

MOBILE FINANCIAL SERVICES

Lives changing for better

JEBUN NESA ALO

Between 2000 and 2011, Afzal Hossain had to travel more than 300 kilometers to come to Dhaka from Rangpur every month to collect money from his wife Taslima Begum, who worked as a domestic help for a wealthy family in the capital.

Two days would have gone by the time Afzal returned to his village home to look after their house and schooling daughter. But when bKash, Bangladesh's first complete mobile financial service provider, was launched in late 2011, the situation started to change for the better.

For the last five years, Afzal does not require to take the time-consuming journey to and from Dhaka to receive the money as Taslima sends it within a few minutes just by visiting a bKash agent 200 metres away from the house of her employer.

Taslima is just one of the growing numbers of mobile financial service users who have benefited immensely from the service. Today, people from all walks of life transfer money and make payments via their phones.

The number of active mobile banking account under MFS platform grew significantly in the first nine months of 2017 on the back of the government increasingly using the payment tool in distributing various social safety net funds.

Mobile banking accounts totaled 5.77 crore in September this year, up 40.73 percent from December last year.

In contrast, the number of bank account stood at 8.37 crore as of March this year, 2.82 percent higher from 8.142 crore in December last year.

MFS accounts have witnessed fast growth as the government is

distributing various funds, including old-age allowance, student stipend and those of social safety net programmes, said Shamsuddin Haider Dalim, head of corporate communications of bKash.

"The benefits of mobile financial services are not just limited to generating lower transaction costs and greater convenience," he said.

It was found that urban migrants who sent money to rural areas using mobile financial services have had a positive impact

The daily average transaction under MFS platform hovered between Tk 800 crore and Tk 1,000 crore in recent months. Monthly transaction stood at Tk 21,549 crore in September this year.

At present, 18 banks are providing mobile financial services.

The government payments through mobile banking channels stood at Tk 503 crore in August and the merchant payment at Tk 137 crore throughout the month.

The small and medium enter-

prises segment is actively using the mobile banking account for their small transactions, said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank.

He said some banks have retreated from providing mobile banking services as it is not that much profitable. On the other hand, some banks have continued the service, promoting financial inclusion.

Currently, about Tk 2,500 crore remains deposited in the mobile banking channel, of which 50 percent belong to people in villages.

Dutch-Bangla Bank holds the second position in the MFS market with 31 percent share, said Shirin. Currently, the private commercial bank has 1.3 crore MFS accounts with 1.4 lakh agent

Tk-10 accounts benefit farmers



Tk-10 accounts have helped farmers bring about a change to their lives. STAR/FILE

AKM ZAMIR UDDIN

The Tk-10 bank account enabled Md Abdul Khaleq to take a collateral-free loan of Tk 50,000 from a bank for the first time in life.

"I used the money to harvest rice. My elder brother also lends money to me from abroad through the channel and I deposit my surplus money with the account," he said.

Khaleq said his economic activities increased threefold in the last three years.

"It has been four years that I started using the account," the farmer from Raomari of Kurigram told The Daily Star.

In September of 2010, Bangladesh Bank instructed public banks to help the ultra-poor open the Tk-10 accounts so that they can get the benefits of the safety net programmes. Private commercial banks later followed suit of their state-owned peers.

The use of the account has helped underprivileged people engage in various economic activities and change their lives. The marginal and landless farmers,

small shop owners, hawkers and people affected by river erosion now take loans under a Tk 200-crore refinancing scheme of the central bank by using the accounts for an interest rate of 9.5 percent.

As of June 30, 2017, banks opened 1.71 crore Tk-10 accounts where people deposited Tk 1,311 crore.

Md Abul Bashir, general manager of the financial inclusion department of Bangladesh Bank, said the banks have been asked not to classify the accounts as dormant, as the holders of such accounts may not make transaction for long. So far, banks disbursed Tk 53.82 crore in loans among the Tk-10 account-holders, he said.

With the account, a client gets a maximum of Tk 50,000 in credit for a year, with a six-month grace period.

The no-fills account enables the poor earn additional money by doing small businesses, said Shafiqul Alam, managing director of Jamuna Bank. The accounts ensure inclusion of more poor people in business activities which in turn spurs the country's economic growth, he said.

Students showing interest in saving



BB introduced school banking to encourage citizens to start saving from a young age. STAR/FILE

AKM ZAMIR UDDIN

The school banking programme introduced by the Bangladesh Bank in 2010 is growing in popularity among students, with the deposit base and the total number of accounts both showing an increase in recent times.

As of June, the total deposits in the bank accounts owned by schoolchildren stood at Tk 1,128 crore, up 28.18 percent from a year earlier. During the period, the total number of accounts rose 12.86 percent to 13.34 lakh.

Dutch-Bangla, Islami, Eastern, United Commercial and Rupali were the top five banks that pulled the most deposits from students.

With a view to encouraging citizens to start saving from a young age, the central bank in November 2010 instructed all banks to allow schoolchildren of 6 to 18 years of age to open accounts that come with regular banking services.

Of the 57 banks in Bangladesh, 56 are now running the programme.

The account is opened as per the guidelines of the existing Uniform Account Opening Form and Know Your Customer form of the central

bank. Attested copies of the child's birth certificate, school ID card or certificate from the head of the educational institution and the latest fee payment slip are needed as supporting documents.

The account will also carry the signature of the child's legal guardian.

The minimum balance ranges between Tk 100 and Tk 500 depending on the bank.

The educational institutions can collect the student's fees straight from the accounts.

The banks, meanwhile, can provide the child education insurance under the account so that they can get financial help in case of necessity. The students can open various savings schemes under the programme as well.

The deposits under the school banking accounts increased in recent months as banks have taken a number of initiatives to facilitate the opening of such accounts, said Md Abul Bashir, general manager of the BB's Financial Inclusion Department.

Some of the banks organised school banking conferences at different educational institutions to

encourage a habit of saving from a young age.

Banks usually give 1 percent more interest on the deposits in the student accounts than they offer for other savings products, he added.

Mamun-Ur-Rashid, managing director of Standard Bank, said all the branches of his bank open such accounts to help achieve the central bank's financial inclusion objective.

"We have set a target for such account for all our branches," he said, adding that Standard opened more than 3,000 accounts between September last year and October this year.

Bank Asia has recently made an agreement with Brac, a non-governmental organisation, to expand the school banking programme in different parts of the country, according to Md Arfan Ali, managing director of Bank Asia.

Brac had earlier sponsored to set up libraries in many schools.

The librarians will act as agent of Bank Asia to bring the students under the programme.

Bank Asia has also set a target of enrolling 3,000 schools with the school banking programme over the next three years, Ali added.



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ফোন: ৯৯২০৩০, ফ্যাক্স: ৮৮ ০২ ৯০৯২০০
ওয়েবসাইট: www.mblbd.com, ০২-৯৯২০৩০
ই-মেইল: id@remittance@mblbd.com, id@remittance@dhaka.net

মার্কেটাইল ব্যাংক লিমিটেড
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লক্ষ্যবাহী আমদানির শক্তি

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