

star BUSINESS

BB verifying information of 5 foreign shareholders of Nagad Bank

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked the foreign ministry to verify a number of information of five foreign shareholders of Nagad Digital Bank PLC.

The shareholders -- which hold a majority of the digital bank's shares -- are Blue Haven Ventures (USA), Osiris Capital Partners (USA), Zen FinTech (USA), Finclusion Ventures Pte Ltd (Singapore) and Trupay Technologies (USA).

The foreign ministry was requested to collect the information about the five companies through Bangladesh's embassies in Singapore and the US.

The information includes the registration of the companies, their address or location, business activities, including those of subsidiaries in case these were holding companies, net revenue after tax in the last three years and net assets.

The central bank also sought to verify the ownership structure of the companies, organisational structure during their formation, current ownership and the citizenship status of the owners.

The board of directors of the regulator gave the final approval for Nagad Digital Bank PLC on May 28 after it met the criteria mentioned in the letter of intent (LoI) handed over to it in October last year.

Deposits and lending of the 6 banks

(In crore taka)

SOURCE: FINANCIAL REPORTS

Loans in '23

Deposits in '23

REASONS BEHIND THE MOVE

- Preventing further deterioration of the banks' health
- Improving their liquidity situation
- Protecting depositors' interests

What's in the order

- No lending except for SME, agriculture and working capital
- Lending is allowed in these sectors for up to Tk 5cr
- For a higher amount of lending, BB approval will be necessary
- Existing loans should not be renewed or extended
- The banks can't take over loans from other banks or NBFIs
- They have to submit monthly repayment data of large 20 borrowers

CLASSIFIED LOAN IN % OF TOTAL LOANS (IN 2023)

Union Bank	3.63%
Islami Bank	4.32%
First Security	3.95%
SIBL	4.70%
Global Islami	2.61%
Commerce Bank	52.00%

6 banks with ties to S Alam barred from lending

AHSAN HABIB

The Bangladesh Bank restricted six banks linked to S Alam Group from lending activities to prevent their situation from deteriorating further amid allegations of wrongdoing.

Experts say the restriction may help boost liquidity in the six cash-strapped banks, which were all running their activities by taking special liquidity support from the central bank.

The banking regulator made the decision yesterday through a letter sent to the banks, namely Islami Bank Bangladesh, First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, and Bangladesh Commerce Bank.

However, the lenders will be able to

disburse agriculture loans, SME loans against deposits, and loans under incentive packages up to Tk 5 crore, the BB letter added.

In order to provide loans above Tk 5 crore, the respective bank will have to get prior approval from the central bank.

It also prohibited the six banks from rescheduling any previous loans until further notice.

Alongside that, they cannot extend or increase existing loans or take over loans from other banks or non-bank financial institutions.

The central bank also ordered the six banks to submit monthly repayment data of its 20 largest borrowers.

"The decision was taken in order to protect further deterioration of the banks, and

protect depositors' funds," the letter sent by the central bank read.

The central bank passed the order to bring discipline to the banks, said Syed Mahbubur Rahman, a former chairman of the Association of Bankers, Bangladesh (ABB), adding that such policies had previously been issued for state-run banks.

As the banks have some liquidity issues, it may help improve the situation, he said.

The liquidity coverage ratio (LCR) of Islamic banks in Bangladesh tumbled to 58.7 percent at the end of last year from 87.7 percent in 2022 and 188.5 percent in 2021, according to a report released by Fitch Ratings, an American credit rating agency.

Excess liquidity in the sector plummeted

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Islami Bank sacks 8 top officials amidst internal unrest

STAR BUSINESS REPORT

Islami Bank Bangladesh yesterday terminated its contracts with eight top officials amid unrest in the largest Shariah-based bank in the country following the political changeover.

Of the officials, JQM Habibullah was an additional managing director and Akiz Uddin, Mohammad Sabbir, Miftah Uddin, Kazi Md Rezaul Karim, and Md Abdullah Al Mamun were deputy managing directors, officials of the bank confirmed to The Daily Star.

Of the remaining two, Taher Ahmed Chowdhury was chief anti-money laundering compliance officer and Md Nazrul Islam was the principal of the Islami Bank Training and Research Academy.

All the officials were hired on a contractual basis and the bank cancelled the contracts with them, said a top official of Islami Bank.

The photos of the officials have been removed from the Islami Bank website too, he added.

The decision of the dismissals comes after unrest gripping Islami Bank, which holds the largest amount in deposits among all banks, following the toppling of the Sheikh Hasina-led Awami League government in a mass uprising on August 5.

The day after her fall, a group of staff and officials of Islami Bank started staging a demonstration alleging of being deprived of official benefits and promotions over the last 15 years.

The demonstrators said their suffering started in 2017 when the bank's stakes started to be purchased by Chattogram-based S Alam Group, which managed to avail a staggering Tk 95,000 crore in loans from six banks during the tenure of the past government.

The protesters also demanded resignation of top Islami Bank officials and its additional managing director, Muhammad Qaisar Ali, was forced to resign.

On August 11, a clash erupted in front of its headquarters in Dhaka's Motijheel when officials and a deputy managing director, Miftah Uddin, allegedly appointed by the S Alam Group tried to enter the headquarters of the bank.

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Outbound tourism to India slows to a crawl

SUKANTA HALDER

Political unrest in Bangladesh since the start of July has been severely affecting India's inbound tourism industry, according to local outbound tour operators.

They said the business started being gradually affected since July 1, when the nationwide student movement demanding reforms to the quota system for government jobs took hold.

As time went on, the business situation only worsened, they said, adding that their business hit rock bottom after Sheikh Hasina handed in her resignation

most visas, except for medical visas.

Although flights have now resumed, an official from an airline that operates flights to Dhaka noted that the passenger load for these trips decreased by over 50 percent, the report added.

Sabbir Ahmed, managing director of Cosmos Holiday, a local outbound tour operator, told The Daily Star that only medical and student visa services are currently available for India.

However, a few days ago, one of his clients was even refused a medical visa, he said.

"On an average 500 people



Salehuddin Ahmed

Japan to continue supporting Bangladesh

Envoy tells Salehuddin

STAR BUSINESS REPORT

Japan has expressed happiness over Bangladesh reaching political stability recently and assured of continuing its support for the development of the country, said Finance and Commerce Adviser Salehuddin Ahmed yesterday.

"We discussed various bilateral issues, including trade, investment and employment. Japan is very happy over the political stability and interim government's leadership," he said.

The adviser made the remarks while talking to journalists after meeting with Japanese Ambassador to Bangladesh Iwama Kiminori at the Ministry of Finance in Dhaka.

"There are no more questions about the work. Rather, they want to extend their cooperation with more projects for the future, including metro rail projects," he said.

Ahmed said during the meeting, they sought budgetary support and more investment in the private sector to boost the foreign exchange reserves.

"We have urged them to expand their cooperation in the health and education sectors," he said.

Ahmed said Japan wanted Bangladesh to ensure a business-friendly environment and smooth access and processes in banks and customs.

"About their concerns regarding reforms, I have assured them of bringing about reforms in the banking sector and customs of the National Board of Revenue. We are already on it," he said.

"About the near future, we have told them that their existing cooperation is good and we urged them to intensify it," he said.

The government wants to relieve people's sufferings and Japan will stand by Bangladesh, he added.

"In the meeting, we have also discussed free trade agreement (FTA) and graduation from LDC (least developed country) status. Japan also assured us about their cooperation," he added.



PHOTO: COLLECTED/FILE

Bangladeshi travellers account for nearly a fourth of India's inbound tourists, according to a report by The Economic Times of India.

as prime minister and fled the country on August 5.

At present, the situation remains dire. According to local outbound operators, the number of visitors travelling from Bangladesh to India has dropped by more than 90 percent.

Bangladeshi travellers account for nearly a fourth of India's inbound tourists, according to a report by The Economic Times of India. These tourists primarily come for medical tourism or for shopping, particularly during Durga Puja and the wedding season, the report mentioned.

Operators said the situation worsened after Hasina's departure as it led to temporary flight disruptions and a suspension of

normally go to India through our company each month. Not even three people have gone through our company in the past month," Ahmed lamented.

As a result, most such businesses are now being run through loans. Ahmed said he has taken loans amounting to Tk 60 lakh in the past two months.

Taslim Amin Shovin, chief executive officer of InnoGlobe Travel and Tours, another local tour operator, said the number of tourists that are visiting India has fallen by over 98 percent.

"Only those who urgently need to go to India are still travelling," he said, adding that many had shelved plans to visit the neighbouring country, he said.

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