

PROSPECTS OF E-COMMERCE IN BANGLADESH

Shaikh Mostak Ahammad¹, Farhana Satter² and Mohammad Saifullah³

ABSTRACT

Bangladesh is integrating an array of e-commerce solutions into its business processes. Beginning with procurement through preferred vendor partners, Bangladeshi customers can now use authenticated web access to buy and sale different products in very small scale. Bangladesh has a large potentially for e-commerce and its related activities. This presentation will demonstrate the prospect and the future of e-commerce for those business organizations that may be preparing to implement e-commerce solutions into their daily functions. It also tries to show an over all picture of e-commerce, in context of Bangladesh.

Key Words: *e-commerce, website, buzzword, digital business, DDN, ISP, IT, VSAT*

INTRODUCTION

Electronic commerce is a global trend; Internet usage has gained a scaleable amount of users, and electronic commerce is a way to extend local markets around the global, across all borders and time zones (Reynolds). Businesses around the globe are increasingly engaging in electronic commerce, and sufficient technology for reliable electronic transactions exists. All businesses including Asian businesses will need to establish an Internet presence in order to become or remain competitive. This paper examines the current situation in Bangladesh and some of the prerequisites for electronic commerce to flourish in this country. A major factor stimulating Internet growth in Bangladesh is the drastic improvement of the telecommunications infrastructure in this country (McLaren and McLaren). There are a variety of e-commerce applications possibilities existing in this country. Some of these are:

- Retail store such as book stores, music stores, toy stores, etc.
- Auction sites where an individual buyer and seller can buy and sell goods product electronically.
- Co-operating businesses connected using their own private telecommunication network carrying out transactions in a semi-automated way.
- Bank connected to their customer providing services such as deposits, payments and giving information on status of an account.
- Railways/airlines/cinema theatres permitting booking tickets on-line and paying for them on-line using credit cards.
- Filling tax returns with government agencies on-line and obtaining an immediate acknowledgement.
- Electronic publishing to promote marketing, advertising, sales and customer support.

Electronic commerce (e-commerce) has become a buzzword of modern trading. It is the process of conducting business using computers, software, storage, processing, and networks.

¹Assistant Professor, Department of Accounting, HSTU, Dinajpur; ²Lecturer, Department of Finance and Banking, Dhaka Commerce College; ³Senior Lecturer, Department of Economics, Asian University of Bangladesh

Ecommerce has made the business easier, faster and efficient. It includes technologies like electronic forms, secure messaging, directory services, electronic fund transfer, firewall systems, multi-enterprise collaboration, bulletin board system, online services, file transfer, shared database, image interchange, electronic catalogues, etc.(Rayport et al).

Electronic commerce is a vision for bring a whole range of services into the information age on a global scale. In the past two decades, financial and business-to-business processes, from order processing to electronic funds transfer, have been automated and are now routinely handled by computer in most of the developed countries of the world. Electronic commerce is more than just handling the parts of business transactions electronically, or just putting up a storefront on the World Wide Web (WWW). Electronic commerce is a new way of doing business. It requires a better understanding of the buyer-seller relationship. It accelerates the pace at which individuals and organizations connect. Communicate, negotiate, and transact (Efraim and King). This new opportunity can bring the entire process of managing the full range of business transactions on-line.

The basic e-commerce model consists of following ingredients:

- Searching for appropriate suppliers or buyers by electronics means
- Negotiating deals electronically
- Tracking business processes such as inventory, production, shipping and momentary transactions with the help of Internet and telecommunications.

Perhaps in Bangladesh we pay less Importance to research. This is perhaps the particular word “gobashona” in Bangla meaning research does not make proper senses to many Bangla speaking people and thus the sprit for research work remains cloudy to the people of this country. Importance of research work should be emphasized in our culture and research itself should be presented as a productive activity. Information holds an organization together and makes it work effectively. Lack of proper management is the cause of huge financial losses for most of the organizations in this country. Computer based MIS (management information system) is required for effective management of an organization. Excellent software tools and techniques are now available for management, planning and performing day to day business activities. Bangladesh should use such tools and techniques for efficient planning and management in all the sectors of this country.

Objectives

The main objective of this study is to find out the present condition and the probable future of e-commerce in Bangladesh. We have not only tried to figure out the bottleneck that is faced by the e-commerce in our country but also the prospects it has for the economic prosperity, that is enjoyed by the developed countries of the first world. We have tried to portrait the magnitude of e-commerce and its apparent impact on Bangladesh economy. For this purpose we have collected information from different sources like publications of government, educational institute and business arena. We tried to figure out how an organization could use e-commerce to reduce their cost and increase their efficiency. From this paper, an organization could get a general guide line to implement e-commerce in all of their business activities.

METHODOLOGY

For the purpose of this study we have used systematic and objective process for gathering, recording and analyzing data. We have tried to avoid distorting effect of personal bias as much as possible. For the purpose of research, first of all, we have tried to identify the issues. Then

we diagnosed those problems. At the end we have selected and evaluated the courses of action. Mainly we have followed secondary data.

For the study most of the information was collected from the following sources:

- Text Book
- Banks and Financial institutions
- Bangladesh Bank
- Ministry of Law
- Selected Industries
- Ministry of Planning
- Ministry of Commerce
- Ministry of Science and technology
- BTTB

Present situation

Not so many days have passed that Internet comes to our country. It has launched in 1996 through ISN. The success of e-commerce in our country is mere. The total number of e-commerce site in our country is forty, where in India there one thousands of e-commerce related businesses. In this sense e-commerce industry is not flourished in our country. We are still in the learning phase if we consider ourselves in context of developed nations. At present a small number of e-commerce business are running profitably in this country though a large number of e-commerce related companies couldn't even able to reach their break-even point. Some of the businesses are already been shut down. So, present situation is not very enlightening. We have to take drastic measures to improve the conditions of e-commerce industries of this country.

Some example of e-commerce business in Bangladesh

Small steps from Munshiji for e-commerce in Bangladesh:

Munshiji is the pioneer of e-commerce industry in our country. To say about the best e-commerce site, the name of the Munshiji must come first. In 1999 Munshiji technology limited released their site (www.munshiji.com). By the direction and designed of corona IT, this web site gives all advantages. They maintain their function not in e-commerce but also aiming at doing some specific activities. They are interested to export cottage, handicrafts, silk, jute products, tea, leather and leather products, software etc. In future, they are determined to establish local traditional "Noksi Kantha" as a international products. Besides, Munshiji want to establish our economy on e-commerce based. Finally, Munshiji has been doing a tremendous job towards establishing our industry to the world market (www.munshiji.com).

Drik Picture Library of Bangladesh:

Drik currently distributes its images through the-Internet to clients all over the world, but the monetary transactions take place through conventional means. Using software developed by the system administrators at Drik, best hopes to setup a complete e-commerce unit which will allow products in bit (computer files) or atomic form (physical objects) to be sold through an entirely automated system with secure money transactions and protection of privacy. Drik hopes to use this technology to sell images from its stock of over 100,000, to clients from all parts of the globe. Since the images can also be sent entirely in digital form, freight charges, delays and the red tape involved in getting their own pictures back, can be entirely avoided. For Drik, the greatest benefit is from avoiding the risk of loss or damage to their valuable originals (www.drik.net/new/gallery.php).

Elements of e-commerce

Just as in tradition commerce, especially that done by mail order, there are certain elements required to perform online business. One must:

- Promote his Web site presence
- Have an online catalog or store
- Have the capability to receive payments
- Be able to deliver the item
- Provide after-the-sale support

Kinds of e-commerce

Business-to-Consumer (B2C): Where the main aim of the web portal and electronic transaction is providing easy access of business opportunities among the consumer and enterprises.

Business-to-Business (B2B). Here business happens mainly among different business organizations through electronic and web-based communication. Transaction is done in this way to reduce cost and increases efficiency.

Business-to-Administration (B2A): In this mode of e-commerce business organizations maintain their administrative interaction through web based communication (Oelkers).

Why we need e-commerce in Bangladesh?

1. Promote, facilitate and assist the use and application of IT in Bangladesh with a view to improving the quality of life of its people and acquire the necessary capability to meet the challenge of rapidly growing demands of the information age;
2. Create opportunity for all citizens, including the disadvantaged and those living in remote areas to have adequate access to Information Technology;
3. Set up appropriate e-commerce organizational and institutional structures with clearly defined functionality and delegation of authority so that it helps the country in rapid economic growth.
4. It formulates measures to develop-world-class human resources in various areas of IT and business.
5. It improves the skill level of commerce personnel already working in various fields.
6. It helps establish and maintain professional standards of IT education and training.
7. Using of e-commerce helps build a map for the infrastructure development in:
 - Banking
 - Telecommunication
 - Legal framework
 - Macroeconomic Policy

How is e-commerce relevant to Bangladesh

Business transactions mentioned above are transferring to the Web at a tremendous rate. Without our commercial representation on the Web, we will lose many possibilities of export and International trade. So it is very important that we embrace this technology as early as possible.

Prospect of e-commerce in Bangladesh

Bangladesh has great prospect for e-commerce. At present Information Technology (IT) is a subject of widespread interest in Bangladesh. There are around 100 software houses, 35 data entry centers, thousands of formal and informal IT training centers and numerous computer shops. The Government has declared IT as a thrust sector and that computer training center will be set up in each divisional and district headquarters of Bangladesh. Import of computer hardware and software is now duty free, VSAT is deregulated, and high speed DDN (Digital Data Network) has been introduced. One fourth of the 45 recommendations of JRC report on software export have already been implemented; rest is in the process of implementation. A tremendous activity is going on in every sector including e-commerce, e-governance, computer

networking, Internet, web browsing, web applications, multimedia product development etc. Some active steps and initiatives are already there, as described below for an exposure of the present and future prospects of IT in Bangladesh.

Telecommunication: Bangladesh has one of the lowest Tele-density in Asia, with a mere 0.6 (in India 1.5) lines per 100 people. In terms of phone connectivity, the charge of Bangladesh Telephone and Telegraph Board (BTTB) is one of the highest in the world, approximately US\$300.00 (in India US\$60) for normal single telephone line connection. However, there has been significant improvement in services of telecommunication within last few years. Present government is also trying to get additional telephone lines from a Canadian firm. If these telephone lines are available in Bangladesh, most of the PC users will be able to use Internet and find a scope to build up international career (www.bttb.gov.bd).

Associations and professional bodies: The associations and professional bodies who are playing vital role to develop the IT sector in Bangladesh are as follows:

- Bangladesh Computer Society (BCS) was formed in 1979. This is an association of the IT Professionals.
- Bangladesh Computer Samity (BCS) was formed in 1987. This is basically an association of Computer Vendors.
- Bangladesh Association of Software and Information Services (BASIS) was formed in 1998 to promote the interest of IT business, especially for software development and related IT services.
- Bangladesh Software Marketing and Promotions (BSMP), a private organization, has been formed with the view to help the local computer programmers and promote their software.
- Bangladesh Computer Writers Association has been formed to promote the writers activities in the country.
- Bangladesh Association for Information Technology Education (BAITE) has been formed to promote the activities toward standardizing informal IT education in the country.

Banks support: Well-trained Bangladeshi IT professionals can start their business like Data entry, Web development, Multimedia, ISP and Medical Data Transcription services, Cyber cafe and IT Training Center. They can easily get financial help from bank. A number of government banks have already started credit programs to encourage the entrepreneurs in software industry. Some private banks are using our locally developed software too. However, due to some constraints the outcome is not up to the expectation.

Government initiatives: The Government of Bangladesh has taken some important initiatives to develop our IT sector. Still we are waiting to see a fruitful change in our Information Technology. However, some remarkable steps of government are highlighted for information.

- IT has been declared as a thrust sector.
- Quick implementation of the recommendations of JRC report (a high powered committee for software export).
- Waiving all taxes and duties from import of computer hardware and software.
- Hundred percent remittances of profit and capital gains for foreign investors without any approval.
- BTTB's implementation of DDN service.

- Decision to link Bangladesh to global highway through submarine cable link by next two years.

Bangladesh Computer Council: Bangladesh Computer Council is the apex body of the government dealing with Information Technology. BCC is running according to BCC Act, 1990 as an autonomous organization under the administrative control of the Ministry of Science and Technology BCC is playing various types of roles regarding the IT booming over the country.

Human resource: Human resource is the most important component for IT industry. Bangladesh has a huge educated, unemployed youth force with the ability to read and write English. The country can take advantage of its immense manpower to train and prepare programmers and IT professionals. Government has already started a project to develop Computer Programmers in Bangladesh. All the public universities are offering one-year post-graduate diploma program for the graduates. Our unemployed educated persons can take this opportunity to build their career as IT professionals.

IT awareness: Young generation in Bangladesh is very enthusiastic and has correctly identified IT as the future of the country. There are numerous computer clubs, computer festivals, programming contests/web design contests, IT related seminars and discussions in many cities of the country. There are about eighteen magazines and four digital IT magazines are being published monthly and some daily newspapers publish IT pages once/twice a week. A few of the magazines are in collaboration with other international magazines; however, most of these are Bangladeshi origin. There are a few interactive sites and forums. A number of business centers and cyber cafes have started up recently. Most of these business centers provide e-mail; e-mail to fax, phone fax services and cyber cafes offer Internet browsing.

E-commerce related activities: Recently there has been a surge in e-commerce related activities in Bangladesh. There are e-commerce related seminars and symposiums in the country almost everyday and all the major training centres are offering courses on e-commerce. Government is now formulating laws for e-commerce to enhance the business rapidly and smoothly.

IT Park and international market: Some private organizations have already started to work for setting up IT Park and IT villages in the country. Some investors are foreigners and they are very much interested to build Bangladeshi students as IT professionals. They have already started to commission their views. Our Bangladeshi students can take this chance and hit the international job market in the IT field. There are lot of scopes of working and entering into the international market. Just we have to take proper initiatives. Bangladeshi IT professionals have a good demand in international IT job market, which has been proved by some of our BUET students.

Problems of e-commerce in Bangladesh:

E-commerce has the potentiality to which local and foreign companies have started showing their interest about our country. If they are to give a proper facility and environment, they will be interested in doing business here. Foreign investors are really interested in this sector. As a result, local people from abroad are keeping an eye with this digital business. Data entry industries also depend on the expansion of e-commerce. We need overall perfect and pragmatic guidelines so that we can structure this digital business efficiently and effectively. From our study we have figured out following basic infrastructure problems that exist in e-commerce sector of our country.

- Due to financial constraint most of our people are poor. So they can't bear the cost of Internet.
- They are not conscious about e-commerce.
- Purchasing products through online is costly. So people are not interested.

- We have a few numbers of e-commerce sites. They can't provide sufficient Services
- We don't have adequate regulations regarding e-commerce business.

CONCLUSION

From our study we come to conclusion that through this e-commerce, Bangladesh can be prosperous in the business arena of the world. All the major countries of the world are trying to embrace this technology with open arm. We can not just wait and see this tremendous phenomenon. We have to take active part in adopting this technology. If we become unsuccessful, the ray of modern era will never come to our country. So for the betterment of the nation we have to take drastic measures as early as possible. Our hope for future lies in the hand of e-commerce.

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