

Banks to remain open in industrial areas on June 27, 28

STAR BUSINESS REPORT

Banks will keep their branches open on a limited scale in the industrial areas, including Dhaka and Chattogram, on June 27 and 28 to facilitate the payments of salaries, wages and festival allowances to the garment workers, employees and officials ahead of the upcoming Eid-ul-Azha.

The areas are Dhaka, Ashulia, Tongi, Gazipur, Savar, Bhaluka, Narayanganj and Chattogram, according to a circular released by the Bangladesh Bank yesterday.

The clients will be able to do banking transactions between 10 am and 2pm, but the office will remain open until 3pm.

After the Eid-ul-Azha holiday, banks will resume activities from July 2 and provide banking services from 10 am to 5 pm.

The largest religious festival for Muslims will be celebrated in Bangladesh on June 29.

Oil holds steady

REUTERS, London

Oil prices stabilised on Wednesday ahead of Federal Reserve Chair Jerome Powell's congressional testimony later in the day and as data showing British inflation remained sticky raised the possibility of a hawkish Bank of England policy decision this week.

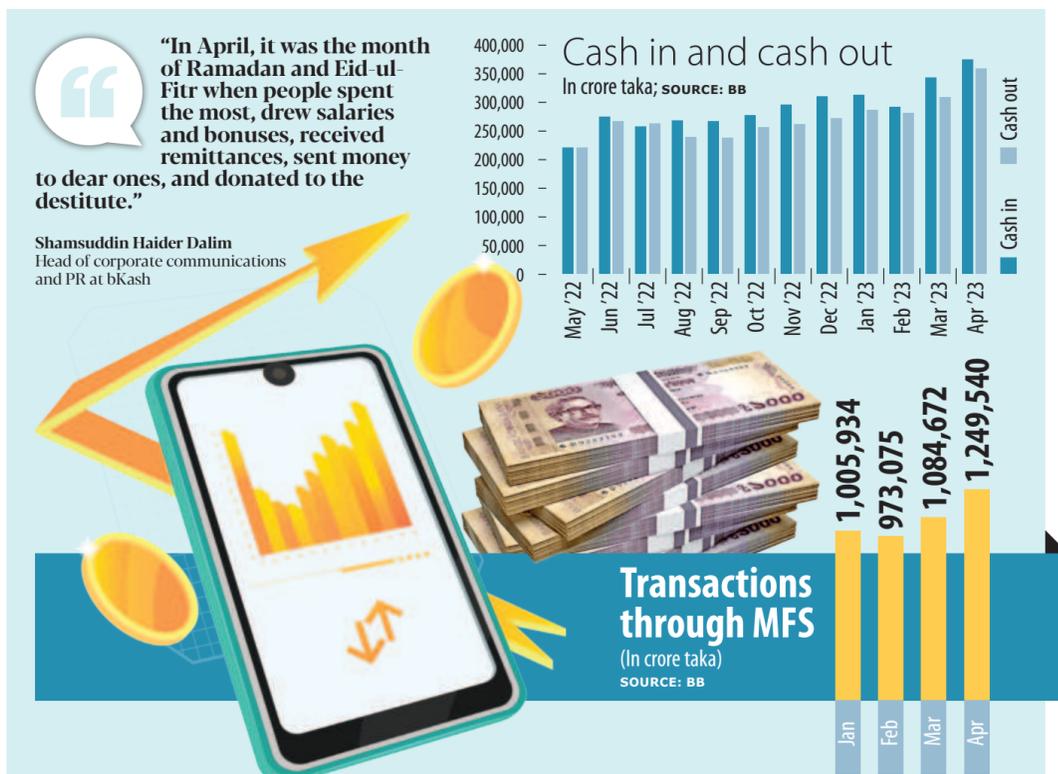
Brent futures were flat at \$75.90 a barrel by 0929 GMT and US West Texas Intermediate (WTI) crude futures edged up 6 cents, or 0.08 per cent, to \$71.25.

British inflation defied expectations that it would slow and held at 8.7 per cent in May, data showed on Wednesday, putting yet more pressure on the BoE a day before it is forecast to raise interest rates for the 13th time in a row.

"Countries are struggling to rein in inflation... and that's going to dampen growth and threaten recessions across the globe," said Craig Erlam, senior markets analyst at OANDA.

The main market focus is on Fed officials due to speak later in the day, with Chair Powell's congressional testimony on the economy on Wednesday and Thursday the highlight.

Two Fed policymakers and an economist nominated to join them on the central bank's Washington-based board on Tuesday said their focus is on bringing down too-high inflation so that the US economy can get back to sustainable growth, which could bolster oil demand.



"In April, it was the month of Ramadan and Eid-ul-Fitr when people spent the most, drew salaries and bonuses, received remittances, sent money to dear ones, and donated to the destitute."

Shamsuddin Haider Dalim
Head of corporate communications and PR at bKash

MFS transactions hit record Tk 1.25 lakh crore in April

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Mobile financial service (MFS) providers recorded Tk 1.25 lakh crore-worth transactions in April, the highest ever so far, buoyed by an increase in spending, payments and money transfers ahead of the Eid-ul-Fitr festival.

The transactions in April rose 15 per cent from the previous month's Tk 1.08 lakh crore, and April was the second consecutive month that registered a growth momentum in the use of the MFS, according to data released by Bangladesh Bank.

Year-on-year, transactions through MFS platforms grew 16 per cent from Tk 1.07 lakh crore in April 2022.

"Last April 2023, it was the month of Ramadan and Eid-ul-Fitr when people spent the most," said Shamsuddin Haider Dalim, head of corporate communications and public relations at bKash, the largest MFS provider in Bangladesh.

"(People) drew salaries and bonuses, received remittances, sent money to dear ones, donated to the destitute, etc," he said.

"And that spending spree was clearly reflected in the latest MFS transaction trend unveiled by Bangladesh Bank," he said.

Dalim said compared to the previous month, transactions through the MFS platform saw a sharp rise in almost all

segments.

These include merchant payment, person to person, government's cash transfer to people under social protection scheme, salary disbursement, mobile recharge and utility bill payment, he said.

The MFS system, which was introduced in 2011, gained popularity within a couple of years because of convenience. Today, the number of MFS accounts is 20 crore and more than half of the accounts are owned by men.

April's data showed that average daily transaction crossed Tk 4,000 crore, which was Tk 1,200 crore four years ago, according to the BB data.

"Due to convenience in digital transactions, the MFS industry has been experiencing a behavioural shift of customers in the last couple of years, resulting in ever-increasing MFS transactions," said Dalim.

"In general, people spend more during festival season, special days, and holidays," he said.

Of the total transaction, cash in and cash out accounted for 59 per cent in April followed by person-to-person fund transfer, payment to merchant for purchases by consumers and salary disbursement.

The float amount of money kept by users in their MFS wallets also hit a new high, Tk 11,084 crore, in April.

"The transaction figures look smarter, but this is not a surprise to us. Actually, we already assumed such a massive jump with more and more people now availing mobile money services," Muhammad Zahidul Islam, head of public communication at Nagad.

"The MFS provider received a tremendous response soon after we launched the mega BMW campaign," he said.

"We have witnessed more than 10 times higher payment growth in April compared with March, eventually helping to boost the overall transactions of Nagad," he said.

He cited a central bank target to make 75 per cent of the country's total transactions cashless by 2027 and said Nagad continued to come up with diversified products and services to encourage people to go for digital payments.

"We are now working on bringing all financial services on a single platform, which will be possible once we establish a digital bank. In this way, we want to help the country move to a cashless society," he said.

Md Shamsuzzoha, deputy director for corporate affairs of upay, another MFS provider, said his company found increased flow of inward remittance, higher salary disbursement, person-to-person payment and govt payments in April.

BB eases rules for foreign investors

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Bangladesh Bank has relaxed rules to provide support to foreign investors.

As per the new measure, foreign investors who are remitting money from abroad will get the scope to retain forex in their foreign currency accounts at local banks for up to one year after registering their businesses here and import capital and other machinery to establish factories, according to a circular.

To facilitate transactional needs in foreign exchange, it has been decided that banks may retain foreign currency sent by foreign investors to invest in Bangladesh, said the central bank.

The BB said banks may open temporary foreign currency accounts in the names of the proposed companies of foreign investors to park funds remitted from abroad as equity.

On completion of the registration or commencement of the business, new FC (foreign currency) accounts in the names of the companies may be opened by transferring the fund held in temporary FC accounts, it added.

The BB said funds held in the FC accounts shall be used only for permissible outward payments on account of capital expenditures, including encashment in the taka.

EU electric vehicle sales jump 71%

REUTERS, Berlin

Electric vehicle (EV) sales in the European Union jumped 71 per cent in May while new car registrations grew for the tenth consecutive month, rising 18.5 per cent, data released by the region's carmaker association showed on Wednesday.

Sales of EVs and hybrid cars - which have both a battery and combustion engine - have soared in the last three years, boosted by government subsidies and corporate fleets looking for low- or zero-emission vehicle options.

The European Automobile Manufacturers Association (ACEA) said that EVs accounted for 13.8 per cent of all car sales in May, up from under 10 per cent a year earlier.

While petrol cars were still the biggest sellers in May, accounting for 36.5 per cent of the market, together with diesel cars pure fossil-fuel models accounted for under 51 per cent of sales.

As recently as 2015, diesel cars alone accounted for more than 50 per cent of all car sales in Europe. Sales at Europe's top-selling carmaker Volkswagen rose 19.5 per cent in May, while Renault and BMW recorded sales increases of 35.9 per cent and 34.3 per cent respectively.

But Stellantis, which has been struggling with logistical problems in delivering cars, saw sales fall 0.2 per cent.

The number of new vehicles registered in May in the EU, Britain and the European Free Trade Association (EFTA) grew by 18.2 per cent to 1.12 million units year on year.



PHOTO: ORION GROUP

Taskin Ahmed, cricketer of Bangladesh Cricket Team, and Salman Obaidul Karim, managing director of Orion Home Appliance, pose for photographs with winners of "Eid Iche Purno" campaign at the Orion Group's head office in Tejgaon Industrial Area of Dhaka recently.

Orion Home Appliance launches Eid campaign

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Orion Home Appliance Limited, a subsidiary of Orion Group, recently organised a campaign titled "Eid Iche Purno" ahead of Eid-ul-Azha enabling customers to win TVs with every purchase of fridge via scratch card.

Cricketer Taskin Ahmed was present as chief guest at the prize-giving ceremony at the Orion Group's head office, Orion House, in Tejgaon Industrial Area of Dhaka, where he handed over televisions (42 inches) to the winners of the campaign, said a press release.

Salman Obaidul Karim, managing director of Orion Home Appliance, was present.

United Aygaz LPG avails Green Delta health microinsurance

STAR BUSINESS DESK

Green Delta Insurance and United Aygaz LPG Limited recently signed an agreement on health microinsurance for the latter's distributors, retailers and delivery persons.

Syed Moinuddin Ahmed, additional managing director of the insurer, and Ahmet Erçiment Polat, chief executive officer of the LPG company, inked the deal, said a press release. The insurance will cover hospitalisation, outpatient services, death and disability, and teleconsultation.

"This initiative would contribute to attaining SDG goals such as good health and well-being, decent work and economic growth and reduce inequalities," said Ahmed.



PHOTO: GREEN DELTA INSURANCE

Syed Moinuddin Ahmed, additional managing director of Green Delta Insurance, and Ahmet Erçiment Polat, chief executive officer of United Aygaz LPG, exchanged signed documents of an agreement on insurance benefits for distributors and retailers in Dhaka recently.

Jamdani shows promise

FROM PAGE B1

of its aim to double the export earnings to \$100 billion by 2030 from less than \$50 billion now and double its share in the apparel segment.

A normal jacket made from heritage materials like jamdani retails at more than \$800 in western markets owing to their strong demand among high-end customers, according to Anadil Johnson, founder of Neval, a Chicago-based fashion house.

Bangladesh can take the opportunity to grab a major share of the \$62 billion global market by selling high-end goods, on the back of available skilled workforce and ready materials like jamdani and khadi, she said.

"Bangladesh has a great opportunity to grab a good market share of garment items made from heritage materials as the country has the tradition of making jamdani and muslin."

High-end garment items can be made from jamdani fabrics, which are

worn during various occasions such as weddings.

The Bangladeshi-origin fashion designer has been sourcing jamdani fabrics from Sonargaon for more than 10 years to produce expensive garment items for her customers in the US.

She trained the weavers and students at the BGMEA.

India exports \$5 billion worth of apparel items made from heritage materials annually, according to Ayub Nabi Khan, pro-vice chancellor of the BGMEA University of Fashion and Technology.

The commerce ministry undertook the project to develop designs for heritage garment items in 2018. The tenure of the project comes to an end this month, said Elias Mia, the project director.

The BGMEA is also working to produce garment items from recycled yarns and fabrics to meet the rising demand in the western countries.

Rules relaxed

FROM PAGE B1

loans, short-term farm loans and microloans disbursed by banks.

The move from the BB came after some business chambers, including the Federation of Bangladesh Chambers of Commerce and Industry and the Bangladesh Garment Manufacturers and Exporters Association, recently demanded the central bank relax

the loan repayment scope, said a central bank official.

The banking regulator followed relaxed loan facilities in various forms between 2020 and 2022 to help businesses overcome serious impacts brought on first by the coronavirus pandemic and then by Russia's war in Ukraine.

No relaxed facilities were in place in the first quarter this year.

Arrest warrant issued

FROM PAGE B1

Chattogram Money Loan Court Magistrate Mujahidur Rahman issued the order yesterday, instructing the local police station to arrest the accused and produce them before the court, reports a Chattogram staff correspondent of The Daily Star.

The court also barred the duo

from leaving the country, said Rezaul Karim, bench assistant of the court.

According to Chattogram Money Loan Court, the bank authorities sought recovery of the loan from the accused in 2018.

This correspondent could not reach Murshed for comment as his phone was switched off.

Forex reserves

FROM PAGE B1

remittance stood at \$20.94 billion, up 3 per cent year-on-year.

Remittances usually increase centring Eid-ul-Fitr and Eid-ul-Azha - the biggest religious festivals for Muslims - as expatriates send their hard-earned money to their near and dear ones to celebrate the occasions.

The BB officials said some banks are now enjoying a surplus of the greenback at the moment, which was why they sold some dollars to the central bank.

Besides, the central bank also got a good amount of dollars from foreign sources, so the reserves yesterday crossed \$30 billion.

The reserves declined to \$29.77 billion on May 7 when the central bank cleared import bills to the tune of \$1.18

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billion with Asian Clearing Union (ACU). The ACU is an arrangement to settle payments for intra-regional transactions among member countries, including Bangladesh.

India, Bhutan, Iran, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka are other members of the Tehran-headquartered ACU.

The member countries of the ACU clear their payments once every two months. Two days later, however, the reserve increased to \$30.36 billion after the loans provided by the World Bank reached the reserves.

The multilateral lender released \$507 million to the government, giving a little bit of breathing space to the economy from the ongoing stress in the different zones of the macroeconomy.

But the reserves slipped below the \$30-billion mark again on May 25.