

# MBL

VOLUME – 23  
MONTHLY ONLINE BULLETIN

RESEARCH AND PLANNING DIVISION  
MERCANTILE BANK LIMITED  
HEAD OFFICE, DHAKA.

APRIL 2023

# SPECTRUM



বাংলা ব্যাংক

 মার্কেটাইল ব্যাংক লিমিটেড  
Mercantile Bank Limited  
দক্ষতাই আমাদের শক্তি

# EDITORIAL

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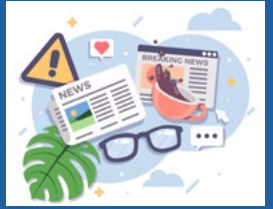
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# EDITOR'S NOTE

April is the fourth month of the year and the start of the 2nd quarter for Banks. It is a month of festival as we celebrated the “Pahela Boishakh” on 14th of April. Along with being a symbol of Bengali culture and heritage, the Pahela Baishakh brings a positive momentum to the economy as people purchases new dresses, handicrafts and various other necessary as well as luxury goods. When it comes to history of Bangladesh, April is significant for “Mujibnagar Day,” which is observed on 17th of April. On 17th April, 1971 first Government of Independent Bangladesh was formed.

For almost a year now, spiraling inflation, exorbitant import prices brought on by supply disruptions have plagued the whole world including Bangladesh. As a result of this, the significant fall in reserve, particularly the greenback, is deemed as a matter of concern for the economy. But over the last few months, Remittance inflow and export have been on the rise and an injection of USD 476 million funds by IMF has improved the scenario.

We are heartened by the Bloomberg news agency's recognition of honorable Prime Minister Sheikh Hasina's “timely reform steps” which have acted as a buffer against the negative impacts of an international economic crisis. Despite the ongoing hardship of the previous few years, she has demonstrated great skill in maintaining Bangladesh's stability. The World Bank (WB) has developed a five-year Country Partnership Framework (CPF) for Bangladesh with the aim of assisting the country in achieving its goal of becoming an upper-middle-income country (UMIC) by 2031. The CPF will be implemented from 2023 to 2027, during which the global lender will provide financial and technical assistance to support Bangladesh's development and growth objectives.

This volume addresses the aforementioned regional and international topics as well as noteworthy MBL news. Progress of the banking industry up to April 2023 will also be covered.

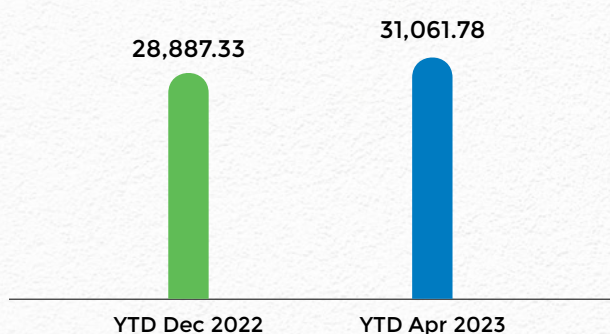
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# MBL PERFORMANCE

## APRIL 2023

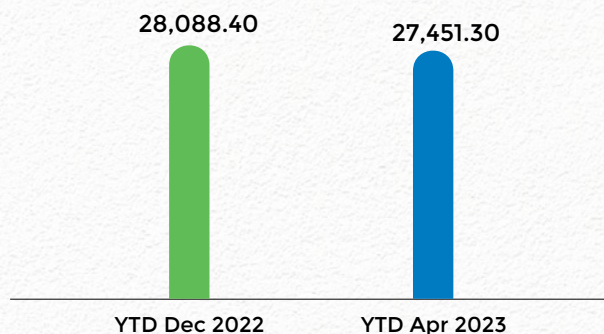
### Deposits

BDT in Crore



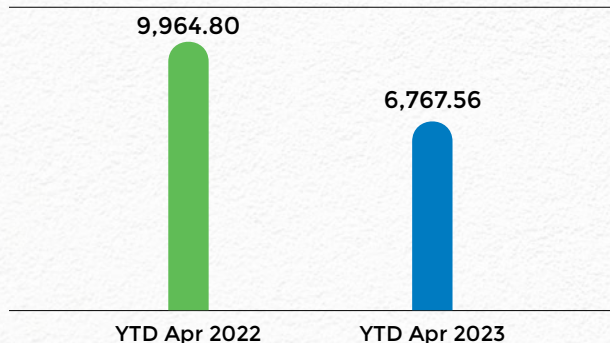
### Loans & Advances

BDT in Crore



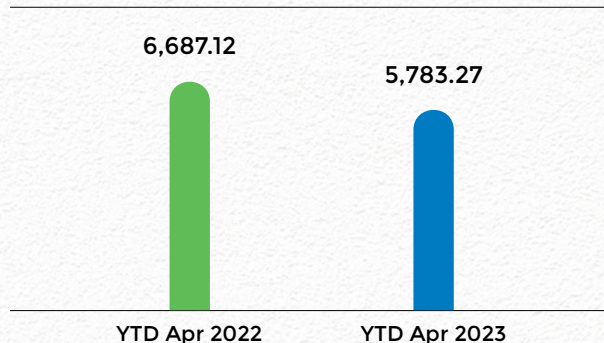
### Import

BDT in Crore



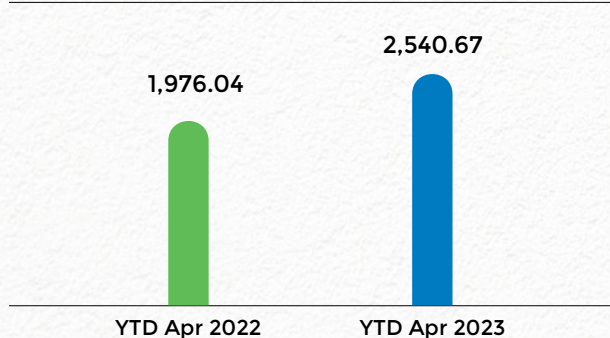
### Export

BDT in Crore

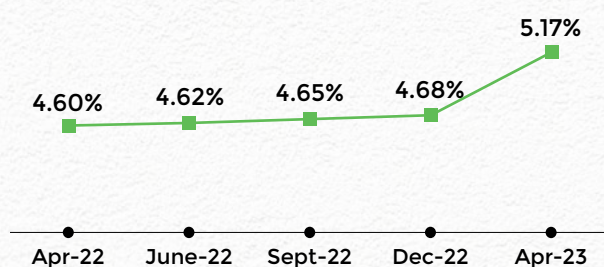


### Inward Remittance

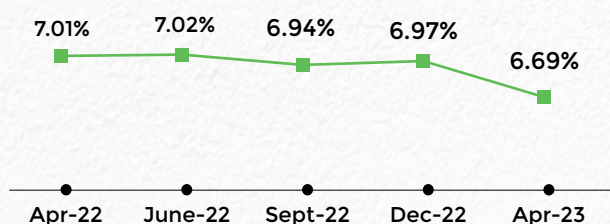
BDT in Crore



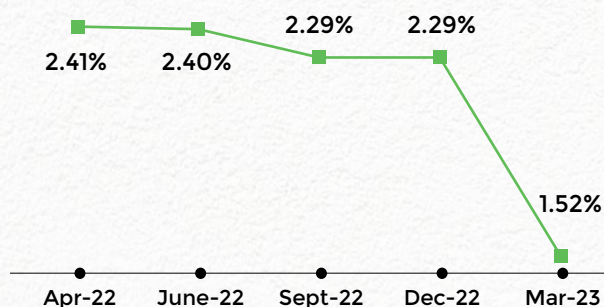
### Cost of Deposit



### Yield on Advances



### Spread



# GLOBAL ECONOMY



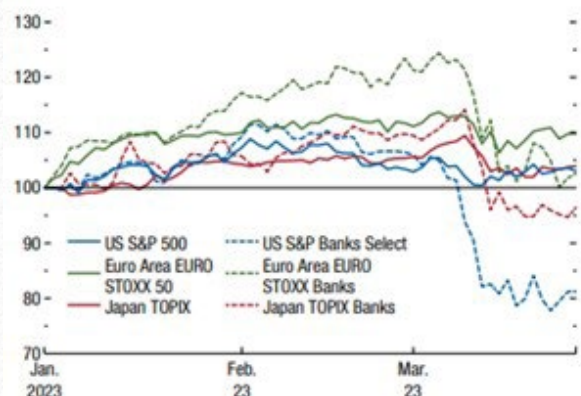
## Global Prospects and Policies

### A Stagnant Recovery

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia’s invasion of Ukraine—manifesting in unforeseen ways. Moreover, The unexpected failures of two specialized regional banks in the United States in mid-March 2023 and the collapse of confidence in Credit Suisse—a globally significant bank—have roiled financial markets, with bank depositors and investors reevaluating the safety of their holdings and shifting away from institutions and investments perceived as vulnerable. The loss of confidence in Credit Suisse resulted in a brokered takeover. Broad equity indices across major markets have fallen below their levels prior to the turmoil, but bank equities have come under extreme pressure (Figure 1.1).

The major forces that affected the world in 2022—central banks’ tight monetary

**Figure 1.1. Broad Equity and Bank Equity Indices for Selected Major Economies**  
(Index; January 1, 2023 = 100)



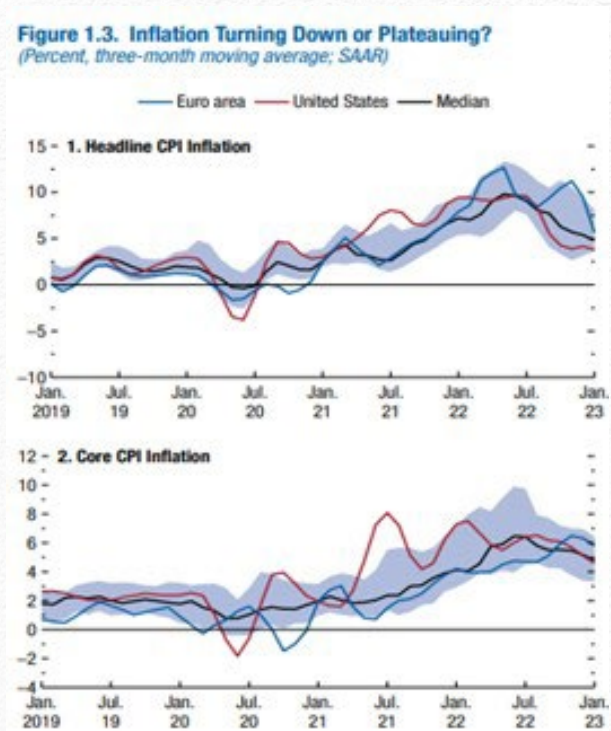
Sources: Bloomberg Finance L.P.; and IMF staff calculations.  
Note: Latest data available are for March 28, 2023.

stances to allay inflation, limited fiscal buffers to absorb shocks amid historically high debt levels, commodity price spikes and geo-economics fragmentation with Russia’s war in Ukraine, and China’s economic reopening—seem likely to continue into 2023. But these forces are

now overlaid by and interacting with new financial stability concerns. A hard landing— particularly for advanced economies—has become a much larger risk. Policymakers may face difficult trade-offs to bring sticky inflation down and maintain growth while also preserving financial stability

### Inflation Is Declining with Rapid Rate Rises but Remains Elevated amid Financial Sector Stress

Global headline inflation has been declining since mid-2022 at a three-month seasonally adjusted annualized rate (Figure-2). A fall in fuel and energy commodity prices, particularly for the United States, euro area, and Latin America, has contributed to this decline.



### China's Economic Reopening

As the country's COVID restrictions were ultimately lifted, multiple large outbreaks led to declines in mobility and economic activity in the fourth quarter of 2022 due to the disease's direct effects on human health and heightened fears of contagion (Figure -3). Supply disruptions also returned to the fore, even if temporarily, leading to a rise in supplier delivery times.

Figure 1.10. China's Reopening and Recovery (Percent deviation from trend; right scale is international flights a day)



### A Challenging Outlook

A return of the world economy to the pace of economic growth that prevailed before the bevy of shocks in 2022 and the recent financial sector turmoil is increasingly elusive. More than a year after Russia's invasion of Ukraine and the outbreak of more contagious COVID-19 variants, many economies are still absorbing the shocks. The recent tightening in global financial conditions is also hampering the recovery. As a result, many economies are likely to experience slower growth in incomes in 2023, amid rising joblessness. Moreover, even with central banks having driven up interest rates to reduce inflation, the road back to price stability could be long. Over the medium term, the prospects for growth now seem dimmer than in decades.

### Latest World Economic Outlook Growth Projections

| (Real GDP, annual percent change)               | PROJECTIONS |      |      |
|---|-------------|------|------|
|   | 2022        | 2023 | 2024 |
| <b>World Output</b>                             | 3.4         | 2.8  | 3.0  |
| <b>Advanced Economies</b>                       | 2.7         | 1.3  | 1.4  |
| United States                                   | 2.1         | 1.6  | 1.1  |
| Euro Area                                       | 3.5         | 0.8  | 1.4  |
| Germany   | 1.8         | -0.1 | 1.1  |
| France  | 2.6         | 0.7  | 1.3  |
| Italy   | 3.7         | 0.7  | 0.8  |
| Spain   | 5.5         | 1.5  | 2.0  |
| Japan   | 1.1         | 1.3  | 1.0  |
| United Kingdom                                  | 4.0         | -0.3 | 1.0  |
| Canada  | 3.4         | 1.5  | 1.5  |
| Other Advanced Economies                        | 2.6         | 1.8  | 2.2  |
| <b>Emerging Market and Developing Economies</b> | 4.0         | 3.9  | 4.2  |
| Emerging and Developing Asia                    | 4.4         | 5.3  | 5.1  |
| China   | 3.0         | 5.2  | 4.5  |
| India   | 6.8         | 5.9  | 6.3  |
| Emerging and Developing Europe                  | 0.8         | 1.2  | 2.5  |
| Russia  | -2.1        | 0.7  | 1.3  |
| Latin America and the Caribbean                 | 4.0         | 1.6  | 2.2  |
| Brazil  | 2.9         | 0.9  | 1.5  |
| Mexico  | 3.1         | 1.8  | 1.6  |
| Middle East and Central Asia                    | 5.3         | 2.9  | 3.5  |
| Saudi Arabia                                    | 8.7         | 3.1  | 3.1  |
| Sub-Saharan Africa                              | 3.9         | 3.4  | 4.2  |
| Nigeria   | 3.3         | 3.2  | 3.0  |
| South Africa                                    | 2.0         | 0.1  | 1.8  |
| <b>Memorandum</b>                               |             |      |      |
| Emerging Market and Middle-Income Economies     | 3.9         | 3.9  | 4.0  |
| Low-Income Developing Countries                 | 5.0         | 4.7  | 5.4  |

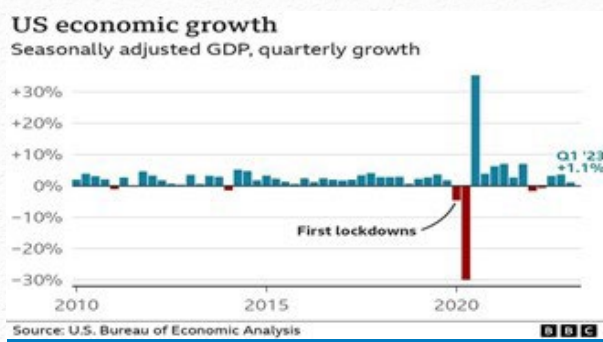
Source: IMF, World Economic Outlook, April 2023  
 Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2022/2023 (starting in April 2022) shown in the 2022 column. India's growth projections are 5.4 percent in 2023 and 6.3 percent in 2024 based on calendar year.

(Ref: <https://www.imf.org/>)

## US economic growth slows as firms cut investment

The US economy slowed in the first three months of the year, as businesses reduced investments in the face of higher borrowing costs. The economy grew 1.1% on an annualized basis, the Commerce Department said.

That was down from a rate of 2.6% in the prior quarter, despite strong consumer spending. Analysts are watching nervously to see how the world's largest economy handles a mix of higher interest rates and rising prices. The US economy had contracted in the first half of last year as trade flows adjusted from the pandemic and higher borrowing costs led to a sharp slowdown in home sales. But a strong job market has kept consumer spending - the



main driver of economic activity - resilient, despite rising living costs, helping to defy predictions of a recession. Spending was up 3.7% on an annual basis in the January-to-March period.

(Ref: <https://www.bbc.com>)

## First Republic: Future of US bank in doubt as investors flee

Shares in First Republic have tumbled nearly 30% to close at a new record low amid renewed fears the US bank could be the next to collapse. The sell-off extended steep declines from a day earlier after the bank said customers had pulled \$100bn in deposits from the bank in March. First Republic has been under pressure since a series of US bank failures last month sparked fears of a wider crisis. Its shares have shed 95% of their value in a matter of weeks.

It was seen as vulnerable to a bank run - and being squeezed by higher interest rates, as it is forced to pay more to keep deposits, while earning less on the home loans made when rates were lower. Last



month it received a \$30bn influx from some of America's biggest banks, a rescue plan aimed at shoring up confidence in the lender, which had seemed to calm fears.

(Ref: <https://www.bbc.com>)

## China's economy gathers speed

China's economy grew at a faster-than-expected pace in the first quarter, as the end of strict Covid curbs lifted businesses and consumers out of crippling pandemic

disruptions, although headwinds from a global slowdown point to a bumpy ride ahead.

More than a year-long sweeping streak of global monetary policy tightening to rein in red-hot inflation has dented world economic growth, leaving many countries including China reliant on domestic demand to spur momentum and raising the challenge for policymakers looking for post-Covid stability. Gross domestic product grew 4.5 percent year-on-year in the first three months of the year, data from the National Bureau of Statistics (NBS) showed on Tuesday, faster than the 2.9 per cent in the previous quarter. It beat analyst forecasts for a 4.0 per cent



expansion and marked the strongest growth in a year.

(Ref: <https://www.daily star.com>)

## ADB forecasts China, India to power strong growth in '23

China's recovery from the pandemic and strong demand in India will drive strong economic growth in Asia this year, the Asian Development Bank said in a report.

The Manila, Philippines-based ADB's latest update forecasts an expansion of 4.8 per cent in this year and the next, up from 4.2 per cent in 2022. It said inflation would likely cool slightly this year and fall further in 2024. ADB economists said a weekend decision by oil producing nations to cut output, pushing oil prices sharply higher, might reignite inflationary pressures and add to challenges for the region.



The report's analysis was based on the assumption that Brent crude oil, the pricing basis for international trading, would average \$88 a barrel this year and \$90 a barrel next year.

(Ref: <https://thefinancialexpress.com.bd/>)

## \$50 billion fund to face global crisis likely

The spring meeting of the World Bank Group and the International Monetary Fund (IMF) started on 10th April in Washington, DC, USA, reports UNB. This meeting is likely to announce an allocation of USD \$50 billion from the organisations to face the global crisis. The seven-day meeting will continue till April 16 at the headquarters of the IMF and the World Bank Group in Washington.

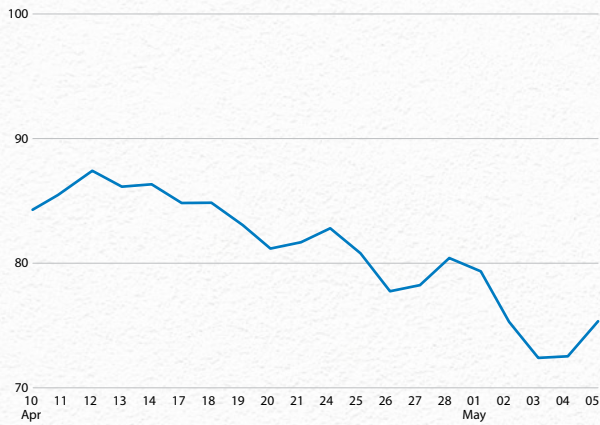
According to the Ministry of Finance, a delegation of six members is participating



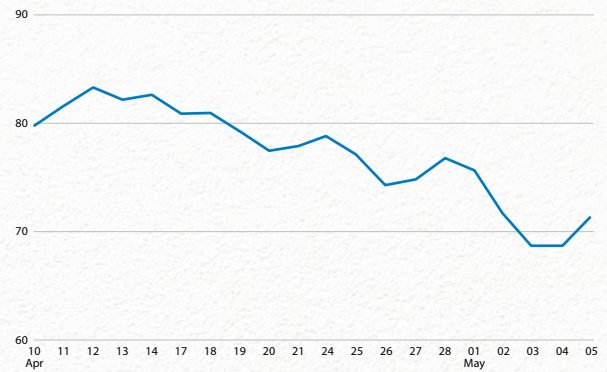
in the spring meeting led by the Governor of Bangladesh Bank, Abdur Rouf Talukder.

(Ref: <https://thefinancialexpress.com.bd/>)

## Brent Crude Oil (\$/barrel)



## West Texas Intermediate Crude Oil Price (\$/barrel)



## Gold Price (USD/oz)



Sources:  
 1. [www.bbc.com](http://www.bbc.com)  
 2. [www.goldprice.org](http://www.goldprice.org)

## Natural Gas (p/therm)



## Graph: Global Economy Scenario

# BANGLADESH ECONOMY



## Key indicators of economy at a glance

### Current national income aggregates

| Items                                     | 2021-22     | 2020-21     | Percentage changes over previous year |
|---|-------------|-------------|---------------------------------------|
| GDP at current prices, in million Taka    | 3,97,17,164 | 3,53,01,848 | 12.51%                                |
| GNI at current prices, in million Taka    | 4,12,90,624 | 3,71,59,966 | 11.12%                                |
| Per Capita GDP at current prices, in Taka | 231,861     | 208,751     | 11.07%                                |

Source : BBS (Bangladesh Bureau of Statistics)

### Reserve Money and Broad Money

| Items                             | February 2022 | June 2022    | February 2023 | Percentage change Feb'23 over Feb'22 |
|-----------------------------------|---------------|--------------|---------------|--------------------------------------|
| Reserve Money (RM) (Tk. In crore) | 322,285.10    | 347,162.10   | 350,346.90    | 8.71                                 |
| Broad Money (M2) (Tk. In crore)   | 16,20,936.60  | 17,08,122.50 | 17,63,032.30  | 8.77                                 |

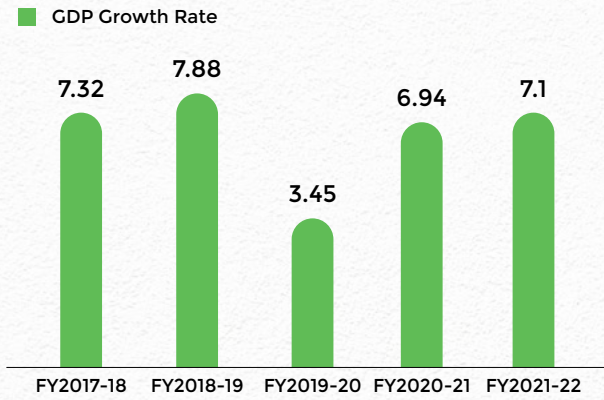
Source: Bangladesh Bank

### Domestic Credit

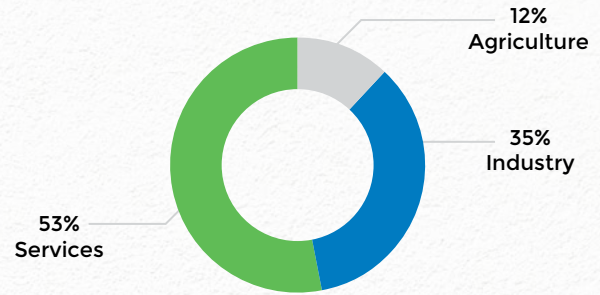
| Items                                | February 2022 | February 2023 | Percentage change Feb'23 over Feb'22 |
|--------------------------------------|---------------|---------------|--------------------------------------|
| Total Domestic Credit (Tk. In Crore) | 15,46,240.30  | 17,87,185.60  | 15.58                                |
| • Net Credit to the Govt. Sector     | 231,467.50    | 309,866.60    | 33.87                                |
| • Credit to the other Public Sector  | 35,916.90     | 43,249.70     | 20.42                                |
| • Credit to the private sector       | 12,78,855.90  | 14,34,069.30  | 12.14                                |

Source: Bangladesh Bank, April 2023

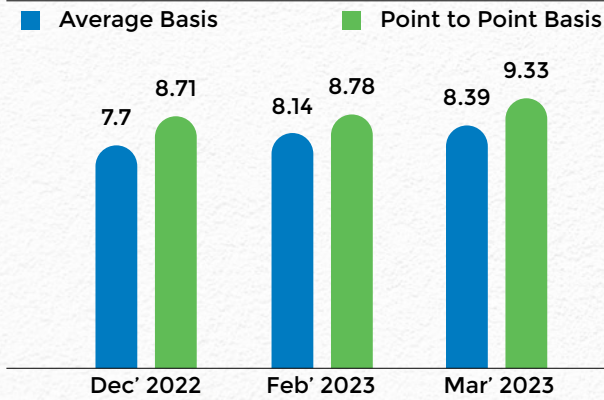
### Five years GDP growth rate (Base: 2005-06=100)



### Sector wise contribution in GDP, 2022

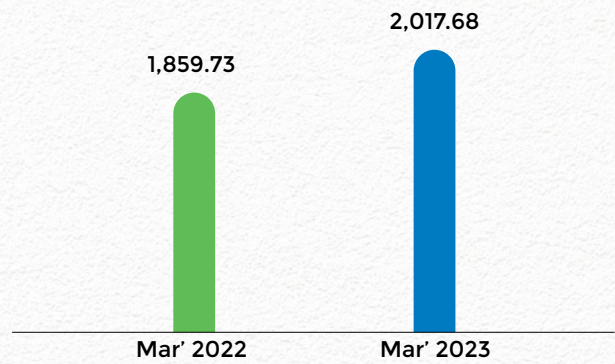


### Inflation Rate (%)



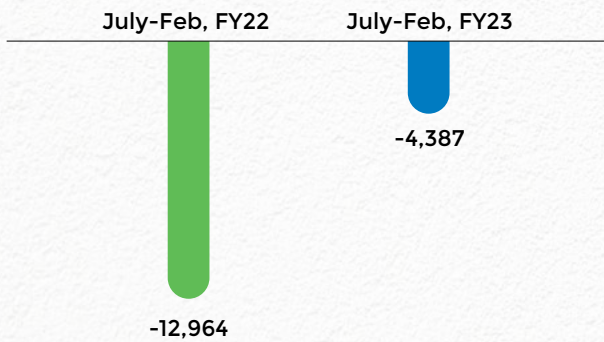
### Wage Earners' Remittances

In million US\$



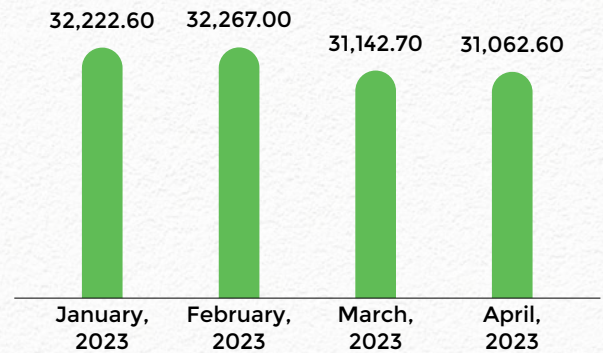
### Current Account Balance

In million US\$



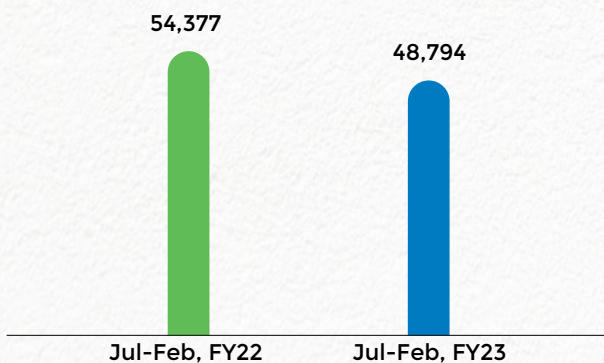
### Foreign Exchange Reserve

In million US\$



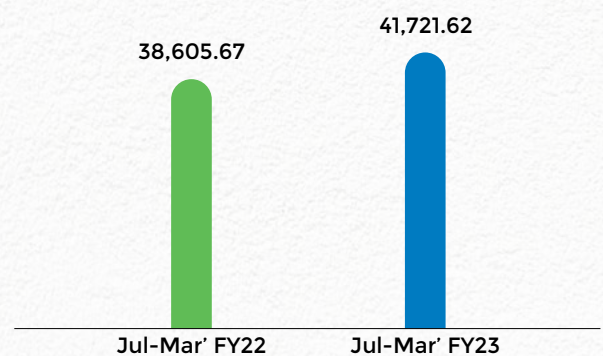
### Import

In million US\$



### Export

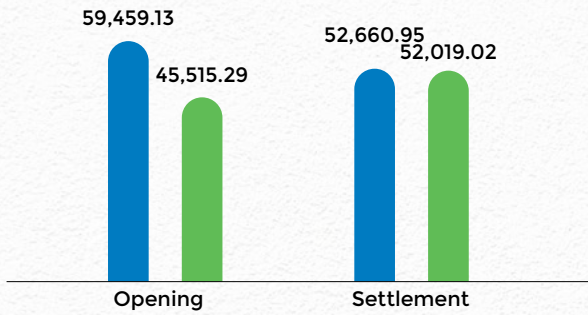
In million US\$



### L/C Opening and Settlement

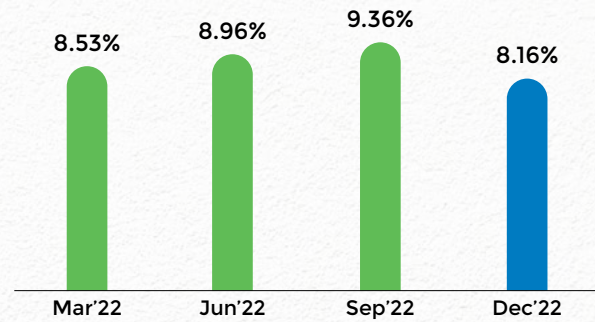
In million US\$

■ July-Feb, FY22 ■ July-Feb, FY23



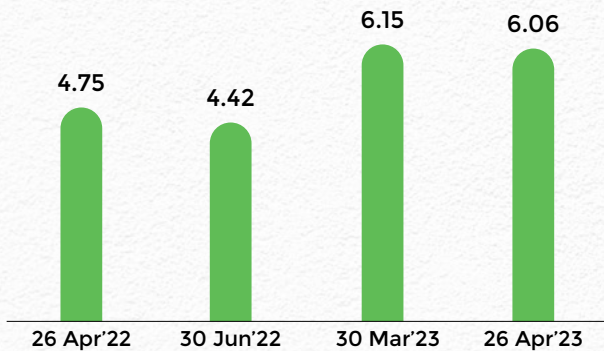
### Classified Loan

in percent



### Call Money Rate

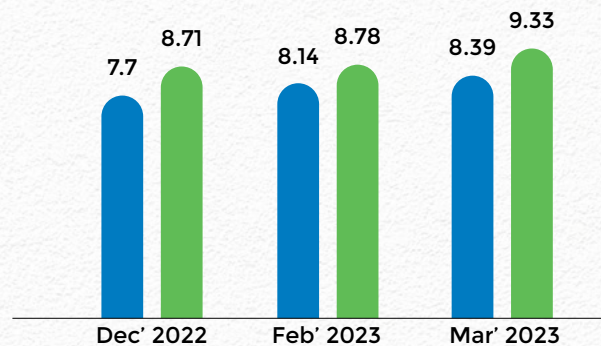
in percent



### Inflation Rate (%)

■ Average Basis

■ Point to Point Basis



## Money supply up 9.13pc to Tk 17.79 trillion

The total broad money supply (M2) in the banking sector was recorded at about Tk 17.79 trillion in March 2023, showing an annual increase of 9.13 per cent, the Bangladesh Bank (BB) reported. It was Tk 16.29 trillion in March 2022. The BB officials told that this surge took place due to a rise in net domestic

assets. There are two types of assets: net domestic assets (NDA) and net foreign assets (NFA), and money growth comes from the sources. The central bank has a target to reach the broad money growth at 11.5 per cent at the end of June.

(Ref: <https://thefinancialexpress.com.bd>)

## Remittance declines 16.27% in April

Despite a surge in the outflow of migrant workers, remittances to Bangladesh declined 16.27 per cent year-on-year to \$1.68 billion in April 2023. The hundi cartel, an illegal cross-boundary financial transaction, is mainly responsible for

the slide in remittance. Remittances, however, slightly increased 2.36 per cent year-on-year to \$17.71 billion in the first 10 months of this fiscal year, data from the Bangladesh Bank showed.

(Ref: <https://www.thedailystar.net>)

## Bangladesh's merchandise shipments decline by 16.52pc in April

Merchandise shipments of the country in April 2023 declined by 16.52 per cent to US\$3.95 billion, according to EPB data. The earnings also fell short of the target by 21.67 per cent. Bangladesh fetched \$4.73 billion in April 2022, according to data. However, the overall export earnings increased 5.38 per cent year-on-year to \$45.67 billion during the first ten months, July to April, of the current fiscal year. Out of \$45.67 billion, readymade garments fetched \$38.57

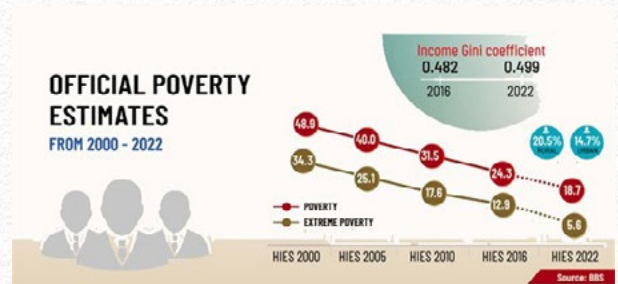


billion during the July-April period recording 9.09 per cent growth.

(Ref: <https://thefinancialexpress.com.bd>)

## Poverty falls faster to 18.7pc, income inequality gaps

Poverty in Bangladesh has fallen faster recently to 18.7 per cent, but in a disparate socioeconomic development, as a national survey shows gaping income inequality between upper and lower strata of people. Overall poverty rate dropped to 18.7 per cent in 2022 from a high at 24.3 per cent in 2016, while the extreme poverty also fell significantly to 5.6 per cent from 12.9 per cent during the period, according to findings in the Household Income and Expenditure Survey (HIES) 2022. However, the monthly income per household (HH)



increased by 102.78 per cent to Tk32,422 in 2022 from Tk 15,988 in 2016 and Tk 11,479 in 2010, the HIES data show.

(Ref: <https://thefinancialexpress.com.bd>)

## WB to provide \$2.25b to Bangladesh in five projects

World Bank will provide USD 2.25 billion as loan to Bangladesh to develop various sectors, including regional trade and connectivity, disaster preparedness and environmental management. A loan agreement was signed between Bangladesh and the World Bank for implementing five projects. Prime Minister Sheikh Hasina and World Bank President David Malpass witnessed the exchanges of the financing agreement, reports UNB.

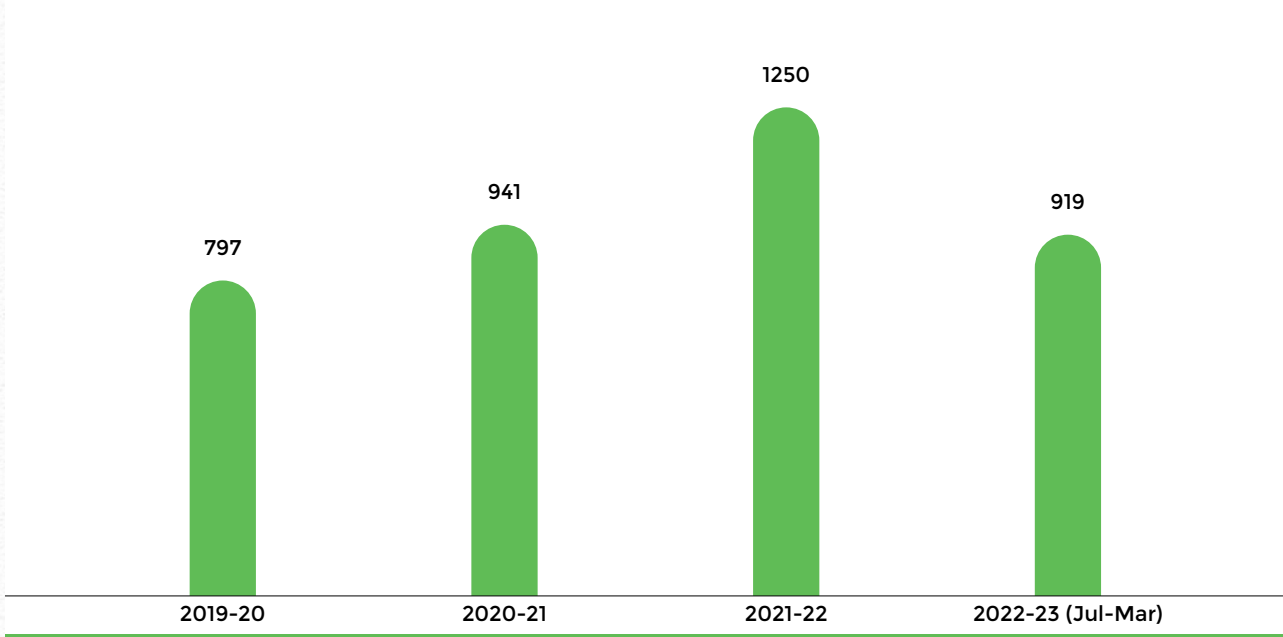
(Ref: <https://thefinancialexpress.com.bd/>)



# Bangladesh eyes to earn \$10b in leather-product export

## Leather Sectors Export Performance

In million US\$



Bangladesh's leather sector holds all the potential to earn US\$10 billion in the next five years but appears to be hamstrung by the flawed central effluent-treatment plant (CETP) in its potential hub. The government has devised a ten-year perspective plan that includes a target to increase the leather sector's export

earnings to \$10-\$12 billion by 2030. Industry-insiders told that the global leather-goods market is estimated to grow to \$424 billion by 2025 and they have the expertise to take a chunk of it if the compliance issue can be solved.

(Ref: <https://thefinancialexpress.com.bd>)

## Inflation stays steep at 9.24pc

Inflation still stays steep in Bangladesh, though falling globally, as government's statistical agency put the point-to-point rate at 9.24 per cent for April through measuring in a new formula. The BBS increased the number of verities in the CPI basket to 749 under 383 items (goods and services) in the April estimation from the earlier 422 verities under 422 items. Based on the previous formula with 2005-06 as base year, the inflation in the previous month of March this year was 9.33 per cent in a sharp rise from 6.29 per cent in April last year.

(Ref: <https://thefinancialexpress.com.bd>)



## RMG exports grow nearly 35pc in nine months

Exports of the country's readymade garment (RMG) items to non-traditional markets have increased over the years owing to the ongoing move to diversify export destination markets. The exports of the apparel items to the non-traditional markets, except Russia and Chile, registered a 34.74 per cent growth to US\$6.44 billion in the first nine months of the current fiscal year, the BGMEA data revealed. The non-traditional market accounted for 18.28 per cent of the total RMG export earnings of US\$35.25 billion during the period.

(Ref: <https://thefinancialexpress.com.bd>)



## Export-import thru Ctg port rises on economic pickup

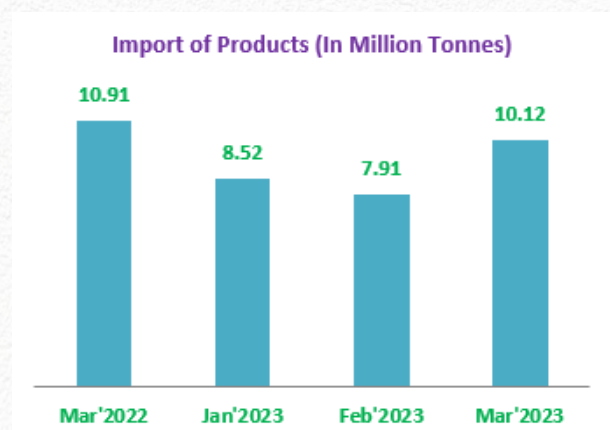
Export-import trade through Chattogram seaport shows an upturn on a month-on-month basis by official count, in what is seen a sign of economic pickup. Some 10,720,137 tonnes of products were imported through Chattogram Customs House (CCH) in March 2023, compared to 7,905,483 tonnes in February and 8,522,403 tonnes in January, according to data compiled

by CCH. The CCH received 37,428 bills of entry (B/E) in March against 28,478 in February and 36,989 in January. Revenue collection by the CCH from the merchandise imports jumped to Tk 57.46 billion in March on the back of rebounding external trade - the amount was Tk 42.87 billion in February and Tk 47.44 billion in January.

(Ref: <https://thefinancialexpress.com.bd>)

### Bills of Entry

|          |        |
|----------|--------|
| Mar 2022 | 41,943 |
| Nov 2022 | 40,643 |
| Dec 2022 | 33,979 |
| Jan 2023 | 36,989 |
| Feb 2023 | 28,478 |
| Mar 2023 | 37,429 |



# BANKING INDUSTRY



## Summary of Banking Statistics

### ● Bank Deposit and Credit

| Particulars           | Feb, 2023  | Feb, 2022  | Percentage Changes Feb, 2023 over Feb, 2022 | Percentage change Jan, 2023 over Jan, 2022 |
|-----------------------|------------|------------|---|--|
| Deposits held in DMBs | 150,47,671 | 140,81,727 | 6.86  | 6.14                                       |
| Bank Credit           | 177,96,795 | 163,88,913 | 8.59  | 8.56                                       |

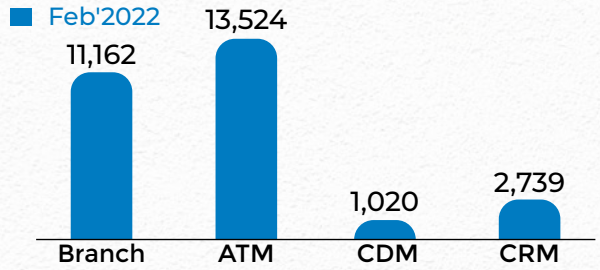
Source: Statistics Department, Bangladesh Bank.

### ● Monthly Interest Rates

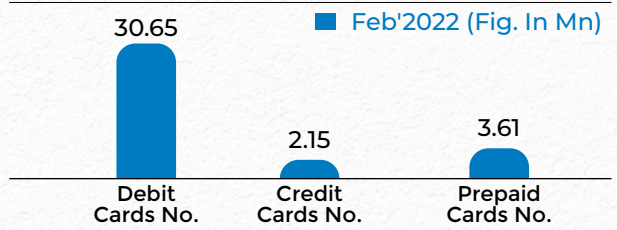
| Period   | Bank Rate | Weighted Average Call Money Market Rates |         | Scheduled Banks Weighted Average Interest Rate |          | Spread |
|----------|-----------|--|---------|--|----------|--------|
|          |           | Borrowing                                | Lending | Deposits                                       | Advances |        |
| Jan'2023 | 4.00      | 6.66                                     | 6.66    | 4.29   | 7.24     | 2.95   |
| Feb'2023 | 4.00      | 6.15                                     | 6.15    | 4.31   | 7.27     | 2.96   |
| Mar'2023 | 4.00      | 6.03                                     | 6.03    | 4.35   | 7.31     | 2.96   |

Source: Statistics Department & Debt Management Department, Bangladesh Bank

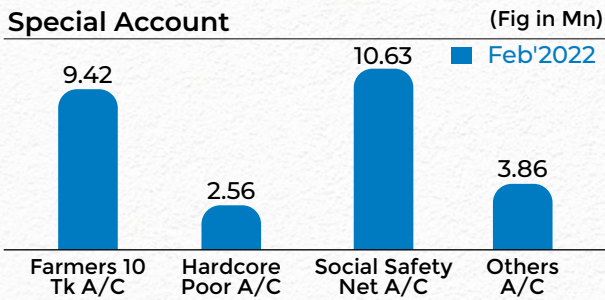
### Number of Branch, ATM, CDM, CRM



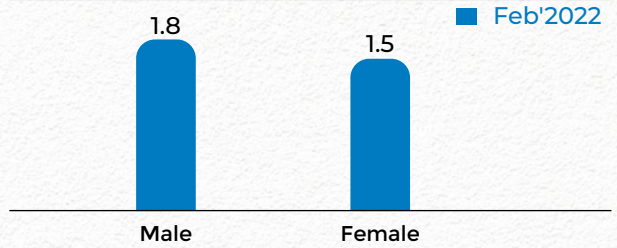
### Number of Debit Card, Credit Card and Prepaid Card



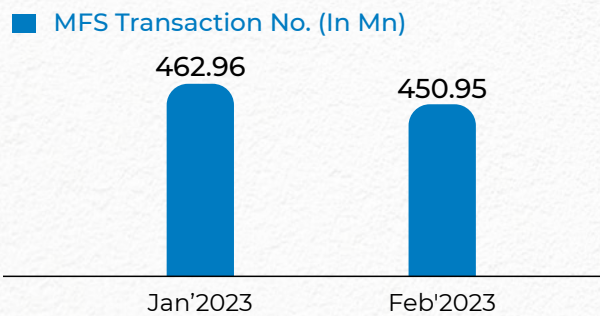
### Special Account



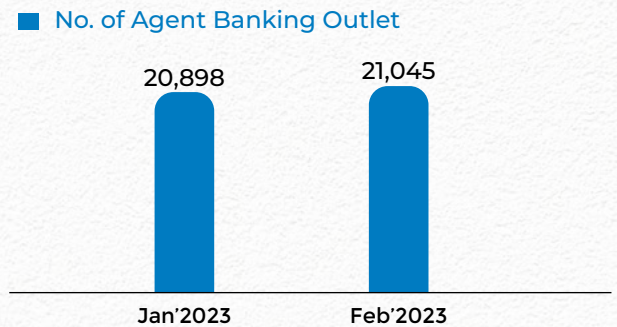
### School Banking Account



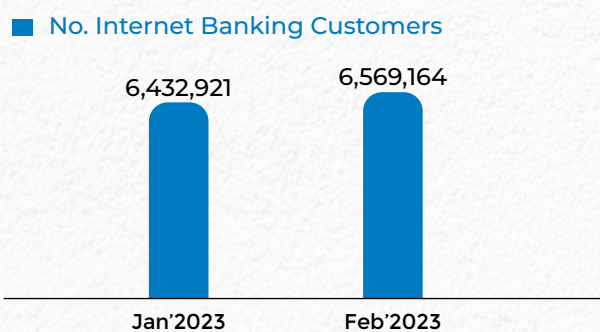
### No. of Mobile financial Services (MFS) Transaction



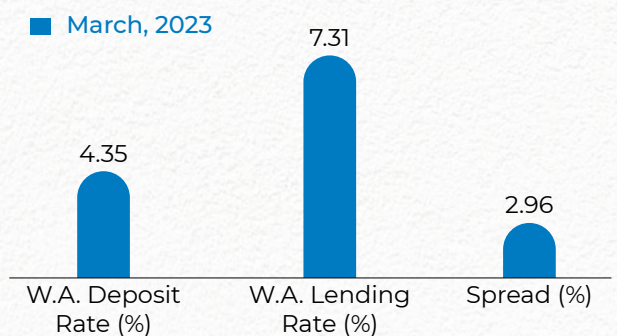
### Agent Banking Outlet



### Internet Banking Customers



### Interest Rate Spread based on Monthly Weighted Average



## Banks asked to keep 5% provision for off-balance sheet exposures

The Bangladesh Bank issued policy guidelines on the off-balance sheet (OBS) exposures in banks, asking them to keep a maximum of 5 per cent provision instead of 1 per cent to strengthen their financial health. A Bangladesh Bank official says that OBS exposures in banks have been increasing in recent years, which is why it drew up the guidelines to mitigate their unexpected financial risks. The OBS item is a term for assets or liabilities that do not appear on a balance sheet. Although not recorded on the balance sheet, they are still assets and liabilities of banks.

(Ref: <https://www.thedailystar.net>)



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## BB toughens rules for loans under new scheme

The central bank has toughened rules for borrowers looking to secure fresh loans under a Tk 10,000 crore fund if they fail to repatriate export proceeds. On January 1, the Bangladesh Bank rolled out the Export Facilitation Pre-finance Fund (EFPP) in order to help exporters gear up their businesses. An exporter is allowed to

take a loan of a maximum of Tk 200 crore from the fund, which is a pre-finance scheme by nature. Under the scheme, the central bank finances businesses through banks. Exporters will have to use the fund to import raw materials.

(Ref: <https://www.thedailystar.net>)

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## BB to follow IMF's formula to calculate net forex reserve

The Bangladesh Bank will follow the International Monetary Fund's recommendation to calculate the country's net foreign exchange reserves from July, 2023. The country's reserves stood at \$31.18 billion on April 17 in contrast to \$44.16 billion one year ago. The reserves

may decline substantially when the central bank will calculate following the IMF's suggestions as the BB will have to deduct the amount, which was disbursed in the form of export development funds and other forms.

(Ref: <https://www.thedailystar.net>)

## Rules eased for banks to facilitate import payments

The Bangladesh Bank eased rules for banks for settlement of import payments for capital machinery, industrial raw materials and payments for the government imports through funds taken from their offshore banking units (OBS). To meet import payment obligations, banks would be able to transfer funds from their OBUs to their domestic

business or onshore units for up to 40 per cent of their total regulatory capital. Earlier, the Bangladesh Bank allowed banks to place up to 25 per cent of their regulatory capital to domestic business units from their OBUs so that the lenders could settle import payments.

(Ref: <https://www.thedailystar.net>)

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## BB raises ceiling of shifting funds from OBUs to DBUs

In a latest move to ease import settlements, the central bank has increased the ceiling of shifting funds from OBUs (offshore banking units) to DBUs (domestic banking units) with immediate effect. Under the latest development, the DBUs can receive 40 per cent of the funds from the OBUs of

a bank, up from the existing 25 per cent, according to a circular - issued by the Bangladesh Bank (BB). At the same time, the BB also extended the time of availing the facility for six more months from June 2023 to December 2023.

(Ref: <https://thefinancialexpress.com.bd>)

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## BB allows banks to open foreign currency accounts

Banks now can open foreign-currency (FC) account in names of local shipping companies and airlines to facilitate their global operations and earnings, a measure seen as a forex-booster. In view of a growing trend in global operations by shipping companies and airlines,

authorised dealers (ADs) are being allowed to open FC account for the companies having global operations, says Bangladesh Bank (BB), the country's central bank, in a circular.

(Ref: <https://thefinancialexpress.com.bd>)

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## Organise hybrid meetings to cut cost, BB asks banks

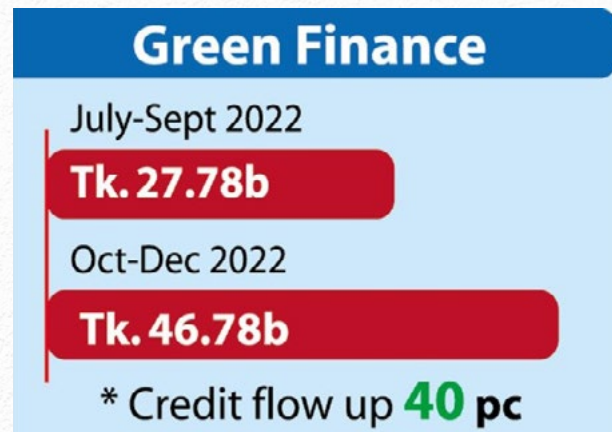
Bangladesh Bank (BB) has urged banks to go for hybrid meetings when issues can be discussed online to ensure presence of all the participants and cut

operating cost. The effort will also help in ensuring efficient use of power and fuel, the Bangladesh Bank said in a circular.

(Ref: <https://www.thedailystar.net>)

## Green venture financing by banks, FIs rises fast

Financing by banks and financial institutions (FIs) in green and sustainable initiatives rises remarkably, giving a much-required impetus to environment-friendly investments and mitigating effects of climate change. According to the quarterly review report on sustainable finance by banks and FIs for October-December period of 2022 released by the Bangladesh Bank (BB), their contribution to green finance was Tk 46.78 billion in the period. The amount of funds was over 40 per cent higher than that of July-September 2022 period, when Tk 27.78 billion was credited to the green initiatives. Similarly, in October-December 2022, the contribution of banks and FIs to



sustainable finance was Tk 411.04 billion, 22.42 per cent more than that of July-September 2022 period.

(Ref: <https://thefinancialexpress.com.bd>)

## Mobile money accounts grow 13pc in 2022

Mobile money services are growing faster than predicted around the globe, with the number of registered mobile money accounts growing by 13 per cent year-on-year, from 1.4 billion in 2021 to 1.6 billion by the end of 2022, according to the GSMA's annual report. In 2022, daily transactions via mobile money reached US\$3.45 billion, exceeding the \$3.0 billion amount predicted in 2021. Total transaction value for mobile money grew by 22 per cent between 2021 and 2022, from \$1.0 trillion to around \$1.26 trillion. However, in many areas across the world, underserved communities lack access to safe, secure and affordable financial services, it noted.

(Ref: <https://thefinancialexpress.com.bd>)



## Demand for loans falls to 12-month low

Private sector credit growth in Bangladesh slipped to a 12-month low of 12.03 per cent in March, a development that may hurt GDP growth and job creation. The credit growth stood at 12.14 per cent in February. Except liquidity stress in the banking system, non-performing loans in banks

are on the rise, so banks are cautious about disbursing loans. This has affected the credit growth. Default loans in the banking sector increased 16.8 per cent year-on-year to Tk 120,656 crore last year.

(Ref: <https://www.thedailystar.net>)

## Participation of women in bank boards rises to 14.22%

The participation of women in banks' boards of directors or the policy-making level has increased to 14.22% in the last one year. According to the central bank data, the participation of women in the boards of directors of 61 banks in the country increased by 66 basis points over the six-month period that ended on 31 December 2022. It was 13.56% at the end of June last year. Proportionally, the foreign-owned banks had the highest ratio of women board members – 18.60% – at the end of December 2022, which was 15.91% at the end of June 2022.

(Ref: [www.thebusinessstandard.com.bd](http://www.thebusinessstandard.com.bd))



## Govt's bank borrowing increases by Tk11,000cr in March

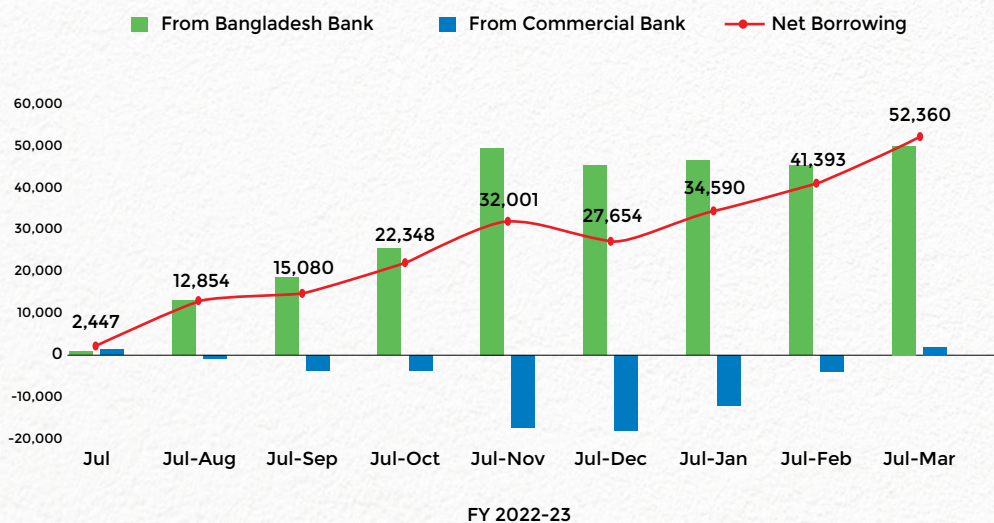
The government borrowed around Tk17,770 crore from the banks, while it collected only Tk1,409 crore from non-banking sources in February and March of this year. The government borrowed around Tk6,803 crore in February and around Tk11,000 crore from the banking


sector in March this year. According to a Bangladesh Bank report, the government has borrowed Tk52,360 crore from the banking system from July to March in FY23. Out of that amount, Tk50,380 crore (96.21%) was taken from the central bank.

(Ref: <https://www.tbsnews.net>)

### Govt Borrowing from Banking System


BDT in Crore





**Bank borrowing target for FY23**  
**TK1,06,334CR**

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In nine months of FY23

**Govt borrowed**  
**TK52,360CR**  
49.24% of target

Non-bank borrowing  
**TK8,195CR**



## Bangladesh Bank & Mercantile Bank signs an Agreement to assist cinema hall owners



Mercantile Bank Limited has signed a participation agreement with the Bangladesh Bank for providing Long Term Loan under refinance scheme of Bangladesh Bank for renovation and modernization of existing cinema halls and construction of new cinema halls with the aim of bringing back the

lost heritage of the Film Industry. The signing event took place on 04th April, 2023 at Kazemi Center of Bangladesh Bank in the capital. Md. Quamrul Islam Chowdhury, Managing Director and CEO of Mercantile Bank and Md. Zabdul Islam, Director, Department of Off-Site Supervision (Division-2) of Bangladesh

Bank, have signed the agreement on behalf of their organizations. Under this agreement the cinema hall owners will get maximum of Tk 5 crore at 5 per cent interest rate. Md. Nurul Amin, Executive Director of Bangladesh Bank, Dr. Kazi Arif Uz Zaman, Additional Director, Md Lutful Haider Pasha, Joint Director,

Umme Ushama Farjana Fatema, Assistant Director of Bangladesh Bank and Shamim Ahmed, SVP and Head of CRMD & SFU, Md. Sanowar Hossain, AVP of Mercantile Bank along with other officials from both the organization also attended the signing ceremony.

## Mercantile Bank held Training on Cash Management



Mercantile Bank Limited organized a training on 'Cash Management : Sorting and Binding of Mutilated Notes and Detection and Disposal of Forge Notes' recently. A total number of 141 officials from various branches and upashakhas of the bank attended the program both by the physical presence and through virtual platform. Tapash Chandra Paul, PhD, Chief Financial Officer of the bank inaugurated the training. In his address Bank's CFO advised participating officers

to be strictly compliant with the central bank circulars and guidelines related to cash management in discharging their assigned responsibilities. He also emphasized on meticulously adhere with the process & techniques of detection and disposal of forge notes. Md. Enayet Ullah, EVP & Head of ICC division of MBL along with the MBTI faculties conducted the sessions. Javed Tariq, Principal of MBTI moderated the program.

# BANGLADESH BANK CIRCULAR

## APRIL 2023

### BRPD Circular

- BRPD Circular Letter No. 13, Date: 27/04/23, Subject: Regarding Transfer of Jute Sector Outstanding Loans to Block Account.
- BRPD Circular Letter No. 12, Date: 26/04/23, Subject: Conducting Meeting in Hybrid Mode.
- BRPD Circular Letter No. 11, Date: 25/04/23, Subject: Establishment of Export Facilitation Pre-finance Fund (EFPF).
- BRPD Circular No. 06, Date: 25/04/23, Subject: Policy on Off-Balance Sheet (OBS) Exposure.

### DOS Circular

- DOS Circular Letter No. 13, Date: 03/05/23, Subject: Keeping Hajj activities related scheduled bank branches open on 04 May 2023.
- DOS Circular Letter No. 12, Date: 17/04/23, Subject: Keeping scheduled bank branches closed in the election area on 27th April 2023 Thursday for Election of 285 Chattogram-8 of National Parliament.
- DOS Circular Letter No. 11, Date: 13/04/23, Subject: Remain open of Bank branches in industrial areas during the Eid vacation in limited scale.
- DOS Circular Letter No. 10, Date: 12/04/23, Subject: Keeping Scheduled Bank Branches closed in the area of Mujibnagar Upazilla in Meherpur District on 17 April 2023 Monday for the celebration of Historic Mujibnagar Day

### DMD Circular

- DMD Circular Letter No. 04, Date: 30/04/23, Subject: Trading of Sukuk issued against "Safe Water Supply to the Whole Country" Project in Secondary Market at Negotiated Price.

### DFIM Circular

- DFIM Circular Letter No. 07, Date: 26/04/23, Subject: Appointment of Directors in Financial Institutions
- DFIM Circular Letter No. 06, Date: 17/04/23, Subject: Closure of financial institutions on the occasion of Eid-ul-Fitr and fixing the post Eid office time table.

### FEPD Circular

- FEPD Circular Letter No. 03, Date: 02/05/23, Subject: Performing Hajj 1444 Hizri/2023 under Government and Private Management
- FEPD Circular No. 08, Date: 25/04/23, Subject: Export subsidy against export of crabs and eel
- FEPD Circular No. 07, Date: 13/04/23, Subject: Interest rate on borrowing from Export Development Fund (EDF)
- FEPD Circular No. 06, Date: 09/04/23, Subject: Ceiling against borrowing from Export Development Fund (EDF)

### **FEID Circular**

- FEID Circular Letter No. 04, Date: 09/04/23, Subject: Placement of fund from Offshore Banking Operations (OBOs) to Domestic Banking Units (DBUs)

### **PSD Circular**

- PSD Circular Letter No. 03, Date: 17/04/23, Subject: Regarding scheduling of BACH (BACPS & BEFTN) on public holidays preceding Eid-ul-Fitr 2023.
- PSD Circular No. 03/2023, Date: 13/04/23, Subject: Ensuring uninterrupted ATM, POS, QR Code, Internet Banking, Online e-Payment Gateway and MFS during the Eid-ul-Fitr vacation.
- PSD Circular No. 02, Date: 02/04/23, Subject: Issuance of PSP license to Digital Payments Limited

### **SD Circular**

- SD Circular No. 02, Date: 17/04/23, Subject: Regarding time refixation of NBDC Return reporting.

### **SPA Circular**

- SPA Circular No. 02, Date: 10/04/23, Subject: Foreign currency accounts in the names of Bangladeshi Shipping Companies and Airlines
- SPA Circular No. 01, Date: 10/04/23, Subject: Submission of statement by Bangladeshi Shipping Companies/Airlines

## Instruction Circular

- Circular No. 3035, Date: 27.04.2023, Subject: বঙ্গবাজারে ক্ষতিগ্রস্ত ব্যবসায়ীদের ঋণ সংক্রান্ত তথ্য শ্রেণণ প্রসঙ্গে।
- Circular No. 3034, Date: 24.04.2023, Subject: Introduction of Policy & Guidelines for Cluster Based Financing Under CMSME and launching/rolling out new Product Guidelines (PPG) for Cluster Based Financing to the entrepreneurs namely “Cluster Based Financing”.
- Circular No. 3033, Date: 24.04.2023, Subject: ব্যাংকের পরিচালনা পর্ষদ এর অডিট কমিটির ২১৭তম সভার সিদ্ধান্ত ও নির্দেশনা সমূহের পরিপালন বাস্তবায়ন প্রসঙ্গে।
- Circular No. 3032, Date: 17.04.2023, Subject: বাংলাদেশ ব্যাংক কর্তৃক মার্কেটাইল ব্যাংক লিমিটেড এর প্রধান কার্যালয়, ঢাকা-এর উপর পরিচালিত ৩১.১২.২০২১ তারিখ স্থিতিভিত্তিক ২০তম বিশদ পরিদর্শন প্রতিবেদনের পরিপালন প্রতিবেদন এর উপর মার্চ ১৫, ২০২৩ তারিখে অনুষ্ঠিত পরিচালনা পর্ষদের ৪১৭তম সভার সিদ্ধান্ত ও পরামর্শসমূহের পরিপালন এবং বাস্তবায়ন প্রসঙ্গে।
- Circular No. 3031, Date: 17.04.2023, Subject: Digital Greeting Card of “Eid-ul-Fitr-2023”.
- Circular No. 3030, Date: 16.04.2023, Subject: ২০ এপ্রিল ২০২৩ তারিখ পবিত্র ঈদ-উল-ফিতর উপলক্ষ্যে ব্যাংক বন্ধ রাখা এবং ঈদ পরবর্তী অফিস সময়সূচি নির্ধারণ প্রসঙ্গে।
- Circular No. 3029, Date: 13.04.2023, Subject: Collection of Qualified Investor Offer (QIO) of Al Madina Pharmaceuticals Limited from the Qualified Investors (QI) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
- Circular No. 3028, Date: 13.04.2023, Subject: তফসিলি ব্যাংকের শাখাসমূহ কর্তৃক জনসাধারণের নিকট ধাতব মুদ্রা বিনিময় প্রসঙ্গে।
- Circular No. 3027, Date: 11.04.2023, Subject: প্রতি বছর ন্যূনতম ৩ জন উদ্যোক্তাকে প্রশিক্ষণ এবং তাদের মধ্যে ন্যূনতম ১ জন উদ্যোক্তাকে অর্থায়ন এর কর্মকান্ড অগ্রগতি প্রসঙ্গে।
- Circular No. 3026, Date: 11.04.2023, Subject: বিএফআইইউ সার্কুলার-২৬ (BFIU Circular-26) এর নির্দেশনা মতে, নতুন হিসাব খোলার ৬ (ছয়) মাস পরে বিগত লেনদেন পর্যবেক্ষণ করতঃ গ্রাহকের হিসাবের টিপি (Transaction Profile-TP) আপডেট করণ প্রসঙ্গে।
- Circular No. 3025, Date: 09.04.2023, Subject: বার্ষিক ডকুমেন্টেশন ও অন্যান্য ট্রেডিং-বিচুতির সারসংক্ষেপ - ২০২২
- Circular No. 3024, Date: 10.04.2023, Subject: Strengthening security arrangement of all Branches, Uposhakha, ATM Booths, MBL Xpress and Head Office premises during Eid-ul-Fitr Vacation.
- Circular No. 3023, Date: 10.04.2023, Subject: Digital Greeting Card of “Pohela Boishakh-1430”
- Circular No. 3022, Date: 09.04.2023, Subject: Cancellation of Authorized Signature.
- Circular No. 3021, Date: 06.04.2023, Subject: বাংলা নববর্ষ ভাতা-১৪৩০
- Circular No. 3020, Date: 04.04.2023, Subject: জাতীয় পরিচয়পত্র (এনআইডি) যাচাই চার্জের হার ২(দুই) টাকা থেকে ৫ (পাঁচ) টাকায় বর্ধিতকরণ প্রসঙ্গে।

## Information Circular

- Circular No. 1980, Date: 30.04.2023, Subject: Loss of Instruments.
- Circular No. 1979, Date: 10.04.2023, Subject: Time Extension for Haj Registration -2023. Ref. Our Information Circular No. 1973/2023, dated 03/04/2023.

- Circular No. 1978, Date: 10.04.2023, Subject: Renewal of Enlistment of O3 (Three) Insurance Companies as Approved Insurers of our Bank for the Year' 2023.
- Circular No. 1977, Date: 10.04.2023, Subject: Loss of Instruments.
- Circular No. 1976, Date: 06.04.2023, Subject: Information regarding Changes of BTCL Telephone Numbers of MBL Dhanmondhi Branch.
- Circular No. 1975, Date: 06.04.2023, Subject: Loss of Instruments.
- Circular No. 1974, Date: 04.04.2023, Subject: Loss of Instruments.
- Circular No. 1973, Date: 03.04.2023, Subject: Time Extension for Haj Registration-2023 Ref. Our Information Circular No. 1970/2023, dated 30/03/2023.

#### ID Circular

- Circular No. 19, Date: 30.04.2023, Subject: Policy on Off -Balance Sheet (OBS) Exposure .
- Circular No. 18, Date: 30.04.2023, Subject: কাঁকড়া ও কুঁচে (জীবন্ত, হিমায়িত ও সফটসেল) রপ্তানিতে ভর্তুকি প্রদান প্রসঙ্গে।
- Circular No. 17, Date: 26.04.2023, Subject: রপ্তানি সহায়ক তহবিল (Export Facilitation Fund) গঠন প্রসঙ্গে।
- Circular No. 16, Date: 17.04.2023, Subject: Interest rate on borrowing from Export Development Fund (EDF).
- Circular No. 15, Date: 16.04.2023, Subject: Foreign currency accounts in the names of Bangladesh Shipping Companies and Airlines.
- Circular No. 14, Date: 16.04.2023, Subject: Submission of statement by Bangladesh Shipping Companies/Airlines.
- Circular No. 13, Date: 11.04.2023, Subject: Placement of fund from offshore banking Operations (OBOs) to Domestic Banking Units (DBUs).
- Circular No. 12, Date: 10.04.2023, Subject: Ceiling against borrowing from Export Development Fund (EDF).

## INVITATION FOR CONTENTS

You are cordially invited for any insightful write up which will be published in next volumes of MBL Spectrum subject to discretion of editorial board. In this regard, please contact Research & Planning Division, Head Office, Mercantile Bank Limited or send email [hod\\_rpd@mblbd.com](mailto:hod_rpd@mblbd.com)

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