

Bangladesh's experience in leveraging FinTech to enhance Financial Inclusion

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Broad policy of the government

- The Government in its 7th Five Year Plan underscores the notion of "No one left behind"
- Establishes the promise to formulate and popularize low-cost mechanisms at citizens' doorsteps for banking, money transfer and remittances.
- These commitments work in parallel to the Sustainable Development Goals (SDGs), and the National Social Strategy.
- Bangladesh Bank also focuses on financial inclusion in its Strategic Plan.

A few facts

- Total population: 163 million
- Live in the rural areas: 64%
- Total adult population: 115.73 million
- Population under the age of 35: 52%
- GDP growth: Currently over 7%
- Access to bank: 25% of the adult population (15% of the rural)
- Number of banks: 57 Schedule and 6 Special
- Rural bank branches: 5500 (57%) of total
- Rural credit : 10% of total bank credit
- Rural deposit: 20% of total bank deposit

List of major Financial Inclusion programs

- Regulatory, policy and financial supports to the Microfinance organizations
- Mobile financial service (MFS) for unbanked population
 - Separate guideline
 - Monitoring
- Agent Banking Network to reach unbanked population
 - Separate guideline
 - Monitoring
- Promoting MSMEs, especially focused to women
- Non-Frill Accounts for farmers and under privileged group at free of cost

Microfinance Institutions (MFIs)

- Over 700 MFIs including Grameen Bank
- 17000 branch network all over the country
- Reached 20% adult and 38% poor HH
- Only credit and savings facilities, no payment service
- Cash-intensive and labor-intensive, so efficiency effected
- FinTech can be used to enhance efficiency and reduce cost

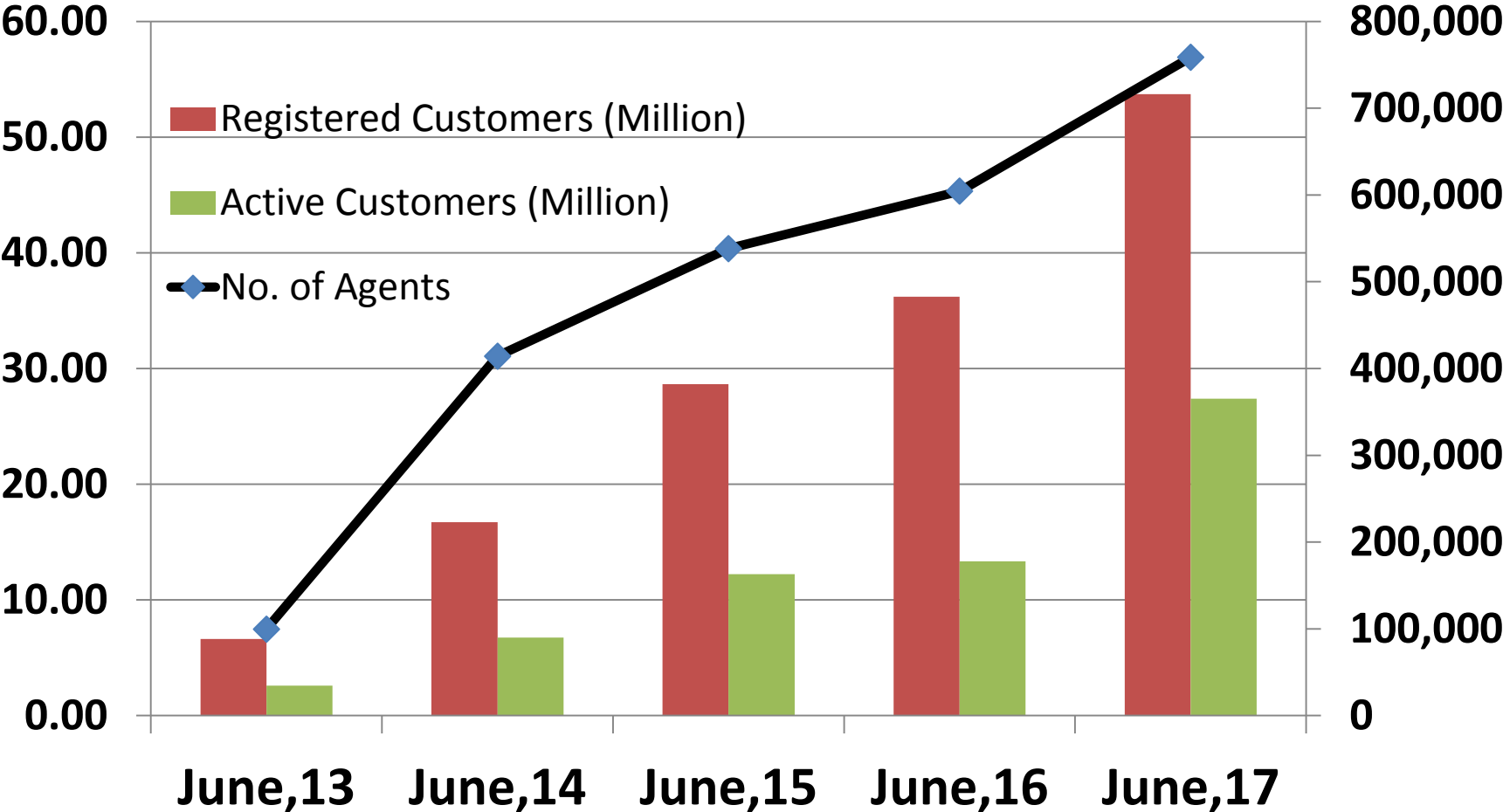
Changes that create demand for new financial products

- Increased employment in the secondary industries
- Economic migration and accelerated urbanization
- More young and educated population
- Mobile phone penetration, over 100 million
- Increased use of PCs and IT
- Increased access to internet, over 70 million

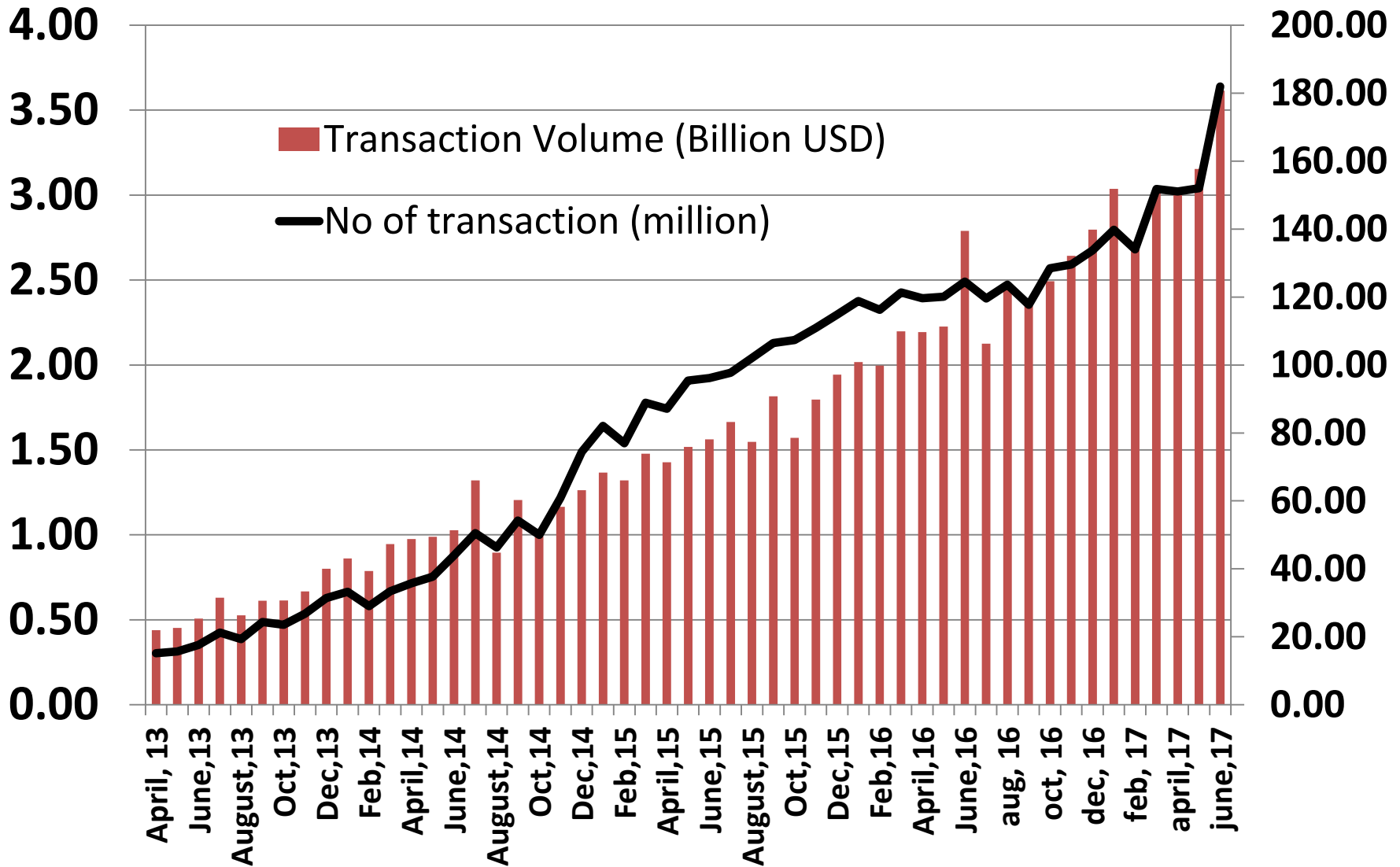
Mobile Financial Service (MFS)

- Guideline issued in 2011
- Bank-led model
- 18 MFS providers, two have lion share
- Limited purpose payment facilities
- Client can open an account by filling up a short KYC
- Can be used to transfer money/ remittance, pay bills, get salaries, pay merchant, and to get social benefits.
- Can also be used by other financial organizations like Banks and MFIs to disburse credits and get repayments.

No. of Customer & Agent-MFS



Monthly transaction- MFS



Agent Banking-2013

- Limited scale full banking services to the un-served population by engaging agents
- Agents should have appropriate technology to connect banking system and to authorize customers
- Agents help banks to open accounts, deliver credit and remittance, collect savings, pay and collect bills, distribute social safety net funds and transfer money
- Provider 14 banks, two are prominent
- 2577 agents and 4157 agent outlets (as of Dec 17)
- 1.2 million accounts opened
- Growth rate 100%

Challenges in leveraging FinTech to enhance Financial Inclusion

- National ICT policy needs to be updated to address issues related to new technology, cross border issues
- Absence of FinTech policy
- Coordination between financial regulator and ICT regulator
- High cost involved in initial investment and maintenance of services
- Timely support from Fintech vendors
- Educating customers, bankers, and regulators
- Security issues and customer protection

Thank you

Question?