

# dFin Monthly Banking Newsletter

July Issue 2026 | Volume 1, Issue 2

Banking | Regulation | Operation | Innovation | Inclusion

Capacity Enhancement for Banking Sector Development

| Editor's Note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Global Key Banking News: News in Brief                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Bangladesh's ambition to become a USD 1 trillion economy by 2034 is bold, but the arithmetic is less important than the machinery behind it. Doubling the economy will require sustained investment, higher productivity, export diversification, stronger infrastructure, and millions of better jobs. Banks will be central because they decide which businesses receive capital, at what price, and under what discipline. Credit growth alone, however, is not development.</p> <p>First, banks must redirect finance from connected, speculative, and chronically weak borrowers toward productive firms with credible cash flows. Manufacturing upgrades, agro-processing, logistics, technology, green industry, housing, and export services need longer tenors and risk-sharing structures. CMSMEs also need supply-chain finance, receivables finance, and data-based underwriting, not simply smaller versions of corporate loans. Every taka should be judged by its capacity to create value, jobs, and foreign exchange.</p> <p>Second, the banking system itself must become investable. High non-performing loans, capital shortfalls, governance failures, and repeated regulatory relief raise the cost of money for sound businesses. A trillion-dollar economy cannot rest on balance sheets that hide losses. Banks need honest classification, timely provisioning, stronger recovery, independent boards, and credible resolution. Deposit protection and supervision must improve in parallel, because confidence is financial infrastructure.</p> <p>Finally, banks must mobilize more than deposits. Bangladesh will need bonds, syndications, project finance, diaspora savings, foreign investment channels, and digital cross-border payments. Banks should connect domestic enterprises to these pools while managing currency, maturity, climate, and cyber risks. The target will not be reached by lending faster; it will be reached by allocating capital better. Banks can be the bridge to a trillion-dollar economy - or the bottleneck that keeps it a slogan.</p> <p><b>dFin Editorial Team</b></p> | <div><div>1</div><div><b>Frontier AI Turns Cyber Risk into an Arms Race:</b> A BIS Bulletin warned that frontier models can increase the speed, scale, and complexity of attacks while also strengthening defence, with cost asymmetries potentially favouring attackers. Banks should use advanced tools to review code and fix vulnerabilities, but pair them with access controls, red-teaming, incident playbooks, and cross-border information sharing. [BIS, 20 Jul 2026]</div></div> <div><div>2</div><div><b>Big Tech Enters the Regulatory Perimeter:</b> UK authorities began direct oversight of systemic services provided by AWS, Google Cloud, Microsoft, and Oracle after their designations took effect. The regime does not remove banks' accountability for outsourcing. Boards still need concentration maps, tested exit plans, data portability, contractual access, and resilience evidence across critical services. [FCA/BoE/PRA, 13 Jul 2026]</div></div> <div><div>3</div><div><b>Digital Euro Moves toward Live Testing:</b> The ECB selected 36 banks and non-bank payment providers for a 12-month pilot beginning in the second half of 2027, covering online and offline person-to-person and merchant payments. Work at the ECB and 19 national central banks will test technology and user experience. Banks should prepare for wallet, settlement, privacy, fraud, and interoperability demands. [ECB, 14 Jul 2026]</div></div> <div><div>4</div><div><b>Europe Pushes for Cross-Border Bank Scale:</b> The European Commission plans measures to limit political interference in bank mergers and ease capital and liquidity barriers inside cross-border groups. A Commission report said changes could release EUR 230 billion of liquid assets. Scale may improve competitiveness, but integration raises resolution, deposit protection, supervisory coordination, and too-big-to-manage questions. [Reuters, 17 Jul 2026]</div></div> <div><div>5</div><div><b>Tokenised Money Passes a Real-Value Test:</b> Project Agora participants completed 30 transactions worth about CHF 800,000 across six currencies using tokenised central-bank reserves and commercial-bank deposits, with average settlement near 80 seconds. The experiment shows potential for faster, traceable wholesale payments, but production readiness still depends on legal certainty, core-system integration, cybersecurity, and exception handling. [BIS Innovation Hub, 30 Jul 2026]</div></div> |

## Global Implication Dashboard

### Operational Resilience

AI threats and cloud concentration now demand enterprise-level resilience.

### Digital Money & Payments

Digital euro and Agora tests are moving programmable settlement closer to operations.

### Market Structure

Europe is pressing for cross-border bank scale and freer internal liquidity.

### Governance & Controls

New rails require audit trails, vendor exits, legal clarity, and human oversight.

## Key Banking News of Bangladesh

- Inflation Eases, Tight Stance Holds:** Point-to-point inflation fell to 8.32 percent in July from 9.16 percent in June. BB kept the policy rate at 10.0 percent for H1 FY27, targeting 6.5 percent GDP growth, a 7.5 percent inflation ceiling, and 8.0 percent private-credit growth by June 2027. Banks must direct liquidity toward productive borrowers without relaxing underwriting.
- Paperless Trade Finance Enters Pilot:** BB opened approved trade corridors to digital processing of export and import documents under collections and LCs, including electronic transferable records. Banks must ensure interoperability, independent verification, encryption, audit trails, and legal enforceability, with physical fallback where required. Weak controls would digitise disputes rather than remove them.
- Tk 3,000cr Push for North Bengal Agri Hubs:** BB launched a refinance scheme to support agriculture-based economic hubs in the north. The opportunity is to finance complete value chains - production, storage, processing, logistics, and market access - rather than isolated assets. Bank appraisal must still test demand, sponsor equity, execution capacity, and repayment cash flow.
- Basel III Funding Reports Recalibrated:** BB revised the NSFR template to treat central-bank repo, SLF, IBLF, and similar facilities as collateralised borrowing and to distinguish encumbered from unencumbered government and central-bank securities. Treasury, finance, and regulatory-reporting teams need reconciled data; reporting errors can conceal real funding risk.
- Freelancer FX Rules Consolidated:** Online service exports no longer require EXP forms. Banks may credit proceeds on verified electronic evidence, retain eligible earnings in ERQ accounts, and process OPGSP receipts up to USD 10,000 per transaction. The opportunity is smoother formalisation; the obligation is strong KYC, tax, AML/CFT, and platform-level transaction verification.
- Cross-Border Digital Payments Get a Bank Rail:** Authorised dealers may connect with foreign payment providers and issue linked Digital Value Accounts under master settlement structures, with mirror ledgers and near-real-time visibility. The framework supports travel, online expenses, exporter balances, and incoming merchant payments. Banks now need API security, reconciliation, purpose controls, and complete audit trails.
- Tk 2,000cr Leather Scheme Targets Value Addition:** BB created a three-year revolving pre-finance fund for leather and leather goods. Participating banks receive funds at 4 percent and borrowers pay up to 7 percent; financing supports modernisation, compliance, and export competitiveness. The real test is project viability, environmental safeguards, certification milestones, and recovery - not merely disbursement.

## dFin Program Highlight

**Featured Program:** Day-Long Training on Leadership in Banking; scheduled for August 22, 2026 [Saturday]; Venue: River Cruise.

## Bank Management Priorities for August

|                                                                                                                                           |                                                                                                                              |                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Redirect Liquidity to Productive Credit</b><br>Use cash-flow underwriting for export, CMSME, agriculture, and technology borrowers. | <b>2. Prepare Digital Trade Controls</b><br>Map legal, cyber, reconciliation, and AML duties before new payment rails scale. | <b>3. Strengthen Funding Discipline</b><br>Reconcile NSFR data, recognise losses early, and build credible capital and recovery plans. |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|