Most shares unchanged amid low investor participation

STAR BUSINESS REPORT

Most shares on the Dhaka and Chittagong stock exchanges did not see any price movement yesterday as investors refrained from making fresh bets amid persisting uncertainty.

The DSEX, the benchmark index of the Dhaka Stock Exchange, lost 3 points, or 0.05 per cent, to close the day at 6,204.

The DS30, the blue-chip index, decreased 0.08 per cent to 2,215 while the DSES, the shariah-compliant index, went down 0.2 per cent to 1,349.

"The Dhaka stocks continued bleeding amid low turnover. The risk-averse investors opted for liquidating their position to escape further losses on their portfolios," said International Leasing Securities Ltd, a brokerage house, in its daily market analysis.

Following the previous session, the market opened with a downward movement and observed volatility in the morning session. Later, the bargain hunters tried to reverse the downward trend but failed ultimately, it said.

Turnover, a key indicator of the market, fell 23 per cent to Tk 344 crore. Of the securities, 51 advanced, 35 declined and 234 did not show any price movement.

Among the sectors, life insurance rose 0.9 per cent, services were up 0.7 per cent and jute added 0.4 per cent. On the other hand, the travel sector lost 1.5 per cent, the tannery sector edged down 0.5 per cent, and the textile sector went down 0.3 per cent.

Investors' concentration was mainly focused on the pharmaceuticals sector, which constituted 22.8 per cent of the day's turnover. The IT and the life insurance sectors accounted for 12.9 per cent and 12.4 per cent of the turnover, respectively.

Shyampur Sugar Mills posted the highest appreciation on the day, advancing 7.36 per cent. Imam Button Industries Ltd rose 7 per cent and Legacy Footwear Ltd won 4.96 per cent.

Al-Haj Textile Mills suffered the sharpest fall, declining 10 per cent. Bengal Windsor Thermoplastics gave up 9.94 per cent and Orion Infusion shed 5.38 per cent.

Sea Pearl Beach Resort & Spa was the most-traded stock with its shares worth Tk 14.96 crore changing hands. Rupali Life Insurance Company, Shinepukur Ceramics, and ADN Telecom saw significant turnovers as well.

The Caspi, the all-share price index of the Chittagong Stock Exchange, remained almost flat to close at 18,324. Of the issues, 30 rose, 27 retreated and 120 did not see any price swing.

Turnover of the port city bourse plummeted more than 64.7 per cent to Tk 8.27 crore.

Nagad to make cash withdrawal free

Says its Managing Director Tanvir A Mishuk

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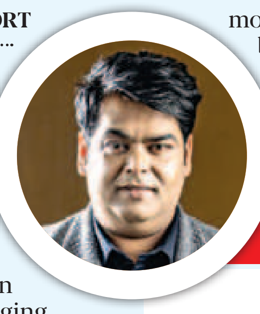

Nagad will offer free-of-charge cash withdrawal service to its account-holders by this year in order to accelerate Bangladesh's financial inclusion drive, said its Managing Director Tanvir A Mishuk.

"The free-of-charge service for cash-outs will not create any negative impact on the earnings. Rather, it will help expand our business to a large extent," he said during an interview with The Daily Star recently.

Clients of mobile financial service (MFS) providers in Bangladesh now pay Tk 10 to Tk 18.50 per Tk 1,000 withdrawal.

Mishuk says that Nagad Ltd, one of the largest MFS operators in the country, will provide the service to its clients through its upcoming non-bank financial institution, Nagad Finance PLC.

The central bank gave the letter of intent to Nagad Finance on August 30. On January 12 this year, the Bangladesh Bank decided in principle to allow Nagad Finance to run MFS, the first such approval granted to any NBFI in the country.

The new NBFI will commence its operation upon getting the licence from the central bank, Mishuk said.

"Clients can now withdraw funds from their banks without any charge. The same should apply to the clients of MFS providers as well."

Nagad Finance plans to roll out various financial services for micro-businesses and the underprivileged groups. For instance, disbursing loans and mobilising deposits will be operated through the MFS provider, which has 7.25 crore users.

According to Mishuk, around 60 per cent of the country's people take loans from formal and informal channels at higher interest rates. Some microfinance institutions even charge 30-40 per cent interest rates.

"Such rates are not viable. We have the plan to break the system in the next two years so that micro-businesses can secure loans at a single digit," he said, adding that the NBFI would also provide collateral-free loans.

He said Nagad Finance would focus on micro and small businesses such as street vendors and the commoners when it comes to disbursing loans through digital platforms.

"The use of digital technologies will allow us to make loans in a speedy manner and bring down the cost of operation."

"We will also offer several savings products. As a result, the marginalised groups will be able to deposit even Tk 10 daily or weekly."

The profit made from the NBFI's operation will help the MFS provider offer the free-of-charge cash-out service, he said.

Despite continuing faster expansion that usually requires significant use of funds, Nagad has decided to give dividends to its shareholders this year.

"We know how to do business smartly. Our MFS operation has already proven it by reaching out to a large number of people in the last couple of years," Mishuk said.

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NAGAD AT A GLANCE

Operation launched in 2019
Number of customers **7.25**cr in Feb
Hit daily Tk **100**cr transaction milestone in Feb 2020
Average daily transaction now Tk **1,000**cr

SOME SUCCESSES

- Sending money free from beginning
- Introduced free bill payment
- Introduced e-KYC
- Distributed around Tk 20,000cr govt assistance among poor
- Going to launch remittance service soon

RECOGNITION

- Received World Information Technology and Services Alliance Global ICT Excellence Award
- Recognised as the top utility bill payment operator

UBS swallows doomed Credit Suisse

Casts shadow over Switzerland

REUTERS, London

UBS Group emerged as Switzerland's one and only global bank with a state-backed rescue of its smaller peer Credit Suisse, a risky bet that makes the Swiss economy more dependent on a single lender.

The unprecedented move announced late on Sunday in Zurich capped a race against time by regulators to avert a meltdown in global markets. Switzerland is pledging more than 160 billion francs ($173 billion) in loans and guarantees to underpin the new group, guarding against further risks undermining the lender.

The transaction – the first rescue of a global bank since the financial crisis of 2008 – grants enormous clout to UBS, ridding it of its main rival. It will change the landscape of banking in Switzerland, where branches of Credit Suisse and UBS are dotted everywhere, sometimes just metres apart.

The two lenders have been pillars of global finance for decades. The banks, two of the most systemically relevant in global finance, hold combined assets of up to 140 per cent of Swiss gross domestic product in a country heavily dependent on finance for its economy.

Following the 2008 financial crash, politicians pledged to never bail out banks again. The Credit Suisse rescue, orchestrated with public money, shows banks' continued vulnerability and how their problems can quickly rebound on their home country.

ANALYSIS

But it also removes a competitor to Wall Street, with UBS planning to pare back much of Credit Suisse's investment bank.

"Under normal circumstances, I would say it is an absolutely fantastic deal for UBS," said Johann Scholtz, equity analyst at Morningstar, covering European Banks, Amsterdam. "In the current environment, it is a bit more complicated as there is a lot of uncertainty generally in the markets."

Soon after the announcement, central banks including the Federal Reserve, the European Central Bank and the Bank of Japan said they would enhance dollar swap lines, helping calm investors rattled by turmoil in the banking sector. The failure of two US banks and a rout in Credit Suisse shares have sent shock waves through markets over the past week.

UBS will pay $3.2 billion for 167-year-old Credit Suisse and assume at least $5.4 billion in losses from unwinding its portfolio of derivatives and other risky assets. Credit Suisse had a market value of about $8 billion at the close on Friday.

Holders of Credit Suisse's Additional Tier 1 bonds will get wiped out and in a controversial move will come secondary to equity holders who will receive at least some UBS shares.

It marks a radical twist of fate for the banks. During the great financial crash, it was UBS and not Credit Suisse that needed state support.

The banks' fortunes have diverged sharply over the past year. UBS earned $7.6 billion in profit in 2022, while Credit Suisse lost $7.9 billion. Credit Suisse's shares were down 74 per cent from a year ago, while UBS's are relatively flat.

UBS becomes the undisputed global leader in managing money for the wealthy, with UBS's leading position in China now complemented by Credit Suisse's strength in the rest of Asia, the fastest growing region. UBS also gets to keep the jewel in Credit Suisse's crown, the domestic bank.

"In the past, when a deal between Credit Suisse and UBS was discussed, a sticking point would be concentration, especially in the domestic market," said Morningstar's Scholtz. "It is also the most stable part of the business, that generates quite a lot of cash. If UBS is not required to do an IPO of it, it could make sense for them to keep it, there are lots of synergies."

Banglalink's revenue grows over 12% in 2022

STAR BUSINESS REPORT

Banglalink registered a double digit growth rate in its revenue in 2022 driven by increased investment in 4G network, expanding coverage and enhancing network speed.

Revenue rose 12.1 per cent year-on-year to Tk 5,374 crore, according to the 2022 earnings report published by the telecom operator's parent company, VEON Ltd, recently.

This was the third double-digit growth in consecutive quarters.

The operator's annual service revenue grew 12.3 per cent last year while data revenue surged 26.6 per cent.

The innovative and improved digital services also expanded the customer base last year, said Banglalink Chief Executive Officer Erik Aas while sharing the earnings report during a press conference at the corporate office of the operator in Dhaka yesterday.

"Banglalink embarked on a new era of growth as a digital powerhouse in 2022, delivering exceptional results across all segments. Our growth rate surpassed that of the industry by a two-fold margin."

He said by extending the fastest 4G network and delivering superior digital services to every corner of the nation, Banglalink has achieved the status of a truly national operator.

"Armed with our unparalleled speed and nationwide reach, we are poised to serve our customers with top-of-the-line connectivity in the coming years."

A man walks past a jewellery shop at a gold market in Dubai. Prices of gold, seen as a safe store of value in times of turmoil, rose as high as $2,009.73 in early morning deals yesterday.

PHOTO: AFP/FILE

Gold tops $2,000 on Credit Suisse buyout

AFP, London

Gold topped $2,000 per ounce for the first time in more than a year on Monday on haven demand as investors fretted over global bank fears despite the buyout of Credit Suisse.

The precious metal, seen as a safe store of value in times of turmoil, rose as high as $2,009.73 in early morning London deals.

That was the highest level since Russia launched its invasion of Ukraine just over one year ago. Gold later pared gains to stand at $1,995, which marked a gain of 0.3 percent from late Friday.

The metal has jumped by almost nine percent in value since the collapse of US regional lender Silicon Valley Bank ten days ago.

"Continued fallout from the banking sector has seen a flood of money to gold" on "its safe haven qualities", said Kinesis analyst Rupert Rowling.