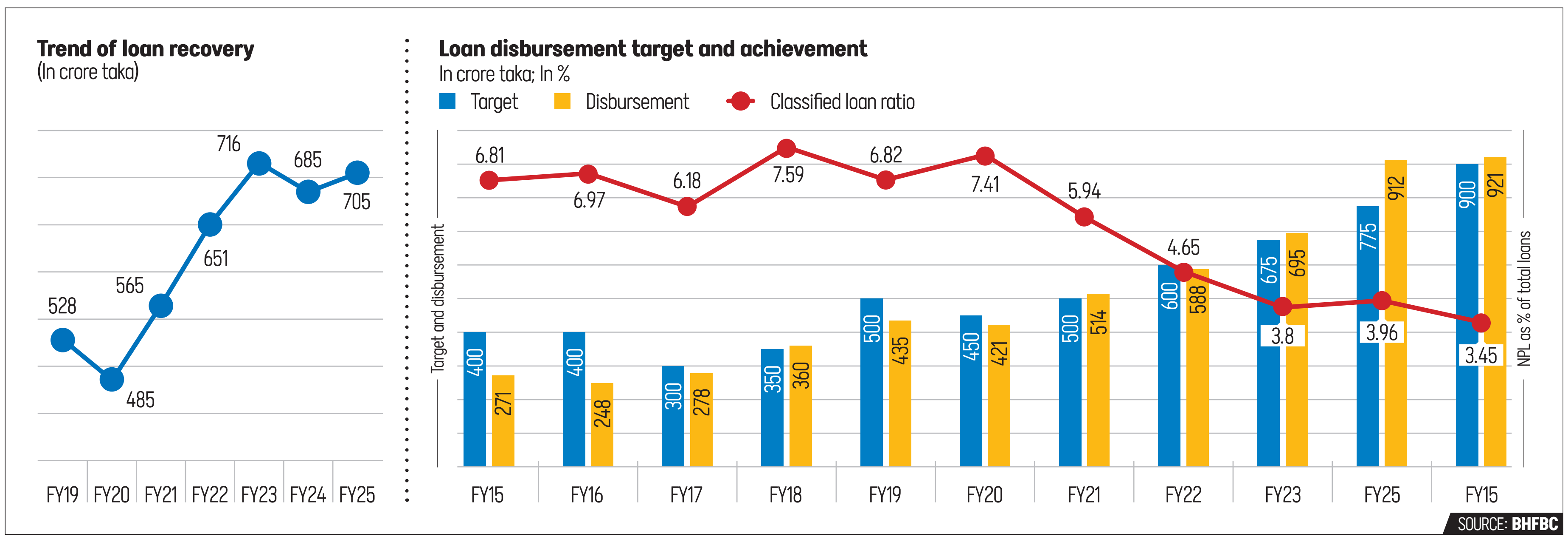
Govt moves to boost House Building Corporation's lending capacity

The move comes as BHBFC struggles to meet demand due to fund shortages



REJAUL KARIM BYRON

The government is moving to strengthen the lending capacity of the Bangladesh House Building Finance Corporation (BHBFC), the country's sole state-run provider of long-term, low-interest housing loans, by amending the law that governs the institution.

The move comes as the corporation is struggling to meet soaring demand due to a fund shortage. In fiscal year 2024-25, the BHBFC approved Tk 1,334 crore in loans but could disburse only Tk 922 crore, leaving Tk 412 crore undisbursed despite a 1 percent rise in disbursement compared with the previous fiscal year.

Under the proposed amendment, currently with the Cabinet Division, the BHBFC board would gain greater autonomy, reducing direct government control. It would set interest rates on loans and decide the annual dividend paid to the government, enabling the corporation to expand its lending base.

Currently, the BHBFC pays Tk 50 crore-Tk 80 crore annually in dividends, a senior BHBFC official said on condition of anonymity. Over the past two fiscal years, it has paid more than Tk 160 crore in dividends despite a paid-up capital of just Tk 110 crore.

The proposed draft, seen by The Daily Star, also states that the law, if amended, would allow the corporation to retain earnings, use the profits for making provisions against loans, depreciate assets, and establish reserve funds.

The existing law governing the BHBFC does not have a provision for retained earnings, a standard component of any financial statement under International Accounting Standards and International Financial Reporting Standards.

"In the absence of a retained earnings provision, any surplus after dividend and tax must be transferred to the government's account. This shrinks our capital base and limits the funds we would otherwise use to issue loans," said BHBFC Managing Director Md Abdul Mannan.

"If everything we earn is handed over to the government, the institution simply cannot grow. Without retained earnings, our lending capacity dries up," he added.

He also identified the lack of flexibility for the corporation to determine the interest rate on loans as another obstacle. The interest rates for loans given by the BHBFC are determined by the finance ministry.

Currently, the state-owned lender offers a lower interest rate of 8-10 percent with a maximum repayment period of up to 30 years. In contrast, the private sector offers loans at a higher interest rate of 13-14 percent with a maximum repayment period of 20 years.

"This is why the demand for our loans is higher," said BHBFC Managing Director Mannan.

To expand its capacity, the corporation has requested the government to provide Tk 1,000 crore in loans at 3 percent interest for 20 years.

Mannan expressed confidence that the fund would be sanctioned.

The corporation has a strong track record, he added. "We have never written off or waived a loan. Our non-performing loan ratio has improved over time."

The BHBFC's NPL ratio stood at 3.45 percent in FY2025.

Bangladesh's digital payment revolution

MD MAHMUDUL HASAN

As full interoperability launches on November 1, 2025, Bangladesh stands on the verge of its most transformative financial reform since the birth of mobile money, one that could turn inefficiency into inclusion and cash into data-driven growth.

Bangladesh Bank's directive enabling interoperability across banks, mobile financial services (MFS) and payment service providers (PSPs) is more than regulatory reform; it is the foundation of a unified digital economy. For the first time, funds can move seamlessly between previously separate platforms, transforming how 170 million people interact with money.

Despite progress in digital payments, cash still dominates. In December 2024, 71.7 percent of all transactions were cash-based, costing the economy about Tk 20,000 crore annually in cash management and an estimated Tk 2,23,000 crore in lost tax revenue. Interoperability aims to turn these inefficiencies into inclusion, creating transparency and trust across the financial system.

Until now, MFS providers like bKash, Nagad and Rocket have expanded access but operated as closed systems. Banks, too, built isolated digital platforms, creating friction instead of synergy. The new framework uses the National Payment Switch Bangladesh (NPSB) as the connective layer linking every bank account and wallet.

A garment worker in Dhaka who once withdrew cash to send money home can now transfer funds instantly from her bank account to her mother's wallet in Khulna, with no intermediaries needed. Multiply that by millions, and the macroeconomic impact becomes transformative. Transparent, low-cost pricing will support adoption: Tk 1.5 per Tk 1,000 for bank-to-MFS transfers and up to Tk 8.5 for reverse flows. This simplicity encourages trust and predictability.

Digital rails cut transaction costs while creating auditable trails that expand the tax base. Every tea stall, small trader or construction worker paid digitally contributes to a more visible, formal economy. The Tk 20,000 crore lost to cash logistics and Tk 2,23,000 crore to tax opacity represent capital that could fund health, education and infrastructure. Interoperability thus aligns efficiency with equity.

For fintech firms and digital banks, interoperability is the oxygen for innovation. It enables universal merchant acceptance through Bangla QR, allowing any customer to pay any merchant regardless of the provider. With standardised QR codes, small traders and pharmacies can accept digital payments with a single sticker, reducing onboarding costs by up to 60 percent.

It also unlocks data-driven credit. When transaction histories are visible across institutions, alternative scoring can support lending to women, youth and small entrepreneurs. A rural repairer with consistent digital income can now qualify for microcredit, financial inclusion powered by data, not paperwork.

Three enablers make this shift tangible. First, Bangla QR allows universal payment acceptance and fund transfers. Second, White Label Agent Networks (WLANs) empower millions of existing and potential agents to serve customers of any bank or wallet through cash deposits and withdrawals, expanding rural reach and deepening inclusion. Third, Payment Initiation Services (PIS), third-party mobile apps, enable fund transfers and merchant payments from multiple bank accounts and wallets owned by an individual.

Execution will test institutional readiness more than technology. Cybersecurity, consumer protection and data governance will determine long-term success. India's UPI shows the power of open APIs, while MFS highlights the importance of human networks. Bangladesh must combine both, open infrastructure with inclusive agent reach.

Interoperability shifts the question from how to move money to how payments can power a connected digital economy. Done right, this reform will not just upgrade payments but lay the foundation for an inclusive, data-driven economy.

The writer is a digital banking and fintech strategist. He can be reached at hasan_syd21@yahoo.com.au

How rare earths fuel US-China trade war

FEDA AL HOSSAIN

From smartphone chips to electric vehicle motors and fighter jet systems, rare earths are vital to modern technology. The 17 minerals, including neodymium, dysprosium, and terbium, are used in magnets, catalysts, and alloys powering clean energy and defense.

For Bangladesh, supply disruptions of rare earths could raise global component prices, inflating the costs of imported electronics and renewable technologies.

Tensions escalated this year as US President Donald Trump reignited a trade war with Beijing, making rare earths a key battleground. Already dominant in supply, China tightened controls on October 9 this year by adding five more elements to its restricted list and curbing exports of mining and refining equipment.

Here are five reasons why rare earths are so critical:

China's market leverage

China has clear market leverage in the rare earths sector. The Asian nation controls about 70 percent of rare earth mining, 85 percent of refining, and 90 percent of magnet production, making the minerals a geopolitical flashpoint. The US, Australia, and Myanmar produce far less, while allies scramble for alternatives ahead of Beijing's 2025 restrictions.

Meanwhile, China's rare earth exports fell 6 percent year-on-year in September.

Fragile supply chains

Rare earths have a fragile supply chain. Because there are few substitutes and new mines take years to develop, even small supply shocks can stall production lines.

Meanwhile, Goldman Sachs has warned of a "risk of disruption" in rare earths and other key minerals.

If access tightens, automakers, electronics firms, and renewable energy manufacturers could face higher costs, delivery delays, and reduced output.

Clean energy at risk

Electric vehicles and renewable energy systems rely heavily on rare earth magnets, and clean energy sources are now at risk.

Reuters reported that global carmakers are "racing to beat China's rare earths deadline" as they fear supply bottlenecks could slow the rollout of electric cars, wind turbines, and solar technologies—undermining global climate transition goals.

Strategic and defense priority

Rare earths are not just about green technology; they are also critical for defense, powering missile guidance systems, radar, and stealth aircraft.

This dual-use role makes them a national security priority for Washington, which views dependence on China as a strategic vulnerability in any future conflict or geopolitical standoff.

Alliances to secure supply

According to a Reuters Breakingviews analysis, the recent US-Australia critical minerals pact highlights how rare earths have become a tool of resource diplomacy.

By pooling investment, technology, and supply agreements, Washington and its allies aim to reduce reliance on Beijing, diversify sources, and secure long-term access to critical materials.

The handout photo from Lynas Rare Earths Limited shows the company's rare earths processing facility located in Kalgoorlie, in Western Australia. PHOTO: AFP

Australia-US deal to challenge China rare earths reign: mining boss

AFP, *Sydney*

China's total domination of rare earths production could soon be challenged, a leading miner said Wednesday after the United States struck a breakthrough minerals deal with Australia.

US President Donald Trump signed a deal this week with Prime Minister Anthony Albanese giving the United States access to Australia's vast reserves of rare earths and critical minerals essential for everything from solar panels to precision missiles.

And the head of Australian rare earths miner Arafura Resources said developing projects outside of China could only be a good thing.

"China has basically controlled the rare earths market by controlling the price," Arafura boss Darryl Cuzzubbo told AFP.

"The problem right now is China is showing that they'll use their 90 percent control of rare earths production as a geopolitical tool."

China controls some of the world's largest reserves of rare earth elements and wields enormous influence as almost the sole country able to refine the metals on an industrial scale.

Manufacturing nations such as the United States, Germany and South Korea have long been on the hunt for partners less likely to use rare earths as a bargaining chip.

The US-Australia deal paves the way for alternative supply chains outside of China, Cuzzubbo said.

"And that then gives investors confidence that these like-minded countries will do something to change China's control."

In essence, the United States has agreed to help finance a batch of rare earths projects in Australia -- gaining preferential access to the minerals they unearth in return.

Australia is very good at digging up its critical minerals, but like most other mining nations has struggled to process them onshore.

More than 90 percent of Australia's lithium is shipped each year to the hulking refineries of China.

Arafura Resources owns one of the first projects to receive financing under the US-Australia deal, and is aiming to swiftly scale up its own refining capacity.

Another Australian company, Lynas Resources, already has a US$258 million contract to build a rare earths refinery in Texas.

"There's going to be a dance going on with China until there is this diversified supply chain," said Cuzzubbo.

"And China is going to milk it for whatever they can, because they know in three to five years' time, they're starting to lose the control."

Samorita Hospital's FY25 profit rises 11%

STAR BUSINESS REPORT

Samorita Hospital posted a profit of Tk 1.35 crore for the year ended June 30, 2025, up 11 percent year-on-year, according to a disclosure on the Dhaka Stock Exchange website yesterday.

The company reported earnings per share (EPS) of Tk 0.62 for FY25, compared with Tk 0.56 in FY24.

Its net operating cash flow per share (NOCFPS) stood at Tk 1.72, down from Tk 2.04 a year earlier.

The board of directors of the hospital recommended a 5 percent cash dividend for FY25, unchanged from the previous year.

In a separate disclosure, EPS rose to Tk 0.69 for July–September 2025, from Tk 0.25 in the same period of 2024.

Its NOCFPS stood at Tk 1.61 for the quarter, up from Tk 0.53 a year earlier.

As of September 30, 2025, sponsor-directors jointly held 44.60 percent of the company's shares, while institutional investors owned 12.02 percent, foreign investors 0.01 percent, and the general public 43.37 percent, DSE data showed.

Established in 1984, Samorita Hospital is located in Dhaka's Panthapath. The hospital provides access to more than 100 consultant doctors across 25 sub-specialties, according to its website.