DHAKA WEDNESDAY APRIL 13, 2022, CHAITRA 30, 1428 BS ● starbusiness@thedailystar.net

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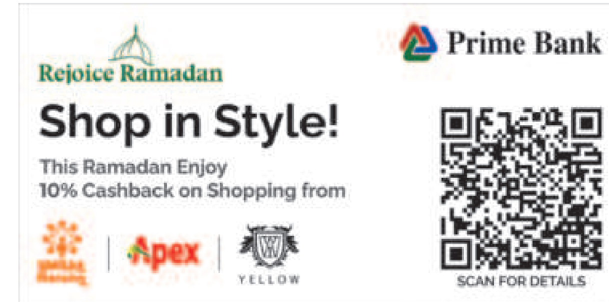

BB CYBER HEIST

Case against Filipino business dismissed

Say media reports; BB, BFIU officials can't give details

AKM ZAMIR UDDIN

A top United States court has dismissed a Bangladesh Bank case against a Philippines business entity, which was accused in the unprecedented cyber-heist faced by the central bank six years ago, according to media reports.

The central bank filed the case with the Supreme Court of the State of New York in March 2020 against Rizal Commercial Banking Corporation (RCBC) and 19 other individuals and entities.

On April 8, the court dismissed the case lodged against Bloomberry Resorts and Hotels Inc (BRHI), the operator of Solaire Resort & Casino, which is located in Manila, said a number of media outlets in the Philippines.

The BB has 30 days to appeal the decision, they said.

The case was brought against BRHI and others, alleging conversion, theft and misappropriation, aiding and abetting and conspiracy to commit the reserve heist.

"We are now waiting to get the copy of the verdict. The BB will take required measures after reviewing it," said Md Serajul Islam, a spokesperson and executive director of the central bank.

Md Masud Biswas, head of the Bangladesh Financial Intelligence Unit (BFIU), which has been assigned to look into all cases related to the reserve theft, said he was not aware of the development.

It was not clear whether the US court has dismissed the allegations against RCBC, the prime accused in the lawsuit, and other defendants as officials of the BB and the BFIU could not give any details yesterday.

On February 4, 2016, hackers broke into the central bank's system and generated 70 fake payment orders to the Federal Reserve Bank of New York amounting to $1.94 billion.

The NY Fed's security system flagged the payment orders but only five of them fell through and $101 million was released.

Of the amount, $81 million was wired to an RCBC branch in Manila, from where

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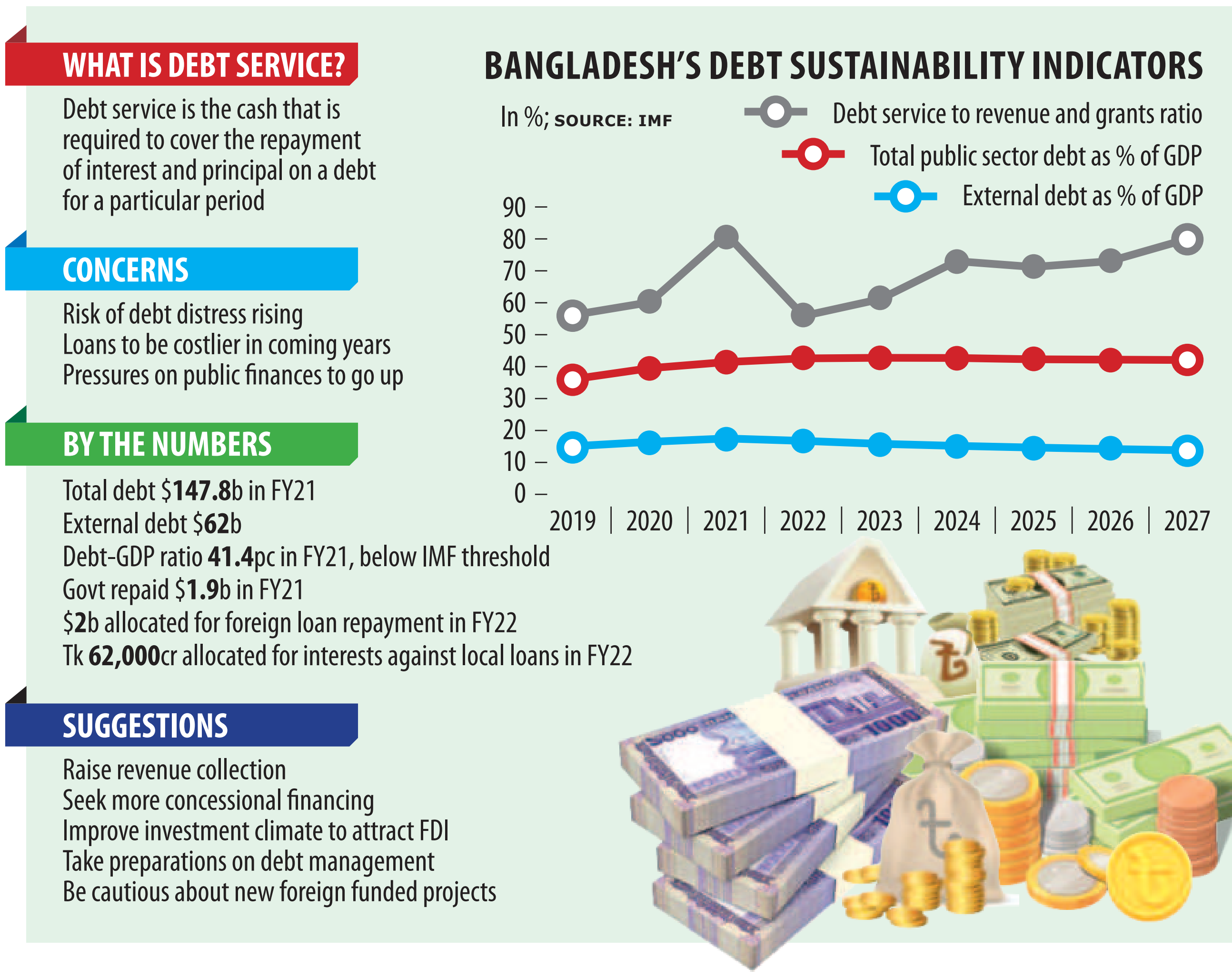

RISKS MOUNTING for rising debt service-to-revenue ratio

REJAUL KARIM BYRON, SOHEL PARVEZ *and* DWAIPAYAN BARUA

Bangladesh's debt service to revenue ratio rocketed to 81.2 per cent in the last fiscal year amid lower tax collection and higher borrowing, according to the International Monetary Fund.

This compared to 56.2 per cent registered in the pre-pandemic year of 2019.

The escalated level of the debt service to revenue ratio means if the government earns Tk 100 in taxes, it has to spend more than Tk 81 to pay off loans.

"Although the risk of debt distress remains low, the risk from a rising debt service-to-revenue ratio has increased," said the IMF Bangladesh in an analysis in March.

As a result, development and priority expenditures, including those aimed at supporting the economic recovery from the coronavirus pandemic, will continue to put pressure on public finances, it said.

Local economists have also described the situation as still okay but urged the government to be more cautious.

Total public debt in Bangladesh stood at $147.8 billion in FY21, which was around 41.4 per cent of GDP, way lower than the threshold of 70 per cent estimated by the IMF.

External debt accounted for $62 billion in the last fiscal year, or 17.5 per cent of GDP.

The issue of debt has become a topic of public debate after Sri Lanka descended into its worst financial crisis since independence for fast-depleting foreign currency reserves, caused by the dragging pandemic and the Russia-Ukraine war.

Last month, the IMF assessed Sri Lanka's debt to be unsustainable. And the Island nation yesterday said it would temporarily default on its foreign debts.

"The situation in Bangladesh is still okay. But if the country is not cautious going forward, unforeseen future shocks could create debt distress," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

Prime Minister Sheikh Hasina yesterday directed all concerned to take necessary measures so that Bangladesh could maintain its current position in future regarding the foreign debt, as the amount of foreign loan of Bangladesh is still far below the risk limit, according to news agency BSS.

Hussain says one debt will be repaid and then another debt will be taken.

"It will continue. If a loan is productively invested to yield a return higher than the interest rate, it creates no problem."

The IMF has projected the debt service to revenue ratio would come down to a great extent in the current fiscal year. It will increase gradually and again return to the current level by 2027.

When asked whether the increase in repayment is a matter of concern or not, Hussain said Sri Lanka can be an example in this regard.

Sri Lanka's debt repayment reached $7 billion, while it issued sovereign bonds and also took bilateral loans on tight conditions.

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BUDGET SUGGESTIONS

Ease burden of spiralling prices: CPD

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) yesterday said the government should frame the budget for the next fiscal year with the main focus on easing the burden of prices of essentials and shrinking purchasing power of low, fixed and middle-income families.

The independent think-tank suggested reduction of tariffs and taxes at imports and domestic levels and stabilisation of the exchange rate to plug scopes for import cost-induced inflation resulting from high prices of various essential commodities in the international market amid supply disruptions and the Russia-Ukraine war.

It recommended generous allocation of subsidies for the welfare of people without bothering about budget deficits for the next fiscal year.

It proposed subsidies for food, fuel, social safety net and agriculture, saying that interests of consumers, farmers and producers should remain as the major concern of policymakers.

"Buying power of people is reducing. Anxiety is growing among low income people. At this time, priority should be on how burden of people can be reduced," said CPD Distinguished Fellow Prof Mustafizur Rahman at a news briefing at the CPD office.

He also warned that money laundering has been taking place through under and over invoicing.

The civil society organisation arranged the briefing to place its recommendations for the national budget for fiscal year 2022-23.

The CPD said the next budget was going to be placed against the backdrop of a number of "unprecedented challenges" for macroeconomic management.

The country is still in a recovery phase from the pandemic induced implications. At this time, rising prices of essentials put pressure on people.

All components of external balances -- trade, current account and overall balance -- are under significant pressure amid surging imports. The global economy is also going through a rough patch.

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STOCKS	
DSEX ▼	CSCX ▼
0.97%	0.74%
6,574.07	11,608.90

COMMODITIES	
Gold ▲	Oil ▲
$1,971.14 (per ounce)	$98.89 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.66%	▼ 1.81%	▼ 0.99%	▲ 1.46%
58,576.37	26,334.98	3,330.25	3,213.33

A shop focusing solely on new ledgers, known as "halkhata" in Bangla, in Anderkilla area of Chattogram city. The country's businesses traditionally open a new ledger marking Bangla New Year celebrations on Pahela Baishakh, to be celebrated tomorrow. The photo was taken recently.

PHOTO: RAJIB RAIHAN

BB draws up policy for unspent 'other assets'

STAR BUSINESS REPORT

Bangladesh Bank yesterday drew up a classification and provisioning policy for a group of financial items of banks excluding loans and advances, terming it "other assets", with a view to ensuring discipline in the banking sector.

Many banks frequently do not spend money they keep allocated for different sectors, such as business development, advertisements, travels, entertainment allowance and so on, said a BB official.

But the lenders in many cases do not make adjustments afterwards by cancelling the allocation, resulting in the funds remaining unspent for years. Those are then intentionally shown as "other assets" in their financial balance sheets.

If such types of funds are not adjusted within six months to less than one year, the amount will

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