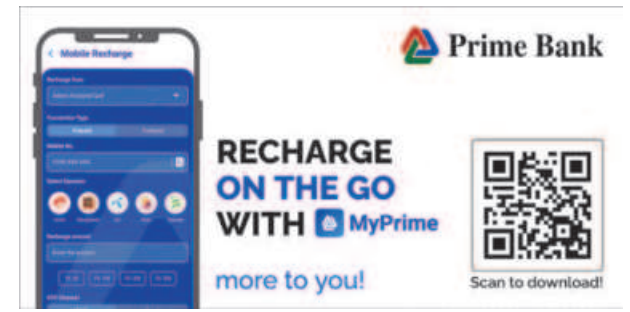


Star BUSINESS



IDRA asks insurers to hire actuaries

SUKANTA HALDER

The insurance regulator of Bangladesh has directed all life insurers to set up an actuarial department and appoint actuaries with a view to assessing and managing the risks of financial investments and insurance policies.

This is because no life insurer can carry out business in a transparent and orderly manner and protect the interests of customers without proper application of the techniques of practical actuarial science, said the Insurance Development and Regulatory Authority (IDRA) in a circular on November 13.

An actuary uses math and statistics to estimate the financial impact of uncertainty and help clients minimise risk. He or she can assess and manage the risks of financial investments, insurance policies, and other potentially risky ventures.

Currently, there are 35 life insurance companies in Bangladesh, but only one firm has a permanent actuary

Currently, there are 35 life insurance companies in Bangladesh, but only one firm has a permanent actuary, said an official of the IDRA.

"The rest of the companies take the service for valuation and product designs through outsourcing."

The official, however, said some life insurance companies have actuarial departments.

Since they have not hired actuaries, risk analysis is not done properly. As a result, customers face trouble many times, he said.

The actuary concept has not taken shape in Bangladesh for various reasons.

The IDRA official said 15-20 Bangladeshi actuaries work in various companies outside the country. But they don't want to come to Bangladesh because the insurance market is not growing in a proper manner.

The actuarial department must consist of at least two regular officers. The actuarial department of a life insurer having a life fund of more

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Bangladesh, which raked in \$42.61 billion in garment exports in the last financial year, has a 6.8 per cent market share in the global apparel supply chain. The photo was taken from a fair organised as part of the Made in Bangladesh Week 2022 at Bangabandhu International Conference Centre in Dhaka on Monday.

PHOTO: RASHED SHUMON

H&M has big sourcing plan for Bangladesh

Says a senior official of Swedish retail giant

STAR BUSINESS REPORT

H&M has a big plan for sourcing for Bangladesh although the price will increase by up to 12 per cent following the country's graduation from the grouping of the least developed countries in 2026, said a senior official of the Swedish retail giant yesterday.

After becoming a developing nation, Bangladesh will lose its preferential market access and face 10 to 12 per cent duty on its exports. However, it will enjoy the duty preference in the European Union up to 2029 as the trade bloc has extended a three-year grace period.

"We are committed to our suppliers. And Bangladesh is the safest sourcing destination among all 19 sourcing destinations of H&M," said Ziaur Rahman, regional country manager for production at H&M for Bangladesh, Pakistan and Ethiopia.

"We will be staying here," Rahman was speaking as one of the panellists at a discussion on "Bangladesh's LDC graduation: Impediments and Way Forward" at the Made in Bangladesh Week at the International Convention

City, Bashundhara in Dhaka.

H&M is the single largest foreign clothing buyer in Bangladesh, sourcing more than \$3.50 billion worth of apparel last year. The Swedish clothing retailer sources 20 per cent of its products from the country.

The comment from Rahman comes as the Bangladesh Garment

global apparel supply chain.

Rahman, however, noted that 18 per cent to 20 per cent of products that his company sources from Bangladesh would be affected by the duty imposition after graduation.

He suggested Bangladesh improve product diversity as more than 75 per cent of exported

workers in Bangladesh go up, H&M would also increase the prices of products sourced from the country to help manufacturers compensate for additional expenses.

Bangladesh is the largest sourcing destination for British multinational retailer Marks and Spencer Group. And its regional head for Bangladesh and India Shwapna Bhowmick said local manufacturers need to use more manmade fibre (MMF) to increase garment exports.

Globally, the use of artificial fibre is rising.

MMF apparel items accounted for \$222 billion of the \$440 billion global garments market last year when cotton-based products contributed \$190 billion.

Apparel exports from Bangladesh will cross \$95 billion by 2030 if the country can expand its share in the global market for MMF to 12 per cent from less than 5 per cent at present, according to a recent study.

Worldwide, almost half of all apparel exports are of MMF products while 42 per cent are cotton-based garment items. In Bangladesh, 72 per cent of the

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Manufacturers and Exporters Association (BGMEA) has set a target to raise the nation's share in the global apparel market to double-digit in three years and earn \$100 billion by 2030.

The country, which raked in \$42.61 billion in garment exports in the last financial year that ended in June despite economic slowdown across the world, has a 6.8 per cent market share in the

garment items are confined to the top five products although the country is the second-largest apparel supplier in the world.

"Improvement of efficiency and making more garments from the manmade fibre can help overcome the challenges of the duty imposition after the LDC graduation," he said.

In another assurance, Rahman said if the wages of garment

Global Islami Bank plunges below face value on stock debut

STAR BUSINESS REPORT

Global Islami Bank (GIB) saw its share prices fall below the book value on its market debut yesterday, an unusual event in Bangladesh's stock market where companies usually register a rise, at least for the first few days.

The private bank's stocks closed at Tk 9, down 10 per cent from its face-value of Tk 10.

It apparently reflects the poor confidence investors have on the lender, which was once headed by PK Halder, who, along with his associates, swindled around Tk 10,000 crore from four financial institutions, including Reliance Finance, according to the Anti-Corruption Commission.

Yesterday, only 11,817 shares of the GIB were traded in short bursts and for most of the trading period there was no buyer for the stock at Dhaka Stock Exchange.

"Investors' confidence on the banking sector is low while their stocks are also suffering for failing to get investors. This, along with the lack of confidence on this bank, has affected its share prices," said a top official of a merchant bank, preferring anonymity.

The number of shares of the bank is also high, so the price fell, he added.

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FOREIGN CREDIT Importers can defer payments for raw materials

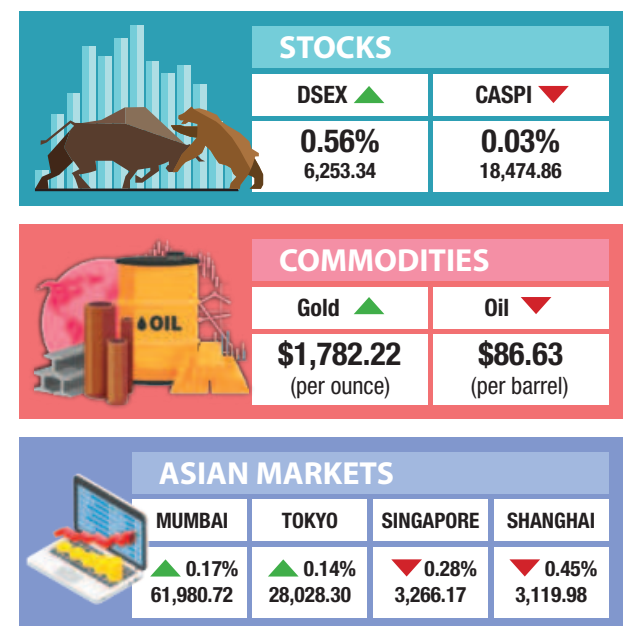
STAR BUSINESS REPORT

Bangladesh Bank yesterday allowed local importers to defer payments for foreign credit supports for another six months for industrial raw materials, agricultural equipment and chemical fertilisers.

Amidst the pandemic-induced risks looming over businesses, the central bank had earlier allowed deferring the payments against supplier's and buyer's credit till December this year.

Under the supplier's credit, foreign suppliers offer credit for a period.

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In spite of incurring heavy losses last season, Tamir Uddin of Nashipur village in Dinajpur cultivated an early variety of potato on 40 decimals of land with hopes of securing higher prices before seasonal harvests pull rates down. He hopes to get around 45 maunds (one maund equals around 37 kilogrammes) at the end of January next year. The tuber is selling for Tk 17 to Tk 18 per kilogramme at local markets nowadays. The Department of Agricultural Extension's Dinajpur office is yet to fix a target for potato cultivation. Last year, 47,390 hectares of land were cultivated, yielding 105,175 tonnes.

PHOTO: KONGKON KARMAKER

Depositors' money completely protected

ABB says vested quarter spreading rumours

AKM ZAMIR UDDIN

The Association of Banks, Bangladesh (ABB), a platform of managing directors of banks in Bangladesh, yesterday said depositors' money in banks were completely protected as lenders were now enjoying a hefty amount of excess liquidity.

"There is no reason to panic regarding the deposits kept in banks by the masses," Selim RF Hussain, chairman of the ABB, told The Daily Star in an interview.

"Banks are quite strong when it comes to repaying the depositors given their strong liquidity base," he said.

The amount of excess liquidity in the banking sector now stands at around Tk 169,000 crore, showed data from Bangladesh Bank.

The central bank always provides liquidity support to banks, which usually face cash shortages. And the BB is now also giving the same cash support such that depositors can withdraw money they require from lenders at any time, he said.

A vested quarter is now trying to mislead people about the country's banking sector by spreading rumours on various social media platforms in order to erode depositors' confidence on lenders, Hussain said.

"The group has ill-intentions. It is trying to weaken the country's economy by spreading rumours to create a distrust of banks among the ordinary people," he said.

The vested group is now spreading fake news capitalising on the ongoing stress on the foreign exchange market, said Hussain, also the managing director of Brac Bank.

Banks have already taken up several initiatives to restore stability in the foreign exchange market with the help of the central bank, he said.

A good number of banks are now opening letters of credit (LCs) cautiously, which he termed as a time-befitting move as the lenders are now facing a shortage of dollars.

The prices of many essential

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