

Eastern Bank  
Q3 profit  
falls 23%

STAR BUSINESS REPORT

Eastern Bank PLC (EBL) reported a 23 percent year-on-year decline in net profit in the July-September quarter of this year.

The profit amounted to Tk 140.91 crore, according to the bank's unaudited financial statements published recently.

As a result, the private commercial lender's earnings per share amounted to Tk 1.04 in the quarter, whereas it was Tk 1.35 in the same quarter of the previous year.

However, in context to the first nine months of the current year, the EBL saw an over 8 percent year-on-year rise in its profit.

The profit stood at Tk 462.73 crore, whereas it was Tk 425.78 crore in the same period of the previous year.

The bank's nine-month net interest income amounted to Tk 791.60 crore, whereas it was Tk 582.24 crore in the same three quarters last year.

The EBL attributed this growth to the lifting of a lending rate cap and an expansion of its loan portfolio. Additionally, its investment income jumped by Tk 185.55 crore, totalling Tk 789.36 crore in the January-September period.

For the uptick in investment income, the private commercial lender credited an increase in yields, a higher volume of investment in government securities, gains from repo transactions and quoted share sales.

**Bank Asia**  
posts Tk 103cr  
Q3 loss

STAR BUSINESS REPORT

Bank Asia PLC has incurred a loss of Tk 103.13 crore in the third quarter of 2024, reasoning that it was for the retention of a higher amount in provisioning compared to that in the same quarter a year ago.

The lender had generated a profit of Tk 27.74 crore in the same period last year.

This shift led to a loss per share of Tk 0.89, compared to earnings per share (EPS) of Tk 0.18 a year earlier, per its unaudited financial statements published recently.

This has also dented the performance for the January-September period, with the profit falling 42 percent year-on-year to Tk 20.55 crore.

However, the bank's consolidated net operating cash flow per share (NOCFPS) rose sharply to Tk 32.91 from Tk 17.06 in the first nine months of this year.

"NOCFPS increased mainly due to cash inflow by way of increase in deposit," said the bank.

**Dollar rebounds**  
after weak jobs  
data; traders eye  
US election

REUTERS, New York

The dollar rose against the euro and rebounded against most major currencies on Friday after traders digested data showing US job growth slowed sharply in October amid disruptions from hurricanes and strike action by aerospace factory workers.

Nonfarm payrolls rose by 12,000 jobs after a downwardly revised 223,000 in September, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast October payrolls rising 113,000.

The US unemployment rate, however, held steady at 4.1 percent, offering assurance that the labor market remains on a solid footing.

Hurricane Helene devastated the Southeast in late September and Hurricane Ian lashed Florida a week later. A total 41,400 new workers were on strike, including machinists at Boeing and Textron, an aircraft company, when employers were surveyed for October's employment report.

"The dollar index has fully recovered since this morning's data release, shifting focus towards the uncertainty surrounding the upcoming US presidential election," said Uto Shinohara, senior investment strategist at Mesirow in Chicago.

"Current polls continue to depict the race as a toss-up, with a potential risk of delayed results, making next week a busy one, since the (Federal Reserve) is also meeting just days later."

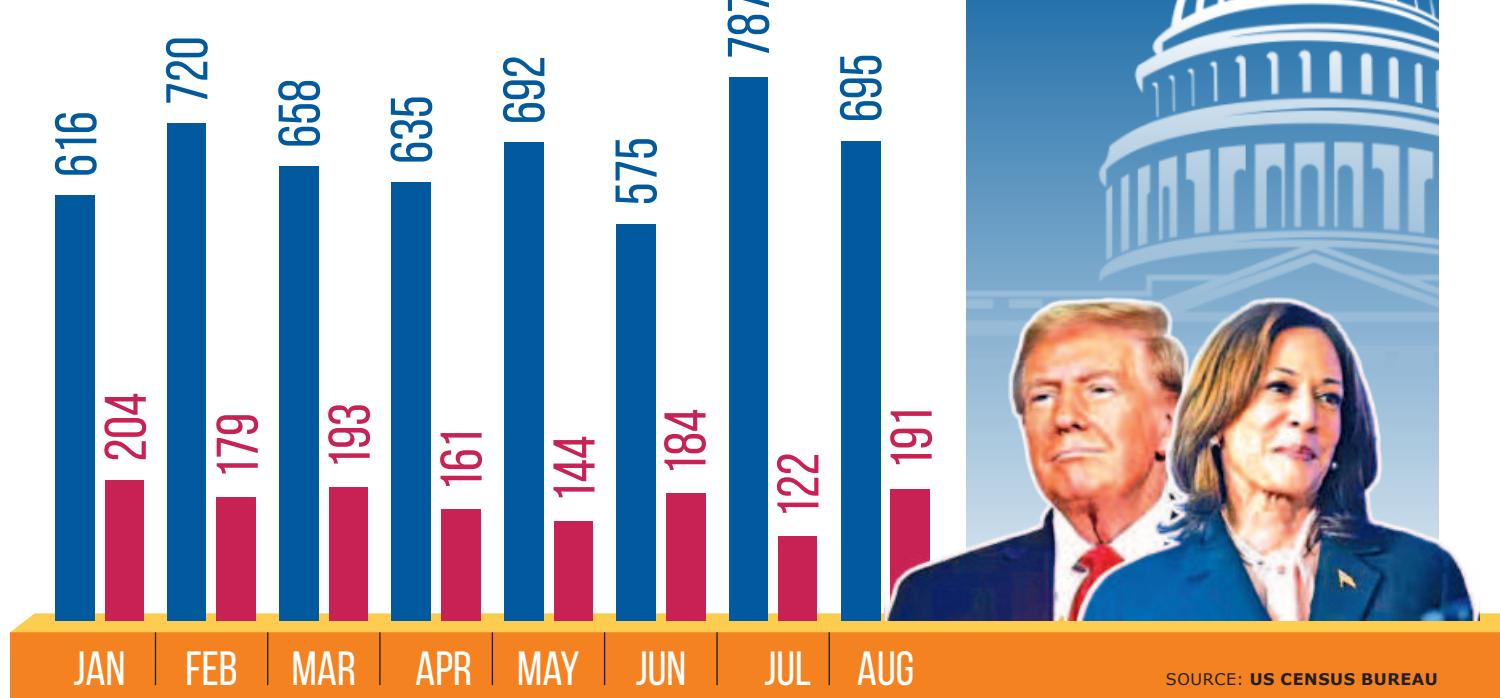
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# US election: What is at stake for Bangladesh's export

## BILATERAL TRADE BETWEEN BANGLADESH AND US IN 2024

(In mn \$)

EXPORT | IMPORT



REFAYET ULLAH MIRDHA

As millions of Americans head to the polls on November 5 to vote for either Democratic Vice President Kamala Harris or her Republican rival Donald Trump, apparel business communities in Bangladesh, more than 13,119 kilometres away from Washington, will be watching the results of the presidential election closely.

The reason is largely related to trade, as the US is the single largest buyer of ready-made garments made in Bangladesh -- the world's second-largest apparel manufacturer after China.

Local RMG makers believe US trade policy toward China, a major competitor in the global apparel market, will be crucial for their business in the coming years.

Besides, the role of the World Trade Organization (WTO) and other global trade organisations will be important as Bangladesh transitions to a developing country in 2026.

Apparel exporters say Republican Candidate Trump's plan to impose higher tariffs on imports from China could boost Bangladesh's garment exports.

But, they fear that a Trump presidency could also lead to challenges for multilateral trading institutions like the WTO and intensified global export competition.

Last year, Bangladesh exported \$8.27 billion worth of garment items to the US, facing a 15.62 percent tariff.

Under both Democratic and Republican administrations, garment exports from Bangladesh to the US have remained relatively stable.

During Trump's presidency from 2017 to 2021, Bangladesh's share of garment exports to the US fluctuated between 17 percent and 18.90 percent, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Under Democratic President Joe Biden, the share has not increased too much, varying between 21.15 percent and 18.12 percent.

Asking not to be named, a renowned garment exporter to the USA from Bangladesh said Trump's anti-China move could eventually benefit Bangladesh. If he imposes more tariffs on Chinese products, there is a possibility of work orders shifting to Bangladesh.

Khandoker Rafiqul Islam, immediate president of the BGMEA, said Trump's additional tariff on Chinese goods plan has already prompted many US-based clothing retailers and brands to look for alternative sourcing destinations such as Bangladesh and Vietnam.

If Harris is elected, it is expected that the existing US tariff will continue for China. In this case, Bangladesh's business may not be affected negatively but the possibility of an export jump is thin," he said.

**Local RMG makers believe US trade policy toward China, a major competitor in the global apparel market, will be crucial for their business in the coming years**

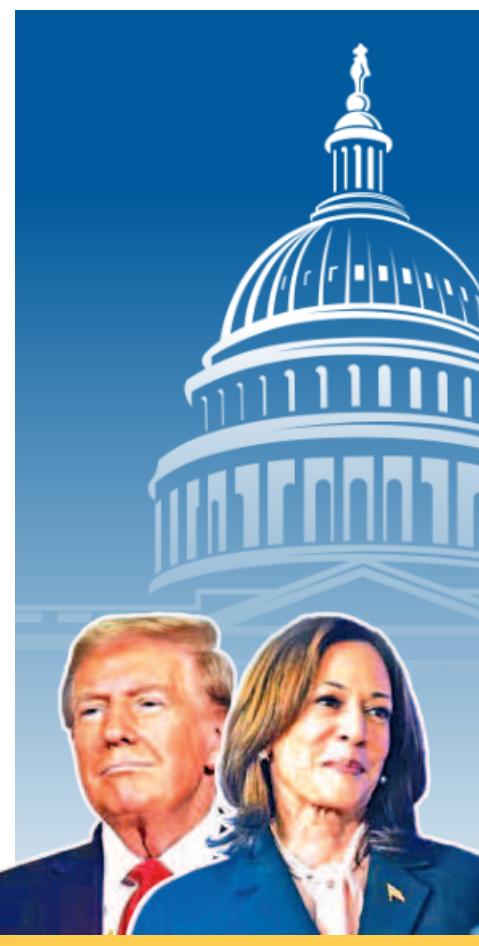
However, Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development (RAPID), a private research organisation, said there could be a significant change in approaches between Trump and Harris.

For instance, if Trump is elected, multilateral institutions and organisations like the WTO may face challenges.

"Trump may adopt a more anti-China policy and impose more tariffs on import of Chinese goods to the USA," Razzaque said. "In this case, Bangladesh may be benefited indirectly as there is a possibility of shifting of work orders from China to Bangladesh."

However, an identified geo political rivalry and undermining the fundamental multilateral trading system may result in a demand slump, he said.

The RAPID chairman said demand for



SOURCE: US CENSUS BUREAU

garment items has been declining over the past three to four years and most G-20 countries, including the US, have adopted protectionist trade policies.

He said Bangladesh may face additional challenges when it graduates from a Least Developed Country (LDC) to a developing nation in 2026. Rules-based trade may be affected.

According to Razzaque, a Democratic administration could lead to less intense geopolitical tensions, possibly benefiting Bangladesh through the maintenance of the multilateral trading system.

However, he reminded that the US's main interest remains containing China.

Masrun Reaz, chairman of the Policy Exchange Bangladesh, echoed Razzaque's views.

Reaz said Donald Trump was aggressive in imposing tariffs on Chinese imports during his previous term. If re-elected, he may adopt an even more aggressive stance toward Chinese imports.

Bangladesh should also restart negotiations with the US to revive the Generalized System of Preferences (GSP) for US markets, as the relationship between the two countries is improving, said Reaz.

Since the expiration of the Multi-Fibre Arrangement in 2004, Bangladesh has not enjoyed any tariff preferences on garment exports to the US.

Before the Trump administration imposed a 25 percent tariff on Chinese goods in January 2018, Chinese exporters faced a 3.08 percent duty on garment exports to the US.

According to the Hong Kong Ministerial Declaration of the World Trade Organization (WTO), the US was supposed to provide duty-free market access for all products from LDCs. However, the US government granted duty-free access to only 97 percent of products.

As an LDC, Bangladesh's garment exports were expected to be included in the 97 percent duty-free category, but apparel products were excluded from this package.

## Addressing cyber risk in the financial sector

MAMUN RASHID

Despite various challenges, the financial sector in Bangladesh is undergoing a rapid digital transformation, driven by economic development and the increasing adoption of new technologies. This shift brings significant cybersecurity challenges that need to be addressed to protect the sector. Managing compliance, staying ahead of regulatory changes, and protecting customers, brand reputation, data, and technology infrastructure are crucial. Even the central bank is cautioning the stakeholders regarding this at frequent intervals.

Digital initiatives are reshaping our financial landscape, with institutions adopting new operating models to stay competitive. However, this transformation also exposes them to cyber threats. A comprehensive approach to transforming cybersecurity from a defensive stance to a value-added position is essential.

Key regulatory trends in the financial sector focus on operational resilience, outsourcing, and information and communications technology. Operational resilience emphasises the ability to withstand, absorb, and recover from disruptions, prioritising critical areas, setting standards, identifying vulnerabilities, and investing in resilience. Outsourcing regulations extend cybersecurity rules to third party service providers, particularly cloud and infrastructure service providers. The increasing digitisation of business and workforce introduces new risks, necessitating effective asset inventory processes and risk monitoring and reporting capabilities.

Existing risk management practices in financial institutes are not enough to keep up with the rapid innovation and evolving technologies in financial services. Executive leadership often fails to understand the business impact of cyber risk due to vague risk tolerance and appetite. Mergers and acquisitions introduce integration challenges with inherent cyber risks. Decentralised teams make product decisions without considering cyber risk, and a product revenue focus inhibits support for key cyber strategic initiatives and decision-making.

A comprehensive cyber risk management policy guides the organisation, supported by robust governance processes to identify, assess, and mitigate risks. Metrics and reporting are essential to measure and communicate the programme's effectiveness, ensuring continuous improvement and alignment with the organisation's risk tolerance.

Bangladesh has adopted the 'National Information and Communication Technology (ICT) Policy 2018', 'National Digital Commerce Policy 2018', 'Cyber Security Act, 2023', and 'Electronic Transaction Act' to advance its ICT sector. These policies aim to develop country-wide ICT infrastructure to ensure information access for all citizens, facilitating empowerment, good governance, and sustainable economic development.

The Bangladesh Bank has published 'Guideline on ICT security for Banks and Non-Bank Financial Institutions, 2023', 'Guidelines on Cloud Computing March 2023', and 'Integrated Risk Management Guidelines for Banks, 2018'. These guidelines and regulations, including the 'Bangladesh Mobile Financial Services Regulations 2022' and 'Bangladesh Real Time Gross Settlement System Rules', 'Regulations on Electronic Fund Transfer 2014', 'Bangladesh Payment and Settlement Systems Regulations 2014' are essential for standardising, securing, and streamlining financial transactions, payments, and settlements. Additionally, the Copyright Law of 2000 has been revised to cover computer software.

The government and financial institutions hence must work together to address the challenges posed by cyber threats. By investing in comprehensive cybersecurity strategies and fostering a culture of security, the country, central bank and the operators can protect its financial sector and build trust in its digital economy.

Mamun Rashid is the chairman at Financial Excellence Ltd

# Asia's factory activity stagnates, taking shine off rebound in China

REUTERS, Tokyo

Asia's manufacturing activity stagnated in October as a rebound in China failed to give much of a boost to regional factories, private surveys showed, a discouraging sign for policymakers bracing for a potential escalation of US-China trade tensions.

The readings come as the International Monetary Fund (IMF) warned of rising risks to Asia's economic outlook from trade fragmentation, China's property sector woes and the potential for further market turbulence.

Factory activity shrank in Japan and South Korea due to weak domestic demand and slowing growth in US, European and Chinese markets, the purchasing managers' index (PMI) surveys showed on Friday.

In a glimmer of hope, however, China's manufacturing activity swung back to growth in October, helped by a slew of stimulus measures rolled out by Beijing to prop up a fragile economy.

The Caixin/S&P Global manufacturing PMI rose to 50.3 in October from 49.3 the previous month, a private survey showed, beating analysts' forecasts in a Reuters

poll of 49.7.

The reading echoed an official survey on Thursday, which showed China's manufacturing activity expanded for

the first time since April in a sign the economy was stabilising.

But Krishna Srinivasan, director of the IMF's Asia and Pacific Department,



An employee works at a factory that produces electric car charging stations in Ruichang, in central China's Jiangxi province.

warned that risks of deflation were rising in China and required further steps to fix its property sector troubles and boost consumption.

"China has a huge bearing on what happens in Asia," he told Reuters on Friday. "When China slows, the rest of Asia slows," he said, adding that the country must "move away from an investment and export-led model, to a consumption-led model."

Japan's final manufacturing PMI fell to 49.2 in October from 49.7 in September, shrinking at the fastest pace in three months due to weak domestic and overseas demand.

The index remained below the 50 threshold that separates growth from contraction for the fourth straight month.

South Korea's PMI stood at 48.3 in October, unchanged from the previous month and shrinking for a second straight month with output falling by the most in 16 months, a private survey showed.

Factory activity in October also shrank in Indonesia and Malaysia, but expanded in Taiwan and Vietnam, the surveys showed.