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Editorial Office

76 Purana Paltan Line, 3rd Floor
Dhaka-1000. Contact : 09611656102
E-mail: dailybdexpress94@gmail.com
www.thebangladeshexpress.com

News & Commercial Office

15 New Baily Road, (Building-2),
Dhaka-1217

Editor

FARUK AHMED

Managing Editor

Shamim Ara

Special Correspondents

K Masum Ahsan
Anok Ali Hossain Shahidi

UK Correspondents

Farhan Ishrak Ahmed
Robina Yasmin

BJFCI Project Head

PR Biswas

Contributors

BJFCI Members

Graphic Design

Md. Morsalin Rahman
Abul Monsur Manik

Production & Circulation

Mostafa Kamal
Sheik Md Shamim Miah
Mohammed Ali

From the Desk of the Editor

Binimoy will revolutionize payment landscape

Bangladesh has stepped into a new era of digital Bangladesh with the launch of BINIMOY, an Interoperable Digital Transaction Platform (IDTP). It's a web-based platform that will be integrated as a service into the apps of banks, mobile financial services and payment system providers under a collaborative initiative supervised by Bangladesh Bank. Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy launched this much-awaited innovative and breakthrough platform for establishing digital financial transactions Binimoy at a city hotel with a vow to build a cashless society within next 3-4 years. Calling everyone to use the innovative platform of inter-transaction platform 'Binimoy', Joy expected that this interoperability web-based platform will boost financial inclusion and within the next four years, he expects cent per cent of people will have bank accounts and that will be cashless.

Binimoy platform is a long awaiting issue to implement the MFS interoperability plan that was announced by the Bangladesh Bank in 2020 but was halted days before it was launched, citing technical difficulties. In the specific context of mobile money, interoperability implies the transfer of mobile financial services between providers, many of whom are MFS operators, and between these providers and banks.

Industry experts say Bangladesh has a bright opportunity to leverage the advantages of a cashless society regime with MFS industry which is growing day by day and experienced an astronomical 120 per cent growth a year since 2011. Binimoy platform will not only foster cashless transactions but also promote financial inclusion. But a lot of issues are pending as barriers in the way of the road. Policymakers need to ensure market competitiveness among the MFS operators and all operators must play within the regulatory framework set by Bangladesh Bank. It is also important to consider the compatibility between the central bank and the MFS operators.

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E-mail: editor@thebangladeshexpress.com; news@thebangladeshexpress.com; dailybdexpress94@gmail.com.
website: <http://www.dailybdexpress.com>; <http://www.thebangladeshexpress.com>



Message from CHAIRMAN

BINIMOY launched: It's a great moment for us

A new revolution- interoperability in the financial spectrum in Bangladesh has begun with the launching of BINIMOY- a web-based platform that will be integrated as a service into the apps of banks, mobile financial services and payment system providers under a collaborative initiative supervised by Bangladesh Bank. It will give consumers, investors, merchants and poor and low-income people the freedom to complete financial transactions through any payment gateway.

Industry experts say the Binimoy platform will promote financial inclusion and accelerate the country's journey towards a cashless society. Streamlining digital payments through Binimoy will improve financial efficiency, increase transparency and reduce inconveniences to citizens, including fraud transactions. It will play an important role in the socioeconomic progress of the country and will help realize the dream of Digital Bangladesh. It has the potential to significantly reduce an economy's reliance on cash, which in turn introduces a range of benefits for consumers, businesses and governments alike.

No doubt, it's a great moment for us. We congratulate Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy who inaugurated this unique platform with the view to build a cashless society. We are proud of this initiative as BJFCI members are working to promote financial inclusion and walking on the road to a cashless society in line with its aims and objectives.

FARUK AHMED

Chairman-BJFCI

Editor- THE BANGLADESH EXPRESS

Bangladesh Journalists' Foundation For Consumers & Investors (BJFCI) is the largest platform of senior journalists working in leading dailies of Bangladesh. It's members are working as Editors, Executive Editors, Economic Editors, Business Editors, News Editors, Chief Reporters, Special Correspondents and Senior Reporters/Sub Editors and committed to protect the rights of consumers and interest of inclusive investors through media interventions. BJFCI raises voice for the rights of consumers and promotes growth finance sector, digital innovations and mobile financial services in line with its vision to build a fair financial society for a better Bangladesh with inclusive growth.

Mobile banking: Why Nagad's approval should not be scrapped, HC asks

DF Report

The High Court on November 2, 2022, questioned the legality of Nagad's mobile banking functions.

The court issued a rule asking the authorities concerned of the government and Nagad Limited to explain in four weeks why the mobile banking functions of the institution on temporary approval from Bangladesh Bank should not be declared illegal.

In the rule, the HC asked the respondents to show causes why the temporary approval from Bangladesh Bank for Nagad Limited to run mobile banking activities should not be scrapped.

Finance secretary, Bangladesh Bank governor, director general of Payment System Department of BB, director general of Bangladesh Post, and managing director of Nagad Limited have been made respondents to the rule.

The HC bench of Justice Md Mozibur Rahman Miah and Justice Kazi Md Ejarul Haque Akondo issued the rule following a writ petition filed by Supreme Court lawyers Md Abu Bokkor Siddik and Mohammad Hasan Uz Zaman.

Petitioner Hasan Uz Zaman said that the HC issued the rule as Nagad has no authority to run mobile banking operation under the law.

Under the Mobile Financial Services Regulation, 2022 only the banks, financial institutions or government institutions can apply to BB to run mobile banking functions, but Nagad has got approval from BB to operate mobile banking functions in violation of the regulation, he added.

Since its beginning on 26 March 2019, Nagad made headlines several times by breaking financial rules and regulations branding itself falsely as a state-run MFS provider with the Bangladesh Post Office having ownership of it.

Following some rule-breaking incidents, Bangladesh Bank, Finance Ministry and Bangladesh Financial



Intelligence Unit expressed concerns many times over Nagad operations without BB's supervision. Finally, the Postal Ministry asked Bangladesh Post Office (BPO) to place the service under central bank's regulations and supervision.

Repeated extension of temporary license time is a special favour and challenging the central bank's dignity of regulatory independence, banking experts said with caution that that the central bank's supervisory role and dignity of independence is under challenge for the government's intervention.

Currently, all MFS operators, except Nagad are conducting their operations under the BB's direct supervision with a valid license. Nagad is doing business with an interim approval since 2019 and the interim approval was extended several times as the operator is yet to meet regulatory requirements.

The government found some gross anomalies in its aid and stipend disbursement through Nagad and Bangladesh Bank found its operation outside the banking regulations was a great threat to the growth of a sound financial system in the country.

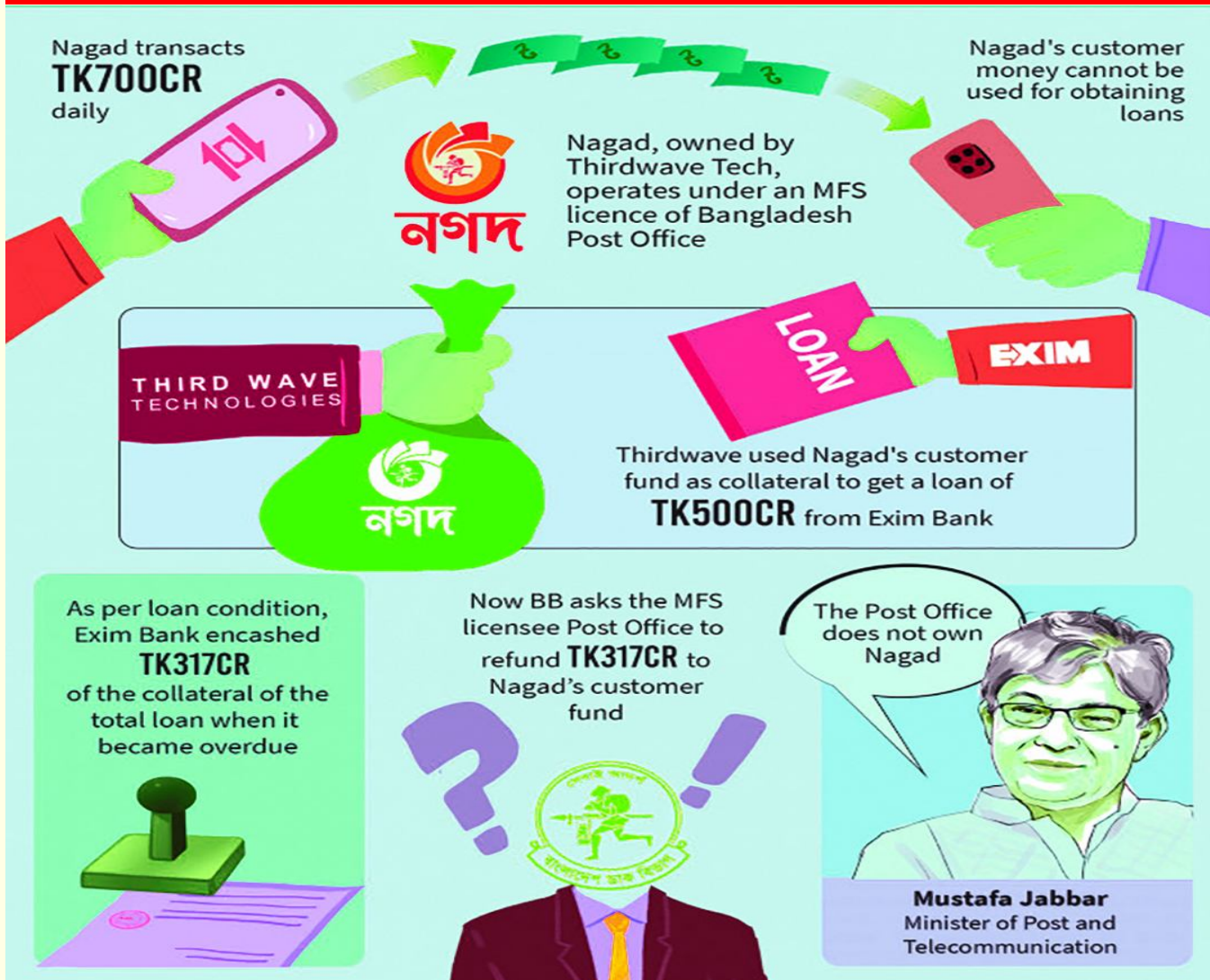
Majorities of over two lakh disadvantaged and distressed people in the Gaibandha district registered under the government's Social Safety Net programme didn't receive government's aid mostly disbursed through Nagad.



নগদ

ডাক বিভাগের ডিজিটাল লেনদেন

Nagad hit news headlines breaking rules



Many of them demonstrated in front of the district commissioner's office recently complaining that they have been cheated for months. Nagad, was chosen to disburse the 75% of funds social safety net to such under-served and unserved sections of the disadvantaged population.

The most worrying fact is that Nagad in recent months opened thousands of accounts ignoring rules like KYC rules resulting such mismanagement in the government's fund disbursement. But the BB mysteriously remained silent despite that some media brought the issue to broad daylight.

The court issues such orders when Nagad is facing a tough time with Tk 500 crore loan that its parent company-Third Wave Technologies took in February 2021 from Exim Bank against Nagad's "trust fund" - money kept in its customers' accounts.

Now a financial burden of Tk317 crore overdue loan

has surfaced putting the post office in hot waters as the Bangladesh Bank is asking the post office to adjust the loan by September this year to meet up the shortfall in Nagad's account.

The loan was taken in violation of MFS rule by using its customers' money as collateral. When the money was used as collateral for the loan, it created a shortage in Nagad's account. This shortage means Nagad has virtually created more e-money than real money kept in its customers' accounts or "trust fund". According to the MFS rule, e-money must be equal with real money in an MFS company's account.

In order to keep the growth pace of the country's fast-growing MFS industry, industry experts say the BB should not allow any unregulated operator. And the government should allow the BB to exercise its full regulatory power for restoring a conducive regulatory environment in the country's financial sector.

5G to connect entire population, says Telecom Minister

DF Report

The 5G (fifth generation) mobile technology is going to play a very important role in changing almost everything in Bangladesh, including industry and education, and it will connect the whole population to very high-speed internet, said Telecom Minister Mustafa Jabbar last week.

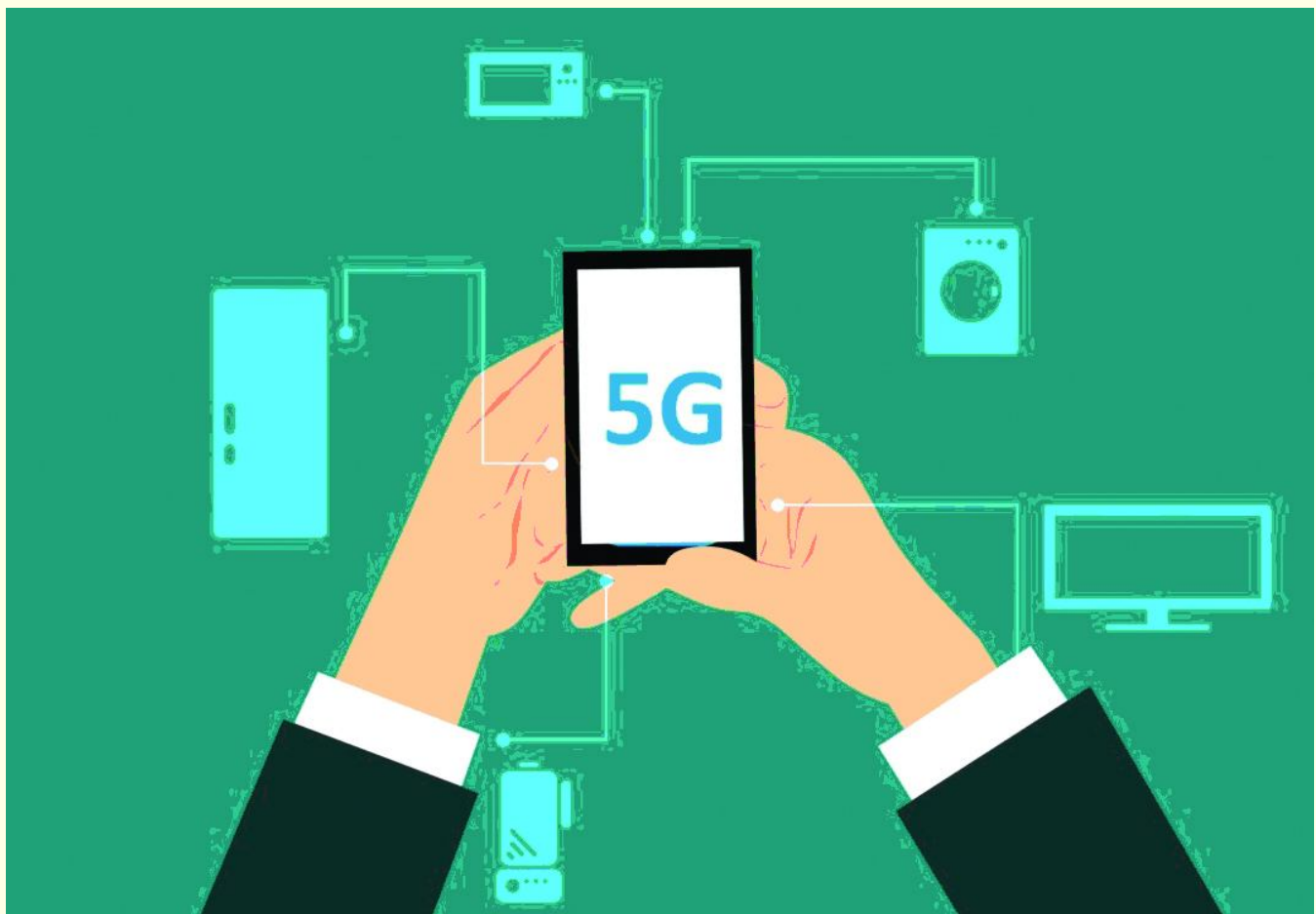
He said the country is moving ahead with a new vision for 2041 titled 'Smart Bangladesh'. The primary objective of the telecommunications industry is to connect the whole population of Bangladesh.

He was speaking through a virtual platform at a global forum styled "Connectivity: Innovate for Impact" organised by Chinese tech-giant Huawei.

In the forum, Huawei has signed a global commitment to join the International Telecommunication Union's Partner Connect digital alliance. This initiative will bring connectivity to about 120 million people in remote areas in more than 80 countries by 2025.

The forum explored how ICT innovation could unleash the business and social value of connectivity and drive sustainability in the era of digital economy. Liang Hua, chairman of Huawei, said connectivity will be more than just a tool for convenient communications.

"Together with digital technologies, like cloud and artificial intelligence (AI), connectivity will help bring everyone into the digital world, and provide them with access to more information and skills, better services, and wider business opportunities. This will, in turn, drive further social and economic development."



Editor's Pick

BINIMOY

A big boost to cashless journey!

'Binimoy' is a breakthrough platform for establishing digital financial transactions. It has the potential to significantly reduce an economy's reliance on cash, which in turn introduces a range of benefits for consumers, businesses and governments alike. Its success will be a big boost to the cashless journey and pave the road for an inclusive digital economy of Bangladesh.

● FARUK AHMED



It's the best of times, it's the worst of times. At least when it comes to digital Bangladesh which is moving fast with digital finance to turn itself into a smart Bangladesh building a cashless society.

On Sunday, November 13, 2022, Bangladesh stepped into a new era of digital Bangladesh with the launch of BINIMOY, an Interoperable Digital Transaction Platform (IDTP). Fund transfers across

mobile financial services (MFSs) and banks, and payment service providers (PSPs) are now more comfortable than ever.

"The government aims to build a cashless society within the next three or four years as part of its target to bring cent per cent of people under bank account service", Prime

Minister's ICT Affairs Adviser Sajeeb Wazed Joy said this after launching Binimoy at a city hotel.



"Our next target is to build a cashless society", he said. 'Binimoy' is a breakthrough platform for establishing digital financial transactions. It's a web-based platform that will be integrated as a service into the apps of banks, mobile financial services and payment system providers under a collaborative initiative supervised by Bangladesh Bank.

Calling everyone to use the innovative platform of inter-transaction platform 'Binimoy', Joy expected that in the next four years, cent per cent of people will have bank accounts and that will be cashless.

"Around 50-60 million village people don't have bank accounts. Now our focus is to build a cashless society within 3-4 years," he said.

State Minister for ICT Zunaid Ahmed Palak and ICT Division Senior Secretary NM Zeaul Alam addressed the function as the special guests. Bangladesh Bank (BB) Governor Abdur Rouf Talukder chaired it while BB Director Mezbaul Haque gave a presentation explaining the features of the platform.

People will get instant access to all types of payment service providers through Binimoy. Customers, financial institutions, merchants, government agencies and other payment service providers can operate 24/7 real-time transactions through this system.

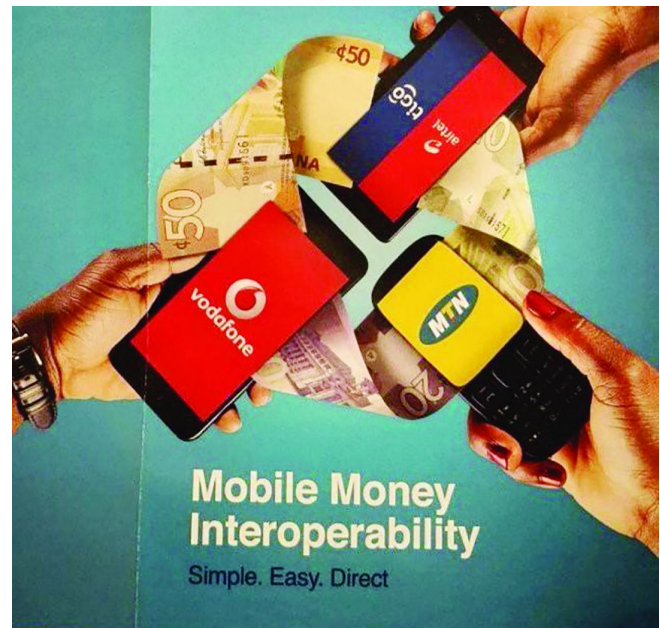


Kamal Quadir, the CEO of bKash

"We believe this technological integration initiative of the Bangladesh Bank and the ICT Division will empower customers and give more freedom in their financial transactions," said Kamal Quadir, the CEO of bKash, the largest mobile financial service provider (MFS) in Bangladesh.

Binimoy platform will implement the MFS interoperability plan that was announced by the Bangladesh Bank in 2020, but was halted days before it was set to launch, citing technical difficulties.

In the payments landscape, interoperability refers to the ability to make an electronic money transfer between two accounts held at different institutions. In the specific context of mobile money, interoperability



implies the transfer of mobile financial services between providers, many of whom are MFS operators, and between these providers and banks. This is known as account-to-account interoperability.

Over the last two decades, platform-based business models have become a key enabler of the digital economy. Across sectors, platforms have served as intermediaries, bringing together consumers and businesses. Platforms perform a range of functions crucial to the economy, from marketplaces to search engines and application distribution.

Binimoy will make all forms of financial transactions cost-effective, simple and transparent, including the payment of employee wages, the sending of remittances, the payment of taxes/VAT, utility bills and e-commerce transactions.

In emerging markets, interoperability is taking place every day, sometimes in more pronounced ways than in developed economies. Achieving fully interoperable mobile money services that fulfil the needs of customers remains a goal for both the industry and the financial inclusion community.

In many emerging markets where cash remains "king", and where mobile money represents a core pathway to accessing a formal financial account, successful interoperability ensures that more values remain in digital form.

In September 2014 the mobile financial services industry in Tanzania signed its first agreement on interoperability, making Tanzania one of the first countries in the world with an industry-agreed interoperable market for mobile financial services.

IFC facilitated the negotiations that led to the agreement and continues to work with the market in Tanzania to deepen and strengthen digital financial

services interoperability. Here, the team shares some of its insights and materials gained and created in the process for the public good.

Despite all the benefits, however, the reality of complete interoperability for a cashless society is still more of a pipe dream. A lot of issues are pending as barriers in the way of the road, which have generated concerns among industry experts regarding the success of this new platform for a cashless society.

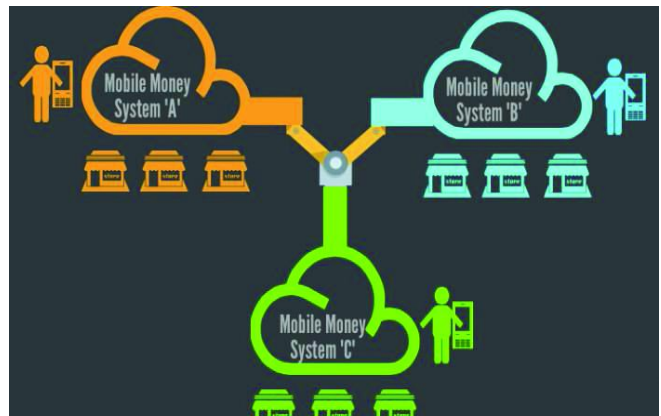
HOW BINIMOY WORKS

Binimoy will allow users to carry out two types of transactions. One is Direct Pay (DP), which allows a customer to send money to another account. The other is Request to Pay (RTP), using which a customer can receive money from other accounts.

There are 13 active MFS providers in the market now. Among them, bKash has been performing best through the bank subsidiary model. In addition, new service providers have emerged since 2018, such as Trust Bank's Trust Axiata Pay (TAP) and Nagad, which is advertised as a Postal Department service.

Binimoy will facilitate transactions between MFS operators, consumers, merchants, PSPs, e-wallets, banks, financial institutions, government agencies and private organizations. It will give them the freedom to complete financial transactions through any payment gateway.

With the DP method, fund transfer (person-to-person or person-to-business), government fund disbursement (social safety net payments), salary disbursement (government and corporate salary), government dues payment (income tax, fees, duties and VAT), and utility



bills payments and QR code-based payments can be made.

In order to use the platform, customers will have to make registration with Binimoy through their banks, MFS or financial institution accounts. Once registered, they will receive a virtual ID (VID) such as karim@binimoy. There is an option to get a merchant (VID) as well.

Customers will be able to add multiple accounts to their Binimoy profile and will have to select one as a default account. For every transaction, a customer has to use a six-digit PIN that the user would get during the registration process.

The Binimoy system will have three-level security during data movement: transaction security (multi-factor authentication), message security, and channel security. Transactions will only be made after identifying the authentic mobile device user, PIN and one-time password verification, making it technologically secured and encrypted.





Velwire Limited, Microsoft Bangladesh, and Orion Informatics Limited collaborated on the development of the platform as part of the Innovation and Entrepreneurship Development Academy (IDEA) programme of the ICT Division and Bangladesh Bank. Velwire Limited will uphold the responsibilities of the Binimoy platform.

Bangladesh Bank in a notice has issued guidelines regarding the cost of an Interoperable Digital Transaction Platform (IDTP). As mentioned, sending money from bKash to Rocket will cost Tk 5.0 (per thousand). And sending money from MFS services (bKash, Rocket etc.) to the bank (per thousand) will cost Tk 10. On the other hand, sending money from MFS to Payment Service Provider (PSP) account will cost Tk 5.0 per thousand.

BINIMOY: A big boost to cashless journey

Mobile money interoperability is commercially viable, the study says, it has the potential to significantly reduce an economy's reliance on cash, which in turn introduces a range of benefits for consumers, businesses and governments alike. So, industry experts say the Binimoy platform is a big boost to the country's journey towards a cashless society.

People around the world want to drum cash with mobile phones or credit cards, walking on the road to a cashless society. The benefits are enormous: less chance of fraud and robbery, no cash handling fees, no trips to the bank, shorter queues, quicker transactions, and better for the retailer and the customer.

There's a lot of evidence that demonstrates how almost all markets across the globe are moving towards a

cashless society with mobile and more brick-and-mortar businesses becoming cashless. Bangladesh is not far away from this journey.

More people here are now avoiding cash and using mobile phones in their payments thanks to the rapid growth of the mobile financial service (MFS) industry led by bKash, the world's second-largest MFS player with more than 50 million users and increasing use of debit and credit cards thanks to the impressive performance of commercial banks.

The cashless journey is moving ahead with extraordinary speed thanks to rising smartphone penetration, the entrance of new payment service providers outside of traditional banking, the rise of e-commerce, and favourable government policy and regulation.

Today, electronic cards have made it possible for consumers to go online and buy almost anything, from gadgets to groceries. Technologies like NFC (near-field communications) are already allowing shoppers to make even small purchases using ubiquitous smartphones and other portable devices.

More recently a new technology QR Code has added a new wave to mobile financial services (MFS) as it allows consumers to pay for anyone from a street vendor to a restaurant to a retail store and more. MFS operators globally process over a billion dollars a day, representing vital and life-sustaining transactions of over 690 million mobile money accounts.

Industry experts say Bangladesh has a bright opportunity to leverage the advantages of a cashless society regime with MFS industry which is growing day by day and experienced an astronomical 120 per cent



growth a year since 2011. The BINIMPY platform will speed up the cashless journey as well as the country's digital economy, which is now a demand of time, they say.

Binimoy platform will not only foster cashless transactions but also promote financial inclusion in Bangladesh. MFS operators are driving financial inclusion since their maiden journey in 2011, opening access to digital transactions and giving people the tools to better manage their financial lives.

BINIMOY: Success would need ownership at all levels.

It's the best of times, only if the worst of times is squarely circumvented. At least when it comes to interoperability among MFS operators who have a vital role in financial inclusion and accelerating the cashless journey, playing on a level playing field becomes fundamental.

There are 13 active MFS providers in the market now. Unfortunately, many of the MFS providers have failed to perform and a few remain lesser compliant. A lot of issues are pending as barriers in the pathway, which have generated concerns among industry experts regarding a risk free cashless society.

When it comes to interoperability, some industry experts said that the MFS still have a long way to go. With the introduction of BINIMOY, customers of different service providers can now transact with one another. The interoperability facilitated by BINIMOY means that customers can now communicate between and amongst service providers without essentially hav-

ing to create a new account with each service provider. But all MFS players are not following regulatory compulsions for customer onboarding abiding by the defined steps of e-KYC protocols provided by the regulator. Such a situation will give rise to financial crimes and fraudulent activities lacking traceability of the fund flow as well as apprehension of the criminals as they would remain illusory with fake identity.

There is a lack of clarity in terms of actual status of the Bangladesh Postal Department and Nagad. Therefore, the question relating to customers' confidence, security, and service quality will be raised time and again .

There is also a deficiency in fair competition. So, the alignment and adjustment of all the stakeholders are necessary.

As we head towards financial services interoperability, there are five things we need to consider - competitiveness, the capacity of the key service providers,

customer awareness, diversification of products and the preparedness of the regulatory authority.

From regulatory to technical aspects, industry experts say we need to see the potential challenges that have been taken care of until now since Bangladesh Bank had to backtrack at the very last stage of launching similar interoperable platform viz. NPSB.

What Bangladesh needs to ensure from a regulatory perspective is that market competitiveness is maintained among the banking/MFS operators and that all operators are bound within the regulatory framework set by Bangladesh Bank.



Bangladesh Bank warns expatriates against Hundi, suspends 480 MFS agents' accounts



Express Report

Bangladesh Bank has urged expatriates to send money through the banks, reminding them of legal consequences for using illegal means to conduct cross-border transactions.

It also suspended 480 Mobile Financial Service or MFS agents' accounts recently for their involvement in the transfer of remittances through so-called Hundi, an unauthorised channel.

"Please contribute to nation-building efforts and keep your loved ones safe and free from risks," the central bank said in a statement on Wednesday.

It said sending money through Hundi is a punishable offence and it causes loss to the country.

The statement also said Bangladesh Financial Intelligence Unit was taking legal action against everyone involved with illegal channels of remitting funds.

Inward remittances hit record high during the coronavirus pandemic despite fears of expatriate Bangladeshis losing their income.

Experts believe the illegal channels were closed during the pandemic, forcing the expatriates to use the banking channel, which led to the rise in remittances.

Remittances started to decrease afterwards. Besides the fall in remittances, a rise in import costs and slump in exports have worsened the country's dollar shortage, prompting the government and the central bank to take a series of measures to improve the situation.

To tackle a worsening global economic crisis due to the Russia-Ukraine war amid the recovery from the coronavirus pandemic, Bangladesh needs to prioritise ways to increase remittances, along with food production, Prime Minister Sheikh Hasina's cabinet agreed on Monday.



bKash, with the co-operation of Chattogram Metropolitan Police (CMP) recently organized the workshop which was attended by 250 investigation officers of CMP and bKash officers at Dampara Police Lines in the city. Saleh Mohammad Tanvir, Commissioner, Chattogram Metropolitan Police was present as the Chief Guest at the workshop. A.K.M. Monirul Karim, EVP and Head of External Affairs of bKash was also present at the event.

Bangladesh Bank has asked banks to stop taking fees from expatriate Bangladeshis for sending money, Cabinet Secretary Khandker Anwarul Islam said.

MFS AGENTS' ACCOUNTS SUSPENDED

Of the 480 recently suspended accounts of MFS agents, 200 were suspended on Wednesday. The Bangladesh Bank said they will not be able to encash remittances until they meet certain conditions.

Now the number of such suspended agents stands near 5,000.

"Bangladesh Bank and BFIU always monitor suspicious transactions to prevent Hundi. The recent steps were taken as part of this routine work," said central bank spokesman Abul Kalam Azad.

The suspended agents included those of bKash and Nagad.

Lutfuzzaman Sarkar, a spokesman for Nagad, said they were yet to receive any information or instructions

from the central bank over the matter.

bKash spokesman Shamsuddin Haider Dalim also declined to comment, saying they may speak if the central bank informs them about the matter on Thursday.

According to latest data, MFS services in Bangladesh had more than 185.2 million accounts at the end of September.

In September, police said at least 5,000 agents from several mobile financial services, including bKash, Nagad, Rocket and Upay are involved with the illicit money transfer, depriving Bangladesh of about \$7.8 billion in inward remittances a year due to the crime.

The Criminal Investigation Department of police opened an investigation into the business after instability hit the price of the US dollar in Bangladesh. The police unit arrested 16 people in three separate raids in Dhaka and Chattogram for their alleged ties to money laundering behind the mobile financial services.

MFS transactions rises 18% YoY in September

According to data from the central bank, transaction volume rose by 0.22% in September or around Tk189 crores from August

DF Report

Transactions using mobile financial services (MFS) in Bangladesh rose to Tk87,635 crore in September from Tk87,446 crore in August.

According to data from the central bank, transaction volume rose by 0.22% in September or around Tk189 crores from August.

However, on a year-on-year basis, MFS transactions rose by 18% when compared to the same period last year.

According to latest data, person-to-person transactions increased by Tk400 crore to Tk25,153 crore, while merchant payments by Tk89 crore to Tk3,124 crore during September, when compared to August.

Salary disbursements through MFS also increased by Tk103.6 crore to Tk2,752.5 crore and talk time purchase increased by Tk15.4 crore to Tk838.5 crore during the period.

However, cash-in volume declined by around Tk157 crore to Tk26,678 crore, while cash-out volume declined by Tk201 crore to Tk23,783 crore in September compared to August this year.

During the same period, payment of utility bills also declined by Tk84 crore to Tk2,178 crore in September in contrast to August.

According to bKash Head of Corporate Communications Shamsuddin Haider Dalim, digital payments are being used increasingly for many services such as paying salaries and utility bills. That is why the volume of cash-in and cash-out declined in September.

On top of that, the MFS provider has been easing up replenishing digital wallets with the "Add Money"



option that allows transfer of money from banks to the platform, thus requiring the need for cashing in through agents or cashing out less.

According to central bank data, the number of MFS accounts increased by more than 2 million to 185.2 million in September.

The number of MFS agents reached 15 lakh around the country at the end of September, according to the data.

According to Tellimer, Bangladesh is one of the biggest markets for mobile money globally, with over 110 million users transacting \$100 billion over the past year with more than 110 million individuals in Bangladesh are currently using such services-of which, 45 million of them are active users making it one of the most potent markets.

The latest industry data, when compared to 2015, showed that the number of registered mobile money agents had doubled over the period to 1.2 million, while the value of transactions increased six-fold, Tellimer reported.

Global researchers believe that the data signals a structural shift in the industry away from bilateral peer-to-peer transactions and toward a broader range of use cases, with banking penetration being low.

Govt officially launches Binimoy

Binimoy is a breakthrough platform for establishing digital financial transactions



DF Report

Sajeeb Wazed Joy, the Prime Minister's ICT Affairs advisor, formally unveiled "Binimoy", an interoperable digital transaction platform (IDTP) in order to create a cashless society within the following three to four years.

Binimoy is a breakthrough platform for establishing digital financial transactions, a timely initiative among the far-reaching steps taken by the government to build a digital Bangladesh initiative.

It will allow instant money transfers between banks, mobile financial services (MFS) operators, and payment service providers (PSPs).

"Our next target is to build a cashless society," Sajeeb Wazed Joy said in his speech as the chief guest of the launching ceremony of 'Binimoy',.

"Currently around five to six crore village people don't have bank accounts, but we can include them all under banking services before the next election. But if people keep Awami League in power in the next elections, then 100% of the people of Bangladesh will have bank

accounts and they will lead cashless lives within the next three or four years," Joy added.

Joy said we have built a digital Bangladesh now, and we aim to build a cashless society as the entire world will be cashless in the future.

"Cash can be stolen and people face harassment in getting government services or allowances. Even the financing in terrorism and corruption is also held in a cash transaction.

"Entire planning, implementation and everything of 'Digital Bangladesh' has been done with our own initiatives. No foreign agency did any kind of planning whether it is long, short or project planning to implement Digital Bangladesh. We did the entire work," he said.

Now that 50% of the government services have been brought under digitization and hopefully 100% will be adopted within a few years.

State Minister for ICT Ministry Zunaid Ahmed Palak and ICT Division Senior Secretary NM Zeaul Alam addressed the inaugural function as the special guests.

Bangladesh Bank (BB) Governor Abdur Rouf Talukder chaired it while BB Director Mezbaul Haque made a presentation explaining the features of the platform.

Facilities of 'Binimoy'

Previously, Zunaid Ahmed Palak spoke to Dhaka Tribune and said that people will get instant access to all types of payment service providers through Binimoy, and it will give them the freedom to complete financial transactions through any payment gateway.

He added that customers, financial institutions, merchants, government agencies and other payment service providers can operate 24/7 real-time transactions through this system.

Binimoy can lead to revolutionary changes in various public and private services, such as tax submission, bus-train-air ticket purchase, road and bridge toll collection, e-commerce operations, and more.

It will also help reduce transaction costs, increase efficiency and speed up financial transactions.

This platform is going to prevent financial crimes because the exchange authorization standards used in Binimoy will verify each transaction and develop pat-

terns analysis, thereby making it more difficult to launder money, finance terror and evade tax.

Offering a cashless interoperable payment mechanism, Binimoy will boost the e-commerce sector as well.

The exchange system allows customers to transact using virtual IDs instead of their account numbers.

Due to the virtual ID, the customer's account number will be anonymous and secure.

Banks, PSPs, and MFS operators will be covered under this platform and a number of non-bank financial institutions and fintech companies have benefited from technological advances in recent years, and are now offering payment services and other banking services.

Binimoy will connect all banks, MSF providers, and payment services of the country and ensure interoperability of transactions between different payment service providers.

Money can be transferred instantly from one bank account to another bank or PSP/MFS wallet through Binimoy.

Similarly, money can be sent from one PSP/MFS wallet to another PSP/MFS or bank account.

BB allows export income, remittance through mobile banking

DF Report

Bangladesh Bank has allowed mobile financial service providers to repatriate (conversion of foreign currency into local currency) export income and inward remittance.

All authorised dealers will provide encashment certificate to MFS providers against inward remittance, on account of information technology enabled services exports.

In order to make it easier to receive foreign exchange, Bangladesh Bank issued a circular stating that all authorised dealers in foreign exchange and all licensed MFS providers are allowed to receive export income on account of ITES exports in association with internationally recognised OPGSPs / digital wallets and / or aggregators having operation in multiple countries.

The Foreign Exchange Policy Department of the cen-

tral bank issued the notification on Wednesday and sent it to authorised dealers and MFS providers for immediate implementation.

The notification said that authorised dealers maintaining settlement accounts will issue encashment certificates in support of inward remittances on request from MFS providers electronically.

In this case, the request needs to be supported by auto-generated information - beneficiary's name, wallet account number, the amount in Tk, date of credit - from a remittance service provider abroad.

Based on their own screening parameters regarding the information, designated authorised dealers shall generate an electronic encashment certificate (as per enclosure A) with QR code accessible to beneficiaries through MFS providers.

The certificate is intended to be used for income tax purpose only.



Rangpur Metropolitan Police, bKash organise workshops on prevention of MFS abuse



DF Report

To raise awareness for preventing abuse of Mobile Financial Services (MFS), bKash recently organised a two-day long coordination workshop in collaboration with Rangpur Metropolitan Police.

On the first day, 140 bKash agents, channel partners, and members of the local law enforcement authority participated in the 'Coordinating Workshop on Preventing Abuse of Mobile Financial Services' at RDRS, reads a press release.

On the second day, the 'Workshop on Investigating and Preventing Abuse of Mobile Financial Services for the investigation officers of Rangpur Metropolitan Police was arranged at Parjatan Motel Rangpur. Rangpur Metropolitan Police Commissioner Nure Alam Mina, BPM (Bar), PPM; Additional Police Commissioner of Rangpur Md Saifuzzaman Faruqi; bKash's Advisor of External and Corporate Affairs Department and Additional IGP of Police (Retd) Dr Md Nazibur Rahman and bKash's Head of External Affairs AKM Monirul Karim were present at the workshop arranged

for the investigation officers. Some 50 Investigation Officers of the Rangpur Metropolitan Police participated in the workshop.

Types of crimes committed by abusing MFS, the importance of information exchange related to the investigation to apprehend criminals, and various steps taken by bKash to prevent the abuse were discussed in the 1st workshop. It also encouraged the agents and channel partners to conduct business by maintaining compliance.

The 2nd workshop, organised for the investigation officers of Rangpur Metropolitan Police, discussed in detail how to utilize the information related to illegal activities to identify the criminals and bring them to justice.

To keep its platform safe, bKash automatically monitors all activities of agents through AML360 app and takes appropriate action in case of any deviation. Besides, the company conducts awareness activities throughout the year to make all concerned, including agents, aware of these issues. In continuation of that effort, these workshops were organised in Rangpur.

Foreign currency transactions through card rise 217% YoY in Sep

DF Report

Foreign currency transactions through cards maintained an upward trend in September too, surging 217% year-on-year to an all-time high of Tk584 crore, amid a crisis of cash dollars.

Cardholders spent Tk184.6 crore in September last year - around Tk400 crore less than this year, Bangladesh Bank data show.

Bankers attribute the uptrend to more foreign trips by the affluent, cheaper greenback rate than the open market, small import payments by cards and the worldwide rising inflation.

Banks last week endorsed cash dollars at Tk108, as the greenback was at Tk113 in the open market, according to Md Abedur Rahman, head of Cards at Midland Bank Ltd, told The Business Standard.

He said dollar spending through debit cards follows the real time local market rate as credit cards charge the rate on payment date.

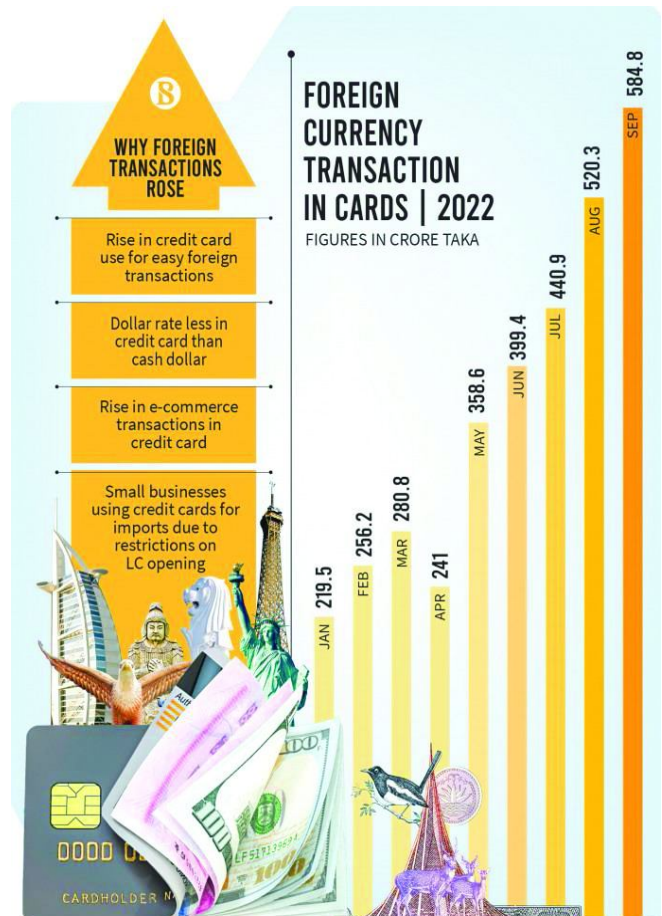
In the face of a supply crisis, the greenback for the first time reached Tk100 in July. On 10 August, the US dollar hit record Tk120 in the kerb market, pressing the central bank for encouraging outbound travellers for foreign currency transactions through card instead of carrying cash.

Subsequently, foreign currency transactions through cards started to edge up from May. The transaction was Tk241 crore in April, which rose to Tk358 crore just next month.

Since then, foreign currency transactions through cards have been increasing for four consecutive months. In the last one year, the country's foreign currency reserve depleted by more than 23% to \$34.2 billion, blurring any possibility of the forex market calming down anytime soon.

To relieve the pressure on the forex reserve, both the government and the central bank have been discouraging unnecessary foreign trips by government employees. However, a central bank official said that rich and middle-income people are still making frequent foreign trips.

He also pointed the finger at rising commodity prices across the globe. He pointed out that small traders are now bringing in foreign products after purchasing those online through cards as banks are cold-shouldering small-amount LC (letter of credit) opening.



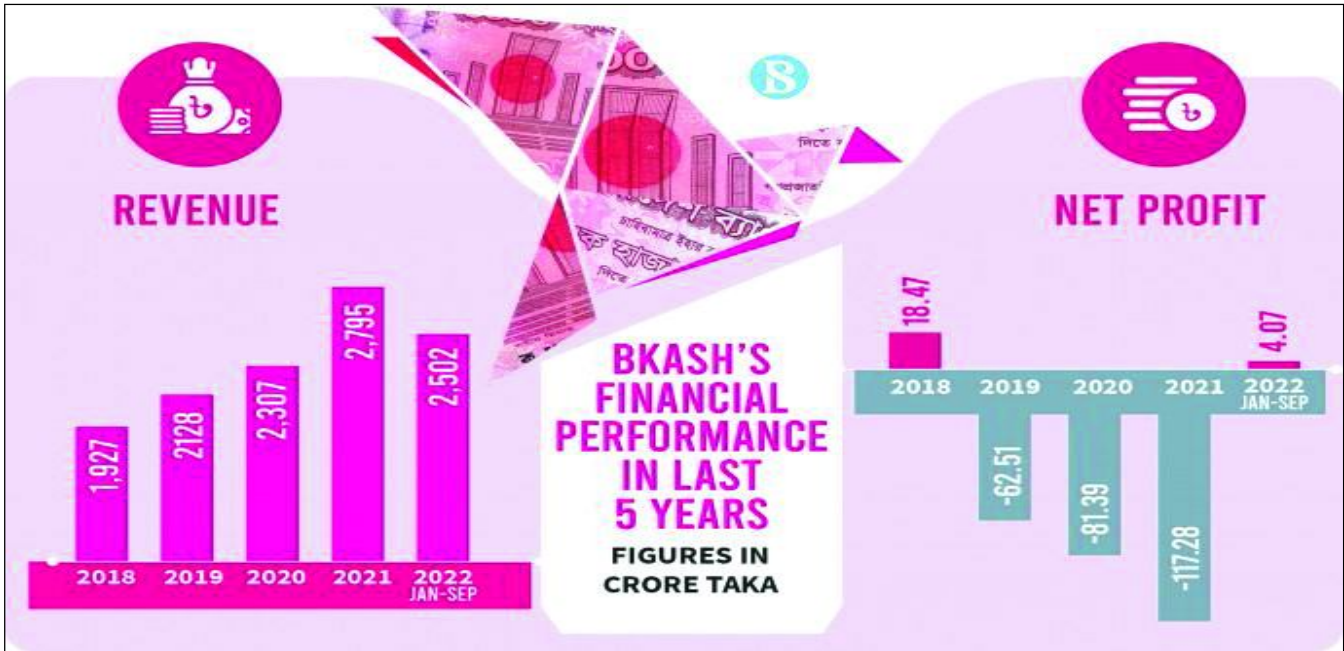
According to the central bank ceiling, a traveller is allowed to carry and spend a maximum \$12,000 during a foreign trip.

"After endorsing dollars to card, multiple members of the same family are now travelling abroad. They are encashing the dollars abroad and selling those to the kerb market, which offers at least Tk5 more per dollar than banks, after returning home," said a top banker while talking to The Business Standard on condition of anonymity.

The official suggested lowering the dollar spending ceiling except for education and medical purposes.

According to the central bank, transactions through mobile banking rose Tk189 crore in September compared to August. September transactions stood at Tk87,635 crore - still lower than June's Tk94,293 crore centring the Eid-ul-Azha festival. Earlier in April, mobile bank transactions hit Tk107,460 crore ahead of the biggest Muslim festival Eid-ul-Fitr.

bKash returns to profit after 3 years



DF Report

bKash, the country's leading mobile financial service provider has returned to profit after three years - 39 months to be exact thanks to higher revenue income and interest income from government securities and fixed deposits in the July-September quarter of this calendar year.

In Q3 of 2022, the net revenue of bKash grew 28% year-on-year to Tk857.84 crore and its net profit reached Tk46.54 crore, officials of its parent Brac Bank said.

The fintech giant's profit for the first nine months of this year stood at Tk4.07 crore, while its net revenue was around Tk2,502 crore.

The mobile financial service provider had been in profit until 2018 since its inception in 2011, but it suffered significant losses between 2019 and 2021.

bKash officials then said the company was spending a lot to expand the business and add new services, which was why it was suffering losses. They, however, were hopeful that the company would return to profit on time.

When contacted, bKash Head of Corporate Communications Shamsuddin Haider Dalim told The Business Standard that it is essential for a fintech company like bKash to invest in technology to build a robust platform of innovative services. "It is also crucial to think long term."

"bKash's sustainable business model is always cus-

tomercentric. We are hopeful that our conscious investment will yield positive results in due course of time," he said and added that essential technology upgradation and product diversification will remain their prime focus.

In the meantime, a brokerage firm's analyst seeking anonymity told TBS that the competition in the mobile financial service sector has increased sharply since the arrival of the Nagad in 2019.

"So, bKash has increased its strategic investment to introduce more technology for enhancing client services. Even though the company incurred losses, it would be able to reap the benefits of the investment."

Brac Bank holds 51% shares of bKash while Money in Motion LLC of the US owns 16.45%, Alipay Singapore E-Commerce 14.87%, International Finance Corporation 10.36%, and SVF II BEAM (DE) LLC 7.32% shares.

"Mobile financial service has appeared as the key to financial inclusion. It has been possible to deliver financial services to people of all incomes through the services. As a result, the popularity of the services is increasing day by day," the Bangladesh Bank, in the latest report on mobile financial services, said.

An average of Tk2,876 crore was transacted through mobile banking services every day in July, it noted and added that the number of registered customers of mobile banking stood at 18.09 crore at the end of the month.

Nagad Islamic, IBBL join hands for seamless financial services

DF Report

Nagad, a mobile financial service (MFS) provider of Bangladesh Postal Department, and Islami Bangladesh Bank Ltd (IBBL) have forged ties to help customers make seamless financial transactions - from add-money to DPS installments to remittance transfer - through their Nagad wallets.

Moreover, customers will be able to avail Nagad and Nagad Islamic services using the IBBL's "CellFin" app.

To this end, the MFS provider and the bank recently inked a partnership agreement at a city hotel.

Posts and Telecommunications Minister Mustafa Jabbar, Secretary to the Posts and Telecommunications Division Md Khalilur Rahman, Director-General of the Postal Department Md Harunur Rashid, Director-General of Islamic Foundation Md Munim Hasan, Managing Director and CEO of IBBL Muhammad Munirul Maula, Founder and Managing Director of Nagad Tanvir A Mishuk, and other senior officials of Nagad and Islami Bank were present at the ceremony.

From now on, people can add money to their Nagad and Nagad Islamic wallets instantly from their Islami Bank accounts without any charge. Besides, they can pay DPS installments to Islami Bank as well as transfer remittances to Nagad accounts, reads a press release.

Posts and Telecommunications Minister Mustafa Jabbar said, "Today we are happy that an institution like Nagad has partnered with Islami Bank. I thank Nagad for all of its innovations to improve customer experience."

The MFS company's innovations like e-KYC were a real game changer in bringing more and more unbanked people under financial inclusion, he noted.

Nagad's collaboration with Islami Bank has also set a good example to others, Mustafa Jabbar pointed out.

"Let's wish all the best for Islami Bank and Nagad Islamic. We hope digital Bangladesh will lead to a prosperous Bangladesh," the minister further said.

Managing Director and CEO of IBBL Muhammad Munirul Maula at the event said, "Nagad has onboarded 6.5 crore customers only in three and a half years. I thank them for this."

Nagad has introduced Islamic services, which is the



need of the hour, he also said, adding, "The MFS provider has come up with services that crores of people yearned for long."

Nagad will taste more successes in days to come, the IBBL MD believes.

"The collaboration between our CellFin app and Nagad Islamic will bring more unbanked people under financial inclusion," Muhammad Munirul Maula hopes.

Founder and Managing Director of Nagad Tanvir A Mishuk in his speech, said, "I thank Islami Bank for beginning a journey with Nagad. Banks cannot take services to people's doorsteps, but platforms like Nagad can do that. We want to give smart cards to our 6.5 crore customers next year."

Nagad started off with a vision to reach people with costs as low as possible, he noted, adding, "From the very beginning, we have been working on innovations for people's betterment. The country's MFS sector will not be held hostage to anyone, we want to take this service to everyone."

In the meantime, customers will get a Tk30 mobile recharge if they make an add-money transaction of Tk3,550 to their Nagad and Nagad Islamic wallets from IBBL accounts, the release adds.

A customer will be able to enjoy this offer once. Starting on the 20th of this month, the offer will remain valid till 30 November.

Nagad has been expanding the scope of its "Bank to Nagad" add-money service to provide consumers with faster and improved services. Internet banking users of banks can instantly transfer money to their Nagad accounts without any charge.

Nagad customers now can avail the add-money service from more than 30 banks.

bKash, BigganChinta organise Science Festival 2022 in Chattogram



DF Report

After Dhaka, "bKash-BigganChinta Biggan Utshob" was held in Chattogram with various events for school students including innovative and research-oriented science project exhibition, quiz contest, lecture, robot and magic show.

This Science Festival was jointly organised by bKash and science-based monthly magazine BigganChinta at city's Primary Teachers' Training Institute (PTI) School with the participation of around 400 students of Chattogram division Sunday, said a press release.

The young science enthusiasts presented various innovative projects including automatic streetlight and zebra crossings, modern drainage system to prevent death by falling into drains, use of auto and manual robots in agriculture, etc. They also participated in quiz contest. Among these, the best ten science projects were awarded. Besides, prizes were distributed to top

10 quiz winners of both category: lower secondary and secondary.

Goutam Buddha Das, Vice-Chancellor of Chattogram University of Veterinary and Animal Sciences inaugurated the festival. Humayun Kabir, EVP and Head of Regulatory and Corporate Affairs of bKash; Bishwajit Chowdhury, Joint Editor of the daily Prothom Alo; Mustafa Kamrul Akhter, Chairman of the Chittagong Secondary and Higher Secondary Education Board; and Abul Bashar, Executive Editor of BigganChinta were also present at the event.

The festival started in Dhaka to promote science practice among school students with the slogan 'progress with science' (Biggan-e Bikash). Followed by Chattogram, the festival will be held in Rajshahi, Sylhet, Barisal, Rangpur and Khulna divisions. The final stage will be hosted in Dhaka again where winners of the regional festivals will get the opportunity to participate in.

Pay cadet college admission application fee through bKash

DF Report

This year also, admission seekers of 12 cadet colleges, including three girls' cadet colleges, can pay application fee conveniently through bKash.

They can complete the admission application process online by paying the fee through bKash till 7 December, said a press release.

Detailed process of the application and fee payment of cadet college admission is available on the website - <https://cadetcollegeadmission.army.mil.bd/>.

To apply, admission seekers need to click on "Apply Now" in the website. In next step, they need to sign up



by entering name, mobile number, email, date of birth and password. After that, they will have to log in by entering user ID and password. Next, they need to select "bKash" from "Payment" option and put the amount (Tk1500) to complete the payment. Upon successful payment, applicants will receive SMS notification.

Written test of the cadet colleges will be held on 6 January 2023.

Payment of academic fees including admission application, and other fees through

bKash has become popular to the students and their guardians. At present, bKash is providing fee payment service to more than 1,200 public and private educational institutions across the country.

bKash CPTO Azmal Huda accorded 'Chief Technology Officer of the Year'

DF Report

Mohammad Azmal Huda, chief product and technology officer of bKash, has been honored with the "Chief Technology Officer of the Year" award for his significant contribution in enabling people with digital transactions through fintech innovations.

He got the recognition at the first-ever "Bangladesh C-Suite Awards 2022", initiated by Bangladesh Brand Forum (BBF) held at a city hotel recently, says a press release.

Mohammad Azmal Huda achieved the accolade for building the best quality technology framework, enhancing customer-friendly services through continuous innovation and technology integration in fintech arena since the beginning of the country's largest MFS provider bKash. He is regarded as a pioneer of the con-



stant technological evolution of MFS industry in the country.

It is mentionable that a distinguished advisory board rigorously judged over 100 nominations from more than 30 organizations for the 'C-Suite Award 2022'. Finally, the prestigious award was given on 16 categories to 16 top corporate executives of Bangladesh.

BPC and Fincog Report Reveals Key Trends of Digital Banking Market in the Middle East

Global payment organisation, BPC, and strategy consultancy firm, Fincog, have launched a new report on the digital banking market of the Middle East. In addition to analysing Islamic finance, there is a particular focus on the countries of the Gulf Cooperation Council (GCC).



DF Report

The Digital Banking in The Middle East report analyses the specific characteristics of successful newcomers to the region. It takes into account the existing banking infrastructure, cultural observations and emerging trends.

Digital Banking in The Middle East provides a holistic overview of the Middle Eastern digital banking market and a sharp understanding of the current competitive landscape. It outlines how technological advancements in finance plus various economic development and

diversification strategies across the GCC mean that the Middle East presents many opportunities for newcomers as well as established financial and non-financial institutions.

Key findings

New entrants are urged to differentiate and address the needs of a certain demographic segment of the population. This is the only way they can compete in a strong banking market and acquire sufficient market share;

Modern technology and sophisticated UX design is deeply ingrained in almost all digital products across



various industries. Therefore, a compelling and digital customer experience has moved from being a mere luxury to being imperative to satisfy customers;

The wealthier GCC countries present a region that is a major source of attracting talent. To attract good talent, there must be compelling employer branding or employee value proposition;

Key government priorities to foster future growth involve digital transformation and sector diversification, including financial services and technology.

Islamic finance has become a growing area of interest around the globe, with an estimated 1.9 billion Muslims internationally. Consequently, the estimated Islamic Fintech market size for the OIC (Organization of Islamic Cooperation) with 57 member countries was roughly \$49billion, set to rise to \$128billion by 2025. While Saudi Arabia's fintech market is currently worth approximately \$17.8billion, it may reach \$47.5billion in four years.

An opportunity for dynamic and visionary players

Hany Al Deeb, managing director - GCC and Iraq, BPC said: "We're pleased to share the valuable insights of this research. It is designed to help those who are interested in this exciting space. Digital banking is being by a youthful population driving a transition from internet banking to mobile. As a result, we are

seeing an array of potential new avenues as digital banking expands across the region."

"This sector is poised to continue growing at an accelerating pace. It represents a huge opportunity for dynamic and visionary players."

"Our report highlights the factors that new entrants to the Middle Eastern digital banking market need to consider," says Jeroen de Bel, founder, Fincog. "There is an underlying growth potential for digital banking players. This is especially true as consumers grow increasingly familiar with compelling digital-only offers for financial products and services. We hope our findings will benefit those interested in the many opportunities being presented in this part of the world."

BPC has built a strong reputation for understanding and mastering local banking and payment context and behaviour- and is poised to take on the challenges faced in a highly digitised global economy.

Additionally, with 350 customers across 100 countries globally, BPC has collaborated with all ecosystem players ranging from tier-one banks to neobanks, payment service providers (PSPs) to large processors, eCommerce giants to start-up merchants, and government bodies to local hail riding companies, contributing to better financial inclusion using next-generation technology.

New digital banks unlikely to impact financial stability as incumbents hold their ground

by Goola Warden



Singapore's new digital banks are unlikely to affect financial stability as they grapple with capital and liquidity ratios, credit risks and credit scores at a time when local banks' digital banks continue to gain ground,

The Monetary Authority of Singapore's Financial Stability Review issued on Nov 25, looked at the financial stability implications following the launch of four digital banks in Singapore, GXS Bank, Trust Bank, Anext Bank and Green Link Digital Bank.

The regulator points out that the new digital banks are required to demonstrate sustainable business models, so that competition is not value destructive. The new digital banks are subject to the same prudential requirements (including capital and liquidity requirements) as existing banks. MAS will phase in the permissible activities of digital full banks via a three-stage process, to minimise risks to retail depositors and mitigate the risks of untested business models.

"While incumbents and new entrants may target the same customer segments, digital banks remain a relatively new concept in Singapore's banking landscape, and customers may hence be inclined to adopt a "wait and see" approach before banking fully with a digital bank," MAS notes, citing a survey by PricewaterhouseCoopers (2019) which found that 67% of Singapore customers are likely to continue using their current bank for their primary account.

On the efficiency front, digital banks may spur incumbents to innovate and improve efficiency to lower 'cost to serve'. This would boost incumbents' profitability. Potential indicators to monitor include bank profitability ratios such as return on equity or return on risk-weighted assets (to assess revenue efficiency) or cost ratios like cost-to-income (to assess operating efficiency), MAS says.

One of the risks is for digital banks to target riskier, underserved segments with new credit risk scores or software. Borrowers may not have sufficient credit history, there is a risk that making lending decisions based on alternative data that has not been tested through a full credit cycle could lead to higher-than-expected credit losses in a downturn, MAS cautions.

Asset quality may also be an issue because digital banks usually serve younger individuals with lower incomes and lower credit scores by granting them loans that are mostly unsecured. They may also have access to a smaller retail deposit base, and are likely to be funded via the interbank market.

At present, in Singapore, banks' cost of funds on the rise as banks compete for deposits. MAS has also



flagged technological risks such as cybersecurity, system failures or malfunctions, cyberattacks on banks' infrastructure to exfiltrate sensitive financial data or disrupt core information technology systems, and scams.

Analysts have also pointed out that the local banks dominate the market, yet are very agile, and are able to adapt and fill niches that are not banked. Among the strategies of local banks with digital banks is to access retail customers and SMEs in large markets such as Indonesia, Thailand and Vietnam. DBS Bank launched Digibank in India before expanding to Indonesia a year or so later. United Overseas Bank launched UOB TMRW in Thailand in 2019, before moving to Indonesia. Launches are planned in Malaysia and Vietnam.

"Digital banks lower barriers to entry. There are a number of criteria to be successful one of which there has to be an open space to compete in," analysts say, adding that it isn't obvious there is such an open space in Singapore as the local banks do a pretty good job of providing financial services here.

A study by Google (2019) found that 74% of adults in Southeast Asia are unbanked or underbanked. But in Singapore the underbanked are around 2% of the population.