



The changing landscape of home financing

SOHEL PARVEZ

The dream of having a home of their own began to take root the day Mithu and Dipti tied knot. And the dream edged closer to reality seven years later in May 2017 when the couple signed a contract with a developer to buy a 1300-square foot flat at the capital's Jafrabad.

Their dream took shape thanks to the availability of home loans. And the couple, now in their 30s and employed in multinational firms, is more than halfway into repaying the five-year tenure loan they took for the flat.

Mithu and Dipti are one of the tens of thousands of families who have borrowed from banks and financial institutions to buy apartments or construct houses.

And the queue of families for home loans is getting longer by the day in this highly populated land-scarce country accommodating 1,103 people per square kilometre.

Seeing the long queue, banks and financial institutions are also coming up at an increasing rate to fund home purchase and construction.

Two decades ago, there was a small number of banks and financial institutions that provided housing loans, according to Md Towfiqul Alam Chowdhury, head of retail banking division of Mutual Trust Bank.

"The landscape of home loan financing began to change in the last decade," he said.

Industry operators said lending for home purchase and construction began to increase after private financial institutions ventured in following enactment of Financial Institutions Act 1993.

Previously, state-run Bangladesh House Building Finance Corporation (BHBFC) was the only source of housing finance in the country, said Farhaduzzaman, marketing in-charge of Eastern Housing Ltd, the country's first real estate company.

Today, most of the banks offer home loans but about a dozen of them, along with a number of financial institutions, have it as one of their focus areas.

As of June 2018, total outstanding housing loans from banks and financial institutions was Tk 815.2 billion, which was 9.6 percent of total credit to the private sector, according to data from the Bangladesh Bank.

In fiscal 2002-03, total outstanding loans from the financial sector was Tk 75.27 billion, indicating that formal financing to housing grew 11 times in 15 years.

Private banks, which were lagging in this area as recently as 2003, emerged as the frontrunner.

As of June 2018, private banks' share in total outstanding housing loans was 58 percent, followed by

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Never too young to get on property ladder

ZINA TASREEN

The template of nuclear family, in which the dad went to work and the mum stayed at home, is fast on its way out. Now, it is not at all unusual to find both the parents heading out for work, leaving childcare in the hands of house help.

But even then, despite being in the safe confines of one's home, there is always the niggling fear that something might go wrong

with the child and the house help would not be able to respond fast enough and properly.

Nusrat Khan was one such parent who was hounded by such fears while at work -- to the point of paralysis.

"Other than the two of us, my in-laws are the safest pair of hands for our daughter," said the 29-year-old Khan, who works in the marketing department of a multinational firm -- something she always aspired to.

But moving in to her in-laws' flat in

Shgunbagicha was not viable for the two of them because of the time it would take for them to commute to and from work in Gulshan. And renting out a bigger apartment in Banani to accommodate her in-laws was unjustifiably expensive.

Difficulty breeds innovation, it is often said, and something in that spirit transpired. Khan and her husband, who is a year older than her, decided to buy a four-bedroom

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মানুষের জন্য সবচেয়ে
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