Bank Asia becomes primary banking partner of Ansar & VDP Welfare Trust

STAR BUSINESS DESK

Bank Asia PLC has entered into a strategic partnership agreement with the Bangladesh Ansar & VDP Welfare Trust, thereby becoming its primary banking partner.

The collaboration represents a significant stride towards strengthening financial inclusion, fostering digital empowerment, and enhancing welfare support for one of the largest uniformed forces in the country.

Maj Gen Abdul Motaleb Sazzad Mahmud, director general of Bangladesh Ansar & VDP, and Sohail RK Hussain, managing director of Bank Asia PLC, signed the agreement at the Trust's headquarters in Dhaka recently, according to a press release.

Through this partnership, more than six million members of Bangladesh Ansar & VDP nationwide will gain access to secure, inclusive, and digitally advanced financial solutions.

The alliance will encompass a comprehensive suite of services, including employee banking benefits tailored to the requirements of Ansar & VDP personnel; savings and credit facilities designed to promote financial growth and resilience; lifestyle finance solutions enabling convenient access to consumer and personal loans; and digital banking services delivered through Bank Asia's robust platforms, ensuring seamless transactions anytime, anywhere.

This initiative is expected not only to strengthen the financial empowerment of Ansar & VDP members but also to make a substantial contribution to the wider vision of a "Digital Bangladesh" by encouraging cashless transactions and extending the reach of formal banking services to the grassroots, the release added.

Sohail RK Hussain, managing director of Bank Asia PLC, and Maj Gen Abdul Motaleb Sazzad Mahmud, director general of Bangladesh Ansar & VDP, exchange signed documents of the agreement at the headquarters of the Bangladesh Ansar & VDP Welfare Trust in Dhaka recently. PHOTO: BANK ASIA

Eastern Bank signs online payment gateway deal with DGePay

STAR BUSINESS DESK

Eastern Bank PLC (EBL) has recently signed an agreement with DGePay, a one-stop payment solution provider and the first licensed payment system operator (PSO) in Bangladesh, to facilitate an online payment gateway.

M Khorshed Anowar, deputy managing director and head of retail and SME banking at Eastern Bank PLC, and Shafquat Matin, director of DGePay, signed the agreement at the bank's head office in Dhaka, according to a press release.

Under the agreement, the bank's customers will be able to make payments effortlessly, while merchants will benefit from two-way functionality.

Faisal M Fathe-Ul Islam, head of m-commerce and e-commerce at the bank, and Md Masuduzzaman, head of sales at DGePay, along with other senior officials, were also present.

Shafquat Matin, director of DGePay, and M Khorshed Anowar, deputy managing director and head of retail and SME banking at Eastern Bank PLC, pose for photographs after signing the agreement at the bank's head office in Dhaka recently. PHOTO: EASTERN BANK

IFIC Bank holds town hall meeting

STAR BUSINESS DESK

IFIC Bank PLC yesterday organised a town hall meeting, titled "One Year in the Journey of Transformation", to mark the successful completion of one year of its current board of directors.

Md Mehmood Husain, chairman of IFIC Bank PLC, inaugurated the event as the chief guest, according to a press release.

In his remarks, Husain underscored the importance of establishing sound corporate governance, safeguarding the interests of all stakeholders, and fulfilling the bank's social and national responsibilities as a well-established financial institution.

He expressed his sincere appreciation to the current management and all employees for their dedication and hard work in achieving success over the past year.

During the meeting, a presentation was delivered highlighting the progress and achievements of the bank across a range of performance indicators. Strategic directions and future plans for ensuring sustainable growth were also discussed in detail.

Md Mehmood Husain, chairman of IFIC Bank PLC, attends the bank's town hall meeting, titled "One Year in the Journey of Transformation", at its head office in Dhaka yesterday. PHOTO: IFIC BANK

Russia cuts interest rate as economy slows

AFP, Moscow

Russia's central bank on Friday cut its key interest rate, but warned inflation was still too high, amid growing fears of an economic slowdown after bloated spending on the Ukraine offensive.

Russia's economy is rapidly cooling, prompting warnings it could be headed for recession or stagnation, following two years of robust growth as Moscow ramped up military spending to fund its campaign.

"We do have a cooling off, that is, a slowdown in economic growth. This is natural after overheating," Governor Elvira Nabiullina said, announcing a cut in borrowing costs from 18 to 17 percent.

The bank said Friday it expected the economy to expand by just one percent in 2025, down from above four percent last year.

Russian government spending has jumped more than two-thirds since the start of the Ukraine offensive, with military expenditure accounting for almost nine percent of GDP, according to President Vladimir Putin.

That has helped Moscow avoid predictions Western sanctions would collapse its economy, but led to a spike in inflation.

Russia's economy is rapidly cooling, prompting warnings it could be headed for recession or stagnation, following two years of robust growth

The bank is now gradually trimming interest rates from a two-decade high of 21 percent.

But inflation is still running above eight percent, more than twice the government's official target and the bank has warned price rises may remain stubborn in the coming months.

It singled out higher petrol prices, which have risen as a result of Ukrainian attacks on Russian refineries, as a particular concern.

Businesses have for months been clamouring for the central bank to cut borrowing rates, which it says are hobbling the economy and thwarting investment.

The bank had been expected to cut rates further, but BKS analyst Ilya Fedorov said a recent "weakening of the ruble" -- at its lowest against the US dollar since April -- forced it to hold back.

Russia's public finances have also been strained by weak oil prices, which are crucial to the national economy.

The government posted a deficit of around \$50 billion -- equivalent to two percent of GDP -- in the first eight months of the year, three times more than at the same stage of 2024.

Nabiullina warned that if the budget expands further, the bank will be forced to push interest rates up once again. Moscow has so far been able to use a rainy day fund, built up from oil and gas proceeds in the years before it launched its Ukraine offensive, to plug the gap.

That too, however, has come under pressure, with the value of its liquid assets -- those that can be immediately called upon -- having halved from more than \$100 billion before the conflict to \$48 billion. Kyiv and its allies are trying to cut off Russia's earnings from energy exports to exacerbate that shortfall.

Oil gains weighed down by US demand worries

REUTERS

Oil prices rose on Friday after a Ukrainian drone attack suspended loadings from the largest port in western Russia, but gains were capped by concerns about US demand.

Brent crude futures settled at \$66.99 a barrel, up 62 cents, or 0.93 percent. US West Texas Intermediate crude finished at \$62.69, a gain of 32 cents, or 0.51 percent.

Early in the day, crude reacted to the drone attack on Russia's northwestern port of Primorsk, which led to a suspension of oil loading operations overnight, an official from Ukraine's SBU security service said.

"Those attacks on Russian energy infrastructure have room to drag down Russian crude and refined product exports," UBS analyst Giovanni Staunovo said.

But later in the day, gains shrank as traders continued to focus on a revised US jobs report issued earlier in the week along with higher inflation figures.

"The economic data is not supportive of a rally," said John Kilduff, partner with Again Capital. "The overall weight is down and the trend is bearish."

The US economy likely created 911,000 fewer jobs in the 12 months through March than previously estimated, the US Labor Department said on Tuesday.

The department said on Thursday the consumer price index rose 0.4 percent in August, the biggest gain since January, after increasing 0.2 percent in July.

The markets are also watching for sanctions or tariffs from the Trump administration aimed at reducing use of Russian crude by India and China.

"Any potential for the tariffs to India and China to harm exports, then we would see Russian barrels off the market," Kilduff said.

The Brent and WTI benchmarks fell by 1.7 percent and 2 percent respectively on Thursday.

The International Energy Agency said on Thursday global oil supply would rise more rapidly than expected this year because of planned output increases by the Opec+ group comprising the Organization of the Petroleum Exporting Countries and allies such as Russia, according to an agency report.

Attacks on Russian energy infrastructure have room to drag down Russian crude and refined product exports, says an analyst

However, Opec's own report later in the day made no change to its relatively high forecasts for oil demand growth this year and next, saying the global economy was maintaining a solid growth trend.

On the supply side, India's largest private port operator, Adani Group, has banned tankers sanctioned by Western countries from entering all of its ports, three sources told Reuters and documents show, potentially curbing Russian oil supplies.

India is the biggest buyer of Russian seaborne oil, mostly shipped on tankers that are under sanctions by the European Union, the United States and Britain.

Arla focuses on youth talent

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"While we are not currently sourcing milk locally due to supply chain limitations, we are working to change that by investing in long-term solutions," Glennborn said.

"Increasing milk productivity is crucial to making local sourcing viable. Currently, milk yields in Bangladesh are low, and collection infrastructure is insufficient."

He said one of their most significant initiatives is the Green Dairy Partnership in Bangladesh, a five-year project valued at about Tk 254 million.

"It is funded by the Danida Green Business Partnership under the Danish Ministry of Foreign Affairs, and we are working with partners such as Pran Dairy, Solidaridad Network Asia, IDRN-Bangladesh Agricultural University, SEGES Innovation, and the Danish Agriculture & Food Council."

For Bangladesh, foreign direct investment remains a priority.

In this regard, Glennborn said the country still needs improvements, from easing regulations to upgrading infrastructure, but he sees Arla's presence as a positive signal.

"We are also proud to act as a flagbearer for Danish business in the region. Through innovation, local empowerment, and strategic collaboration, Arla is committed to being an ambassador for Bangladesh on the global stage, encouraging others to invest in the country's future," he concluded.

US consumer inflation

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While Trump has repeatedly pushed for lower interest rates, policymakers have kept levels unchanged this year as they monitored the effects of tariffs on prices.

With employment weakening, however, the Fed might be inclined to make a cut to boost the economy, as opposed to keeping rates at a higher level when seeking to contain inflation.

The August CPI boost however came as food, energy and shelter costs all increased.

"The middle-class squeeze from tariffs is here," warned Navy Federal Credit Union chief economist Heather Long. "It's troubling that so many basic necessities now cost more," she added in a note, cautioning that "this is only the beginning."

While businesses stockpiled inventory in anticipation of Trump's tariffs, allowing them to stave off some immediate price hikes, they will eventually have to replenish stock at higher import costs.

Impose tariffs on China

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China and India to pressure them to halt their purchases of Russian oil.

President Donald Trump has imposed an extra 25 percent tariff on imports from India to pressure New Delhi to halt its purchases of discounted Russian crude oil, bringing total punitive duties on Indian goods to 50 percent and souring trade negotiations between the two democracies.

But Trump has refrained from imposing additional tariffs on Chinese imports over China's purchases of Russian oil, as his administration navigates a delicate trade truce with Beijing.

Bessent is due to travel to Madrid on Friday for another round of talks with his Chinese counterpart, Vice Premier He Lifeng, that will cover trade issues, Washington's demands for Chinese-owned TikTok to divest its US operations, and anti-money laundering issues.

Trump earlier on Friday said that his patience with Russian President Vladimir Putin was running out, but stopped short of threatening new sanctions during a Fox News interview.

Inflation defences

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Since 1981, UK inflation linked gilts have referenced changes in the Retail Prices Index. From 2030, however, payments will be tied to a different price benchmark known as CPIH. This index has historically produced a lower inflation print. The Office for Budget Responsibility reckons the change will save the government around 4 billion pounds in 2030.

Capital gains and inflation-related payments on linkers are currently exempt from capital gains tax. This tax loophole could go. The policy of keeping interest rates below inflation, known as financial repression, often involves the state taking control of private savings, according to investment strategist Russell Napier. The 2025 Pension Schemes Bill, currently going through Parliament, contains a so-called "mandation" clause that potentially allows the government to direct private pension investments. Napier suggests that if UK bond purchases were made compulsory for pension schemes, yields on nominal bonds and linkers could be pushed down.

The hardest commitment against inflation comes when the government surrenders control of the money-printing press. In the past countries achieved this by joining the gold standard. Pegging the domestic currency to a foreign one (usually the US dollar) has a similar effect. The trouble is that overly strong anti-inflation commitments can result in national bankruptcy.

Following the German hyperinflation of the early 1920s the country issued a new gold-based currency, the Rentenmark. The economy picked up for a few years. But after foreign capital flows halted towards the end of the decade, Germany experienced a severe deflation, followed by a banking crisis. It jettisoned the gold standard in 1931. Two years later the Nazi government defaulted on Germany's foreign debts.

Currency pegs can also turn nasty. Mexico's "Tequila Crisis" started in December 1994 after a sharp devaluation of the peso, which had been previously fixed to the dollar. Large dollar-denominated liabilities owed by both the public and private sector became untenable and the Mexican economy went into a tailspin. A bailout arranged by the United States and International Monetary Fund staved off a sovereign default. Argentina was not so fortunate when its currency peg broke in late 2001. Deserted by the IMF, Buenos Aires immediately defaulted.

When the euro was created in 1999, some economists saw the single currency as a proxy for the gold standard. No longer would European governments be able to prime inflation to reduce their debt burdens. Greece discovered this harsh new reality in the early 2010s and defaulted a few years later. France is the euro zone's second largest economy. Its current predicament has similarities to Argentina's a quarter of a century ago: a lack of political consensus to restore fiscal order, public unrest, large foreign debts and a weak economy.

Could another European sovereign debt crisis beckon? German economist Thomas Mayer of the Flossbach von Storch Research Institute believes not. When the Greek debt problem first appeared, the European Central Bank was a largely passive bystander. That changed in July 2012, when ECB President Mario Draghi promised to "do whatever it takes" to keep the euro zone together. The central bank then became an active buyer of government bonds, keeping debt spreads of member countries from rising out of line.

Mayer believes that the European Union will come to France's aid. Germany needs French military support against the Russian threat more than it fears any loss of price stability. Under Chancellor Friedrich Merz, the country's debt brake is off. Eurobonds beckon, says Mayer. In summary, nowhere in the Western world are there insuperable impediments that prevent governments from inflating away their debts.