

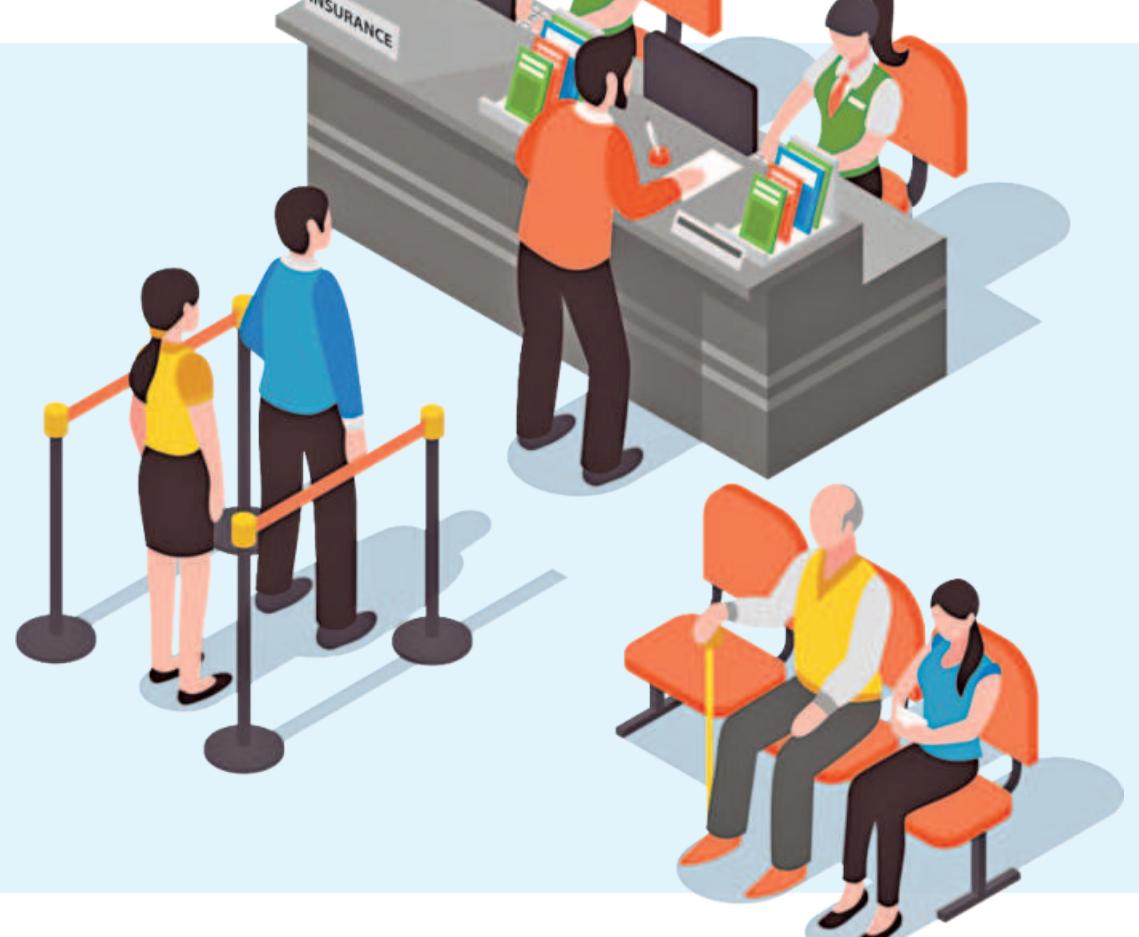
## The insurance initiative

- Aims to increase insurance coverage
- Bancassurance a partnership of banks and insurers
- Insurance products to be sold through banks
- Banks to set up desks at branches to provide services

### BANK AND INSURANCE SECTORS: AT A GLANCE

Insurance premium in 2020: Tk 11,300cr
Insurance premium to GDP ratio: 0.4pc
Assets of insurance companies: Tk 56,900cr
Total bank branches: 10,803
Bank accounts: 12.35cr

SOURCE: BB AND SWISS RE INSTITUTE



# Bancassurance set to give much-needed fillip to insurance sector

AKM ZAMIR UDDIN

The government has taken an initiative to roll out bancassurance for the first time in the country with a view to bringing ordinary citizens under insurance coverage through banks.

Bancassurance is a partnership between a bank and an insurance company whereby the latter uses a bank's sales channel in order to sell insurance products to the lender's client base.

Depositors of banks will be able to avail insurance policies and deposit their premiums through the country's 10,803 bank branches under the arrangement. At present, banks have 12.35 crore accounts.

Both the Bangladesh Bank

and the Insurance Development and Regulatory Authority have taken a joint initiative under the guidance of the finance ministry.

Although the government has been working on the issue for the last two years as a part of its efforts to fulfil the Sustainable Development Goals of the insurance sector, the initiative gained tempo in the last couple of months.

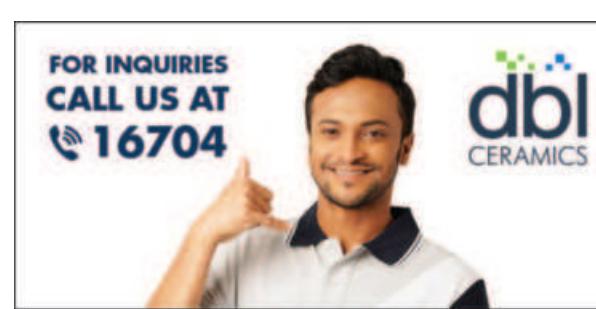
A 14-member technical committee was formed last month which gave a presentation on the issue at the ministry on February 3.

Mohammad Ashfaqur Rahman, a joint director of the BB and also the member secretary of the committee, presented details of the potentials of bancassurance.

A yearlong pilot programme is scheduled to commence from July before the arrangement is adopted in a full-fledged manner, said a Bangladesh

ministry.

Every branch of banks will set up dedicated units to provide insurance services to clients.



Bank official.

Both the BB and the IDRA will submit preliminary guidelines on bancassurance within a month to the finance

"The new arrangement will raise awareness among people about the importance of insurance," said Wafi Shafique Menhaz Khan, a deputy

managing director of Green Delta Insurance Company.

"It will also encourage people to buy insurance policies."

Originated in Europe in the 1980s, bancassurance has now become popular across the globe.

Many nations, including India, Myanmar, Bhutan, Nepal and Sri Lanka, have introduced the practice in order to expand their social safety nets.

The ratio of the premium collected by Bangladeshi insurance companies to GDP is only 0.4 per cent while it is more than 4 per cent in India, according to data from Switzerland-based research organisation Swiss Re Institute.

Clients adopting insurance policies paid premiums

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**Cut taxes on essentials to give respite to people**  
**Says CPD in budget proposals**

STAR BUSINESS REPORT

Amid higher inflation, the Centre for Policy Dialogue (CPD) yesterday called for cutting duties and taxes, both at import and domestic levels, for key essential commodities to provide respite to low and limited income families.

The independent think tank's proposal comes at a time when the queue of people at the trucks selling certain essentials at subsidised rates is getting longer with many complaining of returning empty.

State-run Trading Corporation of Bangladesh (TCB) has been selling edible oil, lentil and onion through trucks since February 3 to support low-income people struggling to make ends meet amid lower incomes and higher inflation rates.

The CPD placed the recommendations at a pre-budget discussion at the National Board of Revenue (NBR).

In its proposal, the CPD also suggested the NBR raise the tax-free income threshold for individuals to Tk 3.5 lakh for the next fiscal year from Tk 3 lakh presently, considering the added pressure of the rising food inflation and income erosion induced by the pandemic.

The second slab for personal income tax, which is 5 per cent for an additional Tk 1 lakh, should be increased to Tk 3 lakh to provide a cushion to low-income earners.

It, however, recommended reinstatement of the highest tax rate for individuals to 30 per cent from 25 per cent.

The CPD said the rate, which was reduced earlier, was against the cause of promoting tax justice.

On corporate income tax, it said the tax rate for the one-person company should be set at 30 per cent in line with the tax rate of non-publicly listed companies.

The value-added tax on English medium schools should be removed completely and immediately, according to the CPD.

"Education is not a luxury good, but a merit good which should be encouraged with subsidies and incentives, if possible."

The CPD said the price of cigarettes are cheap in Bangladesh and suggested the government eliminate tiers of taxation and replace them with a single system.

"Additionally, a specific tax, which is fixed per



People break out of queues in a mad rush on sensing the day's stocks fast running out from a truck of the Trading Corporation of Bangladesh offering soybean oil, sugar, lentil and onion at subsidised rates through its Open Market Sale programme near New Market in the capital yesterday.

PHOTO: AMRAN HOSSAIN



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## Land ready to develop Japanese economic zone: Kamal

STAR BUSINESS REPORT

A total of 1,000 acres of land in Araihazar upazila of Narayanganj has been prepared for a special economic zone (SEZ) dedicated to Japanese investors, according to Finance Minister AHM Mustafa Kamal.

The Bangladesh Economic Zones Authority (Beza) and Bangladesh SEZ Ltd will now sign an agreement to set up the SEZ, Kamal told reporters after a meeting of the cabinet committee on economic affairs yesterday.

Bangladesh SEZ Ltd is a "special purpose company" formed as a joint venture between Beza and Japan's Sumitomo Corporation for the development and management of this economic zone.

At the meeting, the cabinet committee approved in principle the proposal to sign a deal to this end.

Earlier on May 22, 2019, the cabinet committee approved the proposal to form a joint venture

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## Chaldal gets the nod to develop PSP services

STAR BUSINESS REPORT

Chaldal, the country's largest online grocery store, has recently received the no objection certificate (NOC) from the Bangladesh Bank to develop its subsidiary, Chaldal Payments, as a payment service provider (PSP).

The move comes at a time when most top tech start-ups in Bangladesh are working to expand their footprint in the financial technology sector considering the growing popularity of digital payments.

As such, many tech companies have already applied for NOCs to provide e-wallet and mobile wallet facilities, according to a central bank official.

For example, digital services platform Pathao is waiting for final clearance from the BB to launch PathaoPay. The company was issued an NOC to develop its PSP services in April 2021 and has since deployed the necessary technology to this end.

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**STOCKS**

DSEX 	CSCX 
0.44% 6,948.67	0.39% 12,191.74

**COMMODITIES**

Gold 	Oil 
\$1,894.32 (per ounce)	\$91.21 (per barrel)

**CURRENCIES**

STANDARD CHARTERED BANK			
BUY TK	85.05	95.65	114.78
SELL TK	86.05	99.45	118.58
USD	€EUR	£GBP	¥CNY

**ASIAN MARKETS**

Mumbai	Tokyo	Singapore	Shanghai
▼ 0.12% 57,232.06	▼ 1.69% 26,439.73	▼ 0.22% 3,393.00	▲ 0.93% 3,489.15




# NO.1

## SMARTPHONE BRAND IN BANGLADESH

Thanks to all of our business partners, users, fans for making realme the No. 1 Smartphone Brand in Bangladesh.

Source: Canalys Estimates (sell-in shipments), Smartphone Analysis, Q4 2021

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