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## Mobile Money Consultative Group Meeting Highlights



The 6<sup>th</sup> [Mobile Money Consultative Group](#) (MMCG) meeting was held on May 29, 2016 at FHI 360's Bangladesh Country Office. It was attended by representatives from 13 development organizations and 4 digital financial services (DFS) providers, and focused on the potential of DFS for delivering savings and loan products.

The meeting started with a brief recap of the [last meeting](#) held in February 2016, which focused on women's empowerment through mobile financial services. After that, participants discussed some of the opportunities and challenges they see in terms of access to savings and loans, particularly at the base of the pyramid and among more vulnerable populations. Several of the development organizations shared some of the barriers faced by their beneficiaries when trying to access formal savings and loans products, while DFS providers shared some of the new product developments that are addressing these gaps. The main discussion points from the meeting are summarized in more detail below.

### **Agricultural Loans**

While talking about loan products, one participant shared that short term loans provided to farmers lean them towards a vicious cycle of debt. He mentioned that when a short term loan is being provided, the farmer mostly is unable to settle the loan amount with their income and they tend to take another loan to settle their first loan – and this cycle continues. Therefore, the overall aim of the intervention to make farmers self-reliant is hindered as they need to depend on microfinance institutions (MFIs) for loans during peak season. Putting this forward, he asked the DFS providers to share if they have developed any products specific to this group of farmers which can serve their needs and as well eliminate their exposure to the vicious cycle of debt.



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In response to the query, representatives from Dutch Bangla Bank Limited (DBBL) and Bank Asia Limited mentioned that they offer loan products specific to agricultural acceleration and the concerns shared by participants will enable them to tap this community and extend their financial services.

## **Savings as a Mode to Make Communities Disaster Resilient**

Another participant mentioned that they use cash in their project to pay post-disaster stipends to affected communities. He shared that as Bangladesh is a natural disaster prone country with the southern part mostly affected by cyclones and the eastern part mostly affected by floods, the stipends provided by the project do not create resilience among the affected communities. It is to be noted that post-disaster, inflation and food crises in the affected areas is persistent. He mentioned that if the communities prone to natural disasters could be brought under a savings program, then it would create resilience among them.

In response, representatives from Bank Asia Limited and DBBL mentioned savings schemes they offer that can be accessed over the mobile platform. It was discussed that people residing in disaster prone areas can save a portion of the stipend received in their MFS account, which they can use when required.<sup>1</sup> The providers also mentioned that currently interest on savings is also being provided to users. It was also discussed that agent banking can play a vital role in disaster management activities as customers can make transactions using their fingerprints and money can be sent to/from any bank account nationwide, meaning that disaster victims can more easily receive emergency funds from relatives elsewhere.

## **Empowering Women in the RMG sector through Adoption of DFS**

A representative from Business for Social Responsibility (BSR) shared that about 85% of the workers in the RMG sector are women and, according to their study, they are quick in adopting new technologies. In reference to this, he requested that all mobile financial service providers offer savings products with reasonable interest, as well as other innovative products which this community would find useful.

In response, representatives of DBBL and IFIC Bank Limited shared that according to their experience they have observed that most of the money, usually salary, disbursed to their MFS account gets cashed out immediately. However, the representative from IFIC Bank Limited mentioned that they have a BDT 100 monthly deposit premium scheme in place already, and they are testing allowing customers to make daily deposits into that scheme through their MFS account as well. He also added that the annual interest to be received by the individual is insignificant in terms of incentive to attract them to continue saving over a long period of time.

## **Agent Banking and its Potential**

Representatives from Bank Asia Limited and DBBL provided an overview of agent banking to the participants and shared how it can provide extended financial services to underserved communities. The Additional Managing Director of Bank Asia Limited mentioned that in this growing economy, having access to financial services is fundamental right of citizens. He shared that the concept of agent banking is very lucrative for both the bank and the communities as financial services can be offered at the frontline at low cost. Explaining more on how agent banking operates, he mentioned that all banking services are available

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<sup>1</sup> MFS accounts are also sometimes referred to as mobile money accounts or mobile wallets. In general, each of these refer to a digital account maintained by a person with a mobile financial services provider.



at agent banking points and all activities conducted by agents are insured by the bank. He also shared that agent banking is a low-cost solution to deliver financial services to a wider community due to its low overhead costs as compared to bank branches.

Representatives from DBBL shared that agent banking opens up opportunities for greater financial inclusion. Customers can make transactions using their fingerprint, which makes each transaction safe and secured. In addition, it also speeds up some of the transactions due to reduced paperwork. Moreover, as agent banking is tagged with a back account, it contributes to increased financial inclusion and also allows the bank to develop banking profiles on customers, which could lead to their ability to target them with loan products in the future.

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## Annex – I Participant List

SL	Name	Designation	Organization
1	Md. Arfan Ali	Additional Managing Director	Bank Asia Limited
2	Mesbahul Alam	Deputy Head, Financial Inclusion Department	Dutch-Bangla Bank Limited
3	Md. Firoz Kabir	Head of Agent Banking Department	Dutch-Bangla Bank Limited
4	Md. Ariful Mazid	Manager, Corporate Sales, Mobile Banking	IFIC Bank Ltd
5	Md. Fahad	Key Account Manager, Financial Inclusion	SureCash
6	Salima Jahan	Business service Manager	MicroEnsure
7	Mir Rashedul Hossain	Country Manager	MicroEnsure
8	Jakirul Islam	Senior Manager	MicroSave
9	Hasib Ahsan	ICT Head of Operations	mPower
10	Tapan Kumar Chakraborty	FSL & DRR Head of Department	ACF
11	Tanjilut Tasnuva	Team Lead, Social Innovation Lab	BRAC
12	Murad Ahmed	Portfolio Officer, USAID's AIN project	WorldFish
13	Timothy Russell	COP, USAID's Rice Value Chain project	IRRI Bangladesh
14	Bilash Mitra	M&E Manager	IRRI Bangladesh
15	Nick Leshner	Vice President	Strategic Impact Advisors
16	Shorna Sriti	Business Development	Shasthonet
17	Navila Kalam	Business Development	Shasthonet
18	Bidyuth K. Mahalder	Chief of Party, USAID Agriculture Extension Project	Dhaka Ahsania Mission
19	Iqbal Hossain	Manager	HelpAge International
20	Md. Rafiqul Islam	Program Manager, Katalyst Seed Value Chain Project	AFE Bangladesh
21	Yasir Arafat	Project Manager, HER Finance Project	Change Associates Ltd
22	Abil Bin Amin	Bangladesh Country Representative, BSR HER project	Business for Social Responsibility (BSR)
23	Filippo Sebastio	Associate, HERfinance	Business for Social Responsibility (BSR)
24	Troy Etulain	Project Director, mSTAR	FHI 360
25	Josh Woodard	Regional ICT & Digital Finance Advisor, mSTAR	FHI 360
26	Majidul Haque	Technical Lead-DFS, mSTAR/Bangladesh	FHI 360
27	Kazi Amit Imran	Communications Specialist-DFS, mSTAR/Bangladesh	FHI 360
28	Ferdous Ivan	Technical Specialist-DFS, mSTAR/Bangladesh	FHI 360
29	Afsana Rahman Khan	Associate-DFS, mSTAR/Bangladesh	FHI 360