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# Star BUSINESS

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## No relief from high food prices in 2018

SOHEL PARVEZ

Inflation is likely to edge upwards in 2018 upon food price rises, according to economists, in a projection that is bound to cast a gloom upon the low-income families.

"The economy has been overheating with actual growth exceeding the potential growth rate," said Zahid Hussain, lead economist of the World Bank's Dhaka office.

This has been compounded by supply shocks due to recurring floods, increase in import prices and exchange rate depreciation of late.

"Consequently, given an expansionary fiscal policy, inflation can be expected to rise in 2018 as global



Zahid Hussain

commodity prices pick-up further." The prediction comes at a time when inflation is on the rise: it rose to 6 percent in October this year from 5 percent in December 2016, driven mostly by food price spiral.



Selim Raihan

Inflation needs to be brought down to 5 percent or less to make the lives of the low-income group bearable and to keep the economy competitive internationally, he said.

Subsequently, with the view to preventing fuelling excess demand in the economy, Hussain advised the central bank to continue with the cautionary monetary policy it had announced in July for the rest of the fiscal year.

Some 5.2 lakh people have fallen into poverty due to the rise in the price of the staple rice this year, according to Selim Raihan, professor of the Dhaka University's department of economics.

The retail price of a kilogram of coarse rice, which was Tk 35.84 in January this year, hit Tk 47.78 in September for crop damage from recurrent floods and depleted public stocks, according to the Food and Agriculture Organisation.

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## Banks should manage liquidity with caution

Bankers, experts say as risks loom large

AKM ZAMIR UDDIN

Senior bankers and experts suggest Bangladesh's banks be cautious in liquidity management from the start of 2018 as a majority of them have been facing a shortage of available liquid funds at the extreme end of this year.

An increasing trend in private sector credit growth, large import payments and declining depositors' confidence on the banking sector may erode banks' liquidity base, they said.

The higher interest rate of government savings tools compared to that of banks' credit products will further hit the banks' liquidity management next year.

Syed Mahbubur Rahman, managing director of Dhaka Bank, said the banking sector might face a liquidity shortage in 2018 as loans disbursed by banks registered a higher growth than deposits in the outgoing year.

The banks may also face a shortage of foreign currency funds because of the need to make a huge amount of import pay-

## FLASHBACK 2017

ments, he said.

The latest volatile situation in the banking sector might also put an adverse impact on depositors' confidence which will add extra pressure on banks' efforts to collect the fund from common people, said Rahman, also chairman of the Association of Banks, Bangladesh.

"The government will try to implement its mega projects next year as 2018 is a pre-election year, which will fuel its borrowing from banks," he said.

According to data from Bangladesh Bank, the excess liquidity in the banking sector decreased to Tk 90,000 crore in the first week of November from Tk 1.06 lakh crore in the last week of June. It was Tk 1.23 lakh crore in December 2016.

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## EBL introduces artificial intelligence for faster services

STAR BUSINESS REPORT

Eastern Bank Ltd has launched the country's first ever artificial intelligence-based chatbot to render faster services to clients, in a development that can be viewed as a milestone for Bangladesh's banking sector.

A computer programme that conducts a conversation via auditory or textual methods, chatbots are increasingly becoming popular in developed countries for customer services or as the first point of contact with companies.

While some chatbots use sophisticated natural language processing system, many simpler systems scan for keywords within the input and then pull out a reply with the most matching keywords, or the most similar wording pattern, from a database.

By way of Facebook Messenger, the EBL Digital Interactive Agent will inform the bank's customers about their accounts, credit card and prepaid cards as well as general service information. Viber and Twitter versions will be available shortly.

The experience will be just like chatting with a person though the user will be responded by the interactive software.

This is another major leap towards EBL's attempts to digitise its banking services, the bank said in a statement.

"EBL always strives to innovate and will continue to do so by bringing in exciting products and services to the market to make everyone's banking transaction simple," said Ali Reza Iftakhar, managing director of EBL, at the launch event of the chatbot on Thursday.

Based on customer experience and feedback, EBL will update the chatbot by adding new features.

## Private sector credit growth hits 19pc

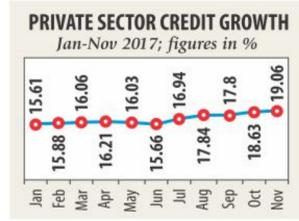
JEBUN NESA ALO

Private sector credit growth continued its ascent in November, crossing the 19 percent-mark last month on the back of banks' aggressive lending to log in profits amid the low lending rate.

Last month, private sector credit growth stood at 19.06 percent, which is far beyond the target of 16.2 percent set by the Bangladesh Bank for the first half of the fiscal year.

The last time the credit growth was this high back in March 2012, when it stood at 19.5 percent. In January, the credit growth was 15.61 percent. From July it accelerated.

The unusual credit growth has got the central bank concerned as it will



put pressure on inflation, which is already on the rise, said a senior BB official.

"Necessary measures will be taken to curb the credit growth in the upcoming monetary policy," he added.

As the lending rate was subdued throughout the year, banks are lend-

ing expansively as a last-ditch effort to book flattering profit figures for 2017, said Md Arfan Ali, president and managing director of Bank Asia.

"But the demand for credit is also on the rise," he added.

Some banks are lending aggressively to make more profit and hence causing the higher private sector credit growth, said MA Halim Chowdhury, managing director of Pubali Bank.

On December 17, the BB froze Tk 51 crore from ONE Bank's current account with the banking regulator and Tk 25 crore from Premier Bank's for their aggressive lending practices that took them way past the permissible limit for loan-deposit ratio.

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## Govt earns Tk 111cr from land ports: minister

BSS, Benapole

The government earned Tk 111 crore in revenues from the country's land ports this year, much higher from Tk 28 crore in 2009, Shipping Minister Shajahan Khan said yesterday.

"The government led by Prime Minister Sheikh Hasina opened 11 more land ports in the country," he said at an advisory committee meeting at Benapole port.

The minister said there are 22 land ports in the country 12 of them are now in operation, he said. "We will inaugurate one more land port by the next month."

The government constructed a passenger terminal equipped with modern services at Benapole land port, he said. "We are also constructing a shed and a terminal for transshipment."

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NRB Conclave

Transforming Bangladesh Through Knowledge Remittance

Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority, speaks at the NRB Conclave, held at Le Méridien Dhaka yesterday. Story on B3

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