

## AVOIDING ABRUPT regulatory changes is essential

Since 2009, City Bank's Offshore Banking Unit (OBU) has been supporting trade finance for export-oriented businesses. Following regulatory changes introduced by Bangladesh Bank through FE Circular 19 on November 29, 2023, and the subsequent Offshore Banking Act 2024, the bank has expanded its services to include both retail and corporate customers. Initial customer interest has been highly positive. Although there was a learning curve at first, as we had to educate customers about offshore banking accounts and their associated benefits, we are now observing encouraging responses from both domestic and international clients.

The features offered by OBU fixed deposit accounts are largely similar across banks, including attractive interest rates (currently up to 7.07%), availability in multiple currencies, exemptions from tax and excise duties, and the ease of repatriating funds abroad. At City Bank, we offer a streamlined account opening process through our online OBU Account Opening portal. We also provide a 24/7 dedicated hotline to address any inquiries related to OBU accounts. Additionally, depositors maintaining a balance of USD 100,000 or more are eligible for complimentary membership in our Citygem priority banking service. This membership includes exclusive benefits such as access to the American Express Lounge in Dhaka, airport meet-and-greet services, and a Priority Pass for lounges at international airports. They will also have a Personal Relationship Manager assigned to them. These exclusive offerings have attracted significant interest from existing clients and generated buzz among potential depositors.

In the current environment of high inflation and rising interest rates, foreign financing remains more cost-effective than domestic options. OBUs present a valuable opportunity to enhance trade

finance in Bangladesh by increasing the inflow of foreign currency liquidity, which could help alleviate the ongoing pressure on the country's foreign currency reserves.

Expatriate Bangladeshis often express concerns about the financial stability of certain banks in Bangladesh, which contributes to their hesitation in depositing funds into Offshore Banking accounts. Media reports of banking scandals and irregularities have further fueled this negative perception. To address this, it would be beneficial for Bangladesh banks to obtain credit ratings from internationally recognized agencies such as Moody's or Fitch,

**It would be beneficial for Bangladeshi banks to obtain credit ratings from internationally recognized agencies such as Moody's or Fitch, which would provide greater transparency and assurance regarding the health of these institutions.**

which would provide greater transparency and assurance regarding the health of these institutions to expatriates and foreign nationals alike.

The central bank has played a key role in shaping the new landscape for OBU. We hope the central bank maintains a consistent approach to OBU policies and avoids making any drastic regulatory changes in a short period.



**MASHRUR AREFIN**  
MANAGING DIRECTOR & CEO  
CITY BANK

## STREAMLINING VERIFICATION to enhance accessibility and convenience

The launch of our Offshore Banking (OB) deposit products for non-resident Bangladeshis (NRBs), foreign individuals, and corporations marks a significant milestone, opening new horizons for Bangladeshi banks in the global arena. Although offshore banking is still relatively new here, the response has been promising. Initial client feedback has been encouraging, and we see great potential for expansion as more people become aware of the benefits offered by EBL's offshore banking services. We anticipate a positive response as the country stabilizes.

EBL is renowned for its strong credit ratings, financial stability, digital banking services, and diverse product offerings. We maintain nostro accounts in major financial hubs—New York, London, Frankfurt, Tokyo, Singapore, and Sydney—in all major currencies, through partnerships with reputable international banks. These relationships have helped EBL build a distinct brand in the financial sector, both in Bangladesh and in countries with significant Bangladeshi diaspora engaged in trade, employment, and economic activities.

We offer unique benefits for investors, including savings accounts with competitive interest rates comparable to term deposits of varying maturities. Additionally, we accept online account opening requests globally, ensuring a hassle-free experience.

By attracting international investors and expatriate Bangladeshis to offshore accounts, we create a channel for capital inflow that drives economic growth. Sourcing foreign currency liquidity from diverse channels lowers the cost of foreign funds, enables competitive pricing for international trade, and provides importers with timely access to goods by offering prompt payments to beneficiaries on favorable terms.

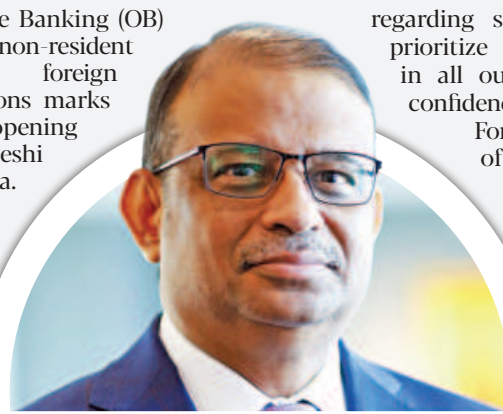
EBL's strong credit ratings and established reputation play a crucial role in addressing concerns

regarding security and reliability. We prioritize transparency and safety in all our operations, which builds confidence among our clients.

For the long-term success of offshore banking in Bangladesh, we require certain directives from the central bank. One key directive would be the establishment of provisions for passport verification, similar to the National ID verification process, for both e-passports and machine-readable passports (MRPs). This step is essential for facilitating remote account openings for offshore banking units and non-resident Bangladeshis (NRBs).

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Streamlining the verification process will significantly enhance accessibility and convenience for clients. Additionally, clear and consistent regulatory guidelines are vital to maintaining a stable and secure environment for offshore banking operations. Support from the central bank in terms of regulatory clarity, operational guidelines, and international best practices will be instrumental in fostering the growth and sustainability of offshore banking in the country.



**ALI REZA IFTEKHAR**  
MANAGING DIRECTOR & CEO  
EASTERN BANK

## ESCALATING Opportunities for Expatriates



PHOTO: PRABIR DAS

**Despite a large segment of expatriates being semi-skilled or low-skilled workers without disposable income, some are showing interest in depositing their savings through offshore banking.**

MUJIB RAHMAN

While Bangladesh earns a significant portion of its foreign currency inflow through exports and remittances, the recent Offshore Banking Act of 2024 presents a new avenue for boosting foreign reserves. Of the estimated 10 million Bangladeshi expatriates, approximately 2.4 million are either permanent residents or hold valid documents in as many as 162 countries. The new Offshore Banking Act aims to facilitate offshore banking, especially for Bangladeshi expatriates.

Most banks initially focused their offshore banking products on attracting white-collar Bangladeshi professionals working abroad. However, there is now a recognition of the potential market among semi-skilled and low-skilled workers as well. Despite a large segment of expatriates being semi-skilled or low-skilled workers without disposable income, some are showing interest in depositing their savings through offshore banking. While nearly all banks prioritize

high-income professional expatriates, certain banks, such as City Bank, are also reaching out to other remittance earners. In this regard, City Bank's Mahbub Jamil, head of Offshore Banking, has made some insightful observations:

"A significant number of Bangladeshi expatriates, primarily small business owners in the Middle East (UAE, KSA, Qatar) and Europe (Belgium, Italy, Portugal), belong to the middle-income and better-off segments, even if they are not highly professional. For these individuals, we offer a minimum deposit of \$2,000, compared to \$5,000 for white-collar professionals. While many low-skilled and semi-skilled expats in KSA earn around 1,500 Saudi riyal and cannot make fixed deposits, a growing number of middle-sized entrepreneurs are showing interest in offshore banking. Notably, we have surpassed other banks, holding nearly seven times the number of offshore accounts."

Thanks to government initiatives, Bangladesh is increasingly supplying skilled and professional migrants to the



PHOTO: PRABIR DAS

global labor pool, moving away from low-skilled jobs. As Bangladesh graduates from its Least Developed Country (LDC) status to a developing country, it will create more opportunities for Non-Resident Bangladeshis (NRBs) to invest in Bangladesh. During conversations with Mahbub Jamil, he reveals that a large number of high professionals, particularly in the Middle East, include doctors, mariners, and bankers.

It may be noted that around 2,800 expatriate Bangladeshi bankers are actively working in Middle Eastern countries, and 10,000 to 12,000 mariners are

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সাউথইস্ট অফশোরে  
বিদেশ থেকে সঞ্চয়  
হোক নিশ্চিত

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আকর্ষণীয়  
সুবিধাসমূহ

- করমুক্ত আয়
- বিশ্বজুড়ে অর্থ স্থানান্তর
- ন্যূনতম ব্যালেন্সের প্রয়োজন নেই
- যে কোন সময় লগদায়ন

যাদের জন্য  
প্রযোজ্য

ফরেন কারেন্সি অ্যাকাউন্ট

- বিদেশি নাগরিক
- বাংলাদেশি বংশোদ্ভূত
- বিদেশে পরিচালিত কোম্পানী
- বৈদেশিক বিনিয়োগকারী প্রতিষ্ঠান
- বাংলাদেশের বাইরে বসবাসকারী ব্যক্তি

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(অনাবাসীর সাথে যৌক্তিক সম্পর্ক সাপেক্ষে)

- যে কোন কর্পোরেট প্রতিষ্ঠান
- বাংলাদেশে বসবাসরত ব্যক্তি

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সার্ভ সার্ভিসেস

সাউথইস্ট ব্যাংক পিএলসি:  
একটি মূলধনী ব্যাংক