

Credit card growth: Built on supermarkets, serving the well-off

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Bangladesh's credit card infrastructure appears to be thriving, as data from Bangladesh Bank (BB) reports show a 48 percent increase in monthly domestic transactions between March 2023 and November 2025. Meanwhile, card issuance expanded from 16.39 lakh in September 2020 to nearly 28 lakh by November 2025.

The central bank has repeatedly cited this expansion as evidence of steady progress toward a cashless economy. The growth is real. What is questionable is its depth and durability.

Rather than a diversified digital payment ecosystem, Bangladesh has built a credit card economy overwhelmingly anchored to department stores, an architecture marked by concentration risk, volatility, and shallow penetration.

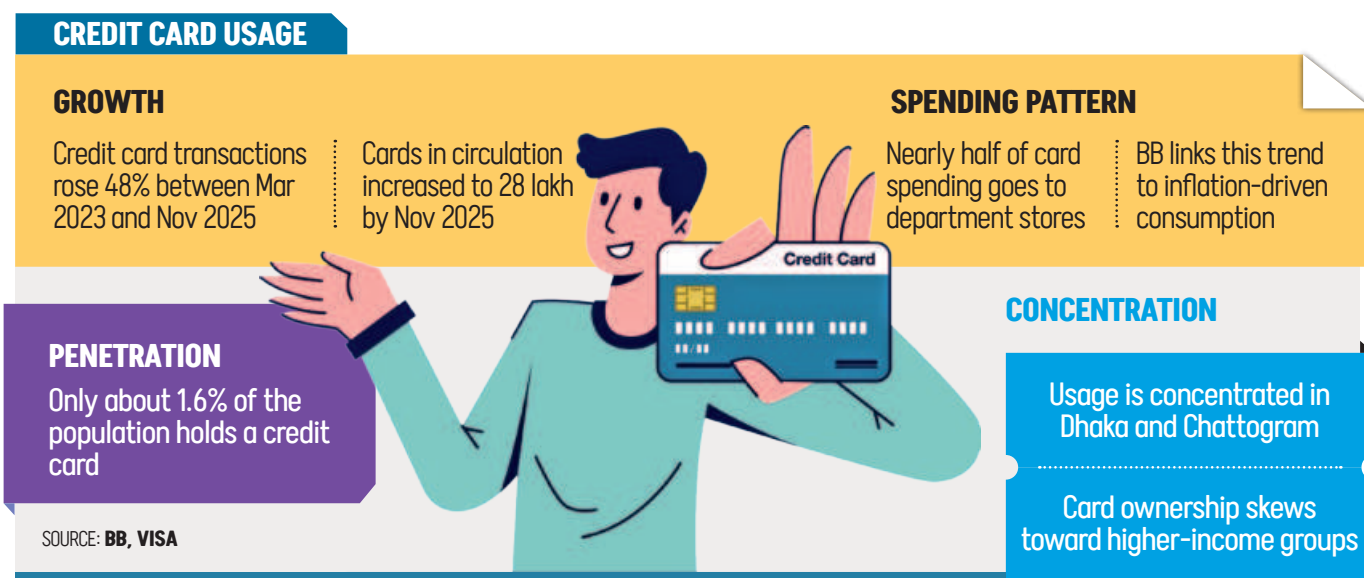
Department stores captured nearly half of all domestic credit card spending each month from March 2023 through November 2025. In July 2025, their share reached 48.9 percent, meaning nearly half of all money spent by credit cards flowed to large retail chains such as Shwapno, Meena Bazar, Unimart, etc.

Card networks acknowledge that such category concentration is not unusual in emerging markets. Visa notes that in economies like Bangladesh, India, and Sri Lanka, the largest credit card purchases are made in merchant categories such as food and grocery, fuel, insurance, discount stores and retail goods.

"In advanced economies, by contrast, card usage is spread more broadly across services. In the United States, for example, major categories include restaurants, hotels and apparel retail, reflecting a wider integration of cards into daily economic life," said Sabbir Ahmed, country manager for Bangladesh at Visa.

BB has attributed department store dominance to inflation-driven essential spending, aggressive promotional campaigns by banks and the convenience of organised retail. These explanations hold.

Inflation hovering near double digits has pushed households toward retailers



offering perks such as zero-percent installment plans and card-linked discounts. These benefits are largely absent in traditional markets. Banks, meanwhile, have concentrated incentives where transaction volumes are easiest to scale.

But the concentration comes at a cost. The fragility of this structure was exposed during the political turmoil of mid-2024. Between March and August that year, when a mass uprising ousted the Awami League government, domestic card spending fell 22 percent, dropping from Tk 2,987 crore to Tk 2,332 crore.

Spending rebounded quickly, reaching Tk 3,215 crore by December 2024. Yet the recovery deepened, rather than reduced, the system's dependence on department stores. Their share in total credit card spending rose to 47-50 percent during the period, as households consolidated spending at large chains perceived as safer and more reliable.

While department stores provide short-term resilience in moments of shock, the entire card ecosystem hinges on the fortunes of a handful of retailers.

Mature payment systems typically stabilise as usage broadens. Bangladesh's card economy has moved in the opposite

direction, suggesting expansion without institutional depth.

Penetration data further undercut the narrative of widespread adoption. Of the 5.28 crore cards in circulation, only about 28 lakh are credit cards, implying a penetration rate of roughly 1.6 percent in a population of about 17.5 crore.

Visa, which processes over two-thirds of card transactions in Bangladesh, acknowledges that credit card usage remains skewed toward higher-income and higher-middle-income groups.

"In recent days, however, increasingly we are observing that credit card usage is becoming more popular among the middle-income segment," Ahmed said, adding that this is true especially among young professionals, because of interest-free periods and various offers promoted by banks.

Credit card issuance growth — only about 75 percent over five years — indicates saturation within a narrow user base. Geography reinforces the same pattern.

"Card usage is much higher in Dhaka and Chattogram compared to the rest of the country. However, we have been observing increased contribution from other areas as well," said Ahmed.

He added that Visa observed good growth in domestic spending through credit cards in Bangladesh during the past few months.

Cross-border spending witnessed subdued growth. In November 2025, Bangladeshi cardholders spent about Tk 511 crore abroad, up from Tk 426 crore in March 2023. VISA attributes the trend partly to visa-related and corridor-specific constraints.

"Cross-border spending growth rate has been muted due to multiple reasons, including visa-related challenges in different corridors. We are hopeful that after the election, issues hindering card usage, particularly in cross-border, will be resolved and there will be encouraging growth in card usage," he said.

Structural barriers at home remain largely unaddressed. Small retailers resist card acceptance because of merchant discount rates. Traditional markets lack terminals and connectivity. Many service providers continue to operate on a cash-only basis. Until card spending spreads across transport, healthcare, education, utilities and informal retail sectors, credit cards will remain niche instruments rather than foundations of a cashless economy.

Our digital economy is growing more slowly than peers

TANVEER MOHAMMAD

Bangladesh is entering a decisive phase of its digital journey. With a new government soon to be in place and a young, ambitious population looking towards opportunity, the question is not whether technology will shape the future, but whether the ecosystem is ready to support that transformation.

Advanced technologies such as artificial intelligence are often described as transformative, but their real impact depends on the strength of the infrastructure, policies and skills that support them. In Bangladesh, telecommunications is the underlying operating system of the digital economy. It plays a central role through its contribution to GDP, job creation and foreign direct investment. Yet its ability to scale and evolve remains constrained.

In peer markets such as Malaysia, Thailand, India and Nepal, indirect telecom taxes range from 6 percent to 18 percent, far below prevailing levels in Bangladesh. Corporate tax rates of 20 percent to 35 percent in India, Sri Lanka and Thailand further strengthen their attractiveness for investment. Spectrum economics reinforces this gap. GSMA estimates that spectrum fees in Bangladesh already consume about 16 percent of operators' recurring revenue and could exceed 20 percent in the coming years.

At the same time, mobile network operators and internet service providers operate within the same digital and consumer ecosystem but are governed by very different tax frameworks. Mobile operators face an indirect tax burden of about 39 percent, alongside corporate income tax rates of 40 percent for listed and 45 percent for non-listed entities. ISPs, by contrast, are subject to 5 percent VAT and much lower corporate tax rates of 22.5 percent and 27.5 percent.

This divergence is reflected in usage and growth trends. In 2025, Wi-Fi traffic, largely carried by ISPs, accounted for about 64 percent of total data consumption. Over the same period, Wi-Fi data volumes grew by more than 23 percent year-on-year, compared with mobile data growth of about 15 percent at the industry level. The widening gap shows how ISPs scale faster under lower fiscal constraints, while mobile operators grow more slowly as they absorb heavier tax burdens, spectrum costs and the responsibility of maintaining nationwide connectivity.

Telecommunications is a capital-intensive industry. Frequent policy changes, ad hoc directives and procedural complexity introduce uncertainty that discourages investment, slows deployment and weakens innovation. Over time, this affects service quality and network resilience.

Equally important is the need for regular, timely and technically sound audit exercises aligned with the regulations applicable to the relevant period. At present, telecom audits often take place after long gaps and without sufficient sector-specific expertise, leading to interpretational disputes and prolonged litigation. In contrast, the Bangladesh Bank has engaged globally reputed audit firms to review private banks. A similar approach by the telecom regulator would strengthen governance, reduce disputes and build investor confidence.

Operating telecom networks is also becoming more expensive. Unlike most industries, telecom cannot defer investment. Networks must be continuously upgraded, expanded and secured. When costs outpace reinvestment capacity, the impact is structural, resulting in slower rollout, constrained capacity and delayed readiness for future technologies.

The digital economy is a complex technological system. Advanced applications are only as effective as the core infrastructure beneath them. Bangladesh has the demand, talent and ambition to lead the next phase of regional digital growth. Success, however, will depend not on access to technology alone, but on whether the operating environment enables sustained investment in resilient and scalable infrastructure.

Experiences from comparable economies that recognise telecom as essential national infrastructure point to the importance of principle-based regulation and enabling policies. These must be supported by rational, globally benchmarked taxation and spectrum pricing, along with the timely resolution of long-pending disputes through transparent arbitration.

The decisions made today will shape Bangladesh's digital trajectory for years to come. With the right choices, advanced technologies can drive productivity, employability and inclusion. Without them, the opportunity cost may be far greater than it appears.

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Bitcoin falls below \$80,000, continuing decline

REUTERS

Bitcoin, the world's largest cryptocurrency by market value, was down by 6.53 percent at \$78,719.63 at 12:48 p.m. ET (1748 GMT) on Saturday, continuing its decline from the previous session.

On Friday, bitcoin fell to as low as \$81,104, the lowest since November 21, while the US dollar gained after former Federal Reserve Governor Kevin Warsh was selected as the next Fed chair. Some investors and traders are concerned he might tighten up on cash in the financial system.

Warsh has called for regime change at the central bank and wants, among other things, a smaller Fed balance sheet.

Bitcoin and other cryptocurrencies have been regarded as beneficiaries of a large balance sheet, having tended to rally while the Fed greased money markets with liquidity — a support for speculative assets.

Brian Jacobsen, chief economist at Annex Wealth Management in Menomonee Falls, Wisconsin, said the Fed's "bloated balance sheet combined with heavy-handed bank regulation" had kept liquidity trapped on Wall Street instead of flowing to Main Street, helping fuel bubbles in assets such as bonds, crypto, metals and meme stocks.

Ether also fell 11.76 percent to \$2,387.77 on Saturday afternoon. Cryptocurrencies have been struggling for direction since tumbling last year, having been left behind by big rallies in gold and stocks.

"Sometimes these price adjustments feed on themselves," Jacobsen said, adding that Friday's abrupt drop had reminded people of the risks. He said it was "possible, if not likely, that we see more selling over the next few days."

Cryptos are having a rough time in what was once hoped to be a golden era of flows and friendly regulation under President Donald Trump. Market-leading bitcoin has lost a third of its value since striking record highs in October last year.

Warsh 'regime change' faces steep hurdles at sprawling US central bank

REUTERS, Washington

Kevin Warsh checks a long list of boxes for President Donald Trump as his pick to run the Federal Reserve, with longstanding political and social ties to the president, deep Wall Street connections and a well-tailored demeanor, but how deeply and quickly he will cut interest rates and how aggressively he will pursue his "regime change" at the Fed remain open questions.

Trump has called for rate cuts to what amount to crisis levels of perhaps 1 percent. That's an aim Warsh, an inflation hawk in his prior term as a Fed governor from 2006 to 2011, may find too aggressive, and which economic data and the views of his 18 policymaking colleagues may make impossible. Rate futures remained priced for just two quarter-point rate cuts in 2026 from the current 3.50 percent to 3.75 percent range, and did not move appreciably after Trump announced the nomination in a social media post.

Likewise, Warsh's years of Fed criticism, begun after he left the board in 2011 and intensified over the past year as Trump considered him to succeed current Chair Jerome Powell, now meet the challenge of how to turn think-tank speeches and newspaper op-eds into reform that can get through the Fed's Board of Governors, get sign-off from Trump and Treasury Secretary Scott Bessent, and clear the US Congress if it involves amending the Federal Reserve Act.

Change, in other words, may be easier said than done.

Warsh "is a pragmatist who won't want to lose market trust by making cuts that aren't warranted. His long history of concern about inflation suggests that he won't allow the economy to overheat," said Heather Long, chief economist for Navy Federal Credit Union. "He's been an outspoken critic of the Fed's balance sheet and groupthink. More clarity is needed on how far he intends to go" in pursuing other changes at the Fed.

It also may take more than just "breaking some heads" at the Fed, as Warsh put it in a July interview on Fox News, speaking of the people who are about to become his colleagues.

THWARTING 'INSTITUTIONAL DRIFT'

The Fed particularly in the last 20 years has become a complex, hybrid beast that grew with an expansion of power during

the financial crisis and through the pandemic. That may be just what Warsh and Treasury's Bessent, in recent writing, have in mind in their criticisms.

The Fed's mix of monetary policy powers, considered its sole province, along with the sort of regulatory authority that is usually situated in the executive branch, and controlling legislation set by Congress, has left even Supreme Court justices puzzled about exactly where the Fed fits in the federal system. It's a nerdy legal issue with deep ramifications. The question came up as the court considered whether Trump could fire Governor Lisa

of speeches from the 12 reserve bank presidents or even other governors to more closely control the messaging, or work more closely with Bessent and recast the Fed's relationship with the Treasury.

Warsh "appears to be predisposed to make more fundamental changes... particularly in the way the committee approaches forward guidance, relying too much on near-term forecasting and increased data-dependence," analysts with TD Securities wrote in an analysis of Warsh's nomination.

ECONOMIC MODELS UNDER THE SCOPE

Warsh's criticism of Fed modeling and



PHOTO: REUTERS/FILE

How deeply and quickly Kevin Warsh will cut interest rates and how aggressively he will pursue his "regime change" at the Fed remain open questions.

Cook, a question that becomes more tangled the more distant the Fed is seen as being from the US administration.

US stock indexes closed lower on Friday, with the Dow and S&P 500 each dropping less than half a percent, and the Nasdaq shedding almost one percent.

Some parts of what Warsh and others have criticized as "institutional drift" could be resolved internally. Under Powell, and given the direction of the Trump administration, for example, the Fed already stopped its involvement in a global climate change consortium and scaled back its work on issues around diversity, equity and inclusion.

The chair could shift the tone of Fed communications, discourage the array

forecasting in fact could provide an early test of his intentions. At his last press conference, Powell issued a challenge for the next chair: "If it's a question of using better models, bring them on. Where are they? We'll take them."

The Fed's large balance sheet has been a particular focus for Warsh. He opposed some of the "quantitative easing" conducted while he was at the Fed, supporting Chair Ben Bernanke in public votes but eventually resigning partly in protest.

He may find his hands tied there as well. The balance sheet is now intimately interwoven with the Fed's control of interest rates, and provides liquidity for banks and dollars for the world. Unless that changes, it can only shrink so far.

Trump says India will buy oil from Venezuela

REUTERS, Aboard Air Force One

US President Donald Trump on Saturday said India will buy Venezuelan oil, helping to replace some of the Russian oil that the world's third-biggest oil importer buys.

"We've already made that deal, the concept of the deal," Trump told reporters aboard Air Force One as he traveled to his vacation home in Florida from Washington.

Reuters reported on Friday that the United States has told Delhi it could soon resume purchases of Venezuelan oil to help replace imports of Russian oil, citing three people familiar with the matter. India stopped buying oil from Caracas last year after Trump in March imposed a 25 percent tariff on countries buying Venezuelan oil.

In his comments on Saturday, Trump said India would buy Venezuelan oil instead of Iranian crude. However, New Delhi stopped loading oil from Iran in 2019 due to US sanctions over Tehran's nuclear programme.

Indian refiners turned to US oil to make up for the loss of Iranian supply, then curbed US purchases and became the top buyer of Russian seaborne oil sold at a discount after Western nations imposed sanctions on Moscow for its invasion of Ukraine in 2022.

Trump in August doubled duties on imports from India to 50 percent to pressure New Delhi to stop buying Russian oil, and earlier this month said the rate could rise again if it did not curb its purchases.

However, Treasury Secretary Scott Bessent signaled in January that the additional 25 percent tariff on Indian goods could be removed, given what he called a sharp reduction in Indian imports of Russian oil.