

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.08%	▼ 0.14%	\$1,909.75 (per ounce)	\$42.73 (per barrel)	▲ 1.68%	▲ 2.12%	▲ 1.19%	▲ 1.86%	BUY TK 83.95	98.77	109.73	12.60
4,928.07	8,496.94			42,597.43	24,839.84	2,609.36	3,373.73	SELL TK 84.95	102.57	113.53	13.24

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BUSINESS

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Rising accounts take banks closer to people

AKM ZAMIR UDDIN

Globally, about 1.7 billion adults remain unbanked.

Account ownership is almost universal in high-income economies: nearly all unbanked adults live in the developing world, according to a World Bank report released in April last year.

Nearly half of them live in populous developing countries such as Bangladesh, China, India, Indonesia, Mexico, Nigeria, and Pakistan, said the report titled “Financial Inclusion: Europe and Central Asia Update”.

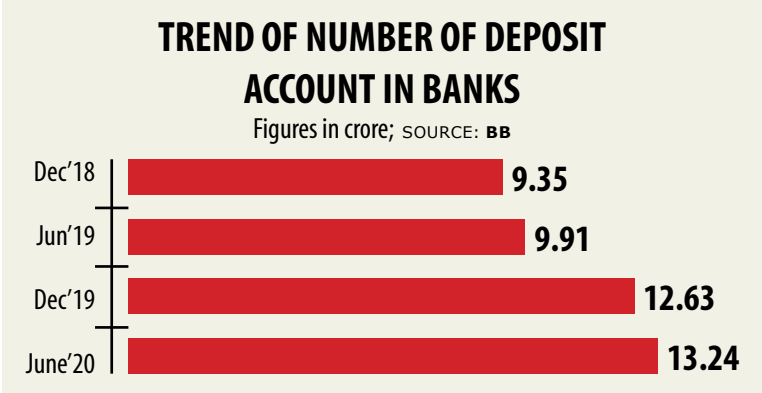
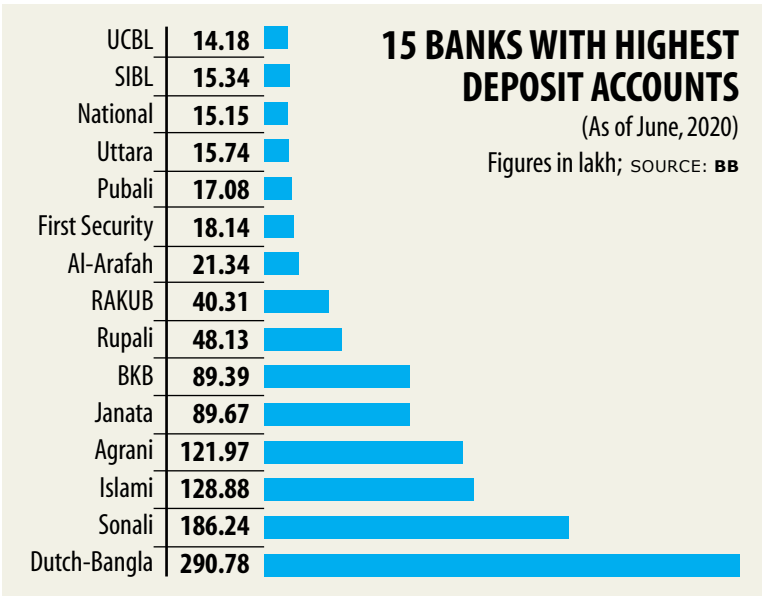
The unbanked adults are more likely to have lower levels of education than the people with accounts.

In the developing world, about half of all adults have no more than primary school education. Among unbanked adults, the share is close to two-thirds, the report said.

Although there is no clear data on the number of unbanked people in Bangladesh, different researches hint that more than 40 per cent of the population remain out of the formal financial system.

“But there is a ray of hope that both the deposits and the number of accounts have been on the rise in recent years,” said Atiur Rahman, a former Bangladesh Bank governor.

The number of deposit accounts in the banking sector stood at 13.24 crore as of June this year, up 4.60 per cent from six months ago and 33.60 per cent from a year earlier, according to data from the central bank.



Deposits in the banking sector rose 11.26 per cent year-on-year to Tk 12,58,529 crore in June this year.

“Transferring funds through bank account ensures transparency and

prevents money laundering,” Rahman said.

“So, the rising trend involving the number of accounts can help curb corruption and bring prosperity,” said the economist, who has garnered praise from the global community thanks to his tremendous efforts to bring unbanked people under the financial umbrella.

Citing a recent survey, he said the number of dormant accounts in the country has reduced to 10 per cent, a sign of the vibrancy of financial activity through the accounts.

Rahman, however, said the huge

number of accounts would not have much of an impact on the economy if banks do not give out loans digitally.

Banks should disburse small loans to clients digitally such that deposits can be used properly in the interest of the economy, he said. Banks can lend promptly if they follow the digital means while sanctioning funds.

Dutch-Bangla Bank earlier took several initiatives to increase the number of accounts, said Managing Director Abul Kashem Md Shirin.

“Our clients can withdraw funds through our large ATM network. The network has encouraged the opening of accounts with the bank,” he said.

The bank has 2.90 crore accounts, the highest in the banking sector.

The lender has set up 4,834 ATMs, which is 43.13 per cent of the 11,206 installed by all the banks combined in the country.

Also, Dutch-Bangla Bank encourages depositors to avail branchless banking modes such as ATMs and mobile apps, which have been providing tremendous support to clients, Shirin said.

He, however, said the bank can manage profits only from accounts of businesspeople and jobholders.

As per the central bank rules, banks are allowed to enjoy service charge ranging from Tk 100 to Tk 300 from deposit accounts. But nothing can be charged if the average annual minimum balance is below Tk 10,000.

“Our 70 per cent account-holders usually fail to keep more than Tk 10,000 annually. The majority of them have come from low-income groups,” he said.

Islami Bank Bangladesh has been managing a large number of deposits through its accounts, said Md Mahbub-ul-Alam, managing director of the country's top private lender.

As of June, the bank held 1.29 crore accounts, the third-highest among all lenders.

READ MORE ON B3

Container use made easier for EPZ factories

A big boost for businesses

SOHEL PARVEZ

The National Board of Revenue has made it easier for firms in the country's export processing zones to use import-export containers, a move that will likely expedite the process and reduce the costs for exporters.

Until recently, factories inside the EPZs had to return empty containers to the shipping agent's depot immediately after unloading the imported goods at their premises.

And even if they had goods ready for export, they would have to recall empty

imported goods.

“This is a good initiative as it will increase our flexibility,” said Syed M Tanvir, managing director of Pacific Jeans, a leading garment exporter operating in the Chattogram EPZ.

However, factories will only be able to reap the benefit if they receive shipment orders from exporters that use the same shipping line and freight forwarders delivering the imported goods.

“If we get the same shipping line and freight forwarders, definitely it will benefit



RAJIB RAIHAN

A prime mover carrying container is seen entering into Chattogram Export Processing Zone.

containers for loading their goods.

As the practice wastes time and increases costs, the NBR issued a standard operating procedure (SOP) for the round use of containers by companies in the EPZs to streamline the process.

Firms located in the eight EPZs in Bangladesh collectively registered nearly one-fifth of the country's exports of \$33,670 million in the fiscal year 2018-19.

As per the SOP, these companies can now return the containers with export-oriented products after unloading their

us,” Tanvir added.

The move followed a meeting between Japanese companies and senior officials of various government bodies on November 26 last year.

The meeting participants included the senior officials of the Japanese embassy in Dhaka, the Economic Relations Division, the Bangladesh Investment Development Authority, the Bangladesh Export Processing Zones Authority and Bangladesh Bank, according to the meeting minutes.

READ MORE ON B3

BB cuts credit risk for banks to speed up stimulus fund disbursement

STAR BUSINESS REPORT

Microfinance institutions will take loans from three banks to ensure that the government's Tk 3,000 crore stimulus package smoothly reaches marginal businesses farmers and low-income professionals.

The Bangladesh Bank, however, has not increased the loan ceiling for microfinance institutions (MFIs) from the stimulus package, according to a notice issued by the banking regulator yesterday.

The initiative will help banks reduce the risks in the implementation of the packages, said a central bank official.

On April 20, the central bank unveiled the fund in the form of a refinance scheme for low-income professionals, marginal farmers and micro-enterprises to keep them afloat.

As per the rule, the central bank had said a bank could lend up to Tk 150 crore or 30 per cent of its last three years' average loan to an MFI, or whichever was lower.

If a bank channels the whole fund to a single MFI, the lender's loan may enter into a risky zone, said the central bank official.

Three banks, instead of one as per previous rules, will now be allowed to give out the loans to an MFI, meaning that the three will share the credit risk.

Under the package, the BB will initially provide the fund to banks at 1 per cent interest, which they will lend to the MFIs at 3.5 per cent interest.

The MFIs will be allowed to charge borrowers a maximum of 9 per cent as interest.

Small businesses like roadside tea stalls can get this loan, the highest

amount of which would be Tk 75,000, given that each shop is owned by a single person.

If a small business is owned by more than five persons, the loan ceiling would go up to Tk 3 lakh.

The loan must be paid back within a year.

MFIs are allowed to disburse loans ranging from Tk 10 lakh to Tk 30 lakh to microenterprises and their repayment duration would be two years.

The duration of the revolving scheme is three years and the volume of the fund will be widened if required, said the BB notice in April.

But the stimulus package has yet to gain the expected momentum as some banks have not taken the initiatives required to give out loans to underprivileged groups.

READ MORE ON B3

Advent Pharma warned for breaching rules

STAR BUSINESS REPORT

The Financial Reporting Council (FRC) has found that Advent Pharma breached regulations while appointing its external auditor for fiscal 2018-19.

The company's board of directors appointed Ahmed Zaker & Co as the external auditor without a recommendation from its audit committee.

The FRC issued a warning to Advent Pharma and instructed the animal healthcare product maker to avoid repeating its mistake, which was a breach of the corporate governance code.

The FRC was formed to set the standard of financial reporting in Bangladesh.

Previously, during the company's annual general meeting on December 6, 2018, Advent Pharma had appointed KM Hasan & Co as its chartered accountants for 2018-19.

The company was listed with the country's bourses that year as well.

“But we found that Ahmed Zaker & Co signed in the financial report and so, the company has been asked to explain,” the FRC said in a notice issued to Advent Pharma on October 20.

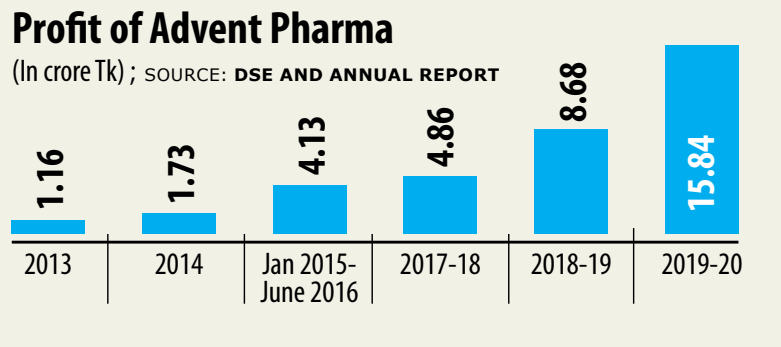
In its response, the drug maker informed that KM Hasan & Co was appointed but the firm was unwilling to carry out the audit, citing ‘unavoidable circumstances’, before quitting.

“So, the board of directors decided on March 24, 2019, to appoint Ahmed Zaker & Co as the external auditor,” Advent Pharma said.

However, there was no recommendation from the audit committee in this regard on the minutes or agenda of the board meeting.

“But it was in the minutes of the audit committee meeting held on March 27 of 2019,” the FRC said in its letter.

This is a clear breach of the



Corporate Governance Code-2018 as it appointed an auditor before getting a recommendation from the audit committee, it added.

The audit committee is meant to scrutinise an auditors' expertise before making a recommendation. The board of directors will appoint an auditor based on the recommendation, according to the corporate governance code.

Since the appointment of Ahmed Zaker & Co was not approved in a general meeting, the move was illegal, the FRC said, adding it was not mentioned in the minutes of the following general meeting either.

The FRC also sent issued a warning to Ahmed Zaker & Co for its lack of transparency and unprofessional

activities in getting the appointment.

Abdullah Hujaifah, a stock investor, said listed companies normally change auditors when they fail to entertain any illegal request from the company's authority.

“So, the FRC should find out the reason behind the resignation of the Advent Pharma's previous auditor,” he added.

“We have already replied to the commission and the FRC on the issue,” said Md. Ikramul Islam, company secretary of Advent Pharma. Asked why KM Hasan & Co had resigned, he said it was the auditor that wanted to quit.

The stock of Advent Pharma closed at Tk 22.9 on the Dhaka Stock Exchange yesterday.

STAR BUSINESS DESK

The commerce ministry has requested trade bodies to ensure the use of face masks to prevent the spread of coronavirus and weather its second wave in Bangladesh.

In a statement yesterday, the ministry said a circular has been issued by the Health Services Division making it mandatory to wear a mask to prevent the spread of the Covid-19.

In many cases, a lackadaisical attitude is being observed in the use of masks. Instructions in this regard have also been issued by the cabinet division.

In this context, the commerce ministry requested to take necessary measures to ensure the mask use for all officers and employees working in commercial organisations, institutions, affiliated associations, district and upazila chambers or joint chambers of commerce and industries,



associations and foundations.

The ministry has issued instructions to the concerned institutions last week, the statement added.

After the cases of Covid-19 surged

in several countries recently, Prime Minister Sheikh Hasina urged all to follow health guidelines and use face-masks in public places and gatherings last month.