DHAKA WEDNESDAY DECEMBER 13, 2023, AGRAHAYAN 28, 1430 BS ● starbusiness@thedailystar.net

Star BUSINESS

Procurement of Aman paddy continues to be low although three weeks have passed since the food directorate began purchases from growers

Story on B4

4G users top 10cr for first time

MAHMUDUL HASAN

The 4G penetration in Bangladesh has steadily risen over the past few years, surpassing the 10-crore mark for the first time in October.

According to data from Bangladesh Telecommunication Regulatory Commission (BTRC), there were about 18.96 crore mobile subscribers as of October. Of them, 10.05 crore use 4G.

That means more than half the users, or 53 percent, are now using 4G SIMs, showcasing a positive trend in the adoption of high-speed mobile internet.

Industry people attributed the growth to the expansion of 4G infrastructure, increased investment by telecom operators, and growing demand for faster and more reliable connectivity.

The telecom regulator awarded 4G licences to operators in February 2018, taking Bangladesh into the era of fourth-generation data services. The number of 4G subscribers reached 50 lakh in June that year.

The 4G subscriber base shot up to 1.87 crore in June the following year before hitting 3.53 crore in the same month of 2020.

There were 5.92 crore 4G subscribers in the country in June 2021, 7.91 crore in June 2022 and 9.39 crore in June 2023.

But despite these advancements, Bangladesh finds itself trailing neighbouring countries in the South Asian region, which have witnessed more rapid and extensive 4G network development.

In 2022, more than 72 percent of mobile users in India were equipped with 4G while it was 57 percent in Pakistan and an average of 70 percent across the Asia Pacific region, according to GSMA's The Mobile Economy Asia Pacific 2023.

Industry experts point to several challenges that are contributing to comparatively slower growth in 4G adoption. For example, affordability

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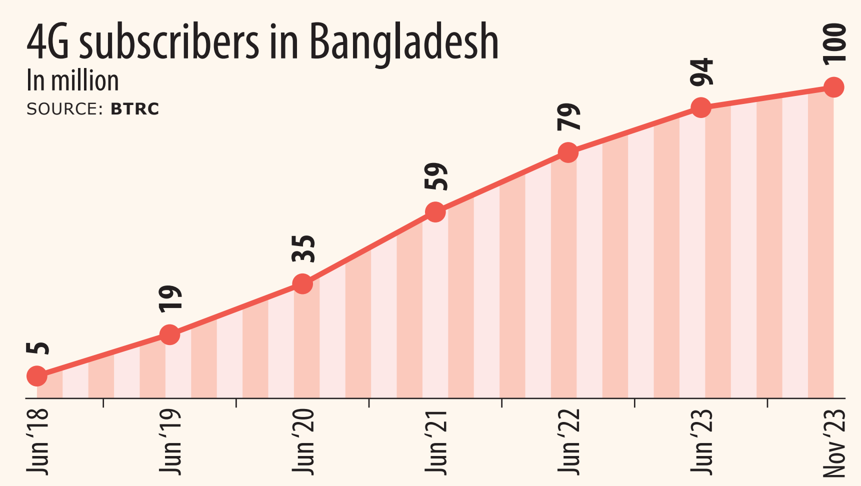

Banks to sell insurance in boost for the fledgling sector

Central bank allows lenders to work as corporate agents of insurers

MD MEHEDI HASAN *and* SUKANTA HALDER

Bangladesh yesterday rolled out bancassurance as the central bank allowed banks to sell insurance products, a move that could help the fledgling sector expand its reach in a country where penetration is one of the lowest in the world.

Bancassurance is an arrangement between a bank and an insurer, allowing the former to sell the products of the latter through its vast network.

It might be new in Bangladesh, but bancassurance appears to have begun in France in the 1970s, according to Investopedia. Since then, it has been embraced by most countries, particularly those in the Asia-Pacific region.

According to research and consulting firm IMARC Group, the global bancassurance market reached a value of $1.268 trillion in 2021.

Bangladesh embraced the concept as it looks to bring more people under insurance coverage through the banking channel. Industry people say both banks and insurance firms will benefit from the tie-up.

In a notice yesterday, the central bank said banks will be able to engage in the marketing and sales of insurance as the corporate agents of insurers. The directive came into effect immediately.

This means depositors of banks will be able to buy insurance policies and deposit premiums through the country's 11,239 branches of banks.

"Both banks and insurance companies will benefit thanks to the introduction of bancassurance," said Mohammad Ali, managing director of Pubali Bank.

He says thanks to the partnership, insurance companies will be able to cut operational costs and people's confidence in insurers will increase. "At the same time, deposits at banks will go up."

Monirul Islam, who works for a software company, says he is covered by the group insurance of his employer. "But I will buy a policy for my wife once banks begin to sell the products."

Insurance is a major sector in developed countries but it has not received due attention in Bangladesh, so the sector has not thrived in the populous nation.

Currently, there are 35 life insurance and 46 non-life insurance companies in Bangladesh.

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AT A GLANCE

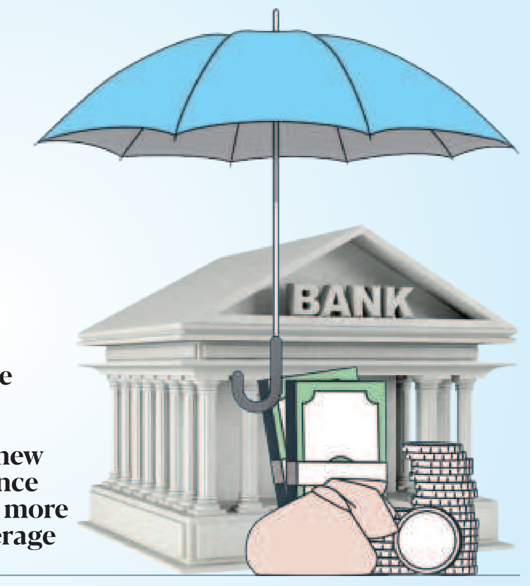
- Bangladesh has **35** life insurance companies
- There are **46** non-life insurance companies
- Local insurance market is estimated at Tk **5,000**cr
- Insurance industry contributes only **0.4**% to GDP
- Govt plans to lift the premium-to-GDP ratio to **4**%
- Originated in Europe in 1970s, bancassurance has now become popular across the globe

WHAT INDUSTRY PEOPLE SAY

- Insurance sector to regain trust
- Sector's footprint to expand
- Overall expenditures to decline

Bancassurance has the potential to boost the insurance sector in Bangladesh, and as a new channel to sell insurance products, it will bring more people under the coverage of insurance.

Ala Ahmad
CEO of MetLife Bangladesh



Bangladesh to become 2nd fastest economy among 46 nations: Mastercard

AKANDA MUHAMMAD JAHID

Bangladesh will be the second fastest-growing economy from among 46 countries next year, according to an annual economic outlook of Mastercard Economics Institute (MEI).

The country's real gross domestic product (GDP) is expected to grow 6.3 percent in 2024 whereas India's expected growth is 6.4 percent, the highest among the countries in the list.

Vietnam came in third with a projection of 6.2 percent.

The MEI released the "Economic Outlook: Balancing Prices & Priorities" for the coming year yesterday, outlining the watchouts that would define global growth.

However, the MEI's estimate is lower than the Bangladesh government's target of 7.5 per cent for fiscal year 2023-24.

Earlier, International Monetary Fund (IMF) projected a 6 percent GDP growth while World Bank 5.6 percent.

In fiscal year 2022-23, the country's economy grew 6.03 percent.

According to the MEI outlook, the Philippines' GDP is expected to grow 5.6 percent, the fourth highest, followed by Indonesia's 5.1 percent.

It also forecasted a 4.6 percent GDP growth for Mainland China and 4.5 percent for Malaysia.

According to the report, there is no one-size-fits-all story for the Asia Pacific region.

The macro picture is expected to be one of modest growth, largely on par with 2023 levels, as economies continue to stabilise while key drivers of growth, like exports and tourism, edge closer to pre-pandemic norms.

"Drilling down into individual economies, growth expectations are mixed across the region," it said.

On one end of the spectrum, Singapore, Malaysia, the Philippines, Thailand, Taiwan, and South Korea should see upticks while slowdowns are anticipated in Australia, the Chinese Mainland, Japan and New Zealand, said the MEI.

India and Indonesia are expected to hold largely steady at 2023 levels, it said.

Inflation to Persist

Meanwhile, Mastercard has projected a 7.3 percent consumer price inflation for Bangladesh in 2024, the fourth highest among 48 countries and highest among South Asian countries.

Earlier, Bangladesh set a 6 percent inflation target for 2023-24 while the IMF projected 7.25 percent. The country's Consumer Price Index recorded 9.02 percent in 2022-23.

The EMI predicted the highest 156.9 percent inflation for Argentina while 53.3 percent and 24.9 percent for Turkey and Egypt, the second and third highest respectively.

Sri Lanka's inflation is projected to stand at 6.9 percent, the fifth highest in the world and second highest in South Asian. India's inflation is expected to be at 4.5 percent in 2024.

More Discretionary Spending

Consumers across the Asia Pacific region are likely to spend more on discretionary items such as travel and entertainment in 2024, according to the MEI.

As the economic ripple effects of the pandemic subside in 2024, Asia Pacific consumers should be able to allocate a larger share of their wallets to discretionary spending, it said.

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GDP growth forecast for 2024

Countries	Forecast
India	6.4%
Bangladesh	6.3%
Vietnam	6.2%
Indonesia	5.1%
Mainland China	4.6%
Malaysia	4.5%
UAE	4%
Saudi Arabia	3.5%
Thailand	3.4%
Poland	3.3%

STOCKS

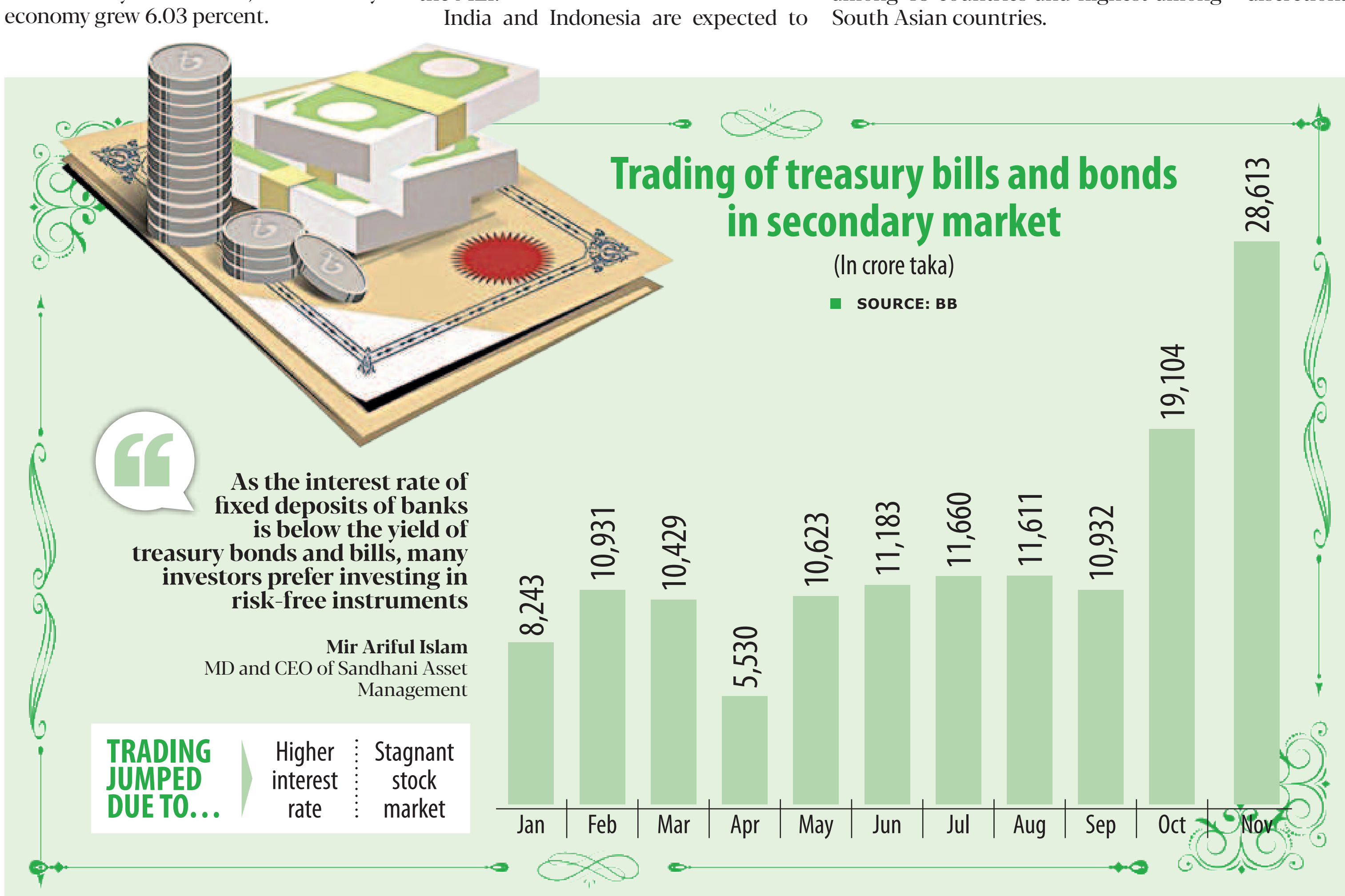
DSEX ▲	CASPI ▼
Flat	0.07%
6,263.87	18,571.56

COMMODITIES

Gold ▲	Oil ▼
$1,988.23	$71.11
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.54%	▲ 0.16%	▲ 0.39%	▲ 0.40%
69,551.03	32,843.70	3,102.31	3,003.44



Trades in T-bills, bonds jump in secondary market

STAR BUSINESS REPORT

Trading of treasury bills and bonds in the secondary market soared by around 162 percent in the past two months mainly due to their higher interest rates compared to bank deposits and the stagnation of stock market indices.

Trading of these secured securities amounted to Tk 28,613 crore in November while it was Tk 10,932 crore in September, according to Bangladesh Bank data.

As the interest rate of fixed deposits of banks is below the yield of treasury bonds and bills, many investors prefer to invest in the risk-free instruments, said Mir Ariful Islam, managing director and chief executive officer of Sandhani Asset Management Ltd.

While the interest on fixed deposits is around 9-9.5 percent, the yield of many bonds is above 11 percent, making it a rational decision to invest in the latter, he added.

As people have a lack of trust in some banks and non-bank financial institutions, some big investors are preferring to invest in bonds that are backed by the government and risk-free.

"Besides, treasury bills and bonds are easier to liquidate as well," he added.

At the end of November, the yield rates for 91-day treasury bills, 182-day treasury bills and 364-day treasury bills were 10.5-11 percent, 11-11.2 percent and 11.1-11.4 percent respectively, as per central bank data.

The rates for 2-year treasury bonds, 5-year bonds, 10-year bonds, 15-year bonds and 20-year bonds were 10.1 to 10.2 percent, 10.3 to 10.35 percent, 10.97 to 11.1 percent, 11.14 to 11.18 percent and 11.19 to 11.23 percent respectively.

Trading of the secured securities amounted to Tk 28,613 crore in November, up from Tk 10,932 crore in September

In January, the yield rates for 91-day treasury bills, 182-day treasury bills and 364-day treasury bills were 7.29 to 7.40 percent, 7.45 to 7.69 percent and 7.99 to 8.11 percent respectively, the data shows.

In the same month, the rates for 2-year treasury bonds, 5-year bonds, 10-year bonds, 15-year bonds and 20-year bonds

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