

# E Commerce Policy Framework for Bangladesh

## Bangladesh

### Electronic Transactions

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#### Definitions of Data:

N/A

#### Main Focus of Document:

Focuses on the development of e-commerce in Bangladesh so that the country might become one of the world leaders in the e-commerce industry.

#### Target Beneficiaries or Sectors:

online traders and consumers

#### Key Elements:

The government recognizes that e-commerce is thriving in Bangladesh and, as a result, created this policy to guide and govern the sector. The policy outlines development priorities in the IT, electricity and broadband sectors with a view to supporting Bangladesh's development and also enabling the country to keep pace with the modern world. Some key sections include:

- B2C (Business to Consumers) e-commerce: includes retail sales often called e-retail (or e-tail). Some of the benefits companies can get by creating B2C platforms are reduced operating costs, bigger outreach, globalization, customer convenience, knowledge management. Bangladesh e-commerce started in, and remains mostly concentrated in, the area of B2C transactions.
- B2B (Business to Business): Proper B2B marketplaces with secure payment options, and auction and bidding facilities need to be developed. Government can arrange training or workshops for businesses (including MSMEs) to convert existing systems into digitized ones. This will also create transparency within the organizations and help create a better taxation monitoring system. The government also has to focus on how to facilitate B2B transactions by reducing some of the hassles with the existing brick and mortar system.
- B2G and G2B: When a business sells its products or services to the government using a computer network, or vice versa, such sales fall into the B2G (Business to Government) or G2B (Government to Business) e-commerce categories. This model is the pathway to create e-government. Bangladesh has started its journey towards a digital governance system with the introduction of e-tendering and digital information services.

Legal and Regulatory Framework for E-Commerce Components of the framework include: Self Regulation • Code of Conduct for businesses and customers needs to be defined. Any form of digital communication must not violate traditional social and business etiquette. • Consumer Protection law is essential to build trust for consumers. A holding fund mechanism mentioned in the 'EPayment' section can be established in a merchant's bank account; Consumers also need to use true identification for transaction purposes. • Privacy of consumer's communication, preferences, visit information, personal and financial data must be maintained by the relevant merchant. • There has to be a clear definition of what form of communication, intention or promise between merchant and consumer will be counted as a service agreement; violation of which would face legal consequences in the justice system. • Community Conscious Driven Policy needs to be established. The socio-economic scenario differs from country to country. Expectations from businesses and consumers need to be weighed in existing standard. • Dispute Resolution Mechanism should be clearly stated and communicated properly to stakeholders. A cyber court can be established for quick resolution of such cases.

Law and Regulation • ICT Act is in the process of reformation. As cyber world changes very quickly, there should be a legal committee to revisit the law and propose necessary changes every 6 months. Case studies from other countries can be of great assistance to improve such law. • Many acts on e-commerce are a combination of a number of digital actions and traditional business processes. The ICT Act must ensure there is suitable conformity with existing law and e-commerce regulations. • Though e-commerce ensures easy access to entrepreneurship, some form of regulation has to be imposed for new entrants for identification, authentication, taxation and monitoring purposes. An easy registration process using e-tin, address, etc can be incorporated to ensure the transactions fall under a legal umbrella. • Insurance policy can be formulated to protect businesses and consumers from larger accident and fraud incidents. • Bilateral Agreement (Treaties) with countries is a must to boost international e-commerce. Legal framework to facilitate easy customs, VAT and other payments, quick release of the product and improved delivery channel will encourage international business transactions.

Secure Information Management • Awareness and Training Programs need to be conducted regularly among government and non-government officials, entrepreneurs and consumers on secure information management - how to backup data, how to ensure data integrity, how to authenticate a person to use the system, how frequently data backups must be taken, etc. • Data backup and recovery is an essential issue for e-commerce. Data Centre establishment is currently underway which need to be integrated not only with the big companies but also micro and small e-commerce businesses for regular backup of essential and big volume data. • Cryptography is the worldwide practice to keep information secure. Government must allow only those payment gateways using proper security precautions to operate in order to keep information confidential.

**Authentication** • Digital certification is a common practice worldwide to ensure trust in internet companies. The Bangladesh government approved the Information Technology (Certification Authority) Act in 2010 under which six private companies and Bangladesh Computer Council (BCC) have been given authority to issue digital certificates. Digital certification with digital signature needs to be prioritized for e-commerce transactions and agreements. For proper filing of important documents, 20,000 government officials have been given digital certificates with digital signatures as a part of a government project. • Biometric registration of mobile sims was completed recently; along with national IDs, these can be used as authentication of the true identity of the merchant and consumer. • Smart cards can be introduced, which hold a person's information and make e-commerce transactions more trustworthy. They can also be used as an e-wallet for the consumer.

**Cyber Crime and Protection of Intellectual Property Rights** • A district-level Cyber Tribunal has been formed and a common helpline created. Bangladesh's law enforcement has to have a special taskforce who can understand and deal with different e-commerce security issues. • To fight with conflict management, many e-commerce legal advisors will be needed in the future. For that, a suitable curriculum and training program has to be developed. • Intellectual properties for e-commerce have to be clearly identified and must be protected. • Implementation of Copy Right law has to be very organized to protect digital intellectual assets. Many of the e-commerce sectors like movies, songs, books, etc will not flourish if not monitored and copy right law is not properly imposed.

**E-Payment** Four banks have payment gateways. Currently the e-commerce volume is Tk 200 crore per year. But transactions in e-commerce are happening mostly on a cash on delivery basis. Around 90% of e-commerce orders are still paid through cash on delivery. An audit of existing payment platforms needs to be conducted regularly and these platforms must conform to certain regulations and performance guidelines to operate. Faster initiative is required to bring globally recognized secure systems like PayPal. To encourage consumers to pay online, policy can be made so that when consumers pay merchants through the internet, the fund will be held in the merchant's account. According to a recent Daily Star report, in the current payment ecosystem, almost 8 Lac transactions happen through EFT (Electronic Fund Transfer) per month, amounting to Tk. 5,780 Cr. In Bangladesh, cards came into being in the late 1980s and the first credit card was launched in 1997. The total number of debit cards in Bangladesh is 8.3 million, whereas the number of account holders is 40m.

Compared to other Asian countries, Bangladesh is still considerably behind in terms of credit card penetration. There is a huge opportunity for cards to prosper, if a card is issued against every savings account. Currently, the card industry is growing at a rate of about 2%. The total number of daily card transactions is around 3.8 Lac which amounts to Tk. 274 Crore. Internet banking is another recent phenomenon in the payment ecosystem. As of 31 October 2015, the number of internet banking customers was 1,550,101 and the number of daily transactions stood at more than 19,000, amounting to Tk. 59 crore. As per BTCL data, the total number of mobile subscribers has exceeded the figure of 12 crore, which is almost 80% of the total population. Now, the total number of internet users in Bangladesh stands at around 5 Crore. Hence, there is a huge opportunity to expand internet banking. Mobile banking has also made a good start. Many banks have introduced mobile apps. Mobile transactions have been increasing rapidly. The payment system must be interoperable among banks, credit card companies, clearing houses and even with fraud detection through the Center of Law and Enforcement Agency, so that stolen cards can be readily identified. To accelerate inter-bank electronic payments, the government has established NPSB (National Payment Switch Bangladesh).

Authentication Biometric Broadband Data Data integrity Data privacy Digital government Digital signature Electronic commerce Intellectual property rights Internet Mobile Platform Taxation Transparency

**Policy/regulation mirrored:**

**Countries:**