

# Lending through agent banking rises 41%

**KHONDOKER MD SHOYEB**

Loan disbursement through agent banking outlets rose by a massive 41.27 percent year-on-year as of March this year mainly thanks to the easy processing system, low transaction cost and comparatively lower interest rates.

The country's 15,835 agents handed over Tk 16,482.5 crore agent banking loans as of March this year, up from Tk 11,667 crore in March last year, according to Bangladesh Bank's January-March quarterly report on agent banking.

Mohd Ziaul H Molla, deputy managing director of Bank Asia, a leader in agent banking in Bangladesh, credited the growth in agent banking loan disbursement to its easy, customer-convenient and cost-effective process.

"To avail a loan from an agent banking outlet, customers do not need to visit a bank branch which is far away from their home," said Molla, who is also the head of channel banking and chief anti money laundering compliance officer of Bank Asia.

The alternate delivery channel of banking services introduced by Bangladesh Bank in 2013 is also gaining popularity as agent banking deposits posted a 16.52 percent year-on-year growth as of March this year, he told The Daily Star.

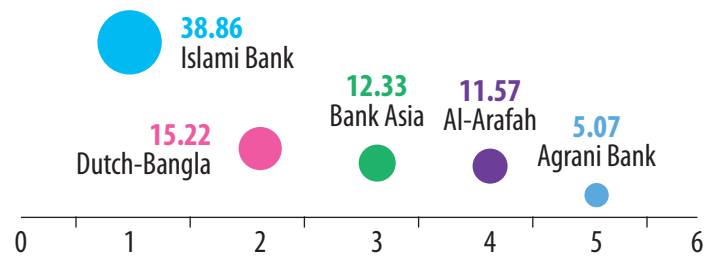
Deposits through the 2.2 crore agent banking accounts, around four-fifths of which belong to people in rural areas, hit Tk 36,810 crore at the end of the third month of 2024, up from around Tk 31,641.5 crore in March 2023.

"People love to use agent banking as they can withdraw money by using just their fingerprint on a biometric machine at the outlets," Molla said.

Depositing money has also been made safe as they receive a printed copy and a text message against every

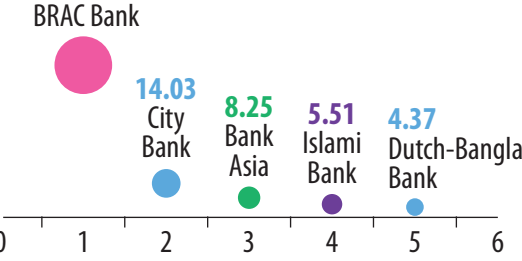
## Top five banks in terms of deposits

In %; Source: BB



## Share of top five banks in lending

In %; Source: BB



deposit, he added.

Meanwhile, agent banking accounts received Tk 149,916 crore worth of inward remittance as of March this year, posting growth of 23 percent year-on-year, and around 90.22 percent of the total went to the rural population.

In the January-March quarter, the amount of inward remittance rose by 4.75 percent over the December 2023 quarter.

This increase in inward remittances through agent banking is supposed to be a positive outcome of the government's initiative of providing 2.5 percent cash incentive on inward remittances, the report read.

Islami Bank Bangladesh PLC received the highest amount of inward remittance, accounting for 52.94 percent of the total.

The top five banks have established 73.44 percent of the total agent outlets as of March 2024, with Dutch-Bangla Bank PLC having the highest number with 6,057 outlets.

Bank Asia PLC has the highest number of agent banking accounts, occupying 29.66 percent of the total.

Around 38.86 percent of the agent banking deposits were made in Islami

Bank Bangladesh PLC, the highest among all banks.

In case of lending through agent banking, BRAC Bank PLC topped the list, disbursing 62.02 percent of the loans out of the combined Tk 16,482.5 crore.

Meanwhile, the agent banking outlets' loan to deposit ratio – the percentage of loans an outlet gave in comparison to the deposits it received from customers – has also seen a spike.

The loan to deposit ratio in agent banking was only 44.7 percent in the January-March quarter of 2024, up from the previous quarter's 42.38 percent.

An increase in loan to deposit ratio compared to the last quarter indicates that investment through agent outlets is gradually gaining momentum, the central bank report read.

However, the ratio is still low, according to industry insiders.

In the first three months of this year, only 22 banks out of 31 distributed loans through agent banking.

The low lending to deposit ratio indicates that the agent banking window is serving banks' purpose more on deposit collection than lending.

Again, the loan to deposit ratio in

rural area was 36.79 percent, which indicates that rural people are still getting less loan facilities against their deposits compared to those in urban areas, the report read.

The coverage of agent banking operations in terms of the number of agents and outlets has increased remarkably.

As of March 2024, the number of agent banking outlets reached 21,613 and over four-fifths of them are located in rural areas.

Both the numbers of agents and outlets have been growing at a steady rate, Bangladesh Bank said.

Of the agent banking accounts, around 49.71 percent belong to female customers, who have continued to surpass their male counterparts (49.06 percent) in account opening.

Some 1.1 crore of the accounts belong to female customers and 1.09 crore to males. As of this March, around 57.61 percent of the deposits were made in male customers' agent banking accounts and 35.71 percent female.

The Bangladesh Bank report said the decrease in deposits from women has widened the gap between the volume of deposits by male and female customers.

## Power Grid Company to issue 250cr preference shares

**STAR BUSINESS REPORT**

The Power Grid Company Ltd on Sunday got the go-ahead from the Bangladesh Securities and Exchange Commission (BSEC) to issue preference shares against its share money deposit.

Share money deposit is money the government paid in exchange for shares that had not yet been acquired.

In a press release, the regulator said the electricity producer will issue 250 crore preference shares to the Ministry of Power, Energy and Mineral Resources.

Preference shares are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued.

The BSEC said the preference shares will not be included in its ordinary shares, so its paid up capital will not increase after the issuance of shares.

The stock market regulator said this as the stock investors feared that the issuance of the shares may impact the company's earnings per share along with dividends.

# Digital marketplace for garments to boost exports

**REFAYET ULLAH MIRDHA**

Tech giants like Amazon and Alibaba are generating millions of dollars in revenue from Bangladesh selling garments made locally in the absence of a homegrown digital marketplace capable of engaging in international trade.

To fill the void, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wanted to launch such an international virtual marketplace but had to stop short for the absence of government policies.

An existing National Digital Commerce Policy of 2018 is meant to govern only the domestic market and does not have any explicit clause enabling international e-commerce.

In effect, homegrown virtual marketplaces can only facilitate trade in the domestic markets.

In January this year, International Finance Corporation (IFC) and LightCastle, on behalf of the BGMEA, jointly conducted a study on "Establishing A Virtual Marketplace for Bangladeshi Apparels".

It said there was potential for homegrown digital marketplaces capable of international trade to generate \$489 million in revenues annually through the sale of garments in the US, European Union (EU) and Africa by 2027.

By 2026, the virtual garment market in the US, EU and Africa will be worth a combined \$308 billion, the study also found.

The study said homegrown digital garment markets could gain a 0.20 percent share of that US market, 0.10 percent of that of the EU and 0.75 percent of that of Africa by 2027.

"We need the virtual marketplace for our garment business," said Faruque Hassan, the immediate past BGMEA president, who initiated the move towards launching an internationally accepted virtual marketplace last year.

"It could come about either through individual companies or through a common platform like the BGMEA for all," he said.

Amazon and Alibaba are doing good business selling Bangladeshi garments

though their virtual marketplace, and Bangladesh should also take this opportunity, Hassan said.

Only a few changes in the existing e-commerce policy, such as allowing local companies to engage in international trade and transactions through the virtual marketplace, can be a gamechanger, he said.

Moreover, customs and banking rules need to be amended for launching the virtual marketplace in Bangladesh, he said.

SM Mannan Koch, the incumbent BGMEA president, also said he would start working soon to convince the government to amend the e-commerce policy for the launch of the digital marketplace for garment trade with the international partners.

The establishment of virtual marketplaces will reduce lead times, reduce the cost of business, and simplify business procedures in terms of international trade and the number of middlemen would also be reduced, which will ultimately make business more competitive.

## Musk launches Starlink in Indonesia

**AFP, Denpasar**

Tech billionaire Elon Musk launched Sunday his Starlink service on Indonesia's resort island of Bali as the country aims to extend internet to its remote areas.

Millions of people in Indonesia, a vast archipelago of more than 17,000 islands, are not currently hooked up to reliable internet services.

Musk, making his first visit to the Southeast Asian nation, inaugurated the satellite unit services at a clinic in Bali's capital Denpasar on Sunday afternoon.

He also signed an agreement on the health sector along with Indonesia's Health Minister Budi Gunadi Sadikin.

Musk and the officials also attended a presentation by staff members from Indonesia's community clinics in Bali and Maluku provinces on the acceleration of internet speeds after using Starlink.

The internet services have been pilot-tested in three health facilities in the regions to input various data sets into the national system, such as those on immunisations, child nutrition and diabetes.

"We are very excited to bring connectivity to places that either have no connectivity or, as you saw in the demonstration, very low bandwidth connectivity," Musk said at a news conference.

"So, this can make a really lifesaver for remote medical clinics. And I think it can be transformative for education as well," added Musk, sporting a green shirt made of traditional Balinese woven fabric called "endek".

The Indonesian government is moving the capital from traffic-clogged Jakarta, where researchers say large areas could be underwater by 2050 due to rising sea levels and land subsidence to Nusantara. After the trial, Starlink, which acquired a permit to operate in Indonesia earlier this month, could be rolled out commercially across the archipelago.

**ANN/CHINA DAILY**

The Regional Comprehensive Economic Partnership – a free trade agreement that has created the world's largest trading group – is sending a strong signal in favour of open markets, fair competition and rules-based trade at a time when protectionist tendencies and trade tensions are posing challenges to stable supply chains and global economic recovery, officials and experts said on Sunday.

China, as the largest economy within the RCEP framework, will work closely with other member countries to unlock the full potential of the agreement and ensure that its benefits are shared by all for win-win cooperation, they said at the fourth edition of the RCEP Media and Think Tank Forum in Haikou, Hainan province.

The RCEP, with its vast regional population, substantial GDP and significant volume of goods trade, each accounting for approximately 30 percent of the global share, took full effect in June last year among its 15 signatory countries – China, Australia, Japan, New Zealand, South Korea and the 10 member states of the Association of Southeast Asian Nations.

Looking ahead, the RCEP is set to unleash more vitality as member countries make significant strides in

# RCEP to bring more vitality and certainty: experts

enhancing connectivity and boosting trade and investment, said Hu Kaihong, a member of the Affairs Council of the Publicity Department of the Communist Party of China Central Committee.

Thanks to provisions such as tariff

reductions, cumulative rules of origin and streamlined customs procedures, the agreement has facilitated the continuous entry of high-quality products from member countries into the Chinese market over the past few years.



An employee works at an electric motorcycle factory in Qingzhou, in eastern China's Shandong province, on May 17. China, as the largest economy within the RCEP framework, will work closely with other member countries to unlock the full potential of the agreement, officials said.

PHOTO: AFP

## Al-Arafah Islami Bank's Q1 profit goes up 21%

**STAR BUSINESS REPORT**

Al-Arafah Islami Bank PLC reported a profit of Tk 25.92 crore in the first quarter of 2024.

The profit was up 21 percent year-on-year from Tk 20.59 crore in the January-March quarter of 2023.

Therefore, earnings per share of the Shariah-based bank went up to Tk 0.23 from Tk 0.19, according to the unaudited financial statements.

The bank's net operating cash flow per share also posted a positive growth, climbing to Tk 8.61 from Tk 4.71.

Al Arafah's net asset value per share increased marginally to Tk 22.86 from Tk 22.63.

Established in 1995, the bank's authorised capital is Tk 1,500 crore. It has 211 branches across the country.

## Mexico aims to be big economic winner from US-China tensions

**AFP, Monterrey**

Sparks fly as a laser slices through metal in a factory in Mexico, which is preparing for a wave of foreign investment thanks to heightened tensions between the United States and China.

Geopolitical frictions and supply chain gridlock during the Covid pandemic have prompted a growing number of companies to move manufacturing operations to the doorstep of the world's biggest economy.

Last year, Mexico replaced China as the top exporter of goods to the United States, helped by the trend known as "nearshoring" or "friendshoring."

According to Humberto Martinez, president of manufacturing association Index, there is a "boom" in companies relocating to Mexico.

His organization expects around \$9 billion of foreign investment in Mexico's export manufacturing industry this year, predicting a "new world economic order."

Lower labor costs, tax incentives and a North American free trade deal that took effect in 1994 have long lured companies south of the US border.

Now, fears of a Cold War between the United States and China have added to the appeal of Mexico, which will hold elections on June 2 that are expected to produce its first woman president.

Both of the two main candidates have touted the potential benefits of nearshoring.

A new golden age appears to beckon for Mexico's "maquiladoras" – factories that for decades have been processing and assembling imported materials and components, then sending them back to the United States.

"We're in a privileged location due to our proximity to the border to be able to export to the main market, which is the United States – the largest market in the world," said Juan Jose Ochoa, director general of Aztec Technologies in northeast Mexico's Monterrey.

"Political and economic issues caused a lot of productive capacity to move from the United States to Asia more than a decade ago. And finally, for reasons of international relations, much of that capacity is returning," he said.

Nearby, workers wearing hard hats and safety glasses used laser cutting machines and other high-tech equipment to process metal for the company's clients, which include US corporate giants John Deere and Honeywell.

"Now there are many companies that are setting up here. We know this because many of them knock on the door so that we can supply them with parts," Ochoa said.

Foreign direct investment in Mexico hit a record high of more than \$36 billion in 2023, 38 percent of which came from the United States, according to the economy ministry.