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Beyond RMGs: Why Bangladesh is emerging as Asia's next startup hotspot

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With such impressive feats, Bangladesh is steadily positioning itself as the next Asian Tiger economy, fueled by a combination of robust economic fundamentals, strategic government initiatives, and a dynamic, youthful population ready to embrace innovation and entrepreneurship. The country's consistent GDP growth, even amidst global economic uncertainties, stands testament to its economic resilience.

Moreover, Bangladesh's strategic focus on key sectors such as garments, financial services, and education, alongside rising investments in healthcare and digital finance, reflects a diversified approach to economic development. The active involvement of both local and international investors, buoyed by government policies aimed at easing business operations, further cements the foundation for sustainable economic growth. With the vision to nurture innovation, attract funding, and streamline business processes, Bangladesh is not just navigating through current global economic challenges but is also laying the groundwork for becoming an economic powerhouse in Asia.

Bangladesh is also embracing the digital age with gusto. 126 million mobile internet subscribers and a 75% penetration rate create a fertile ground for innovation. This, coupled with 69% of unbanked adults owning mobile phones, points to the immense potential of mobile financial services to drive financial inclusion. Positive indicators within Bangladesh's digital finance ecosystem highlight a strong commitment to fostering inclusive growth in this critical area.

Recognizing the potential of startups, the Bangladeshi government has taken proactive steps to nurture the ecosystem. Initiatives like the Innovation Design and Entrepreneurship Academy (iDEA) and Startup Bangladesh Limited provide training, mentorship, and financial assistance to aspiring entrepreneurs. Additionally, a planned fund of funds and the Startup National Policy aim to further enhance access to capital and streamline business processes. This comprehensive approach demonstrates a clear commitment

to fostering innovation and attracting investment.

INVESTMENT POTENTIAL: UNVEILING UNTAPPED OPPORTUNITIES

The potential for high-growth returns in Bangladesh's startup scene is significant. By 2030, Bangladeshi startups are projected to raise over USD 2.5 billion annually. This is fueled by government support, a thriving local ecosystem, and an ambitious goal of nurturing five unicorns by 2025. Improved ease of doing business, BRICS involvement, and a national startup policy are further attracting global attention. With a projected GDP per capita reaching USD 14 by 2030, Bangladesh is poised to become a major investment hub.

If we look at the past year, Bangladesh's startups raised \$72 million across 45 deals in 2023, indicating a shift in the investment landscape amidst economic uncertainties. The participation of venture capital and the notable entry of local conglomerates into the startup investment domain signify a diversifying investor base and an increasing recognition of the sector's potential.

The financial services, garments, and education sectors led investment activities, securing significant funding despite the overall downturn. This trend highlights the evolving maturity and resilience of specific sectors within the ecosystem. Startups such as ShopUp, Nitex, 10 Minute School, Arogga, and Jatri stood out, collectively attracting significant investment, underscoring the enduring appeal of Bangladeshi startups to both local and international investors.

The Bangladeshi government's proactive approach to nurturing the startup ecosystem, exemplified by initiatives such as the Fund of Funds and the Startup Summit, plays a crucial role in sustaining startup growth. The increasing involvement of local investors reflects a growing confidence in the sector, which is pivotal in maintaining momentum amidst global economic headwinds.

DIVERSE SECTORS POISED FOR DISRUPTION

While the garment industry remains a vital part of the economy, the startup landscape



offers diverse opportunities across various sectors. Fintech, with its large unbanked population and smartphone penetration, presents immense possibilities for innovative financial solutions. Agritech holds promise for improving efficiency, yield, and market access for farmers. The booming e-commerce sector demands solutions in logistics, marketplace platforms, and digital payments. Healthcare, seeking affordable and accessible solutions, opens doors for telemedicine, AI-powered diagnostics, and digital health innovations. Renewable energy, driven by climate change concerns, creates opportunities for solar, wind, and bioenergy solutions.

Beyond the headlines, Bangladesh is quietly transforming into a dynamic player in the Asian startup scene. Its robust economy, young population, government support, and diverse sectors poised for disruption paint a compelling picture for investors seeking high-growth potential. As Bangladesh steps out from the shadows of its past narratives, it's time to recognize its emergence as a potential powerhouse in the Asian startup ecosystem.

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