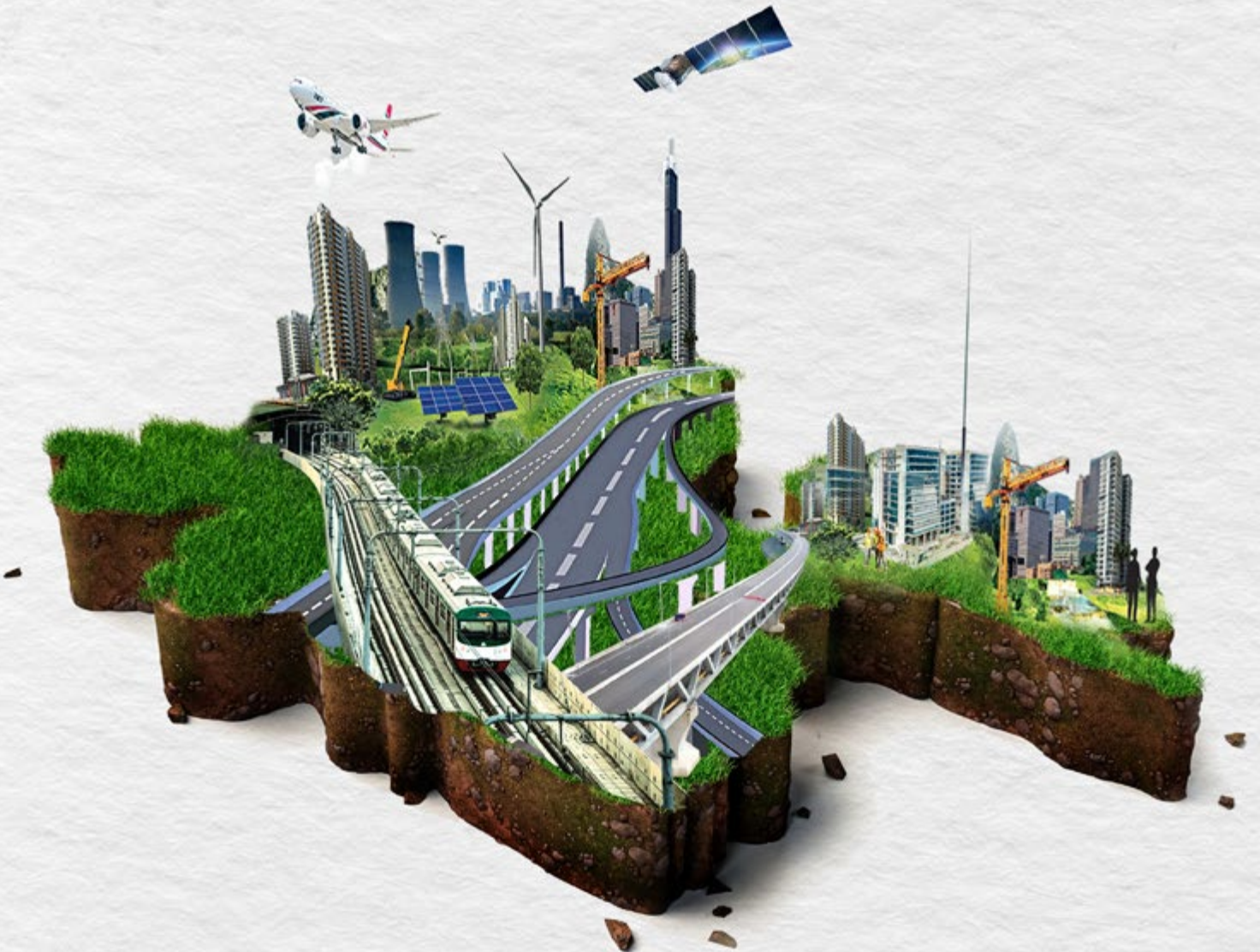


MBPLC. Spectrum

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Monthly Online Bulletin

Research and Planning Division
Mercantile Bank PLC.
Head Office, Dhaka.

SEPTEMBER 2023



বাংলা ব্যাংক

মার্কেন্টাইল ব্যাংক পিএলসি.
Mercantile Bank PLC.
দক্ষতাই আমাদের শক্তি

CONTENTS



EDITORIAL

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Chief Financial Officer



- 03 Editor's Note
- 04 MBPLC. Performance
September 2023
- 05 Global Economy
- 11 Bangladesh Economy

- 17 Banking Industry
- 25 MBPLC. News
- 28 Bangladesh Bank Circular
September 2023
- 29 MBPLC. Circular
September 2023

EDITOR'S NOTE

As we transition into the last quarter of 2023, we look back on a year that saw the banking sector maneuvering through a number of hurdles to still register growth which is denoted by the significant increase in bank accounts and deposits in the first three quarters. This is a heartening scenario which reinforces the endeavour taken by the Govt. to bring more unbanked people under the umbrella of Banking. Along with it, this celebrates the diversity of our banking sector, which has been mentioned in a report by the central bank.

In other news, Bangabandhu Shilpa Nagar is expected to generate employment for 1.4 million people, thereby bolstering our national economy.

A noteworthy achievement in infrastructure development was the launch of the Dhaka Elevated Expressway on September 2, 2023. This first-of-its-kind expressway in Bangladesh is anticipated to drastically alleviate traffic congestion in Dhaka. The expressway project exemplifies Bangladesh's strides in enhancing urban mobility and promoting economic growth.

The Asian Development Outlook 2023 report by the ADB forecasts that Bangladesh's GDP will converge with the IMF's projection of 6.5% for FY'24. However, the forthcoming national elections and persistent economic instability have cast a shadow of uncertainty. Among the issues are soaring inflation and a substantial decrease in national reserves.

In this edition, we explore these urgent issues and offer an analysis of both the Bank's current economic standing and the wider economic scenario of the country.

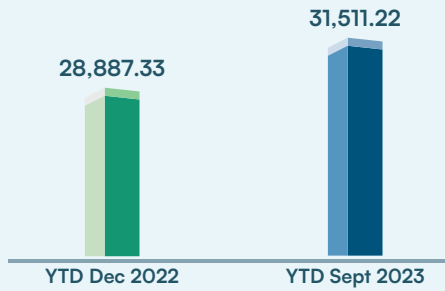
Tapash Chandra Paul, PhD

Chief Financial Officer
Email: tapchpaul@gmail.com

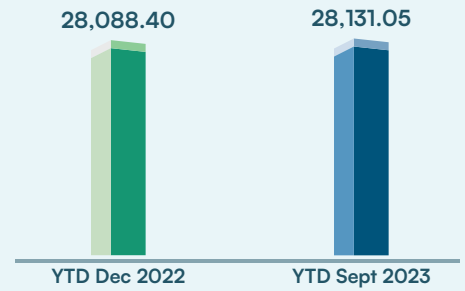
MBPLC. PERFORMANCE SEPTEMBER 2023

MBPLC. PERFORMANCE

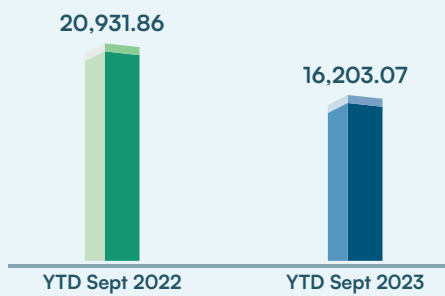
Deposits BDT in Crore



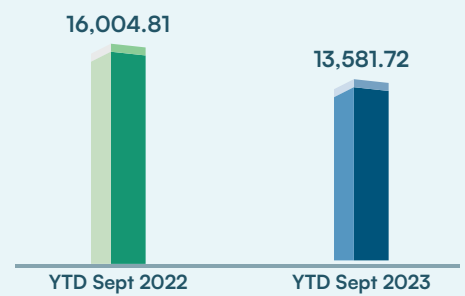
Loans & Advances BDT in Crore



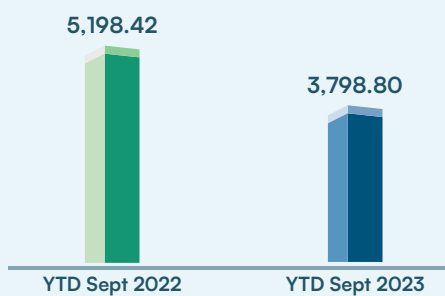
Import BDT in Crore



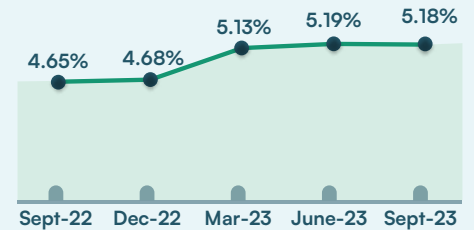
Export BDT in Crore



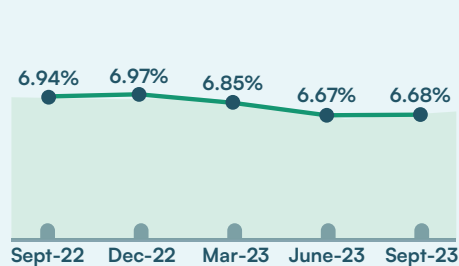
Inward Remittance BDT in Crore



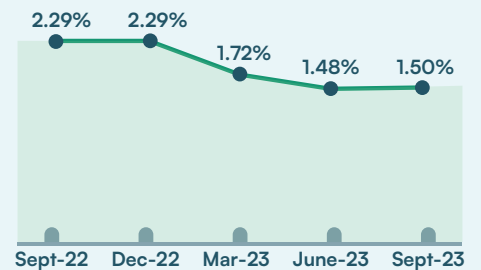
Cost of Deposit



Yield on Advances



Spread





GLOBAL ECONOMY

Confronting inflation and low growth

Global GDP growth is projected to remain sub-par in 2023 and 2024, at 3% and 2.7% respectively, held back by the macroeconomic policy tightening needed to rein in inflation. Annual GDP growth in the United States is expected to slow from 2.2% this year to 1.3% in 2024, as tighter financial conditions moderate demand pressures. In the euro area, where demand is already subdued, GDP growth is

projected to ease to 0.6% in 2023, and edge up to 1.1% in 2024 as the adverse impact of high inflation on real incomes fades. Growth in China is expected to be held back by subdued domestic demand and structural stresses in property markets, easing to 5.1% in 2023 and 4.6% in 2024.

Headline inflation is declining, but core inflation remains persistent in many economies, held up by cost

pressures and high margins in some sectors. Inflation is projected to moderate gradually over 2023 and 2024, but to remain above central bank objectives in most economies. Headline inflation in the G20 economies is projected to ease to 6% in 2023 and 4.8% in 2024, with core inflation in the G20 advanced economies declining from 4.3% this year to 2.8% in 2024.

Table 1. Global growth is projected to remain moderate

Real GDP growth, year-on-year, per cent

	2022	2023		2024	
		Interim EO projections	Difference from June EO	Interim EO projections	Difference from June EO
World	3.3	3.0	0.3	2.7	-0.2
G20 ¹	3.1	3.1	0.3	2.7	-0.2
Australia	3.7	1.8	0.0	1.3	-0.1

	2022	2023		2024	
		Interim EO projections	Difference from June EO	Interim EO projections	Difference from June EO
Canada	3.4	1.2	-0.2	1.4	0.0
Euro area	3.4	0.6	-0.3	1.1	-0.4
Germany	1.9	-0.2	-0.2	0.9	-0.4
France	2.5	1.0	0.2	1.2	-0.1
Italy	3.8	0.8	-0.4	0.8	-0.2
Spain ²	5.5	2.3	0.2	1.9	0.0
Japan	1.0	1.8	0.5	1.0	-0.1
Korea	2.6	1.5	0.0	2.1	0.0
Mexico	3.9	3.3	0.7	2.5	0.4
Türkiye	5.5	4.3	0.7	2.6	-1.1
United Kingdom	4.1	0.3	0.0	0.8	-0.2
United States	2.1	2.2	0.6	1.3	0.3
Argentina	5.0	-2.0	-0.4	-1.2	-2.3
Brazil	3.0	3.2	1.5	1.7	0.5
China	3.0	5.1	-0.3	4.6	-0.5
India ³	7.2	6.3	0.3	6.0	-1.0
Indonesia	5.3	4.9	0.2	5.2	0.1
Russia	-2.0	0.8	2.3	0.9	1.3
Saudi Arabia	8.8	1.9	-1.0	3.1	-0.5
South Africa	1.9	0.6	0.3	1.1	0.1

Note: Difference from June 2023 Economic Outlook in percentage points, based on rounded figures. World and G20 aggregates use moving nominal GDP weights at purchasing power parities (PPPs). Based on information available up to 15 September 2023.

1. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.
2. Spain is a permanent invitee to the G20.
3. Fiscal years, starting in April.

Source: Interim Economic Outlook 114 database; and Economic Outlook 113 database.

Table 2. Headline consumer price inflation is declining steadily

Headline inflation, per cent

	2022	2023		2024	
		Interim EO projections	Difference from June EO	Interim EO projections	Difference from June EO
G20 ¹	7.8	6.0	-0.1	4.8	0.1
Australia	6.6	5.5	0.1	3.2	0.0
Canada	6.8	3.6	0.1	2.4	0.1
Euro area	8.4	5.5	-0.3	3.0	-0.2
Germany	8.7	6.1	-0.2	3.0	0.0
France	5.9	5.8	-0.3	2.9	-0.2
Italy	8.7	6.1	-0.3	2.5	-0.5
Spain ²	8.3	3.5	-0.4	3.4	-0.5
Japan	2.5	3.1	0.3	2.1	0.1
Korea	5.1	3.4	0.0	2.6	0.0
Mexico	7.9	5.4	-0.5	3.9	0.2
Türkiye	72.3	52.1	7.3	39.2	-1.6

	2022	2023		2024	
		Interim EO projections	Difference from June EO	Interim EO projections	Difference from June EO
United Kingdom	9.1	7.2	0.3	2.9	0.1
United States	6.3	3.8	-0.1	2.6	0.0
Argentina	72.4	118.6	11.7	121.3	33.0
Brazil	9.3	4.9	-0.7	3.6	-1.1
China	1.9	0.5	-1.6	1.3	-0.7
India ³	6.7	5.3	0.5	4.8	0.4
Indonesia	4.2	3.7	-0.5	2.8	-0.7
Russia	13.7	5.2	-0.2	5.2	0.0
Saudi Arabia	2.5	2.5	0.0	2.1	-0.5
South Africa	6.9	5.8	-0.2	4.7	0.0

Note: Difference from June 2023 Economic Outlook in percentage points, based on rounded figures. The G20 aggregate uses moving nominal

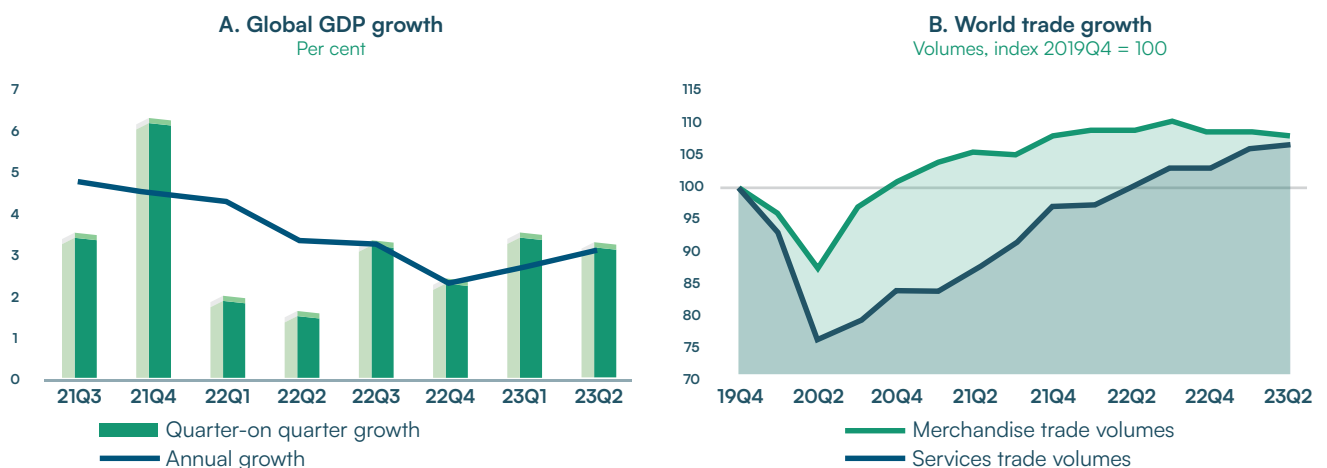
GDP weights at purchasing power parities (PPPs).

1. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.
2. Spain is a permanent invitee to the G20.
3. Fiscal years, starting in April.

Source: Interim Economic Outlook 114 database; and Economic Outlook 113 database.

The pick-up in global growth in the first half of 2023 may prove short-lived

Figure 1. GDP growth has picked up, but trade growth remains weak



Note: Panel A: GDP growth using moving nominal GDP weights at purchasing power parities (PPPs). Quarter-on-quarter growth is expressed at an annualised rate. Panel B: global trade is computed as the average of exports and imports. All figures are expressed in volume terms and aggregated at USD market exchange rates

Global GDP advanced at an annualized pace of 3.2% in the first half of 2023 compared to the second half of 2022 (Figure 1, Panel A), somewhat stronger than expected a few months ago. Growth was comparatively robust

in the United States and Japan, but weak in most of Europe, particularly Germany. Amongst the G20 emerging-market economies, growth surprises have mostly been positive so far this year, especially in Brazil, helped

by favourable weather-related agricultural outcomes, India and South Africa. Growth in China has however lost momentum, with the initial impetus from reopening fading and structural problems in the property sector continuing

to weigh on domestic demand. Contrary to global output, trade volumes have risen more slowly than expected in the first half of this year, with trade intensity declining (Figure 1, Panel B).

Merchandise trade volumes have been particularly weak, especially in the major advanced economies, with global trade in goods falling by 2½ percent over the year to June. Services trade has held

up better, helped by tourism continuing to rebound strongly from the steep drop in the early part of the COVID-19 pandemic.

Ref: <https://www.oecd-ilibrary.org/economics/oecd-economic-outlook/volume-2023>

Fed holds interest rates at 22-year high

The US Federal Reserve voted to keep interest rates at a 22-year high, while forecasting an additional rate hike before the end of the year to bring down inflation. The Fed's decision to keep its key lending rate between 5.25 percent and 5.50 percent gives policymakers time to "assess additional information and its implications for monetary policy," the central bank said in a statement.

After 11 interest rate hikes since March last year, inflation has fallen



sharply but remains stubbornly above the Fed's long-run target of two percent per year -- keeping

pressure on officials to consider further policy action.

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

China's economic gloom hangs over Japan's long-awaited recovery

Policymakers in Tokyo believe China's deepening economic woes could hit Japan's fragile recovery, especially if Beijing fails to shore up demand with meaningful stimulus, potentially delaying an exit from ultra-loose monetary policy. China's downturn would leave Japan's export-reliant economy with little external support as aggressive Federal Reserve interest rate hikes cool growth in the United States, another key driver of global activity.

The risks from China will be among key topics of debate at the Bank of Japan's September policy meeting, say five sources familiar with the bank's thinking,



and raise fresh questions about Governor Kazuo Ueda's efforts to wean the economy off the massive monetary stimulus of the past decade. Economists believe China's downturn could knock 1-2 percentage points off Japan's

annual growth, fuelling fears of a prolonged slowdown in Asia's two biggest economies, which combined account for about a fifth of global gross domestic product.

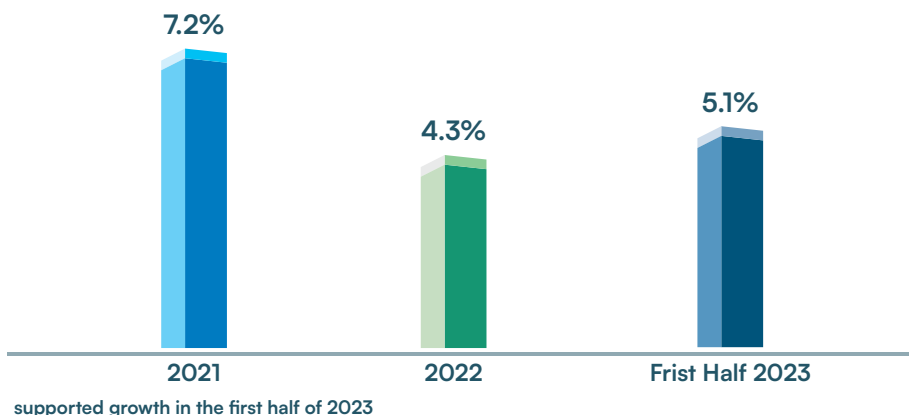
Ref: <https://thefinancialexpress.com.bd>

ADB projects 4.7 pc growth for developing Asia amid risks

Economic growth of developing economies in Asia and the Pacific is projected to remain solid, although risks to the outlook are rising, according to an Asian Development Bank (ADB) report. The Asian Development Outlook September 2023 forecasts the region's developing economies to grow 4.7 percent this year, a slight downward revision from a previous projection of 4.8 percent. The growth forecast for next year is maintained at 4.8 percent.

The report says that growth in the region was upbeat in the first half of this year, driven by China's

GDP Growth Developing Asia



reopening, healthy domestic demand, rebounding tourism, strong remittances, and stable financial conditions, even as a

weaker global outlook reduced export demand.

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

Eurozone inflation eases

Eurozone inflation slowed slightly in August, the EU statistics agency said on 19 September, revising its previous figure. Consumer prices in the 20-country single currency area fell to 5.2 percent in August from 5.3 percent in July, according to Eurostat.

The agency had previously put August inflation at 5.3 percent. Eurostat also said food and drink prices rose by 9.7 percent in August, revising its 9.8 percent figure published on August 31. Inflation across the 27-nation European Union reached 5.9 percent in August, down from 6.1



percent in July, the data showed. The European Commission last week forecast inflation in its latest

outlook to reach 5.6 percent in 2023 and 2.9 percent in 2024.

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

Global trade finance gap expands to \$2.5t in 2022: ADB

The global trade finance gap grew to a record 2.5 trillion US dollars in 2022 from 1.7 trillion dollars two years earlier, as rising interest rates, flagging economic prospects, inflation,

and geopolitical volatility reduced the capacity of banks to deliver trade financing, according to the 2023 Trade Finance Gaps, Growth and Jobs Survey released by the Asian Development Bank

(ADB). According to the survey, rebounding strongly after the Covid-19 pandemic, global goods exports grew in 2021 and 2022 at 26.6 per cent and 11.5 per cent, respectively. Demand

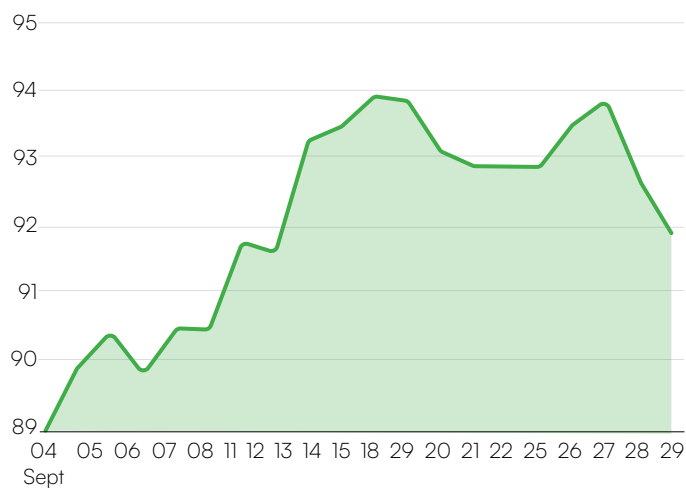
for trade finance surged on the back of this sharp recovery, but heightened economic risks made finance more difficult to secure than before, the survey shows.

The survey is the world's leading barometer of trade finance health. It includes data from 137 banks and 185 companies from around 50 countries.

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



Brent Crude Oil (\$/barrel)



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



Gold Price (USD/oz)

30 Day Gold Price in USD/oz



Natural Gas (p/therm)



Graph: Global Economy Scenario

Sources:

1. www.bbc.com
2. www.goldprice.org

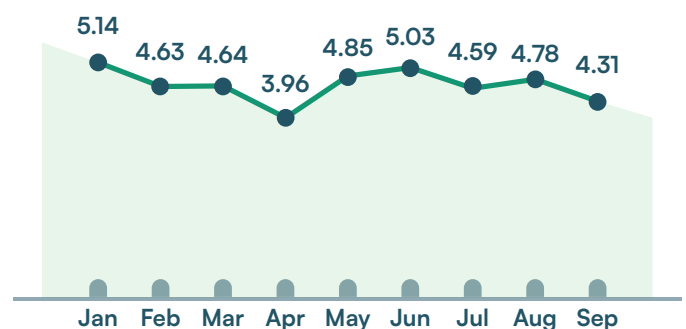


BANGLADESH ECONOMY

Export earnings up over 10% in September



Export Earnings from goods in 2023
(Fig In US\$ Billion)



Earnings from merchandise exports from Bangladesh rose 10.37 percent year-on-year to \$4.31 billion in September, official figures showed. Experts give the credit of a rise in export earnings on the higher shipment of garment items. It was up 9.51

percent at \$13.68 billion in the July-September quarter of the current financial year, according to the Export Promotion Bureau. The government has set a target to export goods worth \$62 billion in the current fiscal year of 2023-24, seeking a 11.59

percent year-on-year growth. Exports fetched a record \$55.56 billion in 2022-23 amid challenging conditions at home and abroad.

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

Remittance inflow from USA almost halves in Jul-Aug

Wage Earners' Remittance Inflows : Top Ten countries

SL	Country	2023-24	
		July	Aug
1	U.A.E	329.98	238.59
2	K.S.A	307.50	291.36
3	U.K	221.25	217.42
4	U.S.A.	200.00	170.27
5	Oman	120.78	64.75
6	Malaysia	116.66	83.26
7	Kuwait	114.81	116.25
8	Italy	113.61	111.26
9	Qatar	113.61	68.30
10	Bahrain	48.57	23.06

Source: BB (USD in Million)

Remittance inflow from the United States fell by nearly 49 per cent in July-August period of the current fiscal year from that of the same period of the last FY apparently due to volatility in the local foreign exchange market. Bangladesh received only US\$370.27 million in

the first two months of FY 2023-24, which is 48.65 per cent lower than \$721.07 million received during the same period of FY 2022-23 from the USA, latest official data showed. According to the Bangladesh Bank data, remittance inflow from expatriate

Bangladeshis in the USA increased by 2.43 per cent to US\$3.52 billion in FY 2023 from that of \$3.44 billion in FY 2022.

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

Remittance hits 41-month low

Remittance earnings of Bangladesh continued to plunge for the third consecutive month with a 13 percent year-on-year drop in September. Last month, migrant workers sent home \$1.34 billion, down 12.7 percent year-on-year and a 41-month low since April of 2020, when \$1.09 billion came in, according to data from the Bangladesh Bank. The remittance earnings were \$1.97 billion and \$1.59 billion in last July and August respectively. In last June, the amount of remittance earnings hit \$2.1 billion.

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



Trade deficit dips to \$635 million in July

Bangladesh's trade deficit in July, the first month of the current 2023-24 fiscal year, dipped by 69.73 per cent to 635 million US dollars year on year, according to the latest data from the central bank. The Bangladesh Bank data revealed

that the country's import payment was \$4,991 million in July, down 14.92 per cent, while earnings from exports stood at \$4,356 million, up 15.61 per cent, during the same period. The data showed the gap between Bangladesh's export

earnings and import payments in the first month of the previous 2022-23 fiscal year (July 2022-June 2023) was 2,098 million dollars, reports Xinhua.

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

Bangladesh's inflation expected to ease to 6.6% in FY2024: ADB



The Asian Development Bank (ADB) has projected that Bangladesh's inflation will ease to 6.6 percent in the current fiscal year. The global lender came up with the projection in its updated report on "Asian Development Outlook (ADO) September 2023" has been released. "Inflation

is expected to ease from 9.0 percent in FY2023 to 6.6 percent in FY2024 with some fall in global nonfuel commodity prices, expected higher agricultural production, and the initial tightening of monetary policy under the new framework," it said. ADB Country Director Edimon

Ginting said, "The government is managing relatively well against the external economic uncertainties, while advancing infrastructure development and critical reforms to improve investment climate."

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

Bangladesh's digital services export outpacing merchandise trade growth



Bangladesh's digital services export is outpacing traditional goods shipment although the country's overall digitally generated services sector still stays nascent and needs policy push to unlock potential. Quoting World Trade Organisation

(WTO) estimates, the trade report mentions that Bangladesh's total exports of digitally delivered services have been growing by 15 per cent annually since 2005, compared to a lower rate of 11 per cent for goods. And global exports

of digitally delivered services have more than tripled since 2005, far outpacing trade in goods and other services.

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

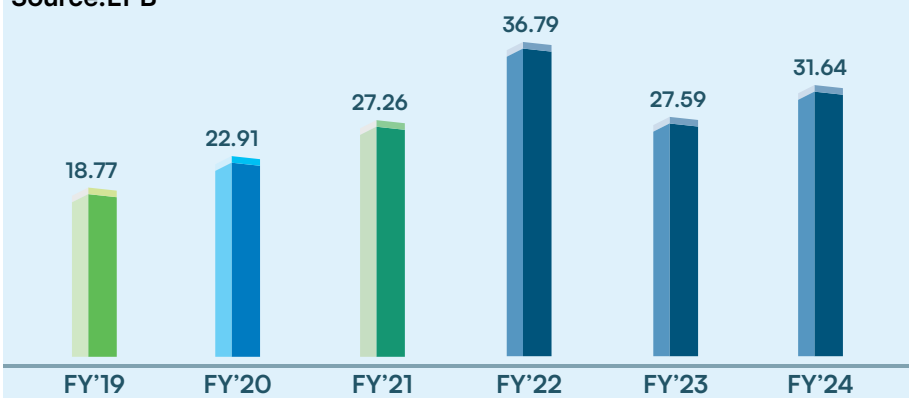
Pharma exports up 15% in Jul-Aug

Pharmaceutical exports from Bangladesh grew nearly 15 percent year-on-year in the first two months of the current fiscal year as drug-makers secured international tenders, according to industry people. The manufacturers also said to have set a target to ship products by this month against the orders placed for the year in order to avoid disruptions stemming from any possible political unrest centring the upcoming general elections. Thus, medicine shipment fetched \$31.64 million in July and August of 2023-24, data from the Export Promotion Bureau showed. Pharmaceutical exports from Bangladesh fell 7 percent

Pharma Exports Earnings

(In million US\$)

Source: EPB



year-on-year to \$175.42 million in 2022-23 due to the impacts of global economic crises and

subsequent US dollar shortage in most underdeveloped countries.

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

Key Indicators of Economy

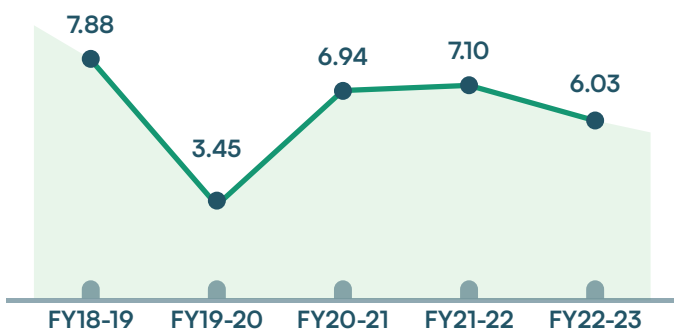
Current national income aggregates

Items	2022-23P	Percentage Change over previous year
GDP at current prices, in million Taka	4,43,92,733	11.77%
Per Capita GDP at current prices, in Taka	259,919	12.1%
GNI at current prices, in million Taka	4,61,85,291	11.85%
Per Capita GNI at current prices, in Taka	270,414	12.18%

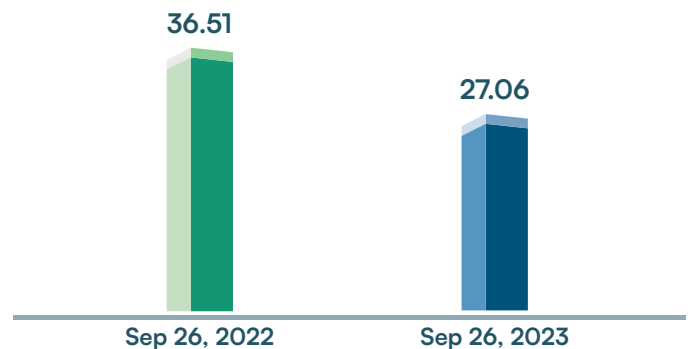
Reserve Money and Broad Money (TK. In Crore)

Items	July, 2022	July, 2023	Percentage Change Jul'23 over Jul'22
Reserve Money	344,931	365,659.60	6.01%
Broad Money	17,07,930.40	18,74,249.70	9.74%

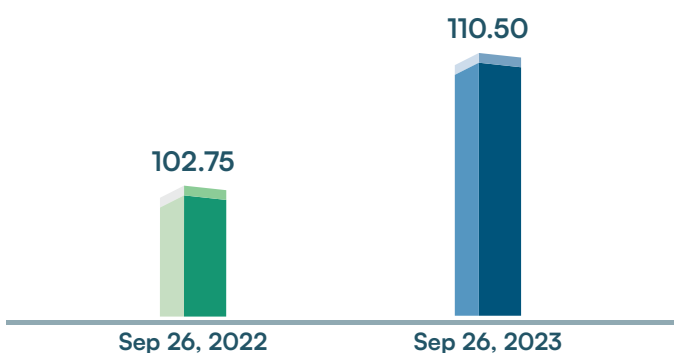
GDP Growth Rate (%)



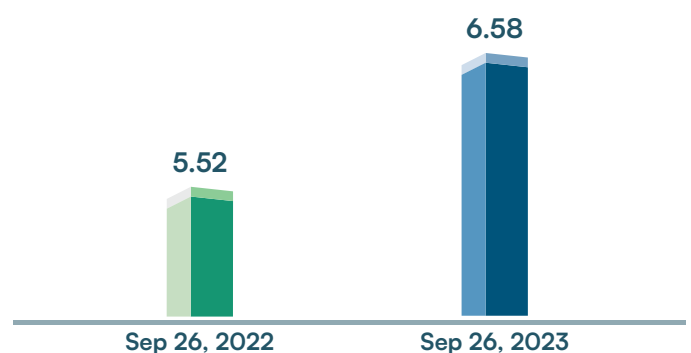
Foreign Exchange Reserve In Billion US\$



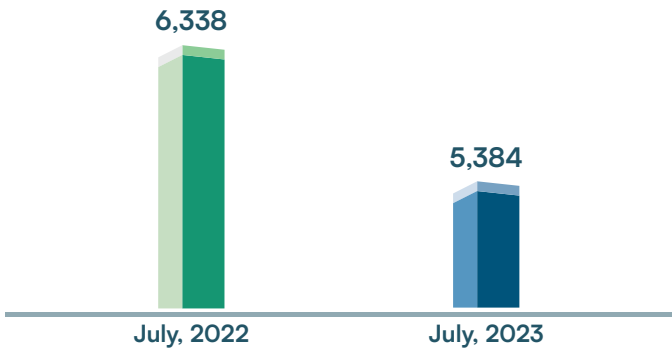
Interbank TK.-USD Exchange Rate



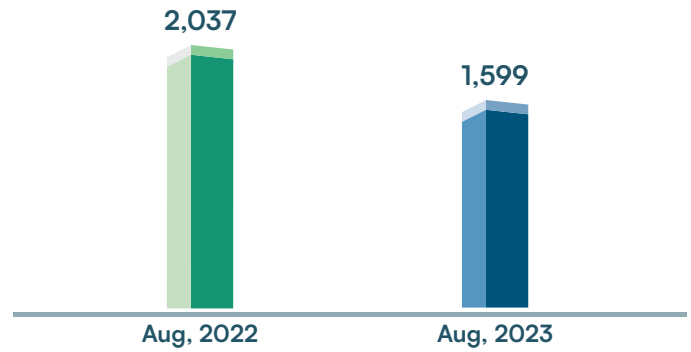
Call Money Rate (%)



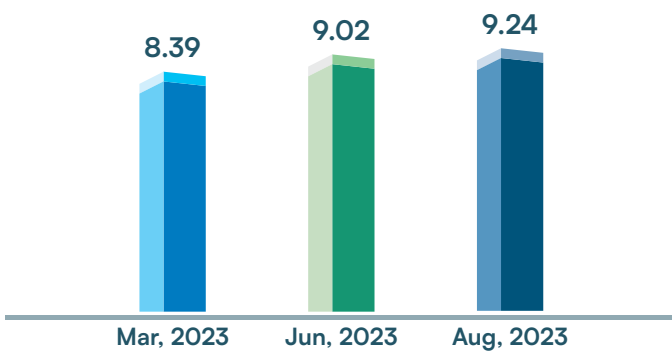
Import (C & F) in Million US\$



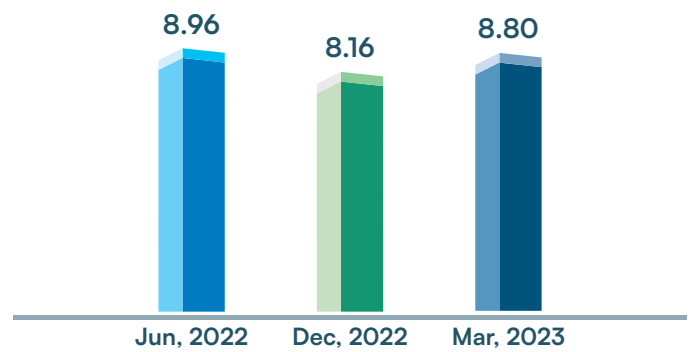
Export (EPB) in Million US\$



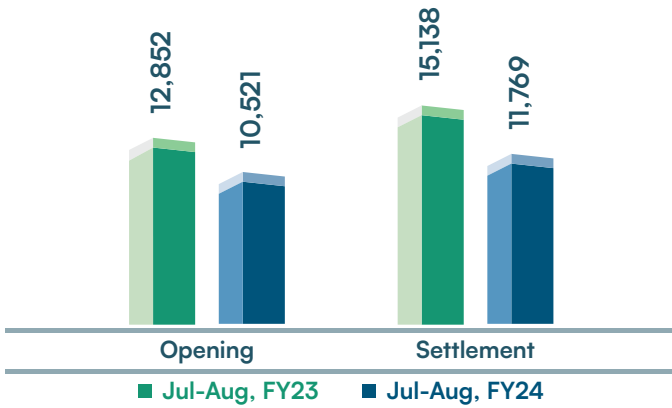
Inflation Rate 12 Month Average



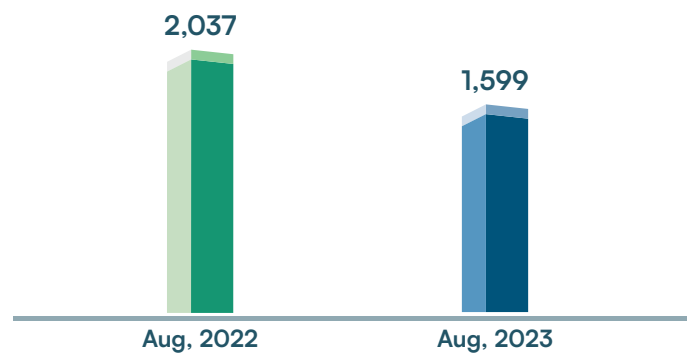
Classified Loan (%)



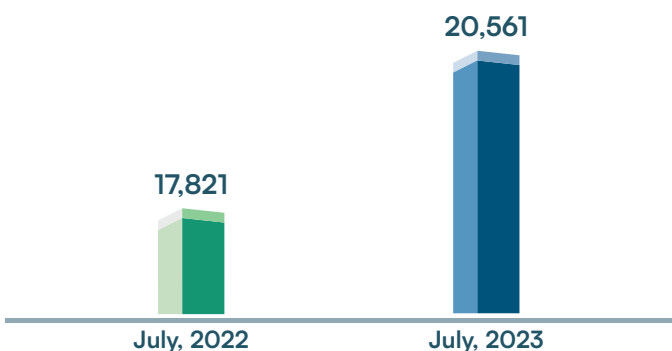
L/C Opening and Settlement In million US\$



Wage Earners Remittance in Million US\$



Tax Revenue (NBR) Tk. In crore





BANKING INDUSTRY

Cenbank bars transfer of value-added portion of export proceeds

The Bangladesh Bank (BB) has barred businesses from transferring the value-added portion of export proceeds to other banks in a bid to bring discipline to foreign exchange transactions. Besides, exporters can now retain the value-added portion of the proceeds for a maximum period of 30 days in the receiver bank, according to a circular issued by the central bank's Foreign Exchange Policy Department.

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



Exporters' dollar retention limit lowered again

The Bangladesh Bank has once again lowered the US dollar retention limit that exporters have to maintain in their foreign currency accounts from the shipment proceeds as Bangladesh continues to face the shortage of the American greenback. Traders are allowed to keep a portion of their earnings in the export retention quota (ERQ) accounts to settle back-to-back letters of credit liabilities without facing exchange losses. For example,



merchandise exporters are entitled to a foreign exchange retention quota of 60 percent of

repatriated FOB (free on board) value of their exports.

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

Retired bankers can join banks as director: Cenbank

Retired bankers can rejoin banks as directors, as per BRPD circular letter no 37. "Officials from any bank can become directors of the bank five years after retirement or expiry of contract," reads the circular. Earlier, in 2021, appointment of retired bankers was restricted

to board members of the same bank they served. A high official of the central bank said that the same facility [reappointment] was earlier provided for Non-Bank Financial Institutions (NBFIs). It has now been applied for banks. In August last year, the Bangladesh Bank

restricted the appointment of external auditors, legal advisers, advisers, consultants or officials who have worked in a financial institution in the previous five years as a board member of the same organisation.

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

BB formulates digital payment policies with quick refund, penalty provisions

The central bank has formulated policies to ensure the security of customers and businesses in the process of digital payments for online product and service sales, including procedures for refunds and penalties. If a customer cancels an order after making a digital payment, he or she must be refunded within a maximum of three days. Simultaneously, the Bangladesh Bank may suspend or revoke the licence of any relevant Payment Service Operator (PSO), Payment Service Provider (PSP),



or Mobile Financial Service (MFS) institution if they do not

adhere to the policy accurately.

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

BB imposes 10pc source tax on inward remittance

The Bangladesh Bank (BB) said banks will deduct tax at source from inward remittance against service and revenue sharing. The banks will deduct the tax at the rate of 10 per cent. The

central bank said this circular was issued as the tax authority requested them for such circular as the new income-tax law is in effect. It's worth noting that workers' remittances will be

exempt from this source tax. This rate mirrors the provisions in the previous Income Tax Act of 1984.

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

Central bank sets interest rate for GTF loans at 5%

According to FEPD Circular Letter No. 13, dated 26 September, 2023 the central bank has set the interest rate for Green Transformation Fund (GTF) loans at 5% to boost green financing for export-oriented industries. Export-oriented industries can avail of these loans to import green or environment-friendly capital machinery. The central bank issued a circular to all



authorised dealers of foreign exchange in the country in this regard. Banks will collect this

fund from the central bank at a 2% interest rate.

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

Bangladesh Bank relaxes rules for EFPF loan payment

According to BRPD Circular Letter No. 39 dated 13 September, 2023 the Bangladesh Bank relaxed the settlement rules of funds businessmen have taken from the Export Facilitation Pre-

finance Fund (EFPF). The money taken under the EFPF has rules for one-time repayment along with interest at the end of the term. The Banking Regulations and Policy Department of the central bank

issued a circular in this regard and sent it to the Managing Directors and Chief Executive Officers of all scheduled banks for immediate execution.

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

E-commerce to face more scrutiny as BB makes rules to stop fraud

The Bangladesh Bank introduced a guideline through PSD Circular No. 10, dated 26 September, 2023 for merchant acquiring, making it mandatory for payment services providers to carry out intense scrutiny

before onboarding sellers as it looks to eliminate online frauds and financial crimes. According to the 'Guidelines for Merchant Acquiring and Escrow Services 2023, merchant-acquiring institutions such as



banks, mobile financial services, payments service providers (PSPs), and payments system operators have been asked to draw up their respective onboarding policies. The

policies will give details about the documents to be needed for merchant onboarding, document verification process, risk analysis, risk management, escrow services, refund,

merchant activity inspection and monitoring, and directives for merchants in providing services to customers.

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

Banking card also holes in forex reserves

Foreign-currency transactions using cards has recorded a phenomenal rise in recent months, adding pressure to depleting foreign-exchange reserves. According to the central bank, Bangladeshis transacted Tk 7.69 billion worth of foreign currency through their cards from their bank accounts in a single month of July, 2023. Amid foreign-exchange shortage, the higher transactions have



created an additional pressure on Bangladesh's reserves. The country's foreign-exchange reserves dived to US\$23.255 billion in August, which is

equivalent to nearly four months' import payments, BB officials said.

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

SCB introduces 20-week parental leave to promote the idea of sharing responsibility

Standard Chartered Bank has introduced 20-week paid parental leave for its employees to put forward the philosophy that child rearing is a responsibility for both parents to share. The objective is to help parents of the

newborns rear a new generation of talents for running future businesses, says the company's management. In offering the benefit, the multinational bank has accommodated all options that one could think of to be

inclusive and to ensure equality. All parents, irrespective of gender and relationship status, will be entitled to the benefit.

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

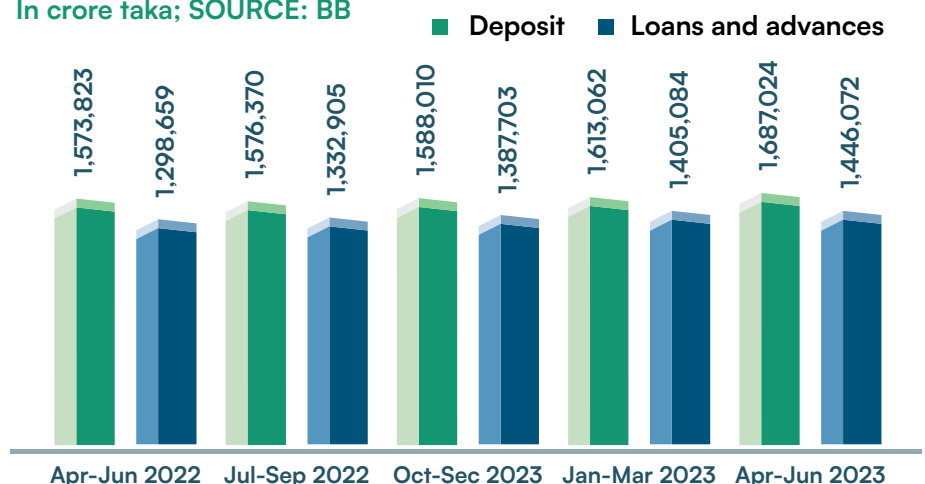
Banks' lending slows for liquidity crunch

The banking sector's lending growth squeezed in the April to June quarter owing to a shortage of liquidity at most banks and their unwillingness to extend credits to borrowers already struggling to pay back, official figures showed. The lending of scheduled banks grew 2.92 percent to Tk 14,46,072 crore in the second quarter compared to the first quarter, according to the data of the central bank. In April-June of 2022, the lending rose 5 percent to Tk 12,98,659 crore.

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

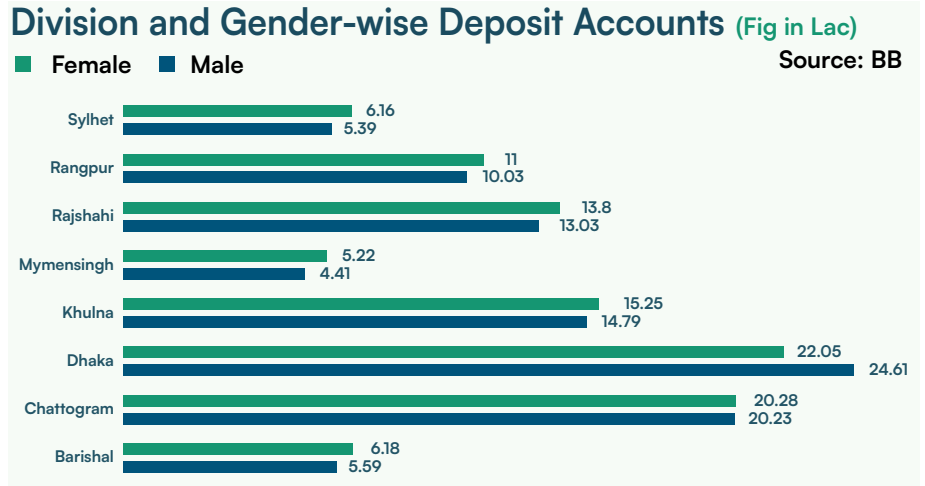
OVERALL DEPOSITS, LOANS AND ADVANCES

In crore taka; SOURCE: BB



Female participation through agent banking rising

Female participation in financial activities through agent banking is growing as women now have 1.52 percent higher number of deposit accounts compared to men in Bangladesh. In Dhaka, men hold 52 percent of the deposit accounts while women 46.55 percent, but the scenario is opposite for places outside Dhaka. Women in Barishal, Chattogram, Khulna, Mymensingh, Rajshahi, Rangpur and Sylhet have more deposit accounts than men in those divisions, according to data of the Agent Banking Statistics Division of Bangladesh Bank. As of July



this year, the number of female deposit accountholders stood at 9,995,969, which is 1.52 percent

higher than that of the number of accounts held by men.

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

Fitch revises outlook on Bangladesh's foreign debt to negative in the long term

Fitch Ratings has revised its outlook on Bangladesh's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable, and affirmed the IDR

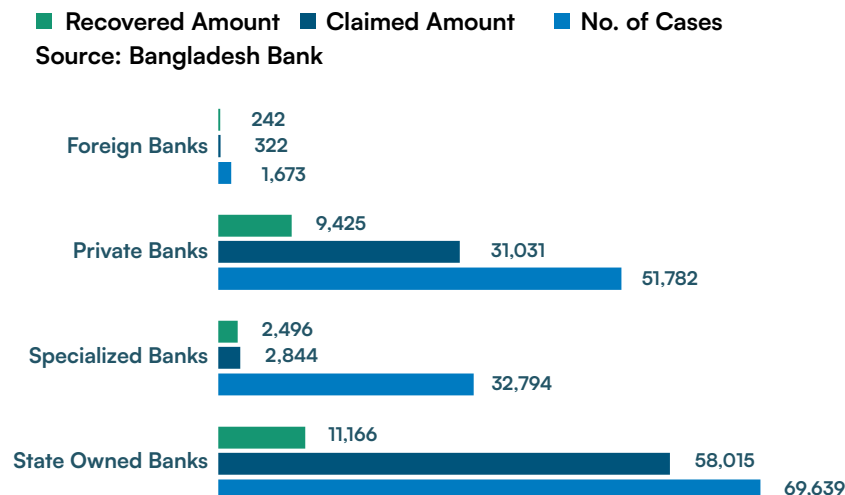
at 'BB-'. An IDR represents an assessment of an issuer's (such as a company or government) relative likelihood of defaulting on its financial obligations. A Long Term

Foreign Currency IDR indicates its ability to meet its financial obligations in foreign currency in the long term, reports UNB.

(Ref: www.thefinancialexpress.com)

Tk92,000 cr default loan cases resolved with just 25% recovery

Artha Rin Adalat Cases Settled Vs Money Recovered (Amount in TK Crore, June 2023)



Since its inception in 2003 to June 2023, the money loan court has filed 2,28,428 cases involving TK2,70,489 crore

As of the June 2023, 72,540 lawsuits involving TK1,78,277 crore were still pending in the court.

Money loan courts, set up to resolve financial disputes, have so far disposed of 1.55 lakh cases, but banks have only been able to recover 25% of their defaulted loans, amounting to Tk92,211 crore. According to a central bank report, banks

recovered Tk23,328 crore from the resolved cases till June this year. Among the defaulted loans, the highest amount, Tk58,014 crore, belongs to state-owned banks, followed by Tk31,031 crore for private banks. Compared to December 2022,

there has been an increase of 351 cases till June 2023, and the amount of money claimed in these cases has increased by Tk11,391 crore.

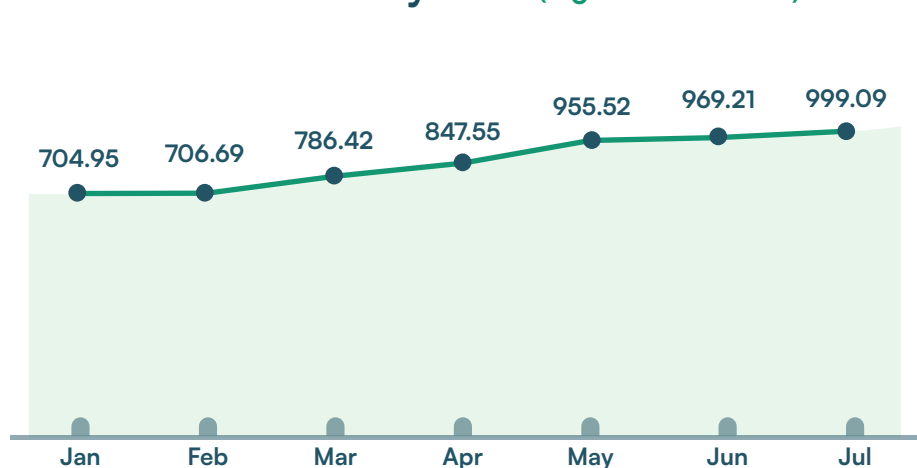
(Ref: <https://www.tbsnews.net/>)

Deferred LCs hit record \$1b in July as banks lack dollar

As the dollar crisis continues, banks are opening more and more LCs on terms of deferred payments, an arrangement where they pledge to pay the exporters much later after the goods arrive. The importers who are now forced to opt for deferred payments for the dollar crisis are counting hefty extra costs for the facility, and yet this is the best option available to them if they have to keep their business running.

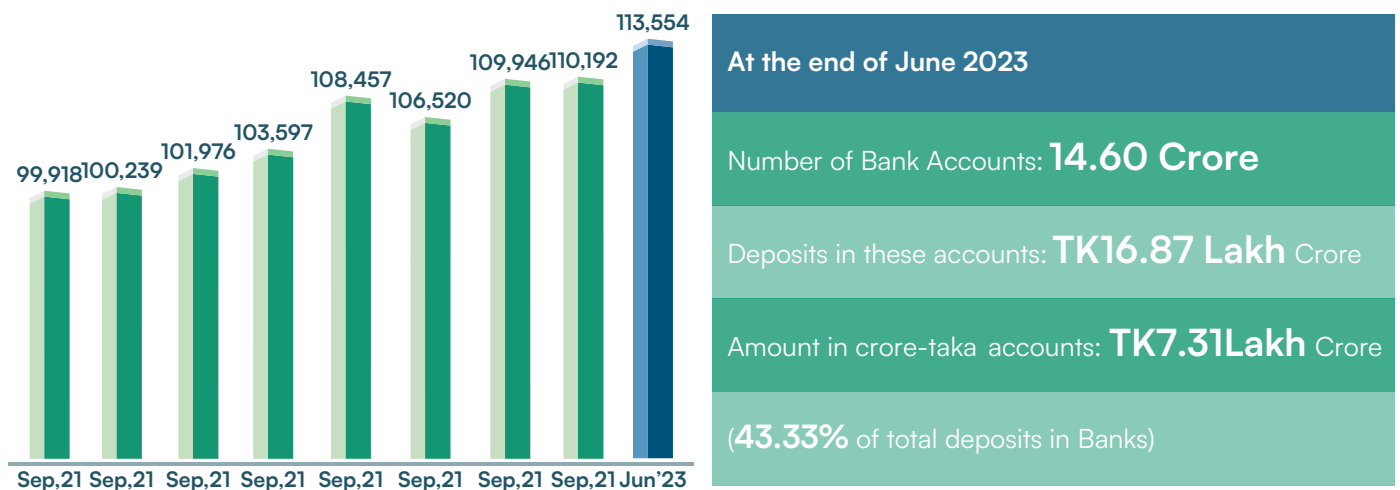
(Ref: <https://www.tbsnews.net/>)

Trend of Deferred Payment (Fig in Million USD)



Number of Tk 1cr deposit holders surges

Accounts with Deposits above TK1Cr



Deposits in 3,362 more bank accounts went past Tk 1 crore in the April-June period of 2023. This means there were 113,554 bank accounts in total with more than Tk 1 crore in deposits at the end of June, according to

Bangladesh Bank. Three months earlier, there were 110,192 such accounts. These accounts do not all belong to individuals. There are many institutions besides individuals that keep more than Tk 1 crore in the bank.

There was Tk 731,332 crore in the 113,554 accounts at the end of June. This accounted for 43 percent of all the deposits in the banking sector.

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

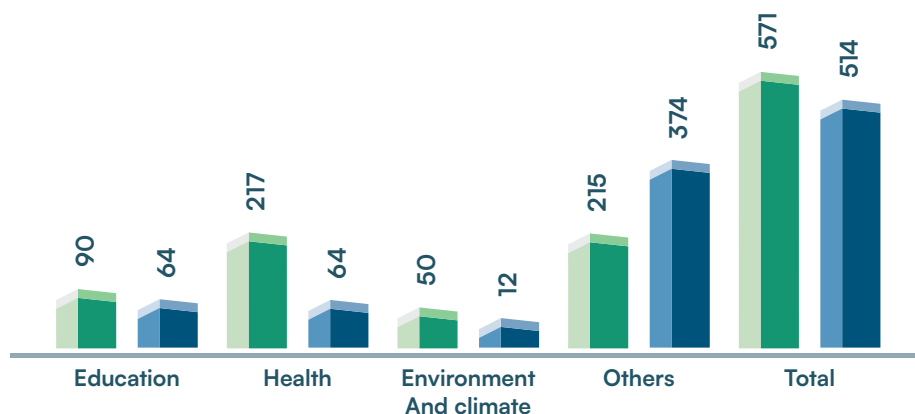
Bank's CSR spending in health rises by Tk152cr in Jan-June

The corporate social responsibility (CSR) expenditure of banks and non-bank financial institutions (NBFIs) in the health sector has increased more than threefold in the first half of 2023, compared to the spending in the second half of last year. According to a Bangladesh Bank report on CSR spending, the banking sector spent Tk216 crore on the health sector from January to June, up by 238% or Tk152 crore, from Tk64 crore during the last six months of 2022.

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

CSR Spending of Bank In crore

■ Jan-Jun, 2023 ■ Jul-Dec, 2022



Banking Statistics Summary July 2023

Bank Deposit and Credit

Items	Jul, 2023	Jul, 2022	Percentage Changes Jul, 2023 over Jul, 2022
Deposits held in DMBs	1,60,69,906	1,46,52,688	9.67%
Bank Credit	1,86,77,632	1,71,80,536	8.71%

Branches, ATM, POS, CDM and CRM

Branch	ATM	POS	CDM	CRM
11,227	13,725	106,832	302	3,517

Debit, Credit and Prepaid Cards

Fig In Million

Debit Cards	Credit Cards	Prepaid Cards	Transaction Number	Transaction Amount (TK)
32.67	2.27	4.41	43.23	376,697.05

Mobile Financial Services (MFS)

Fig In Million

MFS Agent	MFS A/C	Transaction Number	Transaction Amount (TK)	Remittance through MFS (TK) Fig In Million
1.60	209.57	483.53	983,068.51	4,820.26

Agent Banking

Fig In Million

No. of Agent	No. of Outlet	Total No. of A/C
15,574	21,399	20.15

TK in Million

Deposit Balance (TK in Million)	No. of Transaction (In Million)	Transaction Amount
342,644.73	14.86	725,166.88

MICR and Non-MICR, EFT and Internet Banking

Fig In Million

MICR & Non-MICR Cheque		EFT	
Number	Amount (in TK)	Number	Amount (in TK)
1.7052	21,24,894.84	11.5482	612,425.3975

No-frill Accounts

Fig In Million

Total Special A/C		26.77	
i) Farmers 10 Tk A/C	ii) Hardcore Poor A/C	iii) Social Safety Net A/C	iv) Others A/C
9.58	2.57	10.69	3.93

School Banking

Fig In Million

School Banking A/C	Deposit Balance (in TK)
3.89	22,993.04

Agricultural and Non-farm Rural Credit, SME Loan and Industrial Term Loan (TK in Cr)

Category	Period	Disbursement	Outstanding
Agricultural and Non-farm Rural Credit	Jul-Jun, FY23P	32,829.89	52,704.45
SME Loan	Jan-Mar, FY23P	49,068.40	283,236.32
Industrial Term Loan	Jan-Mar, FY23P	20,907.65	383,075.76

MBPLC. NEWS

Mercantile Bank shows 'Chironjib Mujib' Film

Mercantile Bank PLC. has organized a film show named 'Chironjib Mujib' based on 'Ausamapta Atmajiboni', an autobiography by Bangabandhu, dedicated by Prime Minister Sheikh Hasina and Sheikh Rehana at its head office on the occasion of Bangabandhu Sheikh Mujibur Rahman's 48th Martyrdom Anniversary recently. On this auspicious event, Liton Hayther, producer of the film handed over the poster of the film including Prime Minister's signature to Morshed Alam M.P., chairman of the bank.

A. S. M. Feroz Alam, Vice Chairman; Md. Anwarul Haq, Vice Chairman of the bank and Chairman of the Risk Management Committee; Al-Haj Akram Hossain (Humayun), Chairman, Executive



Committee; M. Amanullah, Chairman, Mercantile Exchange House (UK) Limited; M. A. Khan Belal, Chairman, Mercantile Bank Securities Ltd.; Md. Abdul Hannan, Alhaj Mosharref Hossain, and Mohammad Abdul Awal, Directors and Md. Quamrul Islam

Chowdhury, Managing Director & CEO of the Bank attended the ceremony. Bank's Additional Managing Director & CRO Mati Ul Hasan, CFO Tapash Chandra Paul, PhD and Company Secretary & Head of HR Abu Asghar G. Haruni were also present.

Donation of Agricultural machineries at Damudya in Shariatpur



Mercantile Bank Limited donated agricultural machineries at Damudya in Shariatpur. Five power tillers have been given to the farmers in an occasion arranged at MBL Damudya Branch. Nahim Razzak, MP was present as the chief guest while Mohammad Abdul Awal, Director of Mercantile Bank was the special guest. Hasiba Khan, UNO of Damudya, presided over the ceremony. Nahim

Razzak, MP along with the guests distributed the power tillers to the representatives of the farmers. Md Kamal Bepari, group leader of East Damudya Union, Md Abu Taher Matbar from Shidhulkura Union, Md. Abdul Ali from Dhankathi Union, Abul Kalam from Islampur Union, Abul Bashir Matbar from Darul Aman Union received five power tillers on behalf of the farmers. Rejaul Karim Raja Saial, Mayor of

Damudya Poursava, Mohammad Shafruzzaman Khan, FVP & Head of Agriculture Credit Division of MBL, Moniruzzaman Khan, AVP & Head of MBL Shariatpur Branch, Monjour Ahmed, Head of MBL Damudya Branch along with the Chairmans of local Union Parishads, distinguished businessmen and farmers were also present on the occasion.

Mercantile Bank starts Foundation Training for TAO phase-III



Mercantile Bank Training Institute started two week long Foundation Training for its Trainee Assistant Officers (TAO) of phase three recently. A total number of 38 officers participated in the training. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the

bank inaugurated the training and delivered his speech highlighting the importance of Foundation Training and advised participating officers to be strictly compliant with the banking ethics and guidelines as well as be proactive in providing excellent service to the customers

of the bank. Tapash Chandra Paul PhD, CFO of the bank delivered opening remarks at the inaugural program and conducted a session for the participating officers. Javed Tariq, Principal of MBTI, and Shahin Akther, faculty of MBTI also present in the program.

Mercantile Bank held conference for Agents on Prevention of Money Laundering



Mercantile Bank PLC. organized a conference on 'Prevention of Money Laundering and Combating Financing against Terrorism' recently for the owners of Agent Outlet of Cumilla-Noakhali region in Feni. Md. Enayet Ullah, EVP & Head of Audit Unit Discussed on operational activities of agent outlets abiding by the banking

rules and regulations along with the guidelines of Bangladesh Bank. Md. Moshaddeque Hossain, SVP & DCAMLCO gave his speech focusing on preventing money laundering and combating financing against terrorism and Farid Uddin Ahmed Bhuiyan, SVP & Head of Cumilla-Noakhali Zonal Office delivered his welcome

speech. Darpan Kanti Roy, Head of Agent Banking and Mobile Banking Division gave his vote of thanks. The attendees were awarded certificates and gifts. The HOBs of Mercantile Bank PLC., Officials of Agent Banking Divisions and the agents were present in the conference.

BANGLADESH BANK CIRCULAR SEPTEMBER 2023

BRPD Circular

- BRPD Circular Letter No. 41, Date: 26/09/23, Subject: Name change of Shahjalal Islami Bank Ltd to Shahjalal Islami Bank PLC.
- BRPD Circular Letter No. 40, Date: 17/09/23, Subject: Name change of NRB Commercial Bank Limited to NRBC Bank PLC.
- BRPD Circular Letter No. 39, Date: 13/09/23, Subject: Settlement of Fund Taken from Export Facilitation Pre-finance Fund (EFPF).
- BRPD Circular Letter No. 38, Date: 12/09/23, Subject: Regarding Loan Rescheduling of Shipbuilding Industry.
- BRPD Circular Letter No. 37, Date: 03/09/23, Subject: Appointment of director, contractual advisor and consultant for Bank-Company.
- BRPD Circular Letter No. 36, Date: 03/09/23, Subject: Name change of Eastern Bank Limited to Eastern Bank PLC.

DMD Circular

- DMD Circular Letter No. 07, Date: 17/09/23, Subject: Trading of IRIDP-3 Social Impact Sukuk at negotiated price.

DFIM Circular

- DFIM Circular Letter No. 20, Date: 03/09/23, Subject: Regarding amendment of People's Republic of Bangladesh Flag Rules, 1972.

FEPD Circular

- FEPD Circular Letter No. 14, Date: 27/09/23, Subject: Deduction and payment of tax deducted at source from inward remittance against service, revenue sharing as per section 124, Income Tax Act-2023 (Section 52Q of Income Tax Ordinance, 1984).

- FEPD Circular Letter No. 13, Date: 26/09/23, Subject: Revised Pricing terms of USD and EURO financing under Green Transformation Fund (GTF).
- FEPD Circular Letter No. 12, Date: 26/09/23, Subject: Forward sale and purchase in foreign exchange
- FEPD Circular No. 16, Date: 24/09/23, Subject: Forward sale and purchase in foreign exchange
- FEPD Circular No. 15, Date: 24/09/23, Subject: Reinstatement of limits of Exporters' Retention Quota (ERQ) accounts
- FEPD Circular Letter No. 11, Date: 19/09/23, Subject: Inward wage remittances by licensed Payment Service Providers (PSPs)
- FEPD Circular Letter No. 10, Date: 18/09/23, Subject: Inclusion of Particulars, standard, Unit Price and quantity of goods in Proforma Invoice/ Indent.
- FEPD Circular No. 14, Date: 18/09/23, Subject: Export incentive against export from Specialized Zone (EPZ, EZ and Hi-tech Park)
- FEPD Circular Letter No. 9, Date: 04/09/23, Subject: Settlement of import liabilities out of export proceeds

SMESPD Circular

- SMESPD Circular Letter No. 09, Date: 20/09/23, Subject: Revised Operations Manual for refinancing under 'COVID-19 Emergency and Crisis Response Facility Project (CECRFP).'
- SMESPD Circular No. 01, Date: 03/09/23, Subject: Placement of Posters in Bank Branches to Enhance Awareness at the Marginal Level about Various Steps taken by Bangladesh Bank and Benefits related to the CMSME Sector.

MBPLC. CIRCULAR SEPTEMBER 2023

INSTRUCTION CIRCULAR

- Circular No. 3126, Date: 27.09.2023, Subject: Provide information regarding liability position (if any) on account of Imperial Plastic (Pvt.) Limited along with its allied /sister/related concern and Directors within 01.10.2023.
- Circular No. 3125, Date: 26.09.2023, Subject: Self Assessed Yearly Target regarding opening of School Banking Account.
- Circular No. 3124, Date: 24.09.2023, Subject: ব্যাংক কর্মরত কর্মকর্তাদের পাসওয়ার্ড শেয়ার না করা এবং শেয়ার করা অপরাধ।
- Circular No. 3123, Date: 17.09.2023, Subject: রপ্তানি সহায়ক প্রাক-অর্থায়ন তহবিল (EFPF) এর আওতায় গৃহীত অর্থ সমন্বয় প্রসঙ্গে।
- Circular No. 3122, Date: 14.09.2023, Subject: Official designated for IT Audit Unit through HRIS system
- Circular No. 3121, Date: 10.09.2023, Subject: Submission of Letter of Commitment/ Credit Commitment Certificate and Overdraft-Earnest Money Financing Scheme under e -Tendering proposal in respective Division as per prescribed format.
- Circular No. 3120, Date: 10.09.2023, Subject: Providing information regarding liability position (if any) on account: Millennium Accessories (BD) Ltd. along with its allied/related concern and Directors within 12.09.2023
- Circular No. 3119, Date: 07.09.2023, Subject: পরিবেশবান্ধব পণ্য/প্রকল্প/উদ্যোগের জন্য পুনঃঅর্থায়ন স্কিম প্রসঙ্গে।
- Circular No. 3118, Date: 05.09.2023, Subject: Payment of "Honorarium for Professional Feat".
- Circular No. 3117, Date: 04.09.2023, Subject: Re-fixation of Profit/Mark up Profit/ Rent Rate on all types of Investment products under Bank's Islami Shari'ah Based Banking operations.

- Circular No. 3116, Date: 03.09.2023, Subject: Re-fixation of interest rate(s) on all unclassified Loans & Advances.
- Circular No. 3115, Date: 03.09.2023, Subject: Revised Interest /profit Rate (S) on MBL General Account Credit Balance.
- Circular No. 3114, Date: 03.09.2023, Subject: Refund of Supervision Charge
- Circular No. 3113, Date: 03.09.2023, Subject: ব্যাংকের পরিচালনা পর্ষদ এর অডিট কমিটির ২২২ তম সভার সিদ্ধান্ত ও নির্দেশনা সমূহের পরিপালন ও বাস্তবায়ন প্রসঙ্গে।

INFORMATION CIRCULAR

- Circular No. 2042, Date: 27.09.2023, Subject: Loss of Instrument
- Circular No. 2041, Date: 25.09.2023, Subject: Updated Instructions of BAFEDA and ABB regarding implementation of uniform USD/BDT exchange rates in foreign exchange dealings.
- Circular No. 2040, Date: 26.09.2023, Subject: Information Regarding Changes of Corporate Office Address of B-R Powergen Limited (BRPL).
- Circular No. 2039, Date: 26.09.2023, Subject: Information Regarding Changes of Telephone Numbers of Corporate Head Office and Principal Branch of Union Capital Limited.
- Circular No. 2038, Date: 21.09.2023, Subject: জাহাজ নির্মাণকারী শিল্প প্রতিষ্ঠানের ঋণ/ বিনিয়োগ হিসাবে পুনঃতফসিলকরণ সংক্রান্ত বিআরপিডি সাকুলার লেটার নং-৩৮ তারিখ ১২.০৯.২০২৩.
- Circular No. 2037, Date: 23.09.2023, Subject: Loss of Instrument
- Circular No. 2036, Date: 17.09.2023, Subject: Renewal.
- Circular No. 2034, Date: 13.09.2023, Subject: Loss of Instrument

- Circular No. 2033, Date: 10.09.2023, Subject: Loss of Instrument
- Circular No. 2032, Date: 05.09.2023, Subject: ডেঙ্গু প্রতিরোধে করণীয় প্রসঙ্গে
- Circular No. 2031, Date: 05.09.2023, Subject: Execution of Auto-debit instructions centrally for realizing credit card dues
- Circular No. 2030, Date: 04.09.2023, Subject: Cash reward for achieving Professional Certificate on Islamic Banking.
- Circular No. 2029, Date: 04.09.2023, Subject: Memorandum of Understanding (MoU) between Mercantile Bank Limited and Apollo Multispeciality Hospital Limited (AMHL), Kolkata.
- Circular No. 2028, Date: 03.09.2023, Subject: Updated Instruction BAFEDA and ABB regarding implementation of uniform USD/BDT exchange rates in foreign exchange dealings.

ID CIRCULAR

- Circular No. 40, Date: 25.09.2023, Subject: Reinstatement of limits of Exporters Retention Quota (ERQ) accounts.
- Circular No. 39, Date: 24.09.2023, Subject: Inward wage remittances by licensed Payment Service Providers (PSPs)
- Circular No. 38, Date: 20.09.2023, Subject: বিশেষায়িত অঞ্চল (ইপিজেড, ইজেড ও হাইটেক পার্ক)-অবস্থিত প্রতিষ্ঠানের অনুকূলে রপ্তানি প্রণোদনা প্রসঙ্গে।
- Circular No. 37, Date: 19.09.2023, Subject: প্রোফরমা ইনভয়েস (Proforma Invoice) / ইনডেন্ট (Indent) এ পণ্যের বিবরণ, মান, ইউনিট প্রতি মূল্য এবং পরিমাণ অন্তর্ভুক্তকরণ প্রসঙ্গে।
- Circular No. 36, Date: 07.09.2023, Subject: BB-AD ফোরামের ৩৩তম সভার রেকর্ডনোটস প্রেরণ প্রসঙ্গে।
- Circular No. 35, Date: 05.09.2023, Subject: Settlement of import liabilities out of export proceeds.

INVITATION FOR CONTENTS

You are cordially invited for any insightful write up which will be published in next volumes of MBPLC. Spectrum subject to discretion of editorial board. In this regard, please contact Research & Planning Division, Head Office, Mercantile Bank PLC. or send email hod_rpd@mblbd.com

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