

# Assessment of Social Safety Net (SSN) Disbursements - Phase II

March 2020



# Table of Contents



## Study background and key insights

Objectives, scope of study and findings summary



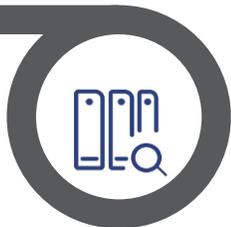
## Detailed findings

Revisiting phase I, use cases for beneficiaries, their financial habits and alternate channel consideration



## Recommendations

Actionable



## Annexure



# Study background and key insights

Objectives, scope of study and findings summary

## SSN digitization evaluation and re-design (Phase II)

In the legacy system of Social Safety Net (SSN) program, the total allowance amount for the Union was credited in a jointly held bank account of the Union Social Service Officer (USSO) and the Union Nirbahi Officer (UNO) of the SSN division. Beneficiaries would receive their quarterly allowance in cash at the bank branch or at a designation location informed by the USSO.

### Rationale behind digitization

The Department of Social Service and a2i want to include more and more beneficiaries in the formal financial services. Previously much of the manual processes left enough leakages leading to mismanagement of SSN payments. The key idea behind digitization is to ensure the Government to Person (G2P) payments promotes financial inclusion and prevents these leakages.

### SSN digitization

The Bangladesh Bank credits the beneficiary allowance directly to their bank account. Beneficiaries withdraw the amount every quarter providing biometric authentication at the Union Digital Centre (UDC). SSN programs allocation increased by 15.5% from USD 7.9 billion to USD 9.1 billion in the fiscal budget for FY 2020. At 23% of the total expenditure allocated to SSN, it reflects the high priority accorded by the Government.

### Assessment of SSN disbursements

MSC (MicroSave Consulting) supported access to Information (a2i) to revisit the disbursement process in March 2020 (7<sup>th</sup> round of digitized SSN disbursement) as second phase of assessment and re-design. This phase assessed the implementation of the recommendation of the first phase of assessment in October 2018, the current feedback of the beneficiaries and the stakeholders involved in the second phase, and the feasibility of alternate delivery channel through MFS.



# Scope of Work

## Research Objectives

In this study, MSC expects to achieve the following:

1. Revisit the issues and challenges in the first assessment report to understand the current improvement or gaps within the system
2. Understanding the current savings habit, avenues, needs and challenge (current awareness level), and the channel preferences' of the beneficiaries;
3. Beneficiaries' willingness and motivation to use their accounts for other financial services such as savings, loans, remittance, and payment transactions;
4. Explore Mobile Financial Services (MFS) potential as an alternate disbursement channel

## Key Stakeholders

MSC carried out an in-depth study of the following stakeholders\* in Kishoreganj Sadar, Bhairab and Belabo Upazila of Dhaka division:

- Beneficiaries
- UDC/Banking Agent
- Bank Employee
- Department of Social Services

## Timeline

March 11-16<sup>th</sup> 2020

\*[Annexure A: Details on sample coverage](#)

# Newer challenges emerge in Phase II, while Phase I concerns at DSS and banks remain

Stakeholders	Enrolment	Bank A/C Opening	Allowance disbursement
<b>Beneficiary</b> 	<ul style="list-style-type: none"> <li>Well-informed about the enrolment documents</li> <li>Not aware of the selection criteria and enrolment process</li> <li>Illegally charged to 'manage' members of the union, even after digitization for enrolment</li> </ul>	<ul style="list-style-type: none"> <li>To open a bank account for receiving SSN payment, if the beneficiary fails to provide a document, s/he has to wait a whole quarter for the next one.</li> <li>Most of the beneficiaries has no knowledge of their bank account opened for SSN payment</li> </ul>	<ul style="list-style-type: none"> <li>Payment is denied if there is a mismatch of finger print. They have to wait for a bank staff for troubleshooting, thus delaying in payment</li> <li>As most of the beneficiaries do not own a mobile phone, therefore they receive no disbursement SMS</li> </ul>
<b>UDC Agent</b> 	<ul style="list-style-type: none"> <li>Agents earn commissions from data entry</li> <li>DSS has deployed new staff for data entry, taking away their chances to earn some revenue.</li> </ul>	<ul style="list-style-type: none"> <li>The UDC agents are provided with the additional responsibility of gathering the documents of the beneficiaries for opening a bank account for which they are not paid any commission</li> </ul>	<ul style="list-style-type: none"> <li>UDC agents claim their hard work during disbursement is not remunerated well with only 0.5% commission for each disbursement amount. They are not satisfied with this amount.</li> </ul>
<b>Dept. of Social Services</b> 	<ul style="list-style-type: none"> <li>The initial enrolment list shared with the Chairman-members of the union leads to biased decisions</li> <li>They are not satisfied with the logistic support &amp; financial benefit for the field work they have to do</li> </ul>	<ul style="list-style-type: none"> <li>Account discrepancy might occur due to mistakes in MIS which might lead to denial of payment to the beneficiaries</li> <li>Lack of communication between bank &amp; DSS causes such incidents and takes time to resolve as well</li> </ul>	<ul style="list-style-type: none"> <li>The union social workers cannot help the beneficiaries immediately if there is a denial of allowance</li> <li>The delay causes them to wait till the next disbursement cycle to get paid</li> </ul>
<b>Bank</b> 	<ul style="list-style-type: none"> <li>A bank staff is involved in collecting enrolment documents from the UDC agent for which bank incurs the cost</li> <li>Lack of logistics &amp; financial benefits</li> <li>Regular branch operations are hampered</li> </ul>	<ul style="list-style-type: none"> <li>Beneficiaries withdraw the full amount from their account &amp; banks don't get to take benefits of the float.</li> <li>Most of the bank's services &amp; products are not availed by the beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>Banks has to incur operational cost of 2 percent of the total disbursement</li> <li>Have to provide technical supports to solve biometric issues every quarter</li> </ul>

- Implemented recommendation from Phase-I
- Recommendation from Phase-I still not implemented
- New challenges evolving in Phase-II

# Beneficiary find payments secure, yet account opening remains document intensive



Positive Experience

- No manual intervention during enrolment in the SSN program
- Well informed about the documents needed by UDC agents



Negative Experience

- Not aware of the selection criteria to enroll in the program
- Wants to remain in the good books of the Chairman-member of the union thinking they are the final selectors
- Data discrepancies leads to payment denial for the quarter



- Bank Staff are very helpful during the opening of bank account
- Time efficient as they do not have to go to the bank for any formalities

- Due to their age or profession, biometric authentication problems occurs at times
- Document collection is a time-consuming process
- Most of the beneficiaries have no idea that this bank account is their personal bank account



- Secured biometric authentication means no one can withdraw the money except the beneficiary him/herself
- It saves time & transportation cost as they can withdraw the allowance from UDC Center which is nearer than a bank

- Denied payment due to biometric mismatch.
- Have to wait for a bank staff to troubleshoot, thus delaying payment
- Most of the beneficiaries do not own a mobile phone, therefore no disbursement SMS alert received



Enrolment

Bank account opening

Allowance disbursement

# UDC agents take pride in their service, although remuneration is a challenge



Positive Experience

- Digitization led to easy & hassle-free enrolment process
- Respect and recognition in the locality
- Dependent elderly persons brings a sense of responsibility in them
- Proud to be associated with a government pilot project



Negative Experience

- No data entry opportunity anymore, thus loss in commission
- Lack of motivation & stability due to socio- political pressure
- Service denial to beneficiary if any document is missing



- Provide information to help the beneficiaries to gather proper documents to open a bank account
- Helps the bank to collect all the documents from the beneficiaries

- Extra responsibilities to gather documents for which they are not even paid any commission
- Not empowered enough to solve problems immediately. For example, MIS mismatch.



- Receive only 0.5% commission on every disbursement amount
- Biometric authentication means right amount to the right person

- Biometric authentication issues make the disbursement process lengthy sometime
- A lot of hard work during the disbursement process, but a meagre financial gain is not satisfactory.



Enrolment

Bank account opening

Allowance disbursement

# Bank staffs find the beneficiary bank accounts' inactive after SSN withdrawals



Positive Experience

- Collection of beneficiary documents & biometric through the UDC agent provides them some relief from an otherwise tedious job
- Pride of being part of a government project initiative that helps the needy



Negative Experience

- Workload is high as a bank staff opens thousands of accounts per quarter
- Bank incur cost for their involvement in collecting enrolment documents from the UDC agent
- Regular branch operations are hampered

- Financial inclusion of unbanked population with the help of a personal bank account

- Regular interactions with higher government officials makes them feel important
- Digitization makes sure secured payment method to the right people

- No benefit from the fund as beneficiaries withdraw the full amount as soon as the money enters their account
- Most of the banks' services & products are not availed by the beneficiaries

- Technical issues like biometric finger mismatch emerges in every quarter
- Banks has to incur operational cost of 2 percent of the total disbursement
- No financial gain for the hard work during the disbursement process

Enrolment

Bank account opening

Allowance disbursement



# DSS officials' presence on the ground helps improve the program; complete digitization in enrolment would remove any manual friction that's present.



Positive Experience

- Finding the right candidate for the enrolment list
- Data entry of the new beneficiaries so that they can proceed to the next step to open a bank account & then receive the allowance

- Provide the bank with information of beneficiaries, if needed
- Help the beneficiaries to gather required documents to open a bank account

- Create awareness amongst the beneficiaries regarding the process & their rights
- Involvement with all the stakeholders during the disbursement process helps the officials to get the real picture of the program



Negative Experience

- Socio-political pressure of sharing the list with the chairman-member of the union
- Accepting biased requests from political influencers of the union
- Lack of logistics & financial benefits

- Mistakes in MIS might lead to denial of payment to the beneficiaries
- Lack of communication between bank & DSS causes delays to resolve such discrepancies

- Cannot help the beneficiaries immediately if there is a denial of allowance
- The delay causes the beneficiaries to wait till the next disbursement cycle to get paid

Enrolment

Bank account opening

Allowance disbursement





# Detailed findings

Revisiting Phase I

# Backend process is digitized, but workforce needs to audit not just assist

## Phase I

The authorities need to digitize the back-end system with the latest technology and online banking services.

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.

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

## Phase II

Allowance is directly disbursed to the beneficiaries personal bank account using BEFTN. They can withdraw the payment from their personal bank account as per their wish.

The allowance is directly disbursed to the beneficiaries personal bank account. They are informed via SMS when the amount hits their account.

The disbursement process is fairly simple now as all beneficiaries are tagged with their bank accounts. However, more workforce from DSS are added on the ground.

## Remarks

It will be more beneficial for the beneficiaries if the amount is sent to them via MFS. It will reduce the time & effort to withdraw the amount, and keep them safe in current times of pandemic

Due to biometric authentication, there is no chance of fraud. Individual bank account means they are financially included in the economy & can avail other products of the bank as well

The workforce reduced from the legacy process are deployed to assist and, not audit the new system to help the SSN program more effective as mentioned in phase-I

# Existing beneficiary enrolment process must include electronic KYC

## Phase I

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.

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.

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

If the beneficiary does not have a NID card, they may be denied of their right to receive SSN allowance. They need guidance to apply for an NID at the Union Parishad Complex.

## Phase II

Beneficiaries still have to open a new bank account for the sole purpose of SSN payment. It is difficult for them to manage multiple bank accounts.

A commission of 0.5 percentage is provided to the UDC agents only on disbursement. They are still demotivated to continue as agents due to political pressure and lack of financial benefits.

E-KYC is not implemented yet. Therefore, the bank still has to bear the cost of collection and storage of physical copies of KYC.

Beneficiaries are now provided with guidance by the UDC agents & the members of the Union to apply & collect NID as soon as possible so that they are not denied of SSN payment.

## Remarks

There should be scope for beneficiaries to use existing bank account to receive SSN allowance. This will definitely save time & cost across the processes.

UDC agents are receiving commission but the amount is not enough to motivate the UDC agents to commit fully. They also need an able work environment, away from any socio-political barrier.

Implementation of e-KYC as soon as possible can reduce the hassle & cost of bank to open an account for a beneficiary.

Proper communication has helped the beneficiaries to obtain proper documents & receive the payments on time.

# New applicant enrolment process needs to get completely digitized beginning with sourcing of relevant beneficiaries

## Phase I

## Phase II

## Remarks

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

The selection criteria is still confusing to the beneficiaries. They do not understand the basis of their selection yet.

The authorities needs to ensure proper outreach to increase awareness and the understanding of the beneficiaries through appropriate channels. For example, awareness by UDC & SWO & bank staffs.

There may be a lack of transparency in the approval process of beneficiary by the Union & Upazila Committee. An introduction of an independent third party can make the process more transparent and fair.

In the current scenario, chairman & the members of the union influence the selection of the new beneficiaries.

A complete digitization can only take place when the enrolment of new applicants can be done in a digitized and transparent manner without any kind of interference in selection process

Beneficiaries may make a mistake in filling out application. There should be more awareness created amongst them regarding the issue.

Bank staff & the UDC agent help the beneficiaries to fill up the form. They tend to fill the forms on behalf of the beneficiaries.

Increase in awareness and understanding of the application form can help the beneficiaries to be more independent

Lack of trust on UDC agents to enroll beneficiaries on safety net. Union social worker must provide reliable messages to beneficiaries to help them gain trust on UDC agents.

The UDC agents have been successful in gaining full trust of the beneficiaries over the year.

The beneficiaries fully rely on the UDC agents for the whole process of new SSN disbursement. The main objective should be to make the beneficiaries more aware of the process of digitization

# New backend process requires better sync among USSO, DSS and other Ministers

## Phase I

The central bank takes more time in accumulating funds requirement from multiple department and then transfer the fund using BEFTN. A service level agreement must be in place to ensure prompt payment

There is 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.

Banks or DSS may fail to notify or inform the beneficiary on the credit of their allowance into their bank account. Banks, MFS & Post Office must ensure regular information the beneficiaries

## Phase II

There is still delayed payment which means the service level agreement is still not aligned with the concerned parties.

The chairman & the members of the union still influence selection new beneficiaries. DSS tries to maintain as much unbiased process as possible.

As most of the beneficiaries do not own a mobile phone, they receive the payment information from the nearby UDC Center & their neighbors.

## Remarks

There should be an agreement between USSO, DSS and Seniors in line ministers to ensure no delay or discrepancy in allowance payroll.

It is very necessary to reduce the influences of the political entities (Chairman-member) & introduce a more fair & transparent selection process. For example, an audit group independent of any persuasion.

Encourage the beneficiaries to purchase or own a mobile phones if they can afford so that there are no difficulties of receiving payment notification on time.

# Withdrawal process requires better coordination among USSO, DSS and other Ministries to iron out the delay in release of payment

## Phase I

## Phase II

## Remarks

Banks may not have sufficient manpower and will have to hire additional contractual staff which can increase their operational cost.

Banks still do not have sufficient manpower and no government intervention in terms of logistics or commission so far.

Government needs to introduce **commission for bank agents and the banks** managing SSN payments. This will also motivate the officials to be more efficient & hardworking

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

Bank staffs & UDC agent deliver payment to beneficiaries' door steps if they are unable to visit the UDC due to health problems.

**UDC agents & the staff** take the responsibilities to deliver the payment, in case the beneficiary is unable to visit the UDC center due to health issues.

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.

The beneficiaries still have to wait a quarter if their name or account number is excluded/wrong in the list due to system error.

DSS needs to be **more active in solving problems**. Establishing a grievance number and creating awareness on grievance registration would help the beneficiaries. This also creates a standard process.

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.

The union social worker is immediately informed by the bank staff & UDC agent if there is any discrepancies at their end. However, the information gap is still there which leads to delay in payment

The supply side stakeholders should **engage in proper communication**, at least once a week to discuss the discrepancies, beneficiary development & payment issues.



# Detailed findings

User cases for SSN beneficiary

# Safety net as a payment product doesn't appeal to the beneficiaries beyond withdrawal

## SSN Digitization Adoption

- The beneficiaries need assistance in each & every process of SSN program. They are generally not interested to learn about the product. The only difference they feel is that now they travel less and spend less money to collect the cash.
- While SSN digitization has made them financially included by definition -they don't realize or use financial services beyond cash withdrawal.
- A personal bank account means it is an opportunity for this previously unbanked segment to avail more financial and non-financial products and services.
- Beneficiaries believe their money can be accessed only on the days of 'official disbursement' whereas they can access their funds anytime.
- The current process is more secure than before, where nobody can access their accounts other than themselves. However, biometric security is often the reason for not being able to withdraw money. Mismatch of fingerprint data is very common, making them believe this is a barrier (not security).

## Considerations

- There isn't major complaints with regards to the new system except fingerprint mismatch. The troubleshooting and solution needs to be quicker.
- When a beneficiary does not receive allowance in a disbursement cycle - it is unfair to make them wait until the next cycle/quarter. Many of them depend/count on the SSN allowance to survive.
- UDC agents are able to communicate features of bank accounts. Banks can build their capacity and allocate more banking responsibilities.
- The waiting time and agent outlet facility could be improved at the UDCs.

# However, there are potential use cases that has potential to increase beneficiary account usage

Gap	Target Segment	Potential Use Cases
Banks do not have branding at any UDC Centers highlighting their products & services.	Beneficiaries- Old & Widow	<ul style="list-style-type: none"> <li>• Shahiduddin, a 62 years old beneficiary from Norshindi saves at MFI-NGO ASA. He says it would have been more convenient if their was a <b>DPS option</b> offered by the concerned bank at a better interest rate</li> </ul>
There is a perception that the beneficiaries do not have enough money to use financial services.	Beneficiaries- Old, Widow & disabled	<ul style="list-style-type: none"> <li>▪ Some of the beneficiaries have used bank accounts before and are aware of savings/loan products available.</li> <li>▪ For example, Haji Md. Musa is a 69 years old beneficiary from Kishorganj ,who has two active bank accounts with EBL &amp; DBBL, expressed his desire to use his Bank Asia account for other purposes <b>such as for investment</b> as well.</li> </ul>
A good number of beneficiaries use MFS as a channel of transaction. Therefore, SSN program can introduce MFS as an alternate payment method to make the process more convenient for the beneficiaries	Beneficiaries- Old, Widow & disabled	<ul style="list-style-type: none"> <li>• Their main purpose of using MFS is receiving money from children or repaying someone.</li> <li>• NoorJahan is a 70 years beneficiary from Kishorganj receives <b>money from her children via MFS</b>. She could easily save her time by receiving the SSN payment in her mobile wallet</li> </ul>
Remittance could be an area banks can explore as some beneficiaries have relatives living in the middle-east countries, specifically Gulf countries.	Beneficiaries- Old, Widow & disabled	<ul style="list-style-type: none"> <li>▪ Kishorganj is one of the hubs for people living abroad. An <b>attractive remittance product</b> &amp; robust marketing strategy will support banks target this segment of the population.</li> <li>▪ Rahela , a 65 years old widow from Kishorganj, receives money from her son in Qatar in her brother's account. Creating need based product can easily resolve such issues.</li> </ul>
There are number of old beneficiaries in the SSN program with severe health issues. However, no health product has been introduced yet for this particular segment	Beneficiaries- Old	<ul style="list-style-type: none"> <li>▪ Romela , a 75 years old beneficiary, in Norshindi has no one to look after her. She said she does not have any financial back up if she fell sick. A <b>health product package</b> will help her to receive proper health care.</li> </ul>



# Detailed findings

Financial habits of SSN beneficiaries

# Better financial planning can improve general well-being of beneficiaries

## Persona of Beneficiaries

Have never left rural homesteads - were involved in livestock/agricultural farming when they were young and able.

Does not have access to internet or any major technology. Access to television is also very low.

Most of them are dependent on allowances, donation and some have children who can support them. Opportunities for healthcare coverage exists, especially for the old

The younger beneficiaries look towards using more financial services, plan for the future to some extent. However, since they do not realize that they have a bank account, they encash the entire allowance. A DPS scheme could be targeted towards younger beneficiaries.



## Habits related to financial health

**Spending:** Beneficiaries spend for survival. Sometimes even before receiving the allowances, they end up spending the money by buying food on credit, leading to cash shortage.

**Borrowing:** Many of the beneficiaries live on credit. The borrowings are mostly sporadic and need specific. Healthcare is one of the top reasons for borrowing.

**Planning:** Financial planning around children's marriage and education can be observed among widows. Foresight of natural calamities, healthcare expenses.

**Savings:** The beneficiaries have very small threshold to save, however the savings usually is done at informal places.

**Way Forward:** Training on financial well being and basic banking services involving the beneficiaries' families can be considered. The perils of informal savings/credit could be communicated as a training component as well. UDC can be consulted for every union to conduct the training.

# Noor, an elderly pension receiver, confirms for doorstep banking



## Basic information

**Name:** NoorJahan  
**Age:** 70  
**Location:** Kishorganj  
**Occupation:** Sells Winter Snacks  
**Education:** No formal education  
**Phone Ownership:** No

## Personal Profile

- Lives alone with her daughter, has 6 children who sends her money every month through MFS.
- Since she does not know how to use MFS, her daughter receives the money in her account and then cashes out for NoorJahan

## Pain points/Issues

- She did not face any issue during enrolment
- Sometimes she has to wait for hours to receive her pension due to long queues. It affects her health condition and affect her business as well.

## Expectations & Way Forward

- She prefers the new system
- She hopes it will be less time consuming and hassle free in the future.
- She wants to receive the pension at her door step without travelling to any Bank or UDC centre.

## Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Potential further use of other bank services



Willingness to use alternate modes of SSN payment such as MFS



# Bedana, a widow, hopes to see alternate channel or improved processes



## Basic information

**Name:** Bedana  
**Age:** 48  
**Location:** Norshindi  
**Occupation:** Tailor  
**Education:** Up to Primary  
**Phone Ownership:** Yes

## Personal Profile

- Lost her husband 7 years ago, lives alone with her daughters.
- Uses MFS regularly to cash out the money sent by his son-in-law.

## Pain points/Issues

- She needs to spend BDT20 every time to travel to UDC
- It hampers her business hour as it takes minimum 3 hours of her day.

## Expectations & Way Forward

- She prefers the new system as she has more faith on the UDC agent than any bank or MFS agents.
- She hope it will be less time consuming and hassle free in the future.
- She wants the option of authorizing her daughters to withdraw money

## Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Potential further use of other bank services



Willingness to use alternate modes of SSN payment such as MFS



# Dilora, a disabled and only bread earner, wants to increase saving avenues



## Basic information

**Name:** Dilora  
**Age:** 20  
**Location:** Norshindi  
**Occupation:** Maid  
**Education:** Up to Primary  
**Phone Ownership:** No

## Personal Profile

- Dilora lives with her 3 years old daughter & husband who is blind & unemployed
- Despite her disability (feet), she manages to work in multiple households as maid and provide for her family.

## Pain points/Issues

- Her income is not sufficient to manage the household expenses.
- The pension is BDT2250 per quarter which is an important portion of her earning. However, not enough for savings.

## Expectations & Way Forward

- She prefers the new system as the biometric authentication only allows her to withdraw the pension
- An alternative source of income for both her & her husband
- She wishes to explore ways to multiply her savings and income.

## Self-efficacy

Willingness to try new modes of SSN payment



Cognitive ability to use new modes of SSN payment



Potential further use of other bank services



Willingness to use alternate modes of SSN payment such as MFS





# Alternate channels of disbursement

# MFS can be an alternate channel of delivery, especially in times of pandemic

Benefits

## Agent Banking

- Digitized SSN allowances are disbursed through agent banking channel only
- Beneficiaries have access to all banking products.
- Direct bank employees are involved in account opening and cash withdrawal process.
- When probed, beneficiaries expressed trust in banks. The fact that all UDC agents are banking agents is a major plus.

## MFS

- MFS is a widely used financial product in rural Bangladesh where bank account penetration is extremely low
- Some of the beneficiaries receive money from Dhaka through MFS from their children & relatives
- Using MFS as disbursement channel might bring the service even closer to the end-users. Moreover, the process of account opening is fairly simple when compared to agent banking.

## Multiple

- Beneficiaries will be able to chose what is best for them - those with a mobile phone may opt for MFS
- Many UDC agents are also MFS agents.

Constraints

- Beneficiaries have been receiving allowance through banking channel for seven instalment now but there aren't lot of use cases beyond that.
- Banking is trustworthy but a socially and economically distance concept for the ultra-poor.
- Biometric data mismatch is very common problem, esp. with older people

- Many beneficiaries do not have their own mobile phone which is essential to use MFS.
- If they enrol using another person's number - he/she may not receive the fund at all.
- Some agents might take advantage around the ambiguity around cash out charge.
- Lastly, as many users are little educated/ uneducated - they tend to share sensitive information like PIN number with others.

- Bank agents, who already feel they are not compensated fairly will have more workload without any increase in earning opportunity.
- Users may not know what option is best for them and may eventually just get confused.

# While MFS has its' challenges, stakeholders feel beneficiaries should receive an option

## Bank Personnel

*'Its true as banks we have more stringent account opening rules to abide by, but its also more secure.'*

*'Users who are so little educated needs assistance with everything. Even if they use MFS - they will probably withdraw the entire fund at once - just like now'*



## Opinion on Disbursement via MFS

## Department of Social Services

*'So far we have received tremendous support from banks, there shouldn't be much need to change that. However, we never know for sure until we test it out'*

*'Many beneficiaries don't have mobile phones - if we adopt MFS then we will have to provide them SIM cards as well. At best, we can give the option to choose from banking and MFS'*

## UDC Agents

*'The beneficiaries are like family to me; I even go to people's homes to pay the allowance when someone is too ill. I don't know if they can have that level of comfort with MFS agent'*

*'If some of the load goes away, we will be happy. We will lose some commission but if it gives convenience to the end users, we are happy.'*

## Beneficiaries

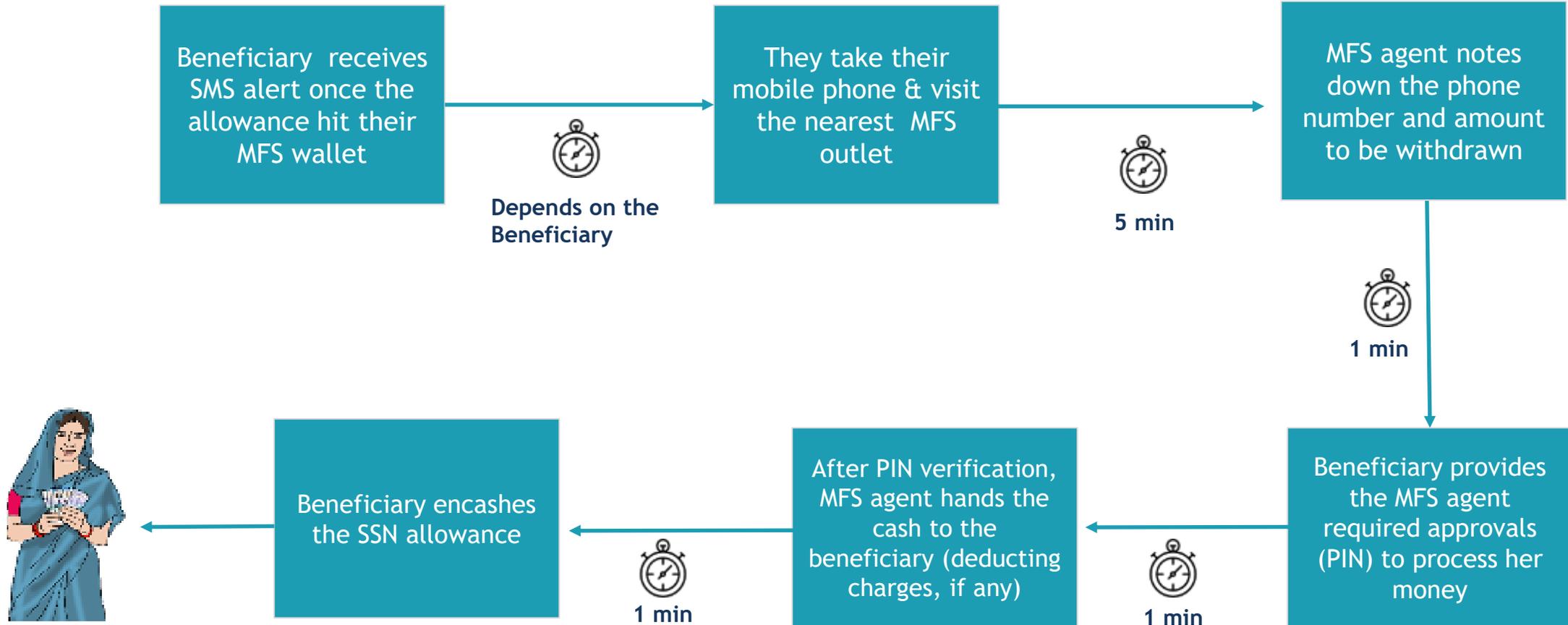
*'I don't have any mobile phone, where will I receive the allowance?'*

*'My son-in-law sends money via MFS. I can also receive allowance on my account - but I cant use the account without assistance'*

*'MFS agents are not as trustworthy like the guy at UDC centre - the MFS agent can charge me extra. Besides do I have to pay cash out charge?'*

# Notifying and withdrawal process through MFS could take less than 10 minutes

## MFS Disbursement Process





# Key Recommendations

# Recommendations: Transparent enrolment, strengthened disbursement channel

## More Transparent Enrolment Process

- While the enrolment process is more transparent than before - the beneficiaries still believe that the socio-political scenario plays a critical role in the selection. Although Union Social Workers are making an effort to reach out to people directly, **insufficient number of workers results** in information getting distorted at ward level.
- KYC process could be less stringent for SSN beneficiaries as these accounts are already recognized as special no-cost account. Ease in KYC will fasten the account opening process. Banks can consider **provisional account opening** for those who cannot supply the documents upfront. Additionally since NID creation is a lengthy process, they can also consider accepting **alternate ID verification**.

## Strengthen Disbursement Channel

- Agent banking as a disbursement channel has cut down many layers for the beneficiaries and have made them practically financially included. While banking is a safe choice of disbursement and withdrawal, in terms of encouraging usage of the account, they can take measures to increase account usage. **DPS, remittance and health coverage** are some of the products banks can pilot to validate business case. ([details on slide 19](#)).
- A significant percentage of beneficiaries do not have their own phones. DSS **can consider partnering the with an MNO** to provide SIM cards to beneficiaries. If they use someone else's phone number, there is a chance that the beneficiary will not receive their allowance. In case that is not possible, MFS providers can offer a '**limited KYC account**' only to receive the SSN money. **PIN management** is essential, if MFS is introduced especially for the old beneficiaries.
- **Door-to-door delivery** would be the ideal disbursement process for the disable and elderly. Some agents are doing it out of kindness but it can part of the process formally.

## Biometric Alternate of Fingerprint

- Since most beneficiaries are old, their fingerprint matching still remains a challenge. Therefore adopting more **secure/steady biometric option** like iris scan, face ID can be helpful and reduce the number of grievance due to mismatch. Moreover, fingerprint matching comes with major risks of Covid-19 transmission.

# Recommendations: Right communication will iron out small, but many concerns

Who needs to be communicated?

1. New beneficiaries
2. Existing beneficiaries

What needs to be communicated?

- **That beneficiaries are bank account holders.** As discussed earlier in this report, an insignificant portion of beneficiaries realize that they have a bank account. Therefore some of them who might have used the bank account for other services are not using it.
- **The dates of disbursement** are still circulated through unverified channels like neighbours. This communication needs to be uniform and an official channel should be considered for disbursing this information.
- Eligible beneficiaries need to understand that the **process of enrolment** is no longer driven by local government, comprising of union chairman and ward members. To ensure they reach out to correct person (Union Social Worker) and place, communication needs to be devised accordingly.
- The **process of resolving any issue related to account opening, biometric mismatch** etc is not clear to the end users. Its not necessary to detail out the process but information like - time required to resolve, availability of the fund, needs to be communicated to manage expectations.
- Communication on different **banking services, basic accounting and financial knowledge**

What is the communication strategy?

- Banks can play a central role in the communication process. Some UDC centres need **branding with bank collaterals** that communicate some of the relevant use cases to the beneficiaries. **DPS & remittance** are two products that banks can consider marketing.
- **On ground activation** for beneficiary enrolment has to be more frequent and accessible by everyone eligible. Activities like *uthaan baithook*, bazaar announcements can be considered as a communication channel
- The dates of disbursement needs to be circulated either **through the union social worker**.
- Media consumption is very limited, so a spending in major media outlets may not be reasonable.

# Recommendations: Agent commission and grievance mechanism needs detailed discussion and resolution

## Incentive for last mile service providers

- Bank agents do not feel they are compensated enough (0.5% commission) for their efforts and time invested during disbursements. The fact that **agents cannot earn the fee for data entry** anymore is also a major reason for dissatisfaction amongst the agents.
- Even if the benefits are intangible, they need to feel valued for this process to work best. Consideration for a better commission per transaction can be made in this regard. Additionally, a2i can consider rewarding the best UDC per district to motivate them even further.
- Consider undertaking a costing research from the supply side (Bank Agent) before deriving at a revised commission structure.

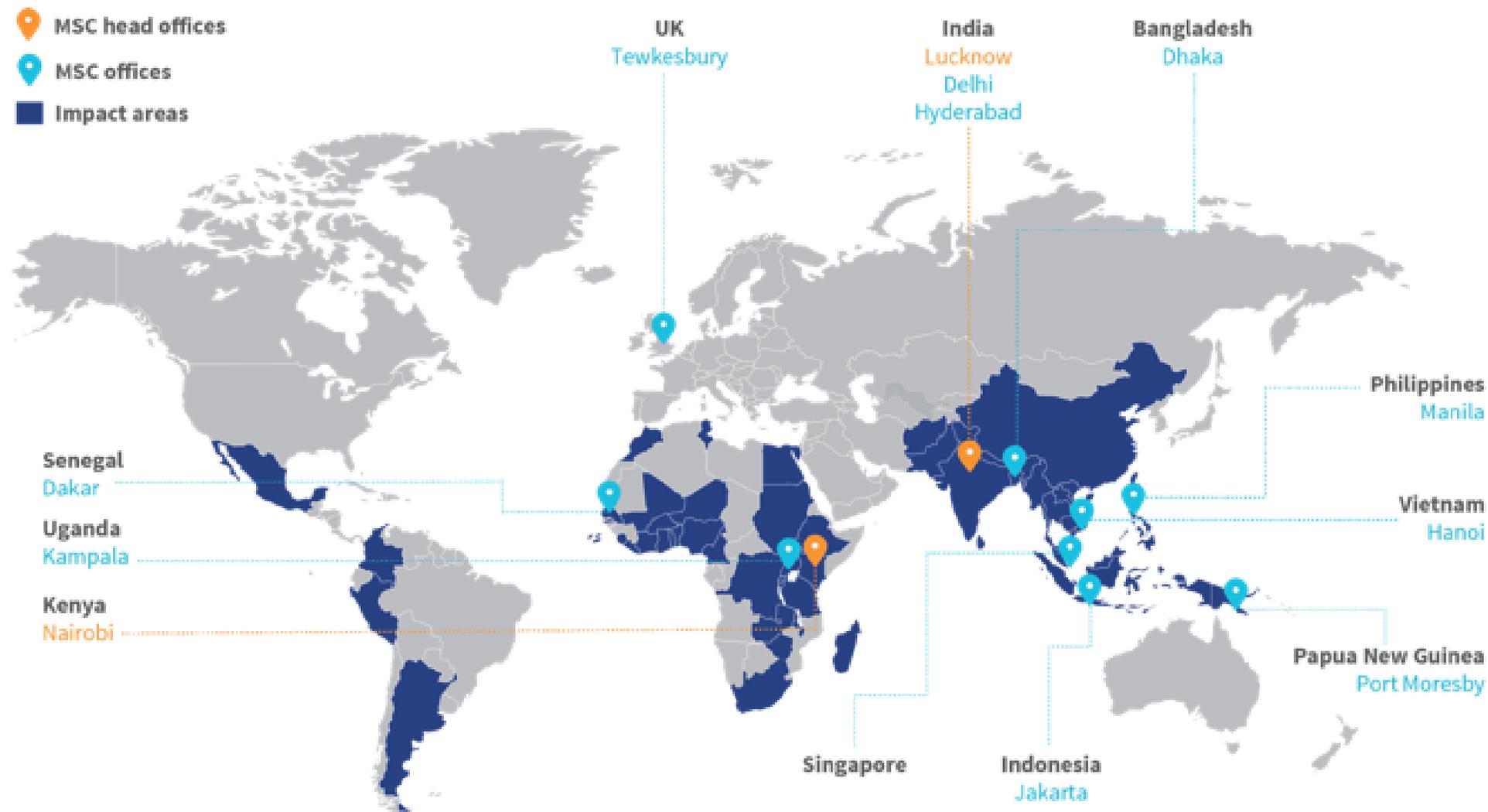
## Synchronizing Efforts

- There is a gap between the teams which are involved in the disbursement process. A periodic meeting can be arranged by the Department of Social Services in each Upazila to exchange views/ideas and share experiences can be beneficial. In this meeting, where Union Social workers, UDC agents, bank personnel are present, a spokesperson from the beneficiaries can also be invited to raise collective concerns.
- At present every party in the supply side feels they are stressed. This meeting can bring them on the same page

## Greater Access for the Bank

- To resolve any issue that emerges during the disbursement process (e.g. fingerprint mismatch) the issue usually travels to the Department of Social Services to be resolved. If bank staff has access to this MIS even for one week (in every cycle) they could resolve grievances instantly. To mitigate the concerns of data leakage and mishandling, a2i can strictly monitor the bank for one week.

-  **MSC head offices**
-  **MSC offices**
-  **Impact areas**



[MSC corporate brochure](#)

Contact us at [info@microsave.net](mailto:info@microsave.net)

### Asia head office

28/35, Ground Floor, Princeton Business Park,  
16 Ashok Marg, Lucknow, Uttar Pradesh, India 226001  
Tel: +91-522-228-8783 | Fax: +91-522-406-3773 | Email: [manoj@microsave.net](mailto:manoj@microsave.net)

### Africa head office

Shelter Afrique House, Mamlaka Road,  
P.O. Box 76436, Yaya 00508, Nairobi, Kenya  
Tel: +25-420-272-4801 | Fax: +25-420-272-0133 | Email: [anup@microsave.net](mailto:anup@microsave.net)





# Annexures

# Annexure A: Respondent Profile, Coverage & Sample Size

## Respondent Profiles

### Beneficiary

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

### Union Digital Centre (Bank agent)

First point of contact for the beneficiary, responsible for beneficiary on-boarding & issuance of SSN registration id

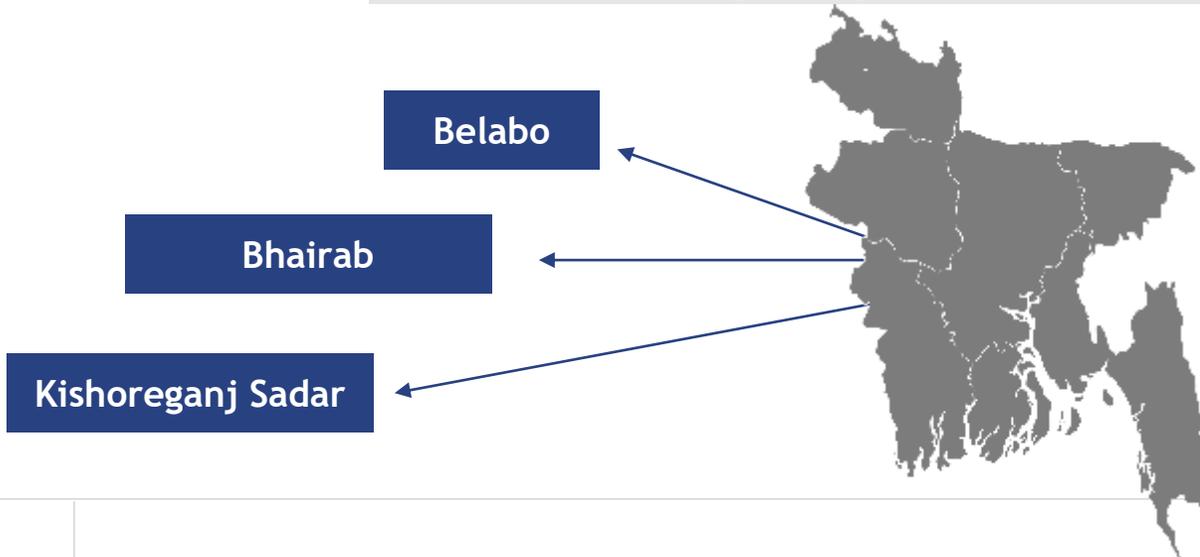
### Bank employee

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

### Department of Social Services

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

## Coverage (Upazilas)



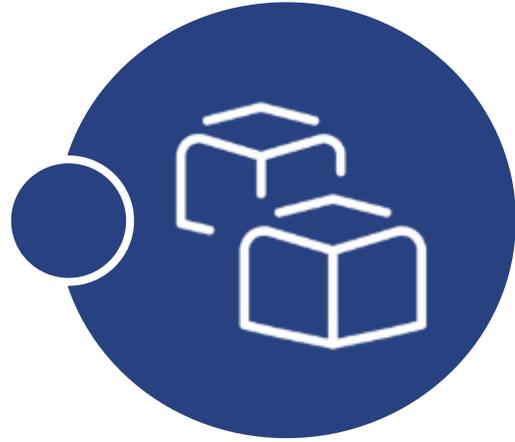
## Sample Size

26

# Annexure B: Assessment framework for Phase II

## 1. Product

- Risk, challenges and barriers in SSN digitization
- User interface, process experience and handholding
- Product characteristics based on user experience
- Perception and marketing



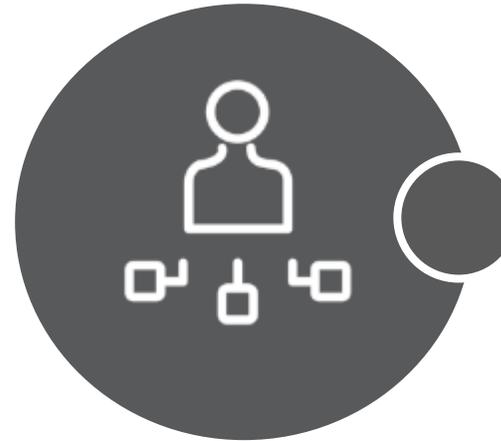
## 2. Financial Behaviour

- Users profile & persona.
- Segmentation and targeting based on relevance
- Habits related to savings, borrowing, planning and spending



## 3. Use Cases

- Mobility recharge
- Utility Bill payments
- DPS/Savings Scheme
- Loan/short term credit
- Remittance
- Sending/receiving money



## 4. Channel

- Evaluate agent banking as the ideal channel for disbursement
- Evaluate MFS as the prospective channel for disbursement
- Understand the pros/cons of having multiple options of disbursement

# Annexure C: 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\*



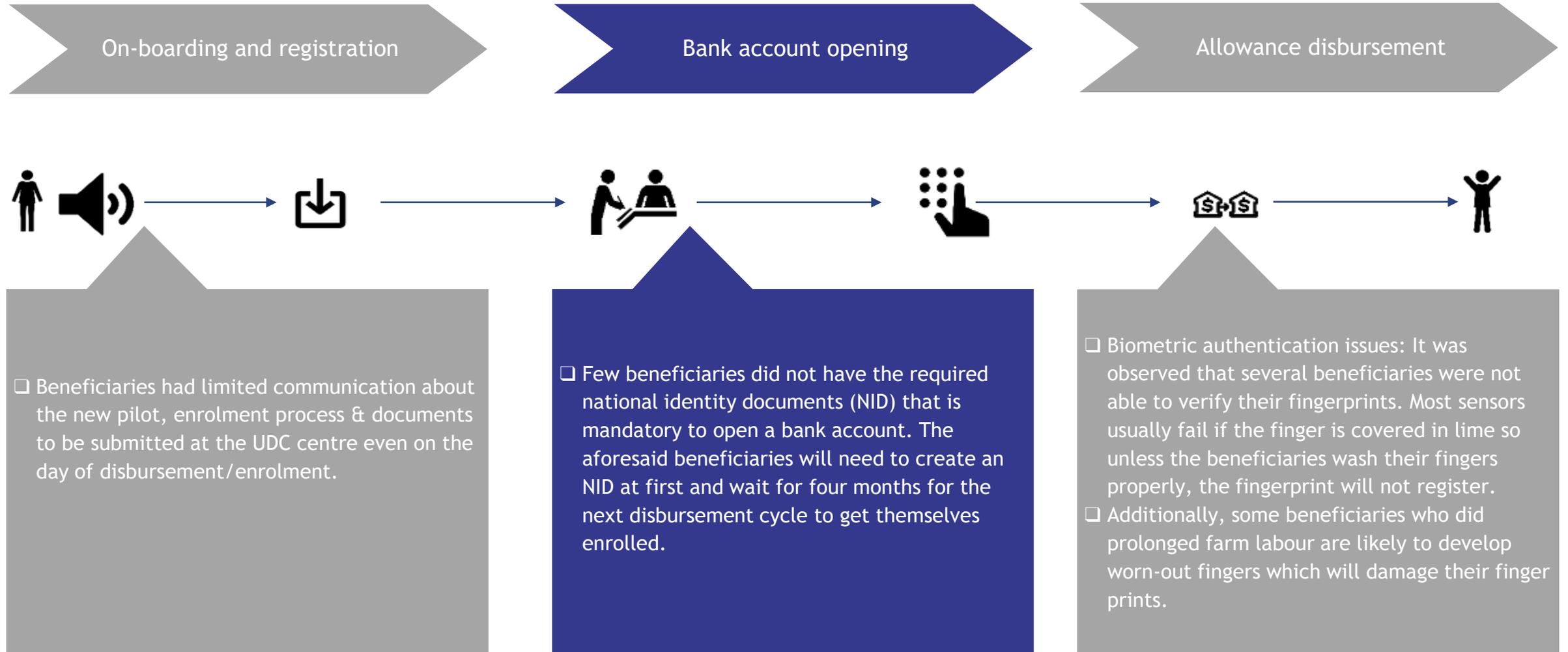
- Average distance to the UDC centre is 2 km and average expense Tk 20
- There is still an opportunity cost as some beneficiaries still needs to be accompanied by family member but it is lower due to the efficiency of the new mechanism.

- 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

# Annexure D: Barriers observed at different stages of new disbursement mechanism



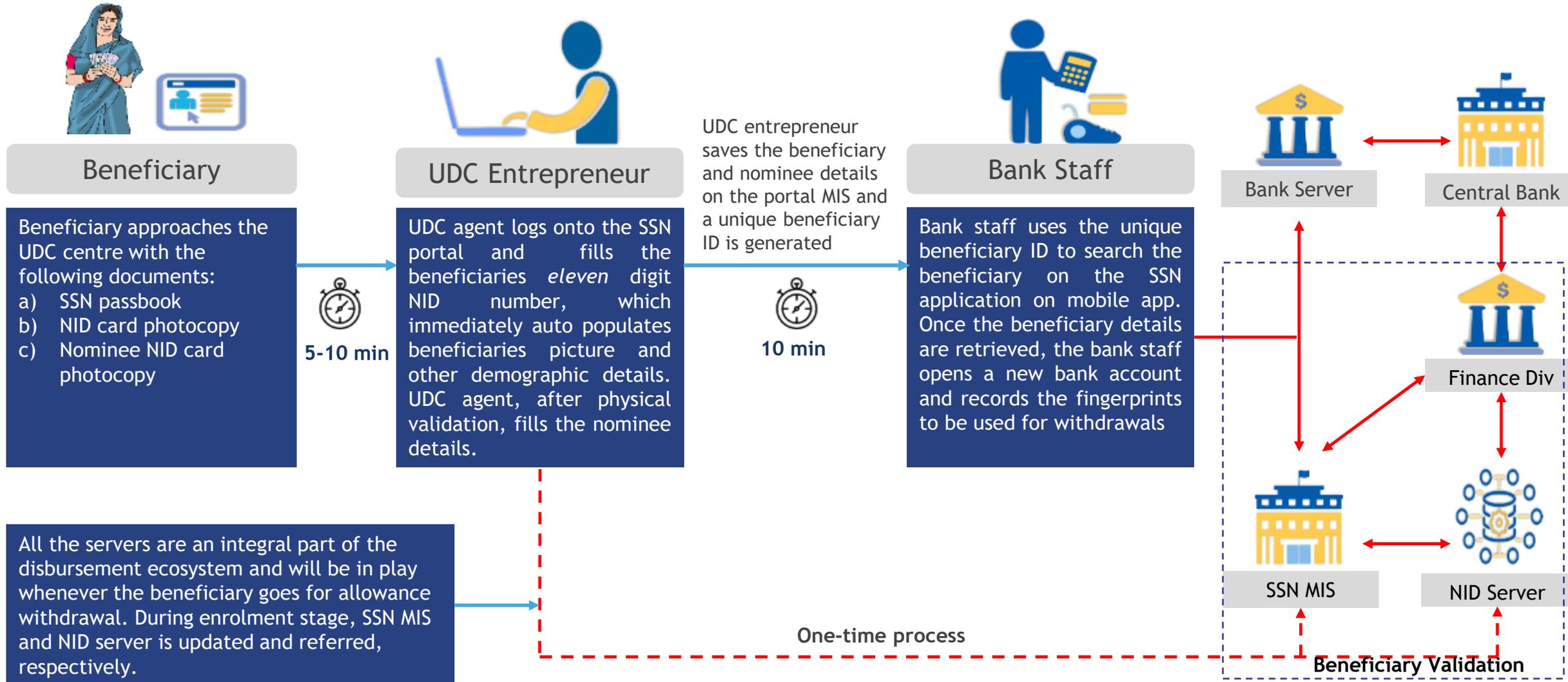
Beneficiaries had limited communication about the new pilot, enrolment process & documents to be submitted at the UDC centre even on the day of disbursement/enrolment.

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.

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.

# Annexure E: 'Existing' beneficiary enrolment process in the SSN allowance pilot



# Annexure F: 'New Applicant' beneficiary enrolment process in SSN allowance pilot



**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

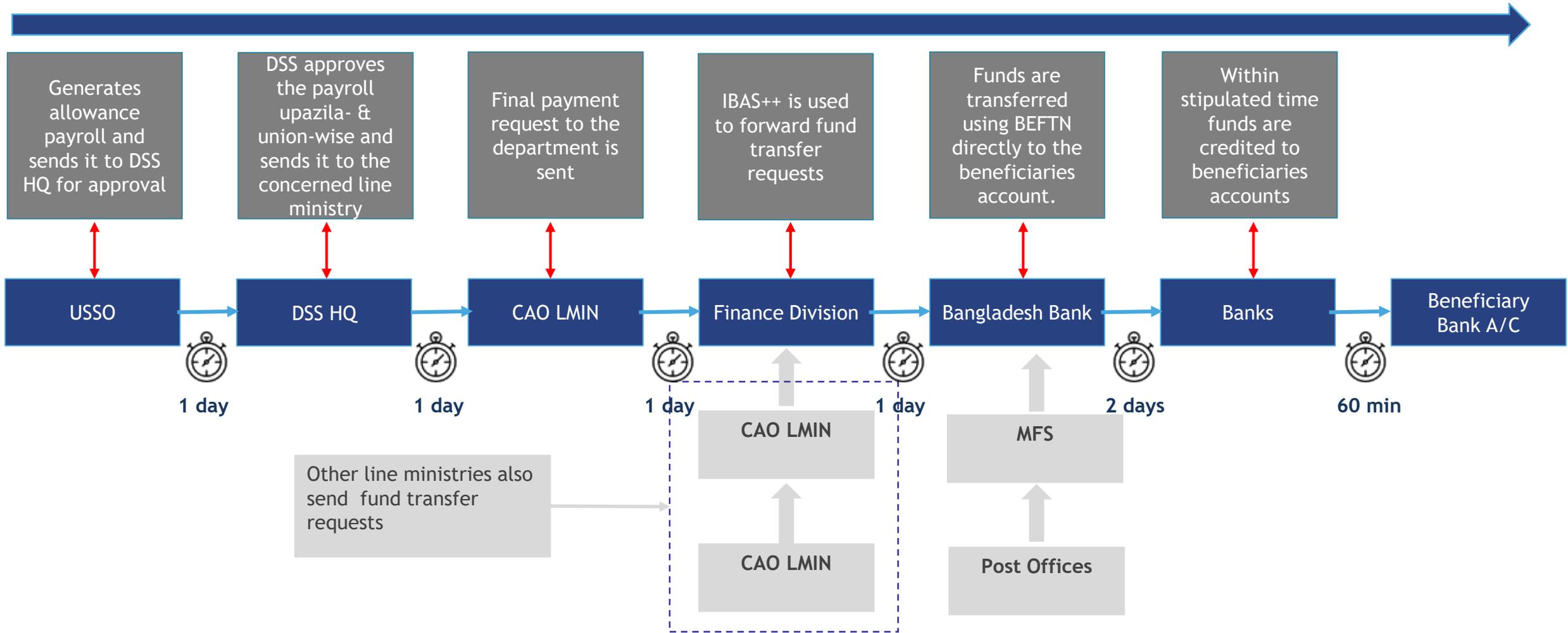
Field supervisor in the upazila office approves/rejects enrolment request & also processes 'replacement' requests

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

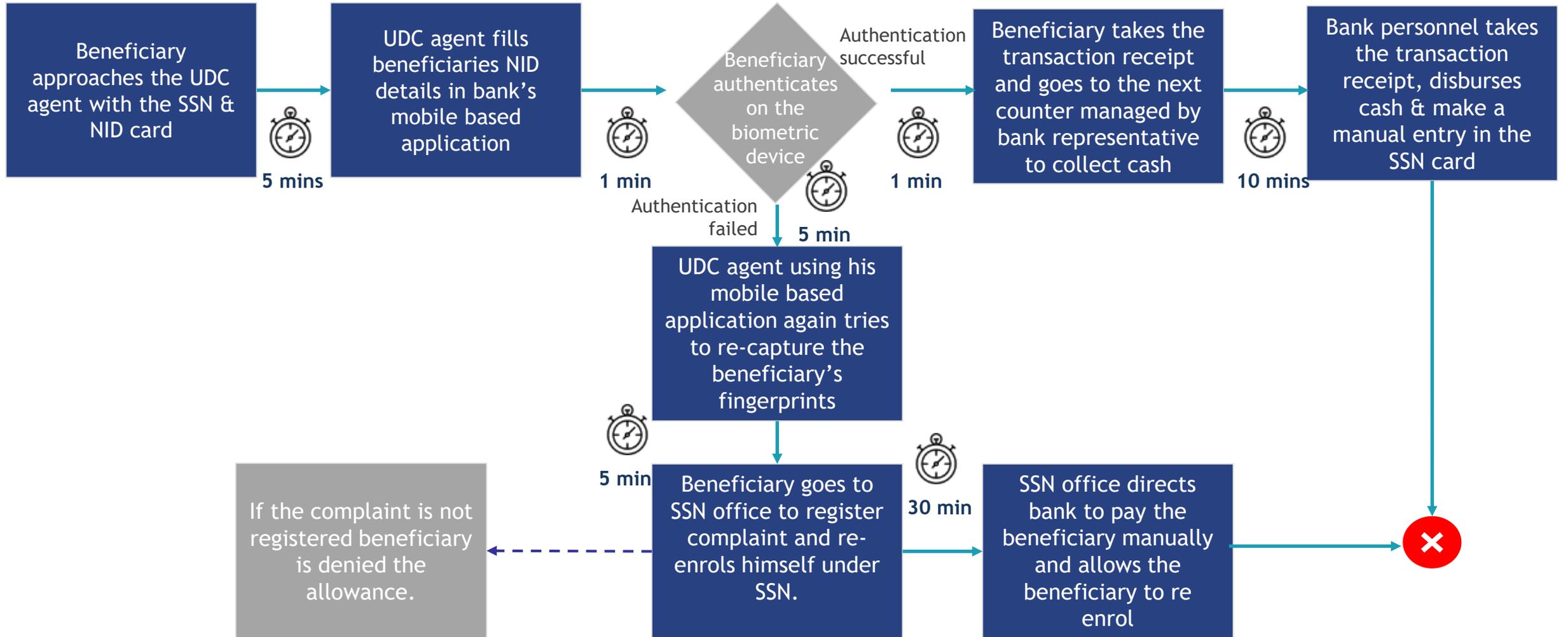
2 days

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

# Annexure G : New SSN allowance - backend process



# Annexure H: New SSN allowance - withdrawal process



# Annexure I: Legacy (old) SSN allowance - backend process

