

Future Innovation in e-Commerce Payment

Type: Roundtable Discussion	Date: February 24, 2018	Venue: Windy Town
Chief Guest: Leela Rashid, General Manager, Payment System Department, Bangladesh Bank		Audience: 60-70
Keynote Speaker: Ashish Chakraborty, Chief Operative Officer, SSL Wireless	Moderator: Mostafizur Rahman Sohel Director BASIS Chairman, Bangladesh E-Commerce Alliance Convener, BASIS Soft Expo-2018	
Panelist: 1. Zia Ashraf, CEO, Chaldal.com 2. Ashikul Alam Khan, CEO, Priyoshop.com 3. Syeda Kamrun Ahmed, Co-Founder, Bagdoom, 4. Syed Mohammad Kamal, Country Head, Mastercard Bangladesh 5. S.M Mainuddin, Additional Managing Director, South East Bank 6. AKM Fahim Mashroor, CEO, Ajkerdeal.com		

Session Summary:

Currently, there are around 2500 e-commerce sites in Bangladesh. These e-commerce companies are getting around 20 thousand online orders on daily basis. Currently, the entire e-commerce market is of 1 thousand 700 crore taka. Country's mobile banking service providers are playing significant role in e-commerce transactions. 85% to 95% of country's total e-commerce transactions are done on the basis of cash on delivery. Total 19 payment channels are currently active in the country and among them mobile banking, card, online and other services are remarkable. Major part of 5% or 15% transactions which are done apart from cash on delivery system are usually accomplished through mobile phones, though the application of digital transaction system is required for digital business or e-commerce development.

But, digital transfer in e-commerce is below 5% of total transactions done across the country. People can easily purchase their desired stuffs easily from home. But, to pay their product costs, they are to depend on cash on delivery system. But, the cash on delivery system also consist of some different obstacles, though the banking sector gives hand to make online transactions. Different banks already introduced different services for online transactions through Mastercard and Visa Card. But, Bangladesh Bank provided a guideline to use RTGS in private banks for the simplification of online service. Due to not establishing inter relationship among the banks, this service can't get effective. The major barriers in

online transactions are lack of customers' trust, security and complications in providing technological services. If the service providers make proper solutions of providing inter-technological services, these will help effectively to gain customers' trust. Besides, Biometric Database or National ID database service can also be utilized to providing technological solutions. Government and private banking institutions need to contribute in this regard. Besides, Bangladesh Bank must play a vital role in policy issues. Then, digital transaction system will get popular.

Future Innovation in e-Commerce Payment-(e-Commerce)

February 24, 2018 (Saturday): A roundtable discussion on “**Future Innovation in e-Commerce Payment-(e-Commerce)**” was held in the four-day long ICT event “BASIS SoftExpo 2018” at Windy Town in Bangabandhu International Conference Centre (BICC), Dhaka on Saturday, February 24, 2018. Leela Rashid, General Manager, Payment System Department, Bangladesh Bank was present in the session as Chief Guest. Zia Ashraf, CEO, Chaldal.com, Ashikul Alam Khan, CEO, Priyoshop.com, Syeda Kamrun Ahmed, Co-Founder, Bagdoom, Syed Mohammad Kamal, Country Head, Mastercard Bangladesh, S.M Mainuddin, Additional Managing Director, South East Bank and AKM Fahim Mashroor, CEO, Ajker Deal.com were present in the roundtable discussion as panelists. The keynote speaker of the session was Ashish Chakraborty, COO, SSL Wireless.

The session was organized as a part of ‘BASIS SoftExpo 2018’. Mostafizur Rahman Sohel, Convener, BASIS SoftExpo 2018 & Director, BASIS was the moderator of the session.

In the keynote speech, **Ashish Chakraborty**, COO, SSL Wireless, basically focused on the usage of country's current payment channels, barriers and the solutions. He said- Total 19 payment channels are currently active in the country. General banking is now getting converted into electronic or online banking system and e-Wallet including QR coding technology-based service is also getting popular. Besides, card usage is available too. Despite the sufficient existing payment channels, 85% to 95% transactions of e-commerce business are done through cash on delivery system. On the other hand, 80% of the rest 15% or 5% transactions are done through mobile phones. It means that for digitalization, the amount of necessary digital transactions is below 2%. Among them, very few (0.14%) is done through cards and the rest in online. Crypto Currency has been introduced as new innovative technology. Currently, there are around 2500 e-commerce sites in Bangladesh where around 20000 transactions are done on daily basis. The entire e-commerce market is of around taka currently 1 thousand 700 crore.

Area of the market is rapidly expanding and for the development of this rapidly growing industrial sector, modernization or digital transformation of transaction system is essential. But, popularity of digital transaction is not increasing in our country and card services can't get success in gaining customers' trust. Besides, the customers don't have appropriate information regarding the facilities of using cards or online transaction system. On the contrary, most of the card usages are for withdrawing cash from ATM booths. Around 11000 crore taka are usually withdrawn through cards, though transactions through cards are not as per expectation. Digital transaction is of 400 crore taka annually. Growth rate of mobile financing service introduced in 2011 already exceeded general banking and its growth rate is 20 times more per annum.

Zia Ashraf, CEO, Chaldal.com, said- Among the current transactions in our country, 70% are done through cash on delivery system, and 30% are through online or digital and credit card system. Major problem in cash on delivery system is the security issue. This is because we are to depend on delivery officials. Sometimes the delivery officials get cheated by the customers in diverse ways or sometimes they themselves try to keep some of the total payment for their own purpose. From the business perspectives, it is not secured for us. Besides, this cash on delivery system is not globally accepted for the infrastructural development of e-commerce.

Ashikul Alam Khan, CEO, Priyoshop.com, said- People are purchasing in online because this is very simple and reasonable for them. 80% of our total transactions are made through cash on delivery system. In case of card usage enhancement, growth of digital payment system will get higher. In that case, aiming to encourage the customers to use cards, different incentives can be offered. Basically, new customers won't be interested in card usage. Sometimes the e-commerce companies announce for incentives by doing that job themselves and the cost is borne by e-commerce businessmen. They must play an important role in this regard. Above all, different awareness programs should be organized more and more.

Syeda Kamrun Ahmed, Co-founder, Bagdoom, said- Basically, university students or those who recently commenced their job career are more interested in adopting and using latest technologies. It's a fact that how many of the card users are active. Another issue is publicity and promotion to make the service popular. A huge amount of money has been spent to make mobile financial service popular. But, in case of e-commerce sector it is not so yet. So, the huge promotion that is needed to reach the general people is not done yet. It can be done through banking or e-commerce services. If some of the banks contribute in encouraging general people to digital transactions, then it may play a significant role in this regard. On the other hand, the non-resident Bangladeshis prefer online system to purchase anything. But, due to the transaction complications, they are being discouraged prefer sending cash. This is a huge opportunity which we can utilize. Possibility to get cheated in mobile banking or bKash system is higher than in card usage. Authentication with 2 layers introduced recently has emphasized more on online payment security issue. But, we must be aware of customer services in this regard. We all should make the customers aware and encourage them in digital transactions.

Syed Kamal, Country Head, Mastercard Bangladesh, said- Gradually, we are getting active in the virtual world where usage of 16 digits will remain in online transactions, though plastic is not required in the plastic currency for virtual transaction. Currently, acceptance of e-Wallet has been enhanced in online transaction. In this regard, 2 Layer Authentication is a problem. Ensuring security is really a vital issue. But, receiving payments in single short is convenient as it is seen in online which means that if e-Wallet had the capacity to store detailed information of the card, then its usage would have been simple, and usage of cards would have been enough as well. It is not possible in 2 layers. We would like to go to the regulator for this purpose and will discuss to get a solution in this regard. Besides, Biometric application will cause the enhancement of popularity and it will be helpful to gain customers' trust. Only 10 billion credit cards exist against 40 billion bank accounts in the country and this is one of the major causes that usage of cards is not getting enhanced. Private banks in our country are providing this card service against all the bank accounts. But, the government banks don't do so.

On the other hand, the procedure to get cards opening accounts in private banks is little bit lengthy. In that case, prepaid card system can be introduced through online transaction or e-commerce. Its KYC is not so complicated. Customers can easily shop in online with prepaid cards in exchange of paying cash and this usage will help to increase online transactions. Even, it is accepted in different countries across

the world. In case of converting cash on delivery system into card on delivery, QR may be effective. In this regard, we get encouraged to use latest technology by our regulator means Bangladesh Bank that indicates a positive sign.

S. M Mainuddin, Additional Managing Director, South East Bank Limited, Said- Our responsibility is to support any business activities including e-commerce. Number of cards in our country is poor. That's because the procedure to get cards including filling up the KYC form is little bit lengthy. It is possible to do the job in mobile banking system. So, its usage has been increased remarkably. If any e-commerce site intends to work with us, we usually try to support our level best. Even the prepaid card system has also been introduced in our bank. Currently, many banks have introduced this card service against the bank accounts. So, to increase the number of credit cards, we need to have more bank accounts to be created. On the other hand, if the number of users for online transactions is increased, it would be possible to provide service through agents like mobile banking system and incentives can't always be provided. It can be provided for different purposes in various times.

Fahim Mashroor, CEO, Ajerdeal.com, said- We are encouraging our clients in online transactions. Private banks need to contribute in this regard. This is because people are going for mobile transactions alternatively. Therefore, the market of banking sector is getting under the control of mobile banking. In that case, the database of our national ID cards can be utilized for the simplification of online transactions. The more transactions get simple, the more customers get encouraged. Besides, if the banks get interested in card incentive in e-commerce, then it would be more effective.

As chief guest, **Leela Rashid**, General Manager, Payment System Department, Bangladesh Bank, said- All the issues discussed over here are not something huge. We want to help you. This is because to support you means to support the country. Most of the card users are about 18 to 30 years of age who don't have enough money. On the other hand, those who have money are about our ages (40-80). But, these people can't rely on card usage in case of online or e-commerce shopping. It refers a hesitation in getting used to latest technology. It is natural. You talked about authentication with 2 layers. In case of e-Wallet usage, we have introduced this service for the convenience of the customers, not for creating any obstacles. If you do have any alternative to this, please bring it to us. We will think of it and we may offer a discount up to a certain limit. But, all the small transactions together make a huge amount where it is concerned to customers' trust. Biometric is undoubtedly an amazing solution and we are ready to use it. This is because it is the most secured system. But, to use it, we need the central database where we can't get the access. But, considering the customer services, the banking institutions have to get interested in using it. We have given approval for the QR Code Technology Service. In short, we want to use latest technologies. But, banking sector's participation is essential in this regard. We have provided a guideline regarding RTGS usage in the private banks including online banking system. But, this service can't be executed as the inter-relationship among the banks is not established yet. We have been able to connect only 6 banks to this technology. Among them in 3 banks, there is no transaction yet. The banks may encourage the customers in regard of availing the new services. We are trying to encourage the banks differently in digital transfer services. In this regard, participation of government banks is necessary too. That's because they can easily take the service to the rural area. But, governmental investments are required for this purpose. We, even, discussed with the government in this regard and the government too is trying. Regarding Crypto Currency, I would like to say that no central bank in the globe didn't approve this currency yet. Some practical complications exist over here. If these complications are reduced with the flow of time, we will also consider the issue.

BASIS Director and Chairman of Bangladesh E-commerce Alliance, **Mostafizur Rahaman Sohel** said the major challenge in digital transaction is lack of people's trust, technical complications and overall awareness. To remove these complications, banking sector's contribution is very much essential. Apart from this, e-commerce companies also need to work for customers' awareness. We also need to possess a mentality to use alternative technologies to perform the roles of service providers or regulators. If the biometric system is connected to banking system, then it can be quite effective. Bangladesh bank has already introduced 2 Layer Authentication which is considered a huge breakthrough. But, the banks lack of inter coordination system among themselves which needs an immediate solution. Besides, the existing gap between mobile banking and general banking channels should be removed. If Bangladesh Bank compels all the banks for digital transactions or fixes a certain part of their total transactions, then it will play a significant role to increase digital transactions. Apart from this, Net Neutrality is also required for e-commerce development. If it is ensured, then the existing unequal competition in the market can be controlled. Otherwise, this market will turn into a monopoly and e-commerce will get ruined.

So, aiming to protect and develop the e-commerce sector, enhancement of the popularity of digital transaction is essential. Similarly, we must make our jobs more reliable and simple through the application of new and latest technologies. Besides, we also need to possess such mentality to take preparations to apply future technologies.

Recommendation:

1. RTGS usage must be ensured in the private banks.
2. All the banking institutions should come forward to establish inter-relation among the banks.
3. Need more publicity and promotion to gain customers' trust.
4. Enhancing the card-usage, incentive can be provided and to bear the expenses, contribution of the banks including e-commerce sector is required.
5. Need to open more bank accounts to increase the number of cards.
6. We must implement prepaid card service.
7. Governments need to invest to digitalize the government banks.
8. Providing solutions for 2 Layer Authentication problems, flexibility should be introduced in the rules of transactions up to a certain amount.
9. Online transaction will get simpler if the database of national ID cards is used.
10. Biometric usage in secured and authentic transaction may be considered supporting to play a significant role.
11. Existing gap between mobile banking and general banking should be removed.
12. To encourage the customers in online transaction and make the latest technological service users aware, contribution of both banking and e-commerce service providers is essential.
13. All the banks need to be more active in providing customer service in electronic transactions.

