

FESTIVE FINANCES

FROM PAGE J1

In recent years, this surge in consumer activity has been accompanied by a significant shift toward digital payments. Gone are the days of carrying wads of cash in crowded marketplaces. Today, banks, mobile financial service (MFS) providers, and digital payment platforms work closely with lifestyle brands, supermarkets, restaurants, and hotels to offer lucrative cashback deals, discounts, and Buy One, Get One (BOGO) offers. These incentives not only enhance the shopping experience but also play a crucial role in encouraging the adoption of cashless transactions, further integrating digital financial services into everyday.

"During Eid, transactions typically increase by over 300% compared to non-festival months, with cashless payments playing a major role. Among all festivals, Eid during Ramadan sees the highest transaction volume," notes Mohammad Ali, Managing Director of Pubali Bank.

The shift to cashless transactions reflects the growing digital transformation in Bangladesh's financial sector. Carrying large sums of cash for high-value transactions is not only impractical but also poses security risks. The availability of digital payment solutions helps mitigate these concerns while enhancing convenience.

Shamsuddin Haider Dalim, Head of Corporate Communications and PR at bKash, explains, "To enhance people's shopping experience and make Ramadan and Eid purchases more affordable, bKash introduces various discount and cashback offers across different shopping segments. Such incentives encourage more digital transactions."

"Offering incentives for cashless transactions is an investment for the future. Just like 'buy one, get one free' promotions, these offers enhance customer satisfaction, fostering long-term engagement," says Muhammad Shakhawat Ullah, Head of Cards at Al Arafah Islami Bank.

CURRENT STATE OF THE CASHLESS ECONOMY

To ensure efficient and secure digital transactions, Bangladesh Bank issues licenses to FinTech companies under two categories: Payment System Operators (PSOs) and Payment Service Providers (PSPs). PSPs deliver e-wallet services, while PSOs facilitate merchant aggregation, acquisition, payment gateways, and switching solutions. According to Bangladesh Bank's latest annual report, ten PSOs and eight PSPs are fully operational, with others in various licensing stages.

As of December 2024, Bangladesh Bank reported 39,574,049 issued debit cards,

compared to 34,569,683 in December 2023 and 29,849,136 in December 2022. This indicates an annual increase of approximately 5 million cards, reflecting the growing adoption of cashless transactions.

Additionally, in December 2024, total debit card transactions reached Tk 407,028.1 million across 44,842,543 transactions. In comparison, December 2023 recorded Tk 417,520.2 million from 42,390,261 transactions, while December 2022 saw Tk 367,106.5 million from 37,472,910 transactions. The steady increase highlights the expanding use of debit cards.

Credit card usage has also grown consistently. In December 2024, there were 2,674,512 issued credit cards, with a total transaction value of Tk 35,321.0 million from 5,638,006 transactions. The numbers indicate a positive trajectory in Bangladesh's cashless economy.

Despite these advancements, challenges remain. Bank insiders identify poor internet connectivity and inadequate digital infrastructure as major obstacles to seamless digital transactions.

"Internet connectivity needs to be high-speed to prevent delays in transactions. This will enhance customer experience and reduce concerns over transaction failures," states Selim R. F. Hussain, Managing Director and CEO of BRAC Bank.

While digital transactions are increasing, cash remains dominant in overall consumption. Nationwide, cashless transactions constitute only 2.5% to 3% of total transactions.

"Currently, four crore debit cards support POS and e-commerce transactions worth Tk 21,000-22,000 crore annually. In contrast, 26 lakh credit cards generate Tk 32,000 crore. Debit cards are mainly used for ATM withdrawals, whereas POS and QR transactions remain limited," says Zobair Mahmood Fahim, Head of Cards and DFS at NCC Bank.

Tauhidul Alam, Head of Cards at City Bank, adds, "With a population of 17 crores and a labor force of 7.5 crores, the number of credit cards should be at least one crore. Addressing these critical issues can unlock Bangladesh's digital payment potential."

Moreover, stringent regulations hinder credit card adoption. Personal loans of up to Tk 5 lakh are available without a tax return, but credit cards with a Tk 50,000 limit require a tax return certificate. Relaxing these requirements could encourage more people to adopt credit cards.

While cashless transactions are gaining traction for lifestyle products, grocery shopping remains cash-heavy.

"Supermarkets and local grocery stores still prefer cash, forming a major part of daily transactions. Thanks to the NBR, VAT is now

exempt for purchases from super shops, which may encourage more cashless payments," says Muhammad Shakhawat Ullah.

POLICY REFORMS AND FUTURE STRATEGIES

To accelerate the transition to a cashless economy, policy reforms and incentives are essential.

"Standardizing payment systems across banks, MFS platforms, and fintech providers is crucial. Expanding Bangla QR usage across financial institutions and providing tax incentives can drive mobile and agent banking services in rural areas," says Sheikh Mohammad Maroof, Managing Director and CEO of Dhaka Bank.

Unlike neighboring countries, where interoperability exists across banking apps, Bangladesh still lacks this feature. Extending interoperability among banks and MFS providers is critical for digital transaction growth.

Additionally, metro rail ticketing should transition to a fully cashless system, eliminating cash transactions at stations. Enhancing digital literacy and expanding government transactions to digital platforms will further drive the cashless movement.

"A dedicated white-label ATM and POS network, shared by all banks, can cut administrative costs and expand financial access into rural areas," suggests Mohammad Ali, Managing Director of Pubali Bank.

Strengthening cybersecurity is also vital to building trust in digital payments.

"The government should enforce stricter security protocols, promote two-factor authentication, and encourage banks and fintech firms to invest in fraud detection systems," says M. Khorshed Anowar, DMD and Head of Retail & SME Banking at Eastern Bank.

In conclusion, while Bangladesh has made significant strides toward a cashless economy, sustained efforts, infrastructure improvements, and policy reforms are needed to unlock its full potential. By addressing key barriers, the country can move closer to a digital financial ecosystem that benefits all citizens.

Dr. Selim Raihan, Professor of Economics at the University of Dhaka and Executive Director of SANEM, underscores the importance of e-commerce expansion in driving a cashless economy. He notes that with Bangladesh's growing economy and rising middle class, the country is poised for a significant e-commerce boom.

However, despite some progress, Bangladesh still trails behind neighboring countries in this sector. Without strong policy support and substantial promotion, cashless transactions will struggle to gain widespread adoption.

SWIPE & CELEBRATE

Digital Zakat Faith Meets Fintech

MUJIB RAHMAN

The integration of faith and technology has revolutionized zakat, making charitable giving more efficient, transparent, and far-reaching. Digital platforms extend zakat beyond immediate communities, ensuring aid reaches those in need while preserving dignity and autonomy.

Professor Main Uddin from the Department of Banking & Insurance at the University of Dhaka highlights the importance of efficiency in digital zakat distribution.

A well-maintained database of beneficiaries is essential, along with ensuring access to fintech solutions.

Pre-informing recipients about distribution schedules and assessing how digital systems reduce corruption are key to enhancing transparency and accountability.

By issuing clear directives and minimizing bureaucratic hurdles, Bangladesh Bank can foster a seamless zakat distribution system, boosting public trust in digital payments.

The shift to digital zakat has also transformed the social and emotional aspects of giving. Muhammad Shakhawat Ullah, VP & Head of Cards at Al Arafah Bank, notes that digital donations empower recipients by allowing them to choose how they use their funds. Unlike traditional in-kind contributions, digital zakat enables greater financial independence while adhering to Islamic principles.

Digital platforms broaden the

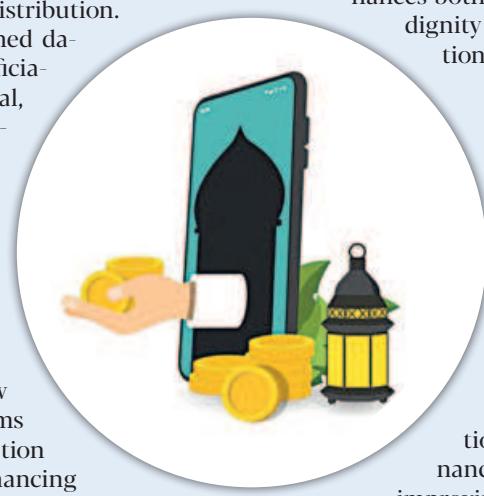
reach of zakat, allowing donations from anywhere at any time. At Al Arafah Bank, donors can contribute via card services, MFS (Islamic wallets), and internet banking. While zakat is given throughout the year, donations peak during Ramadan, when spiritual rewards are believed to be higher.

Additionally, digitization ensures discretion in charity. The confidentiality of online transactions aligns with Islamic teachings that emphasize humility in giving. This shift enhances both the security and dignity of zakat distribution.

Despite these benefits, challenges remain. Limited digital literacy and lack of fintech access among some underprivileged groups can hinder effective zakat distribution. Expanding financial inclusion and improving technological infrastructure are crucial for making digital zakat universally accessible.

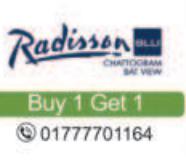
A more structured regulatory framework and innovative fintech solutions can further streamline zakat transactions, ensuring efficiency and reliability. Stronger collaboration between banks, MFS providers, and regulators can drive the future of digital zakat in Bangladesh.

By embracing technology, zakat maintains its spiritual essence while adapting to modern financial practices. The transition to digital payments preserves the core values of zakat, ensuring a more inclusive, dignified, and impactful system of charitable giving.



বেশি পাওয়ায় বেশি খুশি এই রমজানে ১টি কিনলে ৩টি ফ্রি*

লা-রিবা ইসলামিক প্লাটিনাম ক্রেডিট কার্ড ব্যবহার করে উপভোগ করুন ইফতারসহ ডিতার



বেশি



Welcome to the world of
NCC BANK CREDIT CARDS
Where you can experience fantastic
benefits & rewards!

SALIENT FEATURES & BENEFITS

Zero annual fee on 12 transactions

Complimentary access to Balaka and Priority Pass Lounge

Complimentary Meet & Greet Service

Up to BDT 40 lacs Insurance Facility

Exclusive Loyalty Program

Tailor-made EMI Programs

Wide range of discounts & yearlong BoGo buffet at renowned restaurants

Flexible and affordable fees & charges

16315

+8809610016315
for local & overseas call

