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Digital banks must have paid-up capital of Tk 300cr: BB

STAR BUSINESS REPORT

The Bangladesh Bank has raised the paid-up capital requirement for digital banks from Tk 125 crore to Tk 300 crore.

The banking regulator refixed the capital requirement for the upcoming digital banks under the power of Section 13 of the Bank Company Act, 1991 (as amended up to 2023), the central bank said in a notice yesterday.

The paid-up capital shall only comprise ordinary shares, according to the guideline.

The banking regulator revised the capital requirement as applications will soon be invited for digital banks, said a senior BB official.

Under the previous government, preliminary approval was given to Nagad Digital Bank and Kori Digital Bank.

However, the initiative was suspended after the fall of the Awami League government in August 2024.

A branchless, end-to-end virtual banking system can provide momentum to extending banking services to the last mile of the country, as per the digital bank guideline.

The sponsors of the proposed digital bank must provide the initial minimum paid-up capital, and the bank must go for an initial public offering (IPO) within five years from the date of licence issuance by BB, the guideline said.

It added that the amount of the IPO should not be less than the sponsors' initial paid-up capital.

The central bank approved a guideline on digital banks in 2023 with an aim to expedite the process of cashless transactions and digital transformation in the country.

The decision came within two weeks after then finance minister AHM Mustafa Kamal in his budget speech said a Bangladesh Bank committee was working to work out strategies to broaden and accelerate financial inclusion effort.

Under the guideline, the major difference is that digital banks will have only a headquarters, and no other physical presence, while conventional banks have physical presence across the country.

Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh, addresses a joint press conference on LDC graduation at the InterContinental Dhaka yesterday. PHOTO: COLLECTED

Delay LDC graduation to 2032

Leaders of 16 major trade bodies urge government

STAR BUSINESS REPORT

Leaders of 16 major business chambers and associations have urged the government to delay Bangladesh's graduation from the least developed country (LDC) club, saying that an early transition would severely strain the pharmaceuticals and garment industries.

The government should defer it until 2032 as both the private sector and the government need more preparation for a smooth graduation, said Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh (ICCB), at a joint press conference in Dhaka yesterday.

Representatives from the country's top trade bodies spanning pharmaceuticals, garments, knitwear, banking, footwear, leather, semiconductors and other industries attended the event to show solidarity.

At the event at InterContinental Dhaka, they argued that if the country moves to developing nation status in November 2026 without being fully prepared, most sectors serving both domestic and international markets risk serious setbacks.

Their major concerns include a loss of competitiveness, as Bangladesh will forfeit duty-free trade preferences, face tariffs of up to 12 percent, and risk losing between 6 and 14 percent of its export share.

The business leaders said they plan to meet Chief Adviser Professor Muhammad Yunus soon to press their case.

This comes despite the chief adviser stating last year that deferring graduation was not an option, and urging swift, coordinated action as recently as May.

In a written statement, ICCB President Rahman said Bangladesh's pharmaceutical industry meets 98 percent of local demand and exports to more than 150 countries, but requires an extension of the TRIPS (Trade-Related Aspects of Intellectual Property Rights) waiver to remain competitive.

"Without at least six more years of preparation, the cost of life-saving medicines such as cancer and HIV drugs could skyrocket, undermining both public health and export growth," he said.

Currently, Bangladesh enjoys a TRIPS waiver valid until January 2033 or until graduation, whichever comes first. But once the country graduates in November 2026, this protection will expire, exposing the local pharma sector to full patent enforcement.

In this regard, Rahman cited alarming projections.

He said the price of cancer drug Imatinib could soar from \$30-\$40 a month to \$2,000-\$3,000, HIV antiretrovirals from \$100-\$150 a year to \$10,000-\$12,000, while biotech drugs like Trastuzumab could jump from \$200-\$400 a dose to \$3,000-\$4,000.

The garment sector, which generates over 81 percent of export earnings, faces equally tough challenges. With duty-free access ending, compliance costs rising and competition intensifying, exporters will need to diversify rapidly to protect jobs and sustain growth.

"By diversifying exports beyond garments, Bangladesh can create new growth engines, protect jobs, and ensure sustainable economic progress after graduation," Rahman said.

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Pakistan shows interest in shipbuilding industry

STAR BUSINESS REPORT

Pakistan's Commerce Minister Jam Kamal Khan has expressed interest in importing ships from Bangladesh after visiting shipyards in Chattogram.

The minister, who is currently visiting Dhaka, joined a meeting with business leaders at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in Motijheel area of the capital yesterday, according to a press release.

Khan praised the growing shipbuilding capacity of Bangladesh and said that Pakistan, which now imports vessels from abroad, could turn to Bangladeshi builders in the future.

"There is a possibility for collaboration in shipbuilding," he said.

The minister added that Pakistani firms and agencies would assess options for procurement and joint ventures with Bangladeshi shipbuilders.

Khan noted that Bangladesh's expertise in shipbuilding fits well with Pakistan's import requirements, stressing the need to deepen industrial cooperation between the two countries.

Md Hafizur Rahman, administrator of the FBCCI, welcomed the interest by Pakistan.

He said Bangladesh is ready to work with the South Asian neighbour in shipbuilding and other sectors.

Rahman added that closer cooperation could create new opportunities for trade and industrial development.

Md Alamgir, secretary general of FBCCI, underlined the importance of targeted business exchanges to identify areas where Bangladesh has production strength and Pakistan has demand, such as shipbuilding.

Business leaders at the meeting also spoke in support of enhancing cooperation in industries that can offer immediate trade prospects.

Economic challenges

- Slowing GDP growth dampens investor confidence
- Persistent inflation erode household purchasing power
- Sharp decline in private investment limits industrial expansion
- Energy shortages force industries to operate below full capacity
- High non-performing loans weaken banking sector

Recommendations

- Simplify loan terms and cut interest rates
- Ensure uninterrupted energy supply
- Diversify exports and tap new markets
- Broaden tax base and reduce bureaucratic hurdles
- Implement sector-specific reforms ahead of LDC graduation

Slowing growth, weak investment strain economy: DCCI

STAR BUSINESS REPORT

Bangladesh's economy is grappling with multiple challenges, including slowing growth, stubborn inflation, and a sharp fall in private investment, according to the Dhaka Chamber of Commerce & Industry (DCCI).

In its report "Bi-Annual Review: Current State & Future Outlook of Bangladesh Economy (H2 FY25)", the chamber attributes the strain to a mix of global headwinds and domestic policy challenges, urging swift and strategic government action to prevent a deeper crisis.

"Private investment dropped to 22.48 percent of the GDP in FY25, the lowest in the last 5 years. Both the opening of LCs and the import of capital machinery have declined," said DCCI President Taskeen Ahmed while presenting the review report at the chamber's office in Dhaka yesterday.

"Strengthen law and order and ensure uninterrupted and reliable energy supply to improve the business environment," he added.

The report noted that in trying to curb inflation, the government has squeezed private sector credit and dampened economic activity, creating a medium-term crisis. A multimodal approach is now needed to tackle both issues simultaneously.

To restore investor confidence, it recommended

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Raise emission cut targets to match renewable goals: CPD

STAR BUSINESS REPORT

Bangladesh should raise its greenhouse gas reduction targets for 2030 in line with the government's new renewable energy ambitions, the Centre for Policy Dialogue (CPD) said yesterday.

The country is set to submit its revised Nationally Determined Contributions (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) next month.

In its last NDC in 2021, Bangladesh pledged to cut emissions equivalent to 43.72 million tonnes of carbon dioxide (MtCO2e) from the power sector, nearly half the overall target.

CPD now recommends increasing that to 76.96 MtCO2e by 2030, including 19.24 MtCO2e of unconditional cuts.

The findings were presented by CPD Senior Research Associate Helen Mashiyat Preoty and Programme Associate Mehadi Hasan Shamim at a discussion titled "NDC 3.0 for the Power Sector: Is Bangladesh Setting Ambitious Targets?" held at the Brac Centre Inn in Dhaka.

The think tank proposed setting targets of 91.24 MtCO2e for 2035 and 103.34 MtCO2e for 2040, aligned with the government's renewable energy roadmap.

In June, the government set fresh goals to source 20 percent of electricity from renewables by 2030 and 30 percent by 2040.

According to CPD estimates, Bangladesh would need 4,540 megawatts (MW) of power from renewable sources by 2030, 6,438 MW by 2035, and 8,928 MW by 2040. This would require 18,162 MW of renewable capacity by 2030, rising to 25,751 MW by 2035 and 35,713 MW by 2040, alongside a phase-out of fossil fuels.

"Our main challenge is monitoring implementation. We prepare documents, but due to a lack of manpower and other issues, the monitoring is limited," said Fahmida Khanom, additional secretary at the environment ministry

The transition would demand investments of about \$12.6 billion by 2030, \$12.1 billion by 2035, and \$10.5 billion by 2040.

Fahmida Khanom, additional secretary at the Ministry of Environment, Forest and Climate Change, said interministerial consultations would be completed within two weeks to finalise the NDC 2025.

"Our main challenge is monitoring

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