

Anchoring financial growth

FROM PAGE J12

12 million dollars by the end of last year,” said Mahbub Jamil, Head of Offshore Banking at City Bank.

OBUs can provide short-term loans, open letters of credit, issue guarantees, offer bill discounting, bill negotiation, and other foreign trade-related outsourcing services. An estimate from the central bank states that the lending amount is around BDT 83,826 crore, which exceeds the total funds available. According to regulations, OBUs are allowed to transfer 30% of their total funds from Domestic Banking Units (DBUs), explaining why the lending amount surpasses the total offshore banking fund.

“The demand for funds in offshore banking is high, and we need more funds. There is potential to increase the funds through the people residing in other countries. To do so, ensuring investment

along with other required documents. NRB account holders send money to these accounts, which are managed by an assigned relative in Bangladesh.

While explaining the process of opening corporate accounts in OBUs and individual accounts in OBUs, Mahbub Jamil, of City Bank said, “The process is quite similar; however, the eligibility criteria and certain document requirements differ. To open an offshore corporate account from an EPZ, the entity must fall into one of three categories: Type A (wholly foreign-owned EPZ enterprises), Type B (partially foreign-owned), or Type C (locally owned).”

He further mentions that, on the other hand, an IB account, which can be opened for both individuals and corporations, allows anyone to open an account on behalf of their foreign acquaintance.

Since a Bangladeshi relative can open the account on behalf of someone living abroad, relevant paperwork must be submitted. Information about the person managing the account in Bangladesh is also required.

Clarifying who qualifies as a close relative, Mamunur Rashid, of EBL, said, “The individuals managing accounts on behalf of expats do not necessarily have to be immediate family members, such as parents, spouses, or siblings. The expats may choose any friend or acquaintance they

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security and stabilizing the economy is a must,” said Rumman Habib, Vice President and Head of Offshore Banking Division at Dhaka Bank.

Dr. Md. Main Uddin further noted that offshore banking generally focuses on current savings, term deposits, and lending. “Loans must be provided following thorough assessments in line with international standards. The assessment must include creditworthiness, documentation, and feasibility,” he added.

For resident Bangladeshis, OBUs can provide deferred export bill discounting on imports, as well as direct and indirect exports. With Bangladesh Bank’s approval, they can also provide medium- and long-term loans to local industrial enterprises.

Banks are working in collaboration with overseas communities, focusing on informing and attracting NRBs to invest in offshore banking in Bangladesh. On this note, Md. Mamunur Rashid, Head of International Business at EBL, said “As banks alone are unable to motivate NRBs in this regard, a multilateral approach is crucial to promote OB among NRBs.”

PROCESS TO OPEN AN OFFSHORE ACCOUNT

Amid the dollar shortage, Bangladesh Bank introduced the option to open offshore banking accounts at the end of last year. Banks have already implemented special measures to facilitate the opening of these accounts. Private sector banks, including The City Bank, BRAC Bank, Dutch-Bangla Bank, Pubali Bank, Eastern Bank, and Islami Bank, are actively promoting offshore banking accounts. Consequently, the number of such accounts opened by expatriates is increasing daily.

“Expats are very enthusiastic about their accounts, mostly due to the nature of these accounts and their benefits. Expats working in most countries do not earn much interest on their savings,” said Md. Zia Arfin, Senior Executive Vice President & Head of the International Division at Bank Asia.

Following directives from the central bank, the banks are offering two types of accounts for expatriates. One is the International Account (IB), which can be opened by relatives on behalf of NRBs. In such cases, the applicant’s proof of employment must include a job ID card,

deem suitable for the role.”

The second type of account is an Offshore Banking Fixed Deposit Account. Any NRB or foreigner can open an account via the bank’s website. A photo of the applicant, passport, and job ID card are required to open these accounts. After opening the account, the holder can keep money in foreign currencies for different term periods.

Regarding paperwork, Rumman Habib of Dhaka Bank, said, “We must follow the guidelines regarding paperwork. Although we are using e-KYC, certain paperwork is still mandatory for opening such accounts. If the documents are submitted correctly, the verification process will not take longer than necessary.”

Ensuring data security is paramount in offshore banking, and banks are addressing the issue with the utmost importance by taking the required measures. “To maintain client security, we use the latest technologies. We follow two-step authentication for any transaction and all our systems are security verified,” said Shaheen Iqbal of BRAC Bank.

“However, we are training our professionals to guide expats in understanding the process of account opening or addressing concerns about security,” mentioned Imam Uddin Ahmad, Unit Head, MTB OBU Operation and Assistant Vice President.

ENDORSE STRATEGIES to mitigate market risks

Since 2004, Offshore Banking has been central to Commercial Bank of Ceylon (CBC) in Bangladesh, following its acquisition of Credit Agricole Indosuez Bank. As a foreign bank with over 100 years of legacy, CBC has consistently maintained a robust FCY deposit base, contributing around 25% to the bank’s balance sheet. This strong FCY deposit foundation has enabled us to establish a diverse range of cross-border credit limits, ensuring liquidity and supporting international trade financing for our clients. Through prudent management, the Offshore Banking Unit (OBU) has played a pivotal role in CBC’s operations, allowing us to meet the evolving needs of our customers while capitalizing on global opportunities.



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investment options, and low financial literacy. To address these concerns, simplifying regulatory guidelines, introducing diverse short-term products, and improving financial literacy programs are essential. Enhancing the country’s credit ratings and political stability, along with clear communication and improved digital access, will boost investor confidence and engagement in the financial sector.

For offshore banking to thrive, we seek a flexible regulatory framework from the central bank that encourages investor participation while ensuring effective supervision. Additionally, Bangladesh Bank should promote hedging

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CBC Bangladesh offers unique features to attract offshore investors. Our diverse products include foreign currency accounts, fixed deposits, and tailored investment options with competitive interest rates. We provide a wide range of Letters of Credit (LCs) for import and export clients, along with export bill discounting, export bill purchases, and import-funded facilities for up to 360 days, extendable by another 180 days. Our dedicated OBU team, relationship managers, and global investment opportunities ensure optimal returns and personalized service for medium and large clients. CBC serves OBU clients through a 24/7 call center, providing precise assistance whenever needed.

Currently, forty Bangladeshi banks offer OBU facilities, with recent changes allowing residents to open accounts. Well-rated and widely accepted foreign banks like CBC play a crucial role in enhancing foreign currency reserves, fostering a dynamic market, improving trade finance, and strengthening foreign exchange management.

Expatriate Bangladeshis often face trust issues with offshore banking due to political instability, complex regulations, low credit ratings, limited

instruments to protect against liquidity and interest rate risks, ensuring stability in a volatile market. The market should also be diversified with a broader range of OBU products tailored to meet various investor needs, including innovative financial solutions. Bangladesh Bank should prioritize long-term facilities in future circulars to enhance offshore banking’s role in the financial sector’s growth and ensure economic stability.



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