

Feature phones dominate local handset production

MAHMUDUL HASAN

Even in current smartphone age, feature phones continue to dominate local handset manufacturing as smartphone penetration struggles to gain momentum due mainly to affordability, availability and an illegal inflow of modern handsets in the country.

Feature phones last year accounted for 69 percent of the total handsets produced by local manufacturers, according to the Bangladesh Telecommunication Regulatory Commission (BTRC).

In 2024, local phone-makers produced 2.72 crore handsets, with 1.88 crore being feature phones.

An illegal inflow of smartphones is the primary reason for Bangladesh's low smartphone production, according to industry insiders. They said nearly all phones entering the country from abroad are smartphones.

A large chunk of those items goes to the unauthorised phone market, according to local phone-makers.

Rizwanul Haque, vice president of the Mobile Phone Industry Owners' Association of Bangladesh, said, "Around 35 percent of local handset demand is met by the grey market, severely impacting local manufacturers."

Roughly around seven to eight years ago, smartphone production surged in the local market, but this growth began to taper off over time.

In 2017, following the government's decision to offer substantial tax benefits to encourage local manufacturing, Walton, a leading local manufacturer, produced just 40,000 smartphones, all of which were 3G devices.



A man checks his phone while idling on a pushcart being driven by his colleagues through a street in Dhaka.

PHOTO: AFP/FILE

By the following year, feature phones – specifically 2G phones – accounted for 53.4 percent of the total 22.3 lakh handsets produced.

This shift occurred as 4G technology was introduced in the country, with the majority of smartphones falling into the 4G category.

In 2019, local handset production surged 7.27 fold, reaching 1.6 crore units, with 62.5 percent of them being feature phones.

The trend continued in 2020, when local manufacturers produced 2.4 crore handsets, 66.5 percent of which were feature phones.

In 2021, the number of locally produced handsets grew to 2.95 crore, with feature phones comprising 68 percent of the total. Similarly, in 2022, feature phones accounted for about 68 percent of the 3.16 crore handsets produced locally.

In 2023, the trend persisted, with 70 percent of the 2.33 crore handsets

manufactured being feature phones.

According to the World Bank's Digital Progress and Trends Report 2023, the rate of smartphone usage among mobile phone users in Bangladesh is around 51.77 percent.

This places Bangladesh as the country with the lowest smartphone penetration rate in South Asia, trailing even Afghanistan, which has surpassed Bangladesh with a smartphone usage rate of 55.79 percent, said the report.

Forensic audits: A pathway to transparency

MAMUN RASHID

As we have been talking about enhanced transparency and accountability recently, it's important to have forensic audits, including specialised examinations of financial records which can uncover fraud, corruption or mismanagement. Forensic Audits are different from standard audits because they provide actionable evidence suitable for legal proceedings. So, in a country where corruption undermines progress, these kinds of audits can play a vital role in fostering economic growth and public trust.

According to Transparency International's Corruption Perceptions Index (CPI) 2023, Bangladesh scored 24 out of 100, ranking 149th out of 180 countries, highlighting the urgency of strong anti-corruption measures. For example, the banking sector struggled with rising non-performing loans (NPLs), which reached Tk 211,000 crore by mid 2024, according to Bangladesh Bank, further necessitating forensic audits to trace misappropriated funds and fraudulent activities.

Sectors like banking, healthcare, and public procurement are heavily affected by corruption. Forensic audit can help stabilise the economy in banking, by uncovering fraudulent activities and ensuring accountability. In the arena of public procurement, forensic audit can be used to promote transparency and integrity in infrastructure and development projects. Additionally, monitoring the financial activities of NGOs and development funds will prevent the misuse of donor contributions and ensure that resources intended for development reach their beneficiaries. By addressing these

key areas, Bangladesh can combat systemic corruption, strengthen transparency, and build a robust economic and policy framework.

Traditionally, Bangladesh relied on enquiry committees to investigate corruption. However, this has proven to have significant limitations since they lack specialised skills, are often subjected to political or institutional pressure,

and mostly focus on surface-level issues. Therefore, reports from these committees often lack the rigour required for legal proceedings. The sensible alternative would be forensic auditors who are trained to detect fraud and financial forensics, operate independently and use advanced techniques like transaction tracing, digital forensics and more, while complying with international standards. This amounts to evidence that can withstand court scrutiny and public trust.

Other uses of the insights gained from forensic audits include guiding policy reforms, strengthening institutional accountability, and improving regulatory structures. Furthermore, public confidence in government institutions will be restored if citizens see genuine efforts to combat corruption. Therefore, forensic audits not only promise to contribute to financial recovery but also lay the foundation for sustainable governance and development.

Nevertheless, despite all the benefits, Bangladesh is facing major obstacles when implementing forensic audits. A significant challenge is resistance from powerful individuals and entities who wish to protect vested interests. Furthermore, conducting forensic audits is resource intensive, requiring substantial financial investment and logistical support. Another bitter truth is the lack of trained forensic auditors in Bangladesh, which limits its ability to execute large-scale investigations. Overcoming these challenges calls for strategic planning, investment in capacity building, and potential international collaboration.

Therefore, a multifaceted approach is essential if we are to address these challenges effectively. Partnering with renowned global forensic firms can be an option. Simultaneously, building local capacity via robust training programmes to develop a skilled workforce capable of managing complex investigations could be another faucet. On top of that, strengthening our legal frameworks is crucial, including enacting laws that mandate forensic audits in high-risk sectors to ensure strict enforcement of audit recommendations. If Bangladesh can adopt these strategic measures, we can expect more transparency and overcome the existing barriers to forensic audits.

Forensic audits are indispensable for tackling corruption and financial misconduct in a country like Bangladesh, and the time to act is now.

The writer is the chairman of Financial Excellence Ltd.



ACI's revenue rises in Q2

STAR BUSINESS REPORT

ACI Ltd, one of the leading conglomerates in the country, saw its revenue increase in the second quarter of fiscal year (FY) 2024-25, while its losses declined year-on-year.

The company's revenue rose 13 percent to Tk 3,648 crore in the October-December period of FY25, according to its financial statements.

In the quarter, the conglomerate reported a loss of Tk 17.68 crore, down 50 percent year-on-year.

ACI's loss per share stood at Tk 3.17 in Q2, compared to Tk 5.51 a year ago.

Net operating cash flow per share was negative Tk 63.58, improving from negative Tk 77.05.

However, the company's loss per share in the first six months of FY25 increased to Tk 7.99 from Tk 7.30 in the same period last year.

OpenAI seeking \$40b in new fundraising round

AFP, San Francisco

OpenAI, the maker of ChatGPT, is seeking to raise \$40 billion in a fresh round of funding that would value the startup at a staggering \$340 billion, the Wall Street Journal Reported on Thursday.

Japan's SoftBank is leading the investment round and is in talks to invest \$15.25 billion in the deal that would make it the ChatGPT-maker's biggest financial backer.

The reports came after Chinese startup DeepSeek sparked panic this week with a powerful new chatbot developed at a fraction of the cost of its US competitors, dealing a blow to markets.

The Softbank investment was first reported by the Financial Times.

The investment plan comes just three months after OpenAI closed its previous funding round that valued the company at \$157 billion.

Doubling its valuation would be unprecedented in Silicon Valley history and signals the vast sums needed to build world-leading AI models from scratch, much of it on cutting-edge computing and infrastructure.

SoftBank and OpenAI are part of the Stargate drive announced by US President Donald Trump to invest up to \$500 billion in artificial



OpenAI CEO Sam Altman speaks at a conference in Seattle, Washington.

PHOTO: AFP/FILE

intelligence infrastructure in the United States.

The new funds would partly go to help OpenAI fulfill its roughly \$18 billion commitment to Stargate, the Journal said.

The Japanese firm's mooted investment would come on top of its commitment of more than \$15 billion to Stargate, the FT said, citing people with direct knowledge of the negotiations.

"Ultimately, the Japanese company could spend more than \$40bn on its partnership with OpenAI," the report said.

SoftBank was not immediately available for comment when

contacted by AFP. OpenAI did not immediately respond to a request for comment.

Shares in Softbank rose three percent in Tokyo trading on Thursday.

The company, founded by Japanese tycoon Masayoshi Son, made spectacularly successful early bets on Yahoo! and Alibaba in the 1990s but some of its other investments have bombed.

Securing huge funding from Saudi Arabia, Abu Dhabi and others, Son – an early backer of Trump – has sought to pivot into AI, helped by SoftBank's stake in chip designer Arm.

Doreen Power's Q2 profit drops 48%

STAR BUSINESS REPORT

Profit of Doreen Power Generations and Systems declined in the second quarter of the ongoing fiscal year due to higher finance costs.

The power producer's profit fell 48 percent year-on-year to Tk 9.68 crore in the October-December quarter of FY25.

The company's consolidated earnings per share (EPS) stood at Tk 0.53 for October-December 2024, down from Tk 1.03 in the same period a year ago, according to its financial statements.

Doreen Power attributed the decline to a significant rise in finance costs for its subsidiary companies due to higher interest rates on bank loans. The company also cited increased exchange losses stemming from the depreciation of the taka against the US dollar.

For July-December 2024, the company's consolidated EPS dropped to Tk 2.01 from Tk 2.83 a year earlier.

Its consolidated net operating cash flow per share (NOCFPS) improved to Tk 0.42 from negative Tk 1.55.

The company attributed the NOCFPS growth to higher revenue receipts from the Bangladesh Power Development Board.

Olympic Industries reports slight growth in Q2 profit

STAR BUSINESS REPORT

Olympic Industries' profit rose marginally in the second quarter of fiscal year 2024-25, while its revenue increased, riding on strong sales.

The company reported a net profit of Tk 59.89 crore in Q2, marking a marginal 1 percent year-on-year growth, according to its financial statement.

Its revenue for the first six months of the fiscal year stood at Tk 1,490 crore, reflecting a 15.89 percent increase from the same period a year ago.

The company attributed this growth to effective management strategies aimed at boosting sales.

Olympic Industries recorded a net profit of Tk 116.31 crore in the first half of the fiscal year, slightly up from Tk 115.22 crore in the corresponding period of the previous year.

The company's gross profit margin, however, declined to 25.01 percent from 25.91 percent, as stated in its financial statement.

The company's long-term loan liabilities have been fully liquidated, with the decrease in outstanding loans attributed to regular repayments, according to the statement.

AFP, San Francisco

Apple on Thursday reported its revenue was a whopping \$124.3 billion in the year-end holiday quarter, but sales growth fell shy of market expectations as the iPhone faces stiff competition, particularly in China.

Apple logged \$36.3 billion in profit in what chief executive Tim Cook called its "best quarter ever."

Revenue growth was powered by Apple's service and digital content unit, with iPhone sales slipping in markets like mainland China where they tallied \$18.5 billion. Overall iPhone sales in the quarter were \$69.1 billion, about a half-billion less than it took in for handsets in the same period a year earlier, according to an earnings release.

"Our record revenue and strong operating margins drove (earnings per share) to a new all-time record with double-digit growth," said Apple chief financial officer Kevin Parekh.

"We are also pleased that our installed base of active devices has reached a new all-time high across all products and geographic segments."

In the quarter, Apple's services segment – which includes Apple Music, iCloud, the App Store, and Apple TV+ – reported

revenue of \$26.3 billion, compared to \$23.1 billion in the same period a year earlier. Apple shares slipped before rising nearly three percent to \$244.67 in after-market trades.

The Americas remained Apple's largest market with \$56.2 billion in revenue, while Europe showed strong growth at

\$33.9 billion. "On the Apple intelligence side, we have not rolled out in China," Cook said on an earnings call.

"We did see better results in the markets that we had rolled Apple Intelligence out in than markets we hadn't; and, of course, it's the most competitive market in the world." Investors are eyeing demand for

new iPhones with artificial intelligence features, especially after Apple stumbled with the technology.

Apple Intelligence is a new suite of software features for all devices that was announced at the company's annual developers conference, where it also announced a partnership with ChatGPT-maker OpenAI.

In the short-term, the new powers include AI-infused image editing, translation, and small, creative touches in messaging, but not more ambitious breakthroughs promised by other AI players, such as OpenAI or Google.

"While the company's cautious approach to AI rollout has drawn criticism, robust services growth and ecosystem expansion are providing crucial momentum to help ease its continued iPhone struggles in China," said EMarketer analyst Jacob Bourne.

"However, Apple needs to accelerate its Apple Intelligence deployment and be a bit more aggressive in emerging areas like smart glasses development to maintain an innovative edge."

Apple pushed out a software update in mid-January which disabled news headlines and summaries generated using AI that were lambasted for getting facts wrong.



The new Apple iPhone 16 models are on display upon release on September 20, 2024 at the Apple Store at The Grove in Los Angeles, California.

PHOTO: AFP/FILE