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## World Bank flags deepening crisis in banking sector

STAR BUSINESS REPORT

Bangladesh's banking sector faces significant challenges due to longstanding structural weaknesses and recent emerging risks, according to the World Bank (WB).

Low economic growth due to political uncertainty, forex shortage, and low investor confidence are feared to worsen vulnerabilities in the financial sector, dominated by banks representing 88 percent of total financial sector assets.

In its April issue of "Bangladesh Development Update" released yesterday, the multilateral lender said the sector has been suffering from high levels of non-performing loans (NPLs), low capital adequacy, and operational inefficiencies.

"Governance issues, regulatory capture, political interference in lending, and related-party lending have worsened the sector's performance and solvency over the years," it said.

The report said despite Bangladesh's strong economic growth, financial sector vulnerabilities remained persistent and the authorities left these deficiencies unaddressed, and weak banks were suffering from NPLs and capital shortages.

The adoption of international prudential standards was slow, and forbearances were granted repeatedly, it said.

The WB said the banking sector has shown robust growth in terms of loans and deposits over the years, with loans and investments accounting for 85 percent of banks' balance sheets.

The composition of loans is heavily skewed towards corporate lending, with the industrial and trading sectors being the largest recipients of bank loans.

Overdue loans remain a persistent challenge across

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## BTRC's new policy seeks to cut red tape

But ambiguities remain

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has unveiled a draft policy aimed at overhauling the telecommunications licensing and regulatory framework, although a lack of clarity in certain areas may lead to disputes over service boundaries.

Titled the "Telecommunication Network & Licensing Regime Reform Policy 2025", the draft proposes

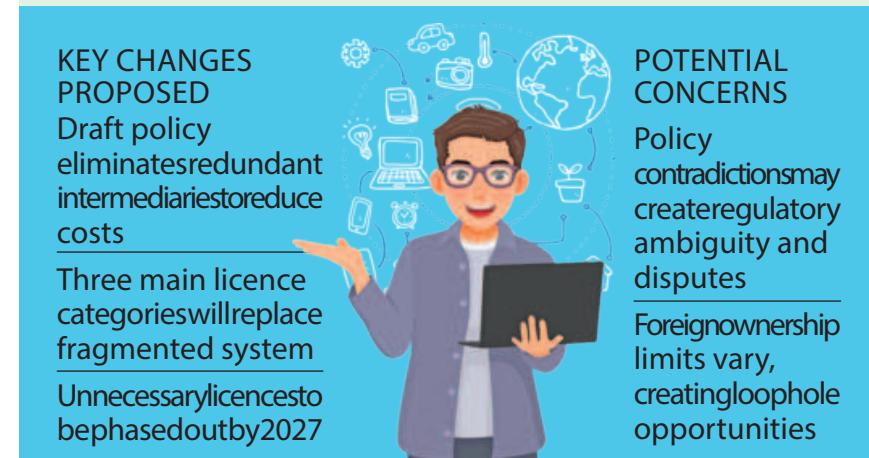
types of licences in Bangladesh's telecommunications sector.

Bandwidth for internet services comes via submarine and international terrestrial cables. It is distributed through International Internet Gateways (IIGs) to mobile and broadband providers.

Fibre transmission is managed by Nationwide Telecommunication Transmission Network operators, while tower companies handle mobile base transceiver station installations.

### POLICY INITIATIVE:

- ② BTRC unveiled draft policy to simplify telecom licensing structure
- ② Public feedback invited on the draft until April 30



the elimination of several minor intermediaries – introduced under the controversial previous policy – that not only increased operational burdens but also raised compliance costs.

The BTRC released the draft on Tuesday and has invited feedback from stakeholders, experts, and the general public by April 30.

At the heart of the reform is the consolidation of the fragmented licensing structure into three main categories: National Infrastructure & Connectivity Service Provider, International Connectivity Service Provider (ICSP), and Access Network Service Provider.

Currently, there are over 20

Voice calls between operators are routed through Interconnection Exchanges (ICXs), and ISP data through the National Internet Exchange (NIX). International voice calls pass through a separate layer called the International Gateway (IGW).

The ANSP licence will consolidate mobile and fixed-line services into two sub-categories: Cellular Mobile Service for operators using technologies like GSM, 5G, and future evolutions, and Fixed Telecom Service for wired or wireless broadband providers.

ANSP licensees will manage last-mile connectivity, offer bundled voice, data, and digital services, and share passive

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