

Reliable data, policy reforms key to enhancing tech sector

Experts say at BRAC Bank-The Daily Star ICT Awards

STAR BUSINESS REPORT

The technology sector of Bangladesh is facing critical bottlenecks due to data inaccuracy, experts said at the 9th edition of the BRAC Bank-The Daily Star ICT Awards held last Friday.

Addressing a panel discussion during the event at the Le Méridien hotel in Dhaka, they emphasised that policy reforms and trust-building will be crucial for unlocking the sector's full potential.

Adnan Imtiaz Halim, founder and chief executive officer of Sheba Platform Limited, identified inaccurate data as the sector's primary hurdle.

"The biggest problem for the country is that our data is not accurate," he said.

Halim questioned that if previous stats placing the number of tech-savvy and device-equipped individuals in Bangladesh at around 50 million are to be believed, then how come the country is still unable to monetise technology.

Against this backdrop, he highlighted the need for precise data to avoid misguided forecasts and called for increasing the affordability of mobile devices and data.

Also, he urged relevant regulatory authorities to replicate the rapid digital transformation seen in India by being bold in policymaking.

Besides, there is the issue of highway elements, such as the lack of mobile phone penetration and availability of associated technologies, which represent a choking point in the technology sector.

"These need to be made completely accessible so that people in rural areas can afford them too," Halim said while stressing how data costs need to be made even cheaper.

"In India, what was forecasted to take



Experts of the technology sector attend a panel discussion on the sidelines of the 9th edition of the BRAC Bank-The Daily Star ICT Awards at the Le Méridien hotel in Dhaka on Friday.

PHOTO: COLLECTED

40 years to achieve was unlocked in just six years because of some key policy decisions," he added.

The discussion moderated by AKM Fahim Mashroor, cofounder and chief executive officer of Bdjobs.com Limited, explored peoples' trust issues with technology and healthcare as well.

Sylvana Quader Sinha, founder

chairperson and chief executive officer of Praava Health, stressed that technology alone cannot solve healthcare challenges.

"The real problem is trust. Patients don't trust healthcare in Bangladesh even if technology improves the service quality," she said.

Sinha emphasised the importance of having well-trained doctors and reliable

lab tests in building trust.

Raisul Kabir, chief executive officer of Brain Station 23, said clients in Bangladesh are more willing to pay foreign companies higher fees for technology solutions instead of engaging local providers.

"Local entrepreneurs must break through this reluctance in order to achieve sustainable growth," he said.

Market scoping and client onboarding in banks

MAMUN RASHID

Banks and banking seniors across the global or regional banking arena are being faced with one very important issue -- which market(s) to enter, which product to offer and which clients to choose and onboard. One can put it under strategic review or more so as target market risk acceptance criteria or for a country like Bangladesh, client underwriting policy or core risk management guideline. In today's world, most of the large banking clients are in fact solicited ones.

Which sectors are attractive as of today or may be termed as growth sectors, what are the underlying sectoral risks of entering those sectors and what kind of facilities should we be considering for them remains a pivot in the minds of senior bankers or risk professionals.

So goes for identifying the sectors of the future while delineating a sustainable financing or underwriting strategy for a bank. Because we all know, in today's dynamic world and shifting economic architecture today's winners can be tomorrow's losers in the midst of a fiercely competitive market scenario.

We in banks usually align capital risk taking with economic drivers as per GDP (gross domestic product) profile and BOP (balance of payment) for external sector consideration. For instance, in a dollar starved country, export-oriented industries is an important sector to be aligned with as it also gets government and regulatory support. Industry that are core to the economy and likely to sustain economic shocks are usually picked up. Ideally, industries that also hedge each other during downturn and upturn should be considered.

One may think of taking the top 10 of each industry segment. For high performing industries, one may take even more than 10, may be 15, thereby having a bit of portfolio concentration towards more successful economic sectors or industry players. A well-knitted client onboarding policy-industry-specific strategy may be considered.

Further categorisation can be done based on local, multinational or JV-type entities. Certain sectors are more sensitive, for instance airlines, hospitality, education and healthcare. Since these can attract social and environmental risks, only specialists' groups should handle these credits.

We should always identify potential long-term survivors and also do a key management capability assessment of theirs. Here, history has proven proper succession planning also plays a critical role. In case of family businesses, generational leadership development is taken into account. Possible competition from other similar or competing countries should be taken into cognizance along with the tariff structure if an obligor is driving an import-based business.

RISK ACCEPTANCE CRITERIA

A minimum top line/sales revenue threshold (earnings before interest, taxes, depreciation and amortisation or "EBITDA") should be used as a benchmark while considering client selection. The EBITDA margin is important as a key criterion of a potential borrower's ability to repay debt and other obligations. Overall liquidity position of the business plays an important position here. However, the EBITDA margin requirement can vary based on industry profile. Risky industries will have higher EBITDA ask.

Similarly, the debt to EBITDA ratio determines the borrower's ability to repay its short-term and long-term payment obligations.

For industries that enjoy the benefit of concessions/licenses (such as the telecom and energy sectors), strength, legal enforceability and performance issues are taken into account. A legal opinion may also be sought. For example, a solicited power plan will always have lower risk of repayment than an unsolicited one.

The PCF (free cash flow) analysis is critical for evaluating a borrower's dividend planning considering the lender's own cash generation and external borrowing.

In today's banking world, we try to protect our downside through security and collateral consideration, but key repayment guarantee comes from internal cash generation of the business or surplus cash being generated. How relevant is the business to the future of the economy or what is their long-term survival strategy or how do they withstand the evolving competition would play a big role here. We in banks literally finance the future only -- future viability of the business, industry, owners or even the economy.

The author is chairman of Financial Excellence Ltd

India's forex reserves dip to nearly six-month low

REUTERS

India's foreign exchange reserves fell by nearly \$2 billion to an almost six-month low of \$652.87 billion as of December 13, data from the Reserve Bank of India (RBI) showed on Friday.

The reserves had declined by \$3.2 billion in the week of December 6, and have declined by \$52 billion from the record high of \$704.89 billion hit on September 27.

Changes in foreign currency assets are caused by the central bank's intervention in the forex market as well as the appreciation or depreciation of foreign assets held in the reserves.

The RBI intervenes on both sides of the forex market to curb undue volatility in the rupee.

Last week, the rupee declined to its then all-time low of 84.88, pressured by weakness in the yuan and persistently strong dollar bids in the non-deliverable forwards market. The currency fell 0.1 percent last week.

The domestic unit ended at 85.0150 on Friday, down for a seventh consecutive week. It hit a record low of 85.10 earlier in the day, after a hawkish turn in the Federal Reserve's future outlook on policy rates.

The forex reserves also include India's reserve tranche position in the International Monetary Fund.

Rupee hits record low before recovering slightly

REUTERS, Mumbai

The Indian rupee slipped to its all-time low on Friday before turning course to end modestly higher, aided by likely dollar inflows, although its losing streak persisted into a seventh straight week.

The rupee closed at 85.0150 against the US dollar, up from its close at 85.07 in the previous session, after hitting a low of 85.10 earlier in the session. The currency declined 0.2 percent week-on-week.

Intervention, opens new tab by the Reserve Bank of India supported the rupee early in the day, traders said, and it was also aided by strong dollar offers from foreign banks in the latter half of the session, likely related to the rebalancing of FTSE's equity index.

Routine interventions by the central bank curbed sharp depreciation pressure on the rupee this week as it weakened below the psychologically important 85 level.

Tepid capital flows and concerns about India's slowing economic growth have hurt the rupee and its troubles were compounded by a hawkish shift in the Federal Reserve's policy outlook on Wednesday.

On the day, the dollar index was down 0.2 percent at 108.2, retreating from an over two-year high, while other Asian currencies were mixed as investors awaited US personal consumption expenditure (PCE) inflation data due later in the day.

Govt to renew gas supply deal with LafargeHolcim

STAR BUSINESS REPORT

The interim government has decided to extend an agreement between the Jalalabad Gas Transmission and Distribution System and LafargeHolcim Bangladesh PLC on gas supply from January 17 of 2026, allaying concerns of investors.

The decision came in a meeting at the Ministry of Energy and Mineral Resources, said the listed multinational cement manufacturer in a press release yesterday.

The existing gas sales deal had come into effect in 2003 for the cement company's plant at Chhatak in Sunamganj.

A couple of years ago, the gas company informed the cement maker that gas prices set for the nation by the government or Bangladesh Energy Regulatory Commission would be applicable for it and not that mentioned in the deal.

The gas company also cited that the price stated in the deal was comparatively low.

In February 2021, LafargeHolcim Bangladesh decided to resort to arbitration and in September 2023, the courts ruled in favour of abiding by the deal.

Afterwards, the gas company informed that the 20-year would not be extended once it expired.

"Foreign investors like LafargeHolcim are crucial drivers of economic growth," Chowdhury



Ashik Mahmud Bin Harun, executive chairman of Bangladesh Investment Development Authority and Bangladesh Economic Zones Authority, told yesterday's meeting.

"Fast, decisive steps in such instances portray our intention to support the business community. We are open for business," he said.

The authorities have resolved the long-pending issue with utmost priority, which portrays their support towards foreign direct investment in Bangladesh, said Chistof Hassig, chairman of LafargeHolcim Bangladesh PLC.

The gas supply is crucial for the plant, which produces clinker, cement and aggregates.

Stocks of LafargeHolcim traded at Tk 53.60 on Thursday, which is nearly the lowest in a year.

Trump threatens EU with tariffs over oil and gas imports

REUTERS

US President-elect Donald Trump said on Friday the European Union should step up US oil and gas imports or face tariffs on the bloc's exports that include goods such as cars and machinery.

The EU already buys the lion's share of US oil and gas exports, according to US government data.

No extra volumes are currently available as the United States is exporting at capacity, but Trump has pledged to further grow the country's oil and gas production.

"I told the European Union that they must make up their tremendous deficit with the United States by the large-scale purchase of our oil and gas," Trump said in a post on Truth Social.

"Otherwise, it is TARIFFS all the way!!!" he added.

The European Commission said it was ready to discuss with Trump how to strengthen what it described as an already strong relationship, including in the energy sector.

"The EU is committed to phasing out energy imports from Russia and diversifying our sources of supply," a spokesperson said.

The United States already supplied 47 percent of the European Union's liquefied natural gas imports and 17 percent of its oil imports in the first quarter of 2024, according to data from EU statistics office Eurostat.

TARIFF THREATS

Trump, who takes office on Jan. 20, has vowed to impose tariffs of 10 percent on global imports into the US along with a 60 percent tariff on Chinese goods -- duties that trade experts say would upend trade



US President-elect Donald Trump speaks at a news conference at his Mar-a-Lago resort in Florida on December 16.

PHOTO: AFP

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