

Star BUSINESS



‘Wide gap in exchange rates hurts remittance’

MD MEHEDI HASAN

The wide difference between the formal and informal exchange rate of the US dollar is a major reason behind the fall in remittance despite a record outflow of migrant workers, said Ali Haider Chowdhury, secretary general of the Bangladesh Association of International Recruiting Agencies (Baira).

“Most of the workers are interested in sending money through informal channels because it is easier and offers higher rates than in the formal platform,” he said in an interview with The Daily Star yesterday.

Chowdhury, also a director of East West Human Resource Center Ltd, said when banks are offering Tk 110 to Tk 111 per US dollar to remitters, beneficiaries get Tk 117 to Tk 118 when the fund is transferred through informal channels.

So, he called for fixing the US dollar rate in line with the informal exchange rate, otherwise, it would be difficult to tackle the falling trend of remittance through formal channels.

Beneficiaries of wage earner remitters receive a 2.50 percent cash incentive on top of the market-determined exchange rate for any amount of remittance inflow. The documentation requirement for amounts exceeding \$5,000 has been eliminated.

According to Chowdhury, they request workers to send money through banking channels when they depart.

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Banks’ CSR spending falls 9%

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Expenditure related to corporate social responsibility (CSR) among the country’s banks fell by 9.22 percent in the first half of this year compared to the same period last year.

From January to June this year, CSR expenditure of the country’s 61 banks stood at Tk 571 crore, down from Tk 629 crore in the same period last year, as per the latest data from Bangladesh Bank (BB).

Bankers said that slow growth in profits amid the ongoing economic crisis was the main reason for the reduction.

During the first half of this year, profits of 35 listed banks in Bangladesh dropped 9 percent year-on-year to Tk 4,160 crore.

Banks face a number of challenges at present, including high non-performing loans (NPLs), liquidity shortage and a lack of corporate governance, which led to reduced CSR expenditure as per bankers.

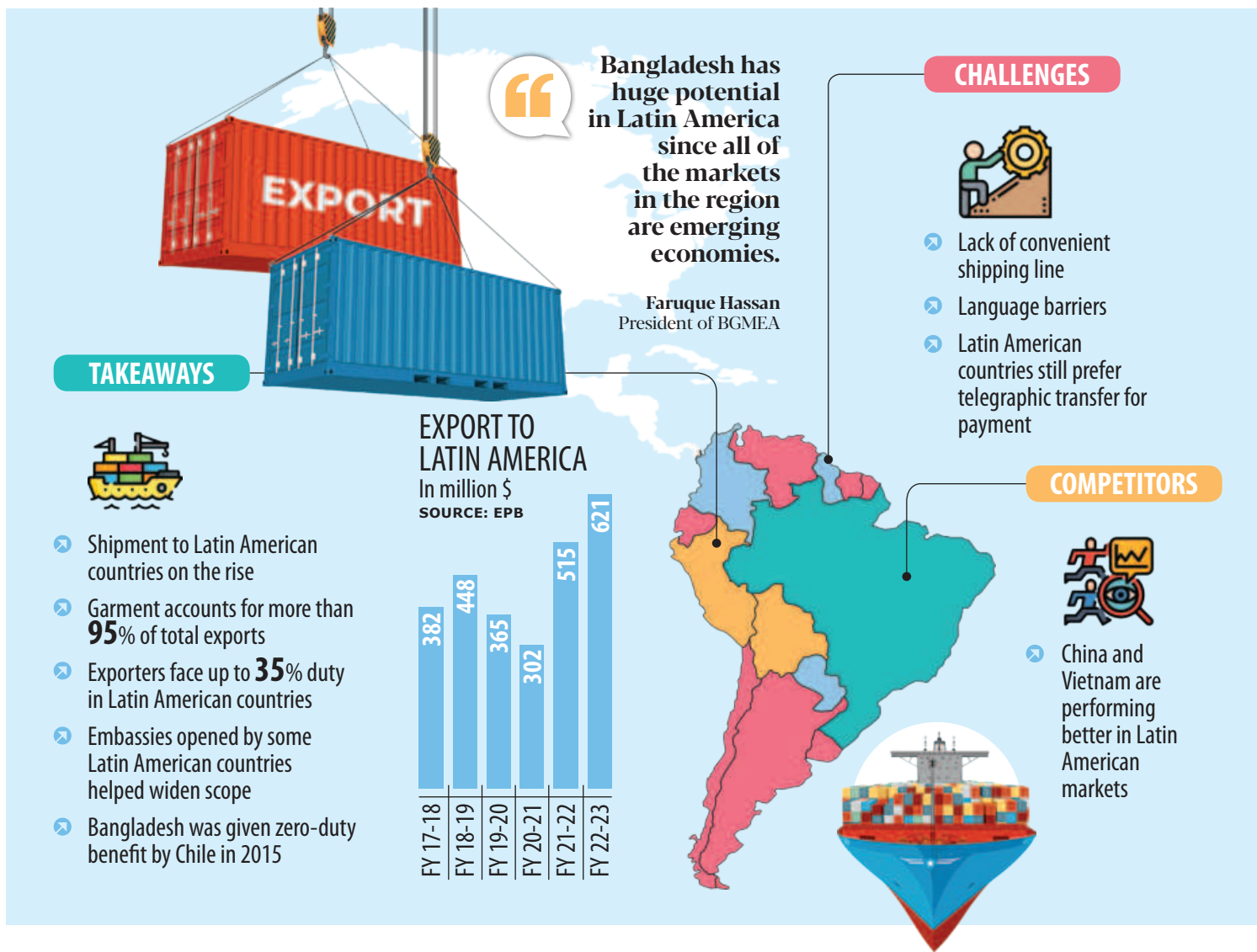
Till March of this year, NPLs stood at Tk 1,31,620 crore or 8.80 per cent of the total disbursed loans, which is a 16.02 percent increase year-on-year, as per BB data.

Private commercial bank Dutch-Bangla Bank had the highest CSR expenditure in the first half of this year, spending Tk 61.32 crore. The bank spent Tk 39 crore on CSR expenditure in the same period last year.

Islamic Bank Bangladesh spent only Tk 46 crore on CSR-related expenses this year compared to last year, when it had spent Tk 202 crore, the most among banks.

Elsewhere, Al-Arafah Islamic Bank spent Tk 42 crore, Shahjalal Islamic Bank Tk 38 crore, Jamuna Bank Tk 38 crore, Mercantile Bank Tk 35 crore,

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Latin America turning into major export market

REFAYET ULLAH MIRDHA

Latin America is turning into a major export destination for Bangladesh riding on higher apparel shipments at competitive prices as part of the country’s efforts to diversify.

Local exporters are performing strongly in the markets of 66 crore consumers in more than 25 countries despite as high as 35 percent duty on the shipment of goods.

The upward trend in the trade has been driven by the opening of embassies by a couple of countries, growing network between trade bodies, and the awarding of zero-duty benefits to Bangladesh by Chile.

Bangladesh’s merchandise shipment to Latin American countries grew 20.51 percent year-on-year to \$621.27 million in the fiscal year of 2022-23, according to data from the Export Promotion Bureau. It was \$515.50 million in FY2021-22.

In the first two months of the current fiscal year, export receipts stood at \$107.75 million.

The Latin American nations, especially Brazil and Argentina, are also becoming key suppliers of cotton, maize, oil seeds and sugar.

Brazil and Argentina,

two major economies in the region, have set up full-fledged embassies in Bangladesh recently to facilitate trade and investment.

Md Anwar Shawkat Afser, president of the Latin America-Bangladesh Chamber of Commerce and Industry, says the

positioned to supply goods in line with their fashion and style,” said Shams Mahmud, managing director of Shasha Denims Ltd.

Shasha Denims, one of the largest garment manufacturers in Bangladesh, used to ship denim fabrics to Latin American

were \$1,210 billion in 2021, data from the World Bank showed. The United States, China, Brazil, Germany and South Korea were top exporters.

Of the sum, textiles and clothing imports amounted to \$38.37 billion with China, the United States, India, Honduras and Vietnam being the top suppliers.

In the same year, the region imported footwear items worth more than \$6.22 billion. Key suppliers were from China, Vietnam, Brazil, Indonesia and the US.

Since China is a major supplier to the region, Bangladesh has the opportunity to capture a major market share in the areas where the Chinese stake is falling owing to higher production costs, said a businessman.

“Bangladesh has huge potential in Latin America since all of the markets in the region are emerging economies,” said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association.

In the past, a number of garment exporters led by Hassan went there to explore trade opportunities.

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export of goods from Bangladesh to Latin American countries was insignificant even a few years ago.

“Now, the volume is growing at a faster rate as networking is expanding.”

Apart from garment items, the shipment of other goods like jute and jute goods, plastic goods, medicines, and leather and leather goods is increasing.

“Latin America is a very big market for Bangladesh’s garment and textile sector as local manufacturers are well-

countries such as Guatemala and Colombia before Covid-19.

Asif Ashraf, managing director of Urmi Group, says Latin America has a big potential for Bangladesh.

Bangladesh has been enjoying zero-duty benefits in Chile since 2015. The country’s move has helped a lot to explore the markets in the region, Afser said, adding that Brazil is negotiating to export beef to Bangladesh.

Overall imports for Latin America and the Caribbean

Due to a rise in seed import costs and lower supply, winter vegetable saplings have become four to five times costlier this year



Story on B4

Paperfly likely to shut down

MAHMUDUL HASAN

One of the post-pandemic period’s top logistics firms, Paperfly is poised to close down having stopped accepting orders since last week, in a grim reminder of the current challenges faced by Bangladesh’s e-commerce sector.

“The company has stopped taking new orders since last week. After talking to the board, the management will take further steps,” the company said in a statement to The Daily Star yesterday.

Paperfly is in a dire cash crunch due to non-arrival of funds on time and for not getting several fixed deposits from CVC Finance Limited, it added.

Md Mamunur Rashid Molla, managing director and CEO of CVC Finance Limited, acknowledged that Paperfly had kept some funds with them.

Paperfly reached out to Bangladesh Bank over the encashment issue and afterwards CVC Finance Limited has been paying the company in regular instalments and most of the funds has been transferred, he said.

According to a top official of Paperfly, there is a very high possibility of the company having to completely shut down.



This is also bad news for its over 700 employees who would inevitably lose their jobs.

“We haven’t informed them of anything and the office is running as usual. After the board meeting, we will decide what to do next,” said the official wishing anonymity.

Paperfly was supposed to get a round of funding in January from Ecom Express, one of the leading tech-based e-commerce logistics solutions providers in India which owns over 80 percent stakes of the company, said the official.

It has not come, he said, adding, “So, we have been slowly scaling down our operations since then. And now we are only delivering the pending orders.”

Founded in February 2016 by four individuals – Shahriar Hasan, Razibul Islam, Rahath Ahmed and Shamsuddin Ahmed, the company had set foot in almost every union in Bangladesh by early 2021.

During the pandemic, it witnessed a massive rise in delivery requests.

Before the pandemic, Paperfly made more than 9,000 deliveries per day.

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STOCKS			WEEK-ON WEEK
	DSEX ▼	CASPI ▼	
	0.40%	0.44%	
	6,284.63	18,580.58	

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▼	
	\$1,848.82	\$90.78	
	(per ounce)	(per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▲ 0.49%	▼ 0.04%	▲ 0.32%	▲ 0.10%	
	65,828.41	31,857.62	3,217.41	3,110.48	



This market for bamboo sits every Wednesday on the bank of the Atai river in Chandrapur at Jashore’s Abhaynagar upazila, with traders floating the hollow plant in bundles from upstream to transport them to this spot. Used for numerous purposes from construction to handicrafts, this versatile material can sell for anywhere from Tk 10,000 to Tk 25,000 per 100 pieces, depending on the quality. The photo was taken last week.

PHOTO: HABIBUR RAHMAN

Cloud tech can enhance efficiency of banks

Experts say

STAR BUSINESS REPORT

Bangladesh’s banking and financial sector can maximise their operations exploring the vast potential of cloud-based technology integration, according to experts.

However, this move presents both challenges and opportunities for the industry, with a focus on human resource upskilling and the readiness of software technology at its core, they said.

They were speaking at a workshop on “Banking, Financial Services, and Insurance Cloud and Cyber Security” organised by Felicity IDC Limited at The Westin Dhaka yesterday.

Data security remains a paramount concern and the sector is actively exploring flexible and robust solutions to

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