

Asian stocks rally as fears ease over Ukraine, Fed and China

REUTERS, Tokyo

Hong Kong led strong gains in Asian stock markets on Thursday, buoyed by signs of progress in peace talks between Russia and Ukraine and by expectations of more support for China's wobbly economy.

Pan-European stock futures also looked set for a firmer open, pointing 0.21 per cent higher. US stock futures indicated a slightly lower restart, but followed a 2.2 per cent surge for the S&P 500 overnight.

Investors took in stride the long expected start of monetary tightening in the United States.

Treasury yields eased a little after spiking to nearly three-year highs overnight - with shorter-end yields rising more to flatten the curve - after the Fed on Wednesday raised the policy rate for the first time since 2018.

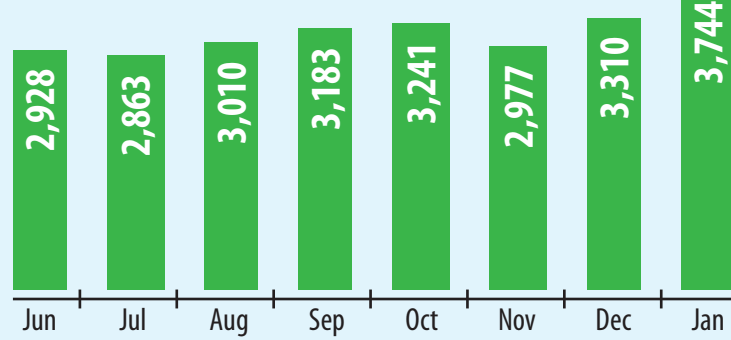
The Fed increased rates by a quarter point, as expected, and telegraphed equivalent hikes at every meeting for the remainder of this year to aggressively curb inflation.

The dollar, though, remained on the back foot and oil stabilized well south of recent multi-year highs amid signs of material progress in talks between Russia and Ukraine to end a three-week-old invasion that Moscow says is a "special military operation" to demilitarize its neighbour.

Meanwhile, investors' concerns about a sharp slowdown in China, which is battling a spreading Covid-19 outbreak with ultra-restrictive measures, were assuaged after Vice Premier Liu He on Wednesday signalled more stimulus to support the economy and markets, with additional supportive comments coming from the country's central bank, the securities regulator and elsewhere.

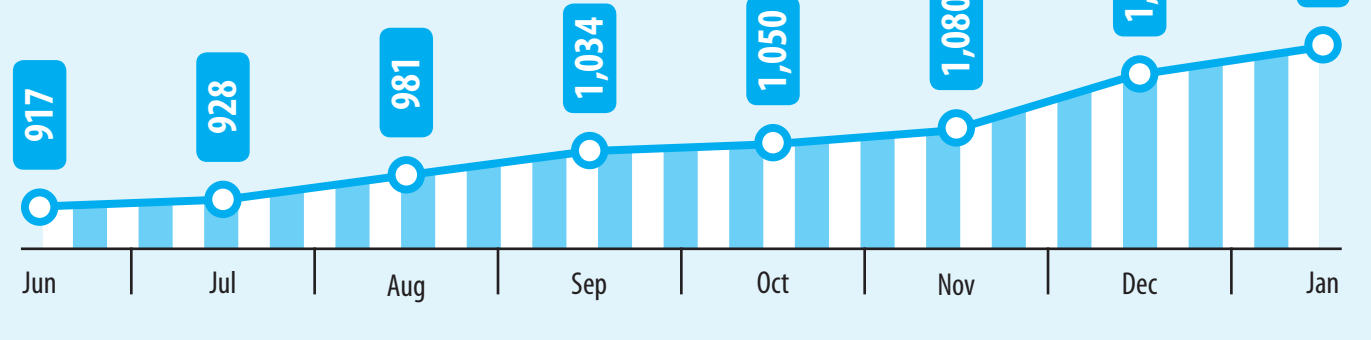
TRANSACTION THROUGH CRMs

(In crore taka)



Number of CRMs

SOURCE: BB



Cash recycling machines fast coming to the fore

AKM ZAMIR UDDIN

Banks are installing cash recycling machines at a faster pace as part of their efforts to provide deposit and cash withdrawal services to clients under the same platform.

This helps customers reduce reliance on branches and gives them more space to do banking.

The cash recycling machines are now making cash deposit machines obsolete, as the latter only allows injecting cash, and replacing automated teller machines (ATMs), which allow only fund withdrawals.

A cash recycling machine accepts cash, counts the notes, authenticates them, and credits the amount to accounts on a real-time basis, helping banks do away with the manual labour needed to provide the service. The technology is also allowing users to deposit and transfer cash to others' accounts.

A cash recycling machine helps clients avoid queues in front of branches in order to settle transactions in the cash counters as such type of facility is offered by the technology.

Banks in Bangladesh commenced installing cash recycling machines from 2017.

The number of machines stood at 1,261 as of January this year, up 59 per

cent year-on-year, showed data from the Bangladesh Bank.

Total transactions through cash recycling machines grew 97 per cent year-on-year to Tk 3,745 crore in January this year. Compared to December, transactions grew 13 per cent in January.

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Cash recycling machines are helping banks manage cash in an efficient manner as the notes deposited can be used for the withdrawal of funds by clients. As a result, banks do not need to inject cash into the cash recycling machines frequently.

This means the method helps lenders reduce their cost by providing multiple services to clients through a single platform.

The tool increasingly gained importance during the coronavirus pandemic as banks discouraged clients from engaging in branch-led banking.

The number of cash recycling machines will increase manifold within the next couple of years as many banks have taken initiatives to set up the digital tool.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said his bank had recently started focusing on setting up cash recycling machines given the potentials of this digital means.

The private bank has set up more than 20 cash recycling machines and it will install more machines in the days to come, he said.

Although the installment cost of a cash recycling machine is higher than that of an ATM, the convenience of the latest technology is excellent as it provides many services like a branch, he said.

This encourages banks to carry out branchless banking as clients can withdraw and deposit funds in tandem through cash recycling machines, Rahman said.

"We have a plan to install more cash recycling machines in the days ahead," he said.

The coronavirus pandemic has given a big boost to popularising the branchless banking riding on the various technology-driven means, a BB official said.

Cash recycling machine is one of the potential tools as clients do not require going to branch to withdraw or deposit funds with banks, he said.

Delivery Tiger gets courier service licence

STAR BUSINESS REPORT

Delivery Tiger recently received a courier service licence as it looks to run its e-commerce delivery business and collect the funds for cash-on-delivery.

Md Mohiuddin, chairman of the Mailing Operator and Courier Services Licensing Authority, handed over the documents of the licence to AKM Fahim Mashroor, chief executive officer of the courier service and parcel delivery platform, at the former's office in Dhaka.

"There are so many unauthorised courier services having mushroomed in recent times in the country and it raises risks of fraudulence in the sector," said Mohiuddin.



"So, we are now trying to streamline it and take measures so that the unauthorised courier service providers come under a legal framework," he said. He said the authority does not want to create any obstacle in the sector as it was flourishing with the success of e-commerce.

"But, the regulation will only be to ensure transparency and help the sector grow further," he added. Online e-commerce business is booming in the country but there are allegations that customers are not getting products on time.

At the same time, there are also allegations against some courier companies that they do not deposit the cash to merchants at the right time after collecting it from the customers.

Mashroor said cash-on-delivery for e-commerce has increased a lot after widespread scams that marred the sector.

"So, a licence for courier service and collection of cash for e-commerce delivery will help us to expand our service," he said. The licence is expected to protect customers and sellers from any risk of fraudulence, he added.

Toyota to cut global production by 17pc

REUTERS, Tokyo

Toyota Motor Corp said on Thursday it is cutting its global vehicle production target in April by 150,000 units to 750,000 as a continued semiconductor shortage and the Covid-19 pandemic bite into the automaker's production plans.

Average monthly global production for the period from April to June would be about 800,000 units, it added.

Toyota's global vehicle production would be down 10 per cent in May and 5 per cent in June compared to previous estimates made at the beginning of the year, a company executive said.

First jewellery expo kicks

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"Through this platform though, both traders and customers can find out about the products and designs currently available," Ahmed added.

A total of 65 gold traders are displaying their products at the fair, which will remain open from 10:00am to 8:00pm every day. There is no entry fee.

The owner of Apan Jewellers went on to say that the government currently gets only Tk 500 crore as annual revenue from the gold industry, but there was scope to increase it to Tk 5,000 crore.

"To do that though, gold smuggling needs to be stopped," Ahmed said while citing that any passenger can import 200

grammes of gold paying minimum duty.

"This encourages vested sectors to bring gold through syndicates," he added.

In a bid to encourage legal imports, Bangladesh Bank has been issuing licences since 2019 and 19 companies have availed it.

The commerce ministry estimates that the annual domestic demand for gold jewellery is between 20 tonnes to 40 tonnes.

Of this amount, only 10 per cent is met through the resale of old ornaments.

However, traders believe the actual demand is around 25 tonnes to 30 tonnes per annum, and has been growing by 5 to 7 per cent over the years.

Pranab Saha, general

secretary of Bajus's Chattogram unit, said there were now more than 25,000 gold traders in Bangladesh.

"After a goldsmith earns enough capital within three to five years of working for another artisan, they start their own business and this is expanding the industry," he added.

Dilip Kumar Agarwala, managing director of Diamond World, said there was a big future for gold trading in Bangladesh as people here count the precious metal as an asset.

"Purchasing gold is a kind of investment in our country as the price increased by at least 10 to 12 times in the last 20 years," he said.

Complaints against

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Till 2018, there were 1,246 complaints. With no results coming from filing complaints, the number reduced in the next three consecutive years, said a directorate official.

A total of 748, 546 and 659 complaints were filed in 2019, 2020 and 2021 respectively, according to the directorate data. Till February 15 this year, the number of complaints was 193, said a directorate official.

He said the maximum number of complaints was over being cheated by the companies through several internet data packages.

Other major complaints were charging for bills without informing the consumers about the issues and not providing services as per commitment, he said wishing to remain unnamed.

The directorate is active in cases that does not involve mobile phone operators, he said, adding, "We didn't solve those complaints as the HC is yet to deliver any judgement."

"Complainants became dissatisfied as they saw our inability," said the directorate Director (Admin and Finance) Monjur Mohammad Shariar.

Bangladesh Telecommunication Regulatory Commission (BTRC) is another organisation which could deal with consumers' complaints and they also have the right to issue enforcement order and penalise the operators.

Asked whether the complaints could be handed over to the BTRC to be resolved, Shariar said,

"No. Telecommunication is one of the eleven services in our law." "If there was an opportunity for a handover, it would have been mentioned in the law," he said.

The directorate Director General AHM Shafiquzzaman said he was new there and knew little about the issue.

"We want to settle the case as soon as possible. So that the consumers can get their complaints addressed," he said.

It is not appropriate to comment on a subjudice matter, said Brig Gen SM Farhad (retired), secretary general of the Association of Mobile Telecom Operators of Bangladesh (AmtoB).

Teletalk Managing Director Md Shahab Uddin initially agreed to talk but later did not pick up calls.

Ghulam Rahman, president of the Consumers Association of Bangladesh, said many consumers did not carefully read package offers issued by the operators and they got cheated.

"But if the complaints were settled, they could get a remedy and that's why the writ petition should be settled soon," he added.

On April 6, 2009, the government enacted the Consumer Rights Protection Act for the first time. Then on June 30, the Directorate of National Consumers Right Protection was formed.

From 2010 to February 2022, a total of 68,703 complaints have been filed with the directorate. Of these, 51,759 have been settled. The number of complaints waiting to be addressed is 16,944.

Germany plans extra borrowing

AFP, Berlin

The war in Ukraine and the fallout from soaring energy prices and sanctions against Russia will force Germany to take on more debt than expected this year, Finance Minister Christian Lindner said Wednesday.

After the government signed off on a "core" draft budget for 2022 that includes 99.7 billion euros (\$110 billion) in new debt, Lindner said a supplementary budget was in the works that will take into account Russia's invasion of Ukraine and its economic consequences. He declined to speculate how large the extra borrowing would be, saying the "uncertain times" made predictions difficult.

"With Russia's illegal attack on Ukraine, the world has changed once again and now we have to assume that we will also face additional burdens on the federal budget and additional expenditure," Lindner told a Berlin

press conference.

After years of chasing balanced budgets, traditionally frugal Germany took on huge debt in 2020 and 2021 to help Europe's biggest economy cope with the coronavirus pandemic, lifting its constitutionally enshrined debt limits to do so. Germany had hoped to scale down new borrowing in 2022 as it recovers from the coronavirus shock, but that was before the conflict in Ukraine shook the continent.

Talks are now ongoing among Germany's governing coalition parties - the Social Democrats, the Greens and Lindner's liberal FDP - about preparing a supplementary budget "as soon as possible", Lindner said.

The focus will be on costs for humanitarian aid abroad, help for Ukrainian refugees arriving in Germany, and support for households and businesses as the war drives up energy costs and disrupts supply chains.

Why investors not upbeat

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zone in exchange of giving just 15 per cent of the total instalments payable last year.

A top official of a listed bank, preferring anonymity, said it was true that the asset quality of all banks are deteriorating year after year.

Bank loans may turn into sour loans at times for economic reasons but the sad thing is that most of the NPLs were forcefully given even though it was known that the borrowers could default.

"So, the political pressure on banks

and influence of their directors should be reduced in order to improve the sector's overall quality," he added.

The banker went on to say that since listed banks float a huge number of shares, these companies are not convenient to gamble with and as a result, investors who wish to engage in such activities end up shunning the sector.

However, some of the listed banks do have good asset quality and show true NPL rates while keeping an adequate provision. "So, it is not expected

for every bank to have low share prices," he said.

Shahidul Islam, chief executive officer of VIPB Asset Management, said there are some irrationalities in the market as good companies sometimes have low share prices while those which perform poorly trade at higher rates.

"Investors should invest seeing the potential of the listed companies," he added.

Among 33 listed banks, 16 which had face values of Tk 10 traded below Tk 15 per share on Wednesday, DSE data showed.