

# Two-thirds of agent banking outlets not engaged in lending: study

STAR BUSINESS REPORT

About two-thirds of agent banking outlets in Bangladesh were not engaged in lending as of December 2024, highlighting a major gap in credit delivery despite the network's rapid expansion, a recent study has found.

Titled "Agent banking in Bangladesh: Strong expansion, some inclusion", the research was funded by the UK-based International Growth Centre (IGC) and examines whether agent banking has translated into meaningful financial inclusion.

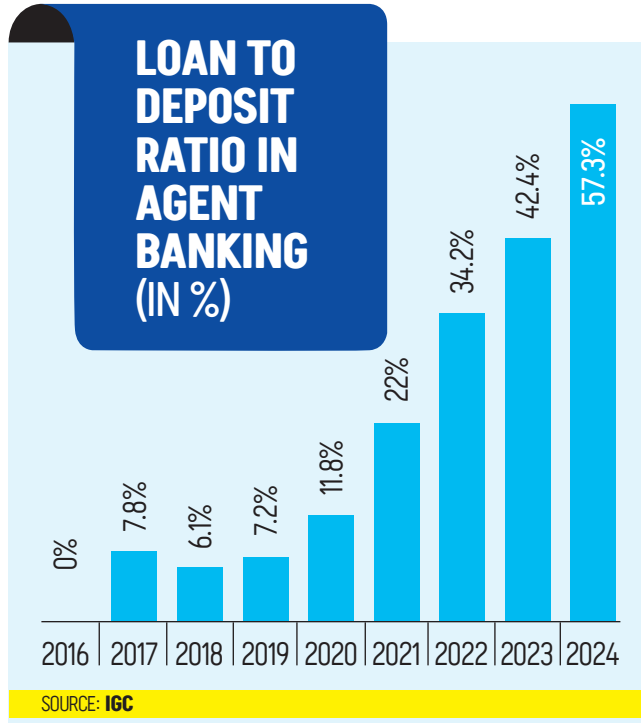
The study used a newly constructed dataset that collected information linked to the geographical location of agent banking outlets, developed by the Policy Research Institute (PRI), covering 2022-2024. It maps the expansion, distribution, and financial activity of agent banking outlets across Bangladesh.

Since its introduction in 2013, the agent banking network has grown from 2,601 outlets in 2016 to over 21,000 by 2024. However, recent trends suggest a slowdown, meaning expansion may be approaching saturation.

Despite growth, agent banking is more effective at mobilising deposits than providing credit, according to the study.

Deposits rose from Tk 380 crore in 2016 to Tk 41,960 crore in 2024, while cumulative credit disbursement reached Tk 24,030 crore, giving a loan-to-deposit ratio of 57.3 percent.

However, this increase in the provision



## LENDING GAP: KEY POINTS

Over 21,000 outlets established within 2024, most gave no loans

Deposits reached Tk 41,960cr in 2024, cumulative credit hit Tk 24,030cr

Loan-to-deposit ratio stood at 57.3%

Only 11% loans in major cities

Ratio reflects decentralised lending outside cities

Credit services are concentrated in fewer active outlets

of financial services is uneven and concentrated in fewer active outlets, it was found.

The research also highlights a shift in banking geography. Traditional banking is heavily concentrated in Dhaka and Chattogram, which account for around 65 percent of deposits and 78 percent of total lending.

In contrast, only about 11 percent of agent banking loans originate from these cities, showing that agent banking has helped decentralise credit flows.

Rural areas have benefited, with about 15 outlets per 100,000 people, improving access compared to traditional branch banking. Rural per capita deposits are also higher, indicating strong uptake outside

urban centres.

However, credit delivery remains limited. The study identifies a "zero-loan phenomenon", where about two-thirds of outlets had no outstanding loans in 2024, suggesting those outlets function mainly as deposit and transaction points rather than credit providers.

This is more pronounced in remote and disadvantaged regions, including the Chittagong Hill Tracts.

Outlet distribution is closely linked to existing branch density, suggesting agent banking often extends traditional banking rather than expanding independently into underserved areas.

There is also no strong evidence that poorer upazilas are prioritised, while higher literacy levels are associated with greater activity.

On gender, over 92 percent of operators are male, but women are using the system more and more. Female account growth outpaces male growth

between 2022 and 2024.

"As expansion begins to slow, policy should shift from improving access to strengthening financial intermediation. This requires enabling agent-based lending through appropriate regulatory frameworks, using digital data for credit scoring, and aligning incentives so agents can serve as effective credit channels for underserved communities," said Ashikur Rahman, principal economist at the PRI and co-author of the study.

He also called attention towards a stark gender imbalance among agents and stressed that addressing this issue must become a policy priority to ensure that financial inclusion is both deep and equitable.

The study concludes that while agent banking has significantly expanded access to financial services, its next challenge is strengthening credit intermediation, particularly in underserved and rural areas.



## India's fertiliser output drops by a quarter amid war

AFP, New Delhi

India's fertiliser production plunged nearly a quarter in March, official data showed, after natural gas imports used in its manufacture were hit by the Middle East conflict.

Natural gas is used to power the production of urea, a key part of the lifeline fertilisers used by India's vast agriculture sector, making it deeply sensitive to global energy price swings.

The slump comes after Iran effectively closed the Strait of Hormuz, through which key energy supplies and fertiliser-linked inputs pass, after the United States and Israel launched their war on the country on February 28.

A third of the world's fertilisers normally transit the waterway, and the disruption has prompted multiple warnings about the impact on food production



PHOTO: AFP/FILE

Individual farms are small and often unproductive, but agriculture employs more than 45 percent of people in India, the world's most populous nation.

"Fertiliser production declined by 24.6 percent in March 2026, over March 2025," the Ministry of Commerce said in a statement late Monday.

The drop came after output had risen 3.4 percent in February, 3.7 percent in January and 4.1 percent in December 2025.

India's Ministry of Petroleum has insisted there are "adequate stocks of fertilisers available", and that the "sourcing of fertilisers being diversified across multiple countries".

India's fertiliser demand peaks during the Kharif sowing season, in June to July, ahead of the monsoon rains, and then again for the Rabi season, from October to November, for sowing of winter crops.

Earlier in April, India hiked subsidies for fertilisers 11 percent to protect farmers from surging prices.

India relies on imports for supplies of urea, as well raw materials such as rock phosphate, phosphoric acid and potash, which are key components of fertilisers.

Disruptions to fertiliser supplies caused by the Middle East war pose a double threat to global food security, the World Trade Organization warned last month.

## Apple CEO's best bet: channelling both Jobs and Cook

REUTERS, New York

Since assuming the top job in 2011, Tim Cook has excelled in making everything at tech giant Apple run smoothly. New iPhones rolled out regularly, supply chains hummed, the company's value ballooned to \$4 trillion, and even his surprise exit, announced Monday, looks to be carefully planned. He faced an imposing task when he took over from co-founder and industry icon Steve Jobs. Incoming CEO John Ternus, who currently leads hardware engineering, inherits an equally daunting challenge: mixing the best attributes of his two predecessors.

The nagging concern at Apple – which set the blueprint for modern computing twice over – was that it was becoming a one-trick pony when Cook took over. That's even truer today. The iPhone accounted for half the company's revenue in the quarter before he became CEO in 2011, and some 60 percent in the most recent quarter. This

still understates matters: Apple's services business is built upon people using iPhones.

Of course, there are only a few major products in any technological generation, and Apple nailed perhaps the most important one to yet exist. As Steve Jobs emphasized, focus isn't about saying yes, it's about saying no to 1,000 merely good ideas. Apple mostly lives by this ethos. For example, the company spent a decade trying to develop a car, only to abandon the effort. Aside from Tesla, automakers tend to trade at meager valuations compared to the \$4 trillion smartphone kingpin, so the upside was probably small.

But Ternus faces seismic shifts. Apple has largely sat out the artificial intelligence frenzy. That's been to shareholders' benefit, as it allowed continued capital returns as others splurged on investment. Yet prior technological revolutions overthrew former industry goliaths.

If AI can power a viable consumer product, Ternus probably

has the right hardware background to make it happen. He started out designing virtual reality headsets, and at Apple saw the AirPods earbuds to production and righted the Mac computer line, both to major success.

Of course, new form factors simply might not make sense. Ternus' task is divining the worthwhile from the fanciful. Like Cook, he must milk the iPhone for all it's worth. But if there is a revelatory new device to make, then doing it right will be every bit as important as Steve Jobs' 2007 unveiling of the iPhone. Jobs teased the gadget with a mocking tagline: he had just "one more thing" to show the audience. Hitting on a second thing would be no small wonder.

Apple announced on April 20 that John Ternus, senior vice president of hardware engineering, will become the company's next CEO effective on September 1. Current Chief Executive Tim Cook will become executive chairman of the board.



In this file photo, Apple's John Ternus introduces the new MacBook Pro during an online event unveiling new products at Apple Park in Cupertino, California.

PHOTO: AFP/FILE

## Renewables key to RMG survival

MOHIUDDIN RUBEL

Picture a garment factory in Ashulia on a Tuesday morning. Machines hum, deadlines loom, and a buyer waits on a shipment. Then the power cuts out. The generator kicks in. Diesel is expensive and polluting. The factory absorbs the cost and carries on. This is not a crisis. This is Tuesday. Bangladesh's energy crisis is the "common cold" of the RMG sector: chronic, underestimated and quietly debilitating. Painful, yet rarely dramatic enough to force action. The prescription is known, and the reforms are within reach, but the cost of inaction is no longer theoretical. What was once a logistical headache has become an existential threat.

On the factory floor, reality is harsher. Chronic gas shortages idle machines, delay shipments and raise costs. Global buyers are asking tougher questions about carbon footprints. With only 5.24 percent of installed capacity coming from renewables, we are not merely missing targets; we are risking competitiveness in a market that rewards reliability and sustainability. The country aims to generate 40 percent of its electricity from clean sources by 2041. Yet, of 32,345 MW total capacity, renewables account for just 1,695 MW. In more than a decade, the renewable share has risen by barely 3 percent, while investment has continued to favour fossil fuels. The energy mix is also unbalanced. About 82.7 percent of renewable capacity comes from solar, with minimal contributions from wind and hydro. Limited diversification leaves the grid exposed to supply and price shocks.

Industry is already paying the price. Gas shortages, often exceeding 1,300 MMCFD, mean factories receive well below the required fuel. To keep production lines running, many rely on diesel generators. That raises costs and erodes margins already squeezed by currency depreciation and global price competition. Energy insecurity is making Bangladeshi goods more expensive, precisely when buyers demand lower prices. The greater risk lies in compliance. The EU, our largest export market, is tightening environmental standards.

Buyers increasingly link orders to carbon intensity. Waiting until 2030 is not an option. Four shifts are urgent. First, enable private power. A Merchant Power Plant framework should allow producers to sell directly to large industries at market rates. The policy must be bankable and free of excessive open access tariffs. RMG hubs should be able to sign long-term power purchase agreements with solar and wind developers. Second, modernise the grid. The transmission and distribution network was not designed for variable renewable generation. Scaling up clean energy requires smart grid investment, faster net metering rollout and a clear modernisation roadmap with financing and timelines.

Third, remove fiscal barriers. The FY2025-26 budget cut import duties on solar panels and inverters to 1 percent, but mounting structures still face duties of 58.6 percent and battery storage remains heavily taxed. Duty relief must extend to all essential components so that fiscal policy aligns with national energy goals. Fourth, mobilise green finance. Bangladesh needs up to \$980 million annually until 2030 to meet renewable targets, several times the current annual investment of \$238 million. The Tk 200 crore single borrower cap under the Green Transformation Fund is too small for utility-scale projects. Developing a liquid green bond market and securing risk guarantees from development partners would help attract investment at scale.

The textile and RMG sectors must be central to energy policy. Policies detached from factory realities will fail. The priority must shift from announcements to implementation. Renewable energy is no longer a distant aspiration or a branding exercise. It is an industrial necessity. If we do not accelerate the transition now, we risk leaving our most vital sector behind as global trade shifts towards low-carbon production.

The writer is a former director of BGMEA and additional managing director at Denim Expert Ltd



## German investor morale lowest in three years on Iran war fallout

AFP, Frankfurt

German investor morale slid to its lowest level in over three years in April, a survey showed Tuesday, as the Middle East war threatens to snuff out a tentative recovery in Europe's top economy.

Sentiment among investors on the future of the Germany economy fell 16.7 points in the past month and now sits at minus 17.2 points, the survey said.

Investor morale is now at its lowest point since December 2022, in the aftermath of Russia's full-scale invasion of Ukraine as surging energy costs exacted a heavy toll on German manufacturers.

It is even lower than April last year, when US President Donald Trump unveiled sweeping global tariffs.

"Expectations are turning negative," ZEW head Achim Wambach said, adding that concerns about energy supplies due to the Iran war were "holding back investment and undermining the impact of government stimulus measures".

A splurge in public spending by Chancellor Friedrich Merz's government was expected to kickstart a turnaround for the manufacturing powerhouse this year after several years in the doldrums.

But the surge in oil and gas prices triggered by the US-Israeli attacks on Iran and near total closure of the Strait of Hormuz have led economists to slash forecasts for this year.