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## SHAPING a Saving Generation

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Youth represent one of the most vital and dynamic segments of Bangladesh's population, with over 45% under the age of 25. Recognising the transformative potential of this demographic, Bangladesh has prioritised youth financial inclusion, embedding it into the broader development agenda. At the heart of this effort is Bangladesh Bank's School and Youth Banking initiative—a visionary programme designed to instil financial literacy, promote savings habits, and foster responsible engagement with the formal financial system from an early age.

Launched in November 2010 and formalised through a comprehensive policy in 2013, the School Banking programme offers students under 18 access to modern banking services. Through School Banking Accounts (SBAs), students learn to engage with essential financial tools, including digital platforms. These accounts seamlessly transition into standard savings accounts once students turn 18, ensuring long-term financial engagement and trust in the banking system.

As of February 2025, nearly five million active school banking accounts have been opened, with private commercial banks facilitating over 70% of them. Notably, girls now hold 48.94% of these accounts, reflecting significant progress toward gender-inclusive financial access. Once dominated by urban participation, the programme now sees rural students comprising 53% of account holders, thanks to increased outreach and mobile banking innovations. However, disparities remain—urban students still account for 71% of total deposits, compared to just 29% from rural areas—highlighting the need for deeper financial empowerment in underserved communities.

Although deposit volumes have declined slightly since September 2023, likely due to inflationary pressure on lower and middle-income families, the continued increase in account numbers signals growing financial awareness and trust among the youth.

Bangladesh Bank's efforts have not gone unnoticed. In 2024, it received the prestigious Global Youth Financial Inclusion Award from the Alliance for Financial Inclusion. Its core strategies include integrating financial literacy into the national curriculum, launching a dedicated website for literacy, and issuing youth banking guidelines. In March 2025, the central bank mandated that all scheduled banks conduct school banking through their nearest branches—ensuring accessibility and deepening community engagement.

A defining feature of the programme is its inclusivity.

**By embedding financial literacy into early education and ensuring accessible banking for all youth—urban or rural, student or freelancer—Bangladesh is laying the foundation for a more financially secure and resilient future.**



Student friendly policies, such as low or no minimum balance requirements and waived service charges, make banking accessible even for students from low-income families. In rural areas, these accounts often serve as the first point of contact with formal financial systems, helping to bridge the urban-rural financial divide.

This success is amplified through active parental engagement and the support of educational institutions. Since 2014, School Banking Conferences have served as critical platforms for promoting financial literacy at the grassroots. These community events bring together students, teachers, parents, and local officials through workshops, speeches, and interactive sessions.

Challenges persist. Urban students enjoy better banking infrastructure and educational resources, often resulting in higher savings rates and more active use. Overcoming these gaps requires sustained outreach, improved infrastructure, and awareness campaigns

tailored to underserved communities.

Looking ahead, schools and banks are encouraged to adopt automated financial systems and fully integrate financial education into the curriculum. Normalising banking in students' daily lives will reinforce positive financial behaviour and prepare them for financially responsible adulthood.

School and youth banking in Bangladesh is more than a financial service—it is a transformative tool for empowerment and national development. By promoting savings, fostering financial literacy, and ensuring inclusive banking access, these initiatives are shaping a generation of informed citizens ready to lead Bangladesh into a more equitable and prosperous future.

The momentum behind youth financial inclusion extends beyond school-based programmes.

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## New to Savings? Pick a Plan that Pays Off

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EBL has consistently maintained a strong reputation as one of the top three banks in the country, ensuring customers' funds are always accessible.

Moreover, customers should consider the quality of service and advancements in digital banking when choosing savings schemes with a certain bank. "A digitally advanced bank can save time and hassle; for instance, instead of visiting the branch for something as simple as a balance certificate, our customers can access it instantly through Citytouch," added the DMD of City Bank.

After you have made up your mind about a bank, here are a few things to consider if you are torn between DPS and FD:

### Availability of funds

DPS is ideal if you want to save gradually over time with monthly contributions. FD is better if you have a lump sum amount ready to invest. While FDs suit those with immediate surplus funds, DPS works better for salaried individuals or those with regular income who prefer to save regularly in smaller amounts.

### Required minimum deposit

Naturally, FDs require a large amount of initial deposit compared to DPS. However, be aware of the monthly installment requirements for DPS. Missed installments may result in penalty charges or reduced final maturity value. If several consecutive installments are missed (usually 3–6 months, depending on bank policy), the bank may choose to prematurely close the account.

In case of early closure or irregular payments, the interest rate might be recalculated at a lower "savings account" rate rather than the promised DPS rate. "Customers should choose a scheme with a monthly deposit amount they can consistently maintain—regardless of financial struggles, job insecurity, or unforeseen challenges," mentioned the Retail Distribution Head of Midland Bank.

### Interest rate & flexibility

FDs usually offer higher interest rates than DPS schemes. Compare rates across banks and see which option yields better returns over your desired period. Moreover, consider that DPS requires consistent monthly deposits for a chosen period, while FDs require no ongoing commitment after the initial deposit.

### SAVINGS SLIP-UPS TO AVOID

- ⌚ Align the chosen scheme with your goals – don't lock in funds for long term that you'll need soon.
- ⌚ Don't ignore the profit calculation method – know how compounding interest or Islamic profit sharing works.
- ⌚ Be aware of withdrawal policies or tax implications, which can diminish your profits.
- ⌚ Don't chase after shiny returns – high rates mean nothing without bank stability.

### Tenor & early encashment conditions

Consider how long you can afford to keep your money locked in. Both DPS and FD offer different tenor options; FDs often offer schemes with longer duration. In case of premature withdrawal before fulfilling designated tenor, FDs may allow you partial benefits.

For DPS, customers usually need to complete the full term and only get the self-deposited amount without any benefits in case of early encashment. Some banks may also charge for early encashment, check with your bank before opting for a savings scheme.

Additionally, many banks now offer goal-based savings options—such as schemes for education, motherhood, retirement, or home purchase—so you can choose one that aligns with your financial goals. Most banks also offer savings schemes in both traditional and Shariah compliant formats—choose the one that aligns with your preferences and values. Finally, look into the tax implications of the interest earned, which can affect your net returns.

