


# Star BUSINESS



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## US wants to help build capacity of BFIU

**STAR BUSINESS REPORT**

A visiting US Department of State official yesterday showed interest on developing the capacity of Bangladesh Financial Intelligence Unit (BFIU) to prevent money laundering and terrorist financing.

The BFIU is a government agency of Bangladesh responsible for investigating money laundering, suspicious transactions and cash transaction reports.

Richard Nephew, the state department's coordinator on global anti-corruption, expressed the interest in a meeting with a three-member team of the BFIU comprising Director Md Rafiqul Islam, Additional Director Kamal Hossain and Joint Director Zobaidda Afroze.

When contacted by The


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### AT A GLANCE

- LAUNCH** MFS was launched in 2011
- APPROVED** A total of 27 banks took approval initially
- LAUNCH** In 2016, 19 banks launched MFS
- CLOSED** Many of the operators were closed
- LAUNCH** Currently, there are 13 MFS platforms in total
- LAUNCH** Only two -- bKash and Nagad -- dominate market

### CUSTOMERS

- More than 20cr customers in the country
- bKash has 7cr account holders
- Nagad has 8cr account holders



### OTHER TOP OPERATORS

Rocket, Upay, Tap

### REASONS BEHIND SUCCESS

- Long-term plan
- Investment and innovation
- Following subsidiary model

### REASONS BEHIND FAILURE

- Abrupt cuts in investment
- High customer acquisition cost
- High technology costs
- Exorbitant cost of operation
- Lack of skilled human resources
- Lack of understanding about market

MFS is a highly competitive virtual retail banking service and it is as volatile as any fast-moving consumer product. Not all of the companies that have obtained licences necessarily have the required insights about this business. As a result, they have failed.

Abu Saeed Khan  
senior policy fellow at LIRNEasia

## Biman to resume Dhaka-Guangzhou flights

**RASHIDUL HASAN**

Biman Bangladesh Airlines is going to resume direct flights from Dhaka to China's Guangzhou from September 14.

Biman flight BG366 will depart from Hazrat Shahjalal International Airport for Guangzhou at 10:20pm on that day, the airline said in a press release.

On this occasion, ticket sales for this route have already started at special discounts which would be available till the end of this year.

The minimum one-way economy class fare will start from Tk 30,670 per person and the minimum fare for a return ticket will start at Tk 50,539.

On the other hand, the lowest one-way economy class fare on the Guangzhou-Dhaka route will start from Tk 24,157 per person and the lowest return ticket price will start at Tk 48,911.

Every Sunday, Tuesday and Thursday, the Biman flight will depart from Dhaka at 10:20pm and

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# Most MFS operators struggle in a booming market

**MAHMUDUL HASAN and MD MEHEDI HASAN**

In 2011 when mobile financial service (MFS) was introduced in Bangladesh, 27 banks took the approval from the central bank as many had correctly predicted an impending boom in mobile banking amid rising usage of cell phones.

Not all licencees saw the light of the day and 19 firms rolled out the service by 2016. Of them, 13 entities currently exist in a market that witnesses more than Tk 3,500 crore worth of transactions every day and the amount is only rising.

Dutch-Bangla Bank Ltd pioneered the country's first MFS operation in March 2011 by introducing DBBL Mobile, which was later rebranded Rocket.

bKash, a subsidiary of Brac Bank, followed suit three months later.

Currently, bKash, Nagad -- an MFS wing of Bangladesh Post Office that made a foray into the industry in 2019 -- and Rocket control more than 80 percent of the market in terms of subscribers, which numbered 20.4 crore in May.

One of the MFS operators that saw early demise was Standard Bank's Spot Cash.

"We couldn't attract enough customers in the beginning, so we didn't go ahead," said Md

Rabiul Hasan, an official of the private commercial lender.

For Spot Cash, high operating expenses, driven by escalated customer acquisition costs and the high price of software, were the main factor for its closure.

Since the MFS was almost inactive for some years, the Bangladesh Bank instructed it to close down last year.

MYCash, owned by Mercantile Bank, has been operational for more than six years but is yet to establish a vibrant presence.

Mati Ul Hasan, additional managing director of the bank, said: "It is true that MYCash is going slowly, but we have almost reached break-even."

Not only MYCash, other MFS operators except bKash, Nagad and Rocket, have not thrived due mainly to higher expenditures.

Hasan said leading MFS providers such as bKash and Nagad have been able to widen

their footprint by way of appointing agents, which costs exorbitantly.

"If we want to appoint agents, our service will incur losses. MYCash has a specific group of clients and they are always using our service."

Meghna Bank was awarded the licence in 2016 and its brand name was Tap & Pay. Recently, the bank changed the name to "MeghnaPay" as part of the rebranding.

Sohail RK Hussain, managing director of the bank, says the bank had been operating the MFS through a third party and it did not run it properly.

The bank has cancelled the agreement with the third party.

Currently, Meghna Bank runs the service on its own and plans to make it profitable. It signed a deal with mobile phone operator Grameenphone to settle cash-out and cash-in services.

"Distribution channel is very important for the success of MFS, so we have a plan to roll out the same cash-out and cash-in points like those of bKash and Nagad."

MeghnaPay has 5 lakh clients.

A senior official of the BB's payments system department says subsidiary-based MFS providers are doing well than those being offered as a product of a bank.

He cited the example of Upay of UCB Fintech Company Ltd and Trust Axiata pay: tap of Trust Axiata Digital Ltd.

TeleCash is an MFS product of Southeast Bank and now the bank wants to form a subsidiary to run it. The bank has already sent a proposal to the BB to this effect, said an official.

Presently, bKash and Nagad dominate the sector with more than 75 percent market share between them in terms of customers. In terms of transactions, the share stands at over 85 percent.

Experts and industry insiders say the reluctance to invest, a lack of skilled workforce and the dominance of two to three players have been standing in the way of other operators.

"The main problem is that banks have been uninterested in investing substantially. They want quick returns, but you can't make a profit overnight in

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## 12 companies to get Bangabandhu industrial award

**STAR BUSINESS REPORT**

The government has published the names of 12 companies that have been selected for the Bangabandhu Sheikh Mujib Industrial Award 2022 for their contribution to the economy.

The industries ministries picked the companies in six categories, according to a gazette notification on August 6.

In the large industries category, Runner Automobiles secured the first place, followed by Zaber & Zubair Fabrics, and BSRM Steels.

Nita Company Ltd, an enterprise of Nitol Group, secured the top position in the medium-scale industries category. Noman Terry Towel Mills ranked second.

Hazrat Amanat Shah Spinning Mills, Basumati Distribution, and Technomedia Ltd were respectively named first, second and third under the small-scale industries category. In the micro-industries category, Green Genesis Engineering won first place.

Walton Hi-tech Industries bagged the top honour in the hi-tech industries category while Super Star Electrical Accessories was in the second position.

Shamsunnahar Textile Mills received the first prize in the cottage industries category.

The first prize winner will receive Tk 3 lakh, a gold crest weighing 25 grammes, and a certificate.

The second prize recipient will get Tk 2 lakh, a gold crest weighing 18 grammes, and a certificate, while the third prize winner will be given Tk 1 lakh, a gold crest of 15 grammes, and a certificate.

The Bangabandhu Sheikh Mujib Industrial Award was introduced last year, marking the birth centenary of the Father of the Nation.

## Why meat prices rising despite surplus production

**SUKANTA HALDER and MD ABU TALHA SARKER**

While the Department of Livestock Services (DLS) estimates a surplus of meat production in the country, prices of all -- be it chicken meat, mutton or beef -- have risen, raising questions about the authenticity of production and demand estimates.

Data from the DLS showed that meat production in Bangladesh stood at 87.10 lakh tonnes in fiscal year (FY) 2022-23 against a demand of 76.08 lakh tonnes, meaning there was a surplus of 11 lakh tonnes.

Despite the surplus, consumers in Dhaka city had to pay 10 percent higher prices for broiler chicken meat and 15.04 percent higher prices for beef yesterday from that a year ago, according to prices data compiled by the state-run Trading Corporation of Bangladesh (TCB).

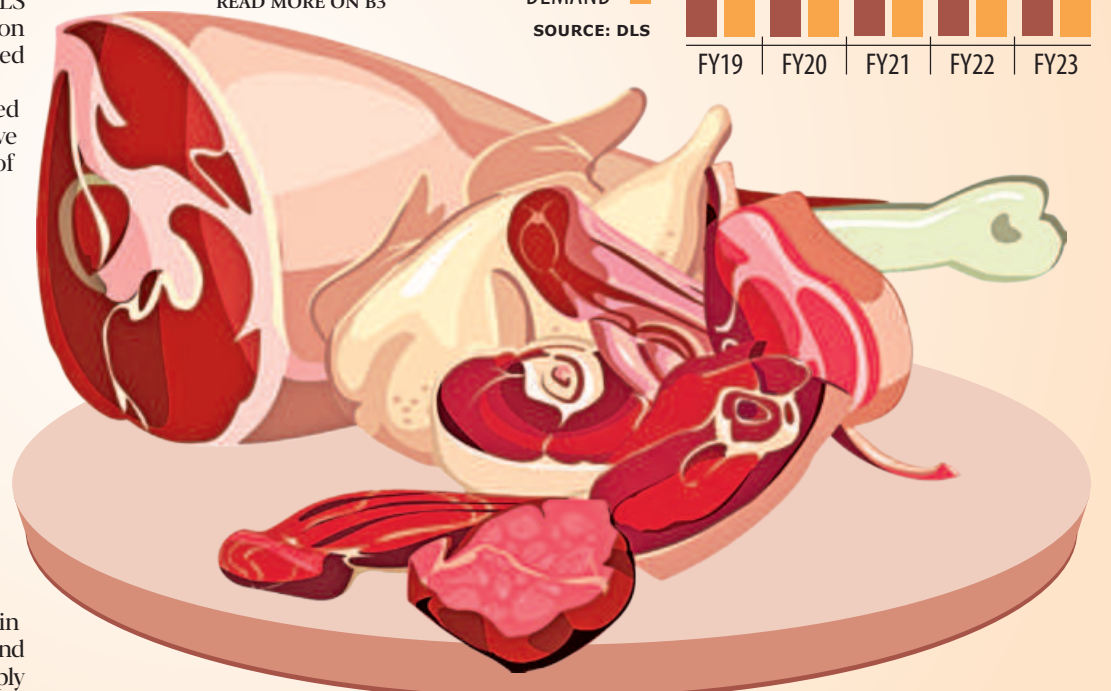
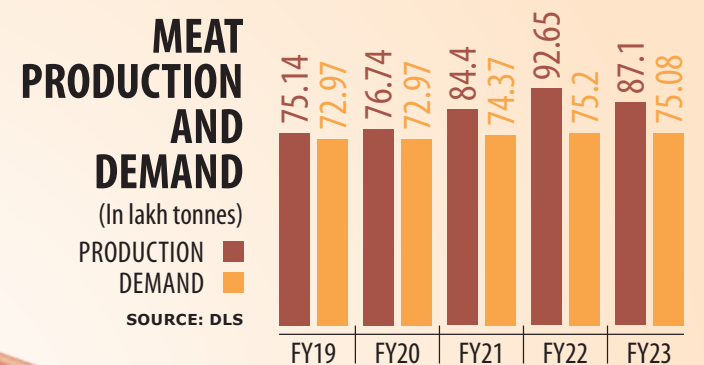
DLS officials, poultry breeders and dairy farmers supported the surplus production estimate of the DLS and blamed the price spiral on an increase in the cost of feed and other inputs.

Analysts, however, pointed out that the prices should have gone down as per the law of demand and supply -- that higher supply against demand causes prices to go down whereas prices rise when demand is higher than supply.

"It is natural for prices to go down if there is excess supply in the market. Here either demand is underestimated or supply

is overestimated," said Selim Raihan, a professor of economics at the University of Dhaka.

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## Factories at API park still unable to start production

### Blame bureaucratic tangles, lack of gas for delay

**JAGARAN CHAKMA**

Makers of active pharmaceutical ingredients (API) at the API Industrial Park in Gazaria of Munshiganj have fallen into uncertainty as bureaucratic complexities and the lack of gas connections are preventing them from starting production.

Investors of API industries now need to secure a number of certifications before starting commercial production due to the enactment of the Drugs and Cosmetics Act, 2023.

**Investors of API industries now need to secure a number of certifications before starting commercial production due to the enactment of the Drugs and Cosmetics Act, 2023**

Earlier, API manufacturers would only need a licence from the Directorate General of Drug Administration (DGDA).

But now, they also need permission from the Department of Narcotics, the Department of Explosives and the Ministry of Commerce before commissioning their units, which is a time-consuming process.

As such, the pharmaceutical sector will face challenges related to patent law after Bangladesh graduates from the UN's list of least developed countries (LDC) in 2026, according to industry people.

Acme Laboratories, Healthcare Pharmaceuticals, and Ibn Sina Pharmaceutical Industry have already set up plants at the industrial park, but the bureaucratic tangles and lack of gas are preventing them from going into trial production.

"The facility was all set to begin production but suddenly fell in trouble due to the lack of gas connection and bureaucratic complexities, namely the enactment of the Drugs and Cosmetics Act, 2023," said Muhammad Halimuzzaman, deputy managing director of Healthcare Pharmaceuticals Ltd.

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#### STOCKS

DSEX	CASPI
0.25%	0.21%
6,299.65	18,624.38

#### COMMODITIES

Gold	Oil
\$1,934.82	\$82.07
(per ounce)	(per barrel)

#### ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.35%	0.19%	0.53%	0.59%
65,953.48	32,254.56	3,309.87	3,277.83