



## Freedom at your fingertips

MFS reshaping the landscape of financial transactions

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During his childhood, Md Mujibur Rahman would see his mother waiting for days to receive money sent by his father through the post office from Adamjee Jute Mills, the then biggest operational jute mill in the world.

The wait for the postmaster to inform about the receipt of the money sometimes took up to a month.

Today, 51-year-old Rahman, the only breadwinner of his five-member family, sends money in seconds via mobile banking channels to his spouse living more than 285 km away south of Dhaka.

Over there in Betagi, a remote sub-district in Barguna, his spouse Nipu Begum gets a message of the receipt of the money, popularly known as cash-out, in some hundred yards' walking distance for Begum and her children.

Days of wait for receipt of money are now long gone.

"This provides us a lot of convenience. My family gets the money instantly after I send it from an agent's counter. And they can withdraw the money without taking the trouble to visit the bank which is three and a half

miles away from our home," he said.

Rahman has been sending money to his family via mobile banking for more than four years.

Millions of others are also doing the same: using Mobile Financial Services (MFS) in their quest for convenience, and ease of withdrawal of the money.

The landscape of financial transactions is changing and MFS have emerged as one of the main drivers of change.

Today, more than 10 crore people out of a population of 16.6 crore plus use mobile banking or have an MFS account. Of them, over three crore MFS account holders are active and they collectively transact Tk 1,786 crore daily.

In March 2012, less than a year after the launch of MFS in Bangladesh, the total number of MFS accounts was 4.42 lakh and total transactions stood at Tk 207 crore, according to a BB policy paper titled "Mobile Financial Services in Bangladesh: An Overview of Market Development" published in July 2012.

Dutch Bangla Bank Ltd was the first to launch MFS in May 2011 followed by BRAC Bank that launched bKash in July 2011, now one of the world's largest MFS providers.

Since then the number of banks providing MFS grew, along with the number of agents and registered clients, buoyed by the expansion spree of major MFS providers, namely bKash.

MFS have become an integral service following the outbreak of the Covid-19 pandemic. After the government declared and enforced general holidays and lockdown since the end of March 2020, MFS emerged to be a big support system, especially for payment of online purchases, transfer of funds from one person to another, payment of utility bills and so on.

Many people, who did not have MFS accounts before the pandemic, opened MFS accounts in order to carry out financial transactions in order to avoid hard cash and engage in contactless transactions to keep the virus at bay.

This is reflected in the figures: the number of MFS account holders increased nearly 10 percent to 9.78 crore in November 2020, up from 8.18 crore in February of the same year, the month before the first coronavirus case was detected in the country, according to data by the BB.

The number of active clients shot up 17 percent to 3.16 crore in November, 2020 from 2.7 crore in February, 2020.

The daily average transactions soared 25 percent to Tk 1,786 crore in November, 2020 from Tk 1,425 crore in February 2020.

From mobile phone recharge, utility bill payments, to payment for purchases from shops including groceries, use of digital money from mobile wallets has increased over the last one year amid worries among many about the risk of infection through cash.

Data by the BB showed that uses of MFS for person-to-person transactions, utility bill payment, payment to merchants against purchases and salary disbursement increased as a percentage of total transactions through MFS.

For instance, the ratio of person-to-person transactions increased to 30 percent of the total transactions of Tk 53,598 crore in November 2020 from 24 percent in January 2020. The ratio of merchant payments and utility bill payments doubled during the period.

"We have seen a spike in interest among people to pay bills through mobile banking channels. And during these pandemic days, when educational institutions are closed, many parents paid tuition fees through MFS," said Fardous Al Banzer Gorkey, an MFS agent at Panchagarh, a bordering

district in the northwest.

"People now show an interest to carry out financial transactions through MFS because it is easy and hassle-free," he said.

Kamal Quadir, chief executive of bKash, said the MFS provider bKash had the opportunity to learn from the global Covid experience as it has received Chinese and American investment.

He said declaration of MFS as an essential service by Bangladesh Bank, the central bank, was a huge responsibility and opportunity for the MFS provider to work for the nation.

The opportunity for bKash to deliver the Prime Minister's financial support to the COVID-affected families was extraordinary, which the MFS provider accomplished with accuracy and speed, he said.

"As the pandemic continued, we kept transforming the realities into new experiences," said Quadir adding ensuring safety by maintaining hygiene during the early days of the pandemic was bKash's primary challenge.

"bKash employees worked online day and night wholeheartedly to provide quality service from home," he said.

SEE PAGE 2