



Technology to Protect and Assist Investors in the Capital Market

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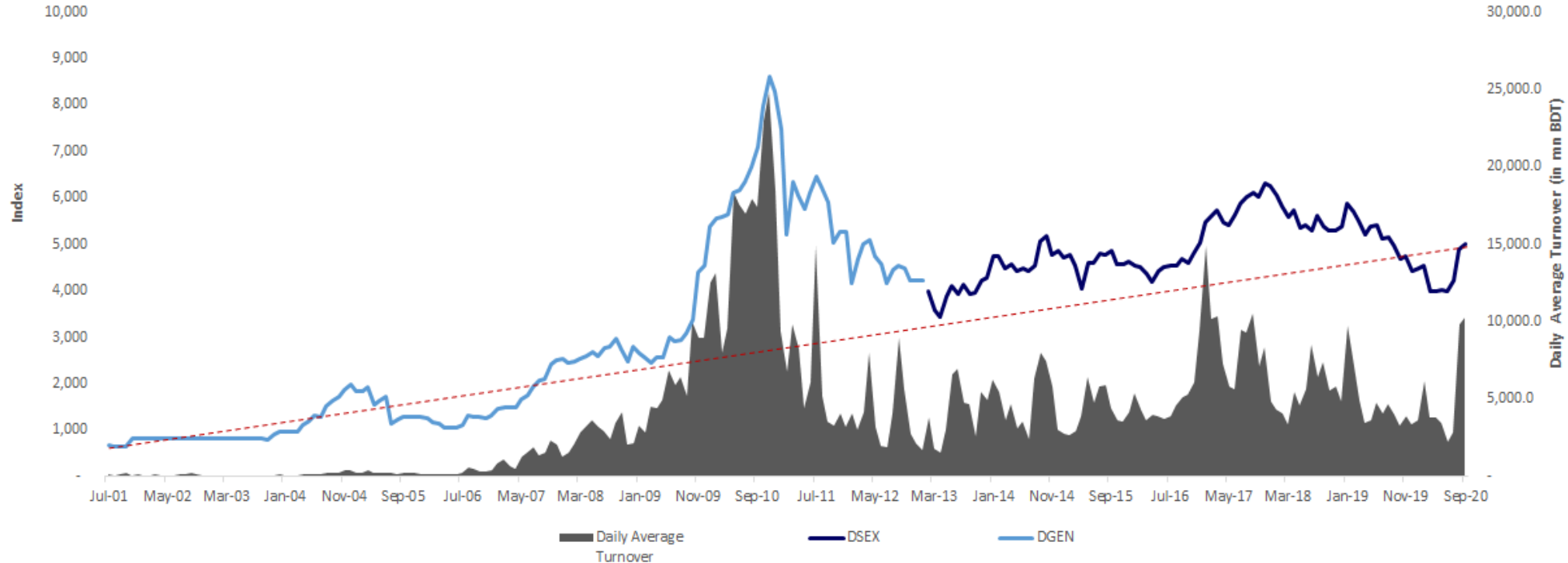
Protection of Investors' interest through the use of Technology





A journey of a market from Dhaka Stock Exchange to across the country is on-going

Capital Market (July 2001- September 2020)



Source: BSEC Annual Report, Dhaka Stock Exchange Website

The last 20 years update:

1. Index has gone up to 4,963 points in September 2020 from 662 points in July 2001, adjusted for new issues and increase of 649%.
2. Daily average turnover has gone up to BDT 10,117.2 mn from 155.4 mn between July 2001- Sep 2020, a growth of 65.1x.
3. Market Capitalization has gone up to BDT 3,996.4 bn from Tk. 66.1 bn, a growth of 60.5x during the same period.



Technological Developments(I)

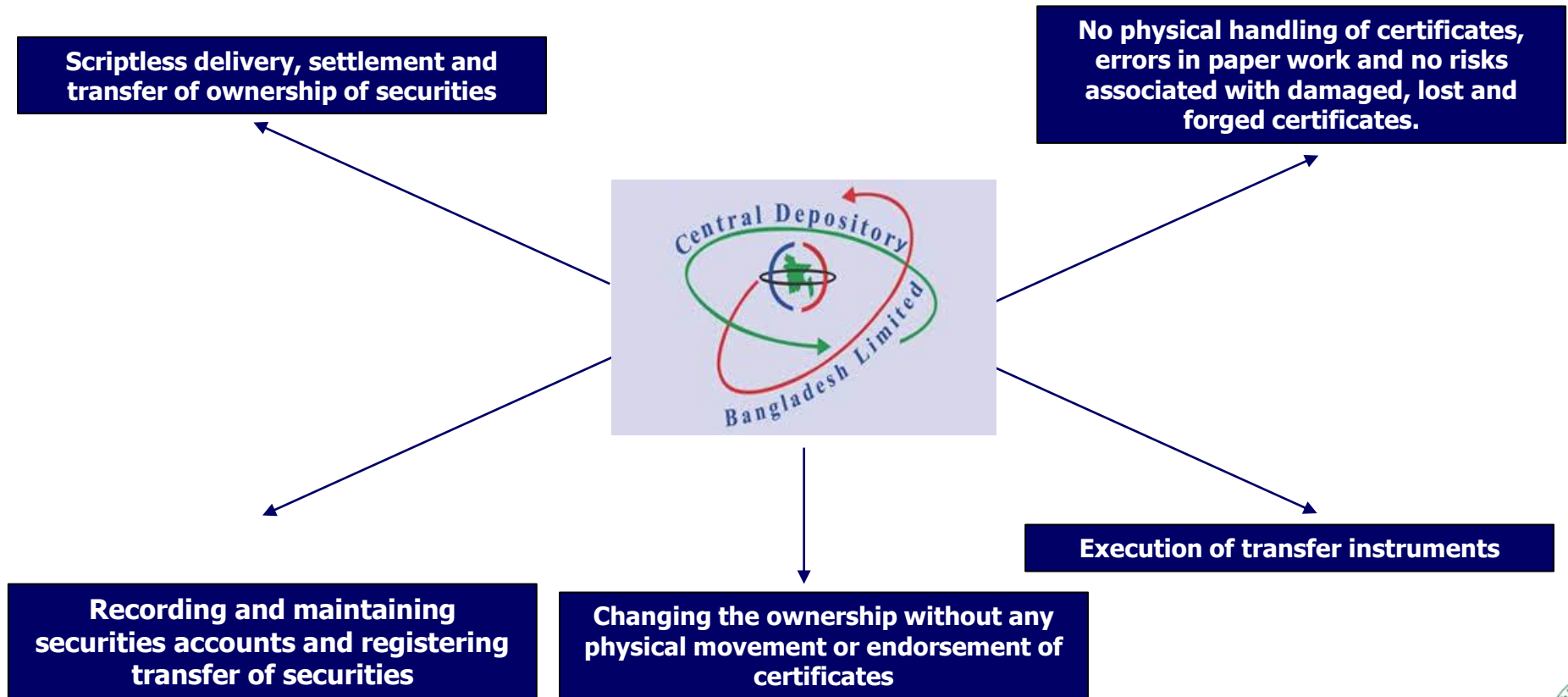
Date	Events
10 August 1998	Starting of Automated Trading
2001	Incorporation of new module “ Broker Control Over Trader” (BCOT) in the trading system
2002	Incorporation of DSE on –line Multiple Indices like (DGEN, DSI and DS20)
20 October 2003	Inauguration of the Electronic Government Securities Registry (EGSR)
24 January 2004	Starting of Equity market securities dematerialization process
10 June 2012	Introduction of Web-based Trading Software – MSA Plus

Technological Developments (II)

Date	Events
18 February 2013	Introduction of Bangla Website
11 February 2014	Go – Live of InstantWatch market Surveillance Software
21 March 2014	DSE entered into an agreement with NASDAQ OMX and FlexTrade Systems to provide the world’s leading trading system.
09 March 2016	Inauguration of DSE-Mobile
04 September 2018	SZSE and SSE joined as Strategic Investors
30 April 2019	Inauguration of DSE SME Platform

Digitizing the Market

- In August 2000, Central Depository Bangladesh Limited (CDBL) was formed.
- CDBL provides protection for retail investors and all investors on the issue of fake shares, photocopy shares, lock-in, lien and allowed protection within an institutional framework controlled by Banks and other Institutions.



Ease of “doing business’ for Investors

Activity	Ease of Doing Business
Trading code alert directly from the CDBL	Daily update of information from authorized third party
Application for IPO directly from BO account	No need to invest via a bank from own bank account, no further need for list of applicant banks
Available for NRB account holders and online for domestic BO account holders	Same as domestic investors, if BO is available
Dividend warrant paid directly into bank account	No further wait for dividend or need to pick up
Bonus share attributed to BO account with Issuer company’s database	Similar as cash dividend
Reduction of time from application to refund and listing (due to reducing in physical submission of application money and refund warrant)	Investor receives their hard earned money back quickly
Database has reduced chance of multiple applications beyond the existing norms	Security and protection for the investor
Use of designated bank account for BO	One single bank account for deposit and requisition of funds
Fund requisition to designated bank account allows quick access to funds in case of emergency	Protection for Investor
Application Database includes nominee and joint account holder, allowing family members to have access in case of personal incapacity	Protection for Investor



Assist in investors participation through long term investment



App based trading to give alternative channel access

- DSE uses Flextrade, a real-time trading platform that allows remote trading from any suitable device.
- In 2019, the investors placed above 7.09 million orders through the DSE mobile app. Of them, 4.96 million orders were executed.¹
- The number of active users of the application increased to 53,254 as of March 25,2020 compared to 51,199 in Jan 1,2020 which is 4% increase. ¹
- Between Jan-March 2020, approximately 5.0% trades were executed through DSE mobile app which was 3.0% previously. ¹
- Further promotion of the APP is expected to generate greater volume.

¹ <https://thefinancialexpress.com.bd/stock/trading-on-dse-mobile-app-soars-despite-bearish-mkt-1585805209>

App based trading comparable in other countries

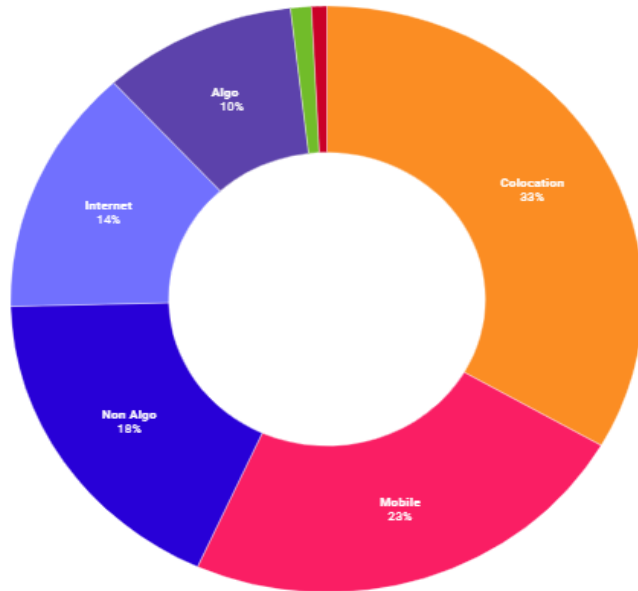
India

- In 2010, India started mobile based stock trading through apps. It has been growing in India and became the second-biggest trading contributor after internet – based trading. ¹

Modes Of Trading In Indian Equity Market

% of trades

Colocation Mobile Non Algo Internet Algo Direct Market Access Smart Order Routing



- Data represents July 2020 figures**
- In August 2020, the Securities and Exchange Board of India (SEBI) approved Paytm Money, an e-commerce payment system and fin-tech Company stock trading in its platform.
- The platform will provide “Ease of Access,” a paperless account-opening process and stock related data for stock buyers.²

Hong Kong

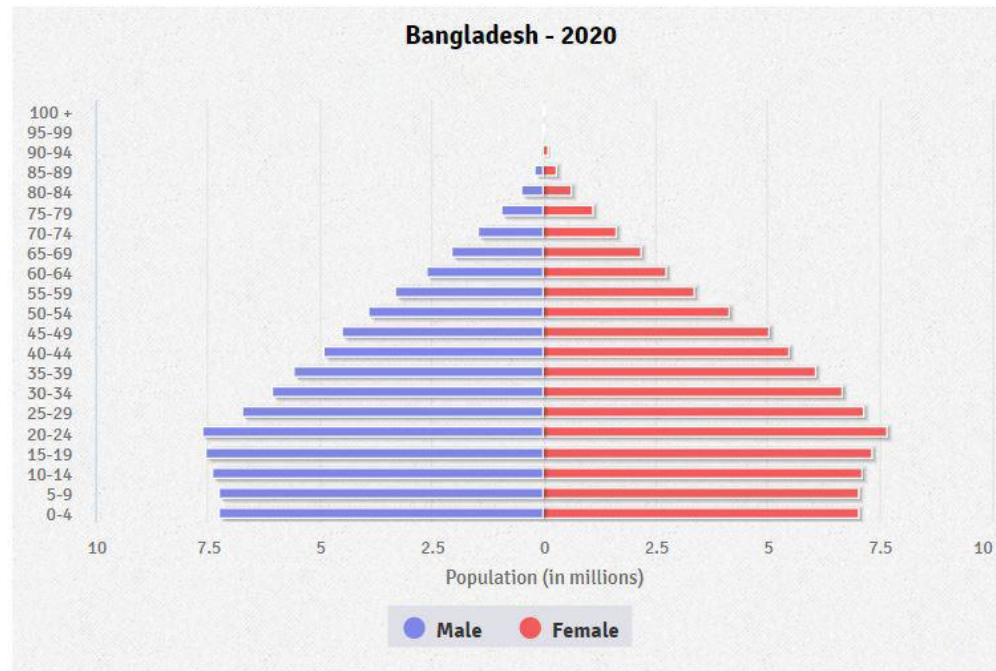
- For Hong Kong-listed companies, all trading is done through the Hong Kong Exchanges and Clearing (HKEX), which lists more than 2,400 (Main board and GEM board) companies.
- There is a minimum order of a lot when buying shares in a company on the HKEX, however some trading apps get around this by offering fractional investing. ³
- Investors from around the world can invest online through local stockbrokers based in Hong Kong.⁴
- In March 2020, TradeUp, a U.S. based stock trading mobile app, announced that it has introduced Hong Kong stock trading.
- The trading option will give U.S. investors access to the Hong Kong market, thus expanding their portfolios to include international stocks.⁵

Source:

- <https://www.bloomberquint.com/markets/mobile-trading-spikes-as-retail-investors-flock-to-equity-markets>
- <https://www.pymnts.com/mobile-applications/2020/india-paytm-to-offer-stock-trading/>
- <https://www.finder.com/hk/share-trading>
- <https://www.investopedia.com/articles/activetrading/052715/how-trade-hong-kong-stock-exchange.asp>
- <https://www.crowdfundinsider.com/2020/03/159512-stock-trading-mobile-tradeup-announces-hong-kong-stock-trading/>

Inclusion of Women and Millennials in Capital Market through Technology

- According to World Bank, women (15+) participation in the labor force is 36% which is 20.2 mn.
- The number female BO Accounts is 594,025 which is only 3% of the earning members, so the market potential is large.
- 34.8% of the total population is millennial, (aged 15-35 years), 27.1% them live in the urban area of the country.
- CDBL may be proposed to provide target marketing to millennials to encourage them to be introduced to the App.



Source: IA World Factbook - CIA

Protection of investor's interest by enhancing discretionary account access



- **Portfolio Management can be supported to allow investors to be under fund management umbrella which is responsible with investment guidelines.**
- **Merchant Bankers may be supported to have access to the investment accounts to manage the discretionary portfolio following the fund management guideline to further protect investors' interest.**
- **The structured fund management process may be expected to provide a regulated service for investors.**
- **It will allow them to obtain statements of return generated, and compare one service with another.**
- **The trade activities will be executed through the Brokerage.**



Access to MFS



	July 2020
No. of active MFS accounts	42,678,000
Average daily transaction (in mn BDT)	20,322.4
Total BO Accounts	2,276,270

- **The number of MFS accounts is 18.7x times higher than total BO accounts.**
- **It may be proposed that retail investors who have access to Bkash, Nagad, Surecash, Rocket to transfer funds at minimum amounts of Tk. 5,0000/= into the BO accounts for IPO applications only, if needed on short notice.**
- **It may be expected to reasonably increase the participation number in the primary market, providing people experience of the capital market.**
- **Regulations on how this would be carried out without undue risk may be studied.**

Source: Website, Bangladesh Bank and Dhaka Stock Exchange





Thank You

