

Pocket-sized Prosperity

Savings Made Easy with MFS



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In today's fast-paced world, saving money has never been more convenient as Mobile Financial Services (MFS) bring such facilities at your fingertips. Traditional savings used to require physical trips to banks, long queues, and stacks of paperwork. However, MFS platforms are rapidly transforming this practice by offering digital DPS (Deposit Pension Scheme) and savings schemes.

In this regard, Mosleh Saad Mahmud, Head of Liability & Cash Management Unit at Dhaka Bank said, "With the increasing accessibility of MFS, you can now easily open weekly or monthly DPS accounts using your smartphone from the comfort of your home. Both traditional and Islamic savings options are available, offering competitive interest rates to suit your preferences and convenience."

Collaboration between banks or NBFIs and MFS providers has made savings and DPS more accessible, flexible, and inclusive. "In just three years since launching digital savings, 3.5 million DPS accounts have been opened, showcasing how digital tools empower mass people in financial management. Banks and NBFIs can also raise funds through DPS which can effectively contribute to the national economy. Notably, 96% of customers with matured DPS expressed their eagerness to open DPS through bKash app again," mentioned officials from bKash.

WHY OPENING DPS IS A WISE FINANCIAL CHOICE?

Savings act as a safety net in case of unexpected financial burden, such as medical expenses or job loss.

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Arup Haider, Head of Retail Banking at City Bank mentioned, "Traditionally, Bangladeshi people don't have strong inclination towards savings. Spending is usually prioritised, however, savings habits are increasing among general people in recent times with the growing ease of access to DPS and formal savings schemes through MFS."

DPS often offers competitive interest rates compared to informal saving methods. Over time, the power of compounding maximises returns. Additionally, DPS schemes instill the habit of regular saving, especially among individuals with irregular incomes. They also ensure financial inclusion, providing access to banking services for underserved or rural populations who do not have access to banking.

WHY MAINTAIN DPS VIA MOBILE FINANCIAL SERVICE?

Financial institutions such as, BRAC Bank, Dhaka Bank, IDLC Finance, Mutual Trust Bank, and City Bank offer DPS through MFS in collaboration with bKash. Such collaborations have enabled customers even without a bank account to save across multiple banks according to their preferences and requirements. Additionally, few other banks including Al-Arafah Islami Bank, DBBL and Islami Bank have MFS platforms of their own. These institutions are simplifying the

process of managing finances and maintaining savings. Here's why you should consider opening DPS with MFS platforms:

Convenience and Accessibility

MFS platforms offer unmatched convenience for managing savings and DPS. Customers can now open and manage their accounts entirely through their digital wallets without visiting a bank. This shift addresses key barriers to traditional banking, including long queues and limited branch access.

"The younger generation do not prefer visiting physical bank branches or standing in long queues; instead, they expect banking services to be accessible on their smartphones. Currently, only 20% of our daily transactions take place at physical branches. Notably, 97% of our salaried customers did not visit a branch last year, underscoring the increasing demand for digital banking solutions," remarked Arup Haider from City Bank.

The ability to open and manage DPS accounts from the comfort of one's home is a game-changer. Platforms like bKash allow users to link their wallets with participating banks, enabling smooth transactions.

Enhanced Financial Discipline

Savings habits are crucial for long-term financial stability. BRAC Bank's data shows that once customers open a DPS account, they are likely to continue saving regularly and they often opt for new DPS accounts once the previous one is matured. By offering micro-savings options, MFS instills financial discipline among users who might otherwise struggle to save. A weekly DPS is ideal for individuals with variable incomes, enabling small, regular savings, whereas a monthly DPS is more suitable for those with steady incomes and the ability to make larger, consistent savings.

Higher Interest Rates

DPS schemes offered through MFS platforms frequently provide competitive interest rates, which in some cases exceed those offered by traditional banks. This makes them an attractive option for individuals seeking to maximise returns on their savings. More people are turning to MFS for a streamlined and potentially more profitable saving experience.

Inclusion of Marginalised Communities

MFS platforms offer easy solutions to the marginalised communities with no access to formal banking. "A significant portion of bKash users include the unbanked population, and the platform boasts a higher percentage of female users, around 34%, compared to traditional banking where only 22% are female account holders," mentioned Haider from City Bank. Women and marginalised individuals now have a better opportunity to save and plan for a secure future through MFS.

Regarding this, M Jamal Uddin, Managing Director & CEO, IDLC Finance mentioned, "We currently offer monthly and weekly DPS products through bKash, which is tailored to promote micro savings among marginalised and unbanked communities. This product aligns with our mission of financial inclusion by providing an easy, paperless, and secure way to save."

Transparency and Customer Control

With MFS, customers gain full control over their savings via real-time tracking. This allows customers to see their current savings, accrued interest, and upcoming deposit due dates, which keeps users well-informed and encourages continued saving. Installments are also automatically adjusted, and customers are notified in advance to ensure they maintain a sufficient balance and

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matured DPS funds seamlessly transfer to their wallets. If a user needs to close their account early, they can do so directly via the app, providing flexibility that accommodates life's uncertainties.

WHAT ARE THE AVAILABLE OPTIONS?

There are weekly, monthly and Islamic DPS schemes for catering to various customers' needs. "Customers can start saving with as little as BDT 250 to BDT 10,000 per week or month for a tenure ranging from 6 months to 4 years (subject to the institution). No separate bank account or paperwork is required to open a DPS from our platform, and customers can open multiple DPS accounts with different institutions," added officials from bKash.

Weekly DPS

Under the weekly DPS, you can deposit BDT 250/500/1,000/2,000/5,000 per week depending on your circumstances. You can easily compare interest rates of different institutions and open DPS with BRAC Bank, Dhaka Bank or IDLC Finance, from the bKash app without any paperwork. Moreover, you will enjoy charge-free cash out with profit after maturity, 6 months or 12 months' period, as you initially opted for.

Monthly DPS

Monthly DPS allows you to deposit BDT 500/1,000/2,000/2,500/3,000/5,000/10,000 per month with a tenure of 1/2/3/4 years. You can open monthly schemes with BRAC Bank, IDLC Finance, Dhaka Bank, Mutual Trust Bank and City Bank, through the bKash app with zero paperwork. This plan also offers charge-free cash out with profit upon maturity.

Islamic DPS

Customers can also opt for Shariah based Islamic DPS with City Bank and Dhaka Bank while enjoying the same benefits. Like other ones, this DPS can also be easily opened in customers' preferred bank from the 'Savings' service of the bKash app.

Points to Remember

- DPS cannot be cancelled before completion of 3 months. However, you can request for early encashment

and close your DPS any time after completing 3 months.

- The interest rate on DPS shall be determined solely by Bank/FI.
- With sufficient balance in the account, installments are automatically deposited on the specified date.
- If you do not have sufficient funds in your bKash account or your account is not in active status at the time of attempted debit transaction, the transaction will fail and bKash will retry to debit your account on the following seven consecutive days.
- After the DPS matures, the principal amount along with the profit is deposited back to the bKash account.
- Nominee and tax related documents for the DPS can be updated directly from the bKash app.

While MFS has made significant strides, challenges remain. Access to smartphone and mobile data, and lack of savings habits are hurdles that need to be addressed. Collaboration between banks, telecom operators, and MFS providers is crucial to ensuring broader reach and affordability.

M Sabbir Hossain, DMD & Chief Operating Officer at BRAC Bank mentioned, "Individuals without access to traditional banking services often rely on MFS for conducting daily transactions and savings. To utilise these services, they require data packs to access the MFS applications. It is essential for MFS providers to collaborate with mobile network operators to ensure that access to these services is not hindered by the lack of data availability, especially for marginalised users."

Mobile financial services are revolutionising the way Bangladeshis save and manage their finances. With flexible DPS options, competitive interest rates, and unparalleled convenience, MFS platforms are empowering individuals across the country. By embracing this digital shift, customers can take advantage of innovative savings solutions that truly bring prosperity to their fingertips.



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