

# Star BUSINESS

Meghna Automobiles began selling three locally assembled sport utility vehicles of South Korean automobile manufacturer KIA recently



Story on B4

## Hilsa export to India allowed for 'greater interests' Salehuddin says

STAR BUSINESS REPORT

The decision to allow 3,000 tonnes of hilsa to be exported to India from Bangladesh ahead of the upcoming Durga Puja festivities was made considering the greater interests of the country, according to Salehuddin Ahmed, commerce adviser to the interim government.

Bangladesh usually exports hilsa to India ahead of Durga Puja each year as a gesture of goodwill.

However, on August 11, Fisheries and Livestock Adviser Farida Akhter told journalists that the interim government wanted to increase the supply of the national fish in the domestic market, adding that she did not approve of sending hilsa abroad without meeting the needs of the country's people.

In another turn of events on Saturday, the commerce ministry said in a statement that the government would allow 3,000 tonnes of hilsa to be exported, referring to a letter from the Ministry of Foreign Affairs.



Ahmed added that 3,000 tonnes accounted for less than 0.5 percent of the total hilsa production, which stood at more than 5.30 lakh tonnes last year.

There are emotional entanglements and friendly relations between Bangladesh and India, the adviser said. For instance, India has already lowered the duty on exports of onions.

"Moreover, hilsa is smuggled out of Bangladesh to India," he said, adding that hilsa export would also bring in some US dollars.

In the fiscal year 2023-24, Bangladesh exported 664.86 tonnes of hilsa to India, earning \$7.71 million, according to data from the Department of Fisheries.

Replying to a query about whether prices of the popular fish may increase, the adviser said the price of hilsa is normally high in the markets and a section of traders usually increases the price.

However, the decision to export hilsa to India on the occasion of Durga Puja has been taken after a lot of thought and it will have a lasting positive impact, he said, adding that Bangladesh wanted to continue being a good neighbour.

Speaking on the government's decision, Farida said yesterday: "The decision was given by the Ministry of Commerce in response to the request."

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### KEY POINTS

- Seven banks so far applied to the BB for Tk 28,900cr liquidity support
- Five banks signed agreements with BB for the guarantee
- BB imposed nine conditions for guarantee

### FIVE BANKS THAT SIGNED DEALS

National Bank, First Security Islami Bank, Global Islami Bank, Social Islami Bank, and Union Bank

### BANKS YET TO SIGN DEALS

Islami Bank Bangladesh, Exim Bank

### MAJOR CONDITIONS FOR GUARANTEE



BB to provide guarantee for three-month tenure loans on a case-to-case basis



Banks have to pay 0.25% guarantee fee to BB



Highest tenure of the interbank loans will be one year



BB will deduct money from the lenders' current accounts if they fail to repay on time

# Five crisis-hit banks secure BB guarantee for liquidity

MD MEHEDI HASAN

Five crisis-hit banks have obtained a Bangladesh Bank (BB) guarantee to avail liquidity support from the inter-bank money market, according to central bank officials.

First Security Islami Bank, Global Islami Bank, Social Islami Bank and Union Bank signed agreements with the central bank yesterday while National Bank signed on Thursday.

Following the installation of an interim government in August, all five commercial lenders saw their boards of directors reconstituted.

"We signed an agreement with the central bank for the guarantee and it will take three to four days to get the liquidity support," said Mohammad Forkanullah, managing director (acting) of Social Islami Bank.

In this regard, Forkanullah said Social Islami Bank had already approached some state-run banks.

Recently, a total of seven restructured banks applied for the BB guarantee after new central bank Governor Ahsan H Mansur hinted at taking the step.

The BB governor said the central bank would not provide liquidity support by

printing money like in the past but would instead provide the scope for lenders to seek support from the inter-bank money market.

Of the seven lenders, Islami Bank Bangladesh applied for BB guarantee asking for Tk 5,000 crore in liquidity support; Social Islami Bank for Tk 2,000 crore; First Security Islami Bank for Tk

7,900 crore; Union Bank for Tk 1,500 crore; Global Islami Bank for Tk 3,500 crore; National Bank for Tk 5,000 crore; and Exim Bank for Tk 4,000 crore.

Speaking to The Daily Star on condition of anonymity, a senior central bank official said the BB would not approve guarantees against the amount of liquidity support that has been sought. Rather, guarantees will be issued on a case-to-case basis.

According to the official, the central

bank will also sign deals with the other two banks namely Islami Bank Bangladesh and Exim Bank.

NINE CONDITIONS IMPOSED

The central bank imposed nine conditions in the agreements with the five commercial lenders.

According to the terms, the banks will have to pay a 0.25 percent guarantee fee on the guaranteed amount.

The guarantee covers a period of three months on a case-to-case basis, while the loans will have to be paid back with profit after maturity.

Under the agreement, once the loans are repaid, the lenders will be able to take loans for another three months and the total tenure of this rollover will be one year.

In case of a failure to repay by the crisis-hit banks, the liquidity provider banks can create 90 days' tenure of forced loans in the name of the borrowing banks.

Against the liquidity support, the profits or interest will be imposed at the existing special liquidity facility (SLF) rate.

The BB will be able to deduct funds from the concerned lenders' current accounts with the central bank in case of

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## IMF may seek subsidy cuts, more revenue against \$3b loan

REJAUU KARIM BYRON

The International Monetary Fund (IMF) is likely to give more reform recommendations to reduce subsidies and increase revenue collection for an additional \$3 billion loan sought by the interim government, according to a top official of the multilateral lender in Dhaka.

A four-member IMF team led by its Mission Chief Chris Papageorgiou is expected to visit Dhaka from September 24 to September 30 for preliminary discussions on the loan proposal.

In January last year, the multilateral lender approved a \$4.7 billion loan programme for Bangladesh, imposing various reform conditions, including over subsidies and revenue. Of this, \$2.3 billion has been disbursed so far.

Yesterday, IMF Resident Representative in Dhaka Jayendu De met with Finance Adviser Salehuddin Ahmed, where the IMF informed the government of its reform priorities.

**A four-member IMF team is expected to visit Dhaka from September 24 to September 30 for preliminary discussions on the loan proposal**

After the meeting, Salehuddin told journalists that an IMF preparatory team would visit Bangladesh and provide financial support to implement various reform initiatives undertaken by the interim government.

He added that they have requested additional funding from the multilateral lender as a separate package in addition to the ongoing \$4.7 billion loan programme.

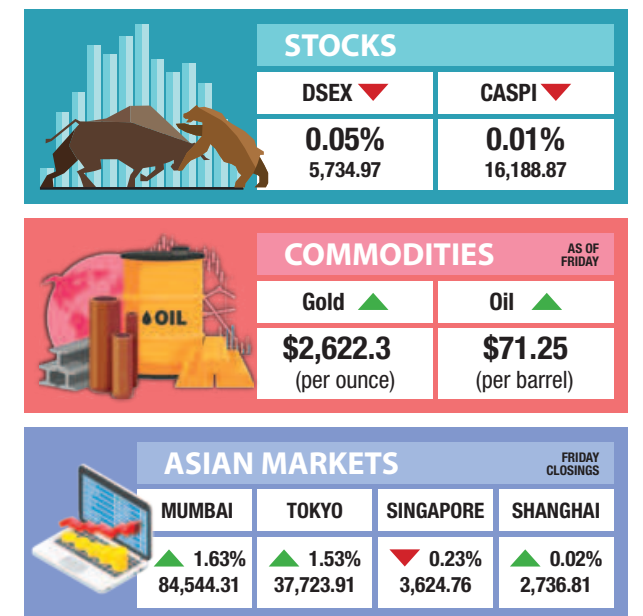
After assuming power, the interim government sought budgetary support from various development partners, including \$3 billion from the IMF, to boost dwindling foreign currency reserves.

According to an IMF talking point sent to the government, most of the reform programme will focus on subsidies and revenue.

During the visit, the IMF team will discuss the government's strategy to reduce energy and fertiliser subsidies by increasing prices.

Besides, it will talk about subsidies for fuel, fertiliser, and electricity, as well as the government's allocation for subsidies in FY24 and projections for FY25 and FY26.

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## BSEC wants WB help for int'l standard market surveillance

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) has sought assistance from the World Bank to upgrade its capital market surveillance system to international standards.

Khondoker Rashed Maqsood, chairman of the stock market regulator, sought the assistance during a meeting with a delegation of the international financial institution at the BSEC office in the capital yesterday.

Briefing journalists after the meeting, Maqsood said the BSEC talked with the WB on several important issues, including good governance and surveillance systems.

"We have focused on how we can improve our surveillance team. Apart from this, we have talked about the governance system of the capital market," he added.

Farzana Lalarukh, a commissioner of the BSEC, said the regulator has been working with a weak surveillance system, which was never upgraded since it was installed in 2012.

"It should be upgraded immediately," she said. "To turn our surveillance system into one of international standards, we have sought assistance from the World Bank," she said.

The BSEC had incorporated Instant Watch, an automatic market transaction surveillance and compliance platform widely used in Europe, of Swedish company Trapets into its own surveillance network at the end of 2012.

The development and installation of the software was under a project co-funded by the government and Asian Development Bank (ADB).

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## Make loan defaulters' list public

CFA Society urges govt, suggests remedies for banks, stock market

STAR BUSINESS REPORT

CFA Society Bangladesh, a platform of chartered financial analysts of the investment and fund management industry, yesterday urged the interim government to make the list of loan defaulters public to enhance transparency and limit their access to state services.

The call came at an event organised by the society at the Economic Reporters' Forum in Dhaka to present policy recommendations focusing on three key areas – the economy, capital markets and the banking sector.

The loan defaulter list should be publicly available considering its social impact, said Asif Khan, president of the society and chairman of EDGE Asset Management.

At least the names of wilful defaulters should be publicly announced and Bangladesh Bank can conduct an analysis to differentiate delinquents from victims of economic downturns, he said. "Loan defaulters should face the music, at least by limiting their access to all state services," he added.

To better manage high amounts of non-performing loans, the central bank should review loan classification, provisioning and rescheduling policies for banks and finance companies and revise

### SUGGESTIONS FOR BANKING SECTOR

- Increase number of independent directors to at least five
- Stop paying dividend and don't penalise banks for non-payment
- Include depositors' representative on the board
- Reduce the number of state-run banks
- Upgrade loan classification, provisioning and rescheduling policies
- Free Bangladesh Bank from any influence of the finance ministry

### RECOMMENDATIONS FOR STOCK MARKET

- Reintroduce "Dutch auction system" to attract good companies
- Let experts and analysts express their opinion to curb rumours
- Make sure that floor price is not introduced again
- Establish vibrant bond and commodity markets
- Ensure timely corporate disclosures
- Review margin loans rules

them in tune with international best practices, said Khan.

"Develop a regulatory reporting structure for deriving the actual classified and defaulted loan situation and reporting capital adequacy metrics using the true numbers," he said.

Bangladesh Bank should withdraw the relaxed down payment facility for rescheduled loans and be stricter to prevent further deterioration of the quality of bank assets, he said.

Khan also recommended establishing an asset management company with additional legal powers to manage and resolve bad loans within a time-bound framework.

Ideally, the company should be formed through a public-private partnership (PPP) and by including firms with international experience in dealing with toxic assets, he said.

He also recommended opening more banking courts to expedite case disposals

and encouraged out-of-court settlements, including alternative dispute resolution and arbitration.

Khan added that Bangladesh needs international standard rules and regulations in the banking sector and stock market to improve the situation of the financial sector.

"If anyone misuses the system, it does not mean that the system is faulty. In this case, the regulators should take care of it

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# Mastercard announces winners of its 'spend and win campaign'

STAR BUSINESS DESK

Mastercard recently announced the winners of its 'Spend and Win Campaign' during an award ceremony at the Sheraton Dhaka in the capital's Banani.

The campaign, titled 'Stunning Sydney 2024', was live from May 21 to June 30, and offered exciting rewards on spending through Mastercard credit, debit and prepaid card during the festive month of Eid-ul-Azha, incentivising digital payments. Mahjabin Shahnaz, a Mastercard cardholder from Dhaka Bank PLC, received a four-day couple trip from Dhaka to Sydney as the first prize, according to a press release. A total of 50 winners received prizes, such as travel, electronics, and lifestyle vouchers from the leading merchants in Bangladesh.

During the campaign period, Mastercard cardholders with four domestic or international transactions worth Tk 1,000 received additional points and winners were selected based on the number of points they earned.

Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, said, "Mastercard congratulates winners of the 'Spend and Win campaign', aimed



Syed Mohammad Kamal, country manager for Bangladesh at Mastercard, attends the award-giving ceremony of the "Spend and Win Campaign" launched by Mastercard at the Sheraton Dhaka in the capital's Banani recently.

PHOTO: MASTHEAD PR

at promoting a digital-first behaviour among consumers.

"Going forward, Mastercard will continue to introduce similar campaigns, which contribute to the growth of the country's cashless economy."

The partner banks and financial institutions associated with the campaign included AB Bank PLC, Al-Arafah Islami Bank PLC, BRAC Bank PLC, Bank Asia PLC, Eastern Bank PLC, Dhaka Bank PLC, Dutch Bangla Bank PLC, Islami Bank PLC, Mutual

Trust Bank PLC, National Bank Limited, Prime Bank PLC, Premier Bank PLC, Pubali Bank PLC, The City Bank PLC, United Commercial Bank PLC, Southeast Bank PLC, Standard Chartered Bank, and LankaBangla Finance PLC.

# China youth unemployment rate jumps

AFP, Shanghai

Youth unemployment in China climbed to 18.8 percent in August, its highest level this year, as the country struggles to boost a flagging economy.

The unemployment rate among 16- to 24-year-olds not in education rose from 17.1 percent in July, according to figures released by the National Bureau of Statistics (NBS) on Friday.

The closely watched metric peaked at 21.3 percent in June of 2023, before authorities suspended publication of the figures and changed their methodology to exclude students.

Nearly 12 million students graduated from Chinese universities this June, heightening competition in an already-tough job market and likely explaining July's sharp increase in joblessness. In May, President Xi Jinping said countering youth unemployment must be regarded as a "top priority".

Unemployment for those aged 25-29 edged up to 6.9 percent in August from 6.5 percent in July, according to the NBS.

The unemployment figures for August come after authorities announced lacklustre data for retail sales and industrial production growth for the month.

# Hakil Tours and Travels takes part in Asian tourism exposition

STAR BUSINESS DESK

The 11th Asian Tourism Fair, organised by the Bangladesh Tourism Board, ended at the International Convention City Bashundhara in Dhaka on Saturday.

Hakil Tours and Travels, a sister concern of Hatil Furniture, took part in the three-day event, according to a press release.

The company showcased a variety of offerings at their stall, including international tour packages, a study tour to NASA in the US, and various Hajj and Umrah packages, attracting significant interest from visitors.

A good number of foreign companies from the Maldives, Sri Lanka, Bhutan, China, and the Philippines participated in the fair apart from local tour and travel companies.

# Prime Bank signs payroll banking deal with Nippon Signal Bangladesh

STAR BUSINESS DESK

Prime Bank PLC recently signed a payroll banking agreement with Nippon Signal Bangladesh Private Ltd, a one-stop solutions provider.

Md Nazem A Choudhury, deputy managing director of the bank, and Yoshida Akifumi, managing director of Nippon Signal Bangladesh, penned the deal at the bank's corporate office in Dhaka, according to a press release.

Under the agreement, the company's employees will be able to avail preferential banking services, including credit card and loan facilities from Prime Bank.

They will also enjoy PrimePay, a digital portal, to pay seamless automated salary as well as carry out corporate payments round the clock.

Shaila Abedin, executive vice-president and head of women banking & affluent segment of the bank, Anup Kanti Das, head of payroll banking, and Zushi Kuniharu, director of the one-stop solutions provider, Touhid Hossain, director for finance and admin, along with other senior officials from both organisations were also present.



Yoshida Akifumi, managing director of Nippon Signal Bangladesh Private Ltd, and Md Nazem A Choudhury, deputy managing director of Prime Bank, pose for photographs after signing an agreement at the bank's corporate office in Dhaka recently.

PHOTO: PRIME BANK



PHOTO: AL-ARAFAH ISLAMI BANK

Farman R Chowdhury, managing director and CEO of Al-Arafah Islami Bank PLC, cuts a ribbon to inaugurate a new branch of the bank at Bheramara in Kushtia yesterday.

# Al-Arafah Islami Bank opens branch in Kushtia

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC yesterday opened its 225th branch, located at Bheramara in Kushtia.

Farman R Chowdhury, managing director and CEO of the bank, inaugurated the new branch as chief guest, the bank said in a press release.

Chowdhury said the Islamic Banking System could enhance socio-economic development and halal business management

"The Islamic Banking System has already succeeded in proving that. With

all the latest banking services, Al-Arafah Islami Bank will assist the development of this area," he added.

Abu Sayed Md Abdul Mannaf, senior executive vice-president and head of Khulna zone, presided over the ceremony. Jalal Ahmed, executive vice-president and head of the public relations division, conducted the event.

Among others, Md Habib Ullah, senior executive vice-president of the bank, Nurul Amin, professor of Bheramara Adarsha Degree College, and Md Aminul Islam, manager of Bheramara branch, were also present.

# Dhaka Bank, Sher-e-Bangla Agri University to aid flood-affected farmers

STAR BUSINESS DESK

Dhaka Bank PLC recently signed an agreement with Sher-e-Bangla Agricultural University to provide free agricultural inputs and machinery support to farmers in flood-affected areas of the country as a part of its corporate social responsibility (CSR).

Md Mostaque Ahmed, deputy managing director and chief emerging market officer of the bank, and Sheikh Rezaul Karim, registrar of the university, penned the deal at the university campus in Dhaka, according to a press release.

Prof Md Abdul Latif, vice-chancellor of the university, presided over the agreement signing ceremony.

Under the agreement, seedlings of rice and other vegetable and fruit plants produced at the agricultural university will be distributed free of cost to 1,000 farmers in the recently flood-affected areas.

Farmers will also be provided with various fertilisers and pesticides. Apart from this, the students of the university will also provide advisory services throughout the season.

HM Mostafizur Rahman, executive vice-president and head of retail business of the bank, Md Katebur Rahman, senior vice-president and head of agriculture business unit, and Prof Salauddin Mahmud Chowdhury, dean of post graduate studies of the university, Muhammad Rashedul Islam, director for student counseling and guidance, and Tahmina Akhtar, professor of the department of entomology, were also present.



PHOTO: DHAKA BANK

Md Mostaque Ahmed, deputy managing director and chief emerging market officer of Dhaka Bank, and Sheikh Rezaul Karim, registrar of Sher-e-Bangla Agricultural University, pose for photographs while signing an agreement on the university campus in Dhaka recently. Prof Md Abdul Latif, vice-chancellor of the university, was present.

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২০০ নগরায়ণ বিজ্ঞপ্তি

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# BTRC officials demand the regulator's independence

FROM PAGE B4 regulatory authority to ensure it functions as an independent body.

Additionally, the association insisted that only Bangladeshi citizens should be eligible for leadership positions within the BTRC. They also called for the removal of legal clauses that make the BTRC immune to judicial review, labelling such policies as undemocratic and harmful to public accountability.

To prevent arbitrary internet shutdowns, the association demanded the BTRC be given full control over internet access without external interference.

In terms of tariff regulation, the association called for a more transparent

process, including public hearings involving consumers before setting internet and voice service prices.

Furthermore, they urged the commission to reduce service costs by eliminating unnecessary middlemen and promoting competitive licensing for internet infrastructure, such as submarine cables.

Another demand was for stricter quality standards for telecom towers, ensuring the use of reliable equipment.

Other reform suggestions included reviewing past appointments to the BTRC to ensure merit-based recruitment and calling for immediate action on establishing new guidelines for effective regulation.

# Dollar strengthens versus yen

REUTERS, New York/London

The dollar strengthened against the yen on Friday, hitting its highest level in two weeks, after the Bank of Japan left interest rates unchanged and indicated that it was not in a hurry to hike them again.

The BOJ kept rates steady at 0.25 percent, a move that was widely expected. The dollar rose as high as 144.50 yen, reaching its highest level since early September.

It was last up 0.92 percent at 143.92. The euro also strengthened against the yen, gaining 0.93 percent to 160.59.



# Stocks end flat but market turnover rises 13%

STAR BUSINESS REPORT

Stock markets in Bangladesh experienced a slight downturn yesterday, following two consecutive days of gains last week.

Cautious investors traded lucrative shares, particularly blue-chip ones, amid ongoing price fluctuations. A blue chip is a well-established and financially sound company that is publicly traded.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), fell by 0.30 points, or 0.01 percent, from that at the end of last week to close at 5,734.

The DSES index, which tracks Shariah-compliant companies, underwent an uptick of 5.66 points, or 0.45 percent, before ending at 1,263.

In the blue-chip segment, the DS30 index declined by 11.64 points, or 0.55 percent, to close at 2,094.

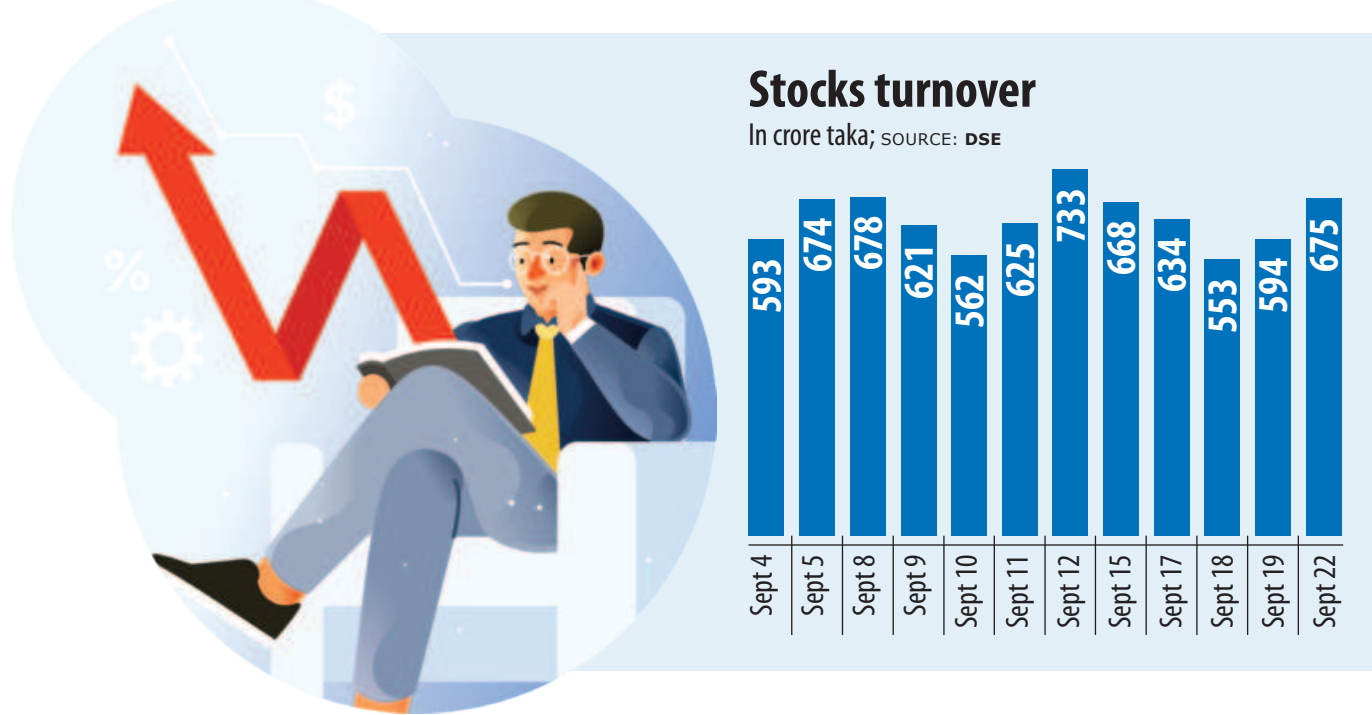
At Chittagong Stock Exchange, the CASPI index decreased by 3.02 points, or 0.02 percent, to settle at 16,188.

Trading activity at the DSE reflected a mixed sentiment. Of the 398 stocks that underwent trade, 109 advanced, 233 closed lower and 56 remained unchanged.

The day's turnover—indicative of the total value of shares traded on the premier bourse—stood at Tk 675 crore, representing a 13.61 percent increase compared to the previous trading session.

Notably, block trades, which involve high-volume transactions privately negotiated outside the open market, accounted for 7.3 percent of the overall turnover.

Agni Systems Limited emerged as the most-traded stock, with a turnover of Tk



33.8 crore.

Sector-wise, banking, textile and mutual funds ended in the positive while paper and printing, jute and life insurance suffered the largest declines, according to the daily market update from UCB Stock Brokerage.

The banking sector led the turnover chart, contributing 13.98 percent of the total.

In its daily report, BRAC EPL Stock Brokerage noted that most sectors that account for large amounts in market capitalisation, which is the total value of a company's outstanding shares,

experienced a negative performance.

Non-bank financial institutions (NBFIs) suffered the most significant loss of 1.46 percent, followed by engineering (1.24 percent), fuel and power (1.22 percent), telecommunications (1.14 percent), pharmaceuticals (1.02 percent) and food and allied (0.93 percent).

Banking was the sole sector on a positive trajectory, gaining 1.44 percent.

Islami Bank Bangladesh, BRAC Bank, Taufika Foods and Lovello Ice-cream, City Bank, Heidelberg Materials Bangladesh, Genex Infosys, Orion Infusion, Mercantile Bank, United Commercial Bank, and

Islamic Finance & Investment drew considerable investor interest, as per LankaBangla Financial Portal.

Islami Bank Bangladesh stood out with a share price increase of 23.18 percent.

However, several major companies faced setbacks.

They include Square Pharmaceuticals, Olympic Industries, Renata, British American Tobacco Bangladesh, Beacon Pharmaceuticals, Gramcenphone, LafargeHolcim Bangladesh, Khan Brothers PP Woven Bag Industries, MJL Bangladesh and Bangladesh Steel Re-rolling Mills.

# Bangladesh now has 229 eco-friendly RMG factories

STAR BUSINESS REPORT

Bangladesh now boasts 229 eco-friendly garment factories, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Of these, 91 hold the LEED Platinum certification from the US Green Building Council. Also, 124 factories have earned gold status, 10 are silver rated, and four are just certified.

BGMEA data reveals that nine of the world's top 10 green factories are in Bangladesh while 56 of the top 100 globally recognised environment-friendly factories are in the country.

# Fed rate cut is 'very positive sign' for economy: Yellen

AFP, Washington

The US central bank's decision to slash interest rates this week is a "very positive sign" for where the world's biggest economy stands, US Treasury Secretary Janet Yellen said Thursday.

Yellen's remarks came a day after the Federal Reserve opted for an aggressive rate cut of half a percentage point, its first since 2020 as inflation cooled.

"It reflects confidence on the part of the Fed that inflation has come way down and is on the path back to the two percent target, and that the risks with respect to inflation have really meaningfully diminished," Yellen told an event in Washington.

# IMF may seek subsidy cuts

FROM PAGE B1

When approving the third tranche of the \$4.7 billion loan in June this year, the IMF suggested an alternative to reducing agricultural subsidies—raising fertiliser prices and providing cash or vouchers for certain farm inputs to support poor farmers.

"Increases in fertiliser prices could be coupled with cash transfers or vouchers for a range of agricultural inputs (including fertiliser) targeted at small or poor farmers," the IMF said.

It suggested that several options could be considered to reduce the fertiliser subsidy bill.

Raising domestic production of fertilisers by increasing the natural gas supply to existing fertiliser factories could also help reduce reliance on expensive imports. The impact of reducing gas supply to other sectors would need to be carefully

considered, the IMF said.

At that time, the IMF also suggested increasing electricity tariffs.

In response, the previous government assured the IMF of progressively reducing the power subsidy by increasing prices four times a year.

The government allocated more than Tk 1 lakh crore for subsidies and incentives in the last fiscal year. The same amount has been allocated for the current fiscal year.

On the revenue front, the IMF mission is likely to raise more than 25 issues, including a backward-looking assessment of FY24 tax collections, a forward-looking commitment to tax revenue measures under the IMF programme and plans for FY25 and FY26.

Also, the multilateral lender will discuss a joint domestic revenue mobilisation initiative undertaken by it and the World Bank.

It will also raise the issue of the impact of the income tax act and the customs act on revenue collection.

On September 14, Julie Kozack, director of the IMF Communications Department, told a press briefing in Washington DC, "As part of the upcoming mission [to Dhaka], the team will be assessing all of the economic developments and any potential financing needs."

"From the IMF side, we are working closely with the interim government [of Bangladesh]," she said, according to a transcript of the briefing published on the IMF website.

"We remain fully committed to working with Bangladesh and to support the people within the context of the IMF programme, we will continue to work closely with the authorities to help advance the reform agenda," she added.

# Food-price volatility may pose risk to India's inflation: central bank

REUTERS

India's headline inflation may average 4.5 percent in the second half of the fiscal year, aided by weaker crude oil prices, although volatility in food prices can pose a challenge, the central bank said in its monthly bulletin on Friday.

"Some vegetable price shocks have begun to reverse, and if this continues and broadens, the

persistence that characterised food inflation developments in the first quarter of 2024-25 may be behind us," the Reserve Bank of India said.

India's retail inflation was at 3.65 percent in August, higher than the revised 3.6 percent in July, as vegetable prices soared.

Food prices, which account for nearly half of the retail inflation, rose 5.66 percent in August, compared with a 5.42 percent

climb in the previous month.

The RBI targets inflation at 4 percent with a tolerance band of two percentage points on either side.

An unfavourable base effect may "haunt" September's inflation print, the RBI said. Household consumption, however, is poised to grow faster in July-September period as headline inflation eases, it added.

The RBI, which kept its key

interest rate unchanged for the ninth straight meeting in August, is expected to proceed cautiously with monetary policy easing.

Its next monetary policy meeting is scheduled for Oct. 7-9.

The gap between banks' credit and deposit growth is beginning to narrow, with lenders continuing to rely heavily on certificates of deposit to meet funding needs, the central bank noted.

# Make loan defaulters' list

FROM PAGE B1

failure to repay the loans on time, as per the agreement."

The central bank should be provided full autonomy, free from any influence from the Ministry of Finance, CFA Society Bangladesh said in a paper, adding the governor's appointment should be processed through the Cabinet Division.

In reforming governance in the banking sector, it recommended increasing the number of independent directors to at least five and including depositors' representatives on the board.

"Limit family representation on the board to a maximum of one director from each family," it said.

The government

should review corporate governance policies and regulations for banks and finance companies and align them with international standards of the Basel Committee on Banking Supervision and relevant World Bank and International Monetary Fund recommendations, it said.

It also asked to ensure that banks fully comply with International Financial Reporting Standards, regulatory disclosure requests and the International Federation of Accountants code of ethics.

The Financial Reporting Council should play a stronger role in disciplining auditors, it said.

Bangladesh's stock market is still very small when it comes to financing

compared to the size of the country's GDP, said Kazi Monirul Islam, CEO of Shanta Asset Management.

He advised amending the initial public offering valuation method to attract good companies and to ensure floor prices are never imposed and corporate disclosures are made timely.

He also said the interim government should review margin loan rules and improve governance.

Md Moniruzzaman, managing director of Prime Bank Securities, Minhaz Zia, chairman of North Star Investments, Iqbal Hossain, chief financial officer of Sonali Bank PLC, and Mahtab Osmani, executive director of Standard Chartered Bank, also spoke at the event.

# Hilsa export to India

FROM PAGE B1

The Ministry of Fisheries and Livestock has nothing to do with this decision. We still have the same commitment as before: we want to ensure the availability of hilsa for the people of Bangladesh."

Salehuddin, also the finance adviser, was questioned by journalists about the hilsa issue after holding a meeting with Jayendu De, the International Monetary Fund's resident representative for Bangladesh, Marie Masdupuy, the French ambassador to Bangladesh, and Park Young Sik, the South Korean ambassador to Bangladesh, at the Bangladesh Secretariat in Dhaka yesterday.

The finance adviser said a team from the IMF would come to Dhaka to offer

support to the government centring reforms.

He also said the Korean government wants to give a soft loan to Bangladesh for different projects, adding that Korean loans are one of the softest loans with an interest rate of just 0.5 percent.

France also assured that it would give support to Bangladesh for different technological projects.

Salehuddin added that the \$1 billion loan pledged by the French government during President Emmanuel Macron's visit last year may need to be renegotiated as the interim government has other priorities.

He added that the International Fund for Agricultural Development would also support Bangladesh.

# Five crisis-hit banks secure BB guarantee for liquidity

FROM PAGE B1

failure to repay the loans on time, as per the agreement.

An additional 2 percent interest or profit will be imposed on the SLF rate if the loans are not repaid on time, it said.

If the BB fails to recover funds from the borrowers' current accounts, it will

recover cash by selling the bank's permanent assets, bonds and other securities.

The concerned banks will have to provide information and required documents to the central bank if needed and the BB can change the guidelines of the guarantee, as per the

agreement.

Chattoogram-based S Alam Group had dominated the board of directors at most of the banks that are now facing liquidity crises. The central bank recently removed the group's representatives from the boards of the lenders.

# BSEC wants WB help

FROM PAGE B1

The installation and implementation of the surveillance software within the BSEC was also a precondition for the release of \$30 crore in assistance from the ADB under the second phase of its capital market development programme.

Regarding governance, Lalarukh said they would

start by first focusing on the BSEC itself.

The five-member World Bank delegation was led by Niraj Verma, practice manager for long-term finance of the World Bank Group.

Md Mohsin Chowdhury and Md Ali Akbar, commissioners of the BSEC, were also present at the event.

**Bangladesh Public Administration Training Centre**  
Savar, Dhaka-1343  
[www.bpatc.gov.bd](http://www.bpatc.gov.bd)

**Invitation for Tenders (OTM)**

Government of the People's Republic of Bangladesh					
1	Ministry/Division	Ministry of Public Administration			
2	Agency	Bangladesh Public Administration Training Centre, Savar, Dhaka-1343			
3	Procuring entity name	Deputy Director (Finance), Bangladesh Public Administration Training Centre, Savar, Dhaka-1343			
4	Invitation for	03/2024-25			
5	Invitation Ref No.	05.01.0000.130.07.866.24.461			
6	Date	22/09/2024			
<b>KEY INFORMATION</b>					
7	Procurement method	Open Tendering Method (OTM)			
<b>FUNDING INFORMATION</b>					
8	Budget and source of funds	GoB (Revenue)			
<b>PARTICULAR INFORMATION</b>					
9	Tender Package No.	As per list of Serial No. 19 (1) mentioned in the table below			
10	Tender package name	As per list of Serial No. 19 mentioned in the table below			
11	Tender publication date	23/09/2024			
12	Tender last selling date (up to the day prior to the day of deadline for submission)	From the date of publication of the notice to 08/10/2024 (office hours)			
13	Tender submission date and time	17/10/2024	10.00am		
14	Tender opening date and time	17/10/2024	10.01am		
15	Name & address of the office(s) Selling tender document (principal)	Assistant Director (Purchase & Stores), BPATC, Savar, Dhaka-1343			
<b>INFORMATION FOR TENDERER</b>					
16	Brief eligibility and qualification of tenderer	As per schedule			
17	Brief description of goods	As per schedule			
18	Brief description of related services	As per schedule			
19	Price of tender document (Tk) mentioned in the table below				
Lot No.	Identification of lot	Location	Price of tender document (Tk) (unreturnable)	Tender security amount (Tk) (returnable)	Completion time in weeks/months
1	Purchase of AC Bus (International for BPATC Standard)	BPATC	5,000/-	48,50,000/-	As per work order
20	Name of official inviting tender	Milton Chandra Paul			
21	Designation of official inviting tender	Deputy Director (Finance)			
22	Address of official inviting tender	Bangladesh Public Administration Training Centre, Savar, Dhaka-1343			
23	Contact details of official inviting tender	Telephone: 02224446617	Fax: 02224446629	ddfinaacebpatc@gmail.com	
24	The procuring entity reserves the right to reject all Tenders or annul the Tender proceedings				
25	The said tender notification is available on the Centre website <a href="http://www.bpatc.gov.bd">www.bpatc.gov.bd</a> .				
26	The latest guidelines of PPA-2006 and PPR-2008 will be followed at all stages of Procurement				
27	Tenders sent by post to Director (Administration), BPATC, Savar, Dhaka will be accepted within the stipulated time.				

Sd-  
**Milton Chandra Paul**  
Deputy Director (Finance)  
Phone: 02224446617

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## BTRC officials demand the regulator's independence

### STAR BUSINESS REPORT

Officials of the Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday demanded the restoration of the commission's independence in line with the original Telecommunication Regulation Act 2001.

They placed this demand during a meeting with Mohammad Nahid Islam, telecom and ICT adviser to the interim government, during his first visit to the BTRC office in Agargaon, Dhaka.

Retired Major General Emdad Ul Bari, the commission's new chairman, and other officials were present at the meeting, sources said.

The telecom and ICT adviser assured that their concerns would be taken into consideration as the interim government seeks to implement reforms in the country.

A delegation from the Bangladesh Mobile Phone

**Mobile phone users urged the BTRC to regulate internet services, control tariffs through public hearings, and reduce service costs by eliminating intermediaries**

Users Association, led by its President Mohiuddin Ahmed, also met with the BTRC chairman at his office yesterday.

They presented a series of demands, including amending the Bangladesh Telecommunication Regulation Act to grant the BTRC full independence, ensuring transparent and merit-based appointments within the commission, and recognising internet access as a fundamental human right.

They also called on the BTRC to regulate internet services, control tariffs through public hearings, improve tower quality and reduce telecom service costs by eliminating intermediaries.

The association's primary focus was to strengthen the independence and accountability of the BTRC, which they argue currently operates under undue influence from the Ministry of Posts and Telecommunications.

They advocated for the commission to have full control over licensing, tariff setting and overall

READ MORE ON B2



Meghna Automobiles is all set to roll out three models of KIA cars that are being assembled at its factory in Barmi of Gazipur. The three models are all sport utility vehicles with engine capacities of 1,500cc to 2,000cc.

PHOTO: COLLECTED



# Assembled by Meghna, three brand new KIA SUVs hit the road

JAGARAN CHAKMA

Meghna Automobiles, the automotive arm of Meghna Group, began selling three locally assembled sport utility vehicles (SUVs) of South Korean automobile manufacturer KIA recently.

According to officials, the official launch of the three cars is scheduled to be held soon.

The SUVs are the 1,500cc Seltos, 1,500cc Carens, and 2,000cc Sportage, said Anisuzzaman Choudhury, executive director of Meghna Automobiles.

The Seltos and Carens models were showcased at the Dhaka Motor Show in May this year.

Choudhury said Meghna Automobiles has already obtained type certification for the cars from the Bangladesh Road Transport Authority (BRTA).

Type certification is a mandatory specification for locally assembled cars to be sold in the market.

"We are now ready to launch the vehicles officially," he said. "Our goal is to provide brand-new passenger cars at a lower price than it would cost to import."

Meghna Automobiles established its assembly plant for completely knocked down (CKD) cars on 15 acres of land at Barmi union of Gazipur at a cost of Tk 275 crore, which is equivalent to



around \$25 million.

According to Choudhury, the price of locally assembled Seltos is around Tk 43 lakh compared to around Tk 52 lakh for those imported as completely built-up (CBU) units.

Similarly, the locally assembled Sportage costs Tk 58 lakh while the CBU unit is priced at Tk 78 lakh.

Choudhury said prices of brand-new locally assembled cars are expected to be Tk 10-12 lakh lower than those imported as CBU units.

However, the sharp depreciation of the local currency taka against the US dollar has limited the price drop to only Tk 8 lakh per unit, he said.

As per Bangladesh's

automobile policy, there are lower customs duties on importing various components of vehicles for assembly purposes, he added.

Regarding the quality of locally assembled KIA cars, Choudhury said Korean engineers and technicians would operate the Gazipur assembly plant for the first two years to ensure original quality.

By that time, local engineers and technicians will have built up efficiency and ensured quality, he said.

Currently, Hyundai, South Korea's leading automobile manufacturer, Malaysian automotive company Proton, and renowned Japanese manufacturer Mitsubishi assemble passenger cars in

Bangladesh.

According to market insiders, imported reconditioned Japanese cars dominated the local automobile market while brand-new cars hold around 18 percent of the market share.

Referring to market assessments, Choudhury said brand-new cars would dominate the market by 2030 as user awareness and affordability increase.

He said customers do not need to renew the fitness certificate for five years after the purchase of a new car. In contrast, reconditioned cars require annual fitness certificate renewals.

According to BRTA data, an average of 22,000 to 24,000 passenger vehicles, have been sold per year since 2014.

Choudhury said KIA and Meghna Automobiles teamed up to assemble cars in Bangladesh after observing the growing market for brand-new cars, focusing on SUVs to capture the expanding market.

According to him, Meghna Automobiles has the capacity to assemble 7,000 cars per year but will initially assemble 3,500 units per year.

Besides, Meghna will ensure the availability of spare parts and sufficient service centres across the country.

## Health insurance: prospects and challenges

MD KAWSER HOSSAIN

About 6.3 million people dropped below the poverty line due to healthcare spending in 2022, with 61 percent of the hospitalised patients finding themselves in financial trauma, according to the Bangladesh Institute of Development Studies.

Not only did some have to sell their property, jewellery and other assets, many took on high interest loans in order to pay for healthcare.

And although the solution to mitigate this risk is health insurance, coverage in Bangladesh is lagging compared to neighbouring countries.

There are many barriers to expanding health insurance in the country, with the first being very poor awareness on the benefits of health risk management.

A majority of people in the private sector that are looking to make ends meet expect health insurance as a part of their employment benefits. As such, they typically do not feel inclined to get health insurance on their own.

Besides, endowment policies that provide maturity benefits have become extensively popular among the people, with most insurers now promoting these products more than health insurance.

This is because health insurance is a term policy that has no maturity benefit, making it less favourable for customers.

And unlike developed countries, Bangladesh has not imposed any policy that makes it mandatory for citizens to get health insurance.

Also, very few companies are providing health insurance as an employment benefit to their workers.

Moreover, there are not enough comprehensive policies in the market. Most life insurers only provide supplementary coverage, which is not sufficient to cover hospitalisation expenses.

Furthermore, Bangladesh does not have any standalone health insurance policy and the country even lacks a dedicated health insurance company.

Not to mention, health insurance advertising is poor as most insurers have no promotional activities.

Bancassurance is still a relatively new term in the country but surprisingly, many banks are not very intrigued to sell health insurance to their clients.

Meanwhile, only a few banks are promoting micro health insurance policies, but such schemes do not meet the clients' needs.

Insurance penetration in Bangladesh stands at just 0.5 percent of its annual gross domestic product while life insurance coverage is ever poorer at 0.2 percent.

Astonishingly though, there are no statistics about health insurance penetration.

Against this backdrop, it may be prudent to make it mandatory to get health insurance.

There are also several ways to popularise health insurance, such as by selling more comprehensive plans with attractive features at both private and state-run insurers.

It is also vital for both the insurance regulator and all other stakeholders to vigorously promote the benefits of health insurance through various media, such as televised advertisements and social media.

Additionally, health insurance claims need to be paid out faster.

A tax rebate facility should be introduced for health insurance in order to make citizens more inclined towards getting coverage.

For example, insured individuals in India can get annual tax deductions of INR 25,000 under section 80D of their constitution while the benefit is INR 50,000 for senior citizens.

All information on insurance claims should be stored on a single central server, from which insurers would be able to access their customer's previous medical history and other pertinent information.

A platform called "National Health Claims Exchange" was recently launched in India for this purpose.

In a nutshell, health insurance has tremendous potential in Bangladesh.

The author is the head of the health insurance department of Pragati Life Insurance Limited



## India has potential to become \$10tn economy by 2032

A report says

ANN/THE STATESMAN

Driven by strong GDP growth and robust manufacturing and emphasis on building infrastructure, India is on its way to becoming the third largest economy soon and has the potential to add \$1 trillion to its GDP every 1.5 years to reach the \$10 trillion economy mark by 2032, a new report showed on Saturday.

The country is expected to become a \$4 trillion economy in 2024-2025, which would make it the world's fourth largest economy.

According to a report by IDBI Capital, the country is on track to become a \$10 trillion economy by 2032, positioning itself as the world's third-largest economy by 2030.

"By adding USD 1tn every 1.5 years going forward, India is forecasted to emerge as the third-largest global economy over the next six years," the report noted.

Ten years ago, India was the 10th largest economy in the world, with a GDP of \$1.9 trillion at current market prices.

Key initiatives such as "Make in India" are expected to play a pivotal role in bolstering the nation's manufacturing capabilities and positioning India as a global manufacturing hub.

On Thursday, a report by S&P Global projected that India is on track to become the third-largest economy by fiscal 2030-31, driven by a robust projected annual growth rate of 6.7 percent.

REUTERS, Frankfurt

Profound shifts in the world economy could make inflation volatile for years to come, complicating efforts to control prices, but sticking with inflation-targeting regimes is still the best option, European Central Bank President Christine Lagarde said on Friday.

Economic shifts from deglobalisation and protectionism to vast advances in technology have puzzled economists over the past decade, and most failed to predict the recent surge in inflation, leaving central banks behind the curve and rushing to control prices.

Lagarde, who took control of the ECB only months before the onset of the COVID-19 pandemic, argued that a more uncertain world lay ahead, so abundant flexibility and not new mandates are needed.

"If we enter an era where inflation is more volatile and monetary policy transmission more uncertain, maintaining this deep anchor for price formation will be essential," she said at an IMF event in Washington. "But that does not imply that the way in which we conduct monetary policy will remain the same."

One of the key changes relates to

## Central banks may face volatile inflation for years to come

ECB President Christine Lagarde says

the dominance of "superstar" firms in the digital world, like cloud services, e-commerce, Internet searches and possibly artificial intelligence.

Extra-large firms are less dependent on external financing and have a lower

share of labour, so they are less sensitive to interest rate changes and, as a result, erode a central bank's ability to steer the economy.

A reversal in globalisation could go the other way, enhancing central banks, if

firms reduce their value chains through "nearshoring" or "friendshoring," Lagarde argued.

Setting up close to home would also increase capital needs, so firms could become more sensitive to interest rate changes.

"Capital deepening could increase the economy's sensitivity to interest rate changes, potentially enhancing the effectiveness of monetary transmission through the interest rate channel," Lagarde said.

The problem is that such changes could also come with increased inflation volatility, especially if IT supergiants are less sensitive to monetary policy and manufacturers are more affected.

The increasing share of fintech firms in lending will also add to central banks' troubles.

These firms are more efficient in extending credit to the economy, but they are also more sensitive than regular banks to changes in the environment, amplifying booms and busts.

"This responsiveness also means that fintech lending could be more procyclical in times of stress, amplifying credit cycles and volatility," Lagarde added.



A shopper buys pineapples at a fruit and vegetable market in Berlin. Most economists failed to predict the recent surge in inflation, leaving central banks behind the curve and rushing to control prices, Lagarde says.

PHOTO: AFP/FILE