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Digital transactions surge, but cash is still king: experts

STAR BUSINESS REPORT

Bangladesh has made notable progress in digital financial transactions but remains far from becoming a cashless economy, experts said yesterday, calling for stronger policy support, improved infrastructure, and wider adoption to reduce reliance on physical currency.

“A cashless economy enhances efficiency, economic formalisation, financial inclusion, reduces costs, and improves global integration,” said Debapriya Bhattacharya, distinguished fellow at the Centre for Policy Dialogue (CPD).

IPDC ডিপোজিট | ১৬৫১৯

He made the remarks while delivering a keynote titled Regulatory Reforms & Policy Roadmap for a Cashless Bangladesh at the Cashless Bangladesh Summit 2025, jointly organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and Mastercard at the Sonargaon Hotel in Dhaka.

Bhattacharya highlighted that digital transactions promote transparency, curb corruption, expand the tax base, and offer citizens greater convenience and security.

In 2024, Mobile Financial Services (MFS) transactions reached Tk 17.37 trillion, nearly 50 percent of GDP, according to his presentation.

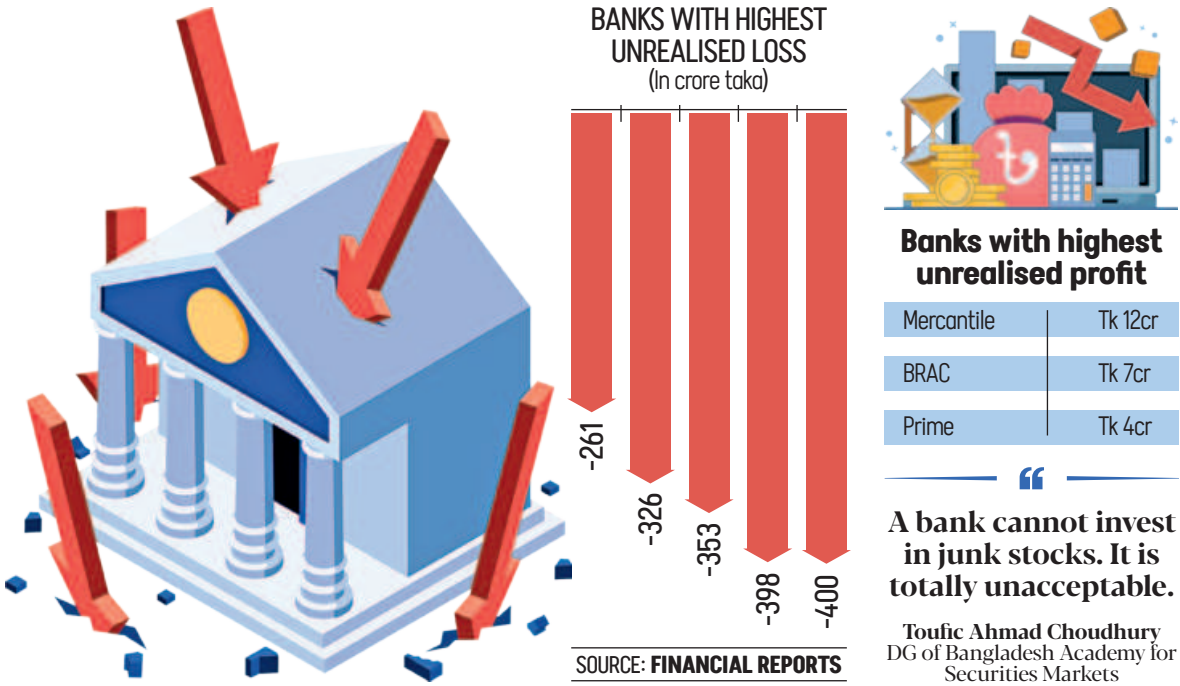
Overall, 84 percent of banking transactions are now digital, with 56 percent conducted online and 28 percent via MFS. About 47.8 percent of the population uses MFS

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THE PINNACLE OF
PRIORITY
BANKING

31 banks lost Tk 3,600cr in stock rout last year



AHSAN HABIB

Thirty-one banks suffered combined losses of Tk 3,600 crore from their stock market investments last year, largely because of poor decisions, misuse of funds and a sluggish market.

State-owned banks were hit the hardest, while private commercial banks also reported losses despite being known for better governance in their core banking operations.

Foreign banks, which kept away from the local bourse, escaped unscathed.

The losses were unrealised, which means, the banks have not sold their shares but the value of their holdings has sunk on paper, forcing them to mark down their portfolios.

Market specialists say much of the problem originated from banks betting big on junk stocks, shares in companies with weak track records or years of poor performance.

For example, a number of banks burned their fingers on the Beximco Green Sukuk Bond.

Its market price halved to Tk 40 last year after Beximco Group owner Salman F Rahman was arrested following the political changeover in August 2024. He has been behind bars since then.

Other lenders put money into long-troubled firms such as ICB Islamic Bank and People's Leasing.

While most banks were forced to set aside provisions to cover these paper losses, three of their market peers, Mercentile Bank, BRAC Bank and Prime Bank, managed to

stay in the black from their stock investments.

Toufic Ahmad Choudhury, director general of the Bangladesh Academy for Securities Markets, said banks should tread carefully in equities.

“Banks are not supposed to invest in the share market as the return of this type of investment is uncertain while they deal with fixed liabilities of deposits,” he said.

According to Choudhury, the stock market is a different type of securities, so investment in the stock market should be managed by professionals and trained people.

“Whoever manages the fund, in any way, a bank cannot invest in junk stocks. It is totally unacceptable,” he commented.

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Govt to privatise Nagad

Says BB governor

STAR BUSINESS DESK

The government has decided to privatise mobile financial service (MFS) provider Nagad to increase competition in the sector, said Bangladesh Bank (BB) Governor Ahsan H Mansur.

“We want to create more activity and competition in the MFS sector. We have decided to privatise Nagad at the highest level and bring in investors,” he said.

He was speaking at the “Cashless Bangladesh Summit 2025”, jointly organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and Mastercard at the Pan Pacific Sonargaon Dhaka in the capital yesterday.

“We will probably issue an advertisement seeking potential investors for this within a week,” he added.

Mansur said Nagad will be taken out of the Post Office’s control as it currently lacks the capacity to run the service.

“A technology company has to be brought in as the major shareholder of Nagad,” he said.

“We hope we can rejuvenate Nagad as a worthy competitor in the MFS sector,” he further said.

The governor also said that significant reforms have already been implemented in Nagad.

The various irregularities caused by the previous owners have been resolved.

Nearly 15 million fake or inactive accounts have been removed, and the institution is now on the path to restructuring, he added.

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