

Star BUSINESS

Policy and regulatory uncertainties are discouraging foreigners from investing in Bangladesh, said Syed Akhtar Mahmood, a former official of World Bank Group



Interview on B4

Nine banks asked to tighten forex vigilance at Dhaka airport

MD MEHEDI HASAN

The Bangladesh Bank yesterday instructed nine banks, including four state-run lenders, to transfer officials who have been in charge of their foreign exchange booths at the Hazrat Shahjalal International Airport for more than one year.

The banks are Sonali Bank, Agrani Bank, Janata Bank, Probashi Kallyan Bank, City Bank, Jamuna Bank, Pubali Bank, Mutual Trust Bank, and Standard Bank.

The central bank also asked the lenders to bring the booths under round the clock CCTV surveillance to tackle capital flight and illegal foreign currency transactions.

The instructions came during a meeting between Bangladesh Bank officials and managing directors and representatives of the nine banks that have forex booths.

BB Deputy Governor Kazi Sayedur Rahman presided over the meeting, where Md Sarwar Hossain, director of the central bank's foreign exchange policy department, and other officials were present.

Contacted, Md Mezbaul Haque, executive director and spokesperson of the central bank, told The Daily Star that banks had been asked to strengthen monitoring of forex booths considering media reports about capital flight.

That is the reason the central bank had called the meeting, he said.

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A model provides details of gold ornaments at a three-day jewellery expo, styled "Bajus Fair-2024", which kicked off at the International Convention City Bashundhara in Dhaka yesterday. The Bangladesh Jeweller's Association is organising the fair, which will remain open from 10am to 9pm. Each bhori (11.66 grammes) of 22-karat gold now costs Tk 110,691.

PHOTO: SK ENAMUL HUQ

Govt hopeful about 3rd tranche of IMF loan

STAR BUSINESS REPORT

Bangladesh is likely to receive the third tranche of the International Monetary Fund's \$4.7 billion loan as the country has met almost all conditions, said Finance Minister Abul Hassan Mahmood Ali yesterday.

He made the comments while speaking to reporters at the secretariat following a courtesy call by IMF Resident Representative Jayendu De.

The meeting comes just weeks before a mission from the Washington-based lender is due to visit the country to assess the progress made under the third tranche of the loan programme.

A year ago, the IMF board approved the loan



Forex reserves rise \$14m in a week

STAR BUSINESS REPORT

Bangladesh's foreign currency reserves rose \$14 million in a week to about \$19.96 billion, central bank figures showed.

The Bangladesh Bank data based on the calculation made in line with the formula of the International Monetary Fund (IMF).

In July last year, the BB began publishing the reserves as per the lender's BPM6 manual to ensure that the country's dollar stockpile is reported accurately.

The adoption of the manual comes as part of the conditions agreed with the IMF for the \$4.7 billion loan programme.

Bangladesh's reserves reached a record high of about \$40.7 billion in August 2021. But rising global commodity prices, supply disruptions, a slowdown in external demand, and shift in remittance back to informal channels have led to the rapid decline of reserves.

However, the reserve has received a boost recently riding on loans from the development partners as well as a pick-up in exports and remittances and a fall in imports.

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Brokerage houses nudge investors into treasury bonds after initial apathy

AHSAN HABIB

Brokerage firms in Bangladesh are increasingly encouraging stock investors to invest in treasury bonds as the risk-free securities are offering lucrative returns, which are higher than the deposit rate in the banking sector.

The interest rate of treasury bills and bonds is even higher, in some cases, than national savings certificates (NSCs), which give the highest returns among all investment tools in the country and are immensely popular among savers.

What is more, unlike NSCs, there is no upper investment limit for bills and bonds, drawing big investors.

Through the central bank, the government issues treasury bills and bonds to borrow from the market.

Treasury bonds made their debut on the Dhaka Stock Exchange (DSE) in October 2022, offering a new product to investors in a market short of adequate investment options.

Initially, brokerage houses were, however, reluctant to promote the securities since the commission was lower and a lot of manual tasks are involved.

Now, their attitude is changing

owing to the regulators' push and the higher rate of return for investors that may prompt the latter to come up with more funds, which may give a much-needed boost to the incomes of the brokers ultimately.

Recently, a number of brokerage firms published

"This was the first time my stock broker is encouraging me to invest in treasury bonds."

Mannan is convinced that treasury bonds are a lucrative risk-free investment tool, so he has decided to put in Tk 10 lakh in the treasury bonds by liquidating fixed deposits with a

can be attractive," said Md Moniruzzaman, managing director of Prime Bank Securities.

"This is risk-free, so we are encouraging investors to invest in treasury bonds. This is something that can be present to any investors who have large investments or are holding a large volume of funds."

The top official is aware of the tiny commission involved with the processing of treasury bond trading. "However, it can boost turnover of the market by bringing in investors who do not want to assume any risks."

At present, the commission on selling treasury bonds is 0.1 percent, or Tk 20,000, or whichever is lower. But the highest fee in stock trading is 1 percent and the average charge is 0.28 percent.

Md Ashequr Rahman, managing director of Midway Securities, also said the commission in trading treasury bonds is too small from brokers' points of view.

"A lot of manual tasks are involved in buying and selling of treasury bonds. However, we are encouraging them so that people can diversify their portfolio."

The return on NSCs is up to 11.76 percent but it will be lower

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advertisements, sent letters and emails to their beneficiary owner's accounts holders, informing them about the instruments.

The DSE also directs brokerage firms twice a month in line with the direction of the Bangladesh Securities and Exchange Commission (BSEC) so that brokers raise awareness about the benefits of investing in bonds.

Abdul Mannan, a stock investor, says he has not seen any such ads from his stock brokerage firm to invest in any instrument.

private bank. This is because the bank offers a deposit rate of 8 percent, added the investor, who has been investing in the market since 2005.

On the other hand, the interest rate of treasury bonds ranges from 11.60 percent to 12.10 percent, whereas the deposit rate at most of the strong banks is 7 percent to 9 percent.

"Government securities are a new product for stock investors and it is a tool that

to support an economy facing one of its worst crises in recent times. It released \$447.8 million in February last year and \$681 million in December.

The IMF authorised the disbursement of the second instalment despite the country's failure to meet the minimum net international reserves (NIR) and tax revenue collection targets.

The IMF is likely to release the third instalment in May.

During its visit next month, the IMF team will review the government's performance against the targets set for December 2023.

The minister said: "Most of the targets that they have set for us have been met. Things are looking up. It looks like that we are going to pass in the test."

As before, however, the government has failed to keep the minimum NIR.

At the end of 2023, the NIR needed to be at least \$17.78 billion. But the country fell short of the target by \$58 million.

It, however, has hit the targets on tax collection, which it missed last time, according to a finance ministry official.

The official said Bangladesh has met the conditions set for other reform measures.

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| STOCKS | |
|----------|-----------|
| DSEX ▲ | CASPI ▲ |
| 0.32% | 0.66% |
| 6,373.35 | 18,295.90 |

| COMMODITIES | |
|-------------|--------------|
| Gold ▼ | Oil ▼ |
| \$2,035.52 | \$73.73 |
| (per ounce) | (per barrel) |

| ASIAN MARKETS | | | |
|---------------|-----------|-----------|----------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▼ 0.1% | ▲ 2.06% | ▼ 0.42% | ▲ 1.28% |
| 71,428.43 | 36,863.28 | 3,142.91 | 2,865.90 |

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