

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Banks often transact after getting bad credit reports

- Many commercial banks of the country are making foreign transactions without obtaining proper credit reports, resulting in fraudulence, a BIBM study revealed. Banks often transact even after getting bad credit reports like poor rating, inconsistent line of business and absence of business houses' locations. A study conducted by Bangladesh Institute of Bank Management revealed that some 26 Bangladeshi exporters with products worth BDT 6.0 billion fell prey to a non-existent UK company. As pre the report, When two buyers placed orders to the Bangladeshi producers, they approached banks for opening back-to-back letters of credit (LCs) in China. After a scrutiny of the credit reports, it was found-'unable to locate the buyer' and also found-'high risk to failure in payment.
- With those reports, some banks were unwilling to open the LCs. However, some opened LCs based on the local exporters' credibility. After final shipments to the UK by the 26 Bangladeshi companies, no payments were received. The report also added that some commercial banks had been forced to open LCs before obtaining credit reports from counterpart importers or exporters which affected payments thereafter. It also found that the delay in collecting credit reports by commercial banks leads to rise in import prices of different products here. The absence of a central database for credit reports in Bangladesh causes misuse of foreign currency, the study mentioned.
- Local commercial banks usually do not share credit reports, thus causing high prices of products, delay in shipment, fraudulence and misuse of foreign currency. This takes place in 40% cases for opening LCs and making foreign transactions, the survey found. Even some branches of the same bank did not share the credit report of an importer as a local exporter approached them for opening an LC, it was mentioned in the survey. Meanwhile, bankers said that credit report collection charge is higher in Bangladesh.

<http://today.thefinancialexpress.com.bd/first-page/banks-often-transact-after-getting-bad-credit-reports-1527528910>
<https://www.thedailystar.net/business/exporters-duped-foreign-buyers-1583200>
<http://www.newagebd.net/article/42322/inaccurate-credit-reports-on-foreign-traders-open-door-to-forgeries>

Falling budget execution rate gives 'bad signal'

- The declining rate of budget implementation over the last few years is a very bad omen for the country, Finance Minister said. This statement came when a former finance advisor pointed out that the rate of budget implementation has dropped from 93% in 2012 to around 80% (at present). Finance minister regretted that the government has initiated several reforms to ease the process of budget implementation, but those did not bear any fruit. The finance minister also admitted that the recent series of scams in the banking sector is a 'very serious matter' for the country. The finance minister also emphasized recasting the bankruptcy law to facilitate the banks' merger and bankruptcy process.

<http://today.thefinancialexpress.com.bd/first-page/falling-budget-execution-rate-gives-bad-signal-1527528805>
<https://www.thedailystar.net/business/muhith-upset-over-slow-pace-1583203>

Credit growth slowdown imminent: Mercantile Bank CEO

- The rising interest rate will put the brakes on the runaway private sector credit growth this year as entrepreneurs will be reluctant to take on high-cost funds. Moreover, maintaining the lower loan-deposit ratio will compel private banks to go slow with lending, said managing director of Mercantile Bank. However, the slow credit growth will not affect private sector investment as banks will focus on quality loans, he added. Last year, private sector credit growth was more than 18%. But thanks to the central bank's efforts to curb aggressive lending by banks, it started decelerating from March.
- The credit growth was 17.93%, down 0.56% points from the previous month, according to data from the central bank. He mentioned that the lending rate will come down to single digit in the near future as there is enough liquidity in the banking system. Liquidity crisis in some banks created panic in the market. Talking about the capital market, he said that Bangladesh's capital market is now a mature platform and the addition of the two bourses from China as the strategic partner of Dhaka Stock Exchange will bring more transparency to the stock market.

<https://www.thedailystar.net/business/banking/credit-growth-slowdown-imminent-1583050>

Three new banks on the horizon

- Approval for three new commercial banks is in the works at a time when the country's banking sector is handicapped by financial irregularities and bad loans. Bangladesh Bank (BB) has completed the primary process for issuing licences to two new private banks -- Bengal Bank and People's Bank. And the third one -- Community Bank Bangladesh -- proposed by the Bangladesh Police is under consideration. The BB had earlier turned down proposals from Bengal

Bank and People's Bank, but it had to go back on the decision following pressure from the government higher-ups.

<https://www.thedailystar.net/business/three-new-banks-the-horizon-1583197>

World Stock and Commodities*

| Index Name | Close Value | Value Change | % Change |
|------------------------------|--------------------|---------------------|-----------------|
| Crude Oil (WTI)* | \$66.77 | -1.11 | -1.64% |
| Crude Oil (Brent)* | \$75.61 | +0.31 | +0.41% |
| Gold Spot* | \$1,298.30 | -0.74 | -0.06% |
| DSEX | 5417.42 | -39.40 | -0.72% |
| Dow Jones Industrial Average | 24,753.09 | -58.67 | -0.24% |
| FTSE 100 | 7,730.28 | +13.54 | +0.18% |
| Nikkei 225 | 22,245.23 | -235.86 | -1.05% |

Exchange Rates

USD 1 = BDT 84.17*
GBP 1 = BDT 112.12*
EUR 1 = BDT 97.89*
INR 1 = BDT 1.24*

**Currencies and Commodities are taken from Bloomberg.*

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