Scoping study to support the Bangladesh Bank to scale digital transactions in Bangladesh

Consolidated microcosm study report

August 2025

Gates Foundation

MSC
MicroSave Consulting

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MSC undertook a scoping study with the Gates Foundation's support to generate evidence on payment behavior in rural Bangladesh.

01

The Bangladesh Bank seeks to transition to a predominantly cashless or cash-lite economy by 2031. This study intends to help the central bank develop a roadmap to this transition.

02

We examined the payments ecosystem and behavioral barriers within cashless payments. We also generated insights into opportunities and barriers to increase digital payments. This includes MFS, agent banking, and online payments facilitated by NPSB, BEFTN, and RTGS.

03

We adopted a unique study design and identified Singair *upazila* as a microcosm. We segmented the population into 12 distinct user segments (read occupation) based on their cash inflow. We engaged in extensive qualitative discussions with users and observations in the microcosm, with more than 8,512 person-hours.

04

We followed an effective method to regularly share insights with the supply-side players, such as bKash, Dutch Bangla Bank, Pubali Bank, Sonali Bank, Islami Bank, Bank Asia, Southeast Bank, and the Bangladesh Bank. As the scoping study continued, providers addressed operational challenges we had identified.

05

The project's outcome is to reveal behavioral insights, develop a strategic roadmap, and design scalable interventions. It strengthens collaboration to accelerate digital payment adoption and advance the vision of a cashless Bangladesh.

Digital payments in Bangladesh: The Bangladesh Bank's strategic infrastructure lays the foundation for a digitally inclusive economy.

Bangladesh modernized its payment system in the late 2000s from the erstwhile paper-based system. In 2008, the Bangladesh Bank established the Bangladesh Automated Clearing House (BACH). This included the Bangladesh Automated Cheque Processing System (BACPS), which was launched on 7th October 2010. The Bangladesh Electronic Fund Transfer Network (BEFTN) was also introduced on 28th February 2011. These systems enabled paperless transfers and dividend payments.

A unified platform became essential as transaction volumes increased. The National Payment Switch Bangladesh (NPSB) was soft-launched on 27th December 2012. It linked interbank ATM, point of sale (POS), and Internet Banking Fund Transfer systems for easier cross-institution transactions. The unified platform is crucial for a fast and inclusive financial system.

The Bangladesh Bank accelerated the adoption of mobile financial services (MFS) and expanded digital access through the country's mobile network. MSC enhanced digital transactions for unbanked and underbanked people.

In October 2015, the Bangladesh Bank launched the Real Time Gross Settlement (RTGS) system for high-value payments. The RTGS allows instant settlement of large transactions and enhances the country's digital infrastructure.

The Bangladesh Bank has strengthened its digital strategy with the introduction of personal retail accounts (PRA) and the Bangla QR system. PRA improves digital payment access for micro-merchants. Bangla QR provides a uniform, interoperable QR code standard across banks and merchants and makes mobile payments effortless. The Bangladesh Bank advised a pilot test of Bangla QR in the Singair *upazila* of Manikganj district. The bank chose Singair for its representation of all segments of the population, an even urban-rural split, and close proximity to Dhaka for monitoring.

*__NPSB__: National Payment Switch Bangladesh; __BEFTN__: Bangladesh Electronic Funds Transfer Network; __BD-RTGS__: Bangladesh Real Time Gross Settlement

In the research geography, the following infrastructure is fairly visible.

A network of bank branches, agent banking points, and MFS agent points

Bank branches, agent banking points, and MFS agent points are widely spread and available within the proximity of Singair's residents.

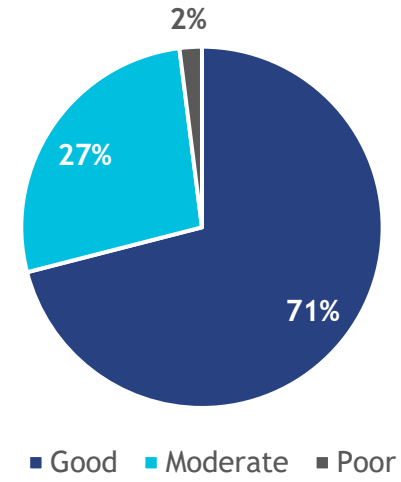
Singair has:

- **20** bank branches of **13** different banks, with 11 commercial banks and two specialized banks;
- **600 MFS agents, 1,400 DFS micro-merchants, and 11 banking agents** with **89** outlets, the highest in Manikganj. Singair's present population is 328,104. Each agent serves around **4,900** people through agent banking services in Singair;
- More than 500 merchant points that have *Bangla* QR of different providers (non-exclusive - Bangla QR merchant points in Singair are not limited to just one provider).

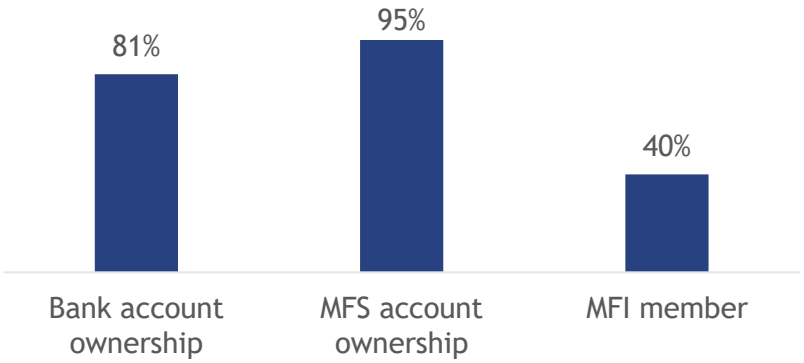
Ownership of bank account, MFS account, or MFI membership

- Almost all, or 95% of NID holders, have their own MFS account due to the seamless account opening procedure. bKash is the most prominent MFS in Singair.
- Some people use their family member's bank account to receive remittances.

Status of internet connectivity



Usage of formal financial channels



About the microcosm: Singair is an agri-dependent rural *upazila*, 32 km from Dhaka.

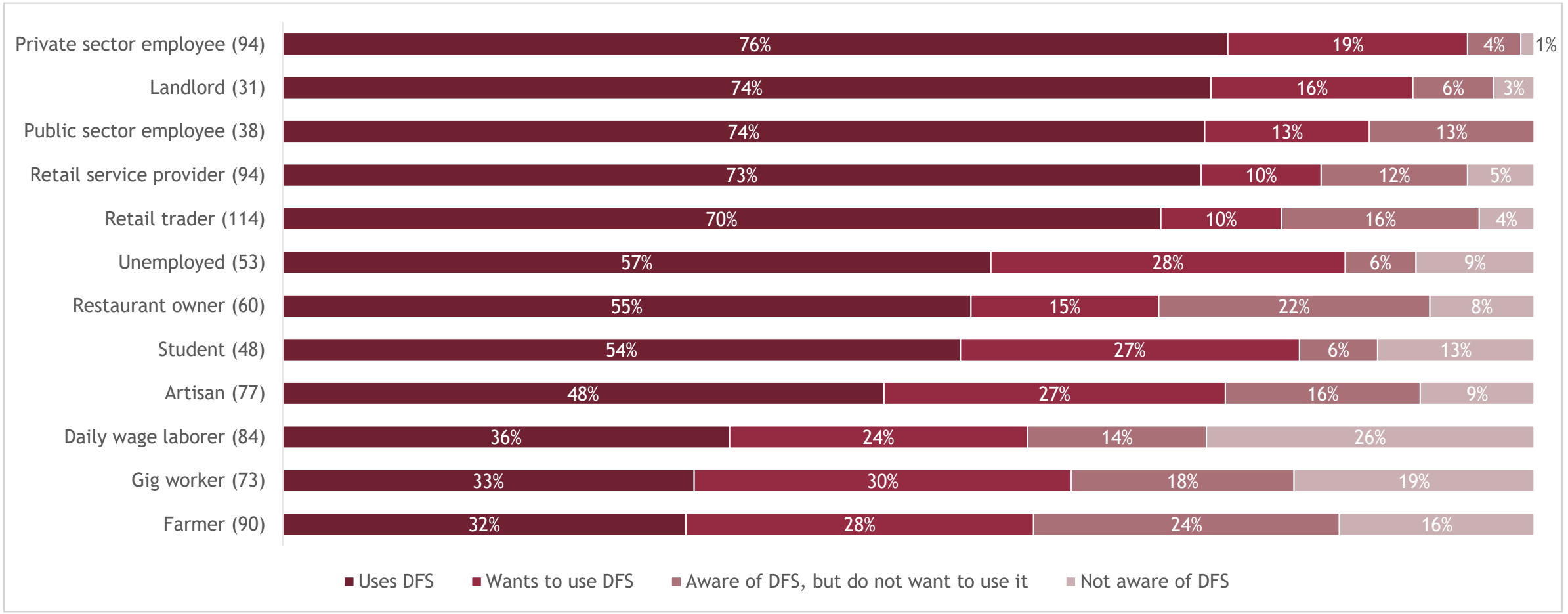
- The *upazila* is primarily agricultural and rural.
- People in Singair rely the cultivation of paddy, jute, and vegetables.
- The wholesale markets in Singair and Joy Mantap support agricultural trade.
- Remittance is the second-largest contributor to Singair's economy.
- Singair has a blend of rural and peri-urban cultures due to its proximity to Dhaka and Savar.

Retrieved from: singair.manikganj.gov.bd/

Upazila: An administrative unit in Bangladesh, meaning sub-district. Typically, a district has five to nine upazilas. Singair is a sub-district of Manikganj district.

In Singair, 56% of people use DFS, 20% want to use DFS, while 14% do not, and 10% are not even aware of it.

A higher proportion of farmers, gig workers, the unemployed, artisans, and students want to use DFS. We examine the reasons in slides 7 to 11.

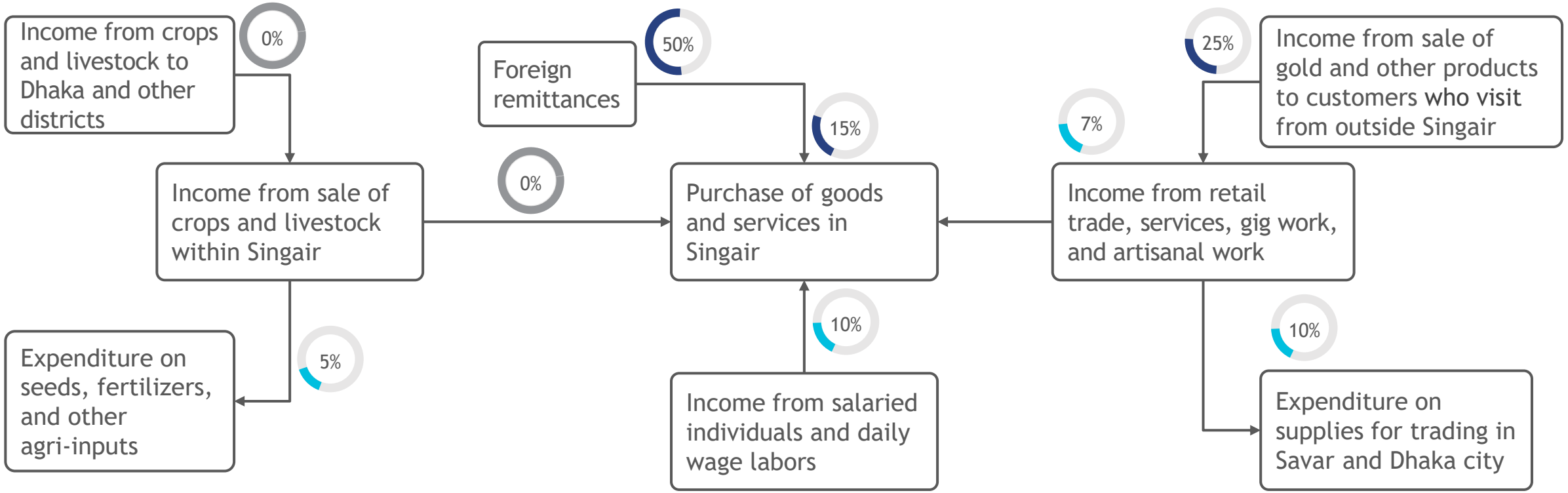


n = 856 (the segments are sorted from highest to lowest percentage of respondents who use DFS)

*Those who transact digitally, regardless of device ownership.

However, the value for DFS payments is as low as 10% of the overall value of transactions.

Remittance payments, immigrants' spends, and supplier payments outside Singair have a higher incidence of DFS payments than agriculture, retail, and salary receipts.



The percentage in the denotes the proportion of agent-assisted or self-accessed DFS transactions.

Agent-assisted includes cash-in and cash-out at MFS agent, through utility bill payments or mobile top-up at MFS or agent banking agent, and money transfer through agents.

Self accessed DFS Includes MFS transfers and payments, card-based payments, QR-payments, and internet banking from own device.

Salaried employees, retail traders, landlords, and service providers use DFS the most. Farmers, artisans, and daily wage laborers fall behind.

We analyzed Singair's payment landscape and categorized the local population into 12 segments based on their main income activities.

Artisan	Craft handmade goods ***(USD 161 / BDT 19,328; 2.7% received and 7.4% spent digitally)**
Daily-wage laborer	Receive a daily amount for labor **(USD 150 / BDT 17,955; 4.6% received and 5.5% spent digitally)**
Farmer	Sell crops or livestock to markets **(USD 279 / BDT 33,433; 5.7% received and 4.1% spent digitally)**
Gig worker	Trade goods or provide services from a temporary workplace **(USD 300 / BDT 35,977; 4.5% received and 11.3% spent digitally)**
Landlord	Own land or buildings and rent it **(USD 462 / BDT 55,435; 7.4% received and 14% spent digitally)**
Private sector employee	Work at private organizations **(USD 202 / BDT 24,256; 35% received and 17% spent digitally)**

Public sector employee	Employed by government-owned or controlled organizations **(USD 251 / BDT 30,167; 40% received and 12% spent digitally)**
Restaurant owner	Own a food service store **(USD 411 / BDT 49,323; 3.8% received and 4.4% spent digitally)**
Retail service	Provide services directly to consumers **(USD 318 / BDT 38,198; 13.6% received and 10% spent digitally)**
Retail trader	Sell goods directly to consumers **(USD 420 / BDT 50,395; 10.7% received and 10% spent digitally)**
Student	Enrolled in a school, college, or university **(USD 89 / BDT 10,703; 35% received and 15% spent digitally)**
Unemployed	Do not generate income **(USD 124 / BDT 14,872; 56% received and 7.9% spent digitally)**

*Indicates monthly household income in USD and BDT, followed by percentage of monthly income spent digitally)
We identified the segments based on secondary research, discussions with opinion leaders, and preliminary fieldwork. The user segment is detailed in the annex.

All user segments recognize the value of DFS, yet digital readiness, affordability, and trust gaps shape adoption patterns.

User group	Drivers	Barriers
DFS users	• Appreciate the convenience and speed DFS delivers. • Already possess the required digital literacy and smartphone access.	• High fees and service charges • Limited local acceptance by merchants and customers, which hinders further scaling of usage
Aspiring users[1]	• Desire the same convenience and speed as existing users.	• A wider gap between the benefits desired and the conditions required to use DFS • Lower digital literacy and issues with affordability, for example, expensive devices and high fees • Limited customer awareness and merchant acceptance, which reduce the ability to adopt DFS
Reluctant nonusers[2]	• Recognize convenience, speed, and the value of strong network effects, for instance, wide merchant acceptance of digital payment	• Share similar barriers with users, such as low literacy, affordability, and limited acceptance, and also lack control and transparency over their money • High sensitivity to risks and trust gaps

- All groups[3] value DFS for its convenience and time-saving benefits, but while existing users have overcome digital and device barriers, aspiring users struggle with access and affordability.
- Reluctant nonusers, although aware of the benefits, are particularly cautious due to risk sensitivity and concerns over transparency.

[1] Aspiring users are those who currently do not use DFS but want to use it.
[2] Reluctant non-users are those who are aware of DFS but do not currently use it and do not want to use it.
[3] These three user groups are present in all segments.

Trends and barriers to DFS adoption in Singair

1. Trends in DFS adoption
2. Barriers to DFS adoption
3. Barriers to Bangla QR and PRA
4. Association of gender with DFS

Trends in DFS adoption (1/2)

DFS usage in Singair varies widely by profession and financial access. (1/2)

- **Retail traders** and **landlords** show the highest DFS adoption. **More than 70% use DFS** for different financial activities.
  - Retail traders and landlords benefit from DFS for high transaction volumes. These transactions include rent collection and recurring diverse financial transactions, such as peer-to-peer (P2P) transfers. DFS fulfills the need for efficient, secure money transfers. Retail traders and landlords have a higher income, broader spending patterns, and strong social connections. These factors drive extensive DFS engagement beyond business-related payment or rent transactions.

- Public and private sector employees are **more financially literate**. Yet they **primarily use DFS for receiving salary (65% for public and 28% for private sector employees)** rather than **everyday transactions due to limited merchant acceptance** and **concerns over fees on small transactions.**
  - Salaried individuals mainly use digital financial services for merchant payments, P2P, and person-to-government (P2G) transactions. The local ecosystem largely favors cash for everyday purchases.

- **Only 33% of farmers**, **30% of gig workers**, and **17% of daily wage laborers have adopted DFS.** These numbers demonstrate **low engagement** due to a **lack of digital income sources** and **high cash-out fees.** 50% of daily wage earners cite extra costs as a major reason why they do not adopt DFS.
  - These groups earn low, irregular incomes or work in cash-dominant economies. For 50% of daily wage earners, the high fees to convert digital funds to cash discourage DFS use. This proves that any extra cost is a significant barrier.

Trends in DFS adoption (2/2)

DFS usage in Singair varies widely by profession and financial access. (2/2)

- **93% of gig workers** immediately withdraw their digital earnings, which highlights **trust issues** and the **absence of incentives** to keep money in DFS accounts.
  - Nearly all gig workers immediately convert their digital earnings to cash due to a lack of trust in holding funds within DFS accounts and slow settlement processes.

- **45% of restaurant owners** and 58% of **retail traders** see **digital payments** as unprofitable due to the **high MDR** and **slow settlement periods.** They prefer cash transactions to maintain liquidity.
  - High merchant discount rates and slow settlements reduce profit margins. Slow settlements take an average of three to four days, sometimes more than seven days. This delay occurs due to technical glitches and manual complaint processes with local FSP officials.
  - For businesses that depend on quick cash flow, these delays and extra costs make digital payments less attractive. Many businesses prefer cash transactions to maintain liquidity and control over their finances.

Barriers to DFS adoption (1/6)

Digital literacy

- **Low literacy** and **digital skills** are barriers to DFS adoption, especially among **artisans** and **farmers**. **64%** of artisans cite literacy as a barrier, and 39% of **farmers** cite formal education as a hindrance.
  - Those with limited reading, writing, and technology skills struggle with digital interfaces and DFS platforms. 64% of artisans see literacy as a barrier. **This indicates** that many artisans lack confidence when they use apps or websites for basic navigation.
  - 39% of farmers lack formal education. Hence, their unfamiliarity with technology leads to hesitation to adopt DFS. Without targeted education or user-friendly interfaces, these groups will remain excluded.

Barriers to DFS adoption (2/6)

Limited accessibility

- **All farmers** in the study purchase essential inputs from dealers and suppliers **in cash**. **Wholesalers and *aratdars**** prefer cash at the *haat bazaar*.
  - Farmers purchase essential inputs, such as seeds and fertilizers, in cash from local dealers. If wholesalers and *aratdars* also insist on cash, especially in traditional markets like haat bazaars, the ecosystem discourages the use of digital payments. Farmers have little incentive or opportunity to change from cash where dealers and suppliers mostly do not accept digital payments.

- Only **17% of day **laborers have bank** accounts, while **33% of them use mobile financial services (MFS)**, which limits digital transactions.
  - Limited financial services penetration means many laborers lack access to the full suite of DFS that providers offer. These include services, such as secure savings, credit facilities, and comprehensive digital payment options.

- **27% of students lack a National ID**, which prevents DFS account access. **21% of them use DFS solely for cash withdrawals.**
  - The use of DFS exclusively for cash withdrawals indicates that even when access is available, the actual benefits of a fully digital financial account are minimal. This limited functionality further lowers broader DFS usage among younger users.

Arat - A wholesale marketplace or trading hub where agricultural products are aggregated, traded, and distributed.
**Aratdar* - A commission agent or intermediary who operates within an *arat*. *Aratdars* manage the flow of goods in the agricultural market.
Laborer* - *Blue color workers

Barriers to DFS adoption (3/6)

Affordability concerns due to high transaction costs

- People view DFS as expensive. **36% of respondents consider it a luxury** due to high cash-out fees.
  - Users view DFS as a luxury because of expensive transaction fees, such as cash-out fees and merchant discount rate (MDR) fees. This shows that transaction costs can make DFS seem disproportionately costly than traditional cash methods.
  - This perception is particularly acute among price-sensitive groups, such as farmers, artisans, retail traders, retail service providers, restaurant owners, and others.

- **33% of** farmers find the **MFS fees high** and suggest **decreasing** them to **0.5%-1%.**
  - Farmers work on thin margins and are highly fee-sensitive. About 33% suggest that MFS cash-out fees are too high and should be reduced to 0.5%–1%. Lower fees could make digital financial services a more attractive option.

- **51% of retail traders** and **restaurant owners avoid DFS** due to the **high merchant discount rate (MDR)**, which they say **reduces profits. Businesses** even **encourage cash transactions** to **bypass fees.**
  - Retail traders and restaurant owners avoid DFS and favor cash transactions to maintain better profit margins.
  - As a result, affordability is a significant barrier, especially in small or margin-sensitive enterprises.

Barriers to DFS adoption (4/6)

Infrastructure issues

- **41% of respondents report delayed transactions,** which proves that reliability concerns persist.
  - Such delayed transactions can disrupt daily financial planning for regular users and erode confidence in digital alternatives.
  - Infrastructure problems can quickly undermine the confidence of new users in their ability to use DFS in daily life.

- **46%** farmers report **system outages,** especially during harvests.
  - For farmers, system outages can cause irreversible damage during harvests, when cash flow is critical.
  - These numbers indicate that the digital infrastructure is not adequate enough to meet the demands of rural or seasonal users. These reliability issues further discourage users in their shift to DFS.

Barriers to DFS adoption (5/6)

Trust concerns

- **27% of users view DFS as riskier than cash.**
  - A notable 27% of users consider DFS riskier than cash. This reflects deep-seated concerns about DFS security. This caution is linked to past experiences with fraud or a general mistrust of digital platforms. Users are reluctant to shift away from the tangible nature of cash.

- **42% of gig workers** worry about **fraud** and **transparency**.
  - 42% of gig workers perceive digital transactions as more vulnerable to manipulative practices or errors.
  - For gig workers who rely on quick and secure payments, any hint of instability or risk in DFS systems can be a deal-breaker.

- **15% of retail traders** feel **DFS reduces control** over their finances.
  - 15% of retail traders find that digital payments reduce their financial control. This occurs due to delayed settlements or tracking errors. They view the immediate clarity of cash transactions as a more viable option due to this lack of control.
  - Retail traders see DFS as an alternative to cash rather than a tool to manage and scale their business.
  - Loss of trust in the digital system can severely limit DFS adoption.

Barriers to DFS adoption (6/6)

Limited value perception

- DFS adoption remains low among businesses, as **merchants report that suppliers and distributors do not accept digital payments.**
  - Merchants have little motivation to adopt DFS if their suppliers and distributors do not accept digital payments. The absence of a fully integrated payment ecosystem limits the perceived benefits of DFS. This reinforces the status quo of cash transactions.

- **Only 12% of restaurant owners** see **business value** in digital payments, although **72% use them for personal usage**.
  - Digital tools are helpful for personal use but offer limited benefits to businesses. This prevents broader DFS adoption in commercial settings.

- Among students, **65% find DFS useful to receive money** but do not see **benefits beyond withdrawals**.
  - 65% of students view DFS only as a way to receive money. They overlook benefits, such as bill payments, savings options, and mobile recharge. This narrow perception limits the use of DFS as a comprehensive tool.

Barriers to the adoption of Bangla QR and PRA (1/3)

Bangla QR enables low-cost, interoperable payments for small merchants. A personal retail account (PRA) provides a secure channel for informal workers and microentrepreneurs to receive digital payments. However, our research reveals several barriers that prevent the wider adoption and impact of these vital digital tools.

Awareness barriers

- 80% of the Bangla QR merchants are unaware of the benefits of Bangla QR.
  - *Bangla* QR merchants do not fully understand its benefits and functionality. Providers do not provide much guidance, and bKash merchants mostly use bKash QRs.
  - Customers are unaware of Bangla QR and the interoperability feature.

MDR issues

- Merchants perceive the merchant discount rate (MDR) as higher than their profit margin.
  - Merchants view MDR for Bangla QR as too high compared to their profit margins. Many merchants prefer cash transactions without promised long-term benefits, such as a larger customer base or lower operational costs.
- MDR variations from different providers and channels confuse merchants.
  - Merchants are confused by the various MDR rates across different providers and channels. This makes it difficult for them to understand which payment method offers the best value. These inconsistencies increase their reluctance to adopt digital payment systems like Bangla QR.

Barriers to the adoption of Bangla QR and PRA (2/3)

Perceived complexity

- A lack of clarity for the users on how QR operates, with unclear promotions.
  - Banks have limited resources allocated to acquire and promote Bangla QR. This leads to fewer instances of merchant onboarding, low visibility, and weak adoption at the grassroots level.

- Lack of instant visibility of the e-money balance complicates merchants' bookkeeping.
  - Merchants' lack of instant visibility of the e-money balance complicates bookkeeping. They struggle to track incoming payments in real time. This creates confusion in daily sales records, hampers inventory planning, and reduces their trust in digital transactions.

- Lack of provider support and prioritization.
  - Lack of provider support and prioritization slows Bangla QR adoption. Banks and MFSs do not actively promote it or help merchants adopt Bangla QR. This limits its awareness, uptake, and impact.

Infrastructural issues

- Poor Internet connectivity delays payments. Some users report that settlement takes three to four days.
  - Poor internet connectivity leads to transaction delays, which causes frustration for both merchants and customers. This reduces trust in digital payments and pushes users back to cash. These barriers slow the growth of a cashless ecosystem.

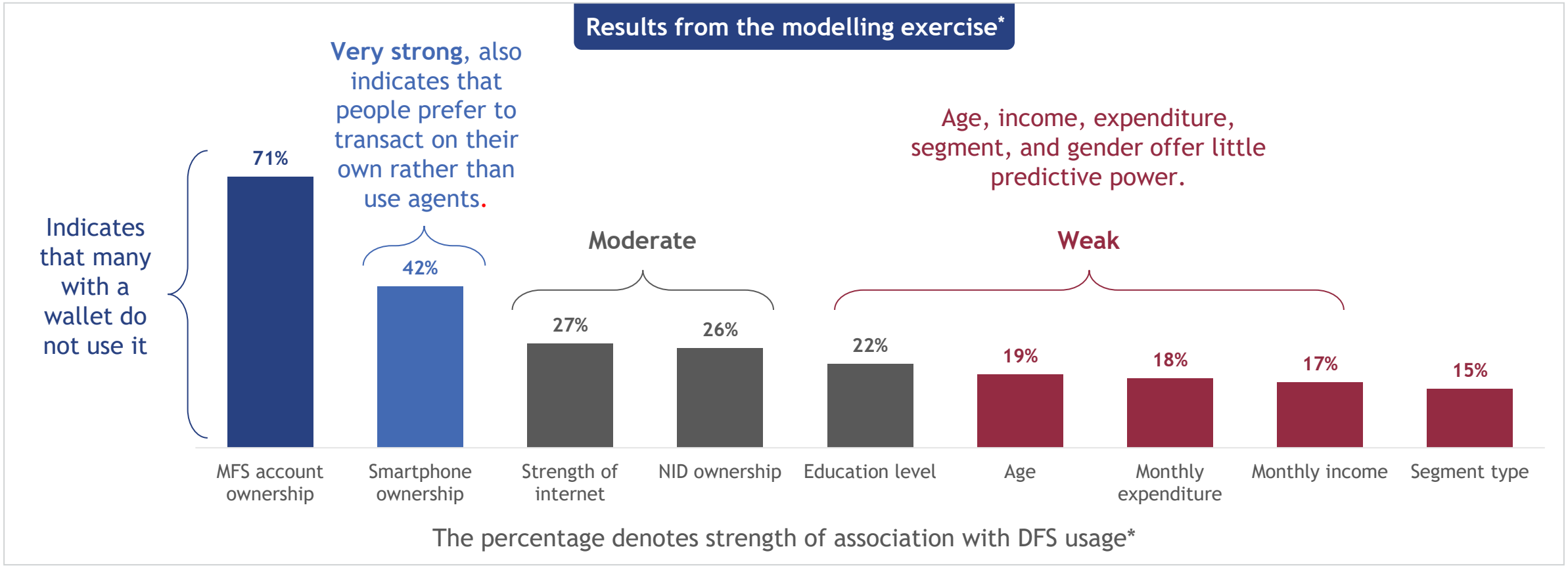
- Users experience issues with Bangla QR, while other payment methods like bKash function smoothly.

Barriers to the adoption of Bangla QR and PRA (3/3)

Lack of support by providers to local branches. Due to resource allocation constraints, other areas of the bank were prioritized

- Real-time data access is lacking.
  - Local bank branches cannot access QR-based transaction data, which limits their ability to assist merchants and resolve issues. This undermines trust in the system and hampers real-time grievance resolution and support. Bank branches have limited resources to acquire Bangla QR and promote it.
- Banks have limited technical capacity.
  - Local bank staff lack basic knowledge of QR payment systems. They also cannot distinguish between Bangla QR and proprietary QR codes. Structured or standardized training programs are unavailable, which leads to inconsistent support during merchant onboarding.
- Banks lack standardized processes.
  - Banks lack clear standard operating procedures (SOPs) for merchant onboarding. Bank staff are unsure how to explain the value and usage of QR payments to merchants. This leads to merchant confusion and reluctance.
- Fragmented and inconsistent merchant onboarding.
  - Without SOPs or uniform guidance, onboarding is inconsistent, inefficient, and often dependent on individual branch initiative or staff motivation.
- Banks do not have adequate support materials.
  - Banks do not give merchants reference materials or follow-up support. This limits their confidence and ability to use the system independently.

A modelling exercise revealed that age, income, expenditure, segment-type, and gender play a limited role in DFS adoption.



Women represent 11% of respondents. Female respondents refer to all 95 female respondents in the sample. We report the disaggregated insights only where sample variability allows for meaningful interpretation, as discussed in the next slide.

*Cramer's V, calculated using chi-square test and normalized to range between 0 and 1—0 meaning no association at all, and 1 indicating a perfect relationship.

Phone and internet access are not enough. Gender gaps in DFS reflect deeper issues of control and confidence.*

Limited access to personal phones remains a significant barrier for women.

- Among those without phones, men are four times more likely to use DFS than women.
- Even when the female respondent owns the only smartphone in the household, men still use DFS more frequently than women.
- In households where someone else owns a smartphone, men are 93% more likely to use DFS than women.

Men are more likely to use digital payments than women, even with the same type of internet access.

- Men are 2.8 times more likely to use digital payments with mobile data, 1.7 times more likely with WiFi, and 5.6 times more likely to do so when they lack internet access (agent-assisted).

For respondents with formal schooling, men are far more likely to use DFS than their female counterparts.

- In the 36-50 age group, men are almost six times as likely to use digital payments. For those who are above 50 years old, this figure rises to nearly seven times.

These gaps go beyond devices and connectivity, which are leading factors identified in the modelling exercise. They highlight deeper issues of control, confidence, and digital exposure.

*Subgroup trends (e.g. by gender) are presented where sample size permits stable estimates. However, due to limited observations in some categories, findings should be viewed as indicative rather than conclusive.

Payments use case-specific insights

These insights map the transition of cash to digital and digital to cash, where it goes, and how it is used. The mapping also identifies the factors that influence these inflection points.

Private sector employees receive their salaries in bank accounts. However, many withdraw a significant portion to simplify financial management and reduce the risk of payment rejections.

Company

The company pays its employees through Electronic Fund Transfer (EFT) by the 25th of every month.

B2P

Digital

BDT 20,000 (USD 167) transferred to the employee's bank account as salary.

Private sector employee

P2B

Digital to cash

The employee uses cash to cover essential household expenses, such as buying groceries at the local market.

However, most retailers do not accept DFS as a form of payment.

Retailer

Retailers prefer cash payments to avoid DFS fees, which cut their profit margins.

They often encourage customers to pay in cash or impose fees for digital transactions.

- Although employees receive their salaries via EFT, retailers often prefer cash payments. This is also discussed in the next slide.
- Some stores, such as superstores and pharmacies, do accept digital payments through MFS or cards. However, the **availability of such options in areas like Singair** is quite limited. As a result, private sector employees need to have cash and electronic money for their purchase needs. These constant switches can exhaust employees, which leads to decision fatigue and a general preference for cash payments.

Ready-made garments (RMG) salary comes with a cash-out charge, and low digital acceptance keeps RMG workers dependent on cash.

BDT 1,000 (USD 9) salary is disbursed to the RMG worker's wallet

Salary disbursement

Digital to cash

Scenario 1:
Cash-out via agent point: BDT 1,000 is withdrawn at the agent point at a **0.7% charge.**

Digital to digital

Scenario 2:
Keep the salary in the wallet: BDT 1,000 is kept in the wallet for further usage.

Use cases

P2P (cash to digital): Transfer via agent: Cash in BDT 200 to a relative's wallet with no charge (relative pays cash out charge).

P2G (cash): Pay bill via agent: Agent charges BDT 10.

P2P; P2M: Other spending via cash

P2P (digital): Transfer BDT 200 to the relative's wallet in the home district with a **BDT 5** transaction fee.

P2M: No charge.

P2G: No charge (for first two payments).

P2B (mobile recharge): No charge.

The relative cashes out the money at an agent point once they receive the amount from an agent or via wallet-to-wallet transfer. They incur a 1.85% fee. As a result, they receive BDT 196.30.

- **Salary disbursement costs:** RMG workers receive wages via MFS. The factory and the MFS provider negotiate the total cash-out fee. The factory covers a portion, while workers typically bear 0.7%. The factory informs the workers about this arrangement when they join.
- **Cash withdrawal:** Most workers withdraw around 80% of their salary. They prefer to spend in cash, as most retailers prefer it. Also see slide 27.
- **Money transfers to home:** Transfers via agent wallets are free, while wallet-to-wallet transfers **cost BDT 5 per** transaction, which makes digital transfers more expensive.

*Customers can pay up to two bills per month free of charge; respective fees apply for additional bills.

Distributors discourage digital payments because the current systems do not allow distributors to map the payments back to the retailer.

Cash mapping for a sale of 1,000 BDT goods: Current practice

Customer pays retailer **BDT 1,000** via MFS for the purchase of goods.

Customer

P2B

Digital

BDT 1,000 from the customer's wallet is transferred to the retailer's merchant wallet.

Retailer

Digital to cash via sales representative

B2B

The retailer does a cash-out using their merchant wallet for **BDT 985**. A cash-out fee of **1.49% or BDT 15** is **applied**.

Distributor

Cash to digital

At the distributor's instruction, the sales representative collects cash and deposits required amounts into the manufacturer's bank account using EFTN.

- The sale and collection of payments for the goods sold is done via a sales representative. If a retailer directly pays the distributor's wallet or account, the distributor does not have any mechanism to determine which retailer has paid for what goods. Without a digital reconciliation system, distributors prefer that sales representatives collect cash from retailers and deposit it into the distributors' accounts.
- If the current system for retailer-to-distributor B2B payments were digital and allowed for traceability, the **MDR would be 0.2%.** This is the MDR for B2B payments as prescribed by the Bangladesh Bank. This change would lower the cost of digital by more than 1.29% and simplify the payment process.

* Here, "distributors" primarily refer to company distributors dealing in physical goods, such as FMCG distributors, not those associated with MFS providers or MNOs.

Sectors we work in

Providing impact-oriented business consulting services


Banking, financial services, and insurance (BFSI)


Water, sanitation, and hygiene (WASH)


Government and regulators


Micro, small, and medium enterprise (MSME)


Social payments and refugees


Youth


Gender equality and social inclusion (GESI)


Education and skills


Digital and FinTech


Agriculture and food systems


Climate change and sustainability


Health and nutrition

Multi-faceted expertise

Advisory that helps you succeed in a rapidly evolving market


Policy and strategy


Products and channels


Research, evaluation, and analytics


Organizational transformation


Digital technology and channels


Catalytic finance


Design thinking and innovation


Marketing and communication


Training


Government regulations and policy


Data Insight


Customer protection and engagement for responsible finance

MSC is recognized as the world's local expert in economic, social and financial inclusion

International financial, social and economic inclusion consulting firm with **25+** years of experience

>300 staff in **10** offices around the world

Projects in **~68** developing countries

Our impact so far

>550 clients

>1,400 publications

Assisted development of digital G2P services used by **>875 million people**

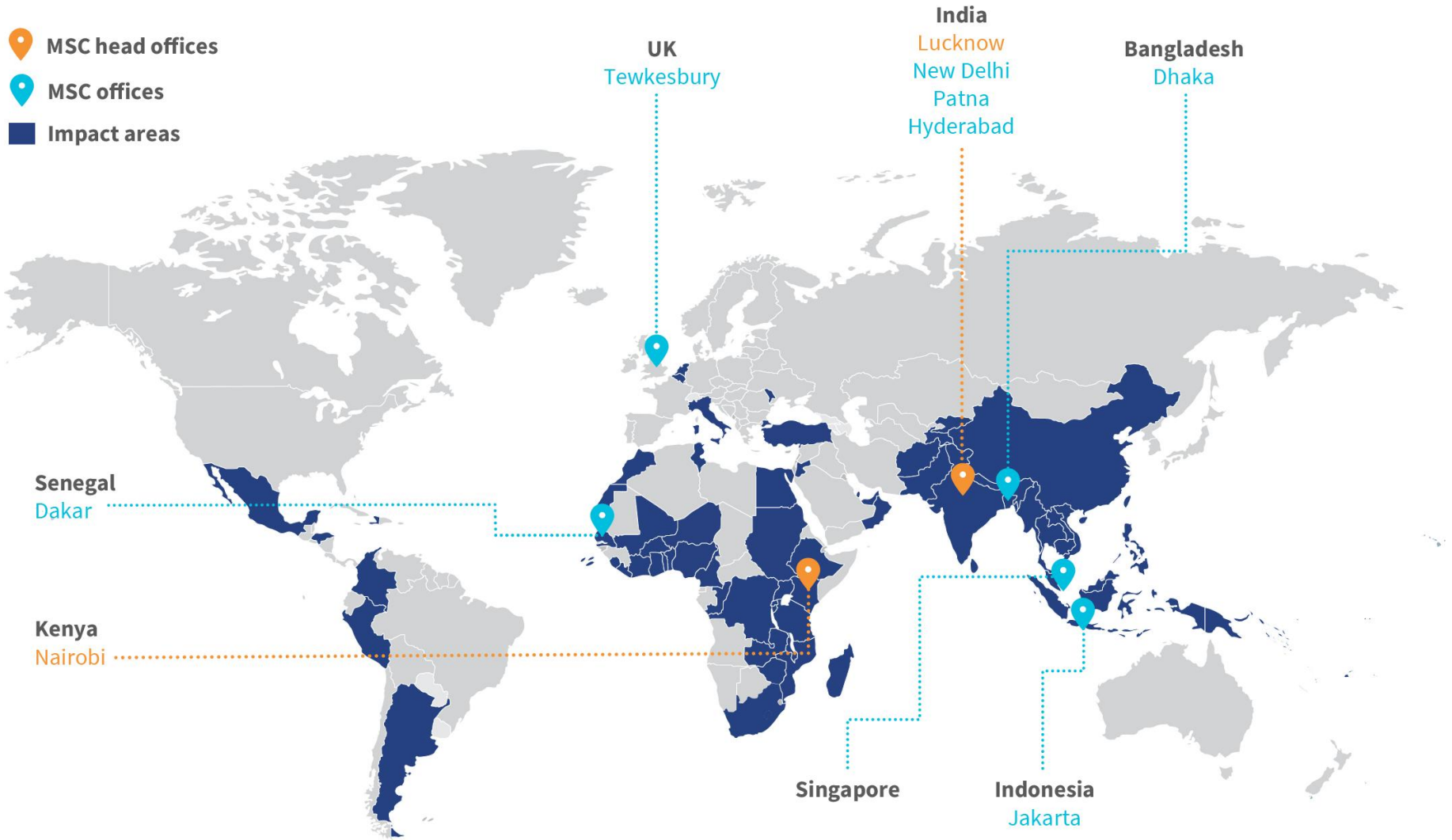
Implemented **>950 DFS projects**

Developed **>300 FI products** and channels now used by **>1.7 billion people**

Trained >11,100 leading FI specialists globally

Some of our partners and clients

Bill & Melinda Gates foundation
MetLife Foundation
mastercard foundation
IFC International Finance Corporation
UNCDF
USAID
WORLD BANK GROUP
CGAP
OMIDYAR NETWORK
ADB ASIAN DEVELOPMENT BANK
NPCI
NITI Aayog
dfcu BANK ...with pleasure
EQUITY
Family Bank
FirstBank Since 1894
Safaricom
Centenary Bank
m-pesa
MTN Mobile Money
Center for Global Development
airtel
vodafone
Moov no limit
UKaid
Michael & Susan Dell FOUNDATION
OJK OTORITAS JASA KEUANGAN
Ecobank The Pan African Bank
CESAG
BURO Bangladesh
SCBF
avpn
CIFAR ALLIANCE
Bank Asia FOR A BETTER TOMORROW
BRAC BANK



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