

Experts and officials attend a discussion titled "Risk Financing for Resilience in Bangladesh: What Will It Take?", jointly organised by Practical Action and The Daily Star at The Daily Star Centre in the capital yesterday. PHOTO: PRABIR DAS

80% of disaster-hit households need cash within 72 hours

New study highlights the need for rapid financial assistance

STAR BUSINESS REPORT

About 80 percent of disaster-affected households need cash support within 72 hours to cope with the initial shocks, according to a new study conducted across four districts.

Many are forced to borrow if assistance does not arrive within three days, said Tamanna Rahman, thematic lead for climate resilience at Practical Action Bangladesh, while presenting the findings at a roundtable discussion yesterday.

The roundtable, titled "Risk Financing for Resilience in Bangladesh: What Will It Take?", was jointly organised by Practical Action and The Daily Star at The Daily Star Centre.

After a disaster, families often face difficult choices between food, medicine and home repairs, resorting to borrowing, selling assets or cutting meals, Tamanna said.

The study, conducted in April, covered 1,165 households in Feni, Faridpur, Khulna and Satkhira.

It found that nearly two-thirds of respondent households depended on income from day labour, farming and fishing, while 90 percent earned less than Tk 20,000 a month. Around 40 percent had monthly incomes below Tk 10,000.

Floods, heat stress and cyclones accounted for 77 percent of the disaster events recorded in the surveyed districts over the past five years.

In 19 percent of cases, households suffered losses exceeding Tk 30,000, equivalent to about two months' income, Tamanna said.

The survey found that 42 percent of households would have to borrow if they did not receive cash support within three days of a disaster. Some 63 percent said their recovery would be much faster if they received assistance within that period.

The study also found that 75 percent of households had never had insurance coverage, while only 15 percent believed insurers paid claims promptly.

Some 65 percent found insurance products difficult to understand.

Meanwhile, 73 percent of respondents expressed greater interest in automatic payouts following floods or cyclones, while more than 60 percent said they would trust products delivered through existing groups or cooperatives.

PRACTICAL ACTION TO PILOT NEW FINANCING MODEL

Against this backdrop, Practical Action presented its "SHUROKKHA++" model, a community-based climate and disaster risk financing mechanism that it plans to pilot in Faridpur, Khulna, Satkhira and Feni.

Explaining the model, Tamanna said the proposed sub-national fund would be delivered through local cooperatives and cover anticipatory cash transfers, parametric insurance, post-disaster recovery credit and year-round resilience grants.

The pilot will test how quickly money can reach affected households, whether the triggers used to activate payouts can build public confidence, and whether the mechanism can include women, persons with disabilities and landless households, Tamanna said.

The fund will draw on multiple sources, including government budgets, development partners and private-sector corporate social responsibility contributions, to reduce dependence on any single donor, she added.

The government is also willing to support the initiative.

"Please prepare your final model and share it with us. The government will do everything it can on its part in this matter," said M Iqbal Hossain, state minister for the Ministry of Disaster Management and Relief.

EXPERTS WARN AGAINST DATA, REGULATORY UNCERTAINTIES

However, experts and industry representatives at the roundtable cautioned that regulatory uncertainties and unreliable data could undermine the proposed mechanism, particularly its ambition to deliver payouts within 72 hours.

Mir Nadia Nivin, chairman of the Insurance Development and Regulatory Authority (IDRA), said recurring disasters cost Bangladesh around 0.8 percent of gross domestic product annually, adding to public debt and subsidies, disrupting development projects and pushing vulnerable households deeper into financial hardship.

"It's about time that we think about transferring that risk from public accounts to insurance and reinsurance capital," she said.

After a disaster, families often face difficult choices between food, medicine and home repairs, resorting to borrowing, selling assets or cutting meals

She identified parametric insurance as particularly relevant to Bangladesh, where certain climate-related hazards, including cyclones, can be forecast in advance.

IDRA has prioritised the insurance model for the coming years, she added.

Under parametric insurance, payouts are triggered when predefined conditions, such as rainfall levels or wind speeds, cross specified thresholds, rather than being based on individual assessments of losses.

Although the concept is relatively straightforward, its implementation requires careful product and trigger design, reliable data sources and effective payout channels, Nadia said.

Monirul Hoque, national programme officer at UNDP Bangladesh's Insurance and Risk Finance Facility, said making payments within 72 hours, or even within a month, would be difficult without reliable data.

Even international benchmarks require several days under ideal conditions, he said, urging the project architects to align the proposed model with the micro-insurance regulatory framework being formulated by UNDP and IDRA.

Farah Jabin Mouli, deputy vice-president of Impact Business at Green Delta Insurance, also identified reliable trigger data as the biggest challenge in developing climate and disaster risk insurance.

While flood and excess rainfall data are available from the Bangladesh Meteorological Department and satellites, satellite-based information can take weeks to arrive after an event, making payouts within 72 hours difficult, she said.

Financial institutions and government agencies could also play a role in making the proposed mechanism operational.

Molla Karimul Islam Tuhin, operational head of the Sustainable Finance Department at City Bank, said banks could support climate and disaster risk financing by expanding access to banking and insurance services, particularly for people outside the formal financial system.

He suggested offering subsidised loans through Bangladesh Bank's refinancing schemes, backed by low-cost international funding such as the Green Climate Fund.

He also called for revising the central bank's corporate social responsibility policy to allow banks to provide subsidies or seed funding for insurance initiatives.

Md Abu Zafur Al Munsur, deputy director for monitoring of the field service wing at the Department of Agricultural Extension, said the department could support agricultural insurance through its extensive grassroots network by raising awareness and helping farmers access insurance services.

He highlighted the potential use of the government's Farmers Card database, which already contains verified information on 2.4 million farmers, to support pilot initiatives.

Digital banks must offer more than traditional banking

SALEKEEN IBRAHIM

Bangladesh's banking industry is about to enter another chapter. On September 24, the Bangladesh Bank gave initial approval to five proposed digital banks: bKash Digital Bank, Boost Digital Bank, backed by Robi Axiata; Nova Digital Bank, backed by VEON and Square; DK Digital Bank; and Kori Digital Bank. That was not the final banking licence. The applicants now must build the required infrastructure, demonstrate operational readiness and meet regulatory conditions before they can begin banking operations.

The initiative is significant, but it raises a familiar question: does Bangladesh need more banks? Around 61 scheduled banks serve a population of more than 180 million, while the sector faces governance weaknesses, poor credit discipline and rising defaults. Central bank data shows that classified loans reached around Tk 6.07 trillion in June this year, roughly one-third of total outstanding loans. This is putting pressure on capital, profitability and banks' capacity to finance new economic activity. Former BB governor Ahsan H Mansur argued in January that Bangladesh had more banks than necessary and suggested consolidation.

Traditional banks have already invested heavily in digital channels. Bangladesh Bank's Financial Stability Report 2025 says all bank branches had online banking capability by December 2025. Banks offer mobile apps, internet banking, fund transfers, QR payments, digital account opening, card services, bill payments and a growing range of self-service options. Meanwhile, mobile financial services providers such as bKash have built large digital ecosystems. Can a new digital bank win customers by offering digital services? If they offer only the generic products available from traditional banks, the outcome could be another disappointment. They would create five new competitors for an existing pool of customers.



The biggest opportunity for digital banks lies in SME finance, where they could become genuinely transformative for Bangladesh

Digital banks should offer something different from conventional banks. They will not have branch networks, physical infrastructure or over-the-counter operations. Their smaller physical footprint could allow them to operate with a different cost structure and pass some of those savings on to customers. But lower operating costs alone will not make a successful digital bank. The opportunity becomes meaningful if they offer instant access to credit, faster service, analytical tools, lower costs, personalised financial solutions and a better customer experience.

The biggest opportunity for digital banks lies in SME finance. This is where they could become genuinely transformative for Bangladesh. SMEs are a source of employment, income and economic activity. Yet many entrepreneurs struggle to obtain formal credit because they lack conventional collateral, financial records or long banking histories.

A small business's digital sales, payments, invoices, account activity and permitted financial information could provide an alternative picture of its creditworthiness. Technology could make credit decisions faster, reduce documentation and transaction costs, and make finance more accessible to smaller businesses. But this opportunity must be approached carefully. Digital lending without strong credit analytics, robust credit-scoring models and effective collection mechanisms could create a new generation of bad loans.

Regulators have a critical role to play. The success of digital banking should not be measured by the number of accounts opened, app downloads or transactions generated. It should be measured by how many underserved people enter the formal banking system; how much productive credit reaches SMEs and agriculture; and the quality of that lending. Measures should include customer acquisition costs, how effectively fraud and cyber risks are controlled, and whether digital banking improves financial inclusion by reaching remote rural areas without the high overheads of brick-and-mortar branches. The objective should be to build a new banking model that achieves genuine traction: one that uses technology, data and alternative credit assessments to serve customers whom conventional banks have struggled to reach.

The writer is a senior banker

S&P Global revises Meta's outlook to 'negative'

REUTERS

S&P Global Ratings on Friday revised its outlook on Meta Platforms to "negative" from "stable", citing significant uncertainty around the social media giant's capital spending and free operating cash flow.

Big Tech has historically spent heavily on cloud computing, online advertising and e-commerce, but the AI boom has pushed capital expenditure to dizzying levels, stoking investor concerns about whether the sector can generate returns quickly enough.

Last week, Meta forecast annual capital expenditure between $135 billion-$145 billion after reporting a free cash flow deficit of $2.12 billion in the third quarter. Meta is also planning to tap public markets and sell $97.5 billion in stock to fund the AI buildout.

Meta's ability to monetize its AI investments is more limited than that of its peers, S&P said, adding it was unclear when its revenue streams would generate material contributions exceeding their rising costs over the next few years. S&P now forecasts Meta will generate FOCF deficits of $39 billion in 2026 and $71 billion in 2027.

The agency said elevated spending could keep FOCF negative beyond 2028 and expects Meta to fund its 2028 cash shortfall entirely with debt.

Big Oil's spending caution speaks louder than its profits

REUTERS, *London*

Big Oil is reaping near record cash windfalls from the eight-month-old Iran war, but Western energy producers' reluctance to ramp up spending reveals persistent doubts about the industry's long-term outlook.

BP, Chevron, Exxon Mobil, Shell and TotalEnergies reported combined net profits of $56 billion in the third quarter, driven by surging oil and gas prices, record-high refining margins and strong trading results.

BP posted its highest quarterly profit ever, $8.5 billion, as earnings from its refining business rose tenfold from a year earlier. For the other majors, the quarter was generally their second-strongest on record, behind only the extraordinary gains booked following Russia's invasion of Ukraine in February 2022.

Market conditions remain incredibly favourable. Brent crude has surged around 60 percent to $114 a barrel since the start of the Iran conflict on February 28, while benchmark European natural gas prices have climbed to their highest levels since late 2022. Diesel prices, meanwhile, remain close to September's all-time high above $200 per barrel as fuel markets continue to grapple with refinery outages and disrupted trade flows.

Yet, Big Oil has so far shied away from major new spending, suggesting the majors do not see today's market conditions as evidence that the industry's long-term outlook has improved.

Entering the year, the energy industry had been bracing for a looming supply glut. Many companies were cutting spending plans, freezing hiring and intensifying cost-saving programmes amid expectations that a flood of new oil and liquefied natural gas (LNG) supplies would pressure prices later in the decade.

The joint US-Israeli strikes on Iran in February and the prolonged closure of the Strait of Hormuz upended the short-term supply picture, as exports from the Gulf ground to a halt and refining capacity shrank. However, energy companies have so far maintained their conservative approach, directing excess cash mostly to strengthening balance sheets and repurchasing shares.



A view of ExxonMobil Baton Rouge Refinery in Louisiana. BP, Chevron, Exxon Mobil, Shell and TotalEnergies reported combined net profits of $56 billion in the third quarter, driven by surging oil and gas prices. PHOTO: REUTERS/FILE

The majors' combined net debt fell to $117 billion in the third quarter from $204 billion in the first quarter. BP, which entered the conflict carrying one of the highest debt burdens among its peers, nearly halved net debt to $13.9 billion from a year earlier. The company will continue to focus on debt reduction, its CEO said. Share buybacks also rose to $12.3 billion in the third quarter, little changed from the previous quarter. Shell and TotalEnergies announced sharp increases in buybacks over the next three months, while Exxon said it planned to buy back $20 billion of shares in 2027, a similar level to this year.

While debt reduction and share repurchases can be dialled up or down from one quarter to the next, capital spending and dividends are longer-term commitments that are much harder to reverse if market conditions deteriorate. So it is telling that the majors' dividend policies and capital spending plans have remained largely unchanged since the start of the war.

Shell, for example, reduced its 2026 capital spending guidance by $1 billion to $23 billion to $25 billion despite the sharp improvement in commodity prices. Chevron expects 2026 spending to remain at the lower end of its $18 billion to $19 billion guided range. The extreme volatility and uncertain outlook have also curbed companies' appetite for large acquisitions, as buyers and sellers struggle to agree on fair valuations for assets. The main exception has been North American natural gas, where abundant supplies and relatively predictable pricing have made it easier to strike deals.

Vietnam's trade surpasses $1tn in 10 months

ANN/VIETNAM NEWS

Vietnam's total goods trade reached an estimated US$1.01 trillion in the first 10 months of 2026, up 32.3 per cent from a year earlier, surpassing the $1 trillion mark for the first time, the Ministry of Industry and Trade's Agency of Foreign Trade said on Thursday.

Trade turnover in October alone was estimated at $122.2 billion, up 47.6 per cent year-on-year.

Exports continued to post strong growth, reaching an estimated $499 billion in the January-October period, jumping 27.4 per cent. The performance has put Vietnam on track to meet or exceed its full-year 2026 export growth target of 15-16 per cent.

According to the agency, export growth was recorded in both the domestic and foreign-invested sectors. Processed and manufactured goods remained the mainstay, accounting for 87.4 per cent of total exports. Shipments also grew strongly to major markets, including China, the US, the EU, the Republic of Korea and ASEAN.

Vietnam recorded a trade surplus of an estimated $6.8 billion in October, marking the second consecutive month of surplus and narrowing the cumulative trade deficit for the first 10 months to around $12.7 billion.

The results underscore the continued momentum in trade and its important contribution to economic growth.

The agency said that the Ministry of Industry and Trade is drafting a goods import-export strategy through 2030, with a vision to 2045.

The strategy aims to drive strong export and import growth to support Vietnam's ambition of achieving double-digit economic growth in 2026-30. It targets average annual export growth of 15-16 per cent over the period, with Vietnam aspiring to rank among the world's 10 largest exporting nations by 2045. Imports are targeted to grow by an average of 12-13 per cent annually in 2026-30, naming Vietnam in the world's top 10 importers by 2045.

The strategy seeks to establish a sustainable trade surplus in 2026-30, with the surplus equivalent to an average of 3-6 per cent of total exports during the period, rising to 7-10 per cent by 2045.

To improve the quality of trade growth and increase the value added from processing and technology, the draft strategy aims to raise the share of domestic firms in total exports to around 28-30 per cent by 2030 and 38-40 per cent by 2045.