Bproperty to merge with Digital Classifieds Group

STAR BUSINESS REPORT

Bproperty, a real estate solutions provider in Bangladesh, has announced that it will merge with Australian-based Digital Classifieds Group (DCG).

To this end, an agreement was signed between two companies at the office of Bproperty in Dhaka yesterday, according to a press release.

The deal means Bproperty now has access to even more resources to enhance its services, while DCG substantially grows its footprint in frontier markets, it said.

DCG has built dominant property classifieds in frontier markets since 2009, and is operating in Cambodia, Papua New Guinea, Laos and Fiji, under a joint venture with FazWaz Group, a Thailand-based property technology firm.

Bproperty is creating a secure property marketplace where sellers, buyers, landlords, and tenants can safely engage in a streamlined and transparent process to achieve their goals, the press release added.

US and EU to launch first ever AI deal

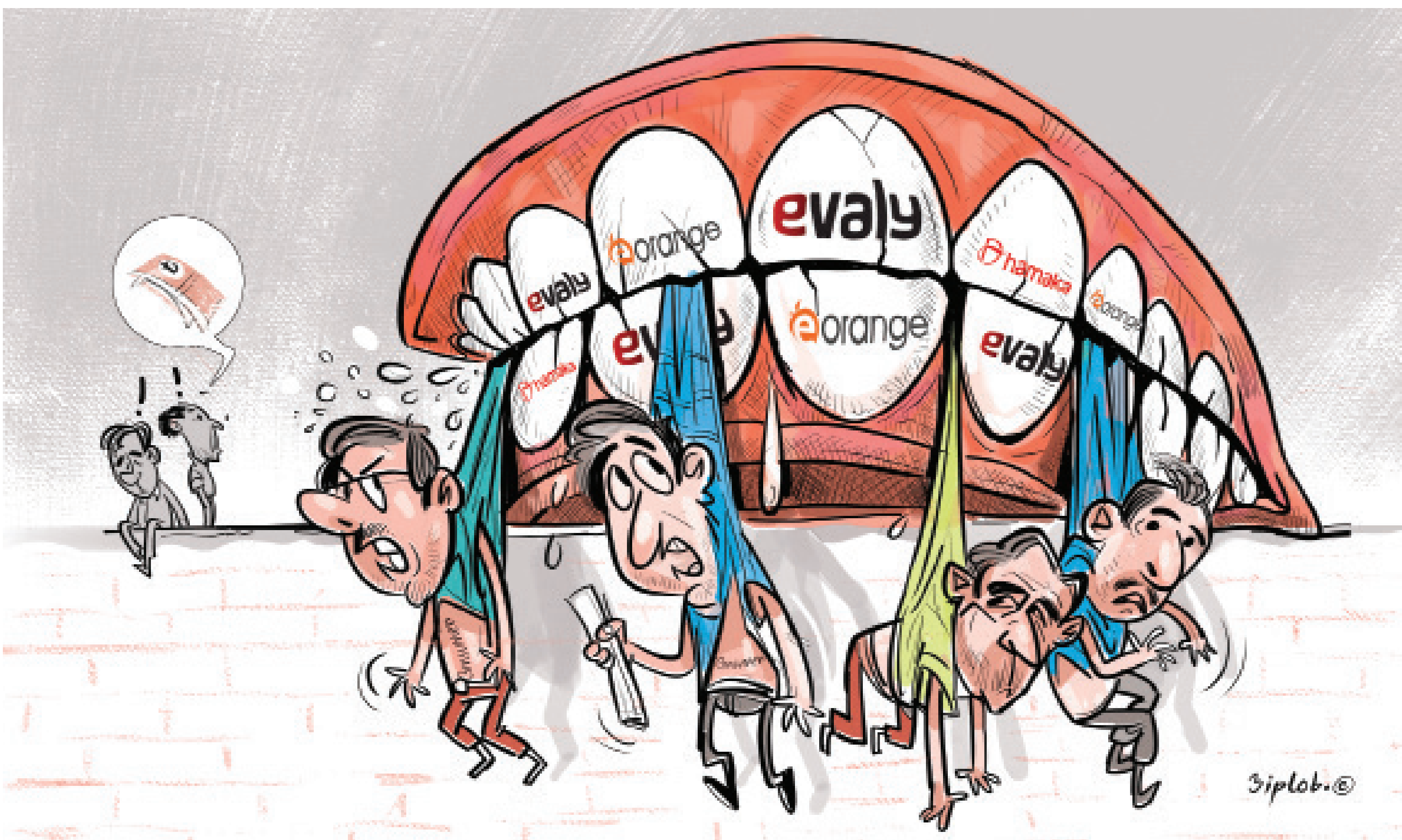
RETUERS, *Washington*

The United States and European Union on Friday announced an agreement to speed up and enhance the use of artificial intelligence to improve agriculture, healthcare, emergency response, climate forecasting and the electric grid.

A senior US administration official, discussing the initiative shortly before the official announcement, called it the first sweeping AI agreement between the United States and Europe. Previously, agreements on the issue had been limited to specific areas such as enhancing privacy, the official said.

AI modeling, which refers to machine-learning algorithms that use data to make logical decisions, could be used to improve the speed and efficiency of government operations and services.

"The magic here is in building joint models (while) leaving data where it is," the senior administration official said.



Draft digital commerce act draws mixed reactions

MAHMUDUL HASAN

A draft of the new digital commerce law has drawn mixed reactions from industry people and customers alike as some believe a legal framework is necessary to prevent fraud while others opined that it would lead to increased bureaucracy in the emerging sector.

The law comes amid widespread scams centring the e-commerce sector in 2021 as some fraudulent platforms embezzled thousands of crores of taka from customers and merchants.

The commerce ministry has already sent the draft "Digital Commerce Act 2023," to different stakeholders and formed a committee to review it.

In absence of recognised laws in the field of digital commerce, some irregularities have been observed and a legal framework is needed to prevent them, according to the commerce ministry.

The Digital Commerce Act aims to facilitate expansion and maintain discipline by preventing, suppressing and prosecuting fraudulent activities in the sector.

Besides, a Digital Commerce Authority, featuring a director general and three directors, will be established to implement the act.

Certain players in the e-commerce sector have expressed displeasure regarding the proposed measures, saying that it is unnecessary to form a dedicated regulatory body as the existing legal framework is sufficient to ensure discipline.

"We don't need a new law or regulatory body, what we need is proper implementation of the existing laws," said Fahim Mashroor, chief executive officer of Bdjobs.com and AjkerDeal.

Had not the Directorate of National Consumers' Right Protection (DNCRP) turned a deaf ear to the thousands of complaints on Evaly and other platforms, there would not have been any such scams in the sector.

He then said it is enough to increase the capacity of the DNCRP, the state agency responsible for hearing and addressing consumer complaints about goods and services, to bring discipline in the sector.

Md Hafizur Rahman, additional secretary of the commerce ministry and chief of the digital commerce cell, tried to quell these concerns by stating that the act is merely in its draft phase.

"A committee has been formed to evaluate it thoroughly," he said.

"The law will not do any harm to the sector. There was an instruction from the high court to formulate a law and the national digital Bangladesh committee also directed it," Rahman added.

The Daily Star spoke to several e-commerce customers to get their opinion about the law. Some expressed support, describing it as a positive step forward, while others are suspicious about the effectiveness and see it as damaging for the sector.

The Digital Commerce Act aims to facilitate expansion and maintain discipline by preventing, suppressing and prosecuting fraudulent activities in the sector. Besides, a Digital Commerce Authority will be established to implement the act.

Md Jahidul Alam, a private sector employee, said there was enough scope for government bodies to prevent fraud in past years, but they failed in this regard.

"So, I am not sure if it [the proposed law] will bring any positive change or choke off the sector with more surveillance," he added.

However, Md Hussain, a resident of Dhaka's Agargaon, said without a regulatory body and law, it is impossible to weed out deceitful practices in the sector.

Biplob G Rahul, chief executive officer of eCourier, said a new regulatory body is needed for the sector, but the draft should be amended thoroughly.

THE DRAFT LAW

As per the draft Digital Commerce Act, online platforms will be fined three times the value of goods and services sold if they fail to deliver them within the stipulated time. In addition, failure to pay such fines will result in a maximum of three months of imprisonment.

For advertising illegal goods and services or organising online gambling and betting, there will be a fine of Tk 3 lakh or three years of prison or both.

The draft states that arranging lotteries, creating digital wallets and cash vouchers without permission is punishable by a fine of Tk 2 lakh, six months imprisonment or both.

The proposed law also makes it mandatory for online platforms to disclose accurate information about the description, size and measurement of goods and services in the digital marketplace.

A customer can pay cash on delivery or make advance payments and digital commerce organisations should have such alternatives.

As such, customers can use any credit card, debit card or mobile financial services approved by Bangladesh Bank for advance payment, it added.

However, under no circumstance can funds be deposited directly into the bank of the digital merchant or online seller. So, businesses must have an agreement with a payment gateway organisation.

As per the draft, e-commerce platforms will have to specify the maximum purchase orders for a customer. For daily essentials, the maximum purchase order limit is five per product and the limit is two for luxury goods.

However, if the value of a luxury good is less than Tk 1,000, customers can purchase five at a time.

An executive of an e-commerce platform said this will put an end to online business-to-business platforms.

Rahman of the commerce ministry said this provision will be scraped from the draft, enabling customers to purchase as much as they want.

Mashroor of AjkerDeal said making it mandatory to have a digital business identity in the law will discourage women and small and medium sized platforms from entering digital commerce.

Trade-based money laundering threat to economy

MAMUN RASHID

Trade-based money laundering (TBML) is a silent killer that is undermining the very foundations of Bangladesh's economic growth. As an emerging economy and, more so, an expanding trading nation that is going through LDC graduation, Bangladesh is particularly vulnerable to TBML. This illicit activity is weakening financial institutions, eroding foreign currency reserves, and undermining international trade, leaving the country's economy in shambles and stakeholders in despair.

TBML, also known as trade mis-invoicing, has become rampant primarily to evade taxes and hide the source of illicit funds. By using over-invoicing technique, the value of goods or services is artificially inflated, allowing the launderer to move more money out of the country than would otherwise be possible.

The opposite of this trade involves artificially deflating the cost of goods or services on invoices, thereby evading tax. Mis-invoicing is also largely used where goods or services are misclassified on invoices to avoid customs duties or taxes. For example, declaring a shipment of machinery as "machinery parts" instead of "machinery".

Another way is using trans-shipment, which involves shipping goods to an intermediary destination before they are shipped to their final destination. This can be done to inflate the value of goods or avoid duties or taxes. Ghost-shipping, multiple invoicing, and falsifying trade documents are also commonly used to avoid taxes and tariffs and conceal the true nature of the transactions.

These methods can be quite difficult to detect. The lack of good governance and weak regulatory oversight in Bangladesh is exacerbating the problem of TBML. The Bangladesh Financial Intelligence Unit (BFIU) and the National Board of Revenue (NBR) have primary responsibilities for scrutinising trade transactions for TBML, but they may be under-resourced and lack the necessary expertise to detect and prevent TBML.

One of the preventive measures that can be implemented is to carry out due diligence on trade transactions, especially in high-risk sectors, trade routes and parties involved. Banks can significantly contribute by doing know-your-customer checks as part of increased due diligence while onboarding new clients.

Technological advancements, particularly in the areas of big data and analytics, can aid in making connections and preventing and combating TBML. The use of Artificial Intelligence and data analytics can help give banks and financial institutions a complete picture of their client data. Moreover, the use of blockchain technology can be helpful in detecting TBML by providing transparency and immutability of trade transactions.

Raising public awareness and providing training and capacity-building for law enforcement agencies, financial institutions, and trade-related businesses on how to detect and prevent TBML can also be effective in preventing TBML. Analysts working with TBML alerts frequently struggle to comprehend challenging paperwork, complicated items, and pricing-related concerns. The anti-money laundering compliance teams need to engage in specialised knowledge building and training.

The role of the customs officials is also very important because they may compare the amount and quality of the goods with the price that the trader has specified and look for discrepancies in the product description and pricing.

TBML poses a significant threat to the economy and society of Bangladesh. To effectively prevent it, a comprehensive approach that combines multiple strategies is needed. This includes significant investments in resources and technology, strengthening regulations and oversight, enhancing transparency and information sharing, and enhanced cooperation between government, private sector, and international partners, and, maybe, more importantly, political commitment and business accountability.

The author is an economic analyst

Govt moves to frame logistics dev policy

Forms 29-member panel

STAR BUSINESS REPORT

The government has formed a 29-member committee to ensure an efficient transportation of goods and services and the overall development of the logistics sector in Bangladesh.

M Tofazzel Hossain Miah, principal secretary to the prime minister, will chair the committee titled "National Logistics Development and Coordinating Committee", according to a gazette notification issued on January 25.

As per the notification, the committee will formulate the National Logistics Development Policy, provide policy support and facilitate existing policy frameworks to attract investment in the logistics sector.

It will also provide overall guidance in formulating policies and development strategies for the logistics sub-sector.

On top of that, the committee will monitor, review and evaluate the progress of implementing the overall logistics development strategy.

The move comes as the logistics sector is failing to support the fast-growing economy.

Due to poor logistics and clearance services in the country's ports and highways, Bangladesh is missing out on at least 20 per cent of its export potential.

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Due to poor logistics and clearance services in the country's ports and highways, Bangladesh is missing out on at least 20 per cent of its export potential, according to a think-tank. PHOTO: STAR/FILE

DIESEL PRICE

EU cap to limit Moscow's choice of buyers

REUTERS, *London*

A proposed EU price cap on Russian diesel may be high enough to allow Moscow to continue exporting the fuel, but in practice could deter big Asian buyers who have become used to buying cheap Russian crude to refine it themselves, analysts say.

The European Commission is proposing that the EU set a $100/bbl price cap on Russian diesel and a $45/bbl per barrel cap on discounted products like fuel oil, EU officials said.

The February 5 price caps and EU ban on Russian oil product imports are part of several measures the West is using to slash Russia's export revenues, limiting

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