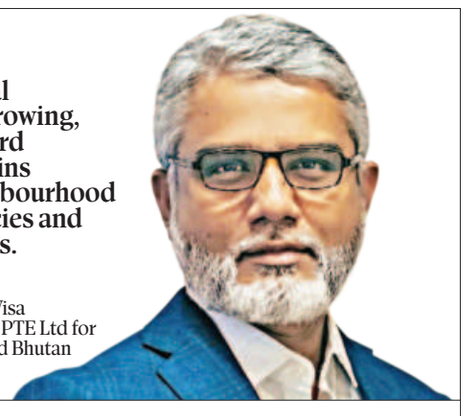
Smartphones may widen card payment access for small businesses

Although digital payments are growing, the scope for card payments remains limited at neighbourhood shops, pharmacies and small businesses.

Sabbir Ahmed
Country manager of Visa Worldwide Singapore PTE Ltd for Bangladesh, Nepal and Bhutan



Sabbir Ahmed, country manager of Visa, tells The Daily Star

AHSAN HABIB

High transaction costs, expensive payment terminals and limited card ownership are holding back the expansion of digital payments in Bangladesh, particularly among small businesses and consumers outside major cities, said Sabbir Ahmed, country manager of Visa Worldwide Singapore PTE Ltd for Bangladesh, Nepal and Bhutan.

In an interview with The Daily Star, he said bringing micro and small merchants into the digital payment network would require lower transaction costs, easier merchant registration and wider access to payment instruments.

"One of the main reasons is that purchasing a point-of-sale (POS) machine to accept card payments is expensive for these businesses," he said.

Although digital payments are growing, the scope for card payments remains limited at neighbourhood shops, pharmacies and small businesses. Merchants operating on thin profit margins are often reluctant to accept cards because they have to invest in payment terminals and pay banks a fee for every transaction.

COSTLY INFRASTRUCTURE REMAINS A BARRIER

A POS machine generally costs Tk 15,000 to Tk 20,000, while merchants may have to pay transaction fees of 1 to 2 percent. These expenses discourage micro and nano businesses from accepting card payments, Sabbir said.

To address the barriers, Visa has introduced Visa Accept, a service that allows merchants to receive card payments using their own smartphones instead of purchasing separate POS machines.

The service, launched through United Commercial Bank (UCB) last month, has so far onboarded about 100 merchants.

Visa aims to bring transaction costs below 50 basis points, or less than 50 paisa for every Tk 100 transaction. It also plans to introduce same-day settlement, allowing merchants to receive their sales proceeds on the day of the transaction rather than the following day.

The initiative will also allow businesses to register digitally through participating banks' mobile apps, replacing the conventional process of submitting documents and obtaining payment terminals through banks.

Merchants will not need separate institutional bank accounts to use the service. They can receive payments through personal accounts maintained with participating banks.

For instance, a roadside coconut vendor can enter the purchase amount into a banking app on a smartphone, after which a customer can tap a card against the device to complete the transaction.

DIGITAL PAYMENTS NEED WIDER REACH

Expanding payment acceptance beyond Dhaka and Chattogram is another major challenge.

Sabbir, who has over 29 years of experience in banking and payments across Bangladesh and Vietnam, said card usage and acceptance were relatively widespread in the two major cities, but opportunities remained limited in district towns and rural areas.

Visiting individual merchants to complete registration involves time and costs. Digital onboarding could remove this geographical barrier, allowing banks to reach businesses across the country.

Visa plans to bring at least 10 lakh micro and nano merchants under its service within the next three years. Visa plans to bring another four to five banks on board in the coming months.

Seven to eight banks account for a large share of the country's card-acquiring market, making their participation important for expanding merchant coverage, according to Sabbir, who was also a former managing director and head of wealth and retail banking at Standard Chartered Bangladesh.

LOAN ACCESS COULD BE IMPROVED

Wider acceptance of digital payments could also help small businesses gain access to formal credit.

Many small merchants conduct transactions in cash, leaving banks without reliable information about their actual sales, income and financial capacity. This makes it difficult for lenders to assess their creditworthiness.

Digital transaction records would allow banks to understand merchants' sales volumes and business activities more easily, potentially improving their ability to extend loans.

Banks could also benefit from increased deposits as more merchants receive payments through their accounts, Sabbir said.

Reducing cash management costs is another potential benefit. Citing a Bangladesh Bank report, he said cash management costs the country around Tk 20,000 crore a year.

Businesses also face the risks of theft, torn notes and counterfeit currency, besides the time and expenses involved in sending employees to deposit cash at banks.

"Digital payments offer an opportunity to reduce these hassles," he said.

LIMITED CARD OWNERSHIP REMAINS A CONCERN

However, expanding merchant acceptance alone will not be enough to accelerate digital transactions. Consumers must also have access to cards and other digital payment instruments.

Bangladesh currently has around 4 crore debit cards, while the number of bank accounts exceeds 19 crore, according to central bank data cited by Sabbir. Debit card penetration remains below 25 percent of the population.

In comparison, 94 to 95 percent of Sri Lanka's population has debit cards. In Vietnam, the figure is 105 percent, indicating that many people hold more than one card.

Lack of awareness also discourages card usage. Some people believe having a debit card could put their bank deposits at risk, while others do not know how or where to use cards for payments.

Sabbir also identified tax evasion and limited financial literacy as barriers to digital payment adoption, saying many businesses prefer cash transactions because they want to remain outside the tax net.

He suggested introducing financial services at an early age by ensuring every student has a bank account and debit card at school. This would help develop savings habits and familiarise young people with formal banking and digital transactions.

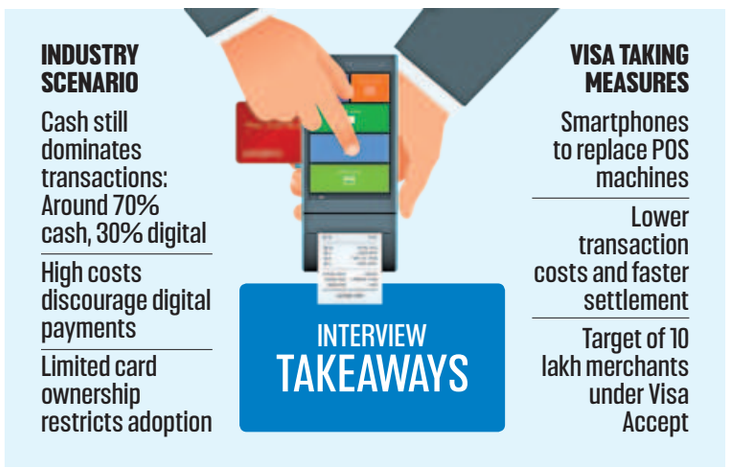
CASH STILL DOMINATES TRANSACTIONS

Sabbir estimated that around 70 percent of transactions in Bangladesh currently take place in cash, while 30 percent are digital.

"Visa wants to reverse this picture, with 70 percent of transactions taking place digitally and 30 percent in cash in the future."

He said security remained the highest priority for digital payment providers, adding that Visa spends substantially every year to protect its payment network.

"So we are 100 percent confident in the security standards," he said, adding that the company conducts necessary tests and security assessments before introducing new services.



What business schools still don't teach

MAMUN RASHID

I have spent more than 37 years in banking, at ANZ Grindlays, Standard Chartered, Citibank and later PwC Bangladesh. I have also spent part of the past 30 years in business schools as a professor, director, academic council member and employer. That dual experience gives me an uncomfortable privilege. I see what we teach. I also see what the market needs. The gap is widening.

Our business schools are not failing because students are weak. They are failing because the curriculum is built for a world that no longer exists. We teach finance, but not risk. In almost every BBA programme, finance means formulas. Students memorise and solve them in examinations. Ask a graduate: a client wants Tk 50 crore and his cash flow looks good on paper. Would you lend? Most cannot answer. They have never examined overstated inventory, fake receivables or money taken out through related parties.

I learnt credit not in a classroom but beside credit officers at Citibank who asked three questions: Where is the cash? Who is the promoter? What happens if the dollar moves Tk 10 tomorrow? We never teach failure. Case studies show success; real life does not. Our banks have officers who can disburse loans but cannot recover them. We teach marketing, but not customers. At a marketing competition I once judged, the slides were flawless: segmentation, targeting, positioning. I asked whether anyone had spoken to a Karwan Bazar shopkeeper or watched a retailer order stock. Silence. Students learn marketing from Philip Kotler, not the bazaar. They do not understand informal retail, a tea-stall owner's biscuit choices or pricing for someone earning Tk 500 a day.

We teach management, but not ethics. I have seen officers asked to approve bad loans and auditors asked to sign false reports. I have seen good managers leave the profession because nobody taught them how to say no. Ethics is one chapter in the last week of the semester. Hallmark, BASIC Bank and the 2010 market crash are discussed as financial irregularities, not ethical failures. Until we teach governance as survival rather than compliance, we will produce managers who can make a profit but cannot protect trust.



Case studies show success; real life does not. Our banks have officers who can disburse loans but cannot recover them

We teach technology, but not data. Management Information Systems courses still teach Excel tables. Meanwhile, a Chattogram shop sells on Facebook, collects on bKash and estimates next month's inventory with a simple tool. Our graduates can write a business plan but cannot build a dashboard or read data, so employers spend six months training them after hiring. We teach entrepreneurship, but not resilience. We romanticise being your own boss and building a unicorn. We ignore government offices, gas shortages, late-paying buyers and banks demanding collateral. We do not teach cash-flow management, surviving 18 months without profit or negotiating with bigger suppliers.

I have met young entrepreneurs. The survivors rarely had the best ideas. They managed cash, people and disappointment. What should we do? Three proposals, drawn from both sides.

Make internships real. Photocopying teaches nothing. Students should sit in credit committees, walk factory floors and face customers. Universities should grade employers, too. Bring practitioners into classrooms as semester-long co-teachers, not one-hour guests. Change the examination. Stop asking students to reproduce definitions. Put a balance sheet in front of them and ask what they would do. Put a real retailer in front of them and ask how they would lift his sales by 20 percent.

The question is no longer how many BBA students we have. It is whether we are teaching them what Bangladesh needs.

The writer is an economic analyst

World oil market is returning to surplus: IEA

REUTERS, *London*

The world oil market will return to a surplus in the fourth quarter of this year, the International Energy Agency said on Friday, as Middle East exports recover faster than global oil demand despite continued attacks on shipping.

The agency also gave more details of remaining volumes to come from a record release of oil from its members' emergency reserves pledged in March, saying 71 million barrels would be made available by the end of February including 15 million barrels of diesel to ease market tightness.

Oil supply will average 105 million barrels per day in the fourth quarter, the Paris-based agency, which advises industrialised countries, said in a monthly report, 1.7 million bpd higher than forecast demand. The IEA had previously forecast a fourth-quarter supply deficit.

"The oil market is showing tentative signs of rebalancing, with global oil supplies surpassing demand for the first time since the outbreak of the war in Iran," the agency said in the report.

Oil prices reversed earlier gains after the IEA report was released at 0900 GMT. Brent crude was last down 0.1 percent at $95.71 a barrel.

ASEAN unity faces test as energy crisis, conflicts loom over summit

REUTERS, *Manila*

Southeast Asian foreign ministers began meetings in Manila on Saturday as the regional bloc seeks a coordinated response to surging energy costs, security tensions, and an approaching El Niño, challenges Philippine President Ferdinand Marcos Jr. has said demand collective action.

"Especially at a time when we face multiple crises, from rising oil prices to security concerns and the approaching El Niño, ASEAN needs to act as one," Marcos said ahead of the meetings, which the Philippines will chair. "It is very important that we are united and find plans and solutions to address these problems."

The meetings open a weekend of diplomacy culminating in the November 15 to 17 ASEAN summit, where ASEAN leaders will hold talks with counterparts from major powers including the United States, China and Japan, and discuss wide-ranging issues from the economic fallout from the Middle East conflict, Myanmar, the South China Sea to transboundary pollution.

The gathering comes as the Philippines and other import-dependent Southeast Asian economies grapple with higher fuel costs, which have squeezed households and businesses and added to inflation pressures. The crisis has also exposed the limits of regional energy security, with proposals for a shared oil stockpile still under study.

A summit on the Asia Zero Emission Community, a Japan-led framework that aims to achieve energy security, economic growth and decarbonisation at the same time, will also be held next week.

US President Donald Trump, who will be in Manila for the summit, said this week he was unlikely to order new military strikes on Iran after appeals from countries including Qatar. The comments offered some reassurance to energy markets, though the prospect of renewed military action and disruption to oil supplies remains a concern for fuel-importing countries.



Foreign ministers, representatives of ASEAN member states and the bloc's secretary-general pose for a group photo during the ASEAN Foreign Ministers' Meeting in Manila yesterday. PHOTO: AFP

For ordinary Filipinos, the impact of the conflict has been more immediate.

Ahead of the meetings, 50-year-old jeepney driver Lito Albino appealed to Trump to help end the conflict, saying ordinary workers were bearing the consequences of a war they had no part in.

He said the conflict involving Iran had forced him to work longer hours for less money, and with three children and household expenses to cover, higher fuel costs had made it increasingly difficult to support his family. "No one truly wins in a war. It is the poor and marginalised people like us who suffer the most," Albino said.

MYANMAR TEST

Myanmar will also test ASEAN's ability to maintain a common position on the crisis that has engulfed the country since the military seized power in 2021.

Leaders are expected to review the implementation of the bloc's five-point consensus, its main framework for addressing the crisis, Philippine foreign ministry spokesperson Dominic Xavier Imperial said at a press conference on Friday. Their decision will be reflected in a negotiated document to be issued after the summit.

The South China Sea will feature in discussions with China, with negotiations on a long-delayed Code of Conduct about 70% complete, Imperial said. He said the figure represented overall progress in negotiations, not the proportion of text agreed.

Beyond the diplomatic meetings, Trump's visit is expected to draw protests from workers, students and left-wing groups, calling for an end to the Middle East conflict and the US-led Pax Silica to be scrapped.

Myanmar will also feature in protests planned during the summit, with activists demanding that ASEAN maintain its exclusion of coup leader-turned-president Min Aung Hlaing from leaders' meetings.

Myanmar has been in turmoil since the military ousted Aung San Suu Kyi's elected government in a 2021 coup, triggering a civil war that the United Nations estimates has killed 100,000 people and displaced more than 3.5 million.

BYD launches luxury brand Denza in India

Taking on Mercedes, Toyota

REUTERS, *New Delhi*

Chinese automaker BYD launched its luxury brand Denza in India on Friday, joining rivals like Mercedes-Benz and Toyota Motor in targeting more affluent consumers in the world's third-largest car market.

India's luxury car market is still small, making up just over 1 percent of the country's total passenger car sales of 4.4 million units in 2025

BYD launched two Denza models - a seven-seater electric SUV called D9, which will compete with the Mercedes V-Class and Toyota, Vellfire, and the Z9 GT, a four-door performance EV. The Denza D9 will be priced at $95,600 and the Z9 GT at $166,600.

"With this brand, we are taking an important step towards addressing the growing demand for distinctive luxury mobility experiences," Rajeev Chauhan, senior vice president at BYD India said in a statement after the launch.

BYD launched Denza in Europe earlier this year to bolster its premium image and enhance profitability and is setting its sights now on India where Mercedes, the biggest seller of luxury cars in the country, reported record revenue in the country in 2025 thanks to strong demand for its high-end models - those priced above $159,000.

Hyundai, which entered India more than two decades ago, will launch its luxury Genesis brand in the country next year.

India's luxury car market is still small, making up just over 1 percent of the country's total passenger car sales of 4.4 million units in 2025. That is mainly because luxury models are largely imported and subject to high tariffs, although margins are higher and there is less competition, making it increasingly attractive.

BYD already sells its mass market and premium passenger cars in India but India's strict investment rules for countries sharing its land border have restricted BYD from bringing money into the country to set up a factory and it continues to import cars from China, with tariffs of up to 100 percent.