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DHAKA WEDNESDAY NOVEMBER 22, 2023
AGRAHAYAN 7, 1430 BS
The Daily Star

FUTURE
BANGLADESH
FINANCE

Star BUSINESS

"City Bank aims to foster a culture of innovation"

In conversation with Mashrur Arefin, MD & CEO, City Bank

TDS: What is the current status of digitalization within your organization?

Mashrur Arefin (MA): City Bank has always been a pioneer in the digital space of banking activities. We were the first bank in Bangladesh to launch the mobile banking app Citytouch in 2013, offering over 100 services on it today. Currently, more than 70% of our customers are using one or more digital channels for their day-to-day banking activities.

We are also pioneers in offering the country's first digital loan in collaboration with bKash. This product is AI-driven. Additionally, we have the right infrastructure to provide all possible digital services to all segments of customers. For example, our corporate clientele uses Citylive, our SME clients use digital invoicing systems, our supply chain customers use digital financing solutions, our branch customers use electronic queue management service, and our debit card customers use virtual debit card generation service. In Malaysia, we use the CityRemit app for remitters who digitally send money home, and so on.

TDS: What challenges do you see in implementing digital transformation within the financial sector?

MA: Infrastructure is a challenge. By this, I mean ensuring reliable and widespread connectivity outside urban areas.

Digital literacy is another hindrance.

Cybersecurity is yet another. I see widespread misuse of individuals' data in Bangladesh. The respect for people's privacy is lacking.

Overall, financial inclusion or affordable access to financial services for all should be the medium-term goal of our digital transformation strategy. To achieve that, we should embrace collaboration with stakeholders by working closely with government agencies, private sector organizations, educational institutions, and communities to develop a comprehensive digital transformation plan that can help address infrastructure and literacy challenges. We should also prioritize investments in expanding network coverage, improving internet speeds, etc. There should also be incentives given by the government for digital adoption. This can come in the form of tax breaks or subsidies.

TDS: How does your organization guarantee security, encompassing cybersecurity, prevention of forgery, and the safety of data?

MA: We have a robust Cybersecurity Infrastructure. This includes firewalls, intrusion detection systems, encryption protocols, and regular security audits to identify and address vulnerabilities.

We have also adopted data encryption. We use industry-standard encryption algorithms to safeguard sensitive data, both at rest and in transit. We have also implemented a strict form of access control mechanisms to ensure that only authorized personnel have access to critical systems and data. This includes strong authentication methods like passwords, two-factor authentication, and role-based access control.

Plus, we employ real-time monitoring tools to detect and respond to any potential security incidents promptly.

TDS: How does digitalization contribute to addressing sustainability and the inclusion of unbanked individuals in the banking sector?

MA: Digitization enables banks to adopt more sustainable practices. By reducing paper-based processes and transitioning to digital transactions, banks can minimize their carbon footprint. Additionally, digital platforms facilitate access to sustainable investment options, promoting environmentally friendly initiatives.

Digital platforms, no doubt, allow for faster and more efficient loan processing, reducing the time and effort required to access funds. And there is no argument over the fact that digital technology has been instrumental in bringing unbanked individuals into the formal banking sector.

TDS: What future plans does your organization have to enhance digitalization?

MA: City Bank has a concrete plan to strengthen the existing IT infrastructure and scale it up on a continuous basis. We plan to launch comprehensive digital literacy programs, partnering with educational institutions, community organizations, and government bodies.

Cybersecurity will remain a priority for us. We have already started collaborating with cybersecurity experts to conduct regular audits, implement better security protocols, and ensure the safety of data and systems.

Most importantly, we aim to foster a culture of innovation. We plan to establish partnerships with startups, technology firms, and research institutions to drive innovation in digital solutions.

"EBL aims to pioneer digital lending"

In conversation with Ali Reza Iftekhar, MD and CEO, Eastern Bank PLC (EBL)

TDS: What is the current status of digitalization within your organization?

Ali Reza Iftekhar (ARI): Eastern Bank PLC (EBL) has consistently led digital transformation in the Bangladesh banking landscape to remain relevant and cater to changing customer banking requirements. Recognized as the 'Fastest Growing Digital Bank' by the International Finance Magazine in 2021, we prioritize innovation, security, and user-friendliness. In 2023, EBL achieved significant milestones in digital banking by introducing WEAREBL wearable payment devices, automating remittance transactions, enhancing the EBL Self-Service platform, and expanding EBL 365. These initiatives reflect our commitment to providing cutting-edge solutions and offering a seamless banking experience. Our future focus involves continued investment in technology to deliver advanced, secure, and user-friendly banking services tailored to evolving customer needs.

TDS: What challenges do you see in implementing digital transformation within the financial sector?

ARI: Challenges in banking digital transformation include need for skilled manpower, limited redundancy in critical systems, and budget constraints. We at EBL are actively addressing these issues through collaboration with Bangladesh Bank, internal audits, and dedicated ICT inspection teams. Proactive adoption of FinTech solutions and strategic use of technologies like virtualization, cloud computing, AI, blockchain, and IoT are part of the bank's approach to optimize resources and navigate the complexities of digital transformation.

TDS: How does your organization guarantee security, encompassing cybersecurity, prevention of forgery, and the safety of data?

ARI: We have taken several steps to prevent such a cyber-attack. Some of them are:

Vulnerability Assessment and Penetration Testing (VAPT): The ICT Division conducts quarterly vulnerability assessments and penetration testing to discover vulnerabilities and system loopholes.

Continuous Monitoring and Incident Response:
a) Continuous monitoring tools and Security Information and Event Management (SIEM) systems have been implemented.
b) A Dark Web Monitoring tool has been implemented.

Perimeter Network Security Control: To prevent external threats, we have implemented several controls at the network perimeter level.

Endpoint Security: Employ advanced antivirus, encryption, and strong authentication methods to secure endpoints.

Data Safety and Protection:
a) Encrypt sensitive data at rest and in transit to safeguard against unauthorized access.
b) Implement access controls, least privilege principles, and role-based permissions to limit data access to authorized personnel.
c) Regularly back up critical data and establish robust disaster recovery plans to ensure data recovery in case of incidents or breaches.

PCI-DSS (Payment Card Industry Data Security Standard) Certification: As part of card payment security, we have implemented the PCI DSS framework. EBL has been PCI DSS certified for the last 7 consecutive years.

ISO 27001 Certification: To enhance the reliability and security of the systems and ensure Data Privacy and Integrity, EBL ICT Division has completed ISO-27001 certification.

TDS: How does digitalization contribute to addressing sustainability and the inclusion of unbanked individuals in the banking sector?

ARI: 'Digital growth' should come at the same pace as 'governance.' Banks need to plan and earmark a substantial investment for having a safe and secure 'ICT infrastructure'.

The future of banking will be very different from today's banking. The digital journey of Bangladesh's banking industry has come a long way, and there is no alternative to embracing technology and understanding the changing needs of customers to cater to their requirements.

TDS: What future plans does your organization have to enhance digitalization?

ARI: EBL aims to pioneer digital lending and enhance MSME financing through streamlined processes enabled by advanced technologies. Embracing AI-driven process automation is a key strategy to expedite loan disbursals and enhance operational efficiency.

Looking ahead, we are committed to exploring AI-based lending solutions for quicker customer access. The integration of IoT will boost operational efficiency, while cloud computing ensures scalability and cost-effectiveness in data management. Customer-centric initiatives include comprehensive data analytics for personalized services and adopting open banking practices for revolutionary customer interactions.

Cybersecurity Challenges in Bangladesh's Financial Sector

SAUDIA AFRIN

The rapid digital evolution of Bangladesh's financial sector heralds a new era of convenience and efficiency. Yet, within this technological metamorphosis, a formidable adversary emerges — the escalating challenges of cybersecurity. This intricate interplay between digital advancement and the persistent threat of cyber breaches has an immense impact on the overall financial sector, demanding a vigilant and strategic response to safeguard its integrity.

The study titled "Cybersecurity Landscape of Banking in Bangladesh and Recommendations (2022)," conducted by the Bangladesh Institute of Bank Management (BIBM), highlights the cybersecurity challenges confronting the country's banking sector. The study reveals that 52% of banks are currently at high risk of cyber threats. The sector contends with an average of 630 cyberattacks daily, with 24% originating from China, 12% from Russia, and 13% from North Korea.

As detailed in the "Bangladesh Cyber Threat Landscape 2022" report by BGD e-GOV CIRT, 3,639 bank cards issued by various Bangladeshi banks were identified on the dark web. These bank cards on the dark web expose financial institutions to the potential loss of $4,36,68,000, along with other available credit amounts in Bangladesh Taka. This risk extends to both financial organizations and individual account holders. The report pinpointed vulnerabilities in banking infrastructures that could be exploited by threat actors.

During its routine surveillance, the threat intelligence unit of the Bangladesh Government's Computer Incident Response Team (BGD e-GOV CIRT) discovered that core banking systems and internet banking gateways were accessible through the internet. This exposes the total deposit of these financial institutions.

The BIBM study reveals that a high risk of cyber-attacks looms over banks and financial institutions in Bangladesh mainly due to skilled personnel, a lack of awareness among bankers and customers, and a shortage of investment in strengthening security measures

"Insufficient cybersecurity measures are heightening the risks, with a lack of in-house IT expertise, inadequate spending on cybersecurity and training, and vendor-related security breaches identified as major weaknesses," said Md Mahbubur Rahman Alam, an associate professor of the BIBM.