

Dhaka, Saturday, 26 March, 2022

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From the Desk of the Editor

Cashless Journey: MFS Needs More Attention

Bangladesh is moving fast towards a cashless society thanks to the government's digital Bangladesh Vision. The journey gained momentum with MFS as more people are now realising the benefits of a cashless economy and consumers are becoming more digital. With its robust MFS industry Bangladesh 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.

But the reality of a completely cashless society is still more of a pipe dream. A lot of issues are pending as barriers in the way of the road, which have generated debate over a cashless society. Some industry experts fear that the Bangladesh journey towards a cashless society might be faded as the regulatory bar on MFS transactions remain the big barrier on the road. Regulators should view MFS more as a platform for all segments of the pyramid instead of only the bottom segment. The natural adoption of the MFS that took place due to compelling circumstances of the pandemic should now be capitalized.

With over 11 crore customers, the 10th anniversary of MFS was celebrated under the slogan, "Haater Muthoy Arthik Sheba," or "Financial services at your fingertips" at Bangladesh Shilpakala Academy this month. The MFS journey started over a decade ago in 2011, intending to provide access to low-cost digital financial services to the informal sector demographic, especially in rural areas. The country even saw the rise of its first Unicorn through the pioneer MFS provider bKash.

At this phase, when more people are joining in the journey towards a cashless society for better economy, MFS needs more regulatory attention.

The Bangladesh Express is printed by the Editor from Sonali Printing Press, 167 Inner Circular Road, Dhaka & published from 76 Purana polton Line(3rd floor), Dhaka-1000. Phone: 880-48314265, 01911356700
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Digital Finance is a monthly special of THE BANGLADESH EXPRESS and published under the financial literacy programme-FILMS, a collaborative initiative of

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Message from CHAIRMAN

Salute to Freedom Fighters who fought for our freedom

Today is the 51st Independence Day of Bangladesh and the all Bangladeshi people across the country are celebrating the day commemorating the country's declaration of independence from Pakistan in the early hours of 26 March 1971. In the 1970 Pakistani general election under the military government of President Yahya Khan, the then Pakistan Awami League led by Sheikh Mujibur Rahman won a clear majority in East Pakistan national seats as well as provincial assembly. Zulfikar Ali Bhutto conspired with Yahya Khan and changed their position, refusing to hand over power to Sheikh Mujibur Rahman.

When it became clear that promises given by Bhutto-Yahia were not going to follow through, the whole nation of Bangla-speaking Muslims and Hindus of East Pakistan began a spirited struggle for independence. On 7 March 1971 Sheikh Mujib gave his famous speech at the Ramna Racecourse where he called for a non-cooperation movement. On the dark night of 25 March the Pakistan Army spilled out to the Dhaka streets killing and started Operation Searchlight. On March 26, Bangladesh declared Independence and started the war for Liberation which gave birth of a new nation-Bangladesh on December 16, 1971 at the sacrifices of 3 million freedom fighters.

Let us remember all those brave men and women, our freedom fighters, whose sacrifices and dedication helped us win our independence. Let us promise to follow the ideals of Bangabandhu Sheikh Mujibur Rahman, the Father of the Nation who sacrificed his whole life to give us freedom creating a new sovereign nation- Bangladesh.

FARUK AHMED

Bangladesh Journalists' Foundation For Consumers & Investors (BJFCI) is the largest platform of senior journalists working in leading dailies of Bangladesh. Its 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.

Editor's Pick

BANGLADESH GOING CASHLESS WITH MFS

● Faruk Ahmed



When people in developed countries are dumping cash in mobile phones or plastic cards and moving fast towards a cashless society, Bangladeshi consumers are not far behind in the race. More people are now preferring contact-less payment with bKash payment as the coronavirus outbreak has prompted their second thoughts about reaching for cash.

bKash, the largest mobile financial service (MFS) provider of Bangladesh with nearly 6.00 crore cus-

tomers across the Bangladesh has a unique payment app that helps people not only to transfer money easily any time from any where- also helps them to buy foods and essentials; pay utility bills and school fees from homes without physical contacts. A total of 13 MFS operators of different commercial banks are offering similar services under the close supervision of Bangladesh Bank, the central bank of the country.

When covid-19 hit Bangladesh people's movement was restricted by lockdown, MFS becomes a boon for

people of all walks of lives as this payment tool helped them to buy essentials from their homes without physical contacts. Millions of consumers, small traders, retailers and SMEs avoided cash and preferred bKash to pay and receive money keeping physical distance to others.

The fear of infection from bank notes and ATM booths accelerated the trend away from cash towards digital payments through mobile payments. The new trend has completely changed patterns of consumer psychology and shopping culture in Bangladesh with MFS thanks to pro-people regulations of Bangladesh Bank and pro-active role of the government under its Digital Bangladesh vision.

"The next dream of Digital Bangladesh is to make a cashless society", as was recently made clear by Sajib wazed Joy, Bangladesh Prime Minister's ICT affairs advisor. MFS has is transforming this dream into reality as more people are now using this digital payment.

The Journey Gaining Momentum With MFS

Bangladesh is moving fast towards a cashless society thanks to the government's digital Bangladesh Vision. The journey gained momentum with MFS as more people are now realising the benefits of a cashless economy and consumers are becoming more digital.

Actions speak louder than words. Bangladesh Bank data shows, transactions through Mobile Financial Service (MFS) channels jumped by 28% in 2021 thanks to increased demand for contact-less payment from different stratas of customers. Customers made about Tk57,289 crore transactions through mobile banking services in January 2021. The amount stood at Tk73,393 crore in January this year

The volume of e-commerce in Bangladesh has exceeded Tk 4000 crore in 2021 thanks to the 'state of the art'



payment services offered by MFS operators like bKash, Rocket, U-Pay, i-Pay under a conducive yet stringent regulatory environment. The e-commerce market would reach \$3 billion by 2023 as it is increasing at a rate of 50 per cent every year, according to study presented in a recent webinar organised by Dhaka Chamber of Commerce and Industry.



With over 11 crore customers, the anniversary of MFS was celebrated under the slogan, "Haater Muthoy Arthik Sheba," or "Financial services at your fingertips" at Bangladesh Shilpakala Academy this month. The MFS journey started over a decade ago in 2011, intending to provide access to low-cost digital financial services to the informal sector demographic, especially in rural areas. The country even saw the rise of its first Unicorn through the pioneer MFS provider bKash.

bKash, a subsidiary of Brac Bank currently has over 5 crore customers and its daily transactions stand at over Tk1,000 crore, while Nagad, which was launched in 2019 has already become the second-largest player in the sector. Rocket, an MFS of Dutch Bangla Bank Limited holds the third position in the category. The government and the central bank, through its policies, had enabled a regulatory ecosystem that incubated the growth.



Mobile payment is not a charity, but a necessity in everyday life. Necessity makes the frog jump. So, payment through mobile phone is jumping day by day. As consumers turn to contact less payment methods, retailers are aligning their hybrid shopping experiences and point of sale technology to match. So, the Bangladesh journey towards a cashless society has gained momentum.

A cashless society is one where people complete financial transactions through digital or electronic services, rather than with physical banknotes. The benefits of cashless economy 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.

MFS allows consumers to transfer funds, pay bills, store value, make payments and receive foreign remittance via mobile phones-is transforming the lives of individuals and small businesses globally. The ability to access funds anywhere, anytime saves time, improves security and provides a means for saving and managing money more effectively than traditional methods.

From offering services to migrant workers desperate to send wages home, to giving retailers new ways to pro-

vide installment financing, to arming businesses with new cyber security tools, industry experts say the MFS will keep growing in 2022 and onwards.

Almost all markets across the globe are moving towards a cashless society as more brick-and-mortar businesses become cashless. As a result, the use of cash has been steadily declining around the world, and some experts predict that cash payments will fall by as much as 50 per cent over the next ten years.

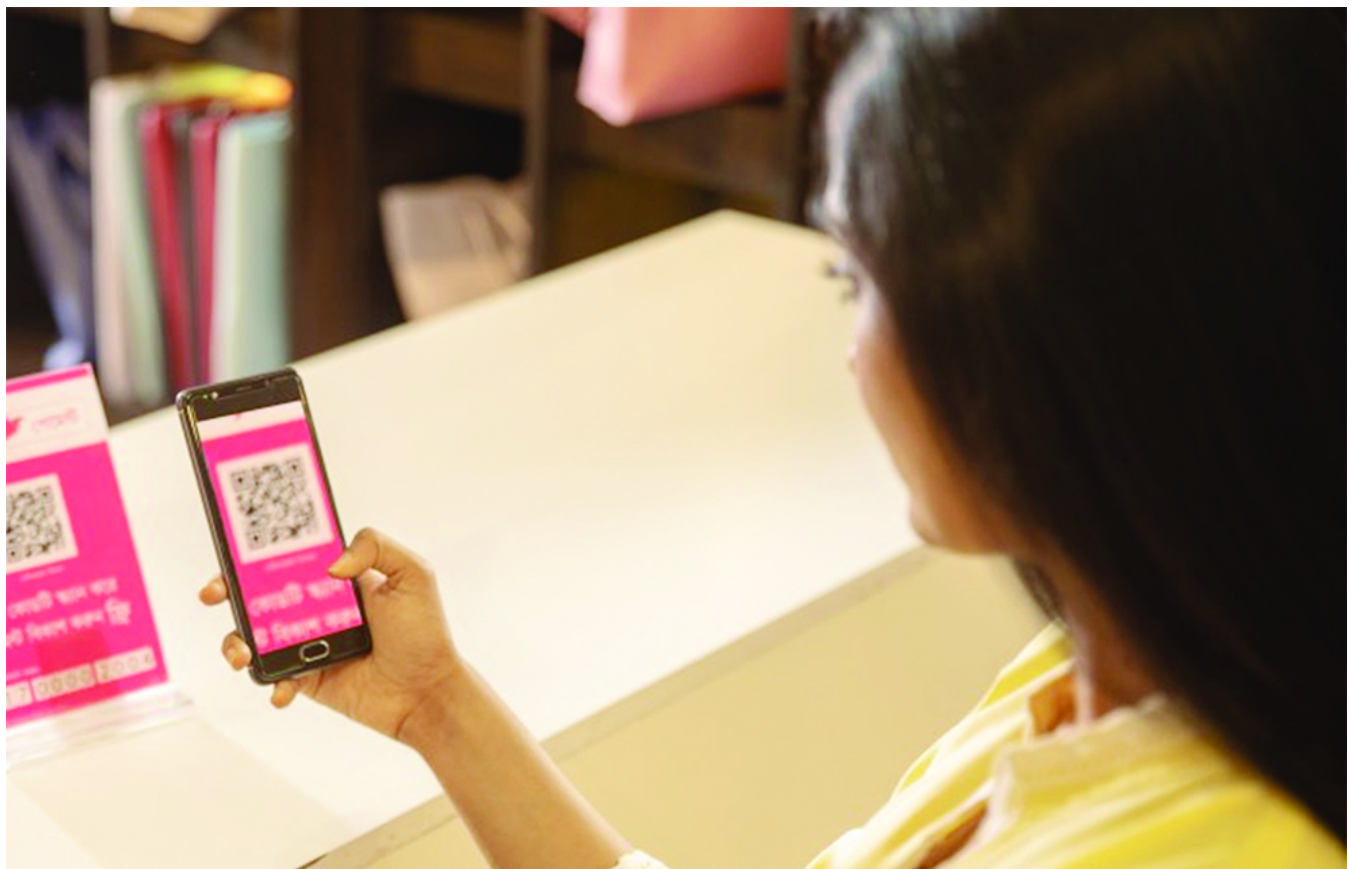
By 2020, most people in UK will have embraced and fully adopted the use of smart-device swiping for purchases they make, nearly eliminating the need for cash or credit cards, according to Pew

Research Centre.

According to the research by market analyst East & Partners, cash payments across Australian businesses are predicted to fall below 5 per cent by 2019 and below 2 per cent by 2022, creating a virtually cashless society.

The Changing Shopping Culture

Paying for goods and services has never been more convenient than with using a mobile payment system. This has created a new group of customers who are not unbanked but feel comfortable shopping with mobile





payment. Younger generations, especially, are more inclined to reach for a smartphone rather than a wallet when it comes to making payments.

Among the 1200 young consumers aged between 18 years and 30 years of the capital city Dhaka, 480 consumers (40%) said they use bKash app to buy books, fast foods, cloths, fashionable items and occasionally fish. The survey was conducted randomly during February 20 to March 15 this year around the Ekushey Book Fair organised by Bangla Academy by Bangladesh Journalists' Foundation For Consumers and Investors (BJFCI), the registered platform of senior journalists of leading dailies and media.

ekushey Book Fair with QR Code

Most book stalls at Ekushey Book Fair took payment through bKash, the sponsor company of the book fair where thousands of customers visited every day to buy books. In 2021, 30% consumers said that they used



mobile payment to buy foods and goods, according to BJFCI survey report. " More youngsters are now using bKash app in markets, shopping malls and coffee shops as more shop owners have deployed QR codes in their shops to accept mobile payments", according to BJFCI report published in daily newspapers.

Not only millennium consumers, 80 per cent of the consumers who are older than 66 years and above also will increasingly adopt digital payment channels in the near time, according to a study of Capgemini Research Institute conducted on a large number of consumers. As a result, merchant payments through MFS, which include payments to retail shops and e-commerce by customers, surged by a massive 230 per cent during the period.

Even though cash and credit cards are still widely used by many of the consumers, MFS tools such as bKash, Nagad or Rocket promises to replace current payment methods in the long run. Payments are growing



faster than the global average and are allowing millions of unbanked people to gain access to goods and services without cash. People already use bKashapp to rent on-demand bikes and to order food. Even the street food vendors are using QR-code payments.

The government is encouraging MFS as it also creates a ripple effect that drives broader economic growth. A great percentage of the government-to-business payments have been shifted to the digital channels, while more than 50 million people are using MFS innovation in their daily transactions across the country under a secure and business-friendly financial environment.

The Right decision At The Right Time

The right decision at the right time can make life like flowers; otherwise, it will be as thorns. Bangladesh Bank's decision on MFS regulations in order to promote financial inclusion, many economists say - a thousand flowers blooming was prudent.

For complex nature of financial system and complexity in different models, financial inclusion has become a long overdue buzzword among aid agencies and the part of discussions among policymakers globally. In Bangladesh, it has been proved as an effective tool to combat poverty thanks to pro-poor policy of Bangladesh Bank.

In 2011, when the mobile financial services (MFS) industry was taking its first steps, Bangladesh's regulators faced a choice: treat the nascent industry as an extension of mobile network operations or as a regulated banking service. They chose the latter, and it proved to be a masterstroke.

Recent empirical evidence indicates that access to basic financial services such as savings, payments and credit can make a substantial positive difference in improving poor people's lives. So, financial service to the entire population without discrimination is the prime objective of financial inclusion, which is the prime target of Bangladesh government.

With the day by day increase of smartphone penetration along with 4G networks and deployment of QR technology, the use of MFS has turned more convenient and more people are becoming digital consumers who are using mobile payment as way of life and more and more as common practice.

Thus MFS is accelerating the Bangladesh journey towards a cashless society.

MFS Needs More Attention

Despite the growing adoption amid higher demand from different multi-class consumers, the country's MFS players are unable to satisfy mass people due to some boundaries imposed by regulations. So, a lot of possibilities to spur economic growth remain unexplored in Bangladesh.

Industry experts say the proliferation of mobile phones has, in some developing countries, allowed payment systems to leapfrog those in more advanced economies. With its robust MFS industry Bangladesh 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.

But the reality of a completely cashless society is still more of a pipe dream. A lot of issues are pending as barriers in the way of the road, which have generated debate over a cashless society. Some argue that a lot of things would stay uncut in a cashless society which would create problems for those in debt- who would find it more difficult to budget and those living in remote villages.

Some industry experts fear that the Bangladesh journey towards a cashless society might be faded as the regulatory bar on MFS transactions remain the big barrier on the road. Regulators should view MFS more as a platform for all segments of the pyramid instead of only the bottom segment. The natural adoption of the MFS that took place due to compelling circumstances of the pandemic should now be capitalized.

The first impediment to the growth of the MFS industry is the limit of transactions, particularly cash out amount. As per central bank guidelines, daily transactions up to Tk 20,000 can be made through Bangla QR. The existing limit discourages merchants, SME entrepreneurs and also shop owners to enjoy full benefits of mobile payments.

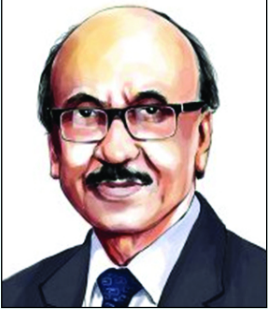
The 'Cash Out' limit has correlations with digital payroll solution and inward foreign remittance. Higher limit would encourage the recipients of both. Considering the detailed KYC of bank account and verified account of MFS, bank/card to MFS fund loading should be enhanced from the current limit as the risk reduction is ensured at both ends.

Customers willing to avail higher transaction limits than the usual, should be able to do so with submission of additional identity details to the MFS provider. Such customers can be listed as a separate group and their transactions can be monitored separately.



BB governor for healthy competition in mobile banking

DF Report



Bangladesh Bank Governor Fazole Kabir has urged mobile financial service (MFS) operators to maintain healthy competition in the sector so that everyone gets a fair shot.

"The operators are offering different types of facilities to lure clients. For the greater development, one's provided facilities should not hurt others," the governor said while addressing the 10th anniversary of the mobile financial services in the country at a capital hotel on Saturday.

All the 13 MFS operators saw around 3.8 million trans-

actions last year, he noted, adding that mobile banking largely contributed to easing access to finance at the mass level.

"The popularity of MFS surpassed other non-traditional banking systems such as agent banking and sub-branch banking."

Fazole Kabir suggested the operators keep the cash-out and other charges at an affordable level all the time.

Education Minister Dipu Moni, at the event, said mobile banking had a great contribution to improving lifestyles. "Not as a minister, simply saying as just a citizen, the MFS brings smiles on the faces of common people."

Social Welfare Minister Nuruzzaman Ahmed, representatives of MFS operators and other senior government officials were present at the event.



Mobile financial services passed Corona exam: Dr Atiur



Mentioning that low-income people have benefitted from MFS during the pandemic, former Bangladesh Bank governor Professor Dr Atiur Rahman said mobile financial services have passed the "Corona exam".

"When we initiated mobile financial services in Bangladesh a decade ago, our focus was to ensure low-cost and accessible digital financial services to the low-income people living in the remote areas," he said at a seminar titled 'A Decade of MFS: Post-Pandemic Field Level Realities' organised jointly by Unnayan Shamannay and Knowledge Alliance Saturday (12 March).

Dr Atiur Rahman pointed out that new MFS products such as the digital nano loan and small savings are coming up and making these available for the marginal people of Char areas should be properly prioritised.

Financial sector professionals, researchers, students, mass-media professionals, and other stakeholders were present at the event, read a press release.

Panel discussants were- eminent economist Dr Ahsan H Mansur, former executive director of Bangladesh Bank Asim Kumar Dasgupta, and sociologist and founder of Knowledge Alliance Khondoker Sakhawat Ali.

Results from the field survey revealed that amid the

pandemic low-income customers from Char areas have opened MFS accounts in great numbers. This was mainly due to the government decision to send cash transfers via MFS.

Consequently, confidence of the Char customers has increased to a significant extent.

The Char people relies mainly on the MFS agents to understand the technicalities of mobile financial services.

However, reliance on agents in megacities and at the district or sub-district levels is gradually decreasing as customers they are using the app themselves.

Khondoker Sakhawat Ali pointed out that half of the MFS accounts remain dormant as they were opened primarily to receive the cash transfers from the government amid the pandemic.

He sees this as a positive sign and emphasizes on coming up with ways to encourage these customers to use those accounts for other purposes.

Dr Ahsan H Mansur said that along with sending and receiving money, other uses of MFS need to be increased.

He believes it is very much possible to advance towards 'cashless society' though effective utilisation of MFS.

Paying Holding taxes of Dhaka North becomes easy through bKash



DF Report

Dwellers of Dhaka North City Corporation (DNCC) will be able to pay holding tax through bKash account soon from anywhere, anytime.

An agreement has been signed between bKash and Dhaka North City Corporation in presence of Md. Atiqul Islam, Mayor of DNCC and Kamal Quadir, Chief Executive Officer of bKash.

Mohammad Abdul Hamid Miah, Chief Revenue Officer of DNCC and Ali Ahmmed, Chief Commercial Officer of bKash have signed the agreement on behalf of their respective sides held at Nagar Bhaban in the city on Monday.

Md. Selim Reza, Chief Executive Officer of DNCC; Mahfuz Sadique, Chief Communications Officer of

bKash and senior officials of both the organizations were present at the event.

At the event, officials of different tax zones of DNCC spoke about the limitations of collecting taxes through analog system. They said, as the taxpayers will be able to pay the taxes easily through bKash from anywhere, anytime without any cost, it will mobilize the overall tax collections of DNCC.

Under this agreement, house owners of DNCC area will be able to pay the taxes from bKash accounts 24/7 from anywhere in the country.

The customers can avail the service through bKash app and dialing USSD *247#. DNCC's other services fee/taxes like trade license fees, market rent and other fees will also be paid through bKash soon.

MFS popularity rising: BB dy governor

Bangladesh Bank deputy governor Ahmed Jamal is seen inaugurating a day-long MFS fair at the Bangladesh Shilpakala Academy in the capital, Dhaka, recently. BB payment systems department general manager Md Mezbaul Haque, Dutch-Bangla Bank managing director and chief executive officer Abul Kashem Md Shirin, Bkash chief executive officer Kamal Quadir and convener of 10 years' of MFS industry Major General (Retd) Sheikh Md Monirul Islam along with senior officials of the BB and MFS providers were present on the occasion.



DF Report

Bangladesh Bank deputy governor Ahmed Jamal on Thursday said that the popularity of mobile financial service was rising and the trend indicated that the nation had gradually been moving towards the cashless society.

He made the comment at the inaugural ceremony of a day-long MFS fair at the Bangladesh Shilpakala Academy in the capital, Dhaka.

The BB in association with local MFS companies arranged the event to celebrate the 10th year of MFS in the country.

Jamal said that the government had recently issued a revised regulation, the Bangladesh Mobile Financial Services, 2022, replacing the MFS Regulations, 2018 to ensure the continued growth of the sector.

The number of MFS account holders in the country has

crossed 11 crore till date and the monthly average transaction through the MFS has reached Tk 57,253.11 crore, he said.

He also said that the inward remittance disbursement and the government's payments through MFS also increased significantly.

BB payment systems department general manager Md Mezbaul Haque, Dutch-Bangla Bank managing director and chief executive officer Abul Kashem Md Shirin, Bkash chief executive officer Kamal Quadir, Convener of 10 years' of MFS Industry Major General (Retd) Sheikh Md Monirul Islam along with senior officials of the BB and 13 MFS providers were present on the occasion.

The 10 years' celebration of MFS event was sponsored by bKash, Rocket, MCash, Upay, TAP, My Cash, TeleCash, Meghna Bank Limited, FSIBL, Rupali Bank Limited, OK Wallet, Islamic Wallet and Nagad.

MFS transactions see 28% rise in January YoY driven by Covid pandemic

DF Report

Transactions through Mobile Financial Service (MFS) channels jumped by 28% thanks to increased demand for contact-less payment from different stratas of customers driven by Coronavirus pandemic, central bank officials said.

According to data from the Bangladesh Bank, customers made about Tk57,289 crore transactions through mobile banking services in January 2021. The amount stood at Tk73,393 crore in January this year.

Moreover, the transaction amount rose by Tk2,210 crore in January 2022 compared to December 2021.

Mobile banking services in the country have undergone a radical change owing to the convenience of transferring money from city to village areas and vice versa, said people involved in the sector.

As a result, the number of transactions is increasing with the number of customers. In addition, people have become more comfortable with mobile banking than direct and cash transactions since the inception of the Coronavirus pandemic.

Besides, workers' wage, bonus, various social security allowances and grants of the government are now being sent through mobile banking services.

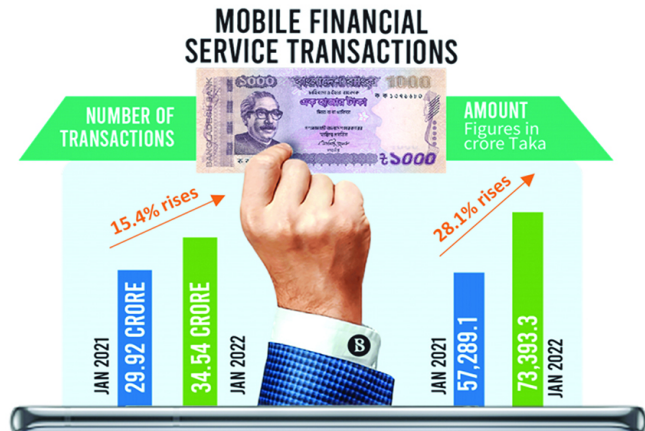
According to the central bank data, a total of 13 banks are currently involved in mobile banking. The number of registered customers stood at 11,40,51,000 at the end of January 2022.

Of the total registered clients, 6,28,81,000 are male and 5,08,49,000 are female. Meanwhile, the number agents stood at 11,35,000, the central bank data showed.

Apart from transactions, various new services are being added in the mobile banking system. Services include payments of electricity, gas, water, and other purchase bills, disbursement of salaries and allowances, remittance inflow.

In January 2021, Tk22,408 crore was deposited (Cash In) in various mobile banking accounts, while Tk19,730 crore was withdrawn (Cash Out) from accounts.

The Bangladesh Bank data showed, in January 2022,



Tk20,815 crore was transferred from individual to individual accounts in MFS. In addition, Tk2,663 crore of salaries and allowances from various organizations have been disbursed and Tk1,157 crore has been paid as bills of various services.

"The number of MFS transactions has increased alongside the country's overall financial activities since we began to recover from the pandemic setbacks," said Shamsuddin Dalim, head of public relations at bKash - a popular mobile banking service provider in the country.

Moreover, the reliance on MFS transactions created among people during the pandemic fostered companies like bKash to regularly add new services. With that, the scope of mobile financial services rose and so did the number of users, he said.

Besides, the government is also using mobile financial services to disburse various types of allowances. As a result, steady growth of transactions in this sector is being witnessed, the bKash official added.

The Bangladesh Bank launched a mobile banking program in 2010. However, the country's first private sector mobile financial service commenced on 31 March, 2011 with the launch of Dutch-Bangla Bank's service Rocket.

Soon after Rocket, BRAC Bank launched its mobile banking service bKash as a subsidiary. At present, bKash holds the majority stake of the mobile banking service market.

Poor's bank account increases but deposits still 37pc lower than pre-Covid

DF Report

The amount of deposits in hard-core poor's bank accounts in December 2021 remained 37.36 per cent lower than the pre-Covid levels despite resumption of economic activities.

Even after an increase of Tk 13.67 crore in deposits in the October-December quarter, the hard-core poor's deposits in bank accounts stood at Tk 229 crore at the end of December 2021 against Tk 365.59 crore at the end of December 2019, according to Bangladesh Bank data.

Under the BB's financial inclusion programme, the marginalised people are allowed to open bank accounts with Tk 10, Tk 50 and Tk 100 as deposit. The BB allows opening such accounts so that they can safely keep their money in bank accounts without any charges.

However, the number of bank accounts of such poor people increased by 8.25 lakh in the period from January 2020 to December 2021.

Hard-core poor's bank accounts increased to 34.87 lakh at the end of December 2021 from 26.62 lakh at the end of December 2019.

According to bankers, the figure indicates that poor

people are yet to regain their financial strength after the coronavirus-induced economic fallout.

The number of bank accounts with over Tk 1 crore in deposits exceeded 1 lakh at the end of September 2021.

BB data showed that the number of such accounts stood at 1,00,239 at the end of September, up 16,400 accounts on 83,839 accounts in December, 2019. The number of such accounts was 93,890 in December 2020.

As of December 2021, the cumulative deposits in bank accounts opened with Tk 10, Tk 50 and Tk 100 deposit for different purposes stood at Tk 2,957.99 crore from Tk 2,343.40 crore a year ago.

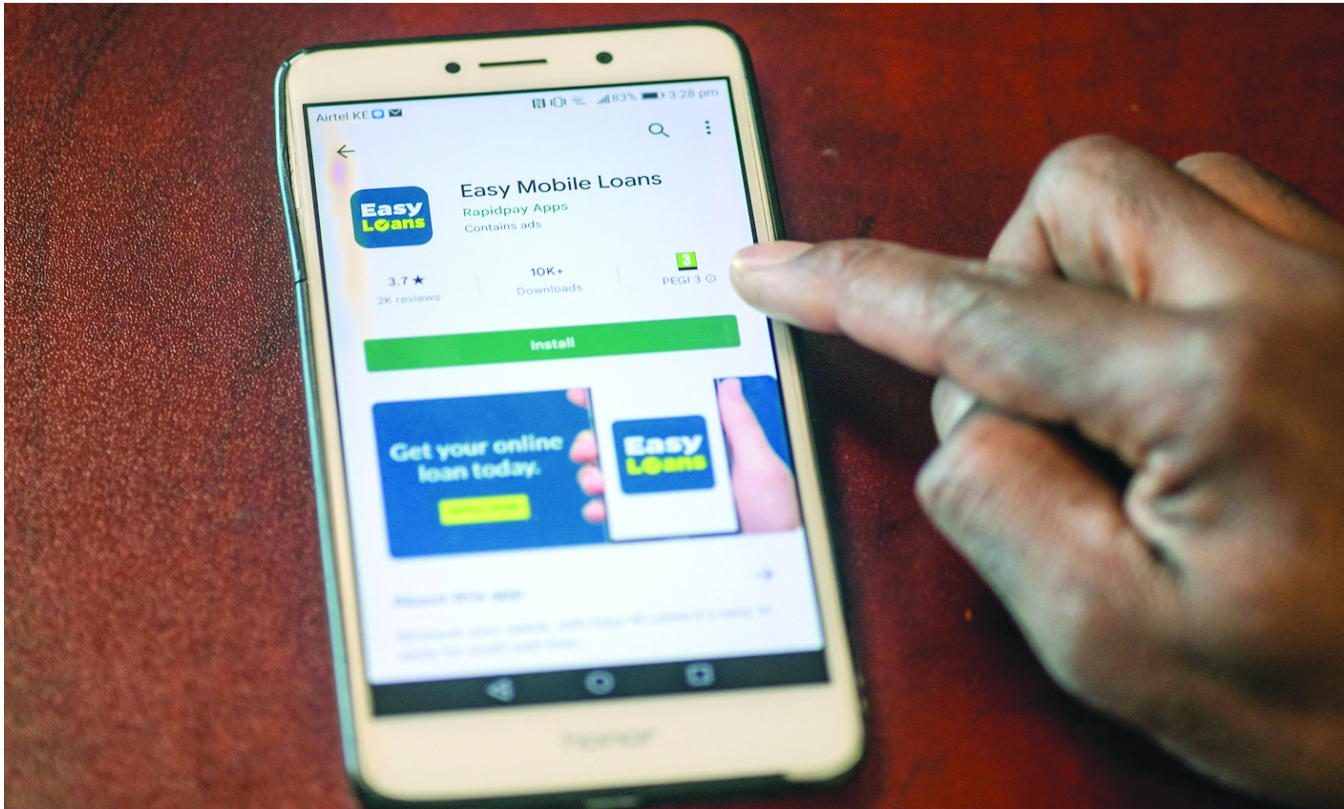
The number of such non-frill accounts increased to 2.49 crore in December 2021 from 2.25 crore a year ago.

To ensure bank accounts for all adults by 2026 as per the National Financial Inclusion Strategies, the central bank in its quarterly report on non-frill bank accounts made four points recommendations.

The recommendations are banks' campaign in every upazila for financial literacy and school banking, incentive for bank agents to open NFAs, bank-wise annual target and allowing NFA opening through mobile financial services.



Kenyan mobile lenders to reveal hidden fees from September



DF Report

Mobile phone lenders will from September be required to disclose the total charges for their loans, including interest rates, late payment and rollover fees, before disbursing credit to customers.

The requirement to disclose hidden charges is part of the conditions for fresh licensing of the digital mobile lenders by the Central Bank of Kenya (CBK).

"We have been having issues with mobile lenders and I would like to announce that the law is there and it will streamline the industry. Arising issues of overpricing, misuse of customers' data will be taken care of in the new law with which they have to comply by August 2022," CBK Governor Patrick Njoroge said on Tuesday.

"In this new law, consumers will benefit and it will bring sanity. We are sure CBK will set minimum charges which will lower interests of the credit service offered."

Most Kenyans are not aware of their rights and do not read the terms of the loans when signing up for credit.

This leaves them vulnerable to being saddled with costly interest rates that rise up to 520 percent when annualised, triggering mounting defaults.

President Uhuru Kenyatta in December signed into law the Central Bank Bill, 2021, bringing digital lenders under the watch of the banking regulator for the first time.

The CBK Act, 2021 will see the lenders seek approval of the central bank for the pricing of their loans and products, subjecting them to the same rules as commercial banks.

The new law also grants the banking regulator powers to revoke the permits of digital lenders who breach the confidentiality of personal information while pursuing defaulting borrowers.

It aims to stop a trend where some lenders resort to "debt shaming" tactics to recover loans.

There have been reports of debt collection agents pursuing borrowers by informing their friends and family using contact information scraped from their phones or by threatening to tell their employers.

The law requires the digital lenders to comply with its rules within six months of CBK publishing regulations to guide its implementation.

The CBK is yet to gazette the regulations.

Failure to reveal interest charges, late payment and rollover fees has been cited as a major problem bedevilling customers who turn to digital loans due to their ease of access given that they do not require collateral.

"An applicant shall provide the terms and conditions applicable to the digital credit and which must be accepted by the borrower before activation of a mobile loan account," says the new law.

The CBK will also have powers to revoke or suspend the licences of digital lenders who do not disclose full information on loan facilities to borrowers in line with the consumer protection law.

The Consumer Protection Act requires sellers to disclose to consumers all relevant information tied to the purchase of a good or service.

The law also comes amid growing concerns over predatory lending by the mobile loan providers, with borrowers not getting full access to information on pricing, punishment for defaults and recovery of unpaid loans.

Digital lenders will now set interest rates for their loans within parameters approved by the CBK in an effort to protect borrowers against predatory lending that has driven many into the debt trap.

The firms have in recent years flooded the local market, attracted by demand for quick credit that does not require collateral. Borrowers get loans within minutes via their mobile phones, making digital loans a quick fix for daily bills.

The CBK says that borrowers tapping the digital loans from the unregulated lenders grew to more than two million two years ago from an estimated 200,000 in 2016, highlighting their popularity.

The Data Protection Act bars sharing of data with third parties without consent and gives individuals the right to be told when their data is being shared and for what purpose.

Borrowers share personal information, including their professions and monthly earnings, when registering with digital lenders.

But besides the pursuit of unpaid loans, digital lenders share personal information with data analysing firms and for marketing.

The CBK has previously raised concerns about the abuse of the personal data of borrowers and called on lawmakers to fast-track legislation to provide for the regulation of digital lenders.

The Data Protection Act further compels firms to disclose to individuals and customers the reasons for collecting their data and ensure that the confidential information is safe from infringement by unauthorised parties.

BB issues new MFS regulations

DF Report

Bangladesh Bank has issued Bangladesh Mobile Financial Services, 2022 replacing the Bangladesh MFS Regulations, 2018 issued in July 2018 and its subsequent amendments.

'As per Section 7A(e) and section 82 of the Bangladesh Bank Order, 1972 and Section 26 (cha) of the Bank Companies Act, 1991 Bangladesh Bank has issued a revised regulation titled 'Bangladesh Mobile Financial Services Regulations, 2022,' as per a BB circular issued last month.

As per the circular, the new regulations will replace the previously issued regulations and shall come into effect immediately.

Bangladesh Mobile Financial Services Regulations, 2022 will be in effect along with the Bangladesh Payment and Settlement Systems Regulations, 2014, Guidelines for Trust Fund Management for Payment and Settlement Services or any other law(s) shall come

into effect regarding these regulations.

As per the regulations, the financial sector in Bangladesh is continuously growing in response to the evolving needs of the growing economy.

Rapid expansion of mobile phone users, modernization of payments and financial systems based on IT infrastructure, country-wide reach of mobile network and internet have boost up the opportunities for enhancing MFS to offer convenient payment mode which is cost efficient and prompt for the underserved, un-banked or under-banked and low-income group of population of our country.

Since the inception of MFS in 2011, Bangladesh experienced a robust growth in number of account holders, volume and amount of transactions in MFS. In order to fulfil the goal of financial inclusion and growing market demand with a view to ensuring customer interest and strengthening the payment ecosystem, initiative has been taken to amend the existing Bangladesh Mobile Financial Services Regulations, 2018.

bKash tops 'Employer of Choice' for 2nd year in a row

DF Report

bKash, the largest MFS provider in the country, has once again been ranked as the number one 'Employer of Choice' among 53 multinational and local organisations for the second year in a row.

Also, for the third consecutive year, bKash has been recognised as the "Dream Company" in the 2021 Campus Track Survey conducted by Nielsen.

The Campus Track Survey is a global product of Nielsen, and is being conducted in Bangladesh since 2013.

The survey's execution and outcome have always been consistent, and bKash has grown year after year, rising to the top of the 'Employer of Choice' list consecutively in 2020 and 2021, as well as being the 'Dream Employer' in 2019, 2020, and 2021.

The survey was carried out based on three parameters: i) Industry Preference, ii) Job, Salary and Campus Activities and iii) Aspirational Factors.

bKash outperformed in the major parameters with its campus activities, student preferences, attractive salary range, work environment, growth opportunities, and job stability and satisfaction.

In terms of Campus Recruiter Index (across all industries), bKash ranked as top-of-the list out of 53 multinational and local organisations.

Due to the good will of the company, positive work environment and frequent campus engagement, bKash has been able to retain its number 1 position as the 'Dream Company'.

In "Best selection process" dimensions, bKash has also secured the top position. This achievement is a recognition by students for the actions bKash has been taking consistently over the years.

Additionally, bKash offers a

Management Trainee (MT) programme at various universities. bKash's MT programme "GenNEXT Leader" offers one of the highest career growth and according to the survey, it is the best among all the MT programs currently available in the market.

bKash also offers a paid internship programme (bNext) in which students get classroom training, development interventions, and meaningful learning experiences while managing projects that directly impact the business, which is one of a kind in the industry. Additionally, every year bKash arranges around 35 different trainings, grooming and knowledge-sharing sessions for students on relevant topics.

In this survey, the participants were final-year BBA and MBA students who are in the class of 2021 from the top 14 universities in Bangladesh. The recognition received from students for the efforts bKash has made regularly over the years has enabled bKash to become the no 1 "Employer of Choice" and "Dream Employer".



BRAC Bank customers can now open FD, DPS thru mobile app

DF Report



BRAC Bank customers can now open Fixed Deposits (FD) and Deposit Pension Scheme (DPS) on the bank's ASTHA mobile app anytime, anywhere, without visiting a branch.

The process is fully digital and paperless, where the FD and DPS accounts will be opened instantly with just a few clicks, the bank said in a statement recently.

This new feature in the ASTHA app is expected to make the customers' lives easier. They will not need to visit any branch, do not need to fill up any form, and provide documents and photographs.

The customers can open DPS in any multiples of Tk 500 for one year up to 10 years through the app. The fixed deposit amount will start from Tk 10,000 up to Tk 10 lakh with tenor options of 3/6/12/24/36 months. They can see the statement and maturity date at any time on the app.

This new feature is available in Android and IOS mobile versions and on the web platform. Customers who have enabled the auto-update feature will get the

functionality now, and others need to download the latest version ASTHA2.9 from their Google Play/App Store.

"We in BRAC Bank are always innovating and trying new ways to create convenience for our customers. This FD and DPS capability of the ASTHA app will bring ease, comfort, and control over how customers do banking nowadays," said Md Mahiul Islam, head of retail banking of BRAC Bank.

He said it will also play a role in instilling the habit of savings for a secured future as the customers can open savings instruments from the comfort of their homes.

The bank said it is a secured process with verification through one-time password (OTP). After the successful opening of FD/DPS, the customer will get an email notification. Joint Account holders can also open FD and DPS provided that the applicant's name will be CIF holder who has logged into ASTHA. Customers can also encash the FD/DPS as the principal, and accrued interest will be credited to the linked account on maturity.

Brac Bank to deepen partnership with EU

DF Report

Brac Bank and the European Union (EU) recently had a stimulating discussion on different facets of the banking relationship.

Charles Whiteley, ambassador of the delegation of the European Union (EU) in Bangladesh, met with Selim RF Husain, managing director and CEO of Brac Bank, at the bank's head office in Dhaka last month, according to a press release.

Andreas Heuberger, head of administration, EU; Tareq Refat Ullah Khan, deputy managing director, and head of corporate banking; Jabedul Alam, head of transaction banking, Brac Bank, and other top officials from both organizations were present.

They discussed mutual interests, including banking services, expressing their firm commitment to work together to facilitate trade and business between Bangladesh and the European Union while extending support to FDI from EU countries to Bangladesh.

The EU envoy lauded the services Brac Bank is offer-



ing to the EU delegation in Bangladesh.

Charles Whiteley said: "We are delighted to be engaged with a leading Bangladeshi bank which has cemented its reputation with reliable service and is relentlessly driven by a desire to excel and innovate."

Selim, RF Hussain said: "In not too distant a future, we look forward to making a marked contribution in positively impacting trade volume between Bangladesh and EU nations."

He assured them that the EU is a leading trade and development partner of the country and Brac Bank will provide priority support to deepen the partnership.

10 years' celebration of MFS held in Rangpur with festivity

The MFS Fair was held in Rangpur to celebrate 10 years' of country's mobile financial services (MFS) sector, which has transformed the country's financial inclusion. At the city's Public Library Field, colorful balloons were released to kick off the event, said a press release.

At the fair, awareness puppet show, Gambhira and Stage Drama were showcased to acknowledge MFS. With over 11 crore customers, the MFS sector is celebrating its 10th anniversary under the slogan - "Haater Muthoy Arthik Seba", or "Financial services within hand's reach".

Md. Khurshid Alam, Executive Director of Bangladesh Bank, Head Office inaugurated the MFS Fair as chief guest.

Dr. Md. Kabir Ahmed, Executive Director of Bangladesh Bank, Rangpur Office presided over the program. Mir Nawbut Ali, Chief Marketing Officer of bKash; Ahsan Habib, Project Manager of OK Wallet along with other senior officials from Bangladesh Bank and MFS providers were also present.

The 10 years' celebration of MFS event has been sponsored by bKash, Rocket, MCash, Upay, TAP, My Cash, TeleCash, Meghna Bank Limited, FSIBL, Rupali Bank Limited, OK Wallet, Islamic Wallet and Nagad.

In order to celebrate the 10 years of MFS sector, various initiatives have been taken at the divisional cities across the country including MFS Fair.

The Prime Minister's directive and determination paved the way for MFS in Bangladesh a decade ago. As part of the government's Digital Bangladesh vision, MFS was launched in 2011 to bring the people outside formal banking channel into financial inclusion, who previously had limited or completely no access to banking services.

With the intensive supervision and monitoring of Bangladesh Bank and initiatives taken by the MFS



providers, a platform has been created to provide services that have intertwined themselves as a daily habit of financial transactions in Bangladeshi people's lives. Bangladesh's MFS sector has created a paradigm shift in financial inclusion not only in the country, but all over the world; it has set an example for people to commemorate. Starting the journey with bank-led model, currently there are 13 MFS providers in this sector.

The total number of MFS subscribers is more than 11 crore. The number of agents is more than 11 lakh. On an average, two crore transactions are made daily through MFS, amounting to Tk 2,295 crore.

Although the journey started with the opportunity of integrating technology to provide services like Cash In, Cash Out and Send Money, MFS has added a variety of creative and customer-centric services over the time. Mobile Recharge, receiving direct remittances from abroad, profit on money stored in mobile account, bill payment of various utility services, Add Money from bank to MFS account, Transfer Money from MFS to bank account, distribution of various government allowances and stipends, readymade garments sector, etc. The MFS sector is constantly being enriched with new services including distribution of salaries to workers, Digital Nano Loan of financial institutions through MFS and monthly Savings schemes. As a result, garnering people's trust, MFS is bringing freedom and empowerment to people's daily financial transactions.

Delivery Tiger makes collecting cash-on-delivery payments through bKash easier

DF Report

Delivery Tiger, an online courier and parcel delivery platform spread across the country, will now be able to collect customers' cash-on-delivery payment from its delivery men through bKash.

The country's largest mobile financial service provider bKash has recently signed an agreement with the delivery platform to launch this business payment solution, reads a press release.

AKM Fahim Mashroor, CEO of Delivery Tiger and Ali Ahmmed, chief commercial officer of bKash signed the agreement on behalf of their respective organisations.

Other senior officials of both the organizations were present on the occasion.

As a result of this new facility, the delivery men will be able to transfer the money collected from customers to Delivery Tiger's bKash merchant account directly.



They will avail the service through agents across the country using bKash agent app to transfer the payment. They no longer need to go to Delivery Tiger's office at the end of the day.

On the other hand, the procedure of collecting cash on delivery will be easier and automated for Delivery Tiger as well.

SIBL wins Bangladesh Innovation Award-2022

DF Report

Social Islami Bank Ltd (SIBL) won the Bangladesh Innovation Award-2022 in the category of "Best Innovation-Finance Innovation in Banks" by Bangladesh Innovation Conclave recently.



Zafar Alam, managing director of the bank, received the award from Salman F Rahman, private industry and investment adviser to the prime minister at Le Meridien in Dhaka.

SIBL received this award for innovating "International Insta Remit" (money in minutes), an outward remittance product which makes money transfers easier and safer from Bangladesh to over 200 countries and territories through Western Union within Bangladesh Bank's purview.

International Insta Remit is a unique money transfer service comprising Insta Edu Remit (student file facility), Insta Family Remit (family remittance facility), and Insta Medi Remit (medical file facility).

Abu Reza Md Yeahia, additional managing director of SIBL, and Md Akmal Hossain, executive vice-president, were present.

2 Bashundhara companies to use bKash solutions

DF Report

Bashundhara Paper Mills and Bashundhara Multi Paper Industries - two companies of Bashundhara Group, will use bKash business solutions for disbursing salaries and allowance to their employees and transacting with dealers and distributors in a faster, transparent, and secured way.

Deputy Managing Director of Bashundhara Group (Sector-C) Mustafizur Rahman and Chief Commercial Officer of bKash Ali Ahmmed signed an agreement in this regard Wednesday on behalf of their respective organisations.

Bashundhara Group Vice-Chairman Safwan Sobhan and Chief Executive Officer of bKash Kamal Quadir were present at the event.

Under the agreement, Bashundhara Group will use bKash disbursement solution to disburse salaries, daily allowances, and retail commissions to the employees of these two organisations.

In addition, they will collect money from dealers and distributors across the country through bKash solution. These organisations will also get the service of collecting money from retailers through bKash. As a result, there will be opportunity to avail uninterrupted transac-



tion services with these important business partners any time of the day, including holidays.

Currently, around 800 companies are disbursing salaries and allowances to their employees through bKash.

On the other hand, distributors and retailers across the country can operate their business transactions 24/7, wherever they want.

Bashundhara Group, which started its journey in 1987, is now one of the largest business groups of the country.

Starting with real estate business, the group now has about 40 concerns including paper, tissue and hygiene products, cement, LP Gas, shipping, oil and gas, food and beverage, media, trading and so on.

bKash Map wins best innovation award

DF Report

'bKash Map', live location service of finding agents, merchants and customer care centres through bKash app, has recently won 4th Bangladesh Innovation Award 2022 in "Best Innovation-Product Development" category.

Mohammad Azmal Huda, chief product and technology officer of bKash received the awards from Prime Minister's Private Industry and Investment Affairs Adviser Salman F Rahman and Dhaka North City Corporation Mayor Atiqul Islam in an award-giving ceremony held at a city hotel recently, reads a press release.

State Minister for Information and Communication Technology (ICT) Zunaid Ahmed Palak was also present at the event.



bKash has also won Honourable Mention award in "Best Innovation-Finance Innovation in other Financial Institutions" category for "Loan (from bank and financial institution)".

The awards, conferred by Bangladesh Innovation Conclave, recognise innovations and ideas that have been making people's life easier.

This year, 18 innovations have become winners and 20 have got honourable mentions, the release added.

bKash Map facilitates the customers to easily find location of the nearest bKash agent, merchant and customer care centres.

By using the map, customers can seamlessly avail services from 3 lakh agent points, 284 Customer Care centres and more than 2,60,000 merchant points across the country.

Customers can easily use bKash map by tapping bKash logo on the top right corner of the app's home screen.

The logos of Merchants, Agents and Customer Care are found at the bottom of the map.

Customers can see five nearby agent or customer care points by tapping on Agents or Customer Care.

They can also get the directions through "Show Route" option of selected merchant, agent or customer care point after tapping "Show List" button.

Besides, one can see 10 nearby merchant points by tapping on Merchants option.

BGMEA, bKash join hands to increase book donation for the underprivileged

DF Report

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has joined the book donation initiative of bKash to facilitate learning opportunities for the underprivileged children.

On the occasion, a number of books were officially handed over to bKash at BGMEA's office in the capital, reads a press release.

Also, a book collection booth was set up at the Uttara office of the organisation.

BGMEA President Faruque Hassan handed over the books to ATM Mahbub Alam, Head of Pay-Roll Business of bKash. Senior officials of both the organisations were present at the moment.

Members of the organisation will be able to donate books at the booth set up at the Uttara office of BGMEA. bKash will collect books from visitors, writers and readers at Bangla Academy Book Fair, books donated by customers at bKash customer care centers and outlets of selected super shops across the country and also donate books from its own fund. Books from BGMEA will also be added to the collection. All these books will be distributed through the non-profitable organisation Obhizatrik Foundation.



Like previous year, bKash will distribute books to various organisations including schools for underprivileged children, a number of primary schools, libraries and old age homes. BGMEA took part in this initiative to further encourage book donation for the underprivileged children.

This year also, bKash is the patron of Amar Ekushey Book Fair. In the last two years, bKash has distributed 22,650 books on the occasion of the book fair. To make this year's book distribution successful again, bKash has set up five special booths at the fair premises.

In addition, booths have been set up at bKash's customer care centers across the nation and shopping outlets of Agora and Meena Bazar. Interested ones can come to the booth and donate all kinds of new and old books.



MFS celebrates 10-year anniversary

The mobile financial services industry operators organised a special fair in Sylhet Agricultural University to celebrate the 10-year anniversary of MFS.

The fair was inaugurated by the Executive Director of Bangladesh Bank Mohammad Mamunul Haque with the participation of MFS service providers.

AKM Ehsan, general manager (inspection) of Bangladesh Bank, Sylhet Office; Rup Ratan Pine, general manager of Bangladesh Bank, Sylhet Office; Mahfuz Sadiq, chief communications officer of bKash; Nishat Rahman, chief customer service officer, and senior officials of bKash and various MFS organisations were present.

The event was sponsored by bKash, Rocket, MCash, Upay, Tap, My Cash, TeleCash, Tap N Pay, FSIBL, Rupali Bank Limited, OK Wallet, Islamic Wallet and Cash. To commemorate the event, various programmes have been taken in the divisional cities including MFS fair and seminar in Dhaka.

The closing ceremony of the 10th anniversary programme of mobile financial service in Bangladesh was held in Dhaka on Saturday with the hope of making instant financial transactions easier and safer, and

expanding financial inclusion.

The MFS sector celebrated its 10-year journey with the slogan 'Financial services at hand's reach'.

Education minister Dipu Moni was present as chief guest at the closing ceremony at a hotel in the capital, Dhaka, on Saturday.

Social welfare minister Nuruzzaman Ahmed was present as special guest and Bangladesh Bank governor Fazle Kabir was present as guest of honour in the event.

The president and the prime minister shared their written greetings marking the occasion while the planning minister and the state minister for ICT also shared their greetings via video messages.

Dutch-Bangla Bank managing director and CEO Abul Kashem Md Shirin and bKash CEO Kamal Quadir also shared plans for the future at the event.

bKash, Rocket, MCash, Upay, Tap, MYCash, TeleCash, Tap N Pay, FSIBL, Rupali Bank Limited, OK Wallet, Islamic Wallet and Nagad sponsored MFS fairs, discussions and cultural events across the country to celebrate the 10th anniversary.

How AI Helps Traditional Banks Compete Against Modern FinTech and Digital Competitors



By Sri Ambati

AI is becoming an essential technology for the financial services and banking sector as it can help keep organizations stay a step ahead of ever-evolving challenges in meeting customer demands, such as delivering personalized interactions, expanding financial inclusion and ensuring secure, connected experiences across commerce, payments and banking. Traditional banks, which had once dominated financial services options, are being increasingly disrupted by digital native banks and tech giants, such as Google and Apple, who are now offering more convenient and personalized payment services of their own.

While personalizing the customer journey with AI has become key across sectors including retail and e-commerce, it is now critical for traditional banking institutions that must acquire and retain customers at greater

speed and accuracy than ever before. Customers now expect intuitive and intelligent experiences across credit approvals, recommendations for account types and greater transparency in explaining how decisions that impact them are being made. Traditional banks may still have customer trust today, but in order to maintain their competitive advantage against more agile fintech newcomers and technology giants, they must incorporate AI-native experiences for customers.

AI Can Help Traditional Banks Provide Better Experiences for Customers

AI can help traditional banks improve and optimize experiences for customers across a number of use cases. For example, personalization of customer experiences can provide consumers more convenient online options to seek assistance if they are unable to make an in-person trip to a branch.

Effective personalization showcases a financial institution's ability to understand and anticipate customers' needs in the present and as they evolve over time. As such, traditional brick-and-mortar banking giant, Bank of America, launched a personal AI-based automated help feature, Erica, in 2018 to help streamline processes internally. This allows bank employees to dedicate more focus towards more fulfilling and impactful tasks while simultaneously giving the customer more flexible options to help problem-solve from anywhere, any time, with more efficiency.

Additionally, banks are working with AI providers to rapidly adopt ML to improve offerings in areas such as credit risk and financial crimes, compliance, customer assistance and market risk. Banks are prioritizing catching up to, and staying ahead of, the digital game to personalize customer experience, drive sales for merchants, better predict bills and forecast cash flows for customers to offer more control over their businesses, among other benefits achieved by leveraging AI solutions.

AI's Role in Assessing Credit Risk and Combating Fraud

AI is also helping traditional financial institutions refine existing credit risk decisioning, making credit scoring more intelligent by expanding the true addressable market and increasing access to the underserved. AI enables financial institutions to more accurately assess risk factors

such as tracking fraudulent activities through analysis of highly unusual data points. This helps institutions capture greater market share without needing to change the profile of their risk appetite.

The traditional scorecard method used by banks is based on broad segments leading to denial of credit to consumers without considering their current situation. AI models provide a more granular and individualized approach that gives banks the ability to more accurately assess each borrower, opening opportunities for people with income potential, such as new college graduates, who would have been denied credit under the traditional credit scoring system. Further, AI can be utilized to satisfy regulatory requirements to provide reason codes for credit decisions that explain the key factors in making them.

Explainable AI helps banks demystify more advanced

AI capabilities and express results in terms that the industry and consumers are accustomed to receiving and with plain language explanations they can understand. Indeed, AI is better suited to adapt to real time changes in the market than traditional models, allowing institutions to move at the speed of business rather than adjusting six months down the line.

Finally, banks must continue to work to stay ahead of already advanced and increasingly sophisticated fraudsters, while also avoiding the introduction of customer friction that results from blocked transactions, identity verification and more. In today's global financial ecosystem, solutions must meet customer demand for both safe and seamless transactions. AI and machine learning systems can process transaction requests in real-time and accurately pass legitimate customers through their banking journey within milliseconds. For customers who do become victims of fraud, AI can find fraud patterns and ensure that support teams are able to provide meaningful customer support and resolution.

Harnessing the Power of AI to Remain Competitive in a Shifting Business Landscape

As one of the world's most demanding, intricate and heavily regulated industries, the financial services sector requires organizations to tackle the biggest data sets and most complex challenges. From operational processes, essential customer offerings such as fraud protection, lending decisions and risk management,

imperative aspects of banking can improve and scale with the help of AI and machine learning technology. In a growing digital world where customers demand faster, more accurate and more personalized options, artificial intelligence is becoming even more critical for enabling traditional banks to evolve and deliver the personalized and relevant customer experiences needed to keep pace with modern competitors. Banks already have the data, which is very valuable and fuels their operations today. Augmenting that data with alternative data including data extracted by AI from unstructured sources like images, video, and voice boosts the power of the fuel. AI is the engine using that fuel to power decision making to deliver value for the bank and its clients. The combination of holistic data and AI gives banks a competitive and differentiated advantage in the market.

