J6

DHAKA WEDNESDAY NOVEMBER 22, 2023
AGRAHAYAN 7, 1430 BS

The Daily Star

FUTURE
BANGLADESH
FINANCE

Star BUSINESS

"Bank Asia is exploring partnerships with fintech companies for innovative solutions"

In conversation with ANM Mahfuz, Additional Managing Director, Bank Asia

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

ANM Mahfuz (ANMM): Our primary goal in undertaking digital transformations is to highlight and optimize customer satisfaction and intimacy.

In a recent development, we introduced 'Digital Nano Loans Apps' to extend financial services to individuals who are traditionally excluded from the formal banking sector.

Supply chain finance serves as a potent tool for fortifying the SME segment of the bank's business. Bank Asia has proactively launched an automated Supply Chain Finance (SCF) system, a robust API-integrated system that seamlessly connects VEEFIN, a supply chain management system, with iStelar-CBS.

We have launched an Online Loan Application system called 'Ghore Boshe Rin Nei,' offering unsecured personal loans up to Taka 20 Lac.

"Ghore Boshe Hishab Khulun," another platform, has been developed for depositors to open accounts online. We introduced the Bank Asia Smart App to facilitate customers for online banking.

To reach the marginally unbanked people and provide Social Safety Net payments in rural areas of Bangladesh through a sustainable financial channel, Bank Asia has come up with a Mobile App-based banking solution called 'Micro Merchant'.

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

ANMM: Limited digital literacy and skills exist among the population, including both the workforce and end-users. We need to implement education and training programs to enhance digital literacy and skills.

We need to invest in a robust cybersecurity infrastructure, develop and enforce cybersecurity regulations, and raise awareness about safe online practices.

Additionally, we should develop and enforce data protection regulations, educate the public about their rights regarding data privacy, and implement transparent data practices. Moreover, establishing mechanisms for individuals to have control over their personal data will help overcome this challenge.

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

ANMM: We use firewalls to monitor and control incoming and outgoing network traffic. Intrusion detection and prevention systems help us identify and respond to potential threats. Sensitive data (both in transit and at rest) is often encrypted to prevent unauthorized access. We conduct regular security audits and vulnerability assessments to identify and address potential weaknesses in our system.

To educate employees about potential threats, the importance of secure practices, and how to recognize and respond to phishing attempts or other social engineering attacks, we provide regular cybersecurity training.

We have well-defined incident response plans to detect, respond to, and recover from security incidents. Additionally, disaster recovery plans are in place to ensure business continuity in the event of a cyber-attack or other emergencies. Compliance with regulations like PCI DSS and ISO certifications helps our bank maintain a high level of security.

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

ANMM: Digitalization plays a vital role in bringing about positive change in the banking sector, contributing to sustainability, improving access to loans, and fostering financial inclusion for unbanked individuals. Digitization allows for the implementation of paperless and eco-friendly banking processes.

Digitization streamlines the loan application and approval process, making it faster, more transparent, and accessible. Automated systems can analyze vast amounts of data to assess creditworthiness, expanding opportunities for individuals who may have limited traditional credit histories.

For unbanked and remote-area customers, such as our agent banking customers, digitization serves as a bridge to financial inclusion, fulfilling their financial needs without the need for large physical branches.

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

ANMM: We are planning for a Business Process Improvement (BPI) and Business Process Re-engineering (BPR) project in the organization. BPR is the act of changing an organization's major functions and recreating a core business process with the goal of improving product quality, increasing efficiency, and reducing costs.

Moreover, we are exploring partnerships with Fin-Tech companies using an Open Banking Platform to leverage innovative solutions. To align with the 4th Industrial Revolution (4IR), we have plans to incorporate cloud-based technologies, more robotic process automation (RPA), and an AI-based loan approval system.

"Dhaka Bank recognizes the importance of continuous skill development"

In conversation with Emranul Huq, Managing Director & CEO, Dhaka Bank

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

Emranul Huq (EH): Dhaka Bank's Digital Banking services and solutions offer a comprehensive suite of options to meet the banking and transaction needs of individuals and businesses.

Dhaka Bank Go: App-based banking solution for individual and SME proprietorship customers that simplifies financial transactions and banking services at any time and from anywhere.

Dhaka Bank Direct Banking: Flexibility to access accounts for individual, SME and corporate customers from anywhere.

EzyBank: Mobile app-based solution enables quick instant Account opening from home.

Self-Banking Portal: Online DPS & FDR Account Opening and submission of Tax Return slip/ Debit Cards request from Home.

DBL nano savings scheme: Digital deposit product in collaboration with Bkash.

E-Rin: Digital product solution for Individuals which provides loan from Tk. 1,000 to Tk. 50,000 within hours.

SME DigiLoan (Digital Loan processing system for SME): A robust, integrated technology-based platform for banks to onboard SME borrowers and assess credit risk.

DBL-PRAN B2C Portal: It is an end-to-end solution where the buyer, seller, and bank can digitally send loan requests, approvals, and disbursements.

Dhaka Bank C Solution: An online cash management solution for corporate clients that simplifies the management of bulk payments and collections.

Robotic Process Automation (RPA): RPA is a technology that mimics human actions on computers, such as typing, copying, and pasting, etc. The bank is gradually automating banking processes using RPA and has already automated more than 20 processes.

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

EH: Introducing digital transformation poses challenges such as:
· Lack of digital literacy
· Security concerns by customers
· Unbanked population
· Inadequate digital infrastructure and unavailability of internet connectivity

Implementing the following measures will empower the bank to confront the impending obstacles:
· Invest in advanced technologies and artificial intelligence.
· Educate customers.
· Collaborate with fintech companies.
· Strengthen cybersecurity measures.
· Tailor incentives to encourage customers to transition to digital banking.

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

EH: We prioritize security, diligently implementing strong measures to safeguard cyber and data integrity. Our dedicated teams maintain a vigilant watch over our security protocols, ensure they are continuously updated, and consistently revise security standards to remain aligned with the ever-evolving industry best practices. The bank has obtained three industry-level certifications to protect data and ensure secure payment transactions:

PCI-DSS (Payment Card Industry Data Security Standard)
ISO-27001 (Information Security Management Systems-ISMS)
TIA-942-B-2017 (Telecommunications Infrastructure Standard for Data Centers).

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

EH: Digitization in Bangladesh is revolutionizing banking, simultaneously addressing sustainability, expanding loan accessibility, and promoting financial inclusion. Through digital platforms like mobile and agent banking, unbanked individuals are being economically empowered. This transformation allows for tailored financial solutions, removing geographical barriers and simplifying processes. The shift towards digitization is also driving sustainability by reducing paper usage and energy consumption, introducing eco-friendly financial products like digital loans, and streamlining loan processing for quicker and more accessible procedures.

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

EH: Our bank recognizes the importance of continuous skill development and education to meet the evolving demands of the digital banking landscape. We remain committed to supporting initiatives such as training programs, skill development projects, and collaborations with institutions to bridge the skills gap. Our future plans include expanding educational efforts, investing in cutting-edge technology, integrating with Fintech, PSOs, and innovating digital banking services to ensure a seamless transition towards a more digitized Bangladesh.
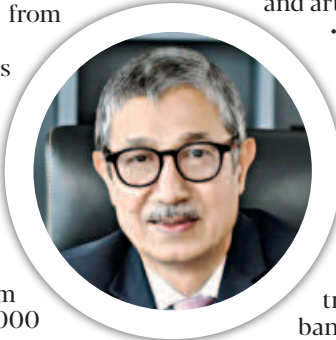
Cybersecurity Challenges In Bangladesh's Financial Sector

Despite a substantial expansion in IT infrastructures within the banking sector, there is a concerning lack of security measures to shield banks from cyber threats. The BIBM study also reveals that since 2020, the banking sector has invested a significant sum of Tk42,609 crore in IT. In the year 2020 alone, the sector allocated Tk1,666 crore,

> **Besides reputational damage as a major reason, the involvement of many government authorities and law enforcement agencies, such as BTRC, Police, and the ICT department, in solving cybersecurity issues is responsible for concealing cybersecurity incidents by the authorities.**

with 71% directed towards software and hardware, a mere 3% allocated for training, and 5% for security measures. As a result, 50% of bank employees have inadequate knowledge of IT security.

Cyber security researcher Tanvir Hassan Zoha, managing director of Backdoor Private Limited (cyber security firm) said, "While predominantly focusing on short-term profit, a significant portion of private banks tends to invest inadequately in IT, putting customer data at risk. Moreover, when a plan reaches the tender stage after progressing through multiple stages in the prolonged bureaucratic process in our country, the planning may become outdated, compromising security due to the rapid nature of technological advancement."

He further added that implementing the Security Operation Centre (SOC) stood out as a crucial directive from Bangladesh Bank to fortify the banking sector, given the threat of hackers attempting to steal money through malware and ransomware. Nevertheless, a majority of banks have not adhered to the central bank's instructions to install the SOC, leading to a surge in cyber-attack incidents.

Besides reputational damage as a major reason, the involvement of many government authorities and law enforcement agencies, such as BTRC, Police, and the ICT department, in solving cybersecurity issues is responsible for concealing cybersecurity incidents by the authorities. Tanvir Hassan urges the consolidation of all the required facilities in one central point to deal with cybersecurity issues.

The number of employees in the banking sector stood at 1.94 lakh in 2020, of which only 5,875 were deployed to run their IT infrastructures. While sharing the findings, Mahbubur Rahman further noted that the challenge of producing necessary experts stems from a shortfall in educational institutes offering market-oriented programs. The sector demands high-level experts but is currently served by mediocre professionals.

However, Dr. Md. Shohrab Hossain, a professor in the Department of Computer Science and Engineering at BUET, said, "A more balanced and comprehensive investment approach is necessary. While we possess a sufficient number of homegrown experts, the primary reason for their reluctance to work in the financial sector stems from the inadequate allocation of resources within the sector."

Just as the global financial system requires a unified front against cyber threats, Bangladesh's financial sector must adopt a collaborative approach. "Efforts to strengthen defenses and regulations must be complemented by a unified approach that transcends regulatory and sectoral boundaries. Governments, financial authorities, and industry players must collaborate to devise and implement effective cybersecurity measures, ensuring the resilience of the financial system in the face of evolving cyber threats," said Mohammad Ali, Managing Director and CEO of Pubali Bank Limited.

"We often place blame on banks and financial institutions for cybersecurity-related issues. There are no alternatives but to increase digital literacy among customers. Furthermore, ensuring awareness is inevitable among customers to avoid potential threats and follow secure, threat-free financial platforms," said Tanvir Hassan.