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"Financial Inclusion and Central Banking: Bridging Gaps in Bangladesh"

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Bangladesh Bank

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BANGLADESH BANK

Country Paper on "Financial Inclusion and Central Banking: Bridging Gaps in the SAARC region"

47th SAARCFINANCE Governors' Group Meeting and Symposium

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Executive Summary

Bangladesh's journey toward financial inclusion has become a hallmark of development-driven central banking in South Asia. This paper, prepared for the 47th SAARCFINANCE Governors' Group Meeting and Symposium, examines the progress made under the leadership of Bangladesh Bank (BB) and outlines a forward-looking agenda to further bridge gaps in access, usage, and quality of financial services—particularly for underserved populations.

Bangladesh Bank has led from the front by developing inclusive regulatory frameworks, promoting digital financial innovations, and aligning policies with national priorities and global commitments, including the Sustainable Development Goals (SDGs).

Over the past decade, the financial inclusion landscape in Bangladesh has undergone a profound transformation. Mobile Financial Services (MFS), introduced in 2011, have grown rapidly to cover 54 percent of the population by 2024[1], with strong uptake in rural areas where traditional banking infrastructure remains limited. The country's agent banking model has extended formal financial services to remote areas, with over 85 percent of outlets located in rural regions. Internet banking adoption reached nearly 44 percent by March 2025, while the penetration of debit, credit, and prepaid cards increased to 30 percent of the population. These digital services have been supported by robust infrastructure, including the National Payment Switch (NPSB), interoperable QR payment systems (Bangla QR), and the real-time settlement platforms BEFTN and BD-RTGS.

Bangladesh Bank's commitment to enhance access to the financial system is further reflected in its support for no-frill accounts, e-KYC onboarding systems, and financial literacy campaigns targeting low-income groups, youth, and rural communities. The expansion of school banking accounts—from 1.74 million in 2019 to 4.43 million by 2025—highlights the emphasis placed on nurturing financial capability from an early age.

Gender-inclusive finance has also seen substantial gains. The number of female-owned deposit accounts rose from 33.4 million in 2019 to 55.3 million in 2024, representing a steady increase in women's share of total commercial bank accounts. Female-owned loan accounts more than doubled during this period, aided by targeted policy measures such as refinance schemes for women entrepreneurs, collateral-free credit programs, and the mandatory 15 percent loan allocation quota for women-led CMSMEs. The introduction of the Women's Financial Inclusion Data (WFID) Dashboard has enabled more responsive policymaking by providing real-time, disaggregated data.

Microfinance institutions (MFIs), supported by both the Microcredit Regulatory Authority (MRA) and Bangladesh Bank, continue to play a pivotal role in deepening financial inclusion at

[1] The number of active accounts of MFS may include instances of multiple accounts held by a single individual.

the grassroots level. With over 724 licensed MFIs serving more than 41.5 million account holders—90 percent of whom are women—the sector contributes significantly to livelihood development and gender equity in rural Bangladesh.

Despite these achievements, challenges persist. A significant portion of the population remains excluded from formal credit and digital financial systems. While access has improved, gaps in usage and quality—particularly in rural and female segments—require sustained attention. Barriers such as limited digital literacy, cost of smartphones and internet access, and consumer protection mechanisms continue to constrain deeper financial engagement.

In response, the paper outlines some strategic policy directions. These include reducing the cost of digital services, scaling up consumer protection, and expanding the use of Bangla QR for inclusive payments. Special emphasis is placed on closing gender gaps through enforcement of women-focused credit targets, enhancing financial and digital literacy, and ensuring last-mile delivery through agent banking and digital centers in remote areas.

As Bangladesh continues to strengthen its financial ecosystem, its experience offers valuable lessons for peer economies across the SAARC region and beyond. By integrating digital innovation, regulatory flexibility, and inclusive policy design, Bangladesh is charting a path toward a more equitable, resilient, and financially empowered society.

1. Introduction

1.1. Overview of financial inclusion as a development tool

Financial inclusion has emerged as a cornerstone of development policy, not only as a means of economic empowerment but also as a pathway toward social equity and sustainable growth. In developing economies, expanding access to formal financial services is increasingly recognized as a vital driver of inclusive development. Financial inclusion empowers individuals to save, invest, and manage risks, thereby fostering entrepreneurship, increasing resilience, and reducing poverty. Central banks, as guardians of monetary and financial stability, are uniquely positioned to champion inclusive finance. Through regulatory oversight, policy innovation, and coordination with stakeholders, they can steer the financial system to be more accessible, affordable, and responsive to the needs of underserved populations. Bangladesh Bank (BB), the country's central bank, has been at the forefront of this agenda, adopting a proactive, multi-dimensional approach to enhance financial inclusion since the early 2010s.

Recognizing the transformative role of finance in enabling inclusive growth, BB has launched a broad spectrum of initiatives: promoting mobile financial services (MFS), developing agent banking frameworks, expanding SME and agricultural credit through refinancing schemes, spearheading financial literacy campaigns, and crafting targeted strategies for vulnerable groups including women, youth, and climate-affected populations.

Beyond its immediate economic impact, financial inclusion is now widely acknowledged as a key enabler of the United Nations Sustainable Development Goals (SDGs). It plays a direct role in advancing SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities), while supporting other goals through indirect channels such as food security, health, and education. As such, the pursuit of inclusive finance is no longer a sectoral initiative—it is a cross-cutting priority in the global development agenda.

In the SAARC region, where economic and social structures share considerable similarities, challenges to financial access—such as rural remoteness, gender disparity, and digital divides—are common. In this context, central banks play a critical role not only at the national level but also as enablers of regional cooperation. By sharing knowledge, harmonizing regulatory frameworks, and initiating joint platforms, SAARC member states can advance cross-border financial inclusion.

Bangladesh's experience provides valuable lessons for the region. Its emphasis on technology-enabled inclusion, regulatory flexibility, and stakeholder engagement can inform and inspire similar efforts across neighboring countries.

1.2. Objectives of the paper

Against this backdrop, the present paper seeks to review Bangladesh's financial inclusion landscape through the lens of central banking, drawing insights for national progress and regional collaboration. The specific objectives are to:

- Review the progress and key milestones in Bangladesh Bank's financial inclusion journey.
- Highlight the institutional and regulatory approaches that have contributed to inclusive finance outcomes.
- Identify the remaining gaps and challenges—both structural and operational—in the national context.
- Propose policy directions for strengthening national strategies and enhancing regional cooperation on financial inclusion.

1.3. Definition

Bangladesh defines financial inclusion as the access and usage of a full range of quality financial services by individuals and businesses—including the unserved and underserved—through regulated providers. These services should be delivered affordably, efficiently, and responsibly, supported by technology, in a transparent and competitive marketplace. This approach emphasizes not just availability, but regular and meaningful use of financial services to support livelihoods, manage risks, and contribute to inclusive economic development. (Source: National Financial Inclusion Strategy, 2021-26, Ministry of Finance, Government of Bangladesh)

2. Financial Inclusion Landscape in Bangladesh

Bangladesh's financial inclusion journey has seen remarkable progress in recent years, positioning the country as a role model in expanding access to formal financial services. Driven by Bangladesh Bank's proactive policies and regulatory frameworks, the country has made notable strides in reaching underserved populations, particularly in rural areas, and promoting financial resilience through inclusive and innovative solutions.

As of March 2025, the financial inclusion landscape in Bangladesh is characterized by an extensive and growing network of bank branches, sub-branches, agent banking outlets, microfinance institutions, mobile financial services (MFS) providers, and capital market intermediaries. The expansion of digital platforms, including mobile and internet banking, alongside the proliferation of no-frill and specialized accounts, has broadened access to essential financial services for millions of individuals and businesses across the country.

Building on the overview provided, the following sections will delve into a detailed analysis of key channels and mechanisms that have contributed to advancing financial inclusion in Bangladesh. These include Mobile Financial Services, sub-branches, Agent Banking, No-Frill Accounts, Microfinance, and the broader digital transformation of financial services. Each section will examine the growth, achievements, and remaining challenges within these areas, providing insights into their roles in shaping Bangladesh's inclusive financial landscape and highlighting lessons for the SAARC region.

To contextualize the reach and relevance of financial inclusion efforts, this report draws on population data from the 2022 Population and Housing Census conducted by the Bangladesh Bureau of Statistics (BBS).According to the Population and Housing Census 2022 conducted by the Bangladesh Bureau of Statistics (BBS), the adjusted population of Bangladesh stood at 169.83 million, while the enumerated population was recorded at 165.16 million. Out of a total of 165.16 million people, males account for approximately 81.77 million, representing 49.52 percent, while females number around 83.38 million, making up 50.49 percent of the population. The population aged 15 years and above accounts for approximately 117.19 million (enumerated), which translates to an adjusted total of around 120.5 million when census correction factors are applied. This group forms 70.9 percent of the adjusted population. Out of the total population of 169.83 million, an estimated 116.07 million people (68.34 percent) reside in rural areas, while 53.76 million people (31.66 percent) live in urban areas.

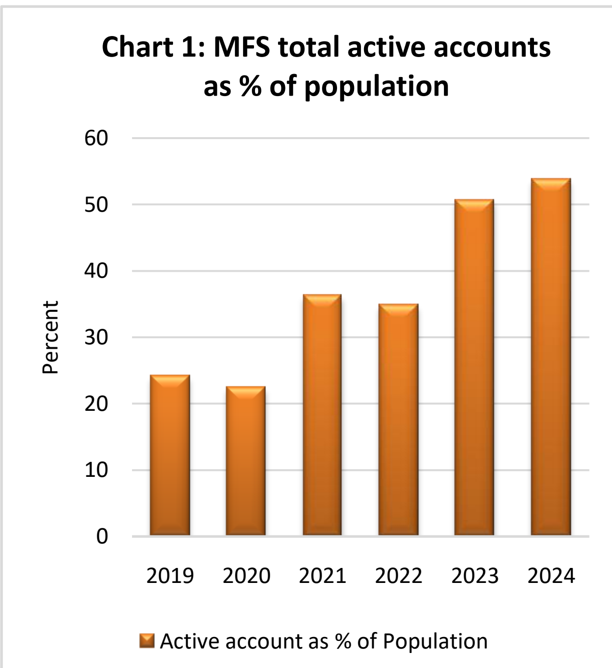
2.1 Digital Financial Services and Access

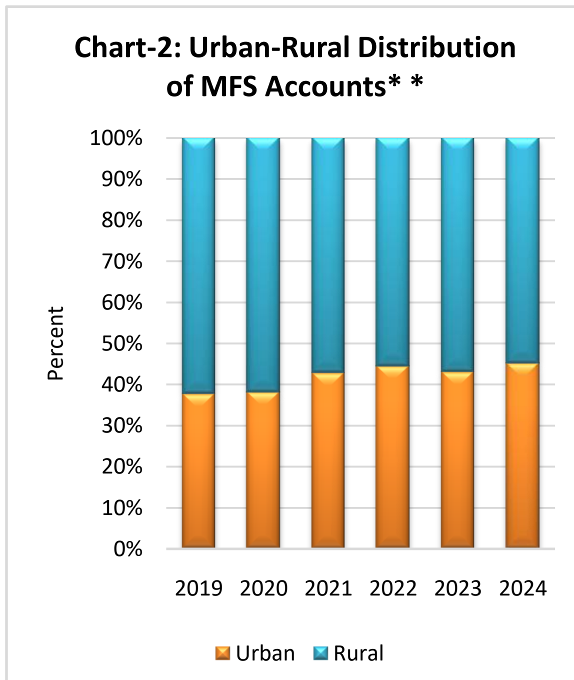
Modern and inclusive payment systems are key to expanding access to financial services. In Bangladesh, the Payment Systems Department of Bangladesh Bank has led major reforms to enhance financial inclusion through secure, efficient, and accessible digital payment infrastructure. Key systems like the Bangladesh Electronic Funds Transfer Network (BEFTN) and Bangladesh Real Time Gross Settlement (BD-RTGS) enable faster and more reliable fund transfers across banks. The introduction of Mobile Financial Services (MFS) in 2011 has been transformative, offering millions—especially in rural and low-income areas—access to payments, remittances, and government transfers without needing a traditional bank account. Interoperability through the National Payment Switch Bangladesh (NPSB) and regulation of Payment Service Providers (PSPs) and Payment System Operators (PSOs) have further supported digital financial inclusion and innovation. Together, these systems form the backbone of Bangladesh's strategy to reach underserved populations and promote a more inclusive financial ecosystem.

2.1.1 Mobile Financial Services

Mobile Financial Services (MFS) have played a transformative role in advancing financial inclusion, particularly in Bangladesh. By leveraging the widespread use of mobile phones, MFS platforms have provided millions of individuals and businesses with secure, real-time access to payments, savings, credit, and insurance, often for the first time. This shift has been supported by a robust regulatory framework, public-private partnerships, and continuous innovation. MFS has facilitated government-to-person payments, including social safety nets, with greater efficiency and transparency. Its role in empowering women, micro-entrepreneurs, and rural populations is significant, enabling financial resilience and inclusion.

The share of active mobile money accounts[2], expressed as a percentage of the total population, has expanded significantly in Bangladesh between 2019 and 2024. The share of active mobile





Source: BB, BBS. * Active MFS account figures may include multiple accounts per person and do not represent unique users **Numbers include both active & non-active.

money accounts, expressed as a percentage of the total population, has grown significantly in Bangladesh between 2019 and 2024. This reflects not only access but also the active use of digital financial services.

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[2]The analysis presented in this report uses population data based on the adjusted total population of 169.83 million, as reported in the 2022 Population and Housing Census by the Bangladesh Bureau of Statistics (BBS). Additionally, figures on active Mobile Financial Services (MFS) accounts may include instances of multiple accounts held by a single individual. As such, the estimated penetration rates reflect the number of active accounts relative to the total population and do not necessarily represent unique users.

From 29% in December 2019, the share rose to 36% by December 2021, followed by a climb to 54% by December 2024. This strong upward trajectory underscores meaningful progress in digital financial inclusion, driven by increased smartphone adoption, interoperable payment platforms, and targeted outreach initiatives. The rapid expansion highlights the impact of coordinated efforts by regulators, financial institutions, and mobile network operators in fostering trust, convenience, and usability in mobile financial services (MFS). To sustain this momentum and close remaining inclusion gaps, continued policy support, robust consumer protection measures, and digital literacy campaigns will be essential.

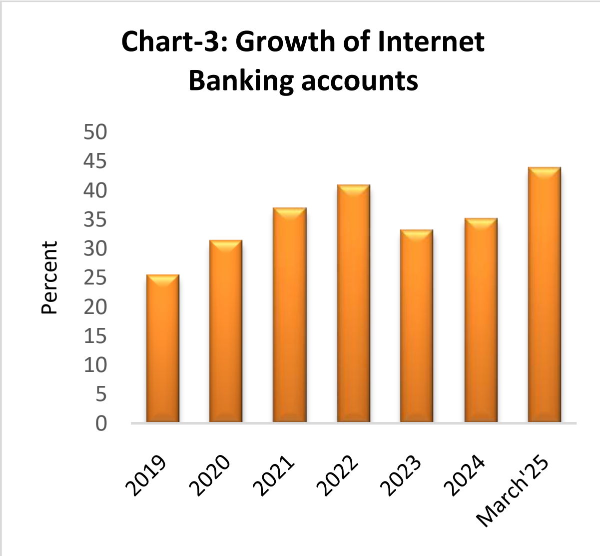
The chart-2 reflects a sustained and inclusive expansion of digital finance across both urban and rural areas. Between 2019 and 2024, the rural population consistently accounted for the majority of active MFS users, underscoring the role of mobile platforms in bridging financial access gaps outside metropolitan centers. In 2019, rural users comprised 62.2 percent of active MFS accounts, while urban users made up 37.8 percent, reflecting a 24.4 percentage point (pp) gap in favor of rural areas. By 2024, the rural share decreased to 54.9 percent, while the urban share increased to 45.1 percent, narrowing the urban-rural gap to just 9.8 pp.This represents a 17.2 pp shift over five years, indicating a faster growth rate in active urban usage relative to rural areas which indicates that mobile financial services continue to serve as a critical access point for underserved populations in non-urban areas.

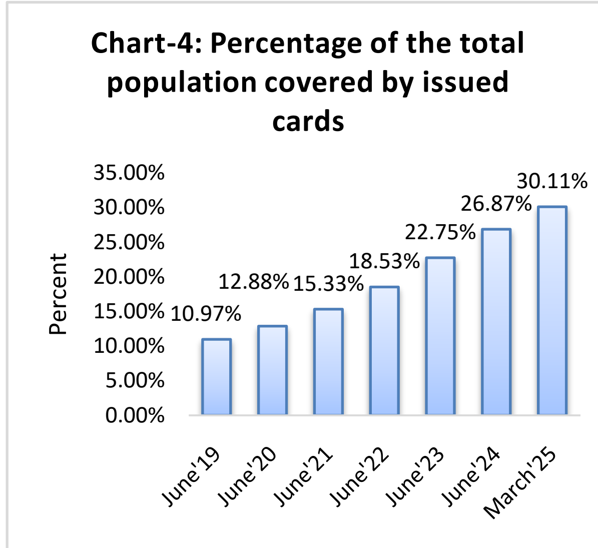
2.1.2 Internet Banking

The chart-3 indicates a steady expansion in the number of Internet banking accounts from December 2019 to March 2025. Growth rose from 25.36% in 2019 to 43.82% by March 2025, reflecting increasing digital adoption across the banking sector. This upward trajectory highlights the impact of policy support for digital financial services, improvements in ICT infrastructure, and growing consumer demand for convenient banking channels. While growth accelerated between 2019 and 2022, it moderated slightly in 2023 (33.06%), before picking up again through 2024 and into early 2025.

2.1.3 Issued Cards

As of March 2025, 30.11% of Bangladesh’s total population is covered by issued cards, including debit, credit, and prepaid instruments. These cards provide access to digital financial services, enhancing transactional capabilities, online banking, and financial security for individuals. The steady increase in card coverage from 10.97% in June 2019 to 30.11% underscores notable progress in advancing digital financial inclusion and broadening access to formal financial systems. However, the data also reveal that approximately 70% of the population remains excluded from card-based financial services, emphasizing the need for sustained policy efforts and targeted interventions to ensure inclusive access to financial services for all segments of society (chart-4).





Source: BB, BBS

2.1.4 Online Coverage of Bank Branches and accessibility

The banking sector in Bangladesh has undergone significant digital transformation over the period from June 2019 to March 2025. The percentage of fully online bank branches increased rapidly, with rural branches achieving full digital integration by June 2021, followed by urban branches reaching 100 percent online by June 2023. This trend highlights the country's successful efforts to promote inclusive digital banking services across both urban and rural areas.

The number of commercial bank branches per 100,000 adults, an indicator of the physical outreach of formal financial institutions, has shown a gradual upward trend in Bangladesh. It increased from 6.07 in June 2019 to 6.70 by March 2025, reflecting modest but consistent expansion in branch-based financial access across both urban and rural areas.

To drive financial inclusion further banks are increasingly extending their services by expanding networks and services through sub-branches and agent outlets, rather than opening new full-fledged branches, as a cost-effective strategy to expand their outreach. Therefore, branches per 100,000 adults should be studied considering existence of robust sub-branches and agent outlets network.

2.2 Conventional Banking Access

Conventional banking— comprising physical branches, deposit accounts, and credit services — has been instrumental in promoting financial inclusion in Bangladesh. The expansions of bank branches and tailored financial products, such as no-frill accounts, have significantly improved access to formal financial services, especially for rural and underserved populations. According to Bangladesh Bank, the number of commercial bank branches increased from 10,375 in 2018 to 11,362 in 2024, enhancing physical accessibility to banking services (Table-1).

2.2.1 Overview of Conventional Bank Branches

The period from 2019 to 2024 witnessed steady expansion and enhanced outreach within Bangladesh's financial sector, characterized by the growth and consolidation of commercial banks (CBs) Over these six years, the number of commercial banks increased slightly from 59 to 61, reflecting a stable yet gradually diversifying banking landscape. Commercial banks expanded their branch network consistently, with branches growing from 10,568 in 2019 to 11,362 in 2024, thereby improving physical access to financial services across the country. This expansion was complemented by a significant increase in deposit accounts, which surged from 109.79 million in 2019 to 156.12 million in 2024, underscoring notable progress in financial inclusion and savings mobilization. Loan accounts in commercial banks also showed a positive trajectory, increasing from 11.05 million in 2019 to a peak of 13.18 million in 2023, before a slight decrease to 13.05 million in 2024, and 13.44 million in March 2025, reflecting sustained credit availability to households and businesses amid evolving economic conditions (Table-1).

Table-1: Overview of Conventional Bank branches

Indicators	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025***
Number of Commercial banks (CB)	59	59	60	61	61	61	61
Number of Commercial banks branches	10,568	10,671	10,939	11,139	11,284	11,362	11,362
Number of Deposit Accounts by CB (in Million)	109.79	119.69	126.45	133.41	147.65	156.12	165.71
Number of Loan Accounts in CB (in Million)	11.05	11.09	12.15	12.43	13.18	13.05	13.44

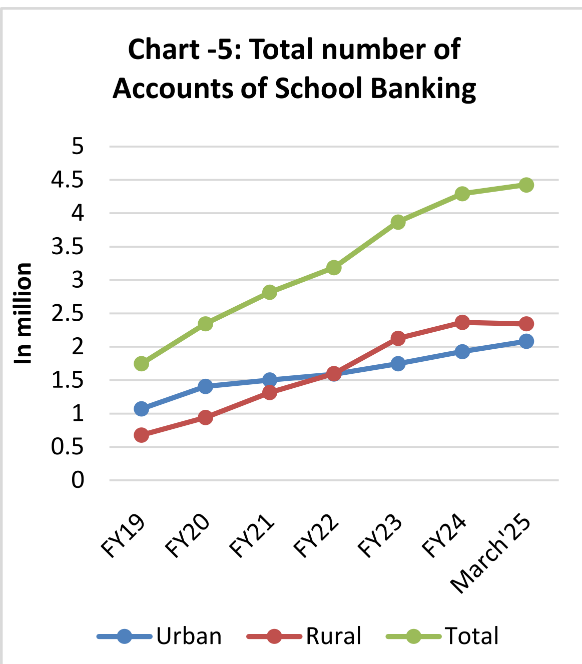
Source: BB, *Up to March 2025

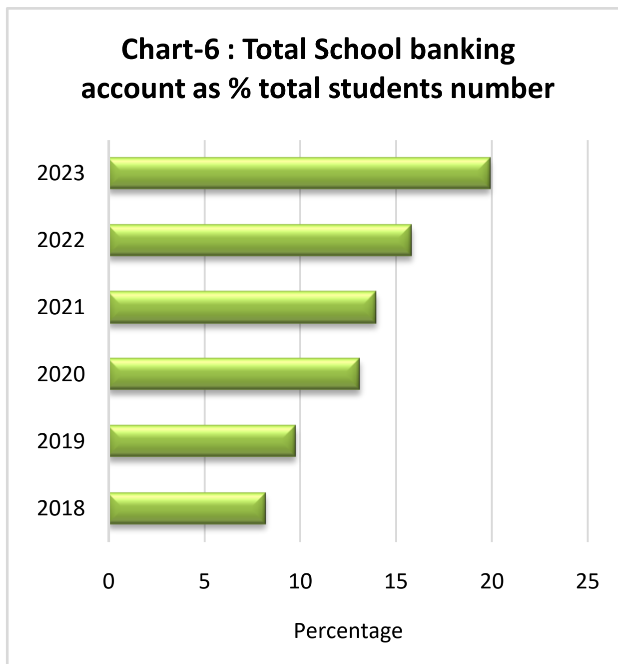
2.2.2 No Frill Accounts

In pursuit of inclusive financial access, the Bangladesh Bank (BB) has mandated banks to provide no-frill accounts (NFAs) targeted at marginalized populations, including farmers, low-income workers, and social safety net beneficiaries. These accounts can be opened with initial deposits as low as BDT 10, 50, or 100, and are exempt from minimum balance requirements and service fees, ensuring broad accessibility. To promote financial well-being among low-income groups, these accounts offer preferential interest rates exceeding standard savings rates. Complementing this initiative, School Banking Accounts (SBAs) enable students under 18 to open savings accounts with an initial deposit of BDT 100, fostering early financial literacy and inclusion. As of March 2025, the number of BDT 10 farmer accounts stands at 9.75 million, with a dominant share in rural regions (7.43 million). As of March 2025, No-Frill Accounts have reached over 28 million, holding nearly BDT 48.9 billion in deposits. Significant portions serve social safety net beneficiaries (37%), farmers (37%), and the extreme poor (12%). Remittances through these accounts total BDT 7.8 billion, highlighting their vital role in financial inclusion(Quarterly Report on No-Frill Accounts, Bangladesh Bank).

School Banking

Between FY2019 and March 2025, the total number of SBAs increased from 1.74 million to 4.43 million, representing a growth of 154% over the period. Urban student accounts grew from 1.07 million in FY2019 to 2.08 million by March 2025. Meanwhile, rural student accounts expanded from 0.67 million to 2.34 million, surpassing urban growth in absolute terms. This shift highlights improved access to banking services in previously underserved rural regions. The rural share of school banking accounts rose from 39% in FY2019 to over 53% in March 2025, indicating significant progress in narrowing the geographic financial access gap among youth (chart-5). This transition is attributed to Bangladesh Bank's continuous monitoring for the implementation of policies related to 'School Banking' and 'School Banking Conference'. Bangladesh Bank is hopeful that the growth of SBA(School Banking Accounts) will be accelerated in future as recently it has issued a directive for Banks in March 2025 where each branch required to engage with at least one nearby educational institution.





Source: BB, BANBEIS *total students number is available up to 2023

Latest data shows in 03 months 5542 branches have already engaged with at least one or more educational institutions as an impact of this intervention. The implementation of digital banking tools, school banking conferences, and collaboration with the National Curriculum and Textbook Board (NCTB) to integrate financial literacy into school curricula further contributed to the observed uptake.

Bangladesh holds significant potential to enhance youth financial inclusion through its school banking initiative. From just over 8% in 2018, the proportion of students with a school banking account has nearly doubled, reaching close to 20% by 2023. This upward trend reflects growing awareness and institutional support for early financial access. However, with over 80% of students still unbanked, there remains significant room for growth (chart-6).

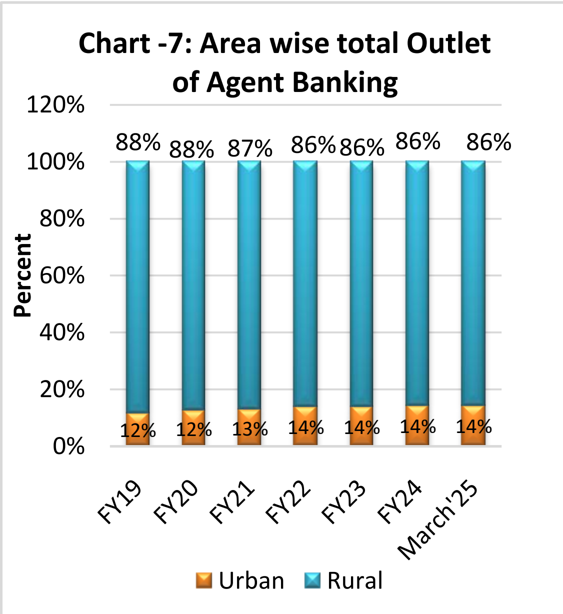
2.3 Agent Banking and Sub-Branch Banking

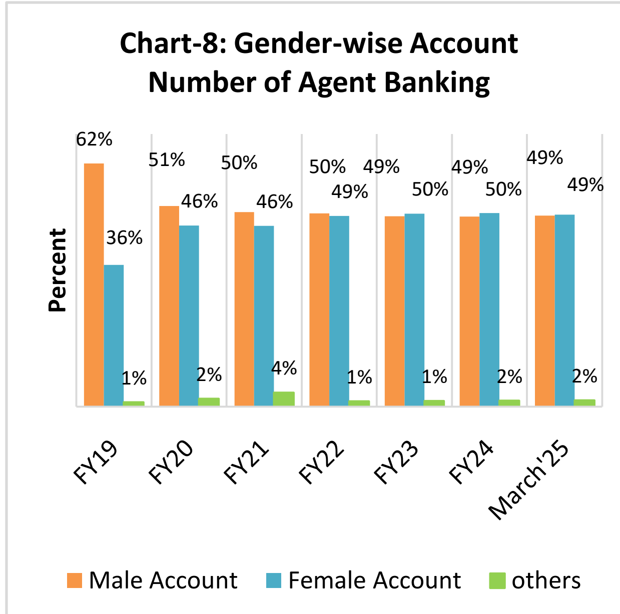
2.3.1 Agent banking

Agent Banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a teller/ cashier. It is the owner of an outlet who conducts banking transactions on behalf of a bank. This model expands access to financial services in areas where traditional bank branches are scarce or absent, providing services such as deposits, withdrawals, transfers, and microloans.

In Bangladesh, Bangladesh Bank has been instrumental in advancing agent banking as a tool for financial inclusion. By setting clear regulatory guidelines and promoting partnerships between banks and local agents, agent banking has created a decentralized network of service points. This model has significantly increased financial access, with over 80% of agent outlets located in rural areas, ensuring that low-income and marginalized populations can participate in the formal financial system.

As of March 2025, rural areas continue to dominate agent banking in Bangladesh, with 85.54% of accounts and 86% of total outlets located in these regions (chart-7). This distribution, largely consistent since FY19, reflects targeted policy interventions aimed at extending formal financial services to underserved populations and bridging urban-rural financial access disparities. The stability of these figures highlights agent banking’s role as a key instrument for rural financial inclusion.





Source: BB

Gender-disaggregated data shows a significant shift towards greater inclusiveness. While male accounts accounted for 62% in FY19 and female accounts for 36%, by March 2025 this gap has narrowed dramatically, with male and female accounts each comprising 49% of total accounts, and 2% for others (chart-8).

2.3.2 Sub-Branch Banking

The number of bank sub-branches in Bangladesh increased steadily between December 2021 and December 2024, rising from 2,613 to 4,661—an overall growth of 78%. This expansion reflects Bangladesh Bank's emphasis on improving physical access to financial services, particularly in underserved and rural areas. The consistent growth trend also indicates strong compliance by commercial banks with regulatory encouragement to extend outreach through lower-cost banking infrastructure, such as sub-branches, rather than full branches. This has contributed significantly to deepening financial inclusion at the community level (Table-2).

Table-2: Number of Sub-Branches in Bangladesh

Indicator	Dec'2021	Dec'2022	Dec'2023	Dec'2024
Number of Sub-Branches	2,613	3,483	3,656	4,661

2.4 Microfinance, Finance Companies (FCs) and others

2.4.1 Microfinance institutions (MFIs)

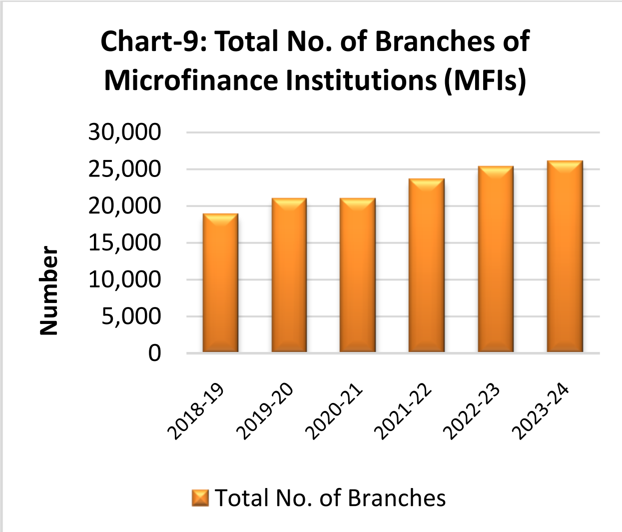
Microfinance institutions (MFIs) in Bangladesh have been instrumental in bridging the financial access gap left by the formal banking sector, particularly for low-income, rural, underserved and hard-core poor people. Originating from grassroots poverty alleviation efforts in the 1970s, MFIs have matured into an essential pillar of the country's financial inclusion ecosystem. They offer microcredit, savings products, and socio-economic support programs to millions excluded from traditional banking. Their core emphasis on empowering marginalized communities, especially women has contributed not only to social inclusion but also to local economic development and intergenerational poverty reduction.

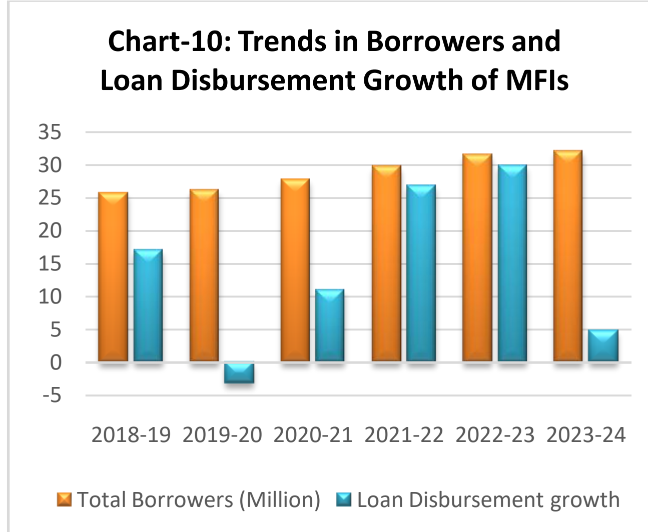
As of December 2024, 724 licensed MFIs were operating across 26,071 branches nationwide, serving over41.56million account holders, with 90% of these clients being women—a testament to their central role in gender-responsive financial inclusion. These institutions held32.18 million borrowers. MFIs also support income-generating activities across agriculture, livestock, handicrafts, and small trade, enabling rural households to diversify livelihoods and build economic resilience.

The Microcredit Regulatory Authority (MRA), established in 2006, has provided crucial institutional oversight. It has enhanced transparency and accountability through regulatory mechanisms such as the National Microfinance Database, the Depositors' Safety Fund, and the piloting of a Credit Information Bureau (CIB) for MFIs. These initiatives help protect vulnerable clients and stabilize the sector during economic shocks.

Bangladesh Bank complements MRA's efforts through strategic policy alignment and integration of MFIs within the broader national financial infrastructure. The central bank promotes synergies between MFIs, banks, and digital financial service (DFS) providers, particularly through agent banking and mobile financial services. By enabling DFS linkages and advocating for interoperability, Bangladesh Bank ensures that even the most remote populations can access financial services through convenient digital platforms.

Moreover, MFIs play a direct role in poverty alleviation by offering access to credit without collateral, supporting income generation, and facilitating asset-building among the poor. Their operations are aligned with the objectives of the National Financial Inclusion Strategy (NFIS) and the Sustainable Development Goals (SDGs), particularly in reducing poverty (SDG 1), reducing inequality (SDG 10) and promoting gender equality (SDG 5). Their ability to respond flexibly to local contexts and provide social intermediation such as financial literacy training, health education, and skill development—further distinguishes their contribution from traditional lenders.





Source: MRA

The total number of MFI branches grew from 18,825 in FY2018–19 to 26,071 in FY2023–24, reflecting a 38.5% increase in outreach infrastructure over six years. This upward trend reflects the expanding footprint of Microfinance Institutions (MFIs) in reaching low-income and underserved populations across the country (Chart-9). From FY2019 to FY2024, the total number of microfinance borrowers increased steadily from 25.76 million to 32.17 million, reflecting expanding outreach by Microfinance Institutions (MFIs). Loan disbursement trends, however, show notable year-on-year fluctuations. After a contraction in FY2020 due to the COVID-19 pandemic (-3.16%), the sector rebounded strongly with double-digit growth in FY2021 (10.96%) and FY2022 (26.90%), peaking at 29.92% in FY2023 (Chart-10).This surge highlights the sector's resilience and its growing importance in supporting livelihoods and microenterprises during recovery periods. However, growth moderated to 4.90% in FY2024, suggesting a possible stabilization or tighter credit environment.

2.4.2 Financial Companies (FC)

Between December 2021 and December 2024, the number of Financial Companies (FCs) increased slightly from 34 to 35. Total deposits grew from Tk 425 billion in 2021 to Tk 480.2 billion in 2024. However, the number of deposit accounts increased significantly from over 2,10,315 to around 413,875. Similarly, total advances increased from Tk 671.6 billion to Tk 760.7 billion over the same period and the number of loan accounts increased from 1,96,745 to 208,409 by 2024.

Table-3: Key Financial Indicators of FCs				
Indicator	**Dec 2021**	**Dec 2022**	**Dec 2023**	**Dec 2024**
Number of FCs	34	35	35	35
Deposits				
a) Total Deposits (billions Tk)	425.0	437.5	448.3	480.2
b) Number of Accounts	2,10,315	5,21,559	4,31,221	4,13,875
Advances				
a) Total Advances (billions tk)	671.6	703.2	737.6	760.7
b) Number of Accounts	1,96,745	2,25,392	2,19,705	2,08,409

Source: Bangladesh Bank

2.4.3 Insurance Companies

Insurance plays a vital role in financial inclusion by providing a safety net that helps individuals and households manage risks such as illness, accidents, and natural disasters. While often overlooked compared to banking services, insurance enhances financial resilience and enables long-term stability, especially for low-income and vulnerable groups. As part of a broader inclusive financial system, access to insurance complements savings and credit by protecting against shocks that can undermine economic progress.

The data provided covers two key financial sector indicators from 2020 to 2024: Number of insurance companies and Number of Insurance Policy Holders (in millions). Between 2020 and 2024, Bangladesh's insurance sector experienced modest yet steady growth.

Table-4: Progress in Insurance Companies					
Indicators	**2020**	**2021**	**2022**	**2023**	**2024**
Insurance Companies	79	81	81	81	82
Number of insurance policy (in million)	15.84	14.95	16.08	17.22	17.56
Number of Insurance Policy Holders (in million)	14.50	13.98	15.02	16.17	16.36

Source: Bangladesh Bank

The number of insurance companies increased from 79 in 2020 to 82 in 2024, reflecting regulatory stability and gradual market expansion. Over the same period, the number of Insurance Policy Holders under insurance institutions rose from 14.50 million in2020 to 16.36 million in 2024, indicating a renewed interest in insurance-linked financial products. The number of insurance policies in Bangladesh increased from 15.84 million in 2020 to 17.56 million in 2024, reflecting gradual progress in insurance penetration (Table:4). This upward trend in policy numbers, despite slight fluctuations in 2021 due to covid-19 effect signals growing public trust in the insurance sector as a component of the broader financial inclusion framework. The introduction of 'Bancassurance' in 2023 gave the sector some momentum which is expected to be continued in coming days.

2.5 Financial Literacy

Nationwide Financial Literacy Campaigns

To provide tailored financial literacy to target population, especially those who are marginalized and underserved, Bangladesh Bank has issued Financial Literacy Guidelines in 2022. Banks and Finance companies are conducting financial literacy programs country-wide under this guideline. From January 2023 to December 2024 total 461,948 people received financial literacy physically through 6243 programs of which 169,554 were female. Under the guideline, financial institutions are using social media, website extensively to spread financial literacy in the digital sphere especially targeted for young generation and rural people.

Curriculum integration in schools

In collaboration with the Ministry of Education, Ministry of Primary and Mass Education, and the National Curriculum and Textbook Board (NCTB), Bangladesh Bank is embedding financial education into the national curriculum. This strategic move aims to nurture responsible financial behavior from an early age. Textbooks now include dedicated chapters on financial topics such as money management, financial saving, planning and basic financial decision-making.

Celebrating Financial Literacy Week

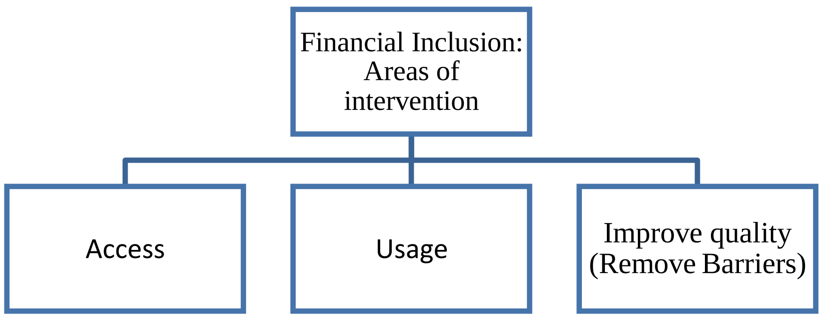
Bangladesh Bank has been working with OECD/INFE to spread financial literacy to the youngsters. In line with 'Global Money Week' of OECD/ INFE, banks and financial companies in Bangladesh also celebrates 'Financial Literacy Week' in March every year.

Promoting Interoperable, Inclusive Payments through Bangla QR

To accelerate digital financial inclusion, Bangladesh Bank introduced the Bangla QR—a universal quick response (QR) code standard that enables interoperable payments across banks, MFS, and PSPs. It simplifies small merchant transactions, supports low-cost acceptance infrastructure, and allows customers to pay using any mobile wallet or banking app.

3. Bangladesh Bank's Major Policy Interventions for Financial Inclusion

Bangladesh Bank (BB) has implemented a comprehensive suite of policies aimed at enhancing financial inclusion across the country. These policy interventions are aimed to achieve three primary objectives: ensuring access to financial services, promoting their usage, and improving the quality of financial facilities. Below is a detailed narrative of these initiatives, supported by references from BB's official publications and circulars.



3.1 Ensuring Access to Financial Services

Bangladesh Bank has prioritized expanding the reach of financial services to underserved and unbanked populations, particularly in rural and remote areas. Key initiatives include:

- Branch and Sub-Branch Expansion: BB has issued policies to encourage banks to establish branches, sub-branches, business development centers, and evening banking services in underserved regions. This strategy aims to bring formal banking services closer to the rural populace, enhancing their access to financial products.
- Agent Banking Guidelines: Introduced in 2013, agent banking allows banks to provide limited-scale banking and financial services through agents in remote areas where setting up full-fledged branches may not be feasible. This model has significantly increased banking outreach, particularly among marginalized communities.
- Introduction of e-KYC: The electronic Know Your Customer (e-KYC) system simplifies the customer on boarding process by enabling digital verification of identity. This initiative reduces paperwork and accelerates account opening, thereby facilitating easier access to banking services.
- Mobile Financial Services (MFS): Launched in 2011, MFS platforms have revolutionized financial transactions by allowing users to perform banking activities via mobile phones. This service has been instrumental in reaching populations without access to traditional banking infrastructure. It has also revolutionized the payment habit of people of Bangladesh.

- Digital Banking Initiatives: BB has approved guidelines for the establishment of digital banks, aiming to provide end-to-end banking services through digital platforms. These banks are expected to offer innovative, low-cost financial products, further enhancing access to financial services.

3.2 Promoting Usage of Financial Services

Beyond access, BB focuses on encouraging the active use of financial services through various programs:

- No-Frill Accounts: BB has mandated the provision of basic bank accounts with minimal requirements, known as no-frill accounts, to facilitate banking for low-income individuals. These accounts often require a nominal initial deposit and have no minimum balance requirements, making them accessible to the economically disadvantaged.
- School Banking Accounts: Initiated in 2010 and formalized in 2013, the School Banking program encourages students to open bank accounts, fostering early financial literacy and savings habits. As of March 2025, there are over 4.4 million schools banking accounts, with a significant portion from rural areas.
- Subsidized Credit Programs/Refinance Scheme: BB has introduced subsidized credit schemes or refinances facilities targeting various sectors, including agriculture, SMEs, and women entrepreneurs. These programs offer loans at reduced interest rates, encouraging borrowing for productive purposes.
- Financial Literacy Programs: Recognizing the importance of informed financial decision-making, BB has implemented various financial literacy initiatives. These include integrating financial education into school curricula and conducting awareness campaigns to educate the public about financial products and services using physical and digital means.
- Customer Service and Complaint Management: To protect customer rights and strengthen public trust in the financial sector, Bangladesh Bank introduced a structured Customer Service and Complaint Management framework. The system was formed to promote ethical service standards, enhance transparency, and ensure fair treatment across all banks and financial institutions.
- Dedicated hotline: To enhance consumer protection and expand financial access, especially in rural and underserved areas, Bangladesh Bank launched a dedicated hotline (16236) for inquiries, complaints, and information on financial products and rights. Alongside this, the Bangladesh Financial Intelligence Unit (BFIU) operates hotlines for reporting fraud. Banks and MFS providers also offer 24/7 call centers, with BB encouraging them to include financial literacy and complaint resolution services.

3.3 Improving the Quality of Financial Facilities

To ensure that financial services are not only accessible and utilized but also of high quality and of low/no barriers, BB has undertaken several measures:

- Financial Literacy Guidelines (FLGs): Issued in March 2022, the FLGs provide a framework for banks and financial institutions to develop and implement financial literacy programs. These guidelines cover topics such as savings, borrowing, financial planning, and consumer protection.
- Consumer Protection Measures: BB has established grievance redress mechanisms to address customer complaints and ensure fair treatment. These measures aim to build trust in the financial system and encourage continued usage of financial services.
- Digital Transformation: By promoting digital banking and payment systems, BB seeks to enhance the efficiency, security, and convenience of financial services. This includes the adoption of technologies like AI and block-chain to streamline operations and improve customer experiences. Importantly, digital transformation is also reducing cost barriers by lowering the need for physical infrastructure, cutting transaction costs, and enabling banks and financial institutions to deliver affordable services.
- Open Banking Initiatives: BB is exploring open banking frameworks that allow for secure data sharing among financial institutions. This initiative aims to foster innovation, provide personalized financial products, and enhance competition in the financial sector.
- Monitoring and Supervision Enhancements: To maintain the integrity and stability of the financial system, BB has strengthened its supervisory frameworks. This includes regular monitoring of financial institutions to ensure compliance with regulations and the adoption of best practices.

3.4 National Financial Inclusion Strategy (NFIS): Driving Inclusive Growth

Bangladesh's National Financial Inclusion Strategy (NFIS), launched for the period 2021–2026, serves as the country's comprehensive roadmap to expand inclusive access to financial services. It outlines 12 strategic goals and 69 measurable targets, covering areas such as digital finance, gender inclusion, rural access, and consumer protection. To ensure effective implementation, the NFIS Administrative Unit (NAU) was established in 2021 under Bangladesh Bank. As of now, 97 percent of the NFIS goals have been either fully or partially implemented.

Digital tools like the NFIS Tracker website and the Women's Financial Inclusion Data (WFID) Dashboard have improved transparency and monitoring, enabling data-driven policymaking. Overall, the NFIS has significantly accelerated outreach to underserved populations, reduced gender and geographic gaps, and strengthened the foundation for a more inclusive and resilient financial system.

3.5 Recent intervention by BB in 2025

- **CMSME Loan Quota for Women Entrepreneurs**: All scheduled banks and financial institutions in Bangladesh must ensure that at least 15% of their total CMSME (Cottage, Micro, Small & Medium Enterprises) loan portfolio is allocated to women entrepreneurs in every year. This quota is part of Bangladesh Bank's broader strategy to promote inclusive access to finance and to empower women in the CMSME sector. Institutions are required to incorporate this target in their annual business plans and ensure progressive implementation through proper monitoring and reporting mechanisms (BB circular, 17/03/25).
- **Mandatory School Engagement through School Banking**: As per the circular issued on 16 March 2025, Bangladesh Bank instructed all scheduled banks to ensure that each branch actively engages with at least one nearby educational institution. This initiative aims to strengthen student participation in financial services through school banking and deepen the roots of financial literacy among the youth.
- **Agent Banking Expansion for Women:** To enhance women's access to financial services and women's economic empowerment, Bangladesh Bank instructed scheduled banks to ensure that at least 50% of newly appointed agents under agent banking are women as per circular dated 08 May 2025.
- **Revised Refinance Scheme for Marginalized Groups:** Banks are required to allocate 25% of total loans under this scheme to women borrowers. The interest rates have been reduced, and the fund size expanded to BDT 7.5 billion. (BB circular: 01/2021, updated in 2025).

4. Gender-Inclusive Financial Inclusion

Bangladesh Bank has prioritized gender-inclusive financial inclusion as a core component of its national strategy. To close the gender gap in access and usage of financial services, the Bank has implemented several institutional, financial, and policy-based interventions. One major step is the establishment of Women Entrepreneurs Development Units (WEDUs) and Women Entrepreneurs Dedicated Desks (WEDDs) in all banks and financial institutions. These units are designed to support women entrepreneurs through guidance, loan facilitation, and financial literacy.

Bangladesh Bank has also introduced and operationalized the Women's Financial Inclusion Data (WFID) Dashboard, which provides real-time, sex-disaggregated data to track progress, identify gaps, and guide gender-responsive policy. This dashboard, developed in collaboration with Consumer CentriX and supported by international partners, is the first of its kind in South Asia. To enhance women's access to credit, BB mandated that 15% of CMSME loans be allocated to women entrepreneurs by 2029. Additionally, several dedicated refinance schemes have been introduced, including the BDT 30 billion Small Enterprise Refinance Scheme (SERS) for women. Women are also prioritized in COVID-19 recovery refinance schemes, no-frills account initiatives, and credit guarantee facilities. Beyond credit, Bangladesh Bank promotes collateral-free lending of up to BDT 2.5 million for women entrepreneurs and offers incentives for timely loan repayment.

Bangladesh has witnessed steady progress in women's financial inclusion over the past six years, reflected in both deposit and credit account ownership among female clients in the commercial banking sector.

Table-4: Women's Financial Inclusion Data						
Year	2019	2020	2021	2022	2023	2024
Indicators	Number of Deposit Accounts and Insurance Policies					
female-owned deposit accounts (millions)	33.45	36.77	39.47	47.24	51.59	55.32
as % total deposit accounts of commercial bank	30	31	31	35	35	35
	Number of Loan Accounts					
female-owned loan accounts	918480	923740	1802699	2017660	2309681	2152796
as % total loan accounts of commercial bank	8.31	8.33	14.83	16.23	17.53	16.49

Source: BB

The number of female-owned deposit accounts grew significantly from 33.45 million in 2019 to 55.32 million by 2024. As a share of total deposit accounts in commercial banks, women's participation rose from 30% in 2019 to 35% by 2024. The growth in female-owned loan accounts was even more pronounced. Between 2019 and 2024, the number of such accounts more than doubled—from 918,480 to over 2.15 million. The share of female-owned loan accounts in total commercial bank loan accounts rose from 8.31% in 2019 to 16.49% by 2024. This nearly twofold increase reflects focused policy efforts to expand women's access to credit, including collateral-free lending, dedicated refinance schemes, and SME loan quotas mandated by Bangladesh Bank.

5. Policy Recommendations and Way Forward

To sustain and accelerate progress in financial inclusion, Bangladesh must address persistent barriers related to access, gender gaps, consumer protection, and rural outreach. The following policy recommendations offer a strategic roadmap to build a more inclusive, interoperable, and resilient financial ecosystem. These measures focus on expanding access, reducing digital transaction costs, strengthening regulatory frameworks, and ensuring that underserved groups—particularly women, youth, and rural populations—can fully participate in the formal financial system.

1. Reduce Cost Barriers to Digital Financial Services (DFS)

- Lower internet charges for DFS users through government-regulated pricing tiers or zero-rated financial applications.
- Partner with mobile operators to offer subsidized data bundles for verified financial transactions.
- Promote affordable smartphone schemes (e.g., micro-leasing, smart feature phones) through PPP models to bridge device affordability gaps.

2. Expand and Modernize Consumer Protection Mechanisms

- Fully enforce and revise Bangladesh Bank's Guidelines on Customer Services and Complaint Management, ensuring uniform complaint cells at all service levels.
- Promote transparent fee structures, fraud alerts, and secure digital authentication practices in collaboration with DFS providers.

3. Scale Up National Bangla QR for Inclusive Payments

- Expand Bangla QR (e.g., KTM) acceptance among small and informal merchants by simplifying registration and offering incentive schemes for QR-based transactions.
- Promote merchant on boarding campaigns in rural markets and local businesses with low setup cost solutions.
- Enable interoperable use of Bangla QR across all banks and wallets, reducing friction and building consumer trust.

4. Address Gender Gaps in Financial Inclusion

- Undertake policy measures to reduce gender-gap in account ownership and ensure sufficient financial products in the market to cater the need of this segment.
- Ensure enforcement of the 15% CMSME loan quota for women entrepreneurs.
- Expand collateral-free lending programs, subsidized credit for women and increase female representation in branch-level advisory and outreach desks (WEDD).
- Partner with NGOs and MFIs to deliver financial literacy and digital on boarding programs tailored for women, especially in rural and conservative areas.

5. Increase Financial and Digital Literacy

- Scale up financial education in schools, integrating practical learning with savings tools like school banking accounts.
- Launch nationwide digital financial literacy campaigns through television, radio, and mobile platforms, targeting youth, women, and first-time users.

- Engage community influencers and local government to address social norms that discourage women's financial participation.

6. Improve Accessibility for Rural and Marginalized Populations

- Expand agent banking, mobile wallet usage, and subsidized ATM deployment in underserved unions and remote areas.
- Leverage postal and union digital centers as last-mile access points for banking and financial awareness services.

7. Bridging financial inclusion gap in the SAARC region

By sharing country experiences and data through the SAARCFINANCE network, the SAARC region can transform fragmented efforts into a coordinated, evidence-based strategy—enabling targeted actions and accelerating progress toward inclusive financial access for all.

- Bangladesh's gender gap in financial inclusion remains high at about 20% in account ownership, compared to lower gaps in Nepal and Sri Lanka (Source: World Bank Global Findex 2021). Bangladesh can adapt these approaches to better reach women in rural and urban areas, addressing socio-cultural barriers and boosting women's access to formal finance.
- Bangladesh's efforts to implement a national QR code system to unify digital payment methods have faced challenges, leading to slower adoption compared to countries like India and Bhutan. Sharing experiences and best practices from these countries can help Bangladesh enhance its digital payment infrastructure and fully leverage digital financial services to advance financial inclusion.
- Advancing financial literacy and preventing cyber security and & fraud risk in the country from the lesson learned by SAARC countries.
- Ensuring access to credit for marginal and underserved people as well as cottage and micro entrepreneurs by developing common policy framework.
- The SAARCFINANCE network's joint research initiatives and harmonized surveys (modeled after the Global Findex by World Bank) can provide critical, high-quality data that is comparable across countries, revealing nuanced barriers that individual nations alone might overlook.
- Through joint peer learning and experience sharing among central banks via SAARCFINANCE, the SAARC region can unite efforts and accelerate inclusive financial access.

6. Conclusion

This paper has analyzed Bangladesh's financial inclusion progress from a central banking perspective, highlighting substantial advancements driven by Bangladesh Bank's proactive policies and the National Financial Inclusion Strategy (NFIS) 2021–2026. Through digital innovation, targeted regulation, and inclusive financial infrastructure, access to formal financial services has expanded significantly, particularly via mobile financial services, agent banking, and no-frill accounts.

Notable gains include increased outreach to rural populations, women, and youth, supported by initiatives such as e-KYC, school banking, and gender-focused credit programs. The use of sex-disaggregated data and financial literacy campaigns has further strengthened inclusion outcomes and accountability.

However, challenges persist. Gaps remain in service usage, digital access, financial capability, and consumer protection—especially among low-income and marginalized groups. Addressing these requires a focus on interoperability, affordability, regulatory innovation, and last-mile delivery mechanisms.

Bangladesh's experience offers a replicable model for other emerging economies, particularly in South Asia. Continued investment in inclusive digital ecosystems, supported by data-driven policies and cross-sector collaboration, will be essential to ensure financial inclusion translates into long-term economic empowerment and sustainable development.

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