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BUSINESS



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Bright spots

SUKANTA HALDER and AHSAN HABIB

Bangladesh's life insurance sector has always struggled in claim settlement, but the sector still has some good companies who are bearing the torch for all with faster fund repayment and good corporate governance.

Some 35 life insurance companies are currently operating in the country where MetLife Bangladesh—only foreign insurer of the sector—stood tall by settling Tk 3,229 crore claims and maintaining a 96 percent claim settlement ratio in 2022.

Another seven companies settled claims over Tk 200 crore and maintained the claim settlement ratio to over 90 percent.

Of the seven, Delta Life Insurance repaid Tk 841 crore maintaining a claim settlement ratio of 93 percent.

Popular Life Insurance settled Tk 576 crore claims with 99.97 percent ratio.

Meghna Life, Pragati Life, and Guardian Life repaid claims of Tk 421 crore, Tk 313 crore, and Tk 297 crore respectively last year.

All the three companies' claim settlement ratio was above 98 percent.

MetLife could maintain a consistent and robust claim settlement ratio thanks to the company's strong focus on customer convenience, advanced technology and very organised financial and customer fund management process, said Ala Ahmad, CEO of MetLife Bangladesh.

Prime Islami Life and Sandhani Life Insurance repaid claims worth Tk 290 crore and Tk 211 crore respectively last year.

The willingness of the directors and management of Pragati Life made it possible for the company to settle claims of the policyholders as soon as the policies mature, said Jalalul Azim, managing director of the company.

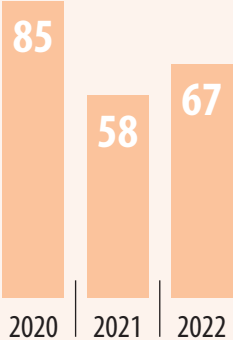
The good claim settlement ratio positively impacted Pragati's reputation and boosted general public's confidence on the company, which will surely give a boost to the expansion of the business, he said.

Good investment ensures good return, Azim said. "Many companies do not do that."

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CLAIM SETTLEMENT BY LIFE INSURANCE COMPANIES

In %; SOURCE: IDRA



REASONS OF LOW CLAIM SETTLEMENT



Bad investment of life fund



Lack of corporate governance



Fund embezzlement



Lack of digitisation

AT A GLANCE

- Life insurance penetration is **0.4%**
- Insurance sector suffers from lack of trust
- Six companies' claim settlement ratio is below **50%**
- Claim settlement ratio is above **95%** in **18** insurers
- Highest amount of claims settled by MetLife

Poor performers

SUKANTA HALDER and AHSAN HABIB

A number of life insurance companies in Bangladesh struggled to settle claims in 2022 due to a lack of liquidity resulting from bad investments and fund embezzlement by their chairmen and directors.

Of the 35 life insurers operating in the country, the claim settlement rate of five firms remains below 40 percent, according to data of the Insurance Development and Regulatory Authority.

Baira Life Insurance is in the worst position, having paid out just 1.83 percent, or Tk 1 crore, of its clients' claims amounting to Tk 56.9 crore in 2022.

Similarly, the settlement rate of Fareast Islami Life Insurance stood at 21.2 percent last year, with the company having paid out Tk 970 crore against claims of Tk 4,559 crore.

Meanwhile, the claim settlement rate of Sunflower Life Insurance and Golden Life Insurance was 24.6 percent and 37.7 percent respectively.

Likewise, Progressive Life Insurance settled 39 percent of its claims in 2022.

On condition of anonymity, a top official of a leading life insurance company said some life insurers are struggling to settle claims as they made a number of bad investments, where the return was insignificant.

Also, some of the firms are facing a liquidity crunch as their life fund has been embezzled, he added.

READ MORE ON B3

Insurance claim settlement far below average

It was less than 70% in 2022

SUKANTA HALDER and AHSAN HABIB

Claim settlement in the insurance sector in Bangladesh stood at 67 percent in 2022, highlighting bad investments and non-compliance that prevented insurers from attaining a higher ratio, data from the regulator showed.

Last year, 35 life insurance companies settled 66.97 percent of claims, meaning around 33 percent of claims made by the clients remained unsettled, according to the Insurance Development & Regulatory Authority (Idra).

Though the claim settlement ratio improved in 2022 compared to 2021, it was much lower than that of 2020.

The ratio plunged to 57.84 percent owing to the impacts of the coronavirus pandemic. It was 85.08 percent in 2020. The ratio

averaged more than 80 per cent in the decade to 2021.

An insurance claim is a formal request by a policyholder to an insurance company for coverage or compensation for a covered loss or policy event.

"The entire financial sector is witnessing a confidence crisis due to a lack of good governance," said AB Mirza Azizul Islam, a finance adviser to a former caretaker

government.

He said most banks and insurance companies that were approved on political consideration lack good governance.

"Banks are facing a confidence crisis due to huge non-performing loans while insurance companies are witnessing the same problem due to the low claim settlement ratio."

Idra data showed that four



insurance companies had a claim settlement ratio of less than 40 percent last year.

Baira Life Insurance's settlement ratio stood at 1.83 percent, the lowest among the insurers.

Fareast Islami life insurance, Sunflower Life Insurance, and Golden Life Insurance logged a ratio of 21 percent, 24 percent, and 37 percent respectively.

Prof Md Main Uddin, a former chairman of the Department of Banking and Insurance at the University of Dhaka, said had insurance companies invested in good securities using life funds, there would not have been any delay in settling claims.

"The main reason for the low claim settlements is bad investments and non-compliance. The Idra should take measures and legal actions against the insurers

READ MORE ON B3

Banglalink to apply for digital banking licence

MAHMUDUL HASAN

Mobile network operator Banglalink has decided to apply for a digital banking licence as it looks to leverage its vast pool of customers to serve a population increasingly using technologies to make and receive payments.

The decision to apply for a digital bank is based on "our global strategy of transforming ourselves" as a digital operator

The decision to apply for a digital bank is based on "our global strategy of transforming ourselves" as a digital operator, Kaan Terzioğlu, group chief executive officer of Banglalink's parent company Veon, told The Daily Star on Monday.

"Our digital operation strategy means we are providing digital services to our customers in finance, entertainment, healthcare and education."

VEON, which operates in seven countries, is increasingly launching more digital services amid the decreasing voice revenue in the global telecom industry.

In Pakistan, it has digital services such as JazzCash, Tamasha and Mobilink Microfinance Bank. In Kazakhstan, it launched digital services such as Simply, Izi, Hitter, and BeeTV.

READ MORE ON B3

Low rainfall forces farmers to irrigate Aman fields

MOSTAFA SHABUJ and SOHEL PARVEZ

After 16 percent below normal rainfall in June, Bangladesh saw a drier July as it registered 50.8 percent below normal rain, which forced many farmers to irrigate their fields to cultivate Aman paddy, the second largest rice crop.

Farmers mostly rely on monsoon rains to grow paddy during the Aman season. So now, the use of irrigation is going to push up the overall cost of production.

Take the case of Hazrat Ali Rubel, a farmer at Panditpur under Gobindaganj upazila of Gaibandha.

Yesterday, the 36-year-old grower transplanted paddy seedlings that were nearly three weeks old on two bighas of land.

"But the drought has hit the field," he said. "There has been no rainfall to mention. The irrigation pump operator now demands Tk

300 for irrigating on one bigha once."

Rafiqul Islam, another farmer in the same upazila, said his transplantation was delayed for 10-15 days as he waited for rain.

"Now, all have begun transplantation through supplementary irrigation although there is high cost," he added.

Data of the Bangladesh Meteorological Department (BMD) showed that Bangladesh received 250 millimetres of (mm) rainfall in July, which was below normal rainfall of 507mm for the month.

Chattoogram saw the lowest amount of rain followed by Barishal, Rajshahi, Dhaka and Khulna, according to the BMD.

In July last year, Bangladesh recorded 57.6 percent lower rainfall than normal during the monsoon season, which was the lowest in 41 years.

Some farmers said because of lower rainfall, they had to transplant late, which

might affect yields.

The Department of Agricultural Extension (DAE) targeted to bring 59.33 lakh hectares of land under rice cultivation amid the current Aman season. Of that, it targets to ensure transplantation of rice on 56.59 lakh hectares this season.

Until July 31, 28 percent of the overall target has been achieved, said Md Tajul Islam Patwary, director, routine charge for the Field Services Wing of the DAE.

He said the rate of transplantation has been higher so far this year compared to the previous year.

"We are hopeful the target will be achieved. There has been less rainfall in various spots for the last couple of days. But if needed, supplementary irrigation will be provided," Patwary added.

Shibendra Narayan Gope, chief engineer

READ MORE ON B3



The lack of sufficient rain amid the ongoing Aman season is forcing farmers to make use of irrigation pumps for their paddy saplings, driving up the overall production cost. The picture was taken from Gobindaganj upazila of Gaibandha yesterday.

PHOTO: MOSTAFA SHABUJ

TALKS ON EPA WITH JAPAN Bangladesh focuses on lower duty, higher investment

REFAYET ULLAH MIRDHA

Bangladesh focused on areas of duty-reduction and increasing investment from Japan during recent discussions on the potential signing of an Economic Partnership Agreement (EPA) between the two countries, according to an official of the commerce ministry.

During the discussions held at a city hotel in Dhaka last week, Japan said it would protect its domestic agriculture industry from implications of the potential EPA as the country is self-sufficient in this regard.

This means Bangladesh may not enjoy any duty benefits on agricultural exports to Japan even if an EPA is signed between the two countries, Senior Commerce Secretary Tapan Kanti Ghosh said yesterday.

"But Japan can protect any of its local industries should it feel the need to," he said, adding that Bangladesh has the same option.

Bangladesh's main target for the EPA is to enjoy zero-duty benefit on shipments of garment items, leather and leather goods, electronics and other products, Ghosh told The Daily Star over phone.

This is because Bangladesh's export basket

READ MORE ON B2

STOCKS			
DSEX ▲		CASPI ▲	
0.22%		0.14%	
6,338.77		18,710.04	

COMMODITIES			
Gold ▼		Oil ▼	
\$1,942.75		\$81.17	
(per ounce)		(per barrel)	

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.10%	▲ 0.92%	▼ 0.01%	Flat
66,459.31	33,476.58	3,373.79	3,290.95

Eastern Bank, ShareTrip sign payroll deal

STAR BUSINESS DESK

Eastern Bank Ltd signed a payroll banking agreement with ShareTrip, an online travel agency of Bangladesh, at the bank's head office in Dhaka recently.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of the bank, and Sadia Haque, chief executive officer and co-founder of ShareTrip Ltd, inked the deal, said a press release.

Under the agreement, the travel agency's employees will enjoy the bank's preferential banking facilities, including dual currency debit card, loan facilities at attractive rates, credit cards with lucrative offers, along with other retail products and services.

Among others, Syed Zulkar Nayen, head of business of the bank, Nahid Farzana, head of payroll banking, Muhammad Maruf Hasan, senior manager of the online travel agency, were present.



M Khorshed Anowar, deputy managing director and head of retail and SME banking of Eastern Bank, and Sadia Haque, chief executive officer and co-founder of ShareTrip, pose for photographs after striking a payroll banking agreement at the former's head office in Dhaka recently.

PHOTO: EASTERN BANK



PHOTO: SHIMANTO BANK

Rafiqul Islam, managing director of Shimanto Bank, and Lt Col Md Abu Sayed, principal of Dipto Shimanto, a specialised educational institution, exchanged signed documents of a memorandum of understanding in Dhaka yesterday.

City Bank's profit rises 9% in Q2

STAR BUSINESS DESK

City Bank's consolidated profit rose 9.07 percent year-on-year to Tk 236.94 crore in the first half of 2023.

The amount was Tk 217.22 crore during the same period of last year.

Consolidated earnings per share (EPS) of the bank was recorded at Tk 1.97 for the half year that ended in June, 2023 against Tk 1.81 during the same period of last year.

The details were revealed yesterday at an earnings disclosure webcast based on the financial performance of the bank in the second quarter of 2023, said a press release.

The existing and potential investors across the globe, researchers and analysts along with many other individuals involved in capital market activities joined the virtual event.



PHOTO: CITY BANK

Mashrur Arefin, managing director and CEO of City Bank, attends the earnings disclosure webcast yesterday.



Manwar Hossain, chairman of Bangladesh Finance, greets Fatema Begum with a bouquet at their head office in Dhaka after she joined the non-bank financial institution as a director recently.

PHOTO: BANGLADESH FINANCE

Fatema joins Bangladesh Finance as director

STAR BUSINESS DESK

Fatema Begum, a former additional inspector general of police, has recently joined Bangladesh Finance as its director.

She will also work as a member of the audit committee of the non-bank financial institution, said a press release.

As the very first woman officer, she joined Bangladesh Police in 1984 after completing her studies from the University of Dhaka.

"I am proud to join Bangladesh Finance as a director," Fatema said, adding that she will contribute

to the future success of the organisation.

Manwar Hossain, chairman of Bangladesh Finance, welcomed the appointment of Fatema as a director.

"The inclusion of Fatema Begum to the board will unite and strengthen the position of Bangladesh Finance," he said.

"Fatema Begum's joining and contribution to the financial sector of Bangladesh will diversify the board. Besides, with her skills and guidance Bangladesh Finance will go beyond," said Md Kyser Hamid, managing director and CEO of the company.

Bangladesh focuses on lower duty

FROM PAGE B1

has fewer products compared to the diversified portfolio of Japan, he said.

Ghosh informed that Bangladesh also wants removal of the average 18 percent duty levied on all shipments to Japan.

"Besides, the country seeks more investment from Japan as the recent trend of Japanese companies coming to Bangladesh suggests they have a promising future here," he added.

During his visit to Dhaka last week, Yasutoshi Nishimura, the minister of economy, trade and industry of Japan, said Bangladesh has potential for attracting the relocating Japanese factories as entrepreneurs from the island nation are diversifying their locations in the Southeast Asia and Asean regions.

"I expect more companies will come to Bangladesh," Nishimura said while speaking at a summit on "Bangladesh-Japan Economic Relations for the Next 50 Years" in Dhaka last week.

The relationship between Japan and Bangladesh had turned from a comprehensive one into a strategic partnership through a summit in April earlier this year.

However, there remain areas for improving the business climate and thereby attract more trade and investment, he added.

Regarding Bangladesh's industrial upgradation, the Japanese minister said Japan's government is already supporting the construction of different infrastructure projects through the Japan International Cooperation Agency (JICA).

For instance, the Matarbari power plant and deep seaport are being established with Japanese financing.

Besides, the JICA signed a memorandum of understanding in April this year for the capacity building of agencies promoting

investment in Bangladesh.

Also, the Bangladesh Special Economic Zone (BSEZ), which is known as the Japan economic zone, has been under construction at Araihaazar in Narayanganj since last December while the metro rail project in Dhaka is ongoing as well.

The Japanese minister also said factory relocation has already started as the Japanese company Honda opened a factory in Bangladesh.

Similarly, the BJIT, an award-winning global IT company, has also started operations in Bangladesh.

Currently, nearly 350 Japanese companies are operating in Bangladesh, with more than \$380 million invested in the country.

Of the total companies, 85 percent want Bangladesh and Japan to sign the EPA for increasing bilateral trade and investment.

In 2022, Bangladesh received a record high of more than \$100 million as investment from Japan.

Meanwhile, the number of Japanese companies in Bangladesh roughly quadrupled over the past decade, Nishimura added.

Japan and India are two export destinations in Asia, where Bangladesh's export earnings reached \$2 billion, Munshi said while addressing local and Japanese businessmen at the summit.

High powered Bangladesh and Japan delegations completed the second round of discussions on the joint study for signing the EPA in Dhaka last week.

A senior official of the Japanese government who attended the discussion said his government would not allow agricultural products under the duty-free benefit even if the EPA is signed.

Ghosh said formal negotiations for the EPA will start within this year as the third and final discussion on the joint study on its feasibility will be held soon.

Nasim Manzur becomes Pioneer Insurance chair

STAR BUSINESS DESK

Syed Nasim Manzur has been elected as the chairman of Pioneer Insurance Company Ltd at a meeting of the board of directors of the insurer in Dhaka recently.

Manzur is the chairman of Landmark Footwear Ltd and managing director of Apex Footwear Ltd, said a press release.

He is on the board of Apex Tannery Ltd, Apex Pharma Ltd, Blue Ocean Footwear Ltd, Grey Advertising Bangladesh Ltd, Quantum Consumer Solutions Ltd, Sunbeams School Ltd, and International Publications Ltd.

He is the president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh and a vice-president of the Bangladesh Association of Publicly Listed Companies.

He was the president of the Metropolitan Chamber of Commerce and Industry Dhaka twice.

Manzur is also a board member of the Society for Promotion of Bangladesh Art and Friendship, a non-government organisation, and a board of trustee member of Brac University.

Manzur obtained his BSc degree in economics in entrepreneurial management from the Wharton School of the University of Pennsylvania, the USA in 1990.



India's 2023 gold demand may fall

REUTERS, Mumbai

India's gold demand in 2023 could fall 10 percent from a year ago to their lowest in three years, as record high prices are dampening retail purchases, the World Gold Council (WGC) said on Tuesday.

The lower purchases in the world's second-biggest gold consumer could limit a rally in global prices. Falling demand for gold imports could also help to narrow India's trade deficit and support the rupee.

"We remain cautious about gold demand as it faces uncertainties due to elevated local prices and slowdown in discretionary spending," said Somasundaram PR, regional chief executive officer of WGC's Indian operations.

Demand could fall to 700 metric tons in 2023 from 774.1 metric tons a year ago, he said.

Indian gold consumption in the April-June quarter fell 7 percent to 158.1 metric tons, as both jewellery and investment demand dropped due to a rally in local prices, which hit a record high of 61,845 rupees per 10 grams in the quarter, the WGC said.

Higher gold prices have been prompting some people to sell their old jewellery and coins, leading to a jump in scrap supplies, he said.

In the June quarter, scrap supplies jumped 61 percent from a year ago to 37.6 metric tons, the highest in nearly 3 years, the data showed.

World factory activity

FROM PAGE B4

weakness ahead," said Shivaan Tandon, emerging Asia economist at Capital Economics.

"Falling new orders, bleak employment prospects and high inventory levels point to subdued factory activity in the coming months."

Japan's final au Jibun Bank PMI fell to 49.6 in July, from 49.8 in June, due to weak domestic and overseas demand.

South Korea's PMI stood at 49.4 in July, up from 47.8 in June but staying below the 50-threshold, a survey by S&P Global showed.

Taiwan's manufacturing PMI fell to 44.1 in July from 44.8 in June, while the index for Vietnam rose to 48.7 from 46.2, surveys showed.

In India, growth in manufacturing activity slowed for a second month, but the pace of expansion remained healthy and beat expectations.

Asia has been among the few bright spots in the global economy, though China's slowdown clouds the outlook.

In revised forecasts issued in July, the International Monetary Fund projects emerging Asia's economic growth will accelerate to 5.3 percent this year from 4.5 percent in 2022. It expects China's economy to expand 5.2 percent this year after a 3.0 percent increase in 2022.

Saudi Arabia may raise

FROM PAGE B4

by the Organization of the Petroleum Exporting Countries and its allies, known as Opec+, to limit oil supply into 2024 to support prices.

Market participants and analysts forecast Saudi Arabia will extend the voluntary cut for another month to include September when Opec+ holds its monthly Joint Ministerial Monitoring Committee meeting on August 4.

"It's always hard to make prediction on Saudi's OSPs. But the rollover of the 1 million bpd cut is seen as a baseline

in September price assessments," said one respondent.

The supply reductions have boosted oil prices, particularly for sour crude, since the end of June.

The supply tightness is reflected in the widening of the backwardation during July in the first- and third-month price spread for Middle East benchmark crude Dubai, an indicator that typically guides how much Saudi Aramco might raise or cut Arab Light's OSP.

Backwardation is the pricing

structure where prices for prompt supply are higher than those in future months, suggesting less supply and higher demand for oil. The backwardation in the spread widened by 43 cents a barrel in July, indicating the OSP will rise by a similar amount.

Arab Light prices are also supported by improving refining margins in Asia, in particular for middle distillates. Profits at a typical Singapore refinery processing Dubai crude averaged \$10.60 a barrel in July, the highest in seven months.



Workers are seen unloading logs from a trawler before loading them onto a truck for transport to Dhaka. The labourers are paid up to Tk 1,000 for working from 7:00am to 9:00pm every day. The photo was taken recently along the Sandhya river in Nesarabad upazila of Pirojpur.

PHOTO: TITU DAS

Govt plans economic zone for fish processing industry

STAR BUSINESS REPORT

The government is planning to set up a separate economic zone for the fisheries sector in order to promote the fish processing industry, said Fisheries and Livestock Minister SM Rezaul Karim yesterday.

The minister made the comments after stakeholders of the fisheries industry called for establishing a special zone for the industry at a workshop.

The workshop, styled “Fisheries Subsidies in the Context of LDC Graduation and Way Forward”, was organised by the Support to Sustainable Graduation Project (SSGP) of the Economic Relations Division (ERD) of the Ministry of Finance at the NEC conference room in the capital, said a press release.

“The government would provide all kinds of support, including land acquisition support in setting up the economic zone,” said Karim.

“The success of such economic zones depends on spontaneous investment from private entrepreneurs.”

The minister said the government had initiated a project to encourage deep-sea fishing but at the same time, adopting a slew of strict measures to discourage overfishing.

The workshop was organised to identify the next course of action for continuing fisheries subsidies in the aftermath of Bangladesh’s graduation from the group of least-developed countries against the backdrop of the World Trade Organisation’s Agreement of Fisheries Subsidies, according to the ERD.

“There are huge untapped opportunities in the blue economy sector of the country,” said Nahid Rashid, secretary to the fisheries and livestock ministry.

She called for increased public and private investment for tapping such opportunities.

A comprehensive study needs to be

carried out on the potential impact of the withdrawal of fishery subsidies, said Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry.

The government would provide all kinds of support, including land acquisition support, in setting up the economic zone

On the findings of the study, Bangladesh will be able to actively participate in the WTO negotiation and can raise the issue at the next ministerial conference, he said.

Kazi Belayet Hossain, president of the Bangladesh Frozen Food Exporters Association, called for duty waiver on the import of fisheries instruments.

He also called for further value-addition and skill enhancement in this

sector while emphasising the need for providing bonded warehouse facilities to the sector.

The government should gradually eliminate the cash incentives by 2026, said Md Hafizur Rahman, a member of the Bangladesh Competition Commission, while delivering the keynote speech.

Rahman recommended developing a reporting system of catch in a systematic way and exploring options for using innovative non-actionable subsidies in the sector.

Sharifa Khan, secretary to the ERD, recommended the formulation of a roadmap to tap the opportunities existing in the blue economy sector.

Khondokar Mahbubul Haque, director general of the department of fisheries, Sayeed Mahmood Belal Haider, chairman of the Bangladesh Fisheries Development Corporation, Md Zulfikar Ali, director of the Bangladesh Fisheries Research Institute, and Farid Aziz, project director of the SSGP, also spoke.

China imposes export curbs on critical metals

AFP, Beijing

Chinese controls on exports of two metals critical to making semiconductors came into force on Tuesday, a day after Beijing imposed curbs on the foreign sales of some drones.

The Biden administration has in recent months stepped up measures to restrict Chinese companies’ access to the most advanced semiconductors.

China, which seeks to become self-sufficient in semiconductor design, says those measures are aimed at maintaining US supremacy in the field.

From Tuesday, Chinese companies seeking to export gallium or germanium will need to obtain a licence, according to a directive from the Ministry of Commerce.

Under the new rules, they will also need to provide information on the final recipient and give details about their end use.

China accounts for 94 percent of the world’s production of gallium – used in integrated circuits, LEDs and photovoltaic panels – according to a report by the European Union published this year.

For germanium, essential for fibre optics and infrared, China makes up 83 percent of production.

The export curbs “send a clear signal that China holds all of the power in this dangerous game”, analyst James Kennedy told AFP, calling the curbs “an unambiguous message” to the United States.

Apple, Microsoft remain world’s top 2 companies by market cap

REUTERS

Tech giants Apple and Microsoft remained the top two global companies by market capitalisation at the end of July after riding this year’s rally in technology shares.

Apple last month became the first company in the world to reach a market value of \$3 trillion, buoyed by hopes over its expansion in new markets and expectations for more moderate US interest rate hikes. Strong quarterly earnings from companies such as Alphabet, Meta Platforms, chipmaker Intel and chip equipment maker Lam Research lifted overall market sentiment last month.

Facebook owner Meta’s market cap jumped more than 10 percent in July, thanks to the company’s rosy revenue forecast and robust ad revenue growth in the second quarter.

Microsoft also beat Wall Street estimates for its fiscal fourth-quarter revenue, driven by growth in its cloud computing and office software businesses, although its share price slipped back 1.4 percent in July after it also laid out an aggressive spending plan to meet demand for artificial intelligence services.

Poor performers

FROM PAGE B1

With this backdrop, the IDRA appointed observers in four life insurance companies last June.

The companies are Progressive Life Insurance Company Limited, Sunlife Insurance Company Limited, Padma Islami Life Insurance Limited, and Golden Life Insurance Limited.

In 2021, the Bangladesh Securities and Exchange Commission reconstructed the board of Fareast Islami Life Insurance to protect investors’ funds after finding that the company’s directors had embezzled funds.

The regulator found through an audit that Fareast’s former chairman and directors committed serial financial crimes and siphoned off policyholders’ funds worth more than Tk 2,100 crore between 2010 and 2020.

Sheikh Kabir Hossain, chairman of the reconstructed board of Fareast Islami Life Insurance, told the Daily Star last month that the company is “sick” as it owes a lot of money while

INSURERS WITH LOW CLAIM SETTLEMENT In %

Name	Claim settlement ratio
Baira	1.83
Fareast	21.29
Sunflower	24.6
Golden	37.7
Progressive	39.11

SOURCE: IDRA

its owners are in jail.

The government had set up a new board of directors to restore Fareast Islami to its previous position, but they have not made much progress so far.

“And due to this sickness, it is not possible to pay back debts at the required rate,” Hossain added.

Top officials of the Baira, Sunflower, and Golden life insurance companies could not be reached for a comment by the time this report was filed.

Insurance claim settlement

FROM PAGE B1

that failed to settle claims despite having sufficient funds.”

In addition, the Idra should work to minimise the risky investments made by insurers, he said.

Sheikh Kabir Hossain, president of the Bangladesh Insurance Association (BIA), said several companies are currently unable to settle claims due to bad investment and non-compliance.

“The Idra and the BIA are working on how to increase the rate of settlement.”

The association has asked companies to settle claims as soon as policies mature, he said.

Hossain, also the chairman of Sonar Bangla Insurance, thinks the Idra has instructed insurance companies to digitalise their operations. “Once that happens, this

will improve the situation.”

He said the claim settlement ratio is much better now than in the past thanks to a number of steps taken by the Idra.

“If Idra’s monitoring becomes robust and digitalisation completes, the rate of claim settlement will increase further.”

Seventeen companies’ claim settlement ratio was more than 95 percent. Of them, nine companies settled claims worth less than Tk 100 crore.

There were eight companies whose claim settlement ratio was above 95 per cent and settled claims worth more than Tk 100 crore. They are Guardian Life Insurance, Meghna Life Insurance, MetLife Bangladesh, Popular Life Insurance, Pragati Life Insurance, Prime Islami Life Insurance, Sandhani Life Insurance, and Rupali Life Insurance.

Ala Ahmad, chief executive officer of MetLife Bangladesh, the lone foreign insurance company in the country, says when customers purchase policies, they expect to see their claims settled without any hassle or delay.

“But if insurers can’t meet this expectation, it creates mistrust between policyholders and the insurance industry.”

MetLife Bangladesh settled 92.28 percent of its total claims in 2020, 95.38 percent in 2021 and 96.02 percent in 2022.

Ahmad said MetLife has always put special emphasis on making customers’ claim experiences smooth and satisfactory. “Over the years, we have invested in technology and people to modernise the claims settlement process.”

“As a result, our customers can apply for claim settlement online from anywhere in Bangladesh and receive funds in just three to five working days. We have completely eliminated the necessity to come to our offices to

submit paper documents needed to initiate a claim settlement process.”

Ahmad said his company has strong customer fund management and investment practices, which help maintain a strong financial position to settle claims without any difficulty.

Another element MetLife is focusing on is quality sales.

“This is because when we understand the needs and prevailing situations of our customers, we can suggest the most appropriate products to them,” said Ahmad.

“When insurance policies are sold with a proper understanding of customer needs and situations, the process of claims settlement can be smooth and without any surprises for customers.”

Sadman Tanvir, head of marketing at Guardian life insurance, said if a company settles claims and provides services properly to policyholders, it is good for both insurers and customers.

Guardian’s claim settlement was 96.85 percent, 97.36 percent and 98.31 percent in 2020, 2021 and 2022, respectively.

Tanvir says his company settles claims within three to five days of the expiration of a policy.

He added that sometimes policyholders can’t submit papers on time. “In such cases, settlement takes time.”

Azizul Islam urged the regulator to find out why insurance companies are failing to settle claims properly.

“The directors of the insurance companies should be brought under the scanner to figure out whether they were responsible for bad investments.”

If needed, the regulator should force insurance companies to sell their assets and pay back people’s money, added Islam, also a former chairman of the Bangladesh Securities and Exchange Commission.

Banglalink to apply

FROM PAGE B1

In Bangladesh, Toffee was an example of how great feats could be achieved in entertainment, said Terzioğlu, adding that MyBanglalink is a super app that addresses education and healthcare.

“Time is right for us to be active in digital financial services. There are 1,440 minutes in a day and we want to be at our customers’ service every single minute.”

The company is planning to utilise its existing customer base as a strategic asset to enhance its position in the digital banking market and bring innovation.

“We already have 4.2 crore customers and if they come to digital banking, it would be great for the country,” said Banglalink’s Chief Corporate & Regulatory Affairs Officer Taimur Rahman.

According to him, another strength of telecommunication companies is their strong distribution channel, which will pave the way for building a solid ecosystem for a digital bank.

“Now, we need a partner.”

In June, the BB invited applications from entrepreneurs interested in establishing digital banks.

It opened a portal for applications to this effect and said it would accept applications until August 1 this year. Later, the deadline was extended to August 17.

Banglalink is the lone telecom operator that has so far applied for a digital banking licence.

Grameenphone and Robi, the two top operators, are yet to receive a green signal from their respective parent companies Telenor and Axiata about whether they would apply for a digital banking licence, according to officials of both operators.

Bank Asia, bKash, Pragati Life Insurance, ACI Ltd, Padma Bank and Crystal Insurance are among the companies that have applied for digital banking licences and some companies are expected to follow suit.

Low rainfall forces farmers

FROM PAGE B1

(minor irrigation) of the Bangladesh Agricultural Development Corporation (BADC), said nearly one-third of the roughly 17 lakh irrigation pumps available, including state sponsored and private ones, have been started to provide supplementary irrigation.

He said they have given instruction to field offices to keep irrigation pumps ready so that fields can be watered if needed.

“We will keep our irrigation pumps on,” he said. “Aman cultivation will not be affected.”

To discuss the issue of ensuring supplementary irrigation to ensure a good yield from the Aman season, the agriculture ministry yesterday held a meeting with representatives

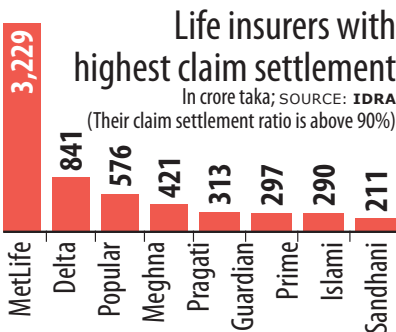
of BADC, the Barind Multipurpose Development Authority and Bangladesh Rural Electrification Board.

Rabindra Sri Barua, additional secretary in charge of the extension wing at the agriculture ministry, said they held the meeting to ensure coordinated steps are taken.

“Supplementary irrigation will be provided whenever and wherever it is necessary. We had a bumper harvest of Aman paddy in the previous season, and we are well prepared to ensure that this time too,” he added.

Md Omar Faruq, a meteorologist at the BMD, said there had been several heat waves in the country in July.

“There is possibility of heat waves in August too. But we expect normal rainfall this month,” he added.



IPDC's profit sinks

STAR BUSINESS REPORT

IPDC Finance Limited's profit slumped 62.70 percent year-on-year to Tk 8.16 crore in the second quarter of 2023 owing to a rise in interest expenses, salary and allowances and provision for loans and investments.

The non-bank financial institution made a profit of Tk 21.89 crore in the April-June quarter of 2022.

Thus, the earnings per share slipped to Tk 0.22 in April-June of 2023 against Tk 0.59 in the identical quarter of 2022.

The EPS declined due to a rise in interest expenses, salary and allowances and provision for loans and investments, according to a filing on the Dhaka Stock Exchange.

The profit stood at Tk 9.65 crore in the first half of 2023, which was Tk 44.16 crore in the identical period of 2022, a decrease of 78 percent year-on-year. So, the EPS slipped to Tk 0.26 from Tk 1.19 during the period.

The net operating cash flow per share, however, narrowed to Tk 4.62 negative in January-June of 2023 from Tk 13.29 negative during the same period last year.

The NOCFPS increased due to a decrease in loan disbursement and negative cash flow from deposits, the filing said.

The net asset value per share fell to Tk 17.51 on June 30 from Tk 18.33 on December 31.

Shares of IPDC Finance closed unchanged at Tk 57.60 on the DSE yesterday.

Saudi Arabia may raise crude prices

REUTERS, Singapore

Saudi Arabia, the world's biggest oil exporter, may raise its price for Arab Light crude for sale to Asian refiners for a third month as its voluntary output cuts may be extended, further tightening the supply of high-sulphur, or sour, crude.

State-owned Saudi Aramco may raise the official selling price (OSP) for its flagship Arab Light crude in September by about 45 cents from August to \$3.65 a barrel above Oman/Dubai quotes, which would be the grade's highest premium this year, a Reuters survey of five refining sources showed.

Saudi Arabia has said it will cut its production by 1 million barrels per day (bpd) in July and August on top of broad reductions

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Dhaka Bank's profit jumps 31% in Q2

STAR BUSINESS REPORT

Dhaka Bank Limited's profit climbed more than 31 per cent year-on-year to Tk 71.47 crore in the April-June quarter of 2023.

The private commercial lender made a profit of Tk 54.36 crore in the identical quarter of 2022.

Thus, the consolidated earnings per share rose to Tk 0.71 in April-June this year against Tk 0.54 in the same period of 2022, according to the unaudited financial statements.

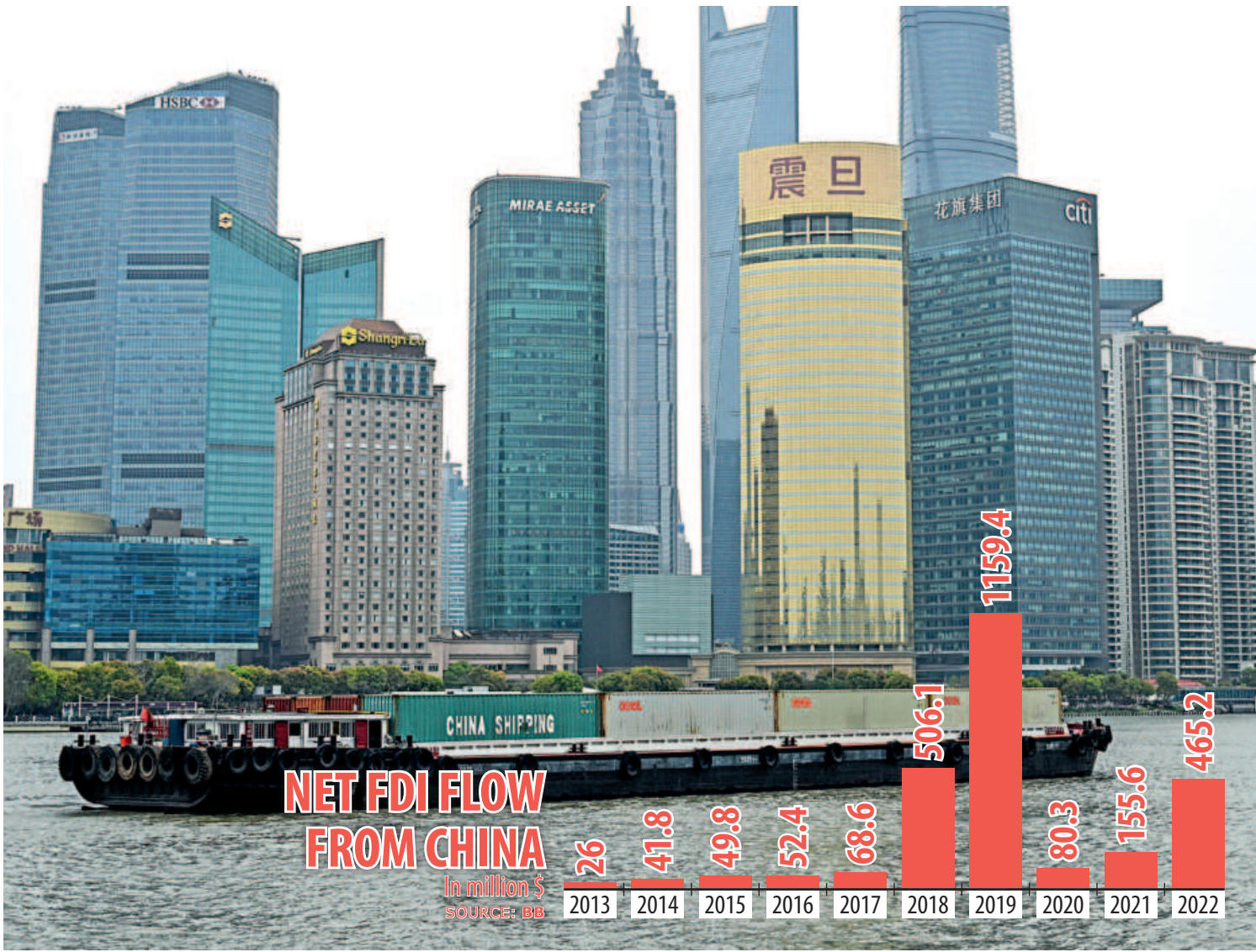
The EPS increased thanks to a rise in interest income and a decrease in provisions against loans and advances, said the bank in a filing on the Dhaka Stock Exchange.

The healthy profit in the second quarter raised earnings to Tk 131.86 crore in the first half against Tk 122.81 crore during the January-June of 2022, a year-on-year spike of 7.36 per cent. So, the consolidated EPS went up to Tk 1.31 from Tk 1.22.

The consolidated net operating cash flow per share returned to positive territory to stand at Tk 29.04 in January-June against a negative Tk 16.80 in the similar half of 2022.

The NOCFPS increased due to a fall in disbursement of loans and a rise in deposits and borrowings, the filing said.

The consolidated net asset value per share rose to Tk 22.05 on June 30 this year from Tk 20.91 on the same day last year. Shares of Dhaka Bank traded at Tk 12.50 on the DSE yesterday, unchanged from a day earlier.



Chinese FDI showing strong growth

A result of Bangladesh's relatively investment-friendly conditions, says Chinese embassy

JAGARAN CHAKMA

Bangladesh has seen rapid growth in foreign direct investment (FDI) from China ever since the country joined its Belt and Road Initiative (BRI) in 2016, according to a report by the Chinese embassy in Dhaka.

Besides, Chinese investors have started coming to Bangladesh as the country has a favourable investment climate, it said.

Bangladesh received more than \$2.6 billion in FDI from China over the past 10 years while the total FDI from Japan stands at just \$380 million till date, according to data of Bangladesh Bank.

The Chinese FDI was made in industries such as garments, telecommunications, energy, manufacturing, infrastructure, leather and leather goods, chemicals, and so on.

Bangladesh and China also witnessed sharp growth in bilateral trade, which amounted to \$25 billion in 2022 compared to \$6.77 billion in 2013.

Goods imported from China to Bangladesh mainly consist of capital machinery and raw materials.

Meanwhile, Bangladesh's exports to China are mostly comprised of vegetables, frozen and live fish, leather and leather goods, paper, and garment items such as yarn and woven fabrics.

The report, released on July 2 earlier this year, provides an assessment of the overall investment by Chinese investors in Bangladesh as well as the barriers they face.

Styled "Invest Social Responsibility Report of Chinese Enterprises in Bangladesh", the report said that Chinese enterprises in the

country have made significant contributions to its economic development.

For example, nearly 1,000 Chinese enterprises are currently operating in the country, creating approximately 5.50 lakh employment opportunities in the process.

However, these companies face challenges in doing business because of cultural differences while Bangladesh's sub-par public safety conditions and infrastructure levels also play a part.

Bangladesh received more than \$2.6 billion in FDI from China over the past 10 years. The investment was made in industries such as garments, telecom, energy, manufacturing, infrastructure, chemicals and so on

"So, we can invite experts and scholars who are familiar with the regional culture to provide special training to employees of Chinese-funded enterprises stationed in Bangladesh," the report said.

This way, the Chinese firms will be able to understand Bangladesh's cultural characteristics, habits and religious values to ensure that all work is carried out in accordance with laws and regulations, it added.

The Chinese embassy pointed out that as economic globalisation continues to advance, Bangladesh is becoming increasingly integrated with the world.

As a result, more foreign companies are setting up shop in the country's domestic market.

The report also said Chinese companies in Bangladesh should leverage their advantages in professional fields, actively expand operations, and improve their project management and contract execution levels.

In addition, they should enhance their international compliance, and cultivate specialised, refined, and simplified high-quality project teams.

Bangladesh's government has created a relatively investment-friendly climate for foreign investors and actively provides assistance to this end.

So, it is important to seize the opportunities presented by the country's commitment to development and willingness to provide favourable conditions in this regard, the Chinese embassy said in its report.

However, Chinese companies must establish a comprehensive self-regulation and cooperation mechanism at the government and industry levels in order to achieve healthy development.

The Chinese embassy added that there is a clear demand for the upgradation of industrial technology in Bangladesh, with strategies such as "Smart Bangladesh" being implemented.

The report also said Chinese companies need to actively integrate into Bangladesh's market and improve their localisation at the management level.

This can be done by actively selecting and cultivating a group of responsible and capable personnel among foreign employees

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FBCCI POLLS

Sammilito Baboshayee Parishad bags 15 posts

Baboshayee Oikko Parishad wins 8

STAR BUSINESS REPORT

The Sammilito Baboshayee Parishad won 15 posts while its opponent Baboshayee Oikko Parishad secured eight posts in the election of the association group of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) on Monday.

The polls took place at the Bangabandhu International Conference Centre in Dhaka to elect the leadership of the apex trade body of the country for the tenure of 2023-25. The results were announced early yesterday.

Mahbubul Alam, the representative of the Chittagong Chamber of Commerce and Industry, led the Baboshayee Oikko Parishad while Mir Nizam Uddin Ahmed led the Sammilito Baboshayee Parishad.

This year the voting took place only for the 23 posts in the association group as 23 directors for the chamber group were elected unopposed earlier.

In the association group, 49 candidates contested. Of them, 23 came from each of the two panels while three contested in the biennial elections as independent candidates.



The voting started at 9am and ended at 4pm without any break. Some 1,746 out of the 1,954 voters cast their votes, giving a turnout of about 89.35 percent, according to data from the FBCCI.

A Matin Chowdhury, chairman of the election board, announced the results at around 2:30am yesterday.

The elected directors are expected to choose the president, a senior vice-president and six vice-presidents today.

As per the rules of the apex trade body, the chamber group and the association group get the chance to elect their nominee as the president in an alternate term. This year the president will be picked up from the chamber group.

Since Alam is leading the chamber group and his panel has secured a majority, the business leader from the port city is set to be the next president of the federation.

Alam's panel bagged 63 out of 80 posts that make up the board of the FBCCI.

Of the directors, 17 are nominated from the chamber group and 17 from the association group. The rest 46 directors are elected, with 23 coming from the chamber group and 23 from the association group.

This year, 16 directors from the chamber group and an equal number of directors from the association group have been nominated after two directors from each group were disqualified.

The election of the chamber group was not required after four out of 27 candidates withdrew their candidacy against 23 posts, allowing the remaining contestants to be elected unopposed.

World factory activity shrinks

REUTERS, London/Tokyo

Global factory activity took a further turn for the worse in July, private surveys showed on Tuesday, a sign slowing growth and weakness in China were taking a toll on the world economy.

The downturn highlights the dilemma for policymakers who embarked on aggressive tightening cycles in a battle to keep inflation at bay and yet also need to try and forestall potential recessions.

A Purchasing Managers' Index (PMI) covering the euro zone as a whole showed manufacturing activity contracted in July at the fastest pace since Covid was cementing its grip on the world as demand slumped despite factories cutting their prices sharply.

There was considerable weakness in Germany, Europe's largest economy, while France and Italy, the second- and third-largest euro zone economies, also recorded marked deteriorations since June.

HCOB's final euro zone manufacturing PMI, compiled by S&P Global, fell to 42.7 in July from June's 43.4, its lowest since May 2020 and matching a preliminary reading. A reading below 50 marks a contraction in activity.

An index measuring output, which feeds into a composite PMI due on Thursday and seen as a good gauge of economic health, dropped to 42.7 from 44.2, a low not seen in over three years.

The manufacturing downturn in Germany deepened at the start of the third quarter as goods producers recorded sharper declines in new

orders, data showed.

Meanwhile, France's factory sector contracted further in July although the downturn was not quite as bad as first forecast.

"Today's PMI results are an indicator of the ongoing uncertainty that the euro zone manufacturing sector is currently facing," said Thomas Rinn,



Employees work on the production line of the Schneider Electric factory in Beijing, China.

PHOTO: REUTERS/FILE

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