EDITORIAL

CHAIRMAN
Md. Quamrul Islam Chowdhury
Managing Director & CEO

CO-CHAIRMAN
Mati Ul Hasan
Additional Managing Director & CRO

MEMBERS
Md. Mukitul Kabir, FVP, Head of Corporate Affairs Division
Ujjal Kanti Dey, FCA, AVP
Elma Jahan, CAMS, FAVP
Saifur Rahman, CAMS, CDCS, PO
Sammo Adhikary, SEO
Md. Nazmul Alam, SEO
Md. Monzurul Karim, ACMA, SEO
Kaniz Farzana, ACCA, Officer

CHIEF EDITOR
Tapash Chandra Paul, PhD
Chief Financial Officer
The Month of March is the most significant month in the history of Bangladesh. It all started on 2nd March, 1971 when the national flag of ours was hoisted for the first time at Dhaka University, then on the 7th of March one of greatest speeches ever was made by the Father of the Nation Bangabandhu Sheikh Mujibur Rahman which was a message to all to be ready for the ultimate struggle. Finally, on 26th March, 1971 our independence was declared by him. Last year, as a country, we celebrated 50 years and in these years we have been able to establish ourselves as one of the economies of the world to look out for. The journey from an economic basket case to this current day has not been a plain sailing all along. But, the country has stuck to its goal and reaped the benefits.

March, 2022 saw the war between Ukraine and Russia broke out. Economic sanctions on Russia have put global energy supplies at risk. Sanctions seem unlikely to be rescinded any time soon. Russia supplies around 10% of the world’s energy, including 17% of its natural gas and 12% of its oil. The jump in oil and gas prices will add to industry costs and reduce consumers’ real incomes. Outright shortages and energy rationing are possible in Europe if there is an abrupt halt to Russian supply. Higher energy prices are a given. Also, Ukraine as a country is one of largest exporter of wheat. This will also have an impact on the globe. Thus, various leading economists have cut its world GDP growth forecast for 2022 by 0.7pp to 3.5%, with the eurozone cut by 1.5pp to 3.0% and the US by 0.2pp to 3.5%.

When it comes to Bangladesh economy, Growth will continue to be strong in FY23, edging up to 7.1 percent, but is expected to remain below the pre-pandemic levels due to a slowdown in industrialized economies triggered by disruptions from the Russian invasion of Ukraine, According to ADB. The ADB projects the headline inflation rate to increase to 6 percent in FY2022, from 5.6 percent in the previous year, as price pressures are increasing due to rising global food and fuel prices along with the implementation of stimulus measures. With economic growth in Bangladesh’s major markets expected to be buoyant, the country’s momentum of export growth is expected to continue over the rest of the current fiscal year.

So, in spite of the war, the outlook is not all that bad for our country. Thus, we at MBL can look forward to the near future with anticipation. This edition of ‘MBL spectrum’ as always will project the progress of the Banking industry in terms of various indicators and data while also incorporating the economic scenarios.

Tapash Chandra Paul, PhD
Chief Financial Officer
MBL PERFORMANCE
MARCH 2022

Deposits
- YTD Dec 2021: 27,490.56
- YTD Mar 2022: 28,133.25

Advances
- YTD Dec 2021: 26,670.71
- YTD Mar 2022: 27,418.80

Import
- YTD Mar 2021: 5,619.07
- YTD Mar 2022: 7,631.50

Export
- YTD Mar 2021: 3,673.79
- YTD Mar 2022: 4,889.57

Inward Remittance
- YTD Mar 2021: 952.09
- YTD Mar 2022: 1,323.20

Cost of Deposit
- May-21: 5.15%
- June-21: 4.93%
- Sept-21: 4.81%
- Dec-21: 4.76%
- Mar-22: 4.58%

Yield on Advances
- Mar-21: 7.33%
- June-21: 7.37%
- Sept-21: 7.36%
- Dec-21: 7.37%
- Mar-22: 7.11%

Spread
- Mar-21: 2.18%
- June-21: 2.44%
- Sept-21: 2.55%
- Dec-21: 2.61%
- Mar-22: 2.53%
War in Ukraine Is Reverberating Across World’s Regions

Beyond the suffering and humanitarian crisis from Russia’s invasion of Ukraine, the entire global economy will feel the effects of slower growth and faster inflation. Russia and Ukraine are major commodities producers, and disruptions have caused global prices to soar, especially for oil and natural gas. Food costs have jumped, with wheat, for which Ukraine and Russia make up 30 percent of global exports, reaching a record.

(Ref: https://blogs.imf.org)
Growing pressures

Prices for energy, grains, and metals soared since the invasion of Ukraine, signaling that inflation rates are poised to accelerate.

Source: Bloomberg, USDA, Datastream, and IMF staff calculations.
Note: *European & US natural gas prices use the Dutch TTF and Henry Hub as proxies, respectively. **Base Metals Price Index includes aluminum, cobalt, copper, iron ore, lead, molybdenum, nickel, tin, uranium, and zinc.

Soaring Shipping Costs Raise Prices Around the World

Studying data from 143 countries over the past 30 years, it is found that shipping costs are an important driver of inflation around the world: when freight rates double, inflation picks up by about 0.7 percentage point. Most importantly, the effects are quite persistent, peaking after a year and lasting up to 18 months. This implies that the increase in shipping costs observed in 2021 could increase inflation by about 1.5 percentage points in 2022.
(Ref: https://blogs.imf.org)

Cargo crunch

Global shipping costs surged during the pandemic, and are likely to continue boosting inflation through year-end.

Sources: Haver Analytics and IMF staff calculations.
Note: The right panel is based on estimates in Carrière-Swallow and others (2022), and presents the impact of a one standard deviation increase in world shipping costs (+21.8 percentage points) on domestic headline inflation after 12 months.
Russia retaliates in ‘economic war’ with Eurobond rouble buyback offer

Russia retaliated in what it has called an “economic war” with the West on 29 March, 2022 by offering to buy back its $2 billion Eurobonds maturing next month in roubles rather than dollars. The offer on Eurobonds maturing on April 4, Russia’s biggest debt payment this year, follows Western moves to tighten sanctions against the country over its invasion of Ukraine and to freeze Moscow out of international finance.

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

Sri Lanka seeks further $1.0b credit line from India to import essentials

Sri Lanka has sought an additional credit line of $1.0 billion from India to import essentials amid its worst economic crisis in decades, as the Indian foreign minister began talks with the government of its neighbour.

The island nation is struggling to pay for essential imports of food and fuel after a 70% drop in foreign exchange reserves since January 2020 led to a currency devaluation and efforts to seek help from global lenders. New Delhi has indicated it would meet the request for the new line, to be used for importing essential items such as rice, wheat flour, pulses, sugar and medicines.

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

War to cut global growth to 2.6pc this year, says UNCTAD

Russia-Ukraine war coupled with changes in macroeconomic policies by countries in recent months has compelled the United Nations (UN)’s trade and development body to downgrade its global economic growth projection for the current year to 2.6 per cent from 3.6 per cent.

While Russia will experience a deep recession this year, significant slowdowns in growth are expected in parts of Western Europe and Central, South and South-East Asia. Global economy rebounded strongly in the last year by registering 5.60 percent growth after being squeezed by 3.4 percent in 2020 due to Covid-19.

Ref: https://thefinancialexpress.com.bd/
Malaysia’s exports up 16.8pc in February

Malaysia’s exports surpassed the 100 billion ringgits (about 23.8 billion US dollars) mark in February, increasing 16.8 percent to 102.27 billion ringgits.

The export growth was boosted by higher shipments of electrical and electronic (E&E) products driven by global digitalisation trends, as well as palm oil and palm oil-based agriculture products, which was supported by higher prices of crude palm oil. Meanwhile, trade in February rose 17.5 percent to 184.75 billion ringgits compared to February 2021, the 13th consecutive month of double-digit growth. Imports for the month expanded 18.4 percent to 82.48 billion ringgits and trade surplus grew 10.7 percent to 19.79 billion ringgits.

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

Argentina Senate approves up to $45b IMF debt deal

Argentina’s Senate voted late on 17 March 2022 to approve a $45 billion debt deal with the International Monetary Fund (IMF), converting the agreement into law and ensuring that the economically battered country can avoid another messy default. After an extended debate, the IMF debt restructuring deal backed by President Alberto Fernandez was passed with 56 senators voting in favour, 13 against, along with three abstentions.

The deal lays out a fresh schedule of financing over a 30-month period to replace a failed $57 billion program from 2018 that the grains-producing country was unable to pay back after years of recession, spiraling inflation and capital flight.

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

Ukraine crisis could stall India’s economic recovery

India is likely to rank among the emerging economies worst affected by the Russia-Ukraine crisis as a surge in global prices of commodities is set to upend spending plans and derail its pandemic recovery. If the conflict lasts, India, which imports close to 85 percent of its oil needs, is likely to see its fiscal, trade and account deficits swelled by a surge in crude oil prices to their highest in more than a decade, which will also fuel inflation.

A senior government official said if oil prices averaged $100 a barrel in the fiscal year to March 2023, that could shave 90 basis points off growth, taking it below 8.0 per cent, from a forecast range of 8.0 per cent to 8.5 per cent. In such a scenario, inflation is seen rising by 100 basis points and the current account deficit could widen by 120 basis points to 2.3 per cent to 2.4 per cent of GDP.

(Ref: https://thefinancialexpress.com.bd/)
British inflation hits 30-year high of 6.2pc

British inflation shot up faster than expected last month to hit a new 30-year high, worsening a historic squeeze on household finances. The Office for National Statistics said consumer prices rose by 6.2 per cent year-on-year in February after a 5.5 per cent rise in January, its highest rate since March 1992.
(Ref: https://thefinancialexpress.com.bd)

Financial Systems of Caucasus, Central Asia Are Particularly Vulnerable to Shocks

Heavily reliant on commodity exports, remittances and tourism, the economies of the Caucasus and Central Asia and their financial systems are vulnerable to volatile external shocks. Adverse external shocks, such as the global financial crisis and the 2014-15 oil price shock, led to sharp contractions in credit and asset prices, which created a legacy of problem loans and resulted in costly public interventions to bail out banks.
(Ref: https://blogs.imf.org)

Shock prone
Caucasus and Central Asia (CCA) economies and their financial systems are vulnerable to volatile external conditions.

Source: National authorities, IMF WEO, IMF FSLs and IMF staff calculations.
Note: CCA includes Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, Azerbaijan and Turkmenistan are not included in the capital adequacy ratio due to data availability.
Bangladesh’s foreign debt repayment surges

The intensity of foreign debt servicing has swelled substantially, with 13.56 percent higher payments in the first eight months of the current fiscal year (FY 2021-22) than that of the same period last FY. The country repaid US$1.34 billion in principal and interest against its outstanding medium- to long-term (MLT) external loans during the July-February period of this FY as compared to $1.18 billion in the same period of the previous FY.

According to the ERD, the government repaid US$1.91 billion against foreign debts in the last FY. In FY2020, Bangladesh paid $1.73 billion against its MLTs, followed by $1.59 billion in FY2019 and $1.41 billion in FY2018.

(Ref: https://thefinancialexpress.com.bd/)
Foreign loan disbursement shoots up 58pc

Foreign assistance disbursement jumped 58 per cent in the July-February period of the current fiscal year thanks to fast implementation of mega projects and increased flow of funds from international financial agencies to help Bangladesh tackle the pandemic.

This was the highest growth in foreign aid received by Bangladesh since fiscal 2017-18, when it ballooned 74 per cent year-on-year to hit $6.1 billion, according to data compiled by Bangladesh Bank.

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

Growing orders signal Bangladesh’s export surge

Additional container-handling orders are pouring in off-docks around Chittagong seaport in clear signs of significant export growth ahead for Bangladesh amid global trade resurgence. In the recent weeks a good number of freight forwarders have inquired in the off-docks whether they can handle additional volume of export cargoes alongside their regular contracts.

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

Forex crisis now threatens macroeconomic stability

Bangladesh is facing volatility in the foreign exchange market like many countries in the world. This was initially caused by the demand recovery and supply chain disruption as battered economies began recovering from the coronavirus pandemic. Higher imports against moderate exports brought down Bangladesh’s foreign exchange reserves to $44.29 billion on March 23. This is way down from the $48 billion recorded in August last year.

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

Textile millers expect bumper sales this Eid

Local textile millers are expecting bumper sales in the upcoming Eid-ul-Fitr, the biggest shopping season in Bangladesh, since people are apparently set to celebrate the festival joyously as Covid-19 has petered out.

Two mega-events, namely Eid-ul-Fitr and Pahela Baishakh, which celebrates the first day of the Bengali calendar, make up the biggest shopping season in the country. But spinners, weavers, dealers, wholesalers, and retailers across the country could not make a
Inflation climbs to 6.17pc indicating harsh food price in Bangladesh

Bangladesh’s economy has witnessed a 6.17 percent inflation in February this year, the highest in 17 months. According to Bangladesh Bureau of Statistic (BBS) data, in February 2022, the economy faced 6.22 percent inflation on food items that was 5.6 percent in January. This showed that the food inflation rate increased by 62 basis points in a month.

The BBS released inflation data on 21 March, 2022, which saw that the inflation rate severely rose in February rather than January this year.

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

Bangladesh imports in second half of 2021 jump 52.5pc

Bangladesh’s overall imports jumped by 52.5 percent in the first seven months of this fiscal year (FY) due to higher imports of fuel oil and capital machinery.

The settlement of letters of credit (LCs), generally known as actual import, in terms of value, rose by US$15.66 billion to $45.48 billion during the July-January period of FY 2021-22.
Bangladesh, Malaysia can benefit from reciprocal investments

Businesses in Bangladesh and Malaysia can benefit if they invest in each other’s countries as both have opened their doors to foreign firms. Malaysian businesses can invest in leather, electronics and light engineering, automobile, plastic goods, agro processing, frozen food, pharmaceuticals, jute and jute goods, tourism and hospitality, financial and capital market, skill and human resource development, infrastructure and logistics, transport and healthcare.

Bangladesh Bank has issued a circular allowing Bangladeshi businesses to invest in Malaysia.

Ref: https://www.thedailystar.net

Bangladesh’s fiscal space shrinks as debt servicing up

Fiscal headroom is shrinking in Bangladesh as interest payments on public debts topped during the first six months of this fiscal year, largely for government borrowing to support fund-sapping undertakings.

The half-yearly expenditure on interest accounted for 49 percent of the full-year allocation for the purpose in FY22--at least 1.0 percentage point higher than that of the same period a year earlier. The amount is 29 percent of payments made in the first six months of the fiscal year. The payments amounted to Tk 334.33 billion, for both domestic and foreign debt servicing, during the July-December 2021 period.

Ref: https://thefinancialexpress.com.bd/
World Bank approves $358m to help Bangladesh improve road safety

The World Bank on Tuesday approved $358 million of financing to help Bangladesh improve road safety and reduce fatalities and injuries from road traffic crashes on selected high-risk highways and district roads.

The Road Safety Project will help Bangladesh achieve the Sustainable Development Goals on road safety by 2030. The credit is from the World Bank’s International Development Association (IDA), which provides concessional financing, has a 30-year term, including a five-year grace period. Bangladesh currently has the largest ongoing IDA programme totaling over $14.5 billion.

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

Social safety net allocation unlikely to increase despite rising inflation

Disaster Management Ministry’s proposed Budget for FY23

<table>
<thead>
<tr>
<th>Where allocation would increase</th>
<th>Figure in crore taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relief Food</td>
<td>1,650</td>
</tr>
<tr>
<td>Relief for house Block allocation for new projects</td>
<td>1,500</td>
</tr>
<tr>
<td>Employment Generation Program for the poorest</td>
<td>989</td>
</tr>
<tr>
<td>Rural Infrastructure development (Cash)</td>
<td>992</td>
</tr>
<tr>
<td>VGF relief (rice)</td>
<td>337</td>
</tr>
<tr>
<td>Food for works</td>
<td>100</td>
</tr>
<tr>
<td>Rice</td>
<td>140</td>
</tr>
<tr>
<td>Wheat</td>
<td>473</td>
</tr>
<tr>
<td>Special grant</td>
<td>31</td>
</tr>
</tbody>
</table>

Where allocation would remain same

<table>
<thead>
<tr>
<th>Figure in crore taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,951</td>
</tr>
<tr>
<td>10,865</td>
</tr>
</tbody>
</table>

Ministry of Disaster Management and Relief has sought Tk10,865 crore for the forthcoming fiscal 2022-23, which is only 9.19% more than the current year’s budgetary allocation of Tk9,950.83 crore, according to official sources. In total, about 95 lakh people currently receive assistance under social security every year through the ministry.

(Ref: https://www.tbsnews.net)
Switzerland has invested over 1.3 billion US dollars (CHF 1.2 billion) in development assistance in Bangladesh, with significant additional contributions channeled through international financial institutions.

Switzerland and Bangladesh celebrate 50 years of friendship on 13 March 2022 as the day marks the 50th anniversary of diplomatic relations between the two countries. On this day five decades ago, Switzerland officially recognised Bangladesh as an independent state.

Bilateral trade has increased rapidly and today, traded goods amount to over CHF 1.0 billion ($1.1 billion) per year, the Swiss President said adding that most of the Swiss multinational companies are present in the country and provide critical products, technologies, and services in various key socio-economic sectors.

(Ref: https://thefinancialexpress.com.bd/)
BANKING INDUSTRY

SMEs to get Tk 398cr from Islamic Development Bank

- The Islamic Development Bank (IsDB) will finance Tk 398 crore for the country’s cottage, micro, small and medium enterprises (CMSMEs) with a view to propping up the businesses hit hard by the pandemic.
- All Islamic banks, non-bank financial institutions (NBFIs) and shariah-based windows of conventional lenders will get the fund through Bangladesh Bank.

(Ref: https://www.thedailystar.net)
Capital shortfall at banks widens

Ten banks in Bangladesh collectively faced a capital shortfall of Tk 34,639 crore in December, which highlighted their fragile health caused by years of irregularities.

Bangladesh Krishi Bank had the highest capital shortfall of Tk 12,428 crore in December, up 15 per cent from a year ago, data from the Bangladesh Bank showed. (Ref: https://www.thedailystar.net)

Banks’ spread drops for 2nd month in February

Banks’ overall interest rate spread declined for the second consecutive month in February 2022 as banks had to spend higher for deposits amid rising inflation.

The latest Bangladesh Bank data showed that the overall interest rate spread in the banks dropped by 11 basis points in the first two months of 2022. The interest rate spread of the banks reached 3.19 percentage points in December 2021. The rate dropped to 3.12 percentage points in January 2022 and 3.08 percentage points in February.

The BB data showed that the overall weighted average deposit rate increased by 3 basis points to 4.02 per cent in February 2022 from 3.99 per cent in December 2021. But, the overall weighted average lending rate in banks declined by 8 basis points to 7.1 per cent in February 2022 from 7.18 per cent two months ago. (Ref: https://www.newagebd.net)

Mobile banking transactions see 28% rise in January YoY

According to the central bank data, a total of 13 banks are currently involved in mobile banking. Recently, the Mobile Financial Service (MFS) sector has witnessed 28% increase in transactions over a year, according to data from the Bangladesh Bank.
The data shows that clients made about Tk57,289 crore transactions through mobile banking services in January 2021. The amount stood at Tk73,393 crore in January this year. Moreover, the transaction amount rose by Tk2,210 crore in January 2022 compared to December 2021.

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

Sharp rise in CMSME loans on growing economic activities

According to the Bangladesh Bank’s data, banks and non-bank financial institutions (NBFIs) in the country disbursed Tk.2,15,786 crore in loans to CMSMEs in 2021, up from Tk.1,53,496 crore a year ago.

The financial sector posted over 40% year-on-year growth in loan disbursement to cottage, micro, small and medium enterprises (CMSMEs) in 2021.

(https://www.tbsnews.net)

Banks’ CSR expenditure slumps by Tk163cr in six months

Corporate Social Responsibility (CSR) expenditure in the Banking sector has dropped by Tk163 crore in the last six months of 2021 compared to the first half of the year with nine banks making no CSR spending during the period.

According to central bank data, from July to December banks spent a total of Tk297.79 crore, which was Tk.461.42 crore in the first half of the year. The highest spending – Tk132.23 crore – was recorded under disaster management category, while Tk74.12, the second most went to the health sector.

(Ref: https://www.tbsnews.net)
Suspicious money transactions, activities rise by 44pc in FY21

- The number of reports on suspicious transactions and activities related to money laundering and terror financing rose by 43.67 per cent year-on-year in the fiscal year 2020-2021 amid an increase in fraudulent activities in the areas of e-commerce and multi-level marketing.
- The BFIU received 5,280 suspicious transaction reports (STR) and suspicious activity reports (SAR) in the fiscal year 2020-2021 against the receiving of 3,675 reports in the fiscal year 2019-2020. Of the total STR and SAR, 2,696 were STR and 2,584 were SAR in FY21.

(Ref: https://www.newagebd.net)

Pent-up demand drives up industrial credit growth to 19%

- Industry insiders say businesses felt encouraged to go for expansion after the pandemic situation had started to turn the corner since the beginning of last year, as reflected in rising import payments.

(Ref: https://www.tbsnews.net)
Mercantile Bank Inaugurates ‘Banasree Sub-branch’ in Dhaka

Mercantile Bank Limited launched Banasree sub-branch in Dhaka virtually on March 31, 2022. Bank’s chairman Morshed Alam MP inaugurated the sub-branch as the chief guest. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the bank delivered his welcome speech. M. A. Khan Belal, Chairman, Mercantile Bank Securities Ltd.; M. Amanullah and Mohammad Abdul Awal, Directors of MBL spoke on the occasion. A total of 21 sub-branches of MBL has been launched including Banasree sub-branch.
Mercantile Bank Limited celebrated International Women’s Day-2022 on March 08, 2022. Female executives & officers of the bank participated in the event. Bank’s Chairman Morshed Alam MP, inaugurated the Women’s Day event by cutting cake as the chief guest. Md. Quamrul Islam Chowdhury, Managing Director & CEO of the Bank addressed the welcome speech while Mati Ul Hasan, Additional Managing Director gave his vote of thanks.
CSR ACTIVITIES

Mercantile Bank donates for tree plantation in Bangabandhu Sheikh Mujib Shilpa Nagar

Mercantile Bank Limited donated Tk.10 lakh to Bangladesh Economic Zone Authority for tree plantation in Bangabandhu Sheikh Mujib Shilpa Nagar at Mirsarai in Chattagram. Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank handed over the cheque to Shaikh Yusuf Harun, Executive Chairman of BEZA in a program held at BEZA’s head office in Agargaon on February 28, 2022.

AGREEMENT SIGNING CEREMONY

Agreement signing between MBL and National Life Insurance Co. Ltd.

Mercantile Bank Limited has signed an agreement with National Life Insurance Company Limited March 08, 2022. In presence of Morshed Alam MP, Chairman of Mercantile Bank Limited, Md. Quamrul Islam Chowdhury, Managing Director & CEO of MBL and Md. Kazim Uddin, Chief Executive Officer of National Life Insurance signed the agreement on behalf of their respective organizations. Under this agreement, MBL Credit Cardholders will enjoy credit insurance facilities through National Life Insurance Company Limited, in case of specific unanticipated events. This arrangement will enable MBL credit cardholders to enjoy life insurance coverage up to BDT 5Lac.
Mercantile Bank and Chartered Life Insurance sign Agreement

Mercantile Bank Limited has signed an agreement with Chartered Life Insurance Company Limited on 28th March at Bank’s Head Office, Dhaka. Md. Quamrul Islam Chowdhury, Managing Director & CEO of Mercantile Bank and S M Ziaul Hoque, FLMI, CEO of Chartered Life Insurance signed the agreement on behalf of their respective Organizations. As per the agreement, Mercantile Bank will facilitate the collection of insurance premium and disbursement of various claim settlement, other charges, bonus, pensions, employees salary, general expenditures, etc. through Online Banking, mobile financial services “MyCash”, digital banking platform “MBL Rainbow”, Agent Banking outlets, Debit & Credit card and other delivery channels.

Training

Mercantile Bank held Training on ‘Foreign Exchange Transactions & Reporting’

Mercantile Bank Training Institute organized training on ‘Foreign Exchange Transactions & Reporting’ recently. A total number of 40 officials from International Division & CTPC of Head Office and AD branches of the bank from Dhaka region participated in the training. Shamim Ahmed, Deputy Managing Director & CAMLCO of the bank inaugurated the training program.
Mercantile Bank Training Institute started three week long Foundation Training for its newly recruited Management Trainee Officers on 13 March. A total number of 50 MTOs participated in the first phase of the training. Md. Quamrul Islam Chowdhury, MD & CEO of the Bank inaugurated the training and delivered his speech highlighting the importance of Foundation Training and advised the freshers to gather knowledge from all areas of banking. Tapash Chandra Paul, PhD, CFO of the bank and Javed Tariq, Principal of MBTI, along with other faculty members of the institution also present in the program.
A Bank in the next door, is usually a fantasy for most and a reality for a few people in our country. Considering business prospects and infrastructural convenience, Bank branches are generally situated at commercially important areas. Now with evolve of sub branches, peoples from periphery and suburban areas will also come under the banking network in large numbers. Sub branch, initially named as banking booth, runs operations under supervision of a nearby full-fledged branch of the Bank. Except foreign trade activities, sub branches are allowed to provide all types of formal banking services.

Although Sub branches are empowered to provide banking services at limited scale and to operate within a limited expenditure, prospects for expansion of banking business are unbound to them. Beside Agent Banking and Mobile financial service, sub-branches are bringing more unbanked and underprivileged people under the formal banking network. Being located at neighborhoods and having the ease to access, it has the opportunities to become a part of the society and to invite small business, social organizations & people from grass-root level to avail banking services. By reducing physiological and time cost, sub branches increase the convenience and availability of banking services to a new cluster of target customers.

Encashing this new horizon of opportunities, private commercial banks (PCB) are showing great interest to establish sub branches throughout the country. Total number of bank branches in Bangladesh was 10,793 as on June 30, 2021 and it is assumed that within next 05 to 10 years, number of sub-branches will exceed the number of branches. Operational expenses of sub branches are comparatively low than the full-fledged branches and by increasing number of sub branches, banks will eventually be able to reduce their overall operational expenses.
As profitability is one of the major considerations for PCBs for opening a new branch, remote districts like Khagrachari, Bandarban, Meherpur, Barguna, Rangamati etc. remain in out of priority list for them. Now by establishing sub branches, Banks will be able to cover more geographical areas under a branch and this will encourage them to rewrite their business plan while opening a new branch. Although, at present, banks are opening sub branches in accordance with their existing branches but in coming years the scenario will be changes and that Banks will open new branches keeping the scope of opening sub branches on the nearby areas of that branch. The ultimate beneficial will be the general people living in the remote, periphery and suburban areas of the country.

In recent years, initiatives of inclusive financing including formal banking network have seen impressive improvements in our country. Rapid growth of Mobile Financial Service (MFS) has made digital financial services easily available to all class of people of the society. Poor and unbanked populations have been mentionably been benefitted through expansion of MFS. But still there are miles to go in the journey to ensure sustainable and impactful financial inclusion for all. A large number of people from relatively underdeveloped areas remain unserved and underserved by formal and quasi-formal financial service providers. Sub branches can put significant contribution to bring these people under the umbrella of formal banking network at affordable manner.

Ref:
- Official websites of the respective Banks
With a steady growth, the Islamic banking sector has been playing a significant role in mobilising deposits and financing various economic activities in Bangladesh since its inception. Islami Bank Bangladesh Limited (IBBL) is the first Shariah-based bank in Bangladesh that is a big player in this sector. Among all Islamic banks, IBBL accounted for the highest share of deposits which is 35.18 per cent and investment 33.31 per cent as per the December 2021 data.
From 2011 to 2021, a total amount of deposit and investment (Loan) increased over five folds.

Due to high demand, the number of Islamic banks is rising though there is a rush from conventional banks to open separate Islamic banking branches and windows. Among different segments of Bangladesh’s Islamic financial sector, Islamic banking dominates with around 28 per cent share in deposit and investment of the total banking sector, according to the latest report titled “Development of Islamic banking in Bangladesh October-December 2021” prepared by the Bangladesh Bank.

Conventional banks rush to turn into Islamic banking

- In 2021, two conventional banks -- Standard Bank and NRB Global -- converted to full-fledged Islamic banking system and now the number of Islamic banks stood at 10.
- Recently, Bangladesh Finance started Shariah-based financial service as the first NBFIs in the county.
- Besides, Islamic Finance and Investment Limited and Hajj Finance Company Limited are also full-fledged Shariah-based NBFIs.

Increasing Islamic Banking Branches and windows:

- The central bank data shows in 2013 eight conventional banks had 19 Islamic banking branches. In 2021, the number was 41.
- 7 conventional banks had 25 Islamic banking windows in 2013, which increased to 14 conventional banks and 368 windows.

Manpower increase for Islamic banking:

- The total manpower of Islamic banking sector stood at 45,260 at the end of 2021, which was 25,403 in 2013.

Share in deposit

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islami Bank Bangladesh Ltd</td>
<td>35.18 per cent</td>
</tr>
<tr>
<td>First Security Islami Bank</td>
<td>11.93 per cent</td>
</tr>
<tr>
<td>EXIM Bank</td>
<td>10.75 per cent</td>
</tr>
<tr>
<td>Al-Arafah Islami Bank</td>
<td>9.66 per cent</td>
</tr>
<tr>
<td>Social Islami Bank</td>
<td>8.52 per cent</td>
</tr>
<tr>
<td>Shahjalal Islami Bank</td>
<td>5.53 per cent</td>
</tr>
<tr>
<td>Union Bank</td>
<td>5.09 per cent</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>4.24 per cent</td>
</tr>
</tbody>
</table>
Share in investment

Total Sharia-based Lending Portfolio of Ten Full- fledged Islamic Banks - 2021

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islami Bank Bangladesh Ltd</td>
<td>33.31 per cent</td>
</tr>
<tr>
<td>First Security Islami Bank</td>
<td>12.84 per cent</td>
</tr>
<tr>
<td>EXIM Bank</td>
<td>11.75 per cent</td>
</tr>
<tr>
<td>Al-Arafah Islami Bank</td>
<td>9.41 per cent</td>
</tr>
<tr>
<td>Social Islami Bank</td>
<td>8.71 per cent</td>
</tr>
<tr>
<td>Shahjalal Islami Bank</td>
<td>6.13 per cent</td>
</tr>
<tr>
<td>Union Bank</td>
<td>5.48 per cent</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>4.64 per cent</td>
</tr>
<tr>
<td>Global Islami Bank</td>
<td>3.03 per cent</td>
</tr>
<tr>
<td>ICB Islamic Bank</td>
<td>0.24 per cent</td>
</tr>
</tbody>
</table>

Western world like the USA, UK, and many other countries are showing interest towards Islamic banking system. After all, entire sector is growing. Conventional banks are increasingly interested in taking the advantage of this opportunity to diversify their products. Again, the risk of not being able to repay the loan is less. Manpower: As the scope of Islamic banking has increased, new employment generation is also happening. Besides, the demand for of skilled manpower that knows and understands the Shariah-based finance is also increasing.

Ref:

- https://businesspostbd.com
- https://www.bb.org.bd
BANGLADESH BANK CIRCULARS
DURING MARCH 2022

BRPD (Banking Regulation and Policy Department) Circular
- BRPD Circular Letter No. 08, Date: 10.03.2022, Subject: L/C Margin and Commission on Import Financing for Essential Consumer Goods.

DFIM Circular
- DFIM Circular Letter No. 05, Date: 31.03.22, Subject: Office time table of the Financial Institutions during the month of Holy Ramadan of Hijri 1443
- DFIM Circular Letter No. 04, Date: 29.03.2022, Subject: Collecting & Preserving Audited Financial Statement in the Loan Files for Approval & Renewal of Loans of Financial Institutions
- DFIM Circular No. 05, Date: 13.03.2022, Subject: Regarding inadmissible expenses of financial institutions for mobilizing deposits

DCM Circular
- DCM Circular Letter No. 01, Date: 30.03.2022, Subject: Instruction to be followed by scheduled banks for preventing fake note circulation during the month of holy Ramadan/2022.

DOS (Department of Offsite Supervision) Circular
- DOS Circular No. 01, Date: 30.03.2022, Subject: Submission of Statement regarding Large Loan (download Form L)
- DOS Circular Letter No. 09, Date: 29.03.2022, Subject: Intermission of Banking Services of Jamuna Bank Limited due to Migration to New Core Banking Software.
- DOS Circular Letter No. 10, Date: 30.03.2022, Subject: Office time table of the bank companies during the month of Holy Ramadan of Hijri 1443

EEF Circular
- EEF Circular Letter No. 01, Date: 06.03.2022, Subject: Submission of EOI for establishment of Food processing and Agro based and ICT projects under Entrepreneurship supports(ESF) loan.

FEPD Circular
- FEPD Circular No. 04, Date: 14.03.2022, Subject: Retention of export proceeds in foreign exchange.
- FEPD Circular Letter No. 09, Date: 02.03.2022, Subject: Payment in foreign currency against local supply of goods under international tender.

FID Circular
- FID Circular No. 01, Date: 27.03.2022, Subject: Financial Literacy Guidelines for Banks and Financial Institutions.

PSD Circular
- PSD Circular Letter No. 02, Date: 31.03.2022, Subject: Time schedule of Banks (BACH & RTGS) for the Month of Holy Ramadan of Hijri 1443.
- PSD Circular Letter No. 01, Date: 22.03.2022, Subject: Providing permission for Card-based payments through Contactless Payment Service using NFC technology.
**SD Circular**

- SD Circular No. 03, Date: 21.03.2022, Subject: Regarding Allocation of OBU code for Bank Companies.

**SMESPD (LFSSP) Circular**

- SMESPD (LFSSP) Circular No- 03, Date: 27.03.2022, Subject: Financing facility under ‘Line of Finance to Support SMEs Project under the IsDB SPRP for Covid-19, Restore Track (LFSSP), BGD-1074.’

- SMESPD (SPCSSECP) Circular No. 02, Date: 10.03.2022, Subject: Regarding Refinance Facility under ‘Supporting Post COVID-19 Small Scale Employment Creation Project (SPCSSECP)’, ADB Loan No. 4142-BAN (COL) to Support Cottage, Micro and Small Enterprises (CMSEs) funded by Asian Development Bank (ADB).
MBL CIRCULARS DURING MARCH 2022

Instruction Circular
1. Circular No. 2782, Date: 31.03.2022, Subject: পরিষ রমজ ় উপস্থতে জাল নেট প্রচলন প্রতিরোধে প্রয়োজনীয় ব্যবস্থা এগে এসেছে।
2. Circular No. 2780, Date: 24.03.2022, Subject: Renewal of Enlistment of 01 (One) Insurance Company as Approved Insurers of our Bank for the year’ 2022.
3. Circular No. 2779, Date: 23.03.2022, Subject: Inputting MR number (08 digit unique code) at the time of posting in the premium collection account no. 011313100000685 of Green Delta Insurance Company Limited.
4. Circular No. 2778, Date: 22.03.2022, Subject: ব্যাঙ্কের পরিচলনা পর্যন্ত এর Board Risk Management Committee (BRMC) এর ৪১তম সভায় এবং ব্যাঙ্কের Executive Risk Management Committee (ERMC) এর ১৩তম সভায় Risk Based Audit Report - এ পরিলক্ষিত অনিয়ম/আঁপত্তি সমূহের কম্পিউট সম্পর্কিত বিষয়ে গৃহীত নিবন্ধন ও নির্দেশনা সমূহের পরিচলনা ও বাঙ্কীয় এগে এসেছে।
5. Circular No. 2776 , Date:20.03.2022, Subject: Providing information on Residual Risk as of December 31, 2021 for preparation of Internal Capital Adequacy Assessment Process (ICAAP) documents under Pillar 2 of Basel III.
6. Circular No 2775, Date: 16.03.2022, Subject: Renewal of Enlistment of 06 (Six) Insurance Companies as Approved Insurers of our Bank for the Year’ 2022.
7. Circular No. 2774, Date:15.03.2022, Subject: Incorporation of Employee ID No. in all Staff Loan (EHBL, Car Loan Staff & Staff Personal Loan) accounts availed by our Employee/Staff.
8. Circular No. 2773, Date: 14.03.2022, Subject: Regarding collection of IPO of Star Adhesives Ltd. from the Qualified Investors (QI) through Electronic Subscription System (ESS) of Dhaka Stock Exchange Limited.
9. Circular No. 2772, Date: 10.03.2022, Subject: Renewal of Enlistment of 03 (Three) Insurance Companies as Approved Insurers of our Bank for the Year’ 2022.
10. Circular No. 2771, Date:10.03.2022, Subject: জাল নেট প্রচলন প্রতিরোধে ও জালনেট গ্রাহক ঘটনা প্রয়োজনীয় ব্যবস্থা এগে এসেছে।
11. Circular No. 2770, Date: 07.03.2022, Subject: দেশবাসী চিন্তাভাবনা প্রতিষ্ঠানসমূহ কর্তৃক বিভিন্ন টেকন্যান্যে জাল ব্যাঙ্ক প্যাসব্রেট স্মার্টফোনের এক্সটেন্ড ঘোষে সমর্থন চেষ্টা প্রয়োজীয়।
12. Circular No. 2768, Date: 07.03.2022, Subject: Regarding foreign trade transactions related to Russia.
13. Circular No.03.03.2022, Date:2767, Subject: Partial Amendment (Foreign Trade) of Schedule of Charges.
14. Circular No. 2766, Date: 02.03.2022, Subject: Obtaining prior approval from the Head Office before opening any deposit account of Bank/Non Bank Financial Institutions by the branch.
15. Circular No. 2765, Date: 02.03.2022 , Subject: Recovery against SS/DF/BL/Written Off (BLW) Loans and Advances.

Information Circular
1. Circular No. 1806, Date: 31.03.2022, Subject: Revised time schedule of BACPS, BEFTN and RTGS operation for the Holy Ramadan 2022 (Hijri 1443)
2. Circular No. 1804, Date:31.03.2022, Subject: ১৪৪৩ হিজরি (২০২২ খ্রিস্টাব্দ) সালের পরিষ রমজ ় মাসের অফিস সময়সূচী বিশারদ এসেছে।
3. Circular No.1802, Date: 29.03.2022, Subject: নতুন কোর ব্যাংকিং লজিকার-এ মাইপাইস বাণ্ড সম্পাদন করার উদ্দেশ্যে যুদ্ধন ব্যাঙ্কসে লিমিটেড-এর ব্যাংকিং সেভিংসের সময়কাল নিবন্ধিত এসেছে।
4. Circular No. 1801, Date: 24.03.2022, Subject: Regarding Changes of BTCL Telephone numbers of MBL Sylhet Branch, Sylhet.
ID Circular
1. Circular No. 10, Date: 23.01.2022, Subject: Statutory business target for licensed Money Changers (MCs).
2. Circular No.09, Date: 23.01.2022, Subject: নিষ্ঠা হোয়াজনীয় জোরাপণ অমরানি স্নাপনের মার্জিন ও কমিশন এর্ভকে।
3. Circular No. 17, Date: 21.03.2022, Subject: আসাইকুড়া ওয়ার্ড সিটেমে পানারী বন্দরের লোকেশান কোড পরিবর্তন এর্ভকে।
4. Circular No. 16, Date: 07.03.2022, Subject: Payment in foreign currency against local supply of goods under international tender.

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

DISCLAIMER
“MBL Spectrum (Monthly Online Bulletin)” is a limited publication of Mercantile Bank Limited (MBL). The contents of this publication have been collected through various sources of public information that are believed to be reliable and MBL has taken reasonable care to ensure that such information is accurate.