

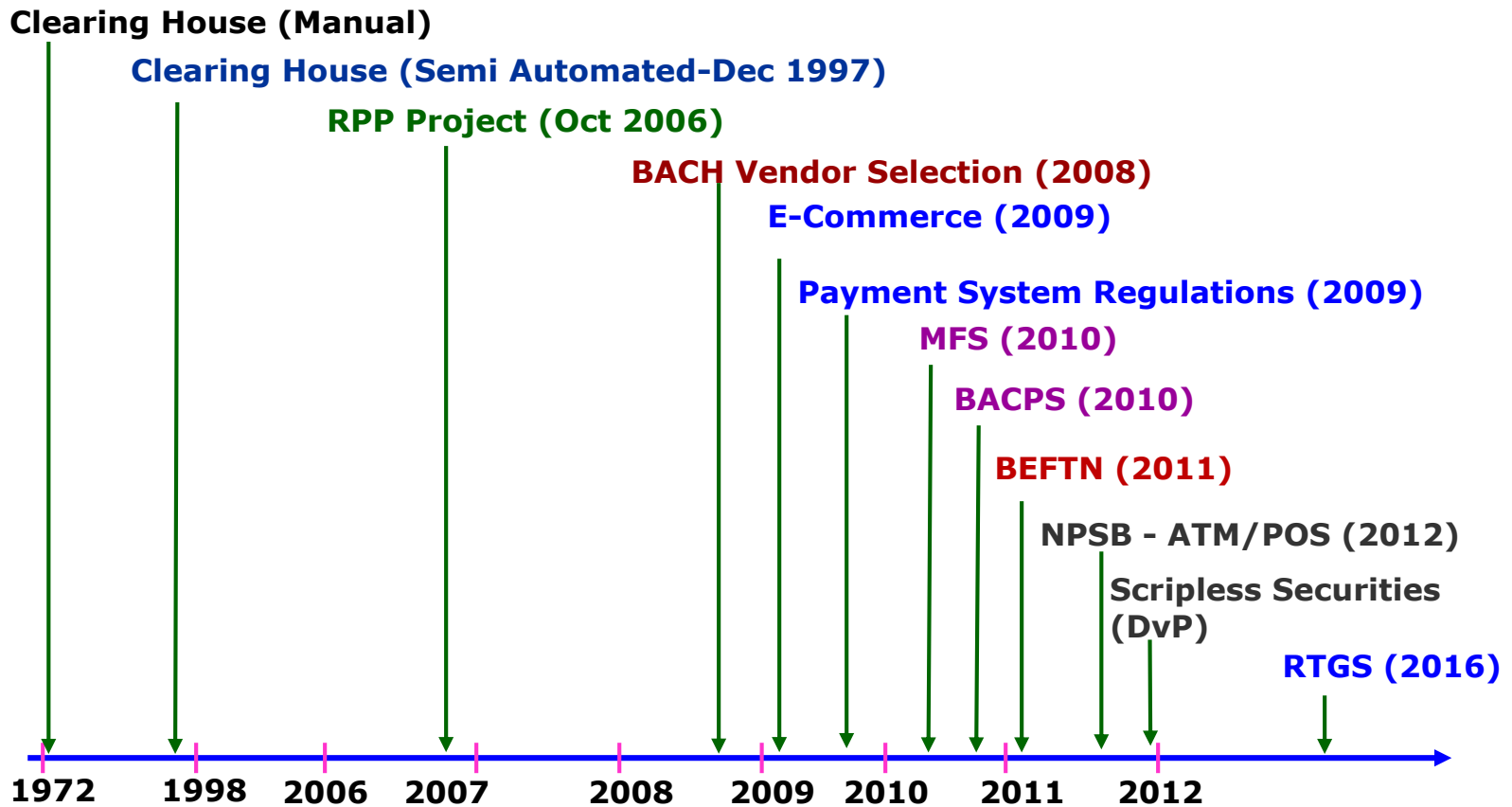
Recent Payment System Developments of Bangladesh



Bangladesh Bank



Road Map of PS Modernization





Payment Systems of Bangladesh

Major Components

Bangladesh Automated Clearing House (BACH)

- Bangladesh Automated Cheque Processing System (BACPS)
- Bangladesh Electronic Funds Transfer Network (BEFTN)

Mobile Financial Services (MFS)

- Offered by the commercial banks in collaboration with Telcos and other partner(s)/agent(s)
- Offered by Bangladesh Post Office

M-Commerce

- Railway ticket sales
- Sales of cricket match tickets



Payment Systems of Bangladesh

Major Components

E-Commerce

- Online payments for online shopping using cards to merchants who maintains a digital shop/Web-store to sell the products and services through a secure web interface.
- Online utility bill payment to the service providers by their clients.

National Payment Switch Bangladesh (NPSB)

- Facilitating electronic payments originating from different delivery channels e.g. ATM, POS, Internet, Mobile, etc to ensure interoperability.
- Facilitate the expansion of the card based payment networks substantially and promote e-commerce/m-commerce/e-payment gateway throughout the country.

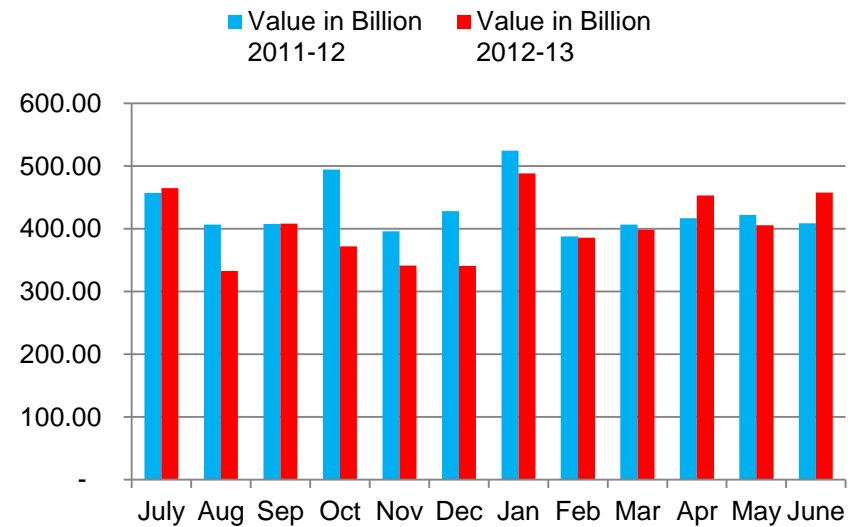
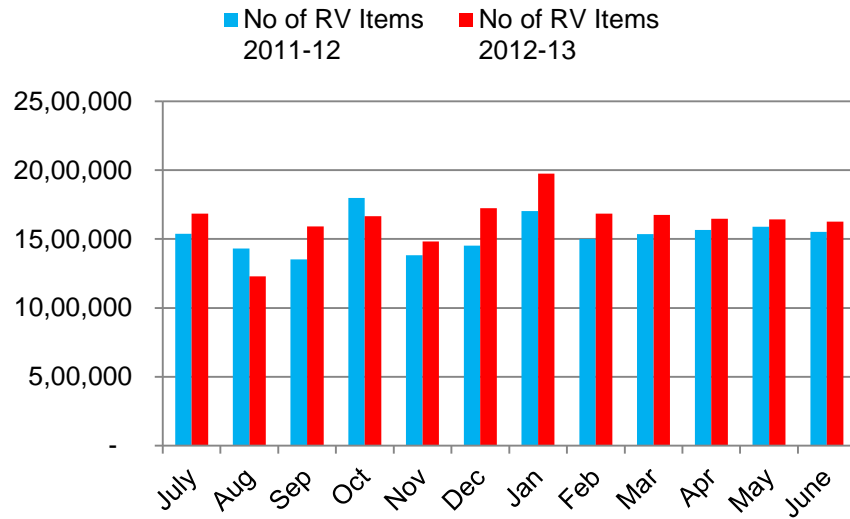


Bangladesh Automated Cheque Processing System (BACPS)

BACPS

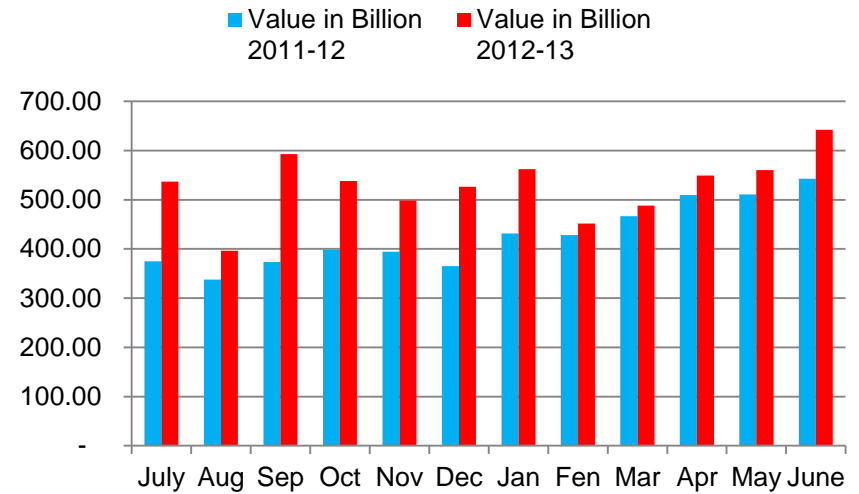
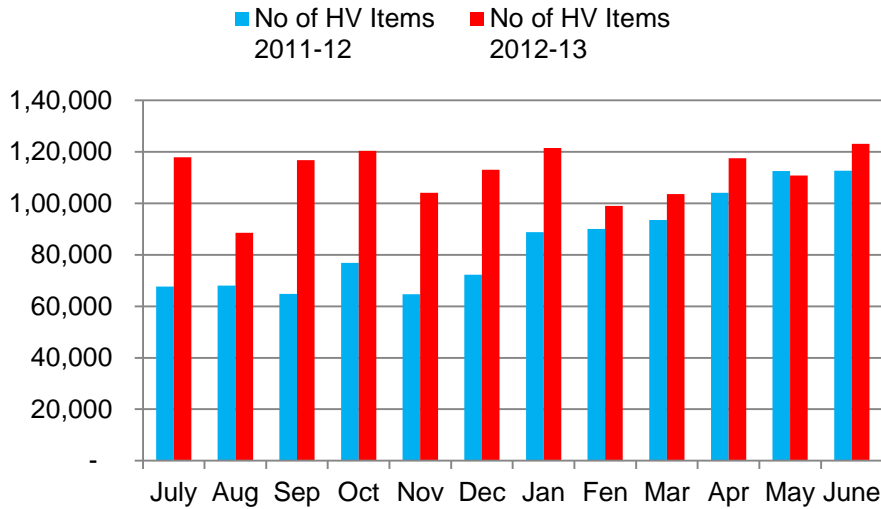
- Countrywide clearing cycle has been brought down to t+0 for high value cheques and t+1 for regular value cheques.
- At present 16,50,00,000 (appx.) regular value and 1,10,000 high value clearing instruments valued BDT404 billion and BDT528 billion respectively are cleared through BACPS per month .
- Almost 95 percent of all the clearing instruments are now being cleared through BACPS.

BACPS RV at a Glance





BACPS HV at a Glance



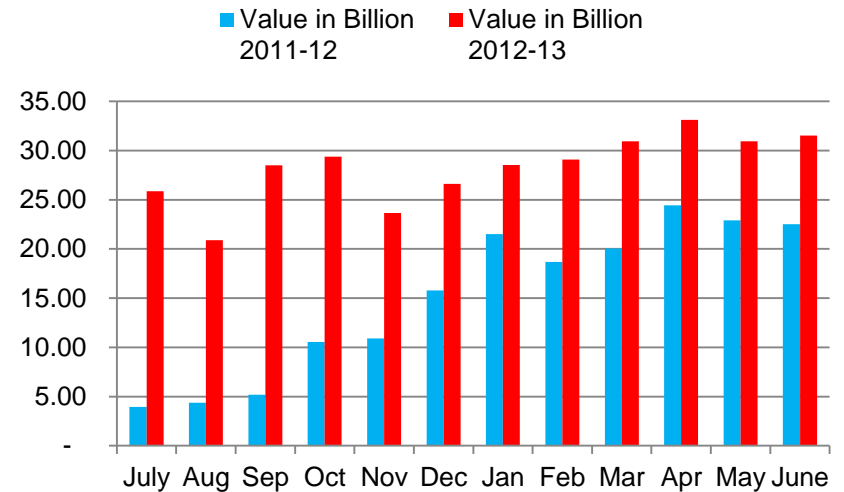
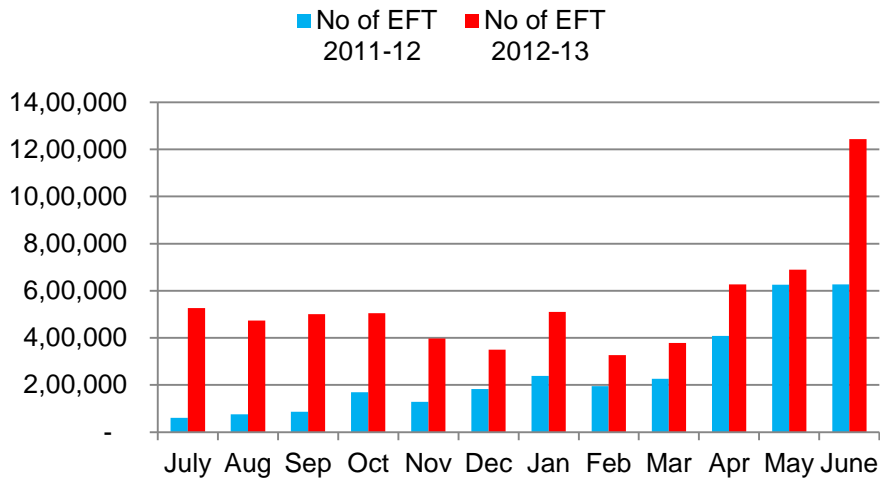


Bangladesh Electronic Funds Transfer Network (BEFTN)

BEFTN

- BEFTN is becoming popular rapidly among the corporate bodies of Bangladesh for myriad payments requirements.
- **At present 41 ministries of Government are disbursing employee salaries through BEFTN.**
- At present, approximately 5,35,000 EFT-credit and 7,500 EFT-debit transactions are processed per month on an average with an increasing trend.
- Total amount of EFT-credit transaction is approximately BDT26.8 billion and it is approximately BDT1.45 billion for EFT-debit transactions per month.

BEFTN at a Glance





On Going Initiatives....

Legal and regulatory framework :

- Enactment of National Payment Systems Act is in the final stage.
- Bangladesh Payment and Settlement Systems Regulation, 2013 (amended)
- Electronic Fund Transfer Regulation, 2013 (drafted) and Published in BB website for stake holders opinion.
- Agent Banking Policy has been drafted.



On Going Initiatives....

Mobile Financial Services (MFS) :

- Steps are taken to accommodate full fledge banking services through Mobile Banking Accounts.
- Registered Customers of MFS is increasing at 10% rate on a monthly basis.
- Average daily transactions of MFS is increasing at 12% rate on a monthly basis.



MFS at a Glance

No. of banks permitted : 26

Started MFS Operation : 18

Registered Customers : 66.24 Lac

Agents : 99,582

Total Amount : BDT 42.06 billion

(as on June 2013)



On Going Initiatives....

National Payment Switch Bangladesh (NPSB) :

- Facilitating electronic payments originating from different delivery channels e.g. ATM, POS, Internet, Mobile, etc to ensure interoperability.
- 4 Commercial Banks are connected in NPSB with only ATM transactions are being performed since Dec.2012.
- MFS providers are scheduled to be under the NPSB umbrella within December 2014 and thereby enduring countrywide interoperability.



NPSB at a Glance

- At present 4 banks are participating for ATM transactions and another 14 banks are ready to join. Total transaction volume and value are is 80,000 (appx.) and BDT 27 million respectively per month with an increasing trend.



Private Sector Initiatives....

Presence of Payment Systems Service Operators/Providers :

- DBBL is having the largest ATM networks in Bangladesh and providing switching service to other commercial banks.
- ITCL (Q-Cash) providing switching service to 22 commercial banks for ATM and POS transactions.
- Omnibus another major ATM network in Bangladesh providing switching service to other commercial banks.
- El Dorado is provide inter-bank fund transfer service to other commercial banks.



On Going Initiatives....

e-Payment gateway:

- Concern government entities are working to connect to e-payment gateway to ensure easy and smooth online collection of govt. dues.



m-Commerce

- Three Telcos have got permission for m-Commerce related transactions.
- Approximately 700,000 utility (water, gas and electricity) bill payments are transacted using the m-commerce per month.
- Additionally, approximately 18,000 train tickets are sold per month .
- Inward foreign Remittance are disbursed by the banks using MFS.



e-Commerce

e-Commerce activities has been permitted for the banks from November 2, 2009.

- Online payment of utility bills from client's accounts to recipients accounts.
- Transfer of money from one account of a client to another account in the same bank.
- Payment/collection of money from/to buyers bank account to sellers bank account for buy/sale of products.
- Transaction via internet using credit card in local currency.



e-Commerce (cont.)

From March 11, 2011 following transactions has been given permission

- Not-over TK.500,000 can be transferred from one clients account to another clients account lying in the same bank using internet/online facilities subject to the fact that it will fully comply with Money Laundering Prevention Act and related circulars.



e-Commerce (cont.)

- In view of the growing role of the services provided by the Online Payment Gateway Service Providers (OPGSPs), it has been decided to allow the Authorized Dealers (ADs) to offer the facility of repatriation of remittances against small value service exports in non-physical form such as data entry/data process, off-shore IT service, business process outsourcing etc.
- Under this initiative, the exporters of the above services will be able to receive their overseas payments through the OPGSPs such as Paypal, Moneybookers, Best Payment Gateway and Virtual Pay online platforms.



On Going Initiatives....

Security for e-Payments:

- Ensuring security of Card transaction, E-commerce and M-commerce through EMV card and Two Factor authentication.
- Encourage banks to switch to EMV card from Magnetic stripes.
- Feasibility and viability of Two factor authentication is under consideration and assistance from SPC countries which are already introduced it.



On Going Initiatives....

Real Time Gross Settlement (RTGS):

- Establishment of RTGS within first quarter of 2016.
- Training has been planned to design and develop effective business model for RTGS system and also to build capacity on overall PS oversight issues.



On Going Initiatives....

Business Continuity Plan (BCP):

- Design a proper business continuity plan for BB to ensure smooth operation of all Payment Systems related components.
- Suggests and helps commercial banks to design their BCP and supervise its proper continuation.



On Going Initiatives....

Awareness building:

- Sensitization and creation of awareness through Financial Literacy Program.
- Advocate the banks to arrange regular seminars on PS related frauds and their prevention methodologies.
- Design poster, booklet, advertisement and post them in public places for greater public awareness.



Challenges of Payment Systems in Bangladesh

- Payment System Act not in Place
- Lack of proper Oversight & Governance
- Lack of integration in different systems and Business Continuity Process not in Place
- Absence of Knowledge sharing and dissemination among financial institutions and public.
- Fraudsters are always looking for loop holes of the systems.



Opportunities of Payment Systems in Bangladesh

- Both MFS and NPSB can serve banked & unbanked population at large
- Adaptation of new/modern technologies can boost economic growth of the country
- Enactment of law can make the financial systems robust and safe



Thank You