

IDLC Finance
sees profit
jump 32%
in 2024

STAR BUSINESS REPORT

IDLC Finance saw its profit grow in 2024 as the company looks to expand its capital base and portfolio.

The non-bank financial institution (NBF) reported a 32 percent year-on-year rise in consolidated net profit to Tk 200.36 crore in 2024.

The company also reported consolidated earnings per share (EPS) of Tk 4.82, up from Tk 3.64 a year earlier, according to a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

The NBF's shares rose 1.64 percent to Tk 31 in morning trade at the DSE following the disclosure.

Net operating cash flow rebounded to Tk 8.42 in 2024 from negative Tk 22.53 in the previous year, while a 5 percent stock dividend aims to fuel capital and portfolio expansion.

Its consolidated net operating cash flow per share increased significantly to Tk 8.42 in 2024 from negative Tk 22.53 in the previous year.

IDLC's board has recommended a 15 percent cash dividend, the same as last year, and a 5 percent stock dividend for 2024.

The stock dividend is aimed at increasing the capital base and supporting future portfolio growth, the company said in the disclosure.

The total proposed dividend stands at Tk 83.14 crore. As of December 31, 2024, the retained earnings stood at Tk 1,563.74 crore, more than enough to cover the proposed dividend without using reserves such as share premium or revaluation surplus, IDLC said.

"The post-dividend retained earnings will remain positive," the company noted in the disclosure.

Founded in 1985, IDLC has evolved into one of Bangladesh's largest multi-product, multi-segment NBFs. It currently operates in 20 districts with 40 branches and booths, according to its website.

Bancassurance gaining ground, but insurers see mixed fortunes

SUKANTA HALDER

More than a year since bancassurance was introduced in Bangladesh, the benefits have proven uneven across the insurance industry.

Some 43,286 insurance policies have been sold through bank branches so far, according to the Insurance Development and Regulatory Authority (IDRA).

Of these, National Life Insurance PLC alone accounted for over 80 percent, having sold 34,932 policies through bancassurance channels.

At the other end of the spectrum, City Insurance PLC said it has yet to sell a single policy through this route.

Since its launch in December 2023, 15 insurers and 12 banks have received regulatory approval so far to operate bancassurance businesses.

The introduction of selling insurance products through bank branches was meant to extend insurance coverage in Bangladesh, where penetration remains among the lowest in the world.

Under bancassurance, life insurers have dominated sales, with 41,417 policies sold, compared to just 1,869 by non-life insurance firms.

More than 1.89 crore people in Bangladesh now have some form of insurance coverage, according to IDRA.

Although bancassurance is still in its early stages, some industry leaders are optimistic.

"Insurance is a relatively new product for banks to offer, so our priority has been on alignment, support and understanding," said Ala Ahmad, chief executive of MeLife Bangladesh. "While it is still early days, the response has been encouraging."

SM Baki Billah, head of bancassurance at National Life Insurance, said all their policies

Although still in its infancy, bancassurance is slowly gaining ground as banks and insurers navigate early challenges, with industry leaders betting on trust, digital integration, and regulatory reform to unlock future growth.

so far had been sold in Dhaka. "But we'll soon expand policy sales through banks to district towns as well," he said, adding that the model could also help curb corruption in the sector.

Initially, low awareness and a preference for traditional sales channels hindered adoption.

But industry insiders say rising financial inclusion and growing trust in banks have helped shift perceptions.

The long-term success of bancassurance, they believe, will depend on continuous customer education, transparent operations, and the smart use of technology.

Guardian Life Insurance Ltd has sold more than 5,100 policies to date, around 11 percent of total bancassurance sales.

"Bancassurance holds immense potential to transform Bangladesh's insurance sector by offering customers trusted and convenient financial protection through banks," said Sheikh Rakibul Karim, acting chief executive of Guardian Life Insurance.



However, Karim pointed to a regulatory cap on partnerships that is limiting growth.

"Many banks are showing interest in partnering with us but haven't been able to meet their quotas due to the limited number of eligible insurers. Unfortunately, we are unable to accommodate additional banks as we are already working with three," he said.

At present, each bank is allowed to partner with up to three life and three non-life insurers. Officials said a proposal has been submitted to the Bangladesh Bank to raise this cap to six in each category.

Delta Life Insurance Company has also seen traction, having sold over 1,093 policies through banks so far.

"Sales will increase further in the coming days," said its CEO Uttam Kumar Sadhu.

Requesting anonymity, a senior official at Green Delta Insurance PLC said, "The number of policies sold isn't very high yet, but the growth trajectory is promising."

Md Shamim Hossain, managing director of City Insurance PLC, said, "Currently, only health, motor, weather, and crop insurance can be sold through bancassurance. With motor insurance no longer mandatory, sales have declined." "Moreover, we don't offer weather or crop insurance products, so our potential through this channel remains minimal."

City Bank, which has sold 15,145 policies, has seen a generally positive response.

"Customers generally trust banks more than insurance companies, which has contributed to a positive response," said Ashanur Rahman, the bank's deputy

managing director. "This trust could significantly improve insurance penetration in Bangladesh."

Rahman added that continued success would require public education, transparency, and digital integration.

BRAC Bank said it is tapping into digital platforms for the bancassurance business.

"To change the perception of insurance as an expense, we are embedding it into products like credit cards, personal loans, home loans, remittance accounts, and DPS," said Syed Abdul Momen, the bank's deputy managing director.

The bank is leveraging its digital platform, Astha, to offer integrated insurance services. It has sold 4,562 policies to date.

As of now, Eastern Bank PLC has sold 1,426 non-life and 204 life insurance policies under its bancassurance channel.

Md Raquib, acting head of bancassurance at the bank, said that as banks are not permitted to sell major non-life products, such as fire and marine insurance, the business has been challenging.

"This restriction is a challenge for banks with an established base of SME and corporate clients who require such coverage as part of their business operations," he added.

Md Solaiman, deputy director of IDRA's non-life department and acting spokesperson for the regulator, described the current numbers as encouraging.

"Bancassurance has helped improve public perception of insurance," he said. "With more promotion and awareness campaigns, policy sales could rise further."

IMF's rigidity risks hindering our recovery momentum

ASHIKUR RAHMAN

The International Monetary Fund (IMF) has decided to prolong its discussions with Bangladesh, aiming to reach a staff-level agreement for the next tranche of its \$4.7 billion support package. While such vigilance from a global lender is expected, the IMF's tightening of conditions comes at a curious juncture – precisely when Bangladesh's macroeconomic stress is beginning to moderately ease after two particularly turbulent years.

The macroeconomic pressures that gripped the economy in FY23 and much of FY24 were formidable: a steep decline in foreign exchange reserves, double-digit inflation, and mounting vulnerabilities in the banking sector. Yet, the economic situation today, though still fragile, exhibits visible signs of stabilisation. Inflation, which peaked at 11.7 percent in July 2024, has eased to 9.4 percent by March 2025. Foreign reserves, once caught in a dangerous free fall, are now stabilising. Banking sector reforms, though incomplete, have made incremental progress in tightening regulatory supervision and containing the haemorrhage that previously plagued the sector. In short, the worst of the crisis appears to have been arrested.

It is in this context that the IMF's insistence on greater fiscal consolidation, a more aggressively flexible exchange rate, and even tighter monetary conditions raises legitimate concern. While such reforms are necessary in theory, excessive rigidity, especially when some economic indicators are improving, risks stalling the very recovery that these programmes are supposed to nurture.

The central problem is the IMF's apparent reliance on standardised prescriptions without sufficiently adapting to the evolving realities on the ground. Bangladesh's economy is not overheating today; it is struggling to regain its growth momentum, with GDP growth slowing to 3.3 percent in the first half of FY25 – a sharp drop from 5.1 percent in the previous year. Consequently, demands for aggressive fiscal tightening could inadvertently deepen the slowdown by depressing both public and private investment at a time when investor confidence is already shaken. Furthermore, the IMF's dual demands, monetary tightening to control inflation and simultaneous currency flexibility to manage external balances, may lead to conflicting policy signals. A looser exchange rate regime could increase imported inflation at a juncture when price stability remains

fragile, which could force the Bangladesh Bank to tighten money supply, further weakening the investment climate. Bangladesh needs a calibrated, sequenced reform plan, not a battery of measures that pull in opposite directions.

The risk is that the current IMF posture could dampen reform momentum at a crucial moment. Bangladeshi economy has made difficult but important moves in recent months: a more market-driven exchange rate system has been partially introduced, steps have been taken to enhance to strengthen regulatory oversight of the banking sector, and governance reforms, though slow, are underway. Overburdening the system with rigid conditions could exhaust the political and institutional bandwidth needed to drive meaningful reforms forward.

Indeed, history teaches us that successful economic reforms, especially in developing economies, are rarely born out of rigidity. They require flexibility, political accommodation, and a sense of timing. Bangladesh's economic policymakers need breathing space to consolidate early gains, restore confidence among businesses, and continue reforms without feeling trapped between conflicting demands. The IMF's role should be to act as a partner, nudging reforms forward, offering technical assistance, and providing fiscal and monetary flexibility where suitable. Not to become an enforcer of overly tight prescriptions that could derail a fragile recovery. Bangladesh has shown resilience time and again: with the right balance of support and reform, it can regain its growth trajectory. But for that, pragmatism, not rigidity, must influence our decisions.

The author is the principal economist at the Policy Research Institute of Bangladesh and can be reached at ashrahrman83@gmail.com.



In US Chinatowns, merchants 'don't want the trade war'

REUTERS

Last week, a pack of rice crackers at Sun Vin Grocery store on Mulberry Street in New York City's Chinatown cost \$4.99.

But this week, after President Donald Trump's tariffs on items imported from China took effect, the same crackers have a new price: \$6.99.

Chinatowns across the US are feeling the effects of the escalating tariff war, as prices of household goods imported from China, including traditional Chinese medicine, dried noodles and jade jewelry have already started to rise.

While Trump paused his tariffs on most of the world for 90 days, his tit-for-tat trade war with China has resulted in a steep 145 percent tariff on Chinese goods, and that's hitting mostly family-owned small businesses in Chinatown hard. Many immigrant Chinese communities rely on businesses in local Chinatowns across the country for goods that are central to Chinese culture, for which there are few, if any, alternatives.

"It will impact a lot," said Jasmine Bai, the manager of Sun Vin Grocery, a small store stocked mostly with products imported from China, including ingredients that are rarely found in American grocery stores,



People walk in the Chinatown neighbourhood of Manhattan, New York, on April 13. Chinatowns across the US are feeling the effects of the escalating tariff war, as prices of household goods imported from China have already started to rise.

PHOTO: AFP

like bean thread noodles and lotus seed paste. "In the future, maybe we have less clients and they will buy less food."

Chinatown residents in Lower Manhattan spend \$115 billion each year on retail goods and services, and about 80 percent of local businesses

in the neighborhood directly serve the Chinese community, according to New York City's Small Business Services.

Trump has said that he believes the United States could make a deal with China, but maintains that Beijing has "really taken advantage" of the US for a long time.

"Every Nation, including China, wants to meet!" Trump said in a post on Truth Social on Thursday, although Beijing officials have not yet indicated that they are planning to meet with the White House. China has retaliated with tariffs of up to 125 percent on US imports.

On Thursday, China's commerce ministry urged the US to stop putting "extreme pressure" on the country and said the two sides remained at an impasse over who should start trade talks.

If for some reason one of the two parties makes it very difficult, SENSE OF CHAOS

That back-and-forth has injected a sense of chaos into Chinatown businesses, said Eva Sam, the owner of Popular Jewelry in New York City, a family business known for chains and pendants with ornate gemstones popular with hip hop artists.

"The sudden changes and escalating tariffs make it nearly impossible to stabilize prices or offer consistent quotes to our clients," she said.

Popular Jewelry sources its 24-karat gold as well as cut and polished jade stones from China. The store has already had to raise prices by 10 percent on imported jewelry, Sam said.

"It's very hard to make long-term and short-term decisions, because you don't know if the tariffs are going to be permanent or where he's going to put the tariffs, or if he's going to take them off," said William Wong, Sam's son who also works at Popular Jewelry.

Most Chinatown stores in New York City only have one or two months of supplies stockpiled, according to Welcome to Chinatown,

a local nonprofit aimed at supporting businesses in the neighborhood.

That includes Villy KX Pharmacy, which doesn't "keep a lot of stuff" on hand, said Daniel Dellaratta, a pharmacist who has been working in Chinatown for 30 years.

"We are expecting, within the next 90 days, to see significant increases on most of the generic products," he said.

Eliz Digital Inc, a photo shop in New York City's Chinatown, has also seen the prices of supplies, like paper and chemicals sourced in China and used for developing photographs, increase.

Although the store has not raised prices "for a long, long time," the tariffs could force their hand, said the store's owner, who asked only to be referred to by her last name, Kesh.

"I think eventually we might have to do something, because, as you see, everything has gone up a lot, and our supply has definitely gone up so much," she said.

AMERICA'S OLDEST CHINATOWN San Francisco's Chinatown is also experiencing uncertainty among its businesses as owners hope for productive negotiations between the US and China, said Edward Siu, chairman of the Chinatown Merchants United Association of San Francisco.