

Building a future on inclusion and **GENDER EQUITY**

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

Mohammad Mamdudur Rashid (MMR): Sustainable and green banking in Bangladesh has made noteworthy progress over the past decade, largely driven by the proactive leadership of Bangladesh Bank. The central bank has instituted clear regulatory guidelines and disbursement targets that mandate banks to allocate funds specifically for green finance and

demand — are firmly in place, scaling up innovative financing solutions remains a critical challenge. We still have some way to go before sustainable banking becomes a central pillar driving economic growth and climate resilience.

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

MMR: At UCB, our sustainable finance strategy is closely aligned with Bangladesh's national development priorities and global sustainability goals. We currently provide a range of green financing options covering

green opportunities. involved in green and circular economy ventures. This ensures that sustainable development benefits are widely shared across various segments of society.

To facilitate client engagement and advisory support, UCB has established 50 Sustainable Finance Help Desks strategically located in key branches across the country. These desks are managed by a dedicated Sustainable Finance Unit that assists clients in navigating green finance options, securing refinancing facilities, and structuring environmentally responsible projects. This proactive outreach embeds sustainability into both our corporate and retail lending portfolios.

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

On our operational front, UCB has implemented a suite of sustainability measures. We have rolled out energy-efficient technologies within our office premises and promoted digital banking to significantly reduce paper consumption.

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

MMR: Several challenges have emerged as we strive to expand sustainable banking. The most pressing issue remains the scarcity of long-term local currency financing options suitable for high-capital green projects such as large-scale renewable energy installations and resilient infrastructure. These projects typically demand extended repayment tenors, but most banks operate with relatively short-term funding structures, creating a

differentiation. Our strategic priorities include:

- » Significantly scaling up financing for renewable energy projects, including utility-scale solar and other clean technologies.
- » Expanding SME-focused green lending, especially in sectors aligned with circular economy principles such as recycling, organic farming, and sustainable textiles.
- » Introducing innovative financial instruments such as green bonds and sustainability-linked loans that incentivise positive ESG outcomes.
- » Harnessing digital technologies like artificial intelligence and blockchain to improve transparency, track ESG performance, and support standardised reporting against Sustainable Development Goals (SDGs).



MOHAMMAD MAMDUDUR RASHID
Managing Director & CEO, United Commercial Bank (UCB)

incorporate Environmental and Social Risk Management (ESRM) into their lending processes. This regulatory framework has transformed sustainable finance from a voluntary initiative into a core component of the banking sector's operations.

However, the sector is still in a transitional phase. While most banks are keen on meeting compliance obligations, the volume of sustainable financing remains modest relative to the vast investment needs of the country. Bangladesh is particularly vulnerable to climate change and natural disasters, necessitating large-scale investments in renewable energy, climate-resilient infrastructure, sustainable agriculture, and adaptation initiatives. Although the building blocks — regulatory support, growing awareness, and emerging

energy projects, energy efficiency improvements, green buildings, sustainable transport initiatives, and waste management solutions — both solid and liquid.

Recognising the pivotal role SMEs play in driving economic resilience, especially in rural and semi-urban areas, we have tailored specific financing programmes for small and medium enterprises engaged in sustainable business practices. These are complemented by refinancing schemes supported by Bangladesh Bank to improve affordability and ease of access.

Furthermore, we are committed to promoting financial inclusion and gender equity. UCB offers dedicated financing opportunities for women entrepreneurs

MMR: Our commitment to sustainability is woven into our governance and operational fabric. Environmental and social considerations are mandatory in all credit assessments through the integration of the Environmental and Social Due Diligence (ESDD) checklist into our risk management framework. This process involves ESG screening, environmental categorisation of projects, adherence to exclusion lists, and ongoing monitoring to ensure responsible lending.

Externally, we actively engage with clients to build capacities in sustainable business practices. Our Sustainable Finance Unit, supported by the branch help desks, conducts regular awareness sessions and provides hands-on guidance on identifying

mismatch. Additionally, the perception of higher upfront costs and technology risks deters many potential borrowers, even though the long-term economic and environmental benefits are substantial. Another hurdle lies in the limited technical expertise available among both banks and clients to develop bankable green projects and carry out thorough ESG assessments.

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

MMR: Looking ahead, our vision is to transform sustainable finance from a compliance requirement into a catalyst for innovation, growth, and competitive

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Expanding financing for green **ASSETS AND PROJECTS**

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

Mosleh Uddin Ahmed (MUA): Bangladesh now has a well-structured foundation for green banking, underpinned by strong commitment from the central bank. The sector has grown steadily since Bangladesh Bank (BB) issued comprehensive guidelines in 2011 and introduced refinance schemes for green products. All banks are required

plants, and effluent treatment plants. While progress is strong, full compliance with BB guidelines aligned to the UN SDGs requires more consistent implementation across all banks.

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

MUA: We serve our SME and agriculture clients through Bangladesh Bank refinance facilities in many underserved

of financial literacy among women, SJIBPLC frequently organises seminars and workshops on financial literacy for "Development of CMSME Women Entrepreneurs."

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

MUA: Shahjalal Islami Bank PLC (SJIBPLC) has been recognised by Bangladesh Bank as a Top Sustainable Bank in its prestigious Sustainability Rating 2024. Our Bank is uniquely positioned to act as a catalyst in Bangladesh's transition towards a greener and decarbonised economy. As a sustainable bank, we have embedded

paper, and toner consumption, we are committed to reducing carbon emissions and conserving natural resources in the days ahead, working towards a decarbonised world.

We are working to popularise our digital products, such as QR code-based transactions, green PINs for paperless credit and debit card activation, a PIN generation system, the Central Circular Management System (CCMS), and Shahjalal TouchPay.

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

MUA: In adopting and promoting sustainable banking practices, three major

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

MUA: SJIBPLC is committed to increasing financing in green assets and projects, including renewable energy, solid and liquid waste management, green buildings, low-carbon technologies, and energy-efficient capital machinery. We are dedicated to deploying our knowledge, capital, and capacities with impact, integrating sustainability into our investment decisions, and seeking collaborative partnerships to address global challenges. Together, we can build a sustainable future.



MOSLEH UDDIN AHMED
Managing Director, Shahjalal Islami Bank

to maintain green banking policies and submit quarterly reports, though implementation and disclosure standards vary, with some focusing more on revenue-linked initiatives than on core environmental concerns such as waste management.

In December 2020, BB introduced the Sustainable Finance Policy. By 2024, sustainable finance accounted for 39.66% of total banking sector investment, against the annual target of 20%, while green finance represented 13.29% of total term investment, well above the 5% target. Our Bank alone disbursed almost 90% of total investment as sustainable finance and 39.25% of term investment as green finance. Refinance facilities, including the Green Transformation Fund (GTF) and Technology Development Fund (TDF), further support environmentally friendly products such as solar energy, biogas

markets. SJIBPLC prioritises financing for women entrepreneurs. The Bank offers the Prottasha investment scheme, specifically designed to provide financial assistance to women entrepreneurs in both urban and rural areas. While banks usually charge 13–14% profit for other borrowers, we provide investment facilities to women entrepreneurs at 5–6% profit rates, from both our own sources and Bangladesh Bank's refinance. We also provide collateral-free investment up to Tk. 25 lakh. Since NGOs have direct access to farmers, Shahjalal Islami Bank PLC disburses agricultural investment in crops, fisheries, and livestock mainly through NGO linkages.

The Bank is dedicated to empowering women entrepreneurs through promoting the Cottage, Micro, Small, and Medium Enterprises (CMSME) sector across the country. Understanding the importance

environmental considerations into our operations and financing decisions through strategic green investments and responsible banking to address environmental challenges.

By integrating Environmental, Social, and Governance (ESG) factors into our investment decisions, we proactively identify and manage risks that could impact the value of our portfolio, targeting net zero emissions gradually. We conduct Environmental and Social Due Diligence (ESDD) for every eligible investment client.

Keeping short-, medium- and long-term goals in consideration, SJIBPLC places high importance on environmental issues and decreasing carbon emissions, following SDGs and national strategies. For the first time, our Bank has measured its carbon emissions, which included both direct and indirect (Scope 1, 2 and 3) criteria. In terms of electricity, fuel, water,

challenges include lack of awareness, compliance, and implementation of reporting standards. There is a continuing need for greater awareness among both bankers and clients about the social and ecological impacts of financial activities. Banks and financial institutions must establish strong governance practices to adequately comply with sustainable finance reporting standards.

The lack of experts with in-depth knowledge of sustainable finance reporting, along with inadequate IT solutions to effectively assess and manage the vast amount of information required, makes it difficult for financial market players to meet PCAF and EU Taxonomy reporting requirements. Banks must therefore invest in training to build expertise in reporting requirements and ensure accurate and timely reports.

Sustainability is a core value for SJIB that governs our operations and decisions. All our initiatives are aligned with the United Nations Sustainable Development Goals (SDGs). As a leading private bank, we are working to reshape social and economic development in ways that are more broad-based, inclusive, and sustainable.