

# Brain Station 23: the homegrown fintech firm enabling local banks go digital

MAHMUDUL HASAN

Brain Station 23 has recently signed a deal with Modhumoti Bank to develop the latter's new digital banking platform Go Smart, in a testament to the homegrown software developer's strong advancement in providing state-of-the-art fintech solutions to local banks and financial institutions.

Initially founded as a software company with the aim of providing outsourcing solutions to clients around the world, from 2012 Brain Station 23 began to pivot to the domain of fintech.

It all started with developing some mobile applications for online payment system PayPal, capitalising on the dexterity required for using complex technology to make these apps.

"Our outsourcing was good at that time as our work was applauded by our foreign clients," Raisul Kabir, chief executive officer of Brain Station 23, told The Daily Star.

"However, I realised that although we were bringing in foreign currency, many banks were spending dollars hiring international tech companies to build apps as they were diversifying their services to digital banking services. And thus Bangladesh was losing foreign currency," he said.


Brain Soft 23 then took to developing and providing fintech applications to local banks, increasingly strengthening its footprint and contributing to the digital transformation of the country's overall fintech industry.

Its first local project was on making Citytouch, a digital banking app of City Bank.

"When we completed the job for a local bank successfully, many banks started to show their interest to avail our complete range of secure software solutions developed for banking."

Now, the company offers fintech solutions such as mobile banking, online bill payments, remote access to accounts, online transactions to banks and financial institutions.

The firm has gone on to develop digital banking apps for AB Bank and United Commercial Bank. Their technology-related



**BRAIN STATION 23'S GLOBAL REACH 2019**

- Set up in 2006 by BUET graduate Raisul Kabir
- Exports software to the US, the UK, the Netherlands, Denmark, Japan, Norway, Sweden, Germany, Canada, Switzerland, Turkey and the Middle East
- Clients include PayPal, BT, Telenor
- Employs more than 300 software engineer
- Entered local market in 2010
- Local clients include Robi, EBL, City Bank, pickaboo.com, BAT
- Turnover in 2019: Tk 40cr

services were also availed by IFIC Bank and Eastern Bank.

The company created these high-quality fintech applications using Java Spring MVC, Linux, Apache, Tomcat, Hibernate, Native Android, iOS Swift etc.

The software outsourcing company has come a long way since being founded in 2006 with just four people on board by Kabir, a fresh graduate of the Bangladesh University of Engineering and Technology.

"I have two key reasons for establishing Brain Station 23," Kabir said.

One was to prevent brain drain by creating employment for local software engineers and computer scientists who were leaving for abroad on being unable to see through the promising professional prospects in Bangladesh.

And the other was to chase his dream to establish an information technology and outsourcing services company like Infosys.

During that time, Infosys had made over one billion dollars in revenue and it employed around 50,000 people.

"But we wanted to bring at least one million dollars in foreign currency to the country and generate employment for some."

Kabir's dream now has come true. Brain Station 23's annual revenue was about Tk 40 crore in 2019. Currently, it employs 350 software engineers.

Besides fintech, it develops innovative and native mobile apps for Android, iOS, BlackBerry and Windows platforms, providing Adobe Experience Manager that helps optimise clients' IT investments and digital marketing.

Its other services are solutions centring machine learning and artificial intelligence, cloud storage and business intelligence as well as customisations for e-commerce businesses.

Now, Brain Station 23 has developed an electronic know your customer (e-KYC) system that allows accounts to be opened without any documents being filled in.

"So far five local banks have shown interest in our e-KYC solution," Kabir added.

## Govt to draft law to incorporate digitalisation of banking

REJAUL KARIM BYRON

The government has moved to amend the 129-year old Bankers' Books Evidence Act to make it time-benefiting in keeping with the massive changes in the banking sector triggered by technological advancement.

The law was formulated in 1891. Since then, the banking sector has gone through transformational changes.

Particularly, digitalisation has brought in significant changes in banking activities and services. Computers have taken over handwritten ledgers, daily books, cash books and other documents, making an ICT-based banking system inevitable.

Banking transactions are being preserved electronically in devices instead of books.

The cabinet approved the draft of the Bankers' Books Evidence Act 2020 on Monday.

According to the proposed law, information about clients are considered as secret in most countries. But sometimes, these pieces of information are needed to be assessed, inspected and presented to courts.

These issues should be specified in the Bankers' Books Evidence Act in line with the changing times and after the formulation of the Right to Information Act in Bangladesh. The act has taken into account the preservation of information by banks digitally. This means the digitally-recorded information would be considered as prima facie evidence.

The proposed law has identified areas about which information can be published. At the same time, it has provisions to provide necessary information legally. As a result, there will not be any complexity in exchanging banking information, according to the summary draft of the law.

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## Lack of data hinders Bangladesh's SDG progress monitoring

REJAUL KARIM BYRON

Data about a quarter of the indicators needed to monitor Bangladesh's progress on the Sustainable Development Goals (SDGs) are readily available, exposing the challenges the country faces in finding out how it is faring in attaining the Vision 2030, an official report said.

"There is still significant data scarcity," said the Sustainable Development Goal Progress Report 2020.

In 2017, the General Economics Division (GED) of the planning ministry divided the SDG indicators into three categories based on data availability.

It found that the data about 70 indicators, or 29 per cent of the total, are readily available.

The data about 108 indicators, or 45 per cent of the total, are also available. But they have to be corrected, updated and assessed before they are used to gauge the progress.

But there are no data available about 63 indicators, which account for 26 per cent of the indicators, according to the GED report, which was launched at a programme at the National Economic Council yesterday.

M Shamsul Alam, a member of the GED, gave a presentation on the report.

Because of the non-availability of data, Bangladesh has not been able to select a common base year for all indicators. There are 232 indicators of the SDGs formulated by the United Nations.

So far, the country has selected a base year for 165 indicators and created a monitoring and evaluation framework for 142 indicators.

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## City Bank becomes the third local lender to issue China's UnionPay card

MAHMUDUL HASAN

City Bank has rolled out UnionPay debit cards, joining a growing list of lenders in Bangladesh offering cards of the world's biggest card issuer.

Founded in 2002 under a charter from the People's Bank of China, UnionPay has a virtual monopoly on domestic bank card payments, where it has issued more cards than Visa and Mastercard combined.

In recent years, the Chinese group has been expanding internationally, mainly in Asia, hoping to grab a slice of the pie mostly controlled by MasterCard and Visa.

In Bangladesh, Eastern Bank and Mutual Trust Bank already issues the card of the Chinese state-controlled giant, whose cards are accepted at more than 28 million merchants and upwards of 1.7 million ATMs across



179 countries.

This is the second announcement City has made this month on its thriving card business, as it looks

to consolidate its position as the market leader in the cashless payment segment.

Earlier this month, the bank rolled out a dual-currency debit card, joining a growing list of lenders that are offering the facility to lure in the progressively global-minded customers in the country that are averse to using credit cards.

The card business has gained momentum since July with the gradual resumption of economic activities, according to Mashrur Arefin, managing director of City Bank.

Card payments around the world plummeted as most countries banned air travel in early March to prevent the spread of coronavirus. In Bangladesh, economic activities came to a near halt from late March to June during a government-enforced shutdown.

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## Cement makers place fresh demands before NBR

JAGARAN CHAKMA

Cement manufacturers have placed three new demands before the National Board of Revenue (NBR), including the payment of Tk 750 crore as refundable advance income tax (AIT), so that the producers can avail some assistance to cope with their losses amid the ongoing coronavirus pandemic.

Representatives of the sector asked for similar demands to be met in this year's national budget but were all turned away.

On 22 August, the Bangladesh Cement Manufacturers' Association (BCMA) sought a 60 per cent cut in import duty for clinker, the withdrawal of non-adjustable advance income tax and the return of previously paid refundable AIT.

"We import clinker at \$38 to \$42 per tonne but when we go to pay the duty, the customs always assume the price to be \$50 per tonne, which is so unfair," BCMA President Md Alamgir Kabir said in a letter to the NBR.

Subsequently, the association called for import duties on clinker, a major raw material for the sector, to be brought down to at least Tk 300 a tonne from the existing Tk 500.

The country's cement makers are going through a period of hardship as they recorded almost zero sales during the two-month nationwide closure of all economic activities that began on 26 March to curb the spread of coronavirus.

"We are not getting back the



### CEMENT INDUSTRY BY THE NUMBERS

Market size:	Tk 25,000cr
Active cement factories:	37
Total investment:	Tk 30,000cr
Direct employment:	60,000
Production capacity:	58m tonnes
Consumption:	33m tonnes
Raw material import per year:	\$1.33b
Refundable adjustable AIT:	Tk 750cr

refundable AIT despite applying for it repeatedly," Kabir said.

Although sales started to pick back up in June, the manufacturers are still operating far below full capacity.

"The sector is yet to return to full-swing as factories can utilise only half their production capacity for now," he added.

With this backdrop, the government should at least consider the demands

as it would help the sector bounce back from the pandemic fallout. This includes the withdrawal of the 3 per cent non-adjustable AIT charge on imported raw materials.

Cement manufacturers collectively spent about \$1.3 billion in fiscal 2019-20 on importing various production materials such as clinker, fly ash, iron slag, limestone, and gypsum.

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## BB eases credit rules for exporters

REJAUL KARIM BYRON and REFAYET ULLAH MIRDDHA

The Bangladesh Bank has relaxed rules on securing funds from pre-shipment credit schemes and the Export Development Fund so that exporters can avail soft loans to expedite shipments and make their international business more competitive.

The central bank issued two circulars in this regard yesterday.

In the case of pre-shipment credit disbursements, lenders can now claim the amount from the BB within a week of disbursing the fund to its clients.

Commercial banks have made disbursements from a pre-shipment credit fund of Tk 5,000 crore, which was allotted by the government in April this year to help businesses survive the Covid-19 fallout.

Previously, lenders could only claim the disbursed amount after exporters delivered their shipments of goods as per the participation agreement with the BB.

As a result, the commercial banks felt discouraged to issue disbursements from the pre-shipment credit scheme, making it difficult for exporters to utilise the fund for business purposes.

Now, exporters can avail sizeable loans from the credit scheme against their letters of credit (LCs).

For instance, if the exporter avails an 80 per cent back-to-back loan, he can avail a further 15 per cent loan from the pre-shipment credit scheme with only a 6 per cent interest rate. But if the exporter had received a 70 per cent back-to-back loan, then he or she will be able to avail a 15 per cent loan from the pre-shipment credit scheme while the remainder would come out of his own pocket.

Due to the central bank's move to relax these rules, exporters can now easily purchase raw materials and pay for other preliminary expenses, making the shipment process much faster.

However, exporting companies will be allowed to avail loans from the pre-shipment credit scheme once a year in a bid to ensure that all other factory owners can avail the same facility.

If an exporter receives money from the pre-shipment scheme only after shipments are made, his business will not be competitive as he needs cash in hand to make goods and the packing lists, said Mohammad Hatem, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

"Export trade will be boosted by the moves of the central bank. These initiatives are good. These are very positive decisions," said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association.

However, all exporters attempting to avail funds from these schemes should be treated equally, he added.

The central bank also extended the allotted time to receive payments from international buyers so that they do not incur any overdue costs for up to 720 days under the Export Development Fund. The existing timeframe is 300 days. This move will also encourage the exporters as they will get more time to pay their suppliers for raw materials, Hatem said.

Established in 1989, the EDF is intended to facilitate access to financing in foreign exchange for input procurements by manufacturer-exporters.

In April, the central bank cut the interest rate on the EDF in order to help the exporters hit hard by the economic fallout from the global coronavirus pandemic.

As a result, the exporters of the manufacturing sector now enjoy loans at 2 per cent interest from the EDF. Previously, the interest rate was six-month USD LIBOR plus 1.50 per cent. The six-month LIBOR rate is 1.17 per cent at present. Lenders get the fund from the central bank by giving 1 per cent interest rate and they are allowed to charge clients a maximum of 2 per cent.

The BB also increased the volume of the EDF to \$5 billion from the previous \$3.50 billion, as part of the government's efforts to prime the pump.