

# First Security Islami Bank grows from strength to strength

Syed Waseque Md Ali, managing director of the bank, says they will work to create awareness about shariah-based banking

## STAR BUSINESS REPORT

Bangladesh has seen a gradual expansion of Islamic banking over the past three and a half decades.

The number of lenders offering banking services in keeping with shariah principles has grown in Bangladesh as a section of the population want to keep deposits with them as well as borrow.

Out of 61 banks in the country, eight private commercial banks operate as full-fledged Islamic lenders, while 18 traditional banks, including two foreign banks, are involved in shariah-compliant banking through dedicated branches.

And the Islamic banking's market share in terms of assets, financing and deposits has increased over the years.

Total deposits of the Islamic banks and shariah-compliant branches of the conventional banks stood at Tk 2.73 lakh crore at the end of December of 2019, accounting for 21.8 per cent of the total deposits in the banking industry.

Collectively, they lent Tk 2.55 lakh crore, which was nearly 25 per cent

of the total credit, according to the annual report of the central bank for 2019-20.

First Security Islami Bank Ltd (FSIBL), which has been operating as a shariah-based bank for more than a decade, is registering growth in terms of deposits and investment.

In 2009, the bank had Tk 4,242 crore as deposits and Tk 3,872 crore as investment. In the last one decade, the deposit has grown to Tk 42,868 crore and investment to Tk 41,478 crore.

"This is the reflection of the confidence of our esteemed customers and the strong foundation of our bank," said Syed Waseque Md Ali, managing director of FSIBL, in an interview with The Daily Star.

The bank has so far opened 193 full-fledged branches, 122 sub-branches and 75 agent banking outlets and set up 192 automated teller machines to provide banking services to people.

"FSIBL is working towards supporting the economic development of the country," Ali said.

Despite the fast growth of Islamic banking, there is a perception among people that conventional and Islamic



Syed Waseque Md Ali

banking is the same. The difference lies only in what Islamic banks call profit, conventional banks term it as interest.

"This is a common perception because people do not have a complete picture of the Islamic banking system," said Ali.

"We want to show the public how Islamic banks work on the basis of shariah laws. We want to create a skilled workforce with the necessary knowledge in Shariah-based banking."

The economic rationale for eliminating riba (interest) and establishing the Islamic banking

system is based on values of justice, efficiency, stability, and growth.

It is assumed that under the system of Islamic banking, the industrial and/or commercial risk is shared more equitably between entrepreneurs and the capital owners, and the returns on investment are shared among the investors on the basis of their proportionate capital.

Ali says FSIBL is run as per guidance and advice of its shariah council to ensure proper compliance with rules.

The bank organises events for the expansion of Islamic banking.

"We will continue to do so in order

to achieve excellence as a modern welfare-oriented Islamic bank," he said.

Ali, a seasoned banker with more than 37 years of experience, was appointed as the managing director of the bank in March 2015. He previously worked at IFIC Bank and Dutch-Bangla Bank Ltd.

He says FSIBL, like other banks, offers a range of deposit schemes for savers.

Including its Al Wadiyah current account and Mudaraba savings account, it has products for students and working people as well.

To facilitate the expansion of businesses, FSIBL invests in various areas, including small and medium enterprises, agriculture and business run by women entrepreneurs.

And as the demand for digital banking is accelerating, the lender has expanded its footprint in the segment as well.

"We have a round-the-clock internet banking facility for customers for all types of banking activities," Ali said.

A customer can open accounts from the conveniences of their homes by filling up an electronic know your customer form through the FSIBL app.

In addition, one can use the app for all types of mobile banking services, such as fund transfer to major mobile financial service providers and paying electricity and water bills.

FSIBL has also joined the government's automated challan system to enable customers to pay 196 types of fees, tax and value-added tax.

"We have created scope for clients

to pay for a variety of goods and services on all types of e-commerce platforms through our debit card," said the top executive.

The cardholders also get discounts on the purchases of goods and services from various companies.

Ali says the bank is trying to play a leading role in the overall economic growth of Bangladesh.

In 2020, the bank's financing for the import of items, namely sugar, edible oil, capital equipment, cotton, fabrics, and accessories, was around Tk 4,302 crore.

It extended finances to the tune of Tk 1,200 crore to facilitate the export of readymade garments, knitwear, processed leather goods, and agricultural products.

The bank is also working to bring remittances sent by migrant workers and Bangladeshi diaspora living abroad. Until September this year, it has channelled about \$120 million in remittances.

The bank facilitates remittance transfer through almost all the global money transfer agencies such as Western Union, MoneyGram, Express Money, Placid NK Corporation, and Transfast.

FSIBL has not limited itself to business only. It plays socially responsible roles as a corporate, according to Ali.

It operates corporate social responsibility activities, which includes providing scholarships and assistance to the Bangladesh Disability Development Trust, the Bangladesh Eye Disability Welfare Trust, and the Prime Minister's Relief Fund.

*Of the 61 banks in Bangladesh, eight private banks operate as full-fledged Islamic lenders, while 18 traditional banks, including two foreign ones, are involved in shariah banking*



## GLOBAL BUSINESS

### Evergrande resumes work on over 10 property projects

REUTERS, Beijing

China Evergrande Group said on Sunday it had resumed work on more than 10 projects in six cities including Shenzhen - a statement that comes after it appeared to avert default with a last-minute bond coupon payment last week.

Evergrande, deep in crisis with more than \$300 billion in liabilities, has not disclosed how many of its 1,300 real estate projects across China it has had to halt work on.

The company said on August 31 that some projects were suspended because of delays in payment to suppliers and contractors and it was negotiating to resume building.

On Sunday, it said in a post on its Wechat account that some of the projects it had resumed work on had entered the interior decoration stage while other buildings had recently finished construction.

Evergrande added that its efforts to guarantee construction would shore up market confidence and included several photos of construction workers on different projects, stamped with the time and date.

China's second-largest property developer last month also promised potential buyers it will complete building of their homes and said that work on one of the world's biggest soccer stadiums in the southern city of Guangzhou was proceeding as planned.

Last week's move to pay \$83.5 million in interest on a US dollar bond has bought Evergrande another week to wrestle with a debt crisis looming over the world's second-biggest economy.

Highlighting the stresses on its core business, Evergrande also announced on Friday plans to give future priority to its electric vehicles business over real estate.

Evergrande's woes have reverberated across the \$5 trillion Chinese property sector, which accounts for a quarter of the economy by some metrics, with a string of default announcements, rating downgrades and slumping corporate bonds.

Its debt crisis is also being widely watched by global financial markets concerned about broader contagion.

## Desperate for employees, US businesses struggle to hire



A man speaks with a representative from Whisons Culinary Group at the Employers Only Long Island Food, Beverage and Hospitality Job Fair on October 19 in Melville, New York.

AFP, New York

To keep the taps at his recently opened beer tasting room flowing, Peter Chekijian had no choice but to ask his main employees to come in seven days per-week.

The staffing shortage has also kept Chekijian from realizing his goal of brewing beer on site, since he can't find contractors to finish installing tanks he requires.

"That's been a big issue of getting people to actually finish up the job," said Chekijian, who co-founded the small Twin Fork Beer Company in New York state.

Even as millions of Americans who lost their jobs to the Covid-19 pandemic have returned to work, companies nationwide report they're still struggling to hire employees in recent months. More than 10 million jobs were unfilled as of the end of August, according to government data. The labor force participation rate, which measures the US economy's active workforce, was 61.6 per cent in September, compared to 63.3 per cent before the pandemic.

The causes of the short staffing are myriad, from continued fears of contracting Covid-19, particularly among people who live with

elderly family or children, to early retirements and objections over work-life balance and low wages.

And while the government throughout the pandemic offered generous unemployment benefits to keep people who lost their job financially sound, their expiration last month hasn't yet caused hiring to increase.

The employee shortages come as restaurants and entertainment venues reopen amid as more Americans get vaccinated, and ahead of the uptick in business around the holiday season.

With "so many employers trying to hire so many people at the same time, it creates that imbalance," said Aaron Sojourner, an economist at the University of Minnesota.

Employers who spoke to AFP told of mad scrambles to attract applicants by offering higher wages and other perks.

Chekijian has put out ads looking for employees and attended job fairs with offers of time off, benefits packages and salaries as generous as he can manage, but still can't find the people he needs. "It's been shockingly slow," he said.

"It's definitely affecting what we're trying to do in terms of growing our business.

"The biggest American retailers are hiring

staff ahead of the holiday season, with Amazon and Walmart both recruiting 150,000 people, Target and UPS taking on 100,000 and FedEx 90,000.

Logistics company GXO is looking to hire 9,000 employees for the busy season over the next two months, and its head of human resources Maryclaire Hammond said "finding people has been a huge issue. "There is a massive competition for talent at all levels, there is an absolute war," she said in an interview.

GXO is particularly short on material handlers and forklift operators, and has paid for billboards and social media advertisements and organized job fairs to attract applications.

It has upped its pay by \$3 to \$5 per-hour in the past eight months and offered hiring incentives and a benefits package including health insurance, retirement contributions and college tuition assistance. But Hammond said getting people to stay is even trickier.

"The current workforce is pretty fickle, happy to change," she said. If a warehouse nearby pays even slightly more, employees will move there.

The company has tried to make workers feel comfortable, even going so far as to hand out burritos at some warehouses.

### Nigeria to launch digital currency

REUTERS, Abuja

Nigeria will on Monday launch a digital currency, the eNaira, the central bank said, months after it barred banks and financial institutions from dealing in or facilitating transactions in cryptocurrencies.

Central Bank of Nigeria (CBN) Governor Godwin Emefiele has said the eNaira would operate as a wallet against which customers can hold existing funds in their bank account. "The eNaira therefore marks a major step forward in the evolution of money and the CBN is committed in ensuring that the eNaira, like the physical Naira, is accessible by everyone," the bank said in a statement.

Nigeria has named Barbados-based Bitt Inc as a technical partner in developing the eNaira.

### UK plans £8b of extra health and education spending

REUTERS, London

British finance minister Rishi Sunak plans a 5 billion pound (\$6.9 billion) programme to fund health research and 3 billion pounds of extra funding for further education in next week's budget, finance ministry officials said late on Saturday.

The announcements, which include a raft of smaller spending decisions, follows news earlier in the day of 6.9 billion pounds for regional transport projects ahead of a major review of government spending over the next three years.

The transport investment is 1.5 billion pounds more than previously planned, as the government seeks to boost living standards outside London through its 'levelling-up' agenda.

"We want to make the UK the best place in the world to start, grow and invest in a business, as we continue to support enterprise, create jobs, and level up as we recover from the pandemic," Sunak said in a statement.

Sunak is expected to set fairly tight limits for most areas of day-to-day public spending in his budget on Wednesday, which will seek to lower public debt after a record surge in borrowing during the Covid-19 pandemic.