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From the Desk of the Editor

Tax hike on MFS to hit financial inclusion

Finance Minister AHM Mustafa Kamal in his proposed national budget for the fiscal 2021-22 has increased tax on mobile financial service (MFS) to 40% tax from earlier 32.5%, which industry experts say will hit financial inclusion. This has worried MFS players who are now facing tough situation to survive in these pandemic days with accumulated huge losses incurred over the years. Industry experts fear that if the corporate tax increases to 40%, it will be a big obstacle to service expansion, which ultimately will hit financial inclusion. Financial inclusion helps lift people out of poverty and can draw more women into the mainstream of economic activity, harnessing their contributions to society.

Most operators say the overall tax structure of MFS is already overburdened both from the investor side and the retail level service delivery point of view. Some operators say they are yet to get proper returns of their investment as more than 86.00 per cent of income goes to their channel partners including mobile phone companies and millions of agents who are low income people. In 2020, MFS operators served Covid-19 hit people without fees that helped millions of people to buy their essential foods and medicines from their homes without any contact.

MFS is not simply a payment tool but a game changer for millions of poor people of Bangladesh. During the ongoing Covid-19 pandemic, customers need to be attracted more to mobile financial services to establish a cashless society - which will play a role in ensuring transparency and accountability in various fields. The government should revise the proposed tax hike on MFS companies to keep the growth pace of financial inclusion which is pushing up the economy with its multidimensional impact.

So, we think the government should rethink about the issue of increased tax burden on MFS operators. The sooner the better.

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Higher tax on MFS to hit financial inclusion

DF Report

The proposed national budget for the fiscal 2021-22 has increased tax on mobile financial service (MFS) to 40% tax from earlier 32.5%, which industry experts say will hit financial inclusion.

Industry experts say higher tax on MFS will push up cost of operations and discourage poor people and agents to use this tool. Most operators say the overall tax structure of MFS is already overburdened both from the investor side and the retail level service delivery point of view.

'If the corporate tax increases to 40%, it will be a big

obstacle to service expansion, which can actually have a negative impact on the overall digitisation process", said Tanvir A Mishuk, managing director of Nagad.

"We think it will be difficult to achieve the overall goal of digitalisation if we do not digitise the financial sector. During the ongoing Covid-19 pandemic, customers need to be attracted more to mobile financial services to establish a cashless society - which will play a role in ensuring transparency and accountability in various fields", he said.

MFS is not just a payment tool but a game changer for poor people in Bangladesh. It enables unbanked people to store and transfer money using their cell





phones and gives poor people access to basic financial services, ch is necessary to accelerate economic growth, according to the World Bank.

The number of active MFS accounts is 3.46 crore, according to Bangladesh Bank data. Currently, there are 15 MFS service providers in the country which have banking services too. Around Tk2,000 crore is transacted a month through MFS providers.

Khondokar Shakhawat Ali, sociologist and researcher who has been in the MFS sector since the inception of its journey, said hiking the corporate tax will not be a good policy decision at this time because it will directly affect poor people who mainly use MFS for small transactions and pay VAT and income tax with each transaction.

The tax hike on MFS has been proposed in a time when industry operators face a hard time in these pandemic day after serving poor people without fees, which forced them to incur huge losses. bKash, the leading MFS provider that holds around 80% of the market share, has been incurring losses for the last two consecutive years.

The company registered a loss of Tk62.5 crore and Tk81.4 crore in 2019 and 2020 in a row despite a surge in revenue. "In such a situation, the sector will face a tough business environment if the tax increases," said a high official at bKash, seeking anonymity.



MFS has multidimensional effects on people's lives. So, it has caused a quantum leap for the alleviation of world's poor. Social scientists in developing countries have now begun to support marshaling this tool to help thwart poverty from their respective society.

MFS has direct impact on the economy of Bangladesh as expatriate Bangladeshi workers are now using some official channels offered by some banks that are using MFS like bKash as the last mile delivery channel to send their hard earned remittance to their relatives timely and without hassles.

With less need for cash transactions, more number of economic agents can follow financial market signals, contributing to a more solid and vibrant financial system. Any tougher measures and rules may discourage these poor people to use this MFS tool.



Kamal Quadir, Chief Executive Officer of bKash, is seen handing over food aid worth Tk 3.50 million to 5,000 Covid-19 affected families to Air Commodore M Moyeenuddin, Director General, Welfare of Sena Kalyan Sangstha recently. He was accompanied by high officials of bKash.

bKash provides food aid to 5,000 Covid-hit families

DF Report

bKash, the country's leading mobile financial service provider has carried out a food relief programme to provide food aid worth Tk 3.50 million to 5,000 Covid affected families.

Under the supervision of Sena Kalyan Sangstha (SKS), the company took the initiative to bring some relief to the families who have lost their jobs due to Covid-19 before the Eid festival.

Kamal Quadir, Chief Executive Officer of bKash, handed over the food aid to Air Commodore M Moyeenuddin, Director General, Welfare of Sena Kalyan Sangstha on Wednesday.

Commodore Mahmud Hossain (ND), Director General, Marketing of Sena Kalyan Sangstha; Brigadier General Mirza Md Enamul Haque, Director General, HR of Sena Kalyan Sangstha; Major General Sheikh Md. Monirul Islam (retd.), Chief External and Corporate Affairs Officer of bKash along with other high officials of both the organisations were also present at the event held at the head office of SKS.

The food aid package, consisting of 5 kg rice, 1 kg pulse, 1 kg salt, 1 liter oil, 1 kg sugar, 0.5 kg vermicelli (semai), and 2 bars of soap, is expected to help a family of four to survive for 10 days, says a media release.



Besides ensuring uninterrupted services to keep the financial transactions of the people normal during Covid-19, bKash has initiated various corporate social responsibility (CSR) programmes.

Last year in May, bKash provided food aid worth Tk 3.50 million to 5,000 Covid-19 affected families.

Besides this, the company provided 30 ventilators to Dhaka Medical College Hospital, Dhaka Shishu Hospital, Dhaka CMH, and Central Police Hospital as part of social responsibility to increase the medical capacity of the top hospitals of Bangladesh.

bKash donated 14 high flow oxygen ventilators to Dhaka Medical College Hospital (DMCH) and Dhaka Shishu (Children) Hospital and installed oxygen plant at Diabetic Hospital (BIHS General Hospital), an

bKash also installed oxygen plant at the Diabetic Hospital (BIHS General Hospital) as a part of this continuous donation during the ongoing pandemic.

It also handed over 350 ventilators along with more than 950,000 emergency medical toolkits to the government, donated by its overseas partner Alibaba. bKash also worked with Bidyanondo Foundation to establish a hospital in Chattogram.



DON'T KILL MFS INNOVATION

Let Millions of Poor Smile

Faruk Ahmed

Innovation is an exhaustible engine for economic development. The bright example is mobile financial service (MFS) in Bangladesh, an innovation that's contribution to the economic development is well documented.

The poverty has dropped more than 13 per cent after the MFS maiden journey in 2011, according to the World Bank, as the impact was particularly strong for households led by women. The MFS has multidimensional impact on poor people with the materialistic effect of financial inclusion.

The former World Bank President Jim Yong Kim during his Bangladesh tour in 2016 termed the bKash as the most successful service for its "low fee based business model" and "enabling the millions of unbanked to access financial services" and lauded for its overwhelming success in advancing the financial inclusion vision into a reality.

"I'm very much looking forward to seeing firsthand Bangladesh's progress in improving the livelihoods of tens of millions, empowering women, and enhancing the quality of education," said The World Bank President. "Many developing countries in the world can learn important lessons from Bangladesh to reduce extreme poverty and to promote sustainable development".

What drives the Bangladesh to achieve such a global recognition when it was once called as





Jim Yong Kim



termed Bangladesh as a striking success story in the fight against global poverty and a role model for the rest of the world dismissing the derogatory term used against Bangladesh as the 'bottomless basket' by Henry Kissinger in 1974.

And this was possible for the government's good initiative to use the MFS as a tool to boost financial inclusion to accelerate economic development with the view to build Digital Bangladesh. Financial inclusion helps lift people out of poverty and can raw more women into the mainstream of economic activity, harnessing their contributions to society.

With the pro-active policy guidelines of Bangladesh Bank, MFS has become a game changer in Bangladesh over the years since its maiden journey in 2011 with more than 10 crore subscribers across the country mostly who are low income and poor people living in rural areas.



People dream of a Digital Bangladesh as the revolution with MFS has gained speed everywhere in Bangladesh from a remote village to modern town, slum to high rise malls which already ensures financial inclusion.

But this dream is likely to be evaporated as, regulation has rolled out to halt the MFS revolution, industry experts say noting that the finance minister in the new budget has imposed higher tax on MFS, which ultimately will hit financial inclusion.

a 'bottomless basket?' The World Bank President Jim Kim has given the answer fingering the mobile revolution for its positive impact on the poverty alleviation effort of Bangladesh.

There is no silver bullet to ensure rapid, broad, and equitable economic growth that can reach the poorest of the poor overnight. Mr. Jim King understood that it is wise for all to accept practical reality, even at times with a pinch of salt. So, he

Financial inclusion matters not only because it promotes growth, but because it helps ensure prosperity is widely shared. Access to financial services plays a critical role in lifting people out of poverty, in empowering women, and in helping governments deliver services to their people. MFS has made this access easy, comfortable and secure.

People dream of a Digital Bangladesh as the revolution with MFS has gained speed everywhere in Bangladesh

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But this dream is likely to be evaporated as, regulation has rolled out to halt the MFS revolution, industry experts say noting that the finance minister in the new budget has imposed higher tax on MFS, which ultimately will hit financial inclusion.

Regulations force people to do better. But the reality is regulation often lags behind innovation. Many industry experts see the high tax on MFS companies will increase cost of operations, discourage new investment and send back millions of poor people who are now valuable economic agents through the ongoing mFS revolution.

MFS : A revolution that gives smile to millions of poor

"Is the MFS simply a new payment system? Does it actually fundamentally change the lives of the poor?"

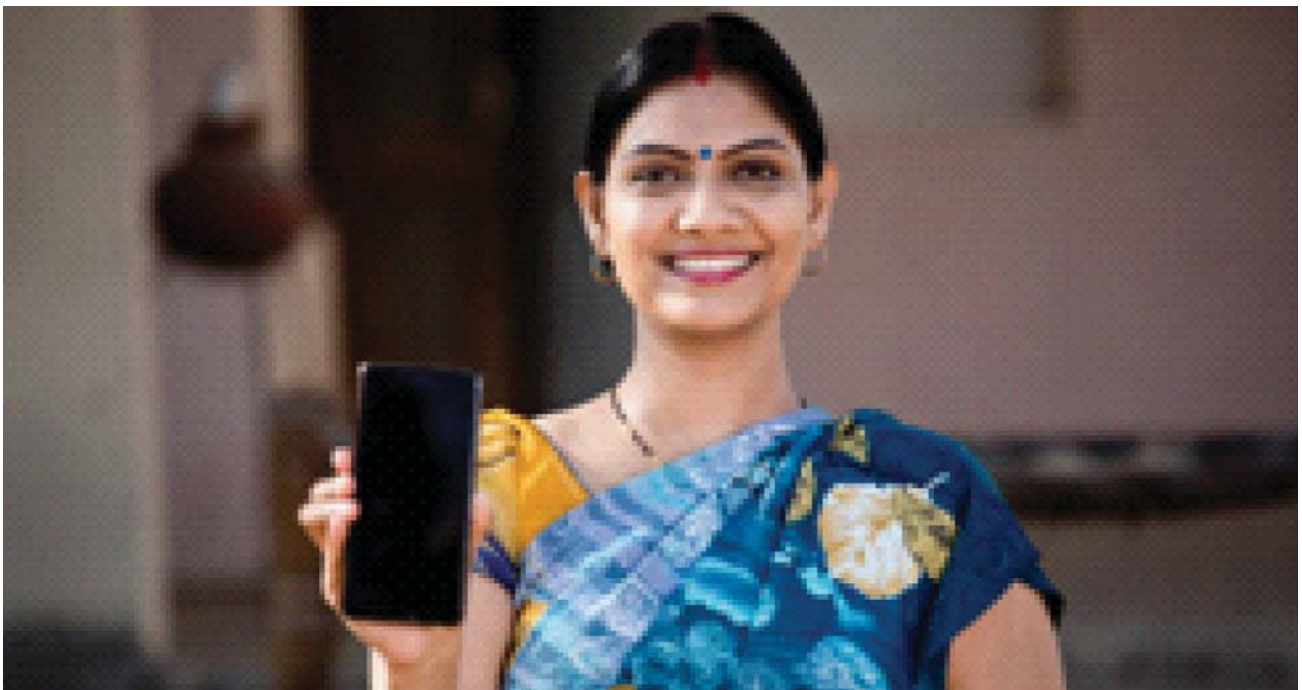
Does it help people to smile get riding them from poverty trap?"

With these questions, The Daily Observer visited different corners of the country from Chandpur to Chapainawabganj in 2016 and examined the whole situation through a study on MFS agents and users of different stratum. The study shows the MFS service has hit the poverty everywhere from big city to small town and village to chor and haor areas through its transitional effects on poor.

Most respondents said they trust it and use it to meet their urgent needs. So, poverty has started fleeing away from their homes.

Most MFS users under the study are poor and low income people who are fighting to change their fate-doing business and trade. This unique real time payment facility is helping them to remain safe from potential business risks, explore income opportunity, produce more goods, push up sales and improve living standard of their households.

MFS is not the micro-lending with which developing and emerging markets are associated, or an economic programme that spends foreign aid to improve their living standard with. It is an innovation, something at the other end of the financial spectrum in the traditionally least exciting part of the financial system- payments. With multidimensional economic and social impacts, this innovation has given smiles to millions of poor people of Bangladesh particularly women who remained unbanked and depressed.





A garment worker residing in Gazipur smiling after sending money to her homes through bKash app.

MFS is not the micro-lending with which developing and emerging markets are associated, or an economic programme that spends foreign aid to improve their living standard with. It is an innovation, something at the other end of the financial spectrum in the traditionally least exciting part of the financial system-payments. With multidimensional economic and social impacts, this innovation has given smiles to millions of poor people of Bangladesh particularly women who remained unbanked and depressed.

This is not merely theoretical, rather is documented in several studies. Financial exclusion is a large part of the jigsaw of global poverty. But in just over 6 years an additional 800 million people around the world gained access to basic banking services. It's a glimpse of how quickly economic infrastructure can change. Part of that revolution can be found, quite literally, in the hands of people in Bangladesh.

Both economists and beneficiaries say the MFS is now a game changer for poor people of Bangladesh as it gives smiles to millions of poor unbanked people enabling them making financial transactions and money transfers at lower cost from the comfort of their homes. It supports them in their needs: to withstand financial shocks and save money to address their medical requirements. It helps safest domestic remittance that allows millions of garment workers, rickshaw pullers and employees of low scale jobs to send their earnings to their dependents in most affordable, convenient and secured manner.

MFS innovative payment service not only stimulates financial inclusion, also supports financial stability that helped Bangladesh economy to remain resilience even in the global economic meltdown and the

ongoing Covid pandemic. And it is well documented in many studies including Bangladesh Institute of Development Studies (BIDS).

BIDS researchers have found that the Bangladesh rural economy has shown surprising resilience over the years mainly for "the growing share of non-farm activities like trade, transport and processing, which now account for more than 46 per cent of rural income compared to 37 per cent in 1987". And this was "because of the better access to capital, credit and capacity to invest in skill-building available for the non-farm sector", according to a BIDS report.

MFS : A Development Vehicle, Not Simply A Payment Tool

Bangladesh Bank data shows that the number of transactions through MFS is not simply a payment tool but a development partner of Bangladesh. It is thriving and is the latest craze among people. In fact, it's not just a craze; rather, it signals a complete shift in the behavior of consumers. People of all walks of life are now using this unique payment service thanks to pro-active role of the government that holds a vision to make Bangladesh at least a 'middle income economy' by 2030.

People are now using this innovation to pay their utility bills, buy goods from shopping malls, attract remote customers and save deposits for their future. The government is also using this tool to disburse funds under its social safety net projects, emergency aids to poor in emergency situation and stipend funds to students living in remote areas. As a result, MFS is flourishing day by day and has become an inevitable development vehicle of Bangladesh.



করোনায় ক্ষতিগ্রস্ত সাড়ে ১০ লাখ দুস্থ পরিবারকে
প্রধানমন্ত্রী শেখ হাসিনা
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 আর্থিক সহায়তা পৌঁছে দেবে বিকাশ



the government earned Tk 638 crore as revenue from bKash, the leading MFS operator of Bangladesh. But the reality is that bKash earns only 13.50 per cent of total rev income as it has to pay 86.50 per cent to its channel partners including millions of poor agents.

Although the pandemic has decreased trade and commerce throughout the country, the rise in digital payments indicates that more and more people have shifted to digital payment services for their business and day to day activities. This has both spurred financial inclusion and has helped boost COVID-19 hygiene practices by limiting human interaction.

Moreover, industry experts say that essential services such as grocery delivery, online shopping etc. have greatly benefited from the ease of payment facilitated by MFS operators, which ultimately help the government keeping the cna hit economy alive in these pandemic days.

Higher Tax Sparks Red Signals To MFS Revolution

The proposed national budget for the fiscal 2021-22 has increased tax on mobile financial service (MFS) to 40% tax from earlier 32.5%, which industry experts say will hit financial inclusion.

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Khondokar Shakhawat Ali

small transactions and pay VAT and income tax with each transaction.

The tax hike on MFS has been proposed in a time when industry operators face a hard time in these pandemic day after serving poor people without fees, which forced them to incur huge losses. bKash, the leading MFS provider that holds around 80% of the market share, has been incurring losses for the last two consecutive years.

The company registered a loss of Tk62.5 crore and Tk81.4 crore in 2019 and 2020 in a row despite a surge in revenue. "In such a situation, the sector will face a tough business environment if the tax increases," said a high official at bKash, seeking anonymity.

One97 Communications Ltd, which is the parent company of India's largest MFS operator Paytm, posted a net loss of ₹2,833.18 crore in the year ended March 31, 2020, according to data sources from Tofler. This was an improvement from the net loss of ₹3,959.64 crore in 2018-19.

The reason for such a huge loss with Indian Paytm has been described as tighter regulations and higher tax burdens. MFS operators in Bangladesh may fall in similar situation if regulation rolls to kill innovation. So, industry experts say the government shouldn't impose higher tax on MFS in order to keep millions of people smiling.

Don't Kill Innovation Let Millions of Poor Smile

Regulations force people to do better. But the reality is regulation often lags behind innovation. Regulation needs to catch up with innovation. Good regulation should be conducive to business and to customer protection. The government's regulation should be to let millions of poor people smiling with MFS innovation.

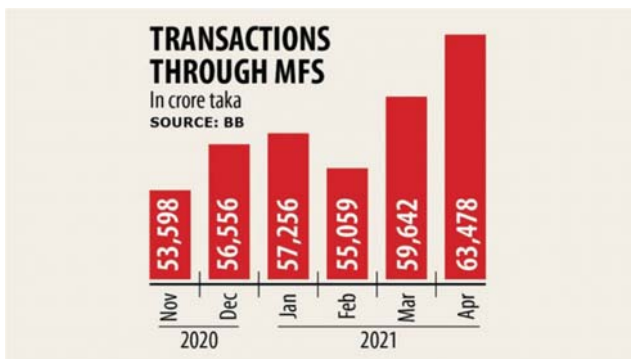
MFS has become a game changer for poor people. It is a trusted strategic tool that gives poor people smile enabling them to get rid of poverty trap. So, the government should reduce tax burden on MFS operators to boost financial inclusion and keep growth pace in economic development.



MFS gives extra momentum to cashless drive in Pandemic

DF Report

Bangladesh cashless journey got extra momentum in the recent pandemic days thanks to higher transactions through mobile financial service (MFS) channels, central bank officials said.



Bangladesh Bank data shows that the number of total transactions through 15 MFS operators jumped by 23.24 per cent over the year to 30.72 crore in March, 2021 when the government reimposed country-wide lock down after the second wave of deadly corona virus.

The number of transactions through MFS channels increased manifold since April after the government imposed fresh lockdown following a staggering rise in Covid-19 cases and deaths through out the March", a central bank official said.

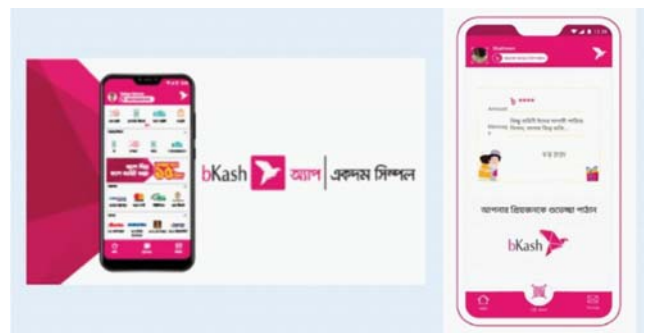
"If you compare the annual growth trend of these transactions, the transactions through MFS channels market astronomical rise over the years as people found this MFA tool as an inevitable tool to survive in pandemic situation", a CEO of a leading commercial bank said.

Despite the significant drops in government's payment- 79.2 per cent, central bank data shows, MFS

transactions marked robust growth in utility bill payment- 22.8 per cent, cash in transactions- 14.3 per cent, cash out transactions-9.9 per cent, merchant payments 4.4 per cent and p2p transactions- 4.2 per cent in March.

"In this pandemic time, most people used bKash and other MFS operators to meet their immediate payment needs like buying foods and goods, utility bill payment, remittance receipts and other payments, which has given extra momentum to cashless drive in pandemic pushed up MFS transactions significantly", he said.

"I use bKash to buy essential goods as it helps me to make payment without direct contact from my home" said Shila Rahman, a college teacher residing at Shantinagar, Dhaka. "bKash app is super user friendly. It no longer requires me to record my spending manually and I can keep track of all my transactions on the app".



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 is giving the momentum to the country's cashless drive and Digital Bangladesh Vision.



The flow of money into the rural parts of Bangladesh, through MFS, has increased quite significantly in the last five years. On an average, transactions worth Tk. 1,038 crore are made through MFS accounts, about 60% of them in rural areas, said the data of Bangladesh Bank (BB).

Transactions of internet banking amounted to Tk10,371.1 crore in March this year, up 57.42% year-on-year as people are getting used to digital banking instead of physically visiting bank branches.

The amount of internet banking transactions was at Tk6,588.0 crore in the same month of last year. Most internet service providers and shops accept payments through MFS channel like bKash app, which has won the country's Best Brand Award in a consumer survey conducted by Bangladesh Brand Forum.

Since Covid-19 hit the country, commercial banks have been engaged in e-commerce or related online activities after the government slapped lockdown-like restrictions in the wake of the deadly second wave that caused an alarming spike in Covid-19 infections and deaths.

To attract customers and drive the Bangladesh cashless journey, bKash and other MFS operators offer cash back offers, lucrative discount and many more facilities. Millions of younger millennium consumers are now preferring to pay with mobile phone in their shopping.

This has accelerated the country's e-commerce business, according to e-CAB, which annual turnover has crossed Tk 10 billion. The number of e-shopping delivery orders was nearly 20,000 a day last year, which is now more than 25,000.

The MFS has given extra momentum to the cashless drive in the recent Eid festival observed across the country this month. Millions of people spent millions of taka in Eid shopping and received foreign currencies as remittance from their relatives living abroad.



And a large number of these people used MFS like bKash to make payment in those pandemic days. On an average, transactions worth Tk. 1,038 crore are made through MFS accounts, about 60% of them in rural areas, said the data of Bangladesh Bank (BB).

"With bKash app, people are buying goods from shops and commercial banks are sending remittance to the recipients living in villages and even in remote haor and chor areas where banks are yet to reach", Shamsuddin Haider Dalim, Head of Corporate Communications of bKash Limited said ahead of Eid festival.

bKash is offered up to 40% instant cashback on Eid shopping, iftar and grocery payment. Eid shoppers also enjoying 5 to 40 percent instant cashback on bKash payment at around 4,500 shopping outlets across the country on the occasion of Ramadan and the upcoming Eid-ul-Fitr.

Most banks have joined hands with bKash to facilitate their customers digital shopping, send receive money quickly in their needs at affordable cost. As a result, digital banking transactions of some banks shot up nearly double in recent times. For example, Brac Bank recorded 42 per cent growth in its digital transactions from 16-17% j in 2020.

Another reason for such growth is donation and Eid money are now being sent through MFS tool. bKash officials said 7 lakh customers have donated worth 200 million Taka approximately to 50 organizations till now.

Since Covid-19 emerged, MFS added around 1.80 crore clients in 11 months from March 2020 to January 2021, taking the number of registered clients to 10.06 crore, which pushed up MFS transaction through to Tk 5,35,249.3 crore during the 11 months from March 2020 to January 2021 from Tk 4,10,285.5 crore during the same time of last year.

Five arrested for ties to cybercrimes, illicit digital currency

DF Report

The Cyber Police Centre arrested the suspects during raids in parts of Dhaka on 3 Jun Friday last. Four of them have been identified as Mostafa Saif Reza, 26, Md Arif Hossain, 27, SM Nazmul and Asma Ul Husna Shejuti, 28.

"During our investigation we found that these apps are usually used by young people here and Bangladeshi expatriates abroad," Jamil Ahmed, deputy director-general of the Cyber Police Centre, said in a news conference on Sunday.

"BIGO Live has two kinds of IDs - a broadcaster ID and a supporter, or sender ID. Young people use the broadcast IDs to live stream. The live streams were used for various obscenities under the guise of entertainment."

"Those who streamed under the supporter or sender IDs could be gifted a digital currency called 'diamonds'. They could then convert those diamonds to real currency and earn a significant amount in this way illegally."

The group targeted youths and Bangladeshi expatriates living abroad, Jamil Ahmed said.

Users were lured in by promises of chatting with "live streamers". They would have to purchase the virtual currency called 'diamonds' to do so and pay the streamers these diamonds to enter the chat room. The diamonds could be bought through mobile financial services or through other means from a number of agencies under different names. An initial investigation suggests there are several such agencies in Bangladesh, police said.

Over 1,00,000 Bangladeshi users and expatriate Bangladesh is buy virtual currency through online banking, hundis, or other methods. The system enables them to launder millions of taka every month, an initial investigation suggests.

The CID said the detainees have confessed to being directly involved with this business.

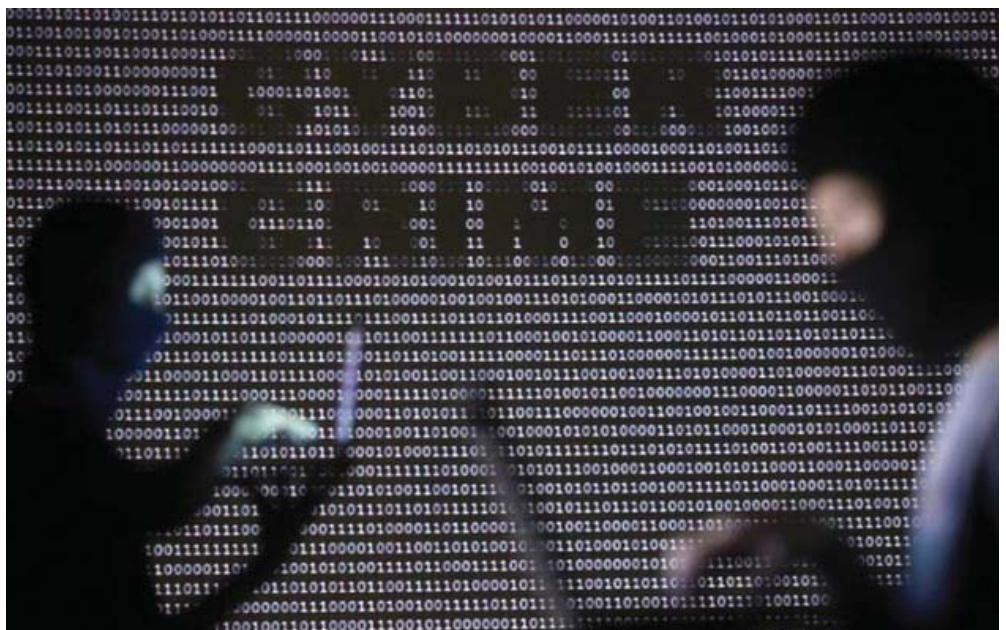
The names of many others involved in the racket have been discovered through the interrogations and an investigation of their bank accounts show transactions of over Tk 1 billion in the past year.

Two mobile phones, two laptops, a car, seven credit cards from various banks, six chequebooks from various banks and approximately Tk 50,460 was seized from detainee Nazmul.

Two mobile phones and a laptop were seized from Arif Hossain, one of the detainees.

Four mobile phones and two laptops were seized from detainees Mostafa Saif Reza and Ashma Ul Husna Shejuti.

The CID says cases have been filed against the detainees under the Digital Security Act and the Pornography Act at Paltan Police Station.



Digital banking soars as people adapt to the new normal

DF Report

Digital banking transactions have almost doubled amid the Covid-19 pandemic as people are getting used to digital banking instead of physically visiting bank branches.

Transactions of internet banking amounted to Tk10,371.1 crore in March this year, up 57.42% year-on-year, according to the latest data from the Bangladesh Bank.

The amount of internet banking transactions was at Tk6,588.0 crore in the same month of last year. People started heavily depending on internet banking since March last year when the government imposed a bar on public movement to control the spread of the global pandemic.

Internet banking users also increased amid the pandemic. As of March this year, the number stood at 3.47 million, up 31.08% year-on-year, as per the BB data. In the face of the growing first wave of the pandemic last year, most banks introduced mobile banking apps, WhatsApp banking and online account-opening platforms.

"The next four to five year's development of digital banking has already been completed within a year, owing to the global pandemic," said Brac Bank



Managing Director Selim RF Hussain. He also said that the transaction in digital banking of Brac Bank was 16-17% just a year ago, but now it has increased to 42%.

Recently the bank introduced a Mobile App-"Brac Bank Astha". Clients of the bank can make all kinds of banking transactions through the app.

Brac Bank's investment in technology has averaged approximately \$20 million, or Tk170 crore in three years, from 2018 until 2020.

Meghna Bank is also en route to digitalizing its banking operations, said its managing director Sohail RK Hussain.

He also said that the fourth generation bank plans to invest about Tk20 crore to upgrade its system and digital financial services.

"The bank is expanding its internet banking, agent banking, upgrading its mobile financial services and going to introduce social media banking within the next four to five months," said Hussain.

"Digital banking is essential in reducing operational cost," said Hussain, adding that all types of digital banking will be available at the bank from next year.

"Amid the pandemic last year, Dhaka Bank introduced mobile banking app "DBL GO", and also introduced a few tech-based products for its small and medium enterprise customers as well," said its managing director Emranul Haq.

"We were the first to introduce 'WhatsApp Banking', through which our customers can access their accounts and execute their transactions without any hassle amid the pandemic," he added.



Brac Bank Managing Director Selim RF Hussain



Meghna Bank Managing Director Sohail RK Hussain



Dhaka Bank Managing Director Emranul Haq



Three Bkash fraud gang members held

DF Report

Rapid Action Battalion (RAB) has detained three people from Bhanga upazila of Faridpur district for their alleged involvement in stealing money from the people's Bkash accounts.

The detainees are Khalil Sheikh, 21, of Chatlarpar village, Shawkat Matubbar, 22, of Fellow Matbar

Kandi village, and Maruf Hawlader, 20, of Mogra village in the upazila.

Confirming the matter, RAB-8 commanding officer Major Mohammad Abdur Rahman said a team of the elite force in a drive detained the trio along with nine mobiles and 10 SIM cards early Saturday.

A case was lodged against them with Bhanga Police Station in this connection, he added.

bKash to donate to healthcare when customers add Money

If a customer makes Add Money transaction or pays credit card bill through bKash, Taka 10 will be donated to the country's healthcare sector.

Officials of the country's leading MFS provider said they will donate Taka 10 to the healthcare sector upon customer's Add Money transaction of Taka 5,000 or more and another taka 10 upon Visa/Amex credit card bill payment of the same amount.

Besides availing secure transactions of Add Money and credit card bill payment amid pandemic, this donation will open up an opportunity for customers to contribute to the emergency medical services of the country.

"This opportunity to donate will be available till July 9, 2021. By participating in each campaign, customers will get to donate a total amount of Taka 20", t noted.

To learn more about the Add Money campaign, customers can visit the website: https://www.bkash.com/add_money_10tk_donation and details of credit card bill payment campaign can be found at the website: https://www.bkash.com/credit_card_10tk_donation.

During this pandemic, customers can Add Money from their bank account or card to bKash account 24/7 without any cost.

The facility to Add Money instantly from 29 banks plus Visa/Mastercard to bKash account has enabled customers to enjoy convenient bKash services like Send Money, Mobile Recharge, utility bill payment, offline/online merchant payment, donation to humanitarian organizations, payment of fees of educational institutions, payment of various online registration fees, etc.

Finance Asia recognizes City Bank as 'Best Bank in Bangladesh 2021'

DF Report

International publication FinanceAsia has recognized City Bank Ltd as the "Best Bank in Bangladesh 2021."

The bank received the award for the seventh time, since 2012, from the Hong Kong-based journal for its consistent performance and innovations in banking services, said a press release.

FinanceAsia mentioned the financial growth of City Bank during pandemic-hit 2020 when most of the financial institutions were struggling to survive.

The financial inclusion of City Bank through agent banking and the partnership with bKash to introduce ease loan on mobile platform also attracted this international body.

The award reflects City Bank's consistency, innovation, and strong competence in catering to the needs of customers and investors in the fast-evolving Bangladesh market, according to FinanceAsia.



"This recognition is a testament to the strong foundation on which this institution has been built and also our commitment to the valued customers," said Aziz Al Kaiser, chairman of City Bank.

City Bank has recently won the Asia-Money's 'Best Digital Bank in Bangladesh 2021' award.

Prime Bank introduces 'PRIMEPLUS' eKYC platform

DF Report

Prime Bank recently launched their eKYC platform 'PRIMEPLUS', a real-time account opening solution that allows customers to open accounts through a fast and secured process without visiting any banking premises.

PRIMEPLUS is a ground breaking digital initiative with the potential to bring millions of unbanked people under the banking and financial system.

Customers can visit the Prime Bank website to open an account through PRIMEPLUS.

The account opening process is easy and quick as there is no need to fill up any printed forms.

Customers need to have their NID in order to open an account using PRIMEPLUS.

"Prime Bank has always been at the forefront when it comes to technological innovation in the banking industry. PRIMEPLUS bears testimony to our commitment to making banking easier and simpler for the valued customers," said Hassan O. Rashid, managing director and CEO of Prime Bank.

"It is the most complete digital account opening solution as of now. We believe this solution will facilitate financial inclusion of millions of unbanked people in the country. Prime Bank will continue to bring in innovative technological solutions for convenience of the customers," he added.



PRIMEPLUS works on Artificial Intelligence (AI) and Machine Learning (ML) based identity verification with auto de-duplication checking and sanction screening.

The customers will get an account number instantly and enjoy internet banking access.

Debit card and cheque book requests can also be placed digitally.

PRIMEPLUS platform has been launched in line with the eKYC guidelines of Bangladesh Bank.

Mercantile Bank beefs up digital platforms

DF Report

Mercantile Bank Ltd (MBL) has taken a set of initiatives to widen its businesses by way of strengthening its different digital platforms, sidestepping the ongoing business slowdown caused by the coronavirus pandemic.

The third generation bank has already implemented some of its long-term goals amid the ongoing crisis, which has fortified its confidence to materialise the rest, said Md Quamrul Islam Chowdhury, managing director of the lender.

Its strong financial base along with confidence has given an additional boost to the bank to celebrate its 22nd anniversary today.

MBL has been adopting concerted efforts to serve its

clients during the pandemic, he said in an interview with a daily newspaper.

The bank's main business plan is to concentrate on sustainable long-term growth of business, better deposit mix, improving the quality of assets and rationalising operating cost. On top of that, it will improve operational efficiency and productivity of resources, ensure better and faster customer service and offer a number of new products in the field of retail banking, SME financing and card services, he said.

The MBL CEO said his bank is rated by international credit rating agency Moody's, which reflects the bank's good profitability, modest asset quality and solvency profile.

The bank serves a large customer base comprising



মার্কেটাইল ব্যাংক লিমিটেড
Mercantile Bank Limited

individuals and institutions through a network of 150 branches supplemented by 186 ATM booths and 20 cash deposit machines.

The initiatives are helping unbanked and under banked section of the society to enjoy financial services smoothly.

The bank has already taken different steps to serve tech savvy clients and it will roll out different products to this end in the days to come. We are continuously putting due emphasis on strengthening our IT platform.

"We recently launched a digital platform named 'MBL Rainbow', which would make banking more customer friendly and digitalised, which is in the line with the country's goal of becoming 'Digital Bangladesh'", the CEO said.



Md Quamrul Islam Chowdhury, managing director of MBL

foodpanda offers up to 40% discount on bKash payment

DF Report

foodpanda customers can now avail up to 40% discount on bKash payment throughout June. The offer will provide a maximum discount of Tk70 on a minimum order of Tk130 at various restaurants. During the campaign, a customer can get a maximum discount of Tk210 on three food orders, said a press release.

In addition, a maximum discount of 10% on grocery payment is also available, said a press release.

Customers can use the code FPBKASH70 if paying through bKash to avail a maximum discount of Tk70. A one-time discount code FPBKASH50 can also be used to enjoy a 10% discount, up to Tk50, on a minimum order of Tk500 while purchasing groceries at pandamart and Shops.

To pay via bKash on foodpanda, customers simply have to add their bKash account details to their list of saved payment methods. Once their account details have been added, cashless payments can be made anytime.

foodpanda, the country's leading online food delivery platform, facilitates home delivery of food and groceries through contactless digital transactions, ensuring added safety for customers especially during the pandemic.





Regulators increase scrutiny of cryptos in money-laundering

A crackdown is likely to intensify after several incidents involving cryptocurrencies, lawyers on an international panel said.

Dr. Fahan Ishrak Ahmed, from London

Countries worldwide are seeking to rein in the use of cryptocurrency for money laundering in a crackdown that's expected to intensify, financial services lawyers focused on regulation said at a recent international panel discussion.

A consensus on that point emerged during the June 3 Payments Canada Summit discussion on "Understanding the illegal uses of crypto and bitcoin, dark web payments, fraud, money laundering, and other illegal transactions," with participation from five lawyers at firms in the U.S., Canada and the United Kingdom.

"Moving forward, there's going to be an increasing focus on technology around identity and authentication to make sure that if you're a financial institution you actually are able to verify, to the greatest extent you can, the individuals or the businesses that you're dealing with are," said Andrew Bigart, a Venable partner based in Washington.

The U.K. Financial Conduct Authority (FCA) last week said that a significantly high number of cryptocurrency firms are failing to meet U.K. money laundering rules, which resulted in an unprecedented number of crypto firms withdrawing applications to register with the regulator, according to the Financial Times.

Approximately 2% to 5% of global GDP, or about \$800 billion to \$2 trillion, is lost to money laundering each year, according to a report from the United Nations.

Countries across the globe partnered together in 1989 to form the Financial Action Task Force (FATF) to thwart money laundering. Since then, the organization has collected 37 countries as its members, including the U.S., Canada and the U.K. in an effort to minimize money laundering.

Increased use and misuse of cryptocurrencies

The use of cryptocurrencies has been on the rise over the past year. Many law firms, fast food restaurants and big corporations like Microsoft are accepting payments in cryptocurrencies. Governments are developing central bank digital currency (CBDCs) relying on distributed ledger technology (DLT), where they can achieve efficiency, speed, reduction of costs, and effectively create programmable money.

The organization has "identified in particular, prepaid cards, cryptocurrencies and mining services businesses as some of the areas (for potential money laundering), and pointed to the fact that there could be further regulation in these areas in order to close some gaps," Ana Badour, a partner at the Canadian law firm McCarthy Tetrault LLP said during the Payments Canada Summit panel. "As of June 1 last year, dealers in virtual currency in Canada were required to register with the Financial Transaction and Report Analysis Center (FINTRAC) as money services businesses."

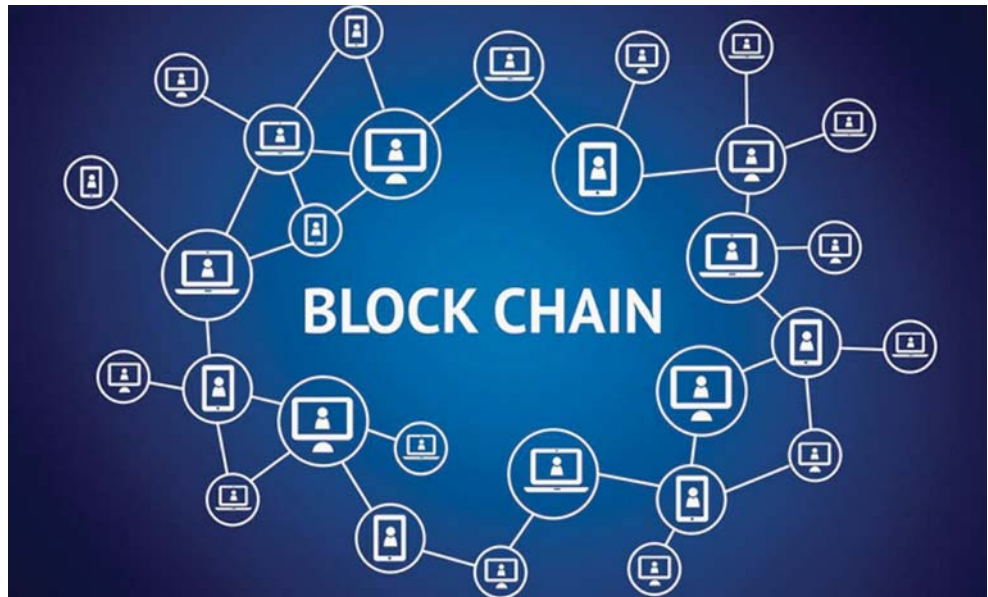
The move will help track all digital currency transactions. The 'travel rule,' which originated from the U.S., is required for all FATF members. It requires banks and financial institutions to include certain information like the source, senders' and recipients' information with the funds. The information travels digitally along with the funds to track the movement of funds across borders, Badour explained.

Challenges with cryptocurrencies

"The challenge that really occurs with respect to virtual currency transactions is when you're looking at the Bitcoin, blockchain et cetera, is that it was never built to carry that type of information, along with the transaction," Badour said. "In requiring entities to start collecting and transmitting that kind of information, you're essentially requiring something that technologically was not built into the infrastructure."

For a banking transaction, the financial institution maintains a ledger for each customer and their transactions and customers put their faith in a known third-party financial institution to maintain the ledger.

Blockchain technology, or DLT, is unique because it's a ledger that is "maintained and allows transactions to occur without having to go through any trusted third parties," Usman Sheikh, partner at Gowling WLG, a law firm in Canada said. The ledger in fact is not held by one single party who is the single source of truth and who updates it, rather it is held by many parties around the world, he said.



"The way that these transactions are updated is through a method that they (network members) agree upon," which is a "consensus validation mechanism," Sheikh said. Users' trust is not in a trusted third-party, but rather mathematics of a particular crypto ledger, and cryptographic proof, he said.

"Some say the revolutionary or evolutionary aspect of it is the ability to remove traditional third-party



intermediaries from everyday transactions, all of whom rightfully or wrongfully take a fee for their service," Sheikh said.

Users can achieve almost instantaneous cross-border transactions on a global scale very quickly from one jurisdiction to another and the transaction will be cleared within 10 minutes so that can be difficult for governments to track, he explained.

"You also have the pseudo-anonymity of the ledger, which means that we can see all the transactions on the ledger, but we don't know who's behind them," Sheikh said.

These qualities of cryptocurrencies are highly attractive for criminals. Last month, Colonial Pipeline was hit with a cyberattack that forced the company to shut down approximately 5,500 miles of pipeline in the United States, halting gas delivery systems in Southeastern U.S. Darkside, the group behind the hacks received \$90 million in ransom from Colonial Pipeline in bitcoin which was untraceable.

Payments in bitcoin also were reportedly made to Russian hackers to meddle in the 2016 elections to capitalize on the perceived anonymity of cryptocurrencies.

The Biden administration said last week that it is

looking to examine cryptocurrency's role in recent hacks that have disrupted essential industries, such as food and fuel.

In the U.S. the main law governing money laundering is the Bank Secrecy Act, which requires financial institutions like banks, credit unions and casinos to implement anti-money laundering programs. One of the key requirements is to monitor for suspicious activity, like dark payments and ransomware payments, Bigart said.

Compliance is a big issue in the U.S., something that the examiners and regulators look at to make sure that financial institutions have got a robust AML program in place and that they are doing it properly, Bigart added.

"There has been an expansion of the definition of financial institution that is subject to anti-money laundering requirements to finally include virtual currencies," Bigart noted. "FinCEN has issued guidance in the past, explaining how cryptocurrency exchange would be a money services business rather than a money transmitter, but this actually is putting that more directly into law, and I think it's an example of how the U.S. is slowly taking steps to bring cryptocurrency more within the regulatory fold."