

Star BUSINESS



Govt approves merger of five shariah-based banks

Authorities say jobs and deposits will stay protected

STAR BUSINESS REPORT

The interim government has approved the merger of five troubled shariah-based commercial banks into a new state-run Islamic lender named Sammilito Islami Bank Limited.

A meeting of the advisory council chaired by Chief Adviser Professor Muhammad Yunus approved the proposal yesterday.

After the meeting, Chief Adviser's Press Secretary Shafiqul Alam told a press briefing at the Foreign Service Academy that no employee of the merging banks would lose their job and no depositor would lose their savings.

The five banks to be merged are First Security Islami Bank, Union Bank, Global Islami Bank, Social Islami Bank and Exim Bank.

Alam said two names had been proposed for the new entity, United Islami Bank Limited or Sammilito Islami Bank Limited.

Under the merger process, all assets and liabilities of the five troubled banks will be combined into the new lender. All five are listed on the stock exchange.



The Bangladesh Bank said the new bank will have an authorised capital of Tk 40,000 crore, with a paid-up capital requirement of Tk 35,000 crore, according to the chief adviser's press secretary.

As per the preliminary capital plan, around Tk 15,000 crore in institutional deposits from existing depositors could be converted into equity through a bail-in process. The remaining Tk 20,000 crore would be provided by the government as capital support, said Alam.

Of this, the government will inject Tk 10,000 crore in cash and raise another Tk 10,000 crore by issuing Sukuk – shariah-compliant financial instruments similar to bonds.

The merger initiative initially involved six banks, but ICB Islamic Bank was excluded because of an ongoing case with the High Court over its ownership structure.

Alam said the new state-run shariah-based bank will assume all assets and liabilities of the five merging lenders and continue regular operations.

At the beginning, the Finance Division will hold ownership of the bank on behalf of the government. This stake will gradually be transferred to the private sector, he told reporters.

According to the plan, the bank will bring in a strategic

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Bangladesh cashes in on US soybean glut as China turns away

REFAYET ULLAH MIRDHA

Bangladesh is reaping the benefits of a trade war between Washington and Beijing, with local importers snapping up cheap soybeans from the United States after China reduced its purchases drastically.

China, once the biggest buyer of American soy products, has reduced imports following US President Donald Trump's reciprocal tariffs, which strained trade relations between the two economic powers.

Local soybean importers, millers, crushers, and traders say they are taking advantage of the US soybean glut, as China's absence from the US market has left American farmers with excess stock.

Traditionally, Bangladesh sourced soybeans from low-cost Latin American suppliers such as Brazil and Argentina. But recent price hikes there, followed by increased Chinese demand, have made those options less attractive.

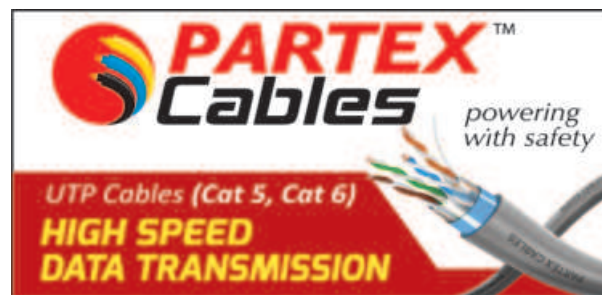
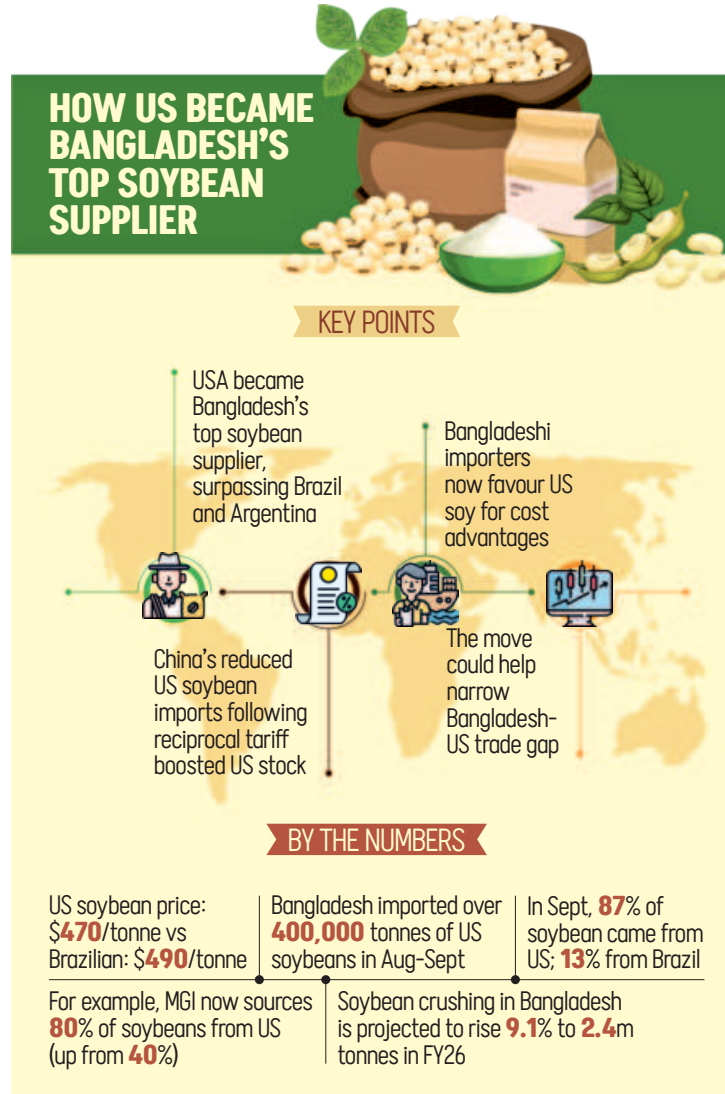
China, the world's largest soybean importer, has not booked a single shipment from US farmers this season, Bloomberg reported.

This unusual move has affected the US growers, as they rely heavily on the Chinese market.

In 2024, the United States accounted for about one-fifth of China's soybean imports, worth more than \$12 billion, representing more than half the total value of US soybean exports.

Without that market, growers have been left with fewer buyers and weaker prices, according to a Bloomberg report.

Reuters reported that US soybean exports to Bangladesh rose sharply to just over 400,000 tonnes, still only a fraction of



China's usual demand. Amid surging Chinese demand, Brazilian traders have increased their prices, said Md Taslim Shahriar, deputy general manager of Meghna Group of Industries (MGI).

"This came about following China's imposition of a 20 percent retaliatory duty on imports of US soy seeds," he told The Daily Star over the phone.

"Sometimes the price gap is \$40 per tonne between Brazilian and US soy seeds. Local importers are enjoying zero-tariff facilities on imports of American soy seeds," he added.

Before the tariff took effect on August 7, MGI sourced 60 percent of its soybeans from Brazil and 40 percent from the US.

"This year, 80 percent of our soy seeds may come from the USA because of the price advantage," Shahriar said.

The quality of US soybean seeds is also "far better" than Brazilian and Argentine varieties, said Amirul Haque, managing director of Delta Agrofood, one of the country's major soybean crushers.

"The price difference is \$20-\$30 per tonne between US and Brazilian seeds, which in international trade represents a significant margin and competitive edge," he said.

In the current international market, US soybean seeds are selling for around \$470 per tonne, compared with \$490 for Brazilian seeds, Haque added.

He said the growing focus on US soybeans could help reduce the trade deficit between Bangladesh and the United States.

"This is because the Trump administration wants to narrow the trade deficit between the two countries," said Haque, who

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BB buys dollar again

So far purchased \$2.08b this FY

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday bought \$107 million from commercial banks, three days after it purchased a nearly equivalent amount from the market to rebuild foreign exchange reserves and maintain stability in the exchange rate.

With the purchase of US dollars for the 14th time, the foreign exchange reserves of the central bank now stand at \$27.12 billion.

The banking regulator bought the dollars from 10 banks through auctions at Tk 121.80, taking the total amount purchased to \$2.08 billion during the current fiscal year.



BB, which sold more than \$25 billion from its forex reserves to help cover imports of fuel, fertiliser, and food between FY21 and FY25, has begun purchasing the greenback since the start of this fiscal year as supply increased owing to higher exports and remittances.

Since early July, the taka has gained against the dollar.

On July 2, the dollar was traded at a maximum of Tk 122.85. The rate has since fallen to Tk 121.80.

Around \$27 million was transacted in the spot market.

On October 6, the country's foreign exchange reserves stood at \$26.79 billion, up from \$21 billion in early October last year, according to BB.

External account balance improves further

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Bangladesh's external account balance improved further in the July-August period of fiscal year (FY) 2025-26, thanks to an increase in exports and remittance inflows.

During the period, the nation's current account balance – the net result from the flow of money into and out of the country in the form of imports and exports, investment earnings, and foreign aid – rose to \$483 million.

A surplus of \$191 million in the current account balance was recorded during the same period a year ago, according to data from Bangladesh Bank.

The nation exported goods worth \$7.9 billion during the period, posting a 10.7 percent year-on-year growth, while its imports grew 9.8 percent year-on-year to \$10.8 billion.

Subsequently, the trade deficit widened to \$2.9 billion during the period, up 7.4 percent year-on-year.

Nevertheless, an 18.4 percent surge in remittances sent by migrant workers supported the improvement in the current account balance.

The country also recorded an improvement in the financial account during the period.

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Businesses seek single-digit interest rate

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Business leaders yesterday urged the central bank governor to lower bank interest rates to single digits, as they said high borrowing costs are affecting businesses.

They made the demand at a meeting between a business delegation representing various leading sectors and Bangladesh Bank Governor Ahsan H Mansur at his office in Dhaka.

The delegation was led by the apex trade body – the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The business leaders also said they need better banking facilities and improved services as they prepare to face the challenges of Bangladesh's graduation from the group of least developed countries (LDCs) in November next year.

They added that the affected business units need government policy support to overcome current challenges and prepare for the post-LDC period.

Bangladesh will lose its preferential market access once it graduates to a developing nation, and local businesses may lose their competitiveness in the global supply chain, they said.

To remain competitive after graduation, businesses are working to improve efficiency by reducing the cost of doing business and increasing trade facilitation, they added.

The business leaders noted that they have been severely affected by the fallout from the Covid-19 pandemic, the Russia-Ukraine war, and the mass uprising in July-August last year, which caused major disruptions to business activities.

They also demanded that small



DEMANDS BY BUSINESSES

Cut lending rates to single digits	Increase Export Development Fund to \$7b	Form a central bank contact point for business issues	Provide back-to-back LC facilities without bond licences for SMEs
Extend loan rescheduling deadlines	Relaunch the Tk 5,000cr pre-shipment credit scheme	Complete bank mergers quickly to avoid disruptions for businesses	Offer policy support to businesses affected during July uprising last year

and medium enterprises (SMEs) be allowed to open back-to-back letters of credit even if they do not have bond licences, as many small enterprises cannot afford such licences due to limited financial capacity.

At the same time, the high bank interest rate is hampering business operations, they said.

After the meeting, Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association, said that apart from lower bank interest rates, businesses also want an extension of the tenure of the central bank's loan rescheduling facility.

Many firms could not avail themselves of the facility within the stipulated timeframe, he said.

Hatem also said they demanded an increase in the size of the Export Development Fund (EDF) to \$7 billion from the existing \$3 billion, as the amount had been reduced by the previous government.

They further requested the formation of a contact point at the central bank where businesses can discuss their problems and the necessary actions to be taken by both the government and the central bank.

The business leaders also called for the relaunch of the pre-shipment credit scheme, as the tenure of the previous Tk 5,000 crore fund ended in April this year.

Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the central bank informed them that a committee headed by a deputy governor has been formed to address various banking problems faced by businesses.

He also urged the governor to ensure the timely completion of bank mergers so that businesses do not face challenges as a result of the process.

Industrial rebound lifts GDP growth in April-June

MD ASADUZ ZAMAN

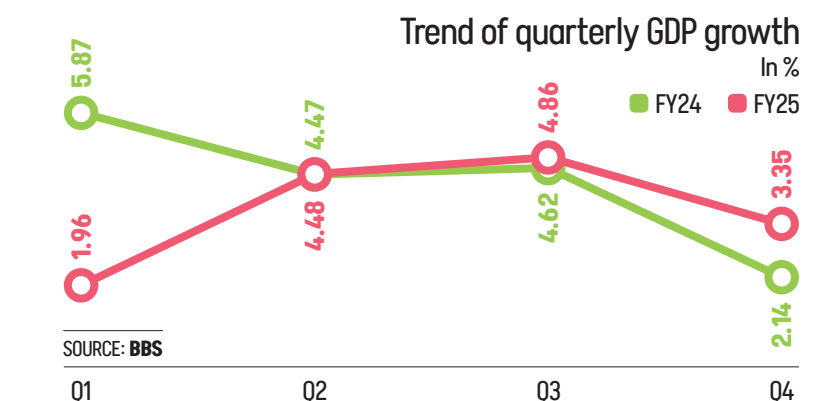
The country's economy expanded faster in April-June than in the same period a year earlier, buoyed by stronger industrial output and export performance. However, growth in agriculture and services remained subdued during the quarter, held back by political uncertainty and frequent street protests.

According to provisional estimates released by the Bangladesh Bureau of Statistics (BBS) yesterday, gross domestic product (GDP) grew by 3.35 percent in the fourth quarter of fiscal year (FY) 2024-25.

By contrast, agriculture slowed to 3.01 percent from 4.11 percent, while services weakened to 2.96 percent from 3.61 percent.

"This overall growth was primarily driven by the industrial sector, with exports serving as the main engine behind it," said Zahid Hussain, former lead economist at the World Bank's Dhaka office.

According to BBS, GDP growth in the first three quarters of FY25 stood at 1.96 percent, 4.48 percent, and 4.86 percent. Based on all four quarters, overall GDP growth for FY25 at constant prices is estimated at 3.69 percent.



That compares with 2.14 percent growth in the same quarter a year earlier, indicating a recovery in overall economic activity. The industrial sector led the rebound, posting 4.10 percent growth, up from 1.08 percent in the corresponding period of the previous fiscal year.

Hussain said industrial growth has consistently outperformed other sectors in recent quarters.

Even so, he noted that overall economic expansion has been disappointing compared with previous years.

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