

IPDC Finance’s profit plunges

STAR BUSINESS REPORT

IPDC Finance Limited, one of the leading private sector financial institutions in the country, said its profit plunged by 70 percent year-on-year in the nine months to September of 2023.

The non-bank financial institution (NBFI) recorded Tk 18 crore in net profit in January-September in comparison to Tk 62 crore during the same period in 2022, according to unaudited financial statements published yesterday.

IPDC said its net interest income dropped 15 percent to Tk 179.32 crore in the first three quarters of the year as a result of higher interest payments to depositors and lenders.

Income from investments, commission exchanges and brokerages also declined, figures showed.

The NBFI saw its operating expenses, particularly from salaries and allowances, increase 16 percent to Tk 74.4 crore.

IPDC also registered a slump in its earnings in the July-September quarter this year.

The company’s earnings per share (EPS) fell by half, to Tk 0.23, in the third quarter from Tk 0.49 in the same period a year ago.

Overall, its EPS plunged to Tk 0.49 in January-September from Tk 1.67 during the same period a year ago.

IPDC said EPS declined due to a fall in profit after tax.

However, Cash flow improved thanks to a lower cash outflow in the form of loan disbursements and lower encashment of deposits.

Israel-Hamas conflict a new cloud among many IMF chief says

REUTERS, Riyadh

The head of the International Monetary Fund (IMF) on Wednesday said the war between Israel and Hamas was another cloud on a horizon with plenty of them, warning that the global economic outlook could worsen.

“What we see is more jitters in what an anxious world has already been,” Kristalina Georgieva told an audience at the FII investment conference in Riyadh.

“And on a horizon that had plenty of clouds, one more - and it can get deeper.”

Dubbed “Davos in the desert”, the conference has drawn senior finance industry figures, many of whom have already struck a pessimistic tone about the global economy.

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An event traditionally focused on cutting deals has been overshadowed by Israel’s intensifying bombardment of Gaza, following an attack by militant group Hamas inside Israel. Thousands have been killed on both sides.

On Tuesday, JPMorgan Chase boss Jamie Dimon encouraged Saudi Arabia not to abandon a United States-led initiative to establish official relations with Israel.

Georgieva said the IMF’s first concern was “the tragic loss of life” at the war’s epicentre, though more widespread impacts were already apparent.

Long-term consequences included children being forced out of school, as well as the impact on neighbouring countries’ tourism sectors.

“Egypt, Lebanon, Jordan. There, the channels of impact are already visible,” she said. “Uncertainty is a killer for tourists’ inflows. Investors are going to be shy to go to that place.”

Commenting on the sharp rise in interest rates, Georgieva said the world had been living in the “fantasy lane” for nearly 20 years.

“We are not thrilled with going from zero to five so quickly, but we are there,” she said, referring to the US Federal Reserve’s main policy rate.

“So now ... our call to everybody is: buckle up. Make sure that you understand interest rates are here to stay for longer.”

Weak euro zone lending adds to recession fears

REUTERS, Frankfurt

Bank lending across the euro zone came to a near standstill last month, European Central Bank data showed on Wednesday, providing further evidence that the 20-nation bloc was skirting a recession.

Growth indicators from industrial output data to PMI and sentiment readings in recent weeks are all suggesting that euro zone’s economy is now either stagnating or even shrinking as weak external demand, consumer caution and high interest rates are exerting their toll.

Lending to businesses expanded by just 0.2 percent in September, the lowest figure since late 2015 when the bloc was just emerging from its debt crisis, and down from 0.7 percent a month earlier.

Still, detailed data suggest that underlying trends may be more nuanced as the monthly flow of fresh loans was a positive 14.0 billion euros, reversing much of the previous month’s negative 19.9 billion euro reading.

Lending is taking a hit after a string of interest rate hikes took the ECB’s key rate to a record high 4 percent last month, all in the

hope this would depress activity enough for inflation to return to 2 percent.

Lending to households meanwhile rose by just 0.8 percent after a 1.0 percent increase in August with the monthly flow of loans at a positive 4.5 billion euros, ECB data showed.

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The ECB’s own survey of the bloc’s biggest banks show they plan to further curb businesses’ access to credit in the fourth quarter and also see waning demand for loans.

The M3 measure of growth money supply, seen in the past as a good indicator of future economic expansion, meanwhile contracted by 1.2 percent, an improvement on the 1.3 percent drop a month earlier and better than the minus 1.7 percent reading expected in a Reuters poll.



AT A GLANCE

- » Robi Axiata started operations in 1997
- » Second largest operator with customer base of about **5.76cr**
- » Revenue: **Tk 7,431cr** (Sep 30, 2023)
- » Internet users: **4.42cr**
- » 4G internet users: **3.42cr**
- » Total Capex investment: **\$4.5b**
- » Malaysia-based Axiata Group Berhad holds majority stake (**61.82%**) in Robi
- » Got listed in December 2020

Current economic situation challenging for telcos

Says Vivek Sood, group CEO of Axiata

MAHMUDUL HASAN

The current economic situation has emerged as one of the main challenges for the telecom sector of Bangladesh as sustained high inflation could hinder the purchase of telecom services, according to a top executive of a multinational telecommunications conglomerate.

“The biggest concern for me is the country’s overall macroeconomic environment, including forex availability and inflation, which is affecting operators like Robi,” said Vivek Sood, group CEO of Axiata Group Berhad.

“When people can’t afford services, they perceive them as expensive, leading to reduced consumption,” he added in a recent interview with The Daily Star.

The Malaysia-based Axiata has a controlling stake in Robi Axiata, which is the second-largest mobile network operator in Bangladesh.

“The exchange rate of taka is currently experiencing depreciation, and forex availability has also become a challenge,” he said.

“But so far, our management has been commendable in



Vivek Sood

handling letters of credit and ensuring timely payments. However, this situation is not sustainable for long-term prospects,” Sood added.

He said the availability of US dollars and the associated exchange rate pose major concerns for Axiata’s operations in the country.

This is because despite Robi’s strong performance, Axiata’s US dollar earnings from the company are being adversely affected by the exchange rate.

“I believe this is an area where a concerted effort from banks, the central bank, and regulatory bodies is crucial. Otherwise, it will adversely impact our long-term ability to invest in Bangladesh,” he added.

However, he reiterated Axiata’s rock-solid commitment to Robi in regards to managing

the US dollar shortage.

“As far as Axiata is concerned, we will provide the necessary support to Robi when required in case of operational difficulties,” said Sood, who also served Grameenphone as CEO.

He suggested that the telecom regulator or government should assess which industries are driving economic growth or facing challenges during these difficult times.

“By doing so, the government could implement the right kind of taxation that would facilitate our continued investment in the business,” he said.

Sood also said Bangladesh stands out as one of the most robust markets among all emerging and frontier markets.

Axiata serves a customer base of 176 million across the nine markets in which it operates, with 56 million of these customers located in Bangladesh.

As such, Sood spoke with exuberance regarding the prospects of Bangladesh’s market.

For Axiata, Bangladesh provides a substantial customer share, and the consistent GDP growth of the country, hovering around 6-7 percent, presents ample opportunities.

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‘Tough for female entrepreneurs to make decisions independently’

STAR BUSINESS REPORT

The interference of male family members is hindering women entrepreneurs from making independent decisions in businesses females had founded, experts said yesterday.

They added that this predominantly exists in our society despite big words about the eradication of gender discrimination.

“It’s tough for female entrepreneurs to make independent business decisions,” said Syeda Lutfunnahar, director of Women in E-commerce Trust.

“Males often intervene in businesses run by women, which is a major setback for us.”

She added: “I know a woman who was fully prepared to launch a business. She bought products and set up all the other things. But, at the last moment, her husband told her not to start the business. The husband said that if his wife sold products, it would be an insult to him.”

She was speaking at a discussion titled “She means business: Empowering woman entrepreneurs”, organised by the Women’s Forum of Bangladesh Malaysia Chamber of Commerce and Industry (BMCCI).

BMCCI President Syed Almas Kabir said female entrepreneurs faced unique challenges in the business world, including limited access to funding, mentorship, and networking opportunities. The BMCCI Women’s Forum aims to provide opportunities to women entrepreneurs in these areas.

Haznah Md Hashim, Malaysian High Commissioner to Bangladesh, said Bangladesh is a role model for the world in terms of female empowerment.

“Bangladesh shows strong resilience towards women while ensuring the participation of women in every stratum of Bangladesh’s society and economy,” she said.

In her opinion, the existing good relationship between Bangladesh and Malaysia can become deeper and more fruitful by organising such programmes since Malaysia also believes in female empowerment and ensures women’s inclusion in Malaysia’s digital economy.

She hoped the BMCCI would recognise the unique challenges that women face in the business world and empower women entrepreneurs, promote gender equality and drive economic growth.

Naznin Nahar, president of e-Cab Women’s Forum, said women should understand business and the challenges it presents before diving in. “Digital literacy and other skills are important for women to sustain in business,” she said.

The president of Bangladesh Women Chamber of Commerce and Industry, Selima Ahmad, MP was present as special guest.

Nadia Binte Amin, president of the Women Entrepreneurs Network for Development Association (WEND), Khadija Mariam, Head of women entrepreneur cell, BRAC Bank, TARA, also attended.

Visa profit beats estimates

REUTERS

Card giant Visa sailed past estimates for fourth-quarter profit on Tuesday as consumers on a post-pandemic travel rebound shrugged off worries of a looming economic slowdown and cost-of-living crisis.

Visa’s CFO Chris Suh said US inbound travel recovery accelerated in the quarter, while travel into Asia also continued to improve.

“At a macro level, we are assuming no recession in our outlook,” Suh said on a call with analysts.

While economic forecasts for the upcoming year have turned increasingly gloomy in a higher-for-longer interest rate environment, consumer spending has held remarkably steady, helping sustain payment volumes.



People walk past the euro currency sign in front of the former European Central Bank building on September 14. Lending is taking a hit after a string of interest rate hikes took the ECB’s key rate to a record high of 4 percent last month.

PHOTO: AFP