

BANGLADESH

WAVE 5 REPORT FIFTH ANNUAL FII TRACKER SURVEY

Conducted July-September 2017

June 2018

PUTTING THE USER FRONT AND CENTER

The Financial Inclusion Insights (FII) program responds to the need identified by multiple stakeholders for timely demand-side data and practical insights into digital financial services (DFS), including mobile money, and the potential for their expanded use among the poor.

The FII team implements nationally representative population surveys and qualitative research studies in **Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda** to:

- **Track access to and demand** for financial services, especially DFS;
- **Measure adoption and use** of DFS among key underserved groups (females, poor, rural, etc.);
- **Identify drivers and barriers** to further adoption of DFS;
- **Evaluate the agent experience** and the performance of mobile money agents; and
- **Produce actionable, forward-looking insights based on rigorous data** to support product and service development and delivery.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.



By David Stanley, <https://www.flickr.com/photos/davidstanleytravel/28414293776>

KEY DEFINITIONS

Access to a bank – Counts individuals who use a full-service bank account either registered in their name or held by someone else.

Access to mobile money or an NBFi – Counts individuals who have ever used a mobile money service or a full-service NBFi.

Access & trial – Counts individuals who have a bank account registered in their name or use a bank account that is registered to someone else, or have ever used a mobile money service, or a full-service NBFi.

Active registered user – An individual who has an account registered in their name with a full-service financial institution and has used it in the last 90 days.

Advanced user – An active registered user who has ever used their account for saving, borrowing, insurance, investment, paying bills or receiving wages or government benefits. Buying airtime top-ups is considered an advanced use of a bank account or NBFi account but not a mobile money account.

Airtime – Minutes of talk time available on a mobile phone. Airtime top-up (adding minutes) is a basic mobile money activity, but is considered an advanced bank or NBFi activity.

Basic use – Cash-in (deposit) or cash-out (withdraw), transfer money to another individual, or conduct account maintenance.

Below the poverty line – In this particular study, adults living on less than \$2.50 per day in 2005 purchasing power parity U.S. Dollars, as classified by the [Poverty Probability Index](#).

Confidence interval (95%) – The range of values within which the observed value of a statistic will be found in 95 out of 100 repeat measurements.

Cooperative – Typically, a business or other professional organization that is owned and run jointly by its members, who share profits or benefits. Cooperatives may release some of the profits/funds as loans to its members.

Credit-only nonbank financial institutions – Financial institutions that only disburse loans to their customers and are therefore not considered full service.

Customer journey – A series of progressive stages through which individuals become more active users of more sophisticated financial services.

Digital financial inclusion – Counts individuals who have an account in their name with a full-service financial institution that offers digital services (e.g., online account access, debit/ATM card, credit card, electronic cash transfers).

Digital financial services (DFS) – Financial services provided through an electronic platform (e.g., mobile phones, debit or credit electronic cards, internet).

Digital stored-value account – A mobile money account or a full-service bank or NBFi account that offers digital services.

Financial inclusion – Individuals who hold an account with an institution that provides a full suite of financial services and comes under some form of government regulation.

Financial literacy – Basic knowledge of four fundamental concepts in financial decision making (interest rates, interest compounding, inflation, and risk diversification) as measured by the Standard and Poor's Rating Service's Global Financial Literacy Survey.

Full-service financial institutions – Financial institutions that offer loans to their customers and at least one of the following additional services: savings, money transfers, insurance, or investments.

Microfinance institution (MFI) – An organization that offers financial services to low-income populations. Almost all give loans to their members, and many offer insurance, deposit and other services.

Mobile money (MM) – A service that allows a mobile phone to be used for storing and transferring money, and potentially accessing other financial services.

Nonbank financial institution (NBFi) – A financial organization that is not formally licensed as a bank or a mobile money provider, but whose activities are regulated, at least to some extent, by the central bank within the country. Such financial institutions include microfinance institutions (MFIs), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs), etc.

Numeracy – The ability to use basic math skills, including counting, addition, division, multiplication and computing short- and long-term interest rates.

Post Office (Savings) Bank – A bank that offers savings and money transfers and has branches at local post offices.

Poverty Probability Index (PPI) – A measurement tool wherein a set of country-specific survey questions are used to compute the likelihood that an individual's income is below a specific threshold.

Registered user – Counts individuals who have a financial account registered in their name or registered jointly in their and someone else's name.

Unregistered/over-the-counter (OTC) user – An individual who has used a financial service through someone else's account, including a mobile money agent's account or the account of a family member or a neighbor.

Urban/rural – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

Value-added services – These are non-core financial services that go beyond the standard services provided by financial institutions.

Village savings and loan association (VSLA) – Member-organized groups that provide members with informal financial services such as savings, loans, and insurance.

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FINANCIAL INCLUSION OVERVIEW

UNDERSTANDING FINANCIAL INCLUSION

What is financial inclusion?

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way (*The World Bank*). Financially included individuals are those who have an account in their name with a full-service financial institution.

How is it measured?

We measure financial inclusion as the percentage of adults (15+ years old) who report having at least one account in their name with an institution that offers a full suite of financial services, and comes under some form of government regulation.

How is it created?

Financial inclusion is created through the uptake and use of individual accounts with institutions that offer a full suite of financial services – savings, credit, money transfers, insurance and investment. Full-service financial institutions include banks, mobile money service providers, and nonbank financial institutions, such as deposit-taking microfinance institutions (MFIs) and financial cooperatives.

What institutions and services do not count?

Individuals who own accounts with institutions that are not full service, such as credit-only microfinance institutions (MFIs), are not considered financially included. Individuals who do not have their own full-service account or use someone else's account are not considered financially included. Individuals who only use services such as money guards, savings collectors, and digital recharge cards that are not attached to a bank or MFI account are also considered financially excluded.

ABOUT THE SURVEY

- Fifth survey (Wave 5) conducted from July 29 to Sept. 7, 2017. Measures trends in financial inclusion since 2013.
- Nationally representative sample of 6,000 adults aged 15+ residing in households.
- Representative statistics at the national level, and for urban and rural separately.
- The sampling frame was the list of urban centers (Division Headquarters, Other Municipal Centers, Non-Municipal Centers or “Thanas”) and villages.
- Stratified multistage sample:
 - Stratification by urban/rural within each division;
 - First stage: Selection of 333 primary sampling units (PSUs), with the PSU being urban centers in urban areas, and villages in rural areas. All eight division headquarters were retained in the first stage;
 - Second stage: 24 households were selected in each Other Municipal Center, and 16 households in each Non-Municipal Center and village. In Dhaka division headquarters, the eight largest wards were sampled and then 38 households were sampled in each selected ward;
 - Third stage: One adult household member per household.
- Face-to-face interviews administered using tablets.
- Sampling weights used to make inferences about the target population (15+). The weights were based on 2016 population projections by age, urban-rural residence, and gender. The weights were normalized at the national level so the weighted number of cases equals the total sample size. Weighted percentages are reported together with unweighted respondent counts.

2017: National demographics
 (Shown: Percentage of Bangladesh adults, N=6,000)

Demographic characteristics	Percentages
Male	51
Female	49
Urban	26
Rural	74
Above the \$2.50/day poverty line	25
Below the \$2.50/day poverty line	75
Age: 15-24	31
25-34	26
35-44	19
45-54	12
55+	12
Basic literacy	65
Basic numeracy	99

COUNTRY CONTEXT

The government of Bangladesh is fostering the growth of digital financial inclusion through the implementation of its [Perspective Plan 2021](#) (also called Vision 2021). One objective is achieving a “Digital Bangladesh” by bringing about socioeconomic transformation through information and communication technology (ICT).

- The public sector innovation agency, [Access to Information \(a2i\)](#), is making significant efforts to promote digital financial inclusion through initiatives such as the Digital Financial Services (DFS) Lab, implemented in partnership with the central bank. Programming includes the establishment of learning centers, computer labs, and dissemination of training materials across the country; establishing a network of offices to provide transparency and information on government; and empowering women with the help of technology.

A new [mobile payments system](#), announced in June 2017, is scheduled for nationwide rollout in 2018, led by a2i in partnership with Bangladesh Bank, the country’s central bank, and bKash, the leading mobile money service provider.

Economic growth continued in 2017, the World Bank projected a **6.8 percent increase in real GDP** compared to 2016. Favorable economic circumstances in combination with government initiatives to digitize the country have improved the enabling environment for financial inclusion through the expansion of digital financial services.

Several major policy and regulatory reforms led by Bangladesh Bank in 2017 impacted banking and cashless payments. Bangladesh Bank continued to refine policies regarding credit, loans, agent banking and enforcement of over-the-counter (OTC) regulations.

- Bangladesh Bank granted seven more [agent banking licenses](#) as of June 2017, bringing the total to 17 licensed banks when survey data was collected. The central

bank is promoting agent banking as a way to reach unbanked and underserved populations with a range of financial services. The goal is to serve people living in more remote, rural areas by allowing licensed agents to act as bank tellers. It has already helped open 330,000 agent banking accounts – a 60 percent increase from December 2016.

- Bangladesh Bank [lowered the ceiling for mobile money transactions](#) in January 2017, specifically deposit and cash-out limits, and strengthened enforcement of existing requirements to verify identification and keep records of every transaction. The policy is intended to reduce OTC transactions, and has most likely contributed to the increase in registered users of mobile money from 2016 to 2017, as seen in the FII survey data.
- In April 2017, the central bank doubled the limit on credit cards, and personal loan limits increased by 66 percent. This was paired with revised guidelines on interest calculations and transparency requirements. This change is aimed at reducing the number of cash and checking transactions, while promoting digital transactions and stimulating growth in investment.

New products entered the market, such as the [mobile application Upay](#) launched in October 2017 by United Commercial Bank (UCB). The application generates unique QR codes to process payments. Customers are required to register their mobile phones with a UCB bank account, and enter a one-time password (OTP) sent to their mobile phones before completing a purchase. This will likely make it easier for customers to conduct digital transactions with merchants and person-to-person (P2P).

NOTABLE STATISTICS

In 2017, 37% of the adult population was financially included via a registered account with a full-service financial institution, up 2 percentage points from 2016. This growth in financial inclusion is the net result of an increase of 5% of the adult population who adopted registered mobile money accounts, offset by a decrease in registered users of microfinance and other nonbank financial institutions by 3% of the adult population. Bank account ownership was statistically unchanged compared to 2016.

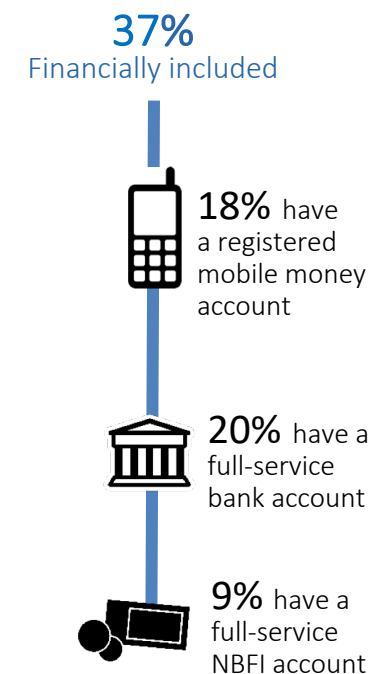
- Stricter rules from the Bank of Bangladesh (central bank) appear to be having their **intended effect** of limiting the over-the-counter (OTC) use of mobile money; the 2016 to 2017 period saw no growth in OTC users, versus the increase in registered users, amounting to 5% of the adult population.
- While the population of OTC mobile money users plateaued at 27% of adults in 2017, OTC users still far outnumber registered users (18% of adults). Women are far less likely than men to use mobile money – either via OTC or registered accounts. Accelerating adoption among women is crucially important for expanding financial inclusion overall.

Compared to 2016, the prevalence of registered users of nonbank financial institutions (NBFIs) continued to trend downward from a high point of 24% of adults in 2015, to 9% in 2017.

- Survey respondents most often reported that improved economic circumstances “took away the need I had” [for borrowing] as the reason why they closed their NBFi accounts.
- NBFIs still provide more adults with loans than any other type of formal financial institution. Mobile money, however, serves an increasing proportion of adults – both registered and OTC users – with an alternative method of saving instead of NBFIs.

The proportion of advanced users (90-day active account holders who also accessed savings, credit, investment, insurance or bill pay) was statistically unchanged from 18% of adults in 2016, to 17% in 2017. Mobile money advanced users doubled from 2% to 4% of adults, driven by the use of accounts for saving and bill pay. The proportion of NBFi advanced users was unchanged from 2016 to 2017, while advanced bank users declined slightly.

2017: Financial Inclusion*
 (Shown: Percentage of Bangladesh adults, N=6,000)



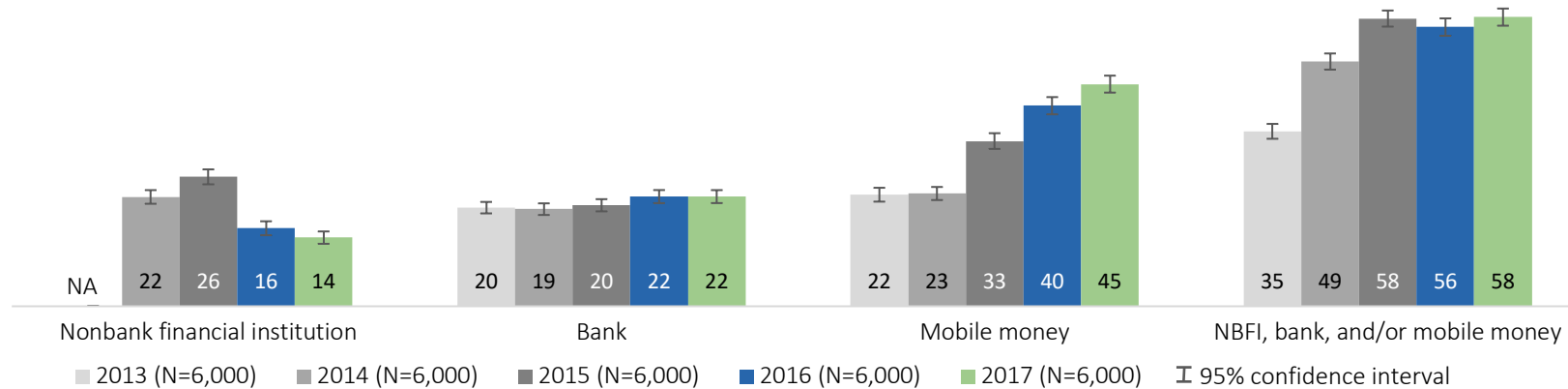
*Overlap representing those who have multiple kinds of financial accounts is not shown.

ACCESS & TRIAL OF FINANCIAL SERVICES

- The proportion of adults who accessed a formal financial institution has plateaued since 2015, but remains up by 23 percentage points over 2013. Declining access to NBFIs has been offset by growth in mobile money access, while bank access is statistically unchanged since 2013.
- Adults with mobile money access have more than doubled as a share of the population, from 22% in 2013 to 45% in 2017. Individuals may be switching to mobile money, and away from NBFIs, to meet their financial needs.

5 percentage-point increase in individual access to mobile money from 2016 to 2017 due to new registered users, rather than OTC users.

Access & trial
 (Shown: Percentage of Bangladesh adults, by year)



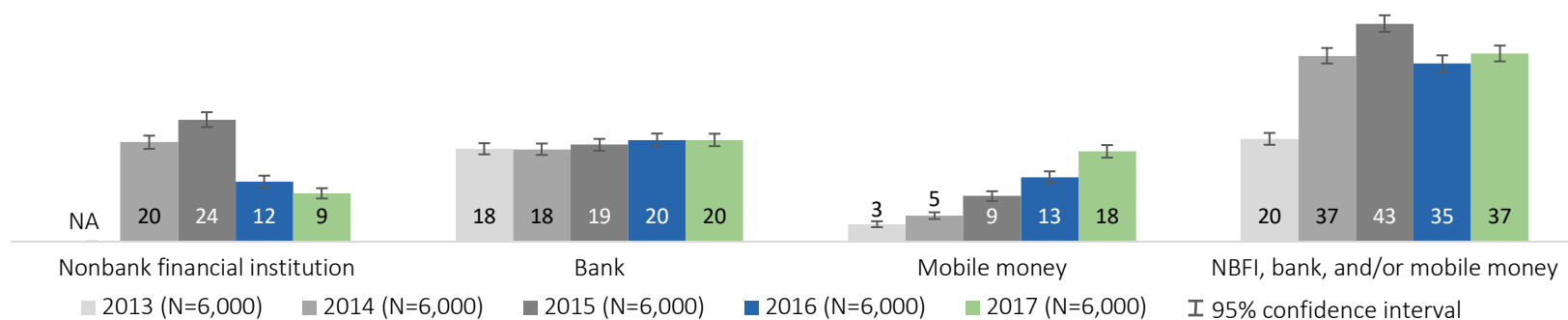
Source: InterMedia Bangladesh FII Tracker surveys, Wave 1 (N=6,000, 15+), September-October 2013; Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

REGISTERED USERS (FINANCIAL INCLUSION)

- In 2017, 37% of the adult population held an account with a full-service financial institution, and was, therefore, counted as financially included. Financial inclusion increased by 2 percentage points from 2016 to 2017, as registered mobile money users grew by 5 percentage points, but registered users of full-service NBFIs decreased by 3 percentage points, while the prevalence of registered bank users was unchanged.
- The downtrend in NBFI account holders has continued since 2015. “Improvement in circumstances” is the top reason for account closures as fewer adults are relying on microfinance institutions for loans to help them meet daily needs.

5 percentage-point increase in financial inclusion via mobile money was offset by a **3 percentage-point decrease** in registered users of microfinance and other nonbank financial institutions.

Registered users
 (Shown: Percentage of Bangladesh adults, by year)



Source: InterMedia Bangladesh FII Tracker surveys, Wave 1 (N=6,000, 15+), September-October 2013; Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

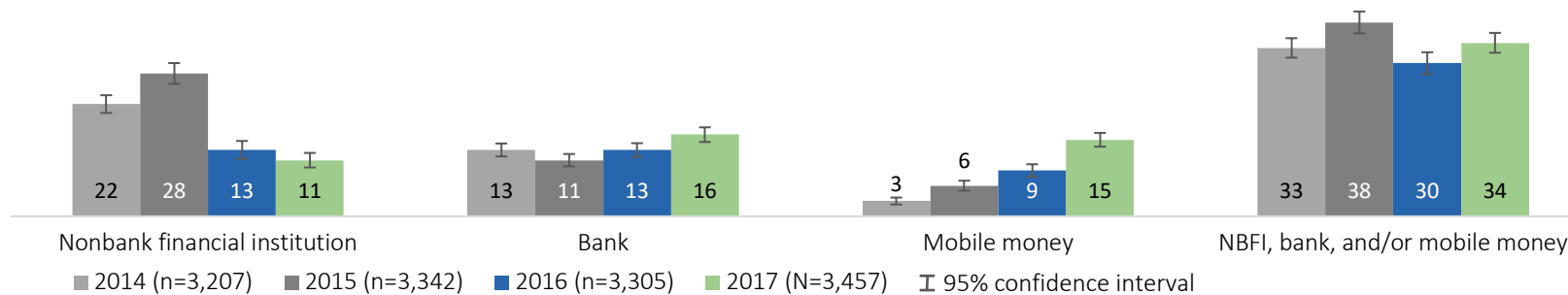
GROWING FINANCIAL INCLUSION AMONG THE RURAL POOR

- Adults living in rural areas and below the poverty line – the rural poor – were 58% of the population in 2017. Historically underserved by financial institutions, this group is catching up to the national average; 34% were financially included in 2017, versus 37% among all adults. Financial inclusion increased by 4 percentage points among rural poor adults from 2016 to 2017, compared to only 2 percentage points among adults overall. Over the same period, rural poor registered users of bank and mobile money accounts increased by 3 and 6 percentage points, respectively.
- Registered users of NBFIs are more common among the rural poor than among the adult population as a whole. However, the downtrend in NBFi account ownership suggests the rural poor are switching to mobile money and bank accounts that offer mobile services.

34% of the rural poor were financially included, versus 37% of the total adult population.

Registered users among the rural poor

(Shown: Percentage of rural poor adults in Bangladesh who are registered users, by year)



Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

FINANCIAL INCLUSION VIA BANKS

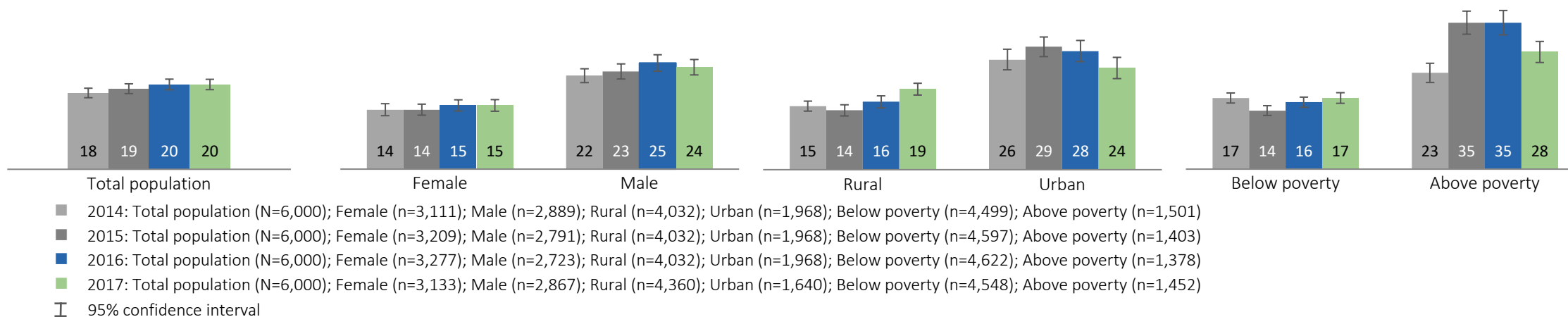
- Overall, accounts at traditional bank branches have not contributed to the growth in financial inclusion; there has been no statistically significant change in the proportion of the adult population who hold traditional bank accounts since 2014.
- Financial inclusion via banks shows persistent gender, locality, and income gaps. The locality gap, however, is narrowing; a 5% attrition of registered users among urban adults has been offset by a 5% increase in registered users in rural areas from 2015 to 2017.

9 percentage-point gender gap;

11 percentage-point income gap among registered bank users.

Registered bank users, by demographic group

(Shown: Percentage of each demographic group who are registered bank users, by year)



Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

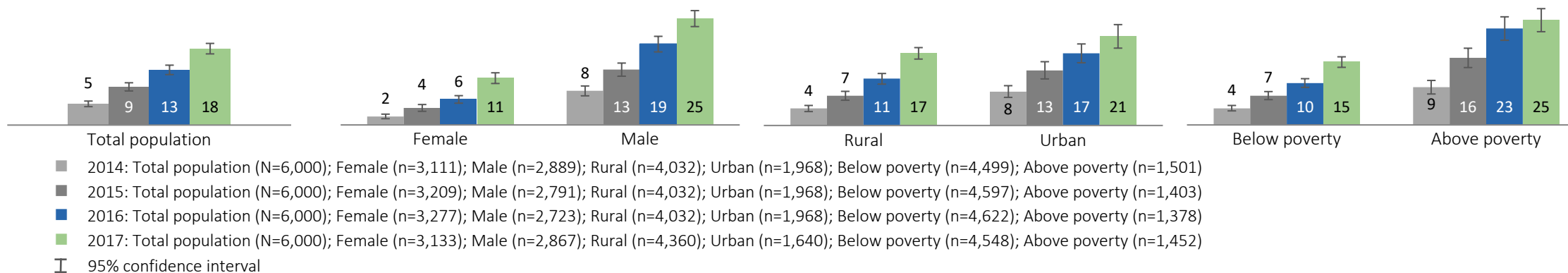
FINANCIAL INCLUSION VIA MOBILE MONEY

- In contrast to traditional banking (see previous slide), mobile money is growing strongly year-on-year, driving the increase in financial inclusion. While registered users of mobile money are increasing in all major demographic groups, this growth has not reduced differences between genders, urban or rural localities, and above or below-poverty incomes.
- The gender gap has more than doubled from 6 percentage points in 2014 to 14 points in 2017, and the income gap has doubled from 5 to 10 percentage points over the same period. Only the locality gap has remained constant at 4 percentage points.

14 percentage-point gender gap among registered mobile money users.

Registered mobile money users, by demographic group

(Shown: Percentage of each demographic group who are registered mobile money users, by year)



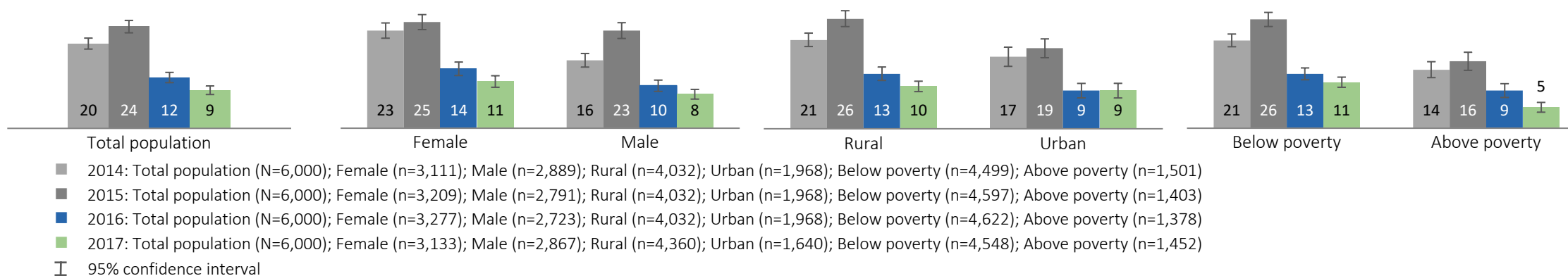
Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

FINANCIAL INCLUSION VIA NONBANK FINANCIAL INSTITUTIONS

- Financial inclusion via mobile money is growing, traditional banking is stagnant, and registered users of NBFIs are declining. The decline has taken place across all major demographic groups at approximately the same rate.
- NBFIs still serve a greater proportion of women than men, rural than urban adults, and many more of those who have below-poverty incomes versus those who live above the poverty line. Despite the decline in registered users, MFIs still provide more of the population with loans than do banks.

Registered NBFi users, by demographic group

(Shown: Percentage of each demographic group who are registered NBFi users, by year)

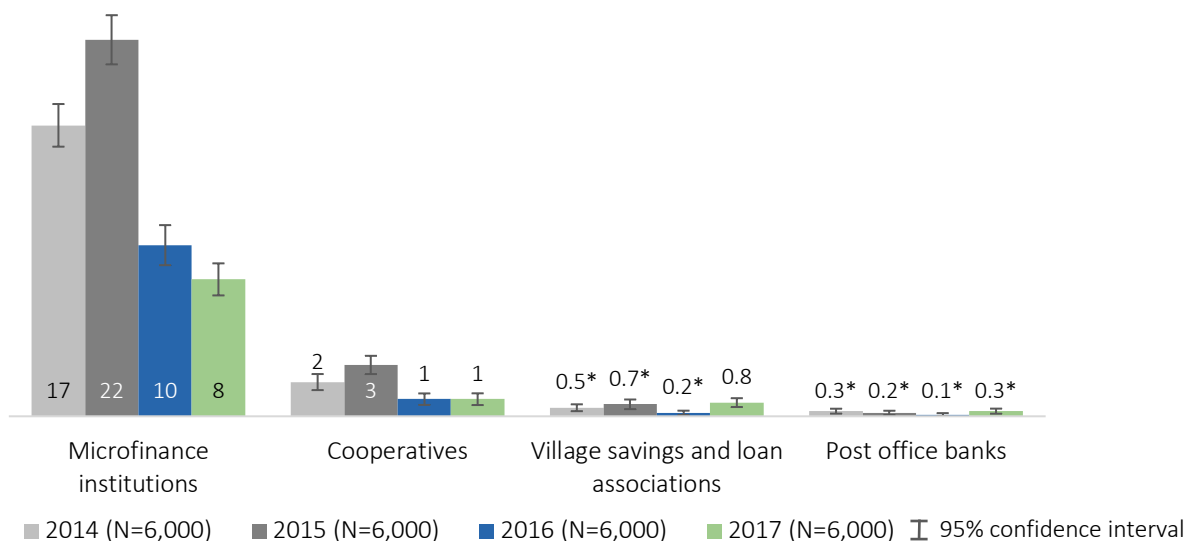


Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

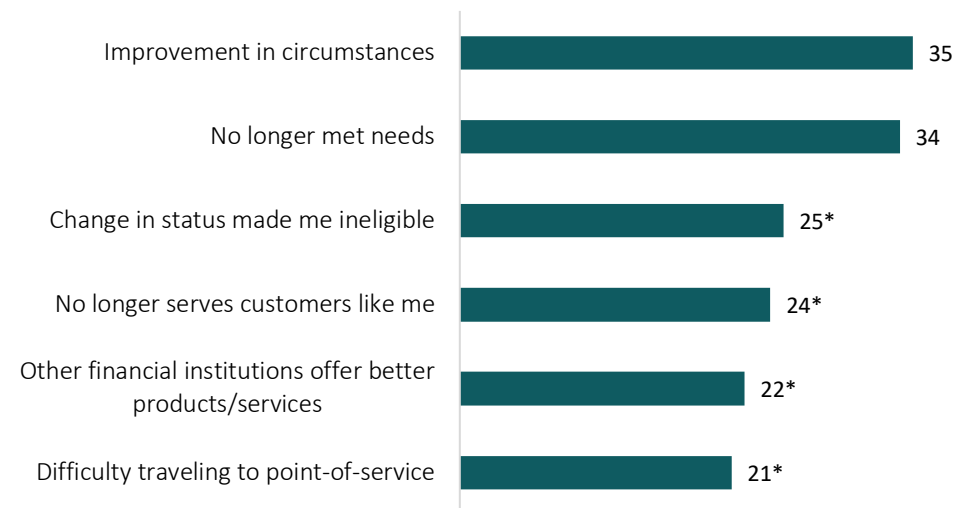
DECLINE IN REGISTERED MICROFINANCE USERS

- The proportion of NBFi account holders in the adult population has decreased since 2015, driven mainly by account closures with microfinance institutions (MFIs). Registered MFI users peaked at 22% of adults in 2015, but by 2017, only 8% of adults held a registered MFI account.
- Those who closed an MFI account most often reported that the reason was an improvement in their economic circumstances and/or that the service did not meet their needs. Fewer individuals require MFI loans for meeting basic needs after several years of strong economic growth.

NBFi registered users, by institution
 (Shown: Percentage of Bangladesh adults, by year)



2017: Top reasons for closing an MFI account
 (Shown: Percentage of Bangladesh adults who closed an MFI account reporting somewhat/strongly agree, n=151)



*Fewer than 50 observations

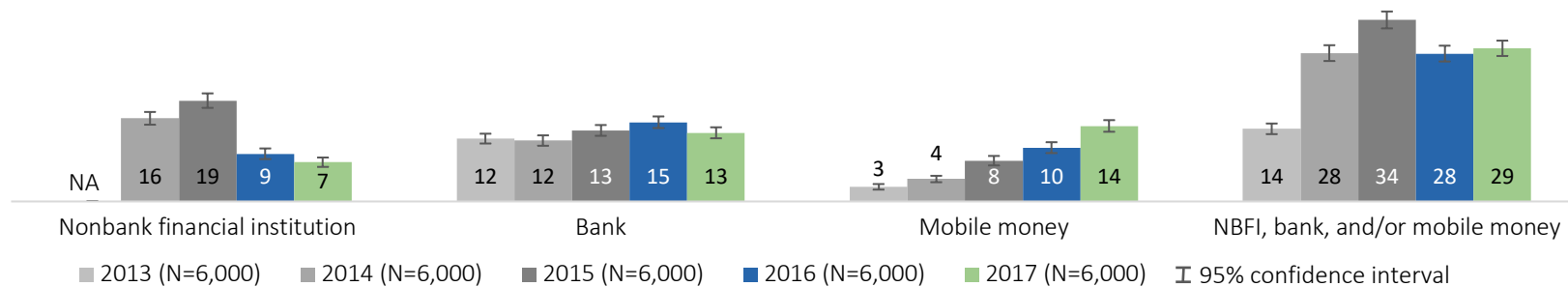
Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

ACTIVE REGISTERED USERS

- Active registered users (on a 90-day basis) of any financial account showed a net increase of 1% of the adult population from 2016 to 2017, the result of an increase in active users of mobile money offset by a decrease in NBFI and bank active users.
- From 2016 to 2017, active registered mobile money added an additional 4% of the adult population. This group has grown over 4X since 2013, from 3% to 14% of adults in 2017.
- In 2017, the population of active mobile money users overtook active bank users in size, and is now twice as large as the active NBFI user group.

81% of registered mobile money users used their accounts actively in 2017, versus **78%** of registered NBFI users, and **66%** of registered bank users.

Active registered users
 (Shown: Percentage of Bangladesh adults, by year)



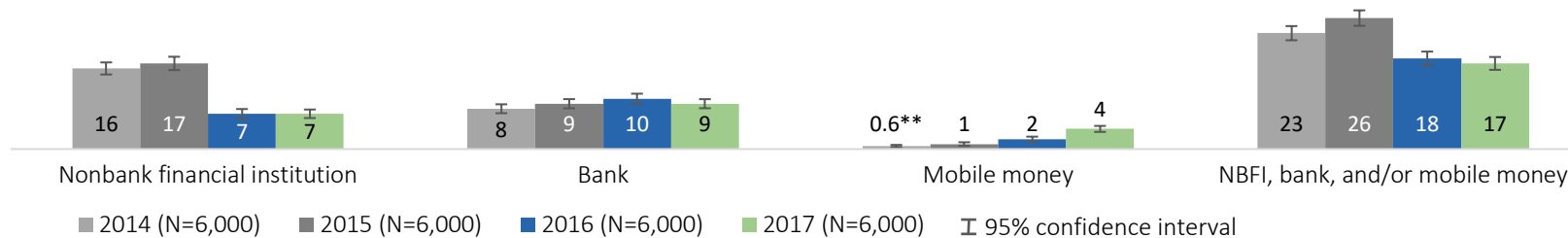
Source: InterMedia Bangladesh FII Tracker surveys, Wave 1 (N=6,000, 15+), September-October 2013; Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

ADVANCED USERS

- The proportion of advanced users (actively used a financial account and accessed an advanced service, such as savings, credit, investment, insurance, or bill payment) in the adult population was statistically unchanged from 2016 to 2017.
- Mobile money is increasingly used as a savings instrument, which drove the increase in advanced mobile money users from 2% of adults in 2016 to 4% in 2017.

Growth in advanced active users of mobile money shows the market is developing beyond just basic transfers.

Advanced active registered users
 (Shown: Percentage of Bangladesh adults, by year*)



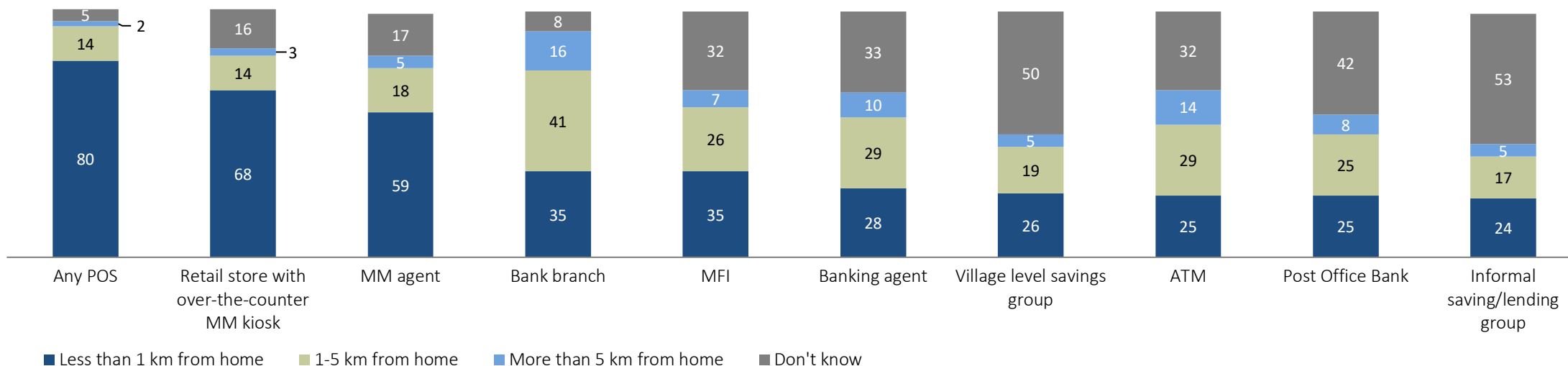
*2013 definition of advanced users is not comparable with later years. **Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

GEOGRAPHICAL ACCESS TO FINANCIAL SERVICES

- Bangladesh has widespread geographical access to financial services. The large majority of adults (80%) were aware of a financial point-of-service (POS) within one kilometer of their household in 2017.
- Mobile money points-of-service are most common; more than two-thirds of adults knew of a retail store offering mobile money services (68%) and 59% knew of a mobile money agent within one kilometer.
- Only 5% reported not knowing the distance of any POS to their homes, down from 12% in 2016.

2017: Proximity to points-of-service (POS) for financial institutions
 (Shown: Percentage of Bangladesh adults, N=6,000)



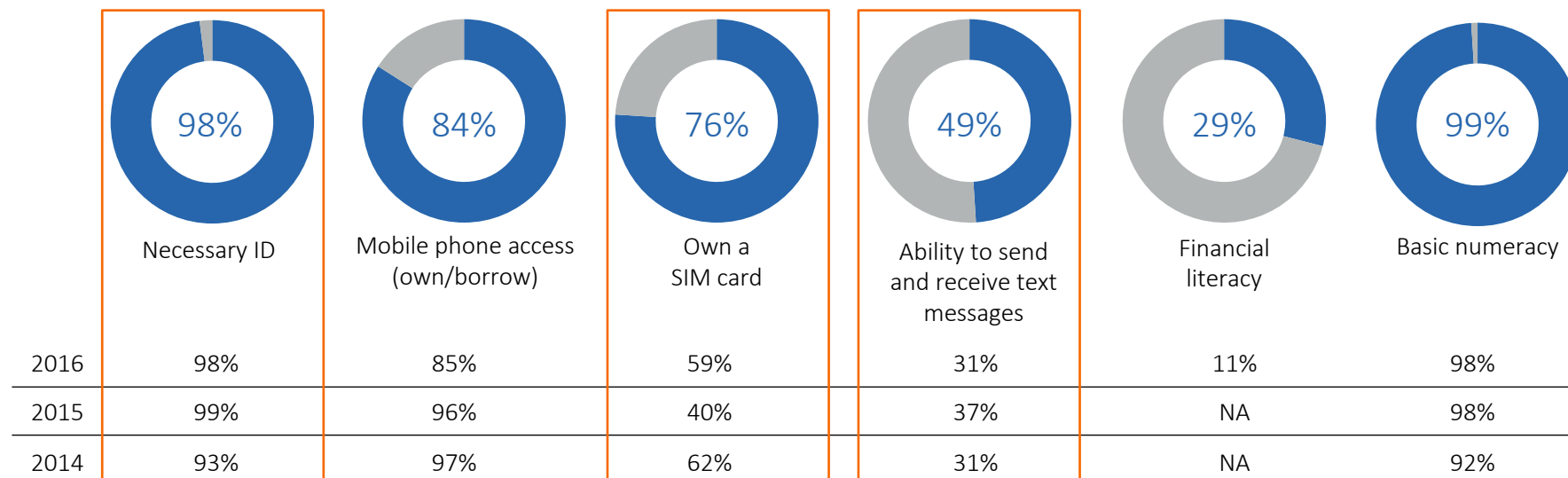
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

READINESS TO ADOPT DIGITAL FINANCIAL SERVICES

- Digital readiness includes both resources and skills. Official identification is a key resource that is nearly universal; 98% of adults reported having the ID necessary to register a financial account in 2017. Large majorities had access to other key resources: 84% had access to a mobile phone and 76% owned a SIM card.
- Only 49% of the population had the key digital skill of text messaging in 2017. This indicator is, however, up by 18 percentage points compared to 2016.
- Financial literacy grew to 29% of the population, an increase of 18 percentage points from 2016, perhaps due to government initiatives such as [learning centers and training programs](#).

2017: Key indicators of readiness to adopt digital financial services

(Shown: Percentage of Bangladesh adults, N=6,000)

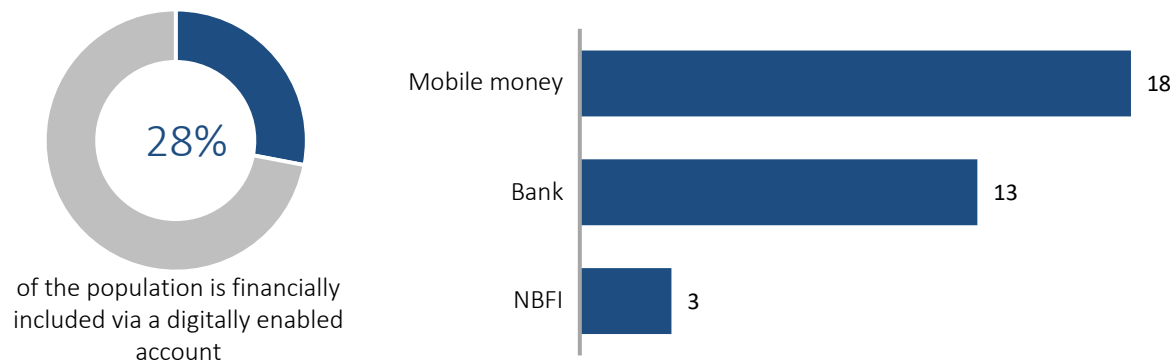


Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

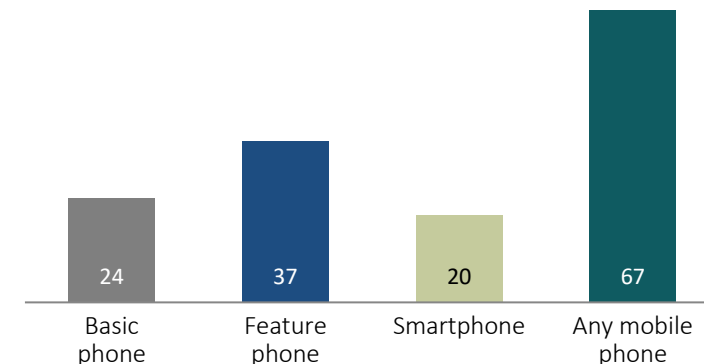
DIGITAL FINANCIAL INCLUSION

- Over a quarter of adults in Bangladesh (28%) are digitally included via a registered mobile money account and/or a bank or NBFi account that offers digital access. A 10 percentage-point increase compared to 2016 is the result of growth in mobile money account holders as well as the addition of digital features to bank accounts.
- Sixty-seven percent of adults own a mobile phone – an increase of 5 percentage points since 2016. Adults who own feature phones outnumber owners of basic phones and smartphones. Growth in smartphone ownership would likely favor greater digital financial inclusion.

2017: Digital financial inclusion, by service type
 (Shown: Percentage of Bangladesh adults, N=6,000)



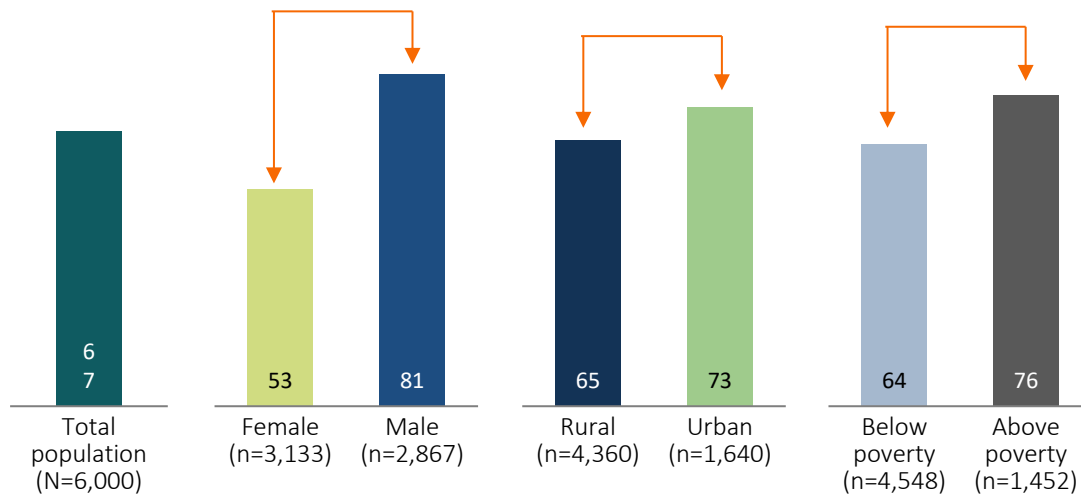
2017: Mobile phone ownership
 (Shown: Percentage of Bangladesh adults, N=6,000)



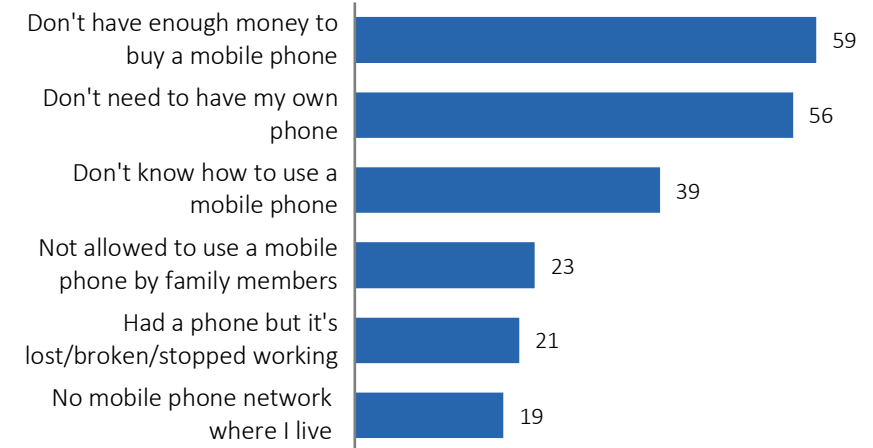
MOBILE PHONE OWNERS – DEMOGRAPHICS & ATTITUDES

- Phone ownership is growing in Bangladesh, but approximately one-third (33%) of adults still do not own a mobile phone. Phone ownership is less common among women, rural residents, and below-poverty adults than among their male, urban, and above-poverty counterparts.
- Among adults who do not own a mobile phone, the main barriers to phone ownership included cost (59%), lack of perceived need (56%), and insufficient skills to operate a mobile phone (39%).

2017: Mobile phone ownership, by demographic
 (Shown: Percentage of each demographic group who are phone owners)



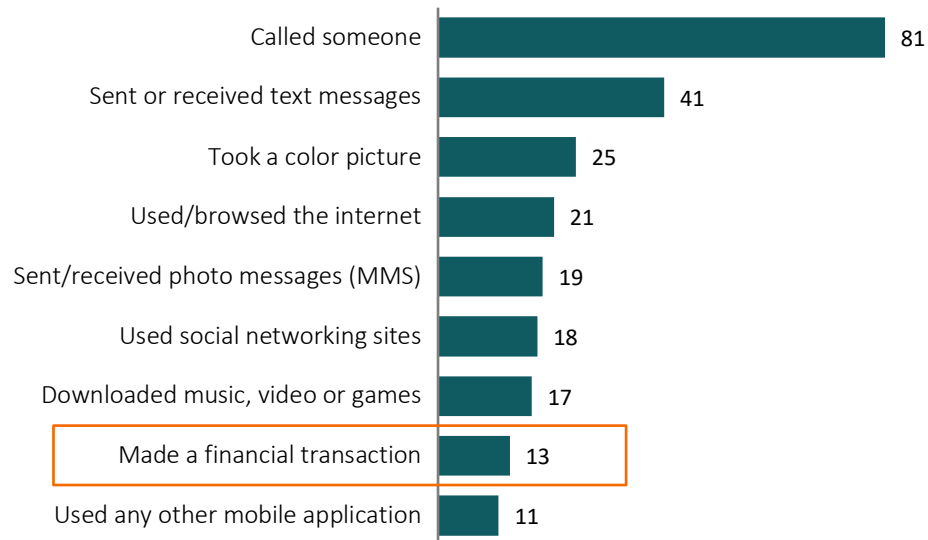
2017: Top reasons for not owning a mobile phone
 (Shown: Percentage of Bangladesh adults who do not own a mobile phone reporting somewhat/strongly agree, n=2,024)



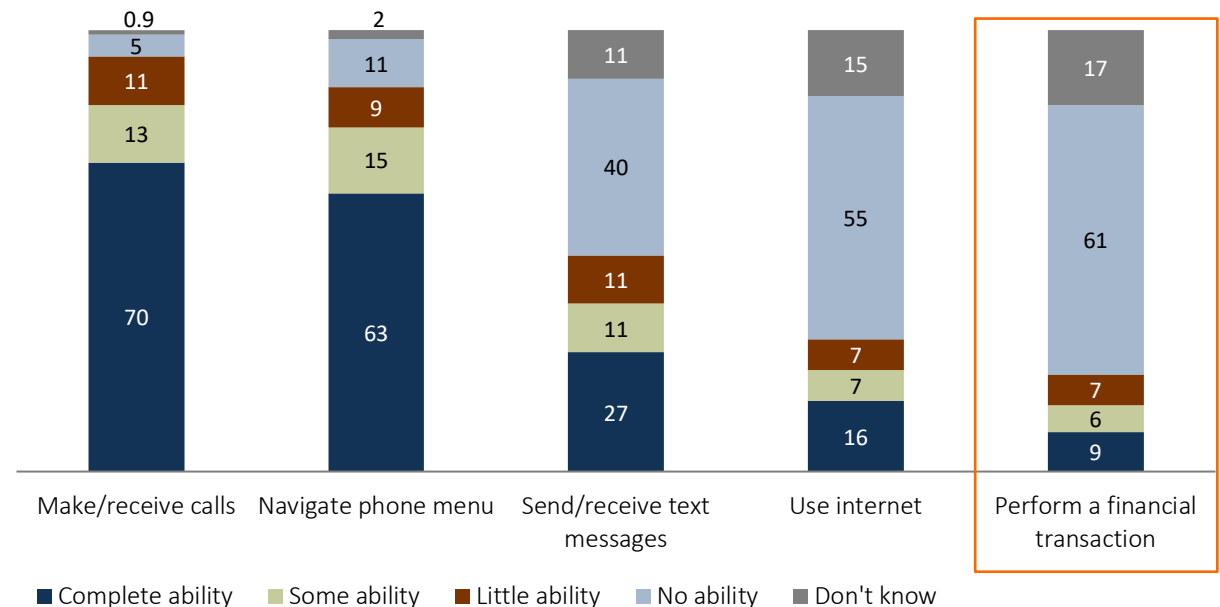
MOBILE PHONE USE

- Assisted use of mobile money is common in Bangladesh even for registered account holders. While 18% of adults had a mobile money account in 2017 (see Slide 11), only 13% reported using a phone to make a financial transaction, and 9% reported “complete ability” to perform such a transaction.
- The skills of navigating the phone menu and texting are key predictors of being a registered mobile money user, and adults with these skills were more common than registered users in 2017. These findings indicate significant potential for increased uptake of registered accounts.

2017: Mobile phone functions ever used
 (Shown: Percentage of Bangladesh adults, N=6,000)



2017: Phone user capability
 (Shown: Percentage of Bangladesh adults, N=6,000)



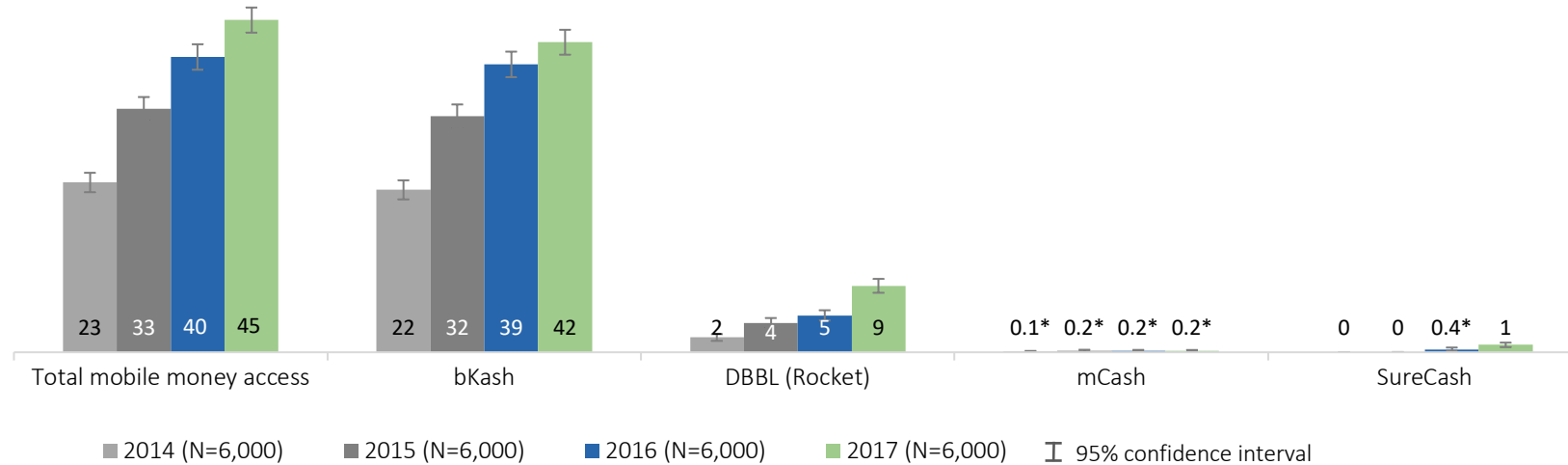
MOBILE MONEY PROVIDERS

- Year-on-year bKash has remained the dominant player in the mobile money market, while DBBL (Rocket) remains a distant second. Neither mCash nor SureCash have been able to capture significant market share or brand awareness across Bangladesh.
- Between 2016 and 2017, the proportion of adults who accessed DBBL almost doubled, indicating greater awareness and faster uptake of its services. If this trend continues, DBBL could soon give tough competition to bKash in the mobile money market.

22% of adults were aware of mCash, and **18%** were aware of SureCash in 2017.

Mobile money access, by provider

(Shown: Percentage of Bangladesh adults who accessed each provider, by year)



*Fewer than 50 observations

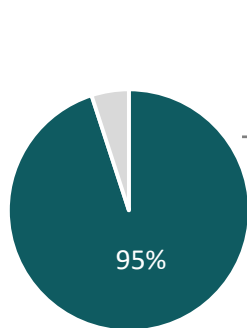
Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

MARKET SHARE OF MOBILE MONEY PROVIDERS

- bKash has consistently remained the top mobile money provider in Bangladesh, but DBBL’s market share is growing. While most users of both bKash and DBBL rely on agents to conduct transactions over-the-counter, 48% of DBBL users have a registered account compared to only 34% of bKash users.
- bKash is used exclusively by 77% of mobile money users, 4% use DBBL exclusively, 16% use both bKash and DBBL, and 1% use either mCash or SureCash.

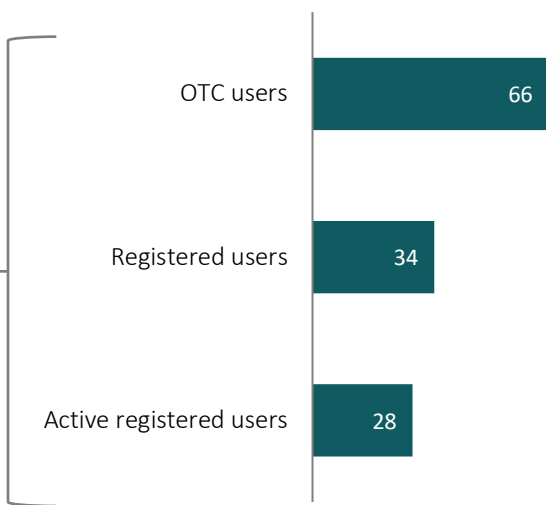
2017: bKash share of MM users

(Shown: Percentage of adults who accessed mobile money, n=2,589)



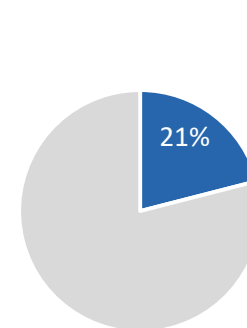
2017: bKash user groups

(Shown: Percentage of bKash users, n=2,449)



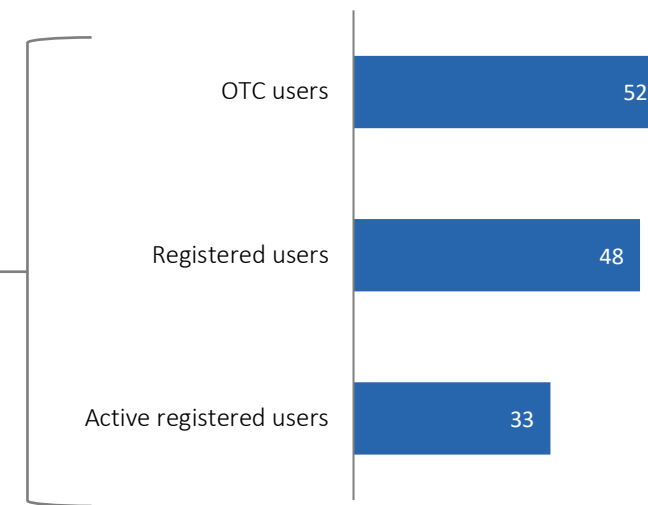
2017: DBBL share of MM users

(Shown: Percentage of adults who accessed mobile money, n=2,589)



2017: DBBL user groups

(Shown: Percentage of DBBL users, n=510)

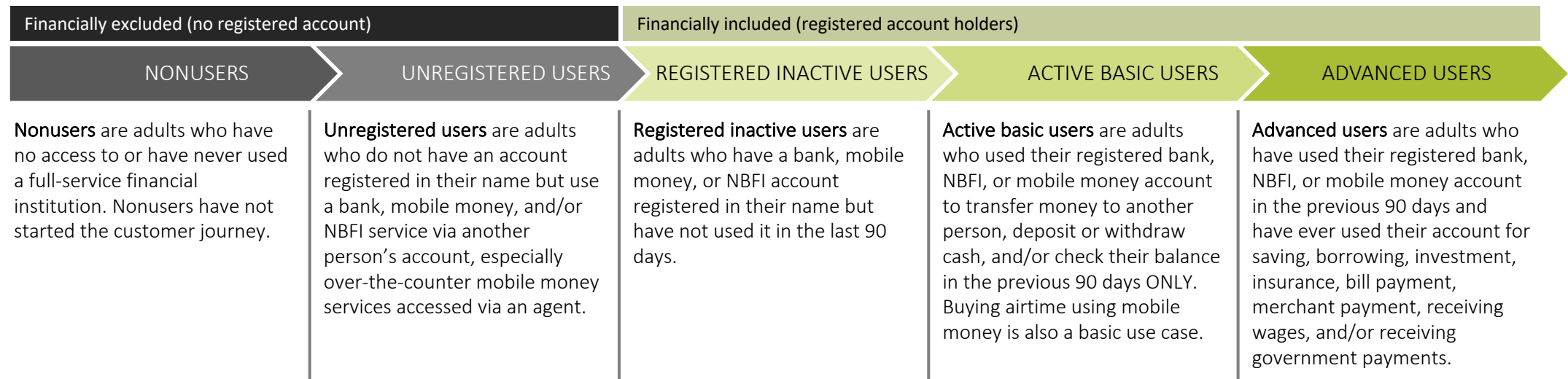


CUSTOMER JOURNEY



CUSTOMER JOURNEY THEORY OF CHANGE

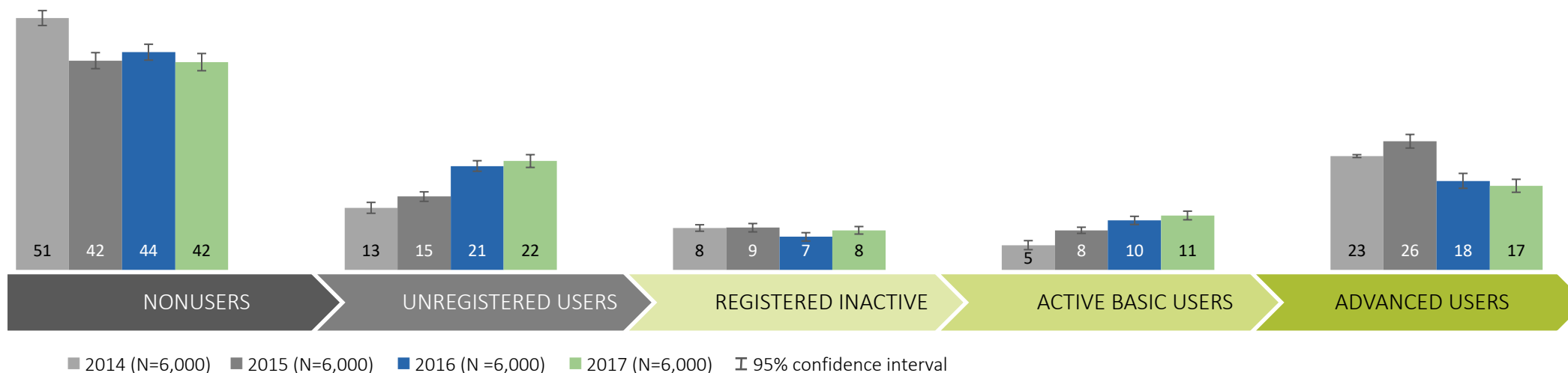
- Financial inclusion may be conceived as a process through which an individual’s needs are met by advancing step-by-step towards increasingly active engagement with a growing range of financial services. The customer journey theory of change posits that advancement on the journey leads to gains in human welfare.
- Understanding how individuals and groups advance on the customer journey is useful for developing strategies and interventions to assist more individuals to become users of the financial services that best meet their needs.
- Five major segments of the population on the customer journey are described below. Each group is mutually exclusive of the others. The population shifts between these groups as more individuals make progress on the customer journey.



CUSTOMER JOURNEY TREND

- The proportion of the adult population who are **nonusers** of full-service financial institutions has decreased by 9 percentage points since 2014, as more adults have embarked on the customer journey to financial inclusion. Driven by the uptake of over-the-counter mobile money services, the proportion of **unregistered users** grew markedly from 2014 to 2016, but leveled off in 2017. **Registered inactive users** have remained at a steady 7-9% of adults since 2014. **Active basic users** – typically registered users of mobile money who use their accounts only for basic transfers and cash management – more than doubled, from 5% in 2014 to 11% in 2017. The drop in **advanced users**, from the peak of 26% of adults in 2015 to 18% in 2016, was driven by account closures with microfinance institutions. This drop continued in 2017, but was partially offset by the growing use of mobile money accounts for saving.

Change over time in each segment of the customer journey for all financial institutions
 (Shown: Percentage of Bangladesh adults, by year)

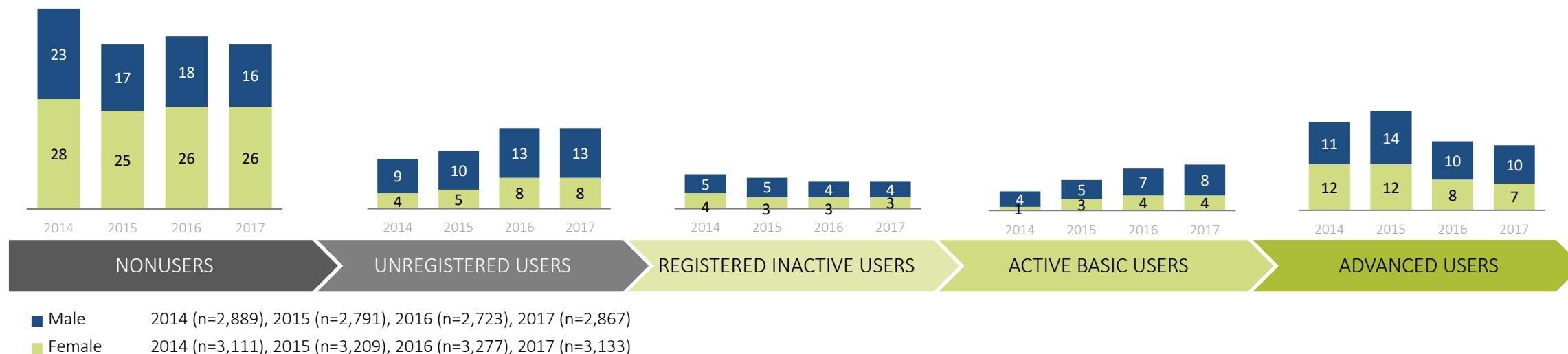


Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

CUSTOMER JOURNEY TREND, BY GENDER

Disaggregation of the customer journey trend by gender reveals that men are a larger proportion of the population in each segment after **nonusers**. The gender gap within the nonuser group has grown wider since 2014 as men embarked on the customer journey and women remained behind. Men formed nearly two-thirds of the **unregistered user** group in 2017 and the gender gap has remained constant as both the female and male portions of the group grew by 4 percentage points since 2014. The **active basic user** group has also grown significantly, and the ratio of women to men has increased as the group has become more gender balanced since 2014. The decrease in **advanced users** has come from both the male and female demographics, and likely contributed to the increase in unregistered and active basic mobile money users.

Change over time in each segment of the customer journey, by gender
 (Shown: Percentage of Bangladesh adults, by year and by gender)

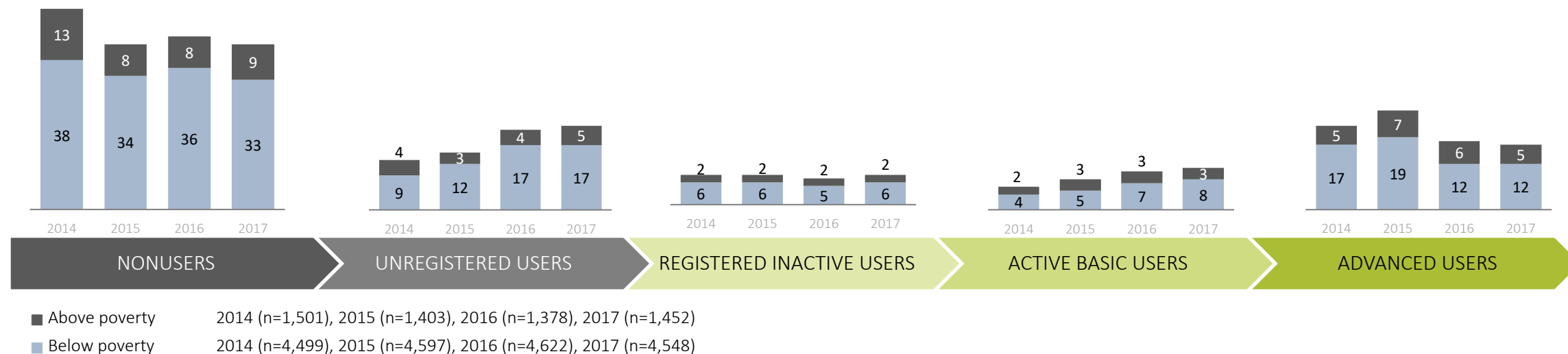


Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

CUSTOMER JOURNEY TREND, BY POVERTY STATUS

Three-quarters (75%) of adults in Bangladesh have below-poverty incomes, and the largest proportion of the population in each segment is below poverty. The **nonuser** group has been shrinking since 2014 as the above- and below-poverty portions declined by 4% and 5% of adults, respectively. The share of below-poverty adults in the **unregistered user** and **active basic** group has approximately doubled since 2014, driven by departures from both the nonuser and **advanced user** groups. As the proportion of below-poverty adults who borrow from microfinance institutions has declined since 2014, they have closed their MFI accounts, left the advanced user group, and joined the customer journey at earlier stages as unregistered or active basic mobile money users.

Change over time in each segment of the customer journey, by above/below \$2.50 (2005 PPP USD) poverty line
 (Shown: Percentage of Bangladesh adults, by year and by poverty status)

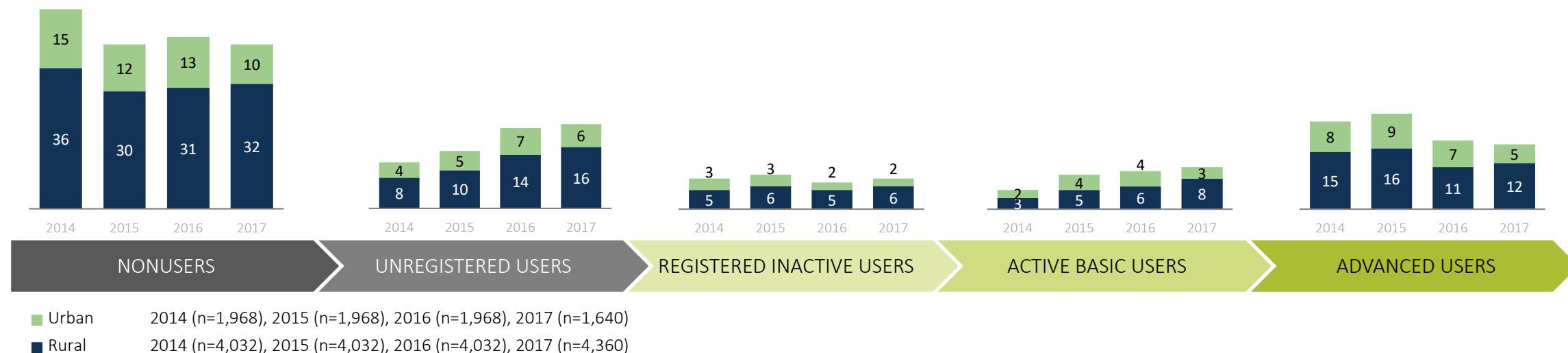


Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

CUSTOMER JOURNEY TREND, BY LOCALE

The large majority (74%) of Bangladesh’s adult population lives in rural areas, and rural adults outnumber their urban counterparts in every stage of the customer journey. The decrease in **nonusers** since 2014 includes nearly equal shares of rural and urban adults. Rural adults have contributed most to the growth in **unregistered** and **active basic users**, mainly of mobile money. The decline in **advanced users** since 2014 has come equally from urban and rural areas.

Change over time in each segment of the customer journey, by urban/rural locale
 (Shown: Percentage of Bangladesh adults, by year and by locale)









Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

DEMOGRAPHICS OF EACH CUSTOMER SEGMENT

- Women are the majority in the nonuser group, while men form the majority of all other segments. The active basic user group has more than double the proportion of men than women who used their accounts for person-to-person transfers and cash management in the 90 days before the survey.
- Below-poverty adults dominate all segments, but the share of above-poverty adults increases in each successive segment, while the share of below-poverty adults decreases.
- Rural residents are the majority in all segments, and only 26% of the population lives in an urban area. Urban residents are, however, overrepresented in the active basic and advanced user groups, where they make up 29% and 32% of group members, respectively.

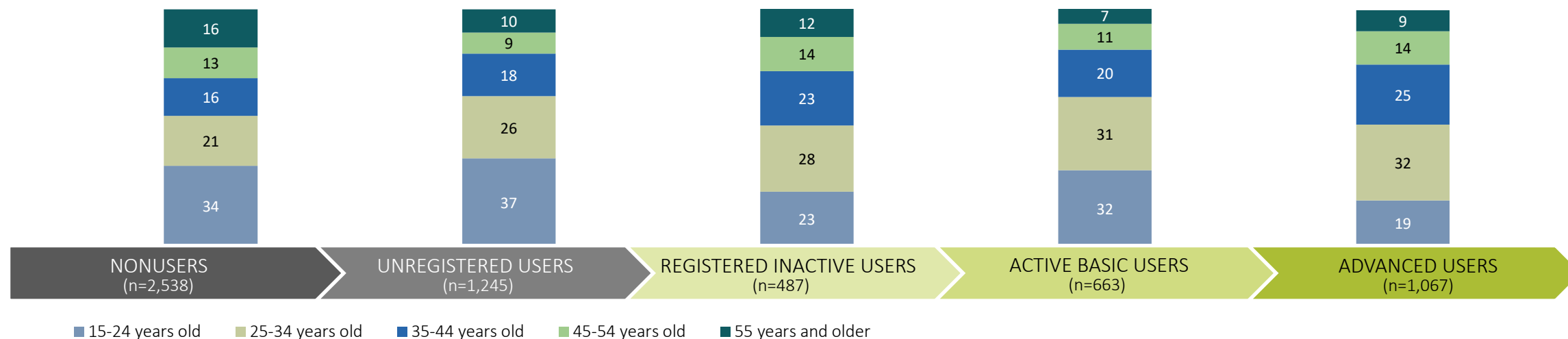
2017: Demographic groups, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)

DEMOGRAPHICS	NONUSERS (n=2,538)	UNREGISTERED USERS (n=1,245)	REGISTERED INACTIVE USERS (n=487)	ACTIVE BASIC USERS (n=663)	ADVANCED USERS (n=1,067)
 Male	39%	61%	56%	67%	56%
 Female	61%	39%	44%	33%	44%
 Above poverty	22%	23%	27%	29%	31%
 Below poverty	78%	77%	73%	71%	69%
 Rural	76%	73%	78%	71%	68%
 Urban	24%	27%	22%	29%	32%

AGE GROUP SEGMENTATION

- The 25-34 age group is making the quickest progress on the customer journey. This group makes up 26% of the adult population and is, therefore, overrepresented in the latter three, financially included segments.
- The 15-24 age group is overrepresented among unregistered users (of mobile money, mainly). As rules to curb OTC use are tightened, it is likely that adults in this group will advance along the customer journey to join the financially included user groups.
- Middle-aged adults are more likely to engage in advanced use of financial services. The 35-44 age group makes up 25% of advanced users, but only 19% of the adult population. The oldest, 55+ years old group is, however, underrepresented among advanced users, as is the youngest, 15-24 age group.

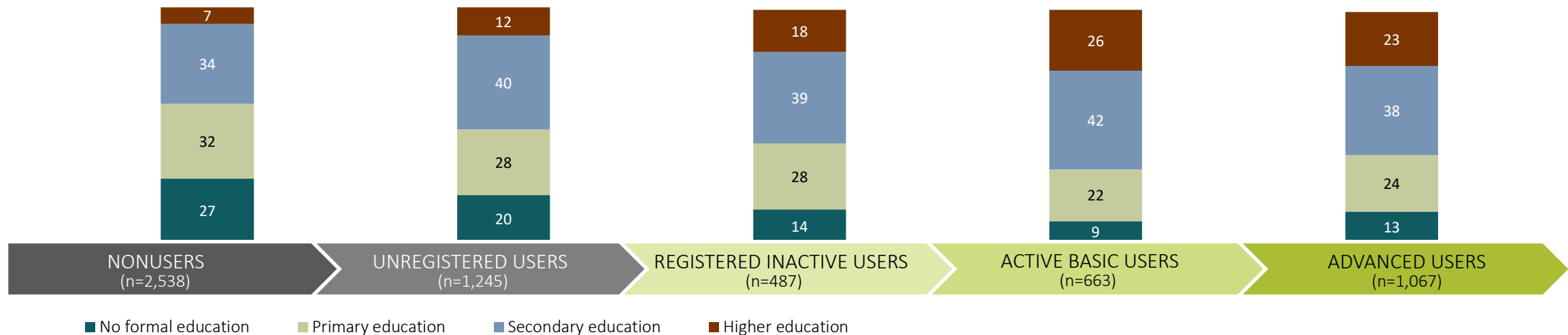
2017: Age groups, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each group in each segment)



EDUCATION SEGMENTATION

Secondary and higher education is a driver of advancement along the customer journey. Among all user groups, nonusers are the least likely to have a secondary or higher education and most likely to be without formal education. Unregistered and registered inactive users have similar education levels, though a higher proportion of unregistered users lack formal education, and a higher proportion of registered inactive users have higher education. Over half of unregistered users, and nearly seven in 10 active basic users have secondary or higher education, which is greater than the proportion of advanced users with the same education level. This finding suggests that the advanced user group is likely to grow through the addition of more adults with higher education.

2017: Education levels, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each group in each segment)

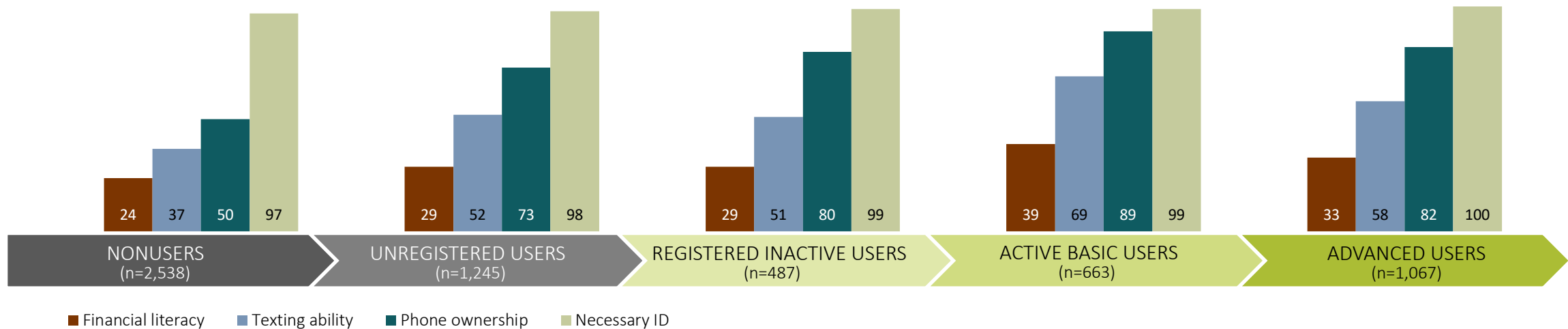


Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

DIGITAL READINESS SEGMENTATION

- Digital readiness for financial inclusion improves as one progresses along the customer journey on several indicators. Possession of the necessary ID is nearly universal in all population segments, showing that this factor is not a barrier to progress on the customer journey in Bangladesh. **Nonusers** have the lowest phone ownership, texting ability, and financial literacy of all segments. **Unregistered users** and **registered inactive users** have similar levels of financial literacy and texting ability, and differ only on phone ownership. This finding suggests that readiness factors do not present a large barrier to the conversion of unregistered to registered users. **Active basic users** have the highest levels of readiness overall, surpassing even **advanced users**. Lower levels of digital readiness among advanced users reflects the larger share of female NBFi borrowers in this group relative to active basic users, who are more likely to be male and use mobile money.

2017: Readiness to adopt digital financial services, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)

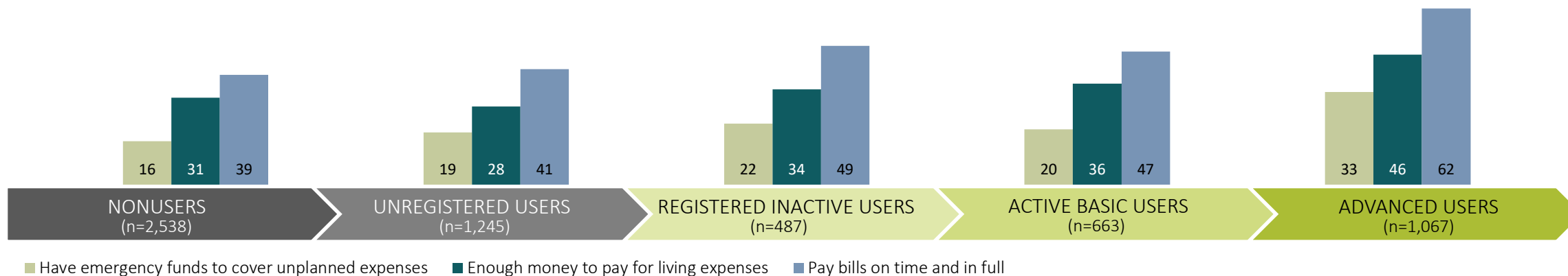


FINANCIAL HEALTH SEGMENTATION

- The latter three financially included segments score higher than the first two excluded segments on indicators of financial health. Financial health is greatest among advanced users, the only group where over half of adults reported paying their bills on time and in full. The advanced user group also has the highest proportion of adults who report having enough money for living expenses and having an emergency fund.
- Less than half of all segments, and less than one-third of the two financially excluded segments reported having enough money to pay for living expenses.

22% of all adults reported they “often” or “almost always” follow through with their budget plans.

2017: Financial health, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment reporting somewhat/strongly agree)

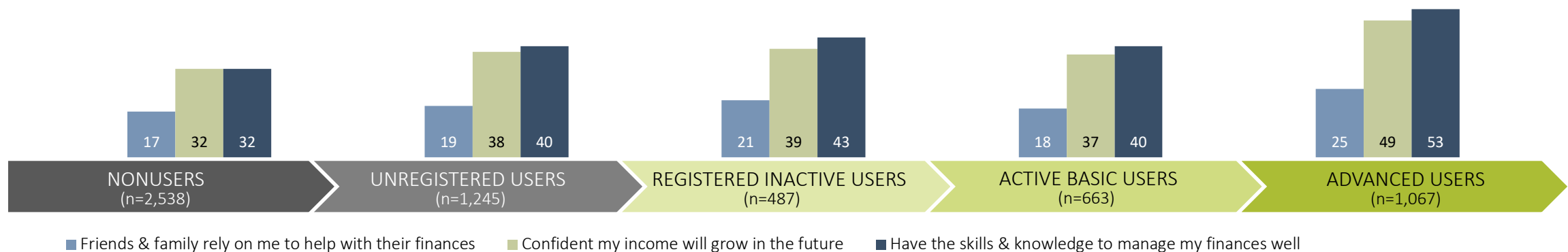


FINANCIAL CAPACITY SEGMENTATION

- The major difference in the three indicators of financial capacity is seen in the contrast between nonusers and advanced users, the latter of which have greater capacity than the former. The middle three segments all show similar levels of financial capacity, which suggests that unregistered use of financial services (mainly mobile money) is providing similar utility to registered use for a large cross-section of the population.
- Advanced users were the most confident about their skills at financial management and the most optimistic about future growth in income.

2017: Financial capacity, by customer journey segment

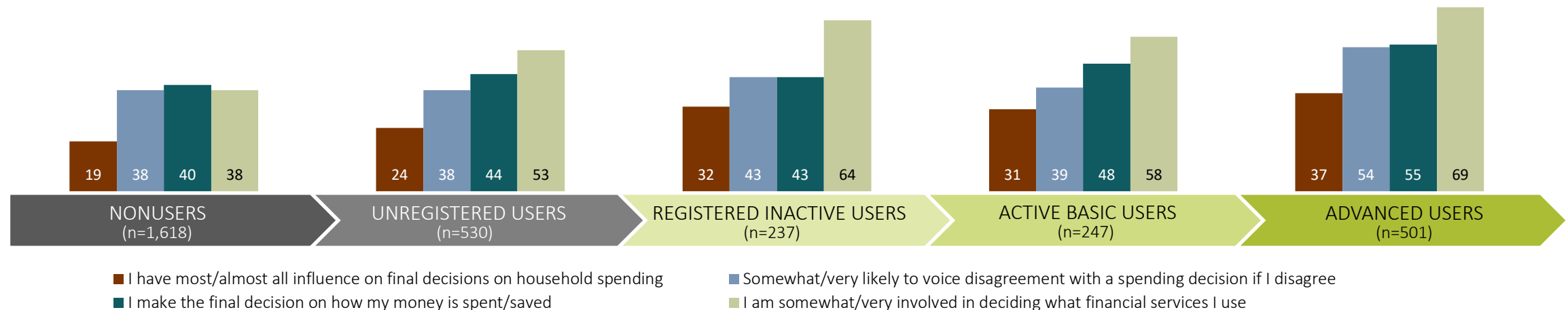
(Shown: Percentage of Bangladesh adults in each segment reporting somewhat/strongly agree)



WOMEN'S ECONOMIC EMPOWERMENT SEGMENTATION

- Women's progress along the customer journey is associated with higher levels of economic empowerment; more advanced users report high levels on the four empowerment indicators than any other customer journey segment. While empowerment is correlated with progress on the customer journey, it is noteworthy that, even among advanced users, less than four in 10 women reported having most or almost all influence on final household spending decisions.
- Financially-included women, particularly registered inactive users (mainly of banks), and advanced users (mainly of NBFIs), more often report greater autonomy in deciding which financial services to use than women in the first two, financially excluded, segments. Unregistered (mainly OTC mobile money) users also show greater autonomy on this indicator compared to nonusers.

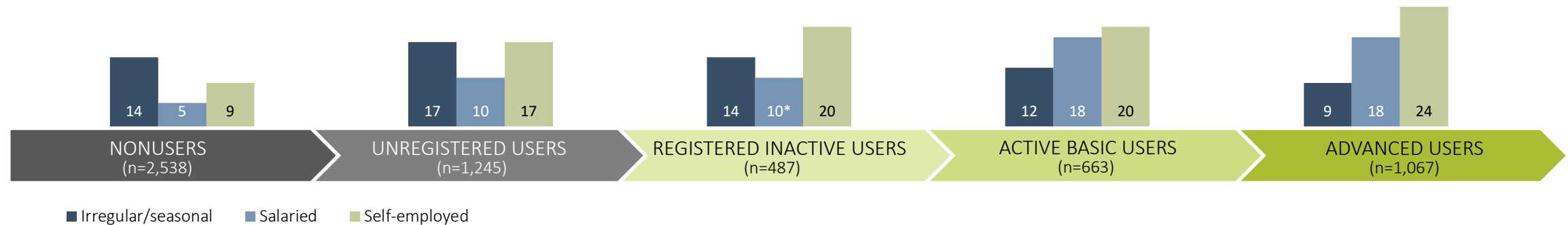
2017: Economic empowerment indicators, by customer journey segment
 (Shown: Percentage of Bangladesh women in each segment reporting somewhat/strongly agree)



INCOME SEGMENTATION

- Predictably, source of income varies with progress on the customer journey. The three financially included segments have the highest proportion of salaried and self-employed workers. More regular income is more conducive to active use of a financial account.
- Irregular and seasonal employment is more frequent in the first two, financially excluded, segments relative to the last three included groups. Irregular income may reduce the perceived need for account ownership because cash is likely to be spent or transferred as soon as it is received.

2017: Employment income, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)



*Fewer than 50 observations

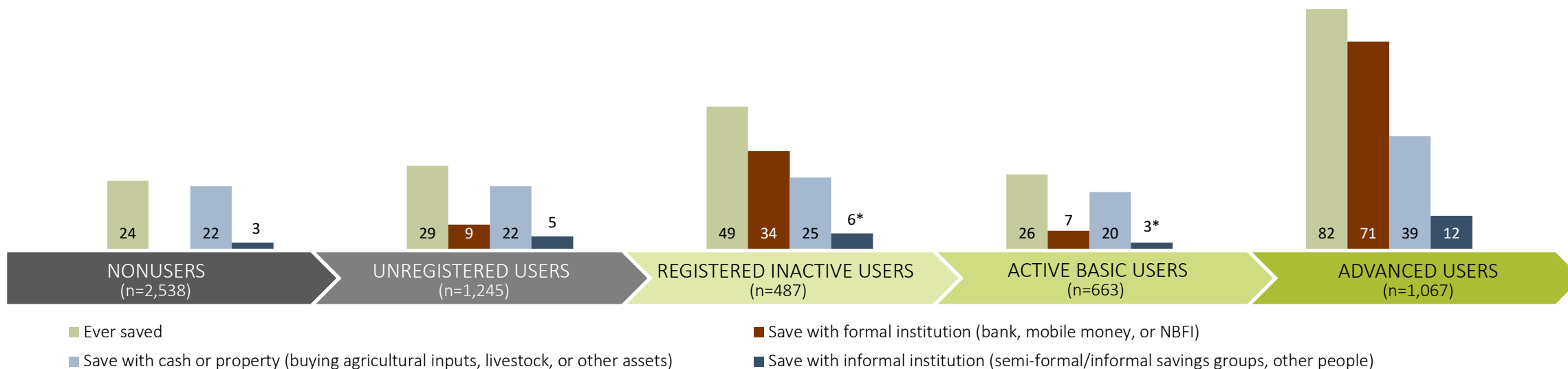
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

SAVING SEGMENTATION

- All customer segments saved in some form or another, with advanced users being the most likely to save. Saving using their own registered account is the key use case that separates advanced users and registered inactive users from active basic users. For the latter, saving using a formal financial institution involves the use of a bank or NBFi account that belongs to someone else.
- Advanced users are engaged with a range of savings methods, including a large majority who used formal institutions. Nearly four in 10 advanced users also saved with cash or property, and they also saved the most frequently using informal institutions compared to the other segments.

37% of all adults reported saving money in 2017.

2017: Saving behavior, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)



*Fewer than 50 observations

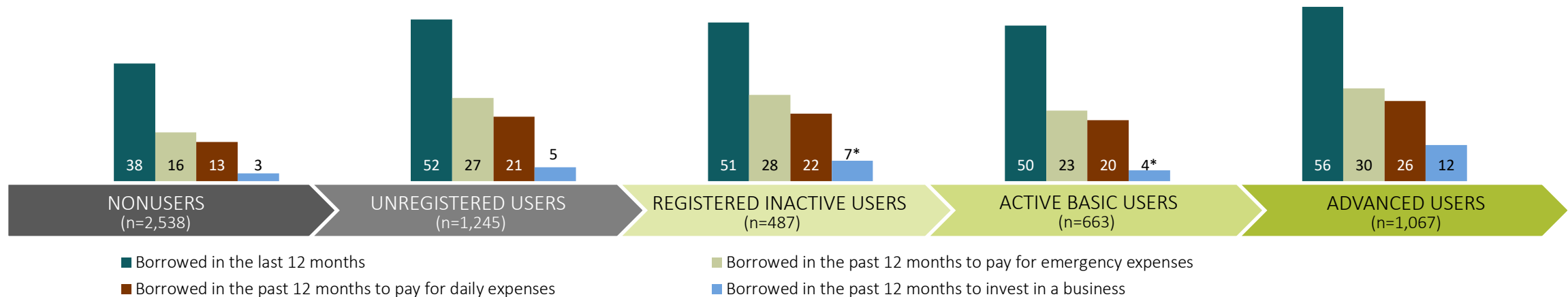
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

BORROWING SEGMENTATION

- With the exception of nonusers, at least half of the adults in each segment reported borrowing in the last 12 months. Paying for emergency expenses was the most frequently cited reason for borrowing in all segments, but paying for daily expenses was mentioned almost as often. These findings are unsurprising in the context of the generally weak financial health of the population (see Slide 32), such that borrowing often is necessary to cope with emergencies and pay for living expenses.
- Only among advanced users did a significant share of adults cite investing in a business as a reason for borrowing. These advanced users include those with self-employment income and active borrowers from NBFIs.

47% of all adults borrowed money in the 12 months prior to the survey.

2017: Borrowing in the last 12 months, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)



*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

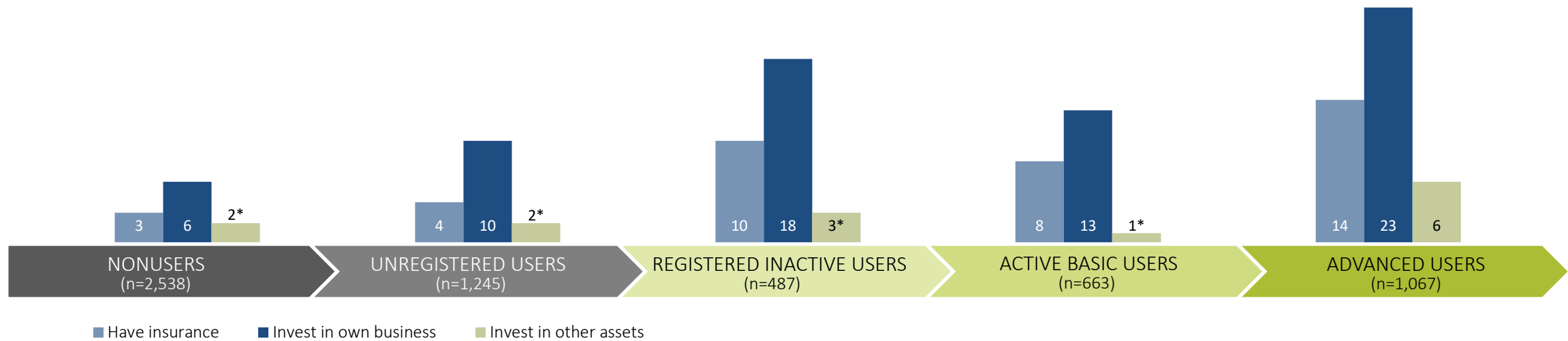
INSURANCE AND INVESTMENT SEGMENTATION

- Insurance and investment activity is most common among advanced users. Relative to other segments, a greater proportion of advanced users have salaried income and are self-employed; a consistent income provides a means to purchase insurance and self-employment necessitates investment in one's own business.
- Outside of the advanced user group, no segment reported actively using their financial account to invest in other assets. This finding suggests that there is a significant market opportunity for adoption of mobile financial products used to invest.

14% of all adults had investments.

6% of all adults had insurance, mainly life insurance.

2017: Insurance and investment behavior, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)



*Fewer than 50 observations

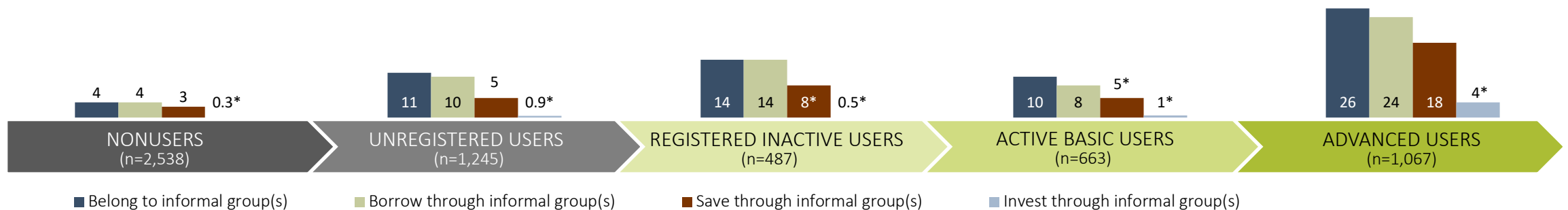
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

INFORMAL FINANCIAL ACTIVITIES SEGMENTATION

- Informal financial groups such as village savings and loan associations (VSLAs) are often used for borrowing in Bangladesh; 10% of adults borrowed through an informal group in 2017. Nonusers are the least likely to be served by informal groups and advanced users are the most likely. This finding shows that nonusers are mostly excluded from informal as well as formal financial services.
- Advanced users tend to use informal groups for a wider range of activities, such as borrowing, saving, or investing, than other groups. This finding suggests that the services provided by informal groups complement those provided by formal institutions for advanced users. The middle three segments also used formal institutions in combination with informal groups, showing a similar complementarity.

11% of all adults belonged to an informal financial group in 2017.

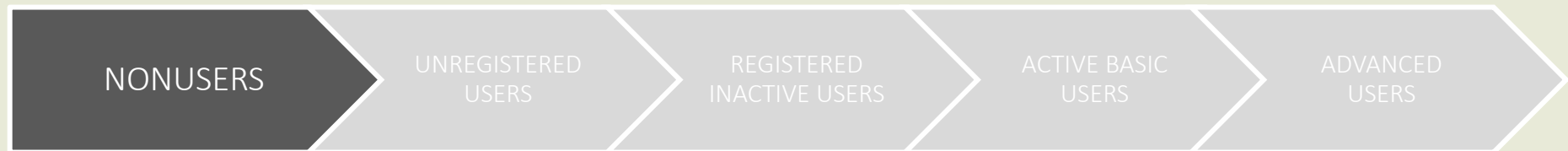
2017: Membership and uses of informal financial groups, by customer journey segment
 (Shown: Percentage of Bangladesh adults in each segment)



*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

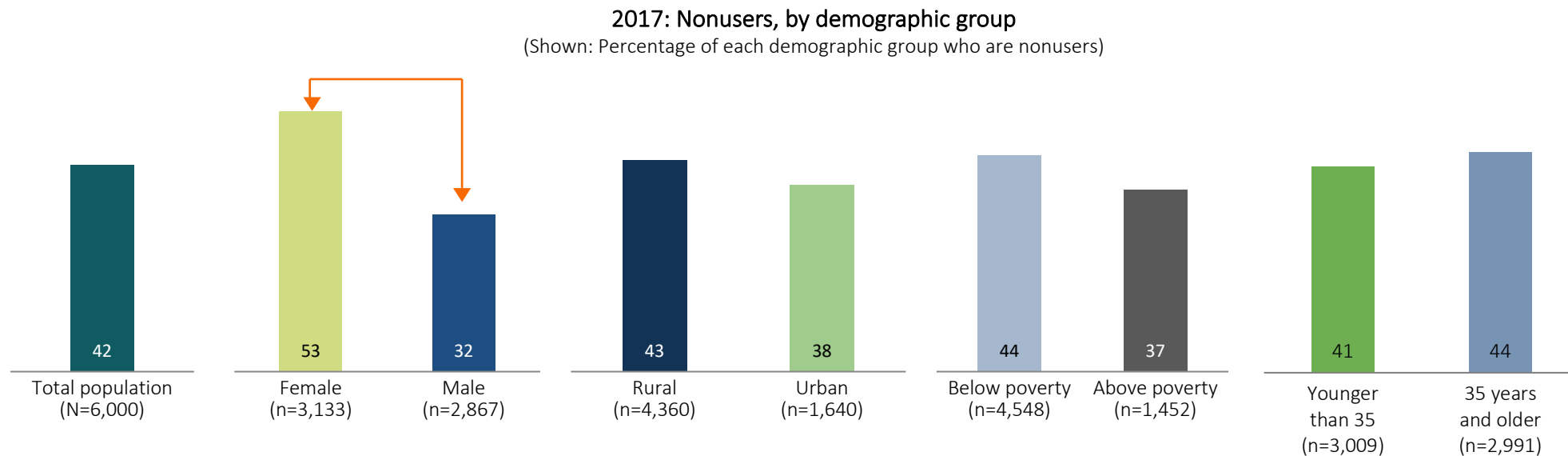
NONUSERS



NONUSERS, BY DEMOGRAPHIC GROUP

- In 2017, 42% of adults were nonusers of formal financial services, including 53% of women and only 32% of men.
- Nonusers are more common among the rural, below-poverty, and 35+ years old demographic groups than they are in the urban, above-poverty, and under-35 groups.

21 percentage-point gender gap among nonusers.

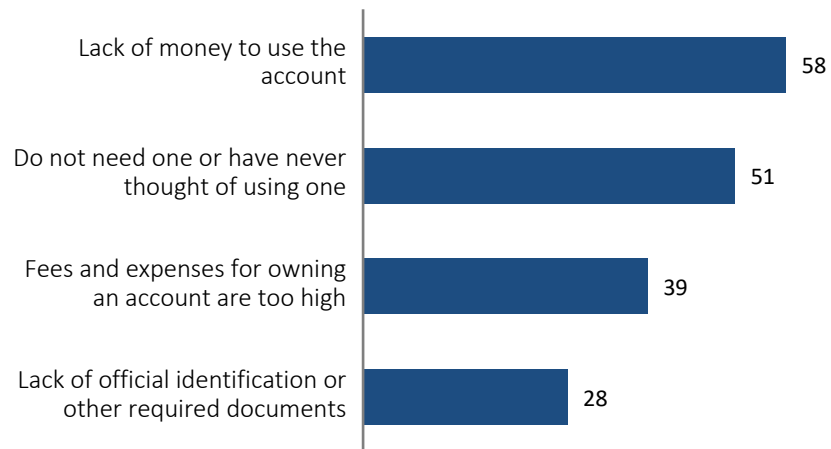


BARRIERS TO ACCESS AND REGISTRATION

- Most nonusers report having little knowledge of banks while perceiving them as expensive; a majority (58%) of bank nonusers reported lacking enough money use an account and over half (51%) said they don't need or never thought of using a bank account.
- Over half (54%) of mobile money nonusers reported there was no need for them to use mobile money, 48% reported preferring cash, and almost as many (41%) did not know what mobile money is used for. These findings suggest that mobile money services have not yet articulated a compelling use case that fits into the financial lives of a significant share of the nonuser population.

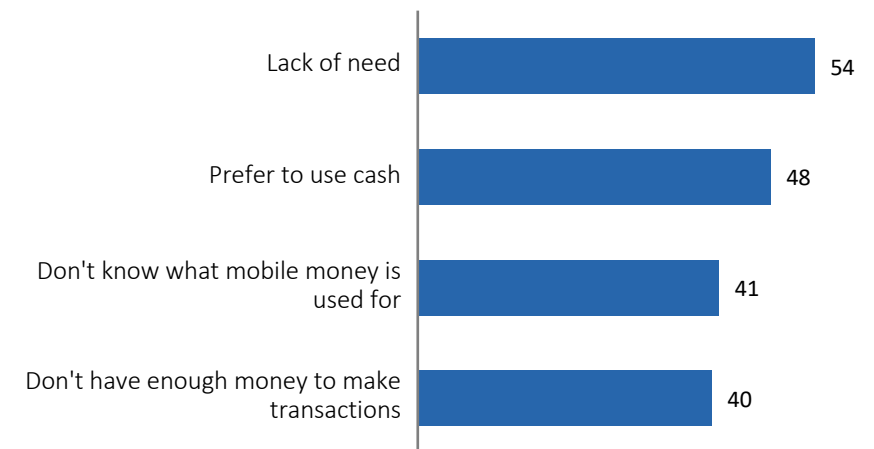
2017: Top reasons for not registering a bank account

(Shown: Percentage of bank nonusers reporting somewhat/strongly agree, n=4,638)



2017: Top reasons for not using mobile money

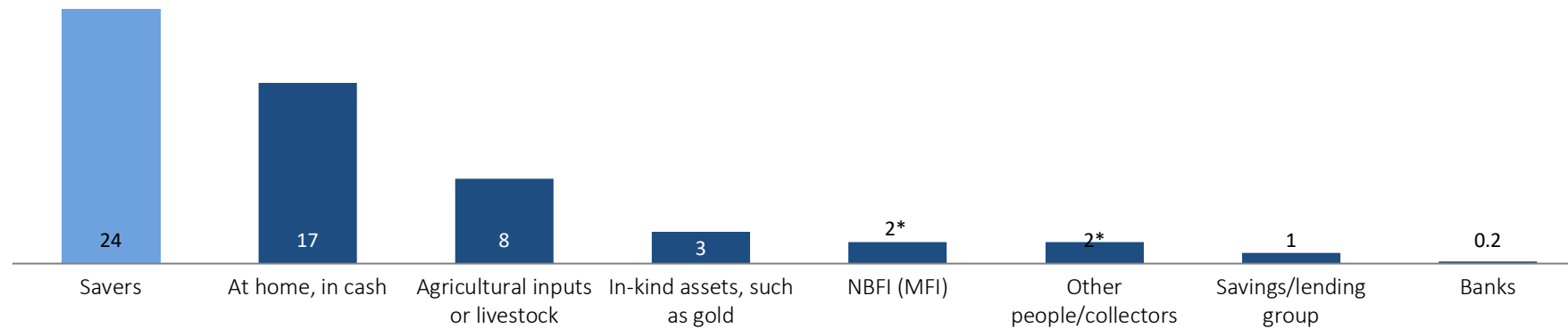
(Shown: Percentage of mobile money nonusers reporting somewhat/strongly agree, n=3,411)



NONUSER SAVING BEHAVIOR

- Nonusers are the least likely to save of the five customer journey segments. In 2017, only 24% of nonusers reported saving, most often in cash; but they also commonly used agricultural inputs or livestock to save.
- Savings collectors and informal groups were rarely used by nonusers.

2017: Nonuser methods of saving
 (Shown: Percentage of nonusers, n=2,538)



*Fewer than 50 observations

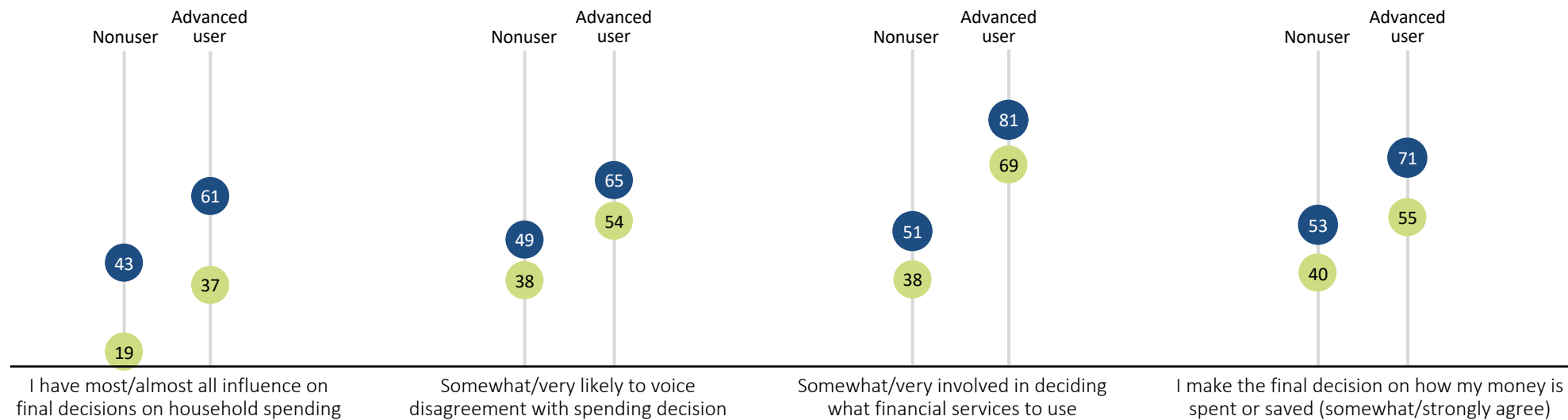
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

NONUSER ECONOMIC EMPOWERMENT, BY GENDER

- Both male and female nonusers fall below their advanced user counterparts on all key economic empowerment indicators. However, for each indicator, the gender gap among advanced users was no smaller than the gap between nonusers. These findings show that, while progress on the customer journey empowers both men and women in Bangladesh, it does not reduce the power differential between genders according to these indicators.
- The gender gap on making final decisions on the use of personal funds is wider among advanced users than nonusers, which suggests that joining the advanced user group is more empowering for men than it is for women on this dimension of empowerment.

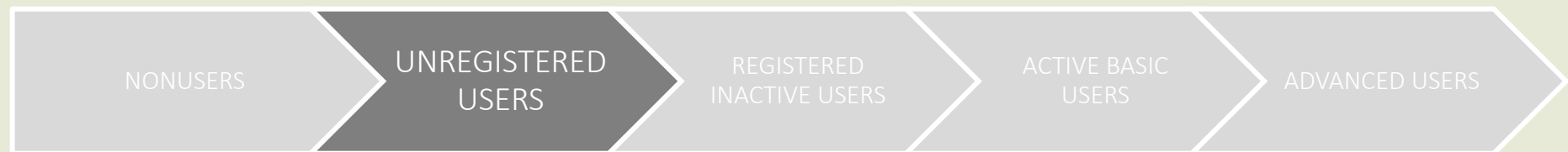
2017: Influence, voice, and autonomy on personal and household financial decisions

(Shown: Percentage of Bangladesh adults in each group, by gender)



● Male (Nonuser n=920, Advanced user n=566) ● Female (Nonuser n=1,618, Advanced user n=501)

UNREGISTERED USERS



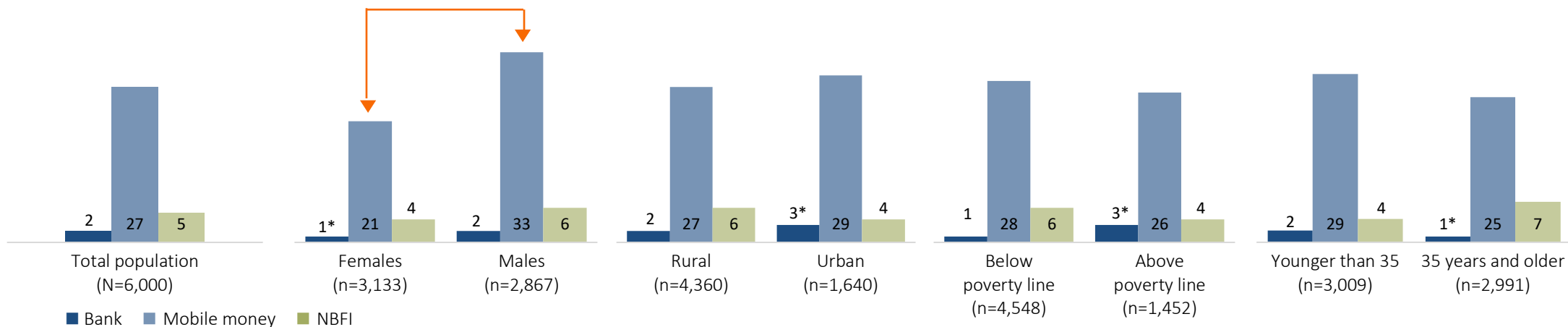
UNREGISTERED USERS, BY DEMOGRAPHIC GROUP

- Unregistered users of formal financial services are mainly over-the-counter mobile money users (27% of adults). A significant proportion of adults (5%) have used an NBFi but do not hold an individually registered account.
- Gender is a greater constraint to the uptake of mobile money than other demographic factors; there is a 12 percentage-point gender gap among unregistered mobile money users, but much smaller gaps between urban versus rural, above- versus below-poverty, and age group demographics.

12 percentage-point gender gap among unregistered users of mobile money.

2017: Unregistered users, by demographic and service type

(Shown: Percentage of each demographic group who are unregistered users of each type of institution)



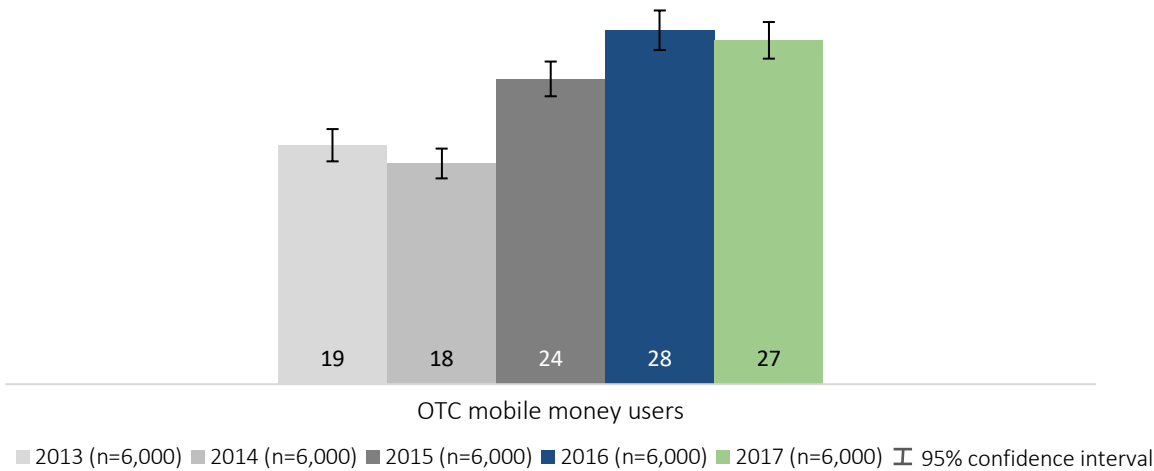
*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

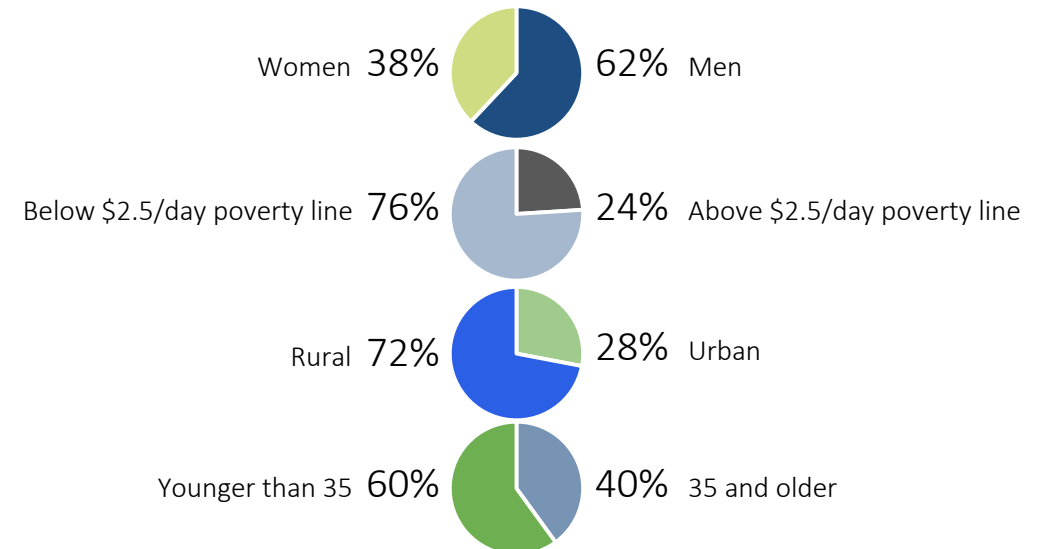
OVER-THE-COUNTER (OTC) MOBILE MONEY USERS

- From 2013 to 2016, users of over-the-counter (OTC) mobile money increased by 9% of the adult population. From 2016-2017, however, there was no growth in the proportion of OTC users, while the registered mobile money user group added 5% of the adult population. These findings suggest that Bangladesh Bank’s effort to reduce OTC use is working to promote the growth in registered users.
- OTC mobile money users are predominantly male, have incomes below the poverty line, live in rural areas, and are younger than 35 years old.

Unregistered (OTC) mobile money users
 (Shown: Percentage of Bangladesh adults, by year)



2017: Unregistered (OTC) mobile money users, by demographic
 (Shown: Percentage of unregistered mobile money users, n=1,604)



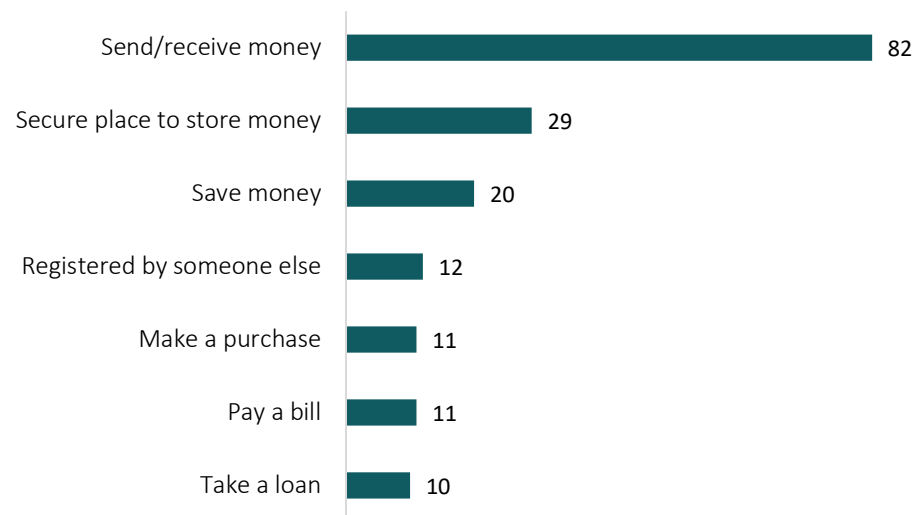
Source: InterMedia Bangladesh FII Tracker surveys, Wave 1 (N=6,000, 15+), September-October 2013; Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

REASONS FOR USING MOBILE MONEY

- Basic, person-to-person transfers are the dominant use case that motivates the uptake of mobile money; 82% of unregistered users agreed that transfers were the reason why they started using mobile money. Smaller proportions of unregistered users reported saving and storing money, as well as bill pay, and even taking a loan as motivating reasons for starting to use mobile money. The utility of a registered account for these activities may lead many unregistered users to progress to later stages of the customer journey.
- Unregistered users rate mobile money highly for accessibility and ease of use, relative to other financial services. However, unregistered users remain divided on mobile money’s security, affordability, and ability to meet their needs.

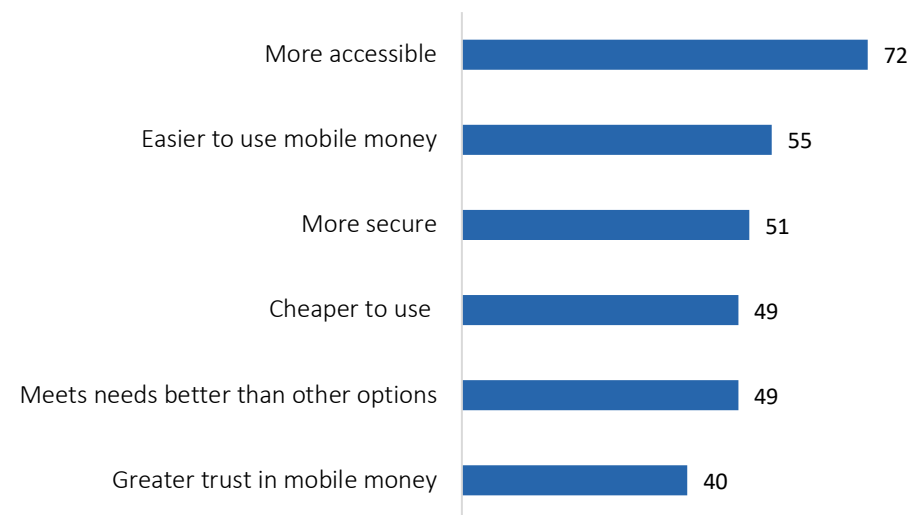
2017: Top reasons to start using mobile money

(Shown: Percentage of OTC mobile money users reporting somewhat/strongly agree, n=1,604)



2017: Top reasons to use mobile money over other financial services

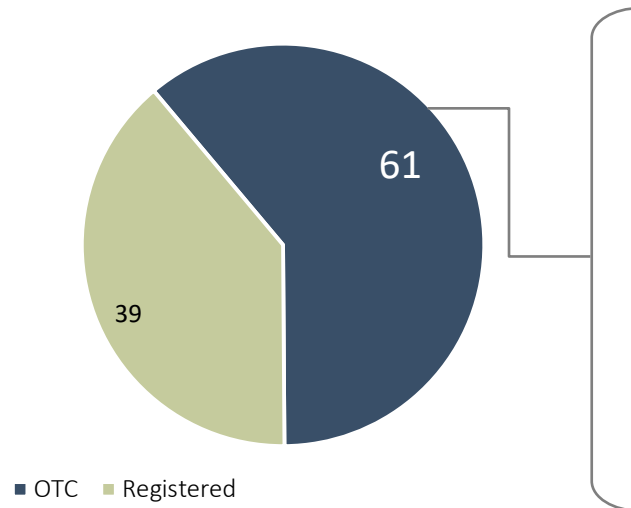
(Shown: Percentage of OTC mobile money users reporting somewhat/strongly agree, n=1,604)



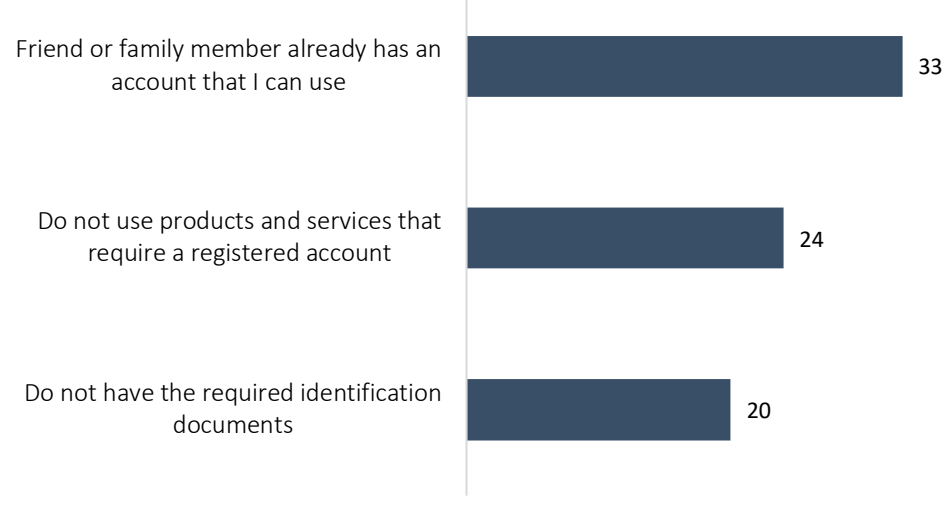
OVER-THE-COUNTER VS. REGISTERED MOBILE MONEY USERS

- The majority (61%) of mobile money users are still OTC users, despite strong growth in registered users.
- There is no single dominant reason for not registering a mobile money account, which suggests that more OTC users will convert to registered use if Bangladesh Bank continues to tighten rules that make OTC transactions more difficult than using a registered account.

2017: OTC vs. registered mobile money users
 (Shown: Percentage of adults who accessed mobile money, n=2,589)



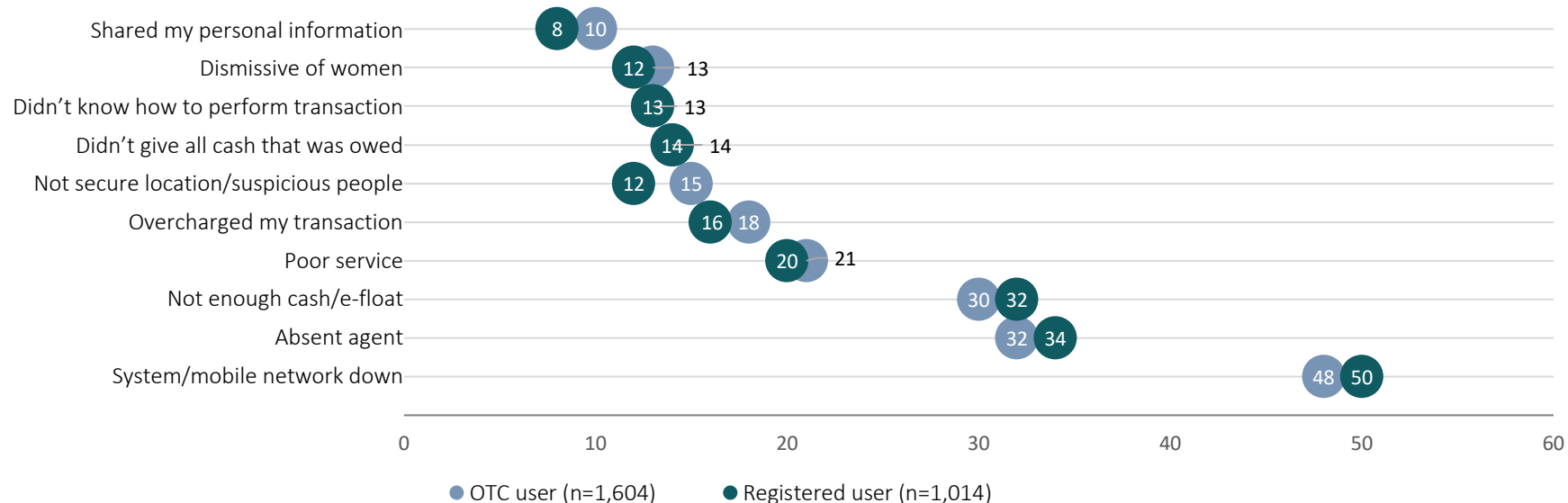
2017: OTC user reasons for not registering a mobile money account
 (Shown: Percentage of OTC mobile money users reporting somewhat/strongly agree, n=1,604)



ATTITUDES AND EXPERIENCES WITH MOBILE MONEY

While similar proportions of unregistered and registered users reported negative experiences related to mobile money agents, OTC users were slightly more likely to report several types of negative experience. These findings suggest that negative experiences with agents could motivate unregistered users to adopt registered accounts to reduce the frequency of interactions with agents.

2017: Experiences with mobile money agents, by user type
 (Shown: Percentage of user group reporting somewhat/strongly agree)

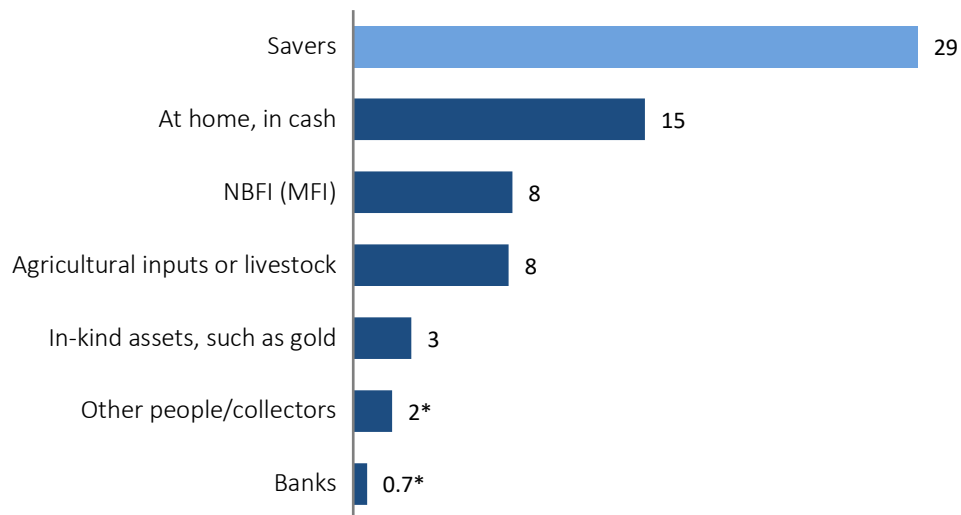


Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

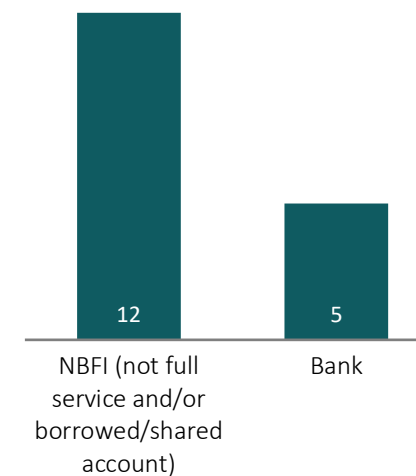
UNREGISTERED USER FINANCIAL BEHAVIORS

- Unregistered users mainly use mobile money OTC for transfers, but nearly a third (29%) of this group reported saving money using a variety of instruments, among which cash was most common (15%), followed by NBFIs and agricultural inputs or livestock.
- Unregistered users by definition lack individually-registered financial accounts, and, instead, either use someone else’s account or participate in group savings and lending activities via NBFIs. In 2017, 8% of unregistered users saved and 12% had loans through a group-based NBF program. An additional 5% of unregistered users reported having a bank loan through someone else’s account.

2017: Methods of saving
 (Shown: Percentage of unregistered users, n=1,245)



2017: Sources of current loans
 (Shown: Percentage of unregistered users, n=1,245)



*Fewer than 50 observations

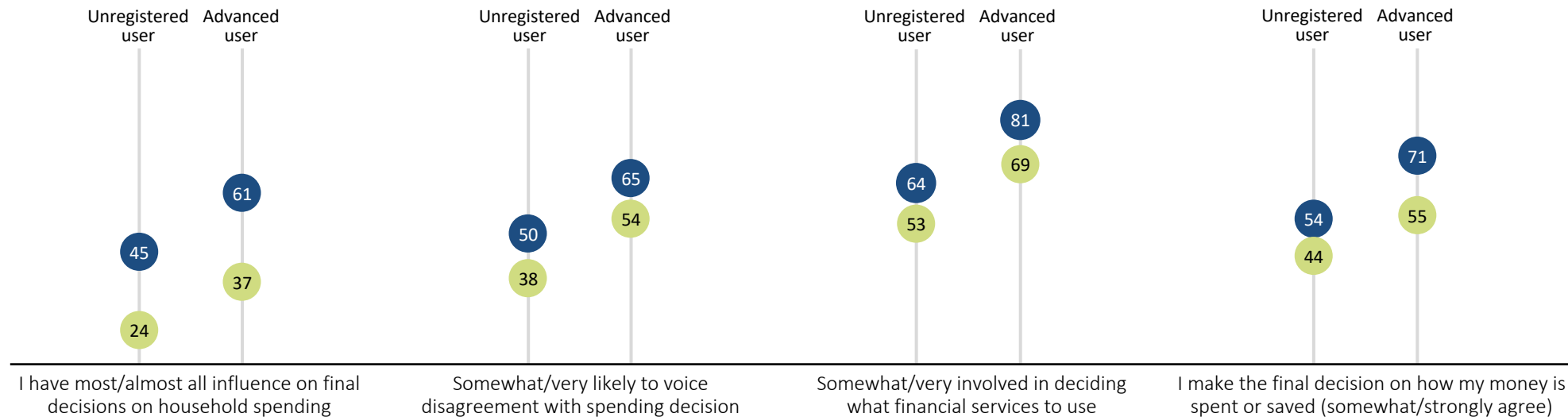
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

UNREGISTERED USER ECONOMIC EMPOWERMENT, BY GENDER

- Progress on the customer journey from unregistered to advanced user is empowering for both men and women, but does not reduce the power differentials between genders measured by the four indicators. Male and female unregistered users are lower than their advanced user counterparts on all key economic empowerment indicators, but the gender gap for each indicator is no smaller for advanced than for unregistered users.
- A 10 percentage-point gender gap among unregistered users on making final decisions regarding how personal money is spent or saved grows to 16 percentage points among advanced users.

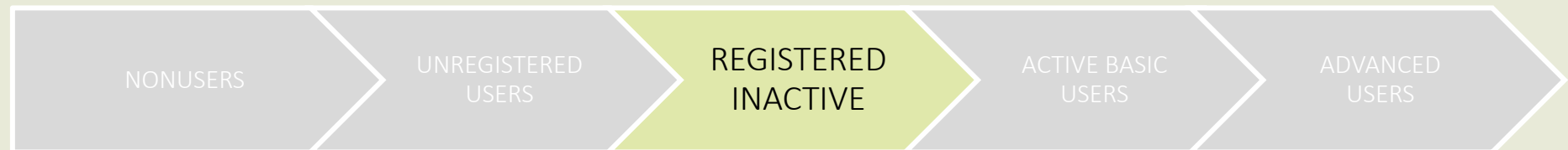
2017: Influence, voice and autonomy on personal and household financial decision

(Shown: Percentage of Bangladesh adults in each group, by gender)



● Male (Unregistered user n=715, Advanced user n=566) ● Female (Unregistered user n=530, Advanced user n=501)

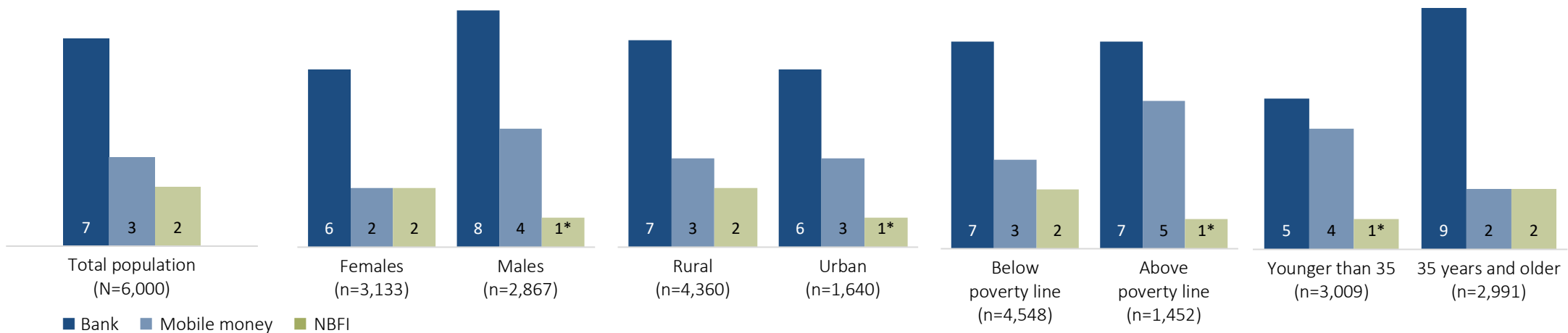
REGISTERED INACTIVE USERS



REGISTERED INACTIVE USERS, BY DEMOGRAPHIC GROUP

- Registered inactive users are mainly bank account holders, followed by mobile money account holders and a small number of NBFi account holders who did not use their accounts in the last 90 days.
- Inactive bank and mobile money users are more common among men than women, and form a larger share of the 35+ age group compared to the younger than 35 group.

2017: Inactive users of registered financial accounts, by demographic and service type
 (Shown: Percentage of each demographic group who are registered inactive users of each type of institution)

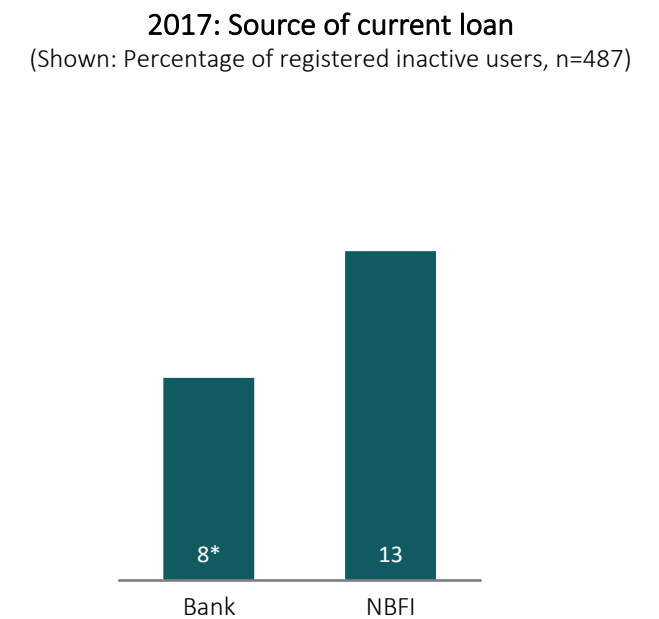
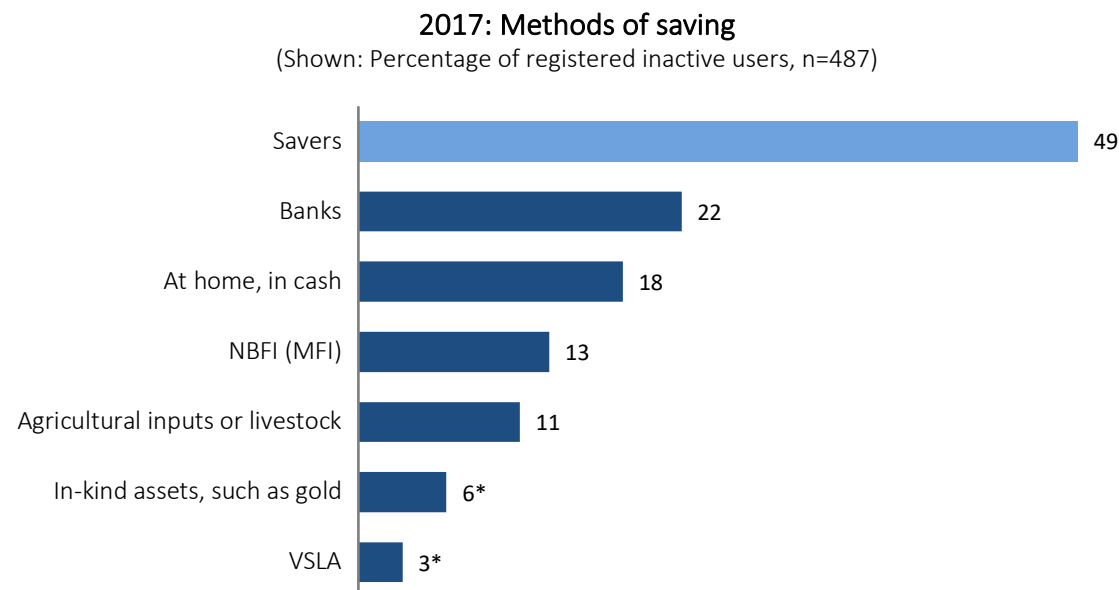


*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

REGISTERED INACTIVE USER FINANCIAL BEHAVIORS

- Almost half of registered inactive users reported saving, most often through a bank account (22%), followed by saving in cash (18%) and saving with NBFIs (13%). Three percent of registered inactive users saved through informal groups such as village saving and loan associations (VSLAs).
- While banks are the preferred financial institution for saving, registered inactive users are more likely to borrow from an NBFi (13%) rather than a bank (8%).



*Fewer than 50 observations

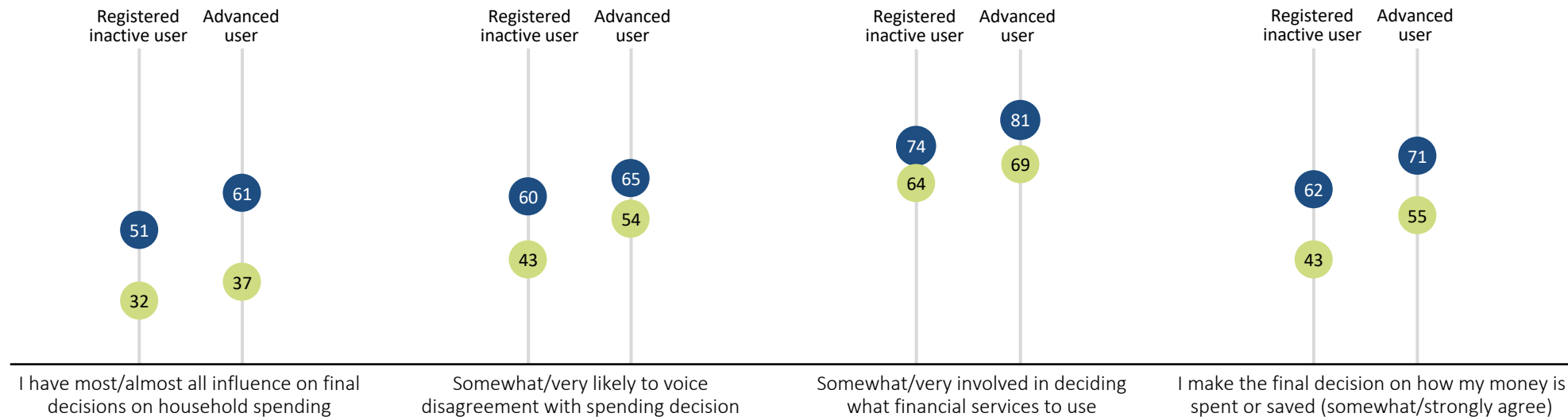
Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

REGISTERED INACTIVE USER ECONOMIC EMPOWERMENT, BY GENDER

- Registered inactive users are the first of the financially included user groups and their level of economic empowerment is lower than, but closer to, that of advanced users relative to the two financially excluded segments.
- The gender gap among registered inactive users is narrower than the gap between advanced users on influence over household spending and decisions on what financial services to use, but wider on voicing disagreement with household spending decisions and control over personal money.

2017: Influence, voice and autonomy on personal and household financial decision

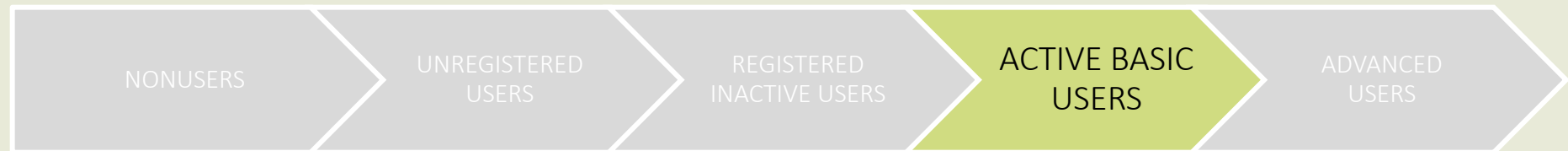
(Shown: Percentage of Bangladesh adults in each group, by gender)



● Male (Registered inactive user n=250, Advanced user n=566) ● Female (Registered inactive user n=237, Advanced user n=501)

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ACTIVE BASIC USERS

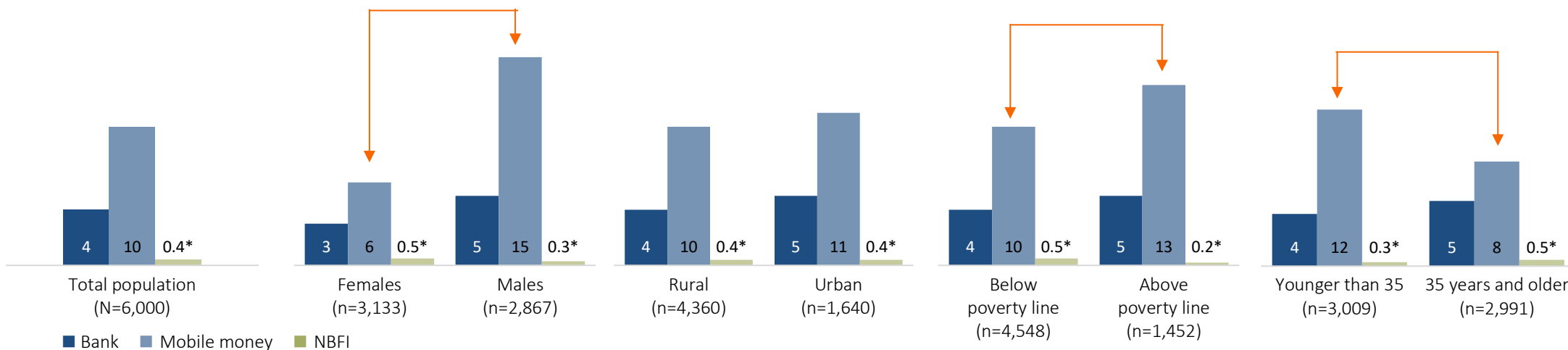


ACTIVE BASIC USERS, BY DEMOGRAPHIC GROUP

- Active basic users are mainly registered users of mobile money who only conduct airtime top-ups, person-to-person transfers and cash management using their accounts. In 2017, one in 10 adults was an active basic mobile money user, and 4% of adults used a bank account actively, but not for an advanced activity such as saving.
- There is a significant gender gap between the proportion of men versus women who are active basic users of mobile money. Active basic users of mobile money also are more common among above-poverty adults and the under-35 age group compared to the below-poverty and 35+ age groups.

9 percentage-point gender gap among mobile money active basic users.

2017: Active basic users of registered financial accounts, by demographic and service type
 (Shown: Percentage of each demographic group who are active basic users of each type of institution)

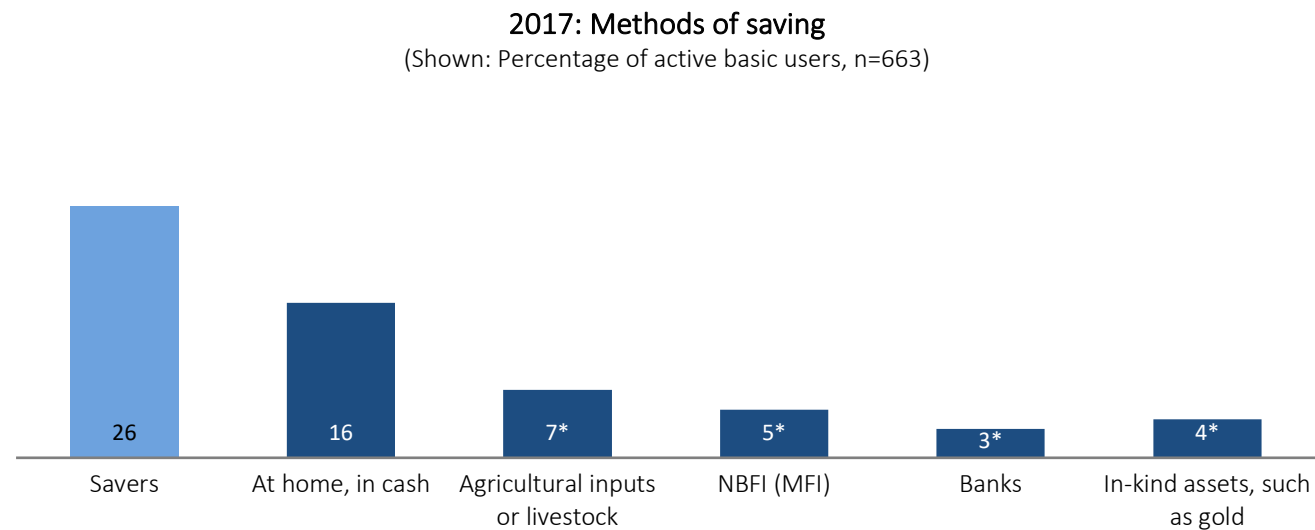


*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ACTIVE BASIC USER SAVING BEHAVIOR

Active basic users, like nonusers, show a similarly low frequency of saving, amounting to 26% and 24% of members of these groups, respectively (see Slide 47 on nonusers). Saving in cash at home is the most frequently reported method of saving. A small percentage of active basic users saved through formal financial institutions using someone else’s account or a group NBFi. Financial inclusion for the active basic group is mainly driven by the adoption of a mobile money account for transfers. Mobile money should serve as a pathway for this group to start using formal financial institutions for saving and other advanced activities.



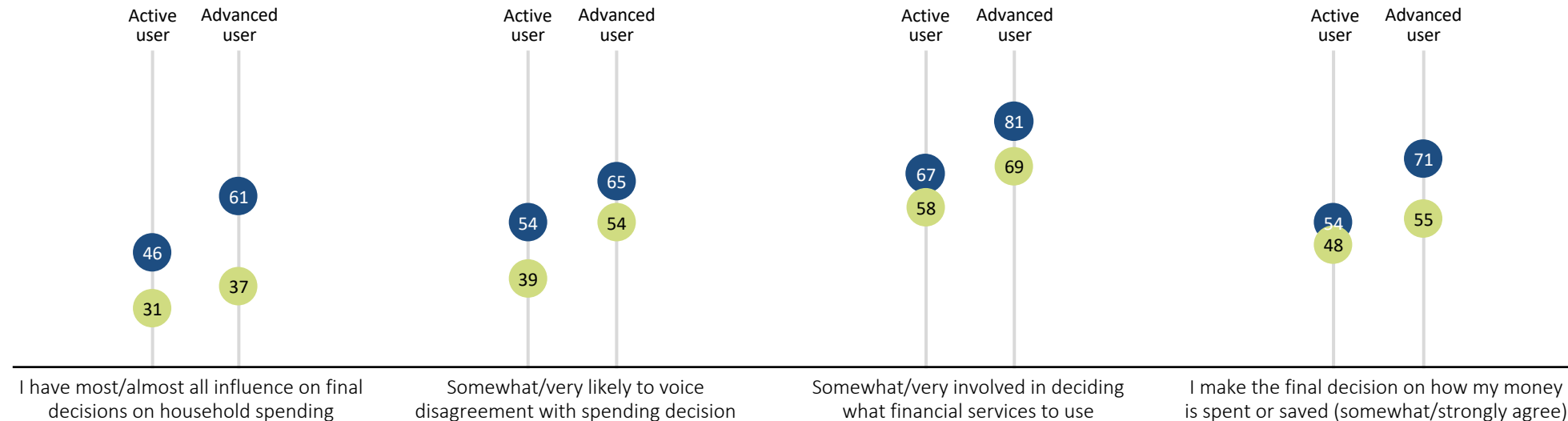
*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ACTIVE BASIC USER ECONOMIC EMPOWERMENT, BY GENDER

Both male and female advanced users reported higher levels on the four empowerment indicators than active basic users. However, active basic users showed smaller gender gaps than did advanced users on several indicators, including influence on household and personal spending decisions, and involvement in decisions on what financial services to use. The larger gender gaps among advanced users suggests that, while both men and women are empowered by greater engagement with formal financial services, the gain in financial influence, voice and autonomy is greater for men than for women.

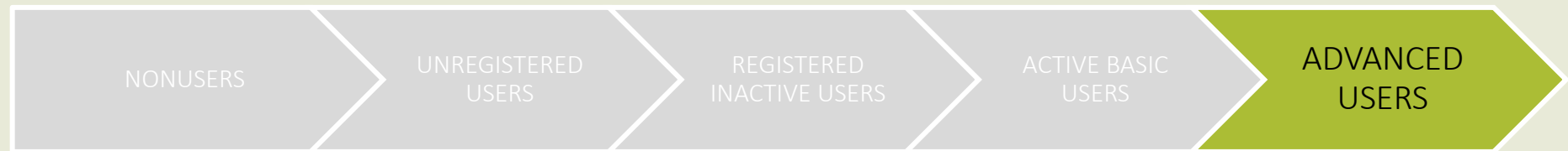
2017: Influence, voice and autonomy on personal and household financial decision
 (Shown: Percentage of Bangladesh adults in each group, by gender)



● Male (Active basic user n=416, Advanced user n=566) ● Female (Active basic user n=247, Advanced user n=501)

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ADVANCED USERS



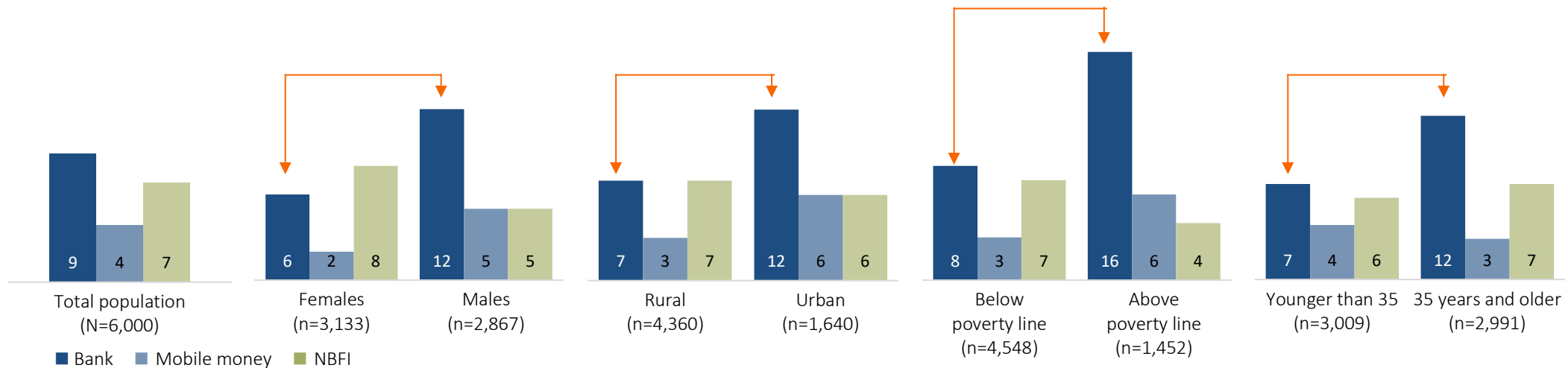
ADVANCED USERS, BY DEMOGRAPHIC GROUP

- Overall, advanced users are most often bank account holders, followed by registered NBFi users and finally registered mobile money users. Advanced bank users are most common in the male, above-poverty, urban, and 35+ demographic groups. Advanced mobile money users show a similar pattern, except for their higher prevalence in the below-35 age group. This finding suggests that there is significant potential for youth advancement on the customer journey via mobile money.
- NBFIs continue to serve a larger proportion of traditionally underrepresented groups – women, rural and those below poverty – with credit and savings services compared to their male, urban, and above-poverty counterparts.

6 percentage-point gender gap among advanced bank users.

2017: Advanced users, by demographic and service type

(Shown: Percentage of each demographic group who are advanced users of each type of institution)

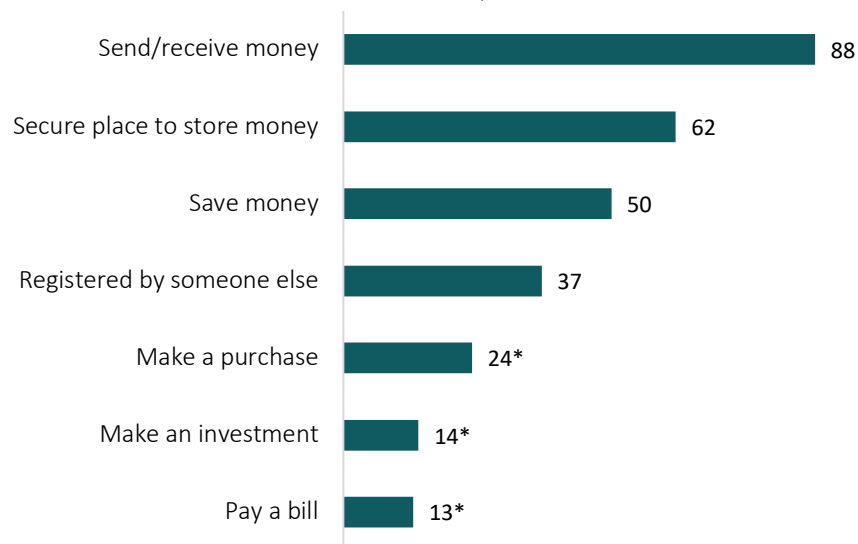


REASONS FOR USING MOBILE MONEY

- Approximately nine in 10 advanced mobile money users started using mobile money for transfers. Saving is also a key use case; 62% cited needing a secure place to store money and 50% reported saving as a reason for adopting the service. Investment and bill pay are also use cases that could drive the growth of the advanced user group.
- Accessibility, ease of use, security, and cost effectiveness are among the top reasons for using mobile money over other financial services.

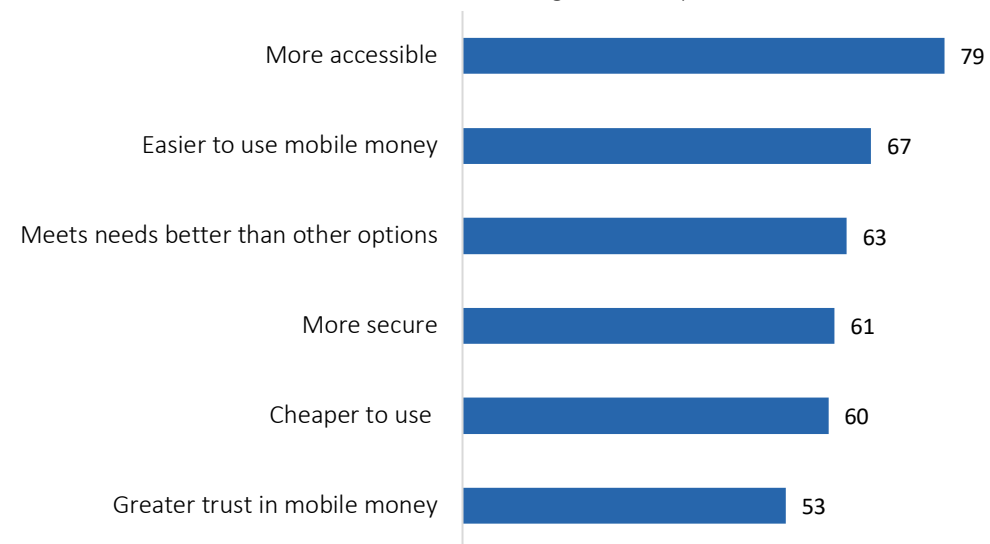
2017: Top reasons to start using mobile money

(Shown: Percentage of advanced mobile money users reporting somewhat/strongly agree, n=203)



2017: Top reasons to use mobile money over other financial services

(Shown: Percentage of advanced mobile money users reporting somewhat/strongly agree, n=203)



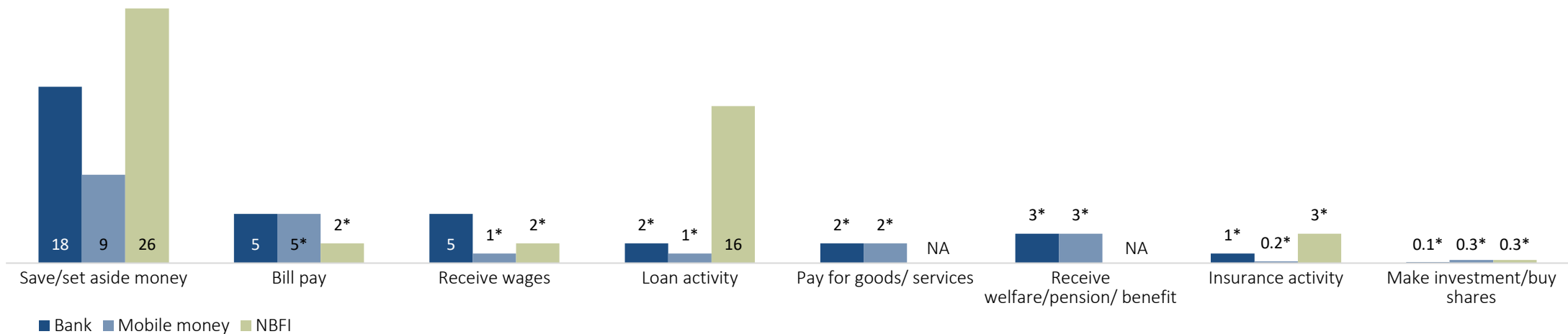
*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ADVANCED USERS 90-DAY ACCOUNT ACTIVITIES

- Across all three types of financial accounts, saving was the most commonly reported advanced use case. A higher proportion of advanced users saved through NBFIs (26%) than they did with banks (18%) or mobile money (9%).
- Five percent of advanced users used a bank account to pay bills and 16% used an NBFi account to take loans.

2017: Advanced users' account activities in last 90 days, by activity and institution
 (Shown: Percentage of advanced users, n=1,067)

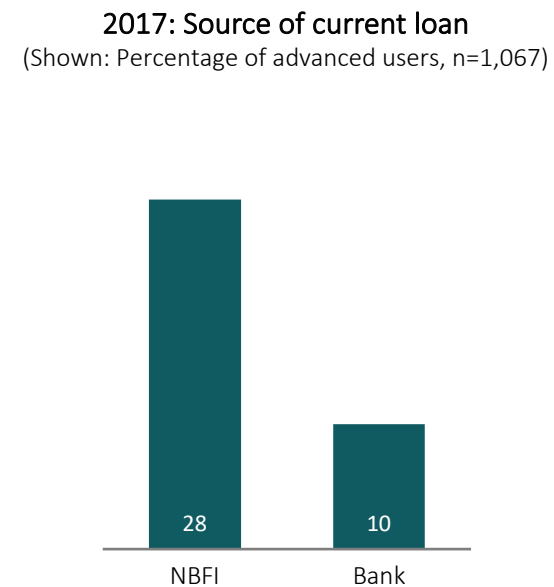
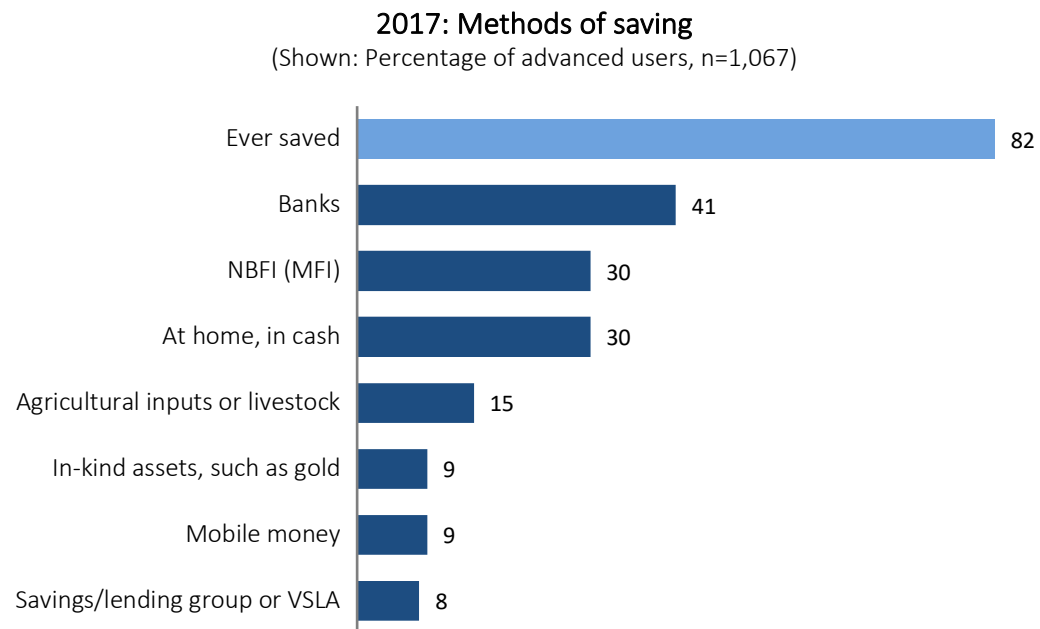


*Fewer than 50 observations

Source: InterMedia Bangladesh FII Tracker survey, Wave 5 (N=6,000, 15+), July-September 2017.

ADVANCED USER FINANCIAL BEHAVIORS

- The large majority of advanced users (82%) reported saving money using a wide variety of methods. Banks were the most frequently used formal institution, followed by NBFIs and cash.
- NBFIs provide loans to a larger share of adults than do banks. In 2017, 28% of advanced users had a loan with an NBFi and 10% held one with a bank.



KEY INDICATORS SUMMARY

Key Indicators	2014	2015	2016	2017	Base Definition
	%, Base n	%, Base n	%, Base n	%, Base n	
Adults (15+) who have active digital stored-value accounts	11% (+/- 1.0%)	15% (+/- 1.2%)	15% (+/- 1.2%)	22% (+/- 1.3%)	All adults
	6,000	6,000	6,000	6,000	
Poor adults (15+) who have active digital stored-value accounts	9% (+/- 1.0%)	11% (+/- 1.1%)	11% (+/- 1.1%)	19% (+/- 1.4%)	All poor
	4,499	4,597	4,622	4,548	
Poor women (15+) who have active digital stored-value accounts	6% (+/- 1.0%)	8% (+/- 1.2%)	7% (+/- 1.1%)	14% (+/- 1.5%)	All poor females
	2,376	2,546	2,599	2,475	
Rural women (15+) who have active digital stored-value accounts	5% (+/- 1.0%)	7% (+/- 1.3%)	7% (+/- 1.3%)	14% (+/- 1.6%)	All rural females
	2,032	2,129	2,187	2,302	
Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	6% (+/- 0.8%)	8% (+/- 0.8%)	6% (+/- 0.8%)	10% (+/- 1.0%)	All adults
	6,000	6,000	6,000	6,000	
Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	5% (+/- 0.8%)	5% (+/- 0.8%)	4% (+/- 0.7%)	8% (+/- 1.0%)	All poor
	4,499	4,597	4,622	4,548	
Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	4% (+/- 0.8%)	4% (+/- 0.9%)	2% (+/- 0.7%)	6% (+/- 1.2%)	All poor females
	2,376	2,546	2,599	2,475	
Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet & P2P)	3% (+/- 0.8%)	4% (+/- 0.9%)	2% (+/- 0.8%)	6% (+/- 1.2%)	All rural females
	2,032	2,129	2,187	2,302	

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFi account with digital access (a card, online access or a mobile phone application) and a mobile money account.

*2013 definition of advanced users is not comparable with later years.

Source: InterMedia Bangladesh FII Tracker surveys, Wave 2 (N=6,000, 15+), September 2014; Wave 3 (N=6,000, 15+), September 2015; Wave 4 (N=6,000, 15+), August 2016; Wave 5 (N=6,000, 15+), July-September 2017.

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