

Volume 16 | Issue 9 | September 2020

IDLC MONTHLY

BUSINESS REVIEW

MICROFINANCE SECTOR OF BANGLADESH

IMPACT OF COVID-19 PANDEMIC
AND POST PANDEMIC PROSPECTS

আইডিএলসি ফিক্সড ডিপোজিট

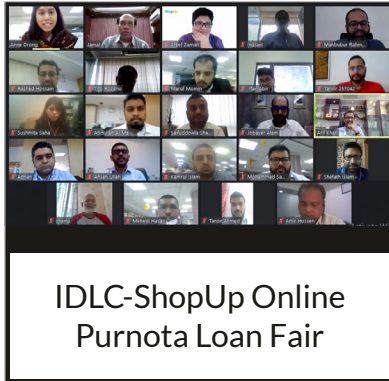
আস্থা থাক বিশ্বস্ত হাতে

আইডিএলসি'র কাছে আপনার প্রতিটি টাকা বিশ্বাসের আমানত। তাই, গত ৩৪ বছর ধরে স্বচ্ছতা, সর্বোচ্চ সুশাসন ও ফাইন্যান্সিয়াল সেক্টরের অভিজ্ঞতাকে দক্ষতার সাথে কাজে লাগিয়ে ব্যবসা পরিচালনা করছি আমরা। যেনো আপনার টাকা নিশ্চিতভাবে বাড়তে থাকে নিরাপদে।

- দেশজুড়ে ২০টি জেলা শহরে ৪০টি শাখা
- আপনার সেবায় ১৪০০ জন নিয়োজিত কর্মী
- শ্রেণিকৃত ঋণের পরিমাণ মাত্র ২.৯৪%
- সর্বোচ্চ সুশাসনের জন্য একাধিক আন্তর্জাতিক স্বীকৃতি ও পুরস্কার প্রাপ্তি
- ৩ মাস থেকে শুরু করে বিভিন্ন সুবিধাজনক মেয়াদে ডিপোজিট করার সুবিধা
- AAA ক্রেডিট রেটিং প্রাপ্ত

 16409  idlc.com

contents



03
Economy at a Glance

04
Month In Brief

05
For the Record

06
World Economic Indicator

07
Banking Data Corner

08-11
Career Insight

- Pursuing The CFA Charter
Featuring
Md. Shaheen Iqbal, President,
CFA Society Bangladesh

12-18
Cover Story

MICROFINANCE SECTOR OF BANGLADESH- IMPACT OF COVID-19 PANDEMIC AND POST PANDEMIC PROSPECTS

For MFI sector, high repayment is the most important moving factor. Due to Covid 19, this sector is severely impacted. Thus, even the large MFIs are suffering from liquidity crunch. However, in order to save the borrowers, the MFIs are taking various initiatives like emergency loans, reduced interest loans, restructuring etc. Moreover, with the scope of rapid digitization, it is expected that the post Covid prospect of this sector will be stronger.

19-22
Expert Opinion

- Mr. Shams Azad Chief Operating Officer, BRAC MF
- Prof. Dr. Hosne Ara Begum (Ashoka Fellow & AKS) Executive Director, TMSS

23-25
Economy Update

- Govt. Mega Projects At A Glance

26-27
Spotlight on startup

- dorji-e ltd.

28-29

Exclusive Feature

IDLC Finance Arranges Virtual Session On "Green Banking: Strategy During And Post Covid-19 Situation".

30-31

IDLC News

- IDLC launched 'IDLC-ShopUp Online Purnota Loan Fair'
- IDLC Virtual Internship Program

32-39

StartUp Trend

- P2P Shipping Platforms: Connecting Shoppers and Travelers Worldwide

Featuring

- Ashik Noon Founder & CEO, AirBrngr
- Rayan Rahman Founder and CEO, Airposted

40 -45

Capital Market Review



MFI Sector of Bangladesh: Combating the pandemic wave

Private commercial banks in Bangladesh have been historically shying away from micro lending. Since 2009, banks' share of microcredit lending never crossed the threshold of 15%. Micro Finance Institutions (MFIs) have always been the shelter of the marginal people who don't have access to formal credit. High repayment rate is the prime moving factor of microfinance business. However, COVID-19 pandemic has impacted the repayment from customers significantly and reduced the loan portfolio by 20% worldwide.

The impact of this pandemic on the MFI sector of Bangladesh is also severe. Even the large MFIs are facing liquidity crisis following very poor collection in the 2nd quarter of 2020. To manage liquidity and business continuity, MFIs of Bangladesh are undertaking measures like persuading the good customers to make regular payment, restructuring bank debt with grace period, availing Government declared financial packages and disbursing new loans with allowing grace period of 2-3 months based on the flow of collection and specific sectors based disbursement (e.g. agricultural sector). To protect the interest of the customers, many MFIs

have suspended installments from March to June, 2020 and a number of MFIs have introduced emergency Loan or New COVID-19 business loan with new features as 3-month grace period and reduced pricing. Rescheduling and restructuring of loans are also undertaken by international MFIs to protect the business as well as the customers.

Like all other lending verticals, MFI sector of Bangladesh, is going through rough patch during the pandemic. In the wake of the pandemic, digitization will be the key change MFI sector will encounter. BRAC and few other MFIs already introduced Digital Field Application (DFA) where the field officers can directly input client data in tab, instead of manually writing down on the sales sheet and then again input in their software. For the increasing popularity of Mobile Financial Service (MFS), large MFIs will operate with their customers through MFS despite of having establishment cost of disaster recovery center along with high agency cost.

Sushmita Saha

Assistant Manager
IDLC Finance Limited

INDUSTRY & EQUITY ANALYSIS TEAM

ASIF SAAD BIN SHAMS
Email: shams@idlc.com

ADNAN RASHID
Email: adnan@idlc.com

SUSHMITA SAHA
Email: sushmita@idlc.com

BONNISHIKHA CHOWDHURY
Email: shikha@idlc.com

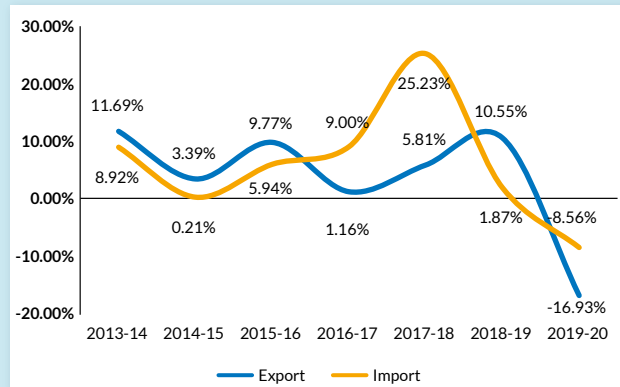
MD. DELOWAR HOSSAIN
Email: mdelowar@idlc.com

ECONOMY AT A GLANCE

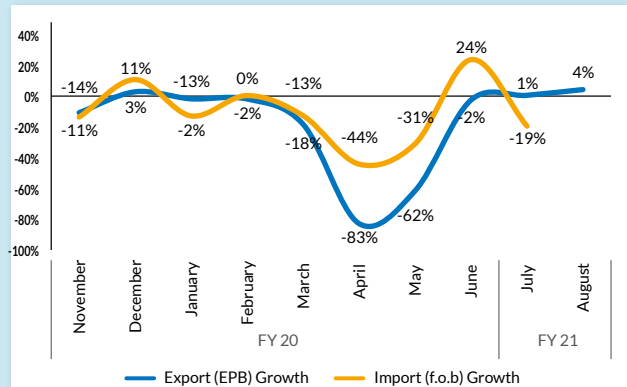
Prepared by IDLCSL Research Team

EXPORT-IMPORT

Growth in Export Import Trade (Last 7 Years)

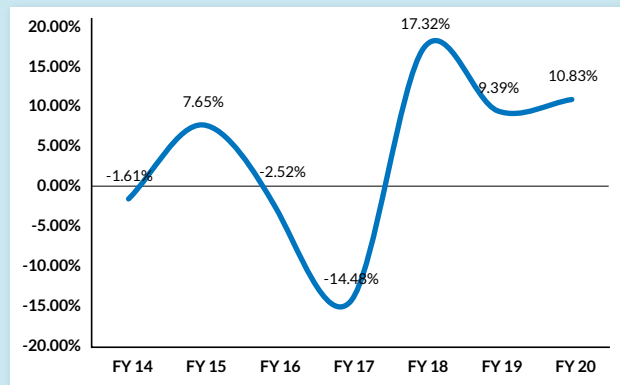


Export-Import Growth- 2019-20

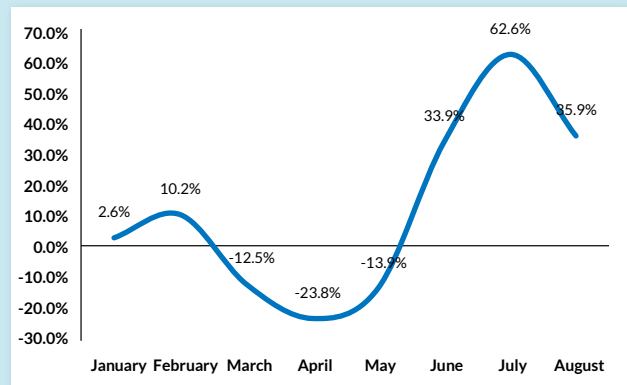


REMITTANCE

Remittance Growth of Last 7 years

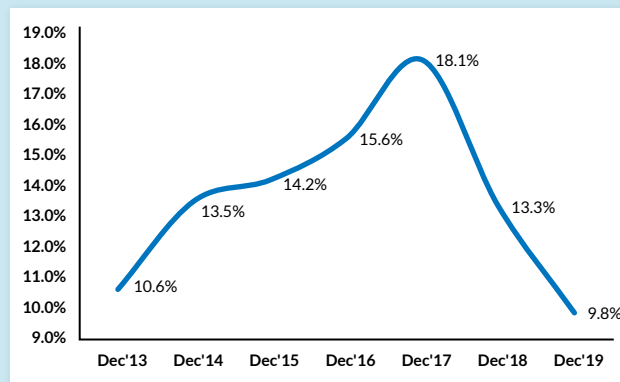


Remittance Growth (Last 8 Months)

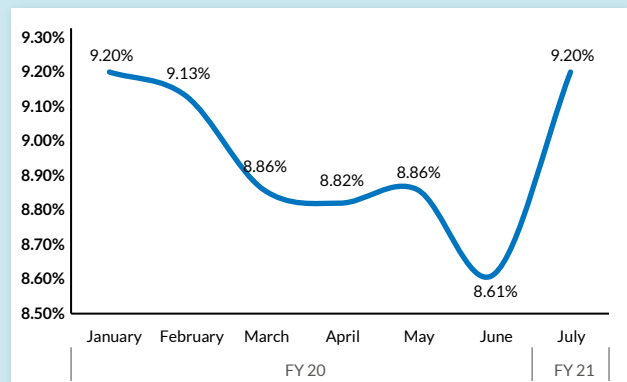


PRIVATE SECTOR CREDIT GROWTH

Private credit growth of last 7 years



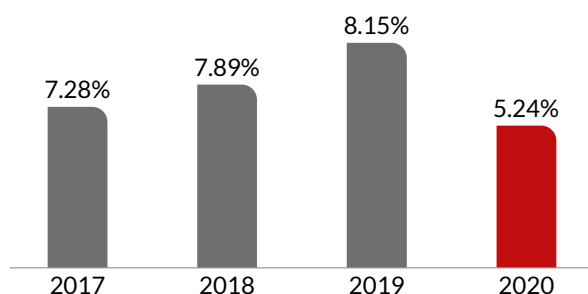
Private sector credit growth (Last 7 months)



■ MONTH IN BRIEF

- **Country's real GDP growth fell** to 5.24% in FY20 and per capita income reached USD2,064 for the first time

GDP Growth



- **Government approves ten more economic zones**

- **Japan to provide USD3.2bn** for development projects in Bangladesh

- **Bangladesh export earnings rebound to record USD3.91bn in July**

- **Nagad looks to turn into a digital bank**

- **JICA to provide BDT8.82bn loan for agro finance**

- **NBR has seen negative growth** of 22.07% in revenue collection compared to the same period last year

- **57% listed banks saw fall in earnings per share in January-June period compared to the same period of previous year**

- **Bangladesh receives USD 202 mn** from World Bank for food security

- **Deposit in non-bank financial institutions dropped by 5.33% or Tk 2,428 crore in the year 2019** due to fund withdrawal pressure amid growing public distrust of the entities

ONCE YOU PUT AN ENTRY IN THE DEVICE, THE NBR WILL KNOW ABOUT IT. BUSINESSES WILL NO LONGER BE ABLE TO HIDE SALES INFORMATION. AFTER COLLECTING VAT FROM CONSUMERS, THEY WILL BE FORCED TO DEPOSIT IT IN THE GOVERNMENT TREASURY

Kazi Mostafizur Rahman, Director of NBR's VAT online project on online VAT circulation.

The Covid-19 pandemic has hit the country's different economic activities. It has also adversely impacted the services sector as well as non-crops production in the agriculture sector

Professor Mostafizur Rahman, Distinguished Fellow at the Centre for Policy Dialogue (CPD) on current GDP.

This initiative will be helpful for expatriates, especially those from the low-income group

Dr. Tasneem Siddique, Chairperson of the Refugee and Migratory Movement Research Unit on initiating deposit scheme in local banks for expatriates.

NEARLY 80% OF BANGLADESH'S POPULATION LIVES IN RURAL AREAS WITH CLIMATE SHOCKS THREATENING THEIR LIVELIHOODS, WELFARE, AND FOOD SECURITY

Mohammad Anis, acting World Bank Country Director for Bangladesh and Bhutan on receiving fund from World Bank for food security.

We are manufacturing 5G devices and it shows that Bangladesh can now make anything

Mohammad Mesbah Uddin, Chief Marketing Officer of Fair Electronics on manufacturing 5G devices in Bangladesh.

DUE TO THE COVID-19 PANDEMIC, BUSINESS HAS SLOWED DOWN FROM MARCH, WHICH HAS AFFECTED THE BANKING SECTOR. ON THE OTHER HAND, NO NEW INVESTMENT WAS MADE AT THIS TIME

Syed Mahbubur Rahman, Managing Director of Mutual Trust Bank and former chairperson of the Association of Bankers, Bangladesh (ABB) on reduction of earning per share of commercial bank.

Country	Nominal GDP: October, 2019 (USD in billion)	Real GDP Growth: April 2020 (yearly % Change)	Inflation Point to point (%)	Inflation (%) As of	Current Account Balance: (% of GDP)	Interest Rates (%), Ten years treasury bond	Currency Units (per USD)
Frontier Market							
Sri Lanka	86.57	-0.50	4.10	Aug, 2020	-3.60	7.44	185.15
Vietnam	261.64	2.70	3.18	Aug, 2020	0.70	2.86	23,180.00
Kenya	98.61	1.00	4.36	Aug, 2020	-4.60	11.92	108.40
Nigeria	446.54	-3.40	12.82	July, 2020	-3.30	8.90	381.20
Bangladesh	330.11	5.24	5.68	Aug, 2020	-1.5%	7.87	84.80
Emerging Markets							
Brazil	1,847.02	-5.30	2.31	July, 2020	-1.80	6.71	5.30
Saudi Arabia	779.29	-2.30	6.10	July, 2020	-3.10	n/a	3.75
India	2,935.57	1.90	6.93	July, 2020	-0.60	5.93	73.29
Indonesia	1,111.71	0.50	1.32	Aug, 2020	-3.20	7.03	14,747.50
Malaysia	365.3	-1.70	-1.30	July, 2020	-0.10	2.65	4.15
Philippines	356.81	0.60	2.40	Aug, 2020	-2.30	2.93	48.57
Turkey	743.71	-5.00	11.77	Aug, 2020	0.40	13.84	7.44
Thailand	529.18	-6.70	-0.50	Aug, 2020	5.20	1.41	31.40
China	14,140.16	1.20	2.70	July, 2020	0.50	3.14	6.84
Russia	1,637.89	-5.50	3.60	Aug, 2020	0.70	6.14	75.41
Developed Markets							
France	2,707.07	-7.20	0.20	Aug, 2020	-0.70	-0.17	0.84
Germany	3,863.34	-7.00	0.00	Aug, 2020	6.60	-0.47	0.84
Italy	1,988.64	-9.10	-0.50	Aug, 2020	3.10	1.08	0.84
Spain	1,397.87	-8.00	-0.50	Aug, 2020	2.20	0.36	0.84
Hong Kong	372.99	-4.80	-2.30	July, 2020	6.00	0.48	7.75
Singapore	362.82	-3.50	-0.40	July, 2020	14.80	0.94	1.36
United States	21,439.45	-5.90	1.00	July, 2020	-2.60	0.72	n/a
Denmark	347.18	-6.50	0.50	July, 2020	4.80	-0.34	6.28
Netherlands	902.36	-7.50	1.70	July, 2020	9.00	-0.36	0.84
Australia	1,376.26	-6.70	-0.30	June, 2020	0.91	0.96	1.37
Switzerland	715.36	-6.00	-0.90	Aug, 2020	7.20	-0.49	0.91
Britain	2,743.59	-6.50	1.00	July, 2020	-4.40	0.27	0.75

Bangladesh data: GDP size and real GDP are sourced from Bangladesh Bureau of Statistics as per 2019-20 data. Calculation Method of CA Balance (% of GDP): CA balance of FY19-20 / GDP of FY19-20. Interest rate (%) 10 years TB as per July, 2020, Inflation as per August, 2020 and Currency Unit (per USD) as per 6th September, 2020 are sourced from Bangladesh Bank "

Nominal GDP: Data of all countries apart from Bangladesh is sourced from IMF estimates of 2019 data (October, 2019 Outlook)

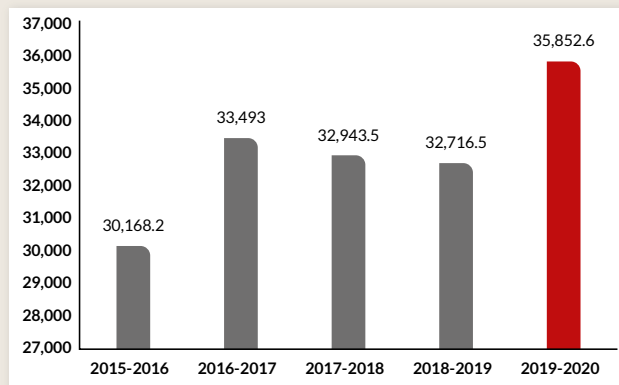
Real GDP Growth and Current Account Balance: Data of all countries apart from Bangladesh is sourced from IMF estimates of April, 2020 data (World Economic Outlook, April 2020)

Inflation: Data of all countries apart from Bangladesh is sourced from tradingeconomics.com as per 6th August, 2020

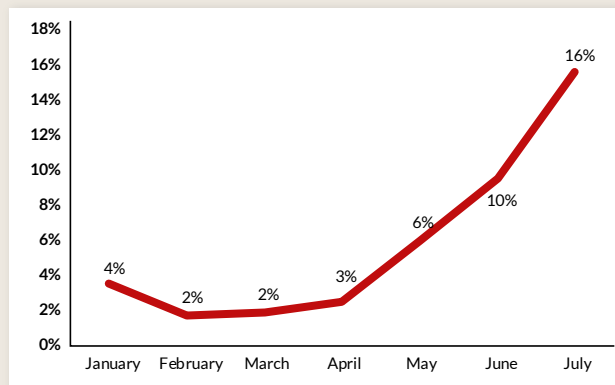
Interest rates 10 years TB and Currency Unit: Data of all countries apart from Bangladesh is sourced from Investing.com as per 5th July, 2020

BANKING DATA CORNER

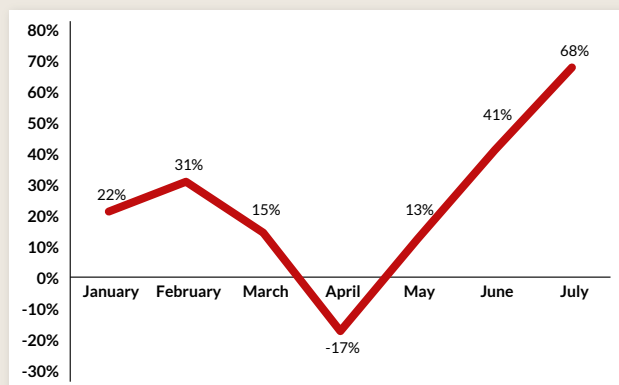
International reserve (In million USD)



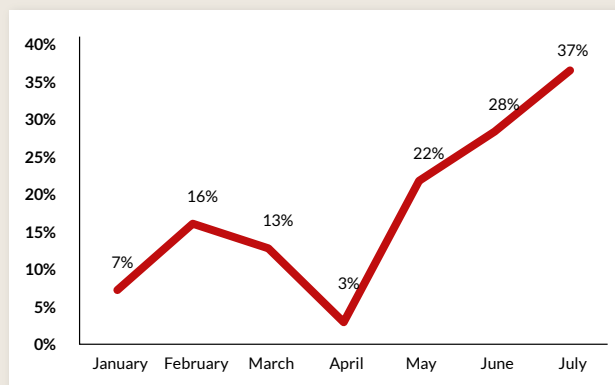
Foreign Exchange Reserve YoY Growth 2020



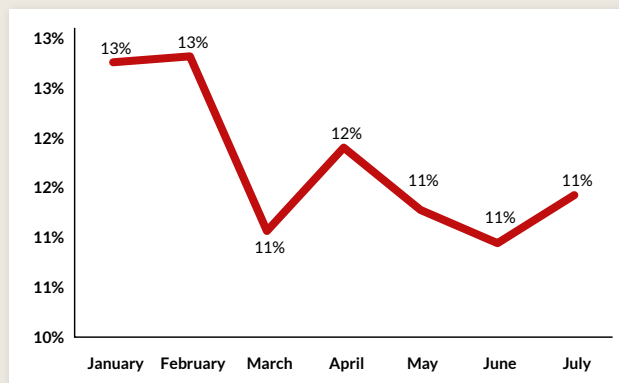
MFS Total Amount of Transaction YoY Growth 2020



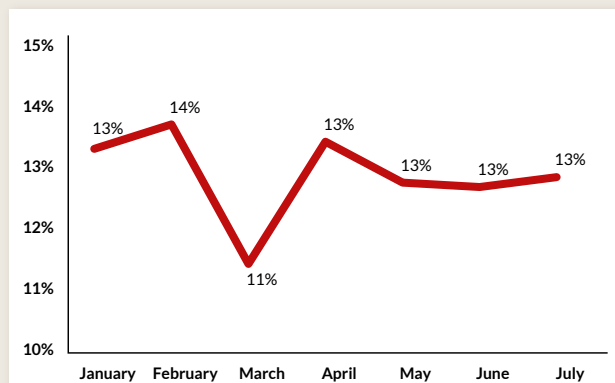
MFS No. of total transaction YoY Growth 2020



Deposits held in DMBs YoY Growth 2020



Bank Credit YoY Growth 2020



Source: Bangladesh Bank

PURSuing THE CFA CHARTER

For past few years CFA or Chartered Financial Analyst has been a buzz word among the finance professionals of the country. If we closely look at the job circulars, it can be observed that the demand of CFA qualifiers are increasing rapidly. As a matter of fact, top performing companies of the country are now even looking for CFA Level 1 qualifiers for the roles where obtaining an MBA was enough a few years ago. However, there are strong reasons behind such popularity of this program.

CFA program is offered by CFA Institute, the world's largest association of investment professionals with more than 178,000 members and 157 local member societies worldwide. This program is designed to build a strong foundation of advanced financial and investment analysis and real-world portfolio management skills. The core curriculum topics include ethical and professional standards, quantitative methods, economics, financial reporting and analysis, corporate finance, equity and fixed income investments, derivatives, alternative investments and portfolio management and wealth planning. The curriculum is updated on continuous basis to cover all the aspects of the ever-changing financial and investment industry. Thus, earning the CFA charter validates having the up-to-date knowledge, skills, and experience needed for investment analysis and management in today's dynamic global market. Throughout the curriculum, significant emphasis is given to ethical and professional standards. All the charterholders including the candidates are required to follow the CFA Institute code of ethics and standards of professional conduct which makes them more valuable to their employers. Local CFA member societies with the association of CFA Institute also

arrange educational programs throughout the year for the candidates and charterholders, inviting top officials from different sectors and countries as keynote speakers. Thus, the program also helps to unlock the potential to work within numerous investment specialties and markets across the globe and provide networking opportunities.

Steps to Earn the Charter:

Step 1: Passing all three levels of the CFA Program

Step 2: Having four years of professional work experience in the investment decision-making process or producing a work product that adds value to that process (accrued before, during, or after participation in the CFA Program).

Step 3: Joining CFA Institute as a regular member.

Three levels of exams:

The course of study is organized into three levels and each level requires passing a six-hour exam. The program curriculum increases in complexity with each level. To obtain a CFA designation, one must complete all levels of the CFA program. The average pass rate in last 10 years (2010-2019) across all three levels is 44.0%.

Level I: Focuses on a basic knowledge of the ten topic areas and simple analysis using investment tools

Level II: Emphasizes the application of investment tools and concepts with a focus on the valuation of all types of assets

Level III: Focuses on synthesizing all of the concepts and analytical methods in a variety of applications for effective portfolio management and wealth planning

Top Five Global Charter holders Job Titles

- Portfolio Manager
- Research Analyst
- Chief Level Executive
- Consultant
- Risk Manager

Top Five Global Charter holders Practice types

- Portfolio Manager
- Research Analyst
- Chief Level Executive
- Consultant
- Risk Manager

Source: CFA Society Bangladesh

Globally top 5 CFA Charter employers

- JP Morgan Chase & Co.
- Union Bank of Switzerland (UBS)
- Bank Of America Merrill Lynch
- Royal Bank of Canada (RBC)
- HSBC

In Bangladesh top CFA Charter employers

- IDLC Finance Ltd. (including its subsidiaries)
- Brac Bank Ltd. (including its subsidiaries)
- HSBC
- Standard Chartered Bank
- EDGE Asset Management Company Ltd.

Source: CFA Society Bangladesh



CFA SOCIETY BANGLADESH



Md. Shaheen Iqbal

President, CFA Society Bangladesh

Interviewed By
Bonnishikha Chowdhury, MBR Team

Md. Shaheen Iqbal, CFA, is the newly elected President of CFA Society Bangladesh. He is also serving as the Head of Treasury and Financial Institutions at BRAC Bank Limited. He received his Charter in 2017. Apart from his outstanding journey in the financial industry of Bangladesh, his contribution to the CFA society Bangladesh is illustrious as well. Last year, he was elected as a board member of CFA Society Bangladesh and this year in July he was elected as the president of the Society. After graduating in mechanical engineering, Mr. Iqbal completed his MBA from Institute of Business Administration. However, he realized an MBA does not give the 360 degree overview of finance or financial knowledge. Thus, the desire of expanding the horizon of his financial knowledge motivated him to pursue CFA. Moreover, when he went through the reading materials of CFA, he found those to be very user-friendly with detailed elaboration of topics associated with rigorous exercises necessary to gain in-depth knowledge. In a conversation with Bonnishikha Chowdhury of MBR team, Mr. Iqbal shared his insights regarding the prospects of CFA program and the activities of CFA Society Bangladesh.



**CFA Society
Bangladesh**

MBR: Please share with us the vision of CFA society Bangladesh.

Md. Shaheen Iqbal: The vision of CFA society Bangladesh is to build a credible investment management industry in the country through adoption of highest professional code of conduct and global best practices. Moreover, CFA Society engages with various stakeholders to facilitate professional development and to ensure market integrity for the greater good of the society.

MBR: How do you recognize the prospect of a CFA charter both in Bangladesh and globally?

Md. Shaheen Iqbal: I believe the prospect is very promising. CFA Charter holders have contributed immensely towards the development of investment management industry in many economies. In Bangladesh, our capital market is still underdeveloped and the size of Capital Market is pretty small compared to its GDP, this shows huge potential. A knowledge based society and professionals are required to take us to that level. I think CFA charter holders can

lead the industry towards that direction. Thus, we need more and more CFA charter holders to cater the scopes of growth of the industry. In Bangladesh, we currently have 122 registered charter holders. However, those who are now serving aboard are not included in this statistic.

MBR: With time CFA program is getting more popularity than other professional degrees in the country. What is your opinion regarding this?

Md. Shaheen Iqbal: CFA has a very relevant and exhaustive curriculum compared to other professional degrees, I would say. This is why it is considered as the 'gold standard' of investment management industry. Thus, anyone who holds the charter will be equally recognized across the globe. Since there is only one exam conducted by CFA Institute, no matter from where you intend to access the exam, it will be same. It gives the charter holders a different perspective or exposure. Moreover, a CFA candidate goes through a rigorous ethical and professional learning and practical case studies which makes the program unique compared to any other professional courses.

MBR: What are the roadblocks in general a CFA pursuer faces and how to mitigate those?

Md. Shaheen Iqbal: One needs to pay enrollment and exam registration fees in USD terms, which may be considered good amount of money in our standard. This can be a deterrent for potential candidates to sit for the exam. However, CFA Institute (CFAI) has been allocating a good number of scholarships for the candidates from Bangladesh. CFA Institute has separate scholarship schemes for

regulators and regular candidates. Last year CFA Institute allocated more than 150 scholarships (equivalent to BDT 10 million approximately) for the candidates from Bangladesh. CFA Society works as an agent of CFAI in selecting the eligible candidates for building a stronger knowledge based of professionals.

MBR: Do you believe companies should at least partially sponsor their employees to pursue CFA?

Md. Shaheen Iqbal: Of course, I strongly believe so. This will be another agenda of CFA Society Bangladesh to engage with the top employers of Bangladesh in the development of their employee base. Some employers are already practicing this and gradually the number will increase since such initiative will eventually benefit the employers. Thus, I would suggest that the employers sponsor the full amount once the employee passes each level of the exam.

MBR: What role does CFA Society play in order to make the program more available to students of the country?

Md. Shaheen Iqbal: CFA Society organizes extensive programs to reach out to the students. We conduct seminars and workshops in order to make it familiar to the business students and encourage them to pursue it. Moreover, we have some affiliated universities and teachers from those Universities are allowed to select candidates and offer scholarships as delegated by CFA Institute.

MICROFINANCE SECTOR OF BANGLADESH

IMPACT OF COVID-19 PANDEMIC AND POST PANDEMIC PROSPECTS



Tapos Kumar Roy

Senior Manager, Corporate Division

Mitali Saha

Senior Officer, Corporate Division

Micro Finance Institutions (MFIs) have been playing a vital role in the socio-economic development of a country by providing financial services to those who do not have access to formal financial institutions. In Bangladesh, micro financing has its roots since 1970, when Dr. Mohammad Yunus established Grameen Bank.

In the beginning, this sector was not formally regulated and there was no independent authority to supervise this sector. In 2006, almost three decades later of the initiation of microfinance in Bangladesh, as an independent authority Microcredit Regulatory

Authority (MRA) was established. MRA (Law 32 of the year 2006) is the only legal entity that monitors and supervises NGO-MFIs operational activities of the country.

Activity status of MFIs in Bangladesh

At present 759 MFIs are operating in Bangladesh. This sector circulates around BDT 160,000 crore in the economy of Bangladesh with total loan outstanding of around BDT 90,000 crore. According to MRA Report Volume-2018, snapshot of MFI activities in Bangladesh is as follows:

Particulars	June, 2016	June, 2017	June, 2018
No. of Licensed NGO-MFIs	758 (Canceled 78)	783 (Canceled 84)	805 (Canceled 100)
No of Branches	16,284	17,120	18,196
No. of Employees	127,820	139,526	153,919
No. of Clients (Million)	27.79	30.82	31.22
Total borrowers (Million)	23.28	24.94	25.40
Loan Disbursement (BDT Billion)	787.00	1,046.00	1,201.91
Agri Loan Disbursement (BDT Billion)	353.00	408.88	423.69
Amount of Loan Outstanding (BDT Billion)	459.37	583.62	673.90
Agri Loan Outstanding (BDT Billion)	285.00	354.00	405.00
Amount of Savings (BDT Billion)	171.19	216.71	262.96
Loan Recovery (BDT Billion)	717.00	949.12	1,112.21

Source: MRA

Status of Top 10 MFIs at a glance (as of June, 2018)

Name	Number of Branches	Number of Members	Loan Outstanding	Loan Disbursement	Member Savings
			(In BDT billion)		
BRAC	2,172	6,841,622	184.71	317.81	62.35
ASA	3,042	7,577,355	161.99	296.81	81.03
Buro Bangladesh	802	1,512,489	39.04	63.4	12.65
TMSS	856	993,304	24.24	42.45	7.56
SSS	353	600,906	15.68	31.35	6.77
Jagorani Chakra Foundation (JCF)	361	490,507	14.02	20.4	4.98
Sajida Foundation	178	280,416	11.86	19.49	3.02
Padakkhep	296	373,949	10.47	18.79	3.63
Uddipan	307	474,783	8.44	14.43	3.97
Shakti Foundation	424	475,255	6.92	12.28	2.32
Total	8,791	19,620,586	477.37	837.21	188.28

Source: MRA-MIS Database-2018

Response of international MFIs to Covid-19 pandemic

MFIs serve about 140 million low-income people worldwide with savings and credit services as per MIX data. The value of MFI credit portfolio was \$124 billion as of 2018. 80% of the customer base are women and 65% of the total customers live in rural areas. The COVID-19 pandemic has affected MFI activities for which MFI portfolio will slow down by 20% worldwide. Different international MFIs faced the challenges of the pandemic and initiated various measures such as:

Protecting People:

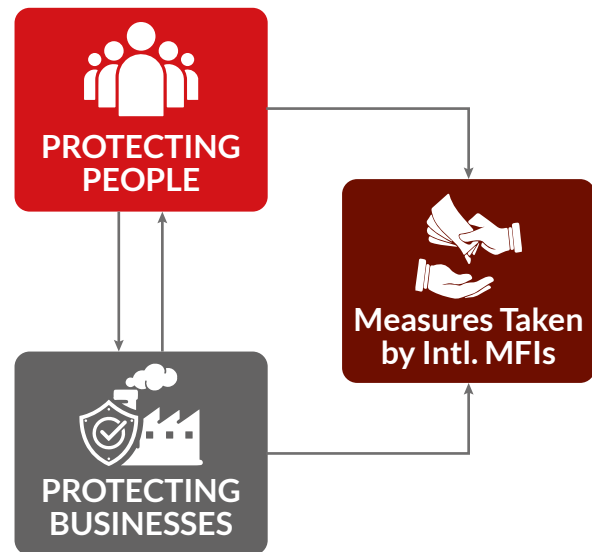
As a part of protecting people, many international MFIs have introduced rotation system and work from home facilities for staffs with online training to employees to aware them of new policies and procedures. All are advised to follow safety guidelines such as ensuring safe distance inside office, wearing masks and gloves especially while handling money etc.

Protecting Businesses

Most MFIs have prepared remote loan appraisals and adapted loans procedures to allow remote underwriting and disbursement. They also started Email, SMS and phone call campaigns to give people information about MFI activities in this pandemic.

They also suspended the installments of April, May and June and allowing clients to resume the reimbursement of their loans from July onwards. Emergency Loan or New COVID-19 business loan is launched in many countries for instance,

- **Adie-a French NGO**, launched a new product called the Emergency Loan. The main features of this loan are, a 3-month grace period, reduced pricing, and no guarantor required.
- **Microfinance Ireland** launched a new product comprising of loans within the €5,000 – €50,000 bracket aiming at supporting businesses with loan terms typically up to 3 years, no interest or repayment for the first 6 months, no fees and no hidden costs/charges, and fixed repayments with no penalty for early repayment.



- **Qredits-an international foundation (Europe based)** is offering a bridge loan of €12,500 for 12 months. Moreover, two helpdesks were set up by them in response to the Covid-19 pandemic. One of which is for the loans and another one is offering the services of a Crisis Coach.
- **Microfinance Ireland, Qredits and Microlux-a Luxembourg based NGO** applied the strategy of rescheduling and restructuring of loans to protect the business as well as the customers.
- **PerMicro-an Italy based MFI** has been publishing government decrees on social media.

Effects of pandemic to MFI operation in Bangladesh

As general holiday was declared to avoid public gathering in this pandemic, the MFIs could not operate and collect loan installments from their clients for April & May. Also rural people, who make up majority of the clientele of MFIs, did not get loans during that period despite of a huge demand. Another issue is migrant members. Due to the pandemic, many urban members who were working in small organizations lost their jobs and shifted to their hometowns or rural areas.

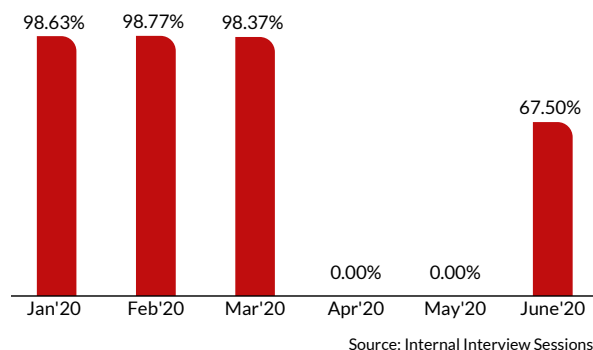
At this moment, most of the MFIs are facing liquidity crisis as they could not disburse loans and collect installments for last few months. Moreover expenses are mounting due to the adoption of different safety

measures to operate in this pandemic situation. Maximum medium and small NGOs are already facing difficulties in paying full salaries to their employees. Due to this pandemic, number of new business entrepreneurs has declined by almost 45% and customer segment is also reduced by 53%. MRA circulated another notice on 23rd June, 2020 for not classifying the loans and pressurizing the customers for collection up to September, 2020. Most MFIs think, this circular may cause a major collection crisis in this sector. If the situation continues, approximately 630 local NGOs (who usually have 1 to 5 branches) could possibly face extinction due to the ongoing crisis

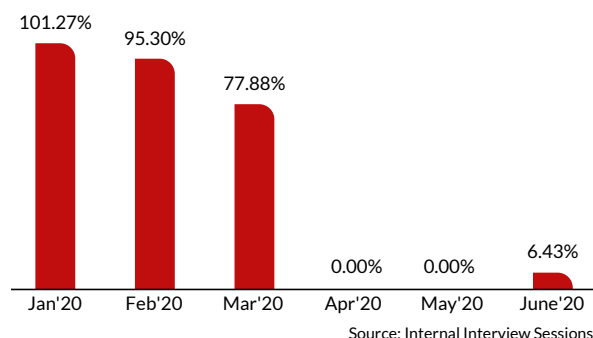
Collection Scenerio amid Covid-19 spread in Bangladesh

As total operation of MFI was halted for the month of April & May, collection for those months was almost nil. Again, the collection started from June which is around 60-70%. We have sourced Collection ratio, disbursement target and achievement related information from some MFIs (including large and medium) for last 6 months through detailed interview sessions.

Industry wise Average Collection



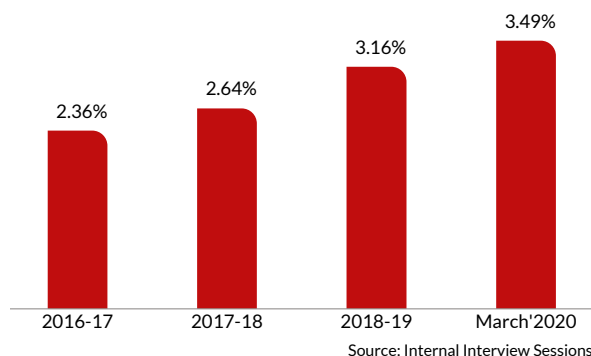
Average Disbursement Target vs. Achievement Ratio



Profitability Impact

We can see the average NPL scenario of this sector collected from different NGOs' before the epidemic below:

Non-performing Loan (NPL)



Considering the current situation, it is certain that, NPL of this sector will rise because of non-repayment of installments and defaults. Due to the frozen operation, MFI's targeted disbursement will not be achieved which will cause negative profitability. On the other hand, the MFIs are already facing collection problems which may also continue for a couple of months but other costs will remain same (operational cost, salary, infrastructure etc.) or increase in some cases, that would hit the profitability adversely.

Moreover, most MFIs will think about maintaining the current portfolio rather than expanding. Thus, portfolio will remain constant or might reduce in some cases. This will eventually cause reduced profitability in the long run.

Strategy to overcome slow collection and managing liquidity

Managing Slow Collection

- MFIs are now disbursing loans after extensive assessments and in this case some specific sectors like agricultural sector and small segment customers like grocery shops, food businesses, nursery/ horticulture etc. which are less vulnerable will get preference. They are also trying to persuade the good customers to make regular payment so that they can avail re financing from them at any point and according to several NGOs (JCF, SEBA, BASTOB etc.) they are receiving positive response

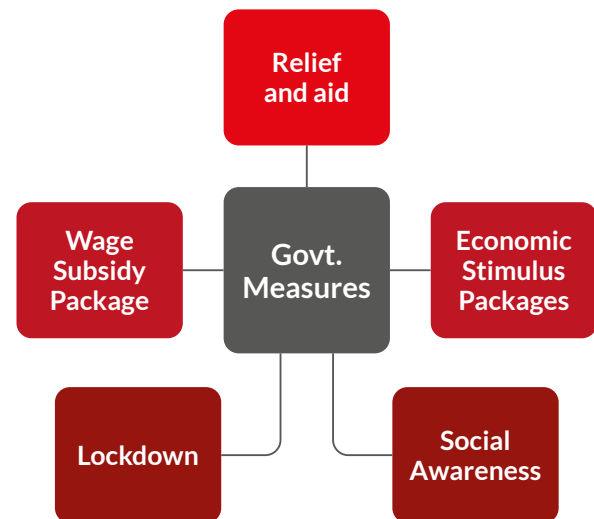
from this. The customers who made regular payments before the pandemic and affected by COVID-19, MFIs are allowing a grace period of 2-3 months. This will help them to revive the business and make the payments. Besides, some encouragement programs are being introduced for the good customers like a discount/waiver on interest is offered to them on regular payment or upon successful closure of the loan, they are offered 10-15% more over previous disbursements etc.

Managing Liquidity

- Some special financial packages have been declared by the banks as well as government. Furthermore, PKSF has declared to disburse an additional amount of BDT 5,000 crore in micro credits to support small entrepreneurs impacted by Covid-19. Major portion of this fund will be provided by The World Bank and Asian Development Bank. PKSF, through its partner MFIs, will disburse the loans to around two lakh small entrepreneurs across the country. Another strategy to manage the liquidity is restructuring of the bank debt with grace period so that NGOs can get a breathing time to pay back the liability from their collection. As collection is the main lifeline of this sector, MFIs are more focused to improve their collection strategies and disbursing new loans based on the collection (around 60-65% of total collection) in order to maintain liquidity. Institutions are also focusing on internal financing by giving more attention to deposit collection from members.
- A new and potential source of fund for MFIs could be Securitization of this sector. Different international MFIs operate in the capital market may also issue bonds for arranging long term fund. Government and MRA can work together to develop new law/rules in Bangladesh to open this sector in the capital market and allow them to issue bond either through public or private placement.

Response of MFIs of Bangladesh to COVID-19 pandemic

From the very beginning of this pandemic, MFIs in Bangladesh have initiated several steps and measures to sustain and fight the battle against the pandemic. For example, they are following safety guidelines in office by wearing masks, washing hands and maintaining cleanliness. Most MFIs reduced branch operation hours for customers. They also introduced Work from Home facility for staffs who can manage work in online. Large MFIs, such as BRAC, ASA and Sajida Foundation have arranged roster plan for employees to attend office. BRAC has taken initiatives such as sending voice calls and letters from the senior leadership to keep the workforce motivated.



As there is a possibility that a percentage of MFIs' loan portfolio may default due to pandemic, most of the NGOs are planning to Re-Structure loans in the coming days to retain the existing clients and portfolio. Some large and medium MFIs like BRAC, JCF, SDI, SKS Foundation etc. are disbursing minimum amount after strong assessment. Most MFIs are planning to disburse emergency loan to specific segment based customers who can manage the loan in this situation. Renowned NGOs like BRAC, JCF and medium range NGOs like SKS Foundation, SEBA etc. have decided to disburse maximum 60-70% of their collection (which was 85% before) to maintain the liquidity. In this pandemic situation most NGOs are focusing more on agricultural sector with some micro level businesses









and restructuring their loan portfolio based on agro sector. Large and mid-level MFIs are still trying to pay off the bank loans, as their collection has resumed from June. To normalize the bank loan accounts and make regular debt payment, most NGOs are re-structuring their debt or rescheduling the bank loans.

Initiatives of government internationally and in Bangladesh against the pandemic

To revive the economy and to protect mass people from the effect of the pandemic, governments of different countries as well as Bangladesh have taken various initiatives, such as ensuring lockdown, creating social awareness, handing out aids and introducing wage subsidy packages. Different countries also declared various stimulus financing packages to revive the economy. Government of Myanmar has announced a financial support package with a value of 0.1% of their GDP. In Nigeria, the government has demanded the small businesses to be granted a one-year moratorium on all principal repayments. India has announced a \$266 billion of rescue package. South Korea introduced \$32 billion stimulus package. The US and Australian stimulus packages each represent about 10% of GDP. New Zealand's program is about 5% of their GDP.

To revitalize the financial system and maintain cash flow in the market, our government has also announced different economic & financial action plans, such as:

- Buy-back of government securities
- Promotion of payment services. For instance, monthly transaction limit of Mobile Financial Services (MFS) has been increased from \$900 to \$2,300 and charges waived on withdrawal up to \$12 per day
- A refinance scheme of BDT 50 billion from Bangladesh Bank's (BB) own source for agricultural sector in which customers will be able to avail up to 20% extra of the existing loan facilities under the scheme. BB will charge interest 1% from banks and banks will charge 4% from customers. The loan will be repayable within 18 months including 6 months of grace period.
- Another refinance scheme of BDT 30 billion from BB's own sources for low income professionals, farmers, micro businessmen. Loan limit to individual customer is BDT75k to BDT 3m. BB will charge 1% interest to banks, banks will charge 3.5% interest to MFIs and MFIs will charge 9% interest to customer. Customers will repay loan within 1 to 2 years including grace period.
- Providing agricultural loan at 4% to the crop sector
- Financial stimulus packages of BDT 72,750 Crore

 <p>Total Stimulus package value: BDT 72,750 Crore through banks</p>	 <p>Industries & Service sector allocated Working capital: BDT 30,000 Crore</p>	 <p>Lending Rate: 9% (Borrower pays 4.5% + Government 4.5%)</p>
 <p>SME sector allocated Working capital: BDT 20,000 Crore</p>	 <p>Lending Rate: 9% (Borrower pays 4% + Government 5%)</p>	 <p>EDF: BDT 12,750 Crore (\$1.5 b) (2% interest rate)</p>
 <p>Pre-shipment Credit Refinance Scheme: BDT 5,000 Crore (7% interest rate)</p>	 <p>BDT 5,000 Crore for export-oriented industries</p>	

Source: The Business Standard

Future prospects of MFI after pandemic and expectations from this sector

MFI sector is going through a tough phase which is quite usual for most of the business segments worldwide. After the pandemic, rural economy is expected to be decentralized and to boost which has immense growth prospects for MFIs. Being a developing country, our socio economic structure is largely focused on micro and SME businesses which could mostly be catered by MFIs. As formal banking system is not so controlled and scrutinized to cover the financing needs of root level people, there is no alternative of micro finance institutions.

Being a country full of natural resources, we need to focus more on agricultural sector. Out of our total budget in agricultural sector, 35% is implemented through micro finance sector. According to some MFI professionals, to make the agro sector more flourishing government needs to increase the allocation up to 50% in NGO sector. Moreover, to ensure fund utilization of financial packages which required to be disbursed to SME businesses, government can include the MFIs along with banks.

To make this sector more efficient and regulated, MRA is working on several projects. As MFIs have more controlled access to rural people and various micro and small level businesses, they are considered as the source of huge information. To utilize the vast information, MRA is working on data collection and analysis project which will help to derive diverse information regarding lifestyle, economy and research. MRA is also organizing another project titled as MF-CIB to update the CIB database of the members of MFIs which will help the NGOs to identify default members and avoid any unprecedented situation. The MF-CIB Rules-2020 has already been published in June 25, 2020 as a gazette in this regards.

After the pandemic, a major change will come in this sector which is digitalization (Digital Financial Service-DFS). Before the pandemic, most of the NGOs worked manually and handled cash transactions which will change now. For the popularity of MFS, lion share of MFIs will operate with their customers through MFS. However, there are some issues with this digitalization

KEY INFO

- Micro finance sector circulates around BDT **160,000** crore in the economy of Bangladesh with total loan outstanding of around BDT **90,000** crore.
- MFIs could not operate and collect loan installments from their clients for April & May as general holiday was declared to avoid public gathering in this pandemic.
- As total operation of MFI was halted for the month of April & May and they could not disburse loans and collect installments, most of the MFIs are facing liquidity crisis.
- MFIs in Bangladesh have initiated several steps and measures to sustain and fight the battle against the epidemic.
- Bangladesh Government declared Financial stimulus packages of BDT **72,750** Crore to boost up the economy

process as fully digitization will require a strong cyber security system and also a disaster recovery center. There is a good amount of cost associated with establishing a disaster recovery center too. Moreover, it will also require assistance from the Government of Bangladesh, especially in the case of providing everyone with a NID (smart card) as soon as possible and combating the fraudulence of it. After that if the MFIs had access to the NID database, they could assure authenticity. On the other hand, agency cost in MFS is also high. Some large sized MFIs could bear the cost but it would be difficult for other mid and small sized NGOs to manage the cost.

Bangladesh is the 8th most populous country in the world. As a developing country with this huge population, our main focus is to promote micro and SME businesses to utilize the limited resources and potential youth. Micro finance sector is playing pivotal role by supporting the agricultural sector as well as small enterprises and generating employment. Though MFIs are contributing not only to economic advancement but also social development of Bangladesh, the sector is still unrecognized and considered as the informal channel of financing. Sometimes NGO workers face different social harassments and bullying while working in the field. These issues need to be addressed by the regulators as well as the government so that the institutions can operate without any hurdle.



Mr. Shams Azad

Chief Operating Officer, BRAC MF

Interviewed By
Bonnishikha Chowdhury, MBR Team

Being a leader of micro-enterprise lending, how do you think Covid-19 will impact this sector from a long term point of view?

World Economic Forum published an article on August 28, titled “COVID-19 pandemic accelerated shift to e-commerce by five years, a new report says”. If we look around, there is no reason to disapprove. For a handful of industries, surely the growth opportunities sprout out like that. But for the rest, the economic onslaught of the pandemic is creating a devastating impact, and the microfinance sector is not out of it.

The double-digit rate of portfolio growth that BRAC’s microfinance programme was experiencing before COVID-19 has made us go back to the drawing board to rethink and calculate the time it will take us to reach a normal state of operations, i.e. at the scale of 2019, 4th quarter or even January or February of 2020.

The long term impact will be multifold. There are high chances of a massive shift in clients’ credit classification. Tested and good clients might join the NPL club. Many micro-enterprise owners might not be able to repay, and many may change their businesses. Small enterprises are already curtailing down, closing their factories and laying off staffs. Households are depleting savings and selling out fixed assets. BRAC refunded BDT 270 crore of savings to 650,000 families from March to May. A vast pool of new poor population will join the existing ones. According to a survey, 22.9% of the population will be pushed below the poverty line from officially

recognized 20.5% current poor (source: The Financial Express).

Lending and collection will get into a new flight in this massive sector that serves 31 million clients and disburses BDT 1,200 billion (source: Microcredit Regulatory Authority – MRA – MIS database 2018) in a year without collateral. This entire equation will rely on the country’s economic momentum. The collection was halted from last week of March till the first half of May for many institutions, adding no surplus to the balance sheet. Even if resumption started phase by phase from late May, lending is becoming complex due to severe shakeup in manual credit assessment method. The collection becomes even more challenging because it is our responsibility to serve this vulnerable segment with care so that no harm reaches to them. So when a financial service provider is hit on both frontiers, it is no easy task to get out of it within a short time.

What are the major challenges BRAC and the entire MFI sector has been facing due to pandemic?

One major challenge was to take timely decisions those which were financially viable and at the best interest of clients and the institution. The pandemic moved at unprecedented speed and decisions needed to be fast. When the countrywide lockdown started from March 25, we closed down regular microfinance operations and jumpstarted disseminating awareness and safety messages to local communities with our 30,000 frontline staffs. That was the need back then.



We also refunded a vast amount of savings from April till May. The microfinance programme partially resumed its operation from May 10 and reached out to only those clients who were willing to repay their last few instalments and avail a new loan. To maintain social distancing, we introduced digital cash collection through DFS wallet in all our 2,500 branch offices across Bangladesh.

Another major challenge was ensuring staff safety, especially when you have such a vast team. We had to keep our staff motivated so that we, as an organisation, could support our clients without any hassle. When an institution makes staff safety the topmost priority during a pandemic, every regular thing that the institution does will be changed. For example, our primary collection happens in groups, comprised of 30/40 women clients, all coming together at a specific hour. Now how would you do that during a pandemic, when social distancing is vital for not getting affected? When we started slowly from June onwards, we had to revitalize this collection system so that both our staffs and also the clients can safely do the transaction in the same spot, while maintaining all the health safety measures and that is not an easy task, especially when your client base is 6.5 million households across Bangladesh.

Every institution builds its client base with so much hard work and effort. COVID-19 has affected so many components of the microfinance ecosystem that every institution needs to rethink and revitalize its client management mechanism to keep the base intact. A 93% plus usual rate of recovery will not be usual any more in the coming future. However, to bring back the economic momentum, money needs to be pumped into the economy, and people need it more than ever. From May 10 to till August, BRAC's microfinance programme has disbursed BDT 7,000 crore of loans to 925,000 clients. We have to handle our clients meticulously so that they do not slip downwards and lose a quality of life and at the same time, they can slowly move back to the normal state of their economic lives.

After this pandemic, it is certain that non-repayment from client will rise as most of the MFI customers work hand to mouth. Even some clients might end up with zero capital. Thus, what strategies are you planning to facilitate customers in order to revival the businesses, and how will you tackle the NPL situation?

Innovation is a crucial tool an institution can apply to steer through such challenging times. We introduced a refinancing loan product in July. Clients whose economic condition is badly hit due to the pandemic and has an outstanding loan amount can avail this service to support their families or businesses. In August, we have refinanced 39,800 clients with BDT 345 crore after introducing this product. We also introduced credit rescheduling at the same time for those clients who cannot avail refinancing but have an income mechanism and will be able to repay if the outstanding loan duration is rescheduled.

Microcredit Regulatory Authority circulated a directive for freezing loan classification from late March to June 30, which was further extended till September. Besides, BRAC Microfinance provided moratorium for all our clients by freezing service charge calculation from March 25 to May 10, till we resumed partially. Tackling NPL is not easy right now. We need to stay beside our clients and maintain a strong relationship. Clients are resilient, and most of them will come back to the track over time.

What regulatory measures are necessary in order to recover the damages caused by the pandemic?

Microcredit Regulatory Authority (MRA) is the regulator for our sector. To keep up the momentum of the sector and the rural economy, MRA's role in guiding us is tremendous. Even during the pandemic, the regulators can guide us through on how we can improve as financial service providers for the underserved communities and what are global best practices that we can adopt.

If we want to revitalize the rural economy, we need to provide cash into the system. For us, a significant source of fund is mainstream commercial banks. However, we have to rethink the demand that the sector has for its clients now in comparison to the amount of fund we can get from the banks. With the help of the central bank, our regulator can facilitate faster funds on more accessible terms and conditions so that the microfinance institutions can reach out to more vulnerable clients.



Prof. Dr. Hosne Ara Begum (*Ashoka Fellow & AKS*)
Executive Director, TMSS

Interviewed By
Bonnishikha Chowdhury, MBR Team

As per MRA's circulation, it is instructed not to classify the loans and not to pressurize the people for payment. In such circumstances, how are you planning on managing the cash flow?

The originating mandate of Micro Credit Institutes/organizations is, not to pressurize any of borrowers or beneficiaries in loan realization. The good relationship with borrowers/members/Samity/MSMEs works as a guarantee of any loan payment.

We believe, not all of the borrowers were fully unable to run their livelihood activities during Covid-19, as most of them live in rural areas where impact of Covid-19 is comparatively low. This is why, there was an opportunity of re-disbursement of loans to borrowers by the returned money received from them.

In the pandemic situation of Covid-19, TMSS employees supported the beneficiaries with regular communications, knowing about their livelihoods and impact of Covid-19 on their lives, building awareness to prevent Covid-19, engaging beneficiaries to IGA especially providing agricultural supports etc. which built a strong and better relationship with the borrowers/members.



For these positive interventions, even in pandemic situation cash flow was as per our expectation and still is with its own normal system but we had a plan of maintaining balance between cash inflow and outflow.

It is unfortunate that many of Local Government Officials and representatives manipulated the GO and they restricted our movement as well as discouraged borrowers. Thus, our borrowers were not able to repay their installments, resulting their expenditures to be higher than actual. This eventually enhanced the non-recovery of loans.

In international context, we can see that many MFIs have introduced some new loan products considering the effect of COVID-19. Which are mainly emergency loans to some specific sectors with less interest, grace period, no guaranty etc. What do you think can be the role of PKSF or other donor agencies in this regard to soften the terms and conditions for our MFI Sector?

During the pandemic situation of Covid-19, TMSS has taken many initiatives like loans with reduced interest, soft loans, loans with extended grace period, guarantee free loans, reschedule model etc. in coordination with PKSF. Such initiatives are flexible and kind for the continuation of

economic cycle especially for affected borrowers/SMEs. These are as follows:

- Loans with easy terms to agro based income-generating borrowers addressing grace periods
- Offered Livelihood Restoration Loan Products (LRLP) to members/borrowers who were affected by Covid-19, Flood and Amfan
- Offered Capital Recovery Soft Loan products
- Offered Interest Free Loan recovery system
- Offered Rescheduling system
- Savings returned to members/borrowers as and when required by members/borrowers

We recently observed that one of the leading scheduled banks has already started disbursing Nano loans through mobile financial services (MFS) to serve a larger base of its clients. Being one of the largest MFIs of the country, do you have any plan to operate disbursement or payment collection processes through MFS? Will it benefit the operational process?

The mission of MFIs was originated focusing on group meetings by which many activities were introduced and initiated like awareness building on health and education, women empowerment, social responsibilities, livelihood improvement besides credit supports. Digital Financial Service (DFS) which is applicable for individual Micro Enterprises (MEs) and above of it, does not need to focus on group meetings and also not applicable for micro and ultra-micro beneficiaries. Till now as per the context of Bangladesh, the rural members/borrowers need financial supports with other package activities too. On the other hand, DFS/MFS is costly in our country.

Being one of the largest MFIs, TMSS is in process with Mobile Financial Service (MFS) providers for both disbursement and realization. This might help the MFIs by bringing down operating cost as well as the borrowers.

After this pandemic, it is certain that, non-repayment from clients will rise. How are you planning on managing the upcoming NPL situation?

Due to a good relationship with beneficiaries/members/borrowers, the risk of non-repayment of loan for TMSS is very low. Despite the low risk, TMSS has taken following strategic plan to overcome the upcoming NPL situation:

- Identifying actual loan defaulters
- Analyzing the root cause of loan defaulting
- Offering Capital Recovery Loan who are really unable for repayment duly being affected by Covid-19
- Offering Interest Waiver
- Offering reschedule/increased loan duration
- Offering Awards for Mujib Borsho to Best Borrowers
- Bringing the borrowers under Non-Credit supports like health, education, job creation, insurance
- Offered Savings Collection Program (SCP)
- Offered fix deposit scheme in the name of Mujib Borsho Saving Scheme (MBSS).

Appropriate application of this measures is helping the beneficiaries of TMSS to continue their regular repayment

ECONOMY UPDATE

GOVT. MEGA PROJECTS AT A GLANCE

Md. Delowar Hossain
Credit Risk Management- SME



POWER PLANT

Moheshkhali LNG Terminal

- Power Project
- Started in 2017 Commissioned on April 29, 2019
- Estimated Cost USD 179.5 million
- Funded by International Finance Corporation (IFC), CDC Group, Development Bank of Germany, JICA and Dutch-led Entrepreneurial Development Bank



POWER PLANT

Rooppur Nuclear Power Plant

- Power Project
- Started in November, 2017
- Expected to be completed by 2025
- Estimated Cost USD 12.65 billion
- Funding USD 11.38 billion taken as loan from the Russian Government
- 77% completed as of June 20, 2020
- Budget allocated BDT 14980 core (FY2019-20)



POWER PLANT

Matarbari Power Plant

- Power Project
- Started in July, 2014
- Expected to be completed by June, 2024
- Estimated Cost USD 4.4 billion
- Majority of funds provided by Japan International Finance Agency (JICA)
- Budget allocated BDT 3056 core (FY2019-20)



BRIDGE

Padma Multipurpose Bridge

- Communication Infrastructure
- Started in January, 2009
- Expected to be completed by 2021.
- Estimated Cost USD 3.65 billion
- Self-funded by the Bangladesh government
- 77% completed as of June 20, 2020
- Budget allocated BDT 5370 core (FY2019 -20) 2,100 metres of the bridge visible



POWER PLANT

Rampal Coal Power Project

- Power Project
- Started in April, 2017
- Expected to be completed in 2021
- Estimated Cost USD 5 billion
- Financing of Main Plant by EPC (Turnkey) and package by Indian EXIM Bank
- Capacity of 1,320MW of electricity



AIRPORT EXPANSION

Hazrat Shahjalal International Airport Expansion

- Communication Infrastructure
- Started in December, 2019
- Expected to be completed by 2022.
- Estimated Cost USD 42.1 million
- Funded by the Civil Aviation Authority, Bangladesh (CAAB)
- Capability of transferring approximately 20 million passengers annually



RAILWAY

Padma Rail Link

- Communication Infrastructure
- Started on January 1, 2016
- Expected to be completed by June 30, 2024.
- Estimated Cost USD 4.63 billion
- The Ministry of railways
- Budget allocated BDT 3995 core (FY2019 -20)



TUNNEL

Karnaphuli Underwater Tunnel

- Communication Infrastructure
- Started in December, 2017
- Expected to be completed by 2022.
- USD Estimated Cost 2.49 billion
- Bangladesh Bridge Authority
- 50% completed as of June 20, 2020



METRO RAIL

Dhaka Metro Rail

- Communication Infrastructure
- Started in July, 2012
- Expected to be completed by December, 2021.
- Estimated Cost USD 2.82 billion
- Japan International Cooperation Agency (JICA)
- 40% completed as of June 20, 2020
- Budget allocated BDT 7212 core (FY2019 -20)
- Capability of transferring 60,000 passengers every hour



RAILWAY

Chattogram-Cox's Bazar Railway Link

- Communication Infrastructure
- Expected to be completed by June, 2022
- Estimated Cost USD 2.13 billion
- Asian Development Bank, The Government of Bangladesh
- Budget allocated BDT 1105 core (FY2019-20)



ELEVATED EXPRESSWAY

Dhaka Elevated Expressway

- Communication Infrastructure
- Started in 2011
- Expected to be completed by March, 2022
- Estimated Cost USD 1.63 billion
- Italian-Thai Development Public Company, China Shandong International Economic and Technical Corporation Group



RAILWAY

Dhaka-Chattogram Express Railway

- Communication Infrastructure
- Started in 2011 and expected to be completed by March, 2022
- Estimated Cost USD 1.63 billion
- Funded by the Government of Bangladesh

DORJI-E LTD.



Fred Chowdhury, Co-founder & CEO of dorji-e ltd. in an insightful conversation discussed their journey, current activities and future plans with Bonnishikha Chowdhury of MBR Team.

Fred Chowdhury
Co-founder & CEO

Nooray Yemon
Co-founder & CTO

MBR: How did the idea of dorji-e ltd. come into being?

dorji-e Ltd.: dorji-e ltd. was born out of a necessity, a demand needed to be fulfilled for many female acquaintances around us back in 2018. Being two male founders, unorthodox as it may seem, the idea of using online platform or “electronic means” for connecting tailors or “dorjis” to bespoke enthusiast users simply took off in a short time and hence the name dorji-e (with a lowercase “d”)

This was not a new idea but the market is big enough. But soon we realized that the business model which like all our counterparts had some “gap” and soon after we found a much bigger problem which using many folds of technology and process engineering, we began to unfold the solution.

MBR: What is dorji-e ltd.’s business model and product line?

dorji-e Ltd.: The current model of dorji-e ltd. is an implementation of the technology-based solution that we have envisioned in a much smaller scale to measure the impact in the Ready-Made Garments industry. We started out with on-demand clothing apparel to businesses for their branding and/or any other requirement for as low as 5 (five) pieces as

the minimum order quantity. It is a commissioned model where the platform takes a “cut” for each order processed.

We take the responsibility for the production which we have developed as part of the “re-engineering” called the Production Optimization System (POS) which has been tested to increase efficiency to up to 80%. This has received recognition from panel called ‘Garment Sector Dialogue on Sustainability’ hosted by UNDP and HSBC in 2019. The concept of providing on-demand, adaptive MOQ, and POS is the backbone of the business model which is scalable to any product line and in fact to multiple industries in the future.

MBR: How the response was in the initial stage and what strategies have you developed to expand the client base?

dorji-e Ltd.: The combination of the aforementioned triad has proven to be a gold mine. Our customers previously would always have to order in huge bulk with unwanted timeline and hiked prices because of too many middle man. dorji-e ltd. has sliced these pain points and connects the production layer with the customers and thus gaining edges on all frontiers, with lower cost of production.



Social media like LinkedIn and Facebook is playing a big role for acquisition as we are an online platform, along with our networks we have been exposed to during our participation in Grameenphone Accelerator 2.0 Batch-6 and Startup Dhaka Incubator Batch-1.

MBR: In an age of technological advancement and increasing internet accessibility, how do you intend to make dorji-e ltd. a profitable venture?

dorji-e Ltd.: By utilizing ubiquitous Internet accessibility, we want to connect all the stakeholders of this industry through our platform. Our platform is being built considering the mindset and technological adaptability of the mass population of our country. Enabling different parties of this industry to communicate with each other and to establish a correlation through easy to use interfaces, auto generated visual designs and in local languages is the key.

Using mobile first approach, an intertwined system loop with push notifications, easy OTP signups, a suit of progressive web apps, flow simulations and a scalable all connected headless backend system we want to mitigate process flaws and maximize production capacity. All of this is crucial to make dorji-e ltd. a profitable venture

MBR: How many customers does dorji-e ltd. have currently? How do you hope to scale up the business?

dorji-e Ltd.: We have served more than 100+ customers in 3 different countries. But soon after we launched, COVID 19 pandemic has changed the world and we like every other business have embarked on an unprecedented time.



Even though for the duration in which we have acquired the number stated is quite remarkable, the highly scalability of the technology backbone and the business model has been the defender. We are receiving an exponential number of orders ever since the lockdown period has been relaxed.

MBR: What challenges does dorji-e ltd. face in general?

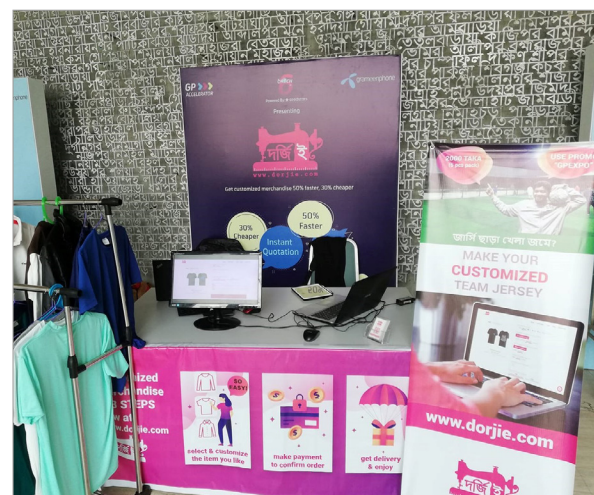
dorji-e Ltd.: Challenges are always there as we are a startup but majorly the unstructured nature of the RMG industry, age-old methodology and unadaptiveness of newness, and unawareness amongst the factory owners become a challenge to overcome in some cases. Government intervention and other third-party players in this sector would play a vital role to align the industry for prosperity.

MBR: Considering the Covid -19 situation, what are the difficulties have you been facing and how do you intend to recover or mitigate those?

dorji-e Ltd.: At first, we got hit pretty bad as our production was on hold for more than 3 months due to COVID-19. But we focused on technological development. During this time, we worked on our internal structure and efficiency. As a result, now we can do more with less.

MBR: What are the future plans for dorji-e ltd.?

dorji-e Ltd.: Our business model is centered around the fundamental reformation of the RMG industry to the extent that the scale of the reach of this platform will have to go international to cater the industry at large.



IDLC FINANCE ARRANGES VIRTUAL SESSION ON “GREEN BANKING: STRATEGY DURING AND POST COVID-19 SITUATION”

L.M. Sirajus Salekin, Manager, Green Finance
Tashfia Kabir, Assistant Manager, Green Finance



Khondkar Morshed Millat

General Manager

Sustainable Finance Department of Bangladesh Bank

IDLC believes, continuous learning and updated knowledge base is the precondition to become a successful professional. To overcome the damages caused by the pandemic, it is important for the market leaders of both banking and other industries to be on the same page and develop strategies together.

Keeping this in mind, a virtual session was organized on **“Green Banking: Strategy During and Post Covid-19 Situation”**. The session was moderated by Mr. Mesbah Uddin Ahmed, General Manager and Head of Corporate Division, IDLC Finance Limited. Moreover, Honorable MD and CEO of IDLC Finance Ltd. Mr. Arif Khan along with honorable Deputy Managing Director and Head of Business, IDLC Finance Ltd. M. Jamal Uddin were also present in the sessions and ensured their valuable contributions in the discussions.

Following key discussion were made in the session where Khondkar Morshed Millat, General Manager, Sustainable Finance department of Bangladesh Bank was present as chief guest.

“Green banking is a genre of banking practices which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as **ethical banking or sustainable banking**.

The Sustainable Finance Department of Bangladesh Bank has released a new & revised circular on April 30, 2020

titled **“Master Circular: Refinance Scheme for Green Products/Initiatives/Projects”**. The new circular addresses few amendments such as the total GTF has been increased from BDT 200 crore to BDT 400 Crore, 3 new products & one additional category has been introduced in the circular. Moreover, the refinancing limit of many products have been increased.

The participants of the session underlined few recommendations to Mr. Millat to be reviewed by Bangladesh Bank for next course of action.

- Green Financing rate has become less lucrative to borrowers due to the Interest rate cap of 9% set by BB on the overall Banking sector. Good borrowers can now avail conventional banking products at 8 – 9% from banks. Moreover, various concessional products are available at lower interest rate of 5-7% under refinancing schemes provided by BB, SREUP, JICA, GCF and IDCOL.
- The refinancing scheme is also no longer profitable to PFI, as the spread of PFIs has currently stood at 2% - 2.5%, since BB's refinance rate is 5%, therefore, recommending to reduce the refinance rate.
- Since this is a refinancing scheme, the client and the PFI has a chance of not getting the refinancing (in all the cases) after exercising all the activities, hence, to review whether it can be ‘pre-finance’ like other Green schemes i.e. GTF, SREUP, JICA, GCF and IDCOL.

- Green Financing target is set at 5% of total disbursement of Banks and FIs. Among the total disbursement of Banks/FIs, around 30% – 40% disbursement is in the Consumer segment (Home loan, Car loan & Personal loan). As the Consumer Segment is not eligible for Green Financing opportunities, the target of Green Financing may be set only on the disbursement of Corporate & SME segments and for Term Loans only.
- To finance large size Biological ETP and Fire Safety which are very common for RMG & Textile factories, request was made to BB to increase the refinancing limit of these products.
- Consider the good performing (reputed) PFIs like IDLC to access to the foreign currency based funds (GTC, GCF, etc.) & Green Bonds.

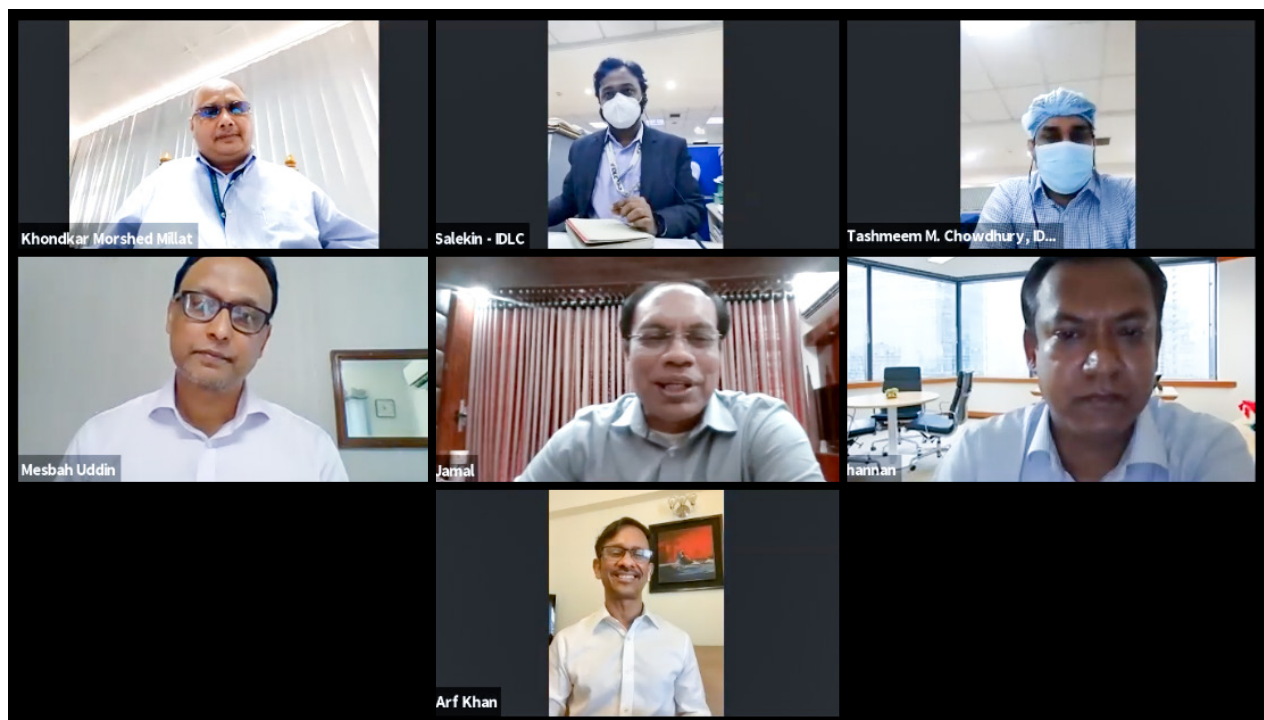
In the session, the participants discussed the aftermath of the ongoing pandemic. The disbursement of Green Financing will be impacted by lower growth. Moreover, according to BRPD & DFIM circular, clients are getting a repayment holiday till June/September 2020 but the same policy is not maintained for green refinancing loan. Also to fasten processing and maintaining health safety, BB can allow online submission of applications and inspection visit through video conferencing during this pandemic.

Mr. Khondkar Morshed Millat, General Manager, Sustainable Finance Department, Bangladesh Bank, after hearing all the participants assured that all refinancing applications will be approved by BB within 48 hours (2 working days) provided that all documents and visits are completed.

Also, he has been revisiting the Green Financing target so that it is based only on Total Term Loan disbursement of Banks and FIs.

Mr. Khondkar Morshed Millat has advised FIs to focus more on projects whose refinancing limit has been increased in recent circular as well as provide financing for enterprisers interested to produce healthcare and safety accessories during this pandemic. He explained the “Sustainability report and rating”, where BB will assess Banks and FIs and assign them a rating based on their green financing performance.

At the end of the session, IDLC was advised to send the meeting proceedings highlighting recommendation by the discussants to be reviewed by BB for implementation. Additionally, IDLC was also advised to write a letter to the Bangladesh Bank regarding restructure/ reschedule loans of green finances and necessary adjustment in installment payment of PFIs during this pandemic period to be in line with BB’s new classification policy.



IDLC Launched 'IDLC-ShopUp Online Purnota Loan Fair'



The largest financial institution IDLC launches an e-loan fair named 'IDLC-ShopUp Online Purnota Loan Fair' with the leading online business platform "ShopUp" to provide e-loan facilities to the women entrepreneurs in e-commerce and f-commerce sector dated August 16, 2020.

MD & CEO, IDLC Arif Khan and CEO, ShopUp Afeef Zaman inaugurated the event virtually, while some other high officials from IDLC & ShopUp were also present online.

In this fair, enlisted women entrepreneurs who are running their businesses online for last one year using ShopUp's platform are eligible for the loan at a competitive interest rate, which may be as low as 7% for new women entrepreneurs as per the Bangladesh Bank's Refinance Scheme for eligible applicants. The loan size is minimum BDT 50,000 to maximum BDT 5 lac with a duration of 3 months to 12 months. IDLC is expecting to serve a large number of women entrepreneurs across the country through this initiative towards financial inclusion for e-commerce and f-commerce businesses.

Arif Khan, the CEO & MD of IDLC Finance Limited said "IDLC has always been supporting women entrepreneurs and their innovative initiatives. I believe our partnership with ShopUp will help women entrepreneurs getting business finance faster and easier. We plan to enable many more through our financing with this partnership."

Afeef Zaman the CEO of ShopUp said "We have always believed this decade will be about the soaring rise of SMEs in Bangladesh. And it will be made possible through the mass adoption of the internet and technology by the SMEs. From what we have observed, women entrepreneurs are at the forefront of this adoption and have spearheaded the surge of social commerce in Bangladesh. Through this partnership with IDLC, we are excited to extend digital credit to these SMEs and help them flourish in the coming years."

All these benefits will be provided to the women entrepreneurs who are enlisted with ShopUp and running their business from at least for one year. IDLC is expecting to serve a large number of entrepreneurs across the country which will have a positive impact on the national economy.

IDLC Virtual Internship Program



In the midst of worldwide outbreak of COVID-19, most companies have called off their regular physical internship programs. University students as well as fresh graduates are missing out on gaining valuable learning opportunity and work experience as a result.

Some organizations are moving towards virtual internships and thus virtual internship programs are becoming the new normal. Although virtual internships have been prevalent worldwide for a number of years, it is a relatively new concept in Bangladesh.

IDLC Finance Limited is one of the first financial institutions in Bangladesh to introduce such a

program. Based on the internship requirements of University students and fresh graduates during the COVID-19 pandemic, IDLC Virtual Internship Program was initiated in July 2020.

The objective of the program is to give University students and fresh graduates a learning opportunity. Through IDLC Virtual Internship Program they will get the opportunity to work on various projects remotely and gain valuable job skills and experience from their mentors. Since interns will not have to be present physically in office, student can enroll in this program while doing their regular classes and course work.

Total 15 interns have joined in the first batch of IDLC Virtual Internship Program. It is a paid internship program and the internship period is one month. Each intern has a mentor who coaches and guides them. Interns are assigned at least one project each on which he/she works on. The intern mentor engages his/her teammates in the virtual internship process to enable the interns to interact with a number of colleagues virtually on multiple topics. The mentors provide necessary materials to the interns throughout the day so that they can have access to information and work from their home.

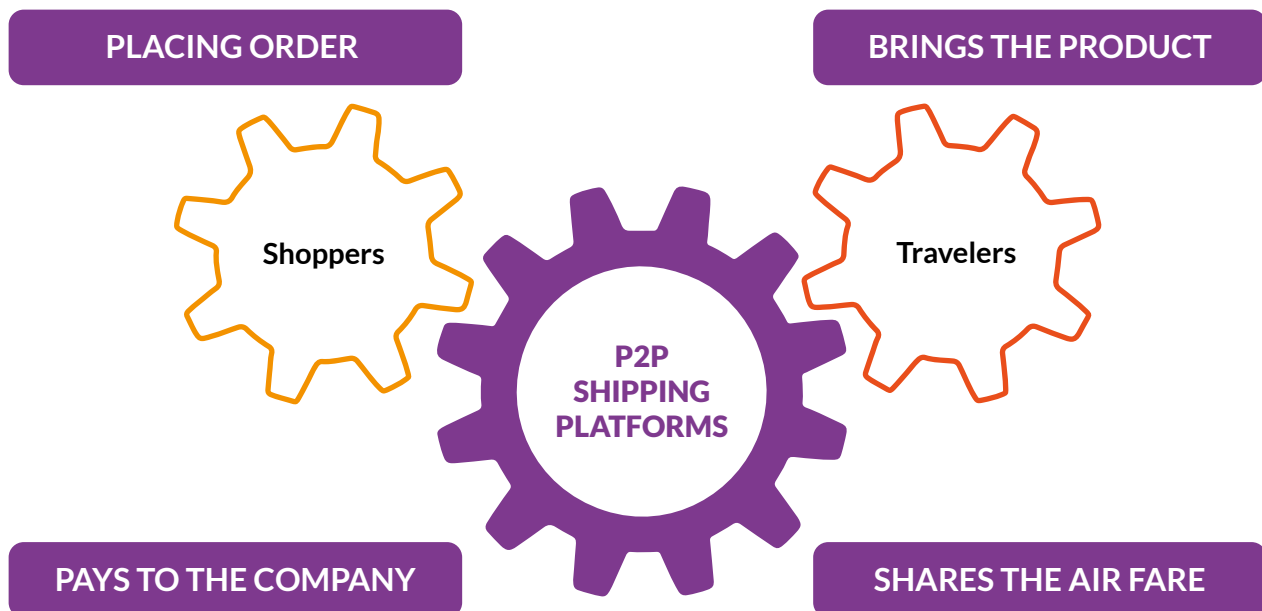
IDLC Virtual Internship Program was inaugurated on 20th August, 2020 virtually by Arif Khan, CEO and Managing Director of IDLC Finance Limited. The Head of HR of IDLC Finance Limited, IDLC Virtual Internship Program Committee, Intern Mentors and the Virtual Interns were also present in the inauguration.

P2P SHIPPING PLATFORMS: CONNECTING SHOPPERS AND TRAVELERS WORLDWIDE

Even a few years ago buying products directly from abroad was not so common in our country. We normally had to depend on friends or family members who are traveling back home from abroad. The main discouraging factor in this case has always been the shipping cost which sometimes exceeds cost of the products. However, with the advancement of technology and rapid use of social media, people are more aware of the products which may not be available here. Thus, the demand of such products are increasing. On the other hand, the number of people traveling abroad is also growing. The reason for traveling is not limited to business purpose or medical anymore. Especially the younger generation

are now developing the habit of traveling often. However, in this case as well there is a roadblock. The air fare is not always pocket friendly.

In order to solve the problems of both shoppers and travelers, some brilliant minds of the country came up with the idea of connecting them. They created a platform where the shoppers place the order of their desired product and the travelers carry those on their way back to Bangladesh. This is a win-win situation for both since the shopper gets to save money by not paying sky rocket shipping charges to the courier companies and by carrying the product the traveler's air fare is shared to a certain level.



Airbringr and Airposted are country's the most popular peer to peer shipping platforms. Since the beginning of their journey such service was very warmly accepted by our countrymen. However, the lockdown period was a hard time for such business model practicing firms since all the flights remained

cancelled for a good amount of time. In a conversation with Bonnishikha Chowdhury of MBR Team the founders of Airbringr and Airposted discussed their journeys, struggles caused by the pandemic and future plans.

AIRBRINGR



Ashik Noon

Founder & CEO, AirBringr

Interviewed By
Bonnishikha Chowdhury, MBR Team

MBR: How did you get the idea of such peer to peer shipping business and how did the idea come into being?

Ashik Noon: The journey of AirBringr begun in May 2018, with financial and management advisory as well as motivational support of Robi Axiata Ltd. The journey has begun in the form of incubating the employees' business ideas under the company's innovative digital entrepreneurship development platform, 'R-Ventures'. A total of 212 business ideas were initially submitted by the Robi employees. Following multiple rounds of selection, 50 business ideas were chosen for the second phase; from 50 to 15 in the semi-final round. Finally, six business ideas were selected to be put through the incubation stage. My idea "AirBringr" was one of the winners of Robi R-Ventures season-1 initiative.

MBR: Please kindly tell us about the business model.

Ashik Noon: AirBringr is a "sharing economy" & "crowd sourcing" based digital platform which connects local shoppers with international travelers for cross border shopping/shipping from international market places (eg amazon, eBay, BestBuy etc.) by monetizing the unused baggage space of airline travelers. It allows travelers to match their itineraries to customers who wants to bring an item in a cost-effective way than traditional courier companies (e.g. DHL, FedEx etc.) and enable travelers to make money at the same time

by sharing his airline luggage space. In a broader perspective, this concept will ignite a significant growth of the global e-commerce industry and also help reduce carbon dioxide (CO2) emissions globally aligning SGD goal of United Nation.

In contrast to the traditional international logistic companies which are based on fixed-cost & company-owned asset model, AirBringr is based on information-driven and asset lite model which enables it to be experience-versus efficiency-focused.



MBR: In general, what challenges do you face in running a business of such model?

Ashik Noon: When I launched AirBringr concept as a MVP (Minimal Viable Product) back in Aug 2017, it was not that difficult to get shoppers in Bangladesh as many people were looking for a reliable source to bring authentic products from US online or physical stores. But managing travelers from USA and connecting them with local shoppers was a big challenge for this kind of innovative concept. To identify prospective travelers from USA, I had to participate in various fairs in US and organized multiple traveler hunting meetups in Dallas, New York, & Los Angeles and highlighted the benefit of helping others to buy something from US through AirBringr platform. So getting travelers from US was a challenge initially but gradually we have overcome that by setting up a dedicated traveler team

for hunting and adding new travelers in the pipeline. Now AirBrngr got the richest database of traveler who are flying around the year between North America & Bangladesh.

MBR: Considering the Covid -19 situation, what are the difficulties have you been facing and what strategies have you adopted in order to overcome such situation?

Ashik Noon: On Mid-March we as a company had to face with its worst challenge as the Corona virus was spreading globally. The USA were starting impose its lock down in all over its states and also banning air flights from all visiting countries as COVID 19 preventive measure. As AirBrngr is based on international traveler, Covid-19 brought us to an uncertain future for a new startup like ours.

As a startup 2020 was all built up and set for the best business year for AirBrngr. We had just came off a great successful Black Friday campaign during the end of 2019 and we were kicking off our 2020 with a lot of promise to grow. During this upbeat time of the business, coming to know that we may have to cease all working functionality of our company was the worst problem that could have headed towards us.

CEOs all over the world started facing overwhelming, challenges and uncharted waters as they continue to navigate the impacts of the COVID-19 pandemic. Many of the country's biggest business were at the brink of closing their door. During this time our company took the bold decision that we were not letting go any of our work force however this meant we needed to function differently in order to survive. One of the greatest strength of a startup is its ability to adapt to different conditions.

However, given the travel bans from the USA and inability serve our customers had posed a very difficult situation for us. We explained our situation to our customers as honestly as we could and to our delight we experienced a very positive encouragement that they were mostly in our support and believed in our service that we shall deliver on our promises once this pandemic situation eases. This served as great encouragement for us to look forward.

The very first thing we have introduced was mediatory Home Office from 3rd week of March. As a protective measure all our company employees were given the permission to work from home, as we started to adapt to our new work lives we started to ponder on issue that we could actively work on to be part of the solution in this adverse time of our country.



As the COVID 19 pandemic started to take its toll on our country we identified that there was a scarcity of quality COVID 19 protection gear like mask, hand gloves, face shield, goggles etc. in the market. AirBringr quickly decided to act on this and we started to source quality protective gears for people to have access for their personal needs. This was a significant move from AirBringr as we wanted to actively help out everyone we could as a part of our company's CSR campaign. We launched our COVID 19 protective products on our website making sure optimal quality products at the most reliable prices, AirBringr made sure that we made NO PROFIT on this as to make it most affordable and accessible for all who are willing to get protective gears. Since then AirBringr has been receiving COVID 19 protection gear orders not only from Bangladesh but also from outside Bangladesh and ensuring delivery all over Bangladesh within 48 hours.

During April we as a company came to realize that this current situation may persist to be here for a long time, and since our USA operations were almost no existent due to the lock down and travel bans, we had to do something drastic in order for our business to survive and we had to do this locally.

We put our heads together and started brainstorming on ideas that we could immediately enforce in order to survive, with a dynamic team like ours we were always confident of executing on something new. We all agreed to work on an idea that could make us survive as a company and also help us keep our entire work force active. This also meant that our company had to take up a new challenge overnight and work on to execute it, and we were all up for the challenge ahead.

We decided since people were in lock down in our country the greatest difficulty that we were to face was to get necessity items delivered to us such as grocery, medicine etc, as people could not get out of their houses. Thus we decided to move to a new venture dubbed FreshBringr. We identified that with the operations of AirBringr we already had a loyal shopper base in our country under us that we could serve to, who trusts us to provide quality service and products.

We launched Grocery delivery service on selected areas at first which we upgraded to cover the entire Dhaka



city in a week. Within a few hours of grocery products launched on our website (www.airbringr.com) we had our first order, and it just started to keep flowing steadily, this response came to give us much encouragement to go ahead and build up a process which shall ensure the best quality service given to our customers. Although we know we had vast competition in this market and many other bigger company were also operating we were not fazed by it, we focused not only on providing people the best service and products but also providing them quality products on the cheapest prices, which is why many products on our website were found on less than MRP prices from other shops.

There are few objectives that needs to be highlighted that FreshBringr initiative were committed towards. Our operation is also aligned with list of objectives highlighted below:

- **Serve Maximum Areas** - Cover the entire Dhaka city and later Chittagong as well.
- **Fast Delivery** - Ordered items are delivered within 24 hours.
- **Maximum Savings** - Ensuring affordable price range for our shoppers, by procuring items at best price from our suppliers and partners.

- **Quality First** - Ensuring quality products during procurement and purchase.
- **Serving NRBs (Non Resident Bangladeshi)** - Ensuring to help overseas NRB shoppers to purchase and send products to their parents & relatives in Dhaka city.
- **Contact less payment** - A payment option that does not need any interaction between shoppers and delivery persons.
- **Customer First** - Ensuring seamless communication (call center, live chat, email & social media) to ensure best customer experience in town.
- **Safety Frist** - To ensure social distance, all our delivery boys are equipped with Surgical PPE, Hand gloves, Face mask & Rain court while delivering the orders to shopper's doorstep.
- **No Minimum Order Value** - Ensuring shopper don't have to put any minimum value on the order they place.
- **Order Anything** - Shopper can request any items beyond the items listed on our website as an additional note.
- **Return & Refund** - From Day 1, we have ensured proper return & refund policy for our valued shoppers.

From Aug 2020, we have started getting some travelers, so our first target was to clear all the backlog items which were ordered during Feb and March this year. In last one month, we have already delivered 70% of those items and we should thank to each of our customers for trusting us for last 5 months and didn't blame us for any kind of issue. AirBringr has already started taking new orders from 16th August from shoppers all over Bangladesh. In September 2020, we are also opening the UK channel, though which shoppers can order directly form UK sites and get the delivery with 21 days to Bangladesh. AirBringr is also evaluating the southeast Asian market as per high demand from shoppers.

MBR: As there is a chance of Amazon to enter Bangladeshi market, how do you intend to manage such penetration?

Ashik Noon: As the CEO of AirBringr, I have faced this question many times from many different stakeholders and the answer is very simple. First of all, let me answer this as an Executive Member of Investment Standing Committee at eCab (E-Commerce Association of Bangladesh). eCab is actively engaged with Amazon to create amazon sellers from Bangladesh and promote Bangladeshi made items to global shoppers through Amazon platform. So we need to understand that currently amazon is entering Bangladesh market only to promote their FBA (Fulfillment by Amazon) concept through which Bangladeshi sellers can join with millions of sellers around the world and promote Bangladeshi products to the world through Amazon. But as Bangladeshi is a market of 170 million people and the way our economy is growing, companies like Amazon, Walmart etc. will also try to penetrate as a local eCommerce player. So even if amazon starts its amazon.bd operation in Bangladesh, that will also not impact AirBringr concept. If we check amazon.in (amazon India) or amazon.my (amazon Malaysia) we will find that amazon's business model is to become a local platform highlighting the local items of that particular country and compete with local ecommerce players. So for shoppers who wants to buy authentic products from US or UK or Canada they will continue shopping with AirBringr as they understand that an item from US is ensured by US QC (quality check).

What are your future plans for Airbringr?

Ashik Noon: Currently we are bringing items from USA only, but by September we are onboarding UK, so shoppers from Bangladesh can also order from UK's online stores. Also as we are getting good demand for Chinese, Indian and South East Asian items so we have plan to start taking orders from these counties soon. Additionally, we are also targeting to open new operation outside Bangladesh by 2021. AirBringr is also planning to start OTA (online traveler agent) business model though which our international travelers can directly purchase air tickets from our site at best rate.

AIRPOSTED



Rayan Rahman

Founder and CEO , Airposted

Iqbal Anwar

Founder, Airposted

Interviewed By
Bonnishikha Chowdhury, MBR Team

MBR: How did you get the idea of such peer to peer shipping business and how did the idea come into being?

Rayan Rahman: Growing up as a '90s kid, I am delighted to witness a time where the last 30 years has made far greater leaps than the last 3,000. The rapid advance in technology, healthcare and rise of cellular phones has contributed to an ever-increasing globalization and connected world. When I was in school, cell phone was considered a luxury, Facebook was still in its infancy, YouTube played 240-pixel videos, Uber had not started, and Twitter was just taking off! Hard to imagine, but 15 years earlier the world was so different. What is a part of our everyday lives today, barely existed before.

The inspiration and start of Airposted :

Far more than any technology platform, I was intrigued by the impact of Facebook. I watched one of the first showings of the movie based on the social networking site — “The Social Network.” The movie was the closest I ever got to the famed Silicon Valley and the lives of these tech founders. And it had a deep influence on me and made me rethink my life goals.

For the next few years, I kept thinking of how I could have an impact on society and with the rise of Uber, Airbnb, and the shared economy gig, I had an idea. Why don't I build a platform which would use the

concept of peer-to-peer shipping and the shared economy to connect people who wanted something from a specific location (a consumer shopping for a product) to someone who is already traveling their way (a traveler who would be the courier) For the shopper, this meant they can now save on shipping costs while travelers made extra money traveling to a place they would travel to anyway. It was a win-win! In April 2016, I registered the company, called it Airposted and bought the domain, airposted.com.

I sketched and designed the first UI and business logic for the website and then shared the idea with my cousin and friend, who were hooked. I was a junior at George Mason University and by this time was spending countless classes on the back benches designing the site, writing the terms and conditions and anything to do with Airposted. It was a process. And I enjoyed it! We betalaunched the site in

Q4 2016 within the university and it garnered good interest. Students were signing up, had questions, and appreciated the initiative. They were intrigued by the fact that they could now travel internationally and make money carrying products, using my platform. This is how Airposted, the peer-to-peer shipping startup, started.



The D.C. connection:

Airposted was registered in Virginia and both I and my cousin lived in Northern Virginia at the time. D.C. was just a Blue Line train away from the Franconia-Springfield Metro Station and we wanted to make the best use of the city.

The events hosted by 1776 was the start. There we networked and pitched the idea to countless investors and while none invested, their feedback was crucial to our early development. We also walked into embassies, to meet attachés and cultural heads of several countries. We asked them how our idea sounded. Most embassies being lined up in the same block helped, and we would just grab coffee and walk in. It was interesting!

And perhaps the greatest influence D.C. had on Airposted was that as we roamed around the streets of Pennsylvania Avenue and the Capitol, we surveyed hundreds and hundreds of tourists sharing our concept and asking for their feedback. We took these surveys into consideration as we launched, and the feedback proved to be a driving force to our later success. D.C. — thank you! Any new entrepreneurs around the area can use these techniques as they launch an idea to a viable product. The bustling city with its diversified population can only benefit you.

MBR: Please kindly tell us about the business model.

Rayan Rahman: Airposted is Bangladesh's first peer to peer platform that eases and simplifies the process of shipping to help the shoppers get their desirable goods or products from anywhere in the world. The whole process is done by travelers who are already heading their way to deliver the products to the shoppers without the cost and hassle of international shipping. Airposted aims to change the way people ship, travel and shop by providing outstanding services and opportunities.

How Airposted works:

For Shopper: Shoppers can order anything from the US through Airposted website, app or Facebook official page and avail the best deals and prices, while getting them delivered to their doorstep at the most affordable shipping prices and hassle-free transactions. Airposted charges a

small percent of the product cost for shipping and hence the customers derive the benefit of paying the actual prices of the goods they agreed upon in the website in addition to a reasonable markup for their services which is ultimately lower than if they had to get their merchandise from FedEx, DHL or a local reseller.

For Traveler: Airposted is a unique platform for travelers to earn money by carrying the customer requested products. Travelers that are traveling between USA and Bangladesh, can utilize unused space in their luggage and carry goods to avail that income opportunity. Travelers can register at www.airposted.com providing their contact and travel details. They can also decide which products they would like to carry. Airposted employees from NY head office will contact the registered travelers and guide them through the entire process. Airposted only engages in shipping of legal consumer products. If traveler needs to pay any tax on Airposted goods, Airposted will reimburse it upon receiving receipt.

Delivery time: Airposted requests to take two to three weeks delivery time for products, but in most cases Airposted ensures a smooth delivery within a week.

MBR: In general, what challenges do you face in running a business of such model?

Rayan Rahman: In general, we do not face any major challenges while running the business. However, due to Covid -19 the whole scenario has changed pretty drastically. As we all know Airlines, Tourism industry as well as Hotel and Travel agencies are greatly affected and hence it is getting difficult for us to generate travelers to get the products delivered to our customers' doorsteps. Our estimated delivery time used to be 15-21 days Guaranteed. But now it's difficult to promise our customers an estimated delivery date or time. Moreover, customers are not willing to pay for high end products due to the overall economic condition caused by the pandemic. So, these are some challenges we have been facing since March.

MBR: Considering the Covid -19 situation, what are the difficulties have you been facing and what strategies have you adopted in order to overcome such situation?

Rayan Rahman: My cousin and friend left the company in 2018 as I raised investments and grew. We had a new partner join the team, Iqbal Anwar. He would eventually become one of the cofounders. In Q4 of 2019 we raised our latest round and the team could not be happier.

But little did we know of what was to come. The year started with heightened uncertainty as COVID-19 and nationwide protests swept through at an unprecedented pace.

We had to go back to the drawing board and rethink our business model in the COVID era, as international travel came to a standstill. Our backbone is built on the idea of connecting a shopper to a traveler and now there were no travelers. As industry giants in the peer-to-peer space suffered and many of their stocks took a dive, Airposted could not be in a worse position, being a small startup. But we were optimistic and decided not to give up!

We used the time to rethink our business and how we could diversify. Thousands of small business and startups has been decimated. While I do not yet have a timeline to when we will restart our business as case numbers keep swinging, I am optimistic.

With the news of a probable vaccine, added guidelines and safety measures and pent up demand for travel and shopping, I am optimistic. Regardless, the future of peer-to-peer economy post COVID should be an interesting one:

- The shared economy model will be put to the test as companies evolve and implement what they have learned in the past few months. Shared gig is a tricky pace; it needs humans helping humans to be successful. Pandemics do not help the cause.
- Companies have or will introduce added safety guidelines and precautions to help reduce and stop the spread. I was in a Uber cab from D.C. to Union Station last week, and the car was completely covered in translucent polythene. The seats were wrapped in

plastic. I had to wear a mask and use hand sanitizers given by the driver before entering his car.

- And many companies will try diversifying and get into new verticals, like Airposted.

As of this writing, the world is loosening restrictions and trying to open back up to normalcy. The ray of light could not be any brighter. Humanity has always risen from bad times and this time will be no different. The saying “what does not kill us only makes us stronger” could not be more fitting. Once the pandemic is gone and we all look back, we all will agree on one thing — the world has changed! The question is if we all can agree, did it change for the better?

MBR: How many customers do you have currently? How do you intend to scale up the customer base?

Rayan Rahman: Currently we have twenty thousand customers. We intend to scale up the customer base by expanding our business. We are planning to grab customers from different countries through geographical expansion. To serve a wide range of customer base we are planning to introduce different business models to fulfill each segment through diversification, core competencies as well as distinctive capabilities.

MBR: As there is a chance of Amazon to enter Bangladeshi market, how do you intend to tackle such penetration?

Rayan Rahman: Considering the current Covid condition, I don't think Amazon is planning to enter Bangladesh any time soon. However, if they do, I think we have enough resources, capabilities, strong customer base as well as alternative options in terms of pricing, and marketing strategy to tackle such penetration.

MBR: What are your future plans for Airposted?

Rayan Rahman: With apps for both iOS and android, Airposted is looking to increase its user base and traction in USA, India and Bangladesh. By 2021 we want to expand our services in other countries targeting the growing South-Asian economy.

Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of August in positive territory. During the month, the broad index DSEX rose by 15.8%, gaining about 664.7 points. The blue chip index DS30 and the Shariah index DSES also increased by 19.6% and 16.0%, respectively.

Among the regional peers, Vietnam index advanced (+10.4%) the most, followed by Pakistan (+4.7%) and Sri Lanka (+4.0%), respectively. MSCI Frontier Markets Index also increased by 7.6%. Over the long term, Vietnam showed the most encouraging track record with a 5 years' return of 56.1%.

Table 1: Equity market performance in Bangladesh and peer countries

Indices	Index Points, August, 2020	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
1M	3M	YTD	12M	3Y	5Y	-27.4%	-12.1%
DS30	1,420.6	5.9%	6.7%	-6.1%	-26.4%	-33.2%	-24.6%
DSES	976.5	5.6%	6.1%	-2.3%	-21.5%	-25.5%	N/A
Peer Countries							
Pakistan (KSE 100)	41,110.9	4.7%	21.2%	0.9%	38.6%	-0.2%	18.4%
Sri Lanka (CSE - All Share)	5,329.3	4.0%	10.0%	-13.1%	-9.5%	-16.6%	-27.1%
Vietnam (VNI)	881.7	10.4%	2.0%	-8.3%	-10.4%	12.6%	56.1%
MSCI Frontier Markets Index	671.0	7.6%	6.3%	-12.5%	-9.3%	-12.1%	4.7%

*All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During August, the total market capitalization increased by 13.5%, while free float market capitalization increased by 15.4%. The daily average turnover of August 2019 was BDT 9.8 bn (USD 115.6 mn), increasing by 242.9% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market increased to 60.4% in August compared to 22.1% of last month. In 2019, turnover velocity of Bangladesh equity market was 33.5%, in comparison to 34.4% in 2018.

Table 2: Market capitalization and turnover statistics

Particulars	31-Aug-20	31-Jul-20	% change
Total market capitalization (USD* mn)	43,613	38,412	13.5%
Total equity market capitalization (USD mn)	36,682	31,541	16.3%
Total free float market capitalization (USD mn)	14,909	12,915	15.4%
Daily Avg. Turnover (USD mn)	115.6	33.7	242.9%
Turnover Velocity~	60.4%	22.1%	N/A

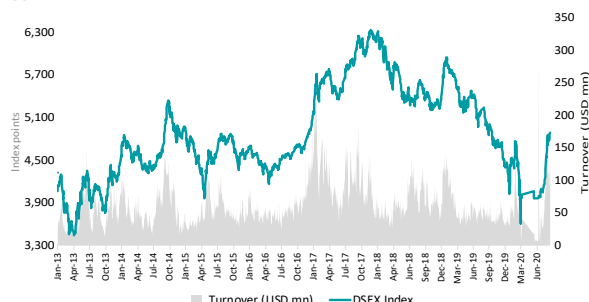
*All USD figures are converted using an exchange rate of 84.80 as of August 31, 2020 as per Bangladesh Bank website.

~Turnover velocity is calculated by dividing monthly total turnover with month-end market capitalization. The figures are annualized.

Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 20.3% till August, 2020. During the same period, daily average turnover of the market amounted to BDT 5.3 bn (USD 62.2 mn) (Figure 1).

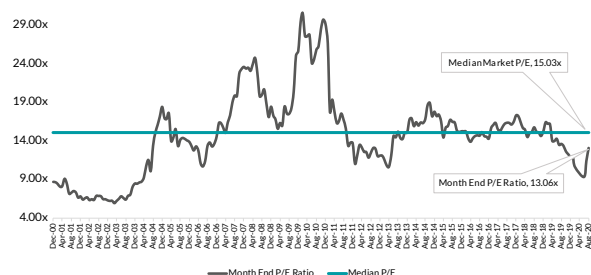
Figure 1: DSEX since inception along with market turnover



Market Valuation Level - P/E Ratio

The market P/E increased to 13.06x in August compared to last month's 11.37x. It is also way lower than the 19 years' median market P/E of 15.03x (Figure 2). In terms of trailing 12 month P/E ratio, the equity market of Bangladesh is the cheapest among its regional peers. (Figure 3).

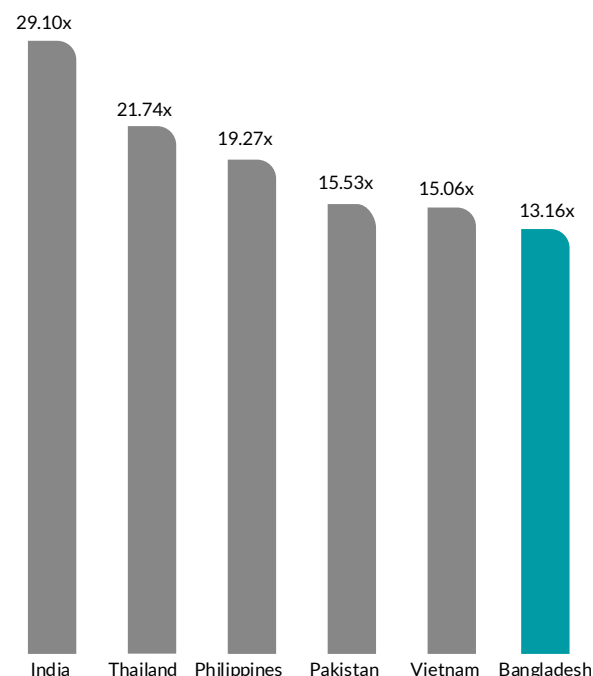
Figure 2: Historical market P/E* and it's median Current Market P/E in Context of History



*Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their total audited annual earnings.

Source: CEIC, DSE

Figure 3: Current market P/E* of Bangladesh and peer countries



Source: IDLC, Bloomberg

Sector Performance

During August, all the sectors, except one, yielded positive returns. Among the major sectors Telecommunication yielded the highest return (+29.3%), followed by NBFi (+27.2%) and Miscellaneous (+22.2%).

Pharmaceuticals & Chemicals sector surpassed Bank in terms of market capitalization in August. Bank is relatively undervalued in terms of P/E ratio. On the other hand, Fuel & Power sector has the highest dividend yield of 5.4% among all sectors.



Table 3: Sector performance snapshot

Sector	Market Capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Pharmaceuticals & Chemicals	6,783	3,567	16.3%	20.5%	23.9%	10.3%	24.9%	52.2%	12.3	12.7	2.0%
Bank	6,330	3,582	16.3%	25.9%	5.5%	1.3%	-13.2%	63.0%	7.9	0.6	4.4%
Telecommunication	5,320	572	29.3%	31.4%	19.3%	9.1%	-1.4%	30.5%	16.9	2.6	3.9%
Fuel & Power	5,004	1,338	13.7%	18.2%	12.8%	-8.5%	15.4%	24.5%	12.9	1.4	5.4%
Food & Allied	2,919	1,047	16.9%	19.1%	15.1%	-7.3%	6.7%	12.7%	16.6	6.0	3.4%
NBFI	1,940	549	27.2%	32.7%	17.4%	5.8%	-28.0%	17.8%	15.5	1.8	1.9%
Engineering	1,803	932	13.4%	16.0%	4.0%	-17.9%	-22.9%	11.6%	17.0	1.2	2.6%
Miscellaneous	1,363	419	22.2%	24.4%	19.6%	1.5%	25.3%	52.9%	42.0	1.3	2.0%
Textile	1,294	744	7.0%	12.4%	1.1%	-12.0%	-7.5%	34.8%	15.7	0.8	2.4%
Cement	1,003	411	15.9%	18.6%	23.1%	-0.3%	-31.9%	-51.1%	25.5	2.2	1.8%
Non Life Insurance	725	404	6.4%	51.9%	23.7%	31.1%	58.6%	142.2%	14.6	1.3	2.8%
Life Insurance	671	300	-0.9%	11.9%	-7.2%	-7.0%	23.6%	37.7%	16.8	6.9	2.1%
Travel & Leisure	295	153	0.1%	-0.4%	10.6%	10.8%	20.5%	45.7%	26.0	0.7	2.7%
IT	276	174	10.3%	21.9%	7.7%	1.4%	38.6%	269.4%	34.6	1.2	1.2%
Ceramics	263	108	11.7%	11.7%	-1.5%	-12.6%	-21.0%	-17.8%	48.0	1.4	3.1%
Tannery	222	109	5.7%	5.6%	-2.8%	-25.4%	-31.8%	-21.0%	37.3	1.7	1.9%
Services & Real Estate	177	91	8.3%	15.4%	11.4%	-7.5%	-39.8%	-32.0%	15.2	0.8	3.1%
Paper & Printing	127	45	11.5%	11.7%	9.2%	-13.5%	331.4%	395.4%	19.6	2.1	2.5%
Jute	27	17	26.8%	28.8%	-11.8%	-43.3%	15.3%	120.1%	54.0	6.7	1.1%
Market	36,514	14,547	15.8%	21.7%	9.6%	-4.3%	-18.8%	2.3%	13.2	1.4	3.3%

*All returns are Holding Period Return.

**Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their annualized earnings excluding companies trading at an annualized P/E greater than 80.0x.

^P/BV is calculated by dividing total market capitalization of listed companies with their total book values excluding companies with negative book values.

~Dividend yield is calculated by dividing last year's declared cash dividend with market capitalization.

Cap Class Performance

During the month of August, all cap classes yielded positive returns. Among them, the large cap was the highest dividend yielding (3.9%) class.

Table 4: Performance of different market cap classes

Cap Class	Market Capitalization of Constituent Companies (USD mn)	% of Total Equity Market Capitalization	Return*						P/E (x)	P/BV (x)	Dividend Yield^
			1M	3M	YTD	12M	3Y	5Y			
Large	≥119	79.4%	21.4%	25.2%	15.3%	-0.2%	4.1%	28.3%	12.7	1.5	3.9%
Mid	36-118	11.4%	12.3%	18.3%	11.5%	3.9%	-8.1%	26.7%	14.2	1.0	2.4%
Small	12-35	7.3%	9.6%	17.0%	12.5%	-3.7%	-13.7%	28.1%	18.5	0.9	2.6%
Micro	<12	1.8%	10.4%	23.1%	11.4%	-0.1%	-10.4%	25.5%	20.7	0.4	1.2%
Market	-	-	15.8%	21.7%	9.6%	-4.3%	-18.8%	2.3%	13.2	1.4	3.3%

*All returns are Holding Period Returns

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, ICB (+43.2%) advanced the most in August, followed by BXPHERMA (+42.5%) and OLYMPIC (+37.6%). NATLIFEINS (-0.7%) faced the highest selling pressure during the month.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as EBL (+166.6%), NATLIFEINS (+134.7%), DUTCHBANGL (+104.2%) and BRACBANK (+105.4%).

Among the scrips, SUMITPOWER, TITASGAS, EBL, MJLBD, MARICO, ISLAMIBANK, UPGDCL, DUTCHBANGL, GP and BATBC recorded a higher dividend yield compared to that of market.

Table 5: Snapshot of 20 largest companies in terms of market capitalization

DSE Code	Sector	Market capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommunication	5,070	507	2.16	29.5%	30.8%	18.9%	8.9%	-1.7%	31.3%	12.0	14.8	4.1%
BATBC	Food & Allied	2,283	604	2.01	18.5%	18.5%	15.7%	-7.2%	15.2%	15.7%	16.1	5.9	3.7%
SQURPHARMA	Pharmaceuticals & Chemicals	2,179	1,426	2.94	20.9%	15.5%	15.2%	-5.3%	-1.7%	24.1%	13.2	2.6	1.8%
UPGDCL	Fuel & Power	1,675	167	0.78	22.4%	22.4%	9.9%	-31.8%	119.4%	N/A	22.6	5.4	4.4%
RENATA	Pharmaceuticals & Chemicals	1,238	605	0.37	8.0%	11.5%	8.1%	10.6%	54.6%	69.6%	25.8	5.3	0.8%
ICB	NBFI	928	30	0.25	43.2%	49.9%	33.5%	10.4%	-28.1%	0.8%	(124.0)	8.2	0.0%
BERGERPBL	Miscellaneous	794	40	0.20	11.0%	13.5%	7.6%	-5.6%	46.6%	54.7%	156.5	9.3	2.0%
MARICO	Pharmaceuticals & Chemicals	737	74	0.22	18.5%	30.7%	24.2%	14.1%	126.7%	74.7%	15.7	33.9	4.8%
BRACBANK	Bank	621	346	2.91	24.5%	36.7%	-23.6%	-24.7%	-26.9%	105.4%	15.0	1.4	1.8%
LHBL	Cement	604	213	2.12	22.8%	26.3%	34.9%	17.4%	-20.4%	-57.5%	30.2	3.3	2.3%
BXPHARMA	Pharmaceuticals & Chemicals	552	480	7.35	42.5%	72.4%	65.7%	39.5%	11.4%	96.2%	13.4	1.5	1.3%
SUMITPOWER	Fuel & Power	530	195	1.00	7.7%	15.3%	20.3%	16.6%	32.3%	66.4%	7.7	1.4	8.3%
ISLAMIBANK	Bank	473	241	0.40	37.6%	57.2%	37.5%	17.2%	-13.6%	7.5%	6.4	0.7	4.0%
OLYMPIC	Food & Allied	431	311	0.20	6.6%	21.6%	10.7%	-9.4%	-27.5%	-7.4%	17.7	5.0	2.6%
TITASGAS	Fuel & Power	412	103	0.37	13.9%	17.7%	14.2%	0.8%	-13.7%	-38.8%	12.5	0.5	7.4%
DUTCHBANGL	Bank	380	49	0.27	13.4%	27.7%	1.9%	9.9%	35.3%	104.2%	7.4	1.2	4.7%
EBL	Bank	353	242	0.11	19.4%	29.1%	20.1%	15.9%	8.3%	166.6%	9.0	1.2	4.1%
NATLIFEINS	Life Insurance	330	76	0.17	-0.7%	8.6%	-7.8%	5.2%	93.3%	134.7%		21.2	1.1%
GLAXOSMITH	Pharmaceuticals & Chemicals	328	31	0.14	6.6%	12.7%	34.9%	29.0%	76.5%	27.0%	43.7	24.6	2.3%
MJLBD	Fuel & Power	316	90	0.23	13.2%	30.3%	33.8%	4.0%	-16.9%	11.4%	12.9	2.2	5.3%
Market		36,514	14,547	115.55	15.8%	21.7%	9.6%	-4.3%	-18.8%	2.3%	13.2	1.4	3.3%

*All returns are Holding Period Return.

^Five years' return is not available for UPGDCL as they were not listed then.

Top Performing Mutual Funds:

The top ten open end mutual funds based on 3 year CAGR outperformed the market, during the same period. Among them, CAPM Unit Fund (+5.7%) yielded the highest return. On YTD 2020 basis, all the funds generated positive returns. Third ICB Unit Fund (+16.8%) generated the highest return.

Table 6: Top ten open end funds based on 3Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	NAV Return		
			2020 YTD*	2019	2017-2019
CAPM Unit Fund	CAPM	1.5	11.1%	-7.3%	5.7%
VIPB Accelerated Income Unit Fund	VIPB	6.9	3.7%	-4.6%	5.4%
Seventh ICB Unit Fund	ICB	4.5	10.1%	-7.8%	3.8%
ATC Shariah Unit Fund	ATCP AML	1.4	4.3%	-10.8%	3.2%
LankaBangla 1st Balanced Unit Fund	LankaBangla	4.2	15.5%	-8.0%	2.6%
Sixth ICB Unit Fund	ICB	2.9	9.8%	-8.4%	2.4%
MTB Unit Fund	Alliance	9.8	8.4%	-0.9%	1.7%
UFS-Popular Life Unit Fund	UFS	8.1	4.0%	-9.0%	1.6%
Third ICB Unit Fund	ICB	3.6	16.8%	-8.2%	1.1%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.2	3.2%	-7.7%	0.9%
Market (Broad Index) Return (%)			10.3%	-18.0%	-4.3%

*Based on published NAV and DSEX point of August 27, 2020

All the top ten closed end mutual funds on the basis of 5 years (2015-2019) performance yielded positive returns on YTD basis except ATCSLGF (-2.9%). GRAMEENS2 (+8.6%) yielded the highest return. All these funds are traded at a lucrative discount compared to their NAV.

Table 7: Top ten close end funds based on 5Y return (CAGR) performance

DSE Code	Fund Manager	Fund Size (USD mn)	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year ⁴
							2020 YTD	2019	2017-19	2015-19	
NLI1STMF	VIPB	7.8	11.1	13.1	84.7%	4.5%	4.5%	-4.5%	5.0%	9.7%	2022
SEBL1STMF	VIPB	14.4	10.4	12.3	84.7%	2.9%	4.7%	-4.4%	4.7%	8.7%	2021
ATCSLGF	ATC AML	7.6	8.4	10.5	80.2%	8.9%	-2.9%	-8.1%	4.1%	7.5%	2025
EBL1STMF	RACE	17.5	5.0	10.2	48.8%	0.0%	3.0%	-5.0%	4.4%	6.8%	2029
PHPMF1	RACE	34.0	4.6	10.2	44.9%	6.5%	2.9%	-3.5%	4.7%	6.2%	2030
RELIANCE1	AIMS	8.5	9.2	11.9	77.4%	10.9%	5.6%	-6.6%	3.8%	6.2%	2021
GRAMEENS2	AIMS	38.2	13.7	17.8	77.1%	5.1%	8.6%	-7.1%	4.5%	6.0%	2023
IJANATAMF	RACE	35.2	4.6	10.3	44.6%	0.0%	2.4%	-4.0%	3.5%	5.8%	2030
POPULAR1MF	RACE	36.4	4.7	10.3	45.6%	6.4%	2.5%	-4.6%	3.8%	5.8%	2030
AIBL1STMF	RACE	11.9	7.3	10.1	72.1%	11.0%	7.3%	-6.4%	2.1%	5.3%	2031
Market						3.3%	10.3%	-18.0%	-4.3%	-1.9%	

1 Price as of August 31, 2020, and NAV published on August 27, 2020.

2 On last cash dividend declared.

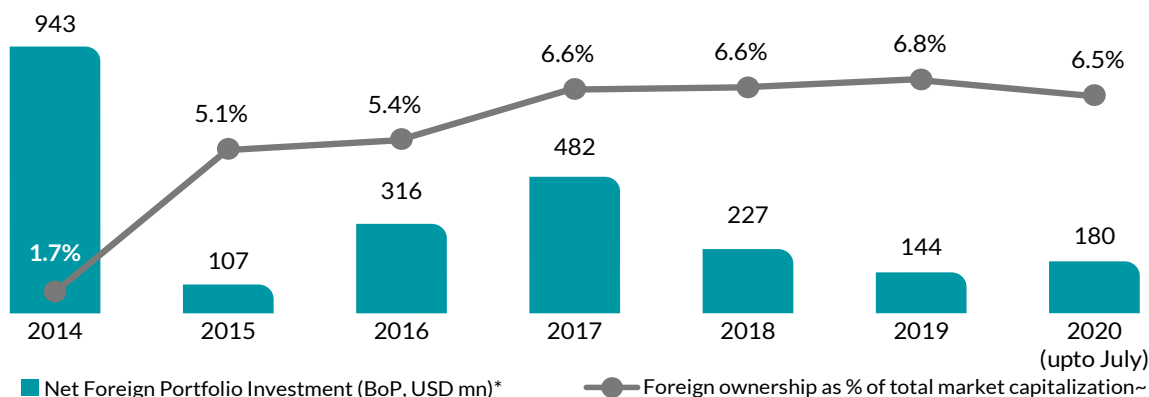
3 CAGR computed for respected periods, except for 2019 and 2020 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসসি প্রেস রিলিজ (৩য় খণ্ড) ২০১১/২৫ published on March 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. However, the mutual funds those are not willing to extend their tenure will still have the option to convert or wind up as per rules and regulations.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of July, 2020 total foreign ownership stood at 6.3% of the total equity market capitalization, which was only 1.7% in 2014.

Figure 4: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank

*Net portfolio investment data are as of December of the respective years, except 2020.

~% of foreign ownership of equity market capitalization data are as of December of the respective years, except 2020 (as of July).

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 42.4% as of July 2020, followed by DBH with 40.9%.

Table 8: Top ten companies with highest foreign shareholding as of July 2020

Ticker	Sector	Foreign Shareholding*
BRACBANK	Bank	42.2%
DBH	NBFI	40.9%
OLYMPIC	Food & Allied	40.1%
BXPHARMA	Pharmaceuticals & Chemicals	34.1%
ISLAMIBANK	Bank	23.2%
RENATA	Pharmaceuticals & Chemicals	22.8%
MLDYEING	Textile	21.9%
SHEPHERD	Textile	18.8%
VFSTD	Textile	18.3%
SQURPHARMA	Pharmaceuticals & Chemicals	18.0%

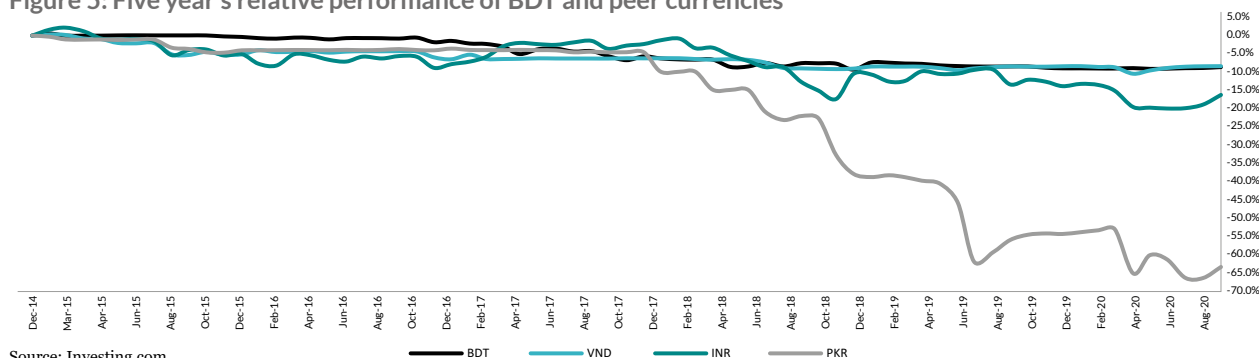
Source: DSE

*Latest Data for Foreign shareholding available on DSE are as of July 2020.

Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 8.6% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 8.4%, 16.2% and 63.3%, respectively.

Figure 5: Five year's relative performance of BDT and peer currencies



Source: Investing.com

ব্যবসা ছোট হোক বা মাঝারি
আপনার পাশে আছে

আইডিএলসি এসএমই লোন