

## Garment accessories assoc seeks govt assistance

STAR BUSINESS REPORT

The Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association yesterday sought government assistance to upgrade to state-of-the-art facilities in Bangladesh.

Addressing a press conference on its premises in Dhaka, AKM Mostafa Selim, the association's acting president, also demanded that the government offer them bonded warehouse facility.

He also urged the government to reduce source tax on export of garment accessories and packages to 0.5 per cent from 1 per cent and keep it in effect for five consecutive years.

The government should also ban import of garment accessories and packaging materials as those are now made in the country, he said.

Selim welcomed the proposed budget for fiscal 2023-24 for offering an incentive on export receipts of garment accessories and packaging materials, saying that the initiative would help increase shipments from the sector.

However, the budget has no specific guideline on addressing the severe fallout of the pandemic, Russia-Ukraine war, US dollar shortages, price hikes of raw materials and complexities in opening letters of credit with banks, he said.

The packaging and accessories industry has been playing a major role in catering to the local market, which ultimately has reduced lead time for garment exports, he said.

## Oil prices decline

REUTERS, Bengaluru

Oil prices fell more than a dollar a barrel on Friday to record a second straight weekly decline, as disappointing Chinese data added to doubts about demand growth after Saudi Arabia's weekend decision to cut output.

Brent crude futures fell \$1.17, or 1.5 per cent, to settle at \$74.79 a barrel, while the US West Texas Intermediate crude fell \$1.12, or 1.6 per cent, to \$70.17 a barrel.

Both benchmarks lost more than \$3 on Thursday after a media report that a US-Iran nuclear deal was imminent and would result in more supply.

## The end of US dollar dominance is nigh: Russian banker

REUTERS, Moscow

The end of the dominance of the US dollar is nigh as the Chinese yuan rises and the rest of the world sees the peril of the West's failed attempt to bring Russia to its knees over Ukraine, one of Moscow's most powerful bankers told Reuters.

Andrei Kostin, the CEO of state-controlled VTB, Russia's second largest bank, said the crisis was ushering in sweeping changes to the world economy, undermining globalisation just as China was taking on the mantle of a top global economic power.

Asked if he thought the world was in a new Cold War, Kostin said that it was now a "hot war" that was more dangerous than the Cold War.

The United States and the European Union, he said, would lose from moves to freeze hundreds of billions of dollars of Russian sovereign assets as many countries were moving to settling payments outside the US currency and the euro while China was moving towards a removal of currency restrictions.

"The long historical era of the dominance of the American dollar is coming to an end," Kostin, 66, told Reuters on the 59th floor of the gleaming VTB skyscraper overlooking southern Moscow. "I think that the time has come when China will gradually remove currency restrictions."

"China understands that they will not become world economic power Number 1 if they keep their yuan as a non-convertible currency," Kostin said, adding that it was dangerous for China to keep reserves invested in US sovereign bonds.

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Brac Bank's loan profile is highly diversified since it disbursed more than 50 per cent of its funds among cottage, micro, small and medium enterprises, around 32 per cent among corporates and around 18 per cent among the retail segment

Selim RF Hussain

## Loans disbursed by Brac Bank

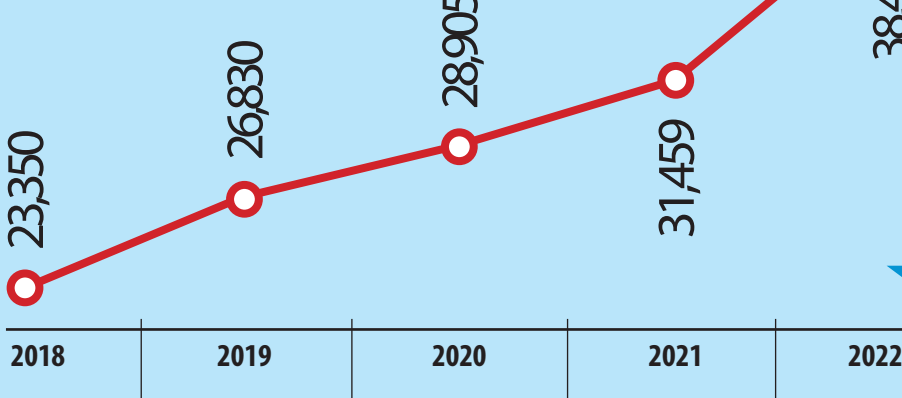
(In crore tk)



## Deposits at Brac Bank

(In crore tk)

SOURCE: BRAC BANK



SOURCE: BRAC BANK

# Brac Bank plans to double business by 2025

Managing Director Selim RF Hussain tells The Daily Star in an interview

AKM ZAMIR UDDIN

Brac Bank Ltd has planned to double its business by 2025 with a view to catering banking services to people from all walks of life, said its managing director, Selim RF Hussain.

The lender's market share in the country's banking sector was 2.2 per cent in 2021, which will be widened to 4.5 per cent by 2025, he said in an interview with The Daily Star last week.

"We took the plan in 2021, and it is now being implemented successfully as the lender is expanding its business at a fast pace," he said.

For instance, the lender achieved a loan growth of 28 per cent last year compared to around 14 per cent registered by the banking sector.

Meanwhile, it also secured a deposit growth of 24 per cent in contrast to 7 per cent managed by all banks on an average.

It also achieved a 32 per cent growth in its net profit after tax for 2022 despite various challenges in the market.

Its net profit stood at Tk 576 crore last year whereas it was Tk 555 crore in 2021.

The bank took a medium-term plan in 2021 for the next four years, under which it decided to grow its balance sheet on an average of 22 per cent each year.

"The bank took the decision to grow in an aggressive manner at a time when the country's banking sector was under a stressful situation," said Hussain.

"Our financial health was better than many others during the period. Moreover, we prepared our human resources and digital and other platforms between 2015 and 2020 to commence our journey," he said.

This did not come about overnight as the bank put in tremendous efforts to complete



Selim RF Hussain

the associated fieldwork between 2015 and 2020, he said.

The lender's loan profile is highly diversified since it disbursed more than 50 per cent of its funds among cottage, micro, small and medium enterprises, around 32 per cent among corporates and around 18 per cent among the retail segment, he said.

"No bank in Bangladesh has managed to secure such diversity. This is why the bank is free from credit concentration risk," said Hussain, who joined Brac Bank Ltd in November 2015.

Corporate governance is the main strength of the lender and its board of directors has played a pivotal role in ensuring that, he said, adding that no director in the bank has any ownership of the lender.

"A powerful relationship between the management and the board is the major driver of the business expansion of the lender. The board always empowers the management

to take decisions independently," he said.

Default loan is now a major challenge for the banking sector but only 3.7 per cent of the lender's total loans were non-performing loans (NPLs) as of March this year, much lower than the banking sector's average default loan ratio of 8.8 per cent.

"We are managing our NPLs efficiently as the bank usually recovers 30 per cent of its bad debts each year," said Hussain.

He thinks that the government should invest more to strengthen the country's legal framework to tackle the challenges stemming from defaulted loans.

The bank has been investing in digital platforms substantially for the last five to six years and it has started to get benefits from its efforts, he said.

The lender settled around 17 per cent to 18 per cent of transactions digitally just before the pandemic arose but it is now close to 75 per cent, said Hussain.

It has already invested a large amount of funds to ensure cyber security to run its transactions smoothly, he said, adding that the bank has appointed 25 ethical hackers to secure its digital and online banking.

"We are now pushing more for digital banking. But it is not possible to settle all transactions digitally soon," he said.

"So, we are now giving importance to expanding both our physical and digital networks in tandem to bring the commoners under the formal banking sector," said Hussain.

The bank will set up 500 sub-branches within the next three to four years in rural areas, said Hussain, who is also the chairman of the Association of Bankers, Bangladesh, a platform of the banking industry's chief executives.

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## Power of tech in government reforms

MAMUN RASHID

In an era defined by rapid technological advancements, the role of technology in the government sector is undergoing a profound transformation. Merging government and technology holds the promise of streamlining operations, enhancing citizen engagement, and ultimately transforming the way in which governments function.

Many countries have already embarked on this journey.

The Philippines has created a programme which tracks and generates reports on public education services, leading to quicker responses to challenges such as the lack of textbooks, classroom maintenance and false enrollment rates. The Jakarta Transport Authority in Indonesia has worked to assess alternate traffic plans, resulting in bus trip times being cut and their ridership increasing.

About 99 per cent of the adult population in India have already enrolled on the Aadhaar digital identification programme, which is used to distribute government benefits, services, and subsidies.

Technology has already played a significant role in the government reform of Bangladesh, enabling various advancements and improvements in governance, service delivery, and citizen interaction. This includes the digitalisation of various government services, online portals, and electronic document management systems.

Very few people can forget how the Suorkkha app was an incredible game-changer during the Covid-19 pandemic. The introduction of the National ID card (NID) system has facilitated seamless citizen identification and authentication for various government services. The NID system has already been integrated with different sectors such as banking, taxation, and social welfare programmes.

In the future, technology will play a pivotal role in shaping governments worldwide. Artificial intelligence-powered chatbots can provide instant and personalised assistance, machine learning algorithms can analyse vast amounts of data to identify patterns and predict trends, and AI can streamline administrative tasks, leading to increased efficiency and cost savings.

Blockchain technology can ensure transparency and trust in public services, such as voting systems and procurement processes.

The Internet of Things can enable the collection of real-time data from sensors and devices embedded in public infrastructure, such as traffic lights, and utilities, which can be leveraged to optimise resource allocation, improve urban planning, and enhance emergency response capabilities. E-government platforms will become more interactive and personalised, bridging the gap between the government and the people they serve, and allowing citizens to access government services seamlessly.

However, government reforms with technology can face resistance. Bureaucratic inertia and resistance to new approaches can make it challenging to gain consensus and drive reform initiatives forward. Most importantly in the specific case of Bangladesh, such resistance may come from those "morally not so strong" government officials who may realise that more technology and automation would directly lead to much lower opportunities for corrupt practices, which are so highly prevalent when the processes are manual and require direct physical contact between citizens and government officials.

Therefore, the successful implementation of technological reforms will depend on garnering widespread public support and acceptance. Engaging citizens, managing expectations, and effectively communicating the rationale, benefits, and progress of reforms are essential.

As governments worldwide embrace these transformative possibilities, they will also pave the way for more responsive, transparent, and effective governance in Bangladesh.

The author is an economic analyst



Deputy Governor of the Bank of Russia Sergey Belov holds the newly designed Russian 100-ruble banknote during a presentation in Moscow, Russia on June 30, 2022.

PHOTO: REUTERS/FIELD

## EU to try again for renewable energy deal after nuclear row

REUTERS, Brussels

European Union countries will try again next week to pass a deal on new renewable energy targets, which have been stalled by concerns from France and other states that the law sidelines nuclear energy.

A group of countries including France lodged last-minute opposition to the EU's law on more ambitious renewable energy goals last month, putting on hold a main pillar of the bloc's plans to tackle climate change.

EU country diplomats will attempt to approve the law on Wednesday, according to an agenda for the meeting published late on Friday.

Paris has sought changes to the law to offer more favourable treatment of nuclear energy, and said the final deal puts at a disadvantage country like France with large shares of nuclear power. Nuclear energy is low-carbon, but not renewable.

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