

# What Covid-19 has taught the banking industry in Bangladesh



KHALED AZIZI

THE system—it only revealed what was already broken. This is a perspective that merits some thought.

Remember the countless hours all of us used to waste in traffic gridlock just a few months ago? We commuted to our workplaces, educational institutions, markets and shopping malls, hospitals, banks, restaurants and numerous other places. But was all this commuting really essential? What is stopping us from digitising the service sector drastically, so that people and businesses can do the majority of their activities anywhere and anytime? At least in the banking sector, much of this can be achieved simply by adopting some regulatory and legal reforms, without the need to invest millions of dollars.

In Bangladesh, all banking transactions are still heavily dependent on paper or documents. To open an account, one has to fill out pages of forms, submit copies of identity documents, photographs, TIN certificate, etc. in paper with wet signature. To file taxes, the taxpayer needs to visit the bank to collect physical statements and various certificates that must be furnished to the tax authorities. To buy a car or a piece of land, it becomes necessary to visit the branch to get a pay order issued. If a person receives remittance from overseas, supporting documents and forms must be submitted to the bank so that they can credit his account. If a factory owner needs to import raw material, it would become necessary for him to visit the branch to submit the LC application form. When the shipments arrive, shipping documents must be collected from the bank and submitted to customs to release the goods. The list

goes on and on.

For almost everything related to banking, it is essential to visit the branch.

The obvious question is, why? Why do banks in our country love paper documents and physical interaction with customers so much? The answer lies in the fact that these practices and requirements evolved over many years, before computers and smart phones

(physical) signature on hardcopy documents. Despite being a relatively weak control, it continues to be almost mandatory to prove authenticity of the instruction/mandate, particularly within the legal framework. The ICT Act of 2006 provides legal acceptability of electronic and digital signature in Bangladesh. Adopting this can be a big step towards digitising banking transactions.



PHOTO: REUTERS

**A digital revolution for banks in Bangladesh is long overdue.**

became integral parts of our lives. Our business practices, regulations and the legal framework have not yet been comprehensively updated to keep pace with the advancement of technology.

Making necessary reforms and removing obstacles to enable widespread digitisation can eliminate the dependency on physical branches. Doing so will help banks to improve customer experience and redefine their roles from transaction processors to solution providers. Drawing on the possibilities highlighted above, here are some proposed reforms that are essential to enable this in Bangladesh.

**Electronic signature:** As a country, we are still heavily dependent on wet

**Reduction of physical paper flow:**

With the wet signature made optional, an opportunity will open up to reduce the physical flow of paper. We can allow documents to be signed and exchanged electronically through email, host-to-host connectivity, Application Programming Interface (API), and other digital channels. Two-factor authentication, encryption, blockchain technology and other security protocols can be adopted to ensure authenticity, data confidentiality and security of documents.

**Integration and interconnectivity of systems:** With the drive towards automation, many of the manual processes have been computerised in

recent years. What is missing is the real-time integration/connectivity between these systems.

For example, if all fields in the Election Commission's NID database were available in English and there was real-time API connectivity between banks and NID database, we could have a mechanism where citizens would only have to update static data (for example, address) in one place. Banks and other organisations could easily fetch data from the EC database, eliminating the need for citizens to update the data with all their service providers. Similarly, if the National Board of Revenue had real-time connectivity with banks, life could become easier for both banks, customs and clients. Along the same line, if banks could fetch Credit Information Bureau (CIB) data through API, the speed of granting loans could be improved manifold.

**Electronic payments:** Bangladesh has made significant progress in digitising payments through the implementation of electronic fund transfer systems (EFT, NPS and RTGS) and massive popularity of mobile financial services. Yet, for many government payments, cheques and pay orders continue to be the preferred instruments. We can mandate all government payments to be electronic.

**Regulatory returns and**

**correspondence:** Banks are required to furnish hundreds of regulatory reports. While some have been moved to electronic format, a large number of them continue to be paper-based. In addition to returns, various regulatory circulars and letters continue to be dispatched in hardcopy format. Banks also rely on hardcopy to respond to regulatory queries, seek various approvals, etc. There is no reason why such correspondence cannot be converted to electronic channels, particularly email.

**Digital record retention and archival:** Current regulations mandate transactional documents to be retained for at least five years from the closure of an account. This takes up a huge amount of storage space and cost. If courts accepted electronic images of old

records in case of litigation, old records could be scanned, stored in digital format and paper could be destroyed.

**Flexible working and work from home:** Although not directly linked to digitising banking transactions, another lesson from Covid-19 worldwide is that it is not necessary to physically go to office for everything. With proper tools and connectivity, it is possible to remain productive and efficiently conduct most of the work from home. During the Covid-19 pandemic, many of the bank employees have been doing so at all levels, except those having customer-facing roles that require face-to-face interaction. Allowing continued work from home can reduce health risks and traffic congestion, while improving job satisfaction and productivity of banking professionals. The industry will be able to diversify workforce by recruiting more women who often can't pursue full-time career due to family needs. Banks will also be able to recruit professionals who are not based in big cities, where the majority of banking jobs are concentrated at present.

These initiatives don't require a huge technological investment. Most have to do with policy, legal and business practice related reforms. However, the dividends can be substantial, if not game-changing.

End-to-end paperless flow of information will result in substantial improvements in financial inclusion, speed of transactions, accuracy, convenience, improved security, health and safety, and a massive improvement in the ease of doing business index for the country.

Humanity is slowly but surely overcoming the Covid-19 challenge. But in doing so, we are having to rip up the old playbooks and reimagine our society anew. The banking sector, an integral part of modern life, will need to set the pace in this transformational journey.

This can be the start of a digital revolution for banks that is perhaps overdue.

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# The price of a migrant worker's dream



TASNEEM SIDDIQUI

for which they paid this ultimate price was that they dared to dream! They dreamt of having a better life. They had the audacity to reject the rigid class-based society of theirs, which offers little scope to make an upward transition in life. Had fate been kind to them, they would have made it to Italy, or Spain, or some other European nation. They gambled with their life and lost the game. How long can such gambling continue?

Unfortunately, we have no answer to that because the odds are always stacked against these young men. Think of Asadul, one of those hapless victims. There was no land for him to cultivate. What job prospects did he have? Are education and individual capabilities sufficient to secure a job? Did he have the right political contact or money to bribe his way into a job? Was business an option for him? Where would he get the capital needed? Would any bank offer him loan without collateral?

But don't we, one may ask, have the anti-trafficking law of 2012 that is supposed to stop these tragedies?

So many judges, lawyers and police personnel have been trained to enforce the law. So many NGOs have taught the villagers how to file FIRs. So many tele-dramas have been aired to highlight the plight of migrant workers. In reality, rules to implement the law were only framed in 2017. The majority of the special courts are yet to be established. Trafficking cases are tried in special courts of women and children. There have been so many cases of abuse against women—dowry-related violence, acid throwing, physical torture by husband or in-laws, etc. Our understaffed judiciary cannot handle all these cases, let alone cases against traffickers. Till 2019, out of 5,700 cases, only 250 were resolved. The kingpins remain above the law. Who will dare to give evidence against them? Fifty-four petty foot soldiers were convicted.

One cannot help but think how brave those young men were. Asadul went from Madaripur to Kolkata via Benapole by bus, and from Kolkata by plane to Mumbai, Dubai, Cairo, Benghazi, and finally almost there to Tripoli. It is hard to believe that this young man had never stepped out of Madaripur before this journey.

There are so many questions that come to mind. Why have the western powers made such a mess of countries like Iraq, Iran, Kuwait and Libya where our men used to go for work? Why have the western powers enacted a policy of "Fortress Europe" when employers of those countries are so happy to use irregular migrants? Why have the developed states not treated trafficking

with the same vigour as they did radical extremism? Perhaps, they feel they have played their due part by shuffling Bangladesh between tier 2 and tier 3 in the Trafficking in Persons (TIP) Report.

Our law enforcement agencies have cutting-edge surveillance equipment. Yet they have failed to apprehend the masterminds who traffic innocent youths by preying on their hopes and dreams.

Take the case of a young man named Zillur. He was also stranded in Libya while trying to go to Europe. Zillur left Bangladesh on a tourist visa to Sudan through the Chittagong airport. Isn't it strange that our immigration officers did not think it odd that an illiterate person, with no history of travel and a brand new passport, should suddenly decide to go to Sudan for tourism? Did border and coast guards spare a thought as to why hundreds of poor Bangladeshis and Rohingya men, women and children were migrating to Thailand by boat? Can you recall any case where a member of law enforcement or of the civil administration was held accountable for these tragedies? In political science, we call this impunity.

I call migrant workers "today's freedom fighters". In 1971, freedom fighters gave us independence. Today, migrants are pushing the country forward by earning foreign exchange. For so many years, we have been honouring the achievements of migrants and their left-behind families as *shonar manush*—the golden sons and daughters of Bengal. We even framed a slogan: "The sweat of

the migrants earning, keeps the wheels of our country turning."

I have dedicated 25 years of my life to this cause. But today, I can celebrate migration no more. My heart has been broken along with the mothers of all those poor young men. I can no longer paint migration as a life-enhancing

experience for many. Neither can I call it a tool for development with the conviction I once did. For the poor rural families, it has turned into an enticement to enter the jaws of death—or at best, the quickest path to impoverishment.

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This handout picture released and taken on June 17, 2019 by the Turkish coastguard shows illegal migrants being rescued after their boat sank in the Aegean sea, off the coast of southwestern Turkey. Today the odds are heavily stacked against young people from Bangladesh and other poor countries seeking a better life in Europe.

PHOTO: AFP/TURKISH COASTGUARD

## ON THIS DAY IN HISTORY



### BATTLE OF WATERLOO

June 18, 1815

Napoleon was defeated in the Battle of Waterloo, ending 23 years of recurrent warfare between France and the other powers of Europe.

## CROSSWORD BY THOMAS JOSEPH

### ACROSS

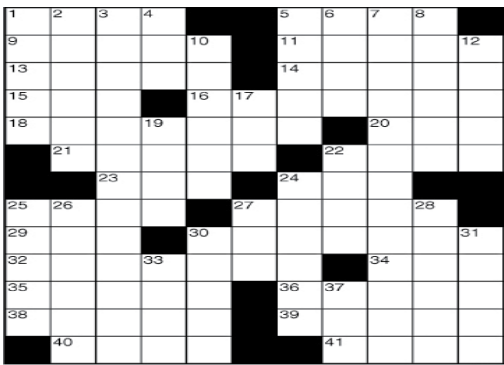
- 1 Gush
- 5 Track event
- 9 Celler stock
- 11 "Pal Joey" writer
- 13 Broadway backer
- 14 Man of Madrid
- 15 Bud
- 16 Bring to life
- 18 Affix, in a way
- 20 Racket
- 21 Pasty
- 22 Silicate mineral
- 23 Holds
- 24 Soccer's Hamm
- 25 Walk unevenly
- 27 Woes on toes
- 29 Outback runner

- 30 Support, with "for"
- 32 Slight
- 34 Finished
- 35 Drummer's partner
- 36 Take place
- 38 Disparaging
- 39 Clipped
- 40 Adam's grandson
- 41 Travel stops

### DOWN

- 1 Ex-changes
- 2 Target at a party
- 3 Breakfast item
- 4 Miniature
- 5 Violinist's stuff
- 6 Attention-

- getting sound
- 7 Breakfast item
- 8 Hot
- 10 Quenches
- 12 Game site
- 17 Dijon denial
- 19 Bloke
- 22 Painter Joan
- 24 Guiding maxims
- 25 Pages (through)
- 26 "It's only a scratch!"
- 27 Take in
- 28 Titan circles it
- 30 Skirt inserts
- 31 Shorebirds
- 33 Make over
- 37 Greek X



## YESTERDAY'S ANSWERS



## BEETLE BAILEY

BY MORT WALKER



## BABY BLUES

BY KIRKMAN & SCOTT



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