer among mobile operators.

Rapid technological advancements in the telecom sector has compelled many telecom companies globally to invest in upgrading their infrastructure and equipment, so that they could increase their subscriber base by offering new services. Though many companies have invested significantly in infrastructure upgrades, the returns for investors have not always been that attractive.

According to an analysis by PwC, between 2016 and 2018, total investor returns for 40 leading global telecom companies slowed down to 10 percent. According to the analysis, the stock markets in those economies generated 29 percent returns for investors during the same period.

Mobile network operators in Bangladesh have been consistently adding to their subscriber base. According to data published by the Bangladesh Telecommunication Regulatory Commission (BTRC), there were more than 164 million subscribers in Bangladesh in October 2019.

However, mobile operators in Bangladesh are facing significant challenges in keeping up with regulatory guidelines, additional taxes and penalties. At the same time, their revenue growth rate and average revenue per

user (ARPU) have been declining. Under such circumstances, the mobile network operators in Bangladesh must think about creating value for all stakeholders, including investors, regulators and customers, by defining and executing their business strategies in the coming days.

According to data published by the World Bank Group, Bangladesh has recorded GDP growth of 7.9 percent in 2018. Along with contributing to such high economic growth, many businesses are digitising their operations by implementing enterprise-wide solutions. Many start-ups have started offering digital products and services to their customers.

Disruptive services and products, such as ride-sharing facilities that can be availed only through smartphone-based digital interfaces, are growing

healthcare, home security, identity and security operations, and media and content.

Many mobile operators in developed economies, such as Verizon in USA, have started acquiring companies from different sectors to build operational capabilities. In Bangladesh, leading telecom operators are also participating in some of these innovative areas, either through assisting start-up companies or through their home-grown initiatives. It remains to be seen how these services contribute to the financial performance of the mobile operators and impact the overall phenomenon of digital inclusion in the country.

Investment in new infrastructure is the other method mobile operators can adopt



According to the telecom regulator, there were more than 164 million active mobile phone connections in Bangladesh in October 2019.

fast. Government agencies are also adopting various measures to digitise their operations and their modes of interaction with the citizens. For example, a2i, a wholly owned programme run by the Information and Communication Technology (ICT) division of the Bangladesh government, has started several initiatives in the area of e-governance and innovation.

Providing and accessing these digitisation initiatives require reliable and fast data services from mobile network operators. Hence, it is also important for mobile network operators to focus on accelerating digital inclusion and enabling provision of more digitised services within the country.

One of the ways mobile operators in Bangladesh can create more value for stakeholders is by diversifying digitally into other adjacent services. Many mobile operators around the world have already started providing services in the sectors of finance,

to create more value for stakeholders. 5G is said to be the next evolution in telecom technology. Mobile operators need to invest in installing equipment to roll out 5G services.

In the past, rollout of communication technologies such as 3G and 4G was licensed and supervised by the BTRC. According to media reports, the BTRC plans to roll out 5G services in Bangladesh by 2021.

The 5G technology is expected to offer very high internet and data interchange speed to users. And while retail consumers are expected to experience these improvements through faster video downloads and increased buffering speed, there are ample opportunities for the larger population to benefit from 5G technology. With the right kind of planning and execution, 5G can bring unique benefits to the population of Bangladesh.

Improvements in telecom technologies will also help in expansion of the online

INVESTOR RETURNS OF 40 LEADING GLOBAL TELcos (2016-2018)

labour pool in Bangladesh. According to a study conducted by the Oxford Internet Institute in 2017, Bangladesh is the second largest supplier of online labour in the world. Bangladesh supplies approximately 16 percent of global online labour requirements. With the availability of high-speed 5G internet connection, workers in Bangladesh will be able to undertake more complex set of job assignments, which require superior internet bandwidth. With the successful implementation of 5G technology across the country, the population of the country's online labour pool will also increase, and their earnings in foreign currency will fuel the growth of Bangladesh's economy.

Finally, mobile network operators and the telecom regulator must collaborate to create an effective telecom ecosystem within the country. Among its many duties, the telecom regulator in Bangladesh is responsible for regulating the sector to ensure that the economic and social objectives of each group of stakeholders are met.

Apart from upholding the regulatory framework of the telecom sector, an effective regulator should also encourage the market participants to innovate and create new products and services. Such innovations may lead to the establishment of a new business model. It should assess such aspiring business models objectively and create a suitable environment for them to operate.

Mobile network operators in Bangladesh need to assess their business situation and make strategic choices to create more value for stakeholders. A clear strategy aligned with the growth potential of digital Bangladesh will help in achieving that goal.

The writer is partner at PwC. The views expressed here are personal.

RECESSION FEARS

Emerging economies now less prepared than in 2009: WB

STAR BUSINESS REPORT

EMERGING and developing economies are less well positioned today to withstand a deeper global downturn, should it occur, than they were before the 2009 global recession, the World Bank said yesterday.

However, they now have more resilient policy frameworks to respond, a new World Bank Group study of the global recession and its aftermath finds.

With multiple risks to global growth clouding the outlook, there is concern whether emerging and developing economies can effectively respond to a deeper economic slowdown as they were able to do during the 2009 global recession.

The new study by the World Bank Group -- A Decade after the Global Recession -- compares emerging market and developing economies' preparedness then and now, and finds reason both for concern and for optimism.

There are 145 emerging and developing economies in the world, and Bangladesh is one of them.

This year marks the tenth-year anniversary of the 2009 global recession. Many emerging market and developing economies (EMDEs) weathered the global recession relatively well, in part thanks to large, prompt, and global policy support.

However, a short-lived rebound in activity has been followed by a decade of protracted weakness in the global economy. EMDEs have also experienced repeated growth disappointments during this period amid bouts of financial market stress, weak trade, and slowing poverty reduction.

"The big lesson of the past decade is clear, you need to be prepared for the unexpected," said World Bank Group Vice President for Equitable Growth, Finance and Institutions, Ceyla Pazarbasioglu.

"Developing countries need to urgently boost resilience and growth, by building human and physical capital, streamlining business regulations, and strengthening institutions," she said.

Since the 2009 global recession, emerging and developing economies have become more vulnerable to external shocks in an environment of mounting debt and weakening long-term growth prospects, the study finds.

However, at the same time, many emerging market and developing economies now have stronger policy frameworks, such as fiscal rules and inflation targeting monetary policy regimes, than during earlier financial crises and global recessions. Meanwhile, international financial sector regulation has strengthened.

Asia's food sector needs \$800b investment over 10yrs: study

REUTERS, Singapore

ASIA's food and agriculture industry needs investment of \$800 billion over the next 10 years to meet the region's growing food demand, a jointly produced report showed on Wednesday.

Investments will unlock annual market growth of around 7 percent, with the region more than doubling its spending on food to more than \$8 trillion by 2030, according to the report by consultancy PwC, Rabobank and Singapore state investor Temasek.

Asia's growing population and rising

incomes are resulting in higher demand for protein-rich foods which require investment in setting of food supply chains.

The report, titled The Asia Food Challenge, sees several Asian cities, such as Beijing, Hong Kong, Mumbai, Singapore and Tokyo, having the potential to become agriculture-food tech hubs.

The report said the Singapore Food Agency has set a goal to produce 30 percent of the country's nutritional needs by 2030 by adopting new solutions and technologies to grow more with less.