Measuring Financial Inclusion:

• Capturing the incremental movements that lead to being financially included

• Calculating the ideal: full service, formal financial account in one’s own name

• Characterizing use
At a glance:

**Financial account access**
- Mobile money: 2013 - 22%, 2014 - 23%, 2015 - 33%
- Bank: 2013 - 20%, 2014 - 19%, 2015 - 20%
- Nonbank financial institution: N/A

**Registered financial service users**
(Shown: Percentage of Bangladeshi adults for each year)
- Mobile money: 2013 - 3%, 2014 - 5%, 2015 - 9%
- Bank: 2013 - 18%, 2014 - 18%, 2015 - 18%
- Nonbank financial institution: N/A

**Active financial service users**
- Any financial service: 2013 - 14%, 2014 - 28%, 2015 - 34%
- Mobile money: 2013 - 3%, 2014 - 4%, 2015 - 8%
- Bank: 2013 - 12%, 2014 - 12%, 2015 - 13%
- Nonbank financial institution: N/A

Types of account ownership are not mutually exclusive.

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.
Just over four in 10 Bangladeshis are financially included

- 43% Financially included*
- 24% have a full-service NBFI account
- 19% have a full-service bank account**
- 9% have a mobile money account

*Overlap representing those who have multiple kinds of financial accounts is not shown.
**For the purposes of this study, bank account holders have accounts at full-service institutions, unless otherwise noted.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
**Economic vulnerability:**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Able to pay bills on time</td>
<td>55%</td>
<td>62%</td>
<td>49%</td>
</tr>
<tr>
<td>Regularly experience economic vulnerability (i.e., can’t afford food, medical expenses)</td>
<td>44%</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Have a financial plan for unexpected events</td>
<td>20%</td>
<td>25%</td>
<td>16%</td>
</tr>
</tbody>
</table>

*Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.*
Financial inclusion corresponds to increased financial security

2015: Economically vulnerable
(Shown: Percentage of adults by financial inclusion, poverty levels)

- Financially included above poverty: 46%
- Financially excluded above poverty: 53%
- Financially included below poverty: 22%
- Financially excluded below poverty: 21%

2015: Have a financial plan for unexpected events
(Shown: Percentage of adults by financial inclusion, poverty levels)

- Financially included above poverty: 34%
- Financially excluded above poverty: 27%
- Financially included below poverty: 22%
- Financially excluded below poverty: 14%

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Financial inclusion is on the rise due to mobile money and NBFI growth

Financially included
(Shown: Percentage of Bangladeshi adults for each year)

- Financially included: 37% to 43%
- NBFI: 18% to 24%
- Bank: 20% to 19%
- Mobile money: 5% to 9%

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

Source: InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015.
Growth across poverty, gender and location

**Financially included**
(Shown: Percentage of Bangladeshi adults for each year)

- **2014**: 37%
- **2015**: 43%

**Poverty level**
- Above $2.50 a day poverty line
  - **2014**: 38%
  - **2015**: 52%
- Below $2.50 a day poverty line
  - **2014**: 36%
  - **2015**: 40%

**Gender**
- Male
  - **2014**: 38%
  - **2015**: 48%
- Female
  - **2014**: 35%
  - **2015**: 38%

**Location**
- Urban
  - **2014**: 41%
  - **2015**: 49%
- Rural
  - **2014**: 34%
  - **2015**: 40%

Source: InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015.
More active use:

**Active financial account holders**
(Shown: Percentage of Bangladeshi adults)

- Any financial service
  - 2013: 14%
  - 2014: 28%
  - 2015: 34%
- Mobile money
  - 2013: 3%
  - 2014: 4%
  - 2015: 8%
- Bank
  - 2013: 12%
  - 2014: 12%
  - 2015: 13%
- Nonbank financial institution
  - 2013: N/A
  - 2014: 16%
  - 2015: 19%

**Active financial account holders**
(Shown: Percentage of registered users for each type of account, by year)

- Any financial service
  - 2013: 68%
  - 2014: 77%
  - 2015: 80%
- Mobile money
  - 2013: 81%
  - 2014: 83%
  - 2015: 86%
- Bank
  - 2013: 65%
  - 2014: 63%
  - 2015: 71%
- Nonbank financial institution
  - 2013: N/A
  - 2014: 81%
  - 2015: 80%

*A registered account used in the last 90 days. Types of accounts are not mutually exclusive.

*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.*
Poverty divide:

2015: Active account usage by demographic
(Shown: Percentage of each subgroup)

- Above poverty line: 27% Active bank account holders, 14% Active mobile-money account holders, 13% Active NBFI account holders, 43% All financial account holders
- Urban: 22% Active bank account holders, 12% Active mobile-money account holders, 16% Active NBFI account holders, 41% All financial account holders
- Males: 16% Active bank account holders, 12% Active mobile-money account holders, 17% Active NBFI account holders, 38% All financial account holders
- Total population: 13% Active bank account holders, 8% Active mobile-money account holders, 19% Active NBFI account holders, 34% All financial account holders
- Females: 10% Active bank account holders, 4% Active mobile-money account holders, 21% Active NBFI account holders, 31% All financial account holders
- Rural: 10% Active bank account holders, 6% Active mobile-money account holders, 21% Active NBFI account holders, 31% All financial account holders
- Below poverty line: 9% Active bank account holders, 6% Active mobile-money account holders, 21% Active NBFI account holders, 32% All financial account holders

Largest gap in active financial account holdings

Types of accounts are not mutually exclusive.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
More diversified use:

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

- At least one advanced activity (i.e., bill pay, loan activities): 16% in 2015
- Basic activities and P2P only: 12% in 2015
- Basic activities only (CICO and account management): 72% in 2015

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

- At least one advanced activity (i.e., bill pay, loan activities): 13% in 2015
- Basic activities and P2P only: 58% in 2015
- Basic activities only (CICO and account management): 24% in 2015

*Used their registered account in the last 90 days.

Due to the changes in the questionnaire some data points may not be directly comparable across years.

**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.
Greater capabilities support growth:

**Have access to a mobile phone**
(Shown: Percentage of Bangladeshi adults, by year)

- 97% in 2014
- 96% in 2015
- 61% in 2014
- 64% in 2015

**Own a mobile phone**
(Shown: Percentage of Bangladeshi adults, by year)

**Basic mobile phone competency (has sent/received text messages [SMS])**
(Shown: Percentage of Bangladeshi adults, by year)

- 31% sent/received SMS in 2014
- 37% sent/received SMS in 2015

**Source:** InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+), June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015.
Advanced phones in market

2015: Type of mobile phone
(Shown: Percentage of mobile phone owners)

- Feature phone: 49%
- Basic phone: 36%
- Smartphone: 17%

64% own a mobile phone

Basic phone: Only allows for calling, text messaging (SMS) and saving phone numbers
Feature phone: Has a camera, radio, etc., but does not have email or mobile applications
Smartphone: Provides access to email accounts, mobile applications

*Question allowed for multiple responses, depending on the number of phones owned.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Greater capabilities support growth:

- **Own mobile**: 64% of the total population own a mobile phone.
- **Borrow mobile**: 32% borrow mobile phones.
- **No mobile**: 4% do not have a mobile phone.

Mobile phone ownership and availability coincides with higher percentages of mobile money use.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Digital access trails inclusion

**2015: Financially included**
(Shown: Percentage of Bangladeshi adults)
- 43% Financially included*
  - 24% Have a full-service NBFI account
  - 19% Have a full-service bank account
  - 9% Have a mobile money account

**2015: Digitally included**
(Shown: Percentage of Bangladeshi adults)
- 18% Digitally included
  - 1% Have a full-service digital NBFI account
  - 11% Have a full-service digital bank account
  - 9% Have a mobile money account

Digital inclusion is financially included with digital access to the account.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Conversion from awareness to use:

**Conversion from awareness of mobile money providers to mobile money use**

(Shown: Percentage of Bangladeshi adults for each year)

- **2013**: 89% aware, 22% use mobile money
  - **MM OTC use**: 19%
  - **MM registered users**: 3%
  - **Conversion rate**: 0.25

- **2014**: 91% aware, 23% use mobile money
  - **MM OTC use**: 18%
  - **MM registered users**: 5%
  - **Conversion rate**: 0.25

- **2015**: 92% aware, 33% use mobile money
  - **MM OTC use**: 24%
  - **MM registered users**: 9%
  - **Conversion rate**: 0.36

*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.*
Mobile money (literally) within reach:

2015: Proximity to points-of-service (POS) for financial institutions
(Shown: Percentage of Bangladeshi adults)

- 79% know of any mobile money agent within 1 km of their home
- 44% know of any banking POS within 1 km of their home

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Over-the-counter (OTC) use:

2015: Mobile money use: registered vs. OTC
(Shown: Percentage of mobile money users)

<table>
<thead>
<tr>
<th>Reason for not signing up for mobile money</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I don’t need to, I don’t make any transactions</td>
<td>23</td>
</tr>
<tr>
<td>Using an account is difficult</td>
<td>19</td>
</tr>
<tr>
<td>I can have all the services I need through an agent</td>
<td>17</td>
</tr>
<tr>
<td>I prefer that agents perform transactions for me</td>
<td>6</td>
</tr>
<tr>
<td>I don’t know how to use it on my own</td>
<td>6</td>
</tr>
<tr>
<td>Someone in my family already has an account</td>
<td>5</td>
</tr>
<tr>
<td>I don’t have a state ID or other required documents</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker surveys Wave 2 (N=6,000, 15+) June-August 2014; Wave 3 (N=6,000, 15+), August-September 2015.
Experience leads to registration

**Length of time using mobile money services**
(Shown: Percentage of mobile money users, by length of time using the services)

<table>
<thead>
<tr>
<th>Length of Time</th>
<th>Registered Use</th>
<th>OTC Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 3 months</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>3 months to one year</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>More than 1 year</td>
<td>30%</td>
<td>70%</td>
</tr>
</tbody>
</table>

**I opened an account after using an agent's account to make transactions for seven months.**

**I used bKash for the last three years. At first I used an agent's number, but 15-20 days later I opened my own account.**

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. InterMedia FII Bangladesh Mobile Money Consumer and Agent Experiences Study, February-March 2015.
BANGLADESH

Marketplace potential

- 98% are numerate
- 64% have their own mobile phone
- 60% are literate
- 37% are SMS capable
- 44% currently have savings
- 44% currently borrow
- 43% Financially included
- 19% have bank accounts
- 9% have mobile money accounts
- 24% have NBFI accounts

This chart illustrates the financial inclusion and marketplace potential in Bangladesh.
Digitizing savings mechanisms:

2015: Savings
(Shown: Percentage of Bangladeshi adults)

44% currently have savings

2015: Location of savings
(Shown: Percentage of adults who save)

- MFI* 48%
- Cash at home 30%
- Bank 27%
- With people in the community 5%
- Savings or lending group 3%

54% know the interest rate they earn.

Emergencies (73%) and making ends meet (50%) are the top two reasons to save money.

*MFI: Microfinance institution

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Formalizing and digitizing loan options

2015: Borrowing
(Shown: Percentage of Bangladeshi adults)

44% borrowed money in the last year

2015: Source of loans
(Shown: Percentage of adults who borrow)

- MFI*: 55%
- Through people in the community: 48%
- Bank: 6%
- Savings or lending group: 2%
- Private moneylender: 0.8%

71% know the interest rates on their loans.

*Microfinance Institution (MFI)

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
No formal account:
Women in Bangladesh

- Lag in financial inclusion
- Are generally ready
- Are already saving/borrowing

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
Focus on: Poverty

**2015: Mapping Poverty**

(Shown: Percentage of Bangladeshi adults)

- **Above poverty line**: 23% of adults live above the poverty line on more than $2.50 a day.
- **Poor**: 53% of adults live on between $1.25 and $2.50 a day.
- **Extreme poor**: 23% of adults live on less than $1.25 a day.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
## Elements of DFS readiness exceed digital inclusion

<table>
<thead>
<tr>
<th>Category</th>
<th>Financially included</th>
<th>Digitally included</th>
<th>Own a mobile phone</th>
<th>Literate</th>
<th>Numerate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Above poverty line</strong></td>
<td>52%</td>
<td>33%</td>
<td>80%</td>
<td>81%</td>
<td>99%</td>
</tr>
<tr>
<td>23%</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Live on more than $2.50 a day</td>
<td>Financially included</td>
<td>Digitally included</td>
<td>Own a mobile phone</td>
<td>Literate</td>
<td>Numerate</td>
</tr>
<tr>
<td><strong>Poor</strong></td>
<td>41%</td>
<td>17%</td>
<td>65%</td>
<td>61%</td>
<td>98%</td>
</tr>
<tr>
<td>53%</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Live on between $1.25 and $2.50 a day</td>
<td>Financially included</td>
<td>Digitally included</td>
<td>Own a mobile phone</td>
<td>Literate</td>
<td>Numerate</td>
</tr>
<tr>
<td><strong>Extreme poor</strong></td>
<td>38%</td>
<td>5%</td>
<td>45%</td>
<td>36%</td>
<td>95%</td>
</tr>
<tr>
<td>23%</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Live on less than $1.25 a day</td>
<td>Financially included</td>
<td>Digitally included</td>
<td>Own a mobile phone</td>
<td>Literate</td>
<td>Numerate</td>
</tr>
</tbody>
</table>

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
The extreme poor are borrowers...

### 2015: Have borrowed money in the last year
(Shown: Percentage of adults, by poverty level)

<table>
<thead>
<tr>
<th></th>
<th>Extreme Poor</th>
<th>Poor</th>
<th>Above poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015:</td>
<td>45%</td>
<td>35%</td>
<td>27%</td>
</tr>
</tbody>
</table>

### 2015: Most common sources of loans

<table>
<thead>
<tr>
<th>Source</th>
<th>Extreme poor who borrow</th>
<th>Poor who borrow</th>
<th>Above poverty line who borrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>MFI</td>
<td>59%</td>
<td>47%</td>
<td>37%</td>
</tr>
<tr>
<td>Community</td>
<td>47%</td>
<td>45%</td>
<td>50%</td>
</tr>
<tr>
<td>Bank</td>
<td>2%</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Above poverty line: Those who live on more than $2.50 a day.
Poor: Those who live on between $1.25 and $2.50 a day.
Extreme poor: Those who live on less than $1.25 a day.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.
...and savers

<table>
<thead>
<tr>
<th>Reason for Saving</th>
<th>Above poverty line who save</th>
<th>Poor who save</th>
<th>Extreme poor who save</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergencies</td>
<td>75%</td>
<td>73%</td>
<td>68%</td>
</tr>
<tr>
<td>Make ends meet</td>
<td>53%</td>
<td>51%</td>
<td></td>
</tr>
<tr>
<td>Protect family from poverty, crime</td>
<td>33%</td>
<td>37%</td>
<td>42%</td>
</tr>
<tr>
<td>Protect belongings</td>
<td>25%</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>Build child’s education fund</td>
<td>18%</td>
<td>22%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Above poverty line: Those who live on more than $2.50 a day.  
Poor: Those who live on between $1.25 and $2.50 a day.  
Extreme poor: Those who live on less than $1.25 a day.

Source: InterMedia Bangladesh FII Tracker survey Wave 3 (N=6,000, 15+), August-September 2015.