

# mSTAR's Journey in Bangladesh A Four Year Retrospective

The Mobile Solutions Technical Assistance and Research (mSTAR) project is a broad, flexible and responsive technical assistance and research program that is fostering the rapid adoption and scale-up of digital finance, digital inclusion and mobile data in developing countries. In Bangladesh, the mSTAR activity supported the acceleration and adoption of digital financial services (DFS), including mobile financial services (MFS) and agent banking, within the USAID Mission's programs from 2013 through 2017. This infographic tells the story of mSTAR/Bangladesh's

journey and how it has helped enroll over 36,500 individuals – the majority of whom are women – into digital financial service accounts and helped USAID implementing partners (IPs) and their beneficiaries transact over \$2.7 million digitally. For more details on mSTAR/B's core activities, complete your journey to the end of this infographic.

(October 2013 – September 2014)

**FY 2014**

### KEY ACHIEVEMENTS FROM FY14 |

- Issued **small grants to two USAID IPs** to support transition from cash to digital payments
- Conducted **six technical workshops** for more than 70 participants in Dhaka and at the district level
- Published **15 learning documents**
- Provided technical assistance to one USAID IP

### HIGHLIGHTED PUBLICATIONS FROM FY14 |

- mSTAR/B publishes results from **baseline survey** of mobile money usage by USAID IPs, which finds only three IPs using mobile money.
- Together with Dnet, mSTAR/B publishes a **Training Manual for Using Mobile Money in Bangladesh** which provides a detailed guide on how to use the MFS products of Bangladesh's two market leaders, bKash and DBBL Mobile Money (now ROCKET).

**PRIMARY FOCUS FOR FY14 |** Support USAID IPs with a focus on agriculture, education, and health to transition from cash to digital payments for field expenses.

**Nov 13**

mSTAR/B brings price transparency to the market by publishing first-ever infosheets on **bKash** and **DBBL Mobile Banking (now ROCKET)** with detailed information on corporate MFS accounts

**Dec 13**

Bangladesh Bank issues **guidelines** allowing banks to offer agent banking services

**Aug 14**

USAID announces **Procurement Executive's Bulletin** making electronic payments the new default for USAID programs

### DFS TRANSACTIONS FOR FY14 |

mSTAR/B supported projects

- No. of unique DFS users **2,805**
- Total DFS transactions **\$114,131**

Overall industry

- Growth in registered accounts (YoY) **11.78 million**
- Total MFS transactions (annual) **\$11.5 billion**
- Growth in MFS agents (YoY) **361,000**

Source: [Bangladesh Bank](#)

### PRIMARY FOCUS FOR FY15 |

Continued to support USAID agriculture, education and health IPs to transition to using digital payments, with increased focus on awareness raising, dialogue facilitation, and technical assistance.

**Jun 15**

Bangladesh joins the **Better than Cash Alliance** with encouragement from mSTAR/B

Publish first-ever comprehensive report on the **state of mobile financial services in Bangladesh**

**Jun 15**

mSTAR/B grantee **Dnet** finds **monetary benefit of switching to digital payments** was 1.8 times higher than investment made in first year, saving 41,333 hours of work and reducing processing times from 30 to 8 days

**Mar 15**

Findings from mSTAR/B grantee, the **Aquaculture for Income and Nutrition** project, reveal transition to digital payments for training allowances **saved around 600 per days per year** due to efficiency gains

### HIGHLIGHTED PUBLICATIONS FROM FY15 |

- Together with WorldFish, mSTAR/B/Bangladesh worked with farmers living in remote areas of Bangladesh without bank access, **to develop graphical training materials** for low literate populations.
- Choosing a mobile financial services provider (MFSP) is not always easy, so mSTAR/B published a tipsheet entitled **5 Key Factors to Consider When Choosing an MFSP** to help USAID IPs make the choice.

(October 2014 – September 2015)

**FY 2015**

### KEY ACHIEVEMENTS FROM FY15 |

- Issued **one new grant** to support a USAID IP to transitioning from cash to digital payments
- Conducted **six technical workshops** for more than 90 participants in Dhaka and at the district level
- Published **24 learning documents**
- Provided technical assistance to four USAID IPs
- Organized four stakeholder meetings



### DFS TRANSACTIONS FOR FY15 |

#### mSTAR/B supported projects

- No. of unique DFS users **8,603**
- Total DFS transactions **\$619,708**

#### Overall industry

- Growth in registered accounts (YoY) **8.49 million**
- Total MFS transactions (annual) **\$17.7 billion**
- Growth in MFS agents (YoY) **64,480**

Source: [Bangladesh Bank](#)

(October 2015 – September 2016) **FY 2016**

**PRIMARY FOCUS FOR FY16 |** Shifted focus of support to USAID IPs to agriculture and climate programs; expanded scope to promote overall improvements in DFS sector that would benefit IPs and increase uptake by their beneficiaries.

**Oct 15** bKash waives its disbursement fees for USAID IPs thanks to mSTAR/B's efforts

#### KEY ACHIEVEMENTS FROM FY16 |

- Conducted **eight** technical workshops for **160** participants in Dhaka and at the district-level
- Published **21** learning documents
- Provided technical assistance to **five** USAID IPs
- Organized **four** stakeholder meetings
- Published **two** portfolio acceleration reports

#### HIGHLIGHTED PUBLICATIONS FROM FY16 |

- mSTAR/B's **midline evaluation** finds adoption of digital payments tripled to nine from the baseline.
- A **case study** and **infographic** were published highlighting opportunities for MFS in Bangladesh's most cultivated crop, rice.
- A video case story entitled **'Initially We Thought It Would Not Work' - SMC's Transition to Mobile Money** was published, offering perspective on how adoption of mobile money impacted lives and increased financial efficiency across the project.

**Feb 16**

mSTAR/B publishes its first portfolio acceleration report aimed at **identifying opportunities to use DFS with savings groups in Bangladesh**

**May 16**

mSTAR/B grantee, SMC, **identifies savings of just under 200 staff days** for digital payments made for two of their training programs

**21** learning docs

**15** learning docs

#### HIGHLIGHTED PUBLICATIONS FROM FY17 |

- Recognizing the financial inclusion gap of women in Bangladesh, mSTAR/B published the **Guide to Increasing Women's Financial Inclusion in Bangladesh through Digital Financial Services** to help USAID IPs and DFS providers.
- The infographic **Mobile Financial Services in Rural Bangladesh: Common Challenges and Possible Solutions** highlights some of the many challenges that rural Bangladeshis face with using MFS and some potential solutions that MFS providers, regulators and development organizations can take to support them.
- An **external final evaluation** of mSTAR's work in Bangladesh identifies positive contributions the project made in its support of 40 USAID programs over four years.

**Jan 17**

Bangladesh Bank publishes **a new circular on mobile financial services (MFS)**, which included reductions to daily and monthly cash in and cash out limits for MFS accounts

#### KEY ACHIEVEMENTS FROM FY17 |

- Conducted **two** technical workshops for **50** participants at the district-level
- Published **15** learning documents
- Provided technical assistance to **three** stakeholders
- Organized **four** stakeholder meetings
- Published **one** portfolio acceleration report

**Oct 16**

As part of Financial Inclusion Week, mSTAR/B **organizes an event** on how to drive financial inclusion in Bangladesh through client-centered digital financial services

**PRIMARY FOCUS FOR FY17 |** Continued with same focus as FY 2016; expanded focus of technical assistance to include non-USAID IPs, such as DFS providers.

(October 2016 – September 2017) **FY 2017**

#### DFS TRANSACTIONS FOR FY16 |

#### mSTAR/B supported projects

- No. of unique DFS users **12,139**
- Total DFS transactions **\$830,712**

#### Overall industry

- Growth in registered accounts (YoY) **8.76 million**
- Total MFS transactions (annual) **\$26.6 billion**
- Growth in MFS agents (YoY) **98,710**

Source: [Bangladesh Bank](#)

**Sept 16**

Publication of **market landscape assessment** identifying opportunities for DFS in agricultural value chains in Bangladesh

**Aug 16**

mSTAR/B facilitates the launch of two first-of-their-kind digitally-enabled micro-credit products for smallholder farmers, one using **agent banking** and one through **MFS**



May 17

mSTAR/B hosts ninth MMCG meeting, and passes torch to UNCDF as new secretariat of the newly renamed Digital Finance Consultative Group

Publication of market assessment exploring opportunities for DFS in agricultural mechanization in Bangladesh

Sept 17

Bangladesh Bank publishes prudential guidelines for agent banking, which offer additional details on how banks are expected to deliver these services

Sept 17

### DFS TRANSACTIONS FOR FY17 |

mSTAR/B supported projects

No. of unique DFS users **12,968**

Total DFS transactions **\$1,141,887**

Source: Bangladesh Bank (L, 2)

Overall industry (thru August 2017)

Growth in registered accounts (YoY) **19.68 million**

Total MFS transactions (annual) **\$34.4 billion**

Growth in MFS agents (YoY) **134,474**

Number of agent banking customers (as of June 2017) **872,865**

Number of agent banking agents (as of June 2017) **1,847**

## mSTAR/B Life of Project



580 individuals trained on DFS through 22 technical workshops



75 learning documents published



Technical assistance provided to 13 USAID IPs and DFS stakeholders



12 stakeholder meetings organized



3 portfolio assessments published



More than **BDT 213.6 million** (approximately \$2.7 million) in digital transactions made with 36,515 individuals, three-quarters of whom are women



Note: Through March 2017, mSTAR/Bangladesh used an exchange rate of USD 1 = BDT 78.41. From April 2017 onwards, this was increased to USD 1 = BDT 80 to reflect market changes.

## Looking Ahead



Continued increases in the financial inclusion of USAID programs' beneficiaries in Bangladesh will likely depend upon the following factors:

- Improved efforts to increase financial literacy of lower income Bangladeshis
- Introduction of interoperability among MFS providers and other DFS providers
- New DFS products that are better aligned to the full financial needs of rural and poorer Bangladeshis
- Regulatory changes that make it easier for low transaction value individuals and merchants to open accounts
- Increase in the number of access points for digital financial products and services through agents
- Increased skills development for agents and merchants to enable them to better support customers on how to use DFS

### Core mSTAR/B activities



**Awareness raising** | Consisted of technical workshops and learning documents aimed at promoting awareness of digital payments among USAID staff and its implementing partners.

**On-demand short-term technical assistance** | mSTAR/B provided short-term technical assistance to USAID implementing partners and their project partners—and later, to other DFS stakeholders—to increase their capacity relevant to digital financial services.



**Dialogue facilitation** | mSTAR/B facilitated sharing and learning between digital financial service providers, USAID implementing partners, and other parties through coordinated meetings, such as the Mobile Money Consultative Group.



**Portfolio acceleration** | Focused on conducting market assessments to identify opportunities for accelerating the usage of digital payments within agricultural value chains in Bangladesh.

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