



MOBILE SOLUTIONS TECHNICAL ASSISTANCE & RESEARCH (mSTAR) BANGLADESH

TECHNICAL ASSISTANCE REPORT

**TA RECIPIENT: THE AGRO-INPUTS RETAILERS NETWORK (AIRN) THROUGH USAID'S
AGRO-INPUTS PROJECT (AIP), IMPLEMENTED BY CNFA**

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Table of Contents

Background	2
Overview of the Technical Assistance	3
Overview of AIRN	3
Support provided by mSTAR/B (through August 2017)	4
References.....	5

Background

mSTAR/Bangladesh first received a technical assistance request from CNFA in April 2015 to investigate the scope of integrating mobile money in the USAID Agro-Inputs Project (AIP), which they implemented. The mSTAR team conducted a [scoping study](#) covering AIP Khulna field office, members of the Agro-Input Retailers' Network (AIRN) and farmers. This study was conducted in order to:



Photo 1: A photo of AIRN activity. Photo credit: M. Ataur Rahman, mSTAR/Bangladesh

- i) Understand the financial behavior of wholesalers, retailers and farmers during peak and off-peak season, and
- ii) Map the transaction flow between wholesalers, retailers and farmers during peak and off-peak seasons.

It was observed that mobile financial service wasn't a fit for AIRN network, but an option to explore in the future as the market grows. mSTAR provided insights into the market as to what new

providers and services are coming for the potential inclusion of digital financial service (DFS) in their project activities. AIP's AIRN team regularly joined mSTAR's quarterly workshops and other digital financial services related events to get in the interest of DFS for their projects. Since their chief operation officer joined at the network, and the [agent banking](#) services launched and visited the mSTAR team is exploring the scope of using DFS for their established network.

In November 2016, mSTAR/B team discussed the potential usages of DFS for their network with another recent initiative using AIRN's network as the merchant point for agent banking card holders and farmers. With the interest of AIRN's CEO, the mSTAR/B team approached them to explore the opportunity to use agent banking channels for their network, and explore the possibility of introducing an input company to the agent banking chain.

mSTAR reviewed potential agent banking providers to determine who was the right fit for the project. It was observed that Bank Asia was the only agent that is already working with the some AIRN members and also has credit offerings through their agent banking channel.

Following the review, mSTAR organized a meeting on 13 November, 2016 with Bank Asia, AIP and NAAFCO to share the Agricultural Extension Support Activity (AESAs) project example from field visits and surveys. These surveys were facilitated by mSTAR/B to integrate a digital financial product for AESA farmers, connecting them to selective AIRN retailers and using Bank Asia agent banking platform.

From the AESA pilot, it was observed that one of major constraints to adopt DFS for retailers was that transactions were limited to those with private companies. Based on this, it was assumed that more value chain actors should be brought under the DFS umbrella to develop a suitable DFS ecosystem.

mSTAR/B facilitated discussions with Bank Asia, AIRN and NAAFCO, an agriculture input company recommended by AIRN retailers, to discuss the initiation of a pilot to potentially test out the use of agent banking to facilitate access to credit for retailers and to ease payments they make to NAAFCO. After these scoping discussions, AIP made a second technical assistance request to mSTAR/B to help them to introduce DFS with AIRN retailers and NAAFCO.

Overview of the Technical Assistance

In February 2017, mSTAR/Bangladesh received a technical assistance request from AIRN, through AIP. The aim of this technical assistance request was to explore how digital financial services (DFS) could be introduced within AIRN, which was established by the USAID AIP, implemented by CNFA.

With that aim, AIRN required support from mSTAR/Bangladesh as part of the technical assistance for:

- Implementing a pilot project to introduce DFS among AIRN listed retailers;
- Address needs, capacity and aspirations of the target segments to design products or services specifically for the project and select a suitable DFS provider; and
- Conduct necessary trainings for DFS adoption.



Photo 2: TA request letter from AIRN

Overview of AIRN

The AIP project formed the Agro-Input Retailers Network to develop sustainable supply-quality agricultural inputs to rural farmers, which is one of the major activities of AIP. Under this network, 3,000 licensed retailers (including 300 women) received various types of technical support from the project. These retailers joined AIRN from 80 upazilas in 19 districts in the Barisal, Khulna and Dhaka divisions. For further reference, please see <http://www.aipbd.org/airn/airn/> and <http://www.aipbd.org/blog/>.



Photo 3 The agreement signing ceremony between Bank Asia and AIRN- CNFA.

Support provided by mSTAR/B (through August 2017)

- mSTAR/B facilitated the development of the terms and responsibilities for each party and the design of the pilot. Additionally, they facilitated the signing of the MoU with NAAFCO, one of Bangladesh's largest agricultural input manufacturers, AIRN and the Bank Asia Limited. Under this MoU, a pilot group of input retailers who are part of AIRN and carry NAAFCO products will receive SME loans from Bank Asia's agent banking channel. A portion of those retailers will also accept merchant payments via NFC-enabled debit cards from any Bank Asia agent banking clients. Select input retailers, input dealers and NAAFCO will also use Bank Asia's B2B transfer service, providing them a more efficient and convenient transaction method through digital payments.
- mSTAR/B also facilitated two DFS specific workshop sessions at Narail and Gopalganj, which were attended by select AIRN retailers. These sessions aimed to increase participants' knowledge on DFS and agent banking. A total of 65 participants attended the workshops. For further details on these workshops, please refer to [this document](#). Of the attendees, there were 15 targeted retailers who were selected for the pilot and have received the details of the program and their roles.
- mSTAR/B team helped AIRN and NAAFCO define the pilot base by conducting an analysis of ag-input on retailers' mobile phone ownership.

While all of the pieces are in place to begin this pilot, due to some internal staffing changes at Bank Asia, it has not yet begun. However, our understanding from Bank Asia is that it will hopefully begin before the end of 2017.

References

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