

Bangladesh: a rainmaker for Bata

Bata CEO Sandeep Kataria says Bangladesh can be the global sourcing hub for the footwear industry

AHSAN HABIB

Bangladesh is already one of the top 10 markets for Bata Shoe but its Chief Executive Officer Sandeep Kataria thinks the country offers further growth opportunities for the multinational company.

"So, it's a very important market for us." Although the top official did not disclose Bangladesh's position among the top ten markets, he said it moved up in the ranking last year.

"This was partly because of what the company has done in Bangladesh, and partly because of the dollar impact on some of the countries," Kataria told The Daily Star in an interview in Dhaka last week during his visit to the country.

Bata Shoe started its operations in Bangladesh in 1962, nearly a decade before its independence. "We have received a lot of love from the consumers of Bangladesh in the past 62 years. Still, we are seeing a lot of opportunities for growth in the country in the coming days."

Kataria said some of Bata Shoe's managers played a role during Bangladesh's struggle for independence. "Therefore, our company has been very much part of Bangladesh's growth trajectory."

"We continue to look at this as a strategic market for us, not just for business, but also for sourcing from the country."



Sandeep Kataria

Kataria is a business and marketing leader with more than 25 years of experience in the consumer products and retail industry across developing and developed markets.

He worked for several international companies such as Vodafone India, Yum! Brands and Unilever, in different markets before joining Bata in 2017 as the CEO of Bata India.

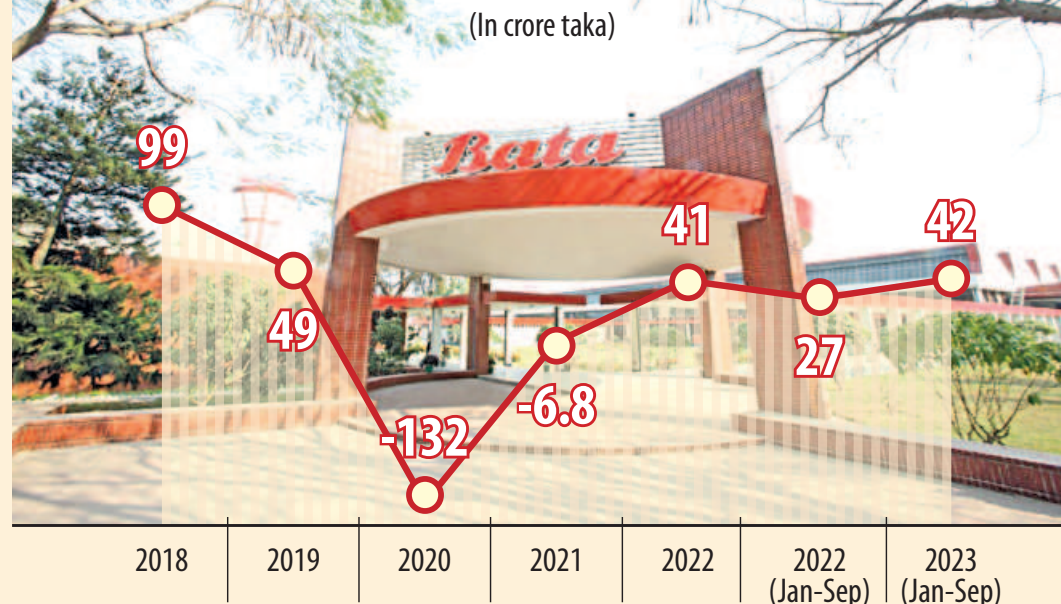
An engineer from IIT-Delhi, he was appointed as the CEO of the Bata Shoe Organization in December 2020 with the task of transforming the footwear giant into a modern and contemporary brand for generations to come.

This time, he came to Bangladesh after a gap of two years and he was impressed by the

SALES OF BATA SHOE BD (In crore taka)



PROFIT/LOSS OF BATA SHOE (In crore taka)



SOURCE: FINANCIAL REPORTS

massive change Bangladesh is witnessing in the infrastructure sector. The country has also maintained a steady economic growth and per capita income despite challenges at home and abroad.

Kataria thinks Bangladesh can be the global sourcing hub for the footwear industry.

"We already make a lot of shoes in our two big factories here. We also have some partners. We want to turn some of them into large, important, sourcing partners for our markets across the world. They can actually make shoes for the world, not just for Bangladesh."

One of the things that makes Bangladesh more interesting to Bata is the trading treaties it has with partner countries and the deals it is going to sign with them in the coming years.

Kataria thinks there are two more things that will allow that to happen.

One of them is the opportunity for the partners to be able to secure some of the raw materials that may not be easily available in Bangladesh. Therefore, there is a scope to look at the duty structure around raw materials.

The second issue is local entrepreneurs need to be ready to innovate as consumers always want new styles.

"So, partnering with us to innovate and bring

in new styles and new trends to the market is always helpful."

The CEO terms Bangladesh as lucky since manufacturing costs are comparatively lower in the country.

"All of these factors will transform Bangladesh into a good sourcing hub for us."

Sales of Bata Shoe Bangladesh rose 1.3 percent year-on-year to Tk 754 crore in the January-September period of 2023. During the same period, profits rose 53 percent to Tk 42 crore.

Kataria also spoke about the recent situation of the footwear business in Bangladesh.

"It is similar to what is happening in many of the discretionary categories, whether it is apparel, footwear, or even eating out to some extent, since many consumers are tightening their belts." The footwear business has recovered from the slowdown induced by the coronavirus pandemic. But the lingering impacts of the worldwide health crisis and the Russia-Ukraine war sent consumer prices as well as raw materials costs high globally, hurting the business growth.

"As higher inflation is putting pressure on the wallets of consumers, they are sometimes prioritising expenditures."

Although elevated consumer prices have affected the number of pairs sold, the value is

going up because of inflation. Some consumers are ready to upgrade and get a better quality.

"But overall, there's a bit of a tightening of volume demand," Kataria said. Shares of Bata Shoe (Bangladesh) also traded at the Dhaka Stock Exchange and were up 1 percent to Tk 1,000 yesterday. It provided a 330 percent interim cash dividend for the first nine months of 2023.

Kataria says one of the big things about Bata is it is more local and less multinational.

"If you ask a Peruvian, an Indonesian, or a Bangladeshi, they will probably tell you that Bata is a local company."

He, however, says one shoe does not fit all because of different weather conditions in different countries.

"So, you will have to provide consumers something that they want and suits the weather and the wallet. Therefore, what we've always tried to do is to make sure that there's a good mix of global ideas and trends and we get inspired by them and we share that locally."

Bata also gives local teams a lot of power to develop products.

"In Bangladesh, more than 85 percent of our shoes are actually manufactured by our own factories."

Banglalink posts decade-high revenue growth

STAR BUSINESS REPORT

Banglalink displayed a strong performance in 2023 as it posted a decade-high revenue growth riding on a solid jump in data revenue.

The revenue of Bangladesh's third-largest mobile phone operator rose by a massive 14.4 percent year-on-year to Tk 6,150 crore in 2023, according to the fourth quarter earnings data of 2023 of Veon Ltd, the parent company of Banglalink.

Last year, the company's data revenue grew by 25 percent year-on-year.

This performance underscores Banglalink's aggressive expansion strategy, highlighted by a significant rise in its 4G customer base, an effective implementation of DO1440 strategy, which means engagement with a customer every minute of a day, and a thorough enhancement of its nationwide network, Banglalink said in a statement.

With a customer base of 43.5 million as of December 2023, Banglalink has recently doubled its network coverage, increasing its total number of towers to over 16,000.

The company's 4G user base grew by 24.5 percent, reaching a new milestone of 20 million subscribers.

Its digital services like MyBL Super App, Toffee, and BiP played a crucial role in achieving the milestone, it said.

Banglalink's MyBL Super App now has a monthly active user count of nearly 8 million, marking a year-on-year growth of 36.4 percent in the fourth quarter of 2023.

Bepza secures land to build Jashore EPZ

STAR BUSINESS REPORT

The Bangladesh Export Processing Zones Authority (Bepza) has taken possession of 503 acres of land to establish the Jashore Export Processing Zone (JEPZ).

The land was formally handed over by Muhammad Abruul Hasan Mojumder, deputy commissioner of Jashore, on March 23, according to a press release.

The decision to set up an EPZ in Jashore was taken in 2019 and the Executive Committee of the National Economic Council approved the Tk 1,678.29 crore project in November last year.

The decision to build an EPZ in Jashore was taken in 2019 and the Executive Committee of the National Economic Council approved the Tk 1,678.29 crore project last year

The project proposal outlines the preparation of 400 industrial plots to attract \$2 billion in investment.

Once fully operational, the EPZ is expected to create 150,000 direct and 300,000 indirect jobs, contributing \$2.4 billion annually to the country's exports.

Mohammad Faruque Alam, member for engineering at the Bepza, and Md Yousuf Pasha, project director of the Jashore EPZ, were also present at the ceremony.

The Bepza had previously provided a cheque of Tk 266 crore to the district administration to compensate landowners.

Bepza currently oversees the operations of eight export processing zones which are Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Ishwardi EPZ, Comilla EPZ, Uttara EPZ, Adamjee EPZ and Karnaphuli EPZ.



Employees work on a production line for electric meters at a factory in Yinchuan, in northwestern China's Ningxia region, on March 21. China's remarkable journey in the past five decades was a testament to what is possible, World Bank President Ajay Banga said yesterday.

PHOTO: AFP

WB moves to attract private investors to developing countries

REUTERS

The World Bank will publish more of its proprietary data, including on debt defaults, starting next week as part of a push to attract more private sector investment to developing countries, World Bank President Ajay Banga said.

Banga, speaking at the China Development Forum early Sunday, China time, said the World Bank Group had mobilized \$41 billion of private capital for emerging markets and raised another \$42 billion from the private sector for bond issuance last year, with both totals to be eclipsed this year.

But he said more progress was needed, and the bank was taking action on a number of fronts to overcome barriers holding back private sector investment to developing economies.

Economic growth has slowed in developing countries, with growth falling to barely 4 percent from 6 percent in two decades, Banga said, noting that each lost percentage point dragged 100 million people into poverty, while debt levels were rising.

Banga noted that developing countries also faced an "unimaginable" gap between 1.1 billion young people expected to enter the workforce in the next decade and expected job creation of just 325 million jobs.

To better understand the issues, the bank convened a focus group with 15 chief executives of asset management companies, banks and operators who identified concerns such as regulatory certainty, political risk insurance and foreign exchange risk, he said.

The bank last month already announced reforms that will consolidate its loan and investment guarantee structure and triple its annual guarantees to \$20 billion by 2030.

Starting next week, Banga said, the bank and a consortium of development institutions would also start publishing private sector recovery data by county income level, as a step to inspire investor confidence.

The World Bank would also publish private sector default data broken down by credit rating,

as well as sovereign default and recovery rate statistics dating back to 1985, he said.

"All this work contributes to one goal: getting more private sector capital into developing economies to drive impact and create jobs," Banga said.

The former Mastercard CEO said the bank was also working on a longer-term effort to build a securitization platform that will make it easier for pension funds and other institutional investors to bring their \$70 trillion to emerging markets.

Bundling large standardized investments in one package would encourage meaningful investment at scale, overcoming the current patchwork of small, bespoke loans that each had their own documents, risk and pricing, he said.

China's "remarkable journey" in the past five decades was a testament to what is possible, Banga said, noting China had created hundreds of millions of jobs, sharply reduced poverty and cut emissions. Once a major World Bank borrower, China is now one of the bank's biggest donors, he added.

MFS faces growing risk of fraud

SAUDIA AFRIN

The mobile financial service (MFS) has enhanced our access to goods and services, diversified payment methods, and expanded commercial opportunities, but the sector still faces challenges. Despite serving as an instrument for financial inclusion, concerns over consumer protection ail the industry.

A survey conducted by Ashikur Rahman, a senior economist at the Policy Research Institute of Bangladesh, and his team in August-September 2021, reveals a concerning figure: nearly one in 10 MFS users has fallen victim to some form of fraud.

Users face various security challenges, including compromised PINs, unauthorised transactions, data/e-money theft during SIM swaps, SMS spoofing, fake calls/emails, and breaches in consumer security and privacy.

The causes of these risks stem from inadequate app security, a lack of digital literacy, ambiguous redress mechanisms, and insufficient data governance and privacy policies.

According to the Cyber and Special Crimes Division of DB (North), 42.35 percent of criminal cases filed in 2023 were against fraudulence through online platforms.

Social engineering has become a prevalent method for MFS related forgery, according to Junaid Alam Sarkar, additional deputy commissioner of police intelligence of the division. Perpetrators extract crucial information such as PINs, passwords, and one-time passwords (OTPs), employing emotional manipulation to convince individuals to send money, often using social media.

Sarkar highlights a tactic where scammers clone a number resembling the customer care number to deceive people into sharing their PINs. He notes instances where individuals willingly share or sell information.

Another avenue involves obtaining someone's number through eavesdropping, from transaction records of agents, or from information left behind during purchases.

The mobile banking landscape in Bangladesh operates through two primary channels - USSD and apps. USSD caters to people without smartphones. While USSD transactions boast a multilayer security mechanism, its complexity might pose a challenge. Although more secure, USSD transactions are relatively costlier.

One glaring vulnerability in app-based transactions lies in the potential for opening an account on someone else's phone. A solution involves verifying the SIM card to match the owner of the account and the

phone number.

Mahbubur Rahman Alam, an associate professor at the Bangladesh Institute of Bank Management, thinks the use of international mobile equipment identity numbers could be instrumental in confirming the legitimacy of accounts opened through apps.

According to the Cyber and Special Crimes Division, a scamming hotspot exists in the Faridpur region. Identifying culprits becomes challenging when false accounts provide incorrect NID numbers or addresses. Moreover, the culprits often switch off their numbers after offences.

In order to address these critical gaps, Alam said rigorous verification during the Know Your Customer (KYC) verification is crucial. KYC verification in Bangladesh can be strengthened by matching SIM numbers with the national identification card. Incorporating parents' NID numbers could enhance the verification process.

The technical security measures in MFS are robust, but challenges arise due to password leaks through hacking or social engineering. Therefore, Alam stressed the need for awareness and data security among agents.

DB's Sarkar stresses that without knowing critical details such as OTPs and PINs, breaching safety is tough.

He recommends verification through multiple communication channels, especially when individuals receive suspicious messages or calls through social media.

Shamsuddin Haider Dalim, head of corporate communications at bKash, emphasises the need for digital literacy, particularly in refraining from sharing PINs, passwords, and OTPs.

He notes that dubious advertisements on social media platforms often falsely use the names of respected service providers. To combat this, Dalim advises users to rely on verified pages on social media platforms and cross-check any doubts through official customer care numbers.

He underscores that the legitimate call centre will never initiate calls.

BIBM's Alam suggests establishing a special hotline involving stakeholders that could expedite solutions.

To reduce forgery, popularising multifactor authentication, including OTP and biometric functions, can be effective. Software detection of fraudulent transaction patterns is another proactive measure, he added.

The author is a senior executive of The Daily Star.