# Online and Mobile Financial Services: Regulations and Criticisms

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## Introduction to MFS

- MFS stands for Mobile Financial Services

- Offers financial services like monetary transactions through wireless network

- Some of the leading MFS providers include :

| Service Name | Bank/Service Provider |
|---|---|
| bKash | Brac Bank Ltd. Bangladesh |
| Nagad | Bangladesh Post Office |
| Upay | UCB Fintech Company Limited |
| Rocket | Dutch Bangla Bank Ltd. Bangladesh |
| Sure Cash | Bangladesh Commerce Bank Ltd. Bangladesh |

## Regulations/Guidelines regarding MFS in Bangladesh

From oldest to the most recent:

- Regulatory Guidelines for Mobile Financial Services (MFS) in Bangladesh (Revised version, July 2015)
- Bangladesh Mobile Financial Services (MFS) Regulations, 2018
- Bangladesh Mobile Financial Services (MFS) Regulations, 2022

All MFS providers must ensure :

- Confidentiality
- Integrity
- Authorization
- Non-repudiation

A mandatory requirement:
- Ensure authentication by account holders using secure way such as PINs.

A practice encouraged:
- Second authentication factor

## Regulation's Criticisms?

- Digital security act 2018 not mentioned

- Follows ICT Act 2006

## Terms of Service (ToS), End-User License Agreement (EULA), and Privacy Policy

bKash, Nagad, and Upay:

| | |
|---|---|
| ToS | Yes |
| Privacy Policy | Yes |
| EULA information | Not explicitly mentioned |

## Analyzing the Terms of Service, Privacy Policy

| | bKash | নগদ | উপায় |
|---|---|---|---|
| 1. Information collected and how is it used | Personal information: <br>- Full name <br>- Shop, Business, or Institute name <br>- Contact information etc. <br><br>How the information is used: <br>- For business purposes like quality control and marketing <br>- For fraud prevention, detection, and prosecution. | Personal information: <br>- Name <br>- Phone number <br>- NID information <br><br>How the information is used: <br>- For ensuring better service <br>- Track transaction history | Personal information collected like: <br>- Full name <br>- Shop, Business, or Institute name <br>- Contact information etc. <br><br>How the information is used: <br>- For fraud prevention, detection, and prosecution <br>- Monitoring users communications <br>- For business purposes like marketing, quality control and training |
| 2. Does this service Inform users before collecting data? | Yes | Yes | Yes |
| 3. How to opt out? | No information given | No information given | No information given |
| 4. Is stronger protection provided for sensitive data? | No information given | No information given | No information given |
| 5. How long the data will be kept for | No information given | As long as re required | No information given |
| 6. Maintaining accuracy and security of collected data | No warranty or guarantee related to the security measures of the personal information | Highest security is ensured but will not be responsible for security breach | Implement a variety of security measures to maintain safety. No warranty or guarantee from third parties or from site |
| 7. How to access and correct the stored data | No information given | Can access the data but will be charged for that, | No information given |

## Criticism of MFS Companies

- Not a single company uses a secondary authentication factor.

- Data access option only given in Nagad, but charges are applicable

- No Opt-Out option available in any company

- No extra protection option given for sensitive data.

## Scams

The Cyber and Special Crime Division of the Detective Branch (DB) of police has arrested nine alleged members of a gang engaged in defrauding money using mobile financial service app bKash.



Bkash scammers tricked a tea seller into sending them Tk 65,000 on Thursday night.

### Fraud gang steals bKash money in 30 seconds



**Scam by frauds:**
- MFS companies are failing to secure service against frauds
- Frauds pretends to be officials of the company and get the PIN
- Then they transfer the money

### Former bKash territory officer arrested over fraud: CID

- Even social engineering frauds also happening in MFS

## Conclusion

**Experts suggestions:**
- Experts suggest to integrate fingerprint option in MFS
- If big transaction is needed, then fingerprint required.