

## Defaulters must not be rewarded

### Amend Bank Resolution Act to remove clause giving leeway to financial criminals

It is completely unacceptable that the Bank Resolution Act, 2026, based on the ordinance drafted by the interim government to merge five troubled Shariah-based banks, has been passed in parliament enabling the country's most notorious defaulters to regain control of the very banks they caused to fail. Under relatively easy terms, Section 18A of the act allows former directors or owners of the merging banks to reclaim ownership by paying upfront 7.5 percent of the amount injected into these banks by the government or the Bangladesh Bank. They then have two years to pay the remaining amount at a 10 percent simple interest.

In addition, they will have to make several pledges in their ownership reclamation application, including paying all pre-merger liabilities to depositors, foreign and domestic creditors, and third-party claims, as well as clearing all taxes and other financial liabilities to the government. Given that the infamous S Alam Group is among the former directors/owners of the five ailing Shariah-based banks, insertion of this clause appears to be a gross error of judgement. Not long ago, the finance minister identified this group as the country's top loan defaulter. It has defaulted on crores of taka in loans with nearly a dozen banks and has been implicated in serious financial crimes. According to the former central bank governor, the group's founder and chairman, Mohammed Saiful Alam, and his associates "syphoned off" more than Tk 1 lakh crore (~\$10 billion) after taking control of several banks with the help of an intelligence agency during Sheikh Hasina's regime.

Now imagine that the S Alam Group applies to reclaim ownership or directorship of one of the ailing banks under Section 18A of the act, making the required pledges and paying 7.5 percent of the Tk 35,000 crore bailout fund. For a group that has syphoned off vast sums, paying Tk 2,625 crore upfront would be easy. But how can they be trusted to fulfil the pledges or pay the remainder of the money when 11 of its subsidiaries alone have at least Tk 22,881 crore in defaulted loans—about 65 percent of the total owed by the top 20 defaulters?

If such a situation arises, what will happen to the cases filed by the Anti-Corruption Commission, now awaiting international arbitration, as the S Alam Group has reportedly approached the World Bank's International Centre for Settlement of Investment Disputes? With ownership restored, would they not influence the investigation? How would this affect efforts to repatriate laundered money? Most importantly, what message does this send to wilful defaulters and financial criminals?

In a country where bad loans reached Tk 5.45 lakh crore in 2025, allowing such entities to own banks sets a dangerous precedent. Many of them are largely responsible for the illicit financial outflows totalling \$68 billion between 2013 and 2022. Thus, this provision may end up rewarding those who caused such great losses in the first place. It is indeed concerning that the government passed this law despite opposition objections. Parliamentary majority should not be abused to pass contentious legislations. The government should promptly amend the act to remove this provision.

## Children's hospitals must not lie idle

### Make the six unused hospital buildings functional urgently

While many hospitals are struggling to cope with a growing number of child patients amid the measles outbreak, it is deeply frustrating that six specialised children's hospital buildings across the country remain unused years after their completion. Built at a cost of Tk 320 crore and equipped with a total of 1,050 beds, including NICU facilities, these hospitals in Rangpur, Khulna, Rajshahi, Barishal, Sylhet and Cumilla reveal a failing system that does not serve our children when they need care the most.

According to a report by Prothom Alo, no institutions have taken over the hospitals in Khulna, Rajshahi, Barishal, Sylhet and Cumilla due to a shortage of manpower, furniture, medical equipment, budget allocation, and other logistical support. These unused structures are now falling into disrepair, and incidents of theft have also been reported in several buildings. We must ask: why were these facilities built without a proper operational plan in the first place? If they cannot be used when they are needed the most, what purpose would they serve?

Meanwhile, in Rajshahi, the 200-bed children's hospital—completed years ago—has remained unused, when a shortage of ICU facilities has created severe pressure on healthcare services in the region, leading to many child deaths. Similarly, the 100-bed children's hospital in Rangpur remained unutilised for six years after completion and inauguration. This reflects a systemic failure in planning, coordination and accountability.

Earlier this year, this daily reported that 80 government health facilities across 18 districts, including four children's hospitals, have remained non-operational for years, further exposing deep weaknesses in our healthcare governance. Moreover, even the operational facilities are burdened by shortages of doctors, nurses and essential staff, leaving them unable to provide adequate services.

We urge the health authorities to urgently resolve the administrative and bureaucratic bottlenecks and ensure adequate staffing and budget allocation so that these hospitals can become fully operational. The government must also formulate a policy ensuring that no healthcare infrastructure project proceeds without a fully approved operational plan, including staffing, budgeting and management frameworks. Greater coordination between the health ministry, Directorate General of Health Services and other relevant agencies is essential to prevent such waste of public funds in the future. The present government must take lessons from the measles outbreak this year and prioritise strengthening child healthcare services across the country.

# Who should pay for Islamic banks' bad investments?



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While Islamic banking's significant market share and systemic importance within the banking system are often highlighted as notable achievements, a troubling reality undermines this success: a substantial portion of investments in several Islamic banks are non-performing. To contain systemic risks and avoid destabilising the banking system, the central bank has merged five of the 10 full-fledged Islamic banks into the state-backed Sammilito Islami Bank. With a large volume of non-performing investments (NPIs), the Islamic banking sector's urgent priorities include asset recovery, liquidity management, and restoring confidence.

The high level of NPIs in Islamic banking is troubling, given the strict Shariah compliance requirements. They are meant to demonstrate stronger governance and more disciplined practices than conventional banks. Yet, governance frameworks and Shariah requirements have often been treated as mere formalities rather than being meaningfully integrated. This has undermined the inherent strengths of Islamic banking principles in practice. The distress, therefore, lies not in the concept of Islamic banking itself but in its flawed implementation, which has become entrenched over time.

Accountability for high NPIs seems elusive, with responsibility diffused among different parties. Some attribute the crisis to networks involving powerful actors, actors with political interests, oligarchs, regulators, and insiders. Boards blame management, while management points to boards, state actors, and regulatory compromise. While such claims may provide context, they do not establish legal, fiduciary, or Shariah accountability, nor do they identify who made decisions, approved transactions, ignored warnings, or facilitated bad investments.

Broad attribution of responsibility risks obscuring real actors and the underlying problems. It fails to recognise deep-rooted governance weaknesses and deliberate misconduct. It also obscures the reality that various actors were complicit.

Without deliberate and transparent efforts to trace responsibility, accountability risks remaining rhetorical rather than real. Equally

concerning is the implicit immunity enjoyed by those holding decision-making authority. Investment decisions were not anonymous. They were made, approved, executed, verified, reported, and audited by identifiable individuals. The absence of visible action to identify those responsible weakens confidence in the process.

At the same time, the role of the central bank, particularly in its capacity as a regulator and supervisor, warrants scrutiny regarding the



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timing, conditions, and effectiveness of its interventions. Moreover, statutory audit, internal audit, and Shariah audit do not appear to have operated as effective checks, raising concerns about the robustness of the control environment.

There is also a deeper ethical dimension concerning obedience to wrongful instructions. Acting under such instructions does not absolve responsibility. Islamic teachings do not permit obedience in wrongdoing. By failing to identify the real culprits, the burden ultimately shifts to depositors and the public. This diffusion of accountability is not only unjust; it undermines the moral and legal foundations of Islamic banking. From a Shariah perspective, such a shift is difficult to justify, as justice requires identifying those who have failed in their fiduciary duties.

This issue is particularly critical in the context of mudarabah deposits and bonds. Mudarabah is a trust-based arrangement in which Islamic banks

serve as the mudarib (investment manager). Returns are shared between the bank and fund providers according to a pre-agreed ratio, while fund providers bear losses unless they arise from the mudarib's failure in fiduciary duties.

This underscores the need to carefully distinguish between genuine business risk and losses arising from breaches of fiduciary duty. From a Shariah perspective, this distinction is essential. Where losses result from failure in fiduciary duties, the mudarib must bear them. This principle is grounded in the concepts of trust and accountability that underpin Islamic banking and are well-established in classical jurisprudence and contemporary Shariah standards.

However, while mudarabah historically involved individuals in institutional contexts such as Islamic banking, identifying the mudarib remains a subject of discussion. If the

principles of accountability and broaden the scope of recovery to meet depositor claims. It would also reduce the burden on the state and strengthen accountability within the financial system. In this regard, it is pertinent to note that the Islamic Financial Services Act 2013 of Malaysia treats failure to comply with Shariah requirements as a serious offence, with significant penalties for those involved, which may include directors, officers, and Shariah committee members, of up to eight years' imprisonment and a fine of 25 million ringgit (approximately Tk 76 crore), or both.

However, this also highlights the limitations of Bangladesh's existing legal and regulatory framework. Without clear mechanisms to attribute personal responsibility beyond the institutional level, enforcement may not be possible. Meaningful reform is therefore required to allow individual responsibilities to be traced and enforced. In this context, the inclusion of personal liability provisions (Section 53-58) in the newly enacted Bank Resolution Act, 2026, for the fraudulent use of a bank's assets or funds represents a step in the right direction. This, however, should apply to all fraudulent cases, not just to banks under resolution.

For Islamic banking to retain credibility, responsibility must be traced to where decisions were actually made. Key decision-makers cannot remain shielded behind the corporate veil. Accountability must be both institutional and personal. Similarly, Shariah supervisory committees, auditors, and rating agencies must be held accountable for any negligence and ensure that, going forward, their work becomes substantive rather than merely procedural.

At the same time, fairness requires recognising that not all actors bear equal responsibility. Some individuals engage in wilful misconduct for personal gain, such as additional benefits, promotions, or desired transfers, while others follow instructions from higher authorities, possibly due to fear of job loss or implicit or explicit threats. Generalised blame is therefore not appropriate for assigning responsibility.

Establishing accountability is essential to restoring discipline in a system built on trust. Without it, Islamic banking risks drifting towards a model in which profits are privatised while losses are socialised, similar to conventional banking, which is neither just nor Islamic. Unless the industry clearly identifies the mudarib, traces responsibility, rejects unjustified immunity, and embeds accountability in both law and practice, the proper establishment of Shariah principles will remain incomplete.

# Fix the financing gap for women entrepreneurs



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Imagine a woman in Dhaka who has spent three years building a small textile business. She has loyal customers, a product that keeps people coming back, and a clear vision for growth. All she needs is a loan to expand. But when she walks into a bank, the conversation turns to collateral, and she has none to offer. And just like that, her application goes nowhere. She is one of the 28 lakh women-led SME owners in Bangladesh, who contribute to the economy, but rarely receives the investment needed to survive. Bangladesh has been producing the right language around women's entrepreneurship for years, but what seems not to keep pace is action. Women-led enterprises represent the majority of the country's \$2.8 billion financing gap in the micro, small, and medium enterprise (MSME) sector, according to an estimate by the International Finance Corporation (IFC) in 2023. The primary obstacle is collateral: women in Bangladesh disproportionately lack assets registered in their own names, which are the standard requirement

for formal lending.

That structural barrier has a predictable consequence: less than six percent of Bangladeshi women entrepreneurs are able to obtain bank loans. Men, by contrast, receive roughly 93 percent of startup loans from banks. Those are not figures from a country that has decided to overlook women founders but from a country that keeps describing the problem without redesigning the system that produces it.

Bangladesh Bank's 2025 startup financing policy was an important step to bridge this gap. It allowed banks to move beyond traditional lending and make equity investments in startups. Interest rates have been capped at four percent, loan limits raised to Tk 8 crore, and the minimum age for founders lowered to 21. Most importantly, it introduced a mandate that at least 10 percent of startup financing should be allocated to women entrepreneurs. This directive matters but 10 percent is a floor, not an aspiration.

A 2026 study examined female-owned SMEs in Bangladesh and found

that gender-based discrimination, entrenched by both local tradition and colonial-era frameworks, restricts women's mobility and their participation in professional networks. This is particularly difficult to accept when we take into consideration that women-led startups globally outperform male-led counterparts by over 60 percent. Yet in 2024, all-female founding teams captured just only around two percent of global venture capital. The underinvestment is not explained by performance. It is explained by proximity: who investors know, who gets introduced into their networks, and whose story matches the picture investors have already formed of what a successful founder looks like. Bangladesh has a version of this problem that goes beyond investor bias. The network that matters for early-stage funding here is small, largely male, and inaccessible to founders who did not come up through the right institutions. Women founders describe doing everything right and still finding that the room where decisions get made is one they were never invited into.

**What can we change?**

The remedies are not a mystery. They have been identified across enough contexts, in enough research, and by enough women founders themselves, that continuing to present this as an unsolved problem is itself a kind of evasion. Collateral reform is the most urgent fix. A financing system that

requires land title or property as the basis for lending will keep excluding women founders regardless of what targets are announced. Revenue-based lending and peer group models have worked in comparable markets. They require banks to change their internal processes, not just their public commitments. Mentorship is the second gap. The Harvard Business Review has identified poor matching and a lack of ongoing honest dialogue as one of the core reasons why mentoring programmes fail. For women founders in Bangladesh, that failure is made worse by a shortage of female mentors who successfully raised capital in this market.

Network access is the third. Research revealed structured introductions to capital have 3.7 times more impact than general networking events. Bangladesh has competitions and accelerators. What it lacks is the pipeline that moves women founders from those programmes into rooms where capital decisions are made. And then there is the question of who makes the decisions. A financing ecosystem with very few women in senior roles at venture capital firms, banks, and accelerators will keep replicating the same blind spots, regardless of the targets written into policy.

Bangladesh is not short of women who want to build something. It is short of systems that take them seriously. The ambition is already there; what women need is access to capital and mentorship.