

Driving green finance with FOCUS ON INNOVATION

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

Md. Ziaur Rahman (MZR): Bangladesh's journey towards sustainable and green banking reflects a growing commitment to environmentally responsible finance, largely propelled by regulatory leadership from Bangladesh Bank and rising awareness within the financial sector. Since 2011, Bangladesh Bank has championed sustainable finance through comprehensive policy frameworks, refinancing schemes, and mandatory reporting requirements. These efforts have positioned Bangladesh as a regional leader in integrating green banking practices,

be embraced as a national imperative. The banking sector holds significant potential to voluntarily lead the transition towards a low-carbon, climate-resilient economy.

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

MZR: Bangladesh Bank has introduced a range of refinance schemes designed to empower SMEs, women entrepreneurs, and environmentally responsible enterprises. Prime Bank is proud to be a participating institution in all of these initiatives through formal agreements with Bangladesh Bank. These refinance

management. Internally, it has introduced energy-efficient lighting, HVAC systems, insulation, motion-sensor technology, and low-energy appliances, while ergonomic workplace designs enhance productivity and reduce waste. Digital statements, e-signatures, and cloud-based documentation have significantly reduced paper use, and the Bank is transitioning its vehicle fleet towards hybrid and electric models.

In financing, Prime Bank embeds ESG principles into lending and investment, focusing on renewable energy, energy efficiency, recycling, waste management, green buildings, and sustainable industries. It actively supports sustainable agriculture — including integrated farming, horticulture, livestock, fishery,

green financing options. Deeply rooted traditional banking practices make the transition to sustainable models a cultural shift that institutions must actively embrace.

Regulatory enforcement and monitoring mechanisms are still maturing, often resulting in compliance that is more symbolic than substantive. Furthermore, upgrading infrastructure such as installing solar-powered branches or adopting energy-efficient systems

returns but also fosters a more inclusive and sustainable world. This is just the beginning, and we are energised by the possibilities that lie ahead. To truly amplify our impact in sustainable finance, collaboration between the public and private sectors, supported by regulatory bodies and government authorities, is essential.

Targeted incentives such as tax relief and subsidies for green initiatives can significantly



Our vision is to amplify our impact on sustainability across the financial sector, driving meaningful change for generations to come. We are steadfast in our commitment to expanding green financing, with a strategic focus on supporting innovative technologies that accelerate the shift towards a low-carbon economy.

especially among developing nations.

Given Bangladesh's status as a developing economy and its acute vulnerability to climate change, sustainable banking must transcend financial strategy — it should

schemes have significantly enhanced our customers' access to affordable financing, offering lower interest rates, collateral-free loans, and opportunities for employment generation. To ensure seamless delivery, our relationship managers have undergone comprehensive training and awareness programmes focused on these specialised financial products. In 2024 alone, Prime Bank facilitated BDT 288 crore in financing for environmentally friendly projects and initiatives, demonstrating our strong commitment to sustainable development and inclusive growth.

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

MZR: Prime Bank integrates sustainability across operations, lending, and risk

agro-forestry, and apiculture — as well as CMSMEs, building resilience and promoting financial inclusion.

For risk management, every transaction undergoes Environmental and Social due diligence. Activities on exclusion lists are rejected, and projects are classified by risk level. High-risk cases require Board approval and corrective action plans. A dedicated Sustainable Finance Unit ensures ESG standards, transparency, and accountability remain central to operations.

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

MZR: A major hurdle is the limited awareness and understanding among both customers and bank employees, which leaves many potential borrowers ill-informed or unprepared to access

investment, which can deter rapid adoption.

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

MZR: We are scaling up our sustainable agriculture, SME, and women entrepreneur financing programme, empowering more businesses with the resources and guidance they need to embrace environmentally responsible practices. We believe that collaboration is the cornerstone of progress, and we are actively building stronger alliances with global institutions to harness greater expertise and mobilise impactful resources.

Looking ahead, we are integrating advanced ESG analytics into our investment strategies, ensuring that every financial decision not only delivers solid

accelerate the adoption of sustainable practices across industries. Equally important is the establishment of clear, consistent regulations for sustainability reporting and carbon emissions. These frameworks would foster transparency, create a level playing field, and encourage more businesses to embrace eco-friendly operations. Access to government-backed risk-sharing mechanisms would empower financial institutions to support bold, high-impact projects, especially in renewable energy and green infrastructure, by mitigating investment risks and unlocking greater innovation.

Public-private partnerships focused on sustainability offer a powerful avenue to combine resources, expertise, and vision. Together, we can catalyse large-scale, transformative change and pave the way for a more resilient, inclusive, and sustainable future.

PRIORITISING ENVIRONMENTALLY friendly and sustainable projects

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

M. Shamsul Arefin (MSA): Over the past five years, driven by Bangladesh Bank's directives, low-interest loan facilities, preferential treatment from correspondent banks and multilateral lenders, and their own initiatives, banks and non-banking financial institutions (NBFI) have increasingly prioritised environmentally friendly and sustainable projects for lending. Currently, around 33 percent of the total bank loan portfolio comprises sustainable and eco-friendly project loans, while for NBFI, the figure stands at 28 percent.

Bangladesh Bank has instructed banks and NBFI to allocate at least 5 percent of total loans and advances to green sectors

and 40 percent to broader sustainable projects. Notably, despite defaults affecting 24 percent of bank loans and 35 percent of NBFI loans as of last March, the default rate for sustainable and eco-friendly loans remains below 2 percent — a significant achievement.

Loans in these sectors nearly doubled within a year, rising from Tk. 361,000 crore in March 2024 to about Tk. 605,000 crore by March 2025, with the number of borrowers increasing from 1.31 million to 2.58 million.

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

MSA: We offer term loans for women

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

MSA: To foster sustainable banking, NCC provides regular employee training and organises community initiatives such as tree plantation programmes and CSR projects for marginal farmers and underserved people. Recently, we organised a tree plantation initiative titled "NCC Nishorgo: Apnar Sathe, Sabujer Pothe," where 5,300 saplings were planted in 40 schools nationwide. This promotes environmental awareness and contributes to a greener Bangladesh for future generations.

Our Bank has implemented "green office guidelines" to reduce environmental impact. To encourage our customers to

promoting sustainable banking practices?

MSA: Banks sometimes face technical difficulties in assessing environmental and social impacts and in calculating emissions by borrowers. The green capital market in Bangladesh is still in its growth stage, and refinancing arrangements for green projects remain limited. Customer awareness of sustainable finance benefits can also be improved.

Furthermore, it is often challenging to access harmonised data on businesses' environmental and social

banking, and inclusive financing by introducing innovative, green-centric financial products, supported by digitalised delivery channels and improved customer outreach. We have set specific, measurable, achievable, relevant, and time-bound (SMART) targets for green finance to fully integrate Environmental, Social and Governance (ESG) factors into all business operations.

We will continue our efforts to collaborate with international partners and NGOs for funding and expertise. We will publish an Annual Sustainability Report to ensure transparency, invest in specialised employee



M. SHAMSUL AREFIN
Managing Director, NCC Bank

entrepreneurs up to BDT 1.00 crore at an annual interest rate of 5 percent under the Bangladesh Bank refinancing scheme. To support CMSMEs, we offer a refinance scheme at 5 percent interest, a pre-finance facility at 7 percent interest, and for start-ups, financing at 4 percent interest under the Bangladesh Bank refinance schemes. We also facilitate refinancing for small account holders (no frill accounts having an initial balance of BDT 10/50/100) and agro-product processing enterprises at 7 percent interest.

Our "NCC Parama" is a dedicated women's banking initiative designed to empower women financially and help them achieve self-reliance by providing training and awareness programmes.

bank with us digitally, we have rolled out the "NCC Always" mobile app for individual clients and the "NCC Icon" internet banking service for corporate clients. Additionally, our customers can use our debit and credit cards in any ATM booth free of cost — more than 14,000 ATMs nationwide. In 2024, 58 percent of transactions were processed digitally.

Moreover, as a Partnership for Carbon Accounting Financials (PCAF) signatory, we measure and disclose financed greenhouse gas emissions. Our sustainability strategy aligns closely with the UN's Sustainable Development Goals.

TDS: What challenges has your bank encountered in adopting and

performance due to the absence of uniform reporting standards (GRI, IFRS, SASB, TCFD, etc.), which hampers accurate assessment and monitoring of the sustainability impact of borrowers. NCC Bank strives to overcome these challenges through customer awareness initiatives, capacity-building programmes, stakeholder partnerships, and enhanced service offerings.

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

MSA: Our plans are to expand our sustainable finance portfolios significantly, with a focus on women's banking, SME

training, and enhance our CSR initiatives on sustainability.

While Bangladesh Bank's existing policies are excellent, we also expect incentives for top-performing banks, such as tax benefits. The introduction of green pre-finance, making the fund more accessible, and increasing the limit for green refinancing funds are crucial given the growing demand.

It is equally imperative to include ESG disclosures from all businesses in their financial statements to provide banks with the necessary data for due diligence and credit analysis. Finally, capacity-building programmes for banking professionals and companies are vital to ensure the long-term success of sustainable finance.

In 2024, we disbursed BDT 14,930.41 crore under Sustainable Finance and BDT 650.37 crore under Green Finance, with growth rates of 497 percent and 272 percent respectively. The Bank also actively promotes financial inclusivity by supporting marginal farmers and rural customers.