App-based banking gains traction as customers go digital

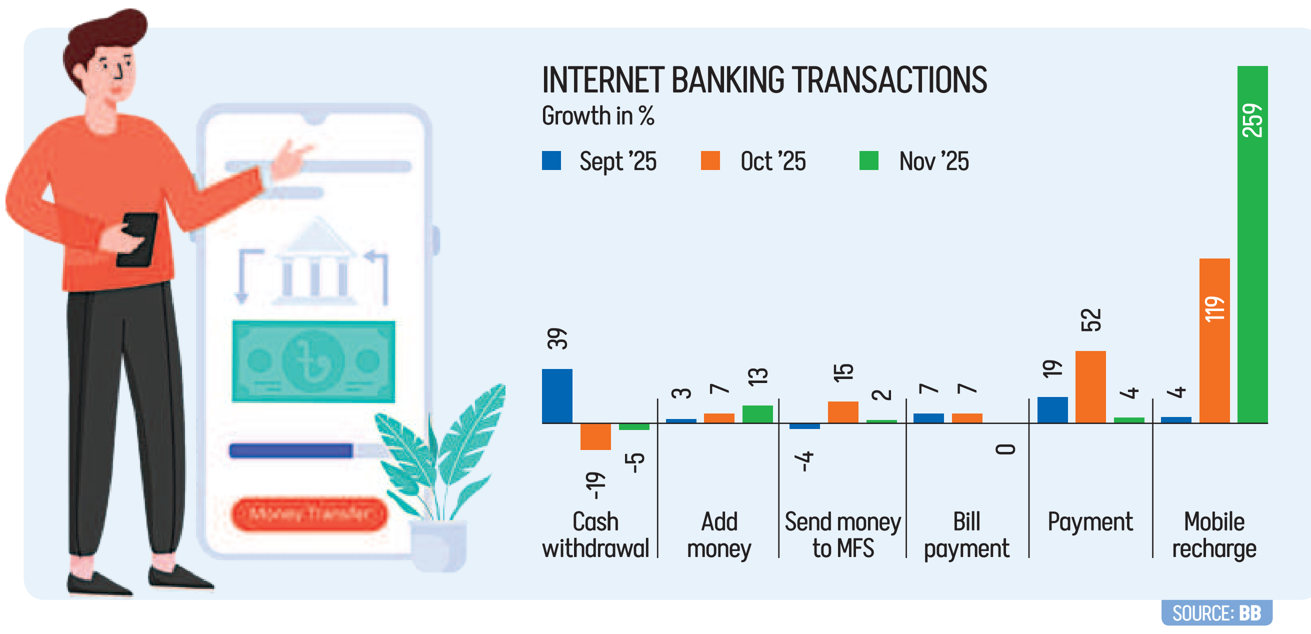
SOHEL PARVEZ

Banking is no longer limited to brick-and-mortar branches. People are banking remotely using the internet more and more. Of late, mobile applications have come up as a new and inviting option, and a growing number of customers are using apps to do banking in Bangladesh.

In November, 85.7 lakh customers used mobile apps to do banking, up nearly 13 percent from 76 lakh a month ago, thanks to the fast adoption by women customers, according to Bangladesh Bank (BB) data. In June, 71.66 lakh customers used mobile apps.

Bankers find this scenario to be part of a broader shift of people towards automation and digitalisation of various services.

"App-based banking in Bangladesh is expanding rapidly as customers increasingly depend on digital channels for everyday financial needs. Widespread smartphone adoption, improved mobile internet access, and a strong preference for faster, convenient, and 24/7 banking services have accelerated this shift," said Ali Reza Iftekhar, managing director of Eastern Bank PLC.



Mobile apps now place most banking services directly in customers' hands, significantly reducing the need for branch visits, said Ali Reza Iftekhar, MD of Eastern Bank

In a written reply, he said mobile apps now place most banking services directly in customers' hands, significantly reducing the need for branch visits.

"With nearly all private commercial banks offering app-based banking, digital transactions have surged, benefiting both customers and banks. Busy lifestyles, growing trust in digital payments, and the widespread use of smartphones are also accelerating Bangladesh's transition towards a more cashless, digitally driven economy."

The private bank's app, EBL Skybanking, has half a million users, and it processed over half a trillion taka in transactions across digital and "phygital" channels such as ATMs and CRMs.

This growth is further supported by a 79 percent year-on-year increase in average transaction numbers, a 90 percent rise in average transaction volume, and a 59 percent growth in digital youth users.

"This clearly indicates the rapid expansion of internet banking at EBL."

The BB said the number of customers taking financial services through internet banking is on the rise, too. However, overall transactions through internet banking dropped 12 percent to Tk 1,07,993 crore from the previous month.

Despite the fall, overall transactions through digital platforms have been staying over Tk 1,00,000 crore for six months since June 2025.

The BB said 58 out of 61 banks are now providing services through the internet.

Sending money to mobile financial services is the biggest form of transaction through the internet, followed by cash withdrawal, various payments, including bills, and mobile recharge, according to BB data.

The central bank's data also shows that internet banking for adding money to wallets, payments, mobile recharging and sending money through mobile financial services has been growing. Cash withdrawal through digital banking has been falling, indicating a growing preference for digital transactions over cash.

"This reflects increasing digital adoption by people. Apps are offering scope to customers to do banking while staying at home," said Md Arup Haider, deputy managing director & head of retail banking at City Bank PLC, which has the Citytouch app.

"We, banks, are also adding newer features in the apps by understanding customers' choices and preferences."

Md Shafquat Hossain, deputy managing director and head of retail banking at Mutual Trust Bank PLC, said banks are encouraging customers to opt for digital banking to supplement the central bank's goal of digital transactions.

The BB has set a target of settling at least 75 percent of retail transactions through digital channels by 2027.

"We are also pushing because digital transactions cut costs. Banks can position their employees in sales roles and provide better services to their clients," he said. "This is benefiting customers too, as they can conduct banking anytime and from anywhere."

He said his bank's MTB Neo app has 2.8 lakh users and they recorded Tk 4,000 crore in transactions through its app last month.

"When a customer opens an account with us, we also open the app for them," said the official, adding that the private bank aims to increase the number of its app users to 5 lakh by the end of this year.

Expressing optimism that digital transactions will increase, he said, "It is going to be a reality. Those who do not want to do internet banking will have to do so in the coming days."

Md Mahiul Islam, deputy managing director and head of retail banking at BRAC Bank, said they offer BRAC Bank's app Astha, launched four years ago. It has over 12 lakh users. The bank offers 120-plus integrated services, and the volume of monthly transactions through the app is Tk 20,000 crore.

"The need to visit branches for banking will reduce gradually. Cash transactions will fall," he said.

Bankers said the risk of falling into the trap of fraud is there, and banks are enhancing the guardrails to protect customers.

EBL MD Iftekhar said that despite strong growth, several infrastructural and experience-related challenges need to be addressed to ensure long-term adoption and trust in internet banking.

"Simplifying and streamlining customer onboarding remains a key priority, as app-based banking usage is still largely concentrated in metropolitan areas. Limited digital literacy, particularly among rural and semi-urban populations, continues to slow wider adoption."

In addition, inconsistent internet connectivity outside major cities, as well as rising cybersecurity and data protection concerns, present ongoing challenges for the digital banking ecosystem, he added.

How to raise revenue without hurting growth

MASUD KHAN

As Bangladesh looks toward its next government, fiscal policy will be central to the economic debate. Rising development needs, climate vulnerability, and higher debt-servicing costs make stronger domestic revenue mobilisation unavoidable. Yet the real question is not whether Bangladesh needs more revenue, but how it can raise it without undermining private investment, growth, and jobs.

Bangladesh's tax-to-GDP ratio, stuck at around 8-9 percent, remains among the lowest in Asia. This chronic weakness limits the state's ability to invest in critical sectors. The common response is to search for new taxes or higher rates. That approach, however, risks extracting vitality from an economy already facing global and domestic headwinds. A more sustainable solution lies in fixing the plumbing of the existing tax system.

Bangladesh effectively operates two economies side by side. A small group of compliant taxpayers, mainly salaried employees and formal firms, carry a disproportionate burden, while a vast potential base remains outside the net. Fewer than one percent of the population file income tax returns. Affluent professionals, digital entrepreneurs, urban property owners, and many high-income self-employed individuals are lightly taxed or not taxed at all.

Meanwhile, the state relies heavily on tax at source, regressive import duties and indirect taxes because they are easier to collect.

Many citizens ask a simple question: what do I get for my taxes? Without visible improvements in service delivery, fairness, and accountability, voluntary compliance will remain weak. Revenue mobilisation cannot be separated from expenditure quality and governance.

Policy distortions further weaken the system. The widespread use of Statutory Regulatory Orders has created a discretionary, opaque, and unpredictable tax regime.

For investors, uncertainty and uneven enforcement often matter more than tax rates. Similarly, the VAT system, fragmented by multiple rates, truncated bases, and exemptions, has become complex and prone to evasion. For small and medium enterprises, VAT is feared less for its cost than for its paperwork, discretion, and compliance risks.

This exposes a major blind spot in Bangladesh's revenue debate: the exclusion of millions of small traders and micro-entrepreneurs.

Although the informal sector accounts for over one-third of GDP and employs most workers, tax compliance for small businesses remains administratively burdensome. Income tax filing often requires professional help, while VAT compliance is even more complex, keeping most traders outside the system. At the same time, the revenue administration lacks the manpower and technology to monitor millions of micro-enterprises, making universal compliance unrealistic.

A practical solution is tax simplification. Countries such as India, Indonesia, Turkey, Brazil, and Kenya have broadened their tax base through flat-rate or simplified regimes. India's GST Composition Scheme, for example, brought millions into the formal system by allowing traders to pay a low, fixed share of turnover with minimal paperwork.

A Bangladesh-specific model could combine a fixed annual income tax with a simplified VAT based on shop size, turnover band, or location, supported by digital payment incentives. This would reduce fear of audits, ease pressure on the National Board of Revenue, and expand the tax base. Rapid growth in e-commerce and platform-based work requires clear, predictable tax rules that do not stifle innovation.

Beyond SMEs, Bangladesh must also address hard-to-tax but high-potential areas: the digital economy, property, land, and wealth. Ultimately, the fiscal challenge is not just about revenue, but governance. The next government has an opportunity to move away from coercion to a fair, predictable, compliance-based system. The reward is not just higher revenue, but a stronger social contract, a more legitimate state, and a more competitive private sector.

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Why US geopolitical uncertainty matters for the dollar

REUTERS, *London*

Donald Trump's new brand of imperialism doesn't sit well with the dollar. The greenback dropped against other major currencies as the US president talked about taking control of Greenland, and continued falling even after he backed down. The issue is less that geopolitical animosity can unseat the dollar as the world's dominant currency, and more that it can erode a key benefit: financial surveillance and sanctions power.

Taken since the end of 2024, the dollar has fallen roughly 13 percent against the euro. Though often attributed to the "Liberation Day" tariffs Trump announced in April of last year, the slide began two months earlier, not long after US Vice President JD Vance signalled a retreat from Washington's commitment to defend Europe. It suggests the market sees a link between a more US-centric foreign policy and the greenback's global dominance: namely, if the world's police force retreats, perhaps international use of its currency does too. A more extreme version of the same idea, which was raised by a controversial Deutsche Bank research note during the Greenland crisis, is that Europe would dump some of its $14 trillion of US financial assets.

Replacing the dollar on a grand scale seems far-fetched, though. Even if the US were matched in GDP by China or the euro zone, its financial openness, legal protections and issuance of Treasuries as a single safe asset — unlike Europe's fragmented sovereign bond market — would still leave the dollar without challengers. Despite some recent moves by foreign central banks to diversify, 57 percent of global official reserves are in dollars. Liabilities matter even more: 49 percent of cross-border loans and 46 percent of international bonds use the greenback. The dollar appears in 89 percent of foreign-exchange trades and, for the average country, on 62 percent of export invoices.

Most of these figures, which come from the Bank for International Settlements and the International Monetary Fund, have been stable since at least 1999. It gives Washington a powerful lever: because payments ultimately pass through correspondent bank accounts in New York, the US Treasury has been able to monitor flows and block transactions of North Korean entities, Venezuelan institutions and Hezbollah-linked networks. It has also frozen assets and imposed sanctions, as against Iran in 2012 and Russia in 2022. And, because allied nations face similar exposures in their banks, they are effectively forced to cooperate. US authorities in 2014 slapped France's BNP Paribas with a $9 billion penalty linked to violating American sanctions on Sudan, Cuba and Iran.

Despite some recent moves by foreign central banks to diversify, 57 percent of global official reserves are in dollars. PHOTO: AFP/FILE

This echoes the work of German economist Georg Friedrich Knapp, who in 1905 argued that a state's ability to extract taxes and fines is what gives its currency domestic value. Through sanctions, the US applies a version of this internationally, with the world's most advanced military ensuring its ability to collect.

Defence capabilities and currency power have a close relationship. The presence of dollars and euros in other nations' global currency reserves roughly matches US and European governments' share of military spending since 1971, according to the SIPRI Military Expenditure Database. One explicit example of the link was the 1974 US Saudi accord, which set the terms of economic co-operation between the two sides. It involved American military support in exchange for the Gulf state investing in Uncle Sam's debt.

Yet for many countries, particularly in Europe, the US is no longer a reliable provider of military security. In other words, the international version of Knapp's theory may now start working in reverse. An unpredictable and unreliable American defence guarantee gives governments in Europe and elsewhere less of an incentive, on the margin, to use greenbacks. As Canadian Prime Minister Mark Carney said in a speech at the World Economic Forum last week, great powers using "financial infrastructure as coercion" sparks a search for autonomy.

What does this mean for the United States? The risk isn't really a loss of financial benefits, which are surprisingly elusive beyond the profit American banks get from intermediating foreign transactions. Often cited is the US's ability to borrow cheaply from abroad, but this may just be skewed by the tax-avoidance strategies of multinationals.

Gold climbs, silver jumps 8%

REUTERS

Gold rose on Tuesday as geopolitical uncertainty underpinned safe-haven demand, while silver surged 8 percent to hover near all-time highs.

Spot gold climbed 1.6 percent to $5,092.70 per ounce, as of 0710 GMT, after scaling a record $5,110.50 on Monday. It broke through the $5,100 mark for the first time in the previous session.

US gold futures for February delivery edged 0.1 percent higher to $5,088.40 per ounce.

"Trump's disruptive policy approach this year is playing into the hands of precious metals as a defensive play. The threats of higher tariffs to Canada and South Korea are doing enough to keep gold a safe-haven choice," said Tim Waterer, KCM Trade's chief market analyst.

Escalating trade tensions on Monday, US President Donald Trump said he would raise tariffs on South Korean auto, lumber, and pharmaceutical imports to 25 percent, while criticising Seoul for failing to enact a trade deal with Washington.

This was after he threatened tariffs on Canada in the backdrop of a thawing relationship with China, following Canadian PM Mark Carney's visit to the country earlier this month.

"(Gold's rally) points to a material geopolitical, or uncertainty premium now embedded in gold prices, driven less by cyclical factors and more by the persistent uncertainty around geopolitics," Christopher Wong, a strategist at OCBC said in a note.