Contactless payments doubled in 2024

Visa report says on Bangladesh

STAR BUSINESS REPORT

Contactless payments, or tap-to-pay transactions, more than doubled to 13 percent of all transactions in Bangladesh in 2024 through Visa, a leading global digital payments provider, according to a new report.

The Visa Trends Report revealed that domestic contactless payments alone have tripled, driven by increased usage of both credit and debit contactless cards.

In its comparison of trends from 2023 to 2024, the global payments provider's findings indicate a significant shift towards digital payments, with notable growth in online and contactless transactions, both domestically and across borders.

Compared to 2023, Visa recorded a 14 percent increase in overall spending and a 17 percent rise in transactions in 2024. Both credit and debit card usage saw substantial growth, with online payments the key driver. While in-store payments increased, online transactions remained the primary catalyst for growth, per the report.

Domestic spending was largely driven by e-commerce transactions.

Meanwhile, international transactions saw strong growth in both in-store payments and online purchases.

"Our latest analysis highlights Bangladesh's rapid shift towards digital and contactless payments across all segments -- credit and debit cards, online and in-store transactions, and both domestic and international usage," said Sabbir Ahmed, country manager for Bangladesh, Nepal, and Bhutan at Visa.

"Backed by the expertise of our Visa Consulting and Analytics team, we are committed to providing secure digital payments to consumers, businesses, and clients across Bangladesh," he added.

The analysis also highlighted increased digital adoption by businesses, with a 50 percent rise in card-based spending. In particular, business credit cards experienced a surge of over 135 percent in both spending and the number of transactions.

Nearly half of domestic spending came from digital wallet loads. Other major domestic spending categories included travel services, pharmacies, and healthcare.

However, cross-border payments were primarily driven by education, business-to-business (B2B) transactions, food and grocery purchases, and government services.

A deeper analysis by Visa revealed that over 90 percent of cross-border spending by Bangladeshis was concentrated in 20 countries.

The top five destinations -- India, the US, the UK, Thailand, and the United Arab Emirates -- accounted for more than half of the total.

The top five countries where Bangladeshis spent the most in-store last year were India, Thailand, the US, the United Arab Emirates, and Singapore.

While India remained the leading destination for cross-border spending, it saw a 10 percent decline compared to the past year. Thailand, ranked second, witnessed a more than 20 percent increase in spending, driven primarily by medical tourism.

Bangladeshis spent nearly 25 percent more on healthcare and over 35 percent more at pharmacies in Thailand. Other notable cross-border spending markets included Malaysia, Mainland China, and Vietnam.

Within Bangladesh, Dhaka remained the dominant hub for digital transactions, accounting for 75 percent of total spending and 80 percent of transactions in 2024.

The city also saw a 20 percent increase in spending, with 60 percent of consumers preferring online payments. Other cities witnessing growth in digital payments included Gazipur, Rajshahi, Rangpur, and Mymensingh.

Officials said a shortage of engines and staff has forced the Bangladesh Railway's traffic department to run only one or two pairs of loaded container trains per day. PHOTO: RAJIB RAIHAN

Container transport by train falls amid engine crisis

SIFAYET ULLAH, *Ctg*

The transportation of containerised goods via freight trains across the country declined by more than 9 percent year-on-year in the fiscal year 2023-24 due to a shortage of locomotives and railway staff.

This has impacted Bangladesh Railway's (BR) revenue, further underscoring the ongoing challenges in its transport sector.

Some 84,811 containers were transported domestically in 2023-24, down from 92,908 in the previous fiscal year, according to BR data.

The state-owned rail transport agency introduced container services in 1986-87 on the Dhaka-Chattogram route, mainly targeting Chattogram Port.

Currently, the state transport agency has scheduled four pairs of freight trains for container transport, mainly carrying raw materials, marble, stone, food grains, and fertiliser.

However, officials said a shortage of engines and staff has forced the BR traffic department to run only one or two pairs of loaded container trains per day.

Abdul Malek, chief master of the Chattogram Goods Port Yard, said, "We need at least 13 engines per day to run scheduled freight trains. But we now get only three to four engines regularly."

Compared to road transport, businesses prefer freight trains for their lower cost, greater security, and reduced logistical hassle.

According to several shipping line operators, transporting an import container from Chattogram Port to Kamalapur ICD in Dhaka by rail costs around Tk 28,000 ($245), while an export container costs around Tk 25,000 ($219).

Some 84,811 containers were transported domestically in 2023-24, down from 92,908 in the previous fiscal year

In contrast, a prime mover charges up to Tk 35,000 ($292) to transport a 20-foot container on the Dhaka-Chattogram highway to industrial units in Dhaka, Narayanganj, Gazipur, and Ashulia, according to clearing and forwarding (C&F) agents.

The delays in rail transport are not only affecting traders financially but also contributing to congestion at Chattogram Port.

"The cost of rail transport is lower than road transport, but congestion at the port means containers have to be left there, incurring storage fees and ultimately causing losses for us," said Imran Jahid, a businessman from Dhaka's Keraniganj area.

The port's designated yard has a storage capacity of 876 TEUs (twenty-foot equivalent units) for import containers transported by rail.

However, as of January 27, a backlog of containers at the yard had exceeded capacity, with 1,049 TEUs waiting for transport, according to the Chittagong Port Authority (CPA) traffic department.

"We are waiting at least 8 to 10 days to load containers onto trains after unloading them from ships," said Khairul Alam Suzan, vice-president of the Bangladesh Freight Forwarders Association (BAFFA).

Contacted, Md Sabuktagin, general manager of BR's eastern zone, said, "Freight train operations are profitable for us. But the engine crisis has made us helpless."

He said BR has now decided to repair some inoperative engines to streamline freight train services. "Hopefully, we will be able to overcome this crisis soon and return to our earlier operations," he added.

BB reduces cash reserve requirement for banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) has reduced the daily cash reserve requirement (CRR) for banks to enable them to manage liquidity more easily.

The BB said banks will need to keep 3 percent of their time and demand deposits from tomorrow, instead of the previous 3.5 percent, according to a circular issued yesterday.

However, banks will have to maintain 4 percent CRR on a biweekly average basis, as they have been maintaining.

As a result, the investable funds available to banks will slightly increase.

"This flexibility will have a positive impact. We will see increased efficiency in liquidity management. Excess reserves will go down," said a head of treasury at a private bank.

The cut in CRR, which shows banks have enough cash to meet customer withdrawals, came nearly five years after the central bank reduced the rate.

In April 2020, the BB slashed the daily CRR requirement to 3.5 percent from the previous 4.5 percent, in order to increase the flow of liquidity in the market and implement the stimulus packages by the government at that time to tackle the negative impact of the Covid-19 pandemic.

At that time, the BB brought the biweekly CRR requirement to 4 percent from 5 percent.

Independent directors to resume duties at Beximco firms

STAR BUSINESS REPORT

The Appellate Division of the Supreme Court yesterday cleared the way for government-appointed independent directors of Beximco, Beximco Pharmaceuticals, and Shinepukur Ceramics to resume their duties.

The Bangladesh Securities and Exchange Commission (BSEC) appointed 11 independent directors to the three listed companies on December 31 last year, following a directive from the Financial Institutions Division (FID) under the finance ministry.

Yesterday, the Appellate Division stayed for three weeks the High Court orders that had, on January 15, halted the BSEC decision to appoint the independent directors. The apex court also directed the High Court to dispose of the rules issued on January 15 within three weeks.

A four-member bench of the Appellate Division, led by Chief Justice Syed Refaat Ahmed, passed the orders following three separate leave-to-appeal petitions filed by the BSEC.

Attorney General Md Asaduzzman and Barrister Abul Kalam Azad represented the BSEC, while Barrister Fida M Kamal and Barrister Kamal Ul Alam appeared for Beximco, Beximco Pharmaceuticals, and Shinepukur Ceramics.

With the Supreme Court's stay order, there is no legal bar on the independent directors assuming their roles, Abul Kalam Azad told The Daily Star.

The High Court had earlier stayed the BSEC decision on January 15 after Beximco Ltd, Beximco Pharmaceuticals, and Shinepukur Ceramics filed three separate writ petitions. READ FULL STORY ONLINE

India's exports face pressure from US, EU trade policies: govt official

REUTERS, *New Delhi*

Indian exports are facing mounting pressure from aggressive trade policies by partners such as the United States and the European Union, a senior trade ministry official said on Tuesday.

Citing the US decision to raise import tariffs and initiatives like the CHIPS Act, Santosh Sarangi, head of the Directorate General of Foreign Trade (DGFT), said it was "high time India also looked at our trade and industrial policies comprehensively".

US President Donald Trump's proposal to impose reciprocal tariffs from early April on trading partners including India is worrying Indian exporters in sectors ranging from autos to agriculture, with Citi Research analysts estimating potential losses at about $7 billion a year.

Indian trade minister Piyush Goyal started on a trip to the United States on Monday to pursue trade talks, ahead of Trump's planned tariff measures.

Limited integration into global value chains, high import tariffs on raw materials, and technological disadvantages in certain manufacturing sectors are hurting India's export ambitions, Sarangi told business leaders in a virtual address.

"India needs an average growth of 14.4 percent per annum to achieve the target of $2 trillion in overall exports by 2030/31," he said, calling the goal "daunting" given that overall goods and services exports have grown at an average of just 5.2 percent annually over the past decade.

Total exports rose to $682.59 billion in the first ten months of 2024/25 fiscal year through January, up 7.2 percent year-on-year, from $636.69 billion a year earlier, while imports hit $770 billion, leaving a trade deficit of $87.47 billion, commerce ministry data showed.

Santosh Sarangi, head of the Directorate General of Foreign Trade, said it was "high time India also looked at our trade and industrial policies comprehensively"

The European Union's carbon tax and growing use of protective non-tariff measures are also hurting Indian exports, Sarangi said.

"While exports are growing, India continues to experience a trade deficit, suggesting a need to boost export competitiveness and diversify export markets," he added.

TSMC announces $100b investment in new US chip plants

AFP, *Washington*

Taiwanese chip-making giant TSMC will invest at least $100 billion in the United States to build "cutting edge" manufacturing facilities, President Donald Trump said on Monday, announcing the latest blockbuster financial pledge by a private company since his return to office.

Taiwan Semiconductor Manufacturing Co's new investment will come on top of their existing commitments and will go into "building five cutting edge fabrication facilities," Trump said during a White House event, flanked by TSMC chief executive C.C. Wei.

He added that much of the funding would be invested in the US state of Arizona, where TSMC -- the world's largest chipmaker -- has already invested heavily, and would create "many thousands" of high-paying jobs.

TSMC has long faced demands to move more of its production away from Taiwan, amid fears that supplies of the critical technology could be disrupted in any conflict with Beijing.

The company pledged during former president Joe Biden's administration to invest more than $65 billion in three factories in Arizona, one of which began production in late 2024.

Trump recently ratcheted up the pressure on TSMC and other chip manufacturers by publicly mulling the introduction of 25 percent tariffs on all semiconductor chips made outside the United States.

Taiwan will review the investment "in accordance with the law" and ensure that the "most advanced manufacturing processes will remain in Taiwan," President Lai Ching-te's office said.

Taiwan Premier Cho Jung-tai said the island looked forward to "continuing to cooperate with friendly countries for mutual benefits."

However, he said it was important that Taiwan maintain its "key position" in the global chip supply chain and "ensure that we are leading in key technologies." Monday's announcement brings the total amount committed by TSMC to around $165 billion, Wei said. "We are going to produce many chips to support AI progress, and to support smartphones' progress," he said.

The new investment will help expand the firm's US footprint to include "three new fabrication plants, two advanced packaging facilities and a major R&D (research and development) team center," while supporting 40,000 construction jobs over the next four years, TSMC said in a statement.

The concentration of chip manufacturing in Taiwan has been described as a "silicon shield" against a possible invasion or blockade by China, which claims the island as part of its territory and has threatened to use force to bring it under its control.

There are concerns Taiwan could lose that protection if its companies build too many factories overseas.

"Taking away Taiwan's technology sector will reduce the power of Taiwan's 'silicon shield'," said James Yifan Chen, assistant professor in the Department of Diplomacy and International Relations at Tamkang University in Taiwan.

"Taiwan without semiconductor and tech industries will be like Ukraine without nuclear weapons."

Trump has called on companies to create more manufacturing jobs in the United States since regaining the White House, while threatening to impose steep levies on those who do not comply.

His administration has already imposed a 10 percent tariff on Chinese goods and imposed a 25 percent tariff on Canada and Mexico from Tuesday, alongside an additional levy of 10 percent on goods from China.

US President Donald Trump, accompanied by Commerce Secretary Howard Lutnick (left) and Taiwan Semiconductor Manufacturing Company (TSMC) CEO CC Wei (right), speaks in the Roosevelt Room of the White House on March 3. PHOTO: AFP