

# Star BUSINESS



## Stocks jump to 18-month high after vote

Companies tied to election winners saw shares rise

### STAR BUSINESS REPORT

The stock market finally found its smile. Shares soared on the first trading day after the February 12 national election, lifting the main index to its strongest single-day gain in the past 18 months.

The benchmark DSEX climbed 200 points, or 3.7 percent, to 5,600. It marked the biggest daily jump since August 8, 2024, when investors cheered the prospect of sweeping reforms following the fall of the Awami League in a mass uprising.

This time, the trigger was different, but the mood felt familiar. Investors, sensing a political reset, rushed in.

Turnover, the total value of shares traded, surged 61 percent to Tk 1,275 crore. For the first time in five months, daily trading crossed Tk 1,000 crore. Of 394 traded stocks, 364 advanced while only 26 declined.

The message was somewhat clear. Confidence, at least for now, has returned.

Investors are betting that the BNP-led government, set to take office this week, will push ahead with reforms, strengthen oversight and perhaps bring some stronger companies to the market.

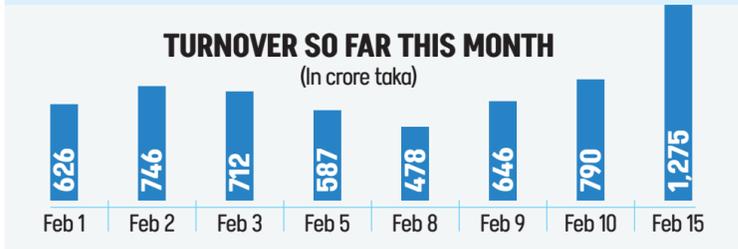
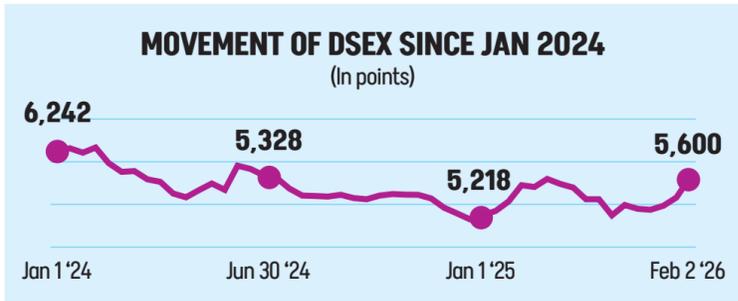
Market analysts point to the anticipation that foreign investors, who had earlier said they would return after a credible election, may now reconsider Bangladesh.

Hope is powerful in the stock market. When investors expect better days, they buy. When buying gathers pace, prices jump. That is precisely what unfolded.

During the tenure of the current interim government, reform efforts continued, yet the index swung between gains and losses over the past year and a half. Now, the election result has injected fresh optimism.

A closer look shows that yesterday's rally was not evenly spread.

Islami Bank fell nearly 5 percent, topping the losers' list. Ibn Sina also declined. Both firms are widely believed to have significant



TOP FIVE GAINERS			TOP FIVE LOSERS		
COMPANY	RISE	CATEGORY	COMPANY	FALL	CATEGORY
First Finance	10%	Z	Islami Bank	4.9%	A
Phoenix Finance	10%	Z	Zeal Bangla	3.9%	Z
One Bank	10%	B	Apex Spinning	3.6%	A
Tung Hai Knitting	10%	Z	Islamic Finance	3.6%	Z
Zaheen Spinning	10%	Z	Ibn Sina	2.9%	A

stakes held by leaders of Bangladesh Jamaat-e-Islami, whose electoral setback appeared to weigh on sentiment. In contrast, several companies linked to BNP leaders surged close to the daily limit of 10 percent.

## 700 MHZ BAND Teletalk to get spectrum despite Tk 5,500cr dues

### MAHMUDUL HASAN

The government has directed the telecom regulator to allocate a majority share of the remaining 700 MHz spectrum to state-owned operator Teletalk Bangladesh, despite the company having more than Tk 5,500 crore in unpaid spectrum fees and other liabilities.

The move has triggered questions over compliance with existing rules.

According to official documents seen by The Daily Star, the Posts and Telecommunications Division recently issued a directive to the Bangladesh Telecommunication Regulatory Commission (BTRC) to allocate 10 MHz to Teletalk from the 15 MHz that remained unsold in the 700 MHz band through an executive order.

The total spectrum earmarked for auction in this band was 25 MHz. On January 21, Grameenphone became the first mobile operator in Bangladesh to secure spectrum in the 700 MHz band, acquiring 10 MHz at the base price of Tk 237 crore per MHz.

The company will pay Tk 2,370 crore for the allocation. Grameenphone was the only bidder in the auction. Anticipating limited participation, the BTRC had revised its auction rules beforehand, reducing the maximum amount a single operator could acquire from 15 MHz to 10 MHz. As there was no other bidder, Grameenphone was awarded 10 MHz, leaving 15 MHz unallocated.

The government has now moved to allocate 10 MHz of that remaining spectrum to Teletalk, leaving only 5 MHz unassigned.

The decision has raised concerns because existing spectrum guidelines generally bar operators with outstanding dues from receiving fresh allocations.

Teletalk currently owes Tk 5,506 crore in unpaid spectrum fees and other liabilities.

BTRC Chairman Md Emdad ul Bari confirmed receiving the government's letter requesting the allocation.

He said Teletalk had earlier sought spectrum from this band but was declined on the grounds that allocating it without auction would be uncompetitive.

"Since the allocation has already been completed to an operator after calling an auction and 15 MHz remains unsold, the government can allocate the remaining spectrum," he told The Daily Star.

READ MORE ON B3

## Broken trust: New govt faces battle to clean up banks

### MD MEHEDI HASAN

Faruk Hasan lies bedridden in his home, recovering from bypass surgery. The 64-year-old heart patient needs regular medication to stay alive, but he cannot access the money to pay for it. His life savings — Tk 80 lakh in fixed deposits — remain frozen at Aviva Finance, a financial institution now on the verge of liquidation.

"I needed urgent money for my regular treatment, but the financial institution is not paying it back even after the deposit matured," a frustrated Hasan told The Daily Star. "Will the new government be able to help me get back my money?"

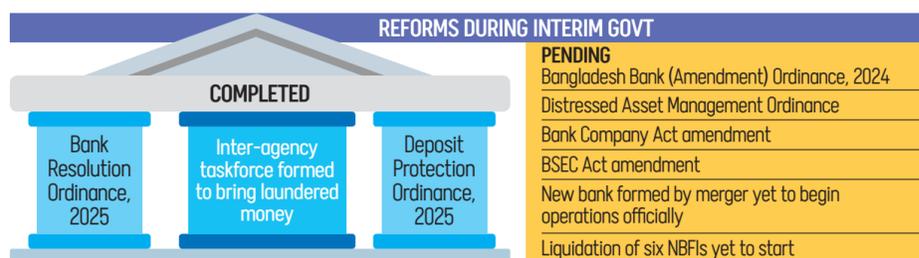
His question captures the anxiety of thousands of Bangladeshis trapped in a financial crisis that has been

years in the making. Despite casting his vote in the February 12 election while ill, Hasan remains uncertain whether the political transition will bring relief or simply more broken promises.

Aviva Finance is one of six financial institutions the interim government has designated for liquidation following massive irregularities and scams that flourished during the Awami League's 16-year rule. But the rot extends far beyond these six institutions.

The new Bangladesh Nationalist Party (BNP)-led government, set to be formed this week, now inherits a banking sector in crisis, with trust shattered and billions in deposits at risk.

**A CRISIS HIDDEN IN PLAIN SIGHT**  
For years, the scale of Bangladesh's



financial troubles remained obscured. Only after the interim administration took power and ordered forensic audits did the full picture emerge, and it was far worse than anyone had publicly acknowledged.

Non-performing loans (NPLs) in the banking sector reached a historic

high of 35 percent of all outstanding loans by September last year, totalling Tk 6.44 lakh crore.

Just two months before the August 2024 political changeover, bad loans stood at Tk 2 lakh crore.

The explosive growth in problem loans revealed systemic manipulation

that had been masked for years.

"Now we know that the country's bad loans exceed Tk 6 lakh crore, but collateral against these loans is very minimal," said Mustafizur Rahman, distinguished fellow at the Centre for Policy Dialogue (CPD). "This is one of the major challenges for the next

government."

The interim government attempted to address the crisis by initiating mergers of five troubled banks, but is set to leave office without completing the process.

Depositors at those institutions remain unable to access their funds, their situation exemplifying the broader paralysis gripping the financial sector.

According to Mashrur Arefin, chairman of the Association of Bankers Bangladesh (ABB) and managing director of City Bank, the new government inherits a banking system strained by three interlocking problems — weak governance, weak balance sheets, and weak policy credibility.

High non-performing loans,

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## Imported goods push up inflation in Oct-Dec

Contribution of locally produced goods declines: BB report

### STAR BUSINESS REPORT

The contribution of imported goods to inflation rose in the October-December quarter of the ongoing fiscal year 2025-26 (FY26), reflecting higher prices of items brought from abroad.

In contrast, the contribution of domestically produced food and non-food items to inflation declined during the same period, according to a Bangladesh Bank (BB) report on inflation dynamics published yesterday.

Overall inflation, measured by the consumer price index, eased slightly, averaging 8.3 percent in the October-December quarter, down from 8.4 percent in the July-September quarter of FY26.

The average contribution of import-dependent items to inflation increased to 30 percent in the October-December quarter, up from 24 percent in the previous quarter, while the share of domestically produced items declined to 70 percent from 76 percent.

BB said that the country faced historically high inflation in the first two quarters of FY25, which began to ease in the third quarter and continued

moderating through the second quarter of the current fiscal year.

Food inflation, which stayed in double digits in the first half of FY25, dropped to single digits in the second half and fell further to an average of 7.4 percent in the October-December quarter.

Retail and wholesale prices of most selected commodities declined, except for soybeans and onions.

"Notable price increases were seen in chicken and onions in both retail

and wholesale markets compared to the previous quarter," the report said.

Non-food inflation remained high but broadly stable, averaging about 9.5 percent in FY25. It began to ease slightly in the second quarter of FY26, falling to an average of 9.1 percent.

The report identified protein-based foods, cereals, and spices as the main drivers of food inflation.

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# Bank Asia, Chef's Table sign deal on Ramadan privileges for cardholders

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Bank Asia PLC has signed an agreement with Chef's Table to offer Ramadan privileges to its debit and credit cardholders.

Kazi Saiful Islam, general manager for sales and operations at Chef's Table, and Zishan Ahammad, head of cards, ADC and internet banking at Bank Asia PLC, signed the agreement at the former's office in Dhaka recently, according to a press release.

Under the agreement, Bank Asia cardholders will enjoy a 10 percent discount at all Chef's Table outlets throughout the holy month of Ramadan.

This collaboration reflects Bank Asia's continued commitment to enhancing the customer experience by delivering added value and exclusive lifestyle benefits, especially during Ramadan.

Other senior officials from both organisations were also present at the signing ceremony.



Zishan Ahammad, head of cards, ADC and internet banking at Bank Asia PLC, and Kazi Saiful Islam, general manager for sales and operations at Chef's Table, pose for a photograph after signing the agreement at the latter's head office in Dhaka recently.

PHOTO: BANK ASIA

# BRAC Bank launches Monipuripara sub-branch in Dhaka



Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, inaugurates the new sub-branch at Monipuripara in Tejgaon, Dhaka recently.

PHOTO: BRAC BANK

STAR BUSINESS DESK

BRAC Bank PLC has recently launched a new sub-branch at Monipuripara in Dhaka.

With this addition, the bank's sub-branch network now stands at 116, according to a press release.

Tareq Refat Ullah Khan, managing director and CEO of BRAC Bank PLC, inaugurated the sub-branch at JDPC Bhaban, Monipuripara in Tejgaon, Dhaka, as the chief guest, the press release said.

The area is well known for its Monipuri ethnic community, residential neighbourhoods and growing urban establishments, offering BRAC Bank a strong opportunity to serve a diverse customer base with more convenient and enhanced banking services.

The new sub-branch will offer a range of modern banking services, providing convenience to both individual and business customers.

Customers can avail themselves of services such as account opening, cash deposits and withdrawals, deposit pension schemes, fund transfers using EFTN and RTGS, remittance services, utility bill payments, credit cards, student file processing, consumer loans, debit cards and chequebook processing, Astha App enrolment, school banking and savings instruments, among others, except foreign exchange services.

The bank's expansive network includes 310 branches and sub-branches, 330 ATMs, 446 SME Unit Offices and 1,117 agent banking outlets, making it one of the largest in Bangladesh.

# Uttara Bank opens relocated Kalabagan branch in Dhaka

STAR BUSINESS DESK

Uttara Bank PLC yesterday opened its relocated Kalabagan branch at Green Landmark Tower on Mirpur Road in Dhaka.

Md Abul Hashem, managing director and CEO of Uttara Bank PLC, inaugurated the relocated branch as the chief guest, according to a press release.

Maksudul Hasan, additional managing director of the bank, Md Rezaul Karim and Md Rafiul Islam, deputy managing directors, attended the event.

Madhu Sudan Sardar, executive general manager and zonal head for the Dhaka North Zone, and Md Rabiul Hasan, general manager of the public relations division, along with local businessmen and clients, were also present.



Md Abul Hashem, managing director and CEO of Uttara Bank PLC, inaugurates the bank's relocated Kalabagan branch at Green Landmark Tower on Mirpur Road in Dhaka yesterday.

PHOTO: UTTARA BANK

# Midland Bank organises annual agent banking conference



Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, poses for a group photograph with participants of the bank's agent banking conference at Six Seasons Hotel in Dhaka recently.

PHOTO: MIDLAND BANK

STAR BUSINESS DESK

Midland Bank PLC recently launched its agent banking service, branded "Apar Shathe Apar Pashe", aimed at expanding modern banking services to the unbanked population.

Md Ahsan-uz Zaman, managing director and CEO of Midland Bank PLC, inaugurated the daylong conference as the chief guest at Six Seasons Hotel,

Gulshan in Dhaka, according to a press release.

The initiative particularly focuses on small entrepreneurs, school banking and farmers, in line with the bank's commitment to financial inclusion and wider access to banking services across the country.

The bank continues to provide both conventional and Islamic agent banking services through its agent banking centres. Customers can

access a wide range of modern, technology-based conventional and Islamic banking services.

Facilities available at the bank's agent banking outlets include opening savings and current accounts, cash deposits and withdrawals, fund transfers, and transfers through BEFTN and RTGS to any bank account.

Customers can also receive foreign remittances, apply for cheque books and debit and credit cards, and avail themselves of micro, medium and krishi loans. The bank awarded top performers in different categories with crests and certificates in recognition of their outstanding performance throughout the year.

Currently, the bank operates 142 agent banking centres in 30 districts and 81 upazilas across the country.

Md Zahid Hossain, deputy managing director and CRO; Md Nazmul Huda Sarkar, deputy managing director, head of IT and CTO; and Javed Tarek Khan, head of the institutional banking division, along with members of the Midland Bank agent banking rollout committee, divisional heads, heads of branches and business development officers of agent banking centres, were also present.



Najith Meewanage, chief executive officer of the Commercial Bank of Ceylon PLC Bangladesh Operations, inaugurates the new space for its corporate banking department at the bank's head office in Gulshan, Dhaka recently.

PHOTO: COMMERCIAL BANK OF CEYLON

# Commercial Bank of Ceylon unveils new corporate banking space in Gulshan-2

STAR BUSINESS DESK

The Commercial Bank of Ceylon PLC Bangladesh Operations has opened a new space for its corporate banking department at its head office in Gulshan-2.

Najith Meewanage, chief executive officer of the Commercial Bank of Ceylon PLC Bangladesh Operations, inaugurated the office space as the chief guest.

This move underscores the bank's long-term commitment to Bangladesh's financial sector, according to a press release.

By investing in a high-capacity, tech-enabled environment, the bank is positioning itself to better support

the evolving needs of its corporate partners.

The new facility is designed to enhance operational efficiency and facilitate more sophisticated financial solutions, ensuring that the bank remains at the forefront of corporate banking excellence.

Haily Algewatte, deputy chief executive officer and chief operating officer of the bank; Mahmud Hossain, deputy CEO and head of corporate banking; Samantha Ratnayaka, chief risk and investment strategy officer; and Fatema Zohora, senior assistant general manager for corporate banking, along with members of the bank's management committee and heads of departments, were also present.

# Halal certification opens gateway for Vietnamese goods

ANN/VIETNAM NEWS

The rising number of Vietnamese agricultural and food products obtaining Halal certification creates a great opportunity for domestic goods to penetrate rapidly global Muslim market.

As Vietnam accelerates efforts to restructure its export markets, the Halal market is emerging as a promising avenue for deeper trade integration, aligned with the country's long-term vision of sustainable growth.

The nation's export market restructure includes to diversify markets and reduce reliance on traditional trading partners.

According to international organisations, the global Muslim population now exceeds two billion people, accounting for roughly 25 per cent of the world's population. The Halal economy is projected to reach approximately US\$5 trillion by 2030, extending well beyond food and beverages into cosmetics, pharmaceuticals, logistics, tourism and Islamic finance.

Notably, the Halal market is no longer a niche market, but an increasingly comprehensive consumer market, where ethical standards, traceability, transparency and production integrity are prioritised.

**The global Halal economy is projected to reach approximately US\$5 trillion by 2030, extending well beyond food and beverages into cosmetics, pharmaceuticals, logistics, tourism and Islamic finance**

Non-Muslim consumers are also gravitating towards Halal products, viewing certification as a guarantee of quality, safety and sustainability.

With its strengths in tropical agriculture, food processing and deep integration through next-generation free trade agreements (FTAs), Vietnam is widely regarded as having significant potential to develop a structured Halal industry.

However, to turn that potential into a competitive advantage, Halal certification is not just a standard, also must be as an industry-wide development strategy.

Increasingly, firms are engaging with the Halal market in a proactive and strategic manner. HR Essence Co, Ltd has recently announced that several of its product have obtained Halal certification from the National Halal Certification Centre, including coffee, cereals and premium bird's nest cereals.

The significance is not in the number of certified products but in the company's approach. According to Huong Nguyen, chairwoman of HR Essence, entering the Halal market requires a comprehensive restructuring of the value chain, from sourcing raw materials and production processes to quality management systems, branding and market access strategies.

In this sense, Halal is not merely a passport to export markets, but a filtering mechanism that compels businesses to raise governance standards, standardise procedures and invest seriously in intrinsic product value.



Charghat and Bagha in Rajshahi are known for producing turmeric powder, with many village households growing and processing the roots on a small commercial scale. Though not a mainstream crop, turmeric is widely grown by households across the country for their own year-round use. In the two northwestern upazilas, after harvest, the roots are dried, cleaned and sorted before being ground in machines. The finished powder can fetch up to Tk 8,000 per maund.

PHOTO: AZAHAR UDDIN

# AI chatbots emerge as new frontier for advertisers

AFP, Paris

The introduction of advertisements and sponsored content in chatbots has spawned privacy concerns for AI users as brands scramble to stay relevant in a fast-changing online environment.

ChatGPT developer OpenAI began showing ads in chatbot conversations for free and low-cost users to start balancing its hundreds of billions in spending commitments with new revenue sources.

It swiftly came in for mockery from rival Anthropic, which has staked its reputation on safety and data security.

Anthropic's advertisement broadcast during last week's Super Bowl showed a man asking advice from a conversational AI, which then shoehorns advertising copy for a dating site into its otherwise relevant response.

OpenAI boss Sam Altman shot back that the clip was "clearly dishonest".

Beyond OpenAI, Microsoft has been running contextual ads and sponsored content in its Copilot AI assistant since 2023.

AI search engine Perplexity has been testing ads in the United States since 2024, while Google is also testing ads in the AI "overviews" its namesake search engine has been offering since last year.

Google has repeatedly denied wanting to run ads in its Gemini chatbot, with Demis Hassabis — head of the search giant's DeepMind AI arm — saying that ads "have to be handled very carefully".

"The most important thing" in AI is "trust in security and privacy, because you want to share potentially your life with that assistant," he added.

OpenAI has sought to reassure users that ChatGPT's responses will not be modified by the ads, which are shown alongside conversations rather than being integrated into them.

It has also promised not to sell user data to advertisers.

AI companies are "concerned that selling ads will scare away users," said Nate Elliott, an analyst with US data firm Emarketer.

But "when it's free, you're the product. It's a risk we're all more or less aware

of already," said Jerome Malzac of AI consultancy Micropole.

"We accept it because we find value in it."

If that proves true, advertisers will be delighted to surf the AI wave as it crashes over the world's internet users.

## AI assistants could account for up to two percent of the online advertising market by 2030

"It's going to be a game changer for the entire industry," said Justin Seibert, head of Direct Online Marketing.

"We're already seeing how high the conversion rates (interactions resulting in a purchase) are for people that are coming in from ChatGPT and the other LLMs (large language models)," he added.

AI assistants could account for up to two percent of the online advertising market by 2030, HSBC bank analysts suggested in a report.

Many brands are already prioritising

visibility on the new channel, including US supermarket chain Target and software maker Adobe.

Beyond buying a spot on users' screens, companies are also pushing for their products to appear in chatbots' organic responses.

The practice is known as GEO (Generative Engine Optimisation) — an evolution of the Search Engine Optimisation strategy during the era of Google's dominance over the web.

"We identified 90 rules that can make sure the content you create is valued by AI and spread to the right places," said Joan Burkovic, head of French GEO startup GetMint.

The company already claims 100 clients, including fashion brand Lacoste.

Malzac highlighted techniques like including references to scientific papers, adding a "frequently asked questions" section to your website, and posting information that's structured and regularly updated, Malzac said.

"If your brand isn't referenced (by chatbots) it no longer exists" for some users, he warned.

# Chinese tourists favour Russia, Thailand as Japan demand fades

ANN/THE NATION

Chinese tourists are expected to travel overseas in greater numbers during the upcoming Lunar New Year break, with popular destinations including Russia, Australia, Thailand and South Korea, while Japan has started to lose some of its appeal, Reuters reported.

The Lunar New Year — also known as the Spring Festival — is one of China's longest holidays. In 2026, it will run for nine days from February 15, one day longer than usual, ushering in the Year of the Horse.

Chinese authorities expect a record 9.5 billion passenger trips during the associated 40-day Spring Festival travel rush, up from 9.02 billion last year. Officials hope the longer holiday will encourage more travel both domestically and abroad.

Zhou Weihong of Shanghai-based Spring Tour, the travel arm of budget carrier Spring Airlines, said Thailand has returned to being the top outbound destination because of its warm weather while much of China remains cold.

Against an uncertain economic backdrop, the report noted that many consumers appear to be seeking a brief escape. A prolonged property downturn has eroded household wealth, while uneven post-pandemic growth has fuelled job insecurity.



PHOTO: AFP

A Chinese tourist from Beijing poses in front of the Kremlin's Spasskaya tower and St Basil's cathedral in central Moscow on February 4.

Studies cited in the report suggest Chinese consumers are placing greater priority on spending on "experiences". McKinsey has described this as a deeper shift in how China consumes.

For domestic trips, demand is split between warm-weather destinations such as Hainan and snow-focused trips such as Changbai Mountain in Jilin province in northeastern China.

**Russia surges on visa waiver; Australia up more than 100%**

Bookings to Russia on Spring Tour's platform have more than doubled from a year earlier, with northern Europe also seeing similar growth. Sienna Parulis-Cook of Dragon Trail Research said Chinese travel to Russia is likely to keep rising this year, helped by Moscow's move in December to waive visas for visitors from China.

Meanwhile, Trip.com Group said the recovery in long-haul outbound travel has driven the number of Chinese tourists travelling to Australia to rise by more than 100 percent from a year earlier.

## Stocks jump

FROM PAGE B1

For instance, Dacca Dyeing, owned by BNP leader Giasuddin Quader Chowdhury, rose 9.94 percent despite struggling for nearly a decade.

National Bank, where BNP leader Abdul Awal Mintoo has ownership, climbed 9.7 percent. The bank sits in the "Z" category, a classification usually assigned to financially weak companies.

Dhaka Bank, linked to BNP Standing Committee member Mirza Abbas, also gained 9.6 percent.

At the Dhaka bourse, all major indices advanced yesterday. The DS30, which tracks blue-chip stocks, rose 86 points, or 4.18 percent, to 2,145. The DSES, which follows shariah-based firms, added 30 points, or 2.77 percent, to 1,127.

Notably, none of the top five gainers belonged to the "A" category, generally considered financially sound. That leaves a question: are investors backing solid businesses, or simply placing bets on political proximity?

Market observers say a degree of optimism is natural after a change in government. Still, they caution against blind enthusiasm.

"If you buy a rotten apple, what will you do with that?" said Saiful

Islam, president of the DSE Brokers Association (DBA).

Itekhhar Alam, president of the Bangladesh Merchant Bankers Association, said improved governance and recent legal reforms have lifted sentiment.

He expects more quality firms to enter the market through initial public offerings (IPO).

At the same time, he acknowledged the wider economy remains under strain. Inflation is high. Foreign exchange reserves are yet to stabilise fully. Several banks are still fragile.

That suggests the rally is built more on expectation than on hard economic evidence, he commented.

Other analysts share that view. Political transitions often spark short-term surges. Without stronger corporate performance, better governance and a steady economic recovery, gains can evaporate as quickly as they appear.

The upbeat mood extended beyond Dhaka. At the Chittagong Stock Exchange, the CASPI index climbed 484 points, or 3.2 percent, to 15,518.

DBA president Islam said investors have to be very mindful in the coming days, and they should not invest in rumour-based stocks.

## Teletalk to get spectrum

FROM PAGE B1

When asked about Teletalk's unpaid dues, Bari acknowledged that spectrum guidelines prohibit giving spectrum to operators with outstanding payments.

However, he added that "there is an arrangement for this" and that Teletalk has received spectrum under similar arrangements before.

Teletalk currently serves about only 68 lakh users out of Bangladesh's roughly 18.6 crore mobile subscribers, approximately 3.66 percent of the market.

Teletalk currently has 55.2 MHz out of a total 396.6 MHz of spectrums allocated to the operators, accounting for around 14 percent of

total spectrum allocations.

The 700 MHz band, often described globally as the "golden spectrum", is prized for its technical advantages. As a low-frequency band, it travels longer distances, penetrates buildings more effectively and requires fewer towers to provide coverage compared to higher-frequency bands.

The advantages makes it particularly suitable for expanding coverage in rural areas, improving indoor connectivity in cities and supporting both 4G expansion and future 5G deployment.

In contrast, higher-frequency spectrum can carry more data but covers shorter distances and is more easily obstructed by physical barriers.

## Broken trust: New govt faces battle

FROM PAGE B1

repeated loan scams, and related-party lending have eroded confidence, he also noted.

**THE BROADER ECONOMIC MALAISE**

The banking crisis is only one dimension of the economic challenges facing the new government. Inflation continues to punish ordinary Bangladeshis, particularly those with lower and middle incomes, whose purchasing power has steadily eroded.

The 12-month average inflation rate stood at 8.66 percent in January, far above the Bangladesh Bank's target of bringing it below 7 percent, according to the Bangladesh Bureau of Statistics (BBS).

Despite an aggressive monetary tightening campaign that raised the policy rate from 6 percent to 10 percent over three years, price pressures have refused to yield.

"People's purchasing power has decreased due to high inflation, and that inflationary pressure must be cooled down by any means," said Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank (MTB) and former ABB chairman.

Speaking about other challenges for the next government, he noted that businesses face prohibitively expensive borrowing costs while consumers cut back on spending.

This has contributed to the weak growth that Moody's recently highlighted when warning that Bangladesh's banking sector faces mounting strains from economic headwinds and political uncertainty.

Meanwhile, Rahman also noted that foreign debt servicing costs continue to climb, rising 17 percent to \$7.09 billion at the end of June last fiscal year.

Add to this a chronically low tax-to-GDP ratio, energy security concerns, and the need for judicial reforms in the financial sector, and the scale of the challenge becomes clear, the senior banker pointed out.

**EXPERT PRESCRIPTIONS**  
Economists and banking leaders

agree that addressing Bangladesh's financial crisis will require more than superficial fixes. The new government must pursue fundamental reforms, and do so for the right reasons.

"These reform initiatives must be undertaken for the sake of improving financial health, not for political reasons," CPD's Mustafizur Rahman emphasised.

He called for continuing and deepening reforms initiated by the interim administration: merging weak banks and non-bank financial institutions, restructuring boards, and amending the Bank Company Act and the Bangladesh Bank Order.

Allowing financial institutions, including the central bank, to operate independently will be critical to success, he stressed.

City Bank's Arefin laid out a three-part reform agenda.

First, governance must be the priority. "Reform must focus on two words: Governance First," he said.

"Enforce 'fit and proper' tests for bank directors and CEOs, tighten beneficial ownership disclosure, revisit director tenure and debunk the family definition myth, and then align the Bank Company Act with Basel Core Principles," he added.

Second, he said the capital and resolution crisis demands immediate attention. System-wide capital has fallen to dangerous levels, creating hidden solvency problems and forcing repeated recapitalisation attempts.

"The priority is an independent asset quality review followed by a time-bound recapitalisation plan, limited to banks that accept strict restructuring conditions such as write-offs, governance reforms, and recovery targets," Arefin said.

Third, state-owned banks require consolidation and governance overhauls to stop the fiscal bleeding and restore discipline. Any mergers must be tied to accountability and staffed by professional boards, not political appointees.

Finally, Arefin stressed the need for institutional alignment. "Monetary policy and financial stability must be aligned through

clear communication and operational independence. Stronger enforcement, faster insolvency processes, better credit data, and transparent reporting are essential to rebuild trust and predictability."

CPD's Mustafizur Rahman added that the current tight monetary policy, while aimed at controlling inflation, is strangling investment.

"It will be very difficult to boost investment while keeping the cost of funds so high," he said.

Talking to the Daily Star, Birupaksha Paul, professor of economics at the State University of New York in Cortland, US, said that a developing country like Bangladesh always faces challenges in the financial sector. However, the interim government has added fuel to the fire, as during its tenure, the law-and-order situation worsened to a new low.

"The BNP government must fix that first before paying any attention to the financial sector," he said, adding that the wounds in the financial sector mainly include the falling index in the capital market, the rising volume of default loans, and most notably the rising public borrowing from the banking sector.

"Without making a new separate ministry for revenue, which would have been a proper step, the interim government broke NBR in two to increase revenue, which acted like a boomerang for public finance," he noted.

"The new government's toughest challenge will be revenue mobilisation, without which implementing the pay-scale will be suicidal," the economist said, noting that the interim government raised the issue of pay-scale rather untimely, and it will act as a landmine for the new government.

Behind the statistics and policy prescriptions are people like Faruk Hasan, whose lives hang in the balance. His Tk 80 lakh represents decades of work and sacrifice, now locked away in an institution that may never return it. His need for medication is immediate;

the bureaucratic and financial machinery's response is anything but.

"Rebuilding trust in the financial sector, especially in banks and financial institutions, is one of the major challenges for the new government," Hasan observed.

## Imported goods

FROM PAGE B1

Protein-based products remained the largest contributor, accounting for 62.8 percent of overall food inflation in the October-December quarter.

Cereals accounted for 1.4 percent of food inflation, while vegetables' contribution dropped by 13.38 percent compared to the previous quarter.

The share of perishable goods fell to 32.8 percent in the October-December quarter from 34.1 percent in the first quarter, while non-perishable goods' share rose to 48.9 percent from 46.7 percent, reflecting slight price pressures.

Services contributed 18.3 percent to inflation in the second quarter, down from 19.2 percent in the July-September period a year ago.

## Vietnam licenses Starlink

AFP, Hanoi

Vietnam has granted a licence to Elon Musk's Starlink to operate its satellite internet services in the communist country, a government agency said.

The radio frequency regulator said local unit Starlink Services Vietnam Co. can initially deploy four gateway stations and a maximum of 600,000 terminal devices in Vietnam.

The licensing requires Starlink to ensure "no interference with existing radio communication networks", the Radio Frequency Management authority announced on Saturday.

The Starlink system would contribute to "expanding satellite internet connectivity" in the country, it added.

# Agent banking credit expands as rural demand picks up



PHOTO: TITU DAS

## TREND OF LENDING AGAINST DEPOSIT COLLECTION THRU AGENT BANKING

(In %)  
SOURCE: BB



### STAR BUSINESS REPORT

The loan-to-deposit ratio (LDR) in agent banking surged to 70.44 percent in the October-December quarter of 2025, indicating a year-on-year increase driven by a gradual rise in credit disbursements in rural areas.

According to the Bangladesh Bank (BB) quarterly report on agent banking released recently, the LDR in agent banking was 57.27 percent in the same period of the previous year. The steady growth in the LDR indicates a positive trend in loan disbursement through the channel.

The LDR measures a bank's liquidity by comparing total loans to total deposits, indicating how much of its deposits are lent.

In the reporting quarter, LDR in rural areas alone stood at 54.55 percent, whereas it was 51.71 percent in the preceding July-September quarter.

"Rural people are still getting fewer loans against their deposits compared to urban areas. But the increasing trend indicates a gradual increase in loan disbursement in rural areas," the central bank said in the report, adding that it is closely monitoring the progress and emphasising the disbursement of loans to rural people to stimulate the rural

economy.

Compared to the previous quarter, lending through agent banking grew 9.75 percent to Tk 35,023 crore in the final quarter of 2025. BB attributed this growth to increased interest among banks in developing feasible infrastructure for loan disbursement and recovery through agent outlets. Currently, 23 out of 30 banks are involved in lending through agent banking.

"The trend of banks' engagement in lending seems promising as the volume of credit disbursement through agent banking is increasing," BB said.

Since access to finance remains a key challenge for financial inclusion, BB added that lending through agent banking is particularly beneficial for rural customers in a developing country like Bangladesh.

As of December 2025, rural customers received Tk 22,428 crore, or 64.04 percent of the total loans disbursed through the agent banking channel. This is in line with the objective of agent banking to enhance rural access to finance, BB said.

However, a significant gender gap persists in credit distribution. Male borrowers received Tk 29,387 crore, accounting for 83.91 percent of the total loans. In contrast, female borrowers

received only Tk 4,472 crore, or 12.77 percent.

"Nevertheless, there remains significant potential to identify more female entrepreneurs in rural areas who can access finance from banks through agents," BB said.

**RURAL AREAS LEAD IN DEPOSITS**  
The total amount of deposits through agent banking reached Tk 49,720 crore at the end of December 2025; the major share – 82.69 percent – of this was collected from rural areas.

A gender gap was prevalent in this case as well, with deposits in male customers' accounts at 58.19 percent, significantly higher than the 36.96 percent held in female customers' accounts, the report shows.

Compared to the previous quarter, deposits through agent banking increased by 4.23 percent in the reporting quarter. Deposits in rural areas grew by 4.02 percent and in urban areas by 5.28 percent.

Over the past two years, the number of accounts has increased by 20.60 percent, whereas the amount of deposits has scaled up by 36.75 percent.

"So, it can be perceived that the accounts opened through agent banking are mostly active," BB said in the report.

### REMITTANCE INFLOW RISES

The amount of inward remittances received through agent banking rose to over Tk 2 lakh crore in the October-December quarter of 2025, a 6.02 percent increase compared to the previous quarter. The central bank attributes this rise to the government's initiative to provide a 2.5 percent cash incentive on inward remittances.

Out of the total inward remittances through agent banking, the rural population received 90.06 percent.

"The major share of the remittances is going to the rural areas, which is expected to rejuvenate the rural economy," BB said in the report.

In remittance distribution, agent banking is providing a doorstep service, especially in rural areas, the report said, noting that in the December quarter, Tk 11,376 crore in remittances was disbursed through agent banking.

Female-owned outlets distributed almost 2.23 percent of the total remittances handled through agent banking, the report added.

"In a nutshell, agent banking is playing a pivotal role in providing adequate financial services, especially for rural women, small business entrepreneurs and beneficiaries of remittances," BB concluded.

# Bangladesh missed the China plus one moment

MANWAR HOSSAIN

When global manufacturers shifted capacity out of China, Vietnam treated it as an emergency opportunity. Bangladesh, despite the conferences, the panels and decades of ambition, did not just underperform. In plain words, we failed.

Vietnam planned carefully to make itself the obvious choice. Its investment and export machine reached a scale that matched the global investor mindset, driving exports to a record \$405.53 billion in 2024.

Foreign investment followed, reaching a record \$25.35 billion in disbursed FDI. Vietnam's FDI sector ran a trade surplus of \$50.3 billion last year, proving that a coordinated strategy allows foreign investors to export enough to pay for their imports while leaving the country with a net foreign exchange surplus.

Anchors matter. Samsung, Vietnam's largest investor, has \$23.2 billion registered and reported \$54.4 billion in exports in 2024. One company created a complete ecosystem of suppliers, logistics and skills, even necessitating hospitals and universities. One anchor can lift an entire nation. But Vietnam's real product is certainty in delivery. That reputation was earned, not proclaimed. Vietnam gave investors a simple pitch: produce here and sell globally with preferential access.

Bangladesh, by contrast, offered smoke and no fire. According to BB data, net FDI fell to a five-year low of \$1.27 billion in 2024. That figure explains why investors rejected us. For years, we competed on cheap labour. I have often argued that cheap labour is a trap, not a strategy. Vietnam competed on a plan, and in the China Plus One era, the plan won.

How can we attract foreign investors when our own local investors feel exposed? If we cannot protect Bangladeshi

entrepreneurs from policy shocks and administrative paralysis, why would a global investor feel safe?

Manufacturing runs on inputs, not promises. The World Bank and ADB have both pointed to tight liquidity and import obstacles as factors hampering investment.

Reluctance among banks and central bank restrictions in adjusting for the impact of devaluation on working capital could trigger the next tsunami.

The US State Department 2024 statement flags a lack of financial and regulatory predictability. Multinationals dislike ambiguity around moving money and settling obligations. In Bangladesh, reality is too often negotiable, whether in approvals, compliance interpretations or road blockades. Investors do not only compare tax rates. They compare the time to deliver. Vietnam understood that business is business and time is money.

Our entrepreneurs face a harsh pattern where the system's instinct is punitive rather than rehabilitative. Income tax is collected before manufacturing begins, and export duty drawbacks can take years to process. Industrial land clearance remains extremely difficult. Without meaningful transitional protection, pioneers struggle to survive against Chinese products during their learning curve.

Bangladesh dreams that investment will arrive because of cheap labour and its strategic location. Global capital is too sophisticated not to notice the gap between promise and delivery.

If we want to re-enter the conversation, we need less proclamation and more machinery. A practical reset must begin by proving we can protect our own investors. We must establish a transparent foreign exchange rulebook with published timelines for profit repatriation and pick core industries carefully. Packaged food, halal meat, software, electronics assembly, light engineering, agro machinery, manmade fibre and textiles, leather goods and shoes are possible candidates. The aim should be high-value added finished goods whose raw materials can be sourced locally and whose backward linkages attract supporting industries and build specialised cities with complete ecosystems.

Next, we must pursue a trade strategy with urgency. Free trade agreement leverage allows easier market access. Finally, we must create a true one-stop solution with real authority, replacing the current stop-all solution feel desk.

Bangladesh can still win a share of the next wave. But we must stop dreaming and start accepting reality. The country now needs a plan.

The writer is the chairman of Anwar Group of Industries

# WTO chief flags risks of China's huge trade surplus

AFP, Munich

The head of the World Trade Organization on Friday urged China to change its growth model, arguing that its soaring trade surplus was ultimately unsustainable and risked sparking new trade barriers.

Beijing says it wants to support the multilateral trading system, "because it has benefited quite a bit from it", WTO chief Ngozi Okonjo-Iweala told the Munich Security Conference.

However, "the export-led growth model that drove China's growth for the past 40 years cannot drive China's growth for the next 40," said Okonjo-Iweala. "And the \$1.2 trillion trade surplus is not sustainable. Because the rest of the world cannot absorb it," she added.

"And if China does not act, we will see more barriers."

China's trade surplus hit a record \$1.2 trillion last year. This was despite a sharp decline in its trade with the United States, as a fierce trade war between the world's two largest economies revived after President Donald Trump's return to the White House.

Other trade partners more than filled the gap, increasing Chinese exports overall by 5.5 percent in 2025, while imports stayed flat in dollar terms.

China's economy expanded five percent in 2025, Beijing said Monday, one of its slowest rates of growth in decades as the world's second-biggest economy struggled with persistently low consumer spending and a debt crisis in its property sector.

In October, Trump reached a truce with his Chinese counterpart, Xi Jinping. But in January, he announced that he would impose tariffs on countries trading with Iran. China, which is at the forefront of these countries, has warned that it will defend its interests.

Other major markets for Chinese products, such as the European Union, are alarmed by the imbalance in their trade balance with China.

Europeans, concerned that their markets will serve as an outlet for Chinese production surpluses, are urging China to stimulate its domestic consumption, which has been sluggish for years. The WTO is holding its ministerial conference, its biennial main gathering, in late March in Cameroon.

# India plans AI 'data city' on staggering scale

AFP, New Delhi

As India races to narrow the artificial intelligence gap with the United States and China, it is planning a vast new "data city" to power digital growth on a staggering scale, the man spearheading the project says.

"The AI revolution is here, no second thoughts about it," said Nara Lokesh, information technology minister for Andhra Pradesh state, which is positioning the city of Visakhapatnam as a cornerstone of India's AI push.

"And as a nation... we have taken a stand that we've got to embrace it," he told AFP ahead of an international AI summit next week in New Delhi.

Lokesh boasts the state has secured investment agreements of \$175 billion involving 760 projects, including a \$15 billion investment by Google for its largest AI infrastructure hub outside the United States.

And a joint venture between India's Reliance Industries, Canada's Brookfield and US firm Digital Realty is investing \$11 billion to develop an AI data centre in the same city.

Visakhapatnam – home to around two million people and popularly known as "Vizag" – is better known for its cricket ground that hosts international matches than cutting edge technology.

But the southeastern port city is now being pitched as a landing point for submarine internet cables linking India to Singapore.

"The data city is going to come in one ecosystem... with a 100 kilometre (60 mile) radius," Lokesh said. For comparison, Taiwan is roughly 100 kilometres wide.

**'WHOLE NINE YARDS'**  
Lokesh said the plan goes far beyond data connectivity, adding that his state had "received close to 25 percent of all foreign direct investments" to India in 2025.

"It's not just about the data centres," he explained while outlining a sweeping vision of change, with Andhra Pradesh offering land at one US cent per acre (three per hectare) for major investors.

"I'm chasing the companies that make those servers that go sit in those data centres, the companies that make the entire air conditioning, the water-cooling system – the whole nine yards."

The 43-year-old, Stanford-educated minister is the son of Andhra Pradesh Chief Minister N. Chandrababu Naidu,

who helped turn Hyderabad into a major technology hub that is dubbed "Cyberabad".

They are allies of Prime Minister Narendra Modi, who will host the AI Impact Summit from Monday.

India is now third in a global AI power ranking – sitting above South Korea and Japan – based on more than 40 indicators from patents to private funding calculated by Stanford University's Institute for Human-Centered AI.

With more than a billion internet users, India has seen a surge of investment as generative AI players seek inroads to the world's most populous country.

Microsoft said in December it will invest \$17.5 billion to help build the country's artificial intelligence infrastructure, with

countries that have embraced the industrial revolution."

### 'LEARNED FROM CHINA'

Lokesh argues that the jobs and economic benefits would more than compensate for the give-away cost of land.

He said the state government had accounted for the vast electricity and water demands for the energy-hungry industry, and would tap "surplus water" that drains into the Bay of Bengal to cool the massive data centres.

"It's a crime that so much water during monsoons goes into our oceans," he said.

He cited China as an inspiration – admiring how India's rival had "been able to systematically bring people out of poverty" at speed.

The state's plan to create industrial



This photograph taken on January 4 shows information technology minister for India's Andhra Pradesh state Nara Lokesh speaking during an interview with AFP in New Delhi. Lokesh said the state has secured investment agreements of \$175 billion involving 760 projects.

PHOTO: AFP/FILE

CEO Satya Nadella calling it the firm's "largest investment ever in Asia".

But critics say India lags in access to high-end computing power or commercial AI deployment, and remains more a consumer than creator of the cutting edge technology.

Some question whether data centres will create meaningful employment when up and running, but Lokesh rejects that.

"Every industrial revolution has always created more jobs than it has displaced," he said.

"But it has created those jobs in

clusters was something he had "learned from China".

With a target of six gigawatts of data centre capacity – three already signed and another three in the pipeline – Andhra Pradesh is betting that speed and scale will give it an edge.

New Delhi last year agreed to "in-principle approval" for six 1.2 GW nuclear power plants at Kovvada in Andhra Pradesh.

"We are on a journey," Lokesh said. "We will execute these projects at a pace that the country has never seen".

# ECB to extend euro backstop to boost currency's global role

AFP, Munich

The European Central Bank said Saturday it will expand access to its euro liquidity backstop to central banks worldwide, in a move aimed at boosting the single currency's global role.

The backstop mechanism, which provides funding at times of extreme financial stress, is currently only available to a handful of central banks.

The new facility will extend this to central banks worldwide, as long as they fulfil certain criteria.

"The ECB needs to be prepared for a more volatile environment," ECB chief Christine Lagarde said in a speech at the Munich Security Conference.

"As industrial policy becomes more assertive, geopolitical tensions rise and supply chains are disrupted, financial market stress is likely to become more frequent."

The ECB wants to prevent these tensions from leading to forced sales of euro-denominated securities, so it plans to guarantee central banks that euro liquidity will be available when needed, she said.

"The availability of a lender of last resort for central banks worldwide boosts confidence to invest, borrow and trade in euros, knowing that access will be there during market disruptions," she said.

With the dollar having steadily lost value since US President Donald Trump returned to office, Lagarde has previously talked up the possibility of boosting the prominence of the euro.

The new system will be introduced from the third quarter of 2026. The facility, known as "repo lines", was introduced on a temporary basis in 2020 during the coronavirus pandemic.