

A HOLISTIC financial ecosystem for all customers

The Daily Star (TDS): How are you collaborating with MFS providers to integrate mobile financial services within your banking operations, and how does this enhance the delivery of your services?

Sheikh Mohammad Maroof (SMM): Our collaboration with MFS providers focuses on integrating mobile financial services into our banking

Dhaka Bank doesn't offer Nano loans, it enables access to "eRin," an end-to-end digital Nano loan, with repayments made via MFS wallets.

TDS: What technological innovations are shaping mobile financial services, and how is your bank incorporating

such as two-factor authentication and role-based access, to secure sensitive data. Regular employee training fosters a security-conscious culture, while real-time monitoring tools enable quick detection and response to incidents. We adhere to data privacy regulations and collaborate with cybersecurity



SHEIKH MOHAMMAD MAROOF
Managing Director and CEO, Dhaka Bank

ecosystem, enhancing financial inclusion and improving customer experience. We connect with platforms like bKash, Nagad, Rocket, and TAP through APIs, enabling smooth, real-time transactions between bank accounts and mobile wallets. Customers can transfer funds, make deposits, withdrawals, and bill payments directly via their mobile phones. Additionally, we offer financial products, including our digital DPS, through these MFS platforms, making services more accessible to a wider audience.

TDS: What products are you offering through MFS?

SMM: Dhaka Bank offers innovative savings products like the Dhaka Bank Nano Savings Scheme and Tayyebah Nano Savings Scheme through bKash, known as Digital DPS. Customers can manage and pay DPS instalments directly through their bKash, Nagad, or Rocket wallets without visiting branches, making saving more convenient. Funds can be transferred to savings accounts, earning interest or profit. While

these advancements? **SMM:** Key advancements such as API integration, Artificial Intelligence (AI), Machine Learning (ML), contactless payments, digital identity verification (e-KYC), and real-time settlement systems are driving the transformation in the banking sector. Dhaka Bank has adopted several of these technologies, including mobile apps and partnerships with fintech companies.

TDS: What steps is your bank taking to safeguard customer privacy and protect sensitive information?

SMM: We employ cutting-edge cybersecurity measures to safeguard our systems, including firewalls, intrusion detection, encryption protocols, and regular security audits. Our 24/7 Network Operations Control (NOC) and Service Operations Center (SOC) ensure continuous monitoring. Data is encrypted using industry-standard algorithms, protecting it both at rest and in transit. We implement strict access controls,

experts to stay ahead of emerging threats. Dhaka Bank has achieved prestigious certifications, including ISO 27001, PCI-DSS, ISO 27032, and TIA 942, reinforcing our commitment to security.

TDS: What is your vision for the integration of MFS into traditional banking services?

SMM: The integration of MFS into traditional banking marks a transformative shift in customer engagement, making banking more digital, personalised, and interconnected. My vision is to create a seamless, customer-centric ecosystem that combines the accessibility and innovation of mobile services with the trust and security of traditional banking. This vision includes mobile-first banking, enhanced personalisation, frictionless payments, real-time financial management, stronger security, and innovation through open banking and fintech partnerships, ultimately fostering a holistic financial ecosystem for all customers.

DELIVERING TAILORED solutions to empower customers

The Daily Star (TDS): How are you collaborating with MFS providers to integrate mobile financial services within your banking operations, and how does this enhance the delivery of your services?

Syed Mahbubur Rahman (SMR): Our collaboration with MFS providers helps us expand service delivery and simplify customer interactions. MFS integration

innovations are shaping mobile financial services, and how is your bank incorporating these advancements?

SMR: In Bangladesh, MFS is rapidly evolving, driven by fintech and technological innovations. MTB is adopting several key innovations, such as interoperable platforms that allow users to

multi-factor authentication (MFA) for account access, and conduct regular internal and third-party security audits to identify vulnerabilities. Firewalls, intrusion detection systems (IDS/IPS), and role-based access control (RBAC) safeguard networks and limit data access to authorised personnel only. Our IT security



SYED MAHBUBUR RAHMAN
MD & CEO, Mutual Trust Bank

allows customers to open accounts, access microloans, and invest directly from their phones, reducing the need for branch visits. By providing 24/7 access to services and reducing transaction costs, this collaboration speeds up processes and enhances convenience. Moreover, the widespread availability of MFS helps us extend our reach, ensuring that we deliver tailored solutions that empower our customers and align with our goal of fostering a more digitally inclusive financial system.

TDS: What products are you offering through MFS?

SMR: Significant savings offered through MFS:

Savings Products (DPS):

- bKash:** We offer DPS services to bKash users, allowing them to save systematically through their mobile wallets.
- TAP:** Similarly, TAP customers can avail themselves of tailored DPS solutions that align with their financial goals.
- UPAY:** The PoC has been completed successfully. We will go for the full launch soon.

TDS: What technological

transfer money between different MFS operators and banks, as well as QR code-based payments for instant retail transactions. The bank also leverages AI-driven credit scoring to offer microloans based on transaction history and alternative data sources. MTB is collaborating with fintech firms to offer microcredit and has integrated biometric systems for account registration. Additionally, MTB is experimenting with blockchain for cross-border payments, expanding agent banking in rural areas, and embracing Open Banking to foster fintech collaboration.

TDS: What steps is your bank taking to safeguard customer privacy and protect sensitive information?

SMR: To ensure customer privacy and protect sensitive information, our bank has implemented a range of robust measures. Data is encrypted both in transit and at rest using advanced cryptographic algorithms, such as AES-256, and secure communication is ensured via SSL/TLS protocols. We require

team actively monitors suspicious activities, while we provide educational materials to raise customer awareness about cybersecurity threats. Compliance with regulations such as GDPR and PCI-DSS ensures the security of financial transactions. Additionally, our incident response plan and secure coding practices help address and prevent security issues effectively.

TDS: What is your vision for the integration of MFS into traditional banking services?

SMR: We envision leveraging MFS to enhance financial inclusion, especially in remote areas, and simplify customer onboarding through digital channels. By integrating mobile wallets with banking applications, we aim to provide a seamless experience for transactions, bill payments, and savings, while utilising data insights to design more personalised products. This integration supports our vision of building a more inclusive and digitally empowered financial ecosystem.

Transforming the Banking Landscape through MFS

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According to the latest data from Bangladesh Bank, the total number of MFS transactions in November 2024 reached 652,101,737, with a transaction value of 1,567,877.4 million Taka. In comparison, in November 2023, the number of transactions stood at 542,074,508, with a total value of 1,196,691.9 million Taka.

Of particular importance is the collaboration between traditional banks and MFS providers, which has expanded the reach of banking services to underserved groups, such as the unbanked, women, and people in remote areas. This article delves into how this collaboration has reshaped Bangladesh's banking landscape, fostering financial inclusion and making banking more accessible than ever before.

The Rise of Mobile Financial Services in Bangladesh

Mobile Financial Services (MFS) were introduced in Bangladesh in 2011, with the central bank setting the framework for these services to be offered by both banks and non-bank financial institutions (NBFIs). Initially, MFS was seen as a solution for facilitating simple payment transactions such as money transfers. However, over time, the scope of MFS has expanded significantly, and today it covers a wide range of financial services, including person-to-person (P2P), person-to-business (P2B), government-to-person (G2P), business-to-person (B2P)

in a country where over half of the population still lacks access to traditional banking services.

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Financial Inclusion: Bridging the Gap

One of the primary benefits of MFS is its ability to provide financial services to the unbanked. A report by the World Bank defines financial inclusion as the ability of individuals to access and use appropriate financial services that meet their needs. In Bangladesh, MFS has helped bridge the gap between the formal financial system and the vast unbanked population, offering services such as savings, payments, and remittances. As Lila Rashid, Former Executive Director of Bangladesh Bank, points out, MFS has been particularly beneficial for financially disadvantaged groups, women, and people living in rural or remote areas.

"Mobile financial services have empowered individuals to conduct transactions from the comfort of their homes, eliminating the need to visit a physical bank branch," says Md. Arup Haider, Deputy Managing Director and Head of Retail Banking at City Bank. "This has significantly eased everyday financial activities, especially for the unbanked population."

The impact of MFS on financial inclusion can be seen in the rapid adoption of these services. For instance, bKash, the market leader in Bangladesh's MFS sector, has played a pivotal role in this transformation. With nearly 80 million verified users, bKash offers a comprehensive range of services, including money transfers, bill payments, mobile recharges, utility payments, e-ticketing, and even payments for educational institutions.

The Role of Banks in MFS Integration

While MFS has traditionally been viewed as an additional service rather than a core banking service, many banks in Bangladesh have recognised its potential and are actively integrating it into their offerings. Banks and MFS providers are working together to create a seamless digital ecosystem, improving service delivery and expanding access to financial services.

transactions, as well as remittance disbursements. MFS platforms like bKash, Rocket, Nagad, and Upay have emerged as crucial players in this ecosystem, providing an easy and efficient way for people to perform a variety of financial transactions directly from their mobile phones. With a user base now exceeding 200 million registered customers and over 1.5 million agents, MFS has become an indispensable part of daily life for many Bangladeshis. This vast network of agents and customers has proven vital in driving the expansion of financial inclusion, which remains a key challenge





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