

Report on
**"Control of Fraud and Unauthorized Payments in the MFS Industry: An
Exploratory Study of bKash Limited"**

By
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Student ID: 19204035

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelors of Business Administration

BRAC Business School
BRAC University
Summer 2022

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Nusrat Hafiz
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BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Ma'am,

With due respect, it is my pleasure to submit my internship report entitled "Control of Fraud and Unauthorized Payments in the MFS Industry: An Exploratory Study of bKash Limited" under your supervision as a part of my graduation completion program.

Regarding this report, I would appreciate your thoughtful review and insightful comments. This study will provide insights into the function of compliance management service in lowering fraud and unauthorized payments after providing a brief summary of bKash's fraud and unauthorized payment control methods. I was able to gain a lot of actual experience in the MFS business during my tenure at bKash Limited, when before, I only had an academic understanding of it. Additionally, I want to thank you for your ongoing guidance and oversight throughout this BUS 400 course. Despite all the challenges encountered during this epidemic and all my flaws, I tried my hardest to produce this report by gathering pertinent and sensitive material from a variety of sources. I believe my efforts will be rewarded and this report may be considered sufficient.

Without your assistance, direction, and professional counsel, this report would not have been possible. All I can do is express my gratitude for this wonderful experience and your time and hard work. This report would not have been possible without your help, guidance, and expert advice. All I can do is thank you for your time, effort, and this fantastic experience.

Sincerely yours,
Nafisa Sadaf Benazir
19204035
BRAC Business School
BRAC University
Date: September 20, 2022

Non-Disclosure Agreement

This agreement is made and entered into by and between bKash and Nafisa Sadaf Benazir at BRAC University to prevent unauthorized disclosure of confidential information.

Acknowledgement

I owe a vast deal of people my gratitude for their support, wisdom, and work throughout my internship. Without their assistance, I could never have finished my report.

First of all, Ms. Nusrat Hafiz, who served as my internship program's instructor, deserves a great deal of praise, and I will never be able to express my gratitude to her sufficiently. Her kindness, cooperation, and the guidance she gave me are qualities for which I will always be grateful. Additionally, I am very appreciative of the advice and work that my field supervisor, Mr. Badrul Amin, Assistant Manager, External and Corporate Affairs of bKash Limited, provided. He consistently encouraged me to go outside my comfort zone so I could acquire important lessons from bKash while maintaining a very kind demeanor. Working with the Risk Monitoring and Control team (RMCT) was an exceptional experience. Additionally, I want to thank Mr. Saber Sharif Sir, the head of the AML&CFT, External and Corporate Affairs Division, who was always welcoming and kind to me throughout my internship and who was incredibly persistent and helpful from the start, setting up intern training all the way through the internship program.

A special thanks to the RMCT members, the entire bKash External and Corporate Affairs division, and my fellow co-interns who encouraged me to develop personally and explore my full potential in a professional setting.

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Executive Summary

Mobile Financial Service (MFS) has grown astronomically in our nation over the past ten years. However, the hazards linked with the MFS industry have become significant as well. The possibility of fraud and illegal payments has always existed wherever we talk about money and transactions. Since the beginning of the MFS industry, there have been instances of fraud. The legislation of our nation and the enforcement agencies or regulators view such financial crimes as serious offenses. bKash invests a lot of time and money into it because they take their customers' security and safety extremely seriously. In order to reduce all financial risks associated with the MFS industry, Bangladesh Financial Intelligence Unit (BFIU) and Bangladesh Bank have established a course of action with amendments. In order to reduce these risks, bKash employs a variety of strategies that entail cross-departmental cooperation between the customer service, external affairs, product, and technology departments as well as the regulators and law enforcement authorities. This research focuses on the effects of fraudulent and criminal activity on the MFS business and the function of "Compliance."

The goal of the research is to provide readers with an understanding of effective management practices at bKash limited and also a pathway to minimize risks. The research does this by looking at the real-life scenario of bKash limited, which is succeeding under the strict compliance to regulators. This case study will also open up the possibility for more investigation into the best ways to comply with national and international MFS regulations.

Chapter 1

Overview of Internship



1.1 Student Information

Name	Nafisa Sadaf Benazir
ID	19204035
Program	Bachelor of Business Administration
Major	Human Resource Management

1.2 Internship Information

Period, Company Name, Division, Department and Address:

Period	14th June, 2022 - 13th October, 2022
Company Name	bKash Limited
Division	External and Corporate Affairs (ECAD)
Department	AML&CFT
Address	SKS Tower, level 5, VIP Road, Mohakhali, Dhaka

Internship Company's Supervisor Information:

Name	Badrul Amin
Position	Assistant Manager

Job Scope:

I pursued my internship at bKash Limited as I was nearing the end of my undergraduate program. bKash is currently the country's leading MFS provider, accounting for roughly 80% of the market. During my internship, I worked in the AML&CFT Department of the External and Corporate Affairs Division (ECAD). Assistant Manager, Badrul Amin oversees the Risk Monitoring and Control Team (RMCT).. The Risk Monitoring and Control Team is responsible for assessing risks relating to money laundering

and financing of terrorism using bKash services. RMCT covers immediate risk mitigation investigations, negative media screening, Know Your Customer (KYC) quality checks, 24/7 intelligent screening systems, identification of scammers/fraudsters and financial criminals, transaction monitoring and analysis and much more. As an intern, my responsibilities were distinctive and motivated me to know more about the company. My primary role was to identify new App/Websites/Betting apps/Fraud users on the internet, who are using bKash to fulfill their ulterior motives. I was able to do this by performing daily negative media screening of social media, YouTube, play store and websites. I have also actively provided Immediate Risk Mitigation (IRM) validation support for major investigations. Furthermore, I mainly fulfilled a daily target of Know Your Customer Quality Check (KYC QC) for entity and personal accounts, which is a significant part of AML&CFT department's functionalities. Besides that, my supervisor encouraged me to learn about database maintenance and upgradation for Digital Commerce Enterprise Merchant, NGO and NFI, provide support on transaction analysis for Disbursement Client Assessment Log and investigation and also gather knowledge about unique sender identification from Remittance Bulk Data. As an intern, I was responsible for assisting my supervisor and superiors with their daily tasks and responsibilities.

Furthermore, I was able to know about the activities of the entire External and Corporate Affairs division, make new connections, and gain a significant number of well-wishers. My time at bKash has been a truly memorable journey filled with priceless experiences, learnings, and vast opportunities for growth. Furthermore, the welcoming environment and consistent motivation from my superiors have assisted me in embracing bKash's values and culture. By successfully completing the objectives of my internship at bKash Limited, I was able to experience the corporate environment that I am about to embark upon in the near future.

1.3 Internship Outcomes

1.3.1 My Contribution to the Company

- **Know Your Customer Quality Check (KYC QC):** One of my primary functions was to conduct regular KYC QC. This refers to going through personal and business KYC forms that have been submitted by subscribers before opening their bKash account to find out whether they have provided all required information and documents properly. I had to check and match NID/Passport numbers, their date of birth, their present and permanent addresses, their shop name and registered addresses, their transaction limits and also weather documents like trade license, TIN numbers, VAT registration numbers were provided. I also had to assign risk ratings based on the geographical area of the agent or merchant, their nature of business, their transaction amount per month and their photo ID provided. All of this would add up to a final decision of either accepting or rejecting the KYC based on their quality. Sometimes, invalid KYCs would require to be labeled as "QC not possible" for various reasons including missing documents, missing mandatory fields on the forms etc.
- **Negative Media Screening:** Another one of my primary tasks was to conduct negative media screenings to find out who, where and how users are misusing the services of bKash. I was able to find such instances through screening Facebook posts, google links of websites, YouTube videos and suspicious websites that mentioned the use of bKash agent or personal accounts to collect payments or make unauthorized payments. Such unauthorized payments could be collecting gambling or betting payments, informal remittance and also scamming customers to send them money to their accounts by committing frauds. Not only this, personal accounts may also be used to collect business payments which can also be found out through negative media screening. Subscribers may also use bkash to exchange USD and/or cryptocurrency illegally through websites or Facebook groups and pages, which can also be identified through negative media screening. Some people are also making in-game purchases using bKash accounts to transfer money to those who will then send them gift cards or voucher numbers to avail currency in game like - PUBG mobile, Garena Free Fire etc. and technically abusing the name and logo of bKash. Hence, these activities are attempted to be controlled by conducting negative media screenings and then maintaining a database of identified users/apps/sites so that they can be further monitored, blocked and/or forwarded to Law Enforcing Agencies (LEA) and Bangladesh Financial Intelligence Unit (BFIU) if required to take serious actions against them.
- **Immediate Risk Mitigation (IRM) validation:** I was assigned a set of IRMs to be validated monthly which helped my team carry out further investigations against alleged agents, merchants or clients. IRMs are raised when the Field Compliance Assessment Team (FCAT) finds

non-compliance from agents or merchants. Instances of such non compliance could be - unauthorized possession of bKash registered sim, not operating the registered sim at registered location, collecting/disbursing informal remittance, collecting/disbursing gambling/betting payments, making drug related transactions, using fake trade license, using merchant account for cash out purpose etc. The reports submitted by the FCAT through AML360 portal are further validated to decide whether or not the case will be investigated. The FCA officers provide thorough feedback along with photo, audio and video evidence of their claims, which are then validated to be sent for further investigations.

1.3.2 Benefits to the Student

As a recent business graduate, bKash Limited has provided me the chance to develop professionally before beginning my corporate career. I was able to get some technical and functional business knowledge in addition to developing my soft skills.

- **Significance of Compliance:** During our undergraduate education, we gained knowledge of five essential business disciplines: finance, accounting, marketing, supply chain, and management of human resources. Our theoretical knowledge of compliance and how it operates in the corporate world is hardly adequate. I was able to examine the intricate components of compliance and regulation in the company. Since bKash is a reporting organization and the top most compliant organization of Bangladesh, my knowledge about regulatory compliance has widened my perspectives beyond what I could have learned from a human resource management degree.
- **Interpersonal Skills:** I was able to connect with people at bKash. Because of the cooperative and welcoming environment, individuals both inside and outside the Risk Monitoring and Control team. Furthermore, frequent communication with my superiors was required to ensure efficient performance of my functions, as teamwork is a top priority here. This positive environment assisted me in brushing up on and improving my interpersonal skills, as well as correctly interpreting instructions.
- **Investigation Skills:** Through performing regular negative media screening, my investigation and analytical skills have elevated. In order to track down bkash account numbers used to commit financial crimes, a high amount of concentration is required. Not only that, knowing which keywords to search up and which links to click to get exactly where I want to be is also a key skill to have when it comes to efficient analysis and investigation, which I was able to capture from my time spent here.

- **Technical Skills:** Owing to the nature of my assigned duties, I needed to improve my productivity in MS Excel. I was also instructed on the best practices for sending emails in corporate settings, which has improved both my technical and communication skills.
- **Corporate Culture:** I was able to prepare myself for a corporate career by being a part of a healthy and solid corporate culture through the bNext internship program. A fundamental understanding of the environment, responsibilities, and mannerisms have improved my future job prospects, as bKash is regarded as one of the most employee-friendly places to work and has also been recognized as the number one employer of choice in Bangladesh by Nielsen Campus Track Survey, 2013.
- **Boosting Confidence:** I had to work on the dashboards created by various team members before passing it on to others responsible for the work. As a result, there were co-dependencies, which required me to maintain constant networking with others. It was great to know that I could contact our Head of Department, or anyone else in the department, at any time to discuss my questions or problems. Knowing how valuable I was even as an intern at bKash, as well as the important roles I had to play, boosted my confidence and organizational skills.
- **Time Management and Organizing Skills:** All tasks assigned to me came with a strict deadline and demanded high levels of organization capabilities in order to fulfill them with efficiency. Furthermore, the culture at AML&CFT department is that no one works after 6 pm. Right after the clock hit 6, all my superiors would be seen heading home after a good day of work to focus on their personal lives. This was an effective measure by AML&CFT department so that everyone's targets are efficiently met within 6 pm. They do not believe in overworking their employees and this was a huge learning for me that I will carry on forward with me as a core value I ingrained within myself.
- **Professional Training and Grooming:** Regardless of being interns, we received a number of valuable training sessions from bKash HR. First of all, we had an all day training session highlighting the do's and don'ts for a corporate setting, learned about all functional departments of bKash and their functions and also learned about corporate etiquettes. We also received training on Excel to learn the fundamental functions being used by bKash. Our training schedule also included 2 presentations on assigned topics, which we had to present in front of our superiors and head of department to boost our confidence and learn how to make minimal but effective slides which are fit for the corporate settings. We also had the pleasure of attending seminars and training sessions which were previously only given to permanent employees so that we could get the full experience of being a part of bKash's AML&CFT department. Furthermore, all my

superiors were always more than glad to advise us about all matters we may want to discuss regarding professional life, career choices etc.

1.3.3 Issues that Arose During the Internship

Positive influences and a great regard for everyone's comfort and safety permeate the work atmosphere at bKash. It was a simple and effective process for me to carry out my tasks and responsibilities as an intern. But I faced a few minor difficulties during my internship -

- To do negative media screening, I had to visit a lot of websites in order to get information from public sources. I ran into problems because the internet connection on my bKash-provided laptop was restricted and limited. Again, I needed to access the ECAD shared drive to collect the KYCs that needed to be quality checked, as well as access investigation memos that I didn't have on my laptop. In that situation, I had to search and enter data from my supervisor's personal computer into my files, which was inconvenient and time consuming because I had to switch back and forth from my laptop to the personal computer.
- I ran into some technical difficulties while working on the laptop provided by bKash. The computer frequently slowed and hung due to a lack of an updated Windows framework. As I kept having to hurry to the IT support staff to get my laptop issue fixed, it had a detrimental influence on my work processes and productivity.

1.3.4 Recommendations

- Security is a must because we are dealing with the personal data of the general public. Only permanent workers have access to a special folder that contains all pertinent KYC and investigation note data. I used to discover missing data almost daily. In addition to momentarily stopping the job, this inconvenienced everyone and reduced productivity. If the interns had access to the RMCT shared drives and outlook messages, finding the necessary information would be considerably simpler for them.
- It is possible to explore including interns in team meetings. It is understandable that interns lack experience, so it may be meaningless to include them in team meetings where tactics are discussed. However, including students in such discussions may both motivate them and increase their understanding of the corporate world.
- Bkash has been functioning in Bangladesh for a long time, and we have observed numerous e-KYC in pdf format since the app's inception, which is quite clear and helps to boost job efficiency while doing quality inspections. The majority of consumers, however, write their KYC by hand, which is why many of them are difficult to read after so much time. This resulted in inefficiency because it took longer to zoom in and out as needed to clearly understand what was written so it could be documented. Therefore, the output per intern may be greatly enhanced if the complete customer database could be transformed to digital KYC format.
- A system which enables Optical Text Recognition may be considered so that KYC QC can be conducted more efficiently and in larger masses.

Chapter 2

Organization Part

2.1 Introduction

The top MFS supplier in the nation, bKash Limited, served as the foundation for this research. An overview of the company, its management style, and its numerous departments is what this portion of the report is supposed to do. Along with a thorough SWOT analysis of the organization, the part also contains an industry analysis based on Porter's Five Forces Model.

2.1.1 Objective

This portion of the report's main objective is to educate the reader on the values and business practices of bKash Limited, as well as to give a foundational knowledge of business operations and MFS providers.

Additionally, the following objectives must be accomplished:

- Find out what each of the organization's primary departments and divisions does.
- Determine the operating tactics and offerings of the business.
- Analyze financial performance as well as management and marketing strategies.
- Identify the sector, the competitive advantage, and the industry's strengths and limitations.
- Use Porter's Five Forces to analyze the sector. Model
- Give the marketing strategy and SWOT analysis for the firm.

2.1.2 Methodology

This exploratory study is supported by primary information from in-person interviews with bkash workers and secondary information from books, articles, reports, newspapers, magazines, journals, and websites of regulatory bodies.

2.1.3 Limitations

- bKash must uphold confidentiality while providing information on a public platform because it offers financial services. As a result, the majority of the study's content comes from secondary sources and data gathered via formal interviews with industry representatives.

- It was challenging for me to efficiently and correctly learn about each department and the overall bKash eco-system because I was an intern in a specific department. I did my best to incorporate all of the relevant data into the report in order to make it informative.
- The conducted interview was based on a population sample and might not have included the perspective of a larger audience.

2.2 Overview of the Company

2.2.1 The History of bKash Limited

A vast majority of mobile users can utilize bKash to make secure, convenient, and low-cost payments. Bangladeshis as a whole do not have many bank accounts. Money in Motion LLC, a US-based business, and BRAC Bank worked together to create bKash in 2010. On July 21, 2011, bKash's formal voyage began. As CEO of bKash Limited, Kamal Qadir is in charge. In the middle of the 2000s, Iqbal Qadir and his brother Kamal Qadir were the leading advocates for providing mobile banking services to the country. They engaged Sir Fazle Hasan Abed, KCMG, the owner of BRAC Bank, to act as an official partner and the launch platform for bKash. The Bill and Melinda Gates Foundation made an investment in the business one year after the IFC of the World Bank Group. The Alibaba Group subsidiary Ant Financial (AliPay), which made the largest foreign investment in bKash in 2018, Bangladesh Bank regulates bKash Limited, a BRAC Bank Limited subsidiary, which is an independent MFS firm and not a BRAC Bank Limited subsidiary. In order to guarantee that the general Bangladeshi population has access to a wider variety of formal financial sector products, bKash Limited maintains high standards for itself. Many people from all around the country relocate to Dhaka and other large cities in pursuit of work, leaving their families behind. The problem they have is determining how to deliver money to their family as quickly as feasible. BKash provided the right solution at the right time by solving consumer pain points and promoting the government's goal of financial inclusion in the nation. Less than 15% of Bangladeshis at the time had access to the banking system run by the government, while more than 68 percent had phones. The main reason bKash was developed was to serve Bangladesh's rural population with safe financial services.

2.2.2 Acheivements of bKash Limited

bKash has 55 million registered users 10 years after its launch, with more than half of its members having active accounts (Prothom Alo, 2021). It demonstrates that among the 14 active MFS providers, bKash holds an 80% market share in terms of transaction volume and is accountable for half of all MFS sector registrations. bKash is also the biggest MFS in Bangladesh, with around 300,000 agents dispersed across

the nation's urban and rural areas, as well as a developing commerce network of about 50,000 merchants and 300 distributors. The Daily Star just named bKash the "Best financial institution" in the 2021 business awards. To supply and expand its service, bKash is presently working with a GSM service provider in Bangladesh. Using a Grameenphone, Robi, Banglalink, or Teletalk number, users can sign up for a bKash account; their phone number acts as their account number. With bKash, more banks and money transfer businesses are collaborating. To offer receipts, payments, and other services to bKash distributors around the country, it has arrangements with 15 additional banks, including Sonali Bank, the largest state-owned commercial bank in Bangladesh. Additionally, bKash collaborated with Standard Chartered Bank to create Straight2Bank wallets in Bangladesh as well as MasterCard, Western Union, and other companies that offer international remittance services. According to Fortune Magazine's annual ranking, "Change the World in 2017," bKash was ranked 23rd among the top 50 companies that significantly impacted the world in 2017. In a consumer survey carried out by the Bangladesh Brand Forum in 2019 and 2020, bKash was chosen as the Best Brand of Bangladesh for the second consecutive year. For the fourth year in a row, bKash has won the title of best mobile financial services brand in Bangladesh in the MFS category (bKash Company Profile, 2020).

Under the direction of an innovative and vivacious team with a solid grasp of the industry and technology, bKash attracted a sizable number of prominent international equity investors. For a small service fee, customers may utilize bKash's straightforward, user-friendly technology, which is compatible with all mobile carriers. bKash's success can be ascribed to its huge distribution network, competent distributors, and aggressive marketing to rural people (Chen & Rasmussen, 2014).

2.2.3 Mission

Making financial services more accessible to Bangladeshi residents is bKash's main objective. Its specific objective is to provide trustworthy, useful, and affordable services to low-income individuals across the nation. By offering payment system solutions to various establishments and enterprises, it is also making a concerted effort to promote the usage of digital currency and establish a new standard for reducing the cost of financial services.

2.2.4 Vision

The purpose of bKash is to simplify and make life easier for its users while also offering financial inclusion to the unbanked people. Its mission is to make financial transactions simple and convenient for its consumers, wherever and at any time.

2.2.5 Products & Services

Simply by possessing a cell phone with a wireless network connection, bKash customers may access a range of financial services. After setting up a bKash account, users can access a variety of services including:

- Cash-in
- Cash-out
- Send money
- Make payment
- Add money
- Mobile recharge
- Buy tickets
- Pay bill
- Transfer money
- Avail insurance plans
- Remittance
- Donation/NGO payment
- Savings
- Loan
- Education fee
- NGO payment

Besides these, there are a number of vouchers and discounts applicable for bKash users at renowned shopping destinations, vacation spots, hotels and restaurants.

2.2.6 Corporate Divisions

One of the top local businesses, bKash, has a strong organizational structure that complies with international standards. It makes sure everything in its many business divisions is coordinated. Each department in a corporate division has its own set of responsibilities, and departments are further divided according to the difficulty of the work. The smooth organizational development of bKash, which is maintained by corporate divisions maintaining corporate offices in numerous locations concurrently, is evidence of the organization's excellent collaboration. The divisions of bKash are as follows:

- **Customer Service:** Customers who have inquiries or concerns can contact the Customer Service Team (CST). bKash's top concern is customer happiness. To guarantee that the clients' needs are

met, they operate around the clock. Customers may dial 16247 from their phone to obtain assistance with anything.

- **Commercial:** By monitoring the regions and territories covered by distributors around the nation, the commercial component of bKash connects the company to its distributors. It is bKash Limited's primary division, and it concentrates on finding untapped markets, researching uncharted operational terrain, and spotting chances for business expansion. Additionally, it includes peculiar occurrences and phenomena that are frequent throughout the nation.
- **Corporate Governance and Legal:** The Corporate Governance & Legal division, which follows predetermined norms and guidelines, is in charge of monitoring the firm's operations. Corporate law is in charge of creating and managing bKash, while corporate administration is in charge of changing the interface between the company's many partners.
- **External and Corporate Affairs:** One of the main divisions of bKash Limited is this one. It manages all issues relating to administration and contact with the outside world, including legal matters, initiatives to combat money laundering, administrative difficulties, and business issues, among others. This division was formed to adhere to the rules and policies of Bangladesh Bank, then the BFIU and LEAs, in order to organize and coordinate bKash interests with regulatory agencies, which was a critical role. In addition to tackling ML/TF concerns and fraud, ECAD prioritizes the Compliance Management Service to mitigate the operational, reputational, and financial risks associated with bKash. Administration, external affairs, AML&CFT, regulatory affairs, and public relations are all departments within ECAD.
- **Finance:** This division of bKash Limited is demanding because it is in charge of handling the financial activities of a supplier of mobile financial services like bKash. It manages all of the company's finances and accounting. Revenue tracking on a monthly and annual basis, including accounts due and receivable. Just a few examples include documenting financial transactions, reporting, and managing payrolls.
- **Internal Control:** The purpose of the internal control division of bKash is to safeguard the business and assist it in achieving its objectives. By assuring record accuracy, improving operational performance, and promoting adherence to laws, regulations, and policies, internal controls assist to lower risks and safeguard assets. Furthermore, it promotes accountability and fraud prevention while protecting the financial and accounting data of the bKash.
- **Human Resource:** In addition to managing salaries, benefits, and training initiatives, this department is in charge of recruiting, interviewing, and reviewing new hires. bKash Limited's departments and teams work together to establish a well-organized HRD structure. Organizational

development, employee relations, employer branding, talent acquisition, and other departments and teams are examples of these.

- **Product & Technology:** bKash provides solutions for mobile payments and transactions as a FinTech company. The business's split of products and technologies is therefore crucial. The networking team, engineers, hardware specialists, support team, and data scientists in the technology department are in charge of ensuring that the network and computer systems of the organization operate effectively. Contrarily, whether it is an app or a USD-based service, the bKash product team regularly analyzes and continuously improves its software-based technological solution.
- **Marketing:** A few of the duties of the marketing department include client relationship management, database administration, close branding, service marketing, order generating, digital advertising, and content production. User-friendly services, a reliable and secure solution, a variety of service scenarios and ecosystems, and a brand culture that emphasizes social responsibility are all factors that contributed to a well-known brand's quick development and success and were all made possible by the marketing team at bKash.

2.3 Management Practices

The only things responsible for bKash Limited's huge success in such a short time are the management team's high standards for ethics, talent, and abilities, among other things. bKash's management practices are broken down into the following sections:

2.3.1 Organizational Hierarchy

The daily operations of each organizational functional department are crucial to sustaining a well-structured organizational hierarchy. A global organizational and functional hierarchy standard has been established by bKash. Each division is divided into different sub divisions, each of which is in charge of achieving particular organizational objectives. The heads of the departments, who directly answer to the divisional head and are at the top of the divisional hierarchy, are in charge of the departments. A large number of officials labor and submit reports simultaneously under the guidance of the department head.

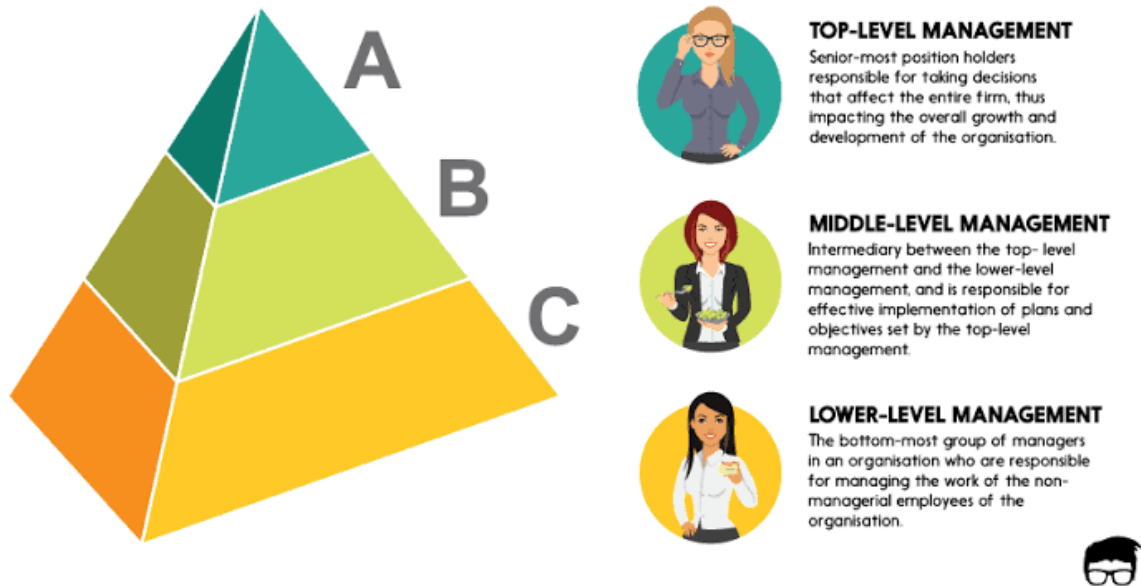


Figure: Organizational hierarchy (Feedough.com, 2020)

2.3.2 Core Focus of the Management Team

The current goals of the board of directors and management team were discussed in an interview with Sheikh Md. Monirul Islam, bKash's CECAO and CAMLCO Major General (retired). Each investor is represented on bKash's board of directors. The board of directors meets every three months to discuss recent and historical performance as well as upcoming projects. Kamal Quadir, the founder and CEO of bKash, reminds all staff members that none of the investors are looking to turn a quick profit. Knowing that the investors place a high value on the services offered by bKash, assuring a long-term beneficial influence on society, is undoubtedly a good thing. The management team at bKash was successful because they made the right sorts of investments, chose the best candidates who matched the company's specific human resource demands, and imitated the business tactics of reliable investors.

2.3.3 HR Planning Structure of bKash

- **Hiring Process:** The HR department manages the hiring and training of new employees with efficiency and expertise. Finding quality personnel is the largest challenge facing any HR department. Candidates must go through a number of procedures in order to apply for a position with bKash. For businesses, lowering employee turnover is the number two challenge.
- **Compensation System:** The bKash compensation plan is really alluring. Every employee can operate efficiently at bKash thanks to the working environment and corporate culture. Every

employee aspires to advance in their careers, which is wholly contingent on ongoing skill and knowledge development.

- **Training and Development Initiatives:** The demand for advancement among employees may be met by engaging and educational training sessions. Through interactive training sessions that can unite a team, many misunderstandings and arguments between police and supervisors may be overcome. Employee Relation Programs (ERP) have been developed by the Human Resource Department (HRD) at bKash to help staff members maintain positive working relationships. To better prepare the interns for the upcoming corporate challenges, the bNext program has just received updated training. Management has also put in place a fantastic Performance Management System to look into the needs and concerns of the employees (PMS).
- **Employee Benefits:** Thanks to the top-notch remuneration and benefits package offered by bKash, the company is able to maintain its professionalism and find qualified personnel for the team. The salaries and other perks demonstrate that bKash has built a reputation as the finest employer in the industry. The bKash management offers the following pay benefits and salaries:
 - Employee advantages in the short term
 - Provisional Gratuity
 - Fund for Workers Profit Participation (WPPF)
 - Paid vacation days and holidays
 - Insurance coverage for the employees' families
 - Performance evaluation: Employees are made aware of their shortcomings and potential areas for progress through this evaluation, which is conducted in accordance with the quarterly assessment policy.

2.4 Marketing Trends

2.4.1 Marketing Strategies

The marketing techniques used by the organization to build lucrative connections with customers and channel partners and create customer value are known as business ideas. In order to attract as many customers as possible, BKash advertises its services as efficiently as they can and works hard to assist every family. Keeping up with interactions with the general public, branding directly, product and service marketing, lead and demand generation, social media and digital promotion, content production, monitoring customer relationships, database management, etc. are just a few of the responsibilities of the marketing department.

2.4.2 The 4P's of Marketing

- **Product:** The primary service offered by bKash is through: USSD, Mobile App Financial Service
- **Price:** There is no cash-in fee with bKash. The only fee is for cash outs, which cost 0.9250 per 50 taka. When using the bKash App or USSD to send money to any number, there will be no fees up to 100 Tk. If your monthly transaction falls between 15,000 Tk and 25,000 Tk, you will be charged 5 Tk each transaction to send money to any number, excluding Priyo numbers. If the monthly transaction exceeds 25,000 Tk, there will be a 10 Tk cost for sending money to any number other than Priyo numbers. There are additional charges associated with paying utility bills.
- **Place:** There are more than 85,000 bKash operators accessible around the nation to provide support when necessary. For assistance from consumers with any inquiries or problems, they also provide a customer support number. Bkash has offices in Dhaka, Mymensingh, Sylhet, Chittagong, Khulna, and Bogra, among other places.
- **Promotion:** bKash frequently works with companies on marketing activities, especially around the holidays. The real-time cash back service gives customers a modest discount when they pay specific merchants using bKash and is compatible with Huawei's Mobile Money platform. To do this is one of the key objectives of bKash's marketing plan. By combining above- and below-the-line advertising strategies, BKash will achieve its marketing objectives. bKash offers a variety of above-the-line marketing options, including print advertisements, TV commercials, and broadcast. Below-the-line marketing strategies include advertisements on hoardings, during events, and through direct messaging. bKash takes into account these and other crucial elements when planning the promotional process, including USPs, message development while taking AIDA into account, coordinated offers or high-profile publicity, target advertiser information, weeding out the limited time option, taking budget restrictions and successful allotment into account, and more.

2.4.3 Marketing Channels

- Agents
- Distributors
- Merchants
- Mobile Network Operators (MNO)

2.4.4 Product Development Team

The primary goals of the product development team are to conduct a large number of surveys, thoroughly analyze the studies, and advance the value-added advantages of the goods. BKash can gain more knowledge about their position in the market, consumer behavior, dependability of their products, unrealized potential, and cost analysis of the services they offer by conducting these surveys. The product development team performs these research either offline or online. The group's leader expressly submits all of the reports to the division's showcasing executive.

2.3.5 Creative Team

Plans for the products and services, TVC scripts, blurbs, trim plans, selection of bulletin colors, and plans are all developed by the creative team. Additionally, they manage website material, create online content, and update the data structure of the website in order to display current data in the principal location. This division creates all of bKash's unique showcasing tactics.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

In order to assess a company's financial health, financial performance analysis entails a careful review of its financial data. In order to investigate the business's financial performance and ascertain why it has performed in the manner it has, as well as to help the firm make future financial decisions, the objective of this report is to extensively evaluate bKash Limited's financial statements. bKash creates the following statements each year:

- Statements of profit or loss and other total income
- Financial position statement
- Statement of Equity Changes
- Cash flow statement

2.5.2 Financial Statements

bKash Limited

Condensed interim statement of financial position (un-audited)

<i>In Taka</i>	31 March 2021	31 December 2020
Assets		
Property, plant and equipment	2,765,082,327	2,285,406,207
Intangible assets	1,263,228,676	1,286,812,184
Deferred tax assets	501,356,481	482,538,139
Non-current assets	4,529,667,484	4,054,756,530
Operational and other receivables	1,267,803,265	1,242,919,916
Advances, deposits and prepayments	628,122,598	527,414,110
Contract assets	1,015,179,983	939,833,410
Current tax assets	360,972,767	331,727,767
Airtime balance	445,598,494	1,164,985,936
Trust cum settlement account and investments	47,908,850,976	47,728,470,067
Investment in fixed deposits	1,800,508,400	2,800,508,400
Cash and cash equivalents	3,023,001,198	2,565,167,230
Current assets	56,450,037,681	57,301,026,836
Total assets	60,979,705,165	61,355,783,366
Equity		
Ordinary shares	38,194,900	38,194,900
Share premium - ordinary shares	1,286,205,568	1,286,205,568
Ordinary share capital and premium	1,324,400,468	1,324,400,468
Preference shares	8,796,300	8,796,300
Share premium - preference shares	8,286,915,782	8,286,915,782
Preference share capital and premium	8,295,712,082	8,295,712,082
Capital Reserve	18,479,529	18,479,529
Share money deposit	505,162	505,162
Retained earnings	(610,325,055)	(369,428,518)
Total equity	9,028,772,186	9,269,668,723
Liabilities		
Other non-current liabilities	7,145,802	7,145,802
Lease liabilities	522,804,340	598,494,684
Non-current liabilities	529,950,142	605,640,486
Defined benefit plan - gratuity	320,936,477	299,192,243
Customer and other deposits	47,460,393,364	47,008,492,699
Operational and other payables	2,231,545,628	2,449,295,878
Lease liabilities	156,011,314	160,048,444
Accrued expenses	1,252,096,054	1,563,444,893
Current liabilities	51,420,982,837	51,480,474,157
Total liabilities	51,950,932,979	52,086,114,643
Total equity and liabilities	60,979,705,165	61,355,783,366

Figure: Statement of Financial Position (BRAC Bank, 2021)

bKash Limited

Condensed interim statement of profit or loss and other comprehensive income (un-audited)

<i>In Taka</i>	For the period ended	
	31 March 2021	31 March 2020
Gross revenue	7,627,382,043	6,484,744,011
VAT	(946,549,824)	(765,973,497)
Revenue	6,680,832,219	5,718,770,514
Cost of services	(4,977,009,022)	(4,377,625,609)
Gross profit	1,703,823,197	1,341,144,905
Operating and administrative expenses	(1,344,520,482)	(1,147,192,935)
Commercial expenses	(583,267,597)	(494,675,592)
Operating profit	(223,964,882)	(300,723,622)
Net finance income	28,973,299	175,815,955
Profit before contribution to WPPF	(194,991,583)	(124,907,667)
Contribution to WPPF	-	-
Profit before tax	(194,991,583)	(124,907,667)
Income tax (expense)/income	(45,904,954)	(49,586,804)
Total comprehensive income	(240,896,537)	(174,494,471)

Figure: Statement of Profit or Loss or Other Comprehensive Income (BRAC Bank, 2021)

bKash Limited Condensed interim statement of changes in equity (un-audited)

<i>In Taka</i>	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	For the period ended 31 March 2020		
						Share money deposit	Retained earnings	Total equity
Balance at 1 January 2020	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	444,536,081	10,083,633,322
Total comprehensive income	-	-	-	-	-	-	(174,494,471)	(174,494,471)
Loss for the period	-	-	-	-	-	-	(174,494,471)	(174,494,471)
Total	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	270,041,610	9,909,138,851

<i>In Taka</i>	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	For the period ended 31 March 2021		
						Share money deposit	Retained earnings	Total equity
Balance at 1 January 2021	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	(369,428,518)	9,269,668,723
Total comprehensive income	-	-	-	-	-	-	(240,896,537)	(240,896,537)
Loss for the period	-	-	-	-	-	-	(240,896,537)	(240,896,537)
Total	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	(610,325,055)	9,028,772,186

Figure: Statement of Equity Change (BRAC, 2021)

bKash Limited
Condensed interim statement of cash flows

<i>In Taka</i>	For the period ended	
	31 March 2021	31 March 2020
Cash flows from operating activities		
Cash receipt from customers	8,654,653,818	9,872,492,082
Cash paid to suppliers, employees and others	(7,644,059,109)	(6,312,461,378)
Cash generated from operating activities	1,010,594,709	3,560,030,704
Interest received from deposits	67,502,609	134,846,744
Taxes paid to government exchequer	(1,011,447,063)	(859,083,867)
Net cash flows from operating activities	66,650,255	2,835,793,581
Cash flows from investing activities		
Acquisition of property, plant and equipment	(263,302,813)	(169,029,886)
Acquisition of intangible assets	(50,290,271)	(225,721,936)
Encashment of/(investment in) fixed deposits	1,000,000,000	300,000,000
Net cash from investing activities	686,406,916	(94,751,822)
Cash flows from financing activities		
Lease liabilities	(114,842,294)	(45,310,825)
Net cash used in financing activities	(114,842,294)	(45,310,825)
Net increase in cash and cash equivalents	638,214,877	2,695,730,934
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	50,293,637,297	34,183,514,376
Cash and cash equivalents including trust cum settlement account and investments as at 31 March	50,931,852,174	36,879,245,310
Less: Trust cum settlement account and investments	47,908,850,976	35,907,555,046
Cash and cash equivalents as at 31 March	3,023,001,198	971,690,264

Figure: Cash Flow Statement (BRAC Bank, 2021)

2.5.3 Accounting Practices

The above depicted accounting principles were consistently used by the Company for the whole time period covered by these financial statements. For better presentation during the current year, some similar amounts in the statements of financial position, profit or loss, and other comprehensive income have been reclassified or represented.

2.5.3.1 Financial Earnings

Most financial revenue comes from interest on bank deposits. After subtracting finance expenses, financial revenue is provided on an accrual basis. Lease interest payments are included in the company's financing charges at their amortized cost.

2.5.3.2 *Income Tax*

Income tax costs consist of both past and future taxes. It is reported in profit or loss, with the exception of the extent to which it corresponds to items recognized immediately in equity or other comprehensive earnings.

- Current Tax
- Deferred Tax

2.5.3.4 *Depreciation*

Using depreciation, one may write off the cost of real estate, machinery, and equipment over the period of its estimated useful life for less than its anticipated residual values. It often manifests as profit or loss. Depreciation is billed for the addition of property, plant, and equipment starting in the month after the capitalization; it is billed in full for the month of disposal. The typical property, plant, and equipment projected useful life has remained at five years.

2.6 Operations Management and Information Systems Practices

The method bKash Limited operates is similar to the way a bank operates. However, the main differentiator in terms of core business is that bKash is only focused on providing FinTech-related digital financial services. Three components make up Kash's operation's nucleus:

- **Manual USSD-based Service:** By calling *247# from any SIM operator in Bangladesh, customers may quickly access manual USSD-based bKash functionalities.
- **App-based Service:** bKash app, which is accessible from the Google Play Store and allows users to easily download and access all of the service's advanced smart features. Through the bKash app, opening an account has also become simpler.
- **Customer Service:** Customers can get support around-the-clock by calling hotline number 16247. Customers can contact bKash's customer care service at any time to ask about any problem.

In addition, bKash Limited's information system practices include the following key elements:
follows:

- Maintaining constant communication between providers of SIM cards and financial institutions.
- Handling confirmation messages and client transaction information to ensure that the details of the transaction are captured.
- Taking care of and ensuring the security of sensitive consumer data. Here, e-KYC and KYC both incorporate customer database management.

- Maintaining software for customer relationship management and data management.
- Monitoring transaction statements for unique circumstances and reducing threats
- reducing fraud and financial threats by authenticating users.

2.7 Industry and Competitive Analysis

Although the firm now holds a dominant position in the Bangladeshi MFS industry, they are not without competition, and more and more reputable institutions are starting to provide MFS. Porter's Five Forces Model and a SWOT analysis have been supplied below to help you assess the company's industry and competitive environment.:

2.7.1 Porter's 5 Forces Model

2.7.1.2 Threat of New Entrants (Moderate)

Despite the fact that bKash dominates the market, there are a few other well-known MFS, including Nagad, Upay, and Rocket, as well as a few other concerns that might make it more challenging to enter the sector. New competitors might find it challenging to drastically cut their operational costs at once for clients who are already enjoying affordable services. On the other hand, there are currently 28 banks across the country that have the credentials and authorizations required to participate in the MFS market. The recent pandemic has caused an increase in the prevalence of cashless transactions. Therefore, in order to stay competitive, banks will surely look forward to joining the market using their current, traditional customer base. It is currently a bit challenging for new entrants to enter the MFS market.

2.7.1.3 Threat of Alternatives (Moderate)

The financial sector has been firmly taken over by top companies like bKash, who offer equivalent banking system services while saving customers a sizable amount of time and money overall. Traditional banking, however, is not moving in the opposite direction. It continues to be one of the most widely used and reliable methods, especially among urban residents. But MFS providers, especially bKash, are putting a lot of effort into getting consumers accustomed to using their payment service while transacting. It is also seeing significant growth in rivalry with bank-provided payment card solutions. As a result, the MFS industry's options are now fairly limited.

2.7.1.4 Bargaining Power of Buyers (Moderate)

MFS companies often cater to commercial and private clients. Corporate clients take use of the low cost and high efficiency of mobile banking services to carry out business-to-business transactions, pay staff wages, and do other tasks. Even today, paying with BKASH is growing more prevalent across a wide

range of online and offline platforms, including ride-sharing services, food delivery services, online payments, payments at chain stores, shopping payments, and so on. Additionally, clients in urban areas have a wide range of alternatives at their disposal, including a number of MFS providers as well as banks and ATMs dispersed across the city. On the other hand, consumers in rural regions have less luck. There aren't many MFS suppliers, and even fewer for banks. However, because bKash has some well-established competitors in the market, users have a strong switching power towards alternative MFS providers. The advantages and costs of utilizing bKash are greater than those of other rivals because of their agent coverage in rural regions, whereas Nagad, Rocket, and other businesses provide identical services at different transaction prices. As a result, buyers' bargaining power is limited.

2.7.1.5 Bargaining Power of Suppliers (High)

Major vendors to the MFS sector include mobile network providers and IT businesses. MFS companies cannot operate without the wireless networks provided by the operators. MNOs are formed by MFS sector companies collaborating with operators. Due to their alliances with these MNOs, MFS providers are able to serve a wide variety of consumers around the country. To effectively complete the MFS activities, however, specialized IT help and a well-organized IT infrastructure are needed. Therefore, specialized IT service providers are very powerful in the market. Generally speaking, the company offers its suppliers a great deal of negotiation power.

2.7.1.6 Competitive Rivalry (High)

There is no market monopoly because banks and other financial organizations can provide mobile financial services. The market for mobile financial services has enormous development potential, but this potential growth is reliant on cutting-edge technology. The same causes driving digitalization's growth will also drive the growth and several turning points of MFS product solutions. After bKash, Nagad (Bangladesh Post Office) and Rocket (Dutch Bangla Bank) are the most commonly utilized payment methods, with an increasing number of users and distributors. Another essential component for the MFS industry to become more competitive for providers is the vast quantity of untapped markets in the nation. MFS vendors will undoubtedly make an effort to promote that. The competition amongst the present companies is fierce, as can be seen from a careful analysis of the market.

2.7.2 SWOT Analysis

Strengths

- Most popular MFS supplier in the country.
- Possesses a nationwide network of distribution and is powered by cutting-edge technologies from Ant Financial and Huawei.
- A sizable number of investors support bKash.
- The business has a solid reputation.
- Possesses a department with a specific focus on this and the capacity to uphold the Central Bank's compliance and regulatory standards.
- A strong corporate culture and a lucrative business model have helped bKash win recognition on both national and international platforms.
- Because of investors like Alipay, IFC, and the Bill & Melinda Gates Foundation, customers are more inclined to trust bKash.
- Stakeholder connections with well-known organizations like Alipay have given bKash a significant technological competitive advantage.
- bKash has added a number of retailers, corporations, RMGS, and billers to its client list. This expands its base of support.

Weaknesses

- Both transaction costs and service fees are more expensive than those of some rivals.
- Daily transactions are not numerous.
- Customer complaints must be resolved in a timely manner.
- Because bKash must adhere to Bangladesh Bank's strict rules, it lacks some of the flexibility that new MFS players enjoy.

Opportunities

- The government's plan for a digital Bangladesh actively encourages more organizations supported by the government to employ MFS services, raising the chances for bKash as a result.
- As a result of the Covid scenario, an opportunity for bKash exists as more and more individuals convert to electronic payment methods.
- New pricing and marketing strategies are emerging as more players enter the market. This gives bKash a chance to innovate more and establish itself.
- Growing interest in MFS services from RMGs, corporations, non-profit organizations, and financial institutions opens up new opportunities and a larger base of potential clients.

- Cashless transactions are intriguing to people

Threats

- Rising business taxes and additional charges
- Due to increased competition in the market, several criminal activities, such as fraud, fake calls, hacking, and money laundering, regularly occur.
- The emergence of new competitors who offer better service.
- As more rivals enter the market, the number of participants that agents and distributors must serve increases, making it more challenging to appropriately reward them for their services.

2.8 Summary and Conclusion

Without a doubt, bKash Limited is the market leader in Bangladesh's FinTech and digital finance sectors, which has significantly benefited the populace and economy of the nation. In a profession that is always evolving, with technological advancements constantly providing new choices and increasing possibilities, there is still a lot that bKash can achieve. bKash has built a solid brand reputation since the company's beginnings. The marketing and creative teams at bKash are constantly searching for ways to enhance their customer acquisition tactics and brand positioning. Other divisions, such as Product & Technology, External Affairs, Finance, and Supply Chain, contribute to the company's success as well. For instance, Product & Technology consistently seeks out the finest product solutions, and Finance & Supply Chain partners with Bangladesh Bank to put laws & regulations into place and lessen risks. When compared to its rivals, bKash has the largest market-wide distribution and service network. The bKash agent network is especially useful for offering financial services and making sure they are accessible across the nation. Because bKash merchant payments allow users to pay using their bKash accounts, the number of traditional banking transaction services has expanded. Despite growing to be the biggest MFS platform, bKash has to use greater caution in order to prevent fraud and illegal activity. Scammers and other bad guys use this platform because it is practical and affordable. However, everyone is aware of bKash's potential, which will ultimately allow it to expand its operations abroad.

2.9 Recommendations

The operations and duties of bKash Limited are efficiently planned out and well-resourced. They use a high-quality approach, and customers of bKash are really benefiting from it. However, I'd want to provide some suggestions that could enhance the company's general operations from the perspective of an intern.

- **Optical Text Recognition (OTR) for Paper Based KYC documentation:** Since KYC QC is a primary function of the AML&CFT department, the documentation of lengthy information

becomes inconvenient when typing is the only available way at the moment. At present, all KYC have been transformed into digital KYC, but there is yet work to be done with previous KYC which were on paper. In this case, OTR could make it easy to document addresses and photo ID numbers by simply detecting the writing through OTR, copying them and pasting on files.

- **Introduction of Parking Wallet:** In order to decrease fraudulent transactions from going through, a parking wallet could be introduced. This parking wallet will act as the middle ground between the receiver and sender. When a sender will "send money" or "cash out", the sender will receive a confirmation message and so will the receiver; but the actual fund will be held in the parking wallet for about 5 mins. Within that time, if a fraud has taken place, the sender will be able to log in to their account and withdraw the fund transfer request, resulting in safer and more controlled transactions.
- **Common Room Facility:** bKash must provide some recreational facilities for its employees, such as a reading area, tea/coffee and snacks corner, table tennis/billiard board, chess, and other leisurely games and activities, due to the size of the organization and the positive energy it emits despite being a local business. It will increase collaboration between teams and workers, as well as production, performance, and the sense of community among employees.

Chapter 3

Project Part

3.1 Introduction

3.1.1 Background

It is critical to emphasize that, in today's modern world where online and social media are widely used, financial crimes with economic consequences also prevail predominantly. Currently, Bangladesh has taken a big step in the arena of Mobile Financial Services (MFS) by welcoming companies like bKash, Nagad, Upay, Rocket etc.; Who promises to make saving, spending, sending and receiving money as effortless and accessible as it can get. Money laundering can be attempted through online media due to the simplicity of use and wide accessibility. This can be done in order to hide the proceeds of underlying crimes (which could be informal remittance, gambling/betting, drug dealing, illegal payments, fraud/scam, or informal remittance), which may cause financial flows away from economically and socially productive uses. These detours may be detrimental to the stability of the financial system. This is where negative Media Screening comes into play. "Negative Media Screening" refers to investigating and tracking down individuals who are abusing the name and/or attributes of bKash to commit frauds or make unauthorized payments.

BKash Limited is the market leader in Bangladesh's mobile finance service sector, with over 24 million registered users and a 40% active ratio (at least one transaction per month) (Shadman Sakibul Kabir, 2021). bKash Limited has a dedicated team to carry out thorough investigations through which they can track down the account numbers and other related details of those that are committing financial crimes using bkash. This is an area of huge risk for bkash, as it is relatively easy to commit financial crimes while hiding behind a mobile or computer screen. Online media like YouTube, Facebook, Google Play Store and Websites have to be screened for negative usage daily in order to track potential threats to the company. When sincerely carried out, negative media screening can help prevent and mitigate the negative consequences of unlawful economic activity and establish standards of integrity and stability in financial markets along with upholding the company image. Even though fraud mitigation and putting a stop to unauthorized payments does not in any way produce revenue, bKash invests a lot of time and money into it because they take their customers' security and safety extremely seriously. BFIU has a plan

of action in place with modifications to eliminate all the risks involved, and bKash is completely complying with all regulations while seeking to halt the theft of money from common folks. (Shadman Sakibul Kabir, 2021). Referring to a study by Shemonti Shahrin (BRAC university, 2018), Everyday, many individuals fall prey to fraud, and scammers frequently utilize the bKash platform - which is a significant portion of my research objective. I am certain that my study will contribute to the body of knowledge aimed at the bkash Limited's AML&CFT department.

Previously, studies have been conducted on fraud risk management, transaction monitoring, prevention of Money Laundering (ML), Financing Terrorism (FT) and Compliance Process Monitoring of bKash Limited. But a gap exists when it comes to the study of controlling fraud and unauthorized payments at bKash. Hence, my research aims towards an exploratory study on fraud and unauthorized payment control, why it's done, and the measures to combat them at bKash Limited.

3.1.2 Problem statement

The purpose of this study is to identify the factors that contribute to mobile money fraud and illegal bKash payments, as well as preventative measures. Customers of bKash, the leading mobile financial services provider in the nation, frequently experience fraud, harassment, and financial loss at the hands of con artists who send masked SMSs (Moretaza, 2020). My study will address a large gap that exists in current studies being conducted on bKash's AML&CFT department and it will also set the ground for future researchers to carry out further qualitative and quantitative research on related areas; especially when it comes to a dynamic and fast paced industry like MFS in Bangladesh. Fraud and unauthorized payments can take the form of a huge identity crisis for bKash in future. A representative of the Counter Terrorism and Transnational Crime noted that over 20 different sorts of criminal activity, including online fraud, smuggling, abduction, and human trafficking, use mobile finance (Hasan, 2021). If such activities are not controlled, bKash may one day find themselves in a position where their reputation may be at stake due to uncontrolled fraud and unauthorized payment cases, which can further lead to them losing the faith of their current customer base. Not only this, potential clients might choose to make an account with bkash's competitors like Nagad, Upay or Rocket if fraudulent activity and unauthorized payments using bKash's services are on the rise and in clear sight of the public eye. This study aims to solve the mentioned problem through qualitative research based on interviews that will include valuable opinions from current employees (10-12 individuals) at the AML&CFT department of bKash Limited. Along with that, it will be required to review related research works as a source of secondary data. The resources required for this study will be - a stable internet connection, a mobile phone to record the interview sessions and a questionnaire for the candidates.

3.1.3 Research objective

- Identify causes of mobile money fraud and unauthorized payments in Bangladesh
- Identify measures to combat mobile money fraud and unauthorized payments in Bangladesh

1.4 Significance of the study

I believe that my study will be able to provide a much needed fulfillment to the ongoing research on the AML&CFT department of bKash Limited. The AML&CFT department of bKash is allocating resources to mitigating the risks of fraud and controlling unauthorized payments. My research will hopefully motivate more people to take up compliance as their career and also help them understand the efforts of a truly dynamic company like bKash. Most importantly, the reason for committing fraud and making unauthorized payments will be highlighted in this study, which will definitely help take this field of study to the next level.

3.2. Literature Review

3.2.1 General overview of the MFS Industry

With the use of mobile wireless networks and banking, mobile financial services (MFS) enables clients to conduct banking and other financial activities using their mobile phones. Through Unstructured Supplementary Service Data, Short Message Service, or certain smartphone apps, users may manage their accounts. Mobile financial services, which enable account holders to conduct transactions outside of bank premises, are often valued more by bank-approved agents than independent agents (Business Hunt, 2021). The conventional financial exchange system is being revolutionized by MFS, which has quickly achieved wide favor due to its low cost and safe medium of exchange. Since its start, a tech-savvy society, mobile connection, and internet entry have assisted the MFS sector's hopeful rise in Bangladesh (The Daily Star, 2022). In recent years, mobile phone users, mobile telecommunication networks, technological specialists, and academia have all grown more and more interested in the idea of mobile money (Narteh et al., 2017; Asongu and Asongu, 2018). Following the first two "Mobile Money Summits" in 2008 and 2009, it gained widespread attention as a payment system around the world (Suri and Jack, 2016; Maurer, 2015; Gosavi, 2017). It was suggested that the mobile money platform incorporate features including bill payment, salary payment, and local and international transfers; they have subsequently been added to the service (Jenkins, 2008).

3.2.2 Mobile money fraud

3.2.2.1 Types of mobile money fraud

- Subscriber's fraud
- Employee and agent's fraud

3.2.2.2 Mobile money fraud through bKash

One-third of all crimes in the country conducted online, according to the authorities, are tied to mobile banking, and these dishonest actions have escalated since the Covid-19 outbreak (Chowdhury, 2020).

These are the most frequent mobile money service fraud incidents that have been recorded in Bangladesh-

- *Anonymous phone calls and text messages:* Fraudsters phone mobile money users and demand money back from them after they have unintentionally placed it into their accounts. These are typically recognized as bogus claims after reviewing the mobile money account balances (Akomea-Frimpong et.al., 2020). Another instance of this can be found when hacked social media accounts pretend to be in trouble and ask for money from their friends and relatives. *Organized crime groups:* The CID claims that in the past, fraudsters have impersonated representatives of mobile banking to get people's account information. Cons who were detained after numerous police operations acknowledged that they had stolen money by copying SIM cards from account users. Recent cases have allegedly led to organized fraud gangs, where members are assigned certain responsibilities. Some gang members would obtain mobile banking accounts through agents, while others would phone the account holders pretending to be customer care agents, while others would clone the SIMs, and the remaining members would obtain the duped funds (Chowdhury, 2020).
- *Helpline number masking:* The RAB stated about organized crime groups during a press conference "To win people's trust, they would send some money to their cell accounts. Ten individuals would phone the clients and pretend to be customer support agents. When sending a PIN or code to the clients' phones, they would advise them to do so swiftly. They threatened to block the clients' mobile banking accounts if they didn't comply." (Chowdhury, 2020). The fraudsters phone their chosen targets using masked numbers (+016247) in a short period of time while posing as bKash call center agents and ask for the OTP (one time password) numbers they sent right before the call (The Financial Express, 2020)
- *False promotion:* As a result of being instructed to approve cash out transactions after winning a mobile money campaign, some mobile money customers are tricked into transferring money to scammers. False messages are sent to agents by fraudulent mobile money subscribers, either from

their own devices or as legitimate messages produced by computers; the recipients pay the money fraudsters but subsequently learn that the communications were false (Provencal, 2017).

- *Phony cash in-cash out SMS:* In order to obtain authorisation, fraudsters send merchants false cash in or cash out SMSs from unauthorized numbers as an attempt to fraud online sellers.
- *Unfaithful entities:* After apprehending nine members of a gang, detectives claimed that bKash hackers purchase one page of the cash-in register from their agents for Tk 300 in order to trap victims. The second stage operators are then given the list of victims, and they call their targets while posing as bKash agents and accusing them of receiving money that was not intended for them. (The Financial Express, 2020).
- *Misuse of bKash account:* Customers can provide someone else's sim number on KYC documents in order to gain access to wallets that they are not authorized to use. This could aid in money laundering, fraud, and unauthorized payments (Deloitte., 2015).

3.2.2.3 Unauthorized payments through bKash

- *Informal remittance:* bKash has formally been able to bring \$260M in remittance until now, which is truly admirable. Yet, there are people with ulterior motives that try to find ways to evade taxation on remittances and transfer the money to their relatives in Bangladesh in an unauthorized way. Some members of the "Hundi group" are staying in the country and outside the country and are accepting foreign currency from Bangladeshi wage earners and paying them locally in local currency of Bangladesh instead of sending it to Bangladesh through the formal banking system. bKash agents are sending money to the desired account numbers as per the message disregarding the rules. As a result, the country's remittances are decreasing because of not receiving direct money from abroad (Protidiner Sangbad, 2018). According to the CID, a gang has been illegally smuggling expatriates' earnings into the country for a long time to reduce the flow of remittances, which is an offense under the Money Laundering Act. The gang is illegally transacting money through hundi instead of banking services. In this case some development agents in the country are involved. He said the investigation has shown that electronic messages from Singapore, Malaysia or any country in the Middle East are informing Bangladesh that money should be sent to Chittagong, Pabna or Madaripur etc (Protidiner Sangbad, 2018).
- *Drug related transaction:* CID's investigation has revealed that not only remittance money is coming from abroad through hundi, but also yaba or drug trade transaction money is being sent and received using bKash. Recently, in the investigation of the case filed under the Money Laundering Act of Teknaf, CID learned that after selling yaba from Teknaf to different parts of

the country, the money from the sale was sent to Teknaf through mobile banking. From there, the money goes to Myanmar as well. Although several companies now offer mobile banking services in Bangladesh, most of the transactions in this sector are through bKash, because there are 1 lakh 80 thousand agents of bKash all over the country. All together there are more than 5 lakh agents (Protidiner Sangbad, 2018).

- *Online gambling/betting*: People in Bangladesh must make a deposit before they can begin betting on online sportsbooks. Many Bangladeshi betting sites offer the option to immediately and safely deposit funds using bKash. Many betting sites in Bangladesh accept withdrawals by bKash in addition to money deposits. Betting on football or cricket matches is one type of online betting or gambling. Numerous betting sites accepting bKash are doing so illegally, including Bet365, 1xBet, Betway, and Megapari. These websites enable instant deposits and instant bKash withdrawals of wins (Mega Casino World, n.d.).

3.2.3 Mechanisms to combat mobile money fraud by the key stakeholders

Any financial service, including MFS, is vulnerable to potential abuse for illicit purposes. Bangladesh Bank has identified several types of MFS abuse in the Bangladeshi market. In comparison to other financial services, these are unique in Nature. New fraud methods are also being developed by criminals, which complicates the work of authorities and law enforcement. This service has been seen being used by criminals to anonymously accept and transfer proceeds of crime (BFIU, 2018). This section looks at how important regulators helped Bangladesh's mobile financial services sector combat fraud:

- (1) *The World Bank*: The World Bank has underlined that while creating an AML/CFT regulatory framework for mobile money, national governments must take a number of factors into consideration. They advise nations to do risk analyses prior to creating AML/CFT guidelines for m-money activity. In addition to understanding the items that are and are anticipated to be sold, as well as potential future patterns and trends, the evaluation should aim to identify all role actors within the jurisdiction. The primary vulnerabilities unique to m-money should be identified, as well as their nature, kinds, and levels of risk from ML/TF, and they should be addressed. The public and commercial sectors should work together and communicate regularly to execute AML/CFT rules for m-money services. The World Bank also advises that a distinct division of duties between providers and agents be incorporated into the AML/CFT regulatory framework (BFIU,2018).
- (2) *Financial Action Task Force (FATF)*: FATF, the global standard-setter for AML/CFT regulations, makes specific recommendations to reduce both customer and agent risk. They make the following recommendations to address customer level risk:

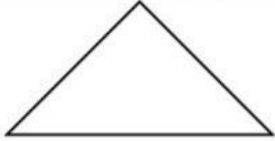
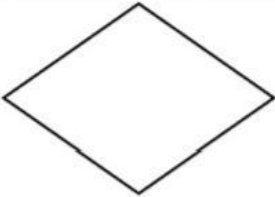
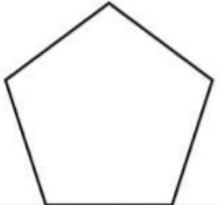
- In order to handle the ML/TF risks in MFS, countries must adopt a risk-based strategy. Depending on the level of risk, the frequency and volume of transactions in m-money services must be restricted (BFIU, 2018).
 - A "progressive" or "layered" KYC strategy, wherein modest transaction/payment/balance restrictions might lessen ML/TF vulnerabilities, should be considered by countries. The idea behind a point-based progressive KYC strategy is that the more KYC documentation a customer can produce, the more reliable they are (BFIU, 2018).
 - The FATF advises institutions to rigorously supervise their agents and control any possible ML risk by putting in place the necessary due diligence procedures when hiring agents (BFIU, 2018).
- (3) *Bangladesh Bank (Bangladesh Financial Intelligence Unit)*: In September 2011, Bangladesh Bank issued "Guideline on Mobile Financial Services for Banks" via DCMPS Circular 8, laying the groundwork for mobile financial services in Bangladesh. According to Article 7A(e), "to develop, regulate and provide a safe and efficient payment system, including the issuing of bank notes," is one of the key duties of the Bangladesh Bank." Under Paragraph 7.1 of the "Guideline on Mobile Financial Services for Banks," the Bangladesh Bank approves banks to provide MFS. Bangladesh Bank has proposed the passage of the National Payment System Act, which would govern the establishment and operation of a national payment system as well as the oversight of electronic payments (BFIU, 2018). Bangladesh Bank has created a separate unit to regulate money markets (Bangladesh Financial Intelligence Unit and Payment Systems Department). They are both responsible for crafting policies and regulations for the MFS industry.

3.2.4 Theoretical review

In this study, two theories are considered: one for the causes of mobile money fraud and the other for the control of mobile money fraud.

(1) *Fraud triangle, fraud diamond, and fraud pentagon (Causes of fraud)*: There is no specific theory dedicated to fraud on mobile money services, but the causes of fraud in their entirety were summarized in an axiom known as the fraud triangle developed from the work of Donald Cressey in 1986. (Cressey, 1986). The fraud triangle consists of three components: pressure or motive, opportunity, and rationalization. In his study, Cressey concluded that individuals commit fraud when three factors are present: a financial need that cannot be shared (motive), a perceived opportunity for illicit gain or improper access to a fund (opportunity), and a personal justification of the act to these illicit acts (rationalization). In Wolfe and Hermanson (2004) study, fraud triangle theory was expanded to fraud diamond theory by adding another variable known as "capabilities" to the fraud triangle. Many fraudulent

transactions, according to Wolfe and Hermanson (2004) and Kassem and Higson (2012), would not have occurred if the right person with the right capabilities had used the variables in the fraud triangle. A study conducted by Marks (2009) expanded on these fraud theories by constructing the Crowe Horwath's Fraud Pentagon with "arrogance" as a fifth variable. According to Marks (2009), an individual's arrogance is related to his or her lack of conscience, which encourages the person to commit fraud.

#No.	Fraud theory diagrams	Elements of the theories	Key Proponents
1		Fraud Triangle: a) Opportunity b) Rationalization c) Pressure	Cressey (1986)
2		Fraud Diamond: a) Opportunity b) Rationalization c) Pressure d) Capability	Wolfe and Hermanson (2004) Kassem and Higson (2012)
3		Fraud Pentagon: a) Opportunity b) Rationalization c) Pressure d) Capabilities/competence e) Arrogance	Marks (2009). Dellaportas (2013)

Source: Authors' Diagram (2017)

Source: Akomea-Frimpong, 2020

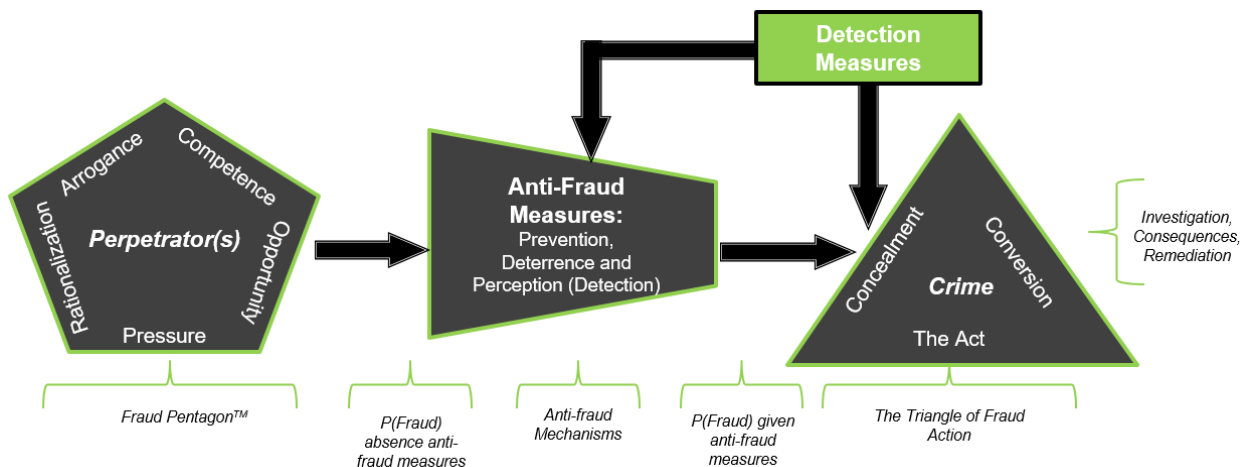


Figure: Evolution of fraud theories

(2) *The general deterrence theory (GDT; fraud control)*: The GDT is one of the deterrence theories chosen to explain effective measures to combat mobile money fraud. The GDT components provide a theoretical framework for investigating the deterrence, detection, prevention, and remediation of online fraud. It enables a study of the countermeasures and their impact on online fraud (Alanezi and Brooks, 2014). To address the issues of security environment and physical security, theories such as criminological theory, information systems security effectiveness theory, and situational crime prevention theory were developed. GDT theory delves deeper into countermeasure activities and interrelationships among these measures, as well as their effects on fraud (Straub and Welke, 1998). GDT's four tenets are deterrence, prevention, detection, and remedy, with the assumption that a fraudster can be deterred and corrected through countermeasures (Straub and Welke, 1998). GDT presumes that deterrence can influence the factors that motivate a fraudster to commit an illegal act (D'Arcy et al., 2009). Deterrence is intended to suppress the fraudster's criminal behavior through the threat of punishment and fines.

4. Methodology

There are three main categories of research: mixed, qualitative, and quantitative. Market research that uses open-ended and conversational participation is known as qualitative research. The foundation of qualitative research is in the social science disciplines of anthropology, sociology, and psychology. In order to imitate this probing and questioning of respondents based on their responses, qualitative research methodologies permit in-depth analysis of the respondents' intentions and feelings. You may be able to acquire greater value from your market research if you comprehend how your target audience makes decisions. Qualitative research techniques are designed to reveal the actions and viewpoints of a target audience in regard to a given subject. In-depth interviews, focus groups, ethnographic research, content analysis, and case study research are all examples of qualitative research methods (QuestionPro, n.d.). A systematic investigation of occurrences using statistical, mathematical, or technological techniques and the acquisition of quantifiable data is referred to as quantitative research. Quantitative research gathers information from current and future customers whose results may be expressed quantitatively through the use of sampling techniques and the dissemination of online surveys, polls, questionnaires, and other data gathering tools. After properly understanding these figures, one might estimate the future of an item or service and make the required modifications. Inquiry methods and philosophical assumptions are both used in the study design known as mixed methods research. The research method uses a combination of qualitative and quantitative approaches, as well as a number of philosophical assumptions that guide the path of data collecting and analysis. It is a research technique that emphasizes the collection, examination,

and synthesis of quantitative and qualitative data in a single study or set of studies. Its fundamental tenet is that using both quantitative and qualitative approaches together provides a more thorough knowledge of research challenges than using each approach separately (Creswell and Clark, 2007, p. 5).

However, this research will be exploratory in nature as it aims to identify causes and measures to combat mobile money fraud and unauthorized payments in the MFS industry. This study will be based on primary data from face-to-face interviews with bKash employees and secondary data from publications, research papers, articles, newspapers, magazines, journals, reports, and regulatory authorities' websites.

4.1 Interview

There are many different kinds of data collection techniques, including focus groups, observation, interviews, semi-structured interviews, and structured interviews. However, this study will use a structured interview style due to time and financial restrictions on the researcher. A prepared list of questions that interviewers ask each candidate is what distinguishes structured interviews from informal ones. A structured interview focuses on presenting questions in a set order in order to acquire information about a subject. Structured interviews are commonly used during job interviews, but they are also used in other research fields including marketing, social science, survey methodology, and other related fields (George and Merkus, 2022).

4.2 Sampling Strategy and Sampling Size

Convenience sampling is a non-probability sampling method that collects data from individuals of the population who are conveniently accessible to take part in the study. Convenience sampling is a sort of sampling when the first primary data collection method available is employed for the research with no further limitations. To put it another way, this example method entails gathering people in the most practical spot that they may be found. Convenience sampling did not use any inclusive criteria before choosing the participants. Every subject is welcome to participate. Due to their busy schedules, participants' flexibility was required, therefore a practical sample was used to choose them for the study (Islam et. al, 2019).

4.3 Thematic Analysis

Thematic analysis is among the most beneficial techniques used in qualitative research. The data had to be manually analyzed because of the tiny sample size. The purpose of the theme analysis was to interpret the participants' responses. The raw interview data, which was then transformed into transcripts, was examined using manual analysis. In order to start the coding process and build the categories, threads

were identified. These categories served as the building blocks for generating the themes for analysis and discussion. Following the completion of the interviews, the research was transcribed, and I made an effort to identify the codes so that themes could be identified. This method allowed for the transcription of all interviews, the creation of codes, and the preparation of topics. The collected primary data is presented in the next section, which was broken down into four main sections: causes of mobile money fraud, remedies for this fraud, reasons why payments are made without authorization, and remedies for these payments.

5. Data analysis & Discussion

The specific results from the transcriptions, which are focused on the reasons of mobile money fraud and illegal payments in Bangladesh and the steps to counteract them, have been highlighted using a thematic content analysis of the inductive approach. Findings are discussed below -

5.1 Causes of mobile money fraud

4.1.1 Easy access to Mobile Financial Services

A few participants expressed that, since it is easier to acquire access to MFS than it is to open a bank account, the number of frauds taking place through MFS is also high. The participants expressed:

“Since the main goal of the MFS industry is “Financial In;usivity”, it's only natural that services will be easily accessible.”

The ease of access to MFS brings us to the next cause of mobile money fraud, which is the lack of awareness and knowledge from the customer's end.

5.1.2 Social engineering due to lack of awareness and knowledge of customers

Due to the ease of access and the main aim of MFS being "financial inclusivity", a large portion of customers lack proper knowledge and understanding of MFS. According to 70% respondents, the biggest cause of mobile money fraud is the lack of knowledge, awareness and carefulness of customers as they fail to protect their accounts from potential fraudsters and scammers. A participant expressed:

“Social engineering is contributing to the increase of frauds at present day.”

A broad variety of malevolent behaviors carried out through human interactions are referred to as "social engineering." Users are tricked into committing security violations or releasing sensitive information

through psychological manipulation. Attacks by social engineers may involve one or more phases. As we have come to know, a unique account can only be accessed by one person at a time and by using a unique PIN number and One Time Password (OTP) which is only known to the user. Fraudsters charm/convince unaware customers through phone calls/texts (according to 80% respondents) to share their PIN numbers and OTP by making up lies like - their accounts have been shut down, their accounts have been frozen or inaccessible and that they need their PIN number and OTP to help them fix it; which leads to them falling victim to fraud. Moreover, phony cash-in/send money texts (according to 40% respondents) are also being used to commit fraud nowadays. Hence, it's easy to become a victim of mobile money fraud if there is lack of knowledge and proper awareness from the customer's end.

5.1.3 Lack of immediate fraud mitigation measures

In most cases, a fraudster commits a few financial crimes before they are caught and stopped. A participant expressed:

“We are not able to catch a criminal before they make a few mistakes and commit a few crimes right? That means, we will set ourselves up for failure if we do not take active and real time prevention measures.”

It takes time to find out the account numbers being used to scam people. The faulty account numbers are mostly found on social media (according to 50% respondents) mostly Facebook pages and groups or personal accounts, for which it is necessary to continuously screen social media for negative use of bKash accounts. After it's found, the account number is blocked and in some cases, NID is also blacklisted so that they cannot open a new account again. But fraudsters can go to heinous lengths to keep trying to commit financial fraud. They might open a new account using a different NID, which becomes difficult to identify until the fraudsters strike again.

5.1.4 Agents, Merchants or Personal account holders with the intention of fraud

It is true that our intentions matter the most when it comes to what we decide to do with our lives. If an account is opened with the intention of committing frauds and scamming people (according to 20% respondents), it is quite difficult to stop them until they want to stop. For such accounts, it is important that regular monitoring is done once detected, so that they cannot get away with scamming people.

5.2 Measures to combat mobile money fraud

4.2.1 Proactive transaction and account activity monitoring

Around 50% respondents mentioned that proactive transaction and account activity monitoring should be done for detected fraudulent accounts or accounts under suspicion. It means that these accounts need to be treated specially by keeping an eye on their transaction pattern to identify how many unique senders are detected, the amount of money received per transaction and also the frequency of receiving or sending money of that particular account holder. By doing so, it will be easier to identify suspicious accounts and take proactive measures to put a stop to such behaviors. A participant expressed:

“bKash is already monitoring transactions of identified criminals, but in my opinion, risky merchant and agent account’s transaction should be monitored from time to time to identify any red flags beforehand.”

5.2.2 Stringent transaction limit imposition

20% respondents have said that more heavily imposed transaction limits need to be in place in order to combat mobile money fraud. In that case, fraudsters would face difficulty in receiving more than a certain amount of money within a given time period (supposedly in a day/per transaction) and that would potentially decrease the amount of fraudulent transactions taking place.

5.2.3 Make relevant advertisements to raise customer awareness and educate them

About 30% of respondents suggested that advertisements or training should be put in place to educate customers and raise their awareness regarding the issue at hand. Advertisements that depict the scenario as they really are and show exactly how frauds are taking place could help customers feel more secure as they would know that such activities are taking place. Hence, they would be careful not to fall for the same tricks of scammers when it is attempted with them. Advertisements are the best way to reach the customer base, so a few relatable advertisements could definitely help combat mobile money fraud and contribute to raise user awareness.

5.2.4 Strictly following KYC guidelines

10% of respondents mentioned that KYC or Know Your Customer guidelines are sent to MFS providers by their regulator like Bangladesh Bank (BFIU) and they need to be strictly followed in order to combat mobile money fraud. These guidelines include performing proper background checks on customers before onboarding them. Customers names, bank account information, mobile number, present and permanent addresses, their mother-father-spouse names, their tentative monthly transaction, NID number, birth date,

TIN (Tax Identification Number), trade license number, VAT registration number etc. are all to be recorded before authorizing to open a bKash account. A participant expressed:

“KYC quality checking is a significant part of the responsibility of the AML&CFT department. Making sure merchants, agents and personal account holders are using their account legally and operating within provided transaction limits is at the root of preventing and mitigating misuse of bKash accounts.”

It is necessary to perform quality checks of onboarded KYCs after a particular amount of time has passed in order to identify whether transactions are taking place according to the tentative transaction limit and whether or not their TIN and Trade license number are up to date. Such measures are being taken by bKash in order to ensure clean transactions and combat mobile money fraud.

5.2.5 Promoting account safety features

10% of respondents have said that bKash is already very seriously working to promote account safety features like biometric authentication and alphanumeric PINs to ensure maximum security for users. Hopefully in future, more advanced technology will be introduced to make transactions even more secure and transparent.

5.2.6 SIM ownership verification

Whether or not the applying customer or business entity actually owns the SIM number provided on KYC documents should be verified before onboarding. My field supervisor expressed:

“It is not actually possible to forge KYC documents as they have to provide real NID information. But, it is possible that they will try to use a wallet number that they don't own, which is why SIM ownership documents need to be verified before onboarding.”

5.3 Causes of unauthorized payments

5.3.1 Vast availability of bKash services

About 40% of respondents have mentioned that unauthorized payments are most prominent through bKash due to its widespread accessibility and the efforts to achieve "financial inclusivity", which caters to even the least educated customer base in order to make their lives easier. Low educated customers are naive and can easily misuse the attributes of MFS, which can lead to them using personal accounts to collect business/service payments, online gambling or betting payments and also collect informal remittance (according to 30% respondents). A participant expressed:

“Since the main goal of the MFS industry is “Financial Inclusivity”, it's only natural that services will be easily accessible. As a result, it opens doors to various kinds of people using these services”

5.3.2 Lack of incentives for merchants and agents

40% of respondents agree that the lack of incentives for business merchants and agents lead them to be included in unauthorized payments like receiving informal remittance, gambling/betting payments, online income job payments from which they receive commission from those entities that are actually behind these activities. Participants expressed that:

“bKash has little to offer to agents, which is why they normally become agents for competitors alongside. This cannot be prevented of course, they have a living to make. But, increasing incentives can actually discourage them from falling for third party traps and false promises.”

bKash can control this situation by increasing incentives for agents so they don't have to resort to unlawful activities as mentioned above.

5.3.3 Lack of customer awareness

According to 30% respondents, due to customers being unaware, many unauthorized payments are taking place, as they assume that it is fine for them to use their bKash accounts to receive and send unauthorized payments.

5.3.4 Collecting business/service payments using personal account to avoid double taxation

This is a common occurrence according to 20% of respondents as it is hassle free to handle one account instead of two or three which would need to be opened separately and would require a different set of documents to be submitted to bKash authority for the business account to start operating. Also, business accounts (merchants) have a certain amount of taxation allocated which is cut from each transaction on top of their income tax. As a result, many prefer to use their personal accounts to collect payments which they earn from their business or even collect salary from work-from-home jobs that they might sometimes be involved in. A participant expressed:

“People with a low level of education would think of it as a hassle to own multiple accounts. Operating a business account can be a little complicated for many, which is why they prefer collecting business or service payments using their personal accounts. It should be made clear that such an act is a form of unauthorized payment.”

5.3.5 Collecting online gambling, betting payments or USD/Cryptocurrency exchange

Since there is a lack of easily available and legal ways to avail cryptocurrency, MFS becomes the second best option to use for this case. Since the majority do not have credit/visa cards, buying and selling cryptocurrency becomes a problem for them. Hence, websites and vendors offering to exchange cryptocurrency and USD through local MFS attract a large amount of customers. Moreover, there is no legal way to exchange cryptocurrency and collect online gambling or betting payments, which is why secretly using MFS to fulfill their needs is a much desired option.

5.4 Measures to combat unauthorized payments

5.4.1 Negative media screening

20% of respondents have mentioned the significance of negative media screening to combat unauthorized payments. Negative media screening is the act of scanning through social media and web pages to find out any unauthorized activities taking place. This could include - online gambling, betting, work from home payments, reselling bKash accounts, receiving informal remittance etc. A participant expressed:

“Social media is the biggest tool now to commit organized crimes hiding behind an anonymous name and fake profile picture. It is necessary to check for non-compliance daily on popular social media like facebook and youtube to identify people involved in hundi and gambling.”

5.4.2 Transaction monitoring

24/7 transaction monitoring has been suggested by 60% of respondents. When accounts involved in unauthorized transactions have been detected, in most cases those numbers are either blocked along with NID blacklist or kept under monitoring for the next 3 months to find out whether the unauthorized transactions continue taking place. After that, further action is taken against them.

5.4.3 Imposing limits to take control

In order to combat unauthorized payments, 10% of respondents believe that stricter transaction limits should be implemented. In that case, it would be difficult to receive more than a certain amount of money in a given time period, potentially reducing the number of unauthorized payments.

5.4.4 Immediate risk mitigation (IRM) measures

20% of respondents consider that a huge part of controlling and combatting unauthorized payments is conducting immediate risk mitigation which is carried out by the Field Compliance Assessment Team (FCAT). FCA officers regularly visit agent and merchant points all over the country to make sure they are operating compliantly and with a valid trade license, in the correct location and under rightful ownership. Through IRM investigations, FCAT is able to find agents that are involved in disbursing informal remittance, collecting gambling/betting payments, drug related transactions, agent sim operating remotely, agent sim operating under unauthorized possession etc.

5.4.5 Suspicious activity reporting/ suspicious transaction reporting (SAR/STR) to BFIU/regulators

bKash is carrying out STR/SAR regularly to combat unauthorized payments and also fraudsters (according to 20% of respondents). Major cases are forwarded to LEAs and regulators so that the major threat identified can be struck down completely. A participant expressed:

“It’s not enough to just internally prevent, report and block non-compliant users, but bKash is taking a step further now by informing BFIU and LEA’s about major risks identified, so that threats of unauthorized payments can be minimized in general.”

5.4.6 Increase incentives for agents: According to 30% of respondents, increasing incentives for agents could help combat unauthorized payments to some extent.

5.4.7 Create simple advertisements portraying real life scenarios

It is important that customers are educated via advertisements about which are right or wrong when it comes to using their MFS accounts to carry out transactions. Unauthorized payments and their various types can be easily portrayed through simple and easy to understand advertisements.

5.4.8 Regular KYC quality checks

20% of respondents have agreed that regularly conducting KYC checks can help combat unauthorized payments as it can lead to identifying discrepancies in tentative monthly transactions specified in KYCs and whether they mismatch with the actual amount of transaction taking place through a particular account. It can also be found through IRM investigations in case of agent KYC whether there has been an ownership change or location change, which can be found through FCAT during their random visita to agent shops.

6. Conclusion

The study's conclusions indicate that the ease of access to MFS contributes to fraud in mobile money services. The ease of access to MFS makes it more common for fraud to be conducted through it than through opening a bank account. Many users don't have a thorough understanding of MFS because of its accessibility and primary purpose of "financial inclusion." Customers' lack of information, awareness, and caution in protecting their accounts from prospective fraudsters and scammers is the most frequent cause of mobile money fraud. Before being discovered and apprehended, most financial criminals commit a lot of offenses, and it takes time to identify which account numbers are being used to deceive people. Therefore, quick risk reduction strategies need to be put into action on all fronts. It is quite challenging to stop someone from opening an account with the intention of committing fraud and scamming people until they decide to stop. Once such accounts are found, it is crucial to regularly check on them. Once more, it has been found that unauthorized payments happen because business merchants and agents lack incentives, which causes them to participate in unauthorized payments like receiving unofficial remittances, gambling or betting payments, or online income job payments from which they receive commission from the companies actually responsible for these activities. Additionally, it has been discovered that many unlawful payments occur as a result of customers' ignorance, who think it is okay to send and receive unauthorized payments via their bKash accounts. One account is easier to manage than two or three, each of which would need to be opened independently and would call for a distinct set of paperwork to be filed to the bKash authority before the business account could start up. As a result, company payments are typically collected through personal accounts. MFS becomes the second-best choice because there aren't many simple, legitimate ways to get cryptocurrency. Since there is no legitimate means to convert cryptocurrency and receive payments for online gaming or betting, utilizing MFS in secret to fulfill their requirements is a widely wanted option.

In order to prevent mobile money fraud, proactive transaction and account activity monitoring is carried out at bKash in Bangladesh, and this should continue for accounts that have been identified as fraudulent or accounts that are suspected of being fraudulent. Stricter transaction limitations must be put in place in order to combat mobile money fraud. Ads or training should be used to inform consumers and increase their awareness of the current problem. A few relatable commercials could undoubtedly aid in preventing mobile money fraud and increasing user awareness because advertisements are the most efficient approach to reach a client base. Strict KYC regulations are adhered to, as are routine KYC quality checks, which include doing accurate background checks on consumers prior to onboarding them.

7. Significance

Bkash is already working hard to promote account safety features like biometric identification and alphanumeric PINs in order to give consumers the highest amount of security. Hopefully, more sophisticated technologies will be released in the future to increase transaction security and transparency. Additionally, it is crucial to regularly analyze unfavorable information and track transactions in order to manage and stop fraudulent payments. Accounts that have been identified are then either blocked or maintained to be watched for additional illegal activity. To stop fraudulent payments, it is thought that stronger transaction limitations ought to be put in place. In such a case, it could be difficult to accept more money than a particular amount in a certain length of time, which might reduce the number of illegal transfers. Controlling and thwarting fraudulent payments entails performing quick risk mitigation, which is done by the FCAT. Through IRM investigations, FCAT is able to identify agents who are involved in unlawful possession, gambling/betting payments, drug-related activities, agent sim working remotely, and so on. To entirely eradicate the principal threat identified, significant cases are sent to LEAs and regulators. Increasing agent incentives could, in part, aid in the fight against fraudulent payments. To inform and increase client awareness, unauthorized payments and their numerous varieties can be simply and easily illustrated in commercials. Furthermore, regularly doing KYC checks might help prevent fraudulent payments by spotting inconsistencies in projected monthly transactions.

8. Recommendations

Information and knowledge sharing between cross-functional divisions within Bangladeshi banks should be promoted in order to support MFS providers. To track transactions and spot suspect ones, internal controls must be strong. To stop and eliminate the problem, mobile phone anti-malware programs should be promoted, and cooperation between mobile money providers and government law enforcement agencies should be increased. To provide error-free transaction monitoring around-the-clock, automated transaction monitoring should be put into place in the future.

Utility bill payment services have already been added to bKash and other MFS competitors but there is much to be done to enhance this category. For example, on sport parking ticket fees, local bus and train fees (pre-set list of fares based on location and distance) should be added into current services. Besides that, all street vendors should be brought under the blessing of digital payments and carry personal or business QR codes, so that it's easier to make cashless transactions when small changes are not available with customers. Furthermore, CNG drivers and rickshaw pullers should all carry their own personal QR code stickers for seamless payments; these can be effective ways to take the MFS industry in Bangladesh

to the next level. In a nutshell, wherever there is a chance for cash transactions, there is also an equal chance for digital transactions.

The automated call acceptance option shouldn't be enabled by subscribers as it could be used by cybercriminals to connect without knowing the subscriber's identity. Mobile money service providers must keep informing merchants and customers about personal security on the network. In order to readily locate and apprehend recalcitrant merchants who perpetrate fraud, strict regulations for merchant identity must be imposed. Subscribers should be urged to keep their mobile money account's location anonymous. Prior to sending money to a third party, funds must first be added to the wallet. When using an agent's services, a call must be placed to confirm that payment has been received. A subscriber should seek additional verification before downloading dubious software or clicking on a suspicious link. Before sending money again, customers should always verify to make sure it wasn't unintentionally transferred into a subscriber's wallet. It is not advisable to create a Facebook account with a mobile money number since scammers may quickly profile us. The most crucial thing to keep in mind is to ignore any shady text messages that ask for money in order to unlock a box or reward, especially if we haven't participated in any raffles or drawings. Background checks must be done on anyone hired to run mobile money services to make sure they don't have any prior convictions. In Bangladesh, certain judges and attorneys must also receive training on the methods fraudsters use to con unwary clients out of their money. Finally, it is recommended to add mandatory automated public service announcements while customers are on hold and waiting for a customer service representative to get back to them, when customers make a call to customer service which aims to raise awareness regarding fraud, unauthorized payments and regular reminder of never to share OTP or PIN number with anyone.

9. Limitations of the Study

This study had certain limitations when it comes to adequate time to consider a larger sample size for the interviews. I had to go with a smaller sample size, which may have not been able to capture the true essence of this research. Again, there was low financial support provided for this research, which is why I had to depend on free resources I found on the internet for referencing. Again, since I have got the opportunity to carry out my research at bKash, I have not been able to explore the scenario of other MFS providers in Bangladesh (Nagad, Rocket, Upay), which can be an essential guiding light for future researchers.

10. Future Direction of the Study

My findings should make it easier for future scholars to obtain data on anti-money laundering and countering terrorism funding that wasn't previously freely available online. There is still need for more study on related themes that examine the situation of other MFS providers in Bangladesh. I have done my best to delve deeply into the reasons and measurements of fraud and illegal payments at the main MFS provider in Bangladesh.

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Appendix

Interview Questions:

1. Demographic information

- Age range:
- Occupation:
- Educational qualifications:
- Service duration:

2. Mobile money fraud is becoming a cause of great concern for financial organizations. Why do you think mobile money fraud takes place? What are some ways bKash is using/can use to combat these

3. Could you talk about a few channels/mediums through which you think these fraudulent activities are taking place?

4. Could you talk us through a few types of unauthorized payments that have taken place in bKash until now? What are the most likely channels through which these are taking place?

5. Why do you think these unauthorized payments are taking place? What are some ways bKash is using/can use to combat these unauthorized payments?

6. Let's assume that unauthorized payments and mobile money fraud will increase in the coming days. Can you think of any upcoming threats/scenarios in this case, besides those that bKash is already working to mitigate?

7. Is there anything you would do differently to combat these risks if it were up to you?

The End
