

Report on

Impact of Fraud and Dispute Management on Risk Mitigation and Reputation Establishment as a part of compliance for a Mobile Financial Company: An analysis of bKash

By

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

BRAC Business School
BRAC University
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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:

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Student ID 17304054

Supervisor's Full Name & Signature:

Sang H Lee, PhD
Professor and Dean
BRAC University

Letter of Transmittal

Sang H Lee, PhD

Professor & Dean,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir

With due respect, this is my pleasure to submit my internship report entitled “*Impact of Fraud and Dispute Management on Risk Mitigation and Reputation Establishment as a part of compliance for a Mobile Financial Company: An analysis of bKash*” under your supervision. I seek your kind evaluation and valuable suggestion on this report. This report will provide insights of the overview of Compliance management and Fraud and Dispute Management of bKash. During the process, it enabled me to gain a huge amount of knowledge about the real-life MFS industry experience which I had theoretical knowledge earlier. I am grateful to the Almighty Allah, to you and to the internship committee for having exceptional internship experience under your guidance. I have given my level best effort to this report and tried to cover all the required fields and I hope this report meets all your expected standards. It would be very helpful for me if you have closer look on this report and provide your valuable advice at this entry level of my career.

Sincerely yours,

Rubaiat Saarmean

ID: 17304054

BRAC Business School

BRAC University

Date: September 26, 2021

Non-Disclosure Agreement

This agreement is made and entered into by and between bKash and the undersigned student at BRAC University

Rubaiat Saarmean, ID: 17304054

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Acknowledgement

At the very first, I would like to express my heartiest gratitude to the Almighty Allah for giving the opportunity to experience the wonderful internship exposure and carry out the internship report to make it a standardized report within the scheduled time. Secondly, I am highly grateful to my academic supervisor and co-supervisor Dr. Sang H. Lee and Dr. Mohammad Mujibul Haque respectively for their kind supervisions, useful advices and valuable suggestions without which this report would not be able to reach the required standard and quality. Also, my respective faculty members who have given their level best effort to teach me the required courses, for providing me the true academic learning experience and for inspiring me to achieve the best in life. Along with my academic supervisors and faculty members, I would also to like to express my immense gratitude to the Vice President and all the Senior officers, officers who have helped me with their respective guidance. Particularly, my heartiest appreciation goes to F.M. Tonmoy Khan, Vice President, External Affairs, Sujoy Roy, Senior Officer and Saif Sibgatullah, Officer of External Affairs, bKash, who were my direct supervisor and guided & supported me exclusively throughout my internship journey. Moreover, I am grateful to all the other staffs of bKash who have supported me and make my internship a successful one. Finally, I am thankful to my family who have constantly motivated me, supported me, showered me with their blessings and pushed me to achieve the best in life, without them I would not be able to be in this position today. These mentions are not enough to express my gratefulness to all these people.

Executive Summary

Due to the rapid penetration of Mobile phone clients, Mobile banking (MB) or Mobile Financial Service (MFS) has been exceptionally effective within a brief span of time for encouraging simple cash exchange benefit over the nation. Through MFS, unbanked communities are able to avail money related administrations that are given effectively at a reasonable cost. This report provides insights on the overview of bKash on my encounters that I assembled amid my internship period. The report discusses the core functional areas and practices- Management, Marketing, Finance & Accounting, Operations and Information System along with industry and competitive analysis. The discussion of the company and MFS industry are too included in this report. A brief glimpse of insights has been centered in this report whereas maintaining the privacy of the organization. Moreover, this report strongly emphasizes on how compliance management is adding value to MFS industry more particularly the role of Fraud and Dispute Management team of bKash in financial recovery of customers and dispute mitigation.

Keywords: bKash; MFS; Compliance Management; Fraud and Dispute Management

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List of Acronyms

MFS = Mobile Financial Service

ECAD = External Corporate Affairs Division

FDM = Fraud and Dispute Management

KYC = Know Your Customer

AD = Acknowledgement Due

Glossary

KYC: Know Your Customer; refers to a set of due diligence measures taken by a financial institution to identify a customer and the motivations behind his or her financial activity. Over time, Mobile Financial Services must ensure that their clients are who they pretend to be; as a result, the clients must fill out a KYC form.

FDM: Fraud & Dispute Management department of bKash deal with the fraud risk governance. Various criminal activities like fraud, fake call, blackmail etc. occur with the innocent customers every now and then. Often defrauded customers lose money and seek help claiming their defrauded money back. Categorizing the type of fraudulent activities and taking effective actions against these activities are the major operations of the fraud management team.



Chapter 1: Overview of the Internship

1.1 Student Information

- ❖ **Name:** Rubaiat Saarmean
- ❖ **ID:** 17304054
- ❖ **Program:** Bachelor of Business Administration
- ❖ **Major:** Finance & Marketing

1.2 Internship Information

1.2.1 Company information:

- ❖ **Company Name:** bKash Limited
- ❖ **Internship Period:** 6th June 2021- 5th September 2021 (3 months)
- ❖ **Division:** External & Corporate Affairs
- ❖ **Department:** External Affairs
- ❖ **Address:** Shadhinata Tower, 1, Bir Shreshtha Shaheed Jahangir Gate
Dhaka Cantonment, Dhaka 1206, Bangladesh

1.2.2 Internship Company Supervisor's Information:

- ❖ Supervisor -
Name: F.M. Tonmoy Khan

Position: Vice President, External Affairs

1.2.3 Job Scope

bKash has been consistently become market leader in the MFS industry of Bangladesh. Moreover, it has been certified as best brand in Bangladesh consecutively for two years. Therefore, I consider that I am fortunate to be an intern at bKash limited. Side by side I was lucky enough to know about other departments work type i.e. Anti-Money Laundering and Combating Financing of Terrorism, Special Support Team (SST). In terms of compilation, the tasks that I was assigned were really distinctive. During my internship period I was working under F.M. Tonmoy Khan, Vice President,

External Affairs. Under External Affairs I was assigned with different type of functions. The department's primary role is to classify fraudulent operations and provide victims with prompt resolutions. Furthermore, the team is committed to preparing fraud amount settlement reports and returning the recovered funds to victims of fraud, all while according to legal processes. For the team, transaction analysis and fraud analysis were critical parts of the process for detecting fraud and victim accounts. However, the main function that I was assigned was to writing AD (Acknowledgement Due) letters to fraudsters and mistaken recipients. Here, the fraudsters are the people who have done frauds and mistaken recipient are the people to whom customers mistakenly sent money. There were three types of letter which I had to write on a daily basis. Initially, writing letter was tough for me as I had to write them in Bengali. Moreover, I had to clear back log of more than 1000 letters. After days went I was comfortable writing letters as my Bengali writing was enhanced. Furthermore, I almost memorized 64 district name as I had to write letter. While writing letters I had to find fraudsters or mistaken recipients information from there NID and KYC (Know your customer). Some of the NID and KYC were very unclear so it tough to understand what exactly was written.

Through my internship, I was able to not only gain experience in the corporate world by learning about the work environment and behavior, but I was also able to improve my abilities. I had to work with Microsoft Excel, and this is where I polished my Excel skills.

1.3 Internship Outcomes

1.3.1 My contribution to the company

bKash has provided me with the best possibilities to contribute my talent to the firm in a variety of ways. Although I only worked under Fraud and dispute management team, bKash has given me opportunity to learn about the whole external affairs. My contributions are given below,

- Using a customer information management system, prepare acknowledgement letters by analyzing customer KYC forms and gathering essential information.
- Assisting the Fraud Management Team with the preparation of suspicious transaction reports and the categorization of fraud activities by examining prior engagement to identify victim and fraud accounts.

- Analyzing client interview reports while keeping hard copy documentation and maintaining the interview report database.
- Working with the Dispute Resolution Team to resolve disputes
- Detecting the overall fraud amount of people and computing the fraud reimbursement amounts when reviewing fraud amount reimbursement reports.
- Sometimes I was assigned with urgent letters which needed to be done within the day they were assigned.
- Moreover, I was also assigned with analyzing the letters which couldn't be posted. I had to find out the reason of why they were unable to post.

1.3.2 Benefits to the student

As a student and an intern, I was exposed to and provided with a variety of perks in bKash Limited's fast-paced environment. The following are the advantages that a MFS firm can provide to a student:

- **Understanding corporate culture:** Through this internship program, a student can learn about the corporate work environment and implement what they've learned to their future job possibilities. For instance, a student will learn about professional work ethics and behavioral features, personality qualities, and a basic awareness of the corporate office environment, all of which will help the student improve his or her potential performance at work.
- **Developing interpersonal skills:** bKash offers an exceptionally dynamic workplace in which all employees, from the most junior to the most senior, have a family bond and work together as a team. As a result of having to cope with diverse types of people, different environments with different coworkers, and varied assignments, a student's interpersonal skills can improve. For example, my senior officer used to assign me different task. Also I had interaction with my supervisor who is the manager of FDM department. All of these interactions have enhanced my dispute resolution, teamwork, and team management skills, as well as my capacity to soothe others when necessary.
- **Developing Distant Communication Skills:** My distant communication skills have significantly accelerated because of the lockdown, in addition to the growth of

interpersonal skills and in-person communication skills. Because I was unable to contact with my supervisor and related people in person for various information needed to create my report, I had to rely on virtual communications such as email, telephone, and what's app to gather the necessary information. As a result, it significantly improved the distant communication skills.

1.3.3 Problems/Difficulties During the Internship Period

I've faced a range of hurdles since starting at bKash, which every intern faces at this stage of their career. Although I had a theoretical understanding of the given works, I lacked practical experience with them. As I was new to this tasks, for first few days I was little bit slow at work. Which sometimes made me think that I was not good enough. This process required me lot of patience. Because we had to stay at home for some of our internship due to the pandemic, we ran into certain issues, such as decreased contact and interaction with other team members, and interns are only exposed to a specific type of work. Lastly, as I already mentioned that working with NID and KYC was a bit tough because some of the picture were not very clear. Moreover, handwriting of the customer are quit hard to understand. However, during my internship with bKash Limited, I learned a lot. Working there has been a terrific experience.

1.3.4 Recommendations

Apart from some of the challenges that every intern faces, everything else in my office was fine. Despite this, I believe the workplace should present interns with more varied pattern tasks so that the tasks do not become monotonous. Job rotation is a technique that allows employers to change the jobs of their employees on a regular basis. If interns can work under the supervision of a different department, they will be able to learn more and their job will be more varied. Because the interns only have three months, they can work for a variety of teams to broaden their experience. It will also improve communication with colleagues from different departments as well as team members.

Moreover, we had to work from home for a while due to the pandemic, so our meetings with other coworkers were rarer than usual. Interns who are unable to communicate physically have a lower likelihood of engaging with others. If each team devotes a tiny amount of time and effort on a

weekly basis, the concentration level may improve. These are some facts that, if considered, can help an intern have a more vibrant, productive, enjoyable, and informative internship experience.



Chapter 2: Organization Part

Overview, Operations and Strategic Audit

2.1 Introduction:

2.2.1 Objective:

The purpose of this study is to determine how bKash's culture, managerial tactics, marketing strategies, operational decisions, and financial stability affect its financial performance. The banking industry has long dominated Bangladesh's financial scene by offering a diverse range of financial services to its consumers. However, the problem of Bangladesh's poor population not having access to financial services remained. The Mobile Financial Service (MFS) sector arose from the desire for a simpler and accessible financial service in Bangladesh. bKash has successfully transformed Bangladesh's financial payment method, making financial services convenient and inexpensive to people from all walks of life. As a result, I believe it is a new dimension that requires further research. Along with the major objectives, the study will look at the corporate aspects that bKash uses to be competitive in the MFS industry. The paper's other goals are as follows:

- Provide an inside perspective on the company in terms of Strategic Audit, operational decisions, and financial data simplification in terms of ratio analysis with peer companies.
- The study will mainly identify importance of Fraud and Dispute Management team and also the effects of other departments in the MFS industry.
- The paper will also provide insights into how bKash is performing in the market compare to its competitor and what are the strengths and weakness of the company.

2.1.2 Methodology:

The details of how the study will take shape, as well as a description of the sources from which the required data will be acquired, are referred to as methodology. There are two categories of sources. Primary sources are those from which information is gathered directly or indirectly, whereas secondary sources are those from which information is gathered indirectly or by reference. I gathered data for this study from the following sources:

- **Personal Learning Experience:** I spent three months gathering various papers, records, and reports. In addition, I spent the majority of my internship working with the Fraud and Dispute Management department, where I learnt how the department operates and what are

the key factors that contribute to the company's successful functioning. I also learned about how FDM department works on preventing frauds or to minimize risk of the customers. Moreover, I used my learnings from my finance and marketing courses from the University.

- **Primary Sources:** To examine all parts of the business and present a realistic overall picture of the company I gathered various details by speaking with the operation manager, branch manager, principal and senior principal officer of trade finance, and a customer service department officer. In addition, in order to better understand management procedures, I spoke with the HR officer of the company.
- **Secondary Sources:** The report is heavily reliant on secondary data that I gathered. Secondary sources are primarily used to obtain financial information from peer companies and a comprehensive overview of the MFS industry, the benefits of Fraud and Dispute Management department on risk mitigation. I gathered information about bKash mostly through the company's website, annual reports, and financial reports, as well as several internet platforms and websites. I also used many articles, journals, and relevant research papers to gather data, as well as financial data and performance.

2.1.3 Scope of the Study:

We may acquire a wide overview, or a bird's eye view, of the bKash and its several main operational and functional departments from this study. From this research, we can gain an understanding of the many roles of various departments, with management practices, marketing policies, financial performance, and accounting practices serving as the key functions. Furthermore, the marketing strength of bKash will be examined, as well as how it is maintaining its competitive position in the market against other multinational banks. Furthermore, this report shows bKash's financial performance across many activities, providing financial insights into the organization. This research will also give an overview of bKash's functional practices in terms of how they conduct business in their primary areas. We will, however, be familiar with bKash's numerous financial products, as well as the firm's strengths, weaknesses, prospects, and dangers (SWOT). We will receive an overview of bKash in a nutshell.

2.2 Overview of the Company:

2.2.1 About the bKash Limited:

Mobile Financial Services (MFS) is an approach to advertising financial administrations that combines managing an account with mobile wireless systems which empowers clients to fulfill keeping money exchanges. This implies the capacity to form deposits, withdraw money, and to send or receive money via a mobile device. Agents often provide these types of services by allowing mobile account holders to trade at independent agent locations. Therefore, MFS is useful to monitor bank balances, execute account activities, make payments and trade stocks using a mobile smartphone(Lee et al., 2012) .

bKash is one of Bangladesh's first Mobile Financial Services (MFS). It has already completed a decade since 2011. In just a few years, bKash has risen to the top of Bangladesh's MFS rankings. Not only the rural but even the urban population of Bangladesh have been affected by bKash. Rural regions account for 70% of our population, and they lack appropriate access to traditional financial systems. As a result, just 15% of our enormous population has bank accounts, while the remainder are still without access to financial services. The major goal of bKash was to bring this large unbanked population into the financial mainstream.

In 2010, BRAC Bank Limited of Bangladesh and Money in Motion LLC of the USA formed a joint venture to launch bKash. BRAC Bank launched a 51% claimed backup called bKash in 2011, combined with an investment from Cash in Movement an USA based company allowed consent by Bangladesh bank to together work MFS in Bangladesh. The World Bank Group's and International Finance Corporation (IFC) joined as an equity partner in April 2013. In March 2014, the company received funding from the Bill and Melinda Gates Foundation(“Company Profile - About bKash | bKash,” n.d.).

bKash now employs over 200,000 agents throughout Bangladesh's urban and rural areas, with over 50 million verified accounts(“Company Profile - About bKash | bKash,” n.d.). Currently, bKash utilize all the mobile devices to extent financial services in a remote area of Bangladesh. Indeed, bKash can be accessed via all the mobile networks operating like Robi, Grameenphone, Banglalink etc. in Bangladesh. Aarong, Bata, and Lotto are just a few of the large companies that have collaborated with bKash as a commercial partner.

bKash Limited, Bangladesh's leading mobile financial service provider, was ranked 23rd on Fortune's third annual "Change the World" list, which recognizes the top fifty companies working on a variety of social concerns (bKash, 2017).

The Bangladesh Bank has a significant influence on bKash's operational rules. bKash adheres to all applicable regulations and modifications to ensure that its services are not used for money laundering or terrorist funding. Customer Due Diligence (CDD) or Know Your Customer (KYC) background checks are done by bKash to ensure that clients are appropriately risk evaluated prior to onboarding, and bKash conforms with Bangladesh Bank's requirements.

2.2.2History of bKash:

Kamal Quadir and Iqbal Quadir founded the company bKash. When the two Quadir brothers decided to offer mobile banking services to Bangladesh in the mid-2000s, it was already popular in the Philippines, Kenya, and other emerging countries. In require of a neighborhood accomplice, the Quadir brothers started to lock in BRAC's author, Sir Fazle Hasan Abed, in 2008. They agreed to form a joint venture between Money in Motion and BRAC Bank in 2010 (Services, n.d.). bKash debuted in Bangladesh in July 2011 with three essential administrations: Cash in, Cash Out, and Send Cash, taking into consideration the reality that more than 70% of Bangladesh's populace dwells in provincial districts where get to ordinary managing an account administration is restricted (“BRAC Bank’s bKash Launches Mobile Banking Services in Bangladesh,” n.d.)(“Company Profile - About bKash | bKash,” n.d.).

Over the course of its existence, more user-requested services such as airtime top-up, bill payment, and train-movie ticket purchasing were added. It presently has its claim mobile application, which was named the most excellent within the Financial Innovation Category of the Bangladesh Innovation Award 2018 for its straightforward and supportive highlights(“Company Profile - About bKash | bKash,” n.d.).

2.2.3 Design and Significance of bKash Logo:

It's only significant if the company have genuine aspirations and concrete strategies for expanding its business into something bigger and more relevant. A logo is just the public face of a company. A logo provides visitors a sneak peek into what the business is all about.



bKash is a very new service that hasn't experimented with its visual identity since its launch in 2011. Only one letter of the online payment system's wordmark and a tagline, which is occasionally used beneath the official form of the symbol, were changed. A colorful geometric symbol is positioned on the left or above the delicate and modest wordmark, and a light and simple tagline make up the bKash logo. The most portion of the brand's character is unquestionably the insignia, which has a clear picture of a paper bird in dim pink and white. The origami image makes the entire symbol right away recognizable and inspires a sense of opportunity, the application tends to deliver to its clients — using bank administrations on the go, wherever you're ("Bkash Logo and symbol, meaning, history, PNG," n.d.).

The inscription was originally black, but after a few years, the business decided to alter the color of just one letter, "B," to pink to better balance the artistic and text portions of the logo. All letters except "K" are in lowercase, and the writing is done in a narrower and beautiful typeface.

The “a BRAC Bank Company” slogan, which is not usually used with the logo, is placed in all caps in a basic yet modern sans-serif typeface in a light gray color, adding professionalism and solidity to an elegant and even streamlined design of Bangladesh's online payment system (“Bkash Logo and symbol, meaning, history, PNG,” n.d.).

2.2.4 The CSR of bKash:

Corporate social responsibility (CSR) refers to business activities and policies that aim to have a beneficial impact on society. CSR is based on the concept that businesses should seek additional pro-social goals in addition to earning profits.

bKash coordinated one of the greatest medical intervention efforts during the early days of the pandemic by giving over 350 ventilators to the government, along with more than 950,000 emergency medical toolkits (masks, thermometers, protective clothes, gloves, and medical goggles). According to the news announcement, Alibaba, the company's international partner, gave the assistance (“bKash CEO awarded for Covid-19 CSR efforts | The Daily Star,” n.d.).

bKash moreover given 30 ventilators to clinics and developed an oxygen plant at the Diabetic Clinic from its own funds. These contributions demonstrate not just the organization's distinctive and responsible business practices, but also its awareness and conscientious attitude to the welfare of ordinary people (“bKash CEO awarded for Covid-19 CSR efforts | The Daily Star,” n.d.). Since the pandemic began in March of last year, bKash has been quietly active, or rather aggressive, in keeping the wheels of our economy turning.

The countrywide economic lockdown and limitations on public travel created a lot of anxiety, irritation, and uncertainty during the early phases of the epidemic. bKash, on the other hand, provided a massive subsidy to its clients in the form of almost Taka 22 crore in transactions done during the epidemic (“bKash helps relieve pandemic pain | The Daily Star,” n.d.). This brought a sigh of relief to the bKash community, which was already enjoying the security and convenience of monetary transactions.

While the Covid-19 epidemic sparked the necessity for digital monetary transactions to minimize physical touch and maintain social distance, bKash handled the challenge well. bKash also assisted in the distribution of the government's stimulus package for export-oriented industries, which were

facing financial difficulties as a result of the global trade standstill and a drop in consumer spending. Such speedy, secure, and secure administrations were direly required, and bKash played a basic portion by setting such a tall standard of proficiency and recipient certainty that the potential for a "cashless" exchange age has presently impressively expanded("bKash helps relieve pandemic pain | The Daily Star," n.d.).

The Pay Bill service is another area where bKash put in a lot of effort. During the epidemic, people needed to figure out a creative method to pay their expenses while staying at home. As a result of the vast range of services offered by bKash, they chose it. All control bills, counting DESCO, DPDC, BPDB, NESCO, BREB (Palli Bidyut), and others, may as of now be paid utilizing bKash("bKash helps relieve pandemic pain | The Daily Star," n.d.).

Additionally, bKash collaborated with the Bidyanondo Foundation to build a hospital in Chattogram and offered nutritional help to poor families through the Sena Kalyan Sangstha and a few non-governmental organizations("bKash CEO Kamal receives CSR award," n.d.).

As a result, Kamal Quadir, the Chief Executive Officer of mobile financial service provider bKash, was honored at the "Global Business CSR Award-2021" as the "Best E-cash/money & CSR award" for his contributions to the welfare of people during the Covid time("bKash CEO awarded for Covid-19 CSR efforts | The Daily Star," n.d.).

2.2.5 Mission:

As Bangladesh's largest MFS, bKash's objective is to provide customers with rapid, low-cost, and secure financial services and also which will be convenient, affordable and reliable. Its goal is to reach out to both banked and unbanked people in order to expand the financial inclusion net and bring them into their network. The company points to extend the financial net by giving a Mobile Financial Service based on a profoundly adaptable mobile cash stage that empowers clients to conduct secure cash exchanges utilizing their mobile phones.

Their starting point was to supply money related administrations to Bangladesh's unbanked and underprivileged citizens, as well as to supply MFS (Mobile Financial Service), a non-traditional or elective to conventional managing an account.

2.2.6 Vision:

bKash is not a bank or a telecommunications firm; rather, its business strategy is completely distinct from traditional banking. bKash was developed from the ground up to focus on its own company. Not at all like conventional managing an account, bKash centers on value-based income instead of credit or investment funds. Banks are mostly found in our country's major cities, and they are primarily concerned with providing services to customers. However, 70% of our population lives in rural regions and lacks access to standard financial services. As a result, bKash's goal was to bring MFS (Mobile Financial Service) to this particular sector of our community.

2.2.7 Corporate Division and Departments:

bKash is a well-structured organization, keeps up appropriate coordination between its corporate divisions. Each corporate division incorporates numerous offices, each with its possess set of tasks, and divisions are advance part based on the job's multifaceted nature. The organization's outstanding collaboration is shown in the smooth organizational expansion of bKash, which is maintained by corporate divisions maintaining corporate offices in multiple places at the same time. There is a chief executive officer (CEO) for each division, as well as a departmental head (HOD). The general manager, deputy general manager, manager, assistant manager, senior officer, and officer are the next levels of management. Aside from that, there's a business partner who works in the HR department.

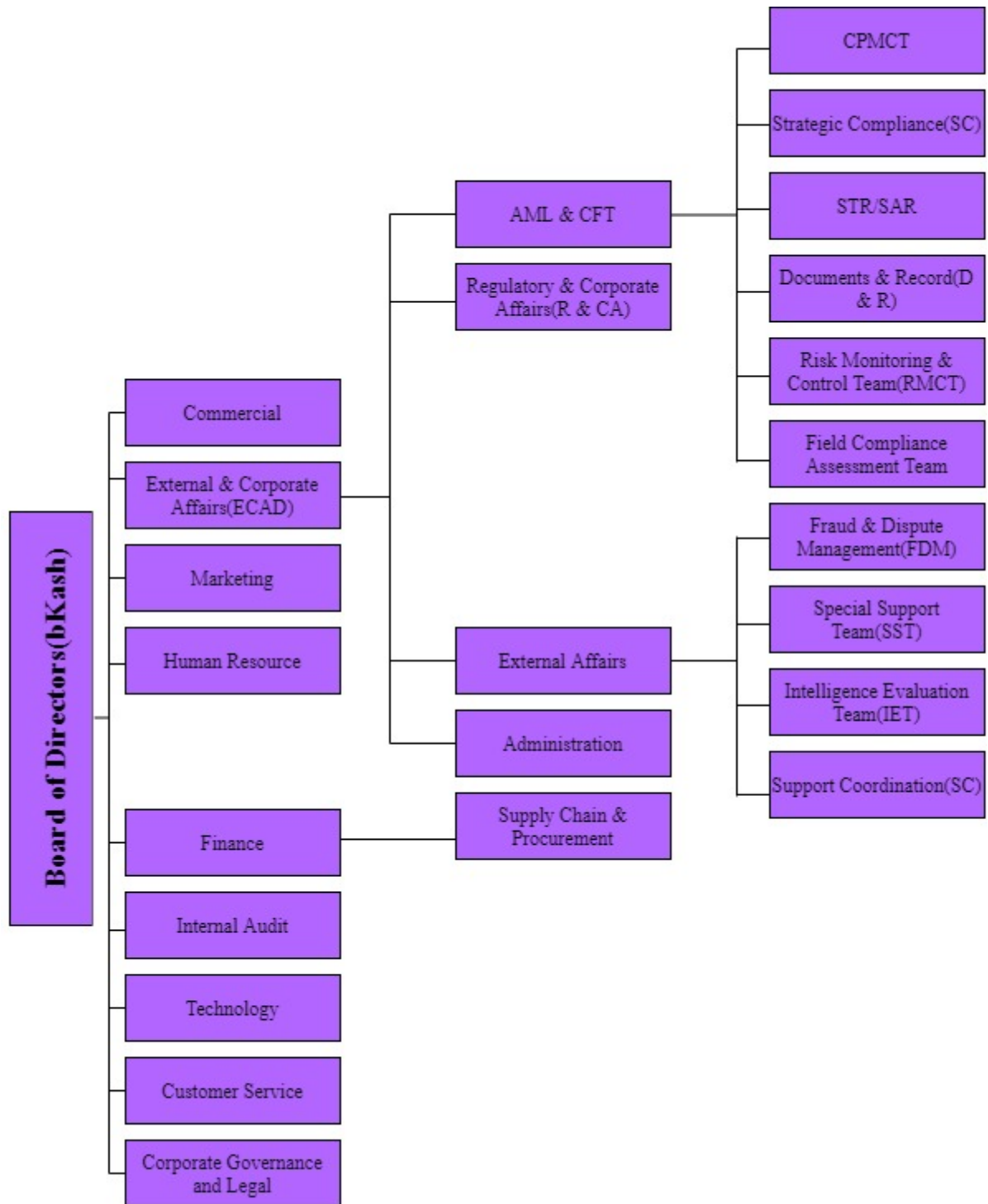


Figure 1: Corporate Divisions and Departments of bKash

Commercial Department: "From beginning to completion, commercial administration includes the recognizable proof and advancement of commerce prospects, as well as the effective organization of ventures and contracts." As it were approach layers of commercial administration are utilized interior a company. Any development firm's commercial group is concerned with picking up unused commerce, investigating unused ranges of operation, and distinguishing chances for the company to extend and prosper.

External & Corporate Affairs Department (ECAD): The External Corporate Affairs department is in charge of all corporate benefits that must be administered externally and necessitate extensive outside interaction. ECAD is the abbreviation for External & Corporate Affairs Department.

To reduce bKash and its operational risks, ECAD focuses on compliance, fraudulent actions, and functions. The bKash ECAD division aligns the company's objectives with Bangladesh Bank rules requiring MFS providers to mitigate the risk of money laundering and terrorism funding. For bKash, the Bangladesh Financial Intelligence Unit (BFIU) offers risk mitigation compliance and revisions. ECAD is responsible for bKash's 16 foreign affairs.

Marketing Department: The marketing department's tasks include public relations, close branding, stock and service marketing, administration and order generating, digital advertisement, content production, client relationship monitoring, database maintenance, and other duties. 7 Analysis of Customer Satisfaction with bKash as a Mobile Financial Service Provider.

Human Resource Department: Employee recruitment, screening, and assessment, as well as compensation, training, and benefits, are within the purview of human resource management. The human resource department's subdivisions include recruitment and collection, coaching and promotion, reward and motivation, and incredibly forward.

Finance Department: The accounting and finance department is in charge of all of the company's accounts as well as all financial transactions. Payroll administration, statement due and receivable tracking, rhythmic and yearly revenue tracking, reporting and recording financial transactions are just a few examples.

Internal Audit: Inner audit is portion of the persistent observing of inner controls and the inner capital assessment strategy within the mobile managing an account framework. Inner review is a

free assessment of the mobile banking system built up arrangements and forms, as well as their adequacy and compliance.

Technology: NFC stands for "near field communication," and it is the technology that supports mobile wallet payments. When two devices—like your phone and a payments reader—are close enough together, NFC allows them to interact wirelessly. The decentralized structure of blockchains — the technology's greatest distinguishing characteristic — offers a nearly impenetrable layer of protection around every transaction, making mobile payments one of the most popular implementations of blockchain technology so far ("The Technologies Behind Mobile Payment Systems," n.d.).

Customer Service: bKash gives a high priority to the customers. They are working 24/7 for the importance of the customers. They have more than 200,00 agents for giving the service with over 50 million verified accounts.

Corporate Governance & Legal: The foundation and operations of companies are administered by corporate law, while corporate administration oversees the adjust of interface among a company's numerous partners. As a result, corporate law and administration have a coordinate effect on what and how companies work ("Corporate law & corporate governance | National Action Plans on Business and Human Rights," n.d.).

2.3 Management Practices:

A talented and well-trained personnel is essential to an organization's growth and success. bKash's Human Resource Department is well-organized and capable of handling staff recruiting and training. The first issue for every HR department is to find qualified and skilled employees. Candidates who apply for bKash must go through a number of steps. Following recruiting, decreasing staff turnover is a major problem for businesses. The work atmosphere and corporate culture of bKash are both conducive to productive work for every employee. Employees strive to advance their careers, and advancement is completely dependent on continuing to enhance one's abilities and expertise. Employees' preoccupation with progress may be satisfied through engaging and insightful training sessions. Many communication gaps and disagreements between officers and supervisors may be handled via interactive training sessions, which bring a team closer

together. The HRD at bKash has established numerous Employee Relation Programs (ERP) to help employees maintain healthy and supportive relationships with one another. In addition, the management has implemented an excellent Performance Management System (PMS) to evaluate employee requirements and complaints.

The bKash management division is organized into five distinct wings:

- i) **Wing of Corporate Strategy and Decision-Making:** This department approves any business plan or decision that will be implemented in the market. The wing is also in charge of demo implementation, rechecking, and remedial actions, in addition to final approval.
- ii) **Wing of Corporate Affairs:** The wing's major function is to manage relationships with Law Enforcement Agencies (LEA) and Special Agencies of Governments (SAG) in order to detect and reduce risk factors such as fraud, false calls, and criminal activity. The division's other important duty is to ensure conformity with regulatory rules by withholding company values.
- iii) **Wing of Brand Management:** Promotional activities, product activation, marketing campaigns, internet & media management, marketing content production, and other marketing and brand image-related issues are handled by this section.
- iv) **Wing of Service Development and Management:** This section is in charge of dealing with consumers and ensuring that merchants and agents are properly managed. The division's major goals are to handle customer care, customer support, and to ensure that resources are distributed to merchants and agents.
- v) **Wing of Corporate Sales:** The unit's primary responsibility is to manage the commercial sector and generate income. The wing's essential operations include merchant acquisition, territory management, market sales optimization, collaboration, and corporate service accumulation.

2.3.1 Organizational Hierarchy:

Each bKash division includes numerous divisions, each of which is in charge of achieving certain organizational goals. The head of the division is at the top of the divisional hierarchy, and the

heads of departments, who report directly to the divisional head, are in charge of the departments as well. Several officials work and report at the same time under the department head's supervision. bKash was able to accomplish significant development in a short period of time because to its well-planned and ordered hierarchy. The External & Corporate Affairs division, for example, has the following hierarchy:

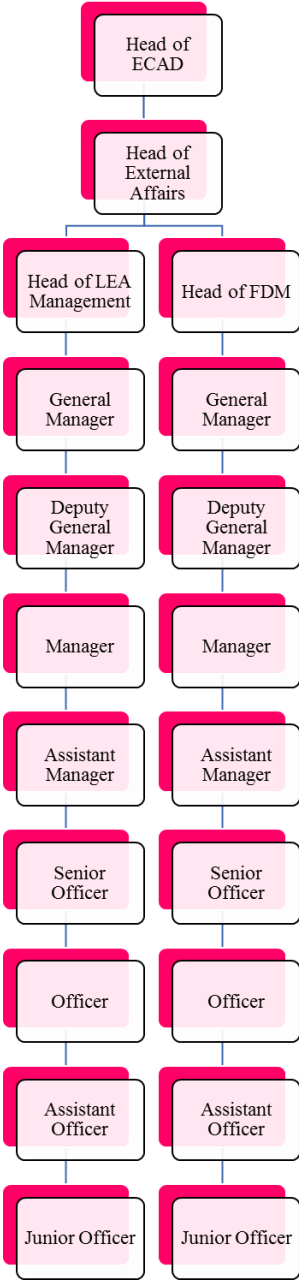


Figure 2: Organizational Hierarchy (ECAD)

2.4 Marketing Practices of bKash

bKash promotes its services as much as possible in order to expand their client base, and they make every attempt to suit the needs of every family and business in Bangladesh. As a result, their marketing methods are vastly different from those of their MFS competitors. The marketing scenario for bKash is shown below:

2.4.1 bKash Product Offering

The strength and sincerity of bKash's network of agents around the country is key to the company's success. There are 176,000 active agents across the country who provide bKash users with cash-in and cash-out services. The transactions are carried out using a user's mobile phone, and the distribution firms work with bKash to provide the services. The following are the categories:

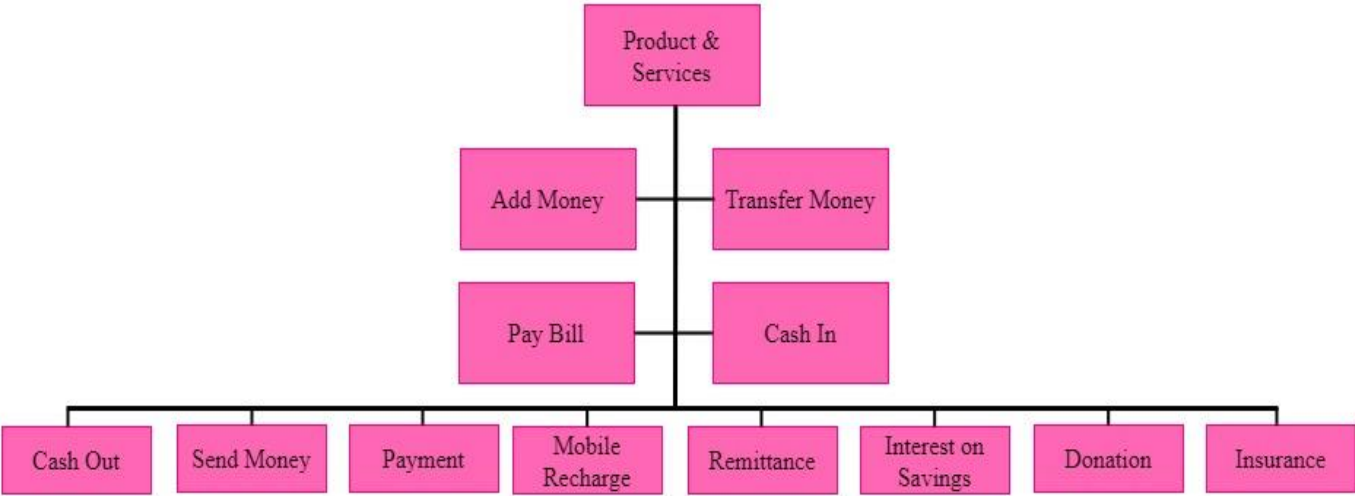


Figure 3: Services Offered by bKash Limited

- ❖ **Cash in:** Customers can load or transfer cash to their bKash wallet by visiting a bKash agent or transferring money from their bank to bKash. Customers can use the cash in service to take advantage of bKash's various promotional offers.
- ❖ **Add Money:** Users of bKash can quickly transfer money from their bank, MasterCard, or Visa card to their bKash wallet without incurring additional fees.

- ❖ **Transfer money:** Customers can use their mobile phones to transfer money from bKash to specific bank accounts at any time and from any location, without having to visit an agent or bank. Customers can send money to one another through their bKash account in under a second, requiring a 2% service charge for both banks.
- ❖ **Pay Bill:** By using bKash customers can easily pay their different utility bills such as electricity bill, water bill, gas bill etc. sitting at home.
- ❖ **Cash-Out:** Customers who have their mobile phones with them can simply cash out from nearby agent outlets or BRAC Bank ATM booths. A certain amount of cash can be retrieved, resulting in a predetermined amount of service charge, and the withdrawal amount varies from person to person based on account type.
- ❖ **Send Money:** Customers with a bKash account can send a predetermined amount of money from their bKash account to another bKash account in under a minute using only their mobile phones.
- ❖ **Payment:** With the bKash account customers can effortlessly pay for different kind of merchant shopping, restaurant bills. Moreover, different online shopping payment is also now possible with bKash. It minimizes the inconvenience of bearing real currency and, customers may effortlessly pay for their service or product by clicking their mobile phones.
- ❖ **Mobile Recharge:** Through bKash customers can easily recharge in their mobile numbers. It makes their life simple as they don't need to buy recharge cards or go to recharge points.
- ❖ **Remittance:** By forming a massive cooperation with Western Union and MasterCard, bKash enabled international money transfers. Customers in more than 200 countries now transfer cash from their phones, while customers in Bangladesh can receive money at any time of day using MasterCard's secure network. People who live overseas can send international remittances to close ones in Bangladesh who have a bKash account through approved Foreign Banks, MTOs, and Money Exchange Houses.
- ❖ **Interest on Savings:** If any customer keeps used money in their bKash account they receive around 4% interest rate (per annum) on their savings.
- ❖ **Donation:** Customers can simply donate, and many social groups, as well as needy individuals, can get their donations money through their bKash accounts. People can effortlessly engage and reach out to those in need of assistance while donating fast from any location, at any time, using this service.

- ❖ **Insurance:** bKash recently collaborated with different insurance company such as Guardian life insurance limited, carnival assure limited, so that customers can easily do the insurance.

2.4.2 Marketing Strategy of bKash

Marketing strategies are the commercial principles by which the corporation aims to build this customer value and establish these profitable relationships with customers. The business determines which clients it will serve (segmentation and targeting) and how they will be served (differentiation and positioning). It determines the overall market, divides it into smaller parts, selects the most promising segments, and concentrates on supplying and delighting the clients in these segments. Marketing analysis, planning, execution, and monitoring are all used by the organization to determine the optimal marketing strategy and mix. The corporation keeps an eye on and adjusts to the players and forces in the marketing environment through these operations. We'll take a quick look at each activity now.

- **Customer Segment:** bKash uses a mass marketing segmentation strategy, in which the corporation uses an undifferentiated marketing strategy. It also divides its markets by demographics, focusing on occupation and income. Students, business owners, high and low-level employees, and all forms of service providers are among bKash's demographically categorized consumers.

Benefit segmentation has been also used by bKash to segment its clients. Customers of bKash have access to money transfer services. Customers who are looking for money transfer services are bKash's most important customers.

- **Positioning:** Any company's purpose, vision, and values make up the position section. bKash's purpose is to broaden the net of financial inclusion by delivering financial services that are convenient, affordable, and dependable. bKash aims to deliver a Mobile Financial Services solution based on a massively efficient Mobile Financial platform, allowing Bangladeshis to transfer and receive money safely via mobile devices.

The organization's goal is to provide people in Bangladesh with access to a wider range of financial services. It focuses on serving the country's low-income citizens in order to create broader financial inclusion by delivering services that are convenient, affordable, and dependable. Integrity, quality, dependability, and innovation are the essential values.

2.4.2 bKash Marketing Mix (4p's)

- **Product:** This Marketing Strategy component reflects the response to the needs of the customers. bKash creates unique financial product attributes, titles, and qualities in order to stand out in a crowded market. When designing a product strategy, efficiency, range, features, pricing, offering name, and enhanced services are all considered. For better understanding section 2.4.1 represents greater view of the product offerings.
- **Price:** bKash does not charge for cash in. it only charges for cash out which is 0.9250 per 50-taka cash out. There will be no charge for sending money up to 100 Tk. to any number using the bKash App or USSD. If the monthly transaction is between 15,000.01 Tk. and 25,000 Tk., a 5 Tk. charge will be applied each transaction for Send money to any number excluding Priyo numbers. If the monthly transaction exceeds 25,000 Tk., a 10 Tk. charge will be applied each transaction for sending money to any number other than Priyo numbers. There are other charges for utility bill payments.
- **Place:** bKash has over 80,000 agents nationwide who are ready to provide their services to anyone who wishes to use them. bKash made use of an already established network of airtime recharge agents, who are typically local grocery store owners and hence well-known in the neighborhood. Because of this, bKash is now available within walking distance of practically every isolated location in the country. In addition to receiving commission on bKash transactions, these agents typically see an increase in foot traffic to their store as a result of these transactions. They also have a customer service line to assist consumers with any questions or problems they may have. Dhaka, Mymensingh, Sylhet, Chittagong, Khulna, and Bogra all have Bkash customer service facilities.
- **Promotion:** One of the primary factors in bKash's initial leadership and success throughout the MFS industry was its unique branding and advertising strategy. The marketing department is always brainstorming new advertising and promotional concepts. As a result, they control the market in terms of both consumer base and market share.
 - TV commercials: New TV commercials are released on a regular basis to promote the service.

- Hoardings: A large, attractive billboard with a consistent statement.
- Agent Point: Agents' shop has posters which helps customers to know about different offers.
- Using wall paints to advertise is a great way to get your message out there.
- Car stickers, boat branding, and posters on the back of rickshaws are all examples of vehicle branding

2.5 Financial Performance & Accounting Practices of bKash

2.5.1 Financial Highlights of I/S & B/S

The performance of bKash of 4 years are shown below by the highlights of the core factors of Balance Sheet and Income Statement along with key financial ratios.

Table 1: Income Statement & Balance Sheet Highlights of 4 years

Income Statement Highlights (Taka)				
	2017	2018	2019	2020
Total Interest Income (Revenue)	34,534,444,85	41,294,155,21	5,433,640,677	10,702,243,076
EBIT	310,785,342	346,929,719	166,579,998	644,185,615
Gross Profit	706,564,909	887,831,644	6,308,089,277	4,668,990,400
Net Profit	187,543,180	207,040,637	-813,964,599	-625,146,478
Balance Sheet Highlights (Taka)				
	2017	2018	2019	2020
Total Current Assets	26,654,579,186	27,623,439,694	42,772,056,039	61,266,906,891
Total Non-Current Assets	1,231,204,533	1,284,073,271	2,034,112,933	2,920,897,596
Total Assets	27,885,783,719	28,907,512,965	44,806,168,872	64,187,804,487
Total equity	3,079,782,255	3,296,822,892	10,723,900,301	9,727,795,359
Total liabilities	24,806,001,464	25,620,690,073	34,082,268,571	54,460,009,128

I've listed the key components of the income statement and balance sheet that indicate the company's financial performance in the table above. Here it can be seen that most of the factors have increased in the last 4 years except for the net profit.

2.5.2 Key Financial Ratios

The graphical illustration of important financial ratios and basic income statement and balance sheet factors are given below-

Gross Profit Margin:

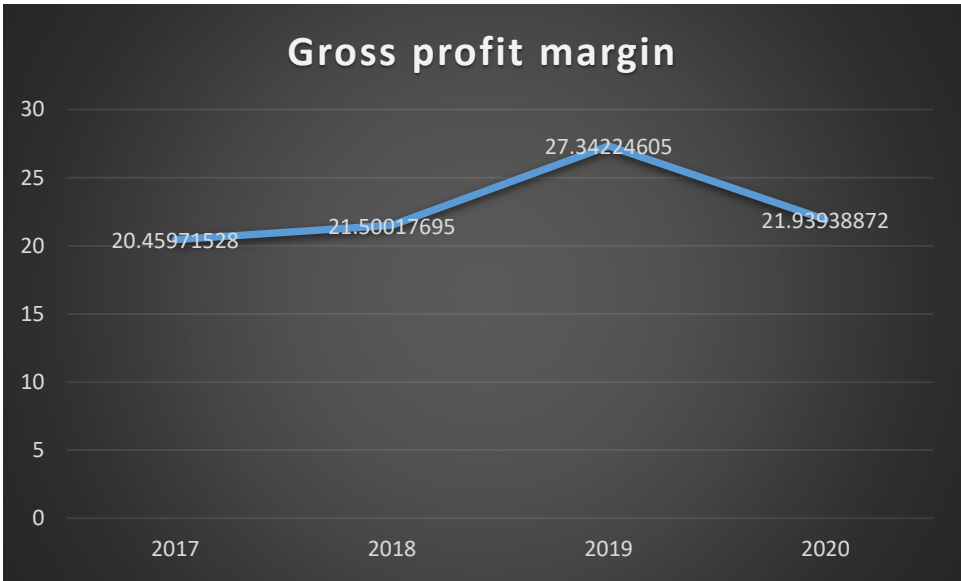


Figure 4: Gross Profit Margin

Here it can be seen that the gross profit margin over the last 3 years have been increasing but in 2020 in decreased a bit. Which indicates that the cost of sales of bKash has decreased over the last 3 years. In 2017 gross profit margin was 20.45% which has gone up to 27.34% in 2019 then again decreased in 2020 which is 21.94%.

Return on Assets:

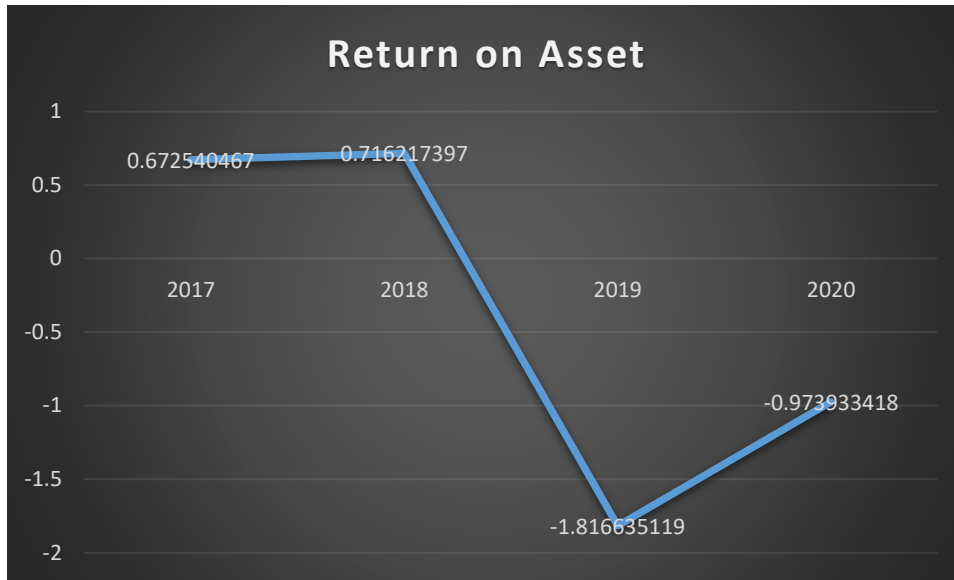


Figure 5: Return on Assets

Over the last 4 years return on asset is fluctuating. Here, in 2017 it was 0.67% which increased to 0.72% in 2018. But in 2019 it was -1.82% which is a drastic fall. But again in 2020 it increased to -0.97% which is still in the negative side. This happened because bKash was investing most of the profit to improve its app and make more strong customer base.

Liquidity Ratio:

Liquidity ration of bKash was in an increasing trend until 2020. In 2017 it was 107.82% which increased to 125.64% in 2019. But in 2020 it had downfall which lead it to 113.02%. Because of the Covid-19 situation the firm had to limit some of its operations.



Figure 6: Liquidity Ratio

Leverage Ratio:

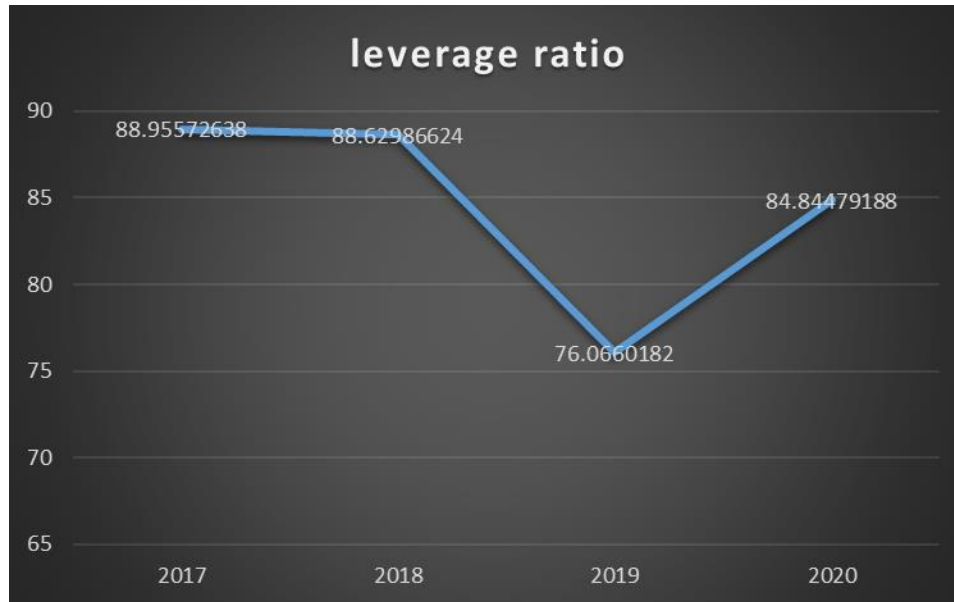


Figure 7: Leverage Ratio

Like return on asset leverage ratio had also been fluctuating. In 2019 it had a downfall. It was 88.63% in 2018 but in 2019 it was 76.06%. But again in 2020 it increased to 84.84%.

2.5.3 Asset Vs Income

Total Asset:

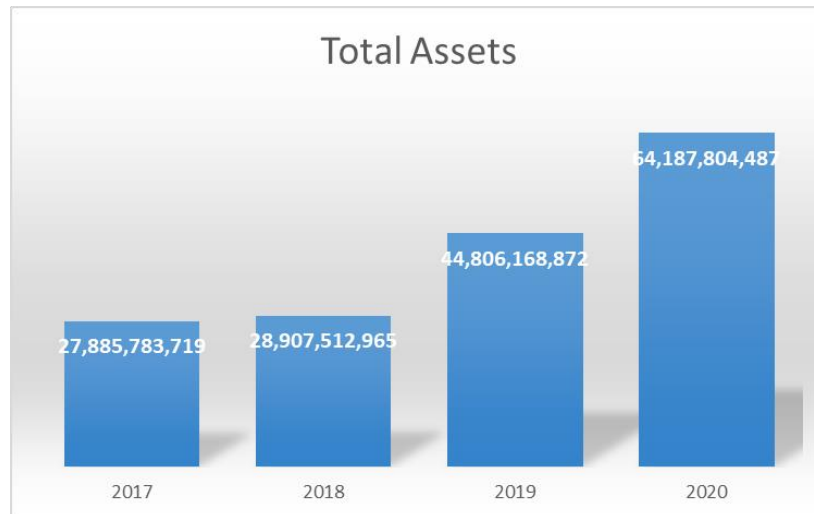


Figure 8: Total Assets

According to the data above, bKash's total assets have risen during the last four years. It has been steadily increasing, indicating that the bank is expanding, and this has an impact on the return on assets. As a result, the firm's asset turnover ratio grows, suggesting that its assets are being profitably utilized.

Net profit:

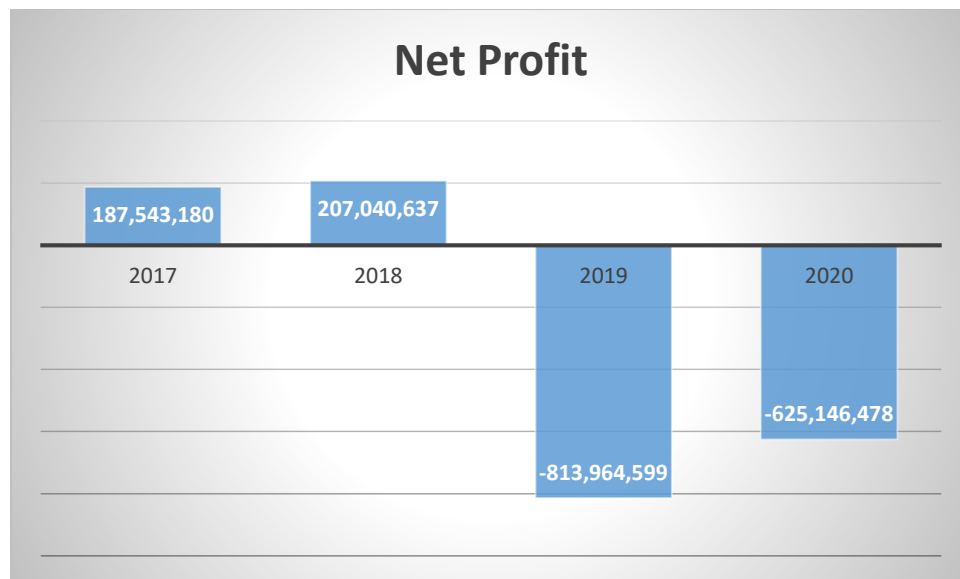


Figure 9: Net Profit

The earnings after eliminating all expenses and taxes are referred to as the company's net profit. bKash's net profit was increasing until 2019. In 2019 the net profit decreased drastically as bKash was investing more on the marketing and app development sector which was ultimately increasing their revenue. bKash didn't think about their short term profit rather it thought about long term benefits. It also invested in technology sector. However, in 2020 bKash faced loss again as the operator increased their strategic investments.

2.5.4 Tax Policy

Current and deferred taxes are included in the income tax expense. Except to the degree that it pertains to items recognized immediately in equity or in OCI, it is recorded in profit or loss (Other Comprehensive income).

- i. **Current Tax:** The estimated tax payable or receivable on taxable income or loss for the year, as well as any adjustments to tax payable or receivable in past years, are included in current tax. Tax rates enacted or substantively enacted at the reporting date are used to calculate it. According to the Finance Act 2016 and the Income Tax Ordinance 1984, the Company files its tax return as a private limited company, and as a result, the applicable tax rate for the Company is now 35 percent.
- ii. **Deferred Tax:** Temporary disparities between the carrying amounts of assets and liabilities for financial reporting reasons and the amounts used for taxing purposes are recognized as deferred tax. To the degree that future taxable earnings will be attainable against which they can be used, deferred tax assets are recognized for unused tax losses, unused tax credits, and deductible temporary differences. At each reporting date, deferred tax assets are reviewed and lowered to the extent that the relevant tax benefit is no longer likely to be realized (Huq, 2016).

2.5.5 Accounting Practices of bKash

The Company has consistently used the following accounting policies.

- i. **Revenue:** When a service is provided, revenue is recognized to the extent that the economic advantage from the transaction is likely to come to the Company and revenue can be reliably determined. The fair value of the consideration received or receivable, net of sales taxes, is used to calculate revenue. These taxes are considered to be collected on behalf of the government.
- ii. **Basis for Audit Opinion:** The audit is carried out in compliance with International Auditing Standards (ISAs). The duties under those criteria are detailed in the section of the report titled "Auditor's Responsibilities for the Audit of Financial Statements." In line with the ethical requirements that are applicable to the audit of the financial accounts in Bangladesh, the auditors are independent of the Company, and they have performed their other ethical responsibilities in accordance with these criteria.
- iii. **Basis of Presentation of Financial Statements:** The goals are to achieve reasonable certainty that the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report with bKash's view. Although reasonable assurance is a high level of assurance, it does not guarantee that an audit done in compliance with the ISAs will always uncover a material misstatement when one occurs. Inaccurate statements can be caused by fraud or error, and they are regarded material if they could reasonably be expected to influence the economic decisions made by users based on these financial statements, either individually or collectively.

2.6 Operations Management and Information System Practices

This department is in charge of all logistics related to the supply chain, including defining strategies, source management, logistics assistance, security management, and return systems, among other things. The MFS industry's operations are service-based and similar to those of a bank. The company's operations are built on information. Data sorting, verification, and software-based data accumulation are all standard procedures used by businesses to run their operations. The bKash system is made up of a mobile wireless network and a cell phone. The bKash information management supervises financial transactions by assuring the following procedures:

- ❖ Keeping in touch with banking institutions and SIM card providers on a regular basis.

- ❖ Keeping track of client transaction information and transaction confirmation communications from both parties to ensure that transaction facts are verified.
- ❖ Managing sensitive client data and ensuring that consumer information is kept private.
- ❖ Monitoring software-based customer relationship management including data processing.
- ❖ Assuring user authenticity and reducing fraudulent actions and financial hazards.

2.6.1 Supply chain of bKash

The Supply Chain and Procurement department, which is part of the Finance division, is in charge of all bKash production and distribution. For all of its offices and functions, bKash has a centralized procurement plan with a provision for procurement to fulfill day-to-day and emergency needs. The entire supply chain process begins with a purchase requisition issued by the compliance officer after an analysis of their requirements. Trade Marketing, Marketing, Technology, Human Resource, External and Corporate Affairs, Administration, and Customer Service are some of the departments that use SC&P. The PR is generated within Abacus System ERP (Enterprise Resource Planning) software that bKash Limited uses for their operations.

2.7 Industry and Competitive Analysis

To understand the market and industry position of bKash, Porter's Five Forces Model and SWOT analysis have been shown below:

2.7.1 Porter's Five Forces Analysis

The Porter Five Forces model is used by bKash's main organizers to investigate how the Porter Five Forces effect productivity and to design a strategy for attaining a competitive edge and long-term profit in the MFS industry. The ultimate major threat to any MFS operator, however, is "NAGAD." Because it is a government-owned MFS operator, it is quite likely to receive preferential privileges from the Bangladesh government and Bangladesh Bank, thus causing havoc in the Bangladeshi MFS industry. How bKash controls the five forces to stay competitive in the industry is described below:

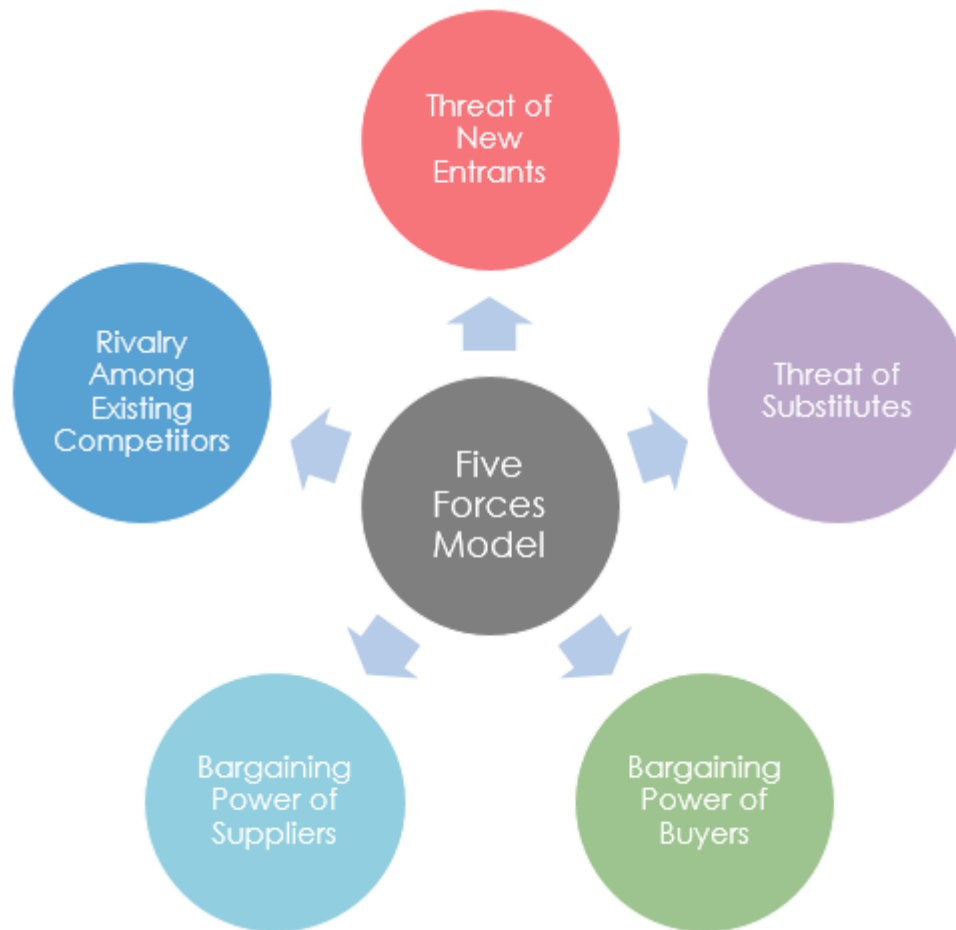


Figure 10: Five Forces Model

1. **Threats of New Entrants:** New competitors in MFS industry have come up with fresh ideas and new ways, putting pressure on bKash to lower prices, minimize costs, and provide clients with competitive benefits. As a result, the danger level is high. bKash, on the other hand, successfully manages these dangers and challenges:

- The significant portion of what they do is develop new products and services. New products not only attract new customers, but they also give existing customers a reason to choose bKash.
- bKash is currently following one-stop shop for all kinds of activities which is making them more attractive to the customers.
- By significantly investing in R&D, bKash is able to maintain capacities and standards that local and other international banks are unable to match.

- Furthermore, bKash is benefitted from the incumbency advantage and economies of scale as a result of their large agent and merchant acquisition, KYC practice, strong negotiating leverage with mobile network operators, and sophisticated and resourceful distribution networks.
2. ***Bargaining Power of Suppliers:*** Supplier negotiating strength in the mobile sector varies depending on the network's hallmark and critical relevance, as well as the size of the company. Grameenphone, Banglalink, Robi, Airtel, and Teletalk are among the mobile banking suppliers with strong negotiation strength. On the other hand, there are multiple potential providers and vendors in the mobile banking industry, including various agents and merchants such as Aarong, Agora, Bata, Swapno, and others. Moreover, the MFS industry's operations are fully reliant on IT infrastructure. To conduct the MFS activities smoothly, specialized IT support and a well-structured IT infrastructure are required. As a result, specialized IT vendors have a lot of influence in the sector. Investors also play a vital role but investors who wants to take high risk are considerably low. Therefore, suppliers in the industry have a lot of bargaining leverage.
 3. ***Bargaining Power of Buyers:*** Buyers can be a tricky bunch. They want to get the best deal available while spending as little money as possible. bKash's profitability can be harmed in the long run as a result of this. Customers' negotiating strength and capacity to request increased discounts and offers grows as bKash's client base becomes smaller and more powerful. Nevertheless, bKash, Nagad, Rocket, Upay and other comparable organizations provide similar services with varying transaction rates, although bKash's facilities and costs are more than other competitors due to their agent coverage in remote areas. As a result, despite the cheap switching cost, consumers do not have much negotiating power because the bKash service facilities are distinctive and enticing.
 4. ***Threat from Substitute Products:*** Mobile banking is an elevated industry, and the competitors that would flourish in today's environment rely heavily on innovation. In Bangladesh's mobile banking sector, reserves are available at the government post office and through agent banking. bKash & Rocket are the only company that provides services at agents' points and ATM booths. In comparison to the leading firms, replacements such as the Government Post Office's introduced "Nagad" and private courier services provide money transactions at a reasonable cost. Furthermore, some unregulated and

unlawful money transaction services, such as 'Hundi,' may be viable alternatives to conventional mobile financial services. So, it can be said that threat of substitute is moderate in the MFS industry.

5. ***Rivalry among the existing players:*** There are various factors that make bKash's present ventures more competitive. If, for example, market players are strategically diverse and target the same market, the company will face severe rivalry from existing businesses. Because switching costs are low, clients who aren't committed to a certain competition will find it easier to gain customers from other companies. Moreover, banks and other financial organizations can offer mobile financial services, therefore there is no monopoly in the field. Many banks have already introduced mobile financial services, including Trust Bank, IFIC, Bank Asia, One Bank, United Commercial Bank, Dutch Bangla Bank, Mercantile Bank, and BRAC Bank. However, bKash may soon be able to create monopoly in market as it already gained 60% of the market share("Digital Financial Services – The Next Step - LightCastle Partners," n.d.). They are doing intensive marketing to cope up with current competition. Overall, it can be said the rivalry among the competitors are pretty intense.

2.7.2 SWOT Analysis

bKash is currently now the most successful firm in its industry, and it strives to maintain that position. Before designing a strategy, bKash performs a thorough analysis of its SWOT analysis. A SWOT analysis of the organization is conducted using an interactive technique that requires cooperation across all of the organization's divisions, including finance, marketing, administration, and human resources, logistics, strategy development, information systems.

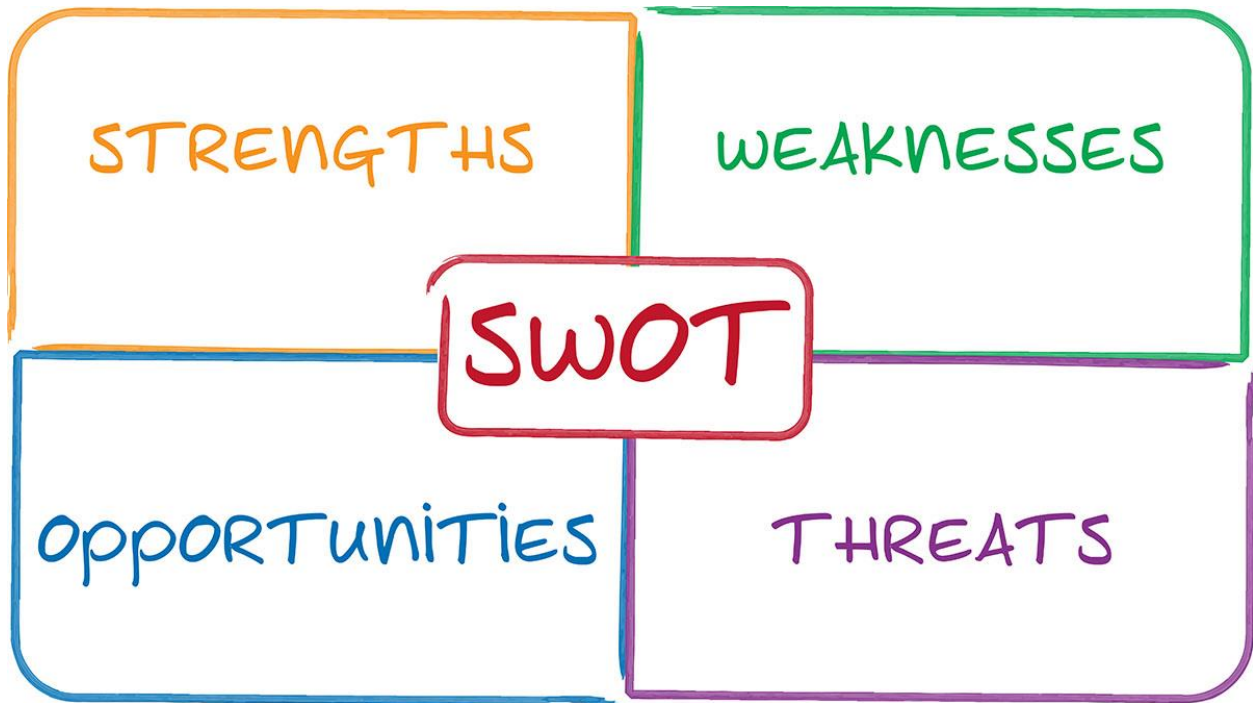


Figure 11: SWOT Analysis

- **Strength:** Among lot of strengths, few of them are given below,
 - bKash is the first MFS in the country while being a subsidiary of BRAC Bank. Moreover, currently it is holding the lion's share of the market.
 - bKash has service center in every part of the country which makes them easily available to their customers. Customers can easily communicate with them about their any sort of queries.
 - It has a well-established brand image in the market and always working with their innovative marketing strategies.
 - It makes use of the largest mobile network operator companies' powerful and extensive networks to provide services to a diverse range of consumers through agents situated throughout Bangladesh.
 - Currently, bKash is following one stop for all shops strategy. As a result, consumers are not being able to shift to other options.
 - Every individual at bKash, from the staff to the branch manager, is skilled and efficient enough to create high-quality work.

- bKash has now formed merchant ties with a number of supermarkets and vendors, as well as entering the RMG industry as a payment service provider.
- **Weakness:** Though bKash is currently the market leader still it has some weakness given below,
 - Currently, in comparison to other MFS service providers, bKash charges a premium transaction fee.
 - Customer service is slow, and the resolution of complaints takes a lot of time.
 - With such a large consumer base, bKash now employs a wide spectrum of agencies. Its inability to provide security precautions for field agents is a shortcoming.
- **Opportunities:** Some of the opportunities are:
 - International markets offer profitable opportunities; globalization has created opportunities in the global market. bKash is well positioned to take advantage of these prospects and expand its market share.
 - In today's world everyone is into online shopping. bKash can go for partnership with the online platforms which will definitely add to their revenue.
 - Consumers of all income levels are drawn to the platform because of the hassle-free money transactions of bKash.
 - bKash can introduce new security system for the customers who have faced fraud.
- **Threats:** Some major threats are given below,
 - One of the main concerns for bKash should be the increased number of fraudulent activity. This can hamper their reputation and also losing loyal customer base because of this type of activity.
 - New competitors, such as government entities such as NAGAD, as well as current MFS such as Rocket, Upay, provide nearly identical services, making them potential competitors and threats.
 - The considerable bargaining strength of suppliers is impacted by the existence of only a few influential mobile providers.

2.8 Summary and Conclusion

The background and overall functional activities of bKash are summarized in this chapter. The key tasks of the many departments were illustrated, including managerial techniques, marketing policies, financial performance, and accounting practices. Furthermore, this study discovered the bKash's marketing strength, i.e., how it maintains its competitive position in the market against other international banks, and Porter's five forces and SWOT analysis revealed that the firm is highly competitive in the industry. To summarize, bKash Limited, although being the market leader, is still working hard to capture the entire market. However, the industry is becoming increasingly competitive. bKash is in a comfortable position in this field, but it needs to provide new services to maintain its market leading position. They have a golden future ahead of them if they can strive to respond to the requirements of their clients as they are today.

2.9 Recommendations

The purpose of this chapter is to demonstrate bKash's overall activities. While analyzing bKash's connected papers and confidential reports, as well as other related papers from peer banks, I discovered some differences that should be noted in the bank's associated papers. If this were the case, the company's functions in each department would be considerably more obvious and transparent. Some of my recommendations are given below:

- ❖ **Reimbursement:** After receiving a customer complaint, bKash takes prompt action, and the FDM team investigates the total problem from both sides when it comes to fraud allegations. While taking harsh measures against fraudsters, bKash should also consider the victim's situation. After proving genuine fraud, bKash may reimburse the victim as a thank you for going through the process and waiting patiently for a resolution.
- ❖ **Technological Advancement:** Every day, thousands of fraud complaints arrive at customer touchpoints. Because of the large number of fraud complaints, the investigative procedure takes a long time, and the department is under pressure to provide proper resolution. The investigative process may become more manageable if technology advancements are achieved and successfully used to prevent fraudulent activity.

Furthermore, in order to combat fraud, bKash may enhance its software, making it more difficult for fraudsters to circumvent the protocols.

- ❖ **Implementing Proper Legal Procedures:** Though bKash is capable of identifying fraudulent actions and providing appropriate remedies, the organization may apply stringent policies and processes to arrest fraudsters and subject them to legal proceedings so that they do not reappear for perpetrating fraud. bKash, on the other hand, is trying their best while reporting to law enforcement agencies on a frequent basis. It is the responsibility of law enforcement officials to ensure that crimes are justified.
- ❖ **Monitoring agents and merchants:** bKash is a service platform that caters to the needs of its customers. The company is always putting up its best effort to provide complete customer satisfaction. The firm receives unfavorable comments from their clients due to several merchant points and agents' incompetence. Nevertheless, in order to maintain maximum client loyalty, bKash needs ensure that distributors, agents, and merchants are trained to provide efficient service and are rewarded for completing their goals in order to stay motivated toward bKash. bKash can also assure the reduction of fraudulent activity by properly monitoring agents and merchants.



Chapter 3: Project Part

“Impact of Fraud and Dispute Management Team on Financial Recovery and Dispute Mitigation of customers and equity holders as a part of compliance for a Mobile Financial Company: An analysis of bKash”

3.1 Introduction:

3.1.1 Background of the Study

Worldwide around 2.5 billion individuals lack access to a formal bank account, leaving nearly half of the world's adult population without access to fundamental financial services. The vast majority of people do not have access to financial services. lives mostly in developing nations (particularly, six of the world's seven most populous countries). Traditional 'Concrete blocks and building' costs are high, and there is a lack of other necessary facilities has rendered financial services unavailable to a large portion of the world's population until recently. Here come the mobile financial services to play an extraordinary role. With the resurgence of Mobile Financial Services (MFS), a growing amount of people have access to the network, resulting in social and economic progress (Sultana, 2014). Mobile Financial Services (MFS) is a system or method through which a financial institution provides services to the public through the use of a blend of banking and mobile wireless networks, allowing users to conduct banking transactions (Ahmed, 2018).

When talking about MFS one risk factor that comes to our mind is fraudulent. Consumer-facing fraud by agents and third parties, as well as fraud performed against agents, have all been reported in significant MFS markets. Internal fraud has also resulted in major financial losses for providers, as well as a significant number of mobile money customers in these areas (Mudiri, 2012). Although it is impossible to completely eliminate fraud from any service—including mobile money, a management team can always work on reducing potential danger to common fraud types. This paper will mainly discuss about the fraud management system particularly for bKash limited. To be more specific, this report will give a light on how Fraud and dispute management department of bKash impacts on Risk Mitigation and Reputation Establishment for the company.

3.1.2 Objectives

The growing use of mobile financial services (MFS) has provided an ever-increasing previously unbanked population portion with access to low-cost, dependable financial services. But every potential business comes with some negative aspects. Regrettably, MFS have quickly become a gateway for fraudulent and other illegal conduct (Mudiri, 2012). So in this situation, it is mandatory to have a fraud and dispute management team in every MFS company. Therefore, the long-term

goal of the report is to provide a coherent view of the importance of fraud and dispute management department in term of bKash limited. Moreover, the research will talk about strategies adopted by the FDM department of bKash to mitigate the risk of the customers. Furthermore, the paper will discuss the impacts of the fraud and dispute management division on reducing the hazard of clients and keeping up notoriety by demonstrating the situation of my office especially and emphasize the risk evaluation and moderating extortion chance components of the External & Corporate Affairs division. Finally, the report will talk about the effects of FDM department on minimizing the risk of customers and maintaining reputation by proving scenario of bKash limited particularly. Therefore, the following objectives will me encountered at the end:

- A complete and precise analysis on the operation of Fraud and Dispute Management department of bKash limited.
- Effectiveness of FDM team on mitigating risk factors of the customer of bKash limited.
- Role of Fraud and Dispute Management department for maintaining the reputation of bKash limited.
- Role of Fraud and Dispute Management department for financial recovery of customers and equity holders.

3.1.3 Significance of the study

Mobile financial service is a widespread phenomenon that has played a role in recent crises, and the research examines it in further depth. MFS is becoming a more appealing prospect for emerging economies with a frequently regulated economic market. As a result, the research's long-term goal is to provide a clear picture of how MFS functions in terms of minimizing fraud and disputes, particularly in the context of bKash. Furthermore, this paper will focus on how Fraud and dispute management team impacts on financial recovery of customers and how it functions. Moreover, the research will provide a comprehensive picture of the difficulties that obstruct the smooth operation of FDM, allowing future researchers and MFS industry personnel to provide a concrete solution to eliminate these hurdles. As MFS is growing industry more people will do research on this, in this case the paper will give them an idea of the over background functioning of number one mobile financial service of Bangladesh.

3.1.4 Limitations

Some setbacks were faced while trying to write the report. Among those, the primary limitation was that I couldn't add some important data in the report due to the privacy issues of our company. For instance, the amount of money was taken by the fraudsters and how much fraud money reimbursement was done by bKash are not added in the report due to privacy concern. Also some important percentage couldn't be mention in the report. Moreover, due to the Covid-19 pandemic I had to work from home and my data collection process became slow. Furthermore, the three-month internship period is very short period of time to do this type of in-depth research.

3.2 Problem Statement

From sending and receiving money to paying for utility, transit, education, medical, and retail expenditures, Mobile financial service has evolved into a one-stop shop for all kinds of activities. Financial inclusion has been accelerated as a result of this invention. However, these MFS firms face a variety of hurdles and threats in their operations. So after working in bKash I have learnt that one major challenge for the firms is tackling fraudulent. Therefore, I think the FDM department in bKash is working as one of the core team to reduce the frauds happening. FDM is continuously working on how they can reduce risk for the customers. These fraud-prevention procedures not only protect clients' interests, but also the service's reputation which will be addressed in the paper. However, fraud prevention necessitates the investment of a significant sum of money, which the service provider company may not be able to afford. So the paper will also focus on how effectively FDM team is working to mitigate the risks. Moreover, MFS providers have a primary responsibility to protect their customers cash by developing proper IT infrastructure and cybersecurity which will be addressed in the paper in case of bKash. Therefore, after the research anyone can have a proper idea about how Fraud and Dispute Management department impacts on risk mitigation and reputation establishment particularly for bKash Limited. More specifically, the following research questions will be addressed:

1. How FDM plays an important role to reduce the risk for its customers?
2. What is the impact of FDM in building reputation of a company?
3. What strategies are taken by FDM team to tackle the fraudulent?

4. What are the obstacles for implementing different high tech strategies to tackle fraud?
5. How much financial recovery has been made through the impact of FDM team?

3.3 Methodology

3.3.1 Hypotheses & Conceptual Framework

After reviewing the literature and discussing the impacts of FDM team with the interviewers, research hypotheses have been identified (Figure:1). On the basis of demonstrating the link between one exogenous variable and two endogenous variables, hypotheses have been suggested. Following conceptual framework represents the research hypotheses:

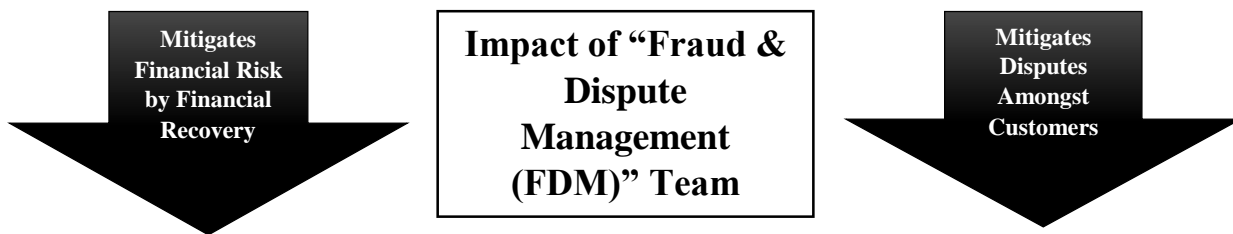


Figure 12: Conceptual Framework of Research Hypotheses

Conceptual framework represents FDM team’s impact over mitigating financial risks by financial recovery process with their strategical approaches and maintaining goodwill tone with customer satisfaction through dispute management by returning the mistakenly sent amounts.

3.3.2 Research Design

To explore the research topic of mitigating financial risk along with dispute risks associated with customers, this research study followed a descriptive research planning. This descriptive analysis includes both qualitative and quantitative methods for coming up with a strong outcome.

- **Qualitative Research Method:** This will include the personal interview sessions with the employers who are managing the FDM of bKash Limited. This will be an important part of the data analysis of the research to describe effectiveness of FDM with management and

strategic practices and also lead the potential for quantitative analysis part. In basis of the interviews, in-depth analysis of FDM team can be identified and explored and also what kind of database can be collected for supporting the research topic of mitigating risks of bKash as an MFS company.

- **Quantitative Research Method:** After performing the qualitative analysis phase of personal interview, following database were collected from bKash customer team's log file which included query's list, category, status of the case and activity status of the involved accounts. Finally, the log file of database was analyzed for the study in the formation of quantitative analysis. The description of data is as follows:
 - List of the fraudulent and mistaken cases has been received by the FDM team since its inception.
 - List of cases that has been solved or intervened by the FDM team
 - Amount of customer's money has been returned to customers by the FDM team which is connected with fraud or mistaken issues.
 - Activity status of those customers' accounts who were victim of fraud or mistaken issues after reaching out customer service (to FDM) of bKash.

3.3.3 Data analysis process

Corresponding required data has been collected from the organization database management team and analyzed using for a particular period of time according to the research requirements. For analyzing purpose, Microsoft Excel has been used and outcomes has been generated through normal statistical approaches. Furthermore, as an intern of bKash limited, I have gathered knowledge on the job which will be incorporated in the research analysis and outcome discussions.

3.4 Findings and Analysis

3.4.1 Qualitative Data Analysis:

Fraud and Dispute Risk Factors of bKash as an MFS:

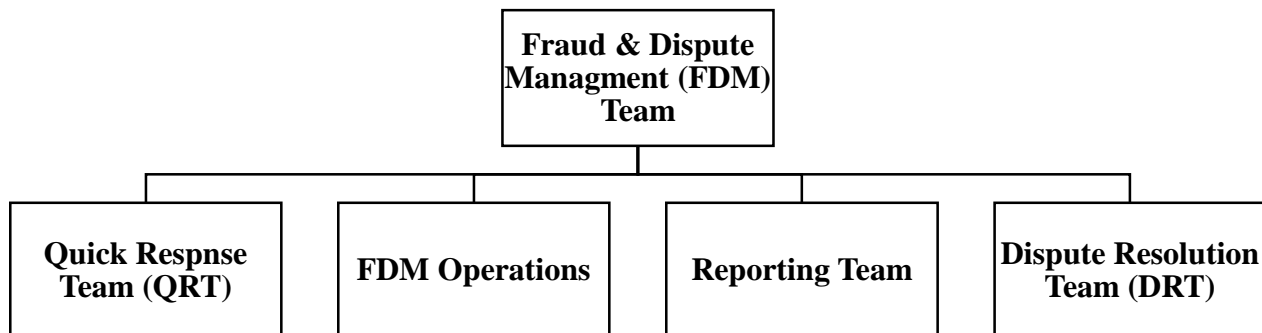
Mobile Financial Services, like other financial services, involve risks and obstacles in their deployment. Consumer-facing fraud by agents and third parties, as well as fraud conducted against agents, have all been reported in important MFS markets. Fraud and Dispute risks are one of them

which is letting the goodwill tone of MFS services down. Fraud, in the context of mobile financial services, is an intentional and purposeful activity performed by criminals known as conmen to deceive financial consumers in order to get funds and harm an institution's image. Funds losses by clients or agents due to incorrect number inputs, on the other hand, are a regular problem in MFS. Mistakenly recipient clients, most of the time, do not refund the money which they have been erroneously transacted because they have dishonest intents of acquiring it. Some fraudulent and dispute raising activities are discussed below:

- **Fake call & SMS:** Over the phone, fraudsters may pose as various marketing agents and offer customers the opportunity to subscribe to their packages via bKash money transfers. Customers who had no prior awareness of the scam or questions for them, fell for it and lose their money. Fake SMS masquerading as MNOs (Mobile Network Operators), e-commerce sites, shopping brands etc. also does the same harm to customers.
- **Fake customer care representative:** Some fraudsters also use the phone call to pose as a bKash representative from customer service and mislead clients or agents into becoming victims of fraud. They gather secret pins such as OTP (One Time Password), passwords, and defraud clients by embezzling their money under the guise of account upgradation or notifying them of account blockage.
- **Phishing sites:** Customers have been known to fall into the trap of fake web sites in the form of online shopping, ads etc. and disclose their MFS account's secret credentials. As a result, fraudsters steal their personal information and embezzle funds from their accounts.
- **Fraud online business pages:** Fraudsters may do business using fake online pages such as Facebook, Instagram or other social media sites, requesting advance payment from consumers via bKash in order to swindle them of a selected product or service.
- **Mistaken transactions:** Mistaken transactions also occur time to time from both agent and customer ends. Some dishonest customers ignore the issue to return the mistakenly transferred amount raising financial risks.

These involved factors trigger some risks regarding the operation of MFS provider. Mainstream risks associated with fraud and mistaken issues are discussed below:

- **Financial Risk:** Customers and equity partners (agents) are exposed to financial risk as a result of activities including fraud and mistakes. Due to fraud and technological flaws, they lose their hard-earned money.
- **Dispute Risk:** Losing money creates dispute amongst customers and stakeholders regarding the credibility and reliability of MFS. It imposes risk towards the goodwill tone of the service provider.
- **Compliance Risk:** Large equity base of agents, many of whom operate in remote areas, making it difficult to detect compliance breaches and ensure that they are being monitored. MFS providers' ability to monitor and control compliance-related issues is also hampered by a large number of unwitting customers and agents.
- **Consumer Data Risk:** Due to these fraudulent activities, consumer data protection is highly at risk. Fraudsters are stealing consumer data and which can be further used in various criminal and fraudulent activities. Moreover, these databases input and registration of customers are done by agents with less carefulness. They do not maintain any privacy



or security towards these entries. This is a crucial factor for frauds to be increased as fraudsters can technically create access to this information and perform scams.

Effectiveness of bKash’s FDM team against these fraudulent and mistaken activities through their management and strategic approaches:

In 2019, Fraud & Dispute Management team was created in order to improve compliance standards being the country's leading MFS supplier. Previously it was known as Fraud Management Team (FMT) which was upgraded to FDM with some additional and strengthen performing processes. It is under the External Affairs department of External & Corporate Affairs Division (ECAD). The External Affairs Department is in charge of bKash's whole fraud risk management process. The

External Affairs (EA) Department was established in 2015 as part of the reorganization of the External and Corporate Affairs Division (ECAD) to provide a specialized platform for managing

external stakeholders, particularly law enforcement agencies (LEA), mitigating fraud and mistaken issues of customers and agents etc.

Strategic and Technical Approaches:

FDM's functioning starts when any fraudulent or mistaken issue is reported mostly through Customer Service Team (CST). Then QRT of FDM firstly checks if the defrauded or mistakenly transacted amount is in the system or not. If the e-money is in the system, then the process includes other teams in the functioning depending on the layering of the transacted amounts. Reporting team prepares final analyzing report and state of the case along with punitive actions to be applied. Finally, DRT takes action according to the report and complete the further processes to return the embezzled or mistakenly transacted amount maintaining the compliance standards. To be concise, strategic and technical approaches of FDM to mitigate financial and dispute related risk of customers includes following:

- Frequently analyzing accounts to mitigate fraud risk.
- Transaction Analysis to determine the cash flow of the reported fraud incidents.
- Generate reports stating the suspicious or reported fraudulent incidents.
- Suggest appropriate recommendations for punitive actions.
- Taking appropriate compliance friendly actions to return the amount.

Challenges regarding effectiveness of FDM:

- Uneducated or unwitting customer base triggers the issue of victimized.
- Lack of awareness about fraudulent activities amongst customers and agents.
- Untrained and unskillful agents increase the risk through their inappropriately transacted amounts and unsecured maintenance of consumer database.

3.4.2 Quantitative Data Analysis:

The data analysis has been performed on last 6 month's customer care query's data and the total involved number of queries/cases received by bKash customer care team, which was 140,000.

3.4.2.1 Fraud or mistaken cases:

Out of 140,000 queries received by bKash customer care service in last 6 months, 30% were related to fraudulent activities including fraud attempt complains, defrauded amount reimbursements and account status. 40% of them are mistakenly transacted related issues including complains, recovery and account freezing requests.

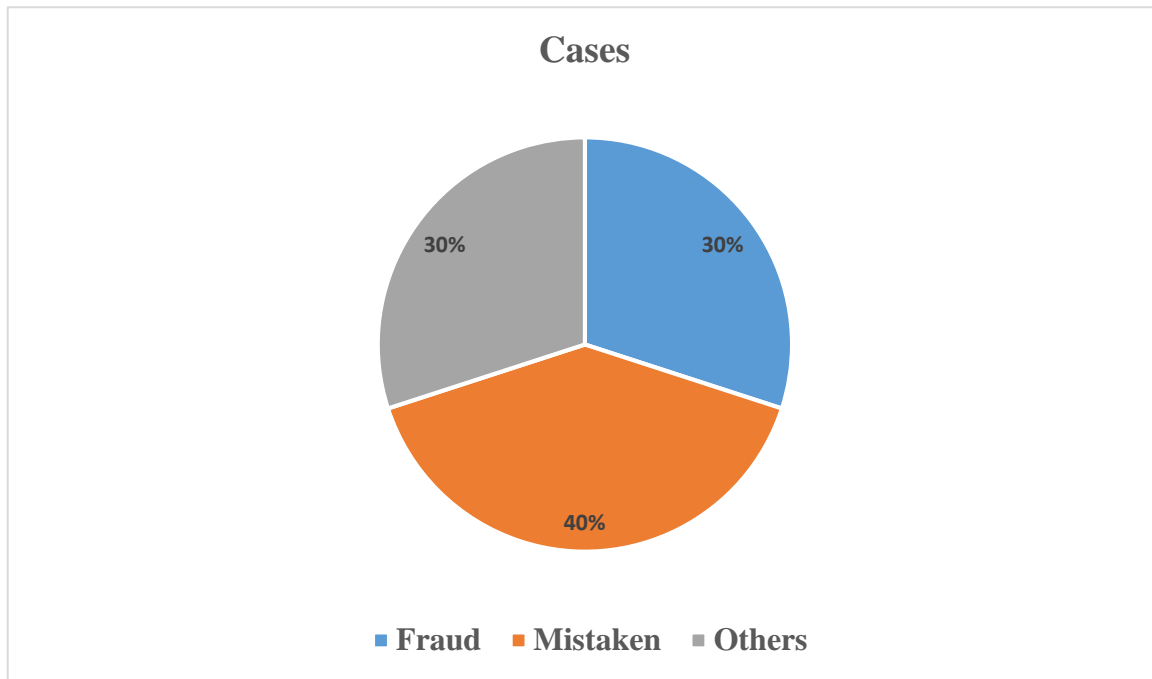


Figure 14: Cases received by customer care

3.4.2.2 Solved cases:

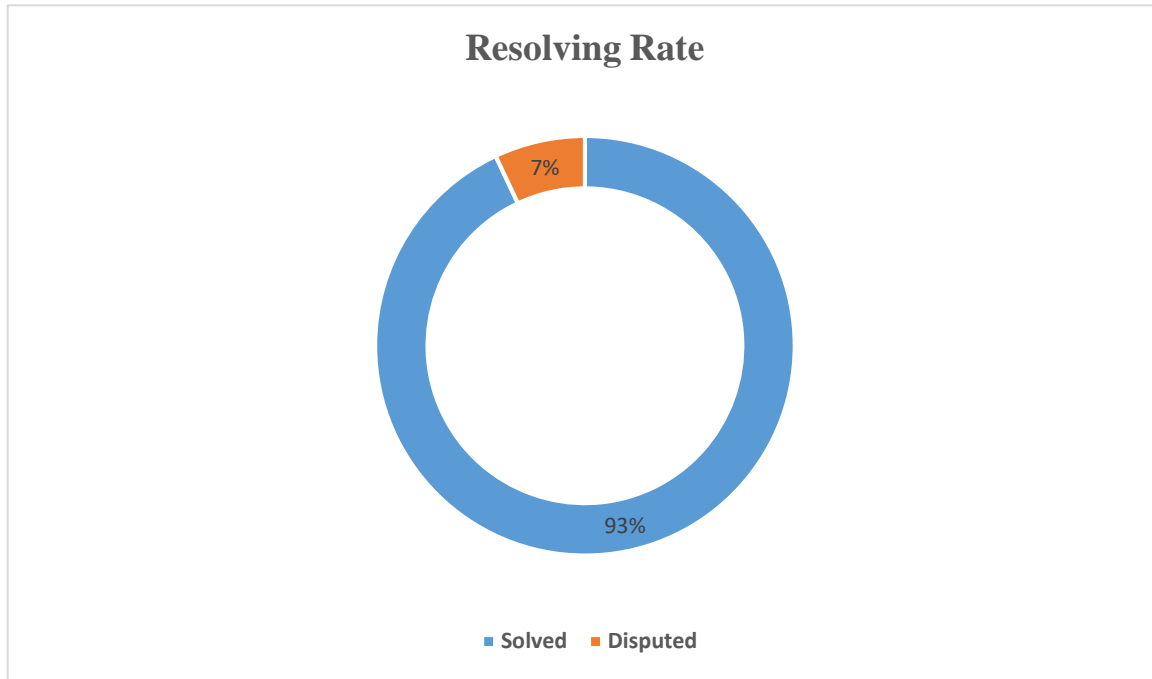


Figure 15: Solved cases

93% of the reported complaints regarding fraud and mistaken relate issues have been resolved from the cases of last 6 months.

3.4.2.3 Returned amount:

14% of the total amount to be returned from the resolved cases in last 6 months could be returned.

86% of them is on the process which is about to be returned.

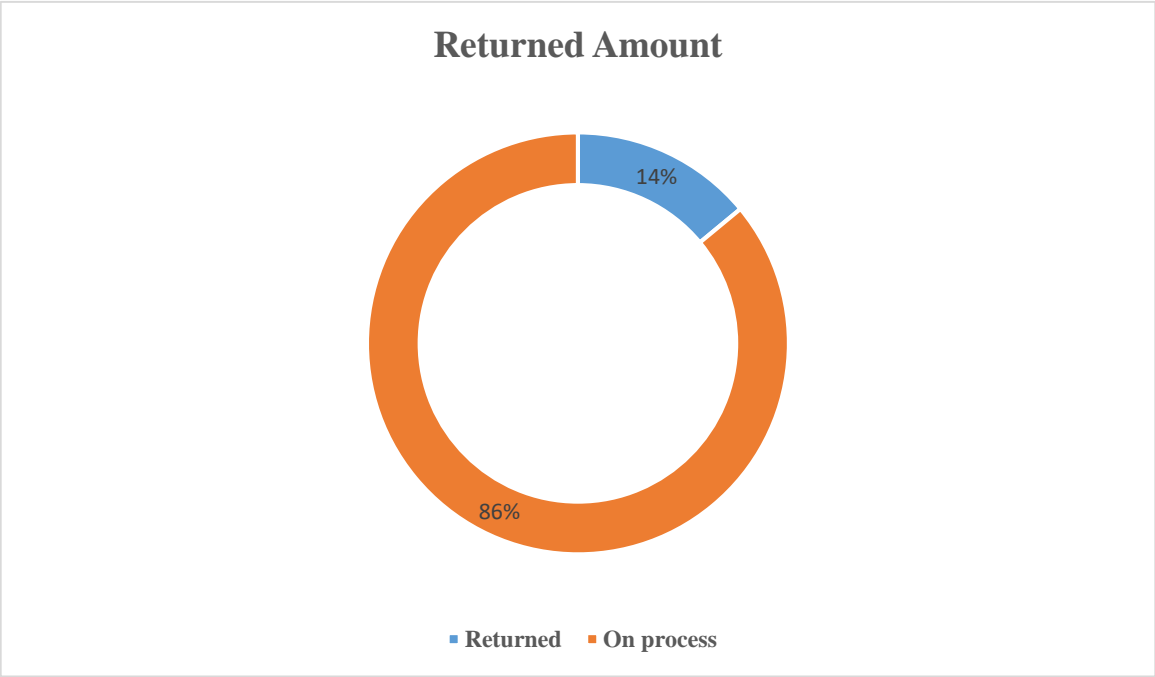


Figure 16: Percentage of returned amount

3.4.2.4 Activity status:

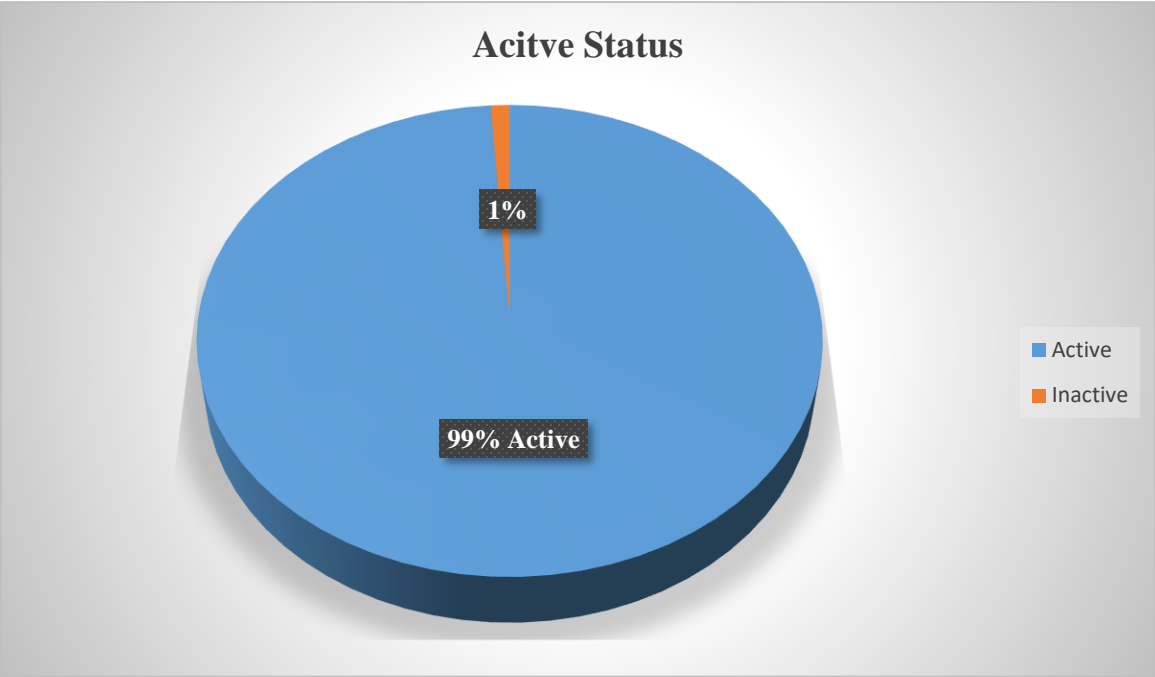


Figure 17: Activity status of victimized customers

In case of a fraud victim, close to 100% of the accounts are active and participate in further transactions.

3.4.2.5 Discussion:

Around 70% of the total queries received by customer service are related to fraud and mistakenly transacted issues, amongst which 93% cases have been resolved by bKash. This could have been 100% but due to immediate conversion of e-money into cash by fraudsters posed unsolved issues. However, only 14% of the solved cases' recovered amount could have been possible to returned. The time-consuming procedure of returning the recovered amount entails multiple acknowledgement and bond paper signature processes via post office mailing. Apart from that, owing to the closure of Covid-19, the procedure has become longer and slower. Here, FDM team is not responsible towards the delay of returning amount. Finally, the active status of a client who has been a victim of fraudulent activity is close to 100 percent, indicating that the consumer is satisfied with bKash's efforts to assist victims. Overall, effectiveness of FDM team can be determined and appreciated from the abovementioned data representations, which clearly states how FDM is successfully mitigating financial and dispute risks of customers by recovering involved amounts and maintaining goodwill tone of the service with their attempts to resolve fraud and mistaken related issues.

3.5 Summary & Conclusions

The scope and impact of Fraud and Dispute Management is explored in this project. MFS without compliance management will create a hazardous situation. As there will be no one to mitigate risk or come up financial recovery. Moreover, this situation can shift the ideology of customers about the security of the MFS. So it can easily be seen the importance of compliance management for any MFS. As already mentioned, bKash is being taking serious action regarding its compliance management and fraud reduction. With the active participation of the FDM unit, it examines the impact of the team on customer's financial recovery and risk mitigation with analysis of resolving rate, returned amount and active status of the customers. This research is summarized and concluded by discussing the findings of the 5 problem statements (3.2).

The work of FDM starts when any customer reports complaint and then the team starts quickly analyzing the situation and send it to the proper team to analyze further and make report. After that it makes an overall report on the case and take necessary steps to serve the customer properly.

From the discussion part in can be summarized that the rate of resolved case is very high nearly 100%. Also the team is working hard to return fraud amount to the customers as much as possible. Nevertheless, it can be seen that the whole process is very but FDM team is not responsible the Covid-19 situation has made the process slow. In the end, the active status of a client who has been a casualty of false action is near to 100 percent, demonstrating that the customer is fulfilled with bKash's endeavors to help casualties. In general, adequacy of FDM group can be decided and appreciated from the abovementioned information representations, which clearly states how FDM is effectively moderating monetary and dispute risks of clients by recouping included sums and keeping up goodwill tone of the benefit with their endeavors to resolve extortion and mixed up related issues. In conclusion, based on all the previous discussion it can be said that Fraud and Dispute management team of bKash has a great impact on adding value to the organization.

3.6 Recommendations

bKash is incredible in its works and capacities; all the officers are effectively doing their work 24/7 with high possibilities and progressed technology. After doing extensive investigate on my internship report point which is on Fraud and dispute management team it is quite clear to me that it may be a tremendous and exceptionally imperative part of an organization. bKash gives its best effort to prevent any sort of fraud or mistaken activity. But inclusion of some advanced technologies or additional steps can make the compliance process of bKash more efficient and effective. Some recommendations are given below:

- As most of the customer of bKash are from rural areas, they have a little knowledge about the using or fraud of bKash. So it is mandatory to increase the number of visual representation of anti-fraud awareness campaigns in rural areas.
- The campaigns or showcasing substance of bKash ought to be more imaginative and logical so that individuals of all ages and all categories can effortlessly get it what sort of messages the company is attempting to pass on.
- Agents are one of the most important part of bKash. Training for the agents should be arranged as they are not very much professional in dealing with fraud.
- More professional research will give assistance to bKash to recognize in profundity with the core reasons of fraud, recurrence of event, designs, responsible parties and the viability of different intercessions carried out to diminish frauds.

- Standard checking of agents is imperative to check and guarantee appropriate usage. On the off chance that there's deliberateness laxity or carelessness on portion of operators, they can be cautioned; on the other hand, in case agents make mistakes and are prepared to learn, they can be guided through the journey. Standard checks ought to be carried out to confirm records and hones, and to hand out execution rewards and penalizing.
- The continuous development of the IT infrastructure and transaction system from bKash can help companies to identify fraudulent activities immediately and to accelerate the fraud investigation process.

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Appendix

- **Calculation of Data Analysis (3.4.2)**

Indicators	Calculation	Result
Fraud cases	(Total number of cases categorized as fraud/Total cases received) *100	30%
Mistaken cases	(Total number of cases categorized as mistaken/Total number of cases) *100	40%
Solved Cases	(Number of cases solved or intervened/Total number of cases) *100	93%
Returned amount	(Total returned amount to customers/Total amount involved in the solved cases) *100	14%
Activity Status	(Total number of active victimized accounts /Total number of victimized accounts) *100	99%

- **Ratio Analysis Calculation (2.5.2)**

Details	2020	2019	2018	2017
Total Current Assets	61,266,906,891	42,772,056	27,623,439,694	26,654,579,186
Total Non-Current Assets	2,920,897,596	2,034,112,933	1,284,073,271	1,231,204,533
Total Assets	64,187,804,487	44,806,168,872	28,907,512,965	27,885,783,719
Total equity	9,727,795,359	10,723,900,301	3,296,822,892	3,079,782,255
Total Inabilities	54,460,009,128	34082268571	25620690073	24806001464
Net Income	355,837,963	15,120,501	207,040,637	187,543,180

Ratios	formula	2017	2018	2019	2020
Gross profit margin (%)	Gross profit/sales*100	20.46	21.50	24.50	24.70
Liquidity ratio (%)	Current Assets/Current Liability*100	107.82	108.07	125.64	113.02
leverage ratio (%)	total company debt/shareholder's equity*100	88.96	88.63	76.07	84.84
Return on Asset (%)	Net Income/Total Assets*100	0.67	0.72	0.03	0.55