GSMA

Enabling Mobile Network Investment

Policy Reforms for Bangladesh

February 2025

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Contents

Executive summary

Bangladesh stands at a critical juncture in its journey towards becoming a trillion-dollar economy, aspiring to achieve the status of a developed nation. As a vital enabler of this transformation, the telecom sector will play a central role in driving economic growth, fostering innovation, and ensuring digital inclusion. As we examine in this report, achieving these aspirations will require significant investments in telecom infrastructure.

However, the telecom sector faces several challenges today:

1. Ease of doing business

a. The complex licensing framework increases administrative burden and limits service flexibility

b. Restrictions on infrastructure ownership and active sharing creates inefficiencies and increase cost

c. Short license duration make long-term investment planning challenging

2. Taxation framework

a. High sector-specific taxes and levies increase costs for both operators and consumers

b. Unattractive corporate tax rates discourage investment

c. Limited tax credit mechanisms raise operational expenses and reduce profitability

3. Regulatory environment

a. Opaque penalties and retrospective audits create uncertainty for investors

b. Prescriptive regulations limit market-driven growth

c. Slow policy development hinder investments and technological advancements

To address these challenges and attract greater investments for Bangladesh, this report suggests four key areas for policy action:

1. **Attractive business environment:** Streamlined licensing processes, longer license periods, opportunities for mobile operators to deploy their own fibre and gateway infrastructure, active infrastructure sharing, and transparent stakeholder collaboration

2. **Reform fiscal framework:** Reform sector specific taxes on consumers, alignment of corporate taxes with other industries, and the introduction of transparent and predictable tax policies

3. **Progressive regulatory framework:** Market-driven regulations, improved transparency and regular updates to policies to adapt to evolving needs

4. **Government enablers for investment:** Regulatory stability, fiscal support, and prioritised digitalisation initiatives

The next steps include fostering collaboration among stakeholders, such as government bodies, telecom operators and investors, to establish a future-ready telecom ecosystem. By addressing these challenges and implementing these reforms, Bangladesh can unlock the full potential of its telecom sector, ensuring it becomes a cornerstone of the nation's journey to a developed and digitally inclusive economy.

01

Bangladesh's journey to become a developed nation

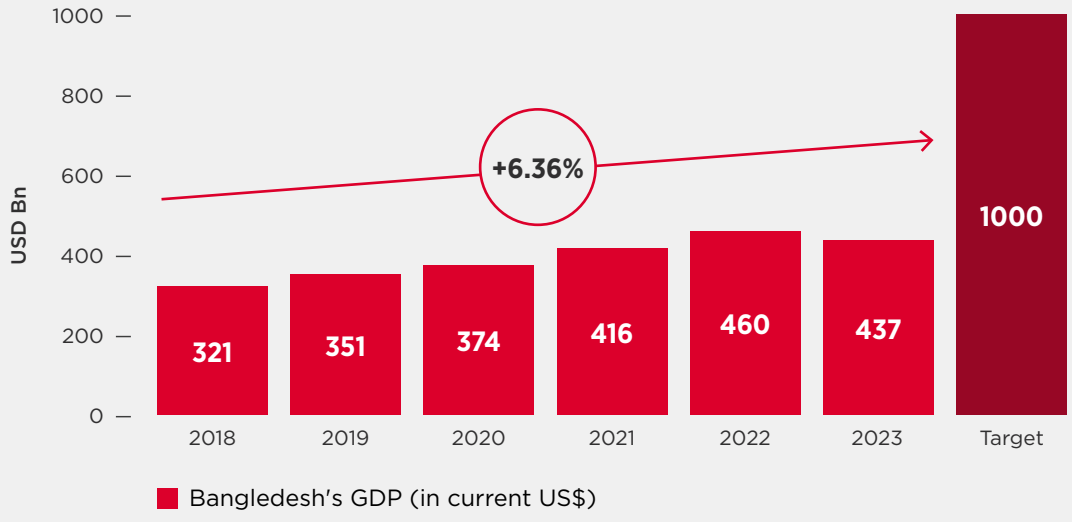
1.1 The potential of Bangladesh's economy

Bangladesh is emerging as a rising economic force, defying challenges while charting an exciting trajectory of growth and development in recent years. Bangladesh's per capita GDP has significantly risen from around $900 in 2010 to around $2,650 in 2023.[1] Bangladesh's significant growth saw the nation progress from low-income to lower-middle-income (LMIC) status in 2015 as classified by the World Bank. Bangladesh aims to become an upper-middle-income country by 2031.[2]

In 2023, Bangladesh's GDP reached $437 billion,[3] with an average growth rate of more than 6% (CAGR) over the past five years (Figure 1). This economic expansion has positioned Bangladesh as one of the leading economies in the Asian region.

Figure 1

GDP growth of Bangladesh (2018-2023)



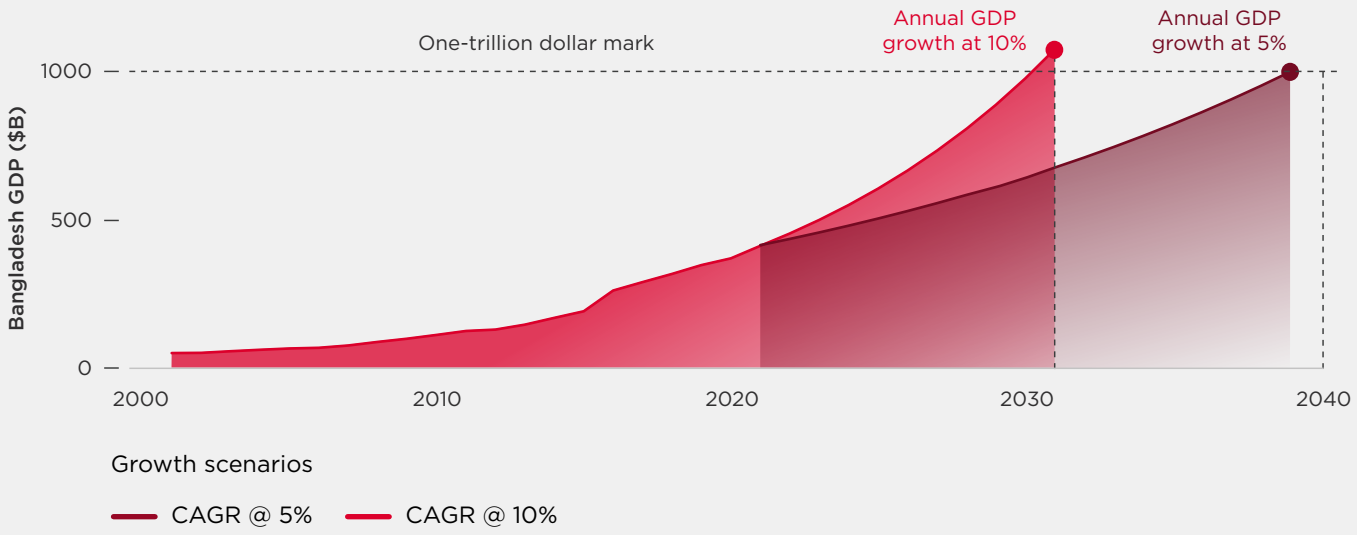
Source: The World Bank 2023

1: IMF (Oct 2024)
2: IMF (Feb 2023)
3: World Bank (Nov 2024); GDP at current USD

Looking ahead, Bangladesh's potential to grow remains strong. A 2021 BCG study[4] projects that the country is set to become a trillion-dollar economy by 2040, even if it maintains a modest annual growth rate of 5%. However, if the country manages to increase its GDP growth rate to 10%, this milestone could be achieved as early as 2030 (as shown in Figure 2).

Figure 2

Bangladesh's journey to a trillion-dollar economy (2000-2040)



Source: World Bank (2021); BCG Analysis (2022)

Bangladesh's growth has long been supported by the textiles and garment industry, which remains the backbone of the economy. Being the second-largest apparel exporter in the world, Bangladesh's ready-made garments sector[5] remains central to the economy. However, Bangladesh cannot solely rely on this industry to become a trillion-dollar economy.

Bangladesh has strong economic potential to diversify into the Information and Communication Technology sector (ICT) (Figure 3).

4: BCG Analysis (Nov 2022): The Trillion-Dollar Prize – Local Champions Leading the Way
5: Bangladesh's ready-made garments sector contributed 10.35% to GDP and generated approximately $47 billion in exports in FY 2023; External Economics Wing, Bangladesh Bank (2023): Review of Ready-made garments

Figure 3

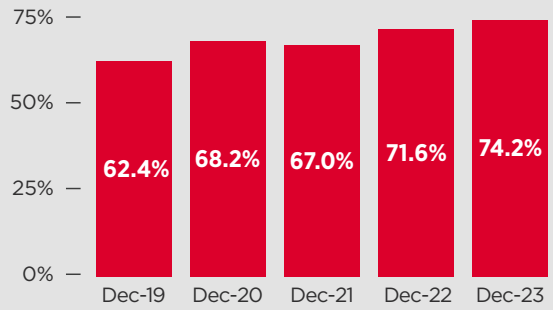
BANGLADESH'S POTENTIAL
towards a trillion-dollar economy by 2040

52% of population in **PRIME WORKING AGE GROUP**[1] with 33% between 20-40 years[2]

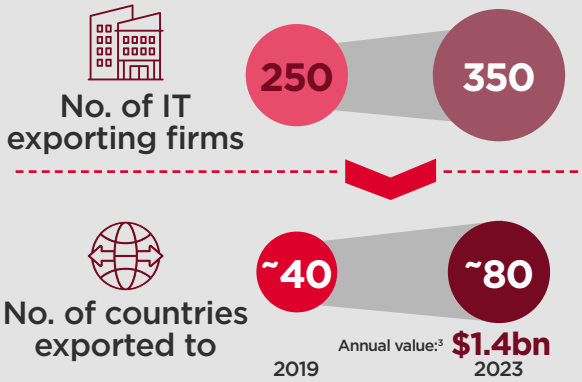
...bringing eagerness to adapt to new technologies; boosting economic productivity, innovation, and entrepreneurial growth

PROVEN BY UPWARD TRENDS IN...

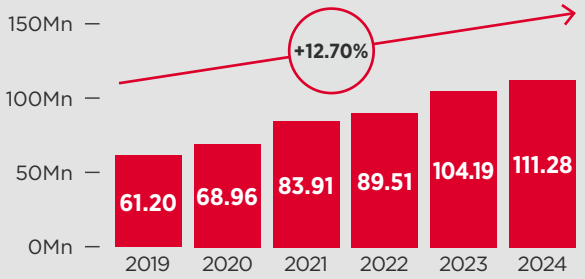
Mobile's share in web traffic



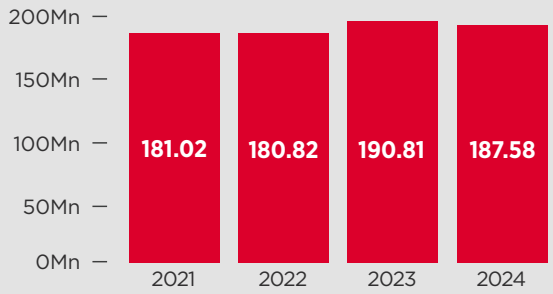
IT exports



Smartphone connections



Mobile subscriptions (Mn)



WITH POTENTIAL FOR HIGHER FDI IN TELECOM...

$3.48bn
Foreign Direct Investment (FDI)
received in 2022 allocated to...

40% Manufacturing

13.4% Telecom

1: 20-59 years old; 2: As of 2022; 3: Annual value from exporting software and other services

Source: Bangladesh Population & Housing Census (2022), Statista (2024), Bangladesh Association of Software and Information Services (2024), Omdia (2023), GSMA Intelligence, Ookla Analysis (2024), ITU (2024), BTRC

Bangladesh's telecom sector has played a pivotal role in enabling the digital transformation and overall development in the country. The sector has experienced a strong uptake of mobile technology and infrastructure expansion with mobile carrying the majority of web traffic, which is driving economic value and helping to bridge the digital divide.

Beyond its direct contribution to economic growth, the telecom sector is critical to Bangladesh's aspirations to be a developed nation. Not only would robust telecom infrastructure support Bangladesh's digital economy, but it would also encourage innovation in technologies and next generation connectivity, attracting further investment, driving greater economic activity and increasing GDP.

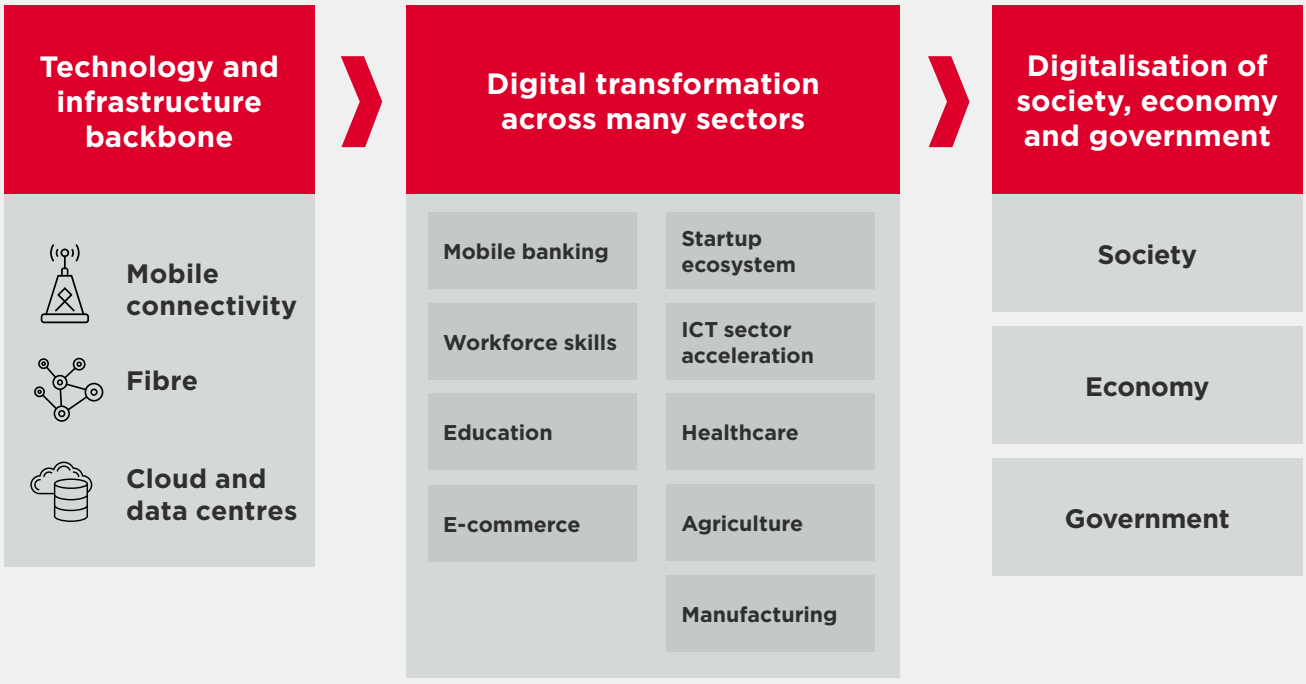
1.2 Connected Bangladesh aspiration

The country's journey towards becoming a developed nation requires three foundational elements: society, economy, and government.

- **Society:** An advanced society that is skilled, tech-savvy, forward-thinking, and sustainable, ensuring equity between urban and rural communities.
- **Economy:** A diversified and efficient middle-income economy, driven by digital ways of working, centered on knowledge and commercial freedom.
- **Government:** Good governance through a digital government that is open, responsible, citizen-oriented, and streamlined.

Figure 4

Foundational elements for Bangladesh's journey to a developed nation



Each of these elements relies on the foundation of an advanced technology and infrastructure backbone. The telecom sector will be instrumental in providing the connectivity needed to support digital transformation across these elements, as well as various sectors. This transformation will take shape through initiatives in healthcare, agriculture, education, public welfare, and more. Strengthening cloud and computing infrastructure will also be crucial in accelerating the country's digitalisation efforts.

While Bangladesh's telecom sector has seen rapid development in recent years, it still has areas for development to reach its full potential. To unlock the next phase of growth, substantial investments in next-generation technologies for mobile connectivity, broadband fibre, and cloud computing will be essential.

The aspiration to become a developed nation will be enabled through the realisation of a connected Bangladesh. This aspiration will be built on three critical pillars of digitalisation:

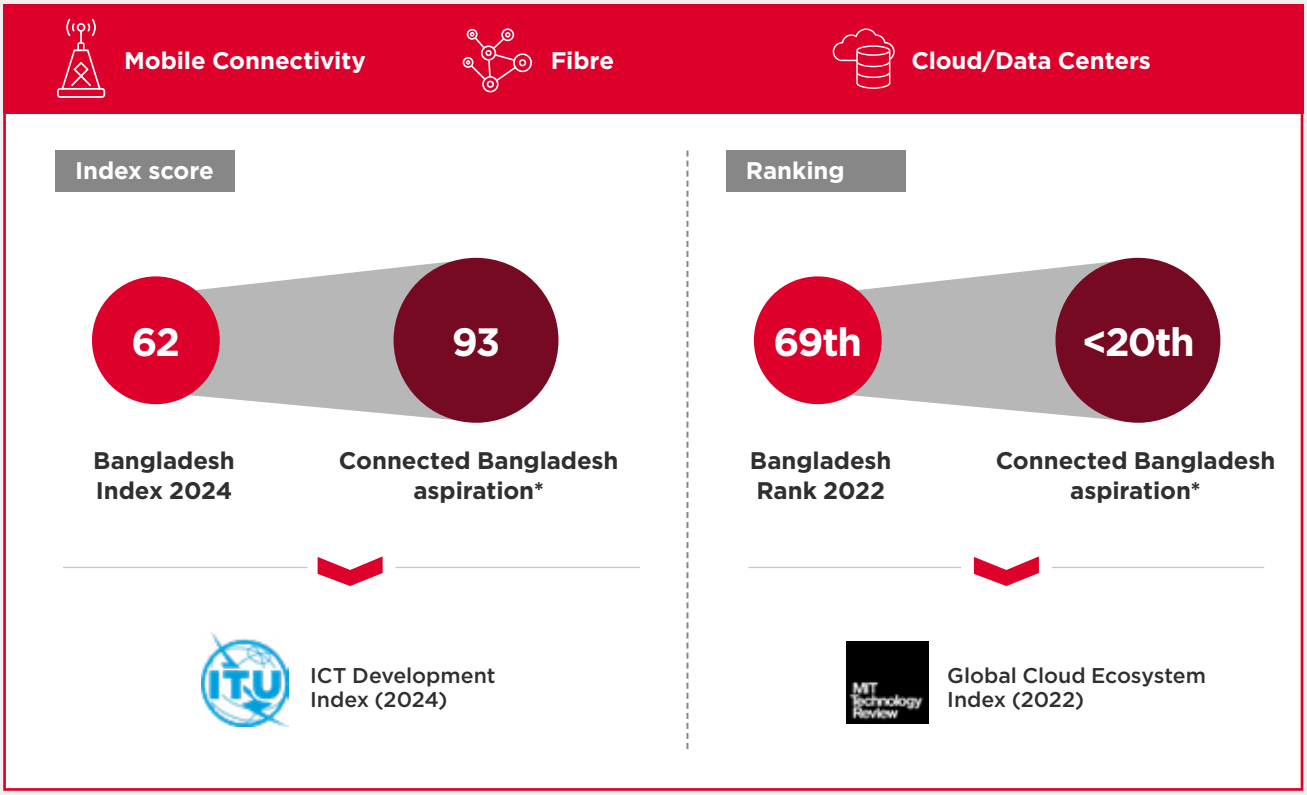
- Mobile connectivity
- Fibre
- Cloud and data centers

The target state for these pillars is framed by the average level of technology in developed nations,[6] presenting ample opportunities for development for Bangladesh across three pillars.

Figure 5

Connected Bangladesh aspiration

Connected aspiration: A developed Bangladesh requires a strong digital infrastructure, built on the pillars of mobile connectivity, broadband and cloud/data centers



* Based on average scoring for developed nations

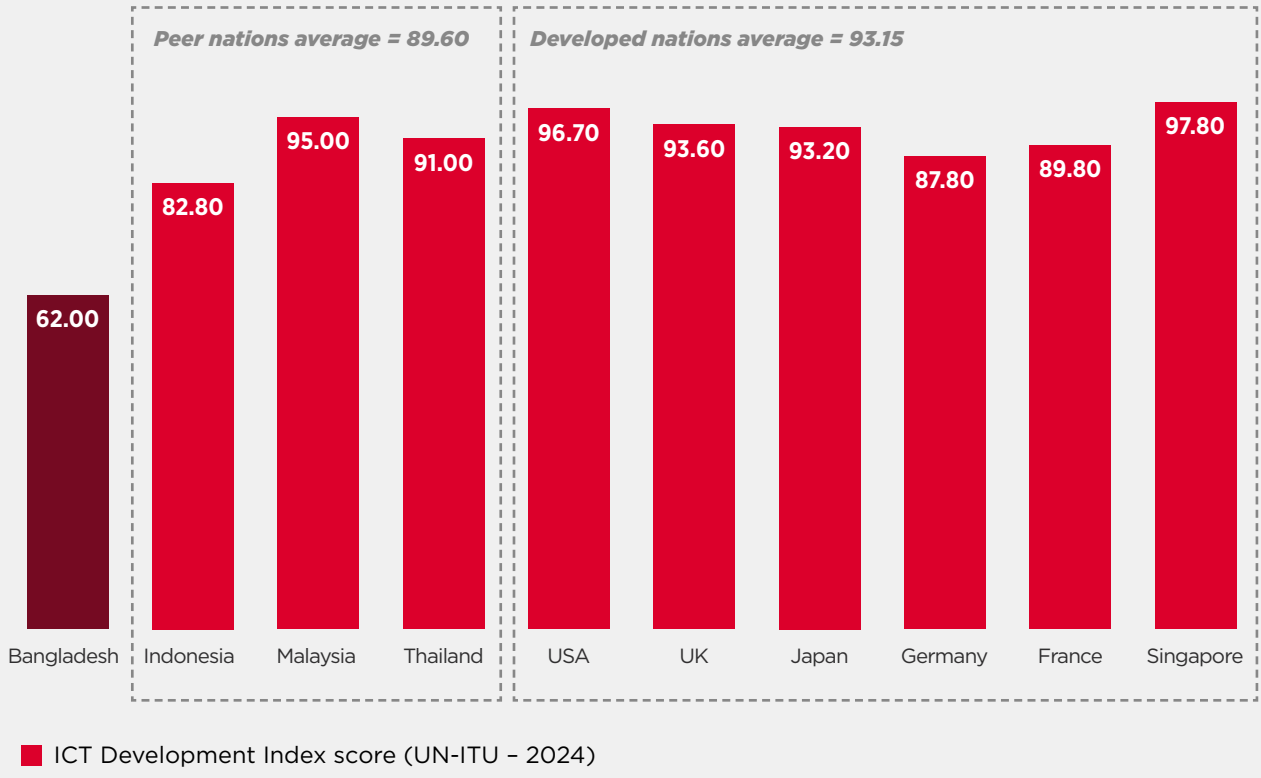
6: USA, UK, France, Germany, Japan and Singapore: considered for this study

Mobile connectivity and fibre

As per the ICT Development Index published by the United Nations (UN) International Telecommunication Union (ITU) in 2024, Bangladesh scored 62, compared to an average of 90 for peer nations and 93 for developed countries (Figure 6). This index evaluates nations across connectivity aspects, including the proportion of households with internet access, individuals owning a mobile phone, active mobile broadband subscriptions per 100 inhabitants, and fixed broadband internet traffic per subscription. This highlights multiple areas of improvement for Bangladesh to tackle, allowing a smooth market progress.

Figure 6

ICT development index score for Bangladesh compared to peer and developed nations



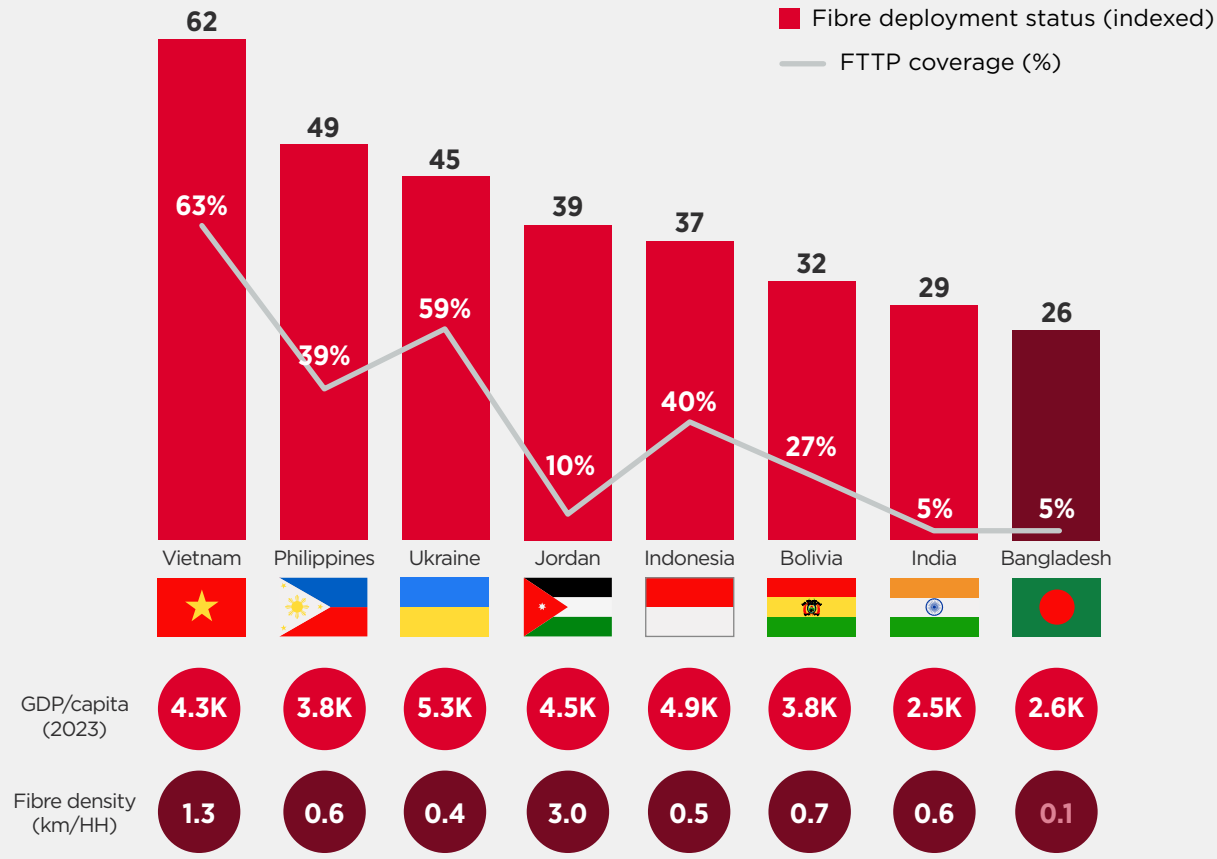
Source: ICT Development Index (2024)

7: Omdia Fiber Deployment Index (2023)

Over the past decade, Bangladesh has missed the opportunity to make significant progress in developing its fibre network. Compared to other developing nations with similar GDP levels (Figure 7), Bangladesh's fibre-to-the-home (FTTH) penetration and fibre density (km/HH)[7] remain low, signaling the considerable untapped potential and the need for policy reforms.

Figure 7

Fibre deployment status and FTTP (fibre-to-the-premise) coverage in developing countries compared to Bangladesh



Source: World Bank (Jan 2025); Omdia (2023)

Cloud and data centers

This infrastructure includes both public and private data centers, including cloud infrastructure and edge computing. However, Bangladesh currently ranks 69th out of 76 countries in the Global Cloud Ecosystem Index (2022), reflecting significant limitations in its ICT infrastructure.

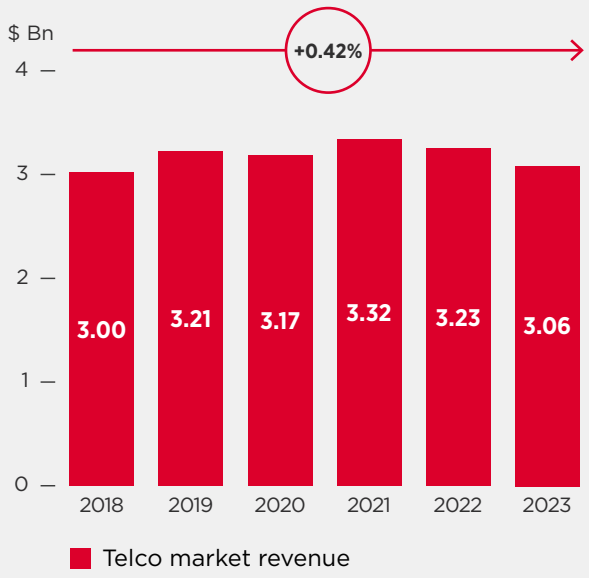
Despite good progress in recent years, the telecom sector in Bangladesh has not yet reached its full potential. To transform into a connected nation, the implementation of the right policies and regulatory framework will be essential.

1.3
Investment requirements

The telecom industry in Bangladesh is currently facing several financial challenges. The capital expenditure to revenue ratio for telecom operators in the country hovers between 15-20%. This is due to high build-out costs and relatively low average revenue per user (ARPU) in Bangladesh. Going forward, the investment requirement is expected to increase further as Bangladesh seeks to build the next generation of its technological infrastructure.

Figure 8

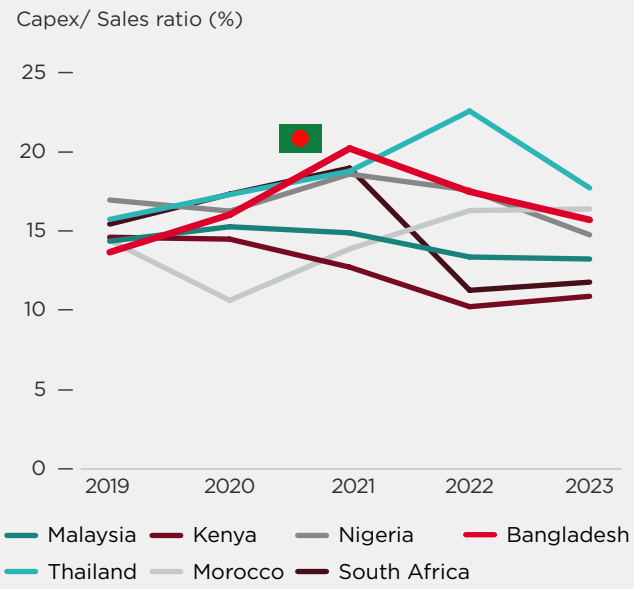
Telecom market revenue trends



Source: Omdia (2023)

Figure 9

Capex/revenue ratio comparison in the telecom sector across countries (2019-2023)

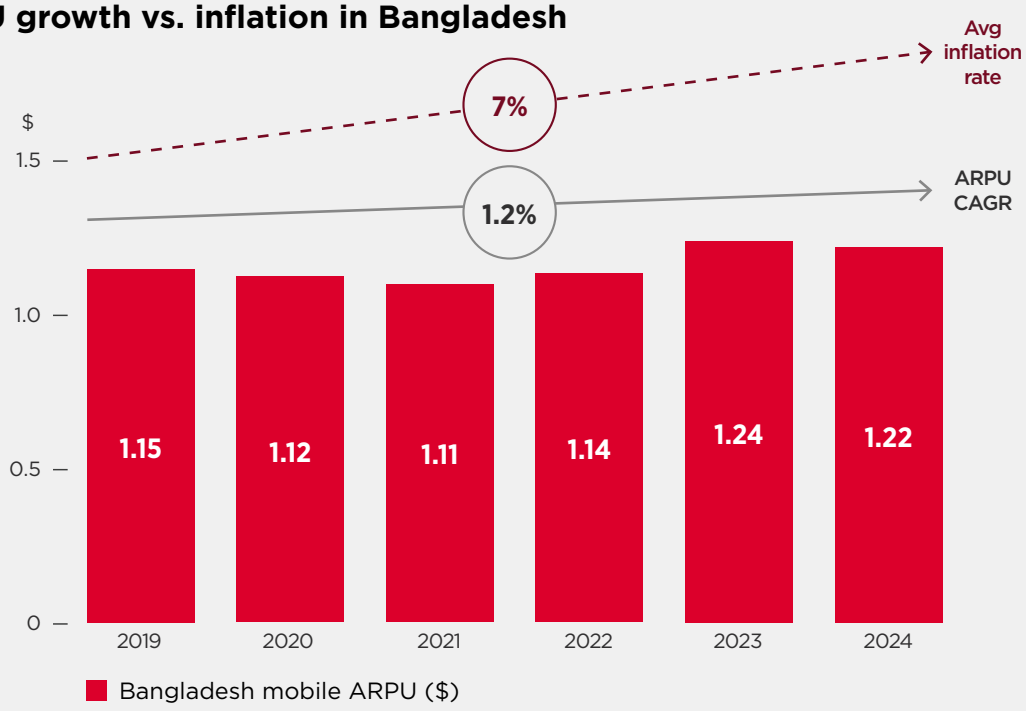


Source: BCG Analysis (2025), Omdia (2023)

The underlying economics of the sector are putting further pressure on operators. Since 2019, mobile ARPU has grown at just 1.2%, while inflation has averaged 7%, indicating a strong price erosion in the Bangladeshi market (Figure 10).

Figure 10

ARPU growth vs. inflation in Bangladesh



Source: GSMAi

Between 2019 and 2023, mobile operators in Bangladesh invested approximately $2.6 billion[8] into the telecom market. However significant investment is needed to build the necessary infrastructure to support next generation connectivity.

Today, Bangladesh faces intense competition for international capital. Attaining the necessary investment levels to meet Bangladesh's aspirations will take concentrated efforts to enhance both the technological infrastructure and the broader digital ecosystem. This would improve the reward-to-risk ratio tied to investment, thus increasing investor confidence and creating an investment-friendly environment, a prerequisite for becoming to a developed nation. Strategic investments, policy reforms, and technological innovation will thus be vital to enable the full capabilities of the sector and ensure the long-term competitiveness of Bangladesh. By setting the right policy environment to facilitate rapid growth, the government will play a key role in this new phase of development.

8: Omdia (2023); Investment excludes spectrum acquisition costs.

02

Key gaps and enablers: An investor perspective

2.1 Investment evaluation framework

This report evaluates the telecom market from the perspective of an infrastructure investor, highlighting the key success factors necessary for future connectivity in Bangladesh. It highlights key factors that influence infrastructure investment decisions, including regulatory certainty, financial incentives, and operational challenges, all of which impact the telecom market's ability to reach its full potential.

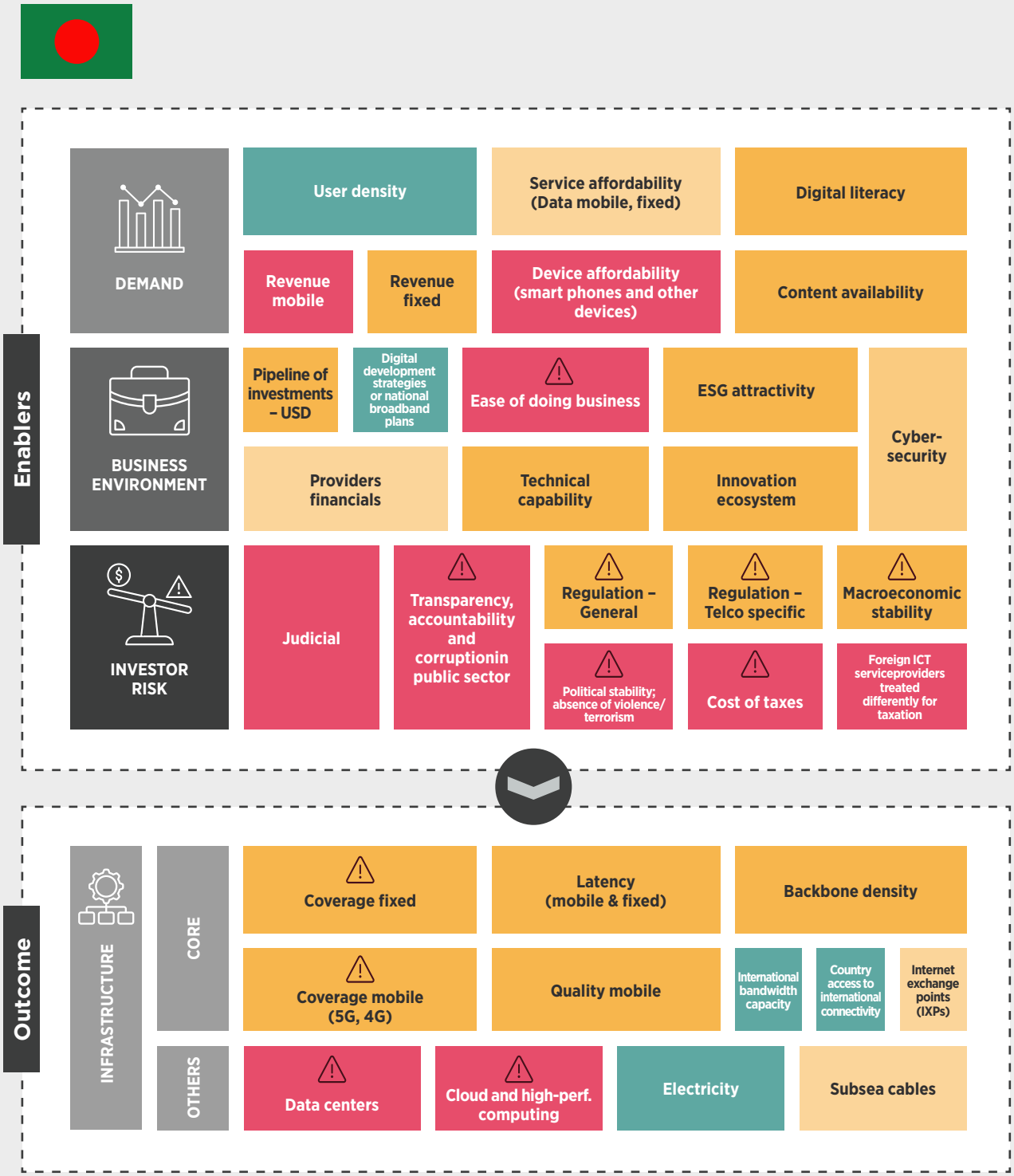
This evaluation is based on the Global ITU framework for the Digital Infrastructure Investment Initiative (DIIII),[9] developed in cooperation with several leading organisations globally.[10] The framework evaluates investment attractiveness across 35 dimensions.

Each of these dimensions is evaluated along four levels of development maturity (as shown in Figure 11), providing insights into the market's attractiveness for investment. The enablers, including demand, business environment, and investor risk, directly influence the development of core infrastructure. Strengthening enablers can accelerate improvements in infrastructure and outcomes, enabling greater progress in areas needing significant development.

9: ITU (Jan 2025): Digital Infrastructure Investment Initiative
10: African Development Bank, Asian Infrastructure Investment Bank, International Finance Corporation, Islamic Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank

Figure 11

Assessment of Bangladesh highlighting areas for further development



- Need improvement
- Developed
- Well developed
- Highly developed
- ⚠ Factors that can play a critical role in investment decisions through policy reforms

Source: BCG Analysis

2.2
Infrastructure policy gaps[11]

Telecommunication investors and operators in Bangladesh face several challenges in their daily operations, some of these impact the sector's current attractiveness for further infrastructure investments. The ITU Digital Infrastructure Investment Initiative (DIIII) framework has been used to identify the key challenges for Bangladesh's technological development.

In addition, a survey was conducted with leading sector experts in Bangladesh to confirm the highest-priority challenges for the telecom and connectivity sector identified by the DIIII framework. The subsequent sections outline these challenges in more detail.

Figure 12
Key challenges impacting telecom businesses in Bangladesh

Category	Dimension	Policy gaps
BUSINESS ENVIRONMENT	Ease of doing business	Fragmented licensing Restriction on MNOs (fibre, active infrastructure sharing, gateway) Short license duration
INVESTOR RISK	Cost of taxes	High sector-specific taxes Discriminatory high corporate and minimum turnover tax Missing credit mechanism
	Telecom specific regulatory challenges	Arbitrary fines/penalties Lack of policy reforms Prescriptive regulatory approach

11: The report focuses only on Infrastructure related policy gaps and excludes spectrum policy matters.

2.2.1
Factors affecting ease of doing business

The current licensing regime in Bangladesh can be characterised as fragmented and complex, with multiple licensees/entities participating in the service delivery value chain. This reduces the efficiency of mobile operators and increases administrative hurdles. The Bangladesh Telecommunication Regulatory Commission (BTRC) recently completed the amalgamation of mobile service licenses, with the industry now having a single operating license for 3G, 4G, 5G and beyond. This step will help to simplify documentation and operational activities.

However, currently, no single unified license allows operators to provide a wide range of services within Bangladesh. Without a converged licensing framework, mobile operators will be unable to offer cost-effective bundled services to consumers.

Progressively over the years, Bangladesh has introduced policies and regulations that have brought new licensees/entities into the service delivery value chain while limiting mobile operators' ability to acquire infrastructure-related licenses. Mobile Network Operators (MNOs) in Bangladesh are not allowed to build, own, and operate fibre-optical infrastructure, unlike in other countries around the world. This has resulted in inefficiencies that negatively impact end-user experience and increased costs for mobile operators. This is evident in the progress of fibre rollout.

Another challenge stems from existing restrictions on active infrastructure sharing. These restrictions result in operators building and maintaining non-essential or duplicated infrastructure, driving up operational costs and delaying digital expansion, especially in rural and underserved areas. Furthermore, Bangladesh's traffic routing policy via the gateway system is not optimal, both technically and economically, as it excludes MNOs and charges operators based on pricing, which is not transparent.

These policies reduce the attractiveness of mobile operators in investing in next-generation connectivity and network expansion. This increases the deployment costs of next-generation connectivity and extends the timeframe for investors to achieve a return on investment.

The current 15-year license duration for mobile services in Bangladesh may benefit from reconsideration, as next-generation connectivity deployments are capital-intensive and typically require longer periods to achieve a return on investment. Extending the license duration could better support sustainable investment in advanced network infrastructure.

2.2.2
High cost of taxes

The mobile sector in Bangladesh faces a considerable tax burden, primarily driven by sector-specific taxes and fees levied on both mobile consumers and operators.

Mobile consumers, in particular, are subject to additional sector-specific levies beyond the standard 15% VAT (effective VAT rate 18%) on mobile internet usage. These sector-specific levies include a 20% supplementary duty and a 1% surcharge, leading to an effective tax rate of 39% on mobile services. This makes Bangladesh one of the countries with the highest tax rates on mobile internet in the region (Figure 13):

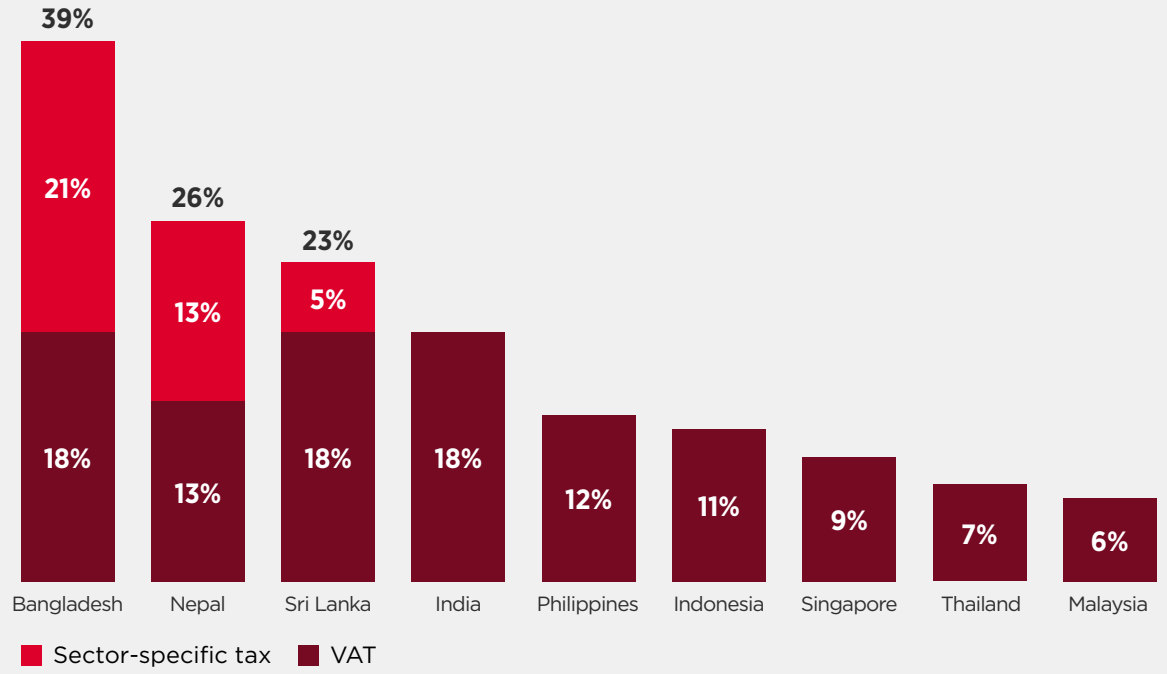
Other sector-specific taxes include:

- SIM ownership tax of BDT 300
- Surcharge of 1% on the purchase of non-telecom services

High taxes can impact affordability, especially for low-income users, which perpetuates the digital divide and can hinder the country's digital transformation.

Figure 13

Combined tax rate on the use of internet services (2024)

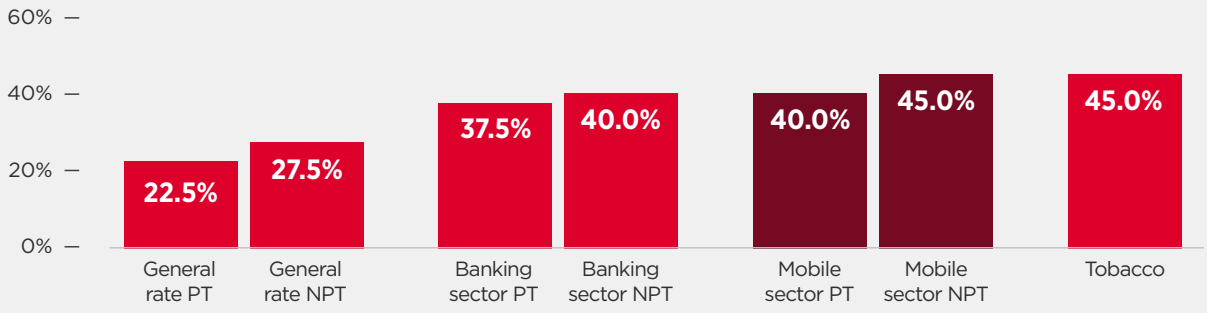


Source: Mobile operators' data; GSMA Analysis

In addition to sector-specific taxes, mobile operators face notably higher corporate income tax rates compared to other sectors. Corporate tax rates are as high as 40% for publicly traded (PT) companies and 45% for non-publicly traded (NPT) telecom companies, which are higher than those of regional peers, including India, and comparable to rates applied to industries such as tobacco. Additionally, operators are subject to a minimum turnover tax of 2%, significantly higher than the 0.6% applied to other general sectors. This high tax rate impacts the ability to invest in telecommunication infrastructure.

Figure 14

Corporate tax rates across sectors in Bangladesh



Source: Bangladesh National Board of Revenue; GSMA Analysis

A missing credit mechanism for input taxes can also result in higher operational costs and reduced profitability for telecom operators. For instance, operators incur an additional cost of 7.5% due to the BTRC not registering them for VAT.

2.2.3 Telecom-specific regulatory challenges

Operators in the country face challenges related to opaque guidelines around the issuance of fines and penalties, creating uncertainty in the business environment. These fines can lead to legal disputes and operational disruptions, impacting network expansion and customer service delivery. For instance, operators have reported substantial financial claims by the BTRC, issued during its information system audit process. These audits covered multiple financial years retrospectively, even going back to inception, instead of being conducted annually, as per the license conditions.

Existing sector policies have the potential to be refined further to fully enable long-term development and align with the changing technological landscape of the telecom sector. These policies can enable innovation and growth, stimulating the sector's ability to contribute to digitalisation. For instance, the Telecom Act can be modernised to help shape the sector's development and align the framework with the sector's evolving requirements. Involving sector experts and other relevant stakeholders can be beneficial to optimise future policies (e.g., on aspects like quality of service and similar topics).

Additionally, a highly regulated environment along with strong oversight can limit flexibility for mobile operators. One example is the restriction on the number of packages that operators can offer within retail tariffs. As the ICT landscape evolves, striking a balance between regulation and innovation-friendly policies can enable sustainable growth in the sector.

Overall, the telecom sector in the country faces challenges across different aspects of the market, including infrastructure, taxation/fees, transparency and regulatory frameworks. These along with regulatory disparities impact the overall growth of the Bangladeshi telecom sector and its attractiveness for foreign investment. Key policy recommendations to be considered for Bangladesh are elaborated in the following chapter.

03

Reforms to accelerate investment

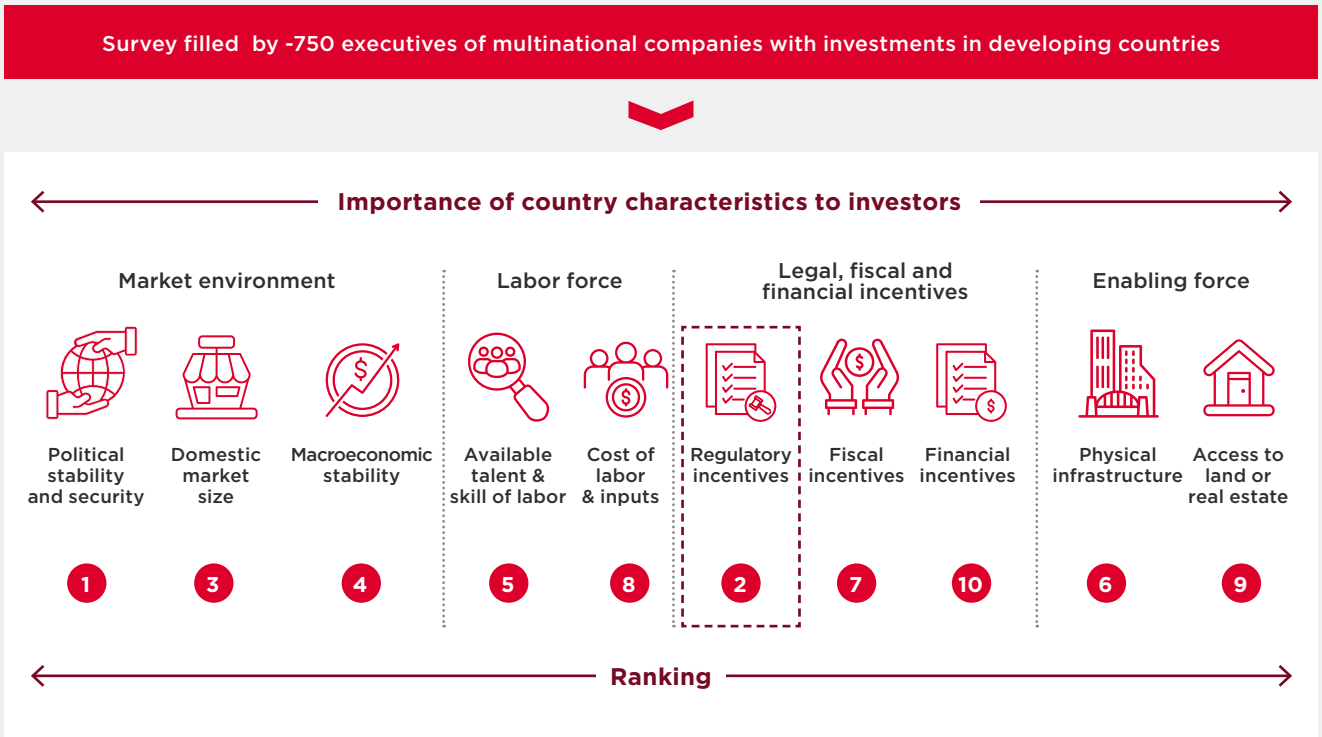
3.1 Introduction

As the telecom sector in the country continues to evolve, supporting reforms can act as an important enabler to boost Bangladesh's investor friendliness. Reducing risks could help increase investments while fostering innovation could support the sustainable expansion of telecommunication networks, particularly as the demand for high-speed connectivity continues to rise globally. These improvements can drive economic growth, enhance productivity, and improve the quality of life, thus accelerating Bangladesh's national development and helping attain the goal of becoming a developed nation.

A study[12] of 750 executives from multinational companies with investments in developing countries identified regulatory incentives as high priority for investors (see Figure 15).

Figure 15

Regulatory incentives and other key factors influencing investment decisions for telecom companies



Note: Respondents were asked, "How important are the following characteristics to your company's decision to invest in developing countries?" factors were asked in random order. The results were analysed to produce a ranking of importance of country characteristics to investors.

Source: World Bank Group: global investment competitiveness report; BCG Analysis (2021)

12: BCG analysis (2021), based on World Bank Group data

3.2
Key reforms

In view of the rapidly changing technological landscape of the telecom sector, a combination of short-term and long-term reforms can support unlocking Bangladesh's full potential. While some actions may be relatively easier to implement and deliver immediate benefits, others may require more time, consideration, and effort. These suggested reforms are divided into short-term (implementation possible within 18 months) and longer-term measures, depending on their nature.

Figure 16
Key reforms to make Bangladesh a developed nation

Attractive business environment

- **Modernised licensing framework**
- **Convenient network deployment rules**
- **Transparent engagement and collaboration**

Reformed fiscal framework

- **Reformed sector specific taxes**
- **Harmonisation of taxes with other sectors**
- **High predictability, stability, and transparency in levy of taxes**

Progressive regulatory framework

- **Market-driven growth through balanced regulation**
- **Implement transparent & equitable mechanism**
- **Progressive telecom policies for sustained growth and innovation**

Government enablers for investment

- **High regulatory predictability and stability**
- **Support via fiscal and innovation schemes**
- **Digitalisation push by government**

Short-term (<18 months)
Long-term

3.2.1
Attractive business environment

a. Modernised licensing framework

Licensing authorities are encouraged to progressively modernising the licensing framework to better align with evolving industry needs. Simplifying licensing structures has the potential to reduce complexity and encourage greater investment. Unified licensing has been introduced considerably earlier in other countries. For instance, India adopted a streamlined approach with a unified license system in 2012, enabling operators to offer a wide range of services using any technology. Similarly, it may be beneficial to explore the expansion of operating licenses to cover a broader scope of services and, where appropriate, consolidate them into a unified regime.

Additionally, offering longer license periods with transparent and timely renewal processes could provide operators with the stability needed for effective long-term planning, particularly for next-generation connectivity deployments.

b. Convenient network deployment rules

Bangladesh may consider leveraging network infrastructure policies to encourage greater investment in the sector. Revisiting existing restrictions that apply to certain players and adopting a more inclusive licensing framework could help foster growth. For example, allowing mobile operators to deploy their own infrastructure, such as fibre and gateways, could ultimately lead to better services and pricing for users. Many countries in the region, such as Indonesia, Sri Lanka, India, Pakistan and Malaysia already allow operators to do this.

Additionally, the government could explore creating a supportive framework that enables and encourages voluntary active infrastructure sharing through commercial agreements. Easing these restrictions and moving towards a transparent, non-discriminatory, and competitive licensing regime could reduce costs, accelerate network expansion, and enhance inclusive access to digital services across the country.

c. Transparent engagement and collaboration

Enhancing transparency in the stakeholder engagement process could contribute to improved regulatory decisions and greater regulatory certainty. Involving stakeholders in policy-making ensures that policies are inclusive, well-informed, and aligned with the evolving needs of the market. By engaging stakeholders early, the government could address potential concerns prior to implementation, reducing resistance and facilitating smoother execution of policies. This approach may also help build trust between regulators and the industry, fostering a collaborative environment that supports the sector's growth. Confidence could be further enhanced by including the details on how the final recommendations were derived.

3.2.2 Reformed fiscal framework

a. Reformed sector-specific taxes

As noted in Chapter 2, lower-income consumers tend to be more affected by sector-specific levies on mobile services. The government might explore reducing or eliminating sector-specific taxes on mobile consumers to help reduce the financial pressure on lower-income individuals. In addition, such changes can help Bangladesh advance its digital transformation and support the financial sustainability of the mobile sector.

b. Harmonisation of taxes with other sectors

The existing tax structure in the Bangladeshi telecom sector could be improved to increase the sector's ability to invest in infrastructure. A broad-based tax regime in the mobile sector could ensure equal treatment with other sectors and enhance overall industry competitiveness, promoting the mobile sector's growth.

Specifically, aligning corporate tax and minimum turnover tax on telecom companies with those of other sectors in Bangladesh could significantly improve market confidence and enhance the investment potential of the sector.

c. High predictability, stability, and transparency in the levy of taxes

Establishing stable, predictable, and transparent tax policies could help create a more supportive environment for the telecom sector. Unexpected changes in tax rates or policies can disrupt operations, impacting cash flow, planning, and long-term investment strategies. By introducing consistent and predictable tax frameworks, telecom operators would be better equipped to manage operations and allocate resources efficiently, enabling greater focus on infrastructure development and network expansion.

Additionally, transparency in tax levies and clear communication from the government regarding potential changes, timelines, and their rationale could foster a healthier investment climate and reduce uncertainty. This approach may be instrumental in promoting innovation, encouraging competition, and driving technological advancements within the telecom industry.

3.2.3 Progressive regulatory framework

a. Market-driven growth through balanced regulation

The regulatory approach in Bangladesh can benefit from adopting a light-touch approach to interventions, allowing market dynamics to drive industry evolution. Minimising regulatory activities could foster a business environment that promotes healthy competition and consumer protection, while avoiding measures that could unintentionally hinder economic activity. Encouraging market-driven solutions, supported by clear and consistent regulatory guidelines, could help ensure sustainable growth and innovation in Bangladesh's telecom sector.

b. Implement transparent and equitable mechanism

Bangladesh's telecom sector could benefit from a more transparent regulatory framework that promotes fairness in enforcement. Establishing clearly defined procedures for imposing fines could help prevent operational disruptions and ensure consistency. Furthermore, transparent and effective utilisation of the Social Obligation Fund (SOF) could enable digital inclusion and address connectivity gaps.

Similarly, equitable licensing processes could provide all operators with equal access to market opportunities. Introducing a well-defined arbitration or appeal mechanism could further support the amicable resolution of issues, such as audit claims, fostering a more predictable and collaborative regulatory environment, thus making Bangladesh more attractive for investment.

c. Progressive telecom policies for sustained growth and innovation

To support Bangladesh's telecom sector in maintaining its role as a driver of innovation and long-term growth, it is important to consider updating and refreshing key policy documents, such as the Telecom Act and Telecom Policy. Aligning these policies with technological advancements and evolving sector needs could help create an investor-friendly environment. Engaging key stakeholders early in the process could ensure the framework reflects diverse perspectives and priorities. Additionally, designing policies with mechanisms for regular updates could better position the sector for sustained growth over the next decade while adapting to emerging trends and challenges.

3.2.4 Government enablers for investment

a. High regulatory predictability and stability

A clear and supportive regulatory environment could be crucial in providing telecom companies with greater operational flexibility. Reducing regulatory ambiguity and avoiding sudden changes may help maintain investor confidence, minimising delays in investment and fostering technological advancements. Predictable and consistent regulations could also reduce the risk of operational disruptions and enable telecom operators to plan long-term investments with greater certainty.

Additionally, clearly defining the roles and responsibilities of different government bodies could help avoid overlapping jurisdictions and inefficiencies. Establishing a legal framework for information sharing with agencies, particularly for security-related matters, may further enhance coordination and effectiveness in regulatory oversight.

b. Support via fiscal and innovation schemes

The government could consider taking steps to encourage investment and foster innovation within the telecom sector. For example, issuing infrastructure bonds might offer low-cost, long-term financing for network expansion and modernisation projects. Public-Private Partnership (PPP) initiatives could also be explored to facilitate collaboration between the government and telecom operators, potentially reducing the financial burden on the private sector while ensuring the development of necessary infrastructure.

Moreover, providing access to a regulatory sandbox or establishing focused industry parks might create controlled environments for telecom operators to test innovative technologies and services under relaxed regulations, encouraging experimentation and reducing risks.

c. Digitalisation push by the government

The government's commitment to digital transformation could be a pivotal driver of growth in the telecom sector. Increasing public spending on telecom infrastructure, particularly for rural network expansion, fibre deployment, and digital inclusion projects, may help accelerate connectivity across the country. Prioritising digital initiatives in the national budget might stimulate further investment, create jobs, and promote the broader adoption of digital services. This includes initiatives that enable access to affordable smartphone devices.

Additionally, implementing policies that encourage the use of digital services, such as e-governance, digital education, and digital payments, could further increase demand for telecom services. By fostering collaboration between the public and private sectors, the government could play a significant role in advancing a shift toward a digital economy, enhancing connectivity, and improving access to emerging technologies.

3.3
Next steps

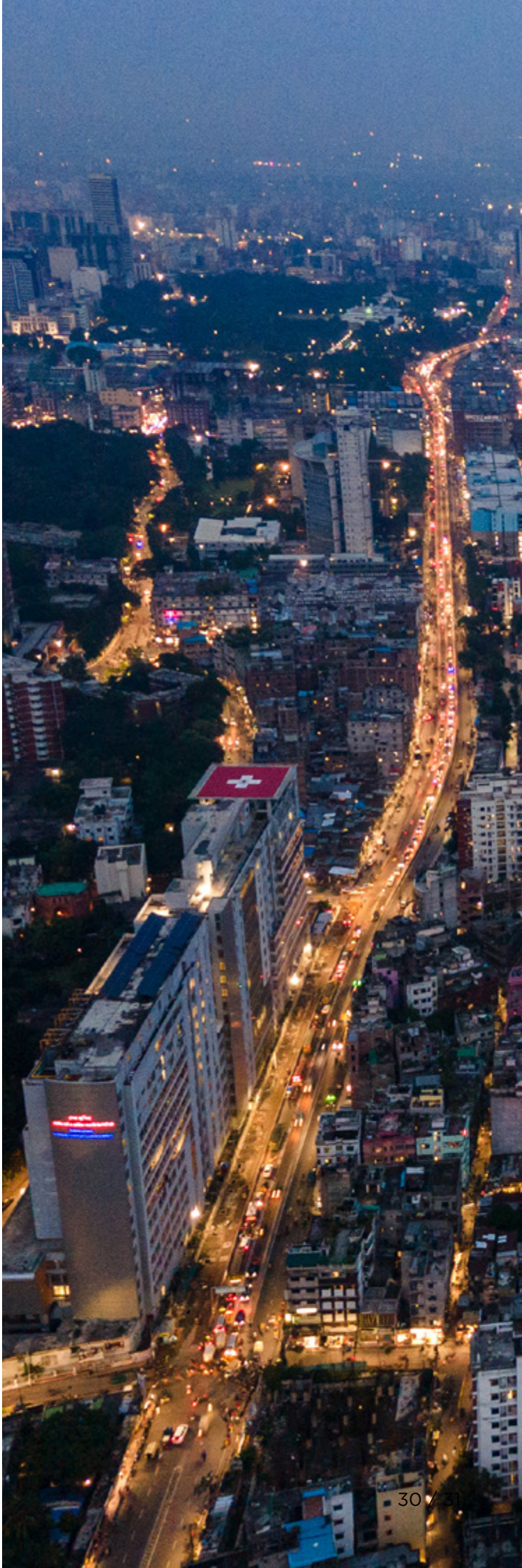
Addressing current and preventing future limitations to digital capabilities in Bangladesh will require substantial investment in next-generation telecommunications infrastructure. However, navigating the necessary regulatory changes is not easy. Policymakers and regulators in the country face the complex challenge of balancing the needs of diverse stakeholders.

Bangladeshi citizens expect high-quality network services at affordable rates, while the government seeks to maximise revenues and promote a robust, competitive telecommunications sector to drive the country's mobile digital transformation. Simultaneously, network operators require clear incentives, as well as stability and predictability in the regulatory environment, to justify investments in advanced broadband infrastructure.

Finding the right balance in Bangladesh will not be simple, and achieving equitable solutions will likely require multiple rounds of consultation with stakeholders. Despite these complexities, the rapid transition toward a global mobile and digital society is unrelenting.

Effective collaboration between network operators, regulators, and policymakers will be essential for improving both the efficiency and effectiveness of the telecom sector. By working together, these stakeholders can pave the way for developing future-ready infrastructure.

A favorable regulatory environment that encourages the next generation of technology investments while fostering healthy competition, will be instrumental in advancing the country's journey towards becoming a fully mobile and digital society.



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