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From the Desk of the Editor

KYC enforcement in MFS urgent to keep pace of cashless journey

Bangladesh is moving fast towards a less cash society with rapid growth in digital transactions mostly led by mobile financial services (MFS) and digital payment service operators with its dream to become a cash less society. Introduction of QR code has already added fuel in the process and helping Bangladesh to move faster on the road to a cashless society.

In social front, the landscape is evolving thanks to availability of ATM booths everywhere and mobile payment acceptance by most shop owners. Millions of young consumers are avoiding cash and using cards to buy foods in restaurants, pubs and shopping malls, which has pushed up digital transactions day day. With 4G networks smartphones users are using MFS services particularly bKash app to make their payments digitally.

The government is encouraging people to adopt digitalization in all operations and promoting fintech firms and technology innovations in its financial landscape that reduces the use of cash. In the pandemic time, the government disbursed millions of taka aids and allowances to people across the country through mobile financial services operators. This helps MFS innovations to grow and accelerate the cashless journey.

But the journey is still more of a pipe dream as some risk issues are sparking gloomy signal in the way of the road. Some recent incidents of frauds and account opening by some MFS operators without regulatory compliance spark red alert to the journey. This remains as a stumbling block in the way of cashless journey. Financial literacy programme among consumers and enforcement of KYC compliance is urgent to reduce fraudulent activities and consumers right protection.

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Message from CHAIRMAN

Bravo Bangladesh Bank!

At last Bangladesh Bank has broken its silence and taken a bold step in order to restore conducive environment in the mobile financial services sector. The central bank has instructed Nagad and bKash to maintain the publicity policy of the information ministry and stop spreading disinformation against each other.

The instruction, came in a meeting with the two MFS providers recently, after the Bangladesh Bank noticed: certain vernacular used in an advertisement of Nagad; videos involving bKash's chief executive officer; posters against Nagad; and Nagad's filing of cases against 10,000 unidentified people.

Later, Bangladesh Bank issued a circular instructing all mobile financial service providers to follow

the code of conduct as stated in the National Broadcasting Policy, 2014 while making any kind of advertisements in the print, electronic and social media.

It was quite unfortunate, undesirable and unethical that Nagad, the digital platform of Bangladesh Post Office and opted by a private fintech initiated a media campaign using indecent and inappropriate language targeting bKash, the largest MFS player of the country. This dismayed everyone watching and enjoying the massive and unimaginable development in the mobile financial services in the country. In that backdrop, Bangladesh Bank being the regulator of the sector, took the right step.

Bravo Bangladesh Bank! KYC silent.

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.

'upay' hits market with many innovations

Express Report

Upay, a new payment service is ready to hit the country's fastest growing mobile financial service landscape within a few days to facilitate simple, secured and convenient payment services to people of all walks of lives.

United Commercial Bank Limited, one of the oldest private commercial bank in the country is set to launch the 'upay' (Dciq) through its MFS subsidiary 'United Fintech Company Limited.

"We have taken all preparation to launch the service by March. This is a fresh start with a commitment to making customer journey simple, secured and convenient while availing financial services", Sydul Haque Khandaker, Managing Director of UCB Fintech Limited.

"Regulatory compliance will be our topmost priority to ensure customer safety as well as trust in our services", he said.

upay is the second subsidiary in mobile banking sector after bKash. Company officials said, banking on the success of Ucash, which offers many unique financial services, including traffic prosecution fine payment, Indian visa fee payment and Titas gas bill payment, the UCB decided to

form a subsidiary to widen its product, services and reach to common people.

Built on cutting-edge blockchain technology by its in house technology team, the platform will provide a greater sense of security and confidence to customers, he said.

With a nationwide presence of agent and merchant network, initial 'upay' products include mobile transactions, utility bill payment, in-store and e-commerce payment, inward remittance, salary

disbursement, airtime recharge, Indian visa fee payment and traffic prosecution fee.

Zahedul Islam, a former journalist, now working as Public Relation Officer of United Fintech Company Limited said, upay will replace UCB's existing the MFS brand 'Ucash' while customers of the Ucash will be migrated to the new platform and enjoy all kinds of services. Launched in 2013, Ucash is currently serving more than a million customers.

"Customer will be able to make transaction through USSD and mobile app", he said.

The Bangladesh Bank earlier in December in awarded a MFS license to UCB Fintech Company Limited, the



subsidiary of UCB which wants to tap the growing MFS market dominated by BRAC Bank subsidiary bKash, DBBL's Rocket and post office's DFS brand Nagad.

In 2011, the Bangladesh Bank permitted bank-led model to provide mobile financial services to the poor and unbanked with an aim to boost inclusion in the country. Initially 27 banks took the license from the central bank to offer the services. However, only 15 banks are currently providing the services while bKash controls the 80 percent of the market share. ●

Mobile money (dis)order of Bangladesh Post Office

Abu Saeed Khan, Senior Policy Fellow at LIRN Easia

Entities under the Ministry of Posts, Telecommunications and Information Technology are reputed for flouting the law. They allegedly ignore regulations, distort the market and obstruct reforms. It had been an exclusive to the public telecoms and IT outfits until Bangladesh Post Office joined the pack with a Mobile Financial Service (MFS) named Nagad.

Rogue pedigree

Bangladesh Post Office is the least credible, yet most ubiquitous, centurial public service department in the country. It became irrelevant decades ago due to rampant mismanagement and delinquency. Uncertain

of development. It promises video conference, emailing, e-commerce and other online services from 8,500 rural post e-centers. Nationwide disbursement of social safety net allowances has been also provisioned under this scheme.

But everything went wrong in this Tk 540.94 crore project. It began in 2012 and took four extra years only to incur 20 percent budget overrun for a piecemeal completion in June 2017. Postal services' transformation remains fictional, as most of the e-centres are dysfunctional. And the government's probe found "widespread corruption and embezzlement of money without fully implementing the project," as reported the Daily Star.

The Parliamentary Standing committee on the Ministry of Posts, Telecommunications and Information Technology recommended the removal of Sudhangshu Shekhar Bhadra, the director general of Bangladesh Post Office. The Anti-Corruption Commission also probed his alleged "embezzlement of hundreds of crores of taka without fully implementing the Post-e-Center for Rural Community project." Authorities sent Bhadra on forced leave, as primary investigation found evidence of graft against him.

Bluffing with DFS

The postal department plunged into another debacle by partnering with Third Wave Technologies, a private company, to launch what it calls Digital Financial Service or DFS under the brand name of "Nagad" on March 26, 2019. The postal department plays no role either in board or management of Nagad but it theoretically receives 51 percent of profit.

DFS is nonexistent in banking or financial rulebooks. It is entirely a Mobile Financial Service (MFS), which the Bangladesh Bank regulates strictly. Unregulated Nagad has stormed into the market with undue privileges. Its "DFS" customers could send Tk 50,000 in one transaction using mobile phone while the competing MFS customers could send only Tk 10,000, said Daily Star.

The postal department's perceived partnership made Nagad the government's preferred outlet of high-profile disbursements. ●



delivery of articles is the hallmark of the postal department's infamy.

Post offices now best serve as landmarks for travel directions. Government agencies have also reduced, if not stopped entirely, using postal services. Dhaka Metropolitan Police, thankfully, uses private couriers to send citizens' verification reports.

But instead of treating the ingrained malpractices, the government seems to have generously pampered the postal department. The digitisation fad is its latest covert instrument to carry out overt embezzlement.

Post Code 5409400000

The Tk 540,94,00,000 "Construction of ICT-Based Rural Post Offices Project" resonates dramatic notes

CASHLESS JOURNEY

The road becomes risky!

Faruk Ahmed

Salina Begum, a widow residing at Bashabo area in the capital city Dhaka along with her three children and old mother faced tough situation in pandemic days when the entire country was under lockdown and bank branches remained shut down. She could not buy essential foods for her children and necessary medicine for her mother as every body avoided physical contact and carrying cash.

One day her neighbour Rekha Rani Das gave a simple problem opening a bKash account for her within a few minutes. " It was a great moment for me that i will never forget", Mrs. Salina said with a big smile.

"I bought cash from my bank account within a moment and paid a medicine salesman of a pharmacy shop at my local area through bKash app within a minute for some essential drugs for my mother.

Rekha Rani Das is an women entrepreneur who is used to use bKash app to buy essentials from shops



like Shapno and Agora and to receive payments against her sales of home made boutique products. " Over the years, I have learned that bKash is not only a convenient and easy payment tool but a necessity for life specially in these pandemic days", she said.

Like Salina Begum and Rekha Rani Das, millions of corona hit people especially older citizens found mobile financial service (MFS) as a boon to them as it helped them to buy essentials from their homes thanks to delivery service providers like Shohoz and food Panda. Even some retailers in kitchen market used bKash App to sell fish, rice and vegetables in the pandemic days.

The coronavirus has totally upended the supply and demand markets. Safe distancing has become the new norm and work from home has become the default option for many companies and organisations looking to strike a delicate balance between safety and productivity. As a result, it accelerated the adoption of digital payments across many industries.

With increasing adoption of mobile and digital banking channels since 2011 after the entrance of

bKash, Bangladesh has leapfrogged into a mobile innovation power house in order to jump start economic development, by passing traditional banking services. This leads the digital economy drive leading to a rise in cashless transactions.

And thus Bangladesh is moving fast towards a less cash society mostly led by mobile financial services (MFS) and digital payment service operators with its dream to become a cash less society. But the journey is still more of a pipe dream as some risk issues are sparking gloomy signal in the way of the road.

CASHLESS JOURNEY: A Reality, Not A Dream Only

People around the world are just dumping cash in mobile phones or plastic cards and moving towards a cashless society. The benefits are enormous: Less chance of fraud and robbery, no cash handling fees, no trips to the bank, shorter queues, quicker transactions, and better for the retailer and the customer.

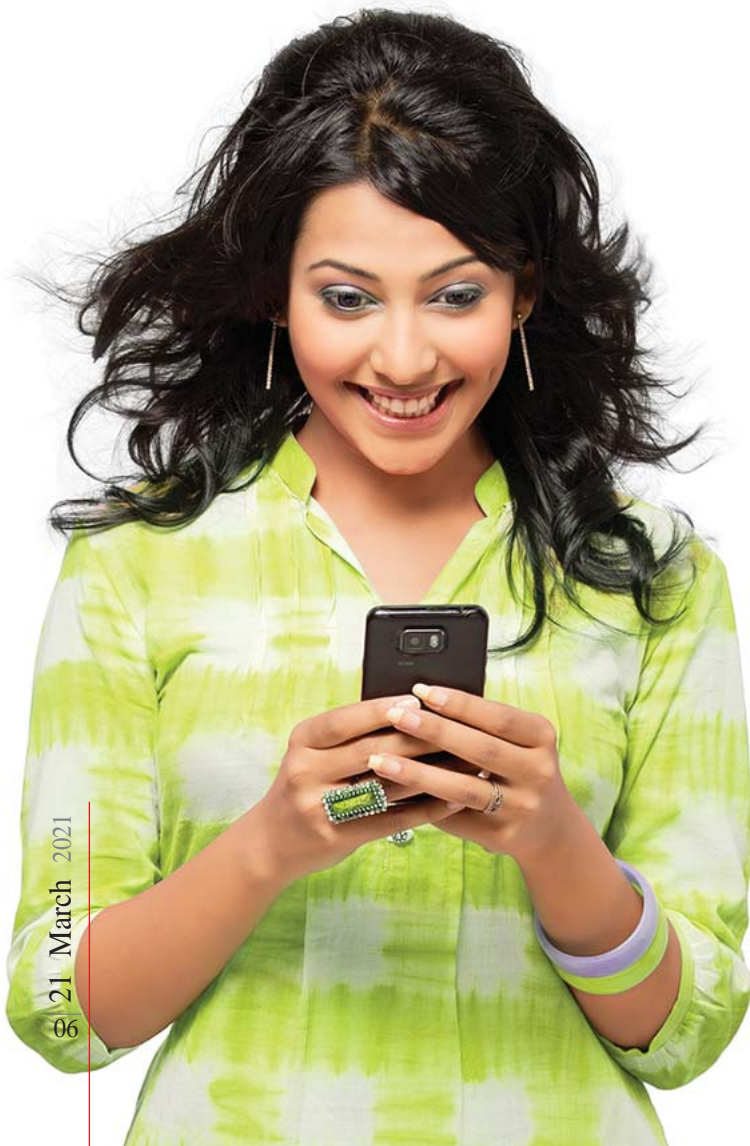
So, the world is moving toward a "less-cash" society, while Asia is leading the race to cashless. This shift means better, cheaper and faster access to money for people across Asia. The proliferation of mobile phones has, in some developing countries like Bangladesh, allowed payment systems to leapfrog those in more advanced economies.

Bangladesh with its robust MFS industry, which experienced an astronomical 120 percent growth a year since 2011, has a bright opportunity to leverage the advantages of cashless society. Introduction of QR code has already added fuel in the process and helping Bangladesh to move faster on the road to a cashless society.

As the demand for cards is increasing day by day commercial banks are installing more booths in every corner across the country to attract more digital customers. Meanwhile, smartphone penetration now stands at over 35 per cent in Bangladesh and with 4G networks smartphones users are using MFS services particularly bKash service to make their payments digitally.

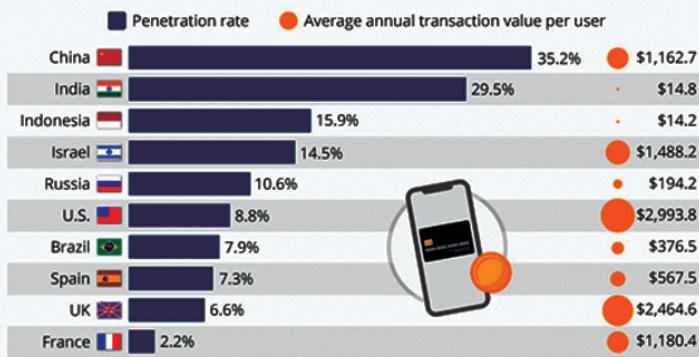
The government is encouraging people to adopt digitalization in all operations and promoting fintech firms and technology innovations in its financial landscape that reduces the use of cash. In the pandemic time, the government disbursed millions of taka aids and allowances to people across the country through mobile financial services operators.

This helps MFS innovations to grow and boost financial inclusion to drive economic growth. With



China's Mobile Payment Adoption Beats All Others

User penetration in the mobile point-of-sale segment in 2019* (selected countries)



The Mobile POS Payments segment includes transactions at point-of-sale that are processed via smartphone applications (so-called "mobile wallets").

* projected figures, selected countries



Source: Statista Digital Market Outlook



economy as the rural population is ready to learn, with one person receiving benefit soon the rest of the villagers follow and literacy rate is increasing.

The explosive growth of use of mobile money has had the unintended benefit of increasing public involvement in the formal financial system, including expansion of savings accounts in the regulated financial intermediaries.

However, it has also converted widely distributed consumer risk into a concentrated systemic risk, where the value of the items in transit on deposit through trustee accounts is no longer insignificant.

increased access to person-to-person (P2P) payment services, more consumers across generational lines are now preferring to use mobile applications when paying other people as opposed to cash.

MFS operators experienced robust 80.84 per cent growth in government payments thanks to the government's new policy to reduce direct cash payments that can stimulate coronavirus attack. Now the government has asked all factories to disburse workers' salaries through MFS to reduce the risks of virus contamination.

In social front, the landscape is evolving thanks to availability of ATM booths everywhere and mobile payment acceptance by most shop owners. Millions of young consumers are avoiding cash and using cards to buy foods in restaurants, pubs and shopping malls, which has pushed up digital transactions day day.

Despite the central bank reduced the transaction limits for mobile banking operators, the volume of e-commerce is increasing thanks to world standard payment services offered by MFS operators under a conducive regulatory environment and proactive role the government. In the pandemic, people have learned that mobile payment is easy, secured and convenient service.

Daraz, the world' leader in e-commerce sees Bangladesh is expected to generate more than USD \$5 billion in Gross merchandise value and serve at least 25% of the population. More than 30 per cent banks have Online Payment Gateway Service for e-commerce payment processing, while more than 928 online shop owners and merchants are selling products using bank's payment gateways.

Industry experts say Bangladesh has enormous potentiality to turn rural economy into a digital



THE ROAD BECOMES RISKY

But the road is not a bed of roses. So, the Bangladesh journey towards a cashless society is at a crossroad. Some recent incidents of frauds and account opening by some MFS operators without regulatory compliance spark red alert to the journey.

Many industry people who know that new technologies create new opportunities for fraud have expressed concern over the rising fraudulence activities and rule breaking incidents in mobile banking landscape while a number of risks still persist to malign the cashless journey.

Rapid Action Battalion (RAB) recently arrested 13 members of a mobile banking and debit or credit card forgery ring from Dhaka and Bhanga upazila of Faridpur. Readymade garment workers, small entrepreneurs, and low income and less educated people, were the victims of the forgery ring.



A number of recent news reports have chronicled the use of mobile money transfer services by miscreants to carry out extortionist activities. A senior Rab official saying that 10-12 cases of extortion using mobile banking services are reported every day.

Digital fraud is a problem businesses have been facing since the advent of e-commerce in the 1990s, and its threat only increases with each passing year.

cashless journey. Financial literacy programme among consumers and enforcement of KYC compliance is urgent to reduce fraudulent activities and consumers right protection.

SOME RISKS SPARK GLOOMY SIGNAL

A cashless society might sound like something out of science fiction, but it's already on its way. Several powerful forces are behind the move to a cash-free world, including some governments and large financial services companies. Industry experts say, Bangladesh should focus on some key risk issues to continue its journey towards a less cash society.

The risks of moving toward a world without cash have been highlighted in a several study reports that claim millions of people could suffer. Firstly, digital transactions sacrifice privacy. Cash allows people to spend money and receive funds anonymously.

Secondly, cashless transactions are exposed to hacking risks. Hackers are the bank robbers and muggers of the electronic world and they may find Bangladesh a safe avenue to steal money from poor consumers who have opened MFS accounts without proper compliance.

Bangladesh, the amount of risks associated with mobile banking fraud and ATM hacking is high as a number of MFS operators have opened millions of accounts without compliance set by regulation to ensure consumer rights protection and stop money



The losses from fraudulent identities increased from 51% in 2017 to 57% in 2019, according to PwC, these crimes cost companies \$42 billion in the last 24 months.

Fraudulent activities, in whatever form or shape, are bad. This remains as a stumbling block in the way of



laundering and financing to terrorists group. Besides, some operators have opened MFS accounts based on mobile users lists supplied by mobile network operators, which may allow fraudsters and hackers to grab money of genuine recipients.

The top risk for the Bangladesh government is that transaction through unregulated MFS channel may poses risks of money laundering for financing terrorism, which ultimately will hit economic growth and Digital Bangladesh Vision. To mitigate risks and frauds in mobile banking, strict enforcement of regulation is urgent.

KYC ENFORCEMENT URGET

After a trough research, Bangladesh Bank issued a guideline for operations of mobile financial services and introduced KYC protocol in line with the Financial Action Task Force (FATF) where e-KYC is mandatory for all MFS providers. But some operators are not following the rules properly.

KYC or 'know your customer' is a mandatory verification procedure carried out by any banks, financial institutions, and other organisations with the goal of minimising illegal activities like money laundering.

Banks follow this process while the opening of accounts and periodically update the same. For KYC in Individual bank accounts, banks ask for a specified proof of address and Identity, with the latest photograph of the customer. For current accounts, requirements vary.

As per the guidelines of Bangladesh Financial Intelligence Unit (BFIU), the government's agency responsible for investigating money laundering, Suspicious Transaction, and Cash Transaction Reports KYC is mandatory for banks, FIs, Insurance Cos, MFS, DFS operators in case of opening any account.

The importance of KYC in banks and other financial institutions have strong KYC procedured in place so they can ensure that their clients are not involved in money laundering or the financing of criminal organizations. The KYC process helps avoid severe reputational and financial penalties imposed by regulators. Banking is an industry with inherent risk of financial frauds and money laundering so it is extremely important to perform background screening procedures on customers to mitigate fraudulent activities.

To create and run an effective KYC process in banks, these are the following elements that are required: Customer Identification Program (CIP), Customer Due Diligence, and ongoing monitoring.

Seasoned bankers say any banking account without proper validation of customers through face to face interactions is risky and the big challenge for mobile banking. Therefore, regulators across the globe have imposed on MFS providers to identify and validate their customers' properly through face to face interactions and follow KYC/e-KYC rules to avoid any deviations.





One of the major pillars on which this MFS industry is standing on is the simplified KYC introduced by Bangladesh Bank and the BFIU. As per BB guidelines, banks and MFS operators are required to periodically update the KYC records. This is a part of banks due diligence framework.

If KYC document is not in place, any person can do any financial crime through the acquired MFS account. As per BB guidelines, banks are required to periodically update the KYC records. And KYC is required to be done at least every 2 years for high-risk customers, every 8 years for medium risk customers and every 10 years for low-risk customers.

Right now, Nagad, a MFS service of Bangladesh Post Office is daring to publicly insult the

established compliance practices of the MFS industry. It should not shock anyone if the very same organization campaigning to avoid the KYC protocol ends up embezzling the hard-earned money of the common people.

THE BOTTOM LINE

Today, mobile money operators process over a billion dollars a day, representing vital and life-sustaining transactions of over 690 million mobile money accounts. The facts are clear: in nearly every region of the world disproportionately affected by poverty, mobile money technology has done more to improve the financial lives of individuals and households in the last decade than traditional banks have done in the last century.

In Bangladesh, MFS has become a game changer in poverty reduction through speeding up financial inclusion. The most the MFS customers are poor and low income citizens who are in front of the Bangladesh journey towards a cashless society. Fraudulent activities may discourage them to stay in the road.

Bangladesh Bank should strictly monitor KYC protocol in MFS account to reduce risks of frauds and money laundering. The government should ensure KYC compliance in case of Nagad account in order to mitigate risk of frauds and speed up the journey towards a cashless society that is required to reach its goal. ●





Cabinet approves bill on payments supervision

Express Report

The bill is aimed at providing additional safeguards against fraud, allowing Bangladesh Bank to monitor all electronic payments and penalise violations.

Bangladesh's Cabinet has approved in principle a draft bill that will bring all electronic payments by banks and NBFIs under central bank supervision.

Under the draft 'Payment and Settlement Systems Bill 2021', all electronic payments, including those through digital platforms and mobile banking, will fall under Bangladesh Bank's purview.

The bill is aimed at providing additional safeguards against fraud, amid increased globalisation of payments and an expansion of digital payment channels being used.

The draft includes provisions allowing Bangladesh Bank to penalise violations with a maximum fine of BDT 2.5 million, in addition to licence revocation.

The draft bill was first formulated by Bangladesh Bank in 2015 under a World Bank programme to strengthen the country's financial system. ●

7.6m beneficiaries to receive allowances in Mujib Borsho

The beneficiaries are set to receive allowances via MFS services

Express Report

The government has started disbursement of social allowances to 7.613 million more beneficiaries through mobile financial services (MFS) for ensuring transparency and accountability.

"Some 1.23 million beneficiaries have been receiving allowances through agent banking from Bank Asia Limited, NRB Commercial Bank Limited and Modhumoti Bank Limited, while others are receiving through bKash and Nagad services" a senior official of the Department of Social Services (DSS) said.

Prime Minister Sheikh Hasina on January 14 inaugurated the mobile banking transaction system, to send the allowances of social security programs directly to beneficiaries in 112 upazilas through mobile financial services (cash and development).

Initiatives have been taken to provide allowances to a total of 8.85m beneficiaries through the G2P system directly in Mujib Borsho. The DSS has already included the information of 8.3 million beneficiaries in the MIS (Management Information System) software out of the total 8.85 million beneficiaries.

"Now, the process of opening an account against each beneficiary is ongoing all over the country to receive allowances through the G2P system. The government is sending allowance under social safety net (SSN) programs directly to beneficiaries' mobile accounts to remove hassle and middlemen interference," the DSS official said.

The DSS provides allowance in four categories, including old age, widow, husband-abandoned women and physically challenged insolvent people as well as education stipends to physically challenged students via mobile financial service (MFS) operators, such as Nagad and bKash.

It further said Bangabandhu Sheikh Mujibur Rahman started rural social welfare activities to change the fate and livelihood of the people, and Prime Minister Sheikh Hasina had taken up the scheme in 1997 and 1998 for rural people welfare again.



"To attain the Sustainable Development Goals (SDGs) by 2030, the government is working sincerely to eradicate poverty, to make the country "Sonar Bangla" as dreamt by Bangabandhu," the official said.

Apart from this, honorarium allowances for two hundred thousand heroic freedom fighters are being provided through the Electronic Fund Transfer (EFT) system. At present, 100% of disabled people have been brought under allowances and education stipends.

In the financial year 2020-21, 100% of elderly people, widows and repressed women by husbands have been brought under the allowance in 112 upazilas of the country. The government has a plan to gradually bring all the elderly people of the country and widows and women repressed by husbands under the allowances.

At present, the government is paying honorarium of Tk12,000 per month to each valiant freedom fighter. The Department of Social Services also implements the activities of providing honorarium to the heroic freedom fighters.

According to official data, Bangladesh's poverty rate as per the poverty line came down to 20% in 2020, which had been 40% in 2005. The poverty rate in 2020 as per the extreme poverty line or people living in extreme poverty came down to 10%, which had been 25.1% in 2005. ●

Nagad fails to obtain central bank permission, seeking more time

Express Report

Nagad, a joint-venture of the Bangladesh Post Office and Third Wave Technologies Limited (renamed as Nagad recently) has failed to obtain central bank permission within the time lines and sought time extension to continue its operation.

The Department of Posts has submitted an application to the central bank for further validity extension of the BB's temporary approval or no objection certificate to the country's second largest mobile financial service operator Nagad as the operator failed to meet the central bank's .

Nagad, a joint-venture of the Bangladesh Post Office and Third Wave Technologies Limited (renamed as Nagad recently), was granted temporary approval up to March 30, 2021 to run its operations by the BB in 2020. Meanwhile, the Nagad authority failed to form a subsidiary company of a bank, which is mandatory for obtaining central bank's approval.

A senior official of Postal Ministry said they are trying to form a subsidiary of Sonali Bank to run Nagad operation. But the conflict regarding shareholding pattern among stake holders still remains as a big hurdle on this way.

Meanwhile, the operator made some news headlines violating the central bank's regulations and distorting regulatory environment through some incidents like obfuscation pricing policy and media campaign that allegedly exploited many users and forced the annoyed central bank to intervene recently.

Since the launching of the service on May 16, 2019, the operator was running its operations under the Post

Office Act 1898. Immediately after its entrance, Nagad offered higher transaction limit, which posed risks of money laundering.

A Nagad customer was allowed to cash in (a form of deposit in an MFS account) the highest Tk 2.5 lakh in a day and Tk 5 lakh in a month, which was nine time higher than the limit set by the central bank regulation for other MFS operators.



Nagad's such rule violation distorted level playing field of the country's MFS landscape and forced BFIU, Bangladesh Bank and finally Ministry of Finance to request the Postal Ministry to place Nagad under central bank's supervision.

The postal ministry took initiative to bring Nagad under the BB's regulatory framework in 2020 and was awarded a temporary licence by the central bank for an interim period, which comes to an end on March 15, 2021.

The Department of Posts, however, has now submitted a plea for extension of the NOC validity by six more months to comply with the BB's regulatory requirements.

As per the BB's conditions outlined in the NOC, the MFS operator was supposed to file an application with the BB upon fulfilment of the regulatory conditions within the validity of the NOC. Formation of a separate entity by ensuring the stake of the BPO in the MFS operator was a must for Nagad, among other things, to get the final approval.

Within the interim NOC period, the central bank was supposed to inspect Nagad to assess whether the MFS provider has complied with the rules and regulations. ●

NAGAD VERSUS OTHER MFS OPERATORS

NAGAD		TRANSACTION PATTERN	OTHER OPERATORS	
Daily limit	Monthly limit		Daily limit	Monthly limit
Tk 250,000	Tk 500,000	Cash in	Tk 15,000	Tk 100,000
Tk 250,000	Tk 500,000	Cash out	Tk 10,000	Tk 50,000
Tk 250,000	Tk 500,000	Send money	Tk 10,000	Tk 25,000

MFS customers enjoy benefits from price war among operators

Express Report

Leading mobile financial Service (MFS) operators are now fighting each others to attract customers which has brought enormous benefits for customers slashing down cash out fee to its lowest level.

The war was initiated by Nagad, the digital platform of Bangladesh Post Office still struggling for Bangladesh Bank approval when it cut down cash out price. The war warmed up when bKash, the leading MFS players of the country announced it was making sending money within its network free of charge to five numbers

The war was initiated by Nagad, when it cut down cash out price. The war warmed up when bKash, the leading MFS players of the country announced it was making sending money within its network free of charge to five numbers

Until last year, the charge for withdrawing cash from the mobile financial services platform, introduced in 2011, was Tk 18.5 for every Tk 1,000.

The move appears to have ignited a much-needed price war of sorts in the industry of 16 players, where the rates have stayed the same since the platform's initiation nearly a decade ago.

This week, bKash announced it was making sending money within its network free of charge to five numbers. Once the transactions to the five numbers hit Tk 25,000 in a month, a Tk 5 charge would be applicable in the subsequent transactions.

When the transactions hit Tk 50,000 in the month, a Tk 10 charge is applicable on the following transactions.

Typically, when a service gets the scale, the charges come down, which is what happened with mobile phone service and broadband internet-the two industries where the rates have come down exponentially, thanks in part to the

proactive nature of the regulator.

In December last year, the average daily transactions through the MFS operators stood at Tk 1,824.4 crore. Five years earlier, it was Tk 773.8 crore, according to data from the Bangladesh Bank.

After fixing the rates ten years ago, the banking regulator has not revised them once.

As per that guideline, a cash-out charge of Tk 20 for every Tk 1,000 is allowed.

Contacted, BB Spokesperson Md Serajul Islam said the central bank asked the operators to revise their cost modelling.

"After getting their opinion, we will make a decision about the issue."

Had the BB ran a fresh cost modelling process, the charges would have invariably come down, making the platform more affordable for the marginal people, who tend to remain out of the banking umbrella, according to experts.

About 77 per cent of the charges go to the agents and the distributors, said Shamsuddin Haider Dalim, head of corporate communications at bKash.

"It is difficult to reduce the charges but we are now emphasising the use of digital money, which will reduce instances of cashing out. We hope soon, customers would not be cashing out their money at all." ●



BB orders Nagad, bKash to cool off their rivalry

Express Report

Bangladesh Bank has instructed mobile financial services (MFS) provider Nagad and bKash to maintain the publicity policy of the information ministry and stop spreading disinformation against each other.

The instruction, came in a meeting with the two MFS providers recently, after the Bangladesh Bank noticed: certain vernacular used in an advertisement of Nagad; videos involving bKash's chief executive officer; posters against Nagad; and Nagad's filing of cases against 10,000 unidentified people.

The two MFS providers are spreading propaganda against each other by violating the publicity policy of the information ministry, said a top official of the central bank seeking anonymity.

"In future, we will make a policy to stop such propaganda."



They were warned that the BB will take action against them if they are not conducting their business under the regulatory framework of the central bank, he added.

"The central bank will take a step against such activities of Nagad and bKash in the light of the government's publicity policy," said Md. Serajul Islam, spokesperson of the BB.

The BB will make a guideline for MFS providers' publicity and advertisement material, he added.

"The banking regulator asked all MFS carriers not to attack one another in their campaigns," Nagad told Dhaka Tribune in a statement.

"We are not spreading any propaganda," Shamsuddin Haider, head of corporate communications of bKash, told Dhaka Tribune.

"We are operating our mobile financial service under the guideline of the Bangladesh Bank and complying with all their instructions," he added. ●

Registration for Covid-19 Vaccination through bKash App

Express Report

Access to 'Surokkha', the official national Covid-19 vaccination registration portal, is now possible through bKash app for users to register for the Covid-19 vaccination. Customers can find the Surokkha portal in the 'Suggestions' section of bKash app.

Due to the convenience of availing wide range of services like utility bill payment, mobile recharge, send money, add money, merchant payment, etc., bKash app has become a part of daily lifestyle for millions of customers. Hence, this joint initiative between bKash and ICT Division will make Surokkha portal more accessible to people.

Clicking on the 'Surokkha' icon from Suggestions section will take users directly to the Surokkha portal within the bKash app. Customer can select Bangla or English option for registering. For Covid-19 vaccine registration, users need to have NID card, mobile phone and provide a few other details.



To start the registration process, user first needs to click on the 'Vaccine Registration' tab, verify identity by selecting best suited category from multiple options, enter the NID card number and date of birth. There will be a code given to type correctly under the box.

After verification, the users need to fill out the pre-existing health condition portion of the form and with other minor details. ●

Power customers pay electricity bills seamlessly through bKash

Express Report

Nearly 1.3 million prepaid and postpaid customers of West Zone Power Distribution Company Ltd. (WZPDCL) in the southern part of the country are able to pay electricity bills through bKash 24/7 from the comfort of their homes.

Prior to this, all postpaid customers of greater Khulna and surrounding areas were enjoying this bill payment service through bKash from 2020.

WZPDCL, a company of Bangladesh Power Development Board, conducts power distribution activities in 21 districts and 20 upazilas of Dhaka, Khulna and Barisal divisions. WZPDCL and bKash jointly inaugurated the bill payment service for prepaid customers recently, says a press release.

Especially for the customers of prepaid meters, instant recharge is required as soon as the power goes out. Opportunity to pay bills through the widely used bKash app or USSD code *247# has made their bill payment process easier and hassle free.

With the opportunity of paying electricity bills from home without standing in queues or going anywhere, more than 9 lakh postpaid and above 3 lakh prepaid customers of WZPDCL can ensure receiving uninterrupted electricity service by paying electricity bills through bKash.

Especially for the customers of prepaid meters, instant recharge is required as soon as the power goes out. Opportunity to pay bills through the widely used bKash app or USSD code *247# has made their bill payment process easier and hassle free.

After paying their own or relative's electricity bills, customers can save the bill account information in their bKash app. As a result, bKash customers get the opportunity to check the due bill amount or pay the bill in fewer steps next time. They can even download and save eco-friendly digital bill receipts after paying the bill.

Along with making customers' bill payment process convenient, bKash has made the bill collection system easier, more dynamic and cost-saving for WZPDCL.

bKash customers can pay prepaid and postpaid electricity bills of all the electricity distribution companies across the country.

bKash has also made the bill payment process easier for all types of utility services including gas, WASA, telephone, internet, cable TV, city corporation tax and so on. ●



bKash wins 'Iconic Company' award

Express Report

bKash received the 'Iconic Company 2021' award by the South Asian Iconic Star Awards in the Financial Sector for its contribution in transforming the financial landscape of the country and fostering financial inclusion of millions.

Professor Shibli Rubayat-Ul-Islam, chairman of Bangladesh Securities and Exchange Commission (BSEC) presented the award to Major General Sheikh Md Monirul Islam (ret'd), Chief External & Corporate Affairs Officer of bKash on Saturday evening at Bangabandhu International Conference Center (BICC).

Dr. Shahjahan Mahmood, Chairman of Bangladesh Communication Satellite Company Limited (BCSCL)



was also present at the Award ceremony as a Special Guest. ●

Discount coupon on Add Money from Bank/Card to bKash

Express Report

To celebrate the upcoming Independence Day, bKash has offered its customers to avail 150 Taka discount coupon in case of add money of minimum 1,000 Taka from bank to bKash or card to bKash.

The coupon can be redeemed at selected outlets of Shwapno, Meena Bazar, Agora, Daily Shopping and Prince Bazar superstores while shopping, says a press release noting that the offer will be valid till 31st March 2021.

"Customers will receive the coupon in their bKash account within two working days. The coupon will be valid for 7 days and they can only redeem the coupon on purchase of minimum 300 Taka'. a bKash official told Digital Finance team of The Bangladesh Express.

"Customers can redeem the offer only once. To see

the list of participating stores under this offer, customers can visit: <https://www.bkash.com/coupon-redeem-independence>," he noted

With the recent addition of country's largest state-owned Sonali Bank to bKash Add Money network, the bank's 25 million customers are now able to bring money to bKash account from their bank account instantly.

In this occasion, customers will get 100 Taka instant cash bonus upon doing Add Money worth 500 Taka or more from Sonali Bank to bKash using bKash app. The offer will be valid till 7th April 2021. Any customer can redeem the offer only once. To learn more about this offer, customers can visit <https://www.bkash.com/sonali-bank-addmoney-offer>.

Right now, 26 banks in the country are connected to the largest Add Money network of bKash.

" The facility of instant money transfer service from bank account to bKash has enabled customers to enjoy hassle-free transactions 24/7 across the country", bKash official said.

Besides availing Cash In service from 240,000 agents across the country, the official said customers are able to bring money from banks and cards and avail services like Send Money, Mobile Recharge, utility bill

AT A GLANCE

- It's the second subsidiary in MFS sector after bKash
- The company will launch services within next month
- 15 banks, including one subsidiary, now provide MFS services
- Total transactions through MFS providers
- stood at Tk 56,557cr in Dec

payment, offline or online merchant payment, donation to various organizations, payment of fees of educational institutions, purchasing tickets of bus, train, air, launch and movies, payment of various online registration fees, Cash Out, etc. ●

Sonali Bank-bKash enable 2-way fund transfers

Express Report

Sonali Bank has recently partnered with bKash, enabling the largest state-owned commercial bank's 2.5 crore customers to conduct banking transactions through the mobile financial service provider's app.

Funds can now be moved both ways -- bank to bKash

through "Add Money" option and bKash to bank through "Transfer Money" option, according to a statement.

"Digital financial services have empowered people to meet the challenges of Covid crisis. At the same time the importance and usefulness of MFS has become more vivid," said State Minister for ICT Zunaid Ahmed Palak.

Attending the partnership's inauguration at a hotel in the capital, he said, "Such a joint venture between the two largest public and private financial service providers has undoubtedly paved the way for ensuring digital financial services in every sphere of life and thus enhancing financial inclusion."

Md Ashadul Islam, senior secretary to Financial Institutions Division, Sonali Bank Chairman Ziaul Hasan Siddiqui and CEO Md Ataur Rahman Prodhan and bKash CEO Kamal Quadir were present. ●





Prime Bank launches Prime Pay for payment of VAT, excise

Express Report

Prime Bank has introduced instant payment of VAT, Excise and Import duty through PrimePay, the best-in-class Omni Digital Platform for the corporate customers.

Without having to go to the banks in person, the bank's corporate clients can now pay VAT, Excise and Import duty from anywhere, anytime, through the digital platform. PrimePay - the omni digital channel for all types of corporate payment and MIS, now enables payment of these government payments digitally, instantly and safely. The customers can make payment online 24/7 and receive payment confirmation via SMS and email, says a press release.

With PrimePay, the clients of Prime Bank can initiate all local payment instructions from anywhere anytime. This digital platform facilitates account to account fund transfer within Prime Bank, online third bank payment through RTGS, BEFTN, corporate cheque and pay order issue, real-time

payment under Distributor Financing Program, access to all types of corporate MIS and statements and many more.

PrimePay is bolstered with robust security features with in-built two factor authentication system ensuring utmost safety. It is equipped with strong MIS engine that is capable of generating consistent and timely information across customer transactions and statements required by the clients to get deeper business insights.

Commenting on the new feature of 'PrimePay', the bank's Deputy Managing Director Shams A. Muhaimin said: "The newly added facility of payment of government payments will greatly benefit the corporate customers, as it will help save time and energy especially in this time of pandemic." He further added, "PrimePay will help businesses keep pace with the competitive and fast-changing business landscape through this secured and seamless digital transaction service." ●



Sheba Platform will use Payroll Solution of bKash

Express Report

Sheba Platform Limited (SPL), the holding company of Sheba.xyz will use Payroll Solution of bKash to disburse salaries and other allowances to their employees.

After receiving salary in bKash account, Sheba.xyz employees can now avail wide range of services like send money, mobile recharge, utility bill payment, offline or online merchant payment, donation to various organizations, payment of fees of educational institutions, purchasing tickets of bus, train, air, launch and movies, payment of various online registration fees, etc.

They can also Cash Out the money at any of the 240,000 bKash agent points and 1,183 ATMs of 9 banks spread across the country. They can even save money in their bKash accounts and receive interest.

The Sheba.xyz has recently signed an agreement with bKash, the largest MFS provider of the country to facilitate their employees to ensure uninterrupted salary disbursement service, says a press release with

After receiving salary in bKash account, Sheba. xyz employees can now avail wide range of services like send money, mobile recharge, utility bill payment, offline or online merchant payment, donation to various organizations, payment of fees of educational institutions, purchasing tickets of bus, train, air, launch and movies, payment of various online registration fees, etc.

a note that this partnership will reduce cash handling, increase the mobility of funds and ensure real-time fund transfer to the beneficiaries of SPL through bKash.

Mizanur Rashid, Chief Commercial Officer of bKash; Adnan Imtiaz Halim, Founder & Chief Executive Officer of Sheba.xyz along with other high officials from both the organizations were present at the signing ceremony. ●

UNDP to Create Digital Opportunities for Migrants

From health to education, from economy to social protection, the COVID-19 crisis has touched every aspect of our lives. Two global phenomena in particular have seen seismic changes; human mobility and how digital technology is shaping the world of work.

Asako Okai, UN Assistant Secretary-General & Director, UNDP Crisis Bureau

Since early 2020, a profound disruption has affected all forms of human mobility, especially international migration. People have been stranded at borders - some unable to leave their home countries, others unable to return home from living abroad. In 2020 alone, travel restrictions slowed the growth of global numbers of migrants by 27 percent, or two million migrants.

Studies show that migrants were often at a greater risk of becoming sick, with COVID-19 infection rates double for them in some OECD countries. An equivalent of 400 million jobs were lost during the second quarter of 2020, with a disproportionate impact on migrants.

Migrants continued to send home money, often digging into their savings as many lost their

livelihoods. Although remittances did fall, causing much pain, they did not drop by much as first feared. Migrants used online banking tools, underlining the importance of digital technology in keeping the economy moving.

The rapid adoption of digital tools has been a key hallmark of the pandemic. Artificial intelligence, cryptocurrency, virtual reality, the Internet of Things and many new technologies were already transforming work. With the need for social distancing and curbs on travel, this digital transformation advanced exponentially.

For migrants and displaced people, just like all others who aspire to a better life, digital technology offers unique benefits and opportunity to improve their livelihoods. Online, they can learn skills, access critical information and services, and build networks. They can find better work, start businesses or explore new marketplaces.





Digital innovation for Bangladeshis

Natural disasters have displaced almost 700,000 Bangladeshis every year over the last decade. Around 400,000 arrive in Dhaka annually, while others search for opportunities abroad—one tenth of Bangladesh's labour force is employed in other countries.

To better support Bangladeshis who have either moved internally or migrated internationally, UNDP helped establish and staff *Aspire to Innovate (a2i)*, a governmental programme that uses digital technology to provide health, education and livelihoods.

A2i has developed an online portal for migrant workers, forcibly displaced people and host communities to improve their chances of finding better work by building their skills through online training and by connecting them to job opportunities.

The platform also helps migrant workers overseas. There are six expatriate digital centres, including three in Saudi Arabia where a third of all Bangladeshi migrants go for work.

Another a2i project provides Rohingyas living in camps in Bangladesh and the local host communities the online tools necessary to develop fashion lines and connect them with the international market.

Sharifa, an ethnic Rohingya living in a camp in Bangladesh, was able to distribute her handicraft products through a big e-commerce network after receiving business training, earning herself a healthy income.

A2i's success in Bangladesh has inspired UNDP to expand this model internationally by sharing the learning, models and methodologies with other

countries. The platform has already been adapted for Syrian refugees in Turkey, and UNDP is looking to see how it can be used for Syrians in Jordan and Venezuelans in Colombia.

In Turkey, Syrian refugee and skilled web developer Faisal is providing online business advice to other Syrians through a2i, such as how to set up, gain accreditation and market themselves as freelance workers through the platform.

The future of human mobility

Every year, the Global Forum on Migration and Development (GFMD) brings governments together to shape debate on migration and its development potential. This year's GFMD summit (18th to 26th January) looks at the future of human mobility, and high on the agenda is new technologies.

The pandemic has highlighted the importance of digital tools in enabling migrants to sustain their livelihoods. A 2019 UNDP report, *Migrant Union: Digital Livelihoods for People on the Move*, identifies the gaps between available digital tools and services, the policies that govern them and the needs and behaviours of migrants. Partnerships are key to create opportunities. The private sector, who are holders of these digital tools and marketplaces, as well as seekers of migrant skills, are critical to achieve inclusivity at scale.

UNDP is ready to support governments and the technology community build partnerships to create opportunities so migrants are not left behind in the digital revolution. We urge that policymakers at the GFMD would set an ambitious agenda to ensure migrants at all skill levels can amplify their contributions to development using technology. ●

Mobile Payments Are Mighty

Jordan Reynolds

Despite a major pandemic, the roller coaster of vaccine distribution and a new administration, it certainly feels good to see 2020 in the rearview mirror. It goes without saying that last year was anything but a normal year. In addition to the devastation that the COVID-19 pandemic caused, not to mention its unprecedented impact on global economic activity, the past year saw a number of major changes in consumer shopping patterns. And that affects this industry.

Now that the holiday shopping season figures are out and ready to be analyzed, we can take a long look at the patterns to determine what habits and changes are expected to continue to play out for the rest of year, particularly as it relates to e-commerce.

The online shopping boom is here to stay

Social distancing restrictions kept most consumers home and away from stores and other businesses in 2020, pushing many new customers into the online channel. That pattern was clearly evident during the 2020 holiday season; the e-commerce share of holiday

shopping jumped from just over 13% in the prior year to nearly 20%, according to an early report from Mastercard. While the distribution of vaccines offers retailers the hope that consumers will finally begin returning to stores in force in 2021, that process will likely take months if not most of the year. Even then, a recent survey from McKinsey found a 40% increase in consumer intent to purchase online even after the COVID-19 crisis ends.

Seasonal shopping spikes will be longer and flatter

With e-commerce penetration skyrocketing during 2020 and retailers offering earlier sales and discounts, the traditional Black Friday/Cyber Monday holiday shopping spike was lower as sales started as early as October, and then were more evenly distributed through November and December. In the past, we observed 20% YoY growth in Black Friday volumes. Because of the inflated spending in Q2 and Q3, we expected lower YoY growth, and in fact saw 15% YoY growth in Black Friday volumes this year. As many consumers are now conditioned to shop online earlier, that pattern is likely to continue.



Smaller retailers embracing online channels will limit risk signals

Even as many consumers tried to "shop local" over the holidays in order to support hard-hit small and independent businesses, in-person shopping is likely to be much slower for months to come, so smaller retailers need additional ways to reach their customers.

For some, this means trying out new channels, such as Facebook or Instagram, where they can post their entire inventory, making it easier for customers to shop in the apps they already use. However, since these channels don't always get the same data and risk signals as an e-commerce site, smaller retailers will have to look at their data carefully to determine where risk exists.

Buy-online, pick-up-in-store (BOPIS) is a strategic advantage

While consumers flocked to the online channel during the holiday shopping season, many opted to pick up purchases themselves rather than paying for shipping or relying on shippers that struggled to guarantee the delivery of packages in time for the holidays. A survey from Adobe found that in-store and curbside pickup surged by more than 52% on Black Friday 2020 vs. the previous year.

Again, until such a time comes when consumers feel safe to return to the malls and major department stores and retailers in large numbers, this is a trend that will continue. And since BOPIS interactions are typically card-not-present transactions, merchants that do not offer a seamless experience from online

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New customer acquisition increases risk for merchants

Ordinarily, consumers like to shop with merchants who they know and trust, and that's especially true during major holidays and events like Back to School. But during the pandemic, many people shifted their shopping behaviors to include new digital shopping methods or new retailers. In fact, 56% of consumers tried a new retailer during the pandemic, according to customer experience platform Narvar.

While this period is usually considered "low risk" with the most established and least risky customers transacting, the amount of new customers created much higher risk for retailers in 2020 compared to previous years. With no prior history to inform fraud risk assessments, there is a higher likelihood that new customers will be exposed to friction in the shopping experience, creating a bad first impression for merchants. This could have an effect on customer satisfaction and loyalty.

purchases to in-store pickup will be at a disadvantage versus those that do.

Despite the challenges facing both consumers and merchants, the 2020 holiday shopping season proved to be mostly successful, with sales up 3% over an expanded 75-day holiday shopping season according to data from Mastercard. For merchants, there are several takeaways that will help them throughout this year.

The demand for entirely digital shopping experiences or those paired with safe in-store options will continue to present challenges for merchants looking to minimize both fraud risk and friction for new and returning customers. With consumers indicating both a willingness to try new retailers and shopping methods (and the intention to continue those behaviors), understanding potential new risk signals this year is essential to creating seamless experiences and building customer loyalty. ●