

Monospool Paper's profit soars over 343pc

STAR BUSINESS REPORT

Bangladesh Monospool Paper Manufacturing Company Limited's profit jumped more than 343 per cent year-on-year in the financial year that ended on June 30, 2022.

The company reported earnings per share of Tk 5.45 for the year, which was Tk 1.23 a year earlier, driven by higher revenue and profit.

Net asset value per share rose to Tk 44.88 from Tk 40.43 in 2020-21, while net operating cash flow per share improved to Tk 719 from Tk 430.

The board recommended a 10 per cent cash and a 10 per cent stock dividend for 2021-22, according to post on the Dhaka Stock Exchange yesterday.

The stock dividend was declared in order to use the fund as working capital. The bonus shares were announced out of accumulated profit, it said.

Shares of Bangladesh Monospool Paper Manufacturing climbed 19.23 per cent on the DSE yesterday.

Citizens Bank to work as a primary dealer

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Citizens Bank PLC has been given the approval to work as a primary dealer for a year, said the central bank yesterday.

The decision will come into effect on October 1, according to a Bangladesh Bank notice.

As a primary dealer, the bank would be able to buy and sell government securities and bonds and take part in their auctions.

The BB move is aimed at bringing dynamism to the secondary market of securities and bonds.

Government securities market of Bangladesh are consisted of tradable and non-tradable securities. Non-tradable securities include national savings certificates and bonds that are only for retail investors.

Tradable securities include Treasury Bills (T-Bills) with maturities of 91, 182 and 364 days. Bangladesh Government Treasury Bonds (BGTB) have two, five, 10, 15, and 20 years of maturities.

Currently, there are 23 primary dealers in Bangladesh apart from Citizens Bank.

DCCI seeks greater market access to Turkey

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The Dhaka Chamber of Commerce and Industry (DCCI) has sought investment from Turkey and greater market access to the country in order to boost bilateral trade between the two nations.

In fiscal year 2020-21, two-way trade between Bangladesh and Turkey stood at \$871.55 million, which was in favour of Bangladesh, said DCCI President Rizwan Rahman at an event on Wednesday.

"But the volume of this trade is not at the expected level," he said in a press release.

Rahman is now leading an 86-member business delegation to Turkey to seek investment and market access.

Turkey is the 23rd largest export destination for Bangladesh and the 29th largest foreign investor in the country with investments amounting to \$30.51 million.

Rahman said the existing bilateral trade volume does not reflect the actual trade potential between the two countries.

"Bangladesh and Turkey can work together to form an effective D-8 economic bloc," he added.

The D-8 Organisation for Economic Cooperation, also known as Developing-8, is an organisation for development cooperation among Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey.

The DCCI chief also urged Turkey to exchange knowledge, transfer industrial technology, extend support in building the capacity of small and medium enterprises, and strengthen research collaboration and the agro-value chain.

He requested Turkish investors to invest in Bangladesh and import more products from the country.



People in Bangladesh are accustomed to digital financial services, agent banking, branchless banking, and mobile money.

PHOTO: STAR

Do more to keep financial inclusion momentum going

IMF Deputy Managing Director Antoinette M Sayeh urges Bangladesh

STAR BUSINESS REPORT

Bangladesh should do more to keep up its momentum in the area of financial inclusion, expand access and bridge the gender gaps that persist, said a top official of the International Monetary Fund (IMF).

While giving her opening remarks at a virtual discussion on "Fintech and Financial Inclusion and the Case of Bangladesh: Peer-Learning Series" on Wednesday, IMF Deputy Managing Director Antoinette M Sayeh said in Bangladesh, financial inclusion has been a decades-long journey to include segments of the population that previously had limited access to formal finance.

"This journey, which first began with microcredit, has since evolved to cover all aspects of financial inclusion—from access, to usage, and to quality," she said.

Today, the use of mobile phones for financial transactions is commonplace in Bangladesh. People are accustomed to digital financial services, agent banking, branchless banking, and mobile money.

Government policies have enabled small and medium sized enterprises and supported women entrepreneurs. And benefits have accrued not just to those in urban areas; the agricultural and rural sectors have also advanced thanks to policies, such as floors on credit, which are backed by refinancing lines on concessional terms."

"Of course, more work needs to be done to maintain this momentum, to expand access even more and to bridge the gender gaps that persist," said Sayeh.

The IMF senior official commended Bangladesh for the rich policy tapestry laid out in its latest financial inclusion strategy, which covers important aspects such as credit growth in priority sectors, MSME financing, gender priority, access to finance in rural

areas, and green financing.

She also acknowledged that Bangladesh has invested significantly in digital infrastructure and many new companies have emerged, building on that infrastructure.

"Continued emphasis in areas such as credit bureaus, asset registration, payment systems, and micro-finance institutions will further reduce the cost of financial services. For achieving some of these, collaborating with the private sector will be important but striking the right balance between encouraging innovation and ensuring financial stability remains vital."

"Of course, more work needs to be done to maintain this momentum, to expand access even more and to bridge the gender gaps that persist."

Sayeh said financial inclusion is a topic that is becoming an essential ingredient to building a modern and resilient economy.

She recognised the huge strides Asia-Pacific economies have made in digitalisation which is pervasive and growing in the region. "Indeed, it stands out by its sheer scale, with internet usage far exceeding numbers in other regions and underpinning widespread e-commerce and fintech."

And yet, she said, gaps in financial inclusion remain large—both within and across countries in Asia and the Pacific.

IMF research shows that close to half of the adult population in low- and middle-income economies in the region still do not have a bank account. Less than 10 per cent of them are able to borrow from formal financial institutions.

Small and medium enterprises, as well as

farmers, face limited access to credit. They often rely on informal markets for finance, where costs are high—leaving poor households vulnerable to shocks and poverty traps.

Within countries, too, there are gaps between the rich and poor, and between urban and rural areas. There is also work to be done on policies around consumer protection, supervisory capacity, enforcing privacy laws and providing inclusive insurance," said Sayeh.

She reinforced the criticality of financial inclusion as a macroeconomic priority.

"It is not just the right thing to do. Indeed, from a policy standpoint, it has the potential to reduce inequality and transform economic growth."

"Especially at a time when public coffers are running low and governments need to do more with limited fiscal space, financial inclusion—and with it, the expansion of the formal financial sector—can greatly improve the effectiveness of public financial management and enhance central banks' ability to stabilise economic activity. And here fintech can play a critical role."

In his presentation, Habibur Rahman, chief economist of the Bangladesh Bank, said the central bank is fostering a stable financial system.

"The BB is widening the coverage of financial inclusion through agent banking, reducing gender gap through the inclusion of unbanked women, and developing strategies to reach underprivileged people and increase usage of financial services."

Over the last decade, the availability of financial services points increased significantly in terms of both access to bank branches and automated teller machines (ATMs). The number of ATMs has jumped sharply.

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DIGITAL DARE

Does Bangladesh need 5G now?

MAHTAB UDDIN AHMED

During a rural market visit a few years ago, I discovered, to my amusement, a keen interest in 5G penetration among the villagers. When I asked why they need 5G at all, as most did not have a smartphone, their shy excuses said it all. And why not, I urged them. There is nothing wrong with dreaming high.

Bangladesh is growing fast with making "Vision 2041" a reality. The Perspective Plan of Bangladesh aims to reach the status of upper middle-income country by 2031 and high-income status by 2041. The internet and digital technology are going to be the key tools in implementing the plan.

Digital inclusion is a crucial component of this journey with access to reliable and affordable connectivity being essential to the government's aspiration towards its "Vision 2041".

The reach of mobile networks has galloped with over 95 per cent of the population covered by 4G mobile broadband networks. Despite massive investments in the sector with its rapid expansion of 4G coverage, there is still a significant usage gap of 67 per cent.

Interestingly, of the remaining 33 per cent, only 28 per cent subscribed to a mobile internet service in 2020. The lag between 4G coverage and the share of 4G connections only goes to emphasise that demand does not automatically follow supply.

Let's understand what 5G has to offer. 5G is designed to do a variety of things that can transform our lives, including faster download speeds, low latency, and more capacity and connectivity for billions of devices – especially in the areas of virtual

reality, the internet of things, and artificial intelligence. Its use would result in smarter logistics, advanced healthcare, modernised mining and much more.

If data usage is further analysed, almost two-thirds of it is being used for watching YouTube and social media engagements.

Then, does it make sense to invest in 5G for YouTube, Facebook, TikTok etc.?

Amid forex reserve constraints, Executive Committee of the National Economic Council has put Teletalk's 5G expansion project on hold for now.

Planning Minister MA Mannan has announced that "the prime minister thinks Teletalk's 5G project is not needed right now. Its 4G service needs to be ensured first in all parts of Bangladesh". He further said, "not just Teletalk, all mobile operators have been asked to increase their 4G coverage".

With the current lack of 5G usage in Bangladesh, the government's pragmatic decision to delay the 5G launch/expansion is commendable. The investment in 5G would yield no benefits for either the country or the companies involved in the short-medium term.

It is also laudable that the telecom regulator has auctioned spectrum at a reasonable price to ensure 4G coverage and quality.

However, operators would still prefer to embark on 5G merely to take early movers' advantage and for the sake of competitive benefits despite the lack of sufficient use cases to justify it. With the existing spectrum available for 5G with operators, private 5G services may be offered selectively to reap benefits in areas like ports, mining etc.

Before launching 5G, it is imperative to ensure a collaboration between the government and multi-stakeholders to address current usage by means of taxation (on user), regulation, local content, use cases and coverage barriers (fragmented licensing, discriminatory tax on operators) and so on.

There is no denial that 5G is essential to achieve Bangladesh's 2041 goal. But it is not an immediate requirement given the huge investment involved, the current ecosystem and forex reserve constraints far outweigh the desired benefits.

Rather the stakeholders should use this wait time to ensure digital inclusion through 4G network and, prepare better for 5G with sufficient use cases and infrastructure readiness.

The author is a telecom and management expert.



Locals and foreign tourists shop at the Grand Bazaar in Istanbul. Turkey is the 23rd largest export destination for Bangladesh, and two-way trade between the two countries was \$871.55 million in the fiscal year of 2020-21.

Paper Processing's profit surges 244pc

STAR BUSINESS REPORT

Paper Processing & Packaging Limited's profit surged more than 244 per cent year-on-year in the financial year that ended on June 30.

The company reported earnings per share of Tk 4.62 for 2021-22, which was Tk 1.34 in 2020-21.

EPS went up due to an increase in revenue and profit this year compared to the previous year, said the company in a filing on the Dhaka bourse yesterday.

Net asset value per share rose to Tk 31.59 from Tk 27.97 but the net operating cash flow per share slipped to Tk 0.95 from Tk 2.76 a year earlier.

The board of Paper Processing recommended an 8 per cent cash and a 7 per cent stock dividend for 2021-22. The stock dividend was declared for the utilisation of the fund as working capital, it said.