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From the Desk of the Editor

Dedicate Mobile Remittance App urgent to boost remittance inflow

The remittance, a lifeline of the economy of Bangladesh is now a hot topic in the financial hubs. Despite various lucrative incentives offered by the government, the volume of inward remittances had been showing a downturn in the last couple of months. Inward remittances into the country dropped over 15 per cent in the fiscal year (FY) 2021-22 over the previous fiscal, despite providing higher incentives. The remittance inflow declined by around 5.0 per cent in June alone compared to that of the previous month (May).

The central bank and other banking sources, however, attributed the decline in the remittances to the inflow of a significant volume of foreign currencies through informal channels, meaning 'hundi'. The actual volume of formal remittance to the country is supposed to be much higher than the official figure. The concern is how Bangladesh can reverse the situation as it is desperately needed to keep economic growth pace.

To arrest the falling remittance trend, industry experts say Bangladesh should build its own mobile remittance app, particularly for workers in Middle East countries so that they can send money instantly from their workplaces. A dedicated app which enables migrant workers to send money to their families with a single click will trim down Hundi inflow facilitating low-income migrant low-cost delivery channels. If banks and MFS operators can deploy dedicated mobile remittance apps and expatriate Bangladeshi will be able to send money to their relatives from anywhere any time, the cost of remittance might be lower and the volume of remittance inflow will be higher. As the operators will be Bangladeshi MFS providers partnered with banks, the central bank will be able to monitor real-time fund flow through such remittance apps.

More study is needed to explore more possibilities. Here, policymakers, regulators, MFS operators and market observers should work together for better performance. In this issue, THE BANGLADESH EXPRESS has shed light on this topic.

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Editor's Pick

THE FALLING REMITTANCE

HOW CAN WE REVERSE THE SITUATION ?

● FARUK AHMED



Bangladesh can attract more formal remittance by trimming down Hundi inflow facilitating low-income migrant low-cost delivery channels introducing a dedicated mobile app which will enable migrant workers to send money to their families with a single click.

The remittance, a lifeline of the economy of Bangladesh is now a hot topic in the financial hubs. Despite various lucrative incentives offered by the government, the volume of inward remittances had been showing a downturn in the last couple of months. One of the main reasons is that Bangladeshi diasporas are still preferring unofficial channels to remit their hard-earned money to their relatives.

Inward remittances into the country dropped over 15

per cent in the fiscal year (FY) 2021-22 over the previous fiscal, according to Bangladesh Bank. The remittance inflow declined by around 5.0 per cent in June alone compared to that of the previous month (May).

The central bank and other banking sources, however, attributed the decline in the remittances to the inflow of a significant volume of foreign currencies through informal channels, meaning 'hundi'. To encourage remittance through legal channels, the government has raised the rate of incentives by 0.5 per cent to 2.5



per cent from January 2022.

As the remittance is falling, the foreign exchange reserve has come under severe pressure in recent days which has created an uncomfortable situation for the government to meet import demand that has forced the Finance Minister AFM Mustofa Kamal to beg for a multi-billion dollar loan from IMF and more from other multilateral donors.

The World Bank has predicted that Bangladesh may continue to experience a meagre growth in remittance inflow of only 2 per cent to \$22 billion this year while remittances to Pakistan are likely to grow by 8 per cent to \$34 billion and in India, this growth is likely to be 5 per cent in 2023.

Opposition politicians are blaming the government for its failure in economic management to arrest this falling trend while economists are finding the IMF loan as a respite for the government to tackle the crisis. But all of them agreed on one point Bangladesh needs to take more pragmatic steps to reverse the situation attracting more remittances through official channels.

The question is: how can we reverse the situation?

A DEDICATED MOBILE APP- The Ultimate Solution

Bangladesh can attract more formal remittance by trimming down Hundi inflow facilitating low-income migrant low-cost delivery channels introducing a dedicated mobile app which will enable migrant workers to send money to their families with a single click.

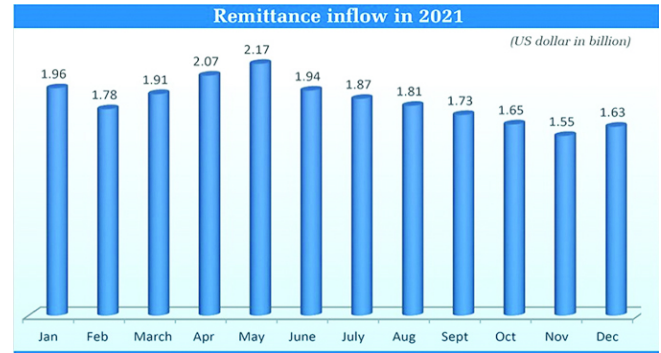
Industry experts say the actual volume of formal remittance to the country is supposed to be much higher than the official figure. The missing volume is coming through Hundi - a traditional informal channel that

deprives the National Exchequer of the legitimate deposition of foreign currency earned and sent by hard-working Bangladeshi expats.

Their preference for Hundi emanates from a few advantageous reasons - a) the commission rates for transferring money through hundi or hawala are quite low b) the exchange rate is higher c) easy as no requirement of disclosure of the source of income and d) delivery of money instantly to the respective recipient.

Every year, around 1.2 million Bangladeshis leave the country to work and live abroad contributing 15 per cent of GDP through sending hard-earned remittances. From the migration process to remitting money to their families living in rural areas, the expatriate Bangladeshis have a feeling of being exploited and their frustration leads them to illegal Hundi for a better rate, lower fee and convenient remittance transactions.

If they find an alternative way to get better exchange rates and quick delivery at lower rates, they will refrain from being the victims of hundi traders who are exploiting them using the logo of mobile financial service (MFS) which is very familiar to them, industry





experts say.

Mobile Financial Service is a unique payment method and the best tool for the last mile solution", said Dr Yousuf Khan, a remittance expert and former Deputy Managing Director of Mercantile Bank. "Hundi traders are now misusing this tool effectively, so banks should immediately deploy this innovation in its remittance service model and offer better rates to keep migrant workers", he said.

A number of Bangladeshi expatriates living in Australia, Italy and London have expressed their dissatisfaction over the performances of exchange houses operated by commercial banks and the rates offered by them. After the tie-up of bKash with WorldRemit, most of them send money through bKash and other MFS operators which helped push up remittance inflow to its record highest high of \$22.07 billion in 2021.

But the volume of remittance inflow to middle east countries through official MFS channels is not significant as workers who at most times stay in remote areas do not use MFS channels. If they can send money from their accounts with bKash or other operators instantly from their workplaces, the volume of remittance would be higher.

Lower exchange rates and some incidents of delay in cash delivery driven by cash shortage in some bank branches allow migrant workers to use unofficial channels which ensure the quick and safe delivery of cash in remote areas, they observed.

"Money has no heart, it always moves toward high yields. You can't stop its movement with only utter some words, without better rates, better environment, and better delivery service", said NujatNueryLopa, now living in Sydney.

"Our income is too small, so we remit a very tiny amount. We need better rates and quick delivery of cash to our relatives, whatever the channel might be", said Motahar Hossain, a construction worker in Saudi

Arabia. "As bank branches and ATMs are not available in remote areas, most migrant workers find mobile banking as the best solution", he said.

Industry experts say a dedicated mobile app can attract these workers to send money instantly to their family members. This will reduce the cost of transactions and delivery significantly. As the operators will be Bangladeshi MFS providers partnered with banks, the central bank will be able to monitor real-time fund flow through such remittance apps, they say.

The digital remittance market is likely to grow at a CAGR of 27% during the forecast period 2022-2032. The market is expected to be valued at USD 18.16 Billion in the assessment period 2022. As per the latest World Bank's report, the remittances industry moves over \$600 billion around the world, with \$466 billion being sent to low-and-middle-income countries.

Remittances are expected to continue to increase in 2022, by 27% to reach nearly USD 18 Bn. The international community is striving to considerably reduce the cost of remittance services. This will eventually propel the growth rate of the digital remittance market in the forthcoming future. Robust growth in transfers from countries in Southeast Asia assisted offset lower remittance flows from other regions, especially the Middle East and the United States.





MOBILE APPS: Cut Cost, Push Up Inflow

According to The World Bank data, the Global Weighted Average increased to 4.71 per cent in Q2 2021, from 4.54 per cent in Q1 2021. Banks remain the most expensive type of service provider, with an average cost of 10.64 per cent. In Q2 2021, mobile money was the least costly instrument to originate remittances and was also the least cost instrument to receive remittances.

After the introduction of mobile remittance apps, the cost of sending remittances reduced significantly over the years. Globally the average cost of sending \$200 was 6 per cent in the fourth quarter of 2021, double the SDG target of 3 per cent, according to the Bank's Remittances Prices Worldwide Database. It is the cheapest to send money to South Asia (4.3 per cent) and the most expensive to send to Sub-Saharan Africa (7.8 per cent).

The GSM Association (the trade association of mobile

operators) released a study on the cost of remittances sent over mobile phones in Africa, finding that mobile technology cut remittance costs in half. The key is digital and mobile technology enabling efficiency and cost savings for senders and receivers of remittances.

What determines a migrant's choice of payment channel when remitting money abroad?" A study by the EU shows that bank transfers are used less often for small remittances because of relatively high fixed fees. The results indicate a strong effect on a person's living environment. In general, people living in urban areas are more likely to use MTO services or one of the other non-bank remittance options.

A survey conducted by the central bank of Kenya in 2021 established that the Kenyan diaspora prefer digital service providers due to convenience, efficiency in terms of speed / prompt service and ease of access. On average, recipients receive the funds sent on the same day, reflective of the high efficiency of these channels.

The world of modern money transfers has made it incredibly easy, and safe, to move money from one place to the next. While in the past one has to go to the bank or a local post office to move money, these days one of the most effective ways to transfer hard-earned remittance is via a mobile app. This development in the industry has opened up a world of possibilities for all kinds of opportunities, but in particular, it is a game changer for those who work in distant places and are looking to send money home.

And with a mobile remittance app, one can really look forward to the fast transfer of money. With the best apps, money can be sent within seconds.





There is no paperwork to go through and no downtime when it comes to organising the transfer. Bangladesh can reverse the falling situation by deploying its own dedicated mobile remittance app, particularly in middle eastern countries.

EXAMPLE IS BETTER THAN PRECEPT

Realising the potentiality of mobile remittances, many developing countries have developed mobile apps to attract remittances. M-PESA established on 6th March 2007 by Vodafone's Kenyan associate, Safaricom is one of them. It has more than 604,000 active agents operating across the Democratic Republic of Congo (DRC), Egypt, Ghana, Kenya, Lesotho, Mozambique and Tanzania.

Safaricom and Visa have launched 'M-PESA GlobalPay' that enables customers to use M-PESA to shop at more than 100 million merchants across 200 countries for the first time. Through strong relationships with leading money transfer operators such, M-PESA is the destination for over US\$1.5 billion in remittances every year, including 60% of formal remittances into Kenya and 20% into Tanzania.

Remittance inflows to Kenya have increased tenfold in

the last 15 years reaching an all-time record of USD 3,718 million in 2021. South Asia remains the lowest cost-receiving region, with an average cost of 4.30 per cent. Sub-Saharan Africa remains the most expensive region to send money to, recorded at 8.72 per cent total average cost in Q2 2021.

Kabayan Remit is the leading single corridor online money transfer platform in the UK, with a sole focus on money remittances sent to the Philippines. With a great understanding of the Philippines and its culture, Kabayan Remit provides a unique approach to helping Filipinos who work hard overseas send money to their loved ones back home.

To increase financial inclusion among Syrian refugees in Jordan, GIZ teamed up with Dinarak, a licensed payment service provider in Jordan, to explore digital solutions for increasing access and usage of remittances and financial services.

THE BOTTOM LINES

Remittances from more than 10 million citizens abroad are very important for Bangladesh and along with garment exports are key sources of foreign exchange earnings. The remittance sent by them is 2 times higher than readymade garments, 15 times higher than FDI, 5 times higher than foreign aid and 10 times higher than the industrial growth of the country.

To arrest the falling remittance trend, Bangladesh should build its own mobile remittance app, particularly for workers in Middle East countries so that they can send money instantly from their workplaces. More study is needed to explore more possibilities. Here, policymakers, regulators, MFS operators and market observers should work together for better performance.

Bangladesh at highest risk of ransomware Trojan attacks



DF Report

Bangladesh is on top of the list of countries at risk of ransomware Trojan attacks, according to a recent survey by Kaspersky.

According to the survey, 3.69% of the Kaspersky users in Bangladesh suffer Trojan attacks, which is the highest in the world, said Tarique M Barkatullah, project director of Bangladesh Government's e-Government Computer Incident Response Team (BGD e-GOV CIRT) and director (operations) of Digital Security Agency, on Monday at a press conference.

The Cyber Security Agency of the ICT Division organised the press conference on emerging cyber threats at the national level at the ICT Bhaban in the capital yesterday.

Ransomware is a type of malware that threatens to publish the victim's personal data or permanently block access to it unless a ransom is paid.

At the press conference, State Minister for ICT Zunaid Ahmed Palak said, "The BGD e-Gov CIRT has recently observed an increase in cyber-attacks on critical public and private information infrastructures. Currently we are not safe from cyber-attacks, rather we are at the centre of it."

He said cyber-attacks have recently increased worldwide amid a global economy worsening due to the Covid-19 pandemic and the Russia-Ukraine war.

Cyber criminals more frequently try to attack the banking, finance, and power sectors, said the state minister for ICT.

Hackers steal information from public and private organisations and extort money from people and businesses.

Earlier, foreign hackers launched Distributed Denial-of-Service (DDoS) cyber-attacks on the national Covid-19 vaccine registration app "Surokkha".

"They created a phishing site called 'Shurokkha.com' to steal people's personal information but we were able to successfully thwart the attempt," said the state minister.

The BGD e-Gov CIRT, which is responsible for maintaining cybersecurity in the country, identified the attacks during its regular monitoring.

Palak also said cyber criminals have already tried to attack a number of mobile companies.

"Hackers have stolen many credit card details as online use of credit cards has increased in the country. BGD e-Gov Cert informs the appropriate authorities as soon as it receives such information through regular enquiries," he said.

Due to the emerging crisis, BGD e-Gov CIRT advised all authorities concerned to install or update anti-DDoS hardware and software and set proper anti-DDoS protection threshold limits to keep all important information infrastructure safe in Bangladesh as per the "Digital Security Protection Guidelines for Critical Information Infrastructure". Palak also urged the gen-

eral people as well as the government to become more cautious to prevent these kinds of attacks.

He further said Bangladesh is working with different countries to prevent cyber-attacks.

"Other countries give us information if they get any information on cyber-attack. Cyber security cannot be ensured by any country alone. Criminals from different countries are committing cyber-crimes," he said.

He said, "We think that most of the cyber-attacks are committed under the sponsorship of various states. Our own data centres are also very vulnerable."

BTRC Vice-Chairman Subrata Roy said, "We have shut down a number of gambling sites. However, we cannot control the gambling run by downloading apps from Google play store."

"We have no control over Facebook and Youtube. We cannot control contents uploaded from abroad," he added.

In 2019, Bangladesh scored 83rd in the National Cyber Security Index (NCSI) published by Estonia, however, the country advanced to the 33rd position in 2022.

Following Bangladesh, the biggest percentages of users suffering from Trojan attacks were reported in Haiti (1.79%), Sudan (1.69%), Turkmenistan (1.41%), Palestine (1.33%), Yemen (1.10%), Tajikistan (1.03%), China (1.01%), Ethiopia (1%) and Pakistan (0.87%).

240 govt entities, banks come under cyber-attacks

DF Report

An estimated 240 major government organisations along with commercial banks have come under major and coordinated cyber-attacks very recently.

Terming cyber-attacks outrageous, the state-backed Bangladesh e-Government Computer Incident Response Team (BGD e-Gov CIRT) reports that important organisations have seen distributed denial-of-service (DDoS) cyber-attacks during its regular monitoring.

Most of the ministries, including the foreign ministry, have witnessed the attacks, it adds.

However, the BGD e-Gov CIRT has not named any specific bank in the attacks.

In a DDoS attack, incoming traffic originates from many different sources, making it impossible to stop the attack by blocking a single source.



These attacks can cost an organisation both time and money while its resources and services become inaccessible.

The BGD e-Gov CIRT has written to all the key organisations, including important data infrastructure,



requesting them to take appropriate action to prevent such attacks in the coming days.

The government formed the BGD e-Gov CIRT under the Bangladesh Computer Council (BCC) just after the heist of the central bank's reserve to combat any such fatal intrusions further.

Bangladesh has witnessed major cyber-attacks frequently in public and private organisations in recent times.

Telecoms carriers Grameenphone, Robi Axiata, Banglalink and Teletalk experienced coordinated cyber-attacks very recently, indicating their diluted network communications and showing their utter vulnerabilities to such malware infections.

Tarique M Barkatullah, BCC director (data centre) says DDoS is a type of cyber-attack from a wide botnet controlled by a cyber-criminal to target a specific IT infrastructure to disrupt regular service delivery.

In this emerging situation, he urges all stakeholders, including important public entities, to follow the 'Digital Security Protection Guidelines for Critical Information Infrastructure'.

Mr Barkat suggests that the relevant authorities install/update anti-DDoS hardware and software, and set proper protection thresholds to keep all critical information infrastructure safe in the country.

Terming cyber-attacks commonplace nowadays, an IT

expert working in a leading private commercial bank said a number of banks remained safe from such attacks due to their cautiousness and daily software and hardware maintenance.

It is upsetting that IT managers at different organisations sometimes remain inactive and show their utter duty negligence that encourages cyber-criminals to take advantage, he said.

A central bank official said banks should invest more in IT security. Despite our repeated instructions, a few banks have put focus on this issue.

As Bangladesh has achieved good progress, especially on the socio-economic front, in the era of digitisation, the number of cyber-related incidents has also risen.

Due to a leap in IT-related crimes, the issue of cyber-security has become a matter of serious concern for most relevant government and private entities.

In 2021, at least 147 public-private organisations, including banks and non-bank financial institutions, came under attack, showing their utter vulnerabilities, according to the CIRT. It disclosed that the incidents increased to 870 in 2018 from 683 in 2017. The figure was 379 in 2016.

Of the attacks, vulnerability accounts for 63.2 per cent, intrusion or hackings 5.7 per cent, malicious code 22.5 per cent and abusive content 4.5 per cent. The rest comprise fraudulence, intrusion attempts, service requests and information security.

MARKET UPDATE

BFIU seeks bank info of 26 money changers to probe laundering

DF Report

The Bangladesh Financial Intelligence Unit (BFIU) has sought the bank account details of 26 money changers to find out whether any of them are involved in money laundering through hundi.

The institution will also verify the bank transactions of these money changers.

Meanwhile, the BFIU has also sent letters seeking details of hundreds of agents of various mobile financial services (MFS) institutions, which are suspected to be involved in digital hundi.

The organisations whose bank account details were requested by BFIU are - Nivedita Money Exchange, Vijay Money Exchange, Vijay Interchange, City Monetary Exchange, Bakaul Money Exchange, Mondial Money Exchange, Nobils Moneychanger, Himalaya Dollar Moneychanger, Capital Moneychanger, Metro Moneychanger, Dependent Moneychanger, Dhaka Moneychanger, Lord's Money Exchanger, Glory Money Exchange, DN Moneychanger, Angkan Money Exchange, Binimoy Money Exchange, Buriganga Money Exchange, Cumilla Money Exchange, ASN Moneychanger, BKB Money Exchange, Kaya Moneychanger, Alpha Money Exchange, Crystal Money Exchange, The Liaison Money Exchange and Uttara Moneychanger.

According to the money changer organisations' trans-

action management rules, if any organisation has more than \$25,000 at the end of a day, it has to be deposited at a bank. They can have a deposit of maximum \$50,000, if they have more than that they have to sell it to an authorised dealer (AD) bank.

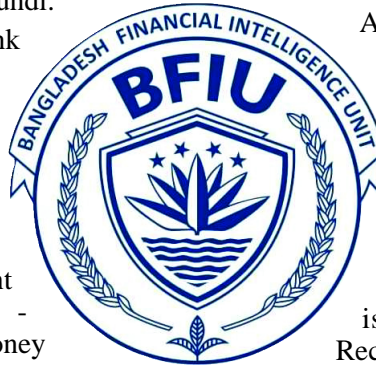
A senior official of the central bank said that the money changers have become involved in various irregularities due to lack of supervision of banks. Therefore, BFIU is working to investigate whether any money has been laundered through the money changers.

At present 235 money changers are registered under the Bangladesh Bank. Recently the Bangladesh Bank has suspended the license of five money changers over manipulating dollar market. A list of nine establishments were given to law enforcement agencies for trading without licenses and account details of 42 establishments have been sought for.

Dollar price has increased in recent times not only in case of imports, exports and remittances but in case of buying cash dollar as well.

On 10 August, the price of the dollar rose to a maximum of Tk119 in the kerb market. Now the price has come down slightly.

On Monday (22 August), the dollar was sold at Tk108 to 110 in the kerb market.



Internet banking transactions double as users find ease

DF Report

Transactions through internet banking in Bangladesh more than doubled in the last fiscal year as a huge number of people, especially the young generation, are

using the platform to carry out financial activities.

In 2021-22, transactions shot up 122.60 per cent year-on-year to Tk 224,958 crore, according to data from the Bangladesh Bank. Leading banks since 2010 have been

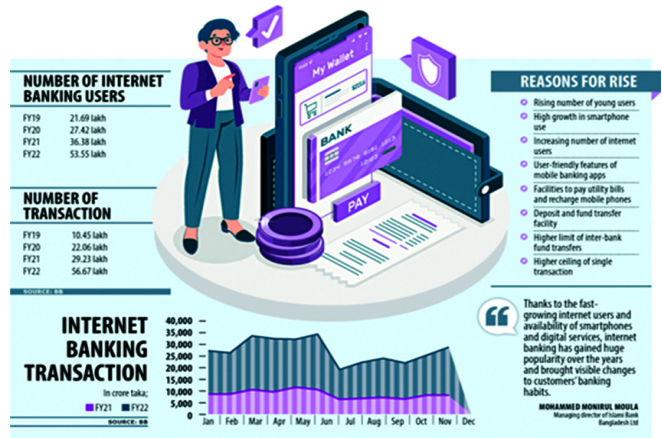
encouraging customers to adopt the digital window. In June 2019, the number of internet banking active users of the bank was 20,000 and it has now risen to 1.5 lakh. About Tk 2,800 crore was transacted through the platform in July this year.

Bangladesh Bank (BB) data shows that the number of customers using internet banking has increased to 5.35 crore in June, an increase of 47 per cent from a year earlier thanks to central bank's pro-active role to promote digital transactions.

For example, the central bank, in September 2020, raised the limit of inter-bank fund transfers to Tk 5 lakh per day from Tk 2 lakh. It also doubled the ceiling of a single transaction to Tk 1 lakh from Tk 50,000 and permitted customers to settle as many as 10 transactions per day from five in the past.

A central banker says branch-led banking is already on the wane in keeping with the spread of internet banking, which cut the operational costs of financial institutions at the end of the day.

"This also benefits clients as they can opt out of going to branches to settle transactions. This has helped them



utilise their valuable time on other productive purposes."

The central bank's platforms - Bangladesh Real Time Gross Settlement (BD-RTGS) and the Bangladesh Electronic Funds Transfer Network (BEFTN) -- have popularised internet banking as well.

Customers can settle transactions of large volumes instantly through the RTGS while the BEFTN helps them carry out retail transactions within a day.

Transactions thru MFS soar in June

Mobile banking transactions hit second-highest in June

DF Report

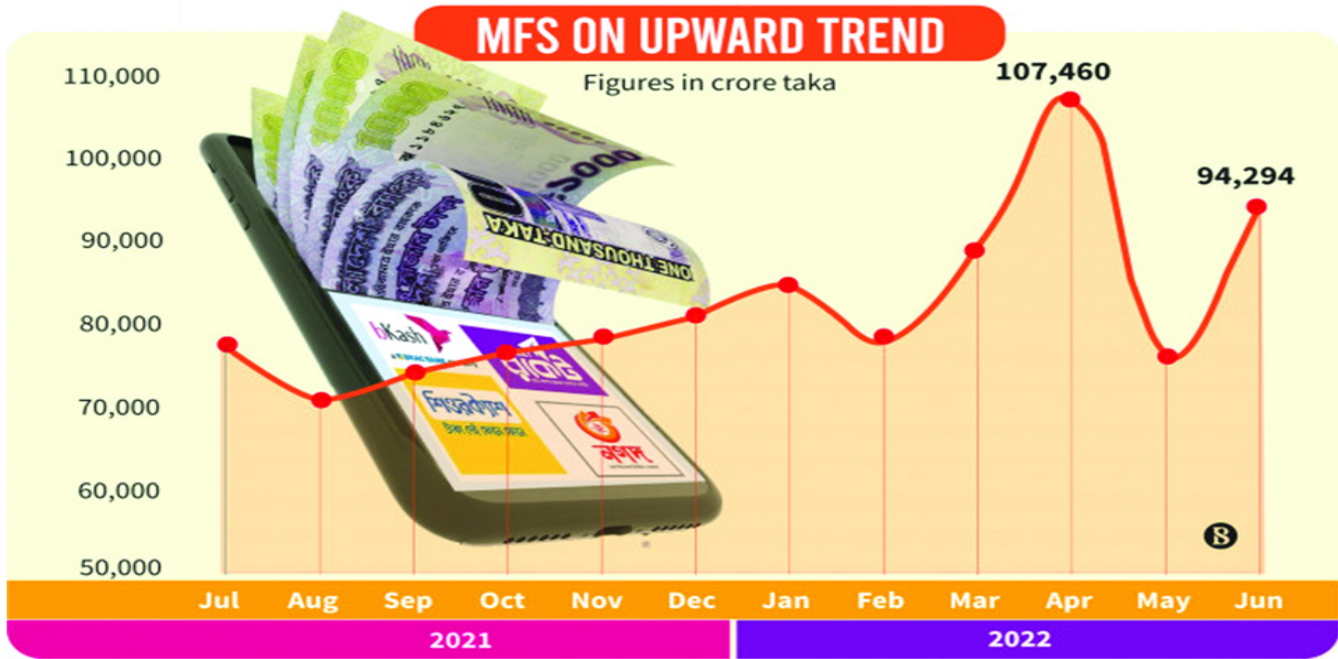
Transactions through Mobile Financial Services (MFS) providers hit the second-highest ever transactions of Tk94,294 crore in June driven by higher adoption of mobile payment and changing customers' shopping behaviors.

The highest transactions of Tk107,460 crore took place in April riding on the back of financial dealings centring Eid-ul-Fitr. According to data from the Bangladesh Bank, mobile banking transactions stood at Tk76,312 crore in May, which is less than other normal periods.

Officials at several MFS providers said as Eid-ul-Fitr fell at the very beginning of May, most transactions cen-

tring on the festival including bonuses and shopping took place in the previous month. Transactions in the month after Eid are naturally less than the previous month, according to sector insiders.





Shamsuddin Haider Dalim, head of Corporate Communications at bKash, said, "According to Bangladesh Bank recent data, transactions through MFS saw reasonably better growth in April due to the Eid festival. In May, the transactions dropped for the obvious reason of Eid vacation and returned to normal growth again in June."

He said the convenience of digital transactions, customer-centric diversified services and products, and consistent investment in technology by MFS providers like bKash has been strengthening the digital payment ecosystem of the country.

"Moreover, the government itself is utilising MFS platforms for disbursing social safety net allowances, stipends and financial aid as well as collecting fees, taxes, etc. Owing to these, customers are getting accustomed to digital transactions every day," he added.

According to the central bank data, customers of MFS providers made transactions more than 46 crore times in June - the highest ever monthly transactions.

Customers cashed in Tk27,420 crore and cashed out Tk26,692 crore. Also, the MFS users have transferred person-to-person balances amounting to Tk24,521 crore. Each of these is higher than the previous month.

Also, the MFS sector is becoming increasingly popular for paying utility bills. Last June, for the first time, bills of more than Tk2,000 crore were paid using this digital service.

In addition, for the second time, the balance of MFS accounts has crossed Tk10,000 crore. At the end of June, the balance stood at Tk10,870 crore.

According to the central bank data, the total transactions through MFS providers in the 12 months towards

the end of June 2021 were Tk759,556 crore. That is, the average transaction per month stood at Tk63,296 crore.

From July 2021 to June this year, the total transaction was Tk990,004 crore. An average of Tk82,500 crore was transacted every month. That is, the average transaction per month has increased by 30.34% in the last one year.

The number of MFS accounts has increased by 29 lakh in the last month. At the end of June, the number of accounts increased to over 17.86 crore. Among them, over 10.35 crore accounts are held by male users and more than 7.46 crore by female customers.

The number of other accounts such as institutional is 3.94 lakh. The central bank said that the number of MFS accounts has increased by more than 2.26 crore in the last one year.

The Bangladesh Bank launched mobile banking activities in 2010. Mobile Financial Services started its journey in the country on 31 March 2011 with the launch of Dutch-Bangla Bank's mobile banking services.

Later, Brac Bank launched a mobile banking service as a subsidiary. At present, bKash dominates the mobile banking services in the country, followed by Nagad.

According to the latest data from the central bank, there are currently 13 banks offering mobile banking services in the country under various names such as bKash, Rocket, UKash, MyCash and SureCash. They are providing services like sending money, cash-in, cash-out, salary disbursement, donation for the poor, stipend disbursement, remittance, payments for different government services, toll payment, credit card bill payments and insurance premiums.

Pandemic led dramatic shift from cash to digital remittances: study

DF Report

The usage of digital remittances has increased sharply over the last two years, thanks to a dramatic pandemic-induced shift from cash to digital, according to a study.

The proportion of Brac Bank remittance transactions received digitally in either bank accounts or mobile wallets, increased from 37% in 2019 to 75% in 2020, according to the study titled "Shifting from cash to digital remittances during the pandemic: A case study of Brac Bank in Bangladesh."

The United Nations Capital Development Fund (UNCDF) has brought up insightful trends of Bangladesh's remittances in this case study.

The findings of the study also reflected on the overall trend of receiving remittances through digital channels.

The total remittances channelled through mobile financial service (MFS) providers surged by 13 times in the last two and half years.

Before the pandemic in December 2019, remittances through MFS providers amounted to only Tk30 crore, which increased to Tk384 crore in April this year, according to data from the Bangladesh Bank.

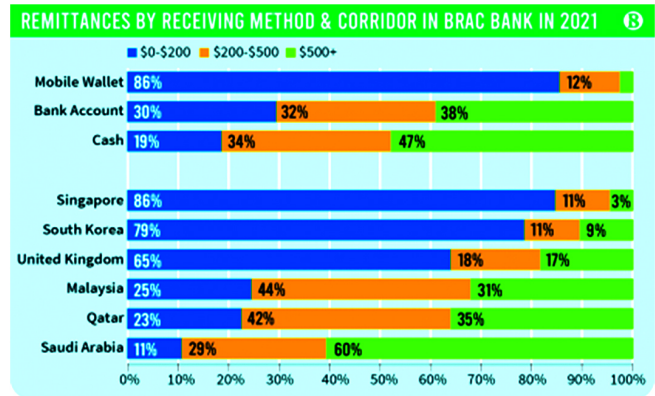
The pandemic led to increased use of digital remittances, said the UNCDF study.

"When the pandemic broke out in early 2020, there were concerns that remittances in Bangladesh would decline, which would negatively impact the economy, specifically the well-being of migrant recipient families. While remittances to low- and middle-income countries around the world did fall by 1.6% in 2020, the opposite effect occurred in Bangladesh, where inbound remittances increased by 18%."

The case study on Brac Bank shows that digital transfers of small value remittances increased sharply as digital channels are cheaper, faster and safer than cash remittances.

Brac Bank transaction data showed as many as 86% of transactions received through bKash mobile wallets are under \$200, compared to 30% of those received in bank accounts and 19% received in cash in the year 2021.

Study data shows that among the main countries sending remittances to Brac Bank customers, South Korea, Singapore, and the UK, where significant mobile wallet channels have been developed, send the lowest



value transactions. Mobile wallet uptake has been lower along the Malaysia, Qatar and Saudi Arabia channels, which are still dominated by larger transaction sizes.

Although women comprise 60% of remittance recipients in Bangladesh, only 37% of Brac Bank's digital remittance recipients are women, according to the study.

"This is largely due to low levels of digital and financial literacy and limited adoption of digital and financial services among women in Bangladesh broadly," said the report.

For example, only 65% of women in Bangladesh own mobile phones compared to 84% of men, and only 43% of adult women have an account with a bank, financial institution or mobile money provider, compared to 63% of men, according to the report.

Before the pandemic, formal remittance inflows totalled \$22 billion, and estimates suggest that informal inflows were as high as \$14.5 billion, the report said.

As of 2018, 10 million people in the country, or 9% of the adult population, received remittances. Of these, 60% were women and 78% lived in rural areas.

Brac Bank Limited is a commercial bank in Bangladesh that since its inception in 2001, has partnered with 57 exchange houses and 7 banks to build a worldwide remittance network. bKash, one of Brac Bank's subsidiaries, is the country's largest mobile wallet provider with 40 million customers, including 4,00,000 digital remittance recipients.

Brac Bank partnered with the UNCDF to improve Bangladeshi remittance recipients' access to digital channels and to strengthen the use of remittance-linked, value-added services.



Ex-CEO Mahtab sues Robi, seeks Tk 227cr

DF Report

Ahtab Uddin Ahmed, a former chief executive officer of Robi Axiata Ltd, has filed a lawsuit against the telecom operator, its board chairman and former group CEO seeking Tk 227 crore in retirement benefits and compensation for 'wrongful dismissal'.

He filed the case on Monday at the 1st Court of Joint District Judge, Dhaka, according to a statement issued by Ahmed's lawyer Hassan MS Azim.

Ahmed submitted his letter of resignation to the operator on August 2, 2021, and it came into effect on October 31 last year. He gave no reason for the decision.

The board of directors of the mobile phone operator accepted the resignation by issuing a letter dated August 5.

Two days later, however, Robi initiated a departmental proceeding by serving a show-cause notice on Ahmed regarding accounting transactions that took place in 2019, which Axiata Group and the Robi board were aware of, said the statement.

Robi dismissed Ahmed on May 22 this year, nine and a half months after accepting the resignation.

"The dismissal of our client on 22 May 2022 was done by a vested quarter with an ulterior motive," said the lawyer in the statement.

And the dismissal was based on certain allegations, which are absolutely false and baseless as has been found in the financial statements of 2021 prepared by Robi management and audited by HodaVasi Chowdhury & Co, an external independent audit firm, Azim said.

The statement stated that Ahmed continued to face challenges in dealing with former Group CEO Izzadin Idris since his becoming the chairman of the board of Robi, and later primarily on his long pending salary dispute.

"It is also to be mentioned that the GCEO [Group CEO] threatened my client in writing of 'consequences'



multiple times well before the above allegation was brought in."

"It is very sad that I had to file a case against a company and the group where we contributed to each other's development," Ahmed told The Daily Star yesterday.

"It is unfortunate that former Group CEO Dato Izzadin Idris turned against me for our differences over a few issues, including a dispute over my salary, which culminated in a personal vendetta against me."

Idris was well supported by current Robi Chairman ThayaparanSangarapillai who has many conflicting roles in Robi and Axiata, Ahmed alleged.

He termed the allegation of accounting irregularities as completely false as evident from the financial report for 2021.

Azim said the sole purpose of dismissing his client was not to pay his service benefits. "The dismissal also damaged my client's career," he added.

Mohammed ShahedulAlam, chief corporate and regulatory affairs officer of Robi, said it has not yet received any document regarding the case.

"So, we can't comment on the issue right now."

Ahmed was appointed as the CEO of Robi in 2016, becoming the first Bangladeshi to helm the pole position of a major private mobile network company.

During his tenure, he led the merger of Robi with Airtel and the listing of the company on the stock market in 2020, which was the largest ever initial public offering in Bangladesh.

Axiata Group Berhad of Malaysia retains the controlling stake of 61.82 per cent in Robi while Bharti Airtel of India holds 28.18 per cent and the general public holds the remaining 10 per cent stake in the company. Shares of Robi were unchanged at Tk 30 on the Dhaka Stock Exchange yesterday.

Robi, which operates brands Robi and Airtel in Bangladesh, has 5.45 crore customers as of June, becoming the second-largest operator in the country.



FinTech Think Big Solutions Offers TREDX Digital Factoring Platform

DF Report

Bangladesh-based FinTech Think Big Solutions now offers a digital factoring platform to provide financing solutions for smaller businesses, a news report said Sunday (July 31).

TREDX aims to unite small businesses, financial institutions (FIs), corporations and suppliers to create an online marketplace, TREDXonline, for digital invoices. TREDX will facilitate digital factoring, that is, real-time transactions selling approved invoices from small and medium-sized enterprises (SMEs) to FIs at a discount.

According to M MasrurReaz, managing director for Think Big, SMEs make up around a quarter of the country's gross domestic product. But a large number of them have limited access to formal finance.

Reaz said the idea was to make more access to credit, as many don't have very much collateral, but also have working capital tied up in invoices payable by larger

corporations.

"So, factoring as a product is best suited to meet the needs of SME suppliers, wherein the factoring companies and banks could have discounted their approved invoices and provided the suppliers with much needed liquidity," he said.

Recently, companies based in the U.S. have been required by the Financial Accounting Standards Board to disclose details on supply chain financing programs.

The firms will now have to report the outstanding balances tied to the programs and the terms of the financing arrangements.

The rule was proposed last December and will take effect early next year. It will address the fact that clearer accounting would spotlight the effects the programs have on the capital and cash flows.

The programs offer a lifeline to suppliers, in which payables arrangements can help buyers pay vendors with third party financing and earlier than usual.

bKash, BSK widen book reading program in Rajshahi, Netrokona and Mongla



DF Report

To nurture the habit of reading books among students, 'book reading program' of BishwoShahittoKendro (BSK) and bKash has been expanded to Rajshahi, Netrokona, and Mongla.

As part of this program, country's mobile financial service provider bKash and BishwoShahittoKendro have distributed the books among the students of Promothnath Govt Girls' High School, Laxmipur Girls' High School, Al-Hikmah Muslim Academy in Rajshahi; Nischintapur High School, PremnigorChalipura High School, ChallishKahania Hafiz Uddin High School, Barhatta CKP Govt High School and Barhatta Pilot Girls' School in Netrokona; Navy School and College, Haldibunia High School, Mongla Bandar Secondary School in Mongla, read a media release.

GSM Jafarullah, Divisional Commissioner of Rajshahi, ANM Moinul Islam, Additional Divisional Commissioner of Rajshahi, Abdul Jalil, Deputy Commissioner of Rajshahi; Major General Sheikh Md Monirul Islam (ret'd), Chief External and Corporate Affairs Officer of bKash and Shameem Al Mamun, Director of BishwoShahittoKendro handed over the books among students in Rajshahi.

Abdus Samad, Chairperson of Social Development Foundation (SDF), Trustee of BishwoShahittoKendro's

and Former Senior Secretary; Humayun Kabir, EVP and Head of Regulatory and Corporate Affairs of bKash, and Captain M Ali Akbar Shirazi, Commanding Officer of BNS Mongla handed over the books in Mongla.

Khairul AlamSabuj, Eminent cultural personality; Sayma Ahsan, General Manager of Regulatory & Corporate Affairs of bKash, and Mesbah Uddin Sumon, joint director (Program) of BishwoShahittoKendro handed over the books among students in Netrokona.

bKash is associated with the book reading program with BishwoShahittoKendro's book reading program since 2014 as part of its Corporate Social Responsibility Program. Till now, more than 250,000 books have been distributed all over the country including this year's 40,000 books. Currently 400 schools across the country are under this 'book reading program' of BSK.

With the dream of fostering enlightened individuals, BishwoShahittoKendro has been relentlessly conducting various programs for the school, college students across the country for 44 years. Countrywide enrichment program is the most noteworthy initiative of BSK. At present, around 2 Lakh students of 1,500 schools around the country are getting enlightened under this program.

bKash launches talent hunt 'bTechWhiz' for tech enthusiasts

DF Report

bKash recently has launched talent hunt and development programme 'bTechWhiz' for the technology and relevant students.

Through this competitive programme, they will be hired from different campuses through a rigorous process and developed with first-hand learning opportunities, reads a press release.

This flagship recruitment and development programme of bKash has recently been launched with a 'Recruitment Test' at American International University-Bangladesh (AIUB) campus.

More than 350 students participated in its first phase. Before the test, Mozammel Haque, Head of Software Research and Engineering and IntekhabSadekin, Head of Solution Architecture and Planning of bKash conducted a seminar titled 'Technology and Beyond'.

Among others, R TarequeMoudud, Director of Office and Placement of AIUB; Dr Dip Nandi, Faculty of Science and Technology Director of AIUB; and Sayeed Nasir, Head of Organizational Development and Employee Relations of bKash were present at the event.

Gradually, bKash will provide direct employment opportunities to technology and engineering graduates from other university campuses through the 'bTechWhiz' flagship programme in the same process,



the press statement added.

Students selected in the campus recruitment test under this programme will go through a few other phases of recruitment process and finally get the opportunity to work in the Product and Technology team. After joining bKash, each of them will get the opportunity to enrich and develop their skills under a specific mentor through specific assignments and specialized training. It is mentionable that bKash conducts Management Trainee (MT) program 'GenNext Leader' for university students to help them attain maximum career growth. bKash also provides students with hands-on work experience by conducting a paid internship programme 'bNext'.

According to the Campus Track Survey 2021 conducted by internationally renowned research organization Nielsen, bKash has been ranked as the number 1 'Employer of Choice' in 2021 among 53 multinational and local organizations across all sectors for the second year in a row.

Guardian Life Insurance service through BKash ensures future security

DF Report

Uncertainty is a part of life. Still, Mohammad Nazmul of Munshiganj purchased a life insurance policy for his mother, thinking about future security.

Nazmul's mother died of physical illness suddenly. He faced harsh reality as well as financial hardship. Just then, he received Tk1.5 lakh as an insurance claim from Guardian Life's digital insurance 'Prottoy', which he availed at the cost of Tk250 from the BKash app in the name of his mother. This money brought a sigh of



relief to Nazmul's family.

Insurance services are popular globally for various needs including health protection, and financial security. Like other countries in the world, digital insurance services are now available in Bangladesh with the use of technology, reads a press release.

One can avail of this paperless insurance policy from anywhere through the BKash app anytime. By availing of Guardian Life insurance for his loved one from the insurance option of the BKash app, Nazmul got a huge relief in his time of need.

Nazmul said: "I had trust in the BKash app. I have been using various services of the BKash app for a long time. I purchased a Guardian Life Insurance policy after seeing the insurance option in the app and it was easy to avail. Even the insurance claim did not take much time and I got the money in the shortest possible time without any hassle. Digital insurance has been like a friend in the time of crisis."

From purchasing policy to paying insurance premiums to receiving claim payments; everything can be done from the BKash app. There is an opportunity to purchase various types of insurance policies from Guardian Life through the BKash app.

Customers can avail of policies of yearly premiums ranging from Tk150 to Tk3,499 using the BKash app and can get life coverage of Tk1 lakh to Tk5 lakh. In addition, they can avail health coverage of Tk50,000

for treatments.

Chief Commercial Officer of BKash Ali Ahmmad said: "Effective financial inclusion is being ensured by using digital technology for basic financial services like insurance. Guardian Life Insurance and BKash have already set that example by launching digital insurance services jointly. We are continuing our efforts to make life easier, safer and hassle-free by bringing such integrated services for the customers."

Acting CEO of Guardian Life Sheikh Rakibul Karim said: "Guardian Life is putting efforts to take Bangladesh's insurance sector to global standard through 'Insurtech' and to go further towards achieving inclusive insurance. We are the first to bring an end-to-end digital platform, EasyLife, which offers services like paperless insurance purchases and insurance claims through eKYC. We are continuing our joint effort to cater digital insurance service to everyone, by leveraging BKash's customer base of more than 62.5 million."

This unique service of availing of insurance from anywhere, anytime and getting insurance claims has boosted Nazmul's confidence. To provide some financial security for an uncertain future, he has taken Guardian Life's digital insurance policy for himself and his family members. According to Nazmul: "There is no such security scheme like Prottoy for a family."

bKash distributes graphic novel 'Mujib' to 100 schools in Khulna

DF Report

In a bid to inspire the students with the ideals of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, bKash has further distributed 4,000 copies of the graphic novel 'Mujib' to 100 schools in Khulna division.

As part of the initiative of distributing 20,000 copies of graphic novel 'Mujib' to 500 schools across the country marking Bangabandhu's birth centenary and the golden jubilee of Bangladesh's independence, earlier, bKash distributed this graphic novel through BishwoShahittoKendro in different schools of Dhaka, Rajshahi, Barishal, Mymensingh and Sylhet divisions, reads a press release.

In continuation of this programme, bKash distributed



the graphic novel in Khulna in the month of mourning on Monday. Divisional Commissioner of Khulna Md Zillur Rahman; Chief External & Corporate Affairs Officer of bKash Major General Sheikh Md Monirul Islam (retd); Chairperson of Social Development Foundation (SDF) also BishwoShahittoKendro's Trustee and Former Senior Secretary Abdus Samad and

Director of BishwoShahittoKendro Shameem Al Mamun handed over the novels to the school representatives at Shilpakala Academy in Khulna city.

With the support of bKash, BishwoShahittoKendro has been distributing the graphic novel 'Mujib' which is published in eight series by the Center for Research and Information (CRI) based on Bangabandhu's autobiography 'OshomaptoAttojiboni' ('The Unfinished Memoirs'). Once the next editions of the graphic novel are published, bKash will further expand this programme to more schools along with the existing ones, the release added.

The graphic novel 'Mujib' depicts the experiences of Bangabandhu's childhood, adolescence, and social and

political activities in a format suitable for both children and adolescents with a vibrant combination of dialogues, stories, and illustrations.

Through this event, 5 sets of the graphic novel have been given to each of the 100 schools of Khulna. As a result, 40 students will get the opportunity to read the book from a school library at the same time.

As a responsible corporate organization of the country, bKash has been associated with BishwoShahittoKendro since 2014 to cultivate the habit of reading books among the next generation. bKash has distributed 253,600 books among students from 2,900 educational institutions which benefited 2.6 million readers till now.

bKash offers up to 60% discount on digital payment at hotels, resorts

DF Report

bKash has introduced a maximum of 60% discount on digital payment at more than 30 hotels and resorts across the country.

Besides, there are special packages and "Buy One Get One" or "Buy One Get Two" offers on room bookings, said a press release.

The campaign was launched on 7 August to make essential travel or staying in a safe hotel or resort for visiting nature or sight-seeing more affordable. Customers will get these offers till 30 August.

Under the campaign, customers can avail up to 55% discount on room rent at Grand Sultan, located at Sreemangal, Moulvibazar; two nights free on purchase of one night room booking at Nazimgarh Resort in Sylhet; Up to 50% discount on room rent, 10% discount on restaurant bill and 15% discount on spa and gym along with discounts on various packages at The Cox Today Hotel in Cox's Bazar; 45% discount on room booking and 10% on food at Green View Resort & Convention Center in Dhaka; 60% discount on room booking, 10% discount on food and 60% discount on venue booking at Hotel Zakaria International, Dhaka;



55% discount on room booking at Prasad Paradise Hotel & Resorts; Up to 40% discount at Hotel Castle Salam in Khulna; one extra room upon booking one room at Momo Inn in Bogra; 50% discount on room rent at Best Western Alliance in Chittagong; 50% discount at Sawpnorajjo Park And Resort, Kuakata and up to 50% discount on room rent and 60% discount on hall room booking at Hotel Graver Inn International in Patuakhali through bKash payment.

Customers will avail these offers by making payment through bKash app or dialing USSD code *247#. More details about this campaign can be found on bKash's website and official Facebook page.

Inclusive rural financial services for UN global goals

The World Bank defines financial inclusion as a "means that individuals and businesses have access to useful and affordable financial products and services that meet their needs"

The World Bank defines financial inclusion as a "means that individuals and businesses have access to useful and affordable financial products and services that meet their needs - transactions, payments, savings, credit and insurance - delivered in a responsible and sustainable way."

The practice of financial inclusion has diversified strategic implications, firstly, it helps fight poverty and boosts shared prosperity in communities, and secondly more at a national level supports about 7 of 17 sustainable development goals (SDGs). Between 2011 and 2017, 1.2 billion adults worldwide have access to a bank account. Since 2017, 69% of the world's adults had an account.

Digital financial services, albeit including rural connectivity, are now functional in more than 80 countries. India has achieved significant success on this score in the past decade. At the same time, 1.7 billion adults were still unbanked in 2017, and half of the unbanked people included women in poor households in rural



Dr B K Mukhopadhyay & Dr. Boidurjo Rick Mukhopadhyay

areas or the unemployed population.

The inter-linkages that rural banking has with SHG / SGSY group formations, financial inclusion as well priority sector financing plus expansion of branch network, among others, have had a significant impact. The countries that have reportedly and continually

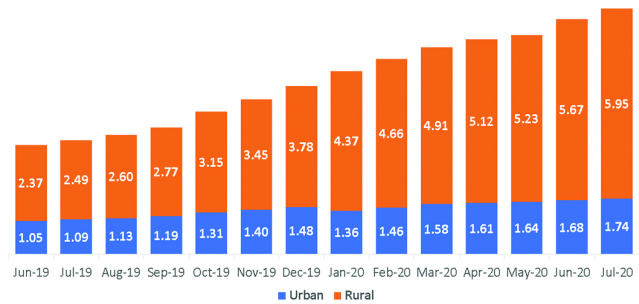


delivered on this score are India, Bangladesh, Philippines, Vietnam, Sri Lanka, and Ghana, among others.

Various other forms of institutional arrangements have also been noticed given the diversified use of loans in rural regions. In 2004, USAID introduced the Rural Savings Promotion and Enhancement of Enterprise Development (Rural SPEED) programme in Uganda to stimulate economic growth and increase access to financial services in rural areas. The rural Ugandans had new options for savings accounts and agricultural loans, as well as innovative ways to access and transfer their money. They opened more than 300,000 new savings accounts to fund farming operations and other agri SMEs.

The number of new savers in rural Uganda grew by 321,000, exceeding the programme target by 7 per cent. For banks engaged with financial inclusion targets remain focused on A) Adequate credit flow to productive sectors, B) Preventing liquidity crunch as well as C) To level out loan portfolios. The banks are increasingly aware as to even out their loan portfolios so as to ensure adequate credit flow to the productive sector while prescribing deposit mobilization to head off a possible liquidity crunch. Rebalancing is a pre-emptive step. Efforts are on to rebalance the credit portfolios to see that the productive sectors are not denied credit as otherwise there remains the possibility to suffer from a liquidity crunch. Already the overheat-

Number of accounts (in millions) associated with Agent Banking



ing signs have been noted.

Significant growth is noticed in sectors like housing, personal loans, commercial real estate, and credit cards, which, in turn, have been witnessing significant credit growth. In India, Banks were also asked by the regulators to rebalance their portfolios to make sure that the productive sectors, agriculture, in particular, are not deprived of due share.

This, no doubt could help foster the very growth of the economy and bring in high growth momentum. To sustain a credit growth of 25 per cent the banks are to ensure that the deposits grow by at least 25 to 30 per cent. For economies like India, it is clear at this moment that the overall deposits growth in the recent past had been trailing behind credit growth and the crucial need is there to catch up at the earliest.





The importance of financial inclusion

Inclusive growth is the current compulsion of a sound public policy. True, there has been a convergence in the business interest of the banking community in financial inclusion. Though there have been weaknesses - under-capitalized commercial banks, problem-ridden [but with potential] cooperative banks - yet the very aspect of financial inclusion has been running well in tune with the financial sector reforms financial inclusion is to be treated as a business investment.

Additionally, the real need is there for the banks to focus on small loans to the farm sector and SMEs along with smaller liabilities since the large corporates have already steadily gotten disintermediated and begun to directly access the financial markets. However, the practice is already there and banks are in the process of financial inclusion very much-opening and operating rural branches, rural coverage, agri-lending, SHG bank linkages, the social onus of banks, etc. Banks are to move to the masses as a natural process of financial inclusion. It is a fact that to ensure stability on the liabilities side of the business, banks are to focus on expanding the retail deposits base. This obviously includes taking deposits from rural and semi-urban regions of the country.

Nonetheless, to bring the farmers under the ambit of financial inclusion the increasing role of commodity exchanges in the matter of providing forward market linkages and price discovery is being largely felt. This very process could succeed if banks and exchanges work together. Active market support providing is what

is urgently awaited.

Alongside, banks and financial institutions have been intervening in the Forex as well as in the stock markets and now need to extend active participation in the commodities market. Introducing specialised financial products and reaching out to farm households with holdings of less than one hectare could definitely extend the outreach. The growth process should be widespread as well as sustained.

Following a micro-approach A credit-plus mechanism could help repay the loans easily. No one can dwell better than banks on inclusive growth and as such the crucial need is there to percolate intensively among the poor. It should not be forgotten that banks are one of the wheels of development- other wheels have to move simultaneously - viz. rural electrification, marketing, storage, communication, technical consultancy, etc. Otherwise, a lower rate of growth would go on repeating just.

A crucial need is there to implement farm modernization programmes as well as bolster productivity, efficiency and profitability. The dimensions of land use also call for a new look. Simply asking the banks to double the flow of credit to the agri-sector is necessary but not sufficient. The government's efforts are definitely on but a scientific updated approach is still urgently awaited.

Business can come with the social onus

Business processes must become more mature and the institution must be able to deliver higher performance- spatially, temporally, hierarchically and functionally.



Obviously, to achieve the same the starting point is A) Designing - the comprehensiveness of the specifications as to how the process is to be executed; B) Performers - people executing the process based on skill and knowledge; C) Owner - people shouldering the responsibility for the process as well as the results; D) Infrastructure - information/MIS that support the process; and finally, E) The metrics - the measures the company uses to track the process's performance.

The challenge, therefore, remains three-fold: acquiring the right technology, deploying it optimally and remaining cost-effective whilst delivering sustainable returns to shareholders. Therefore, managing technology in order to reap the maximum benefits remains a key challenge for Indian banks. Another aspect that several studies have looked at is how the perception of rural banking develops from the customers' perspective. One research conducted in Bangladesh shows that components such as service time, waiting for time, perception and coverage as well as financial sustainability of rural banks could determine the quality of services that they provide in the hands of rural banks' patrons as they access the banks for savings and withdrawals and loan portfolio.

Technical skills training

Training, monitoring and other supporting services should tackle change management aspects and banks have to assume higher updated responsibilities in the arena of extending technical assistance, ably backed by

monitoring and evaluation throughout the entire process, which, in turn, could help promote the building of sustainable micro-level associations and of self-help-groups, so that these associations in the course of time, will be able to take over functions which are related to planning and to technical assistance (decentralization).

It is a tough job for which systematic planning by the real knowledgeable planners, and not the so-called micro-expert having low-level knowledge and poor analytical skills who could effectively make use of regional planning techniques. Finally, the conventional studies on rural societies, at least in the area of development studies, have tended to analyse the roles of communities by perceiving a rural community as an organization. This perception is definitely useful when focusing on only one economic activity, i.e., agricultural production. There are newer approaches that could be adopted to evaluate the multi-functional roles of communities in analysing modern-day complex socio-economic situations in rural areas. The financial world today has to count on the fast-evolving rural-urban business environment.

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