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Stocks hit 56-month low amid India-Pakistan tensions

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The Dhaka Stock Exchange (DSE) experienced its steepest decline in 56 months yesterday, as the benchmark index plummeted by 3.01 percent amid heightened investor anxiety following India's sudden airstrikes in Pakistan -- two nuclear armed neighbours with a fraught history.

The last comparable plunge in Dhaka stocks occurred on August 25 of 2020, when the premier index fell to 4,781 points. However, turnover that day stood significantly higher at Tk 786 crore.

Yesterday, the DSEX, the benchmark index of the country's premier bourse, dropped by 149.31 points, closing at 4,802.

"The market had remained fragile for some time, but yesterday's drop resembled a freefall," said Md Moniruzzaman, managing director and CEO at Prime Bank Securities Limited.

"No concrete factor can explain this sharp decline -- except the intensifying India-Pakistan conflict."

In striking contrast, the Indian stock market posted gains, with the BSE Sensex rising by 0.13 percent to reach 80,746. Conversely, Pakistan's KSE 100 index slumped by 3.10 percent to 110,047.

However, Moniruzzaman observed that the DSEX's 3.01 percent fall was even more disheartening than that of markets directly affected by the geopolitical conflict.

"Market sentiment has turned distinctly negative. There was significant sell-off pressure triggered by the India-Pakistan escalation, stemming from broader uncertainties regarding the economic outlook of Bangladesh," said a market analyst who requested anonymity.

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SCB's profit surges to record Tk 3,300cr

STAR BUSINESS REPORT

Standard Chartered Bangladesh (SCB) has reported a record net profit of Tk 3,300 crore for the financial year 2024, apparently the highest among banks operating in the country.

SCB's profit rose by 41 percent year-on-year, climbing from Tk 2,335 crore in 2023 to Tk 3,300 crore in 2024, according to financial statements published yesterday.

The British multinational bank recorded a profit of Tk 1,655 crore in 2022, effectively doubling its earnings in Bangladesh within two years.

"The financial performance is a reflection of our good governance and advanced financial solutions," said SCB CEO Naser Ezaz Bijoy in an emailed reply.

He said the spike in profit after tax was driven by prudent risk management, efficient liquidity deployment, and tight cost control.

SCB's net interest income surged 33 percent year-on-year to Tk 2,717 crore in the year 2024.

The foreign bank said its operating income rose by 28.25 percent to Tk 5,506 crore, powered by strong growth in interest income, investment returns, and steady commission and exchange earnings.

SCB's earnings were much higher than the profits reported by HSBC Bangladesh, BRAC Bank, City Bank, Pubali Bank, Prime Bank and Dutch-Bangla Bank in 2024.

All these banks posted profits below Tk 1,500 crore in the financial year 2024, with BRAC Bank recording Tk 1,432 crore.

SOHEL PARVEZ

Banks have registered sluggish growth in deposits throughout the current fiscal year as elevated inflation and an economic slowdown have squeezed the scope for many to save, even though the interest rate has risen.

Also, a falling appetite for loans from the private sector, political uncertainties, and affluent people switching to investing in treasury bills and bonds have further diminished deposit growth, said several bankers.

Banks recorded Tk 17.93 lakh crore in deposits at the end of February, which was 7.88 percent higher year-on-year.

On the other hand, the weighted average interest rate on deposits rose to 6.14 percent in February, over 1 percentage point higher than that of a year ago, according to data by Bangladesh Bank (BB).

However, the overall growth of deposits in banks was lower in this year's February than the 10.42 percent year-on-year growth in the same month in 2024.

The average growth of deposits in banks was 7.68 percent in eight months of this fiscal year of 2024-25, from 10.28 percent a year ago.

"Because of high inflation, people have to spend more to buy the same amount of goods. This has strained the savings capacity of many people," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank (MTB) PLC.

Official data released this week showed that consumer price inflation eased to 9.17 percent in April, down from 9.35 percent in March, but remained above the 9 percent mark.

Bangladesh has been grappling with inflation above 9 percent for more than two years consecutively, severely eroding people's purchasing power at a time when the economy is suffering from a slowdown for the second consecutive year.

The economy recorded a 4.22 percent expansion in fiscal year 2023-24, the lowest since the pandemic.

By the end of last month, the World Bank

Deposit growth



Trend of weighted average interest rate on deposits



trimmed its projection for Bangladesh's economy further to 3.3 percent for the current fiscal year, which will be the lowest in the last couple of decades.

"The overall economy has slowed down. Imports of capital machinery have fallen due to a lack of investment demand," said Rahman.

Besides, a significant amount of funds has been shifted to investment in treasury bills and bonds to benefit from increased yields. Many people have also bought US dollars to profit from the depreciation of the taka, he said.

A senior official of BRAC Bank said the contractionary monetary policy maintained by the BB could be another reason for sluggish deposit growth.

A chief of the treasury at another private bank said banks record a good flow of deposits when there is demand for credit in

the economy.

"But we see very low appetite for loans," he said, adding that private credit growth stood at 6.82 percent year-on-year in February.

"It is the lowest in 18 years...The deposit growth that you see is because of the payment of salaries and the disbursement of some credit to private borrowers," he said.

He said that because of low demand for credit, most banks were investing in treasury bills and bonds.

"Businesses that were connected with the previous Awami League government are not as active now as they were in the past. Interest among the private sector to invest is low because of political uncertainty," said the official.

"It appears that businesses will gain direction after the declaration of the election schedule, and demand will pick up," he added.

90% people use AI in some form, 44% at work

Telenor study on Bangladesh finds

STAR BUSINESS REPORT

A significant majority of Bangladeshi internet users are already integrating artificial intelligence (AI) into their everyday lives, according to a new study by Telenor Asia.

The report, titled "Digital Lives Decoded: Bangladesh", reveals that about 90 percent of respondents claim to use AI in some way or form, demonstrating how swiftly the technology has penetrated daily life in the country.

The study, which surveyed 1,000 digitally connected individuals aged 16-64 across Bangladesh, shows that AI adoption is being driven largely by mobile usage.

Social media is the top use case (48 percent) for AI tools, but mobile internet users in Bangladesh are more likely to use AI at work and in their daily activities than those in Singapore, Malaysia or Thailand.

Around 44 percent of respondents use AI at work, 39 percent for entertainment, 30 percent in daily activities, 22 percent for financial purposes, 19 percent for online shopping, 22 percent for health and fitness, and 20 percent for travel.

This trend is driven more by millennials than Gen Z. More than half of millennials use AI for social media or at work, and over a quarter for finance and fitness.

Perceptions of AI's future impact are generally positive, both at the individual and societal levels. Education and arts are seen as key beneficiaries, but nearly two-thirds believe in the positive impact of AI on the country's economy and their job security.

About 8 in 10 respondents believed that AI would positively impact education, surpassing anticipated benefits in other areas such as transportation, the economy and consumer health.

This remains relatively consistent across demographics, signalling the potential for AI to play a pivotal role in revolutionising education, making it more accessible and adaptable to different learning needs.

AI in the workplace

Survey respondents in Bangladesh report themselves to be more avid users of AI in the workplace than Singapore,

Malaysia or Thailand.

This is driven primarily by millennial workers and men: almost half of male mobile internet users have used AI at work, compared to just over a third of women (37 percent).

Those who use AI at work are also more likely to trust AI-generated information a lot/completely: especially when it comes to AI chatbots/virtual assistants (56 percent), threat detection (47 percent) and predictive analysis (45 percent).

The study said this could be the result of digital transformation happening in Bangladesh, but without the



same level of regulations as seen in markets like Singapore and Malaysia.

AI tools are clearly popular in the workforce in Bangladesh, but greater education is needed around the trustworthiness and limitations of AI-generated information.

As AI-integrated mobile phones usher in a new era of user experience, automating tasks and enhancing personalisation, an increasing amount of data from the user will be harvested.

Those who use AI at work are especially attuned to concerns around the use of AI for data handling. They are more likely to worry about a lack of transparency in how data is used and shared (+31 percent),

extensive data collection without clear consent (+21 percent) and unauthorised access to sensitive information (+21 percent).

As the use of AI continues to grow in Bangladesh, especially in the workplace, training and developing best practices for employing AI in data handling should be a priority.

For older generations, even more concerning is the reduced critical thinking skills and over-reliance on AI for daily tasks.

On the whole, mobile internet users in Bangladesh are more likely than those in Singapore and Malaysia to worry about reduced problem solving skills.

The study found mobiles are enabling people in Bangladesh to live a smarter life, helping them gain new skills, improve social connectivity, and increase their personal sense of safety.

As the digital landscape evolves in Bangladesh, concerns around new threats of identity theft and deepfakes have emerged.

About 7 in 10 mobile internet users expressed worries about the security of their online accounts. Bangladesh also stands out for heightened concerns about network attacks: 3 in 10 say this is a top concern, versus just 1 in 5 in Singapore and Thailand, and even fewer in Malaysia.

Matarbari power plant generated only 15% of capacity in April

Adviser blames low coal quality, maintenance issues

STAR BUSINESS REPORT

The Matarbari coal fired power plant, one of the most expensive power infrastructure projects in the country, is generating only a fraction of its intended capacity, raising serious concerns over coal quality, maintenance failures, and weak project governance.

The 1,200-megawatt facility, located in the Moheshkhali upazila of Cox's Bazar, was expected to play a pivotal role in ensuring energy security. However, in April, the Power Development Board (PDB) could generate only 185 megawatts, around 15 percent of the plant's full potential.

"This is unfortunate. A plant of such capacity generating such a low output points to serious mismanagement," Planning Adviser Wahiduddin Mahmud said following a meeting of the Executive Committee of the National Economic Council (Ecnc) yesterday.

The 1,200-megawatt facility, located in the Moheshkhali upazila of Cox's Bazar, was expected to play a pivotal role in ensuring energy security

The meeting, held at the NEC conference room, was chaired by Chief Adviser Prof Muhammad Yunus.

According to Mahmud, the plant requires coal imports twice a week to remain operational.

However, for months, low-grade coal has been sourced from overseas, primarily Indonesia. This has contributed to the plant's underperformance.

Due to repeated efficiency issues, coal samples have been sent to Bangkok for testing. Yet, neither importers nor the government organisations involved have shown any urgency in retrieving the results of those tests, Mahmud lamented.

Aside from fuel quality, the plant's upkeep is also in question. Mahmud noted that poor maintenance has resulted in fly ash and residue accumulating in boilers, reducing efficiency and risking long-term structural damage.

Even more alarming is the absence of proper leadership and accountability. The former project director, appointed on a contractual basis, is reportedly absconding amid unresolved audit objections amounting to Tk 6,571 crore.

No action has yet been taken regarding the alleged objection.

"This is a systemic failure. Development isn't just about building large infrastructure -- it's about ensuring they function properly," Mahmud said.

He further referred to recent media reports

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