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.

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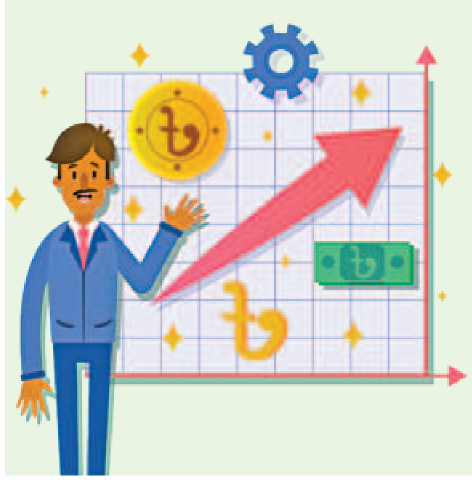
No margin loan for stock investment below Tk 5 lakh

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

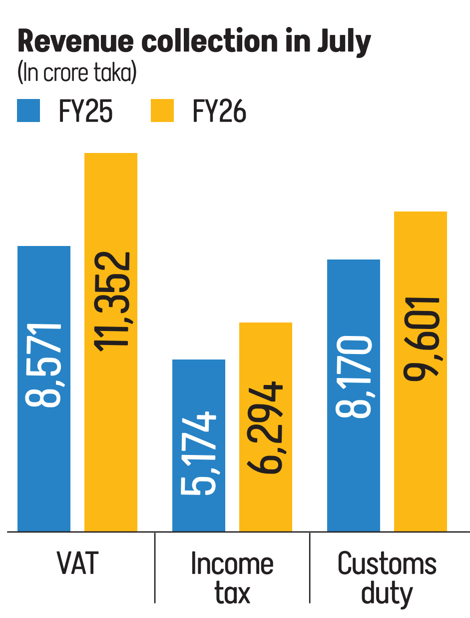
The government's revenue collection rose 24 percent year-on-year in the first month of the current fiscal year, aided by a more stable political situation compared to the unrest during the uprising last year.

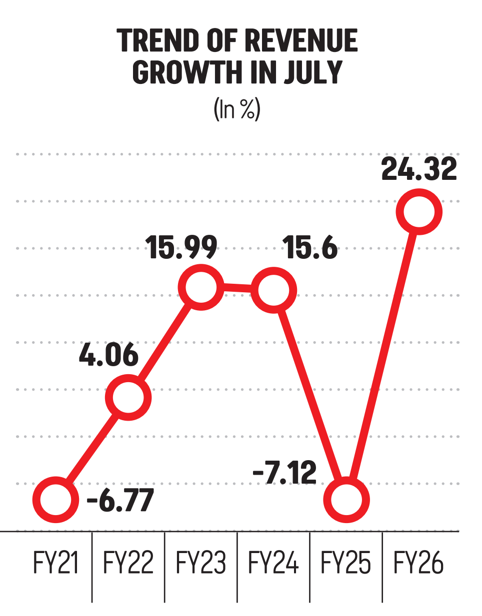
The National Board of Revenue (NBR) collected Tk 27,247 crore in July, the first month of fiscal year 2025-26, according to provisional data released yesterday. Higher receipts from value-added tax and income tax drove the overall revenue growth.

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.