

Digital banking, future of financial services

Bank Asia Managing Director Md Arfan Ali says in an interview

AKM ZAMIR UDDIN

Banks will have to embrace digital means extensively compared to what they have adopted so far to digitalise services, or else they will be unable to keep their businesses afloat, said a top banker.

"Considering this, Bank Asia has taken preparations to transform its manual banking services into digital ones," Md Arfan Ali, managing director of the lender, told The Daily Star in an interview recently.

The existing payment methods have been going through major transformation across the globe, and the quick response (QR) code will get huge popularity to keep up with the time, sweeping aside the manual payment methods, he said.

The central bank rolled out an interoperable QR code in January as part of its effort to give a boost to cashless transactions.

The uniform digital payment method, namely "Bangla QR" will help clients pay bills while purchasing goods and services by way of using mobile applications of banks, mobile financial service (MFS) providers, and payment service providers (PSP).

A QR code is a type of barcode that can be read quickly by a digital device, and it stores information as a series of pixels in a square-shaped grid.

Clients have to scan the code by using a smartphone to make payments for products purchased from the stall.

A question has surfaced: how rural people will use the QR code?

The central bank has recently decided to allow small businesses to open micro-merchants to resolve the problem.

As per the initiative, the small businesses -- vegetable vendors, owners of small shops or tea stalls -- are now permitted to accept bills from the clients' accounts and credit cards by using merchant accounts.

Bank Asia, which started its business in 1999, has already opened around 14,000 micro-merchant accounts, for which the lender had already begun to



Md Arfan Ali

attach Bangla QR code, Ali said.

"QR code will bring a revolutionary change in the modules of the payment systems. The lender commenced its preparation several years ago as part of its efforts to expand banking services for the rural people," Ali said.

The bank plans to set up financial kiosks in 87,000 villages of the country, and it has already built such outlets in 5,000 villages.

The kiosks help clients make settlement through QR code payment, transfer money from one account to another, and pay utility bills as well as disburse subsidy among the underprivileged.

The use of point of sales (POS) terminals, physical credit card and automated teller machines will reduce significantly in the years ahead when the QR code will get momentum, said Ali, who took over the helm of the bank in 2016.

He started his banking career at Arab Bangladesh Bank in 1991 and joined Bank Asia in 1999.

Although the use of ATM and POS

has been on the rise in Bangladesh, clients of many countries are distancing themselves from the payment module thanks to the expansion of QR code, he said.

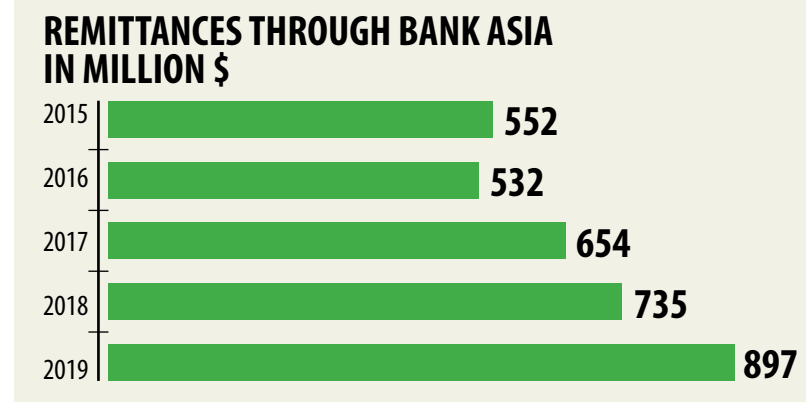
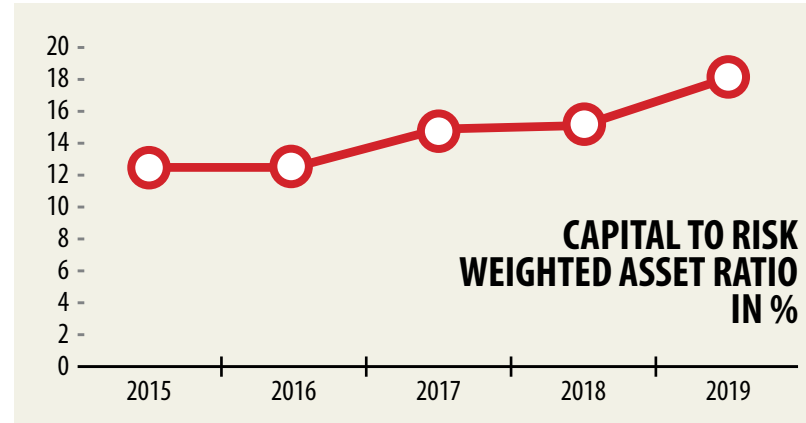
The use of cash will decrease to below 15 per cent than the current level within the next 20 years in the country.

Bangladesh has made impressive strides in digitalising banking services since the mid-90s.

For instance, the MFS industry has gained tremendous popularity in recent years, and Bangladesh has become one of the countries where the digital mode is prevalent in terms of the number of clients and amount of transactions.

Bank Asia rolled out agent banking in 2014 in continuation with the branchless banking, said Ali, who achieved an MBA from the Institute of Business Administration under Dhaka University.

"People now show a huge interest in agent banking as they can take loans and keep deposits with the



platform easily," he said.

Bank Asia, the pioneer in introducing agent banking in the country, has realised that banking services can be expanded to commoners swiftly by using digital financial services (DFS).

The lender lent Tk 5.61 crore to small businesses through one of its agent banking outlets located in Adamdighi under Bogura district.

The outlet was established to extend financial services to small businesses under the Shawl Handloom and Specialised Clothes cluster. Some 119 entrepreneurs have so far taken loans from the outlet with the help of agent banking.

Entrepreneurs in many remote areas

like Adamdighi now enjoy financing from banks, which is changing their businesses as a whole, Ali said.

The examples of both MFS and agent banking proved that there is no scope to escape from DFS as banks will have to completely depend on the IT-based banking services, he said.

"This digitalisation will also strengthen the accountability of businesses as it will help the government mobilise more taxes."

The global economy spends around 0.5 to 1.5 per cent of its gross domestic product on managing physical cash. Digital money will help in decreasing the expenditure needed for cash management.

The requirement of human

resources will not decrease when DFS takes centre stage as they will have to run the machine. But bank officials will have to improve their IT knowledge, according to Ali.

"DFS will help in distributing capital proportionately between rural and urban areas as well."

The banker says as much as 70 per cent of total loans are concentrated in Dhaka and Chattogram, creating an imbalance and depriving other regions of funds.

Banks are in a risky situation due to credit concentration. If the economic activities in the two zones face any debacle, the whole financial sector will face a dire consequence.

"So, we should try to reduce the credit concentration risk soon. Setting up new economic zones will help in reducing the risk," he said.

Less developed areas should get more focus to disburse loans, and the DFS will help do so.

Ali hoped that the ongoing business hardship deriving from the coronavirus pandemic is a temporary phenomenon, and the economy will overcome the situation shortly.

The resilience of the people in Bangladesh is extraordinary, which has helped Bangladesh do better than other nations during the pandemic.

In addition, remittance has given a huge breathing space to the government in managing macroeconomic stability.

"The robust foreign reserves will insulate us from unexpected external shocks," Ali said.

The global commodity market now faces a trend of price escalation. As a result, the economy may need more US dollar to settle import bills in the coming days.

The reserves, which recently crossed \$44 billion, will give an extra advantage to tackle the situation beyond a doubt.

"The excess liquidity that has ballooned on the back of the robust reserves will reduce once the economy starts firing on all cylinders," Ali said.

GLOBAL BUSINESS

#MeWho? Global firms lag on sex harassment, women-friendly policy

REUTERS, London

Most big firms are failing to ban sex harassment at work or enact policies that let mothers work flexibly, a global workplace equality index found on Thursday, highlighting the obstacles women face at work.

Fewer than half of firms' policies directly address sex harassment, despite years of #MeToo campaigns that show the extent of abuse at work, said the report by women's workplace equality organisation Equileap.

The finding suggests legislation to force action is a "necessary evil", said its chief executive Diana van Maasdiijk.

The index data was drawn from 3,702 firms in 23 countries, including the United States, Canada, Japan, France, Germany, Britain and Australia.

"It's only when companies are forced to do something that it's going to happen," said van Maasdiijk, citing progress in Spain after a law compelled firms to publish plans that addressed sexual harassment.

"Some studies have shown one in three women will experience



The #MeToo movement began in 2017 in the United States after accusations of sexual assault and harassment in Hollywood.

sexual harassment in their lifetime, so it's really important that this is addressed and it is called exactly what it is." The #MeToo movement began in 2017 in the United States after accusations of sexual assault and harassment in Hollywood, and quickly spread to a worldwide campaign that sparked wider debate around harassment, pay and representation.

Women went online to call

out their male bosses - from tech to academia - and share stories of unwanted sexual approaches, harassment, coercion, discrimination in the office or poor pay.

But three years on and 51% of companies assessed for the index did not publish an anti-sexual harassment policy last year, said Equileap, albeit an improvement on the 58% in 2019.

The report also highlighted the problems mothers routinely face

juggling paid work and a rota of home duties, a struggle exacerbated by the pandemic.

Setting aside temporary policies enacted for the crisis, it found a lack of permanent, flexible working policies at many firms, with less than four in 10 publishing a policy on flexible hours and just 24% offering one on location.

Women made "modest" progress on cracking glass ceilings in the latest annual report, it said, with women making up 25% of company boards, 17% of executives, 24% of senior management, and 37% of the overall workforce last year.

The pandemic may bring some wins for women at work: more firms are likely to make flexible working permanent and ethical investors increasingly focus on gender, said van Maasdiijk.

But there is a risk that COVID-19's outsized impact on women's jobs may slow or push back progress, she said.

"We will have to see if we will have the same number of women in the workforce after the pandemic," she told the Thomson Reuters Foundation in a video call.

"I'm hoping that we will, but I'm a little worried."

Hong Kong removed from economic freedom ranking it once dominated

AFP, Hong Kong

Hong Kong has been removed from an annual index of the world's freest economies because the think-tank that compiles the league table said the city was now directly controlled by Beijing.

The announcement is a reputational blow for Hong Kong and comes as Beijing ramps up its bid to quash dissent after huge and sometimes violent pro-democracy demonstrations in 2019.

The Heritage Foundation, a conservative US think-tank, publishes an annual Index of Economic Freedom ranking countries and territories for how business-friendly their regulations and laws are.

Over the last 26 years, Hong Kong topped the table for all but one year -- a source of pride to the city's government which often used the accolade in its official press releases and investment brochures.

But when the 2021 ranking is released later on Thursday, Hong Kong will not appear because the report's authors believe the city is no longer independent enough of Beijing to justify separate inclusion.

"The loss of political freedom and autonomy suffered by Hong Kong over the past two years has made that city almost indistinguishable in many respects from other major Chinese commercial centres like Shanghai and Beijing," Edwin J. Feulner, the founder of the Heritage Foundation, wrote in the Wall Street Journal on Wednesday.

"[Hong Kong's] ties to Beijing are

increasingly forged in steel," Feulner added, while its pre-handover "traditions of English common law, freedom of speech, and democracy have weakened significantly".

Hong Kong's financial secretary Paul Chan criticised the decision on Thursday. "When they arrived at that decision, they must have been clouded by their ideological inclination and political bias," Chan said during an online conference, according to Radio Television Hong Kong.

The Heritage Foundation is one of the major policy think-tanks that influences fiscal conservatives in the United States. Feulner is also a vocal critic of Beijing and chairman of the Victims of Communism Memorial Foundation.

Hong Kong's pro-Beijing government embraced the think-tank's league table each year it came out.

Back in 2019 -- when Hong Kong topped the table for the 25th consecutive year -- finance chief Chan said it showed the city's "economic resilience, high-quality legal framework, low tolerance for corruption, high degree of government transparency, efficient regulatory framework and openness to global commerce".

Last year the city fell from the top spot for the first time, replaced by rival Singapore, after Beijing imposed a sweeping national security law on Hong Kong.

The city's commerce chief at the time brushed off concern and predicted Hong Kong would soon return to the top of the table.

EU sets itself jobs, training and equality targets for 2030

REUTERS, Brussels

The European Commission on Thursday announced goals for the 27-nation bloc to reduce poverty, inequality and boost training and jobs by 2030 as part of a post-pandemic economic overhaul financed by jointly borrowed funds.

The EU executive arm said the European Union should boost employment to 78 per cent in 2030 from 73 per cent in 2019, halve the gap between the number of employed women and men and

cut the number of young people neither working nor studying to 9 per cent from 12.6 per cent. "With unemployment and inequalities expected to increase as a fallout of the pandemic, focusing our policy efforts on quality job creation, up-skilling and reducing poverty and exclusion is therefore essential to channel our resources where they are most needed," the commission said.

The goals, which will have to be endorsed by EU leaders, also include an increase in the number of adults getting training every

year to adapt to the EU's transition to a greener and more digitalised economy to 60 per cent from 40 per cent now.

Finally, over the next 10 years, the EU should reduce the number of people at risk of poverty or social exclusion by 15 million from 91 million in 2019.

"These three 2030 headline targets are deemed ambitious and realistic at the same time," the commission said.

The goals are part of the EU's set of 20 social rights, agreed on in 2017,

to make the EU more appealing to voters and counter eurosceptic sentiment across the bloc.

They say everybody has the right to quality education throughout their lives and that men and women must have equal opportunities in all areas and be paid the same for work of equal value.

The unemployed have the right to "personalised, continuous and consistent support", while workers have the right "to fair wages that provide for a decent standard of living".



Hong Kong has been removed from an index of the world's freest economies because it is now directly controlled by Beijing, says the think-tank that compiles the table.