

Face to Face

# KYC enforcement urgent to reduce money laundering risks

..... Dr. Shahadat Khan, CEO of Sure Cash



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Mobile financial service (MFS) continues to grow fast in Bangladesh, scaling a new height last year with 53 percent growth year-on-year. But it is not out of risks of fraud and money laundering as bad actors are very much active to use

loopholes to steal money from the mobile banking system. So, KYC enforcement and biometric authentication system are the demand of time, Dr. Shahadat Khan, CEO of Sure Cash said this in an exclusive interview with the Digital Finance Team of The Bangladesh Express.

"It is important to identify the person of the MFS account holder

for digital banking as the payment system is being expanded and modernised every day and the risks of money laundering and fraud transactions through mobile banking channel are still not out of danger", Dr. Khan said during the interview at his Banani office last week.

Country's leading mobile financial service operator SureCash thinks introduction of biometric system in opening account with MFS is necessary for the sake of security in transaction of money through mobile phone.

"Biometric system should be introduced in opening account with mobile financial service to ensure easy and secured transaction of money through mobile phone," he said.

Biometrics is a disruptive force for the financial services industry and is being used by new FinTech entrants, including mobile device manufacturers and mobile platform owners (Apple, Google and Samsung), as a method of dominating the banking and payment experience through ownership of a customer's identity.

Biometrics include the authentication of an individual by evaluating one or more unique



biological traits, such as voice recognition, hand geometry, fingerprint identification, facial recognition, iris recognition, and vein recognition.

Today, millions of customers (120 million plus during 2015) are using mobile biometrics on a daily basis around the world to provide secure convenient user authentication and transaction authorisation with this theme set to continue and accelerate.

Adoption is being seen across almost all of the financial services industry; from traditional (ATMs) to alternative (Bitcoin Wallets) - the mobile is fast becoming the biometric authenticator of choice for the financial services industry.

As the risks of fraud and money laundering are high, Dr Khan said the MFS operators in Bangladesh should also focus more on KYC (know your customer) practice in opening a new accounts adopting

finger print or eye photograph and connecting the National Identity (NID) database as mobile phone operators do it for a SIM registration.

"Introduction of biometric system in KYC procedure will make the MFS service easier. If it done, there will be no possibility of making mistake of transferring money to unexpected an account," he said adding that it would remove the sufferings of people in receiving pension money quickly.

Dr Khan said thinking about introduction of biometric system has already been started and Access to Information (A2I) cell with the Prime Minister's Office is now working on it.

The SureCash is the fastest growing Fintech Company in Bangladesh. Starting its services in 2014, it has created an open payment network in partnership with 5 local banks.

It is the only Bangladesh Mobile Banking Solution Provider which has been recognized as one of the Top 10 Mobile Banking Solution Provider in the Banking CIO Outlook 2016.

Dr Shahadat Khan, has more than 23 years of experience including university teaching, research and development, software engineering, product marketing, technology consulting, and building IT-based solutions for social development, termed the MFS regulations convenient for the operators saying the government encourages and promotes the mobile banking.

A Canadian Commonwealth Scholar, Dr. Khan has received his Ph.D. degree in computer engineering from University of Victoria, Canada.

To keep the growth pace of MFS industry, the CEO put emphasis on the need to create an



Most MFS operators in the country are very serious about KYC implementation due to regulatory pressure. bKash, the largest mobile financial service provider in the country, recently organized a training on Anti-Money Laundering and Combating Financing of Terrorism (AMLCFT) for its distributors of Chittagong region at Cox's Bazar to create awareness on the issue.

interoperability among the MFS operators so that an account holder of any can send and receive money from and to any operator in the country's MFS industry.

There is an interlinking system among the mobile phone operators and anyone can make a call through any of them. Then, why the MFS account holders cannot enjoy the opportunity? he questioned.

He said there should be a coordination among the MFS operators to expand the digital banking in the country. "The good news is that Bangladesh Bank is working on it and we are ready for interlinking in line with its mission to create a cashless society," he said.

"Days are not far away when all transactions from receiving salary to paying utility bills, merchant

payment and daily shopping all will be through mobile phones. You (MFS account holders) will both receive and send money through phones," he said.

He said SureCash created mobile accounts for about 1.4 crore mothers across the country to reach primary education stipend of their children. The SureCash made mobile banking system so easy that a mother can receive money only by inserting the pin number, he said.

"Under government run primary education stipend project, about Tk 1400 crore is reached to mothers directly through Surecash mobile account yearly. The government can save about Tk 300 crore yearly in sending the stipend by using our locally made MFS technology."

The SureCash prepared the database for primary stipend project using local technology in six months where there is data of about 1.5 crore students of 67,000 primary schools in about 80,000 villages across the country.

Prime Minister Sheikh Hasina inaugurated the primary stipend distribution through mobile banking titled 'Mayer Hasi' on March 1 2017.

He said under education payment project, the SureCash in association with five banks including the state run Rupali Bank Limited realises academic fees of students from about 1,000 educational institutions through mobile account.

*(The writer is a Senior Reporter of The Independent and joint secretary general of BJFCI)*