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Star BUSINESS

Three more banks face asset quality review

STAR BUSINESS REPORT

Asset quality review (AQR) of three more banks—IFIC, National, and AB—began yesterday as part of the central bank's latest move to conduct forensic asset audits of problematic financial institutions.

A team of officials from Deloitte Malaysia, a global firm that will audit the three, visited the headquarters of IFIC yesterday.

"We welcome the audit," Md Mehmood Husain, independent director and chairman of IFIC Bank, told this correspondent.

"A team from the audit firm met with us and will start their work soon, and it will likely take nearly three months to complete the audit," he added.

The financial indicators of IFIC Bank are improving, he said, adding that the liquidity position of IFIC is good now and the advance-to-deposit ratio is coming down to the regulatory parameter, which was high earlier.

"Now we are focusing on loan recovery," he added.

The Asian Development Bank (ADB) is providing funds to conduct the asset review of the three banks.

After the completion of asset reviews of six banks, the banking sector reform task force in July this year decided to include 11 more in the list.

The 11 are: Islami Bank Bangladesh, Al-Arafah Islami Bank, National Bank, Bangladesh Commerce Bank, United Commercial Bank, IFIC Bank, AB Bank, Premier Bank, NRB Commercial Bank, NRB Bank, and Meghna Bank.

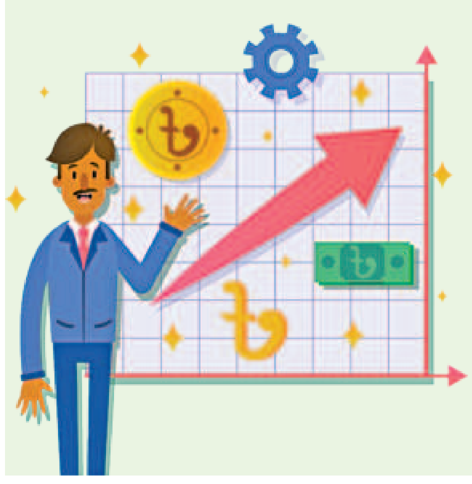
The World Bank is also extending financial support along with the ADB for the reviews.

The newly formed Bank Restructuring & Resolution Unit is now working on this issue.

READ MORE ON B3

No margin loan for stock investment below Tk 5 lakh

BSEC seeks public opinion on draft amendment to tighten rules



MARGIN LOAN RULES

- Lenders must follow capital adequacy rules
- An investor must have at least Tk 5 lakh investment and one year of experience
- Investors must have regular income
- No loans can be given for purchasing shares of B and Z categories or SME firms
- Investors will have to declare previous loans
- Margin loan agreement tenure will be one year
- Lenders are allowed to provide loans up to Tk 10cr or 15% of net worth

AHSAN HABIB

The stock market regulator has moved to tighten rules on investing in shares through borrowed funds, after years of mismanagement of margin loans weighed heavily on the market.

The Bangladesh Securities and Exchange Commission (BSEC) on Tuesday published a draft amendment to margin rules on its website, inviting public feedback within two weeks.

The proposals seek to check excessive lending by brokerage houses and banks, which fuelled the bubble of 2010 and left the market stumbling for more than a decade.

According to the draft, an investor must have at least Tk 5 lakh invested, one year of trading experience and a regular source of income to qualify for a margin loan.

Those with less than Tk 10 lakh in investment would be eligible for loans worth up to half their portfolio. Investors with more than Tk 10 lakh would qualify for loans up to the full value of their holdings.

"The regulator is going to make the margin rule conservative, which is welcoming, as the stock market is not a place to invest by taking loans," said Md Moniruzzaman, managing director and CEO of Prime Bank Securities.

After the market crash during 2011 and 2012, negative equity from margin loans crossed Tk 15,000 crore, decreasing to about Tk 9,700 crore by October 2024.

This erosion of capital forced many institutional investors out of the market, even when prices hit rock bottom, Moniruzzaman said.

Analysts have often described margin loans as the "cancer" of the market.

The draft also proposes that no firm will be able to offer margin loans unless it complies with risk-based capital adequacy requirements.

Firms already in breach would have to gradually wind down existing loans until their capital base is strengthened.

Current rules require brokerage houses to hold Tk 15 crore in paid-up capital, while the requirement for merchant banks is Tk 35 crore.

No institution will be allowed to extend margin loans above Tk 10 crore or more than 15 percent of its net worth, according to the draft amendment.

Moniruzzaman said many firms, already weakened by years of losses, would struggle to comply within a year and urged the regulator to extend the timeframe to three to five years.

Individual investors would have to disclose all margin loans taken from other firms before opening a new margin account, which must be backed by a one-year agreement.

Only individuals with a regular source of income would be eligible to open such accounts. Borrowers who use margin loans to meet minimum shareholding requirements would not be allowed to sit on a company board.

According to the draft, margin loans could not be used to buy B and Z category shares, while newly listed firms would only become eligible after 90 trading days.

READ MORE ON B3

Shareholders urge BB not to merge SIBL

STAR BUSINESS REPORT

Social Islami Bank's (SIBL) founding shareholders have urged the central bank and the Ministry of Finance not to involve the bank in any merger with other ailing banks.

Major (retd) Md Rezaul Haque, a founding shareholder and current director of the bank, along with nine other shareholders, sent a letter on Tuesday to the Bangladesh Bank governor and the Finance Division secretary.

"We are the founding shareholders and a significant number of general shareholders of Social Islami Bank PLC. Most of us entrepreneurs were involved with the bank's management from its inception in 1995 until 2017, when the bank was forcibly taken over by S Alam using state intelligence agencies," the letter reads.

The shareholders alleged that after the fall of the previous government, although the board was restructured, only one sponsor director and four independent directors were included, leaving several eligible founding members excluded. They termed it an "ineffective decision" for rescuing the fragile bank.

They further said that without consultation with genuine entrepreneurs and shareholders, Bangladesh Bank officials have moved to merge the bank with several ailing Islamic banks linked to S Alam. Such steps, they argued, are "unjust, unethical, and unlawful," eroding depositors' confidence.

The letter also alleged that the central bank is trying to cover up its past failures by pushing SIBL into mergers that will ultimately harm depositors and investors.

Revenue collection rises 24% in July on political stability

MD ASADUZ ZAMAN

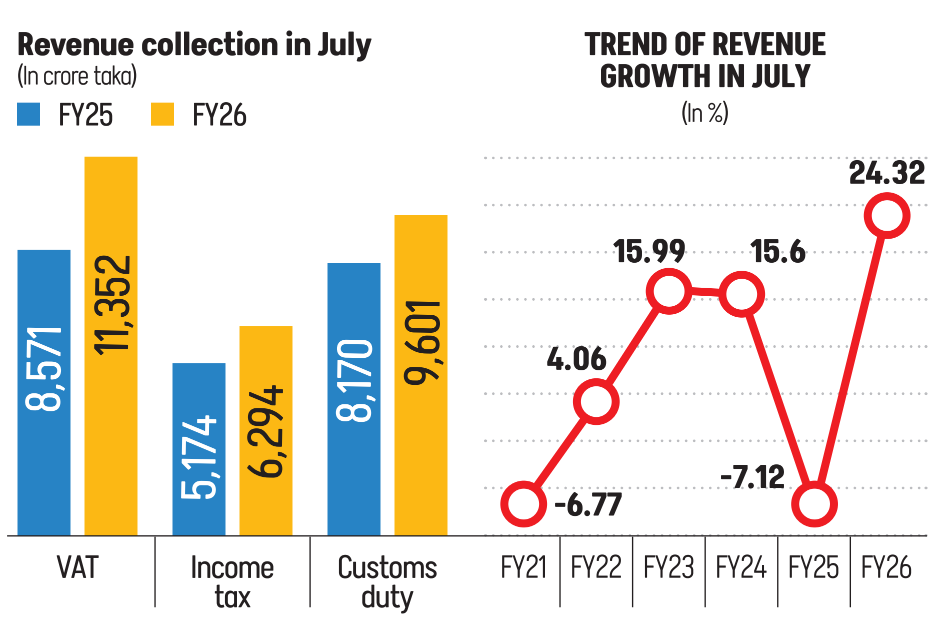
The government's revenue collection rose 24 percent year-on-year in the first month of the current fiscal year, aided by a more stable political situation compared to the unrest during the uprising last year.

The National Board of Revenue (NBR) collected Tk 27,247 crore in July, the first month of fiscal year 2025-26, according to provisional data released yesterday. Higher receipts from value-added tax and income tax drove the overall revenue growth.

In July 2025, local-level value-added tax (VAT) led the collection. Revenue from this source reached Tk 11,352 crore, up from Tk 8,571 crore in July 2024, marking a 32.45 percent growth.

Income tax and travel tax also contributed significantly, with collections reaching Tk 6,295 crore, a jump of Tk 1,120 crore compared to the same period last year.

Besides, the collection of duties from international trade rose 17.51 percent to Tk 9,601 crore due to higher imports.



SOURCE: NBR

Despite the increase in collection, NBR fell short of its July target by 9.5 percent. The target was Tk 30,110 crore for the month. For the entire fiscal year, the NBR has set a revenue collection goal of Tk 499,000 crore

Tax analysts and NBR officials attributed the rise in revenue to a relatively stable political environment, compared to last year when the country was reeling from shutdowns and protests during the uprising.

The intense political unrest in July and August, which culminated in the ouster of the Awami League government on August 5 last year, severely disrupted economic activities, including trade through the country's ports.

"It's good news that NBR has returned to its regular positive growth," said Muhammad Abdur Razzaque, chairman of local think-tank Research and Policy Integration for Development (RAPID).

But this is not enough to meet its revenue target by the end of the year, he noted.

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"To speed up revenue growth, the government should implement the NBR reform activities quickly, which have already slowed down," Razzaque suggested.

Besides, the NBR has to focus on horizontal equity, ensuring that people with the same ability to pay are treated equally.

Meanwhile, NBR, in a statement, said that to maintain this momentum of revenue collection, it would implement various initiatives to further strengthen the work of officials and staff responsible for collecting income tax, VAT, and customs duties.

The tax authority expressed hope that taxpayers would continue playing a vital role in nation-building by complying with tax laws and paying the correct amount of taxes.

Seeking anonymity, a top NBR official said that along with a stable environment, the recent drive against tax evaders is likely to boost revenue collection.

"Apart from this, last year's delayed bills were also submitted in July, which is likely another contributing factor," the official added.

However, Bangladesh Bank Governor Ahsan H Mansur yesterday expressed frustration at an event, organised by Care Bangladesh, over the low tax-GDP ratio in Bangladesh.

"Bangladesh is not doing a good job in terms of revenue collection. We need to focus on that constructively," he said.

As global aid flows shrink and traditional donor priorities turn inward, Bangladesh must focus on domestic resource mobilisation, he said.

"Some initiatives are being taken by the government, but there's resistance from within," Mansur said, citing an example of the recent fallout from a strike at the revenue board, where officials essentially wanted to maintain the status quo.

"But the status quo is not an option. We have to break out of it and move towards higher revenue generation," he said.

Container congestion forces Ctg port to add yard space

DWAIPAYAN BARUA, *Ctg*

The Chittagong Port Authority (CPA) has expanded its container storage capacity by nearly 10 percent in response to severe congestion that has burdened the port over the past two months.

To ease the pressure, the CPA has freed up additional space in existing yards and started using two old sheds outside the main port area.

This has raised the port's storage capacity to 59,000 TEUs (twenty-foot equivalent units), compared with 53,518 TEUs previously, according to CPA officials.

However, the update has yet to be reflected in the official database. Authorities said it would be recorded soon.

As of yesterday, containers filled more than 88 percent of available space. Some 47,463 TEUs of all types of containers remained in the yards, against the total capacity of 53,518 TEUs, according to CPA data.

The situation has become particularly acute for import containers. Around 95 percent of those arriving are full container load (FCL), where a single shipper's cargo occupies an entire container.

The yards were designed to hold 40,368 TEUs of FCL containers, but by yesterday morning, 38,895 TEUs were stored, filling over 96 percent of the available space.

The congestion has been compounded by delays in moving containers bound for Dhaka's inland container depots, largely because of a shortage of locomotives on the railway.

Md Omar Faruk, secretary at the CPA, said that despite the heavy load, deliveries of import containers and shipments of exports were continuing smoothly.

"As the port's storage capacity has been expanded through different steps recently, businesses face no disruption in import container deliveries and export container shipments even after having such volume lying," he told The Daily Star.

A series of setbacks, including the 10-day Eid-ul-Azha holidays, a nationwide strike by revenue officials, weeks of customs server disruption, and repeated work abstention by prime mover operators, have contributed to the container build-up.

"To ease the problem, we have created extra space in the yards adjoining different sheds. Besides, we have already started storing containers at the large spaces of the two old sheds named X and Y, located around two kilometres from the main yard," Faruk added.

He said that the new storage capacity now stands at 59,000 TEUs. But he admitted encountering difficulties caused by the slow transport of Dhaka-bound containers and a backlog of around 10,000 abandoned TEUs at the auction yard.

Banglamark offers benefits to Prime Bank's customers

STAR BUSINESS DESK

Prime Bank PLC has recently signed a strategic partnership agreement with Banglamark MotorTech, one of leading automobile companies in Bangladesh, offering a range of exclusive lifestyle privileges to its customers.

Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, and Dhiman Paul, executive director, project and execution of Banglamark MotorTech, signed the agreement at the bank's corporate office in the capital's Gulshan, according to a press release.

Under this partnership, Prime Bank customers will benefit from attractive and customised offerings from Banglamark MotorTech.

The collaboration underscores the bank's ongoing commitment to enhancing value-driven services and providing unique lifestyle advantages for its clientele.

Abdullah Al Mamun, vice-president and head of the asset sales at the bank, and Iftekhar Mahbub, general manager, C&A of the automobile company, were also present, along with other senior officials from both organisations.

Dhiman Paul, executive director, project and execution of Banglamark MotorTech, and Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in the capital's Gulshan recently. PHOTO: PRIME BANK

Japan exports fall most in 4 years as Trump tariffs bite

AFP, *Tokyo*

Japanese exports suffered their steepest drop in more than four years last month as tariffs imposed by US President Donald Trump bit, official data showed Wednesday.

The year-on-year drop of 2.6 percent in July included a 10.1-percent plunge in exports to the United States, the finance ministry data showed.

Japanese exports of motor vehicles -- cars, buses and trucks -- to the world's biggest economy plummeted by 28.4 percent, while those of auto parts fell 17.4 percent. Trump has imposed painful import tariffs on countries around the world in an attempt to boost US manufacturing and reduce the colossal US trade deficit.

On close ally Japan, Trump initially imposed across-the-board levies of 10 percent as well as tariffs of 27.5 percent on cars.

Japan's automobile industry, which includes giants like Toyota and Honda, accounts for around eight percent of the country's jobs.

Midland Bank launches blind notch 'TakaPay' card

STAR BUSINESS DESK

Midland Bank PLC has recently launched a blind notch card, branded "TakaPay", for its customers.

A blind notch card is a debit or credit card with a small edge cut designed to help visually impaired users identify and orient the card for use.

Introduced under the directives of Bangladesh Bank, the TakaPay card is Bangladesh's own payment card, designed to reduce dependence on foreign currencies and simplify local transactions. It functions primarily as a debit card, intended exclusively for domestic use.

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, unveiled the card at a ceremony held at the bank's head office in Dhaka, according to a press release.

At present, the card can be utilised at POS (Point of Sale) terminals and ATMs, with e-commerce transactions expected to be enabled shortly, as indicated by Bangladesh Bank.

The card aims to make local market transactions more convenient and cost-effective, providing secure payments for both online and offline purchases. Transaction costs are anticipated to be lower than those of international cards.

By promoting the use of TakaPay, reliance on foreign currencies will decrease, positively impacting the national economy.

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, poses for photographs after unveiling the blind notch "TakaPay" card at the bank's head office in Dhaka recently. PHOTO: MIDLAND BANK

Berger Paints, Khulna University partner to foster academia-industry collaboration

STAR BUSINESS DESK

Berger Paints Bangladesh Limited has signed a memorandum of understanding (MoU) with Khulna University's Architecture Discipline to establish an academia-industry nexus aimed at providing practical learning opportunities for students and enhancing academic excellence.

Prof Md Noor Un Nabi, treasurer of Khulna University, and Abul Kasem Mohammad Sadeque Nawaz, chief business officer (sales & marketing) of Berger Paints Bangladesh Limited, signed the agreement at the university's administrative building in Khulna yesterday, according to a press release.

Following the MoU signing, the Berger Paints delegation paid a courtesy call on Prof Md Rezaul Karim, vice-chancellor of the university.

Welcoming the initiative, Karim remarked that such collaborations would not only enrich students' professional knowledge and skills but also contribute to developing an academic environment of international standard.

He further encouraged Berger Paints to broaden the scope of future collaborations.

PHOTO: BERGER PAINTS BANGLADESH

Abul Kasem Mohammad Sadeque Nawaz, chief business officer (sales & marketing) of Berger Paints Bangladesh Limited, and Prof Md Noor Un Nabi, treasurer of Khulna University, pose for photographs after signing the agreement at the university's administrative building in Khulna recently.

BRAC Bank, MetLife bring digital insurance for Astha app

STAR BUSINESS DESK

BRAC Bank PLC has entered into a partnership agreement with MetLife Bangladesh to introduce digital life and health insurance services through its digital banking app, Astha.

Tareq Refat Ullah Khan, managing director and CEO (current charge) of BRAC Bank PLC, and Ala Ahmad, chief executive officer of MetLife Bangladesh, signed the agreement at the bank's head office in Dhaka, according to a press release.

Commenting on the initiative, Khan said: "This collaboration underscores our vision of harnessing digital innovation to offer holistic financial solutions." "Such an industry partnership will boost insurance penetration, promote financial inclusion, and provide financial security," he added.

Ahmad remarked: "This collaboration between two trusted financial institutions represents a strategic alignment to enhance insurance accessibility across Bangladesh."

"Alongside managing their banking needs, BRAC Bank's robust Astha App will now make it even easier for customers to access MetLife's world-class insurance solutions and services."

Through this collaboration, Astha users will be able to purchase affordable, digitally enabled insurance policies and submit claims entirely online, making protection solutions more accessible, transparent, and convenient. The initiative expands financial inclusion by bringing essential risk coverage within easy reach of customers.

This service forms part of BRAC Bank's bancassurance services, launched in 2024, allowing customers to access insurance products directly through the bank's distribution network. The partnership bridges banking and insurance to ensure seamless access and strengthen customer trust.

Syed Abdul Momen, additional managing director and head of SME banking and AMD; M Masud Rana, chief financial officer; Sabbir Hossain, deputy managing director and chief operations officer; Mahiul Islam, deputy managing director and head of retail banking; and Md Muniruzzaman Molla, deputy managing director and head of operations, attended the event.

Ala Ahmad, chief executive officer of MetLife Bangladesh, and Tareq Refat Ullah Khan, managing director and CEO (current charge) of BRAC Bank PLC, pose for photographs after signing the agreement at the bank's head office in Dhaka recently. PHOTO: BRAC BANK

Southeast Bank arranges training on AML & CFT in Narayanganj

STAR BUSINESS DESK

Southeast Bank PLC has recently organised a training programme on "Prevention of Money Laundering & Combating Financing of Terrorism" as the lead bank.

The programme brought together 130 officials from 53 scheduled banks operating in Narayanganj.

Md Mostakur Rahman, director of the Bangladesh Financial Intelligence Unit (BFIU), inaugurated the event as the chief guest, according to a press release.

Mohammed Rashedul Amin, deputy managing director of Southeast Bank PLC, presided over the proceedings.

Md Rezwanur Rahman, additional director of BFIU; Md Hafizur Rahman Khan, joint director; and ANM Kalim Uddin Hasan Tushar, joint director, conducted four dynamic interactive sessions as resource persons.

The sessions covered a broad spectrum of topics on anti-money laundering (AML) and countering the financing of terrorism (CFT).

The chief guest presented certificates and awards to the participants.

Khorshed Alam Chowdhury, CAMLCO of Southeast Bank PLC, among others, was also present.

Md Mostakur Rahman, director of the Bangladesh Financial Intelligence Unit, poses for group photographs with participants, organisers and guests of the training programme in Narayanganj recently. PHOTO: SOUTHEAST BANK

Ctg customs seizes cigarette paper imported under false declaration

MOHAMMAD SUMAN

Chattogram's custom house has discovered that a racket has been importing cigarette paper under false declarations of paper ribbon and straw paper through non-existent and little-known firms.

Recently, Chattogram customs seized two consignments of RM Enterprise and Smart Move after laboratory tests by the Bangladesh University of Engineering and Technology, the University of Dhaka, and the Khulna University of Engineering and Technology confirmed that the shipments contained cigarette paper. The Daily Star obtained the reports.

In mid-July, Dhaka-based RM Enterprise imported a 16-tonne consignment from Hong Kong under the declaration of straw paper through Chattogram port. Later that month, Smart Move declared its consignment as paper ribbon, but tests revealed it contained about 10 tonnes of cigarette paper.

Customs officials said the importers are lobbying senior NBR officials to have the consignments released under the declared product names despite laboratory confirmation.

If cleared without reclassification, RM Enterprise's consignment would result in a revenue loss of around Tk 1 crore in import duties and Tk 85 crore in VAT from cigarettes made using the raw materials. Smart Move's shipment would cost the government about Tk 70 lakh in duties and Tk 50 crore in VAT.

Customs and NBR records show RM Enterprise previously brought in eight consignments worth Tk 27.09 crore involving 489 tonnes of cigarette raw materials, including cigarette paper. Officials suspect these shipments also contained cigarette-making materials, often imported through non-existent firms.

A VAT official, seeking anonymity, said the raw materials could generate at least Tk 4,000 crore in VAT revenue. The official added that collecting these taxes is uncertain as the company's address was found to be non-existent during inspections.

Records from Islami Bank Bangladesh's Wari branch in Dhaka show RM Enterprise transacted Tk 82 crore between February and June this year. The Daily Star could not find previous import or banking records of Smart Move. Both RM Enterprise and Smart Move obtained VAT registration between January and February this year.

A senior official of Japan Tobacco, requesting anonymity, said each kilogramme of cigarette paper can produce nearly 10,000 cigarettes, with wastage below 2 percent.

"Besides paying import duties, cigarette manufacturers must pay 83 percent VAT on the retail price. For a premium pack of 20 sticks, that's at least Tk 307 in VAT," he said.

He added that large cigarette companies often commit such frauds using smaller firms, as clearing goods under false declarations makes it easier to evade VAT at the sales stage.

RM Enterprise owner Khorshed Alam could not be contacted by phone. His cousin Mohammad Joy, who said he currently manages the business, claimed the company imported straw paper.

"The earlier consignments contained straw paper and acetate tow, which is used to make cigarette filters as well as 42 other products. We did not sell to any cigarette manufacturer," he said.

Smart Move owner Kamrul Islam admitted that although the shipment was imported in his company's name, the actual owner was a man named Rubel.

"I allowed him to use our company for the LC based on a Chinese supplier's advice. He paid all LC and customs clearance costs. I met him only once in his Mirpur office," Kamrul said.

Stocks extend losses

STAR BUSINESS REPORT

The benchmark index of the Dhaka Stock Exchange finished trading lower yesterday, extending its losses for the second consecutive day as turnover also decreased.

The DSEX, the main index of the bourse, decreased 31.48 points, or 0.58 percent, to settle at 5,379.41.

The other indices showed the same trend before the end of the day's trading.

The Shariah-compliant DSES declined 1 percent to 1,177.67, while the DS30, comprising blue-chip shares, went down 0.88 percent to close at 2,086.22.

The drop in indices resulted in negative market breadth, with 124 stocks advancing, 223 declining, and 51 remaining unchanged.

Turnover, a key gauge of investor participation, hit Tk 953.79 crore, down from Tk 1,037.53 crore in the previous session.

A total of 273,488 trades were executed, while block transactions amounted to Tk 23.20 crore across 29 scrips. Among A-category scrips, 72 gained, 123 lost, and 24 remained unchanged.

In the B-category, 23 stocks rose and 54 fell, while there was no trading activity in the N-category.

Japanese firms set up vocational schools in Asia

ANN/THE JAPAN NEWS

Japanese businesses are increasingly moving to set up Japanese-style vocational schools in Asia in an effort to secure ready workers for their local factories.

In recent years, Chinese and South Korean companies have pushed more quickly into Southeast Asia. Amid growing competition with these firms for staff, Japanese companies are rushing to try to retain workers.

"I love the sounds of Japanese car engines. I'd like to work for a Japanese automaker and help out on development," said a 16-year-old student learning car maintenance at Politeknik Mitra Industri, a vocational school in an industrial park in the suburbs of Jakarta.

The industrial park, which is run by Marubeni Corp. and other businesses, houses a total of 385 firms, including many Japanese companies, such as Honda Motor Co and Denso Corp.

About 3,400 students attend the school, which was founded in 2012. The school offers eight courses, including on machinery, the electronics industry and accounting. Of those who graduated between 2015 and 2024, more than 70 percent got jobs at Japanese companies.

"We want to make a place where students can acquire advanced knowledge and technical skills, so that local youth can become the management for manufacturers," said Yoshihiro Kobi, an executive at the foundation that manages the school and a former Marubeni employee. The foundation plans to open a technical university in September and offer enrollment to working adults.

In emerging countries, companies often need to teach new employees basic rules, such as that they must come to work by the start of working hours. Those who have received instruction are valuable resources for businesses, reducing the burdens of employee training.

In 2018, Toyota Tsusho Corp. opened an educational institution at an industrial park in India's western state of Gujarat. Students learn manufacturing skills and business etiquette, among other subject matter, over three years. Of 61 graduates, 45 have taken jobs at the companies where they had hands-on training, some of which were Japanese firms.

In Thailand, a technical college, which was established in 2019 with the help of a yen-based loan from the Japanese government, has provided staff to Japanese companies doing business there.

In recent years, Chinese and South Korean businesses have increasingly moved to open plants in Southeast Asia. Some of these rival firms have poached staff from Japanese firms by offering attractive wages.

In a job preference survey by Persol Research and Consulting Co. in 2022, the share of those saying they wanted to work for a Japanese company fell in many Southeast Asian countries compared to a 2019 survey. The trend could be even more pronounced now.

"Japanese firms are slow to raise wages and give promotions, which raises the odds that highly motivated workers will leave," said Ryotaro Inoue, a senior researcher at Persol. "To keep staff at Japanese firms, they will need to engage in education locally over the long term to help people feel attached to Japan. They should also make it clear that Japanese companies offer stable work style."

Three more banks face

FROM PAGE B1

To ensure a proper audit, Bangladesh Bank has assigned a dedicated official as a focal point for each bank, BB officials said, adding that each audit firm will also have a designated official responsible for the task.

Central bank officials said the issues to be included in the AQR process have been specified.

These include financial policies, asset risk and valuation, internal control policies, loan classification, and rescheduled loans, they added.

In addition, policies related to single borrowers and large loan limits, major defaulting borrowers, and the assessment of accounting policies and internal control systems of banks to reduce other credit risks will be reviewed.

Liquidity and investment policies will also be evaluated in line with existing regulations. The first set of six banks was audited by global audit firms Ernst & Young and KPMG.

Ernst & Young reviewed the asset quality of EXIM Bank, Social Islami Bank, and ICB Islamic Bank, while KPMG carried out the assessments for First Security Islami Bank, Global Islami Bank, and Union Bank.

These banks are among those frequently named for various irregularities and fraud during the previous government's tenure.

Asset quality review reports of those six banks showed that they are in a dire financial state, with non-performing loans skyrocketing to four times higher than previously reported.

No margin loan

FROM PAGE B1

Companies with a trailing price-to-earnings (P/E) ratio above 30 would also be excluded. In such cases, the lower figure between trailing P/E and sectoral P/E would determine eligibility.

Market stakeholders, however, argue that sectoral P/E often fails to reflect underlying realities.

Firms would be barred from lending against unrealised gains. They would be required to call investors to add funds once the portfolio value falls to 175 percent of the loan value, and must enforce a forced sell if it drops below 150 percent. If a provider fails to act on time, it would be fully liable for the resulting negative equity.

According to the draft, each firm will also have to adopt its own conservative margin loan policy, set up a two-member risk management committee including one board member, and seek approval before offering shariah-based lending products.

Some analysts questioned whether involving board members in day-to-day business is appropriate.

Afzal Hossain, a stock investor, said the new rule would sharply reduce the advantages of margin loans. Some investors might need to adjust their portfolios quickly once it comes into effect.

"Lower margin loan advantage has both positive and negative sides. The stock market index can sometimes fall sharply in a downward trend due to forced selling. This type of problem may not happen, which is a positive," he said.

Yesterday, the Dhaka Stock Exchange, the main bourse, closed at 5,379.41 points, down 31.48 points from the previous day.

"However, the market may suffer from reduced liquidity because of limited margin lending, and small investors will not be able to access these loans," added Hossain.

He acknowledged that, in the long run, stock market investment should not rely on borrowing.

Mazeda Khatun, president of the Bangladesh Merchant Bankers Association (BMBA), said margin loans are not suitable for all investors, which is reflected in the proposed rules.

She welcomed the checks and balances in the draft, noting that investors should not assume they can buy shares with borrowed money and hold them for years in expectation of profit.

"Lenders should also have clear recovery plans in their own policies."

Khatun said lenders must assess a borrower's risk appetite and behaviour to prevent these loans from turning into further negative equity.

"When banks give a loan, they go through a massive selection process and loan recovery activities. It is also necessary for margin loans," said the association president.

How Trump's reciprocal tariffs

FROM PAGE B4

But this time, he weaponised tariffs as the tool for MAGA. Usually, tariff issues are widely consulted in the WTO platform, but President Trump imposed the tariff arbitrarily under special powers.

First, he suspended the operations of USAID, which indicates that Trump does not believe in aid but in trade.

In his tariff negotiation, Trump sidelined poor countries and targeted developed and developing nations with higher tariffs.

The Trump administration is trying to reduce the $1.3 trillion annual trade deficit by imposing higher tariffs on major trading partners.

The rise of China is a major concern for the USA and for Trump's dream of MAGA.

China is becoming a major global power, both economically and politically, and is spreading its Belt and Road Initiative (BRI), under which China has been doing business and investing in different countries.

With China's increasing involvement in global affairs -- be it in finance, investment, strategy, or commerce -- the dream of MAGA is narrowing.

President Trump also wants the re-establishment of industrial and manufacturing plants in the USA, particularly in sectors such as semiconductors and microchips, which are higher in price but require fewer workers and less working time.

The profit is higher in the production of these small but expensive goods. So, President Trump proposed a 145 percent tariff hike on China, which is still under negotiation.

Has Trump Followed the WTO Rules?

Most of the tariff rates were fixed by the Trump administration, as major trading partners did not sign the deal. For instance, India and Brazil did not sign.

Most countries wanted to negotiate the deals under the WTO's multilateral and widely practised Most Favoured Nation (MFN) basis to make tariff rates more participatory.

But the Trump administration negotiated tariffs unilaterally and forced many countries either to purchase more American goods or to commit more foreign investment in the USA.

For instance, Trump imposed a 15 percent tariff on Korea as the country agreed to provide duty facilities for US goods and committed to investing in the USA.

South Korea agreed to invest $350 billion in the United States in projects selected by Trump and to purchase energy products worth $100 billion, according to Reuters.

The new rate kicks in as the two countries remain at loggerheads over Japan's $550 billion investment pledge made as part of the trade deal, when and if auto tariffs will be lowered, and even the terms and conditions of the reciprocal tariff, according to The Japan Times.

Similarly, many countries that agreed to the reciprocal tariff also pledged to buy more US goods and to provide duty facilities for American goods.

These tariff rates may not be sustainable, as some countries will face serious trouble in their businesses. Even US retailers and brands may face difficulties, as they are not manufacturers of garments, accessories, and mobile gadgets.

They need to import these goods from other countries to sell to end consumers. If duties are high, prices will also go up in the US market, and consumers will have to pay more.

BB governor stresses increased domestic resource mobilisation

STAR BUSINESS REPORT

As global aid flows shrink and traditional donor priorities turn inward, Bangladesh must strengthen its domestic resource mobilisation, Bangladesh Bank Governor Ahsan H Mansur said yesterday.

"Bangladesh used to rely on foreign aid for 12 to 14 percent of its budget back in 1972. Today, we've significantly reduced that dependency," he said at an event organised by CARE Bangladesh at Sheraton Dhaka.

"I firmly believe that we must enhance our resource mobilisation capacity, which is perfectly achievable," he added.

The governor noted that Bangladesh is lagging in revenue collection and stressed the need for constructive reforms. "Some initiatives are being taken by the government, but resistance persists."

Stating that Bangladesh is not doing a good job in terms of revenue collection, the BB governor noted that the sector needs constructive focus. "Some initiatives are being taken by the government, but there's resistance from within."

For instance, he said, "Recently, we have seen the fallout from a strike at the National Revenue Board, where officials essentially wanted to maintain the status quo.

"But the status quo is not an option. We have to break out of it and move towards higher revenue generation."

Citing regional examples, Mansur questioned, "If India can collect revenue equal to 18-20 percent of its GDP, and Nepal can exceed 20 percent, why should we be stuck at our current levels?"

"Bangladesh used to rely on foreign aid for 12 to 14 percent of its budget back in 1972. Today, we've significantly reduced that dependency," Bangladesh Bank Governor Ahsan H Mansur said

"These are questions we need to ask ourselves. It's certainly doable, and I'm not overly concerned about the financing gap," he said.

He stressed that Bangladesh must also harness the power of private capital, both domestic and international, in addition to public funding. Sovereign bonds, private sector borrowing, and foreign direct investment are among the viable options to tap into global capital markets.

"The world is moving on. Industrial countries are preoccupied with their problems. We must fend for ourselves, and East Asia has shown us that it can be done," he said.

The governor also noted that the Bangladesh Bank, under its evolving regulatory roadmap, is pursuing a multi-pronged strategy to bring the unbanked into the fold.

Over the past decade, agent banking has expanded rapidly with over 24,000 active units, rivaling the reach of traditional microcredit institutions. Combined with mobile financial services (MFS) like bKash and Nagad, the country is quietly scripting a digital finance revolution.

Each day, more than 4,000 nano-loans—small-scale, collateral-free credit—are being disbursed through mobile apps.

"So far, nearly Tk 7,000 crore has been disbursed through such platforms without paperwork, without face-to-face interaction. That's a game-changer," Mansur said. However, he admitted that Bangladesh still faces a paradox: even as digital finance grows, cash dependency continues to rise.

Sanctuaries crucial to increase fish resources: adviser

STAR BUSINESS REPORT

Establishing and protecting sanctuaries is crucial for increasing fish resources, as the volume of open water bodies is declining at an alarming rate, Fisheries and Livestock Adviser Farida Akhtar said yesterday.

"In the past, perhaps policymaking did not give this area enough attention, which is why the current administration is prioritising it," the adviser said while speaking at a Fisheries Week seminar at the Bangladesh Agricultural Research Council in Farmgate, Dhaka.

"We must do whatever is necessary to restore and preserve our open water bodies," she said.

The adviser also stressed that protecting fish species is not only vital for Bangladesh but also essential for global fish resource conservation. "We are naturally located in a region where it is nearly impossible to survive without fish."

She said 64 fish species had become endangered in Bangladesh, but 41 had been restored through BFRI research.

Bangladesh currently has 669 fish sanctuaries covering 1,169 hectares, including six designated for hilsa, according to BFRI.

A fish sanctuary is a designated protected area established for the conservation of aquatic species, particularly fish and other aquatic biodiversity.

It is usually set up in specific parts of rivers, haors, canals, wetlands, lakes, or seas, where fishing, hunting, or other human activities are prohibited or strictly regulated.

PHOTO: MOKAMMEL SHUVO

Fishermen take shelter along the coast of the Bay of Bengal due to unfavourable weather. The photo was taken yesterday.

How Trump's reciprocal tariffs challenge WTO's multilateral trading system

REFAYET ULLAH MIRDHA

The Trump administration started applying the reciprocal tariff on different countries from August 7 this year, after nearly five months of consultation.

With the implementation of the reciprocal tariff, the global trading system entered a new phase as the previous system was largely ignored in the reciprocal tariff framework.

Bangladesh has also been levied a 20 percent reciprocal tariff, which took the country's effective tariff rate (ETR) to 36.5 percent, including the 20 percent reciprocal tariff and the existing 16.5 percent tariff rate.

Bangladesh's tariff is much lower than India's at 50 percent with an ETR of 66.5 percent, and Vietnam's at 20 percent reciprocal tariff with an ETR of 36.5 percent.

So far, Bangladesh is in an advantageous position compared with other competing countries in the US market.

The Trump administration's reciprocal tariff is fixed unilaterally, as the concept of reciprocal tariff was not consulted with the countries concerned in any multilateral platform such as the World Trade Organisation (WTO).

However, Trump's reciprocal tariff is fundamentally opposed to the basic principles of the WTO, which was formed in 1995 in Singapore after years of consultations among global leaders.

The WTO was formed with the philosophy of easing global trade and ensuring equality in trade for smaller countries, as many states were struggling for minimum trade facilities after the Second World War.

After the Second World War, many countries, especially smaller nations such as Bangladesh, Nepal, Bhutan, African countries, and many Latin American nations, were suffering from a lack of trade facilities, as manufacturing and trading were mainly confined to the technology-rich Western world.

Because of the shortage of skilled workers and the higher cost of production, many Western countries started moving away from mass production in mills and factories, and poorer countries began receiving those industries as they were rich in labour.

Bangladesh is one of them. For instance, Bangladesh was one of the major beneficiaries of the quota system, and after a journey of nearly five decades, the country eventually turned into the second-largest apparel exporter after China.

ANALYSIS

This was possible because of new trading systems such as quotas and, consequently, the formation of the WTO, which helped to establish a rules-based trading system globally, benefitting all countries.

Even before the formation of the WTO, many countries such as the European Union (EU) launched Everything but Arms (EBA) under its Generalised Scheme of Preferences (GSP) in 1971, and the USA launched the GSP through amendments to its foreign trade rules in 1974.

As a member of the least developed countries (LDCs), Bangladesh has also benefited from these trading measures taken by developed and developing nations. For instance, Bangladesh enjoys preferential trade benefits with 38 countries, and 73 percent of its total export value is LDC-induced.

By enjoying such trade benefits, Bangladesh eventually turned into a half-a-trillion-dollar economy and is on the way to becoming a trillion-dollar economy in the near future.

Like Bangladesh, many other countries have come out of extreme poverty and moved to middle-income or developing status due to the liberal tariff measures taken by developed and developing nations.

The liberal tariff regime has been helping countries grow as a favourable tax ecosystem has developed worldwide over the years through trade practices.

With Trump's reciprocal tariff in place, it is estimated that the average global tariff will cross 20 percent, as the US average tariff will climb to 20.1 percent—the highest level since the early 1910s (except for a brief spike earlier this year, after new duties took effect on August 7), according to data from the WTO and the International Monetary Fund (IMF).

The average tariff figure of the USA was far lower at 2.4 percent when President Donald Trump took office on January 20, 2017, and this rate remained in effect until the new tariff came into place on August 7.

Bangladesh is called one of the most protected economies because of its higher average duty at 28 percent, and many trading partners have been asking Bangladesh to liberalise its economy by reforming the current tariff regime.

Bangladesh has been working to liberalise its tariff regime, as the country is scheduled to graduate from LDC to developing nation status in November next year.

Why Trump Imposed the Reciprocal Tariff

President Trump imposed the reciprocal tariff mainly as a tool for weaponising trade to fulfil his dream of "Make America Great Again" (MAGA), his electoral pledge.

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Reforming the banking sector

DH CHOUDHURY

Bangladesh Bank has recently taken an unprecedented step in restructuring some banks. This move will only bring real benefits if individual banks carry out their own internal reforms.

Banking reform is often confused with regulatory oversight. Regulators set the legal charters and provide policy support, but reform is a self-motivated task carried out by banks through constant, organised effort. Reform is most effective and sustainable when it comes from within. Just as charity begins at home, reform must begin at the boardroom tables of our banks. The maxim is not only a moral lesson, it is a powerful metaphor for institutional reform. That is my core argument.

Reform is needed in governance, processes and moral regeneration. In this effort, the Bangladesh Association of Banks (BAB), and in particular the forum of bank chairmen, bears a critical responsibility. As thought leaders and custodians of their institutions, bank chairpersons are in a unique position to lead by example.

History offers lessons. In 1972, the country was war-torn, with broken roads, destroyed bridges and no banking resources. Senior Bengali central bankers were stranded in West Pakistan. Banks had no overseas accounts (NOSTRO) to transact foreign trade, no monetary reserve, and no cross-border credibility. A vacuum in policy and power lasted for months.

Today, by contrast, Bangladesh has first-rate infrastructure, a dependable core banking system, workable reserves, and robust central banking support. What is lacking is a determined workforce driven by governance standards.

After independence, banking was coordinated by strong nationalism and determination to achieve results comparable to the liberation victory. This moral strength brought a second conquest that bankers still cherish.

Now, however, many bankers face moral conflict. Conversations with them reveal a dilemma. Their defensive silence in the past cannot turn into truth-telling voices overnight. After systemic change, many remain in what I call a post-corruption vacuum of moral uncertainty. They know the old ways were wrong, but they are unsure which of the new choices are right. They need an inner moral ground to stand again, guided by internal leadership.

The forum of bank chairmen also carries a troubled legacy. For a time, it was dominated by self-seekers, leaving behind a stigma that must be shed.

By contrast, the ethical model was once set by the Bankers Consultative Committee (BCC) of 1972. Convened by the then finance minister to shape the banking sector, the BCC was chaired by a senior central banker who later became governor of the Bangladesh Bank, with top bankers as members. If BAB could adopt the historical work ethic of the BCC, it could become the conscience keeper of the banking industry.

Consider this: foreign banks operating in Bangladesh under the same laws consistently demonstrate strong credit quality, compliance and operational discipline. Local banks, by contrast, often stumble. The difference does not lie in the laws but in internal culture, governance and ethics. Domestic banks struggle with political interference, weak controls and lax accountability. BAB has the power to change this culture by setting examples. We must remember that on the same soil, some flowers bloom and others fade, not because of the weather but because of how they are cultivated.

This is a plea not to regulators, but to leaders within the banking sector. The greatest reward for the bank chairmen forum lies not in dividends, but in seeing their institutions grow with dignity. Just as charity begins at home, sustainable banking reform must come from within.

The writer is a former banker

US widens metal tariffs

AFP, *Washington*

The United States has broadened the reach of its steel and aluminum tariffs, the Commerce Department said Tuesday, impacting hundreds more products that contain both metals such as child seats, tableware and heavy equipment.

The Bureau of Industry and Security said in a recent notice that it was adding 407 product types to a list of items considered steel and aluminum "derivative products."

This means a 50-percent tariff on both metals, imposed by President Donald Trump earlier in the year, will apply to their steel and aluminum content.

The widened scope took effect Monday, and the notice detailing the changes was published in the Federal Register on Tuesday.

"Today's action covers wind turbines and their parts and components, mobile cranes, bulldozers and other heavy equipment, railcars, furniture, compressors and pumps, and hundreds of other products," said the Commerce Department on Tuesday.

The move "shuts down avenues for circumvention," Under Secretary of Commerce for Industry and Security Jeffrey Kessler said, reiterating the aim of boosting US steel and aluminum industries.

Since returning to the presidency, Trump has imposed a 10-percent tariff on almost all US trading partners, alongside varying steeper levels on dozens of economies such as the European Union and Japan.

Certain sectors have been spared from these countrywide tariff levels but instead were targeted under different authorities by even higher duties.

Eating in makes a comeback as inflation hits restaurants

REUTERS

Cash-conscious consumers choosing to eat in rather than dine out have raised the prospect of an upturn in earnings for supermarkets and food delivery firms, according to data, analysts and company executives.

US President Donald Trump's tariff policies have added to economic uncertainty, increased the likelihood of stubborn inflation and made consumers question whether restaurants are worth the expense.

"I eat much more at home because first of all eating out is way more expensive lately, and quality is not always guaranteed," Marilena Graziano, a Florence-based teacher, told Reuters.

Dutch retailer Ahold Delhaize, owner of the Food Lion and Giant stores in the United States, said earlier this month that it was increasing its offers tailored to low-cost eating in.

"We have solutions for customers to have a very affordable meal of $2.50 per person at home with the family," Ahold's CEO Frans Muller said in an interview this month. "We have increased a lot of that proposition in our stores."

The shift hints at a revival of the boom in eating at home during the Covid-19 pandemic when people could not go out. Home delivery companies such as Just Eat.com made record sales, although they struggled once lockdown restrictions were lifted.

Figures from Rabobank and Eurostat show that food retail sales volumes adjusted for inflation in supermarkets, hypermarkets and similar stores grew by 1.5 percent in the Eurozone between January and May this year. That compares with 0.1 percent growth over the same period last year.

A waiter takes an order from diners during the lunch hour at The Hamilton restaurant in Washington, DC. Visits to grocery stores have steadily outpaced those to restaurants and bars in the US.

PHOTO: AFP/FILE

For food and beverage services, such as restaurants and bars, the metric fell by 0.3 percent. Last year's growth was flat at 0 percent.

RESTAURANTS LAG

The inflation-adjusted figures suggest that sales at supermarkets are recovering faster than at restaurants, especially for routine weekday meals, Rabobank's consumer foods sector analyst Maria Castroviejo told Reuters.

Castroviejo cited the rising popularity of grab-and-go meals, salads, wraps, and sandwiches.

"This offer has increased and improved a lot and we know that this is taking away some demands from certain foodservice players," she said.

Delivery Hero, which owns Glovo and Foodpanda, said that consumers go out less during times of economic hardship, but will order in as a cheaper alternative.

A survey of more than 5,000 US adults commissioned by Hellofresh, a German meal-kit maker that makes most of its revenue in North America, showed 93 percent of them expect to cook as much as last year or more in the next year.

Among those who plan to cook more at home in the next year, more than three-quarters say the economy is a factor.