



Syed M Omar Tayub

# Firms need to focus on finance mix to meet green demands

Prime Bank Investment CEO tells The Daily Star

**AHSAN HABIB**

Bangladesh will require \$172 billion in green financing by 2030 if its industries are to remain globally competitive. The funds must come from a well-balanced mix of financing sources rather than relying too heavily on the banking sector, said Syed M Omar Tayub, managing director and CEO of Prime Bank Investment Ltd.

Citing an estimate from the International Finance Corporation (IFC), he said the total climate-smart investment potential stood at nearly \$172 billion for the period between 2018 and 2030.

This estimate was based on Bangladesh's Nationally Determined Contribution (NDC) targets, with priority given to the energy, transport and industrial sectors.

In an interview with The Daily Star recently, the CEO said Prime Bank Investment has already started working with industries to help them raise funds from both domestic and international markets through instruments such as equity, bonds and sukuk.

"In the next few years, there will be a requirement of \$100 billion in green buildings alone, in addition to financing for water management and agro-processing," Tayub said.

He said industries will need the fund for making their industries green while many international organisations are also ready to invest.

"To connect this financing, we have already started working with global leaders in these fields and are trying to figure out how to mobilise funds," said Tayub.

To play a more active role, Prime Bank Investment has launched an industry-wide initiative called "Capital Connect".

"Through it, we are advocating that raising money is not limited only to issuing shares in the stock market, but there are also various products such as Shariah-compliant financing, bonds, sukuk, etc.," he said.

Prime Bank Investment has already engaged with senior executives of the pharmaceutical sector and will soon expand to textiles and other industries. It is also working with the Islamic Corporation for the Development of the Private Sector (ICD), a multilateral development finance institution, to

attract overseas financing.

Although the process is new to Bangladesh and taking time, Tayub said he is optimistic that Prime Bank Investment would be able to provide strong support to the industry.

Speaking at his office in Banani of the capital, he said if corporates depend on bank loans only for long-term projects, it will not be healthy as it will aggravate the maturity mismatch in the banking system.

Rather, he suggested that the Bangladesh Bank could require firms

open the door to concessional loans from development finance institutions and multilateral agencies.

"Many global agencies are sitting on large funds, and they are looking for sustainable and green bonds. It is also profitable for the corporates or issuers because repayment becomes smoother and they get some breathing space," said the Prime Bank Investment CEO.

As part of its broader strategy to position itself as a top investment bank, Prime Bank Investment has introduced new products for retail investors.

Asian Banking and Finance.

The firm invests only in companies it considers fundamentally strong, with good governance and sound financials. "We have defined 'investment universe' using risk management tools; therefore, it can invest in around 70 companies only," Tayub said.

Safeguards such as sectoral and stock caps are in place, and investment decisions are made collectively by a five-member committee. "Based on this approach, our analysis shows that it is very rare for a good stock to continue making losses for three consecutive years."

According to Tayub, Prime Bank Investment's strength lies not only in its Tk 300 crore capital but also in its strong board of directors.

"Essentially, we are working to establish the concept of investment banking in Bangladesh. Globally, many of the large financings, such as IPOs, bond or sukuk issuances, and mergers and acquisitions, are arranged by leading investment banks like Goldman Sachs, JP Morgan and Morgan Stanley, alongside other commercial banks. Bangladesh doesn't have an investment bank at that level yet. We are not saying that we will reach that level overnight, but we have started the journey."

Prime Bank Investment aims to offer a full suite of services, including equity and bond raising, underwriting, debt syndication, M&A advisory and balance sheet restructuring. To raise awareness, it has launched "Industry Alliance", which seeks to build partnerships at home and abroad.

"Recently, we went to Kuala Lumpur as BMCCI delegates and signed an agreement with Amanie Advisors to work together on Shariah-compliant investments. Another objective of this initiative is to work closely with different international chambers of commerce."

On the stock market, Tayub said Bangladesh needed to transform it into a genuine investment platform through new products and wider participation. While the country has 180 million people, 160 million bank accounts, 210 million mobile financial service accounts and 20 million agent banking accounts, the total number of stock market investors is only about 1.4 million, and that too with duplication.

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**TAKEAWAYS FROM INTERVIEW**

**Green financing needs**

Bangladesh will need \$172b in green financing by 2030

\$100b alone will be required for green buildings in coming years

Global agencies are eager to invest in green bonds from Bangladesh

**Prime Bank Investment's initiatives**

Has launched Capital Connect to guide corporates in raising funds through multiple instruments

Offers Shariah-compliant, guaranteed, and women-focused investment products

**Finance mix**

Corporates should diversify into bonds, sukuk, and equity to reduce risk

**Potential**

Bangladesh has only 1.4m active stock investors—far below potential



borrowing large loans, for example, Tk 500 crore, to raise a portion through bonds or shares. "This approach can improve the situation."

Tayub pointed to the example of SME lending. "In the banking sector, SME lending was very low at one time. After the central bank set specific targets, loans in this sector increased. Now, even though it is challenging, banks are lending more to SMEs."

He said many companies prefer bank loans because they are easier, but argued that a mix of financing options benefits both businesses and banks.

Because issuing bonds helps banks manage single-borrower exposure risks, while subsidiaries can support clients with their financing needs. "However, it must be ensured that no issuer defaults on bonds; otherwise, this product will lose its reputation."

He added that green bonds could

"In Bangladesh, there is a huge demand for Shariah-compliant products. And what better place than the capital market, where there is no interest. You can earn dividends and capital gains from the investment," Tayub said.

It has launched an equity-sharing product, in which both the client and the bank invest together, as well as tailored products for expatriates.

"Many Bangladeshis work abroad their whole life, but cannot build lasting assets in the country due to complications. With our products, they can invest from abroad."

Other schemes include a three-year capital guaranteed plan, a monthly investment plan, and products designed specifically for women. These innovations, Tayub said, have already earned Prime Bank Investment recognition from Euromoney and

# Fixing capital crisis of local banking sector

MESBAH UDDIN AHMED

The banking sector in Bangladesh faces a severe capital shortfall of Tk 1.71 lakh crore, or around \$15.5 billion, as of late 2024, with the Capital to Risk Weighted Asset Ratio (CRAR) down to 3.08 percent, far below the regulatory requirement of 12.50 percent, including buffers.

The overall ratio has been dragged down by undercapitalised state-owned banks, posing risks to financial stability and weakening trust in local banks among foreign correspondents.

Key drivers of this shortfall include inadequate capital buffers, a high volume of classified loans, dividend policies, reliance on traditional instruments, and weak corporate governance.

The situation has been worsened by mounting non-performing loans (NPLs). Official figures put the NPL ratio at about 20 percent in December 2024, though the true level is likely higher when rescheduled and written-off loans are included. Political and board-level interference in lending decisions has allowed influential defaulters to escape accountability, eroding bank capital.

Unplanned expansion and lack of strategic focus have led to unhealthy competition, worsening asset quality. Heavy dependence on branch banking has pushed up costs and squeezed profitability. A further problem is the payment of dividends despite poor performance, aimed at keeping shareholders satisfied.

Bangladeshi banks have also done little to diversify their capital sources. Instruments such as plain vanilla subordinated bonds targeted at financial institutions are not enough to improve capital strength. The inability to issue market-based instruments reflects deeper investor mistrust of opaque balance sheets and poor governance.

Neighbouring countries offer useful contrasts. India, the Maldives and Malaysia show how strong regulation, effective implementation of Basel III standards and prudent capital management can underpin a stable banking system.

India maintains a capital adequacy ratio of about 15.5 percent, supported by close regulatory oversight, better risk practices and an active bond market. The State Bank of India has raised large sums through bond issuances and qualified institutional placements, while Bangladesh state-owned banks remain dependent on taxpayers for capital support.

The Maldives has one of the region's strongest banking systems, with a CAR consistently above 20 percent, thanks to cautious lending and firm supervision. Malaysia has a CAR close to 17.8 percent and an NPL ratio of only 1.5 percent, underpinned by a developed bond market, both traditional and Islamic, as well as regular stress testing and ongoing reforms.

These examples show that rules alone are not enough. They must be enforced consistently. For Bangladesh, strong government commitment, improved supervision, better risk management and deeper capital markets will be vital to overcome the capital crunch.

Beyond capital adequacy, the sector faces a wider crisis of governance. Politically influenced lending, widespread defaults and weak oversight have driven up NPLs, undermined public trust and increased threats to financial stability.

The government has launched a series of reforms, including mergers, capital injections, recovery plans and risk-based supervision by the Bangladesh Bank, to restore confidence. But further steps are needed.

To strengthen capital adequacy, the Bangladesh Bank must tighten enforcement of Basel III standards and ensure all banks meet minimum CAR requirements. The Bangladesh Securities and Exchange Commission (BSEC) also has a critical role in improving transparency and widening access to capital markets. Streamlined regulations, along with more efficient bond issuances, repeat public offerings and rights issues, would help banks raise funds and uphold public credibility.

Improving governance is equally important. Stronger boards, better structures and advanced risk management, including AI-driven models, would allow banks to assess asset quality and risks more accurately, aligning with global best practice.

The writer is the managing director of IDLC Investments Limited

## India boosts oil purchases from US to narrow trade deficit

REUTERS, New Delhi/Singapore

Indian refiners boosted US crude oil purchases this month, drawn by competitive prices, trade sources said, a move that could help narrow the country's trade deficit with the United States amid tensions between the two nations.

The country's top refiner, Indian Oil Corp, has bought 5 million barrels of US West Texas Intermediate crude for delivery in October and November via a tender, trade sources said.

This came after another state refiner Bharat Petroleum Corp purchased 2 million barrels of US WTI crude while private refiner Reliance Industries has bought 2 million barrels of WTI crude from Vitol, other sources said.

Indian refiners, along with others in Asia, stepped up purchases after the arbitrage window for US crude to Asia opened. India is also under pressure to buy more US oil after the United States doubled its tariffs on Indian imports to 50 percent, citing New Delhi's buying of Russian oil.

European traders Gunvor and Equinor sold 2 million barrels each, while Mercuria sold 1 million barrels to IOC, the sources said.

# ICCB team off to Melbourne for World Chambers Congress

**STAR BUSINESS REPORT**

An 11-member delegation from ICC Bangladesh, led by President Mahbubur Rahman, has left for Melbourne, Australia, to attend the 14th World Chambers Congress (WCC) from 2-4 September 2025.

Organised by the ICC World Chambers Federation (WCF) in partnership with the Victorian Chamber of Commerce and Industry (VCCI), the biennial forum will bring together over 1,000 business, chamber and political leaders from more than 100 countries, according to a press release.

This year's theme, "Business, Chambers, Government: Partners for Prosperity", highlights the role of collaboration between businesses, chambers of commerce and



governments in driving sustainable economic growth.

Key focus areas include geopolitical shifts, clean energy transitions, digital leadership, life sciences, workforce evolution and resilience in global trade.

Tanvir Ahmed, managing director of Green Textile, will participate as a speaker at the event.

Following the WCC, the delegation will visit ICC New Zealand and the Auckland

Chamber of Commerce for high-level talks on boosting bilateral trade and investment between Bangladesh and New Zealand.

The Delegation includes: Mahbubur Rahman, resident, ICC Bangladesh, AK Azad, vice president, ICC Bangladesh, Anwar-Ul-Alam Chowdhury (Parvez), managing director, Evince Group, Kutubuddin Ahmed, chairman, Envoy Textiles, Mohd Arshad Ali, managing director, The Merchants Limited, Mohammed Abdul Jabbar, managing director, DBL Group, Syed Ishtiaq Ahmed, managing director, Saiham Cotton Mills Limited, Matiur Rahman, chairman & managing director, Uttara Group of Companies, Simeen Rahman, CEO, Transcom Group, Tanvir Ahmed, managing director, Green Textile Limited, and Aatur Rahman, secretary general, ICC Bangladesh.

# China manufacturing shrinks for 5th month

AFP, Beijing

China's factory output ticked up in August but still recorded a fifth straight month of contraction, official data showed Sunday, as Beijing and Washington press on with trade talks.

The Purchasing Managers' Index – a key measure of industrial output – was 49.4, the National Bureau of Statistics (NBS) said, up slightly from 49.3 in July. A Bloomberg analysts' poll had forecasted the index would be 49.5.

The last time China recorded a figure above 50 – indicating growth – was in March.

NBS statistician Zhao Qinghe hailed the improvement from a month earlier as evidence that "overall economic prosperity continues to expand."

"The business climate has improved," he said.

In July, the NBS attributed

manufacturing struggles to severe weather, including floods and high temperatures.

China has struggled to maintain a strong economic recovery since the pandemic, as it fights a debt crisis in the crucial property sector, chronically low consumption and elevated youth unemployment.

"Economic momentum slowed in (the third quarter) as domestic demand remains weak," Zhiwei Zhang, chief economist at Pinpoint Asset Management, said Sunday.

"The macro outlook in the rest of the year largely depends on how long exports can stay strong and whether fiscal policy will become more supportive."

China's bruising trade war with the United States – now on hold pending a deal – threatens the export-dependent economy.

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