

## Early Savers, Future Builders



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A recent report from Bangladesh Bank highlights that Private Commercial Banks (PCBs) dominate the School Banking programme, holding 71.69% of the accounts and 79.90% of the deposits (amounting to BDT 19,231.75 million) as of the second quarter of 2024. The number of accounts and deposits grew by 3.60% and 11.26%, respectively, compared to the previous quarter.

"Many schools across the country have shown significant interest in partnering with banks to introduce financial education and savings initiatives to their students," commented Md. Ahsan-uz Zaman, Managing Director and CEO of Midland Bank.

Most banks have successfully implemented these programmes, achieving notable progress in expanding their outreach. Various campaigns, seminars, and events are organised annually to raise awareness among students and parents about the importance of maintaining a bank account.

"Financially literate individuals contribute to economic stability, reduced dependency on debt, and sustainable development. By fostering these habits early in life, we are not only empowering students for their future but also laying the groundwork for a more resilient and robust economy. Cultivating a savings mindset from an early age is essential for achieving sustainable growth in our country," stated Sheikh Mohammad Maroof, Managing Director of Dhaka Bank.

Highlighting the importance of the correlation between digitisation and the effectiveness of school banking, Mohammad Ali, Managing Director of Pubali Bank, remarked, "Academic institutions need to embrace automated systems to bridge the gap with the financial world. That's when school banking will truly take off. Recent campaigns, such as a digital booth in Chittagong, allow us to engage directly with students and their parents."

In line with Bangladesh Bank's guidelines, School Banking Accounts (SBAs) can be converted into general savings accounts once students turn 18, with approximately 87.93% of these accounts already transitioned. To further encourage savings among young people, banks have introduced schemes with minimal deposit requirements, enabling small monthly instalments to ensure nationwide accessibility.

Moreover, banks are incorporating digital features such as zero maintenance fees, free online banking, and Shari'ah-compliant options to attract younger customers. For instance, Islamic banks

accounted for 26.23% of deposits and 28.24% of investments by March 2024, offering products like Midland Bank Saalam.

"By integrating students and their families into the formal banking system, these programmes reduce reliance on informal savings practices and strengthen the financial ecosystem. Empowering young individuals with financial literacy ensures they can make informed decisions, driving sustainable economic growth," said Ahsan Zaman Chowdhury, Managing Director of Trust Bank.

Students with school banking accounts during their academic life can access loan facilities of up to Tk 5 lakh in their own name under the Tk 500 crore refinancing scheme introduced by Bangladesh Bank. This loan can be utilised to purchase essential educational materials for higher education, supported by a repayment guarantee from their guardians.

School banking aspires to cultivate economically resilient generations while contributing to national progress. Beyond providing education loans, these programmes nurture entrepreneurial potential by offering loan options for business ventures to young account holders.

Despite notable progress, challenges remain, including significant disparities in deposit ratios across regions. As of June, total deposits in urban areas stood at 66.47%, while rural areas accounted for 33.53%.

"Undergraduates, particularly those in urban and semi-urban areas, are more inclined to open accounts under these schemes, demonstrating eagerness to learn about banking and financial management," noted Md. Ahsan-uz Zaman of Midland Bank.

On this subject, Dr. Shahadat Hossain of the University of Dhaka observed, "We need a comprehensive approach. It's not just about opening accounts but also about managing these accounts, encouraging savings, and finding ways to multiply those savings."

Rural areas are increasingly adopting school banking, aided by the proliferation of mobile banking and agent banking channels. Many guardians open accounts for their children and subsequently engage with the banking system themselves, thereby extending financial services to previously unbanked families, noted Md. Ahsan-uz Zaman.

This trend underscores the growing awareness and enthusiasm for financial literacy among young people. Enhanced collaboration between banks and educational authorities could propel this initiative to even greater success, benefiting students nationwide.

## A Movement NOT JUST A SERVICE

**The Daily Star (TDS):** Why is school banking pivotal for individual development and national advancement?

**Md. Arup Haider (MAH):** Banking is not just about transactions; it's about instilling a sense of responsibility, discipline, and awareness in young minds. When students are introduced to banking at an early age, they acquire essential skills such as saving, budgeting, and financial planning—skills that remain with them throughout their lives. This education shapes them into informed, financially literate adults capable of navigating the complexities of personal and professional finance.

From a national perspective, school banking fosters a generation more attuned to the importance of financial inclusion. This is crucial for Bangladesh's long-term economic growth. Imagine a society where young people grow up understanding how to manage credit responsibly or save for future investments. It's transformative, empowering them to aspire for greater achievements, contribute to GDP growth, and address the wealth inequality that continues to challenge emerging economies like ours.

**TDS:** What has been the recent response to school banking initiatives in the country?

**MAH:** The response has been promising but still leaves room for broader adoption. Students and their parents are increasingly recognising the value of early financial literacy. In recent years, we've observed a surge in student

account openings, particularly in urban and semi-urban areas. Parents view this as an investment in their child's future—a step towards instilling responsibility and fostering independence.

However, rural areas remain a challenge. Limited access and awareness continue to hinder the progress we aspire to achieve. The onus is on us—financial institutions, regulators, and educators—to extend school banking into the heart of Bangladesh. Programmes need to be more localised, and partnerships with schools must be strengthened to bridge the awareness gap.

**TDS:** How does your bank facilitate school banking?

**MAH:** At City Bank PLC, we believe that

for students, are not just tools of convenience but also symbols of independence and responsibility, allowing young people to manage their spending in a safe and controlled environment. Additionally, Citytouch adds another dimension to our offerings, catering to this tech-savvy generation.

But our efforts don't stop at providing products. We host an annual School Banking Conference, a platform where students and educators come together to explore the importance of financial literacy and banking. Beyond this, our literacy programmes have reached 128 schools across the country, impacting more than 20,000



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banking for students should go beyond merely providing accounts—it should empower and inspire. To make banking accessible for students, we've introduced zero-balance account opening, eliminating barriers that might otherwise deter them or their families. Additionally, these accounts come with zero maintenance fees, ensuring that financial inclusion is an opportunity rather than a burden.

We've made savings more rewarding for students by offering attractive interest rates on their deposits, encouraging the habit of regular saving. Our personalised debit cards, designed specifically

students. Notably, almost one-third of these participants come from rural schools, where access to financial education is often limited. These programmes are designed not only to educate but also to spark curiosity and open doors to new possibilities.

For us, school banking is not just a service—it's a movement. It's about ensuring that the next generation of Bangladeshis is equipped with the knowledge and tools needed to shape their own financial futures. When we invest in the financial literacy of our youth, we invest in the future of the nation.

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