



Sabbir Ahmed

# Shared responsibility key to safe digital transactions

Says Visa country manager in an interview with The Daily Star

## MAHMUDUL HASAN

As digital payments continue to rise in Bangladesh, concerns about online fraud and transaction security have grown. Keeping the system secure depends on shared responsibility among banks, payment service providers and users, according to Sabbir Ahmed, country manager of Visa for Bangladesh, Nepal and Bhutan.

In an interview with The Daily Star, Ahmed talked about how digital payments have changed, the measures needed to protect customers, and the increasing importance of public awareness.

"In Bangladesh, we are seeing that digital transactions are increasing, and digital awareness is growing. With the rise of digital transactions, digital security questions also arise. Some incidents of online fraud and transaction fraud occur."

"So, all the participants in the digital transaction ecosystem need to play their roles. Everyone is doing their part differently, and this requires sufficient focus and attention," said Ahmed.

The Visa country manager compared the risks of digital fraud with those faced in traditional banking.

"Earlier, in conventional banking, we used to write a cheque. That cheque had a signature, and we would go to the bank counter to withdraw money. The bank would check whether the cheque was issued by the bank or if it was fake. The bank would match your signature with their records and authenticate the transaction accordingly," said Ahmed.

He said that even before digitalisation, forgery and fraud existed. "Sometimes one could get another person's cheque and attempt to withdraw money by forging the signature. Pay orders or cheques could even be created to mimic a bank's own format."

Ahmed said conventional banking relied on a two-factor process. The cheque itself was the first layer, while the signature was the second, verified

by the bank before the payment was approved.

"Now, in digital transactions, there are still two factors," he said. "Suppose you are a debit or credit cardholder. You have a card. That card is factor one. It contains security instruments. For example, the 16-digit card number, the expiry date, and the three-digit CVV at the back."

"These details should only be known to you and no one else. That is factor one."

He said the second factor is the one-time password, or OTP. "An OTP is sent

country, some customers receive calls from people posing as bank employees. They say your card will be blocked and ask for the OTP.

Clients, due to a lack of awareness, sometimes share the OTP, just like signing a blank page. Sharing OTP is essentially the same risk."

He urged customers to be more cautious. "Clients should never hand over their card to anyone. If paying at a restaurant or shop, ask for the card machine and pay in front of you so your card details remain secure. This is one."

cheque protection. "Everyone knows how to protect their cheque book or signature. The same attention should be given to protecting your card data and OTP."

He added that banks should invest in training and constant vigilance. "At the bank end, there should also be a focus on security and providing training on cyber risks. Recently, we conducted training for our bank partners, sharing global incidents and the latest fraud trends. Any new fraud incident reported comes immediately to our bank partners."

He outlined Visa's compliance framework. "Visa has requirements for all clients using their cards. If fraud occurs, banks must report it to Visa. These reports help us observe trends."

Ahmed said any entity storing card data must be certified under the Payment Card Industry Data Security Standard (PCI DSS), a set of global requirements from major credit card companies.

"Only certified merchants can store card information. This is mandatory. For instance, if a customer pays via bKash or Daraz, only PCI DSS-certified merchants can store card details. This ensures security and protects the customer."

He highlighted tokenisation as another safeguard. "Tokenisation is another step to enhance security. Earlier, merchants used to store full card details. Now, when a card is tokenised, its details are replaced with a unique token. When you make subsequent transactions, the token travels, not the actual card details. Even if someone tries to intervene, they cannot access your card information. This makes transactions much more secure."

He explained how it works in practice. "If you save your card in Google Wallet through a bank like City Bank, the card is tokenised. When paying at a merchant, the token is used. The transaction is approved within seconds. Card details are never exposed, making the system safer."

## TAKEAWAYS FROM INTERVIEW

### Emerging risks

Digital transactions rising rapidly, bringing new fraud and security challenges

Cybercriminals are shifting from cheque forgery to online fraud tactics

Even reputed banks can be targeted



### Responsibility & awareness

➔ Security in digital payments is a shared responsibility among banks, service providers, and users

➔ Customer awareness and vigilance are crucial to prevent OTP and card detail misuse

### Security practices

➔ Digital transactions rely on two factors—card credentials and OTP or PIN—for secure authentication

➔ Clients should always pay in front of themselves and avoid sharing card or OTP details

to a client's registered mobile number when the client wants to transact online or at a POS terminal. The client must enter this OTP or PIN. This is the second factor of authentication."

Ahmed said the logic behind both manual and digital transactions is the same, though the format has changed. "Now, in digital transactions, the two factors, card details and OTP or PIN, are targeted by threat actors who try to intervene."

He described common scams used to trick customers. "Nowadays, in our

He added that banks must stay alert to phishing and malware threats. "Many fraudulent messages ask employees to click on links that give attackers access to the device."

Today, an email statement on your phone can contain extensive financial information. Malware can capture everything, including internet banking credentials."

Ahmed said users should always check that a website is secure before making payments.

He compared this to old habits of

## Gold pares gains after brief run above \$4,000

### REUTERS

Gold pared some gains on Friday after briefly rallying above the \$4,000 an ounce milestone for a second time this week as US President Donald Trump's warning of possible fresh tariffs on China accelerated a flight to safe-haven assets.

Spot gold was up 0.4 percent at \$3,989.49 per ounce as of 1:40 p.m. ET (1740 GMT). The metal logged a 2.7 percent gain this week.

US gold futures for December delivery settled 0.7 percent higher at \$4,000.40.

US President Donald Trump said on Friday there is no reason to meet with China's President Xi Jinping in two weeks in South Korea as planned. The US is calculating a massive increase in tariffs on Chinese imports, he said in a Truth Social post.

Following the news, gold briefly topped the \$4,000/oz. milestone, climbing to a session high of \$4,022.52.

"Heating up the trade war again will tank the dollar and be good for safe-havens," said Tai Wong, an independent metals trader.

The US dollar fell 0.5 percent, making greenback-priced bullion cheaper for overseas buyers.

Markets are also closely monitoring the risks related to the potential collapse of the French government and the ongoing government shutdown in the United States.

Besides, investors are anticipating the US Federal Reserve to cut interest rates by 25 basis points each in October and December.

Non-yielding bullion, which hit a record high of \$4,059.05 on Wednesday, is traditionally considered a hedge during times of broader uncertainty.

Geopolitical risks, alongside strong central bank gold-buying, exchange-traded funds inflows, US rate cut expectations and economic uncertainties stemming from tariffs, have all contributed to gold's rally.

# There's no such thing as a 'good' bubble

### REUTERS, London

Even the tech titans admit we are in a bubble. There will be plenty of losses to go round, they say, but the massive investment in artificial intelligence will leave everyone better off. In short, what we're seeing is a "good" bubble rather than the debt-fuelled "bad" version that blew up during the global financial crisis of 2008. Such wishful thinking invariably appears during speculative manias. The truth is that while booms often accelerate the development and deployment of new technologies, they also produce painful busts.

OpenAI boss Sam Altman acknowledges that some people are going to lose "a phenomenal amount of money" when the AI bubble bursts. Jeff Bezos made a similar point last week. The excitement around the new technology has become so great, says the Amazon.com tab founder, that both good and bad ideas are getting funded. Still, says Bezos, when the dust settles AI will deliver "gigantic benefits" to society.

The notion that certain bubbles are inherently benign is the thesis of the recently published book "Boom: Bubbles and the End of Stagnation" by Byrne Hobart and Tobias Huber. The authors distinguish between that they call the "innovation-accelerating bubble" and those driven by financialisation and easy money. The former, in their view, "is not simply a collective delusion but an expression of a future that is radically different from our own." Bubbles are useful, the authors say, because they induce people to take more risk.

"Every financial mania," they write, "requires some suspension of disbelief and unshakeable faith that the idea at its core will pan out...these delusions are more rational than they appear, if only with hindsight." Bubbles create their own "reality distortion fields" which bend the real world towards the speculators' transcendent vision of the future. The speculators' "fear of missing out" can be seen as the coordinating mechanism that unleashes new technologies on the world.

Over the past 250 years, the world has experienced a succession of bubbles that

have transformed civilisation. While the authors of "Boom" focus on the bubbles' long-term advantages, they ignore the severity of the busts.

The British canal mania of the 18th century, for instance, brought about the commercial crisis of 1793. A quarter of a century after craze for man-made waterways, one in five canals was still unable to pay dividends. Nevertheless, the new waterways enabled coal to be transported more cheaply, helping to propel the Industrial Revolution.

Britain's railway mania of the 1840s brought even more significant economic

miles of track were laid. The new railroads created a continental market for American-made goods, helping the United States replace Britain as the world's dominant economic superpower. The costs in the intermediate term, however, were immense. In September 1873, a bank heavily involved in railway finance, Jay Cooke & Company, failed.

The ensuing financial panic ushered in America's first "Great Depression" – a downturn that continued for the rest of the decade and was accompanied by high levels of unemployment and widespread social unrest.



Open AI CEO Sam Altman speaks during Snowflake Summit 2025 at Moscone Center in San Francisco, California. Altman acknowledges that some people are going to lose "a phenomenal amount of money" when the AI bubble bursts. PHOTO: AFP/FILE

changes. The construction of the world's most extensive rail network eventually ushered in a multi-decade era of prosperity. But the bubble also resulted in a massive misallocation of capital in ill-conceived railway lines and contributed to the banking crisis of 1847, which left investors nursing massive losses. By January 1850, railway shares were down on average 85 percent from their peak.

The great expansion of the US railroad system took place several decades later. Between 1865 and 1873 some 30,000

The "Roaring Twenties" were a period of extraordinary technological transformation, which saw the rapid spread of electrification, motor cars and radio. This boom was, of course, followed by history's most famous depression.

The dot-com bubble of the late 1990s followed a well-established path. After the stock market peaked in March 2000, the Nasdaq Composite Index lost nearly 80 percent of its value and remained below its previous high for 15 years.

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## Bolstering cash management in banks

### MAMUN RASHID

The Economist once credited effective cash management, also known as transaction banking, as a key reason for Citigroup's survival during the global financial meltdown in 2008. Citi's global transaction services earned a lot of recognition for helping the bank manage its assets and liabilities more efficiently.

In Bangladesh, we have seen banks pay a high price for funding long-term assets through short-term borrowing, or by depending excessively on call money and short-term deposits to support medium or long-term loans. Even today, not all banks can claim to have the right focus on balance sheet management. Much of their time and resources are dedicated to managing loans or mobilising term deposits. Some face difficulties due to over-dependence on call money or excessive exposure to long-term project financing.

In Bangladesh and similar economies, loan losses are often blamed as the main risk factor. However, my experience as a treasury manager, spanning more than 15 years in multiple global banks at home and abroad, tells me that a major part of the problem lies in our failure to manage receivables and payables in a timely manner.

The balance sheet of a commercial bank is quite different from that of a typical company. Most of a bank's balance sheet comprises money deposited by customers (liabilities) and money lent to customers (assets). In addition to loans, banks also invest in various instruments, often to meet regulatory requirements.

Although these activities may seem straightforward, the reality is complex. A bank typically handles thousands of crores in deposits from numerous accounts, across multiple currencies. Each deposit and loan has different maturities, creating what is known as a maturity mismatch across time periods.

The aim of balance sheet management is to maximise returns while minimising risks linked to different portfolio combinations. Many banks also carry large off-balance-sheet exposures.

The North American financial meltdown showed how some global banks held trillions of dollars in derivative positions that did not appear on their balance sheets until their debtors exercised loan options. As a result, published balance sheets often understate a bank's actual risk exposure.

A bank's capital acts as a form of self-insurance, providing a buffer against unexpected losses and incentivising prudent risk-taking. Financing additional assets with capital raises the leverage ratio, while a shortage of capital can strain the economy by preventing banks from lending to creditworthy borrowers.

Measuring a bank's capital, however, can be tricky. Valuing liquid instruments such as treasury bonds is straightforward, but corporate and emerging market bonds are far less liquid.

During periods of financial strain, a bank's assets become harder to value. In such times, not only liquidity but also solvency determines asset value. The Asian financial crisis in the late 1990s showed how sudden fluctuations in exchange rates can expose banks to foreign exchange risks when they hold assets or liabilities in foreign currencies. These movements can affect a bank's earnings and capital.

Since commercial banks regularly handle foreign currencies, they are constantly exposed to foreign exchange risks arising from both trade and non-trade transactions. Any unhedged exposure, known as an open position, increases this risk. Banks mitigate such risks through hedging techniques while focusing more on tenor mismatch, maturity ladders, and alignment between deposit and loan maturities.

Many commercial banks in Bangladesh are now recognising the importance of distinguishing themselves through improved balance sheets and cash management. The sooner others follow suit, the better it will be for the entire industry.

The writer is a banker and economic analyst

## UK opens door to tougher regulation of Google search

### AFP, London

Britain's competition watchdog on Friday paved the way for tougher regulation to tackle Google's dominance in online search, under new targeted measures focused on technology giants.

The Competition and Markets Authority said it has designated Google with "strategic market status" (SMS), subjecting it to special requirements, in a final decision following a nine-month investigation.

"We have found that Google maintains a strategic position in the search and search advertising sector," Will Hayer, executive director for digital markets at the CMA, said in a statement.

A similar tech competition law from the European Union, the Digital Markets Act (DMA), carries the potential for hefty financial penalties.

The CMA plans to launch a consultation this year to determine the rules to impose on the US tech giant.

Google warned the UK against "unduly onerous regulations" and urged it to learn from "negative results seen in other jurisdictions", referencing the EU's DMA.

"Many of the ideas for interventions that have been raised in this process would inhibit UK innovation and growth," said Oliver Bethell, Google's senior director for competition.

Google added Friday that unfavourable regulation could slow the launch of new product launches in the UK.

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