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bKash,
Pragati Life
Insurance
to launch
digital bank

STAR BUSINESS REPORT

bKash and Pragati Life Insurance Ltd yesterday became the latest companies in Bangladesh to share plans to roll out digital banks as the country looks to offer financial services using technologies and accelerate financial inclusion.

In a post on the Dhaka Stock Exchange, Brac Bank, one of the owners of bKash, said its board has decided to invest in establishing a digital bank, a form of banking that does not have branches and offers services both via desktop website and mobile apps.

The setting up of the proposed digital bank named “bKash Digital Bank PLC” is subject to the approval of the Bangladesh Bank, it said.

Launched in 2011, bKash is a joint venture

Three more listed companies
ACI Ltd, Bank Asia and Crystal Insurance shared plans to roll out digital banks.

of Brac Bank, US-based Money in Motion LLC, the International Finance Corporation of the World Bank Group, the Bill and Melinda Gates Foundation, Ant Group, and SoftBank Vision Fund.

Currently, it has 7 crore verified customers.

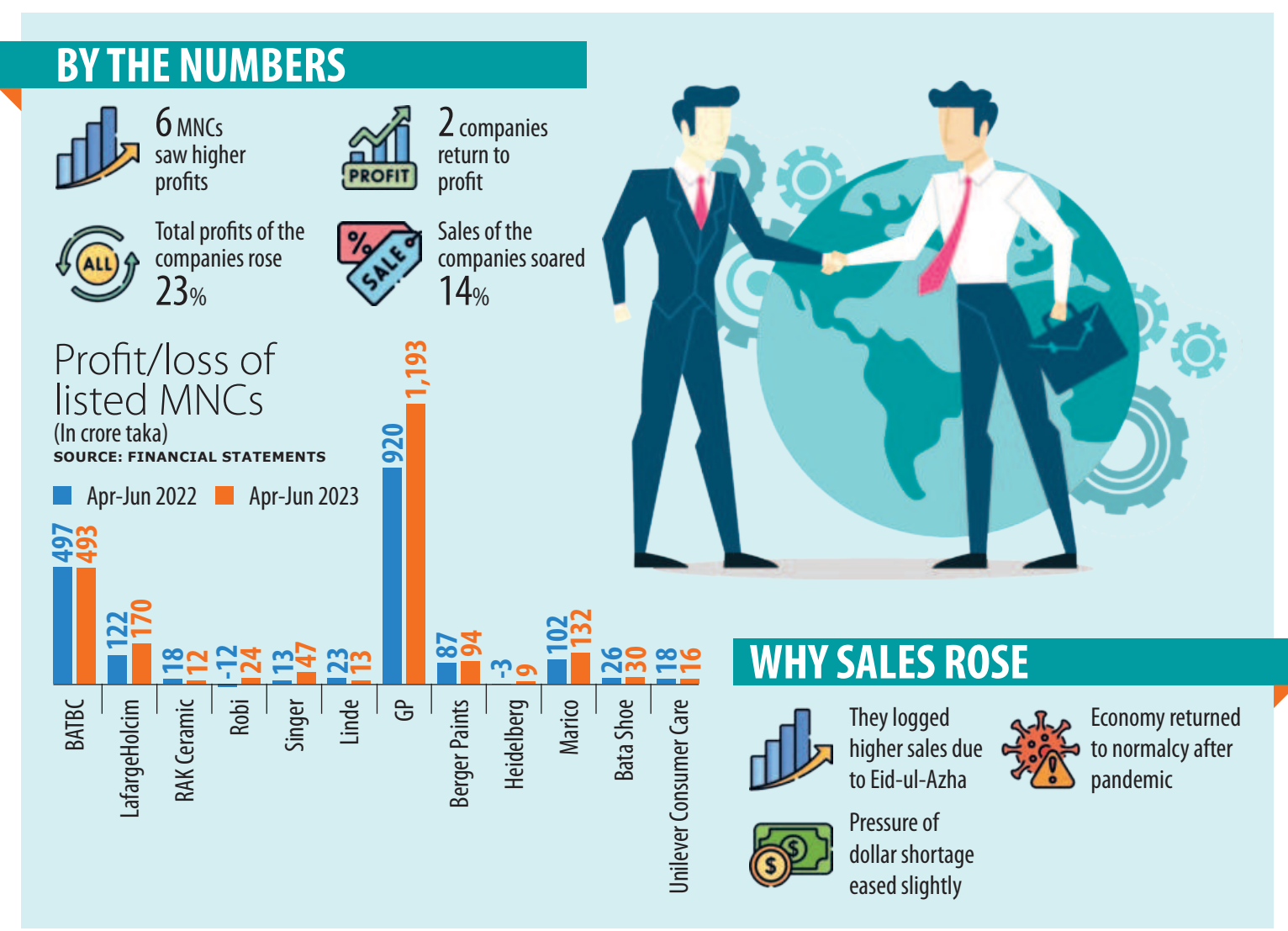
Brac Bank’s share closed unchanged at Tk 35.80 on the DSE yesterday.

The bank’s earnings per share rose 41 per cent year-on-year to Tk 1.93 in the January-June of 2023.

Under the supervision of the central bank, bKash has been practising digital lending for the last three and a half years, Shamsuddin Haider Dalim, head of corporate communications of the largest mobile phone operator in the country, told The Daily Star.

“After piloting for a year with a commercial bank, bKash launched the country’s first digital nano loan. Besides, bKash has rolled out digital savings schemes with four commercial banks and a financial institution.”

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Most listed MNCs post higher profits despite headwinds

AHSAN HABIB

Most of the listed multinational companies operating in Bangladesh witnessed higher profits and sales in the April-to-June quarter despite persisting economic challenges at home and abroad, inflationary pressures and higher raw materials prices.

All of the 13 multinational companies that are listed on the Dhaka Stock Exchange have published their financial reports for the quarter. Their collective profit rose 23 percent year-on-year to Tk 2,247 crore.

Sales grew about 14 percent to Tk 12,933 crore.

Though higher sales led to higher profits for most companies, some struggled owing to the hike in raw material prices, energy costs and spiralling operational expenses amid lingering consumer prices.

A top official of an asset management company credits product quality and brand value that allowed MNCs to pass higher costs of production onto consumers.

“Their profits rose thanks to higher sales,” he said, adding

that some companies, however, found it difficult because of escalated prices of raw materials, energy costs and a spike in salary payments.

Among the MNCs, LafargeHolcim Bangladesh, Singer Bangladesh, Grameenphone, Bata Shoe

attributed diverse product portfolio, efficient route to market, digital footprint, nationwide distribution network and aggregates business for helping the company ensure healthy growth momentum.

Singer Bangladesh, a home appliance maker, saw its profits

Although the situation has not come under control fully, people have accepted the increased prices since commodity prices have remained higher, the company said in its financial report.

Singer Bangladesh said it implemented several marketing strategies in the April-June quarter to boost sales ahead of the Eid festival.

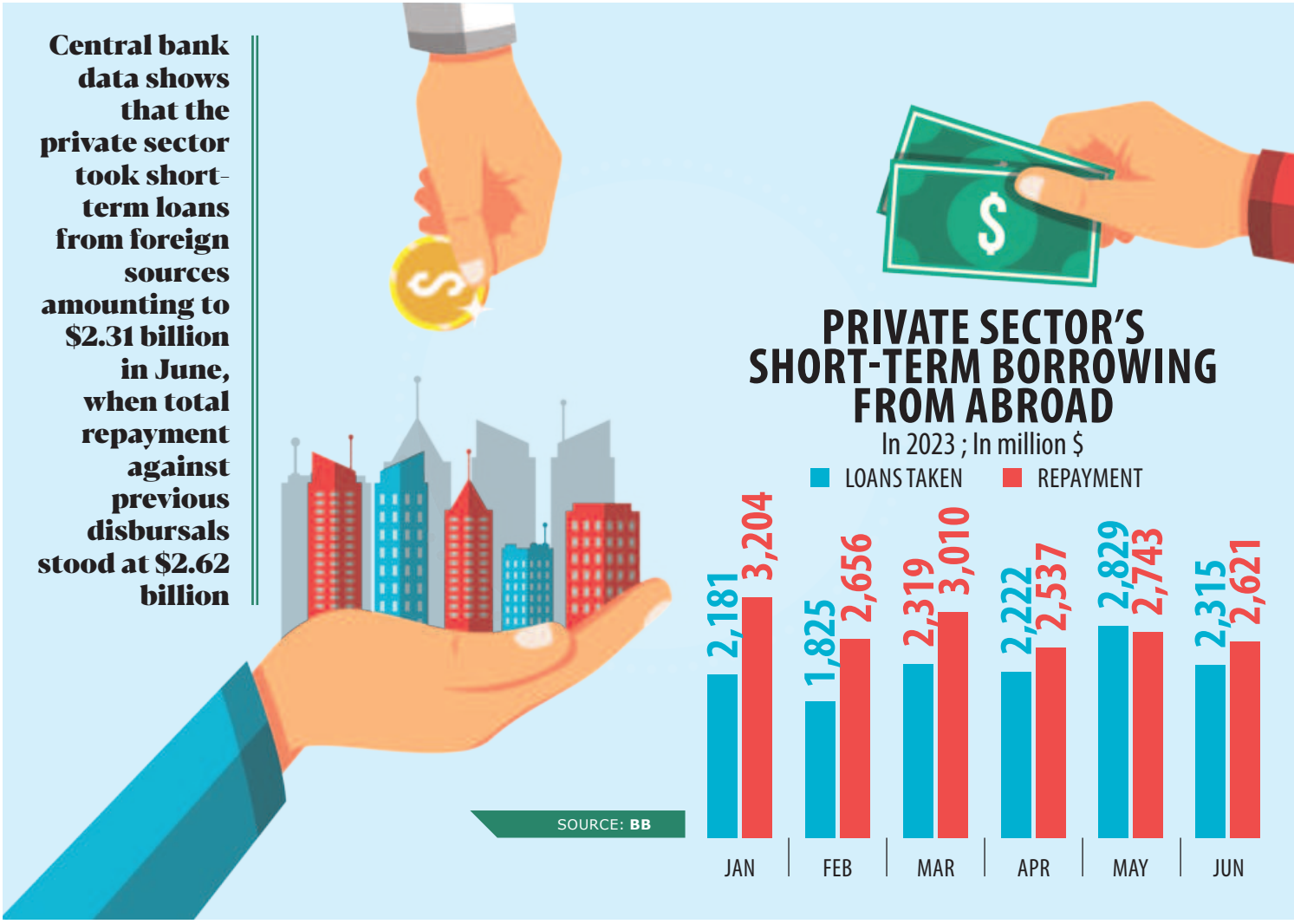
Grameenphone, the largest mobile phone operator in Bangladesh, registered a 29 percent higher profit to Tk 1,193 crore in April-June, the highest profit among all the listed multinational companies.

Robi Axiata, the second-largest mobile phone operator, saw a good quarter after making a Tk 24.4 crore profit. Thus, it rebounded from a loss of Tk 12 crore in the same quarter in 2022.

Robi CEO Rajeev Sethi described data revenue as one of the key drivers for the profitability.

Around 39 percent of its revenue in the second quarter came from the data business.

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Private sector's foreign borrowing falls in June

REJAUL KARIM BYRON

Short-term foreign debt in the private sector fell to \$13.66 billion in June, down 3 percent from \$14.08 billion in May, as repayments outpaced new loans during the period, according to Bangladesh Bank.

Central bank data shows that the private sector took short-term loans from foreign sources amounting to \$2.31 billion in June, when the total repayment against previous disbursements stood at \$2.62 billion.

However, the trend of higher repayments compared to fresh borrowing has persisted since January.

The private sector borrowed \$13.69 billion as short-term financing from foreign sources during the first six months of 2023, when repayments, including interest, totalled \$16.7 billion.

However, the picture was different in previous years.

In 2021, the private sector availed \$33.96 billion as short-term financing from foreign lenders against total repayments of \$29.15 billion for that year.

Similarly, repayments stood at \$36.73 billion against the \$37.26 billion borrowed in 2022.

Central bank officials say the higher repayments compared to fresh borrowing is harming the country's foreign reserve

considering their efforts to reduce forex spending amid an ongoing shortage.

Statistics show that the country's total foreign reserve stood at \$29.68 billion as of July 26, down from \$31.20 billion on June 30 while it was \$41.82 billion in June last year.

The private sector borrowed \$13.69 billion as short-term financing from foreign sources during the first six months of 2023

On the other hand, as per the standard of the International Monetary Fund, Bangladesh's foreign reserve stood at \$23.30 billion as of July 26 this year.

The country's foreign reserve has been gradually declining over the past year, turning into a serious headache for Bangladesh Bank.

As per central bank statistics, Bangladesh's imports fell 14.15 percent in the July-May period of fiscal 2022-23.

However, the country's total exports increased by 6.67 percent at the same time while its inward remittance rose 2.8 percent.

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