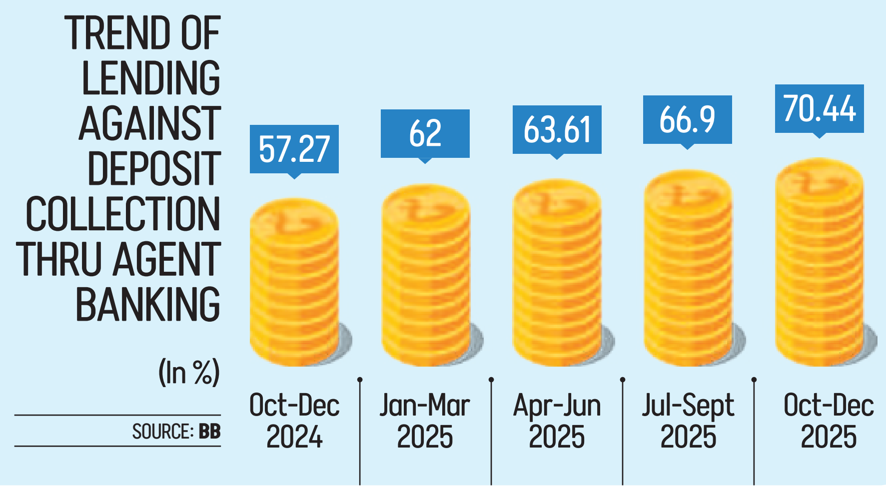
Agent banking credit expands as rural demand picks up


PHOTO: TITU DAS



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 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 countries that have embraced the industrial revolution."

'LEARNED FROM CHINA'

Lokesh argues that the jobs and economic benefits would more than compensate for the giveaway 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 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".

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

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.