

Brac Bank strengthens remittance network

STAR BUSINESS DESK

Shamsul Arefin, a Bangladeshi migrant worker of a construction firm in Penang, Malaysia, sent some money to Kishoreganj on the occasion of his sister's wedding.

However, Arefin said his family received the money only after the wedding was over. Thousands of Bangladeshi migrant workers like Arefin have had similar experiences while sending money back to Bangladesh.

As cross-border payments are always complex, involving multiple payment service providers such as exchange houses, banks, mobile wallets, etc., the process has to be ready to use at the individual level.

Brac Bank has built a network with the blend of local and foreign banks, exchange houses and agencies. The bank now has more than 65 partners from the Middle East to Southeast, Asia-Pacific to the US, UK to European countries and Africa.

Of them, Western Union, MoneyGram, Ria, and World Remit are the most popular. Non-resident Bangladeshi workers and migrant people in any corner of the world can send money easily through the Brac Bank network.

According to regulations, an individual cannot just send money through one of these operators. A bank in Bangladesh has to connect with a payment operator for disbursing the money.

N&P Japan Company Ltd is very popular among Bangladeshis living in Japan. However, they could not send remittance through the company as it did not have any bank as a partner back in Bangladesh. Brac Bank teamed up with this Japanese company and now all Bangladeshis in Japan can use its services to send money home where close to one lakh Bangladeshi expatriates are living.



The funds will be disbursed to rural women entrepreneurs to help them operate or expand their existing business so that they can mitigate the pandemic's fallout.

PHOTO: STAR/FILE

SME Foundation seeks Tk 200cr

To form fund for rural women entrepreneurs

SUKANTA HALDER

SME Foundation has sought Tk 200 crore from the government "to form a fund" to give out loans to small and medium enterprises (SMEs) owned by rural women for enabling continuation of operations and even expansions amidst the pandemic's fallout.

The fund's modus operandi will be decided once it is available, said SME Foundation's Managing Director Md Mafizur Rahman who sought the allocation through a letter to the Ministry of Industries on March 6.

"The foundation already distributed Tk 300 crore among entrepreneurs from the stimulus package announced by the government about five months ahead of schedule," said Rahman.

The government has till date allocated Tk 40,000 crore in two phases of equal amounts in a dedicated stimulus package for the disbursement of loans among cottage, micro, small and medium

enterprises.

Bangladesh Bank unveiled the first round worth Tk 20,000 crore in April 2020. Of the sum, 77 per cent was disbursed. Its tenure expired in June last year.

The BB allocated another Tk 20,000 crore for the current fiscal year. So far, only 39 per cent of it has been disbursed between July 1 and March 10 this fiscal year, according to data from the central bank.

According to the letter, the government allocated Tk 300 crore from the stimulus fund in favour of SME Foundation.

In fiscal year 2020-21, the foundation enabled 925 entrepreneurs to receive Tk 100 crore and in fiscal year 2021-22 another 2,183 Tk 200 crore.

Among the recipients, 736 were women entrepreneurs.

At least 80 per cent of cottage, micro and SMEs were affected by the pandemic, according to Md Ali Zaman, president of the SME Owners Association of

Bangladesh.

There is no official data on the number of CMSMEs in Bangladesh.

The last time a survey was carried out was back in 2013, when the total number of SMEs, excluding cottage and micro enterprises of which there are hundreds and thousands, was 79 lakh.

The sector contributed at least 25 per cent to Bangladesh's gross domestic product and generated as much as 90 per cent of the private sector jobs.

Last year in an event, Dhaka Chamber of Commerce and Industry President Rizwan Rahman said local industrialisation must be emphasised to achieve the export target of \$40 billion by 2030.

The cottage, micro and SMEs can add value to the local industry, he said, suggesting creating a specialised bank or fund to help SMEs recover from the pandemic-induced losses alongside formulating an act enabling their development.

Go for skills-driven competitiveness

Experts say at a programme

STAR BUSINESS REPORT

Bangladesh has to shift from preferential market access driven competitiveness to skills and productivity-driven competitiveness as there will be no preference after 2026, experts said.

They spoke at a virtual programme, styled "Second Bay of Bengal Economic Dialogue 2022: Building Resilient BIMSTEC", organised by the South Asian Network on Economic Modeling (Sanem) yesterday.

In the context of Covid-19 and the subsequent shifts in geo-political currents, it is imperative that the government and private sector expedite institutional framework for facilitating cross-border trade and investment.

The speakers observed that it is high time for BIMSTEC partners to discard any hesitancy related to engagement in free trade and other necessary agreements, and at the same time advance innovative solutions in relation to regional investments.

Professor Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue, attended the programme as a panellist.

He said it is necessary to develop wide cooperation, participation and value chains with the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) countries.

"In the 21st century, we see that Asian countries are major importers. When it comes to how we can increase Bangladesh's exports to that place, we need trade, investment and multimodal connectivity," Rahman said.

"If we can triangulate these three, then we can translate the comparative advantages into competitive advantages," he added.

Rahman went on to say that considering Bangladesh's impending graduation from a least developed country, regional cooperation will now be much more important.

"Almost all of our exports are to North America and the EU," he said.

Nisha Taneja, professor of the Indian Council for Research on International Economic Relations (ICRIER), India, said the three major pillars of business are trade, investment and connectivity.

These are the three pillars that would create and enable the regional value change to prosper.

G7 urges countries not to restrict food exports

AFP, Berlin

The Group of Seven industrialised nations on Friday urged countries not to limit their food exports over the war in Ukraine after a meeting of their agriculture ministers to discuss the crisis.

"We call upon all countries to keep their food and agricultural markets open and to take precautions against unjustified restrictive export measures," the G7 agriculture ministers said in a joint statement.

The agriculture minister from Germany, which currently holds the presidency of the G7, said he was "very concerned" about the potential impact of countries shutting off exports.

Local banks explore ways as SWIFT ban

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their dealing with their Russian counterparts to avoid punitive measures from the western nations and financial entities in case of violations of any global sanction.

VEB, one of the Russian lenders facing the embargo, has recently asked its Bangladeshi counterparts, including Agrani Bank and Sonali Bank, to suspend transactions through SWIFT.

Sonali Bank is settling transactions to import equipment for the Rooppur Nuclear Power Plant through VEB.

A managing director of a private bank said that the CIPS might be an alternative platform to do banking with Russia as it caters the same service as SWIFT is.

"As far as I know no local bank has had any participation in the CIPS. So, an agreement has to be signed with the Chinese entity," he said.

China's central bank launched the CIPS in 2015 as part of its efforts to widen the global use of the yuan and reduce dependency on US dollars for global transactions.

The CIPS, a messaging platform like SWIFT, can also move funds among the members.

The Chinese platform, however, does not have enough participating lenders though it served 672 overseas financial institutions, including from Russia, as of February, according to a Nikkei Asia

report published on March 3.

It had only 76 direct participants, mostly overseas subsidiaries or branches of Chinese banks, it said.

Besides, the yuan's share in the global payment is only 3.2 per cent in terms of value. This means the Chinese currency is nowhere near the US dollar, which dominates global payments and settlements.

Emranul Huq, managing director of Dhaka Bank, describes opting for the use of another platform to do banking with Russian lenders as highly sensitive amid Russia's invasion of Ukraine.

"Banks can't take such a decision on their own. Lenders should follow the government's stance on the issue," he said.

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, says that banks should follow the SWIFT's instruction with utmost caution so that they could avoid complexities emanating from the sanction.

Salehuddin Ahmed, a former governor of the central bank, urged the central bank to look into the matter so that the country could continue bilateral trade with Russia.

Russia has recently proposed Bangladesh use its own platform instead of SWIFT, he said.

"The government may consider it," he said, adding that the CIPS can be another option.

DRUGS OF HIGHEST SALES GROWTH



Cardiovascular	15.90%
Respiratory	13.90%
Blood and blood forming organs	13.05%
Alimentary tract and metabolism (including anti-ulcer)	12.50%
GU system and sex hormones	12.20%

Anti-ulcer drugs sales

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professor at the Bangabandhu Sheikh Mujib Medical University.

"Excessive use of oil and spices create more acid inside the stomach, so people take the drugs whenever they feel any metabolism disorder."

Since consumers find instant results by taking in the medicine, they don't visit doctors. "As a result, they take medicines even though they don't need to or they need something else," said the veteran physician.

Of the Tk 8,832 crore sales of alimentary tract and metabolism class medicines, anti-ulcer drugs netted Tk 3,419 crore. The receipts were 14.70 per cent of the total medicine sales.

"As people's income is rising, the consumption of medicines is growing as well," said Abdul Muktedir, chairman and managing director of Incepta Pharmaceuticals.

Per capita income in Bangladesh rose to \$2,591 in the last fiscal year of 2020-21, almost doubling from \$1,316 in 2014-15.

"When people's income climbs, they eat good food and maintain hygiene and

healthy lifestyles. This improves their health and boosts the immune system so the incidence of infectious diseases reduces," Muktedir said.

The annual growth of antibiotic drugs sales was 2.3 per cent, the lowest among all types of medicines, according to the analysis of UCB Asset Management.

In 2015, antibiotic medicines fetched Tk 2,199 crore or 18.40 per cent of the total sales. The sales amounted to Tk 3,283 crore in 2019-20, which was 14 per cent of the total turnover of the industry.

Muktedir says when life expectancy goes up, non-communicable diseases such as hypertension, diabetes, and arthritis also surge.

Mohammad Mujahidul Islam, executive director for marketing and sales of Eskayef Pharmaceuticals, echoed Muktedir, saying the sales of cardiovascular system-related medicines are rising as the number of old aged people is growing.

Sales of medicines used to heal cardiovascular diseases totalled Tk 1,147 crore in 2015, which was 9.60 per cent of the total receipts. It more than

doubled to Tk 2,631 crore in 2020 with 11.30 per cent shares in the sales.

About the slowdown of antibiotic medicine consumption, Islam says people have become aware of health hygiene so infectious diseases are on the wane comparatively.

"Most importantly, people are more aware that excessive use of antibiotics leads to antibiotic resistance."

M Mohibuz Zaman, chief operating officer of ACI Pharmaceuticals, says the use of antibiotics in Bangladesh had surged to an abnormal level.

The government, non-governmental organisations and pharmaceuticals companies are running programmes to raise awareness among people about the rational and proper use of antibiotics, so the growth of sales has slowed, he said.

Medicines related to respiratory problems netted Tk 1,051 crore for the manufacturers in 2015 and the market share was 8.80 per cent.

In 2020, it swelled to Tk 2,282 crore and the market share rose to 9.80 per cent.

MFS a revolution

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amount would be higher if information of Nagad is included in the Bangladesh Bank data. Launched in 2019, the MFS arm of Bangladesh Post Office is yet to get a full-fledged licence.

The types of service available has grown gradually. Initially, people opted for only sending and withdrawing money.

Currently, customers can top-up mobiles, make payments at physical shops and e-commerce platforms, pay utility bills, make payments for various fees including schools and colleges, transfer money among banks, send remittance, receive education stipends and many more.

In another major move, bKash joined hands with City Bank to roll out the country's first digital nano loan, highlighting what people could expect from the burgeoning MFS sector in the coming days.

The collateral-free and instant "Digital Nano Loan" helped Bangladesh enter a new era of digital lending.

Safety net disbursement through the MFS providers was also initiated in May 2020 during the initial wave of the pandemic.

The government disbursed old-age allowance, widow allowance, student stipends, allowances for people with special needs, the underprivileged, and students from financially insolvent families, farmers' allowance and in other areas using the MFS.

The MFS providers distributed about Tk 14,000 crore in 2021 on behalf of the government.

"People across the country have tremendously

benefited from the mobile financial services during the pandemic," said Atiur Rahman, former governor of Bangladesh Bank, at an event yesterday.

"We have witnessed, during the pandemic, that from the megacities to the remote char areas, low-income people have benefited from the MFS. So, we may say that mobile financial services have passed the corona exam," he said.

"When we initiated MFS in Bangladesh a decade ago, our focus was to ensure low-cost and accessible digital financial services to the low-income people living in the remote areas," said Rahman.

Unayan Shamannay and Knowledge Alliance organised the event on the former's premises to share the findings of a study on the 10 years of MFS in Bangladesh.

Low-income customers from char areas have opened MFS accounts in great numbers amidst the pandemic to avail government cash transfers, the study found. This was mainly due to the government decision to send cash transfers via MFS.

Consequently, confidence of the char customers has increased to a significant extent, it said, adding that people in remote area were increasingly paying their electricity bills and receiving remittances through MFS.

Khondoker Sakhawati Ali, founder at Knowledge Alliance, said half of the MFS accounts remain dormant as many of those were opened primarily to receive cash transfers from

the government amidst the pandemic.

He said operators have to come up with ways to encourage these customers to use those accounts for other purposes.

Economist Ahsan H Mansur said along with sending and receiving money, other uses of MFS need to be increased.

"It is very much possible to advance towards a 'cashless society' though effective utilisation of the MFS," he added.

At the end of last year, Rocket had 2.66 crore customers and top operator bKash over 5.80 crore. Nagad said it had 5.78 crore by the end of 2021.

Last year two MFS providers, Trust Axiata Pay (tap) and Upay, launched operations which further gave a boost to the sector.

BGMEA moves

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AAFA's comprehensive work ensures the continued success and growth of the global apparel and footwear industry, its suppliers, and customers.

"With this in mind, agreements with strategic partners around the world help reduce trade barriers, encourage sharing of Environment and Social Governance (ESG) best practices, and promote innovation on behalf of our members," said AAFA President Lamar.

"Today's collaboration marks increased capacity building to support joint practices and training to advance supply chain sustainability, expand trade opportunities, and improve the buyer-supplier partnership," he added.