High risk, no return

Is capital moving in the right direction in Bangladesh's startup ecosystem?

NOMROTA SARKER

Bangladesh has never lacked entrepreneurs. What it has lacked is patient capital. For more than a decade, policymakers, investors, and ecosystem builders have celebrated the country's 'startup era'. Pitch competitions multiplied, venture capital entered the national vocabulary, and unicorns became an aspiration.

Yet beneath the optimism lies a paradox. Bangladesh has produced thousands of founders, promising technology companies, and millions of digitally connected consumers. But institutional venture capital remains limited, angel investing fragmented, and bank lending tied to collateral. Much domestic capital still flows into real estate, textiles, trading, and fixed-income assets.

The result is an ecosystem with companies capable of becoming regional champions, but too little capital to help them get there. The question is no longer simply how Bangladesh produces its next unicorn. It is whether the country is starving dozens of Royal Bengal tigers while searching for one mythical unicorn.

A DECADE OF MOMENTUM

Over the past 15 years, Bangladesh has laid much of the groundwork for a technology economy. Internet access expanded, mobile financial services entered everyday life, digital commerce grew, and government programmes accelerated the adoption of digital services. International investors backed companies including Pathao, ShopUp, Chaldal, Truck Lagbe, Maya, and Sheba.xyz. The government entered venture investing through Startup Bangladesh Limited. Funding strengthened between 2018 and 2022 before rising interest rates and tighter global liquidity made foreign investors more selective. The correction exposed a weakness that had been there all along: Bangladesh had not developed enough domestic risk capital.

Mature startup ecosystems have a financing ladder, from family backing and angel investment to seed funds, venture capital, growth equity, debt, and public markets. Bangladesh's ladder is missing several rungs. Founders navigate grants, accelerators, and scattered angel networks before reaching institutional investors. Companies with growing revenue also struggle to finance expansion. They fall between traditional small-business lending and the rapid growth sought by venture funds.

THE BANKER'S DILEMMA

Commercial banks are not irrational. Their business is to protect capital, while startups are built around uncertainty. A lender asks about collateral, current cash flow, and recoverable assets. A venture investor asks whether a company can capture a market, scale efficiently, and execute its strategy. These are fundamentally different ways of assessing risk. Expecting banks to behave like venture capitalists misunderstands banking itself.

Bangladesh Bank established a BDT 500 crore startup refinancing fund in 2021. Revised rules in 2025 expanded financing limits, retained concessional lending, and opened routes for equity investment. These changes matter, but implementation will determine whether founders can actually access the money. Startup Bangladesh Limited, central bank financing, ICT innovation programmes, and SME support have given startups greater policy recognition. These are meaningful steps, but public money cannot build a venture ecosystem on its own.

The result is an ecosystem with companies capable of becoming regional champions, but too little capital to help them get there. The question is no longer simply how Bangladesh produces its next unicorn.

Successful ecosystems combine government support with private capital, including corporate investors, family offices, and institutions. Bangladesh still leans heavily on public intervention when international investors pull back. That dependence is neither sustainable nor desirable.

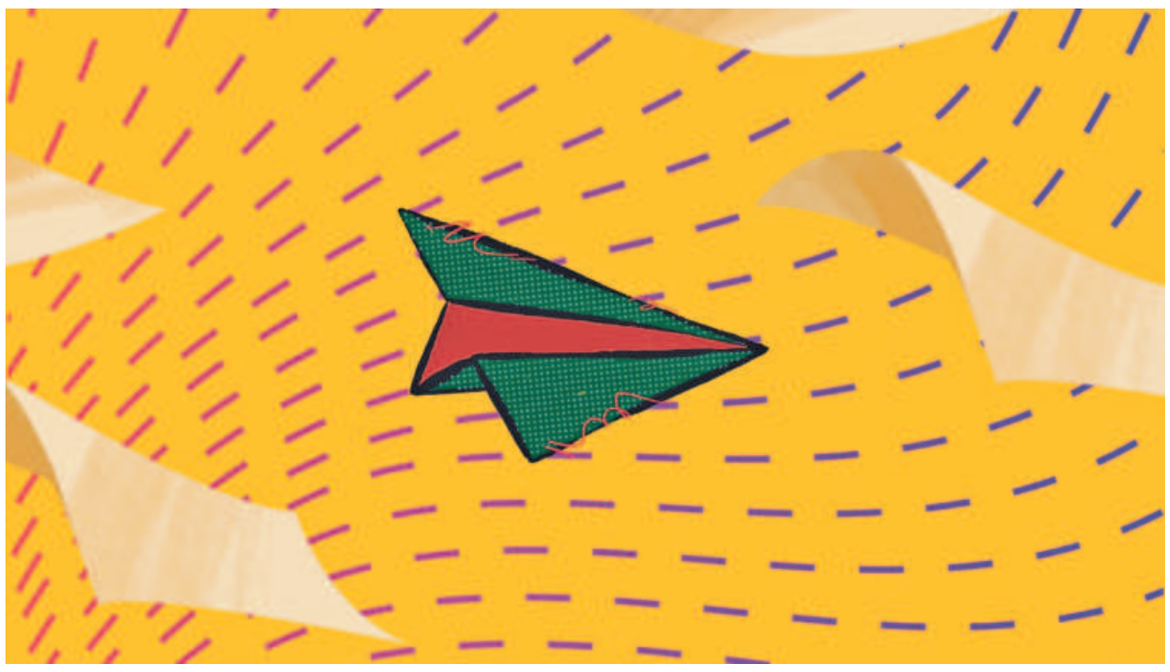


ILLUSTRATION: **ZARIF FAIAZ**

WHERE ARE THE INSTITUTIONAL INVESTORS?

Bangladesh has pension funds, insurers, banks, non-bank financial institutions, and large corporate balance sheets. Yet allocations to venture capital and other alternative investments remain limited. Elsewhere, institutions and family offices help fund innovation over long horizons. In Bangladesh, founders remain heavily dependent on overseas investors. When global venture markets slow, domestic startups can suddenly find themselves without oxygen.

The greatest blind spot may be neither seed-stage startups nor billion-dollar companies, but businesses between the two. Many generate revenue, employ substantial teams, and have demonstrated customer demand. With patient expansion capital, some could become regional leaders. Instead, they are too risky for conventional lenders, too small for growth equity, too mature for grants, and too large for angels.

This 'missing middle' may hold one of Bangladesh's greatest unrealised opportunities. LightCastle's investment data suggest startups have raised roughly $1 billion through more than 450 deals between 2010 and 2025, yet access to capital remains uneven.

SMES VERSUS STARTUPS: A FALSE CHOICE

The debate over whether to prioritise SMEs or startups presents a false choice. SMEs sustain employment and local economies; technology startups can also improve productivity and transform industries. Both matter, but they do not always need the same financing.

A manufacturer should not be financed on the same terms as an early-stage software company. Nor should a software business be judged solely by collateral standards designed for factories.

The broader investment picture also reveals how concentrated funding remains. LightCastle recorded $124 million across just 12 startup deals in 2025. The $110 million ShopUp–Sary transaction, which formed SILQ Group, accounted for about 89% of the total. A strong headline figure concealed much thinner investment activity elsewhere. Billion-dollar valuations make headlines, and governments often embrace them as benchmarks. But unicorns are outliers, not an economic strategy.

An ecosystem producing hundreds of sustainable, profitable technology businesses may generate more employment, exports, and tax revenue than one focused on a handful of valuations. Bangladesh should pursue resilience before rarity. Royal Bengal tigers are real. Unicorns mostly live in PowerPoint presentations.

CAPITAL SHOULD FOLLOW CAPABILITY

Bangladeshi founders have demonstrated their ability to build businesses in logistics, fintech, commerce, healthcare, education, and enterprise software. The question is how to finance their next stage. Well-directed investment in innovation can support higher-value jobs, export diversification, technology transfer, productivity, digital infrastructure, and future tax revenue. Innovation is not merely an ICT issue. It is also an industrial, employment, and economic policy. The next chapter requires each part of the financial system to reconsider its role.

Policymakers must improve regulatory certainty, tax treatment, cross-border investment rules, and governance. Bangladesh Bank must turn financing reforms into consistent implementation. Commercial banks need specialist lending expertise rather than applying conventional SME tests to every startup. Non-bank financial institutions could explore venture debt and revenue-based financing, while institutional investors could consider measured allocations to innovation funds, subject to their mandates and risk limits. Corporations can become customers, investors, and acquisition partners. Founders, meanwhile, must remember that raising capital is not proof of success. Sustainable businesses ultimately matter more than inflated valuations.

Bangladesh has spent years asking where its next unicorn will come from. Perhaps the better question is whether its financial system can recognise extraordinary businesses before they become obvious. Royal Bengal tigers already roam this ecosystem: resilient, adaptable, and accustomed to difficult terrain. If capital keeps chasing mythical unicorns instead of backing capable founders, Bangladesh may discover too late that its greatest competitive advantage was never missing: it was simply overlooked.

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Views expressed in this article are of the author's own and may not reflect the editorial stance of The Daily Star.

Google Vids offers free AI-powered video editing through Google Drive

NEXT STEP DESK

Google has expanded access to its browser-based video editing platform, Google Vids, allowing users to create and edit videos without installing dedicated editing software.

The application forms part of Google's Workspace ecosystem and can be accessed through Google Drive or directly through the Google Vids website.

Originally introduced for business and enterprise customers in 2024, Google Vids became available to individual users in 2026.

The platform provides tools for assembling footage, creating presentations, adding text and audio, and editing scenes using a visual timeline.

Users can import material from Google Drive and Google Photos, record webcam footage, add narration, and incorporate images, music, and other visual elements.

Ready-made templates allow beginners to produce videos without extensive editing experience.

Google Vids is designed primarily for accessible video production rather than complex professional editing requiring extensive multitrack controls.

Anthropic plans $3.5bn share sale to Japanese investors as US IPO approaches

NEXT STEP DESK

Artificial intelligence company Anthropic plans to sell up to $3.5 billion worth of shares to investors in Japan as part of its proposed US stock market listing, according to a regulatory filing reported by Reuters on November 2.

The filing shows that Anthropic intends to offer shares worth as much as 552.9 billion yen to Japanese investors, signalling the international investment interest surrounding one of the world's leading AI developers.

The company, best known for its Claude family of artificial intelligence models, plans to use the proceeds from the new shares to finance working capital, operating expenses, and capital expenditure.

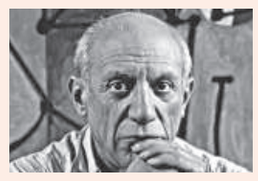
The filing did not disclose the overall size of Anthropic's proposed initial public offering or establish a definitive valuation.

However, Reuters has previously reported that some investors have discussed a potential valuation of approximately $1.5 trillion, reflecting expectations for the commercial growth of advanced artificial intelligence systems.

The Japanese allocation comes as AI companies face growing financial demands from the computing infrastructure required to train and operate increasingly sophisticated models.

Anthropic competes with OpenAI, Google, and other technology companies in developing AI systems for businesses, developers, and consumers.

Japan's participation in major US technology listings has also attracted attention following SpaceX's June 2026 IPO, when Japanese investors secured approximately $2.2 billion in shares.



"Inspiration exists, but it has to find you working."

Pablo Picasso

Big Tech's $740bn spending plans raise fresh fears over AI investment boom

NEXT STEP DESK

Investors are increasingly questioning the sustainability of the artificial intelligence investment boom as major technology companies commit hundreds of billions of dollars to computing infrastructure, raising concerns about profitability, debt, and future returns.

Alphabet, Amazon, Meta, and Microsoft have outlined combined capital expenditure plans exceeding $740 billion for 2026, according to TechCrunch. Much of the investment is associated with AI infrastructure, including data centres, advanced chips, and cloud computing systems.

The unprecedented spending has begun to unsettle investors who previously rewarded technology companies for expanding aggressively into artificial intelligence.

Alphabet has emerged as a particular concern. Google's parent company reported negative free cash flow of $9.1 billion in the third quarter, while forecasting annual capital expenditure of up to $205 billion. Slower growth in its core search advertising business has added to questions about whether AI could undermine an important source of revenue.

Amazon and Meta have also faced pressure over rising expenditure. Amazon expects capital spending of about $220 billion this year, while Meta has projected spending of up to $145 billion.

Microsoft, by contrast, reported positive quarterly free cash flow of $18.6 billion, demonstrating that some technology companies are better positioned to finance their expansion.

The concerns have spread through financial markets, with major technology and semiconductor stocks suffering losses as investors reassess the financial implications of AI infrastructure development.

Demand for artificial intelligence services remains substantial, particularly among cloud computing customers. However, analysts and investors are increasingly focusing on whether that demand can generate sufficient profits to justify the investment.

JOBS SPOTLIGHT

VISA
Manager, Visa Direct (South Asia)
Deadline: N\A
Eligibility:
» Experience in payments/cards in banking or financial services industry.
Minimum experience: 5-8 years

INTERNATIONAL JUSTICE MISSION
Social Services Manager
Deadline: N\A
Eligibility:
» Master's degree in social work, psychology, or related field.
Minimum experience: 5 years

CONCERN WORLDWIDE
Monitoring, Evaluation, Accountability, and Learning (MEAL) Officer
Deadline: November 3
Eligibility:
» Bachelor's degree or equivalent in an area of specialisation in M&E and/or MIS/ Social Science/ Statistics from a recognised university.
Minimum experience: 3-4 years

ZXY INTERNATIONAL
Merchandiser, Knit
Deadline: November 7
Eligibility:
» Graduate in Textile Manufacturing/ Apparel Merchandising from a well-reputed institute.
Minimum experience: 5 years

FOR MORE DETAILS AND THE APPLICATION LINKS, SCAN THE QR CODE BELOW

Year-old AI startup raises $1 billion in Series A funding

NEXT STEP DESK

AI startup Flapping Airplanes has raised $1 billion in a Series A funding round at a reported valuation of $6 billion, nine months after launching with $180 million in seed funding. The company said Index Ventures and Lux Capital co-led the round, announced on October 21. Existing investors GV, Sequoia, and Kleiner Perkins also participated. Other investors include Valor, Atreides, A*, and Nvidia.

The latest funding values the year-old company at four times its $1.5 billion valuation in January, when it secured backing from GV, Sequoia, and Index. Founded by Aidan Smith and brothers Asher and Ben Spector, the startup aims to develop ways to train large AI models using less data. Smith previously worked at brain implant company Neuralink, while Asher Spector holds a background in statistics at Stanford University. Ben Spector studied computer science at Stanford and founded Prod, a student-run startup accelerator.

The company is developing what its founders describe as a "megakernel framework", designed to combine multiple computing tasks into a single programme running on a graphics processing unit (GPU). They say the system can handle AI model training, inference, and video games, potentially letting hardware run more efficiently.



IMAGE: **FLAPPING AIRPLANES**