

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' profitability falls in Sept-end quarter: Bangladesh Bank

- Profitability of the scheduled banks faced a fresh blow at the September-end quarter of the year 2019 amid growing non-performing loans in the banking sector. Both two parameters of profitability — returns on asset (RoA) and returns on equity (RoE) — of the banks deteriorated at the end of September, 2019. As per the Bangladesh Bank's financial stability assessment report released on Sunday, returns on equity of the scheduled banks were 1.9% negative, which were 3.6% three months ago. Besides, returns on asset of the banking sector dropped to 0.1% at the September-end quarter from 0.2% at the June-end quarter, the BB report said.
- Bankers said that the country's banking sector had failed to improve its health due to growing volume of defaulted loans also known as non-performing loans. The amount of the banks' defaulted loans swelled to BDT 1.16 trillion at the end of September last year from BDT 1.12 trillion at the end of June as the special loan rescheduling policy encouraged borrowers to be chronic defaulters.

<https://www.newagebd.net/article/99132/banks-profitability-falls-in-sept-end-quarter-bangladesh-bank>

Yet another bank gets central bank approval

- Bangladesh Bank on Sunday gave its seal of approval to the Bengal Commercial Bank Ltd, asking the lender to boost paid-up capital to BDT 5.0 billion within two years. This will take the total number of banks in Bangladesh to 60. Besides, the board decided to issue letter of intent to the proposed Peoples Bank Ltd, asking it to comply with the existing rules and regulations before it gets the final go-ahead. The central bank had stalled the process of providing license to the proposed People's Bank following allegations of money laundering against the chairman of the bank.
- The central bank was originally opposed to the idea of letting in more banks. Experts also opposed the move, saying the sector is already saturated and its overall health, especially of the newer banks, was on the wane. But its resistance was futile as in 2018 after pressure from government higher ups, particularly then finance minister, it decided to start the process of providing licenses to four proposed banks. The proposed financial institutions are: Community Bank Bangladesh, Bengal Commercial Bank, Peoples Bank and Citizen Bank.
- Bengal Commercial Bank, which is originally called Bengal Bank, will concentrate on lending to small- and medium-sized enterprises and consumer financing. Bengal Commercial Bank was initiated by the Bengal Group of Industries, which is a local manufacturer of plastic products.

<https://www.thedailystar.net/business/news/another-lender-enters-the-fray-1865809>

<https://today.thefinancialexpress.com.bd/first-page/yet-another-bank-gets-central-bank-approval-1581273838>

<https://www.newagebd.net/article/99143/bengal-bank-gets-final-approval>

Government allows Bangladesh Bank to form fund for stocks

- The finance ministry has endorsed a Bangladesh Bank proposal to form a revolving refinance fund exclusively for the ailing capital market. The BB would issue a circular in this regard within a couple of days, allowing the scheduled banks to take money from the fund at an interest rate of around 5%. Brokerage houses, merchant banks, and stock market subsidiaries of banks and financial institutions would get access to the fund through the scheduled banks. For the brokerage houses, merchant banks, and stock market subsidiaries of banks and financial institutions, the rate of interest would be within 7-9%.
- The fund size would not be set in size instead the support fund would be for 5-6 years. Individual investors would not be allowed to access to fund from the scheme as it is meant for the institutions. Apart from the monetary support, the central bank will also provide policy support for the scheduled banks for enhancing their capability to invest on the stock market. Dividend track record and earnings might be the criteria to be set by the central bank.

<https://www.newagebd.net/article/99130/government-allows-bangladesh-bank-to-form-fund-for-stocks>

Standard, NRB Global to become Islamic banks

- Standard and NRB Global, two private banks are set to become full-fledged Shariah-based lenders as they step back from the crowded landscape of traditional banking. This will take the total number of Islamic banks operating in the country to 10. Shariah-based banking is progressively seeming attractive to regular banks given their lower statutory liquidity ratio and higher loan-deposit ceiling of 90%.
- Islamic banks have to keep SLR of 5.5% of their deposits, whereas for regular banks it is at least 13%, as per

regulations. To get in on the action, many regular banks opened Shariah-based services, such as Saadiq by Standard Chartered. As of December 2018, all Islamic financial institutions combined had a deposit base of BDT 2.37 trillion. Full-fledged Islamic banks accounted for 95% of that amount.

<https://www.thedailystar.net/business/news/standard-nrb-global-become-shariah-lenders-1865812> <https://www.dhakatribune.com/business/banks/2020/02/09/standard-nrb-global-to-become-islamic-banks>

Robi brings tech to enhance 4G services

• Fourth generation (4G) voice and data services are set to be enhanced through Robi's adoption of Voice over Long Term Evolution (VoLTE) this week, ushering the end of 3G networks within a couple of years. The VoLTE is a standard for high-speed wireless communication for mobile phones and data terminals, including internet of things devices and wearables. The second largest mobile carrier with about fifty million active users says it would lower call drops and call establishment times, extend smartphone battery life, increase internet speed and reduce pressure on its network.

<https://www.thedailystar.net/business/news/robi-brings-tech-enhance-4g-services-1865818>

World Stock and Commodities*

Index Name	Close Value	Value Change	% Change
Crude Oil (WTI)*	\$50.25	-0.07	-0.14%
Crude Oil (Brent)*	\$54.47	0.00	0.00%
Gold Spot*	\$1,570.52	+0.08	+0.01%
DSEX	4,149.83	+81.63	+2.01%
Dow Jones Industrial Average	29,102.51	-277.26	-0.94%
FTSE 100	7,466.70	-7.03	-0.18%
Nikkei 225	23,778.29	-49.69	-0.21%
BSE SENSEX	41,141.85	-164.18	-0.40%

Exchange Rates

USD 1 = BDT 84.88*

GBP 1 = BDT 109.45*

EUR 1 = BDT 92.95*

INR 1 = BDT 1.19*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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