

Driving Growth, Sustainability and Innovation in HOUSING FINANCE

Md. Ahsan-uz Zaman, Managing Director & CEO, Midland Bank PLC.



Through offerings like the Digital Secured Loan and Digital Secured Credit Card, customers benefit from hassle-free, paperless financing. MDB is also gearing up to launch a digital LOS, Digital Nano Loan, and other innovative solutions that promise quicker approvals, improved accessibility, and a better customer experience.

The landscape of housing finance in Bangladesh is continuously evolving, marked by significant trends in demand, regulatory shifts, and a growing emphasis on sustainable and innovative solutions. Midland Bank's home loan supports a wide range of homeownership aspirations, aligning with the bank's commitment to facilitating housing finance.

The Daily Star(TDS): What trends are you seeing in home loan or construction finance demand in the last 2-3 years?

Md. Ahsan-uz Zaman (MAZ): In the post-pandemic period, Bangladesh's housing finance market has experienced a steady upward trend, reflecting economic resilience and growing aspirations for homeownership. Demand for home loans and construction finance has notably increased over the last three years, driven by rising urbanisation, stable interest rates, and supportive government policies. Within the banking industry, the portfolio dedicated to home loans has increased in both quantity and worth.

At Midland Bank PLC., the upward trend is distinctly visible in the number of home loan accounts rose year to year, while the sanctioned limit increased from BDT 242.8 million to BDT 353.3 million as of October 2025. This growth highlights customers' confidence in MDB's diverse home finance solutions, such as MDB Home Loan, MDB Amar Bari, and MDB Saalam Home Finance.

TDS: How are interest rate movements and regulatory shifts affecting

homeownership or construction projects?

MAZ: In recent years, upward interest rate cycles and tighter regulatory directives have significantly shaped Bangladesh's homeownership and construction financing landscape. The repo rate now stands at 10% after successive hikes to curb inflation, raising borrowing costs across sectors. Simultaneously, Bangladesh Bank introduced Interest Rate Corridor (IRC) framework to better align lending rates with market conditions and control

green housing loans, women's housing finance, SME developer financing) are gaining traction?

MAZ: Bangladesh's banking sector is witnessing a growing shift toward sustainable and inclusive housing finance. Products like green housing loans, women-focused home financing, and SME developer loans are gaining strong traction, driven by post-pandemic recovery, rising urban housing demand, and policy encouragement for eco-friendly and inclusive growth. Financial institutions

financing.

TDS: How is the bank supporting sustainable or smart housing projects?

MAZ: Bangladesh's banking industry is increasingly embracing sustainable and smart housing finance to support eco-friendly urban development. Through green financing, energy-efficient home loans, and digital solutions, banks are helping reduce environmental impact while promoting inclusive growth. MDB is trying to align the loan products to make homeownership more accessible and environmentally responsible, aligning with Bangladesh's broader sustainability and smart city development goals.

TDS: Are there any innovative partnerships or digital solutions (apps, paperless processing, AI risk tools) that have made housing finance easier?

MAZ: The banking sector in Bangladesh is progressively adopting digital solutions and forming strategic alliances to streamline housing finance. Financial institutions are integrating AI-driven Nano Loan offerings, Digital Loan Origination Systems (LOS), Automated Collection and Recovery Systems, and partnerships with fintech companies to improve efficiency, shorten processing times, and enhance risk management. These advancements have made it quicker, more transparent, and more convenient for individuals to access home loans, tackling issues such as delays in documentation and complicated approval processes.

Midland Bank PLC. is one of the

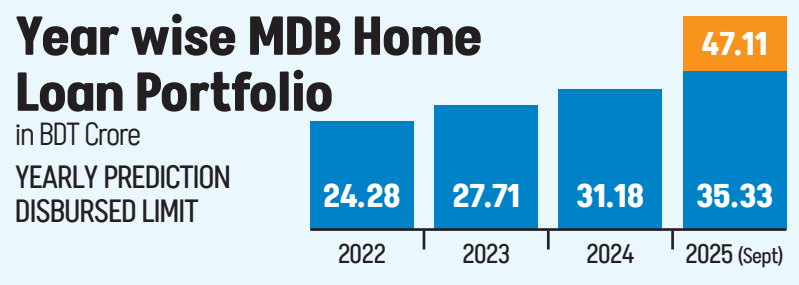
leaders in digital evolution.

Through offerings like the Digital Secured Loan and Digital Secured Credit Card, customers benefit from hassle-free, paperless financing. MDB is also gearing up to launch a digital LOS, Digital Nano Loan, and other innovative solutions that promise quicker approvals, improved accessibility, and a better customer experience. MDB also runs different digital journeys (e.g. campaign with bikroy.com).

TDS: What's your outlook on the housing market in 2025-26, and how is your bank positioning itself to support that growth?

MAZ: Bangladesh's housing finance sector is poised for strong growth in 2025-26 and beyond, driven by rising urbanisation, expanding semi-urban areas, and increasing middle-class demand for quality housing. Banks are gearing up to meet this surge with innovative financing solutions and supportive regulatory frameworks, creating significant opportunities for both developers and homebuyers.

Midland Bank PLC. is strategically positioning itself to support this growth through tailored home finance products. Complemented by digital solutions and inclusive financing initiatives, these offerings ensure faster, customer-friendly access to housing finance, contributing to sustainable urban and semi-urban development across Bangladesh.



inflation, to promote affordability and market discipline.

At Midland Bank PLC., we remain committed to enabling homeownership through competitive schemes. Under MDB Home Loan, MDB Amar Bari, MDB Saalam Home Finance, MDB Saalam Amar Bari we offer up to 70% financing of property value, with interest structures aligned to market and regulatory norms. We also offer MDB Nirman and MDB Saalam Nirman facility.

TDS: What products or schemes (e.g.,

are increasingly aligning lending strategies with sustainability goals and Bangladesh Bank's green banking directives.

In Bangladesh's banking sector, products like green housing loans, women-focused home finance, and SME developer financing are gaining notable traction. Through MDB Niman and MDB Saalam Nirman, the Bank supports SME developers, while gradually expanding into green home finance initiatives such as solar panel and eco-friendly construction

Shariah-Compliant Residence

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For instance, we have included semi-pacca house building products to spread such investment in the rural areas of the country. Our home finance facilities under HPSM cater to a wide range of customers while encouraging responsible home ownership and asset-backed investment. We also emphasise financing for women entrepreneurs and small business owners through our SME and Retail Investment Schemes.

TDS: What are the key challenges developers or buyers face in accessing finance, and how are you addressing them?

MUA: Developers primarily face hurdles related to documentation and compliance, often delaying project approvals, along with equity and collateral constraints. Project risk and cash flow mismatches further complicate financing continuity. Additionally, a limited understanding of Islamic financing modes sometimes creates reluctance.

For buyers, the main obstacles include high property prices and

an affordability gap. Lengthy approval processes are being streamlined through simplified procedures. As per the rules of the regulatory body client could not demand more than Tk. 2.00 crore in this sector. Besides client's participation should be a minimum of 30% of the purchase price. But in areas like Gulshan, Banani, and Baridhara, the price of a flat is much higher. In those areas, demand for house finance is also higher, but for regulatory reasons, we cannot provide house finance of more than 2.00 crore. Vague agreement between the land owner and the developer regarding flat distribution. The bank advises performing a complementary deed or a correction deed to remove such vague distribution.

TDS: Are there any innovative partnerships or digital solutions (apps, paperless processing, AI risk tools) that have made housing finance easier?

MUA: Our clients can impose a standing instruction to deduct their instalment from their savings and current accounts. They can also pay the instalment

from anywhere through our 141 branches around the country. They can observe their investment account statement through our instantly updated app by sitting their home. Besides, the client may pay their instalment by using our digital app Shajalal Touch Pay. We are in under process of introducing paperless processing of housing finance.

TDS: What is your outlook on the housing market in 2025-2026, and how is your bank positioning itself to support that growth?

MUA: Expected house building growth in Bangladesh for 2025-2026 is mixed, with the broader construction sector predicted to slow due to political and economic factors. However real estate market is still projected to grow, driven by urbanisation, population growth and demand for modern and sustainable housing. As a secured investment, our bank will also emphasise increasing its market share of house building through reducing the rent rate, by signing MOUs with different prominent developers and by marketing.



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