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.
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EXECUTIVE SUMMARY
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.
## SURVEY DEMOGRAPHICS

<table>
<thead>
<tr>
<th>Gender</th>
<th>Adult population (15+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>51%</td>
</tr>
<tr>
<td>Female</td>
<td>49%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th>Adult population (15+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>32%</td>
</tr>
<tr>
<td>Rural</td>
<td>68%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income</th>
<th>Adult population (15+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above the $2.50/day poverty line</td>
<td>24%</td>
</tr>
<tr>
<td>Below the $2.50/day poverty line</td>
<td>76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Adult population (15+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>31%</td>
</tr>
<tr>
<td>25-34</td>
<td>26%</td>
</tr>
<tr>
<td>35-44</td>
<td>19%</td>
</tr>
<tr>
<td>45-54</td>
<td>12%</td>
</tr>
<tr>
<td>55+</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aptitude</th>
<th>Adult population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic literacy</td>
<td>58%</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>98%</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FI Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
COUNTRY CONTEXT

Bangladesh is undergoing a period of high economic growth, which is expected to continue in the near future.

- The GDP growth rate averaged 6.5 percent over the past five years; in 2016, the GDP growth rate reached 7.1 percent, the highest rate in the past decade, according to the World Bank's June 2017 Global Economic Prospects report.

Bangladesh Bank, the central bank of Bangladesh, maintained a strong focus on financial inclusion in 2016.

- In March 2017, Bangladesh Bank permitted state-owned Sonali Bank to launch online money-transfer services with PayPal, signaling a commitment to furthering innovative financial technology solutions in the country.

- References to inclusive finance in the Bangladesh Bank’s 7th Five Year Plan FY2016-2020 and the Strategic Plan (2015-2019) indicate the importance of financial inclusion as a primary goal for the central bank.

- Draft Regulatory Guidelines for Mobile Financial Services, released in August 2015, are yet to be finalized. These included limited ownership stakes in mobile financial service providers to 15 percent per entity, and a requirement that at least four banks must form a consortium to achieve a 51 percent majority-ownership share.

- To stop the use of mobile phones for criminal activities and to ensure know-your-customer (KYC) requirements are met, the Bangladesh Telecommunication Regulatory Commission announced a mandatory mobile phone SIM reregistration campaign to increase biometric identification of SIM card holders.

- Immediately after the reregistration deadline of May 2016, all unregistered SIM cards were permanently deactivated without any prior notice. This deactivation may have played a role in the reduction in mobile phone sharing and borrowing detailed later in this report, as individuals are less likely to share SIM cards registered in their names. It also contributed to an increase in overall SIM card ownership.

According to Bangladesh Bank, as of January 2017, there were more than 16.5 million active MFS accounts and approximately 42 million registered mobile financial services (MFS) accounts.

- Bangladesh Bank statistics measure the number of accounts, while FII measures the number of individual account holders. Both reflect a clear growth in the mobile money market and suggest that a substantial minority of the population is utilizing the services.

- Based on the central bank's supply side statistics, active account use grew in 2016, which closely mirrors FII's finding that active mobile money account holders grew from 8 percent of adult Bangladeshis in 2015 to 10 percent in 2016.

- The agent network in Bangladesh has continued to expand, from fewer than 400,000 agents in May 2014 to 723,000 in January 2017.

- Despite the large number of mobile money providers, bKash remains the clear market leader, trailed by Dutch-Bangla Bank Limited (DBBL), in visibility and customer base. (DBBL recently rebranded their mobile money service as Rocket.) Many licensed providers have yet to make any impression on the market.
NOTABLE STATISTICS

The population of mobile money users continued to grow. The size of the population holding bank accounts was little changed.

- The portion of the adult population that accessed mobile money grew by 7 percentage points in 2016, reaching 40 percent. Bank account access remained relatively stable (19 percent of the population in 2016 versus 20 percent in 2015).
- In 2015, though the proportion of adults with mobile money access (33 percent) had surpassed bank account access (20 percent), the proportion that held a registered mobile money account (9 percent) remained lower than the proportion holding a registered bank account (19 percent).
- Between 2015 and 2016, registered mobile money account holders grew from 9 to 13 percent of the adult population, and the share of active registered users grew from 8 to 10 percent. However, low rates of conversion from access to registration shows that Bangladeshis prefer to use mobile money services over the counter via an agent.

Access and registered use of microfinance institutions (MFIs) dropped from 2015, resulting in an overall decline in NBFI accounts and overall financial inclusion numbers. These findings were corroborated by a special study described in a dedicated section of this report.

- Microfinance institutions (MFIs) were the primary NBFI used by Bangladeshis in 2016. However, the proportion of the population who reported having ever used an MFI dropped by 9 percentage points from 2015 levels.
- Decreased rates of borrowing may have affected the measurement of MFI account ownership, causing respondents who did not have loans to report non-ownership of MFI accounts.
- The findings of a follow-up study show that former MFI account owners prefer to use other financial institutions for their full-service needs.

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

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
Source: InterMedia Bangladesh NBFI Follow-up study (N=403, 15+), May-June 2017.
FINANCIAL AND DIGITAL INCLUSION

- More adults are financially included than are digitally included, indicating that financial accounts in Bangladesh are more often accessed through traditional means, such as bank branches, than through digital means, such as debit/credit cards or mobile banking.
- Beyond using mobile money, the population has little experience with nontraditional forms of digital banking or digital finance and, therefore, they may be less likely to adopt such services.

<table>
<thead>
<tr>
<th>Financially Included*</th>
<th>Digitally Included*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a registered mobile money account</td>
<td>Digitally included through a mobile money account</td>
</tr>
<tr>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Have a full-service bank account</td>
<td>Digitally included through a full-service bank account</td>
</tr>
<tr>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Have a full-service NBFI account</td>
<td>Digitally included through a full-service NBFI account</td>
</tr>
<tr>
<td>12</td>
<td>0.7</td>
</tr>
</tbody>
</table>

*Percentage of Bangladeshi adults, N=6,000

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
ACCESS AND REGISTRATION AT A GLANCE

- The proportion of the population that accessed a financial service declined between 2015 and 2016 due mainly to a drop in the number of respondents who recalled having ever used a nonbank financial institution (NBFI), especially microfinance institutions.
- The population that has accessed a mobile money account has grown steadily since 2013. Many more individuals use mobile money over the counter (OTC) at agent locations than hold registered accounts.

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

*NBFI data not available for 2013.
ACTIVE USE AND ADVANCED USE AT A GLANCE

- Since 2013, Bangladesh has seen significant growth in the population that uses registered mobile money accounts actively on a 90-day basis. Active users of NBFI accounts declined markedly.
- Very few active users of bank or mobile money accounts use advanced services such as bill pay or loan repayment.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
CUSTOMER JOURNEY

- PRECONDITIONS
- ACCESS & TRIAL
- REGISTRATION
- ACTIVE USE
- ADVANCED ACTIVE USE
CUSTOMER JOURNEY

- 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.
- Understanding how different demographic 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 meet their needs.
- Five major stages in the customer journey are described in the figure below. The registration stage is where the FII program counts an individual as financially included, but the journey begins before, and extends after, registration.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRECONDITIONS</strong></td>
<td>Preconditions are the set of skills and resources necessary to progress on the customer journey for a specific type of financial account. Different preconditions are required to start the customer journey for different types of financial accounts.</td>
</tr>
<tr>
<td><strong>ACCESS &amp; TRIAL</strong></td>
<td>Access &amp; trial is the use of a full-service bank or NBFI account, or a mobile money account, registered in the individual’s name or in someone else’s name, including over-the-counter transactions completed via mobile money agents.</td>
</tr>
<tr>
<td><strong>REGISTRATION</strong></td>
<td>Registration of a full-service bank, mobile money, or NBFI account is the point in the customer journey where individuals are counted as financially included.</td>
</tr>
<tr>
<td><strong>ACTIVE USE</strong></td>
<td>Active use means that an individual has used his/her registered account to transfer money, save, or borrow within the previous 90 days.</td>
</tr>
<tr>
<td><strong>ADVANCED ACTIVE USE</strong></td>
<td>Advanced active use includes saving, borrowing, bill payment, merchant payment, receiving wages, and/or receiving government payments using a financial account registered in the user’s name within the previous 90 days.</td>
</tr>
</tbody>
</table>
PATHWAYS TOWARD FINANCIAL INCLUSION

- While banks maintain a prominent presence in the financial services sector, mobile money leads as the gateway to financial inclusion on the first step of the customer journey; 40% of the adult population accessed mobile money services in 2016, compared to 19% who accessed banks.
- Advanced active use of digital services remained low across all types of financial institutions, which indicates that nearly all active users only use basic services, such as deposit and withdrawal or person-to-person transfers.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
THE MOBILE MONEY CUSTOMER JOURNEY

- The majority of those who have started the customer journey remain at the first step of over-the-counter (OTC) use via the account of an agent. Only 33% of adults in Bangladesh who accessed mobile money took the next step of registering an account.

- A top reason cited for using OTC services is that users can access all mobile money services through an agent and, therefore, do not need a personal account. Most OTC users use basic services such as money transfers, and do not use advanced mobile money services, which would necessitate having a registered account.

- While most registered account holders used their accounts actively, relatively few converted from active use to advanced active use. Only 10% of active users used an advanced service, such as bill pay. The likely explanation is the low rate of financial literacy and customers’ lack of knowledge about advanced services, and how these services could meet their financial needs.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
THE BANKING CUSTOMER JOURNEY

- Compared to mobile money access, fewer adults reported having accessed a bank account. Only 19% of the adult population had accessed a bank account compared to 40% who had accessed or tried mobile money.
- The conversion rate from bank access to registration is high because most bank users must register for an account to use banking services.
- Conversion rates from registration to active use are similar to the conversion rates for those on the mobile money journey; most individuals with registered accounts used them at least once in a 90-day period.
- Most bank accounts are used for basic activities, such as deposits and withdrawals. The most likely reason behind this is a mixture of low financial literacy and a lack of understanding of banking services. This leads to the lower conversion rate from active use to advanced active use (23%).

2016: Conversion rate for each step in the bank customer journey
(Shown: Percentage of Bangladeshi adults)

- ACCESS & TRIAL 19%
- REGISTRATION 17%
- ACTIVE USE 13%
- ADVANCED ACTIVE USE 3%

*Proportion that progressed to the next stage in the journey
**Proportion of the total population (n=6,000) at each stage in the journey

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
THE NBFI CUSTOMER JOURNEY

• Similar to individuals on the bank customer journey, the conversion rate from access to registration was higher for NBFI users (75%) than for mobile money users (33%). Compared to mobile money, there are fewer options for using NBFI services over the counter.

• Most of those who accessed NBFI services are registered account holders who use their accounts actively, conducting basic activities at least once in a 90-day period.

• Conversion rates from NBFI registration to active use, and advanced active use, reflect a similar pattern to the bank customer journey.

2016 Conversion rate for each step in the NBFI customer journey

(Shown: Percentage of Bangladeshi adults)

ACCESS & TRIAL 16%**
REGISTRATION 12%**
ACTIVE USE 9%**
ADVANCED ACTIVE USE 2%**

*Proportion that progressed to the next stage in the journey

**Proportion of the total population (n=6,000) at each stage in the journey

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
PRECONDITIONS
PRECONDITIONS FOR FINANCIAL INCLUSION

- Certain resources and skills are preconditions for advancing on the customer journey.
- While some of the following preconditions are necessary to access a financial account, others are not strictly necessary but enable a consumer to register a financial account and use it in a meaningful manner to reap the benefits of financial inclusion.

**Resources**
- Having the necessary ID
- Mobile phone ownership*
- SIM card ownership
- Geographical access

**Knowledge and skills**
- Mobile money awareness
- Financial literacy
- Numeracy
- Ability to send or receive texts

*Mobile phone ownership, rather than access, is a stronger precondition for financial inclusion in Bangladesh. This may differ in other countries.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
**PRECONDITIONS: KEY INDICATOR TRENDS**

- A majority of adults have the resources that enable them to progress on the mobile money customer journey, including the necessary ID, mobile phone ownership and SIM card ownership.
- Most adults also have some of the knowledge and skills necessary to advance on the customer journey, including mobile money awareness and basic numeracy. However, only 31% are able to send or receive text messages, which is a key skill for using mobile money.

### 2016: Key indicators of preparedness for digital financial services

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

<table>
<thead>
<tr>
<th>2015</th>
<th>99%</th>
<th>64%</th>
<th>40%</th>
<th>98%</th>
<th>37%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Have the necessary ID*</td>
<td>Mobile phone ownership</td>
<td>Own a SIM card</td>
<td>Mobile money awareness</td>
<td>Ability to send or receive a text message</td>
</tr>
<tr>
<td>2014</td>
<td>93%</td>
<td>61%</td>
<td>62%</td>
<td>91%</td>
<td>31%</td>
</tr>
<tr>
<td>2013</td>
<td>91%</td>
<td>58%</td>
<td>59%</td>
<td>89%</td>
<td>18%</td>
</tr>
</tbody>
</table>

*Financial literacy values are not available for previous years

Source: InterMedia Bangladesh FI Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
MOBILE PHONE RELATED PRECONDITIONS

- Mobile phone ownership among adults stood at 62% in 2016, though there remains a large gap in ownership between genders. Large gender gaps also persist in SIM card ownership and the ability to send or receive texts.
- The increase in SIM card ownership from 2015 to 2016 reflects the effectiveness of the government’s reregistration campaign, which required all unregistered SIM cards to be registered by May 2016.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
GEOGRAPHICAL ACCESS

- Awareness of geographical proximity to a POS is highest for mobile money, followed by bank branches and MFIs, respectively.
- The finding that nearly half of all adults did not know of any ATM or banking agent nearby shows that Bangladeshis rarely use digital financial services beyond mobile money.*

2016: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Bangladeshi adults, N=6,000)

A total of 64% of adults knew of an MM kiosk or agent within 1 km of their homes.

Nearly half of all adults did not know of any ATM nearby*

*All responses except for the respondents who answered “Don’t know” are included in “nearby” estimate figure.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
AWARENESS OF MOBILE MONEY

- Since 2014, the rate of awareness of mobile money providers has been stable at just over 90% of the population as the leading mobile money service providers, bKash and DBBL, have maintained marketing campaigns in both rural and urban areas.

- However, awareness of mobile money as a concept is much lower than awareness of mobile money providers, showing a 30-percentage-point gap by gender, and a gap of 11 percentage points by poverty level.

Mobile money provider awareness
(Shown: Percentage of Bangladeshi adults, N=6,000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>89%</td>
</tr>
<tr>
<td>2014</td>
<td>91%</td>
</tr>
<tr>
<td>2015</td>
<td>92%</td>
</tr>
<tr>
<td>2016</td>
<td>92%</td>
</tr>
</tbody>
</table>

2016: Awareness of mobile money as a concept
(Shown: Percentage of Bangladeshi adults in each category)

- 39% of Bangladeshis overall are aware of mobile money as a concept, but awareness varies by income level.
- 48% above the $2.5/day poverty line are aware.
- 37% below the $2.5/day poverty line are aware.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
FINANCIAL LITERACY AND NUMERACY

• Despite a high rate of numeracy, financial literacy among all demographic groups remains low.
• Low financial literacy may be contributing to the low rate of conversion from active use to advanced active use as individuals may lack the knowledge they need to engage with more sophisticated financial services.

New to the FII survey in 2016, the financial literacy indicator uses a combination of survey items that measure basic knowledge of four fundamental concepts in financial decision-making (interest rates, interest compounding, inflation, and risk diversification) following the Standard and Poor’s Rating Service’s Global Financial Literacy Survey methodology.

2016: Numeracy and financial literacy by demographic*
(Shown: Percentage of Bangladeshi adults in each category)

<table>
<thead>
<tr>
<th>Category</th>
<th>Numeracy</th>
<th>Financial literacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>98</td>
<td>14</td>
</tr>
<tr>
<td>Rural</td>
<td>98</td>
<td>10</td>
</tr>
<tr>
<td>Above poverty</td>
<td>99</td>
<td>18</td>
</tr>
<tr>
<td>Below poverty</td>
<td>97</td>
<td>10</td>
</tr>
<tr>
<td>Male</td>
<td>99</td>
<td>14</td>
</tr>
<tr>
<td>Female</td>
<td>97</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.

5 percentage-point gender gap in financial literacy in 2016
ACCESS AND TRIAL OF FINANCIAL SERVICES

- The population with access to mobile money services (either through a person’s own full-service financial account or one belonging to someone else) has grown steadily since 2014 as more individuals use mobile money, mainly over the counter at agent locations rather than through registered accounts.

- More adults are digitally included through mobile money than any other type of financial service. Few have digital bank account access, indicating that more individuals access their financial accounts through traditional means, such as bank branches, than through digital means, such as debit/credit cards and mobile banking.

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

*NBFI data not available for 2013.
ACCESS TO FINANCIAL SERVICES

- Although 55% of adults have used at least one financial service, access varies by demographic group.
- Only 27% of women have accessed (ever used) mobile money, compared to 53% of men. This large gender gap means that women have disproportionately fewer chances to advance on the customer journey compared to men.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
OVER-THE-COUNTER (OTC) USE

- The proportion of the adult population that uses mobile money services OTC increased in 2016, and remains higher than registered use.
- In 2014, 77% of mobile money users used the services OTC; this proportion fell to 70% in 2016. Adults living below the poverty line, those in rural areas and men were more frequent users of OTC than their counterparts.

**OTC users**
(Shown: Percentage of Bangladeshi adults, by year)

<table>
<thead>
<tr>
<th>Year</th>
<th>OTC NBFI</th>
<th>OTC Bank</th>
<th>OTC Mobile Money</th>
<th>OTC NBFI, bank, and/or mobile money*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>N/A</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>2014</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>15</td>
<td>15</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

**2016: OTC users of any financial service, by demographic**
(Shown: Percentage of Bangladeshi adults who accessed any financial service over the counter, n=1,278)

- 38% Women
- 80% Below $2.5/day poverty line
- 69% Rural
- 58% Younger than 35
- Men 62%
- Above $2.5/day poverty line 20%
- Urban 31%
- 35 and older 42%

*NBI data not available for 2013.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
MOBILE MONEY AWARENESS

- The conversion rate from awareness to use of mobile money services continued to increase in 2016. There was an increase in the percentage of adults who use mobile money over the counter via agents and via their own registered accounts.
- Women convert from awareness to use at a much lower rate than do men. Although 89% of women are aware of mobile money, only 27% of women have used the services, compared to 94% of men who are aware and 53% who have used mobile money.

Conversion from awareness of mobile money (MM) providers* to mobile money use
(Shown: Percentage of Bangladeshi adults, by year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Awareness</th>
<th>MM registered users</th>
<th>MM OTC users</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>91%</td>
<td>5%</td>
<td>18%</td>
</tr>
<tr>
<td>2015</td>
<td>92%</td>
<td>9%</td>
<td>24%</td>
</tr>
<tr>
<td>2016</td>
<td>92%</td>
<td>13%</td>
<td>28%</td>
</tr>
</tbody>
</table>

45% of individuals transitioned from awareness of mobile money providers to use in 2016

2016: Mobile money awareness and use
(Shown: Percentage of Bangladeshi adults, by gender)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Awareness</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (n=2,723)</td>
<td>94</td>
<td>53</td>
</tr>
<tr>
<td>Female (n=3,277)</td>
<td>89</td>
<td>27</td>
</tr>
</tbody>
</table>

*Measures awareness of at least one mobile money provider.

Source: InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
MODES OF ACCESS – BKASH VS. DBBL USERS

- bKash and DBBL (recently rebranded as Rocket) are the two key players in the mobile money market in Bangladesh.
- Although access to mobile money is greater through bKash, DBBL users are more likely to use their own accounts than are bKash users. Overall however, both bKash and DBBL users who access mobile money rely heavily on over-the-counter (OTC) use via agents, versus using their registered accounts or the account of a family member/friend.

39% of Bangladeshis have accessed mobile money through bKash

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
REGISTRATION
REGISTERED FINANCIAL ACCOUNT OWNERSHIP

- The population that uses mobile money services via a registered account has grown steadily since 2013.
- However, significant differences exist between the rate of registered financial account ownership between demographic groups, with the greatest gap shown between individuals above and below the $2.50/day poverty line.

2016: Registered financial accounts, by demographic
(Shown: Percentage of Bangladeshi adults who have registered financial accounts)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Above $2.5/day poverty line</th>
<th>Below $2.5/day poverty line</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered financial account</td>
<td>38%</td>
<td>29%</td>
<td>46%</td>
<td>30%</td>
<td>39%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FI Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.

*NBFI data not available for 2013.
ACCOUNT REGISTRATION AND PRECONDITIONS

- When comparing financial literacy, the ability to send or receive texts, and mobile phone ownership preconditions, the ability to send or receive texts is the strongest predictor of financial account registration across all demographic groups.
- As the ability to text is usually correlated with higher educational attainment, the high correlation between text savviness and account registration might be a general indication of the relationship between literacy and account registration.

2016: Financial literacy and account registration
(Shown: Percentage of Bangladeshi adults, by demographic)

2016: Mobile phone ownership and account registration
(Shown: Percentage of Bangladeshi adults, by demographic)

2016: Ability to send or receive texts and account registration
(Shown: Percentage of Bangladeshi adults, by demographic)

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
BANK, NBFI AND MOBILE MONEY REGISTRATION

- Individuals with registered NBFI accounts are most likely to use NBFI registered accounts exclusively. This may be attributable to the fact that NBFI primarily serve women, rural residents and individuals living below the poverty line; groups that are less likely to have mobile money or bank accounts.

- Mobile money registered account holders are the least likely to use mobile money exclusively; only 53% of mobile money account holders in 2016 did not hold any other type of financial account.

2016: Users with access to each type of financial service
(Shown: Percentage of Bangladeshi adults by type of financial service)

- 59% only have registered bank accounts
- 53% only have registered MM accounts
- 12% only have registered NBFI accounts

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
TOP REASONS FOR USING MOBILE MONEY VS. BANKS

- Adults in Bangladesh start using mobile money services mainly as a P2P transfer tool (i.e., to send or receive money to/from someone), with only 2% of individuals who had access to a mobile money account stating they started using it as a safe place to store their money.
- Comparatively, 21% of bank account holders stated they registered for a bank account to start saving in a bank and 15% stated they use it as a safe place to store their money.

**2016: Top reasons for using mobile money accounts (MM)**
(Shown: Percentage of Bangladeshis who had access to a MM account, n=2,314)

- 13% of Bangladeshis have registered mobile money accounts
- 50% I had to send money to someone
- 43% I had to receive money from someone

**2016: Top reasons for signing up for a bank account**
(Shown: Percentage of registered bank account holders, n=1,250)

- 27% I had to send or receive money from someone
- 21% I needed an account to receive wages
- 21% I wanted to start saving in a bank
- 15% I wanted a safe place to store my money

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
MOBILE MONEY REGISTRATION VS. OTC

- A greater share of mobile money OTC users live below the poverty line compared to the share of registered users who live below the poverty line.
- However, there is reason to believe that OTC users will progress to account registration at some point in their customer journey; for example, 58% of bKash mobile money registered users tested the services via OTC use before registering.

### 2016: Mobile money use, by demographic
(Shown: Percentage of mobile money registered and OTC users)

<table>
<thead>
<tr>
<th>Category</th>
<th>Male</th>
<th>Female</th>
<th>Urban</th>
<th>Rural</th>
<th>Above the poverty line</th>
<th>Below the poverty line</th>
<th>Under 35 years old</th>
<th>35 years and older</th>
<th>Financially literate</th>
<th>Not financially literate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile money</td>
<td>76</td>
<td>24</td>
<td>44</td>
<td>56</td>
<td>42</td>
<td>58</td>
<td>70</td>
<td>56</td>
<td>21</td>
<td>90</td>
</tr>
<tr>
<td>registered user</td>
<td>63</td>
<td>37</td>
<td>34</td>
<td>23</td>
<td>30</td>
<td>44</td>
<td></td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Mobile money</td>
<td>24</td>
<td>37</td>
<td>44</td>
<td>56</td>
<td>42</td>
<td>58</td>
<td>70</td>
<td>56</td>
<td>21</td>
<td>90</td>
</tr>
<tr>
<td>OTC use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
TOP REASONS FOR NOT REGISTERING ACCOUNTS

- The main reason individuals reported for not registering a mobile money or bank account is that they do not believe they need one, suggesting that these financial services do not fulfill their financial needs.
- Few see additional value in registering a mobile money account versus using the services OTC. Lower levels of financial literacy or technological savvy possibly result in a higher reliance on an agent to conduct OTC transactions.

2016: Reasons for not registering a mobile money (MM) account
(Shown: Percentage of Bangladeshi adults who use MM services OTC, by gender)

- I do not need one, I do not make any transactions: Female (32%), Male (30%)
- I can have all the services through an agent, I do not need an account: Female (14%), Male (14%)
- Using such an account is difficult/ I do not know how to use it on my own: Female (11%), Male (11%)
- I do not have a state ID or other required documents: Female (9%), Male (8%)
- I prefer that agents perform transactions for me, they will fix the problems if anything happens: Female (8%), Male (6%)

Female (N=708) Male (N=950)

2016: Reasons for not registering a bank account
(Shown: Percentage of Bangladeshi adults who do not have a registered bank account, by gender)

- I do not need one, I do not make any transactions: Female (43%), Male (40%)
- I do not have money to make transactions with such an account: Female (27%), Male (31%)
- I do not know how to open one: Female (8%), Male (9%)
- I do not know what it is: Female (5%), Male (4%)
- I do not have a state-issued ID/other required documents: Female (3%), Male (4%)

Female (N=2,764) Male (N=1,986)

*Questions allowed for multiple responses

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
DEMOGRAPHICS OF NBFI ACCOUNT HOLDERS

- Most nonbank financial institution (NBFI) registered accounts are concentrated in microfinance institutions, with very few Bangladeshis registering accounts at other types of NBFI, including village level semi-formal saving/lending groups, cooperatives or Post Office Banks.

2016: NBFI registered account holders, by demographic
(Shown: Percentage of Bangladeshi adults, N=6,000)

- 12% of adults have NBFI registered accounts

2016: NBFI registered account holders, by NBFI category
(Shown: Percentage of Bangladeshi adults, by demographic)

- Village-level semi-formal saving/lending groups: 0.2% of total population
- Cooperative: 1% of total population
- Microfinance institution: 10% of total population
- Post Office Bank: 0.1% of total population

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
### Demoographics of Bank vs. NBFI Account Holders

NBFIIs represent a higher proportion of females, rural residents and those living below the poverty line than do banks. These demographic groups are more likely to progress on the NBFI customer journey than the bank customer journey.

#### 2016: Bank account holders, by demographic
(Shown: Percentage of full-service bank account holders, n=1,090)

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>Rural</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Below poverty</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>Above poverty</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Under 35 years old</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>Literate</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>Illiterate</td>
<td>21</td>
<td>79</td>
</tr>
</tbody>
</table>

#### 2016: NBFI account holders, by demographic
(Shown: Percentage of full-service NBFI account holders, n=752)

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>26</td>
<td>74</td>
</tr>
<tr>
<td>Rural</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Below poverty</td>
<td>18</td>
<td>82</td>
</tr>
<tr>
<td>Above poverty</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Under 35 years old</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Literate</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Illiterate</td>
<td>45</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
ACTIVE USE
ACTIVE USE

- The number of active, registered mobile money users has slowly, but steadily, increased since 2013.
- In 2016, the number of active registered NBFI users showed the greatest decline.

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


### 2016: Active registered users, by key demographics
(Shown: Percentage of Bangladeshi adults, by demographic)

- **Above the poverty line**: 39%
- **Below the poverty line**: 23%
- **Male**: 31%
- **Female**: 22%
- **Urban**: 32%
- **Rural**: 24%

*NBFI data not available for 2013.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
TOP BASIC ACCOUNT ACTIVITIES

• Bank accounts and mobile money accounts are used for similar basic activities; individuals use mobile money accounts more heavily than they use bank accounts for P2P transfers.

2016: Top basic activities conducted through mobile money accounts*
(Shown: Percentage of mobile money account holders, n=687)
- Account maintenance
- Receive money from another person
- Send money to another person
- Buy airtime top-ups
- Deposit money
- Withdraw money

2016: Top basic activities conducted through bank accounts*
(Shown: Percentage of bank account holders, n=1,090)
- Account maintenance
- Receive money from another person
- Send money to another person
- Deposit money
- Withdraw money

* Graphs do not show overlap of activities by same individuals. Airtime top-ups are not considered a basic activity for bank accounts.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
ACTIVE USE BY DEMOGRAPHICS

- Between 2013 and 2016, the biggest increases in active registered mobile money users, were among males, urban residents and those above the poverty line. These groups are most likely to progress to advanced active registered use, the last step in the customer journey.
- In comparison, growth in active registered use among more financially vulnerable populations, such as women, rural residents, and those below the poverty line, was much slower over the same time period.

Demographic trends for all registered mobile money account users
(Shown: Percentage of Bangladeshi adults who fall into each category)

Demographic trends for active registered mobile money account users
(Shown: Percentage of Bangladeshi adults who fall into each category)

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
ACTIVE REGISTERED USE OF FINANCIAL ACCOUNTS

Adults living above the poverty line and in urban areas make up the largest share of active financial account holders. The largest gap in active account use is driven by poverty, followed by gender and location.

### 2016: Active use of registered financial accounts, by demographic

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Active bank account holders</th>
<th>Active mobile money account holders</th>
<th>Active NBFI account holders</th>
<th>All active financial account holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above poverty line</td>
<td>24</td>
<td>20</td>
<td>7</td>
<td>39</td>
</tr>
<tr>
<td>Males</td>
<td>17</td>
<td>15</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>Urban</td>
<td>19</td>
<td>15</td>
<td>7</td>
<td>32</td>
</tr>
<tr>
<td>Total population</td>
<td>13</td>
<td>10</td>
<td>9</td>
<td>27</td>
</tr>
<tr>
<td>Rural</td>
<td>10</td>
<td>8</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Females</td>
<td>9</td>
<td>5</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Below poverty line</td>
<td>9</td>
<td>7</td>
<td>10</td>
<td>23</td>
</tr>
</tbody>
</table>

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

16% gap in financial account holdings driven by poverty.
BASIC AND ADVANCED USE

- Active mobile money and bank users are slowly converting to advanced financial services, though the proportion is higher for active bank account holders than active mobile money account holders.

**Mobile money uses, by type**
(Shown: Percentage of active mobile money account holders)

<table>
<thead>
<tr>
<th></th>
<th>2013 (N=141)</th>
<th>2014 (N=225)</th>
<th>2015 (N=400)</th>
<th>2016 (N=549)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic activities or P2P only*</td>
<td>97</td>
<td>93</td>
<td>86</td>
<td>81</td>
</tr>
<tr>
<td>At least one advanced activity</td>
<td>2</td>
<td>7</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

**Bank uses, by type**
(Shown: Percentage of active bank account holders)

<table>
<thead>
<tr>
<th></th>
<th>2013 (N=758)</th>
<th>2014 (N=716)</th>
<th>2015 (N=839)</th>
<th>2016 (N=798)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic activities or P2P only</td>
<td>91</td>
<td>87</td>
<td>84</td>
<td>75</td>
</tr>
<tr>
<td>At least one advanced activity</td>
<td>9</td>
<td>13</td>
<td>16</td>
<td>20</td>
</tr>
</tbody>
</table>

*Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
NBFI REGISTERED ACTIVE USE

- Microfinance institutions are the most actively used type of NBFI, followed by cooperatives.
- NBFI are mainly used for deposits and withdrawals, and most Bangladeshis conduct these activities through their accounts, with low OTC use.

### NBFI account usage
(Shown: Percentage of Bangladeshi adults, N=6,000)

<table>
<thead>
<tr>
<th>Type</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microfinance institution</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Cooperative</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Village saving group</td>
<td>0.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Post Office Bank</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

*Base numbers too small to report for OTC use.

### 2016: Top NBFI account activities
(Shown: Percentage of NBFI account holders, n=663)

- **87%** Deposits/withdrawals
- **6%** Large acquisitions
- **6%** Loans

14% of Bangladeshis have used microfinance services at least once.

---

Source: InterMedia Bangladesh FII Tracker surveys Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
ADVANCED ACTIVE USE

PRECONDITIONS ➔ ACCESS & TRIAL ➔ REGISTRATION ➔ ACTIVE USE

ADVANCED ACTIVE USE

BANGLADESH
ADVANCED ACTIVE USE

• The portion of the population that uses registered bank and mobile money accounts for advanced activities has remained small since 2013. Active users tend to use only basic services, such as deposit and withdrawal of funds.

• Falling rates of savings and loans among active users has driven the decrease in the portion of the population that qualifies as advanced active registered users of NBFIs since 2013.

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

2016: Thirty- and 90-day active users of advanced services
(Shown: Percentage of Bangladeshi adults, N=6,000)

<table>
<thead>
<tr>
<th></th>
<th>30-day active use</th>
<th>90-day active use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonbank financial institution</td>
<td>1% Mobile money</td>
<td>1.2%</td>
</tr>
<tr>
<td>Bank</td>
<td>1.7% Bank</td>
<td>2.2%</td>
</tr>
<tr>
<td>Mobile money</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Individuals who have used their accounts in the past 90 days for advanced financial services. **NBFI data not available for 2013.

Source: InterMedia Bangladesh FII Tracker surveys Wave 1 (N=6,000, 15+), September-November 2013; Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+); August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
TOP ADVANCED ACTIVE MOBILE MONEY AND BANK USES

Paying bills is the most common advanced activity undertaken by active users of both bank and mobile money accounts. There is a growing trend toward receiving wages electronically using both bank and mobile money accounts. Paying for goods from retailers is an advanced use of mobile money accounts but not bank accounts.

Source: InterMedia Bangladesh FII Tracker surveys Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
DEMOGRAPHICS OF ADVANCED ACTIVE USERS

- Advanced active mobile money (MM) and bank account users are most likely to be male, under 35 years of age and literate.
- However, advanced active mobile money users are more likely to be rural versus urban residents, compared to advanced active bank account users.

**2016: Advanced active MM account use, by demographic**
(Shown: Percentage of active MM account holders who have used advanced services, n=67)

- Male: 89%
- Female: 11%
- Urban: 44%
- Rural: 56%
- Above poverty: 49%
- Below poverty: 51%
- Under 35 years old: 73%
- 35 years and older: 27%
- Literate: 85%
- Illiterate: 15%

**2016: Advanced active bank account use, by demographic**
(Shown: Percentage of active bank account holders who have used advanced services, n=154)

- Male: 76%
- Female: 24%
- Urban: 56%
- Rural: 44%
- Above poverty: 58%
- Below poverty: 42%
- Under 35 years old: 55%
- 35 years and older: 45%
- Literate: 86%
- Illiterate: 14%

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
SPECIAL TOPIC I: FINANCIAL LIVES
ECONOMIC VULNERABILITY

- Delaying or going without medical attention is the most common form of economic vulnerability among Bangladeshi adults. Despite these circumstances, few adults have any form of medical insurance.
- Among the different demographic groups, rural residents, individuals living below the poverty line, and those lacking basic numeracy or literacy are most likely to be economically vulnerable.

0.6% of Bangladeshis have any form of medical insurance

2016: Most common forms of economic vulnerability
(Shown: Percentage of Bangladeshi adults, N=6,000)

- Delayed or went without medical attention: 29%
- Gone without enough food to eat: 17%
- Gone without fuel to cook food: 14%
- Delayed purchase of fertilizer: 7%
- Delayed or went without seeking a veterinarian: 7%

Source: InterMedia Bangladesh FIII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.

2016: Economic vulnerability
(Shown: Percentage of Bangladeshi adults, by demographic)

- Male: 37%, Female: 38%
- Urban: 28%, Rural: 42%
- Above the poverty line: 20%, Below the poverty line: 43%
- Basic numeracy: 38%, Lack of basic numeracy: 43%
- Basic literacy: 29%, Lack of basic literacy: 49%
FINANCIAL RESPONSIBILITY AND VULNERABILITY

A greater share of active users and registered account holders above the poverty line have a financial plan in place for unexpected events than do their poorer counterparts. The financially excluded are the least prepared to cope with unexpected events, regardless of whether they live above or below poverty.

12% of Bangladeshis have a financial plan for unexpected events

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
REASONS FOR SAVING AND BORROWING

- Adults in Bangladesh rely on both savings and loans to meet expenses, including emergencies and routine or day-to-day expenses. This trend holds for both men and women.
- However, men rely more heavily on loans for routine expenses, whereas women rely more heavily on loans for medical payments.

### 2016: Top reasons for saving

(Shown: Percentage of Bangladeshi adults, by gender)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Women (N=3,277)</th>
<th>Men (N=2,723)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For emergencies</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>To make ends meet on a daily basis</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Protect my family and belongings</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Start or expand a business</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Buy or build a house</td>
<td>7</td>
<td>9</td>
</tr>
</tbody>
</table>

### 2016: Top reasons for borrowing

(Shown: Percentage of Bangladeshi adults, by gender)

- 61% who save know the interest rate they earn on savings
- 69% who borrow know the interest rate they pay on their loans

<table>
<thead>
<tr>
<th>Reason</th>
<th>Women (N=3,277)</th>
<th>Men (N=2,723)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine purchases (e.g., groceries)</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Medical payments</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>To boost business</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Investment in business, farm or future</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Educational expenses</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
SPECIAL TOPIC II: GENDER
• Only 16% of women make the decisions about household daily expenses, and an even smaller proportion make decisions about household financial services. A majority of women reported that their spouses make most decisions and control household assets.
• Nevertheless, a majority of women agree their household decisions are made “somewhat” or “very” responsibly.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
INCOME AND FINANCIAL USE BY GENDER

- Women are much less likely to have decision-making power over their own earnings. Only 21% of women, compared to 60% of men, decide how the money they earn will be used.
- Women also are less likely to be able to decide what kind of financial services they can use, with their spouses most likely making this decision for them. Comparatively, as spouses, women have very little decision-making power over what financial services their husbands use.

![2016: Who decides how the money you earn will be used?](chart1)

- **2016: Who decides how the money you earn will be used?** (Shown: Percentage of employed Bangladeshi adults, by gender)

- **2016: Who decides what kind of financial services you can use?** (Shown: Percentage of Bangladeshi adults, by gender)

18% of women stated if they had some money they could decide how to spend or save as they wanted without input from anyone else.

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
SAVING AND BORROWING BY GENDER

- Both men and women save and borrow through both formal and informal financial services channels.
- However, both men and women opt to save more through formal financial services, including banks and MFIs. Men are more likely to save with banks and women are more likely to save with microfinance institutions. Both men and women are equally likely to save at a safe place at home or with family and friends.

**2016: Saving and borrowing, by formal/informal financial service type**
(Shown: Percentage of Bangladeshi adults, by gender)

<table>
<thead>
<tr>
<th></th>
<th>Save</th>
<th>Borrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>7.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Female</td>
<td>7.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

- **Banks**
  - Male: 15.0%
  - Female: 9.0%
- **Microfinance institution (MFI)**
  - Male: 11.0%
  - Female: 15.0%
- **Safe place at home**
  - Male: 7.0%
  - Female: 7.0%
- **With family or friends**
  - Male: 3.0%
  - Female: 2.0%

Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.
SPECIAL TOPIC III: ATTRITION OF NBFI ACCOUNTS
NBFI SPECIAL STUDY – SUMMARY OF KEY FINDINGS

- This report noted that 12 percent of the adult population owned a full-service account with a nonbank financial institution (NBFI) in 2016, down from 24 percent in 2015 (FII Survey Wave 3). This drop of 12 percentage points could not be immediately cross-validated using external data sources.
- A special study cross-validated the 2016 annual survey findings by examining the extent to which NBFI account owners surveyed in 2015 have since closed their accounts, and if so, why.
- InterMedia re-contacted respondents from the 2015 annual survey who agreed to participate in a follow-up study, and also reported holding one or more of the three main NBFI account types: microfinance institutions (MFIs), cooperatives, and village level savings accounts. 403 eligible respondents were successfully re-contacted.
- Twenty percent of the respondents reported they no longer own any NBFI account, and 24 percent reported closing a full-service account – a greater decrease than the 12 percent drop in full-service accounts recorded by the 2016 annual survey. An additional 22 percent reported they had closed an account with one type of NBFI but retained an account with a different NBFI. In total, 42 percent of respondents had closed one of their NBFI accounts since 2015.
- Of the respondents who have retained ownership of an MFI account, 16 percent reported they are likely to close the account in the next six months. This suggests that while Bangladeshi MFIs are continuing to register new accounts, they are not doing so at a rate that replaces the accounts that have been closed. Old accounts may also still technically exist on record, causing a discrepancy between demand-side and supply-side measurements of account prevalence.
- The choice to close NBFI accounts was primarily motivated by the sentiment among account closers that the quality of service at other financial institutions is better than their old NBFIs. Sixty-two percent agreed (either “somewhat” or “strongly”) that “the products and services offered by my NBFI no longer help better my life.” Additionally, 70 percent agreed that other financial institutions (e.g., banks, mobile money) offer products “more suited to my needs” than the NBFI where the respondent formerly had an account. Bangladeshis may be switching to other full-service institutions rather than NBFIs.
CLOSURE OF NBFI ACCOUNTS

- All participants in the special study held registered NBFI accounts in August-September 2015. When they were re-contacted in May 2017, only 80% reported that they still held any NBFI account. The 20% decline in registered accounts was slightly more than the 19% decline in registered accounts observed from the 2015 to the 2016 FII surveys.

- Twenty-two percent of respondents closed one NBFI account but retained an account with a different NBFI. Microfinance institution (MFI) accounts were most often closed by the panel survey respondents, and MFI account closers were less likely to retain an account with a different NBFI compared to holders of accounts with cooperatives and village savings groups.

2017: Respondents who closed an NBFI account since 2015
(Shown: Percentage of respondents, N=403)

- No longer holds any NBFI account
- Closed an account with one NBFI but retained an account with a different NBFI

2017: Respondents who closed an NBFI account since 2015, by type of NBFI*
(Shown: Percentage of respondents who closed each type of account)

- MFI (n=102):
  - No longer holds any NBFI account: 71
  - Closed an account with one NBFI but retained an account with a different NBFI: 29
- Cooperative (n=65):
  - No longer holds any NBFI account: 35
  - Closed an account with one NBFI but retained an account with a different NBFI: 65
- Village saving group (n=34):
  - No longer holds any NBFI account: 32
  - Closed an account with one NBFI but retained an account with a different NBFI: 68

*Respondents may have closed or retained more than one NBFI account

Source: InterMedia Bangladesh NBFI Follow-up study (N=403, 15+), May-June 2017.
Most respondents who closed NBFI accounts closed them more than one year ago.

There are marked differences in the factors that motivate account closures. Most former account holders voluntarily closed their accounts. Cooperative and village savings account holders more often experienced forced account closures than did MFI customers.

### 2017: Timing of account closure, by institution

(Shown: Percentage of respondents who closed an NBFI account, by institution)

- **MFI** (n=60):
  - More than 12 months ago: 70%
  - Last 12 months: 13%
  - Last 90 days: 15%
- **Cooperative** (n=24):
  - More than 12 months ago: 79%
  - Last 12 months: 17%
  - Last 90 days: 11%
- **Village savings** (n=27):
  - More than 12 months ago: 81%
  - Last 12 months: 11%
  - Last 90 days: 7%

### 2017: Reasons for account closure, by institution

(Shown: Percentage of respondents who closed an NBFI account, by institution)

- **MFI** (n=60):
  - Provider ceased operations or moved location: 38%
  - Closed for unknown reasons by provider: 13%
  - Closed due to inactivity: 11%
  - Chose to close, any reason: 11%
  - Other: 15%
- **Cooperative** (n=24):
  - Provider ceased operations or moved location: 42%
  - Closed for unknown reasons by provider: 15%
  - Closed due to inactivity: 7%
  - Chose to close, any reason: 15%
- **Village savings** (n=27):
  - Provider ceased operations or moved location: 44%
  - Closed for unknown reasons by provider: 15%
  - Closed due to inactivity: 7%
  - Chose to close, any reason: 15%

Source: InterMedia Bangladesh NBFI Follow-up study (N=403, 15+), May-June 2017.
Most respondents who closed their accounts agreed that the services at other financial institutions were better matched to their needs than the services offered by their former NBFI. Over 50% of respondents also reported that their NBFI no longer helped better their lives and other institutions offered better products.

Less than half of respondents who closed NBFI accounts said that accessibility, quality of service, or service provision had decreased.

2017: Perception of NBFIs and their offerings
(Shown: Percentage answering, n=99)

- The products/services offered by my NBFI no longer help better my life: 10% Strongly agree, 52% Agree
- My NBFI changed the type of products/services it offers: 14% Strongly agree, 48% Agree
- I no longer qualify to use the products/services offered by my former NBFI: 9% Strongly agree, 46% Agree
- It has become more difficult to physically reach my NBFI: 12% Strongly agree, 36% Agree
- The quality of service at my NBFI has declined: 7% Strongly agree, 38% Agree
- My NBFI no longer serves customers like me: 11% Strongly agree, 62% Agree
- The quality of service at other financial institutions is better than at my former NBFI: 11% Strongly agree, 62% Agree
- The products offered by other institutions are more suited for my needs: 15% Strongly agree, 55% Agree
- Other financial institutions are more convenient to physically visit than my former NBFI: 14% Strongly agree, 48% Agree

Source: InterMedia Bangladesh NBFI Follow-up study (N=403, 15+), May-June 2017.
KEY INDICATORS SUMMARY
### Key Indicators Summary

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>Year</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult digital stored-value accounts</td>
<td>2014: 11% 2015: 15% 2016: 15%</td>
<td>All adults (15+)</td>
</tr>
<tr>
<td>Poor adult digital stored-value accounts</td>
<td>2014: 9% 2015: 11% 2016: 11%</td>
<td>Adults (15+) &lt;$2.5/day</td>
</tr>
<tr>
<td>Poor women digital stored-value accounts</td>
<td>2014: 6% 2015: 8% 2016: 7%</td>
<td>Women (15+) &lt;$2.5/day</td>
</tr>
<tr>
<td>Rural women digital stored-value accounts</td>
<td>2014: 5% 2015: 7% 2016: 6%</td>
<td>Rural women (15+)</td>
</tr>
<tr>
<td>Adult digital stored-value accounts and advanced financial services</td>
<td>2014: 3% 2015: 3% 2016: 3%</td>
<td>All adults (15+)</td>
</tr>
<tr>
<td>Poor adult digital stored-value accounts and advanced financial services</td>
<td>2014: 2% 2015: 2% 2016: 2%</td>
<td>Adults (15+) &lt;$2.5/day</td>
</tr>
<tr>
<td>Poor women digital stored-value accounts and advanced financial services</td>
<td>2014: 2% 2015: 1% 2016: 0.7%</td>
<td>Women (15+) &lt;$2.5/day</td>
</tr>
<tr>
<td>Rural women digital stored-value accounts and advanced financial services</td>
<td>2014: 2% 2015: 1% 2016: 0.5%</td>
<td>Rural women (15+)</td>
</tr>
</tbody>
</table>

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transfered 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.

**Source:** InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015; Wave 4 (N=6,000, 15+), August-September 2016.
METHODOLOGY & RESEARCH DESCRIPTION
FII BANGLADESH TRACKER SURVEY DETAILS

**SURVEY SUMMARY**
- Annual, nationally representative survey (N=6,000) of Bangladeshi adults aged 15+
- Face-to-face interviews lasting, on average, 73 minutes
- Fourth survey (Wave 4) conducted from 8/5/2016 to 9/4/2016
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2013, second survey, conducted in 2014, and third survey, conducted in 2015

**DATA COLLECTION**
- Basic demographics and poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., MFIs, cooperatives, village savings groups)
- Financial literacy and preparedness
- General financial behaviors

*Source: InterMedia Bangladesh FII Tracker survey Wave 4 (N=6,000, 15+), August-September 2016.*
GLOSSARY

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

Access to bank – Counts individuals who have a full-service bank account registered in their name or report use of a full-service bank account that belongs to someone else.

Active registered user – An individual who has an account registered in their name and has used it in the last 90 days.

Advanced active registered user – An active registered user who has ever used at least one advanced financial service.

Advanced DFS use – Advanced use of digital financial services includes activities other than basic cash-in, cash-out and person-to-person transfers, such as savings, bill pay, investment, and insurance.

Adults with DFS access – Adults (15+) who either own a DFS account or have access to someone else’s account.

Basic use – The use of an account to 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, as classified by the Grameen Foundation’s Progress out of Poverty Index.

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.

Customer journey – An illustration of progressive stages through which consumers become more active users of more sophisticated financial services.

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

Financial inclusion – Individuals who have an account with an institution that provides a full suite of financial services and comes under some form of government regulation. Services include savings, money transfers, insurance or investment. Institutions that only offer loans to consumers, such as some MFIs, are not considered to be full-service institutions.

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.

Grameen Progress out of Poverty Index (PPI) – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below a specific income threshold.

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 in which a mobile phone is used to access 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 (MFI), cooperatives, Post Office (Savings) Banks and savings and credit cooperatives (SACCOs).

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

Registered user – Counts individuals who have a financial account registered in their name

Unregistered/over-the-counter (OTC) user – An individual who has used DFS 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.
For more information, contact:

Alex Moler, Senior Research Manager MolerA@InterMedia.org
Samuel Schueth, Director of Research SchuethS@InterMedia.org