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Bank loans above Tk 20cr to undergo fresh collateral review

BB governor says political neutrality and strong governance key to banking reform

STAR BUSINESS REPORT

GOVERNOR SAYS

Newly merged bank will become profitable in the first year

Non-performing loans of banks may decline by December

BB targets to raise forex reserves to \$34b-\$35b by the end of this fiscal year

BB to seek Tk 20,000-Tk 25,000 crore in next budget to reform other banks

EXPERTS SAY

Junior officials should also be held accountable for bank losses

Pressure on banks mounts as capital market remains 'ineffective'

Full autonomy for the central bank is essential

Ahsan H Mansur
BB governor

Political parties must clearly spell out economic reform plans in their manifestos

Fahmida Khatun
Executive director of CPD

Long-term industrial financing should shift from banks to capital market

Syed Mahbubur Rahman
CEO of MTB

All bank loans more than Tk 20 crore will be scrutinised afresh to assess whether those have adequate collateral coverage, Bangladesh Bank (BB) Governor Ahsan H Mansur said yesterday.

If proper collateral is not found for these loans, the concerned officials and directors will be held accountable, he said.

Speaking at a seminar in Dhaka, the governor said confidence has been restored in the banking sector, and overall stability has returned to the economy. At present, there is no concern regarding the dollar market or the balance of payments.

The programme, titled "Banking Sector Reform: Challenges and Way Forward", was organised by the Economic Reporters' Forum (ERF).

The BB governor said the central bank needs full autonomy and good leadership. He said that an internationally standard law is needed to grant the governor special status and protection so that removal cannot occur at the request of a phone call from any minister.

Regarding the level of bad debt in the banking sector, Mansur acknowledged that many banks are facing capital shortfalls and that the level of non-performing loans (NPLs) has risen to an alarming extent.

"I had thought the NPL ratio would be around 25-27 percent, but in reality, it has reached nearly 36 percent. We will not hide any information. Whatever is true will be disclosed," he said.

On responsibility for bank losses, the governor said lending activities are primarily carried out at the branch level. Therefore, if a bank falls into trouble, not only top executives but also lower-level officials cannot evade responsibility.

"Those who remain silent despite noticing irregularities or risks will also be brought under punishment," he said.

He said that dismissal should be allowed only through a court process, and solely if moral misconduct or bribery is proven.

Ahead of the national elections slated for February next year, he said there is an expectation that every political party will clearly outline its plans and directions in its manifesto and remain committed to pledges not to interfere in the banking sector for political reasons.

"Of course, the government will have a role, but political interference should not exist. Administrative support should be provided to ensure sound management of the banking sector," he added.

Some political parties have already mentioned that they want a healthy and sound banking system and have spoken about the independence of the Bangladesh Bank. "We want to see these promises implemented, we want to see them in practice," Mansur said.

The governor said Sammilito Islami Bank, which has been formed through the merger of five struggling shariah-based lenders, will be the strongest in the country in terms of paid-up capital.

"With adequate liquidity and government support of Tk 20,000 crore, Sammilito Islami Bank will be able to turn a profit from the very first year if everything is implemented properly," he said.

He added that the legal process to merge five banks has already been completed as part of banking sector reforms. "Within the next two days, logos, signboards and branch names will be changed. Where there are multiple branches in the same area, one will be retained while the others will be relocated to different areas," he said.

The governor said that Tk 20,000 crore has been taken from the government for the Sammilito Islami Bank. To reform several other banks, the central bank will seek an additional Tk 20,000-Tk 25,000 crore from the new government in the next budget.

"It is up to the next government whether they will provide it," Mansur said.

According to the governor, the central bank has a plan to raise foreign exchange reserves to \$35 billion within this year.

Echoing similar views of the governor on political interference, Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), said the economy itself is a political entity at the end of the day.

As the special guest of the seminar, she said that this is an opportune moment as the national election is approaching. Political parties intending to participate in the election will present their electoral manifestos.

"We are looking at those manifestos, and they must clearly spell out specific steps and firm commitments on how they plan to turn the banking sector into a disciplined and strong sector," said the economist.

Without this, Fahmida said that it will not be clear how they intend to formulate economic policies or what their economic reforms will be. Therefore, these issues must be presented transparently before the nation.

"In particular, in the banking sector, we have seen in the past how influential individuals or politically powerful actors, even those involved in policymaking, have used and drained the sector to enrich their own pockets. This must not be allowed to happen again," she said.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, said positive changes are now being observed in the banking sector after the political changeover. Foreign exchange reserves are rising again, volatility in the dollar market has eased, and no major shock has occurred even after the introduction of a market-based exchange rate.

Without political will, he said that banking reforms alone will not solve all problems.

Rahman, also a former chairman of the Association of Bankers Bangladesh, mentioned the emergence of a "mafia culture" in the banking sector after the takeover of Islami Bank. He said the banking crisis has deepened since then.

He added that commercial banks have gone beyond their core functions and become involved in long-term investments. "As the capital market has not been effective, banks had to take on that role, which in turn contributed to industrialisation," he said.

ERF President Doulot Akter Mala delivered the opening remarks at the seminar.

Bilateral trade curbs strain exports to India in Jul-Nov

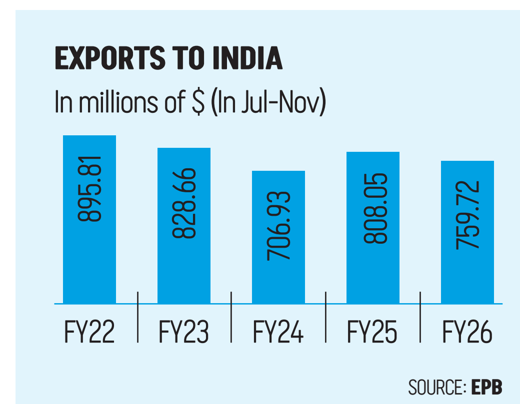
Shipment falls 6.36%

REFAYET ULLAH MIRDHA

Despite duty-free access and geographical proximity, Bangladesh's merchandise exports to India declined by \$48 million in the first five months of the current fiscal year, largely owing to restrictive measures on both sides.

Exports to the neighbouring country fell by 6.36 percent year-on-year to \$759.72 million during the July-November period of the current fiscal year 2025-26 (FY26), down from \$808.05 million in the same period of FY25, according to data from the Export Promotion Bureau (EPB).

Garments, Bangladesh's largest export item, took a hard hit. Apparel shipments to India dropped by 8.18 percent to \$298.47 million in the first five months of FY26, compared with \$325.06 million a year earlier, based on EPB data compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).



India remains one of Bangladesh's most important emerging export destinations. Bangladesh has enjoyed zero-duty access to the neighbouring market under the South Asian Free Trade Area (SAFTA) since 2011, benefiting from its status as a least developed country.

At its peak, shipments from Bangladesh to the neighbouring market were approaching the \$2 billion mark in 2022. That momentum, however, has slowed in recent months READ MORE ON B3

Court stays SMP restrictions on GP for 3 months

MAHMUDUL HASAN

The High Court (HC) has stayed the enforcement of significant market power (SMP) regulations on Grameenphone (GP) for three months.

The order means the country's largest mobile operator will not need prior approval from the regulator to roll out new service campaigns during the period. Its customers switching networks under the mobile number portability facility will also avoid a shorter lock-in requirement.

The stay also restores Grameenphone's inter-operator call charge to Tk 0.10 per minute, up from Tk 0.07 set under the SMP rules.

Earlier this month, an HC bench comprising Justice Foyej Ahmed and Justice Md Monjur Alam issued the order after hearing a writ petition filed by Grameenphone, according to court documents.

Alongside the stay, the bench asked officials from the Ministry of Posts, Telecommunications and IT and the Bangladesh Telecommunication Regulatory Commission (BTRC) to explain within four weeks why the SMP restrictions imposed on Grameenphone should not be rendered null and void.

In 2018, the telecom regulator introduced the SMP regulations to prevent monopolistic market practices. It set a 40 percent threshold based on customer base, revenue or spectrum holdings.

A year later, the commission assessed the market and designated Grameenphone as an SMP operator, having exceeded the threshold in both subscribers and annual revenue.

Under the SMP framework, Grameenphone faced three of the 20 possible regulatory conditions.

These included the requirement of pre-approval from the commission for each service campaign. Customers porting into the network were also subject to a shorter lock-in period than those of rival operators.

Grameenphone had challenged the SMP designation in court five years ago without success. The latest writ, which described the designation as "arbitrary and unlawful", resulted in the stay.

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Half of Bangladeshis still offline despite rapid digital expansion

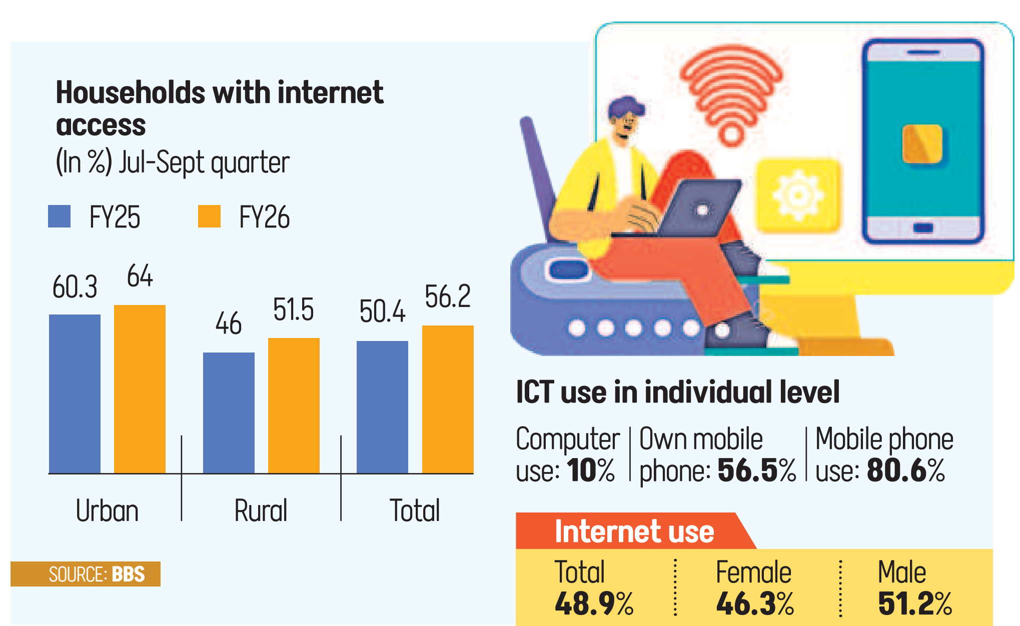
STAR BUSINESS REPORT

Despite more than a decade of rapid growth in internet and smartphone-based services, nearly half of Bangladesh's population remains outside the reach of the internet at the individual level, according to the latest survey by the Bangladesh Bureau of Statistics (BBS).

According to BBS quarterly report on Information and Communication Technology (ICT) usage, 48.9 percent of people aged five and above were direct internet users by the end of September 2025.

At the household level, just over half of Bangladesh's households, about 56 percent, had at least one internet user during the July-September period, added the report released Wednesday.

The survey also reveals that 50.4 percent of households were internet users during the July-September quarter, compared with 55.1 percent at the end of fiscal year 2024-25 (FY25) on June 30.



This means that about half of the country's citizens are still digitally excluded, even as online services increasingly shape access to education, healthcare, finance, and government support.

The BBS survey, which gathers data from individuals aged five years and above, from 61,632 households across the country, is aimed at informing national ICT policy, as well as reporting to international platforms such as the International Telecommunication Union (ITU) and the SDG Tracker.

The survey also cited that around 80.6 percent people are currently using mobile phones while 56.5 percent have their own mobile phone.

While mobile phone use among men and women is almost equal – 81 percent for men and 79 percent for women – a significant gender gap persists in ownership and internet access.

About 63 percent of men own at least one mobile phone, compared to 53 percent of women. Internet use follows a similar pattern – 51.2 percent of men are online, while just over 46.3 percent of women use the internet.

The BBS survey indicates a steady rise in internet use over recent years, even with a slight decline in overall mobile phone ownership.

In 2022, internet usage rose sharply from 38.9 percent in 2022 to 48.9 percent this year.

At the household level, however, access appears broader. The survey shows that 99 percent of households have at least one mobile phone, and 72.4 percent now own a smartphone.

The survey also provides insight into access to other technologies. Television is available in 59 percent of households, radio use has dropped to 15 percent, and only 9.1 percent of households own a computer. Electricity coverage, however, is nearly universal, reaching 99 percent of households.

A clear urban-rural divide remains. Smartphone ownership is significantly higher in urban areas, where 81 percent of households have at least one device, compared to 69 percent in rural areas.

"Nearly half of Bangladesh's population still does not use the internet, and the situation is actually worse than that of our neighbouring countries," said AKM Fahim Mashroor, former president of Bangladesh Association of Software & Information Services.

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Panel formed to review draft of microcredit bank law

STAR BUSINESS REPORT

A 10-member inter-ministerial committee has been formed, headed by Additional Secretary of the Financial Institutions Division Md Saeed Kutub, to review the draft of the proposed Microcredit Bank Ordinance, 2025.

The committee has been asked to submit its report with recommendations within 15 days of the review.

For the first time, the government has taken the initiative to establish a "Microcredit Bank" to turn the country's youth and marginalised communities into entrepreneurs. The draft ordinance has been prepared to that end.

In order to finalise the draft, an inter-ministerial meeting was held yesterday at the Secretariat under the chairmanship of Nazma Mobarek, secretary of the Financial Institutions Division of the finance ministry.

Chief Adviser Professor Muhammad Yunus, on May 17, at the inauguration of the new building of the Microcredit Regulatory Authority (MRA) in Dhaka's Agargaon, emphasised the importance of establishing a "microcredit bank" in the country to develop youth and marginalised communities as entrepreneurs.

In this context, on November 26, the Financial Institutions Division

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