

Accelerating the digital shift with innovation

The Daily Star (TDS): How is Bangladesh progressing in its transition to a cashless economy?

Md. Ahsan-uz Zaman (MAZ): Bangladesh is making significant progress towards a cashless economy through mobile banking, digital payments, and government policies. The government has set a target of completing 75% of transactions cashless by 2027. Banks, mobile operators, and the government are taking various steps to achieve this goal. Mobile financial services (MFS) such as bKash and Nagad have become popular, particularly in remote areas. As of December 2024, there were 238.6 million registered mobile

cashless transactions. By increasing customer awareness, encouraging the use of digital platforms, and leveraging new technologies, MDB is poised to play a key role in achieving the government's goals. In 2024, 6,390 accounts were opened through digital platforms, and 893,150 transactions were conducted digitally. We are making various efforts to bring customers who are not yet covered by digital banking—those who have not yet adopted Midland Online—under this platform. Various incentives are being offered to encourage existing Midland Online and MCM users to conduct cashless transactions, such as cashback offers and annual fee waivers for a certain number of transactions.

Midland Bank has also

Complimentary internet banking facility

Free monthly e-statement service

TDS: What policy changes or government initiatives do you believe are crucial for making digital transactions more secure, inclusive, and widely adopted?

MAZ: To make digital transactions more secure, inclusive, and widely adopted in Bangladesh, several policy changes and government initiatives are crucial. Bangladesh Bank should implement stricter cybersecurity guidelines for banks, Mobile Financial Services (MFS), and Payment Service Providers (PSPs). Mandatory two-factor authentication (2FA) and AI-driven fraud detection mechanisms should be enforced for all digital transactions.

MD. AHSAN-UZ ZAMAN
Managing Director & CEO
Midland Bank

money accounts in Bangladesh—an increase of 18.2 million from the previous year. Debit and credit card usage is also on the rise, particularly for online shopping. Many businesses are now accepting transactions via cashless payment gateways.

TDS: What innovative steps has your bank taken to accelerate the shift towards a cashless economy, and how have they impacted customers?

MAZ: Midland Bank is taking extensive measures to promote

introduced several innovative measures to accelerate the transition towards a cashless economy, in alignment with Bangladesh Bank's Cashless Bangladesh initiative. We have designed our digital products to enhance customer convenience and promote financial inclusion. Customers who open a Fixed Deposit Receipt (FDR) digitally are eligible for an additional 0.25% profit. Our digital products require no initial deposit, ensuring accessibility for all. Accounts can be opened seamlessly through the Midland Bank (MDB) website, offering benefits such as:

Lifetime free debit card

Investment in high-speed internet and mobile network expansion, especially in rural areas, is essential to facilitate seamless digital transactions. Encouraging partnerships between banks and fintech companies will help develop innovative and cost-effective digital payment solutions.

The government could introduce tax incentives or cashback offers for businesses and individuals using digital payment methods, encouraging wider adoption. Reducing or eliminating transaction fees for small digital payments can also increase usage among low-income groups.

Investing in digital literacy to enhance customer awareness and security

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MASHRUR AREFIN
Managing Director & CEO
City Bank

To meet the government's target of 75% cashless transactions by 2027, incentives similar to those for inward remittances could encourage adoption among consumers and merchants.

Additionally, simplifying credit card issuance is crucial—26 lakh cards in a country of 18 crore is far too low. Addressing these barriers will unlock Bangladesh's full digital payment potential.

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MA: City Bank has been a pioneer

in the 'Cashless Bangladesh' initiative, introducing TakaPay debit cards, interoperable Bangla QR, and incentivising QR payments. We actively support the 'Digital Cow Haat' lead city-wide roadshows, and expand our merchant QR network, making

transactions seamless.

Additionally, we invest in digital literacy programmes to enhance customer awareness and security. These initiatives provide convenience, security, and financial inclusion, driving a more efficient and transparent economy.

TDS: What policy changes or government initiatives are crucial for making digital transactions more secure, inclusive, and widely adopted?

MA: Key priorities include:

- Expanding affordable internet access
- Nationwide digital literacy programmes
- Simplifying KYC for financial inclusion
- Reducing VAT on POS & card imports
- Removing VAT on MDR to ease merchant costs
- Scaling up Bangla QR adoption
- Incentivising digital payments

Most importantly, simplifying credit card issuance—especially for lower-middle income and informal sector workers—is essential to increasing digital transaction volumes.

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