

# star BUSINESS



## US remittance tax could be a Tk 5,000cr hit for migrants: CPD

### STAR BUSINESS REPORT

A proposed 3.5 percent tax on outbound remittance can raise costs incurred by Bangladeshi migrants sending money back home from the US to nearly Tk 5,000 crore annually, said a local think tank yesterday.

Currently, the average cost of sending remittances from the US to Bangladesh stands at 4.4 percent, according to World Bank data.

"If the US imposes a 3.5 percent tax on outbound remittance, the total cost of sending money could rise to 7.9 percent for Bangladesh or Tk 4,820 crore (\$395 million) annually," said the Centre for Policy Dialogue (CPD).

"This will no doubt have adverse implications for remitters sending money to Bangladesh from the US," said Fahmida Khatun, executive director of the CPD.

She was unveiling a study while presenting the CPD's quarterly economic review at its office in Dhaka on Monday.

To mitigate the impact, the local think tank has urged the government to engage in diplomatic efforts, taking along other remittance recipient countries.

"The goal would be to push for a minimum threshold of tax-free remittance outflows from the US, particularly to safeguard the interests of small remitters," said the CPD.

Last week, the US House Budget Committee proposed a 3.5 percent tax on remittance transfers by anyone who is not an American citizen or national.

The CPD said a rise in the inflow of remittances has contributed to maintaining exchange rate stability, with an additional \$5.42 billion received during the first 10 months of fiscal year 2024-25.

"There remains untapped potential. While approximately 41 lakh people have gone abroad for employment over the past four years, remittance inflows have not increased proportionately," it said.

It also warned that the authorities must prevent the revival of illegal hundi and hawala networks that have been dismantled.

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## MFS enabling money transfers — also abuses

TIB finds platforms used for laundering, bribery and so on

### STAR BUSINESS REPORT

Mobile financial services (MFS) have become a vital tool for distributing social safety net allowances, student stipends, remittances, and personal transfers.

But these platforms are also being exploited for money laundering, bribery, online gambling, and illegal cryptocurrency activities, a new study has found.

The report, titled "Governance Challenges and Pathways to Reform in the Mobile Financial Services (MFS) Sector", was released yesterday by Transparency International Bangladesh (TIB).

It also found that the cost of MFS services in Bangladesh is higher than that in neighbouring countries such as India, Pakistan, and Myanmar. Traditional banking services in the country offer more cost-effective alternatives compared to MFS providers.

These findings were shared at a press conference at the TIB office in Dhaka, where its Executive Director Iftekharuzzaman spoke.

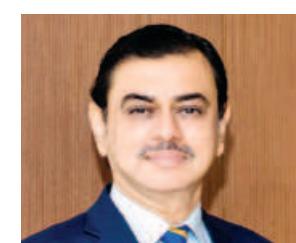
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## HALAL SAVINGS THRIVING FUTURE



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Selim RF Hussain

## BRAC Bank MD steps down

### STAR BUSINESS REPORT

Selim RF Hussain has resigned from the posts of managing director and chief executive officer (CEO) of BRAC Bank, effective from yesterday, according to a statement from the private lender.

Speaking to The Daily Star, he said it was on personal grounds.

"The board has accepted Hussain's resignation and has sought Bangladesh Bank's approval in this regard," the bank said.

BRAC Bank has appointed Tareq Refat Ullah Khan, additional managing director and head of corporate and institutional banking, as the managing director and chief executive officer (current charge), as per the statement.

In an email to his colleagues, Hussain informed that he had tendered his resignation to the chairman of the bank's board of directors.

"All good things must come to an end, and such is the case for my time at BRAC Bank PLC," he said in the email seen by this newspaper.

"It has been a great privilege for me to work with you for close to ten years now as we, together, built an outstanding institution and a role model in the banking industry," he said.

Hussain joined BRAC Bank as managing director and CEO on November 8 of 2015, according to the bank's website.

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## BANKS SET FOR MERGER



Have been audited by Ernst & Young, KPMG  
To be merged by July 2025  
Will come under temporary state ownership

## NBFIs AT RISK

CVC Finance, Bay Leasing, Islamic Finance, Meridian Finance, GSP Finance, Hajj Finance, National Finance, IIDFC, Premier Leasing, Prime Finance, Uttara Finance, Aviva Finance, Phoenix Finance, People's Leasing, First Finance, Union Capital, International Leasing, BIFC, Fareast Finance and FAS Finance

## The NBFIs

- Have been asked to justify licences in 15 days
- May face regulatory action including merger, closure
- IN NIFI SECTOR (As of Dec 2024)**
- Defaulted loans: Tk 25,089cr
- Default rate: 33.25%
- 12 firms hold 73.5% of bad loans



### STAR BUSINESS REPORT

The Bangladesh Bank (BB) is preparing to roll out a large-scale merger initiative involving financially weak banks and non-bank financial institutions (NBFIs) under the Bank Resolution Ordinance.

Six Islamic banks are likely to be merged initially, said central bank officials on condition of anonymity.

The banks are Social Islami Bank, Global Islami Bank, ICB Islamic Bank, EXIM Bank, First Security Islami Bank,

and Union according to BB officials. They said that global audit firms Ernst & Young and KPMG have already completed asset quality reviews of these commercial lenders. Based on their findings, the central bank is expected to proceed with the merger.

Except for ICB Islamic Bank, the boards of the five commercial lenders were reconstituted after the fall of the Awami League-led government on August 5 last year.

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## Petrobangla to raise gas supply further from today

### STAR BUSINESS REPORT

Gas supply to industries increased in the first four months of the current year, and the supply of this key energy source to factories will increase further from today, said state-run Petrobangla.

The agency said it would provide an additional 150 million cubic feet of gas per day (mmcfd).

Gas supply to captive power plants and factories rose 21 percent year-on-year to 997 mmcfd in the first four months of this year, Petrobangla said in a statement issued on Monday.

It was 823 mmcfd a year ago. The disclosure comes in response to complaints of a decline in gas supply by textile and garment factory owners.

The statement termed the claim "misleading" and shared supply figures for the factories.

On Sunday, textile millers demanded an increase in supply, pointing out that many factories were on the verge of shutting down as they were unable to operate even at minimum capacity.

Petrobangla, responsible for the exploration and exploitation of natural gas, said in April alone, supply shot up 50 percent year-on-year to 1,088 mmcfd.

In March this year, gas supply was higher than in the same month a year ago.

The state agency said to meet the growing industrial demand, it had arranged the import of six additional liquefied natural gas (LNG) cargoes this year.

The import cost of LNG is about Tk 65 per cubic metre, while industrial users pay Tk 30 per cubic metre.

The government is providing subsidies of Tk 35 per cubic metre of gas supplied under the current pricing structure, it added.

"The government is actively working to ensure adequate gas supply to industries and has taken timely measures to that end. We hope this clarification will dispel any misunderstandings surrounding the issue," the statement said.

## CALL FOR NOMINATIONS

### THE CATEGORIES ARE:

ENTERPRISE OF THE YEAR 2024	BUSINESS PERSON OF THE YEAR 2024
FINANCIAL INSTITUTION OF THE YEAR 2024	OUTSTANDING WOMAN IN BUSINESS 2024

Last date for submitting nominations is June 19, 2025.

For the 23rd time, we are going to honour individuals and organizations for their outstanding contributions to business and the economic growth of Bangladesh. Your valuable nomination will help us select the right nominees.

You can nominate via email : BBA.awards@dhl.com



For further details regarding the information required in the submission, visit our website: <https://shorturl.at/JTy8q>

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