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Interview in B4

BB asks Union Capital, Prime Bank for detailed merger plan

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday asked Union Capital and Prime Bank to submit a detailed plan about how they would merge.

The central bank sent letters to the two on Wednesday asking about the merger and how Union Capital would repay its depositors, said a BB official seeking anonymity.

The merger of Union Capital and Prime Bank is now at a primary stage, he said.

Before the move, the banking regulator primarily approved the merger between the non-bank financial institution (NBF) and the private commercial bank.

"We have primarily approved the merger on Tuesday as they wanted to merge and applied with us," said Md Mezbaul Haque, executive director and spokesperson of Bangladesh Bank.

The development comes about as the issue of merging weak banks and financial institutions is gaining attention at policymakers' levels in recent times after the BB unveiled a banking sector recovery roadmap with plans of such mergers.

Industry insiders said the process of merging Union Capital and Prime Bank started in 2022 when the latter's board consented to signing a memorandum of understanding (MoU) with the NBF to explore the opportunity of a potential collaboration.

Azam J Chowdhury, former chairman of Prime Bank, has taken the initiative to merge Union Capital with Prime Bank, said another central bank official.

East Coast Securities, an arm of East Coast Group, owned by Azam J Chowdhury, was the sponsor director of Union Capital till July last year.

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Age, education criteria set for appointing banks' independent directors

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has for the first time set the minimum and maximum age and other criteria for independent directors of banks as part of its efforts to restore good governance in the scam-hit banking sector.

It comes less than a week after the minimum age for directors was set at 30.

According to the guidelines issued yesterday, the BB said the minimum age for independent directors has been set at 45 years and the maximum age will be 75 years.

The latest move comes as the banking sector is going through one of its toughest times as people's trust in them has taken a beating owing to massive irregularities at some lenders, directors' undue intervention, and rising bad loans.

On February 4, the banking regulator unveiled a roadmap to bring down default loans below 8 percent by June 2026 from 9 percent in 2023 and ensure corporate governance in the banking sector. The BB has taken 17 initiatives to implement the roadmap.

The new guideline said gaining and maintaining the trust of depositors is essential for a bank. "Therefore, the responsibility of independent directors is more important than shareholder directors," it said.

Independent directors can protect the interest of depositors, it said.

Anis A Khan, an independent director of Trust Bank, termed

CRITERIA TO BECOME AN INDEPENDENT DIRECTOR

- Minimum age limit set at 45, maximum at 75
- They must have 10 years of professional or business experience
- Must have bachelor's and master's degrees in economics, banking, finance, business administration, law, or accounting
- Teachers in business, law and technology departments, bankers, finance, industries, law and commerce ministry officials to get priority
- Member of independent director's family can't hold share in banks
- Persons involved in illegal activities, loan defaulters and tax evaders barred

the new guideline "detailed and comprehensive".

"We welcome the consolidation of all stipulations in one document, thereby providing clear direction and clarity."

The independent directors must have at least 10 years of experience in either management and business or have professional experience,

according to the guidelines.

They must hold bachelor's and master's degrees in economics, banking, finance, business administration, law and accounting from a recognised university.

Higher education in information technology will be considered as an added qualification when it comes to the appointment of independent directors of digital banks.

Experienced teachers in the areas of business, law and technology at public, autonomous and private universities, bankers, and officials of the finance, industries, law and commerce ministries will get priority to become independent directors.

In order to sit on the board as independent directors, one must not have any interest in a bank.

Family members of the persons nominated for the posts can neither own any shares in the company nor hold any gainful position in a bank.

Similarly, there must be assurance from banks that individuals to be made such directors were not convicted of any criminal offences or were not involved in any forgery, financial crime or other illegal activities.

Persons who faced adverse judgements in any case and were penalised for violating rules will not qualify.

In Bangladesh, a bank can have a maximum of 20 directors and there has to be at least three independent directors.

Independent directors will get a maximum of Tk 50,000 per month along with the regular allowance.

Like directors, they will get the

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Engage public, private sectors in push for ease of doing business

MCCI chief says

STAR BUSINESS REPORT

Engagement of both public and private sectors is important for the successful implementation of measures to improve ease of doing business, said a top leader of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) yesterday.

Only the government can coordinate the involvement of both sides in this initiative, said MCCI President Kamran Tanvirur Rahman at the chamber's first quarterly luncheon at the MCCI office in the capital's Motijheel.



MCCI members, businesspeople, importers, exporters, trade body leaders and top officials of different companies participated in the meeting.

Rahman also urged the government to take measures to ensure the cost of doing business reduces.

The MCCI president added that the government has already taken some measures to reduce the cost of doing business, such as by launching One Stop Service (OSS), and extending the tenure of trade licences from one year to five years.

However, a few issues require urgent steps, such as the amendment of the Companies Act in order to make the over three decade-old law time-befitting.

The MCCI chief also praised the commerce ministry's "one village one product" initiative, saying it would expedite diversification of exports

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