DHAKA SUNDAY OCTOBER 12, 2025, ASHWIN 27, 1432 BS ● starbusiness@thedailystar.net

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New law to fully insure 93% of bank depositors

Non-bank savers will also come under deposit protection by 2028

STAR BUSINESS REPORT

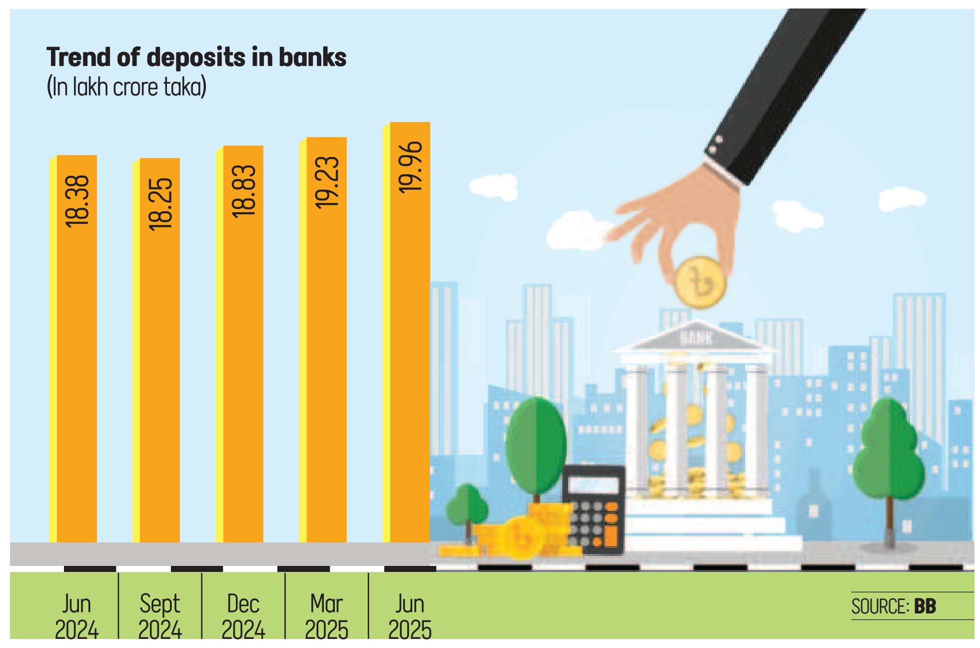
The government has approved amendments to the Deposit Protection Act, proposing an increase in the protection limit for bank deposits to Tk 2 lakh.

Around 93 percent of all bank accounts in the country hold deposits within this level, according to the finance ministry's proposal for the amendments, which drew on central bank data.

Besides, non-bank financial institutions (NBFIs) will also be brought under the deposit protection framework for the first time. But non-bank depositors will have to wait until July 2028 to receive legal coverage under the new framework.

The amendment, approved at an advisory council meeting on Thursday last week, introduces several new measures.

These include extending protection to NBFI depositors, setting up separate protection funds for banks and non-banks, ensuring faster payment of protected deposits, offering conditional financial assistance during bank mergers, and safe investments of the protection fund.



While bank customers already receive insured payouts within the timeframe set by existing resolution mechanisms, NBFI depositors will have to wait until mid-2028, said a senior finance ministry official.

NBFIs are currently not included in the Bank Deposit Insurance Act 2000 and have no deposit protection mechanism of their own.

Under the amended law, separate protection funds will be created for banks and financial institutions.

NBFIs will have to join the insurance fund by July 1 of 2028, and pay 0.5 percent of their paid-up capital into the deposit protection fund by July 31, according to the draft.

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No refund for notes bearing slogans: BB

STAR BUSINESS REPORT

No currency notes bearing religiously provocative or political slogans, ideologies, or promotional messages for any individual or product will be refunded from now on, according to a new regulation introduced by the central bank.

The Bangladesh Bank Note Refund Regulations, 2025, also state that claims involving notes that have been deliberately cut, torn, perforated, or presented as part of a note will be rejected.

The regulations, introduced on October 9, which repeal the Bangladesh Bank Note Refund Regulations, 2012, took effect immediately.

If an officer is not satisfied with the characteristics or authenticity of a damp note, the claim will be refused.

"For a single, continuous banknote: if more than 90 percent remains, the full value will be reimbursed. If less than 51 percent is present, the claim will be rejected. If 51–75 percent remains, 50 percent of the value will be paid; if 75–90 percent remains, 75 percent will be reimbursed."

Claims for burnt notes must be settled by a committee appointed by the bank's head office, the regulation states. The committee must be headed by an officer of the rank of

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Bank mergers and NBFI windups: What's in store for shareholders?

ANALYSIS

AHSAN HABIB

The Bangladesh Bank's move to liquidate nine ailing non-bank financial institutions (NBFIs) and merge five struggling banks marks one of the most sweeping clean-ups of the financial sector in recent years. The move is aimed at restoring stability in the country's volatile financial sector, marred by rampant systemic corruption.

But while the regulator's actions are well-intentioned, they have raised questions about the fate of thousands of small investors: what will happen to the money they poured into those firms?

Of the 14 institutions on the chopping block, 13 are listed on the stock market. Together, general shareholders hold around 550 crore shares with a face value of Tk 5,500 crore. Many of them now face a grim prospect, with those shares effectively becoming worthless.

The nine NBFIs headed for liquidation are in deep financial distress — weighed down by high levels of classified loans, negative capital adequacy, ballooning liabilities, and years of consecutive losses. In such circumstances, liquidation leaves virtually no room for equity holders to recover their investments.

The asset base of these institutions has eroded to the point that even depositors are expected to lose a substantial amount after the liquidation process. Shareholders, who are legally the last to be compensated, are unlikely to get anything back at all.

The situation is hardly better for shareholders of the five banks being merged into the newly named United Islami Bank. Many investors are hoping to receive proportionate shares in the new entity. However, all five lenders carry negative net asset values (NAVs) ranging from -Tk 75 to -Tk 438 per share, meaning their liabilities far exceed their assets.

Central bank spokesperson Arief Hossain Khan said no final decision has been made regarding shareholders' claims in the merger process. However, the legal framework offers little comfort.

"Shareholders have a stake in the assets and liabilities of the merged banks," he said. "But since the banks' net asset values are negative, shareholders would only be entitled to shares in the new bank if they first paid off the liabilities, which are much higher than their assets."

"In short, the banks' assets and liability situation is not in favour of shareholders," he added.

To prevent a collapse that could shake depositor confidence, the government is stepping in with fresh capital, effectively using taxpayers'

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NBR eases VAT rules on 'deemed exports'

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has introduced five new preconditions for availing of VAT exemptions on "deemed exports", aiming to make the process easier for local suppliers and encourage more exports.

Deemed exports refer to the supply of goods or services to export-oriented industries or export processing zones within the country.

According to the NBR notification issued in this regard on Thursday, suppliers must provide goods or services against internal back-to-back letters of credit, and all transactions must be made in foreign currency.

Exporters, meanwhile, must operate under a bonded or special bonded warehouse approved by customs authorities or another authorised body. In addition, all supplied goods or services must be properly recorded in the recipient organisation's Utilisation Declaration (UD) or Utilisation Permission (UP).

An NBR official said the move is intended to simplify operations for local suppliers and prevent double taxation along the export supply chain.

"The decision will help sectors such as garments, leather, and other manufacturing industries that rely heavily on deemed exports," the official told The Daily Star.

Md Bodruzzaman Munshi, second secretary of the VAT policy wing at the NBR, noted that the exemption itself was not new but rather a clarification of existing provisions.

"VAT exemption was always available, but there

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