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MOBILE SOLUTIONS TECHNICAL ASSISTANCE AND RESEARCH (mSTAR), BANGLADESH

WORKSHOP ON *Digitizing Payments: From Theory to Practice*

February 10, 2016; FHI 360 Bangladesh Country Office

**WORKSHOP REPORT
FEBRUARY 2016**



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1. Introduction

USAID’s mSTAR project aims to assist USAID/Bangladesh to integrate digital payments (including mobile money and electronic payments) in the programs and operations of implementing partners (IPs), as well as to support expansion of the digital payments industry in ways that are beneficial to USAID programs and USAID’s broader development objectives at an ecosystem level. Aligned with this objective, mSTAR Bangladesh facilitates technical workshops to increase awareness and competence of relevant USAID IPs on the benefits of using mobile payments.

1.1 mSTAR Workshop Series

mSTAR workshops are designed to increase awareness and educate USAID/Bangladesh IPs on mobile money (MM) usage. The workshop series educates finance and programmatic staff on the benefits of using MM. Discussion among different IPs in the workshop also increases their reflective knowledge on mobile banking and MM.

1.2 Workshop: “Digitizing Payments: From Theory to Practice”

This workshop focused on the process of adopting MM by USAID IPs. Jeff deGraffenried, Activity Manager for mSTAR at USAID/Bangladesh and M Ataur Rahman, mSTAR/Bangladesh Project Team Lead, gave an overview of mSTAR project and its key components. Jaheed Parvez, mSTAR/Bangladesh Technical Lead, then talked about the process of how MM can be incorporated in USAID projects and conducted a simulated group exercise for the participants.

2. Basic Workshop Information

Title of the Workshop:	“Digitizing Payments: From Theory to Practice”
Date and Time	: February 10, 2016; 9:30 AM – 12:00 PM
Venue	: Conference Room; FHI 360, Bangladesh Country Office

3. Workshop Participant Details

A total of 16 participants from 12 organizations participated in the workshop.

Total Number of Participants: 16

- Male: 12
- Female: 4

Number of Organizations Participating: 12

Organizations Participating:

1. DAI
2. Deloitte
3. Democracy International
4. Dhaka Ahsania Mission (DAM)
5. Hellen Keller International (HKI)
6. Dnet
7. IBI International
8. IRRI
9. Save the Children
10. Winrock International
11. WildTeam
12. UNDP

Details of the participants are provided in Annex – I

4. Workshop Program Schedule

TIME	DESCRIPTION/DETAIL	RESOURCE PERSON
09:30	Welcome tea break Registration and Pre-assessment	Afsana Khan, MFS Associate mSTAR Bangladesh
10:00	Welcome note from USAID	Jeff de Graffenried, Project Development Officer; USAID Bangladesh
10:10	Overview of mSTAR Bangladesh & why USAID IPs should adopt MM	Ataur Rahman, Team Lead, mSTAR Bangladesh
10:15	Session: How to integrate MM into your project	Jaheed Parvez, Technical Lead, mSTAR Bangladesh
10:45	Group work <i>Simulation on MM integration in projects</i>	
11:30	Open Discussion	Jaheed Parvez, Technical Lead, mSTAR Bangladesh
11:45	Post-assessment	

5. Overview of Major Activities

The workshop provided a platform for USAID IPs and USAID staff to discuss the process of adopting MM and learn about the benefits of MM. The simulated activity helped participants to learn about how to identify potential scopes of incorporating MM into their projects. Later, in an open discussion, the mSTAR/B team fielded questions from participants.

5.1 Welcome Note

Jeff de Graffenried, Project Development Officer and Activity Manager of mSTAR at USAID/Bangladesh, thanked all participants for attending the workshop. He mentioned that the use of electronic payments, including MM, by projects results in increased financial efficiency, transparency and increased productivity.

He said that changing the operational process is difficult at times, however it is possible. In addition, he also referred to USAID's procurement executive's bulletin (PEB), which makes electronic payments the new default payment system for USAID's IPs. Speaking about the technical expertise of USAID's mSTAR project, Jeff mentioned that mSTAR has helped several USAID IPs in adopting MM and requested the participants to reach out to mSTAR project if they require technical support to adopt MM.



5.2 Overview of mSTAR Bangladesh & why USAID IPs should adopt MM

M Ataur Rahman, mSTAR/Bangladesh Project Team Lead, welcomed all participants. He mentioned that mSTAR/Bangladesh has the technical competency to help USAID's IPs in transitioning from cash to electronic and MM. Speaking about the core activities of MM, Ataur mentioned that mSTAR/Bangladesh organizes awareness raising workshops to educate USAID IPs on MM. In addition, mSTAR/B produces numerous learning documents that can help USAID IPs to make informed decisions while transiting to MM from cash. He further mentioned that mSTAR/Bangladesh also provides intensive technical assistance to USAID's IPs to assess the potential scopes for using MM, the viability of adopting MM, and to smoothen the transition from cash to MM.



5.3 How to integrate MM into your project

Jaheed Parvez, Technical Lead of mSTAR/Bangladesh gave a brief presentation on the process of incorporating MM in project operations and discussed existing mobile financial services (MFS) for both individual and corporate users, existing regulations, the process for opening a corporate MM account, and the limitations of MFS products.

Jaheed mentioned that the MFS industry in Bangladesh follows a bank-led model which makes MM more secure as the electronic money is backed up by a trust account with the bank, meaning that money kept in a MM account is as safe and secure as money kept in a regular bank account. He mentioned that as long as the PIN number is secure, the money in a MM account is also secured. Talking about the increase in popularity of MM within Bangladesh he mentioned that the MFS industry has observed rapid growth in the last couple of years.



Speaking about MFS regulations, Jaheed mentioned that Bangladesh Bank, the central bank of Bangladesh, has formulated a MFS guideline and also created a new department named Financial Inclusion Department. He said that the involvement of the central bank has contributed towards increased use of mobile financial services. In addition, Jaheed talked about the existing limits in number and volume of transaction applicable for individuals, however, he mentioned that the limits do not apply to corporate MM users.

Jaheed mentioned that as USAID has made electronic payment the default payment system, it will be helpful for USAID IPs to consider MM as an option since the number of bank branches and ATMs are fewer than the number of MFS agent points. He said that opening an account is very easy provided that the beneficiaries have the required documents and also spoke about alternative ways of opening an account in case beneficiaries do not have a national identity card. For corporate users, he mentioned that it is easy to open a corporate MM account compared to opening a corporate bank account.

Jaheed spoke about the different benefits of MM which included transparency, instant payment, record keeping, time saving and reduced risk. However, he also mentioned that use of MM may not make sense for some particular types of transaction.

5.4 Group Work

The participants participated in a simulated group exercise. Participants were provided with two scenarios where transactions are made using cash and were required to assess the viability of using MM for each. One scenario focused on a case where cash withdrawals were made by staff for incentive payments and the other one focused on a case where beneficiaries receive their incentives in cash, often facing delays. Participants evaluated the scenarios, identifying potential problems with cash and how MM could be a better alternative. After discussing in groups, participants gave group presentations on why they think MM is a better fit over cash in these two scenarios.



5.5 Open Discussion

In the open discussion, the mSTAR team responded to various questions and concerns raised by participants. In response to a question, Jaheed said that the money sent to a beneficiary is not only faster but also helps in record keeping by the finance team. Additionally, he shared that MFS providers provide periodic transaction statements to corporate users which will benefit the finance team for audit purposes. In response to another question, he shared that additional costs incurred due to use of electronic payments can be charged to USAID. Jaheed mentioned that mSTAR is ready to help USAID IPs in digitizing payments.



6. Findings from the Pre- and Post-Workshop Assessment

Workshop participants took part in the pre and post assessments which focused on assessing the knowledge gathered by the participants on the given topics of the presentation. The summary of the findings is shown below:

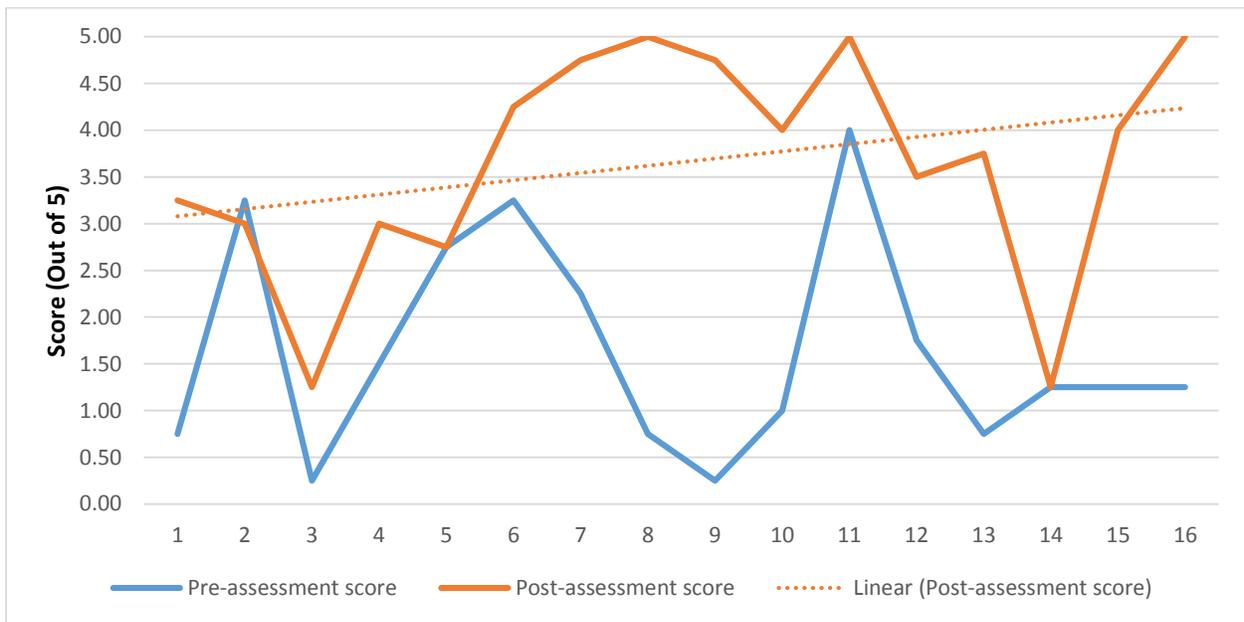
6.1 Participants' knowledge enhancement

One of the objectives of the workshop assessment was to measure how much participants learned from the workshop. The result of participant scores are summarized below. As one question (q4) had four correct answers, .25 points were assigned for each correct answer marked.

Participant No.	Pre assessment score	Post assessment score	Changes (Post Workshop Score-Pre-workshop Score)	Percentage increase in score
1	0.75	3.25	2.50	50.0%
2	3.25	3.00	-0.25	-5.0%
3	0.25	1.25	1.00	20.0%
4	1.50	3.00	1.50	30.0%
5	2.75	2.75	0.00	0.0%
6	3.25	4.25	1.00	20.0%
7	2.25	4.75	2.50	50.0%
8	0.75	5.00	4.25	85.0%
9	0.25	4.75	4.50	90.0%
10	1.00	4.00	3.00	60.0%
11	4.00	5.00	1.00	20.0%
12	1.75	3.50	1.75	35.0%
13	0.75	3.75	3.00	60.0%
14	1.25	1.25	0.00	0.0%
15	1.25	4.00	2.75	55.0%
16	1.25	5.00	3.75	75.0%
Average	1.64	3.66	-	-
			Average Improvement	40.3%

The change of score of the participants, as depicted in the above table, indicates that participants' knowledge improved due to participation in the workshop. Among the 16 participants, 13 persons showed improved performance, while two person left unchanged and one person's score slightly decreased. In the pre-test, the average score of the participants was 1.64 out of 5. This average score increased by 2.02

points in the post-test examination of the participants, for a revised average of 3.66 points. The average change in participants' percentage of score against the total was 40.3%.



The above figure shows the score of pre-test and post-test of the participants including the linear trend of change in obtaining scores of the participants.

% of improvement from pre-test score (in range)	No of Participants	% of participants
<20%	3	18.8%
20%-39%	5	31.3%
40%-59%	3	18.8%
60%-79%	3	18.8%
>=80%	2	12.5%

Improvements have been divided into groups based on the range of % change in score from pre-test and distribution of the participants in those groups are shown in the above table. As per the table, 81.2% participants achieved more than a 20% improvement in the scores of the post-test compared to pre-test. It also shows that the largest number (31.3%) of participants achieved improvements in the range of 20%-39%. And, 12.5% participants achieved more than an 80% change. Thus, it reveals that participants understanding in MM improved remarkably, but the improvement levels varied from participant to participant.

6.2 Participants' major takeaways

The major takeaways from the workshop as recorded by participants are summarized below:

SL	Issues	Frequency of responses
1	The various offerings and benefits of mobile banking	16
2	Awareness and useful information about mobile banking in Bangladesh	12
3	The process of conducting transaction in mobile banking	4
4	The process and documentations related to operating MM accounts	4
5	MFS market scenario in Bangladesh	1
6	The barriers and disadvantages of mobile banking	4
7	Assess feasibility of adopting MFS in a project	13

The above learning topics have been categorized based on feedback from participants during the workshop evaluation. Multiple responses were considered in analyzing the frequency.

Participants also expressed their desire to have more information on different topics, such as hybrid MFS models that exist in other countries, more case studies and examples from the field at an organization and individual level, school fee payment systems using MFS, more details on piloting, and more on cost involvement and transparency of the MFS.

Annex – I Participants' Details

SL	Name	Designation	Organization	USAID Project
1	Jeff deGraffenried	Program Officer & Activity Manager, mSTAR	USAID/Bangladesh	mSTAR/Bangladesh
2	Masud Rana	ICT Specialist	DAI	AVC
3	Kazi Md. Hanif	Director, Finance & Admin	Deloitte	CCEB
4	Kamrun Nahar	Finance Manager	Democracy International	DPR
5	Gulfam Ifat Ara	Finance & Operations Manager	IBI International	BTFA
6	Sumon Mohan Mitra	ICT Coordinator	Dhaka Ahsania Mission	Ag Extension
7	Esfatur Rahman Subid	Outreach & Marketing Specialist	Dnet	MAMA
8	Mohsin Ali Farajee	Manager – Finance & Grants	HKI	SAPLING
9	Biplab Kumar Biswas	Grants & Finance Manager	HKI	SAPLING
10	Loretta Ann Fraser	HR & Office Manager	IBI International	BTFA
11	Bilash Mitra	M&E Manager	IRRI	RVC
12	Yasir Arafat	Manager – Project Coordination	IRRI	RVC
13	Khandaker Irshad Mahmud	Senior Manager – Grants	Save the Children	Mamoni
14	Katheryne Ruel St-Louis	Junior Program Coordinator (JPC)	UNDP	CHT DF
15	Dr. Munsur Ahmed	Manager	NHSDP	NHSDP
16	Md. Abdullah Al Mamun	Senior Field Assistant	WildTeam	BAGH
17	Md. Sahadat Hosssain	Officer, Accounts	WildTeam	BAGH
18	M Ataur Rahman	Project Team Lead	FHI 360	mSTAR
19	Jaheed Parvez	Technical Lead	FHI 360	mSTAR
20	Kazi Amit Imran	Communication Specialist	FHI 360	mSTAR
21	Kabir Ahmad	M&E Specialist	FHI 360	mSTAR
22	Ferdous Hasnain Ivan	Technical Specialist	FHI 360	mSTAR
23	Afsana Rahman Khan	Mobile Money Associate	FHI 360	mSTAR

Annex – 2

Pre & Post Assessment Questionnaires

Workshop on ‘Digitizing Payments: From Theory to Practice’ February 10, 2016; Workshop Pre-assessment

Participant Name:

Organization:

Project/Dept:

Position:

Cell:

E-mail:

1. Mobile money agents are allowed to conduct money transfer transactions using their own accounts on a customer’s behalf?
 - a) True
 - b) False
 - c) Unsure
2. What is the maximum monthly P2P transaction limit for individual account holders of Mobile Financial Services (MFS)?
 - a) BDT 5,000
 - b) BDT 10,000
 - c) BDT 15,000
 - d) BDT 25,000
 - e) Unsure
3. Is it currently possible to send money from an account on one MFS provider (e.g. bKash) to an account on another MFS provider (e.g. DBBL)?
 - a) Yes
 - b) No
 - c) Unsure
4. Which of the following are potential benefits of digital payments over cash (select all that apply)?
 - a) Cost savings
 - b) Improved transparency
 - c) Faster and more secure
 - d) Can lead to increased financial inclusion of recipients
 - e) Unsure
5. What is the estimated time needed by MFS providers to activate an account?
 - a) 1-2 days
 - b) 3-5 days
 - c) 7-10 days
 - d) 10 – 15 days
 - e) Unsure

**Workshop on ‘Digitizing Payments: From Theory to Practice’
February 10, 2016; Workshop Post-assessment**

Participant Name:

Organization:

Project/Dept:

Position:

Cell:

E-mail:

Section A:

I. Assessment of Workshop Sessions

Session	Session Content	Session Presentation	
Presentation Session: Digitizing Payments: From theory to Practice <i>How to integrate mobile money into your project</i>	Very Informative <input type="checkbox"/> Informative <input type="checkbox"/> Somewhat informative <input type="checkbox"/> Not informative at all <input type="checkbox"/>	Excellent <input type="checkbox"/> Very Good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/>	
Group Exercise: <i>Simulation on MM integration in projects</i>	Very Informative <input type="checkbox"/> Informative <input type="checkbox"/> Somewhat informative <input type="checkbox"/> Not informative at all <input type="checkbox"/>	Excellent <input type="checkbox"/> Very Good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/>	

2. Please list the major takeaways that you achieved from this workshop (in bullet points)

3. What other types of information about mobile financial services would you find useful? (in bullet points)

Section B: Post Assessment Questionnaire

I. Mobile money agents are allowed to conduct money transfer transactions using their own accounts on a customer’s behalf?

- a) True
- b) False
- c) Unsure

2. What is the maximum monthly P2P transaction limit for individual account holders of Mobile Financial Services (MFS)?
 - a) BDT 5,000
 - b) BDT 10,000
 - c) BDT 15,000
 - d) BDT 25,000
 - e) Unsure

3. Is it currently possible to send money from an account on one MFS provider (e.g. bKash) to an account on another MFS provider (e.g. DBBL)?
 - a) Yes
 - b) No
 - c) Unsure

4. Which of the following are potential benefits of digital payments over cash (select all that apply)?
 - a) Cost savings
 - b) Improved transparency
 - c) Faster and more secure
 - d) Can lead to increased financial inclusion of recipients
 - e) Unsure

5. What is the estimated time needed by MFS providers to activate an account?
 - a) 1-2 days
 - b) 3-5 days
 - c) 7-10 days
 - d) 10 – 15 days
 - e) Unsure

Annex – 3

Frequently Asked Questions

- Q Is it currently possible to send money from an account of one MFS provider (e.g. bKash) to an account on another MFS provider?
- Ans: Currently it is not possible to transfer money from an account on one MFS provider to another.
- Q Can money be transacted between core bank account and mobile money account?
- Ans: Some MFS providers including DBBL MB and mCash are offering this service where transactions can be made between core bank account and MM account. However, this is not possible with all providers.
- Q Can a mobile money account be opened with a National Identity Card?
- Ans: A copy of the individual's National Identity Card (NID) is a preferred required document. However, individuals can also use a copy of their passport, driving license or citizenship certificates as valid documents to open a MM account.
- Q Can one SIM be used to open two mobile money (MM) accounts with one MFS provider?
- Ans: One SIM card can have only one MM account with one MFS provider. However, one SIM card can have multiple MM accounts with multiple MFS providers.
- Q Who should be paid using electronic payment?
- Ans: USAID encourages all USAID-funded projects to use electronic payment during paying beneficiaries, sub-recipients and contractors. To learn more about the specific requirements, refer to the [Procurement Executive's Bulletin on e-payments](#).