



COLLAGE: REHNUMA PROSHOON

# Drowning in a sea of distressed assets



A CLOSER LOOK

Tasneem Tayeb is a columnist for The Daily Star. Her X handle is @tasneem\_tayeb

TASNEEM TAYEB

The amount of distressed assets in Bangladesh’s banking sector – written-off loans, non-performing loans, and outstanding rescheduled loans, excluding loans that had been unclassified by court orders – currently stands at a staggering Tk 3.78 lakh crore, which is almost half of the country’s national budget for FY 2023-24. This grim reality was revealed in the recently released Financial Stability Report of the central bank, published following a demand from the IMF. While the number does not come as a surprise, given that economists and financial analysts had had doubts about the central bank’s previous figures, it should nonetheless be a humbling realisation for Bangladesh Bank.

The new figure points to the gross misgovernance, nepotism, and corruption that is endemic in the banking sector. It also raises questions about the greater ecosystem surrounding bad loans and their flow, especially outside the country, and the ineffective reclaiming process.

To begin with, a basic question anyone looking at the figure would ask is, where did the money go? Judging by the economy’s current state, it certainly did not go into legal local ventures. Most likely, criminal loan defaulters have laundered it abroad and/or invested in the shadow economy.

Every year, \$12-15 billion is smuggled out of the country, according to Transparency International Bangladesh Executive Director Dr Iftekharuzzaman. Moreover, there has been a sharp spike in the number of suspicious transactions in 2021-22 fiscal year: by 62 percent year-on-year. According to Bangladesh Financial Intelligence Unit (BFIU), suspicious transaction and suspicious activity reports increased drastically during

this time. Unsurprisingly, scheduled banks filed 93 percent of the reports. To assuage concerns, BFIU suggested that suspicious transactions are not necessarily unlawful activities, but the drastic increase in such cases should be a wake-up call for any financial watchdog. In the previous fiscal year alone, the number of such reports stood at 5,280.

Between the banking sector being plagued by an alarming lack of governance, and day-to-day operations being heavily influenced by the banks’ boards – the extension of board directors’ tenure to 12 years, which was a last-minute addition to the Bank Company (Amendment) Bill 2023, passed in the parliament on June 21 – has potentially put the sector under additional stress. Plus, the failure of authorities to apprehend known money launderers is creating a conducive environment for financial criminals to borrow money from banks and launder them abroad.

Apart from this, there is another problem that authorities should seriously look into: reclaiming over Tk 2.07 lakh crore that is entangled in 214,282 default loan lawsuits. It should be noted that between January and March this year, 14,650 new cases involving Tk 27,400 crore have been filed by 60 banks since they failed to recover the defaulted loans. There are 61 scheduled banks, 52 local and nine foreign, in the country, under the full control and supervision of the central bank.

In 2003, the money loan courts were established to rapidly resolve disputes centring loan repayments. But the overwhelming number of cases in comparison to limited resources are making it difficult for these courts to expedite such resolutions. And so, this money stays with the defaulters. Moreover, media reports stated that while the banks

apply to lower courts to reclaim defaulted loans, the borrowers file writs with the High Court to contest rulings. At the same time, the petitioners avoid immediate repayment by securing stay orders. In addition, the eight to ten years it takes to settle a lawsuit is a great impediment to the reclaiming process.

Lending money under political or the board’s pressure, circumventing due diligence before sanctioning loans, and granting loans to habitual defaulters have become regular practices. So, it is striking to see the lack of vigilance on the part of intelligence bodies and the inability of authorities to punish known launderers. The failure of law enforcers to curb shadow-economy activities is why defaulters are confidently borrowing money with the intention of never paying back.

To address the persistent problem of bad debts, Bangladesh Bank, the government, policymakers, financial watchdogs, law enforcers, and the banks themselves will have to work in tandem to dismantle the loop that feeds the entire ecosystem, from loans being sanctioned to the money being laundered abroad or invested in illicit areas.

Bangladesh can learn from Singapore, where the country’s monetary authority is currently working on developing a secure digital platform called COSMIC (Collaborative Sharing of Money Laundering/Terrorism Financing Information and Cases). This platform will enable financial institutions to share information on suspicious customers, with the aim to minimise financial crimes, including money laundering. The Financial Services and Markets (Amendments) Bill, passed in the Singapore parliament on May 9, provides a legal framework for COSMIC.

It is high time the authorities deal with this matter with utmost importance. They must apprehend and punish the criminals, irrespective of their corporate or political identities. The government must demonstrate a strong political will to eliminate this problem, lest the banking sector drown in a sea of distressed assets.

# FIFA Women’s World Cup: Where do we go from here?



Raiyan Binte Rafiq is a sports columnist for The Daily Star. She is currently pursuing an LLM, while freelancing for FootballCo and INDIVISA to cover UEFA Women’s Champions League and Women’s Super League. She also oversees recruitment at Next Level Sports Management based in Bangladesh.

RAIYAN BINTE RAFIQ

Legacy – the long-lasting impact of particular events. A moment in time that changes the course of life, but in this case, the alteration of women’s football. The FIFA Women’s World Cup concludes by crowning a new world champion, Spain, and brings an end to what has been the most scintillating four weeks of football in Australia and New Zealand. New players announced themselves on the biggest stage, young players stepped up to take the mantle, and new rivalries were formed. A hundred and sixty-four goals scored, 55 clean sheets kept, and celebrations that will now be played out in video games. This was a tournament breaking new records, achieving feats that were once a dream.

When the tournament kicked off, FIFA announced that this would be the biggest Women’s World Cup ever held. This was deemed as a “legacy tournament” – in other words, it would be so impactful that it would take the women’s game to new heights. The impact was undeniable and even contagious. Australians fell in love with their Matildas, Colombia sent Sydney into bedlam, South Africa danced their way into our hearts, Jamaica made sure we noticed them, Morocco left a profound influence on Muslim girls, tears were shed for Nigeria’s miracle run, Panama made every goal feel like a victory, and Philippines embraced their women’s team. People of all ages crowded the streets, thousands travelled in to soak the atmosphere, and even airlines streamed the penalty shootout of the Australia versus France match. It was at times emotional, but it was beautiful.

Since Australia’s run ended in the semi-finals, the Anthony Albanese government pledged \$200 million to the development

were instances where the demand was underestimated – an issue that has arisen in the past year due to the unpredictable growth of the game. Fans found themselves resorting to customising their own T-shirts and even creating goalkeeper jerseys. The oversight was pointed out by FIFA’s Best Goalkeeper of 2022, Mary Earps, who expressed disappointment in the lack of

When the tournament kicked off, FIFA announced that this would be the biggest Women’s World Cup ever held. People of all ages crowded the streets, thousands travelled in to soak the atmosphere, and even airlines streamed the penalty shootout of the Australia versus France match. It was at times emotional, but it was beautiful.

attention given to goalkeepers. In line with the recurring theme of the tournament that “actions speak louder than words,” goalkeepers emerged as standout performers. Zecira Musovic, MacKenzie Arnold, Dominic van Domselaar, and Mary Earps’ performances were impossible to ignore. By the conclusion of the tournament, Nike

cup was in 2011 with Japan. Thus, the anticipation was palpable as we awaited the crowning of the new world champions following the exit of USA. Australia was propelled by the outpouring of love and support as one of the host nations. Sweden endeared themselves with ABBA-themed celebrations that touched our hearts. Japan showcased captivating football, reminiscent of their 2011 triumph. Colombia became the sentimental favourite of many. Netherlands valiantly battled their opponents to prolong their journey. However, amid these diverse narratives, one team garnered distinctly polarised opinions – Spain.

When it came to Spain, a divisive thought always loomed overhead. The circumstances under which they entered this World Cup were under scrutiny, with Jorge Vilda’s role in the team questioned. Many football fans feared that Spain’s triumph in the World Cup would diminish the hard work put in by the smaller African, Asian and South American teams, rendering their efforts in vain. Then it happened: Spain emerged as the World Cup champions. Even as we witnessed two of the finest midfielders of our generation, Alexia Putellas and Aitana Bonmati, realising every footballer’s dream, a mix of emotions accompanied the moment.

The allegations against Vilda are too significant to ignore and the RFEF response, tweeting captions like “Vilda IN,” a playful reference to the “Vilda OUT” tweets used by Spanish fans just a few months ago, encapsulates the situation. This is a loss for women’s football in several ways, as there’s now a looming concern that federations may employ his case as a precedent to remain unyielding in their decisions, even if those choices are detrimental to the player’s well-being.

Spain’s prospect in the realm of women’s football is promising, with burgeoning talent across all age categories significantly elevating the quality of the game. The RFEF holds a clear responsibility towards its players and must take proactive measures to not only hear their voices but also safeguard



If actions indeed speak louder than words, the footballers who played in the just-concluded Women’s World Cup have unequivocally demonstrated their worthiness of the support they seek and require.

PHOTO: AFP

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Highways

6 Rap sheet name

11 Concur

12 Lofty

13 Pinned-on-top hairstyle

15 Brewed beverage

16 Zodiac animal

17 Distress signal

18 Peony part

20 Grownup

23 Hospital worker

27 Artist's inspiration

28 Christmas song

29 Perfect

31 River craft

32 Become narrower at one end

34 Wine choice

37 By now

38 German article

41 Dickens classic

44 Film prize

45 Deceive

46 Prom group

47 Supply with funds

DOWN

1 River floater

2 Fairy tale monster

3 Region

4 Bear's lair

5 Hush-hush

6 2015 Paul Rudd movie

7 Near the ground

8 Sacred bird of Egypt

9 To boot

10 Hardens

14 Boater or bowler

18 Cloth fold

19 Moon based

20 Paris pal

21 Failure

22 Try out

24 Singer Orbison

25 Cruise setting

26 Moose's kin

30 Strata

31 Stovetop item

33 For each

34 Plant part

35 Different

36 Casino cubes

38 Went out, as a fire

39 Regarding

40 Put away

42 Big truck

43 Take the title

WRITE FOR US, SEND US YOUR OPINION PIECES TO [dsopinion@gmail.com](mailto:dsopinion@gmail.com).

1 2 3 4 5 6 7 8 9 10

11 12 13 14 15 16 17 18 19 20

21 22 23 24 25 26 27 28 29 30

31 32 33 34 35 36 37 38 39 40

41 42 43 44 45 46 47

8-30

SUNDAY'S ANSWERS

D A D A S O M A N

M E D E A R E M U N

A L O N G B R I D E

J U R I S T S I T

O D E S O B S E S S

R E D Q U A I N T

B U R N S

A F R A I D O W E

B R E A D I S P A N

A T M T Y P I S T

L I A R S I R A T E R

T E X T S E E D