

## Non-life ins companies can collect premium through MFS

STAR BUSINESS REPORT

Non-life insurance companies in Bangladesh have been allowed to collect premiums through mobile financial service (MFS) providers, as the Insurance Development and Regulatory Authority (Idra) looks to enhance the industry's use of modern technologies alongside customer convenience.

Life insurance companies have been using MFS for nearly a decade to collect premiums, which is money paid by individuals or businesses in a lump sum or regularly in exchange for insurance coverage.

One life insurance policyholder, requesting anonymity, said he had started paying premiums through MFS when the pandemic arose.

"Previously, I had to go to a branch of the insurance company to deposit the premium. It used to take time and cost money. Now, I can do it instantly on my mobile phone," he said.

"Even though the pandemic is almost over, I still carry out the transaction digitally," added the policyholder who is employed in a private company and a resident of the capital's Mirpur.

However, in a December 2020 circular, Idra had barred non-life insurance companies from using MFS to collect premiums, citing that it was "to ensure discipline regarding matters pertaining to agent commissions".

### Life insurance companies have been using MFS for nearly a decade to collect premiums

Earlier it was not possible to keep track of detailed information of premiums being paid through MFS, said Sheikh Kabir Hossain, president of Bangladesh Insurance Association, a forum of private insurers.

So Idra brought about some provisions and introduced the service for non-life insurers, he said.

The introduction was informed through another circular on Sunday. In it, Idra stipulated that a non-life insurer can use a maximum of 10 corporate SIMs registered in its name alongside with the insurance regulator to collect premiums.

Once paid, premiums must be transferred to any of three designated bank accounts of the company within two working days and the company will be held liable for non-compliance.

The company will be able to withdraw the premiums solely through its bank accounts while refunds to customers can be made either through bank drafts or pay orders.

A premium can be accepted only after relevant information, such as of the insurance policy concerned, is sent to Idra's unified messaging platform.

Launched in 2019, the unified messaging platform aims to connect customers and insurers, increase accountability, provide regular premium-related information to customers and create a customer database.

According to Idra, the insurance sector collected around Tk 16,812 crore in premiums in 2022, up nearly 17 percent year-on-year even amid the pandemic and Russia-Ukraine war.

Life insurance drew Tk 11,399 crore and non-life the rest.

Currently premiums of more than

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## LEATHER FOOTWEAR exports fall to five-year low

JAGARAN CHAKMA

Bangladesh's leather footwear industry saw its export earnings fall to a five-year low of \$141.83 million in the first quarter of the current fiscal year due to a decline in export orders from the Eurozone in the face of the ongoing economic crisis.

According to data from the Export Promotion Bureau, there was a 32.77 percent decline in year-on-year export earnings.

The leather footwear industry shipped goods worth \$210.96 million in the corresponding period of the last fiscal year. Even during the Covid-19-affected period between July and September of FY 2020-21, \$148.36 million worth of shipments were made.

"The new fiscal year started with negative growth of leather footwear as export orders are declining," said Dilip Kajuri, chief financial officer of Apex Footwear Limited.

According to Kajuri, Apex's exports fell by 58 percent in September and 37 percent in August compared to the same months last year.

"We do not know how much it will decline in October," he noted.

He added that there was usually a rush of shipments around this time, especially in the pre-pandemic period, but the scenario was quite different now since there were no export orders in hand for the next three months.

Regarding the continuous decline of

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export orders, Kajuri blamed economic conditions in the Eurozone, which is vulnerable due to the impact of the Russia-Ukraine war.

"We are worried about how the factory will run if the situation does not improve," he said, adding that they

had already shuttered their non-leather shoe manufacturing unit due to a lack of export orders.

According to Kajuri, around 5,500 workers are employed at their export-oriented factory.

"We do not know what is going to be the fate of the workers," he lamented.

Against this backdrop, the government's imposition of a pre-profit source tax of around 77 percent on export-oriented products is an added burden.

Kajuri said that companies were

leather shoes.

He added that global brands did not accept local leather as the non-functional Central Effluent Treatment Plant (CETP) in the Savar Tannery Industrial Complex does not have a Leather Working Group (LWG) certificate.

He also alleged that unnecessary harassment and anti-export policies of the National Board of Revenue (NBR) created a hurdle to shipping leather footwear, which deterred new investors.

He further noted that high interest



willing to pay taxes, but the government should think about how to keep such businesses alive.

Abdus Samad, assistant general manager of Akij Footwear Ltd, said their orders were stable despite growth being slightly slow.

"As a medium-scale company, we are managing exports at any cost. But big companies are facing trouble due to export orders declining," he noted.

Mohammed Nazmul Hassan Sohail, senior vice-president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh, said exports declined as people in the Eurozone were reluctant to purchase luxury items such as

rates on bank loans led to an increase in overhead costs, which is also hampering exports.

"If these challenges can be dealt with, the leather footwear sector will be able to export goods worth at least \$5 billion by 2026, creating at least one lakh employment opportunities," Sohail stressed.

Md Akter Hossain, vice-president of Tannery Worker Trade Union, Dhaka division, alleged that tannery owners focused solely on profits and did not pay heed to workers' welfare.

He also alleged that the government had failed to address major problems despite frequently committing to resolving them.

## Are we over-communicating with our customers?

EKRAM KABIR

In a world that is exceedingly inundated by messages, it is, perhaps, time for businesses to think about whether we are over-communicating with our customers.

When email came to this land as a communication tool, we were hyper-happy to engage ourselves in email marketing because we could reach the maximum number of customers or potential customers with no cost or least cost. The practice still continues.

When text messages entered the market as another tool, we became obsessed with it. Initially, texting was an effective tool, but now text marketing has become synonymous with stress-evoking communication after all these years.

Many these days complain that they often receive four to five promotional texts from companies in a single day. We are now in an SMS-frenzy environment.

Ask any company's IT inventory about how many messages it sends out every month. They will most likely not be able to confirm the number. They simply send them out because they think it is easy to promote their products and achieve their KPI (key performance indicator).

However, when the question of effectiveness arises and how the messages help maximise the sales, there will be doubtful answers. Some companies try to analyse the data, but it does not deter them from sending too many text messages.

Texts matter regarding financial transactions, and customers are happy to receive them. There are signs in the market that they are picking up communication fatigue when they receive too many promotional messages.

In multiple cases, many companies are seen sending the same messages on multiple channels such as WhatsApp, Viber and Imo. It would be unwise to think that we are successful in making the customers see or read the message by doing so.

Over-communication can easily turn into noise, something that may annoy customers. This is the digital age and customers' attention is precious. We often hear that people only have the patience to watch a video for 30 seconds in social media environments.

This author tried to find out whether any market research company or any agency has done any survey on communicating with customers in Bangladesh. There is hardly any. While running brand equity surveys for various companies, the agencies must remember to ask questions about over-communication.

One agency researched social media users' feedback this year, but the survey was related to adverts. It found that nearly three out of four users (74 percent) thought there were too many ads on social media.

Among the adults (over 35 years), the proportion is 78 percent. Sixty-three percent of users said they only see a few things advertised repeatedly. Forty-four percent of users found the ads to be irrelevant to their needs. Among the aged 35 and older, it is 51.

Communication must be relevant and meaningful. Take telephone marketing, for example. The sellers of FDR, sea fish, internet, real estate etc., call indiscriminately, and they need to know when to call. You will find hundreds of people who have saved these numbers as 'do not receive'.

The issue of over-communication needs to be taken seriously because it makes it difficult for the audience to track and remember, and ultimately, the businesses gain little or nothing.

The author is a communications professional

## How China-West tensions will shape global markets

REUTERS, London

Tensions between the West and China are rising, from tit-for-tat trade tariffs to tech rivalry and spying allegations.

The ramifications for global markets are significant, with Washington and Beijing's determination to loosen dependence on each other fraying long-established supply chains.

That could help keep inflation and interest rates elevated. Still, there are gains for emerging nations and tech giants on the right side of the power battle.

Here's how Western-China tensions are shaping markets.

US President Joe Biden is determined to bring manufacturing in strategic sectors such as electric vehicles and semiconductors back home.

TSMC, the world's largest chipmaker, is moving some production to Germany to satisfy multinationals' need to diversify supply chains from China.

Goldman Sachs research found that bringing production home may have inflationary repercussions, particularly if Western manufacturing does not ramp up quickly enough to offset declining imports.

"We built a globalised world for a reason, it was efficient and cheap," said Wouter Sturkenboom, chief investment strategist for EMEA and APAC at Northern Trust.

"If we unwind some of that, it will add cost."

Prolonged US inflation also means rates staying higher for longer, boosting the dollar.

A stronger dollar can export inflation to resource-

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Oil pumpjacks operate in Los Angeles, California. The Opec pumped 27.73 million barrels per day in September, up 120,000 bpd from August.

PHOTO: AFP

## Opec oil output rises for 2nd month

REUTERS, London

Opec oil output rose for a second straight month in September, a Reuters survey found on Monday, led by increases in Nigeria and Iran despite ongoing cuts by Saudi Arabia and other members of the wider Opec+ alliance to support the market.

Last month, the Organization of the Petroleum Exporting Countries pumped 27.73 million barrels per day (bpd), the survey found, up 120,000 bpd from August. Production in August had risen for the first time since February.

The rise in September was led by Nigeria, which has been battling with crude theft and insecurity in its oil-producing region. Iran, which has been boosting supply despite US sanctions, also pumped

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