



## Exploring the opportunities and challenges of exemplary policies & initiatives on building an inclusive digital economy

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# a2i – innovate for all

- **Org**: Partnership across Prime Ministers Office, Cabinet Division, ICT Division, Local Govt. Division, supported by development partners – run like a startup
- **Teams**:
  - core 200+ people (civil service, private sector, NGOs)
  - 9K micro-entrepreneurs
  - 1,000+ govt. innovation teams
  - 100+ private partners
- **Scope**: digital service development, policy reform, supply-side capacity building, demand-side awareness generation, incentives for change

# Impact Measured in TCV Reduction

## SAVED BY CITIZENS

**DAYS** **1.92** BILLION  
SAVED

**USD** **8.14** BILLION  
SAVED

**1.004** BILLION  
VISITS

**85%**

**Time**

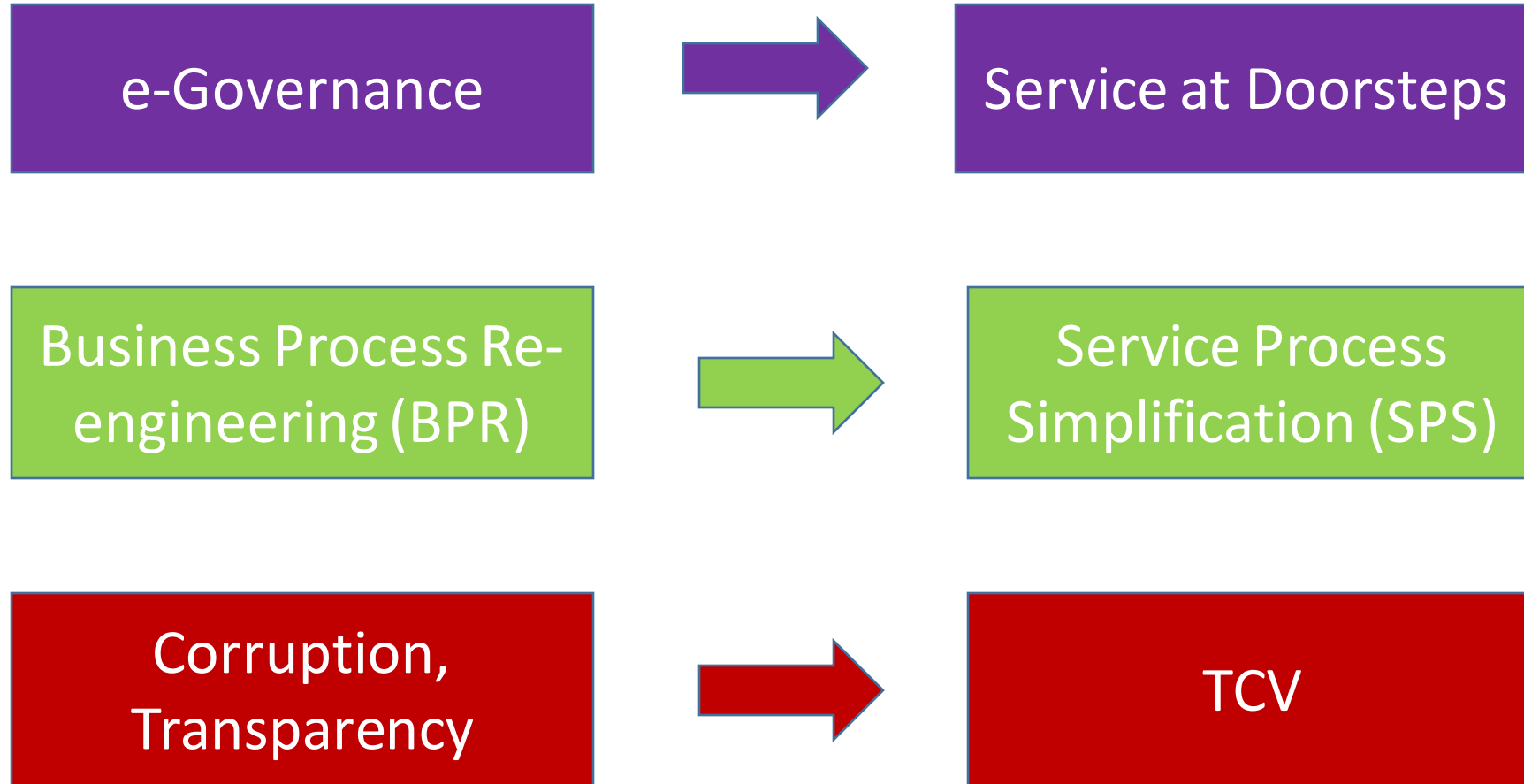
**63%**

**Cost**

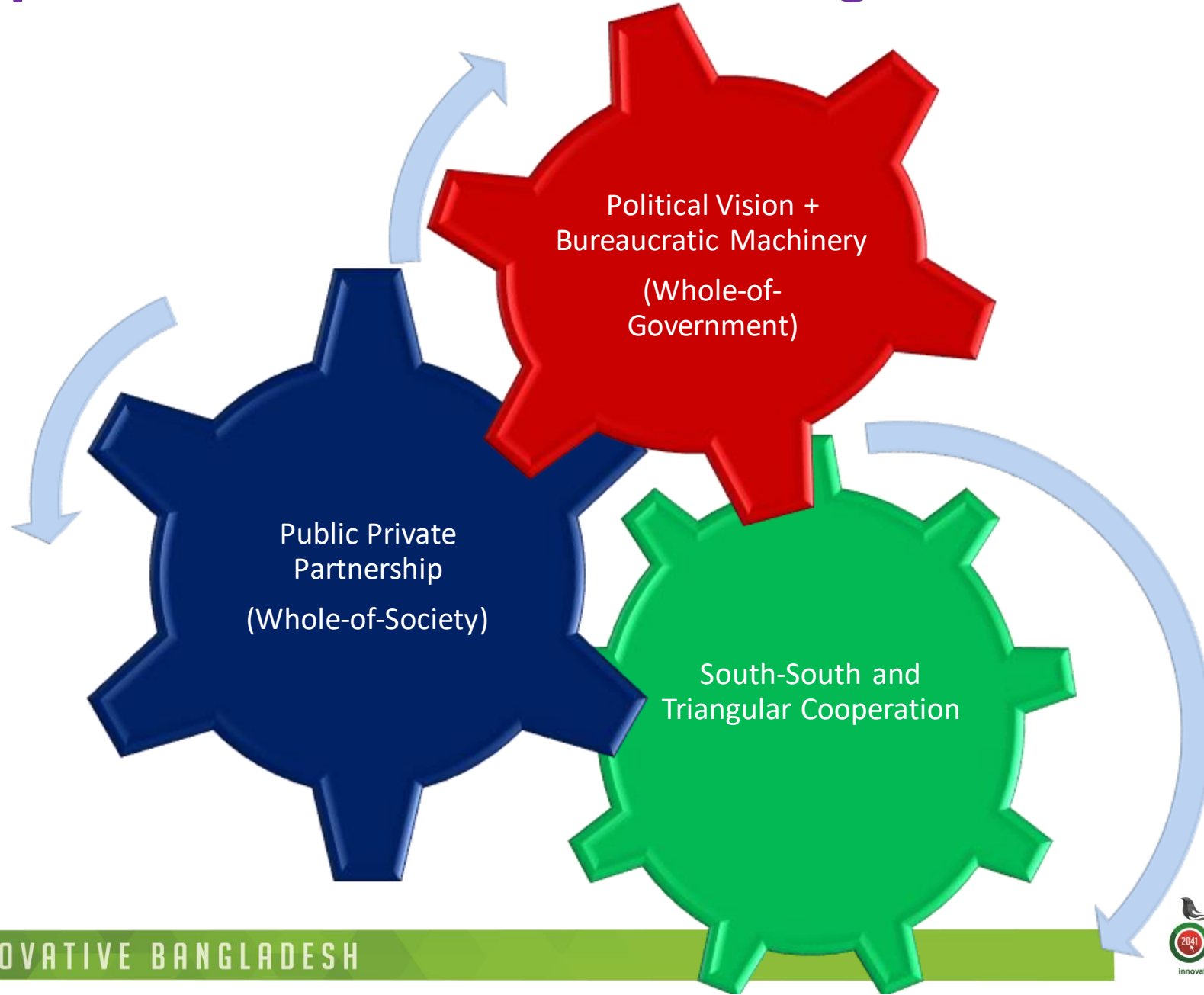
**63%**

**Visits**

# Non-threatening Language is Critical

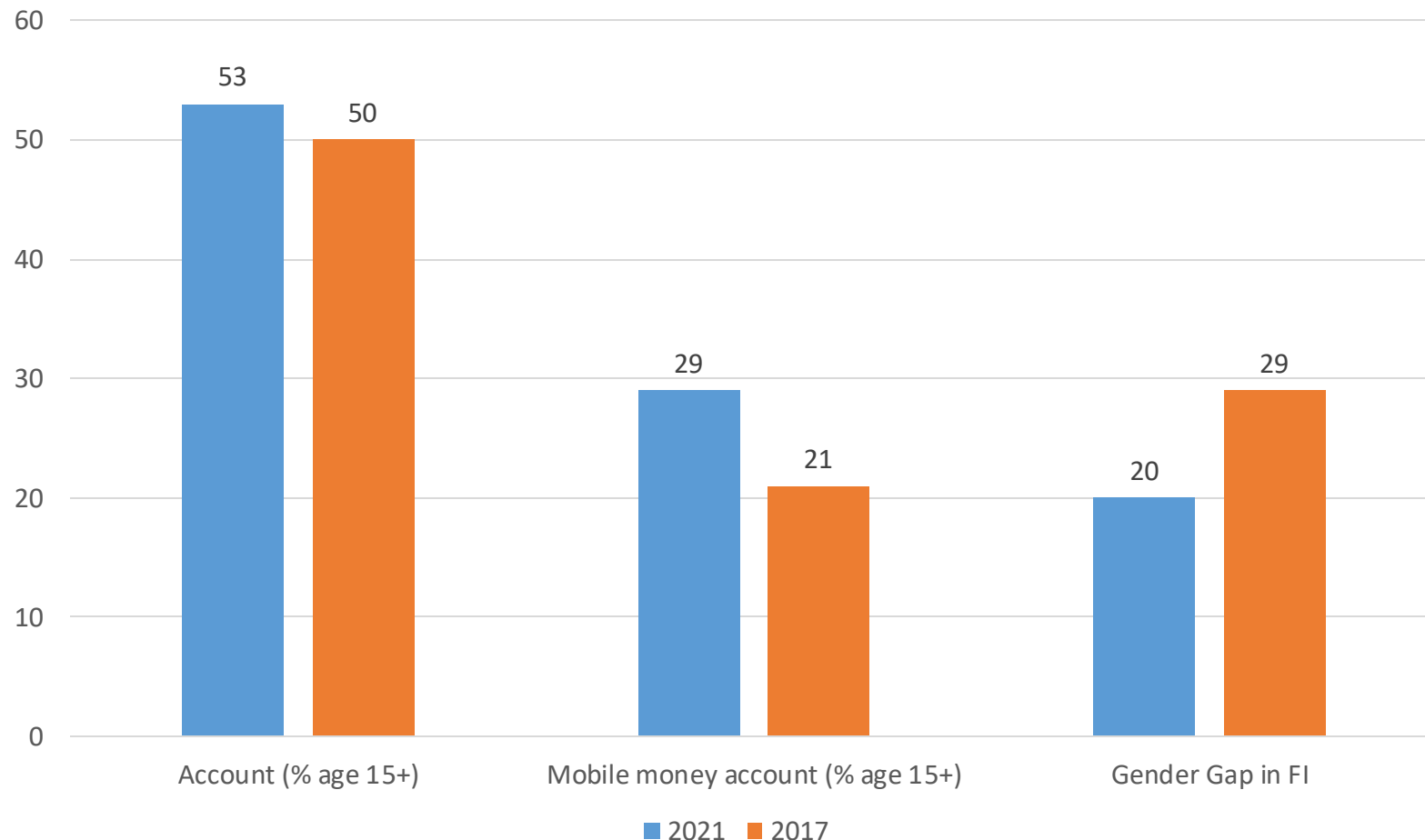


# Multiplier Effect is Created through Extensive Partnerships



# Current State of Financial Inclusion in Bangladesh

Global Findex 2021



61%

Received government payments: through a mobile phone

10%

First financial institution account ever was opened to receive a wage payment or money from the government

# Adoption of Digital Transaction increase significantly

## THE GLOBAL FINDEX DATABASE 2021

### UTILITY PAYMENTS



41%  
Made a digital payment

Source | The Global Findex Database 2021 | World Bank

## FINALCIAL INCLUSION IN BANGLADESH

### Utility Payments



Source | The Global Findex Database 2021 | World Bank

# Overcoming COVID Challenges with Digital Payments

CHALLENGES

Transferring emergency cash aid during lockdown

Ensure smooth transfer of Social Safety Net Benefits

Distribute wage to 4 million garment workers

SOLUTIONS

05

Million poor households got USD 142m aid through MFS

10

Million new SSN accounts were opened to go fully digital

2.5

Million new SSN accounts were opened through MFS in 2 weeks



# Key

## Enablers for Success

The rapid digital transformation that has taken place was enabled by public-private partnerships. The government has partnered with four private mobile financial service providers to swiftly disburse cash aid to the families affected due to the COVID -19 outbreak. Meanwhile, RMG factories opted for the same solution to distribute wages safely among millions of garment workers during the outbreak.

### PUBLIC-PRIVATE PARTNERSHIP

01

02

### POLICY ADAPTATION

### EXISTING INFRASTRUCTURE

03

04

### DIGITAL KYC

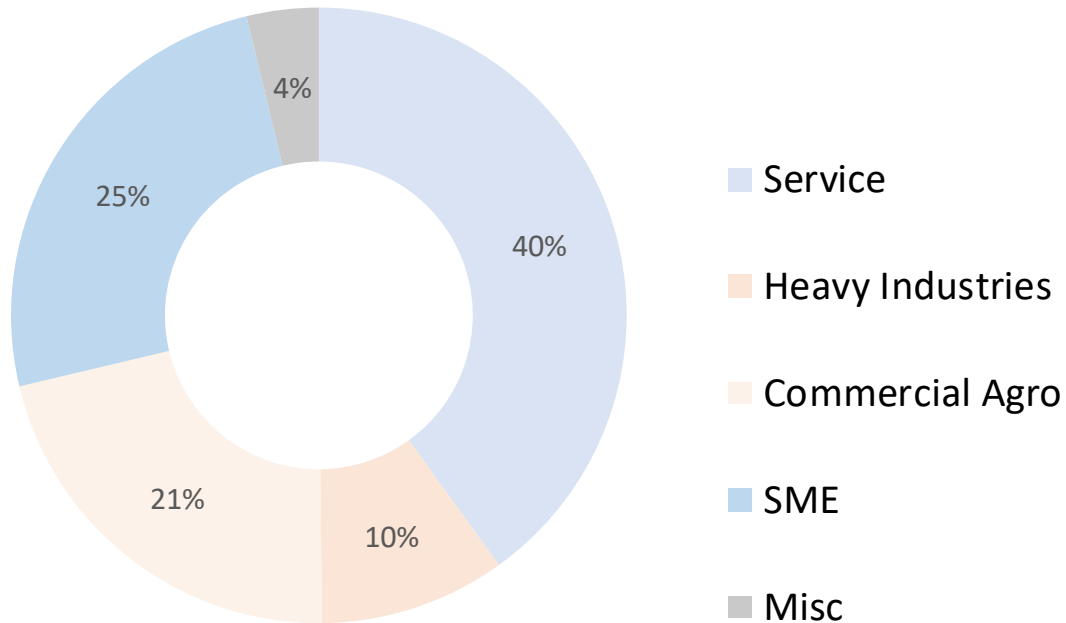
The government embraced digital solutions to swiftly deliver payment services is a truly remarkable development. All the concerned government agencies adapted policy to facilitate digital payments in order to respond and disburse funds. Successful policy adaptation helps to drive further adoption of digital payments.

The wave of rapid digital transformation was possible because of three enabling factors. The telecom infrastructure and high-speed connectivity rolled out throughout the country; the existing digital payment architecture, and strong MFS operators with a widespread agent network covering the last mile. Citizens are well-acquainted with the usage of digital payment.

Mobile financial service providers in Bangladesh have adopted digital KYC for registration. This process enables customers to open their mobile account digitally without filling up any paper-based documents. The new e-KYC guideline issued by Bangladesh Bank enabled speedy account opening. The guideline was instrumental in responding to the crisis moment caused by the pandemic.

# CMSMEs contribute to employment for 7.8 million people directly and provide livelihood for 31.2 million

MSME Contribution in Bangladesh GDP 79 BN  
(25% contribution)



## Key Stats on CMSME contribution

70-80% of non-agricultural job creation

Accounts for 40% of the manufacturing unit

56% of the MSMEs are Service Based

Every 2 out of 3 jobs in the private sector get employed in the SMEs

There are more than 7.8 million MSMEs exists

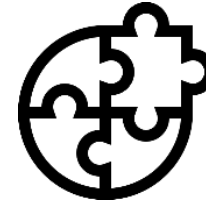
*Source- Impact of Bangladesh's SME landscape Report by Lightcastle and Sheba.xyz*

# The challenges associated with MSMEs can be broadly categorized into 4 major areas



## Access to Finance

Absence of financial documentation is making things difficult to get loans from banks. As a result, they sometimes rely on informal sources with higher cost. Besides, lack of financial literacy is another hurdle.



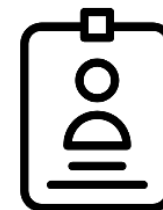
## Absence of Market Linkage

Absence of market network and poor knowledge about digital marketing and export market don't allow them to grow remarkably. Besides, they lack platform to showcase their products.



## Lack of Skills and Capacity

Lack of skilled manpower to meet the market demand as well as poor training facility is a major constraint. Besides, digital literacy play a crucial role where entrepreneurs are lagging



## Lack of Identification and Documentation

Absence of proper identity and business documentation. Public and private service is often inaccessible because of complexities and inadequate information.

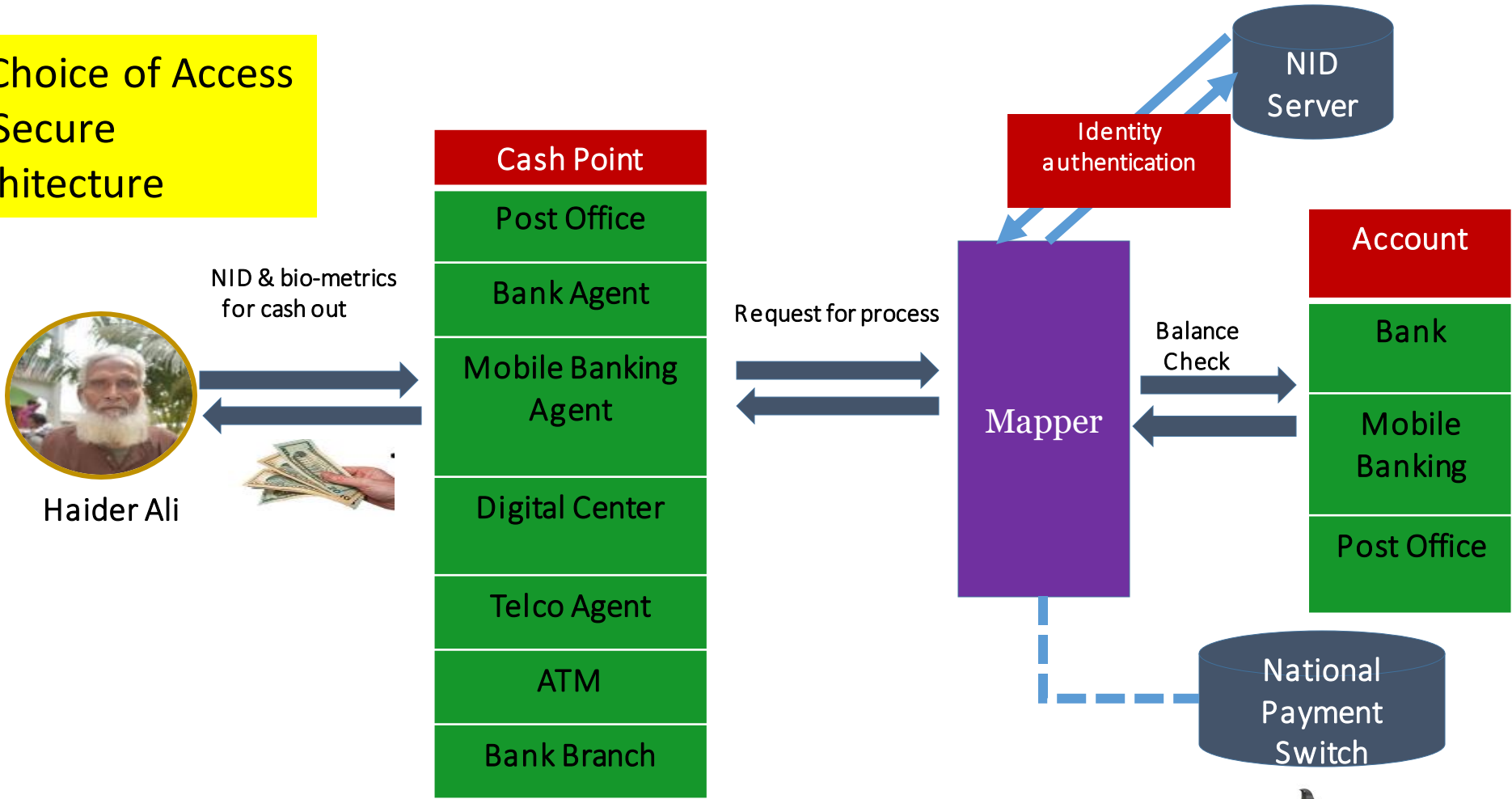
# key insights to frame the efforts to create an inclusive digital ecosystem

- Recognize when digital transactions are more convenient than cash (and vice versa)
- Appreciate and support the diversity of digital initiatives
- Double down on efforts to serve women
- Explore the needs of low-income clients
- Embracing the challenge

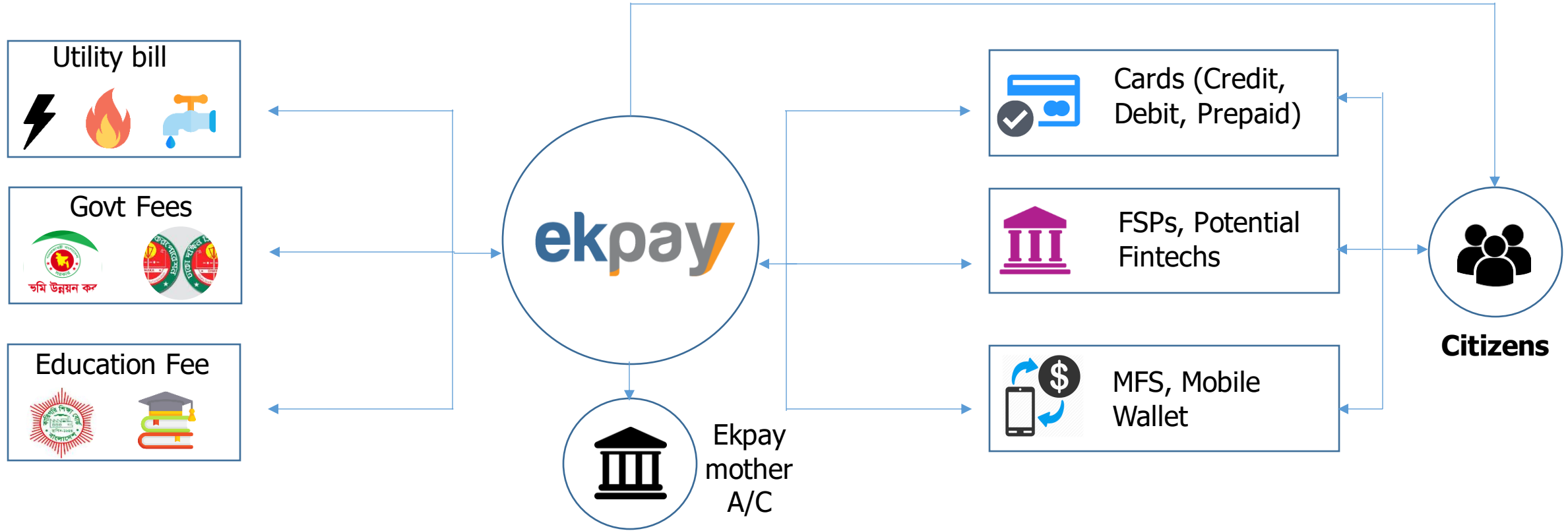
# Focusing on G2P 'Leakage' Creates Opportunity Digital Financial Services



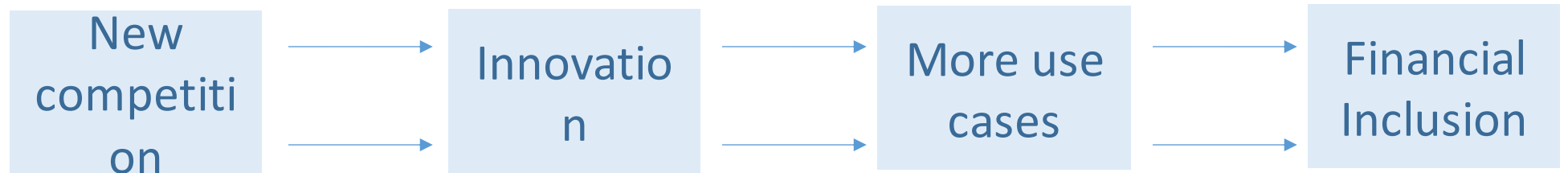
Citizen's Choice of Access  
Fast and Secure  
Open Architecture



# Ekpay- National Integration Platform

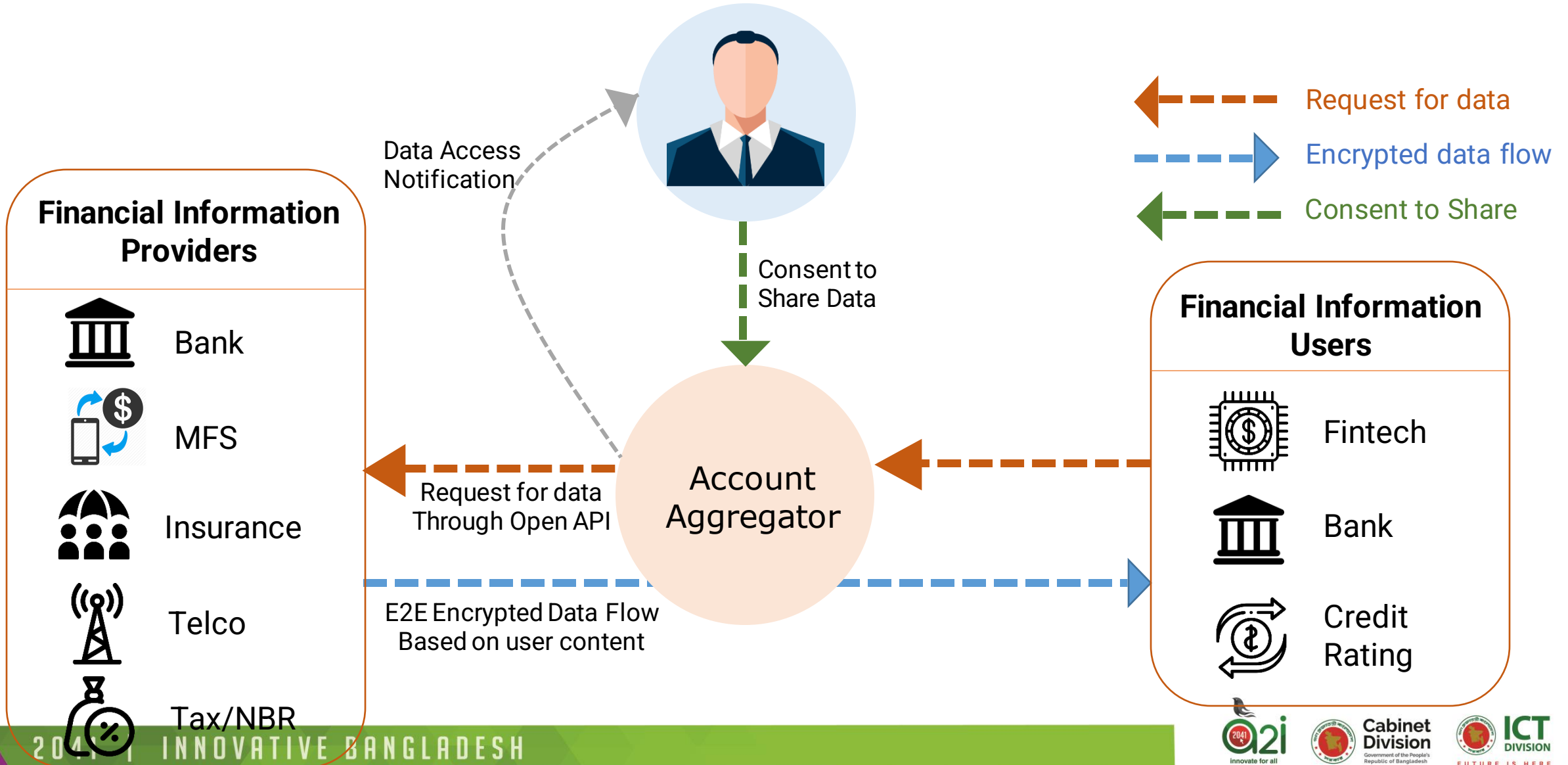


Contribution of Ekpay in financial ecosystem



# National Account Aggregator

Financial Information sharing platform in real-time with consent



# Mission CMSME

## Leaving no Business Behind

There will be 5 intervention component to accelerate CMSME in Bangladesh

Digital Transformation &  
Simplification of G2B Services

Capacity/Skill Development

Access to Finance

Market Access & digitization of  
supply chain system

One-stop shop for CMSME



# Thank you