

75% of money laundering is trade-based: BIBM study

STAR BUSINESS REPORT

Trade-based money laundering is responsible for around 75 percent of the funds siphoned off from Bangladesh, a study finds.

Most of the funds are laundered through false import and export declarations, according to the findings of the study conducted using data from the National Board of Revenue (NBR).

The findings of the study, conducted by the Bangladesh Institute of Bank Management (BIBM), were presented at a roundtable at the BIBM in Dhaka yesterday.

The study, titled "Enforcement Status of the Standards to Prevent Trade-Based Money Laundering", was prepared using responses from officials of 37 banks and was compiled by three BIBM faculty members, two officials from private banks, and one representative from the Bangladesh Financial Intelligence Unit.

Earlier, following the amendment of the Money Laundering Prevention (Amendment) Act, 2015, the Customs Intelligence and Investigation Directorate investigated 95 money laundering cases and found that all were

trade-based, according to the study.

During a keynote presentation, Shah Md Ahsan Habib, professor (selection grade) at BIBM, explained the key reasons why criminals prefer trade channels for money laundering.

Chief among them was the ability to move large volumes of funds – far more than possible through other means, he said.

Speaking as the chief guest, Bangladesh Bank Deputy Governor Nurun Nahar said money laundering also takes place through under-invoicing in imports and exports, which falls under trade financing.

In many cases, the transactions appear legitimate on the surface, but hidden manipulation lies beneath.

"A 2024 white paper estimated annual trade-related outflows from Bangladesh at \$16 billion, equivalent to 3.4 percent of the GDP – more than the nation's total yearly health budget."

"These losses, often facilitated through over- or under-invoicing and phantom shipments, erode the country's foreign exchange reserves, reduce customs revenue, and inflate the cost of doing business," reads the report.

Oil prices fall as tariff deadline looms

REUTERS, London

Oil prices declined for a third consecutive session on Tuesday on concerns the brewing trade war between major crude consumers the United States and the European Union will curb fuel demand growth by reducing economic activity.

Brent crude futures were down 49 cents, or 0.7 percent, to \$68.72 a barrel at 0915 GMT. US West Texas Intermediate crude was at \$66.60 a barrel, down 60 cents, or 0.9 percent.

The August WTI contract expires on Tuesday and the more active September contract was down 47 cents, or 0.7 percent, to \$65.48 a barrel.

"Oil prices fell for a third straight session ... as urgency builds in trade negotiations between the US and its partners," Soojin Kim, an analyst at bank MUFG, said in a note.

Gopinath leaving IMF next month to return to Harvard

REUTERS, Washington

Gita Gopinath, the No. 2 official at the International Monetary Fund, will leave her post at the end of August to return to Harvard University, the IMF said in a statement on Monday.

IMF Managing Director Kristalina Georgieva will name a successor to Gopinath in "due course," the IMF said.

Gopinath joined the fund in 2019 as chief economist – the first woman to serve in that role – and was promoted to first deputy managing director in January 2022.

No comment was immediately available from the US Treasury, which manages the dominant US shareholding in the IMF.

While European countries have traditionally chosen the Fund's managing director, the US Treasury has traditionally recommended candidates for the first deputy managing director role.

Gopinath is an Indian-born US citizen.

The timing of the move caught some IMF insiders by surprise, and appears to have been initiated by Gopinath.

Gopinath, who had left Harvard to join the IMF, will return to



Gita Gopinath

the university as a professor of economics.

Gopinath's departure will offer the Treasury a chance to recommend a successor at a time when US President Donald Trump is seeking to restructure the global economy and end longstanding US trade deficits with high tariffs on imports from nearly all countries.

She will return to a university that has been in the Trump administration's crosshairs after it rejected demands to change its governance, hiring, and admissions practices.

Georgieva said Gopinath joined

the IMF as a highly respected academic and proved to be an "exceptional intellectual leader" during her time, which included the pandemic and global shocks caused by Russia's invasion of Ukraine.

"Gita steered the Fund's analytical and policy work with clarity, striving for the highest standards of rigorous analysis at a complex time of high uncertainty and rapidly changing global economic environment," Georgieva said.

Gopinath has also overseen the fund's multilateral surveillance and analytical work on fiscal and monetary policy, debt, and international trade.

Gopinath said she was grateful for a "once in a lifetime opportunity" to work at the IMF, thanking both Georgieva and the previous IMF chief, Christine Lagarde, who appointed her as chief economist.

"I now return to my roots in academia, where I look forward to continuing to push the research frontier in international finance and macroeconomics to address global challenges, and to training the next generation of economists," she said in a statement.

Handset output

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Bangladesh now imposes an effective tax rate of around 35 percent, the highest in the region, it noted, adding that Pakistan, by comparison, levies just 20 percent.

Besides, over the past three years, the sector has been grappling with a shortage of letters of credit amid a persistent dollar crisis and rising exchange rates.

Simultaneously, sales have fallen, and the expanding grey market continues to erode the competitiveness of domestic manufacturers.

The downturn is more than a blip. In 2023, total production fell year-on-year for the first time since Bangladesh launched local manufacturing in 2017.

Industry insiders also

point to regulatory lapses as a contributing factor.

The National Equipment Identity Register (NEIR), a system launched by the BTRC to prevent the illegal use and import of mobile phones, remains only partially implemented. As a result, efforts to curb the grey market have been largely ineffective.

The BTRC signed a Tk 29 crore agreement with the Synesis Radisson-Computer World consortium on November 25, 2020, to set up and operate the NEIR system.

A trial run began in July 2021, but the initiative has yet to be fully enforced.

The regulator has floated a new tender to revive the NEIR system with the full feature set, including the ability to block illegal phones.

Dollar dithers as investors await more tariff clarity

REUTERS, Singapore/London

The dollar edged up on Tuesday, but activity across the currency market was subdued, as investors awaited any signs of progress in talks ahead of an August 1 deadline that could bring steep tariffs for US trading partners that fail to strike deals.

The yen mostly held on to gains from the previous session following results from a weekend upper house election in Japan that proved no worse than what had already been priced in, with focus now on how quickly Tokyo can strike a trade deal with Washington and Prime Minister Shigeru Ishiba's future at the helm.

With little over a week to go before August 1, US Treasury Secretary Scott Bessent said on Monday the administration is more concerned with the quality of trade agreements than their timing.

Asked whether the deadline could be extended for countries engaged in productive talks with Washington, Bessent said President Donald Trump would make that decision.

Uncertainty over the eventual state of tariffs globally has been a huge overhang for the foreign exchange market, leaving currencies trading in a tight range for the most part, even as stocks on Wall Street have scaled fresh highs.

"Nothing that happens on August 1 is necessarily permanent, as long as the US administration



remains willing to talk, as was indicated in Trump's letters from two weeks ago," said Thierry Wizman, global FX and rates strategist at Macquarie Group.

The euro eased slightly to \$1.692. The European Central Bank is also in the mix this week, although it is not expected to adjust

euro zone interest rates.

A deal between the European Union, which could face 30 percent tariffs from August 1, and the US remains elusive. EU diplomats said on Monday they were exploring a broader set of possible countermeasures given fading prospects for an agreement.

Interbank dollar

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However, non-USD spot transactions, mostly euros, dominated the spot market transactions in March and April 2025, partly because of inflexibility in the Bangladesh Taka and US dollar exchange rate.

The BB said its intervention in the market reversed to a net purchase in March-May 2025 after a persistent net selling

amid stress on the external balance.

"To foster effective functioning of the interbank market, BB has gradually phased out under intervention (both selling and purchasing of foreign currency) in the foreign exchange market,"

the report said, adding that the central bank has not intervened in the foreign exchange market since 15 May 2025.

Why is the stock market

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At the end of the day, the number of good stocks and investors is limited in the Bangladesh stock market. So, when some banks and NBFIs get hurt, it impacts the whole market, he said.

In the interest of market sustainability, the government should immediately work towards listing more companies with sound financial backgrounds, he said.

Regarding foreign investors, Saiful Islam hopes that some will come to the market as the currency is now stable.

On the other hand, there could be a departure of some investors whose funds had remained stuck for several years due to the imposition of the floor price, which is the lowest price at which a stock can be traded, he said.

If the market remains active and trade volume remains high, it will not be a problem, and so the government should focus on bringing good stocks so that investors are attracted to the market, he added.

A top analyst, preferring anonymity, said if the government suddenly lifts

the floor price on Beximco Ltd, it may result in a heavy impact on the index as it is a large capital-based company. So, it should be careful about this, he said.

Rashedul Hasan said foreign exchange stability is a major influencer of portfolio investment and it is improving day by day on the back of an increase in the flow of inward remittance.

He believes that portfolio investment will rise further and investors realise it, which is why companies with strong financial records are rising.

The market has

realised that there would be improvements in the macroeconomy, and the stock market is giving off signals, he said, hoping for inflation to drop to 6 percent within October.

With improvements in the macroeconomy, listed firms will also start to generate a good amount of revenue. The recent rise of the index is an "early sign of strong recovery of the market," said the asset manager.

On whether the market may drop again to its previous levels, he said, "I believe the worst is over."

Customs launches special auction

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abandoned imports, the National Board of Revenue (NBR) issued a special order in June, allowing customs houses at all sea and land ports to sell goods through e-auction, spot auction, or, under certain conditions, direct sale or transfer.

The order also permits the disposal of hazardous materials either at an offered price or free of cost to authorised agencies.

Under the special order, all goods imported before 2024 are now being brought under the special auction. Items imported in 2024 and onwards will continue to be sold through the regular system.

The items are set to be auctioned on July 30, and participation is also open to all eligible bidders online.

According to customs law, importers have to take delivery of goods within 15 days of arrival at the port; if they fail to do so, the Customs authority will initiate procedures to sell the goods through auction.

জেলা পরিষদ, ঢাকা।

www.zpdhaka.gov.bd

(আয়োজন কার্যালয়: সেক্টরনং ৬, আজমপুর, উত্তরা মডেল টাউন, ঢাকা-১২৩০।)

তারিখ: ৪.২.০৭.২০২৫ খ্রি:

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