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MOBILE MONEY CONSULTATIVE GROUP MEETING HIGHLIGHTS



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

The 8th [Mobile Money Consultative Group \(MMCG\)](#) meeting was held on February 20, 2017 at the Lakeshore Hotel in Dhaka, with a focus on “Moving towards more integrated digital financial services”. It was organized by [USAID's Mobile Solutions Technical Assistance and Research \(mSTAR\) project](#) hosted by City Bank. The meeting was attended by over 40 participants from 33 organizations. Refer to the Annexes for a full list of participants and the meeting agenda.

The key objective of this meeting was to explore how digital financial services (DFS) providers, regulatory bodies, development organizations, and others can work together to build a digital ecosystem that will support frictionless transactions among individuals, merchants and others at different transaction points. Participants also discussed regulatory impact on the ability of providers to deliver these services, the challenges that arise from limitations of product awareness from customers, and the challenges they face with tailoring product design in a way that is directly relevant to diverse market segments. Considering those issues, participants also discussed and outlined the roles they can play in supporting actions to overcome them and moving forward.

Some of the main discussion points from the meeting are summarized below.



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Challenges:

When talking about challenges, one member shared his experience working to digitize the payroll of RMG factories. He noted that despite interest from the workers to avail such services, it was seen that almost all the workers had withdrawn their entire salary from their mobile account during the first few days of receiving the salaries. However, after conducting financial literacy training sessions, it was noted that the workers gradually learned to save more and by the fourth month, it was noted that they were saving a substantial amount rather than rushing to cash out.

Another member emphasized the importance of tailoring product design and product awareness. He shared his experience working with RMG workers and explained how they collaborated with another development organization along with a bank to enlist a store that would offer workers with discounts on grocery items if they paid with their debit cards. Furthermore, he also highlighted the importance of emphasizing debit cards rather than credit cards. He explained that in a market such as Bangladesh, debit cards are the dominant card type, however, most of the campaigns and promotions are for credit cards. This gives the wrong impression among debit card users that they can only make purchases through credit cards and not debit cards.

Another participant shared what they are currently doing that is moving towards more integrated services. He explained that they have partnered with a bank and MFIs to extend micro-credit agricultural loans digitally through NFC-enabled cards to farmers. Because of this, farmers in the pilot area are now able to access micro-credit at the lowest possible interest rate and with the most flexible repayment terms and conditions in the market. Farmers are also able to use such micro-credit to securely and easily purchase inputs from participating retailers using their NFC-enabled debit cards. This innovation has created an opportunity for both the farmers and participating retailers to create a transactional history with a formal financial institution, which can potentially open more avenues for them to avail other quality financial services in the future.

On the topic of micro-credit for farmers, another participant shared their work on a pilot project where farmers were given micro-credit agricultural loans through mobile based banking. Merchants were also selected so that farmers could directly for their inputs from them digitally. However, one of the major drawbacks was that the merchants did not have the paperwork required to open merchant accounts and they were unable to sign up a single merchant. Thus, farmers were forced to cash out from their mobile accounts to buy the inputs. He thus highlighted the importance of transaction payment points and further stated that without proper transaction payment points, it will be difficult to move towards an integrated digital ecosystem.

Another participant stated that one of the key issues holding back digital financial inclusion is over-the-counter (OTC) transactions. He cited an example of an article that was published in one of the national newspaper of Bangladesh, which stated that among the 33.9 million registered MFS accounts, only 41 percent of those accounts were active. Particularly, around 85 percent of the transactions are done over-the-counter through agents. Thus, to move towards more integrated digital financial services and to build a digital ecosystem, it is vital to convert those individuals into account holders.



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A representative from one of the DFS providers explained how they have been trying to promote additional services beyond P2P (person-to-person). He explained how they have been creating campaigns and promotions that encourage customers to digitally use their money instead of cashing out; such as for utility payments and mobile top-ups. Additionally, they are also conducting various research to see where a consumer would spend most of his or her money so that they can register those points as merchant points. This will enable customers to pay using their digital wallet and will thus help to move towards a more integrated digital ecosystem.

Several participants from both development organizations and DFS providers expressed concerns about the impacts of the new MFS circular from Bangladesh Bank that reduced the daily and monthly cash in and cash out limits, and require the use of a photo ID for any cash out transaction amount above BDT 5000. While this does not impact the amount of money that can be sent to individuals from a corporate account, it does lower how much they can cash out each day, which could negatively impact usage of MFS for higher volume cash out transactions.

Moving Forward:

Representatives from several DFS providers explained how they see all the challenges as an excellent opportunity for them to develop their products in such a way that these challenges can be eliminated. They further emphasized the importance of customer experience and stated that when designing a new digital product or a digital literacy program, it is vital to keep in mind the customers' needs. Instead of selling products and services, they should sell conveniences. To tap beyond the transfer market, they must think about customer personas and the gaps. Additionally, they must also keep in mind regulatory barriers. Some participants also believed that they should think of building the ecosystem through collaboration where necessary, instead of viewing everything through a competitive mindset.

Finally, participants shared ideas for the next MMCG meeting, with the theme of 'Role of regulators in encouraging DFS in Bangladesh' seemingly garnering the most initial interest.

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.

This story is made possible by the generous support of the American people through the United States Agency for International Development (USAID). It was written by [Tasnuva Sinha](#). mSTAR offers on-demand technical assistance to support USAID implementing partners in Bangladesh with the transition from cash to mobile and electronic payments. If you are interested in participating in the next Mobile Money Consultative Group, please email [Md. Majidul Haque](mailto:Md.MajidulHaque@fhi360.org) at mhaque@fhi360.org.



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Annex – 1
Participants List

SI No.	Name	Designation	Organization
1.	Alamgir Hossain	Senior Manager	City Bank
2.	Quazi Mortuza Ali	Head of Agent Banking	
3.	Shazia Afroze	Senior Manager, Brand	
4.	Nazmul Karim	SVP & Head of Brand	
5.	Lamia Shams	Program Assistant	a2i
6.	Shahreen Kabir	Market Systems Manager	ACDI/VOCA
7.	Zahin Moslem	Management Trainee	ACI Motors Ltd.
8.	Abdullah Al Mamum	FSL & DRR Head of Department	ACF
9.	Jyotish Talukdar	CEO	Agricultural Business Center
10.	Sara Taylor	Deputy Country Representative	Asia Foundation
11.	Lamia Shama	Marketing and Entrepreneurship Development Associate	USAID-Agricultural Value Chains Project, DAI
12.	Ben Stevenson	ODI Fellow	Bangladesh Bank
13.	Ikram Hossain	Senior Officer & Business Development Manager	Bank Asia Limited
14.	Mahbubul Hasan	First Assistant Vice President	
15.	Somel	Key Accounts Manager	bKash Ltd
16.	Anjali Sarker	Team Leader, Social Innovation Lab	BRAC
17.	Yasir Arafat	Project Manager	Change Associates Ltd
18.	Zahid Mansur	AVP and Head of Product & Compliance	Dutch-Bangla Bank Limited
19.	Rasheda Sultana	Senior Specialist	Grameenphone
20.	Mr. Saif	General Manager	
21.	K. Sohel Rana	Program Manager	HelpAge International
22.	Takreem Siddiqui	Consultant	IFC
23.	Md. Abdullah Al Zahid	Senior Finance Officer	IFDC
24.	Shabel Firuz	Country Director	Islamic Relief Bangladesh
25.	Enamul Hoque	Programme Manager	
26.	Mir Rashedul Hossain	Country Manager	MicroEnsure Bangladesh
27.	Farzana Islam	Officer	Mobility iTap Pay Bangladesh
28.	Md. Ariful Majid Ronju	Head of Corporate & M-Commerce	
29.	Subhashish Roy	Assistant Vice President	NRBC Bank Ltd.
30.	Shariar Kabir		ACDI/VOCA
31.	Anwar Hossain	Zonal Manager	Southeast Bank Ltd.



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32.	Sharif Khandaker	CEO	ShasthoNet
33.	Imran Hossain	Zonal Manager	Southeast Bank Ltd.
34.	Jaheed Parvez	Team Leader	Swisscontact
35.	Quazi Mortuza Ali	Head of Agent Banking	City Bank
36.	Ashrafal Alam	Country Project Coordinator	UNCDF
37.	Ziaul Hoque Mukta	Consultant	
38.	Ruhul Mohaiman	Technical Program Coordinator	Winrock International
39.	Bidyuth Mahaldar	Chief of Party, USAID Agricultural Extension Support Activity (AESAP)Project	Dhaka Ahsania Mission
40.	Jakirul Islam	Country Manager	MicroSave
41.	Josh Woodard	Regional ICT & Digital Finance Advisor – Asia Pacific	FHI 360
42.	Md. Majidul Haque	Technical Lead-DFS, mSTAR/Bangladesh	
43.	Ataur Rahman	Team Lead, mSTAR/Bangladesh	
44.	Tasnuba Sinha	DFS Associate, mSTAR/Bangladesh	



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Annex-2

Agenda

“Moving towards more integrated digital financial services”

Time	Description
09:00 am – 09:30 am	Introduction and brief recap of last meeting
09:30 am – 10:30 am	<p>Probable Discussion Topics</p> <ul style="list-style-type: none"> • Current DFS landscape and a quick discussion on new government guidelines • Barriers to moving ‘beyond transfers’ • Opportunities to integrate a broader range of services into a ‘digital marketplace’ • Exploration of how greater integration of services could impact customer behavior and the use of digital money
10:30 am – 11:00 am	What can we do to move towards more integrated digital financial services?
11:00 am – 11:30 am	Planning for next MMCG meeting