

**Internship Report  
On  
Fraud Prevention and External Customer  
Communication & Compliance Operation of  
"bKash Limited"**



Submitted to

**ISLAMIC UNIVERSITY OF TECHNOLOGY**  
in partial fulfillment of the requirements for the degree of  
**BBA in Business and Technology Management (BTM)**

Submitted by:

**Samia Jahan Ilma**  
ID: 170061006  
Session: 2020-2021

*Samia Jahan Ilma*

**Department of Business and Technology Management  
Islamic University of Technology**

**I understand that my final report will become part of the permanent collection of the  
Islamic University of Technology BBA in Business and Technology Management Program.  
My signature below authorizes release of my final report to any reader upon request.**

Approved by:

**Dr. Md. Abul Kalam Azad**  
Associate Professor  
Department of Business and Technology Management  
Islamic University of Technology

*[Signature]*

**25 April 2022**



## Declaration of the Student

I, Samia Jahan Ilma, student of BBA in Technology Management at Islamic University of Technology, hereby declare that, the Internship Report on " **Fraud Prevention and External Customer Communication & Compliance Operation of bKash Limited** " is an original work under the supervision of Dr. Md. Abul Kalam Azad, Associate Professor, Department of Business and Technology Management, Islamic University of Technology while completing my BBA degree. The document is not comprised of any prior publicized content, except where it has been properly cited by full and correct reference.

Sincerely yours,

Samia Jahan Ilma 25.04.2022

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PAPER NAME

**Fraud-Prevention-and-External-Customer  
-Communication-&-Compliance-Operatio  
n**

AUTHOR

**Samia Jahan Ilma - 170061006**

WORD COUNT

**17779 Words**

CHARACTER COUNT

**97667 Characters**

PAGE COUNT

**99 Pages**

FILE SIZE

**4.4MB**

SUBMISSION DATE

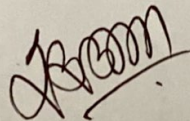
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Summary



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**Approved by:**

**Dr. Md. Abul Kalam Azad**  
**Associate Professor**  
**Department of Business & Technology Management**

**18 April, 2022**

## **Letter of Transmittal**

April 18, 2022

Dr. Md. Abul Kalam Azad

Associate Professor

Department of Business & Technology Management

Islamic University of Technology, Gazipur, Dhaka, Bangladesh

**Subject: Submission of Internship Report on bKash Limited.**

Dear Sir,

I'm ecstatic to have completed my internship report titled **“Fraud Prevention and External Customer Communication & Compliance Operation of bKash Limited”** as a compulsory part of the completion of BBA degree at Islamic University of Technology. It has been an excellent experience for me to work in External & Corporate Affairs division of bKash, a leading mobile financial service in Bangladesh. The internship experience was a big motivational boost for me to contact with those sectorial company leaders and learn about interpersonal skillsets first hand from these brilliant brains.

I express my utmost gratitude for your constant guidance and kind supervision. I have exerted utmost endeavor to obtain appropriate particularities for the study, and I believe it has expanded my knowledge and experience.

I will be highly imbued if the report gets adopted and willing to provide any clarifications necessary.

Sincerely yours,

Samia Jahan Ilma

ID:170061006

Department of Business & Technology Management

Islamic University of Technology

## **Acknowledgement**

First and foremost, In the name of Allah, I'll take advantage of this opportunity to thank Him for bestowing his blessings on me and my parents for their kind cooperation. I want to express my heartfelt gratitude in particular, to my honorable Academic Supervisor Dr. Md. Abul Kalam Azad sir because of his unwavering administration, availability, and suggestions. This report would not have been possible without his guidance and his time, and I owe him an enormous debt of gratitude for all of this.

My internship at bKash Limited has provided me with invaluable experience and a solid foundation for my future career. The opportunity to be a part of it makes me feel quite fortunate. In addition, I am thankful for the privilege to work in such a dynamic division, Fraud and Dispute Management (FDM) in bKash Limited where I have recently had the pleasure of working such brilliant people. In consideration of the prior, allow me to express my heartfelt appreciation and special thanks to F.M. Tonmoy Khan, Vice President, External and Corporate Affairs Division. Even though he was extremely occupied, he regularly tracked down my updates, assist me in accomplishing all my tasks and offer me substantial training. I cannot help making a few specific mentions, A.K.M. Monirul Karim Sir, HoD of External Affairs for whom I wholeheartedly felt a sense of gratitude; My line manager during the internship, Mumtahina Wahid, was tremendously helpful from the commencement to all the way to the internship's conclusion.

I would really like to share my appreciation & credit to all the members of External Affairs because of the guidance and assistance granted, at all times throughout my internship. I perceive this opportunity as a big milestone in my career development and test my true potential in the corporate setup. My efforts will be successful if the stated objective of the report is accomplished.

## Declaration of the Student

I, Samia Jahan Ilma, student of BBA in Technology Management at Islamic University of Technology, hereby declare that, the Internship Report on " **Fraud Prevention and External Customer Communication & Compliance Operation of bKash Limited** " is an original work under the supervision of Dr. Md. Abul Kalam Azad, Associate Professor, Department of Business and Technology Management, Islamic University of Technology while completing my BBA degree. The document is not comprised of any prior publicized content, except where it has been properly cited by full and correct reference.

Sincerely yours,

.....

Samia Jahan Ilma

ID: 170061006

Department of Business and Technology Management

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## **Executive Summary**

The Bachelors of Business Administration (BBA) Program comprises of many theoretical and empirical learning experiences, including a required internship. An internship is a typical procedure to gain hands-on experience with theoretical courses that we have already taken in our academic lives. This internship report highlights the ideas and practical knowledge obtained while working as an intern in the External Affairs Department of bKash Limited. This department is primarily responsible for mitigating fraudulent conduct, assisting law enforcement agencies, and dealing with dispute money obtained by a fraudster or an erroneous transaction to the inappropriate owner.

The operations of External Affairs have been contributing in ensuring secured digital transaction of people, because the significance of issues related to fraud and conflict have long existed in the MFS business and the banking sector. The legislation of our nation and the enforcement agencies see such financial fraudulent acts as a serious offense. bKash takes their clients' safety and security extremely seriously, which is why, despite the fact that fraud mitigation does not produce income in any manner, capital investment both in form of resource & labor are invested into it. Bangladesh Bank, in collaboration with the BFIU, is working on the modifications of a plan, to minimize all of the risks incorporated, and bKash is fully complying with all regulations while attempting to impede the misappropriation of civilian funds. To reduce such risks, bKash employs a number of strategies that include cross-departmental coordination, including customer service, the external relations department, and, finally, product and technology.

Over the last decade, among the increasing number of technologically savvy financial enterprises bKash Limited is the largest mobile financial service provider in Bangladesh with highest market share and fast paced organizational expansion. I am really fortunate to be able to do my internship at bKash Limited in the Fraud & Dispute Management section of the External & Corporate Affairs Division. I received a peek of the company's corporate culture, work policies, CSR activities, distribution network, promotions, and future problems. This report is built on my findings while working as an intern at bKash Limited. In the report, I described my tasks and obligations as an intern, as well as the company's operating methods. I've highlighted the lessons I've learned, the obstacles I've experienced, and my recommendations based on my observations and experience. This report provides a brief preview of insights while respecting the organization's anonymity



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## **Chapter 1: Introduction**





Bangladesh, being the 8th most populous country with a 7.86% GDP rate, has emerged as an alluring market for the MFS industry where 10 providers already serve 50 million customers contributing almost 60% to the economy. After debuting in 2011, bKash has grown to be one of the world's largest MFS providers, with 28 million customers contributing 8% to the GDP. With a wide network, it currently offers many solutions including payments, buying airtime, and receiving remittances though initially it only served as a money transfer facility. By targeting the urban populace and corporates, MFS has narrowed the digital divide in developing countries like Bangladesh, opening up huge prospects in this area.

### **Origin of the Study:**

As a Bachelor of Business Administration (BBA) student at the Islamic University of Technology, you must accomplish 3 months internship in an organization to earn 9 credits. This relates our academic education to a professional environment. As part of my graduation requirements, I chose to intern with our country's biggest mobile financing company, bKash Limited, Shadhinota Tower, 1, Bir Sreshtha Shaheed Jahangir Gate from 3<sup>rd</sup> October 2021 to 22<sup>nd</sup> January 2022. With the guidance and kind cooperation of my onsite supervisor F.M. Tonmoy Khan, Vice President, External & Corporate Affairs I got a lot of knowledge and experience that empowered, motivated, and taught me about corporate norms and the MFS business. I am utterly thankful to my academic supervisor Dr. Md. Abul Kalam Azad, Associate Professor, Department of Business & Technology Management, Islamic University of Technology. For assisting & offering me continuous guidance to compile the report as part of my internship obligations.

### **Objectives of the Study:**

The study's objectives are divided into two parts. One is primary, the other specific.

#### **Primary Objective:**

The study's ultimate purpose of the study is to reduce fraud and disputes in the Mobile Financial Services market by demonstrating external customer communication.

#### **Specific Objectives:**

- Create a more efficient and effective operational framework for reducing fraudulent activities of MFS.

- Measure client satisfaction with bKash services and methods to enhance them.
- Analyze customer benefits of bKash as an alternative to the banking system.

### **Scope of the Study:**

The focus of this analysis is devoted to the discussion of this topic,

- Role and operations of External Affairs department in bKash
- Dealing criminal activities from mishandling bKash & contribution to ensuring client safety is part of the process.
- This paper elaborates how preventive initiatives are taken to keep the market transparent. Other divisions work with the External Affairs Division to eliminate fraudulent transactions and protect macroeconomic stability.
- Recommendation to improve the efficiency of existing criminal action protection measures and endeavor to compensate fraud victims in the country.

The document will summarize all consumer experiences and perspectives of bKash in light of the current market situation and competitive analysis of the MFS Industry. The study will also cover related departments and stakeholders.

### **Methodology:**

The methodology is the method of consolidating data from repositories to create a conclusion. To compile the report utilizing exploratory and analytical research, I used two alternative methodologies and tactics to collect data.

### **Type of Paper:**

All data collected are used solely for academic research purposes to wholly understand MFS's operation and consumer experience. Due to time constraints, my research results are tentative.

### **Sources & Method of Data Collection:**

I have gathered data from primary as well as secondary sources.

**Primary data** has been collected by:

- a) Actively working on the topic with my on-site supervisor throughout my internship tenure.
- b) Interviewing officers of the External Affairs department.

**Secondary data** has been collected by:

It was gathered from documents, journals, newspapers, magazines, reports on bKash limited, official website of bKash and other published sources.

**Type of information:**

I obtained qualitative and quantitative data by analyzing primary and secondary sources. The External Affairs department of bKash allowed me to interview with some officers one-on-one.

**Limitations:**

Due to certain restrictions and commitments, some compromises had to be made in order to complete this report perfectly. These limitations are:

**Time constraints-** Three months aren't enough to understand the company's activity and do quality research. Furthermore, as an intern at bKash Ltd, I was assigned several significant duties, just like any other employee, which makes it tough to manage time to finish the report.

**Restrictions in obtaining information- Being a private** limited corporation, bKash keeps majority of its data private and safeguards from data leaks. Due to a lack of knowledge, certain assumptions need be made. Again, all workers, even interns, are overloaded with works, making it difficult to acquire organized data during business hours.





## **Chapter 2: Company Overview of bKash**



## Introducing bKash Limited

“ঈদ এর চাঁদ আকাশে

সালামি দিন বিকাশে।”

“লাইনে না দাঁড়ানোর অভ্যাস করুন

ঘরে বসে ইনকাম ট্যাক্স ও বিল বিকাশ করুন।”

“আমার কাছে আস্থার নাম বিকাশ।”

bKash is not a **noun** any more it's a **verb** now and the term "bKash me" has an unbeatable popularity that speaks for all of it. It has become an inseparable part of human life & set an image as the speediest and most secure medium of money-related transactions. The company's primary purpose is to give the country's inhabitants with access to a wide variety of financial services. It seeks to expand financial inclusion by taking the unbanked people under its wing and delivering financial services at a lower possible cost and through mobile network.

The organization presently employs over 200,000 agents spread throughout Bangladesh's urban and rural regions, influencing unbanked populations via over 35 million registered accounts and in collaboration with Mobile Network Operators such as Grameenphone, Robi, Banglalink, and Teletalk. bKash's services are accessible through USSD and mobile application. (A.I., 2015).

bKash is Bangladesh's biggest mobile financial service provider, and its services are rapidly increasing. MFS is a means of delivering financial services that combines banking with networking, enabling customers to conduct banking transactions. This term refers to the capability of a mobile account to accept deposits, make withdrawals, and send or receive money. Since its creation, Bangladesh's mobile finance sector has seen a transformation with the development of bKash Limited, which has simplified life for individuals from all walks of life in the nation by delivering trustworthy, efficient, and inexpensive services.

## **Background of bKash Limited**

This mobile money system was developed as a joint venture between Bangladesh's BRAC Bank Limited and the United States-based Money in Motion LLC. It began with basic services such as cash in and cash out, money transfer, airtime top-up, and bill payment, bearing in mind that more than 70% of Bangladesh's population lives in rural regions with limited access to conventional banking services.

For added convenience, it now has its own mobile application. International Finance Corporation (IFC), a World Bank Group member, joined the venture as an equity partner in April 2013. In March 2014, the firm was acquired by the Bill & Melinda Gates Foundation. bKash Limited was placed 23rd on Fortune's third annual 'Change the Globe' list, which honors the top 50 firms that are reshaping the world by addressing a variety of social concerns.

In April 2018, Ant Financial became an equity partner. Ant Financial is the operator of Alipay (a subsidiary of Chinese e-commerce behemoth Alibaba Group). bKash was the top mobile financial services (MFS) provider in Bangladesh as of 2018. As of March 2019, there were 16 mobile financial service providers (MFSPs), although the two biggest, bKash and Rocket, had a combined market share of more than 99 percent. MFS trades were Tk 34,626.24 crore in January 2019. bKash has applied for formal approval to conduct lending and insurance business.

In 2021, SoftBank Group Corp. is a Japanese multinational investment firm. concentrated on investment management, is said to have agreed to buy a 20% stake in bKash Limited, one of Bangladesh's largest mobile banking operators. BRAC Bank, bKash's controlling shareholder, announced at its board meeting that The SoftBank Fund would make both primary and secondary investments in bKash.

## Corporate Profile



**bKash**  
a  **BRAC BANK** company

Name of the Company:	<b>bKash Limited</b>
Year of Establishment:	<b>2010</b>
Type of Business :	<b>Private Limited Company</b>
Service :	<b>Payment System</b>
Corporate Headquarter :	<b>Shadhinata Tower, 1, Bir Sreshtha Shaheed Jahangir Gate, Dhaka Cantonment, Dhaka 1206, Bangladesh</b>
Contact :	<b>16247 or 02-55663001</b>
Mailing Address :	<b>support@bkash.com</b>
Web-link :	<b>bKash.com</b>

*Figure 1: Company profile*

### **Mission:**

By providing monetary services that are fast, secure and inexpensive, convenient, reasonable, and reliable, bKash aims to extend the net of financial incorporation. bKash wants to provide an arrangement for Mobile Financial Services, built on an exceedingly adaptable Mobile Cash platform, permitting the individuals of Bangladesh to securely send and receive cash through mobile gadgets. (bKash Limited, 2020).

## **Vision**

bKash's mission is to provide people of Bangladesh with greater exposure to a larger range of monetary services. It has a specific focus on assisting the country's low-income citizens in achieving greater financial integration by providing services that are convenient, fair, and dependable. (bKash Limited, 2020).

## **Values**

bkash, as an MFS provider, guarantees its clients five core benefits which are fast, affordable, secure, convenient, and nationwide.

## **Corporate Divisions**

bKash is organised into numerous divisions, each of which is divided into several departments to carry out certain responsibilities. The departments are then separated into multiple teams that collaborate to accomplish the department's goals. bKash operates via the following divisions: commercial, marketing, finance, product and technology, human resources, external corporate affairs, corporate government and legal, internal audit, and customer service.

### **Commercial**

The Commercial Division is responsible for business planning and strategy, as well as campaign management and client acquisition/onboarding. It is dedicated to the successful and efficient operation of the company.

### **Marketing**

The Marketing Division is responsible for all aspects of bKash's branding and marketing. bKash's marketing operations are mostly ATL and BTL in nature, with a strong emphasis on digital media. bKash's marketing approach is centered on real people sharing their bKash-related tales – bKash is committed to creating customer connections via consumer stories that are shown on television and digital media.

Additionally, bKash engages in different sponsorship programs to establish a brand presence and promote itself as a straightforward, easy service that enables customers to do a variety of financial transactions quickly.



## **Finance**

bKash's finance division is comprised of the following departments: management information systems, tax and audit, supply chain management, Treasury, and business finance. The division is responsible for all financial reporting and analysis, as well as the issuance of electronic money and the management of procurement and warehousing operations.

## **Product and Technology**

The products and technology section is responsible for the bKash user experience, with a particular emphasis on app advancements. Additionally, the division is responsible for Customer Lifecycle Management, Business Intelligence, and other organization-wide data-related responsibilities.

## **Human Resources**

The Human Resources section is responsible for the recruiting process, employer branding, compensation and benefits administration, as well as staff training and management. They attract the greatest individuals via talent acquisition and a variety of different activities such as university roadshows.

## **External & Corporate Affairs**

The ECAD division interfaces with external parties and regulators – one significant stakeholder it manages is the regulatory body Bangladesh Bank – as well as oversees compliance-related activities and is responsible for various types of risk assessment. The following departments comprise ECAD:

- Admin
- AML & CFT
- External Affairs – LEA Management (IET, SST, Support Coordination), FDM & EA Operations
- Regulatory Affairs
- Public Relations

ECAD's primary objective is to control fraud and reduce its business-impacting effects. Additionally, the division guarantees compliance with industry standards and maintains cordial ties with stakeholders. Its primary objectives are to prevent money laundering and terrorist funding. The section is responsible for resolving fraudulent instances and establishing contact with users who have been affected by such incidents.

### **Customer Service:**

Supporting customer 24/7 through online-digital platform & emergency call service as well as well as encountering customer from front end & serving at customer care center. It also functions regarding checking the quality of KYC (Know Your Customer) & archives necessary information.

### **Internal Audit:**

Evaluates the internal controls of the company as well as investigates, audits & reports all the information of internal employees such as work execution, laptop access & all the stuffs used by them.

### **Corporate Government & Legal:**

This division basically deals with compliance & agreements used in the company. Provides legal support, monitors all the legal documents & handles court related issues.

## **Products & Services**

bKash is offering different mobile financial services to its customers. The list of the product and services of bKash limited are given below. (product & services - bKash, 2020)

- Add Money: If any customer wants then they can add money to bkash through the bkash app from their Bank account or Debit/Credit card.
- Transfer Money: Customers can immediately transfer cash to a bank account from the bKash app. Transfer cash service is presently accessible in Sonali Bank, Agrani Bank, BRAC Bank, and City Bank.
- Pay Bill: Customers had to suffer to pay their Electricity and other bills. For reducing these sufferings bKash started this service. Now customers can pay their electricity and other utility bills utilizing the bKash 'Pay Bill' service, anytime and from anywhere

- Cash In: Customers can deposit cash into their or any other bKash account through the agent points.
- Cash Out: Customers can withdraw money anytime from their bKash account from bKash agent points.
- Send Money: Through bKash, customers can exchange cash from one account to another which is cost-effective, comfortable, and fast.
- Payment: Customers can make payments from their bKash Account to any “Merchant” who accepts “bKash Payment”. Now customers can make their Payment through bKash at more than 47,000 outlets across the country.
- Mobile Recharge: Customers can do mobile recharge for their mobile phone or somebody else's mobile phone.
- Remittance: Utilizing International Remittance, bKash account holders can get remittance sent by Bangladeshis living overseas within the easiest and most convenient way through authorized and enlisted Foreign Bank, Money Transfer Organization (MTO), and Money Exchange Houses.
- Interest on Savings: Besides keeping money secure, customers can enjoy up to 4% Interest (p.a) on Savings on their bKash Account.
- Donation: The world will change for the way better in case we all expand our support towards the underprivileged. So customers can give their donation through bKash and contribute towards their education, healthcare or provide their zakat to assist them to succeed.
- Government Service: Customers can pay their car license, ownership registration, tax token renewal, and different other fees through bKash at the BRTA Service Portal, and get their tax token at the consolation of their home.
- bKash Reward: bKash is continually looking for ways to add value to its clients. This is our guiding concept, and it is for this reason that we are launching bKash Rewards! Use bKash services on a regular basis to earn bKash Points and redeem them for bKash Rewards. Simply by accumulating points, you can reach one of the prize levels. You may progress to a higher level by accumulating more points and taking advantage of thrilling rewards!



Figure 2: Reward parameter of Bkash

## Customers of bKash

“It’s not a sprinter’s game, rather more of a rally race, where multiple partners contribute in assuring the service”. In their mobile financial solution, bKash places a strong emphasis on customers and each of them constitute a vital component of the service system.

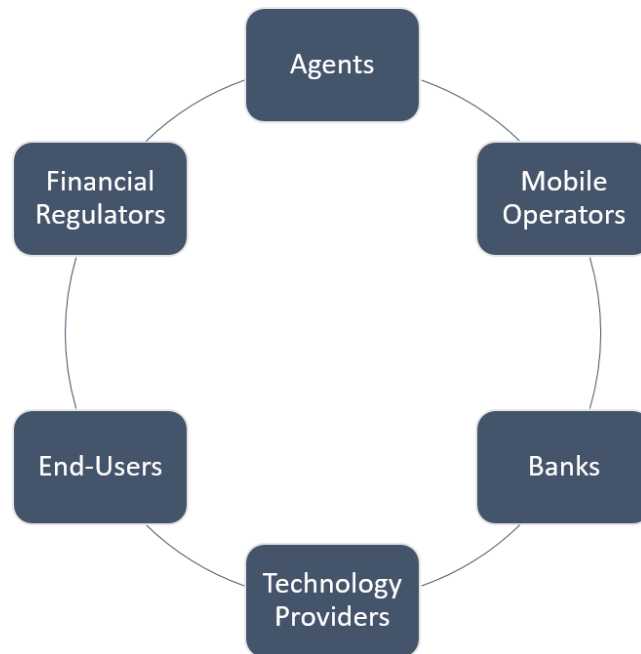


Figure 3: Customers of bKash

### Financial Regulators:

Financial regulator– Bangladesh Bank, the central bank of Bangladesh provides guidelines for banks & its subsidiaries and creates supportive & flexible regulatory environment.

### Banks:

Allow for quick currency transactions from a bank account to a bKash account via e - banking. Money transfer services are now accessible in **Sonali Bank**, Agrani Bank, BRAC Bank, City Bank, Community Bank Bangladesh, and IFIC Bank Limited

**Agents:**

Getting their cash (cash out) from an electrical appliance is feasible from any merchant in the bKash network. Bkash offers services such as checking account balances and reviewing transaction history, inquiring about each transaction, sending money, making online bill payments, and collecting remittances through mobile device.

**Mobile Operators:**

Mobile carriers earn income in return for connecting user-owned devices to MFS providers' servers. In Bangladesh, bKash was able to secure connectivity to the system for 98 percent of mobile subscribers after negotiating agreements through monetization agreements between bKash and telecommunication companies

**End Users:**

Individuals that are looking for payment transfer services are the main users of bKash.

**Demographic:**

- Age: 18 to 65 years old
- Gender: Both Male, Female & others
- Occupation: Students, company owners, high - end and low professionals, and all forms of services holders
- Income: Low & High income

**Geographic:**

- People residing in rural & urban areas with low income
- Upper income group from both native country and overseas who actually contributes through remittance.

**Socio-economic:**

- Individuals from social economic sectors A, B, C, D, and E



### **Psychographic:**

- Social Class: High, middle and low social class people.
- Values & Lifestyles: People with various perceptions and lifestyles who want to get the most bang for their buck when it comes to paying for certain services

### **Company Analysis**

For the time being, bKash has mobilized a sizable pool of globally renowned equity holders under the leadership of an inventive and energetic group with a strong grasp of both the market and technology. It offers customers a simple easy to utilize technology that can work with all mobile carriers with an affordable service charge, extensive distribution network, a well-trained arrange of distributors and aggressive marketing to the rural people is additionally a key factor of bKash success. (Chen & Rasmussen, 2014)

### **Porter's Five Forces Analysis**

Since the industry's debut in 2010, it has experienced a steady influx of new players and a shift in the competitive environment. The competitive landscape of the market will be analysed using Porter's Five Forces Model.

**Threat of New Entrants** – Bangladesh Bank regulates the sector strictly. MFS providers may operate under one of two ownership structures under the regulations: as a subsidiary of a scheduled commercial bank or as a wholly owned subsidiary of a scheduled commercial bank with a single bank holding 51% of the equity. Additionally, the sector is governed by a number of additional regulations governing electronic money handling and account opening procedures. Bangladesh Bank now lists fifteen MFS providers. As a result, the sector faces a minimal risk of new entrants.

**Threat of Substitute Products** – The financial services business provides a diverse variety of goods, including cash-in, cash-out, send money, airtime, payment, pay bill, add money, transfer money, savings, remittance, loans, and disbursements. While agent banking and other MNO programs (BL app, My GP app) may offer some of the aforementioned capabilities, no other service provider can provide all of the aforementioned services. The sector is constantly changing and creating new services, which means that the danger of alternatives is minimal.

**Threat of Rivalry** – The market began in 2010 with companies such as bKash and DBBL Rocket, but Bangladesh Bank reports that the sector has grown to 15 players. bKash, Nagad (which is not regulated by the Bangladesh Bank), Rocket, and Upay are among the industry's leading participants. With the passage of time, more participants emerge, intensifying the battle. Players are promoting their products, implementing price strategies, and developing new products. TAP, a new entrant to the market, is also expected to enter. As a result, the danger of competition is greater than ever before in the sector.

**Bargaining Power of Buyers** – All MFS participants provide fundamental services such as cash-in, cash-out, and money transfer. Buyers have tremendous negotiating power when product uniformity is increased. However, when it comes to more complex services, players such as bKash supply advanced services via a diverse network of bill payment partners, merchants, and banks - in this scenario, buyers' negotiating power diminishes since not all suppliers provide such a diverse range of services. On the other side, buyers have a negotiation advantage due to the cheap cost of moving between players. Buyers' negotiating strength in the business might be described as modest. (Bangladesh Bank)

**Bargaining Power of Suppliers** - Suppliers' negotiating strength varies according on their size alternatives and MFS power. MNOs like as Grameenphone, Robi, Banglalink, and Teletalk have considerable negotiating power since they serve the rural population that is unbanked. However, when it comes to vendors for billboards and trade promotion materials (stickers, banners, etc.), there are a plethora of vendors and suppliers' negotiating power is limited. Since the market has gotten more crowded over time, the influence of agents and distributors has grown, as they now have more rivals to promote and work for. Similarly, partners such as RMGs, corporations, merchants, and billers now have more leverage as a result of the growing number of MFS available. As a result, the industry's negotiating strength might be described as modest.

## S.W.O.T Analysis of bKash:

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. Strengths and weaknesses are inside of a company—things that the company has little control over and can change if needed. Opportunities and threats are external—things that are going on outside of a company, within the bigger market.

Table 1: S. W. O. T

<b>Strengths:</b>	<b>Weaknesses:</b>
<ul style="list-style-type: none"><li>• bKash, a subsidiary of BRAC Bank, was Bangladesh's first money transfer service and strictly adheres to Bangladesh Bank standards.</li><li>• It leverages the vast network of the world's largest mobile network operators to provide services to a diverse customer base via 2,00,000 agents located throughout Bangladesh.</li><li>• It is the market leader in the mobile financial services sector, capturing 75% of the market share.</li><li>• bKash contributes to the economy by assisting unbanked individuals with services and remittances.</li><li>• Succeeded in establishing it as a brand with a place in its users' thoughts. bKash's brand is well-known across the country.</li><li>• bKash is backed by Alipay, IFC, SoftBank Group Corporation, and the</li></ul>	<ul style="list-style-type: none"><li>• bKash charges a larger transaction fee than other money transfer service providers.</li><li>• As a result of its massive client base, bKash currently employs a diverse array of agencies. The fact that it is unable to offer enhanced security measures for field agents is a drawback.</li><li>• IT system administration is rather inefficient.</li><li>• The monthly net transaction amount is restricted.</li></ul>

<p>Bill &amp; Melinda Gates Foundation, bolstering its consumer reputation.</p> <ul style="list-style-type: none"> <li>• bKash has established merchant relationships with a number of supermarkets and suppliers, and has also entered the RMG industry as a payroll service provider.</li> </ul>	
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• As bKash caters to those who cannot afford or get banking services, it has a sizable client base.</li> <li>• If they cooperate and conduct transactions via bKash, the expansion of online shopping might be a major market for bKash.</li> <li>• Due to the fact that international businesses collaborate with bKash, international transactions may be conducted.</li> <li>• Since MFS is a relatively young business in Bangladesh, bKash has the opportunity to experiment with new services.</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>• As an MFS supplier with a diverse client base, bKash is constantly faced with the possibility of money laundering via its services.</li> <li>• While new entrants such as government agencies such as NAGAD and established MFS such as Rocket provide almost identical services, they might operate as rivals and threats.</li> <li>• Since other service providers provide comparable offerings, bKash must innovate or risk losing market share.</li> </ul>

**Marketing Mix (4p's)**

**Product:** bKash's product approach has always been inventive and unconventional. When developing a financial product, the primary emphasis is on safety, convenience, and affordability, while also offering a diverse choice of goods with relevant and memorable names that make life simpler for clients at every stage.

**Price:** When labor involves money, pricing becomes even more critical, which is why bKash charges extremely intelligently, with no fee for "CASH IN," but 0.9250BDT every 50tk for "CASH OUT." Transactions between 15,000bdt and 25,000bdt are charged at a reduced rate of 5Tk, while transactions beyond that amount are charged at a discounted rate of 10Tk. Except for numbers that are arranged according to their popularity. (bKash, 2017)

**Place:** With around 80,000 agents, 17 bKash locations, and uncountable care locations across the nation, bKash is attempting to deliver on its promise of ease. bKash aims to be accessible to everyone, wherever in the nation, since this is what propels the company ahead, and this is why the organization strives to be as accessible as possible.

**Promotion:** bKash places a high premium on this industry as well. bKash was a pioneer, but solely in terms of branding and marketing initiatives.

They advertise not only on the surface, but also under the surface.

- Regularly scheduled commercials on national television and radio. Certain advertisings are educational, while others are promotional and campaign-related.
- Billboards and digital advertisements promoting campaigns or events
- Newspapers and magazines, which may reach a higher proportion of the population at a lesser cost.
- Business partners are almost all companies operating in Bangladesh that accept bKash as a payment method. As a result, they are able to market their products and services via their business partners and incorporate their partners' promotional efforts into their own.



**Organizational chart of the company:**

Company Organogram of bKash Limited –

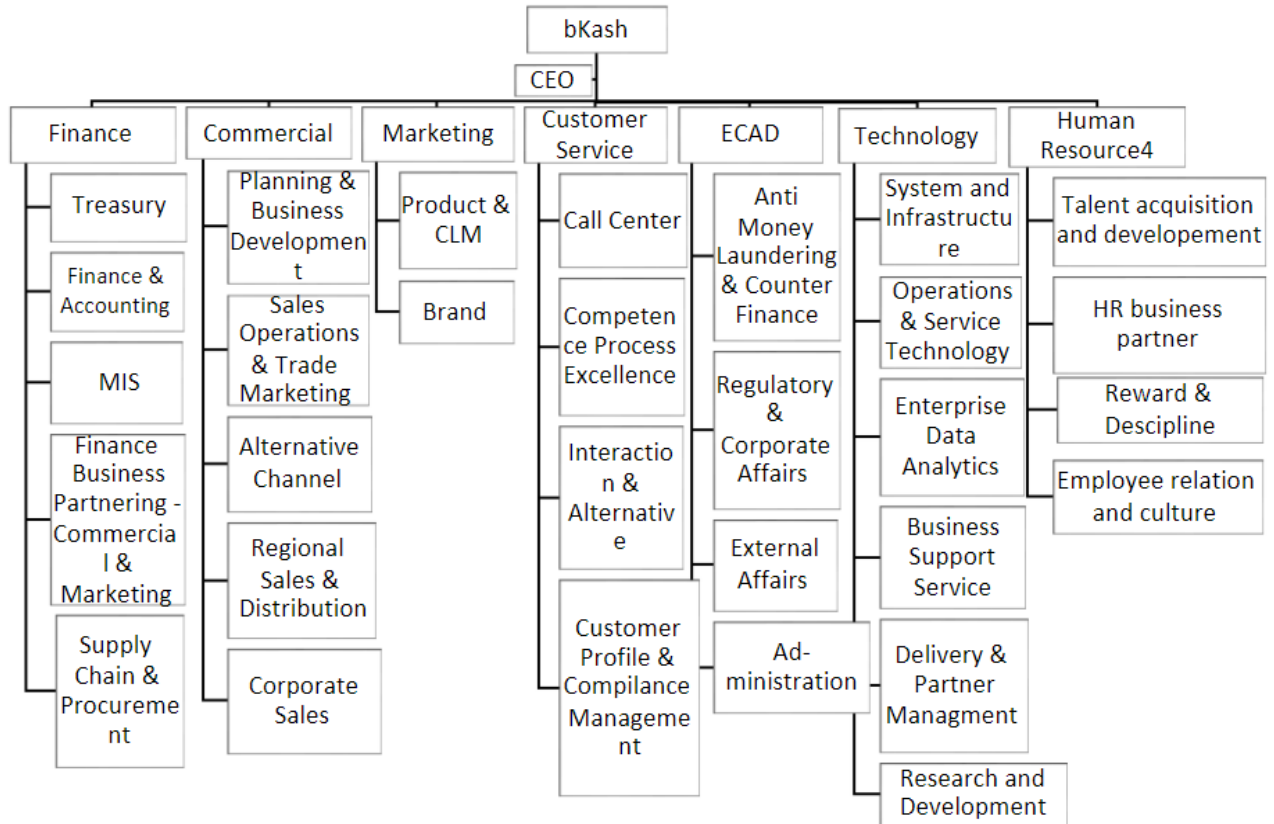


Figure 4: Organogram

bKash is local company were all the branches of the company operates in native country but it receives remittances through some enlisted agencies & western union.



## Chapter 3: Industry Analysis



One of the country's long-term socioeconomic development goals is Vision 2021, transforming into Digital Bangladesh, and as part of that endeavor, Mobile Financial Services (MFS) are the most significant and quickly developing embodiment of Financial Technology. Currently MFS is delivering advanced-level financial services that combine conventional banking with cellular communications technology to provide rapid and secure money transaction processes to both banked and unbanked populations at affordable prices. Apart from low cost and secure quality of the transaction, mobile connectivity and internet penetration has played an important role in the MFS sector's optimistic expansion since its inception and the tech-savvy population has widely adopted it. Thus, MFS is transforming the typical and usual monetary transaction mechanism in a very brief length of time.

### **Current Situation of Mobile Financial Services**

Because of the major determinants of economic inclusion, MFS are rapidly emerging and aiding in the transformation of Bangladesh's economy to one based on digital technology. MFS gains traction as online transactions become increasingly vital in the present COVID-19 outbreak environment. Currently, 15 banks in the nation provide MFS through a network of over 1 million agents. By July 2020, MFS had a registered user base of 925.73 million, with 426.78 million active users. (as long as the transaction occurs within three months). In that month, these accounts processed a total of TK 62,999.42 crore in transactions. Concurrent to the rise of digital transaction, the e-commerce sector has outperformed all predictions. By enabling a convenient & efficient digital wallet via MFS platform and internet penetration, retail e-commerce has been expanding with the rate of 72% per month according to January 2020 with the estimation to reach 25,500 crores by 2023. MFS services have grown to be the most important mechanism of dispensing government subsidies and incentives. For instance, the government's move to disburse the fund through MFS as part of its social safety net initiatives would promote speedier implementation and accountability, as well as integrate more unbanked individuals into the official monetary system. For facilitating government policy of cashless benefit transfer, MFS industry is contributing a prominent role. The Primary Education Stipend Program is now undergoing one of the most substantial initiatives. Through MFS, 13 million primary-level students get government stipends worth a total of Tk 4,000 crore. With a cooperation between Standard Chartered Bank, bKash of Bangladesh, and Valyou of Malaysia, Bangladesh has just registered its first block chain-based

immediate cross-border remittance service. Inward remittance through MFS has surged 3,569 percent in the previous four years. Even during the epic surge of pandemic, Bangladesh received large number of remittances via banks & MFS which vastly contributed to the country economy. Digital Bill payment via MFS has now become a regular practice since Covid which rose to TK. 1,323 crore in August, 2021 from Tk 225.49 crore in September 2016 thus supporting the country to promote revenue collection.

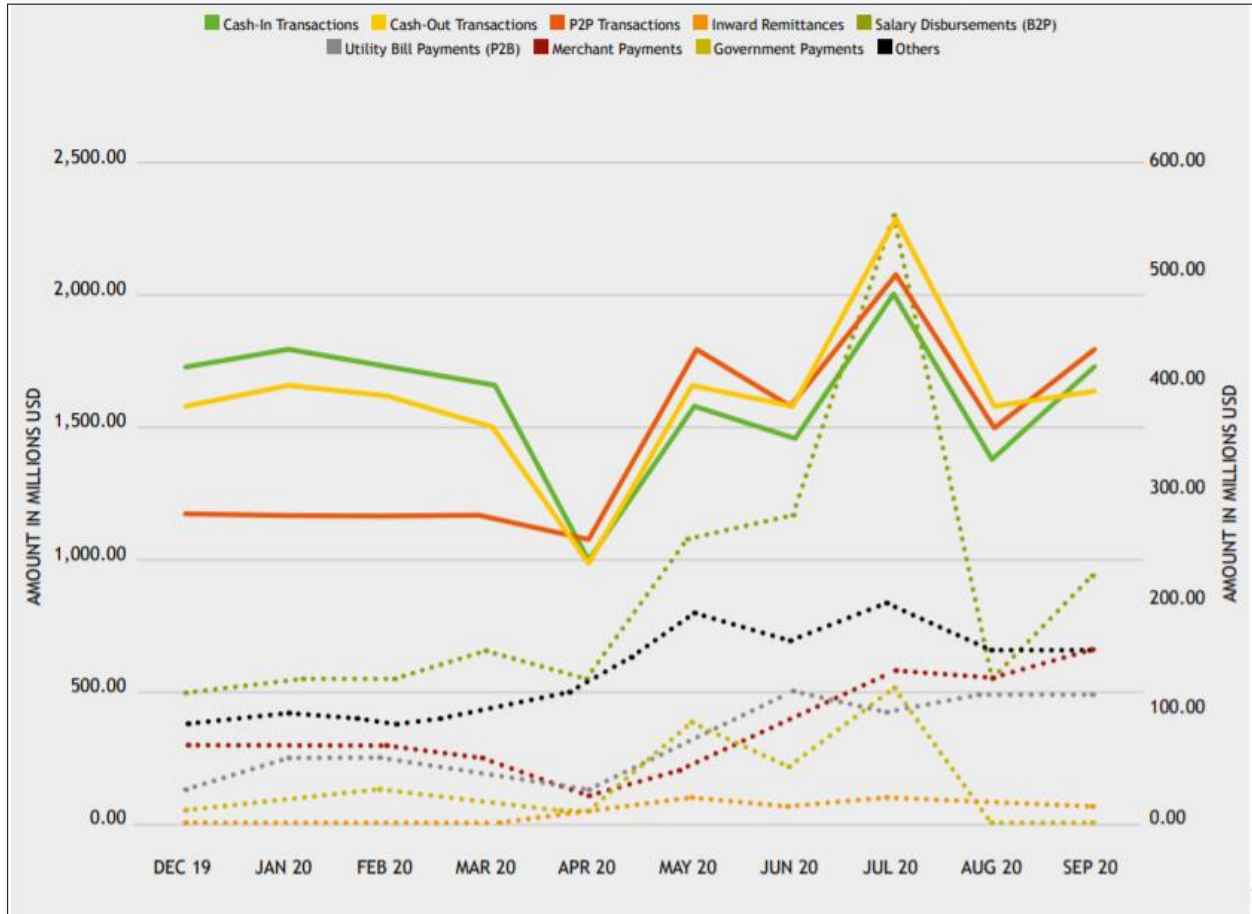


Figure 5: MFS usage during Covid-19 in Bangladesh

City Bank and bKash have launched a trial program for digital financing which enabled borrowers to acquire a loan without undergoing an entire physical process. Financial institutions are now using MFS to collect loan and deposit pension scheme installments. Thus, by shifting the focus to automated money exchange system, will not only speed up and simplify consumer payment experiences, but also make a meaningful impact on the lifestyles of disadvantaged people, micro

and students and small and medium-sized businesses, as well as individuals, can benefit from our services.

According to industry analysts, a cashless economy is essential for ongoing economic progress, and having access to electronic monetary facilities to enhance digital financial inclusion would assist drive economic advancement. Several standards must be met in order to confirm the quality and diversity of MFS goods: (i) development of innovative MFS products; (ii) a competitive ecosystem facilitating easy entry into the market; and(iii) top quality, value for money services (Mujeri and Azam,2017)

## **Regulatory & Legislative surveillance in MFS industry**

In keeping with the need of a seamless and easily approachable financial solution for the population below poverty line, the central bank of Bangladesh issued the regulatory guidelines for entire MFS industry on 22 September 2011 & later updated in December of the same year. The final issued regulation in compliance with Section 7A(e) and Section 82 of the Bangladesh Bank Order 1972 and Section 26 (cha) of the Bank Companies Act 1991 was titled “Guidelines on Mobile Financial Services (MFS) for the Banks”. Following the guidelines, An MFS provider can operate as a bank unit or a bank subsidiary if a single bank owns at least 51% of the partnership. The ultimate purpose of establishing those regulations.

- i. Creating a regulatory framework that enables the supply of cost-effective and concurrent MFS in an appropriate and dynamic environment;
- ii. Encourage economical exposure to conventional financial services, specifically for the impoverished and unbanked parts of the population;
- iii. Remain compliant with AML/CFT standards outlined in the Bangladesh Financial Intelligence Unit's AML/CFT rules, legislation, and recommendations.

Bangladesh MFS Regulation 2018 and BFIU Circular 20 are the two primary laws/guidelines that regulate the MFS industry's regulatory requirements and guarantee that all registered MFS providers adhere to applicable rules and regulations. BFIU Circular 20 provides recommendations to MFS enterprises on how to comply with AMF&CFT regulations, KYC procedures, and data security in order to provide a safe transactional platform that satisfies the needs of their customers and other relevant stakeholders. To prevent and manage AML&CFT risks, MFS firms must hire

compliance officers, maintain vigilance and alertness when servicing clients, report any suspicious activity (STR/SAR reports), and monitor agents and distributors within MFS organizations' compliance boundaries. Under the Guidelines, a customer's MFS account will be referred to as a "Mobile Account," and it will be held by his bank. It will also be categorized as a non-chequing account rather than a regular banking account. Bangladesh Bank has set transaction boundaries for the MFS business in accordance with the 'Risk Based Approach.

Since MFS accountholders are mostly from the bottom of the economic pyramid, it is critical to maintain the protection and reliability of their assets in whatever transaction they undertake. As a result, understanding the significance of compliance, mitigating the penalties associated with non-compliance, and putting forth the greatest effort in creating a high level of safety regulations by all MFS providers is the only way to ensure the MFS's continued growth.

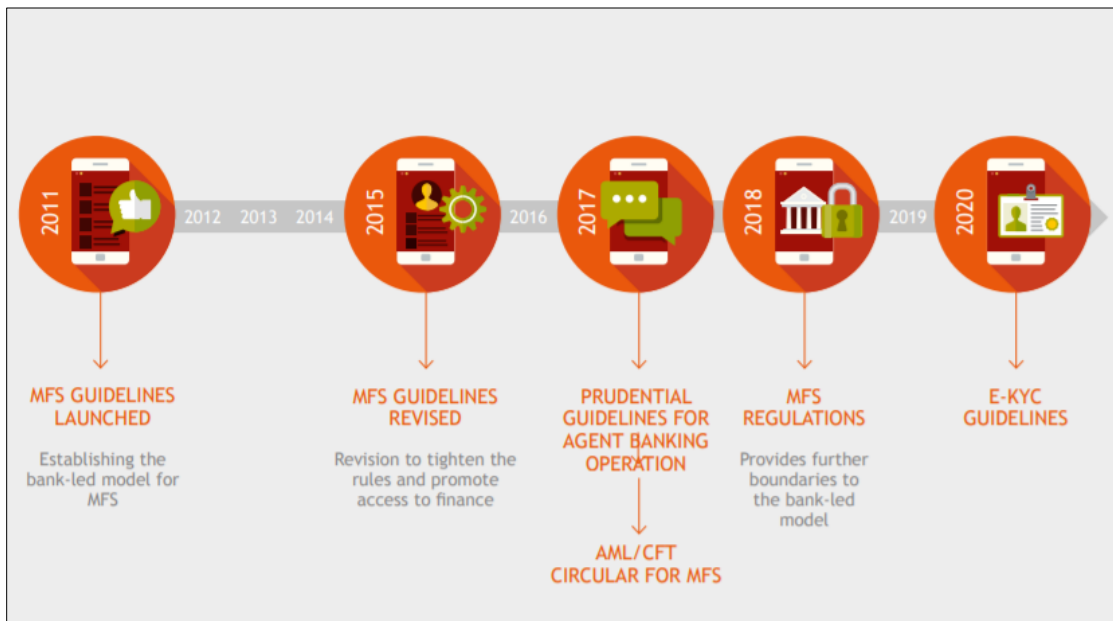


Figure 6: Regulatory Timeline for MFS in Bangladesh

## Industry Size & Growth Trends

### Market Analysis:

Financial inclusion through a financial institution (traditional banks, credit unions, cooperatives, or micro finance organizations) is restricted in a number of low-income countries owing to infrastructure constraints or the financial institution's cost of service, especially in remote rural areas. Low-cost financial inclusion can be attained through Mobile Financial Services which provides a chance to create a new route outside of the bank branch and ATM network, allowing millions of people to get quicker access to the official banking system, thanks to the Digital revolution and fast use of mobile telephone services.

During the early stages of the MFS market's growth, new providers concentrated on stabilizing their technology, expanding their agent networks, and acquiring new clients. This entails a complex, sequential series of operations, including the following: (1) recruiting and training agents, (2) marketing to increase awareness of the service, (3) acquiring clients through know-your-customer (KYC) and account opening processes, and (4) assisting new customers with their first transactions. Earlier in 2011, Bangladesh Bank's ad hoc permits were updated with a set of rules that provided the regulatory certainty needed to support market growth. The debut of the three major MFS in 2011 and early 2012, just as the Bangladesh Bank's rules were being completed and made public, represented a significant major shift in Bangladesh's MFS. BRAC Bank/bKash and DBBL, which have the highest number of registered clients and agents, had the quickest early expansion by the end of the first quarter of 2012. Both of these companies have signed up three and four MNO partners, respectively.



Figure 7: Mobile Finance Service Providers in Bangladesh

Serial No.	Name of the Mobile Financial Service (MFS)	Name of Bank Providing MFS
1	Bkash	Brac Bank Limited
2	Rocket	Dutch Bangla Bank limited
3	mCash	Islami Bank Bangladesh Limited
4	MY Cash	Merchantile Bank Limited
5	T cash	Trust Bank Limited
6	FirstPay Sure Cash	First Security Islami Bank Limited
7	U Cash	United Commercial bank Limited
8	OK wallet	One bank Limited
9	Sure cash	Rupali bank limited
10	TeleCash	Southeast Bank Limited
11	BCB Sure Cash	Bangladesh Commerce Bank Limited
12	Jamuna Bank Sure Cash	Jamuna Bank Limited
13	Islamic Wallet	Al-Arafah Islami Bank Limited
14	Spot Cash	Standard Bank Limited
15	Tap' n Pay	Meghna Bank Limited
16	Sonali e wallet	Sonali Bank Limited
17	Hello	Bank Asia Limited
18	Nagad	Bangladesh Post Office

The early leaders in the market include BRAC Bank/bKash and Dutch Bangla Bank. Dutch Bangla and BRAC Bank/bKash both started operations in 2011 and have subsequently grown their agent networks to almost every district. They developed these early agent networks with the assistance of non-governmental organizations (NGOs) and other third-party distribution firms. Both firms have established hundreds of thousands of mobile accounts, and their transaction volumes have been much greater than those of competitors since their introduction. DBBL and BRAC Bank/bKash both depend heavily on MNO contracts to access USSD channels.

Figure 8: Mobile Phone Operators & Subscribers in Bangladesh

Serial Number	Name of Operator	Number of Subscribers (in millions)
1	Grameen Phone Limited	80.75
2	Robi Axiata Limited	51.94
3	Banglalink Digital Communications Limited	36.25
4	Teletalk Bangladesh Limited	5.69
	Total	174.63

Banks have access to MNOs' USSD channels, and additional such contracts are being actively developed. Due to a number of circumstances, these talks are challenging. One is that, given the obvious choice in favor of a bank-led market, banks appear to enjoy a regulatory edge. On the other hand, banks want MNOs to be providers of wireless connectivity rather than joint venture partners. MNOs think they can provide more services in addition to wireless connection. They say they give distribution leverage, an understanding of mass market consumer behavior, and management capabilities to firms with millions of clients. On the other side, MNOs may be unfamiliar with regulatory issues or the bank's business model.

*Figure 9: Number of internet subscribers*

<b>Serial Number</b>	<b>Name of Operator</b>	<b>Internet Subscribers (in million)</b>
1	Mobile Internet	106.33
2	ISP + PSTN	9.81
	Total	116.14

Figure 10: Mobile Financial Service (MFS) comparative summary statement of November, 2021 and December, 2021

Serial no.	Description	Amount in November, 2021	Amount in December, 2021	% Change (November, 2021 to December, 2021)
1	No. of Banks currently providing the Services	13	13	
2	No. of agents	1106509	1123113	1.5%
3	No. of registered clients in Lac	1096.27	1114.67	1.7%
4	No. of active accounts in Lac*	400.64	410.96	2.6%
5	No. of total transaction	323621856.00	340897398.00	5.3%
6	Total transaction in taka(in crore BDT)	67958.96	71173.09	4.7%
7	No. of daily average transaction	10787395.00	10996690.00	1.9%
8	Average daily transaction (in crore BDT)	2265.30	2295.91	1.4%
9	<b>Inward Remittance</b>	<b>Amount (in crore BDT)</b>	<b>Amount (in crore BDT)</b>	
a	Inward Remittance	196.21	214.24	9.2%
b	Cash In transaction	21207.66	22455.10	5.9%
c	Cash Out Transaction	18043.89	18772.74	4%
d	P2P transaction	19249.63	20183.69	4.9%
e	Salary Disbursement (B2P)	2488.35	2487.33	-0%
f	Utility Bill Payment (P2B)	1250.46	1157.87	-7.4%
g	Merchant Payment	3042.9	3453.39	13.5%
h	Government Payment	316.68	113.96	-64%
i	Others	2163.18	2334.77	7.9%

From the table, we can see that the number registered clients and active accounts have increased by a huge margin, the reason behind that is, Following the Covid epidemic, MFS operators, particularly "bKash," which has the largest market share, have integrated a wide range of utility service providers into their network in order to increase their business. People's quick use of technology has led to the payment of energy, gas, water, internet, telephone, and credit card bills,

as well as payments for cable or DTH, education institutions, and government taxes, all with a single click. The introduction of a loan product for bKash consumers has given the MFS ecosystem a new dimension. Another factor for the high cash-in was the ease with which clients may add money to their MFS accounts or deposit money from various bank accounts.

Bangladesh has a modest degree of financial inclusion by international standards, according to Global Findex 2014. While more current statistics, especially in light of recent development in MFS, may show better results, there is still a lot of room for improvement in terms of financial inclusion.

*Table 2: Bangladesh Progress with Financial Inclusion in International Comparison, 2014*

<b>Countries/Regions</b>	<b>Percent of adults with financial account</b>	<b>Percent women with financial accounts</b>	<b>Adults in poorest 40% of households (%)</b>
Bangladesh	31	26	23
India	53	43	44
Nepal	34	31	24
Pakistan	13	5	11
Sri Lanka	83	83	80
South Asia	46	37	38
East Asia	69	67	61
High Income	94	94	91
World	62	58	54

Different expectations of the entire size of the MFS industry and the timescale to achieve an acceptable ROI add to the difficulty of forming partnerships. Some companies are aiming for a few hundred thousand users, while others view tens of millions of people as a potential market. Certain market players wish to see a positive return on investment within the next 1-2 years. Others feel that the micropayments sector must be exceedingly vast in order to thrive, and that it may take up to five years to mature. The process of negotiating a partnership is complicated by differing market volume and timescale forecasts.

### **Market Structure of Mobile Financial Services:**

MFS is delivered through two service platforms: (1) the electronic money platform, which connects senders and receivers; and (2) the agent platform, which enables users to physically deposit or withdraw money from mobile money accounts (also known as the cash-in/cash-out or CICO platform). Three parties are involved in this distribution system: senders, receivers, and agents. Additionally, it requires the deployment of pertinent equipment, such a mobile phone, mobile phone connection, and a data link (typically, the Unstructured Supplementary Service Data or USSD facility).

### **Demand Side of MFS:**

MFS is mostly used by unbanked low-income persons who live in rural and remote areas and need easy access to agents and the opportunity to perform low-cost financial transactions through their mobile phone. As a consequence, regulatory requirements for mobile accounts must be straightforward, while transaction expenses must be kept to a minimum. Again, during covid period retail e-commerce has been rising sharply and the frequency of digital transaction for payment is also increasing rapidly. So, the regulatory restrictions regarding KYC fill up and submission of proper documents during registration and closing down accounts which even have the slightest potential to get involved in criminal and fraudulent activities must be maintained strictly.

### **Supply Side of MFS:**

Given the market structure, a typical MFS service provider must maintain a widespread network of agents across the country, especially in rural areas, to offer accessible access. To attract mobile money account customers, it must also have a very cheap transaction fee. The platform will need a significant outlay of funds. The size of transactions must be high enough to justify the expenditure in order to reconcile this with low transaction unit costs. According to economists, the MFS market is typified by a decreasing cost curve and an elastomeric demand curve at very low unit service rates. Justify the spending by demonstrating why it is necessary to maintain low transaction unit costs. According to economists, the MFS market is typified by a decreasing cost curve and an elastomeric demand curve at very low unit service rates.

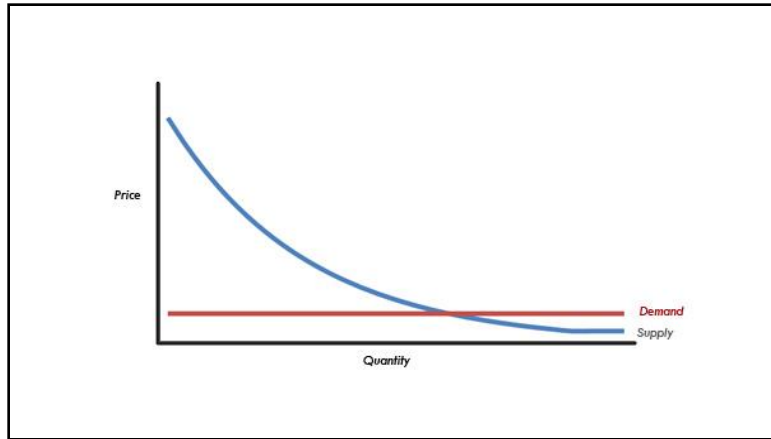


Figure 11: The Economics of Mobile Financial Services

### Demand and Supply Coordination:

The ease of doing business, as expressed in the MFS Regulatory Requirements, is a vital connection between demand and supply coordination. The lower the transaction costs, the better the incentives for service providers to spend, and the simpler and less restrictive the entry/exit criteria are. Similarly, the lower the transaction costs, the simpler and easier the registration procedures are for clients and agents. Again, safer and secured transaction will ensure increased frequency of usage of current customer and encourage and ensure reliance of other population to get into the Digital transaction ecosystem.

### Rapid Growth Trend of Mobile Financial Services in Bangladesh

The recent growth in mobile banking accounts and transactions, notably since mid-2021, has boosted financial inclusion in Bangladesh significantly. All three indices of MFS development

reflected this progress: a quick increase in the number of agents, an increase in the number of mobile money accounts, and an increase in monthly mobile money transactions. The rate of

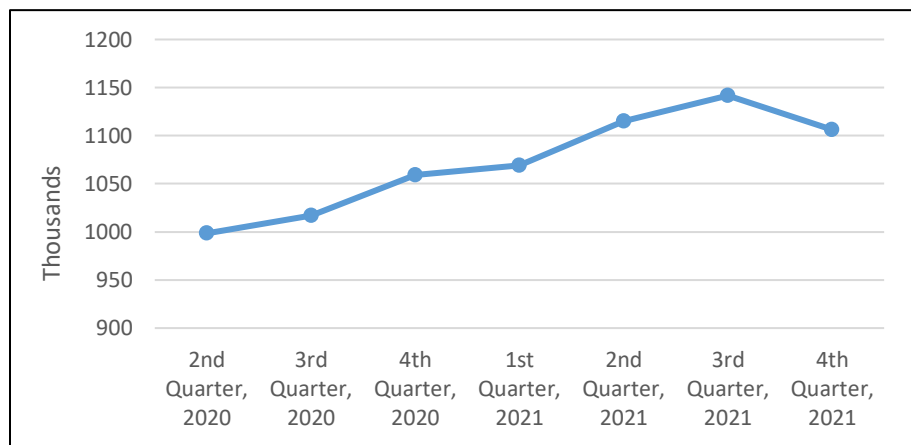


Figure 12: Gross Number of Agents

increase in gross monthly transactions is simply remarkable.

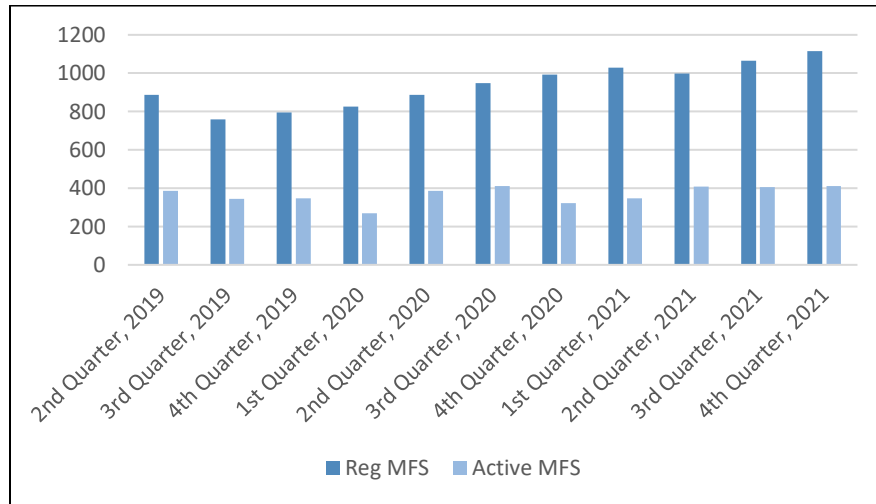


Figure 13: Growth of Mobile Money Accounts (Lac)

From above chart, we can see an inconsistent and unsteady rise of registered clients and active accounts as government announced strict regulations regarding KYC fill up and submission of proper documents during registration and is closing down accounts which even have the slightest potential to get involved in criminal and fraudulent activities.

There are two key cautions to be aware of: To begin, the data on the number of agents is collected from an aggregate of MFS providers' reported agents. These agents aren't always associated with the reporting MFS provider. It is extremely usual for an agency to deal with a number of different businesses (at least 2). A second important caution is that the transaction volume includes both registered and over-the-counter (OTC) transactions.

The Bangladesh Bank is correct in discouraging OTC transactions, since the danger of money laundering, illicit money transfers, and other issues may be quite significant. Moving forward, converting OTCs to mobile account-based money transactions will be a huge problem.

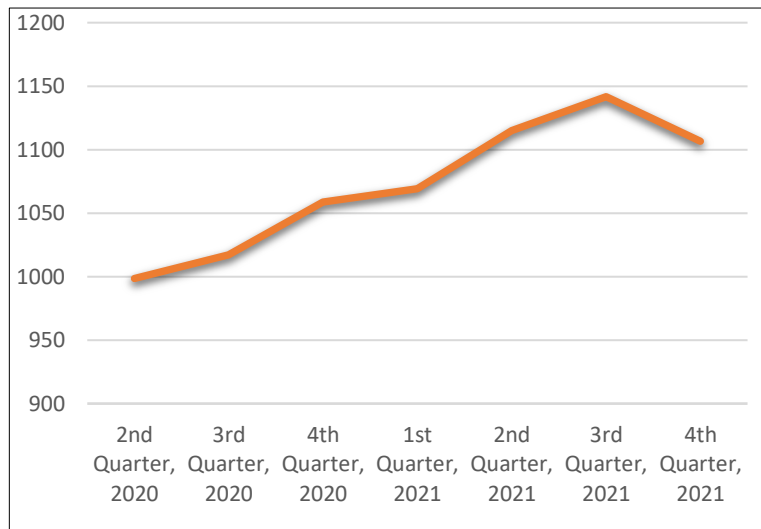


Figure 14: Gross Monthly Transactions (TK. Crore)



## **Maturity of the MFS Industry**

A new service can only be successful in a payment eco system if there is substantial demand for it. Invention, on the other hand, is the result of necessity. In a nation like Bangladesh, where financial literacy is extremely poor and a large portion of the population is not part of the official banking system, Mobile Financial Services are essential for currency mobility. As a result, MFS was implemented as part of Bangladesh Bank's Financial Inclusion Program. According to data from, The Financial Express for January 2020, MFS has been a key part in bringing 48 percent of the adult population under the official financial services umbrella, up from only 20 percent in 2013. Furthermore, on a daily basis, roughly BDT 10 billion is exchanged through this platform. Eighteen banks and one subsidiary have been approved to provide MFS as of June 2018, with fifteen being in functioning. Only bank led MFS providers are permitted by the Bangladesh Bank, which is a model in which a bank may manage the MFS as a product of the bank or construct an MFS supplying subsidiary with at least 51 percent of the shares owned by the bank and board control. Though telco-led models are more effective throughout the world because telecom businesses have availability to larger information and previously constructed infrastructure, most governments favor bank-led models for regulatory reasons.

Trust Bank was the first MFS to receive a license; however, Rocket, a subsidiary of Dutch Bangla Bank, beat them to the punch and launched the first MFS service in Bangladesh, followed by Brac Bank's bKash, giving them all First Mover Advantage. Nagad, on the other hand, was founded towards the close of the past decade and has a mature market as a trade-off. The earliest MFS firms had to create that environment as well as instruct users on mobile banking. As a result, a significant amount of time, money, and resources were spent on acquiring and retaining customers.

Furthermore, mobile internet penetration was minimal when MFS providers initially started their operations. The country's e-Commerce sector was in its early stages, and the digital payment environment was not yet ready. The MFS business has a mature market and ecosystem in the 2018-2019 fiscal year, allowing suppliers to benefit from speedier client acquisition and varied innovative product debuts, among other things.

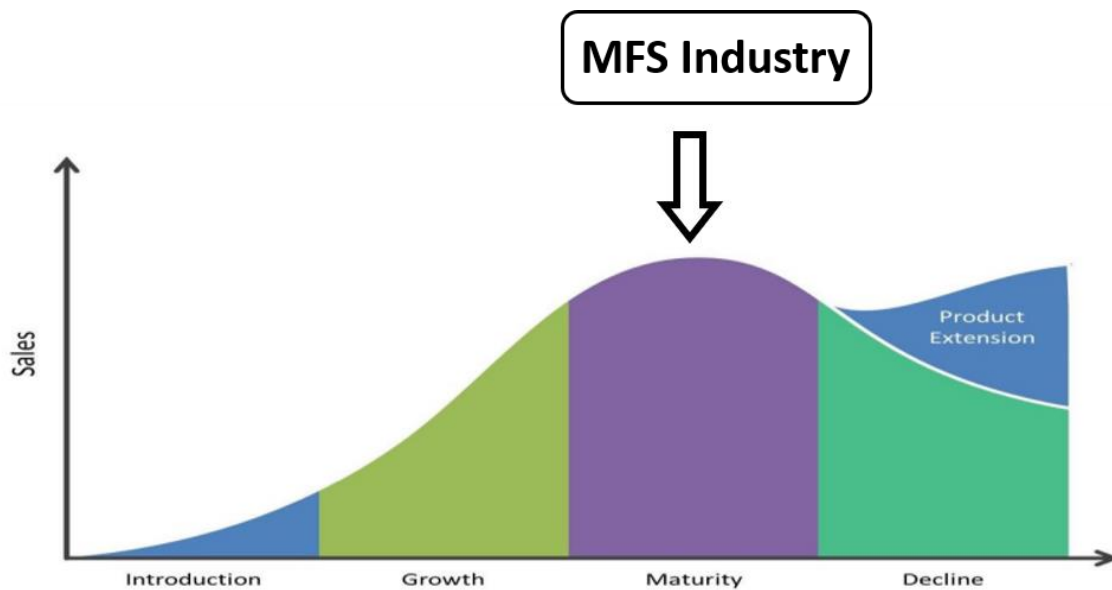


Figure 15: Stage at the Life cycle of MFS Industry in Bangladesh

**Pricing:**

While most of the services offered by MFS providers are identical, certain providers have adopted a different pricing policy to obtain competitive edge. Presently, there is no charge to establish a mobile account with any of these providers.

Five of the nine companies provide free cash-in at an agency or bank branch; those that do impose fees vary from 0.5 to 1%. Cash-out costs range from 0.8 percent to 1.85 percent of the entire amount at agency points. Two of those who provide cash-out at their ATMs do so for free, while the other two charge a fee, and pricing techniques for cashing out at bank branches range from free to a fixed price to a percentage charge.

In contrast to other countries where P2P exchange rates depend entirely on transaction amount, all of the providers examined in Bangladesh impose a flat price ranging from BDT 3 to BDT 5 (approximately to US\$0.03-0.06). In Kenya, each P2P transfer over roughly US\$1 conducted on M-PESA which the world's most powerful MFS deployment to date, has a floor rate of around US\$0.11 and can rise up as high as US\$1.17 for bigger transactions.

Across the providers mentioned, bill and merchant payments are complimentary to the client, while the collection settlement cost paid by businesses obtaining these transactions ranges from 0.25 percent to 2 percent. A majority of providers are now granting free disbursements for business to

person (B2P) payments, opposed to bKash's typical price of 0.5 percent, in an effort to counter balance bKash's dominance in the P2P market and win corporate customers. The table on the next page compares the costs of the primary services offered by the nine MFS providers for which data was available.

CORPORATE ACCOUNT PRICING									
Type of Service	bKash	DBBL MB	mCash	UCash	MYCash	SureCash	TBMM	OK Banking	IFIC MB
Opening Corporate MM Account	Free	Free	Free	Free	Free	Free	Free	Free	Free
Bank Account Requirement	N/A	N/A	N/A	Must have United Commercial Bank account	Must have Mercantile Bank Ltd. Account	Must have account with SureCash partner bank	Must have Trust Bank Ltd account	N/A	N/A
Bulk Disbursement / Business to Person (B2P) payments	0.5% <sup>i</sup>	Free	Free	Free	Free	1% <sup>i</sup>	Negotiable	0.5% <sup>i</sup>	Free
Collection <sup>ii</sup>	1.50% <sup>i</sup>	1.00% <sup>ii</sup>	1.30% <sup>ii</sup>	0.35% - 0.80% <sup>ii</sup>	0.25% <sup>ii</sup>	1.00% <sup>i</sup>	0.50% <sup>i</sup>	1.50% <sup>i</sup>	1.30% - 1.80% <sup>ii</sup>
Merchant Settlement Costs <sup>iv</sup>	1.30% - 1.80%	1.00%	1.50%	1.00% - 2.00%	1.50%	1.00% - 2.00%	1.00%	-	1.35% - 1.80%
Corporate Account Statement	Free	Free	Free	Free	Free	Free	Free	Free	Free

Figure 16: Comparison of Corporate Account Prices between MFS Providers

INDIVIDUAL ACCOUNT PRICING									
Type of Service	bKash	DBBL MB	mCash	UCash	MYCash	SureCash	TBMM	OK Banking	IFIC MB
Opening Account	Free	Free	Free	Free	Free	Free	Free	Free	Free
Minimum Deposit / Other Limitations	N/A	Minimum balance of BDT 20 required	N/A	N/A	N/A	Needs to open account through any partner bank	Introduction by a TBMM accountholder required	GP or Robi SIM required	N/A
Cash In <sup>i</sup>	Free	Cash-in free: Free ATM free: 0.9% BDT 10 from bank branch (only for ATM free account)	From bank and agent point: Free	Free	Free	Free	0.5% or BDT 5 (whichever is higher)	Free	Free
Cash Out from Agent <sup>i</sup>	1.85%	Cash-in free: 1.80% ATM free: 0.9%	General & Salaries: 1.80%	1.00%	General: 1.85% Salaries: 0.925% <sup>ii</sup>	1.80% or BDT 5 (whichever is higher)	1.00% or BDT 5 (whichever is higher)	1.00%	1.85% or BDT 3 (whichever is higher)
Cash Out from Bank <sup>i</sup>	N/A	Cash-in free: 0.9% ATM free: BDT 10 per transaction	General: 1.80% or BDT 5 (whichever is higher) Salaries: 0.30% or BDT 5 (whichever is higher)	N/A	0.925%	N/A	Free	N/A	1.80% or BDT 3 (whichever is higher)
Cash Out from ATM <sup>i</sup>	2%	Cash-in free: 0.9% ATM free: Free	General: 1.00% or BDT 5 (whichever is higher) Salaries: Free	N/A	General: 2.00% Salaries: Free	N/A	N/A	N/A	N/A
Person to Person (P2P) payments per transaction	BDT 5	0.9% between different product/free between same product	BDT 4	BDT 5	BDT 5	BDT 4	BDT 5	BDT 5	BDT 4
Individual Account Statement	Free	BDT 3 per statement	Free	N/A	Free with exception of GP customers who pay BDT 2	Free	Free	N/A	N/A
Mobile Top Up	Free	Free	Free	N/A	Free	Free	Free	Free (service available with GP only)	N/A
Merchant Payment	Free	Free	Free	Free	Free	Free	Free	Free	Free

Figure 17: Comparison of Individual Account Prices between MFS Providers

## Product Offerings & Diversification of Mobile Financial Services:

Although MFS was previously perceived as a cash transfer service by users in Bangladesh, this is changing. Most providers' airtime tops up looks to be increasing popularity due of the convenience it provides at no extra cost. Other sorts of services, including as utility bill payment, salary payment, payment collection, merchant payment, and savings schemes, are also available on the market, albeit they appear to be less popular right now. Other businesses, such as banks, microfinance institutions, NGOs, and insurance companies, utilize the MFS platform to deliver financial products such as loan disbursement and collections, deposit instalment payment, and insurance premium payment. The Dhaka Stock Exchange (DSE) is also considering establishing beneficiary owner (BO) accounts for those who have mobile financial services (MFS) accounts but no conventional bank accounts in order to boost capital investments and the number of investors in the country's stock & security marketplaces. Despite their low adoption, there was a lot of interest in these services within that group. Many of the service providers are also striving to connect their mobile accounts to other financial services that they and other banks provide. Standard Chartered Bangladesh, for example, stated in March 2015 that its business clients will be able to transmit payments to bKash accounts using their Straight2Bank electronic platform. As MFS is a mature sector in Bangladesh at the time of publication, it will be interesting to see how it develops in the future months.

Since around November 2015, money transfers accounted for 96 percent of all transactions, with 79 percent being cash in/cash out transactions and 17 percent being people to people (P2P) transactions (Figure 7). Other offerings include 0.9 percent private wage payments, 0.7 percent utility payments, and more (2.4 percent). Inward FE was also indicated by a small volume (0.03 percent). There are currently no government-to-person (G2P) transactions.

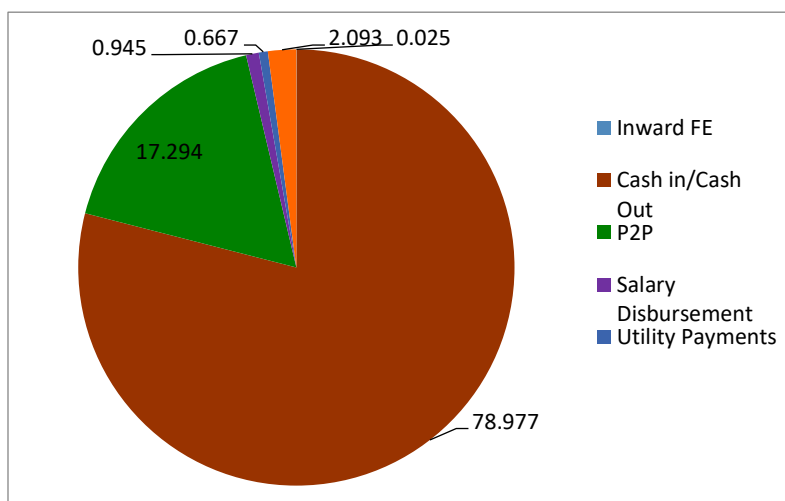


Figure 18: Product Composition (%) of MFS providers

## Service Providers and Competition

Despite the fact that the Bangladesh Bank has authorized 18 banks to provide MFS, only 15 institutions are actively doing so. bKash Ltd is a trailblazer and market leader in this field. However, Rocket, SureCash, and Nagad are also major participants in the industry. Through low-cost and simple access to USSD, the enabling environment created by BB was especially beneficial to the emergence of non-MNO led service providers. As a result, MFS service provision is now monopolized by two vendors. First, BRAC/BKASH is by far the largest supplier, accounting for over 75% of all transactions. Nagad is run by the government's postal department, which is independent of Bangladesh Bank's regulatory authority. The Dutch Bangla Bank and Nagad are the second and third most prominent participants, having almost the same proportion, contributing for 10 to 12 percent of all current transactions, respectively. BRAC/market BKASH's supremacy is due in part to the dynamism displayed by BKASH, which operates the MFS as a BRAC subsidiary. However, it also highlights the underlying market structure for MFS as well as the regulatory environment that governs the industry. Despite its regulatory edge, Nagad, a state-owned market player, is not performing effectively. According to bKash's official website, the company has a network of over 200,000 agents spread over Bangladesh's urban and rural areas, with over 50 million registered accounts. As a result, eliminating monopolistic company is a big problem for Bangladesh's mobile banking service legislation.

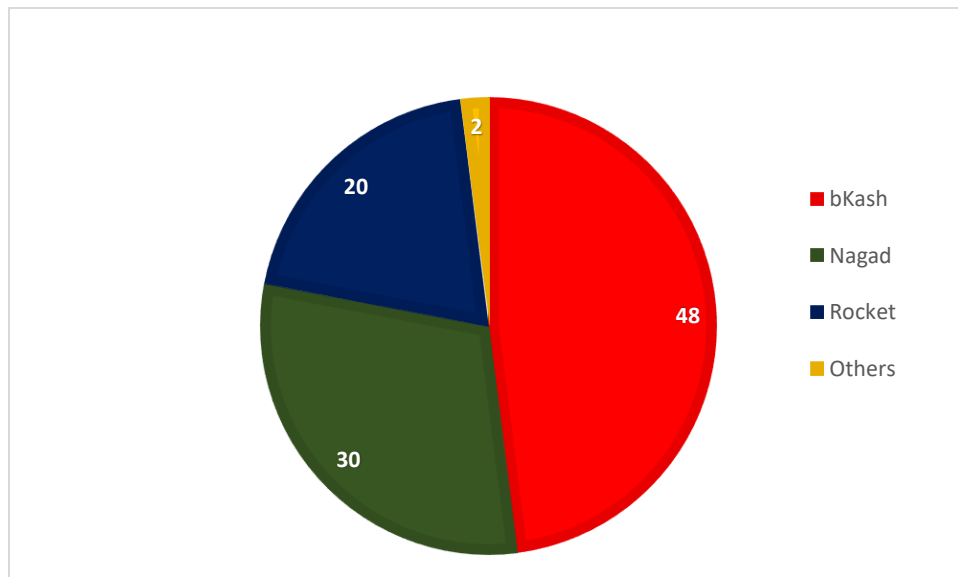


Figure 19: Market Share of Mobile Financial Services Providers (%)

## **Mobile Financial Services (MFSs) Quality in Bangladesh**

The quality of mobile financial services (MFSs) is a major issue for Bangladesh's financial sector regulators. In Bangladesh, there is no denying that the number of mobile phone users is steadily expanding. Yet, the most significant impediment to the MFS sector's growth is the low rate of mobile phone penetration. The reason for this is that metropolitan regions have more mobile phone penetration than rural ones. Furthermore, a large number of MFS agents may be seen in metropolitan regions, including in slums, which is not the case in rural areas. As a result, if the initial obstacle can be overcome, greater currency mobilization will be possible.

As traditional financial institutions like banks do not have as much reach and accessibility as economic and industrial development division has in the commercial and economic operation of the rural residents of Bangladesh. As a result, development institutions may and have played a role in financial intermediation through allocating appropriate microfinance loans through MFS.

MFS must cover more and more components of banking activity in order to widen and purview its perspective. Direct transactions between banks and MFS, for example, are now quite limited. In actuality, the list does not contain all the banking systems of Bangladesh which monetary exchange platforms must be put into concern.

### **Interoperability facilities:**

For cash-out mobile transactions, MFS providers charge clients 1.85%, which is the highest rate in the world. A pricing adjustment will need a concerted effort to reduce the transaction charge to half of what it is now. Besides, Interoperability is required before price structures may be restructured.

In Bangladesh, present mobile banking services do not provide interoperability. Interoperability might boost economic opportunities by allowing transactions to traverse borders between users, service providers, and national boundaries. Customers will be able to transfer operators like mobile carriers thanks to interoperability across MFS providers. Customers benefited from interbank ATM transactions because banks were able to cooperate. The governing agency may implement a "Regulatory Sandbox" to assess the effect, safety, and robustness of mobile financial services interoperability (Mujeri and Azam, 2018). As a result, there are clear opportunities to begin interoperability in order to meet social as well as sectoral and financial inclusion demands.

### **Consumer Protection & Safety:**

Fintech advancements necessitate both consumer and technological security. It is true that the amount of fraud instances in mobile banking is not very frightening. Consumer data protection, on the other hand, is a requirement for regulators and service providers. Illiterate individuals, often in rural and distant locations, require intensive consideration & assistance. Appropriate cyber security measures must be taken in this case to ensure that the mobile financial transaction service is safe for the user.

To enhance extra protection, a few carriers have added a check digit number, which is chosen by the client and submitted after the mobile number (mobile number + one check digit). The transaction will not be completed until the check digit number is entered. As a result, even if the PIN number is revealed, the mobile account is still protected.

The regulatory body may impose a time limit on operators' responses to client complaints. The raising of awareness campaign has the potential to improve user safety in the mobile financial transaction sector. Furthermore, regular program updates may improve the security for consumers of mobile financial transaction services.

Because the business is quickly expanding, guaranteeing the highest quality mobile financial services to clients is a major challenge.

### **External Environmental Factors and their Effect on the MFS Industry**

Mobile financial services do not require as much physical basis as traditional financial services, implying that the sector is less environmentally harmed. PESTLE analysis, which stands for "Political, Economic, Social, Technological, Legal, and Environmental" analysis, understanding the external problems and opportunities that occur as a consequence of macroeconomic changes and shifting dynamics might have an impact on the MFS industry's attractiveness. As a result, critical solutions for exploiting the MFS to gain a long-term competitive advantage are being created. Implementation of the strategy and establishment of a feedback mechanism that MFSs may apply to delicate procedures and tactics in the future.



### **Political Factors:**

The cost of conducting business, as well as long-term viability, is influenced by the political climate and other variables. The governing structure, democracy and institutions, military coup prospects, likelihood of armed conflict, law, and order in the market, and so on are all political elements.

### **Impact on Financial Technology Innovation for Emerging Markets:**

#### **Unrest within the Country & Chances of Civil Unrest-**

Internal political disagreements between political parties continue to exert pressure on the economy in Bangladesh, and slowing the expansion rate in each area of the Mobile Financial Services (MFS) industry will never be an exception. Despite the bad situation, political irregularities, civil instability, and internal militant activities have not hampered the mobile banking system.

#### **Government Regulations and Deregulations-**

The mobile financial system has made significant development as a result of the Bangladesh Bank and Government's proactive and contemporary attitude, aligning with the Bangladesh Government's objective of developing a "digital" with technical advances. Again, because the government follows all of the World Trade Organization's laws and regulations, consistency in decisions and implementation is assured.

#### **Segregation of Political Responsibilities between Different Government Agencies -**

There are several government agencies, which reduces the danger of one agency exerting undue pressure. However, it increases the time and expense of doing business as well as obtaining certificates and permissions.

#### **The transition of Government and Changes in Policy-**

From one cabinet to the next, policy is consistent. Second, governments of all stripes adhere to past administrations' accords. Strengthening democratic institutions to promote greater transparency and minimize corruption in the country is not difficult.

### **Role of Local Governments & Non-Government Organizations-**

Local governments wield considerable power in developing and enforcing policies and regulations, as enforcement agencies primarily report to local councils in their respective states on different laws. Furthermore, strong civic groups are crucial not just in legislation but also in shaping a societal narrative, therefore bridges must be developed to facilitate cooperation.

### **Economic Factors:**

Some of the economic parameters that MFSs should consider in order to reserve prospective appeal, either in the current market or in the market into which they intend to join, are the rate of inflation, Gross domestic product, disposable income level, and so on.

### **Performance of MFS during Covid surge:**

Bangladesh's economy, like that of the rest of the globe, is on the verge of collapse in 2020, with a population of 170 million people. The Bangladesh Bank is attempting to maintain economic control by expanding the money supply and lowering the Bank Reserve Ratio, but it is still unable to keep the economy steady. Surprisingly, this has resulted in a surge in MFS transactions. People are more likely to use digital payments than person-to-person payments. Despite Bangladesh's difficult economic situation, MFS companies like as bKash, Nagad, and Ucash are seeing an increase in client base. During the 2020 epidemic, bKash just set a new record by processing 4500 million transactions in one day. Thus, economic conditions in Bangladesh have a favorable impact on MFS.

### **Impact on Financial Technology Innovation for Emerging Markets:**

#### **Price Fluctuations in both Local and International Markets –**

In comparison to the degree of monetary expansion in the previous decade, MFSs product prices have stayed stable in the US economy. MFS should take into account the fact that the United States' current deficit levels in a developing economy might lead to high inflation and substantial currency depreciation concerns.

### **Inequality Index / Ranking on Gini Index –**

The Gini Index and degree of inequality are excellent indicators of a society's harmony and growth. When there is a great deal of income disparity in a society, the chance of instability and crimes rises. In the short and long term, it can cause uncertainty and consumption suppression.

### **Government Spending –**

The country's government is operating on a deficit budget. The effect for MFSs is that it can improve short-term product sales while also exposing MFSs to medium-term currency and currency depreciation concerns.

### **Foreign Exchange Rate –**

In the past several years, a number of businesses in Venezuela, Brazil, and Argentina have suffered losses due to currency risk. Before entering the potential market, MFS should carefully consider the history of FX risk.

### **Level of Household Income, Consumer Disposable Income, and Savings Rate –**

Credit binge consumption was the result of rising spending and stagnating household income. Because people do not have enough money to save, it has demolished the savings culture. Using a distinctive marketing effort, MFS may capitalize on this trend to grow its market beyond its usual clients. MFS must be cautious when developing a marketing plan based on "Purchase on Credit" consumer behavior.

### **Social Factors:**

MFS is frequently used by practically everyone, anywhere at time and from any place, removing the accessibility issues associated with traditional banking while providing the certainty of secure services at a reasonable cost. Mobile banking has become more diverse as a result of its expansion. Adoption and usage are said to be ingrained in social practice. Because of its quality and improved flexibility in operation, people's views, as well as society's health, education, and quality are shifting in favor of MFS. Social variables such as population trends, societal power structures, women's labor force participation, and so on have a significant influence not only on the economic growth of the country but also workforce ability supply and consumer demand.

## **Impact on Financial Technology Innovation for Emerging Markets:**

### **Gender Composition in Labor Market-**

MFS may utilize the labor market's gender composition to determine the society's level of liberality, women's rights, and women's voice in social issues and purchasing decisions. The labor market's gender composition is a useful predictor of a household's discretionary income, preferences, and demands.

### **Demographic Trend –**

One of the most important aspects in predicting an economy's demand is demographic trends. Before developing new products, MFS should think about demographic trends and include characteristics that appeal to this population. As the population ages, less technologically advanced items will be needed.

### **Attitude towards Savings –**

The saving culture in the United States and Bangladesh is vastly different, with Bangladesh's gross savings rate hovering at 30% compared to the US's low of 15%. This consuming and saving culture has an influence on both types and amounts of consumption.

### **Attitude towards Authority –**

In certain cultures, such as Asia, authority is revered, but in the West, it is viewed as a source of rebellion. Before initiating a marketing strategy for its service offerings, MFS should assess the attitude toward authority, the constitution of the social compact, and the power structure.

### **Technological Factor:**

Technology necessitates innovation and progress. Despite the fact that many banks are attempting to deliver MFS or mobile banking to their consumer base, they all have a familiar digital service advantage to streamline their operations, bKash has been leading the race from the start. Their recently redesigned mobile app offers all of the things a consumer wants to know when using service, but it is also incredibly user-friendly. QR codes were originally introduced to this service system by iPay and Upay.

Nagad pioneered a digitized know your customer (KYC) system, allowing clients to create accounts in under a minute by snapping a snapshot of their NID card and shooting a selfie. Nagad also just added a biometrics account in partnership with cell providers. MFS is still attempting to grow and maintain tough competition in the market, which has a good influence on the entire business.

Artificial intelligence advances, the need for machine learning and big data analytics to forecast consumer behavior, the rising significance of platforms over service providers, and so on are some of the technological trends that are influencing the macro-environment.

### **Impact on Financial Technology Innovation for Emerging Markets:**

#### **Empowerment of Supply Chain Partners –**

MFS should look into ways that technology might help supply chain partners become more transparent and adaptable.

#### **Research and Development Investment Levels –**

There is a good potential of developing a self-sustaining ecosystem that fosters innovation if there is a lot of money invested in technological development. As a result, MFS may take advantage of the scenario to employ the top professionals in the industry.

#### **Likelihood of Technology Disruption –**

If a country has a lot of tech businesses, there's a good risk that many sectors may be disrupted by technology. MFS must examine the likelihood of technology disruption in its business because Bangladesh is currently striving to stabilize technological advancement.

#### **E-Commerce & Related Infrastructure Development –**

The MFS business strategy relies heavily on e-commerce. Before entering into the market, it should assess the e-commerce and technical infrastructure.

#### **Mobile Phone & Internet Penetration –**

MFS should examine the country's new digital communication penetration as part of developing a business strategy that is tailored to local demands and realities.



### **Level of Acceptance of Technology in the Society-**

Before releasing new goods, MFSs must determine the level of social acceptability of technology. Frequently, businesses enter the market without the necessary infrastructure to sustain a technology-driven strategy.

### **Integration of Technology into Society & Business Processes –**

The failure of Uber in China is because it attempted to penetrate before the country's smartphone adoption was prevalent. As a result, MFS should develop a strategy that takes into account social values, infrastructure, and various MFS business models.

### **Legal Factors:**

Conditions for entering the market, regulations for operating in the competition, and methods for resolving any disputes with other players are all frequently governed by legal issues. MFS may face a variety of obstacles, ranging from community petitions to government shakedowns if the judicial framework is not robust.

### **Impact on Financial Technology Innovation for Emerging Markets**

#### **Time Taken for Court Proceedings –**

Even if a country has the finest laws, they are useless if they are not enforced promptly. Given the kind of legal difficulties MFSs may encounter, MFSs should do primary research to determine how long it takes to resolve a lawsuit in the nation.

#### **Consumer Protection Laws –**

MFS needs to know what consumer laws exist, how often they are enforced, how authorities see consumer protection legislation, and what role activist groups play in enforcing them.

#### **Independence of Judiciary and Relative Influence of Government –**

The strength and legitimacy of a country's institutions are typically reflected in judicial independence.

#### **Transparency in Judiciary System & Processes –**

Transparency is necessary for making fair and consistent decisions. MFS are more confident in their plans if the approach is consistent and clear.

<b>Factors</b>	<b>Status</b>
Political	Positive
Economic	Moderate
Social	Positive
Technological	Negative
Legal	Positive

*Figure 20: Summary of the overall status of PESTEL analysis on MFS industry*

### **Seasonality Effect on MFS Industry in Bangladesh**

Seasonality is a property of a time series wherein the information undergoes foreseeable and recurring adjustments across the fiscal year. Seasonal fluctuations or trends are those that recur or reoccur over the course of a year.

Mobile Financial Services in Bangladesh have a trend of increasing business during significant cultural occasions such as Eid-ul-Adha and Eid-ul-Fitr. Through these two events, the MFS industry in Bangladesh penetrates and acquires new customer pool, a surge in transaction volume, and a substantial traffic grain through public and advertisement-led promotions and campaigns

Aside from the two occasions mentioned above, there are a few additional holidays/events that bring an iterative transaction pattern to MFS, such as Pahela Boishak, Winter Vacation, Valentine's Day, and so on. People in Bangladesh like to spend during such celebrations, and MFS is the most convenient payment option for them, resulting in a huge volume of transactions and a new subscriber group for MFS.

With exploratory research, the following figure depicts the average demand of mobile money consumption in relation to money transfers in 2016 across the country. The graph depicts the mobile transaction patterns in all districts from 2015 to 2017. The transaction data demonstrates

an M-shaped distribution throughout Bangladesh. Two peaks and two troughs may be found, with the peaks occurring in May and September.



These are the seasonality effects of the two Eid celebrations, when a unique seasonal demand for cash in circulation for financial transactions grows. The intensity of such a effect in a given month is determined on the day on which Eid happens. In the days leading up to Eid, there are often more transactions, which decrease dramatically once the Eid holiday begins.

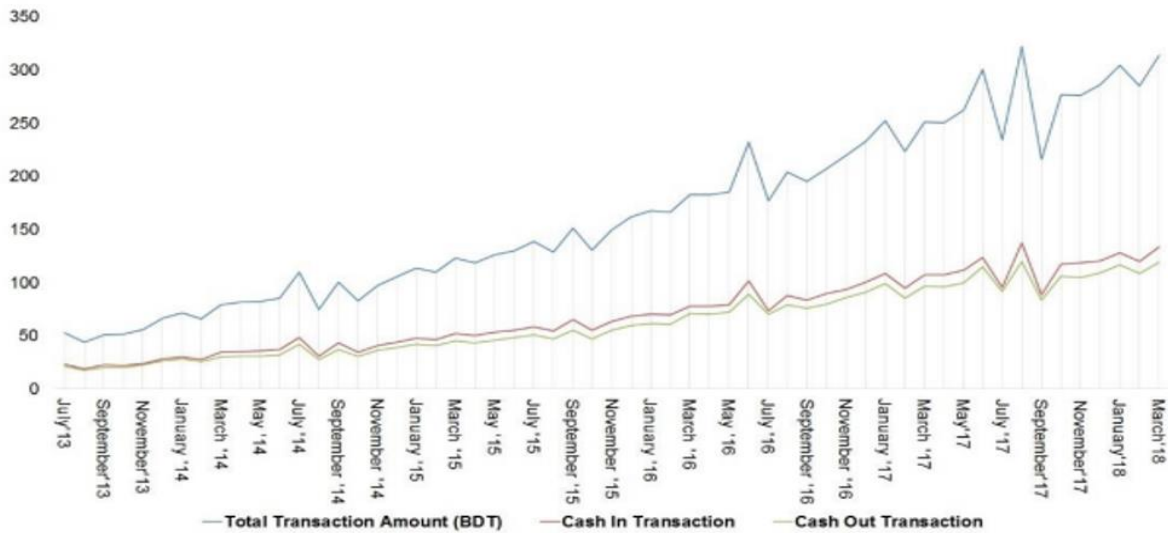


Figure 21: Seasonality impact on Mobile Money Transaction during Eid Festival (BDT billion)

## Trend Analysis of bKash Limited

bKash, the MFS market dominant and First Mover, has spent extensively in user acquisition and merchant payment, resulting in a 21.8 percent growth rate over the previous five years. The increase is primarily driven by client retention and acquisition, as well as increasing transaction volume. After-tax loss climbed by 101.7 percent throughout the years as a result of increasing expenditure in marketing, human resources, and technology.

This section summarizes bKash's basic financial performance; however, the majority of the information is insufficient and un-audited, as an intern, I was unable to acquire any sensitive or internal info other than publicly available data from BRAC Bank or the bKash website.

## Total Revenue:

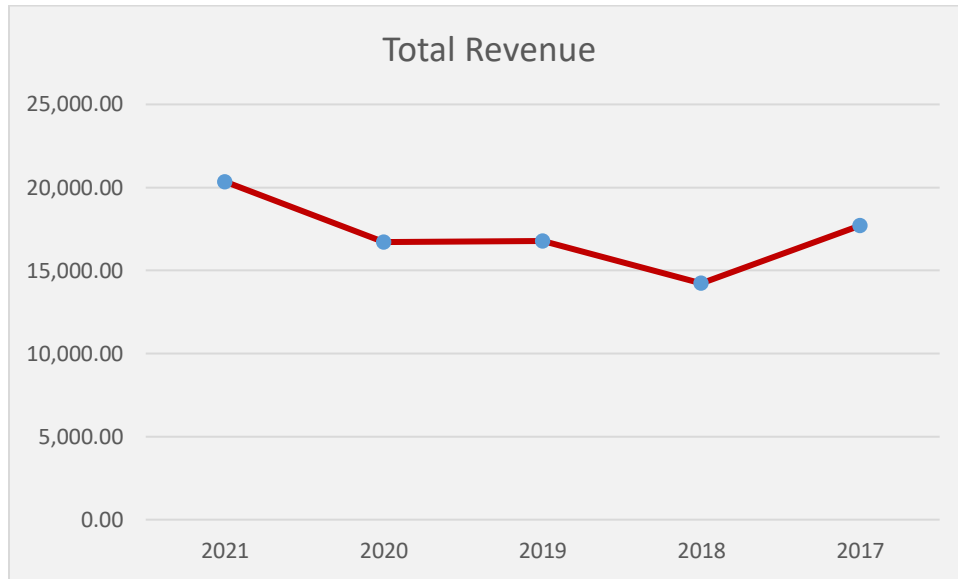


Figure 22: Trend of Total Revenue of bKash from 2017 to 2021 (Tk M)

From FY 2020 to FY 2021, revenue grew by Tk. 3,636.9 million, mostly due to increased client acquisition and transaction volume. As of 2021, bKash has a total client base of 5.9 million, up from 50.5 million in 2020. In FY 2021, the overall active customer base will be 24.6 million, accounting for about 44% of bKash's entire customer base. Between 2017 and 2021, we see a dramatic increase in firm sales and a massive increase in consumption during the 2020-21 covid epidemic. Ease of use, secure transactions, support and customer service, extensive network coverage and internet penetration, a huge agent and merchant base, and so on have all contributed to the firm increasing revenue year after year and achieving over 50% market share.

## Gross Profit:

After subtracting all expenses associated with manufacturing, producing, and selling, gross profit is the profit that a firm produces by supplying and selling items and services.

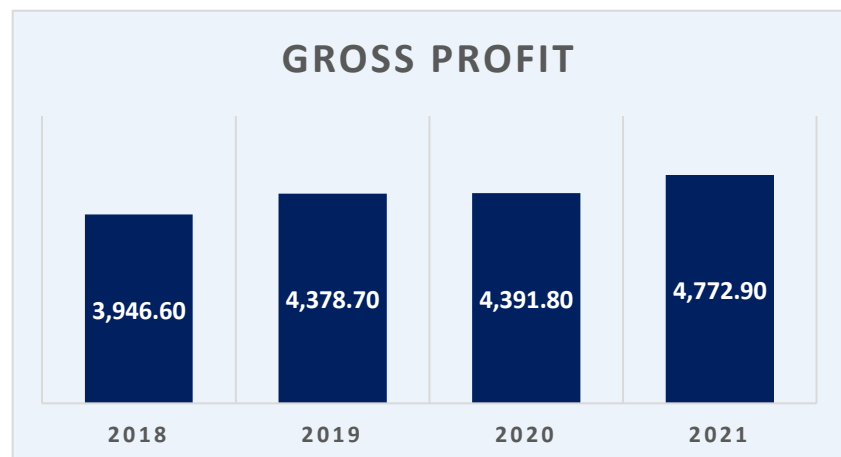


Figure 23: Gross Profit of bKash from 2018 to 2021 (Tk M)

Due to higher growth in the cost of services, which includes the cost of agents' and mobile partners' commissions compared to net revenue, bKash's gross profit has only risen by 8.7% in the last two years, from Tk. 4391.8 M to Tk. 4,772.9 M in 2020-21 FY. Its Gross Profit Margin has also decreased from 26.3 percent to 23.5 percent in 2020 to 2021.

**Profit After Tax:**

PAT is the amount left over after all operating and non-operating expenditures, obligations, and taxes have been paid out, and which will be distributed to shareholders as dividends or retained profits. When a company's profit after taxes is negative, it's deemed a loss and hence isn't taxed, making it unsustainable.

Due to decreased gross earnings growth and poor financing revenue, bKash continues to lose money. Due to increased marketing and technological expenditure, profit after tax fell and turned negative between 2020 and 2021, falling from 503.1 million to 1,014.6 million. Over the years, operating and administrative expenditures rose 19.1%, while commercial expenses fell 9.5 percent. Because of decreased cash equivalents and reduced interest rates on investments, net finance income fell from Tk 43.3 million in 2020 to Tk 55.9 million in 2021.

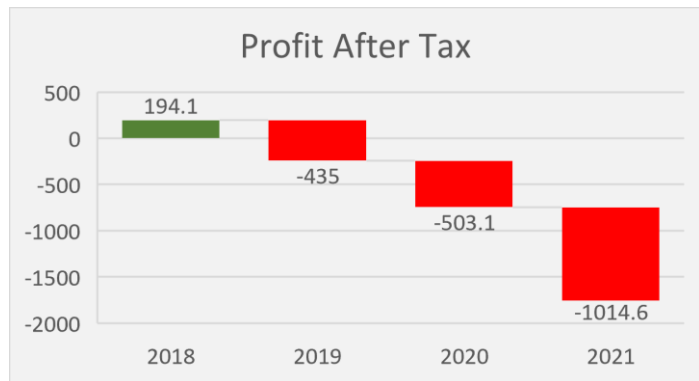


Figure 24: Ups and Downs in Profit After Tax amount of bKash from 2018 to 2021 (Tk M)

**Contribution to Exchequer:**

The term "Exchequer" refers to a royal or governmental treasury, or to the account within which tax and other public revenues are placed. Due to the rapid growth of bKash's earnings before tax, the company's contribution to the exchequer increased as well. Bangladesh's government collects the most tax revenue from the MFS business via bKash Limited.

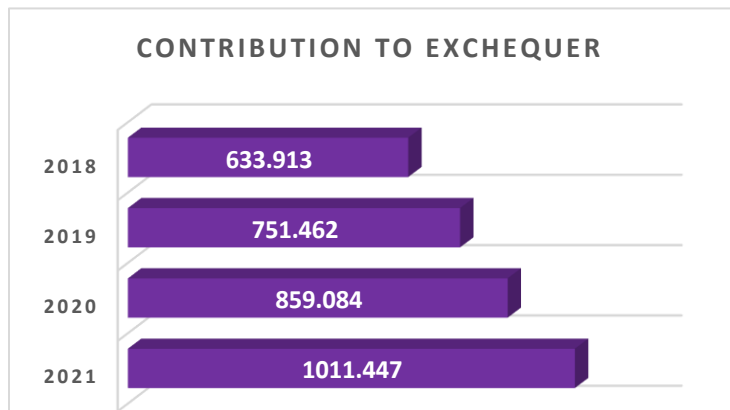


Figure 25: Contribution to Exchequer of bKash from 2018 to 2021 (Tk M)

### Total Debt to Total Asset

#### Ratio:

Divide total liabilities by total assets to arrive at this ratio. It illustrates the total amount of debt incurred by the firm.

In general, the debt-to-assets ratio of the business is rather high. That is, the corporation is

marginally in danger of defaulting on its credit, and the threat has grown further by 2020, implying that its whole assets may be dependent on debt. As a consequence, investing in the company is quite hazardous at the moment, but since bKash is a brand, we may assume that the risk will be justified and that the situation will gradually improve. Additionally, in comparison to the previous year, the ratio of the total assets increased to around 5%, which is not a significant increase for a year. Since then, bKash has increased its investment in its organizational structure, facilities, and event promotion and marketing, with the goal of growing the firm and reversing all of the unfavorable outcomes.

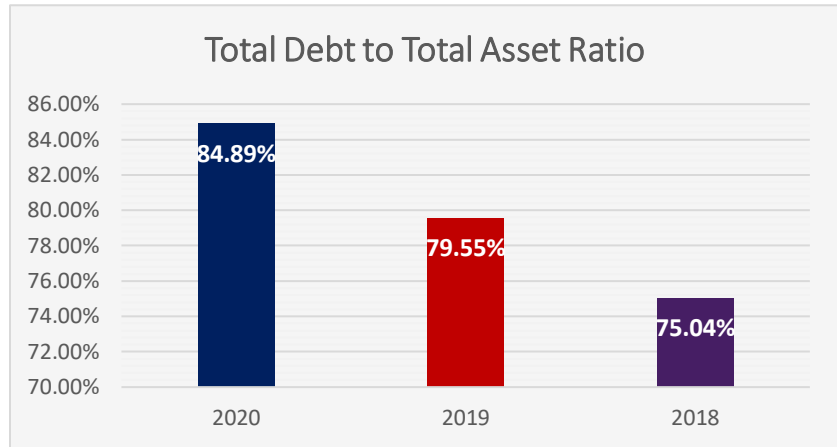


Figure 26: Total Debt to Total Asset Ratio of bKash from 2018 to 2020 (%)

### Total Asset Turnover:

It is a metric which determine how well a business earns revenue from its assets. This number is obtained by dividing total sales by the average value of total assets.

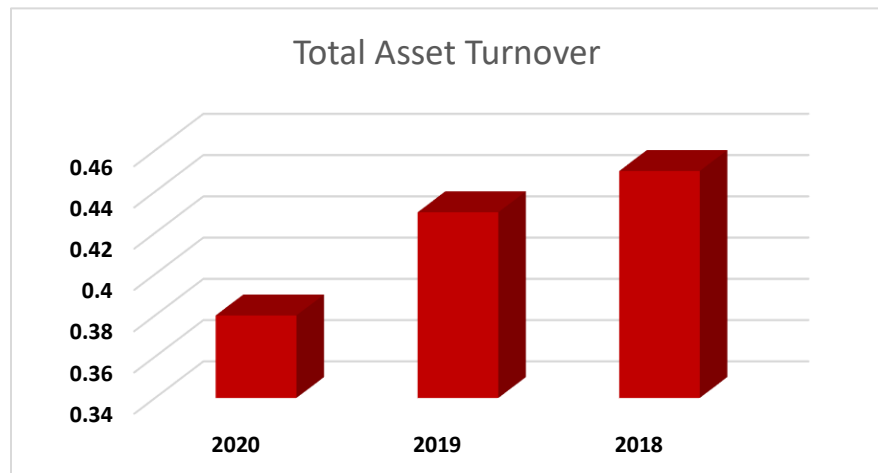


Figure 27: Ratio of Total Asset Turnover of bKash from 2018 to 2020

Due to bKash's recent losses, it's clear that the company's overall turnover ratio has taken a hit. However, it is worth noting that it reduced by 0.07 times between 2018 and 2020, indicating that there is still a chance to resolve the crisis, given the widespread usage of bKash in response to the Covid-19 epidemic.

**Return on assets:**

Return on assets (ROA) is a financial statistic that indicates the proportion of profit earned by a business in comparison to its total assets. The return on assets ratio, or ROA, indicates how profitably a business manages and turns its assets over time. Divide net income by asset value to arrive at the ROA. That is, a high return on investment (ROA) translates into a massive profit with fewer investments in the company.

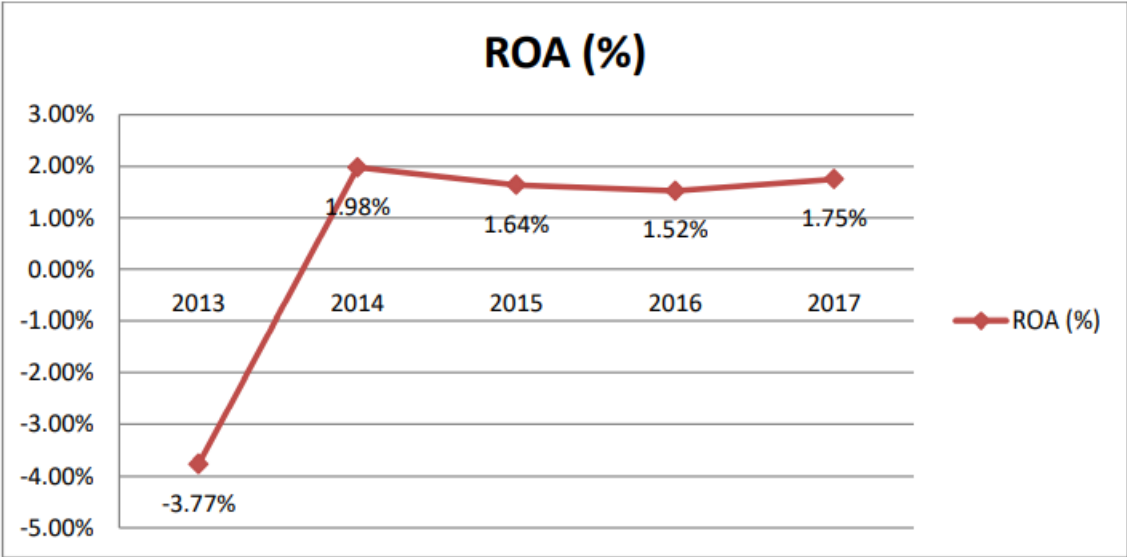


Figure 28:ROA of bKash since inception-2013 to 2017 (%)

Due to the fact that bKash lost money in 2013, the company had a negative return on assets. However, bKash has maintained a consistent ROA since 2013. As far as we are aware, all other MFS operators, with the exception of bKash, are incurring a net loss, implying that bKash is doing well in terms of return on assets.

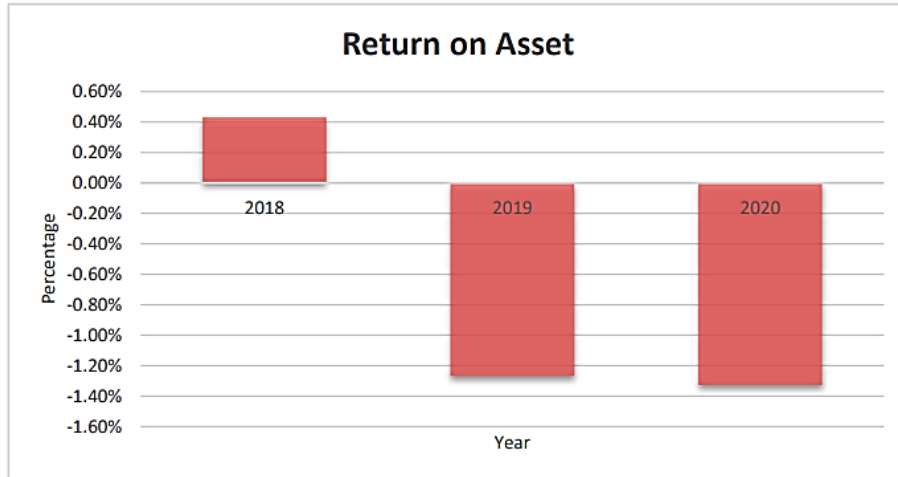


Figure 29:ROA of bKash in recent years (%)

Again, throughout the fiscal years 2019 and 2020, it is evident that the ROA has fallen below zero due to the accrued losses. Typically, the ROA has dipped into the negative territory as a result of the losses sustained.

**Return on Equity:**

Return on Equity (ROE) is a financial metric that indicates how much profit a business earns on each dollar of ownership or shareholder equity. Return on equity quantifies a company's profitability by displaying how much profit it creates with the money owners invest. It is calculated and compared an average accounts ROE to that of its industry competitors.

In 2013, ROE was minus as a result of the net loss. Since then, bKash's net profit has increased in lockstep with its equity, resulting in a constant ROE % year after year.

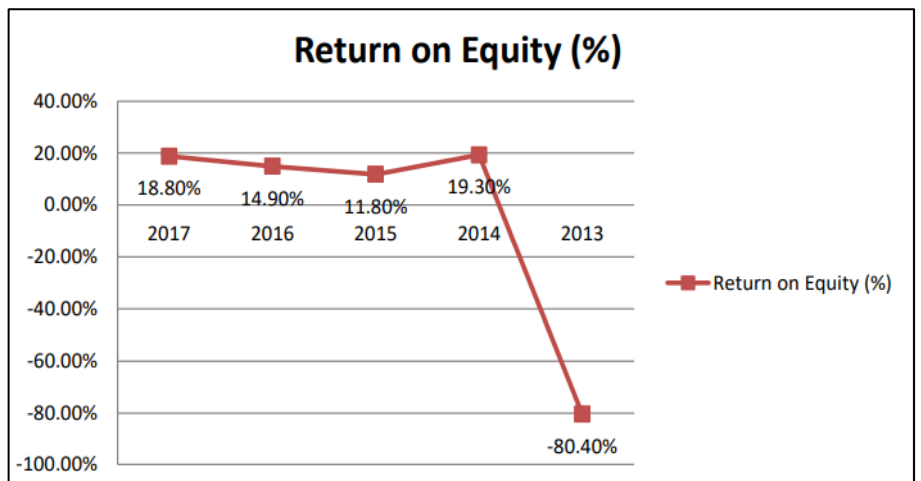


Figure 30:ROE of bKash since inception-2013 to 2017 (%)

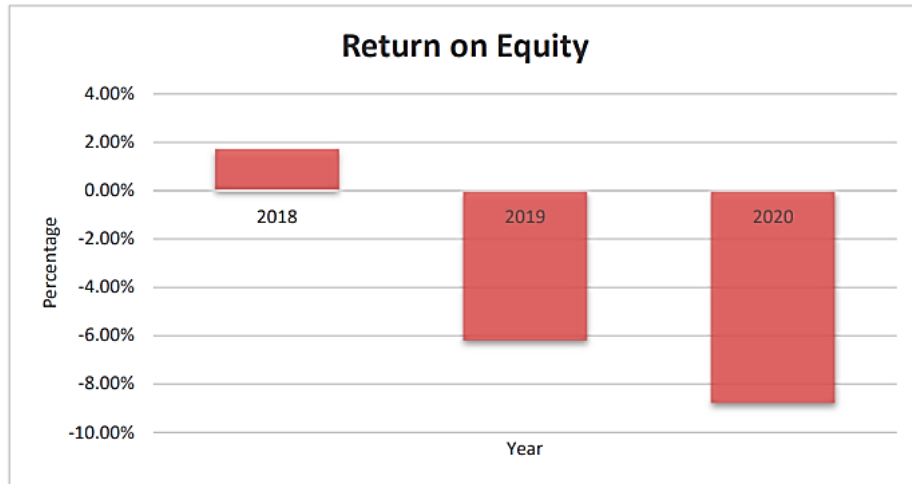


Figure 31:ROE of bKash in recent years (%)

As can be seen, the values are much lower in the years 2019 and 2020, consistent with the other ratios. The business was forced to use a greater portion of its assets to cover expenditures and expenses, and several additional investments were required during these tough times of epidemic and increased competition.

## Competitive Analysis of MFS Industry:

### Porters Five Forces Model:

From the year 2016, the competitive environment in the mobile financing industry has become intensely competitive, with not only constant special offers and new value-added services, but also with new and bigger entrants.

### Barriers to entry (High)

Legal & Regulatory system of Bangladesh which is the heart of its Financial System that is directly related to the MFS industry which creates a functional barrier to enter the market. Some highlighting factors:

- i. Capital Requirement: bKash, Rocket, Nagad, Upay, iPay, Ucash, and other companies dominate the MFS business. Each has made a profit from their presence in the market,



although bKash, Nagad, and Rocket control the majority of it. To survive and thrive in this industry, a newcomer needs a large amount of cash.

- ii. The economy of Scale: Existing MFS providers had to sustain and flourish since inception to reach maturity stage of the industry to attain Economy of scale where it stands as a great hindrance for the newcomers to penetrate market & achieve production efficiency
- iii. Distribution Channel: In MFS the distributors are known as “agents” recruited by providers to reach out to both rural and urban areas and provide the service. New entrants must come up with extremely different unique selling propositions if they want to profit on the existing market; otherwise, customers will go to their current agents.

### **Supplier Power (High)**

In MFS business, main suppliers would be Mobile Network Operators, later on Investors and then technology business/vendors. The prominent Mobile Network Operators in Bangladesh who have network coverage throughout the country are Robi-Airtel, Grameenphone, Banglalink & Teletalk. MFS is inextricably linked to these operators since they directly rely on their services where Mobile Network Operators are independent to serve other business. As a result, suppliers have a lot of influence in this market, and MFS is obligated to deal with them. bKash, Bangladesh's dominant player in the MFS business, has high-profile investors such as Alipay and Soft Bank. MFS firms require ongoing investments and capital burn to run and flourish in this industry, but there are a few large fund investors interested, so their influence is also considerable. Because there are so many vendors locally and abroad, MFS providers must continually innovate and enhance its technology sector, as well as maintain a sophisticated data server to keep track of all customer information. It is necessary for technology providers to supply high-quality products. So as per MFS demands when filtered the number of vendors decreases, and their dominance over the industry is neither great nor low, but moderate.

### **Buyer Power (Moderate)**

The buyers of this service can be divided into two parts, General public known as personal consumers & Organizations familiar as merchant consumers where Several buyers are high compared to the number. Unlike metropolitan residents, folks in distant locations have only access to MFS like bKash and cannot use official banking services. Urban dwellers have access to all

banks and MFS providers currently operating in the market, allowing them to migrate or choose from a wide range of options. So, the total public power is moderate.

The group (Merchant Consumers) has moderate power. The Bangladesh Telecommunication Regulatory Commission (BTRC) has imposed a fixed fee of 2.0 percent for each cash-in and cash-out transaction. This fixed value motivates MFS organizations to generate more profits. But Organizations need MFS in their everyday business operations, and they can't travel to the bank every day to deposit their money neither can carry cash for transactions. bKash allows them to either send money to their preferred bank account or retain it in their mobile wallet. It gives MFS an advantage over retailers using this service.

### **The threat of Substitutes (Moderate)**

Traditional banking and microfinance banking are alternatives to Mobile Financial Services.

Traditional banking is still the most trusted transaction method in Bangladesh. Many people are wary about MFS, although standard banking systems let users to deposit money and use it for transactions like checks, credit/debit cards, bank drafts, etc. Because these two services are not mutually exclusive, users can utilize both at the same time, which reduces the threat meter.

Micro-finance banks provide loans to unbanked and rural communities who cannot access commercial banks. People in such situations need a banking mechanism, and Micro-finance can directly replace MFS.

### **Industry Rivalry (High)**

The industry is highly competitive. The strain exerted on each other is great and constant. It is defined by some major points.

- a. Capital Requirement: To get to where they are now, the companies in this field have already invested heavily. In order to provide clients with an effective and reliable service, large sums of money are required in technological innovations and development. Also, training all personnel on the MFS costs time and resources that cannot be saved.

- b. **Switching Cost:** The threat of switching organizations is high since the cost of switching is low. People can switch to another service at no cost. The running companies struggle to maintain their consumer base.
- c. **Growth:** Firms have strong growth potential, which increases market competition to win market share. Starting a business in this industry is easy because the growth indications are still robust.
- d. **Competitors:** Currently, 16 banks and non-banking financial entities offer mobile banking services in the country. The market is small but the service providers are growing as the sector matures. So, there's more competition between us.
- e. **Product Differentiation:** In this industry, the product is the service, and it is almost clear that the offering cannot be differentiated any further than it already is. As a result, the danger level is low.

To summarize the whole competitive analysis of this industry,

*Table 3: Summary of Challenges and Opportunities*

Factors	Challenges	Opportunities
Barriers to Entry	High Threat	Favorable for existing firms
Supplier Power	High Threat	Unfavorable for existing firms
Buyer Power	Moderate Threat	Favorable for existing firms
Substitute	Moderate Threat	Favorable for existing firms
Industry Rivalry	High Threat	Unfavorable for both existing and new entrants

### **Comparative Analysis:**

Using a mobile banking system involves a phone, internet access, telecommunication connection and most importantly, app registration. These are the minimum prerequisites for creating every mobile banking app account. Ucash (Upay), Nagad, T-Cash and Ok Wallet are the top mobile banking services.

**bKash:** Over 70% of Bangladesh's 160 million residents do not have access to a bank account. There is an opportunity for bKash, a mobile money platform. BKash Limited, a subsidiary of

BRAC Bank Limited (Bangladesh), was established in 2011 to provide mobile financial services to both unbanked and banked Bangladeshis. bKash users receive a mobile wallet as a bank account upon registration. Load virtual currency into their bKash wallets, collect payments like as wages, loans or remittances, cash out the digital payment, and conduct peer-to-peer transactions are all options available to users of the bKash service. Free registration and cash-in services are available to low-income households through bKash. bKash also allows users find out their account balance, PIN, and obtain fast help using their 24/7 customer service helpline. It helps Bangladeshis in rural and urban areas. Global mobile banking leader bKash is ranked #1 by Fortune Magazine.

**Rocket:** DBBL's mobile banking service, which was the country's first of its kind when it was launched in 2011, was expanded in 2017 to encompass the entire country. In 2016, the mobile banking services were redesigned with the "Rocket" logo to increase exposure and client focus. Mobile banking services are now available across Bangladesh. The services were designed to serve the country's unbanked impoverished people, who are deprived of traditional banking services and live primarily in rural and remote locations, in order to connect them to a financial services network via mobile phone.

**Nagad:** Third Wave Technologies Limited operates Nagad, one of Bangladesh's main digital mobile banking service providers, which was established by Bangladesh Post Office (TWTL). It enables the unbanked to connect to mobile banking, making it more accessible and inexpensive to the entire Bangladeshi population. Its goal is to make people's lives more financially flexible and convenient through banking transactions. Nagad makes a substantial contribution to the country's socioeconomic development through its services. Apart from providing all other ordinary services, Nagad has created an exclusive service for Muslim brothers and sisters called Nagad Islamic App, which has a few adjustments and no profit.

**t-cash:** Trust Bank Limited launched Trust Bank Mobile Money on August 31, 2010 as a bank-led MFS. TBL re-launched and rebranded Trust Bank Mobile Money as “t-cash” on April 1, 2018 to deliver financial services to the masses. To gain a firm foothold in the MFS sector, Trust Bank believes the launch of “t-cash” would reinforce the TBL brand promise. „t-cash will enable all players in the financial ecosystem with a standard business platform and open interfaces. TBL strives to bring the unbanked into the banking network via low-cost, technology-based products and effective risk management.

“t-cash” offers clients to access financial services via SMS, USSD, and the Internet with ease and security. "t-cash" is a savings account, so everyone gets interest. (t-cash, 2019)

**Ucash (Upay):** United Commercial Bank Limited's UCash is an all-in-one mobile financial service. Upay was once known as Ucash (UCBL). Bangladesh Bank approved UCBL's application to operate and provide Mobile Financial Services (MFS). The mobile financial services provided by UCBL are branded as UCash. The UCBL is a firm believer in "financial inclusion," or the idea that banking services should be available to everyone. UCash has expanded its services throughout Bangladesh, with the goal of providing financial services to the country's large majority of unbanked citizens. Pathao app and its services are also included.

UCash aims to familiarize those who have never had access to banking services with the offerings available. By delivering timely, fast, and secure banking goods and services, UCash will act as a stimulus for the unbanked population's economic growth. (UCash, 2019)

Service Providers	Fees & Limit	Open account	Cash In/ Add Money	Send Money/ transfer money	Cash-out Agent/ Branch	Cash-out ATM	Mobile Recharge	Statement Enquiry
<b>bKash</b>	Free	Free	Free	5tk (Per transactio	1.85%	2%	Free	Free

<b>bKash</b>	Limit Tk	Account Limit 30000 0	50-30,000 (Per transaction) Daily 30,000 Max. Monthly 200000 Max.	10-25000 (Per transaction) Daily 25000 Max. Monthly 200000 Max.	50-10000 (Per transaction) Daily 10000 Max. Monthly 50000 Max.	2000- 10000 (Per transaction) Daily 10000 Max. Monthly 50000 Max.	10-10000 (Per transaction) Daily 10000 Max. Monthly 100000 Max.	x
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<b>Rocket</b>	Fees	Free	Free	5 Tk for (Per Transaction)	1.80%	1.80%	Free	3 Tk
<b>Rocket</b>	Limit Tk		20-15000 (Per transaction) Daily 15000 Max. Monthly 100000 Max.	10-10000 (Per transaction) Daily 10000 Max. Monthly 25000 Max.	20-10000 (Per transaction) Daily 10000 Max. Monthly 50000 Max.	500-10000 (Per transaction) Daily 10000 Max. Monthly 50000 Max.	10-1000 (Per transaction) Daily 5000 Max. Monthly 25000 Max.	X
	Fees	Free	Free	5 Tk for (Per transaction)	1.85%	X	Free	X
<b>MyCash</b>	Limit Tk		50-15000 (Per transaction) Daily 15000 Max. Monthly 100000 Max.	20-10000 (Per transaction) Daily 10000 Max. Monthly 25000 Max.	50-10000 (Per transaction) Daily 10000 Max. Monthly 50000 Max.	X	10-1000 (Per transaction) Daily 10000 Max. Monthly 100000 Max.	X

	Fees	Free	Free	5 TK for every transaction	1.85% above 300	X	X	X
<b>UCash</b>	Limit Tk	-	-	-	-	-	-	-
<b>Nagad</b>	Fees	Free	Free	4 Tk (USSD) Free (App)	1.80% (USSD) 1.70% (App)	X	x	X

Limit (Tk)		Daily 250000 Max. Monthl y 500000 Max.	Daily 250000 Max. Monthl y 500000 Max.	Daily 250000 Max. Monthl y 500000 Max.	X	x	X
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### SWOT Analysis of Top Four MFS Operators:

Strength	bKash	<ol style="list-style-type: none"> <li>1. Market Leader</li> <li>2. Agents in every corner of Bangladesh</li> <li>3. Strong Investors backup</li> <li>4. Strong departments for maintaining compliance &amp; regulatory policy provided by Bangladesh Bank</li> <li>5. Strong Brand Image</li> <li>6. Strong Company Culture</li> </ol>
	Rocket	<ol style="list-style-type: none"> <li>1. Strong agent banking structure of the parent bank</li> <li>2. Country's best and the largest ATM network</li> <li>3. Low account operation cost</li> <li>4. Strong banking backup from the parent bank</li> </ol>
	t-cash	<ol style="list-style-type: none"> <li>1. A fixed amount of loyal military and para-military customer</li> <li>2. Parent bank is emphasizing on increasing t-cash's market share</li> <li>3. Have the ability to gain people's trust easily</li> <li>4. Daily Interest on saving</li> </ol>
	Upay	<ol style="list-style-type: none"> <li>1. Offers a limited number of services but with complete efficiency</li> <li>2. Receives full cooperation from the parent bank</li> <li>3. Made a contract with BRTA for receiving all sort of road tax using Upay Platform.</li> </ol>
Weakness	bKash	<ol style="list-style-type: none"> <li>1. High service charge compared to other MFS operators</li> <li>2. Holding back in terms of differentiating itself from competitors</li> <li>3. Most of the rumors of the industry are bKash focused</li> <li>4. Least security measures for field agents</li> </ol>
	Rocket	<ol style="list-style-type: none"> <li>1. Failed to operate as a separate entity as bKash</li> <li>2. Bound to compliances of the parent bank</li> <li>3. Doesn't have dedicated divisional operation</li> </ol>



	t-cash	<ol style="list-style-type: none"> <li>1. Very low market share compared to bKash and Rocket</li> <li>2. Was not able to reach to local customer</li> <li>3. Weak customer engagement</li> </ol>
	Upay	<ol style="list-style-type: none"> <li>1. No interest on saving</li> <li>2. Very low market share</li> <li>3. Not so popular among rural people</li> </ol>
Opportunities	bKash	<ol style="list-style-type: none"> <li>1. A huge array of potential customers</li> <li>2. Online shopping is growing rapidly and bkash is connected with most of the popular online shops or vendors</li> <li>3. Since it has a magnificent portfolio of international investors, it can expand its business globally</li> <li>4. Continuously discovering, developing and expanding the product line</li> </ol>
	Rocket	<ol style="list-style-type: none"> <li>1. Comparatively better position and a prospect to flourish in remittance services</li> <li>2. Helping parent bank in converting 90% mobile users to core banking customers</li> <li>3. Potential growth of the industry and more focused operation from the authority</li> </ol>
	t-cash	<ol style="list-style-type: none"> <li>1. Chances of gaining customers are high</li> <li>2. New ideas can be implemented</li> <li>3. Have the ability to utilize trust bank's conventional customers to increase market share</li> </ol>
Threats	bKash	<ol style="list-style-type: none"> <li>1. Getting abused by fraudsters and criminals</li> <li>2. The gap with the nearest competitors is decreasing</li> <li>3. The entrance of government organization (NAGAD) into the industry with better service offers.</li> </ol>
	Rocket	<ol style="list-style-type: none"> <li>1. An increasing number of inactive accounts</li> <li>2. The possibility of losing existing market share if bKash offers even better services with the help of newly aligned Alipay.</li> <li>3. The government initiated "NAGAD" can be a potential Threat to the existing market shares.</li> </ol>
	t-cash	<ol style="list-style-type: none"> <li>1. "NAGAD" can become a huge threat</li> <li>2. Can lose existing market share to bKash</li> <li>3. Low adaptability to market is a threat</li> </ol>
	UCash	<ol style="list-style-type: none"> <li>1. Small number of services offered is becoming a problem for Upay</li> <li>2. Lack of creative ideas is making its customers exhausted</li> <li>3. bKash and ROCKET is acquiring its potential customers</li> </ol>

According to the SWOT analysis, bKash has more strength and opportunities than its competitors due to its big client base and innovative marketing strategies. And, as a result of its vast customer base, bKash's main threat is criminal and fraudulent activity involving the company's financial infrastructure. After a thorough examination, bKash came out on top in the SWOT analysis, followed by Rocket, t-cash, and Upay.

### **Global MFS Industry:**

Financial inclusion, or cheap financial services for the poor and disadvantaged, is now regarded a crucial enabler of economic progress. However, over two billion persons worldwide lack access to formal financial services. Notably, mobile devices have become vital tools for promoting financial inclusion among the unbanked in emerging nations. Mobile phones have rapidly spread not only in wealthy countries but also in most developing countries due to its unique qualities such as mobility, always on availability, and customizable compact gadgets. While the number of mobile financial services (MFS) is growing, many of them are still not profitable enough to cover the costs of infrastructure setup and maintenance.

On the basis of registered clients, the top three MFS operators in the globe are listed below.

### **M-Pesa:**

Money transfer, financing, and microfinance service created by Vodafone in 2007 for Safaricom and Vodacom, Kenya's and Tanzania's leading mobile network operators. Since then, it has grown to Afghanistan, South Africa, India, Romania, and Albania. A mobile smartphone is all you need to utilize M-Pesa.

Users can deposit money into a mobile phone account, send balances to other users, including suppliers of products and services, and redeem deposits for cash. The service charges a nominal fee for sending and withdrawing money. M-Pesa grew rapidly, becoming the most popular mobile money service in the developing world by 2010. By 2012, Kenya has almost 17 million M-Pesa accounts. Vodacom had opened 7 million M-Pesa accounts in Tanzania by June 2016. In predominantly cash-based civilizations, the program has been praised for lowering crime and providing formal financial access to millions. (2019)

**MTN Mobile Money (MTN MoMo):**

Money transfers, payments, and other transactions utilizing a mobile phone are made easy, secure, and economical with MTN Mobile Money. MTN offers the service in collaboration with around ten banks. The program allows you to send and receive funds, top-up MTN airtime, pay bills (DSTV, ECG Postpaid, MTN Postpaid), buy and pay insurance, pay employee paychecks, purchase plane tickets, and more. No need to go or wait for money. Activate Mobile Money today with a valid photo ID. MTN mobile money began in Ghana and has since extended to most African countries. (2019, MTN Mobile Money)

**Comparison between products and services offered by the top Global MFS operators:**

<b>Services Offered</b>	<b>M-Pesa</b>	<b>bKash</b>	<b>MTN MoMo</b>
<b>A/C Opening</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Cash In at Agent</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Cash In at Bank Branch</b>	<b>N/A</b>	<b>Yes</b>	<b>N/A</b>
<b>Cash In from Bank A/C</b>	<b>Yes</b>	<b>Yes</b>	<b>N/A</b>
<b>Cash Out from an Agent</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Cash Out from ATMs</b>	<b>Yes</b>	<b>Yes</b>	<b>N/A</b>
<b>Cash Out from Bank Branches</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>P2P Transfer</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>P2P Transfer (Different Operators)</b>	<b>Yes</b>	<b>N/A</b>	<b>Yes</b>
<b>P2P Transfer to Unregistered Users</b>	<b>Yes</b>	<b>N/A</b>	<b>N/A</b>
<b>Interest on Savings</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Specialized Savings Account</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>
<b>Providing Loan</b>	<b>Yes</b>	<b>N/A</b>	<b>Yes</b>
<b>Bill &amp; Merchant Payment</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>B2P Disbursement</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Minimum Balance Requirement</b>	<b>No</b>	<b>No</b>	<b>No</b>

<b>Mobile Recharge</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Leasing Services</b>	<b>Yes</b>	<b>No</b>	<b>Yes</b>
<b>Life Insurance Services</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
<b>Remittance Services</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Payment Gateway</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

We can see that bKash's products and services differ greatly from those of the other two main MFS suppliers.

bKash is a bank subsidiary, whereas M-Pesa and MTN MoMo are both specialized services supplied by two of the world's leading mobile operator companies. Safaricom owns M-Pesa, while MTN Group owns MTN MoMo.

Unlike bKash, M-Pesa and MTN MoMo are run by mobile network providers but provide full banking services to its consumers. Customers of M-Pesa and MTN MoMo can borrow money, save it in a special savings scheme, or receive or pay rent using mobile money. No such services for bKash subscribers. M-Pesa offers consumers life insurance. This will help boost financial inclusion in Bangladesh.

M-Pesa and MTN MoMo provide services that all MFS operators should give to improve financial inclusion. P2P transfers to different operators and unregistered users. This benefit will make MFS services more accessible to users.



## Chapter 4: Description of Duties & Responsibilities



## **Internship Department**

### **External Affairs:**

I have completed my 3 months internship under the External Affairs (EA) department of bKash which was founded in 2015 with a view to structuring the External & Corporate Affairs (ECAD) division. The department basically aims to resolve fraudulent cases as well as deal with all sorts of criminal activities that happen through mishandling bKash and connecting with users who faced such mishaps. Under the supervision of Major General A. K. M. Monirul Karim, Head of Department, External Affairs, the department undertakes some of the major roles of the division. The duties and responsibilities of the External Affairs department are categorized into different units such as LEA Management, Intelligence Evaluation, Fraud Risk Management, External Affairs Operations, etc.

### **Fraud and Dispute Management:**

I basically worked for the Fraud and Dispute Management wing under the External Affairs Department. This team detains money that was taken by the fraudster or mistaken transaction according to customer complaints and returns this money to the actual owner by following some process. bKash's Fraud & Dispute Management department is in charge of overseeing the company's fraud risk. Fraud, false calls, blackmail, and other illicit acts occur with innocent clients on a regular basis. Customers who have been scammed frequently seek assistance in recouping the funds they've been cheated out of. The fraud management team's primary responsibilities include categorizing the various types of fraudulent activities and adopting effective measures to combat them. Receiving victim complaints initiates the fraud risk governance procedure. For each complaint, a fraud analysis procedure is initiated. After reviewing all account transactions, the victim and the fraudster are interviewed. If the victim is deemed innocent, they issue indemnity bonds to refund the victim's duped funds. The team also documents each case with a summary report. The report is also given to top administrators to take action against the fraudsters and to law enforcement agencies to bring them to justice. The risk governance also includes improving fraud detection strategies, educating customers, and training officials on fraud detection and dispute resolution.

## **Operations of Fraud & Dispute Management and Contribution as an Intern:**

bKash has given me an incredible chance, and I can't thank them enough. For most of my time as an Intern, I was part of the team responsible for mitigating situations of Fraud resulting from loss of account control or theft by bluffing and defrauding the victim. Mistaken money embezzlement is also handled by the team.

During my internship, I was primarily responsible for reporting on the operations of the Fraud and Dispute Management team. But first, let's take a look at the FDM team's activity process flow.

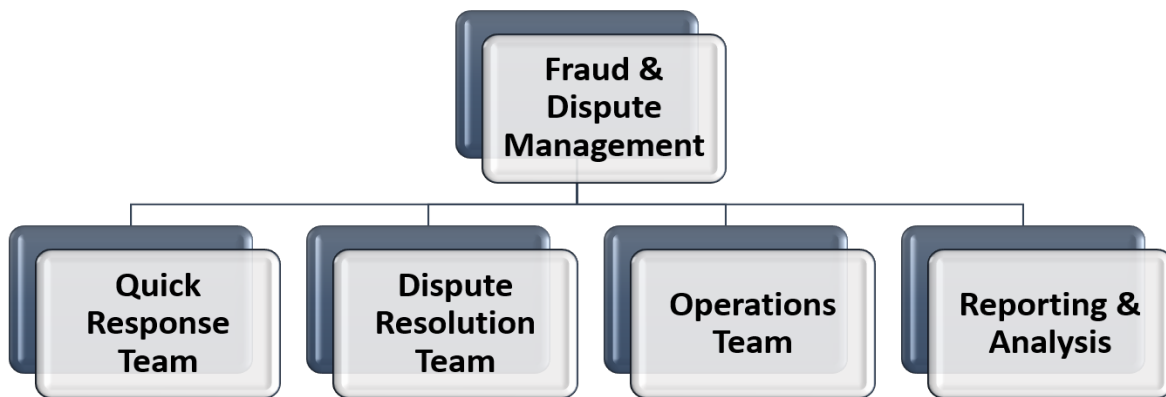
Customer service is the first point of contact for customers who have lost money owing to fraudsters or erroneously. After hearing to their concerns, customer service issues a ticket in accordance with the problem and passes it on to QRT, where the FDM team begins its work.

It's important to rapidly access the fraudster's account, where the action of QRT team comes in, and if the embezzled money is still in electronic form in the account, and all red flags are spotted while analyzing it, the account will be banned and immediately given to an investigation and reporting team, as its name suggests. But in most cases, the amount is passed on to further layers in smaller portions. If that is the case, then it is passed onto the analysis team who checks into all the layered accounts for signs of red flags, and if such signs can be found those accounts will also be blocked and passed on to the reporting team. After the ticket has been issued, the reporting team receives the money erroneously deposited. Before any action can be taken against the fraudster, the reporting team is required by Bangladesh bank to send an acknowledgement letter to the fraudster that includes the GID number, date of the occurrence, and the amount of the fraud. [There are two options if you accidentally send money to the wrong person. Sending an acknowledgment letter with the victim's number, incident date, and transmitted amount would be one option. If the receiver has already provided approval, a consent letter must be issued, detailing all of the information contained in the acknowledgement letter, as well as the consent date and other relevant information. All of the letters give the victims seven (7) working days to get in touch with bKash and explain their situation. The FDM team can only take additional action to resolve the conflict after issuing this written notice and waiting seven working days for it to be received. DRT will issue a bond and a cash memo of the amount embezzled after the report has been finalized and it has been approved by the board. Once the victim signs the bond absolving bKash of all liabilities



for which they will be held accountable, the cash memo is released and the embezzled funds are quickly transferred to the victim's account in electronic form.

The intern's primary responsibility as a member of the reporting team was to issue these advertisement and consent letters. This, I believe, is the most critical position, as the FDM team cannot advance without issuing this written documentation, as per BFIU regulations. As a result, I place a high weight on my participation to the company, as the success of the entire team is contingent upon my performance and efficiency.



*Figure 32: Core sub teams of FDM*

## **Summary of Job Operations during Internship**

I have pursued my internship in the Fraud & Dispute Management department under External Affairs Department in bKash Limited for a tenure of three months. I was in charge of compliance monitoring & fraudulence prevention where my basic duties were recording letter feedback, collecting responses through external communication with customers, and preparing & issuing letters for customers. Diversification of activities created a variation in my daily work as well a good understanding of the functions. So, the mentorship journey was full of new challenges, diversified experiences, new operations, and targets. Besides these fundamental activities, I was also involved with knowing the company culture, work ethics & etiquette as well as getting accustomed to it. During my internship, I was able to devote myself to learning about the company's core beliefs and operational processes as well as working under the supervision of many

brilliant minds at bKash Limited thus a professional service firm's internal workings provided me with a glimpse of what I intend to do in the future in my career.

### **Preparing & issuing letters for customers:**

In the beginning, I had the responsibility to create and issue two kinds of letters all by myself using Microsoft Word. For fraudulent and inadvertently deposited money to an incorrect account, AD letters are issued to those customers informing them that a complaint has been lodged against them and a ticket has been issued for the accusation, so if they have any claim for it, they should provide it. Again, consent letters, also known as CST, pertain to over-the-phone customers who admit receiving incorrectly transferred funds and have offered a verbal expression of agreement to refund the funds, thus a written accreditation is issued to them. I Issued around 500 letters manually.

- Auditing the NID and KYC of users who have complained of fraud or other disputes.
- Managing daily log files and refurbishing them on the basis of providing information regularly for concerned management to review, track the count of letters dispatched & update into the database.
- Inserting fraudster/ recipient number & detail address, victim number, CIMT amount, incident date & thus counting the due date from the date the letter dispatched to the customer.
- Creating an Envelope with detailed address & contacts of the recipient.
- Created AD & Consent letter for claiming and being the victim of fraudulence & mistakenly transferred money.
- Recorded suspicious customer information who are accused of fraud or mistakenly received the money.

### **Creating Letters with Mail Merge:**

As I am a student of Technology Management, I always looked to figure out how I could automate the task which has been done manually till then and thus maintain ease of accuracy and ensure efficiency. Later on, I got to learn about a new format of excel named “Mail Merge”.

Mail Merge is a useful technology that allows you to create a huge number of documents concurrently, such as multiple letters, labels, envelopes, and name tags, by integrating data from Microsoft Word and Microsoft Excel. This reduces the workload of retyping the same message over and over again. Thus, it saves time as well as improves productivity & efficiency. Issued around 6000 AD/Consent letters using Mail Merge

Importing the data from a.csv or.txt file into Excel and setting it up for a mail merge is required because the data is separated by commas.

- Dispatch date, Incident date, due date, Ticket no. and all the information from KYC of a fraudster or a mistaken receiver is given as input.
- All the descriptions written in letters are defined as Merge Fields in the main document
- All the data I input are merged with the main document.
- Finally, the excel file is saved, blank cells are deleted & exported for printing.

### **Recording letter Feedback:**

There are two types of letters that I collected feedback on. For fraudulent & mistakenly transferred money to the wrong account, AD letters are sent to those customers to inform them that a complaint has been filed against them and a ticket has also been raised for the allegation, so if they have any statement for it. Again, Consent letters which are called CST refer to an over phone customer who acknowledges receiving mistakenly transferred money and has provided a verbal statement of agreement to return the money, so a written accreditation is sent to them. I worked on recording the feedback and reasons of those letters which could not reach customers. Along with the recent letter feedbacks in the current I also worked with the backlog letters which were pending due to lockdown.

- Preserving and updating a database of consumer fraud and dispute issues.
- Sending acknowledgement letters and consent forms to key stakeholders in order for the authority to conduct additional case analysis and corrective measures
- Retaining a structured archive of all feedback and opinions on letters sent out so that the appropriate authorities can easily find them.

- Collected those letters which were returned without any response from the recipient for some reasons.
- Enlisted the reason for returning & letter details.
- Categorized the letter according to its type.
- Collect Ticket number, date, and bKash account number corresponding to each letter.

### **External Customer Communication:**

External communication is maintained with customers through customer response of AD letters which were received by customers and also responded with proper justification. By assessing those responses, I learned tentative reasons for Fraudulent & mistaken money transfers.

- Gathered those letters, especially which contained responses from the recipient.
- Observed the situation which they articulated.
- Investigated the authenticity of their response.
- Recorded their claim or consent as a remark of customer response.

### **Working Conditions & Functions**

bKash has an inclusive culture where every other person is provided with particular responsibility, entrusted with the authority and liberty to do their duties. Integrity is at the heart of all we do here at bKash. and each and every one works wholeheartedly to build these things into organizational DNA. I have found a tremendous working environment here where every other person dedicatedly works together to attain their everyday goal. The commitment and diligence of employees for the safety of customers literally amazed me and their ideologies were not like an employee working for a company rather like a stakeholder working their level best to pull up the brand image. Though the official working hour was 10 a.m. to 6 p.m. I often arrived early and some days I also waited for half an hour or an hour beyond office hours because I felt really inspired by the energetic bunch of people and wanted me to be a part of the contribution. It is not just the devoted employee hub working heart and soul, I have also met utmost caring management who have toil and moil throughout the year to make the employees satisfied by ensuring reward, facilities, compensation, and entertainment. The value of openness and approachability was the best thing I encountered where I could directly go to the supervisor and ask for feedback and lodge complaints. The

company ecosystem is built in such a way where feedback is extremely encouraged, anyone can approach anyone and every person is accountable to the other. Thus, I apprehended the visual evidence during my internship tenure that why bKash has been awarded thrice for being the Number One Employer of Choice, a most cherished working culture barely found in Bangladesh. As all my responsibilities regarding fraudulence prevention were computer-based remote works, I did not attend any field trip or market survey.

## **Special Activities Undertaken**

Along with the assigned work I had the experience of managing and coordinating the Focused Group Discussion Round of bNext– the first flagship program of bKash limited which provided a glance at how to flawlessly manage an event in a real corporate environment. Apart from that I also got the opportunity to attend our sports day named ECAD Olympics which added a diverse experience to my learning.

### **Coordinating FGD round of bNext:**

bNext is the very first flagship program launched by bKash and it was a tremendous opportunity for me to be able to coordinate the whole FGD session. This program provided me with hands-on experience in a professional situation where I was able to learn how to interact with others in a professional manner.

I was guided and supervised by Abu Usuf Md. Rashedul Amin, GM, Employer Branding & Talent Acquisition, Human Resource Division through the whole 2-day long program.

- I got first-hand experience in managing and running such a big event.
- Learned how to interact with sectoral leaders and other people in a real corporate level environment
- Opportunity to observe 20+ Live FGD sessions provided me with numerous knowledge about DO's and DON'Ts in a group discussion.
- I got to know the parameters and gestures on which a candidate is evaluated in such an assessment.

- Last but not least, I came across tons of information and innovative ideas regarding the solution to the problem given in the FGD.

### **“ECAD OLYMPICS”– A Day to remember:**

On Saturday, 6<sup>th</sup> October 2021 a sports event happened where all 5 departments of External & Corporate Affairs were indoor games like Ludo, Chess, Table Tennis, Carom, as well as outdoor games Football, Cricket, Badminton, were included. I believe this sports event has pushed employees out of their comfort zone and shaken off the work-related pressure with an element of fun. Such friendly competition through sports has taught me the value of discipline, tolerance, cooperation, better observation & team-building opportunity. I have learned one important lesson at the end of the sports day “Whoever wins the match, both teams should always appreciate & do an honoring gesture for the other one for their effort and coordination.” I was truly grateful to be a part of such an amazing event.

### **Learning Outcomes**

Through my internship program, I got to experience for the first time how the corporate world works. Prior to this, my life consisted solely of academics and extracurricular activities. I learned a lot while working for the world's largest MFS company. Working at bKash Limited, where everything is so well coordinated and pleasant, makes me feel really fortunate. The strain of meeting deadlines, providing the correct information, time-management, workplace productivity, and cooperation are all interpersonal skills I have obtained. I can relate my academic knowledge to the practical experiences I am obtaining. I learned to type in the Bangla language in Avro efficiently and now my speed in Bangla is 45 words per minute. My Microsoft Office skills have gotten better. The whole bKash team believes in Integrity and emphasizes Organizational Citizenship Behavior. I was really amazed at the friendly working environment, the respectful & humble behavior of employees towards each other, and the motivation of employees to reach everyday goals even if they are not accountable on a regular basis. In between works I communicated with all to get introduced and got to know their real-life stories about time management, work-life balance, how they tackle challenging situations, strategies to be followed to obtain goals, and how a priority list should be sequenced. I was also aware of the significance

of building and maintaining personal and professional connections within a company. By coordinating bNext FGD session I learned how to operate, monitor, and manage an event smoothly and flawlessly. Apart from that, I gained some suggestions on how to be creative and innovative in work to attain a target in the long run, resolving conflicts and disagreements in a workplace, effectively becoming a team player, and working unitedly for greater interest. In the department, my work had a significant impact. The FDM process is strengthened as a result of the work I undertake. There are many people who gain from the MFS, but there are also a number of criminals that use the system. There are a lot of fraud allegations that come in every day and need to be properly investigated. It is not an easy job for the whole team to handle all these cases every day. However, whenever fraud money is retrieved and the victims get their lost money back, it all makes the hard work worth it. I can relate it with how customer satisfaction is important and how customer loyalty is a result of it.

## **Benefits to the Students**

my outlook on the corporate world and my future career goals has radically altered through internship in bKash Limited. I got the chance to prepare myself more professional, punctual, and career-oriented with the guidance and kind cooperation of my supervisor and all the members of External Affairs at every step of my endeavor.

### **Boosting Confidence and Communication Skills:**

Having almost no unequal distribution of power in communication and working in a team-based atmosphere has aided in my ability to connect more effectively with my colleagues and seniors. Due to the requirement to issue advertisement and consent letters, I was required to work on the database developed by half the team and then delegate the task to the remaining half. As a result, my job was inextricably linked to that of my team, which meant that I needed to maintain continual communication with everyone on my team and vice versa. Knowing how critical my job has boosted my confidence and organizational abilities in order to facilitate communication.

### **Environment and Organizational Skills:**

I had no notion how a company ran or about the work culture before to entering bKash as an intern. As I joined this company, I was aware that it was the employee's first option, but it wasn't until I worked there that I discovered why it is regarded the best. The company atmosphere is quite well-developed. It is approachable while yet encouraging open communication, efficiency, and, of course, compliance. I lacked any practical knowledge of an organization's structure or functioning. More importantly, I gained an understanding of the need of compliance in business. Professionalism was also instilled in me, albeit subtly. I believe that the skills I've acquired in such a brief period will unquestionably benefit me in my future corporate life.

### **Time Management & Work pressure balance:**

This internship brings my life under a proper routine. I need to enter the office within 10 am. I have given a certain time for the lunch break, reporting to my supervisor. There was a deadline for all the assigned tasks also. The deadline can be changed anytime but an employee should have a plan to tackle the situation. So, all of this makes me more concerned about time.

### **Training resources:**

bKash acts as a channel for transferring money from one person to another. When working with civilian funds, it is critical to maintain security and eliminate errors. bKash takes this notion extremely seriously, which is why, despite the fact that I was assigned a limited number of duties as an intern, I was briefed and instructed by several members of the FDM team to ensure that I have a firm grasp on the real process, understand what my plan of action should be, and so prevent errors as much as possible. This course taught me the value of compliance. This, combined with advanced Microsoft office training, assisted me in increasing my productivity.

### **Experiments:**

An intern with little or no job experience was given the opportunity to experiment with his or her work processes. What I appreciate most about this organization is that they are always willing to try new things as long as they are productive and have a reasonable possibility of paying off in the long run. I was able to boost my overall production by always pushing myself to complete the task in new ways.



## **Equal Treatment:**

I have seen in bKash that everyone is treated equally. Calling “Bhaia” and “Apu” is preferred in the organization instead of “Sir” and “Madam” which creates a comfort zone to interact as well as made us feel the team as a family. This is a great motivation for the employee.

## **Interaction with Supervisor and Coworkers**

On the very first day of my internship, my line manager introduced me to all the 33 team members which was a tremendous culture in bKash to initiate and enhance corporate networking and relationships. In between works, I communicated with all and they also spontaneously shared real-life stories about time management, work-life balance, how they tackle challenging situations, strategies to be followed to obtain goals, and how a priority list should be sequenced. Some of the senior officers of FDM shared their experience on how to prioritize a list of responsibilities, how to make monotonous work enjoyable by bringing variation and maintaining a healthy work-life balance essential to long-term success. From the very beginning, I have tried to remain courteous and well-maintain my professionalism. However, it was never made difficult for us to interact, thanks to the amazing culture at bKash where the perspective of one another is very friendly. Everyone is extremely approachable and helpful and the culture lets us treat our seniors like our big brothers and sisters. My supervisor, the Vice President of ECAD, often checks in on us and asks for our updates even after having a lot on his plate already. The value of openness and approachability was the best thing I encountered in bKash where I could directly go to the supervisor and ask for feedback and lodge complaints. The company ecosystem is built in such a way where feedback is extremely encouraged, anyone can approach anyone and every person is accountable to the other. I regularly interact with the officers of FDM who assign me my day-to-day tasks. Other officers also reach out to me to assist them whenever it’s needed. My co-workers are really engaging and we made good connections with the interns of AML/CFT. We all have lunch together at the office and we do many enjoyable acts despite the fact that he had a lot on his plate activities. We went out for hangouts after work and had regular group chats.

## Difficulties & Challenges

The working environment of this organization is definitely better than any other local company in the country. So, my internship journey with bKash Limited has been great so far due to the endless support and supervision I am receiving from my seniors in this organization. Whenever I am having any queries or difficulties regarding anything, they are always there to help as much as possible. I did not face any huge difficulty as of yet, but the following are some of the small struggles I face at the organization infrequently.

- There is no internet or drive folder connectivity authorization for interns. Files are shared with us through intranet and shared folders. A shared folder is typically a stumbling block, as not everyone can visit it. So, when I needed to search for any information I couldn't do it, and most of the time I needed to use my mobile data or wait for my supervisor's instruction.
- Issuing AD letters and recording feedback were one of my primary jobs and generating AD letters necessitates a thorough understanding of my customers. Oftentimes, KYCs and NIDs are missing which hinders my work.
- I have to print the documents and letters on a regular basis. Nevertheless, I lack the ability to print. Mailing the files to another officer for printing which is time-consuming and even leads to confusion at times.
- Oftentimes it is very difficult to understand the handwritten KYCs and customer feedback reasons due to the problematic handwritings or blurred pictures. Thus Efficacy and productivity are hampered because of this inability to ensure error-free work. As most of the letters I issued were in the Mail Merge format of Excel, inserting customer information in Bangla was quite a troublesome task and it created many obstacles for me to meet deadlines.
- The repetitious nature of the task makes it difficult to maintain a high level of productivity over a long period of time.
- It took a few days for me to receive all the IT resources I needed to begin my internship program because of the high security requirements of the laptops I was obliged to use because I was working with confidential data, getting access to the resources I needed took a few days because of the long wait times.

- There is not sufficient information on the External Affairs Department accessible to utilize for making this report.

## **Working Tools**

Since bKash is a prominent provider of mobile financial services, & secured the value of UNICORN, all the activities and operations are computerized to ensure productivity & efficiency.

- Being an intern, I was also provided a laptop and company email address though I had no access to any company software, share drive, or internal operational tools.
- To accomplish my regular tasks, I used Microsoft Office mainly Microsoft Excel and Microsoft Word.
- But as I got the chance to work with large datasets I could apply advanced formulas, VLOOKUP, and Data Validation while using Excel.
- Used a new format of Excel named Mail Merge which allows producing numerous documents like multiple letters, envelopes, and more using information stored in a list, database, or spreadsheet simultaneously by combining data from both Microsoft Word and Microsoft Excel. It is built using advanced VLOOKUP, Conditional Formatting, and Data Validation.
- As I mostly needed to create letters by typing using Microsoft Word, I gradually speeded my typing skill which has reached 55 letters per minute now.



## **Chapter 5: Analysis and Findings**



## Company Level Analysis

When I was an intern at the External Affairs Unit, which is primarily responsible for incorporating with all sorts of criminal and fraudulent activities that happen by mishandling bKash, through exploratory & descriptive analysis I found some efficient measures that the department is completely shifting towards automated operation in handling fraudulent activities. The block chain technology bKash has been using is super strong that there is no way to breach the system security as the system is built with two factor authentication- each bKash account is opened against a phone number & to log into the account a person needs some credentials like one time password & pin through that phone number. Since the inception, there is no record of system glitch & violating these 2-factor authentication to transfer money so it's next to impossible to make any fraud transaction using the flaws of their technology. So, most of the fraudulent or erroneous transaction happens with the customer initiative issues. Complaints and Queries that rises:

**LEA Management Queries:** As the CDD (Customer Due Diligence) of bKash is extremely strong, for any abuse in financial transaction like Drug Trafficking, Hijacking using bkash, LEA seeks for the identity & detailed information of the user from Special Support Team (SST) of bKash. Though SST can't provide with all the sensitive information of customer due to the regulatory bindings of Bangladesh Bank, SST assists LEA with 24/7 verbal support in doing investigation.

### Fraud & Dispute Complaints:

Complaints on Fraud & Dispute cases as well as mistaken money transfer are filed through verbal statements of victim. As there is no mechanism in the system to detect if the transaction is fraud, so it is wholly dependent on the complaints lodged by customers.

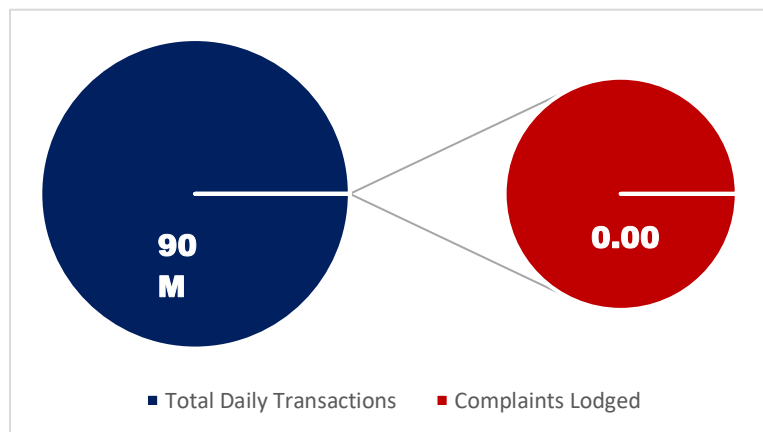


Figure 33: Ration of Complaints/queries from customer/ LEA & Gov. Agencies

### **Automated Complaint Management Solution:**

To deal the queries from LEA as well as complaints from customer regarding fraud, dispute & mistaken money transfer bKash is going to launch Automated Complaint Management Solution with the objective to automate all the procedures of Customer complaints or LEA Query related issues with faster resolution using computerized system.

### **How bKash will be benefitted:**

**Customer Profiling:** As in there is no glitch in the system & it's difficult to detect if any customer is criminal or not the only way to initiate customer profiling is the complaint or query lodged by the victim. Based on the data from multiple stakeholders' (LEA/ Detective Agency) if already marked for suspicious activities and victim statement through complaint lodged, historical data is generated & the alleged customer is profiled in the system database. Currently, Complaints/Queries analysis, historical data & transaction profile data everything is created manually so the documentation is quite difficult. With automation, historical data from victim & fraudsters' bKash account and transaction profile data will be automatically fetched in the system & alleged customer profile will be created which will further be segmented based on business class & demographics.

### **Faster Resolution of Complaint/Query issues:**

The procedure of resolving Complaint/Query Management undergoes some steps.

**Complaint Lodge:** The only way to file complaints regarding fraud, dispute or erroneous transaction is the verbal statement of the victim via interaction points (call center, physical customer care, digital service- chatbot) which is recorded in CIMT (Customer Information Management Tool) by Customer Service Executives. As every other customer speaks in different pattern & dialects there is no option to automate this step.

**Validating:** For Complaint Management Process, there are some control parameters in each interaction point (call center, physical customer care, digital service- chatbot) based on which customer service agent record & validate complaints.

Currently the way validating is handled:

Complaint/Query/ Request from customer → Customer Service Records in CIMT → CS agent checks manually in CPS (core system) the authenticity of the complaint → If it's genuine CS further contacts with customer for some verification, demographic information & ongoing transaction → Depending on the complaint/query ticket is raised & passed to different end for further analysis.

After Automation while recording complaint/ query in CPS and CIMT will be integrated to match the authenticity stated information and transaction profile. So, CS agent do not need to check the validity manually. Again, the system will automatically generate verification notification and demographic information of the victim so CS executive will just need to match the cases.

Furthermore, after validating when the complaint is lodged and ticket is raised the alleged receiver account is Debit/Credit blocked or temporarily barred. With automation all the instructions will be generated, processed and accomplished by the system which is currently done physically.

**Detailed Analysis:** There are some parameters from transaction investigation to profiling, based on which analysis is done. Currently, QRT sets a cut off time to figure out the number of tickets raised in that particular time. Then checks & analyzes each ticket manually with the historical data & transaction profile. After automation, QRT just need to fetch the complaint tickets from CIMT and insert into the system where the solution itself will investigate and generate detailed report. System will also perform transaction nature analysis depending on time, amount, type of transaction, location, sender, receiver and so on.

**Reporting, Approval & Reimbursement:** After analyzing all the complaints, system will take further action according to the pre-processed instructions & analysis parameters and thus generate a detailed & precise report which eventually needs to be approved by different levels & cross functional teams. Afterwards, if there is any claim on the defrauded amount, it will be reimbursed to the actual owner.

**Prior Involvement Database:** Currently, even after resolution all the data of each complaint & query is manually fetched in excel datasheet which will be automatically recorded after the implementation of the solution.

## **How Customers will be benefitted from the New Automated Solution:**

### **Direct Impact:**

- With the implementation of the new automated system, customer will get Complaint Status Visibility by getting clarity and information in which stage the complaint is prevailing & how long will it take to resolve.
- Currently, the timeframe of SLA (Service Level Agreement) takes 41 days to pass all the levels of different procedures and thus resolve the issue. After automation the SLA timeframe will be reduced as the procedures will be simplified.

### **Benefits in the long run:**

- At present, all the complaints, incidents & situations are analyzed manually from documents & excels sheets based on prevention and awareness initiatives are taken. After the system development, prediction and suggestions of awareness measure will be automatically generated which will eventually help in fraud reduction.
- Obtain detail information and understanding of the Social Engineering Techniques used in fraud incidents and solutions to mitigate it.
- As most of the fraudulent activity happens from customer initiative, So, Victim Analysis and suggestions will be generated to understand what type of message is communicated from fraudsters that compel customer to share their one-time OTP & Pin.
- As the system will integrate all the departments, it will help to smoothen cross functional activities and thus predict what type of fraud trend it rising lately which is currently done physically. So, the system will create clear visibility and analytics based on which implementation of prevention measure will be easier with faster resolution.

## **Market Level Analysis**

At 40% active usage (at least one transaction per month), bKash Limited dominates the Bangladeshi mobile finance service market with over 24 million registered customers. An average of fifty fraud and embezzlement complaints are filed each day by the company's most loyal customers.



Money fraud is tough to completely eradicate. Customers are not only vulnerable to third-party fraud, but internal fraud can cause significant financial damage to both the firm and the service users. A USP is becoming increasingly important as the MFS market expands. bKash has the opportunity to gain a competitive advantage by eliminating such mishaps and increasing public awareness at this critical time. bKash has always been the market leader. But having a wide range of customers means that although a tiny number of clients fall prey to fraud, it is substantial enough to create a buzz that can damage the firm. So, even if the root reasons of the problem can't be entirely solved but a skilled team can help of fraud and disputes can help bKash achieve a competitive edge.

bKash's External Affairs department works with legislative compliance, fraud and dispute situations. Compliance is critical for a financial institution dealing with public funds since it affects the company's reputation and allows them to promote it as a differentiator. Apart from the fact that compliance is required by the Bangladesh Bank, who monitors bKash's actions more than many other commercial banks, as a marketing tool, bKash can leverage this as a unique selling proposition (USP).

#### **Risk factors for bKash in the MFS industry:**

Threats and fraudulence are always a possibility with this type of financial business, just like with any other. These are the most common types of fraud in the MFS industry, and they happen frequently.

- **Fraudulent marketplaces and people:** Many bogus online platforms promise to offer things but then vanish after the order is placed and the payment is completed via bKash. Individuals seeking to sell products on legitimate platforms like Bikroy or even Facebook and social media platforms do it too.
- **Phishing sites:** As long as the customer's device is compromised or hacked, fraudulent websites and advertising can obtain sensitive information and credentials.
- **Fake calls or masking Calls:** Most fraud instances use simple yet manipulative strategies. Fraudsters use their convincing tone of speech, wit, and occasionally emotion to defraud customers and profit from their ignorance. The scammers pretend to be bKash employees and try to get information and credentials from consumers and even agents in some cases.

- **Mistaken transactions:** Because several bKash clients are technologically lagging behind due to age or illiteracy, mistakes happen frequently, and some dishonest people refuse to return money, generating disputes.

Due to these circumstances, the company will now face issues that can not only ruin the brand but also its reputation, which is vital in today's market when competition is intense.

The problems are listed below:

- **Data theft:** Since bKash accounts require sensitive and vital credentials that are lost or misused when such cases of fraudulence occur.
- **Compliance:** Compliance is difficult to maintain and monitor with such a large client base and agent network. However, in cases of fraud, compliance is considerably more difficult to maintain because multiple facets of stakeholders are unhappy because they were defrauded. (Haque, 2021)
- **Money theft:** An increasing number of people and organizations are putting their hard-earned money at stake due to fraud.
- **Dispute:** any individual, agent, or institute leads to a dispute that is not only difficult to resolve but also negatively impacts the business legally or reputationally.

### Competitive Scenario:

bKash used to have a monopoly on the market, but not anymore. MFS users are seen using services like Nagad, Rocket, and Upay. 62 % surveyed used bKash, indicating people are moving on to other platforms. It is now more vital than ever to grasp an individual's viewpoint -

- The incentives that entice them to engage
- While using the platform, they experience a variety of fraudulent and risky situations.

As a result, evaluating bKash's capacity to address customer concerns, reduce risks, and develop better solutions is more important than ever.

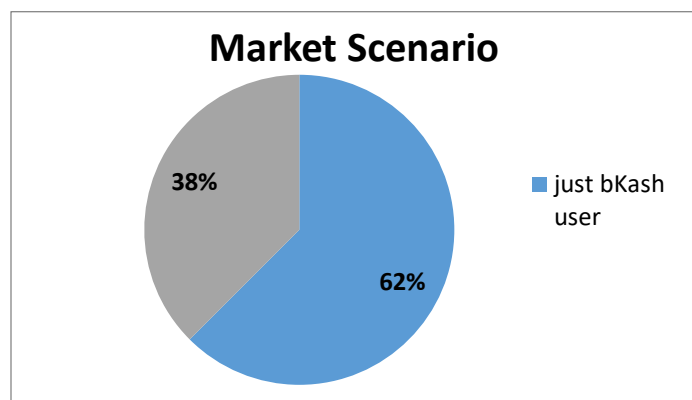


Figure 34:Market Scenario

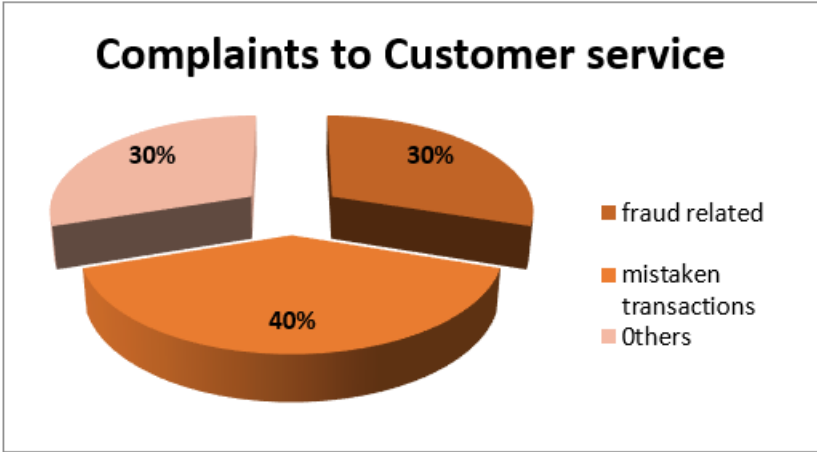


Figure 35: Complaints to Customer Service

During the pandemic, the customer care service ended up getting 140,000 complaints in 6 months. 30% of those cases were fraudulence, both genuine and attempted. Another 40% are erroneous transactions.

**Solved Cases and effectivity:**

Here is what I believe will give bKash a competitive edge. As previously stated, bKash has a big customer base, therefore even if a tiny percentage of customers encounter issues, it is still a huge concern that the FDM team is handling well. 94% of the complaints received by bKash have been resolved, therefore recouping or partially recouping the amount embezzled in the last six months. This is astounding given the magnitude of fraud and its ramifications.

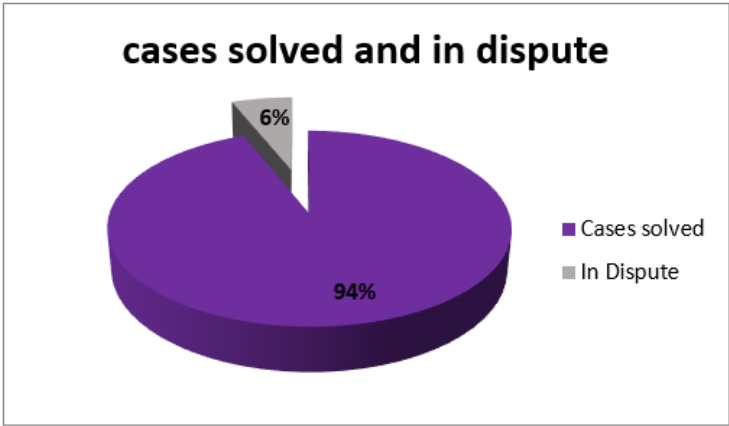


Figure 36: Ration of cases solved in the past half yearly period

A majority of the cases in dispute have been processed, but a minority are still pending and will take some time to process. In my analysis, I discovered that most consumers see trust and reliability, as well as fraud risk control, as bKash's USP.

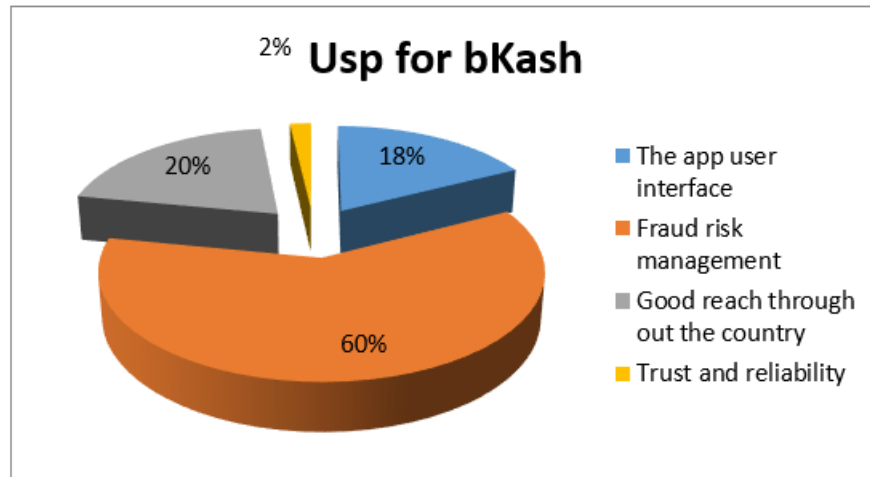


Figure 37: USP for bKash

Survey respondents said they would prefer bKash over competitors if they knew how hard the company worked to reduce risk by investing both money and physical resources, even if the charge was a little higher, because of the improved security and trustworthiness.

## Professional level analysis

### Influence of Internship in Future career:

As an Intern, I have learned lots of things from bKash Limited. It was a huge motivational boost for me to get the opportunity of connecting with those sectorial business leaders and learn about interpersonal skillsets first hand from these brilliant minds. I got the chance to prepare myself more professional, punctual and career-oriented which will be a stepping stone in my future endeavor.

- **Teamwork:** many times, I need the help of my colleagues and they also ask for the draft of the letter from me. Since then, I've honed my interpersonal skills as an intern and learned how to work effectively in a team.
- **Technical Skills:** I have learned advanced level of MS office tools during my internship though I prepared a database of huge data.

- **Communication Skills:** I have learned how to communicate formally in the office premises with the higher authority and also outside the office with other external stakeholders.
- **Ability to work under pressure:** when needed how to complete any task in a short time, I have this experiences in my internship period. The deadline can be changed anytime but an employee should have a plan to tackle the situation.
- **Time Management:** This internship brings my life under a proper routine. I need to enter the office within 10 am. I have given a certain time for the lunch break, reporting to my supervisor. There was a deadline for all the assigned task also. So, all of this makes me more concerned about time.

#### **Knowledge Acquired from the University:**

- **Theoretical knowledge:** From the university, I have learned the theoretical knowledge of business administration. It is the basement of our knowledge to prepare ourselves for corporate life.
- **Presentation skills:** University teaches us how to give a presentation on different topics. Which makes us more flexible to speak publicly.
- **Leadership skill:** During my university period, I was involved in different extra curriculum activities and club. Which was very helpful to develop my leadership skill.
- **Punctuality:** University made us punctual. We need to enter the class at the exact time for ensuring attendance & any student without 75% attendance can't sit for exams. There was a deadline for the assignment submission. All of this makes us punctual which help us in corporate life also to finish the given task in a certain time.
- **How to do Research or write a report:** From the university, I have learned how to write a report. There is a dedicated course named Research Methodology to teach the student how to do research.

#### **Missing knowledge which needs to be acknowledged in the University**

- **Professionally trained up:** Focus on more extracurricular activities to make the students more proficient to deal with this continuously changing job market.
- **Workshop and Seminar:** Arranging more seminar and workshop with high profile corporate person so that students can get more chance to know the corporate world.

- **Communication Skill:** Communication skill is more important in the corporate life. The more presentation will be arranged in the class, the more student will be fluent in their communication. Again, field survey attempt can be performed individually to get first-hand experience about business strategies & operations.
- **Technical skills:** The academic arrangement gave more focus on theoretical knowledge instead of technical knowledge while, within the organization, the importance of technical skill is a must. So besides theoretical education different software, tools & applications must be included in curriculum. Like: Building operational research mathematical models & running software applications; Agile, Waterfall project Management tools; R language, SPSS tool for statistical analysis & visualization.



## **Chapter 6: Conclusions & Recommendations**



## Recommendations

As the largest MFS service provider in the country, bKash is among the country's most successful businesses. So even though they're an enormous corporation, their actions appear to be fairly proactive and entrepreneurial. It has always been an honor to work for bKash since their workers, no matter what division they work in, are dedicated to making a difference in the lives of their clients. FDM is now an essential component of bKash that the company cannot do without at least not in this era, following my internship and my research for the report. However, like with anything, the following suggestions can help improve the fraud risk management process.

- **Reduce Application Related Errors:**

Although through the Google Play store Authentication request in ANDROID & USSD menu of IOS has reduced the App related fraud less than half, still focusing more on technological advancements in order to make it more difficult for fraudsters to violate the standards and to speed up the process of resolving fraud.

- **Mobile phone/app users' biometrics:**

It is costly and does not cover all customers. However, it will provide improved client security. Improving the technology infrastructure is also critical to tackle such situations automatically.

- **Simplify the FDM process:**

It will help to speed up case resolution & reducing customer and stakeholder conflict. During the epidemic, there was an increase in new users who had little expertise of the service and were more susceptible to errors and fraud.

- **Make Account Registration Automated:**

Manual account opening and creation takes almost a month to complete 3 steps verification where fraudsters immediately accomplished transaction and abandon the account before completion of verification where in app or website-based registration instantly performs the verification and validation before which no transaction can be occurred.



- **Training clients and parties based on their age, education, and geography:**

They can also think about sending out notifications to customers on a regular basis, although this should begin as soon as the account is created. Agents must be trained on how to spot fraudsters who steal credentials and money. It's also vital to warn customers about OTC transactions (Over the Counter).

- **Prevention Measure & Compensation:**

Spreading the anti-fraud awareness campaigns to remote areas as rural people mostly get caught under fraudulent activities due to ignorance as well as taking care of the defrauded victims through some form of compensation.

## Conclusion

As a compulsory requirement for the completion of academic training, I am pleased to provide this report to my supervisor. The report reflects my efforts, honesty, trustworthiness, and collaboration with bKash Limited. To the best of my ability, I tried to optimally include all the accessible information. Due to the industry still striving through the development, data security & privacy is maintained all way around. Because of these potential for advancement, I consider myself quite privileged to be employed by a company like bKash. Highlighting the focus of the report, without compliance and fraud prevention, the MFS industry will cease to exist. While the danger cannot be completely removed, as the results and analysis of this report demonstrate, bkash, notably the FDM team, is doing an excellent job minimizing the situation and reimbursing the sums to their individual accounts. Therefore, because they are already engaging in such activities, they should consider appropriately marketing their efforts, which will assist them in differentiating and gaining a lead over its rivals, which they already have but can now strengthen owing to the operations they do. Additionally, the work environment at the organization is one of the best in Bangladesh. Apart from that, all other companies have a significant opportunity to grow their market share, given the industry is mature. The industry has a plethora of opportunities for fresh interns. Despite increased competition, bKash is in a decent but not secure position in this business. bKash is increasing its service offerings to retain its leadership status. Their prospects look bright if they can keep up the excellent customer service they've been providing.

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## **Appendices**

During the internship period, all the weekly reports regarding the week basis work activities signed by both company and academic supervisor are attached here. The total number of weekly reports are 12. These weekly reports are made with proper care and ordinance.