



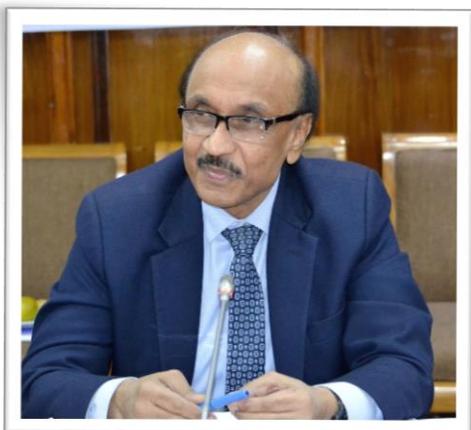
DFS Regulatory Framework Assessment Report Launching Ceremony

05 DECEMBER 2017

DHAKA, BANGLADESH

The United Nations Capital Development Fund (UNCDF) hosted **DFS Regulatory Framework Assessment Report** Launching Ceremony on 5 December 2017 at the conference room of the Bangladesh Bank, Dhaka Bangladesh. The objective of the ceremony was to officially hand over the Digital Financial Services Framework Assessment Report to the Governor of Bangladesh Bank. The panel at this ceremony featured the honorable Governor

Mr. S. M. Moniruzzaman and Executive Directors Mr. Ashok Kumar Dey and Mr. Md. Shafiqul Islam. Other key participants in the ceremony were General Managers and representatives of DFS related departments in Bangladesh Bank. Mr. Md. Ashraful Alam, Country Project Coordinator of SHIFT in Bangladesh, UNCDF led the UNCDF team.



of Bangladesh Bank Mr. Fazle Kabir, Deputy Governors Mr. Abu Hena Mohd. Razee Hassan, Mr. Shitangshu Kumar Sur Chowdhury and

The study findings and recommendations were presented by Mr. Md. Ashraful Alam. SHIFT in Bangladesh project undertook 'DFS Regulatory Framework Assessment' in consultation with Bangladesh Bank to have a 360° scan of the DFS regulatory ecosystem in Bangladesh looking at regulations, macro-platforms, supply side capability, willingness and challenges, demand side readiness, knowledge and long-term vision around DFS. This is the first of its kind regulatory assessment study since the Bangladesh Bank introduced digital financial services regulation in 2011 in the country. Mr. Alam acknowledged the

all-out support of Bangladesh Bank to the research team as well as to the UNCDF in implementing the programme as implementing partner. He also thanked honorable Governor and Deputy Governors for joining the



launching ceremony being in very busy schedules.



Mr. Alam in his presentation provided a brief background of the SHIFT in Bangladesh project. The background of this project is to utilize the UNCDF's proven, pragmatic approaches to



facilitate research and data generation, capacity building, policy advocacy and innovation.

For the DFS Regulatory Assessment Study, the research team led by a reputed DFS research and consultancy firm MicroSave, conducted Key Informant Interview (KII) of public and private sector stakeholders including all relevant departments of Bangladesh Bank.

UNCDF also organised a validation workshop in April 2017 with the concerned departments of Bangladesh Bank to share the preliminary findings, obtained formal feedback from the participants and departments. Based on research findings and feedback from validation workshop a Pitch Book Report and a Policy Brief was developed.

Open floor discussion covered a range of issues, Mr. Muhammad Badiuzzaman Dider, Deputy General Manager, Payment Systems Department highlighted the absence of regulatory framework for introducing regulatory sandbox in the country. He also shared his view that Bangladesh's current innovation context, particularly in the payment industry space does not call for separate regulatory sand box regulations/guidelines. Mr. Ashrafal Alam explained that "Regulatory Sandbox" regulations are in existence in

many developed and developing countries including UK, Singapore, Indonesia and Malaysia among others. Bangladesh Bank can explore global best practices and consider next steps in this regard. The study recommendations intend to assist Bangladesh Bank for bringing positive changes in the DFS regulatory ecosystem so that usage and uptake of DFS accounts are enhanced. Within



the country context and present developments, Bangladesh Bank can further tailor or reassess the prioritization of recommendations for implementation. He also informed the panel that UNCDF's SHIFT in Bangladesh project is ready to support Bangladesh Bank's further initiatives in

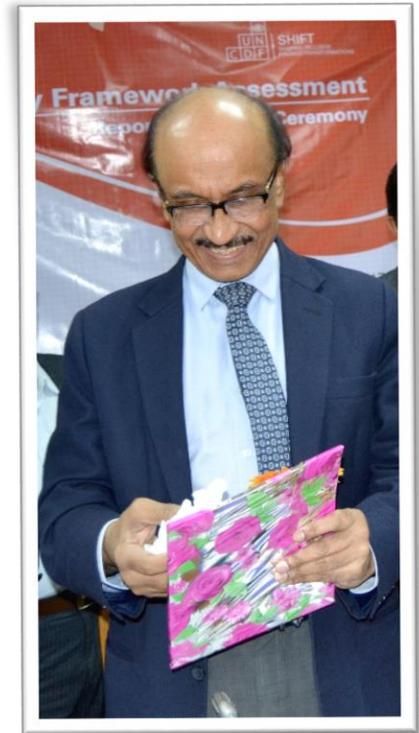


implementing these recommendations.

Mr. Alam suggested that Bangladesh Bank can undertake a study on the relevance and importance of 'Regulatory Sandbox' implementation by visiting countries where the sandboxes have been successfully implemented, then a sandbox framework may be developed and validated through stakeholder engagement and finally can decide on the implementation of the Regulatory Sandbox Framework if required. Similar approach can be taken in case of other recommendations as well. Mr. S.K Sur Chowdhury added to the dialogue that the concept of regulatory sandbox can be tested through a pilot program first and if successful, it can be made effective.

The honorable Governor Mr. Fazle Kabir highlighted that Bangladesh is one of the 'early movers in promoting digital financial services' but still has a long way to go. It is now recognized as a potential global market for digital transformation. Key enablers such as interoperability, e-KYC, comprehensive risk measurement and management strategies, and improvement of DFS investment climate are needed to be addressed to accelerate

the growth of DFS in Bangladesh. He emphasized on the importance of taking a balanced strategy of growth and expansion of accounts penetration and usage ensuring potential risks are addressed and minimized. Balancing these issues will enhance competition, ensure service innovations and maximize customer benefits. He further urged the concerned departments of Bangladesh Bank to take into account the recommendations on the DFS regulatory system based on the study findings prepared by UNCDF's SHIFT in Bangladesh project. Areas of capacity building for Bangladesh Bank exploring global best practices in DFS must be identified, examined and adopted where applicable, he recommended.



Bank on evolving issues like e- KYC, interoperability, product and service innovation, etc. I believe our consultations will

continue and together we will develop an ecosystem which will foster growth of DFS'.

Following the presentation and discussions on the study findings, the Digital Financial Services Framework Assessment Report and Policy brief documents were officially

launched by the honorable Governor and Deputy Governors of the Bangladesh Bank.



As closing remarks, Mr. Fazle Kabir, mentioned 'I expect UNCDF to continue its collaboration with Bangladesh