

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.77%	▲ 0.88%	\$1,796.52	\$72.63	▼ 0.05%	▲ 0.89%	▼ 1.27%	▼ 0.04%	BUY TK 84.25	98.66	115.08	12.75
7,196.32	12,579.50	(per ounce)	(per barrel)	58,250.26	30,181.21	3,068.94	3,675.19	SELL TK 85.25	102.46	118.88	13.41



BUSINESS

DHAKA THURSDAY SEPTEMBER 9, 2021, BHADRA 25, 1428 BS • starbusiness@thedailystar.net

Bank deposits rise despite low returns

Robust remittance and exports, spending cuts contribute to higher savings

AKM ZAMIR UDDIN

Deposits at banks saw remarkable growth last fiscal year as the coronavirus-linked uncertainty compelled people to cut non-essential expenses and save more, while lending growth shrank slightly due to business slowdown.

Deposits totalled Tk 1,485,601 crore in fiscal 2020-21, up 8.49 per cent from a year ago, according to data from Bangladesh Bank.

The deposit growth, however, stood at 8.95 per cent in FY20.

Last fiscal year, lending growth decelerated to 8.48 per cent from 8.95 per cent a year ago. Banks disbursed Tk 1,154,955 crore in loans in FY21.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, credited the robust remittance growth and higher export earnings for the expanding deposit base.

The inflow of foreign loans increased throughout the last fiscal year, contributing to the ballooning of the deposits.

TOP PERFORMERS IN FY21

Sonali Bank had highest deposit at Tk 132,800cr
Islami Bank was top lender giving out Tk 100,400cr

CREDIT GROWTH IN BANKS

FY20: 9%
FY21: 8.4%

DEPOSIT GROWTH IN BANKS

FY20: 10.5%
FY21: 13.8%

LOAN-DEPOSIT RATIO

FY20: 76.2%
FY21: 71.5%



SOURCE: BB

"But businesses adopted a go-slow policy when it came to expanding operations, so banks faced a lower credit growth than usual period," Ahmed said.

The loan-deposit ratio stood at 71.55 per cent last fiscal year in contrast to 76.22 per cent a year earlier, comfortably within the regulatory ceiling.

Conventional banks are allowed to keep the loan-deposit ratio at 87 per cent and Shariah-based banks at 92 per cent.

But the declining trend of the loan-deposit ratio indicates that banks are facing difficulty in ensuring adequate profits.

The net profit of banks stood at Tk 5,278 crore in 2020, down 31

per cent from a year earlier.

Banks managed to stop the downward trend of profits in the first half of 2021 by cutting the interest rate on deposits, which allowed them to earn sizeable amounts.

The weighted average rate on deposits stood at 4.13 per cent in June, down from 5.06 per cent a year ago, BB data showed.

The lower deposit rate, which are below the inflation rate, led the central bank to seek an explanation from 10 banks last month.

Ahmed said the grim situation in the banking sector had started to wither as the country was tackling the second wave of coronavirus infections moderately successfully.

The government has recently reopened the economy, helping the banking industry turn around, he said.

"A good number of entrepreneurs have recently submitted project proposals to us to receive loans. This is a good sign for us."

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Prospects brighten for cotton import from Uzbekistan

REFAYAT ULLAH MIRDHA

The prospects to resume buying cotton from Uzbekistan have improved for Bangladesh after the United States lifted the ban on sourcing the key textile raw material from the country following significant progress in ending forced labour.

Until 2007, when a boycott campaign was launched against Uzbek cotton, the central Asian country was the single largest sourcing destination for Bangladesh, accounting for about 45 per cent of cotton imported.

But the import started depleting after international clothing retailers and brands, especially the European and American ones, imposed the ban on using Uzbek cotton for employing child and forced labour in cultivating and harvesting the textile raw material.

The ban led western retailers and brands to instruct garment-supplying nations, including Bangladesh, not to use cotton from the country.

They also threatened that they would not purchase the garment items if they were made from the yarn produced from Uzbek cotton.

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Paperfly legal notice to Evaly seeks Tk 7cr dues

STAR BUSINESS REPORT

Tech-based logistics provider Paperfly has recently sent a legal notice to beleaguered e-commerce platform Evaly asking for the settlement of outstanding payments for delivery service charges of Tk 7 crore.

"We sent the legal notice on Monday giving them one week to respond. If there is no answer, we will sue Evaly," Rahath Ahmed, co-founder and chief marketing officer, told The Daily Star.

Paperfly has been making the last mile deliveries of Evaly for a long time and Evaly has not paid its dues for deliveries from January to July, said the logistics provider. "We have tried on many occasions to settle the matter. But, they have sent us many post-dated cheques and the withdrawal dates are many months away," he added.

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Stocks reach new heights

STAR BUSINESS REPORT

Despite a price drop of most listed companies' stocks, the benchmark index of the Dhaka bourse soared and broke its previous record yesterday.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), rose 55 points, or 0.77 per cent, to 7,196.

At the DSE, 152 stocks advanced, 186 fell and 36 remained unchanged.

Meanwhile, DS-30, the blue chip stock index, went up by 29 points to 2,613.

Turnover, an important indicator of the market, decreased to Tk 2,555 crore, which was Tk 2,866 crore.

The winning streak has been extended in the prime bourse of the country for the seventh consecutive session amidst growing optimism, said International Leasing Securities in its daily market review.

However, the index witnessed some fluctuations during the last session, reflecting a profit booking tendency of some investors, it said.

Price appreciation by some large cap stocks upheld the indices yesterday, although both

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Luxury hotels turning around

JAGARAN CHAKMA

After a prolonged lockdown, business of star-rated hotels has slightly improved amid the pandemic as business travel and flight operations have resumed, according to industry insiders.

They say the occupancy rate has slowly been increasing during the past one month after the lockdown was lifted on August 11. During the lockdown, the occupancy rate came down to nil, particularly for tourist-dependent hotels, while business-dependent ones had negligible occupancy which was not viable for business.

There are over 20 star-rated hotels in Dhaka city and around a dozen in Cox's Bazar, Sylhet and Chattogram having a daily accommodation capacity of around 5,000 guests. The ones in Dhaka can accommodate around 3,000.

Mahmud Russel, director for sales and marketing at Royal Tulip Sea Pearl Beach Resort in Cox's Bazar, said after flights resumed and the travel ban was withdrawn, the occupancy rate went up to stand at 50 per cent at this moment.

The resort has 493 rooms, the most in a hotel in the country, offering both hill and sea views.

Russel said during the lockdown the occupancy rate had come down to nil, but the situation was improving rapidly as tourists as well as businesspeople had begun travelling to Cox's Bazar.

According to him, they are getting corporate bookings which was also helping recover business.

"I believe the situation is improving as vaccination is going on and there is no bar on travelling along with business operations of all sectors," he noted.

Mohammad G Jishan, assistant manager (sales) at Radisson Blu Dhaka Water Garden, said they had achieved 10 percentage point growth in occupancy, which had reached 50 per cent as airlines had resumed operations.

Basically, those on business travel stay at the Radisson as the location is close to the airport, he said. He also said during the lockdown they had some guests and the occupancy rate was around 30 to 40 per cent.

The usual guests at the 200-room hotel include cabin crew of Turkish, Qatar and Algeria airlines.

Jishan also hopes that guest numbers would increase as all businesses gradually resume operations in Bangladesh.

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HOTEL OCCUPANCY: KEY POINTS



Occupancy rate rises to 35-40% now



Mainly business guests have started to stay in hotels



Vaccination building up confidence among guests



Guests are also staying in hotels for quarantine purpose



Corporate booking has started to rise



Resumption of flight operations helping business recover

SBAC Bank to offer merchant banking, asset management

STAR BUSINESS REPORT

The South Bangla Agriculture and Commerce (SBAC) Bank has decided to establish two subsidiaries to venture into merchant banking and asset management.

The newly listed lender took the decision in a board meeting, according to its disclosure posted on the Dhaka Stock Exchange website yesterday.

The merchant banking company, SBAC Bank Capital Management, will have paid-up capital of Tk 40 crore while authorised capital of Tk 50 crore, subject to approval of regulatory authorities.

The asset management company, SBAC Bank Asset Management Company, will have paid-up capital of Tk 40 crore while authorised capital of Tk 50 crore.

Due to low credit growth and lingering pandemic, the banking sector is facing increasing risks as well as a drop in profitability, said Mosleh Uddin Ahmed, managing director and CEO of SBAC Bank.

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