



MOBILE MONEY CONSULTATIVE GROUP MEETING HIGHLIGHTS



Group photo of event participants. Photo credit: USAID's mSTAR project

The 9th [Mobile Money Consultative Group \(MMCG\)](#) meeting was held on May 30, 2017 at the Bangabandhu International Conference Center in Dhaka, with a focus on the “Role of the Regulators in Accelerating DFS Promotion”. It was organized by [USAID's Mobile Solutions Technical Assistance and Research \(mSTAR\) project](#) and hosted by the UN Capital Development Fund (UNCDF). The meeting was attended by over 30 participants from 23 organizations. For a full list of participants and the meeting agenda please refer to the Annexes.

The key objective of the meeting was to discuss both the role of regulators in accelerating DFS promotion, as well as to explore and learn about different initiatives that development partners and DFS providers have adopted to expand financial inclusion in light of the current regulatory environment. Participants also highlighted the challenges that arise from limited financial literacy, the inability to tailor products in a way that is directly relevant to diverse market segments, challenges that lower income segments have with preparing the required KYC identification documents, barriers to new entrants in MFS market, the lack of a defined framework for fintech, and the lack of MFS interoperability. Members shared several obstacles they face in their work due to the current regulations, particularly when targeting underserved populations in both rural and urban areas. In light of those issues, participants also discussed and outlined the roles they can play in supporting actions to help overcome these challenges moving forward.

Some of the main discussion points from the meeting are summarized below.



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Challenges:

To kick off the main discussion, one participant shared the work they have been doing with the Bangladesh Bank and his perspectives on the changes in regulation. He explained that the current mobile financial services (MFS) regulation has a major influence and he believes that the revised version of the guidelines which are yet to be released is a vital document that the entire sector is waiting for. He believes this document will clear issues related to competition and investment, such as the equity distribution in terms of ownership, including whether the sector will continue with a bank-led model and what the role of mobile network operators (MNOs) and other players, such as foreign investors, will be. He further expressed concerns about the impacts of the new MFS circular from Bangladesh Bank that reduced the daily and monthly cash in and cash out limits, and require the use of a photo ID for any cash out transaction amount above BDT 5,000. While this does not impact the amount of money that can be sent to individuals from a corporate account, it does lower how much they can cash out each day, which impacts the remittance inflow for the banking channels.

Another participant who is working to mainstream mobile money and digital financial services for rural women explained how they are trying to perfect the art of service delivery, as this segment is excluded from the market system. This is because these women either do not have access to agents or are not comfortable going outside to open their wallets. He further stated that they faced multiple problems at the initial stage of piloting, especially due to KYC forms, and that those challenges persist. They have an elaborate system where they employ their own staff to fill out the forms but this process is time consuming.

On the topic of KYC, another member who has experience working to digitize the payroll of the RMG factories shared several challenges that they have been facing. She noted that filling out KYC form for the workers has been one of the biggest implementation barriers for them, as most of them do not have valid national identification documents. The reason behind it is it takes a reasonable amount of time to go back to the village to collect the documents and workers simply do not have such time. She further added one of the new challenges for them is the lowered MFS cash out limit as salaries are usually higher than the limit and workers still prefer to cash out their entire salary once it is received. Moreover, they must now show their identification documents to withdraw the salary. These issues have made motivating the workers to use MFS much harder.

Another member who works with agro-input retailers thinks that adequate financial literacy is missing at the rural level and people are unaware of the schemes that Bangladesh Bank has, especially for women entrepreneurs. They have been working on improving their financial literacy and have also been motivating them to expand their businesses. Even though most of them require loans, it has been difficult to convince them to go to banks. This is because the group of people that they have been working with thinks going to a bank is a hassle and they would rather take an informal loan from someone from their neighborhood. When talking about the KYC, he explained that presently, their retailers are voluntarily filling out the KYC forms for the farmers but it is only on test basis. He further stated that the retailers may not continue to do this as there is no incentive for them.

Another participant shared a similar experience, where they were trying to sign up input retailers as merchants to accept payments but failed to do so as some of them did not have TIN certificates. In the 2015 draft revised guidelines (which were never promulgated), there was a mention of a tiered KYC, which stated that there would be lower requirements for lower account values. This would potentially resolve most of the issues if it is ever enacted.

Another member stated that they have partnered with a bank and MFIs to extend micro-credit agricultural loans digitally through NFC-enabled cards to farmers. Because of this, farmers in the pilot areas are now able to access



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micro-credit at the lowest possible interest rate and with the most flexible repayment terms and conditions in the market. One of the challenges that they faced was collecting the information that the bank required; the KYC forms is too generalized. They had to develop an instrument which helped the bank assess the loan requirements for farmers and the bank was thus able to collect the information using a tablet, which resulted in a decrease in time and processing period. He concluded by saying that the regulatory bodies should focus on three main issues – the KYC forms should be more product focused and Bangladesh Bank should reduce the number of required documents, the process of collecting information should be fully digital and lastly, the profit margin for partnering organization should be increased.

Another participant stated that there is a lack of MFS interoperability, which is impeding development of the market. He further explained that an underlying secured infrastructure is required so that service providers can build value added services around it.

A representative from one of the DFS providers expressed his concerns regarding the similarity between the agent banking products in the existing market. He noted people residing in the rural outreach areas should not be the only primary target, but it is also important to keep in mind the urban unbanked population. He believes that a specific framework with separate guidelines on how to define a product for agent banking model is missing and thus a facilitator is required who would facilitate the ecosystem and would work with Bangladesh Bank to define a suitable framework. Additionally, he stated that more research is required for agent banking and DFS providers should be more creative in designing the financial products in such a way that would serve the purpose.

Moving Forward:

Various representatives said that they believe that there should be an intermediary between the regulators and the key stakeholders to promote the acceleration of digital financial services in Bangladesh. They also emphasized the issue of number of government issued identification documents required to open any DFS account and felt that the national ID has the greatest scope to be that one single document.

In addition, following up on a discussion held during the 8th MMCG meeting and subsequent email-survey and discussion during this meeting, the members agreed to rename the group as Digital Finance Consultative Group (DFCG) to make it more appropriate. As the mSTAR/Bangladesh activity will be ending in September 2017, it was also decided that UNCDF will serve as the Secretariat of the Group moving forward. Finally, participants shared ideas for the next meeting, with the theme of ‘Digital Identity and Financial Inclusion’ seemly garnering the most initial interest.

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

This publication is made possible by the generous support of the American people through the United States Agency for International Development (USAID). It was written by [Tasnuba Sinha](#). mSTAR offers on-demand technical assistance to support USAID implementing partners in Bangladesh with the transition from cash to mobile and electronic payments. If you are interested in participating in the next Digital Finance Consultative Group, please email [Tasnuba Sinha](#).



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Annex – 1 Participants List

SI No.	Name	Designation	Organization
1.	MD. Ahsanul Alam	Vice President and Head of Agent Banking	Bank Asia
2.	Md. Akram Hossain	Manager, Business Development Agent Banking Division	
3.	Mohammed Quamrul Ahsan	Learning & EM Specialist	Winrock International
4.	Michael Field	Chief of Party	DAI
5.	Lamia Shama	Marketing and Entrepreneurship Development Associate	
6.	Safina Naznin	Gender and Environment Specialist	WorldFish
7.	Md. Amran Hossain	Zonal Manager	TeleCash
8.	Bidyuth K. Mahalder	Chief of Party	Dhaka Ahsania Mission (DAM)
9.	Lamia Shams	Program Assistant	a2i
10.	Matteo Chiampo	Consultant	CGAP
11.	Firoz A Khan	Co-founder and CEO	Financial Forum Bangladesh
12.	Md. Minhaz	Assistant Manager	Progoti Systems Ltd
13.	Nazmul Karim	SVP & Head of Brand	City Bank
14.	Zunaed Rabbani	CEO	AIRN
15.	Mahbub Alam	AIRN Supply Chain Advisor	USAID's Agro-Inputs Project (AIP)
16.	Md. Ridoy	Research Officer	IFPRI
17.	Md. Somel Reza	Key Accounts Manager	bKash Ltd
18.	Ahmed Asif	Relationship Manager	Grameenphone
19.	Smita Nimilita	Coordinator, HERfinance	Business for Social Responsibility (BSR)
20.	Faizul Hamid	Managing Director	Cloud Well Limited
21.	Rakib Avi	Program Manager	BRAC
22.	Mafruza Khan	Director Bangladesh Country Programme	Porticus
23.	Jakirul Islam	Country Program Manager	MicroSave
24.	Shiuli Roy	Project Associate	UNCDF
25.	Galib Azim	Project Officer	
26.	Shameen Akter Jahan	Data Analyst	
27.	Ziaul Hoque Mukta	Policy and Advocacy Specialist	
28.	Josh Woodard	Regional ICT & Digital Finance Advisor – Asia Pacific	FHI 360
29.	Md. Majidul Haque	Technical Lead-DFS, mSTAR/Bangladesh	
30.	Ataur Rahman	Team Lead, mSTAR/Bangladesh	
31.	Tasnuba Sinha	DFS Associate, mSTAR/Bangladesh	



Annex-2
Draft Agenda

9th Mobile Money Consultative Group (MMCG) Meeting

“Role of the Regulators in Accelerating DFS Promotion”

Date: May 30, 2017

Time: 10:00 am to 13:00 pm

Venue: Bangabandhu International Conference center (BICC)

Time	Description
10:00 am – 10:30 am	Introductions and brief recap of last meeting
10:30 am – 11:00 am	Transitioning the MMCG to a new phase <ul style="list-style-type: none"> • Introduction to new facilitator (UNCDF) • Survey results on new name for MMCG and final vote
11:00 am – 12:30 pm	<p>Probable Discussion Topics</p> <ul style="list-style-type: none"> • The current DFS landscape and opportunities for greater financial inclusion from a regulatory perspective • The current regulatory framework (including pending changes) and new Bangladesh Bank circular • Impact of the new rules on development organizations who are working with bottom of the pyramid population • Steps taken to date by development organizations and providers to address regulatory changes
12:30 pm – 12:45 pm	Action items
12:45 pm – 13:00 pm	Planning for next MMCG meeting (finalize topic, host institution)