

Integrating Digital Financial Services into USAID Feed the Future Programs in Bangladesh: A Market Landscape Assessment

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November 2016



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Overview

The assessment includes observations and analysis regarding the financial/payments patterns, needs, and preferences of multiple AVC actors in the FTF Zone of Influence in the southern region of Bangladesh.

It includes a series of recommendations that are intended to highlight potential ways forward for financial service providers and development organizations to integrate the use of digital financial service (DFS) offerings within AVCs.

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Section 1

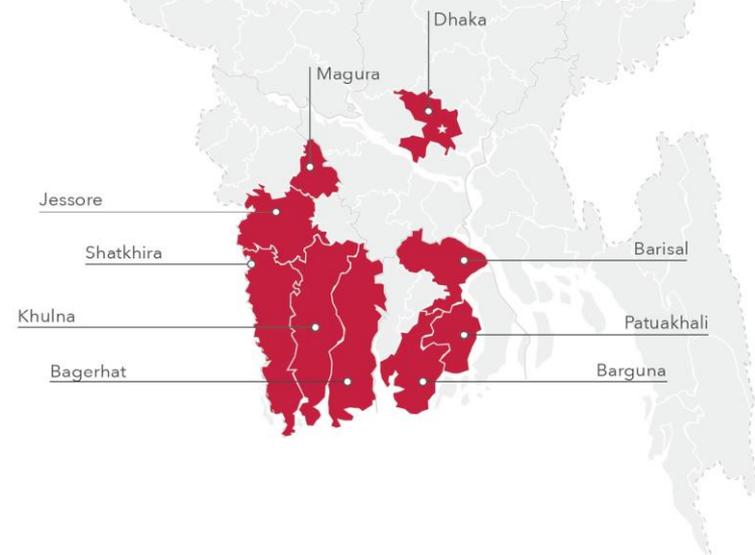


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Geographic focus of field assessment overlapped with USAID FtF strategic corridors



1. Identify whether opportunities exist to integrate DFS offerings into the financial and payment activities of agriculture value chain actors (i.e., growers, traders, retailers).
2. Develop specific recommendations for DFS providers and development organizations to support strategic planning and implementation activities involving the use of DFS.



Section 2



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The assessment adopted a hybrid qualitative-quantitative approach that focused on both demand and supply side dynamics



KII Topic Areas:

- Business Operations
- FS/Payments Needs
- Mobile Technology
- DFS Offerings
- Payment Alternatives



Research Topic Areas:

- MFS/mobile banking provider landscape
- Dev. Org. Case Studies using DFS
- IRRI Rice Value Chain Assessment
- DFS opportunities for Rural Savings

FGD Topic Areas:

- Current Transaction Behavior
- FS Needs, Access & Use
- Mobile Technology
- DFS Offerings
- Payment Alternatives

Survey Topic Areas:

- Household Income and Expenditures
- Financial Behavior
- Interaction with other value chain actors
- Transaction Patterns
- DFS Offerings
- Payment Alternatives

KII Topic Areas:

- Strategic Focus & Priorities
- Service Offerings
- Operational Capacity
- Rural/Ag Strategy & Initiatives

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SHFs engaged were involved in less commercialized value chains, which are typically underserved by traditional FS providers



Organization of Selected AVCs Based on Degree of Commercialization

Non-Commercial

- SHFs are concentrated in staple crops, which may include small livestock, also regularly engage in day laborer activities
- SHFs farm not as a strategic business choice but as a primary means of survival
- SHFs have very limited access to land, technology, education, markets, and other relevant information
- SHFs' output is relatively low and largely for household consumption; small surpluses are sold to meet basic expenditures
- SHFs market linkages are based on informal, verbal arrangements with potential buyers
- Some formal FS access and usage, predominantly through MFIs, very limited bank account ownership
- Dominant method for making/receiving payments is cash

Mostly Commercial

- SHFs' crop mix generally focuses on staple crops but could also include higher-value crops
- SHFs are poor but tend to be less so than subsistence segment
- SHFs have decent access to inputs and information about weather, markets, and prices
- SHFs tend to rely on traditional production methods but some can afford to rent equipment
- SHFs tend to sell their surplus production in local or regional markets via established but informal channels
- Formal FS exposure and usage is common, including bank accounts as well as MFI accounts
- Dominant method for making/receiving payments is cash

Commercial

- SHFs' main source of income tends to be from higher value crops but includes staple crops (staple crops may be sold more informally or in off-seasons)
- SHFs take a more business-like approach to farming, many use mechanized equipment for planting or harvesting
- SHFs regularly engage in contract farming or have clearly defined production targets
- Crops grown typically have established quality standards
- High % of bank account holders
- Exposure to multiple formal banking products (current account, savings account, credit, loan)
- Familiarity with diverse payment methods (cash, check, or bank wire) and channels (branch and online)

Winter Vegetables



Rice



Lentils



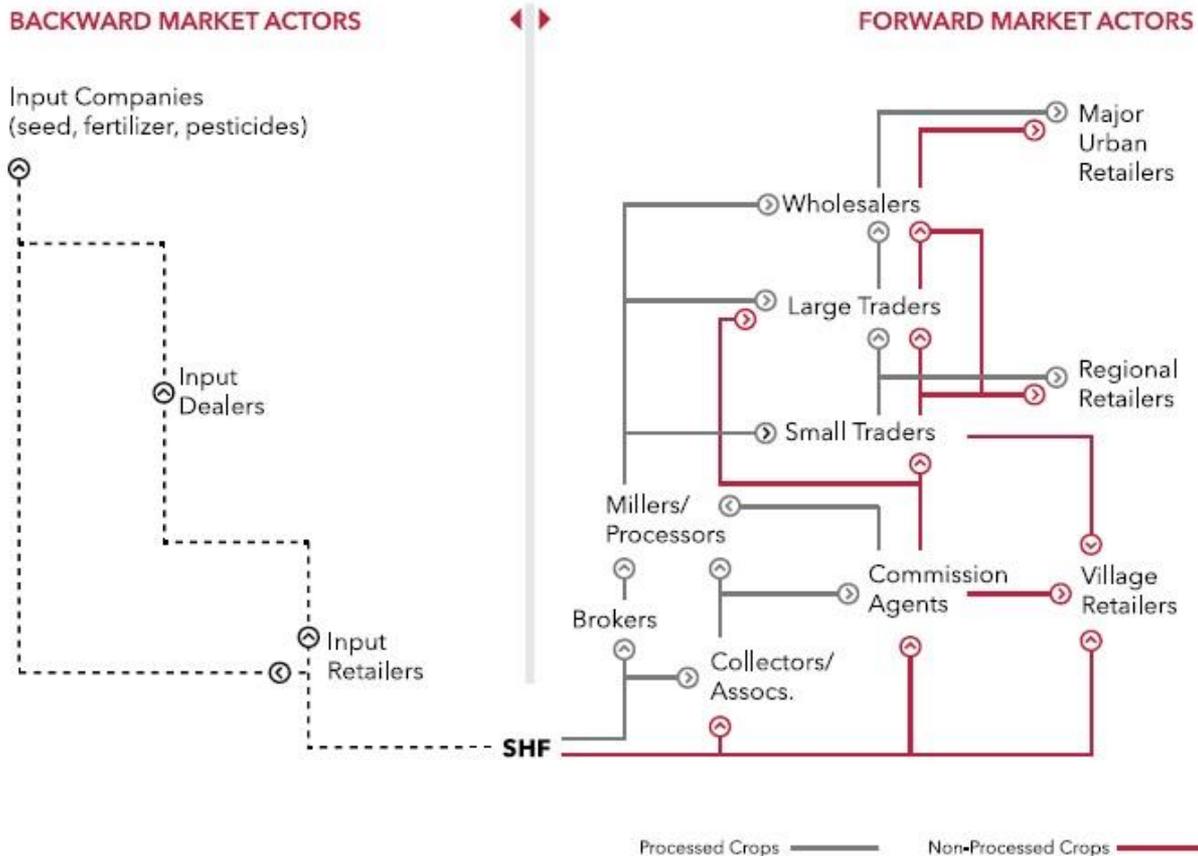
Mangos



To effectively identify differences in FS/payments needs, we examined both backward and forward market actor relationships



Observed Structure of Selected Value Chains



Backward Market Actors

- Fewer actors at each level (production, distribution, retail) creates less choice for SHF
- Informal credit schemes are well-established
- Actors above SHF actively cultivate personal relationships to maintain customer loyalty

Forward Market Actors

- Greater number of actors increases competition and choice for SHF
- Lack of price transparency can lead to lower SHF income
- Presence of processing intermediaries alters informal financing opportunities and transaction patterns

Section 4



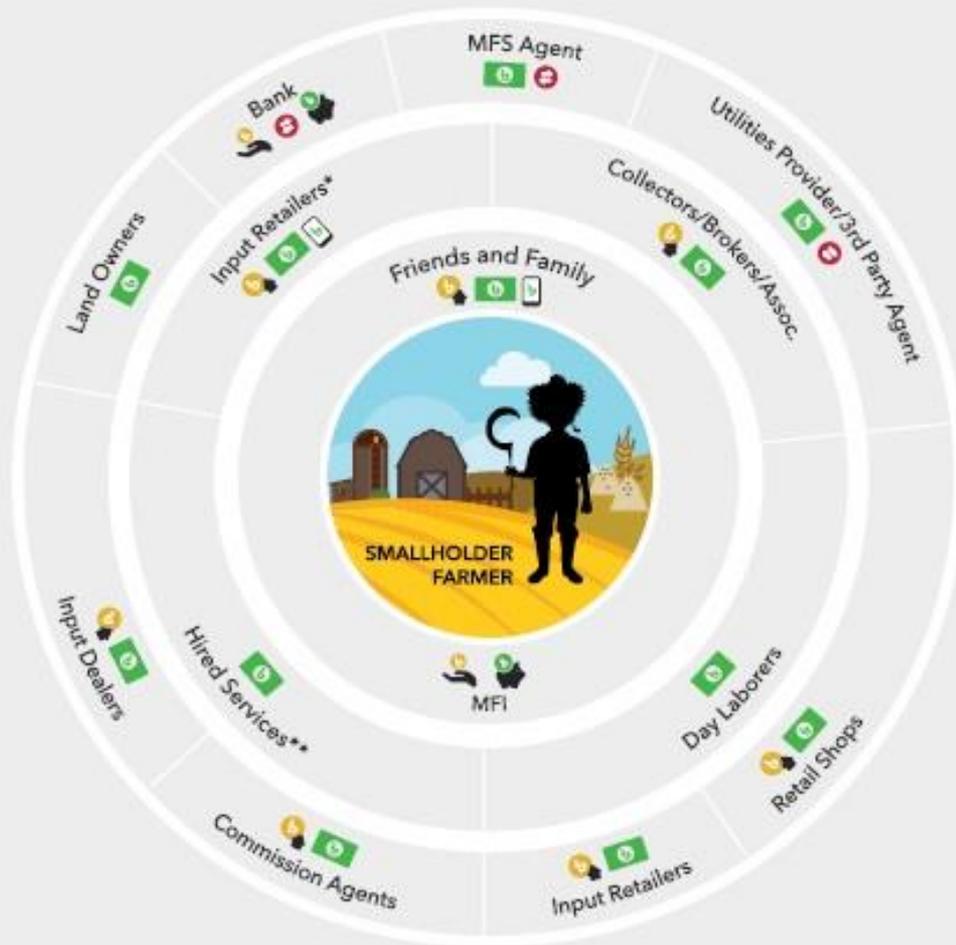
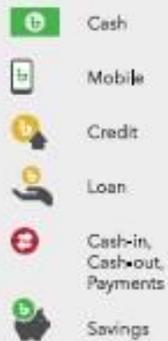
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SHFs generally operate in a tight geographic area with known actors — formal FS product use remains low, mobile exposure is growing



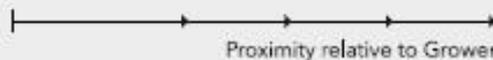
Key Transaction Parties, Processes & Related Operations	Financial Services Awareness, Access & Usage	Relevance of Mobile Technology
Smallholder Farmers		
<p>*Location: Crop sales conducted at village market (bazaar), farm gate, or collection center</p> <p>*Payment methods: cash or credit (issued by multiple AVC actors), majority receive one-time lump sum payment for crops sold</p> <p>*Core transactions post crop-sale: debt repayment, new inputs, food, and household items</p>	<p>*Awareness: Majority know MFIs, most know banks, some are familiar with multiple products</p> <p>*Access: Given proximity of farms to village center/bazaar, reaching an MFI branch is not expensive or time-consuming; MFI loan officers travel to farmers on a weekly basis</p> <p>*Usage: MFI loans are most common, some bank loans; balance minimums and annual fees (e.g. 500-600 BDT) from banks are hard to meet as are documentation requirements; savings habits are well-established but types (informal v. formal), amounts and frequencies vary widely</p>	<p>*Access: Majority of farmers (male and female) can access a phone without much difficulty</p> <p>*Role of Gender in Access: More males than females have their own devices; significant number of females did not have registered SIMs</p> <p>*Usage: Voice consumption is dominant, limited texting in Bangla or English; most have purchased airtime from agents and can check balance; some farmers are beginning to source local market prices via mobile</p>

Although SHFs operate in a cash-heavy ecosystem where informal credit is widely available; exposure to digital alternatives is beginning



- **Cash** is the dominant method of payment
- Prevalence of **informal credit/lending** practices
- **Limited formal savings** options for SHFs (MFIs mostly)
- Some exposure to **non-cash based transactions** with digital component (airtime top-up, utility bill pay)

*Input Retailers: Nearer to village
 **Hired Services: Tillage/irrigation/transportation



DFS awareness among SHFs is elevated but vague; openness to using services for other transactions beyond money transfer



AVC Actor	Observations & Findings
Smallholder Farmers	<ul style="list-style-type: none"> *A majority have heard of MFS, can identify up to 2 brands (bKash and DBBL), understand it as a money transfer service; *Those who have used the service, have done so via over-the-counter (OTC) transactions (60% of survey respondents); there is limited individual account ownership (20% of SHF survey respondents); of those with their own accounts, 60% have been enrolled for over 12 months * Over 50% of survey respondents cited cash-in and cash-out (CI/CO) as the dominant transactions conducted. Approximately one quarter of respondents cited using MFS for airtime top-up *MFS agents are easily found, not that numerous, and SHFs are typically loyal to 1 agent. Other than pricing, which nearly 50% of respondents cited as a problem, few other problems were reported (i.e. cellular network coverage, presence of agents) *Despite limited personal use for non-CI/CO operations and generic awareness, survey results suggest there is openness among SHFs from multiple AVCs to use MFS for both payment collection (57% yes / 43% no) and initiation (58% yes / 42% no). * Less than 25% of respondents answered they would be “very willing” to either make or receive digital payments

Backward market actors exhibit more sophisticated FS usage and mobile is a key business tool; but cash remains dominant when dealing with SHFs



Key Transaction Parties, Processes & Related Operations	Financial Services Awareness, Access & Usage	Relevance of Mobile Technology
Backward Market Actors (Input Dealers & Retailers)		
<ul style="list-style-type: none"> * Majority of dealers are formally licensed operators with a single, fixed location * Dealer supplier networks are small (1 – 6); infrequent resupply requirements * Transactions for dealers and retailers occur year around with seasonal spikes; > 100 trxn per day common * Cash is dominant method for incoming and outgoing payments; experience with wire transfers greater among dealers 	<ul style="list-style-type: none"> * Awareness: Understanding of banking services more developed among dealers than retailers * Access: Most have bank accounts, branches are within easy walking distance (especially for dealers) * Usage: Dealers will use formal (MFI or bank) and informal sources to access loans/credit; retailers use fewer formal FS products * Cash handling on-site not viewed as a major cost or concern; periodic deposits at branch before closing keep cash on hand levels low 	<ul style="list-style-type: none"> * Awareness: Moderate to sophisticated, dealers & retailers understand most voice and data service offerings * Access: All own their own devices with individually registered SIMs * Usage: Heavy daily use among dealers; both use to coordinate business activities (transport logistics, inventory management); many dealers provide stipends to staff for voice calling * Some dealers and retailers provide post-sale advice via mobile to SHFs

Backward market actors have a limited view and usage of DFS, unsure that products are well-suited to transaction/payments needs



Backward Market Actors	Observations & Findings
Input Retailers	<ul style="list-style-type: none"> *Most have generic awareness of service, viewed primarily as a money transfer offering; transfers from/to family up to 4x/year (individual transaction ranges from 60 – 126 USD) *bKash and DBBL brand recognition but other brands largely unknown *Beyond P2P use, some use bKash for small value C2B transactions with SHFs, which can mitigate sales loss due to insufficient cash on hand *DFS seen as a viable alternative provided broader acceptance ecosystem is present; essential that actors above are willing to receive payments (i.e. input dealers and input supply companies); one input retailer has already been approached by his supplier to adopt digital payments (bKash or DBBL)
Input Dealers	<ul style="list-style-type: none"> *Spectrum of awareness and usage; most could name bKash and cite money transfer as the primary service but limited knowledge of other operations (i.e. payment collection, bill pay) *Receptivity to adoption as part of business transactions was mixed, some major payments (to backward actors) are already mandated via bank wire transfer; cited transaction limits and excessive fees (e.g. BDT 20 charge for each 1,000 transferred) as barriers to greater service *Concerns regarding SHFs capacity to comprehend and use, if SHFs were properly educated and motivated they might reconsider their position on utility of DFS

Forward market actors exhibit similar FS and mobile usage but often operate in a wider geography with greater transport/logistics needs



Key Transaction Parties, Processes & Related Operations	Financial Services Awareness, Access & Usage	Relevance of Mobile Technology
Forward Market Actors (Commodity Collectors, Commission Agents, Wholesalers, Retailers)		
<ul style="list-style-type: none"> * Transaction patterns range from highly seasonal (e.g. commodity collectors) to annual (e.g. commodity retailers) * Mix of fixed location (i.e. commission agents, retailers) and highly mobile operations (i.e. collectors, wholesalers, traders) * Some actors have wide trading areas and a large number of buyers or sellers; considerable payments management requirement * Cash handling on-site is perceived as low risk; however cash handling over distance is a concern 	<ul style="list-style-type: none"> * Awareness: Commission agents and wholesalers have greater understanding of formal banking services than collectors or retailers * Access: Majority of commission agents and wholesalers re banked, some have multiple accounts with multiple banks; collectors are have lowest formal FS account access * Usage: formal loans, credit and overdraft facilities are more common for commission agents and wholesalers; retailers and collectors rely on more informal credit/lending instruments; savings practices were observed among each actor, mostly for personal use 	<ul style="list-style-type: none"> * Awareness: Moderate to sophisticated, understands most voice and data service offerings * Access: All have their own devices, most feature or basic; all have own registered SIMs * Usage: Used for personal and business reasons; for business, heavy daily communication with multiple AVC actors (transporters, staff, buyers, etc.); * Some commission agents and wholesalers offer staff an airtime stipend (100-200 BDT); most communication involves transport logistics and inventory management

Some forward market actors face considerable cash handling and travel requirements, which increases DFS utility and applicability



Forward Market Actors	Observations & Findings
Commodity Collectors	<ul style="list-style-type: none"> *Awareness of DFS varies from very limited to knowledgeable *Usage varies with one collector already conducting “Me2Me” transactions with bKash (cash-in one place far from village, travel back and cash-out close to home) *Others very interested in agent banking, given restricted bank branch hours *Others skeptical of broader value as a payments instrument given need to include SHFs
Commission Agents	<ul style="list-style-type: none"> *Awareness of DFS present in both Jessore and Bagerhat but seen mostly as a money transfer service *Common perception that fees were excessive *After additional sensitization, commission agents in Bagerhat saw an upside with agent banking given extended hours of operation and increased proximity of service locations, which would extend their trading operations *Commission Agents in Jessore remained skeptical of DFS value even with a broader acceptance ecosystem
Commodity Wholesalers	<ul style="list-style-type: none"> *Some upstream and downstream actors (suppliers and customers) have requested to use bKash for processing transactions; *Some openness to digital payments but “system” has to be in place, other transactions would need be possible (e.g. B2B, for buying from millers for example)
Commodity Retailers	<ul style="list-style-type: none"> *Awareness of DFS in both Jessore & Bagerhat was weak *No personal experience using DFS *Jessore retailers expressed skepticism that digital payments would offer greater benefits over current cash-based transaction method *Bagerhat retailers were interested in a B2B payments service to increase selling opportunities *Many felt MFS pricing was too high, would be reluctant to use if rates or B2B were the same as P2P

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DFS offerings can serve the financial/payments needs of multiple rural market segments; but popular perception is one-dimensional



Dutch-Bangla Bank
Mobile Banking



- Collectively, the DFS providers in Bangladesh offer a range of services that can meet the financial and payments requirements of multiple rural market segments.
- Having developed new products accessible through innovative, cost-effective delivery channels, service providers are now focusing their efforts on strategies to deepen consumer understanding of the full functionality of available DFS products.
- Additionally, MFS providers recognize, and are seeking to overcome, popular perceptions of their products as exclusively OTC-based money transfer services.

DFS providers see rural expansion as viable and necessary—smaller scale merchants represent a compelling, untapped opportunity



Key findings from the key informant interviews include:

- All DFS providers engaged during the assessment identified rural expansion as a commercial priority and are committing financial and human resources to increase service presence and user enrollment. Multiple providers expressed a willingness to approach rural expansion by serving the financial and related transaction needs of multiple actors with a given value chain
- At least two service providers identified their intentions to expand product offerings (i.e., credit, lending, savings, and possibly insurance) either through partnerships or internal development; however, the market remains largely unaware of these developments and a significant investment in marketing/promotion will be required to shift perception and drive a greater diversity of transaction behavior
- Multiple service providers are prioritizing rural merchant acquisition and specifically view retailers at the mSME level as an attractive and underserved market segment with a diverse set of needs (i.e., savings mobilization, access to working capital, digital payments)

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DFS integration opportunities are greatest in value chains that exhibit high transaction frequency and longer selling periods



Overview of Production Patterns & Associated Income

Value Chain	# of Growers	# of Harvests	Degree of Organization	Input Requirements	Selling Period	SHF Income (USD/Yr)	DFS Integration Potential
Lentil	>600,000*	2-3	Medium	Medium	4-6 months	\$ 120	Moderate
Mango	>50,000	2-4	Medium	Low	2 months	\$ 574	Moderate
Rice	>13 million	2	High	High	4 months	\$ 119	High
Winter Vegetables	>170,000	2-3	Low	Medium	2-3 months	\$ 297	Low

*Number of growers represent nationwide figures except for lentils which Southern delta region

- **Number of Growers** – Higher number of growers viewed as positive because it indicated greater number of customers and greater market potential
- **Number of Harvests** – Higher number of harvests viewed as positive because it inferred a greater number of transactions and greater utility for a payment product
- **Degree of Organization** – More organized value chains have hierarchy and structure that can provide downward pressure to adopt DFS to lower level actors
- **Duration of Selling Period** – Longer selling periods were viewed as positive because they also inferred more transactions and a more consistent need for service
- **Input Requirements** – Greater amounts of inputs were viewed as a positive because it indicated that SHFs would require DFS that supported both buying and selling activities. It also indicated wider usage across multiple AVC actors

Nearly all the value chains exhibited a diverse range of transaction counter-parties and payments needs (sales and expenditures)



Average Transaction Volumes between SHFs & Select AVC Actors

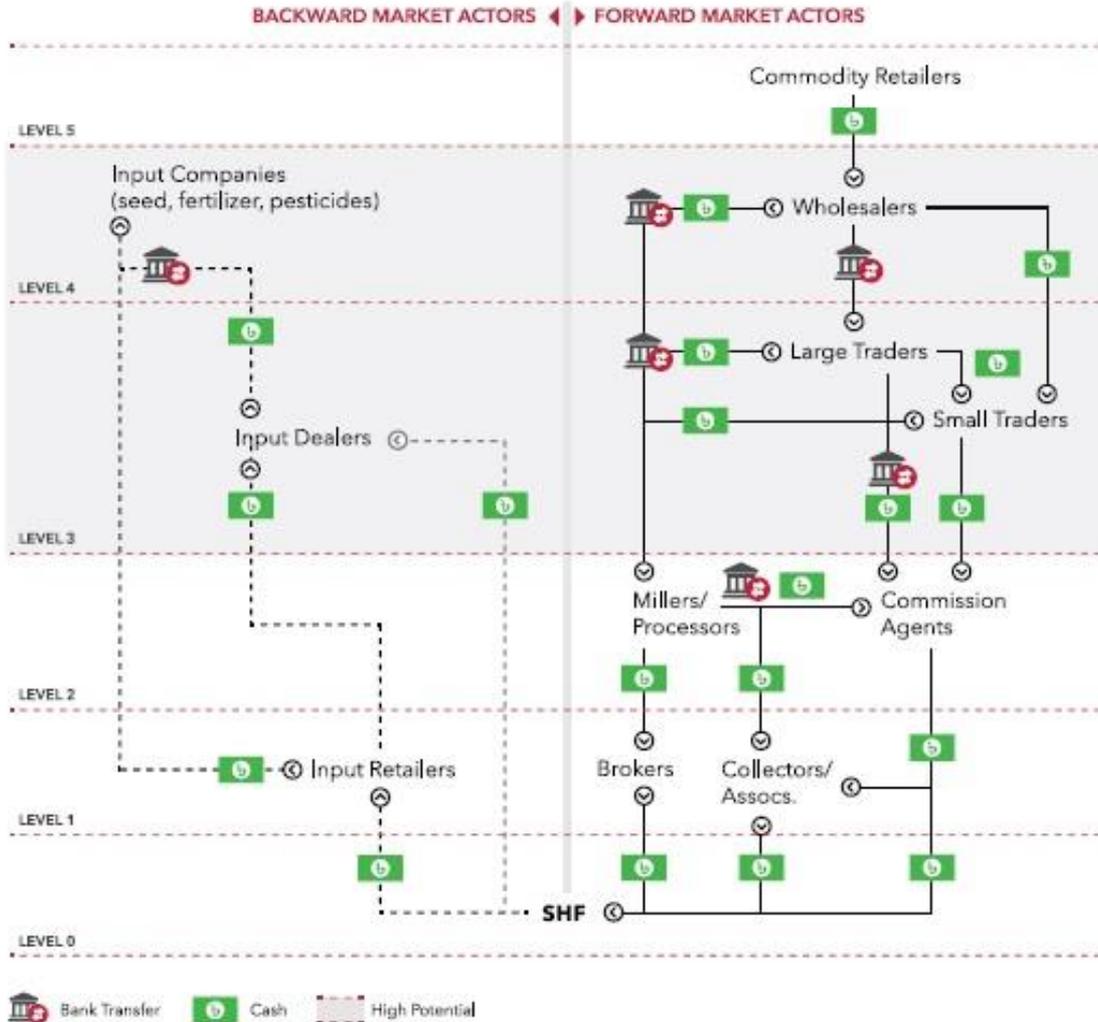
SELECTED AVC ACTOR TRANSACTIONING W/ SHF	AVG. ANNUAL TRANSACTION (BDT)	AVG. ANNUAL TRANSACTION (USD)	CASH FLOW TYPE: IN VS. OUT
Land Owner	18,366	\$232.48	Cash Outflow
Input Retailer	18,834	\$238.40	Cash Outflow
Day Laborer	34,751	\$439.89	Cash Outflow
Transport Provider	32,338	\$409.34	Cash Outflow
Trader	18,914	\$239.42	Cash Inflow
Commission Agent	39,678	\$502.25	Cash Inflow
Large Wholesaler	27,500	\$348.10	Cash Inflow
Others	37,500	\$474.68	Unclear

Given the value, frequency and diversity of transaction patterns, the market size for, and viability of DFS within specific value chains suggests an attractive opportunity for providers

Differences in transaction dynamics (e.g., diversity of payment methods and relationships) create distinct DFS adoption profiles



Agriculture Value Chain Transaction Analysis by Level



- AVC actors and transactions at **all levels could benefit from DFS offerings**
- Greatest opportunities exist for actors who conduct transactions up and down the value chain, **interact with multiple actors** and engage in both **digital and cash-based transactions**
- **Level 3 and 4 transactions have the greatest diversity of DFS needs** and presents a viable opportunity for a robust integration of DFS services

The greatest potential for DFS adoption exists among input companies, commodity wholesalers, and large or small traders



- Involvement and influence can **stimulate acceptance** at other levels, including SHFs
- Business activities involve the management of **large volumes of cash on a recurring basis** that must often be transported over considerable distances.
- Their position requires them to **straddle the divide between cash and digital transaction methods** to a greater degree than most other AVC actors
- Exhibit the **greatest exposure to and usage of** financial instruments (i.e. formal and informal credit/lending, formal savings, overdraft protection), which suggest that customer acquisition efforts could focus more on product **pricing and differentiation** rather than on education and awareness
- Interact with a **diverse and sizeable number** of other value chain actors, which contribute to high volume, high frequency transaction patterns

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Given modest earning power and income volatility, SHFs need a service offering that combines proximity and flexibility

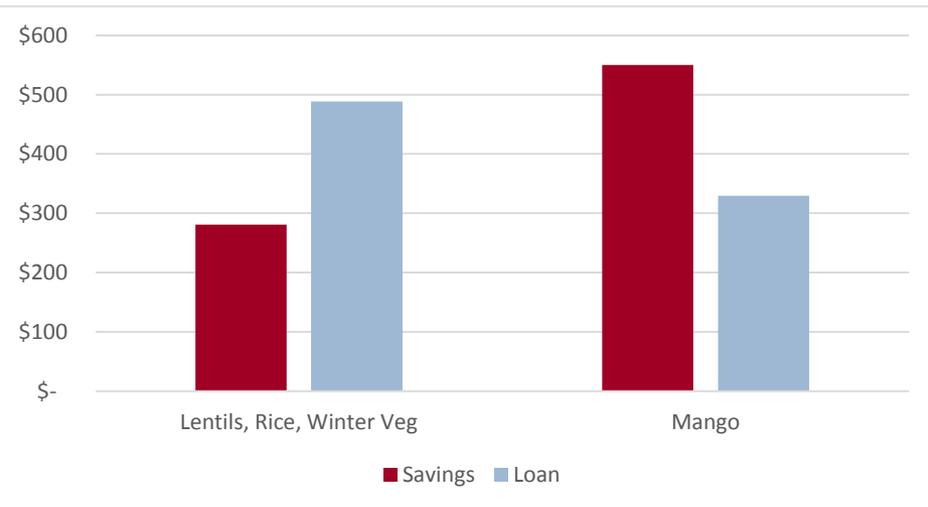


AVC Actor	Financial/Transaction Needs	Potential Benefits of DFS
Smallholder Farmers	<ul style="list-style-type: none"> • Access to working capital (purchasing of inputs or equipment services) • Access to savings (either capturing unbanked clients or developing better products for current formal savers) • C2B payments (for inputs and other AVC-related purchases) • Receiving money transfers from family/friends 	<ul style="list-style-type: none"> • Lower cost lending options • More secure savings mechanisms that facilitate regular deposits • Remote payment options that reduce travel time and expense • Greater proximity to service locations reducing time away from farming

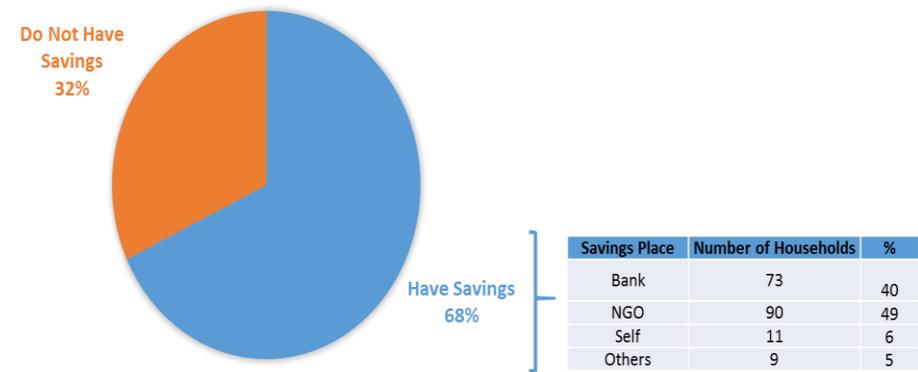
Current financial patterns coupled with diverse revenue sources indicate a need to smooth income & an opportunity to build assets



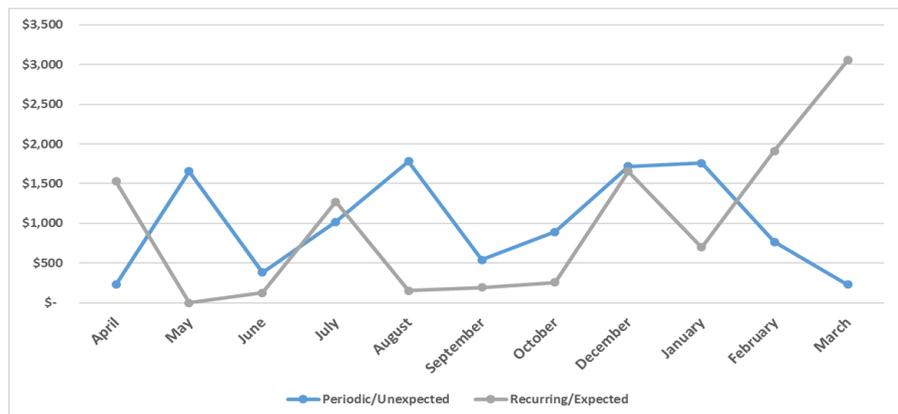
Average Annual Savings and Borrowing of SHFs



SHF Savings Profile



SHF Expenditure Patterns



SHF Non-Farm Income Streams (Avg/Year/USD)



Backward market actors are looking for better ways to collect on debt, improve supply chain performance, and drive sales revenue



Backward Market Actors	Financial/Transaction Needs	Potential Benefits of DFS
Input Retailers	<ul style="list-style-type: none"> • Credit repayment (from SHF) • Loyalty/discount scheme (increase sales revenue) • Savings mechanism (mitigate in-store or in-home cash storage) • Overdraft facility (inventory resupply) 	<ul style="list-style-type: none"> • Improved receivable collection by enabling remote payment • Improved access to working capital through digitally disbursed credit/lending mechanisms enables greater inventory purchases • Increased sales through loyalty schemes (i.e. item-specific discounts, points accumulation, or cash-back rewards) associated with DFS products to stimulate higher value ticket sales of existing customers or attract new customers
Input Dealers	<ul style="list-style-type: none"> • Credit repayment (from SHF or retailers) • B2B payment (restocking purchases or collection) 	<ul style="list-style-type: none"> • Improved receivable collection by enabling remote payment • Improved access to working capital through digitally disbursed credit/lending mechanisms enables greater inventory purchases

Forward market actors need expanded trading opportunities, quick access to capital over a wide area, and lower cash handling risk



Forward Market Actors Need	Financial/Transaction Needs	Potential Benefits of DFS
Commodity Collectors	<ul style="list-style-type: none"> • Short term deposit facility • Ability to travel safely with large volumes of cash • Access to funds to facilitate purchases over a wide geographic area B2B payments (e.g. hired transport) 	<ul style="list-style-type: none"> • Alleviate security risks associated with holding large sums of cash after hours • Can convert e-value back into cash close to the point of sale (e.g. farm gate) via agents or make a digital payment • Discrete, portable method for transporting value instead of holding physical currency
Commission Agents	<ul style="list-style-type: none"> • Extended operating window for B2B transactions 	<ul style="list-style-type: none"> • Expands trading by providing access to funds outside standard banking hours
Commodity Wholesalers	<ul style="list-style-type: none"> • B2B payments (restocking from traders or commission agents) • Extended operating window for B2B transactions 	<ul style="list-style-type: none"> • Alleviates the need to organize large volume of cash to purchase crops • Expands trading by providing access to capital outside standard banking hours
Commodity Retailers	<ul style="list-style-type: none"> • Credit repayment • Savings mechanism • Overdraft facility 	<ul style="list-style-type: none"> • More secure savings mechanisms that facilitate regular deposits • Improved access to working capital enables greater inventory purchases • Greater proximity to service locations reducing access time away from store

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Near Term Strategies & Recommendations: DFS Providers



Smallholder Farmers –

- Offer customized time or goal-based savings products that either reinforce existing informal savings behavior or support a greater savings diversification.
- Introduce micro-credit/lending products to extend selling seasons to secure greater revenues from crop sales.
- Promote loyalty schemes (i.e. selected discounting, reward points, limited cash back) tied to recurring purchases associated with farming practices (i.e. purchase of inputs or equipment rental) or other key expenditures (e.g. education fees).

Near Term Strategies & Recommendations: DFS Providers (cont.)



Retailers (Inputs & Commodities) –

- For selected rural retailers of moderate to larger size that are unbanked or under-banked, cash management can be time consuming, expensive, and potentially risky. DFS providers can alleviate these challenges **with a service ecosystem that is more numerous, offers greater convenience (such as mobile deposit taking, extended hours)**, and supports digital transactions to reduce cash on hand.
- Building off a holistic approach to serving value chains, DFS providers should also consider the use of **discount/promotional schemes tied to product usage** as a way to stimulate sales, strengthen customer loyalty, and attract new customers.
- For qualifying retailers with adequate cash flow, inventory size, and operating capacity, **formal SME credit or lending products** could be offered and perhaps linked to digital payments transaction performance as a way to stimulate merchant acquisition.

Near Term Strategies & Recommendations: DFS Providers (cont.)



Commodity Collectors –

- As one of the more mobile AVC actors with a considerable cash-handling requirement, DFS providers should aggressively position their products as a **discrete, reliable and convenient savings mechanism** for short or longer-term deposits
- Through the **acquisition of other actors adjacent to or above them in their transaction networks (i.e. commission agents, wholesalers, traders)**, DFS offerings can reduce cash handling requirements and facilitate less time- or cost-intensive payments
- Despite the practice of informal credit and lending to finance trading operations and secure crop yields, the introduction of a **bundled DFS offering—that included payments, savings, and a micro-credit facility to cover transportation costs associated with crop collection or delivery**—would represent an attractive product positioning strategy
- Furthermore, as with other AVC actors that exhibit high frequency, higher value transaction patterns, offering a payments capability with a **pricing model that is service-based rather than per transaction-based** (paid annually or on a periodic basis) would strengthen enrollment efforts and driver greater, more frequent usage

Near Term Strategies & Recommendations: Development Organizations



Development organizations can improve the impact of their broader programs by selectively introducing and promoting DFS to its stakeholders. Specific recommendations include:

- Evaluating value chains for DFS potential and consider AVCs with the following characteristics:
 - Multiple harvest seasons
 - **Moderate to extended selling period** (3+ months) where a single SHF may conduct several crop sales over that period
 - **Established agro-enterprises or** considerable growth potential that would attract **new, sustained corporate investment**

Near Term Strategies & Recommendations: Development Organizations (cont.)



- Designing programs that involve multiple AVC actors, including SHFs, backward and forward market actors focusing on transaction relationships that are well-defined and established
- Developing training and engagement strategies that target multiple members within SHF households to minimize confusion or misperceptions about the role and impact of DFS products on existing household decision-making and other financial/payments activities
- Positioning DFS as a gateway to accessing other valued goods or services for which SHFs must purchase (i.e. new seeds, pesticides, agro-equipment) to drive additional follow-on transaction activities (i.e. basic consumption needs, key expenditures like school fees)

Section 9



1. Assessment Objectives and Scope
2. Methodology
3. Overview: Agricultural Production and Value Chain Models
4. Observations and Findings from Demand Side Assessment
5. DFS Providers, Offerings and Channels: Overview and Findings
6. Potential DFS Opportunities within Agriculture Value Chains
7. Agriculture Value Chain Actor DFS Needs
8. Near Term Strategies and Recommendations for DFS Providers and Development Actors
- 9. Additional Lines of Inquiry**

The assessment surfaced the need to conduct research into additional value chain actors and transaction dynamics



- 1) Engaging apex enterprises involved in the supply of agricultural inputs to better understand current payment collection practices and identify opportunities to introduce appropriate DFS products or recommend product modifications
- 2) Exploring the possibility of alternative vendor financing models for agro-equipment that would leverage DFS products and service ecosystems to identify potential partnerships, strengthen the business model for equipment vendors and improve access to mechanized equipment among SHFs
- 3) Engaging large and small scale traders to better understand current trading and payment dynamics. These actors appear to have the most robust set of transaction requirements in the value chains where they operate (crop collection, transport, storage, distribution, etc.).

There is also benefit in conducting a deeper segmentation of SHFs and better understanding how transport needs are managed



- 4) Undertaking additional field market research of SHFs that more explicitly segments the transaction patterns and financial/payments needs of farmers based on land size, ownership, crops grown, production capacity, etc.
- 5) Conducting assessments of rural acquisition strategies by DFS providers. Many providers expressed the desire to position their services initially as a payments solution for education and health related expenses as an entry point for serving to rural households. This research would support comparisons of DFS acquisition strategies and the identification of the most effective, properly aligned approaches and tactics.
- 6) Conducting research to better understand how the hired transport sector is structured and what the prevailing transaction patterns and needs are of vendors. Developing a value proposition for DFS offerings that facilitates payments between vendors and other actors (renters, drivers, etc.) could stimulate broader service acceptance and strengthen efforts to acquire AVC actors that exhibit high frequency higher value transaction patterns.



Thank you!

Download the full report at: <https://goo.gl/wWlQrN>

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