



Bangladesh Bank

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Motijheel, Dhaka-1000
Bangladesh
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Banking Regulation & Policy Department-1

BRPD-1 Circular Letter No. 20

23 June 2026
Date: -----
09 Ashar 1433

Managing Director/Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Prudential Regulations for Consumer Financing

Please refer to BRPD Circular No. 07 dated 03 November 2004 on the captioned subject.

2. Bangladesh Bank, vide the circular mentioned above, instructed the scheduled banks to make payment of the Auto Loan (APPENDIX XVI), Consumer Durable Loans (APPENDIX XVII) and Loans for Professionals (APPENDIX XVIII) through Pay Order or Cheque issued in favour of the vendor to ensure proper end-use of funds and to mitigate diversion risk.
3. In alignment with the widespread digitalization of the payment systems, integrating the digital payment system alongside the traditional payment mechanisms (e.g. Pay Orders/Cheques) will bring operational efficiency, eliminate settlement delays, mitigate instrument-related fraud risks, and reduce additional costs of paper-based transactions for both banks and customers. By enabling instantaneous, real-time fund transfers for retail loans, this digital transformation accelerates asset delivery, optimizes liquidity, and creates a more secure, frictionless settlement process for banks, vendors, and borrowers alike.
4. Under the above circumstances, it has been decided that scheduled banks may, in addition to the existing modes of disbursement, settle payments directly to vendors through electronic fund transfer in the case of Auto Loans, Housing Finance, Consumer Durable Loans, and Loans for Professionals subject to the following conditions:
 - (a) Banks may pay the vendor/supplier through direct fund transfer to the vendor's account maintained with the same bank.
 - (b) Where the vendor maintains an account with another scheduled bank, disbursing bank may transfer the fund through Real-Time Gross Settlement (RTGS).
 - (c) Under no circumstances shall the loan proceeds be credited to the borrower's account or paid in cash unless otherwise specifically permitted under applicable regulations.
5. Banks shall take adequate measures to identify, monitor, and mitigate operational risk, fraud risk, cyber security risk, third-party risk, and erroneous or unauthorized fund transfer risk arising from digital disbursement arrangements. Appropriate controls shall be incorporated into the bank's internal policies, procedures, and risk management frameworks. Responsibility of transferring fund to the right vendor shall rest with the bank.

6. The facility of direct electronic transfer introduced through this Circular Letter shall be regarded as an additional permissible mode of vendor payment. Other instructions provided vide BRPD Circular No. 07/2004 and subsequent circular or circular letters on the captioned subject shall remain unchanged.
7. This directive has been issued by Bangladesh Bank in exercise of its power conferred on it under the Section 45 of the Bank Company Act, 1991, as amended.
8. This circular shall come into force immediately.

Yours faithfully,



(Gazi Md. Mahfuzul Islam)

Director (BRPD-1)

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