

# FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

## BANGLADESH

### QUICKSIGHTS REPORT FII TRACKER SURVEY WAVE 1

April 2014

# THE FINANCIAL INCLUSION INSIGHTS (FII) PROGRAM

**The FII research program responds to the need for timely, demand-side data and practical insights on the use of mobile money and other digital financial services (DFS), and the potential for their expanded use among the poor.**

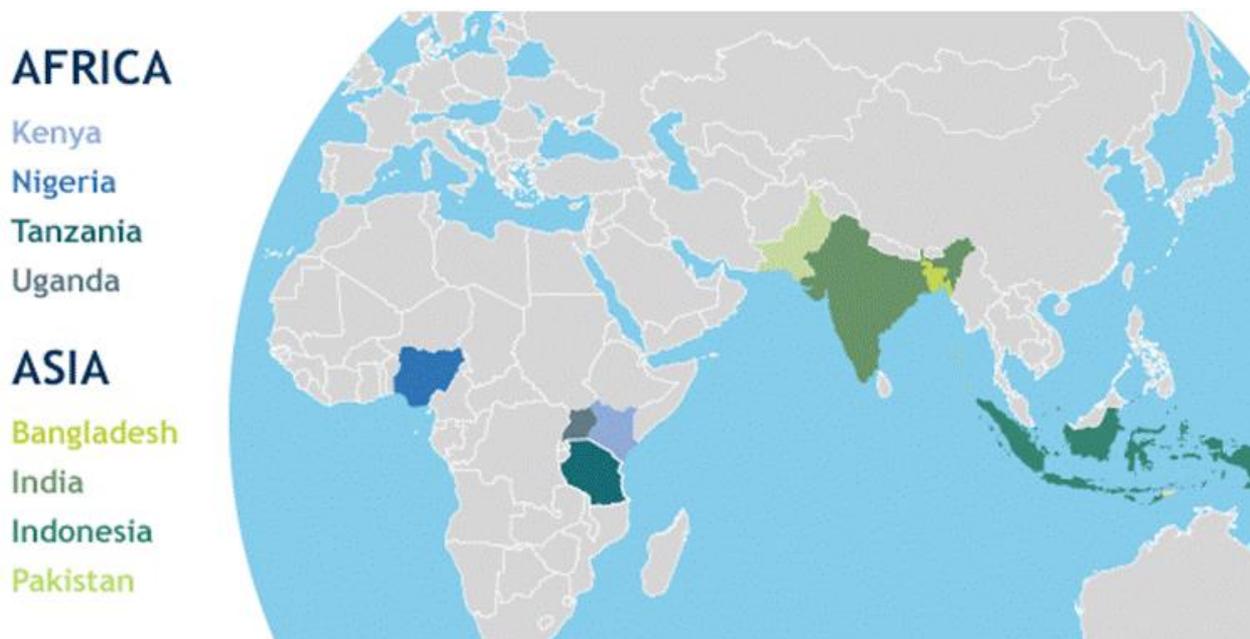
**The program covers eight countries in Africa and Asia** at different stages of DFS development. Research was launched in fall 2013.

**FII is operated by global research group InterMedia** and sponsored by the Financial Services for the Poor program of the Bill & Melinda Gates Foundation. All FII data and research is publicly available through the FII portal: [www.finclusion.org](http://www.finclusion.org)

**QuickSights** reports provide initial findings from each FII research project. These reports feed into subsequent Wave Reports which synthesize the results from all projects conducted during a wave of research in a given FII country.

*All data and materials resulting from the FII program are the property of the Bill & Melinda Gates Foundation, but the findings and conclusions within are those of the authors and do not necessarily reflect positions or policies of the Foundation.*

# THE FII SURVEY RESEARCH PROGRAM



	Bangladesh	India	Indonesia	Nigeria	Kenya	Pakistan	Tanzania	Uganda
Surveys per Year	2	1	1	2	1	1	2	2
Interviews per Survey	6,000	45,000	6,000	6,000	3,000	6,000	3,000	3,000

## QuickSights Report

- This report is a first look at the key characteristics of the DFS market in Bangladesh, based on data from the fall 2013 FII Tracker Survey.

## Key Definitions Used in this Report

- **DFS** – Financial services provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). *For this particular study, digital financial services include bank services and mobile money services.*
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.

These definitions are aligned with the metrics used by the Financial Services for the Poor program at the Bill & Melinda Gates Foundation to track global developments in financial inclusion and measure the impact of interventions on poor people's lives.

## Reported Data

- All percentages in this report are weighted to reflect national-level proportions.
- All bases (n=numbers) in this report are unweighted and represent the actual number of people interviewed in the survey.

# THE BANGLADESH FII TRACKER SURVEY - DETAILS

## Survey summary

- Biannual, nationally representative survey (N=6,000) of Bangladeshis individuals aged 15+
- Face-to-face interviews lasting upwards of 60 minutes
- First survey (wave 1) conducted from 9/28/2013 to 11/7/2013
- Provides baseline measurements. Subsequent annual surveys will measure trends and track market developments in DFS

## Data collected

- Basic demographics
- Poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money (MM)
- Access/use of formal financial services (e.g., bank accounts)
- Level of satisfaction with financial service providers and products
- Influencers and drivers of adoption
- New product development

## Focus of Analysis

- **Analysis in this report focuses on active mobile money account holders and active bank account holders.**
- **Active account holders** were selected as they best represent what is commonly understood as financially included individuals who hold their own personal account (as opposed to using someone else's account) and use the account regularly (defined as used in the last 90 days)

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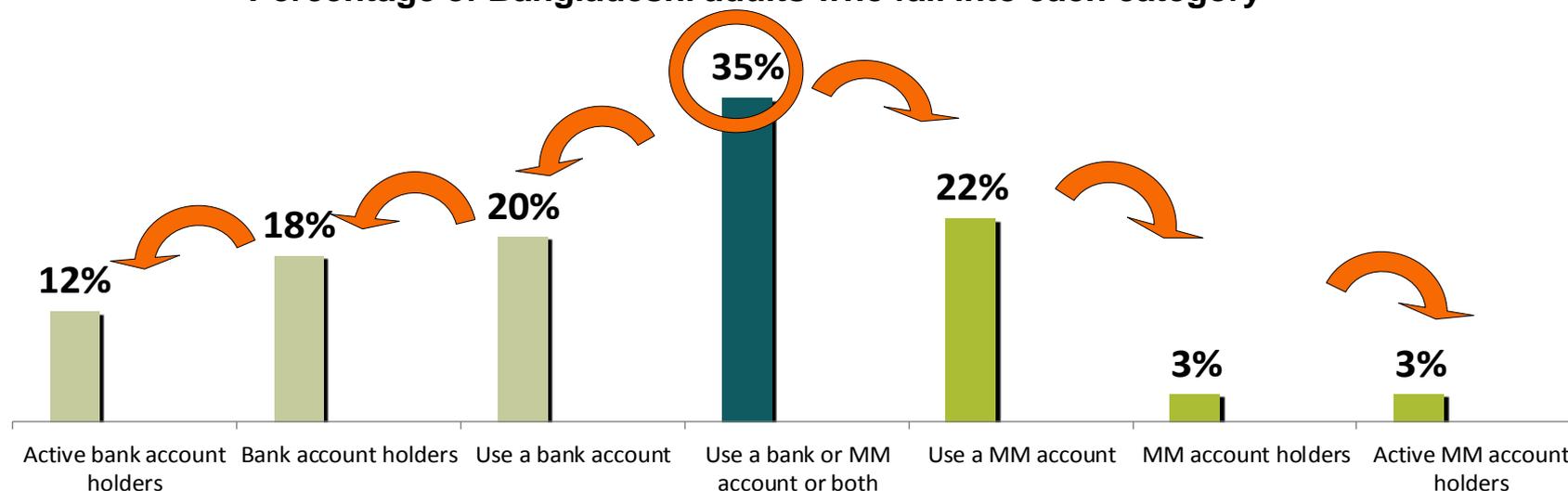
## BANGLADESH FII TRACKER SURVEY – HIGHLIGHTS

- **Far fewer adult Bangladeshis have registered for mobile money services than have used them.** Eight-five percent of mobile money users do not have registered accounts.
- **Over-the-counter (OTC) use of mobile money predominates.** Of the 85 percent of users without registered accounts, nearly all use OTC services with agents and very few use other people's accounts.
- **bKash is by far dominant mobile money service among active mobile money account holders.** Over eighty percent use bKash while less than thirty percent use DBBL, the number two service in the market. As the numbers show, some people use more than one service.
- **The majority of active account holders first learned about mobile money through TV.** Very few active mobile money account holders learn about the services through field agents or radio.
- **Registered users of mobile money tend to be more educated than nonregistered users.** Forty percent of registered mobile money users have at least completed some secondary education while 21 percent of nonregistered users have done the same.
- **More Bangladeshi adults have used mobile money services than bank account services, but nearly six times as many are bank account holders than are mobile money account holders.**

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### MM and Bank Account Use: Who uses what?

Percentage of Bangladeshi adults who fall into each category



#### Key takeaways:

- One-fifth of the respondents have a bank account.
- Although 22% of the respondents have access to mobile money, only 3% registered their own accounts. This indicates that the majority of mobile money users access the service through alternative means (over the counter).

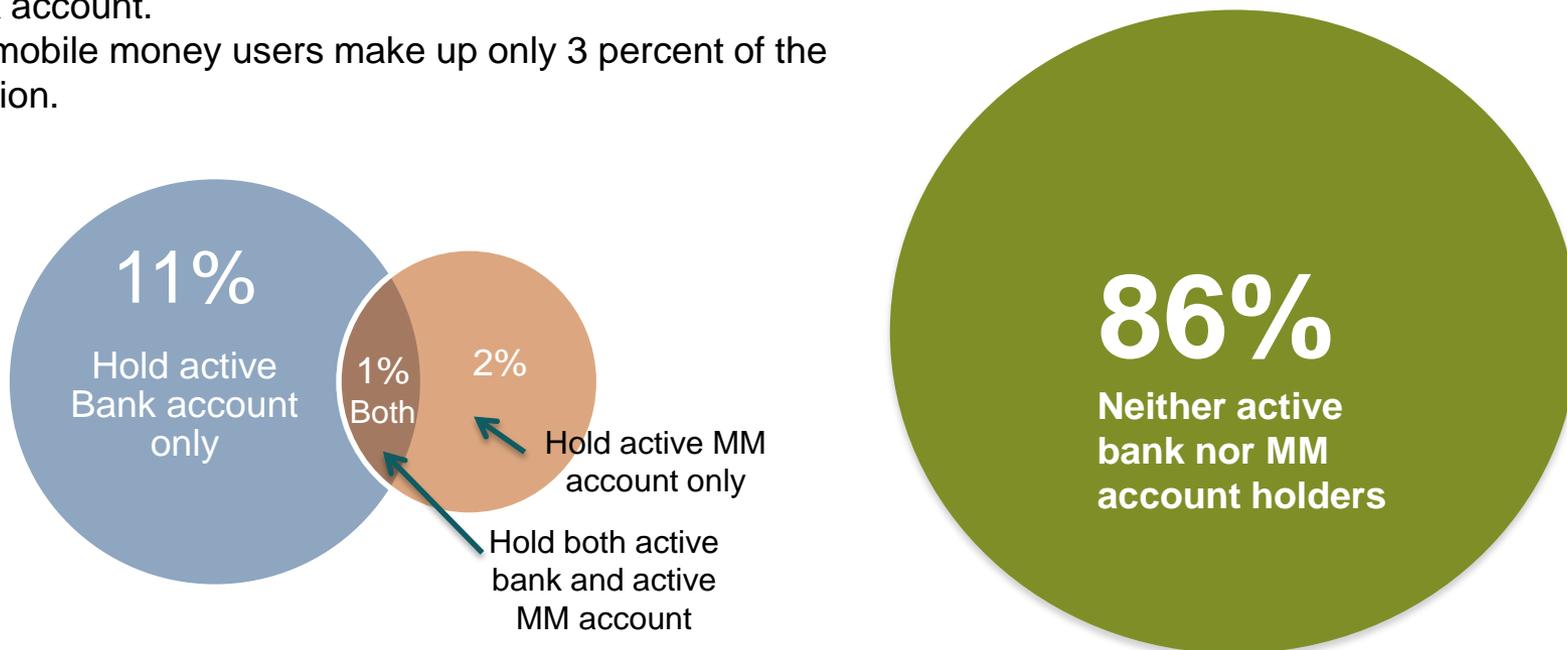
*Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person. Active account holders are those with a registered mobile money and/or bank account who have used that account in the last 90 days. Categories are not mutually exclusive.*

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013.

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## Small Overlap Between Active MM and Bank Account Holders

- 86 percent of the population does not have an active mobile money or bank account.
- Active mobile money users make up only 3 percent of the population.



Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. Active account holder = an individual who has a registered digital financial services account (specifically, a mobile money account and/or a bank account ) and has used this type of account in the last 90 days

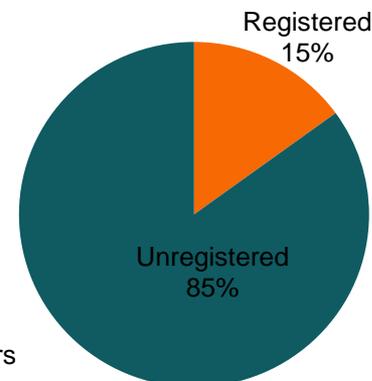
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### Little Registered MM Use

#### Key takeaways:

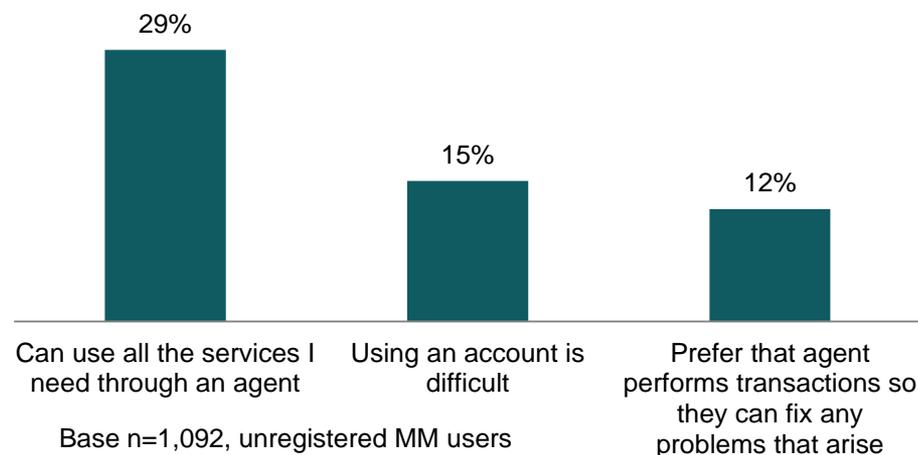
- 85% of respondents who use mobile money have not registered their own accounts. They prefer to conduct transactions through an agent's account.
- Focus group participants corroborate the finding that non-registered users often prefer agents because users find it difficult to navigate mobile money menus. They shift responsibility for any errors in transactions to the agents.
- Although agents are a prime facilitator of mobile money use, as presented previously, very few active mobile money account holders first heard about mobile money through an agent. Only 8% of active mobile money account holders said a recommendation from an agent prompted them to start using mobile money.
- There is an opportunity for agents to play a bigger role in generating mobile money awareness and use.

Percentage of mobile money users with registered accounts



Base n=1,267 MM users

Reasons for not signing up for an MM account

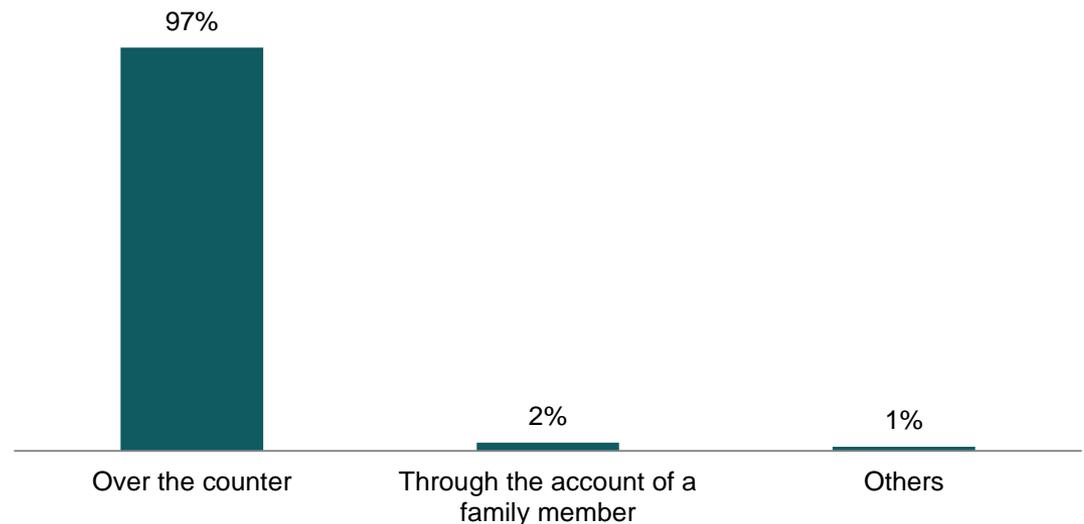


Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013.

## Over-the-Counter (OTC) Mobile Money Use

- Among the 85% of mobile money users who utilize the services without registering an account, the vast majority do so through OTC transactions via an agent rather than through others' personal accounts. There are low levels of personal, unassisted mobile money use.

**Means through which non-registered users access MM services**



Base n=1,092 unregistered MM users

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## Demographic Trends: Active MM account use shows gender divide

Financial Inclusion Measures by Key Demographic (percentage of each sample)				
Demographic	Active Bank Account Holder	Active MM Account Holder	Both	Neither
Total Population N= 6,000	12	3	1	86
Male n=2,860	14	5	2	83
Female n=3,140	10	1	0	89
Urban n=1,976	18	4	2	80
Rural n=4,024	9	2	1	89
Above Poverty Line n=1,375	15	5	2	81
Below Poverty Line n=4,625	11	2	1	88

*Above/below poverty line is defined by those respondents living on more/less than \$2.50 a day, as classified by the Grameen Progress Out of Poverty Index (PPI).*

*Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013.*

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## Demographic Trends: Youth Lag in Active Bank Account Use

Financial Inclusion Measures by Key Demographic (percentage of each sample)				
Demographic	Active Bank Account Holder	Active MM Account Holder	Both	Neither
Total Population N= 6,000	12	3	1	86
Ages 15-24 n=1,330	6	4	1	91
Ages 25-34 n=1,697	15	4	2	83
Ages 35-44 n=1,235	16	2	1	83
Ages 45-54 n=832	16	1	0	84
Ages 55+ n=906	11	1	0	89

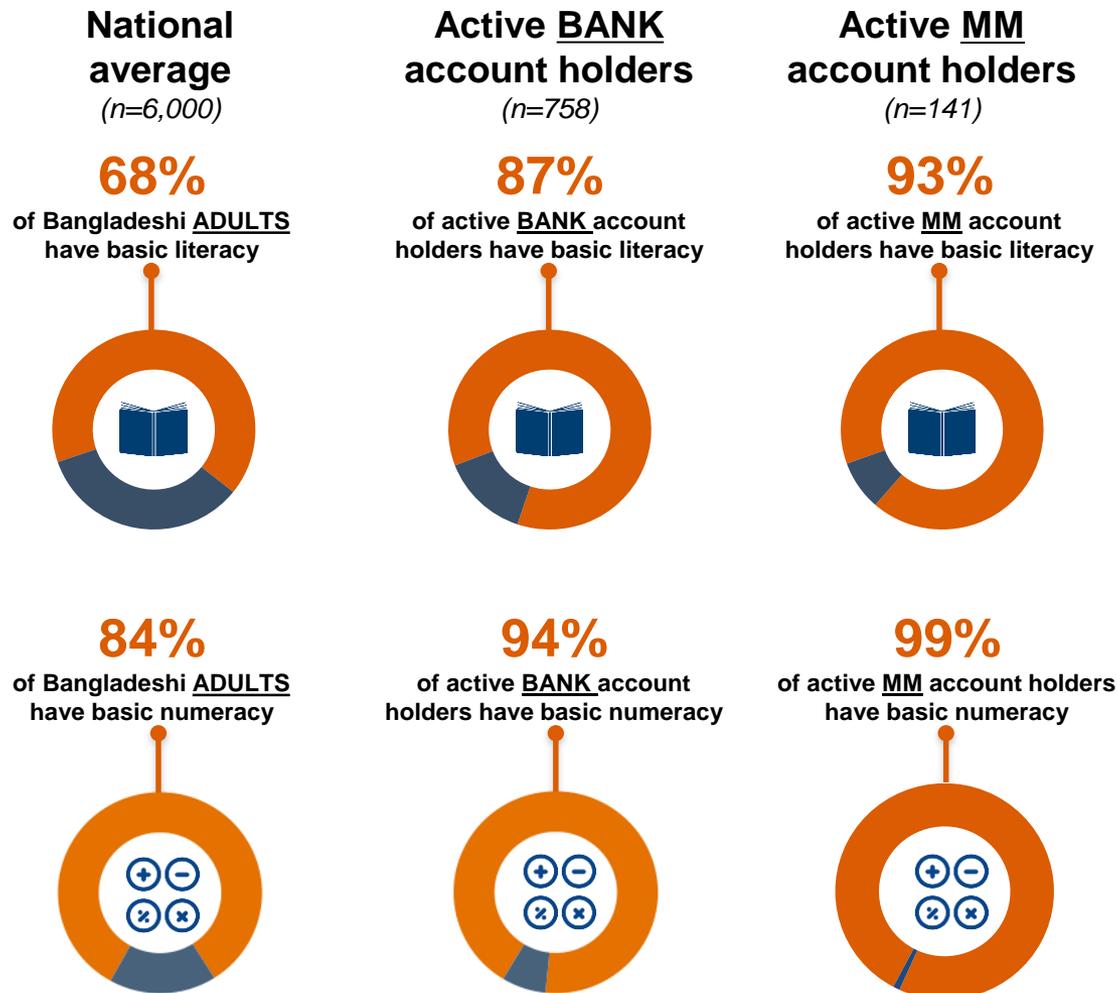
Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. Categories are not mutually exclusive.

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### Literacy, numeracy rates fairly similar among user segments

Literacy

Numeracy



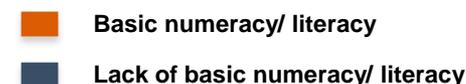
#### Key takeaways:

68% of the respondents have basic literacy and 84% have basic numeracy. Bank and MM account holders are more likely to have basic literacy and numeracy. Active bank and mobile money account holders have significantly higher rates of literacy and numeracy than the national average.

#### Definitions of basic literacy and numeracy:

**Basic literacy** – the ability of an individual to read and understand a short, simple statement with little or no help from another person during the survey.

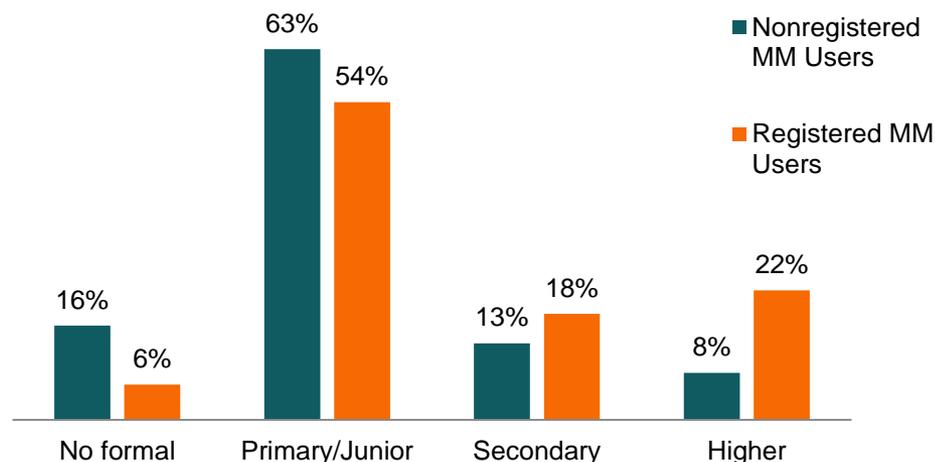
**Basic numeracy** – the ability to apply simple mathematical concepts by correctly answering at least 2 out of 3 simple arithmetic questions in the survey.



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### Registered mobile money account holders tend to be more educated

Percent of registered and nonregistered users by education levels



Base n=172

- Respondents with higher education levels are more likely to register their account.
- Data collected from FGDs also corroborate this relationship. People with a low literacy level feel uncomfortable using a mobile money service on their own.

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. The question allowed multiple responses.

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## Awareness of Mobile Money

- A majority of active MM account holders first heard of MM services via TV. Few heard about them from a field registration agent.
- Regardless of where they first heard about MM, 44% of active MM account holders said they started using MM services based on a personal recommendation.

Rank	Top 5 initial sources (percentage of active MM account holders, n=141)	%
①	Television	64
②	Family and/or friends	30
③	Billboards	29
④	Radio	2
⑤	Field registration agents	2

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013.

Question for top 5 sources: "From which source of information did you first learn about this mobile money service?" (Asked for all services heard about)

Multiple responses possible.

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## Mobile Money Use: Bangladeshis open accounts to transfer money but primarily use them to store and retrieve money

Rank	Top reasons for starting to use an MM account (percentage of active account holders n=141)	%	Top uses for MM account (percentage of active account holders n=141)	%
①	I had to receive money from another person	74	Withdraw Money	74
②	I had to send money to another person	57	Deposit Money	56
③	A person I know who uses it recommended mobile money	2	Send money for emergencies	13
④	I got a discount on airtime	2	Receive money for emergencies	11
⑤	I saw advertising that convinced me	1	Receive money for regular support	10

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. Both questions allowed multiple responses.

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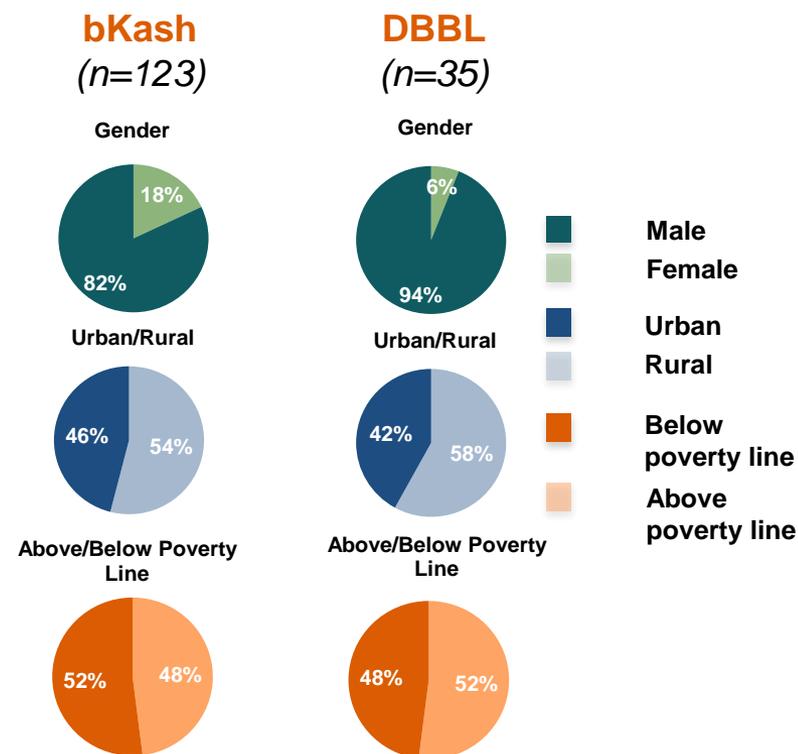
### The Bangladeshi MM Market: bKash retains dominant position

MM Provider *	% of active MM account holders using this service (n=141)
bKash	86%
DBBL	29%
Mcash	1%

\*Active registered MM account holders can have accounts with more than one provider.

The mobile money market in Bangladesh is led by three companies: bKash, DBBL and Mcash. bKash dominates the market by a wide margin, and currently boasts more than 10 million registered customers. A large majority of mobile money users are male.

### Demographics of bKash and DBBL customers do not differ greatly



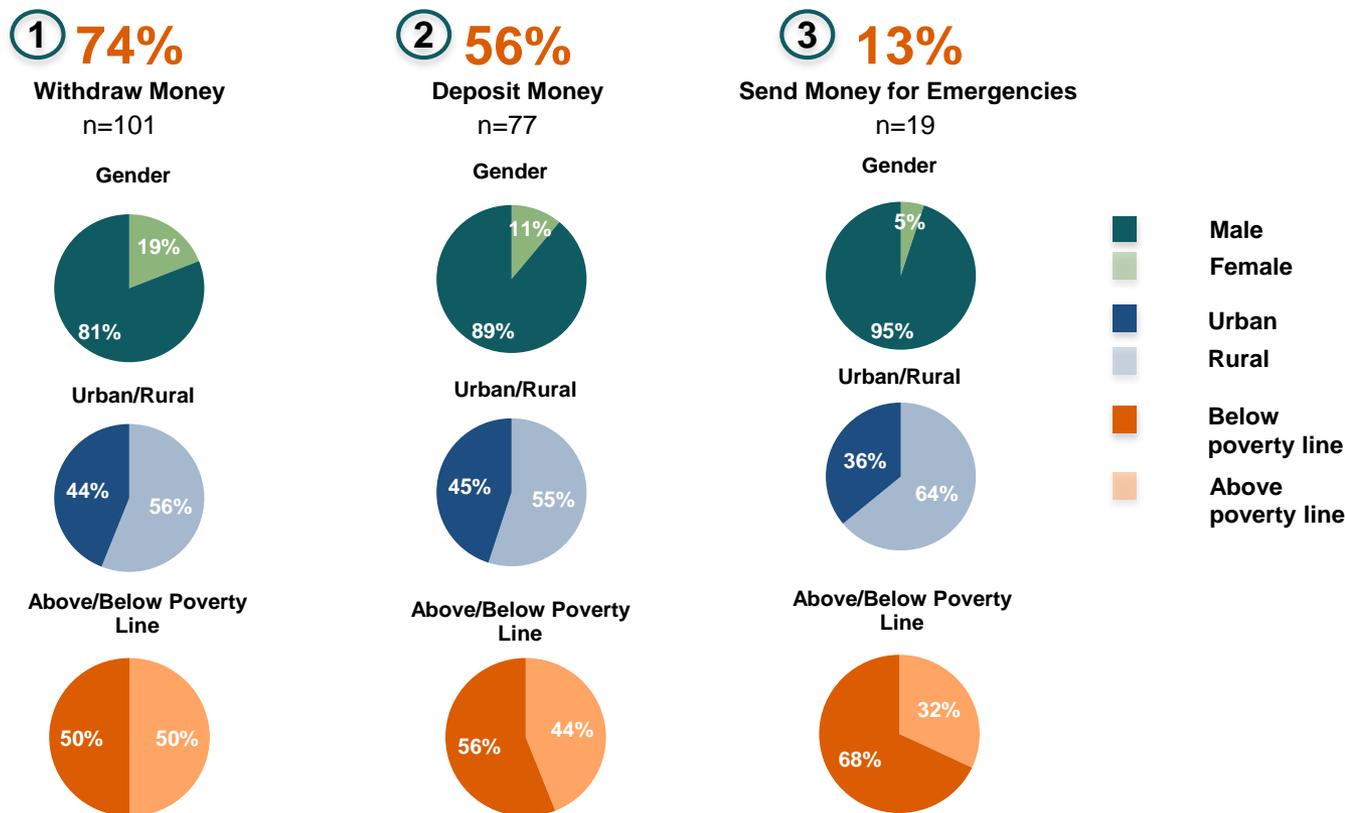
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# Mobile Money Use by Demographics

- Cash-in cash-out (CICO) transactions are the most common uses of mobile money

### Top three MM uses with demographic breakdown

(Percentage of active mobile money account holders n=141)



Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013.

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### Bank Account Use: Bank accounts are being opened and used for the same reasons mobile money accounts are

Rank	Top reasons for starting to use a BANK account <i>(percentage of active account holders n=758)</i>	%	Top uses for BANK accounts <i>(percentage of active account holders n=758)</i>	%
①	I had to send money to another person	84	Deposit money	85
②	Somebody requested I open an account	27	Withdraw money	84
③	I wanted a safe place to store my money	23	Send money for emergencies	4
④	An organization requested I open an account	9	Receive wages for primary job	3
⑤	I had to receive money from another person	5	Receive money for regular support	3

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. Both questions allowed multiple responses.

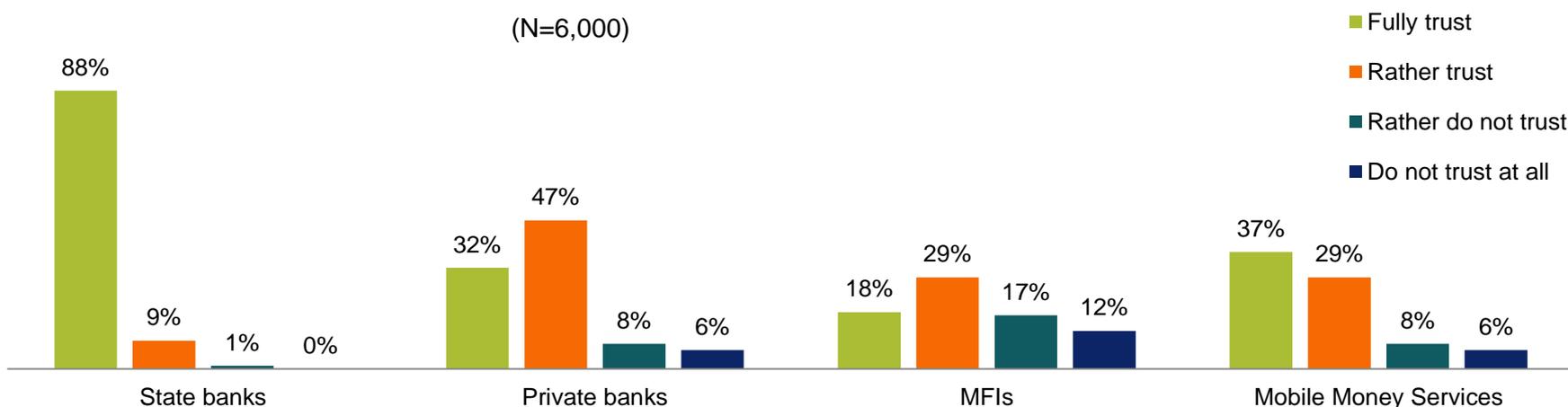
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### Level of Trust in Financial Institutions

- State-owned banks enjoy high levels of trust. The percentage of those who fully trust mobile money services is between that of state and private banks.

#### Trustworthiness of financial services

(N=6,000)



The level of trust in private financial institutions is considerably lower when compared to state-owned institutions. The level of trust in mobile money services is relatively high considering its recent entry into the Bangladesh market. This may be in part because mobile money services and agents are available in all parts of the country. Over 60 percent of the respondents trust the services and the agents.

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## Survey Demographics

Demographic	% of Survey (N=6,000)
Male	51
Female	49
Urban	33
Rural	67
Above the \$2.50/day poverty line	24
Below the \$2.50/day poverty line	76
Ages 15-24	31
Ages 25-34	26
Ages 35-44	19
Ages 45-54	12
Ages 55+	13

Source: InterMedia Bangladesh FII Tracker survey (N=6,000 15+) September-November 2013. Figures are weighted to reflect national census data demographics.

# SAMPLING APPROACH

## Sampling Frame

- A nationally representative sample of all adults (defined as those aged 15 or above) was drawn from the national population of Bangladesh (as defined in the preliminary 2011 Bangladesh Census Data).
- Bangladesh is divided into seven divisions. The total sample was distributed among the seven divisions in proportion to their population size.
- Each of the seven divisions contain a specified number of administrative subdivisions. The number of interviews within each subdivision class was distributed in proportion to their population size.

## Sampling Subdivisions

- Every subdivision class that was sampled (except the seven Divisional Headquarters which were all sampled) was randomly selected using statistical software.

## Sampling Start-Points, Households and Respondents

- Electoral rolls were used to randomly assign starting points in each selected subdivision. In villages where electoral rolls were unavailable, the village was mapped into blocks and a block was randomly selected . Five interviews were conducted per starting point.
- After completing an interview at the randomly selected first household, subsequent households were selected using the right-hand rule (every fifth household in urban areas and every third household in rural areas).
- An individual respondent from each household was selected using the Kish Grid method.

# GLOSSARY OF TERMS

- **Access** - Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.
- **Active user** – An individual who has used any DFS for any type of transaction in the past 90 days via his/her own account or somebody else's account.
- **Adults with DFS Access** – Adults who either own a DFS account or have access to someone else's account.
- **Agent** – A person or business contracted by a DFS provider to provide services to DFS customers using their own bank or mobile money account.
- **Banked** – An individual with a registered account at a formal financial institution. For this particular study, banked are all individuals with their own bank accounts.
- **Basic literacy** – The ability of an individual to read and understand a short, simple statement with no or minimal help from another person.
- **Basic numeracy** – The ability to apply simple mathematical concepts. In the survey, basic numeracy refers to the ability of an individual to correctly answer at least two out of three simple arithmetic questions.
- **BDT (taka)** – National currency of Bangladesh.
- **Below the Poverty Line** - In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Digital stored-value account (DSVA)** – An account in which funds or monetary value are represented in a digital electronic format and can be retrieved/transferred by the owner of the account remotely, without him/her physically present at a branch of a financial institution providing the account. For this particular study, DSVAs include a bank card (debit or credit) and a mobile money account.

## GLOSSARY OF TERMS (CONT.)

- **Dormant registered users** - Adults who own a registered bank or mobile money account but have never used the account after the registration.
- **Financial inclusion** – A state in which all people who are able to use them have access to a full suite of quality financial services, provided at affordable prices, in a convenient manner, and with dignity for the clients.
- **Financially included** – An adult who owns or has access to digital financial services.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Households** – All those who satisfy at least two of the following three conditions: (1) share the same food pot, (2) share the same roof or (3) have a common decision maker.
- **Interoperability** – The ability of users of different digital financial services (e.g., bKash and mCash) to transact directly with each other without the use of intermediary organizations.
- **Lapsed registered/non-registered user** – An individual who has used a DFS on their own or somebody else's account, but has not done so in the last 90 days.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Registered active user** – A person with a registered DFS account that has used it in the last 90 days.
- **Services beyond basic wallet** – DFS transactions that go beyond simple deposits, withdrawals, or money transfers.
- **SIM card** – A removable micro-card that contains a subscriber identity module that securely stores the electronic codes used to verify subscribers' identities on mobile phones and computers.
- **Unbanked** – Individuals without a registered bank account.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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