



MOBILE FINANCIAL SERVICES IN BANGLADESH

**A Survey of Current Services,
Regulations, and Usage in Select
USAID Projects**

April 2015

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and Josh Woodard

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

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ACRONYMS

AIN

Aquaculture for income and nutrition

AIP

Agro input project

AML

Anti-Money Laundering

ATM

Automated teller machine

AVC

Agro Value Chain Project

BB

Bangladesh Bank (Central Bank of Bangladesh)

BTRC

Bangladesh Telecommunication Regulatory Commission

B2P

Business to Person

DAM

Dhaka Ahsania Mission

E- Money

Electronic money

E-payment

Electronic payment

PIN

Personal Identification Number

E-PIN

Electronic personal identification number

E-wallet

Electronic wallet

FTF

Feed the future

GDP

Gross Domestic Product

GHI

Global health indicators

GOB

Government of Bangladesh

IP

Implementing partner

IVR

Interactive voice response

KYC

Know your Customer

MAMA

Mobile alliance for maternal action

MFI

Microfinance Institution

MFS

Mobile financial services

MM

Mobile money

MSME

Micro, Small and Medium Enterprise

mSTAR

Mobile Solutions Technical Assistance and Research project

NGO

Non-governmental organization

NHSDP

NGO health sector and development program

OPHNE

Office of Population, Health, Nutrition and Education

OTC

Over the Counter

P2P

Person to Person

P2B

Person to Business

PROSHAR

Program for strengthening household access to resources

SIM

Subscriber identity module

SMS

Short message service

USAID

United Agency for International Development

USSD

Unstructured Supplementary Service Data

USG

United States Government

WHO

World Health Organization

2G

Second Generation mobile technology

3G

Third Generation mobile technology



INTRODUCTION

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INTRODUCTION

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This report is the consolidation of findings derived from desk research and face-to-face interviews with key mobile financial services providers, telecom operators, technology platform providers, regulators, and USAID health and agriculture project staff and beneficiaries.

The objective of this report is two-fold: The first is to better understand the progress the mobile financial services market in Bangladesh has made to date, including regulations, available products and their characteristics, agent network size and geographical coverage, and the competitive landscape. The second is to have a better understanding of how a selection of staff and beneficiaries from USAID agriculture and health projects are using both traditional and mobile financial services. This was undertaken with the overall aim to provide USAID, its implementing partners, and other development organizations with updated market information so that they can better identify appropriate opportunities to begin their journey transitioning away from cash towards digital payments.

Bangladesh has a rapidly growing mobile financial services industry, with at least 10 providers already offering services on the market, and more than 8% of the total registered mobile money accounts globally.¹ All this has happened in less than four years since the launch of the first mobile financial service products in 2011. Yet despite this rapid growth, uptake among development organizations in Bangladesh remains low. A *baseline study* conducted by mSTAR/ Bangladesh on the status of mobile money usage by USAID IPs finalized in June 2014 found that 86% of respondents (representing 24 organizations) were not using mobile money.

¹ Based on estimates from Bangladesh Bank and GSMA's *State of the Industry 2014: Mobile Financial Services for the Unbanked*

Since then, mSTAR has helped several IPs to make the transition to digital payments, and they are already seeing positive results. For instance, the [*Aquaculture for Income and Nutrition*](#) project has reduced the amount of time its staff wastes processing cash payments by 600 days per year, while [*Dnet*](#) has reduced processing times for payments to its health workers from 30 to 8 days. It is our hope that this report will contribute to improving the ability of USAID IPs and other development partners to take advantage of the many benefits offered at the organizational, staff, and beneficiary level from using digital payments instead of cash.

Some key findings from the report include:

- » Despite having a very clear mobile financial service (MFS) market leader, competition is growing quickly with at least 10 banks now offering services and third-party agent networks helping them to close the agent gap.
- » All of the USAID IP staff and 89% of beneficiaries surveyed own or have access to a mobile phone.
- » More than 80% of MFS users agreed that the services are safe, easy, and convenient.
- » Among those staff and beneficiaries who had not used MFS, more than 80% said they did not have a need to use MFS. At the beneficiary level, lack of knowledge about the existence of MFS and how to use MFS were key reasons for why they were not using them.
- » The cost of MFS is by far the most important priority for customers, with 91% of MFS users and 88% of non-users ranking 'low transaction costs' at the top.
- » A majority of respondents were interested in using MFS for bill payments (77%), savings (76%), airtime top-ups (70%), education fee payments (60%), and merchant payments (55%).
- » The most common borrowing was happening through family members (46% for staff and 64% for beneficiaries) and friends (48% for staff and 39% for beneficiaries). Less than 25% of USAID IP staff borrowed from a traditional bank or MFI. Among beneficiaries, 24% borrowed from a traditional bank and 32% from an MFI.
- » 71% of MFS users live within one kilometer of an agent, compared to just 41% of those who live that close to a bank branch.
- » People with both bank and MFS accounts are generally using the two accounts in similar ways.

Based on these findings, we have identified ten areas for improvement in the MFS space, which we believe will help to increase uptake by development organizations, their staff and their beneficiaries.

- » There is a need to increase awareness of MFS beyond a money transfer mechanism, as well as building the capacity of current and potential users to make full use of those services.

- » MFS service offerings should continue to be expanded, particularly around payment and credit products.
- » USAID IPs and others should pilot MFS with those most receptive first, such as staff.
- » Gender differences should be considered more explicitly in product design, marketing, and outreach of MFS.
- » Local language access for MFS products needs to be improved to make them more accessible to limited literacy populations.
- » Good regulations can be made even better through enhancements in several key areas.
- » Digital records of MFS transactions need to be improved to facilitate easier end user record keeping.
- » Partnerships between MFS providers and MFIs should be explored further to expand rural outreach.
- » MFS and third-party providers should explore the use of shared platforms to increase efficiency and access to services.
- » Additional assessments and research should be conducted to better understand user behavior.

These recommendations are not exhaustive, and do not include elements that were outside of the scope of this report, such as government payments. The full recommendations can be found in the Recommendations section towards the end of the report.



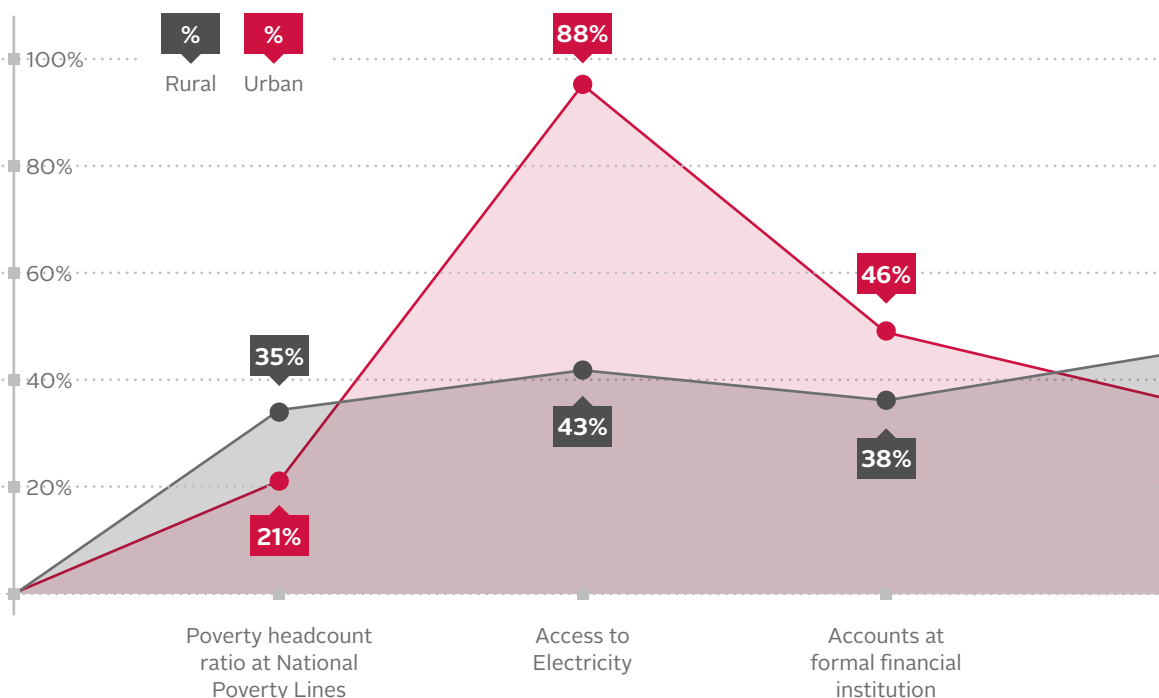
SUPPLY SIDE

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An overview of the current state of mobile
financial services in Bangladesh

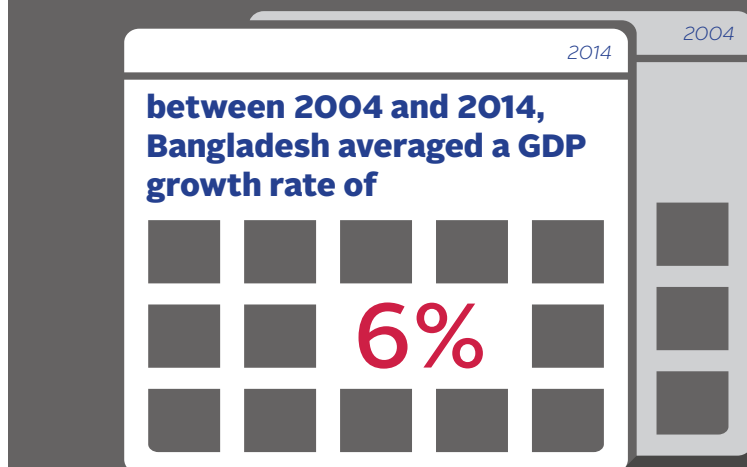
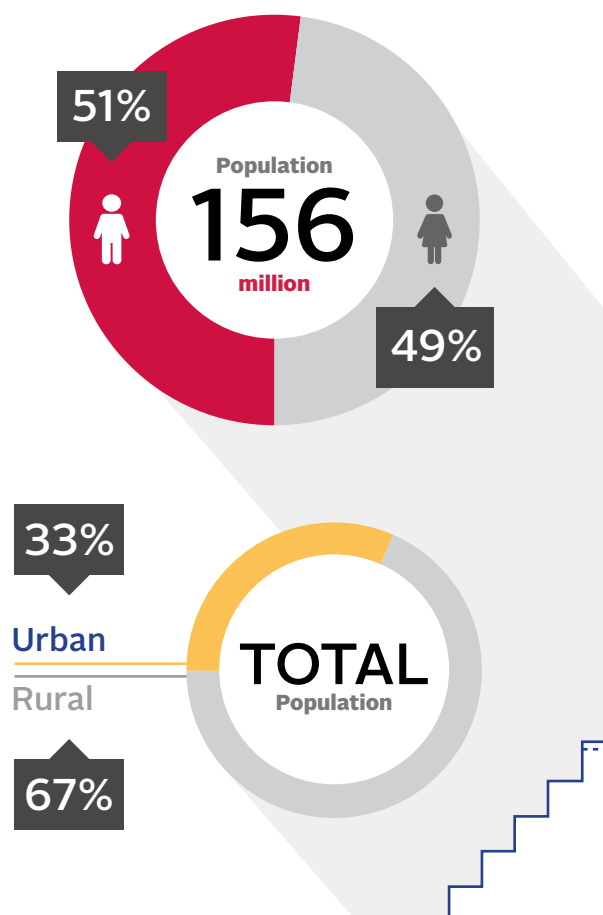
MACROECONOMIC AND DEVELOPMENT OVERVIEW

With nearly 156 million inhabitants on a landmass of 147,570 square kilometers, Bangladesh is among the most densely populated countries in the world. In the past decade, the economy has grown at nearly 6% per year, and human development has coincided with economic growth. Poverty dropped by nearly a third, coupled with increased life expectancy, literacy, and per capita food intake. Since 1992, more than 15 million Bangladeshis have moved out of poverty. While poverty reduction in both

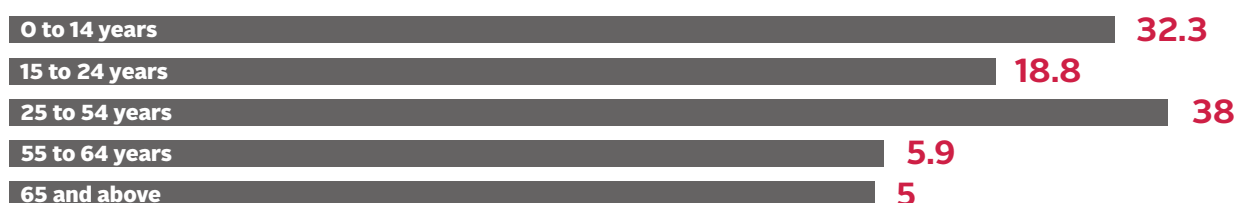
urban and rural areas has been remarkable, the absolute number of people living below the poverty line remains significant. Despite the strong track record, around 47 million people are still below the poverty line—living on less than \$2 per day. This is primarily a rural phenomenon, as 67% of the country's population live in rural areas, although significant portions of the country's poor are in urban areas as well. This urban-rural divide is evident in many socio-economic aspects, as shown in the chart below.²



² World Bank - Bangladesh Overview



AGE STRUCTURE → 65% working age population (15-64)



Although agriculture only accounts for about 17% of Bangladesh's GDP, almost half of the country's labor force is engaged in agriculture, with another 40% in services and 17% in industry, the bulk of which comes from the ready-made garment sector. Despite having a relatively low unemployment rate, it is estimated that roughly 40% of the population is underemployed.³ While Bangladeshi outward migration has fallen since its peak of around 875,000 in 2008,

cash remittances from migrant workers remain a significant contributor to the country's economy.⁴ Bangladeshi diaspora remittance inflows have grown at double digit annual rates since the 1980s and averaged around 11% of GDP in recent years, which is significantly higher than the average of around 7.1% in other Asian countries. In FY13 (which ended in June 2013), Bangladesh witnessed record high remittance inflows totaling USD 14.5 billion.⁵

³ CIA World Factbook

⁴ IBTIMES: Taka Dhaka Cash Remittances- Bangladeshi Migrant Workers Keep Declining

⁵ World Bank Data - <http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT>

STATE OF FINANCIAL SERVICES

Bangladesh's financial architecture started developing within the public sector institutions established at the time of Bangladesh's independence in 1971. Over the last 40 years several new generations of private banks have entered the market and today make up about half of the country's banking assets. In addition to five state-owned commercial banks and close to 700 licensed microfinance institutions (MFIs), Bangladesh's financial sector consists of 39 domestic commercial banks, nine foreign banks, three specialized banks, and four non-scheduled banks.⁶

The financial services sector in Bangladesh is dominated by commercial banks in terms of assets and liabilities. However, in terms of reach, microfinance institutions have bigger networks, with an estimated 24.6 million microfinance clients as of June 2013 (the most recent available data).⁷

Commercial banks have a very low penetration in rural areas. Only 40% of adults nationwide had an account at a formal financial institution, and less than 20% had saved money at a financial institution in 2011 (the most recent data available).⁸ The nationwide outreach of banks is limited to 9,051 branches (as of January 2015)⁹ and approximately 6,035 ATMs (as of January 2015), whereas MFIs have an outreach of more than 18,000 branches.¹⁰ The figures, while higher than most of Bangladesh's neighbors in South Asia, still point to tremendous scope for improvement.

Besides providing credit, MFIs in Bangladesh can also accept deposits from members—unlike some of its neighboring countries, such as India and Sri Lanka. Informal service providers also play an important role for providing loans, especially in locations where neither banks nor MFIs have reached, and service a large proportion of low income populations and micro, small, and medium enterprises (MSMEs).

A background study commissioned for the General Economics Division of the Planning Commission in Bangladesh for the country's 7th Five Year Plan (2016-2020) entitled, "Improving Access of the Poor to Financial Services," noted that despite the substantial expansion of bank branches and an increase in the membership of MFIs and other financial institutions, around 25% of the country's adult population still remains financially excluded.¹¹

6 Specialized banks were established for specific objectives like agricultural or industrial development

7 Microcredit in Bangladesh, overview from the Bangladesh Microcredit Regulatory Authority.

8 World Bank Data: [Financial Inclusion Data - Bangladesh](#)

9 [Central Bank of Bangladesh \(Data\)](#) An earlier version of this report incorrectly reported this figure as 12,669

10 <http://www.bb.org.bd/pub/monthly/econtrds/jan15/econtrdsiig.pdf>

11 [Improving Access of the Poor to Financial Services](#)

The study added that in terms of access to credit from the banking system, the state of financial inclusion is low. For example, for farmers who mostly live in the rural areas, access to banking services is significantly low relative to their contribution to the GDP. A substantial share of households, especially in rural areas, still remain outside the coverage area of the formal banking system and are therefore unable to access mainstream

financial products. Government regulation mandating that banks open at least 1 in 5 branches in rural areas to encourage rural banking has resulted in 57% of bank branches in rural areas by 2012. Despite those gains, the share of rural bank branches in terms of total deposits and advances were only 17% and 12%, respectively, which indicates very low exposure of rural people to the formal banking system.

BANGLADESH FINANCIAL SYSTEM



Scheduled Banks

9,051*
Bank branches



6,035
ATMs

Banks which received licenses to operate under Bank Company Act, 1991 (Amended in 2003) are called Scheduled Banks.

5
SOCBs

State Owned Commercial Banks (SOCBs), which are fully or majority owned by the Government of Bangladesh.

3
Specialized Banks

Established for specific objectives like agricultural or industrial development. These banks are also fully or majority owned by the Government of Bangladesh.

39
PCBs

Private Commercial Banks (PCBs), which are majority owned by private entities.

9
FCBs

Foreign Commercial Banks (FCBs) operate in Bangladesh as branches of banks that are incorporated abroad.

40% of adults have an account at a formal financial institution

4 NSBs

Non-Scheduled Banks (NSBs) are established for special and definite objectives and operate under the acts for meeting those objectives. These banks cannot perform all of the functions of scheduled banks.



18,000+
MFI Branches

697
MFIs

Licensed microfinance institutions (as of March 15, 2015)

24% of adults are members of microfinance institutions

31 FIs

Non Bank Financial Institutions (FIs) are those types of financial institutions that are regulated under the Financial Institution Act, 1993 and controlled by Bangladesh Bank.

*An earlier version of this report incorrectly reported this figure as 12,669

The study noted that increasing access to financial services for Bangladeshis, especially for the rural poor is critical to enabling them to adopt new and more productive income earning opportunities and technologies. This access will help counter personal financial crises and unforeseen risks, and increase their chances of moving out of poverty.

In this respect, the study recommended that the government's strategy should aim to capitalize on rapid advances in mobile communications and digital payment systems to connect poor households to affordable and reliable financial services. The study recommended adopting an effective strategy in the 7th Five Year Plan to help poor households increase their access to effective digital financial services for savings, payments, credit, and insurance—especially at critical moments. It noted that for the poor, access to financial services



HELPFUL RESOURCE

The Gates Foundation-funded *FSP Maps* include more than 65,000 financial access points in Bangladesh. You can also upload your own data layers, such as your beneficiary locations, to see how far they are located from different access points. The data is from September 2013, and particularly given the rate of growth in the MFS space, is not completely reflective of the current landscape, but is a useful tool nonetheless.

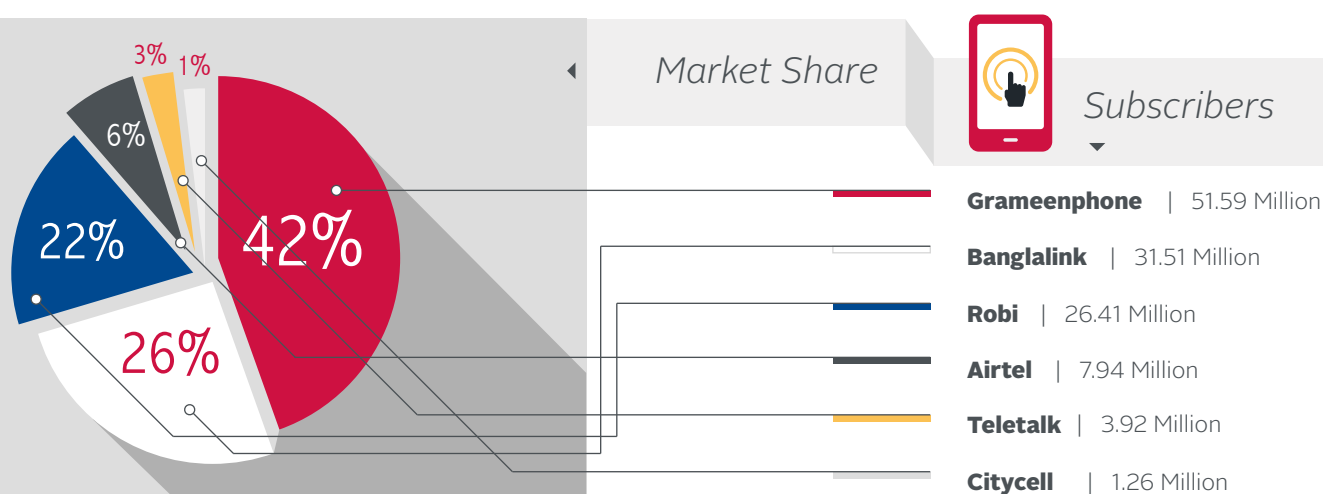
would support them to: successfully adopt new farming technologies, invest in new business opportunities, or find new and more productive jobs. At the same time, access to digital financial services would prevent a large number of people from falling back into poverty or into deeper poverty due to health problems, financial setbacks, and other shocks.

STATE OF MOBILE NETWORKS

The total number of mobile phone subscribers in Bangladesh reached more than 122 million at the end of February 2015—a rate which is growing at approximately 10% each year.¹² Almost all connections are prepaid (97%) and using 2G (98%). The launch of 3G mobile service in late 2012 brought with it the prospect of rapid

expansion of internet and mobile app access across the country. That said, as of Q4 2014, a mere 6% of mobile subscribers were using 3G mobile broadband, although that number grew at a rate of 232% over the past year.¹³ Mobile internet, however, has reached more than 40% penetration by delivering mobile data services using 2G networks.

MOBILE SUBSCRIPTIONS (AS OF JANUARY 2015)



Source: Bangladesh Telecommunication Regulatory Commission (BTRC)

While the majority of unconnected individuals reside in rural areas, the opportunity to address the underserved in urban settings is far from insignificant—it is estimated that six million city dwellers do not yet own a mobile phone.¹⁴

¹² <http://www.btrc.gov.bd/telco/mobile>

¹³ <https://gsmaintelligence.com/markets/240/dashboard/>

¹⁴ GSMA Intelligence – Country Overview: Bangladesh

STATE OF MOBILE FINANCIAL SERVICES

Following several years of deliberations and ad hoc permissions on mobile financial services, the Department of Currency Management and Payment Systems of Bangladesh Bank, the country's central bank, issued "Guidelines on Mobile Financial Services (MFS) for the Banks" on 22 September 2011 which were subsequently amended on 20 December 2011.¹⁵

In the few years since the launch of the MFS guidelines, the sector has shown significant growth (see chart on the following page for key indicators). As Bangladesh is a bank-led model, all of the MFS products on the market are run by banks or their subsidiaries. Bangladesh Bank has allowed 28 banks to offer MFS, of which 19 banks have already started to work on their MFS products in some capacity. Detailed discussions with the majority of those banks, however, have revealed that only 10 of them have gone operational and are providing MFS on any sort of scale. The remaining banks are still working on finalizing their transaction platforms, terms of engagement with partners, business model, and strategies.

How MFS compares to traditional banks



Banking

26,140 merchant point-of-sale (POS) devices
6,035 ATMs
9,051* bank branches



Mobile Financial Services

3,905 ATMs
543,420 agents
Select bank branches

MFS snapshot



\$47.44 Million
Value of Average Daily Transactions
(as of Feb 2015)







2.57 Million
of Average Daily Transactions
(as of Feb 2015)



43%
Active Customers

¹⁵ <http://www.bangladesh-bank.org/mediaroom/circulars/circulars.php>

*An earlier version of this report incorrectly reported this figure as 12,669

Key MFS Indicators	NUMBER OF AGENTS	NUMBER OF REGISTERED CLIENTS	NUMBER OF TRANSACTIONS	TRANSACTION VALUE
January 2013	 0.060	 5.00	 10	 \$301
December 2013	0.189	13.18	31.36	\$862
June 2014	0.414	16.7	44.01	\$1,110
December 2014	0.541	25.2	74.47	\$1,361
February 2015	0.543	25.87	76.99	\$1,423

*Numbers in millions *Value in USD

Those banks (also referred to as MFS providers) that already have MFS products on the market include:

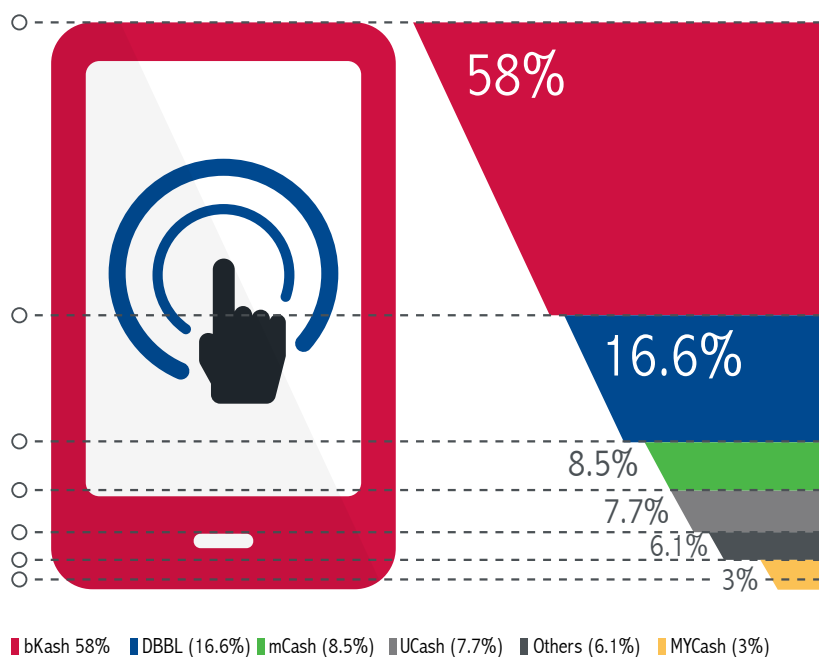
- » **bKash** by BRAC Bank Limited
- » **DBBL Mobile Banking** by Dutch-Bangla Bank Limited
- » **mCash** by Islami Bank Bangladesh Limited
- » **MYCash** by Mercantile Bank Limited
- » **UCash** by United Commercial Bank Limited
- » **IFIC Mobile Banking** by IFIC Bank Limited
- » **Trust Bank Mobile Money** by Trust Bank Limited
- » **OK banking** by ONE Bank Limited
- » **FSIBL FirstPay SureCash** by First Security Islami Bank Limited
- » **Hello** by Bank Asia Limited

CURRENT COMPETITIVE LANDSCAPE

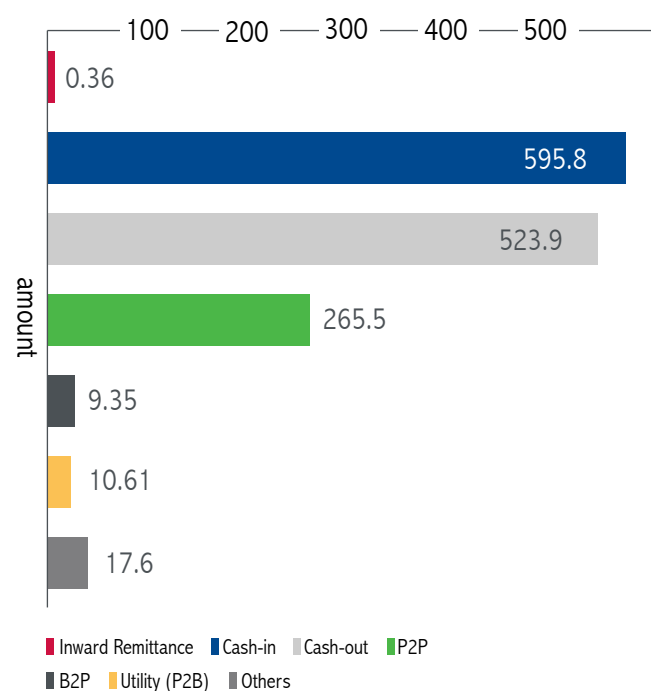
bKash currently dominates the MFS space accounting for more than half of the market followed by DBBL with about one-sixth of subscribers. The remaining eight providers with live services currently account for around a quarter of the total market share. The focus of these key players have been on expanding their outreach through utilization of existing resources (i.e. ATMs, branch offices) and the acquisition of agents across the country. The main population target of providers has been the unbanked and underbanked. bKash has played a significant

role in creating the market and building awareness to the extent that some people refer to bKash to mean all mobile financial services. The growth of the market has largely benefited from domestic remittances. The most popular transaction types are cash-in (42% of total transactions), cash-out (37%) and person to person (P2P) transactions (19%).¹⁶ As of February 2015, cash-in transactions totaled US\$ 595 million, cash-out transactions totaled US\$ 523 million and P2P transaction accounted for US\$ 265 million.

MARKET SHARE BY SUBSCRIBERS
AS OF FEBRUARY 2015



TRANSACTIONS AS OF FEBRUARY
2015 (IN USD MILLIONS)



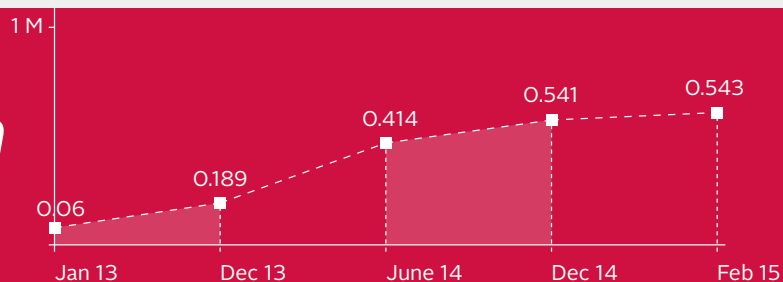
¹⁶ <http://www.bangladesh-bank.org/fnansys/paymentsys/mfsdata.php>



AGENTS

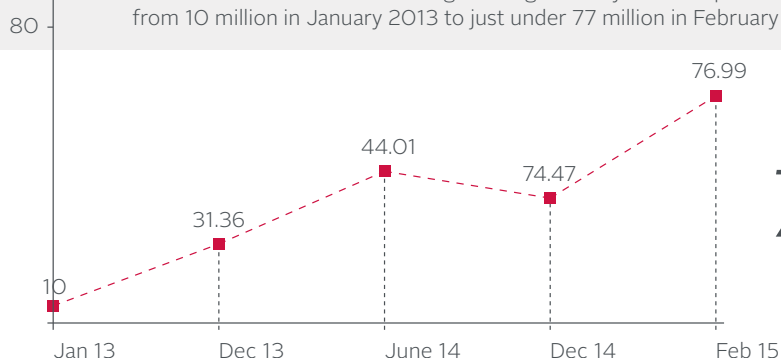
At the end of 2013, the number of reported agents was 190,000. That number reached 540,000 by the end of 2014.

0.543 Million



TRANSACTIONS

The number of transactions has grown significantly over the past two years, from 10 million in January 2013 to just under 77 million in February 2015.



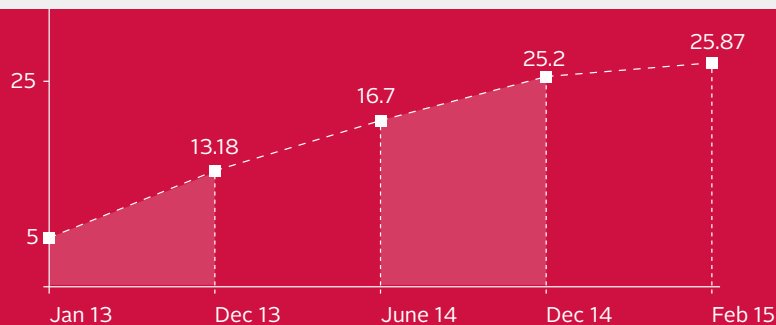
76.99 Million



REGISTERED CLIENTS

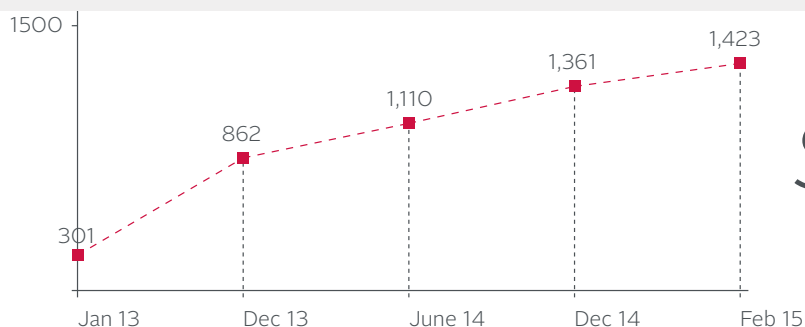
Between January 2013 and February 2015, the number of registered clients increased more than five-fold from 5 million to over 25 million.

25.87 Million



TOTAL VALUE

The total value of transactions exceeded \$1.4 billion in February 2015, more than quadruple the \$300 million total in January 2013.



\$1.423 Billion

MARKET TRENDS

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Pricing: The table on the following page provides a comparison of the prices of the main services from the nine MFS providers for which data was available (either publicly or through interviews). While the available services are mostly similar, in some cases the providers have taken a different pricing strategy. At the moment, there is no cost for opening a mobile account with any of these providers.

Five of the nine are providing cash-in at either an agent or bank branch for free; for those providers that charge for cash-in the fees range from 0.5 – 1%. Cash-out fees at agent points range from 0.8% to 1.85% of the total amount. Among those providers that offer cash-out at their ATMs, two of them offer the service free of charge, while two charge a fee, whereas pricing strategies for cashing out at bank branches range from free, to a flat fee, to a percentage charge.

Unlike other markets where P2P transfer fees often vary based on the size of the transaction, all of the providers surveyed in Bangladesh charge a flat fee ranging from BDT 3 to BDT 5 (equivalent to US\$0.03-0.06). For comparison sake, in Kenya any P2P transfers over about US\$1 made on M-PESA, the world's most successful MFS deployment to date, the minimum cost is around US\$0.11 and can go up to as high as US\$1.17 for larger transactions.¹⁷

Bill and merchant payments are free to the customer across the providers highlighted, although the collection settlement fee paid by business receiving these payments ranges from 0.25% to 2%. In a move to counter-balance bKash's dominance in the P2P and gain corporate users, a majority of providers are now offering free disbursements for business to person (B2P) payments, compared to bKash's standard charge of 0.5%.*

¹⁷ <http://www.safaricom.co.ke/personal/m-pesa/tariffs>

* An earlier version of this report incorrectly reported this rate as 0.25%



Comparison of Service Charges between MFS Providers

Mobile Financial Services	bKash	DBBL Mobile Banking	Hello	IFIC Mobile Banking	mCash	MYCash	OK Banking	Trust Bank Mobile Money	UCash
Account opening	Free	Free	-	Free	Free	Free	Free	Free	Free
Cash-in at an agent	Free	0.9% or BDT 5 (whichever is higher)	1%	0.80% or BDT 3 (whichever is higher)	Free	Free	1% or BDT 5 (whichever is higher)	0.5% or BDT 5 (whichever is higher)	Free
Cash-in at bank branch	N/A	BDT 10	-	0.80% or BDT 3 (whichever is higher)	Free	N/A	N/A	Free	N/A
Cash-out from an agent	1.85%	0.9% or BDT 5 (whichever is higher)	1%	0.8% or BDT 3 (whichever is higher)	1.80%	General: 1.85%; Salary: 0.925%	1% or BDT 5 (whichever is higher)	1% or BDT 5 (whichever is higher)	1%
Cash-out from ATMs	2% (minimum withdrawal amount: BDT 2000)	Free	-	Free	General: 1.00% or BDT 5 (whichever is higher); Salary: Free	General: 2.00%; Salary: Free	-	N/A	N/A
Cash-out from bank branches	N/A	BDT 10	-	0.8% of BDT 3 (whichever is higher)	General: 1.80% or BDT 5 (whichever is higher); Salary: 0.30% or BDT 5 (whichever is higher)	0.925%	-	Free	N/A
P2P transfer	BDT 5	BDT 5	BDT 5	BDT 3	BDT 4	BDT 5	BDT 5	BDT 5	BDT 5

Interest on savings	1.50%-4.00% (depending on minimum daily balance)	N/A	-	N/A	3.5% (referred to as interest)	N/A	N/A	6%	4%
Bill and merchant payments (cost to customer)	Free	Free	-	Free	Free	Free	-	Free	Free
Merchant Payment (cost to merchant)	1.30%-1.80%	1%	-	-	1.5%	1.5%	-	BDT 0 – 10 per transaction	1% - 2%
B2P disbursement	0.5%** (negotiable)	Free	BDT 5 or negotiated percentage (whichever is higher)	0.8% or BDT 3 (whichever is higher)	Free	Free	-	-	Free
Collection settlement fee	1.5% (negotiable)	1% or BDT 5 (whichever is higher)	-	0.8%	1.3% (negotiable)	0.25% (negotiable)	-	0.5%	1% - 2% (negotiable)
Minimum balance requirement	N/A	BDT 20	-	N/A	BDT 20	N/A	-	N/A	N/A

*Note that N/A is used where services are not available, and a hyphen is used where no data was available

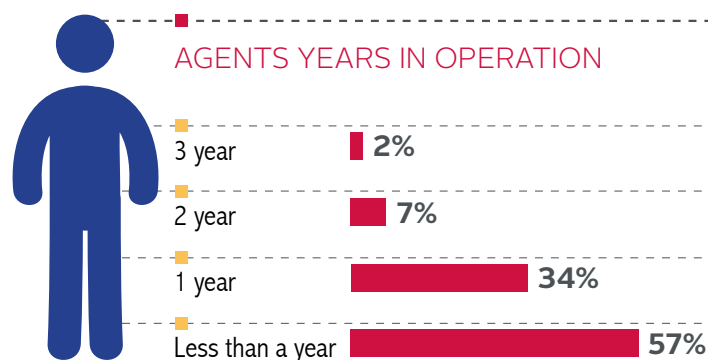
** An earlier version of this report incorrectly reported this rate as 0.25%

Service Offerings: Although MFS in Bangladesh was initially seen by consumers as a cash transfer service, this is beginning to change. Airtime top up, which is offered by most providers, appears to be gaining increased acceptance because of the convenience it offers without any additional charge. Other types of services, such as utility bill payment, salary payment, payment collection, merchant payment, and savings schemes are also available on the market, although they appear to be less used by customers at the moment. Despite their low uptake, our interviews with USAID staff and beneficiaries revealed that at least among that subset, interest in these types of services was high.


Many of the providers are also working to link their mobile accounts to other banking products that they and other banks offer. In March 2015, for example, Standard Chartered Bangladesh announced that its corporate customers would be able to use their Straight2Bank electronic platform to send funds to bKash accounts. This is potentially big news for many USAID IPs who bank with Standard Chartered, as it means that they will not need to open a bKash corporate account in order to make use of its services to send mobile payments to the field. It is not yet known whether they plan to partner with other MFS providers as well, so at this point users of this service would only be able to send money to recipients who have personal

bKash accounts. As a brand new service at the time of print, it is worth keeping an eye out on how it evolves in the coming months.

Consumer Protection: A few of the providers have introduced a check digit number, which is selected by the customer and entered after the mobile number (mobile number + one check digit) to provide additional security. Transactions are not completed without entering the check digit number. Hence, even if the PIN number is disclosed, the mobile account still has an extra layer of protection.



Agent Networks: MFS agents are the last mile delivery point for the customers. They facilitate customer registration and cash-in/cash-out transactions. Most of the providers provide a commission ranging from BDT 20-25 to agents for signing up new customers. Agents also coordinate with the branches of the partner banks to process customer documentation, although in some cases, distributors or super agents are taking over this responsibility.

 Provider	Number of agents	Bank branches	ATMs
bKash	135,000	155	300
DBBL Mobile Banking	116,000*	136	3,005***
mCash	86,238*	294	450
MyCash	95,274**	100	720
UCash	105,000*	156	103
IFIC Mobile Banking	88,891*	120	49
Trust Bank Mobile Money	20,000	152	152

Note: * Includes 65,000 MobiCash agents ** Includes 61,241 MobiCash agents *** Includes 300 FastTracks

As per Bangladesh Bank's reports, at the beginning of 2013, the total number of agents was 60,000. At the end of February 2015, that number reached more than 540,000. This large differential highlights the rapid growth of this space in a very short time. Given that the majority of agents in Bangladesh are not exclusive, many agents represent multiple providers. The number of total agents is calculated from figures Bangladesh Bank receives from individual providers, which are then aggregated. Therefore, the actual number of agents is likely much less than the reported total due to double and triple counting. For instance, if as estimated by CGAP, the average agent provides services to three providers, the number of total unique agents would actually only be 180,000.¹⁸

In terms of agent numbers, bKash is the market lead, followed by DBBL. The majority (57%) have been agents for one year or less, which is common in high growth markets. This can be attributed primarily to the recent expansion in MFS, including increased competition in a market which is still dominated by a single player. According to recent research conducted by the Helix Institute of Digital Finance, 86% of agents stated that they foresee themselves continuing as agents in a year, indicating high level of satisfaction.¹⁹ Furthermore, their research indicated that most of the agents in Bangladesh are non-dedicated and have alternate revenue streams beyond what they earn from being an MFS agent.

¹⁸ CGAP, [Telenor's Shared Agents: Digital Finance Catalyst for Bangladesh?](#)

¹⁹ [Agent Network Accelerator Bangladesh Country Report 2014](#)



THIRD-PARTY AGENT NETWORKS HELPING TO CLOSE THE AGENT GAP

In 2012, Grameenphone began offering banks access to its now 65,000 MobiCash outlets to serve as agents. MobiCash agents access a single USSD menu that interfaces directly with the individual menus of its partner banks, meaning that agents do not need to remember multiple USSD numbers. The system also has the functionality to enable interoperability between accounts on different MFS providers, which would enable people using different MFS products to transact directly, although this functionality has not yet been activated due to lack of interest from participating providers.

In addition to providing the account opening, cash-in, and cash-out services of a typical MFS agent, MobiCash agents can also process utility bill payments using Grameenphone's BillPay service, register customers for Grameenphone's Nirvoy Life insurance, and process Flexiload payments for post-pay customers.

As of publication, six of Bangladesh's MFS providers were partnered with MobiCash: DBBL Mobile Banking, OK banking, MyCash, mCash, UCash, and IFIC Mobile Banking. In July 2014, MobiCash was almost blocked by Bangladesh Bank due to concerns that Grameenphone was marketing it as its own mobile financial service. It was allowed to continue after a promise from its CEO to change its marketing efforts to more clearly promote its partner banks' usage of its MobiCash outlets.

To learn more about MobiCash, refer to CGAP's recent research findings, available [online](#).

Over-the-Counter (OTC) Transactions:

Transactions that are completed with the assistance of an agent are called over-the-counter (OTC) transactions. An OTC transaction can be categorized as either a pure OTC transaction (between two agents) or partial OTC transaction (between an agent and a customer).

While the regulation disallows pure OTC transactions between agents, it is silent on whether an agent can transact with a customer (partial OTC). Despite this, pure OTC transactions are still common in Bangladesh. The main reason for restricting OTC transactions is to ensure compliance with Know your Customer (KYC)/Anti-Money Laundering (AML) requirements (see Regulatory Overview section below for

more). The sender and receiver in a pure OTC transaction are untraceable since the transaction is actually conducted entirely through agents.

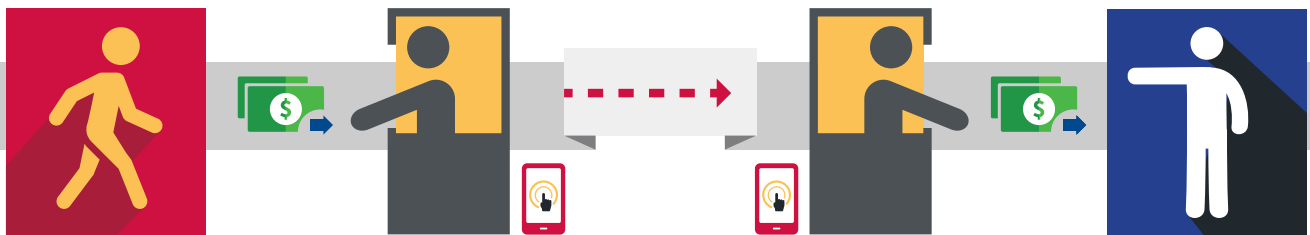
Research from the Financial Inclusion Insights program led by InterMedia found that MFS users are three times more likely to make a transaction OTC versus using a registered account. They found that just over three-quarters of all MFS users in Bangladesh in 2014 were OTC users, as opposed to less than 25% that are registered users. Compared to 2013, however, they found that registered use was growing while OTC use was static. In addition, among registered bKash users, they found that 56% first began using MFS through an agent as OTC before opening their own wallet.²⁰

²⁰ <http://finclusion.org/wp-content/uploads/2014/12/InterMedia-FII-Bangladesh-6-things-to-know-about-MM-and-OTC.pdf>

There are number of reasons as to why OTC transactions are prevalent in Bangladesh, and remain a challenge to address even with regulation. The following are some of the major drivers contributing to high use of OTC transactions:

- 1. Familiarity:** Even though the government has taken a number of steps to stop informal money transfers, those services are still present. The money transfer services offered by courier companies are somewhat similar to OTC transactions. For people who have previously used courier companies, OTC offers them a similar process for sending money. It is not helped by the fact that much of the marketing around MFS to date has focused on its functionality as a money transfer service, so some people do not realize the full depth of potential MFS usages. In addition, the familiarity with using cash may reduce the appeal of keeping money in a mobile wallet.
- 2. Available alternatives:** When an agent refuses to conduct a transaction in the absence of a mobile wallet, the customer has the option of going to an informal money transfer provider. The fear of losing that customer and the informal commission an agent can earn from the transaction often drives the agents towards offering OTC transactions.
- 3. Incentive mismatch:** From our experience, the going market rate that agents charge to make an OTC transaction is about 2% of the total amount sent. Given that agents generally only receive between BDT 20-25 from the provider for each new account they open, it can be more profitable to encourage people to send OTC, which potentially leads to ongoing profits for the agent, rather than encouraging them to open their own account, which is a one-time payment for the agent.
- 4. Fear of the unknown:** Even though mobile phone penetration is significant in Bangladesh, a large portion of the population still uses mobile phones only to make and receive phone calls. When it comes to MFS, it may be perceived as being more technical and, particularly since it involves money, it may be considered risky. Using an agent is a way of distributing that risk to a professional. Since some users might not be comfortable in executing a transaction themselves, using an agent reduces their fear about using this technology.

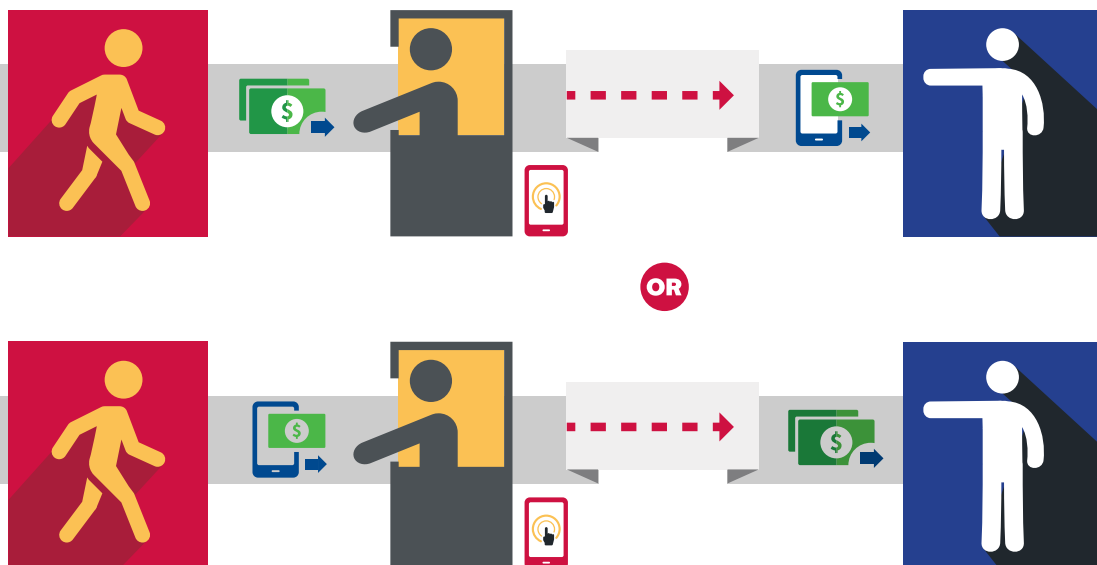
PURE OTC TRANSACTION: Agent executes P2P transaction using their personal wallet and transfer the money to the personal wallet of another agent



Customer gives the money to agent and requests transfer of money to the wallet of another agent

Agent gives the money to customer without executing a cash-out transaction

PARTIAL OTC TRANSACTION: Transactions between a customer's personal wallet and on agent's personal wallet



Agent gives the money to customer without executing a cash-out transaction

Customer uses their personal wallet and executes P2P transaction to send money to an agent's personal wallet

5. Barriers to opening an account:

The one-size-fits-all KYC requirement from Bangladesh Bank and the time required to open a mobile wallet serve as barriers to opening an account for some users. Unlike some other countries, Bangladesh Bank has not adopted a tiered approach to account opening with different requirements based on the transaction size. As a result, any individual that wants to open an account must provide the same required documentation. Although Bangladesh has a national ID system, anecdotally, we have seen that low-income populations in rural locations often lack this and other forms of required documentation. In addition, it currently takes between two to seven days for providers to process an application to open and activate an account, which can be a disincentive for anyone without an account who wants to send money immediately.

6. Literacy: Almost all the MFS providers provide an English-only USSD menu to conduct transactions. As a result, people who do not have the required level of literacy to understand English to conduct a transaction on their own often opt for using OTC.

7. Lack of Monitoring: Bangladesh Bank has issued a circular to discourage mobile payments made by individuals without a mobile wallet. To date, however, they are yet to devise a mechanism to properly monitor agents and take actions accordingly. For instance, it is not yet possible to detect a fake customer as providers do not have access to the national ID database.

Additionally, research by New York University's Financial Access Initiative has started to explore additional behavioral factors that are preventing faster uptake of accounts. Some of the initial findings from their research has been posted on their blog.²¹



OPPORTUNITIES FOR REDUCING OTC TRANSACTIONS

The Helix Institute's Agent Network Accelerator Bangladesh Country Report 2014, identified the following opportunities for improvement to reduce OTC, which are directly quoted below:

- » Low number of transactions at agent locations call for better communication by service providers. This has led to low profitability for agents and has resulted in high dissatisfaction with commissions.
- » Limited product offerings at the agent level have contributed to low transaction volumes and low profitability for agents. Scope for product innovation is tremendous.
- » OTC is prevalent, and account opening for customers given low priority by agents. There is a need to simplify KYC norms, invest in customer education – focused on benefits of accounts and potentially adopt alternate sourcing channels for mobile money accounts.
- » Early influx of fraudsters is visible. Providers need to be actively educating their agents and customers.
- » Training has taken a back seat. 95% of agents operating for more than three years were trained within three months of their joining; only 64% of agents operating for less than a year were.

Source: [*Agent Network Accelerator Bangladesh Country Report 2014*](#)

²¹ <http://www.financialaccess.org/taxonomy/term/207>

Transaction Platform Trends: MFS

transactions are sensitive and need to be completed immediately. Agents will not hand over the cash to a customer until they have received a confirmation SMS that the transaction has been completed successfully. Also, failure to complete a transaction can demotivate customers who are trying it for the first time and may lead to negative perceptions. The transaction platform is the foundation upon which everything else will depend; therefore, it is important to make the right technology choice at the beginning. The transaction platform works in the background and delivers functionality based on the business model and strategy each bank has. Although it is the business model and bank's capacity to execute it that determines the success of the service and not the technology, choosing the wrong platform can have a negative impact.

A majority of the service providers went through a competitive selection process before buying a transaction platform. While the MFS providers we spoke to mentioned that the quality and capacity of the platform was given importance, most of them noted that the cost of the platform and its installation received highest priority. Most of the providers expressed an acceptable level of satisfaction with their technology provider, although none of them rated their satisfaction beyond three on a five-point scale. The local transaction platform providers seem to have earned the trust of those MFS providers using their platforms due to their quick turnaround time and low

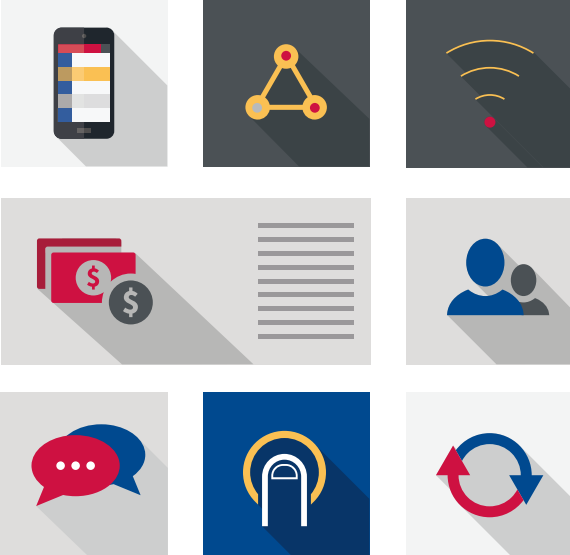
costs for customization. A couple of the providers expressed their dissatisfaction with the international provider they were using, and one of the banks decided to discontinue using their international platform after several years in favor of a local one.



THE MOST COMMON TRANSACTION PLATFORMS IN USE IN BANGLADESH INCLUDE:

- » Fundamo, now part of Visa (international provider)
- » Sybase 365, now SAP (international provider)
- » SureCash by Progoti SYSTEMS (local provider)
- » M-Pay by Semicon Private Limited (local provider)
- » GENCASH by genweb2 (local provider)
- » Microtechnology Mobile Banking Solution (local provider)
- » Comviva (international provider)

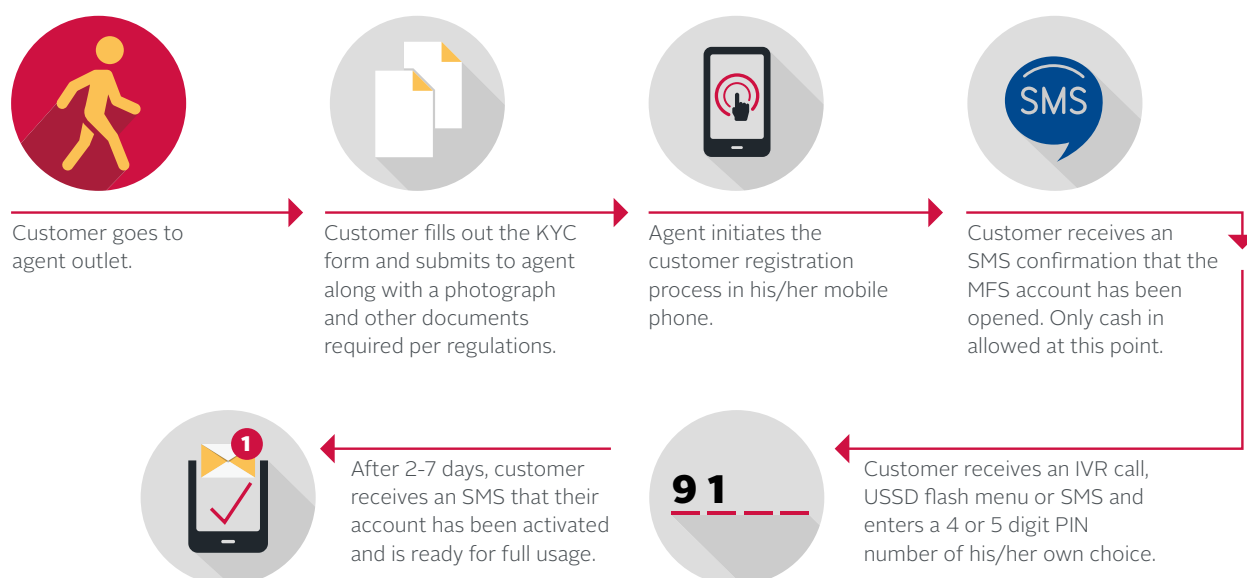
Of all the MFS providers interviewed, only one mentioned that their transaction platform is currently interoperable with their core banking system, which enables them to offer other banking products, such as loan repayments and transactions, between mobile wallets and bank accounts. Several of the MFS providers mentioned that a lack of capacity on the core banking system end is holding them back from offering interoperability with other banking products.



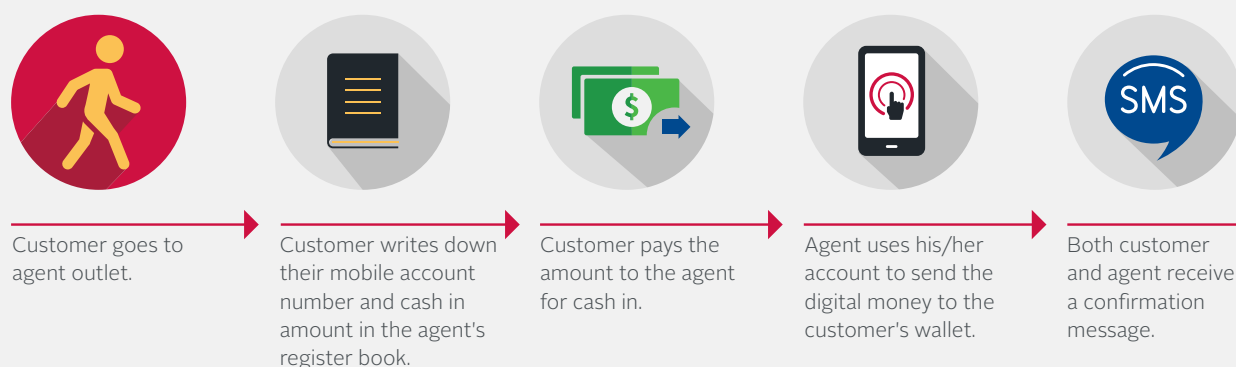
TYPICAL USER EXPERIENCE

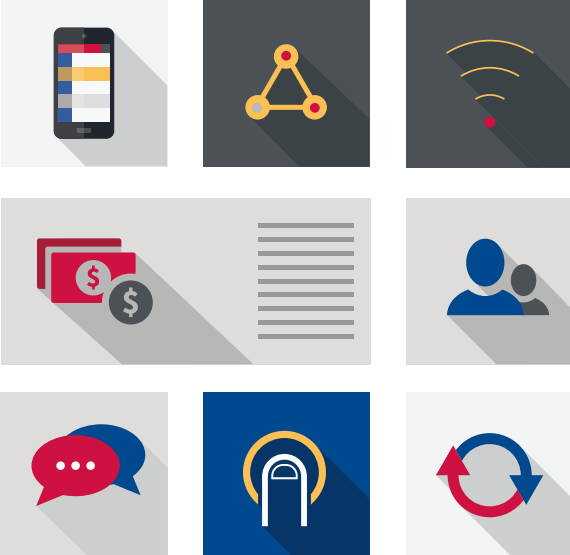
The illustrations below show the typical steps required to complete the four most common actions a customer will encounter when using MFS: opening an account, cashing-in, cashing-out, and making a P2P transfer. While the steps may vary slightly by provider, these are representative of a typical experience.

CUSTOMER REGISTRATION PROCESS



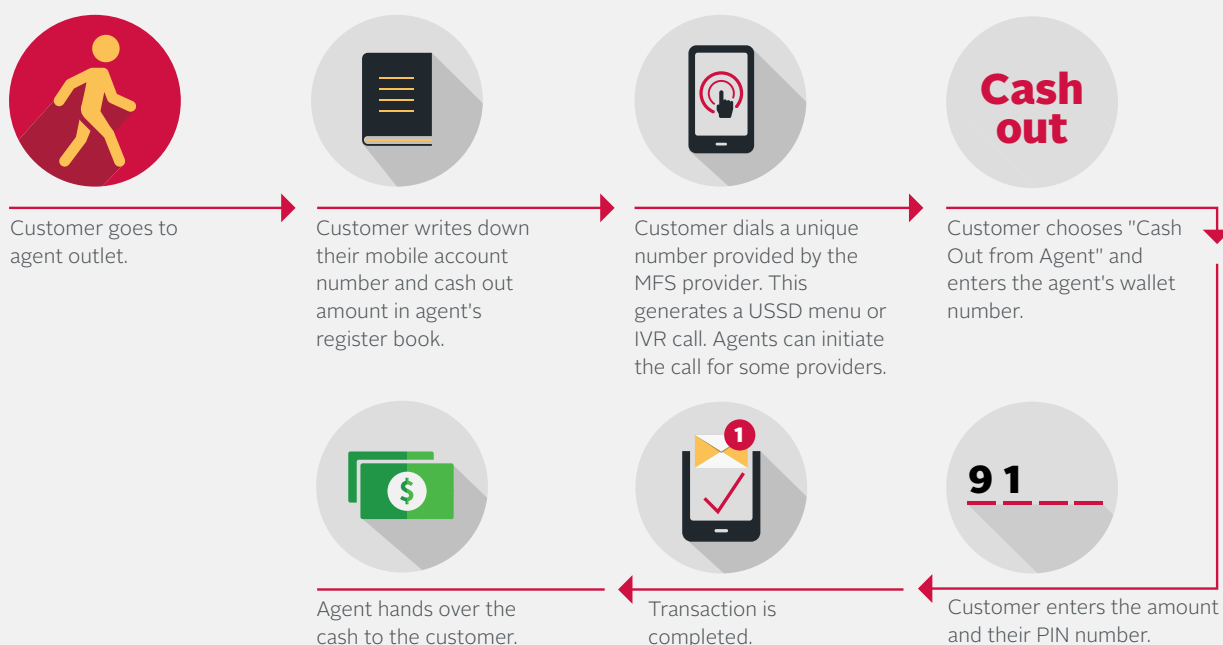
CASH-IN PROCESS AT AGENT POINT



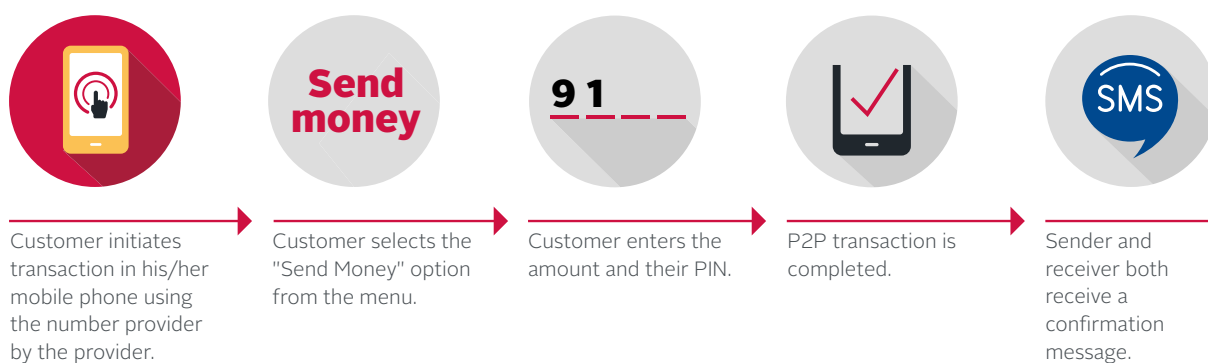


TYPICAL USER EXPERIENCE (CON'T)

CASH-OUT PROCESS AT AGENT POINT



PERSON TO PERSON (P2P) TRANSACTION





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An overview of the state of mobile financial service regulations in Bangladesh

REGULATORY OVERVIEW

Bangladesh Bank and the Bangladesh Telecom Regulatory Commission are the key regulators for formulating policies and regulations for mobile financial services. According to current regulations, Bangladesh operates under a bank-led model, and all customer accounts, termed “Mobile Account” must be held with a bank and made accessible through customers’ mobile devices. The mobile account can only be a non-cheque, limited purpose account.

Services: The following services are allowed under the current regulation:

- » Disbursement of inward foreign remittances.
- » Cash-in and cash-out using a mobile account through agents, bank branches, ATMs, and mobile operator outlets.
- » Person-to-business payments (e.g. utility bill payments, merchant payments)
- » Business-to-person payments (e.g. salary disbursement, dividend and refund warrant payments, vendor payments)
- » Government-to-person payments (e.g. elderly allowances, Freedom-fighter allowances, subsidies)
- » Person-to-government payments (e.g. tax and levy payments)
- » Person-to-person payments (transferring funds between one

registered mobile account to another registered mobile account).

- » Other payments like microfinance, overdraft facilities, insurance premiums, and Deposit Premium Scheme (DPS) payments.

Approval: Per Bangladesh Bank DCMPS (PSD) Circular Letter no.11 dated 20-12-2012, banks are required to receive prior approval from Bangladesh Bank, with full details of the service and tentative implementation schedule. Banks also have to submit agreement(s)/MOU(s) containing a Service Level Agreement (SLA) signed between banks and their partners/agents before launching the product.



These requirements ensure that applicant banks have proper planning in place to address strategic, technical, operational and financial issues.

KYC/AML requirements: MFS providers have to ensure completion and authenticity of all required documents per the Know Your Customer (KYC) requirements in the KYC Profile Form prescribed by Bangladesh Bank. They have to also submit a full KYC form issued by the Anti-Money Laundering

agent account to perform cash-in or P2P transactions with other agents. However, an agent can make up to five cash-in transactions in their own agent account per day. In order to address the issues around agents owning multiple personal accounts to conduct transactions on customers'



While the regulations ensure compliance with the AML requirements, they provide flexibility to the banks to get the documents related to KYC from customers through agents to ensure customer accounts are opened in a short period of time. It requires one of the following three documents to open an MFS account:

1. Copy of National ID Card
2. Copy of Citizenship Certificate
3. Copy of Driving License/Passport

Department (AMLD) of Bangladesh Bank for any cash points, agents or other partners. The concerned MFS provider carries the responsibility of verifying the KYC documents of each MFS customer, although the documents may be collected by their agents.

Transaction Limits and Pricing: Bangladesh Bank has fixed the transaction limit for individual account holders of mobile financial services at a maximum of BDT 10,000 daily and a total of BDT 25,000 on a monthly basis.²² There is no restriction with regard to number of P2P transactions and it is up to individual providers to set their own limits. Agents are not allowed to use their own

behalf, Bangladesh Bank restricted the ownership of more than one MFS account per MFS provider through a circular issued on November 2014.²³ For example, an agent can only have one bKash account. The circular has also suggested that customers who have more one MFS account with one provider will need to take immediate measures to keep only one account active and close additional accounts. Customers are allowed to make five cash-in transactions in their account daily and 20 cash-in transactions monthly. The limit for cash-out transactions is three per day and 10 per month. With regard to amount, the upper limit for cash-in and cash-out is BDT 25,000 daily and BDT 150,000 monthly. The above limits are not applicable



The purpose of the regulation is to promote accessibility to formal financial services especially for the poor and unbanked segment at an affordable cost. P2P transactions are permitted only from one mobile account to another. Although the current transaction limits may not be problematic for many individual users, it is possible that they are restricting the scope of MFS usage by MSMEs, who often have larger transaction requirements.

²² DCMPs Circular No. - 10/2011 December 14, 2011

²³ <http://www.bangladesh-bank.org/mediaroom/circulars/psd/nov272014psd07.pdf>

to P2B, B2P, P2G or G2P transactions. Banks are required to devise appropriate mechanisms for dealing with these types of transactions. In addition, MFS providers are also required to pay interest to all account holders on the balance maintained with them, although Bangladesh Bank has permitted providers to request a deferral from complying with this.

Selection of Agents: MFS providers are responsible to select, appoint, equip, train and monitor their agents. Institutions that have existing agent networks such as non-government organizations (NGOs), MFIs, mobile network operators (MNOs),



Many of the banks in Bangladesh have limited resources and reach. Therefore, it is difficult for some MFS providers to take full responsibility for selecting, appointing, equipping and monitoring agents. It makes sense for agents to have an agreement with the MFS provider from the perspective of risk management, although it may also make sense to allow a third party to manage agent related activities on behalf of the provider. In fact, some of the MFS providers have already started using distributors to manage agents on their behalf.

government or postal departments can become partner agents on behalf of banks. The list of names and addresses of these partner agents needs to be made publicly available on banks' websites. According to the MFS regulations, criteria for selecting partner agents include: competence to implement and support the proposed activity; financial soundness; ability to meet commitments under adverse conditions;

business reputation; and security and internal control, audit coverage, reporting and monitoring environment.

Transaction Security: All transactions must be authenticated by the account holders using their respective personal identification number (PIN) or similar other secured mechanism. MFS providers are required to maintain proper protection and security features for PIN issuance and authentication. They must also ensure that proper processes are put in place in order to identify customers when the service is being enabled. The regulations also state that a second factor of authentication for additional security should be built-in.

Complaints and grievance redressal: MFS providers are responsible for ensuring that proper grievance redress mechanisms are available and disclosed to customers. They are allowed to receive assistance from agents and partners for dispute resolution. Customers can also register complaints with Bangladesh Bank in case they are not satisfied with the action taken by the MFS provider.



Currently, there is no separate consumer protection policy for mobile financial services, although the MFS guidelines have made MFS providers responsible for managing risks and handing customer grievances.



The regulations are silent on exactly how the virtual balance (or e-float) needs to be reconciled, and it is not clear how each bank is managing this process. Since all e-float needs to be backed by physical cash in the bank, the reconciliation process may need further clarification to ensure that all banks are treating it the same way. For example, the reconciliation process could be clarified as follows:

Bank Balance = Customer Wallet Balance + Agents Wallet Balance + Super Agents Wallet Balance + Merchants Wallet Balance + Commission Wallet Balance + ATM Wallet Balance

Transaction Settlement: MFS providers are considered the custodian of individual customers' deposits. At any point in time, the relevant balance in the bank's books must equal the virtual balance of all registered mobile accounts shown in their system. The regulations do not specify whether the value of those accounts needs to be held in individual or pooled trust accounts. Instead, it is up to the MFS provider to decide.

Risk Mitigation: MFS providers are responsible for mitigating all risks associated with their MFS services, with the exception of technical risks, which are the responsibility of the transaction platform provider. Beyond stating that liquidity, fraud, and terrorism are among the risks to be mitigated, the regulations do not specify exactly what steps should be taken to do so, instead, leaving that decision to the providers.

Markets reaction to the regulation: Bangladesh Bank has very clearly outlined in the guidelines that only bank-led MFS services will be allowed to operate. While banks are happy that they are leading the initiative, our discussions with other players revealed that they do not perceive the opportunities and challenges in the same way that banks do.

The other argument is that at least three of the MNOs (Grameenphone, Banglalink and Robi) started offering mobile wallets before the regulations were announced and their wallets are still being used by customers for some of the services they are allowed to offer. Customers can use these wallets for payment of utility bills, airtime top-up and recharge, purchase of railway tickets, and life insurance. Top-up and recharge of pre-paid mobile connections are both quite popular, although apart from those, customers are not using the MNO mobile wallets in large numbers for the other available services. Just like many other countries, regulations prohibit cash-out from mobile wallets that are run by MNOs in Bangladesh. Two of the MNOs we spoke with have analyzed the usage of their customers, and have found that because of the restrictions on services they can offer to customers, increasing usage is a huge challenge. Moreover, now that MFS regulations are in place and customers are being offered wider choice by banks, MNOs are not promoting mobile wallets aggressively.

For its part, Bangladesh Bank is very clear that MNOs can partner with banks as agents in order to provide their distribution channels and any other support, although they will not be allowed to offer a full range of mobile

financial services independently. As such, some MNOs have looked to partner with banks to facilitate those mobile financial products and services offered by banks, such as the example of Grameenphone's MobiCash, which was cited earlier. On the other hand, most of the MFS providers mentioned that establishing

a partnership with MNOs is a difficult proposition. Most of the time, the terms of engagements outlined by the MNOs are very difficult to negotiate. Five of the banks mentioned that a regulation to standardize pricing for access to the USSD channel will reduce most of the challenges.



AGENT BANKING

In addition to the regulations on mobile financial services, Bangladesh Bank issued guidelines on agent banking for all scheduled banks in Bangladesh in December 2013. As per the guidelines, agent banking refers to providing limited scale banking and financial services to underserved populations through engaged agents under a valid agency agreement, rather than a teller/cashier. The owner of an outlet conducts banking transactions on behalf of the bank. The idea of issuing agent banking guidelines was to promote it as a complementary channel to reach poorer segments of the population, as well as existing bank customers, with a range of financial services offered to geographically dispersed locations. The following services are allowed under agent banking:

- » Collection of small value cash deposits and cash withdrawals (ceiling to be determined by Bangladesh Bank);
- » Inward foreign remittance disbursement;
- » Facilitating small value loan disbursement and recovery of loans, installments;
- » Facilitating utility bill payments;
- » Cash payments under social safety programs of the Government;
- » Facilitating fund transfers (ceiling to be determined by Bangladesh Bank);
- » Balance inquiry;
- » Collection and processing of forms/documents in relation to account opening, loan application, credit and debit card application from public;
- » Post sanction monitoring of loans and advances and follow up of loan recovery;
- » Receiving of clearing cheques;
- » Other functions like collection of insurance premiums, including micro-insurance.

Agents are not allowed to provide the following services on behalf of banks:

- » Giving final approval of opening of bank accounts and issuance of bank cards/cheques;
- » Dealing with loan/financial appraisal;
- » Cashing of cheques; and
- » Dealing in foreign currency.

To date, only a few banks have received licenses for agent banking. It is unclear how agent banking may or may not impact banks' investments in MFS. Similar to MFS, agent banking is meant to help banks reach financially excluded populations in locations where it is not commercially feasible for a bank to open a full-fledged branch. Unlike MFS, however, agent banking can provide a full suite of banking services.

As per the guidelines, customers cannot be charged directly by the agents. Given that the agents will have to rely on the commission/fee that the respective banks will provide, the biggest challenge for banks may likely be devising a business model and strategy to ensure good return on investment by agents and keeping agents motivated. This is particularly important as agents will need to deposit a fixed amount of money up to which they can transact with clients. This amount of deposit would essentially be considered an investment by the agent, therefore, agents will need to be convinced that it is a good return on investment.



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An overview of financial service usage by select USAID project staff and beneficiaries


SURVEY OVERVIEW


From October – December 2014, mSTAR surveyed 904 staff and beneficiaries from 10 USAID-funded projects in Bangladesh (four agriculture and six health) that are being implemented in 43 upazilas in 11 different districts of Bangladesh.²⁴

This survey was not meant to be nationally representative. Rather, it aimed to provide a snapshot of how USAID project staff and beneficiaries are using traditional and mobile financial services. It covered the main areas in each targeted district as

well as the surrounding rural areas. Due to limited time and resources, the survey was conducted among the samples provided to us by the participating USAID projects only. A major selection factor included the ease of respondents' accessibility. More details about the design of the survey can be found in Annex 1.

An overview of the districts and upazilas where surveys took place are presented below:

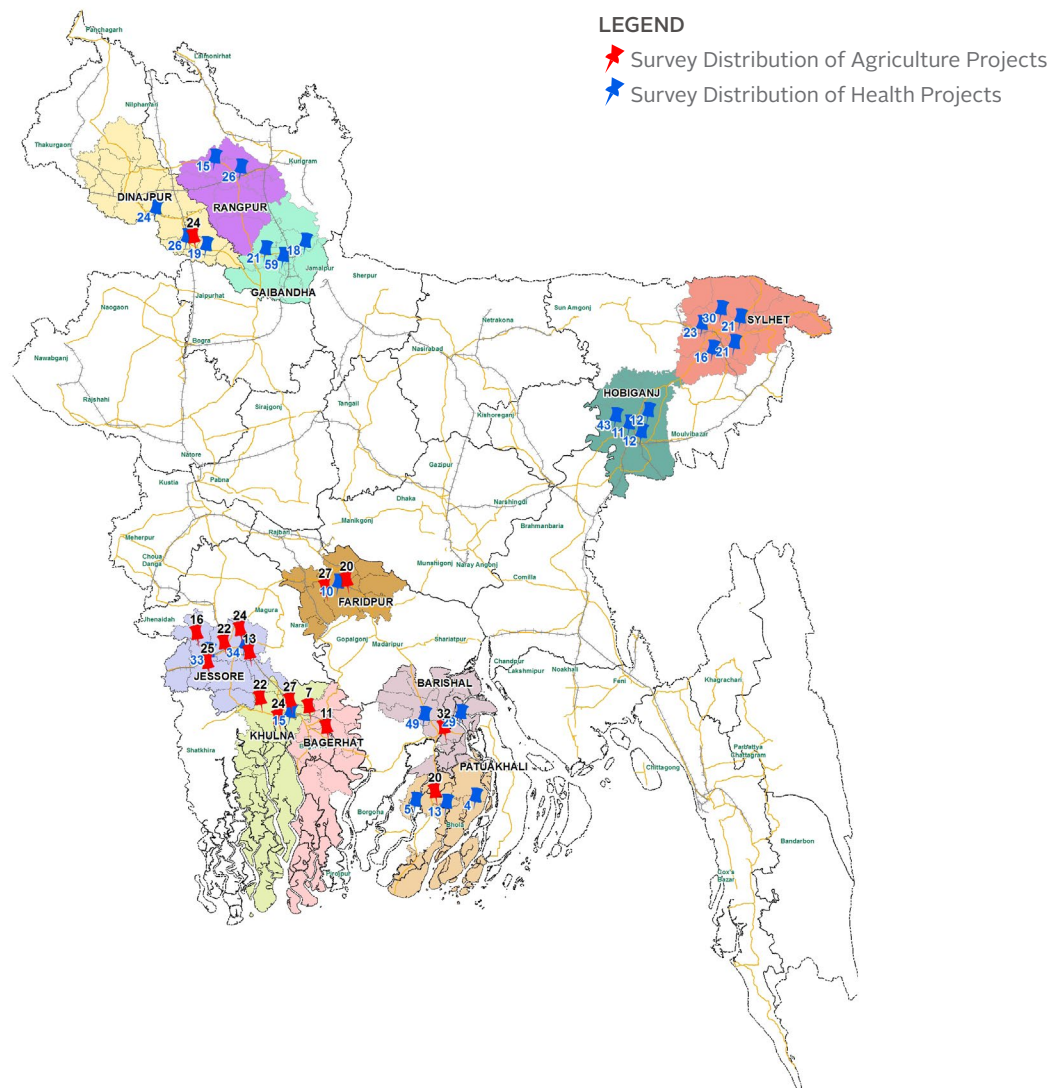
 District	Upazila
Khulna	Paikgachha
	Dumuria
	Fultola
	Batiaghata
	Rupsha
	Terokhada
Barisal	Khulna Sadar
	Barisal Sadar
	Wazirpur
	Babuganj

 District	Upazila
Jessore	Jessore Sadar
	Monirampur
	Jhikor gacha
	Keshabpur
Faridpur	Baghapara
	Nagarkanda
	Salta
Rangpur	Faridpur Sadar
	Kaunia
	Pirgachha
	Sadar

²⁴ Bangladesh is divided into 7 Divisions and 64 Districts. For the purposes of local government, the country is divided into Upazila, Thana and Union Council.

Gaibandha	Shaghata	Sylhet	Sadar
	Gobindaganj		Golapganj Upazila
	Polashbari		Gowainghat Upazila
	Sadullahpur		Jaintiapur Upazila
	Phulchori	Habiganj	Bahubal Upazila
	Gaibandha Sadar		Baniyachong Upazila
Dinajpur	Birampur		Chunarughat Upazila
	Hakimpur		Habiganj Sadar Upazila
	Ghoraghat		Nabiganj Upazila
	Dinajpur Sadar	Bagerhat	Fakirhat
		Patuakhali	Patuakhali Sadar

Overview of data collection districts



Two-thirds of respondents were related to health projects, while the remaining third were involved with agriculture projects. Just under 75% of respondents were project beneficiaries, while slightly more than a quarter were project staff. On a whole, the gender balance of respondents was 55% male and 45% female, although within

agriculture and health projects specifically the gender mix of respondents was much less balanced. The full breakdown of respondents by project, staff/beneficiary, and gender can be found in the table below. Additional disaggregation by participating project can be found in Annex 2.

USAID Project Type	Number of Respondents	Staff		Beneficiaries	
		Number	%	Number	%
Agriculture	315	40	4%	275	30%
Health	589	204	23%	385	43%
Total	904	244	27%	660	73%

Type of Respondents	Male		Female	
	Number	%	Number	%
Agriculture staff	32	4%	8	<1%
Agriculture beneficiaries	245	28%	30	4%
Health staff	92	11%	112	13%
Health beneficiaries	126	14%	259	29%
Total	495	55%	409	45%

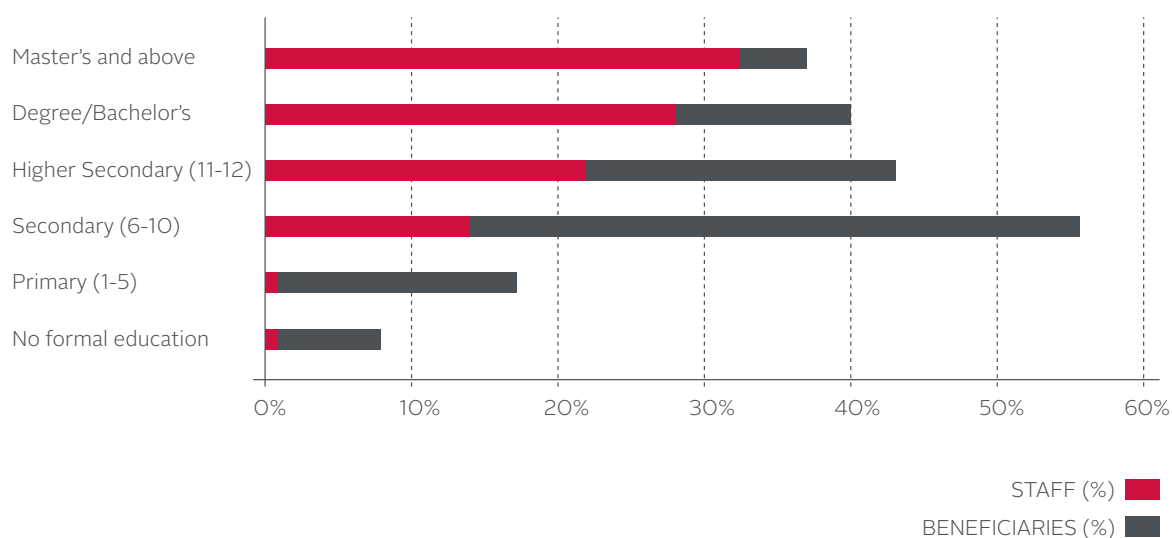
Demographic Information

Age

Over two-thirds of respondents were between the ages of 25 and 44. Of the remaining respondents, 18% were 45 years old or above and 14% were between 15 and 24.

Level of Education

About one-third of the staff surveyed (33%) completed their master's degree, another 29% have bachelor's degrees, 22% completed higher secondary school, and 14% have completed secondary school.



Among beneficiaries, 42% finished their secondary level education, and 21% completed higher secondary. Just under a quarter (23%) of beneficiaries had a primary school education or less, while 15% had either a bachelor's or master's degree.

Income Level

The majority of staff (58%) earn more than 10,000 BDT per month, whereas the majority of beneficiaries (60%) earn 10,000

BDT per month or less. About one third of the beneficiaries (33%) earn below 5,000 BDT. Interestingly, 18% of beneficiaries surveyed earn more than 15,000 BDT/month of which most of them (70%) are owners of medium/large enterprises. To put that into perspective, per capita annual income in Bangladesh in 2014 was \$1,190, which is approximately 7,535 BDT per month.²⁵ More details about the income levels of respondents can be found in the table below.

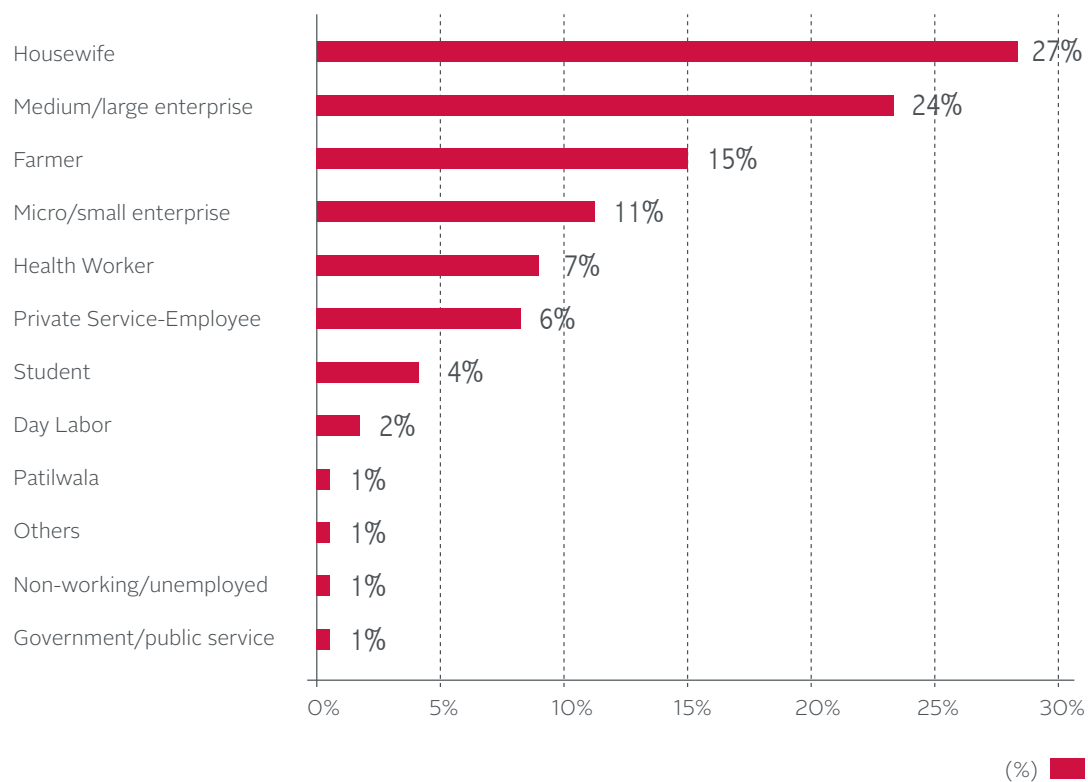
Income Level	Staff (%)	Beneficiary (%)
Less than 5,000 BDT	13%	33%
5,001-10,000 BDT	24%	27%
10,001-15,000 BDT	24%	16%
Above 15,000 BDT	34%	18%
I am not interested to share	5%	6%

²⁵ <http://bdnews24.com/economy/2014/05/21/bangladesh-s-per-capita-income-1190>

Occupation

Among the beneficiaries surveyed, the most common professions are housewives, which accounted for more than a quarter (27%) of all respondents, followed by medium/large enterprise owners (24%), farmers (15%), micro/small enterprise owners (11%), and


health workers (7%). It is worth noting that respondents self-identified their occupations, and it is possible that some of those individuals who identified as housewives are also engaged in some sort of income generating activity.



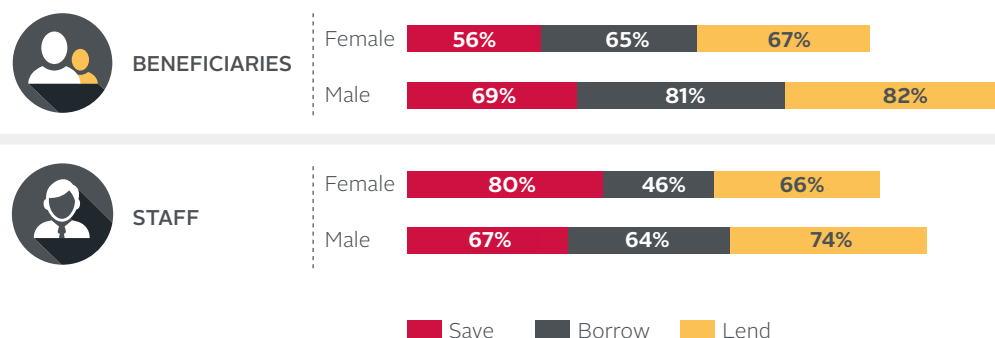
Typical Financial Practices

Respondents were asked to share what type of payments they most frequently use to conduct a number of different types of payments. In some cases, an individual may use more than one method equally or may not make a type of payment at all, which is


why the rows in the table below do not add up to 100%. As the table reveals, cash is still the most common form of making every type of payment, although MFS are the second most common mode of payment for sending money to friends and family.

	Cash (Hand)	Courier	Postal Service	Bank check	MFS	Online Banking	Credit/debit card
Payments to immediate family	81%	12%	10%	22%	31%	9%	5%
Payments to friends	35%	4%	4%	12%	16%	3%	1%
Payments to other relatives	48%	8%	8%	16%	23%	4%	2%
Receive salary or work payments	9%	2%	2%	11%	6%	4%	2%
Airtime purchase	33%	3%	4%	5%	9%	2%	2%
Savings account withdrawal/deposit	26%	3%	3%	13%	6%	5%	2%
Loan repayments	13%	1%	1%	5%	3%	1%	1%
Current account withdrawal/deposit	15%	1%	1%	7%	3%	1%	1%
Educational expenses	23%	3%	3%	7%	8%	2%	1%
Purchasing goods for home	24%	3%	3%	5%	5%	1%	2%
Purchasing services for home	14%	1%	1%	3%	2%	1%	1%
Purchasing services for business	19%	1%	0%	10%	6%	2%	0%
Utility bill payments	35%	3%	3%	9%	11%	3%	1%
Other bill payments	2%	0%	0%	1%	1%	0%	0%

A look at the savings, borrowing, and lending practices of respondents reveals that as one might expect, beneficiaries tend to save less and borrow more than USAID staff.



Of those individuals who do save, the majority tend to save in a traditional bank account, although sizeable portions of beneficiaries save by placing deposits with MFIs, cooperative societies, and family members. Most of the borrowing and lending that staff and beneficiaries are engaged in are happening through family and friends. The low levels of borrowing at banks and MFIs is consistent with the findings of the national survey conducted by the Institute of Microfinance in 2009 and 2010 on Access to Finance, which found that only around 8% of households had access to formal credit.²⁶

	Staff			Beneficiaries		
	Save	Borrow	Lend	Save	Borrow	Lend
Traditional bank	94%	24%	0%	74%	24%	0%
NGO-led MFIs (e.g. BRAC)	18%	24%	0%	35%	32%	0%
Cooperative society (e.g. club, somiti)	13%	14%	0%	23%	18%	0%
Family members/relatives	14%	46%	56%	20%	64%	64%
Friends/colleagues	2%	48%	42%	4%	39%	33%
Mobile money account	6%	0%	0%	5%	0%	0%

²⁶ Institute of Microfinance, Access to Financial Services in Bangladesh

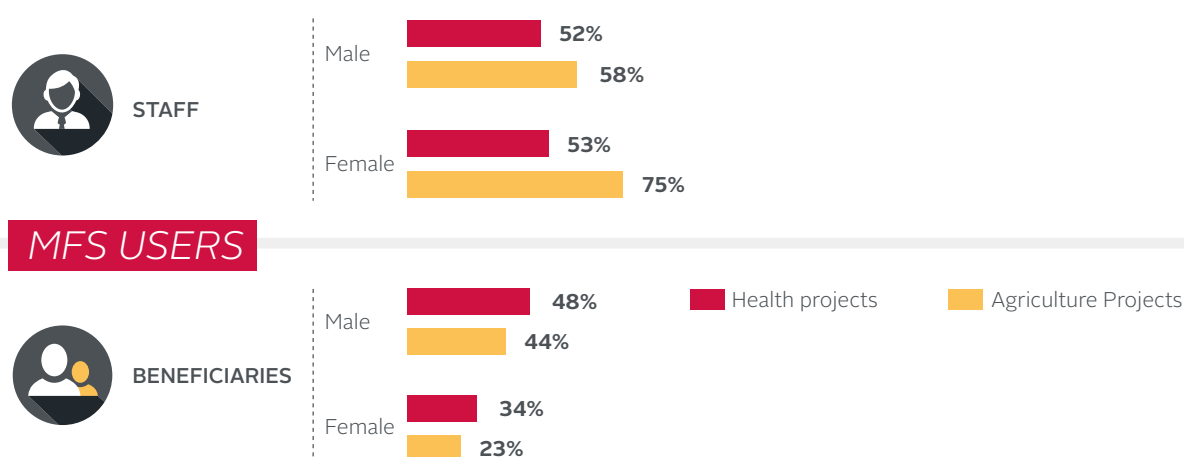
Mobile Phone Ownership

Mobile phone ownership of respondents was extremely high. One hundred percent of staff own a mobile phone. Additionally, among beneficiaries, 97% of men and 80% of women own a mobile phone. These ownership levels are significantly higher than Bangladesh as a whole, which Financial Inclusion Insights calculates at only around 58% of the total population.²⁷

Of those beneficiaries without a mobile phone, 76% are housewives, 18% are farmers, and 90% have a secondary education or less. The majority of those individuals noted that they did have access to a mobile phone, mostly through their spouse. Less than 2% of beneficiaries neither owned nor had access to a phone.

of beneficiaries had used mobile money, although not only 68% of them have done so using their own registered accounts. Another 21% have done so using an agent's account, and the remainder through friends and family.

More than half of the male staff (52%) and slightly less than half of male beneficiaries from both health (48%) and agriculture (44%) projects have used MFS. Three quarters of female staff in agriculture projects and more than half of female in health projects had used mobile money, although the former is likely skewed due to an extremely small sample size of only four people. Among beneficiaries, however, usage among females is significantly lower at 34% for health project beneficiaries and 23% for agriculture project beneficiaries.



Mobile Financial Service Usage

Mobile financial service usage among respondents was significantly higher than the usage among the general population, which based on Bangladesh Bank's figures of registered customers is only around 16% of the total population.²⁸ Among respondents surveyed, 54% of staff and 40%

In terms of usage by income, despite representing more than a quarter of all respondents, only 16% of those earning less than 5,000 BDT had used MFS. On the other hand, 51% of MFS users earned 10,000 or above, despite only representing 40% of the total pool.

²⁷ <http://finclusion.org/country-pages/bangladesh-country-page/>

²⁸ <http://www.bangladesh-bank.org/fnansys/paymentsys/mobilefin.php>

Account registration

Among staff, 70% and 69% of male and females, respectively, had an account registered in their own name. Among beneficiaries, account registration was slightly higher for males (76%), and lower for females (54%), with another 14% of female beneficiaries accessing MFS through their husband's accounts. Evidence of OTC usage was also fairly significant, with 21% of respondents stating that they primarily used MFS through an agent. Unfortunately, we did not explore in more detail why people first decided to open an account or why they conducted OTC transactions. Future examination may need to be done to better understand why USAID IP staff and beneficiaries opened their accounts, or conducted OTC transactions.

Frequency and types of transactions

Consistent with general trends in Bangladesh, the majority of MFS users were using it primarily to cash-in and cash-out, and send and receive money. Of those respondents, around three quarters used those services no more than several times per month. Just under half of respondents that had used MFS (46%) reported to having used their accounts to save money. More beneficiaries (49%) reported that they have saved money in their mobile wallet than staff (41%). It is worth

noting that these figures are significantly higher than the percent of respondents who reported regularly saving using their mobile wallet (5-6%) as noted earlier. While this shows potential openness from a significant portion of respondents to use their mobile wallets to save money, there is still a large gap between experimentation and regular use. In addition, it is unclear if people were intentionally using their mobile wallets to save money for interest, for safekeeping, or if they planned to cash-out but did not have the chance to do so immediately. This could be a focus of further follow up in the future. Finally, a large percent of respondents had never used other types of services, such as making purchases (88%) and bill payment (72%), showing significant opportunity for growth in these service areas.

Perceptions about MFS

By large margins, MFS users agreed that the services are safe, easy, and convenient, as can be seen in the table on the following page. Although a majority of respondents noted that MFS saved them money due to lower transaction fees (61%), more than a quarter (26%) disagreed or strongly disagreed with that statement, which shows that the cost of MFS remains a concern for some users.



Response

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I feel it's safe	3%	5%	10%	53%	29%
I can save money because of lower transaction fees	7%	19%	14%	47%	14%
I can save time (no need to go to bank or ATM)	1%	1%	6%	63%	29%
I have 24 hours access for sending money	1%	4%	5%	59%	31%
I have physical security (no need to go out with cash)	1%	3%	8%	59%	28%
My mobile banking menu is very easy to navigate	2%	6%	17%	57%	19%
My mobile banking menu is very easy to understand	2%	7%	16%	58%	17%
It is easy to make a balance inquiry	1%	2%	11%	68%	18%
It is easy to send money	1%	2%	6%	63%	29%
It is easy to receive money	0%	2%	7%	62%	29%
It is easy to cash-out	2%	4%	10%	53%	32%

Among those respondents who had not used MFS, as can be seen in the table on the following page, a majority responded that they did not have a need to use MFS. At the beneficiary level, lack of knowledge about the existence of MFS and how to use MFS were key reasons for why they were not using them. The largest segment of respondents who did not feel a need to use MFS were housewives (26%).

Interestingly, among agriculture project staff and beneficiaries, which tend to be more rural than health projects, concerns about the safety, cost, and availability of MFS were also noticeable. This points to significant scope for awareness raising among USAID beneficiaries, in particular, about MFS, how they can use it, and how it compares to cash in terms of safety and cost.



IN THEIR OWN WORDS

"Now, I don't have to bug my husband every month to pay the electric bills and tuition fees for our kids. I can send it from my mobile money account in time, which has reduced a lot of my burdens and there is no need to quarrel with my husband regarding these issues each month."

- Staff from Dinajpur FGD

"Agents frequently cheat village people. They withdraw money from the wallets of illiterate persons and inform them that their MM account is blocked."

- Beneficiary from Faridpur FGD

"Sometimes agents do not agree to cash-in or cash-out small amounts, such as 100 or 200 taka. They argue that we are not benefited with this amount of transaction."

- Beneficiary from Sylhet FGD

Reasons for not using MFS	Health Projects		Agriculture Projects	
	Staff	Beneficiaries	Staff	Beneficiaries
Don't feel the need to use MFS	87%	85%	50%	81%
Don't know about MFS	15%	44%	6%	44%
Don't know how to open a MFS account	11%	30%	13%	24%
Don't know how to use a MFS account	11%	25%	13%	29%
Do not have the documents necessary to open a MFS account	0%	2%	0%	3%
The transaction limits are too low	2%	1%	6%	3%
There are no sufficient agent points in my area	2%	4%	19%	19%
MFS is costly to use	4%	5%	25%	22%
Don't have enough money to use a MFS account	3%	6%	19%	9%
Don't feel it's safe	16%	15%	56%	24%

Focus groups were also conducted with beneficiaries and staff in Dinajpur, Sylhet, Faridpur and Khulna in order to further examine challenges that MFS users and non-users face in using MFS products. During those focus groups, we were able to unpack a bit further some of the barriers that both users and non-users of MFS face in using these products. Although not necessarily reflective of the broader population, the issues highlighted during these discussions are worth noting, as follows:

- » Poor access to MFS customer care services, in terms of responsiveness of call centers and availability of in-person support.
- » Agents often sit outside under a big umbrella in areas with heavy foot traffic. This lack of privacy made some people feel unsafe about cashing out.

- » Sometimes the USSD menu “times out” when they are executing a transaction, and they are unsure if the transaction was completed. If they try to execute the transaction again, they worry that it might go through twice. Some participants also noted that the pressure to complete a transaction before it “times out” can sometimes lead them to rush and make mistakes, such as inputting the wrong PIN.
- » Another issue related to the mobile network operator, but that impacts MFS usage is if a SIM card is deactivated due to lack of use (note that use of MFS is not counted by the MNOs as activity on their SIM). It can be difficult to reactivate it so that the customer can once again access their money.

- » Concerns about the practices of some agents were also raised, such as refusing to process small cash-outs, overcharging, and failure to give a receipt. The latter two are primarily an issue with OTC transactions.
- » Difficulty receiving transaction statements, in addition to receiving SMS confirmations with each transaction, was a particular concern of business owners using MFS.
- » Also expressed by some business owners, was the fact that the transaction limits are too low for their needs.
- » During the key informant interviews, all of the informants expressed that they felt that the MFS menus are hard to navigate, particularly among beneficiaries due to lower levels of English literacy.

MFS Preferences

MFS users were asked to select the MFS characteristics they found most important while non-user respondents were asked to select characteristics they would find important if they were to use MFS. It should be noted that some of these characteristics already exist, while others (such as Bangla menus) are much less common. The results reveal that cost is by far the most important priority, with 91% of MFS users and 88% of non-users ranking 'low transaction costs' at the top. Related to that, the third highest priority was in regards to agents not charging additional fees, which also shows the cost sensitivity of users to these services, as well as hints at the fact that agents may be perceived as not always following standard pricing.

Just under half of respondents expressed desire for MFS menus to be in Bangla, which also points to a significant opportunity for service improvement.



IN THEIR OWN WORDS

"I am a business man and need to make transactions frequently using my account. Also I am very poor in English which makes difficult for me to understand the confirmation SMS. But at the end of the day, I have to go through the SMSs to keep a record of my payments. I want a daily statement service and am ready to pay for it." - Beneficiary from Faridpur FGD

"I am afraid of carrying a significant amount, such as 5,000 BDT, when I visit to an agent point for cash-in or after cash-out. I wish there was a system to cash-in using smart cards (like mobile phone recharge cards). It seems that physical cash carry risk would be at minimal." - Staff from Dinajpur FGD

"Most of the people are illiterate. So they cannot use the USSD menu properly because of English language. We want to transfer money using our own account but we don't believe that we can do it by ourselves because of that English language [challenge]. Hence we have to go to an agent for making transactions." - Staff from Khulna FGD

"We wish MFS provided an online platform by which we would transfer [bulk payments] by ourselves (like online banking system). It will solve a number of problems like documentation storage for audit purposes, quick transaction at any time, etc." - Finance staff from USAID's MAMA project

Priority Ranking	MFS Characteristics	MFS users (n=394)	Non-users (n=509)
		%	%
1	Low transaction costs	91%	88%
2	Improved security from fraud	68%	70%
3	Agents do not charge additional fees	58%	64%
4	Diversity of service offerings	59%	47%
5	Improved physical security (no need to carry cash)	51%	51%
6	The menu is easy to use	46%	49%
7	The menu is in Bangla	42%	47%
8	Any problems or complaints I have are addressed quickly	45%	41%
9	Ability to make transactions at any time even when the bank is closed	40%	32%
10	Extensiveness of cash-out points (agents, ATMs, bank branch, etc.)	41%	30%
11	Receiving confirmation of transaction (e.g. SMS)	35%	31%
12	Agents have sufficient money on hand to cash-out	31%	21%
13	Fees are clearly advertised and understood	28%	24%
14	Agents provide high quality customer service (are knowledgeable, helpful)	27%	15%
15	My transactions always process without any problem (e.g. network timeout or outage)	24%	17%
16	Wide acceptance of mobile money for merchant and bill payments	19%	14%

Respondents (including both MFS users and non-users) were also asked to select the types of mobile financial services, beyond cash-in, cash-out, and money transfer that they are interested in using. The results reveal a strong desire to be able to save using a mobile account, as well as being able to pay utility bills, school fees, and purchase airtime top up. Significant numbers of respondents

also expressed an interest in using MFS to purchase goods, and among staff, close to half of respondents were interested in receiving their salary or other work-related payments on their mobile phone. Among agriculture respondents, more than a third of people expressed interest in using MFS for loan repayments (38%) and commodity dealing (37%).

While the responses of current MFS users and non-users showed some variation, they were generally within a few percentage points of each other, with a few exceptions: noticeably more MFS users were interested in bill payment (83% vs. 72%), paying school fees (66% vs. 56%), and receiving salary payments (32% vs. 24%), whereas more non-MFS users were interested in loan repayments (32% vs. 23%).

Interestingly, more than half of all respondents expressed demand for merchant and bill payments despite the fact that less than one-fifth of respondents selected wider acceptance of mobile money for merchant and bill payments as an important characteristic of their MFS provider. Although individuals are interested in having these types of services available, there are also other characteristics, such as those dealing with cost and security that are more important to them.

Name of Financial Service	Staff		Beneficiaries	
	Male	Female	Male	Female
Saving schemes	61%	73%	80%	78%
Pay utility bills (electric bills, water bills)	76%	74%	85%	68%
Purchasing good from markets	50%	45%	56%	58%
Receive salary or work payments	43%	47%	18%	23%
Pension fund management	17%	13%	11%	14%
Commodity dealing	20%	24%	32%	24%
Investment	22%	7%	28%	10%
Loan repayments	19%	14%	29%	37%
Airtime top-up	58%	61%	75%	71%
Education fees	62%	65%	61%	57%
Mobile insurance	22%	21%	19%	21%
International remittance	23%	13%	21%	18%



IN THEIR OWN WORDS

"It is challenging to replace an existing system (like cash payment) with a technology based one (like mobile banking) especially at the beneficiary level. The major thing needed is related to building proper capacity of stakeholders and make them ready to adopt the system." - Program staff from USAID's AIN project

MFS Awareness

When asked how individuals heard about MFS, 82% said they learned about it from mass media, 46% learned about it from an agent, and 29% heard about it from family and friends. When asked how they would prefer to hear about MFS, surprisingly, the responses were quite different. A majority of respondents (60%) said that they prefer person-to-person interaction, 33% said through telephone calls, and only 4% prioritized mass media. This suggests that there could be a role for increased agent outreach to potential customers, and in the case of USAID projects planning to use MFS, increased face-to-face promotion of MFS to staff and beneficiaries.

Bank Account Usage

In addition to looking at MFS usage, respondents were also asked to share information about bank account usage. Among USAID project staff, 95% of those

surveyed had a bank account, although among beneficiaries that figure drops to only 63% on average, and just 40% for female beneficiaries. In terms of usage by income, as with MFS, those earning 10,000 BDT/month or higher make up a much larger portion of bank account holders (52%) than their representation in the total pool (40%). Whereas, those earning less than 5,000 BDT make up only 15% of bank account holders, despite representing more than a quarter of all respondents.

Interestingly, 22% of individuals without a bank account use MFS, while more than half (52%) of people with bank accounts also use MFS. Most of the MFS users' who do not have a bank account are using their MFS accounts on monthly basis (several times to occasional). The vast majority (84%) of them are receiving domestic remittances, and more than half of them are sending money to others several times a month.



Bank Account Holders



Mobile phone owners

99%

MFS Users

52%



Individual w/o a Bank Account



Mobile phone owners

75%

MFS Users

22%

Type of account

On average, respondents with a bank account had 1.5 accounts per person—with savings accounts being the majority of accounts.

Type of Accounts	No. of Responses	%
Saving account	560	86%
Current account	276	42%
Fixed Deposit Scheme	73	11%
Loan Account	53	8%
Others	8	1%

(Total number of respondents: 651; total number of responses: 970)

Frequency and size of transactions

Among bank account holders, roughly 4 in 10 (39%) use their accounts to make transactions of 10,000 BDT or more on average. Given the fact that the daily transaction limit for MFS is 10,000 BDT, this demonstrates that these transactions would not be possible using MFS based on current limitations. Interestingly, however, half of all respondents who use their bank account for larger transactions are also MFS users, which may mean that they see the benefits of MFS for lower value transactions.

On the lower end, 79% of individuals who use their bank account on average to make transactions of 1,000 BDT or less are also MFS users. Of that 79% of MFS users, the majority (69%) are from semi urban areas, whereas 21% are from urban and 10% from rural areas. One reason for this may be the fact that the majority of bank account holders (86% of staff and 87% of beneficiaries) make their transactions at a bank branch. Bank branches tend to be

further away than MFS agents, therefore, using a mobile wallet also offers those users the flexibility to transact without going to a bank.

Comparison between MFS and Bank Access and Usage

During the focus group discussions, which were held with beneficiaries and staff in Dinajpur, Sylhet, Faridpur and Khulna, a common theme that was raised was the distances required to travel to the bank, as well as the often long queues that exist there. Although we did not look at the amount of time required to make a transaction in the survey, we did look at factors of distance, travel time, and cost to the nearest bank branch and MFS agent. Individuals were only asked these questions if they responded that they used MFS and/or had a bank account.

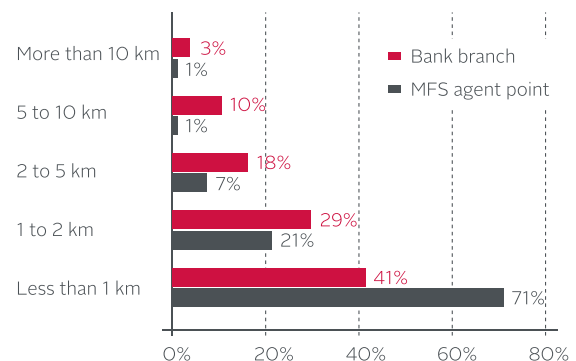
Further disaggregation of all of the above data by rural, semi-urban, and urban respondents can be found in Annex 3.

DISTANCE



71% of the MFS users have access to an agent within one kilometer. On the contrary, only 41% of bank account holders have a bank branch within the same distance.

The number of people who live 2 km or more from a bank (31%) is more than triple that of those that live that far away from an MFS agent (9%).

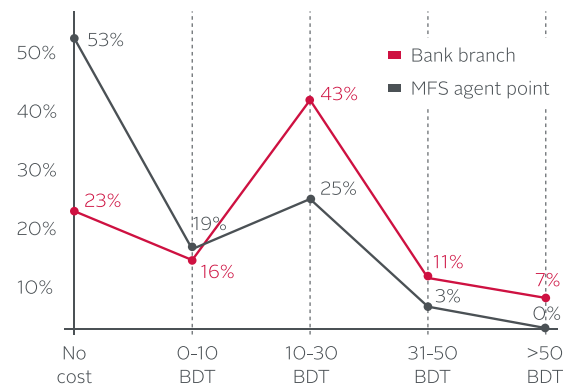


COST



53% of MFS users do not incur any costs to travel to an MFS agent point; whereas only 23% of the bank account holders' can visit their bank branches without any cost.

On the other hand, 61% of bank account holders' have to spend more than BDT 10 to travel round trip to go to a bank branch, but only 28% MFS users' need to spend that amount to visit to an MFS agent point.

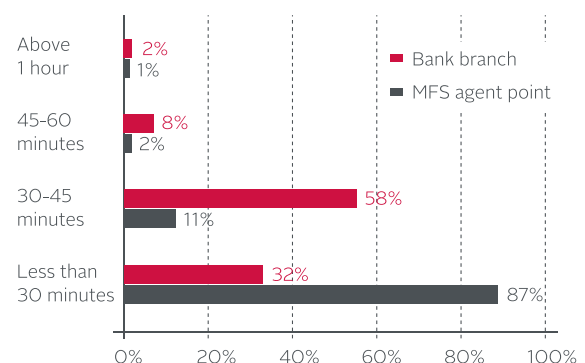


TRAVEL TIME



Among MFS users, 87% noted that it takes them less than 30 minutes roundtrip to their nearest MFS agent point, a figure that drops to only 32% for bank account holders.

On the other hand, 70% of bank account users have to spend more than 30 minutes roundtrip to travel to a bank branch, while only 14% of MFS users need that amount of time to visit an MFS agent point.





IN THEIR OWN WORDS

"[Making] transactions is time consuming; takes huge transport cost and requires waiting in a long line to deposit the bill payments. Sometimes it takes around 1.5 hours. For this, we cannot do other work. Also, there are long queues for men only; but no separate queue for women. So, it is difficult to deposit the bill payments at the bank."

- Staff from Dinajpur FGD

"Mobile banking service is not cheaper than traditional banking service. But if the transport cost and time are compared between both the services, mobile banking service is cheaper."

- Beneficiary from Dinajpur FGD

"We usually try to avoid banks for electricity bill payments because of long queue at banks, which takes a lot of time. Alternatively, we are paying the bills using mobile money payments; unfortunately sometimes bills are not deposited in the right time, which increases my hassle."

- Beneficiary from Dinajpur FGD

"I used to send money to my father in his bank account before. He is an old man and had to travel a long distance from my village to the upazilla town (4-5 km). As soon as I learnt about mobile banking, I started to use it. Now, my father can get the money when he visits in the nearby tea stall for taking his morning tea."

- Staff from Faridpur FGD

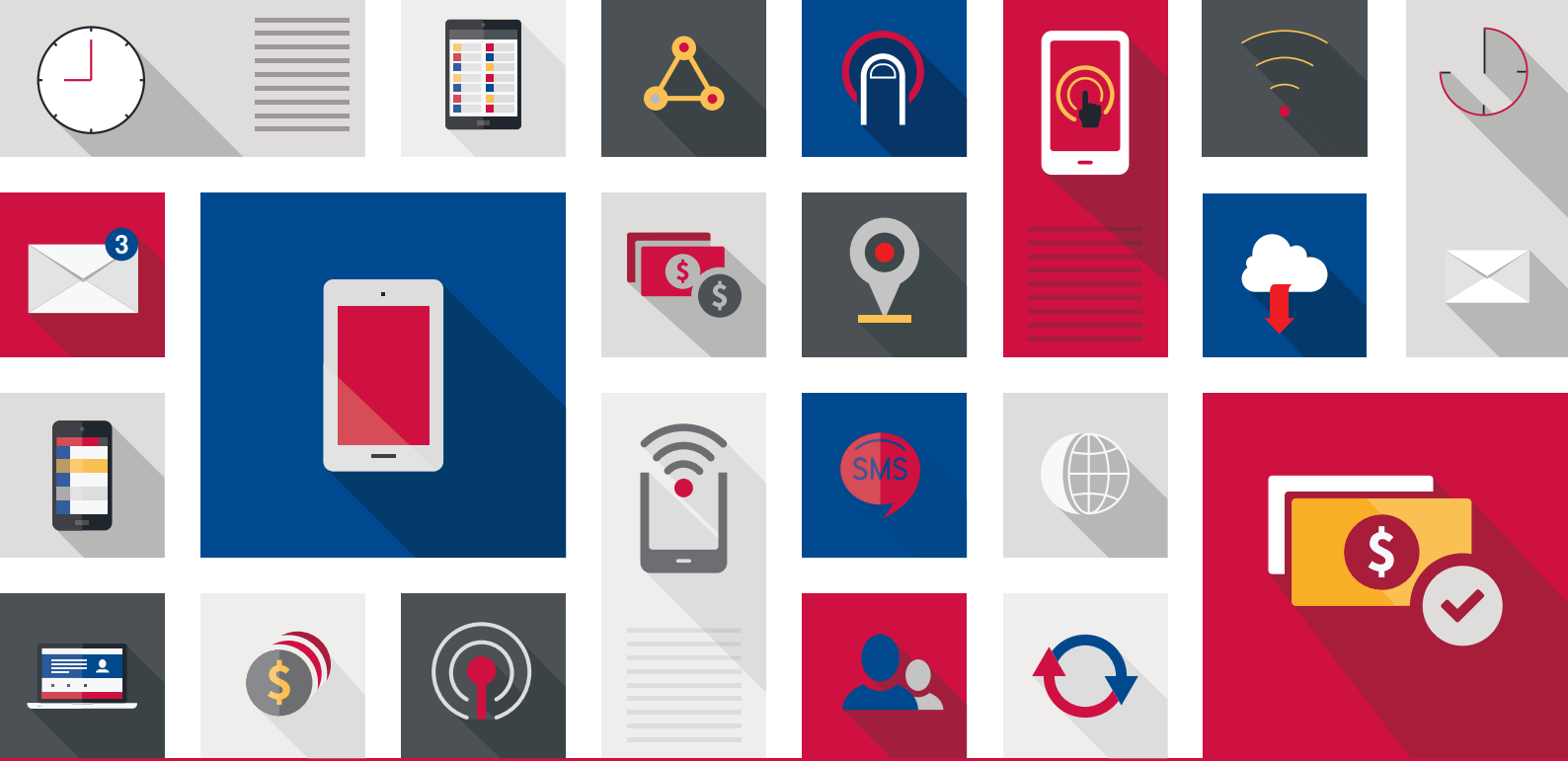
Looking at the types of transactions made by respondents using only MFS accounts, only bank accounts, and both types of accounts, as displayed in the table on the following page, the frequency of transactions by type is fairly similar. However, a few notable differences exist. Individuals that have both a bank account and MFS account are more likely to use their accounts for purchases (14%) and bill payments (31%) than those with just an MFS account (0% and 11%, respectively) or bank account (6% and 18%, respectively). In addition, individuals with a bank account were much more likely to have saved money (66%) than those with just an MFS account (15%).

Individuals with both types of accounts or just a bank account were also more likely to send money at least several times a month or more (39% and 35%, respectively), as compared to individuals with only an MFS account (26%). When it comes to receiving domestic transfers, 48% of users with both accounts and 42% of MFS only users receive money several times a month or more, compared to just 32% of individuals with only a bank account.

What explains the differences in usage between the three types of account access are not entirely clear based on the data collected as part of this report, and would require additional exploration.



Transaction type	Account access	Daily- Several Times	Daily- once	Weekly- Several Times	Weekly once	Monthly- Several Times	Monthly once	Occasional- less than once a month	Never
Deposit money/ Cash-in	Bank A/C only	0%	2%	4%	2%	32%	30%	18%	12%
	MFS only	0%	0%	11%	2%	20%	18%	25%	24%
	Both Bank A/C and MFS	1%	1%	10%	5%	34%	19%	24%	6%
Cash withdrawal/ Cash-out	Bank A/C only	1%	2%	4%	2%	44%	21%	23%	3%
	MFS only	0%	0%	15%	2%	36%	16%	24%	7%
	Both Bank A/C and MFS	1%	2%	9%	4%	41%	16%	24%	4%
Money transfer/ Send money	Bank A/C only	1%	1%	2%	2%	33%	14%	17%	30%
	MFS only	0%	0%	11%	2%	13%	16%	25%	33%
	Both Bank A/C and MFS	1%	1%	7%	3%	23%	15%	38%	11%
Save money	Bank A/C only	0%	1%	2%	0%	15%	29%	20%	34%
	MFS only	0%	0%	7%	0%	0%	4%	4%	85%
	Both Bank A/C and MFS	1%	1%	6%	1%	17%	12%	14%	48%
Purchasing	Bank A/C only	0%	0%	0%	0%	1%	0%	5%	94%
	MFS only	0%	0%	0%	0%	0%	0%	0%	100%
	Both Bank A/C and MFS	0%	1%	1%	1%	2%	1%	9%	86%
Bill payments	Bank A/C only	0%	0%	1%	0%	2%	10%	4%	82%
	MFS only	0%	0%	7%	0%	0%	0%	4%	89%
	Both Bank A/C and MFS	0%	0%	9%	0%	4%	8%	9%	69%
Receive money (domestic)	Bank A/C only	0%	0%	3%	1%	28%	14%	27%	27%
	MFS only	0%	0%	9%	2%	31%	22%	31%	5%
	Both Bank A/C and MFS	1%	1%	6%	2%	38%	17%	26%	8%
Receive money (international)	Bank A/C only	0%	0%	0%	0%	2%	4%	14%	79%
	MFS only	0%	0%	2%	0%	0%	0%	5%	93%
	Both Bank A/C and MFS	0%	0%	3%	0%	4%	3%	8%	82%



RECOMMENDATIONS

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RECOMMENDATIONS

Our analysis of the mobile financial services ecosystem reveals a number of areas where specific courses of action could be taken to help to increase interest in and uptake of MFS in Bangladesh.

Although, as earlier stated, this analysis was not representative, it reveals that at least among the sample of USAID project staff and beneficiaries, exposure to MFS is higher than that of the general public. In addition, literacy rates and mobile phone access among those surveyed were also higher than the general population. Some of this discrepancy can be attributed to the fact that the sample population surveyed skewed more urban than the general population. This evidence suggests that introducing MFS within USAID agriculture and health projects, particularly among staff and with urban/semi-urban beneficiaries, has less hurdles to overcome than promoting uptake nationally. In addition, the high mobile phone ownership and access rates among those surveyed illustrate that one of the main pre-requisites to having a MFS account has already been met by most staff and beneficiaries. That said, among

non-users, significant numbers felt that they did not have a need to use MFS, which shows that barriers to wide uptake within projects still remain.

In order to overcome the remaining barriers, a number of actions can be taken by different parties in the ecosystem, as highlighted below. It should be noted that these recommendations are by no means exhaustive; rather, they only include those that arose as a result of this study. For example, increased use of MFS by the government for its payments would almost certainly help to drive significant uptake, and potentially drive down costs and diversify service offerings. Since G2P payments were not a focus of this study, we have not included any recommendations related to them.

KEY



USAID IPs



MFS
providers



Third-party
providers



Regulators



MFIs



Researchers



Increase awareness of and capacity to use MFS (Key players: MFS providers, USAID IPs)

MFS service providers should consider expanding their awareness raising efforts to promote their full suite of services—not just P2P transfers. In addition, they may need to improve their agent training programs to ensure that agents are better equipped to train customers on how to use these services.

USAID IPs that are interested in using MFS also have a role to play here. They can train their staff and beneficiaries so that they are more aware of and capable of using MFS products. This includes not only basic awareness and training of how to use services, but also on their rights as customers, knowledge of standard pricing (and how to deal with agents who try to charge them extra), keeping their accounts secure (i.e. not sharing their PIN), and the value of using MFS beyond just cash-in, cash-out, and P2P transfers. In addition, particular attention should be paid to communicating the true cost of MFS as compared to other means, when other factors such as travel costs and wasted time are included. mSTAR has helped several USAID IPs to conduct this type of cost/benefit analysis, which has been helpful as evidence to show to skeptics to help them understand the true potential of MFS as compared to cash.

One easy entry point to promoting MFS as more than just a money transfer mechanism, could be promoting its use as a savings instrument, particularly given the high number of respondents interested in saving. Among beneficiaries, that figure was 80% among men and 78% among women, while among staff it was 63% for men and 73% for women. This would also help to reduce the incidence of OTC transactions, and increase genuine financial inclusion, as people begin to see MFS as being more than just a transfer service.

mSTAR has supported awareness-raising among USAID IP staff and beneficiaries through workshops and learning documents, and through its free short-term technical assistance mechanism, it can support IPs with any and all of the above upon request.



Expand roll out of MFS products beyond money transfer (Key players: MFS providers, Third-party providers)

While most of the MFS providers have already offered a number of services beyond just transfers, the extent of their availability is still limited, particularly in the areas where most USAID projects operate. The expanded roll out of payment services, including bills, school fees, and merchant purchases, is important to driving further uptake of mobile wallets and reducing OTC usage.

In addition to expanding payment options, mobile-based credit services should also be explored. Limited access to credit from formal financial institutions among the general population as well as the sample we surveyed point to the potential for credit risk analysis and scoring using mobile phone usage data. This type of mobile-based scoring is already being done in several markets globally, both by MFS providers directly (such as *M-Shwari* in Kenya) and third-party providers (such as *inVenture*). Introducing similar types of credit scoring services and micro-loan products tied to mobile wallets in Bangladesh could help to bridge the gap in formal credit access.²⁹

²⁹ GSMA's [Mobile Money for the Unbanked](#) and [CGAP](#) both have a number of resources where you can learn more about how mobile credit products are being used globally.

Given the huge investments necessary to launch their agent networks and P2P transfer services, it is not surprising that most of the MFS providers have moved more slowly into the payments and credit space. This presents an opportunity for third-party providers to step in to make the required investments, such as for example, to build out a merchant network.³⁰ This is exactly what Safaricom did by partnering with Kopo Kopo to manage the merchant network for its Lipa na M-PESA service. Some additional support for Bangladesh could also potentially come through the Bill and Melinda Gates Foundation's [*Grand Challenge #15*](#), which is offering funding to support the expansion of merchant acceptance points serving individuals living on less than USD \$2 per day.



Pilot the use of MFS with those most receptive first (Key players: USAID IPs)

Given that just under half of IP staff surveyed expressed interest in receiving salary or other work payments via a mobile wallet, IPs should strongly consider offering mobile payments to staff as another option for allowances and travel reimbursements. Doing so will enable staff to increase their comfort with and knowledge of MFS, as well as provide a relatively low risk way for IPs to adapt their financial systems to MFS in anticipation of future expanded roll out to beneficiaries.

Slightly more ambitious, IPs that are working with businesses along agriculture or health value chains might want to explore how they can partner with an MFS provider to help convert those businesses into MFS merchant acceptance points. This will help to build the ecosystem so that when IPs eventually begin digitizing their payments all the way down to the beneficiary level, those individuals will have locations to use their mobile money beyond simply cashing out. mSTAR can help IPs with the process of designing and implementing a pilot of MFS in their project.

³⁰ GSMA's Mobile Money for the Unbanked's report [Setting up shop: Strategies for building effective merchant payment networks](#) is a great resource for learning more about the intricacies of setting up merchant networks.



Consider gender differences more explicitly (Key players: MFS providers, USAID IPs)

As has been well documented by others, and confirmed in this sample, gaps between male and female access to mobile phones and MFS exist.³¹ In Bangladesh, women have lower access to mobile phones and financial services, which was also reflected in our survey. That said, among individuals that do not have a bank account, but own a mobile phone, 62% are women. This shows potential scope to increase the financial inclusion of women in particular via the use of MFS.

On the service provider side, these can be addressed partially through the use of user-centered design approaches to developing marketing and products that are more tailored to the needs of women. For instance, providers may explore promoting the increased security and convenience of MFS over cash for making payments often conducted by women, such as paying school fees, to help increase the perceived value of opening an account. Providers can develop digital financial literacy trainings and materials that appeal specifically to women, as Axis Bank and Airtel Money in India have done. In addition, recruiting more female agents may help to increase comfort levels that women have with using their services.

On the implementing partner side, this can be done through targeted efforts at awareness raising and training on the benefits of MFS for women, aimed at both women and their gatekeepers, to reduce access barriers. As we have already seen anecdotally, IPs can also support women's access to MFS by making the organizational switch. For example, Farida, a female health worker with the MAMA project noted that she used to depend on her husband to manage her income in his bank account. Since Dnet switched to paying the project's health workers using mobile payments, she is now fully in control of her own finances, and reported having a stronger say in family decisions.³²

³¹ For a more comprehensive look at this topic, read GSMA's Connected Women's [Bridging the gender gap: Mobile access and usage in low- and middle-income countries](#).

³² <https://www.microlinks.org/library/empowering-frontline-health-workers-farida%E2%80%99s-story>



Provide better local language access (Key players: MFS providers, USAID IPs)

Given that the majority of MFS menus are currently only available in English and that a large majority of Bangladeshis cannot read or even speak English, the development of USSD menu in Bangla is needed. Even this, however, will not be sufficient, as more than 40% of Bangladeshi adults are illiterate in Bangla as well.³³ It may, therefore, be necessary for providers to also consider offering interactive voice response (IVR) menus that customers can use to access their account. As more Bangladeshis have access to smartphones, MFS providers can begin to offer apps that could easily integrate Bangla, voice, and visual icons, all of which would make it easier for illiterate users, although that is probably a few years off.

In the meantime, USAID IPs that plan to introduce MFS into communities with low literacy levels may need to develop easy-to-use visual aids that explain English menus in Bangla and through pictures. Examples include these training guides developed by [WorldFish](#) and [Dnet](#) with their mSTAR grants.



³³ https://www.cia.gov/library/publications/the-world-factbook/fields/print_2103.html



Make good regulations even better (Key players: Regulators)

Although the current MFS regulations in Bangladesh have enabled an environment that has been conducive to MFS growth, our conversations with service providers and users point to some areas where regulations can be further improved. Allowing for a tiered KYC system, whereby low value accounts require less documentation than higher value accounts, could help to encourage the opening of MFS accounts, particularly at the base of the pyramid. The creation of a national KYC database including relevant national ID database information could speed up the KYC process by giving MFS providers quicker access to information needed to verify customers. MFS providers should also be able to check whether an individual has already been verified through the KYC process conducted by another provider so that they can immediately approve accounts in those instances.

In addition, allowing for small transactions to be made immediately after an account is opened, but before it is activated, instead of having to wait up to a week before any transactions can be made, might promote account opening and reduce consumer reliance on OTCs.

With the potential for all of the 28 banks that have already received MFS licenses to eventually have products on the market, regulators may at some point need to consider whether they want to play a role in encouraging or mandating interoperability as well. As it currently stands, it is not possible to send money from an account on one MFS provider to an account on another MFS provider (i.e. to send money from a bKash to a DBBL account).

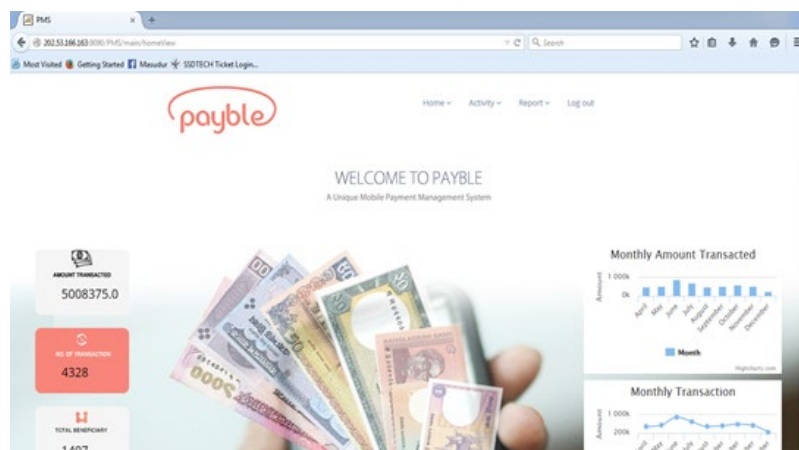
Finally, some of the challenges that exist in regards to MFS providers' dependence on using mobile phone channels, such as USSD, may require continued coordination between Bangladesh Bank and the Bangladesh Telecommunication Regulatory Commission to ensure that both parties concerns are adequately addressed in a way that will maximize the quality and dependability of MFS products in Bangladesh.



Improve functionality of MFS records (Key players: MFS providers, Third-party providers)

One of the challenges expressed by finance staff and beneficiaries during key informant interviews and focus groups was the lack of easily accessible transaction records. In the case of beneficiaries, particularly those using MFS for business purposes, receiving individual SMS confirmations in English after each transaction makes it difficult for high volume users, particularly those with limited English, to keep track of their transaction history.

On the corporate account side, most of the providers still use a partially manual process involving sending transaction reports via email after they are processed. These reports are not always sent to finance staff immediately. An automated web-based system through which organizations' finance staff can issue payments and receive immediate confirmation, as well as quickly search payment history, rather than having to scan through multiple different PDF reports, would help to reduce barriers to uptake by financial staff, as well as (generally misplaced) concerns around audit compliance. While most of the MFS providers have reported that they are in the process of rolling out such systems, they are not yet widely available.



Given the unavailability of web-based systems on the MFS provider side, Dnet decided to develop their own web platform called *Payble* that partially automates the process and includes a visual dashboard so that they can track payments over time. It currently works for making bulk payments using both bKash and DBBL. This platform is freely accessible to all USAID IPs in Bangladesh that are interested in using it. With the introduction of Standard Charter's partnership with bKash, Standard Chartered account holders will also be able to use a web-based platform now to make mobile transactions, although they can only currently do so if their recipients use bKash.



Explore MFI partnerships (Key players: MFS providers, MFIs)

Mobile financial services present an opportunity for partnerships wherein banks can leverage the outreach of MFIs. However, this hypothesis needs to be tested for factors such as compatibility, viability and commonality of interests before any conclusions can be drawn.³⁴ Discussions with some of the bigger MFIs have revealed that they are yet to be convinced with value proposition that mobile financial services can bring, and in some cases, do not even think about the current costs of cash handling.

In order to increase active customer rate, providers may need to segment their potential customer base, understand their financial behavior and then design product and services accordingly. Of all the segments, MFIs and their customer base appears to have the potential to support the growth. This is because MFIs have experience in making financial transactions, they understand the financial behavior of the low income segment, and they already have established networks of branches in rural locations. The biggest advantage of having MFI customers using a mobile wallet is that all of them will be active customers because they will make at least one repayment transaction every month. The challenge is that existing MFS regulations do not allow MFIs to provide mobile financial services directly. Therefore, if MFIs want to offer these types of services, they need to partner with banks to serve as agents or super-agents.

Appointing an MFI as a super-agent can benefit banks because it will give them multiple agent points at once in the form of MFI branches. Despite that, no bank has yet reached an agreement with any MFI in Bangladesh. The challenge seems to be on two fronts: One is the revenue that MFIs will earn in the capacity of super-agents. Compared to the revenue and profits generated by MFIs from their core activities, commission earned as a super-agent may be too little to make an impact. The other challenge is that of the ownership of customer databases. As a super-agent, an MFI would have to share of its all customer data with the parent bank. In addition, since both banks and MFIs serve micro-enterprises, there may be concern that the bank would try to reach out to customers directly for other products including loans. Conversely, if MFIs have to raise deposits for banks, they would rather do it for themselves and enhance their business volumes.



Explore shared platforms (Key players: MFS providers, Third-party providers)

It requires big investment to set-up an MFS proposition and to scale up operations. Given that it is a longer term investment compared to other banking services, smaller banks are hesitant to come into the MFS space. Some of banks who have received permission from Bangladesh Bank are still undecided as to whether they will launch their service due to the cost factor. One possible solution for banks who are interested to come into the MFS space is to form a consortium and have one bank providing fully managed service to reduce the investment cost by the partner banks. This would allow other banks to focus on only business aspects and operational roll out. Given that banks in a consortium will be connected to one transaction platform, it will be able facilitate interoperability at customer level as well as agent level.

In Uganda, for example, third-party aggregators have also played a role in making it easy for USAID IPs and other bulk payment users to issue payments across multiple MFS providers and to analyze and track transaction records over time.³⁵ This is similar to what Dnet is currently doing through its Payble platform, but on a more sophisticated scale, since the Dnet system is not fully automated. At present, these types of full service, fully automated aggregators do not currently exist in Bangladesh, although this could be an opportunity for third-party providers to enter the market.



Conduct additional assessments to better understand user behavior (Key players: Researchers)

As noted elsewhere in this report, there were several gaps that existed in our analysis that could benefit from further exploration. These include the following topics:

- » Why USAID IP staff and beneficiaries decide to open MFS accounts and why they conduct OTC transactions, as well as what factors contribute to individuals' conversion from OTC use to MFS account registration.
- » A better understanding of the MFS providers that USAID IP staff and beneficiaries have accounts with, and their satisfaction levels with those providers and different aspects of their services.
- » Why USAID IP staff and beneficiaries are/are not keeping money in their mobile wallets, and the barriers preventing increased savings using MFS.
- » What explains the differences that exist between the types and frequency of transactions being made by individuals with only an MFS account, only a bank account, and both an MFS and bank account.
- » The amount of time it takes people to make transactions, compared between MFS and other means, and how this impacts their preferences on transacting.

³⁵ http://www.usaid.gov/sites/default/files/documents/1860/Digitizing_Payments_for_USAID%29Beneficiaries_in_Uganda.pdf



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ANNEX 1: DESIGN AND MANAGEMENT OF USAID PROJECT STAFF AND BENEFICIARY SURVEY

Survey approach

A mix of quantitative and qualitative approaches was applied for this study. One-on-one interviews, focus group discussions (FGD) and key informant interview (KIIs) were conducted with staff and beneficiaries of targeted USAID/Bangladesh health and agriculture projects. The one-on-one interviews were conducted using a mobile-based online questionnaire. A semi-structured questionnaire, incorporating both open and closed-ended questions with check boxes and choice options, was developed by mSTAR/Bangladesh using Qualtrics, which is a web-based platform for data collection (via web and mobile) and analysis. Questions were derived from a review of the relevant issues which were from a variety of sources. In order to make the questions user-friendly, display logic was used to direct respondents to the appropriate content depending on previous answers. The Qualtrics survey also captured GPS locations of each interview which provided a way to monitor the survey in real-time and prepare geographic maps. The questionnaire was carefully tested in-house and improved accordingly.

Study Population and Sampling Method

A 'purposive sampling' method was followed for conducting the survey. The survey team collected lists of respondents' contact information from USAID/Bangladesh Feed the Future (FTF) and Office of Population Health, Nutrition and Education (OPHNE) partners via e-mail. The mSTAR team followed up periodically through e-mails and phone calls during the process of data collection to ensure maximum participation. Respondent locations were randomly selected from lists of potential respondents shared with mSTAR by participating implementing partners. The detailed sampling calculation is presented on the next page.

Survey Component	Sample Size	Type of Respondent	Location
One-on-one interview	904	Staff and beneficiaries of targeted health and agriculture projects of USAID/B	11 districts of Bangladesh: Khulna, Bagherhat, Barisal, Patuakhali, Jessore, Faridpur, Rangpur, Gaibandha, Dinajpur, Sylhet & Habiganj
Focus Group Discussions (FGD)	8 FGDs (4 FGDs with staff and another 4 with beneficiaries) Total number of participants: 65 (30 staff, 35 beneficiaries)	Staff and beneficiaries of targeted health and agriculture projects of USAID/B	4 districts: Khulna, Sylhet, Dinajpur & Faridpur
Key Informant Interviews (KIIs)	7 key informants	7 key informants Staff of health and agriculture IPs	IP's central offices (Dhaka)

Demographic Information from the FGDs

District	# of Participants	
	Staff	Beneficiaries
Dinajpur	8	8
Faridpur	8	8
Khulna	6	4
Sylhet	8	15
Total	30	35

Age Group	# of Participants	Percentage
15-24	7	11%
25-34	26	40%
35-44	21	32%
45-54	9	14%
55 or above	2	3%

Sex	# of Participants	Percentage
Male	44	68%
Female	21	32%

Marital status	# of Participants	Percentage
Married	53	82%
Unmarried	12	18%

Education	# of Participants	Percentage
No formal education	1	2%
Primary (1 to 5)	5	8%
Secondary (6 to 10)	17	26%
Higher Secondary	7	11%
Degree/Bachelor	9	14%
Master & above	26	40%

	Staff		Beneficiaries	
	Male	Female	Male	Female
Mobile phone ownership	100%	100%	95%	79%
MFS usage	57%	42%	47%	32%

Key Informant Interview Information

Key informant interviews were conducted with seven head office staff from the following five IPs:

1. Development Alternatives Inc. (DAI)
2. Dnet
3. WorldFish
4. Save the Children
5. Social Marketing Company (SMC)

The typical payment practices of those IPs are listed in the table below:

#	Payment Type	Cash	A/C payee cheque	Electronic transfer to A/C	Direct deposit to A/C	Mobile Money Payment
1	Salary disbursements	14%	0%	86%	14%	0%
2	Vendor payments (any amount)	43%	86%	57%	0%	0%
3	TA/DA	43%	29%	57%	0%	14%
4	Incentives	43%	29%	29%	0%	14%
5	Travel Advance	67%	17%	50%	17%	0%
6	Purchases for local offices	71%	71%	14%	0%	0%

Data Collection Process

For this study, 19 experienced data enumerators were hired and provided with a one day training (three trainings in three locations) on the objectives and methodology of the study, clarification on questionnaire and checklist, mobile-based survey techniques, operation of mobile-based survey, trouble-shooting on the mobile device, best communication approaches to reduce biases, and ethical considerations. The study was conducted in two steps. **Step 1:** the mSTAR/B team scheduled a convenient time for the actual interviews by discussing with the project implementing partners at the local level. **Step 2:** The data enumerators went to those participants, received their consent by face to face interviews at the scheduled time. The enumerator's captured responses using the Qualtrics platforms.

Data Verification and Analysis

During the survey, the core research team members visited the study areas to monitor the appropriateness of the survey technique, and quality of data captured. The data quality was also verified through reviewing responses on the Qualtrics website. The data were analyzed using the Qualtrics data analyzer and simple spreadsheet functions. Also a five- point Likert Scale was used to analyze participants' frequency of transactions (using MFS payments, bank account, etc.) and other payment practices. For analysis and data digitization, pivot tables, pie charts, graphs, bar diagrams and conditional formatting techniques were undertaken to illustrate the survey results.

Reducing Bias

To avoid biases to the extent possible, the data enumerators were trained to conduct the interviews in an open-minded manner, remaining non-judgmental and respectful of participants regardless of the range of responses given. Also, the Qualtrics mobile-based platform provided a way to design the questions as 'force response' and also had a 'content validation' process, both of which were very helpful in reducing the bias.

Ethical Considerations

The mSTAR/B team maintained the ethical considerations of the study exclusively. Firstly, the data enumerators explained the purpose of the study, process of data collection and data protection matters to each selected participant prior to receiving their consent to participate. Enumerators also ensured that selected participants would not be exposed to any kind of risk. In addition, stringent restrictions were put in place limiting access to the raw data with all data stored in confidential files.

Limitations

The major limitations of the survey are as follows:

- » The survey reached 43 upazilas from 11 districts of Bangladesh and was not intended to be nationally representative. Also, it covered the main areas in each targeted district as well as the surrounding rural areas. Due to limited time and resources, the survey was conducted only among the samples selected by participating USAID implementing partners.
- » As the survey targeted a specific population group (i.e. staffs and beneficiaries from six health and five agriculture projects) the sample aimed to be representative of the mentioned groups only. Thus this population is not the population at large. In addition, the survey respondents were selected by convenience and major selection factor included the ease of respondents' accessibility.
- » Site visits also allowed limited access to reach survey respondents either due to remote locations or time constraints of the respondents. In some cases, especially for FGDs, some targeted respondents refused to participate in the survey and/or answered limited questions. Therefore, some data was missing and as a result, a few errors were found in data processing and analysis as well.
- » The study, particularly the survey, could have more fully explored several aspects related to MFS usage, including the MFS providers that respondents have accounts with or use, their relationship with agents, their satisfaction with specific providers and different aspects of their services, and further exploration of savings practices using MFS (such as whether they were keeping money in their wallets to earn interest or just for safekeeping).

ANNEX 2: DATA COLLECTION SITES AND USAGE STATUS OF MOBILE PHONES, MFS AND BANK ACCOUNTS BY PROJECT

Project Name	IP	Total no. of survey	District	No. of Area survey	Staff		Beneficiaries		Mobile Phone Usage	MFS Usage	Bank A/C Usage
					M	F	M	F			
Ag Extension Project	Dhaka Ahsania Mission (DAM)	49	Khulna	24	6	1	12	5	58%	50%	38%
			Jessore	25	7	0	8	10	96%	16%	68%
Aquaculture for Income and Nutrition (AIN)	WorldFish	58	Khulna	22	0	1	20	1	91%	32%	55%
			Jessore	16	2	1	5	8	81%	6%	75%
			Faridpur	20	1	0	15	4	95%	20%	45%
Agro-Inputs Project (AIP)	CNFA	155	Khulna	27	0	0	27	0	96%	67%	96%
			Faridpur	27	1	0	26	0	100%	30%	100%
			Barisal	32	1	0	31	0	100%	38%	88%
			Patuakhali	20	1	0	19	0	100%	30%	100%
			Jessore	24	1	1	22	0	100%	50%	92%
			Dinajpur	24	4	2	17	2	100%	96%	100%
Agro Value Chain Project (AVC)	Development Alternatives Inc. (DAI)	53	Khulna	7	1	0	6	0	100%	57%	43%
			Bagherhat	11	2	0	9	0	100%	55%	45%
			Jessore	35	5	2	28	0	97%	60%	89%

Project Name	IP	Total no. of survey	District	No. of Area survey	Staff		Beneficiaries		Mobile Phone Usage	MFS Usage	Bank A/C Usage
					M	F	M	F			
Mobile Alliance for Maternal Action (MAMA)	Dnet	112	Patuakhali	4	0	2	0	2	75%	75%	75%
			Jessore	33	7	7	0	19	100%	64%	73%
			Gaibandha	18	1	6	0	11	100%	44%	56%
			Dinajpur	24	3	0	11	10	100%	92%	100%
			Sylhet	21	1	0	6	14	100%	52%	67%
			Habiganj	12	7	5	0	0	100%	67%	100%
SHIKHA	FHI 360	62	Barisal	49	6	16	1	26	84%	35%	57%
			Patuakhali	13	1	1	0	11	100%	31%	38%
TB Care II	University Research Co., LLC (URC)	23	Sylhet	23	2	4	14	3	96%	35%	35%
MaMoni HSS	Save the Children	59	Sylhet	16	2	9	0	5	100%	44%	75%
Blue Star	Social Marketing Company (SMC)	88	Habiganj	43	21	22	0	0	100%	49%	100%
			Gaibandha	21	0	0	21	0	100%	29%	90%
			Dinajpur	19	1	0	17	1	100%	63%	74%
			Rangpur	15	0	0	15	0	100%	13%	93%
			Sylhet	21	1	0	19	1	100%	43%	95%
			Habiganj	12	11	1	0	0	100%	8%	100%
NGO Health Service Delivery Project (NHSDP)	Pathfinder International	245	Khulna	15	0	0	4	11	80%	33%	40%
			Barisal	29	1	4	0	24	93%	55%	90%
			Patuakhali	5	4	1	0	0	100%	60%	100%
			Jessore	34	2	5	0	27	79%	41%	44%
			Faridpur	10	4	0	0	6	60%	20%	60%
			Gaibandha	59	9	6	6	38	80%	14%	34%
			Dinajpur	26	1	8	4	13	88%	77%	81%
			Rangpur	26	2	5	6	13	65%	23%	62%
			Sylhet	30	4	6	2	18	93%	40%	53%
			Habiganj	11	1	4	0	6	100%	27%	64%

ANNEX 3: ACCESS TO MFS AGENT AND BANK BRANCH: DISTANCE, COST AND TRAVEL TIME

Distance	Urban		Semi-Urban		Rural	
	MFS agent point	Bank branch	MFS agent point	Bank branch	MFS agent point	Bank branch
Less than one km	80%	43%	68%	42%	57%	34%
1 to 2 km	14%	33%	24%	28%	27%	21%
2 to 5 km	5%	17%	6%	13%	13%	26%
5 to 10 km	0%	6%	1%	12%	1%	15%
More than 10 km	1%	2%	1%	4%	1%	5%

Cost						
No cost	59%	18%	47%	26%	50%	30%
Below 10 BDT	20%	20%	25%	19%	8%	5%
10-30 BDT	18%	45%	25%	33%	38%	50%
31-50 BDT	2%	11%	3%	12%	4%	11%
>50 BDT	1%	6%	0%	10%	0%	5%

Travel Time						
Less than 30 minutes	90%	61%	86%	51%	80%	52%
30-45 minutes	7%	31%	12%	35%	15%	39%
45-60 minutes	2%	6%	2%	10%	4%	8%
Above one hour	1%	2%	0%	4%	1%	1%

MOBILE FINANCIAL SERVICES IN BANGLADESH:
**A Survey of Current Services, Regulations, and
Usage in Select USAID Projects**

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