

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX			MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	STANDARD CHARTERED BANK
▼ 0.19%	▼ 0.13%	Gold	Oil	▼ 1.31%	▼ 0.36%	▼ 0.42%	▲ 0.47%	BUY TK	83.95	98.37	110.11	12.60
4,879.96	8,410.98	\$1,861.09	\$44.05	43,599.96	25,634.34	2,777.00	3,363.09	SELL TK	84.95	102.17	113.91	13.24
		(per ounce)	(per barrel)									



# BUSINESS

DHAKA FRIDAY NOVEMBER 20, 2020, AGRAHAYAN 5, 1427 BS ● starbusiness@thedailystar.net

## Credit card spending falls as consumers tighten belts

AKM ZAMIR UDDIN

Spending through credit cards declined in September as consumers are still feeling the heat of the slower-than-expected economic recovery, while the threat of a second wave of coronavirus infections looms large.

Total card loans held by lenders stood at Tk 1,245 crore in September, down 19.78 per cent a month earlier, according to data from the central bank.

Transaction through credit cards, however, rose 23.68 per cent year-on-year. The volume stood at Tk 1,006 crore in September last year.

The spending using credit cards drastically went down in the second quarter of 2020 because of the strict restrictions on the movement imposed by the government to keep the deadly flu at bay.

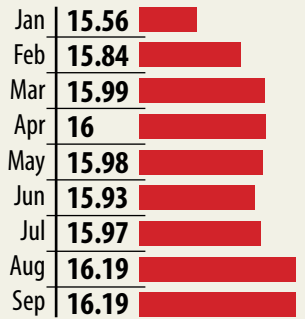
In July, card transactions increased at a faster pace, which might be an indication of the pent-up demand after the lockdown eased, or an erosion of the purchasing capacity of consumers, said industry insiders.

Clients took loans using credit cards to the tune of Tk 1,252 crore in July in contrast to Tk 898 crore in June. The credit volume rallied in August when cardholders took loans worth Tk 1,552 crore to make purchases.

The figure came down sharply in September as uncertainty over the recovery from the pandemic

### TOTAL CREDIT CARDS

In lakh; SOURCE: BB



deepened further because of a surge in infections.

"A good number of employees have lost jobs during the pandemic, which has been forced them to take loans through credit cards to survive," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

This might help show a good volume of the credit card transactions, he said.

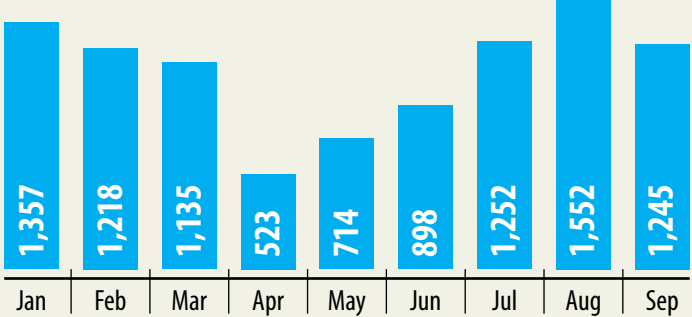
He, however, said the economy is also in a recovery stage, which has pushed the card market to recover its business gradually.

Mashrur Arefin, managing director of City Bank, said the lender had seen a restoration of its domestic market of credit card in recent months riding on the ongoing economic recovery.



### MONTHLY TRANSACTION THROUGH CREDIT CARD

(In crore taka); SOURCE: BB



City Bank is the top player in the country's credit card market. It has issued around 5 lakh cards.

The restriction on travelling imposed by various nations has been hurting the foreign part of the credit card business since the beginning of the pandemic, he said.

"The cross-border transaction has almost halted. We are yet to manage our desired profit from the portion," Arefin said.

Dhaka Bank Managing Director Emranul Huq echoed the same, saying the bank has recovered its major portion of the credit card

business. "The rest will depend on the economic recovery."

The issuance of credit cards has been sluggishness in recent months as banks adopted a cautious policy due to the business slowdown, said Ahsan Ullah Chowdhury, head of card and digital banking at Eastern Bank.

Banks issued 16,19,788 credit cards as of September in contrast to 16,19,359 as of August. Lenders usually issued 15,000-20,000 credit cards per month during the normal period.

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## Superbrands Bangladesh honours 40 prestigious brands



STAR BUSINESS REPORT

Superbrands Bangladesh yesterday honoured 40 organisations, including The Daily Star, as the most prestigious and valuable brand in the country for 2020-21.

The brands include Aamra Companies, Green Delta Insurance, AKS, Igloo Ice Cream, ACI Pure Salt, IPDC Finance, Matador Group, Bashundhara LP Gas, Metlife, Monno Ceramic, Pride Ltd, Beximco Pharmaceuticals, Radio Foorti and Brac.

Runner, BRB Cable Industries, Channel i, Shah Cement, Cow Brand Colour Coated Steel, Shanta Holdings, Daraz Bangladesh, Shwapno, DBL Group, Singer Bangladesh, Elite Paint, SMC Condoms, Epyllion Group, Super Board, FOGG, Super Fresh Drinking Water, Rahimafrooz Globatt Batteries, The Palace Luxury Resort, Grameenphone, and Walton were also named as Superbrands.

The brands were recognised during a virtual award-giving ceremony.

Superbrands is a global arbiter for brands and operates in 90 countries.

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## Denim Expert, Green Delta win World Economic Forum recognition

STAR BUSINESS REPORT

Denim Expert Ltd and Green Delta Insurance Company have come up as honourable mentions in a World Economic Forum (WEF) "New Champion" award category earlier this month for their extraordinary performance on sustainability and inclusivity.

The duo won the accolade in the Excellence in Sustainability category of the award bestowed on global recycling company Gemini Corporation, traceability technologies provider Optel Group and risk management advisory and consultancy Risk Insights.



In a statement, the WEF said to have bestowed the award on companies exploring business models, technologies and sustainable growth strategies needed in the Fourth Industrial Revolution.

The terminology is also said to recognise excellence in agile business governance and companies building a better future through their impacts on the planet and society.

The eligibility criteria include potential to create real long-term change, deliver a substantial impact on business and society, financial viability and readiness for operating at scale, if they are not already doing so, said the statement.

The international NGO said the niche denim manufacturing plant was actively working to promote sustainability and inclusivity in Bangladesh's apparel industry.

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## Govt fund available to improve garment workplace safety

STAR BUSINESS REPORT

Bangladesh Bank yesterday said garment factories would be allowed to avail a soft loan from the government to improve health, safety and hygiene for workers at workplaces to overcome the coronavirus pandemic.

The government formed a €50 million fund in March last year to give out the low-cost loans for garment factory remediation to enhance workplace safety in the country's main export-earning sector.

The fund can also be used to reduce pollution, ensure efficient use of energy and create a decent place to work.

From now on, the industries will be allowed to use a portion of their loans in the fight against the pandemic, according to a central bank notice.

Each garment factory is eligible to get

loans of up to €1 million from the fund at 7 per cent interest rate.

Banks have to count an interest rate of 3.50 per cent to get the fund.

The central bank will play the role of the implementing agency for the fund, formed with soft loans from the Agence Française de Développement, which is a public financial institution implementing the French government's policies.

Apart from the loan fund, an additional €14.29 million will be provided as grants to the successful garment factories and banks that disburse the loans properly.

The European Union, Kreditanstalt für Wiederaufbau, Gesellschaft für Internationale Zusammenarbeit and Bangladesh Bank will provide the fund as grant in the interest of the country's garment sector.

## IFAD Group to set up Tk 433cr industrial complex at Bangabandhu Shilpa Nagar

JAGARAN CHAKMA

IFAD Group is keen to invest Tk 433.5 crore to set up an industrial complex at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) as it looks to make a foray into the growing motorbike and automotive component segments.

The group placed its investment plan to the Bangladesh Economic Zones Authority (Beza) on Monday, seeking 30 acres land at the sprawling industrial city in Mirsarai, Chattogram.

IFAD intends to set up three factories in the proposed industrial complex: a manufacturing and assembly plant for motorcycles, a factory for automotive components, and a blending plant for machine lubricants.

"There is a huge business opportunity in Bangladesh for automotive components as there are more than 10 lakh commercial cars and 16 lakh passenger cars and they need spare parts," said Taskeen Ahmed, managing director of Ifad Autos.

KEY POINTS	
Total investment Tk	433.5cr
Tk 130cr to come from retained earnings	
Bank financing Tk	303.5cr
Target for domestic market	80pc
Land	30 acres
Expected employment	1,000
Market size of automotive components Tk	1,500cr
Annual growth rate	10pc to 12pc



from banks.

"The demand for auto components is growing. Now, the demand is met through imports."

Thirty per cent of the project cost, or Tk 130 crore, would come from the company's retained earnings and the remaining 70 per cent, or Tk 303.5 crore, would be borrowed

Now IFAD Group's concern Ifad Motors Ltd distributes commercial vehicles of India's Ashok Leyland, including bus, truck, lorry, and dump truck, and represents Atul Autos of India serving the three-wheeler cargo and passenger car

market in Bangladesh.

The upcoming automobile policy will be helpful to give a boost to the business as it would emphasise automotive component manufacturing for local value-addition, he said.

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## BB relaxes rules for businesses to pay for fees abroad

STAR BUSINESS REPORT

Bangladesh Bank yesterday eased the rules for the cross-border payment of fees for the services availed by businesses from external sources.

The central bank so far allowed businesses to remit up to one per cent of their annual sales to pay for the training and consultancy services bought from abroad.

Yesterday, the BB, in a circular, said it widened the scope of the payments of fees for services such as audit, certification, commissioning, testing and valuation- a move that will reduce the hassles of firms.

"From now on, businesses will be able to pay for the fees up to one per cent of their annual turnover. Earlier, they had to get our approvals to remit the money for the services other than payments for training and consultancy," said a senior official of BB.

However, this will exclude the payments requiring permission from

the authorities, including Bangladesh Investment Development Authority, for the remittances of royalty, technical knowledge or assistance, and franchise fees, the official said.

"This is a welcoming move. It will reduce our hassles. However, the central bank should review the one per cent limit because firms with low turnover will find it difficult to avail the benefit if it is not revised upward," said a top official of a multinational company.

The BB also waived companies from the obligation of getting approvals for payments of maintenance or support fee for software bought from external sources.

Earlier, companies had to get approval from the BB to pay, for the first time, for the maintenance fee for the software.

The BB official said that the central bank is continuously updating regulations to facilitate businesses.

"The new rules will help banks support corporate customers for remitting legitimate payments abroad."

## Mobile phone subscribers on the rise

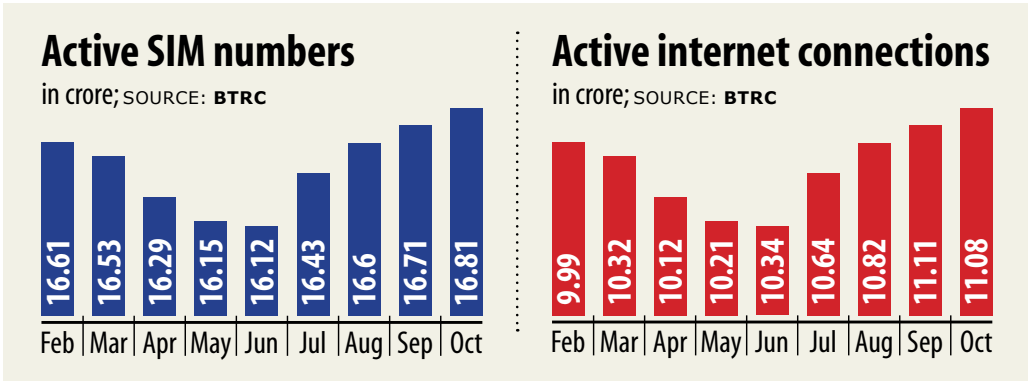
MAHMUDUL HASAN

The number of mobile phone subscribers rose 2.4 per cent year-on-year to 16.81 crore in October, data from the Bangladesh Telecommunication Regulatory Commission showed yesterday.

It came at a time when the country's telecom

operators are trying to stave off the Covid-19 fallout. As a result of their efforts, the number of users has grown steadily since July.

During the March-June period, the industry lost around 30 lakh customers as the country went into a full lockdown to prevent the spread of the Covid-19.



But with October's uptick, 9 lakh new users were added in one month, boosting the number well past its pre-pandemic high of 16.61 crore registered in February.

Similarly, the number of internet users rose 10.25 per cent year-on-year to 11.07 crore in October. It was 9.95 crore in the same month last year.

However, the number of internet users dropped slightly compared to September, when it touched an all-time high of 11.11 crore.

Currently, 10.21 crore subscribers use the internet through handheld devices, while the rest rely on services provided by internet service providers and public-switched telephone network operators.

The total number of internet users stood at 9.99 crore in February. But following the outbreak, this number has steadily soared as people are increasingly using internet to work and communicate and get entertained as they spend most of their time indoors to avoid catching the virus.

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