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From the Desk of the Editor

Govt Incentives for digital consumers Can boost a strong digital economy

When the world is moving fast toward a cashless society and Asia is leading the queue to propel a cashless economy which is inclusive, smarter, and safer, Bangladesh is not far away from the race. With its robust Mobile Financial Services (MFS) industry, Bangladesh's journey toward a digital economy is gaining momentum day by day as more people are embracing MFS tools not only to meet their urgent payment needs but also in buying goods, food and shopping. What essentially started as an initiative to include the unbanked and under-banked rural population in the formal economy, MFS has now become an essential part of the lives of all strata of citizens of Bangladesh.

A bright example is the shopping craze with mobile payment which was observed in Eid shopping. In the capital city Dhaka, almost four out of 10 payment transactions in the Eid markets were made by digital payment tools like Visa, Mastercard and bKash App, according to a survey among 102 salesmen in the city's 6 shopping malls. In rural areas, according to another survey, one in 10 payment transactions were made through digital payment methods in the rural markets of 10 districts. This shift in shopping with mobile payment is an opportunity for Bangladesh to build a stronger digital economy which is essential to achieving its millennium goals. Cashless payment systems can stimulate economic growth by making payments easier and convenient and facilitating consumption.

But a lot of issues are pending as barriers in the way of the road. MFS providers usually provide cashback offers as a cost-cutting policy to encourage cashless transactions. Customers are also offered discounts from a wide range of stores using mobile payment options. This has put tremendous pressure on ROA of MFS operators resulting closures of some MFS companies in recent years. To accelerate digital transactions, industry experts say, the government should extend support to MFS Consumers mostly low-income people, as its existing incentive policy for remittance earners. In India, the government has been incentivising digital payments since December 2016 and has so far seen a significantly positive reaction to this end.

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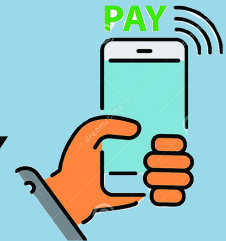
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Editor's Pick

SHOPPING CRAZE WITH MOBILE PAY



Need Incentives for Digital Consumers

• FARUK AHMED

Ariyana, a 10-years girl studying at an English medium school in the city's Dokkhin Khan area was enjoying Eid holidays along with her grandmother and parents at Hilsa Project, a restaurant at Shimulia Ghat Rd in Louhajang, more than 30 km away from Dhaka city.

The restaurant was crowded with huge visitors and I was one of them and testing food items beside Ariyana's table. Suddenly her loud voice to refrain her grandmother from paying cash drew my attention.

"Stop paying bills through cash. I will pay through bKash", she told her grandmother loudly pointing to a bKash QR code set on the table and mentioning that she will get cashback.

Immediately this little girl made payments through the bKash app within a few seconds with a smile. Her

grandmother discovered that her little granddaughter received a handsome amount of money as cash back.

Many visitors, like me, were also smiling at Ariyana's behaviour. But everyone could realise that the revolution that started in 2011 with mobile financial service (MFS) to pull up millions of people from the bottom of the economic pyramid has started a craze in shopping after its tremendous success in poverty reduction.

For Ariyana payment is fun, but for her grandmother, it is a necessity. New generation customers know carrying cash is risky. But payment through mobile is convenient, safe, quick and regardful.

"Mobile payment is not a charity, but a necessity in everyday life", said Robin Sikdar, a banker who also was visiting the restaurant along with his family members. "For a lot of young consumers, paying through an app on their phone is the preferred method simply because they don't carry anything else", he said.

Salesmen of the restaurant said they receive more than 20% payment through mobile financial service apps, particularly bKash. More than 30% of customers want



to pay through digital channels like debit and credit cards and MFS.

"It's a new revolution with mobile payments", said FardinIshrak Ahmed, a BBA student of North-South University who also went there to enjoy Hilsa food. "MFS revolution has broken the poverty line, now is changing shopping culture".

What essentially started as an initiative to include the unbanked and under-banked rural population in the formal economy, MFS has now become an essential part of the lives of all strata of citizens of Bangladesh.

The shift driven by the necessity is consistent with the changing shopping culture of the people, who are graduating to the citizens of a developing economy with higher per capita income.



Over the years, thanks to lucrative cashback offers and impressive sales campaigns, mobile payment has significantly improved people's payment experience, and it provides new opportunities to promote the develop online shopping, financial institutions, and third-party payment.

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

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

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.

Transactions through MFS rose 29.13% year-on-year, amounting to Tk77,022 crore, in March, 2022 riding on diversified services by the operators. The volume is also 13% higher than that of the previous month of February, according to the latest data from the Bangladesh Bank.

The mobile banking service has been gaining rapid popularity since the beginning of the pandemic thanks to the "staying home" and increased online shopping tendencies.

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, and 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 a study presented in a recent webinar organised by the Dhaka Chamber of Commerce and Industry.

Bangladesh is moving fast toward a cashless society to build a cashless economy which is inclusive, smarter, and safer. So, the government is encouraging MFS as it also creates a ripple effect that drives broader economic growth and Bangladesh Bank as the regulator has been playing a proactive role to promote digital transactions.

Shopping Craze with Mobile



Paying for a cup of coffee with a smartphone instead of a credit card is gaining prominence among consumers across the country- and is disrupting their spending patterns and consumption habits, according to a market survey conducted by THE BANGLADESH EXPRESS in collaboration with BJFCI.

The survey was conducted by District Correspondents of the daily among 400 consumers and shop owners in 40 markets in 10 districts this month. A total of 256 respondents said people who use bKash and Nagad to receive and send money are now using this tool to buy food, clothes and even fish.

According to the survey, one in 10 payment transactions were made through digital payment methods in the rural markets of 10 districts. "The shopping through mobile payment is at its early stages in rural areas", the survey report says. " Shopping with mobile payment is picking up in rural areas slowly", it observed.



But in the capital city, Eid shopping with mobile payment became a craze in some branded stores. Almost four out of 10 payment transactions in the Eid markets were made by digital payment tools like Visa, Mastercard and bKash App, according to a survey among 102 salesmen in the city's 6 shopping malls.

The survey was conducted by the DIGITAL FINANCE team from 15 April to 22 April in Nayapalton, Taltola, Panthopath, Kawranbazar, Bashundhara and Shantinagor areas.

To attract Eid shoppers, Bkash offered up to 5% instant cashback on payment at more than 6,000 retail shops across the country. This stimulates more shoppers to pay through bKash app, according to the survey.

In an earlier survey among 200 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, clothes, fashionable items and occasionally fish, according to another survey.

The survey was conducted randomly from 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.

Most bookstalls 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% of consumers said that they used mobile payment to buy foods and goods, according to BJFCI survey report.

"More youngsters are now using the 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 by 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.

The way consumers shop has changed dramatically over the past decade across the globe. The 'traditional' way of shopping, entering a physical store, choosing your items and then queuing up to pay at the checkout, was completely revolutionized with the introduction and subsequent eruption of internet services.

By 2025, a global study says over 7 in 10 smartphone owners will be mobile P2P payment users, with the potential to onboard two untapped audiences: Gen Zers gaining spending power and security-minded consumers who have avoided digital payments due to safety concerns.

One of the main reasons behind this shift in shopping culture is the Corona-virus outbreak has prompted consumers' second thoughts about reaching for cash. As consumers turn to contactless payment methods, retailers are aligning their hybrid shopping experiences and point of sale technology to match.

Mobile commerce recorded the biggest retail sales growth (12.2%) in 2021, beating traditional e-commerce and in-store shopping. Driving this trend is the estimated 292 million people expected to have their own mobile devices by 2024.

Mobile payment vs Cards?

Why do people choose mobile payments?

The simple answer is- a convenient way to pay, a faster way to pay and more places to pay, according to the survey conducted by DIGITAL FINANCE team of THE BANGLADESH EXPRESS in collaboration with BJFCI.





For a lot of young consumers, paying through an app on their phone is the preferred method simply because they don't carry anything else. Large retailers already offer mobile payments, and savvy business owners are following suit.

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.

"Paying for goods and services has never been more convenient than using a mobile payment system. By using bKash app or other MFS app, you can leave your cards and cash at home and use your phone to pay for the things you need", said Mrs Nilufar Hossain, a resident of Moghbazar in the city said.

Plus, she continued, mobile payment apps may help reduce the risk associated with carrying cash, which can be lost or stolen. And paying with your mobile wallet is often easier and faster than swiping or inserting a card.

Mobile payment apps allow shoppers to use their cell phones to make in-store purchases. These apps use a technology called Near-Field Communication (NFC) so you can tap or wave your phone to pay at the POS terminal.



"The most advantage is that you can make payments through your bank account, not just cards. You can also send money to friends", said Fahim Ahmed, a businessman residing at Narayongonj.

"By adding your credit and debit cards into a mobile payment app, you can pay for goods and services with your phone just as if you were swiping or inserting your card", he said. "This becomes your digital wallet, giving you everything you need for shopping all in one place. In addition to convenience, there are four more good reasons to use a mobile payment app".

"Buying goods through bkash app is easy, fast and secured as most shops and even street vendors and sellers in kitchen markets accept payments through bKash", Tonmoy Ahmed, a student of Rajshahi University said with a smile.

The Evolving Revolution!

What essentially started as an initiative to include the unbanked and under-banked rural population in the formal economy, MFS has now become an essential part of the lives of all strata of citizens of Bangladesh.

In Bangladesh, MFS started a revolution called MFS with a new spectrum in 2011 to unleash fortunes for the people at the bottom of the pyramid. Over the years, it added multi-dimensional effects to the material cultures of financial inclusion, the most efficient frontier



of the decade long battle against poverty.

As most people embrace the tool and both the government and Bangladesh Bank remained proactive to this innovation, MFS is leaning towards mobile-first channels in Bangladesh with over 170 million cellphone and over 112 million internet subscribers thanks to the impressive performance of 13 operators.

More than 10 million people are now using mobile payment services across the country who transacts over Taka 10 billion a day mostly through bKash, the leading MFS operator in Bangladesh and the largest player across the globe. The unbanked population, comprising 85% of adults of Bangladesh, have embraced MFS as a unique platform for easy and quick payment methods.

The impact was immediate. Such a huge velocity and amount of money flow is indicative of the reshaping of the economic pyramid. The financial pundits are appreciating the volume of MFS transactions and consider



the exponential growth as a game-changer for the economy of Bangladesh.

The World Bank reports show that poverty has dropped more than 13 per cent after the MFS maiden journey in 2011 as the impact was particularly strong for households led by women. Both economists and beneficiaries say the MFS is now a game-changer for the poor people of Bangladesh.

But the revolution is not stopped here. It is evolving too fast and creating a craze in the payment landscape for the better thanks to the introduction of another innovation-QR code. This is accelerating the cashless journey of Bangladesh which is essential to push up the digital economy of Bangladesh.

QR codes have also become a popular mode of payment today. Bangladesh Bank opted for the merchant presented QR code transaction or EMVQRCPs. It lets a user scan a QR code displayed by the merchant and make instant payments.



Need Incentives for Digital Consumers

Bangladesh is moving fast toward a cashless society to build a cashless economy which is inclusive, smarter, and safer. So, the government is encouraging MFS as it also creates a ripple effect that drives broader economic growth and Bangladesh Bank as the regulator has been playing a proactive role to promote digital transactions. A great percentage of the government-to-business payments have been shifted to the digital channels and the central bank has been extending policy support to digital consumers.

But a lot of issues are pending as barriers in the way of the road. MFS providers usually provide cashback offers as a cost-cutting policy to encourage cashless transactions. Customers are also offered discounts

from a wide range of stores using mobile payment options. This has put tremendous pressure on ROA of MFS operators resulting closures of some MFS companies in recent years.

To accelerate digital transactions, industry experts say, the government should extend support to MFS Consumers mostly low-income people, as its existing incentive policy for remittance earners. The government can strengthen the cashless economy creating more digital consumers providing incentives to MFS users who are poor people, traders, micro merchants & small entrepreneurs to speed up the country's cashless journey for a stronger digital economy in line with its Digital Bangladesh vision. The idea has already been proved most effective in India.

India has been incentivising digital payments since December 2016 and has so far seen a significantly positive reaction to this end. As a result, the two-year growth of non-point of sale (PoS) transactions was even higher at 50 per cent and digital payment transactions rose 76% in 2021 with several first-time digital payment users.

The Indian digital payments industry is estimated to grow up to US\$700 billion by 2022, according to Razorpay. Bangladesh can push forward its cashless journey following the Indian incentive strategy.

In order to truly go cashless, a strong data security infrastructure is the key enabler and should encompass all the internet, mobile, and e-payment technologies. It will also be crucial to driving digital and financial literacy to enable users to better understand the service and increase their adoption among all citizens.

India has been incentivising digital payments since December 2016 and has so far seen a significantly positive reaction to this end.

As consumer habits continue to evolve, the payment processes behind each transaction also need to evolve to keep up with demand and technological developments. Here, the roles of both regulators and operators are equal.



Mobile and Development Intelligence

bKash is a mobile money system in Bangladesh operating under the jurisdiction of Bangladesh Central Bank as a subsidiary of BRAC Bank, a local bank. The service aims to serve users at the bottom of the economic pyramid (BOP) ensuring a broader range of financial services across Bangladesh's population as a whole. The service uses a USSD interface, accessible via a basic handset, offers no cashing-in fee and low cashing-out and person-to-person transfer fees. These elements provide a system by which BOP users can send money in a way that is fast, secure, and affordable. Launched in July 2011, the service now has 2.2 million registered customers.



Background and opportunity:

In Bangladesh, as with many other countries in the developing world, people travel to urban centres to earn a livelihood so they can support families in rural areas. One fundamental insight driving the development of bKash was to cater for this growing class of workers, creating an efficient system by which they could send money home in a secure, fast and affordable way. bKash came up with a simple USSD interface, accessible by the cheapest (i.e. \$15) handset. "Smartphones would make it easy to implement mobile

money, but the service would then be limited to only affluent customers and would defeat the purpose of reaching the unbanked and poor."

Registering for bKash and cashing-in services are free of charge. For person-to-person transfers, customers pay a flat fee of BDT 2 (or \$.02) irrespective of the size of the transaction. In case a customer wants to cash-out, there is a flat fee of 1.85% on the amount withdrawn. For example, if a user wants to cash-out BDT 50, the cash-out fee is BDT 0.92 (or \$.01). "Many bKash customers have such small tickets, but their



Year launched
2011

Business model
Consumer

Targeted Device
Basic/ Feature Phone

Primary Delivery Technology
SMS/USSD

Products & Services
Payments

Markets deployed in
Bangladesh

Estimated number of users
2.2 million

large volume compensates for the apparent small ticket size." As per the central bank's prescription, bKash deposits the full value of its customers' wallet balances in a designated BRAC Bank account, which is under the surveillance of the central bank. Separately, BRAC Bank maintains the record of all individual bKash accounts in its own system. "In the process, bKash maintains an arrangement that is cost effective, but stays fully under the central bank's jurisdiction." Once users have electronic money in their bKash mobile wallets, they can send

the money to another bKash mobile wallet instantly. Recipients can walk to bKash retail agents who give physical cash in exchange for electronic money and charge service fees. "bKash's focus on reaching the poor distinguishes it from services that have fees for cash-in or a minimum cash-out fee."

Progress since launch:

How have things gone so far?

After 17 months of operation bKash now has 30,000 agents, almost one in every two villages in rural

Bangladesh, "this assures access to agents in the remotest part of the country". The service was launched on July 21, 2011. It now has 2.2 million registered customers. In addition, 98% of mobile users in Bangladesh have access to bKash. This kind of penetration is achieved via partnerships with four major GSM operators of the country.

Scalability:

How is the service being scaled to reach a larger audience?

In the short term bKash plans to stimulate growth through various product innovations which they are already working on. "These include solutions for international remittance, mobile airtime top-ups, loan repayments, transport ticketing, etc." bKash will also be working closely with telecom operators whose wireless networks are essential for the service. They see that financial institutions and mobile network providers must work hand in hand if they are to reap the benefits of new technologies in the pipeline. "This will ensure that services are delivered in an increasingly consumer-friendly way, and if that is assured, there is no end to how efficiently the poor can manage their resources."

User centric attitudes:

How does the organisation build itself around the end user?

The service has a core objective: to see low income users adopt electronic money as a genuine alternative of physical money. With this in mind, they understand that a key qualification needed to use bKash is confidence - "the confidence to believe that one can take control of her financial decisions, save money, spend wisely and complete transactions in a manner that was never possible before".

Achieving these levels of user confidence depends upon understanding current user requirements and habits in detail. Old habits (like keeping the money under a mattress, insecure transfers, and paying high transfer fees) need to be replaced by new habits (keeping money in a safe digital system, secure transfers, paying low fees, recognizing the importance of being part of financial inclusivity). The organisational goal of shifting these old habits to new improved habits depends upon first understanding and building around the end user.

Challenges:

What are the internal and external challenges currently faced?

One of the core challenges stems from the perception of technology maintained by low income users. For example, many users mistakenly think that they require advanced skill to use the technology. A similar issue arises in that users often think that advanced English is required to use bKash (although, in fact, very little English is required to use the service). bKash's education program seeks to overcome these issues, "our menu is so easy to use that, once a user becomes familiar with the steps, she or he can opt for the required service by simply choosing a numerical input and not have to respond with any text reply".

(the same point was mentioned earlier: seems repeating) With a longstanding perception that "advanced and modern things" are not for them, low income users are led to believe that they are dependent on others for receiving a service. "Breaking this vicious cycle is one of the toughest parts of taking bKash to a level where physical cash would be obsolete."

Partnerships:

What is the value of partnerships, particularly with MNOs?

bKash regards partnership as a central theme in any mobile financial service. This includes partnership with agents, mobile operators, banks, and technology providers; where each one represents an essential element of the service structure. "It's not a sprinter's game, rather more of a rally race, where multiple partners contribute in assuring the service." In the case of bKash in Bangladesh, the right partnerships with mobile operators were essential. The financial regulator, the central bank, had prescribed the bank or its subsidiary, which is regulated by the central bank, to offer the mobile

financial service. The central bank guidelines in Bangladesh clearly define the role of mobile operators and mobile financial service (MFS) providers. Mobile operators provide the connectivity between user-owned handsets and servers of MFS providers. For such connectivity, mobile operators receive revenues from MFS providers. As the mobile operators provide only connectivity, they have the appropriate incentive to maximize the volume of connectivity that would be their source of revenue. "This is a replicable model that on one hand maintains the regulatory integrity and, on the other, offers adequate economic opportunities for the mobile operators." After securing arrangements via revenue sharing models between bKash and mobile operators, bKash managed to secure 98% mobile user access to the service in Bangladesh.

Looking back, looking forward:

What key lessons have been learnt, and what are the organisation's future objectives?

One important lesson is the difficulty experienced by low income users in activating features on their phones. However, as phones reaching financially constrained audiences become cheaper, internet-enabled, and have more intuitive features, bKash is optimistic that this area of difficulty will improve. "This would increase the ease of accessing services on mobile phones and hence increase mobile literacy." bKash have also learned that human contact, one-to-one or one-to-many education and training sessions, are essential components in their educational efforts. "When our sales teams and agents interact with individuals and explain the service, users learn very quickly."

Looking forward, bKash aims to keep contributing to the nation's socio-economic development. Fundamentally, this is facilitated by moving increasing numbers of people operating outside the formal banking facility into an expanding financial system. bKash also makes further use of this system: "All the little amounts can potentially add up to provide larger pools of capital to address larger problems. The organization is putting all the little idle bits of capital to use to move the country's economy forward

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MARKET UPDATE

MFS transactions rise 29% in March



DF Report

Transactions through mobile financial services, widely known as MFS, rose 29.13% year-on-year, amounting to Tk77,022 crore, this March riding on diversified services by the operators.

The volume is also 13% higher than that of the previous month of February, according to the latest data of the Bangladesh Bank.

The mobile banking service has been gaining rapid popularity since the beginning of the pandemic thanks to the "staying home" and increased online shopping tendencies.

Besides, remittance inflow and disbursements of different government stipends, donations and private-sector factory salaries through MFS contributed largely to the sector boom.

March transactions saw a great surge on puja and Eid-ul-Fitr as many city dwellers sent money to their families at village homes, MFS operators said.

They added that they are constantly adding new services to ease out-of-traditional bank transactions and facilitate digital payments for utility bills, shopping and

others. Centring Eid-ul-Fitr, some of them have introduced "Eid Salami", which also gained popularity.

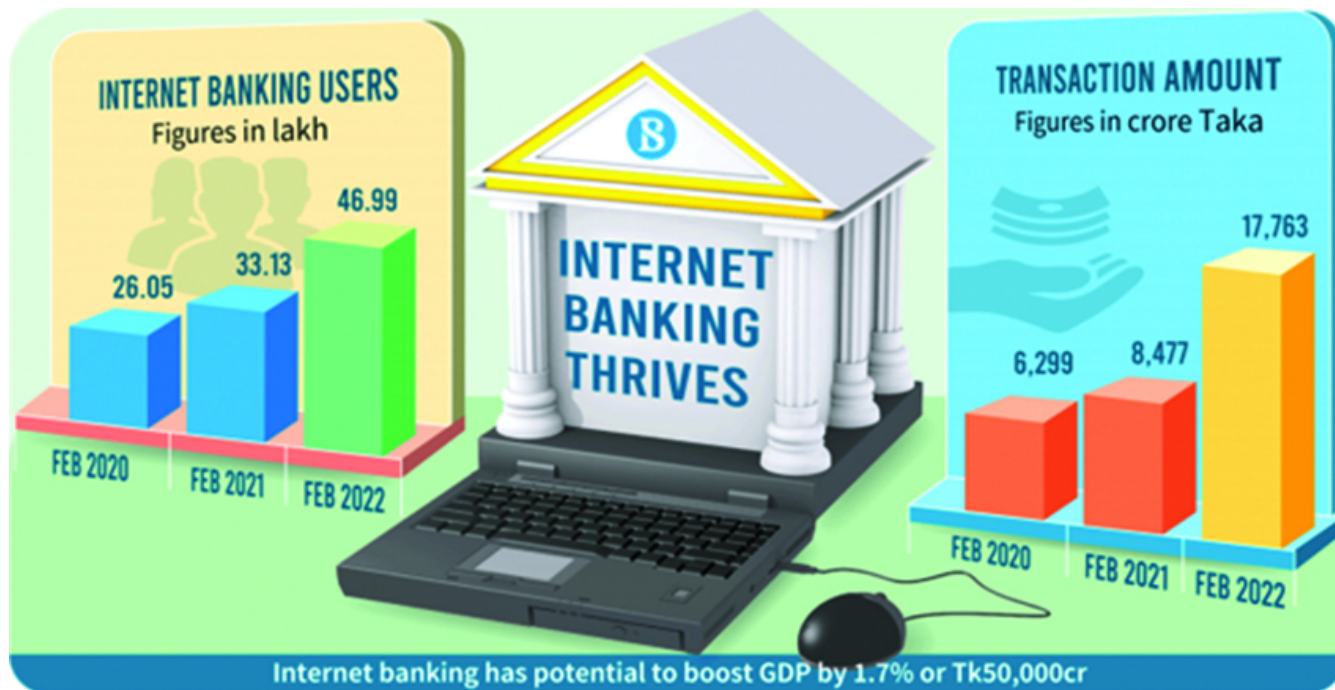
Of March transactions, users deposited some Tk23,707 crore to their accounts, withdrew Tk20,791 crore, transferred (person to person) Tk22,288 crore and paid different bills worth Tk1,232 crores, the central bank data said. They also received Tk2,877 crore as salaries and stipends through the MFS.

The number of MFS users increased to 10.91 crore - 6.31 crore male and 4.56 crore female - at the end of March, while the number of agents surged to 11.51 lakh, it added.

The mobile banking service started its journey with the launching of Dutch-Bangla Bank's initiative Rocket in early 2011. Currently, 13 banks are operating mobile financial services, including the widely popular bKash by Brac Bank.

Apart from MFS, internet banking is also getting popular over time thanks to technological advancement. According to the Bangladesh Bank data, some Tk24,141 crore was transacted through the internet banking service in March, up by Tk10,371 crore or 81% year-on-year.

Internet banking users double, transactions triple in two years



DF Report

The number of internet banking users has doubled, and transactions tripled in the last two years on the back of pandemic-related restrictions on movement that forced people to do everything online, from shopping to banking.

Although the pandemic situation has eased and the economy is fully operational, the number of customers and transactions is increasing.

According to the central bank, in February this year, the number of Internet banking customers increased to 46.99 lakh from 33.13 lakh in the same month of 2021, with customer growth of 41.84% in one year.

In February 2020, the number of users was only 26.05 lakh and the number of customers has increased about 21 lakh in two years.

Not only customers but also transactions have increased. In February this year, transaction volume stood at Tk17,763 crore compared to Tk8,477 crore in February of 2021. In one year, transaction volume has more than doubled.

February 2020 saw a transaction volume of Tk6,299 crore, that is, one-third the transaction volume in February this year.

In early 2004, AB Bank, Dutch-Bangla Bank, and Dhaka Bank introduced checking account balances online with internet banking. Gradually other benefits have been added.

At present, there are various facilities such as balance transfer from one bank to another, payment of various fees, payment of hotel and restaurant bills, bus, train and plane ticketing, and cash transfers to various accounts using mobile financial services (MFS).

According to a recent study by the UN-led Better Than Cash Alliance and a2i, digital payment systems have the potential of increasing gross domestic product (GDP) by 1.7%, or more than Tk50,000 crore.

At the same time, to make internet banking easier, all bank branches of the country have now come online. According to the central bank, online facilities were launched by all 10,941 branches of various banks in the country last February.

In February 2020, 92% of the branches were already online.

The central bank has also played a role in the expansion of internet banking by revising policy. In September last year, it increased the maximum limit for internet banking transactions.

The daily transaction limit of a customer has been increased from Tk2 lakh to Tk5 lakh. At the same time, the limit of a single transaction has been increased from Tk50,000 to Tk1 lakh. The maximum daily transactions for a customer have also been increased from five to 10.

Complaints about online NPSB transactions

The National Payment Switch Bangladesh (NPSB) is a popular way to transfer money from one bank to another online. This facility is provided to customers by the Bangladesh Bank as an intermediary.

Usually, when a customer transfers a balance online by NPSB, it reaches the recipient's account within a short time. However, many have complained that it is embarrassing and awkward to avail this benefit.

Customers report that when a balance transfer is executed, the money is deducted from the sender's account even if it sometimes does not reach the customer's account. In most cases, the money is returned to the sender's account within one to three days. However,

several customers complained they had to wait a week to a month to get their money back.

There have been a number of such complaints from customers on Facebook groups concerning internet banking. They demanded that measures be taken to reduce customer suffering.

"Since online money transfers are performed by technology, this can once in a while lead to some sort of transaction failure," Md Arfan Ali, president and managing director at Bank Asia, told The Business Standard.

He said these factors also depend on the system operated by the Bangladesh Bank. However, it is the responsibility of banks to properly maintain Application Programming Interface (API) connectivity with them.

"This could reduce the incidence of transaction failures. However, the Bangladesh Bank has to be proactive as well in tackling the problem of refunds," he added.

Cashless payments pick up in Eid shopping

No more limits on digital banking transfers

DF Report

The Bangladesh Bank has withdrawn the cap on daily inter-bank transactions related to online fund transfers as internet banking has been gaining popularity as of late.

Previously, individual customers were allowed to carry out 10 inter-bank online fund transfers each day, whereas businesses were limited to only 20. But from now on, no such limits will be applicable, according to the central bank.

On top of that, a customer can now transfer a maximum of Tk10 lakh per day with a maximum limit of Tk3 lakh per transaction.

Also, the limit for business entities has been fixed at Tk25 lakh per day with the maximum limit of Tk5 lakh per transaction.

The central bank also lifted the limit on the maximum amount of funds that can be transferred from one account to another within a particular bank.

However, according to the central bank's new rule,

banks have been given the authority to set the daily intra-bank transaction limit on their own, which earlier had a limit of Tk5 lakh per day.

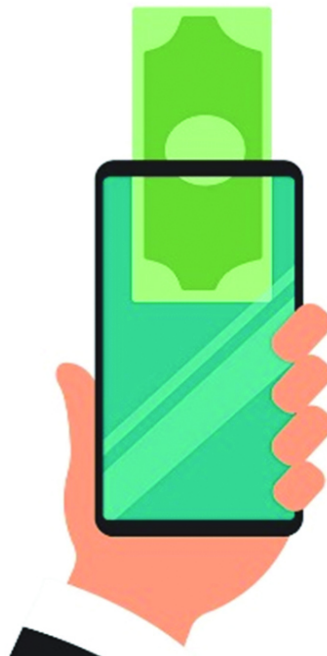
According to a central banker, Bangladesh Bank took the decision as consumers of the sector have been increasingly shifting their dependence on online banking services in contrast to that of offline mode.

Internet banking transactions rose 34.58% year on year to Tk8,477.3 crore in February 2021, as per central bank data, while the users of internet banking also rose 29.83% from February 2020 till February 2021.

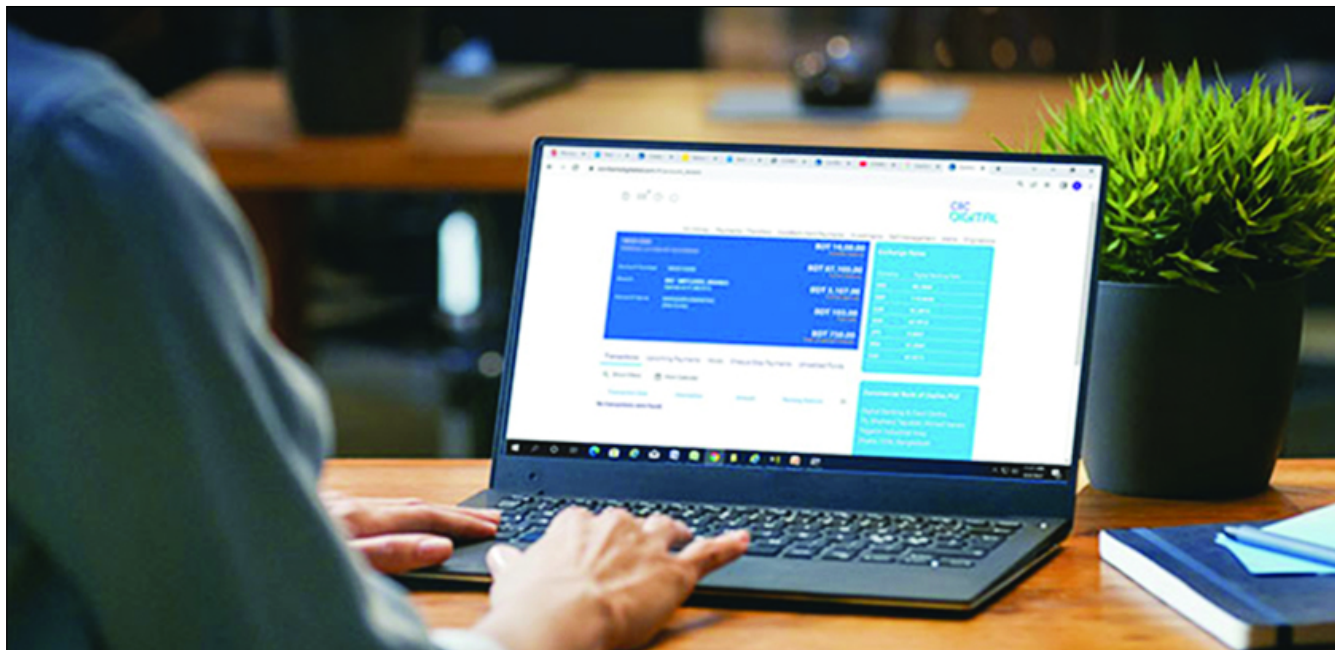
Besides, debit card transactions rose 22.24%; credit card transactions 23.89% and prepaid card transactions rose 15.97% within that same period, according to central bank data.

With the advent of the pandemic many banks even introduced mobile banking apps, WhatsApp banking and online account-opening platforms.

Following that, transactions through internet banking amounted to Tk 17,763 crore in February, up 109% year-on-year, central bank data showed.



Commercial Bank Bangladesh redefines online banking with omni-channel 'CBC Digital'



DF Report

Commercial Bank Bangladesh, Commercial Bank of Ceylon's largest overseas operation, has transformed the online banking experience it offers customers with the launch of 'CBC Digital' - the Bank's single omni-channel online banking platform.

Akin to 'ComBank Digital' implemented in Sri Lanka in 2020, 'CBC Digital' represents a synergy of the Bank's web and mobile applications to offer a range of digital banking services from basic account inquiries, payments and transfers, bill payment options for business users, multiple payments options via file uploads, group payments, and other functionalities.

'CBC Digital' is operable as a web application and as a mobile application with native apps compatible with iOS, Android, and Huawei mobile devices, and complies with international standards and best practices adopted to provide utmost user security, the Bank said.

The Bank said it will migrate its existing online users to the new platform. Among other advantages, customers can self-register on the app, settle utility bills and Commercial Bank credit card balances, transfer funds between the Bank and other bank accounts and open fixed deposits and redeem them, all without any paperwork, which will also contribute towards a greener environment.

Commenting on the launch of this platform, Commercial Bank Managing Director and Group Chief Executive Officer S Renganathan said: "This is yet another milestone in Commercial Bank's digital transformation. It enables our customers in Bangladesh to seamlessly access our products and services, in most cases, without the assistance of a bank agent. This user-friendly platform was launched to simplify online banking, improve user convenience and enable customers to manage their finances swiftly and securely, even on the go. With its host of customisable options, we envision that 'CBC Digital' will provide a new digital banking experience."

'CBC Digital' will especially improve card-related functions, including cash advances, bill settlement, and bill payments. Users can also request for cash margin loans and overdrafts, download a copy of their account statements in PDF form, personalise and rename accounts, manage functions such as beneficiary registration and template creation, set transaction limits via the platform and benefit from its enhanced alert module by customising login and transaction alerts.

Commercial Bank currently has banking operations in Sri Lanka and Bangladesh and a subsidiary in the Maldives, and said it aims to provide a single digital platform to customers across markets, giving them a unified digital banking experience.

A leader in tech-based products and services, the Commercial Bank of Ceylon was recognised as the Best Digital Bank in Sri Lanka by the Global Economics Magazine of the UK in 2021, won the award for the 'Best Digital Transformation in Banking' from the Business Tabloid Magazine of the UK and was presented the 'Banking and Financial Services' Category Award by the Sri Lanka Association for Software Services Companies (SLASSCOM) for its case study on robotic process automation (RPA). 'ComBank Digital' is also among the top five apps in the iOS rating list.

Commercial Bank entered Bangladesh in July 2003 with the acquisition of the Bangladesh operations of Credit Agricole Indosuez (CAI), its first ever acquisi-

tion of a banking operation. The French multi-national bank operated two branches and two booths in Bangladesh at that time. Over the 19 years that followed, the Commercial Bank of Ceylon Bangladesh operation has established itself above other regional banks operating in the country with 11 branches, six SME Centres and two Offshore Banking Units.

Sri Lanka's first 100% carbon neutral bank, the first Sri Lankan bank to be listed among the Top 1000 Banks of the World and the only Sri Lankan bank to be so listed for 11 years consecutively, Commercial Bank operates a network of 268 branches and 938 automated machines in Sri Lanka. Commercial Bank is the largest lender to Sri Lanka's SME sector and is a leader in digital innovation in the country's Banking sector.

BRAC Bank Offers Real-Time Cash Deposits

DF Report

BRAC Bank has debuted its Real-Time Cash Deposit Machine to let customers deposit cash any time, a company press release says.

This will reflect "instantly" in their accounts.

The report says this machine lets customers instantly deposit cash to BRAC Bank accounts, making it possible for them to then pay credit card bills very quickly.

Customers will no longer have to stand in line at the physical bank branches, the release says.

The release notes that the deposited amount is reflected "instantly" on the account balance, and with a transaction notice through text message.

Customers can deposit denominations of Tk 10, Tk 20, Tk 50, Tk 100, Tk 200, Tk 500 and Tk 1,000, but the machine doesn't accept coins or soiled and torn notes.

Nazmur Rahim, Head of Alternate Banking Channels with the bank, said the machine will bring convenience to customers.

"The machine will be deployed across the country in

phases as part of the pursuit of strengthening our alternate banking channel. BRAC Bank has always been at the forefront of new technology-enabled banking services," Rahim said. "We will continue to explore new ways to provide a delightful customer experience."

PYMNTS wrote that the capability to enable payments

from invoice is one of the most highly-prized business payments innovations.

The "Payments Innovation Readiness Playbook," a PYMNTS and Spreedly collaboration, found that 41% of businesses wanted that.

Push payments and payments to digital wallets were also highly desired; a bit under 40% of businesses wanted those things.

And the report found that more than one in three businesses wants to put in place

spend management, expense controls and rules-based decisioning to automate payment methods.

The interest in payments innovation might come from the fact that successful payments decisions "connect the dots" between optimizing enterprise resources and making sure consumer and B2B transactions are flowing correctly without bad technology or poor user experience.



Bengal Commercial Bank customers can 'Add Money' to bKash instantly



DF Report

Customers of Bengal Commercial Bank, a new generation bank, can now transfer funds instantly to any bKash account from anywhere without any charge.

With this latest integration, 33 leading commercial banks in the country are now connected to the largest Add Money network of bKash. reads a press release.

bKash and Bengal Commercial Bank Ltd have jointly inaugurated the service at the bank's head office in the city on Wednesday.

Tarik Morshed, Managing Director & CEO of Bengal Commercial Bank and Kamal Quadir, CEO of bKash were present at the event. Among others, Shahid Hossain, Advisor of Bengal Commercial Bank; K M Awlad Hossain, Deputy Managing Director of Bengal Commercial Bank; Md Rafiqul Islam, Deputy Managing Director (Chief Operating Officer) of

Bengal Commercial Bank; Ali Ahmmed, Chief Commercial Officer of bKash and Zaid Amin, Head of Financial Services of bKash were present on occasion.

To transfer the funds, Bengal Commercial Bank account holders need to add a bKash number as beneficiary first via internet banking. After logging into the bank's internet banking with the user name and password, The customer then needs to find the 'Fund Transfer' option, go to 'Transfer to bKash', and select the beneficiary bKash number. In the next step, the user needs to enter the transfer amount and click on the 'Submit' button. The customer will then need to input the OTP and security PIN code to complete the transaction.

Upon successful transaction, the customer will get SMS notification. For this fund transfer, Bangladesh Bank provided limit will be applicable.

Remittance surges through bKash ahead of Eid



DF Report

The amount of remittance through bKash increased at a significant rate on the occasion of Eid as expatriates are sending remittances to their loved ones' bKash accounts in the country in real time using online, internet or mobile wallet via banking channel.

Compared to April 2021, remittances through bKash in April of this year have almost been doubled, said a press release.

In addition, receivers can Cash Out the money at any time from any nearby agent point instead of going to the bank and thus, save the cost of traveling and time as well.

They can even avail various other services like utility bill payment, send money, mobile recharge, payment of educational institution or hospital expenses, payment of online shopping.

Because of the affordable and swift way of receiving money through banking channels, the remittance service of bKash is becoming more popular. Relatives of remitters are also considering receiving remittance

through bKash as safe, hassle-free and convenient.

Currently, expatriates from more than 70 countries are getting the opportunity to send remittances safely to more than 60 million bKash accounts through 67 money transfer organizations (MTO) by online or wallet transfer via settlement in 12 commercial banks of the country, the release reads.

The widespread network of bKash across the country is ensuring uninterrupted services to the doorsteps of the customers.

The use of bKash as a means of receiving remittances as a last-mile-solution is therefore increasing day by day. At this moment, a customer can receive remittances up to Taka 1.25 lakh per day and up to Taka 4.5 lakh per month in a bKash account.

To encourage migrants to use proper channels to send money home, the government has increased cash incentive on remittance to 2.5% from 2%, added the release.

bKash disburses the remittance with govt. incentive in real time. This plays a significant role in motivating senders to send remittances via legal channel.

Digital payment helps Shwapno To clock record sales growth



DF Report

Swapna, the largest retail chain in Bangladesh, posted the biggest growth in turnover in the last financial year, driven by higher sales through its e-commerce platform and teleservice amid the coronavirus pandemic.

Turnover rose 18.7 per cent year-on-year to Tk 1,375 crore in the last financial year that ended in June. It was Tk 1,156 crore in the previous year, according to the recently published annual report of ACI Ltd, the owning company.

This was the highest growth of the retail chain since its inception in 2008.

"Our e-commerce and teleservice helped us increase turnover during this period," said Sabbir Hasan Nasir, executive director of ACI Logistics, which operates Shwapno.

Its franchise expansion outside Dhaka has continued, helping it register the record sales growth whereas some competitors suffered de-growth.

"Shwapno employees were motivated to work hard as they did not see any job cut. Moreover, their increment was given despite the hard time brought on by the pandemic," Nasir said.

Shwapno has roped in several partners to deliver groceries and other everyday essentials at the doorsteps of customers.

The superstore chain has introduced its own home delivery through teleservice for the customers who prefer direct communication with the stores rather than through online platforms. It helps it make deliveries to 11,000 customers every month, according to the direc-

tors' report of ACI Logistics.

Shwapno express outlets have kept their stellar growth, serving about 14,000 customers daily.

The e-commerce platform is growing in terms of orders and user base and makes deliveries against more than 30,000 orders each month.

The private-label brands of the chain clocked a 71.7 per cent increase in the number of products in its assortment and a 9.7 per cent year-on-year sales growth.

Through all of these initiatives, Shwapno netted record-breaking sales of Tk 151.8 crore in June last year. It made operating profit in July 2020 and in the months of May and June of 2021.

Presently, it operates through more than 200 outlets.

With 52 newly opened express outlets, Shwapno has continued extending its footprint outside Dhaka and now has a presence in 31 districts, giving it a 49 per cent market share in the segment.

However, ACI Logistics incurred a loss of Tk 142 crore in 2020-21, albeit down 9.56 per cent year-on-year.

The lower finance cost helped the company narrow losses. The net finance cost fell 12.6 per cent to Tk 125 crore in 2020-21, according to the financial report of Shwapno.

"Shwapno has been making operating profits since the last quarter of 2020-21 and our projection is that it will log net profits from 2025," Nasir told The Daily Star.

"As the operating profit is in the positive territory, the higher turnover will pave the way for us to make net profits in the coming years."

bKash offers 50% instant cashback at Chorki and Bongo

DF Report

bKash is offering 50% instant cashback on the payment of popular OTT platforms Bongo BD and Chorki marking the Eid celebration.

Customers get will 50% instant cashback if they pay a six-month subscription fee of TK299 for Chorki and a one-month subscription fee for Bongo BD of TK50, said a press release.

The offer started on 29 April and will continue till 31 May.



Customers get a one-month free subscription to Bongo BD after paying their internet bill through the bKash app. The offer started on 21 April and will continue till 15 May. A coupon code is sent via SMS to the customer's mobile within the next working day of bill payment, and the customer

can use it to subscribe.

bKash has been the main sponsor of a drama series titled "BoithekeShuru" or "Staring from Book" streaming on Bongo BD. In the series, seven dramas have been made from seven books.

Brac Bank, Trust Axiata Pay to work together on remittance disbursement

DF Report

Brac Bank and Trust Axiata Pay (TAP) have signed an agreement to enable tap to disburse remittance in Bangladesh.

TAP has already opened a trust cum settlement account with Brac Bank and will soon enter digital automation with the bank, which may take few months to complete, said a press release.

Once implemented, tap can disburse remittances received by Brac Bank from across the world through different exchange houses and banks. Brac Bank will directly channel the funds to tap wallets owned by remittance beneficiaries in real time.

Under the same automated system between Brac Bank and tap, all KYC, Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), and AML-CFT based screening for each remittance transaction will be done digitally as well as per Bangladesh Bank and government guidelines.

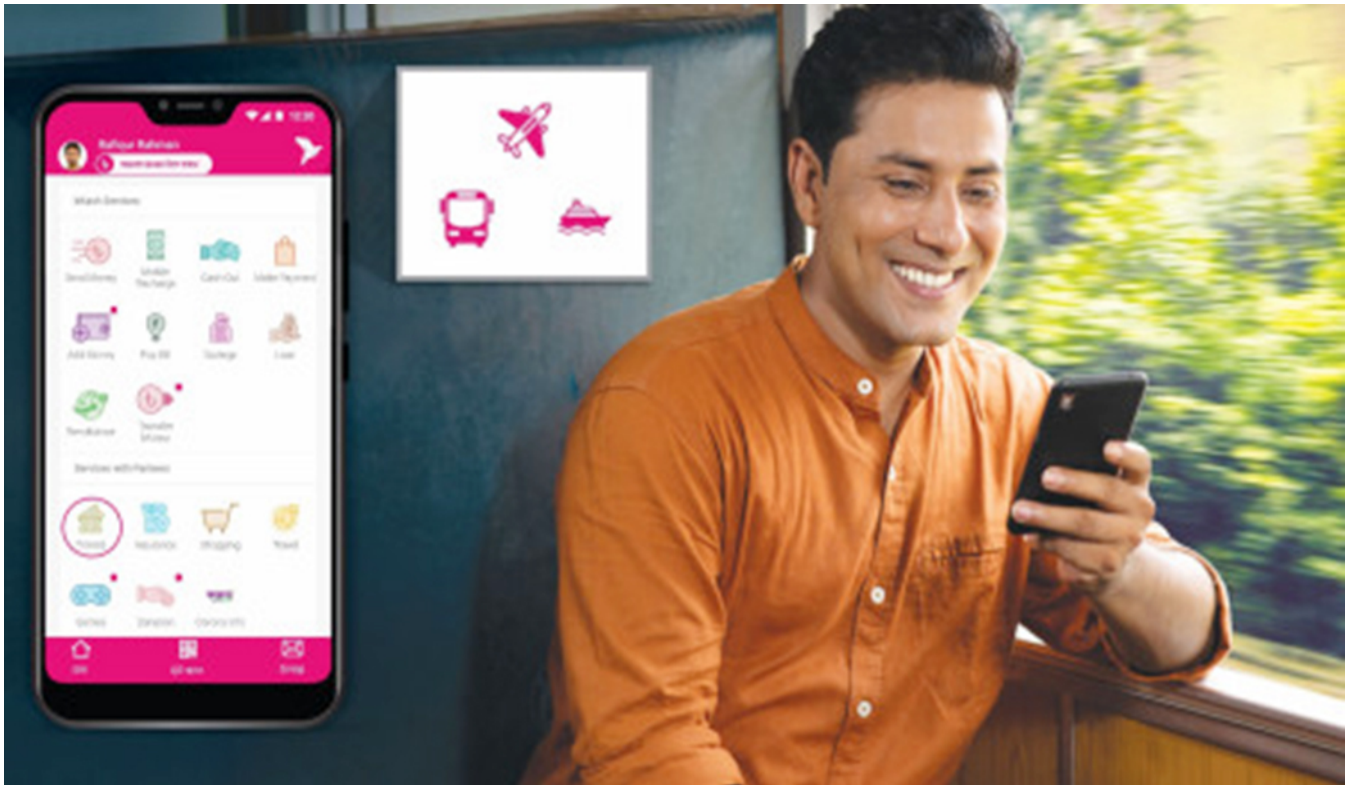
About the agreement, Brac Bank Managing Director and CEO Selim RF Hussain said: "We are delighted to be a tap partner in bringing remittance of the wage earners directly and instantly to mobile wallet of the



beneficiaries. This service will give comfort and convenience to the remittance customers and play a role in enhancing remittance inflow through the legal channel and boosting foreign exchange reserves. Our extensive global partnership will help the expatriate Bangladeshis send money from any part of the world. This seamless remittance payment reflects on our commitment to making a cashless society."

TAP Chief Executive Officer (Acting) Dewan Nazmul Hasan said: "This is our immense pleasure to start our partnership with Brac Bank. Trust Axiata Pay (tap) is co-owned by a Malaysian Company - Axiata, Malaysia is one of the key NRB hubs. Therefore, we believe we can add significant value to our non-resident Bangladeshis (NRB) base in Malaysia through this partnership and expand the service experience to every NRB throughout the world. This will be another step from tap to build this nation."

Holidaymakers can purchase tickets using bKash



DF Report

bKash users can purchase tickets of bus, train, launch and air during the Eid holiday season.

Bus, launch and air tickets can be purchased from the 'Ticket' icon of the bKash app and train tickets, using bKash payment gateway from the website of Bangladesh Railway, said a press release.

To buy bus, launch or air tickets, customer needs go to the 'More' option from the main screen of the bKash app and select the 'Ticket' icon from the list of services. From there, they have to select 'Bus', 'Launch' or 'Air'.

Customers can purchase air tickets from bdtickets, Flight Expert and GoZayaan. Tickets can be purchased through bKash payment by filling in personal information after selecting the place of departure, destination, date, number of seats, time of journey etc in a few simple steps. Similarly, customers can buy bus tickets from bdtickets, busbd, paribahan.com and Shohoz Ticket with bKash payment and purchase launch tickets from bdtickets.

To buy train ticket, customer needs to visit the e-ticketing service website of Bangladesh Railway - eticket.railway.gov.bd.

First, a customer has to register by filling in personal information. After logging in, customer can select the place of departure, destination, date, class and click on 'Find Ticket'. There will be the names and seat plan of the available trains.

In the next step, after selecting the seat and boarding station, customer needs to click on 'Continue Purchase' button. bKash option will be available to select from the payment method section. The 'Confirm Purchase' button will open the bKash payment gateway.

In the next step, the ticket will be purchased upon confirming with bKash account number, verification code and bKash PIN. Customer will see the ticket confirmation message on the screen and will also have the opportunity to print or save the ticket from the option below.

Besides Pay Bill, Add Money, Mobile Recharge and others services, buying train ticket is another addition to the bKash app, read the media release.

Fintech can help improve lives of people with disabilities

● Shamim Ara



Financial technology companies, with the support of governments, can lead the way in making technology a tool for people with disabilities to have greater access to financial services.

One in six people live with a disability in our world today. These individuals suffer a range of auditory, cognitive, physical, speech and visual disorders that can hinder access to financial services. Indeed, when stranded by mobility limitations, they are most likely to

live in a "financial services desert" with inadequate or no access to mainstream financial services.

Yet the invisibility of most disabilities makes addressing financial inclusion for these people challenging because many choose not to be open about their difficulties. Visual disabilities, for example, are not only due to mild to severe vision loss in one or both eyes. The color blind can also experience a lower or complete lack of sensitivity to specific colors.

Auditory disabilities include partial hearing loss or hearing impairment in one or both ears. Cognitive, learning and neurological disabilities can range from mild reading-related disabilities to severe impairments. Physical disabilities can include paralysis, arthritis, poor coordination, tremors and missing limbs.

The proliferation of fintech innovations has enormous potential to expand access to finance to many of these people. For example, in the United States, Purple, a niche mobile banking application for people with disabilities, combines a tax-advantaged bank account with a debit card that links to a financial platform using cutting-edge algorithms. As a result, customers are not only able to make contactless, easy, and secure payments with a smartphone, but also manage their wealth and pension accounts.

A new mobile app developed by Kasikornbank is helping people with visual disabilities and the elderly in Thailand to conduct financial transactions on their smartphones via touch screens and voice and vibration systems. Users do not need to look at the screen while transacting. Instead, with intuitive and straightforward finger movements and non-location-based interface technology, multi-sensory feedback directs users in every transaction step.

AllLife has developed life insurance and disability cover for people living with HIV and diabetes in South Africa. Affordable insurance policies are on offer using data-driven algorithmic pricing for previously uninsurable segments. However, customers commit themselves to adhering to an ongoing health monitoring and treatment program.

Tencent's WeBank has enabled accessibility features on its app to ensure visually impaired citizens of China easy access to banking services. The WeBank app integrates biometric authentication, face anti-spoofing, artificial intelligence-powered speech synthesis, and real-time image processing. In addition, the open-source development framework of the app allows WeBank to share its experience with the wider industry to help improve accessibility.

Accessible smartphone apps provide customers with disabilities convenience, financial records, and safety; they lower costs, increase transparency and comfort, and improve customer control over finances.

Yet progress toward these goals is not seamless. There is a wide disability gap in mobile phone ownership where people with disabilities are less likely to own a mobile phone than the non-disabled. Bangladesh has the widest gap, with 55 percent of the disabled not owning mobile phones, and Pakistan the narrowest, at 11 percent. With the smartphone ownership gap exceeding the overall mobile phone ownership gap, they are most likely to experience a digital

divide.

Smartphone uptake is hindered by a lack of perceived relevance, affordability, safety and security, with poor digital literacy, skills and broadband accessibility affecting mobile internet usage.

Even for those who can afford smartphones, weak understanding, navigation and interaction of digital financial products remain a formidable challenge. Embracing inclusive design and rethinking business as usual are critical to empower people of all abilities.

Financial institutions and fintech companies need to ensure that customers with disabilities can access the same financial services that non-disabled people can. They, therefore, need to have a sound understanding of the unique needs of people with disabilities and barriers to technology accessibility.

Today, developed countries such as Australia, Canada, the United States and the United Kingdom stipulate web/digital accessibility guidelines. If any fintech product is not accessible?simple, structured, and easy to navigate?the financial services companies can open themselves to a lawsuit.

A financial product's features must be perceivable, operable, understandable and robust. For content to be accessible online, the information and user interface components must be made available to users in easy-to-perceive ways. All content must be capable of being presented in multiple ways and easy for users to see and hear. These include large print, symbols or other simple languages, speech and Braille.

The user interface components, including navigation, must be operable and not require human intervention when the user cannot perform a task. Users must also have adequate time to navigate any content using inputs from different devices easily.

Ideally, the user must understand every aspect of the user interface operations and the information available on the site. Therefore, the web content must be easy to read and understand.

In addition, it must incorporate features that enable it to prevent users from making mistakes and even correcting them. It must also accommodate a range of user agents and technologies, including assistive technologies, as they evolve.

Mistakes and missteps inadvertently create barriers to digital product accessibility. However, when fintech players commit to overcoming these barriers and learning from their mistakes, inclusive financial products will become a reality in Asia and the Pacific.

The author is principal financial sector specialist in the Sustainable Development and Climate Change Department of the Asian Development Bank. The views don't necessarily reflect those of China Daily.

Banking on Experience: How Customers Are Revolutionizing Financial Services



Guru Venkatachalam

The revolution sweeping through financial services has brought new purely digital players to the market and is driving massive change through traditional banks and other financial institutions. Across the globe, customers' digital experience is reshaping traditional banking services and relationships, and the Asia Pacific region is leading this transformation.

Partly in response to a pandemic that closed bank branches worldwide, customers are demanding almost every service to be available digitally, and in most cases, via a mobile app. Every bank is becoming a digital bank. Markets that have had a large unbanked population have, over the last few years, leapfrogged directly into mobile banking, bypassing traditional banking.

According to McKinsey's 2021 Personal Finance Survey, the share of consumers in Asia actively using digital banking has jumped to 88% this year, compared to 65% four years ago. More than 60% of Asian consumers are now open to switching to a digitally-focused "direct" bank, McKinsey reports.

And financial services companies are raising their digital game. In VMware's own Digital Frontiers 3.0 study, more than half of respondents said financial services groups in Southeast Asia had improved digital

services compared to before the pandemic.

The big digital shift has helped open the door for fintech players like Ant Group in China, BankBazaar in India and Afterpay in Australia to enter the market. It's a market where the big digital names like PayPal, Stripe and India's Paytm have already carved out substantial businesses. Along with China's AliPay and WeChat Pay, which have been acknowledged as global leaders in fintech scale and innovation for some time.

To keep up with the disruption, traditional banks are innovating at a rapid pace and expanding their scope beyond traditional finance and are beginning to offer services that look more like those of pure fintechs. In Singapore, DBS' PayLah app offers anything from simple payments to food orders and purchasing of public transport fares, while Thailand's Kbank has teamed up with Grab for its own e-wallet service offering payments and loans. Services like PayNow in Singapore and the New Payments Platform in Australia allow customers of multiple banks to make payments to each other using only mobile phone numbers. Chinese giant Ping An, which started life as a conventional insurer, has become a technological powerhouse offering services across areas as diverse as healthcare, auto services and real estate. In India, HDFC Bank offers AI-powered 10-second car loan approvals.

Customer-Driven Transformation

One of the major drivers of the success of the new fintech players is their superior customer experience and ease of use. Traditional banks are innovating faster than ever to improve customer experience.

At VMworld, several leading financial institutions shared how they are transforming to become digital-led banks. Customer experience is key, powered by a move away from legacy infrastructure to agile, cloud-based platforms to keep up with what customers want.

In my discussions with banking technology leaders, there were some key common themes among their transformation strategies that stood out:

* Application Modernization

Banks are modernizing their retail platforms to grow revenue, increase efficiency and lower costs. Behavioral scientists, data scientists, bankers and developers are working together to develop the compelling customer app experiences they increasingly view as major competitive differentiators. Amid hot competition in the space, speed to market is also becoming crucial, with the addition of services and microservices, using platforms like VMware's Tanzu, creating short development timescales and the ability for frequent releases.

More apps also mean more data, which in turn means more insights about customers. Those insights fuel the hyper-personalization of marketing and service offers. Making sense of this data requires analyzing transactions in real time, which means many banks are turning to AI and machine learning, moving analytics workloads to the cloud.

* Digital Workspace Solutions

The speed and service now demanded in financial services is changing the workspace, both on the customer frontline and in DevSecOps. Banks want to improve customer service and lift productivity, while maintaining the security and data integrity that remains the cornerstone of the industry. One bank told me that this year 90% of its infrastructure has been managed by employees working from home. Cloud-based solutions that keep source code safe and provide relevant developer access are removing old roadblocks and speeding up rollouts, with thousands of remote developers able to work on projects at once.

* Multi-Cloud Adoption for Consistent Digital Experience

Attracted by flexibility and infinite scalability, banks are increasingly answering the challenges of app modernization and digital workspaces by integrating with public clouds. Multi-cloud and hybrid cloud allows modern apps to talk to core legacy systems for a more responsive, innovative and seamless experience for the

customer. Multi and hybrid cloud also give the flexibility to deal with different regulatory requirements in different jurisdictions.

One bank described a journey from two releases per month on traditional infrastructure that became 20 releases a month in a virtualized environment, before accelerating to 120 releases per month on cloud. "Speed is our lifeblood," one bank CTO told me at VMworld. "You are only as fast as your infrastructure." As well as enabling shorter release cycles that get new features to customers faster, development done in the cloud means that tech talent can be sourced from almost anywhere in the world, scaling up and down as required.

* Experience Matters

Financial services firms old and new now have to gauge how they measure up to digital giants like Meta, Google and Netflix in customer experience terms. "Digital experience" can include anything from how easy a service is to use to its ability to meet customer needs with timely offers.

The stakes are high. According to our Digital Frontiers 3.0 study, 59% of Southeast Asian consumers would switch to a competitor if the ongoing digital experience they get from a brand does not live up to expectations.

Banks are taking action. The end goal of many customer experience initiatives is to forge a digital relationship that is strong enough to support their customers' financial products digitally, as well conduct routine transactions.

India's IndusInd Bank, for example, says that since the pandemic, 70% to 80% of its customer acquisitions have come via digital channels. Using multi-cloud infrastructure, IndusInd has rolled out innovative customer-facing applications. One app is IndusAssist, which allows customer to conduct everyday banking tasks via talking to Amazon Alexa. Meanwhile, IndusInd's Video Branch mobile app, allows customers to conduct face-to-face banking with their Branch Manager or Relationship Manager across a full range of transactions, no matter where they are in the world. Innovations like these helped IndusInd win the "Improved Customer Experience" category at the first-ever VMworld Customer Excellence Awards last year.

License for Change

Eyeing the democratization of finance and greater competition, regulators around the Asia Pacific region seem keen to encourage the growth of new digital financial services. In this environment, some banks are even planning to shift their core banking systems into the cloud—something that would have seemed unlikely not that long ago. More regulatory leeway is also increasing the speed of change, which is adding to the pressure on all players to keep up.