

China to crack down on virtual currency

REUTERS, Beijing

China's central bank reaffirmed its tough stance on virtual currencies on Saturday, warning of a resurgence in speculation and vowing to crack down on illegal activities involving stablecoins.

The People's Bank of China (PBOC) said at a coordinating meeting on virtual currency regulation on Friday that crypto speculation has recently increased due to various factors, presenting new challenges for risk control, according to a statement released by the central bank.

"Virtual currencies do not hold the same legal status as fiat currency and cannot be used as legal tender in the market," the PBOC said in a statement, adding that virtual currency-related business activities are "illegal financial activities."



Sanmar Ocean City shopping complex in Chattogram stands deserted yesterday after mobile-phone retailers shut their shops as part of a nationwide protest against NEIR activation and steep import taxes.

PHOTO: RAJIB RAIHAN

Mobile phone traders close shops in protest against NEIR

STAR BUSINESS REPORT

Scores of customers faced widespread inconvenience yesterday as hundreds of mobile phone shops across the country remained closed as part of a nationwide shutdown called by Mobile Business Community Bangladesh (MBCB).

The closure came one day after the traders announced the shutdown, demanding lower import taxes, more favourable conditions for handsets, and in protest of the planned activation of National Equipment Identity Register (NEIR).

The NEIR system, slated to be introduced on December 16, identifies and blocks stolen or unauthorised mobile devices using International Mobile Equipment Identity (IMEI) numbers, which are a unique 15-digit code assigned to each mobile device.

While some traders have supported the movement, others have criticised the move. Earlier this month, the Mobile Phone Industry Owners' Association of Bangladesh (MIOB) said the implementation of NEIR will bring order to a market long plagued by the dominance of illegal or "grey" handsets, which account for nearly 60 percent of all smartphones in use.

However, MBCB members say large portions of their inventories will become unsellable once NEIR goes live.

CUSTOMERS RETURN FRUSTRATED

Amid the protest by traders yesterday, at Bashundhara City shopping complex in Dhaka, widely regarded as one of the biggest gadgets hubs in the country, shoppers wandered aimlessly as the entrance to the mobile-shop zone remained shuttered.

Many had travelled long distances, expecting to buy, sell or repair handsets, only to find the doors locked.

One customer, Md Abdul Amin, who came all the way from Basabo, said he waited outside closed shops for more

than an hour. "I didn't know the shops would be closed," he told The Daily Star.

"I left other urgent work and came here to sell my mobile. Now I must return with nothing," he added.

The protest coincided with the weekly day off at Mirpur Shopping Complex in Mirpur-2, FS Square in Mirpur-10 and BCS Computer City in Argangaon. These markets remain closed on Sundays as part of their weekly holiday, meaning there were not many places for customers to go.



PHOTO: PRABIR DAS

Bashundhara City shopping complex, which stays open, was the only option for many customers.

Jahirul Islam, for instance, had come from Sharariatpur with four family members, hoping to buy a second-hand iPhone, which he said was available at cheaper prices at Bashundhara than authorised shops. But he had to return empty-handed.

"Travelling with the whole family and returning empty-handed is a waste of time and money."

Others, like university student Gaurav Das from Dhanmondi, said they had come for urgent handset servicing, only to find all shops closed.

Md Kabir Hossain from Dania came

to sell his used phone. Prince, a shopper from Mohammadpur, had researched prices online and planned to buy a new handset. But the shutters of the shops were closed for all.

TRADERS WORRIED OVER UNSOLD STOCK

According to MBCB, the government currently charges about 58 percent in import duties on legally imported phones, making phones prohibitively expensive for many Bangladeshi customers. Meanwhile,

NEIR and high duty disproportionately threatens small traders, while large firms and local assemblers already enjoy implicit advantages.

The current conditions, including requirements such as obtaining a "mother company's certificate" for brands like iPhone, are impossible for small and medium retailers to meet, he noted.

"NEIR needs restructuring. We want to pay tax, but the regulator must remove barriers to legal imports," he said.

Asked about allegations that traders are involved in illegal importing, Shamim said they purchase phones brought into the country via "luggage baggage", meaning devices carried by travellers in their personal luggage, bypassing official import channels.

While cheaper for consumers, such handsets remain unregistered under NEIR and fall into what regulators consider the grey market.

Shamim also claimed that a handful of major businesses have established a syndicate controlling most of the country's imports and distribution, putting small to medium retailers at risk of being edged out of the market.

During their human chain demonstration at Karwan Bazaar yesterday, MBCB leaders called for immediate dialogue with the government before NEIR becomes fully operational.

At a recent event, BTTC Commissioner Mahmud Hossain said the regulator will remain vigilant to ensure that local mobile manufacturers do not hike handset prices after the launch of the system.

He also noted that BTTC has lifted all restrictions on handset sales by mobile operators through provisions that allow them to sell devices in instalments by locking the device or SIMs.

He expressed hope that after NEIR is launched, manufacturers will increase production volume, which will ultimately bring down handset prices.

Why restricting use of IPO proceeds misses the real problem

SHAHIDUL ISLAM

The Bangladesh Securities and Exchange Commission (BSEC) recently released its draft rules for initial public offerings (IPOs), which propose a strict prohibition on using IPO proceeds to repay loans. The draft also introduces several other controls over how companies may deploy funds raised from the public. These rules raise a key question about the appropriate level of flexibility companies should have when allocating capital raised from shareholders.

At its core, the issue revolves around ownership. IPO proceeds and corporate profits alike belong to shareholders. If a company can use retained earnings for any legitimate purpose, including reducing debt, treating freshly raised capital differently introduces an unnecessary – and arguably counterproductive – distinction between two forms of shareholder funds.

Capital allocation should be guided by efficiency and value creation. In some cases, expansion may be the most prudent choice; in others, strengthening the balance sheet through debt reduction may offer greater long-term benefit. A blanket prohibition on loan repayment implies that reducing liabilities is a lesser or suspicious use of funds. In reality, a healthier balance sheet may be precisely what positions a company for long-term growth.

Supporters of the restrictions frequently cite past abuses, noting that some controlling shareholders have diverted IPO funds for personal benefit. This concern is legitimate. Bangladesh's capital markets have seen numerous instances where controlling shareholders have profited at the expense of minority investors. Protecting minority shareholders is essential for maintaining market integrity.

However, this argument points to a deeper governance issue. If controlling shareholders cannot be trusted to act in the company's interest, the suitability of such firms for listing must be questioned. A firm whose sponsors treat it as an extension of their personal finances is failing the most basic test of corporate legitimacy. The "business entity concept," a foundational principle of accounting, makes a clear distinction between the company and its owners. A company is an autonomous economic unit, separate and independent from those who hold its shares.

When controlling shareholders misuse IPO proceeds for personal benefit, they reveal weaknesses in governance, not gaps in rules on capital deployment.

In such cases, the problem is not insufficient restrictions on how proceeds may be used but inadequate scrutiny during the listing process. Strengthening listing standards, improving governance assessments, and enforcing accountability would more effectively address the root cause than micromanaging capital allocation for all companies.

Blanket prohibitions penalise all companies for the misconduct of a few. They constrain responsible firms, distort financial decision-making, and discourage healthy companies from entering the public markets. Worse, they create a false sense of investor protection. The real risk lies not in allowing companies flexibility, but in permitting poorly governed firms to raise public funds in the first place.

Effective regulation builds trust, supports efficiency, and contributes to a vibrant market. Overregulation, however well-intentioned, risks stifling the very markets it aims to protect. Deepening Bangladesh's capital markets requires trusting companies and investors to make rational decisions while ensuring that only credible, well-governed firms have access to public capital.

Let the market assess whether a company's use of capital is prudent. The regulatory framework should focus on ensuring that only suitable companies earn the privilege of listing and raising money from the public.

The writer is the CEO of VIBP Asset Management Company. The views and opinions expressed in this column are those of the author and do not necessarily reflect the opinions and views of The Daily Star

AI helps drive Black Friday online spending

REUTERS

AI-powered shopping tools helped drive a surge in US online spending on Black Friday, as shoppers bypassed crowded stores and turned to chatbots to compare prices and secure discounts amid concerns about tariff-driven price hikes.

US shoppers spent a record \$11.8 billion online, up 9.1 percent from 2024 on the year's biggest shopping day, according to Adobe Analytics, which tracks 1 trillion visits that shoppers make to online retail websites.

The holiday shopping season arrives amid tighter budgets, unemployment nearing a four-year high, US consumer confidence sagging to a seven-month low and price tags that have shoppers watching every dollar.

Online shopping demand increased as consumers showed savviness in the holiday season, according to Mastercard SpendingPulse, which noted a 10.4 percent growth in e-commerce sales on Black Friday, compared to an in-store sales growth of 1.7 percent in 2024.

The AI driven traffic to US retail sites soared 805 percent compared to last year, Adobe said, when artificial intelligence tools such as Walmart's Sparky or Amazon's Rufus had not yet been launched.

"Consumers are using new tools to get to what they need faster," said Suzy Davidkhani, an analyst at eMarketer. "Gift giving can be stressful, and LLMs (large language models) make the discovery process feel quicker and more guided."

Hot sellers on Black Friday included LEGO sets, Pokemon cards, gaming consoles like the Nintendo Switch and PlayStation 5, and products ranging from Apple AirPods to KitchenAid mixers.

Electric vehicle prowess helps China's flying car sector take off

AFP, Guangzhou

A worker in white gloves inspects the propellers of a boxy two-seater aircraft fresh off the assembly line at a Chinese factory trialling the mass production of flying cars.

Globally, technical and regulatory challenges have prevented the much-hyped flying car sector from getting off the ground.

But Chinese companies are building on rapid development of drones and electric vehicles (EVs) in the world's second largest economy, while harnessing government support for the futuristic inventions.

"China has the potential to establish a competitive edge" for flying cars, said Zhang Yangjun, a professor at Tsinghua University's School of Vehicle and Mobility.

"Future competition will increasingly hinge upon cost control and supply-chain efficiency, and these are areas where China holds clear advantages," he told AFP.

At the brightly lit factory in the southern industrial heartland of Guangzhou, logistics robots zip around ferrying unfinished parts.

The lightweight six-propeller aircraft under construction take off vertically and fit into a large car, to create the "Land

Aircraft Carrier" -- a modular flying vehicle made by Aridge, an arm of Chinese EV maker XPeng.

The flying part is stored and charged in a wheeled on-land vehicle dubbed "the mothership".

At full capacity, the Aridge factory



A flying car is displayed during the 21st Shanghai International Automobile Industry Exhibition in Shanghai. Competition is heating up among global tech giants over the future of aerial mobility, with Tesla CEO Elon Musk teasing the debut of a flying car prototype within weeks.

can churn out one every 30 minutes. It began its trial production phase in early November and the company plans to start deliveries next year, saying it has had more than 7,000 pre-orders.

But there is a long way to go before flying cars are whizzing through the air

every day. "Regulations, the consumer's comfort with this product, and also how you manage airspaces, your supply chains, all need to catch up gradually," Michael Du, vice president of Aridge, told reporters at a recent event.

Competition is heating up among global tech giants over the future of aerial mobility, with Tesla CEO Elon Musk teasing the debut of a flying car prototype within weeks.

"If you took all the James Bond cars and combined them, it's crazier than that," Musk told the Joe Rogan Experience podcast.

American aviation pioneer Glenn Curtiss debuted the first flying car prototype in 1917.

But successful designs have only become possible in recent years as electric motors and high-performance batteries have advanced.

Major players in the sector have conducted manned test flights, including California-based companies Joby and Archer, as well as Aridge, EHang and Volant in China.

This year EHang became the world's first flying car company to be fully approved for commercial operation, something Aridge has yet to achieve.

PHOTO: AFP/FILE