

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
Week-on-week		As of Friday		MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
DSEX	3.13%	Gold	\$1,329.80	2.34%	0.90%	0.49%	0.46%	BUY TK	82.35	101.12	116.11	0.73
CSCX	2.77%	Oil	\$65.06	35,066.75	23,274.53	3,529.82	3,462.94	SELL TK	83.35	104.83	119.71	0.77
	6,021.45											

আপনার বিআরটিএ ফি এবং সকল ইউটিলিটি বিল এসআইবিএল এর যে কোন শাখার মাধ্যমে জমা দিন

* ফি অনলাইন সেবা
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star BUSINESS

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Banks use expired credit ratings for lending

AKM ZAMIR UDDIN

Many banks are allegedly using expired credit ratings of businesses while sanctioning loans to wriggle out of the regulatory requirement to keep a certain percentage of capital against the loans.

This prompted the central bank on January 24 to instruct all banks to calculate their capital requirements properly by using the latest credit rating of businesses.

The use of expired credit rating by banks will create an impediment to implementing the BASEL III guidelines in the banking sector, according to the central bank letter.

As per Bangladesh Bank rules, the credit rating of a business entity is valid for one year, but some banks have frequently been disregarding the directive.

At present, there are eight credit rating agencies in Bangladesh that give ratings in six notches. For example, CRAB's highest rating is

KEY POINTS

- Credit rating of a business entity remains valid for a year, according to BB guideline
- Banks have to maintain risk-weighted asset between **20pc** and **150pc** for loans to business entities
- For unrated companies, the risk-weighted asset should be between **50pc** and **125pc**
- Bangladesh now has eight credit rating agencies

Some banks might use the expired credit rating to avoid keeping the required capital, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

The credit rating of a company will be downgraded if its business volume declines, said Rahman, also the chairman of the Association of Bankers, Bangladesh, a forum of banks' CEOs.

Some banks may use the expired ratings of businesses whose financial health have deteriorated, he said.

"Updated ratings of the companies should be used in the interest of the corporate governance of the banks. Capital is one of the major indicators to judge a bank's financial health," he added.

Hamidul Huq, managing director of the Credit Rating Agency of Bangladesh, told The Daily Star that banks might show reluctance in getting the latest rating to avoid additional cost.

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BPO sector showing signs of promise

Earnings rose 24pc in 2017

MUHAMMAD ZAHIDUL ISLAM

Earnings of the business process outsourcing sector rose 24 percent year-on-year to about \$210 million last year, riding on the massive expansion in the area in the last few years.

Companies in the sector now hope to hit the \$1-billion mark soon, said Towhid Hossain, secretary general of the Bangladesh Association of Call Centre and Outsourcing (BACCO).

"Our local market is huge. The sector needs to grow further and we need to explore it," said Hossain, one of the leading entrepreneurs in the sector.

Currently, more than 40,000 young people work in about 100 companies in the sector in Bangladesh and the figure will reach 100,000 by 2021, Hossain said.

When the business idea was first introduced in the country in 2008, the sector made only \$4 million in revenues.

Many companies took licences from the telecom regulator then, but most of them closed operations later. This led the Bangladesh Telecommunication Regulatory Commission to bring changes to some of its rules for the sake of the sector's survival, Hossain said.

As a result, the sector's earnings have increased more than 17 times since 2012, when it was only \$12 million.

"Bangladeshi firms are now able to handle orders from reputed international brands," said Md Tanzirul Basher, CEO at My Outsourcing Ltd, one of the leading outsourcing companies in the country.

"Some of our companies are now serving a number of top companies in the world. It is time for us to capitalise on it to get more work orders."

My Outsourcing Ltd is Bangladesh's first BPO company to hire physically challenged and visually impaired people. Nearly 300 such people work in the sector.

Another local company—Genex



Sonali should jack up loan growth: governor

STAR BUSINESS REPORT

While the central bank has mounted pressure on private banks to reduce their loan-deposit ratio (LDR) to rein in aggressive lending, state-owned lenders, particularly Sonali Bank, is sitting on a huge amount of idle money for its reluctance to attract good borrowers.

Finally, the regulator has stepped in to address the issue, which is no way sustainable for a bank.

Bangladesh Bank Governor Fazle Kabir yesterday asked Sonali to accelerate its loan growth to make the business commercially sustainable.

He gave the instruction at Sonali's annual conference 2018, at the Institution of Diploma Engineers, Bangladesh (IDEB) in the capital.

Sonali's LDR stood at only 38.23 percent as of December last year, meaning the bank lends only Tk 38.23 against Tk 100 deposit.

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Last year, the bank's total deposit increased by Tk 3,900 crore year-on-year to Tk 107,061 crore while its loan portfolio surged by Tk 3,822 crore year-on-year to Tk 42,276 crore, according to the bank.

"Lending by Sonali Bank is very low at a time when we are trying to stop over lending of private banks," said Kabir.

The officials of Sonali became reluctant to lend after the Hallmark scam that hit the bank nearly five years ago, the governor said.

It seems that the officials are in a psychological pressure, as they might think less lending will keep them safe, he said.

"We have discussed the issue with anti-graft agencies. There is nothing to be feared if you lend properly," said Kabir.

The governor assured Sonali's officials that the central bank will safeguard them if it lends in a proper manner.

Without boosting its lending, the bank will not be able to earn profits according to its potential, he said.

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BGMEA panel threatens legal action as board tenure extended

STAR BUSINESS REPORT

Swadhinata Parishad, the newly-floated panel in the BGMEA election, yesterday threatened legal action for the decision to extend the tenure of the current executive board by another year.

The extension is not legal because it was done after the announcement of the election schedule, said Md Jahangir Alam, convener of the Swadhinata Parishad.

"If necessary, we will go for legal remedy in the court so that the BGMEA is bound to hold election, and not resort to illegal time extension or selection of any particular body for BGMEA executive body," he said at a press conference held at the capital's La Vinci Hotel.

As per the schedule, the election was supposed to be held on March 7, but the commerce ministry abruptly extended the tenure of the current board of the Bangladesh Garment Manufacturers and Exporters Association by another year using three excuses.

The reasons for the extension were: implementation of the new wage board for garment workers, demolition of the BGMEA building and the general election, Alam said.

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Infosys—has already started serving Telenor's sister concerns in different countries, including Grameenphone in Bangladesh.

The firm is now providing Telenor Myanmar with customer contact solutions under a three-year contract. Telenor's Malaysian venture Digi Telecommunications is another client of Genex.

Genex is also serving some multinational companies operating in Bangladesh Mobile phone operator Robi is one of them.

Currently, Genex employs about 4,000 young people, according to Prince Mojumder, CEO and co-founder of the company.

A Bangladeshi firm also maintains DHL's back office from Dhaka, said Basher. "They are our pride and we have to sell these successes to other countries."

Renowned global brands like Coca-Cola and Samsung take services from Bangladeshi BPOs and this success can be used to brand Bangladesh as a BPO hub, said BACCO leader Hossain.

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Discounts draw crowd as DITF nears end

STAR BUSINESS REPORT

A man and a woman struggling with hands full of shopping bags try to hire a CNG-run auto-rickshaw. Even their five-year-old daughter holds something she desired, a box of toys.

The purchase spree was evident outside Dhaka International Trade Fair yesterday as thousands flocked to the capital's Agargaon to grab a share of discounts on the eve of its closing.

The man, Rejaul Islam, said he had spent around Tk 20,000.

"My wife purchased a flatbread maker, ceramics, kitchenware and some plastic products. We also bought some food items, including cake and biscuits and some dresses and toys for my daughter," he said.

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"Exhibitors offer more discounts on the final days. I think it is a good opportunity for middle-income people like us," he said.

Many exhibitors offered five to 50 percent discount and raised the amount of discount for those which are already on sale.

"Sales on the last three days were really good as we offered 50 percent discount on our items," said salesperson Hasan at the Thai and Chinese gallery.

Ashrafur Islam at RFL's plastic gallery said the response on the last five days was tremendous as they increased the discount rates a few days ago. "Most arrived to make purchases and not just look around," he said.

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Wells Fargo asked to halt expansion over 'abuses'

AFP, Washington

In an unprecedented punitive action, the US Federal Reserve on Friday ordered troubled banking giant Wells Fargo to halt its expansion until it improves governance, following "persistent misconduct."

As part of an agreement with regulators, Wells Fargo will replace four board members this year as it struggles to recover from a 2016 scandal in which it uncovered millions of phony accounts created without customer consent.

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