Digital transactions went up 13% in volume, value in 2025

STAR BUSINESS REPORT

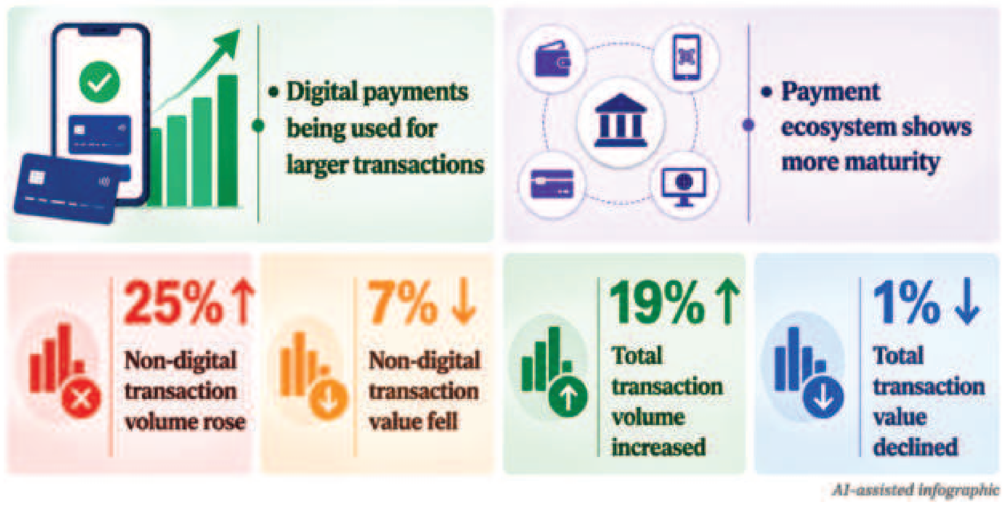
Bangladesh's digital transactions grew 13 percent year-on-year in both volume and value in 2025, with the identical growth rate across both metrics pointing to a balanced and sustainable expansion of the country's payment ecosystem.

According to Bangladesh Bank's Payment Systems Report 2025, digital transaction volume rose from 482.7 crore in 2024 to 546.3 crore in 2025, while transaction value climbed from Tk 90.38 lakh crore to Tk 102.24 lakh crore over the same period.

The central bank said the symmetrical growth indicates that users are no longer confining digital payments to small transactions such as mobile recharges but are now using these channels for larger commitments, including utility bill payments, tuition fees, and high-value e-commerce purchases.

"Digital is no longer an experiment; it is a habit," the report said.

BB said the 13 percent alignment between volume and value signals that digital infrastructure has become reliable enough to handle both frequency and magnitude – the hallmark of a mature transition in which digital rails are carrying not just more transactions but also greater economic weight.



AI-assisted infographic

Non-digital transactions recorded the sharpest growth in volume, rising 25 percent to 539.5 crore.

However, the value of transactions through these channels fell 7 percent year-on-year to Tk 209.48 lakh crore.

The report said the paradox resolves itself as people are transacting more often through non-digital channels but moving less money each time, with high-value settlements migrating to digital infrastructure.

Total transaction volume across both categories rose 19 percent to 1,085.9 crore, while total transaction value edged down 1 percent to Tk 311.72 lakh crore.

Oil price rises 1%

REUTERES, *London/Bangalore*

Oil prices rose more than 1 percent Wednesday after US President Donald Trump threatened to resume bombing Iran if it didn't "behave", but remained near three-month lows as the International Energy Agency warned of excess supply next year.

Brent crude futures were up 93 cents, or around 1.2 percent, to $79.89 a barrel at 1308 GMT, and US West Texas Intermediate gained 79 cents, or 1 percent, to $76.84. Both contracts hit their lowest since early March earlier in the session.

Trump said on Wednesday that a memorandum of understanding with Iran was not final, and that he could resume a bombing campaign if he did not like it or if Iran didn't "behave".

"(There's) still a bit of uncertainty in terms of the US situation ... so it ... makes sense for oil to bounce back from these levels after staging what has been quite a sharp decline in the last few days," said Fawad Razaqzada, market analyst at City Index and FOREX.com.

IEA SAYS INVENTORIES TO BE RESTOCKED IN NEXT FEW MONTHS

In its first look at 2027, the IEA said the oil market will enter a significant supply overhang, with global supply set to surge by 8 million barrels per day and demand rising by just 2 million bpd.

In the near term, the agency said the Iran-U.S. deal should provide an opportunity to replenish depleted inventories or build new strategic reserves.

"Markets may be underpricing the depth of the supply glut coming online," said Crispus Nyaga, research analyst at Empire FX.

IFIC Bank, Butterfly partner to offer 0% EMI facility

STAR BUSINESS DESK

IFIC Bank PLC yesterday signed a memorandum of understanding (MoU) with Butterfly Marketing Limited, one of the country's leading electronics and home appliance marketing companies, to further expand EMI facilities for the bank's customers.

Helal Ahmed, chief of branch business and head of operations at the bank, and Md Shah Nawaz, head of treasury at the company, signed the MoU at IFIC Tower in Dhaka, according to a press release.

Under the agreement, IFIC Bank credit cardholders will be able to purchase products from Butterfly Marketing Limited and enjoy a zero-percent EMI facility for a tenure of up to 24 months.

Md Rafiqul Islam, deputy managing director and chief credit officer of IFIC Bank PLC, attended the signing ceremony.

Md Zakir Hossain, head of cards and digital banking at the bank, and Md Mostafizur Rahman, officer, finance and accounts, at the company, along with other senior officials from both organisations, were also present.

Md Shah Nawaz, head of treasury of Butterfly Marketing Limited, and Helal Ahmed, chief of branch business and head of operations at IFIC Bank PLC, pose for a photograph after signing a memorandum of understanding at IFIC Tower in Dhaka yesterday.
PHOTO: IFIC BANK

Govt clears path

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"You have to think of it as not part of Bangladesh. It is an overseas system," Chowdhury said.

Warehousing is expected to be the primary revenue driver. Foreign suppliers will be able to stock raw materials inside the zones and supply both Bangladeshi exporters and buyers across the region on demand. Under the current system, importers pay duties upfront and seek refunds later, a process long criticised as cumbersome.

"If we have raw materials in a warehouse near to us, it will reduce lead times for our exports," Chowdhury said. "We can also start tapping exporters from neighbouring countries. The ambition is that big suppliers can use our zones as a secondary location to supply materials across the region."

The model follows the blueprint of globally successful hubs including Dubai's Jebel Ali Free Zone, and mirrors systems already in place in Vietnam and Thailand – countries Chowdhury acknowledged as competitors Bangladesh has been slow to match. "We are a bit late on this," he said.

The initiative follows recommendations by a Bangladesh Economic Zones Authority (Beza) committee that reviewed international FTZ models. Officials expect the zones to attract light manufacturing, logistics operators, warehousing businesses, regional distribution centres and multinational firms seeking supply-chain bases in South Asia.

Muinul Islam, former economics professor at the University of Chittagong, said the proposal had been under discussion for over two decades. "The FTZs would not only attract fresh investment but also create a platform where suppliers and agents of industrial raw materials could stock and trade their products closer to export-oriented manufacturers."

Economists view the Matarbari FTZ as potentially the more transformative of the two. As Bangladesh's first deep-sea port capable of handling large-draft vessels, Matarbari is expected to cut shipping costs, shorten transit times and improve connectivity with global shipping routes.

"These are exactly the factors multinational investors consider when selecting production and distribution locations," said M Masrur Reaz, chairman and CEO of Policy Exchange Bangladesh.

He added that the Anwara site's proximity to Chattogram port, the Karnaphuli Tunnel, Shah Amanat International Airport and three existing EPZs made it an equally strong draw for foreign investors.

Business leaders have also welcomed the move as an opportunity to diversify investment beyond garments.

Mohammed Amirul Haque, president of the Chittagong Chamber of Commerce and Industry, said the zones could attract electronics, light engineering, consumer goods, packaging and regional distribution operations.

However, he cautioned that infrastructure must keep pace, calling for an urgent upgrade of the Dhaka-Chattogram highway from four to ten lanes.

Bida's Chowdhury said the government was working to amend seven provisions of law and regulation to operationalise the zones. "We will try to start one of the zones by next year. It will depend on how fast we can change the laws."

Higher taxes

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He said weak demand has further worsened the situation. According to BSMA, most mills are running at less than 50 percent of their installed capacity, increasing overheads, financing costs and other fixed expenses.

This underutilisation has created an additional indirect cost burden of Tk 5,000 to Tk 6,000 per tonne. Combined with higher taxes and duties, total cost increases could reach Tk 11,000 to Tk 12,000 per tonne.

Bangladesh's annual steel demand is about 50 lakh tonnes, while installed production capacity exceeds 1 crore tonnes, leaving significant idle capacity, Alam said.

He welcomed some business-friendly measures in the proposed budget, including the repeal of certain minimum tax provisions, lower advance tax requirements for appeals and references, a reduction in withholding tax on interest payments for foreign loans from 20 percent to 10 percent, and a cut in tax deducted at source on electricity bills.

However, he said these benefits would be outweighed by the proposed increases in taxes and duties on steel-related inputs.

Alam added that boosting industrial output and accelerating public infrastructure projects would be a more effective way to increase government revenue than raising taxes on already struggling industries.

He said faster implementation of roads, bridges, flyovers, railways, ports, airports, economic zones, housing projects and power plants would increase steel demand and help mills use more of their installed capacity.

BSMA Secretary General Sumon Chowdhury said industries need policy support to expand production and create jobs.

"If factories operate at only 50 percent capacity, government revenue will not increase," he said, adding that higher industrial output would generate more revenue even with a lower tax burden.

He also warned that weak industrial growth could limit job opportunities for the growing number of graduates entering the labour market each year.

The association urged the government to withdraw the proposed additional VAT, duties and taxes on steel-related inputs, keep the existing VAT structure on local scrap and sales, reduce the turnover tax rate to 0.6 percent from the proposed 1 percent, and speed up implementation of development projects.

Banking sector

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periods of up to two years, meaning banks would earn no income from them during that period.

"The condition of some banks is deteriorating even further," he added.

Among private sector banks, AB Bank posted a net loss of Tk 3,706 crore, National Bank Tk 2,430 crore, IFIC Bank Tk 2,561 crore, and Premier Bank Tk 992 crore, according to central bank data.

Bad loans and other stressed assets at these banks increased sharply after the political changeover in 2024. Among the state-owned lenders, Janata Bank recorded a net loss of Tk 3,820 crore in 2025. There are other banks that posted losses last year.

Despite the wider losses, several banks reported strong profits last year, supported by relatively sound balance sheets and better asset quality.

BRAC Bank posted a standalone net profit of Tk 1,580 crore. Dutch-Bangla Bank reported Tk 938 crore, City Bank Tk 1,305 crore, Prime Bank Tk 890 crore, and Eastern Bank (EBL) Tk 900 crore in profits last year.

Bangladesh Bank data show that net interest income for the banking sector stood at a negative Tk 12,537 crore last year.