

REHAB gets new committee

STAR BUSINESS REPORT

Md Wahiduzzaman, managing director of Japan Garden City, has been elected as the president of the Real Estate and Housing Association of Bangladesh (REHAB).

The association also elected Liaquat Ali Bhuiyan, chairman of Brick Works Limited, as its senior vice president.

Both of them were elected unopposed yesterday.

Meanwhile, MA Awal, managing director of Haveli Property Development Ltd, has been elected vice president 1; Mohammad Akhter Biswas, managing director of Akhter Properties Limited, vice president 2; Abdul Latif, managing director of Basic Builders Limited, vice president 3;



Md Wahiduzzaman
Liaquat Ali Bhuiyan

Abdur Razzaq, chairman, Arma Real Estate Limited, vice president for finance, and Haji Delowar Hossain, managing director of RF Builders Limited, vice president from Chattogram.

The committee will run REHAB for the next two years.

Direct voting was held for the posts of vice president 2 and vice president 3 among the office bearers at the REHAB office day while the directors were elected in the same process on February 27.

This is the first formal election of REHAB since 2007 as an executive committee decided through mutual understanding among members has been running the association for the past six terms.



The Shuvo Sandhya beach at Taltali, Barguna, the southern coastal district, attracts tourists and many camping enthusiasts to the reserve forest. The photo was taken on February 2.

PHOTO: TITU DAS

Banks' offshore operations receive a boost

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The offshore banking units of banks will not have to maintain the cash reserve ratio (CRR) as the central bank has moved to give a much-needed boost to them to attract foreign currency deposits and improve the flow of foreign exchanges.

Prior to the relaxation, banks were required to keep a 2 percent CRR, a portion of customers' deposits that banks have to keep with the central bank, for offshore banking operations (OBOs), according to an official of the Bangladesh Bank.

In a notice yesterday, the BB said it relaxed the regulatory requirement to facilitate OBOs.

"We have eased the rule so that banks can attract more foreign currency deposits through their offshore banking units. This will improve their forex liquidity," said Md Sarwar Hossain, director of the foreign exchange policy department at the central bank.

The move comes as the country has been facing forex dearth and witnessed a sharp depreciation of the taka in the last two and a half years as inflows from remittance, exports, loans and investment continue to fall behind

the outflows for payments, including import bills.

The BB also allowed OBOs to place funds at the domestic banking units to settle the import payments of capital machinery, industrial raw materials, imports by the government, and other permissible payment obligations.

In September, the total outstanding loans of OBOs stood at Tk 83,826 crore. Of the sum, Tk 1,755 crore turned into bad loans, which accounted for 2.9 percent of the funds disbursed

The head of treasury at a private bank said banks' loanable funds would increase following the waiver related to the CRR for OBOs.

"Simultaneously, our borrowing cost will decline. This will also give a leeway to banks to offer higher interests to attract foreign currency deposits."

On Wednesday, the cabinet division

approved the draft Offshore Banking Act 2024 to bring foreign and non-resident Bangladeshi individuals and institutions under the domestic banking channel.

Offshore banking accounts are maintained in foreign currencies such as the US dollar, the British pound, the Japanese yen, the Canadian dollar, the Singapore dollar and the Swiss Franc against the local currency.

Although offshore banking was approved in 1985, the relevant policy was issued in 2019. Currently, 39 banks have offshore units.

At the end of September, the total outstanding loans of OBOs stood at Tk 83,826 crore. Of the sum, Tk 1,755 crore turned into bad loans, which accounted for 2.9 percent of the funds disbursed, BB data showed.

No direct or indirect tax on the interests or profits earned by banks through OBOs will be imposed and there will be no tax or duty on the earned income of the depositors, the draft Act said.

The government hopes the new Act will create the possibility of attracting investments and give a boost to the foreign currency reserves.

LafargeHolcim Bangladesh's sales, profit grow

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Sales and profits of LafargeHolcim Bangladesh rose in 2023 thanks its diversified portfolio.

The rise in profits encouraged its board to declare a higher amount of dividend for its shareholders.

Sales of the multinational cement producer rose 20 percent year-on-year to Tk 2,838 crore in 2023 while its profits grew 34 percent to Tk 594 crore.

The company's board of directors recommended 50 percent cash dividend for its shareholders, which was 48 percent in the previous year.

"The performance demonstrates the strength of its diverse product portfolio and strategic presence driven by innovative products, high-value



solutions, digital footprint and new channels," said Iqbal Chowdhury, CEO of LafargeHolcim Bangladesh.

"As we have already entered 2024, I look forward to another year of continued profitable growth and fast-paced transformation, to become the leader in innovative and sustainable building solutions in the country."

Last year, LafargeHolcim Bangladesh registered earnings per share of Tk 5.12 while it was Tk 3.83 the year prior.

Stocks of LafargeHolcim Bangladesh, which has a paid-up capital of Tk 1,161 crore, rose 0.13 percent to Tk 74.50 yesterday.

STOCKS	
DSEX ▼	CASPI ▼
0.22%	0.09%
6,254.53	17,928.38

COMMODITIES	
Gold ▼	Oil ▼
\$2,031.52	\$78.03
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.27%	▼ 0.11%	▲ 0.09%	▲ 1.94%
72,500.30	39,166.19	3,141.85	3,015.17

Insurance premium growth slows

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Of the factors behind the decline in growth was that fire insurance was lower last year, said Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, a platform for insurance companies.

He also said thanks to the strong step of the Ibra, many companies no longer can spend like they did in the past. This has given a jump to assets and investments.

Combined investments of insurance companies rose 10.29 percent to Tk 51,266 crore in 2023. Assets surged 14 percent to Tk 72,576 crore, Ibra data showed.

Despite the growing premiums and a significant number of insurers, penetration has been disappointing.

The penetration rate, which refers to the ratio of total insurance premiums to gross domestic product, is 0.50 percent in Bangladesh, the lowest in the Asia-Pacific region, according to the Switzerland-based research organisation Swiss Re Institute.

Today, Bangladesh observes National Insurance Day to commemorate Bangabandhu Sheikh Mujibur Rahman's joining of then-Alpha Insurance Company on the same day in 1960.

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

One of the major factors hampering Bangladesh's insurance sector's growth is the lack of trust.

"Customers don't

have a clear idea about how insurers are doing financially," said Ala Ahmad, chief executive officer of MetLife Bangladesh.

He says an insurer with solid financial strength should not face any problems in meeting customer obligations and settling claims.

Nura Alam Siddikie Ovee, CEO of Alpha Islami Life Insurance, blamed the current tight economic situation for the fall in the growth of gross premiums.

If the number of claim settlements drops in a year, the volume of assets may widen despite the slow growth in premium incomes, according to Mohammad Abu Bakar Siddique, CEO of Meghna Insurance.

Insurance claims dropped

7 percent to Tk 15,700 crore in 2023. Accordingly, claim settlements dipped around 1 percent to Tk 10,332 crore, according to the Ibra.

Tarik ur Rahman, a consultant of Green Delta Insurance, said insurance companies used to breach rules and pay extra commissions to agents in the past.

"Now, many of them are making the payments to agents in line with the directive of the regulator."

In 2012, the Ibra limited agents' commission to 15 percent. Many insurers used to pay up to 80 percent commissions in the initial years of a policy to attract clients.

Still, many did not follow it, prompting the regulator to beef up its monitoring last year to force insurers to

comply.

"This has saved a lot of money for the companies," Rahman said.

Sheikh Rakibul Karim, CEO of Guardian Life Insurance, said insurers might have pursued more aggressive investment strategies, seeking higher returns in alternative asset classes, as they aim to maximise returns and expand their asset base.

This might have contributed to an increase in assets and investments.

Md Tohidul Alam, chairman of the banking and insurance department at Rajshahi University, said people are not aware of the importance of insurance. Besides, the claim settlement ratio is low.

"As a result, people are not interested in insurance."

Lending rate goes past 13% despite lowering of margin

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the Institute for Inclusive Finance and Development, said that there is no sign of inflation cooling in the coming days, adding that a reactive approach would adversely impact consumer prices.

However, he said that the lending rate is already high, so there is a question of whether it would have any impact on inflation.

As per the economist, the government and the central bank have adopted several policies which are contradictory to the contractionary monetary policy. He suggested the government and the BB adopt integrated policies to tackle higher prices.

However, business people say that they are in trouble now due to the interest rate hike because

it has increased the cost of business.

Mahbub Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said: "The rising lending rate is not good for businesses."

He hopes that the lending rate will come down once the inflow of remittance and export earnings increases.

Forex reserves

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impacts of the pandemic and the outbreak of the Russia-Ukraine war.

In order to help banks settle record import bills, the central bank pumped more than \$28 billion into the banking sector from its reserves, which caused the reserves

to halve in just two years. Owing to the sharp fall in the reserves, Bangladesh failed to meet the IMF minimum net international reserve target of \$17.78 billion as of December 31.

Industry people, however, think the forex crisis will ease soon as merchandise

exports rebounded strongly in January after manufacturers shipped goods worth \$5.72 billion, a single-month record. Similarly, remittance flow rose to a seven-month high in January. Suppliers are also hoping to retain the momentum in the coming months.

Women hold majority

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Anwar also said that EBL's agent banking outlets arrange various community engagement programmes to promote financial inclusion among marginalised and unbanked populations.

Thanks to agent banking offering banking services to a wide array of people in both urban and rural settings, women have found new opportunities to save, borrow, remit and pay bills.

The data also showed that there are 15,757 agents and 21,601 agent banking outlets across the country. Of them, 13,243 agents and 18,470 outlets are located in rural areas.

This means the number of rural agents is 5.3 times higher than the number of urban agents while the number of rural outlets was

six times higher than the number of urban outlets, indicating that agent banking is popular as an accessible option for rural people. In terms of transactions, the data showed that the total number and amount of transactions through agent banking outlets in December 2023 was 94.02 lakhs and Tk 44,261 crore respectively.

Both the number and amount of transactions were significantly higher in rural areas than in urban areas, reflecting the high demand and usage of agent banking services among rural and underprivileged people.

The most common types of transactions through agent banking were cash deposits and withdrawals, inward remittance, fund transfers, and utility bill payments.

Guidelines issued

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"This is a set of comprehensive guidelines from the central bank to improve the health of NBFIs in the long run," said Md Kyser Hamid, vice-chairman of Bangladesh Leasing and Finance Companies Association.

trying to strengthen the credit risk management of NBFIs and reduce any undue practices in the companies," added Hamid, also managing director and CEO of Bangladesh Finance.

The guidelines said the board of NBFIs would approve their own loan

proposals, repayment process, and rescheduling.

As such, the loan approval power should be distributed among the CEO and other officials.

Besides, no director will be allowed to be directly involved in loan approvals or influence the lending process.



No Significant Discussion on Tobacco Control Took Place in the Eleventh Parliament

In Bangladesh context, tobacco caused illnesses continue to remain as one of the leading contributors of death in comparison to many other diseases. Article 15(a) of the Constitution of Bangladesh guarantees healthcare as a fundamental right and entrusts the government with its realization. Besides, Prime Minister Sheikh Hasina expressed a vision to make Bangladesh tobacco-free Bangladesh by 2040.

To facilitate materializing the vision of the Prime Minister, the Bangladesh Center for Communication Programs (BCCP), in collaboration with the Bangladesh Tobacco Control Research Network (BTCRN) and Institute for Global Tobacco Control (IGTC), Baltimore, USA, is actively working through implementing the Tobacco Control Policy Research Grant Program since 2013. Under this program, eight researches were conducted in 2023.

The Program's latest research findings funded in 2023 were presented at the Research Findings Dissemination Conference held on Wednesday, February 28, 2024 at the CIRDP International Conference Center in Dhaka.

A notable study titled "Parliamentary Oversight on Tobacco Control in Bangladesh", revealed a concerning gap in parliamentary engagement, with minimal (0.08%) discussions on Question-answer sessions on tobacco control during the last parliament. This poses the question of whether the Members of Parliament (MPs) are adequately taking initiatives to reduce tobacco consumption, including formulation of tobacco control policies and a roadmap to materialize Prime Minister's envisioned tobacco-free Bangladesh by 2040.

The other seven studies also brought noteworthy findings in different tobacco control concerns including e-cigarette distribution and trends, healthcare worker practices in tobacco cessation, enforcement challenges of tobacco control law at public transportation, the potential of a model on tobacco quit-line service, influence of designated smoking area (DSA) on adolescents and the tax evasion strategies of smokeless tobacco industry.

Professor Dr. Syed Modasser Ali, Former Advisor to the Honorable Prime Minister and Chairman, Bangladesh Medical Research Council was present as the chief guest during the opening session. While Dr. Md Ziauddin, Joint Secretary, Health Services Division, Ministry of Health and Family Welfare was present in the closing session as the chief guest.

The opening program was chaired by the renowned economist, Dr. Salehuddin Ahmed, Former Governor of Bangladesh Bank (Central Bank) and President of the Executive Board of BCCP. More than 200 participants, including the officials from the Ministry of Health and Family Welfare, other government and non-government organizations, representatives from development partners, faculties and students from different universities, representatives from media agencies and other stakeholders attended the conference for a productive exchange.

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