



Staff of five merging banks may face pay cuts

Fresh Tk 350cr liquidity support approved

MD MEHEDI HASAN

Employees of five shariah-based banks, which will be merged soon, are likely to face cuts in salary and other benefits due to the poor financial health of these banks.

The five — First Security Islami Bank, Social Islami Bank, Union Bank, Global Islami Bank, and EXIM Bank — are struggling to pay their employees.

To ease the massive liquidity crisis, these lenders sought around Tk 1,000 crore in liquidity support from the central bank, which in response approved around Tk 350 crore.

The approval came from a meeting at the Bangladesh Bank headquarters in Dhaka yesterday between the administrators of the five banks and the central bank.

Governor Ahsan H Mansur presided over the meeting organised by the Bank Resolution Department.

At least three central bank officials, speaking on condition of anonymity, confirmed to The Daily Star that the administrators of the five banks had sought Tk 1,000 crore in liquidity support to pay salaries and allowances.

After approving the Tk 350 crore fund exclusively for employee salaries, the central bank governor reportedly asked the administrators to reduce salaries and other benefits due to the weak financial condition of the lenders.

One of the administrators, who also preferred anonymity, said the salary cuts are likely to be implemented soon in the five banks, which collectively employ around 16,000 staff members.

An official from the Bank Resolution Department told The Daily Star that they are working on measures to reduce salaries and other benefits.

An employee of Union Bank said the staff is currently under severe financial stress due to the fragile situation of their bank.

He added that while employees receive salaries in their accounts, they are unable to withdraw or use the funds immediately.

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NBFI liquidation plan: How much shareholders stand to lose

8 LISTED NBFIs THAT MAY BE LIQUIDATED

FAS Finance, Bangladesh Industrial Finance Company, Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, People's Leasing, International Leasing

FINANCIAL CONDITION

The non-banks' liabilities exceed their assets

Average NAV of 7 NBFIs negative Tk 95 per share

They held 52% of the sector's Tk 25,089cr bad loans in 2024

Combined paid-up capital Tk 1,450cr

INVESTOR HOLDINGS & POTENTIAL RISK

Investors hold shares with face value of Tk 947cr

Shareholders expected to recover nothing once liquidation begins

BSEC says it will ask govt to protect small investors

AHSAN HABIB

When Bangladesh Bank (BB) recently announced that shareholders of five weak shariah banks slated for merger would receive nothing for their holdings, it sent shockwaves through the market. The move meant an estimated Tk 4,500 crore in paper wealth turning to dust overnight. Investor confidence plunged, with the DSE key index falling to its lowest level in four months.

Now, another fear is looming over the market. Shareholders in eight non-bank financial institutions (NBFIs), all earmarked for liquidation, may also lose almost everything.

BB Governor Ahsan H Mansur said in August that nine NBFIs would be shut down because their financial condition had deteriorated beyond repair.

Eight of those are listed on the stock exchanges: FAS Finance, Bangladesh Industrial Finance Company, Premier Leasing, Fareast Finance, GSP Finance, Prime Finance, People's Leasing, and International Leasing.

Together, these eight NBFIs have a combined paid-up capital of about

Tk 1,450 crore. Stock-market investors hold roughly two-thirds of this, with a face value of Tk 947 crore, which they are likely to lose entirely if the firms go into liquidation.

Even the current market value of those shares, reportedly above Tk 100 crore, matters little, since liquidation payments are based on actual realised asset value, not market speculation.

NOTHING FOR SHAREHOLDERS

The problem is that the NBFIs' liabilities far exceed their assets: their net asset value (NAV) per share is deeply negative for most. In other words, when the companies' assets are sold off and debts cleared, there will be nothing, or far too little, left for ordinary shareholders.

In such insolvency-driven liquidation, shareholders sit at the very bottom of the list of claimants.

For small investors, it is another chapter in a difficult month. Share prices have stayed depressed, and now the looming NBFI liquidations have darkened the mood further.

Rony Haider, a retail investor, said he bought thousands of shares of People's Leasing at Tk 3 last year, hoping the

company would recover the way several weak banks once did after receiving government support.

"Now the share is trading below Tk 1. I have already suffered huge losses," he told The Daily Star. "The government stepped in to save some banks, so I thought something similar might happen here. But no support came for the NBFIs."

He believes years of unchecked irregularities in banks and NBFIs have left small investors exposed and unprotected.

Updated financial reports paint an equally grim picture. Seven of the eight listed NBFIs have an average net asset value of negative Tk 95 per share. Prime Finance is the exception, but even its last disclosed figure — Tk 5.31 per share in 2023 — offers little comfort given the sector's steep deterioration.

"This situation had been building for years," said Saiful Islam, president of the DSE Brokers Association of Bangladesh.

"We warned that a financial crisis was brewing because banks and NBFIs were being drained. Their non-performing loans (NPL) grew so large that they had

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Inequality to deepen further: WB

STAR BUSINESS REPORT

Economic inequality is set to widen in Bangladesh in the short-term, as persistent inflation, stagnant wages, and declining household purchasing power push poorer families further from economic security, according to new estimates from the World Bank.

The Gini index or coefficient, a key measure of inequality, is climbing steadily from 2022 through 2025, underscoring a growing divide between richer and poorer households.

According to the WB report, released Tuesday in Dhaka as part of the Poverty & Equity Assessment 2025, both income inequality and the prosperity gap, which measures how far people are from a decent standard of living, are expected to increase, signalling heightened stress among low- and middle-income groups.

While inequality in household consumption has remained broadly stable nationally, regional trends diverged. In rural areas, disparities in consumption fell slightly, with the Gini index declining from 29.2 to 28.2, whereas in urban centres it rose from 33.1 to 34.5, indicating growing gaps in city living standards.

The Gini index is measured on a scale of 0 to 100, where 0 represents perfect equality and 100 signifies perfect inequality.

Meanwhile, income inequality, which includes earnings, remittances, and returns on assets, worsened, with the Gini index rising from 51 to 54 points, states the WB report.

The report comes at a time when Bangladesh has already been grappling with deepening inequality over the past two decades.

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BB curbs foreign travel of bankers ahead of polls

STAR BUSINESS REPORT

Bangladesh Bank (BB) has restricted foreign travel for officials and employees of all banks and financial institutions until the upcoming national election, except in cases of absolute necessity.

In a notice yesterday, the central bank said managing directors, chief executive officers, and all other officials must refrain from overseas travel unless it is deemed indispensable.

"The restriction will stay in place until the end of the national election, scheduled for February next year.

The BB issued the directive under the Bank Company Act, 1991, but did not clarify what would count as essential travel.

UN panel queries Bangladesh's economic readiness for LDC exit

STAR BUSINESS REPORT

The United Nations Committee for Development Policy (UN CDP) has asked Bangladesh to provide clarification on its economic situation ahead of the country's scheduled graduation from least developed country (LDC) status.

During a virtual meeting with senior government officials Tuesday, the panel inquired about Bangladesh's readiness for graduation and its progress in implementing the Smooth Transition Strategy (STS), a guideline designed to ensure a sustainable transition from the LDC category.

The meeting followed Bangladesh's submission of its 2025 annual country report to the UN panel, which evaluates LDC graduation against established thresholds. The report was submitted on November 10. Bangladesh is scheduled to graduate from LDC status in November 2026.



Anisuzzaman Chowdhury, special assistant to the chief adviser, led the Bangladesh delegation, while senior UN CDP officials and representatives from other UN bodies participated.

"The UN CDP team and other UN officials focused mainly on the government's report," said a meeting participant, speaking on condition of anonymity.

"They sought information on macroeconomic stability, foreign currency reserves with the central bank, balance of payments, private sector investment, and the tax-to-GDP ratio. The officials also discussed various other economic issues highlighted in the report," the participant added.

"The committee has been reviewing Bangladesh's economic position to provide feedback in February, ahead of the country's scheduled graduation to a developing nation on November 24 next year," the participant said.

"They also requested updates on Bangladesh's preparations to obtain EU Generalised System of Preferences Plus (GSP+) status," they added.

Another participant, speaking anonymously, said the UN CDP team also sought information on Bangladesh's current economic situation, including employment, exports, and imports. "The meeting also covered the private sector's recent performance in trade, business, and the economy," they added.

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Bangladesh yet to benefit from GI products: BUILD study

Many heritage items are at risk of losing their GI tag to other countries

JAGARAN CHAKMA

Despite securing the first geographical indication (GI) status in Bangladesh, the Jamdani industry is struggling amid poor commercialisation and weak enforcement.

While the Bangladesh Small and Cottage Industries Corporation (BSCIC) Jamdani Industrial Estate located in Narayanganj generates Tk 30-32 crore annually, many weavers earn just Tk 5,000-7,000 per month — barely enough to survive.

GI certificate holders have received no training, limiting its impact. Export volumes remain untracked, and past gains from a 25 percent cash incentive in 1997 — which boosted exports to \$19.69 million — have faded, according to a recent study by the Business Initiative Leading Development (BUILD), a public-private dialogue platform.

Without proper support, the industry risks decline, even during peak seasons such as Eid, when projected sales reach Tk 150-160 crore, the study added.

The report said that despite registering 60 GI products, Bangladesh has yet to unlock their commercial

MAJOR GI PRODUCTS OF BANGLADESH

Jamalpur's Nakshi Katha

Chapainawabganj's Khirsapat mango

Rajshahi-Chapainawabganj's Fazli mango

Dhakai Muslim

Jamdani sari

Gopalganj's Rosagolla

Tangail sari

Sundarbans' honey



A view of the Jamdani sari market in Narayanganj's Rupganj. Although the Jamdani sari has received a GI certificate, the manufacturers have not approached the local office to take the initiative further.

PHOTO: STAR/FILE

value due to limited international recognition, weak market strategy, and a lack of producer involvement.

The study draws a sharp contrast between flagship GIs like Hilsa, Jamdani, and Nakshi Kantha, and the reality that many remain "paper GIs" with minimal economic return.

GI, a form of intellectual property, links products to their place of origin and ensures authenticity.

Globally, it is known to boost rural incomes, preserve heritage, and enhance export competitiveness. But in Bangladesh, most GIs remain stuck at the registration phase.

The Department of Patents, Designs, and Trademarks (DPT) started issuing

GI certifications in 2016. Nearly 90 percent of applications came from government agencies, and efforts to reap benefits from GI-tagged products have so far been very limited.

Ferdous Ara Begum, chief executive officer of BUILD, said, "We have only completed the first step of the GI process. We need to implement a full GI lifecycle, which includes infrastructure, financing, marketing, and community mobilisation".

The report said legal recognition alone is not enough. "Without coordinated branding, market access, and international protection, GI-tagged goods cannot command the premium prices they deserve."

The paper noted that GI-tagged

products often fetch 20-30 percent higher prices in global markets. For small producers, this could mean increased revenues and improved livelihoods. Yet, Bangladesh's GI ecosystem lacks strategic marketing, value chain financing, and export incentives.

The study said the country's GI-tagged items reportedly generated \$840 million in exports in the fiscal year 2024-25. But most of this value comes from non-GI-certified products falling under similar trade codes.

In fact, none of the registered GIs are currently exported under official GI labels — limiting their market leverage and global recognition.

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