

Fin-tech promises buoyancy in remittance inflow

AKM ZAMIR UDDIN

Remittance flow into Bangladesh will turn around in the long term helped by the rapid expansion of fin-tech-based companies despite the ongoing hiccups facing the key source of foreign currency for the country.

The strong comeback of the “hundi cartel” – that operates an illegal cross-border financial system – has created roadblocks for the inflow of remittances in recent months.

But the ongoing development in the fin-tech industry will erode the strength of money launderers, which will bring a positive change in the years to come,

the globe is mainly responsible for the decline in remittance to Bangladesh.

As transborder movement has resumed, the hundi cartel has become active again, said Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue.

On top of that, expats sent large sums of money to their respective families to tackle the economic hardship that households endured during the height of the pandemic, he said.

Decline in remittances is not an unusual trend, but the inflow will be higher than the pre-pandemic level this year, he predicted.

Rahman suggested that the central

and informal sectors usually encourages the hundi cartels,” Rahman added.

In addition, the central bank should beef up monitoring to contain the money laundering activities, he said.

Rahman went on to express hope that remittances would reach a satisfactory level within the next three to four years if proper measures are taken.

Mohammad Ali, additional managing director of Pubali Bank, said that the hundi cartel's strength has begun to diminish thanks to the wide range of operations of fin-techs all over the world.

For instance, beneficiaries of remittances now receive the money on a real-time basis, meaning that the money gets credited to their accounts right after it is sent to them by expats.

Different social media sites like Facebook and Instagram are working towards enabling their platforms to settle transactions in the years ahead, he added.

Numerous developments are taking place in the tech world that will greatly diminish the power of the hundi cartel, Ali said.

Expats mainly send their hard-earned money to their near and dear ones through informal channels as these require less commission compared to the banking sector.

Recent and upcoming developments in the fin-tech industry will deal a blow to such informal channels, Ali said.

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, said digital banking helped lenders transfer remittances to the beneficiaries.

For instance, customers of DBBL can easily withdraw their remittances through ATM booths and outlets of agent banking of the lender, he said.

The bank, one of the top lenders in terms of mobilising remittances, has set up the country's largest ATM networking system, by establishing nearly 5,000 units.

DBBL also inked deals with more than 60 foreign companies, which are dedicated to the mobilisation of remittances.

Mohammed Monirul Moula,

managing director of Islami Bank Bangladesh (IBBL), said that expat Bangladeshis can easily open accounts with the lender from abroad as it has recently introduced a digital banking app.

This has helped expats to send money to a large extent, he said.

The Shariah-based lender, which is the top player in the banking sector in terms of mobilising remittances, sends its employees to different nations on a regular basis, in order to encourage expats to remit their money through the formal channel.

At present, some 20 officials of the bank are working in different countries. IBBL has signed agreements with

The bank has already disbursed Tk 110 crore to 1,400 remittance beneficiaries in Bangladesh.

“Through our own subsidiary company – CBL Money Transfer Sdn Bhd in Malaysia – we are motivating remitters to send money home through the banking channel.”

The subsidiary has already set up 15 branches in the foreign nation.

Tarique Afzal, managing director of AB Bank, said that the bank now gives an additional one percent incentive to the recipients of remittances.

This means clients can enjoy three percent incentives together with the two percent declared by the government, he said.

Moreover, the bank has set up special desks for the beneficiaries of remittances in all 104 branches.

“We are providing debit cards to the beneficiaries so that they can withdraw money from any ATM booth, which is why hundi will be ignored in the future due to the rise of the fin-tech companies,” Afzal said.

Md Arfan Ali, managing director of Bank Asia, said that export of human resources faced a major disruption globally due to the pandemic, resulting in a negative impact on remittances for the time being.

But this will not last long as restrictions on movement are fully withdrawn, he said.

Ali, however, said that the authorities concerned should place emphasis on exporting skilled workers which will eventually pay off.

Salehuddin Ahmed, a former BB governor, said that the government should take more initiatives to export human resources as the sector had faced a setback during the lockdown.

“If we do not address the issue with utmost importance, remittances will not increase at a faster pace.”

Between January and September this year, some 3.83 lakh people went abroad to work.

The figure was 2.17 lakh last year and 7 lakh in 2019, according to data from the Bureau of Manpower, Employment and Training.



said analysts.

Remittance posted 36 percent year-on-year growth last fiscal year, the sharpest in 30 years, according to data from the Bangladesh Bank (BB).

Expatriates sent home \$24.78 billion in 2020-21 compared to \$18.2 billion a year ago.

The inflow, however, fell 20 percent year-on-year to \$7.05 billion in the first four months of the current fiscal year.

The recent easing of coronavirus restrictions on public movement across

bank should depreciate the exchange rate of the taka against the US dollar further with a view to encourage the remitters to send money through formal banking channels.

The inter-bank exchange rate stood at Tk 85.80 per dollar on November 18, down from Tk 84.80 a year ago.

But people now pay more than Tk 90 to purchase a dollar from the curb market, an informal and illegal arena where foreign currencies can be bought.

“The large gap between the formal

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147 foreign companies to mobilise remittances, Moula added.

The bank has so far set up around 2,600 agent outlets and 2,000 ATMs, which are also used to withdraw remittances.

“We will introduce a remittance card for the beneficiaries by January next year that will give a boost to remittance inflow,” he said.

Mashrur Arefin, managing director of City Bank, said that the lender now provides “remittance loans” directly to the beneficiaries.

আমরা আপনার পরিবারেরই একজন

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