

New Tariff To Hit Smart Phones & Smart Cards

Traders & consumers are concerned over smuggling of smart phones



Express Report

Mobile banking is likely to face jolt as the cost of mobile phone usage has increased significantly driven by higher tariff imposed in the new national budget announced on June 13 last. In his budget speech, Finance Minister Mostafa Kamal proposed 25 per cent supplementary duty on smart phone import which was 10 per cent in the previous year.

Immediately after the budget announcement, the national board of revenue sent statutory regulatory order (SRO) to all mobile phone operators soon after placing the proposed national budget for 2019-20 fiscal in the parliament.

Mobile phone importers have expressed grave concern over the higher tariff on smart phone saying that this will discourage mobile banking operations in the country which needs to keep rapid digital transformation for reach the millennium goal.

“The higher tariff on imported smart phones would increase prices of mobile phone in the local market and encourage people to buy quality products from India and other markets. This ultimately will hit financial inclusion and the government’s move towards a cashless society”, Mohammad Nizam Uddin, president of Bangladesh Mobile Phone Business Association.



“Now, price of a smart phone would be near double but you can buy smart phone at half price from Indian market”, he said.

Digital transformation is taking place on many fronts in the country's banking sector. Most younger consumers are using mobile apps in their shopping to enjoy lucrative offers announced by digital payment operators. Salesmen of super stores, shopping malls and even grocery shops say the volume of mobile payment particularly with bKash app increased significantly in recent days which leads the country towards a less cash society.

In his budget speech, finance minister also said that due to the government's initiative some five to six local manufacturers have already started manufacturing and assembling cell phones in Bangladesh. In 2017-18 the government first gave some benefit for assembling mobile devices in the country and currently serves about 30 per cent local demand.

The 11th national budget in a row by the Awami League is titled “Bangladesh on a Pathway to Prosperity - Time is Ours, Time for Bangladesh”. But many experts say it lacks specific instructions on treading the pathway to prosperity in the next five years of the government.

Meanwhile, the bankers have expressed grave concern over the high tariff imposed on credit and debit cards. The cost for issuing new credit and debit cards will balloon 3-6 times as the government imposed fresh duty on the imported items in the new budget for fiscal 2019-20 unveiled on June 13.

A magnetic stripe card will cost Tk 120-Tk 125 in contrast to Tk 20-Tk 25 at present. For a chip-based card, the cost of import will stand at Tk 370, up from Tk 100-Tk 120.

The cost of contactless credit card will escalate by more than three times to Tk 550. As much as 25-30 lakh cards are usually imported by the local companies per year to meet the domestic demand.

The move will discourage clients from asking for credit and debit cards as banks will be compelled to impose charges for issuing them, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of private banks' managing directors. “The ABB will approach the authority concerned within a day or two to withdraw the duty,” he added.

Economists and industry experts say technological adoption in Bangladesh's financial industry is gathering pace. It's MFS industry is now a global success story with more than 56 million users across the country mostly who are poor and low income people living in remote rural areas. But higher tariff on smart phone will hit its growth.

Technology is transforming the retail banking landscape very fast, changing the way people and companies connect with their banks and demand services and products from anywhere, anytime. Customers, used to convenience and personalisation from retail and e-commerce, now seek the same multi-channel ease of use from their banks.

Banks are also responding by embracing technology to meet customers' demand in an increasingly competitive market. But higher tariff on smart cards will discourage people to adopt digital transactions and hit the journey towards a less cash society for growth.

Industry experts suggest the government to withdraw higher tariff on smart phone and smart cards to boost digital transactions, financial inclusion and ultimately drive the national economic growth.

Steps to set Nagad under central bank regime

Express Report

The Post and Telecommunication Ministry is considering some recommendations to run its digital financial service-Nagad operated by a third party fintech company under the supervision of Bangladesh Bank to reduce risks of money laundering and keep a conducive environment for all digital financial service operators.

A highly placed ministry officials said the ministry is now examining some measures recommended by a committee formed by Director General of Bangladesh Post Office. The committee recently submitted some recommendations to its ministry.

“Bangladesh Post Office (BPO) conveys a long-standing history of 150 years, serving people with postal and money transfer services, and is also known as the first financial institution in the sub-continent. So, we are going to set Nagad under a regulatory regime so that we can provide financial service properly”, the official said.

He said the ministry will place the issue to the high level as the government is committed to create a conducive environment to push digitalization process and encourage more investment.

Sources in the Postal department said that the proposed measures include formation of a postal bank, like Indian Postal Bank model and a subsidiary company having majority share of the government to be listed with

Bangladesh Bank.



India Post Payments Bank (IPPB) is operated under the direct supervision of Reserve Bank of India, the central bank of India under The Banking Ombudsman Scheme 2006. IPPD mainly deals with small deposits and at least one transaction of deposit or withdrawal in three financial years is necessary to keep the account active.

“We think the government can form a subsidiary company to allow Nagad to play in the same field as people will like to deal with Nagad under a fair environment”, he said.

Nagad is virtually a mobile financial services (MFS) of Bangladesh Post Office operated by a private party-Third Wave Technologies on revenue sharing basis that had entered the market in September 2018 but offering mobile payment services beyond the regulations of Bangladesh Bank.

Immediately after unofficial launch with high transaction limit Nagad created widespread criticism as it is operating its business without central bank’s supervision and allowing its customers to transact much higher transaction volume- nearly nine time higher than the limit set by the central bank for other operators with the view to reduce risks of money laundering.

Nagad allows its customers across the country to make 10 transactions a day amounting to a total of BDT 250,000 in

  একটি ডাক বিভাগের সেবা	Services	Maximum amount per transaction (person to person)	Permitted daily total amount of transaction (person to person)	Cash out charge (per 1,000 taka)
	Nagad	25,000	2,50,000	18
	Other mobile financial services	15,000	15,000 (person to person)	20

contrast to a limit of BDT 15,000 set for 18 MFS operators by Bangladesh Bank. This have seriously distorted the level playing field in the MFS sector causing concern of other MFS providers and their investors.

Industry experts see that the higher transaction limits offered by a particular operator is bound to increase risks of Money Laundering and Terrorist Financing destabilize the country's fastest growing Mobile Financial Services (MFS) industry.

Bangladesh Bank, Bangladesh Investment Development Authority (BIDA), Bangladesh Financial Intelligence Unit (BFIU) and leading media expressed their concern over the issue and suggested the government to place the Nagad immediately under the same regulatory regime to keep growth pace of the industry.

To ensure a level playing field in the country's fast-growing digital payment industry and reduce the risks of money laundering through digital channel, the Finance Ministry in a letter requested the Postal Ministry to place the Nagad under the central bank supervision.

In its letter, the Finance ministry mentions that a complex situation has been created in the country's financial market by its service Nagad. The ministry also reminds the role of Bangladesh Bank as the sole regulator for payment services of the country.

The Finance ministry also suggests the Postal Ministry to create a subsidiary company with majority shareholding by Bangladesh Postal Department in order to run Nagad operations under central bank's regulations.

Prime Minister Sheikh Hasina on March 26 inaugurated Bangladesh Post Office's digital financial service "Nagad". But the service is yet to cover all post offices to render its digital financial services as it fails to meet the needs of customers.

Most people don't interested to use this tool as Nagad cannot send money to their desired persons instantly, MFS agents in different parts of the country told The Bangladesh Express.

Besides, they alleged, responsible customers avoid this service due to poor service quality, fear of money laundering and possible fund missing through cyber fishing.

Meanwhile, Bangladesh Investment Development Authority (BIDA) in a letter to the Prime Minister expressed their concern over Nagad operations without central bank's supervision noting that such a situation may discourage foreign and private investment.

BIDA also requested the central bank to take necessary actions for the sake of investment.

DBBL ATM booths under int'l fraud gang target!

Express Report

Booths of automated teller machines (ATMs) of Dutch Bangla Bank limited are now under a major risk of fraudulent by local and international fraud gangs. ATM card holders see the DBBL ATM booths are prime target of both local and international fraud gangs due to loopholes in its security measures.

Police last month arrested six Ukrainian citizens from a hotel in the capital's Panthapath area for embezzling huge amounts of money by hacking the ATMs of Dutch Bangla Bank Limited (DBBL) last month on May 31.

Two days after a group of foreign nationals withdrew

Tk3,00,000 from a booth, bank officials were in dark on the incident and failed to realise how frauds withdrew funds its ATM booth without recording any transaction details on the server.

// A group of senior journalists recently observed such an incident at DBBL booth in Shahjahanpur in the city and informed the bank to deploy security guard for the sake of card holders. But the authority didn't take necessary measures till now, some card holders told The Bangladesh Express. **//**

According to police, the seven suspects landed in Dhaka together on May 30 and stole money from an ATM booth in middle Badda the very next day. In the latest case, it was mentioned that Tk 4.5 lakh was stolen from the Badda ATM booth on May 31.

On June 1, they stole money from the other booths. During the series of thefts, one of the hackers was detained while



DBBL ATM booth at night without security guard

he was trying to steal money from the bank's ATM in Taltola of Khilgaon.

However, another Ukrainian, Vitalli Klimchuk, escaped when the raid was conducted, and he remains on the run. A syndicate of Bangladeshis are involved with the ATM heist, police said after receiving many complaints from ATM customers.

Police suspected that the arrested are a part of an international syndicate with which several Bangladeshis are involved. Police conducted an investigation on ATM fraudulence and discovered that it was nine ATMs of the DBBL bank, instead of two, that had fallen prey to an international hacker group.

In light of the new discovery, the Criminal Investigation Department (CID) of police filed a money laundering case with Badda Police Station. Earlier, a case was filed by the bank authorities under the digital security act for the cybercrime.

Investigators suspect that the hackers might have stolen money from ATMs of other private banks as well.

Dutch Bangla Bank had reported thefts in two of their ATM booths but investigators later found that around Tk 16 lakh was stolen from a total of nine of the bank's ATMs in different areas of the capital.

DBBL has the largest network of ATM booths across the country that help the bank to earn a huge amount of money as commission. But ATM card holders often allege that DBBL booths in many times remain vulnerable in absence of security guards.

In some areas, DBBL booths remain surrounded by unwanted people and even by women at night to force card holders to withdraw cash for them. Women are used by those people to harass card holders to withdraw cash for them.

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DB police is trying to identify all the members of the syndicate, and to uncover the whole mystery. Meanwhile, after scrutinising CCTV footages, police investigators now suspect that around 12 to 15 Ukrainians -- who are believed to be members of an international hacker group -- were involved with the heist.

DB sources said the hacked ATMs of Dutch Bangla Bank include two in Khilgaon, one in Kakrail, one in Radisson Hotel, one in DIT road in Rampura and two in Nikunja areas.