DHAKA MONDAY NOVEMBER 3, 2025, KARTIK 18, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Private sector credit appetite wanes further

Credit growth drops to its lowest in at least four years, even as exports, remittances and forex reserves improve

JAGARAN CHAKMA

Private sector credit growth declined further in September, hitting its lowest in at least four years, according to the central bank, indicating a stagnation in new investments and job creation even as major economic indicators show improvement.

Business leaders and economists blame a combination of factors, such as high interest rates on bank loans, cautious lending by banks and uncertainty over the political situation, for the slump.

Bankers say many of their corporate clients are now taking a wait-and-see approach. They believe demand for loans may recover after the national election scheduled for February next year.

Private sector credit growth fell to 6.29 percent in September, down from 6.35 percent in August, according to the latest data by the Bangladesh Bank (BB).

In its monthly update, the General Economics Division (GED) of the Planning Commission described August's growth as "a historic low", well below the central bank's target of 7.2 percent for the current fiscal year.

GED says high interest rates, cautious lending and both political and economic uncertainty are the main reasons for the prolonged weakness.

This comes at a time when other economic indicators are showing positive trends. Exports and remittances are increasing, foreign currency reserves have improved, and inflation is easing too.

Anwar-ul Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said investors are losing confidence due to the prevailing political uncertainty, which is causing a continuous decline in private credit growth.

He expressed concern about the political climate and its impact on businesses.

Parvez criticised the interim government, saying its actions lack predictability and are further denting investor confidence. "The situation is unstable, and without a clear direction, why would investors risk their capital?"

According to him, businesses are simply trying to survive as the situation is worsening.

He said a credible election is the only way forward, adding that without a democratic process, restoring economic confidence will be difficult.

Meanwhile, Monzur Hossain, a member of the GED, said the persistent fall in credit growth is alarming, as it remains well below the target.

"It indicates that investment activity is weakening," he said.

Economists point to several causes, including rising interest rates, a subdued business environment and structural weaknesses in the banking sector.

They say liquidity constraints are preventing many banks from extending loans, especially to small and medium enterprises.

M Masrur Reaz, chairman and CEO of Policy Exchange of Bangladesh, said the fall in private sector credit growth is no surprise in the current climate.

The economist said three main factors are driving the trend.

"First, overall investment is sluggish. Naturally, when investment slows, the demand for credit also falls. Second, domestic consumption has weakened due to high inflation and declining employment, which is also weighing on credit demand."

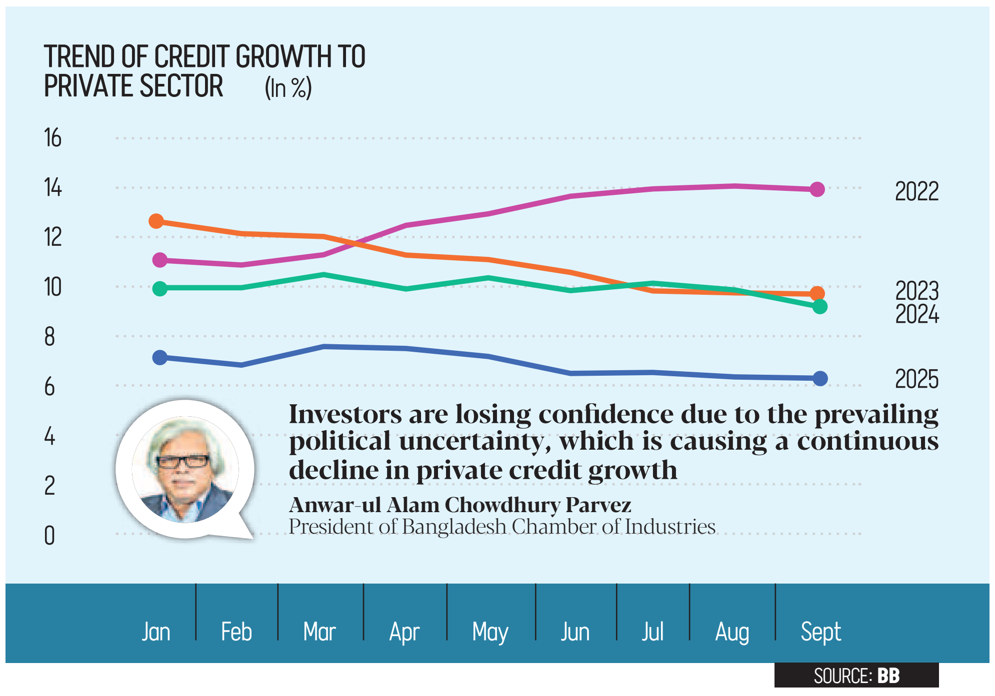
"Although imports have picked up slightly compared to the previous year, they have not fully normalised yet," Reaz said. "As a result, demand for trade credit and trade finance is low."

He said the consistent drop in credit demand suggests a wider economic slowdown. It signals a lack of new investment and stagnation in existing ventures, especially in manufacturing and services.

He said employment could take a hit, especially among small businesses that are less able to withstand economic shocks. This will eventually slow enterprise growth.

Mati ul Hasan, managing director of Mercantile Bank PLC, said major economic indicators look good. "We have exports and remittances growing.

READ MORE ON B3



SOURCE: BB

Remittance rises 7% in October, but growth slows

STAR BUSINESS REPORT

Remittance inflows to Bangladesh grew by 7 percent year-on-year in October, but the growth slowed compared to previous months.

Expatriates sent home $2.56 billion in the month, up from $2.39 billion in the same period a year earlier, according to the latest data from Bangladesh Bank.

Bangladesh has been witnessing a growing trend in remittance inflows since December last year due to multiple reasons.

These include a narrowing gap between official and informal exchange rates, and a crackdown on money laundering, industry insiders said.

However, October's inflow was 4.54 percent lower than the previous month. In September, the remittance inflow stood at $2.68 billion.

Growth in October was also weaker compared to recent months: 12 percent in September, 9 percent in August, 30 percent in July, and 11 percent in June, data showed.

Officials of the central bank said the figure reflects sustainable growth, but if the country wants higher growth in remittance earnings, it will have to increase manpower exports.

Between July and October of this fiscal year, Bangladesh received $10.14 billion in remittance, up by 13.54 percent from the same period of the previous fiscal year, data showed.

During the July-October period of fiscal year 2024-25, the remittance inflow was $8.93 billion.

READ MORE ON B3

Govt to amend import policy to facilitate exports

CA office reports notable progress in trade and investment reforms

STAR BUSINESS REPORT

The government has taken a series of measures to reform trade policy, modernise ports and facilitate faster movement of goods, as well as develop digital infrastructure to improve the investment climate, according to a statement issued by the Chief Adviser's Office yesterday.

Of the steps, the commerce ministry would amend the import policy order within two weeks, removing quotas on importing raw materials free of charge for fully export-oriented factories.

At present, exporters can bring in up to half the value of raw materials against confirmed export orders without cost. Once the import policy order is revised, they will be able to bring in raw materials without any quota.

"This reform is expected to significantly reduce inventory costs and enhance competitiveness," the CA office said, adding that it could have a substantial impact on exports.

"This reform is expected to significantly reduce inventory costs and enhance competitiveness," the CA office said

Md Mohiuddin Rubel, a former director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said this decision makes it much easier to handle small, high-value, and urgent fast-fashion orders.

"By eliminating in-house bottlenecks, we are accelerating production and reducing costs. Foreign buyers who supply specialised raw materials can now better maintain their required quality, which speeds up order cycles," said the business leader.

The CA office statement also highlighted the launch of the Bangladesh Business Portal in September as a unified online gateway for investors.

The platform aims to combine 29 government services into one system. Thus, it moves to ensure data interoperability with the Bangladesh Single Window (BSW), the Automated System for Customs Data (ASYCUDA), which manages international trade and transport operations, and the Customs Bond Management System (CBMS).

The initiative aligns with Bangladesh's broader digital governance strategy and responds directly to investor feedback, which calls for reduced

READ MORE ON B3

Most operators yet to join unified payment system

STAR BUSINESS REPORT

Only a handful of institutions have fully joined Bangladesh Bank's newly launched interoperable digital payment system, while most participants remain either partially active or still undergoing testing, according to the central bank's latest MFS Interoperability Live Transaction and Testing Status Report.

Islami Bank Bangladesh, Mutual Trust Bank, and Premier Bank PLC have activated both incoming and outgoing transactions under the system. Islami Bank's interoperability is currently functional through its internet banking platform.

Among mobile financial services, only mCash is fully operational, while Rocket and bKash have partial integration.

Nagad, meanwhile, has been excluded from the platform due to licensing issues. Payment service provider TallyKhata is also handling both incoming and outgoing transactions.

Some institutions have enabled limited connectivity. Pubali Bank PLC has activated only outgoing transactions, while Islamic Wallet and Dutch-Bangla Bank's Rocket can process only incoming transfers.

Despite being the country's largest MFS provider, bKash is operating partially, with only incoming transactions active.

Several others remain in the testing or deployment phase. Eastern Bank PLC and Al-Arafah Islami Bank

READ MORE ON B3

BTRC to seek clarification on Starlink's bandwidth export bid

MAHMUDUL HASAN

The internet regulator has decided to seek further clarification on Starlink Services Bangladesh Ltd's bid to export unfiltered bandwidth from Bangladesh through local internet service providers before taking a decision on granting permission to the company.

When bandwidth is filtered, it means network devices such as routers, firewalls, or deep packet inspection (DPI) systems control what kind of data can pass through a connection.

Such filtering can block websites, restrict applications, or slow specific traffic, allowing governments or operators to monitor, prioritise, or censor online content.

In contrast, unfiltered bandwidth means unrestricted data transmission that is not subject to such controls.

The proposed export must be strictly limited to serving Starlink's foreign customers in neighbouring countries

According to official documents of the Bangladesh Telecommunication Regulatory Commission (BTRC), it must be ensured that the exported data will not serve Bangladeshi customers or foreigners residing in Bangladesh.

The proposed export must be strictly limited to serving Starlink's foreign customers in neighbouring countries.

Starlink has applied to use international private leased circuit (IPLC) connections, which are dedicated international data links that allow direct transmissions between Bangladesh and other countries.

Alongside that, Starlink requested access to unfiltered IP transit from local operators, enabling it to deliver unrestricted internet services to its customers abroad.

As per the BTRC documents, Starlink must also demonstrate a clear technical mechanism that separates domestic and foreign data traffic.

The regulator requires that a monitoring tool be in place, allowing the BTRC to independently verify such data segregation in real time.

The commission also instructed its relevant departments to carefully review Starlink's request for IPLC use, taking into account the technical, legal, and regulatory implications before any final approval is granted.

READ MORE ON B3

Telcos can sell phones on instalments by locking all SIMs

The initiative is set to be effective from January 1

MAHMUDUL HASAN

In a bid to make smartphones affordable to all, the authorities have approved a major policy shift allowing mobile operators such as Grameenphone, Robi, and Banglalink to sell regulator-approved smartphones on instalments with the option to keep all SIM/network slots locked until payments are completed.

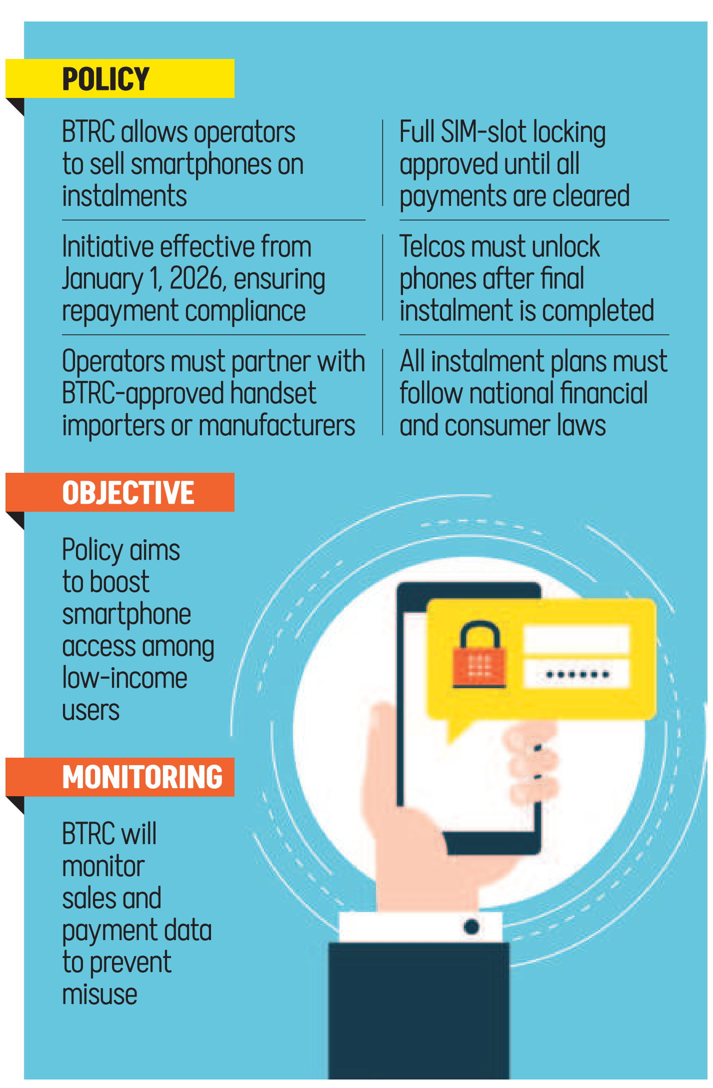
The decision, taken at the latest commission meeting last week, is set to come into effect on January 1, 2026, and is expected to reshape how low- and middle-income users acquire smartphones. It replaces the BTRC directive issued on June 4 this year, which permitted only partial SIM-slot locking.

"This initiative is part of our efforts to boost smartphone penetration," said Major General (retd) Md Emdad ul Bari, chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC).

"If smartphones can be offered on instalments, the collateral mechanism (SIM locking) will serve as assurance for financing. Earlier, we allowed one SIM-locked handset, but it did not gain proper traction as users could still insert another SIM of a different operator," he added.

WHAT IT MEANS

Previously, a customer buying a dual-SIM phone from an operator such as Grameenphone could still use the second slot with a SIM from Robi, Banglalink, Teletalk, or any other provider.



Under the new policy, all SIM slots on instalment devices will remain locked to the selling operator, meaning customers can use only that operator's network during the instalment period. In cases of payment default, the operator will also be able to disable the device's SIM or network functions, preventing calls, SMS, and mobile data use.

Once all instalments are cleared, every SIM slot must be unlocked, allowing customers to switch to any network.

The change follows nearly two years of discussion. The issue first arose in May 2023, when the BTRC allowed operators to lock only one SIM slot on dual-SIM phones sold on instalments. The intention was to support repayment discipline while preserving consumer choice.

However, Grameenphone and Robi later requested permission to lock all SIM slots, arguing that the earlier policy made instalment collection difficult and deterred financiers from backing such schemes. They also sought flexibility in down payments and instalment durations to suit different customer groups.

In contrast, Banglalink opposed the full SIM-locking system, arguing that such a move would allow large operators to dominate the device financing market by

READ MORE ON B3