

# Accelerating digital inclusion



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At the start of the twenty-first century, technology began levelling the playing field for entrepreneurs worldwide. Over the next decade, this flattening of the world's economy continued with further advancements in technology. Today, there are more than 150 discrete technologies that are changing the world around us faster than ever. As technology rapidly eliminates geographic barriers, it has begun enabling a group of entrepreneurs in Bangladesh to compete globally. At the same time, the challenge of the widening digital divide in the local population remains. The successful adoption of modern technologies can help address this challenge in an effective manner. Economic inclusion of citizens has seen some success in Bangladesh. The progress in the successful adoption of IT in delivering healthcare services has been recognised by the World Health Organisation. Further, programmes under Access to Information (a2i) are making Bangladesh digitally empowered. The adoption and proliferation of the right kind of technology will help in accelerating inclusion of the people along this digital journey. The first requirement in this journey is to create a digital identity for every resident of the country. Advancement in technology has made the collection of biometric data of individuals easy; this biometric data can then be used to create digital identities. An identity can be made unique by applying the right kind of technology, popularly known as data deduplication. Subsequently, interfaces can be built for secure verification of that identity through inexpensive processes and tools. In this regard, India's programme towards digital identity creation can serve as a good reference point. The Unique Identification Authority of India (UIDAI) started creating unique identification numbers for each Indian resident seven years ago. According to the UIDAI website, it has created unique identification numbers for more than 111 crore individuals. This means enrolment has been happening at an average speed of five individuals per second. The successful roll-out of a programme on such a scale has been significantly dependent on the deployment of the right technology: technology for data collection, technology for data deduplication and technology for identity authentication. For a country like Bangladesh, the technology will be important for collecting data, particularly for collection of biometric information. Hardware devices have to be easily portable, since data collection will happen in remote areas too. Further, hardware and software have to be robust enough to function in environments that may not always be clean and favourable. Finally, data collection kits need to be inexpensive to ensure their widespread use. Technology used at the backend will also be very important to keep the collected data secure and yet easily accessible. The complex job of data

deduplication can also be managed efficiently using technology. In fact, deduplication is necessary to keep identities unique, thereby preventing benefit leakages. The real benefit of unique identities becomes evident at the time of identity authentication. Hence, the authentication process needs to be fast and error-free. Again, the choice of the right technology will help in achieving this. Biometric sensors that are portable yet secure, an authentication technique that is lightweight yet reliable, and high-speed internet connectivity are critical success factors for achieving this. For example, today, a citizen in Bangladesh has to submit a photocopy of his/her National ID (NID) while purchasing a new mobile connection. With an integrated identity authentication process, a retailer should be able to authenticate a customer at the point of sale within a few seconds by using biometric sensors and software. This will make the authentication process efficient and robust.

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## DIGITAL IDENTITY TO DEEPEN INCLUSION IN FOLLOWING AREAS

- Food subsidy distribution
- Fertiliser subsidy distribution
- Cooking gas or fuel subsidy distribution
- Passport
- Voter identification
- Job card for employment generation
- Mobile phone and data subscription
- Bank accounts and mobile banking
- Train, airline and other transportation tickets
- Personal income tax filing
- Ownership of land and other property



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## China to publish unified GDP data in fraud crackdown

REUTERS, Beijing

China's National Bureau of Statistics will take over data collection at the regional level from 2019, a government official said, replacing the current system in which the combined economic output of China's provinces has long exceeded national output measured by the NBS.

National Bureau of Statistics Deputy Head Li Xiaochao said on Monday there had been significant improvement in the long-standing discrepancy between national and regional GDP data.

The government had stepped up inspections of potentially fraudulent data and was working towards unifying the accounting systems used by national and local authorities.

"The problem of discrepancy between regional and national GDP data has significantly improved, but (the gap) is still large," Li said in an interview with China Information News that was published on the statistics bureau's website on Monday.

"This situation is not conducive to accurately understanding regional economic trends, scientifically implementing macroeconomic controls, and impacts the credibility of government statistics," Li said.

## Singapore aims to strengthen financial services sector

AFP, Singapore

Singapore on Monday announced a wide-ranging plan to boost its financial services sector, saying it aimed to grow the industry by over four percent a year and create thousands of jobs.

The city-state is one of Asia's key financial hubs and home to the regional headquarters of many major banks and other key players in the sector. It has long competed with Hong Kong for the title of the region's leading financial centre.

The Monetary Authority of Singapore (MAS), the central bank, unveiled a roadmap which set out strategies to grow the sector, saying it was urgent for the industry to keep pace with changes in technology.

"The sector is going through a period of significant change," MAS said in a statement.

"With technology transforming the way financial services are produced, delivered, and consumed, it is critical that Singapore's financial sector also transforms, to stay relevant and competitive."

The MAS plan envisages achieving real growth in the financial sector of 4.3 percent annually and aims to create 3,000 jobs in financial services, and an additional 1,000 jobs in the financial technology sector annually.

## HSBC Q3 profits up fivefold to \$4.6b on booming Asia



Pedestrians walk past HSBC signage in the Admiralty district of Hong Kong.

AFP, Hong Kong

PROFITS at banking giant HSBC leapt fivefold in the third quarter to \$4.6 billion, the company said Monday, as business booms in Asia and a huge restructuring drive bears fruit.

The massive jump in pre-tax profits came weeks after a new chief executive was unveiled as part of a management overhaul that has seen the London-based behemoth roar back from costly write downs.

John Flint, head of retail banking and wealth management, will take up his position in February when current head Stuart Gulliver steps down, and has said he wants to "accelerate the pace of change".

The Asia-focused firm has been on a recovery drive to streamline its business and slash costs since 2015, including laying off tens of thousands of staff.

That came as part of wide-ranging restructuring programmes during a troubled period for the bank and sector as a whole following the global financial crisis in 2008.

Reported pre-tax profit jumped to \$4.6 billion in the three months to the end of September, compared with \$843 million over the same period in 2016.

Shares were up 0.7 percent at HK\$77.65 (\$9.95) in early afternoon trading.

Gulliver said the bank had "maintained good momentum in the third quarter", with higher revenue across its main global businesses.

"Our pivot to Asia is driving higher returns and lending growth, particularly in Hong Kong," he added.

Net profit also rose from a loss of \$617 million in the third quarter of 2016 to \$2.96 billion.

Profits in 2016 had been hit by the loss on sale of the bank's operations in Brazil, the bank said in its statement. Analysts said the result was better than expected.

"I think HSBC is one of the best international banking stocks at this moment," Dickie Wong, executive director of research at Kingston Securities, told AFP.

"It is the third consecutive quarter that earnings and revenue have increased."

The bank said it was on track to achieve annual cost savings of \$6 billion by the end of the year.

After some strong profitable years under Gulliver, HSBC earnings plunged in 2016 on huge write downs and restructuring charges. Profits rebounded in the first half of this year.

The bank had in 2015 set out a plan to axe 50,000 jobs and exit non-core markets, as it also navigated a series of damaging probes into HSBC operations.

Wong pointed out that it may still feel the effects of legal challenges and expenses.

"HSBC has had to spend a lot of money to hire more lawyers to help them to fix their legal problems and to enhance their compliance department," Wong said.

"This is something that may pull them back."

The bank was fined \$1.92 billion by US prosecutors in 2012 to settle allegations that it failed to enforce anti-money laundering rules exposing it to exploitation by drug cartels and terrorist organisations.

## Golden Arches: McDonald's gets new China name

REUTERS, Shanghai

US fast food giant McDonald's Corp is getting a name change in China - at least on paper.

The firm will change its registered business name to "Golden Arches (China) Co Ltd", a spokeswoman confirmed to Reuters on Thursday, adding though that its brand name in China - a transliteration of McDonald's - would be unchanged.

The shift comes after the chain agreed earlier in the year to sell most of its China and Hong Kong business to CITIC Ltd and Carlyle Group. The business plans to nearly double the number of its outlets in mainland China to 4,500 by 2022.

"It will still be clearly 'McDonald's' when diners come to our stores," the chain said on its official China microblog.

"Our restaurant name will remain the same, the change is only at business license level," spokeswoman Regina Hui added in emailed comments to Reuters. She declined to comment further on the reason for the change.

McDonald's in China and Hong Kong is 52 percent owned by CITIC, while Carlyle has a 28 percent stake. McDonald's itself retains a 20 percent interest in the business.

The structure is aimed at improving sales at existing stores and expanding outlets. Fast-food firms including McDonald's and rival Yum China's KFC are bouncing back from a series of food-supply scandals in China that had dented performance.

McDonald's reported robust sales on Tuesday, including better-than-expected growth in the United States and strong performances in Canada, Britain and China.

## Political risks dim sub-Saharan Africa's economic outlook: IMF



Private-equity investors have placed a fifth of their bets in South Africa since 2011.

REUTERS, Harare

ECONOMIC growth is expected to rise to 3.4 percent in sub-Saharan Africa next year from 2.6 percent in 2017, the IMF said in a report on Monday, but warned that rising debt and political risks in larger economies would weigh down future growth.

Nigeria and South African are the biggest economies in Africa south of the Sahara, but both nations have been clouded by political uncertainty linked to the tenure of their leaders.

The IMF said a good harvest and recovery in oil output in Nigeria would contribute more than half of the growth in the region this year while an uptick in mining and a better harvest in South Africa as well as a rebound in oil production in Angola will add to growth.

But political uncertainty loomed large in Nigeria, where President Muhammadu Buhari is afflicted by illness, causing speculation about whether he is well enough to run Africa's biggest economy.

South Africa has been clouded

by the rule of Jacob Zuma, who has battled scandals, including corrupt allegations ahead of his ANC party's conference in December to elect a new party leader.

"Key downside risks to the region's growth outlook emanate from the larger economies, where elevated political uncertainty could delay needed policy adjustments and dampen investor and consumer confidence," the IMF said in a report launched in Harare.

"A further pickup in growth to 3.4 percent is expected in 2018, but momentum is weak, and growth will likely remain well below past trends in 2019."

To help maintain growth, countries should diversify from dependence on commodities and oil, implement fiscal reforms to stimulate growth and attract private investment.

The IMF said public debt would rise to 53 percent of GDP this year from 48 percent in 2016. More worryingly, most countries were now borrowing from local banks, which could destabilize the domestic financial sector and fuel inflation.

Debt servicing costs were also up, but high debt levels were in particular complicating the economic outlook for six nations, including Zimbabwe, which is gripped by a crunch forex shortage.

"Debt servicing costs are becoming a burden, especially in oil-producing countries ... and are expected to absorb more than 60 percent of government revenues in 2017," IMF said.

While some countries had made progress in reducing their fiscal deficits, others, like Africa's most advanced economy South Africa would see the deficit widen.

South Africa last week raised its estimate for this year's budget deficit, saying the country faced sluggish economic growth, shortfalls in revenue and costly bailouts of struggling state-owned companies.

Inflation pressures are easing especially in east Africa, which was hit by drought and the governments there increased maize imports to cut food prices. But in other places like Zimbabwe the high cost of imports is raising price pressures.