

Social safety net allowance pilot study

An assessment study to understand the social safety net allowance digitisation pilot in Bangladesh, their challenges and way-forward.

Sep-Dec, 2018



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Abbreviation

Acronym	Full form
GoB	Government of Bangladesh
USSO	Upazila Social Service Officer
UNO	Upazila Nirbhaya Officer
SSN	Social Safety Net
UDC	Union Digital Centres
GRM	Grievance redressal mechanisms
MarCom	Marketing Communications
TAT	Turn around time
NID	National Identity Card
MIS	Management Information System
DSS	Department of Social Service
MFS	Mobile Financial Service

Executive summary

- Project Brief
- Experience, challenge and risk

Project brief (1/2)

Background of the study

Social Safety Nets (SSNs) have emerged as an essential component in the fight against poverty. Over the years, Bangladesh has introduced more than 145 SSNs. In 2017-18 fiscal, the government allocated Tk 54,206 crore for this program, which was 13.50% of the total budget and the proposed budget for the next fiscal year is Tk 64,656 crore (13.92% of the total budget).

In June 2018, Government of Bangladesh (GoB) with technical assistance from the a2i inaugurated the pilot electronic payment system G2P to disburse the allowances of Social Safety Net (SSN) programs. Under the new system, more than 6.6 million beneficiaries would directly draw the money from banks officials.

The government hopes that it will solve some of the problems associated with the old system such as ghost payments and ensuring the beneficiaries are getting allowance within a timeframe without any role of any middleman.

Prior to the new system, the total allowance amount for the Union was credited in a jointly held bank account of the USSO and UNO by the SSN division. Beneficiaries would then receive their quarterly allowance in cash at the bank branch once their identity is validated by the bank staff. In the new system, allowance of every individual beneficiary is credited directly to their bank accounts from the central bank, the Bangladesh Bank. Beneficiaries withdraw the amount every quarter through biometric authentication at the UDC.

Access to Information (a2i), who play a catalytic role in this digitization process, wanted *MicroSave* to study the pilot and understand the needs and feedback of the beneficiaries and the stakeholders involved in the implementation of pilot. a2i believes that digitizing such payment streams has high potential to accelerate financial inclusion in Bangladesh.

Program objectives

The objective of the study was:

- To assess the impact of the new digitized channel of SSN allowance to the beneficiaries and the stakeholders involved in the pilot
- To identify gaps and possible challenges in the entire SSN allowance pilot

Project brief (2/2)

Scope of the research

Through the pilot study, *MicroSave* expects to achieve the following:

- Study the process flow in the pilot and understand the implementation of the new digital mode of SSN benefit transfer
- Understand the issues and challenges faced by various stakeholders in implementing the pilot
- Assess beneficiaries capability to adopt to the new delivery mechanism
- Compare the pilot delivery mechanism with the older manual transfer
- Provide recommendations on scalability of the pilot and the way forward.

Methodology*

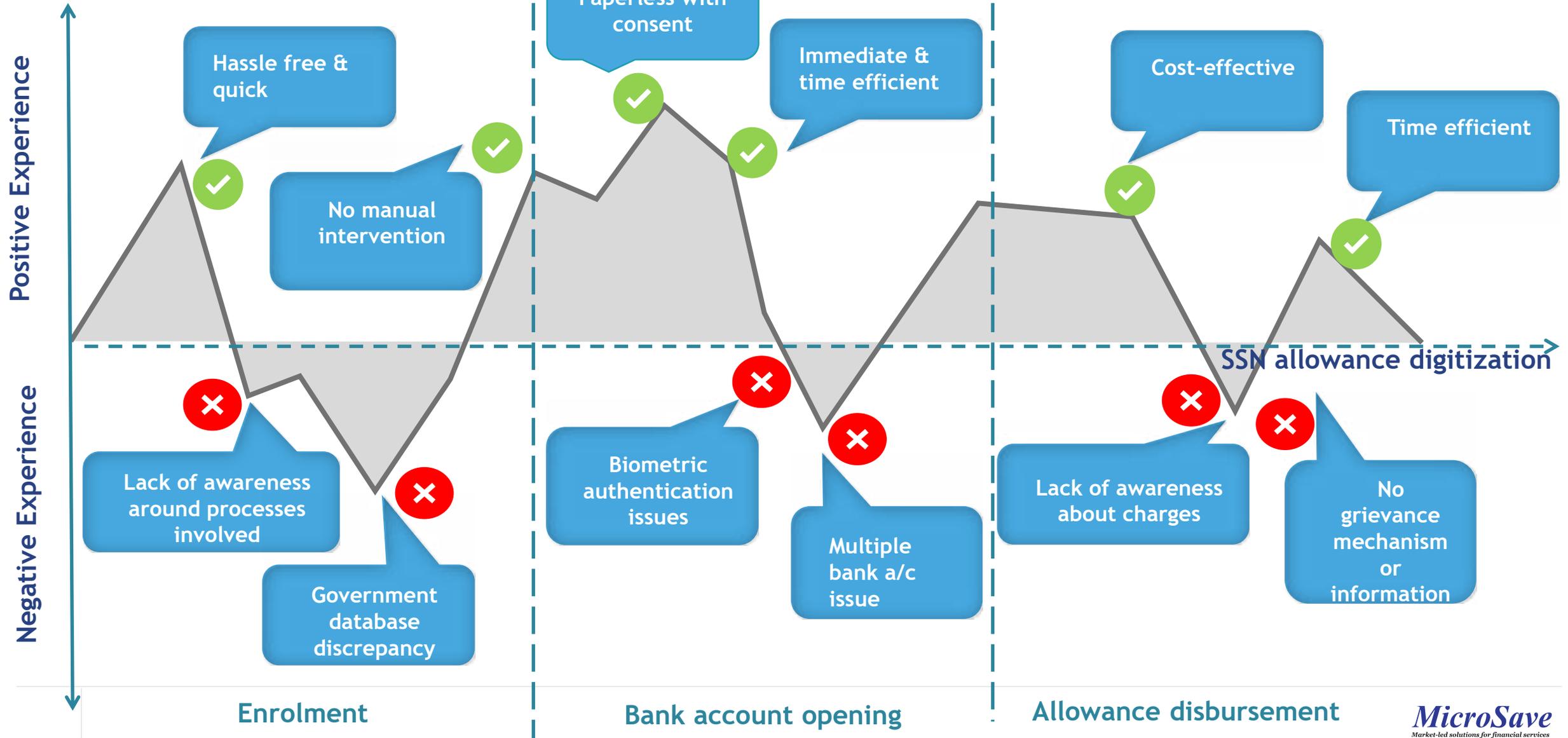
MicroSave carried out an in depth study of the following stakeholders in a pilot district of Narsingdi

- Beneficiaries - who enrolled & withdrew allowances at the UDC centre
- UDC agents - who enrolled beneficiaries in the new system
- Bank staff - who managed the cash flow & disbursed the allowances
- Government departments - who managed the overall system

*More details in [Annexure II](#)

Experience, challenge and risks

Beneficiary experience

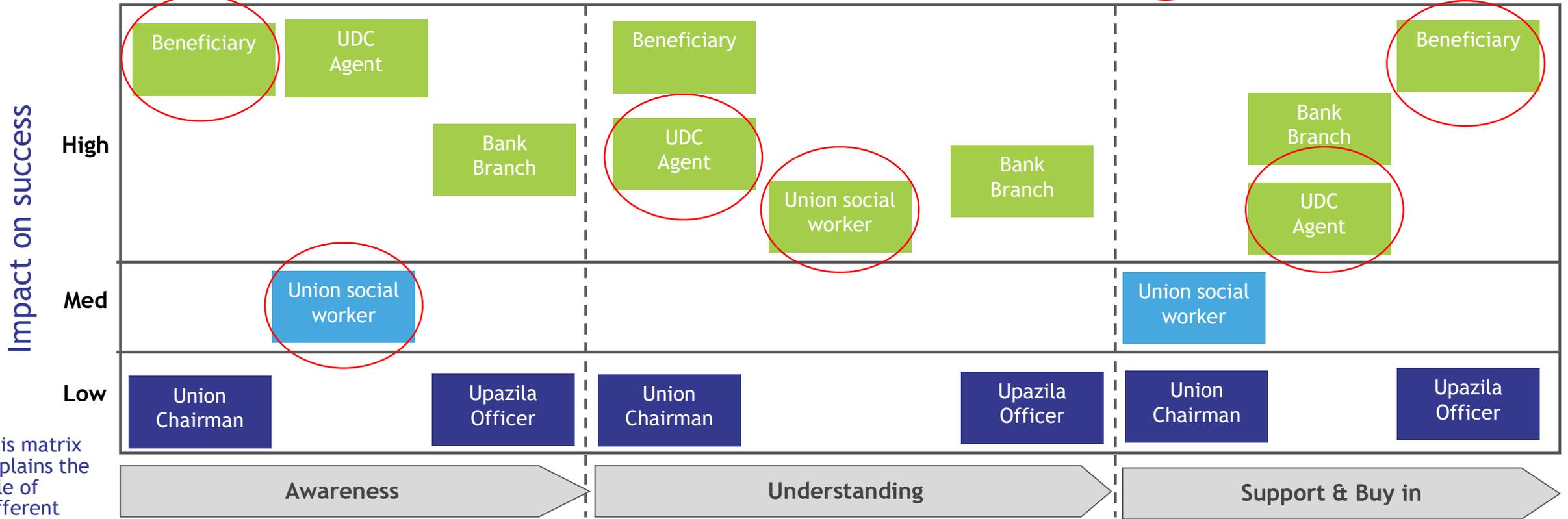


Stakeholders concerns and risks

	Enrolment	Bank A/C Opening	Allowance disbursement
<p>Beneficiary</p> 	<ul style="list-style-type: none"> Lack of awareness about the processes and documents needed for enrolment Cases of beneficiary exclusion in the new database were few, but are expected to rise exponentially as and when the project is scaled up. 	<ul style="list-style-type: none"> To receive SSN payments, beneficiaries are needed to open a new account. In future, possessing multiple bank accounts may prove to be a hassle for them to manage and track. 	<ul style="list-style-type: none"> Lack of awareness about any transaction charges at the time of withdrawal Authentication issues Lack of a robust GRM to report any disputes.
<p>UDC Agent</p> 	<ul style="list-style-type: none"> Delay in receiving commission for enrolment and thus there is lack of motivation amongst the UDC agents 	<ul style="list-style-type: none"> Currently bank staffs are involved in bank a/c opening and disbursement of allowance. However in near future, the UDC agents will be provided with both these responsibilities. With limited knowledge, these agents may face issues if not trained. 	<ul style="list-style-type: none"> Agreed to provide allowance disbursement in future if the banks or government provided commission on cash withdrawals.
<p>Union social worker</p> 	<ul style="list-style-type: none"> Unaware of exception management mechanisms in case of disputes, especially in case of beneficiary exclusions Information gap among Union social worker and Department might increase when the project is scaled up 	<ul style="list-style-type: none"> Information gap from Banks may leave Union social worker unaware about the account opening status of beneficiaries. Therefore in case of any issue or grievance, they may be unable to resolve beneficiary queries. 	<ul style="list-style-type: none"> In case of denial of allowance to beneficiaries, union social workers are not able to help immediately and thus beneficiaries do not get paid till the next disbursement cycle.
<p>Bank</p> 	<ul style="list-style-type: none"> Costs in the form of contractual staff for meeting the beneficiary footfall have to be incurred by the bank. Regular branch operations are hampered 	<ul style="list-style-type: none"> Banks don't get to take benefit of the float since all the beneficiaries withdraw the allowance as soon as it gets deposited. For e.g. Bank Asia reported that only 5-7% of beneficiaries do not withdraw. 	<ul style="list-style-type: none"> Banks when disbursing money have to bear approximately 2 per cent of the total amount disbursed as operational costs.

Stakeholder impact mapping

Key
Low
Med
High



This matrix explains the role of different stakeholders in success of the Digitised SSN pilot and their level of engagement at different stages of the project.

Awareness means to be aware about a new method of SSN allowance. Beneficiaries' and UDC agents' awareness on the digitised process of SSN allowance is critical towards the success of the pilot.

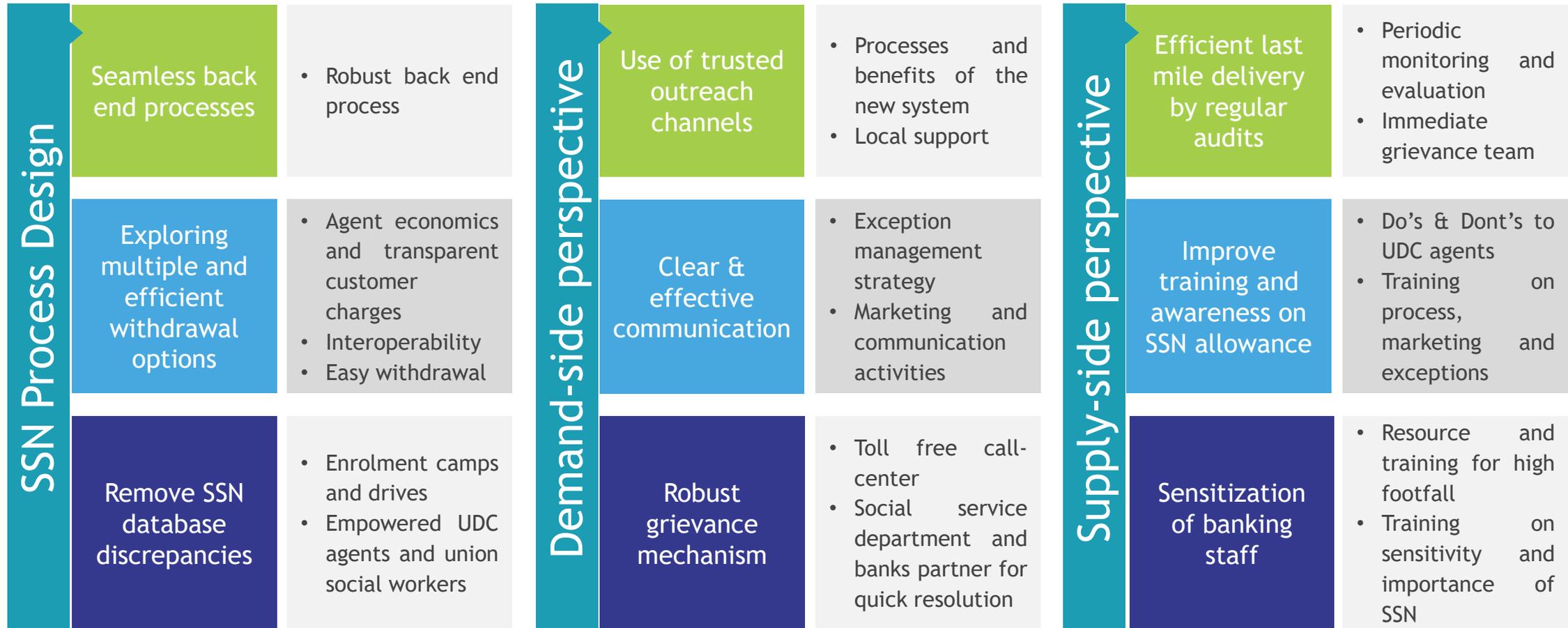
Understanding means having knowledge about the digitised SSN allowance. The understanding of beneficiaries, local bank branch, UDC agent and union social worker on the processes around digitised SSN pilot will impact more towards the success.

Beneficiaries, UDC agent must accept, support and trust the government on the revised process. Their involvement and capacity building on the new process is extremely important for success

Recommendations on

- SSN process design
- Supply-side perspective
- Demand-side perspective

Before scaling the pilot, the process design, communication and delivery mechanism must have the following features to ensure seamless service to all stakeholders involved



Study Findings

- Beneficiary experience
- Supply-side process and perspective

Key stakeholders in the SSN allowance pilot

Demand-side actors

Supply-side actors



Beneficiary

Success of the new digitised system depends upon their awareness, understanding & adaptability to the change.



UDC Agent

First point of contact for the beneficiaries, responsible for beneficiary on-boarding & issuing of registration id.



Bank Staff

Responsible for opening beneficiary bank account, fingerprint enrolment, cash management & disbursement of benefits



Union social worker

Responsible for overseeing the disbursement at UDC and is the first point of contact for any grievance raised by the beneficiary



SSN/a2i

Responsible for maintaining the beneficiary database, raising fund transfer requests and coordinating with banks to disburse payments

Beneficiary experience

Behavioral analysis

Beneficiary segment: Elderly



Basic information

Name: Rumila Begum
Age: 70
Occupation: Unemployed
Education: No formal education

SSN Eligibility Criteria

- Must be a permanent resident of the concerned area
- Must have Birth registration / NID
- The minimum age for males is 65 years and for women the minimum age is 62 years
- The average income of the candidate will be up to Tk 10,000 per annum
- Must be elected by the Selection Committee

Personal Profile

- Lives alone with a caretaker, has 9 children who sends her money every month through MFS.
- Since she does not know how to use MFS, the caretaker receives the money in her account and then cashes out for her

Pain points/Issues

- She did not face any issue during enrolment
- She faced problems during finger print authentication as the machine initially did not read her finger print. The elasticity of the skin decreased with age and consumption of betel leave with lime made the prints difficult to capture.

Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Expectations & Way Forward

- She prefers the new system
- She hopes it will continue to be smooth, efficient and time saving.
- She wants more clarity on the processes & GRM in the new disbursement mechanism.

Beneficiary segment: Widow



Basic information

Name: Khadija

Age: 48

Occupation: Insurance agent

Education: Up to Grade 8

SSN Eligibility Criteria

- Must be a permanent resident of the concerned area
- Must have Birth registration / NID
- Who is poor, helpless, almost landless, widow and whose child has 2 children under the age of 16
- Applicant's annual average income will be less than Tk12,000 (twelve thousand)

Personal Profile

- Lost her husband 5 years ago, lives with her 6 children
- Maintains a DPS account with a Samiti in her village home and she did not avail any credit product
- Uses MFS regularly to send money and cash out.

Pain points/Issues

- Khadija still needs to take a few hours off work to visit the UDC center as the allowance disbursements usually take place on weekdays.

Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Expectations & Way Forward

- She thinks the new system is efficient but wants the authorities to explore MFS as an option for disbursement along with agent banking
- She wants withdrawal charges to be displayed at the UDC outlet.

Beneficiary segment: Disabled



Basic information

Name: Tibbot

Age: 40

Occupation: Sells cigarettes and betel leaf (paan) in front of his house

Education: No formal education

SSN Eligibility Criteria

- Must be a permanent resident of the concerned area
- Persons with annual income of less Tk 36,000 (thirty six thousand)
- 6 years above, all kinds of person's with disabilities should be considered for payment of allowance
- Must be elected by the Selection Committee

Personal Profile

- He lives with his wife and children and is solely dependent on his family
- He tries to sell betel leaf and cigarettes with the help of his wife and earns less than Tk 5000 per month

Pain points/Issues

- He needs the assistance of his family member to come to the UDC centre and disbursement collection
- Regardless of how sick Tibbot is, he needs to come by himself to collect the allowance. This acts as a huge hassle.

Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Expectations & Way Forward

- Tibbot prefers the new system as it much more efficient than the last one but hopes the government will add an option of receiving the allowance at home for the ill beneficiaries.
- He desires an alternative source of income.

Difference in experience between old and new SSN allowance

Old Disbursement Channel

Travel

- The average distance of a return journey to bank is 6 km and average expense Tk 50 .
- Have to be accompanied by family member which results in opportunity cost loss of household

Waiting period

- Average waiting time is 5-6 hours due to long queues.
- Due to long waiting hours, beneficiaries buy refreshments, thus resulting in added and unavoidable expenditures
- Bank staff did not behave properly with them sometimes

Transaction experience

- Some beneficiaries never got allowance as it was reported to have been taken by someone from their household.
- Banks only assigned 1-2 staff to disburse SSN allowance, thus resulting in long queues at the bank.

New Disbursement Channel



50 mins

20 mins*



5-6 hours

20 mins*



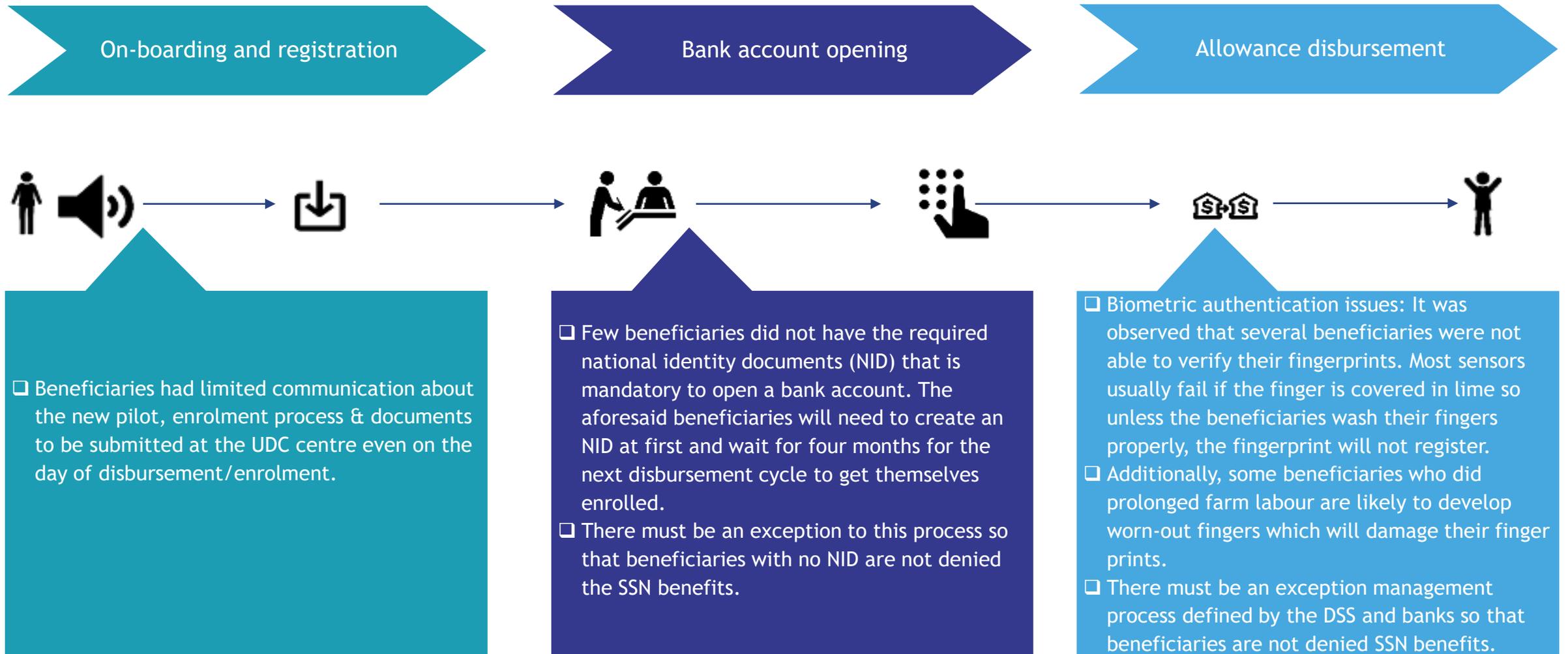
- Average distance to the UDC centre is 2 km and average expense Tk 20
- There is still an opportunity cost as some beneficiaries still needs to be accompanied by family member but it is lower due to the efficiency of the new mechanism.

- Average waiting time is 20 minutes due to the queues
- UDC agent and the Union Social Worker were present at each step for assistance

- Beneficiaries found it easy to receive allowance at the Union Parishad complex
- The process is more transparent as it requires biometric authentication to receive the allowance
- Some beneficiaries' account did not get credited due to data discrepancy

*The process may require significant scope for improvement, once the ownership moves from bank staffs to UDC agents

Barriers were observed at different stages of the new disbursement mechanism



Beneficiaries had limited communication about the new pilot, enrolment process & documents to be submitted at the UDC centre even on the day of disbursement/enrolment.

Few beneficiaries did not have the required national identity documents (NID) that is mandatory to open a bank account. The aforesaid beneficiaries will need to create an NID at first and wait for four months for the next disbursement cycle to get themselves enrolled.

There must be an exception to this process so that beneficiaries with no NID are not denied the SSN benefits.

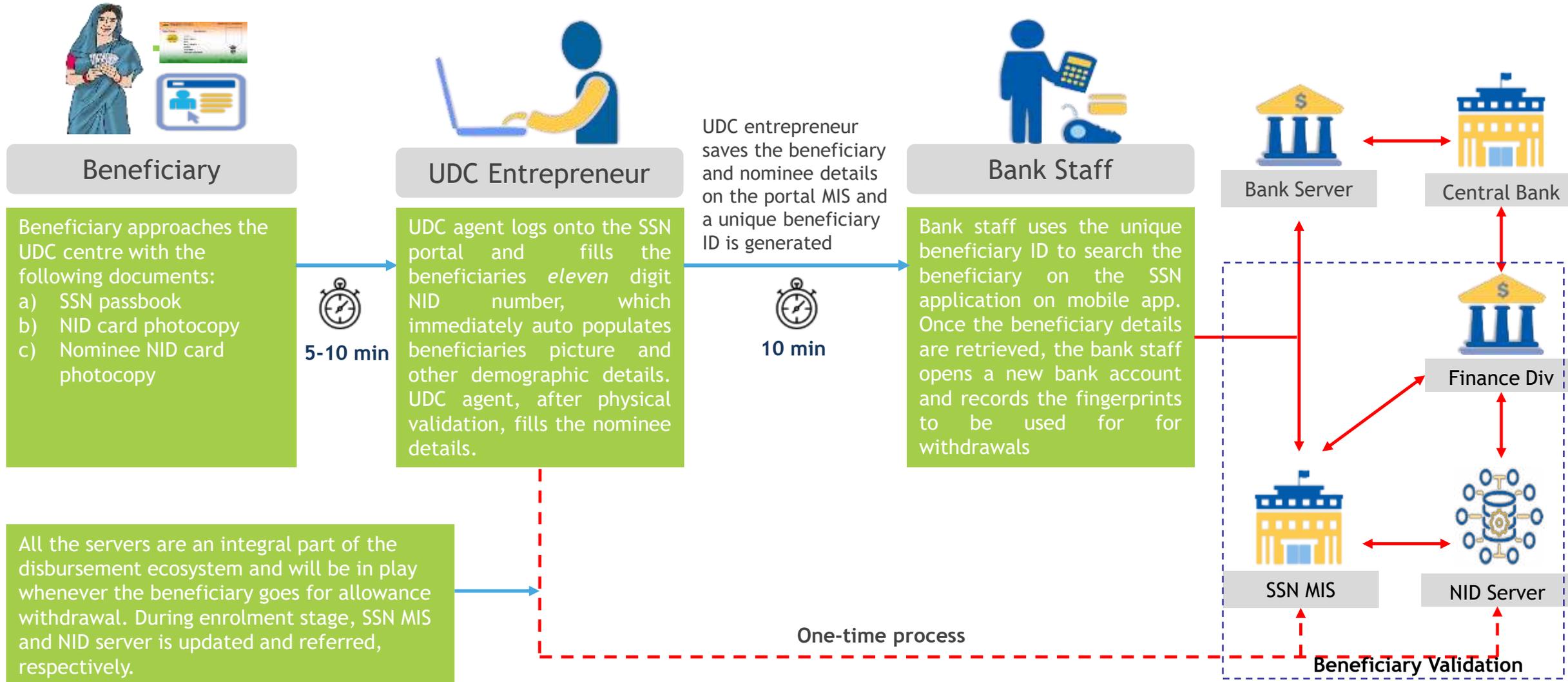
Biometric authentication issues: It was observed that several beneficiaries were not able to verify their fingerprints. Most sensors usually fail if the finger is covered in lime so unless the beneficiaries wash their fingers properly, the fingerprint will not register.

Additionally, some beneficiaries who did prolonged farm labour are likely to develop worn-out fingers which will damage their finger prints.

There must be an exception management process defined by the DSS and banks so that beneficiaries are not denied SSN benefits.

Supply-side process and perspective

'Existing' beneficiary enrolment process in the SSN allowance pilot (1/2)



‘Existing’ beneficiary enrolment process in the SSN allowance pilot (2/2)

Potential Risks

1

There may be no requirement for beneficiaries to open a new bank account just to receive SSN. Multiple bank accounts may be difficult to manage for the beneficiaries.

2

There may be no motivation for the UDC agents to onboard the beneficiaries in future as they are not given any commission. As a result, they might skip some beneficiaries.

3

There is a cost associated with the collection and storing the physical copies of the KYC forms for the banks.

4

If the beneficiary does not have a NID card, they may be denied of their right to receive SSN allowance.

Risk Mitigation

1

There should be scope for beneficiaries to use old bank account to receive SSN allowance. Social service department may look into this possibility.

2

Small percentage of commission can be provided to the UDC agents for onboarding the beneficiaries.

3

Digitization of KYC (e-KYC) can help eliminate such costs for the banks in the long run.

4

Beneficiaries must be provided guidance on applying for an NID at the union parishad complex or at the nearest possible NID issuance centre.

'New Applicant' beneficiary enrolment process in the SSN allowance pilot (1/2)



Beneficiary

Beneficiary fills the SSN application with the help of union social worker and approaches the UDC to submit the application. UDC agent raises the enrolment request in the portal

15 min



Union Committee

Beneficiary application is approved by a 4 member committee chaired by the union chairman and union social service officer as secretary

2 days



Upazila Committee

Beneficiary application is further approved by a 2 member committee consisting of the Upazila SSO & DSS representative.

10 min



DSS Division

Once the approved applications from all upazilas reach the DSS, they are added to the division MIS and beneficiary can proceed for account opening

Back-end Process

Union social worker conducts an initial screening of the prospective beneficiary. S/he informs the union chairman about the beneficiaries.

1 day

Union SSO can approve/reject the enrolment request. Union SSO also has authority to raise a "beneficiary replacement" request on the same SSN card.

2 days

Field supervisor in the upazila office approves/rejects enrolment request & also processes 'replacement' requests

UNO is the only one who can edit beneficiary details in enrolment requests

2 days

All new beneficiaries approved by the upazila office before 30th June of every year are added to DSS MIS in the next financial year.

'New Applicant' beneficiary enrolment process in the SSN allowance pilot (2/2)

Risks

1

Beneficiaries may not understand the selection criteria to be shortlisted for the social safety net benefits.

2

There maybe a lack of transparency in the approval process of beneficiary application by the Union & Upazila Committee. It is a subjective assessment and a socio-political concern which can result to incorrect selection

3

Beneficiaries may make a mistake in filling out application.

4

Lack of trust in beneficiaries on UDC agents to enroll them on the SSN.

Risk Mitigation

1

The authorities needs to ensure proper outreach to increase awareness and the understanding of the beneficiaries through appropriate channels

2

The authorities can introduce a third party to make the selection process more transparent and fair using technology to play as a driver.

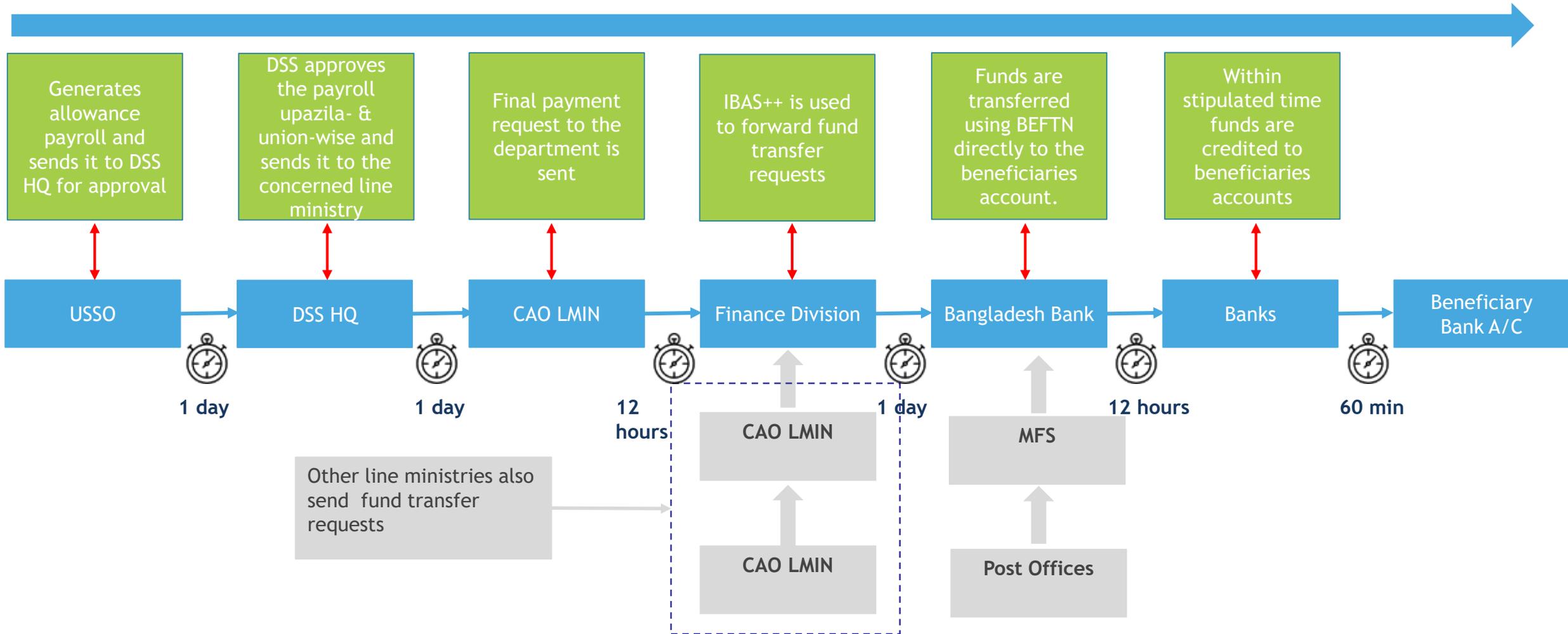
3

The authorities need to ensure proper outreach to increase awareness and understanding of the form requirements.

4

Union social worker must provide reliable messages to beneficiaries to help them gain trust on UDC agents.

New SSN allowance* - backend process (1/2)



*The legacy (old) process of SSN allowance is explained in Annexure II.

New SSN allowance - backend process (2/2)

Risks

1

The central bank may take more time in accumulating funds requirement from multiple department and then transfer the fund using BEFTN

2

There maybe a lack of transparency in the approval process of beneficiary application by the Union & Upazila Committee. It is a subjective assessment and a socio-political concern.

3

Banks or DSS may fail to notify or inform the beneficiary on the credit of their allowance into their bank account.

Risk Mitigation

1

A service level agreement must be in place between USSO, DSS and Seniors in line ministers to ensure there is no delay or discrepancy in allowance payroll.

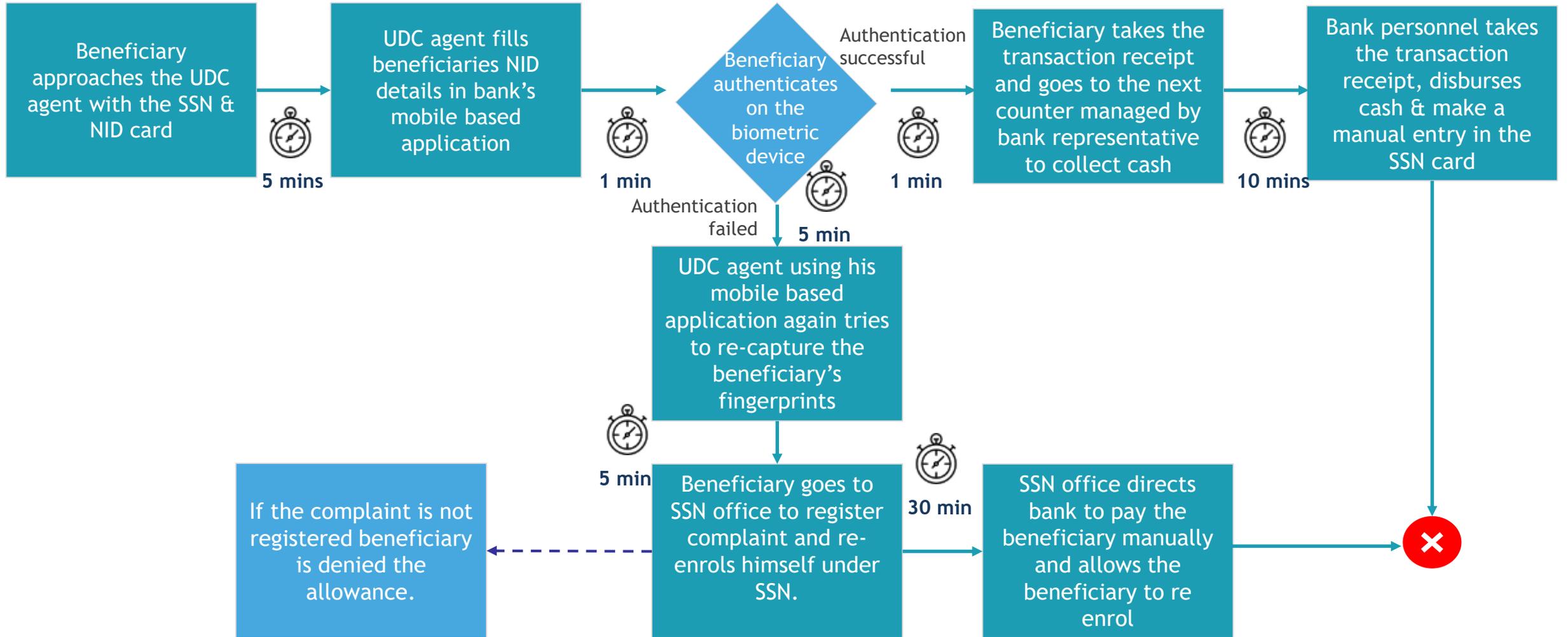
2

The authorities can introduce a third party to make the selection process more transparent and fair using technology to play as a driver.

3

Banks, MFS providers and Post office must ensure regular information to their beneficiaries. The central bank must conduct regular audit to monitor system.

New SSN allowance - withdrawal process (1/2)



New SSN allowance - withdrawal process (2/2)

Risks

1

Banks may not have sufficient manpower and will have to hire additional contractual staff which can increase the operational costs

2

Beneficiary regardless of how sick or old he or she is, needs to visit the UDC center himself to collect the disbursement.

3

The beneficiary will have to wait for the next disbursement cycle if he misses the payment or his name is excluded in the list due to any system error.

4

Discrepancies exist in the beneficiary database at the back end as some beneficiaries reported that they did not receive any money in their bank accounts.

Risk Mitigation

1

Government may introduce commission for agents and commission to banks for managing payments.

2

There can be option to have roving (mobile) agents for disabled beneficiaries' to deliver the allowance at their door steps.

3

The disbursement process needs to be streamlined such that there is a standard process and not a cyclic process.

4

The union social worker must be directed to ensure that the required beneficiaries are informed if their name is not present in the database. The gap in communication must be reduced.

Way Forward

- SSN process design
- Communication
- Grievance mechanism
- Supply-side perspective

Before scaling the pilot, the process design must have the following features to ensure seamless service to all stakeholders involved

Seamless back end processes

- Back end processes should be designed taking into account the existing infrastructure (UDC physical infrastructure, manpower at UDC center, union social workers, distance from the bank branch, hardware capacity at UDC, power back-up & internet connectivity) at the pilot location. This is to ensure transparency and smooth information exchange in systems at the division, upazila and union level
- Robust back end systems would increase efficiency and decrease human errors. For instance, once the project moves from pilot to live phase the traffic on the server would increase exponentially thus resulting in increased transaction time.

Exploring multiple and efficient withdrawal options

- The agent economics and transparent customer charges (if any) needs to be explored for a hassle free beneficiary payment. This needs to be worked out for the benefit of beneficiary so that they don't have to incur any extra cost while withdrawing at UDC.
- Possible solution could be moving towards an interoperable system where the beneficiary can withdraw from any UDC agent or any MFS provider of one's choice, and doesn't have an obligation to open a bank or MFS account with a specific provider only.
- Similarly there could be a possible interoperable system at the backend where the concerned department may transfer the benefit to the central bank. The central bank may directly provide the benefit into the beneficiaries existing MFS or Bank account.
- The withdrawal option available with the beneficiary should be efficient and must not lead to additional expenses (unexpected withdrawal charges at UDC agent or MFS agent or ATM, additional travel costs to withdrawal points) for the beneficiaries.

Remove SSN database discrepancies

- SSN department should organize camps and drives, especially on enrolment, at union level before the pilot is launched. This will help in avoiding data discrepancies in the beneficiary database. 358 beneficiaries in the pilot stage did not receive their allowance due to data unavailability.
- Marketing and communication materials giving information about the pilot processes needs to be circulated among UDC agents and union social workers so as to increase beneficiaries knowledge about the scheme & ensure smooth operations.
- A strong enrolment process that provides option to enrol beneficiaries who do not have a NID card.

Communication

Communication campaign focused on new system and well-informed grievance mechanism should be launched through trusted channels

Demand-side

Use of trusted outreach channels

- Communication material highlighting the various processes and benefits of the new system should be displayed at the UDC outlets.
- Training camps for beneficiaries on how to do withdrawals at UDC should be carried by the SSN department in partnership with the UDC agents, opinion leaders and union social workers.

Clear & effective communication

- SSN department should convey the exception management strategy to all stakeholders to ensure that there is no denial of allowance during the pilot and future scale-up.
- Benefits of the scheme need to be clearly communicated to all the stakeholders so as to avoid chaos and rumors on the ground.
- Marketing and communication activities with a single goal of increasing beneficiary awareness on the new system needs to be launched by the SSN department with the help of local governance. This will ensure that all beneficiaries are well-informed

Robust grievance mechanism

- Social service department must provide a toll free number linked to a real time call center. It must use local vernacular for all communication.
- This toll free number needs to be displayed at UDC outlets and needs to be communicated to the beneficiaries.
- The beneficiaries should be provided with a provision to track the status of their complaints.
- Social service department must partner with banks to ensure quick resolution of the issues. The turn-around-time needs to be monitored by a designated officer at the central level.

Launch communication outreach and awareness campaign

How to communicate?

Use of Mass Media

A 360 degree approach combining TV (such as BTV), local print (*prothom alo*), radio and social media. Focus on unique selling point and benefits of scheme

Union social influencers

Identify early adopters of the new mechanism and ask them to help in marketing as it would have a “network effect” on the population

Branding of outlets

Outlets should have banner and posters clearly indicating the steps in the new process and grievance resolution mechanism

Communication through POS

Use transaction receipts for messaging about benefits of the new process

BTL marketing

Targeted BTL activities (events, camps). Focus on benefits of new mechanism . Create visibility of the scheme through retailer network.

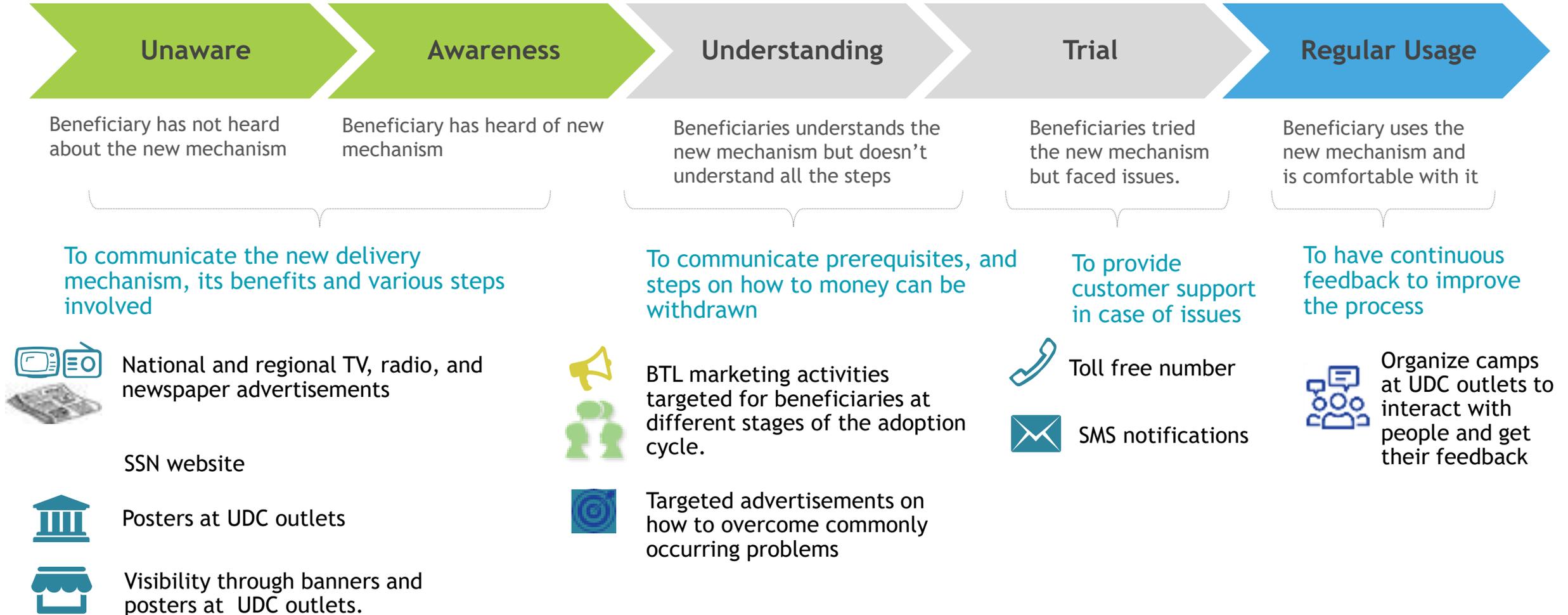


What to communicate?

- ✓ Difference between new & old delivery mechanism
- ✓ Benefits of shifting to the new process
- ✓ Explain various steps in detail
- ✓ What to do in case of exceptions/discrepancies
- ✓ Basic requirements for registration and transaction
- ✓ GRM mechanism and how to use it

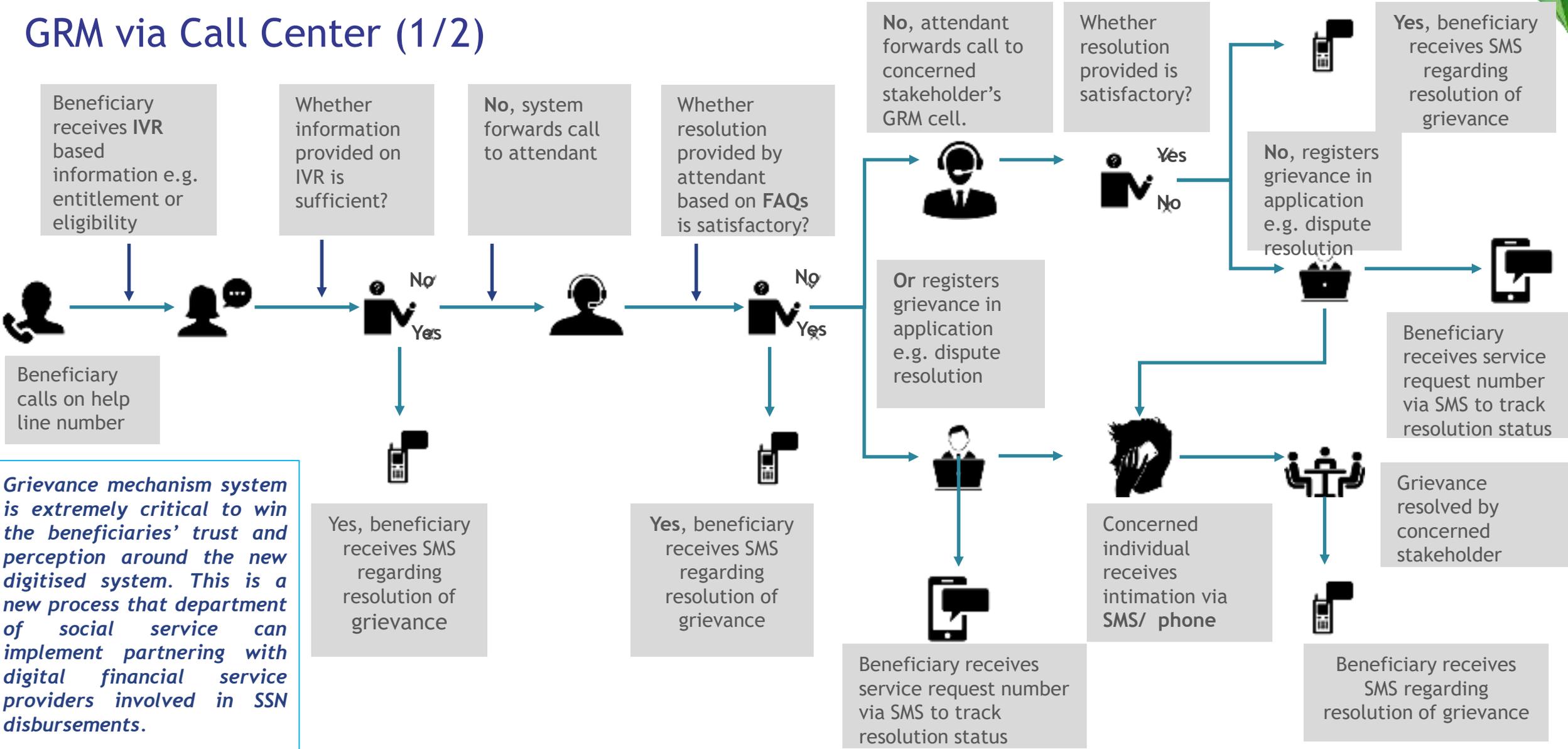
Target consistent long-term media presence rather than “burst” campaigns. The campaigns must be inspiring and must communicate how beneficiaries can benefit from the new scheme.

Align marketing mix at different stages of the adoption journey at which the beneficiary is stuck



Grievance mechanism

GRM via Call Center (1/2)



Grievance mechanism system is extremely critical to win the beneficiaries' trust and perception around the new digitised system. This is a new process that department of social service can implement partnering with digital financial service providers involved in SSN disbursements.

GRM via Call Center (2/2)

- The toll free number and SMS notification should be **free of cost** to the beneficiaries
- The toll free number should connect with different stakeholders' on real time basis
- The **toll free number** should be well **advertised and communicated** to the beneficiaries by displaying posters and banners at FPS outlets
- **Turn Around Time (TAT)** should be decided for grievance resolution e.g. any dispute concerning delay on part of UDC agent to provide the services should be resolved within 3 days of registering grievance.
- In case of any delay in resolution of a grievance beyond the TAT, **escalation matrix** should be in place to escalate/ resolve the grievance, e.g. if the dispute concerning delay on part of UDC agents to provide services is not resolved within a TAT of 3 days, the system should automatically escalate the grievance to next higher level The GRM should be automated to maximum extent possible e.g. generation of service request number, grievance resolution intimation to beneficiaries, escalation of grievance, etc.
- **Frequently Asked Questions (FAQ)** should be regularly updated, and can be provided also to UDC agents and local village staff for quick resolution of grievances

Supply-side perspective

Government departments and banks can improve delivery mechanism of SSN allowance to enhance their experience of beneficiaries

Efficient last mile delivery by regular audits

- Local government authorities should carry out periodic audits in the pilot districts. The objective of the audit should be to identify the gaps in the system and escalate the issues and concerns to the relevant responsible stakeholder.
- As a future challenge, the bank and government must ensure the UDC agents do not find liquidity as a challenge as the SSN program scales up.
- An immediate grievance team for the beneficiaries at the union level to provide immediate resolution. This instils the trust of beneficiary on the new system. The union social workers can be trained to provide preliminary resolution of issues faced.

Improve training and awareness on SSN allowance

- Banks should issue strict guidelines to UDC agents on overcharging beneficiaries and other do's and don'ts on SSN allowance.
- UDC agents are the first point of contacts (FPOC) for the beneficiaries. Thus, they should be trained both on processes, marketing and exception management.
- Refresher trainings and possible certification of UDC agents and channel partners including union social workers will ensure increased awareness on SSN allowance from supply-side perspective.

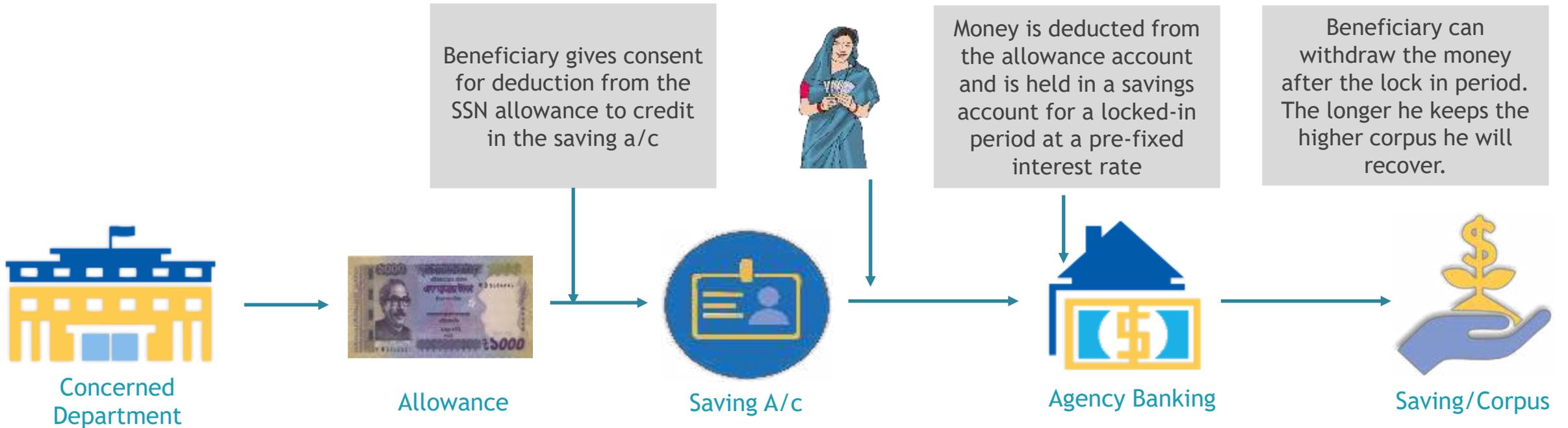
Sensitization of banking staff

- Social service department needs to advise banks and union social workers in the pilot area to make the necessary arrangements to handle the increased footfall.
- Social service department must explain the bank staffs and union social workers on the sensitivity and importance of SSN allowance. They must guide bank staff on the various processes involved in SSN so that they are able to guide the beneficiaries in case of any issues.

Product using SSN allowance

Cross-selling of new financial product

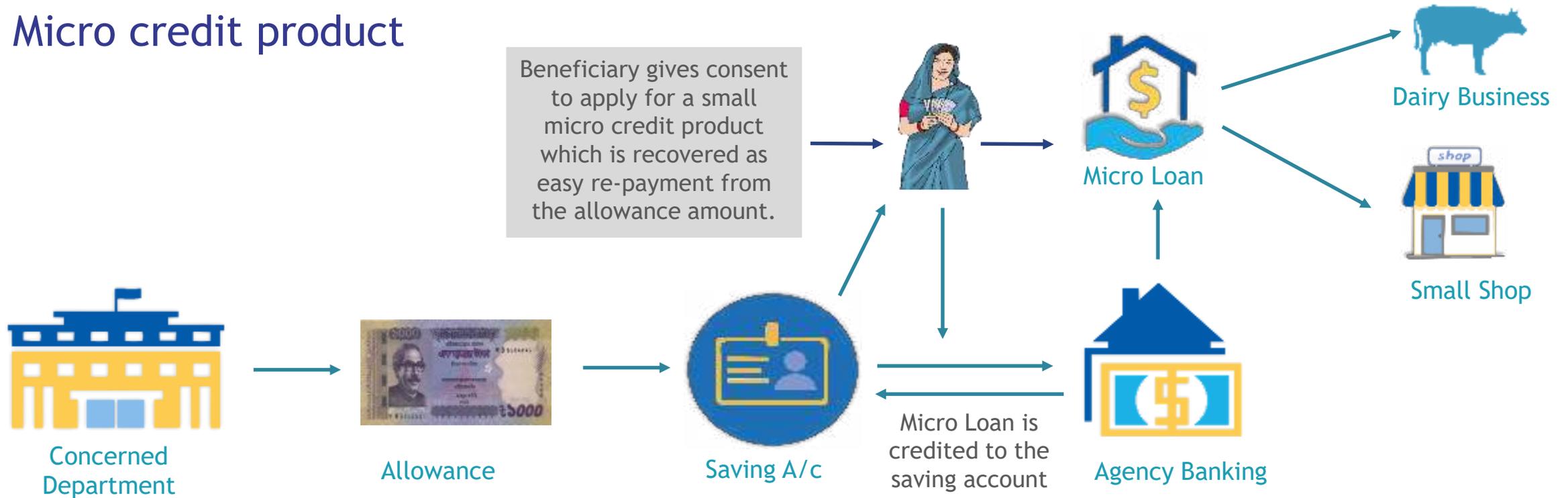
Automatic corpus building product



Concept

- Account holders should have some of their savings decisions automated, so that they invest in long term savings.
- The amount that is deducted can range from Tk 100-200.
- Beneficiary should get an interest rate at par with the existing market rates.
- After some time period the beneficiary should be encouraged to move some money into a term-deposit account.
- Beneficiaries who are active and maintain sufficient average monthly balance should be allowed an overdraft during the times of emergencies

Micro credit product



Concept

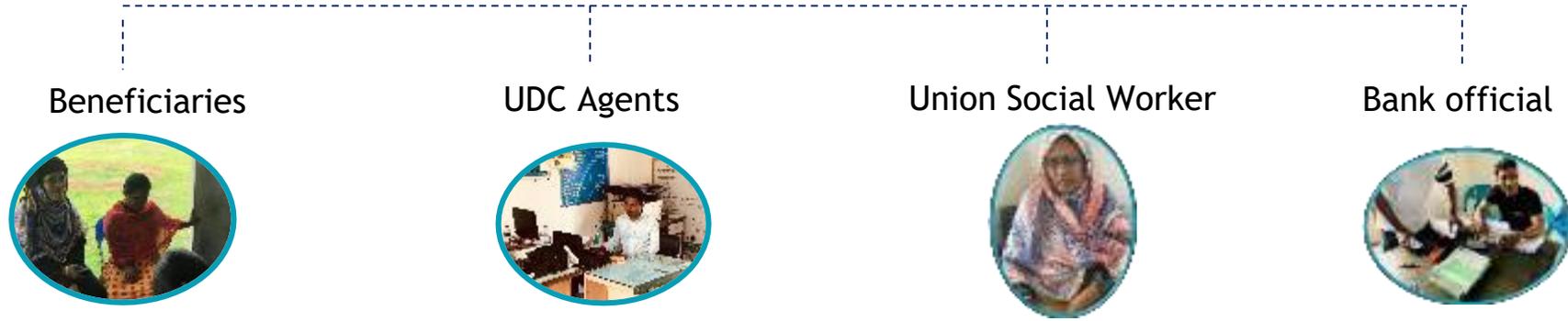
- Account holders can start their own small scale business by applying for a small micro loan at the UDC agent banking outlet.
- Money can be deducted by the bank automatically as quarterly installment as soon as the allowance money is credited.
- Beneficiary should also be allowed to pay EMI from their earnings at the UDC agent banking outlet.
- UDC agent can facilitate the banks to manage their customers.
- If the behavior shows a disciplined financial behavior loan size can be increased over multiple cycles.

Annexures

Annexure I: Sample coverage

Sample profile covered at pilot location

Pilot location: Putia and Aiubpur union in Shibpur upazila, Narsingdi

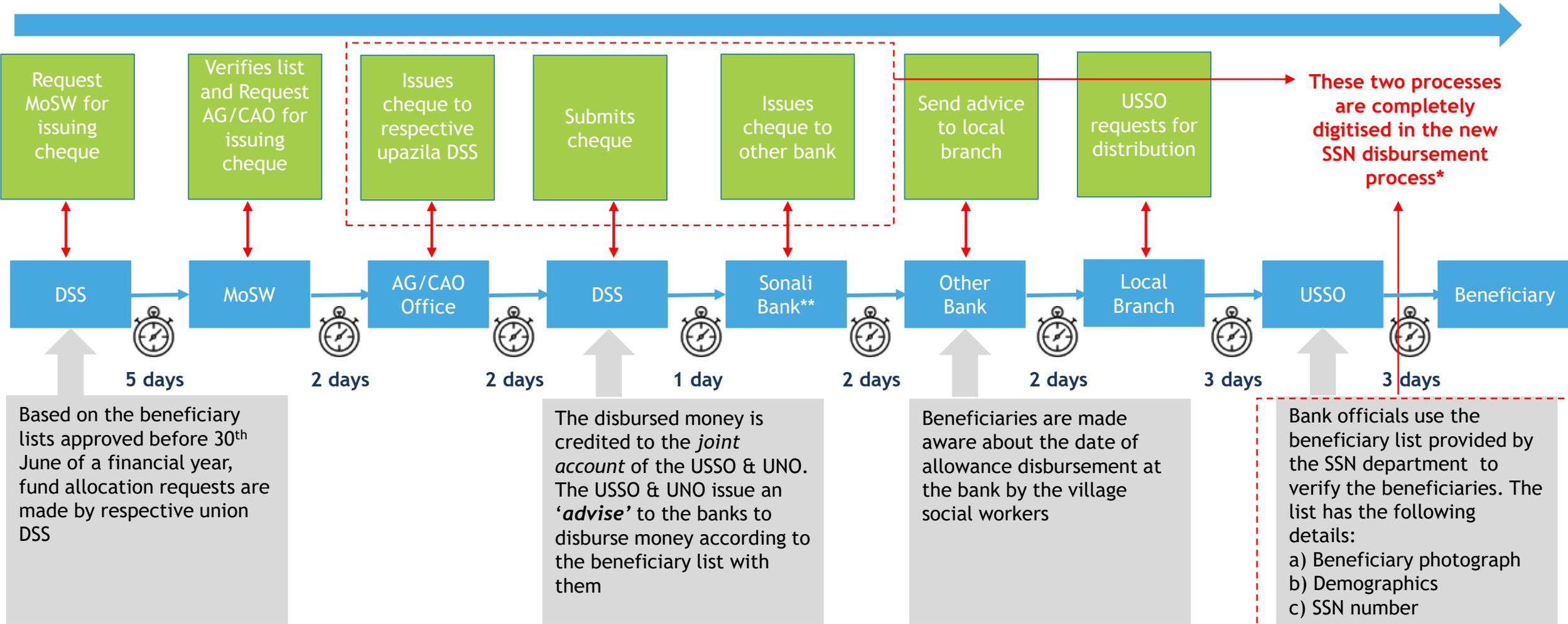


Sample covered	
Respondents Interviewed	Bank
12 	1  NRB Commercial Bank

Annexures II:

Legacy SSN allowance process

Legacy (old) SSN allowance - backend process (1/2)



*The two boxes highlighted in red remain as pain points in the old allowance disbursement process

**Sonali Bank is not included in BEFTN network. Therefore, no beneficiary can receive money directly from Sonali Bank. Therefore, it goes through Central Bank in the new process

Legacy (old) SSN allowance - backend process (2/2)

Risks

1

Beneficiaries need to wait for more than 15 days to receive their allowance.

2

The disbursed money is deposited in a joint account held by two officers - USSO and UNO. There are chances of leakage in the final list prepared by the USSO and UNO to disburse the amount.

3

There are six intermediaries before the allowance reaches the beneficiaries. The system will not only delay the process, but also cause lot of non-transparency.

Risk Mitigation

1

The authorities need to digitise the system with the latest technology and online banking services.

2

The disbursed money can be deposited directly from the central bank to the account of beneficiary. The social service worker can seek regular feedback from the beneficiary on the overall process.

3

The number of work-force can be reduced and may be applied in auditing the processes and system, rather than being a entity in the disbursement-chain.

Annexures III: Glossary

Biometric authentication

Biometric authentication is a user identity verification process that involves biological input, or the scanning or analysis of some part of the body such as fingers and iris.

Department of Social Services

Department of Social Service is a government department responsible for carrying out social services, social safety nets, and welfare programs in Bangladesh and is located in Dhaka.

Union Digital Center

To decentralize the delivery of public services and take them to the doorsteps of millions of underserved citizens, the Access to Information (a2i) Programme of the Prime Minister's Office - with technical assistance from UNDP and USAID-established one-stop information and service delivery outlets known as Union Digital Centers (UDCs) in all union councils, the lowest tier of the Bangladesh government.

Union Digital Center Agents (UDC Agents)

The entrepreneurs who run the UDCs are called UDC agents. They provide services such as Birth Registration, information about admission test in all levels (schools, colleges, universities etc), Market information, Land related information (registration, mutation, record), Computer compose, printing, scanning & laminating, Photocopier service, mobile banking and agent banking service. They are responsible for beneficiary on boarding & issuing of registration id.

Union social worker

Union social worker is the coordinator of all SSN allowance provided from the concerned department at the union level. S/he is the point of contact for beneficiary grievance, communication to beneficiaries, enrolment of beneficiaries etc.

UNO

Upazila Nirbhaya Officer acts the role of chief executive of an upazila. He is the administrative head of the upazila and is responsible for the smooth conduct of the SSN disbursement in her/his upazila.



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