

## Stocks end week higher

STAR BUSINESS REPORT

The stock markets in Bangladesh ended in the positive territory yesterday as most shares rose.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), closed at 6,273, up 17 points, or 0.28 percent, from a session earlier.

The DSES Index, which comprises Shariah-based companies, was almost flat at 1,360 while the DS30, the index representing blue-chip firms, was up 0.35 percent to 2,139.

Turnover, another major indicator of the market, rose nearly 13 percent to Tk 862 crore.

Of the issues that traded on the premier bourse in the country, 197 advanced, 139 declined, and 63 were unchanged.

VFS Thread Dyeing posted the sharpest gain on the day, advancing 10 percent. Bangladesh Monospool Paper Manufacturing, Paper Processing & Packaging, Queen South Textile Mills, Esquire Knit Composite,

**Turnover, a major indicator of the market, rose nearly 13 percent to Tk 862 crore**

Meghna Pet Industries, Kattali Textile, and Prime Textile Spinning Mills rose more than 9 percent.

Ratanpur Steel Re-Rolling Mills suffered the highest decline, falling 6.83 percent. Summit Power lost 6.55 percent and Khan Brothers PP Woven Bag Industries decreased 6.04 percent.

IT Consultants, GSP Finance and Aamra Networks were down more than 4 percent.

Utara Bank topped the turnover chart, with its shares valued at Tk 34.95 crore transacted. Other firms that also saw significant trading included Best Holdings, Monno Fabrics, Alif Industries, and Gemini Sea Food.

The Caspi, the broad index of the Chittagong Stock Exchange, added 54 points, or 0.31 percent, to close the session at 18,005.

The bourse in the port city saw shares worth Tk 11.92 crore changing hands, down 11.35 percent from Tk 13.45 crore a session ago.

Of the securities, 120 rose, 96 fell and 38 did not see any movement.

In the week, the dynamic capital market orchestrated a downward movement as it lost 62.30 points, 0.98 percent, said LankaBangla Securities Ltd, a brokerage house, in an analysis about the DSE.

The average daily turnover was Tk 842 crore, down 43.38 percent from a week earlier.



Watermelons grown in Patuakhali on sale at a shop in the Kadamtoli wholesale market of Khulna city for anywhere from Tk 4,400 to Tk 22,000 per 100 pieces depending on the size and quality. Some 550,367 tonnes were grown on 57,865 acres of land around the country in fiscal year 2021-22, according to the Bangladesh Bureau of Statistics. The photo was taken on Wednesday.

PHOTO: HABIBUR RAHMAN

# Cash transactions creep up despite digital push

Rise 20% in border areas, highest in Dhaka, lowest in Sylhet, Barishal

MD MEHEDI HASAN

Cash transactions in Bangladesh have continued to creep up in spite of significant developments in digital payment methods and digital financial services over the last decade, as per the latest annual report of Bangladesh Financial Intelligence Unit (BFIU).

In effect, this continues to facilitate money laundering since it is anonymous, making it difficult to trace the source and destination, it read.

Some Tk 2,286,208 crore was transacted in cash in fiscal year 2022-23, up by around 8 percent from a year ago.

In fiscal year 2021-22, it had spiked by around 46 percent, presumably for pent-up demand unleashed during relaxation of the 2020 pandemic lockdowns.

Just prior to the pandemic, meaning in fiscal year 2018-19, it was Tk 2,190,107 crore.

The number of cash transactions also increased in recent years. The BFIU can obtain cash transaction reports (CTR) from banks and non-bank financial institutions (NBFIs) and subsequently analyse the information as per Money Laundering Prevention Act 2012.

The CTR comprises any cash deposit or withdrawal amounting to Tk 10 lakh and above (or equivalent foreign currency) conducted through single or multiple transactions in an account within a single day in banks and NBFIs.

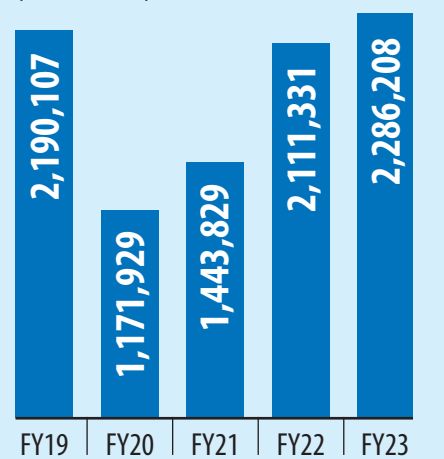
This information is used for operational analysis, strategic assessment and risk-based supervision of banks and NBFIs.

Economic growth played a part in the rise in cash transaction, said the BFIU officials.

Cash proceeds are also often generated from traditional criminal activities such as corruption, fraudulence, forgery, drug dealing, extortion, sexual exploitation, hundi and human trafficking, they said.

### Trend of cash transaction in Bangladesh

(In crore taka)



SOURCE: BFIU

Virtual currencies, cryptocurrencies and proceeds from online gaming and betting are at one point converted to cash to cut off traces to their origins, they said.

Nowadays people are holding more cash than before because they are having to spend more due to a consumer price rise resulting from high inflation, said Arfan Ali, chairman of fintech Zaytoon Business Solutions.

Inflation in Bangladesh has been persistently hovering at over 9 percent for the last couple of months. It stood at 9.86 percent in January, having climbed 45 basis points from that on the preceding month.

Cash transactions are still very popular because it is preferred by a large portion of people in rural areas and in the peripheries

over digital payment methods, said Ali, a former managing director of Bank Asia.

Depositors in recent times have been withdrawing their funds from some banks due to a lack of trust over loan irregularities, he said, urging collaborative efforts for increasing the adoption of digital transactions.

The government has taken steps to discourage cash transactions and facilitated the development of a digital payment ecosystem, but the use of cash has increased as the economy has grown, said the BFIU officials.

The BFIU report showed that the highest amount of cash transactions took place in Dhaka division (57 percent) followed by Chattogram division (16 percent).

Sylhet and Barishal divisions each accounted for 2 percent, the lowest.

Moreover, cash transactions in border areas have increased by 19.92 percent year-on-year in fiscal year 2022-23.

Cross-border crime has become one of the most pressing concerns as it poses a significant threat to national security and sovereignty as well as giving rise to social and economic disorder, said the report.

Border areas are more prone to money laundering and terrorist financing as they are hotbeds for drug and human trafficking and smuggling of goods and small arms, it said.

The BFIU recommended that the government and Bangladesh Bank adopt a holistic effort to discourage cash transactions to reduce the risk of money laundering.

Appropriate measures should be taken to minimize large volume of transactions through entity accounts and monitoring should be strengthened to minimise cash transactions in border areas, it said.

Around 80 percent of the cash transactions took place through entity accounts last fiscal year while the remaining through personal accounts.

## Dialling into the future: Beyond phone numbers

MAHTAB UDDIN AHMED

Life without a phone and internet is unthinkable in the present world. About a year ago, I wrote about traditional telecom industries facing significant threats from LEO (low earth orbit) satellites, and it is increasingly coming to light with each passing day.

Elon Musk announced his plan to ditch his phone number, opting instead to use X (formerly Twitter) for texting, calling, browsing, and more. The move appears to be an attempt to promote new features on X, which officially launched audio and video calls last year.

According to X's website, while all accounts are able to receive calls, only subscribers to the paid-for subscription plan can actually make them. X also claims that it has a feature which enhances call privacy. Despite all its claims, the adaptability of this new product, X, is yet to be seen.

Musk is envisioning X as the "everything app", with additional new features being just a piece of the puzzle. His plans include expanding the platform's capabilities to offer communication tools, financial services, and more.

While some critics point out potential issues such as latency and encryption concerns, underestimating Musk, with his track record and knack for turning visions into reality, might be a mistake. His proven ability to navigate and innovate across industries indicates his ambitions for X should be taken seriously.

Musk has already taken control of the space, with Starlink owning 5,402 low-orbit satellites and total active satellites 8,377.

Starlink is playing an active role in war activities like in the case of Russia and Ukraine. Recently, it has declared a visit to Mars. Musk masterminded revolutionary developments like OpenAI, electric vehicles, and alternative energy (battery).

Arguing whether new tech would shake up old-school phone companies and their ecosystem, like fibre and towers, is like a funny chat between two friends.

One of them believes in the afterlife and heavens, while the other doesn't. The non-believer jokes, "What if you find out after you're dead that it was all fiction?"

The believer grins and says, "Well, if I'm right, I get to party in heaven. But if you're wrong, it looks like you'll be sweating it out down below."

So, with our phone company debate, maybe it's smarter to get ready and make the best of whatever comes our way.

When faced with change, the first instinct of many key players is to circle the wagons around the familiar old ways—after all, they've poured money, sweat, and tears into building them up, not to mention the government's revenue from the sector.

Sticking to the status quo is like trying to win a futuristic race with a horse and cart. Change can be a tough pill to swallow, but getting a head start on it means we can swap that pill for a smoothie. To truly craft a Smart Bangladesh, we need to leapfrog over the current tech trends. It's time to think beyond the 4G, 5G, and even the 6G horizons and sketch out a blueprint that is as forward-thinking as Bangladesh deserves.

A recent news piece highlights that the BTRC and the ICT ministry are discussing potential collaboration with Starlink, signalling a strategic step towards a smarter Bangladesh. The initial phase, post-launch, should focus on exploring diverse applications such as mobile services, remote area connectivity, disaster response, cellular back-haul, and community internet. While these applications are common in developed nations, Bangladesh should aim to innovate and adapt these to suit local needs and priorities.

Clinging to old tech is like betting on a horse in a spaceship race, and it is high time to sketch a future beyond the conventional telecom playbook.

The author is founder and managing director of BuildCon Consultancies Ltd

## Sri Lanka repays \$20m Iranian oil debt with tea

AFP, Colombo

Cash-strapped Sri Lanka said Wednesday it had exported tea worth \$20 million to Iran to partially repay its \$251 million oil debts, with Colombo saying Tehran's visiting foreign minister had expressed "satisfaction" at the deal.

"So far \$20 million worth of tea has been exported to Iran under the barter trade agreement," Sri Lankan Prime Minister Dinesh Gunawardena's office said in a statement after talks with Iranian Foreign Minister Hossein Amir-Abdollahian.

The tea-for-oil deal was agreed upon in December 2021, but exports were delayed by Colombo's economic crisis that forced then-president Gotabaya Rajapaksa to step down in July 2022.

The barter deal allows sanctions-hit Iran to avoid having to use scarce hard currency to pay for imports of popular tea.

It also allowed Sri Lanka to pay with tea, as the country was short of foreign currency.

Sri Lankan officials have previously said that the tea-oil swap did not break US sanctions on Iran, since tea was a food item and the deal did not involve Iranian blacklisted banks.

The island defaulted on its \$46 billion foreign debt in April 2022 and secured a \$2.9 billion IMF bailout early last year.

Ceylon tea, known by the island's colonial-era name, made up nearly half of Iran's consumption in 2016. However, the proportion has declined in recent years.

## Pressure grows on China for big policy moves to fix economy

REUTERS, Beijing

As the annual meeting of China's parliament approaches next month, its leaders are facing the greatest pressure in almost a decade to take bold policy decisions that safeguard the economy's long-term growth potential.

The start of the year saw Chinese stocks tumbling to five-year lows on growth concerns and deflation deepening to levels unseen since the global financial crisis, prompting comparisons with the 2015 turmoil that forced policymakers into action.

"The last time the Chinese leadership faced this kind of pressure was in 2015," said Tommy Wu, a senior China economist at Commerzbank, who added, "2024 is a crucial year for China to stabilize the economy."

"However, the current situation is a lot more complicated."

China overcame the 2015 crisis by devaluing the yuan and tightening its capital account to prevent outflows, while pouring resources into property and infrastructure, and slashing interest



People visit a shopping mall in Beijing on February 18. There is a lack of investor confidence and business confidence in China, but the root cause of this is consumer confidence, said an economic analyst.

PHOTO: AFP

rates by more than 100 basis points.

But that policy ammunition is now spent, bent or broken, limiting its options to fix a stuttering economy and find a way out of what threatens to become a self-feeding downward spiral in consumer and investor confidence

and economic growth.

The property market has been in free fall since 2021 because of a series of defaults among developers after years of overleveraged, bad investments. Infrastructure spending is difficult to sustain because of high levels of local

government debt.

Further monetary policy easing risks a run on yuan assets due to a yawning interest rate gap with other economies and could exacerbate deflationary pressures as cheap credit flows into China's industrial complex, ridden with overcapacity.

As China's rubber stamp parliament, the National People's Congress (NPC), begins its annual meeting on March 5, there has been no indication of major stimulus or a grand reform plan in the making.

"It is widely underappreciated how constrained Beijing is at this point, in terms of options to stimulate the economy via fiscal policy, or through more rapid credit growth from banks," said Logan Wright, a partner at Rhodium Group.

"There will be no policy bazookas unveiled at the NPC, in part because China has no good options to maintain growth via its traditional channels."

Fleeing investors have expressed frustration that authorities have not

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