

OPINIONS

Bangladesh heading towards a less-cash society

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Nazma Sultana, a junior officer at Prime Bank Limited, went to Agora super shop in the capital's Moghbazar for shopping on Tuesday last. On completion of her shopping, she made payment to its cashier Mushiur Rahman, not by cash, but by plastic money. On the occasion of the Victory Day, she got 16 per cent discount from Agora for using JCB (Japan Credit Bureau) Brand launched by Prime Bank Limited.

Similarly, M Rajib, an executive engineer, of Dhaka South City Corporation, got 16 percent discount for shopping at Meena Bazar, another super shop located at Eskaton in the capital. As his wife serves at Prime Bank Ltd, he is lucky to avail of the discount following use of JCB Card.

M Sahabuddin, another customer of Meena Bazar, revealed to this writer that he is always benefited by doing shopping through BRAC Bank credit card. Payment instruments are transitioning from paper money and coins to their digital counterparts that no longer require physical cash.

Any monetary transaction requires at least two parties, namely, a payer and a payee. The system through which the exchange of value happens between the payer and payee is the payment system. Value is exchanged using payment instruments like cash, cheque, card, mobile money et cetera.

The central bank, commercial banks and mobile money operators are some of the key actors in this domain. Integration of all these parties to facilitate the transaction between payer and payee forms the payment ecosystem of a country. If the instrument used for the transaction is in digital form, such as cards or mobile money, it constitutes a digital transaction and contributes towards a less-cash society.

The payment ecosystem of an economy is usually never static; shifts in technology and cultural factors drive the economic and political gears that evolve the payment systems.

Cash is expensive and it carries a higher degree of risk. Conversely, digital money is more cost-effective and less risky. Digital payment ecosystems can be a driver for business innovation: bundling electronic payments information and software creates opportunities for businesses to streamline and automate processes relating to procurement, distribution, inventory management, and payment collections; entrepreneurs might also have greater access to credit through credit scoring mechanisms based on transactional histories.

Digital payment ecosystems can also support government's efforts in enhancing efficiencies and fighting corruption: since government is generally the largest payer (of salaries, pensions, and social safety

