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BUSINESS



Social Islami Bank fires 579 officers appointed by S Alam

STAR BUSINESS REPORT

Crisis-hit Social Islami Bank has terminated 579 probationary officers who were allegedly appointed illegally by Chattogram-based conglomerate S Alam group.

The human resource department of the Shariah-based lender sent letters to the 579 officers on Thursday, informing them that their services were being terminated with immediate effect.

The bank's board was previously dominated by the industrial conglomerate S Alam Group, which was close to the Awami League.

After the political changeover on August 5, the bank's board was reconstituted, ousting S Alam's men from the boardroom.

Bank officials

US Secret Service to train locals on anti-money laundering

STAR BUSINESS REPORT

The United States Secret Service, a federal law enforcement agency headquartered in Washington DC, will train officials of six agencies of Bangladesh to increase their capacity to tackle money laundering and terrorism financing.

Around 60 officials of the Bangladesh Financial Intelligence Unit (BFIU), four units of Bangladesh Police, including the Criminal Investigation Department, as well as the National Board of Revenue (NBR), the Anti-Corruption Commission (ACC), the Department of Narcotics Control, and Bangladesh Securities and Exchange Commission (BSEC) will receive training in two phases.

Twenty officials of the BFIU will take part in the training, an official of the financial intelligence unit told The Daily Star.

A delegation of the American Secret Service will come to Bangladesh to conduct the training.

In the first phase, a five-

Completely lift import duty on onion: BTTC

STAR BUSINESS REPORT

In the face of rising prices of onions, the Bangladesh Trade and Tariff Commission (BTTC) has recommended that the government allow zero-duty entry of the kitchen staple to cut import costs and stabilise domestic prices.

Prices of the bulb surged to as high as Tk 150 per kilogramme earlier this week amid reduced supply of locally grown onions as the new cultivation season is about to begin.

The BTTC said the period between October 15 and January 15 is typically a lean season for locally grown onions. Early varieties usually start arriving in the market during this time.

"However, heavy rainfall this year has adversely affected the cultivation of the early varieties. This could be considered as a reason for reduced supply of domestic harvests and the price spikes," said the BTTC in a report submitted to the commerce ministry and the National Board of Revenue (NBR).

Locally produced onion prices increased by 14 percent to Tk 130-Tk 150 per kilogramme in Dhaka over the past week, according to retail data compiled by the Trading Corporation of Bangladesh (TCB).

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Tk 3,000cr export fund held up in four troubled banks

FUND STUCK WITH FOUR CRISIS-HIT BANKS

Bank	Amount (In crore taka)
Islami Bank Bangladesh	2,000
Social Islami Bank	600
First Security Islami Bank	400
Union Bank	35

SOURCE: BANGLADESH BANK

EXPORT FACILITATION PRE-FINANCE FUND

Size Tk 10,000cr	Tk 7,900cr disbursed to banks
Introduced in January 2023	BB recovered Tk 3,200cr so far

The fund  
supplements EDF



MD MEHEDI HASAN

A large chunk of a Tk 10,000 crore central bank fund, meant for financing raw material imports for export orders, remains stuck with four crisis-hit banks, according to Bangladesh Bank officials.

This has made it difficult for sound banks to get adequate liquidity from the Export Facilitation Pre-Finance Fund (EFPF) to lend to local exporters for raw material purchases from foreign markets.

The four banks are Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank and Union Bank -- the boards of which were previously dominated by the Chattogram-based industrial conglomerate S Alam Group.

Following the political changeover on August 5, the banks saw their boards reconstituted, ousting S Alam's men from the boardroom.

Still, the banks have struggled to repay the Bangladesh Bank Tk 3,035 crore, due mainly to their severe liquidity crisis. Therefore, the central bank has been extending the repayment deadline.

Of the total amount, Tk 2,000 crore is owed by Islami Bank Bangladesh, Tk 600 crore by Social Islami Bank, Tk 400 crore by First Security Islami Bank and Tk 35 crore by Union Bank.

In January last year, the Bangladesh Bank formed the Tk 10,000 crore EFPF to support industries facing raw material import challenges due to a foreign currency crisis.

Since the fund's formation, the central bank disbursed Tk 7,900 crore to banks, and has so far recovered Tk 3,200 crore in principal, according to central bank officials.

The officials said several other banks such as NCC Bank, Janata Bank, Global Islami Bank, Premier Bank, Prime Bank, Mercantile Bank, Bangladesh Krishii Bank, Bank Asia and Eastern Bank continue to utilise the pre-finance fund.

Speaking on condition of anonymity, a senior central bank official told The Daily Star that the banking regulator usually

with them," said the official.

Except for Islami Bank Bangladesh, the commercial lenders are now struggling even to repay their depositors.

Central bank officials expressed optimism that Islami Bank Bangladesh would be able to repay the fund by December of this year, as its negative current account balance continues to decrease.

The Daily Star attempted to contact Islami Bank Bangladesh Chairman Obayed Ullah Al Masud and Managing Director Mohammed Monirul Moula by phone, but neither responded to

A senior Social Islami Bank official said they are now repaying depositors for emergency purposes by utilising the liquidity support.

Union Bank's new Chairman Md Farid Uddin Ahmad could not be reached for comment.

In January of 2023, the central bank introduced the EFPF for exporters, coinciding with the phasing out of the Export Development Fund (EDF) as per prescriptions of the International Monetary Fund (IMF).

As of now, the EDF stands at around \$2 billion, trimmed down from \$7 billion in December 2022.

Members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association, BKMEA and B and C type industries in export processing zones (EPZs) are eligible for financing from the EFPF.

An exporter can get a maximum loan of Tk 200 crore from the fund, which must be used for raw material imports. Banks are required to pay back the fund within six months, although they may extend or reduce the repayment period for their clients.

According to the scheme guidelines, clients with overdue export bills are not eligible for new funds from the scheme.

Besides, clients already receiving loans from other central bank funds for raw material imports are not allowed to get loans from the EFPF. Central bank officials said loan defaulters are also barred from accessing the EFPF.



deducts the fund from lenders' current accounts upon the expiration of the repayment term.

As per the rules, every lender has to maintain a current account with the central bank.

But the current accounts of the four banks with the central bank remained negative for a long time due to the liquidity crisis. As a result, the central bank was unable to deduct the fund, the official added.

"New fund disbursement to the lenders has been suspended as a large portion is already stuck

the calls as of yesterday noon.

The crisis-hit banks are currently repaying depositors on a limited scale by securing liquidity support from the inter-bank money market and through central bank-issued guarantees.

Mohammad Abdul Mannan, the new chairman of First Security Islami Bank, recently told the newspaper that normal banking activities were resuming and they were working to repay depositors with the liquidity support.

Financial inclusion among garment workers low: Experts

STAR BUSINESS REPORT

Poor financial and digital literacy among garment workers in Bangladesh coupled with a lack of supportive policies and related data are the main barriers for improving financial inclusion for this segment, according to experts.

Besides, the absence of formal employment contracts and prevalence of informal payment channels for garment workers are the other roadblocks to improving their financial inclusion.

These comments came at a roundtable, styled "Improving Financial Health of RMG Workers in Bangladesh: Policy Frameworks and Future Pathways".

The event was jointly organised by The Daily Star and Sarathi, a project of Swisscontact Bangladesh that works for improving the financial health of local garment workers, at The Daily Star Centre in Dhaka yesterday.

Sajid Amit, director of the Center for Enterprise and Society (CES) at the University of Liberal Arts Bangladesh (ULAB), said financial inclusion



Experts attend a roundtable styled "Improving Financial Health of RMG Workers in Bangladesh: Policy Frameworks and Future Pathways" at The Daily Star Centre in Dhaka yesterday.

PHOTO: AMRAN HOSSAIN

among garment workers has yet to reach its full potential.

In his presentation, titled "Stitching Financial Health for a Resilient Future: Policy Brief on Improving Financial Health of RMG Workers in Bangladesh", he informed that 70 percent of garment workers use mobile financial services (MFS).

However, challenges persist in

improving their financial inclusion through MFS as only 30 percent of the workers own smartphones and have access to the internet.

Meanwhile, it was found that 45 percent of them have security concerns about digital transactions.

Amit also informed that while nano loans and earned wage access solutions have gained popularity

among garment workers, their limited smartphone ownership, low credit score and other hurdles are preventing them from availing these facilities.

Moreover, garment workers are largely unable to visit bank branches during operating hours due to demanding factory schedules, which is why their banking activities are typically limited to fund withdrawals, deposits or transfers, he added.

During the presentation, the speakers said that access to loans is one of the main draws for financial inclusion as people often turn to external financing for large expenses.

However, most female garment workers face communication barriers that make it difficult for them to understand the products being offered.

Also, the absence of formal employment contracts means that it is nearly impossible for garment workers to secure bank loans.

Against this backdrop, Md Arfan Ali, chairman of Zaytoon Business Solutions, said bank policies in this regard are not aligned with the interests of marginalised people.

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Islami Bank sees first loss in decades amid high provision

STAR BUSINESS REPORT

Islami Bank Bangladesh PLC incurred a loss of Tk 89 crore in the third quarter of 2024, a first in the past couple of decades, due mainly to the necessity of retaining high provisioning against classified loans.

The country's first Shariah-based bank had logged a profit of Tk 94 crore in the same period of the previous year.

The loss per share this time around stood at Tk 0.55 whereas in the third quarter of 2023 it was Tk 0.59 in earnings per share.

"The earnings per share of the company dropped due to an increase in total provision against investments compared to the previous period," the company said.

The bank's provisioning rose 205 percent year-on-year to Tk 364 crore in the July-September period of the current year.

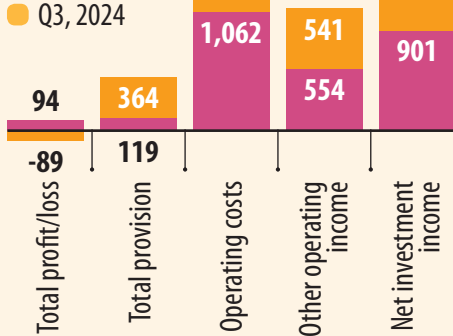
MAJOR FINANCIAL INDICATORS OF ISLAMI BANK

In crore taka;

SOURCE: FINANCIAL REPORTS

● Q3, 2023

● Q3, 2024



Once well-run and profitable, the bank's financial health took a turn for the worse after S Alam Group Chairman Mohammad Saiful Alam took over the board by exerting his political influence and creating a narrative that the bank was involved in financing terrorists.

However, none could prove that the bank did

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STOCKS	
DSEX ▲	CASPI ▲
0.66%	0.65%
5,199.40	14,442.00

COMMODITIES	
Gold ▼	Oil ▲
\$2,779.66 (per ounce)	\$72.59 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.69%	▼ 0.50%		▲ 0.42%
79,389.06	39,081.25		3,279.82

BB removes interest rate cap on RFCD accounts

STAR BUSINESS REPORT

The Bangladesh Bank (BB) yesterday removed the cap on interest rates for Resident Foreign Currency Deposit (RFCD) accounts, allowing banks to set their own rates.

RFCDs are savings accounts that Bangladeshi residents can open and maintain with foreign currency brought in from travel abroad.

Previously, banks were required to pay an additional 1.5 percent interest on deposits in these accounts, based on the international benchmark Secured Overnight Financing Rate (SOFR).

With the current SOFR at 5.3 percent, banks have been paying 6.8 percent interest on RFCD accounts.

Now, banks will have the flexibility to determine their own interest rates or profit margins on these accounts, according to the

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