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Star BUSINESS

BB receives 13 applications for digital bank

Applicants include bKash, Robi, and Akij

STAR BUSINESS REPORT

Thirteen entities, including mobile financial service providers, telecom operators, commercial banks, and large conglomerates, have applied to the Bangladesh Bank (BB) for a digital bank licence.

Several applicants have foreign partnerships, while some have prior experience operating digital banks abroad. The list includes entities formed in collaboration with bKash, Robi, Banglalink's parent company VEON, and Akij Resource.

bKash, one of the country's leading mobile financial service providers, applied for "bKash Digital Bank".

VEON and Square have jointly applied for "Nova Digital Bank". Telecom operator Robi submitted an application for "Boost", while conglomerate Akij Resource applied for "Munafa Islami Digital Bank".

Other applicants include Japan-Bangla Digital Bank by DBL Group, British Bangla Digital Bank PLC, Digital Banking of Bhutan by DK Bank, Amar Digital Bank by 22 microfinance institutions, 36 Digital Bank PLC by 16 individuals, Amar Bank by a group of NGOs, App Bank by a UK-based investor, Moitri Digital Bank PLC by microfinance institution ASA, and Upokari Digital Bank by IT Solutions Ltd.

Digital banks will be an internet and entirely app-based service. Customers will not be able to use services from physical branches.

These banks will provide services 24 hours a day, seven days a week. To facilitate transactions, they may offer virtual cards, QR codes, and other technology-based solutions. However, they will not be allowed to issue physical cards.

Customers will be able to use ATMs and agents of other banks. Digital banks, however, will not be able to open letters of credit or provide loans to medium and large-scale industries. They may offer only small loans.

In a statement, VEON highlighted its experience serving more than 40.7 million monthly users across Pakistan, Kazakhstan, and Uzbekistan, and said it has a strong record of promoting financial inclusion through simple, secure, and accessible digital solutions.

In Bangladesh, the company intends to replicate this model by supporting small businesses, advancing digital payment innovation, and ensuring underserved

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Exports fall for third consecutive month

Merchandise shipments slide 7.43% in October, with apparel exports hit by softer US and EU demand and tariff uncertainty

REFAYET ULLAH MIRDHA

The country's merchandise shipments declined for a third month in a row in October, dropping 7.43 percent year-on-year to $3.82 billion, according to official data.

The slowdown comes as global economic headwinds and uncertainty over United States trade policy weigh on the country's crucial garment sector.

The fall in October followed a 4.61 percent drop in September and a 2.93 percent decline in August owing to a continued fall in the shipments of both knitwear and woven garments to Western markets, according to the Export Promotion Bureau (EPB).

In October, garment exports fell 8.39 percent year-on-year to $3.01 billion, the sharpest drop seen so far in the first four months of this fiscal year. In September, the decline stood at 5.66 percent.

Exports of frozen and live fish, shrimp, agricultural and processed goods, pharmaceuticals, headgear and plastic products also fell in October compared to the same month last year.

Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development (RAPID), a private research organization, said the downturn reflected both external and domestic pressures.

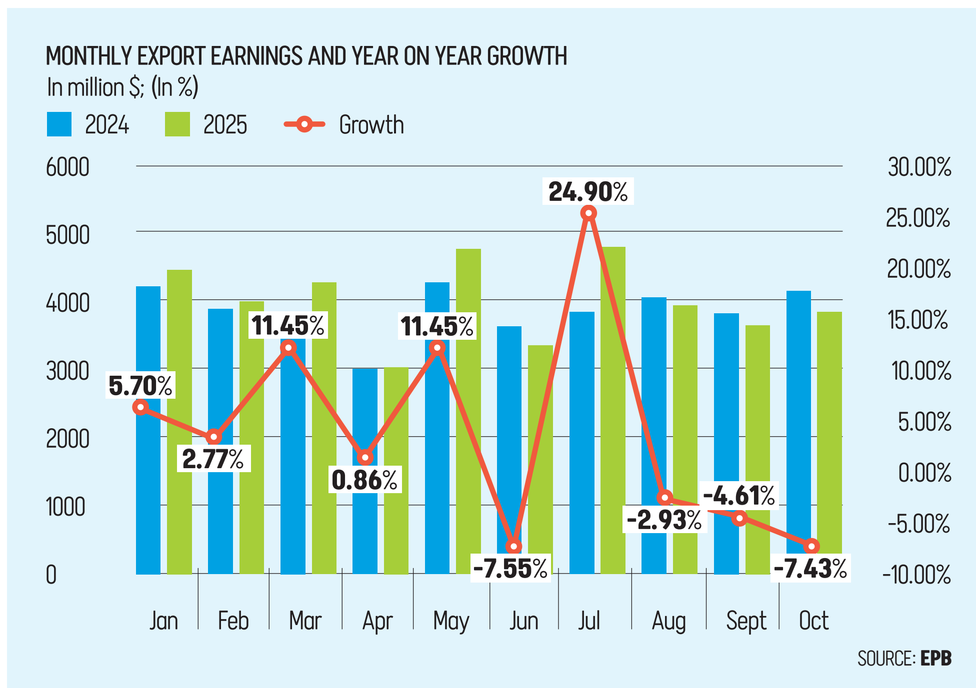
He pointed to a tougher global trading environment, coupled with uncertainty over US trade decisions.

The economist said reciprocal tariffs imposed by the US administration had added uncertainty to global value chains. At the same time, higher interest rates and inflation in key markets such as the European Union had slowed retail demand, meaning fewer import orders.

In August, the US imposed additional tariffs on dozens of countries under President Donald Trump's reciprocal tariff policy. Bangladesh has faced an additional 20 percent tariff on exports to the US market, which accounts for around one-fifth of its total earnings.

Razzaque said these developments were weighing on export-oriented industries, particularly garments, which rely heavily on discretionary consumer spending in advanced economies.

In October, knitwear, Bangladesh's main export item, declined by 11 percent year-on-year, while woven garment shipments fell by 5 percent, according to the EPB.



Domestic factors have also added pressure. Razzaque said rising production costs, higher prices of raw materials, and persistent inflation were eroding competitiveness.

He said the continued slowdown over three months reflected weaker global demand and shrinking price advantages, suggesting external challenges were likely to continue in the short term.

Some sectors, however, bucked the trend. Leather goods, footwear and engineering products reported growth in October, helping to keep overall exports positive since July.

In the July-October period, total exports rose 2.22 percent year-on-year to $16.13 billion, according to EPB. Garment shipments grew 1.4 percent during the first four months of the fiscal year.

Faisal Samad, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said demand for apparel slowed as US retailers and brands built up stocks between April and August to avoid higher tariff rates.

He said domestic issues, including gas supply shortages in factories, high bank interest rates and the recent fire at Dhaka airport, had affected the shipments.

Global demand for clothing has softened further as retailers and brands wait to see how US tariffs on China and India unfold, Samad said.

"There is total uncertainty over tariff rates. Work orders are stuck. Buyers are making inquiries about work orders but not confirming them yet because they do not know what tariff the US will finally set," he told The Daily Star.

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Internet prices may rise under proposed guideline

STAR BUSINESS REPORT

The proposed regulatory and licensing guidelines for broadband service providers could increase internet costs for users by at least 20 percent due to new fees and charges.

The Internet Service Providers Association of Bangladesh (ISPAB) made the comment yesterday at a press conference at a city hotel.

The trade body organised the event to express its views on the draft guideline for issuing licences for Fixed Telecom Service Providers (FTSPs), recently prepared by the Bangladesh Telecommunication Regulatory Commission (BTRC).

The ISPAB opposed the proposed guideline.

Under the guideline, FTSPs would have to share 5.5 percent of their revenue with the government and contribute another 1 percent to the Social Obligation Fund.

The cost of purchasing bandwidth for FTSP operators is also expected to rise by around 14 percent, said the ISPAB.

The government is moving in the wrong direction, said ISPAB President Aminul Hakim.

He said the BTRC currently receives 21.45 percent of the sector's revenue, including from submarine cables, international internet gateways, and international terrestrial cable operators, under revenue-sharing arrangements and social obligation contributions.

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FDI grows 19% in FY25, defying global post-uprising trend

STAR BUSINESS REPORT

Despite a fiscal year (FY) that opened with a mass uprising and a change of government, Bangladesh's foreign direct investment (FDI) increased 19.13 percent in FY2024-25.

Net FDI inflow reached $1.69 billion, up from $1.42 billion in FY2023–24, the Bangladesh Investment Development Authority (Bida) said in a press release yesterday.

Commenting on the figures, Bida Executive Chairman Ashik Chowdhury said, "FDI usually decreases after political unrests. In this case, the opposite has occurred."

"From policy formulation to institutional coordination involving the Bangladesh Bank, National Board of Revenue, and other agencies, along with engagement from the private sector, this result reflects combined efforts," he said.

"All problems have not been resolved, but steps have been taken to assist investors. Bida will soon publish a full-year performance report," he added.

World Bank data from

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Next govt must commit to time-bound business reforms

Industrialists want short-term timeline, not just 5-yr promises

STAR BUSINESS REPORT

The next elected government must make a clear, time-bound commitment to implementing reforms aimed at improving the business climate and reducing the cost of doing business, said top business leaders.

At a roundtable at a hotel in Dhaka yesterday, they also urged the interim government to seek a deferment of Bangladesh's scheduled graduation from the least developed country (LDC) status in November 2026 by at least three years.

"Whoever comes to power in the next election, and the election must happen, they must come with a clear commitment," Abul Kasem Khan, chairperson of Business Initiative Leading Development (BUILD), a public-private dialogue platform, told the event organised by The Financial Express.

"Their reforms and deregulation must be time-bound. We want to know what they will do in one month, in three months, in six months, not in five years," he said.

"We no longer want vague promises; we want to know what will be done within the next year," he said.

At the event presided over by The Financial Express Editor Shamsul Huq Zahid, Inamul Haq Khan, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said Bangladesh must secure at least a three-year deferment of the LDC graduation.

"This extension is essential to ensure the economy's sustainability, competitiveness, and resilience in the post-graduation era," he said.

> **"Whoever comes to power in the next election, and the election must happen, they must come with a clear commitment."**
>
> **Abul Kasem Khan**
> Chairperson, BUILD

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), urged the government to formally apply for a deferral.

"Let us request that the United Nations review the current situation, to analyse and investigate," Hatem said.

"If, after that, they conclude Bangladesh is ready for graduation, then fine, we will accept it and move forward. But at least let us make the request," he added.

"I firmly believe that if the UN reviews the situation, they will conclude Bangladesh is not ready to graduate for another 10 years," he said.

At the programme, Taskeen Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI), expressed deep concern over the ongoing energy shortage at production units.

"We talk about energy security, but there is no predictability or consistency," he said.

"Even when our officials go abroad to attract investment, they keep saying 'my country has this, my country has that'," he said.

"But no matter how much you say, when someone actually comes to invest, the first thing they will do is ask two private sector businessmen, 'What's your situation?'," said Ahmed.

"So how long will we keep telling lies?" he asked.

Showkat Aziz Russell, president of Bangladesh Textile Mills Association (BTMA), said, "You are desperate for foreign investment, but you already have domestic investors like us, we generate revenue and employment."

"Right now, we do not see an environment conducive to investment. Even foreigners are losing confidence.

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Regulatory coordination vital to revive banking sector: experts

STAR BUSINESS REPORT

Reviving the banking sector requires coordinated action among all relevant government bodies and data-driven resolution of weak banks to rebuild investor trust without relying on government support, experts said yesterday.

Speaking at a roundtable on the issue, organised by Policy Exchange Bangladesh (PEB) in Dhaka, they underscored the need for a unified approach involving the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), National Board of Revenue (NBR), Ministry of Finance, and Ministry of Law.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said strong coordination between the central bank and the BSEC is essential for transparent restructuring and called for a clear roadmap.

"Transparency in all actions will improve confidence," he said, adding that while recapitalisation is vital for financial stability, improving governance is equally important.

"Independent directors have become dependent. This should be changed," he added.

Md Mahbubur Rahman, additional managing director of City Bank, suggested adopting different strategies for banks based on their financial health.

"The revival of some banks is questionable. They should not be treated the same as others," he said, stressing the need to follow international best practices.

Hassan O Rashid, CEO of Prime Bank, warned that rising non-performing loans (NPLs), governance lapses, and poor coordination among regulators, including Bangladesh Bank, the BSEC, and the NBR, are deterring investment and undermining market confidence.

He called for restoring governance, ensuring realistic

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