

How technology can help prevent corruption



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CORRUPTION is one of the biggest issues plaguing society today. Reports of corrupt activities and scandals are regularly on news, signifying the global presence of this vice. Bribery and corruption are often characterised by the misuse of positions of authority by powerful people. Corruption is not a contemporary problem, as historically, human beings have shown corrupt tendencies, ever since they organised themselves into societies. In modern times, corruption is present in both private businesses and government organisations. According to a report by CleanGovBiz, an initiative by the Organisation for Economic Co-operation and Development (OECD), bribes paid globally amount to \$1 trillion annually, and results in loss of \$2.6 trillion for the global economy, about 3 percent of the world's gross domestic product (GDP). According to the World Bank, the world's GDP was about \$85.8 trillion in 2018. It is important to take necessary steps towards prevention of corruption, for building trust in the society and the stakeholders. And undertaking such steps should not be limited to government organisations. Private enterprises also need to address the issue of corruption. According the 20th Global CEO Survey

conducted by PwC in 2017, there has been a growing awareness in private corporations worldwide about their responsibilities towards transparency and governance.

While government and private organisations are taking steps to prevent corruption, technology is going to play a crucial role in preventing corruption. Technology, particularly emerging technologies, are going to help these organisations in managing risks and preventing corruption. In Bangladesh, government and private organisations are going through a phase of technology transformation, by implementing various software systems, including enterprise resource planning (ERP) and business intelligence (BI)-based systems. The executives of these organisations should use this phase of technological transformation to explore opportunities to prevent corrupt practices, by deploying and utilising technologies in required areas of concern.

For example, artificial intelligence (AI) is expected to play an important role in prevention of corrupt practices. In the next five years, automation technologies are going to improve the speed and quality of anti-corruption processes significantly. AI will enhance the overall effectiveness of anti-corruption practices, by speeding up generation of meaningful insights and identifying problem areas faster. This will enable the senior management of organisations to faster decide upon the type of corrective measures to be taken.

The emergence of real-time intelligence will be key to combatting corrupt practices. AI is going to make such implementations successful within organisations, as AI processes are expected to be free of corruption tendencies. Additionally, organisations are working to develop new sets of processes where humans and automated entities, including robots, can work together. According to the CEO Survey conducted by PwC, 52 percent of the respondent CEOs said they were exploring the opportunities to design and

develop such workplaces. An automated work process negates the possibilities of corruption in the workplace and is expected to reduce corrupt practices to a great extent.

Introduction of technology in compliance reviews and risk assessments will make them more effective. Advanced technologies such as machine learning (ML) will work on the data generated from all over the enterprise, through sensors and human-

performance, before and after completing the trainings. Organisations should train their staff to use such technologically sophisticated tools and seek expert help from professionals whenever necessary.

AI-enabled digital assistants and conversational interfaces will make data input jobs of the compliance function much easier. Such tools will be able to assist employees by providing them real-time guidance on compliance, preventing

transferring money in Bangladesh. According to the data published by the Bangladesh Bank, MFS had facilitated average daily transactions of Tk 1146 crore in August, 2019. Additionally, technology start-up companies are coming up with new e-wallet products and working on building the payment ecosystem around it. Such initiatives are going to drive the growth around electronic transactions and replace cash transactions gradually.

An electronic transaction always offers a higher degree of traceability and helps in detection of bribery and corrupt practices. Hence, growth in digital transactions will also help in preventing corruption to a large extent.

However, it should be noted that though technological transformations in transactions may minimise the instances of bribery, they may not necessarily be enough to minimise the motivation behind corrupt practices. The bigger challenge would be to minimise the motivation for corruption, particularly in areas of institutionally endorsed corrupt practices, both in government and private organisations. A broader set of change management activities should be undertaken to build awareness on the unpleasant side of corrupt practices. Simultaneously, effective remediating measures should be taken in the cases of detected corrupt behaviours. Both public and private organisations should have comprehensive policies to deal with corruption.

According to the data published by the World Bank Group, Bangladesh has recorded GDP growth of 7.9 percent in 2018. With such high growth, new business opportunities are flourishing, resulting in new risks of breeding corruption. At the same time, the global community would expect the country to minimise corruption and to make Bangladesh a more suitable destination for investments. A technology-assisted approach across private and government sectors in Bangladesh will help in combating corruption over time.

The writer is a partner at PwC. The views expressed here are personal.



machine interfaces. Such technologies will be able to develop and deploy sophisticated risk management algorithms to produce important and informative insights faster and deliver them to stakeholders across the organisation.

Additionally, the new generation tools on fraud detection and analytics will be integrated with the learning management platforms of an organisation to deliver customised trainings to each employee, depending upon the employee's vulnerability to corruption. Such software will also be able to monitor the employee's

problems related to corruption from taking root.

Technology-led transformations in the payments sector are also expected to prevent corruption to a large extent. Many countries are in the process of replacing cash with digital currency. According to a New York Times report, notes and coins now account for only 2 percent of Sweden's economy. For the United States and Europe, notes and coins account for 7.7 percent and 10 percent of the economy, respectively.

Mobile financial services (MFS) is one of the popular means of electronically

Fiat Chrysler, Peugeot confirm talks over potential \$50b tie-up



AFF/FILE

People walk past the logo of Fiat Chrysler Automobiles at the Fiat Mirafiori car plant in Turin, northern Italy.

REUTERS, Milan/Paris

FIAT Chrysler and Peugeot owner PSA are in talks over a potential tie-up that could create a \$50 billion giant better placed to tackle a host of costly technological and regulatory challenges facing the global auto industry.

The two groups said in separate statements on Wednesday they were holding discussions aimed at creating one of the world's leading auto makers, after a source familiar with the matter said on Tuesday talks were taking place.

After ditching a proposed merger with Renault in June, Fiat Chrysler (FCA) Chairman John Elkann confirmed the group's bid to pursue an alternative alliance as car makers face huge investments for electrification, emission reduction and autonomous driving technologies.

Milan-listed shares in Fiat Chrysler opened up more the 10 percent on Wednesday, after ending up more than 7.5 percent on Tuesday in New York. Peugeot share rose more than 6 percent to hit their highest in more than 11 years.

Yet if a combination of Peugeot and FCA succeeds in overcoming political, financial and governance hurdles, the new enterprise would

still face substantial challenges.

Global automakers face the prospect of a slowdown in demand coinciding with the most dramatic technology changes in a century.

Morningstar senior equity analyst Richard Hilgert said in a note that total volumes of FCA and Peugeot, including China joint venture partners, amounted to 8.7 million vehicles last year, ranking the eventual combined group fourth behind Volkswagen, Toyota and the Renault/Nissan Alliance, each at more than 10 million units.

"We view the combination of these two companies as reasonable given global competition, high capital intensity, and industry disruption from electrified powertrain as well as autonomous technologies," Hilgert said.

Investors have speculated for several years that Fiat Chrysler - itself the product of an Italian-U.S. merger - was hunting for a further partner, encouraged by the rhetoric of the company's late chief executive Sergio Marchionne.

FCA, controlled by Exor, the holding company of Italy's Agnelli family, had discussed a combination with Peugeot earlier this year, before it proposed a \$35 billion merger with

Renault.

At that time, FCA said a deal with Renault offered more advantages than a combination with Peugeot, but Elkann, a scion of the Agnelli family, broke off talks after French government officials intervened and pushed for Renault first to resolve tensions with its Japanese partner Nissan.

Paris has a 12 percent stake in PSA through state bank BPI, while the Peugeot family and the Chinese government each have a similar holding.

The Chinese presence might trigger doubts in the United States over a potential merger, as trade tensions between Washington and Beijing remain high.

Max Warburton, an analyst at Bernstein, said the combination of FCA and Peugeot had more logic and greater chance of success than the previously attempted FCA-Renault deal, but said PSA offered little synergies in the United States, Latin America and China. "The focus will be Europe," he said.

PSA's supervisory board is due to meet on Wednesday to discuss the potential deal, two sources close to the matter said. FCA said in its statement it had nothing more to add for the time being.

IndiGo shops for 300 Airbus planes

AFF, Delhi

INDIAN airline IndiGo has placed an order for 300 A320neo family aircraft from Airbus, making it one of its largest-ever orders from a single firm, worth over \$33.2 billion (29.9 billion euros) at catalogue prices.

Founded in 2006, Indigo is the largest low-cost private airline in the country, with around 47 percent domestic market share.

Headquartered in Gurgaon city, near New Delhi, the airline carried 46 million passengers in 2017.

It operates nearly 1,400 flights a day to more than 80 domestic and international destinations.

The company started with a small fleet of aircraft in 2006 before racing to become the largest carrier in a

short time.

It had placed orders for 530 Airbus planes between 2005 and 2015, and the latest order will take the total numbers of planes to 730.

In 2010, the budget airline overtook state-owned Air India as the third-largest carrier.

It had placed an order for 100 Airbus A320-200 aircraft in 2005, followed by 180 Airbus A320 aircraft, in a deal worth \$15 billion in 2011 followed by largest deal of 250 Airbus A320neo aircraft for \$27 billion in 2015.

But high operating costs, including rising fuel prices and a decline in the Indian rupee's value against the dollar, have hit the industry hard.

IndiGo registered a loss of 10.7 billion rupees (\$150 million, 135.9 million euros) in the last quarter

ending September, four billion rupees more than in the previous year.

IndiGo chief executive officer Ronojoy Dutta on Tuesday sought "support" of its employees to deal with the growing losses, hours after signing a deal with Airbus.

"We will be dealing with the weakening revenue environment with a sharper focus on cost for which we seek your support," Dutta said in a statement.

The airline is competing with several other carriers in the low-cost segment, with India's aviation industry registering tremendous growth in recent years.

India recorded an increase of 18 percent in the numbers of flyers in 2018, with nearly 140 million people flying domestically.

Euro zone economic sentiment worsens as gloom spreads

REUTERS, Brussels

EURO zone economic sentiment deteriorated in October for a second straight month, data showed on Wednesday, as pessimism in industry spread to services and consumers in a bad sign for the bloc's growth prospects.

The European Commission said its main indicator for economic sentiment in the 19-country currency bloc fell to 100.8 points in October from 101.7 a month earlier and 103.1 in August.

The fall was bigger than market consensus of 101.1 points in October, and brought the indicator to its lowest point since January 2015.

Pessimism in industry worsened to well below the long-term average, as the export-driven sector feels the impact of global trade wars.

In October the gloom spread also to the much larger services sector and to consumers in a sign of possible spillover from the crisis in manufacturing.

That could have negative fallout on the euro zone's economic growth that has already been slowing this year mostly because of weakening production.

Economists polled by Reuters



REUTERS/FILE

European Union flags flutter outside the European Commission in Brussels.

already forecast euro zone economic growth will drop to 0.1 percent in the third quarter from 0.2 percent in the previous one. The EU statistics agency Eurostat will release official estimates on Thursday.

Sentiment in services, which account for two-thirds of the euro zone economy, was positive in September

despite the overall pessimism, but eased to 9.0 points in October from 9.5 the month before. This is the lowest level since June 2015.

The mood turned sour also among consumers, triggering a drop also in sentiment in the retail sector, where sentiment fell into negative territory for the first time since July.