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EDITORIAL

Regulation is imperative for MFS

The government has decided to form a joint-venture company to carry out operations of Nagad under regulatory supervision of Bangladesh Bank. Posts and Telecommunications Minister Mustafa Jabbar disclosed this recently at a press conference. The minister, however, didn't give any further information regarding the reasons behind the government's decision and when the jt company would be formed.

It is a good news for all involved in the country's highly regulated MFS landscape where who are concerned about money transaction through unregulated digital channel, which is a risky initiative for the entire financial system. Money flow must be allowed under the supervisory oversight of financial regulatory body which controls inflation. For consumer rights protection, any form of banking transactions and its price should be regulated and strictly supervised by the central bankers who controls money supply to keep financial stability. For mobile banking, it is more important, as its products are more sophisticated and complex and delivered via mobile channel, in some cases without face to face interactions like bank counters.

So, there is no alternative for Nagad to run its operations as a MFS in the country's financial landscape and the government should not waste any time to form the proposed joint venture company which is mandatory for obtaining Bangladesh Bank's approval.

The time for action is now. It's never too late to do something. The sooner the better.

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Message from CHAIRMAN

BJFCI to strengthen consumers voice seeking support from businesses

“We are living in an era of digital age where technology innovation with many complexities is advancing at a lighter pace and consumers are in driving seat. But most consumers who are unfamiliar with a new marketplace find themselves at risk from the bad practices of some financial services providers. So, regulations are evolving fast to ensure safe, fair and sustainable financial services for everyone. Here, consumer rights protection and collective consumers voice has come in forefront both in regulation and business decision. When voice of consumers are stronger, then consumers are well aware and policy makers get the direction to formulate necessary policies for consumer rights protection. Therefore, in developing markets, the demand of independent market survey and research is increasing day by day.

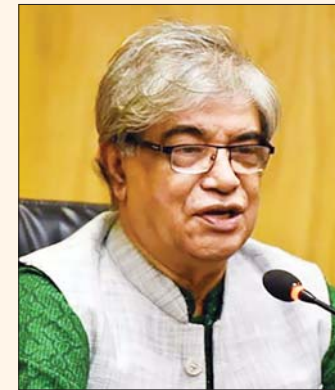
In Bangladesh market, many technology innovations, like mobile phone and digital financial services have taken their strong footings and changing consumer behaviors with its complexities. But there are some big challenges for potential investors to sustain their business as some market players are exploiting consumers, misleading policy makers and destabilising conducive environment. The main reason is consumers are not well conscious, organised and they have not any say in policy decisions. Here, the media and the civil society can play crucial role. They can disseminate market information based on consumer survey and research, which ultimately will aware consumers and give their opinions in policy development.

To fill up the gap, Bangladesh Journalists’ Foundation For Consumers & Investors (BJFCI) and The Bangladesh Express have joint hands to work together to conduct independent market survey to strengthen voice of consumers. Here collaboration between responsible media and responsible businesses is essential to make things effective, authentic and trustworthy.

We are seeking support from responsible businesses to make our project a success.

Bangladesh Journalists’ Foundation For Consumers & Investors (BJFCI) is the largest platform of senior journalists working in leading dailies of Bangladesh. It’s members are working as Editors, Executive Editors, Economic Editors, Business Editors, News Editors, Chief Reporters, Special Correspondents and Senior Reporters/Sub Editors and committed to protect the rights of consumers and interest of inclusive investors through media interventions. BJFCI raises voice for the rights of consumers and promotes growth finance sector, digital innovations and mobile financial services in line with its vision to build a fair financial society for a better Bangladesh with inclusive growth.

Govt moves to place Nagad under BB to boost MFS growth



Express Report

The country’s mobile financial service (MFS) industry is set to jump start to a new height in 2021 thanks to the government’s recent decision to place Nagad under regulatory supervision of Bangladesh Bank in order to restore a conducive environment.

The government will form a joint-venture company to carry out operations of Nagad, the MFS player of Bangladesh Post Office (BOP) operated by a private fintech firm The Third Wave Technology (TWT) in order to comply with the central bank’s regulations.

Posts and Telecommunications Minister Mustafa Jabbar disclosed this recently at a press conference following widespread criticisms for rule violation incidents of Nagad and the relationship between the government’s BOP and its operating agent TWT.

But both regulators and market players have expressed their happiness with a strong hope that this decision will help the MFS industry to move ahead faster in 2020.

The minister, however, didn’t give any further information regarding the reasons behind the government’s decision to form a joint venture

company between BOP and TWT and when the joint company would be formed. But the industry experts see the Nagad’s controversial role in MFS market is the big reason behind it.

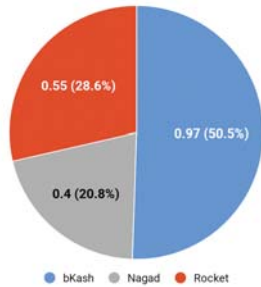
“This is a long expected demand from both regulators and market players that Nagad should play in the market under a level playing field. For its controversial role and rule breaking incidents, Nagad was a big concern for all in the MFS market”, one highly placed official of Bangladesh bank said.

“Nagad entered into the MFS landscape in 2018 under a different law and its operational activities destabilised the market environment breaking down the level playing field”, the central bank official explained on condition of anonymity.

MFS transactions experienced nearly 200 per cent growth in April last felled by rising demand in corona pandemic days as millions of new customers entered into the market driven by lock down and physical distance enforcement to remain safe from corona virus attack.

The government’s aid disbursement through various MFS operators also contributed the rise of MFS

Accounts created for the RMG sector (in million)



transactions significantly. Industry experts see the industry will see higher growth in 2021 and onwards, if the government ensures conducive environment in this highly regulated markets.

“If the Nagad placed under the Bangladesh Bank regulations and operate its business under the same rule and regulations, MFS industry will flourish in future driven by rising e-commerce and online shopping”, said a CEO of a leading commercial bank.

Nagad recently has come under the government’s scrutiny following the report that the platform is completely controlled by The Third Wave Technology (TWT), a private fintech firm- not run by the government. Expressing gratitude to the government’s decision, Major General Sheikh Md Monirul Islam, Chief External and Corporate Affairs Officer of bKash Limited, the leading MFS operator with coverage more than 80 per cent of the rural Bangladesh said the MFS industry is now set to jump start to a new height in 2020.

“If we can work under the regulatory oversight of Bangladesh Bank and the level playing field is maintained without any distortion from any corner, the MFS industry will boost in future”, he said adding that as millions of new people are using this payment tool to remain safe from Covid attack and find this payment method easy, convenience and cost effective.

Bangladesh Bank data shows that MFS transaction shot up to Tk 49,121.25 crore in September with record transaction of Tk 47,601.28 crore in April as people found this tool as a safe and convenient payment tool to meet their daily needs in their bad days of pandemic.

The government enforced lockdown across the country in April to keep the citizens safe from virus contamination. Bangladesh Bank recorded total transactions through MFS channels at Tk 39,785.23 crore in March, 2020 when Covid-19 hit Bangladesh.

The MFS transactions started to pick up since last

July because an increasing number of people, businesses and government agencies used such digital services for making their payments to avoid movement.

In September 2019, MFS transactions was recorded at Tk 35,433.16 crore- much lower than the current trend. In the last one year, millions of new customers entered into the market driven by lock down and physical distance enforcement to remain safe from coronavirus attack.

In April, global markets saw a 200% jump in new mobile banking registrations, while mobile banking traffic rose 85%, according to Fidelity National Information Services (FIS). The sharp uptick is due to the coronavirus lockdown, which resulted in many bank branches being closed.

“MFS industry is a growth story of Digital Bangladesh driven by impressive performance of bKash and other MFS operators under prudent regulations. The industry will move ahead with faster speed in the days ahead if the government can ensure conducive environment”, said a CEO of a MFS operator.

Nagad’s operations came under discussions for its controversial entity without licence of Bangladesh Bank, its recent obfuscated pricing campaign in the name of lowest cash out charge that hurt many poor customers and higher transaction limit compared to other MFS operators who are operating business under Bangladesh Bank regulations.

This has destablised conducive market environment, increased risks of money laundering and prompted Finance Ministry and Bangladesh Bank to request Post and Telecom minister to place Nagad under the central bank’s supervision, it is alleged.

After regulatory intervention, Nagad, however, has revived its cash out pricing policy and transaction limit and awaiting for the central bank’s licence to operate as a MFS player.



Source: BB

Editor's Pick

Nagad’s Piggyback Riding Coming To An End!

The government’s move to form a joint venture company to run Nagad under the regulatory oversight of Bangladesh Bank is a good initiative. It will help the MFS industry to move ahead faster in 2021 and onwards.



Faruk Ahmed

Nagad has come back again in the discussion. A series of questions have been raised by many people: Who own the Nagad? Who controls the Nagad’s operations? Is Nagad doing business through trickeries piggyback riding on Bangladesh Post Office (BOP)?

These questions have been raised by conscious consumers across the country after Post and Telecommunications Minister Mustafa Jabbar disclosed that the government will form a joint-

venture company to carry out operations of Nagad, the mobile financial service (MFS) of Bangladesh Post Office (BOP).

“We would comply with the central bank’s regulations as regulation of the money market is under its jurisdiction”, the minister said this at a press briefing recently held in the city.

He disclosed this information following news reports on Nagad’s operations, widespread criticism about its rule violations and at last cash out price obfuscation. Nagad’s several rule breaking incidents generated

serious concerns among the MFS policy makers and market players that this new entity will destabilise the conducive environment of the country's mobile financial service (MFS) landscape and will exploit poor people.

The daily Inqilab recently has brought one top concerned issue in its report that the Nagad platform is completely controlled by The Third Wave Technology (TWT), a private fintech firm- not run by the government. Failing to obtain license of Bangladesh Bank, TWT has cleverly entered into the MFS market through the government's BPO. Many people see this Nagad's piggyback riding on on the back of government's owned BPO. The big concern is that the BPO officials do not know how much money exactly is earned by TWT and how TWT operates its Nagad service as the board of Nagad is controlled by its own people, according to the report.

Even Bangladesh Bank officials remain in dark about fund flow through Nagad channel as the operators is out of its regulatory supervision. So, many people see the Nagad is the outcome of trickeries by TWT, a small fintech firm which is not sound enough to meet the BB's requirements to run as a MFS operator. Still now, TWT is awaiting for Bangladesh Bank licence.

As Nagad entered into the MFS market in 2019 without Bangladesh Bank's permission, it made news paper headlines by some rule breaking incidents. At first, Nagad offered higher transaction limits- which was nine times higher than the limit set by the regulator immediately after its entrance without a va for all MFS operator. The concern was that such transactions allow illegal money transfer and helps money laundering which is dangerous step for the economic growth. As the level playing field was distorted, risks of money laundering increased and MFS users became worried, Ministry of Finance, Bangladesh Bank and Bangladesh Financial Intelligent Unit could not sit idle and requested Ministry of Post and Telecommunications to place the Nagad under the regulatory oversight of Bangladesh Bank. And as per the rule, Finance Minister Mustafa Kamal suggested the Telecom Minister Mustafa Jabbar to form a joint venture company to run Nagad operations as a MFS.



Riding on the back of Bangladesh Post Office!

It may sound unbelievable, incredible, astounding and what not, but it's a fact that Nagad is operating under the very gaze of the country's central bank, Bangladesh Bank (BB), without a valid authorization or operating license in the field of mobile banking service (MBS).

However, one highly placed central bank official expressed his satisfaction over the government's decision regarding Nagad.

"Its good news for all of us that the Ministry of Post & Telecommunications finally has taken the right step deciding to form a joint venture company to place Nagad under BB's regulation", he said on condition of anonymity.

"This decision, though too late is crucial for the growth of the country's MFS industry, which is moving ahead faster", he said.

More than 50 million people mostly low-income and poor people in the country are improving their standard of living with unique mobile banking services offered by 17 duly authorized and regulated banks with specified license from Bangladesh Bank.

Nagad is still vibrant in the market with its controversial cash out pricing policy which allegedly exploited many poor customers. This prompted the financial regulator to ask Nagad to revive its pricing policy. The question has been raised by industry people: Without operating license from BB, how then Nagad is operating or sustaining in its activities by claiming any semblance of legality?

"It appears that its owners and operators have found



a smart and devious way of bypassing the legality issues by posing to be an operator under the Bangladesh Post Office (BPO) which is a state owned body with a glorious centuries old heritage", said a senior banker.

"NAGAD is breaking the rules again and again and we can not stop this as it is riding on the back of BPO owned by the government and exploiting its good name and reputation", a central bank official said.

Many users of NAGAD services are using the same believing that they are dealing with a state owned entity and all the advantages and security thereof. But the plain truth is they are 'risking' relation with an organization that only uses the label of the BPO when for all practical purposes it functions completely independently of any monitoring or controls by BPO.

For practically, NGAD has been operating like a fully sovereign or self governed organization with hardly any need to account for its mode of operation or anything else. But all the time it has been creating an impression to all that it is under the BPO when this is a complete travesty of truth.

Those who know, they know it from their dealings with Nagad that it was the creation crafted by the operators of Third Wave Technologies together with the erstwhile DG of BPO, for the pecuniary gains of both. The DG from his side only left a Memorandum of Understanding (MOU) with Third Wave Technologies.

Nothing was concreted for Third Wave Technologies to be bound to follow it. Third Wave Technologies

was left free to choose and apply its own ways in running Nagad feeling obliged to account to nobody but its own management. In fact, Nagad has been running its operations as a service of the Bangladesh Post Office based on a memorandum of understanding signed with Third Wave Technologies Limited with a 51-per cent profit sharing model under the Post Office (Amendment) Act, 2010. Here, BPO has no direct control over the Nagad's operations, its financial transactions and other activities.

"There is no such cell or manpower, documents and logistical support for the BPO to control or oversee the Nagad operations. Industry experts say that BPO should have a central monitoring cell in relation to Nagad as monetary transaction is a very sensitive issue", according to a central bank official.

"Nagad has no operating license from BB and, therefore, not obligated in any way to account to BB either. Thus, it is seeking to discharge all the functions of a duly authorized mobile banking service provider without the basic approval from the authorities who ought to be concerned", he said.

BPO has its own service, Electronic Money Transfer System (EMTS)) in the mobile banking sphere. But EMTS was cunningly suppressed in order to enable Nagad to fake as the main or only operator of BPO in this area. It is relevant to mention here that the top most functionary of the BPO, Director General (DG) now on leave, was relieved of his duties sometime ago on grounds or charges of facilitating the irregular and illegal activities of Nagad as well as for other alleged corruptions.

Immediately after its entry, Nagad offers its customers nearly amount of transaction limit- nine time higher than the limit set by Bangladesh Bank for all MFS operators.

Services	Maximum amount per transaction (person to person)	Permitted daily total amount of transaction (person to person)	Cash out charge (per 1,000 taka)
Nagad	25,000	2,50,000	18
Other mobile financial services	15,000	15,000 (person to person)	20



Nagad allures poor customers to use its service offering with vague lowest cash out offer. Such activities and false offers by any financial service operators are strictly monitored by regulators across the globe.

Weak collaboration creates illegalities

In MFS landscape, the success story has been made over the years due to strong collaboration between bank and fintech. But in case of Nagad, the situation is different. Weak collaboration between BPO and TWT have created many illegalities inside the BPO, which forced its chief to face trial, it is alleged.

It has been alleged that TWT does not share Nagad profits properly with BPO. There is no time bound mechanism for sharing such profits, nor any requirement of timely or regular disclosure of the same. No auditing of the activities of Nagad is carried out by its practically self governing management. But auditing is the key to establishing accountability seen from any angle.

Industry experts say TWT should have a Board of Directors with representatives from BPO. For any private organization partnering with a government body or autonomous government body, such a Board is compulsory. Under these circumstances, the operations of Nagad or TWT have been left in the dark.

BPO as a partnering body should have right of access to Nagad's server. But it cannot exercise any such right at the moment. A former Secretary of The Ministry of Post, Telecommunications and Information Technology wrote to the BPO last year that BPO should send at least one monthly report to him on the transactions of Nagad. But no such report was ever sent to the Ministry.

Bangladesh Bank also wrote to the BPO in the early

part of the current year in order to know how Nagad's operations are carried out, how government was getting its share of revenues from Nagad, etc. But that letter was also not replied so far.

Central bank officials said that BPO should regularly monitor Nagad's operations and TWT should submit copies of statement of Nagad's operations regularly to BPO. Presently, BPO gets none. All operations and outcomes in the running of Nagad remain non transparent or unaccountable.



Central bank officials said that BPO should regularly monitor Nagad's operations and TWT should submit copies of statement of Nagad's operations regularly to BPO. Presently, BPO gets none.

Regulation is imperative for MFS

Innovation like Nagad is a welcome move. But industry experts are concerned over Nagad mainly for two reasons. Firstly, it has started operations without valid licence from financial regulators and secondly, it allows people to transact higher amount of money through its unauthorized channel. The concern is that money transaction through unregulated digital channel is a risky initiative for the entire financial system, which may hit financial stability.

Industry experts say, money flow must be allowed under the supervisory oversight of financial regulatory body which also has a role in controlling inflation. So, there is no alternative for Nagad to run its operations as a MFS in the country's financial landscape.

For consumer rights protection, any form of banking transactions and its price should be regulated and strictly supervised by the central bankers who controls money supply to keep financial stability. For mobile banking, it is more important, as its products are more sophisticated and complex and delivered via mobile channel, in some cases without face to face interactions like bank counters.

And transaction limits must be consistent and transparent for the market as it encourages firms to compete on quality and price, and lowers search barriers for consumers, facilitating their ability to exert competitive pressure on competing products.

Because of vulnerabilities of postal sector being used by money launderers and terrorist financiers, Bangladesh Bank (BB), as part of its supervisory process, formulated a clear guideline for postal remittance services. This guideline was designed to enable post offices to function in consistence with the Bangladesh's AML & CFT regulations and to ensure that appropriate identification information is obtained in relation to the clients of post office and the payments made among them or remittances received on behalf of them.

The question is how Bangladesh Bank, as the regulator of banking services industry will monitor money flow through Nagad channel since it is governed by a different organization- not by itself.

Piggyback riding coming to an end!

The good news is that the government finally has awoken up and decided to form a joint-venture company to carry out operations of Nagad under regulatory supervision of Bangladesh Bank. Posts and Telecommunications Minister Mustafa Jabbar disclosed this recently at a press conference.

The minister, however, didn't give any further information regarding the reasons behind the government's decision and when the jt company would be formed. But one thing is clear to all that Nagad's piggyback riding on the BPO is coming to an end.

Posts and Telecommunications Minister Mustafa Jabbar

Both regulators and market players have expressed their gratitudes to the government for this decision with a strong hope that this decision will be implemented as soon as possible to help the MFS industry to move ahead faster.

"This is a long expected demand from both regulators and market players that Nagad should play in the market under a level playing field over seen by Bangladesh Bank", the CEO of a leading private bank said. " For its controversial role and rule breaking incidents, Nagad was a big concern for all in the MFS market", he said.

As Nagad is coming under the regulatory supervision, a central bank official said, the MFS industry is likely to gain momentum in future under a conducive environment".

The sooner the better

MFS industry is a success story of Digital Bangladesh as it serves millions of people mostly poor and low income people. Any MFS entity remaining outside of Bangladesh Bank oversight, audit and inspection can cause serious injury to this potential MFS ecosystem – a distinct achievement of the current government.

The Nagad's operation is a case in point. Industry experts say the government should not waste any time to place Nagad under the regulatory oversight of Bangladesh Bank.

The time for action is now. It's never too late to do something. The sooner the better.



The time for action is now. It's never too late to do something. The sooner the better.



Small traders to benefit from easier digital payment



Express Report

Bangladesh Bank has allowed banks, mobile financial and payment service providers to open personal retail accounts of micro merchants to help them get digital payment against their sales of goods and services.

Such accounts will be opened through direct supervision of officials or appointed agents of the banks as well as agent banking and financial service providers, according to a notice issued by the Bangladesh Bank (BB) on Monday.

This would require no tax identification numbers (TINs), value added tax (VAT) registration or any other documents except for the attestation from public representatives or certification from local professional bodies and national identification (NID) for opening such an account.

Professional certificates have to be collected from local public representatives or respective professional bodies considering the risk of clients, it noted.

Customers will not be allowed to continue his/her personal retail accounts along with the merchant accounts at the same time, the notice said.

"We've taken the initiative to allow micro merchants and service providers to use the digital payment system for receiving their small payments, which

would help build a cashless society in Bangladesh," a senior official of the Bangladesh Bank (BB), told The Bangladesh Express.

The BB official said it will help enhance the coverage of the digital payment ecosystem at the lowest level of trade and commerce in Bangladesh.

He added it will also help expedite the financial inclusion initiatives through bringing more people into the formal digital payment ecosystem.

The central bank asked all banks to facilitate personal retail banking services from their banks as well as from their agent banking wing using their current account.

However, the balance must be within Tk 1.0 million at any time and the transaction must be within Tk 1.0 million in a month, according to the notification.

For MFS accounts, services like cash-in, fund transfer and add-money cannot be accessed from a personal retail account.

Money from such an account can be transferred to another retail account, merchant account, personal account, to the retailers' own bank accounts and the cash-out service.

There would be no limit to the number of transactions in receiving payments from personal accounts, retail accounts and merchant accounts.

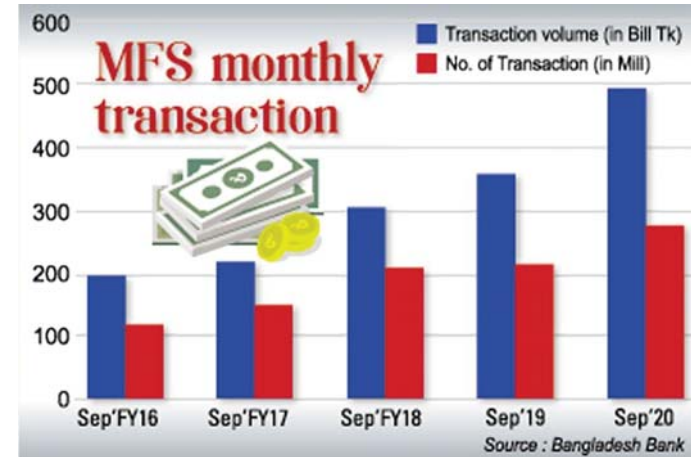
However, retailers would be allowed to receive up to Tk 30,000 in a day and up to Tk 500,000 in a month from personal account and retail account while the monthly threshold for receiving money from retailers and merchants would be Tk 300,000.

The BB also imposed a limit on the payments, including send money, cash-out and retail-to-bank account from personal retail account while the limit

to the balance on such accounts would be Tk 500,000.

The central bank also instructed all the payment operators to facilitate opening personal retail accounts by using their e-wallet service.

In this case, monthly transaction limit has been fixed at Tk 1.0 million while the balance in such account must in no way exceed Tk 0.5 million.



Covid triggers rise in mobile financial services

Express Report

Bangladesh's mobile financial service (MFS) has got a boost as its total transaction volume ballooned more than two and half times in four years. Industry experts say the paperless banking and digital advancement in the country have resulted in the remote money transaction, reaching the doorsteps of the people.

The monthly transaction through mobile phones in September this year was recorded at Tk 491.21 billion, 152 per cent higher than the corresponding month of 2016, according to Bangladesh Bank data.

In September 2016, the total volume of the transaction through the MFS was Tk 194.71 billion, the Bangladesh Bank (BB) statistics showed.

The number of monthly transactions has also registered a steep rise over the last four years as it has

reached Tk 273 million in September 2020, growing by 132 per cent.

A total of 15 private banks and one public sector department is providing the MFS services to their clients over the years.

Among the MFS providers, bKash is the no. 1 player, followed by Rocket, an initiative of the Dutch-Bangla Bank Limited, and Nagad, a service of the Bangladesh Postal Department.

Besides, the UCBL, Mercantile Bank, Rupali Bank, Trust Bank, Islami Bank Bangladesh Limited also have a presence in the MFS market.

Among them, the bKash is the leading player with it nearly 75 per cent of the market share, followed by Rocket and Nagad with 10-12 per cent each, market players said.



COVID factor and enhancement of the daily transaction limit had boosted the growth of MFS in Bangladesh in this year.

“The good news is that the government and the central bank had taken some steps in a bid to simplify the mobile money transfer for the clients, which facilitated the growth in transactions”, said a senior official working at bKash Limited.

In recent days, a lot of new products and fresh services in the MFS, utility bill payment, and salary payment had also increased its growth, he noted.

The COVID has expedited the use of the MFS by the clients during this pandemic as they had been familiar with the digital platform more than before, he added.

A regional manager of the “Rocket” said the coronavirus had become a blessing for their services. Besides, he added that an increase in corporate clients, salary payments, cash transfer, tuition fee payments in the educational institutions, and shopping payments have boosted their transactions in recent months. But the MFS industry is growing not without challenge as security across the country had become a big factor following rising fraud incidents. Industry experts say the service providers should ensure the security of the technology as we all of the customers

Bankers and economists said the peoples’ tendency towards the digital platform during the COVID period, paperless banking, simplification of the MFS services, upgrade of digital infrastructure of commercial banks and allowing utility service payments are the main factors for the growth of the MFS in Bangladesh.

The COVID was blessings for the MFS providers. The countrywide lockdown for more than three months has become beneficial to digital banking as people became familiar with the online and mobile service payment systems, resulting in the huge growth, he added.

A senior banker working at a private bank said the

Bangladesh sees surge in credit card use

Express Report

The use of credit cards of the commercial banks and financial institutions (FIs) in Bangladesh has gone up sharply, as their month-on-month transactions boosted by 50 per cent within a year, officials and experts said on Wednesday.

The volume of their transactions increased to Tk 15.52 billion in this August, from that of Tk 10.35 billion in August 2019, the Bangladesh Bank (BB) statistics showed.

The BB data showed that the number of credit card transactions was lower than a year ago, but the total volume of transactions was higher.

After a massive fall in credit card utilisation during the Covid-19 pandemic peak-time from April to June,



the paperless transactions rebounded in the following two months - July and August.

Bankers and experts said the volume of transactions through credit cards increased, as people prefer to

pay bills and for their purchases through credit cards after reopening of the country’s economy.

Meanwhile, month-on-month utilisation of debit card dropped, as the customers made 12 per cent lower transactions in this August than the corresponding period a year ago.

According to the central bank, the volume of transactions through debit card was recorded at Tk 132.02 billion in August 2020, which was Tk 150.70 billion in August 2019.

The number of transactions through debit cards also dropped to 1.729 million in August 2020 from that of 1.955 million in August 2019, the BB data showed.

The data also showed that the use of pre-paid cards of the banks and FIs declined in Bangladesh in August 2020 compared to August 2019.

The volume of transactions through pre-paid cards was Tk 1.08 billion in this August, compared to Tk 1.46 billion a year ago.

The BB officials said the use of pre-paid cards of different banks and FIs was recorded the highest at Tk 1.99 billion in this July before slumping to Tk 1.08 billion in August 2020.

In Bangladesh, a total of 1.62 million people use credit cards, 19.99 million debit cards, and 0.59 million pre-paid cards, the BB data showed.

A senior central bank official said that since people completed their shopping and banking transactions without going to bank branches during the pandemic period, the use of credit cards increased significantly.

He said during this time, e-commerce boosted in the country notably, prompting use of credit cards by the customers.

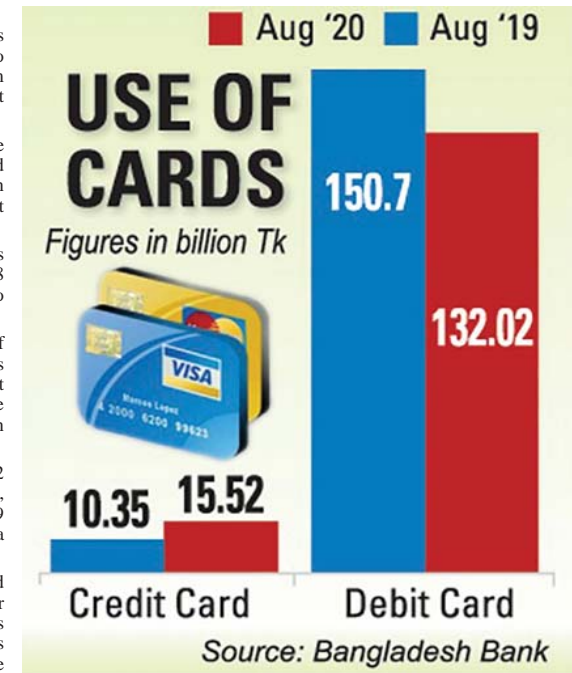
“Income of many customers was affected by the Covid pandemic. But, they needed to buy necessary items during that period. Then, they used credit cards for purchasing those items,” the BB official said.

In the pandemic period, customers are avoiding physical presence in the bank branches and showing more interest in online shopping and e-commerce which increased ATM card use in recent days in the country.

Both the factors swelled the transactions through credit cards, he added.

Bangladesh’s e-commerce has seen a big boost, as its market size has swelled by 30 times over the last five years, insiders said on Sunday.

The willingness of suppliers and customers to use online platforms for conducting business and purchasing products has helped to expand electronic trade in the country, they added. According to the Bangladesh Competition Commission, the size of e-commerce in Bangladesh soared to Tk 166.16 billion



until this August, which is roughly 29.67 times higher than the amount in 2016.

Research Director of the Centre for Policy Dialogue (CPD) Dr Khondaker Golam Moazzem said that social distancing and changed attitude of people towards digital platforms facilitated the use of credit cards.

Besides, since the income of many people squeezed due to impact of the coronavirus pandemic, they opted for purchase and bill payments through debit and credit cards.

Nevertheless, this is a good sign for the economy, as people are consuming more, which would play a role to grow the country’s economy and recover from the massive shock, he added.

City Bank selects Oracle cloud infrastructure to support IT modernisation



Express Report

The City Bank, one of the leading commercial banks in Bangladesh, has adopted Oracle Cloud Infrastructure to help it modernise the key applications underpinning its business as it seeks to strengthen its proposition of being a bank of dependability, credibility, applicability and reliability for all. The migration is aimed at helping it improve operating efficiency and save costs, which will provide the bank with the space to invest in an improved customer/client experience. Already, by moving just eight of its bespoke, back office on-premises applications to the cloud has reduced operating costs by 10 per cent and seen performance for its banking applications by 20 per cent. To help achieve its vision of becoming 'a financial supermarket', the bank lays a strong emphasis on delivering value and convenience for its customers, and in optimizing its processes to enhance operational efficiency. However, the management of its existing rigid, complex, and siloed legacy infrastructure was at odds with its desire to enhance its operational efficiency. As a result, the bank evaluated a phased move to a hybrid cloud architecture for its IT estate which comprised both third party and Oracle Applications.



strategic roadmap for our IT infrastructure," said Mohammed Anisur Rahman, Head of IT, The City Bank. "After a competitive evaluation of vendors such as AWS and local solution providers, we selected Oracle Cloud for its price-performance benefits and provision of service level agreements for performance, management, and availability. Based on the success of the migration so far, we aim to move the rest of our database and application estate to leverage the integration capabilities afforded by utilizing Oracle's cloud and the extreme performance of Oracle Exadata Cloud Service. We are also keen to use the path the platform gives to access the advanced analytics capabilities afforded by Oracle Autonomous Database Warehouse and Oracle Analytics Cloud."

"Like many organizations, banks increasingly need a single source of truth about their customer base and real time information. By running their critical, high-volume, high-performance workloads securely on Oracle Cloud Infrastructure, City Bank can now achieve this, as well as gain all the other benefits of public cloud," said Arshad Pervaiz Country Head, Technology & Cloud Platform Business, Oracle Bangladesh.

"With the deployment of Oracle Cloud Infrastructure, City Bank has been able to improve the reliability and availability of its digital banking platform, providing its customers with innovative products and excellent services."

"As one of the most digitally and technologically progressive private sector commercial banks in the country, we were keen on adopting the latest innovations in technology to devise a long-term

EBL wins three awards from VISA

Express Report

Eastern Bank Ltd (EBL) has won three awards from VISA for its performance in product innovation and cards business.

The award ceremony was held at a Webinar recently, according to a media release.

Awards were given in three categories - Excellence in Product Innovation, Excellence in E-commerce Acquiring Business and Excellence in Cross-Border Business for the year 2019-2020.

Commenting on the award, EBL Head of Retail SME Banking M Khorshed Anowar said: "In this Covid-19 affected economy, these achievements would not have been possible without relentless efforts of all the colleagues. This recognition from VISA shows our strength and the product innovation



capabilities in the cards business."

Ali Reza Iftekhar, Managing Director and CEO of EBL said: "A market leader in product innovation and service excellence, EBL made significant growth for its innovative service and product propositions in Cards Business and Digital Banking during last few years".

"We thank all our customers and stakeholders and share our honour with them. This would not have been possible without the faith they have in us and we are committed to continue serving our customers with world class service excellence."

Earlier in 2019, EBL won 'Excellence in Prepaid Card Business 2018-2019' award from VISA.

StanChart teams up with Mhadi My Loan

Express Report

Standard Chartered has recently partnered with My Loan, incorporated as Mhadi Support Services Ltd, as its third-party sales partner in Bangladesh.

Under the agreement, My Loan will act as an authorised sales agent, working with the bank in serving a wider client-base, according to a press release.

Through this agreement, the bank aims to scale up its distribution network, bringing world-class financial products and services to a broader customer group.

My Loan will leverage its strong online presence, digital analytical capabilities and consumer insights to effectively bridge customers to the bank's products and services best-suited to their needs.

Speaking on the occasion, Sabbir Ahmed, head of retail banking, Standard Chartered Bangladesh, said, "We are delighted to have My Loan join our third-party sales ecosystem. By building a collaborative ecosystem and strategic partnerships, we will continue to deliver our world-class suite of banking solutions at unprecedented scale in the coming years."

Arikul Islam, managing director, Mhadi Support Services Ltd, said, "We are very excited to be in partnership with Standard Chartered Bank, as it will



be a new milestone in terms of enabling a wide range of clients avail world-class banking products and services."

Lutful Habib, general manager, Priority Banking, Deposits & Mortgages, and Arikul Islam, managing director, My Loan, signed the agreement on behalf of their respective organisations.

Sabbir Ahmed, head of retail banking, Bangladesh, Saadi Manzoorul Huq, senior product manager, Personal Loans, Mir Mozaffer Hossain, head, business risk management, Zakiul Hoque, head client acquisition, Wahidun Nabi, manager, business risk management all from Standard Chartered, were also present at the signing ceremony held at My Loan office premises.

bKash News

Shameran Abed re-elected as bKash chairman

Express Report

Shameran Abed has been re-elected as bKash chairman.

The board of bKash Ltd re-elected him for a second term at a meeting held on Tuesday, said a press release on Thursday. Abed was earlier elected as Chairman in November, 2015 for a term of 5 years.

He is a senior director at BRAC and also sits on the boards of several companies including BRAC Bank Ltd. The board also accepted the resignation of Douglas Feagin, nominee director of Ant Group, and welcomed Gouming Cheng in his place.

Other members of the bKash board include Brac Bank nominees Selim R F Hussain, K Mahmood Sattar, Barrister Nihad Kabir and Ryan Gilbert,



Money in Motion nominees Nick Hughes and Arun Gore, IFC nominee Andi Dervishi and Ant Group nominee Kenny Man.

bKash Ltd is a bank-led Mobile Financial Service Provider in Bangladesh licensed by Bangladesh Bank as a subsidiary of BRAC Bank Limited.

bKash provides safe, convenient and easy ways to make payments and money transfer services via mobile phones, with a particular focus on the unbanked people of Bangladesh.

At present, bKash is one of the leading Mobile Financial Services Provider in the world.

bKash started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA in 2010.

Money transfer from Padma Bank to bKash made easy

Express Report

From now, customers of Padma Bank Limited will be able to transfer funds from their internet banking platform 'Padma i-Banking' to any bKash account. Recently an agreement was signed between Padma Bank and bKash, the bank said in a statement. To transfer fund, any Padma Bank account holder needs to login to his/her account through Padma i-Banking and add the beneficiary first. After adding a bKash account as beneficiary by filling up necessary information, customers can transfer money instantly. Once added, customers can make next transactions easily.

For transferring funds, the customer needs to click on 'Send Money', tap on the bKash logo, select 'Transfer to bKash' then select the bank account from which customer will send money and choose beneficiary.



Then, after entering the required amount and narration, the customer needs to select OTP channel (SMS or Email) and click on 'Continue'. At the last step, the customer needs to input the OTP number to complete the transaction. However, customers can find the logo of Padma Bank Limited in the Add Money section of bKash app also.

Tapping on the logo will redirect customers towards Padma i-Banking. For transferring funds from Padma i-Banking to bKash, transaction limit provided by Bangladesh Bank will be followed.

There is no charge imposed on the customers for this service from bKash.

With this latest bank integration, a total of 21 banks in the country are now connected to the largest Add Money network of bKash.

The facility of instant money transfer service from banks' app or internet banking to bKash account has enabled 48 million bKash users to enjoy convenient transactions 24/7 across the country.

Since its launch in 2019, Padma Bank Limited has been working to provide 100 percent digital services. The fourth generation bank is committed to deliver modern banking services to almost 170,000 customers.

bKash offers cashback for Add Money users



To avail this offer, customers had to transact at least Tk1,000 successfully between October 15 to November 30, 2020

Express Report

Mobile financial service provider bKash offers Tk100 cashback and Tk100 coupon on first time uses of its 'Add Money' service.

To avail this offer, customers had to transact at least Tk1,000 successfully between October 15 to November 30, 2020, said a press release.

The offer would be applicable for both bank to bKash and Card to bKash Add Money services, it added.

The press release said that active bKash users needed to perform the transaction through bKash app to get the cashback and coupon which would be delivered to their accounts on the next working day.

Using the coupon, a customer can make payment at

any Pizza Hut or KFC outlet and redeem Tk100, the release reads, adding that minimum payment amount should be Tk300 to redeem the coupon and customer has to use it within 15 days after receiving the coupon.

bKash launched Add Money service last year which enabled users to bring money to their bKash account easily from their bank accounts and cards. This service benefited customers greatly during the lockdown as they were not being able to transact through bank counters, it claimed.

The release said 20 leading banks were now incorporated in the service. Besides, customers can also add money to their bKash account from Visa and Mastercard, it adds.

bKash customers to get 100 Taka bonus

Express Report

Customers can get 100 taka bonus each time by bringing new users in bKash app. The ongoing bKash referral campaign will continue till December 31, 2020 to give customers the opportunity to onboard new users and get bonuses.

How to get bonus

The referral link can be found by tapping on 'Refer a Friend' from bKash menu (bird shaped logo) in bKash app and customer can share this link through SMS, email, messenger, WhatsApp, Viber, emo, etc.

If the person being referred log in to bKash app for the first time, the referrer will get a bonus of 20 Taka. After that, if s/he makes any transaction for the first time from the app, the referrer will get another bonus of 80 Taka. Thus, a successful referral will bring 100 Taka bonus from bKash. There is no limit, so customers can refer as many times as they want within the campaign period.

Bonus for both parties

Anyone who logs in to bKash app first time will also get a bonus of 25 Taka. After that, if s/he does a mobile recharge of 25 Taka for the first time, s/he will get 50 Taka cashback.

In the referral dashboard of the bKash menu, the referrer can see the status of referrals where the number of successful referrals is updated in every 24 hours and the total earned amount from successful log in is updated in every 48 hours. The referral offer does not apply to the iOS version of bKash app.

New services are constantly being added to bKash app. Referral campaigns are launched to encourage customers to use bKash. Earlier, from August 17 to September 30, 2020, thousands of customers had created additional earning opportunity by taking part in referral campaign. They have referred bKash app by taking some time out of their daily work schedule.

Customer experience-1

Fahim Ahmed Farid, a college student from Sherpur has earned more than 35,000 Taka by successfully referring bKash app to about 900 people utilizing his leisure hours besides study time. He has decided to buy a laptop with that money which will help in his study. Fahim said, "I always use the services like send money, cash out, mobile recharge, online payment for ecommerce, etc. of bKash app. This app comes in handy for me. Hence, I have referred it to others so that they also get the benefits."

Customer experience-2

Md. Kawsar, a second year student of Gourmandi Government College, Barisal is a freelancer besides his study. He has shared the referral link with his family and friends after knowing about the referral campaign from the Facebook page of bKash. Kawsar has won more than 25,000 Taka by making more than 700 successful referrals. He regularly uses various services of bKash app. Kawsar said that besides mobile recharge, send money, etc., the Add Money service from card to bKash is very useful to him.



"I utilized the lockdown period by referring bKash app. bKash has become a part of my daily life."

-Fojlul Karim
 Bogra Azizul Haque College

Customer experience-3

Fojlul Karim, a student of Bogra Azizul Haque College, has earned more than Tk 10,000 in a month and a half. The money served an urgent need of his family. He said, "I utilized the lockdown period by referring bKash app. I have been using bKash app for a long time. In addition to paying the utility bills of our house, I make payment of online shopping and also pay the admission fees of my brothers and sisters through bKash. Now I do not have to go out for mobile recharge as well, which I can do with bKash app anytime from home. bKash has become a part of my daily life."

Any customer can earn by referring bKash app like Fahim, Kawsar or Fojlul. For more details of the referral campaign, one can visit the website: Bring your friends and family to bKash App and get 2,000 Taka Bonus! | bKash.

INDUSTRY UPDATE



Study Report

Consumers prefer mobile pay than card

Express Desk

Due to COVID-19, contactless payment technology has been in high demand and has shown significant growth for both consumers and businesses. Appetize recently released its Appetize Contactless Technology Survey, in which it polled 2,081 people ranging in ages from 18-70 in the U.S. on the impact that COVID-19 has had on their decisions and experiences at restaurants, stadiums and holiday shopping, as well as their preferences pre-and post-pandemic in regards to contactless technology.

According to the survey, over 74% of Americans used their phone to order and pay for food and merchandise at least once a week, with nearly 48% using their phones for purchases several times a week or more.

What's the number one reason Americans use mobile ordering? Convenience. In the survey, 44% of Americans said convenience was the most important factor for ordering and paying for food and merchandise with their phone, with ease of use (18.6%) and avoiding going into stores (18.3%) as additional factors.

According to the survey, more than half of Americans (54.8%) used their phone for online retail (i.e.: Amazon); 25% used it for food app/restaurant delivery and 9.3% used their phone for in-store purchase, such as "tap to pay" at checkout.

Although mobile ordering has been on the rise in America, 55% of consumers still prefer using credit cards, and 16.37% prefer payment using a mobile phone.

Restaurant trends

As more restaurants pivot to contactless technology to accommodate consumers, 75% of Americans think restaurants are doing enough to offer contactless payment technology and only 13% Americans believe restaurants are not.

When it comes to the technology offered at restaurants, almost half (45%) Americans preferred to view the menu, order, and pay with their phone rather than interact with waitstaff during COVID-19 and 40% would want to continue doing so once the pandemic is over.

If self-service kiosks were available 44% of consumers wanted to use self-service kiosks the next time, they visit their favorite restaurant, versus 23% who said no.

As for quick-serve restaurants, 71% preferred self-service kiosks over interacting with a person and 19% responded that they preferred a person.

What do consumers want to see on their next visit to a restaurant? Tap-to-pay at checkout at the counter (43%); mobile ordering directly from their car in the parking lot (40%); curbside pick-up (38%) and waiters with handheld devices (34%).

If restaurants offered a brand loyalty program, nearly half of Americans (48%) would dine there versus 14% that would not and 32% that weren't sure.

The most important factor for Americans to join a brand loyalty program? Discounts and special offers

for future visits (54%); free food (27.5%); reaching a certain tier in a program (10%) and getting news and updates (5%).

The survey also covered social distancing at stadiums; the desire to use contactless ordering at concessions and the desire to use self-service kiosks.

Holiday shopping trends

If contactless payments were offered through mobile ordering, self-service kiosks or tap-to-pay cards 49% of consumers would shop in-store. If contactless technology was available at their favorite store, restaurant and venue, 44% would use mobile ordering; 20.3% would use tap-to-pay cards and 18.5% would use self-service kiosks.

Overall, 58.5% of Americans said they were more likely to support a business if it offered contactless payment, with 36% of Americans saying they were neither more likely nor unlikely to support a business with contactless available.

During COVID-19, credit cards (55%) was the preferred method of payment versus mobile phone (16%), tap-to-pay cards (13%) and cash (12.5%). While 73% of Americans have paid for some merchandise, food, beverages or services with cash since COVID-19, 41% of Americans paid less frequently with cash during COVID-19.

Once the pandemic is over, 77% of Americans said they will prefer to pay for merchandise, food, beverages and services with contactless payments.

Future of mobile banking

Development & challenges

Express Desk Report

The days of people handling all of their financial needs at the local bank branch are fast becoming a relic of a bygone age. While the trend began with the proliferation of ATMs and online banking, it has truly taken off with the development of mobile banking applications. Millions of people now turn to their smartphones for many of their banking needs, and if the current mobile banking trends are any indication, these applications are set to become even more widespread.

In the next few years, the majority of world banks will release their apps to provided customers a handy way to make purchases and track spendings. People want to manage their money in a fast and secure manner. So, your app should grow and evolve.

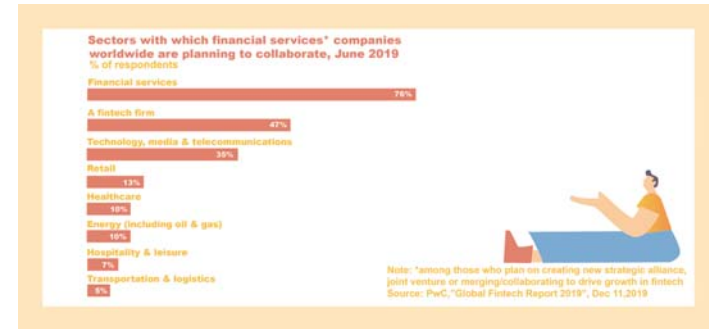
In this article written based on several research reports published in world's famous magazine on

mobile banking, we will see how to keep pace with the latest trends in mobile banking. Also, we will name the basic features and challenges of app development.

Mobile banking trends

Partnering with fintech

The 3DS 2.0 protocol obliged all European banks to open their API to fintech firms. Now, they skip the long way to gain access to bank data and quickly fill app store shelves with fintech apps. This situation plays into the hands of banks too. They cooperate with fintech companies and increase their profits. For example, HSBC contracted with the fintech service Amount to release a digital lending platform. In 2020, we expect to see more and more such collaborations. According to PwC research, 47% of companies that are open to partnership prefer to work with fintech firms.



An increased interest to fintech

Rise of neobanks

Neobanks offer higher interest rates, lower commissions, and more quality service. They don't have physical offices and provide online support only. There are two models of neobanks organization:

1. obtain their own banking license
2. work based on one of the existing banks

Now, the target audience of neobanks covers all sectors of the population. According to the Pureprofile survey, 20% of US Internet users at the ages from 18 to 91 have a neobank account. 57% of respondents said that digital banking is more helpful than office-based banks. 8.8% are planning to close accounts in physical banks and move to neobanks.

Growing usage of AI

Chatbots and voice bots are part and parcel of a mobile banking application. They join the ranks of support managers and check daily issues. The bots answer simple questions, send news and promotions, and perform various operations at the request of users. In 2019, banks all over the world saved \$209 million by using chatbots. This figure is expected to reach 7.3 billion in 2023.

Currently, North America is the leading region for the use of chatbots. In Europe and Asia, the AI consumption boom is expected after 2024.

Growing usage of AI

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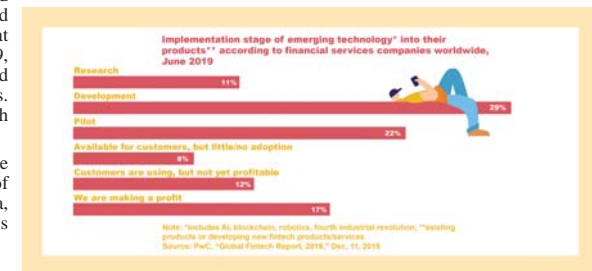
million by using chatbots. This figure is expected to reach \$7.3 billion in 2023.

Currently, North America is the leading region for the use of chatbots. In Europe and Asia, the AI consumption boom is expected after 2024.

Adoption of blockchain

Blockchain is a decentralized system with a higher security level. Its operations go safe and fast. Banks consider it a promising area because there is an off chance of hacking. The World Economic Forum predicts the popularity of hybrid blockchains in the financial sector. It also says that the public sector will experiment with smart contracts.

Many banks have already adopted blockchain. For example, American Express and Banco Santander use Ripple to simplify international transfers. According to PwC, 17% of financial institutions around the world already receive income from the use of blockchain technology.

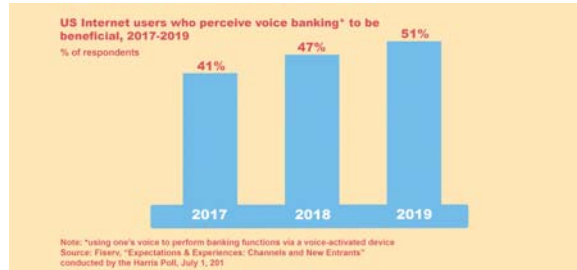


Increased interest in voice banking

For busy people, a voice feature is like a magic wand. With it, the user can check the balance, pay the bill, and transfer money without looking at the phone. PayPal, Capital One, and American Express have already taught their bots to provide financial service.

Google Assistant, Siri, and Alexa serve customers just as well as human experts.

Mobile banking statistics show that the number of users who see the benefits of voice banking is growing every year. According to the Fiserv report, the figures reached 51% in July 2019. It is 4 percent more than the prior year.



More cardless withdrawals

Payment without a card is no longer news. In 202, this trend will gain more followers. The majority of modern phones support a contactless payment function, such as Apple Pay or Google Pay. Together with the near-field communication (NFC) module, they enable plastic-free transactions.

However, you can withdraw money without a card, even if your smartphone does not have an NFC module. Some ATMs have a scanner for reading a QR code. You can take the code in the mobile banking app, bring it to the scanner, and withdraw cash.

Essential features of mobile banking

Account creation. It is vital to make the registration fast and clear. At each step, ask to perform only one action. Remember to add hints and tips. To make a reliable account protection system, use biometric identification, like fingerprint, iris, voice, and so on.

Daily transactions. Think over all the functions that are of interest to the client, such as check accounts, manage balance, view transaction history. If you want to implement a unique solution, pay attention to the Dutch bank ABN AMRO. In their app, the user can draw up an individual savings plan, set goals, and schedule investments.

Customer support. The best mobile banking app provides 24/7 support. You can organize it by

developing smart bots and hiring skilled humans. The former will answer simple routine questions; the latter – solve more complex issues. Thus, you will save on salary and run high-quality service.

ATM and banking units location. The users may need to sign some papers or cash out money. Give them an easy way to find the nearby ATM and bank branch. If you want to delight users, think of VR. Using it, you can show the exact route to the destination.

Push notifications. It is a handy way to send reminders, alerts, and promos. You can notify a user about recent purchases or warn if a suspicious activity was detected. The most important thing is not to overdo it. Also, do not forget to let the user turn off notifications.

Security. Consumer Affair claims that 82% of clients would not switch the bank if their current bank provides a safe and stable app. Mobile banking app security is an essential feature to consider. You should protect sensitive data and minimize the risk of fraud.

Mobile banking features

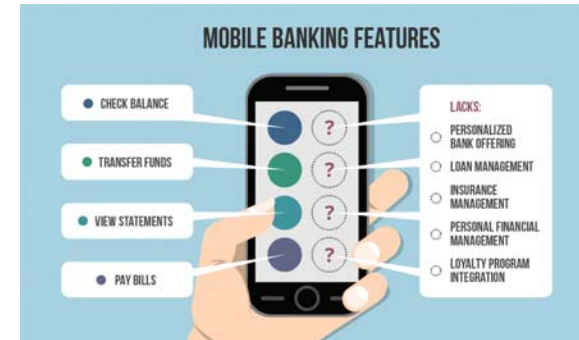
Extra features of mobile banking

Spending statistics. Give users a regular reporting of their costs. It will help identify the most expensive areas and revise spendings. Be sure to display information using charts or graphs. With a visual illustration, the user evaluates the data at a glance.

Cashback. It is the first feature of your global loyalty program. By returning even a tiny amount



from purchases, you grow customers' trust. Think of creative ways to organize a cashback. For example, you can let users select the cashback categories each



month or contract with large retailers and run a win-win partnership.

Special services. The future of mobile banking goes far beyond money management. In your app, you can set up a full range of services that are of interest to clients. Take a look at the Polish bank Zachodni WBK. Their users can shop, order a taxi, and pay for public transport right from the phone.

Apps for wearables. The Australian Bank of Melbourne is the first bank that implemented an app for a smartwatch. The users can see the balance and look for the nearest ATM on their wrist. Right now, the service is available for Apple Watch, but we expect a mobile banking app for Android too.

Money sharing. The Visa study shows that the social side of the app is crucial for young people. Their interest in the banking app increases if they can split an account or lend money. The NBD bank from the Arab Emirates has already taken this path. Through their application, you can together pay the bill in a restaurant, when everyone contributes their share in the total amount.

Mobile banking challenges

The development of mobile banking has several peculiarities. You will deal with the personal data, as well as have access to users' finances. Given this, your application must be reliable and legal in the country where you work. Besides, it should be cost-effective for your company. Below, I have listed the main challenges that you are going to encounter.

App security

Statista claims that 72,7% of people who do not use mobile banking are not sure about its safety. Mobile banking security issues include

- mobile malware
- insecure Wi-Fi networks
- device ID vulnerability
- financial fraud

To protect your app, use sophisticated data encryption, multi factor authorization, and users' alerts. Set sessions time and warn users not to store passwords on the same device with the app.

Legal compliance

Mobile banking regulations differ depending on the region. For European banks, the essential document is PSD2; for the USA, the law varies from state to state; in the Asian market, you will have to study the legal rules of the target country. If you are not sure which papers to research, consult with the legal counsel, make sure to do it before the development starts.

Reliability

Get ready to meet the steep demands of users. They might forgive minor failures to entertainment apps, but not to the banking service. If your app crashes continuously, you will lose not just the mobile users, but also the customers of the bank. To prevent that from happening, allow enough time for the testing phase. Work out the maximum number of cases to make sure that the application is stable.

Economic Challenges

The last but not the least is the challenge of costs and benefits. Improving the service is good, but you should not operate at a loss. We advise starting with the MVP. With time, you can add more features. Also, you can think of reducing costs with the help of the app. For example, you could cut the number of bank branches. Another idea is to replace human operators with chatbots for simple queries.

Key takeaways

Mobile development is a promising area of banking. With the app, you can attract more customers, reduce costs, and increase profits. To make a competitive app, keep abreast of the latest trends in the digital world. Do not forget about security and legality. Discuss all the points with your team before starting development. Smart planning will help invent a sought-after product.

7 Mobile Banking Trends for 2020



1. Mobile App ATM Connectivity

While mobile apps have long made it possible for customers to manage their accounts, new innovations in near-field communications technology and QR code scanning will allow them to interact with banking ATMs more easily than ever. Rather than having to fumble with debit cards and enter passwords in a public setting, users will soon be able to access funds by simply scanning their phone screen or being within close proximity to the ATM.

2. More Biometrics

Multi-factor authentication is fast becoming the standard for security, especially when it comes to financial institutions. The ability of smartphones to capture biometric data like fingerprint scans and facial recognition will become even more sophisticated to provide better protection against fraud and make using mobile banking apps even more intuitive and simple.

3. Voice Commands

Just as voice requests are taking over mobile search and allowing people to access applications without even touching their devices, mobile banking apps are using voice commands to help users obtain the services they need with minimal obstruction. Rather than sifting through multiple menus or searching for the right option, voice commands will allow them to access services faster and more easily.

4. Machine Learning Customer Experience

As more and more people utilize mobile banking apps, financial institutions are able to gather more data about how those services are being used and use that information to improve the overall customer experience. Machine learning algorithms can be used to power bots that help direct people to the services that will address their current needs. Combined with voice technology, machine learning

will make the future of mobile banking more responsive and user friendly.

5. Big Data Fraud Prevention

The ability to gather and analyze data about how people use financial products makes it easier than ever to identify inconsistencies that are commonly associated with fraud and identity theft. For instance, if multiple purchases are being made in one state, but the mobile banking app indicates that the device is located in another, the customer's account can be locked down until the financial institution verifies the purchase. And since messages and notifications can be delivered directly to the app, these potential fraud issues can be resolved quickly and easily.

6. Debt Paydown Services

Online banking has made it easier than ever for people to manage debt. In addition to increasing transparency over their finances, many financial services offer innovative debt payment programs that can be implemented and managed over mobile applications. Not only can they set up regular payments, but they can round up purchases to the nearest dollar and use that remainder to pay down debts.

7. Open Banking

One of the early challenges with mobile banking was the fact that every financial service had its own app, causing their customers to become bogged down with multiple programs. Transferring funds between institutions could be difficult and confusing. Thanks to API technology, however, more providers are embracing an open banking philosophy that allows customers to easily integrate multiple services into a single, centrally managed hub. Rather than fumbling between multiple mobile banking apps, customers can instead use their primary or preferred financial service to manage all of their finances for one portal without sacrificing functionality.