

DIGITAL CENTER PROVIDING FINANCIAL SERVICES TO SOLVE THE LAST-MILE CHALLENGE IN BANGLADESH



PROLOGUE

The majority of the poor people live in rural areas but yet most of them lack access to the basic financial services they require. The nearest bank branch is far too away for them to access and avail the services. Despite the strides by the government in providing financial services in rural communities, only state-owned banks, a few commercial banks, and some microfinance institutions operate outside of the urban areas. Transactional costs in rural areas are high due to lack of infrastructure and low transaction size and volume resulting in a reluctance to invest in remote areas.

While they need it the most, poor households and rural communities are often overlooked and remain underserved. Citizens living in rural areas are typically apprehensive when it comes to going to a bank branch to avail financial services. Lengthy paper works, hostile attitude of the bank officials, and the complexity of the process are some of the attributes that scare people away. It is far more convenient for them to approach local money lenders at high interest without any paperwork. The hard-to-reach population is left behind and excluded from opportunities that could transform their lives and their communities.

To overcome the scenario, the government and the regulators must continue to push financial service providers relentlessly. Additionally, banks and other FSPs must perceive the matter differently to realize the business opportunities lying at the bottom of the pyramid.

AGENT BANKING THROUGH DIGITAL CENTER

To tackle the last-mile challenge, a2i has intervened with digital center based agent banking model. Digital centers, located in the lowest tier of government administration, are one-stop access points for obtaining private and public services. The agent-led banking model is an ingenious approach for financial service providers to take their banking services to places where establishing a bank branch isn't feasible economically. The model enabled agents of digital centers to become bank agents to offer financial services. An agent, equipped with a biometric identification device and banking software, can look after the basic banking requirements of the rural population in his/her vicinity.

Digital Center based agent banking has played a catalytic role and demonstrated how to eliminate major barriers to accessing formal banking services and effectively reach the pro-poor community with financial services that are both affordable and accessible. This low-cost agent-based approach is the simplest form of intervention to deliver basic financial services to cater to the need of unbanked and underserved citizens of the country. These are some specific benefits of agent banking from the perspective of different stakeholders.

Agent banking can provide numerous financial services and products and payment facilities through the agent point.



Agent banking helps to include the unbanked rural population into the formal banking system.

The agent could contribute to social-economic growth in a rural community as well as earn additional revenue.



Citizens can avail financial services from the nearest agent point leading to saving travel time & expenses.



FSP's can reach out to more people and customer base with an easily accessible agent network to increase their market share & revenue



DIGITAL CENTER AT A GLANCE

USUALLY LOCATED IN A UNION
(LOWEST TIER IN THE GOVERNMENT)

OPERATED BY A LOCAL
ENTREPRENEUR

2010

Inaugurated by PM and started its journey

2014

Renamed to DC from UISC and won WSIS

2018

06 SDC for RMG workers and 13 EDC for Migrant workers

2021

A network of 7602 DC with 15k+ entrepreneurs and 300+ services

2019

Won the ITEX award & APICTA award

DC = Digital Center
UISC = Union Information & Service Center
SDC = Specialized Digital Center
EDC = Expatriate Digital Center

ENTREPRENEUR PROFILE

Mohammad Azizul Hakim

32 year old,

Entrepreneur of Bhakurta Digital Center



17k

Previous Avg. Income



48k

Current Avg. Income

64% Increased

12 Popular Financial Services can be availed from his Digital Center

2.6k

Account Opened

“

After becoming a bank agent, both my income and scope of operation surged. Now, I have two employees under my supervision. A few years ago I was unemployed, now I am creating job for others.

”

BENEFICIARY PROFILE

Rehnuma Tabassum

28 year old,

Beneficiary of Boyra Digital Center



BEFORE

AFTER

TIME

150 MIN

30 MIN

80% Reduced

DISTANCE

09 KM

0.5 KM

94% Reduced

COST

80 BDT

20 BDT

75% Reduced

“

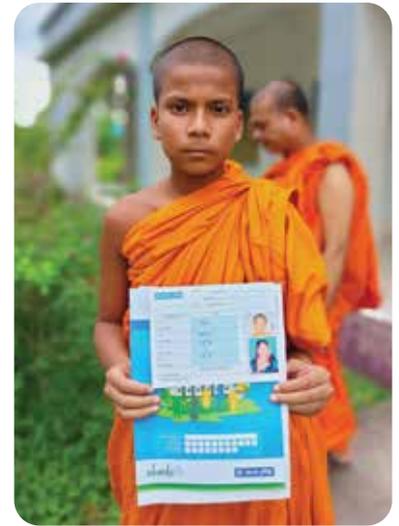
My husband send remittance almost every month from abroad. Previously I had to travel to the upazilla level to collect the money. Now I can easily withdraw from the digital center which is also quick and inexpensive solution.

”

REACHING THE HARD-TO-REACH POPULATION

Rural and underserved communities face significant challenges in accessing financial services. They often rely on either friends and family or expensive informal sources to meet their financial needs. These groups are particularly hard to reach due to their geographical positioning and remain excluded from the formal financial system. However, their inclusion is critical in order to create the right ecosystem for inclusive growth and to give them the opportunity to transform their lives.

Agent banking services from digital centers made a breakthrough by onboarding the rural unbanked population and unlocked the last-mile financial service access point challenge. Providing access to essential financial services has enabled underserved citizens limited scale transactions through their accounts, but constant usage of those accounts will remain a significant issue to achieve true financial inclusion.



- a2i aims to continue to strive forward with the vision to establish a sustaining agent banking network through all Digital Center. If the plan pans out accordingly, there will be a 20k+ agent network ready to serve billions of marginalized underserved citizens at the last-mile access point.
- The agent-led model is a key driver in promoting financial inclusion by including a large number of unbanked rural population into the banking system. These citizens will be able to open bank accounts, save money, take loans, deposit and withdraw cash, receive remittances, pay utility bills and receive government social safety net payments.
- Digital centers can unlock economic opportunities in rural areas. Entrepreneurs of digital centers are now able to boost their earnings by delivering financial services adding to their existing portfolio.
- Likewise, commercial banks, microfinance institutes, telecom operators, insurance providers, government agencies, E-commerce companies will be able to expand their business and deepen their penetration into the relatively hard-to-reach territory.

HIGHLIGHTS OF FINANCIAL SERVICES FROM DIGITAL CENTER

4470 DIGITAL CENTER PROVIDING AGENT BANKING SERVICES

14+ FINANCIAL SERVICES CAN BE AVAILED FROM AGENTS

3.1 MILLIONS ACCOUNTS OPENED FROM DIGITAL CENTERS

89.7 BILLION BDT DEPOSIT COLLECTED

740 MILLION BDT LOAN DISBURSED

18.8 MILLION BDT INWARD REMITTANCE RECEIVED

34 MILLION BDT UTILITY BILL PAYMENT

4.6 BILLION BDT SOCIAL SAFETY NET PAYMENT DISBURSED

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a2i - innovate for all

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