Prime Bank trials SOFR-linked transaction

STAR BUSINESS DESK

Prime Bank Limited has conducted a trial transaction in secured overnight financing rate (SOFR) with Wells Fargo Bank, New York on August 25 as the London interbank offered rate (LIBOR) would cease to exist after June 2023.

The SOFR is a benchmark interest rate for dollar-denominated derivatives and loans that is replacing the LIBOR. This transition is expected to increase long-term liquidity but also result in substantial short-term trading volatility in derivatives, according to investopedia.com.

The LIBOR has been the most reliable benchmark in the world for setting interest rates on the international interbank market for short-term loans, says a press release.

However, the SOFR provides a more accurate reflection of lenders' funding costs in US dollars and supports a large volume of transactions and financial products.

"This is a right step to prepare for the post-LIBOR landscape," said Hassan O Rashid, Prime Bank Limited managing director and CEO.

DBL CERAMICS

Senior officials and best performing dealers of DBL Ceramics pose at the company's business conference held at a resort in Gazipur recently.

Sterling steadies against euro

REUTERS, *London*

Sterling hit fresh lows against a broadly stronger dollar and rose versus the euro on Friday as some investment banks brought forward their forecast for a Bank of England rate rise.

The dollar climbed to three-week peaks on Friday, still benefiting from better-than-expected U.S. retail sales data released on Thursday.

British retail sales volumes unexpectedly fell last month in their longest streak of declines since current records began, though they remain above pre-pandemic levels.

A poor UK August retail sales report may take some of the momentum out of the rise in the UK money market rates and also GBP, ING said, referring to the British pound.

Some analysts forecast the Bank of England (BoE) will raise rates in mid-2022, after recent strong inflation and economic data.

Goldman Sachs said on Thursday it had pulled forward its baseline forecast for a rate rise to May 2022 as the view of the BoE's Monetary Policy Committee is that minimum conditions for starting a monetary tightening have been met.

In rates strategy, we find that 2022 forwards are heavily leaning towards a hawkish outturn whilst forwards beyond 2022 are leaning towards a dovish outcome, Deutsche Bank economists said in a research note.

World stocks slide on China investment worries

REUTERS, *New York*

Global share markets edged lower globally on Thursday as concerns about investments in China and a mixed day on Wall Street outweighed positive economic data in the United States.

The three major indexes spent much of the day in negative territory as rising U.S. Treasury yields pressured market-leading tech stocks, and the rising dollar weighed on exporters.

International investors who have been piling into China in recent years are now bracing for one of its great falls as the troubles of over-indebted property giant China Evergrande come to a head.

Dwindling resources set against 2 trillion yuan ($305 billion) of liabilities have wiped nearly 80% off the developer's stock and bond prices, and an $80 million bond coupon payment now looms next week.

Hong Kong's Hang Seng index dropped to its lowest level so far this year.

A report from the U.S. Commerce Department on Thursday showed retail sales unexpectedly rose in August, indicating America's economic recovery is strengthening on positive trends in consumer spending. The strong data sent safe-haven gold down nearly 3%. However, the U.S. labor market remains under pressure, with initial jobless claims rising by slightly more than expected last week.

"(Retail spending) categories that were strongest in August were in COVID-beneficiary categories," wrote Ellen Zentner, chief US economist at Morgan Stanley.

"Now incorporating today's retail sales release, we lift our real (personal consumer expenditures) tracking to +1.9% and GDP to +5.0%."

Fed Chair Powell now faces an ethics blowup

REUTERS, *Washington*

It is perhaps as predictable as it is problematic: Within days of news that two Federal Reserve bank presidents had engaged in controversial stock trades, one of the fiercest critics of the U.S. central bank's financial system oversight demands new ethics rules that would bar such dealings in the future.

For Fed Chair Jerome Powell, however, it is the wrong problem at the wrong time. Under consideration for reappointment as Fed chief while also juggling how to pull off a critical change in U.S. monetary policy, Powell faces a controversy of the Fed's own making that helps reinforce arguments by progressives for broader change at the central bank.

Powell remains favored for renomination by President Joe Biden, and if history is a guide a decision may come in the weeks between the Fed's policy meeting next week and its two-day session on Nov. 2-3. That would match a point in the calendar when the last two Fed chair appointments have been announced.

Democratic Senator Elizabeth Warren's Wednesday letter to the Fed's 12 regional presidents asking them to "impose strong and enforceable ethics and financial conflicts of interest rules" and send her an action plan "no later than Oct. 15," is at a minimum a distraction to Powell at a time when he is steering the Fed through complex debate over monetary policy.

The Fed meets next week and is expected to take a potentially decisive step that flags likely changes to some of its pandemic crisis programs at an upcoming meeting. It is the type of moment that requires deft communication at the Fed chair's post-meeting press conference - now muddled by likely queries about his colleagues' investing habits and the possible blow to public trust.

"Institutionally, it's a bad look," said Tim Duy, chief U.S. economist at SGH Macro Advisors and an economics professor at the University of Oregon. "It's better to get ahead of this."

Powell has moved to do so, launching a broad review of the Fed's rules governing investments by senior officials.

But unless change comes quicly, Warren's direct demands set up a possible clash with a key Democratic lawmaker when Biden's eventual Fed pick goes for Senate confirmation.

Warren, a member of the Senate Banking Committee, which will provide the initial vetting of the nominee, voted against Powell as Fed chair four years ago, has criticized the Fed's approach to financial regulation on his watch and has yet to state an opinion about his possible renomination.

She credited the move by Dallas Fed President Robert Kaplan and Boston Fed President Eric Rosengren to sell the investments in question, but said a decision "made amidst an ethic firestorm" left no guarantee "that Fed officials are acting solely in the public interest, not based on their own financial interests."

The security trades last year by Kaplan and Rosengren during a pandemic year when tens of millions faced unemployment were judged to have complied with the Fed's code of conduct.

Laws inadequate to protect rights of e-commerce customers

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Rapid Action Battalion on September 17 said the company's liabilities amounted to over Tk 1,000 crore.

The digital commerce platform in a submission to the commerce ministry last month said its liabilities to customers and vendors amounted to Tk 544 crore, including Tk 311 crore owed to more than 2 lakh customers.

"Cases of fraud, misrepresentation etc may be remedied with recourse to the punitive laws like – the Penal Code, 1860, the Money Laundering Prevention Act, 2012, the Digital Security Act, 2018 etc," Sayeeda Anju, a professor of law at the University of Rajshahi.

"But existing provisions enunciated in these laws may not suffice to deal with offences relating to e-commerce operations," she said.

"At first the customers can go to the DNCRP and since it's extrajudicial, it can't go to take criminal action. So when the situation worsens and the customers cannot preserve their rights with the DNCRP complaints, they can sue under digital security act 2018," she added.

However, there is no prompt remedy for business related matters in the existing legal frameworks, she said.

For example, if an e-commerce operator is charged with fraudulence under the penal code, 1860 for breach of online contract or for commission of fraudulent act online, the prosecution will have difficulty in proving the ingredients of the offence, said Anju.

This is because provisions of online transactions are yet to be incorporated in the relevant sections of the laws concerned, she added.

She said the Digital Commerce Operations Guidelines, 2021 do not contain any express provision for the protection of the rights of the sellers.

However, they can seek remedy under the provision of Contract Act, 1872 or through the Sale of Goods Act, 1930, neither of which have been updated in a long time, she said.

Therefore, for expeditious disposal of commercial disputes raised both by buyer and seller, the government may mull over enacting separate legislation and establishment of separate specialised courts in the country, according to Anju.

Out of over a dozen companies being investigated by the government, three, namely Evaly, Dhamaka and Eorange, account for most of the thousands of customers who are in despair over whether they would ever get back their money.

On September 18, suppliers to Dhamaka Shopping claimed the e-commerce platform owed Tk 200 crore to merchants, according to Dhamakashopping.com Sellers' Association.

The platform said they applied to various ministries and the central bank from July to September to receive the dues, but the efforts went in vain.

Meanwhile customers of Eorange are in uncertainties as top officials of the platform are in jail in a case filed over embezzlement of around Tk 1,100 crore.

Fazle Rabby, who paid Tk 127,000 to Evaly to buy a motorcycle at a discount alongside groceries in January, filed compliant against the ecommerce platform at the DNCRP in late August.

He is yet to get any call from the agency for a hearing.

"I appeal to the government to find a way so that we get our money back," he said yesterday.

Mohammad Golam Sarwar, an assistant professor of law at the University of Dhaka, said the primary law that deals with the redress for aggrieved consumers is the Consumer Rights Protection Act, 2009.

Section 45 of the 2009 Act penalises non-delivery of products, he said.

The section reads that if any person, including company, society, partnership firm, statutory or other organisation does not sell or deliver properly any goods or service promised in consideration of money, he shall be punished with imprisonment for a term not exceeding one year, or with a fine not exceeding Tk 50,000 or with both.

Apart from the 2009 Act, remedy of non-delivery of goods is also available under the Sale of Goods Act, 1930, he said.

Sarwar said the Digital Commerce Operation Guidelines, 2021 issued by the commerce ministry in July this year states that for orders where the price has been paid, the product must be handed over for delivery within 48 hours and must be delivered within five days within the same city, or the highest of 10 days outside the city.

It provides that the payment must be refunded within 10 days in case of failure to deliver a product and also provides that money offered as cashback cannot be retained in the digital wallet of the e-commerce platform, he said.

However, he said, the 2021 guidelines were an executive instrument.

Although the guidelines provide that those complaints may be filed under the Consumer Rights Protection Act, the 2009 law itself does not create specific requirements for timely delivery or payment refund in case of online transactions as has been done under the guidelines, he added.

"As the guidelines themselves are not legislative instruments, how far they can be enforced or applied is unclear," he said.

"Moreover, the guidelines have been put into effect on the date of publication and whether they apply to transactions preceding their enactment is a question that must be asked," he said.

Measures must be in place to ensure that such large-scale grievance is not repeated, Sarwar said.

Govt seeks duty-free access of 137 products in Saudi market

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He also proposed to form a working committee to take effective steps in this regard.

Rahman sought Saudi investment for setting up various mega projects, including the Dhaka to Payra Port rail connection, and transforming Cox's Bazar into an international standard tourism hub.

Following Rahman's requests, Qasabi responded positively and assured that a Saudi delegation would visit Bangladesh at their convenience.

The Saudi commerce minister went on to say that they attach the highest importance to the farsighted leadership and bilateral relations of the two countries.

He also assured Bangladesh of taking necessary steps for signing an MoU on a PPP between the two countries that would open the doors for direct investment from Saudi companies in various projects of Bangladesh.

Mohammad Javed Patwari, Bangladesh's ambassador to the Kingdom of Saudi Arabia; M Sirazul Islam, executive chairman of the Bangladesh Investment Development Authority; Sheikh Yusuf Harun, executive chairman of the Bangladesh Economic Zones Authority; and Sultana Afroz, chief executive officer of the PPP Authority, among others, were present at the event.

State enterprises' profit drops 21pc

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Bangladesh Sugar & Food Industries Corporation incurred a loss of around Tk 971 crore in the last fiscal year. It lost Tk 929 crore in FY20. The profit of the Chittagong Port Authority plummeted 62 per cent to Tk 305 crore in FY21. It was Tk 807.63 crore in FY20.

The Bangladesh Economic Zones Authority took home Tk 4,062 crore and the Rajdhani Unnayan Kartripakkha Tk 210 crore in the last fiscal year.

The loss of the Bangladesh Road Transport Corporation stood at Tk 92.86 crore, down from Tk 124.30 crore a year ago.