Hossain Khaled

After Tk 1,000cr profit, City Bank now eyes digital-first future

Chairman Hossain Khaled says in an interview with The Daily Star

FEDA AL HOSSAIN

City Bank reached a profit milestone and posted a strong deposit growth last year, thanks to its careful fund management, solid asset quality and strict cost control, according to the bank's Chairman Hossain Khaled.

The commercial lender crossed the Tk 1,000 crore profit mark in 2024, for which Khaled credited digital innovation through platforms such as Citytouch and financial inclusion initiatives that extend from rural agent banking to specialised SME financing.

In an interview with The Daily Star, he said the bank is creating a truly digital-first ecosystem where millions can access financial services without visiting a branch.

In 2024, the bank recorded a 31 percent rise in deposits. Khaled said this reflected the confidence of customers, shareholders and partners.

Building on its reputation as a technology pioneer, the bank is now looking ahead to the next decade.

The bank chairman described a plan to develop a highly personalised banking platform able to anticipate customer needs in real time.

"Our goal is to merge innovation with trust and operational excellence to redefine the future of banking in Bangladesh," he said.

According to the chairman, City Bank is strengthening its resilience with tighter lending discipline, stronger credit governance and advanced tools such as automated Expected Credit Loss models, AI-powered credit assessments and regular stress tests.

Khaled said Bangladesh Bank's preliminary approval for City Bank to set up a credit bureau was a key step towards greater market transparency.

As customer expectations change in the digital era, City Bank is turning its platforms into lifestyle-enabling ecosystems. Khaled said the bank is investing in technology-driven personalisation and digital loyalty programmes while remaining anchored in its core values of security, reliability and real-time support.

"Our goal is to make banking both effortless and empowering, seamlessly woven into the customer's everyday experience," he said.

The upcoming launch of City Credit Bureau PLC is central to this strategy. The bureau will use advanced analytics and alternative data to strengthen credit assessments and reduce default risks, improving the efficiency of retail and SME lending.

Khaled said the long-term vision is to capture a significant share of the market and position City Bank as a leader in the country's next-generation credit information ecosystem.

Discussing challenges facing the sector, Khaled said the industry is at a critical juncture, with high levels of non-performing loans (NPLs) and potential consolidation looming large.

On the government's plan to merge several Shariah-based banks, he described the initiative as both positive and necessary. Consolidation, he said, would enhance governance, improve regulatory oversight and ensure better risk management.

"With proper implementation, it can play a pivotal role in restoring public confidence and supporting the sector's recovery," he said.

While mergers could help stabilise weaker institutions, the chairman said such processes must be transparent and not provide a shield for defaulters.

On governance reforms, Khaled welcomed Bangladesh Bank's efforts to strengthen oversight but urged caution over the proposal to limit family members on bank boards. He said the wide legal definition of "family" could unintentionally exclude experienced, independent-minded directors and lead to unintended consequences.

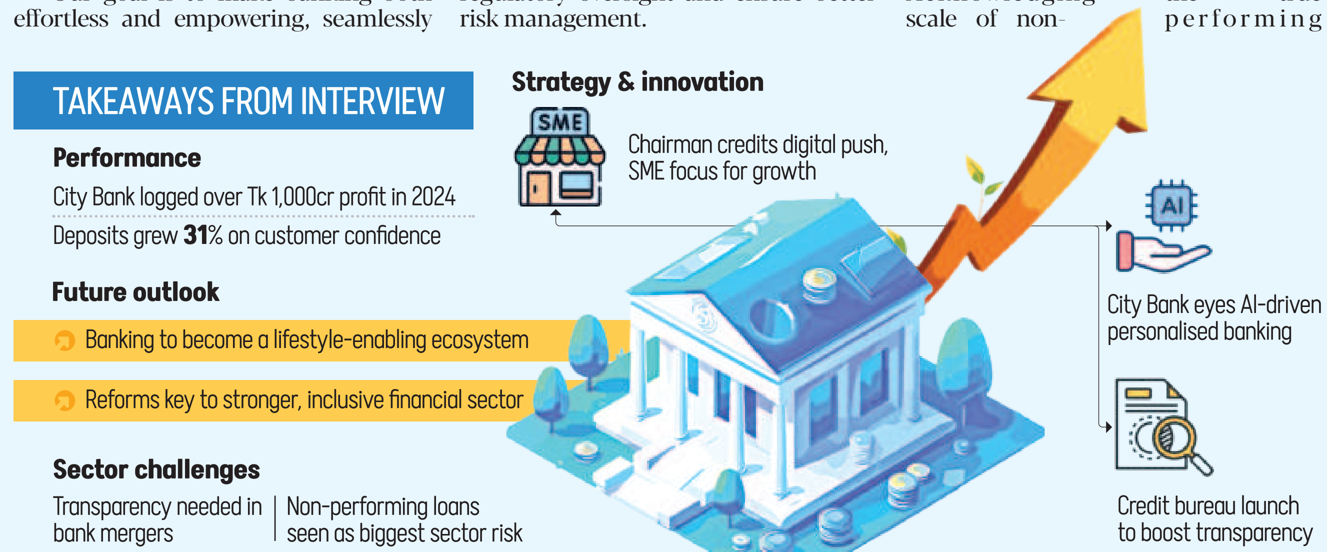
He called for evidence-based policies to ensure such measures deliver stronger governance without adverse effects.

Assessing the wider economy, Khaled said the financial sector was undergoing a difficult but necessary transition. Acknowledging the true scale of non-performing loans, though painful, is a healthy step towards transparency and discipline.

While liquidity remains tight and credit growth subdued, he pointed to stabilising factors such as regulatory reforms, IMF support and the move towards a flexible exchange rate.

The priorities now, he said, are governance, capital strengthening and risk-based lending. At the same time, digital finance and agent banking are expanding reach and resilience.

"If reforms are sustained, I am confident the sector will emerge stronger, more transparent, and more inclusive," said Khaled.



How to take a company from red to black

MAMUN RASHID

When the numbers turn red, you feel it before you see it. The office grows quieter. Conversations stop when you walk by. Suppliers begin asking for payment upfront, and employees update their LinkedIn profiles after hours. This is what a company in crisis looks like: not just bleeding spreadsheets but real people facing real uncertainty.

I have watched businesses fight their way back from the brink, and there is no magic formula. Instead, it is a series of hard choices that test everyone involved.

The first fight is always about cutting costs. Every expense gets scrutinised. That unused software subscription? Gone. The expensive office space? Time for something smaller. But here is where leaders make or break their companies: they either panic and cut everything, or they cut strategically. I have seen chief executives slash marketing budgets to zero, only to watch their sales pipeline dry up six months later. The companies that survive know the difference between fat and muscle. They protect what drives revenue, even when it hurts to spend money they do not have.

While cutting costs, you also scramble for every penny. You call customers who owe you money, sometimes swallowing your pride to ask when that overdue invoice might be paid. You negotiate with suppliers for an extra 15 days while promising you are good for it. I have watched business owners personally deliver products to speed up payments or work weekends in their warehouses to avoid hiring help.

Then comes the bigger question: borrow more money or sell part of your company to investors? Debt feels cleaner because you keep control, but monthly payments can strangle you when cash is tight. Bringing in investors means giving up ownership, but it can give you breathing space to actually fix the business. The smartest leaders choose the option that gives them time to recover, not just a quick fix.

None of these matters if your best people leave. When word spreads that your company is struggling, recruiters start circling. Keeping talent during tough times is not about retention bonuses you cannot afford. It is about brutal honesty combined with genuine respect. People can handle bad news if you tell them straight. What they cannot handle is being misled.

Turning a company around is not about motivational speeches. It is about sleepless nights reviewing cash flow projections. It is sitting across from your banker, explaining why this month will be different. It is looking your team in the eye and asking them to believe in something that feels uncertain.

When the numbers finally turn from red to black, the victory is not just financial. It is proof that a group of people refused to give up on something they believed in. That is what real business turnarounds look like: not just better numbers but better people who proved they could handle whatever comes next.

Readers may assume I have a story of corporate America in mind. But what happens if you want to turn a local company from red to black? Much depends on the character of the owners or promoters, their management behaviour and expertise, and clear communication with wider stakeholders. Support from financiers is also critical.

If the company is majority state-owned and loss-making, you are looking at a complete overhaul. Bring in capable people and professional directors, instil confidence in staff, optimise costs and resources, promote core businesses and shed tail-end operations without fuelling unrest. Senior staff used to one style of management, and those performing below average will resist change and may try to block success or damage reputations.

You therefore need a committed, hands-on board that stands behind change and optimisation, and above all, shows courage. Owners must unite to encourage the change drivers, regulators should keep their cool, and financiers should offer steady support.

The writer is an economic analyst and chairman at Financial Excellence Ltd

Gold gains

REUTERS

Gold gained on Friday after US inflation data came in line with expectations, reinforcing bets that the Federal Reserve may continue with interest rate cuts later this year.

Spot gold rose 0.8 percent to $3,778.62 per ounce as of 01:30 p.m. EDT (1730 GMT), after hitting a record $3,790.82 earlier in the week. The metal has risen about 2.5 percent this week. US gold futures for December delivery settled 1 percent higher at $3,809.

"Monthly PCE data is in line, though personal income and spending were a tenth above expectations. Nothing from this data will prevent the Fed from carrying on with another cautious rate cut at the October meeting," said Tai Wong, an independent metals trader.

Data showed that US Personal Consumption Expenditures (PCE) price index rose 2.7 percent year-on-year in August, in line with economists' expectations in a Reuters poll. Investors now see an 88 percent probability of a rate cut in October and a 65 percent chance of another in December, according to the CME FedWatch Tool.

Markets will also watch remarks from Richmond Fed President Thomas Barkin and Fed Vice Chair Michelle Bowman later in the day for clues on the Fed's stance.

Gold, a traditional safe haven, typically benefits from lower interest rates.

Trump signals financial aid for US farmers hit by trade wars

AFP, *Washington*

President Donald Trump signaled Thursday that he could funnel aid to American farmers -- a big political support base -- hit by fallout from his trade wars.

Trump's aggressive trade policies and resulting fallout have weighed on US farmers, including hitting export markets like China.

Facing turmoil in a core part of his political coalition, the 79-year-old Republican said at the White House that he would be using revenue from tariffs on imports to bail out the farmers.

"We're going to take some of that tariff money that we've made, we're going to give it to our farmers," Trump said. He conceded that farming communities are "for a little while, going to be hurt" until the tariffs "kick in to their benefit."

The agriculture sector has come under pressure this year with export markets hit by trade disputes while farmers also grapple with lower commodity prices.

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Since returning to the presidency, Trump has imposed a sweeping 10-percent tariff on goods from almost all trading partners while raising this rate for dozens of economies. His moves have added to business costs for many companies, who are in turn feeling a squeeze on their margins.

Trump's latest comments also bring echoes of his first presidency, when retaliatory tariffs on the United States caused more than $27 billion in US agricultural export losses from mid-2018 to late-2019.

At the time, the United States engaged in a tit-for-tat tariffs war with China, among other issues.

The first Trump administration provided aid to farmers too as the trade war gutted exports to what had been a massive market for US soybeans and pork, among other products.

As trade tensions continue to simmer, China -- a top global buyer of soybeans -- has continued diversifying its purchases and pivoting to countries beyond the United States like Brazil.

Canada signs free trade agreement with Indonesia

AFP, *Montreal*

Canada has signed a bilateral free trade agreement with Indonesia, which aims to eliminate or reduce tariffs on over 95 percent of Ottawa's exports to its largest market in Southeast Asia.

Several experts told AFP the strategic agreement is being made in the context of global economic turmoil, exacerbated by the protectionist policies of the United States.

"This is the right deal at the right time with the right partner," Canada's Prime Minister Mark Carney said, adding Indonesia is "Canada's largest export market in Southeast Asia." Indonesian President Prabowo Subianto called it a "historic moment" during a visit to Ottawa, as the agreement is the first of its kind with an Association of Southeast Asian Nations (ASEAN) member country.

"I'm very lucky to be the Indonesian president who brings this back to Indonesia," Prabowo said Wednesday.

Canada's exports include wheat, potash, timber and soybeans.

The Comprehensive Economic Partnership Agreement (CEPA) allows Canada to strengthen its presence in the Pacific region, in line with the strategy that was unveiled by the previous administration under Justin Trudeau.

The deal also provides for the elimination of more than 90 percent of tariffs on Indonesian imports, a boon to the export of garments and leather goods to the North American market.

Simultaneously, a defense cooperation accord was signed aimed at strengthening collaboration in military training, maritime security, cyber defense and peacekeeping.

Big Pharma's tariff win leaves lingering aches

REUTERS, *Dublin*

Big Pharma is proving the mantra that prevention is better than cure. Late on Thursday, President Donald Trump announced 100 percent tariffs on imports of branded drugs into the US but also carved out exemptions for companies who are building big factories stateside. The likes of Roche, Novartis and AstraZeneca were right to take Trump's threats seriously by promising big investments. But their valuations don't exactly radiate confidence they can ward off tariff sickness forever.

Since Trump's "Liberation Day" global drugmakers have been at pains to show they are moving jobs and factories to the US In April, Swiss pharma group Roche announced a $50 billion investment plan, which was matched by Britain's AstraZeneca in July. Earlier this month, fellow UK drugmaker GSK said it would invest $30 billion over the next five years.

Drugmakers have been hammering the local manufacturing mantra home to an almost comical degree. Biogen, a $20 billion US drugmaker specialising in new treatments for neurological diseases, released a video on its social media page this week showing shovel-toting executives literally digging up dirt for a new headquarters in Massachusetts. Not to be outdone Mike Doustdar, CEO of Danish group Novo Nordisk, recently declared that "right now, cranes are rising" at the Ozempic-maker's site in North Carolina.

These announcements and performances had their desired effect. Thanks to Trump's exemptions, the majority of pharma groups will only be subject to the specific tariffs of the country in which they make drugs and ship to the US In such a scenario, French drugmaker Sanofi would only get a 15 percent charge as part of the European tariff agreement with the US, and Britain's GSK receives a 10 percent tariff as agreed by Prime Minister Keir Starmer.

A pharmacy is seen at a chain store in Manhattan, New York City. President Donald Trump on September 25 unveiled 100 percent duties on branded pharmaceuticals, which will come into force on October 1. PHOTO: AFP/FILE

Yet Trump's tariff announcement hasn't exactly sparked a relief rally. Most of the main pharma stocks have been trading at lower valuations since the threat of pharma-specific thwacks was first mooted in April.

AstraZeneca, the perennial bellwether of European pharma growth, was trading at over 12 times its expected EBITDA in April but now only manages 11 times. On Friday, the $228 billion pharma group's shares were flat.

Part of that may be pricing in the impact from wider national tariffs, as opposed to pharma-specific ones. But it may also reflect lingering concern that the sector could yet get hit in other ways – perhaps via some sort of pain for makers of generic drugs, which are yet to be targeted. It's too early for bosses to lay down their shovels.

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