

# Business in an era of digital trust



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Businesses have significantly accelerated their pace of digital transformation. In Bangladesh, many companies have already embarked on their digital journey. Their adoption of modern infrastructure such as cloud-based infrastructure has increased manifold, particularly in this last one year after the outbreak of the pandemic.

Many companies have also started adopting cloud-based enterprise systems. Some of these organisations are upgrading their existing enterprise systems to cloud-based versions; some have opted for cloud-based enterprise systems in their initial adoption; some have begun adopting specialised packaged solutions, e.g., to automate the activities of their sales personnel.

With these organisations becoming more digital, their surrounding ecosystem is transforming as well. Companies around the world have started conducting business more digitally than earlier with their suppliers, customers and employees. However, while this transformation to the digital mode is encouraging, it also increases security-related risks. Worldwide, incidents of cyberattacks have increased significantly during the last one year.

Keeping this in mind, businesses in Bangladesh need to rethink their strategies for doing business.

The journey towards digitalisation is not only imperative but also irreversible. Companies will eventually fall by the wayside if they lag behind or fail to digitalise themselves.

And there is no doubt that the digitalised way of doing business improves efficiency, fosters innovation and brings additional transparency in the system. Along the way, stakeholders' trust in the digital ecosystem also grows. This is known as digital trust.

However, weaknesses in technology-enabled systems, processes and infrastructure make companies vulnerable to the risk of

erosion of digital trust. Cyber adversaries regularly exploit vulnerabilities to compromise associated systems, processes and infrastructure.

They steal sensitive data to harm companies' systems. They also attempt to commit crimes, e.g., extort money, after holding critical systems hostage remotely.

Quite often, such adversaries operate from outside the geographic boundaries of their target countries.

In such cases, bringing them under the ambit of a country's law enforcement framework is very difficult, if not impossible. Therefore, it is essential for business organisations in Bangladesh to take effective proactive measures to address this risk.

PwC conducted its Global Digital Trust Insights 2021 survey to understand the thoughts of business leaders around the world on this issue. Around 3,249 business and technology executives responded and shared their views about what is changing in cyber security and what is coming next.

Among their responses, two themes emerged very clearly. First, cyber security is no longer a reactive activity. It is now a part of more thoughtful exercises such as strategy and planning for a business. It is also more forward-thinking with a focus on preventing and pre-empting cyberattacks before their onset.

Secondly, cyber security is no longer only focused on technology. Today cyber security experts work closely with business leaders to understand their priorities and the risks they face, and to help their business teams strengthen their resilience to potential threats.

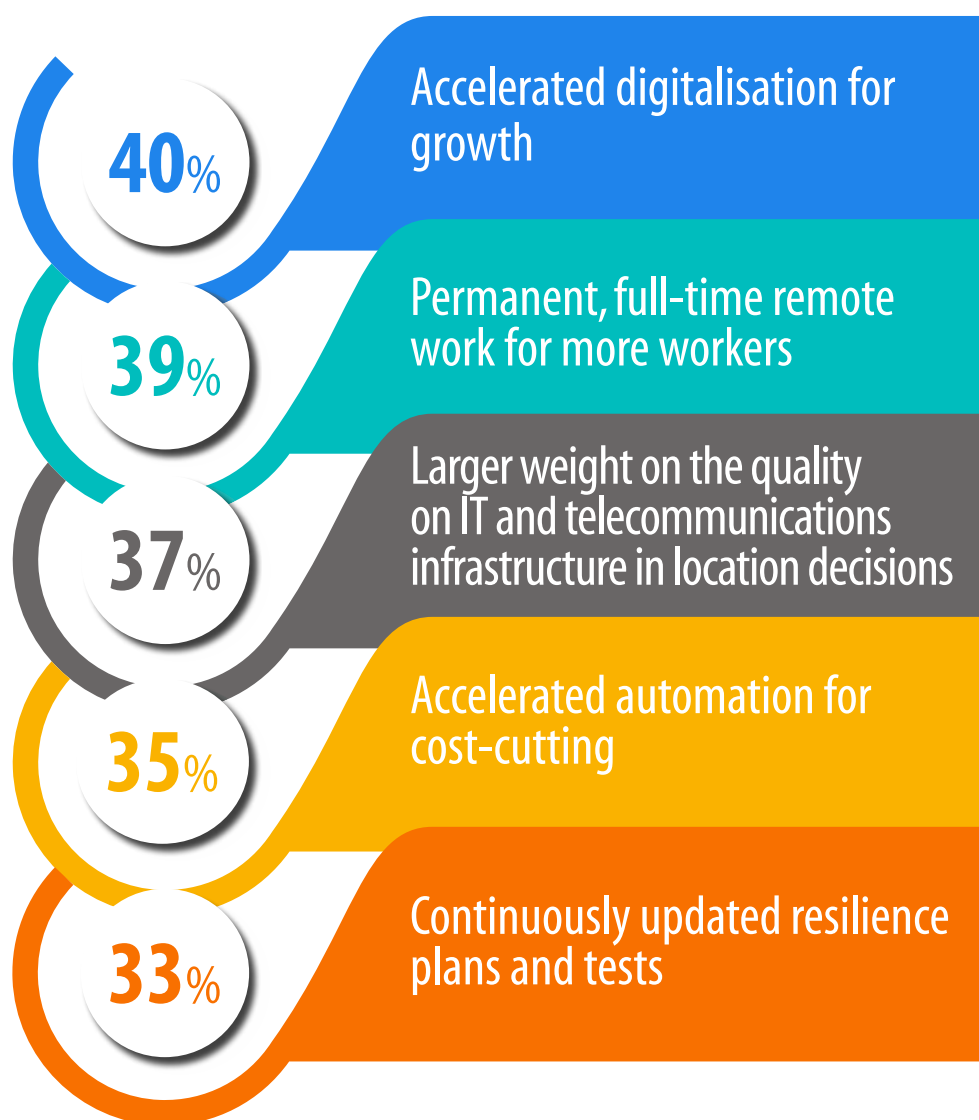
These two sets of activities are making the cyber world a more level playing field than earlier – for adversaries as well protectors.

Companies in Bangladesh have also begun realising the need for this shift in their thinking. Cyberattacks on infrastructure and assets in the country are not new. In fact, some nationally and internationally discussed cyber heists date back five years.

To counter such threats, business organisations in Bangladesh have shown a keen interest in developing their awareness and knowledge of cyber security and have been working on assessing the risk of cyberattacks on their organisations over the last couple of years. IT executives have become more conscious than earlier of cyber risks faced in undertaking new IT initiatives.

This collective awareness will be helpful in mitigating significant cyber risks in coming

## Businesses are changing...



SOURCE: PWC GLOBAL TRUST INSIGHTS SURVEY 2021

days. Many organisations in Bangladesh have also carved out a specified role for a CISO, full time or part time.

Banks and financial institutions have been the first to create this role.

However, digital trust is not just about cyber security. Building digital trust requires foresight about the direction in which a business should move over the coming years.

And while digitalisation is inevitable, it is

also important to have a clear vision of the path the journey should take and its ultimate destination.

PwC's Global Digital Trust Insights 2021 survey clearly indicates that most of the companies surveyed have accelerated their digitalisation projects in pursuit of business growth. It also shows a rise in the number of full-time remote workers in their organisations.

Under the circumstances, it is clear that

there is a need for businesses to put in place location-independent technology infrastructure, so that their employees do not have to visit offices or workplaces to perform their work. And, while the outbreak of the pandemic has led to these changes, this work mode is likely to continue even after Covid-19 is controlled and the economy springs back to its normal trajectory.

In this scenario, what is evident is that such changes require a cyber security leader to play multiple leadership roles, such as that in business transformation, in customer experience delivery and in employee experience delivery.

In addition, this leader needs to be an authority on management of risks in an enterprise, a protector of enterprise-related data and a value creator who expertly leverages data.

Companies in Bangladesh are on their accelerated journey of digitalisation and business transformation. Therefore, cyber security leaders must upskill themselves with these capabilities to make themselves relevant for the future, and more importantly, to keep their organisations resilient.

It is evident that upskilling is an essential component in business leaders' strategy formulation in Bangladesh. However, upskilling should not be limited to desk job employees or factory workers. It needs to be implemented across organisations, including in the topmost positions.

COOs are also required to upgrade their digital acumen through this upskilling process and develop their understanding of how digital trust can be built and sustained in their companies. Very importantly, employees engaged in different functions need to develop their awareness of and expertise in practising a secure way of conducting business to protect digital trust in their organisations. Technology leaders in the CXO community should also upskill themselves to prepare themselves for their evolving roles in their businesses.

Many leading organisations have already begun thinking seriously about building digital trust in their businesses, and some have started working on achieving this goal. However, what is important is that in view of the promising national economic growth scenario envisaged in coming years, all businesses should expeditiously embark on building and enhancing digital trust in their organisations.

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

## 'Fact-finding' panel to probe NBFIs scams: BB

Central bank officials will also come under scanner

STAR BUSINESS REPORT

The central bank has formed a "fact-finding committee" to look into the scams at non-bank financial institutions (NBFIs).

The five-member body led by Bangladesh Bank Deputy Governor AKM Sajedur Rahman Khan was constituted on Monday as per the instruction of BB Governor Fazle Kabir.

The decision was taken as some alleged scamsters said a number of officials of the banking watchdog are also involved in the financial felonies.

At least two scamsters gave confessional statements at courts recently, saying two high officials of the central bank had assisted the swindlers in exchange of bribe.

Against the backdrop, the central bank withdrew its Executive Director Shah Alam, whose name surfaced in the confessional statements, on February 4, stripping him of the responsibility of monitoring two departments.



The committee will submit a report to the higher-ups of the central bank within the next three months, said Md Serajul Islam, an executive director and spokesperson of the BB.

It will also investigate the central bank officials who have been assigned to monitor NBFIs in the last couple of years.

The committee has been empowered to interrogate any officials of the central bank to unearth the

actual reasons behind the financial scams. It has been asked to place recommendations to protect NBFIs from further scams.

At least 10 NBFIs are in dire straits due to massive irregularities. Many of them are unable to pay back to depositors despite the maturity of the fund.

For instance, Bangladesh Commerce Bank and Janata Bank are struggling to recover Tk 633 crore from six NBFIs.

Private lender BCB and state-run Janata kept the fund with Peoples Leasing & Financial Services, First Finance, FAS Finance & Investment, Bangladesh Industrial Finance Company, International Leasing and Financial Services, and Premier Leasing & Finance Ltd several years ago.

Although the funds have matured, the NBFIs are unable to return the money to the banks.

The two banks requested the central bank to intervene to help them realise the funds. But they have received a feeble response from the regulator.

## Nordic envoys urge their businesses to invest more in Bangladesh

DIPLOMATIC CORRESPONDENT

Nordic ambassadors and businesses yesterday suggested improving business environment for the companies already operating in Bangladesh to attract more investments from the Nordic countries.

"Improving the business and investment climate for the companies already present in the country will send a clear signal to others, waiting to bring their products, know-how and investment into the market," said Swedish Ambassador Alex Berg von Linde.

Bangladesh has the potential to be a competitive and modern business destination, she said while speaking on behalf of the Nordic embassies in Bangladesh at a webinar organised by the Nordic Chamber of Commerce and Industry (NCCI) in Bangladesh.

Linde said the Nordic countries remain committed to their partnership with Bangladesh to strengthen the possibilities of their companies to be agents for sustainable development in

Bangladesh.

"In this regard, we especially value our good and long-standing dialogue with the government of Bangladesh and its agencies and authorities on issues relating to the Ease of Doing Business in the country."

"Father of the Nation Bangabandhu Sheikh Mujibur Rahman's idea of Sonar Bangla, a fairer and prosperous country, bear resemblances to the Nordic success in the creation of more equitable and robust economies," said Salman F Rahman, private sector industry and investment adviser to the prime minister.

He mentioned that as the Prime Minister Sheikh Hasina has set the target to transform Bangladesh into a developed nation—the culmination of Sonar Bangla—by 2041, the government places the highest importance on the attraction of FDIs and diversifying export basket.

"As such, we aim to further our relations with Sweden, Denmark and Norway with focus on IT, telecom, energy, RMG and shipping."

Around 94 per cent respondents

of a survey on Nordic businesses in Bangladesh said they are expanding their operations, said Sirazul Islam, executive chairman of Bangladesh Investment Development Authority.

"I will urge existing Nordic investors to be our ambassadors and highlight just how profitable, comfortable and supportive Bangladesh is as an investment destination."

IFC Senior Private Sector Specialist Miah Rahmat Ali said Bangladesh government could consider bold and evidence-based reform initiatives to ensure more predictability in regulatory service delivery and private sector related policy formulation and create a level playing field for all businesses.

NCCI President Tareq Rahman said the Nordic companies can largely contribute to the long-term sustainable growth of Bangladesh through FDI in infrastructure, sustainable agriculture, power, healthcare, telecommunication, manufacturing and finance, with particular focus on innovation and climate sustainability.

## GLOBAL BUSINESS

## India set to clear some new investment proposals from China in coming weeks

REUTERS, New Delhi

India is poised to clear some new investment proposals from China in the coming weeks as frosty relations between the two neighbouring countries thawed amid an easing in border tensions, said three government officials with knowledge of the matter.

Last week, India and China began disengagement from the Pangong Tso area, in the Ladakh region of the western Himalayas, following a nearly nine-month-long standoff after the worst clash between the neighbouring countries since 1962.

At the height of the tensions, India framed various policies targeting China, including blocking the nation from participating in government tenders, compelling any Chinese company investing in India to seek approvals and banning dozens of Chinese apps.

The foreign investment rule change by the Indian government



Indian army trucks move along a highway leading to Ladakh, at Gagangeer in Kashmir's Ganderbal district.

said investments from an entity in a country that shares a land border with India would require government approval, markedly

slowing investments flows from China. The rule change had put in limbo over 150 proposals from China worth more than \$2 billion, hurting the plans of Chinese companies in India. Among the proposals delayed was China's Great Wall Motors' acquisition of a General Motors' plant in India. "We'll start giving approvals to some greenfield investment proposals, but we will only clear those sectors which are not sensitive to national security," one of the officials said.

The officials, who asked not to be named as the discussions are private, did not give details of the proposals they plan to clear in the coming weeks. The prime minister's office did not immediately respond to an email seeking comments, while the home ministry did not respond to an email, call or message.

The government will also look to clear some other brownfield projects - new investments in existing projects - that are not a risk to national security after the first round of clearance to new investments, the above officials said.

AFP, Geneva

The coronavirus pandemic, log-jammed trade talks and a long-delayed meeting of member states are just a few of the crises awaiting Ngozi Okonjo-Iweala as she takes the helm of the World Trade Organization next month.

The WTO needs a kiss of life -- and fast -- and the first female and first African director-general of the global trade body will have to hit the ground running as she takes on the job in the middle of a major global recession. Here are the four main challenges the former Nigerian finance minister will face when she starts in Geneva on March 1.

The WTO's top decision-making body meets once every two years, usually at the end of the year. Many countries use it as a deadline to get trade negotiations moving forward. After the December 2017 conference in Buenos Aires, the next meeting should have taken place in Nur-Sultan in June 2020 -- having been put back six months to avoid the bitter winter in Kazakhstan's capital.

But the Covid-19 pandemic forced it

to be postponed indefinitely. Okonjo-Iweala wants the meeting held before the end of the year, but the WTO's 164 member states will have to reach a consensus on the date and location, most likely during the WTO general council meeting on March 1 and 2/-Reboot stalled trade talks -For years, the WTO has made virtually no progress on major international trade agreements.

Negotiations on cotton and fishing subsidies are stalling, while others such as electronic commerce, launched in January 2019, are struggling to take off -- all of which risks leaving the WTO looking like an institution stuck in yesteryear's problems. "I think the WTO is too important to allow it to be slowed down, paralysed and moribund," she told AFP in an interview. "That's not right." Okonjo-Iweala, 66, has raised environmental issues and has made the fishing subsidies talks one of her immediate priorities, to show that the WTO can still produce results.

Her predecessor Roberto Azevedo watched on helplessly as trade hostilities brewed between the United States, China and the European Union.