



Ahsan H Mansur, governor of Bangladesh Bank, attends an award-giving ceremony, titled "Mastercard Excellence Awards 2025", organised by Mastercard, in Dhaka yesterday. Gautam Aggarwal, president of Mastercard for South Asia, and Syed Mohammad Kamal, country manager of Mastercard Bangladesh, were also present.

PHOTO: MASTERCARD

## Governance failure stalls financial sector progress

BB governor says at Mastercard Excellence Awards 2025

### STAR BUSINESS REPORT

Bangladesh's financial sector has fallen short of expectations due to prolonged governance failure, weak regulatory enforcement and delayed reforms, despite commendable growth in the broader economy, Bangladesh Bank Governor Ahsan H Mansur said yesterday.

He also described the sector's overall performance as "disappointingly behind", blaming structural weaknesses that remain largely unaddressed.

The governor made the comments at the Mastercard Excellence Awards 2025 ceremony at the Radisson Blu Water Garden Hotel in Dhaka.

Eighteen institutions received a total of 33 awards under 19 categories in recognition of contributions to innovation, financial inclusion and digital transformation in the 2024-25 fiscal year.

He said that although the sector appears institutionally regulated, irregularities persist "underneath" owing to lax enforcement.

Referring to a local saying that translates to "hard on the outside, soft inside", he pointed to a disconnect between regulatory norms and operational practice.

"Regulations are stringent, but compliance mechanisms allow many irregularities to pass through. Without structural correction, the

financial sector will continue to lag even as the economy expands," he said.

Mansur noted that while Bangladesh's economy is now comparable in size to Singapore's, the financial sector remains "considerably narrow".

"The economy cannot fully reap the benefits of its size due to corruption, misallocation of assets and regulatory failures," he added.

He stressed that meaningful reform, rather than procedural adjustments, is essential to strengthen financial governance and reduce systemic inefficiencies.

The governor acknowledged recent steps by the central bank, including the removal of tax return submission and TIN requirements for card issuance, as well as the resolution of complications around purchasing international airline tickets via credit cards.

"Customers can now buy tickets online as per their credit limit without it being counted in their annual foreign exchange quota. These are positive developments, but more substantive reforms are needed," he said.

Gautam Agarwal, president of Mastercard South Asia, said Bangladesh's financial transformation is underway despite the barriers.

According to him, the country has nearly 15 crore active mobile financial service accounts, internet usage stands at 70-74 percent, and

annual remittance inflow totals \$2.5-2.6 billion.

However, around 80 percent of transactions still rely on cash, which he termed a major obstacle to digitalisation.

"India underwent a similar journey. A little over a decade ago, only 2-5 percent of transactions there were digital; today it stands at 30-35 percent. Bangladesh is now positioned for a similar transformation," he said.

Agarwal added that Mastercard has consistently invested in Bangladesh over the past 13 years, with a focus on financial inclusion alongside card services.

At yesterday's awards ceremony, Mutual Trust Bank and Eastern Bank secured the highest number of recognitions, winning in four categories each.

City Bank, Islami Bank Bangladesh, United Commercial Bank and BRAC Bank received awards in three categories each, while Dhaka Bank won in two.

Single-category awards went to Mercantile Bank, SSL Commerz, Al-Arafah Islami Bank, Prime Bank, AB Bank, Dutch Bangla Bank, Southeast Bank, Pubali Bank, Pathao Pay, ACI Logistics (Shwapno) and bKash.

The seventh edition of the awards, held under the theme "Inspired by Future", also marked Mastercard's 13th year of operations in Bangladesh.

## New telecom policy must be assessed after political transition: Amir Khosru

### STAR BUSINESS REPORT

The new telecom policy should be reviewed once Bangladesh returns to a democratic order to safeguard the interests of citizens, the nation, and investors, BNP Standing Committee Member Amir Khosru Mahmud Chowdhury said yesterday.

"I think this is the responsibility of those who will be elected in the coming days," he said, adding that the BNP would not discriminate between local and foreign investors when formulating a policy.

Khosru made the remarks at a seminar titled "Challenges in Shaping the Bangladesh of Tomorrow: The Future of Local Entrepreneurs in the Telecommunications and Information Technology Sectors," organised by the Telecom and Technology Reporters' Network, Bangladesh, at a hotel in Dhaka.

Earlier, in late September, the Telecommunications Network and Licensing Policy 2025 was gazetted.

"The ICT (information and communication technology) and telecom sectors involve critical economic decisions for Bangladesh, so investment, ICT, and telecom policies must be thoroughly assessed before major decisions are made," Khosru said.

He noted that the Bangladesh Telecommunication Regulatory Commission should be an independent authority, but its independence was undermined during the previous government.

"Over the past 14-15 years, licences were issued without accountability. Where five licences were necessary, 30 were issued," he said. "The telecom sector is in a complete mess."

Khosru emphasised that major reforms are needed but insisted that any changes must protect local investment, employment, digital security, and national sovereignty.

"We need foreign investment. But



that doesn't mean we will replace local investment with foreign capital. That cannot happen," he said.

"The returns in the telecom sector are high. Foreign companies will naturally remain interested. So, I don't understand why our own people cannot invest in a sector that promises such profits," he added.

Sumon Ahmed Sabir, deputy managing director of Fiber@Home, warned that several provisions in the new telecom licensing policy could hinder local entrepreneurs while giving extra advantages to foreign multinational companies.

"This may create future risks of market monopoly, national security vulnerabilities, and losses for domestic investors," he said.

According to Sabir, the policy introduces major changes to Bangladesh's telecom infrastructure, investment climate, and competitive market structure.

The draft allows multinational companies with up to 65 percent foreign direct investment (FDI) to get cross-layer licences, while similar opportunities remain limited for local operators.

## Prime Bank hosts seminar on youth empowerment at BAU

### STAR BUSINESS DESK

Prime Bank PLC, in collaboration with Bangladesh Agricultural University (BAU), recently organised a seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", under its flagship Prime Academia initiative.

The event drew enthusiastic participation from faculty members, senior officials, and students, inspiring young minds to align their ambitions with financial inclusion and national progress.

AK Fazlul Haque Bhuiyan, vice-chancellor of Bangladesh Agricultural University, attended the programme as the chief guest, according to a press release.

The seminar highlighted the importance of industry-academia collaboration, with both Prime Bank and BAU reaffirming their commitment to strengthening



AK Fazlul Haque Bhuiyan, vice-chancellor of Bangladesh Agricultural University, poses for group photographs with participants of a seminar, titled "Financial Inclusion: Engaging & Inspiring Youth in Banking", on the university campus in Dhaka recently.

PHOTO: PRIME BANK

partnerships through student-focused initiatives, research collaborations, and skill development programmes.

The session was conducted by Syed Sazzad Haider Chowdhury, deputy managing director of the bank, accompanied by Shaila Abedin, senior vice-president and head of

liability, and MM Mahbub Hasan, head of financial inclusion and school banking.

Together, they encouraged students to view knowledge, innovation, and empathy as key drivers of both personal development and national advancement.

## United Commercial Bank launches bancassurance service

### STAR BUSINESS DESK

United Commercial Bank PLC (UCB) has launched its bancassurance services, enabling customers to access insurance directly through the bank.

Customers can now obtain both life and general insurance services from any UCB branch across the country. Mahbubur Rahman, chairman of Eastland Insurance PLC, inaugurated the service as the chief guest at the Pan Pacific Sonargaon Hotel in Dhaka recently, according to a press release.

Speaking at the event, Rahman said the collaboration among UCB, Jiban Bima Corporation, and Eastland Insurance marks a new milestone for the country's insurance services. "This partnership will allow customers to access insurance more conveniently than ever before," he added.

Md Muthibuzzaman, managing director and additional secretary



Mahbubur Rahman, chairman of Eastland Insurance PLC, inaugurates the bancassurance service, launched by United Commercial Bank PLC, at the Pan Pacific Sonargaon Hotel in Dhaka recently.

PHOTO: UCB

of Jiban Bima Corporation, noted that UCB has taken strong and commendable preparations to launch bancassurance. As people's income levels rise, the demand for insurance alongside banking services is also increasing.

"With banks and insurance companies now working together, customers will find it much easier to access insurance services," he said, expressing hope that the initiative would build public trust and ensure financial protection for many families.

## Tobacco taxation hampered by weak enforcement: analysts

### STAR BUSINESS REPORT

Bangladesh's tobacco taxation remains constrained by long-standing industry myths, falls far short of the policies needed to reduce consumption, and suffers from weak enforcement, according to tobacco tax analysts.

They added that the country continues to sell some of the world's cheapest tobacco products, and warned that its fragmented tax system hurts both public health and fiscal efficiency.

The statements came at a national dialogue on tobacco taxation, organised by the Power and Participation Research Centre (PPRC) at its office in Dhaka yesterday.

"Bangladesh's tobacco taxation remains a notable outlier, shaped less by evidence and more by a set of persistent industry-driven myths," said Prof Shafiqur Rahman, director of the Institute of Health Economics at the University of Dhaka.

He added, "One influential myth is that higher tobacco taxes hurt the poor. But global studies show that low-income smokers are more price-sensitive and reduce consumption when prices rise."

"Another common fear is that

higher taxes will fuel illicit trade, a narrative often echoed by tax officials. But this is the result of concerted messaging by tobacco companies."

"Evidence from multiple countries shows that illicit trade increases only under weak enforcement rather than as a direct consequence of tax hikes," Prof Shimul said. Yet in Bangladesh, this claim continues to dissuade policymakers from adopting a more rational tax structure, he added.

**They said the country continues to sell some of the world's cheapest tobacco products**

Prof Shimul further said, "The industry always claims that it provides large-scale employment and that farming is highly profitable. However, there is no reliable national data on how many jobs the sector actually supports, and Bangladesh-based studies show no evidence of sustained profitability for farmers."

He noted that tobacco's economic contribution is minimal—less than 1 percent—while its social and health harms are enormous.

## AB Bank's 'hidden' bad loans

### FROM PAGE B1

Liquidity support is emergency cash provided by the central bank to help troubled banks meet withdrawal demands. During the tenure of the interim government, AB Bank has already taken Tk 500 crore in such support, alongside eight other lenders.

The crisis has also triggered changes in top management. On November 19, Managing Director and CEO Syed Mizanur Rahman has submitted his resignation letter, citing personal reasons. The letter is yet to be officially accepted. He is expected to join Meghna Bank as managing director pending central bank approval.

Rahman, who took charge of AB Bank in May after serving as additional managing director, told The Daily Star last week that the institution had previously taken over mortgaged properties against loans from defaulting borrowers and listed them as non-banking assets. This accounting move temporarily reduced the bank's bad loan ratio, as non-banking assets are not counted as defaulted loans.

"However, the bank failed to take full possession of those assets due to legal complications, leading to their reclassification as non-performing loans, pushing the figure sharply upward," he said.

Another senior official confirmed that around Tk 1,500 crore worth of non-banking assets had now been reclassified as bad loans.

He alleged that the practice of reducing bad loans by converting

mortgaged assets into non-banking assets was carried out with legal assistance from a firm linked to a former chairman.

AB Bank reported a Tk 3,113 crore net loss in the first nine months of this year, compared with a profit of Tk 1.58 crore in the same period last year.

At the end of 2024, the lender had a capital shortfall of Tk 4,298 crore and posted a net loss of Tk 1,917 crore. A capital shortfall occurs when a bank's losses are so large that it no longer has the minimum funds required to operate safely.

Launched in 1981 as the first private commercial lender of the country, AB Bank's troubles did not emerge overnight. They date back at least eight years, when it drew public criticism for a 2016 money laundering scandal. A Bangladesh Bank investigation found that nearly Tk 165 crore had been transferred abroad under the guise of investment through two dubious organisations, eventually ending up in the United Arab Emirates.

Industry insiders claim that at the time, the bank was controlled by the family of M Morshed Khan, a former BNP cabinet member and one of AB Bank's founding sponsors.

During the scandal, M Wahidul Haque served as chairman. He, along with vice-chairman Salim Ahmed and director Faheemul Huq, resigned in 2017. The central bank appointed an observer that same year, and AB Bank continues to have a Bangladesh Bank coordinator overseeing its operations as its financial condition

has yet to stabilise.

Later in 2018, the Anti-Corruption Commission (ACC) arrested three people including former chairman Haque for alleged money laundering.

In 2019, Tarique Afzal was appointed president and managing director. His tenure was marked by controversy over his political involvement: despite being the head of a private bank, he was a member of the Awami League's international subcommittee.

AB Bank continues to struggle to recover large loans from several corporate groups, including Beximco, Sikder, Asian City, Buildtrade, Orion, and Mahin. Most of these loans have now defaulted, and legal proceedings are ongoing, Rahman said.

## EPA with Japan

### FROM PAGE B1

The negotiations included three meetings in Dhaka and four in Japan, covering trade, investment, exports, and imports.

With the LDC graduation looming, Bangladesh is trying to sign free trade deals with major partners to ensure market access. So far, no such deals have been inked with any country. Previously a preferential trade agreement with Bhutan was signed in 2020.

Japan is a key market, being the first Asian nation where Bangladesh exported over \$1 billion in more than a decade, thanks to duty-free and quota-free access under its LDC status. Bangladeshi garments, leather goods, and footwear are in high demand in the island nation.

## Anwarul Islam elected president of BRAMA

### STAR BUSINESS DESK

Anwarul Islam, proprietor of Simplex Corporation Limited, has been elected as the president of the Bangladesh Refrigeration and Airconditioning Merchants Association (BRAMA) from Sammilito Baboshayee Parishad for a two-year term (2025-27).

According to a press release, Md Jahirul Haque Khan and Md Mainuddin Prodhania have been elected vice-presidents of the association.

Md Shamsuddin Babul, Md Ershad Haider, Md Shafiquddin, Md Kamruzzaman Khan, Md Jasim Uddin Bhuiyan, Md Faruk Hossain, Md Abdul Gaffar Bakshi, Ziaul Haque Bhuiyan, Mohammad Mahbubur Rahman, Md Imarat Mollah, Md Salim, and Md Sadman Shakib Dewan included in the 17-member committee as directors.

"Another common fear is that