

## SMEs can now remit up to \$3,000 annually: BB

STAR BUSINESS REPORT

Bangladesh Bank (BB) has permitted small and medium enterprises (SMEs) to remit up to \$3,000 annually for bona fide current expenses abroad, in a move aimed at supporting the sector's growing role in the economy.

The central bank said the facility may be used through traditional banking channels or refillable international cards to be issued by authorised dealer (AD) banks.

Each SME must be registered with the SME Foundation to qualify, according to a BB circular.

Under the new rules, ADs may issue "SME Cards" with a ceiling of \$600 per refill to nominated officials of enterprises.

The combined total of card refills and banking-channel remittances cannot exceed the \$3,000 annual limit.

The circular clarified that outward remittances for royalty, technical know-how, assistance fees, and franchise payments remain subject to Bangladesh Investment Development Authority (Bida) guidelines and are excluded from this facility.

Transactions must be routed through a single nominated AD branch, with any change requiring a written application and direct file transfer.

ADs are also required to conduct due diligence, including tax deductions, compliance with KYC and AML/CFT standards, and routine reporting to the central bank.

## Auditor finds Tk 1,373cr

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every financial institution must maintain a minimum paid up capital, money directly invested by shareholders, of Tk 100 crore.

Moreover, the combined total of paid-up capital and reserves must meet a minimum requirement based on the company's risk-weighted assets, which measure exposure to potential financial losses.

Uttara Finance currently faces a capital shortfall of Tk 712 crore.

The auditor also raised an emphasis of matter, noting that it needed access to data from the company's core financial software for verification.

"During the course of our audit, we observed that the company maintains its

books of accounts in Telis ledger balance, which is not in a systematic and verifiable manner within its software system," the report said.

It added that the company's records and balances were compiled using available information, bank statements, manual calculations and schedules, rather than complete digital records.

Md Ataur Rouf, company secretary of Uttara Finance, said the new board is "trying to recover all the funds that were provided in an unauthorised way".

He added that the board is alert and working under the central bank's supervision.

The company's

financial

reports were delayed for years after the Bangladesh Bank detected anomalies when Uttara Finance sought to issue cash dividends based on its misstated 2019 accounts. That report was later restated, and the corrected 2020 report has since been submitted, Rouf said.

Auditors are now working on the 2021 accounts. "Soon all the financial reports will be finalised, so investors will get a clear picture of the company," he added.

Shares of Uttara Finance fell 1.5 percent to Tk 13 on the DSE yesterday.

Earlier in December 2020, the central bank detected major financial irregularities during a special inspection. As

part of follow-up action, it appointed Rahman Rahman Huq (KPMG) in May 2021 to conduct an independent audit.

KPMG later reported

"massive financial engineering" at Uttara Finance, finding that published figures differed widely from actual accounts in nearly all areas, such as assets, liabilities, income and expenses.

The report alleged that these discrepancies were the result of collusion between the former board and management.

Following the report, the Bangladesh Bank removed the sponsor directors and appointed a new board in 2022.

As premium income rises, the limits become even tighter. For premiums over Tk 120 crore, the cap will drop from 22 percent to 12 percent for fire and general insurance, and from 16 percent to 6 percent for marine insurance.

"Many insurers are unable to operate within the existing limits due to inefficient management and high marketing expenses," he said.

"Drastically lowering the slabs further would be detrimental," he said. "We believe the regulator should first ensure all companies follow the current limits before considering any reductions."

Syed Sehab Ullah Al-

Manjur, chief executive officer of Pragati Insurance Limited, called the new limits "highly unrealistic" given rising operational costs, inflation and the broader economic slowdown.

He said, "The percentage

of management expenses in our insurance sector remains comparatively low when measured against neighbouring and other international markets. The proposed limits are not practically feasible."

Md Khaled Mamun, chief executive officer of Reliance Insurance, said the 10 percent cut in management expenses could hit smaller insurers particularly hard.

He urged the regulator to focus on enforcing

## Regulator proposes

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crore, from 92 percent to 81 percent; and for over Tk 500 crore, from 91 percent to 76 percent.

Renewal costs across

all tenures will also be

reduced from 15 percent to 10 percent.

In the non-life segment,

which covers areas such as

fire, marine and general

insurance, management

cost limits will also be

reduced.

For example, for the first

Tk 15 crore in premiums,

fire and general insurers

will now be allowed to

spend 25 percent instead

of 35 percent. For marine

insurance, the cap will

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