

Perks of digital transactions

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Technology is perhaps the greatest of God's gifts after the gift of life, eminent American physicist Freeman Dyson once said -- and looking at the great convenience that the digital payment system provides, one can see why such a grand proclamation was made.

Like every morning, Muhammad Zahidul Islam, a journalist, set off for his assignment. Upon arriving at the venue, as he was about to pay his taxi driver, he discovered that he had left his wallet behind at home.

In simpler times, one would think that the only two options for Islam would be to plead the taxi driver to collect the fare from his home later in the day or go back to grab his wallet and miss the event for which he came in the first place.

But thanks to the advent of digital payment he had another option: pay the driver through the mobile financial service platform. The taxi driver had a bKash account and so did Islam with sufficient balance on it and a potentially tricky situation was averted -- without breaking a sweat.

Then there is the story of Arzina Akhtar Brishti, the sole breadwinner of a family of three -- but based some 260 kilometres away. The 23-year-old works as a maid in a house in Dhaka while her physically challenged parents live in a remote village in Rangpur.

Previously, she would take leave every 5-6 months and make the arduous journey back to her village to hand over her earnings to her parents to get by for the next few months. Or, if she could find someone going to her village, she would give her salary to them to take to her parents.

Both the options were unreliable for her parents: they never knew when the next round of funds would come.

But thanks to MFS, they no longer need to play a guessing game and endeavour to make the amount last longer: now, at the end of every month



Brishti sends her salaries to her parents, who get the amounts within minutes.

Brishti's and Islam's are not isolated cases; like them 229 lakh others are employing the platform on a regular basis to remit salaries to rural areas, make payments to merchants, settle dues, clear utility bills and make online purchases.

Introduced in 2011, the platform has 229.09 million active accounts as of May, after a purge in the latter half of 2017 following central bank instructions.

Some 59.8 lakh transactions taking place every day on average, as per latest data from the central bank, which is of the month of May.

A total of Tk 32,822.83 crore was transacted through the platform in May, up 25.42 percent from a year earlier, according to data from the Bangladesh Bank.

Currently, there are 19 MFS licence holders and all except one are offering the service. Dutch-Bangla Bank's Rocket and Brac Bank's subsidiary bKash together have 99 percent market

share of the MFS market.

The clear market leader is bKash, which caught the attention of global tech giant Alibaba. In April, Alipay, mobile and online payment arm of Alibaba, bought 20 percent stakes in bKash -- a deal that could turn out to be a gamechanger for the MFS sector in Bangladesh.

By all margins, the platform is slowly but surely growing in popularity, but to accelerate the process, particularly in urban centres, the MFS players, particularly bKash, are provid-

ing up to 25 percent cashback offers for purchases at point-of-sale terminals and through e-commerce sites.

Opening an MFS account is free and uncomplicated: a mobile phone number, a copy of the national ID card and one passport-sized photo are all that are needed.

Because it does not necessitate a bank account, MFS has been a god-send for those in remote areas, where bank branches are few and far between, allowing them to get formal banking benefits.

In the same manner, credit card has been a blessing for those with limited savings and frequent foreign travellers.

Take the case of Abrar Hossain, a private sector employee, who fancied getting a state-of-the-art television but his monthly salary did not afford him the luxury of such a splurge in one go.

But thanks to the equated monthly instalment (EMI) facility that comes with credit cards, he was able to make the purchase.

He had to pay one-third of the television price upfront; the remaining amount was to be paid in monthly instalments over a six-month period -- and arrangement that did not strain his limited income.

Thanks to the Bangladesh Bank's tripling of the limit for international online purchases to \$300 per transaction in 2016, planning for a foreign trip has become exponentially convenient if one has a credit card.

Not only does one need not travel with a wad of foreign currency, one can also pay for accommodation in advance and take advantage of cheaper rates and buy entry tickets to tourist attractions beforehand and avoid the long queues.

While it is undeniable that anyone who has a credit card risks running up too much debt -- a millstone that might take several years and lots of sacrifice to get rid off -- if used wisely the benefits can outweigh the downsides.

Eid Mubarak

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