

# List good firms to boost investor confidence

Experts say at DBA discussion

STAR BUSINESS REPORT

Listing companies that perform well, rationalising the tax regime and ensuring transparency in all activities related to the stock market will help raise investor confidence, according to several market players.

Additionally, the mindset among investors and market intermediaries that stocks are the means of doubling their money overnight needs to change. Also, they must not rush to conduct trade based on speculations in a bid to make a quick buck, they said.

These comments came at a views-exchange meeting, styled “Bangladesh Capital Market: Present Perspective and Future Action Plan”, organised by the DSE Brokers Association (DBA) at Dhaka Club in the capital yesterday.

Mominul Islam, chairman of Dhaka Stock Exchange (DSE), said the market’s current condition was a result of corruption and inefficient management of previous years.

“Besides, we failed to make investors realise that the stock market is not a way of making money overnight. So, their mindset needs to change,” he added.

Pointing out how the market regulator did not carry out its duties properly, Islam informed that the DSE was working on a proposal for rationalising related taxes.

He said the move would benefit the market as people would be keener to invest if they can retain more profit, while government revenue would also rise in the long run.

Islam assured that the new DSE board will work to increase its efficiency and capacity to develop the market environment.

“This is the best time to develop the market,” he added.

DBA President Saiful Islam focused on reviewing the demutualisation act and urged brokers to bring about some reforms to their operations.

“No broker should not fuel overtrading in any BO account as it is costlier for investors. Furthermore, they should not rush to any initial public offering if the company is not fundamentally strong,” he added.

Among others, Ziaur Rahman, editor of arthosuchak.com, Sujoy Mohajan, business editor of Prothom Alo, Golam Samdani, president of Capital Market Journalists Forum, Monir Hossain, a former government secretary, Jebunnesa Alo, special correspondent of The Business Standard, and Ahsan Habib, senior reporter of The Daily Star, spoke at the event.

They stressed for listing companies with a good track record, including those of state-run companies, and ensuring accountability in the market to boost investor confidence.

# Reckitt makes slightly lower Q3 profit

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Reckitt Benckiser (Bangladesh) PLC has recorded a year-on-year fall in profit of over 9 percent in the July-September quarter of this year.

The profit amounted to Tk 20.37 crore, as per the unaudited financial statements of the company whose brands include Dettol, Mortein and Harpic.

As a result, its earnings per share stood at Tk 43.13.

In contrast, it was Tk 47.53 in the same quarter of 2023

The company’s profit in the first nine months of this year amounted to Tk 49.77 crore.

Net operating cash flow per share stood at Tk 60.66 in the January-September period of 2024, whereas it was Tk 195.6 in the same period last year, signifying liquidity challenges.

# Hollow price-sensitive promises

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However, the stock price dropped massively after the company later announced that the deal would not be signed.

This sudden U-turn caused huge losses to general investors, but nobody has been held accountable.

At present, the company’s shares are traded at Tk 8.50 each.

“Information provided in price-sensitive disclosures may not be implemented for business reasons. But, when it happens time and again, it indicates that the PSI was fabricated as part of a scam,” added DSE Brokers Association President Islam, also a director at Brac EPL Stock Brokerage.

He emphasised the need for the DSE and BSEC to strengthen the monitoring of price-sensitive disclosures and their implementation, adding that it was nothing more than a simple monitoring issue.

Faruq Ahmad Siddiqi, a former chairman of the BSEC, said a company’s share price is usually influenced positively after it discloses that a foreign company will buy its shares.

“Sometimes, listed companies provide such disclosures intentionally to influence share prices. But a primary deal may fall through for business reasons as well,” he said.

He suggested the BSEC scrutinise whether the disclosed plans are being implemented and investigate any ill-motivated decisions.

The BSEC has a responsibility to get to the bottom of such matters and inform investors, Siddiqi added.

Sharif Anwar Hossain, a former president of the DSE Brokers Association, said directors sometimes provide disclosures to raise share prices.

Such directors then sell their stakes and buy back the shares in someone else’s name, he added.

Hossain suggested the BSEC rethink disclosure-related rules and consider only allowing companies to make such disclosures when a deal is close to happening, especially as investors are heavily impacted.

The stock market regulator should

strongly punish directors if it finds they provided disclosure to only raise share prices, he added.

“Without exemplary punishments, such activities will not end,” added Hossain, also managing director of Sahidullah Securities.

A top official of a leading listed drugmaker said on condition of anonymity that companies are not bound to issue disclosures by the law if their plans are not implemented within the stipulated time.

However, the official said listed companies should inform investors regardless.

“It’s a question of good governance and responsibility from the company’s side.”

According to the rules, listed companies must provide updates on price-sensitive disclosures whether they implement them or not. However, they can do so in various ways, such as by reporting it in financial reports, and are not required to file another disclosure.

The official recommended the government make changes here, saying if a company failed to implement plans, it should be required to issue another disclosure.

Mohammad Rezaul Karim, an executive director and spokesperson of the BSEC, said the regulator would take action against such companies if they do not provide updates through disclosures soon.

Stock exchanges are also responsible for monitoring listed companies. Bourses can identify those who are not implementing the plans presented in disclosures and inform the main regulator to take action, he added.

Sattique Ahmed Shah, chief financial officer and acting managing director of the DSE, said it is difficult for stock exchanges to monitor these issues due to a lack of manpower.

However, not all cases are necessarily malicious.

For example, in 2021, BD Finance announced that it had signed a deal with US-based Sovereign Infrastructure Group (SIG) to attract \$2 billion worth of investment in infrastructure projects

# Agent banking sees rise in female participation

FEDA AL HOSSAIN

The number of women in Bangladesh using agent banks for deposits and loans saw growths of 16.58 percent and 17.31 percent respectively over the past year, according to a report of Bangladesh Bank.

On a quarterly basis, the number of deposits made by women rose by 4.81 percent in the April-June period, while the number of loans availed edged down by 0.39 percent.

The Bangladesh Bank’s Agent Banking Statistics for April-June 2024 also highlighted the crucial role women play in advancing financial inclusion.

It showed that women now account for 49.67 percent of the total deposits made through agent banks while men contribute 48.78 percent, and the remaining 1.55 percent comes from “others”.

The rise in female engagement points to a positive trend toward financial empowerment and inclusion within the country’s

banking sector.

At present, some 31 banks comprising two state-owned banks, 21 private commercial banks and 8 Islamic banks are operating agent banking services across the country.

**The rise in female engagement points to a positive trend toward financial empowerment and inclusion within the country’s banking sector**

As of June 2024, there were 21,473 outlets managed by 15,991 agents, indicating a growth of 3.09 percent year-on-year and 0.99 percent from the previous quarter.

However, the number of agent banking outlets registered more modest growth of 0.87 percent year-on-year, while its quarterly performance shrank by 0.65 percent in the April-

June period.

The report also mentioned that there has been a significant growth in the overall number of account holders, which has reached 23.03 million, with deposits amounting to about Tk 398,136 million.

These figures indicate an annual growth of 16.24 percent in overall account numbers and 22.34 percent in deposits, while the quarterly growth was 4.62 percent and 11.74 percent respectively, it said.

The number of loans availed and total outstanding loans in agent banking also saw substantial annual growth of 11.53 percent and 14.42 percent respectively.

In rural areas, deposits and loans through agent banking have seen growths of 16.15 percent and 12.54 percent year-on-year while the quarterly growth was 4.82 percent and 0.48 percent respectively in the April-June period, the report said.

## TOTAL NUMBER OF DEPOSIT ACCOUNTS OF FEMALE SAVERS

In Lakh; SOURCE: BB



## Cyber intelligence detects illegal transactions

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Moreover, banks should use artificial intelligence and machine learning, if possible, to detect unusual trends in bank identification number (BIN) attacks and regularly examine transaction patterns for irregularities that could indicate a BIN attack, the BB said.

“We are aware that some transactions were recently made by fraudsters with a few clients’ credit card details on a social media platform,” Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, said in a written response to queries sent by The Daily Star’s queries in this regard in September.

The transactions were made on a platform that was not compliant with industry standard EMV/3DS security protocol, he said.

“Our internal investigation has shown no evidence of any cyberattacks on the Standard Chartered Bank credit card database,” he said.

Naser said his bank has taken action immediately to ensure the security of clients who faced such cyberattacks.

“We have blocked the credit cards to ensure that no further fraudulent transactions can be made. Replacement cards have been issued free of cost and sent to clients. We are refunding the disputed amount to the impacted credit card accounts so that clients do not incur any financial loss.”

The bank also said it has a dedicated fraud risk surveillance team which remains active round-the-clock, monitors card transactions and takes immediate corrective actions if any fraudulent transaction is identified.

On behalf of UCB, CEO and Managing Director Mohammad Mamdudur Rashid, said the bank’s communication department will talk to the media after discussing the issue with the department concerned.

## Bangladesh skips India

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It could also potentially threaten India’s revenue from port and transit fees, alongside business generated from Bangladesh’s exports that pass through Indian borders, it said.

Seized by the issue, the Indian government is exploring a balanced solution to ensure that Bangladesh’s textile exports—significant in volume and linked to Indian manufacturing hubs in Bangladesh—remain beneficial to Indian interests, one person said.

“A significant portion of these Bangladesh textile exports are being produced in facilities or factories owned or operated by Indian companies based in Bangladesh,” the first person said.

Bangladesh’s textile industry contributes 80 percent of its exports and 13 percent of its GDP.

“The issue is under the government’s attention. We are currently reviewing its impact on India,” the second person said.

Industry experts suggested that Bangladesh took this step to gain greater control over its supply chain and meet its shipment deadlines by avoiding delays caused at India’s airports, said Mint.

“This new route offers Bangladesh a strategic advantage along with improved reliability, which is crucial for meeting tight deadlines in the international clothing market,” said Arun Kumar, president of the Association of Multimodal Transport Operators of India.

“Furthermore, by avoiding reliance on Indian ports, Bangladesh is ensuring greater control over its supply chain,” said the chief of the association advocating seamless, efficient transportation solutions across sea, rail and road networks in India.

Kumar explained that textiles were also treated as perishable goods and that failure to deliver them on time results in the rejection of consignments. Garments meant for a specific season lose their value if they are delivered late.

Indian textile exporters had a different perspective on the rerouting of exports by Bangladesh. “There’s nothing to read into this,” Anil Buchasia, executive member, eastern region, Apparel Export Promotion

# BASIS appoints Rashidul Hasan as new president

STAR BUSINESS REPORT

The Bangladesh Association of Software and Information Services (BASIS) has appointed M Rashidul Hasan, managing director and CEO of Systech Digital Ltd, as its new president.

The association’s executive committee made the appointment in an emergency meeting on October 30 as the post became vacant after the resignation of its previous president, Russell T Ahmed.

Prior to the appointment, Hasan was the senior vice president, a position now filled by Md Mostafizur Rahaman Sohel.

The association also selected M Asif Rahman as its new vice president for finance as the previous one in the post, Iqbal Ahmed Fakhruul Hasan, resigned at the same time along with Russel T Ahmed.

BASIS made the new appointments from the current executive members for 2024-26.

BASIS decided to continue operations without co-opting any external members for the executive board.

Previously, on October 20, BASIS held an automated poll seeking members’ opinions on two issues – completing constitutional reforms and holding mid-term elections to transfer power or the resignation of the entire executive committee.

Out of the 594 voting members, 77.27 percent supported carrying out reforms in collaboration with the membership and holding elections, while 22.72 percent favoured the immediate resignation of the current executive committee, BASIS said in a statement.

After the voting, BASIS agreed to carry out essential reforms to safeguard member interests and uphold organisational functions.

The current executive committee is also committed to completing the reforms and holding elections within the next six months.

A roadmap has been outlined for constitutional amendments, membership audits, and member protection, with plans to present these ideas at an annual general meeting or an extraordinary general meeting by January 2025 and to hold elections by April 2025.

# Gold edges lower as US dollar, yields rise

REUTERS

Gold prices edged down on Friday, pressured by a stronger US dollar and Treasury yields, but a weak job growth data from the world’s biggest economy prompted analysts to increase bets for a rate cut from the Federal Reserve, limiting some losses.

Spot gold fell 0.2 percent to \$2,736.28 per ounce by 1:55 p.m. ET (1755 GMT). Prices fell 1.5 percent on Thursday as some traders took profit after bullion hit a record high of \$2,790.15.

US gold futures settled largely steady at 2,749.2.

Nonfarm payrolls increased by 12,000 jobs last month, the smallest gain since December 2020, affected by disruptions from hurricanes and strikes by aerospace factory workers.

The dollar erased earlier losses and gained 0.4 percent, while benchmark 10-year US Treasury yields also rebounded from an earlier drop, making non-yielding gold less appealing.

Council, told Mint over the phone.

“Indian airports are already congested, and we had also requested the government to restrict Bangladeshi textiles from passing through Indian airports,” he said.

The third person aware of the developments dismissed suggestions that the move was linked to the ouster in August of former Bangladesh prime minister Sheikh Hasina, who is currently said to be staying in India.

The International Crimes Tribunal (Bangladesh) had issued an arrest warrant against her in October.

“The government does not see this as a reaction to Sheikh Hasina’s asylum. Textiles are the backbone of Bangladesh’s economy, so they must have made this decision to promote their textile exports,” the third person said.

Bangladesh’s garment exports fell 4.34 percent to \$444.7 billion in FY24, according to Bangladesh Bank.

The decline was attributed primarily to reduced shipments of readymade garments, reflecting broader economic challenges.

## 40 UCB officials

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The list of officials who will end up being forced to resign will get longer, the official said, adding that many of these officials were not involved in any irregularities.

“Some of them were sent on compulsory leave, but others were not sacked despite being involved in irregularities,” said the official.

The bank’s communication department, on behalf of Mohammad Mamdudur Rashid, managing director and CEO, told The Daily Star that the new board and management body found proof of the 40 being involved in various irregularities and anomalies.

Once audits are complete, more officials will be sacked or forced to resign, added the department.

Contacted, the bank’s new chairman, Sharif Zahir, did not agree to comment on the matter.

The Daily Star could not immediately reach Saifuzzaman for comment.