DHAKA TUESDAY NOVEMBER 18, 2025, AGRAHAYAN 3, 1432 BS ● starbusiness@thedailystar.net

Star BUSINESS

Visa, Mastercard may need to register locally as companies

Draft regulation seeks to tax global card networks' local earnings

MD MEHEDI HASAN

International payment card networks, including Visa, Mastercard, American Express and UnionPay, might soon be required to register as companies in Bangladesh to continue operating here under new regulations drafted by the central bank.

At present, these global card schemes operate from abroad. They maintain liaison or representative offices in Bangladesh, not locally incorporated companies, which means they are not fully under domestic tax rules.

Bangladesh Bank's newly drafted Payment System Operator (PSO) Regulation, 2025 would change that by making it mandatory for foreign card networks to register under the Companies Act 1994 if they want to keep operating in Bangladesh.

The draft also states that all such international card schemes must apply to Bangladesh Bank for a licence within six months of the regulation coming into force.

Bangladesh Bank prepared the draft under the Payment and Settlement System Act, 2024, which requires all card networks, domestic or foreign, to be licensed and regulated within the country.

A senior Bangladesh Bank official, requesting anonymity, said the move aims to bring these companies under the local tax system. Since they currently operate through representative offices, they do not pay corporate taxes on income generated from Bangladesh.

Visa, Mastercard, American Express, UnionPay, Diners, JCB and others provide card network services to banks and financial institutions in the country. They earn fees, such as Interchange Reimbursement Fees (IRF), from Bangladeshi banks. But these payments are made from

overseas Nostro accounts (foreign currency accounts held abroad) and routed to their global headquarters.

As a result, the official said, the money does not appear in local financial statements and stays beyond the National Board of Revenue's tax jurisdiction.

"Although the services are being used inside Bangladesh, the earnings are booked overseas," he said. "This creates both a regulatory and taxation gap."

However, an official representing an international card network told The Daily Star that Bangladesh's transaction volume is still relatively small, and the requirement could discourage global operators. If major players withdraw, he warned, local cardholders may suffer.

Local bankers are also urging caution.

"Of course, we must prioritise the country's interest above everything else. However, we must also remember that in trying to earn one taka, we should not end up losing ten," Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, told The Daily Star.

Rahman, also a former chairman of the Association of Bankers, Bangladesh (ABB), said there must be proper stakeholder consultation before enforcing such regulations.

READ MORE ON B3

Businesses file Tk 600cr insurance claims over Dhaka airport fire

SUKANTA HALDER

Businesses have so far submitted insurance claims worth more than Tk 600 crore after a fire tore through the import cargo complex of Dhaka airport last month.

Insurers say the amount is about the initial claims that they received following the incident. Assessment is now underway, and insurance payouts will depend on a full review of policy conditions and verified losses.

According to the Bangladesh Insurance Association (BIA), the apex body of the country's private insurers, businesses have so far submitted claims totalling Tk 608.94 crore to 45 non-life insurers.

Prime Insurance Company Limited has yet to submit their information, said Md Omar Faruque, secretary of the association.

Adeeba Rahman, first vice-president of BIA, said the amount reflects first-round claims.

Insurance policies carry several conditions, and the final loss figure may change once verification is complete, she said.

Following the October 18 fire in the import cargo complex, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) estimated that around Tk 97 crore worth of goods had been damaged.

The pharmaceutical sector fears losses of about Tk 4,000 crore due to destroyed raw materials.

A government probe has found that unsafe storage practices and the absence of fire protection systems allowed the blaze to spread.

Investigators initially identified two likely causes -- overheating of lithium-ion batteries stored without temperature control and an electrical short circuit. The probe committee ruled out arson or sabotage.

READ MORE ON B3

Stocks edge up despite political concern

STAR BUSINESS REPORT

The indices of stock market in Bangladesh gained yesterday despite jitters over the political climate, centred on the verdict in a case against deposed prime minister Sheikh Hasina and two of her aides over crimes against humanity.

At the Dhaka Stock Exchange (DSE), the benchmark DSEX rose 42 points, or 0.90 percent, to 4,774. Other indices also advanced.

The DSES, which tracks shariah-compliant companies, climbed 15.30 points, or 1.55 percent, to 1,000, while the DS30, representing blue-chip firms, increased 9.37 points, or 0.50 percent, to 1,869.90.Market activity showed that 322 issues advanced, 35 declined, and 16 remained unchanged. Total turnover rose 18 percent year-on-year to Tk 348 crore.

The pharmaceuticals sector led the market, accounting for 14.2 percent of total turnover.

Square Pharmaceuticals was the most traded stock, followed by Anwar Galvanizing Ltd and Khan Brothers PP Woven Bag Industries Ltd.

Square Pharma, however, fell 4.66 percent, closing at Tk 203.

GPH Ispat led the gainers with a 9.8 percent rise, followed by Intech Online, ISN Limited, Sharp Industries, and Lovello Ice Cream

Sector-wise, mutual funds rose the most at 3.7 percent, followed by information technology (IT), life insurance, and non-bank financial institutions (NBFIs).

READ MORE ON B3

EXPANSION BEYOND BORDER

Local companies' outward investment hits $35m

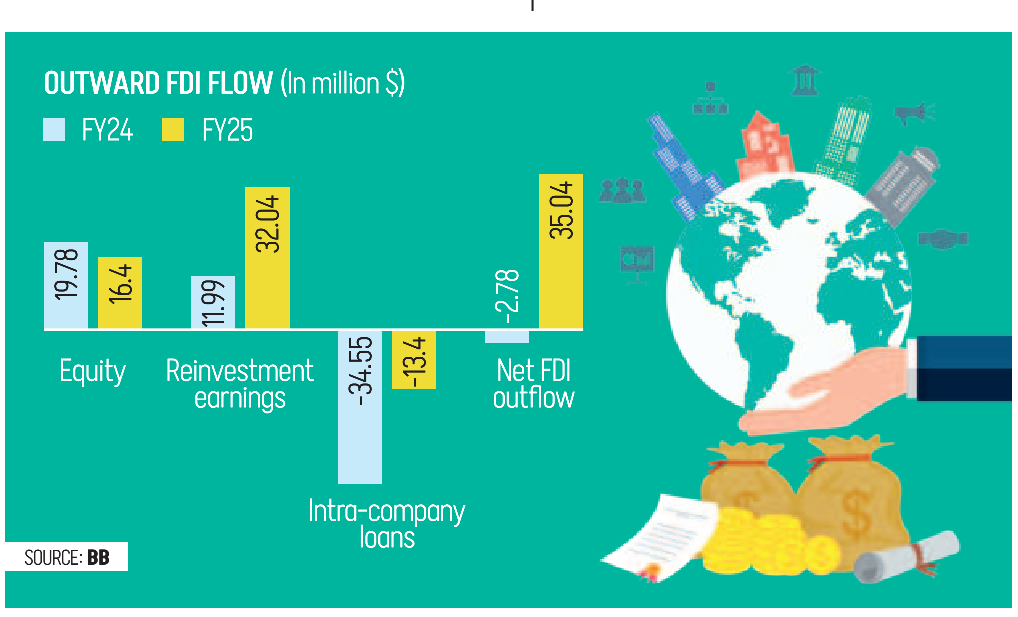
JAGARAN CHAKMA

Bangladeshi companies are investing more money abroad than before, even though they are sending out less brand-new capital, suggesting that local firms are becoming more confident about doing business beyond the border.

According to the latest data from Bangladesh Bank, the country's outward foreign direct investment (OFDI) reached $35.04 million in fiscal year 2024-25 (FY25) – a major turnaround from the previous year, when more money flowed into Bangladesh than out, resulting in a net inflow of $2.78 million.

This shift has roots in a 2015 amendment to the 1947 Foreign Exchange Regulation Act, which allowed firms to invest overseas under specific conditions, such as if the investment helped increase exports.

Since then, Bangladeshi companies have expanded into more than 18 countries across Asia, Africa, and Europe in search of new customers, broader markets and diversified revenue streams.



Most of the money going out in FY25 came from financial companies, which invested nearly $30 million. Mining and quarrying firms sent out about $3.6 million, and pharmaceutical and chemical companies sent just over $1 million. But not all sectors showed growth. Some industries, including trading and manufacturing, actually pulled money back, meaning they withdrew part of what they had once invested abroad.

The United Arab Emirates was the top destination for Bangladeshi money, receiving almost $17 million. India received just over $16 million. Other destinations included Singapore, Kenya, and Ireland, showing that companies are looking beyond just nearby markets.

By June 2025, the total amount of Bangladeshi money invested abroad over the years – the "OFDI stock" – stood at $351.37 million, up 4.19 percent higher than the year before. This figure includes not just fresh investments but also profits that companies earned abroad and reinvested there.

Investment slowed somewhat in the first half of 2025 compared to the previous six months. Between January and June, the amount sent out was $14.91 million, down from $20.13 million in the previous six months. Even so, it was still higher than the same period the year before.

Interestingly, while the total outward investment rose, the amount of new money companies sent out, called equity capital, actually fell. It dropped to $16.40 million in FY25, down from $19.78 million the year before, indicating many companies may be expanding using profits they've already earned abroad.

Economists say this rise in outward investment shows private companies in Bangladesh are maturing. But they also warn that this trend could create problems if not managed well, especially because Bangladesh carefully controls how money moves in and out of the country.

Selim Raihan, executive director of the research group South Asian Network on Economic Modeling (Sanem), said that companies investing abroad reflect a shift toward a more global mindset.

However, he warned, "While the upward trend is encouraging, it also raises a number of concerns. Increased capital outflows could put pressure on foreign exchange reserves, particularly under a tightly controlled investment regime."

READ MORE ON B3

Digital payments lose ground to cash despite growth in volume: BB

MAHMUDUL HASAN

While digital transactions — covering payments through mobile wallets, internet banking, and other electronic channels — grew in volume in Bangladesh in 2024, their share of total payments declined, according to the Bangladesh Payment Systems Report 2024 published by Bangladesh Bank.

The report noted that traditional, non-digital payments are now expanding faster than digital channels, while mobile financial services (MFS) are experiencing a drop in transactions.

Bangladesh Bank data show that the number of digital transactions rose from 36.67 crore in December 2023 to 40.31 crore in December 2024. Despite this growth, digital payments accounted for a smaller share of all transactions, falling from 51 percent to 47 percent.

In terms of the money moved, the total value of digital transactions increased slightly, from Tk 75,140 crore to Tk 76,340 crore, but their share of total transaction value edged down from 29 percent to 28 percent.

A significant factor driving this trend is behaviour within the MFS sector, a cornerstone of the country's digital finance landscape.

The central bank report notes a sharp decrease in the share of MFS-based digital transactions. Their volume share fell from 46.82 percent to 40.99 percent, while their value share edged down slightly from 2.37 percent to 2.36 percent of all transactions.

According to BB, this reflects a "growing shift toward cash-based behaviour within the MFS ecosystem," with users increasingly opting for cash-out services rather than pure digital transfers.

READ MORE ON B3