Govt drafts AI policy to tap its potential, tackle concerns

STAR BUSINESS REPORT

The government has formulated the draft National AI policy as it looks to make the best use of artificial intelligence to raise productivity and spur economic growth while dealing with the concerns presented by the technology spreading at a breakneck pace.

"This policy seeks to harness the benefits of AI while mitigating its risks, fostering innovation, and ensuring that AI technologies serve the best interests of the citizens and the nation as a whole," the draft said.

The Information and Communication Technology Division prepared the National AI Policy and published it recently.

The policy is expected to address the legal, ethical, and societal implications of AI effectively and efficiently.

It has placed a significant emphasis on public awareness and education, enlightening citizens about AI and its far-reaching benefits.

The objectives of the policy are to accelerate equitable economic growth and productivity through AI-driven optimisation, forecasting, and data-driven decision-making, and ensure efficiency and accessibility of public services through AI-enabled personalisation.

The draft comes as countries around the world race to prepare to deal with the changes being brought about by the fast-evolving technology.

The International Monetary Fund (IMF) has published its new AI Preparedness Index Dashboard for 174 economies, based on their readiness in four areas: digital infrastructure, human capital and labour market policies, innovation and economic integration, and regulation.

It showed Bangladesh's score stands at 0.38 compared to 0.49 of India, 0.37 of Pakistan, 0.35 of Nepal, 0.44 of Sri Lanka, 0.77 of the US, 0.64 of China, and 0.73 of Australia. Developed countries have a score of at least 0.7.

In Bangladesh, the government plans to adopt data-driven policy-making in every sector through AI-supported analytics and insights and nurture a skilled workforce that can utilise and build AI technologies.

It wants to embed AI in education and skills development so that the largely young population can meet the demands of the future.

The draft said the country will also foster a culture of AI research and innovation through public and private funding. It will ensure development and adhere to a robust ethical framework by establishing regulatory measures that uphold human rights in AI development and deployment.

The ICT Division, in collaboration with relevant ministries, industry, academia, and civil society, will take necessary steps to establish the institutional framework for the policy implementation, officials said.

It will set up an independent National Artificial Intelligence Center of Excellence (NAICE).

The NAICE will be responsible for coordination and monitoring of AI initiatives using key performance indicators and evaluation of AI initiatives' social, economic, and environmental impacts, guiding adjustments for maximum benefits and risk mitigation.

It will facilitate collaboration and knowledge-sharing among stakeholders, including government agencies, industry, academia, and civil society. It will ensure that any measures taken to regulate the technology are proportional to the risk and balanced to encourage innovation.

The government will form a high-level national AI advisory council to guide the implementation of sectoral AI initiatives.

The draft said the legal and regulatory frameworks are necessary for AI policy implementation.

The National Strategy for AI will be framed, and it will be updated every two years in accordance with the advancement of AI worldwide.

The strategy will include data retention policies, deal with the legal issues of data governance and ownership and focus on interoperability and data exchange.

According to IMF's economist Giovanni Melina, AI can increase productivity, boost economic growth, and lift incomes. However, it could also wipe out millions of jobs and widen inequality.

IMF's research has shown how AI is poised to reshape the global economy. It could endanger 33 percent of jobs in advanced economies, 24 percent in emerging economies, and 18 percent in low-income countries.

But, on the brighter side, it also brings enormous potential to enhance the productivity of existing jobs for which AI can be a complementary tool and to create new jobs and even new industries.

Melina said most emerging market economies and low-income countries have smaller shares of high-skilled jobs than advanced economies, and so will likely be less affected and face fewer immediate disruptions from AI.

"At the same time, many of these countries lack the infrastructure or skilled workforces needed to harness AI's benefits, which could worsen inequality among nations."

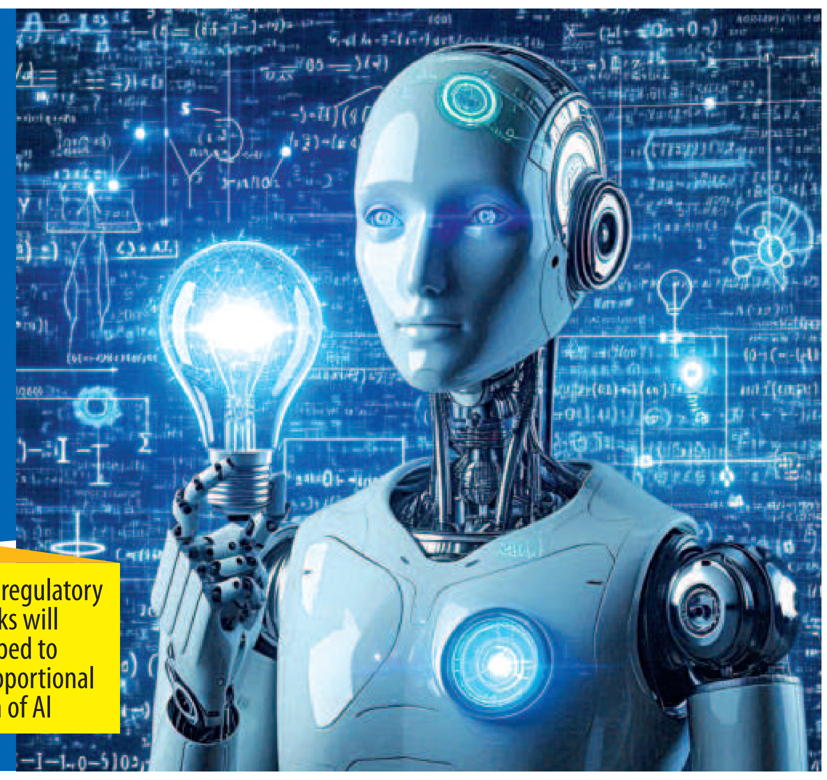
The economist said the policy priority for emerging markets and developing economies should be to lay a strong foundation by investing in digital infrastructure and digital training for workers.

AI POLICY AIMS TO ...

- Foster innovation and ensure that AI technologies serve the nation
- Address legal, ethical and societal implications of AI
- Accelerate equitable economic growth and productivity through AI-driven optimisation and data-driven decision-making
- Embed AI in education and skills development to nurture a workforce capable of utilising and building AI technologies
- Establish a culture of research and innovation through public and private funding

OTHER KEY ASPECTS

- An independent National Artificial Intelligence Centre of Excellence will be established
- The National AI Advisory Council will guide sectoral AI initiatives
- Legal and regulatory frameworks will be developed to ensure proportional regulation of AI



Cashless economy: a tech leap with inclusion hurdles

M RASHIDUL HASAN

Cashless payments are driven by innovations like online banking, cryptocurrencies, and mobile payments, delivering enhanced convenience, security, and efficiency. Countries like Norway, Sweden, and China lead with minimal cash usage and robust digital infrastructures.

In Bangladesh, rapid strides towards a cashless future through digital finance, mobile financial service (MFS), and e-commerce align with the SMART Bangladesh framework 2041, targeting 100 percent cashless transactions by 2031. With 1.77 million agents and 223 million registered clients in the MFS sector, Bangladesh aims to accelerate financial inclusion and economic efficiency.

Bangladesh's path to financial inclusion began with branch banking and microcredit. The introduction of MFS and agent banking in the 2010s was pivotal, particularly during the Covid-19 pandemic, enhancing transparency, introducing new financial products, and fostering inclusion.

The digital ecosystem also saw a surge with 36 million debit cards, 2.4 million credit cards, and 5.8 million prepaid cards. Internet banking engages 8.5 million users with monthly transactions totaling Tk 1 lakh crore.

Hindrances to a cashless Bangladesh

Insufficient digital infrastructure, limited internet access, lack of service points, and inadequate public education on digital transactions hinder the move towards a cashless economy. The lack of seamless integration among diverse payment systems impedes efficient cashless transactions and a smooth user experience.

Weak cybersecurity measures, encryption protocols, and insufficient monitoring leave digital payment systems vulnerable to cyber risks. Frequent technical glitches and power outages, coupled with inadequate backup systems and infrastructure resilience, undermine service continuity and user trust.

The significant urban-rural digital gap also limits equitable access to smartphones, and digital literacy, restricting inclusive participation in the cashless economy. Furthermore, insufficient regulations, monitoring, and authentication processes increase the risk of fraud and money laundering, eroding trust in digital transactions.

Building bridges: approaches for inclusion

Bangladesh's 8th Five-Year Plan emphasises ICT-driven financial inclusion while achieving a cashless economy requires collaborative efforts across the government, financial institutions, civil society, and the private sector to bridge the digital gap effectively. The BASIS has made some recommendations:

The Finance Bill 2024 mandates that software and IT-enabled service providers conduct transactions via bank transfers from July 1, 2024, to qualify for tax exemption until June 30, 2027. Although it aims at promoting cashless transactions, this requirement conflicts with SMART Bangladesh's goal for a cashless vision by 2031, presenting infrastructure scalability challenges and reliance on cash for daily expenses unsupported by current banking systems.

According to the Finance Bill 2024, thriving services like cloud computing and IT outsourcing could face adverse impacts if taxed, potentially displacing local businesses and deterring new entrants. Government investments in rural internet infrastructure and partnerships with telecom operators for fibre optic cables and Wi-Fi hotspots are crucial for enhancing accessibility.

Essential financial literacy programmes in local languages through radio broadcasts, mobile tutorials, and community outreach are vital for rural citizens to adopt safe digital practices. Cybersecurity awareness campaigns are essential to educate citizens about online threats, complemented by robust security measures and data encryption technologies in financial institutions to protect user information.

Bangladesh's path to a cashless economy requires meticulous planning and collaboration among policymakers, financial institutions, and technology providers. Despite high expectations, numerous challenges must be effectively tackled. Addressing these issues is pivotal for realising Bangladesh's vision of a comprehensive cashless economy, paving the way for a more inclusive and efficient financial landscape.

The author is senior vice-president of the Bangladesh Association of Software and Information Services.

Gold firms

REUTERS

Gold prices ticked higher on Tuesday, with investors awaiting comments from Federal Reserve Chair Jerome Powell and the U.S. June inflation data for further cues on the likely direction of interest rates.

Spot gold was up 0.1 percent to \$2,360.59 per ounce as of 1210 GMT. US gold futures firmed 0.2 percent to \$2,367.10.

Powell is due to speak before the Senate on Tuesday and the House on Wednesday.

"Markets expectations for the timing of Fed rate cuts remain gold's primary driver... should Chair Powell unexpectedly sound dovish, that should restore spot gold back closer to the psychological \$2,400 level," said Han Tan, chief market analyst at Exinity Group.

The consumer price index (CPI) data on Thursday will also be closely watched, with recent numbers showing a cooling from unexpectedly high levels at the start of the year.

China's central bank is stuck in a policy dilemma

REUTERS, *Hong Kong*

At least traders now know for sure where the People's Bank of China stands. The central bank said on Monday that it would start intervening in short-term debt markets, a week after revealing it was prepared to borrow and sell longer-term government securities. All else being equal, the moves ought to help fulfil one of the institution's mandates - maintaining a stable currency. But it'll probably come at the expense of its other chief directives, fostering economic growth.

Helping with the latter would ideally mean cutting interest rates. That ought to have two related impacts. First, it would make government debt less appealing to investors, who in recent weeks have piled into it seeking a safe haven.

The knock-on effect would then be to prompt buyers to put their money to more productive use.

Trouble is, that would effectively mean giving in to the traders who have piled into the bond-buying spree, betting that the PBOC would have no choice but ease monetary policy.

The central bank said on Monday that it would start intervening in short-term debt markets

It would also entail rejecting two of the core elements President Xi Jinping said at the start of the year that China should strive for as a "financial power": a "strong currency" topped his list and a "strong central bank" came second.

The yuan has had a tough time of late. It has weakened more than 10 percent against the dollar since the Federal Reserve began raising rates in March 2022. That has left it trading close to a trough against the greenback not seen since 2007.

The PBOC's new measures may help. These involve conducting temporary bond repurchase or reverse repo operations - whichever is deemed necessary - to ensure "reasonable and sufficient liquidity" in the banking system. That'll tighten the band within which rates trade, giving the central bank greater control.

It would be the first time in almost a decade that the PBOC has deployed these tools. The balance-sheet runoff the bank is forecasting with its two latest moves sends a strong signal that no rate cuts are on the cards.

It's a tricky dilemma to be stuck in. The bank's governor, Pan Gongsheng, will be hoping policymakers meeting at the Communist Party's Third Plenum next week will help solve it for him.

Boeing's future CEO has same mess, different day

REUTERS, *New York*

Boeing has not yet met a sufficiently painful reckoning. The \$113 billion jet maker will plead guilty to a criminal fraud conspiracy, according to court filings submitted Sunday by the US Department of Justice. As part of the deal, Boeing will pay a further \$244 million fine and put \$455 million towards safety over the next three years. Neither does much to dent the earnings power of an entrenched duopolist - or dispel the mire of controversy awaiting the unnamed Boeing boss who is set to replace exiting David Calhoun.

The plea deal is the culmination of an investigation into whether Boeing violated the terms of a prior bargain, struck in 2021, that deferred prosecution for misleading aviation regulators. At root are two crashes involving the company's 737 MAX, which together claimed 346 lives. The old agreement charged that Boeing's employees had committed "fraudulent and deceptive conduct." The new deal includes a criminal rap for Boeing itself.

That poses some potential complications, though on the face of it, nothing Boeing hasn't weathered before. Felons are ordinarily barred from winning government contracts, which underpin Boeing's crucial defense business. But the company can receive waivers to enable it to continue to do business with Washington, and has shrugged off prior threatened suspensions on winning contracts.

Already, it is talking to the US Defense Department about how it might be affected, according to a Reuters report. With the alternative being the US government sending its business from the Virginia-based company to a foreign entity, for now, this chunk of Boeing's earnings seems safe.

Still, any variation from that could substantially add to the company's problems, which Calhoun partly inherited when he took the top job in 2020. Shares

ANALYSIS

have fallen some 43 percent since the first crash in 2018; the government capped its production rate of 737 MAX planes at 38 per month; French rival Airbus is winning share. Sure, net income is expected to reach \$9.5 billion by 2028, according to Visible Alpha, making the \$151 million of implied extra annualized safety spending a drop in the bucket. But those estimates represent an ambitious an 18-fold increase from 2024.

If plane orders are further delayed, or future dents to credibility give airline customers pause, earnings growth could stall. On Monday, Boeing's stock gave up early gains amid news of a new government inspection over potentially faulty oxygen masks.

American Airlines' Boeing 737 planes are seen parked at LaGuardia Airport in Queens, New York. On Monday, Boeing's stock gave up early gains amid news of a new government inspection over potentially faulty oxygen masks.

PHOTO: AFP/FILE