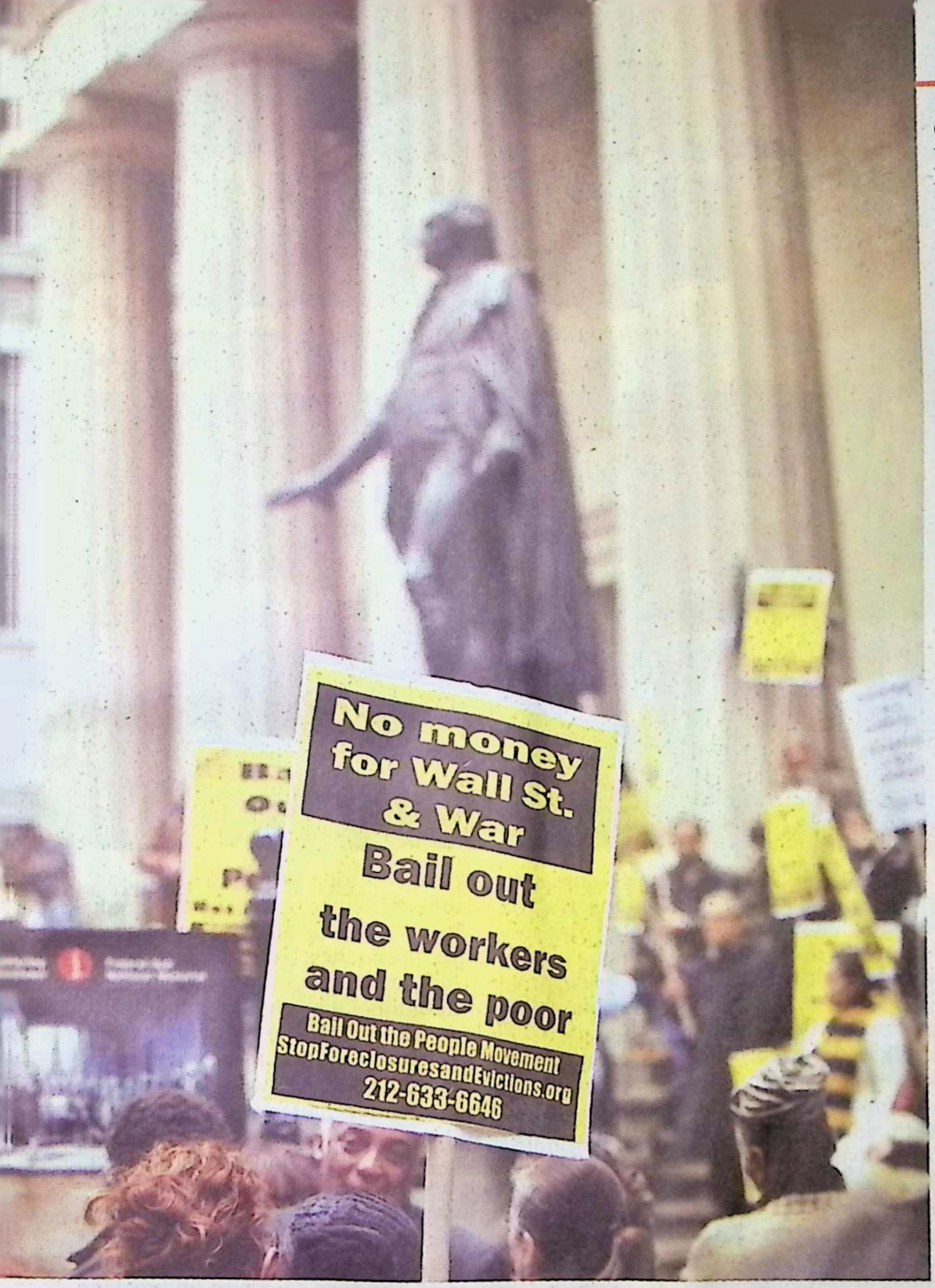


Bangladeshi you probably will give him the money, but as a cold hearted capitalist, your first reaction is to ascertain the chances of you getting your money back. And there lies the rub: the subprime crisis has severely dented the confidence of both consumers and lenders. Although there's still plenty of capital around, both consumers and banks are staring at each other warily, not wanting to make the first move.

The origins of the financial crisis might be as American as apple pie but the consequences are global. Remember earlier how commercial banks sold off the home loans as bonds in the international bond market? Well, it turns out that many of the buyers were global investment banks like Lehman et al., firms which until recently were deemed solid and safe. Overnight, even small investors have found out that their holdings in some of these institutions have suddenly become worthless.

So is the financial crisis coming to a bank near you? The good news is: probably not. First of all, Bangladeshi banks are not really involved in big time financial instruments. We have a pretty insulated stock market that still runs on old-fashioned speculation and the rumour mill. In addition, banks in Bangladesh have come a long way as far as regulations and credit control is concerned.

But there are some obvious dangers ahead. If you're in the garment or textile business, you're probably going to be worried by the fact that a majority of your customers (the EU and the US) are suddenly cash strapped and have started haggling with your prices. This is where local financial instrument must come up to bat for the export sector. There are several ways of doing it. One is to devalue the Taka in relation to the dollar and further entice American importers who have newly discovered nationalising their industries running up to the elections. Another option may be to make it easier for countries like China and Japan who are already feeling the credit pinch to move their factories to Bangladesh in order to save costs, especially on wages and employment benefits which are already reaching a ceiling. But for everyday consumers like you and me, we can pretty much go about our daily business without having to fear our homes sealed up. And judging by the fervour surrounding Eid shopping this time around, I don't think my advice is really necessary.