



Extending Credit to Rural Farmers: Jashim's Story

Jashim Uddin has been a beneficiary of USAID's Rice Value Chains (RVC) project, which was led by IRRI Bangladesh, since 2015. He started full-time farming to support his family after completing his Master's degree.

Jashim owns about 1.8 hectares of land on which he cultivates rice and mustard. He often found himself strapped for cash during peak seasons as he needed to purchase agri-inputs, including seeds, fertilizers, and pesticides, in bulk amounts. In order to overcome these cash shortfalls, Jashim used to take sales' advances from his potential customers and short-term loans from family members and local micro-finance organizations.

"My crops were sold even before they were ready for sale." – Jashim

In 2016, after discussing the feasibility with mSTAR/Bangladesh, IFIC Bank Limited, in partnership with the RVC project, [launched](#) a mobile based agri-credit facility for rural farmers. This customized DFS product allows farmers to avail short-term loans from IFIC Bank at an annual interest rate of 10% with repayment due in full after six months.

Before this, Jashim had heard about mobile financial services (MFS) through television and radio advertisements but had never felt the need to use it. When he learned about the pilot the RVC project was doing with IFIC Bank to disburse short-term loans, he approached RVC project staff to get himself enrolled in the pilot.



Photo Credit: USAID's mSTAR project

"I was excited about this pilot and therefore I wanted to be a part of it." – Jashim

Jashim participated in training sessions conducted by the RVC project to learn about the pilot in depth and about how to use MFS products in general. Through this training, Jashim also learned how to transfer money (P2P transfer), buy airtime, and make merchant payments, including making payments to agri-input retailers.

Later, Jashim received a short-term loan of BDT 19,750 (equivalent to USD\$ 253¹) from IFIC Bank through his MFS account, which was facilitated by the RVC project. One of the immediate benefits of receiving this loan was that Jashim now had the freedom to purchase whatever inputs he wanted. This is in contrast to earlier, when he relied on credit from retailers to purchase his inputs. In some cases, this meant that retailers would only sell him inputs that they were looking to move, as opposed to the inputs that Jashim really wanted.



As the loan did not have to be repaid until two and half months after he harvested his crops, he was able to store his harvest for an extra month at his home in order to find higher paying customers. Compared to previous years, when he was under pressure to repay his loans immediately after harvest, being able to delay sales enabled Jashim to earn an extra BDT 20,000 (USD\$ 256.41)—despite also being affected by flooding—thanks to the higher prices he received.

“Because of this loan, I could look for better input retailers and customers to buy quality products and to sell crops at a higher profit.”

– Jashim

While talking about benefits of MFS, Jashim shared that having an MFS account has helped him in a variety of ways. He has even used his MFS account to pay for input purchases using P2P payments, as none of the retailers he buys from have IFIC Mobile Banking merchant accounts. Even though there he had to pay a transfer fee, he was happy to do so for the added convenience. One time, he was even able to settle dues with a retailer using his MFS account while he was in Dhaka, which earlier he would have needed to settle by sending the money through his personal contacts; a process that would have taken more time. Additionally, he also sends money to his family members who reside in other districts.

Jashim finds his MFS account very useful and convenient, as he does not need to worry about carrying cash anymore while traveling. In addition, he feels that being able to receive loans in his MFS account is a great initiative, which is hassle-free and convenient for farmers. He strongly believes that other farmers will also benefit from such initiatives.

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