Robi, Banglalink sign MoU on sharing network resources

STAR BUSINESS REPORT

Mobile network operators Robi and Banglalink recently signed a memorandum of understanding (MoU) to evaluate the potential sharing and rationalisation of their network resources.

This collaboration is set to expand 4G access nationwide, enhancing both the quality and speed of mobile broadband for customers.

Sharing network resources is a global best practice in the telecom industry. It promotes an asset-light business model and supports both companies' commitment to environmental sustainability through optimised use of energy resources.

Additionally, it ensures better cost efficiency and usage of telecom resources, enabling investments in service quality and value-added services. Furthermore, the sharing of network resources among operators helps save foreign currency. As such, Robi and Banglalink signed the MoU to strengthen their collaboration in sharing network resources.

In a joint statement, Banglalink and Robi said this potential collaboration is a timely and dynamic initiative that will transform telecommunications in Bangladesh.

"We are excited for our customers to experience improved service quality with expanded and uninterrupted nationwide coverage. Our first step is to evaluate the technical and financial feasibility of network sharing," the statement said.

"With the necessary policy changes and regulatory approval, we will share network infrastructures. Our shared goal is to provide robust telecom connectivity for every citizen, contributing to the Smart Bangladesh vision," it added.

The two telecom operators also said they are grateful to the Bangladesh Telecommunication Regulatory Commission for its persistent support in facilitating such forward-looking initiatives.

"We are on a mission to make the Bangladeshi telecom industry a driving force in achieving the government's vision of a Smart Bangladesh," said Zunaid Ahmed Palak, state minister for posts, telecommunications and information technology.

He said that as an essential service, telecommunications hold the potential to serve as a bridge for customers to access to various digital services.

"This potential collaboration between Banglalink and Robi will encourage innovation and promote efficient utilisation of the nation's resources in critical development initiatives, ultimately transforming the lives of Bangladeshi citizens through seamless connectivity," Palak added.

Krishi Bank's losses up 78% in FY23

STAR BUSINESS REPORT

Bangladesh Krishi Bank (BKB), a state-owned lender, reported a 78 percent year-on-year increase in losses for the fiscal year that ended on June 30, 2023.

The bank's net loss was Tk 2,384 crore, up from the previous financial year's loss of Tk 1,336 crore.

Rising interest payments on deposits and loans contributed to the loss, according to the financial statements of the bank.

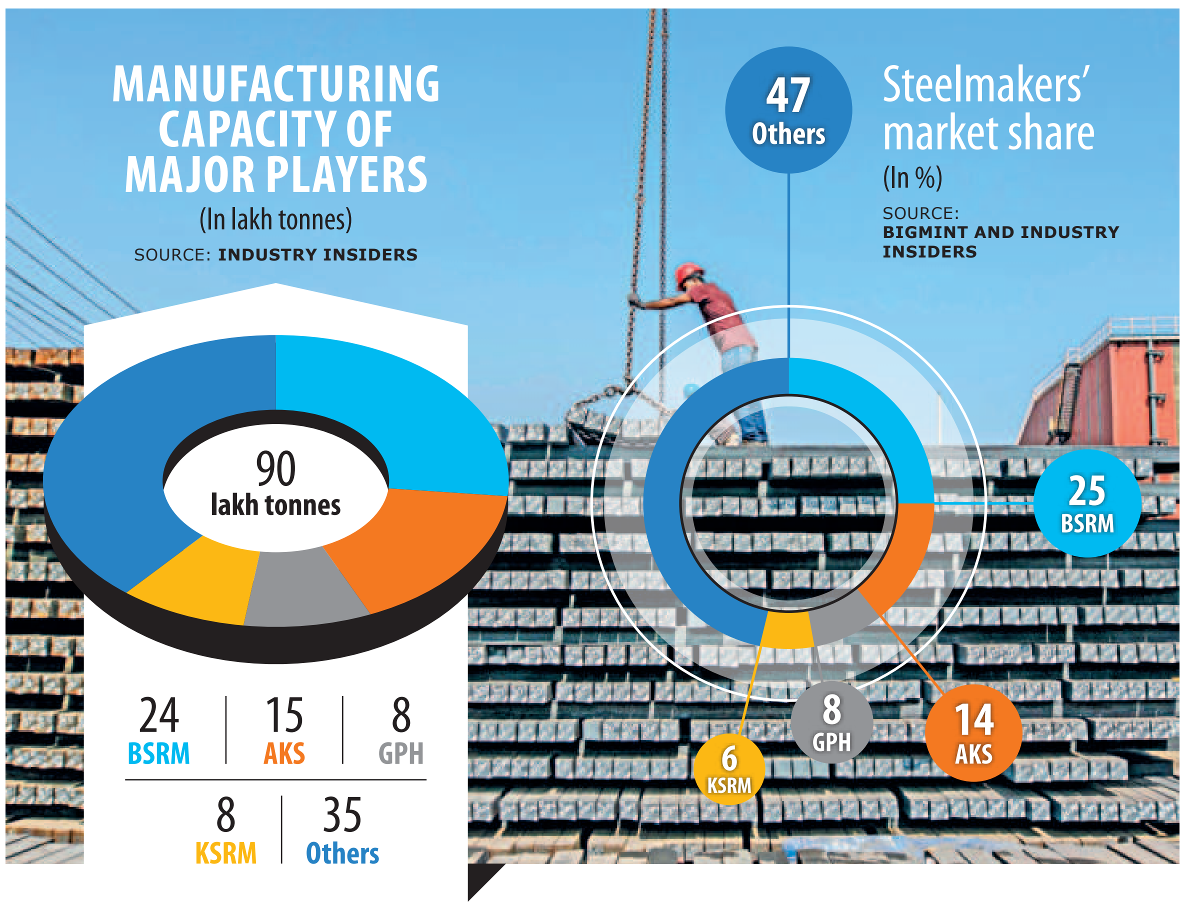
The classified loans, which are at risk of defaulting, kept rising. The government-owned lender's classified loan was Tk 6,500 crore, which was 21.51 percent of its total debts.

While the bank's profitability and classified loan situation remain worrying, it did experience growth in deposits. Deposits surged to Tk 40,570 crore in FY23 from Tk 38,086 crore in the preceding year.

BKB has been incurring losses for at least 30 years, as it has to lend at lower interest rates while paying more for deposits, highlighting the structural weakness of the lender. The bank suffered a loss of Tk 165 crore in 1994-95. It has been in the red since then except for 2000-01 when it logged a profit of Tk 2.91 crore.

The specialised bank was established under a presidential order in 1973 to support the agriculture sector of the war-torn country.

Four steelmakers control 53% of market: insiders



JAGARAN CHAKMA

Although there are around 40 steelmakers in Bangladesh, just four based in Chattogram are currently catering to 53 percent of the total demand, according to market studies and industry insiders.

The four major steelmakers are Bangladesh Steel Re-Rolling Mills (BSRM), Abul Khair Steel (AKS), GPH Ispat and Kabir Steel Re-Rolling Mills (KSRM).

According to BigMint, a platform for commodity price reporting, market intelligence and consulting, the BSRM caters to around 25 percent of the domestic demand while AKS contributes 14 percent, GPH 8 percent and KSRM 6 percent.

At present, the 40 steelworks active in Bangladesh have a combined capacity to produce 90 lakh tonnes of steel each year against an annual requirement of around 85 lakh tonnes.

Individually, the BSRM has an annual production capacity of about 24 lakh tonnes while AKS 15 lakh tonnes. Meanwhile, the GPH and KSRM can each produce around 8 lakh tonnes of steel annually.

"We expanded our production capacity while maintaining quality, which was helpful in increasing our market share," said Tapan Sengupta, deputy managing director of the BSRM.

He said steelmaking is a basic industry that provides essential products for infrastructure development.

"So, the demand for steel will keep growing for the next 30 years as Bangladesh is moving toward higher income status, with people's purchasing capacity growing despite the ongoing economic stress," he said.

Regarding the BSRM's commanding market share, he ruled out the possibility of there being a monopoly in the steel industry as even many small units are trying to develop their capacity.

Besides, some big companies are entering the industry as well.

Sengupta also attributed the BSRM's significant hold on the market to the company's enduring legacy in the industry.

At present, the 40 steelworks active in Bangladesh have a combined capacity to produce 90 lakh tonnes of steel each year against an annual requirement of around 85 lakh tonnes

Having entered the domestic steel industry in 1952, the BSRM has vast experience in the sector and a renowned brand image, for which the company controls a big market share, he said.

Sumon Chowdhury, secretary general of Bangladesh Steel Manufacturers Association, echoed him.

He said there is no scope for major manufacturers to monopolise the market as small units remain competitive by offering quality products at lower prices.

However, he said market demand has slightly reduced due to ongoing economic pressure.

Additionally, the government reduced its steel consumption to around 45 percent from 55 percent of the total production last fiscal year amid a slowdown in development activities.

Chowdhury, also managing director of Rani Re-Rolling Mills, said his company holds around 3 percent market share.

According to him, a number of small companies have now entered the market, leading to overcapacity in production compared to existing demand.

However, BigMint projects that steel consumption in Bangladesh will rise by 25 percent to around 1.06 crore tonnes in 2027 from 85 lakh tonnes at present due to growing infrastructure development projects and individual consumption.

As such, Bangladesh's steel production capacity is expected to rise to 1.30 crore tonnes by 2027.

BigMint also said Chattogram accounts for 62 percent of the country's overall steel-melting capacity while Dhaka can only meet 32 percent.

Shahriar Jahan Rahat, deputy managing director of the KSRM, said the steel industry in Chattogram was established around six decades ago and has greatly developed since then as access to the Chattogram port is convenient for importing raw materials.

According to him, major steel manufacturing plants set up in Chattogram have been contributing to the country's infrastructure development by providing the necessary steel products.

Building a brand

SALEKEEN IBRAHIM

The word brand means a product, service or concept that is evidently distinguished from other products, services or concepts so that it can be simply communicated and frequently marketed.

Brand is the emotional and psychological connection that our customers have with our business, product, or service. It is their collective perception and impression. Building a brand is the act of shaping that perception, which is essential if we want to compete.

In Bangladesh, the life of small and medium enterprises (SMEs), and their pursuit for growth and recognition is perpetual. Being in the competition, standing out is not just an option now, rather it is an obligation. This is where branding appears as the inspiration, guiding these enterprises towards success.

The transformative power of effective branding can't be overlooked if we really want to flourish as a business entity, and it is really indispensable for us to know how enterprises in Bangladesh can embrace branding literacy and craft winning strategies for sustainable growth.

At its core, branding is more than just a logo or a catchy tagline -- it is the soul of our business and spirit of the entity. It is what sets us apart from competitors and establishes a connection with our audience. We must know why branding is indispensable for enterprises seeking stable growth.

Firstly, in a crowded marketplace, a strong brand helps us stand out. It communicates our unique value proposition and builds trust with customers. Setting ourselves apart from competitors doesn't have to cost much, but it can significantly impact how our brand is perceived.

Secondly, a well-defined brand inspires confidence in the offerings. It signals professionalism and reliability, which are extremely crucial factors for attracting and retaining customers.

A real brand evokes emotions and elevates loyalty. When customers' compares with our brand, they're more likely to remain loyal, becoming advocates who spread the good word to others.

Lastly, often a dependable brand commands higher prices. Customers are willing to pay a premium for products or services they perceive as valuable and trustworthy.

Self-exploration is compulsory to embark on a remarkable and cost-effective brand journey. We should start by defining the brand's identity. What values do we stand for? What makes our offering unique? This clarity will guide all our branding efforts.

Understanding the target audience inside out is eventually essential. What are their needs, preferences, and pain points? We should tailor the products and the communication of our brand must echo with them effectively.

Consistency is key to building a strong brand. We must ensure the brand elements i.e. logo, colours, tone of voice, etc. are consistent across all touchpoints, from our physical store to website and social media.

Every brand has a story. Share that with an art of effective communication. Whether it's our journey, mission, or commitment to quality, storytelling cultivates the brand and creates a spiritual connection with customers.

We should leverage digital platforms to amplify brand's reach. Establish a strong online presence through social media, website, and email marketing. Engage with the audience regularly and authentically. We must stay relevant to evolving customer needs.

Branding isn't a luxury reserved for big corporations, rather it is a strategic imperative for enterprises looking for sustainable growth. By embracing branding literacy and crafting a robust brand strategy, Bangladeshi entrepreneurs can elevate their enterprises from obscurity to distinction.

We should remember, building a brand isn't a one-time effort; it's an ongoing commitment to authenticity, consistency, and customer-centricity. So, embark on branding journey today and unleash the full potential of our enterprises.

The author is a banker.

Russia seizes Deutsche Bank, UniCredit assets

AFP, *Moscow*

A Russian court has ruled that Deutsche Bank and UniCredit's assets in the country are to be seized, documents showed.

European banks have largely exited Russia after Moscow launched its offensive on Ukraine in 2022.

A court in Saint Petersburg ruled in favour of seizing 239 million euros ($260 million) from Deutsche Bank, documents dated May 16 showed.

The same day, it ordered the seizure of around 463 million euros of assets belonging to Italy's UniCredit.

Both decisions were issued in answer to a request from RusKhimAlians, which was planning to build a major gas processing and liquefaction plant in cooperation with German company Linde, which pulled out of the project due to Russia's military campaign. RusKhimAlians sued UniCredit and Deutsche Bank -- both guarantors of the project.

Deutsche Bank said it would "need to see how this claim is implemented by the Russian courts and assess the immediate operational impact in Russia". UniCredit said it "has been made aware" of the decision and was "reviewing" the situation in detail.

UniCredit was one of the European banks most exposed to Russia when Moscow started its campaign in Ukraine, with a large local subsidiary operating in the country.

China unveils 'historic' steps to stabilise crisis-hit property sector

REUTERS, *Beijing/Hong Kong*

China announced "historic" steps on Friday to stabilise its crisis-hit property sector, with the central bank facilitating 1 trillion yuan ($138 billion) in extra funding and easing mortgage rules, and local governments set to buy "some" apartments.

Investors hoped the measures marked the beginning of more decisive government intervention to compensate for waning demand for new and old apartments, to slow down falling prices and to reduce a growing stock of unsold homes.

Analysts have long called for the government to step in with its own purchases to prop up a sector which at its peak accounted for a fifth of GDP and remains a major drag on the world's second-biggest economy.

Since the property market began its steep downturn in 2021, a string of developers have defaulted, leaving scores of idle construction sites behind, and sapping confidence in what had for decades been the preferred savings instrument for the Chinese population.

China Real Estate Newspaper, a publication managed by the housing ministry, said the "heavyweight policies" marked "a significant historic moment" for the sector.

This aerial view shows a housing complex by Chinese property developer Evergrande in Nanjing, in China's eastern Jiangsu province. With an anticipated strong post-pandemic recovery failing to materialise, continuing woes in the property market are raising concerns about potential spillover effects. PHOTO: AFP/FILE

China's CSI 300 Real Estate index of shares jumped 9.1 percent on the announcements.

"It's a bold step," said Raymond Yeung, chief Greater China economist at ANZ of the measures.

"The biggest problem is whether the government purchase programme will induce private sector demand. Clearing inventory will increase cashflow to developers and help their financial stability, but it does not address private sector confidence."

After waves of support measures over the past two years failed to put a floor under the property sector, China's housing ministry said local governments can instruct state-owned firms to buy "some" homes at "reasonable" prices.

Municipal financing vehicles, blamed for what Beijing calls "hidden debt," won't be allowed to buy. The homes would be used to provide affordable housing, Vice Premier He Lifeng said, without giving a timeline or a target for the purchases.

He also said local governments, already some $9 trillion in debt, can repurchase land sold to developers, and promised that authorities will "fight hard" to complete stalled projects.

China's central bank said it would set up a relending facility for affordable housing that it says would result in 500 billion yuan worth of bank financing. It would also further lower mortgage interest rates and down payment requirements.

Additionally, it would make another 500 billion yuan available in its pledged supplementary lending facility to support policies including the redevelopment of some urban areas with older dwellings.

Officials did not provide an estimate of the total cost of state-directed housing purchases.

Goldman Sachs estimates saleable housing inventory at 13.5 trillion yuan at the end of 2023.

There were 391 million square metres (4.2 billion square feet) of new housing for sale in January-April, up 24 percent year-on-year, the latest official data show.

Analysts at Tianfeng Securities estimate it will cost around $1 trillion to buy the entire stock.

"The policies on clearing inventory are considered quite powerful compared to all previous ones," said a senior executive at a defaulted Shanghai-based developer, speaking on condition of anonymity due to the sensitive nature of the topic.