



Traders prepare hilsa fish for exports to India at the Port Road Market in Barishal. Hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments to India ahead of Durga Puja.

PHOTO: TITU DAS

Raise awareness, build capacity for sustainable finance

Speakers say at BIBM conference

STAR BUSINESS REPORT

The financial sector in Bangladesh is still facing challenges in moving towards sustainable finance due to a lack of awareness and capacity-building, stakeholders said yesterday.

Sustainable finance is the process of incorporating environmental, social and governance considerations into financial investment decisions, resulting in longer-term investments in sustainable economic activities and projects.

“Awareness is very poor in this sector,” said Sakhawat Hossain, joint director at the Bangladesh Bank.

There is no alternative to enriching capacity-building in the financial sector, including non-bank financial institutions (NBFIs), he said.

Hossain made these comments while presenting a keynote paper at a daylong conference, titled “Sustainable Banking and Finance”, organised by the Bangladesh Institute of Bank Management (BIBM) at

its office in the capital.

“Everyone has a responsibility for sustainable finance. But we, even bankers, need to know more about this to get the desired outcomes,” said Syed Mahbubur Rahman, managing director and chief executive officer of Mutual Trust Bank Limited.

“There is a need for a level-playing field in the financial sector so everyone follows the guidelines,” he said.

“The contribution of NBFIs to sustainable finance is still small. It is confined to large and specialised institutions like IPDC, IDLC and Bangladesh Finance,” said Mominul Islam, managing director of IPDC, an NBFI. Most NBFIs are very small and lack the capacity to contribute to sustainable finance.

“This is the biggest challenge.”

Not only NBFIs, but some banks are also suffering from sustainability issues, said Islam.

Masrur Arefin, managing director of

the City Bank, said board members of banks should be involved in initiatives of sustainable finance.

Shah Md Ahsan Habib, professor at BIBM, added: “The financial sector needs strong policy support from government agencies to create the kind of incentive and supportive framework for the agents of change of green growth through sustainable finance.”

He urged effective collaboration among stakeholders, including the government, regulators, banks and financial institutions, investors and corporations.

AKM Sohel, joint secretary of the Economic Relations Division (ERD), said there was a huge shortage of funding for the climate crisis.

The National Adaptation Plan (2023-2050) needs \$230 billion to be implemented.

“But we spend only \$1 billion a year. If we want to reduce this funding crisis, we need a minimum of \$5 billion by 2030,”

he said.

“We are happy that the Asian Infrastructure Investment Bank wants to invest \$4.5 billion over the next five years. Climate change mitigation and adaptation are key sectors of this fund.”

He asked: “Are we ready to accept this investment? Do we have climate units in our banks?”

Sharifa Khan, secretary to the ERD, added: “Most of us are not aware of the environmental cost of development.”

Unplanned rapid urbanisation and industrial growth have been taking a heavy toll on the natural resources that provide critical ecosystem services, she said.

“Bangladesh is an innocent victim of climate change-induced disasters. Our annual per capita carbon emission stands at 1.29 tonnes, yet we are the 7th most climate-vulnerable country in the world.

“Climate-induced disasters are eroding a substantial portion of our hard-earned growth,” she added.

Fed official says interest rates ‘at or near’ peak

AFP, Washington

US interest rates are rapidly approaching their highest level in the Federal Reserve’s current battle against inflation, and may already be there, a senior Fed official said Friday.

The US central bank has raised interest rates 11 times since March 2022 in a bid to tame inflation and bring it firmly down to its long-term target of two percent.

Although inflation has come down sharply in the last 12 months, it remains stuck stubbornly above the Fed’s target, even increasing slightly over the summer, which has kept up the pressure.

“My current assessment is that we are at, or near, the peak level of the target range for the federal funds rate,” New York Fed President John Williams said in a statement

published Friday.

“I expect we will need to maintain a restrictive stance of monetary policy for some time to fully restore balance to demand and supply and bring inflation back to our 2 percent longer-run goal,” he added.

Earlier Friday, the key US inflation measure used by the Fed to set interest rates ticked up again in August, fueled by rising energy prices.

But aside from volatile food and energy costs, which are still paining Americans at grocery stores and gas pumps, inflation actually slowed last month to reach its lowest annual rate since 2021.

Futures traders currently assign a probability of more than 80 percent that the Fed will hold rates steady at that decision on November 1, according to data from CME Group.

Latin America

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According to Shams Mahmud, Peruvian cotton has a huge demand globally and Bangladeshi exporters can use the textile raw material as local suppliers are increasingly making high-end garments.

The vast market is not without challenges.

Both Faruque Hassan and Asif Ashraf describe higher duty as a major problem for Bangladesh.

Mahmud sees the long distance between Bangladesh and Latin America as a major challenge for bilateral trade and says the quality of fabrics is affected during the long trip.

Besides, Latin American shipping lines are not well-known like those in Europe, the US and Canada. Also, local exporters feel comfortable in shipping goods to Asian markets, he

said.

Language is another barrier as Spanish is the official language in most countries in the region. “As a result, an interpreter is always needed and this raises the cost of doing business,” he said.

Getting visas is among other challenges.

Thanks to the opening of diplomatic missions by Brazil and Argentina, trade with the two countries is growing. And if anybody has a US visa, they can travel to Mexico.

But in order to travel to the rest of Latin American countries, Bangladeshis have to collect visas from Delhi-based embassies.

This is time-consuming and requires additional spending. This ultimately pushes up the cost of doing business, said another businessman.

Cloud tech can enhance

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effectively protect sensitive information. Utilising structured data is also at the forefront of this digital evolution, they added.

They emphasised that the adoption of cloud-based technology was not just a trend, rather a necessity. It will not only enhance operational efficiency but also improve customer experiences, they said.

At the event, Felicity IDC Limited, a Tier 3 data centre situated at Bangabandhu Hi-Tech City in Kaliakair, introduced its cloud and cyber security services to top officials of banks and financial institutions.

A Tier 3 data centre is characterised as having multiple paths for power and cooling and systems in place to update and maintain it without taking it offline, as per American multinational information technology company Hewlett Packard Enterprise.

Felicity IDC Limited is said to be a 100,000 square feet facility with 500 racks designed to house servers, networking devices, cables and other computing equipment and an energy demand of 5 MW.

Its chief executive officer, Sharful Alam, said they made a commitment four years ago to construct a world-class data TEE.

The TEE refers to trusted execution environment where the main processor is separated from the main operating system, ensuring that data is stored, processed and protected in a secure environment, reads techtarget.com.

In spite of the challenges posed by the pandemic, Felicity IDC Limited partially completed its construction work by the end of 2021, said Alam.

Numerous organisations, including multiple banks, have chosen to use the data centre as their IT infrastructure and disaster recovery site, he added.

The company is preparing to build a cloud infrastructure that would fulfil requirements advised by the central bank. This initiative is driven in anticipation of the opening of several digital banks soon, for which the cloud will be tailored, he said.

Felicity IDC Limited is planning to launch a Security-Operations-Centre-as-a-Service (SOCaaS) in early 2024, in collaboration with world leaders in cybersecurity, he added.

The SOCaaS is a security model wherein a third-party vendor operates and maintains a fully-managed SOC on a subscription basis via the cloud, reads crowdstrike.com.

Zunaid Ahmed Palak, state minister for ICT, spoke at the event.

Banks’ CSR

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United Commercial Bank Tk 30 crore and Exim Bank Tk 28 crore on CSR-related activities.

However, 10 banks have yet to spend a single penny on such initiatives due to ailing financial health.

Bankers said they spent most of the money on education, healthcare, and disaster management and climate change adaptation as per the central bank’s guidelines.

As per guidelines, banks have to invest 30 percent of their CSR fund on education, 30 percent on

healthcare and 20 percent on disaster management and climate change adaptation.

Additionally, they have to send five percent of their CSR funds to the Prime Minister’s Education Assistance Trust.

From January to June of this year, banks spent Tk 216 crore in the healthcare sector, Tk 90 crore in the education sector and Tk 49 crore on disaster management and climate change adaptation.

The remaining Tk 214 crore was spent on other sectors, as per BB data.

Wide gap in exchange

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“The government instructed workers to open a bank account before leaving the country and we are following the instruction. Sometimes, we publish advertisements in newspapers urging expatriates to remit money through legal channels.”

But nothing seems to be working.

In August, migrant workers sent home \$1.59 billion, a year-on-year decrease of 21.5 percent, the sharpest drop since April 2020, central bank data showed.

It came despite a spike in the outflow of workers in recent times.

Bangladesh sent a record 11,44,993 workers abroad in the last fiscal year of 2022-23, up 15.8 percent from a year earlier, according to data from the Bureau of Manpower Employment and Training.

Chowdhury said measures taken by the government, the central bank, and recruiters have not been effective in raising the remittance flow because of the exchange rate gap of Tk 8 to Tk 9 between formal and informal channels.

Paperfly likely to shut down

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It fell to just 10 per cent at the beginning of the nationwide lockdown in April 2020 which aimed to curb the spread of Covid-19.

The scenario started to change for the better after the government eased restrictions at the beginning of June. Paperfly was making around 15,000 deliveries a day in early 2021.

Sensing the huge prospect of logistics in Bangladesh, Ecom Express acquired a majority stake in Paperfly for around Tk 100 crore in January that year.

In April 2022, the logistics-tech company announced another Tk 102 crore investment from Ecom Express.

However, after the pandemic-induced rise, the e-commerce platforms, the main clients of Paperfly, witnessed a downturn in

“Bangladeshi workers are going abroad to earn money, so they will definitely choose the channels that offer them the better rates.”

Another factor behind the lower-than-expected flow of remittance through formal channels is when Bangladeshi expatriates want to send money via formal platforms, they need to take off from their work in order to go to bank branches. Besides, there is a need to maintain official procedures, according to Chowdhury.

“On the other hand, they can get the service from the agents of informal operators quickly. What is more, they get the higher rate.”

He suggested the finance ministry and the Bangladesh Bank take the initiative to communicate with the concerned countries and introduce an app so that remitters can send money easily.

Chowdhury also recommended authorities visit abroad, arrange view-exchange meetings with remitters and encourage them to use official channels, in order to give a much-needed fillip to remittance flow.

Hilsa price spirals amid export

STAR BUSINESS REPORT

The price of hilsa shot up in the local market, influenced by demand for exports of the fish to India ahead of Durga Puja, one of the biggest Hindu religious festivals, to be celebrated in the third week of October.

Termed the national fish of Bangladesh, hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments, said Narottam Das, a hilsa wholesaler at Karwan Bazar, one of the major wholesale markets for fish in Dhaka.

The price of each kilogramme-plus hilsa increased to Tk 1,520-1,550 from Tk 1,450-1,470, he said.

Bangladesh caught 5.66 lakh tonnes of hilsa in the fiscal year 2021-22.

Exports of hilsa are prohibited but shipments are allowed based on prior permission from the government.

Every year before Durga puja, a large number of exporters seek approval from the commerce ministry to send hilsa to India.

The government recently allowed the export of 3,950 tonnes of hilsa to India between September 21 and October 30 at the rate of \$10 per kg.

Our Patuakhali correspondent reports that the wholesale price of the fish soared by Tk 10,000 per maund (37 kilogrammes) at fish landing stations following the government’s decision to export hilsa.

Visiting different fish markets, it was seen that hilsa weighing more than one kg was now being sold at Tk 68,000-70,000 per maund, which was between Tk 50,000 and Tk 55,000 during the last season.

Hilsa prices have risen by around Tk 100 per kilogramme following the beginning of shipments, said Narottam Das, a hilsa wholesaler at Karwan Bazar

Besides, traders were asking for Tk 55,000-60,000 for one maund of hilsa where each weighed between 800-900 grams.

Although the rise in prices brings smiles to fishermen and traders, local buyers are upset as prices rose to one and a half times higher than last year.

Helal Majhi, who works in a trawler named FB Allah Daan, said he came to Mohipur, a fish landing station in the southern coastal district, on Friday noon after fishing in the sea for eight days. He sold 30 maunds of fish at the rate of Tk 45,000.

“We are being able to repay our previous loans after getting good prices of hilsa,” said Md Khais, who works at another trawler.

Didar Uddin Ahmed Masum, owner of Rajin Fish Arat and president of Mohipur Fisheries Arat (Wholesale) Owners Association, said traders from Barisal and Dhaka were buying hilsa from there to export to India.

Abdul Malek, a resident of the New Market area in Patuakhali town, said that prices had gone beyond the capacity of many local buyers despite it being hilsa season.

However, Khokon Samaddar, a hilsa wholesaler with depots in Jatrabari, Abdullahpur and Rampura in Dhaka, said prices had not increased to that extent.

Narottam Das said the supply of the fish was not in line with the demand in the local market. “So, any decline in prices is unlikely ahead of the Durga puja without higher catches,” he said.

Last year, the ministry granted permission to ship 2,900 tonnes of hilsa to India.

(Our Patuakhali correspondent contributed to the report)