

Independence of central banks tested by Trump attacks on Fed

AFP, Frankfurt

For months, US President Donald Trump has been piling pressure on the Federal Reserve over delayed cuts to interest rates, casting the institution's independence into doubt.

Trump's recent attacks have caused quite a stir as central bank independence is considered a key factor in protecting price stability and investor confidence in a country's economy.

WHAT DOES TRUMP WANT?

Trump has repeatedly called out Fed chair Jerome Powell for not lowering interest rates quickly enough to support the weakening US economy.

While rates were lowered on Wednesday for the first time this year, the cuts were deemed too small by Stephen Miran, the new Fed governor appointed by Trump.

Cutting interest rates helps households borrow for consumption and businesses for investment, promoting growth but at the risk of spurring inflation.

Low rates would also make it less expensive for the US government to borrow.

Public debt has been rising for years, and with the recently extended Trump tax cuts, the deficit is expected to grow further.

Under Powell, the Fed has maintained a policy guided by data and resisted political pressure.

However, Trump is attempting to stack the Fed's leadership with loyalists and is trying to remove Governor Lisa Cook, with that case going before the Supreme Court.

In 2026, several seats, including Jerome



The Federal Reserve building is set against the blue sky in Washington, DC. Trump's recent attacks have caused quite a stir as central bank independence is considered a key factor in protecting price stability and investor confidence. PHOTO: REUTERS/FILE

Powell's, will be up for appointment.

WHY CENTRAL BANK INDEPENDENCE?

Christine Lagarde, president of the European Central Bank, said that a takeover of US monetary policy by Trump would be a "very serious danger" for the global economy.

Undermining the autonomy of the Fed constitutes "a very dangerous road," echoed Andrew Bailey, Governor of the Bank of England.

The Fed's institutional independence is "not a technical detail but a cornerstone of economic stability," stressed Stephan Bales, author of a study for the German public bank KfW.

More broadly, "if I can no longer rely on the fact that interest rate developments genuinely reflect, in good faith and conscience, the economic reality, then I obviously have a problem," Ingrid Hengster, head of the German branch of Barclays bank told AFP.

"I can no longer properly invest in that country," she added.

The "credibility" of a central bank, whichever it may be, is an "anchor" that prevents "a spiral of rising inflation expectations," Bales said.

ANY OTHER EXAMPLES?

"Less independent central banks are unable to ensure price stability. Just think of Turkey," said Carsten Brzeski from ING bank.

Turkey has one of the highest annual inflation rates in the world, exceeding 30 percent in August.

Capital Economics said that central banks in emerging countries "sporadically face political pressure," as recently seen in Brazil.

However, countries with independent central banks show lower inflation rates, according to several studies.

Bales warned 2026 will be a "stress test" for the Fed's independence and consequently "for the stability of the global financial system."

"There is clearly a risk that President Trump's pressure on the Fed could motivate politicians in EMs (emerging markets) to follow suit," Capital Economics said.

The ECB also faces "indirect attacks but not against its independence," noted Brzeski.

However, he warned that "the high level of public debt" in the eurozone, particularly in France, "could increase pressure on the ECB to steer its policy toward financing states."

Countries must therefore take measures to "contain this debt," which "the ECB is fully aware of," Ingrid Hengster said.

Nvidia takes stake in rival Intel

AFP, New York

Shares in chipmaker Intel skyrocketed on Thursday after AI giant Nvidia announced it would invest \$5 billion in its struggling rival.

The investment represents a significant commitment to Intel's turnaround efforts. Nvidia joins Japanese investment giant SoftBank and the US government in backing the once dominant chipmaker, which has fallen behind in recent years after missing key technology shifts.

"This marks a fusion of two world class platforms," said Nvidia CEO Jensen Huang. "Together, we will expand our ecosystems and lay the foundation for the next era of computing."

The Trump administration surprised the tech industry last month by taking a 10 percent equity stake in Intel, recognizing the strategic importance of the company that powered the PC and internet revolution with its processors.

It is very rare for the US government to take shares in private companies, and Trump has signaled he is willing to pursue more such deals that he sees as strategically necessary.

"This is a game changer for Intel as it now brings the company front and center into the AI game," said Dan Ives of Wedbush Securities.

"Along with the recent US government investment of 10 percent, this has been a golden few weeks for Intel after years of pain and frustration for investors," said Dan Ives of Wedbush Securities

"Along with the recent US government investment of 10 percent, this has been a golden few weeks for Intel after years of pain and frustration for investors," he added.

Huang insisted that the Trump administration "had no involvement in this partnership at all, though they would have been very supportive, of course."

The deal was "an incredible investment...it's going to be fantastic for Intel and fantastic for us," Huang told reporters.

However, the deal made no mention of Nvidia using Intel's struggling manufacturing business to build chips, with Huang praising TSMC, the AI giant's main manufacturer.

Bringing manufacturing of high-tech products back to the United States has been a major priority of the Trump administration.

Intel largely missed the smartphone boom and failed to develop competitive hardware for the AI era, allowing Asian manufacturers TSMC and Samsung to dominate the custom semiconductor market.

Most notably, Intel was blindsided by Nvidia's rise as the world's leading AI chip provider.

Nvidia's graphics processing units (GPUs), originally designed for gaming systems, have become the essential building blocks of artificial intelligence applications, with tech giants scrambling to secure them for their data centers and AI projects.

The partnership announced Thursday will focus on creating custom data center and PC products designed for AI applications. Nvidia will purchase Intel common stock at \$23.28 per share, subject to regulatory approval.

aamraActive offers lifestyle privileges to Prime Bank clients

STAR BUSINESS DESK

Prime Bank PLC has signed a strategic partnership agreement with aamraActive, a corporate boutique gym in Dhaka, to provide lifestyle privileges to its women banking and priority customers.

Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, and Nibras Panni, executive director of aamraActive, signed the agreement at the bank's corporate office in Gulshan, Dhaka recently, according to a press release.



Nibras Panni, executive director of aamraActive, and Mamur Ahmed, senior executive vice-president and head of branch distribution of Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in Gulshan, Dhaka recently.

PHOTO: PRIME BANK

BoJ holds interest rates

AFP, Tokyo

The Bank of Japan kept interest rates on hold Friday amid lingering political uncertainty and economic concerns but said it would start offloading funds bought as part of its earlier monetary easing campaign.

The announcement came hours after official data showed inflation in the fourth-largest economy slowed to 2.7 percent in August, with rice price rises slowing following a sharp spike that rattled the government.

In a widely expected decision the central bank decided against hiking borrowing costs, keeping them at 0.5 percent, but said it would begin reducing its exchange-traded fund and real estate investment trust holdings.

The BoJ began buying the funds -- in a bid to boost liquidity and reduce the cost of capital for firms, among other things -- more than a decade ago as part of its campaign to kickstart the torpid economy and end years of almost non-existent inflation.

Officials began hiking rates from below zero in March last year as figures signalled an end to the country's "lost decades" of stagnation, with inflation surging.

However, with worries about the global outlook and US tariffs growing, the bank paused its tightening measures at the start of 2025, with the last increase in January, taking rates to their highest level in 17 years.

The yen rose against the dollar but Tokyo's Nikkei 225 index fell around 0.5 percent.

In a statement following Friday's announcement, the BoJ said: "Japan's economic growth is likely to moderate, as trade and other policies in each jurisdiction lead to a slowdown in overseas economies and to a decline in domestic corporate profits and other factors."

BRAC Bank wins accolade at Global SME Finance Awards

STAR BUSINESS DESK

BRAC Bank PLC has been honoured "Sustainable SME Financier of the Year" in Asia at the Global SME Finance Awards 2025 for its pioneering Water, Sanitation and Hygiene (WASH) financing programme.

Syed Abdul Momen, additional managing director and head of SME banking at BRAC Bank, received the award in Johannesburg, South Africa recently, according to a press release.

worldwide, 50 institutions were shortlisted, including three from Bangladesh. BRAC Bank secured the accolade for Asia, highlighting its leadership on the global stage.

"This honour reinforces our commitment to building a sustainable future through innovative SME financing. We will continue to invest in solutions that uplift communities and drive inclusive growth," said Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank.

The Global SME Finance Awards, organised by the SME Finance Forum under the World Bank Group, form part of the G20 Global Partnership for Financial Inclusion (GPFI). The awards celebrate institutions that deliver impactful and scalable SME solutions.



Syed Abdul Momen, additional managing director and head of SME banking at BRAC Bank, poses for photographs after receiving the award in Johannesburg, South Africa recently.

PHOTO: BRAC BANK



AKM Shahnewaj, managing director (current charge) of Dhaka Bank PLC, inaugurates the sub-branch at Noapara in Jashore recently.

Dhaka Bank opens 36th sub-branch at Noapara

STAR BUSINESS DESK

Dhaka Bank PLC has recently opened a new sub-branch under its Akij City Branch at Noapara in Jashore.

This marks the bank's 36th sub-branch, according to a press release.

AKM Shahnewaj, managing director (current charge) of Dhaka Bank PLC, inaugurated the sub-branch as the chief guest.

Md Mostaque Ahmed, deputy managing director and chief emerging market officer of the bank; Altamas Nirjhor, executive vice-president and head of the general services division; and Md Razib Hossain, branch manager of Akij City Branch and in-charge of the Noapara sub-branch, were present at the event.

Nazmul Haq Kokhon, proprietor of Avoynagar Transport, and Shahjalal Hossain, proprietor of Brothers Corporation, along with branch managers from the Khulna region, local business leaders, and other senior officials, were also present.