

Moody's assigns Ba3 rating to Brac Bank

STAR BUSINESS DESK

Moody's Investors Service has assigned a Ba3 rating to Brac Bank amidst the ongoing Covid-19 pandemic.

Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk, according to Moody's.

One of three big credit rating agencies, Moody's has also changed the outlook from "negative" to "stable".

It has also affirmed long-term local and foreign currency deposit and issuer Ba3 ratings for the fifth consecutive year, said a press release.

Moody's expects Bangladesh's robust economic growth and pandemic-related forbearance measures, which eased the debt repayment burden of affected borrowers, would limit the bank's asset quality deterioration and support solvency over the next 12 to 18 months.

The funding structure is strong and has improved, backed by its established domestic franchise, Moody's reported.

"We are pleased to receive this news, especially given the abundance of financial challenges resulted due to Covid-19," said Selim RF Hussain, managing director and CEO of Brac Bank.

"Brac Bank has a solid ground, records of financial stability and prudent financial management, and we are committed to continuing that legacy - even under difficult circumstances," he added.

China graft watchdog calls for stricter regulation of restaurants

REUTERS, Shanghai

China's graft watchdog on Monday called for stricter supervision of restaurants that chase rapid success online after a series of food safety scandals, as regulators continue to ramp up pressure on social media and the tech sector.

In a commentary on its website, the Central Commission for Discipline Inspection said so-called "Wanghong" restaurants - those with explosive online popularity - must ensure public safety.

It highlighted examples of popular restaurants that have recently been exposed for the use of fake duck blood, expired and rotten ingredients, and unsanitary food preparation practices.

"Some restaurant brands are rapidly expanding their popularity with the help of online marketing hype, while others are created with the aim of quickly making money," the commentary said.

Authorities should strictly investigate food safety problems and make the results of investigations public, it said.



Popular restaurants have recently been exposed for the use of fake duck blood, expired and rotten ingredients, and unsanitary food preparation practices.

They should also step up supervision, including inspection, sampling, monitoring and media supervision.

China has boosted efforts to bring its tech and social media firms under tighter control in recent weeks, with regulations targeting "chaotic" celebrity fan culture and algorithms used by technology companies to drive their business.

France fine-tunes business aid as Covid blank cheque ends

AFP, Paris

France will turn off the fire-hose of aid to help businesses through the Covid-19 pandemic, instead directing funds where most needed, the government's accounts chief said on Sunday.

"It's the end of whatever it takes", Minister for Public Accounts Olivier Dussopt warned.

The government wants to "look at what is really being lost, rather than just what is being said".

He added that not all industries or regions were suffering equally, and that even within some Covid-hit sectors, there were businesses that were thriving.

"We are ready to help the sectors that really need it," Dussopt told Radio J ahead of a meeting with leaders from industries still suffering from the pandemic, including tourism, small businesses and culture.

He said that any aid "will be a necessarily transitional, very sector-focused approach".

As an example, Dussopt cited the restaurant trade: "In some regions, the number of visitors is the same as before, it is even higher than in July and August 2020, which were months that were not affected."

"Companies must also take responsibility for their own operations and for finding solutions to their problems, he said.

Instead of simply complaining about the difficulty they face hiring, he said, employers "have an interest in making the careers they offer more attractive" -- by increasing salaries, for example.

The state had made great efforts, he said. Moreover, economic growth is forecast at six percent this year, with the government hoping for four percent in 2022.

Singapore's Shopee changes the game in Brazil's e-commerce sector

REUTERS

Sea's Shopee took just two years to become Brazil's most-downloaded shopping app, winning users to its low-cost marketplace with its game-changing approach to e-commerce: In-app mini-games offering coupons to winning users.

The Singapore-based company has combined online shopping with the gaming nous of its separate mobile game arm Garena - creator of "Free Fire", Brazil's most-downloaded title for eight consecutive quarters - to generate sales analysts estimated at almost a third of local champion Magazine Luiza.

Back home, Shopee only needed five years to become Southeast Asia's most-visited e-commerce website, overtaking the likes of Lazada, backed by China's Alibaba Group Holding, and Tokopedia, backed by Japan's SoftBank Group.

"Shopee has a track record in Southeast Asia of coming into the market late, looking at how others have solved existing problems and then building a system to leapfrog those issues," said analyst Jiannan Li at advisory firm Momentum Works.

Shopee's early surge highlights the space left for foreign entrants to grow in a sector once dominated by regional firms like Magazine Luiza and Argentina's MercadoLibre.

To be sure, the startup's timing was fortuitous, launching in Brazil just as the Covid-19 pandemic drove consumers away from physical stores, pushing up 2020

e-commerce sales by 44 per cent to US\$42 billion, showed data from Brazilian payments company EBANX.

Shopee - akin to Alibaba's AliExpress, carrying Chinese-made knick-knacks - emerged as Brazil's top app by downloads and time spent in use, showed data from analytics platform App Annie.

Yet, in pursuit of growth, Shopee is still losing money, propped up by Sea's profitable gaming division. In the second quarter of this year, Garena posted an adjusted earnings before interest, tax, depreciation and amortization (EBITDA) of US\$740.9 million even as the e-commerce arm lost US\$579.8 million.

"Money being generated by one side of the business, which is a cash cow, is being reinvested aggressively in Brazilian e-commerce - with success," said Itau BBA analyst Thiago Macruz.

Sea's Brazil foray is just one element of its global ambition. Investment arm Sea Capital is also considering putting money into startups in Latin America and beyond, said a person with knowledge of the matter, who was not authorized to speak with media and so declined to be identified.

The firm has also taken Shopee to Chile, Colombia and Mexico where, unlike Brazil, it has no locally based staff and so has partnered social media influencers to increase brand awareness, said two people familiar with the matter.



A signage of Shopee, the e-commerce arm of Sea Ltd, is pictured at its office in Singapore on March 5.

Nagad's Tk 510cr bond gets nod

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The government and private firm Third Wave Technologies agreed to share Nagad's ownership by 51 per cent and 49 per cent respectively, he said.

The company is doing good business and investors are ready to invest so the regulator approved its zero coupon bond, he added.

With a paid up capital of Tk 3.5 crore, Nagad wants to raise the capital to pay off existing debts, support capital expenditure and meet working capital requirements to expand its business in the mobile financial service sector.

The sector has been growing fast since it was launched in Bangladesh in 2011.

Nagad has Tk 416 crore in debt, of which the company plans to pay off around Tk 350 crore through the bond issuance, according to its filing at the BSEC.

It wants to use around Tk 100 crore to manage day-to-day operations, said the application.

Kiu Global, a US-based digital services company, has already expressed interest to subscribe to \$30 million (Tk 254.45 crore)

of the bond, Nagad said in a press release last month.

The bond issuance announcement came on July 26 in New York at an investors' road show organised by the BSEC.

Nagad, which is one of the key partners of the event, has received initial approval from the BSEC for issuing the bond, the company said in a statement.

Riverstone Capital is acting as the arranger of the bond while Green Delta Capital will be the trustee, it added.

ZA Capital Advisory is the official financial consultant for the bond, according to the statement. Investors of the bond would get Tk 750 crore at the end of its five-year maturity period.

"We are yet to get any written document about the bond approval, but we are ready to fulfil all the conditions," said Muhammad Zahidul Islam, head of communications of Nagad.

"With the bond proceeds, we want to cater our services to the rural people," he said.

Responding to a question, Islam said Nagad was working on getting the licence.

Revenue receipts rise slightly

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Officials said domestic market-oriented business activities were almost shuttered for nearly three weeks in July, affecting revenue from the two biggest sources -- cigarettes and mobile phones.

The government imposed curbs from the beginning of July until the 14th of that month to ease the restrictions for eight days for Eid-ul-Azha.

The restriction was restored for the rest of the month, which largely affected business activities.

Some four crore mobile phone users had zero balance, said a senior official of the Large Taxpayers Unit of VAT.

Most shops were closed in July and it affected VAT receipts, said Md Anwar Hossain, director general of statistics and research at the NBR.

He said revenue collection usually remains low in July as works for government development projects do not gain pace.

Import pressure also remains low as importers show a lack of interest in opening letters of credit since they wait for the passage of the fiscal measures by the parliament at the end of June.

"Revenue collection gradually increases in the subsequent months," Hossain added.

In July, customs officials logged Tk 4,925 crore, down 2 per cent year-on-year from Tk 5,015 crore the previous year, data from the NBR showed.

Sri Lanka gets another \$100m from BB

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The Libor is the global reference rate for unsecured short-term borrowing in the interbank market and acts as a benchmark for short-term interest rates.

If the CBSL fails to return the money, the Sri Lankan government will pay back the loan as per the state guarantee attached in the agreement, the BB official said.

He said Bangladesh was not extending the loan for any commercial purpose.

The decision for the currency swap agreement was set in motion during Sri Lankan Prime Minister Mahinda Rajapaksa's visit to Bangladesh in March.

As per the deal, the CBSL will hand over an equivalent amount of its currency, which depreciated 6.8 per cent against the US dollar this year.

The BB will open an account with a bank in the South Asian country to keep the sum, which will be around 49.5 billion Lankan rupees, a BB official said earlier. The amount would be used for import payments.

The injection of the American greenback from Bangladesh would be a great relief for Sri Lanka, which has \$3.7 billion of foreign debt maturing this year.

It had \$2.4 billion in foreign currency reserves at the end of July, down from \$4 billion in April.

Ukraine pins hopes on Gulf visitors for pandemic-hit tourism

AFP, Lviv

Saudi tourists ride horse-drawn carriages, pose for portraits by street artists and play chess on benches with locals in Lviv, a city in Ukraine more accustomed to hosting European guests.

But with strict Covid-19 travel restrictions still in place across Europe, travellers from the Middle East -- especially Saudi Arabia -- now rank among the top visitors to the ex-Soviet state. The trend has given hope to the country's pandemic-hit tourism industry.

"We need to seize the moment," says Bogdan Gets, a tour guide on a sightseeing train that ferries tourists along cobbled streets in central Lviv, a city in western Ukraine known for its Renaissance architecture.

For Gets and his colleagues at "Chudo Tour" (Wonder Tour), the unexpected influx of tourists from the Middle East is a chance to recover after a string of lockdowns that put pressure on Ukraine's struggling economy.

In the first half of 2021, the number of Saudi tourists alone visiting Ukraine skyrocketed to 14,000 compared to just 350 in the same period last year, according to the country's state tourism agency.

This new cohort are attracted by a visa-free regime enacted in August last year and cheap direct flights. In previous years, the city was mostly visited by Poles, Belarusians, Turks, Germans and Britons.

"Last year put the tourism industry in extreme conditions", the agency said, and "radically changed" how tourists decide

which countries to visit.

Before the pandemic 32-year-old Asma, a tourist from Saudi Arabia, travelled with her husband and two sons to various European destinations every year, but never considered Ukraine. After exploring Lviv and the capital Kiev this summer, the family was pleasantly surprised.

"The bars, the food and the coffee -- all things here in Ukraine are amazing," Asma told AFP outside the iconic Lviv Opera.

Anna Nayda, the head of the Kredens Cafe chain, admitted that the local tourism industry experienced some initial difficulties when catering for their new customers. "At first it was very difficult to find a common language," she told AFP.

But now her cafes are printing menus in Arabic and replacing pork in their sandwiches to ensure they have halal options.

Several souvenir shops in the city have started making signs in Arabic while "Chudo Tour" said they are translating their pre-recorded audio guides.

"This is a push for change," Nayda said, adding that during the pandemic businesses struggled to pay rent and salaries.

"Of course in these conditions you think about how to survive. We decided to make changes and everything turned out great," she said. Tourism to Ukraine is picking back up, but the climb is slow.

After the number of tourists in 2020 was just a quarter of the level of the previous year in 2020, it was up nine percent in the first half of this year compared to the second half of last year.

10 banks face show-cause for low deposit rates

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This means the majority of lenders have followed the central bank's rules accurately.

Ali Reza Iftokhar, managing director of Eastern Bank, said they had earlier been forced to release high-cost deposits due to the business slowdown, after which it had reduced the interest rate on various deposit products.

"But, the spread will decrease within a month as it has already raised the deposit rate following the central bank's instruction," he said.

The spread in the bank was 4.52 percentage points in June.

Hassan O Rashid, managing director of Prime Bank, said the interest rate on loans and deposits were driven by market forces and competition.

"We here offer the most competitive rate on both loans and deposits to our valued customers and the spread is an outcome of our efficiency, brand value and balance sheet management," he said.

The spread ultimately allows us to strengthen the bank by building up provisions for non-performing loans, which is a big challenge for the banking industry, Rashid said.

"We respect Bangladesh Bank guidelines and are in discussion with them in this regard," he said.

According to a statement of Standard Chartered Bangladesh, the reported spread of 5.35 percentage points is based on deposits and assets on the domestic banking unit only.

Being an international bank in Bangladesh, the lender remains at the forefront of driving exports and inward capital flows, which leads to substantial transactional foreign currency deposits in domestic banking units, it said.

"However, corresponding foreign currency loans against these deposits are booked in the offshore banking unit," it said.

Therefore, the combined spread for offshore and domestic banking units is much lower than the reported spread. The combined spread is around 4 percentage points as on June this year, the statement said.

Managing directors of Trust Bank and Shimanto Bank did not immediately respond to a request for comment while the State Bank of India, Woori Bank and The City Bank did not respond.

BSCIC seeks Tk 1,000cr stimulus fund

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"In addition, the new, trained entrepreneurs will be able to accelerate the process of creating new entrepreneurs and jobs in the country by expanding their economic activities," it read.

The BSCIC will provide a corporate guarantee if necessary, it said.

"We are the only organisation that lends to small entrepreneurs in 64 districts. We have the ability to lend Tk 5,000 crore. But we have requested Bangladesh Bank to allocate Tk 1,000 crore for the time being," said Hassan.

In March last year, the government announced a Tk 20,000-crore stimulus package for cottage industries and the small and medium enterprise (SME) sector

after the pandemic hit the country.

However, the disbursement rate of the loans was low compared to that for the large industrial and service sectors.

With small businesses still struggling to recover from the pandemic-induced economic slowdown, the government rolled out a fresh stimulus package in January involving Tk 1,500 crore.

Of this amount, the Finance Division has released Tk 570 crore, out of which Tk 276 crore has been disbursed. Of the eight government and semi-government agencies tasked with the disbursement, three could not give out any money.

The BSCIC has already given out the Tk 50 crore it received out of its allocation of Tk 100 crore.

Policy framed to give CIP status to recruiting agents

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Besides, they will get the benefit of using VIP Lounge-2 and special handling at the airport.

However, the government can withdraw the benefits by issuing a gazette without any reason at any moment.

The selection process will be completed between January 1 and October 15.

The CIP aspirants will be disqualified

if the applicant's recruiting agent's licence has not been renewed or suspended and if they have any trade dispute with a foreign employer or if they are not interested in resolving the dispute.

Besides, if applicants have been convicted by the court and five years have not been passed after serving the sentence or if they are declared persona non grata for any reason, they will not be eligible for the CIP status.