

Sustainable Finance, ACCESSIBLE TO EVERYONE

The Daily Star (TDS): How would you assess the current state of sustainable banking in Bangladesh?

Mohammad Ali (MA): I believe the sustainability rating system has been both beneficial and important for banks as well as for the



environmentally responsible enterprises?

MA: Our sustainable and green finance is accessible to all. However, in our economic context, we want to work with women — that is the most important aspect. One positive development is that in almost every institution we see, if there are four directors,

at least one is a woman. On average, this is happening more often. Sometimes, we may

— whether it is energy saving, tree preservation, soil conservation, or reducing carbon emissions — plays a role everywhere.

Our sustainable finance involves a huge investment. I have seen that over 88% of investments under sustainable finance last year went to CMSME. We are reducing corporate loans.

TDS: What initiatives has your bank undertaken to promote sustainable banking, and what measures have you implemented to reduce your own carbon footprint?

MA: At present, we have actually insured the carbon aspect for all of our

their purpose.

TDS: What challenges has your bank encountered in adopting and promoting sustainable banking practices?

MA: The real major challenge was to spread the concept of green or sustainability among everyone, to bring about a change in mindset. Our current mindset is to wake up in the morning and think only about the customer's business. Alongside that business thinking, there is also the matter of excellence for us.

Now, if someone is doing branch banking and tell them, "Go to your college or university and talk to the teachers to

country. It also builds a strong image among stakeholders. Foreign partners who finance us also want to see whether we rank well in sustainability ratings. Many investors interested in green finance — such as green buildings or green factories — feel reassured when they see that we meet sustainability standards. This shows that we are aligned with Bangladesh's green finance practices, making it easier to bring such relationships up to international standards.

TDS: What sustainable financing/refinancing schemes does your bank offer, particularly for SMEs, women entrepreneurs, or other

think these are not necessarily women entrepreneurs, but we are now seeing greater participation of women.

The reason is that after the first generation, the next generation — both sons and daughters — have stepped in. In many cases, wives have also begun active participation. I think this is a good sign.

In the case of SMEs, they too need to align more with green financing, because they operate all across Bangladesh. They work in clusters — where there are shoe factories, they are all together; where there is handicraft production, they are based there as well. So, if you can bring SMEs under green financing, you actually reach the marginal population. This concept of green and sustainability

establishments. In other institutions, carbon management is not being carried out, but what we have done is appoint environmental scientists with relevant educational backgrounds, both at the head office and branch levels, so that they can perform this work.

Several other initiatives have also been taken, such as planting over 28,000 trees in the coastal belt. We planted 2,800 of those this year, and this effort is continuing. This year alone, in just three districts, we plan to plant 12,000 to 15,000 more trees. Through such initiatives, we are laying a foundation so that in five or six years, when these trees start absorbing carbon, they will serve

see if trees can be planted there," they might think, "Instead of focusing on my business, Sir is sending me to plant trees." But this change of mindset is extremely important. You cannot force people to do these good works; they must be motivated to do so willingly.

Our ultimate goal is to make Bangladesh "liveable," which is a critical concern. I often emphasise that if a sector is categorised as environmentally risky — whether moderately or highly — under Bangladesh Bank guidelines, international directives, or IFC standards such as BIR, we will not invest there. Our investments are directed only towards low-risk areas.

MOHAMMAD ALI
Managing Director and CEO of Pubali Bank

TDS: What are your bank's future plans to advance sustainable banking, and what support do you seek from the government?

MA: We hope to continue this programme every year. If every institution takes such an initiative — banks, and then our customers — if everyone tries to achieve net carbon zero by calculating how much carbon their organisation produces and how much they can offset, then we will see a significant improvement in the country's overall environmental condition.

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August 2024



Banking on Sustainability

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Women and SMEs are critical to sustainability. Eastern Bank has disbursed over BDT 200 crore in renewable energy, energy efficiency, and waste management ventures, alongside training and advisory support for SMEs and women entrepreneurs. Dhaka Bank offers concessional loans to start-ups, while Shahjalal Islami Bank provides collateral-free investment up to BDT 25 lakh for women entrepreneurs at reduced profit rates.

Despite these advances, challenges remain. Many businesses lack the knowledge and capacity to adopt green initiatives, while the high upfront cost of green technologies deters investment. "The biggest challenge is creating awareness among businesses and customers about sustainable finance. Knowledge gaps, lack of skilled manpower, and higher initial costs remain barriers," observes Tareq Refat Ullah Khan of BRAC Bank.

Data gaps in financed emissions and sector performance, shortages of capacity in risk and technology appraisal, and a thin pipeline of bankable green projects (particularly in renewable energy and resilient infrastructure) remain hurdles, adds

During January–March 2025, the total contribution of Green Finance by banks and financial institutions stood at BDT 8,763.47 crore, an increase of BDT 117.78 crore from the October–December 2024 quarter. Over the same period, Sustainable Finance reached BDT 1,49,819.05 crore, marking a rise of BDT 1,703.82 crore.

Mashrur Arefin, CEO of City Bank.

Regulatory backing is crucial for expanding sustainable finance in Bangladesh, says Abul Kashem Md Shirin, Managing Director and CEO of Dutch Bangla Bank (DBBL).

He notes that Bangladesh Bank is steering the financial sector towards adopting sustainable finance principles in lending decisions. The central bank's Sustainable Finance Department sets policy guidelines for banks and financial institutions, which he describes as a milestone in embedding sustainability within the banking system. Shirin adds that allocating more funds under Bangladesh Bank's refinance schemes will further accelerate the growth of green and sustainable finance.

A K M Shahnewaj, Managing Director (Current Charge) of Dhaka Bank, says fiscal incentives such as tax breaks for green investments, import duty exemptions on eco-friendly technologies, and targeted grants or subsidies play a crucial role in catalysing private sector participation in sustainable finance.

Sustainable banking in Bangladesh is still in its formative stage, yet the direction is clear. With competition among banks fueling innovation and commitment, the country is moving steadily towards a greener financial system. The more banks embrace sustainability, the stronger the foundation for an inclusive, environmentally responsible future.

