



US President Joe Biden took a selfie with Prime Minister Sheikh Hasina and her daughter Saima Wazed Putul while exchanging pleasantries on the sidelines of the recently concluded G20 Summit in New Delhi, India.

A selfie, some visits, and a show of diplomacy



THE STREET VIEW

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Diplomatically, this year has possibly been the most eventful in the history of Bangladesh. A number of top US officials visited the country over the past months. Our prime minister had a meeting with President Xi Jinping of China in South Africa during the BRICS summit. And then the Russian foreign minister, Sergei Lavrov, visited Bangladesh, followed soon after by the visit from French President Emmanuel Macron.

Lavrov is the first foreign minister of Russia to visit Bangladesh since Bangladesh's independence. The Russia-Ukraine war has led to a reorientation of the world order and the visit was part of his world tour to garner support, which was evident from the comment he made: "If we look at the situation and analyse it, we can clearly see that the US and its allies are truly trying to promote their interests in the region by using the so-called Indo-Pacific strategy. Their goal is clearly both to counter China and to isolate Russia in this region." It will be interesting to see how the ruling government manoeuvres itself amid the global cross-currents and conflicting spheres of influence.

After this visit, Prime Minister Sheikh Hasina went to India for the G20 summit, even though Bangladesh is not a member of the forum. There is no doubt that it is a matter of pride for the country to join the summit as a guest. Its political implications were substantial. The premier also met with her Indian counterpart, Narendra Modi, at his residence on the eve of the G20. Although there were no reports or mentions of the topic of their discussion, speculation has it that politics

was very much on the agenda. Historically, Awami League has had a close relationship with New Delhi, regardless of the party in power, and India's predilection for AL is not a closely guarded secret either.

It is noteworthy that the PM visited India at a time when the ruling party is under pressure at home and abroad over the upcoming national election. While the western world is stressing on holding free and fair elections, India has refrained from expressing a concrete sentiment. The only comment from a spokesperson a month back did not indicate much either way, when he said it is the people of Bangladesh who will have to decide how the next national polls will be held. "Of course, we are closely monitoring [the situation in Bangladesh]. We have a High Commission there... We hope that there is peace and no violence and the elections are held as per plans."

But that aspect of Hasina's trip has been completely overshadowed by the much-publicised selfie with US President Joe Biden. Hasina had been critical of the US on several occasions, especially after the US put sanctions on some Rab personnel and restricted visas for those who undermine elections in Bangladesh. Taking the cue from their party leader, Awami League members had also been rather critical. But these very party members circulated the much-discussed selfie almost as soon as it was posted.

Understandably, the viral selfie was a matter of simple courtesy for the two leaders and is very unlikely to shift foreign policies. But the ruling party has garnered optimum mileage from this event. Many might

say the photo signifies that as all is well between Bangladesh and the US. Addressing his BNP counterpart, AL general secretary Obaidul Quader said that many BNP leaders had lost their sleep after seeing the selfie. In response, BNP's Mirza Fakhrul Islam Alamgir retorted, "I suggest [Quader] walk around with a photo of this selfie tied around his neck. It'll help you a lot to demonstrate that America's Biden is with you."

Things did not end here, as there was another photo of UK Prime Minister Rishi Sunak, down on one knee, speaking to his Bangladeshi counterpart on the sidelines of the G20 summit. This got a lot of attention on the internet as well, but again, it was mere courtesy of a young leader towards a senior stateswoman who has steered her country successfully for 15 years, reducing poverty and attaining sufficient growth to have it graduate into a developing country.

After that, French President Emmanuel Macron visited Bangladesh for 20 hours during which we committed to ordering 10 aircraft from Airbus, which is a major shift from Boeing's domination in Bangladesh. This is perhaps an attempt to make France more malleable to Awami League's cause, with the hope of softening an influential player of EU, also a UN Security Council member.

Ultimately, there were no expectations of great achievements from the sudden spurt of diplomacy. But there is no denying the political mileage that PM Hasina has garnered through the high-profile meetings and visits in the lead-up to the election, at a time when there were no hopes of any let-up in spiralling food prices, or a boost in exports leading to a rise in our foreign currency earnings. Nor is there any indication of an amicable end to this hostile political atmosphere, which would have been a welcome relief. That remains, as it always has, squarely dependent on how the parties play it out within our borders. Everything else is window dressing.

With digital banks, we must proceed with caution



A CLOSER LOOK

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Bangladesh has witnessed commendable digital transformation since 2008. As per the current government's 2008 election manifesto, the vision of Digital Bangladesh took centre stage in the grand plan for sustainable development. Rapid digitalisation, embraced by both the public and private sectors, and timely policy support have led to an exponential growth of digital connectivity. The spread of internet connectivity is one of the key indicators of how fast we have adopted digital transformation. From there being just 1.5 million internet users in the country in 2006, this January saw a staggering 66.94 million users.

Due to the push for increasing digital services during the Covid-19 pandemic, e-commerce has thrived. During this development, mobile financial services have also flourished, and even banks are increasingly becoming digital with the help of innovative financial solutions and introduction of digital transaction tools.

digital strides in the last one-and-a-half decades, we remain vulnerable to threats of cyber attacks. There has been a recent surge in attacks targeting sensitive government and private websites, and data has been exfiltrated and leaked. For instance, in July this year, there was a suspected leak of highly sensitive data of five crore citizens from the Office of the Registrar General, Birth and Death Registration, including birth dates and national identification numbers. On August 15, websites of 25 government and private institutions were hacked. What is of concern is that two of the websites belonged to Investment Corporation of Bangladesh and Directorate General of Health Services, with the former containing data of around 10,000 investors and investment applicants and the latter having information on revenue collection from government hospitals.

And the recent release of the *Billion Dollar Heist* documentary has once again reminded us of our vulnerability to cyber-financial

how do the potential digital banks propose to encourage deposits, especially from people living in the fringes, earning daily wages?

In terms of lending, if the digital banks are going to focus on providing loans to small and medium enterprises, where would that leave SME-focused conventional banks or the SME disbursement wings of conventional banks? And if the sole focus of digital banks is to provide small loans to the unbanked, how do they propose to ensure collection of the loans provided? The viability of commercial and governance aspects need to be thoroughly scrutinised by the central bank for such banks to sustain themselves in the long run.

While it has become imperative to bring the unbanked population under the formal financial umbrella, this initiative might be counterproductive if the target group is not empowered with adequate literacy on digital security and transactions. The shocking revelation of the MTTE scam, which has snatched away the life savings of its many vulnerable, unsuspecting "clients" should be a key lesson on why digital literacy is essential before they are exposed to new tools.

Digital banks, launched in a conducive environment, can be a great opportunity for the people to utilise this service. A 2018 IMF study suggested that the size of our underground economy is around 30 percent, and Centre for Policy



ILLUSTRATION: BIPILOB CHAKROBORTY

As part of this digital journey – now with a focus on Smart Bangladesh Vision 2041 – going cashless has become a key priority for both the public and financial sectors, resulting in some banks and MFS providers going the extra mile to become digital banks. According to media reports, around 52 local and foreign companies have applied to Bangladesh Bank for licences to set up digital banks, including the two top MFS providers, bKash and Nagad, and four state-owned banks – Sonali, Agrani, Janata, and Rupali. The central bank has also approved guidelines for setting up such banks, which will be governed by the Bank Company Act.

While all this is good news, and soon some of the applicants, which include a consortium of 10 local private banks, might even get the required licence, it is time the authorities pause and reflect if the right infrastructure and plans are in place to support and sustain the upcoming digital banks.

Let us start with infrastructure. While we have made significant

crimes: we had been subjected to one of the biggest cyber heists in history when criminals stole around \$1 billion from the central bank in 2016. While this risk is equally relevant for the existing banking landscape of the country, digital banks might be more susceptible to such attacks, as they would be operating virtually, carrying a hoard of lucrative client data. Therefore, at this point, the authorities must check and recheck if they are capable of providing the required protection.

Besides, we also need to consider the wider spectrum of the digital banking ecosystem, like how to exactly support the unbanked and encourage deposits and borrowings. The fact that unbridled inflation is eating away our savings is no new information for us. Food inflation stands at a 12-year high at 12.54 percent, while general inflation inched closer to 10 percent. Central bank data showed that bank deposits fell to Tk 14,88,447 crore in January 2023 from Tk 14,89,169 crore in December 2022. Given this scenario,

Dialogue said that Bangladesh's tax loss was Tk 84,200 crore in 2021 as a result of the shadow economy. A lot of it is because we have not been able to create a formal payment channel for the underprivileged population, involved in informal jobs. This is where digital banks can come in and create a lasting impact.

However, for digital banks to operate efficiently, they will need effective strategic directions and guidance from the Bangladesh Bank – as governance is already a major pain point for conventional banks and a potential issue for digital banks. Adequate policy support from lawmakers, proper cyber security, and support for digital literacy are also essential.

To turn digital banks into a catalyst for growth, authorities will need to invest efforts, planning and resources to create a conducive ecosystem. Launching digital banks could be a major positive milestone for the nation, but it could also turn into a digital nightmare, depending on the readiness of the ecosystem. We must proceed with caution.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Goethe character

6 Weather aid

11 Cobbler fruit

12 Love, in Livorno

13 Wyoming's – Range

14 Bad kind of situation

15 Makes a choice

17 Take apart

18 Deck worker

20 Budget item

22 German cry

23 Cereal proofs-of-purchase, often

26 The ones here

28 Elroy's dog

29 Illness

indicator

31 Brood watcher

32 Qom's country

33 Workout count

34 List of choices

36 State frankly

38 Draw out

40 Leaves out

43 Places

44 Portentous deck

45 Obeys

46 Opposition

DOWN

1 Diet no-no

2 Clumsy guy

3 Very current

4 Incline

5 Circus sight

6 Sought a seat

7 Quantities

8 Very close

9 Parched

10 Gambling city

16 Hit letters

18 Yoga needs

19 Sore

21 Final, e.g.

23 Second letter

24 Make ready

25 Some heirs

27 Neatened (up)

30 "– Clear Day"

33 Forum figure

34 Netlike fabric

35 Falco of TV

37 Election action

39 Curvy letter

41 Huck's pal

42 Pig's place

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