

REMITTANCE 3.0

How fintech is reshaping our ties with the world

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Let's walk down memory lane to 1971, when a new nation had just emerged after a brutal nine-month war. There was hope and excitement to rebuild, but the country faced severe economic challenges. Infrastructure was destroyed, industries were barely functioning, and agricultural production later fell sharply after the 1974 famine.

From the war and its aftermath to the present day, it is clear Bangladesh has made significant progress. In GDP growth, financial systems, remittances, and overall economic stability, the nation has advanced across sectors, with government institutions, private organisations and the youth contributing at the same time. Yet there is still much to achieve, as other nations have reached higher levels of development despite facing severe challenges of their own.

Remittance 3.0, a modern, technology-driven approach, can unlock economic potential and should

be adopted in Bangladesh to accelerate growth.

THE EVOLUTION OF REMITTANCES

Even during that bleak period, the oil boom of the 1970s generated massive demand for foreign labour across Gulf countries. That was the first wave that ignited Bangladesh's remittance story, which emerged not only as a strategic policy choice but also as an economic necessity. Migrants' blood, sweat and tears became a lifeline for their families and communities, and a crucial source of foreign exchange. This marked the start of Remittance 1.0: an informal process of sending money back through friends, relatives, or travellers, supported by postal money orders and the growth of hundi networks.

Back then, remittances and their link to the wider economy were viewed narrowly. They were seen primarily as a survival mechanism for families. As globalisation gained momentum through the 1980s and 1990s, labour



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SUMMARY

1. Bangladesh's remittance journey has moved from informal networks to bank-led channels and now to fintech-enabled "Remittance 3.0".
2. Fintech is making remittances faster, more accessible, and increasingly transparent, while pushing banks to modernise.
3. AI is strengthening fraud detection and compliance by spotting anomalies and adapting to new risks in real time.
4. Blockchain and smart contracts could shorten settlement times and reduce friction, but user trust and usability remain critical.
5. The biggest barriers are uneven digital access, language and literacy gaps, cybersecurity risks, and the need for smart, flexible regulation.

mobility became one of the country's crucial export channels.

Gradually, remittances grew steadily, shifting from household support to a macroeconomic pillar. The foreign exchange market strengthened, and parts of the rural economy stabilised. This period also pushed banks to deepen relationships with foreign banks and money transfer operators (MTOs) such as Western Union and MoneyGram, ushering in the era of Remittance 2.0.

As the sector expanded, transparency improved and reserves increased. Yet informal channels such

as hundi often prevailed, driven by simpler processes and, at times, better exchange rates than formal routes. Next came Remittance 3.0: a technological shift that pulled the country further into fintech, powered by the rise of BKash and Nagad and the emergence of newer fintech players such as Nala, TapTap Send, and now Google Pay. This ripple effect also pushed traditional banks to accelerate their own fintech initiatives, reshaping remittances into a faster, more accessible, technology-driven ecosystem.

Even so, the promise of Remittance 3.0 has not reached everyone. Many

users still face a quieter form of digital segregation, shaped by unfamiliar interfaces, language barriers, low digital literacy, and compliance models that can feel rigid and opaque. In practice, these frictions can deter migrants and families from using formal digital channels, even when the tools exist.

AI, BLOCKCHAIN, AND FINTECH

The remittance sector has been undergoing major change worldwide. Technology has made transfers faster, safer and more accessible. Artificial intelligence (AI) is a clear example.

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