

Brac Bank gets 'Best Cash Management' award

STAR BUSINESS DESK

Brac Bank has recently been named for a Best Cash Management Bank Award 2021. The Asian Banker made the announcement at Asian Banker Transaction Finance Virtual Awards 2021, said a press release. Based on their analysis, publicly available information, AB500 APAC Rankings, and inputs from the advisory council, Asian Banker recommended Brac Bank as the Best Cash Management Bank in Bangladesh.

"In the digital age, scopes and possibilities have been broadened in the

banking business. To become the most preferred corporate banking partner in the country, Brac Bank will continue to improve its core technological competitiveness and develop the advantages in resources and capability," said Tareq Refat Ullah Khan, deputy managing director and head of corporate banking of Brac Bank.

Every year the Asian Banker recognises the banks through evaluating achievements in cash management, payments, and trade finance in key business and operational areas of the financial services industry.



Md Mustafa Khair, additional managing director of First Security Islami Bank, handed over a cheque to Abdullah Al Kafi, representative of Pothikrit Samajkalyan Sangstha, in Dhaka as financial support for an "Oxygen to Save Lives" programme for the treatment of people infected with Covid 19.

Economy hit harder than thought

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Economist Zahid Hussain said the GDP growth data was reflective of the state of the economy.

"This has not been the case in recent years. The BBS deserves our kudos for doing this. The planning minister deserves thanks from the bottom of our hearts for letting the data speak."

The downward revision from the preliminary 5.24 per cent growth estimate for FY20 had bridged the gap between the reality experienced by the citizens and the growth reported by the government, said Hussain. "The new numbers for FY20 tell a consistent story."

The pandemic hit hardest industrial and service activities while agriculture managed to grow at a higher rate than before the pandemic. The rural region was not ravaged by the pandemic last year the way it has been sweeping in the hinterland since March. Hussain credited the resilience of the rural economy for garnering 3.5 per cent growth in FY20.

Only a handful of economies in the world could keep GDP growth in the positive territory in 2020.

"The pandemic took its economic toll, nevertheless," said Hussain, citing the plummeting growth of industrial and services sectors.

In FY20, industrial sector growth slowed to 3.25 per cent from 12.67 per cent the previous year. The growth rebounded to 6.12 per cent the next fiscal year.

The expansion of the service sector, which accounts for 51 per cent of GDP, declined to 4.16 per cent in FY20, just half of the growth it posted in the previous fiscal year.

The service sector growth edged up to 6.54 per cent in FY21, BBS data showed.

Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD), said the BBS maintained its credibility with the growth estimate for the last two fiscal years.

The CPD had projected up to 3.5 per

cent GDP growth for FY20.

"This is a reflection of the blow on almost all the sectors of the economy in the last quarter of FY20," Rahman said.

With decreased mobility and assembly, private consumption demand hibernated, and the deep uncertainties about the future coupled with increases in un-utilised production capacity brought private investments to a halt.

The estimate for FY21 indicates a recovery despite the destruction caused by the Delta variant of the virus in the last quarter.

Yet, Hussain said, since the BBS estimate was based on the data for the first nine months of the last fiscal year, it did not capture the full impact of the second wave.

Exports grew 15.1 per cent in FY21, rebounding from a 16.9 per cent decline a year ago. The collection of domestic value-added tax, an indicator of the private consumption expenditure, also grew reasonably well.

Remittances through formal channels were the most buoyant with 36 per cent growth in FY21, compared with 11 per cent a year ago, despite grim forecasts.

CPD's Rahman said there had been a reduction in income and a rise in poverty.

"Unemployment has increased. The disparity has widened. Income distribution has also become more skewed. So, a targeted programme is needed for the poor." Investment, a key to productivity growth, remained subdued in FY21.

The economic recovery achieved in FY21 can't be sustained if the community transmission is not drastically reduced from the current level, according to Hussain, also a former lead economist of the World Bank's Dhaka office.

"A much better Covid-19 management will be key to accelerated and inclusive economic recovery in the days to come. Of course, this may not be sufficient, but it certainly is necessary to keep the recovery going." The government has targeted 7.2 per cent GDP growth in the current fiscal year, way higher than the WB's projection of 5.1 per cent.

World stocks off record peak, dollar up

REUTERS, London/Hong Kong

World stocks eased from the previous session's record highs while the dollar reached its highest in eight days on Thursday, after hawkish remarks from a senior US Federal Reserve official.

Fed Vice Chair Richard Clarida, a major architect of the Fed's new policy strategy, said on Wednesday he felt the conditions for raising interest rates could be met by the end of 2022, raising expectations the central bank could scale back its bond-buying programme soon.

"It's a question not of if the Fed taper but how fast the Fed taper," said Giles Coghlan, chief currency analyst at HYCM, adding he expected tapering of the asset purchase programme to start in August or September.

"Clarida has definitely taken a shift." The MSCI world shares index was steady at 729.68, versus a record peak of 731.88 hit in the previous session. US stock index futures - the S&P 500 e-minis - rose 0.17 per cent. US stocks closed mostly lower on Wednesday after the Fed remarks, with the S&P 500 receding 0.46 per cent from a record high after data signalled a slowdown in jobs growth in July.

European stocks hit record highs, however, and were up 0.21 per cent on strong earnings from Danish company Novo Nordisk and German industrial firm Siemens.

UK stocks were steady and the pound rose 0.18 per cent against the dollar ahead of a Bank of England Policy meeting. Markets are looking for clues on any possible future UK rate rises, particularly as two policymakers have broken ranks to say the time for tighter policy might be near.

"The exit strategy, we think, will highlight the Bank's focus on unwinding its bloated balance sheet more so than on hiking rates," Deutsche Bank analysts said in a note.

BGMEA turns to global buyers

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This is to select shipping lines, freight forwarders and off-docks being nominated for the job by international buyers, he said.

Many global retailers and brands import billions of dollars worth of apparel products from Bangladesh.

"However, they only nominate one or two shipping lines and freight forwarders to transport their cargo," he said.

The container backlogs also occur since most international buyers chose just four or five off-docks to handle their cargo before shipping.

"This causes delays in shipment as well and exporters are forced to bear additional charges for the delay," Hasan added.

He urged global apparel buyers, such as H&M and Marks & Spencer, to allow more shipping lines and off-docks to handle their cargo as it would reduce the pressure on making shipments.

Export cargo such as garment items are sent from their factories to private inland container depots where they are stuffed into containers after passing customs before being sent to ports for shipment.

There are 19 such inland container depots in and around Chattogram, where the country's premier seaport is located.

The container crisis started to gradually worsen since early May as many inland

container depots were failing to send export containers for shipment as main line operators reduced the number of bookings accepted due to an acute shortage of empty export containers and delays in getting space on mother vessels at transshipment ports.

At the beginning of last month, most inland container depots were overwhelmed with export containers staying longer than usual.

During a meeting between Chittagong Port Authority (CPA) and various stakeholders on July 12, held for solving the container crisis, it was decided that the BGMEA should convince global buyers to refrain from nominating select shipping liners, freight forwarders and off-docks.

The BGMEA previously asked global apparel retailers and brands through a letter to the Buyers' Forum, a group of representatives of major apparel buyers, to nominate as many forwarders as possible to ensure shipments were made on time.

Miran Ali, vice president of the BGMEA; Fazlee Shamim Ehsan, a director of the Bangladesh Knitwear Manufacturers & Exporters Association; Ziaur Rahman, H&M's regional country manager; Shwapna Bhowmick, country head of Marks & Spencer; and Anghuman Mitra Mustafi, country manager of Maersk, were present among others at the meeting.

Bank locker: an option to protect valuables

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Masum Ahmed Sujon, an owner of a six-storey building in the capital, is involved in the garment accessories business.

"We used to live a joint family in Mirpur-11. One day when we left for our respective businesses, several miscreants burst into our house and held the rest of the family members at gunpoint and took away valuable ornaments and cash," he said.

This prompted Sujon and all his siblings to hire a bank locker to store business papers, land documents and valuable ornaments.

Locker facilities ensure the safety and security of people's valuable assets, including jewellery, ornaments, business papers and personal documents.

Experts say many people are also hesitant to keep liquid assets at home. So, using the facility, they could rest assured that their assets and documents are being taken care of.

In Bangladesh, almost all of the country's 63 public and private commercial banks offer locker services in exchange for an annual charge.

There are three types of boxes, and the annual charge depends on their size. The charges vary from bank to bank.

A bank account is mandatory to avail of locker service. To book a locker, one has to open a personal or joint account.

There is no need for a nominee in the case of a joint account as one automatically owns it in the absence of the other.

Brac Bank has been offering locker service since its inception in 2001.

"We provide the service to the customers who have a good relationship with the bank," said Sheikh Mohammad Ashfaq, executive vice-president and head of branches of the private commercial bank.

The locker service is available at 18 branches in Dhaka and other parts of the country. Each facility is composed of about 100 small, medium and large-sized boxes.

"Based on the size of the box, we impose an annual charge on the box holder," Ashfaq said.

The service charge ranges from Tk 4,500 to Tk 8,500. The annual fee for a small-sized box is Tk 4,500, Tk 6,500 for a medium-sized box and Tk 8,500 for a large box.

As banks don't require approval to operate the service, the central bank does not have the data on how many banks are running the service at the moment, says Md Sirajul Islam, executive director and spokesperson of the Bangladesh Bank.

He said state-owned banks, including Sonali, Janata, and Rupali, introduced locker services in Bangladesh.

"The demand for lockers is growing. The demand is usually high in residential areas," said Arup Haider, head of the retail banking at City Bank. The capacity of locker facilities at the private commercial bank has doubled in the last five years.

"We will add more capacities in the coming

days," he said.

"People have confidence in banks. So, they are increasingly keeping their valuables at banks," said Ashfaq.

Brac Bank plans to expand its locker facilities to meet the growing demand.

After an individual hires a locker, banks will hand over a key to the locker holder and keep another key in its possession.

A locker-holder can add one or more names who will use the locker in his absence. The clients can also strike off the names if and when they wish.

If the holder loses the key, he has to immediately inform the bank and file a general diary with the police station.

The locker facility at Brac Bank is available during banking hours, Ashfaq said.

Each branch of a bank has general insurance coverage, which gives added protection to the assets stored in a box.

For example, depending on the size of the box, a user gets Tk 1 lakh, Tk 2 lakh and Tk 3 lakh in compensation if the lockers face any theft and pilferage at City Bank.

The bank is offering locker facilities at 33 branches in Dhaka, Chattogram, Sylhet, Rajshahi and Khulna. It charges Tk 5,000 to Tk 9,000.

Wasek Billah Mahim, who lives in Khilgaon, says he decided to keep the valuables in a locker although he or his family has not faced any robbery or theft.

"We have done it as a precautionary measure."

Robi CEO steps down

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Shares of Robi ended unchanged at Tk 43.10 on the Dhaka Stock Exchange yesterday.

Ahmed took charge as the CEO of Robi, the second-biggest telecom operator in Bangladesh in terms of subscribers, five years ago.

He is now in Australia.

"Every great journey comes to end, and my glorious journey with Robi has come to an end too!" said Ahmed in his post.

Chairman of Robi's Board of Directors, Thyayaran Sangarapillai, said, "On behalf of the Robi Board of Directors, I would like to thank Mahtab for establishing Robi firmly as the leading digital service provider of the country."

Ahmed said, "Despite being an introvert, I feel that my relationship with each one of you (Robi family, stakeholders, regulators, Robi customers etc.) is from the heart or way beyond our professional connection."

"While I enjoyed working and being with you all in Bangladesh, I have also been away from my family for the last six years. Now I would like to give them a turn to

spend more time with me while I figure out my next course of action!"

Ahmed joined Robi in September 2010 as the chief financial officer and held the position till 2014. He served the carrier as the chief operating officer from April 2014 to March 2016. Later, he took the helm of Robi.

Before joining Robi, he worked at Unilever.

An alumnus of Harvard Business School, Ahmed obtained his undergraduate and master's degrees in accounting from the University of Dhaka.

Robi Axiata's profits increased by around 5 per cent to Tk 80.93 crore in the first half of 2021 compared to the same period a year earlier. It logged around 8.12 per cent higher revenue of Tk 4,011 crore.

The company raised Tk 523.7 crore from the stock market by offloading 52.37 crore shares last year.

Under Ahmed's leadership, Robi became the first operator to roll out 3.5G services in Bangladesh. It introduced 4.5G in all districts in 2018. It was also the first operator to conduct a test run of 5G.

BB set to rein in excess money supply

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Withdrawing excess cash will also help the central bank contain inflation. It has failed to keep inflation within the target in the last fiscal year. The central bank usually mops up money using three instruments: the BB Bill, the reverse repo (repurchase agreement), and the cash reserve ratio (CRR).

There are three categories of the BB Bill based on their maturity: 7-day, 14-day and 30-day. The BB will arrange auctions for the three types of the Bill. Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, said: "This is a time-befitting move as some banks are eagerly waiting for this."

The interest rate on the BB Bill ranged from 2.97 to 2.98 per cent in March 2018 when the central bank held the last auctions.

However, the interest rate may become an important factor as the existing rate of the 91-day Treasury bill is 0.55 per cent, Ahmed said.

The rate of the BB Bill is usually slightly higher than the 91-day T-bill, an instrument through which the government borrows money from the banking sector.

Although the rate is determined by auctions, the central bank has a strong role in pushing the rate higher. If the central bank accepts a substantive number of bids, the yield on the instrument will

increase automatically, Ahmed said.

"This will encourage many banks to take part in the auctions," he said.

He also suggested the central bank reopen the reverse repo, which has remained suspended since November 2015.

The reverse repo rate is a rate at which a central bank borrows funds from banks to squeeze money supply in the market.

BB officials say the rate on the reverse repo is very high compared to the rates on the deposit products offered by banks.

The reverse repo window will allow banks to invest funds at 4 per cent at the central bank on an overnight basis.

Many banks now offer interest rates between 2 and 3 per cent on their fixed deposit receipts (FDRs). So, reopening the reverse repo is not viable at this moment, said a central banker.

But, Jamuna Bank's Ahmed said that the central bank should reopen the window by bringing down the interest rate to around 2 per cent. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, echoed Ahmed, saying the BB could consider reopening reverse repo.

Appreciating the central bank move, he said banks would show more interest in investing in the BB Bill if they gained a considerable interest rate.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the central bank should mop up at least Tk 33,000 crore immediately in order to make the money market stable.

Withdrawing the excess liquidity will not create any barrier for the BB to implement the expansionary monetary policy, he said.

Small savers will benefit from the programme as the interest rate on deposits will increase in keeping with the reduction of the excess liquidity, said Mansur, also a former official of the International Monetary Policy.

The withdrawal of funds will not have any adverse impact on the lending rate as such a big volume of extra money is not required to materialise the expansionary monetary policy, he said.

"Still, the central bank should cautiously watch the money market so that banks cannot manipulate the lending rate on the excuse of the withdrawal of excess fund."

"We have to keep in mind that the surplus fund is being invested in the capital market, where a bubble has already been created. Such bubble has to be contained at any cost or else it will create instability in some certain areas of the macroeconomy."

Rising demand a blessing for Madhupur pineapple farmers

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Local farmers informed that they will also start selling their Ashwina pineapples from September.

Although the main season for pineapples is between May and September, these locally produced pineapples can now be found year-round.

Farmer Sanwar Hossain of Garobazar cultivated pineapples on four acres of land this year.

Hossain said they have introduced a market in the area for chemical-free pineapples as the authorities monitor local production practices to ensure that fruits with excessive amounts of hormones cannot enter the market.

Hossain, also president of the Garo

Bazar Pineapple Growers and Traders Cooperative Association, went on to say that a large amount of locally grown pineapples are left to rot each year due to a lack of preservation facilities.

"Local farmers incur losses as a result when their unsold pineapples turn ripe on the fields during the rains in July and August," he said.

Asked about the matter, Mahmudul Hasan, agriculture officer of Madhupur, said they already proposed for the Bangladesh Small and Cottage Industries Corporation to set up a fruit processing industry in Madhupur, particularly for pineapples.

"A site has already been selected for it," Hasan added.

Amusement parks seek to reopen

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"All the entrepreneurs, employees and staff involved in this sector are very worried and helpless. We fear how we will pay our employees in near future," said the press release.

It also said it was very much possible to operate the parks while maintaining safety rules and health protocols suggested by Bangladesh Tourism

Board, the Ministry of Health and the government.

Bangladesh Tourism Board has provided a standard operating procedure for all amusement parks to follow once they were allowed to open.

"We agreed running the parks limited to 50 per cent visitor capacity," the statement said, quoting Baapa President Shahriar Kamal.