

# A promising shift in empowering women

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Mobile Financial Services (MFS) serve as a transformative catalyst, empowering women, particularly those in rural areas, to actively engage in financial activities. Offering a convenient and accessible alternative, MFS enables women to conduct transactions seamlessly and securely. This paradigm shift not only streamlines financial interactions but also significantly dismantles enduring social barriers that have historically hindered women's involvement in economic activities.

Based on data from Bangladesh Bank, MFS accounts totaled 220 million at the conclusion of November in the previous year, with women accounting for 92.3 million accounts, comprising 42 percent of the total. Conversely, the 2020 Accelerating Women's Financial Inclusion report highlights a significant

"The patriarchal values of society regarding women still persist in the conventional banking system, where women, in general, face negligence, be it in opening an account or securing a loan. However, within just one decade, MFS has succeeded in ushering millions of women into the financial system as an alternative method. This monumental shift not only signifies a substantial increase in the number of women with access to financial services but also marks a decisive step forward on the path to empowerment," said Muhammad Shahadat Hossain Siddiquee, a professor in the Department of Economics at the University of Dhaka.

Several factors contribute to the prevalence of MFS, including streamlined account opening processes with minimal paperwork and convenient options for depositing and withdrawing money. The virtual nature of MFS, unlike traditional banking institutions, proves instrumental, especially for women in rural settings. Transactions, such as receiving money from family breadwinners, whether within or outside the country, managing stipends, allowances, and crucially, handling payments for small entrepreneurs, have become notably easier for them.

E-commerce and f-commerce have experienced a boom since the pandemic. Many women started their ventures by utilizing social media platforms during that time, relying on receiving payments through MFS. Waresa Khanam Prity, president of Her E-trade, a female entrepreneur platform with 52k members, said, "MFS has become the most approachable mode of payment for small-scale female entrepreneurs thinking of starting their own businesses. There are entrepreneurs and vendors at the Thana levels who solely rely on MFS for transactions."

"It has opened the doorway for women involved in online-based businesses and e-commerce to conduct business without having an account. The reduction of the gender gap in the financial sector over the



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past two decades is attributed to the growth of MFS and microcredit," stated Lila Rashid, former executive director of Bangladesh Bank.

MFS platforms such as bKash, Nagad, Rocket, and others have incorporated tools within their applications, allowing microfinance beneficiaries to make repayments conveniently through their mobile phones. A substantial number of microfinance borrowers, predominantly low-income women, have seamlessly transitioned into the digital financial realm through these platforms.

Moreover, the inclusion of female agents by MFS service providers has two aspects: first, empowering women directly by incorporating them into the MFS facility, and second, encouraging other females to use MFS.

Lila highlights that the introduction of a Bangladesh Bank policy allowing women entrepreneurs to use their MFS merchant account transaction history to avail bank loans is a positive step.

Lila Rashid, currently engaged as a specialist in the research project 'Gender Gap in Financial Inclusion in Bangladesh,' acknowledges the pivotal role played by MFS as a gateway for women's financial inclusion,

foreseeing a gradual expansion. She highlights that, despite some advancements, persistent challenges exist. Implementation issues plague policies aimed at monitoring women's involvement in agent banking, MFS, loan allocation, and credit guarantee schemes.

The most pressing obstacles hindering progress include limited access to digital devices and the internet, along with a lack of digital literacy. Notably, rural areas exhibit higher prevalence of digital literacy challenges compared to urban areas, with women being disproportionately affected. Women, typically reliant on others—often male counterparts such as husbands, brothers, or children—face barriers in fully embracing the benefits of MFS.

According to a recent study titled "Financial Literacy in Bangladesh: A Gender-Specific Analysis of the National Status" by a2i, approximately 32% of female respondents indicated that household financial decisions are delegated to someone else, including spouses, in-laws, or parents.

"The prospective potential of MFS can support reshaping the financial landscape while empowering women

if their active participation in accessing the technology is ensured. In many households, husbands discourage women from purchasing mobile phones to control their decision-making," added Lila.

Securing women's access to digital devices, particularly smartphones and the internet, is crucial, according to Professor Muhammad Shahadat Hossain Siddiquee of the University of Dhaka. He highlights the necessity for this access, emphasizing that current digital literacy initiatives are insufficient to meet the challenge.

Experts suggest a holistic government plan that integrates Mobile Financial Services (MFS) and aids Micro, Small, and Medium Enterprises (MSME), emphasizing financial and digital literacy training to boost overall financial inclusion. Additionally, they advise addressing challenges by introducing an interoperable payment system for all existing MFS services and creating a robust database. This approach aims to establish MFS as a viable transaction method and foster the expansion of small businesses, particularly for women.



gender disparity in financial inclusion, revealing that only 36% of women possess a bank account compared to 65% of men. The commendable influence of MFS on incorporating unbanked women into the banking system is noteworthy.

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