

National Bank's new board to scrutinise all waived and written-off loans

Chairman Abdul Awal Mintoo says in an interview

AHSAN HABIB

The newly appointed board of National Bank PLC (NBL) will scrutinise all waived and written-off loans and interests, regardless of whether they were justified or not. The board will also evaluate all violations of banking norms and laws that occurred in the past 15 years.

Abdul Awal Mintoo, the newly appointed chairman of the bank, made this comment to The Daily Star in an interview on Wednesday (August 4).

He has already ordered the bank management to provide a complete list of written-off loans since 2010. These loans were written-off from the bank's books, but the clients still owe the money.

A list of all waived interest and principal amounts has also been sought. The board will evaluate each item to determine its justification, he said.



New chairman says...

National Bank's new board will review all waived and written-off loans from the past 15 years

Will order a complete list of written-off loans since 2010

No defaulters will receive special treatment

New board has urged the central bank to provide short-term financial support to stabilise cash flow

They are confident that the bank will be able to return all the deposits that were withdrawn in the last several months

The management has asked to submit a list of instances where the bank violated rules and banking norms, even if the central bank granted special permission.

"Everything [irregularities] will be reversed," Mintoo said.

"I can assure you that every defaulter will be pursued with the maximum force of law. No one will receive any favours from NBL," said Mintoo, who was previously the bank's chairman before the Sikder family took control of the board.

NBL was the first private commercial bank in Bangladesh, having begun its commercial operations back in 1983.

"I hope the current government will ensure that all loopholes in the legal process are closed so that defaulters cannot exploit them," Mintoo said.

Recently, the central bank dissolved the previous board of NBL to protect the interests of depositors and appointed several new directors, including Mintoo.

The bank's newly appointed board members elected Mintoo, a businessman and vice-chairman of the Bangladesh Nationalist Party, as chairman of its board of directors.

"Our main target is to change perceptions about the bank and build trust. To do this, we need the help of the central bank," Mintoo said during the interview.

Two photo frames -- prominently displayed side by side on a wall of his office -- show Mintoo with two former prime ministers: Sheikh Hasina and Begum Khaleda Zia. He is also the former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Mintoo completed his BSc and MSc degrees from the Maritime College, State University of New York. In 1982, he left his international shipping career and returned to Bangladesh.

He said that during the last 15 years, while the bank was being corrupted, he tried to speak out. But the Sikder family, having taken control of the bank, prevented others from speaking and the central bank supported them.

"Many managers were beaten by the Sikder family to follow their unlawful orders, and the central bank was aware of this," Mintoo said. "Despite that, the central bank allowed the family to maintain control of the bank."

"In my judgement, the Bangladesh Bank has an obligation to provide support for three reasons: for the sake of the country's economy, for the sake of depositors and for the sake of customers who are involved in production. They are the lender of the last resort," he added.

"I don't want the central bank to print money for us. It can create a money instrument for the bank, but this is only for the very short term," Mintoo said.

If the central bank provides the bank with Tk 8,000 to Tk 10,000 crore, the bank will return around Tk 6,500 crore to fulfil the cash reserve ratio (CRR) and statutory liquidity requirement (SLR). The remaining funds will be used to address normal cash flow deficits.

Mintoo hoped that the bank would not require further support after six months.

Within the next six months, the bank will sit with all defaulting clients. Some may face legal action, while others will begin repaying under effective negotiations.

"I am confident that NBL will be able to return all the deposits that were withdrawn in the last several months," Mintoo said.

In 1984, at the age of 32, Mintoo joined the board of directors of the bank. He later served as the chairman of the bank before leaving the board when his term expired, abiding by banking regulations.

Mintoo always had a shareholding in the bank but was not interested in rejoining the board.

"Serving on the board cannot add value to me, but it can add value to those who steal money," he said. "But I want to add value to the bank, so I accepted the responsibility."

Mintoo said the central bank should provide support because it dissolved the bank's board with good intentions and selected him by its own choice.

Upon joining the bank, he found a negative cash flow and a reduction in deposits of around Tk 7,000 crore amid several negative news reports about the bank.

High default loans have caused the bank's interest payments to exceed its interest earnings. As deposits have declined, the advance deposit ratio has risen above the ceiling, leading to imbalances in most indicators.

same amount'," Mintoo explained.

These groups also agreed to waive interest on each other's loans, leading to a few banks becoming stuck in this type of banking practice.

Among these banks, NBL was in the worst situation due to widespread corruption.

Sikder Group was involved in barter lending using the bank, and they have taken money from the bank illegally. The bank bought some assets at a high price from several parties, which are ultimately linked to the family.

For example, the existing head office of the bank belonged to a group. NBL gave a loan to that group to construct the building, and it sold the structure at a higher price than the market value.

This group sold it to one of the sons of the Sikder family and he rented it to the bank at a higher price than the other buildings nearby. So, the bank was used for the benefits of the family while the commercial lender was the ultimate loser, Mintoo said.

There are several other examples of such activities, he said, adding that the bank's cost is around Tk 24,000 per square feet for the building situated at Kawran Bazar circle while its cost may be Tk 5,500 at maximum.

On top of that, the bank needed some more spending to make the building usable, according to Mintoo.

Actually, they have just taken away the rest of the money as Sikder Group is the actual contractor of the building in the name of a foreign company, he said.

They have invented thousands of ways of stealing money from the bank, he said, adding that they have taken money from every purchase of the bank, causing the bank's operating costs to soar.

"The bank bought a space in Gulshan at around double the real price. Now we have found out that this family also bought space in the same building," he said.

So, it is clear that they bought the space with the bank's fund, Mintoo added.

In just one meeting, the Sikder Group-controlled bank waived Tk 2,700 crore of interest payments of a group. And its impact is much higher as the money was shown as interest income in the financial reports, violating banking norms.

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Time for business schools to scale up

MAMUN RASHID

Thanks to our entrepreneurs, a few dynamic policy planners, mostly docile and hard-working workers, Bangladesh's private sector has expanded rapidly and became a crucial driver of economic growth. However, to make the best of the opportunities, entrepreneurs consistently emphasise the need for skilled financial analysts, HR managers, marketing managers and production supervisors.

However, the public education system seems to be struggling to meet the growing demand for skilled professionals in the private sector. Consequently, private universities are emerging to fill this gap, focusing heavily on business education.

The growing demand for BBA and MBA degrees has prompted both public and private universities to expand their business education offerings despite initial parental preferences for engineering and medical careers.

While the private sector's involvement in higher education was initially welcomed, the reality often falls short of expectations.

A critical issue is the low ratio of core staff to students, especially in business schools within private universities. My experience shows this imbalance burdens the core team, leaving little time for strategic thinking and organisational development.

A persistent shortage of qualified teachers exacerbates the problem. Many instructors need more practical corporate experience, resulting in an overly theoretical curriculum that fails to connect with real-world business challenges.

Visiting faculty, including top executives, are regularly invited to teach. However, without a genuine passion for education, these professionals may lack the commitment to contribute meaningfully to the university's mission. To address this, universities should provide good teaching assistants to support these busy executives, allowing them to focus on delivering modern, relevant content.

The financial sustainability of business schools often hinges on student enrolment numbers, leading some universities to prioritise quantity over quality. Quality education will ultimately prevail and is crucial for the private sector's sustained growth. Alums can play a vital role by organising grants and donations to help bridge financial gaps.

I know, teaching MBA and EMBA students, those with professional expertise excel academically. An MBA is most valuable for professionals with prior work experience as it allows them to apply academic concepts to real-life scenarios. It shouldn't be merely a credential but a rigorous program designed to develop strong work ethics and business acumen necessary to survive in a globalised world.

To improve the quality of education, business schools should establish an administrative cadre to alleviate the workload of academic leaders, enabling them to focus on strategic initiatives. A transparent feedback system for evaluating teachers should be implemented, with results shared and discussed with the faculty to foster continuous improvement.

Retaining top-rated faculty is crucial, and universities must strive to create an environment that encourages their continued involvement. Alumni associations should actively support their alma mater, contributing to its development and reputation.

Universities must invest in essential infrastructure, including well-stocked libraries, modern computer centres and advanced research facilities. Institutions should attract distinguished international faculty and researchers to study Bangladesh's corporate landscape and global business issues, incorporating modern methodologies and global best practices to remain competitive.

These infrastructural investments are vital for student success and institutional prestige. High-quality business schools are essential for supporting the economic growth that Bangladesh aspires to achieve. With better private universities, these institutions can drive the private sector's development and significantly contribute to nation-building by harmonizing academic administration, teaching and research.

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China seeking WTO talks with Canada over EV, steel tariffs

AFP, Beijing

China's commerce ministry said on Friday Beijing had referred Canada to the World Trade Organization (WTO) over Ottawa's new restrictions on imports of Chinese electric vehicles, steel and aluminium.

Canadian Prime Minister Justin Trudeau announced tariffs last month of 100 percent on Chinese EVs and 25 percent on Chinese steel and aluminium products, accusing Beijing of "not playing by the same rules as other countries" in areas such as environmental and labour standards.

China slammed the moves as unfair and unveiled anti-dumping investigations this week into imported Canadian canola and chemical products in apparent retaliation.

And on Friday, Beijing's commerce ministry said it had "made a request for consultations with the Canadian side at the WTO" regarding Ottawa's additional tariff measures.

"Canada has ignored WTO rules and violated its commitments at the WTO," a ministry spokesperson said in an online statement.

"(This) is a classic unilateral and trade protectionist act that seriously damages the rules-based multilateral trading system and disrupts global industrial and supply chains for EVs as well as steel and aluminium products," it said.

"China fully opposes this... We urge Canada to abide by WTO rules and immediately correct its erroneous practices."

Ottawa's surtax on Chinese electric and some hybrid passenger cars, trucks, buses and delivery vans will come into force from October 1 and will be collected on top of existing import duties of 6.1 percent.

AFP, Washington

US hiring bounced back in August but missed expectations while the jobless rate crept down, government data showed Friday, paving the way towards central bank rate cuts in the coming weeks.

The world's biggest economy added an estimated 142,000 jobs last month, an increase from July's figure which was revised notably lower to 89,000, said the Department of Labor.

June jobs gains were also revised significantly down.

The August number came in below economists' expectations of 165,000, according to a Briefing.com consensus forecast.

The unemployment rate meanwhile declined slightly from 4.3 percent to 4.2 percent, a shift that should assuage some policymakers' fears. Overall, the figures reaffirm perceptions of a cooling labour market, adding to analysts' anticipation that the Federal Reserve will begin to lower rates from decades high levels this month.

With a solid payrolls increase, lower jobless rate and rise in earnings, analysts see a higher chance that the Fed opts for a smaller cut of 25 basis point rather than 50.

US job gains miss expectations as labour market cools

"With inflation back down close to normal levels, it is important to focus on sustaining the historic gains we have made for American workers," President Joe Biden said in a statement.

Brendan Boyle, top Democrat on the

House Budget Committee, added that the US economy has "made significant progress on inflation, and now the Fed must secure this progress by lowering interest rates" at this month's policy meeting.



People wait for a chance to speak with prospective employers during a career fair in Los Angeles, California. The world's biggest economy added an estimated 142,000 jobs last month.

PHOTO: AFP/FILE