

## Towards a cashless economy: A new lifeline for financial inclusion



FROM PAGE 6

to the cashless economic transition agenda remains a critical tool for breaking free from the structural and traditional biases of the banking sector - ensuring that financial expansion coexists with real inclusion within the social and economic space. Yet, the

risks of an uneven transition are real.

Large segments of the population, including older people, rural communities, informal workers, and women, face barriers ranging from limited internet access and high device costs to low digital and financial literacy. Gender gaps are particularly

acute: many women lack access to mobile phones or control over digital accounts, resulting in lower usage even where services exist. There are also institutional risks. Information asymmetries between financial providers and first-time users can expose consumers to hidden fees,

fraud, and data misuse. Weak grievance redress mechanisms and oversight gaps can quickly erode trust in digital systems. A prior PRI study for the Friedrich Naumann Foundation found that one in ten MFS users experiences financial fraud. If unaddressed, the shift toward cashless transactions

risks reinforcing, rather than reducing, inequality.

**POLICY PRIORITIES FOR AN INCLUSIVE CASHLESS ECONOMY** A successful cashless transition, therefore, requires more than technological innovation. It demands coordinated public policy. Investment in nationwide digital infrastructure must be matched with efforts to ensure affordability, strengthen consumer protection, and expand financial literacy at scale. Regulation must strike a careful balance: encouraging competition and innovation while safeguarding stability and trust.

Most importantly, there must be a concentrated effort to ensure that the cashless financial ecosystem can harness Big Data from individuals, micro-entrepreneurs, small merchants, and low-income households to ensure that we move from traditional "physical collateral" to "information collateral" by creating a credible credit ratings ecosystem for the unbanked and underbanked population, so that digital banks and MFS can reach them effectively with their financial products.

On the whole, Bangladesh is at a pivotal moment in its financial evolution. While the infrastructure for digital finance is rapidly maturing, the trajectory of its cashless transition remains uncertain. A deliberate, inclusion-oriented approach is essential to ensure that digitalisation does not entrench existing inequalities. A cashless economy is not merely the digitisation of transactions: it is a reconfiguration of economic participation. If designed with equity at its core, it can democratize access to finance and enable shared prosperity. Without such intent, however, the shift risks becoming another uneven transformation that benefits the connected few and intensifying financial exclusion.

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