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Pyramid Schemes, Multi-Level Marketing Plans and Ponzi Schemes

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1. Introduction

Central banks typically advise the public to refrain from participating in illegal deposit taking schemes and other fraudulent financial scams, to avoid losses and becoming victims in such scams. In the face of economic crisis and social unrest, individuals and societies must be particularly cautious about such scams and maintain financial discipline to manage their money carefully by avoiding unnecessary expenditures or high-risk investments. Unauthorized investment plans are typically designed to take undue advantages of panic situations and fears of the general public. The Central Bank of Sri Lanka (CBSL) is concerned about the increasing number of unfair, fraudulent, and misleading business activities throughout the country that have duped the non-suspecting public, lured by their tendency to engage in quick, easy and effortless ways of earning money. Most often, such fraudulent business plans are designed to absorb the hard-earned money from the participants of such schemes to the accounts of culprits. Eventually, the rising numbers of victimized participants may become burdensome on an already stressed economy, triggering more economic and social issues in the country. It is believed that by enhancing awareness among the general public regarding financial scams and their impacts and making a collective effort to combat scams, may prevent such situations from arising.

There are various types of financial scams that have been evolving over time with the economic and social conditions of the countries and the respective laws introduced to combat such financial scams also differ from country to country. Multilevel Marketing Plans (MLM), Pyramid Schemes (PS) and Ponzi Schemes (PO) are some of the examples for such financial scams where all of which have very similar features. Business models of PS and PO are often identified as illegal businesses and sometimes MLM companies operate as PS confusing legitimate MLM with PS. In the global perspective, the Chinese Government has banned MLM in 1998 since MLM companies had operated as mere variations of the traditional PS. In Canada, however, MLM is a legal business model for selling goods and services, while pyramid selling is illegal.

In Sri Lanka, PS are prohibited. Accordingly, initiating, offering, promoting, advertising, conducting, financing, and managing any activities of PS directly or indirectly are guilty of an offence as per the legal provisions of the Banking Act, No.30, of 1988. Hence, it is essential to be aware of key features of MLM, PS and PO by distinguishing them from other type of schemes in order to prevent from these unlawful activities. This article explains salient features of PS, MLM and PO for better understanding of these products so that people could take precautions to protect themselves.

2. What are Pyramid Schemes, Multi-Level Marketing Plans and Ponzi Schemes?

PS is a fraudulent model where members are recruited by promising enormous benefits that are based on the enrolments of new members to the schemes by existing members. The name, PS formed as the model shapes well-known pyramids. It follows a chain referral scheme, in which more members are recruited into the layers of the pyramid. According to the Section 83(C) of the Banking Act, No.30 of 1988, benefits earned by the participants of a prohibited scheme largely depend on,

(a) increase in the number of participants; or

(b) increase in the contributions made by the participants in the scheme.

The key characteristics of a PS include recruitment of new participants to the scheme by existing members where each new recruits have to pay money directly or to buy a good or a service in order to have a right to enter into the scheme and certain percentage of money received from new participants are paid as commissions/charges to the existing members in the upper tiers of the scheme while the network of the scheme is growing. Selling products is neither a main purpose of PS nor its main income source. To continue the scheme and to earn more money from the scheme, existing members must recruit more new participants into the scheme under their referrals and it is vital that the new participants also continue the process of recruiting new members under their referrals. Further, members have to pay money in terms of an entry fee or a joining fee or other charge on monthly/quarterly/annually basis to continue with the membership in the PS. Based on the formation of a PS, two types of PSs are identified; namely Naked Pyramid Schemes and Product-based Pyramid Schemes. Naked pyramid schemes operate without offering products while Product-based Pyramid Schemes offer products which is the process similar to MLM or Network Marketing schemes.

In contrast, MLM is a marketing strategy generally known as 'network' or 'matrix' marketing or referral marketing that promotes sales of goods and services to consumers through networks or as a direct sale without intermediary retail stores. MLM schemes encourage existing members to sell products to new individuals and recruit new members to expand further sales. Participants may recruit as distributers, contractors, independent business people, direct sales persons,..etc. and all they are expected to sell the product that promoted by a company to earn commission on each sale. All the members may be given some percentage/ commission based on the sales of new members, which is a meaningful income. Recruiting other people is not compulsory in the MLM since the main objective of MLM is to enhance sales of a product or a service. For the purpose of expansion of sales, new recruitments may be encouraged that is based on the size of the company and the demand and supply of the particular product or service.

In contrast, PO, which was named after engaging in such a scheme by Charles Ponzi in 1919, is also a financial scam that promotes people to invest in the scheme promising high returns for their investments pretending that their money is reinvested in very productive investment projects. It has been investigated that operator of PO pay returns to the existing investments by using the funds received from new investments instead of paying legitimate returns that should be resulted by reinvestments of the funds as proposed in the scheme. To ensure the existence of the scheme or to avoid possible collapse, operators need to ensure the continuous inflows of funds through new recruits. When the operators find it difficult to attract more investors or when a vast proportion of the existing investors decide to take their investments back, the scheme tumbles. Hence, PO is not considered as a legitimate or an acceptable business model.

3. What are the main differences of Pyramid Schemes, Multi-Level Marketing Plans and Ponzi Schemes?

3.1. Startup capital

PS involves in a fairly high initial payment that must be paid to enter into the scheme and the profits are distributed from that initial payment. In the case of MLM, initial payment to the scheme is comparably low that may be charged to cover up the cost of training materials, sales aids, or demonstration kits,...etc. PO requires an initial investment from the new members while promising above-average returns. Typically, the companies propagating MLM business approaches do not pressurize people to join the business and often provide information in respect of the business model of the company. PS and PO recruiters tend to avoid questions/quarries of newcomers and use hasty recruitments' approaches to introduce fake, time-bound investment opportunities by urging people to take advantage of quick offerings.

3.2. Marketing Strategies

MLM companies sell products or services through person-to-person sales where products are offered to potential customers by using direct selling and distribution strategies. The MLM encourages existing participants to sell their products to retail customers to earn profits or to recruit new distributors to the business to earn more commission income through sales of products. Nevertheless, PS does not usually involve in the selling of products or rendering services and instead, the income is solely based on a hierarchical setup that relies on the continuous inflow of money from additional recruits. The base of the pyramid makes up of new recruits who provides funds to be delivered among existing members as their returns enabling the people on the top of the pyramid to earn potentially a high return. PO schemes promotes people to make prescheduled and differently valued investments. The main marketing strategy of PS is to attract more and more new investors by making interests on investments through fake information and investment plans.

3.3. Products offered

MLM offers wide range of products with genuine brands at real market prices. Further, MLM offers after sales services and provides facilities for consumers to return/exchange their products if they are not satisfied with them. However, the prices of products/services offered by a PS is normally higher than the market prices where the participants are urged or forced to buy them to register in the scheme. Further, products offered by PS do not allow to return/exchange its products as

a part of after sales services. Hence, participants may also hold off unsalable stocks, which cannot be marketable. PO may require buying a fake investment plan based on fake economic activities that create funds to offer promised returns to retained customers.

3.4. Method of market penetration

MLM regularly promotes products or services which are demanded by the consumers. Their marketing strategy is mainly based on direct sales. Accordingly, MLM highly depend on the skills and efforts of the distributors to develop and expand the customer base for their products. PS is more enthusiastic to recruit more participants to the business rather than promoting products and services. PO always expects new investors as it is highly dependent on the continuous flow of investments of new investors.

3.5. Distribution levels

MLM builds up distribution network as a marketing strategy with the intention of increasing sales in order to reach customer's needs in an efficient and effective manner. As a result, MLM encourages limited distributors to sell more products and services in a different geographical area rather than having number of distributors in a particular region. Therefore, limited number of layers are formed in MLM. However, PS recruits members as much as possible irrespective of geographical areas and has number of levels. Meanwhile, PO recruits investors as much as possible irrespective of levels in order to absorb more investments.

3.6. Continuity of the business

Majority of MLM companies are willing to build up long term business relationships between distributors/ direct sellers with the purpose of good will and the expansion of the business, continuation of the business,...etc. However, in PS, there is no assurance about business sustainability since funds of the large number of new recruits in the bottom of the hierarchy transfers to the few members at the top, which entails a high risk of collapsing the business at any moment. The PO also tends to collapse when new investors are not attracted to the scheme since PO is totally dependent on new investors' money.

3.7. Details of business activities

MLM often divulges business related information such as business plan and activities, types of products for sale and services rendered by the company, details about product offerings to the potential participants before entering into agreements with customers to maximize their sales. The PS always tries to motivate new participants by informing the benefits and income that they can earn after joining into the business and PS forces participants to sign the contracts hiding business plan and activities or misguiding the participants. Similarly, business plan and activities in PO are not disclosed, or misleading information is revealed to the investors.

3.8. Consideration

The main source of income of the distributors of MLM is commissions/remunerations generated by selling/offering product or services targeting the final consumer. Conversely, the hidden truth is that the commissions are paid to the participants in a PS from the funds collected through new recruitments since there are no other income sources to PS. Further, PO offers higher rate of return than normal rates prevailing in the market even though, investors often experience delays in receiving returns as the payments are generated through newcomers' money.

3.9. Registration and leaving the scheme

PS and PO often intend to make huge profits with minimal or no work, although MLM schemes hardly offer quick and easy ways to earn money as their earnings are based on certain economic activities. MLMs do legitimate businesses after obtaining necessary approvals granted by relevant legal authorities. However, both PS and PO seem to be operating with some other hidden agenda even though some of the registrations/authorities have been obtained from relevant authorities. When there is a situation where an existing member needs to quit from the scheme, MLM allows distributors to leave the scheme easily by resigning and the company often purchases back excess stock at around 90 percent of its cost. With regard to the PS and the PO, participants can leave the scheme anytime by losing all of the money or part of the money that they invested in the scheme, since there is no pay back or buy back policies.

4. key attributes that the public must be aware of when investing in financial schemes

i. The legality of the work performed by the scheme/entity and the availability of necessary approvals and licenses from relevant authorities or regulators to perform the task that they involved in.

ii. Comprehensive business plan, including the ways that consumers/participants can be benefited in terms of remuneration, commission, bonus, discounts, and other entitlements,...etc.

iii. Comparison of the plans/benefits and rate of return offered by the schemes with similar plans/benefits available in the market.

iv. Provision of adequate information about the scheme by the operators on;

- the nature of the product offered, or service rendered including the price, quality, characteristics of the products, availability of products...etc.
- identification of the company including the location, address, contact details... etc.
- similar products or services available in the market
- nature of business plans that offer the same product and services in the market

v. Availability of after sale services/customer care services and reasonable and applicable terms and conditions in terms of consumer protection.

vi. Maintenance of transparency when entering into the agreements with relevant parties by providing all necessary information including legal obligations.

vii. Not to be fooled by "business opportunities" and "get rich quick" schemes offered through the internet or through unsolicited e-mails as there are no legal/valid ways to earn money easily and quickly.

viii. Taking the social responsibility to be cautious of claims of low or no risk investment opportunities with minimum effort. Understanding the reality that the qualifications, skills, leadership qualities. are the factors to determine one's earning capacity.

5. Why do Pyramid Schemes and Ponzi Schemes long last?

Many people argue why pyramid type schemes have been existing so long period even they have

caused huge negative socio-economic impacts to certain countries in the history. The following arguments may pinpoint to the reason:

I. **Sufferers' silence and shame –** Persons who have lost money are reluctant to disclose the information on scams probably due to ashamed of being cheated and may not proceed with legal actions. Victims often blame themselves as losers.

II. **Complication of the scheme –** Organizers intentionally try to complicate the scheme to confuse the participants so that the regular person finds it difficult to understand the real nature of the business and even sometimes it is difficult to prove it as fraudulent business.

III. **Evolving business strategies** – Business strategies and models evolve over time, enabling the evasion of legal proceedings. PS are often harder to prove than PO.

IV. **Intention of earning easy money** – People are attracted for quick and easy money with minimum effort. PS and PO are widely spread in economically unstable times.

V. **Revolving door group** – The bottom levels of a Pyramid become a "revolving door group" with the losers leaving and being replaced by new members.

VI. **Heavy politicization and strong pressure** – Promoters lobby government officials and often ingratiate themselves by making contributions to political parties.

6. Why have Pyramid Schemes and Ponzi Schemes been propagated recently?

Though PSs are prohibited in Sri Lanka, pyramid and ponzi type businesses get propagated with the advancement of Information Technology (IT) resulting easy access to IT facilities by the public. Hence, recruiting new members to such schemes have become more convenient with widespread social media networks and virtual conferencing facilities with the lowest advertising and promotional expenditure. This has enabled such businesses to organize motivational seminars for a large audience with intensely propaganda with regard to the potential gains that could be derived from the scheme. Further, massive disruption in day-to-day life of the people due to Covid-19 pandemic situation has also led to increase these kinds of fraudulent businesses activities. It has been observed that the people under financial pressure easily have got attracted to these types of businesses, as majority of affected people try to get rid of financial hardships instantly with minimum effort.

Moreover, PSs seemed to be operating with complex business structures similar to MLM models and it is difficult to distinguish between them. Accordingly, the public is urged to take extra care and diligence before making investments and abstain from entering into contracts which contain characteristics of prohibited and risky investments.

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Role of the Blockchain Technology in the Banking Sector

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Introduction

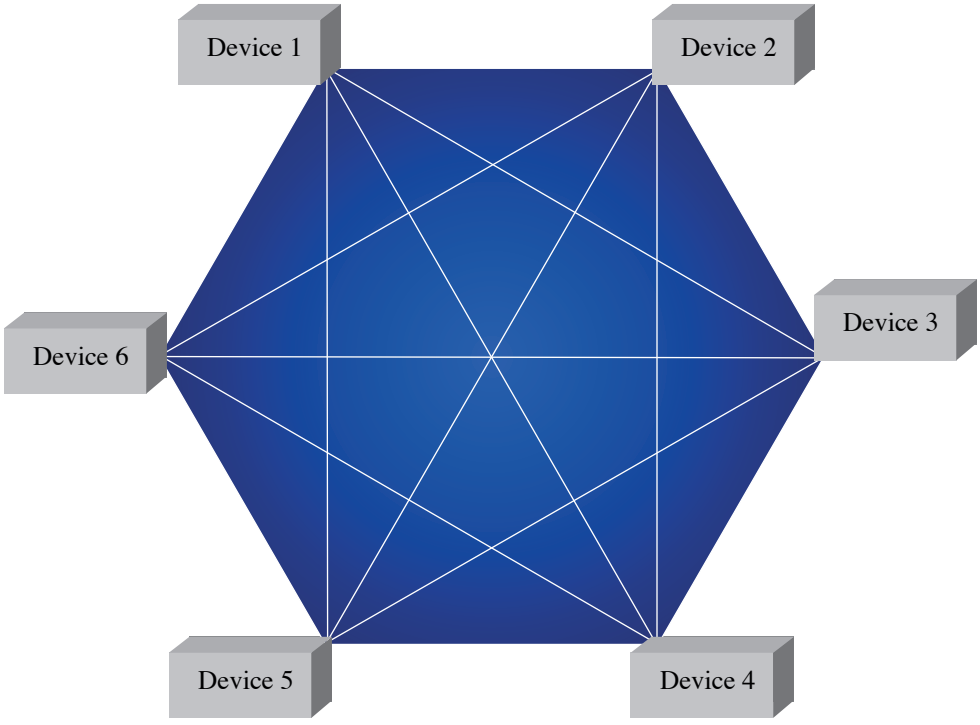
In the fast-paced world that we currently live in, the adaptation of new technological advancements and innovations have become an inevitable and indispensable element for many sectors of the economy as they facilitate and streamline processes that improve their productivity and enhance the quality of the expected outcome. Blockchain technology is one such advancement that has been getting much attention in recent times, as it can be integrated into many different sectors, including finance, agriculture, healthcare, telecommunications, and insurance, to generate efficiencies. Among these sectors, there is a progressive demand for the applications of blockchain technology in the banking industry nowadays, due to its ability to increase the operational efficiency as well as productivity of specific financial services that cater to different stakeholders.

What is blockchain?

Blockchain is a Distributed Ledger Technology (DLT) that enables the digital collection of data on transactions that are recorded in decentralized networks that are stored in public/shared databases. They use a distributed ledger comprising individual blocks of data that facilitates the storage of data electronically in digital format, which could be used to record and verify transactions without the involvement of a central authority. Such digital ledgers could also be shared through a computer network as the decentralized network connects to the multiple nodes of computers to share information across all connected devices as shown in Figure 1 below. Blockchain is also considered as a data structure with the records of transactions with the features of digital signature which facilitate the authenticity. Since the application of the digital signature, stored data in blockchain cannot be changed thereby improving security and

transparency. Cryptocurrency is the key example as the application of blockchain since it is built on blockchain technology that are used as a means to exchange goods and services.

Figure 1: Decentralized Blockchain Technology



Main Characteristics of Blockchain Technology

Blockchain technology is based on specific characteristics including smart contracts, decentralized networks, immutability, enhanced security and distributed technology.

- **Smart Contract**

One of the essential features of Blockchain technology is the smart contract. A smart contract can be defined as a self-executing computer program stored in blockchain comprising an agreement between buyer and seller as well as computerized transactions. It plays a fundamental role by the way of simplifying the trade between known and unknown parties as well as enhancing transparency, safety, and security.

Since smart contracts are digital and automated, the paperwork is limited and thereby documentation process would be more formalized with less errors. Since encrypted transactions records are exchanged among the buyers and sellers, hackers have less opportunity to engage in fraudulent activities.

- **Decentralized**

The blockchain technology network is based on a decentralized network that distributes processed information through multiple devices and there is no central authority to control and govern the activities. Therefore, if one device/network breakdown, the other network devices can continue operating without any interruptions.

- **Immutability**

Immunity feature of Blockchain technology is being unchangeable. This means, no participants can alter, delete or add a transaction block to the distributed ledger without having proper authorization. Therefore, Immutability ensures the transparency and security which help to avoid corruptions and fraud.

- **Enhanced Security**

The Blockchain is a technology that is built on more secure data protection technology that offers Encryption and Validation without any involvement of central authority. The encrypted feature of blockchain technology helps to provide proper validation. Further, the algorithm of Cryptography feature enhances further security and protection.

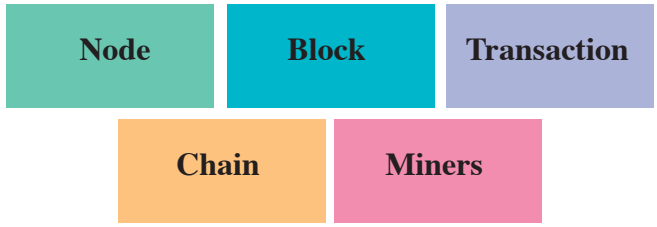
- **Distributed Ledgers**

One of the important elements of Blockchain technology is DLT. It is a decentralized database which connects to individual computers known as, nodes to synchronize, share and record any information related to the transactions under the decentralized network.

Major components of Blockchain technology

The major components of blockchain as shown in the figure 2 are Node, Block, Transaction, Chain and Miners. Node is known as computers in peer-to-peer network and the transactions are broadcast into this network. Block is the data structure which is used to keep all transactions of all the nodes available in the blockchain network. Transactions are digital records and information in the network and the chains are blocks according to the chronological order. Miners connect to the network at specific nodes that facilitate the verification for any component to be added to the blockchain network using algorithm.

Figure 2: Major Components of the Blockchain



Major types of Blockchain Networks

The blockchain network can be categorized into three major components according to their specific features and the nature.

1. Public Blockchain Network

This type of networks facilitate access to the system and data to anyone who is willing to participate. These networks enable any participant to send transactions and all transactions are considered as public. The major public blockchain networks are Bitcoin, Litecoin and Ethereum.

2. Private Blockchain Network

Private blockchains are controlled by a specific organization and cannot participate others without having relevant permission. Access is determined by the single authority and only authorized users can participate.

3. Consortium Blockchain Network

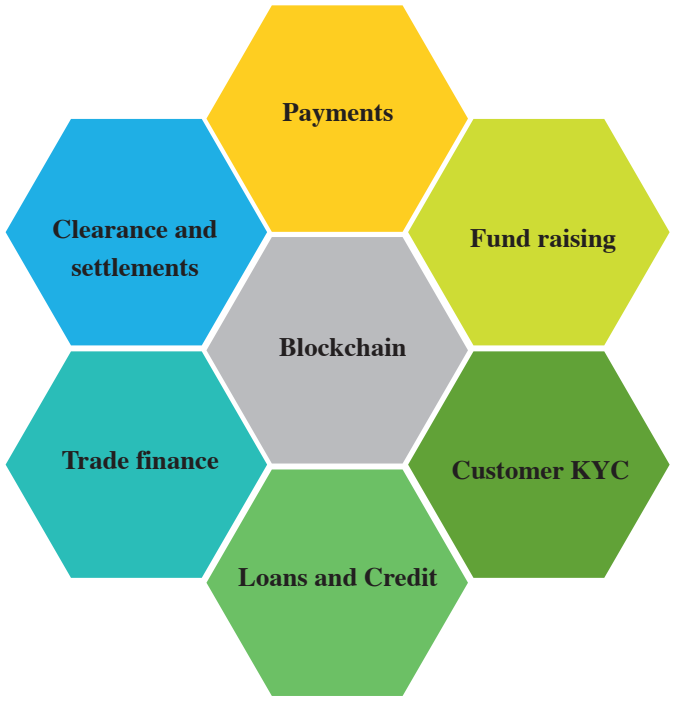
This network structure is controlled by several organizations and access to the network and participate for the transactions can be public or restricted to the participants.

Applicability of Blockchain Technology for Banking sector

Significant developments in the blockchain technology have led an increase in the attention of the banking sector to adopt these advancements and innovations to financial sector while making new changes to the traditional business models to enhance efficiency and productivity while minimizing cost associated with banking business.

Today, usage of blockchain related applications in banking sector has made considerable changes to the banking products/services including clearing and settlements of transactions, payments, fund raising, trade finance, processing of loans, collateral management, and use of Know Your Customer (KYC). More especially, the decentralized distributed ledger would enable banks to facilitate faster payments than ever while reducing the significant cost. Many leading financial institutions in the world have been creating necessary infrastructure for the adaptation of blockchain technology to their business activities. Some of these banking institutions have already been adopted new technology to the traditional banking services while others are in the pilot stage. The major areas of the banking sector that can be used the blockchain technology are as shown in the figure 3.

Figure 3: Applications of Blockchain in Banking Sector



1. Payments

The banking sector around the world has been trying to adopt digitalized payments powered by Blockchain technology to enhance the efficiency in the banking system. At present, many banks in Sri Lanka are also stepping towards more digitalized payments to save time, cost and manual involvement.

The use of blockchain technology would enable banking institutions to send payments in a more

secure way while bringing down the processing time and verification time. For instance, in 2019, a South Korean based crypto currency payments startup namely HUPAYX in collaboration with other south Korean businesses developed payment network that enable people to make payments using the mobile app of HUPAYX and Point of Sales (POS) over 400,000 shops. More especially, this application can be used to make micropayments even less than 1 dollar. Furthermore, blockchain technology enable to effect transactions peer to peer without involvement of intermediary/ correspondence bank that leads to save operational cost for the transactions.

2. Trading Assets

At present, trading of assets such as equities, securities commodities and debts are facilitated through the stock exchange, clearing houses, custodian banks and central depositories with the involvement of complex process. However, Blockchain -powered technology such as DLT can be used to transfer the asset from seller's account to buyer's account using the cryptographic tokens.

3. Clearing and Settlements

The applicability of Blockchain would enable banks to affect the transaction settlements directly instead of using SWIFT network. At present, banks make fund transfers from one bank(payer) to other bank (beneficiary) through two correspondence banks linked to each bank. Further, fund transfer instructions are sent using the SWIFT transmission. This process involved additional cost for both parties. For instance, blockchain technology can be used to make payments between two banks in which countries given permission to do interbank transactions. Also, Ripple, R3 and xRapid are some of the major developments to enhance the settlement of transactions using the blockchain technology.

4. Accounting and Auditing

Blockchain technology would enable the provision of more efficient services in relation to the accounting and auditing activities. DLT and smart contracts would assist an entity to maintain a more accurate digital ledger, records and book-keeping system in line with the international accounting standards and compliances**.**

5. Fund raising

Fund raising involves an initial coin offering (ICOs) such as issuing a token or coin. These ICOs provide an opportunity for companies to access large number of investors as well as liquidity in the market. It is considered as a popular method for fund raising Trade Finance.

Blockchain technology enables to provide ideal solution to lengthy and complex process of cross-broader transactions in the trade finance by reducing documentation process and delivery time. Traditional process of trade finance involves processing a series of activities with various steps such as factoring, insurance, issuing letters of credit and lending lines and tends to be not only more time consuming but also with significant delays. Blockchain technology is very important for all exporters and importers, with enabling of sharing confidential documents, transaction details and any other details related to the cross-broader transactions, and delivery of goods within groups, in a secure and efficient manner.

6. Loans and Credit

Processing of loans and credit are involving series of activities including reviewing the application,

analyzing financial information to assess the affordability of the loan, checking credit to ensure whether there is any previous default, risk analysis and credit score. Instead of this traditional process, bank can use the Blockchain solution which provides peer to peer loan (P2P) for larger pool of customers more securely and efficiently.

7. Customer KYC process

Process related to the KYC is comprehensive and repetitive with the significant human involvement for the administrative workload. Under existing KYC process, banks are required to collect details of the customers and store in complex databases for the purpose of sharing among the different parties to identify customers, nature of business and identify the risk of channeling any illegal funds through the financial system.

All financial institutions are required to comply with the Know Your Customer (KYC) and Anti Money Laundering (AML) policies and regulations imposed by the regulatory authorities in the process of customer onboarding in order to identify potential risks emanating from the customers that could have a negative impact on the stability of the financial institutions. Due to this requirement, all customers are required to fill in KYC and AML related forms when they want to maintain banking relationship for various purposes, including opening accounts, transferring funds and making payments. The blockchain technology is able to facilitate more efficient and speedy solution for the existing KYC process of customer onboarding and verifying the identity (address proof, verifying photos and biometrics) without any harassment to customers.

Through the decentralized network of the blockchain, the financial institution can access the customers' information with the consent of customers and customers are not required fill the KYC related forms for each bank that they wish to commence their banking activities. Also, banks are benefiting because the technology helps them to prevent cyber-attacks, involves low paperwork, reduce human involvement, and detects various types of fraud.

Advantages of Blockchain Technology

1. **More transparent** – Blockchain powered technology, such as smart contract, enables the creation of an environment of trust and transparency with less settlement time.

2. **Ability to use digitalized documents** – Since, the verification and validation processes have been automated, contracts, terms and conditions, agreements between buyers and sellers are digitalized to minimize the paperwork.

3. **Faster payments** – Through the decentralized network and DLT, banks can use the blockchain technology to facilitate faster payments and settlements at lower costs. Further, the technology would facilitate transactions to be settled directly, without the assistance of a financial intermediary or bank.

4. **No need for verification from third party** - Through the smart contract, banks are enabled to facilitate digital verification without the involvement of any third-party entity.

5. **Increased efficiency** – streamlined procedures through the blockchain raised the overall efficiency and does not require constant follow up of the heavy paperwork

process and thereby limits the room for human involvement and potential human errors.

Regulatory, Legal and policy concerns for adaptation of the Blockchain Technology

Generally, anyone around the world can use/create Blockchain technologies and therefore it is not subject to regulation. However, some applications of blockchain-powered elements such as cryptocurrencies have posed significant challenges to financial systema as well as consumer protection. Therefore, countries around the world, are nowadays paying attention to creating the necessary regulatory environment and implementing essential infrastructure with the objectives of promoting the blockchain applications and related components while safeguarding the stability of the financial system and the customer protection.

Some legal, policy and regulatory concerns for adaptation of the Blockchain Technology can be summarized as follows;

1. Decentralized feature of the blockchain has become major concern for regulatory authorities since the nodes of the decentralized distributed ledgers could be linked to different locations of the countries. Unavailability of specific location for DLT has become the major concern when operating each network in different jurisdictions as they are subject to different laws and regulations. The fundamental question is who would take the responsibility of functioning and administering of DLT.

2. Also, with respect to the processing of cross-broader payments from one country to other country, it is required to comply with national and international regulations. Therefore, pre-arrangements and an understanding of standards/regulations followed by each country would be required before entering into the cross-broader bitcoin transactions between countries.

3. Absence of proper regulations for data protection and modalities for authenticating the identity of persons could be incompatible with the privacy law.

4. Even though, blockchain technology can provide a more secure environment for many activities, the risk of cyber-attack can pose a threat to customer protection and stability of the financial system.

Blockchain Technology in Sri Lankan Context

Sri Lanka has taken a leap forward to possibility on implementing blockchain technology with the objective of enhancing the digitalized economy. One step which was processed recently is developing a Blockchain Technology based Know-Your Customer (KYC) Proof of Concept (POC) initiated by the Central Bank of Sri Lanka (CBSL) to recognize the future potential benefits that could bring to the financial sector. Accordingly, on 07th July 2020, CBSL entered into an agreement with local and foreign parties to provide the solution for Shared KYC project. Then later POC testing, and development were successfully completed by June 2021. The potential benefits of this massive project are to be improved the efficiency of sharing KYC information among the local banks securely while ensuring the confidentiality of the customers, lowering the operational cost of the banks while reducing the operational risk. The ultimate purpose of this project is to promote

the digital finance and increase the access to the financial services to customers.

Despite the potential benefits of this technology, it could bring many challenges to the Sri Lankan financial sector, mainly due to the absence of the pre-defined regulations and proper legal framework. The other major concern is lack of technological infrastructure available in the country to develop the blockchain based digital financial services. Another key challenge for the implementation of this technology is the lack of technological knowledge and unwillingness to accept the new changes.

Way forward

Blockchain technology is a technology with the potential to power innovation in the financial system which is bound to generate immense benefits and opportunities to the users of financial products and the banking industry as a whole.

Integration of Blockchain-powered technology has more potential to revolutionize the business activities related to many sectors around the world. It has the potential to create enormous advantages for many sectors in the banking industry such as payments, Clearing and Settlements, KYC, Auditing, Accounting, Asset trading and Cross-border payments would have more benefits than ever before.

Considering these immense benefits, it is more important for the banking industries to create necessary infrastructure to support Blockchain before adopting such technologies into banking industry in the world-wide rush to gain the maximum potential.

Also, Blockchain technology would be more beneficial if the regulators could facilitate necessary environment to enhance the advancement of its applications in the industry, within the legally defined boundary. In order to fulfil this, all market participants and regulatory authorities would need to work collaboratively and cooperatively to make the best use of Blockchain technology to help gain the real benefits of such technologies. Therefore, it is of utmost importance to comply with the regulations that change in line with the change in the international market and global standards, while ensuring the stability of the financial system and the financial stakeholders.

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Polymer Bank Notes

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Source: https://www.banknoteworld.com/blog/the-pros-and-cons-of-polymer-banknotes/

Introduction

This article mainly focuses a brief history of the transition from paper to polymer notes and explains how this transition was implemented in some countries as the recent trend of many countries to replace paper money with polymer money. The article also highlights the advantages and disadvantages of polymer banknotes, and the host of issues faced by many countries as they shifted from paper to polymer money.

What is Polymer?

Polymer is a clear, thin and flexible plastic material which is stronger than paper. There are two types of polymers: naturally occurring and synthetic or man-made. Natural polymeric materials are hemp, shellac, amber, wool, silk, cellulose and natural rubber. Synthetic polymers include polyethylene, polypropylene, polystyrene, polyvinyl chloride, synthetic rubber, phenol formaldehyde resin, neoprene, nylon, polyacrylonitrile, PVB, silicone and many more.

What is Polymer Bank Notes?

"Polymer banknotes are banknotes made from a polymer such as biaxially oriented polypropylene (BOPP). Such notes incorporate many security features not available in paper banknotes, including the use of metameric inks"[1].

Source: © De La Rue

Conventionally, the main material used in the manufacture of currency notes is cotton. Over 95% of currency notes which are in circulation across the world are made of cotton. Although popularly referred to as "paper money", they are not made from paper at all. They are made from a mixture of cotton pulp.

1 https://en.wikipedia.org/wiki/Polymer_banknote

However, polymer notes have several advantages over the paper counterparts; primarily owing to their durability and their anti-counterfeit features, that polymer notes have become very popular in some countries of the world. Despite all the benefits of polymer banknotes and its likelihood to replace the paper notes over time, polymer notes have some serious drawbacks.

These polymer notes offer special durability, not only security advantages over the paper banknotes. Polypropylene starts as a clear material; firstly, base print layers are added to the plastic for the purposes of durability, cloudiness and reducing stagnant. Then further layers are added to this foundation, which include the features of raised print or intaglio, one of the key things that make banknotes much secure. Banknotes can be further secured with a clear plastic see-through window with more detailed holograms using polymers, but it is not possible with paper notes. In addition to the magnetic materials which are added to allow banknotes to be read by cash machines, polymer notes have a hydrophobic polyurethane varnish, which prevents soiling and water damage.

All of these means, polymer banknotes are safer due to having more security features, durability with all of above layers and also better looking thus making them more desirable to collectors compared to the usual paper money.

History of Polymer Banknotes

The story of plastic money begins in 1967. This innovation was caused by a significant number of forged $10 notes in circulation which were revealed by the Australian authorities. Those counterfeited currency increased demand for security features which could not be incorporated into paper notes.

The introduction of colour photocopiers triggered a rise in counterfeiting that fostered the need for research on ways to mitigate counterfeiting and compelled the authorities to experiment with the production of distinctive papers.

Initially, an OVD (Optically Variable Device) strip made of plastic was proposed to be inserted into paper notes in 1972. Further, several companies were engaged in experiments with polymer currency during 1970s and 1980s and ultimately, a joint effort between the Canadian engineering firm AGRA Vadeko and the US Mobil Chemical Company, produced one of the polymer substrates trademarked as Dura Note. It had been tested by the Bank of Canada in the 1980s and 1990s and was eventually evaluated by the Central Banks of 28 countries.

However, Australia was the first to issue the modern polymer banknote as currency in 1988 (coinciding with Australia's bicentennial year) which was developed by the Reserve Bank of Australia (RBA), Commonwealth Scientific and Industrial Research Organization (CSIRO) and the University of Melbourne.

An Australian $100 polymer note.

Photograph: Torsten Blackwood/AFP/Getty Images
https://www.theguardian.com/business/2013/sep/10/polymer-bank-notes-pros-cons

What are the Advantages?

There are many advantages in using polymer banknotes compared to paper or cotton banknotes.

a) The rather expensive technology used to generate the extensively detailed images on the polymer notes makes counterfeiting difficult. The newer polymer notes also have many advanced security features, which can be easily verified, but hard to counterfeit.

b) As the polymer notes are completely waterproof, they do not absorb moisture like the paper notes. The polymer notes have a protective coating which protect them from dirt, oil and liquid. Therefore, compared to paper banknotes, polymer banknotes are significantly clean. If polymer notes are properly taken care of, they won't get dirty and limp easily.

c) The polymer banknotes are more durable than the paper notes, as they can be used for at least 2.5 times longer periods than the paper notes. The longevity of polymer notes not only reduce the cost of processing and replacement of notes, but also tend to have a lesser impact on the environment. Thus, although the printing cost of the polymer notes tend to be more expensive than the paper notes, they are cost effective given their durability and longevity.

d) Unlike the paper notes, the polymer notes cannot be easily torn, and does not get damaged when washed or when accidentally put in the washing machine. The polymer notes can tolerate high temperatures of up to 100 degrees Celsius. Thus, they can withstand unexpected incidents, such as leaving the notes in the car accidently or house fires. However, that does not mean, you should iron the polymer banknotes.

e) Polymer notes are easier to feed, process and count using ATM and money deposit machines.

What are the Disadvantages?

Despite the many advantages of the polymer banknotes, there are also some disadvantages identified with these notes.

a) Polymer banknotes are hard to fold while paper money is much easier to fold

We can fold paper money easily and place it in our pockets. But since the polymer banknotes are designed specifically to resist for attempting at folding, they are not suitable for those who use folding wallets or desire to carry notes in their pockets. If we try to fold a polymer banknote, it will create a wrinkle in the middle of the note which remains there permanently.

b) Sticky when wet

Since the polymer notes are made from plastic, they tend to get stuck together when these notes make contact with water or some other liquid. Once this happens, it is very difficult to pull them apart. Transactions using wet polymer notes could be an unpleasant experience as two notes stuck together could easily be misconstrued as one note. Bank tellers may also face this problem as sticky notes can be more difficult to count by hand.

c) Huge cost to recalibrate existing machines

Polymer bank notes may not be compatible with existing sorting machines in banks and other wholesale cash handling businesses which are manufactured to handle paper banknotes. The design of polymer notes is a different quality which is far-off to traditional sorting machines. Since these machines are designed to sort paper notes, the relative roughness of

the polymer material possibly leads sorting machines to slow down over the time or result in failures. As a solution, those machines can be modified/recalibrated or replaced to accommodate polymer notes which is however, costly exercise, creating another burden for developing countries. Also, polymer bank notes may not be compatible with existing automatic payment and vending machines.

d) Though the polymer bank notes are recyclable at the end of its lifetime, developing countries may not have the facilities to recycle them. Thus, they may have to burn them causing air pollution.

e) Higher production cost

This is another notable disadvantage. In the short-term, the cost is higher to produce polymer notes, which might be a problem for developing countries. The benefits from their extra durability feature only be derived over time.

f) More slippery

Polymer notes are harder to count by hand because of their slippery nature.

g) Some complain that the colors of the polymer banknote could easily fade away. A good example is Nigeria, which went back to paper money after polymer banknotes started to fade and sellers started to reject those notes[2].

h) Another factor might be the traditions of Central Bankers, who tend to be very risk averse. They may be simply waiting until their counterparts in other countries convert to polymer first and subsequently follow suit.

Adoption of Polymer Banknotes

As mentioned above, modern polymer banknotes with Optically Variable Device (OVD) were first issued in Australia in January 1988. It was a 10-dollar commemorative banknote issued to mark their 200th Anniversary (bicentennial year).

However, as of today, many countries are adopting these polymer notes at different speeds considering their advantages. Some countries have implemented it for the whole family of banknotes, while others have implemented it only for the extensively used denominations where durability is essential. Some countries have limited their polymer notes for the issue of commemorative notes.

Australia, New Zealand, Romania, Viet Nam, Brunei, Papua New Guinea and Canada have shifted entirely to polymer banknotes. Other countries which have printed polymer currency notes for

The first polymer bank note in the world

https://museum.rba.gov.au/displays/polymer-banknotes/

2 https://www.banknoteworld.com/blog/the-pros-and-cons-of-polymer-banknotes/

the circulation are Bangladesh, Brazil, Costa Rica, Dominican Republic, Hong Kong (for a 2-year trial), Indonesia, Israel, Kuwait, Malaysia, Nepal (no longer issued), Philippines (no longer issued), Solomon Islands (no longer issued), Singapore, Sri Lanka, Thailand and Zambia. Countries which have issued commemorative polymer notes (which are not in circulation) include China, Taiwan, Northern Ireland and Singapore.

Further, the latest countries which introduced polymer banknotes into general circulation include the United Kingdom, Nigeria (went back to paper notes), Cape Verde, Chile, The Gambia, Nicaragua, Trinidad and Tobago, Mexico, Maldives, Mauritania, Botswana, Sao Tome and Principe, North Macedonia, the Russian Federation, Armenia, Egypt, the Organization of Eastern Caribbean States (OECS) and Samoa.

Timelines of Adoption of Polymer Notes in Some Countries

- **Australia:**

The polymer technology was first introduced in Australia in 1988 with the issuing of the commemorative bicentennial $10 note which was the world's first polymer note with OVDs. There are five denominations of bank notes issued and in circulation in Australia. In July 1992, Australia began to issue a full set of polymer notes for general circulation. By May 1996, all Australian banknotes were issued in polymer and the polymer banknote technology was well established in Australia. Further, it became the first country with a full set of circulating polymer banknotes in all its five denominations, from 5 to 100 dollars.

- **New Zealand:**

The Reserve Bank of New Zealand (RBNZ) issued its first polymer note of $20 in May 1999 and rapidly switched all of its notes to polymer substrate in the following twelve months. Accordingly, New Zealand adopted polymer banknotes in the denominations of $100, $5 and $10 simultaneously and finally $50 in July, October 1999 and in March 2000, respectively. Therefore, New Zealand became the second country to fully convert to polymer notes.

Further, RBNZ has issued a one-off specially designed $10 to commemorate the Year 2000 Millennium during this same period.

In addition, the RBNZ has further improved security features and introduced a new series of currency notes thus issuing the $5 and $10 notes in October 2015 and the $20, $50 and $100 notes in April 2016.

- **Romania:**

Romania was the first European country to introduce a full set of circulating polymer banknotes during 1999 - 2001 and by late 2001, became the third country after Australia and New Zealand, to fully convert to polymer with notes of 2.000, 10.000, 50.000, 100.000 and 500.000 Lei. The commemorative 2000 lei note which was issued to commemorate the last eclipse of the millennium was also issued during this period. Further, a 1.000.000 Lei note was issued to supplement the above-mentioned series in December 2003.

Moreover, Romania issued the second generation of polymer notes for all of its denominations in July 2005 and became the first country to issue a full set of second-generation polymer notes.

These second set of notes carried the same design as the old notes, but their size changed in line with euro banknotes, and were denominated in a reformed currency where 1 new leu = 10,000 lei.

Subsequently, Romania started issuing a revised version of the 10 lei banknote in December 2008 and the National Bank of Romania issued a 100 lei polymer banknote to commemorate the 100th Anniversary of the Great Union in December 2018.

- **Viet Nam:**

A polymer note of 50 Vietnamese dong was issued by the State Bank of Viet Nam to commemorate its 50th anniversary in mid-2001. After that, two circulating notes which were 50,000 dong and 500,000 dong were issued in December 2003. The 500,000 dong was a new denomination as the highest denomination in the paper note series was 100,000 dong.

Viet Nam - P120 - Front - 500.000 Dong

http://www.polymernotes.com/vietnam.html

Viet Nam - P120 - Back - 500.000 Dong

http://www.polymernotes.com/vietnam.html

In September 2004, the State Bank of Viet Nam issued its third circulating polymer note of 100,000 dong. It also adopted polymer banknotes in 10,000, 20,000, and 200,000 dong denominations for general circulation; thus becoming the fourth country to fully convert to polymer notes by August 2006.

- **Brunei:**

Brunei Darussalam issued its first polymer note, a $1 (ringgit) in February 1996 which was followed by the $5 and the $10 in July denominations in the same year. These were the first non-commemorative polymer banknotes issued outside Australia. After these issues, polymer bank notes of $50 and $100 ringgit were released for circulation by the Currency and Monetary Board of Negara Brunei Darussalam on 15 July 2004.

Accordingly, Brunei was the first country to issue a polymer note, which did not have a commemorative theme and it became the fifth country to fully convert to polymer notes in June 2007.

- **Canada:**

The Bank of Canada introduced its first polymer banknote ($100) to modernize its currency and reduce counterfeiting in November 2011. And it was followed by the $50 banknote which was put into circulation in March 2012 and the $20 banknote which was put into circulation in November 2012 and finally the $10 and $5 denominations were released on 7 November 2013. With all of these issues, all Canadian currency notes came to be printed on polymer.

Canadian 100 dollar polymer bill is deemed to be the world's most advanced banknote, as it includes

https://www.bbc.com/news/magazine-15782723

a hologram within the transparent window, which shows a circle of numbers that match the value of the denomination, when held up to a light[3].

- **United Kingdom (UK):**

The Bank of England announced its decision to adopt the polymer notes in 2013 and they began to issue polymer notes from 2016. The new £5 note produced on polymer substrate has been issued into circulation across the UK in September 2016 thus phasing out the old £5 paper note by May 2017. A new polymer £10 was issued in September 2017 and the paper £10 was withdrawn from circulation in March 2018.

Subsequently, the Bank of England first issued their new polymer £20 note in February 2020 and the new polymer £50 note in June 2021 as planned and completed the polymer family of the bank note series. These polymer notes replaced the paper £20 & £50 notes which were withdrawn from the circulation after 30 September 2022.

Further, they plan to fully segregate paper and polymer banknote waste. Old polymer notes which can be recyclable, would be shredded and melted into tablets before being recycled into plastic items such as plant pots.

Polymer Currency Notes in the Sri Lankan Context

Polymer is not an entirely new concept in Sri Lanka as the Central Bank of Sri Lanka issued a Rs.200 commemorative polymer banknote to commemorate its 50th anniversary of independence in February 1998. However, it encountered difficulties in usage, perhaps because of the tropical climate in the country. Given that polymer notes are harder to fold, it is not match with the behavior and currency handling habits of the Sri Lankans, who preferred the use of folding wallets or wanted to carry currency notes in their pockets, which damaged the note permanently, along the fold.

Although polymer material is more beneficial to the environment and has many other advantages than paper notes, its disadvantages must be weighed against the benefits; particularly in a developing country like Sri Lanka, before shifting to the polymer currency notes.

Carbon Footprint Assessment: Paper Vs. Polymer

The Bank of England has appointed a relevant assessor named:" ThinkStep" to carry out a carbon footprint assessment to analyze the performance of the new polymer bank notes compared to previous paper bank notes with the introduction of bank notes made from balanced biaxially oriented polypropylene ('polymer') in 2016. The study has been certified by the Carbon Trust to ensure conformity to their requirements and the Carbon Trust Standard for Carbon.

According to the above assessment, polymer banknotes are more environmental friendly than paper notes mainly due to their durability. The Carbon Trust has certified that over their full life cycle, the carbon footprint of a £5 polymer banknote is 16% lower than the £5 paper banknote. Also, the carbon footprint of a £10 polymer banknote is 8% lower than the £10 paper banknote. According to them, this certification was completed in accordance with the international standard PAS 2050, looking at the full life cycle of greenhouse gas emissions related to the banknotes, including from their production, use in circulation and final disposal.

Conclusion

3 https://www.bbc.com/news/magazine-15782723

After almost 34 years since the introduction of the first polymer bank note by Australia, the advanced technology-based systems introduced in the banking services all over the world, has driven innovation in the banking and other transactions offered to customers by financial institutions.

Although polymer banknotes tend to fare better than paper-based banknotes in some aspects such as the ease with which there notes are fed in to automated systems as such notes are less affected by tears, missing parts and clipped corners. Also, polymer banknotes seem to perform better than the paper counterparts when it comes to environmental and sustainability aspects, mainly owing to its durability and their ability to be recycled. Furthermore, polymer provides a good platform for incorporating sophisticated security features which are not available on paper banknotes.

However, one of the main drawbacks of polymer banknotes is the necessity of recalibrating vending machines, ATMs and all other sorting machines when a country is planning to shift to polymer. The physical aspects of the environment in which people live and cultural aspects of societies could also be a drawback since some habits take a long time to change.

Therefore, it may help to policy and decision makers in countries who are planning to shift either from paper banknotes to polymer banknotes or continuing with paper banknotes, to consider all these pros and cons of polymer notes collaborating with their purpose of deciding to shift.

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The Behavioral Dynamics for the Modern Youth in the Post Pandemic Care Economy; Adapt, Adjust and Act.

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Background

In a time like no other, uncertainty has pervaded in every aspect of our lives to become the most prevalent, endured and the heart felt phenomenon of modern man. The concept of physicality has been replaced by virtuality quite comprehensively in our "new normal" lifestyles and the glamorous corporate lifestyle has become outmoded as many white collars have discovered their voguish modern workspaces to be at their cozy homes. The most sensitive type of work, which was never meant to be performed from a cozy home space, has become a reality today, enabling them to be performed from any nook and corner of the world. Hence, the 21st century is undoubtedly different to any other era in history, not only in terms of development and technological transformation, but also, in terms of their impact on the socio, economic, and human spheres.

This article aims to discuss opportunities and challenges for the Millennials (born between 1981 and 1996) and the Post Millennials (born between 1997 and 2012) who have been exposed to this new normality through various dimensions. It discusses the importance of precisely identifying such opportunities and challenges to reap the maximum potential out of the new generations.

Millennials or the Generation Y, the Post Millennials or the Generation Z and Generation A (born between 2012 and 2025) comprise the largest proportion of today's world population (Kassaa, 2021). For the benefit of this article, the last two clusters are hereafter referred to as the 'modern youth/child' as they encompass vast similarities. They are truly and necessarily different to their elders, especially to the Baby Boomers and to the Generation X in the spheres of both, their way of thinking and outward appearances; which to a certain extent, differentiates them from the Generation Y (Burke, 2017).

The Opportunities and the Challenges for the Millennials and the Post Millennials

Modern youth and the modern children are technically more educated than the previous generations and are far more open to make their living in a world which is decidedly different to their predecessors (Burke, 2017). They tend to be, highly technology savvy and carry an instinctive feel for a change that could be technological, sophisticated, scientific, dynamic, or radical. This is contrary to their elders who have resisted to change, remained isolated in the face of technological advances and have been passive with regard to

many other aspects in life. This tendency to isolate has increased dramatically in the recent past with the eruption of Covid-19 pandemic in early 2020, which resulted in continuous lockdowns where the modern youth and children withdrew further from their physical activities and engaged more with the technological devices. Although, this position is seemingly challenging at the outset, it could be technologically opportunistic, if deployed appropriately.

Challenges and Opportunities

One of the biggest challenges for the modern youth today, is, how fast the technology could outpace their jobs, triggering fears that robots may replace them in the future. Alternatively, the jobs which would have been the ultimate targets of the modern youth, rendering extreme prestige with deluxe lifestyles, have become very normal today and could be performed virtually with minimum shimmer. The adoption of artificial intelligence (AI) and robotics could eventually automate most of the complex human activities in the future which could discourage the workforce dynamics of cognitive and physical tasks that we engage in today. This could be a challenging position as such a transformation could reshape the workplace dynamism, whose outcomes remain uncertain. It could lead to the decaying of traditional employer-employee relationships and create an economy that is increasingly reliant on short term freelance relationships than the traditional full-time employment (Sundararajan, 2007). Unemployment generated through such technological changes, particularly through the advanced techniques of labor automation, is expected to intensify in the coming years, converting full-time jobs into sets of temporary assignments whenever possible.

Whilst one segment of the modern youth is extremely ambitious chasing after glamorous employment opportunities, there is another segment who seems to be content with the concept of 'shared economy' (Sundararajan, 2007), which has become a reality with the rapid development in digital platforms. The tendency to follow non-fulltime employment /work as the primary source of income is more pronounced with the youth with the accelerated use of digital devices. Jobs in the shared economy are like driving an uber vehicle on fulltime basis or whilst driving back from work, or temporary accommodation business in their own homes like Airbnb are no longer challenging the self-esteem (Sundararajan, 2007). These concepts appear as global brands that offer basic franchise operations for the youth facilitating quick earnings through online platforms. Although such temporary gigs are far from fulltime jobs with pension schemes and other perks that their predecessors have enjoyed, this modern generation is interestingly, embracing the services of the shared economy enthusiastically; like living in a rented apartment or driving a rented car, as long as their end needs are met in a convenient manner. They are mainly driven by the objective of making lives simpler and in the process of saving more time for the so-called virtual life, without confronting the hassle of ownership.

Although, at the onset, the conceptual lifestyles and the attitudes of the modern youth or child seem quite daunting, it imposes a large volume of opportunities and techniques to redesign the economy to fit the future. For that to happen as expected, the society and the authorities must play their cards right. While there is no precise definition for what the ideal job role or career would look like for the modern youth in the new economy, the opportunities are timeless, and the possibilities are boundless. Hence, the right chemistry should

be availed in the economy for them to seize the opportunities in a timely manner.

Reshaping Education

The new world of work would require fundamental rethinking in the primary, secondary and tertiary education. Schools and universities need to provide structured and scholastically sound transition education; not only capable of handling the modern youth, but also, the modern child. It may be prudent to reevaluate the primary, secondary and tertiary curricula for the next generation, keeping in mind their intuitive features and focusing to ensure the best fit model for the future, rather than sticking to the traditional learnings of the forerunners. As the cognitive capabilities of digital platforms expand, students may need less focus in traditional subjects and paper-based examinations, but may benefit from a greater emphasis on imagining, designing, entrepreneurship, creativity, and dynamism to prepare them for novel careers. Redesigning of the education systems has always been a very sensitive area under discussion, in the past. Despite the many rounds of discussions, breaking away from the traditional educational methodologies or curricula has been seemingly difficult. Profound thinking may be required to reach consensus on a balanced approach, with an appropriate mix of the traditional and the forward looking educational policies, to develop a well-balanced workforce that is ready to learn and develop capabilities to cater to the requirements of a modern world. Going forward, investing in mentorship across generations and linking up with institutions across the globe would be vital for such endeavors.

Evidence from Sri Lanka

In this backdrop, measures taken by Sri Lanka in the recent past, are much commendable. In early 2020, the Ministry of Education (MoE) commenced a rigorous review of the current education system, along with relevant stakeholders. Proposed educational reforms are to include the revision of curriculum and learning strategies, broadening and standardization of teacher development, recognition of the relationships between education, occupation and productive moral and social contribution as members of society (CBSL Annual Report, 2020). Although this effort had been headed by the MoE in Sri Lanka, the post-review and the subsequent implementation of proposals are to be undertaken in collaboration with all stakeholders. The recent upgrading of selected provisional schools was initiated as a strategy to increase the number of national schools which are more equipped with the required human resources and other amenities. During the pandemic, when continuous school closures were inevitable, several innovative initiatives were undertaken to facilitate the continuity of educational activities.

In terms of tertiary education, the Government has constantly encouraged public-private partnerships, and the private sector has responded by developing higher education institutions facilitating a wide range of degree programs to cater to different fields in line with the contemporary educational and skills requirements of the economy. The technical and vocational education and training sector have also contributed to these efforts by continuing its activities to improve the skills base of the labour force (CBSL Annual Report, 2020).

Although, the reshaping of education is a vital aspect of the development process, it has to be crafted diligently, to develop personalities and to condition the mindsets of the modern youth to combat the uncertainty, as the shape of future is not known to any. The future generations joining

the new workforce would undeniably face different twists and turns in their surroundings, brought about by changes in economic, political and social circumstances, driven by technology, pandemics or by climate related concepts. Hence, enabling the future generations to embrace those changes and to bring forward new perspectives gained from each experience to the next is crucial (Largade, 2018).

Handle with Care

The bitter truth on the modern youth is that it is a generation that needs to be handled with care. They are going through a steep learning curve, discovering many things based on their imaginations, which are seemingly foreign and could be radical in the eyes of their predecessors. Additionally, this new generation is not hesitant to reject things if those are not personally appealing, regardless of the views of the mainstream. This is a crucial point of equilibrium which needs to be comprehended in a balanced approach by the predecessors. Whether it is a shift in perspective or a revision of expectations, the final outcome for the two generations would be peaceful, so long as they could get connected through proper understanding.

Respect and Recognition

Another decisive point relating to the modern youth is the amount of respect that they desire for their personal beliefs or attitudes. Although their opinions, perspectives, attitudes could be diverse or outrageous, a complete rejection or discouragement may lead to dreadful effects. Recognizing constructive criticism as an opportunity for self-development and to enhance their wellbeing, it is most often welcomed by individuals. However such criticism should be directed with utmost care, whilst appreciating their talents, beliefs and perspectives, which could be completely distant from the ideal expectations, as due recognition is much sought after by them. In other words, modern youth need their voices to be well heard than to be just heard.

Meanwhile, both the modern youth and the modern child are deeply engrossed with the quality of life than any other factors which were deemed as important previously. Conventionally known as the 'better-life indices' such as wealth, health, education, happiness, job security are expanding to include other attributes like, fit and healthy lifestyles, safety, clean-air, greenery and more importantly, work-life balance.

Conclusion

Generation X, Y (Millennials) and the Baby Boomers would have experienced the economic turmoil of the World Wars, the Great Depression, terrorism and the effects of the Global Financial Crisis. However, the Post Millennials (Generation Z and A) are facing the largest ever economic crisis of this century. They are going through a rough phase of hurting to healing, where uncertainty is heightened every now and then, where no one really knows what new normality could bring forward.

As the world today is more dynamic, evolving, and uncertain than ever before, some of the traditional economic indicators are become increasingly outpaced. All countries are undergoing rapid and concurrent economic, demographic, social and technological shifts, which are not necessarily moving parallel. Hence, it is important to ensure that the 'intended growth' is 'well-inclusive' and is shared by all sections of the society. The prevailing economic crisis has provided an opportunity to move to another level of economic growth, if the population recognizes the needs of the future generations and adapt, adjust and act in line with

the circumstances through discovery, innovation and invention to generate efficiencies across the various segments of the economy.

Accordingly, it is imperative to devise carefully drawn strategies to cater the schism between employment preferences of the youth and labour market realities. In order to accomplish this economic position, it is important to understand the variations of modern youth and the modern child and, accordingly, paying them adequate recognition and the motivation for their interests, breaking through the pre-conceived notions.

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