Promoting Financial Inclusion and Integrity in Bangladesh

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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 spent 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

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.

REALITY:

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 disbursals
- In case of failure to be present on the day of disbursal, 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

**Current State:**
- 1,574 lakhs hours
- 362 crores BOT
- 755 lakhs visits

**Future State:**
- 664 lakhs hours
- 247 crores BOT
- 151 lakhs visits

**Citizen Beneficiary Perspective:**
- 58% savings
- 32% savings
- 80% savings

**Government Perspective:**
- 1,264 crores BOT
- 10% savings
- 1,142 crores BOT

**Government of Bangladesh**
AIM Architecture For DFS

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

Cash Point
- Post Office
- Bank Agent
- Mobile Banking Agent
- Digital Center
- Telco Agent
- ATM
- Bank Br.

Identity
- NID & biometrics for cash out

Mapper
- Request for process
- Balance Check

Account
- Bank
- Mobile Banking
- Post Office

Identity authentication

NID Server

Haider Ali
AIM-enabled G2P Implementation Strategy

- **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