

Report On
Analyzing Consumer Behavior and Perception regarding
Mobile Financial Service (MFS) in Bangladesh

By

Shihab Noor Alam
Student ID: 15104114

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BRAC University
September, 2019

© 2019. BRAC University
All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Shihab Noor Alam

15104114

Supervisor's Full Name & Signature:

Md. Hasan Maksud Chowdhury

Assistant Professor, BBS

BRAC University

Letter of Transmittal

Md. Hasan Maksud Chowdhury

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

This is my pleasure to display my entry level position in the M-Commerce Department of Commercial Division of bKash Limited, which I was appointed to by your direction.

I have given my best to successfully complete this report with all the necessary and required data and recommended proposition in a significant compact and comprehensive manner as far as it was possible.

I believe that the report will meet the desires.

Sincerely yours,

Shihab Noor Alam

Student ID: 15104114

BRAC Business School

BRAC University

Date: September 8th, 2019

Acknowledgement

Initially, I will like to start by showing my towards the Almighty for blessing me with a good health throughout my internship tenure and for enabling me to complete the internship report on time. An internship program (“BUS400” in BRAC University) is a mandatory and partial requirement to acquire the Bachelor of Business Administration Degree. It would not have been possible to complete the report successfully and on time without the proper guidance and instructions and for the continuous support from the people of my job environment, as well as my loved people in BRAC University. I am very much thankful to my internship supervisor and honorable faculty of BRAC University, Md. Hasan Maksud Chowdhury, Assistant Professor, BRAC Business School for providing me with his valuable opinions and required guideline to complete my internship report. I am really grateful to him for being available and supportive throughout this entire. I would also like to thank Mr. Ahasanul Kabir, Channel Manager of the M-Commerce department, Commercial Division for selecting me as an intern of this department and I would also like to show my cordial gratitude to my onsite supervisor A.M. Sirajul Mowla, Manager of M-Commerce department of bKash Limited for providing me the opportunity to work with him in his team and get a practical idea about working in a business environment. Without his guidance in every step, it would have been impossible for me to write this report. Last but not least, I would like to thank, all the fellow employees of the department for their help that they have provided me with. Lastly, I would like to give a special thanks to the honorable faculty of BRAC University and I am also grateful to my family, my friends, colleagues, and well- wishers for having trust in me and supporting during every phase of my life.

Executive Summary

Internship is the chance acquired to trip the realistic work environment. The predominant aim of this report is to assess the Consumer Behavior and Perception concerning to the Mobile Financial Service commonly termed as MFS in Bangladesh. To start off with, this report offers a review of the Mobile Financial Service sector in Bangladesh. Subsequently, it attracts interest towards the literature review of the Mobile Financial Service and also enables to determine the opportunities and challenges provided by the MFS providing companies. In the third part, the analysis of the industry is defined briefly. Lastly, the findings and evaluation from the vision of the ‘user’ have been shown regarding not only the effectiveness and reliability of the whole process but as well as for determining the shortages and lacking present in the technique. The report is prepared with a motive to find the perceptions of consumers and their behavior towards the MFS systems, which is currently growing out to be popular in our country.

Keywords: MFS

Table of Contents

Declaration.....	ii
Letter of Transmittal.....	iii
Acknowledgement.....	iv
Executive Summary.....	v
Table of Contents.....	vi
List of Tables.....	viii
List of Figures.....	ix
List of Acronyms.....	x
Chapter 1 Introduction.....	1
1.1 Problem Statement and Purpose of Study.....	1
1.2 Origin.....	3
1.3 Objective.....	3
1.4 Research Question.....	4
1.5 Methodology.....	4
1.6 Literature Review.....	6
Chapter 2 Industry Overview.....	8
2.1 About MFS and the Industry.....	8
2.2 Products and services of MFS.....	12
Chapter 3 Industry Analysis.....	13
3.1 Market Share Analysis.....	13
3.2 S.W.O.T Analysis of MFS.....	14

3.3 Porter's Five Forces Analysis of MFS	16
Chapter 4 Findings	21
4.1 Analysis and Results	21
Recommendations	35
Conclusion	36
References	38
Appendix	41

List of Tables

Table 1: Facts on MFS.....	9
Table 2: Banks and the MFS products.....	12
Table 3: Responses from the Survey	25

List of Figures

Figure 1: Market shares of MFS	13
Figure 2: S.W.O.T Analysis.....	14
Figure 3: Porter’s Five forces analysis.....	20
Figure 4: Gender ratio of the respondents.....	21
Figure 5: Age group ratio of the respondents	22
Figure 6: Educational background ratio of the respondents	23
Figure 7: Average monthly income ratio of the respondents.....	23
Figure 8: MFS usage ratio of the respondents	24
Figure 9: Response ratio of the respondents on money or MFS.....	26
Figure 10: Response ratio of the respondents on convenience of MFS.....	27
Figure 11: Response ratio of the respondents on App of MFS.....	27
Figure 12: Response ratio of the respondents on money or MFS.....	28
Figure 13: Response ratio of the respondents on risk of MFS.....	29
Figure 14: Response ratio of the respondents on SMS feedback.....	30
Figure 15: Response ratio of the respondents on rules and regulations.....	30
Figure 16: Response ratio of the respondents on specific usage	31
Figure 17: Response ratio of the respondents on payment options	32
Figure 18: Response ratio of the respondents on future of MFS	33
Figure 19: Response ratio of the respondents on loyalty	34

List of Acronyms

MFS:	Mobile Financial Service
MNO:	Mobile Network Provider
Dept.:	Department
IFC:	International Finance Corporation
QC:	Quality Check
A/C:	Account
BDT:	Bangladeshi Taka
IR:	International Remittance
KYC:	Know Your Customer

Chapter 1

Introduction

1.1 Problem Statement and Purpose of Study

Mobile Financial Services (MFS) is a formal method which offers financial services and further combining the banking system with the mobile wireless networks allowing users to execute their financial transactions. This practically refers to the ability to make deposits, withdraw, and to send or receive funds from a mobile account (Md. Golzare Nabi, Md. Sanaullah Talukder, Gregory Chen, 2012). The monetary sector based in Bangladesh is abruptly increasing in size with response to the growing demands of the growing. Despite impressive gains in capital base, per capital income and the other areas, the financial sector lags behind in reaching out to the people in the rural and urban areas of Bangladesh with adequate financial services for economic activities of low income. Rapid expansions of cell-phone users, modernization of payments and financial system based on IT infrastructure, country-wide reach of mobile operator's network have been offering opportunities for developing cost efficient as well as a prompt Mobile Financial Services (MFS) model especially designed for the under-privileged, un-banked/under-banked and low-income groups of the total population. Since the inception of MFS in 2011, Bangladesh confronted to a sharp growth in the number of account holders, volume and amount of transactions in the MFS model. With a vision to provide, enable and building up a competitive environment for optimal utilization of the new windows of chances for the enlarging purpose of the traditional financial services, the Board of Directors of Bangladesh Bank (BB), in terms of Section 7A(e) and section 82 of the Bangladesh Bank Order 1972, and in terms of Section 26 (cha) of Bank Companies Act, 1991 (amended in 2013), has decided to issue Bangladesh MFS Regulation 2018 by replacing the standards on MFS Regulations. Moreover, this will be in

power along with the Bangladesh Payment and Settlement Systems Regulations, 2014 or any other law(s) in conjunction to these regulations and standards shall come into power (Bangladesh Bank, 2018). In this period of digitalization, mobile phone is an attached part of our everyday lives. Mobile phone plays a great role to communicate with each other from one place to another. However, emergence of smart phones is not only for simply making calls or texting to one another. People are using mobile phone for using internet services. Most importantly, mobile phones are now getting connected to the manual based banking system currently termed as mobile banking. The Mobile Financial Services (MFS) model is currently now one of the fastest growing industrial sectors in Bangladesh. The competition in this industry is rising due to the growing needs of the economy. However, MFS is a service-based industry. Hence, customer satisfaction is the most important thing to be considered in this industry since it plays an important role in the consumer behavior as well as the retention process by companies. There are very few mentionable factors that directly affect the customer behavior of MFS industry as well as the Digital Wallet system. Furthermore, there are a lot of other factors that also works indirectly. The prime motive of this report is to determine consumer behavior and perceptions toward Digital Wallet and Mobile Financial Services in Bangladesh. This Report is prepared and compiled under the supervision of Mr. Md. Hasan Maksud Chowdhury, Assistant Professor, BRAC University, Dhaka and Ahasanul Kabir, Channel Manager of M- Commerce department and A.M. Sirajul Mowla, Manager, M-Commerce of Commercial Division, bKash Limited.

1.2 Origin

As a student under the Bachelor in Business Administration (BBA) program, it is commanded to remain attached with an organization for a time-period of 3 to 4 months after completing all the required courses. This is practically done to relate the academic curriculum of the students to a practical working atmosphere. This program is termed as the “Internship” phase. As a mandatory part of my graduation, I grabbed the opportunity to conduct my internship under one of the largest Mobile Financing Company of our country, bKash Limited, a concern of BRAC Bank. With the help of my onsite supervisor Mr. Ahasanul Kabir, Channel Manager and A.M. Sirajul Mowla, Manager in M- Commerce department, Commercial Division, I have assembled and composed my internship report on “Analyzing Consumer Behavior and Perception regarding Mobile Financial Service (MFS) in Bangladesh”. My academic supervisor, Md. Hasan Maksud Chowdhury serving as the Assistant Professor, BRAC Business School, BRAC University also approved this topic as my topic for this report to be prepared and gave me the consent to prepare it as a partial fulfillment of internship phase and as well as gave me appropriate and relevant guidelines from time to time.

1.3 Objective

There is a massive change in the socio-economic sector in Bangladesh due to the introduction of Mobile Financial Service (MFS) and a significant impact on the country’s economy is visible. It has opened new doors for the market and has created a greater impact on the lifestyle of our people. But to determine the impact of these platforms in terms of financial inclusion is of great significance. To compress together all the socio-economic segments, the availability of these services must be aligned in a responsible and demonstrable system to

include all the socio-economic segments together. The main objective of this report is to bring forth the perception of the people of our country on Mobile Financial Service (MFS) and to have insights on consumer's behavior towards digital wallet system and their level of satisfaction on the mobile financial service industry.

1.4 Research Question

A research question is the prime objective of a study or a problem that is to be solved throughout the entire research process. Selecting the ultimate best research question is a vital element of both quantitative and qualitative research. For this research, we are going to look on to two different questions which we will try to find out the answer to.

- Does MFS have a positive effect in the consumer's mind?
- Are the consumer's satisfactions met with the services provides by MFS companies?

1.5 Methodology

Research methodology is a systematic way of collecting information and data for the purpose of doing research. My research topic is 'Analyzing Consumer Behavior and Perception regarding Mobile Financial Service (MFS) in Bangladesh'. For this research purpose I personally have managed to collect both the primary as well as the secondary data.

Limitations

The general perspective of this report paper could further be vastly improved if there were no such challenges as listed underneath-

- Time limitation amid the arrangement of the report was a noteworthy hindrance to defeat.

- Unwillingness of the respondents to fill answer the survey questionnaire.
- An excessive number of papers on a similar theme and immense measure of data from where the real required data was hard to discover for the report.
- The survey for this report mostly done for the youth report.
- This survey was conducted only from online.

Primary Research:

Primary data is the original data that has been accrued by the researchers themselves. I will collect primary data via the questionnaire. The questionnaire has been made for my research purpose. There is only one sample of respondent and information is acquired from this sample only once. This is called cross-sectional design. There is __ respondents for this research. The dependent as well as the independent variables were also determined. Dependent variable is mainly the Consumer Behavior and Perception regarding Mobile Financial Service (MFS), and independent variables includes send money, rules and regulations, payment, mobile recharge, customer app, risk of MFS, charge of MFS, instant feedback through SMS and future of payment and transactions. Therefore, the research questionnaire focuses on measuring all the independent variable factors influencing consumer behavior and perception toward Digital Wallet and mobile financial services.

Secondary Research

For the secondary research purpose, data will be acquired via secondary sources.

Research Design: Descriptive research (single cross-sectional Design) **Research Method:** Survey method

Research Instrument: Structured questionnaire

Sample size: 105

Sample area: Bangladesh

Sampling method: Convenience Sampling.

The research will be conducted with the aid of a single cross section design. This makes it clear that there will be the presence of only one sample of respondents and data, which will be obtained from this sample only once. I asked 105 responders with one sample and collected information with that sample only once.

1.6 Literature Review

In the period of digitalization, one cannot think of their lifestyle without the presence of technology and its services in it. To be more precise, mobile phones are playing a vital role in the digital revolution with the aid of providing various services such as online purchase, social interaction, cloud storage and even mobile applications. Digitalization offered to telecom organizations a chance to build back their market position and create progressive customer services among which mobile banking has emerged as an extraordinary tool applied to connect unbanked and underprivileged people into formal financial services. Following that, Mobile Financial Service (MFS) started its journey initially introducing Digital Wallet which provides security and encryption for non-public records and financial transaction. Mobile Financial Service (MFS) increasingly gained popularity especially among the people with less income due to the reason of an increase in the number of mobile phone users, IT infrastructure in payment and financial system, and wide reach of the mobile network all over the country. Customers are now taking Mobile Financial Services (MFS) since the cost is affordable and the transaction is hassle free where bKash, a concern of BRAC Bank and Rocket of Dutch Bangla Bank are actively wrapping up almost the entire nation as a whole.

Mobile Banking

The concept of Mobile Banking was first introduced as SMS banking service by European Banks before 1999. However, in present days mobile banking includes banks affiliated with telecom operators to provide financial services all over the country. In addition, mobile banking is currently dealing with Foreign Exchange through remittance payment.

Mobile Financial Service (MFS)

Mobile Financial Service (MFS) is a process introduced that assembles and offers various categories of mobile banking services at one single point using a mobile wireless network which further allows users to execute financial transactions even from remote areas of Bangladesh.

Digital Wallet:

Digital wallet is E-money based platform where any user can use the money in any geographic location. Money transaction is also possible in the same platform. Digital Wallet mainly refers to an electronic device where an individual can make financial transactions from any locations. An individual can link his or her bank account to this device. The popularity of Digital Wallet is due to the E-payment or electronic payment getting better in the recent times and one can send money from person to person (P2P) from anywhere in the country.

Chapter 2

Industry Overview

2.1 About MFS and the Industry

Mobile Financial provider (MFS) is currently a fast-developing provider based in Bangladesh. Mobile Financial Service is a newly delivered approach in the economic region which gained recognition and popularity within a short span of time particularly for serving the low earnings of the rural and city population. According to the studies more than 50 million customers are using cellular economic services which are offered by 18 banks in Bangladesh according to (AZAD, 2019). According to central bank statement, bKash is currently the leading financial providing vendor in Bangladesh encompassing a big share of the market observed compared to Rocket and Sure Cash. According to the latest World Bank Report (2015), 66% of Bangladeshis of the total population are living in a rural area, of which most of them do not have any access to formal financial institution account. However, establishing bank branches across rural Bangladesh is no longer a reliable choice since Bangladesh Bank, i.e., the Central Bank of Bangladesh solely can provide new department opening licenses for a maximum of 15 branches a year. Therefore, the financial sector in Bangladesh is abruptly increasing due to the fact of the demands of a growing economy, but it is unable to attain out low income of the rural and city population with ample financial services for financial activities. Under these circumstances, Bangladesh financial institution introduced a Bank lead Mobile Financial service (MFS) model with a supported tenant in the year 2011, with the intention to promote economic inclusions all around the country and to reach the unbanked people. There are two important goals set by Bangladesh Bank working at the back of the introduction of MFS mannequin in the country as such:

- To allow the ladies and poorer population avail the monetary provider in the most convenient way
- To formalize economic service with the aid of promoting the registered transaction

Table 1: Facts on MFS

Facts	Descriptions
Inceptions	31 st Jan, 2011 by DBBL
Primary Goal	To reach the unbanked people
Secondary Goal	Creation of e-wallet
Total Licensed Bank (Active)	18
Most Popular MFS providers	bKash, Rocket, mCash, SureCash, etc.
Policy and Regulations	Mobile Financial Services (MFS) Guideline, 2018
Restrictions	Mobile Operators are not Allowed

According to the perception of the Bangladesh MFS Regulations and Standards, 2018, Mobile Financial Service will be led via banks as a monetary organization product or a bank may form an MFS providing subsidiary with a minimum of 51% of the share held by the bank with the manipulation of the board. The expertise of digital economic carrier in Bangladesh started off with the launching of Dutch Bangla Bank Mobile Banking. They acquired permission from Bangladesh Bank in early 2010 and began its operation on 31st March 2011. At that time the notion used to be new, but customers embraced it shortly because of the advantages of the service. Right after Dutch Bangla Bank, bKash; a subsidiary of BRAC Bank started its trip with a value proposition of simple, safe, handy location to store money, a protected and easy way to make repayments and cash transfers which modified the situation of cellular monetary carrier and provided support to set it up as one of the biggest

MFS carrier companies around the state within a very short span of time. Bangladesh Bank issued the license to 28 industrial banks to launch mobile economic offerings in the United States (US) and later called off the license of three of the banks. Now, there are 25 banks having the authority to provide cellular financial service amongst which 18 banks offering the service in the market. Digital Wallet providers happen because of the mass availability of clever smartphone and internet. Here is the list of some notable Digital Wallet and mobile monetary provider vendors of Bangladesh:

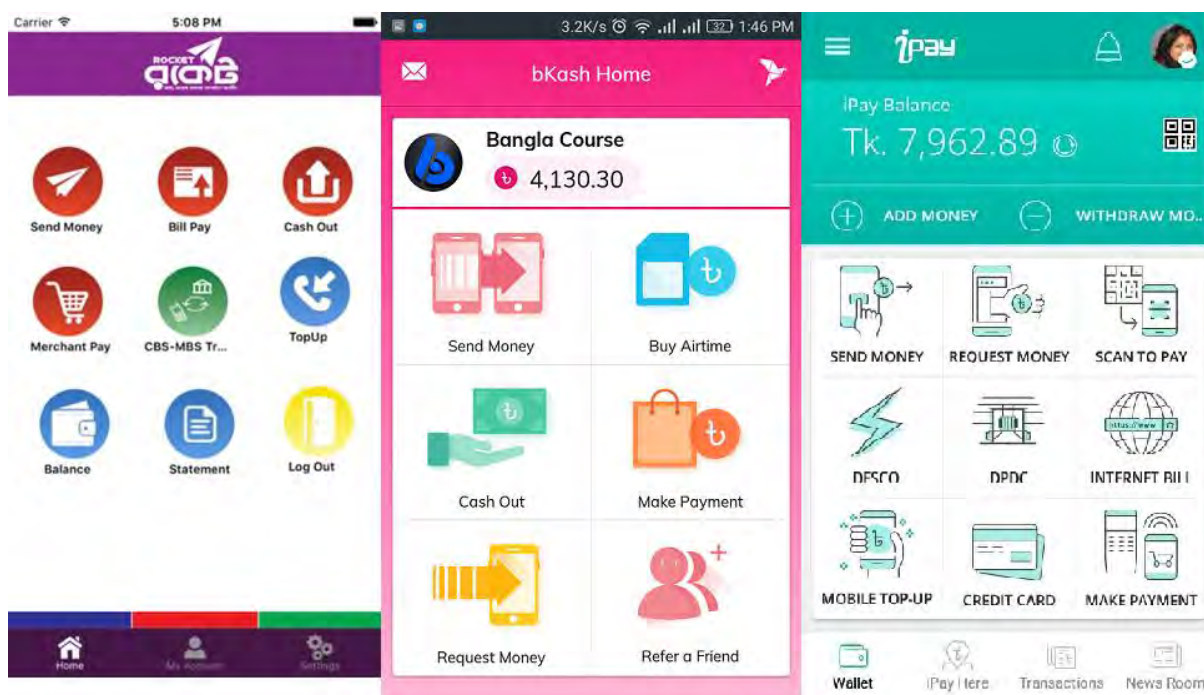
bKash: bKash is the pioneer of among all digital pockets and cellular economic services in Bangladesh. bKash is an start-off of BRAC Bank Limited. According to Bangladesh Bank regulation, BRAC Bank holds 51% share of bKash Limited. bKash has ended up so popular due to the reason of its comfort and availability in Bangladesh. It has now also developed a smartphone app; each for IOS and Android platform. bKash has around 180000 dealers in both urban and rural areas of Bangladesh. In Fortune Magazine 2017, bKash was ranked 23rd amongst the world's top 50 companies changing the world.

Rocket: Rocket is a creation of Dutch Bangla Bank Limited. At first it was once name as DBBL Mobile Banking. Rocket has a entire 225832 agents around the whole country. The biggest quantity of dealers in Dhaka is total 54535 and the smallest amount of agents is in Sylhet Division, i.e., 12389.

iPay: iPay is the first online fee platform introduced in Bangladesh. iPay is additionally the easiest way to do economic transactions. One can without facing any difficulty can do cash transactions devoted financial institution account to iPay. Anyone can without facing any difficulty link his/her iPay account with their respective bank account. iPay comes handy on each Android and IOS platform. Additionally, iPay users compose of the chances to send cash amongst themselves.

NexusPay: NexusPay is a large platform created by Dutch Bangla Bank Limited. It is an entirely digital pockets service. Anyone can effortlessly add DBBL or any other debit/credit card in NexusPay. A user can also tag their respective Rocket account with NexusPay. Using NexusPay each and every one can without facing any problems payment complete their payments on an online platform. Customers can also locate NexusPay app in both Android and IOS platform.

Apart from these 4 digital pockets and mobile financial platform there are other digital pockets and MFSs like tcash from Trust Bank, Upay from United Commercial Bank, My Cash from Mercantile Bank Ltd, Ok Wallet from One Bank and most importantly Bangladesh Post Office Limited has recently launched a mobile economic provider which is named as Nagad. Nagad is now performing a commendable job in the cellular financial carrier sector. However, the aforementioned digital pockets and MFSs taking part in the fundamental function in MFSs and digital wallet sector.



Here is a list of some of the banks and their products –

Table 2: Banks and the MFS products

Bank Name	Product Name
DBBL	Rocket
BRAC Bank	bKash
Prime Bank	EasyCash
Trust Bank	t-Cash
Mercantile Bank	My Cash
UCB	U-Cash
One Bank	OK Wallet

2.2 Products and services of MFS

MFS suppliers currently provide the following products and services listed below:

- **Cash-in:** The user has to go up to an MFS agent and recharge their MFS account by providing the desired amount to the agent.
- **Cash-out:** One can withdraw cash from any MFS agent or any BRAC Bank ATM through the process of paying a small amount of charge.
- **Send Money:** A user can transfer money from one MFS account to another MFS account free of charge.
- **Payment:** Customers can make payment via MFS to registered merchants nationwide.
- **Buy Airtime:** Customers can recharge their own cell-phones or someone else's mobile phone of desired amount through their MFS account.
- **Remittance:** People living abroad can send money to an MFS account in Bangladesh via authorized and enlisted Foreign Bank, Money Transfer Organization (MTO) and Money Exchange Houses.

Chapter 3

Industry Analysis

3.1 Market Share Analysis

Calculating a total of 16 elements, these facts have been organized by the Bangladesh Bank. The factors for instance are the total number of accounts, number of agents and the total number of transactions and thus the current market share of MFS service providers are classified into categories. bKash is presently ruling over the whole market of MFS as well as the Digital Wallet system of Bangladesh compared to its competitors. The total share of bKash Limited is currently 55.11% and following comes Dutch Bangla Bank's Rocket with a handsome share of 38.2%. The rest of the companies cover at least 6.69% of the overall market proportion. The point of interest of these key players has been on expanding their outreach via utilization of current assets such as ATMs, branch office and the acquisition of agents across the country. Initially, the main targets were the customers with no bank account. bKash Limited plays a vital function in acquiring the whole market as well as building up awareness up to the limit that some people refer to 'bKash' as the means of all mobile financial services.

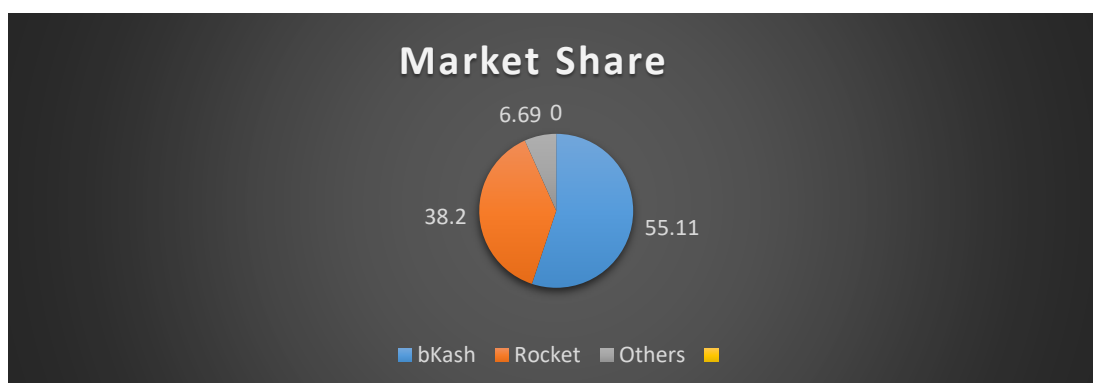


Figure 1:

Figure 1: Market shares of MFS

3.2 S.W.O.T Analysis of MFS

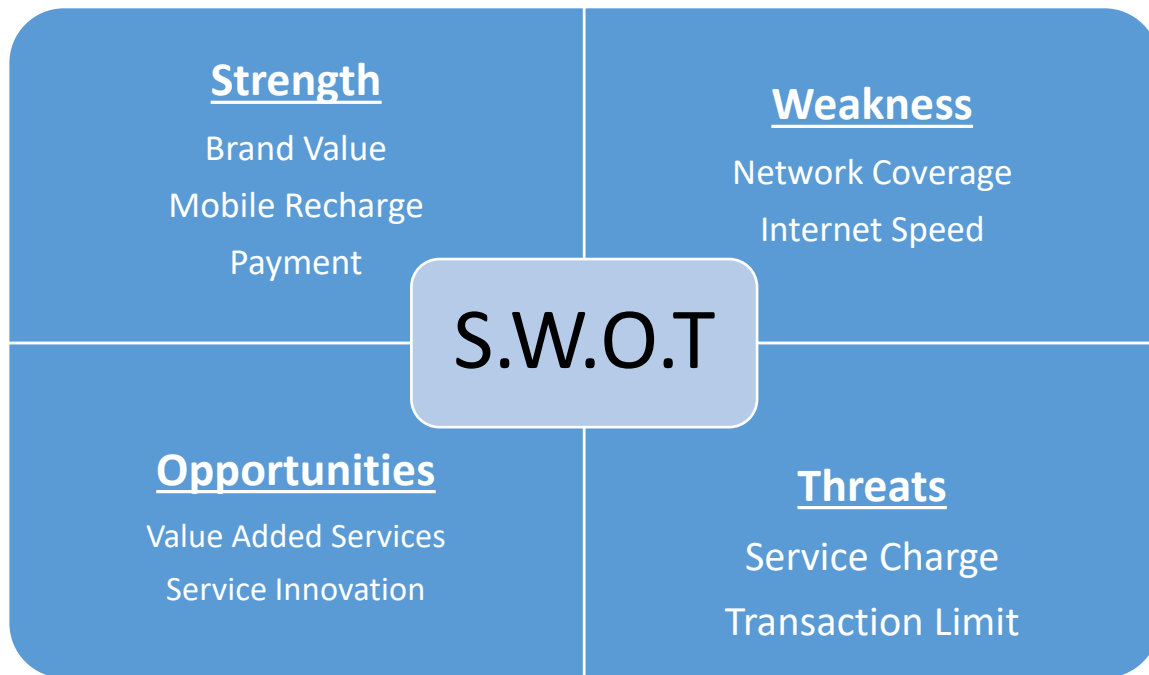


Figure 2: S.W.O.T Analysis

SWOT analysis is one of the most vital logical tools and also one of the demonstrated equipment that is composed of the ability to enable an organization or agency to successfully reply to changes about it. The benefits of a SWOT evaluation comprises of that it provides energetic expertise so that the enterprise can live to tell the tale and prosper accordingly. Therefore, the calculation of the elements of the analysis, i.e., strengths, weakness, as well as opportunities, and threats is a must-to-do challenge for the management. If we try to put the factors in segments titled as Strength, Weakness, Opportunities and threats for mobile economic and digital wallet manufacturers in Bangladesh the S.W.O.T analysis would possibly appear like as below.

Strength: Mention to the advantages and different special capabilities that MFS and digital pockets presently have. Moving on to more indepth analysis, we get-

- Powerful market position
- Adept management and energetic BOD.
- Financial asset of organization.
- Brand loyalty and large number of customers.
- Correct management of relationship with customer.
- Modernized Technology.
- High employee responsiveness.
- Promise to existing new products and services in banking sector.

Weakness: These are troubles that give up the target moves of this industry in positive instructions.

- Complicacy in charge system.
- Difficult policies and regulations.
- Out of the popular banking.
- High fees and charges compared to the competitors.
- Too plenty dependence on head office.
- Service excellence does now not satisfy the expectations of the customers.
- Newly opened industry causing lack of involvement.

Opportunities: Mostly upward thrust from the exterior environment, and specify to the probabilities of quick maintainable benefits in together local/global marketplace seats. The fundamental Opportunities for this industry would be –

- The enterprise can continually have a amazing upcoming with its well-trained human resources.
- Possibility of penetrating market over one of a kind kinds of products.

- Efficient technology.
- Opening ATM booths in less-developed zones
- Eccentric banking
- Increasing tendency selecting improvement in personal sector.

Threats: The exterior obstinate issues that may additionally reason problems for this enterprise in close by future are:

- Absence of national and world political constancy.
- Additional selections cutting-edge in the market such as savings cards.
- Absence of invention in product and service.
- Upcoming banks with new ground-breaking concepts, coverage and reputation.
- Unexpected changes of banking regulations by the Bangladesh Bank

3.3 Porter's Five Forces Analysis of MFS

The Mobile Financial Industry in Bangladesh has two Service providers who are doing terrific in this industry. Recently Nagad, which is a subsidiary of Postal and Communication exchange division of Bangladesh, is also doing good in this industry. So, with a bit of luck it will be an extraordinary profit generating industry just like the telecommunication industry. However, each the digital pockets and mobile financial service providers are attempting their high-quality to discover their niche markets. In reality, it is far observed that since the market is growing rapidly, comparing all the organizations is getting new subscribers on the basis of their nation wise coverage. Therefore, it is assumed that if even the bargaining power of consumers in the market seems to be relatively high due to the sharp increase in prices of each market; an organization is one way or the other getting benefited. Bargaining power of the suppliers

is relatively low due to the reason that the number of telecom providers in the market is low.

The factors directly influencing a firm and its competitive actions and responses are given below-

- Entry Barrier
- Power of suppliers
- Power of buyers
- Threat of product substitutes
- Intensity of rivalry among competitors

Entry Barrier:

Economies of Scale: The top players involved in the field of MFS providers have set their economies scale to a lower level as such that the cost can be reduced throughout the chain. Hence, it is difficult to some extent for the new entrants to penetrate the market easily.

Product Differentiation: The main strategies of the MFS service providers include the fact that they differentiate their product line into different segments. Different offers and services are offered to the customers depending on the usage and loyalty.

Capital Requirements: Considering the case of MFS, only one single bank can hold a minimum of 51% of the equity share capital alongside the controlling voting rights in the board of directors of the MFS providing subsidiary. Digital Wallet or payment services providers have to be licensed and given consent by the Bangladesh Bank that provides payment services for its customers or a payment system for the purpose of smoothening out the payment process and resolving customer's transactions via a scheduled bank or

financial institution that will be maintaining accounts with the Bangladesh Bank for meeting the Cash Reserve Requirements (Bangladesh Bank, 2018).

Switching Cost: Switching cost is the customer cost that a customer incurs as a result of changing brands. Here Customer switching cost is also high. As existing MFS's company covers the whole market and provide their customers very lucrative offers. So it is difficult for a new comer to acquire their customer. New comer has to minimize their switching cost and it is far more difficult for them now.

Access to Distribution Channels: The market leaders in the industry have the strongest distribution channels or agents which help them to maintain the top position and thus making life of the customers easy. This is very difficult for a new entrant to set up a distribution channel in short time.

Government Policy: Government imposed some strict rules and regulations for some industry. For that reason, there will be a high entry barrier for new organization. Mobile financial service and digital wallet system is such a sensitive industry that government have strict rules and regulations for them. All of the mobile financial services and digital wallet services have to be maintained all of the rules and regulations of Bangladesh Bank.

Power of Suppliers

Suppliers of this industry are the local vendors of Bangladesh and the Bank. Here supplier bargaining power is relatively low due to the facts stated below:

- Switching cost of the suppliers is high.
- Suppliers do not display any threats to integrate forward into buyer's industry.
- Number of alternative companies is very low.

- The suppliers cannot be considered as a noteworthy customer of any MFS and the Digital Wallet organization.

Power of Buyers

The buyers of this industry are basically general people who consume MFS and Digital Wallet services.

The bargaining power of buyers is low in this system due to the facts shown below:

- There are few available service suppliers
- Existing service providers increases the switching cost of buyers.
- Buyers do not have any ability to display any kinds of warnings to integrate backward at seller's industry.

Threat of Product Substitute

Alternatives to this industry are telecommunication operators and different financial organizations, Internet service provider, Mobile operating system. Here substitute bargaining power is low. Because-

- Suitable substitute products are not available. Like there are less MFS and digital wallet services in Bangladesh. Hence, the bargaining strength of the substitutes is relatively low.
- Substitute companies like telecommunication operators; their various kinds of offers do not build up high switching cost.
- Substitute companies do not display any kind of threat to integrate forward into the buyer's industry (MFS).

Hence, the bargaining power of the substitutes is also relatively down.

Intensity of rivalry among competitors

We know that industry rivalry increases when-

- There are numerous or equally balanced competitors.
- Industry growth slows or declines
- There are high fixed costs
- There is a lack of differentiation opportunities or low switching costs
- When the strategic stakes are high
- When high exit barriers prevent competitors from leaving the industry.

But here we can see all the points are contradictory with the MFS and Digital Wallet industry. Hence, it can be stated that the degree of rivalry amongst the competitors is moderate.

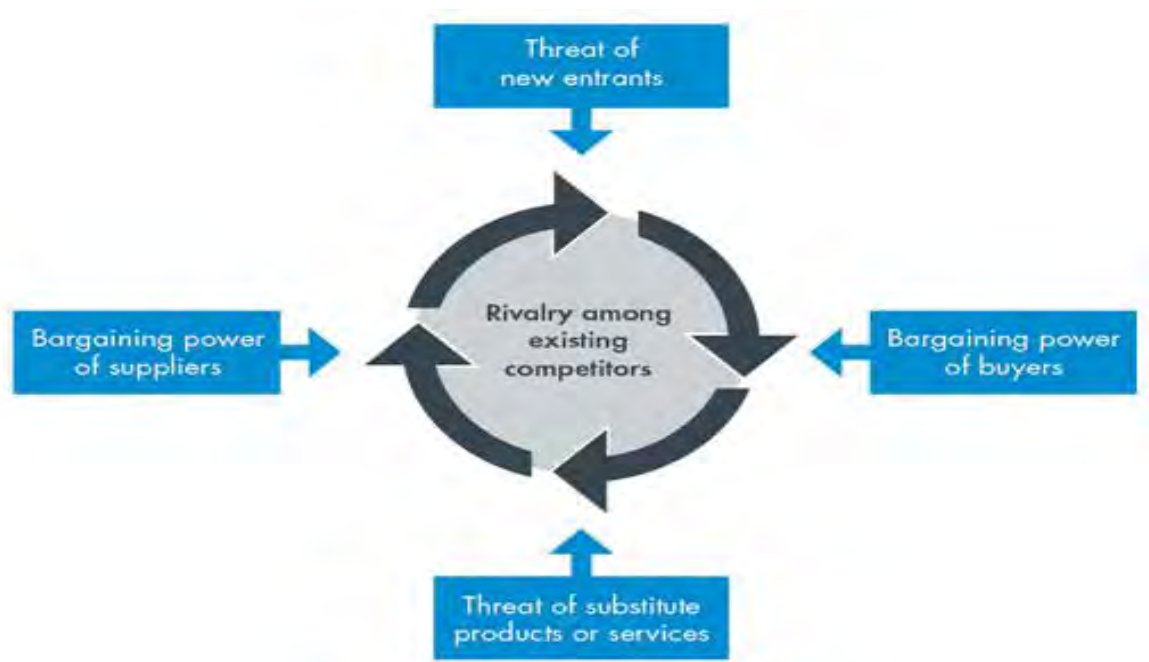


Figure 3: Porter's Five forces analysis

Chapter 4

Findings

The survey was conducted mainly on 105 respondents via a fixed questionnaire through the Google forms. The main focus of the survey was on finding out consumer behavior and their perception towards Digital Wallet and Mobile Financial Service (MFS) in Bangladesh. The responses are obtained through an online survey. Digital Wallet or MFS are the most commonly used ones by the young aged people. Hence, most of the respondents are young aged in between 21 to 30 years old. The questionnaire was designed based on demographic question and Likert scale-based question where the respondent had to answer how strongly they agree or disagree on the factor that affecting the consumer behavior and perception.

4.1 Analysis and Results

Demography

In this part of the survey, we are going to see how many of the respondents belong to the demographic groups mentioned in the survey and what is the number of respondents and how they differ from each other.

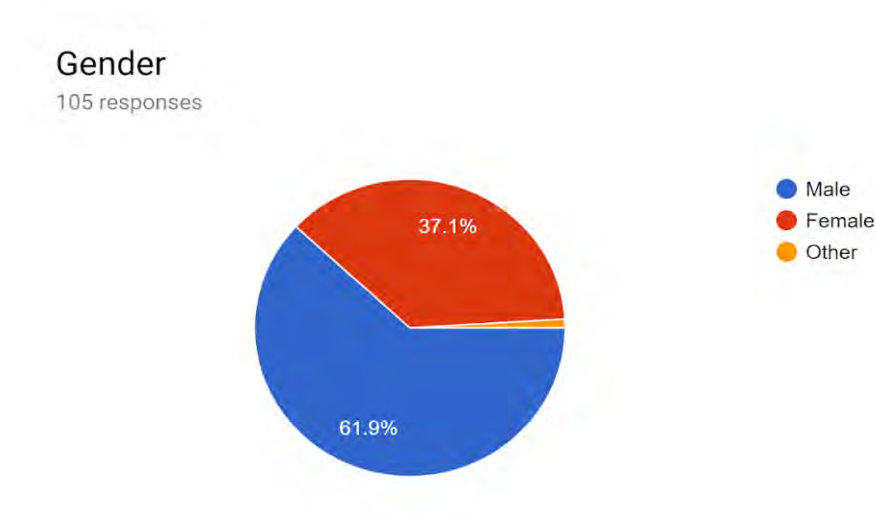


Figure 4: Gender ratio of the respondents

Like previously stated the limitations, the survey was mostly conducted mostly on males. Amongst 105 people being considered, 61.9% people are male and the rest, 37.1% are female.

Age Group

105 responses

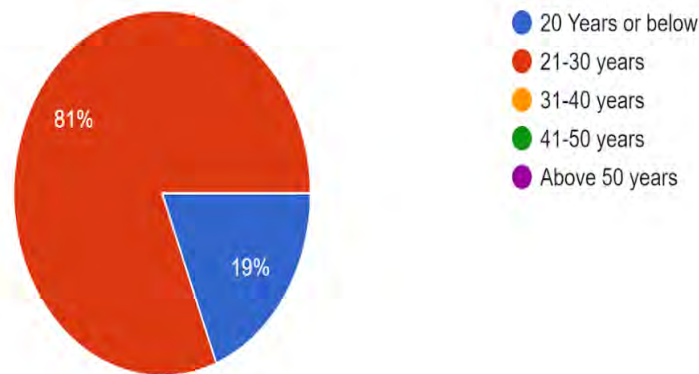


Figure 5: Age group ratio of the respondents

The age groups of the respondents are exquisite since most of them belong to the young age group and are acquainted with the services provided by the MFS companies which make their lives easy. The completed survey provides a clear idea that sees 19% of the responders are from the age group of 20 years or below it and almost 81% of the responders belongs to the age group of 21-30 years and are mostly classified as adults.

Educational Level

105 responses

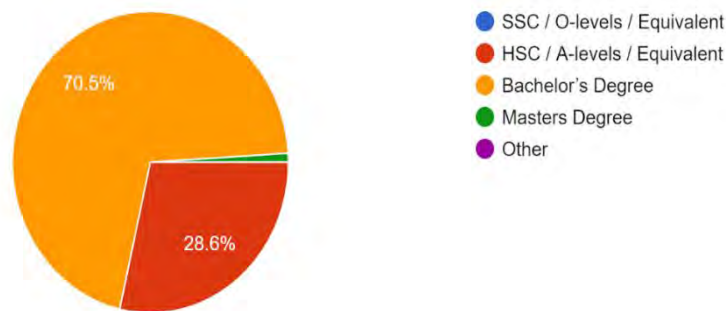


Figure 6: Educational background ratio of the respondents

More than 70% of the respondents are pursuing their Bachelor's Degree and 28.6% of the respondents are from the Higher Secondary level who are going to contribute to the economy very soon and it is great to see that the future generation is concerned about the MFS industry.

Average Monthly Income

101 responses

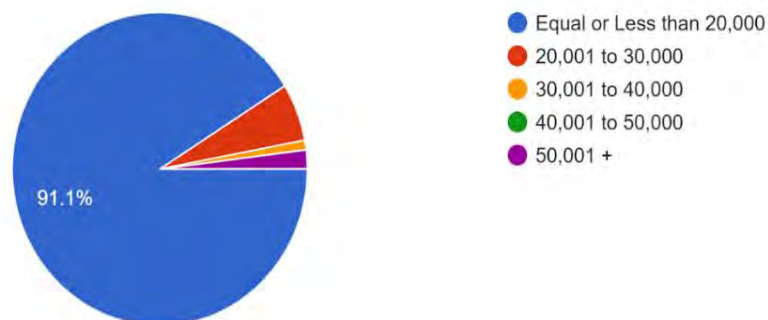


Figure 7: Average monthly income ratio of the respondents

The average income of the respondents can be seen from the above graph and it shows that 91.1% of the total population here is in the income range of 20,000 Tk. The number of respondents belonging to the other groups is very low and thus again we can see that the people of the lower income range are more associated with the MFS services.

Which Digital Financial service (MFS) do you use frequently ?

103 responses

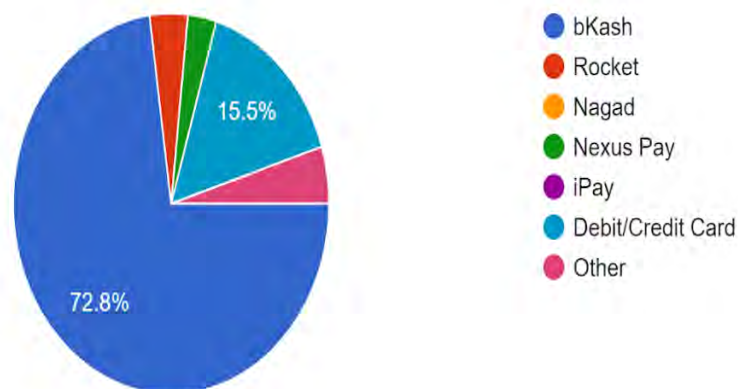


Figure 8: MFS usage ratio of the respondents

Here we can see that 72.8% of the respondents use bKash, 15.5% of the respondents use Debit/ Credit Cards. The rest of the MFS are still not popular among the respondent's groups.

Factors Affecting Consumer Behavior

This section will be focusing on the factors that affect consumer behavior in the market towards MFS and we are going to analyze the opportunities in the market there for MFS service providers. The following table contains the summary of the total responses on the factors that affect consumer behavior and satisfaction.

Table 3: Responses from the Survey

Questions	Total	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Mobile Financial service (MFS) is better than carrying money in pocket or any other financial services in Bangladesh	105	20%	42%	30%	7%	1%	100%
I found send money option of MFS's is very convenient whenever I want to send money to someone.	105	23%	54%	18%	3%	2%	100%
I only use the Payment option of MFS when there is a discount or cashback offer.	105	13%	17%	38%	27%	5%	100%
I always recharge my phone from my MFS account instead of going to any recharge agent	104	16%	28%	35%	15%	6%	100%
I found customer mobile app of MFS and Digital wallet to be more convenient to use	104	20%	38%	36%	6%	0%	100%
I found MFS and Digital wallet system is risk free for transaction than other financial services	105	13%	44%	33%	7%	3%	100%
I get instant feedback through an SMS whenever I use mobile financial services	105	28%	45%	25%	2%	1%	100%
I believe, the service charge of MFS and Digital wallet is very low and not noteworthy	104	9%	26%	37%	22%	7%	100%
The rules and regulations of Bangladesh Bank increase the trust on mobile financial services (MFS)	103	11%	38%	47%	2%	3%	100%
I believe Digital wallet system is the future of payment/transaction in Bangladesh	105	29%	50%	20%	2%	0%	100%
I will keep on using digital wallet and mobile financial services for my day to day life.	105	16%	54%	26%	3%	1%	100%

Perceived Ease of Use:

The prime focus of this part of the survey completed is on the deduced ease of use of the MFS suppliers and the view of consumers on it. Nevertheless, the main aim of this study was to determine the mindset and behavior of the customers towards the financial services under the shadow of the idea of mobile banking and also to determine how these financial services circulates and moves customers in their respective financial decisions. This was a quantitative evaluation in which 105 respondents were taken and the responses were obtained via online questionnaire mostly with the aid of online Google forms.

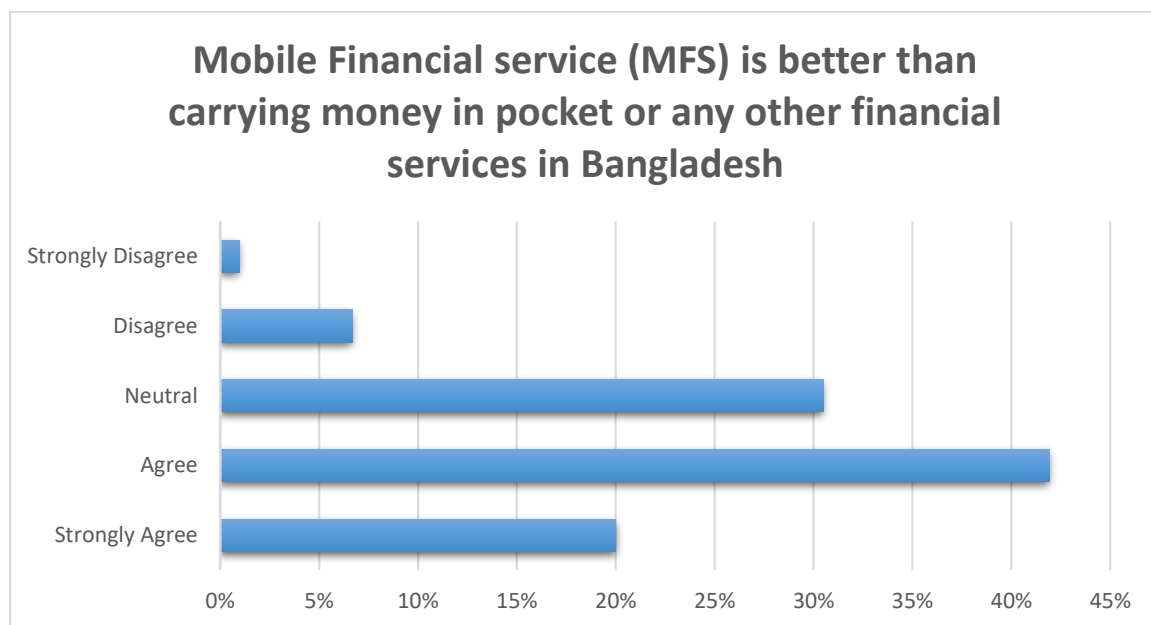


Figure 9: Response ratio of the respondents on money or MFS

Here, we can see that more than 60% of the respondents agreed that MFS is better than carrying money in the pocket as it is very easy nowadays to put money in the digital wallet and there is nothing to worry about with the amount in the pocket. 30% of the people are neutral on this fact and they prefer both digital wallet and cash when they are to carry money.

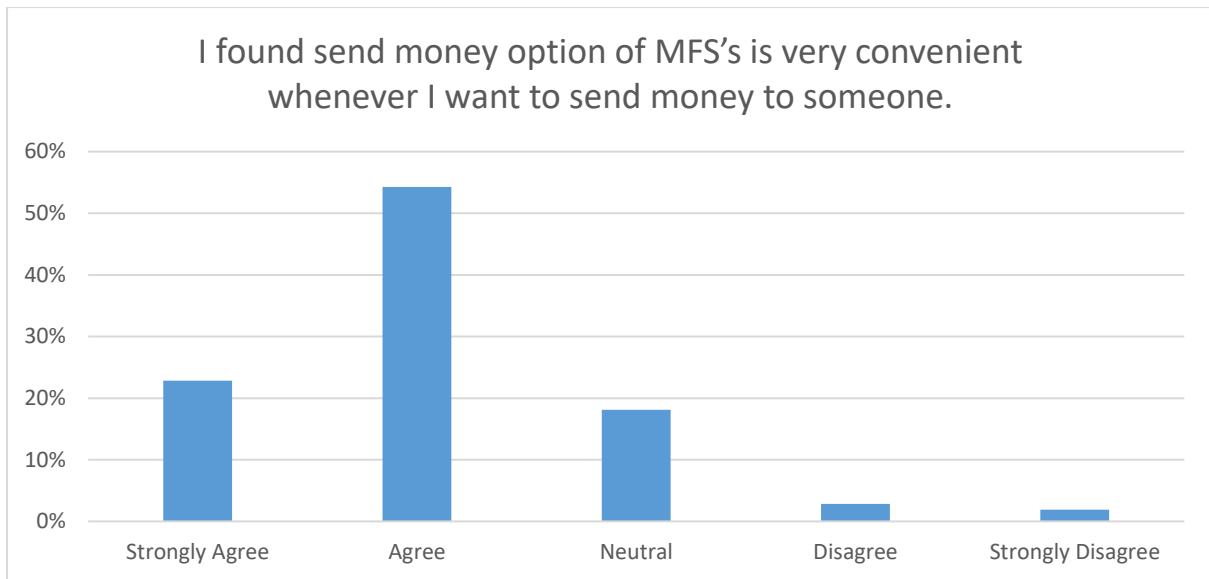


Figure 10: Response ratio of the respondents on convenience of MFS

The send money option in the MFS is the most used function and more than 70% of the respondents agreed that this is the most useful tool and most of them use this option in their day to day life which makes their life easier and comfortable. The send money option allows the customers to send money from anywhere around the country to the desired location and within no time.

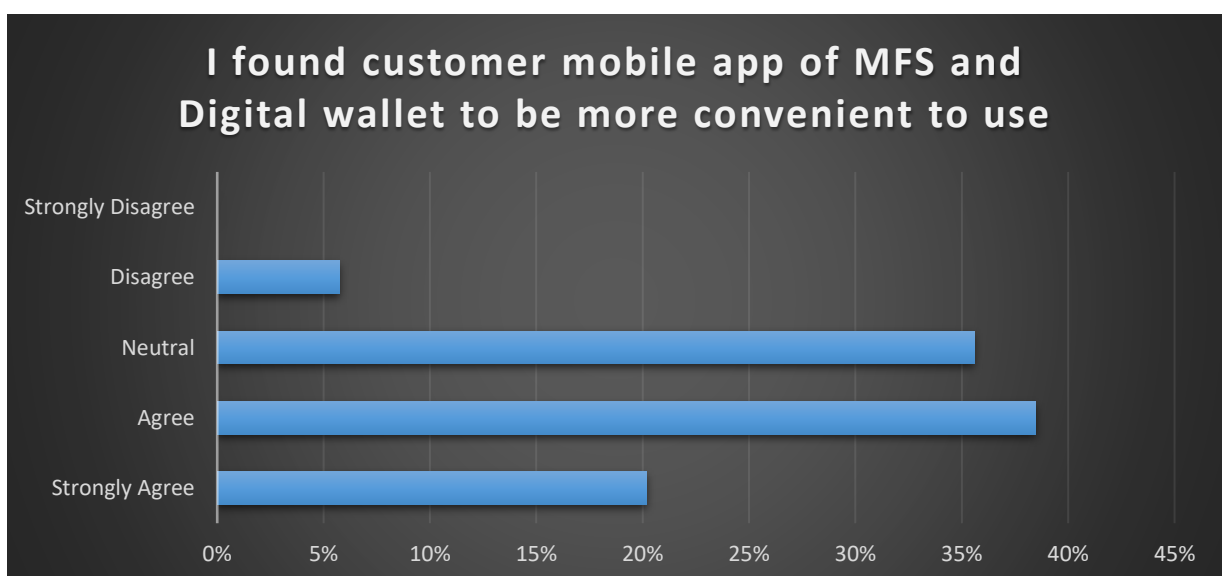


Figure 11: Response ratio of the respondents on App of MFS

Here, we can see that more than 55% of the respondents agreed that that the mobile app for the MFS is convenient to use as the apps that are available in the Google Play store for the MFS are very much user friendly and is very easy to navigate. 35% of the respondents were neutral as not everybody in our country can afford to use smart phones as these gadgets are quite expensive and a good smart phone may cost up to 10,000-12,000 Tk, which is a lot.

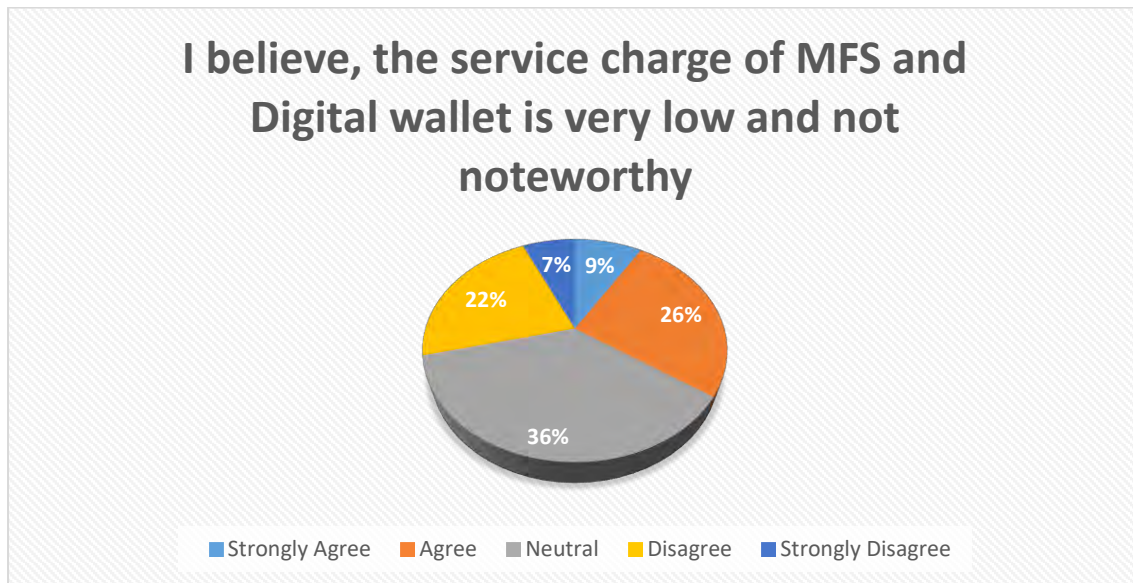


Figure 12: Response ratio of the respondents on money or MFS

When it comes to the service charge, the MFS differs from one another. The consumers were asked about the overall cost scenario on MFS and it is seen that almost more than 30% of the responses were based on that the service charge of the MFS and digital wallet is comparatively low. However, 36% of the incoming responses were neutral because many of the consumers are not sure about the standard service charge of the MFS industry and 22% of the respondents said that the charges were a bit high.

Safety and Security:

As money is very sensitive and in transactions, safety should be ensured, we tested the consumer perception on the safety and security of the MFS systems.

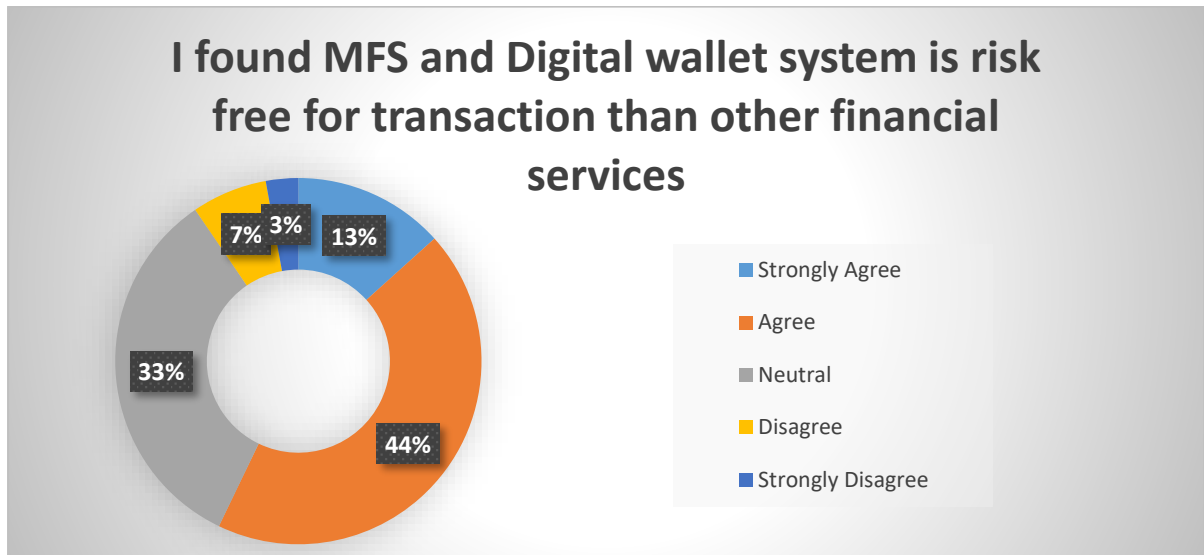


Figure 13: Response ratio of the respondents on risk of MFS

Here we can see that when the consumers were asked about the risk associated with the MFS systems, they gave a mixed reaction. About 55% of the responders gave their consent that they feel safe and secured through the usage of MFS but conflicting to these responses, 33% of the responders were neutral on the fact and rest stated that they don't have complete trust on this system yet.

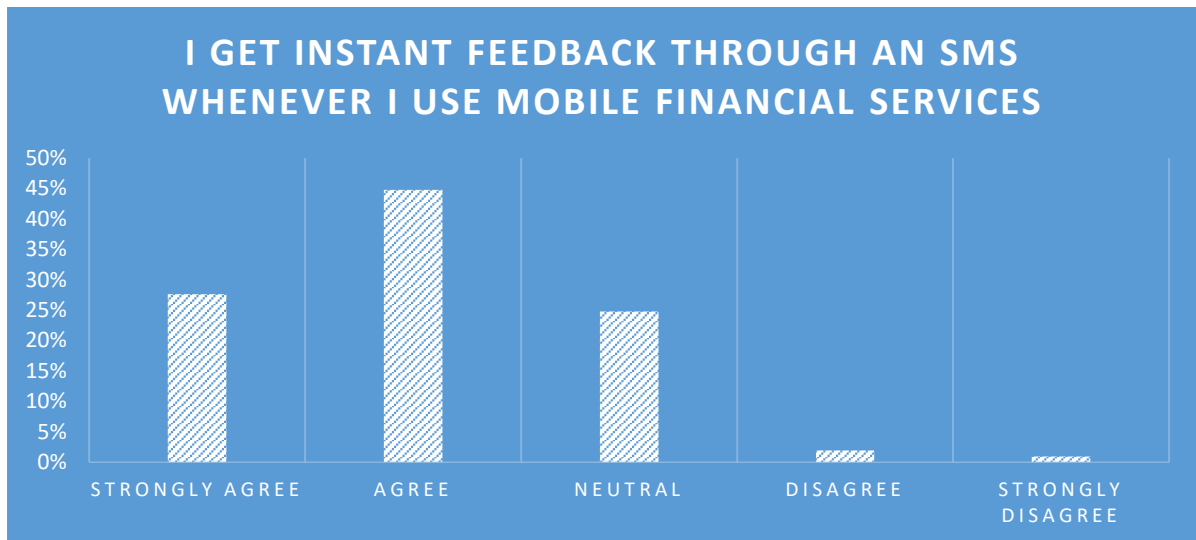


Figure 14: Response ratio of the respondents on SMS feedback

Almost 80% of the respondents agreed that the MFS is safe cause when the money is transferred, there is a notification through SMS in the mobile phone. Which ensure the safety and trust of the consumers and they are certain that the transaction is completed.

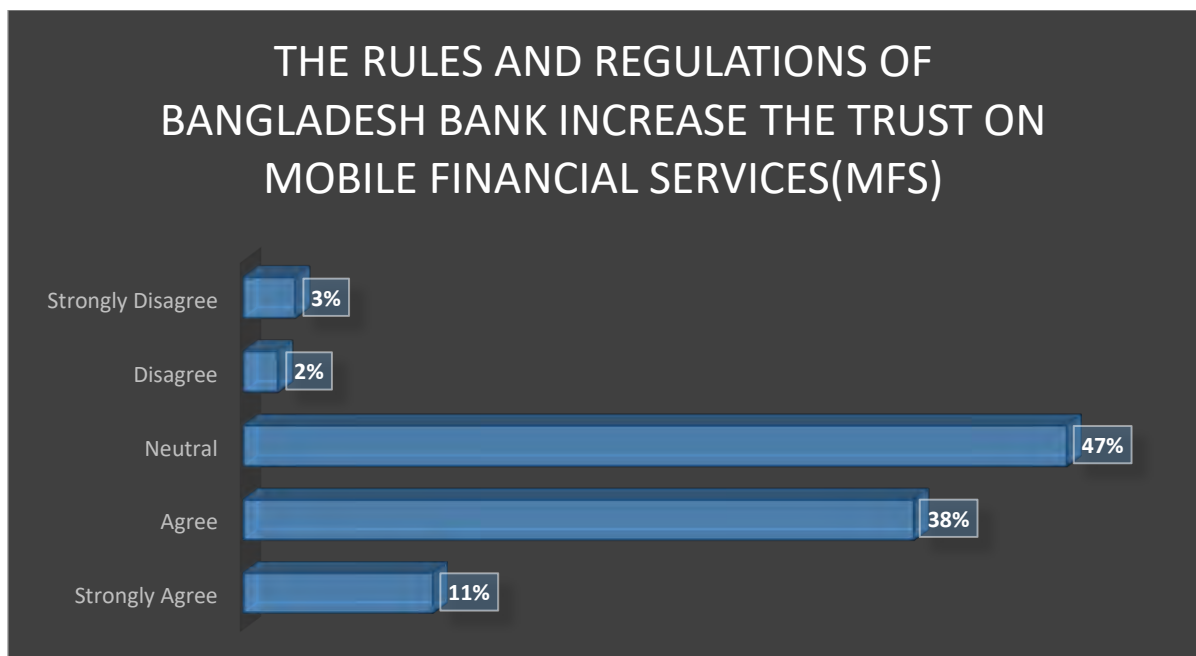


Figure 15: Response ratio of the respondents on rules and regulations

As we know that there are strict regulations from Bangladesh Bank on the MFS systems and providers and thus there are some borders which the MFS of our country cannot cross. When we asked the Consumers about the rules and regulations, 47% of them were neutral as they are very much concerned about the safety and security and almost 50% of the respondents agreed that they comply with the standards and guidelines provided by the Central Bank of Bangladesh which increases their level of trust on the MFS systems.

Loyalty towards MFS

We have also tried to measure the loyalty of the customers regarding the usage of MFS in different segments of the market and found out that some portion of the customers are loyal to the MFS services.

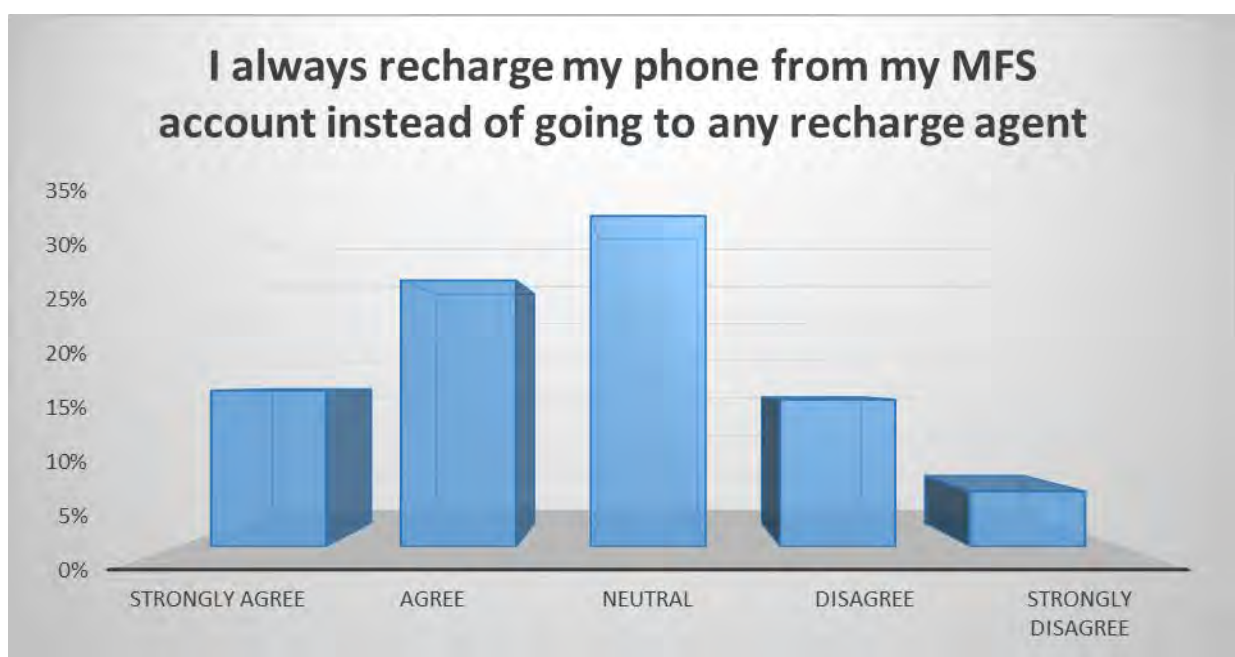


Figure 16: Response ratio of the respondents on specific usage

Almost 40% of the people said that they always recharge their phone from the MFS account and this has made their life easier and now they don't have to go to any recharge point/agent. 35% of the people are very neutral on this fact as this trend is not yet popular in most of the

population. This is because the population we have surveyed do not have credit on their MFS account all the time because they belong mostly to the un-employed part of the total population of the country. But the scopes that the MFS is providing is helping up a lot of people as it is very easy to use and most of the people are taking up MFS to make it a part of their regular lifestyle.

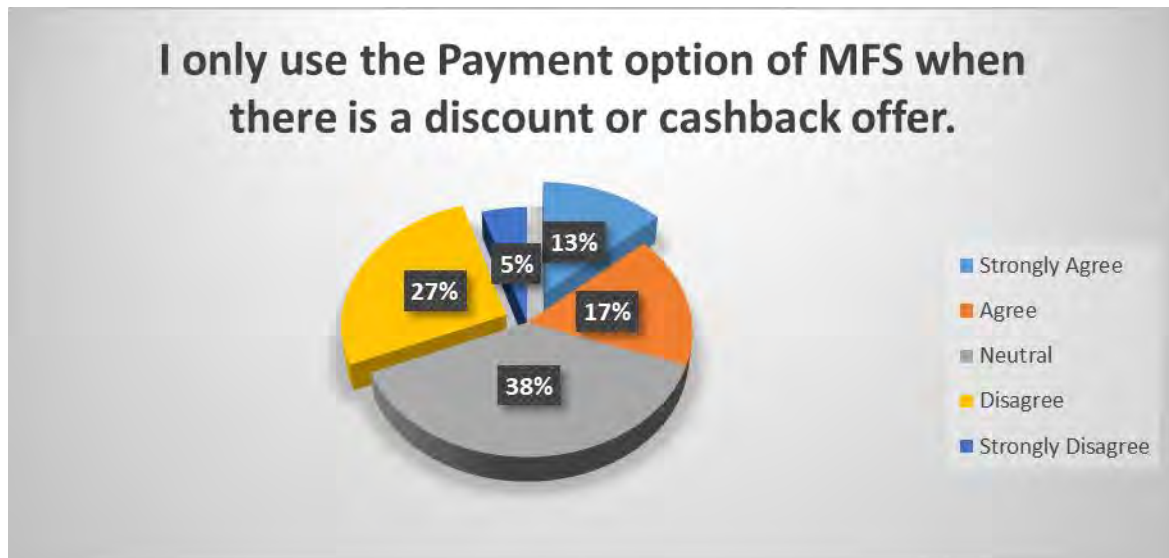


Figure 17: Response ratio of the respondents on payment options

There are a lot of lucrative offers in the MFS and people are grabbing all the offers they get. So, when we asked the respondents about the offers, 30% of the people said that they take up the offers in most cases and more than 30% of the respondents disagreed which means that they use MFS in their day to day life.

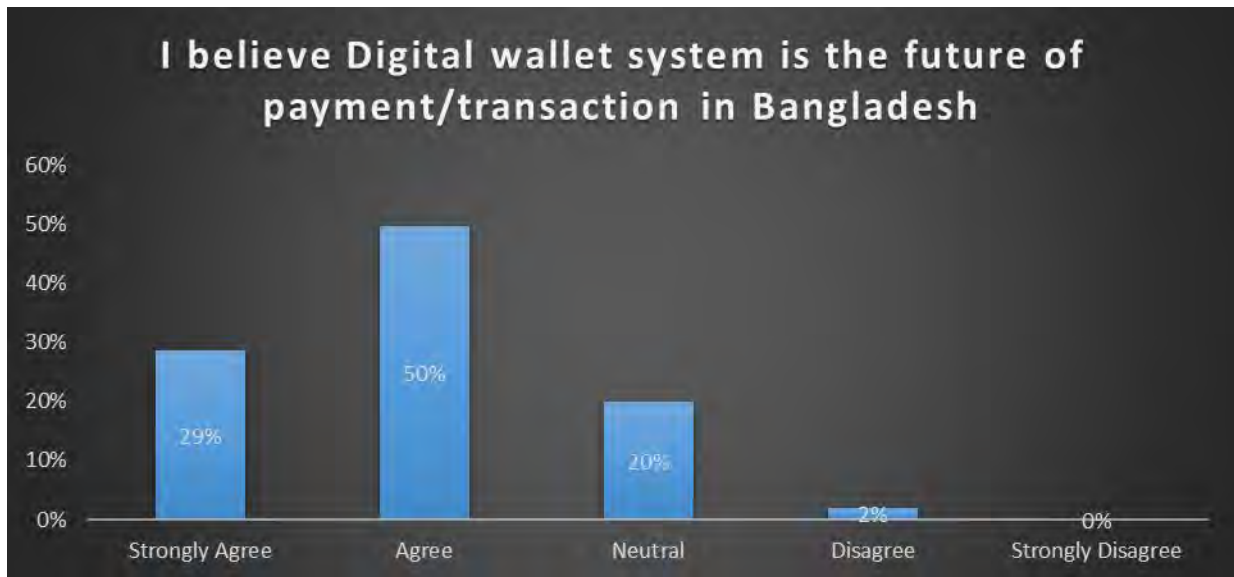


Figure 18: Response ratio of the respondents on future of MFS

Almost 80% of the responders gave their consent on the statement that MFS is the upcoming vision of the Financial services in Bangladesh and they firmly believe on the fact that this system will be more popular in the upcoming days. This implies that our country is moving towards an MFS revolution when there will be digital payments everywhere in all corners of the country.

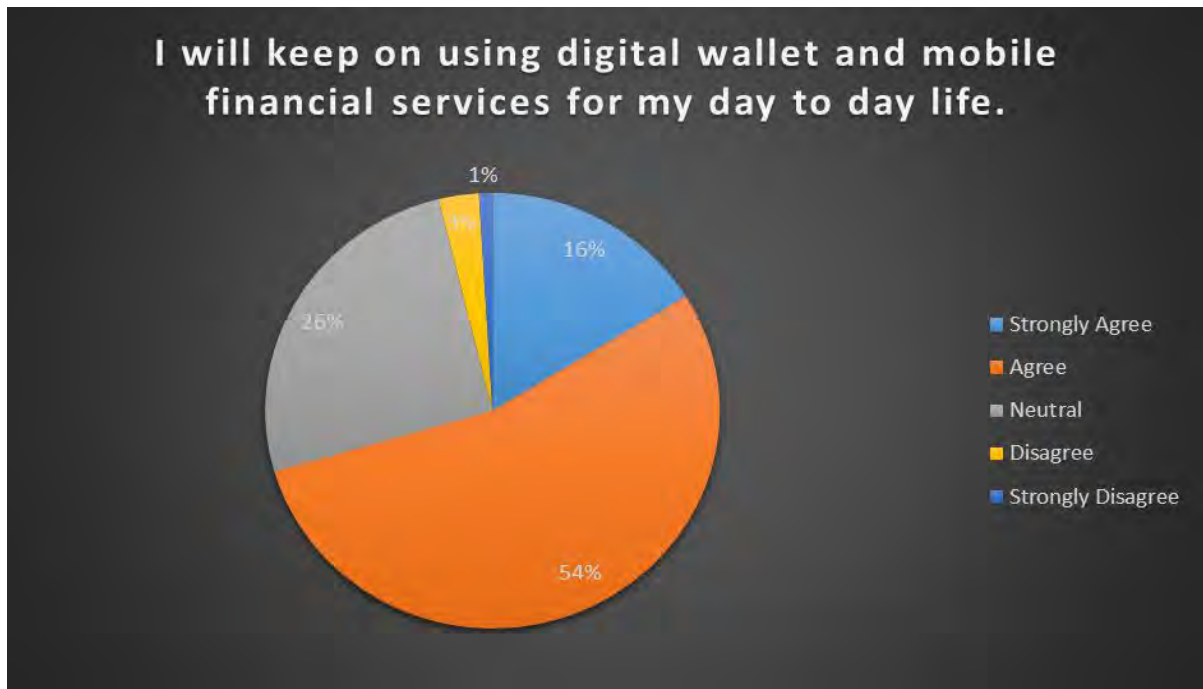


Figure 19: Response ratio of the respondents on loyalty

Lastly, the respondents were asked about if they will keep on using MFS/ Digital wallet system in their day to day life. Almost 65% of the respondents said they will keep on using this wonderful service and 26% of the people were neutral as they were new to using this service and the future of MFS is bright.

Recommendations

According to the findings from the study and data analysis the following recommendations can be made for both the mobile financial and digital wallet organizations for improvement their journey as well as improving their perception towards their company.

- Improve their overall service quality
- Try to reduce customer service charge, because most of the people believe customer service charge is high here
- Adding many more consumer convenient services.
- Providing fast response towards the customer.
- Bring in more online customer service facility to reduce the hassle of customer.
- Introducing new services that are actually helpful to the customers by meeting the dynamic demands of them

Conclusion

Measuring the client conduct and appreciation in the MFS enterprise has turn out to be an important phenomenon. Mobile financial and digital wallet service provider must furnish first-class services so that clients are blissful and have positive attitudes to the services. They have to find out about the new systems to be integrated on the online platform. Consumer's happiness is one of the mediums through which the profitability acquired from the business can be measured. Higher satisfaction leads greater sales of merchandise and services generating greater revenues of the business. Specific factors that highlight consumer's delight have greater concentration of marketers to be concerned about it. For ensuring patron pleasure one have to be recognized about client purchasing behavior and client perception closer to the service. In this survey I find out some factors that impacts consumer perception. I find out what consumer think about cell economic and digital wallet provider quality. Intention of customers to maximize their service values with the aid of innovative, unique services provided through the medium of cell monetary services suppliers; the degree of uniqueness largely have an effect on valuing behavior of the clients. Users cost delivered networking interface suggests that cellular financial service utilized for sending money, cash out, price and other provider provided with the aid of carrier providers. Therefore, technical performance remains key troubles of patron grasp improvement. Since cellular financial and digital wallet provider is no longer matured that much. Study exhibits that most of the cellular financial carrier customers have very few carrier operators. Most of the users registered with solely one cellular monetary service. So, there is a lot of possibility to do something super in this industry for newly brought MFS providers. The learn about now suggests an absolutely extraordinary scenario. Presently, this has been made feasible by the privileges of cellular economic services leaded by the way of bKash. Furthermore, the findings concentrate on a massive number of respondents, who got here to an agreement that undoubtedly, bKash, as a

tool of economic inclusion, has proved to be a mesmerizing weapon to discard poverty and obtain the sustainable development dreams (SDGs) by means of stimulating thousands and thousands of Bangladeshis out of poverty. This development is currently no longer seen in a large scale. However, it should be stored in thinking that, bKash is supposed to be a recreation changer for the bottom of pyramid (BOP), monetary sector, country's boom story as well.

References

- [1] AZAD, R. I. (2019, January 31). theindependent. Retrieved from theindependentbd:

<http://www.theindependentbd.com/post/185535>
- [2] Bangladesh Bank. (2018, July 30). Bangladesh Bank. Retrieved from Bangladesh Bank Website: <https://www.bb.org.bd/mediaroom/circulars/psd/jul302018psdl04e.pdf>
- [3] Bangladesh Bank. (2018). Bangladesh Mobile Financial Service Regulations. Dhaka: Bangladesh Bank.
- [4] SME, S. (2018). What is Supply Chain Management (SCM)? | Supply Chain Resource Cooperative | NC State University. [online] Scm.ncsu.edu. Available at:

<https://scm.ncsu.edu/scm-articles/article/what-is-supply-chain-management-scm>

[Accessed 10 July. 2019].
- [5] Cheng, F., Yang, S., Akella, R. and Tang, X. (2011). An integrated approach for selection of service vendors in service supply chain. *Journal of Industrial and Management Optimization*, 7(4), pp.907-925.
- [6] I Rahman, M. (2018). Bangladesh most optimistic market. The Daily Star. [online] Available at: <https://www.thedailystar.net/business/bangladesh-most-optimistic-market-1584097> [Accessed 6 July. 2019].
- [7] 'Ahmed, KT. (2009), Performance Evaluation of SMEs of Bangladesh'. *International Journal of Business Management*, Vol. 4, No. 7, pp.25-32.

- [8] Bangladesh Bank, (BB) (2011). Guidelines on Mobile Financial Services (MFS) in Bangladesh, available at:

https://www.bb.org.bd/aboutus/draftguinotification/guideline/mfs_final_v9.pdf
- [9] Bangladesh Bank Monthly report on Mobile Financial Services (MFS) comparative summary statement (2014 to 2016), available at:

<https://www.bb.org.bd/fnansys/paymentsys/mfsdata.php>.
- [10] Chakrabarty K.C., (2011), “Financial Inclusion and Banks: Issues and Perspectives”, RBI Bulletin
- [11] Haque, R.M. and Rahman, Z.M., (2014), The Prospects of Mobile Financial Services for Women in Bangladesh: A case study of bKash, The Journal of Rural Development, Vol.39, No. 2, pp.63-92.
- [12] Kabir, E. M., Islam, B. M., & Inam, T.M. (2013), Uniform Payment System for Banking Industries: A Case Study in Bangladesh, International Journal of Computer and Electronics Research, Volume 2, Issue 2.
- [13] Moazzem, 2013, Mobile bank service expanding in Bangladesh ‘, The Financial Express, 09 March, pp. 13.
- [14] Mobile banking service expanding in Bangladesh, http://print.thefinancialexpress-bd.com/old/print_view.php?news_id=162561, March 9, 2013
- [15] Rahman, A. (January 18, 2012). Launch of bKash Services for Grameenphone Customers, Address of the Governor, Bangladesh Bank, The Westin Dhaka, Accessed from <http://www.bb.org.bd/governor/speech/jan182012gse.pdf> on January 7, 2014.

[16] Syed Abu Naser Bukhtear Ahmed, (2017), Better banking for economic success, The daily star. Available at: <http://www.thedailystar.net/drivers-economy/better-banking-economic-success-1364824>

Appendix.

1. Gender

- Male
- Female
- Other

2. Age Group

- 20 years or below
- 21-30 years
- 31-40 years
- 41-50 years
- Above 50 years

3. Educational Level

- SSC / O-levels / Equivalent
- HSC / A-levels / Equivalent
- Bachelor's Degree
- Master's Degree
- Other

4. Average Monthly Income

- Equal or Less than 20,000
- 20,001 to 30,000
- 30,001 to 40,000
- 40,001 to 50,000
- 50,001 +

5. Which Digital Financial service (MFS) do you use frequently?

- bKash
- Rocket
- Nagad
- Nexus Pay
- iPay
- Debit/Credit Card
- Other

The following questions are in the Likert Scale starting from “Highly Satisfied to Highly Dissatisfied”

6. As a digital wallet, I prefer Mobile Financial service (MFS) instead of Debit/Credit card system.

7. I found send money option of MFS's is very convenient whenever I want to send money to someone.

8. I only use the Payment option of MFS when there is a discount or cashback offer.

9. I always recharge my phone from my MFS account instead of going to any recharge agent

10. I found customer mobile app of MFS and Digital wallet more convenient to use

11. I found MFS and Digital wallet system is risk free for transaction

12. I get instant feedback through an SMS whenever I use mobile financial services

13. I believe, the service charge of MFS and Digital wallet is convenient

14. The rules and regulations of Bangladesh Bank increase the trust on mobile financial services (MFS)

15. I believe Digital wallet system is the future of payment/transaction

16. Definitely, I will take digital wallet and mobile financial services again.

n (counta)	105	105	105	101	103	105	105	105	104	104	105
Blanks (countblanks)	0	0	0	4	2	0	0	0	1	1	0
Total (=Sum)	105	105	105	105	105	105	105	105	105	105	105
Counts (=countif)											
Strongly agree	21	24	14	17	21	14	29	9	11	30	17
Agree	44	57	18	29	40	46	47	27	39	52	57
Neutral	32	19	40	36	37	35	26	38	48	21	27
Disagree	7	3	28	16	6	7	2	23	2	2	3
Strongly Disagree	1	2	5	6	0	3	1	7	3	0	1
Total	105	105	105	104	104	105	105	104	103	105	105
Valid Percents											
Strongly Agree	20%	23%	13%	16%	20%	13%	28%	9%	11%	29%	16%
Agree	42%	54%	17%	28%	38%	44%	45%	26%	38%	50%	54%
Neutral	30%	18%	38%	35%	36%	33%	25%	37%	47%	20%	26%
Disagree	7%	3%	27%	15%	6%	7%	2%	22%	2%	2%	3%
Strongly Disagree	1%	2%	5%	6%	0%	3%	1%	7%	3%	0%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Questions	Total	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Mobile Financial service (MFS) is better than carrying money in pocket or any other financial services in Bangladesh	105	20%	42%	30%	7%	1%	100%
I found send money option of MFS's is very convenient whenever I want to send money to someone.	105	23%	54%	18%	3%	2%	100%
I only use the Payment option of MFS when there is a discount or cashback offer.	105	13%	17%	38%	27%	5%	100%
I always recharge my phone from my MFS account instead of going to any recharge agent	104	16%	28%	35%	15%	6%	100%
I found customer mobile app of MFS and Digital	104	20%	38%	36%	6%	0%	100%

wallet to be more convenient to use							
I found MFS and Digital wallet system is risk free for transaction than other financial services	105	13%	44%	33%	7%	3%	100%
I get instant feedback through an SMS whenever I use mobile financial services	105	28%	45%	25%	2%	1%	100%
I believe, the service charge of MFS and Digital wallet is very low and not noteworthy	104	9%	26%	37%	22%	7%	100%
The rules and regulations of Bangladesh Bank increase the trust on mobile financial services (MFS)	103	11%	38%	47%	2%	3%	100%
I believe Digital wallet system is the future of payment/transaction in Bangladesh	105	29%	50%	20%	2%	0%	100%
I will keep on using digital wallet and mobile financial services for my day to day life.	105	16%	54%	26%	3%	1%	100%