

DIGITISATION AND INCLUSIVITY: TAKING EVERYONE ALONG

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How IT innovations are transforming lives

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Just 10 years ago, sending money from one place to another required visits to a bank branch or post office, filling out numerous forms and then it could take days and even weeks for the money to be seen by the receiving party. Today mobile financial services dominate this segment bringing instant money transfers between any two places within reach of all no matter how remote the location or what time of the day it is. A child born in a rural area 10 years ago may not know the name any bank but certainly knows the names of the most popular mobile financial service (MFS) brands. From MFS people are gradually moving to payment apps or digital wallets which have been around for some time but the adoption has been slow due to inherent sophistication of such apps that deter people with limited digital literacy from using such apps. This may soon change as more user-friendly digital wallets come to the market making its widespread adoption a reality as has been the case in USA, Europe and even China. In Singapore the Monetary Authority (MAS) is already issuing licenses for Digital Banks which require no brick-and-mortar operation. Combining distributed ledger technology, i.e., Blockchain and digital wallet technology the digital banks of the future may make traditional banks obsolete just as emails have made Fax machines obsolete.

Conventional trade settlement instruments such as Letters of Credit (LC) are already on the way out in many countries and trade finance automation tools based on blockchain will soon step in to fill the void. The digital onslaught is reaching tsunami proportions and is washing away old business practices like broken twigs. However, digitalisation of business and services by default requires appropriate mechanisms for digital identities, provenance and verification. These on the other hand raise issues of security, privacy and immutability.



Together these six factors stand in way of digital nirvana.

Digital identity has been a hot topic in legislatures around the world for at least a decade. While Bangladesh has been in the forefront of introducing digital national identity cards and e-passports, these seemingly innocuous digital implements that make governance easier and presumably cheaper, happen to raise spectres of digital identity thefts and intrusion of privacy that have prevented adoption of these technologies in many technologically and economically advanced countries such as France,

Germany, USA and others. Canada and Hong Kong, for example, are in the process of bidding out digital identity solutions that address these six vectors of digital incarnation for humans and objects. It may be several years before any definitive digital identity system is adopted by them. Centralised digital identities such as Aadhar in India have been found to marginalise the poor further bringing up one the most perplexing digital paradoxes of our times.

The security and immutability of digital identities and assets are similarly an intractable problem that has defied digital advances of the past half century until the advent of distributed ledger or blockchain technology in the past decade. However, building applications using this intrinsically complex technology is facing challenges due to tremendous scarcity of skilled resources. A digital identity can theoretically be hacked, copied or deleted. As long as the issuing authority is centrally managed, a rogue officer with proper access authorisations or a hacker having found a loophole in the security setup, could enter the identification database and copy data for fraudulent use as well as change or delete data for pure mischief—in both cases causing the affected persons tremendous grief and even a run in with the law. This is why no matter how honest and fool-proof a central digital identity system is, there is always a risk of such breach. While blockchain technology has the chutzpah to prevent such breach of security and provide immutability of data, its adoption will only pick up speed if the troika of academia, government and industry find a way to work together. In South Korea and Taiwan, such tripartite collaboration has given rise to a new breed of startups—some as fully owned subsidiaries of large corporations—that are bringing new paradigms of digital solutions not conceivable under conventional approaches.

South Korea is now a global leader in published research done in collaboration with industry. It is a widely known fact that industry-academia collaboration with a helping hand from the government gave rise to the most famous technology wonderland called “Silicon Valley”.

Privacy of digital data is another major concern that has many privacy advocates around the world crying hoarse for decades on the loss of privacy entailed with digitalisation as a lifestyle. While in many countries it is unlawful to record the

do with their free time and what they eat, drink or smoke. Such total devolution of privacy is unthinkable in any country with a modicum of respect for privacy. In this country we need to be careful with what we do with all the data collected by various agencies of the government. It is technologically very easy to collate all that data through Big Data Analytics and get an exact picture of a person’s activities and movements which is a total breach of one’s privacy. There needs to be careful safeguards for and firewalls around various repositories of citizens’ private data.

Of course, just as you can take out a prick with another prick the privacy nightmare of digital identity can also be tackled by sophisticated digital techniques called self-sovereign digital identities and zero-knowledge proofs. However, the overall digital upskilling and capacity development needed to embark on such implements have been found to be a daunting challenge even for countries with ample resources. For a newly graduated middle-income country such as Bangladesh the challenges are much more acute.

On the one hand we must be bold enough to tread into emerging technologies in a pioneering road-warrior, and at the same time, we must be alert at all times on the pitfalls of technology, specially the widening digital divide, to make sure that “no one is left behind”, borrowing from the singular mission of the UN sustainable development goals to be attained by the end of this decade. Despite the misgivings of a digital future portrayed in George Orwell’s “1984”, our future is inevitably digital. Let us rewrite that digital future to make everyone well-endowed to pursue “life, liberty and happiness” without sacrificing the human spirit to an automaton.

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