AI trails traditional method in poverty targeting

The trial was run to identify the poorest 21% of households, says WB report

MAHMUDUL HASAN

An artificial intelligence model, built using mobile phone data, matched only 32 percent of genuinely poor households in a large-scale trial in Bangladesh, compared with 52 percent for a traditional door-to-door survey method.

Even random selection would have scored 21 percent, according to the World Bank's World Development Report 2026, titled The Promise of Artificial Intelligence.

The report is a global assessment of AI's impact on developing economies, including Bangladesh.

THE TRIAL

The trial was run by the government, in collaboration with non-profit organisation GiveDirectly, as part of an effort to identify the poorest 21 percent of households for a cash-transfer programme.

Researchers first surveyed 5,000 households in person to determine the actual poverty rate. They then built two models to rank 106,000 potential beneficiaries.

One used the traditional method, called proxy means testing, which relies on asset ownership. The other, called phone-based targeting, used more than 1,500 data points drawn from mobile phone records.

According to the WB report, the traditional method performed better. Six percent of households could not be matched to phone records at all. Only 45 percent of recipients thought the phone-based approach was fair.

The WB said AI tools must be tested against local data before being used to make real decisions about people's lives, as they can perform well in one setting and can fail badly in another.

DIABETES SCREENING: WHERE AI WORKED

The report was more positive about AI elsewhere in Bangladesh. AI-assisted screening for diabetic retinopathy, a leading cause of preventable blindness, raised the number of patients screened per day at Bangladeshi clinics by 39.5 percent.

The WB report highlighted this as one of only two examples worldwide of AI already improving public services in real time. The other was AI weather forecasts saving Indian farmers money in Telangana state.

BANGLADESH'S AI POLICY IS STILL BEING BUILT

The report also examines Bangladesh's approach to AI governance, noting that Bangladesh built digital public services years before it had a national AI policy, through the ICT Division and the Aspire to Innovate programme.

A draft National AI Policy for 2026-2030 proposes four bodies -- a National Data Governance Authority, an Independent Oversight Committee, an AI Project Implementation Cell, and an AI Innovation Fund.

None of them had started operating by the time the report was published, it states.

OTHER FINDINGS ON BANGLADESH

As per the WB report, Bangladesh lags behind Pakistan, Nigeria and Vietnam in AI-related activity on GitHub, relative to its income level.

It notes that along with Cambodia and Vietnam, Bangladesh's garment factories rarely use automated cutting and sewing equipment, as manual labour remains cheaper.

Regulatory compliance costs are a major obstacle for larger Bangladeshi firms adopting new technology, the report adds. "In Bangladesh, for instance, firms cite regulatory compliance costs as one of the top obstacles to adopting new hardware or software, especially among large firms."

The WB also states that Bangladesh has opened its market to satellite internet providers such as Starlink, along with Brazil, Nigeria and Rwanda, to expand coverage.

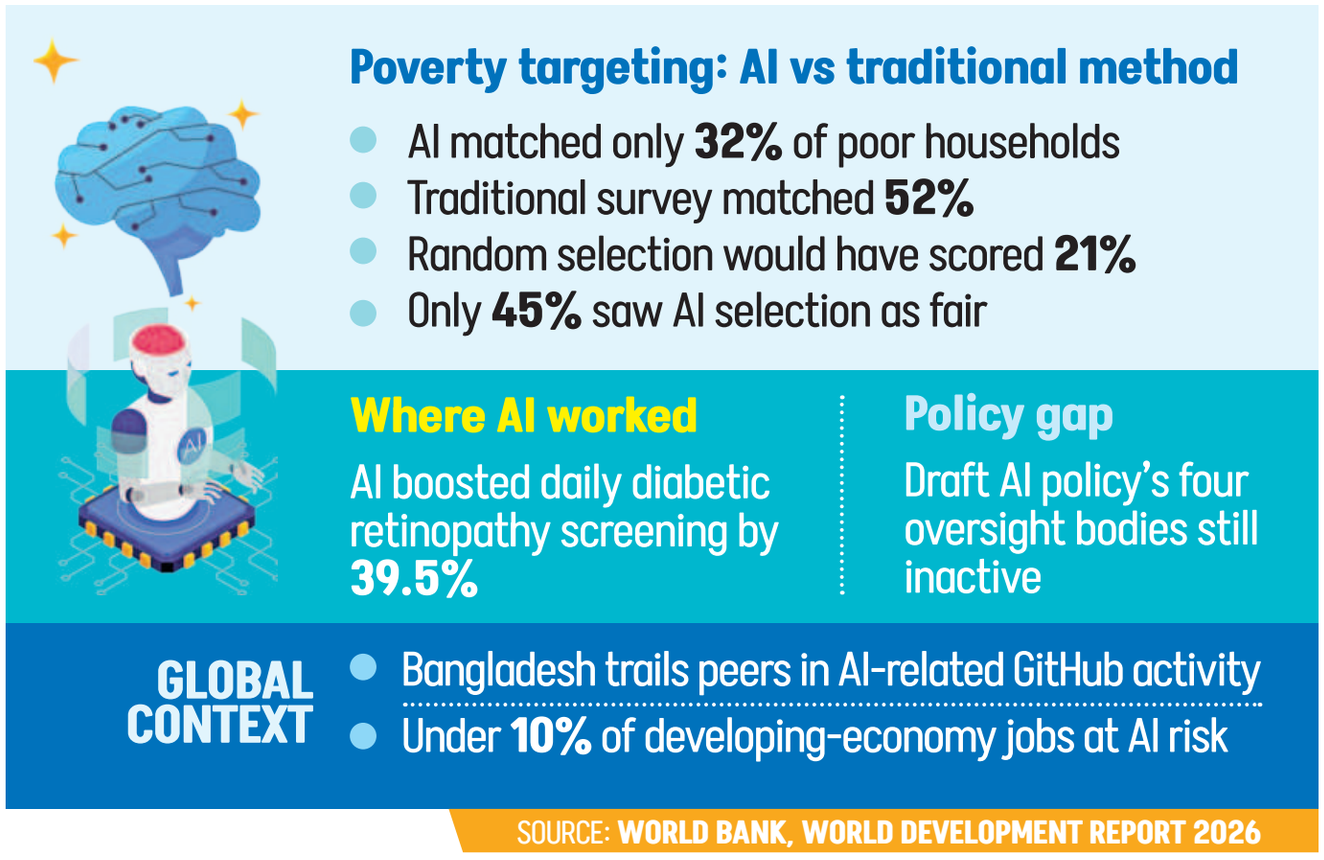
Citing authorities, it states that Bangladesh has said it intends to ratify the Council of Europe's AI treaty -- the first binding international agreement on AI.

Bangladesh is also among a small number of countries that have set up an outside advisory council to bring public feedback into AI policy, along with Canada and France, it adds.

The report's broader outlook was positive for countries like Bangladesh. It estimates that fewer than one in ten jobs in developing economies are at risk from AI automation. In wealthy countries, the figure is more than a third.

About one in six jobs could be improved by AI rather than replaced, according to the report.

It notes that poorer countries do not need to build their own data centres or AI models. Small, offline-friendly AI tools are enough for most countries to start with.



Finance Act 2026 needs stronger tax reforms

AF NESARUDDIN

After the enactment of the Finance Act 2026, a common perception is that these are ambitious and challenging to implement. Our tax-to-GDP ratio has remained stagnant at around 6-8 percent for decades. The world's minimum average is reportedly 12 percent. If we are to raise it to 15 percent, the revenue target should be at least Tk 15 lakh crore instead of the targeted Tk 7 lakh crore to keep pace with our neighbours and other Asian economies. The question is whether we have prepared the ground for sizeable revenue collection, with widespread tax evasion. The answer is simply no. Our taxation system is characterised by a low tax base and a lack of measures to ensure transparency and reduce tax evasion.

Unlike in recent years, many pro-business measures have been enacted this year. These include reducing deposits required for appeals and tribunal applications; increasing the admissible excess perquisites limit from Tk 20 lakh to Tk 25 lakh; allowing entertainment expenses up to 4 percent of income or actual expenses, whichever is lower; and raising the promotional expense limit from 0.5 percent to 1 percent of turnover. Withholding tax on transportation services has been reduced to 2 percent from 5 percent, while that on cleaning, security and human resource services has been reduced to 1 percent from 2 percent. Quarterly advance tax will now apply to taxpayers whose annual income exceeds Tk 10 lakh, compared with Tk 6 lakh previously.

The allowable acquisition cost of motor vehicles for depreciation has increased from Tk 30 lakh to Tk 60 lakh. The law has also redefined and renamed "Minimum Tax" as "Advance Tax, Final Tax Liability and Turnover Tax". There is also an incentive for early submission of tax returns. The treatment of disallowances has been simplified. Non-deduction of tax, excess expenditure on entertainment, overseas travel and promotional expenses, free medical samples and excess perquisites are now added to business income. Earlier, these were treated as special business income and taxed separately.



To improve transparency and revenue collection, a new clause requires companies and other taxpayers, except individuals, with turnover of Tk 10 crore or more or capital exceeding Tk 5 crore to have income computation sheets prepared and certified by a chartered accountant, cost and management accountant or income tax lawyer. Our trade sector has expanded from the capital to upazilas and economic growth centres across the country. Yet tax collection from this sector remains frustrating because of corruption and a lack of proper attention and measures by the NBR.

Political will is essential to increase tax revenue to ensure the required growth in tax revenue and economic growth. Ground realities and NBR capacity appear insufficient even to collect the present level of revenue. Honest and regular taxpayers are being pressured into undue tax payments through arbitrary disallowances and faulty assessment orders, while unjustified appeal and tribunal orders cause further suffering. Despite many hopes and measures, foreign direct investment has not improved. Many foreign investors have closed their businesses and left the country. There appears to be no exit interview with these investors.

Corruption, tax evasion, inadequate financial reporting, the absence of tax audits and limited digitalisation remain common problems in our taxation system. Bangladesh still relies heavily on cash transactions, giving ample scope for tax evasion. There is no alternative to digitalisation. These problems need to be reduced to a tolerable level, if not fully eliminated. Tax reforms in Bangladesh are long overdue and challenging, but essential. The question is whether we are paying enough attention to them.

The writer is a senior partner of Hoda Vasi Chowdhury & Co and past president of ICAB

HSBC restarts buybacks after rates and wealth boost H1 profit

REUTERS, *Hong Kong/London*

HSBC Holdings reported a better-than-expected first-half profit and raised its net interest income target, driven by revenue growth in lending and wealth management fee earnings on robust money flows.

Europe's largest bank posted a pretax profit of $19.5 billion for the first six months of this year, up 23 percent from $15.8 billion a year earlier and ahead of the $18.9 billion that analysts forecast.

HSBC's solid performance reflects the payoff of its Asian focus, where an overhaul targeting wealth and cross-border banking drove fee income growth alongside a favourable rate backdrop.

It also caps a strong earnings season for Europe's big banks, which have extended a more than two-year-long recovery thanks to a surge in trading activity and resilient interest income despite dips in central bank rates.

HSBC lifted its guidance for net interest income for this year, saying it now expects to exceed $46 billion, having previously said it would hit that level.

The lender announced a resumption of its share buybacks with an up to $1 billion plan, after pausing them when it announced late last year it was taking smaller Hong Kong lender Hang Seng Bank private.

HSBC also set a second interim dividend of $0.1 per share, following a $0.1 payout in May.

The bank's Hong Kong-listed shares were flat in Tuesday afternoon trading, dropping from a record high of HK$169.5 after the earnings release.

Citi analysts said in a note the new buyback of $1 billion was below the consensus of $2.2 billion, raising questions about whether HSBC is "transitioning to lower quarterly buybacks, or is this quarter's re-launch a stepping stone?"

The half-year update from HSBC showed CEO Georges Elhedery continuing his strategy of streamlining the lender by exiting markets where it lacks scale, as the bank sold its Singaporean insurance, Egyptian retail banking and Australian mortgage businesses.

World youth unemployment rate rose last year: UN

AFP, *Geneva*

Global youth unemployment rose last year, the United Nations said Tuesday, with some of the steepest increases seen in high-income countries as artificial intelligence begins to change the jobs market.

The tentative, short-lived recovery in youth labour markets that followed the Covid-19 pandemic has stalled, the UN's labour agency said.

The International Labour Organization said the global youth unemployment rate rose from 12.3 percent in 2024 to 12.4 percent last year -- equivalent to 67 million unemployed people aged 15 to 24.

Meanwhile the share of young people not in employment, education or training (NEET) increased slightly to 20 percent, affecting more than 257 million people, the ILO said in its Global Employment Trends for Youth 2026 report.

First published in 2004, the report gives an annual insight into global and regional youth labour market indicators.

The report found that some of the biggest rises in youth unemployment were in higher-income countries, "frustrating the aspirations of millions of young people at the start of their working lives".

"Slowing global economic growth, diminished job creation, geopolitical tensions and rapid technological change are combining to make the transition from school to decent work increasingly difficult for many young people," the report said.

The Geneva-based ILO said the youth unemployment rate is expected to flatline at 12.3 percent in 2026 and 2027.

Nonetheless, in years when the youth unemployment rate and the NEET rate "rise together, we raise the red flag", Sara Elder, head of the ILO's employment analysis and economic policy unit, told a press conference.

The report said anxiety among young people was high, with little known about the impact of artificial intelligence on the jobs market.

Young people "are increasingly expressing fear that their jobs will be replaced by technology and that their chances at job and income stability will be blocked by unprecedented technological (and other future of work) disruptions".

Sukti Dasgupta, director of the ILO's employment, skills and sustainable enterprises department, told reporters it was too soon to speak directly about causality between the rise of AI and growing unemployment among young people.

However, "the coincidence is quite real", she said, calling for more research in the months ahead.

Dasgupta said it was a time of "great uncertainty and fragility in the global economy", as "new risks associated with AI are emerging. None of this bodes well for young people."

The report found that jobs which traditionally served as entry points into the labour market for young people -- including office and administrative posts, sales positions and manufacturing jobs -- are decreasing. "A generation that cannot find decent work cannot build its future with confidence," said ILO chief Gilbert Houngbo.

"When young people are locked out of quality employment, countries lose talent, productivity and social cohesion. Creating decent jobs for young people is not just a social imperative, it is one of the smartest investments a country can make."

At the sub-regional level, the largest increases in youth unemployment were in northern Africa, northern America and northern, southern and western Europe. In central and western Asia, and in eastern Europe, the declining youth unemployment rate was offset by the rise in NEETs.

While both rates declined in Latin America and the Caribbean, these results were driven in part by declining youth population sizes.

The Arab states and northern Africa "are consistently the sub-regions with the world's highest youth unemployment rates", the report said, at 26.2 percent and 22.6 percent respectively.

With the indicators rising from already high levels, "it signals a deepening of the already well-rooted structural barriers that push young talent -- young women particularly -- to the margins of productive society".



People look at job listings at a fair in Chongqing, in southwest China. The International Labour Organization said the global youth unemployment rate rose from 12.3 percent in 2024 to 12.4 percent last year -- equivalent to 67 million unemployed people aged 15 to 24. PHOTO: AFP/FILE

Oil prices climb

REUTERS, *London*

Oil prices rose on Wednesday after attacks on two ships reinforced worries about disruptions to Middle East supplies, while industry data showing swelling inventories of US crude might keep bulls in check.

Brent futures were up 90 cents, or 1 percent, at $89.81 a barrel by 0757 GMT, set for their sixth day of gains.

US West Texas Intermediate (WTI) crude climbed 88 cents, or 1.1 percent, to $84.08, up for a fifth day. Both contracts earlier rose more than $1.

The United States and Yemen's Iran-aligned Houthis reported separate attacks on shipping in the Strait of Hormuz and the Bab el-Mandeb Strait on Tuesday, two crucial export valves for Middle Eastern oil and gas in addition to the Suez canal.

Iran's top security official said Hormuz would stay closed unless the US accepted Iran's conditions to end the war, including release of its frozen assets.

Shipping data showed the number of vessels transiting Hormuz fell to a one-week low of eight on Tuesday. Before the war, 125 to 140 vessels passed through the crucial waterway each day.

In Libya, the country's National Oil Corporation said all fires at fuel storage tanks in the Zawiya oil complex were under control. On the supply front, a Reuters poll showed that US crude oil and fuel inventories were expected to have fallen last week.

However, market sources citing American Petroleum Institute data said US crude inventories rose sharply, while gasoline and distillate stocks fell.

Crude stocks rose by about 9.1 million barrels, while gasoline and distillate inventories fell by 1.5 million barrels and 596,000 barrels, respectively, from the previous week, the sources said.