

MTB-Mastercard rolls out QR code payment



Launch of National Interoperable "BanglaQR"
First time ever in Bangladesh

Ahmed Jamal, a deputy governor of Bangladesh Bank; Syed Mohammad Kamal, country manager for Mastercard; and Syed Mahbubur Rahman, managing director of Mutual Trust Bank, at a Dhaka hotel on Sunday announce the launch of Bangla QR, a QR code-based payment acceptance solution.

STAR BUSINESS DESK
Mutual Trust Bank in a collaboration with Mastercard is set to a launch interoperable Quick Response (QR) code-based payment acceptance solution -- Bangla QR -- aiming to boost cashless transaction. The Bangla QR will allow

cardholders using Mastercard-branded credit, debit and prepaid cards issued by MTB to carry out payments using a QR code generated by the bank's mobile banking application. This method of payment will be the first-of-its-kind in Bangladesh, marking an important milestone

in the country's adoption of contactless payments, said Syed Mohammad Kamal, country manager for Mastercard. Cardholders will be able to experience convenience unlike any time before, said Syed Mahbubur Rahman, managing director of the bank, at the launch.

"We are confident that Bangla QR, a result of the joint efforts of MTB and Mastercard, will bring a new era of digital payment to Bangladesh," he added.

The interoperable solution will be accessed by other banks and payment networks and approved by the Bangladesh Bank.

QR code is a machine-readable code consisting of an array of black and white squares, typically used for storing URLs or other information for reading by the camera on a smartphone.

Electronic or digital payments have been growing steadily in Bangladesh for the last several years.

The sector has grown 120 percent per year since 2011, said a report jointly produced by Better Than Cash Alliance and a2i project of the Bangladesh government.

Mastercard is planning to introduce more technology-based solutions for its customers to aid in the creation of a simple, safe and efficient digital payment environment and to build a digital Bangladesh, Kamal said.

Ahmed Jamal, a deputy governor of the BB, attended the event as chief guest.

Oil price rise muted in 2019 despite sanctions, supply cuts

REUTERS, New York/Singapore

Oil prices rose more than 20 percent this year but there were no sharp spikes and crude futures barely sniffed \$70 a barrel despite attacks on the world's biggest oil producer, sanctions that crippled crude exports of two OPEC members and gigantic supply cuts from big oil producing countries.

The price gains in crude oil benchmarks were all in the first quarter of 2019, even as the next several months featured supply shocks that in the past would probably have propelled crude past the \$100 mark. Prices are likely to remain rangebound in 2020 as swelling supplies, particularly from the United States, offset cuts from the Organization of the Petroleum Exporting Countries and weakening worldwide demand, brokers and analysts said.

US crude oil C1c1 is on track to end 2019 roughly 35 percent higher. Since the end of March, it is up just 3 percent, after rallying early in the year after the United States introduced sanctions on Venezuela. Brent has gained 26 percent, but is off by 1 percent since the first quarter.

Investors and analysts say US production and weak demand kept prices under control. The United States is on track to be a net petroleum exporter on an annual basis for the first time in 2020. Output is expected to average 13.2 million bpd, an increase of nearly a million bpd from 2019.

"Demand growth cratered while US production continued to barrel along at

high rates and geopolitical risk eased," Bob McNally, president of Rapidan Energy Group.

"And now, at the end of the year, weary investors are looking to next year and seeing a tsunami of oil."

Investor concern over peak oil demand is expected to weigh on prices next year, particularly as the urgency around action against climate change has increased. Also, a long-term resolution of the US-China trade war seems elusive, keeping market watchers wary of predicting energy demand growth in the world's two largest economies.

"There is growing concern around the long-term sustainability of US oil and gas companies for investors in an ESG (environmental, social and governance) driven world," said Greg Sharenow, portfolio manager at PIMCO, who co-manages more than \$15 billion in commodity assets.

The US Energy Information Administration expects average crude oil prices will be lower in 2020 than in 2019 because of rising inventories. Outside the United States, production is expected to continue to grow in Brazil, Norway, and Guyana.

Prices did spike, but only briefly after drone attacks on Saudi Arabia's biggest oil facility and US sanctions on Venezuela and Iran. September attacks on Aramco facilities briefly pushed Brent above \$72 a barrel, but within 10 days, oil prices sank back as Aramco brought production back online.

Huawei gets India nod to participate in 5G trials

REUTERS

The Indian government has allowed Chinese telecom company Huawei Technologies Co to participate in trials for 5G networks, a company spokesman said on Monday.

India's nod to Huawei comes at a time when the global rollout of 5G technology has been complicated by U.S. sanctions against the company. The United States has been lobbying allies not to use Huawei's network equipment in their 5G networks.

Indian television channel CNBC-TV18 reported the news first, citing a senior official. The trials will be held in January, according to the official, the channel reported.

India's telecom department was not immediately available for comment outside regular business hours.

The telecom department will meet operators on Dec. 31 to confirm the timing for 5G trials, CNBC-TV18 reported, saying all wireless operators in India had received in-principle approvals to conduct the trials.

Govt to form new firm for data centre business

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The specialised company was formed as the government plans to follow the private sector's model to run the data storage business. Data centres have huge potential in Bangladesh with the annual service charge amounting to about Tk 1,000 crore.

The ICT division in 2016 took the initiative to set up the Tier 4 centre on a two lakh square feet facility, that too on seven acres of land.

It was established with Chinese financial and technical assistance with certification from the USA's Uptime Institute, an organisation best known for its "Tier standard" and associated certification of data centre compliance standards.

It cost Tk 1,599.55 crore to establish the centre at Kaliakoir in Gazipur and recouping it will take only a few years, Palak said.

"We have a huge space of storing up to 200 terabytes of data in this centre." The company will be run by a board in which the secretary to the ICT division will be the chairman and six other secretaries and additional secretaries from other ministries members.

The cabinet yesterday also gave the go-ahead to changes in a memorandum of articles of Startup Bangladesh Company Ltd.

"We have already provided funds of Tk 11 crore to 120 start-ups and another 115 are in the pipeline to get fund from us," said Palak. In the current budget, the finance minister has allocated Tk 100 crore for start-ups. Palak said they were planning to seek Tk 50 crore from that allocation and work to develop a mindset of becoming entrepreneurs instead of employees in the country.

Thai economy ends gloomy year with slim prospects for cheer in 2020

REUTERS, Bangkok

Thailand is set to end 2019 at the weakest pace of growth in five years and little to cheer about next year, as Southeast Asia's second-largest economy faces headwinds from global trade tensions, a surging baht and rising political risks.

The export-reliant country has been sharply hit by the Sino-US trade conflict. Exports may fall 3.3 percent in 2019 before rising just 0.5 percent in 2020, according to the Bank of Thailand (BOT).

A strong Thai Baht, which has gained 8.3 percent against the dollar in 2019 and is Asia's top-performing currency, has added to the pressure on exports. Analysts say it could also hit tourism.

Thailand's growth has lagged peers for years, and the central bank, after several downgrades, predicts it will be just 2.5 percent this year, the weakest pace since 2014 when the army seized power in a coup, and forecasts it would be 2.8 percent in 2020.

Some analysts are even more pessimistic.

"We see growth of just 2.4 percent this year and 2.5 percent next year," said Sompravin Manprasert, chief economist of Bank of Ayudhya. "The economy is still in a slowdown," he said, adding that poor exports are now hurting domestic activity.

Charnon Boonnuch, an economist at Nomura in Singapore, said he only expected a sluggish economic recovery in 2020.

Thailand is a regional production and export base for global carmakers, but car shipments fell 6 percent in the first 11 months of 2019, prompting some factories to cut work hours,



REUTERS/FILE

A worker walks in a construction site for buildings in Bangkok.

said Surapong Paisitpattana, spokesman of the Federation of Thai Industries' auto division.

"A profit from making one car is no more than 5 percent, but our baht has gained 7 percent-8 percent. So the more they export, the more they suffer losses," he said.

In a bid to fight currency strength, the BOT imposed various steps and cut its key rate twice in 2019 to a record low of 1.25 percent, but the baht remains firm, driven by the large current account surplus.

The central bank has said that more measures are possible, adding that market intervention may be difficult as Thailand risks being added to a US watchlist of currency manipulators.

The government has been trying to lift growth by infusing more funds, including a \$10 billion stimulus package, but with little impact.

There was also a four-month delay in the 2020 budget to February due to

a delay in cabinet formation, after an election in March voted former junta leader Prayuth Chan-ocha back to office as prime minister with a slim majority in parliament.

Political uncertainty is rising after thousands of people recently joined the biggest protest since Prayuth's 2014 coup, following a move by authorities to ban a party that has rallied opposition to the government.

In January, a court will rule on the dissolution of the Future Forward Party, which could again spark protests.

"The economy should be better next year, albeit not much, if there is no fresh political chaos," said Sanan Angbolkul, vice chairman of the Board of Trade of Thailand.

Visit Limluecha, vice chairman of the Thai National Shippers' Council, said there are no positive signs for the economy yet. "I see no light at the end of the tunnel."



DBBL

M Sahabuddin Ahmed, chairman of Dutch-Bangla Bank Foundation, opens the bank's corporate branch in the capital's Motiheel yesterday. Sayem Ahmed, chairman, Mohd Khorshed Alam, a director, and Abul Kashem Md Shirin, CEO, were present.

Asset managers crying out for funds

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In March 2015, a regulatory probe of the Bangladesh Securities and Exchange Commission (BSEC) unearthed a number of gross violations of securities rules and misappropriation of cash by six mutual funds managed by LR Global Bangladesh. "This is how a deficit of trust has been created," Rahman said.

Despite such a situation plaguing the AMCs, the regulator gave out 11 more licences since 2018.

Of the 17 AMCs that failed to get funds, Invest Asia Capital Asset Management and Alif Asset Management Company got their licences in 2009.

The former failed to form any mutual fund in the past 10 years, while the latter did manage to form one but later saw unitholders withdraw their investments citing substandard performance. Some of the AMCs were not finding funds due to liquidity problems in the banking sector, said Sk Shibly Sadik, coordinator of the Association of Asset Management Companies and Mutual Funds.

A top official of Alif Asset Management Company upon condition of anonymity acknowledged their failure with mutual funds. "The event precipitated a change in management."

The current management is trying to attract investment and planning to launch an open-ended fund very soon.

On not getting funds, the official blamed a lack of knowledge among investors about mutual funds and low confidence on the stock market.

No web address was found of Invest Asia Capital Asset Management. The telephone number it provided to the BSEC was found switched off for long. Ahmed suggested three steps for the regulator to win back investor confidence.

The first is repealing the tenure extension of closed-end mutual funds. The second is stopping returns on unit and allowing cash dividends only.

The third is allowing asset managers to get commissions based on their performance and not on the fund amount.

Currently, the managers can get a maximum of 2.5 percent of the fund as their yearly commission fee, irrespective of their performance.

Garment sector lashed by giant waves

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Bangladesh is still lagging behind in production of technical and smart clothing items, due to which it could not tap into the global market for hospital clothing, school uniforms and armed forces, worth billions of dollars.

Garment exporters and sector analysts though blamed the strength of the local currency against the US dollar as the main reason for declining shipments from Bangladesh.

Currently, one US dollar is exchanging for Tk 85.

Another reason for diminishing shipments is over-reliance on traditional markets, which can be construed as laziness or complacency.

Shipments to the traditional markets of the US, the EU and Canada are on the wane due to economic slowdown there.

But the emerging markets are providing a ray of hope: garment exports to non-traditional markets grew to nearly \$7 billion from somewhere between \$400 million and \$500 million in 2008.

India, China and Japan are showing big potential, with shipments to the Far East Asian nation crossing \$1 billion.

The government's 4 percent incentive for shipments to new export destinations accelerated the process.

The US-China trade war can be a boon for Bangladesh as China has been losing its export orders. However, in this case, Bangladesh will have to improve the business climate and productivity at the factory level.

In the near future, duty concessions in international trade will vanish as the country is set to graduate from the least-developed bracket to the developing bracket.

So, Bangladesh needs to sign the free trade agreements or join to different regional trading blocs for continuation of the duty benefit in international trade.

"It was a happening year for the garment industry," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, adding that the year saw a number of positive developments.

The end to the deadlock to the Accord's phase out from Bangladesh and formation of the national safety monitoring regime (the RMG Sustainability Council (RSC)) were major breakthroughs.

"Our journey to sustainability continued with pride," she said, adding that the number of green factories crossed 100, 25 of which were platinum LEED-certified. Some 500 more are waiting for certification.

But despite all investments made in workplace safety, compliance,

implementation of new wage structure and green industrialisation the unit price did not see much improvement.

The unit price to the EU and the US increased 2.22 percent and 5.57 percent respectively in the first 10 months of the year and yet the price level remains significantly lower on a five-year comparison, she said.

The price of apparel imported by the US from Bangladesh between January and October was down 2.20 percent from five years earlier, according to the Office of Textiles and Apparel. The same happened for EU: 1.94 percent, according to Eurostat.

But looking ahead, garment manufacturers are expecting a better year in 2020.

"It's difficult to project the trend since the global market looks volatile due to the emergence of a number of factors," Huq said.

The EU-Vietnam free trade agreement, the strategic move by China to offset the impact of punitive tariff by lowering prices and the emergence of new sourcing destinations are becoming sources of concern for Bangladesh.

"If we do not take proper steps now to get ourselves at par with our competitors, it will be difficult to get the rhythm back in our exports," she added.

Gold hits two-month peak

REUTERS

Gold prices rose to their highest in more than two months on Monday in thin year-end trading as the dollar dipped and US military strikes in the Middle East supported safe-haven buying.

Spot gold was up 0.2 percent to \$1,513.30 per ounce at 0757 GMT after hitting its highest level since Oct. 25 at \$1,515.80. US gold futures were down 0.1 percent at \$1,516.90.

"We are looking at pre-positioning for next year and a rebalancing of portfolios ahead of year-end, overlaid with very low liquidity levels, that are essentially exacerbating the volatility," said Ilya Spivak, a senior currency strategist at DailyFX. Gold is receiving modest support from the US air strikes in the Middle East, Spivak said.

The US military on Sunday carried out air strikes in Iraq and Syria against an Iran-backed militia group.

Gold is considered a safe investment in times of geopolitical and economic uncertainty. The dollar also slipped against a basket of rivals, making gold cheaper for holders of other currencies. Gold prices have risen nearly 18 percent this year and are on track for their best year since 2010, mainly due to a 17-month-long Sino-US tariff war and its impact on global economic growth.

BTRC for 65pc cuts in int'l call rate

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This will contribute to the decline of paid incoming international calls, he said.

However, as it has been noticed in other mature markets, OTT [over-the-top] calls will not wipe out the entire (volume of) paid international calls but a sizeable portion.

Businesses will continue to use paid service for better quality as long as the prices remain competitive, Manzur added. Currently, there are 24 ICW operators in Bangladesh. Licences of six were cancelled for unpaid dues.