

star BUSINESS



BB unlikely to cut policy rate now

Says governor, views exchange rate stability as a key success

MD MEHEDI HASAN and SOHEL PARVEZ

The Bangladesh Bank (BB) is unlikely to reduce the policy or repo rate for the second half of this year as inflation continues to remain stubbornly high, according to the central bank governor. The central bank hiked the policy rate, at which it lends to commercial banks, in October last year to 10 percent. This was the 11th time since May 2022 to make borrowing expensive and contain inflation, which has been above 9 percent for more than two years.

The BB kept the policy rate unchanged in its monetary policy for the January-June period of this year.

As it is going to announce the monetary policy for the July-December period by the end of this month, BB Governor Ahsan H Mansur said there is no such reason for reducing the interest rate.

"But there will be indications whether it is possible for the rate to be brought down soon; when we can expect the policy rate to fall, or how many days we may have to wait for it to go down," he said in an interview with The Daily Star



Ahsan H Mansur

IPDC ডিপোজিট | ১৬৫১৯

yesterday.

The BB, in its monetary policy for the first half of this year, expected that inflation would decline to within a 7-8 percent range by end-June 2025 as the consumer price index had been easing gradually since November last, when it was 11.38 percent.

As of May, inflation on a point-to-point basis was 9.05 percent. The June inflation estimate is yet to be released by the Bangladesh Bureau of Statistics (BBS).

However, annual average inflation stood at 10.13 percent, much higher than the BB's target.

Mansur, a former official of the International Monetary Fund (IMF), said price data for June might be

READ MORE ON B3

Islamic banks' deposit, investment growth slows to 4-year low

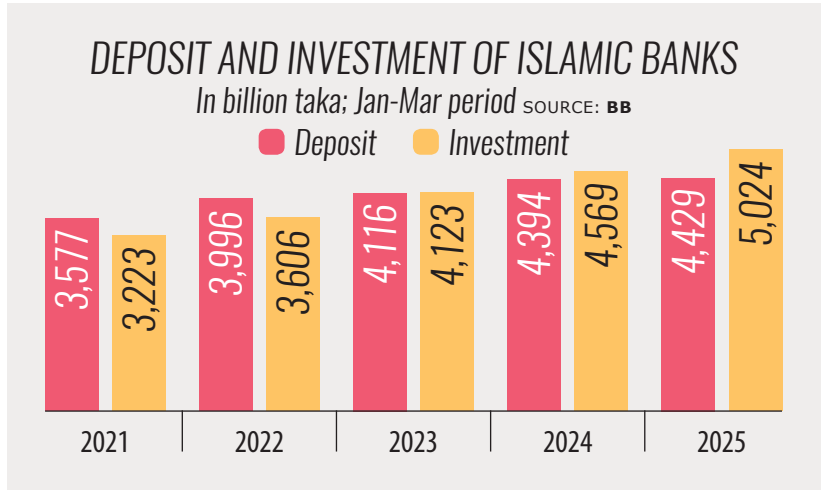
SUKANTA HALDER

Deposit and investment growth in the country's Islamic banks fell to a four-year low in the first quarter of 2025, apparently driven by rising public concerns over the financial stability and governance practices of the commercial lenders.

Industry people say customer confidence in Shariah-based banks has waned due to growing controversies, financial scandals, and issues over transparency and governance standards.

There are ten full-fledged Islamic banks in Bangladesh. Before the political changeover in August last year, many of the banks were controlled by a few big and politically influential business groups.

Following the changeover, as



political influence lost its grip on the industry, long-buried toxic assets began to surface, exposing the fragile financial health of many lenders. Although the boards of these

banks were reshuffled subsequently, industry insiders say rebuilding trust will take time.

The year-on-year deposit growth rate of Islamic banks was 11.71 percent in the first quarter of 2022, according to Bangladesh Bank (BB) data.

In the first quarter of 2023, it dropped significantly to 3 percent

READ MORE ON B3



HALAL INVESTMENT PROMISING TOMORROW

As per the Shariah Guidelines of Bai Murabaha, Muajjal, Salam, Istisna, Ijarah, HPSP & Ujrah

- Home, Auto & Personal Investment
- SME & Corporate Investment
- Credit Card

Prime Bank | **HASANAH ISLAMIC BANKING** | **البنكية الاسلامي**

Shairah-compliant investment facilities for all your personal or business needs

AAOIFI | 24/7 Helpline: 16218 | Sign Language: 013 211 16218 | 10 AM - 6 PM

বছরের প্রথম ৬ মাসেই **৩ লক্ষ+** নতুন অ্যাকাউন্ট **৭৭৫০+** কোটি টাকার নেট ডিপোজিট প্রবৃদ্ধি

ইউসিবি'র উপর আপনাদের ভরসা আর অধিরায় সমর্থনের জন্য আমরা আন্তরিকভাবে কৃতজ্ঞ।

UCB |

Eastern Bank PLC.

open your world of exclusive privileges & convenience

Priority BANKING

Unparalleled security for the world's elite

First in the world from Eastern Bank

Biometric Metal World Elite Credit Card from Mastercard

This card is offered by invitation only

Scan for Details