BANGLADESH

QUICKSIGHTS REPORT
FIFTH ANNUAL FII TRACKER SURVEY

Conducted July – September 2017

June 2018
### 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.
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 – There 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.
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:
  o Stratification by urban/rural within each division;
  o 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;
  o 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;
  o 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.

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

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

<table>
<thead>
<tr>
<th>Demographic characteristics</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>51</td>
</tr>
<tr>
<td>Female</td>
<td>49</td>
</tr>
<tr>
<td>Urban</td>
<td>26</td>
</tr>
<tr>
<td>Rural</td>
<td>74</td>
</tr>
<tr>
<td>Above the $2.50/day poverty line</td>
<td>25</td>
</tr>
<tr>
<td>Below the $2.50/day poverty line</td>
<td>75</td>
</tr>
<tr>
<td>Age: 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>
<tr>
<td>Basic literacy</td>
<td>65</td>
</tr>
<tr>
<td>Basic numeracy</td>
<td>99</td>
</tr>
</tbody>
</table>
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 an 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.

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

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+), 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.

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

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.

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.
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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Microfinance institutions</th>
<th>Cooperatives</th>
<th>Village savings and loan associations</th>
<th>Post office banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>17</td>
<td>3</td>
<td>0.5*</td>
<td>0.3*</td>
</tr>
<tr>
<td>2015</td>
<td>22</td>
<td>1</td>
<td>0.7*</td>
<td>0.2*</td>
</tr>
<tr>
<td>2016</td>
<td>10</td>
<td>1</td>
<td>0.2*</td>
<td>0.8</td>
</tr>
<tr>
<td>2017</td>
<td>8</td>
<td></td>
<td>0.1*</td>
<td>0.3*</td>
</tr>
</tbody>
</table>

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

- Improvement in circumstances: 35%
- No longer met needs: 34%
- Change in status made me ineligible: 25%
- No longer serves customers like me: 24%
- Other financial institutions offer better products/services: 22%
- Difficulty traveling to point-of-service: 21%

*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.

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

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

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.

**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.
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.

Source: InterMedia Bangladesh FI Tracker survey 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.

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

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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonusers</td>
<td>Adults who have no access to or have never used a full-service financial institution. Nonusers have not started the customer journey.</td>
</tr>
<tr>
<td>Unregistered users</td>
<td>Adults who do not have an account registered in their name but use a bank, mobile money, and/or NBFI service via another person’s account, especially over-the-counter mobile money services accessed via an agent.</td>
</tr>
<tr>
<td>Registered inactive users</td>
<td>Adults who have a bank, mobile money, or NBFI account registered in their name but have not used it in the last 90 days.</td>
</tr>
<tr>
<td>Active basic users</td>
<td>Adults who used their registered bank, NBFI, or mobile money account to transfer money to another person, deposit or withdraw cash, and/or check their balance in the previous 90 days. Buying airtime using mobile money is also a basic use case.</td>
</tr>
<tr>
<td>Advanced users</td>
<td>Adults who have used their registered bank, NBFI, or mobile money account in the previous 90 days and have ever used their account for saving, borrowing, investment, insurance, bill payment, merchant payment, receiving wages, and/or receiving government payments.</td>
</tr>
</tbody>
</table>
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.

**CUSTOMER JOURNEY TREND**

<table>
<thead>
<tr>
<th>Segment</th>
<th>2014 (N=6,000)</th>
<th>2015 (N=6,000)</th>
<th>2016 (N=6,000)</th>
<th>2017 (N=6,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonusers</td>
<td>51</td>
<td>42</td>
<td>44</td>
<td>42</td>
</tr>
<tr>
<td>Unregistered Users</td>
<td>13</td>
<td>15</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Registered Inactive</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Active Basic Users</td>
<td>5</td>
<td>8</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Advanced Users</td>
<td>23</td>
<td>26</td>
<td>18</td>
<td>17</td>
</tr>
</tbody>
</table>

*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.
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.

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

### 2017: Unregistered users, by demographic and service type

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

<table>
<thead>
<tr>
<th></th>
<th>Bank</th>
<th>Mobile money</th>
<th>NBFI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total population</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(N=6,000)</td>
<td>2</td>
<td>27</td>
<td>5</td>
</tr>
<tr>
<td><strong>Females</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=3,133)</td>
<td>1*</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td><strong>Males</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=2,867)</td>
<td>2</td>
<td>33</td>
<td>6</td>
</tr>
<tr>
<td><strong>Rural</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=4,360)</td>
<td>2</td>
<td>27</td>
<td>6</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=1,640)</td>
<td>3*</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td><strong>Below poverty line</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=4,548)</td>
<td>1</td>
<td>28</td>
<td>6</td>
</tr>
<tr>
<td><strong>Above poverty line</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=1,452)</td>
<td>3*</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td><strong>Younger than 35</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=3,009)</td>
<td>2</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td><strong>35 years and older</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(n=2,991)</td>
<td>1*</td>
<td>25</td>
<td>7</td>
</tr>
</tbody>
</table>

*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.

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.
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.

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**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.

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

- OTC: 39%
- Registered: 61%

**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)

- Friend or family member already has an account that I can use: 33%
- Do not use products and services that require a registered account: 24%
- Do not have the required identification documents: 20%

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

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.
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.

- NBFI's 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.

2017: Advanced users, by demographic and service type
(Shown: Percentage of each demographic group who are advanced users of each type of institution)
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 NBFI (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.
## KEY INDICATORS SUMMARY

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Base Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults (15+) who have active digital stored-value accounts</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All adults</td>
</tr>
<tr>
<td>-</td>
<td>11% (+/- 1.0%)</td>
<td>15% (+/- 1.2%)</td>
<td>15% (+/- 1.2%)</td>
<td>22% (+/- 1.3%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Poor adults (15+) who have active digital stored-value accounts</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All poor</td>
</tr>
<tr>
<td>-</td>
<td>9% (+/- 1.0%)</td>
<td>11% (+/- 1.1%)</td>
<td>11% (+/- 1.1%)</td>
<td>19% (+/- 1.4%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>4,499</td>
<td>4,597</td>
<td>4,622</td>
<td>4,548</td>
<td></td>
</tr>
<tr>
<td>Poor women (15+) who have active digital stored-value accounts</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All poor females</td>
</tr>
<tr>
<td>-</td>
<td>6% (+/- 1.0%)</td>
<td>8% (+/- 1.2%)</td>
<td>7% (+/- 1.1%)</td>
<td>14% (+/- 1.5%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>2,376</td>
<td>2,546</td>
<td>2,599</td>
<td>2,475</td>
<td></td>
</tr>
<tr>
<td>Rural women (15+) who have active digital stored-value accounts</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All rural females</td>
</tr>
<tr>
<td>-</td>
<td>5% (+/- 1.0%)</td>
<td>7% (+/- 1.3%)</td>
<td>7% (+/- 1.3%)</td>
<td>14% (+/- 1.6%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>2,032</td>
<td>2,129</td>
<td>2,187</td>
<td>2,302</td>
<td></td>
</tr>
<tr>
<td>Adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All adults</td>
</tr>
<tr>
<td>-</td>
<td>6% (+/- 0.8%)</td>
<td>8% (+/- 0.8%)</td>
<td>6% (+/- 0.8%)</td>
<td>10% (+/- 1.0%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>Poor adults (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All poor</td>
</tr>
<tr>
<td>-</td>
<td>5% (+/- 0.8%)</td>
<td>5% (+/- 0.8%)</td>
<td>4% (+/- 0.7%)</td>
<td>8% (+/- 1.0%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>4,499</td>
<td>4,597</td>
<td>4,622</td>
<td>4,548</td>
<td></td>
</tr>
<tr>
<td>Poor women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All poor females</td>
</tr>
<tr>
<td>-</td>
<td>4% (+/- 0.8%)</td>
<td>4% (+/- 0.9%)</td>
<td>2% (+/- 0.7%)</td>
<td>6% (+/- 1.2%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>2,376</td>
<td>2,546</td>
<td>2,599</td>
<td>2,475</td>
<td></td>
</tr>
<tr>
<td>Rural women (15+) who actively use digital stored-value accounts and have accessed at least one advanced financial service (beyond basic wallet &amp; P2P)</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>%, Base n</td>
<td>All rural females</td>
</tr>
<tr>
<td>-</td>
<td>3% (+/- 0.8%)</td>
<td>4% (+/- 0.9%)</td>
<td>2% (+/- 0.8%)</td>
<td>6% (+/- 1.2%)</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>2,032</td>
<td>2,129</td>
<td>2,187</td>
<td>2,302</td>
<td></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/ 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.
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 conducts regular survey and qualitative research in Bangladesh, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania, and Uganda to:

- Track access to and demand for financial services generally, and the uptake and use of DFS specifically;
- Measure adoption and use of DFS among key target groups (females, BOP, rural, unbanked, 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 to support product and service development and delivery, based on rigorous FII data.

The FII program is managed by InterMedia. Visit the FII Resource Center to learn more: www.finclusion.org.
For more information, contact:
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Samuel Schueoth, Director of Research SchuethS@InterMedia.org