Dhaka Bank looks to spread its wings to fuel growth

Says its Chairman Abdul Hai Sarker in an interview

AM JAHID

Dhaka Bank is increasingly embracing technologies to serve customers digitally and enhancing its lending to small clients as it redesigns its focus to stay relevant.

"Our ultimate target is to become a paperless bank. We want to spread our wings," said Abdul Hai Sarker, chairman of the private commercial bank, during an interview with The Daily Star on Wednesday.

He shared the plans as Dhaka Bank celebrates its 30th founding anniversary today, marking the three-decade of unwavering progress and success.

In 1995, the bank started its journey with an authorised capital of Tk 100 crore and a paid-up capital of Tk 10 crore. Now, its authorised capital has surged to Tk 2,000 crore while the paid-up capital jumped to Tk 1,006.6 crore.

It has made its presence vibrant across the country with 116 branches, three SME service centres, 31 sub-branches, and 87 automated teller machines (ATMs). It also has two offshore banking units.

As of June 30, deposits totalled Tk 29,119 crore while lending exceeded Tk 26,287 crore. Currently, 1,951 of its officials and employees are serving 960,900 clients.

"Since we started our journey, we complied with all rules and regulations and consistently ensured quality service for customers. Therefore, we have been able to come to this stage. Our commitment and honesty helped win the trust of depositors," Sarker said.

As of June 30, the total equity (capital and reserves) of the bank stood at Tk 2,244 crore. Its operating profit was Tk 815 crore in the year that ended on December 31.

"We always try to do it as much as possible for the benefit of our customers. We do our best to make them feel resilient," he said.

"We must keep customers always satisfied and always remain connected with them through the services we provide."

In order to cater to stock investors, the bank has set up Dhaka Bank Securities Ltd having six branches. It has established Dhaka Bank Investment Ltd to operate merchant banking activities.

However, the journey for the bank has not been without challenges.

"We faced a lot of obstacles. However, we have been able to overcome them through our leadership and thanks to support from the government and policymakers," Sarker said.

Sarker is a former president of the Bangladesh Textile Mills Association, a former vice-chairman of the Bangladesh Association of Banks, and a former director of the Federation of Bangladesh Chamber of Commerce and Industries.

The industrialist also talked about the bank's journey towards digital banking.

"It has become far easier to secure banking services since the world has become more digitalised. Transformation is taking place everywhere."

The bank is currently bringing about a fundamental change and is moving towards cashless banking.

"If a bank wants to provide paperless service, it will have to ensure all types of digital banking facilities."

Presently, Dhaka Bank is focusing on promoting micro-level customers apart from big clients. "Micro-level customers need cash support. We are providing the financing," he said.

The chairman also recognised the importance of ensuring cybersecurity and is aware of crimes being committed in the digital world.

Globally, there were 2,365 cyberattacks in 2023 with 34.33 crore victims, according to an article of Forbes.

The total cost of damages incurred by cybercrime is expected to reach $10.5 trillion by 2025, said Cybersecurity Ventures 2023 Official Cybercrime Report.

"Cashless and paperless banking is a risky business if we see it from the security aspect. Therefore, we have to ensure security if we want to sustain digital transformation," Sarker said.

Sarker said they are now worried about the defaulted loans. Currently, the bank has a non-performing loan of Tk 1,251 crore.

"It is one of the major problems right now. The owners of four large companies have fled the country taking the money of shareholders and depositors. Now we are bearing the brunt of the wrongdoings."

Dhaka Bank is not the only bank in Bangladesh that is experiencing obstacles stemming from the higher level of bad loans. In fact, the entire banking sector is creaking under the weight of bad loans.

In March, default loans hit an all-time high of Tk 182,295 crore, central bank data showed.

However, Sarker said, the amount of bad loans will be not less than Tk 400,000 crore since a large chunk of NPLs has remained in the banking system indirectly.

In 2019, the International Monetary Fund said the actual size of bad loans was more than double the officially recognised figure.

"It has now become a grave concern for the banking sector," he said.

Since defaulters have run away, banks could not recover the money, Sarker said, adding that lenders faced difficulty in recovering funds owing to complicated legal and policy issues.

He explained when a bank filed a case against defaulters, law enforcers could not produce them before the court as defaulters had left the country after laundering the money they obtained in the form of loans.

However, when banks tried to recoup the funds by selling the mortgaged properties, the defaulters hired lawyers to file writs with courts. "We are not getting the required policy and legal support to this effect," he said.

"Despite the challenges, we have been able to navigate the situation because of our commitment to the bank and depositors."

He urged policymakers to formulate policy in a way that will have a positive impact on the market.

Abdul Hai Sarker

BY THE NUMBERS

Number of total accounts: **960,900**
Number of branches: **116**
Number of sub-branches: **31**
Amount of total deposit: Tk **29,119**cr
Amount of total lending: Tk **26,287**cr
Annual operating profit: Tk **815.2**cr
Authorised capital: Tk **2,000**cr
Paid-up capital: Tk **1,006**cr
Total defaulted loans: Tk **1,251**cr

SOURCE: **DHAKA BANK**

The power of attitude: why the lion is king

MAHTAB UDDIN AHMED

When I worked for Unilever, we had this incredible senior, an IIT graduate, who had a memory like a steel trap. He could glance at your car plate and recall it correctly a year later. He was a walking encyclopedia with knowledge of every subject under the sun.

Despite his potential to be the Elon Musk of Bangladesh, he believed that "eating and sleeping are the cheapest forms of entertainment." While others chased big dreams, he found joy in hearty meals and power naps, proving that happiness can come from the simplest pleasures. Now, no one knows the sleeping Elon Musk of Bangladesh!

In the jungle, the lion is revered as the king. Considering the diversity of the jungle's inhabitants, this majestic creature holds a title that seems almost absurd. Some animals are larger, faster, stronger, and even more intelligent than the lion. Yet, the lion reigns supreme. What sets the lion apart is not its physical attributes but its proud attitude.

A survey by the Harvard Business Review found that 58 percent of employees trust strangers more than their own boss, often due to negative attitudes exhibited by leaders.

According to the American Psychological Association, individuals with a positive outlook are less likely to suffer from depression and anxiety. Positive thinking can reduce stress and improve overall mental well-being. Another research study found that people with positive attitudes live 7.5 years longer.

The lion's attitude personifies confidence, courage, and an undefeatable spirit. In a battle, it is not the size of a lion but its indomitable spirit that makes the difference. The lion believes it is invincible, which translates into its actions. It is precisely this attitude that defines the lion as the king of the jungle.

On the other hand, the elephant, a colossal creature, towers over the lion in size and strength, and yet does not challenge the lion's supremacy. The elephant's strength could easily crush a lion, but the lion's attitude of dominance and fearlessness often deters the elephant from engaging in combat.

The cheetah, known for its incredible speed, can easily outrun a lion. However, the cheetah lacks the lion's tenacity and attitude of a relentless hunter, unafraid to confront and overpower its prey. This fearless approach ensures the lion can secure a meal, even if it requires outsmarting a faster opponent.

Monkeys and gorillas possess remarkable intelligence and agility. They can navigate the jungle with ease, using their wit to survive. Despite their intellectual prowess, they do not challenge the lion's authority.

Giraffes, with their towering height and strength, seem like formidable opponents. However, the lion's perseverance and strategic mindset can often bring down these gentle giants. The lion's attitude of relentless pursuit, combined with a calculated approach, ensures it can conquer even those with superior physical attributes.

The lion's story is not just about survival; it is about thriving despite the odds. This powerful metaphor has significant implications for our own lives. Our attitude shapes our reality. Like the lion and my colleague in Unilever, we may face impossible challenges. There will always be individuals who are stronger, faster, more intelligent, or more resourceful. But our attitude can set us apart.

In the grand tapestry of life, it is not always the strongest, fastest, or most intelligent who prevails. It is those with the right attitude who rise to the top.

The lion teaches us that attitude is everything. By cultivating a mindset of confidence, courage, persistence, resilience, and leadership, we, too, can become kings and queens of our jungles. The power of attitude can define who we are and how far we can go in life. Just like the lion, let your attitude be the force that propels you to greatness.

The author is founder and managing director of BuildCon Consultancies Ltd.

China's BYD opens EV plant in Thailand

AFP, *Bangkok*

China's electric vehicle giant BYD opened a factory in Thailand on Thursday, continuing its international expansion despite a market slowdown and hours before the European Union was due to impose swingeing tariffs on Chinese EV firms.

The plant in Rayong, an industrial area southeast of Bangkok, will be able to build up to 150,000 vehicles a year, according to the company, which dominates its domestic market.

Wang Chuanfu, Shenzhen-based BYD's chief executive, said production would initially focus on full electric vehicles and later expand to include plug-in hybrids, which combine a conventional engine with an electric motor.

"BYD Thailand plant has an annual capacity of 150,000 vehicles, including the four major processes of vehicle and parts production, and will create about 10,000 jobs," Wang said at an opening ceremony.

Thailand has long been a major assembly hub for Japanese car makers including Toyota and Honda, but is now seeking to shift production away from conventional vehicles and towards EVs.

The kingdom has offered substantial tax breaks for companies as it aims for 30 percent of its car production to be EVs by 2030. BYD overtook Elon Musk's Tesla in the fourth quarter of 2023 to become the world's top seller of electric vehicles.

Tesla reclaimed top spot in the first quarter of this year, but BYD is bullish about its expansion, insisting last month it would press ahead with a second factory in the European Union.

The Chinese automaker recorded a record annual profit of 30 billion yuan ($4.1 billion) last year, but in April reported lower than expected revenue for the first quarter of 2024.

BYD has faced a bitter price war in China, where a staggering 129 EV brands are slugging it out -- with only 20 achieving a domestic market share of one percent or more, according to Bloomberg.

China has led the global shift to electric vehicles, with almost one in three cars on its roads set to be electric by 2030, according to the International Energy Agency's annual Global EV Outlook. But European regulators have raised concerns about what they say is "overcapacity" created by excessive state subsidies.

Seeking to protect European manufacturers from cheaper Chinese imports, Brussels has proposed a provisional hike of tariffs on Chinese manufacturers: 17.4 percent for BYD, 20 percent for Geely and 38.1 percent for SAIC -- in addition to the current 10 percent import duty.

EU and Chinese trade chiefs held talks last weekend in a bid to avert a bitter trade war, but the tariffs are set to come into force on Thursday. But while they are high, the EU tariffs are significantly lower than the 100 percent rate the United States imposed from last month on Chinese electric cars.

EU slaps Chinese electric cars with tariffs of up to 38%

AFP, *Brussels*

The European Union on Thursday slapped extra provisional duties of up to 38 percent on Chinese electric car imports because of "unfair" state subsidies, despite Beijing's warnings the move would unleash a trade war.

Brussels launched an investigation last year into Chinese electric vehicle manufacturers to probe whether state subsidies were unfairly undercutting European automakers.

Since announcing the planned tariff hike last month -- on top of current import duties of 10 percent -- the European Commission has begun talks with Beijing to try to resolve the issue, with China threatening retaliation.

"Our investigation... concluded that the battery electric vehicles produced in China benefit from unfair subsidisation, which is causing a threat of economic injury to the EU's own electric car makers," the EU's trade chief Valdis Dombrovskis said.

In response, the commission said it has imposed provisional duties on Chinese manufacturers including 17.4 percent for market major BYD, 19.9 percent for Geely and 37.6 percent for SAIC.

The rates were adjusted slightly downwards for Geely and SAIC, from an initially-announced 20 percent and 38.1 percent, after further information provided by "interested parties", it said.

They will kick in from Friday, with definitive duties to take effect in November for a period of five years, pending a vote by the EU's 27 member states.

Electric car producers in China that cooperated with the EU will face a tariff of 20.8 percent, while those that did not cooperate would be subject to a 37.6 percent duty.

The move comes despite talks between Chinese and EU trade officials on June 22, but Brussels will continue "to engage intensively with China on a mutually acceptable solution", trade chief Dombrovskis said.

"Any negotiated outcome to our investigation must clearly and fully address EU concerns and be in respect of WTO rules," he said in a statement.

Beijing has already signalled its readiness to retaliate by launching an anti-dumping probe last month into pork imports, threatening Spanish exports. Chinese media suggest Beijing will trigger further probes.

Chinese officials have also railed against probes targeting state subsidies in the green tech sector including wind turbines and solar panels.

"It is plain for all to see who is escalating trade frictions and instigating a 'trade war'," a spokesperson for the Chinese commerce ministry said on June 21.

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People are seen next to a sport utility vehicle of Chinese automaker BYD at the Geneva International Motor Show in Geneva, Switzerland. Electric car producers in China that cooperated with the EU will face a tariff of 20.8 percent, while those that did not cooperate would be subject to a 37.6 percent duty. PHOTO: **AFP/FILE**

Sri Lanka bond holders agree to take 28% haircut: govt

AFP, *Colombo*

Sri Lanka's private creditors have accepted a 28 percent haircut on $12.5 billion in sovereign bonds, the government announced Thursday, meeting a key condition of an IMF bailout.

After two days of talks in Paris with most international sovereign bond (ISB) holders, Colombo clinched the final step in restructuring private, bilateral and domestic debt.

The country defaulted on its external debt in April 2022 after running out of foreign exchange, and the unprecedented economic crisis forced then-president Gotabaya Rajapaksa to step down.

Last week, Sri Lanka announced rescheduling loans from its key bilateral creditor China and other nations, covering up to $10 billion in official loans.

Debt restructuring is a critical step towards recovery after the 2022 financial crisis and the maintenance of a $2.9 billion International Monetary Fund bailout loan, spread over four years.

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