M Shamsul Arefin

# NCC Bank eyes digital push, higher SME growth

Says Managing Director and CEO M Shamsul Arefin

AHSAN HABIB

NCC Bank PLC is targeting diversification, digital transformation and stronger risk management to drive its next phase of growth, said Managing Director and CEO M Shamsul Arefin.

In an interview with The Daily Star on the bank's 33rd anniversary, he outlined a roadmap centred on expanding SME and retail lending, accelerating digital banking services, strengthening asset quality, embracing artificial intelligence and increasing support for sustainable financing.

The bank began its journey as an investment company in 1985 and operated through 16 branches until 1992. It became a full-fledged private commercial bank in 1993 with a paid-up capital of Tk 39 crore. Today, that figure stands at Tk 1,154 crore. Arefin said the lender's transformation from a merchant bank into a commercial bank, coupled with its strategic move into larger corporate clients and trade finance, has been instrumental in shaping its growth trajectory.

**GROWTH PRIORITIES**

"In its early years, the bank focused primarily on SME financing and mid-sized corporate clients, which helped build a loyal customer base and establish a strong customer-centric culture. However, over the last seven to eight years, NCC Bank has strategically repositioned itself by venturing into large-scale corporate clients, export-oriented industries, trade finance, and a broader range of business segments," he said.

While maintaining its presence in corporate and export-oriented sectors, NCC Bank plans to place greater emphasis on SMEs, retail banking and agriculture to achieve more balanced growth and deepen financial inclusion, he said.

The lender also plans to expand its Islamic banking footprint as demand for shariah-compliant financial services continues to rise.

"The long-term goal is a modern, resilient, customer-focused bank built on strong governance, financial discipline, and sustainable growth," he said.

**DIGITAL TRANSFORMATION**

Digitalisation remains central to the bank's strategy.

"Going forward, NCC Bank will keep investing in digital infrastructure, cybersecurity, data analytics, automation, and customer-facing tech -- enhancing mobile banking, QR payments, virtual services, digital lending, and fintech integrations," he said.

Artificial intelligence is expected to play a growing role in the bank's operations.

"As part of its digital roadmap, the bank is exploring gradual integration of AI into areas like customer behaviour analysis, fraud detection, chatbots, predictive analytics, and credit risk monitoring," he said.

"AI will also strengthen early warning systems and portfolio analysis."

Meanwhile, the bank is also increasing its focus on green financing, with greater attention to renewable energy projects, energy-efficient industries and environmentally sustainable investments, he said.

**STRENGTHENING ASSET QUALITY**

Reflecting on the previous year, Arefin said broader economic pressures had affected asset quality across the banking industry.

"In 2024, NCC Bank faced asset quality pressure like the broader industry, with its NPL ratio rising to 7.32 per cent. This was driven mainly by external factors like inflation, energy crisis, forex volatility, liquidity stress, and slower business cash flows," he said.

"By 2025, however, the bank significantly reduced its NPL to 4.12 percent through stronger recovery drives, improved monitoring, tighter credit underwriting, and better portfolio supervision."

"The goal is not just to lower the NPL ratio but to build a healthier, more sustainable, and diversified loan portfolio over the medium to long term," he said.

The lender's performance remained resilient despite a challenging banking environment. Deposits rose by nearly 17 percent, advances increased by around 10 percent and operating profit grew by almost 18 percent in 2025. Net profit climbed to Tk 476 crore from Tk 437 crore a year earlier.

"Overall, NCC Bank's 2024-2025 performance underscores strong governance, a customer-centric model, portfolio diversification, and disciplined risk management," he said.

To keep bad loans under control, the lender is pursuing stricter credit appraisal, enhanced early warning systems, expanded recovery teams and greater use of technology and analytics.

**NAVIGATING ECONOMIC HEADWINDS**

He noted that many businesses remain cautious amid high inflation, rising interest rates, foreign-exchange volatility, elevated import costs and liquidity pressures.

"Many businesses remain cautious due to some ongoing pressures: high inflation, energy crisis, rising interest rates, forex volatility, import costs, liquidity stress, slower demand, and lower cash flow," he said. "As a result, business houses are prioritising liquidity and balance sheet stability over expansion."

Demand has shifted from long-term investment loans towards working-capital and trade-finance facilities, although export-oriented sectors continue to show relatively stable borrowing demand.

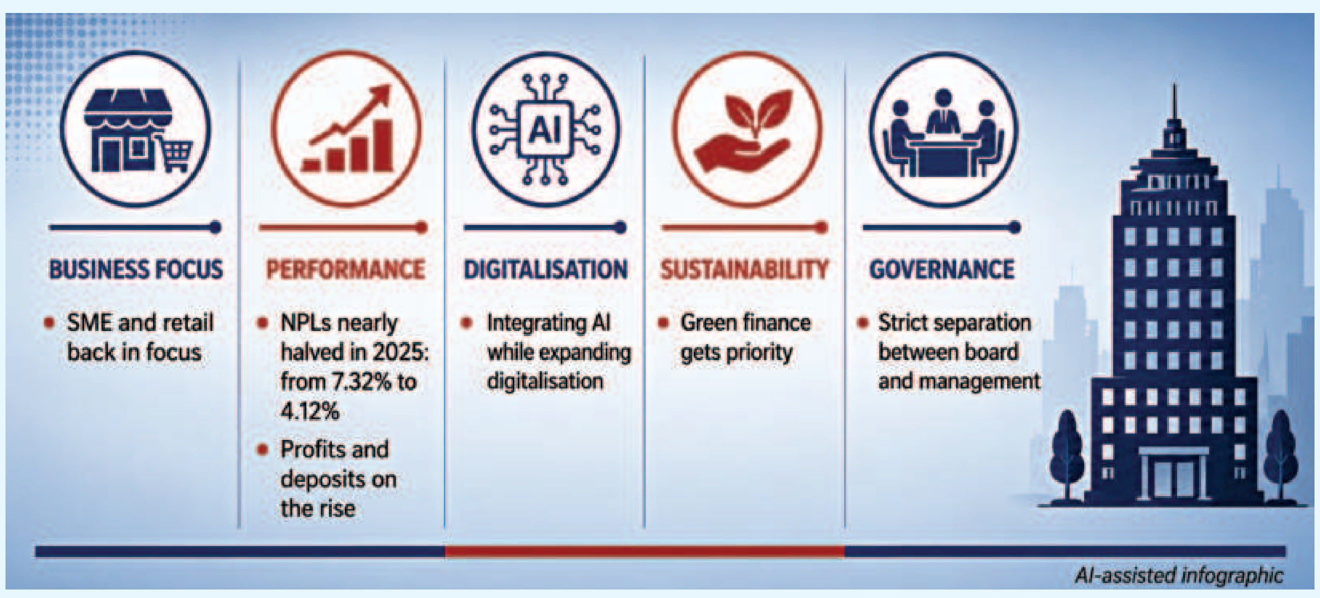
On governance, Arefin said the board maintains strategic oversight while management independently handles day-to-day operations.

"The board provides strategic oversight, while management independently handles day-to-day operations within approved risk and compliance frameworks. No undue pressure is exerted on lending or operational decisions -- all credit proposals undergo a rigorous evaluation and multi-level approval process," he said.

Asked what differentiates NCC Bank from its peers, Arefin highlighted its governance standards, risk management and customer-focused culture.

"NCC Bank stands out for its stability, disciplined banking, customer-centric culture, and over three decades of credibility," he said.

"It maintains strong governance, compliance, and prudent risk management -- even during sector challenges -- prioritising transparency and accountability over short-term gains."




# Budget: Old wine in a new bottle?

MAMUN RASHID

A national budget is more than a statement of revenue and expenditure. It reflects a government's economic philosophy, political priorities and development strategy. Every year, a budget arrives with promises of growth, stability and prosperity. Yet its real test lies not in its size but in its credibility and ability to be implemented.

The upcoming budget for FY2026-27, estimated at Tk 9.38 trillion, is set to be the largest in the country's history. For the BNP-led government, it is an opportunity to demonstrate economic competence and policy direction. However, a key question remains: does this budget represent a new approach to managing the economy?

The budget is being prepared at a difficult moment. Revenue collection remains below expectations, private investment is weak, the banking sector continues to face structural problems, and business confidence has yet to recover fully. Meanwhile, global uncertainty and domestic inflation continue to weigh on economic activity.

Against this backdrop, the government has reportedly set a revenue target of nearly Tk 6.95 trillion, with more than Tk 6 trillion expected from the National Board of Revenue (NBR). While ambitious targets can signal confidence, experience shows that revenue growth cannot be achieved simply by setting higher goals. It requires stronger economic activity, efficient tax administration, broader taxpayer participation and greater trust in public institutions.

One of the major weaknesses of Bangladesh's tax system is its narrow base. Rather than bringing more citizens and businesses into the formal tax net, policymakers often rely on existing taxpayers for additional revenue. This places a heavier burden on compliant businesses and discourages investment. Expanding the tax base, reducing evasion, improving enforcement and accelerating digitalisation deserve greater emphasis than raising tax rates.

The next budget also projects a deficit of around Tk 2.43 trillion. Financing this gap will require substantial borrowing from domestic and foreign sources. The government plans to borrow more than Tk 1.1 trillion from the banking sector. While such borrowing may be unavoidable, it raises concerns about credit availability for private businesses. At a time when investment and job creation are urgently needed, policymakers must ensure that public borrowing does not crowd out productive private investment.

The government has targeted GDP growth of 6.5 percent and inflation of 7.5 percent in the coming fiscal year. Both goals are desirable but difficult to achieve. Global energy prices remain volatile, supply chain disruptions continue to affect costs, and domestic market management still faces challenges. Recent fuel and electricity price increases suggest inflationary pressures may persist.

The budget also contains several encouraging features. Education, healthcare, food security and social protection continue to receive priority. Expanded social safety-net programmes could provide important support to vulnerable households facing higher living costs. Family cards, farmer-support schemes, old-age allowances, disability benefits and skills-development programmes can strengthen social resilience if implemented effectively and transparently.

Another positive feature is the emphasis on the creative economy as a source of employment for young people. Information technology, freelancing, start-ups, innovation-driven enterprises and creative industries offer significant opportunities for a country where nearly two-thirds of the population is of working age. Turning this demographic advantage into productive employment will be essential for long-term growth.

Yet the broader challenge remains unchanged. Bangladesh has a new government with fresh political commitments, but many institutions responsible for policy formulation and implementation remain largely the same. The issue is not a lack of experience but whether these institutions can adopt new ideas and respond effectively to changing economic realities.

Ultimately, the success of the FY2026-27 budget will depend not on its size but on its ability to restore confidence, stimulate investment, create jobs and ease the burden on ordinary citizens. Bangladesh's ambition of becoming a trillion-dollar economy will require more than larger budgets. It will require institutional reform, policy consistency and effective execution.

*The writer is an economic analyst*

# India growth beats forecasts

**But Iran war clouds outlook**

AFP, *Mumbai*

India's economy grew at a faster pace than expected in the first three months of 2026, official data showed Friday, even as the Middle East war clouds the outlook for the rest of the year.

Gross domestic product rose 7.8 percent in the January-March quarter from the same period a year earlier, helped by a robust services sector, according to data from the statistics ministry.

This was down from the 8 percent recorded in the previous quarter but still above market expectations of 7.3 percent growth.

"GDP growth has been resilient... despite geopolitical tensions," Teresa John of Nirmal Bang Institutional Equities told AFP, adding that the quarterly figures had also been helped by a solid performance in the industry and construction sectors.

A ministry news release said growth for the 2025-26 fiscal year, which ended in March, came in at 7.7 percent -- up from 7.1 percent the previous year.

Friday's reading reaffirms India as the world's fastest growing major economy and will be welcome news for policymakers who face a slate of challenges for the current fiscal year.

Prime Minister Narendra Modi's government started the March quarter on solid footing, with robust GDP growth and the announcement of a framework for a much-delayed interim trade deal with the United States.

That momentum quickly unravelled because of the Middle East conflict and the latest threat of additional US tariffs potentially delaying a pact with Washington.

India's trade minister, Piyush Goyal, said on Friday that he hopes to "execute" the first tranche of a deal next month, but the effects of the Iran war remain a pressing concern.

# Depleted oil inventories raise spectre of fresh price spike

REUTERS, *Houston/New York*

Global oil inventories are running dangerously low as a deal to re-open tanker traffic through the Strait of Hormuz has proven elusive, and industry executives and analysts warn there could be another oil price shock in the coming weeks, severe enough to upset broader financial markets.

Some fear the next move higher for oil prices would pose a risk to economic growth, bond yields and the bull market for stocks. "We're approaching unheard of inventory levels. I mean, really, really low levels. You can debate whether that's going to hit those really low levels in two weeks or three weeks. But once you get to that point, you'll see prices shoot up," Neil Chapman, Exxon Mobil senior vice president, said at the Bernstein conference in New York on May 28.

Chapman said that if inventory levels get much lower, dated Brent, which is used to price more than 60 percent of globally traded crude, could rise to $150 or $160 a barrel.

Crude inventories and strategic reserve releases have kept oil prices somewhat under control in the four months that the war with Iran has kept supplies from reaching much of the world. Crude futures have been trading below $100 a barrel despite the strait remaining effectively closed.

For days, US President Donald Trump has said a deal to reopen the strait is imminent. But so far it has been elusive, and warnings from the oil industry have gotten sharper.

If stock draws continue at their current pace, sinking global oil inventories could hit critically low levels just as summer fuel demand hits its peak, the head of the International Energy Agency's oil industry and markets division, Toril Bosoni, said on Tuesday.

"Once they (cushions) thin out, prices have to do more of the adjustment work. That means either consumers pay more or demand gets destroyed," said Mehmet Beceren, vice president and senior market strategist at Rosenberg Research, who said a tipping point could be reached by the end of June.

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US crude stocks are down almost 64 million barrels since the start of the war, and have fallen for eight straight weeks.

The US is in the process of releasing 172 million barrels from the SPR, part of a coordinated effort by the IEA to release a record 400 million barrels of oil to combat rising prices.

Those stock releases alongside a drop in Chinese seaborne crude imports, which in May hit the lowest level in nearly 10 years, have helped quell some of the supply shock.

"I think the risk of a second price shock is real, but the key point is that it may come from the exhaustion of buffers rather than from the initial Hormuz closure itself," Shohruh Zukhritdinov, a Dubai-based oil trader, said.

Drawdowns in US strategic petroleum reserves, fuel substitution and other factors that have limited the price spike may not be enough if the disruption drags on, analysts in JPMorgan's Data Assets and Alpha group said.

The White House did not respond to a request for comment.

**An oil tanker is docked, unloading crude oil at the port in Qingdao, in China's eastern Shandong province.** PHOTO: AFP/FILE

# RMG exports to non-traditional markets fall 5.95% in Jul-May

STAR BUSINESS REPORT

Garment exports to non-traditional markets declined by 5.95 percent year-on-year to $5.68 billion in the July-May period of the outgoing fiscal year, according to data from the Export Promotion Bureau (EPB) compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday.

Bangladesh considers all markets non-traditional except the United States (US), the European Union (EU), Canada and the United Kingdom (UK).

During the period, garment exports to the EU declined by 4.88 percent to $17.36 billion, while exports to the US decreased by 0.04 percent to $7.03 billion.

However, readymade garment (RMG) shipments to Canada grew slightly by 2.27 percent to $1.23 billion during the period, while exports to the UK fell by 0.50 percent to $4.02 billion.

Overall, Bangladesh's RMG exports reached $35.31 billion during the July-May period of fiscal year 2025-26, registering a 3.41 percent year-on-year decline.

Among RMG items, knitwear exports declined by 4.26 percent to $18.78 billion, while woven garment exports fell by 2.42 percent to $16.52 billion, according to EPB data.