

MBL

VOLUME – 2
MONTHLY ONLINE BULLETIN

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

JULY 2021

SPECTRUM



ব্যাংক
মার্কেন্টাইল ব্যাংক লিমিটেড
Mercantile Bank Limited
দক্ষতাই আমাদের শক্তি

EDITORIAL

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ABSTRACT

Bangladesh is now the second worst COVID-19 hit country in South Asia. The ongoing COVID-19 wave has proven to be the deadliest in Bangladesh's pandemic history as the number of deaths and cases continue to surge with no end to the crisis in sight. The rampant spread of COVID-19 has prompted the government to impose a nationwide lockdown in July. The government has expanded the nationwide COVID-19 vaccination campaign by reducing the minimum age for registration to 18 years. Moreover, other containment measures will continue to weigh on growth momentum.

The economic outlook for South Asia is dampened by new waves of COVID-19, but it is a matter of hope that Bangladesh economy is recovering in accordance with Asian Development Bank's (ADB) Prediction. The country's exports in the first 11 months of FY21 grew by 13.6 percent year on year and remittances by 39.5 percent, as noted by ADB in a supplement of its Asian Development Outlook report.

In considering the above context, this volume will diffuse key macro-economic indicators, sustainable business growth, competitiveness and COVID-19 impact.

Best Wishes,

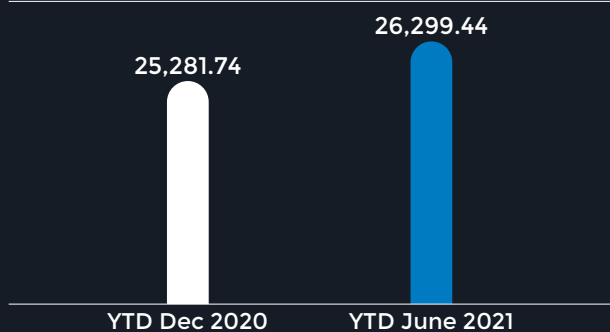
Tapash Chandra Paul, PhD

Member Secretary & Technical Advisor

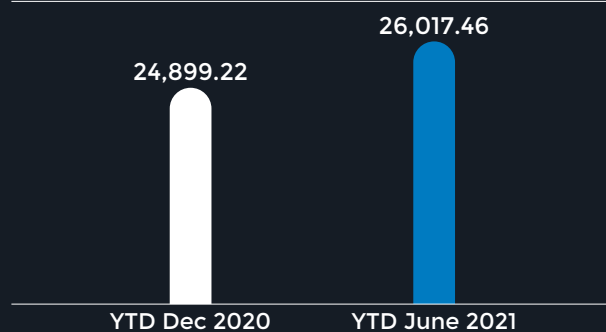


HALF YEARLY BUSINESS PERFORMANCE OF THE BANK

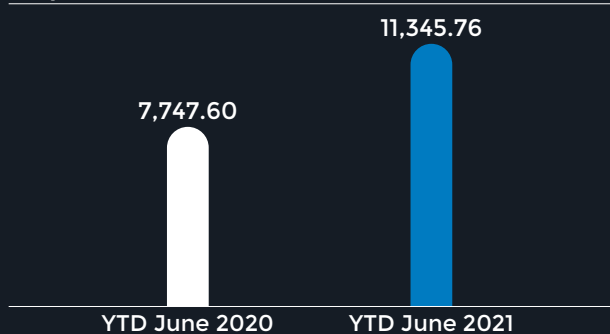
Deposits BDT in Crore



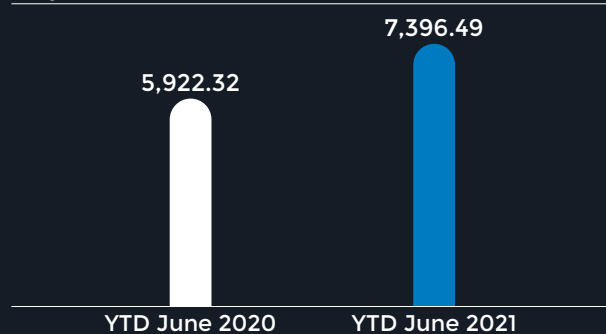
Advances BDT in Crore



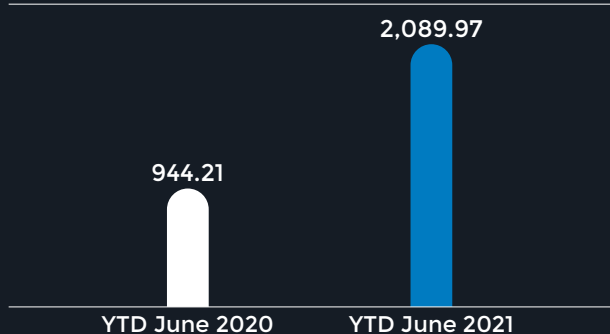
Import BDT in Crore



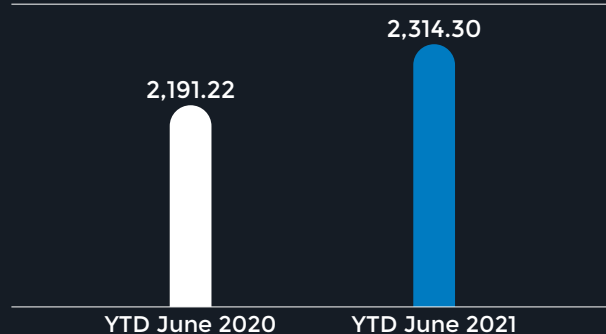
Export BDT in Crore



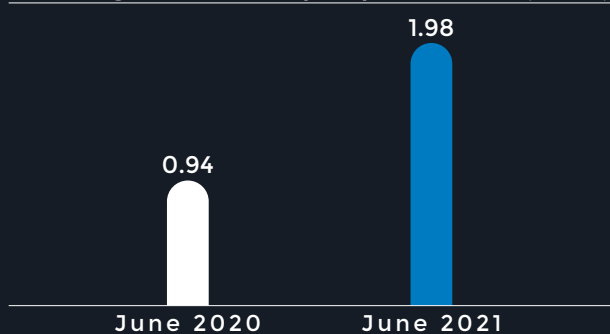
Inward Remittance BDT in Crore



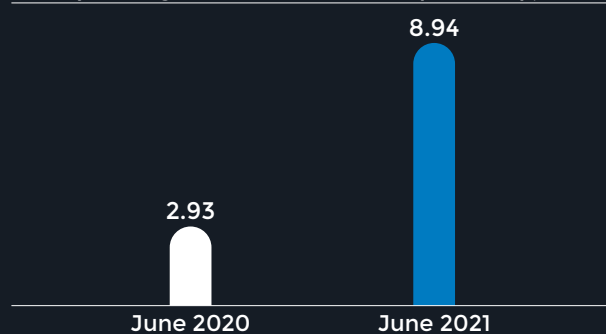
Net Asset BDT in Crore



Earning Per Share (EPS) (in BDT)



Net Operating Cash Flow Per Share (NOCFPS) (in BDT)



Yield on Advances



Spread



Cost of Deposit



Net Interest Margin (NIM)



Return on Asset (ROA)



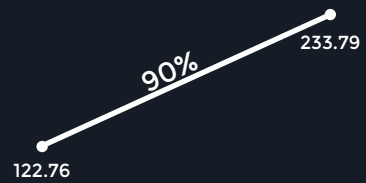
Return on Investment (ROI)



NPL



Net Interest Income (NII) Growth in % *BDT in Crore*



MBL PERFORMANCE

JULY-2021

BDT in Crore

Particulars	YTD July'20	YTD July'21	Growth (in %)
Deposit	25,582.41	26,860.05	4.99%
Loans & Advances without OBU	23,170.36	24,246.25	4.64%
Profit	269.71	409.07	51.67%
Import	9,363.24	13,307.37	42.12%
Export	7,387.96	8,442.19	14.27%
Inward Remittance	1,255.69	2,331.43	85.67%

MBL NEWS

Inauguration of Automated Challan System (ACS) service



Mercantile Bank Limited inaugurated Automated Challan System (ACS) services on July 7, 2021. It is an initiative of Finance Ministry and Bangladesh Bank. Ahmed Jamal, Deputy Governor of Bangladesh Bank and Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank Limited formally inaugurated the service at MBL's Head office in Dhaka. AMD, DMDs, CFO along with other Senior Officials were present during the inauguration.

The service will allow clients depositing Tax, VAT, government fees and other payments in a faster and safer way. The system will also reduce the possibility of fraud. Under ACS, treasury invoice can be deposited through cash or cheque at any branches of the bank or online system.

AGREEMENT SIGNING

Agreement with Notre Dame University Bangladesh



On July 12, 2021, a signing ceremony was held between Mercantile Bank Limited and Notre Dame University Bangladesh at the Bank's Head Office. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the bank and Dr. Father Patrick D. Gaffney, CSC, Vice Chancellor of Notre Dame University signed the agreement on behalf of their respective organizations. According to the agreement, Mercantile Bank will facilitate the collection of Tuition fees, Admission fees and other fees from the students through Bank's digital banking service 'MBL Rainbow' and collection booth of MBL at the university premises. MBL will also manage the foreign currency inflow that is likely in future to facilitate the development works on the premises of Notre Dame University Bangladesh. AMD, DMDs, CFO along with other Senior Officials of both the organizations were present in the ceremony.

HALF YEARLY BUSINESS REVIEW CONFERENCE-2021



The Half Yearly Business Review Conference-2021 of Mercantile Bank Limited was held on July 17, 2021 through virtual platform. Morshed Alam M.P., Chairman of the Board of Directors of the bank was the chief guest in the conference. A. S. M. Feroz Alam, Vice Chairman; Al-Haj Akram Hossain (Humayun), Chairman, Executive Committee; M. A. Khan Belal, Chairman, Mercantile Bank Securities Ltd.; M. Amanullah, Md. Nasiruddin Choudhury, Alhaj Mosharref Hossain and Mohammad Abdul Awal, Directors of the bank spoke as special guests in the conference. Md. Quamrul Islam Chowdhury, Managing Director & CEO, presided over the conference. MD & CEO of the bank advised the Executives & Officers to ensure best possible customer services with latest technology based banking.

There were two sessions-inaugural session & business session. In the inaugural session, Honorable Chairman and other directors of the bank delivered several effective instructions in their speeches. In the business session, there was an interactive discussion among senior management & all head of branches. Tapash Chandra Paul, PhD, Chief Financial Officer of the bank moderated this session.

AMD, DMDs, all head of branches and other executives and officials of the Bank were present in the conference.

CSR ACTIVITIES

Food and Health Safety items distribution at Baufal in Patuakhali

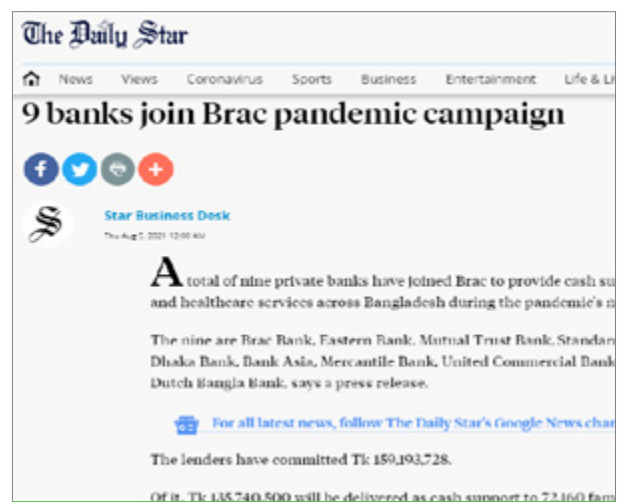


Mercantile Bank Limited distributed food and health safety items among helpless and destitute people of Baufal in Patuakhali on 28.07.2021 at Baufal Press Club premises with the initiative of A. S. M. Feroz Alam, Vice Chairman of the bank as a part of CSR activities. Al Mamun, Head of Kalaiya Branch and Md. Alamgir Hossain, In-charge of Kalishuri Bazar sub-branch, Kamruzzaman Bachchu, President of Baufal Press Club, Ohiduzzaman Duke, General Secretary of Baufal Press Club were present among others.

Mercantile Bank has joined Brac pandemic campaign

Mercantile Bank along with eight other banks has joined Brac pandemic campaign to provide cash support and healthcare services across Bangladesh during the pandemic's new wave, as a part of special Corporate Social Responsibility (CSR) activities instructed by Bangladesh Bank.

Nine banks have committed Tk 159,193,728. Of it, Tk 135,740,500 will be delivered as cash support to 72,160 families under a “Dakche Abar Desh” project. The rest will be used to provide masks and other Covid-preventive services to 18 lakh (1.8 million) people and reach healthcare services to 10,000 patients with Covid symptoms under a Community Fort for Resisting Covid-19 project.



Particular focus will be on 20 districts with the highest rate of Covid spread, mostly in Rajshahi and Khulna divisions.

The news was published in The Daily Star on August 05, 2021.

TRAINING

Virtual Training on Prevention of Money Laundering and Combating Financing against Terrorism



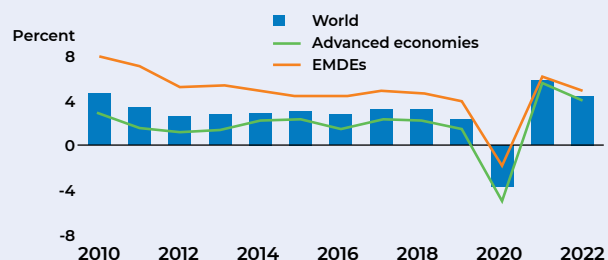
Mercantile Bank Limited organized a virtual training program on 'Prevention of Trade Based Money Laundering' recently. A total number of 116 officials from AD branches attended the online program. Shamim Ahmed, DMD and CAMLCO of the bank inaugurated the virtual training program.

WORLD ECONOMY

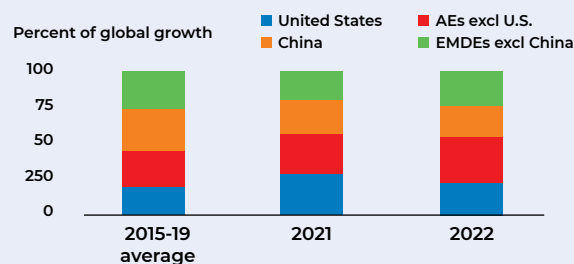
The global economy is recovering, and is expected to expand by 5.6 percent in 2021 and 4.3 percent in 2022 (Figure-A). The strength of the near-term recovery is, to a large extent, attributable to a few major economies, such as the United States and China (Figure-B-C). In many other economies, the pickup is projected to be less robust than previously envisioned, partly due to the continued spread of the virus and slow vaccine distribution (Figure-D). On aggregate, the global forecast has been upgraded as a result of the diminishing economic impact of subsequent waves of COVID-19, faster-than-expected pace of vaccination in many advanced economies, and additional fiscal relief in the United States.



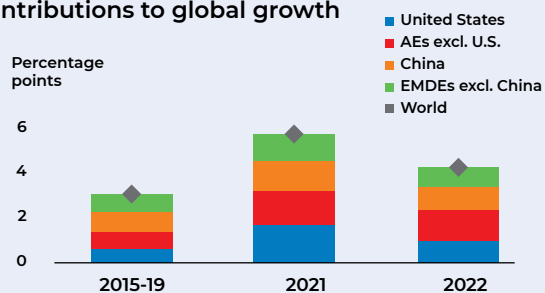
A. Global Growth



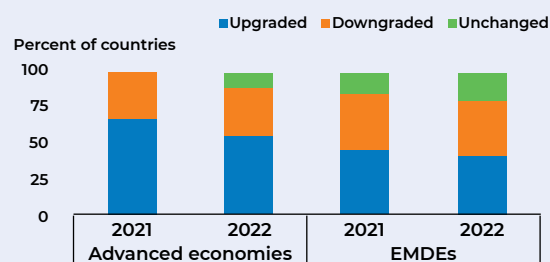
B. Share of global growth



C. Contributions to global growth



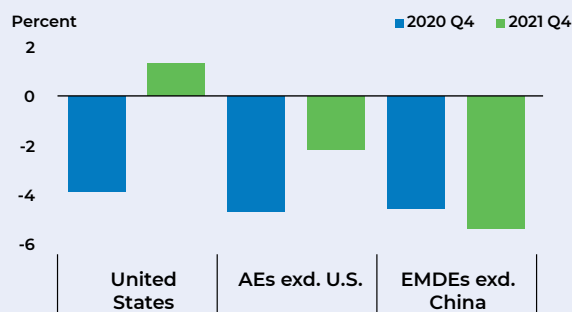
D. Share of countries with forecast revisions



U.S. output is rebounding particularly sharply, fueled by substantial fiscal support, and it is now expected to exceed its pre-pandemic projection by the end of this year (Figure-E). Growth in other major advanced economies is also firming, albeit to a lesser extent due in part to the resurgence of COVID-19 caseloads. In China, whose economy led the initial stages of the recovery last year, activity remains robust, but the pace of growth has moderated amid diminished policy support.

Across most EMDEs (emerging market and developing economies), however, the recoveries taking place will not be sufficient to erase the damage from the pandemic, whose legacies are expected to weigh on global activity for a protracted period. Many countries will take a prolonged period to regain their pre-COVID-19 levels of activity, and a return to pre-pandemic output trends may become unattainable in the absence of major reform efforts. The erosion of skills from lost education and employment are likely to reduce productivity, as will the smaller stock of physical capital resulting from last year's sharp decline in investment. Debt burdens and financial vulnerabilities have risen in many parts of the global economy, which will make the recovery susceptible to financial market stress. This is expected to be accompanied by a gradual withdrawal of macroeconomic policy support over the forecast horizon.

E. GDP gaps relative to pre-pandemic projections



The evolution of the pandemic and the pace of vaccination will be the most crucial factor driving the outlook. The baseline assumes that progress at vaccination will help to effectively contain COVID-19 in advanced economies by the end of the year, with most major EMDEs also making substantial progress at reducing transmission. This would allow most control measures in these economies to be lifted, with a few—such as restrictions on some international travel—being maintained to minimize possible flare-ups linked to new variants of COVID-19. The virus will continue to disrupt activity to varying degrees, but growth will still benefit from vaccine deployment as well as spillovers from the rapid recovery in major economies.

Source: *Global Economic Prospects 2021*, World Bank

BANGLADESH ECONOMY IN PRESENT CONTEXT



ECONOMY

Tax revenue posts 17pc growth

- Despite economic slowdown due to the Covid-19 pandemic, revenue collection posted a 17 per cent growth in the just concluded fiscal year (FY) over that of the previous FY.
- The National Board of Revenue (NBR) managed to collect Tk 2.56 trillion in the FY 2020-21 against Tk 2.18 trillion in the previous FY.

Exports post 15.1pc growth

- The country's merchandise exports grew by 15.10 percent to US\$38.75 billion in the just concluded fiscal year of 2020-21, riding on the readymade garment (RMG), jute and agricultural products, amid the pandemic. Bangladesh fetched US\$33.67 billion in FY 2019-20. Farm products, jute and jute goods, and home textiles each fetched over a billion dollar in FY 21, according to the Export Promotion Bureau (EPB). The overall export earnings, however, fell short of \$41 billion target by 5.47 per cent set for FY21. The earnings in June 2021 grew by 31.77 percent to \$ 3.57 billion compared to that of the corresponding month of 2020. The June earnings also fell short of the target by 2.52 percent.



Foreign aid in pipeline crosses USD 51 bn record

- Despite a more than USD 7 bn disbursement, the size of the foreign aid pipeline burgeoned to a record USD 51 bn in the recently concluded 2020-21 fiscal year.
- According to the latest report of the Economic Relations Division (ERD), the volume of the pipeline was USD 48.8 bn at the beginning of the 2020-21 fiscal year.

Govt forms working committee on int'l trade disputes

- The commerce ministry has formed a high-powered working committee on trade remedy to work on international trade-related disputes, including anti-dumping duty, and make Bangladesh's participation fruitful in negotiations at the World Trade Organisation and with trade partners on the issues.
- The commerce ministry has recently formed an 18-member committee comprising of representatives of public and private sectors and headed by director general of the ministry's WTO Cell.

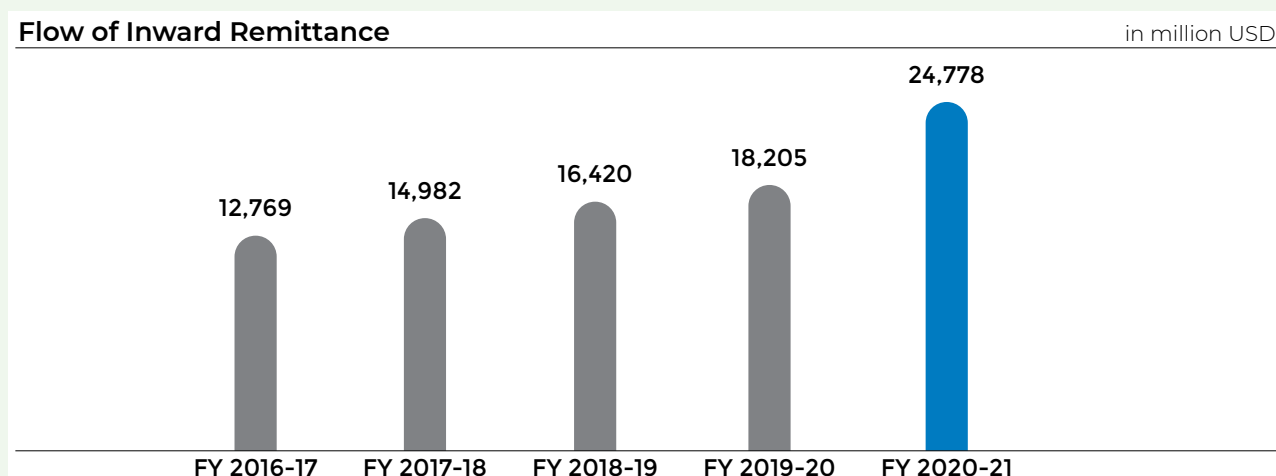
Apparel, footwear export shift from China: BD, Vietnam benefit most

- Bangladesh and Vietnam have benefited most due to shifting of apparel and footwear exports from China.
- The analysis paper - 'Repeat, Repair or Renegotiate? The Post-Covid Future of the Apparel Industry' - also showed that the US apparel and footwear imports from China declined to 37.9% in 2019, which was 50.7% in 2010.

Import of second-hand clothes cut by 40pc for this winter

- The government has slashed the import volume of second-hand clothes by 40% for this winter due to the spread of Covid-19. The Office of Chief Controller of Imports and Exports (CCIE) under the commerce ministry issued a notification on July 01, 2021. The facility will be applicable for the just-concluded fiscal year (FY) 2020-21. As many as 5,000 traders across the country got opportunity to import second-hand clothes in the FY 2019-20.

Remittance hits record high of \$24.78 billion in FY '21



- The inflow of remittances grew by 36.10 percent to a record high of US\$24.78 billion in the just concluded fiscal year (FY) despite the ongoing Covid-19 pandemic. The money sent home by Bangladeshis working abroad amounted to \$1.94 billion in June 2021, down by \$230.21 million from the previous month. In May, the remittances stood at \$2.17 billion. It was \$1.83 billion in June 2020.



BANKS AND NBFIs

Stimulus for large industries - Give priority to new clients: BB

- Bangladesh Bank asked banks to prioritise new clients while giving out loans from the stimulus package dedicated to the large service and industrial units.
- The clients, who could not to secure any fund from the stimulus fund last year, will have to be given priority from this year, according to a central bank notice.

From: <https://www.thedailystar.net/business/economy/banks/news/give-priority-new-clients-bb-2139566>

Policy further relaxed for NBFi borrowers

- The central bank has further relaxed the repayment policy for borrowers of outstanding loan or lease from non-banking financial institutions (NBFIs). A borrower will get a chance to remain unclassified if he/she repays minimum 50 percent of loan or lease as of June within August 31, 2021, on the basis of the NBFi-customer relationship. The remaining portion of the loan up to June 2021 needs to be paid along with the next installments of the loan, lease or advance. The previous deadline for full payment was June 30, 2021. Borrowers are thus getting two more months to repay 50 percent of the dues, the officials explained.



CAPITAL MARKET

Bangladesh road show in USA



- A ten-day long road show titled “The Rise of Bengal Tiger” began on 26 July, 2021 in the United States with a view to attracting foreign investors and non-resident Bangladeshis (NRBs) to invest in the country. Bangladesh Securities and Exchange Commission (BSEC) is organizing this mega program. The purpose of this road show is to showcase the strength and opportunities of business and investment in Bangladesh for the investors abroad. The show will also highlight the potential of Bangladesh’s economy, investment, trade, Bangladeshi products and services, the stock market and the bond market.

Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank has also participated officially in this mega program.



CORPORATES

Nagad to issue BDT 5.0 bn zero-coupon bond

- Nagad, which acts as the main agent for mobile financial services (MFS) of Bangladesh Postal Office (BPO), plans to raise BDT 5.0 bn through a zero-coupon bond to pay its loans, develop networks and buy IT equipment for business expansion.
- The company said investors of the bond would get BDT 7.50 bn at the end of its five-year maturity period.



INTERNATIONAL BUSINESS

IMF sees 6% world growth, warns developing nations falling behind

- The global economy will expand by 6% this year, but disparities between nations are widening as advanced economies accelerate while developing countries fall behind.
- Although some emerging market nations like Brazil and Mexico are poised to show stronger growth this year, developing nations as a group are lagging and struggling to return to their pre-pandemic levels.



INFORMATION TECHNOLOGY

Mobile internet speed list: BD ranked 135th among 137 states

- Bangladesh has dropped further in the mobile internet speed list, securing 135th position among 137 countries in the world in terms of low internet speed.
- The country is behind only Afghanistan and Venezuela in the list. The download speed of mobile internet in Bangladesh is 12.46 Mbps and upload speed is 7.96 Mbps, much lower than the speeds that the government asked the operators concerned to provide.



BANKING INDUSTRY NEWS

BB issued a circular of special loan facility for CMSME sector

Bangladesh Bank (BB) issued a circular of special loan facility for the cottage, micro, and Small and Medium Enterprises (CMSMEs) sector affected by Novel Coronavirus (COVID-19) pandemic. Under the special facility, cottage, micro and small entrepreneurs will get term loan or investment facility side by side the working capital loan or investment facility. In this case, the cottage, micro and small entrepreneurs will get one year interest or profit subsidy and medium enterprises will get working capital loan or investment facility from the incentive package.

The central bank has issued the circular of the special loan facility for encouraging the CMSMEs to borrow under the incentive package of Taka 20,000 crore.

Bengal Commercial Bank starts disbursement of CMSME loan

Bengal Commercial Bank Limited has started to disburse CMSME loan at 4 per cent rate of interest to the members of Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA) in association with SME Foundation under the government's stimulus package.



**BENGAL
COMMERCIAL
BANK**
Inspiring growth

IBBL starts payment of automated treasury challan



Islami Bank Bangladesh Limited has started payment of government revenue and fees through automated treasury challans. 196 types of government revenue and fees including income tax and passport fee can be paid through this service. Ahmed Jamal, Deputy Governor of Bangladesh Bank, inaugurated the service on Wednesday at Islami Bank Tower as the chief guest.

MTB signs agreement with Trust Islami Life Insurance

Mutual Trust Bank Limited (MTB) has recently signed an agreement with Trust Islami Life Insurance Limited for Cash Management Services at a simple ceremony held at the bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka. Mohammad Gias Uddin, Managing Director & CEO, Trust Islami Life Insurance Limited and Syed Mahbubur Rahman, Managing Director & CEO, Mutual Trust Bank Ltd. (MTB) signed the agreement on behalf of their respective organizations.



Standard Chartered launches limited edition commemorative credit card



Standard Chartered is marking the 50th year of Bangladesh's independence with a limited edition Standard Chartered Platinum Credit Card. The bank will donate funds to the Liberation War Museum for every card activated, and cardholders will be entitled to have their names registered in the list of the Museum's donors and enjoy other exclusive privileges.

Dhaka Bank to double investment in retail and SME sectors

Dhaka Bank Limited has planned to focus its financing in retail and small and medium enterprises (SME) for minimizing risk and diversifying portfolios by 2025. Under the plans, the investment in retail and SME will be reached at 40 percent of its total loans and advances within the next four years from the existing level of 20 percent.



MONETARY POLICY IN BRIEF

BB's monetary policy stance for FY22 is designed to continue the ongoing expansionary and accommodative mode.

MONETARY POLICY STATEMENT: FISCAL YEAR 2021-22

Aim: Recovery of the anticipated velocity in economic activities

Stance: Expansionary and Accommodative

Targeted GDP growth 7.2 %

Targeted Inflation rate 5.3%

Reserve is expected to grow up to USD 5200 Cr.

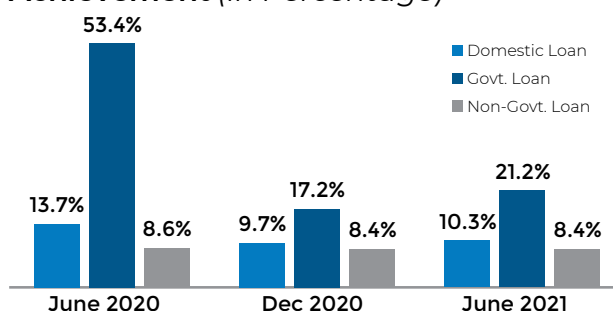
Target for Loan disbursement in the Government sector is **BDT. 76,500 Cr.**

Target for Loan disbursement in the non-government sector is **BDT. 1,76,000 Cr.**

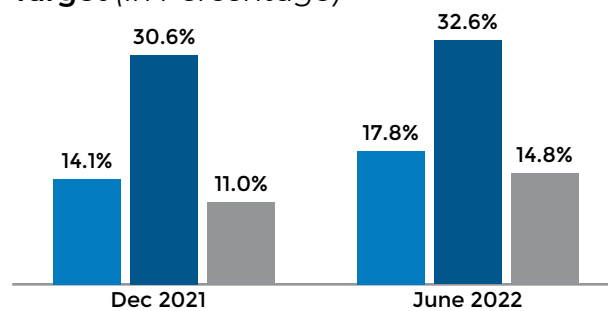
In case of any unexpected price pressure development due to the presence of excess liquidity, BB will not hesitate to take policy action throughout the year ahead.

Enquiry into the uses of loans under stimulus packages might be conducted

Achievement (in Percentage)



Target (in Percentage)



- Ensuring required flows of funds to all the **productive sectors** to generate the much needed investment and employment to support the Government's pursuits of protecting the economy from the devastation of the ongoing pandemic.
- Adequate financial support to all the priority sectors like agriculture, CMSMEs, manufacturing industries, and the somewhat vulnerable sectors such as small businesses including tourism, hotel and restaurant, transportation, privately run education & training centers, and the sectors where the marginal people are formally or informally employed.
- Ensuring proper use of the fund, preventing any sort of misappropriation of the fund.



Key Takeaways:



GDP

Bangladesh economy has attained around 6.1% real GDP growth in FY21, significantly higher than last year's estimated growth of 5.2%



Inflation

CPI-based average inflation declined to 5.56% (against the target of 5.40% for FY21) from 5.65% in FY20.



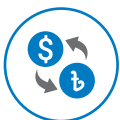
Liquidity

Sufficient liquidity in the system accompanied by a lower market interest rate regime.



Lending & Deposit Rates

Weighted average lending rate has come down to 7.33% in June 2021 from 7.95% in June 2020 while the weighted average deposit rate has come down to 4.13% in June 2021 from 5.06% in June 2020.



Foreign Exchange Reserve

BB's foreign exchange reserve has reached a historical high of USD 46.4 billion at end of June 2021.



Capital Market

The DSEX stood at 6150.5 by end June 2021 registering a 54.2% increase from its level of end June 2020 which was the highest level in the last three years.

COVID-19 IMPACT IN BANKING INDUSTRY

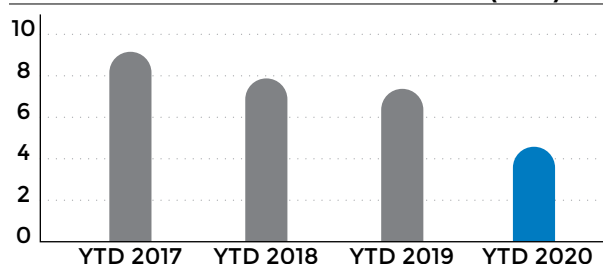
Tapash Chandra Paul, PhD
Chief Financial Officer

Worldwide economy has been adversely affected by COVID-19 pandemic, causing slowdown of business activities and economic contractions. As a consequence of this, banking industry of Bangladesh has already been mired in lots of scams and irregularities, such as high volume of nonperforming loan, escalation of loan write-offs, lack of corporate governance, increasing capital shortfall and slow loan recovery. Amidst this situation, this industry are experiencing like an addition of salt to the wound for covid-19 pandemic. New challenges are ahead for the whole nation as well as banking industry as ramifications of covid-19 are continuing this year also. .

Growth of financial sector

Bangladesh Bureau of Statistics shows, the growth of financial intermediation are indicating downward trend over the years but drastic fall is observed in 2020 compared to previous year.

Financial Intermediations' Growth (in %)



Source: BBS, GoB

Impact on Banker

According to Bangladesh Bank statistics, 27,237 bankers of Commercial banks affected by corona virus and 143 bankers died from covid-19 upto June 2021.

NPL condition

The volume of NPLs grew by more than 7% to Tk. 950.85 billion during the January-March period of 2021 from Tk. 887.34 billion in the preceding quarter despite providing policy support by the central bank in relation to loan classification. The BB also predicted that the weaker asset quality due to higher level of non-performing loans (NPLs) and poor profitability condition may further worsen the banking sector performances in the coming quarters.

Liquidity Excess in banking sector

Generally, banks want to hold enough liquidity to make payments and convert excess liquidity into assets that provide returns. Bangladesh Bank statistics show that excess liquidity in the banking sector has nearly doubled from Tk 1.03 trillion in January 2020 to Tk 2.05 trillion in December 2020.

From the beginning of pandemic, Bangladesh Bank undertook a number of measures to ensure adequate liquidity in the financial system to support the operations of financial institutions. It announced-

- To buy treasury bonds and bills from banks;
- Lowered REPO rates from 6% to 5.75% effective from March 24, 2020 and further reduced them to 4.75%;

- Reduced Cash Reserve Ratio (CRR) from 5.0% to 4.5% (daily-basis) and from 5.5% to 5.0% (bi-weekly basis) , and again reduced it to 3.5% and 4 %, respectively from April 15, 2020;
- Increased advance-deposit ratio (ADR) for all the conventional banks from 85 per cent to 87 per cent, effective from April 15, 2020 ;
- Increased investment deposit ratio (IDR) for Islami Shariah-based banks and the conventional banks operating under Islamic Shariah rules from 90 per cent to 92 per cent, effective from April 15, 2020 .

Private sector credit growth

Private sector credit growth decreased further to 8.29 per cent in April 2021 on a year-on-year basis from 8.79 per cent a month ago mainly due to the second wave of the Covid-19 pandemic.

Stimulus package

Banks are the key player for implementation of Covid-19 related stimulus package. The major portion of these packages is in the form of liquidity support through the commercial banks. From the outset of the announcement of the COVID-19 liquidity support packages by the government, banks have been more willing to lend to large borrowers, but were hesitant to lend to small borrowers. In a “k” shaped economic recovery curve, the COVID-19 recovery path splits in two directions: large firms and public-sector institutions with direct access to government and central bank stimulus packages will make some areas of the economy recover fast but leave behind small and medium-sized enterprises (SMEs), blue-collar workers, and the under-pressure middle class. The design of the stimulus packages and their distribution services is leading to a mostly “k” shaped economic recovery path in Bangladesh.

The allocation of COVID-19 response funding by the government

	In million USD	In crore BDT	As share of total COVID funding	As share of GDP*
Total liquidity support	11,839	99,450	79.59	3.54
Total fiscal stimulus	3,037	25,503	20.41	0.91
Total COVID-19 funding	14,876	1,24,953	100.00	4.45

Source: Ministry of Finance, Government of Bangladesh (MoF, 2020)

Note: * Assuming that GDP is equal to USD 334,000 million, as per the GDP for FY2020 in the national budget documents of FY2021.

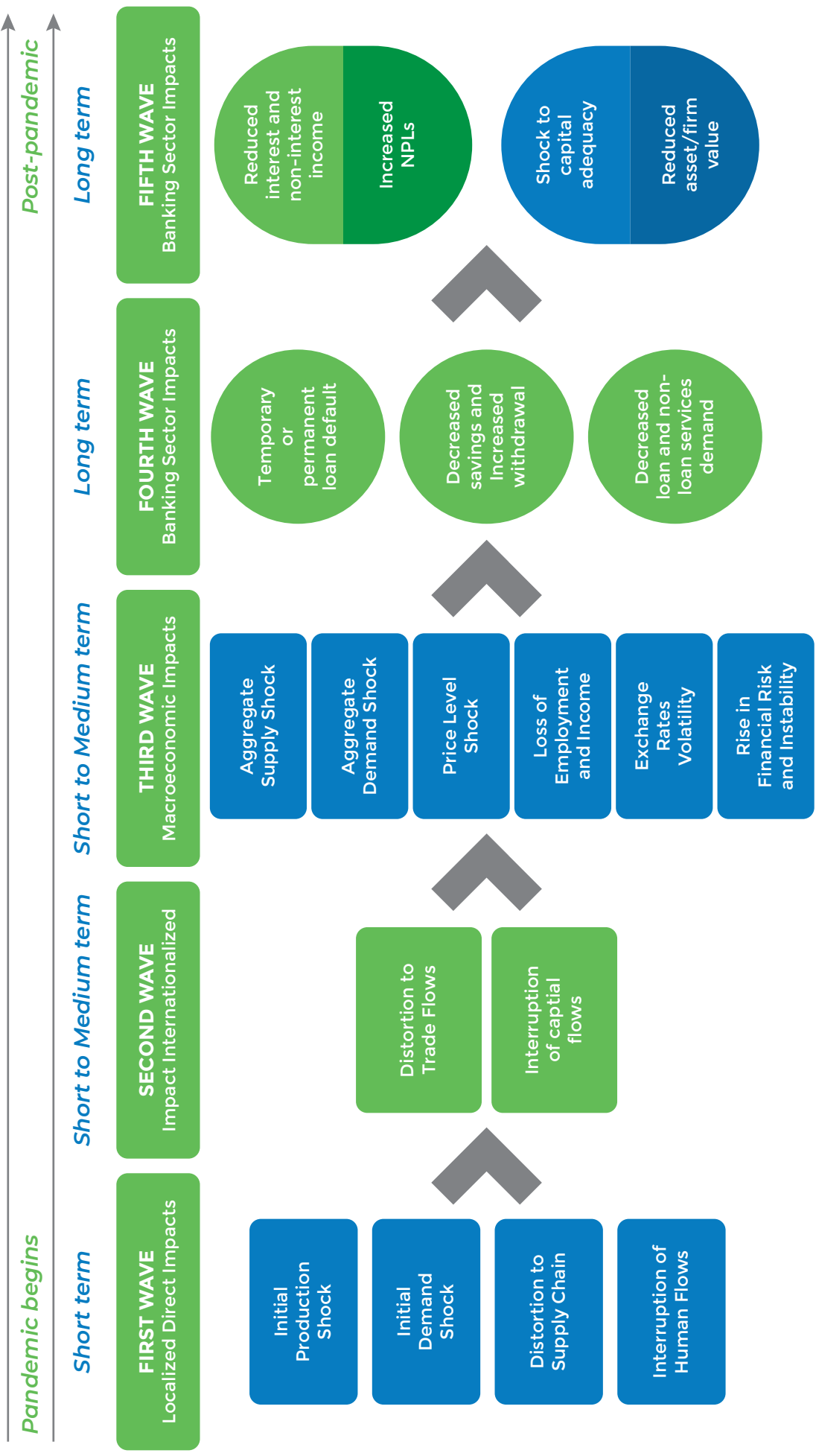
Moratorium Facility for businessmen

Citing the second wave of COVID-19, the central bank was extended its moratorium on loan classification by three more months, up to 30 June 2021.

Mapping the impacts of the COVID-19 pandemic for banks

The following figure shows the mapping of possible implications of the COVID-19 pandemic for banks in a ‘no policy intervention’ scenario. As an immediate effect of lockdown across the economy, production has halted, demand for goods and services has slumped, factories and offices are completely or partly shut-down, transports and logistics are restricted, and public movement as a whole is highly restricted both domestically and internationally.

A COVID-19 Pandemic Timeline



The waves and the specific impacts are interrelated and interact in a complex way, eventually affecting bank survival, growth, and banking system stability, which could ignite systemic bank crisis if persists for a longer period.

Ways of recovering

Resolving longer term structural challenges could accelerate the post-COVID-19 recovery. Reform priorities include a diversification of exports beyond the RMG sector, deepening the financial sector, improving urbanization, and strengthening public governance. Addressing infrastructure gaps would accelerate growth and reduce spatial disparities in opportunities across regions and within cities. Human capital development remains a priority as well. While Bangladesh's ranking on the Human Capital Index is higher than the South Asian average, it is below the levels observed in comparator countries.

Addressing vulnerability to climate risks would support the resilience of economic development to future shocks. Pivoting towards green growth could support the sustainability of development outcomes for the next generation. With the right policies and timely action, Bangladesh can accelerate its recovery from the economic downturn and continue to progress towards upper-middle income status.

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CURVING OUT A NICHE FOR ITSELF IN THE BANKING INDUSTRY

In this age of competition it is important for organizations particularly those who are offering more or less homogenous products to curve out a niche for themselves. Banks by their very nature of business, offer products that are similar in some ways or the other. Mercantile Bank Limited (MBL) Bearing slogan of “বাংলার ব্যাংক”, has been able to establish itself as a leading third generation private commercial bank by dint of its prudent policy guidelines coupled with proper execution, wider range of banking products and excellent services to customers from all walks of life. The core activities of the Bank are to provide all kinds of commercial banking services including deposits mobilization, providing loans, discounting bills, foreign exchange business, mobile banking, agent banking, islamic banking, off-shore banking, treasury function and card business. Through banking services, the bank is thriving in bringing the unbanked population under banking services. MBL is expanding its network by opening branch, ATM booth, uposhakha, islamic banking window and agent banking outlet across the country for attaining geographical and demographical dividend. The Bank has touched a milestone of 150 branches, 187 ATMs, 11 Uposhakha, 45 islamic banking windows and 115 agent banking outlets. MBL has launched several deposit & credit products befitting requirements of different segments of customers. In designing its products, MBL always try to make superior value additions for its clients. It is gratifying to note that our multidimensional products have created enthusiasm among the targeted segments of clientele. The products and services of the Banks are:

Deposit Products: Current Deposit Account, Savings Bank Account, Preferential Deposit Account, Special Noticed Deposit Account, Fixed Deposit Account, Masik Sanchaya Prokolpo (MSP), Troi-Masik Munafa Amanat Prokolpo (TMAP), Masik Munafa Amanat Prokolpo (MMAP), School Banking, Non Chequeable Savings Bank Account (NSB A/C), MBL Bonus Sanchay Hishab, Super Munafa Amanat Prokolpo (SMAP), Aporajita Masik Munafa Prokolpo (AMMP), Savings Bank Account for MSS, Poribar Surokkha Amanat Prokolpo (PSAP), Digun Briddhi Amanat Prokolpo (DBAP), MBL Prabasi Sanchaya Hishab, MBL Prabasi Masik Sanchaya Prokolpo.

Corporate Loan:

- Funded Credit Facility: CC (Hypo), SOD (general), SOD(work order), SOD(financial obligation), Time Loan, LTR, Export Cash Credit, IDBP, FDBP, FBP, Loan Against EDF, Lease Finance, Hire Purchase, Term Loan, Syndication Loan & Structured Finance.
- Non Funded Credit Facility: Letter of Credit (L/C), Accepted Bills for Payment (ABP), Bank Guarantee (BG).

Retail Loan Products: Home Loan, Cottage Loan, Car Loan, Personal Loan, House Furnishing Loan, Doctor's Loan, Education Loan, Secured Over Draft (SOD), Refinance Scheme for Green Product/Initiatives

SME Financing: CHAKA (Term Loan), SAMRIDDHI (Continuous Loan), MOUSUMI (Short Term Seasonal Loan), ANANNYA (Women Entrepreneur's Loan), SANCHALAK (A mix of Term, Time & Continuous Credit), UNMESH (Foreign Trade Finance), Factoring Of Receivables,

Agriculture Credit: NABANNO (Krishi / Polli Loan), SHAKTI (ETP / Bio-Gas / Solar Energy Loan)

MBL Card: MBL VISA Credit Card, MBL VISA Debit Card, MBL VISA Prepaid Card

Islamic Banking: Mercantile Bank has started its 'Islamic Banking Operations' '**Taqwa**' with the aim to serve the customers who prefer Islamic Shariah Based Banking and committed to Islamic lifestyles with the formal permission from Bangladesh Bank for Islamic banking window operations. The brand name of Mercantile Bank Islamic Banking is '**Taqwa**'. To purify its' Islamic Banking Operations, an independent Shari'ah Supervisory Committee has been constructed with prominent Islamic Scholars and dedicated world class Islamic Banking software has been arranged.

Agent Banking: Mercantile Bank Limited introduced its Agent Banking Service with an aim to bring unbanked people under the same umbrella. The bank wants to reach every corner of the country through its Agent Banking network. For smooth operation of 'Agent Banking function' a separate Division in the name '**Agent Banking Division**' has been established. Agent Banking team is working with MBL family to expand MBL's network over the country.

Subsidiaries: To provide all ranges of banking services, MBL is also providing other services through its three subsidiaries namely Mercantile Bank Securities Limited, Mercantile Exchange House (UK) Limited, MBL Asset Management Limited.

Credit Rating:

- **Local Credit Rating:** Credit Rating Information & Services Limited (CRISL) has affirmed Mercantile Bank Limited as the following ratings with 'Stable Outlook'.

Date of Rating	Validity	Rating	
		Long Term	Short Term
May 20, 2021	May 19, 2022	AA	ST-2
May 22, 2020	May 21, 2021	AA	AT-2

- **International Credit Rating:** MBL has been assigned B2 rating by Moody's, a renowned global rating agency.

Mercantile Bank as a corporate citizen is very much alive to the cause of society specially in meeting its obligation to the less privileged people. With a view to performing CSR activities, MBL has established a foundation namely Mercantile Bank Foundation in 2020. Each year a certain percentage of operating profit is contributed to Foundation targeting to carry out various benevolent and charitable activities. Mercantile Bank "Abdul Jalil Education Scholarship" provides scholarship to poor and meritorious students.

MBL always listen to its customers and offer products and services that respond to their changing needs. The Bank constantly searches ways to add value to its customer services and products varieties as customers' need. It is our objective to remain ongoing to serve the customers and the nation. By this way MBL is exceptional in banking industry.

BANGLADESH BANK

CIRCULARS DURING JULY 2021

In the month of July 2021, Bangladesh Bank issued the following circulars:

A. BRPD (Banking Regulation & Policy Department)

1. BRPD Circular Letter No. 39, date: 28.07.2021, subject: Financial stimulus package to mitigate probable economic impact due to breakout of Novel Corona Virus (COVID-19)
2. BRPD Circular Letter No. 38, date: 18.07.2021, subject: Extension of Banking Hour as well as Keeping the Bank Branches/Sub Branches Open adjacent to Qurbani Cattle haat under Dhaka South and North City Corporation
3. BRPD Circular No. 16, date: 15.07.2021, subject: Stimulus package as working capital loans/ investments to pay salaries-allowances for the workers of Hotel/Motel/Theme park of tourism sector
4. BRPD Circular No. 15, date: 13.07.2021, subject: Special Facilities to Leather Sector for Purchasing Raw hides.
5. BRPD Circular No. 14, date: 12.07.2021, subject: Prudential Regulations for Consumer Financing
6. BRPD Circular Letter No. 37, date: 12.07.2021, subject: Operating Special CSR Activities under Corporate Social Responsibility (CSR) of Banks To Mitigate COVID-19 Crisis.
7. BRPD Circular Letter No. 36, date: 12.07.2021, subject: Inclusion of industries situated outside BEZA/BEPZA/ Hi-Tech Park under stimulus packages declared by the Government due to breakout of Novel Corona Virus (COVID-19)
8. BRPD Circular Letter No. 35, date: 06.07.2021, subject: Verification of Financial Statements submitted by borrowers
9. BRPD Circular Letter No. 34, date: 05.07.2021, subject: Ex-Bangladesh travel of Managing Director/CEO of a Bank-Company
10. BRPD Circular Letter No. 33, date: 05.07.2021, subject: Restructuring Bank Inspection Departments of Bangladesh Bank Head Office

B. DOS (Department of Off-site Supervision)

1. DOS Circular Letter No. 30, date: 28.07.2021, subject: Conducting Banking Service from 1 to 05 August 2021
2. DOS Circular Letter No. 29, date: 13.07.2021, subject: Conducting Banking Service from 15 July 2021 to 05 August 2021.
3. DOS Circular Letter No. 28, date: 06.07.2021, subject: Conducting Banking Service from 08 July 2021 to 14 July 2021

C. PSD (Payment Systems Department)

1. PSD Circular Letter No. 10, date: 29.07.2021, subject: Continuation of Uninterrupted Banking and Payment Services in Response to COVID-19.
2. PSD Circular Letter No. 09, date: 14.07.2021, subject: Continuation of Uninterrupted Banking and Payment Services in Response to COVID-19

3. PSD Circular Letter No. 08, date: 07.07.2021, subject: Continuation of Uninterrupted Banking and Payment Services in Response to COVID-19

D. DFIM (Department of Financial Institutions and Markets)

1. DFIM Circular Letter No. 23, date: 29.07.2021, subject: Conducting Activities of Financial Institutions from 01 to 05 August 2021.
2. DFIM Circular No. 05, date: 26.07.2021, subject: Ex-Bangladesh travel of Managing Director/ CEO of a Financial Institution.
3. DFIM Circular Letter No. 22, date: 19.07.2021, Subject: Regarding Loan/Lease/Advance Classification for Financial Institutions
4. DFIM Circular Letter No. 21, date: 14.07.2021, subject: Conducting Activities of Financial Institutions from 15 July 2021 to 05 August 2021
5. DFIM Circular Letter No. 20, date: 07.07.2021, subject: Conducting Activities of Financial Institutions from 08 July 2021 to 14 July 2021.
6. DFIM Circular Letter No. 19, date: 05.07.2021, subject: Regarding Loan/Lease/Advance Classification for Financial Institutions

E. FEPPD (Foreign Exchange Policy Department)

1. FEPPD Circular Letter No. 20, date: 28.07.2021 subject: Cancellation of Petroleum License -Confidence Electric Limited
2. FEPPD Circular No. 26, date: 27.07.2021, subject: Opening of bank accounts abroad by resident contracting firms jointly with non-resident co-partners.
3. FEPPD Circular Letter No. 19, date: 19.07.2021, subject: Interim direction regarding renewal of Registration Certificate (Import, Export and Indenting) for the year of 2021-2022
4. FEPPD Circular No. 25, date: 13.07.2021, subject: Export trade transactions, appropriate safeguards.
5. FEPPD Circular Letter No. 18, date: 05.05.2021, subject: Gold Policy-2018 (Amended)-2021
6. FEPPD Circular No. 24, date:01.07.2021, subject: Issuance a permission as permissible importers favoring gold refineries permitted by the Ministry of Commerce to import gold ore/dore under FER Act, 1947

F. SMESPD (SME & Special program department)

1. SMESPD Circular Letter No. 08, date: 12.07.2021, subject: Regarding accomplishment of Participation Agreement with Banks and Financial Institutions for Credit Guarantee Scheme under Cottage, Micro and Small Enterprises (CMSE) Sector
2. SMESPD Circular Letter No. 07, date: 04.07.2021, subject: Special loan/investment facility for CMSME sector affected by Novel Corona Virus (COVID-19) pandemic.

G. Agriculture Credit Department

1. ACD Circular No. 01, date: 29.07.2021, subject: Agricultural & Rural Credit Policy and Program for the FY 2021-2022

MBL CIRCULARS

DURING JULY 2021

Instruction Circulars

1. Circular No. 2608, Date: 28.07.2021, Subject: Introducing Cheque Book Against Agent Banking Customers Account.
2. Circular No. 2606, Date: 18.07.2021, Subject: Prudential Regulations for Consumer Financing
3. Circular No. 2605, Date: 18.07.2021, Subject: ২০২১ সালের আসন্ন ঈদুল আজহা উপলক্ষে কোরনানিকৃত পণ্ডর চামড়া ক্রয়ের উদ্দেশ্যে চামড়া ব্যবসায়ীদের ঋণ/বিনিয়োগ সুবিধা প্রদান প্রসঙ্গে।
4. Circular No. 2603, Date: 18.07.2021, Subject: Fund allocation for Mercantile Bank Limited for disbursement of loans under Working Capital under Stimulus Package announced by Bangladesh Bank.
5. Circular No. 2602, Date: 18.07.2021, Subject: Confirming the authenticity/ genuineness of the property documents from the concerned SRO & Govt. Land Office(s) through our Panel Lawyer(s) and also confirming the existence of the landed property as per schedule of the submitted documents and unencumbered from any Govt. acquisition through our enlisted surveyor company(s)
6. Circular No. 2601, Date: 18.07.2021, Subject: Compliance of existing Credit Policy-2020 and the related Circulars for Issuing of Secured Overdraft (SOD-EMFS under e-Tendering)
7. Circular No. 2600, Date: 15.07.2021, Subject: কোরবানীর পণ্ডর হাটে জালনোট প্রতিরোধকল্পে ব্যাংকের কর্মকর্তাদের দ্বারা পণ্ড ব্যবসায়ীদের নোট যাচাই সংক্রান্ত সেবা প্রদান প্রসঙ্গে।
8. Circular No. 2599, Date: 15.07.2021, Subject: Amendment of existing Schedule of Charge of the Bank
9. Circular No.2595, Date: 14.07.2021, Subject: Taking necessary steps as per the instruction of NBR and BRTA
10. Circular No. 2593, Date: 13.07.2021, Subject: Providing the information as per Prescribed Format provided by Computer Network Systems (CNS) Limited an exclusive fees collection agent of Bangladesh Road Transport Authority (BRTA) for Collection of Motor Vehicle Taxes and Fees of BRTA.
11. Circular No. 2592, Date: 13.07.2021, Subject: Providing the information as per Prescribed Format provided by Computer Network Systems (CNS) Limited an exclusive fees collection agent of Bangladesh Road Transport Authority (BRTA) for Collection of Motor Vehicle Taxes and Fees of BRTA.
12. Circular No. 2591, Date: 13.07.2021, Subject: Transaction through IBDA settlement A/C.
13. Circular No. 2590, Date: 12.07.2021, Subject: Introducing a New Deposit Product in the name of "Preferential Deposit Account"
14. Circular No. 2588, Date: 08.07.2021, Subject: অর্থ আইন ২০২১-২০২২ অনুযায়ী উৎসে আয়কর ও মূল্য সংযোজন কর কর্তন প্রসঙ্গে।
15. Circular No. 2587, Date: 08.07.2021, Subject: নভেল করোনা ভাইরাস (COVID-19) এর প্রাদুর্ভাবের কারণে সিএমএসএমই (CMSME) খাতের জন্য বিশেষ ঋণ/বিনিয়োগ সুবিধা প্রসঙ্গে।

16. Circular No. 2586, Date: 08.07.2021, Subject: নভেল করোনা ভাইরাস (COVID-19) এর প্রাদুর্ভাবের কারণে ক্ষতিগ্রস্ত সিএমএসএমই (CMSME) খাতের জন্য ২০,০০০ কোটি টাকার আবর্তনশীল পুণোদনা প্যাকেজের দ্বিতীয় পর্যায়ের (জুলাই, ২০২১ হতে জুন, ২০২২ পর্যন্ত) লক্ষ্যমাত্রা নির্ধারণ প্রসঙ্গে।
17. Circular No. 2585, Date: 07.07.2021, Subject: নভেল করোনা ভাইরাসের কারণে সৃষ্ট পরিস্থিতিতে MSP (পূর্বের MSS) হিসাবের কিস্তি বিলম্বে জমা প্রসঙ্গে।
18. Circular No. 2584, Date: 07.07.2021, Subject: ঋণ অনুমোদন/নবায়নে নিরীক্ষিত আর্থিক প্রতিবেদন গ্রহণ এবং ঋণ ফাইলে যথাযথ সংরক্ষণ প্রসঙ্গে।

Information Circulars

1. Circular No. 1661, Date: 28.07.2021, Subject: Marketing for "Collection of Treasury Challan's Money through Automated Challan System (ACS)"
2. Circular No. 1660, Date: 28.07.2021, Subject: Information Regarding Changes of BTCL Telephone Numbers of MBL Kushtia Branch, Kushtia.
3. Circular No. 1659, Date: 26.07.2021, Subject: Loss of Instruments
4. Circular No. 1658, Date: 19.07.2021, Subject: Loss of Instruments
5. Circular No. 1657, Date: 15.07.2021, Subject: Credit Rating of Mercantile Bank Limited for the year ended December 31, 2020.
6. Circular No. 1656, Date: 15.07.2021, Subject: Loss of Instruments
7. Circular No. 1655, Date: 14.07.2021, Subject: Loss of Instruments
8. Circular No. 1654, Date: 12.07.2021, Subject: Loss of Instruments.
9. Circular No. 1663, Date: 08.07.2021, Subject: Installation of New Internal Protocol (IP) phone number of MBL Jhilongia Branch, Cox's Bazar.
10. Circular No. 1652, Date: 08.07.2021, Subject: Information Regarding Changes of Telephone/FAX Number of Bangladesh General Insurance Company Ltd.
11. Circular No. 1651, Date: 08.07.2021, Subject: Change of PABX & FAX Number of Dhaka Stock Exchange Limited
12. Circular No. 1650, Date: 07.07.2021, Subject: Information Regarding Changes of BTCL Telephone Numbers of MBL Bijoynagar Branch, Dhaka.
13. Circular No. 1649, Date: 07.07.2021, Subject: Loss of Instrument
14. Circular No. 1646, Date: 07.07.2021, Subject: Changes of Address of Corporate Head Office of NRB Bank Limited.
15. Circular No. 1647, Date: 07.07.2021, Subject: Information Regarding Changes of BTCL Telephone Numbers of MBL Mirpur Branch, Dhaka.
16. Circular No. 1646, Date: 07.07.2021, Subject: Information Regarding Change of BTCL Telephone Numbers of MBL Ishwardi Branch, Pabna.

ID Circulars

1. Circular No. 63, Date: 27.07.2021, Subject: Interim direction regarding renewal of Registration Certificate (Import, Export and Indenting) for the year of 2021-2022.
2. Circular No. 62, Date: 19.07.2021, Subject: Export trade transactions, appropriate safeguards.
3. Circular No. 61, Date: 13.07.2021, Subject: স্বর্ণ নীতিমালা (Gold Policy)-2018 (সংশোধিত)-২০২১ প্রসঙ্গে।

4. Circular No. 60, Date: 13.07.2021, Subject: অপরিশোধিত স্বর্ণ আকরিক (ore)/ আংশিক পরিশোধিত স্বর্ণ (dore) আমদানির লক্ষ্যে বানিজ্য মন্ত্রনালয় কর্তৃক অনুমতিপ্রাপ্ত স্বর্ণ পরিশোধাগার প্রতিষ্ঠানের অনুকূলে বৈদেশিক মুদ্রা নিয়ন্ত্রণ আইন, ১৯৪৭ এর আওতায় প্রাধিকারযোগ্য আমদানিকারক হিসেবে অনুমতি ইস্যু প্রসঙ্গে।
5. Circular No. 59, Date: 12.07.2021, Subject: Statutory business target for licenced Money Changers
6. Circular No. 58, Date: 12.07.2021, Subject: রপ্তানির বিপরীতে রপ্তানি প্রনোদনা / নগদ সহায়তা প্রদান প্রসঙ্গে।
7. Circular No. 57, Date: 12.07.2021, Subject: অনলাইন এক্সপোর্ট মনিটরিং সিস্টেমে ইএক্সপির বিপরীতে বাতিল চিহ্নিতকরণ এবং পরবর্তীতে উহা পুনঃসচলকরণের আবেদন প্রসঙ্গে।

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 mbl.rpd@gmail.com

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