

An Overview on **Bangladesh Electronic Funds Transfer Network**



Payment Systems Department
Bangladesh Bank
Head Office
Dhaka

Discussion Points

- History of EFT
- Definition of BEFTN
- Participants in the BEFTN
- EFT Information Flow
- EFT Transactions types
- EFT Applications
- Legal Framework
- Way forward..



History of EFT

- SCOPE (Special Committee of Paperless Entries) was formed in 1970 in the USA.
- The first Automated Clearing House (ACH) Association was formed in 1972.
- In 1974 NACHA (National Automated Clearing House Association) was formed.
- In 1978 with the joint effort of FED and NACHA the regional ACH networks were inter connected.



Definition

The Bangladesh Electronic Funds Transfer Network refers to a highly reliable and efficient nationwide batch-oriented electronic funds transfer system, which provides for the inter bank clearing of electronic debits and credits.

Features of EFT

- End to end electronic.
- EFT transaction may both be debit or credit.
- Security – Transaction and Data

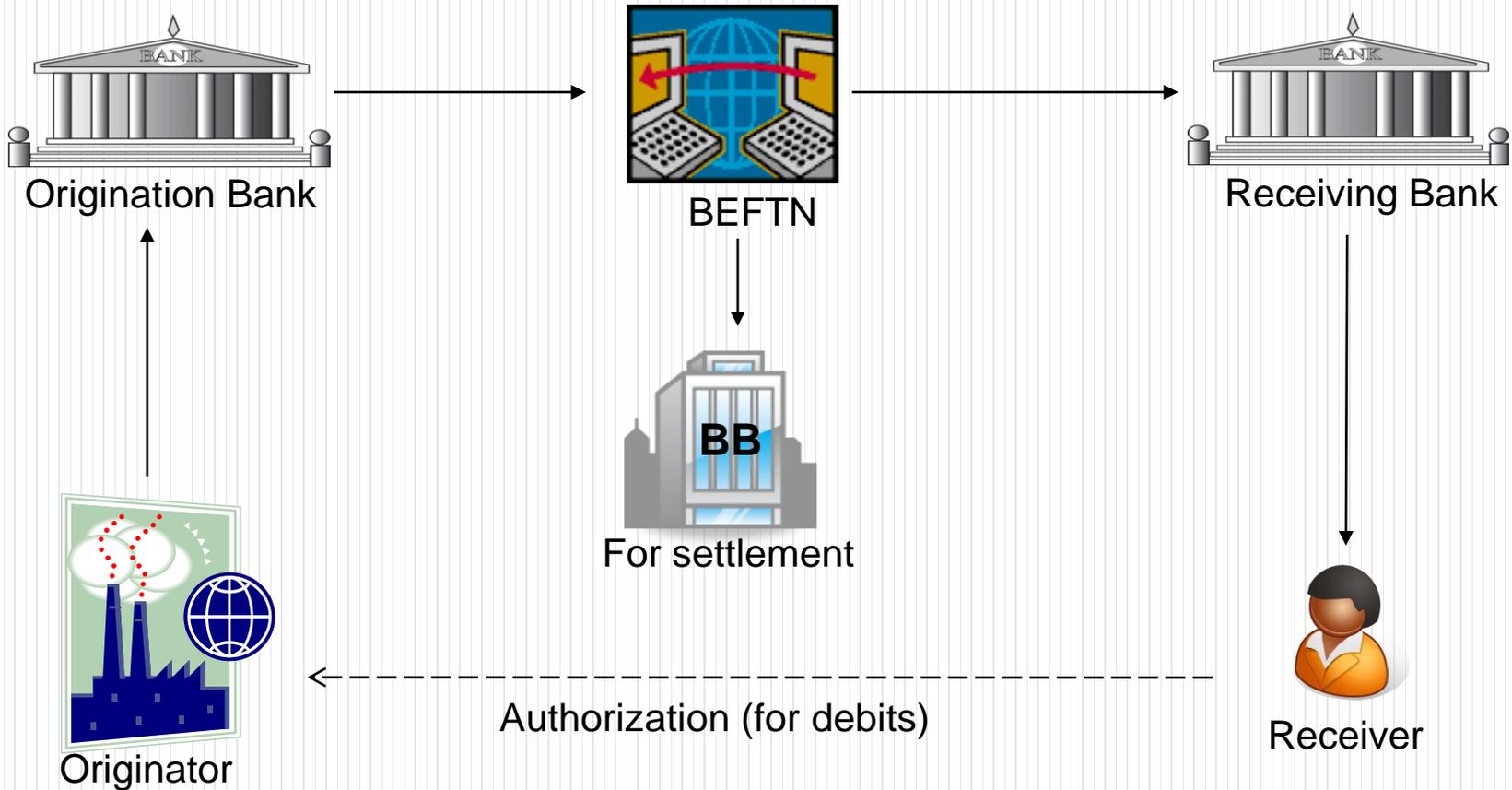


The Participants in BEFTN

- The Originator
- The Originating Bank (OB)
- The EFT Operator (Bangladesh Bank)
- The Receiving Bank (RB)
- The Receiver



Information Flow in BEFTN



EFT Transactions

- An EFT entry may either be a credit or a debit. What happens to the receiver's account will determine whether it is a debit or a credit entry.
- If the receiver's account is debited, then the entry is an EFT debit and if the receiver's account is credited, then the entry is an EFT credit.



EFT Credit Entries

In EFT credit transfers (which is also termed as 'credit push'), the Originator instructs his/her/its bank to debit his/her/its account and transfer the funds to the Receiver's account.

Examples

- Payroll Corporate and Govt.
- Dividend, Interest and Refund Payments
- Inward Foreign Remittances
- Tax Payments
- Customer initiated transactions (online purchase)



EFT Debit Entries

In an EFT debit (also termed as 'debit pull'), the Originator instruct his/her/its bank to collect payment from the Receiver, often on a recurring basis.

Examples:

- Utility Bill Payments
- Mortgage/Loan Installment (EMI)
- Insurance Premium
- Club/Association Payments

(The rules requires consumers to authorize once for debit payments and also gives them the right to reverse the transaction for a set period of time.)



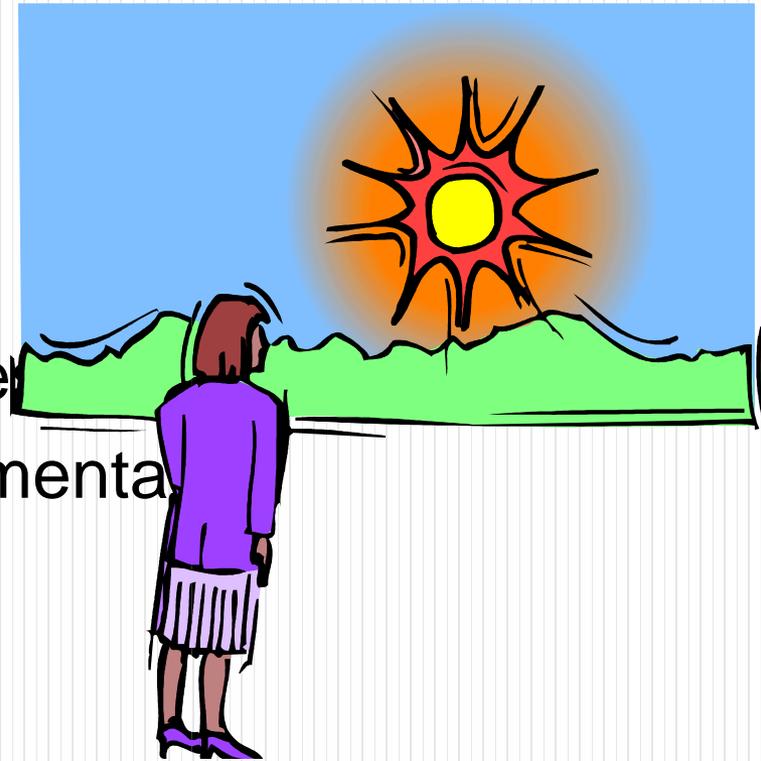
Legal Framework

- The EFT process operates from beginning to end through a series of legal agreement. The participating banks has signed agreement with Bangladesh Bank which bound them to EFT Rules. Before any transaction is initiated, the Originator and Originating Bank execute an agreement, which among other things, bind the Originator to the EFT Rules.
- EFT Rules define the parameters of the relationship between the two parties, and identify processing requirements for specific application(s), and establish liability and accountability for procedures related to that application.



Way forward..

- Win-win situation for both corp. and banks
 - ✓ Cost savings/additional revenue
- Design new products (by Banks)
 - ✓ Access
 - ✓ Convenience
 - ✓ Dependability
- Training, education and awareness
- Progressive adoption and implementation
- Commitment to process change



Q and A ?

Thank You

