



“Midland Bank consistently invests in advanced tech”

In conversation with Md. Ahsan-uz Zaman, MD & CEO, Midland Bank

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

Md. Ahsan-uz Zaman (MAZ): Midland Bank (MDB) has utilized digital options to assist customers in areas where we do not have a branch presence, enabling them to conduct their banking without the need to visit any of our locations.

The number of accounts being opened digitally is growing, and as of now, an average of 10.25% of our new customer onboarding is done using Bangladesh Bank's e-KYC process with minimal paperwork. Our intention is to increase such onboarding to 90% by the end of next year.

All customers can register for our free internet banking application called 'Midland Online,' which provides secure banking access using two-factor authentication – it is convenient to use and gaining popularity among our customers. Currently, 16.23% of our registered Midland Online users use the internet application to make online transfers, top up mobiles, pay credit card bills, move funds to their prepaid cards, make mobile financial services transfers to bKash, Rocket, Nagad, Upay, and pay utility bills.

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

MAZ: Introducing digital transformation in Bangladesh, as in many other countries, comes with its own set of challenges.

Some common challenges include:

Digital Literacy: Many people in Bangladesh may not be digitally literate or have access to the necessary technology. Addressing this issue requires initiatives to

promote digital literacy and expand affordable internet access.

Infrastructure: Limited technology infrastructure in rural areas can hinder the adoption of digital services. Investing in expanding network coverage and improving the quality of internet connectivity is crucial.

To address these challenges, Midland Bank has adopted the following measures:

Digital Literacy Programs: In-person literacy initiatives and dissemination of information to educate customers and the public about digital banking and financial services.

Cybersecurity Measures: Continuously investing in robust cybersecurity to protect customer data.



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

MAZ: Midland Bank employs state-of-the-art cybersecurity technologies and practices to protect our digital infrastructure, including encryption, firewalls, intrusion detection systems, and regular security audits.

Our employees undergo continuous training and awareness programs designed to enhance their understanding of cybersecurity risks and equip them with the skills to effectively mitigate these risks. We adhere to rigorous data security protocols aimed at safeguarding customer information. This involves implementing measures such as data encryption, access controls, and conducting regular assessments to ensure the effectiveness of our data security practices.

We also use advanced techniques and technologies to prevent forgery and fraud. This includes the use of secure documents, advanced signature verification processes, and fraud detection algorithms. We continuously monitor all transactions for any suspicious activity.

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

MAZ: Digitization reduces the need for paper-based transactions and documentation, which contributes to lower paper consumption and, in turn, reduces deforestation. Customers can access services without physically visiting a bank branch, reducing the need for travel and associated carbon emissions.

Digital loan application and processing systems streamline and expedite the loan approval process, enabling borrowers to access funds more quickly. Digital platforms allow banks to collect and analyze vast amounts of data, which can improve credit risk assessment and provide loans to a broader range of borrowers.

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

MAZ: To further enhance digitalization, Midland Bank is undertaking the following steps and has the following future plans:

Advanced Technology Integration: Continuously invest in advanced technologies such as artificial intelligence, machine learning, and blockchain to improve customer experience, streamline operations, and enhance security.

Expanded Digital Product Portfolio: Develop and launch innovative digital products and services that cater to evolving customer needs, including personal finance management tools, investment options, and more.

“MTB aims for universal embrace of digital transformation”

In conversation with Khalid Hossin, Head of Digital Banking Division, Mutual Trust Bank (MTB)

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

Khalid Hossin (KH): MTB demonstrated strategic intelligence by setting the goal of digitalization, considering market maturity, digital public infrastructure, digital public goods, and effective digital literacy, as well as meaningful digital inclusion. Currently operating at a semi-digitalized level, MTB has articulated a clear path towards full digitalization. The digitalization scope is defined across three key areas: Backend, covering core banking systems, platforms, and applications; Connectivity, fostering relationships with ecosystems and other stakeholders; and Front End, enabling direct customer interaction with MTB.

MTB has pioneered a cutting-edge retail customer digital onboarding platform in Bangladesh, named 'MEasy.' This platform offers a seamless onboarding experience for retail and Personal Retail Account (PRA) applicants.

As a strong proponent and first-adopter of the 'Open Banking' principle, MTB became the first bank to offer both savings and lending through open banking APIs. The successful onboarding of around 55,000 Bangla QR Merchants via API connectivity has established a noteworthy model of Banking as a Service (BaaS).

MTB's commitment to innovation is evident in the recent launch of LaaS (Loan as a Service), providing digital SME loans for micro-merchants in collaboration with a fintech partner.

For retail customers, MTB introduced 'torit Loan,' facilitating quick loans for any payroll customer, instantly granting loans of up to 50,000 BDT within the maximum cap set by BB.

MTB has also pioneered numerous API-based automated digital solutions, enabling Service Remittance as low as BDT 50 (less than half a dollar) in real time and in a cost-effective manner.

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

KH: The main challenges in introducing digital transformation in Bangladesh include conventional thinking, fear of accepting changes, a shortage of skilled human resources, poor digital literacy, insufficient digital public goods, and non-fulfillment of regulatory policies such as using wet signatures and lack of policy support or incentives to encourage people to embrace transformation.

MTB has adopted a strategy aligned with its goal to ensure that digital transformation is embraced by all, creating more value with convenience, reducing costs, and enhancing the overall experience. MTB follows a testing Minimum Viable Product (MVP) approach and utilizes sandboxing, avoiding a big bang approach. If successful, MTB proceeds to scale the transformation.

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

KH: We proactively surveil our security systems, continuously monitor the Security Operations Center (SOC) and Network Operations Center (NOC), and periodically

conduct security audits, updating security patches. Additionally, we prioritize creating awareness among clients about the non-negotiable security of credentials such as login IDs, passwords, OTPs, and PINs. MTB enforces stringent integrity guidelines for employees and follows strict documentation procedures to prevent fraud and forgery, addressing both employee motives and oversight lapses.

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

KH: MTB approaches banking and sustainability with a unique perspective, utilizing the MTB Smart Banking App to provide 2 million services in the past year, saving 4 million hours of customer time and approximately 2 million liters of octane. We have digitally onboarded 55 thousand Bangla QR Micro-merchants, thereby saving at least 5 lakh pages of paper.

Through complete API integration with various fintechs, customers can now access MTB services without visiting an MTB branch or even using the MTB app. Applying for MTB e-Loan is possible through our partners' apps. By leveraging our partner network, we aim to reach the last mile of outreach.

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

KH:

- Secure board and top management buy-in for digital transformation.
- Implement a bottom-up and trickle-down management approach to facilitate transformation.
- Ensure the proper re-skilling, upskilling, and training of manpower.
- Conduct culture transformation alongside digital transformation.

Evolution of Digitalization in Bangladesh's Financial Sector



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Digital Nano Loans

The recent move, the “digital nano loan,” is displaying promising prospects thanks to the instant and on-time disbursement of loans ranging from Tk 500 to Tk 50,000 to individual customers at up to 9 percent interest. About 1.6 lakh customers have already availed the loans from lenders, and the default rate is less than 1 percent, according to the banks.

In December 2021, bKash pioneered the digital nano loan in collaboration with City Bank, introducing the Digital Nano Loan targeting small borrowers, including cottage, micro, small, and medium enterprises (CMSMEs), and even for personal use. Since its launch, at least three more banks have introduced similar products, and all of them express optimism about the future of digital lending.

After a successful pilot, Prime Bank commercially launched its digital nano loan product,

PrimeAgrim, in October 2022. Dhaka Bank has launched e-Rin products, while Bank Asia launched the digital nano loan on a pilot basis.

“Bangladesh has been experiencing rapid financial inclusion in sync with faster adoption of digital technology,” said Atiur Rahman, former governor of

With the emergence of nanotechnologies and artificial intelligence, financial institutions must ready themselves for a revolutionary shift in financial technologies,” he emphasized.

the central bank. “The digitization of the financial sector gained new momentum through the latest move by Bangladesh Bank toward digital banking,” he said.

Digitization of financial services has revolutionized access to finance in Bangladesh. This will be pivotal

in making the country's economic recovery desirably inclusive.

At the same time, special care needs to be taken to ensure that digital infrastructure and access to the internet become affordable and sustainable, he added.

Anis A Khan, a former chairman of the Association of Bankers Bangladesh, said Bangladesh has a high demand for financial technology products. The financial institutions have taken a great stride in the development of the digital platform and customer-friendly sophisticated products for customers, he added.

Now, with the emergence of nanotechnologies and artificial intelligence, financial institutions must ready themselves for a revolutionary shift in financial technologies,” he emphasized.

According to Prof. Shah Ahsan Habib from the Bangladesh Institute of Bank Management (BIBM), a supportive policy and regulatory environment are the crucial prerequisites for the digitization journey of the financial sector.

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