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DIGITAL FINANCIAL SERVICES AS A DEVELOPMENT ENABLER – PERSPECTIVES FROM FOUR YEARS OF mSTAR/BANGLADESH



Group photo of event participants. Photo credit: USAID's mSTAR project

The Digital Financial Services as a Development Enabler – Perspectives from Four Years of mSTAR/Bangladesh event was held on September 26, 2017 at the Amari Hotel in Dhaka. The event was attended by 43 participants from 26 organizations. It provided an opportunity to foster networking between digital financial service (DFS) actors, multi-lateral donor agencies, and development organizations.

Two USAID implementing partners who have already successfully switched to using digital payments shared their experiences transitioning away from cash, including the initial challenges faced, approaches used to mitigate those challenges and the benefits they have observed by transitioning to digital payments. The event concluded with a panel discussion that focused on the benefits of financial inclusion along with the importance of collaboration. Some of the main discussion points from the event are summarized below. Refer to the Annex 1 for a full list of participants and Annex 2 for the event agenda.

Welcome and Opening Remarks

Opening the event, Mr. Josh Woodard, Regional ICT & Digital Finance Advisor, FHI360, gave a quick overview of USAID's mSTAR/Bangladesh activities while highlighting the key achievements and how the digital finance scene in Bangladesh has developed over the last few years.

Presentations from DFS Champions: USAID Agricultural Extension Project, Dhaka Ahsania Mission

Bidyuth K. Mahalder, Chief of Party of USAID's Agricultural Extension Project, presented on 'A – Card: Smallholders' Financial Inclusion through Bank for Digital Purchase of Farm Inputs in Bangladesh.' He began with an emphasis on the importance of smallholder farmers in Bangladesh and stated that they contribute around 80% of the food production in Bangladesh; thus, significant changes in farm productivity largely depends on changes in smallholders' farm production.



Mr. Mahalder then explained the difference between existing access of rural financing systems for smallholders in Bangladesh and the A-Card product, which is being offered by Bank Asia Limited through its agent banking channel. He explained that project is the first of its kind in Bangladesh where a bank and MFIs have partnered to extend micro-credit agricultural loans to farmers. Because of this innovation, farmers in the pilot areas have seen numerous benefits. Farmers are now able to access micro-credit at the lowest possible interest rate and with the most flexible re-payment terms and conditions in the market. Most importantly, they now do not have to sell their crops immediately after harvest to settle dues, which allows them to store their crops to sell later at a better price. This innovation has also created an opportunity for the farmers to have a transactional history with a formal financial institution which can potentially create more avenues to avail other quality financial services.

Lastly, while stating the progress to date, he stated that 3,200 farmers including 64% women oriented on financial literacy and A-Card, 3,100 farmers (63% women) have opened bank accounts with Bank Asia; and 1,400 farmers (60% women) have received loans and purchased US\$ 240,000 in inputs.

Presentations from DFS Champions: International Food Policy Research Institute

Julie Ghostlaw, Program Coordinator of the USAID ANGeL project, presented on 'Integrating Mobile Money in a Ministry-Led Pilot Project - Case Study: Agriculture, Nutrition, and Gender Linkages (ANGeL) Project'. She began with a quick overview of the ANGeL project, which disburses training allowances to 3,125 ANGeL beneficiary households across 16 districts in rural Bangladesh for attending trainings on agriculture production, nutrition knowledge, and gender sensitization.



While explaining the benefits and the reasons as to why they decided to choose mobile money, Ms. Ghostlaw emphasized this is not a transfer program, however the mobile money which was being used towards agriculture and nutrition can indicate that households are applying their knowledge learned in the trainings. They decided to go with

mobile money for several reasons but the main deciding factor in their decision making to integrate mobile payments was to reduce potential leakage and to displace any potential blame participants might have towards the government officials under the Department of Agriculture Extension if they suspected they were not receiving their entire allowance in cash. She said that they were confident to work with mSTAR/B and then she went on to explain their process for rolling out mobile payments. Between April-May 2016, IFPRI worked closely with DBBL and mSTAR to organize five batches of Mobile 101 trainings for 125 trainers from the Department of Agricultural Extension.

Lastly, while explaining the challenges and the opportunities, she explained how some of the major challenges was registration barriers as there was an issue with no valid photo ID and women's mobility. She also emphasized the importance of DFS intermediaries such as mSTAR in rolling out mobile money.

Panel Discussion - Expanding Services for the Unbanked

Moderated by FHI 360's Regional ICT & Digital Financial Advisor, Josh Woodard, the panel discussed the benefits of financial inclusion, importance of collaboration and new innovations for advancing financial inclusion in Bangladesh. Panelists included Program Coordinator from Access to Information (a2i) programme, Tohrul Hasan; Vice President of Bank Asia, Md Ahsan UI Alam; Head of Product, Pricing & CLM from bKash Limited, Md. Raihan Islam; AVP & Head of Product, Financial Inclusion Division from Dutch-Bangla Bank Ltd, Zahid Mansur; and Team Leader of Social Innovation Lab, BRAC, Anjali Sarker.





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When asked about main barriers to extending financial inclusion, one common refrain was the perceived lack of partnership and cooperation amongst the service providers. The lack of MFS interoperability was also flagged as an impediment to further development of the market. In addition, issues such as lack of proper identification documents and financial literacy, as well as geographical and gender barriers are also prevalent in Bangladesh.

Representatives from bKash Limited, Dutch-Bangla Bank Ltd and Bank Asia Limited briefly shared a synopsis of their initiatives and innovations that will help to expand financial inclusion especially for the underserved and rural population of Bangladesh, particularly through various offerings such as transfers, loans, merchant points and so on.

The representative from bKash explained how they have been trying to promote additional services beyond P2P (person-to-person) payments. He then further talked about the partnership that has taken place around remittances between MasterCard, bKash, Western Union and BRAC Bank. Through this partnership, people can now directly receive the money sent from abroad using Western Union into their bKash account.

On the topic of remittances, the representative from Dutch-Bangla Bank Ltd, stated that to encourage remittances through DBBL's mobile banking service (ROCKET) they are offering 2% bonus.

The representative from Bank Asia emphasized their agent banking services and explained how they think agent banking itself is an innovation. He also briefly explained their platform to enable social safety net payments digitally.

The event concluded with the note that digital financial services can play a pivotal role in accelerating economic development by increasing access to the formal financial system of those who have traditionally been excluded.

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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Annex – 1
Participants List

SI No.	Name	Designation	Organization
1.	Md. Somel Reza	Key Accounts Manager	bKash Ltd
2.	Md. Raihan Islam	Head of Product, Pricing & CLM	
3.	Ifrat Jahan	Key Accounts Manager	
4.	Mustafiqur Rahman	Head of Innovation & Strategy	mPower Social
5.	Rezaul Karim	Admin Officer	DAM - AESA
6.	Bidyuth Mahalder	Chief of Party	
7.	MD. Aminul Islam	Project Manager	Dutch Bangla Bank Ltd
8.	MD. Hafizul Islam	Project Specialist	
9.	Zahid Mansur	AVP & Head of Product, Financial Inclusion Division	
10.	Ziaul Mukta	Policy Advisory Coordinator	UNCDF
11.	Abdullah Omar	Specialist Business Dev	SureCash
12.	Kaisar Ahammed	Specialist Business Dev	
13.	Shatab Shams Sowad	Specialist Business Dev	
14.	Zahirul Islam	Assistant Vice President	
15.	Md. Abu Raihan	Vice President	AIRN
16.	Zunayed Rabbani	CEO	
17.	Nazmul Karim	SVP & Head of Brand	City Bank
18.	MD. Ariful Mazid	Assistant Vice President - Corporate	Mobility iTap Pay Bangladesh Ltd
19.	Md. Mushiur Rahman	EFC, BSP	SMC - HO
20.	Junayed Jounal Mir	Deputy Team Leader	The Asia Foundation
21.	Md. Maruf Hossain	Team Leader	Bank Asia Ltd
22.	Rumana A. Tulee	First Assistant Vice President	
23.	Md. Ahsan UI Alam	Vice President	
24.	Tania Akhter	ARO	
25.	Majidul Haque	First Assistant Vice President	
26.	Smita Nimilita	Coordinator, HERfinance	Business for Social Responsibility (BSR)
27.	Anjali Sarker	Team Leader	BRAC
28.	Jakirul Islam	Country Program Manager	MicroSave
29.	Syeda Salwa Bakht	S.E	Grameenphone Ltd
30.	Nur-E-Azam	EYC	



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31.	Tohurul Hannan	Program Coordinator	Access to Information (a2i)
32.	Ben Stevenson	ODI Fellow	Bangladesh Bank
33.	Abir Chowdhury	Communications Officer	iDE
34.	Mafruza Khan	Executive Director	Porticus
35.	Julie Ghostlaw	Program Coordinator	IFPPRI
36.	Ferdous Hasnain Ivan	Research Specialist	Consiglieri Private Limited
37.	Sajid Ahmed	Country Director	Water.org
38.	Mir Rashedul Husain	Country Manger	MicroEnsure
39.	Sk. Masudur Rahman	Joint Director	Dnet
40.	Ataur Rahman	Team Lead, mSTAR/Bangladesh	FHI 360
41.	Josh Woodard	Regional ICT & Digital Finance Advisor	
42.	Tajmary Akter	Technical Specialist	
43.	Tasnuha Sinha	Communications Specialist	

Annex-2

Agenda

Digital Financial Services as a Development Enabler – Perspectives from Four Years of mSTAR/Bangladesh

Venue: Eden - Grand Ballroom, Amari Hotel, 47, Road No 41, Gulshan-2 Dhaka

Time	Session Title	Facilitator
2:30 PM	Registration <i>The half an hour registration time will provide opportunity for participants to network and sign in.</i>	
3:00 PM	Welcome Note & Opening Remarks <i>The opening remarks will provide background on the state of financial inclusion in Bangladesh and mSTAR/Bangladesh. The speaker will also talk about the core tasks and components of mSTAR/B and how the project has helped USAID IPs in transitioning from cash to digital payments.</i>	Josh Woodard, Regional ICT & Digital Finance Advisor, FHI 360
3:15 PM – 4:00PM	Presentation from the DFS Champions <i>Presenters come from organizations that have already successfully switched to using digital payments. They will talk about their experiences transitioning, including the initial challenges faced, approaches used to mitigate those challenges and the benefits they have observed by transitioning to digital payments.</i>	Presenters: <ul style="list-style-type: none"> Yasir Arafat, CIMMYT-Bangladesh Bidyuth K. Mahalder, USAID Agricultural Extension Project, Dhaka Ahsania Mission Julie Ghostlaw & Aklima Parvin, International Food Policy Research Institute (IFPRI)
Afternoon tea Break (to be served during Marketplace)		
4:00PM – 4:30PM	Digital Financial Services Marketplace <i>In this session, participants will visit booths of select DFS providers. Participants will speak with the DFS providers at their booths to learn more about the specific products and services they offer.</i>	<ul style="list-style-type: none"> SureCash Bank Asia Dutch-Bangla Bank Ltd
4:30PM – 5:15PM	Panel Discussion – Expanding Services for the Unbanked <i>In this session, DFS experts (providers, government, development organization) will talk about the benefits of financial inclusion from their own perspective. They will also discuss new innovations in financial inclusion and the importance of collaboration.</i> Moderator: Josh Woodard, Regional ICT & Digital Finance Advisor, FHI 360	Panelists: <ul style="list-style-type: none"> Tohurul Hasan Tutul, Program Coordinator Digital Financial Service Lab, A2I Programme, Prime Minister's Office Maria A. May, Head, ED's Office, BRAC Md Ahsan Ul Alam, Vice President, Bank Asia Raihan Islam, Head of Product, Pricing & CLM, bKash Zahid Mansur, AVP & Head of product, Financial Inclusion Division, Dutch-Bangla Bank Ltd.
5:15PM – 5:30PM	Closing Remarks & Questions <i>The closing session will summarize all the key takeaways of all the sessions and will answer questions from the participants.</i>	