



# Promoting Financial Inclusion and Integrity in Bangladesh

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# Persona 1: Unbanked Hard-Core Poor



## **Sarbati**

Above 90 years

Widow

HH Monthly Income: Only allowances that she receives from Govt.

## **REALITY:**

She needs to be accompanied by a member of the family to collect the allowance

She has to spend 120 taka conveyance fare to collect the allowance from bank.

She needs to wait for hours in queue often in harsh weather conditions

1. Need to have G2P cashout points nearby
2. What other financial products will she need?
3. What does financial inclusion mean to her?

# Persona 2: Partially Banked



## Salma

36 years, mother of 3

Housewife, husband sends remittance from Malaysia

HH Monthly Income: BDT 70,200

### REALITY:

If she uses mobile money to receive remittances, she has to go 3 times a month because of daily limits.

So, she has to deposit into a DPS savings scheme in a traditional bank account 8km away.

1. Mobile money has reach but not necessary product variety
2. Need innovative financial products from MFS actors OR increase the reach of traditional banks

## Persona 3: Visually Disabled, Accessibility issue



**Vashkar**

36 years,

Development worker, Innovator

### **REALITY:**

- He is a 10 taka account holder but
- Banks refuse to give him any electronic Card based services due to his disabilities

1. The needs and challenges of disabled and other vulnerable marginalized groups are not adequately addressed.
2. How do we enable meaningful financial inclusion for individuals like Vashkar?

# Key issues for digitization: Citizen Perspective



- ❑ High dependencies on Banks for receiving payments
- ❑ Low availability of government payment disbursement point
- ❑ Most beneficiaries have to travel long distance from their residence to collect payment
- ❑ Cost of payment collection is very high
- ❑ Beneficiaries have to wait in long queues to receive disbursements
- ❑ In case of failure to be present on the day of disbursement, citizens face long delays in receiving funds
- ❑ Low educational level of beneficiaries
- ❑ Is not able to predict when payment will be received



# Key issues for digitization: Government Perspective



- ❑ Inefficient process of beneficiary management with little control on data quality
- ❑ Leakage of government funds through misappropriation in the absence digital monitoring mechanism to the last mile
- ❑ Long time for cash disbursement between fund release and credit to the beneficiary account
- ❑ No choice options for multiple payment modes and high dependencies with few banks
- ❑ Need to direct link with treasury system for better public finance management



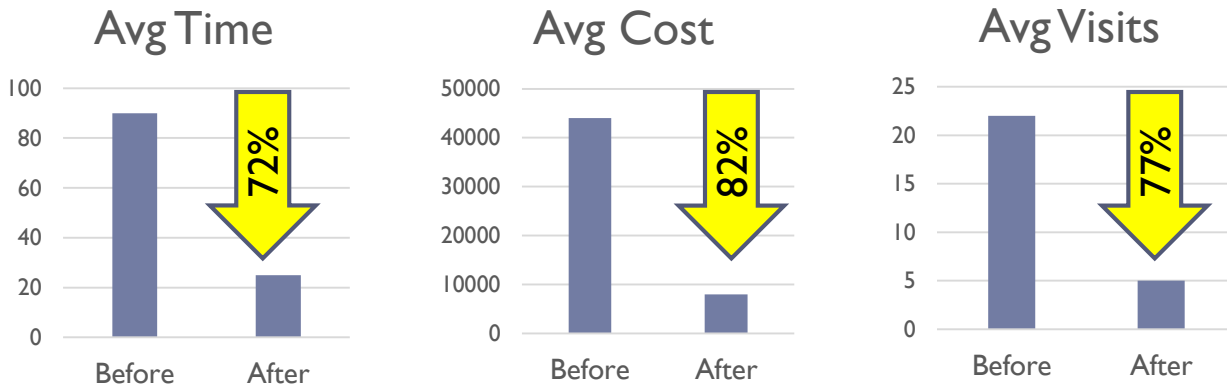
# Digital Payment Pilot for Citizens: a2i, DSS for 38K Old, Disabled and widow



- Biometric Authentication (Finger vein & Print)
- Delivered to doorsteps by PO & Agent Banking (Union, ward or home)
- 'Services coming to beneficiaries' – huge TCV reduction
- Opportunity to link with other financial products



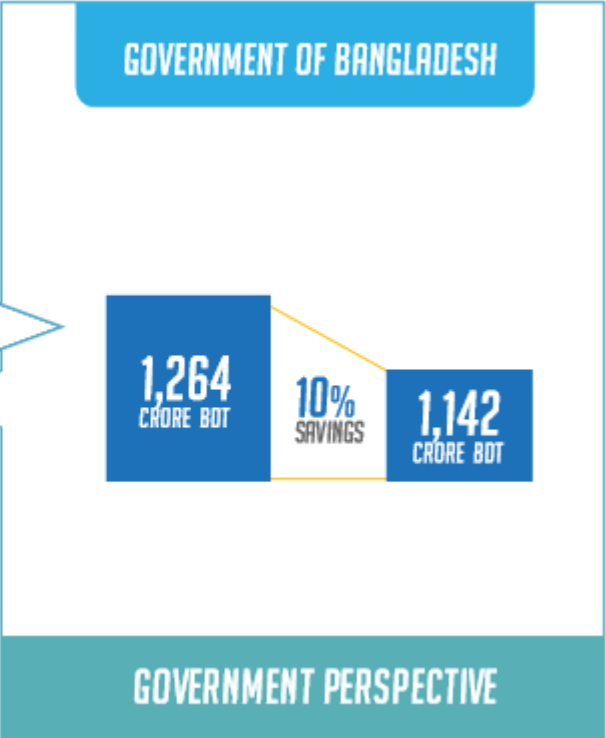
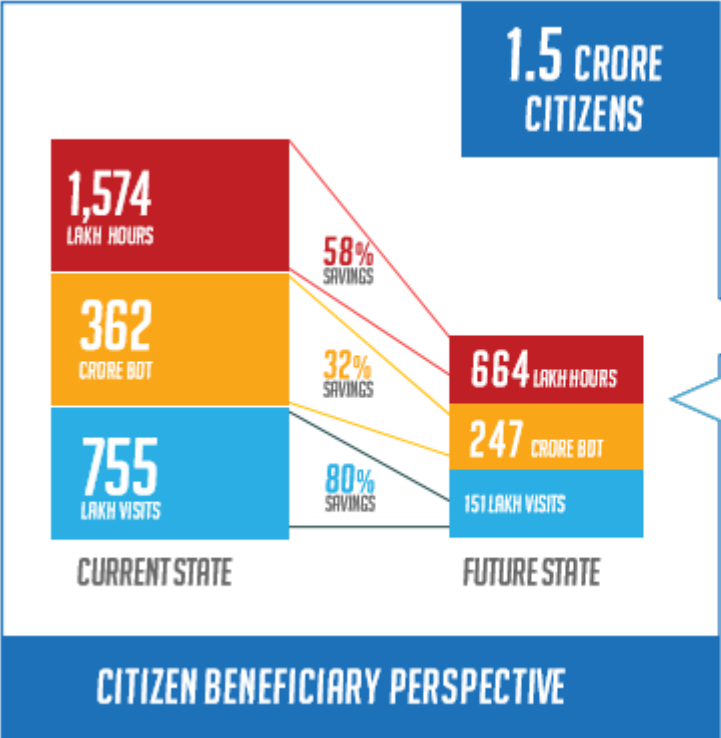
# Digital Bhata (Allowance) Management Piloted by a2i Integrating 3 Ministries, 6 Allowances



- Linked to NID
- Directorate of Social Services in the process of upscaling for 5.5M beneficiaries with technical support from a2i



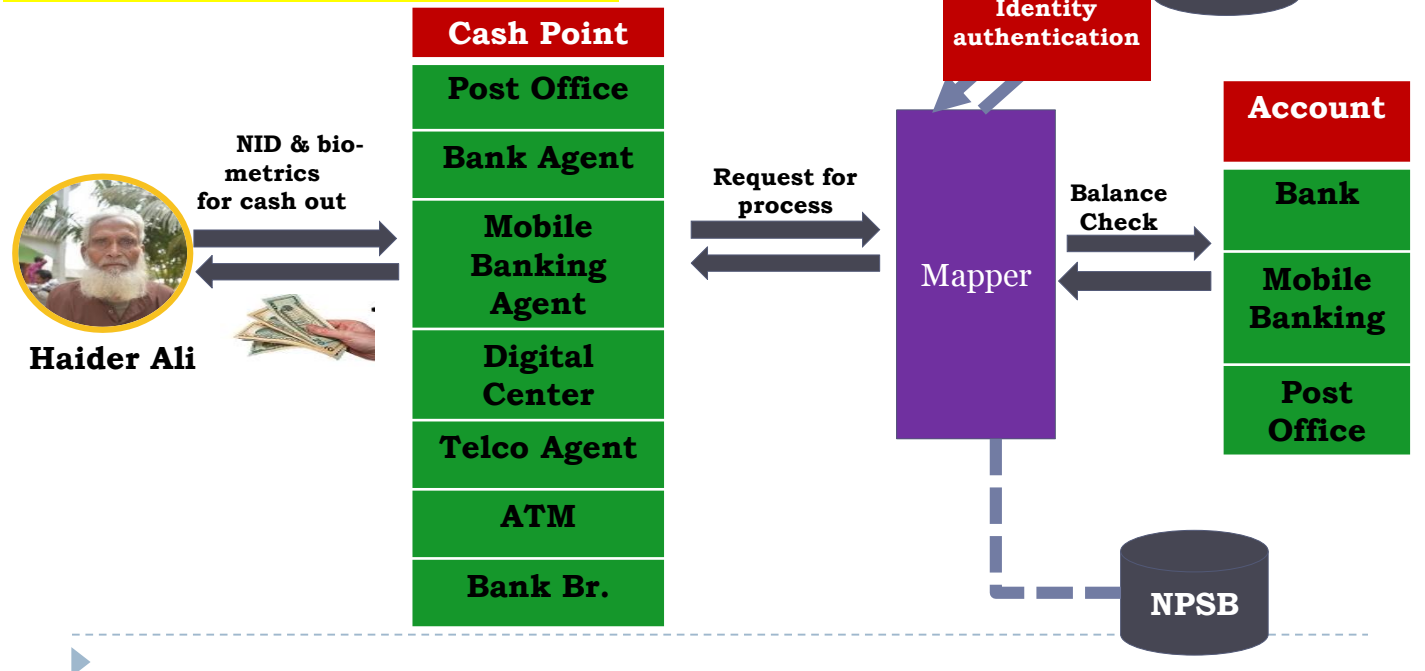
# TCV for Digitization of G2P Payments



# AIM Architecture For DFS



Citizen's Choice of Access  
Fast and Secure  
Open Interoperable Architecture



# AIM-enabled G2P Implementation Strategy

CRVS Linkage



- ▶ e-KYC for Banks, MFS operators and G2P scheme owners
- ▶ NID-linked MIS in scheme-owners
- ▶ A Mapper with National Payments Switch of Bangladesh at BB
- ▶ All 5,000+ UDCs, 8500 Post Offices, 4,500 state-owned bank branches to have biometric capabilities for beneficiary enrolment and payment cashout
- ▶ All private sector agents with biometric capabilities to function as cashout points

