
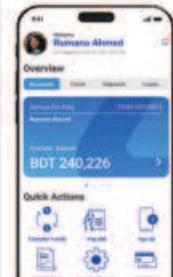




# star BUSINESS



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## Sonali Bank freezes accounts of 2 Myanmar banks

**STAR BUSINESS REPORT**

Sonali Bank has frozen accounts of two banks of Myanmar following sanctions imposed by the US, and further steps will be taken based on Bangladesh Bank's opinions.

The US Embassy in Dhaka recently gave reminder to Bangladesh that Myanmar Foreign Trade Bank and the Myanmar Investment and Commercial Bank were under US sanctions.

The US embassy also reminded that those banks have accounts with state-run Sonali Bank.

"Those banks of Myanmar have \$1,200,000 in our bank but they cannot withdraw the fund because we froze the accounts after US sanctions," said Md Afzal Karim, managing director and CEO of Sonali Bank.

However, a senior official of the state-run bank, seeking anonymity, said

**The banks of Myanmar have \$1,200,000 with Sonali Bank, which has \$200,000 deposited with the two banks.**

the bank already sought opinion from the central bank about the accounts of the two banks of Myanmar.

Sonali Bank has \$200,000 deposited with the two banks of Myanmar, as per the official of the bank. He said further steps would be taken once the central bank's opinion was available.

Prior to the move, Financial Institutions Division of the finance ministry received a letter from the foreign ministry on August 3 informing about the accounts of the two banks of Myanmar with Bangladesh's Sonali Bank.

The letter, quoting the US embassy in Dhaka, said the ministry was reminded that the two banks of Myanmar were currently under US government sanctions. The letter requested to take necessary measures in this regard.

In June, the US imposed sanctions on Myanmar Foreign Trade Bank, the Myanmar Investment and Commercial Bank and the country's defence ministry.

## BANGLADESH'S BRIGHT SPOTS

- 

Faster GDP growth rate
- 

Healthy remittances and exports
- 

Investment of global tech giants in the country
- 

Rising job opportunities

## PROJECTIONS

On track to go ahead of Vietnam and Philippines as a major consumer market by

**2030**

Earnings of the private sector set to grow by around

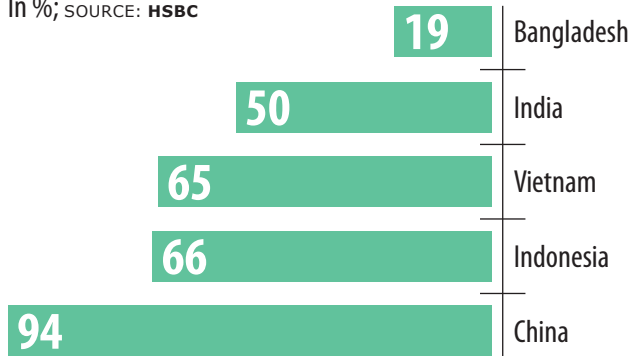
**20%** in the next three years

## RECOMMENDATIONS

Needs to invest in education  
More IPOs needed to diversify stock market

## STOCK MARKET CAP TO GDP RATIO

In %; SOURCE: HSBC



## CHALLENGES

- Rising inflation
- Floor price restriction in stocks
- Volatile currency
- Political instability
- Climate change

# BB asks banks to regain people's trust

## STAR BUSINESS REPORT

People are increasingly opting for keeping cash, which is a major concern in this era of digital banking as it indicates a lack of trust in banks, said Bangladesh Bank Governor Abdur Rouf Talukder yesterday.

Banks have to find the reasons behind people opting to keep cash with themselves, the governor said at a meeting with chief executives of lenders at the BB headquarters in the capital.

The amount of cash going around has increased 2 percent to 3 percent in recent times, which the BB governor found to be very concerning, Selim RF Hussain, chairman of the Association of Bankers, Bangladesh (ABB), told journalists after the meeting.

"We discussed about the issue as the money that was going out of the banks will have to return to the banking sector because this represents a lack of depositors' confidence," he said.

"We all have to work together to bring back the confidence of customers," said Hussain, also the managing director and CEO of Brac Bank.

Officials of the BB also acknowledged that people were opting to retain more cash as their trust on banks and financial

institutions was deteriorating for a lot of irregularities committed by some banks.

On the other hand, deposits of small and medium amounts have been withdrawn in recent months as savers continue to struggle to meet their living expenses due to

working with stakeholders, he said.

Financial account is a component of the country's balance of payments that covers claims or liabilities to non-residents concerning financial assets. Its components include foreign direct investment, medium

improved overnight.

The NPLs amounted to Tk 131,620 crore in March, marking a 16.02 percent increase year-on-year, showed the BB data. It was 8.80 percent of the total credit disbursed by the banking sector.

The BB governor directed banks to increase monitoring to prevent over-invoicing and under invoicing in imports and exports, said Bangladesh Bank Executive Director and Spokesperson Md Mezbaul Haque.

The governor also directed banks not to use a rate higher than that fixed by Bangladesh Foreign Exchange Dealers Association (BAFEDA) for trading taka with US dollars, he said.

"If needed, we will take legal action against banks which are using a higher exchange rate," he said.

Some banks are not providing correct information to the central bank, said a private commercial bank's chief executive officer, requesting anonymity.

Moreover, some, including a few Shariah-based ones, are unable to maintain the minimum cash reserve as stipulated by the central bank due to a liquidity crisis, he added.

The BB governor asked the lenders to improve their financial health.



inflationary pressure.

Average inflation stood at 9.69 percent in July, slightly lower than the 11-year high of 9.94 percent in May.

The amount of cash outside the country's banks soared to Tk 263,373 crore in April, which was at Tk 254,668 crore in March 2023, as per the BB data.

The ABB head also said the negative financial account was the biggest challenge for now.

But the governor assured that the central bank will try to resolve the issue within this December by

## Bad loans, forex volatility main challenges

### HSBC Global Research says

#### STAR BUSINESS REPORT

Bangladesh should get more attention from investors considering its economic potential but the country faces challenges in bad loans, an illiquid stock market, exchange rate volatility and an unstable political landscape, according to HSBC Global Research.

The global research wing of London-based universal bank and financial services group HSBC Holdings PLC yesterday released a report on Bangladesh, styled "The Flying Dutchman".

The report starts by saying that it is true that the stock market in Bangladesh is small and illiquid.

"But as was the case in India two decades ago or Vietnam one decade ago, it [the stock market in Bangladesh] offers prospects for significant long-term capital appreciation driven by earnings growth."

The country's GDP growth averaged 6.4 percent in the past decade -- faster than most of Asia -- and its GDP per capita ratio recently surpassed that of India, the report said.

**An advantage for the country is that the earnings of its private sector are set to grow by around 20 percent in the next three years**

One of the most startling projections for Bangladesh is that it is on track to become a major consumer market by 2030 ahead of Vietnam and the Philippines, as per HSBC estimates.

Besides, that comes on top of the country's rising foreign investments, not just from garment makers, but also from Indian conglomerates, global tech giants such as Samsung Electronics, and Chinese firms.

Plus, domestic employment is rising and there are healthy remittances and good exports, it added.

Another upside for the country is that the earnings of its private sector are set to grow by around 20 percent in the next three years.

However, risks include rising inflation and the existing floor price mechanism on stocks, which is denting investor confidence, while exchange rate volatility and an unstable political situation are also concerns.

Additionally, climate change is a key risk for the country's development, the report said.

HSBC suggests that as more than 50 percent of the population is under 25 years old, Bangladesh should invest in education that better equips its people for skill-intensive jobs so that they do not fall behind by focusing on low-tech garment work.

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STOCKS		
	DSEX ▼	CASPI ▼
	0.58% 6,220.80	0.36% 18,435.98

COMMODITIES		
	Gold ▲	Oil ▼
	\$1,905.81 (per ounce)	\$80.97 (per barrel)

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
	▲ 0.21% 65,539.42	▼ 1.46% 31,766.82	▼ 0.59% 3,213.58	▼ 0.82% 3,150.13



Garment exporters have received a lower number of work orders from international clothing retailers and brands this year and do not expect any jump in shipment for the Christmas season.

PHOTO: STAR/FILE

## Christmas apparel shipment to be dull

### Say exporters

#### REEFAYET ULLAH MIRDHA

Local garment exporters do not expect any substantial increase in shipments to the Western world centring upcoming Christmas sales because of high inflation and for old stocks remaining unsold in retail stores in the American and European markets, exporters said.

Of all the garments shipped from Bangladesh throughout the year, nearly 60 percent is meant for the Christmas season.

The Christmas shipments start from September and continues up to the first week of December. The associated work orders are placed between April and August and the production also runs during this period.

However, the factories this year said to have received a lower number of work orders from international clothing retailers and brands.

"I do not see any jump in shipment of apparel from Bangladesh to the Western world during this Christmas time," said Anwar Ul Alam Chowdhury, chairman of Evince Group, a leading garment exporter.

Consumers in the Western world are facing inflation in their countries, he said.

Moreover, the retailers and brands have old unsold stocks of garment items in their stores for Christmas sales, he said, adding that this has reduced demand for new apparel items.

Shipments for Christmas may not increase a lot, as is expected by many, said Kutubuddin Ahmed, chairman of Envoy Legacy.

**Of all the garments shipped from Bangladesh throughout the year, nearly 60 percent is meant for the Christmas season.**

However, more work orders are coming in for the subsequent spring season, he said.

Buyers are not placing work orders for bulk quantities now, rather are inquiring a lot, he said.

So, a full recovery from the pandemic and Russia-Ukraine war-induced slowdown in garment shipments may take even after the next spring season, he added.

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