

Brent rises to \$104

REUTERS, London

Oil prices rallied on Monday, a day after President Donald Trump said Iran's response to a US peace proposal was "unacceptable," raising supply fears as the Strait of Hormuz stayed largely closed, which kept the global market tight.

Brent crude futures climbed \$2.70 or 2.67 percent to \$103.99 a barrel at 0902 GMT US. West Texas Intermediate was at \$97.66 a barrel, up \$2.24, or 2.35 percent. They rose to \$105.99 and \$100.37 a barrel, respectively, earlier in the session.

Last week, both contracts recorded 6 percent weekly losses on hopes for an imminent end to the 10-week-old conflict that would allow oil transit through the Strait of Hormuz. "Despite reassuring noises, our take is that the US and Iran are as far away from agreement as when this supposed ceasefire started," analyst John Evans said.



Despite bumper harvests, low prices have left bottle gourd farmers in Rajshahi disappointed. Farmers are selling each gourd for Tk 22-25, while retail prices range between Tk 40 and Tk 50 in district markets and are even higher in the capital. The photo was taken at a wholesale market in the Shibpur area of Puthia upazila on Sunday. PHOTO: AZAHAR UDDIN

Banks can now pay visa bonds for applicants

STAR BUSINESS REPORT

The Bangladesh Bank (BB) has allowed banks to pay visa bonds and refundable security deposits required by foreign embassies, high commissions, and other authorities on behalf of Bangladeshi applicants, removing a practical hurdle in overseas visa processing.

In a circular issued yesterday, BB said the move aims to ease difficulties faced by Bangladeshi travellers during overseas visa applications where such deposits are mandatory.

Banks may issue international or virtual cards in the applicant's name preloaded with the required deposit amount for the bond or security deposit.

Existing international cardholders under travel entitlement facilities may also reload their cards for the same purpose, provided the funds are used solely for visa-related requirements.

The facility will be available against balances in Exporters' Retention Quota (ERQ) accounts and Resident Foreign Currency Deposit (RFCD) accounts, or through international cards issued against such accounts, subject to existing foreign exchange regulations.

Bankers and industry insiders say the new policy will simplify visa processing for applicants to countries that require financial guarantees as part of visa procedures, including the United States.

DCCI calls for stronger inland waterway infrastructure

STAR BUSINESS DESK

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday urged the government to accelerate the development of inland waterway infrastructure to reduce the cost of doing business and improve trade logistics across the country.

The call came during a courtesy meeting between DCCI President Taskeen Ahmed and Water Resources Minister Md Shahiduddin Chowdhury Anee at the Bangladesh Secretariat in Dhaka, according to a press release.

During the meeting, Ahmed said that as a riverine country, Bangladesh has historically relied on inland waterways as one of the most cost-effective modes of transporting industrial raw materials and goods.

However, the sector's full potential remains untapped due to challenges such as siltation and illegal encroachment on rivers.

He stressed the need for planned dredging activities, riverbank recovery and necessary infrastructural development to ensure efficient and affordable logistics facilities for businesses.

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The DCCI president said the government's initiative to excavate 20,000 kilometres of water bodies over the next five years would significantly boost inland water transport, lower business costs and support irrigation, agricultural

productivity and overall economic growth.

He also said strategic utilisation of waterways surrounding the capital through proper management of an approximately 112 kilometre circular route connecting the Buriganga, Turag, Balu, Shitalakkhya and Dhaleshwari rivers could serve as an alternative transport network and help ease traffic congestion in Dhaka.

Ahmed further proposed greater private sector involvement under public-private partnerships (PPP) in dredging operations and canal excavation activities.

In response, the water resources minister said the government remained committed to the sustainable development of inland waterways. He added that several initiatives had already been undertaken, and called for private sector participation in the nationwide canal excavation programme.

Semiconductor industry group holds roadshow in S Korea

STAR BUSINESS REPORT

The Bangladesh Semiconductor Industry Association (BSIA) began a four-day roadshow in South Korea yesterday, bringing together industry, academia, and government representatives to strengthen bilateral semiconductor collaboration.

The roadshow, running May 11-14, forms part of the Silicon River vision, which seeks to advance Bangladesh's semiconductor and deep-tech sector through global partnerships, reads a BSIA press statement.

During the roadshow, the Bangladeshi delegation will meet major players across Korea's semiconductor ecosystem, including SK hynix, HANA Micron, KAIST's Global Commercialization Center (GCC), ETRI, and McKinsey & Company.

The discussions will specifically focus on critical areas of development, including packaging, AI hardware, design, testing, and commercialisation.

A key highlight of the event is a Letter of Intent signing between BSIA, the Center of Research Excellence in Semiconductor Technology (CREST), and KAIST's GCC, aimed at advancing joint research, talent development, and technology commercialisation, according to the press release.

"Our objective is to learn from Korea's remarkable semiconductor journey while building meaningful long-term partnerships in research, talent development, commercialisation, and industrial collaboration," said BSIA President MA Jabbar.

Dollar steady

REUTERS, London

The dollar was steady on Monday after US President Donald Trump rejected Iran's response to a US peace proposal, sending oil prices higher and prompting renewed concerns that the conflict in the Middle East will drag on.

The US dollar index, which measures the greenback's strength against a basket of six currencies, was little changed at 97.995.

Oil prices, meanwhile, jumped, with Brent crude up 3.6 percent at \$104.94 a barrel, after President Donald Trump on Sunday rejected Iran's response to a US proposal for peace talks, raising worries that the 10-week-old conflict may drag on.

Yet, markets still seem to believe that the conflict will be resolved, said Kenneth Broux, head of corporate research for FX and rates at Societe Generale.

"I think the reason for that may be the involvement of China," he said. "The summit with China and the US later this week is, for me, the main event really," Broux said, pointing to the influence the two countries have in the Middle East.

Trump and Chinese President Xi Jinping are set to discuss Iran, Taiwan, artificial intelligence, nuclear weapons and critical minerals when they meet, according to US officials.

Inflation and growth worries linked to higher oil prices, as well as any potential reaction from central banks, also continue to play on the market's mind, Broux said.

BAB opposes allowing former owners Banks cleared BTRC to resume drives



A delegation of Bangladesh Association of Banks (BAB), led by its Chairman Abdul Hai Sarker, meets Bangladesh Bank Governor Md Mostaqur Rahman at the central bank headquarters in Dhaka yesterday. PHOTO: COURTESY

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transparency and long-term institutional stability should be prioritised in any resolution process.

BAB also urged the BB to consult it before finalising proposed amendments to the Bank Company Act, saying the changes could have a significant impact on board governance, capital raising, sponsor shareholding structures, independent director frameworks and management accountability.

The association said the banking sector is going through one of its most difficult periods.

"Elevated non-performing loans, provisioning and capital adequacy pressures, weak private sector credit growth, legal recovery bottlenecks, rising cost of funds, declining investor confidence, and global economic uncertainties continue to place significant stress on the sector."

It added that the sector is suffering from broader confidence challenges.

"Public confidence, depositor trust, investor confidence, and international perception regarding governance, transparency, and institutional accountability within the banking sector are now critical issues requiring

coordinated and balanced action."

BAB urged the central bank to retain existing incentive bonuses for bankers in order to help banks retain skilled professionals. It also called for access to the BB's refinancing schemes for banks with non-performing loan ratios below 20 percent.

The association further pressed for changes in rules on income recognition, classification and provisioning, arguing that current requirements place undue pressure on capital buffers and restrict credit flow. It suggested allowing interest income recognition after the expiry of grace periods.

On rescheduled loans, BAB said existing classification and provisioning rules significantly increase risk-weighted assets and capital adequacy pressures, limiting banks' ability to extend fresh lending to productive sectors.

It also proposed the creation of a professionally managed national Asset Management Company (AMC) to acquire classified loans, support restructuring and assist sector recovery, citing examples from Malaysia, South Korea and Indonesia. On legal recovery challenges,

BAB said the process for recovering defaulted loans remains slow and complex owing to case backlogs, delayed hearings, misuse of stay orders and weak enforcement of judgments.

To overcome this, BAB proposed amendments to the Artha Rin Adalat Ain to include ultimate beneficiaries and beneficial owners, the introduction of fast-track financial courts and dedicated recovery benches, along with mandatory hearings before stay orders are issued and time bound limits on such orders.

"A major challenge currently faced by banks relates to accounts where courts direct loans to remain unclassified while regulatory inspections require provisioning treatment as 'bad and loss'," it said.

BAB said this creates inconsistencies in provisioning, affects profitability, increases capital stress and reduces lending capacity. It called for separate regulatory treatment for loans under litigation or stay orders, along with a phased provisioning framework.

"Such an approach will improve regulatory consistency while maintaining prudential discipline," said the association.

Banks cleared to launch 'e-loan'

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Banks have also been asked to take necessary steps to improve customer-level financial literacy regarding digital loans.

To strengthen security, the BB said customer identity verification must be conducted through biometric authentication alongside OTP and two-factor authentication (2FA) or multi-factor authentication (MFA), where necessary.

However, agents or third parties engaged by banks will not be allowed to store customers' biometric data.

The central bank directed commercial lenders to follow existing rules on interest calculation, fees, loan classification and provisioning, while prohibiting CIB inquiry charges for e-loans.

Banks must prevent defaulted borrowers from accessing such loans by verifying existing liabilities before disbursement.

The central bank also mandated a six-month pilot before commercial launch and stressed strict compliance with cybersecurity and data protection laws, requiring all customer and loan-related data to be stored within Bangladesh.

Bangladesh already has experience in digital nano-lending through partnerships between banks and mobile financial service providers. In 2021, bKash and City Bank jointly launched an instant nano-loan service that offers small loans to selected users through the bKash app.

Several other banks have introduced digital lending products.

Dhaka Bank launched "e-Rin", an end-to-end digital nano-loan service through its mobile app. Prime Bank introduced "PrimeAgrim" through its app, while BRAC Bank has also rolled out digital lending services.

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Although the platform has recently been relaunched, handset blocking is still awaiting a policy decision from the new government, a BTRC official said.

The commission has recently observed a sharp rise in the use, production, import, marketing and sale of illegal mobile handsets and wireless equipment in divisional cities, city corporations and district towns.

It noted that these activities are punishable under the Bangladesh Telecommunication Regulatory Act, 2001.

Industry insiders said weak enforcement over time, the depreciation of the taka, rising global handset component prices and repeated tax increases have all contributed to the growth of the illegal handset market in Bangladesh, particularly in the smartphone segment.

According to industry estimates and BTRC data, grey-market smartphones now account for 40 to 50 percent of the country's handset market, which is valued at around 1.7

billion US dollars. The grey market is expected to exceed 0.7 billion US dollars in 2025.

Data from Samsung shows that grey-market imports rose from 24 percent in 2022 to 40 percent in 2024. In the same year, 93 percent of premium phones from one brand and around 69 percent of mid-range phones in Bangladesh entered the market through unofficial channels.

The commission said illegal handsets and wireless devices are causing several problems, including consumers being misled with low-quality products, loss of government revenue from illegal imports, disruption in telecom regulation and network management, and financial losses for legitimate handset manufacturers.

In response, the E&I Directorate proposed restarting joint drives with law enforcement agencies, including the Rapid Action Battalion, police and executive magistrates, to stop these activities nationwide.

The commission has decided that enforcement drives will resume at an appropriate time after further instructions.

Businesses trapped

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Sattar also pointed to what he described as a strong "anti-export bias" in trade policy. While export subsidies average around 7 percent, nominal protection rates stand at about 28 percent, allowing domestic industries to benefit more from tariff barriers than export incentives.

Rasheda K Choudhury, former adviser to the interim government, said policy discussions in Bangladesh largely revolve around businesses, tariffs and investment, while consumers remain "at the bottom" with little attention paid to their hardships.

She urged policymakers to strike a better balance between industrial protection and consumer welfare.

Echoing concerns over policy inconsistency, Taskeen Ahmed, president of Dhaka Chamber of Commerce and Industry (DCCI),

said protectionist policies and an overcentralised tax regime are holding back industrial growth and trade competitiveness.

He said businesses must also acknowledge their own shortcomings, but argued that many of the sector's problems stem from conflicting government policies and excessive dependence on the NBR.

Former NBR member Md Farid Uddin questioned the overlapping responsibilities among agencies such as the Industries Ministry, Bida, Beza, Hi Tech Park Authority and BSCIC.

Adding to the discussion, economist M Masrur Reaz said Bangladesh's tax and tariff policies are designed primarily to raise revenue rather than support investment and expansion, discouraging foreign investment and weakening local industries' competitiveness.