

# MFS the missing puzzle piece to cashless Bangladesh? - A Report on bKash

By

Tazrian Binte Ansar  
21104025

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

BRAC Business School  
BRAC University  
April 2024

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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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**Tazrian Binte Ansar**  
21104025

**Supervisor's Full Name & Signature:**

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**Ms Afsana Akhtar**  
Assistant Professor, BRAC Business School  
BRAC University

# Letter of Transmittal

Ms Afsana Akhtar

Assistant Professor

BRAC Business School

BRAC University

Kha 224 Bir Uttam Rafiqul Islam Avenue, Merul Badda, Dhaka-1212

Subject: Submission of Internship Report

Dear Madam,

It is my utmost pleasure to submit my internship report titled — “MFS the missing puzzle piece to cashless Bangladesh? — A Report on bKash.” Working for bKash Limited has been a very crucial, yet challenging journey for me to gain necessary knowledge and skill. I am sure this valuable experience and the great deal that I have learnt will propel me forward in my future career. I have attempted my best to finish the report with essential data in as comprehensive a manner as possible, highlighting my learnings and demonstrating information as required. It has been a fulfilling journey, working in and writing for an organization that is considered the market leader within the MFS industry. I hope that my report will meet your standards and I am prepared to adhere to any additional instructions that you may provide.

Sincerely yours,

---

Student Full Name: Tazrian Binte Ansar

Student ID: 21104025

BRAC Business School

BRAC University

Date: April 6th, 2024

## **Non-Disclosure Agreement**

This report has been made and entered into by and between bKash Limited and the undersigned student, Tazrian Binte Ansar (ID: 21104025), at BRAC University for the purpose of an internship. During my internship period at bKash Limited, I was in possession of certain “confidential information” and I am aware of the company’s management process surrounding it. This information may not be shared with anyone online, offline or through news/print media without prior authorization from bKash Limited and myself.

Student’s Full Name & Signature:

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**Tazrian Binte Ansar**

21104025

Supervisor’s Full Name & Signature:

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**Mohammad Tausif Ul Karim**

Manager (Research and Consumer Insights, Brand, Marketing)

bKash Limited

## **Acknowledgement**

I am immensely grateful to be given the chance to turn in this internship report, and to have worked in an organization as influential as bKash Limited. I offer my sincerest gratitude to everyone who has helped make this report possible and supported me along the way. However, I do realize that this paragraph will quite never be sufficient to truly showcase my appreciation to the fullest degree.

First and foremost, I would like to thank the Almighty Allah, for lending me the strength and willpower necessary to complete this report on time. In addition, I would like to pay thanks to both my parents for consistently supporting me throughout the whole internship period, without whom I would not be able to see this paper to completion. Moreover, I want to express my gratitude to my esteemed faculty, Ms Afsana Akhtar, for providing me with constructive feedback and guiding me throughout the report writing process.

I am also very thankful to my line manager, Md Tausif Ul Karim, and management trainee, Faria Mehezabin, for showing me the ropes and consistently challenging me to be better at my work. Last but not the least, I am grateful for my fellow interns and to the whole of bKash Limited in helping me, one way or the other, in completing this paper successfully.

## **Executive Summary**

Given my unique opportunity to work at bKash as an intern, I was able to gain valuable insight about the operations and motives of an MFS that has changed the course of financial inclusion in Bangladesh. Despite many people still remaining unbanked, the company is optimistic that too shall shift dramatically by the end of this decade. During my tenure, I have had the opportunity to work with information and data about the inner workings of a company, notably one as distinguished as bKash. It is an experience akin to observing a living, breathing thing under much scrutiny. This deep dive into a numerical dissection of an organization motivated me to do further research into topics that give insight about the path ahead for mobile financial services into the future. bKash must adapt to threats, and capitalize on any opportunities presented from said threats, similar to any dynamic being.

The next logical step would be to transition towards a cashless society, with electronic payments getting priority. Compounded by the fact that the government is also interested in such an overarching goal, it increases the likelihood that the market leader of MFS can leave yet another mark in shaping the nation's perception of how payments ought to be made.

With a rough conceptual map from my internship experience to guide my survey and secondary research, I had done my utmost to ask imploring questions from respondents, as well as seek inspiration from more successful, and more importantly senior MFSs in the field, beyond Bangladesh. Alongside this, studying the current competition's strong points would be used to supplement this inquiry, and help provide suggestions for immediate actionable changes. Hence, this paper is primarily concerned with assessing the current readiness of people to adopt digital payments, and analyzing how other MFSs successful in this have already convinced its customers to do so.

**Keywords:** “Mobile Financial Services”, “Payment”, “Cashless Society”, “Financial Inclusion”

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## List of Acronyms

ATL	Above The Line
BBA	Bachelor of Business Administration
BTL	Below The Line
CIM	Computer Information Management
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
IT	Information Technology
ITSM	Information Technology Service Management
KPI	Key Performance Indicators
MFS	Mobile Financial Service
MNO	Mobile Network Operator
OPS	Over-the-phone Survey
P2B	Peer-to-business
P2P	Peer-to-peer
PIN	Personal Identification Number
ROE	Return On Equity
SEO	Search Engine Optimization

# Chapter 1

## Overview of Internship

### 1.1 Student Information

My name is Tazrian Binte Ansar, Student ID 21104025. The program I am studying under is Bachelor of Business Administration (BBA), with a major in Marketing and a minor in Computer Information Management (CIM).

### 1.2 Internship Information

#### 1.2.1 Period, Company Name, Department/Division, Address

My internship period is four months, from Jan 10, 2024 to May 10, 2024.

The company I am working under is bKash Limited, in the marketing division.

My office is located at Shadinata Tower, 1, Bir Sreshtha Shaheed Jahangir Gate, Dhaka Cantonment, Dhaka, 1206, Bangladesh.

#### 1.2.2 Internship Company Supervisor's Information: Name and Position

My supervisor is Mohammad Tausif Ul Karim, serving as the Manager of Research and Consumer Insights, Brand, Marketing Division. Alongside him, a Marketing Management Trainee, Faria Mehezabin, oversees my work.

#### 1.2.3 Job Scope – Job Description/Duties/Responsibilities

I am part of the “Research and Consumer Insights” team. As such, my work consists of dealing with mainly quantitative data, where I am provided with raw data from a multitude of sources, which I have to sift and then make usable. Much thorough analysis of this information is then

required, to gain initial insights and recognize trends. Secondary research is also done in order to gain a more holistic perspective of the MFS ecosystem, economy and customer trends.

As a result, most of my efforts are directed towards consulting spreadsheets, filtering information, calculating metrics, and making the findings more human readable. On the topic of the latter point, my findings have to be delivered in a report, as well as presented to my supervisors as a PowerPoint presentation. The nature of the data can pertain to services that bKash offers (i.e. Cash In, Cash Out, P2P, Payment, Salary Disbursement, Inward Remittance, Mobile Recharge, Utility Bill Payment.) I also am to keep tabs on information such as the market situation and company growth - not just on bKash but for MFS as a whole, as such data is especially valuable when understanding where the organization stands. This also includes bKash transaction and payment situations currently, including merchant information, user information, payment amount and payment count. The fluctuation of market trends over time is also something I have to keep track of. This can include time spans of weeks to even years.

Businesses thrive on customer feedback, and bKash gains their feedback through over the phone interviews and surveys. I am involved with formulating the questions and queries in the surveys, the responses of which are made quantifiable and then stored in the database. All interviews are also expected to be transcribed to prepare into reports, while noting any points of interest. The populations on which surveys are conducted are further divided into cohorts, the behaviors of which are also individually analyzed. An interesting example of secondary research regarding consumers includes MFS usage of indigenous people. This is a point of interest due to bKash's recent promotion and endorsement of Suro Krishna Chakma and his boxing career. Being able to link data trends to events and promotions is the crux of my work.

## **1.3 Internship Outcomes**

### 1.3.1 Student's contribution to the company

Given how essential research is for any company's marketing to be executed effectively, I feel I have been entrusted with a hefty responsibility. It is through this work that the company can look through the eyes of its consumers, and figure out their gripes and points of satisfaction. This insight goes beyond just the bigger picture of where the company stands in the minds of the customer. To navigate through the overall industry methodically, it is important to be well-informed before any decisions. The questions of Who, What, When, Why and How must always have an answer backed by reason and data for the company to thrive.

I feel that my work is one cog, however essential, in the huge machine that is bKash. Nevertheless, I feel that my efforts are contributing to the overall direction and decisions that the company will make, in the form of its marketing. There is fulfillment knowing that a topic or insight that I helped elucidate become the focal point of promotion, or further inquiry. I feel that my work has a genuine benefit in that regard to the company.

### 1.3.2 Benefits to the student

It is an invaluable opportunity for a student studying business to step beyond the books and classrooms, and apply it in the workspace. The internship quite literally opens the doors of gaining experience of working in a bustling office environment, where one is expected to hit the ground running. Interpersonal skills such as time management have to be honed in order as the situation demands it. Once the teething phase of the actual assigned tasks were sorted, I was able to do deep work, where I slowly grasped effective methods to gather information efficiently, and prepare succinct reports. It is not just work involving a vast sea of numbers, it is building a story from them for others to understand. By finding and connecting the dots, and

creating a narrative is how actual valuable insight about problems and scenarios come to be. The research work that I do in itself feels like a balancing act of diligence, persistence and eloquence. Beyond the obvious benefits of experience, it has helped connect me to a host of talented individuals, both my coworkers and seniors.

### 1.3.3 Problems/Difficulties (faced during the internship period)

The jump from being a full-time student to a full-time employee was one that took some adjusting. Especially because I have never done this sort of work before. My work is sensitive by nature, and I often find myself on edge about whether or not I have made any mistakes - a constant sense of inadequacy and Imposter Syndrome seem to linger in the back of my mind. Personally, due to how great of an opportunity it is, I also have to remain mindful of actually learning from what I am doing, as my supervisor may spontaneously ask me what the lessons learnt from the current task are. As for the work itself, it is inherently monotonous, and hence it is easy to lose focus and more importantly a sense of direction and progress. Working beyond office hours is not just expected, it is the norm, and I feel I have barely any time to tackle my academic life, such as research, much less my personal life. Networking is not just important for one's professional life, but also for one's personal life. I am usually stuck at my cubicle because I have to work around the clock, meaning that I cannot interact as closely and often with other members of the office, and hence struggle to build a rapport.

### 1.3.4 Recommendations

My recommendation to the company for future internship programs is to promote scenarios where departments can work together on projects from time to time, allowing the scope for cross-departmental tasks. An example may include allowing interns of other departments of the marketing division to contribute in ideation related tasks, such as that of content creation. Through this, their knowledge can be expressed in a more creative approach, creating diversity,



encouraging teamwork, creating opportunities for interns to gain an even deeper insight of the company's workings. It would also help if interns, namely those of marketing, could be involved in working one-on-one with marketing agencies, as this would provide more field work experience.

## Chapter 2

### Organization Part

#### 2.1 Introduction

The debut of mobile financial services in Bangladesh has helped transform the lives of many, by providing an approachable way to available banking services. One of the forerunners of this shift is bKash Limited, who have been revolutionizing financial inclusion for millions of Bangladeshis since 2010 (Quadir, 2022). This paper gives a glimpse into the inner workings of bKash, its contributions to financial inclusivity and the overall impact on the country's financial landscape.

#### 2.2 Overview of Company

##### 2.2.1 Founding and Ownership

bKash's pioneering journey began in 2010 as a joint venture between BRAC Bank Limited, a leading Bangladeshi bank, and Money in Motion LLC, a US-based technology company (*About bKash*, n.d.). Today, BRAC Bank remains the primary shareholder, with substantial investments from international giants like Ant Financial (Alibaba), the Bill & Melinda Gates Foundation, International Finance Corporation (World Bank Group), and SoftBank Vision Fund (*About bKash*, n.d.).

##### 2.2.2 Services Offered

*Core Services:*

- **Money Transfer (Domestic):** Send and receive money between bKash accounts.
- **Mobile Phone Recharge (Prepaid & Postpaid):** Top up mobile phone balance conveniently.

- **Bill Payments (Utilities, Internet):** Pay utility bills, internet subscriptions, and other recurring payments directly through bKash.
- **Merchant Payments:** Secure in-store payments at partner merchants using the bKash app.
- **Cash In/Cash Out Services (Agents):** Deposit and withdraw cash at a vast network of bKash agent points throughout the country.

*Additional Services:*

- **Add Money:** Add money to a bKash account directly from a bank account or card.
- **Savings:** Deposit funds and earn interest (offered in partnership with banks or financial institutions).
- **Loan:** Access quick and convenient microloans directly through the bKash app (offered in partnership with City Bank).
- **bKash to Bank Transfer:** Transfer money from a bKash account to any bank account or Visa debit card in Bangladesh.
- **Request Money:** Request money through the bKash app.
- **Remittance:** Receive international money transfers directly into a bKash account.
- **Microfinance:** Pay microfinance installments through bKash.
- **Education Fee Payment:** Pay school, college, or university fees using bKash.
- **Insurance:** Certain insurance products might be purchasable through bKash (availability depends on partnerships).
- **Donation:** Donate to charitable organizations or causes directly through the bKash app.
- **QR Payments:** Pay for goods and services at participating merchants using QR codes.
- **Salary Disbursement:** Companies dispense salaries directly to employee bKash accounts.

- **Government Services:** Pay certain government fees or taxes through bKash (availability depends on government initiatives).

### 2.2.3 Market Position and Impact

bKash has established itself as a dominant force within Bangladesh's MFS market. As of 2023, it boasted a staggering 70 million registered user accounts, a testament to its significant contribution in driving financial inclusion for the unbanked and underbanked population (*About bKash*, n.d.). bKash's transformative impact has garnered international recognition. In 2017, Fortune Magazine acknowledged its contribution by ranking it 23rd on their prestigious "Change the World" list (The Daily Star, 2017).

### 2.2.4 Future Outlook

A core part of the company's beliefs is that of financial inclusion, and their endeavors are reflective of that. As a result of bKash's unwavering commitment to its ideals and continuous innovation positions to better serve them has been the driving force of its success. Recent strategic partnerships, like the regional sponsorship deal with the Argentina Football Association, showcase the company's ambitious plans for expanding brand recognition and reach beyond Bangladesh's borders (The Daily Star, 2023).

## **2.3 Management Practices**

A common denominator of successful companies is that their leadership style cannot be categorized into one type, but rather employs the strengths of multiple types.

In the case of bKash, a relatively standard hierarchy system is followed, illustrated by Fig 1.

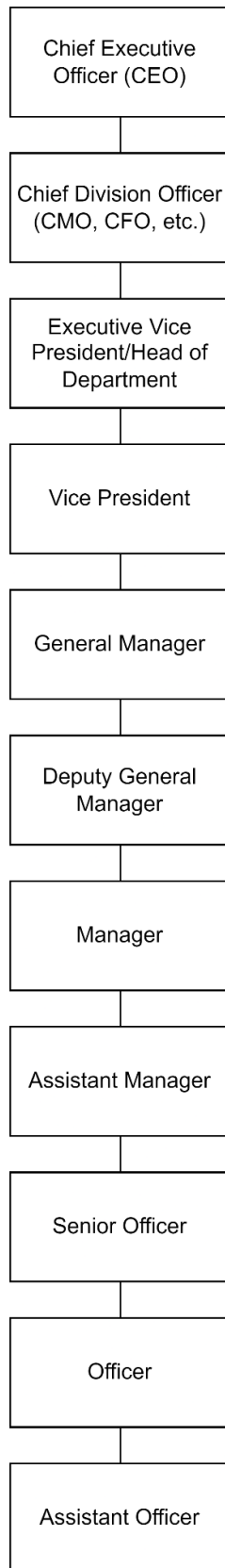


Fig 1. Hierarchy System of bKash

However, there is no strict chain of command, and the positions can often seem titular, as employees and high-ranking officers are often seen chatting amiably over having lunch together - the power dynamic is geared towards a more “bhaiya-apu” culture than a “sir-madam” kind.

And this open-minded attitude and willingness to listen to everyone despite rank, allows for all individuals within the company to cooperate together as necessary. This creates a huge pool from which ideas can spring from, where even an intern can provide meaningful input for big projects. It comes as no surprise, as bKash’s core principle is the spirit of teamwork. To emphasize this, a lot of the organization’s meeting/office rooms are even referred to as the “collaboration” zone.

Hence, inter-departmental, inter-divisional and divisional-wise collaboration is very prevalent. For example, within the marketing division itself, the brand department figures out what impression the brand will give and is also involved in the building of the brand. They in turn collaborate with the media and operations department and the digital marketing department to aid them in the designing of ATL, BTL, and digital campaigns respectively. All these departments again cooperate with the creative department in the visualization process for internal designing projects that cannot be handed out to external agencies.

Another example is that since a part of the communications division deals with strategizing, they often collaborate with the marketing division so that the latter can handle the activation of digital assets efficiently. These divisions also need to collaborate with the Finance and Accounts division to ensure an appropriate amount of funds to execute their projects, and so on.

The role of the higher-up is to act as an enabling figure towards their subordinates, rather than someone authoritative. This style of leadership is based on the STEER code - Strategic, Talent

Development, Execution, Enabler and Resilient. It is incorporated within and used to promote the values that bKash as a company is built upon. This leadership ideology, which is oftentimes referred to as the “bKash way” is engraved within all employees.

## **2.4 Marketing Practices**

The marketing division is divided into four departments - Brand, Digital Marketing, Media and Operations and Creative. The Brand division is focused on creating the brand’s narrative and ensuring that all forms of communication (from social media to PR) messaging are handled appropriately. Hence, they are primarily involved with shaping the public perception of bKash. The Digital Marketing division, as the name suggests, are involved with everything digital, from social media campaigns to content creation. They also utilize SEO and other forms of targeted ads to reach the audience effectively. The Media and Operation division involve themselves with real-life campaigns, managing event placements, logistics, and budgeting. Lastly, the Creative department deals with the creation of compelling visuals and scripts for ads. They can be seen constantly collaborating with other departments to ensure their creative ideas align with the overall brand image and strategy.

### 2.4.1 The 4 Ps of Marketing

Product: The bKash app provides a multitude of services: Send Money, Mobile Recharge, Payment, Cash Out, Add Money, Pay Bill, Savings, Loan, bKash to Bank, Request Money, Remittance, Microfinance, Education Fee, Donation, and Insurance (bKash, n.d.).

Price: Their charges vary depending on the service being used. For Cash Out, the charge is 18.50 BDT per thousand. For bKash to Bank, the service charge varies depending on the bank, and can be up to 1.25%. Aside from this, a lot of their services are also free of charge, with Remittance even allowing a 2.5% government incentive if sent through legal channels (bKash, n.d.).

Place: With a network of 330,000 agents and 550,000 merchants nationwide, customers can avail the service almost anywhere in the country. Moreover, the brand allows the user to avail services from the comfort of their own homes, making it even more user-friendly (bKash, n.d.).

Promotion: bKash utilizes a diverse range of promotional methods from TV adverts to social media posts to posters/banners.

#### 2.4.2 Target Market

The organization's target market varies on the kind of campaigns being launched. Their initiatives include people from different backgrounds and positions to achieve the financial inclusion goal. In 2023, they endorsed Mehezabien Chowdhury and Afran Nisho, two very popular actors in the country, as brand ambassadors to connect to the youth as well. Although they target a diverse range of people, they do so very meticulously, creating and launching campaigns based on specific groups of people. Their recent campaigns however highlight discount and cashback offers on Eid shopping, restaurants, and more, appealing to the wider demographic.

#### 2.4.3 Positioning Strategy/Branding

Their positioning strategy is primarily built on product positioning. They are constantly searching for new and innovative ways to build their brand and introduce new features. This innovation is further fueled by the fact that they are a fintech organization that needs to constantly adapt to technological advancements in order to make their service more user-friendly.

#### 2.4.4 Marketing Channels

Their marketing channels consist of ATL, BTL, and digital marketing. They engage in a variety of marketing initiatives: Utilizing social media, television, app notifications, SMS, hero



banners, SEO, website, billboards/banners, print media, real-life campaigns/events (beacon at EWU, book donation at boimela, etc.)

#### 2.4.5 New Feature Development

Some new services added recently include biometric login, group send money, request money, and buy now pay later. New services are highlighted on their application with a red dot to bring them to the user's attention. They are also highlighted on their website alongside descriptions surrounding the feature and steps to use them. Face-to-face surveys, OPS (Over-the-phone) surveys and interviews are consistently taken to see how the new services and campaigns are performing. Marketing campaign performances are also monitored and analyzed using KPIs (Key Performance Indicators).

#### 2.4.6 Advertising Strategies

Their primary advertising approach is through emotions, as they are trying to connect to the sentiment of the masses. They do this by showcasing how they have managed to change lives by bringing digital banking to the palm of the masses. Their "Amar bkash thekay ke!" campaign highlights the life of prolific Chakma boxer, Suro Krishna Chakma, as he tackles the hardships of growing up in an indigenous community and representing Bangladesh to the world through boxing. It is a very motivational video, encouraging the personal and financial advancement of all classes of individuals throughout the country with bKash as the name of the company itself directly translates to "growth". Their recent campaign starring Mehezabien and Nisho also highlights the trust that the 70 million user base has in the company, awarding it the best brand yet again.

### 2.4.7 Marketing Gaps

Their primary lacking is their monotonous social media promotion. Almost all their Facebook and Instagram posts showcase the same colors and the same layout throughout. They are also crowded with a lot of information, all of which are generally written in Bangla. Hence, their posts do not only tend to be unappealing to the eye, but also fail to keep the audience engaged, resulting in less interaction as well. They should focus on diversifying their visuals to make content more easily digestible and visually appealing.

One of their other significant marketing gaps is that they are yet to successfully cater towards the age 18 below market. Although they have started taking steps towards allowing individuals in the 14-18 age bracket to open an account using their birth certificate and NID number, they are yet to launch campaigns catered specifically towards this base.

Lastly, a marketing gap comes in the form that the third-party marketing agency that bKash collaborates with has proven to be very inefficient, especially in terms of handling brand related communication. Hence, the company must instead focus on partnering with more effective and efficient agencies for their media communication.

## **2.5 Financial Performance and Accounting Practices**

### 2.5.1 Financial Performance

#### *i) Current Ratio:*

This metric represents the company's ability to fulfill short-term obligations, or those due within the next year. The following chart shows the Current Ratio from 2021 to 2023.

Current Ratio = Current Assets/Current Liabilities

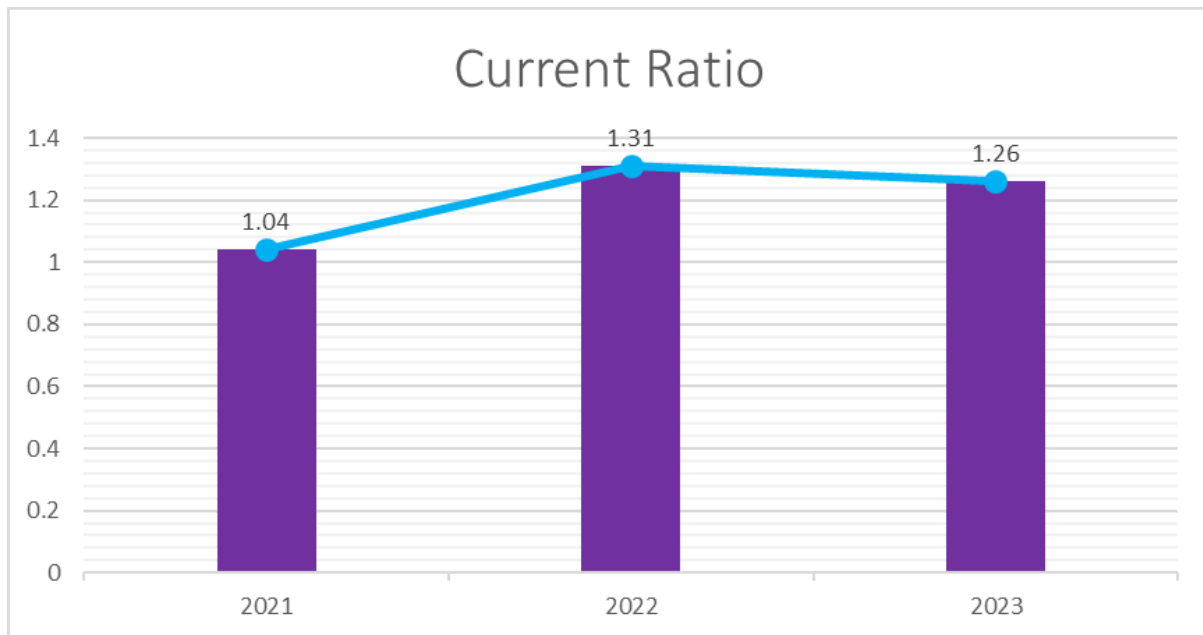


Fig 2. Current Ratio

Overall, there has been an upward trend of bKash's Current Ratio since 2021, where the company was barely able to meet its short-term obligations. However, it made a significant improvement the following year, although slightly dipping in the year after that. It is worth noting that a current ratio of above 1.2 is considered good, with an ideal of 2.

*ii) Gross Profit Margin:*

The gross profit margin of a company is the amount by which its total revenue is greater than its total production expenses. The formula to calculate gross profit margin is:

$$\text{Gross Profit Margin} = (\text{Gross Profit} / \text{Sales}) \times 100\%$$

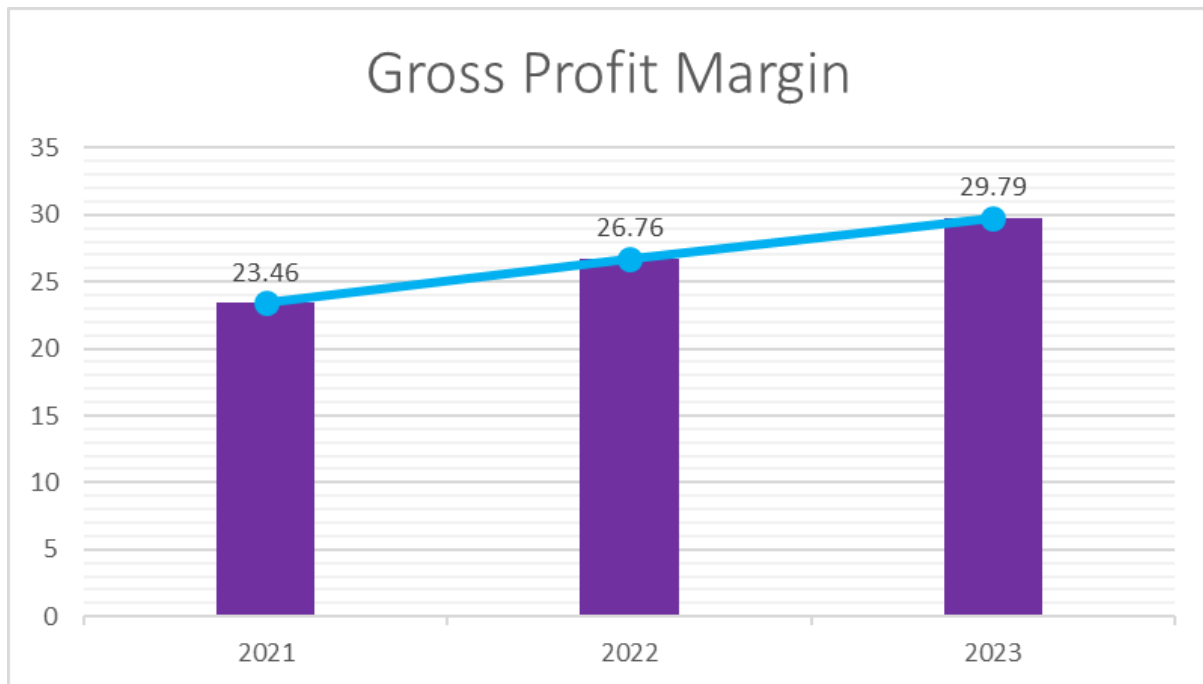


Fig 3. Gross Profit Margin

A consistent and almost linear upward trend is observed from 2021-2023, which is by all accounts a good sign. It means that bKash’s profits are increasing with time. A gross profit between 20-30% is also a sign of good company health.

*iii) Operating Profit Margin:*

The operating profit margin is found by subtracting the cost of products sold and selling, general, and administrative expenses. The formula to calculate operating profit margin is:

$$\text{Operating Profit Margin} = (\text{Operating Profit} / \text{Sales}) \times 100\%$$

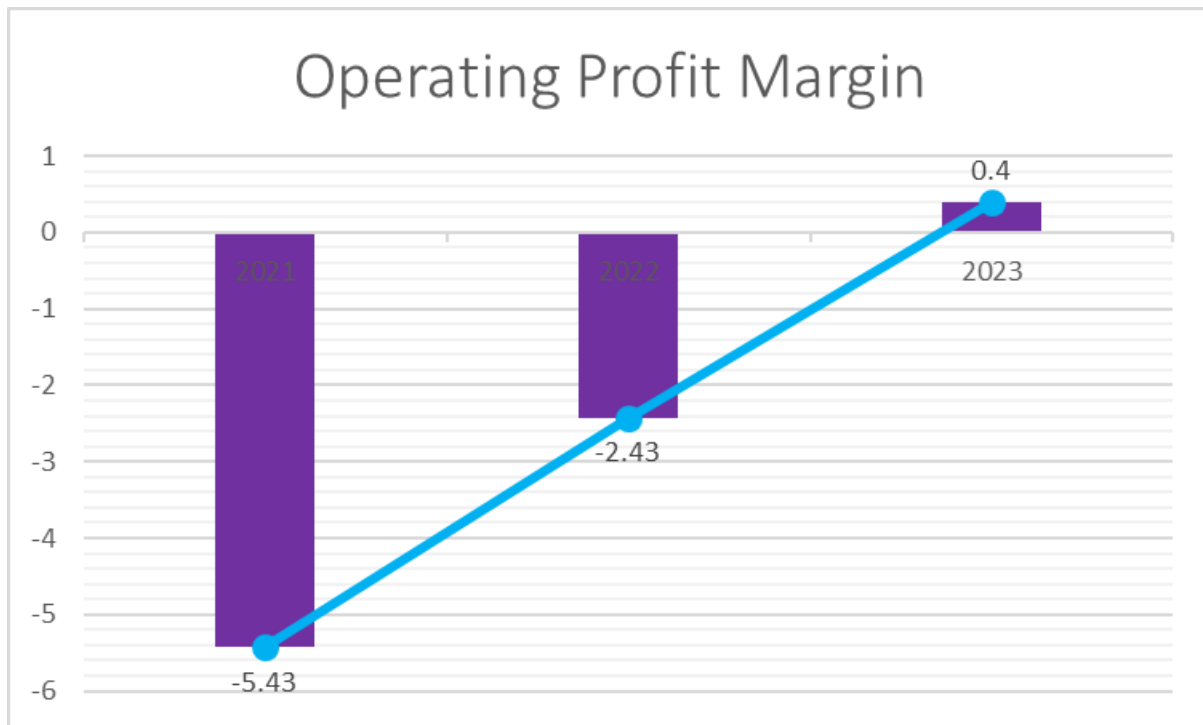


Fig 4. Operating Profit Margin

Even though the trend shows an increasing operating profit margin from 2021-2023, the initial negative low values indicate a situation that the other metrics have failed to show. bKash has actually been operating at a deficit, and only in 2023 has it started profiting again. However, the values are still way below the average 10%, meaning bKash has to find ways to make more profits, or lower operating costs.

*iv) Trend Analysis:*

As the name suggests, an overall trend is determined over a period of time, of various metrics, in our case revenue, gross profit, operating profit, net profit and total comprehensive income.

The values of reference are those of 2020. The formula to calculate these percentage are:

$$(\text{Year's Value}/\text{Reference Year's Value}) \times 100\%$$

	2021	2022	2023
<b>Revenue</b>	121.76%	149.75%	182.54%
<b>Gross Profit</b>	108.68%	152.49%	206.90%
<b>Operating Profit</b>	-15.23%	36.43%	112.84%
<b>Net Profit</b>	12.91%	203.09%	282.61%
<b>Total Comprehensive Income</b>	-101.65%	-21.05%	124.46%

Table 1: Trend Analysis

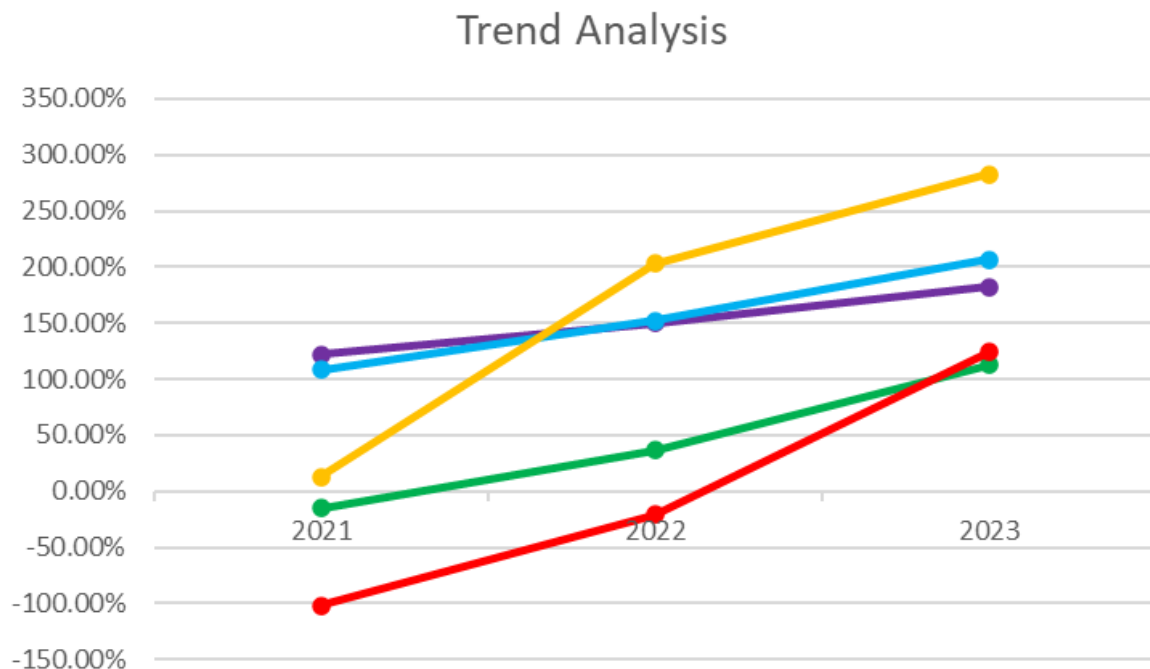


Fig 5. Trend Analysis

All metrics chosen show an increasing trend. However, there are more nuances to be noted upon further observation. First noting the values near and below zero, are those of operating profit, net profit and total comprehensive income in 2021. Operating Profit and Total Comprehensive Income being below zero, at  $-15.23\%$  and  $-101.65\%$  respectively, are

extremely alarming, especially the latter value. A negative 100% value means the company saw an almost 180 degree shift in its overall income outlets. However, by the end of 2023 the value had bounced back to over 100%, more than the 2020 reference. The operating profit also suffered a similar fate, although at a less extreme degree. Net profit suffered a value of near 0% at 2021, but quickly back to around double the reference value the following year, almost tripling by 2023. The revenue and gross profits were barely able to stay similar to 2020's values, and saw a steady increase over the three year period.

v) *DuPont Analysis:*

The DuPont analysis is a breakdown of the Return of Equity (ROE), into its constituent parts operating efficiency, asset use efficiency, and financial leverage. Mathematically it is made of Net Profit Margin, Asset Turnover Ratio and Financial Leverage. The formula is:

$$\text{ROE} = \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Common Equity}}$$

$$2021 \text{ ROE} = 0.00275 \times 0.28220 \times 8.73430 = 0.0068$$

$$2022 \text{ ROE} = 0.03517 \times 0.23701 \times 3.46544 = 0.0289$$

$$2023 \text{ ROE} = 0.04015 \times 0.25802 \times 3.86310 = 0.0400$$

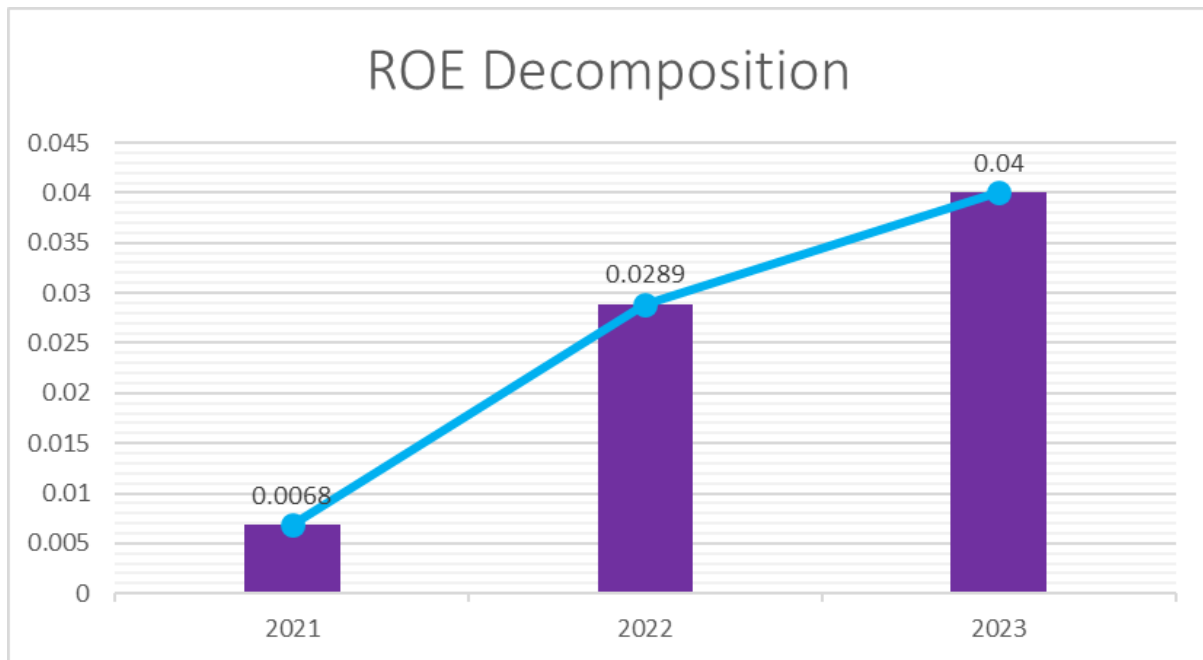


Fig 6. Return of Equity Decomposition

The increasing trend of ROE in short represents a positive result for the company, as it grows more efficient in utilizing resources, and hence, better capable of returning profits.

### 2.5.2 Accounting Practices

The company utilizes the IFRS (International Financial Reporting Standards) as the primary set of rules for their financial statements in order to maintain consistency, comparability, and transparency. Their audits are also carried out following the ISAs (International Standards on Auditing) so as to maintain ethical conduct. These audits are carried out by external parties to maintain complete transparency. They follow both the cash and accrual basis of accounting based on their needs and the type of statement/calculation that they are dealing with, but primarily follow the accrual basis of accounting. They also diligently follow all ten steps of the accounting cycle: transaction, journal entry recording, journal entry posting to general ledger, unadjusted trial balance running, adjusting entries, adjusted trial balance preparation, financial statements running, and closing the books. As for depreciation methods used, it primarily



depends on the type of asset being dealt with, however, they primarily use the straight-line depreciation method.

## **2.6 Operations Management and Information System Practices**

bKash provides its service almost entirely on the shoulder of its robust information system, and as such, there is a heavy emphasis on data security, quality and consistency. This may be achieved through a variety of factors, such as operations management, quality management, scheduling of various protocols and efficient allocation of resources.

The organization manages its operations primarily through IT Service Management (ITSM), which is a framework set to maintain the lifecycle of IT services. It also goes without saying that a lot of regular actions are delegated to process automation, freeing up resources and increasing efficiency. This can include tasks such report generation and user provisioning. Security is also paramount for a system that deals with currency, with multiple measures and failsafes set up to prevent fraudulent activities by nefarious actors.

Quality management focuses on data quality, ensuring accuracy, consistency and completeness through the data validation routines, cleansing data regularly and ensuring data governance policies. Before any updates or bug fixes are rolled out to public users, system testing is a must. To assess the condition of the system, Key Performance Indicators (KPIs) are tracked, such as system downtimes, error rates, etc. This provides insight towards areas requiring improvement, and ensures the whole operation runs smoothly.

bKash takes pride in its service running like clockwork, which can be owed to proper scheduling of protocols, such as system maintenance, where software updates, hardware upgrades and security fixes are done under the hood. During off-peak hours, larger tasks which would otherwise slow responsiveness of real-time transactions, like data consolidation and analysis are done. It also has a recovery protocol in case of outages, through data backups,

redundant hardware for critical processes, and to communicate clearly any downtimes to the public to preserve goodwill.

Efficient use of resources is also necessary for bKash's services, as a need-based system is used, which matches resource usage with user demand. For sudden spikes in usage, cloud computing services are also ready to be deployed.

To bind all the aforementioned points together, a team of skilled IT staff work around the clock. Different groups with different expertise, such as network security, app development and database management consist of this workforce.

For both stakeholder and client satisfaction, bKash's information systems have to comply with various regulations pertaining to financial data security and consumer privacy. This is also done by developing their app to be as user-friendly, intuitive and efficient.

The company primarily utilizes Oracle™ products and services for all its data needs, from collection, storage, processing and forwarding information as necessary. An Oracle™ database serves as the backend for mass data storage, which includes customer information, transaction data and financial records. The advantage of this system is its high performance and scalability.

A plethora of Oracle™ tools is also used, along with other proprietary software in order to further process the data, and also formulate reports for analysis. For example, these softwares handle all balance changes through procedures, which are also included as metrics for further inspection down the line. This suite also includes programs to serve as dashboards and reports, providing the data into a visual medium for better clarity and comprehension - a concise format most useful to provide to stakeholders, as well as for in-house data analysts. The main advantage of using mainly Oracle™ services is its reliability, scalability and high scope of integration with its program ecosystem.

## **2.7 Industry and Competitive Analysis**

### 2.7.1 Porter's Five Forces Analysis

The threat of new entrants is low, as MFSs are overseen by the Bangladesh Bank, and hence stringent regulations and policies are set and upheld. As of 2024, the market already consists of a handful of players, with bKash and Nagad heavily dominating it. It will be very difficult to direct potential customers and establish brand trust and recognition.

The bargaining power of suppliers is low, as bKash does not rely on any single or unique supplier for features. There is an abundance of alternate services and technology provided to serve as a solution for MFS services and can negotiate with them accordingly.

The bargaining power of buyers is moderate, as the direction of the company is influenced by customer feedback, often regarding transaction fees and rates set by bKash. With minimal downsides in swapping one's preferred MFS, customers are free to switch to competitors. However, there are a limited number of providers who are viewed favorably by the public in terms of trust and reliability.

The threat of substitutes is moderate, as cash is currently the main competition of MFSs. Bangladesh is yet to achieve a cashless society, as cash is still the primary mode for transactions, with traditional banking services still being trusted and used by many. However, with the rapid growth of MFS since its debut in the country, they have only proved to be more convenient.

The competitive rivalry is high, as within the saturated industry a direct contender has risen, Nagad. Despite its inception in 2019, Nagad has garnered huge popularity amongst the people within a short span of time, by addressing price sensitivity issues, decreased transaction fees

and other charges. The other players in the market are also beginning to innovate and provide newer and better features exclusive to them.

### 2.7.2 SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>● Market share and market leadership</li> <li>● Technological infrastructure and innovation</li> <li>● Widespread and extensive network of agents &amp; merchants</li> <li>● Brand image and brand trust</li> <li>● Strong backing by other big companies</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>● Failing to integrate with a variety of e-commerce/retailers</li> <li>● Proneness to fraudulent activities</li> <li>● Lack of lucrative offers and incentives for agents &amp; merchants</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>● Increasing reliance on MFS services due to sheer convenience that will aid in reaching the financial inclusion goal</li> <li>● Increasing range by integrating with e-commerce &amp; other related services.</li> <li>● Utilizing and integrating technological innovations like AI and machine learning.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>● Strong competition like Nagad and Rocket</li> <li>● Potential setback by Bangladesh Bank’s regulation changes.</li> <li>● Cybersecurity</li> </ul>

Table 2: SWOT Analysis

The strengths of bKash include its dominant market share and market leadership. With a comprehensive and deep technological infrastructure and multiple avenues of innovation, the company still remains relevant. As one of the first founding companies of the industry, bKash has had the resources to set up a widespread and extensive network. However, more important than that would be its phenomenal brand image and brand trust. It has also received the support and endorsement of other larger companies, further bolstering the aforementioned point.

The weaknesses faced by the company today is its lack of integrations with a variety of e-commerce and retail services, limiting the scope of customer usage. Scams and frauds set by

malicious external parties are also very common, deterring potential customers from availing the services. bKash has also stagnated in terms of offers, as other agents have begun to provide more lucrative offers and other incentives for its agents.

Opportunities are also ample, where if bKash were to increase the convenience of their service, there would be an increase in MFS reliance overall, which will aid in reaching the financial inclusion goal. The shortcomings discussed also show room for improvement, as integration with e-commerce and other related services is possible, making it more widespread. With a shift in interest and development towards Artificial Intelligence and Machine Learning, the technology can be employed into the process, providing more features, and expanding the brand's presence and outreach into other markets.

Threats faced by bKash are in the form of its rivals, namely Nagad and Rocket, who have seen an increase in popularity within a short span of time. Moreover, any regulation changes by Bangladesh Bank could lead to disruptions in its plans, operations, costs. Finally, in the contemporary world reliant on technology, the ever-growing threat to cybersecurity is ever-present.

## **2.8 Summary and Conclusion**

I have been given the opportunity to work at bKash Limited for a period of four months. During this time, I was faced with a lot of challenges when it came to research, but because of this, managed to learn a lot in the process as well. I recognized just how crucial and sensitive it can be to work with numbers and how ultimately, in the long run, it allows for understanding the market on a more personal level. Comprehending customer perception and behavior is at the heart of marketing, and this internship made me realize just that. It was an extremely valuable experience to be able to learn how to think, act, and strategize like a true researcher, especially for a brand that is considered a leader within its industry.

bKash Limited's leadership, management practices, and marketing strategies all prove how the company manages to retain their position as a market leader to this day. An internal analysis of the company's workings showcase its coordinated efforts in consistently maintaining a culture of quality and innovation. This cooperation and a constant goal of connecting with customers have further provided bKash the opportunity to be a dominant figure within the MFS industry.

## **2.9 Recommendations/Implications**

My recommendations after reviewing the organization's internal and external components are:

- Creating a stronger bond with agents. bKash must ensure that they are consistently fostering a connection with them and providing them with advantageous offers and incentives. Since ultimately, agents bring the company to the customers, it is necessary for them to have adequate and proper training. Line of communication must always be kept open in case of emergencies or any other necessities. bKash must be willing to hear their agent base out and ensure their satisfaction first so that the agents in turn can raise awareness surrounding the company and boost usage.
- Integrating bKash with a variety of e-commerce platforms and retail services. This will ensure that the merchant base is ever-growing and so is awareness surrounding bKash services. Harboring a good relationship with merchants will motivate them to encourage customers to pay with bKash when they make a purchase, boosting the payment service usage. Customers will also be driven to use this payment service specifically whenever they are able to, due to sheer convenience.
- Integrating AI and machine learning models into the equation to create new or more enhanced service. bKash is a fintech company, and technology is at the root of its existence. Hence, innovation and product development are at the core of the company

making improvements and keeping up with the times. Hence, they can implement the aforementioned technologies for enhanced security, improved risk management, personalized customer experiences, and so on.

- Due to competitor Nagad quickly rising in popularity, bKash needs to be proactive now more than ever. The company needs to strongly establish its position in the market and maintain consistency. It needs to prove itself as the most reliable, secure, and inclusive brand in the industry now through well-planned and executed marketing campaigns.

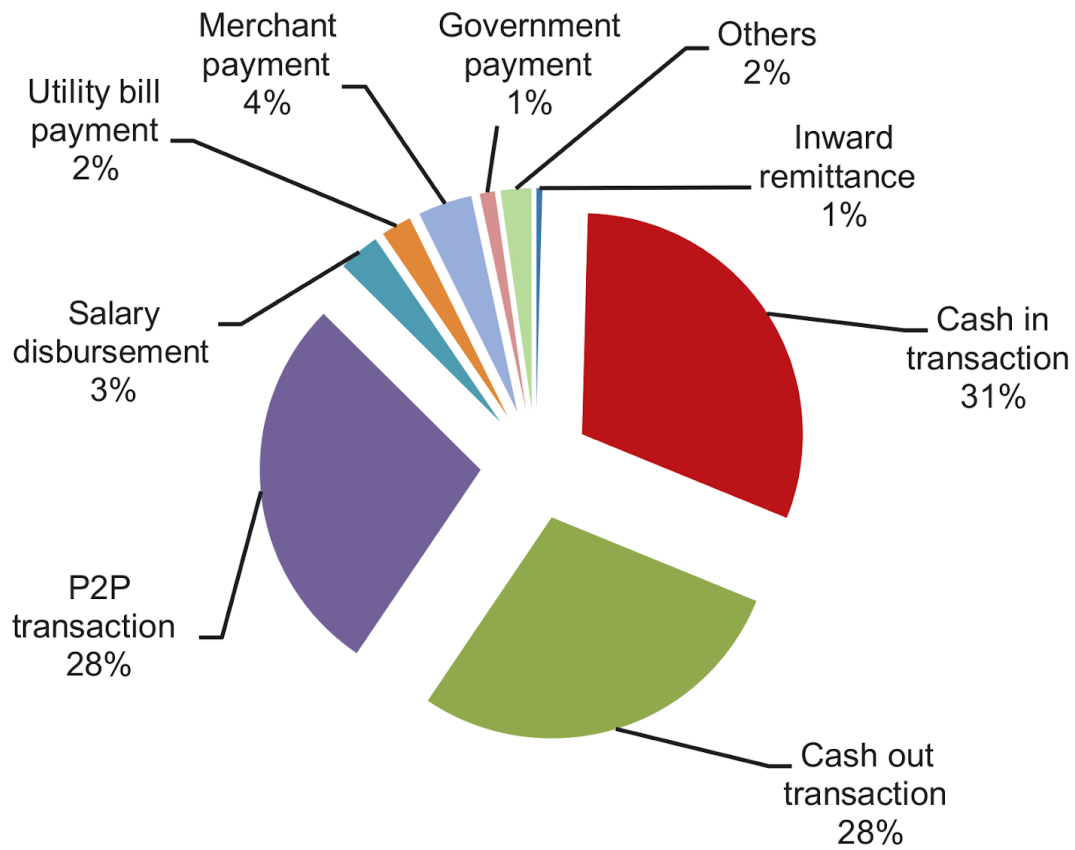
## Chapter 3: Project Part

### 3.1 Introduction

Most nations are progressing towards becoming cashless, where its citizens can enjoy benefits, including increased efficiency, reduced crime, and improved financial inclusion (Morgan, 2024). It is a concept that is being practiced today by countries such as Norway, Sweden and Finland, demonstrating the potential for economic growth and transparency (Oban International, 2023). As noted by Arvidsson (2019), in the case of Sweden, it was the first European country to issue currency, but as things stand now, are becoming almost fully reliant on digital payment methods, with merchants having legal rights to refuse cash payments. In a study by Wong et al. (2020) on the relationship between cashless payments and economic growth of OECD countries (a group including the aforementioned countries), it was concluded that “... there is a positive and significant relationship between cashless payment and economic growth...”

Recognizing these benefits, Bangladesh has actively pursued a cashless future, where Bangladesh Bank has set an ambitious goal of progressing towards a 70% cashless society by 2027 (The Financial Express, 2023). Mobile Financial Services (MFS) have become the most popular form of cashless transactions in Bangladesh, offering a promising pathway towards this goal. At the precipice of the country’s most popular MFS company is bKash. Despite capturing the hearts and minds of the people, Bangladesh remains far from achieving a cashless economy. The primary challenge is the population’s slow adoption rate of Digital Payment services from MFSs, as the “Merchant Payment” option saw an increase from 1.8% to 4%, from 2019 to 2023 (*Bangladesh Bank*, n.d.).






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Source: Payment Systems Department, Bangladesh Bank.

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Fig 7. Nature of Usage of MFS in June 2023 (*Bangladesh Bank, n.d.*).

### 3.1.1 Background/Literature Review

MFSs have made their first strides in the country in 2011, a once fledgling enterprise with a few players on the field, now stands as a flourishing industry. This opportunity arose as a response to the nation's growing need for financial inclusion. Traditional banking services remained out of reach for many, namely those situated in rural areas. Thus, a demand for alternative financial solutions arose from a large unbanked population seeking convenient and accessible ways to manage their finances (Uddin, 2018). In a report by Nabi et al. (2012), Bangladesh Bank had recognized this gap, and took a proactive approach. They saw the potential of mobile technology to bridge the financial inclusion divide and began exploring the feasibility of MFS in Bangladesh. Through collaboration with various banks and mobile network operators (MNOs), MFSs were given the ideal conditions to develop rapidly.

As of 2023 there are 13 major MFS providers (Zaman, 2024), including bKash, Nagad and Rocket with a market share of 39.9%, 18.1% and 11.7 per cent respectively (Issue-I, 2022). All the companies are privately owned except for Nagad, which is a concern of the Bangladesh government, with a 51% of shares held by the Bangladesh Post Office (Kashem, 2021). A pioneer in the industry was bKash, established in July 2011, and is Bangladesh's leading Mobile Financial Service (MFS) provider, boasting over 70 million users (bKash, n.d.). Their user-friendly platform, accessible through both USSD menus and a mobile app, caters to a diverse population, reaching even those with basic feature phones (bKash, n.d.). According to Rahman (2021), bKash offers a broad spectrum of services beyond money transfers, including mobile recharge, bill payments, and merchant payments, positioning them as a one-stop solution for many Bangladeshis. This convenience encourages users to adopt cashless transactions for various daily needs, potentially leading to a more digital economy. While challenges regarding financial inclusion and security concerns persist, bKash's dominant position and

comprehensive service offerings make them a potential trump card for MFS companies to drive Bangladesh's cashless transformation.

Along with a myriad of other functionalities, the service directly linked with driving cashlessness is the “Payment” option. As the name suggests, it allows for transactions with merchants in a point-of-sale system, allowing users to directly debit their MFS account to purchase goods and services. Through use of either the MFS app or its USSD counterpart, payments can be done digitally through one’s Personal Identification Number (PIN) or biometric authentication. This leads to benefits such as faster transaction times, reduced risk of theft, and potential integration with loyalty programs or cashback rewards offered by either the MFS provider or the merchant.

### 3.1.2 Problem Statement

The success of Mobile Financial Services (MFS) like bKash has been crucial in furthering financial inclusion within Bangladesh, however, the adoption rate for their “Payment” service in particular is currently failing to keep pace. It is evident that there exists a gap between user awareness and the actual adoption of the aforementioned service. The boom in financial inclusion is plateauing, and the potential of MFSs in promoting cashless transactions suffers as a result. Identifying the factors hampering the widespread adoption of “Payment” as a service amongst the Bangladeshi user-base is vital in continuing the growth of financial inclusion, which ultimately will drive the nation towards an economy non-reliant on physical cash. Through initially examining the impact of cashless payments on financial inclusion, the paper further delves into issues of customer awareness and usage patterns to understand the reasons behind the low adoption rate of “Payment.” Lastly, actionable strategic solutions are identified by studying successful international MFSs to potentially enhance usage of the service.

### 3.1.3 Objectives

The overarching goal of this report is to investigate MFSs, specifically through the lens of bKash, as a potential catalyst for achieving a cashless Bangladesh.

The specific objectives for this report are:

1. Analyze the role and impact of cashless payments for financial inclusion, with a specific focus on Bangladesh.
2. Examine current customer awareness and adoption of bKash's "Payment" service, noting factors influencing usage patterns.
3. Identify the potential reasons behind the slow adoption of the "Payment" service
4. Analyze and study the position of successful international MFSs and provide solutions catered to bKash from a strategic standpoint.

### 3.1.4 Questions

The specific questions for this report are:

1. What are the role and impact of cashless payments for financial inclusion, specifically in Bangladesh?
2. What is the current state of customer awareness, usage patterns, and adoption for bKash's "Payment" service?
3. What are the potential reasons behind the slow adoption of "Payment" as a service?
4. What is the position of other successful international MFSs and how can their strategies be utilized by bKash for their payment service?

### 3.1.5 Significance

The study will shed light on how bKash (and by extension MFSs) are currently struggling to veer their large user base into using their "Payment" option.

Both the company's primary goal and Bangladesh Bank's plans align, with bKash aiming to spearhead the economic shift, as it did over a decade ago. As things currently stand, the MFS industry shows the most promise of realizing the country's ambition of a cashless Bangladesh. Hence the issue of boosting the public's preference towards shifting their transactional habits to digital is an important one.

By delving deeper into the factors hindering the wider adoption of the "Payment" option through bKash, the study aims to provide possible insights for MFS providers, stakeholders and policymakers seeking to drive Bangladesh into a cashless future. Only through identifying the current roadblocks can more targeted studies be conducted, which will hopefully draw towards a much anticipated solution, in order to foster financial inclusion in the country.

### **3.2 Methodology**

The research design for this report is primarily quantitative and qualitative in nature, based on responses garnered from a Google Form survey and literature acquired from journals, articles, and other sources. The questionnaire involves inquiries into the respondent's basic information, and their awareness and usage of MFS Payment services. The data which are quantitative in nature include close-ended questions such as multiple-choice, Likert scale, and demographic related information collected from the survey. Moreover, they also include numerical data, such as statistical information and government reports, collected from secondary sources. Qualitative data are also present in the form of open-ended questions asked in the Google Form survey where respondents provided personal opinions and observations surrounding MFS and "Payment," and textual information collected from my personal observations and secondary research. The sampling method for the aforementioned survey was convenience sampling, which is a type of non-probability sampling. This is because the link for the survey was shared amongst friends, family, colleagues, and other acquaintances via social media, which does not

make it a random sample. Instead, reliance on whoever had access to participate in the survey was prevalent, thus, making it a form of sampling done through convenience. Primary data, such as information gained while being associated with the company will consist of the bulk of the study. These include data through observations, and data authorized to be disclosed. The secondary data consists of scholarly articles and research, and case studies. The results of the survey were analyzed using descriptive analysis, which will elucidate clues as to why MFS Payment is not as widespread as other options.

A limitation of the data is the small sample size (73), which may not indicate diversity and attributes of the entire population, hence limiting our inferences regarding the Payment option lagging behind. If the scope for more research presents itself in the future, a larger sample size, along with a more rigorous statistical analysis is required for further inquiry.

### 3.3 Findings and Analysis

#### 3.3.1 Survey

##### *i) Demographic Information*

What is your gender?  
73 responses

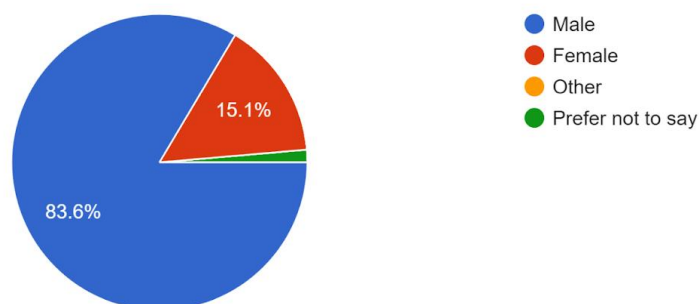


Fig 8. Gender

In terms of gender, over three-thirds of the sample group were male (83.6%), and the rest consisted of females (15.1%), and 1.4% not wishing to disclose. This informs us that further

deductions from the data will be skewed, as ideally the survey should have reached the population, independent of gender.

What is your age bracket?

73 responses

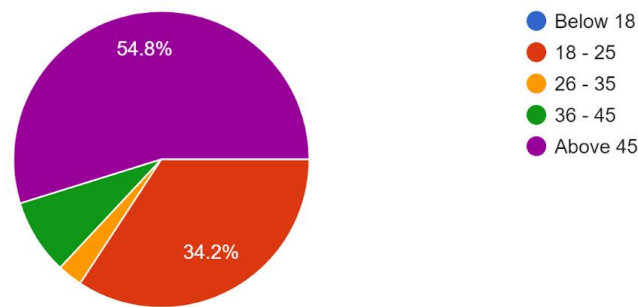


Fig 9. Age

Moreover, over half the sample group consisted of individuals over 45 (54.8%), followed by about one-thirds of 18-25 year olds (34.2%), and the remaining being 36-45 (8.3%) and 26-35 (2.7) years old. The perspective uncovered will represent the majority middle-aged audience. A point worth noting that the sample did not have anyone below 18, despite being an option.

What division are you from?

73 responses

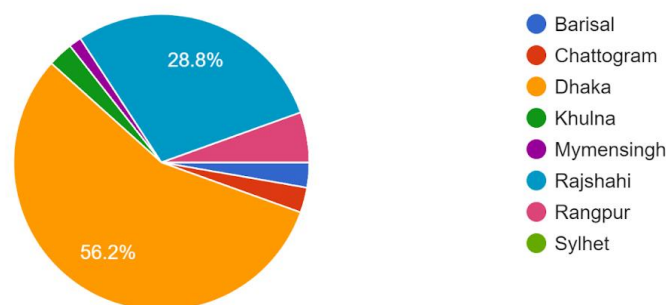


Fig 10. Division

Over half the sample consists of individuals hailing from the Dhaka division (54.8%). Surprisingly the next majority are people from the Rajshahi division (28.8%). This introduces

a bias and skews the data to an extent since most respondents are from Dhaka and Rajshahi, leaving out the majority of possible respondents from other regions within the country. However, although the sample has fewer entries of the divisions, at least there is one or more responses from all regions of the country.

*ii) MFS Usage Related Information*

What is your preferred mode of payment?

73 responses

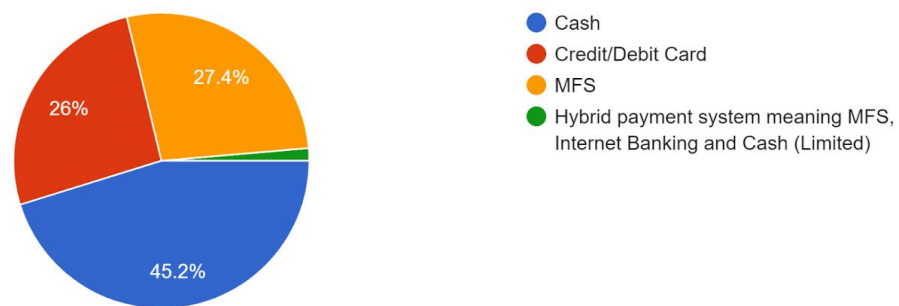


Fig 11. Preferred Payment Option

The above makes clear that most people are still reliant on cash as their preferred mode of payment, which is at 45.2%. However, it is worth mentioning that the non-cash payments combined outweigh the aforementioned statistic, with MFSs having favor over Card payments.

What MFS do you primarily use?

73 responses

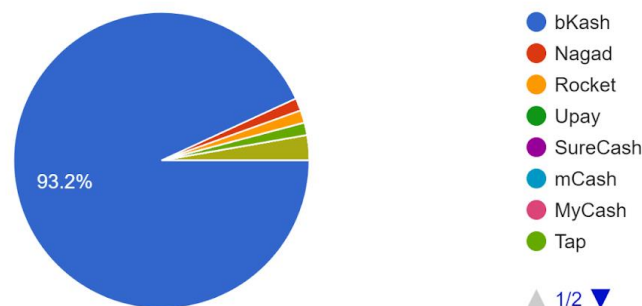


Fig 12. Primary MFS



Even in the survey, bKash is the primary MFS for the respondents, with the lion’s share of 93.2%. The next largest demographic was the group who did not use any MFS (2.7%), followed by an equal assemblage of Nagad, Rocket and Tap (1.4%). The survey being biased towards the responses of bKash users is desirable for this study, as our objective focuses on the perspective of the aforementioned MFS, rather than an broader, all-inclusive dive of the industry as a whole.

What do you primarily use your preferred MFS for?

71 responses

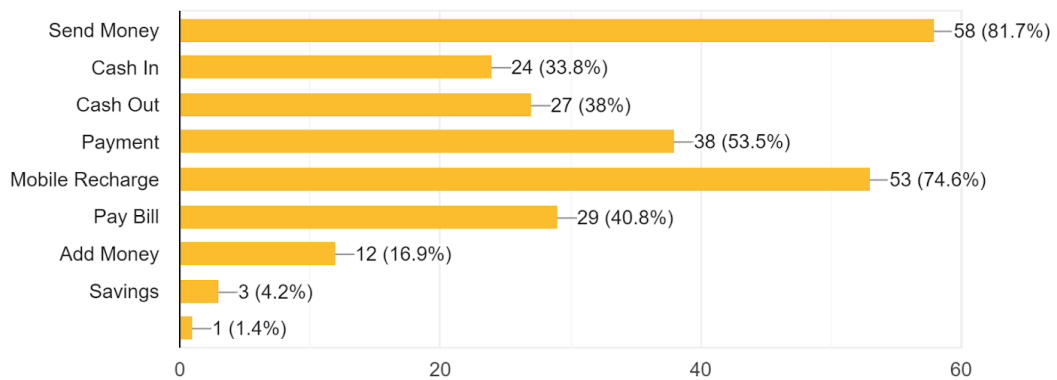


Fig 13. Primary MFS Use Case

This is one of the more important metrics of the survey, showing the specific services people primarily rely on their MFS for. It is clear that the most used option is “Send Money” and “Mobile Recharge,” with “Payment” trailing behind a considerable amount. It indicates that the customer behavior towards MFS use is geared more towards peer-to-peer (P2P) transactions than direct peer-to-business (P2B) transactions. For any cashless society to exist, P2B transactions must be at the forefront. (Note: The options are not mutually exclusive, i.e. one respondent can pick multiple options.)

### iii) Payment Awareness

Would you prefer a cashless mode of transaction?

73 responses

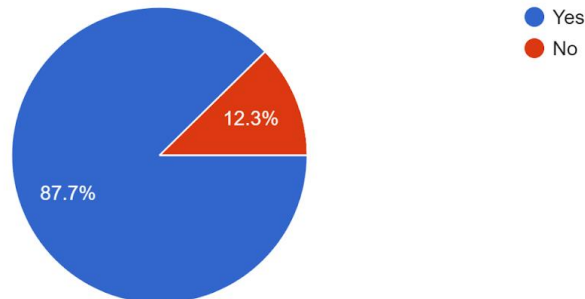


Fig 14. Yes/No Cashless?

An overwhelming majority expressed interest towards cashless transactions (87.7%). It is an interesting observation, given that previously most responses indicated a preference for cash payments. This may indicate that customers, despite being interested in other options, are deferred in their choice due to external factors.

Are you aware of the "Payment" option of your preferred MFS?

71 responses

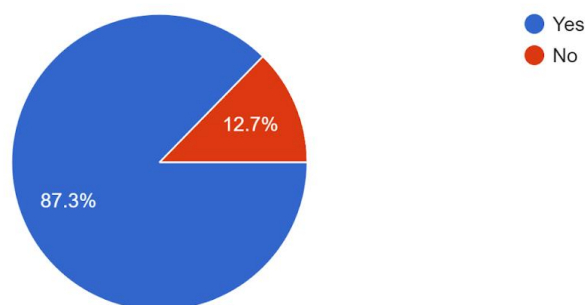


Fig 15. "Payment" option awareness

Almost all respondents have indicated that they are aware of the "Payment" option of their MFS of choice (87.3%).

Are you aware of the difference between the "Payment" and "Send Money" options?  
71 responses

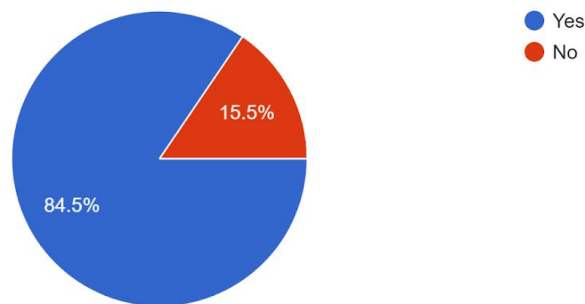


Fig 16. "Payment" option difference

Furthermore, the sample is also knowledgeable about how the "Payment" service is different from the current de facto service, "Send Money" (84.5%).

Where did you learn about the "Payment" option from?  
71 responses

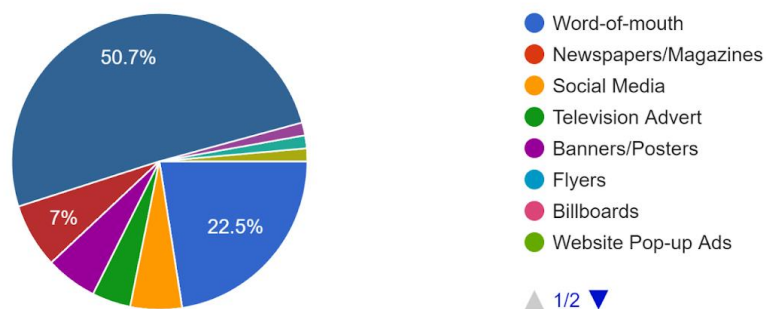


Fig 17. "Payment" option learn

The statistics indicate that about half of the responders (50.7%) had picked up the "Payment" option, by simply using the app, indicating that the system and interface has done a good job at being approachable and minimizing the friction of the unfamiliar. Meanwhile, a quarter of the sample group had learnt of the service through word-of-mouth (22.5%). This might mean that people were likely to encourage others to use "Payment" due to any likely positive experiences. The other notable option was through app notifications (7%), which bKash also

sends out often, highlighting any offers and promotions, which in turn advertise the list of services.

*iv) Payment Usage*

Do you regularly use the "Payment" option?

71 responses

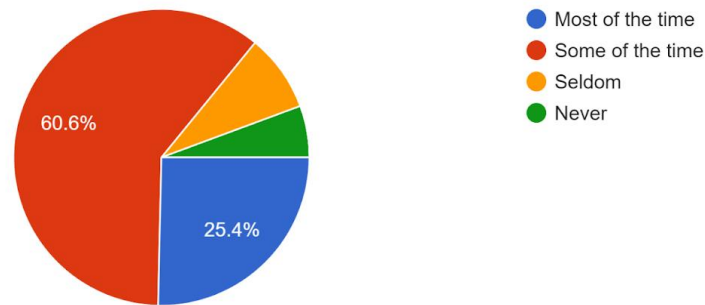


Fig 18. "Payment" usage frequency

At least a quarter of the survey group have reported on using the "Payment" option of their MFS most of the time (25.4%), or at least some of the time (60.6%). This helps validate the possibility that customers are indeed willing to shift to cashless options if the situation presents itself.

Why do you not use the "Payment" option as regularly?

53 responses

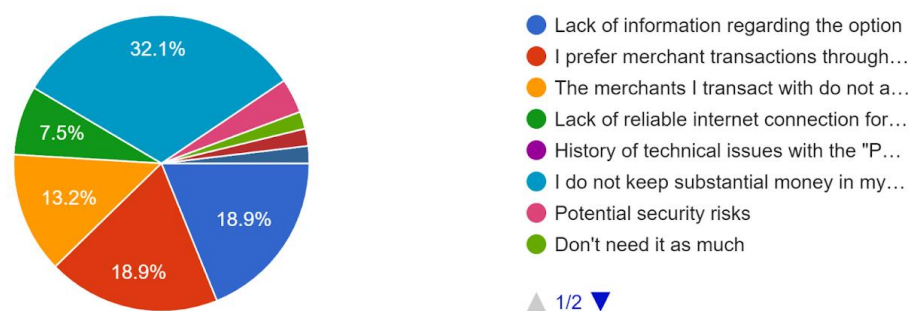


Fig 19. "Payment" why not as frequent

The crux of the survey and the study can be noted in Fig 12. By observing the top responses as to why respondents who do not use "Payment" most of the time, 32.1% report that they do not

keep substantial funds in their MFS wallet. Two options are equally split up at 18.9%, while representing two different groups within the survey: “Lack of information regarding the option” and “I prefer merchant transactions through cash/other mediums”. The latter response explicitly mentions their bias against the “Payment” option, while the former indicates a knowledge barrier hindering them. On the topic of hindrances, at 13.2% is “The merchants I transact with do not accept the ‘Payment’ option,” which indicates a barred attempt at normalizing the cashless method of payment, due to external limitations. Finally, the last noteworthy option at 7.5% is “Lack of reliable internet connection for mobile payments,” which may suggest that the technological infrastructure to make cashless transactions more widespread requires further development.

### 3.3.2 Social Media Findings

bKash has a Facebook following of 5 million, whereas their direct competitor, Nagad, has a following of 2.4 million. As it stands, bKash has the capability to utilize this medium in influencing their audience to use their services more. However, with how their social media marketing is being handled currently, indicated by their low engagement rate, the company could consider improving to reach their user base better.

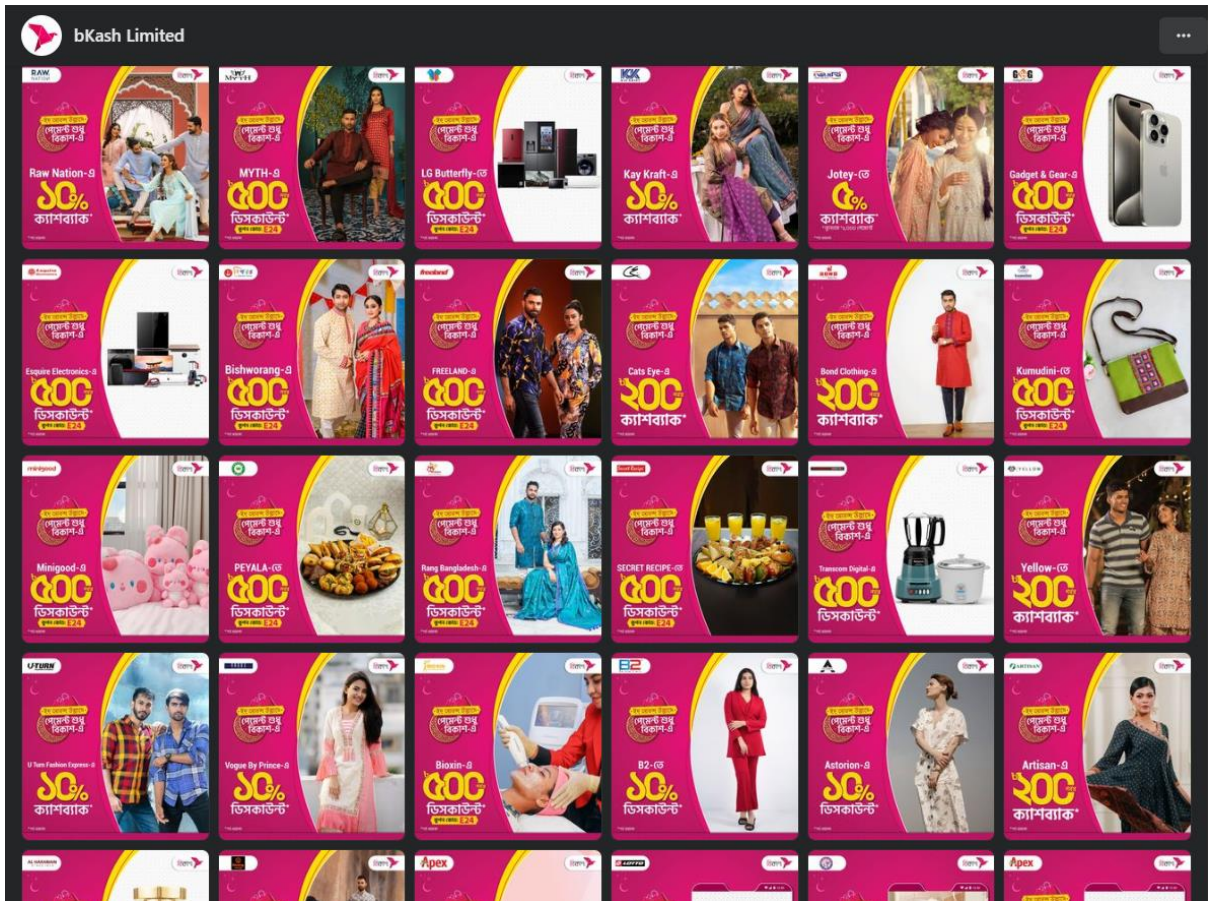


Fig 20. bKash Facebook Page Posts

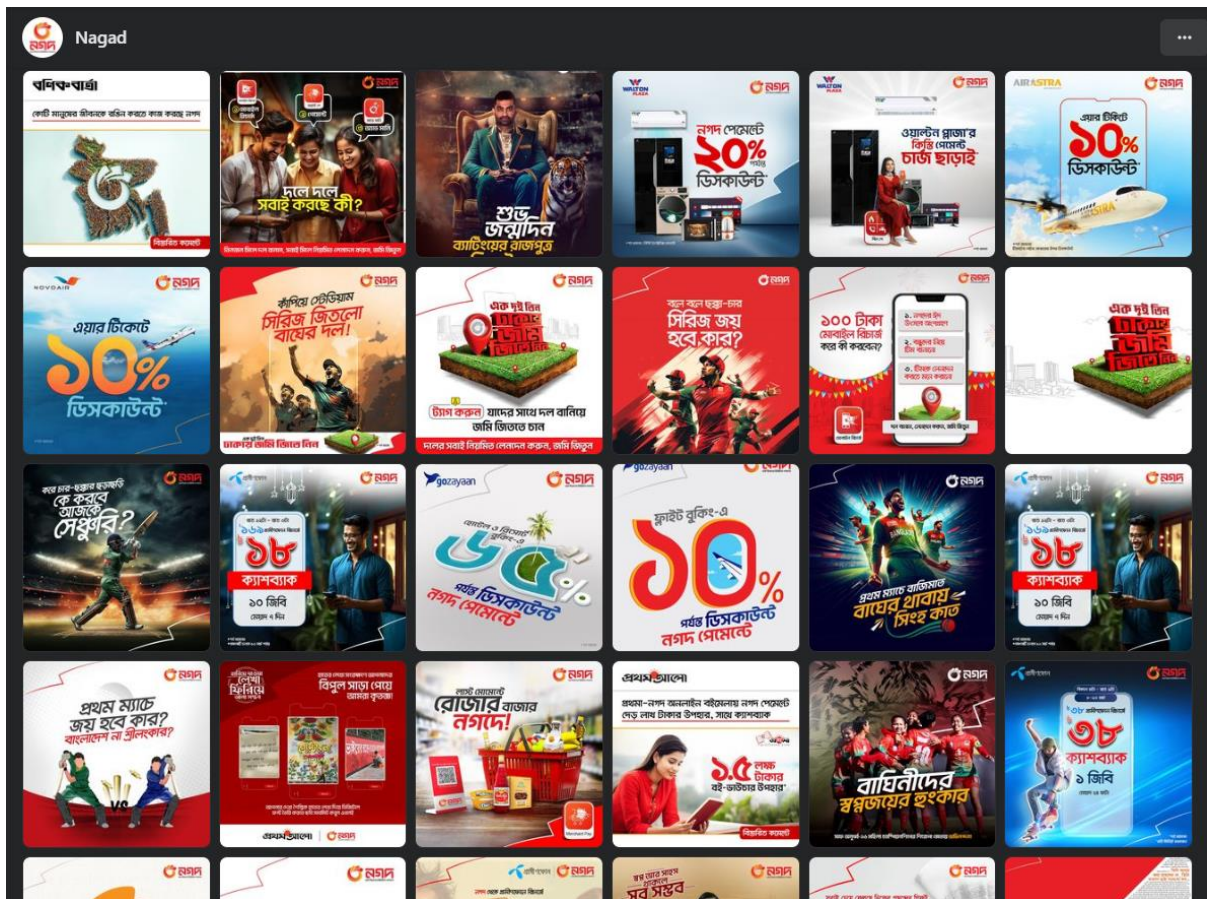


Fig 21. Nagad Facebook Page Posts

The above two figures depict screenshots of bKash and Nagad's recent Facebook posts. bKash's posts can be seen to be very repetitive and monotonous when compared to Nagad's feed. Although it is true that, at the time of this report, the company has recently been posting about Eid offers, almost all their posts still manage to look very identical. This especially makes it hard for the audience to differentiate one post from another and to effectively retain information from said posts. On the other hand, Nagad can be seen to bring variety to almost all their posts, despite some of them being from the same campaign. They manage to effectively create visual interest and capture the audience's attention, while simultaneously straying away from the repetitive trap that bKash falls into quite frequently.



Fig 22. Two bKash posts side-by-side



Fig 23. Two Nagad posts side-by-side

Another example shown by the above figures, two of bKash’s Facebook posts one after the other and two of Nagad’s one after the other. It can be clearly seen that although both companies have posted about Eid discounts, Nagad manages to still bring variation to their posts while avoiding repetition as much as possible. This helps easily differentiate one picture



from another and aid in customers retaining information separately from each post. On the other hand, bKash's post looks very clustered and more than half the picture is taken up by the company's branding, which Nagad consciously avoids doing. The names of the companies whose products bKash is offering a discount on are not very apparent either, and the discount coupon is also being overshadowed by bKash's trademark color, making it harder for customers to notice the crucial aspects of the posts. Hence, the company should focus on creating more visually appealing, impactful, and differentiated posts that customers can appreciate and engage with more.

bKash's "Amar bKash Thekay Ke!" campaign takes a very emotional approach, highlighting the struggles of boxer Suro Krishna Chakma and what he had done to overcome them, ultimately becoming the face of boxing in the Bangladeshi community. It narrates a story that users can relate to, aiding in the formation of an emotional bond with the brand. It creates a lasting impression that customers can remember for years to come and helps in the enhancement of brand loyalty. However, as seen previously, most of the company's promotions now revolve around immediate action. Content is geared towards availing discounts, cashbacks, and other offers that incentivize the user temporarily. Thus, it fails to capture customer attention for the long-run, lessening the chances of creating impact and boosting loyalty. Hence, the company should focus more on depicting stories through their campaigns that speak to customers' feelings and emotions. Methods such as this are effective in retaining loyalty as can be seen from the outreach received by mobile network operator (MNO) Grameenphone and their "Shopno Jabe Bari" campaigns, which managed to garner millions of views due to the emotional element present in all content from the campaign.

**এইবারও আসবা না?**  
 স্বপ্ন যাবে বাড়ি ২০২৪ | Shopno Jabe Bari 2024  
 10M views • 2 weeks ago  
 Grameenphone  
 সবাই কি বাড়ি ফেরে? প্রায় ৭০ লাখ প্রবাসীর পরিবারের মা, বোন, ...  
 CC

**কেউ রয়ে যাবে কেউ ফিরবে বাড়ি তবু সবার স্বপ্ন যাবে বাড়ি**  
 স্বপ্ন যাবে বাড়ি  
 8.2M views • 9 months ago  
 Grameenphone  
 হিদে সবাই কি বাড়ি যায়? অনেকেরই বাড়ি যাওয়া হয় না কিন্তু তাদের ...  
 CC

**স্বপ্ন যাবে বাড়ি**  
 স্বপ্ন যাবে বাড়ি | গ্রামীণফোন  
 3.9M views • 1 year ago  
 Grameenphone  
 হিদে আনন্দ ভাগাভাগি করে নিতে আপনজনের টানে আমাদের এই ছুটে যাওয়া।  
 CC

**18 million views+**  
 স্বপ্ন যাবে বাড়ি  
 31M views • 7 years ago  
 Grameenphone  
 দূরে গিয়েও ফিরে আসার স্বপ্নটা পিছু ছাড়ে না। প্রিয়জনের সাথে ...  
 এই গানটি welcome tune হিসেবে সেট করা হয়েছে।  
 CC

Fig 24. Grameenphone’s “Shopno Jabe Baari” adverts on Youtube

It is also important to note that both the “Amar bKash Thekay Ke!” and “Shopno Jabe Bari” campaigns have music associated with them. This is yet another crucial observation as people tend to have more recall surrounding a brand when they can associate it with stimuli such as sound, and in this specific case, music. According to a study conducted by Leicester University, there is a 96% more likelihood for consumers to remember brands that have music aligned with their identity (Incivus, 2022). Moreover, Incivus, 2022 also explains that a study conducted by The Association of Consumer Research found that music can positively impact customer purchase intent, ad recall, brand attitude, mental image memory, and product/service preference. It is noteworthy that “Shopno Jabe Bari ” is a song with emotional undertones, and sad music is more effective in influencing purchase intent than happy or no music (Incivus, 2022). Thus, it is crucial to maintain synergy in terms of brand personality, messaging, and visuals, in order to communicate and leave a lasting impression. Although this is a very compelling approach, the company can further expand and focus on other aspects like humor to speak to the sentiments of people. They need to understand how people within this country think, act, and feel, in order to create meaningful content that caters to the mindset of people and will help the brand establish itself more deeply in their lives and minds.

### 3.3.3 MFSs Around the World

Comparing bKash with other MFSs around the world, acknowledging their successes and downsides is crucial. Although many online payment platforms are renowned worldwide, such as Paypal, Google Wallet and Apple Pay, a fairer analysis would be to focus on financial services that are nation specific. Amongst these, Alipay for China and Swish for Sweden have to be mentioned, as they spearhead the paradigm shift towards a near cashless society, banking primarily on a mobile financial service.

### *i) M-PESA*

However, the aforementioned MFS providers set a lofty target, and observing other services closer to bKash's circumstances would be a better approach. An ideal candidate for such a juxtaposition is Kenya's M-PESA. The company's beginnings and growth nearly mirror that of bKash - both MFSs were an answer to the lack of financial inclusion for the unbanked population. It was launched in 6th March 2007, under a joint venture by Vodacom and Safaricom (Vodafone, n.d.), initially offered through an SMS-based system in contrast to bKash's USSD-based system. It currently stands as "Africa's most successful mobile money service and the region's largest fintech platform," (*M-PESA Africa*, n.d.) exceeding beyond just its native country. The factors for M-PESA's success are also similar, such as building an extensive network of agents, prioritizing financial inclusion, doing targeted marketing and collaborating with banks (Dubus & Van Hove, 2019). However, a key aspect that M-PESA has an edge over bKash is its prevalent Payment service usage. M-PESA's initial lineup of services included the Payment option, which bKash did not have. Moreover, given that the aforementioned MFS had a head start, it also focused on fostering a merchant network, by providing targeted incentives and partnerships (Mas & Morawczynski, 2009). With the MFS primarily being owned by two MNO conglomerates with reach beyond Africa, M-PESA had less number of steps necessary for account creation, along with opportunities to expand far beyond its country of origin.

### *ii) Alipay*

Alipay is the de facto MFS service of China, with 1.3 billion users and 80 million merchants as of 2021 (Kaur, 2022), making it the most popular mobile payment platform in the world. The journey of this digital financial service company started in 2004, set up as an escrow service for Alibaba's Taobao marketplace (Liu, 2023). With a booming e-commerce scene,

Alipay would ride this wave, rapidly offering more services such as bill payments, top-up and money transfers, expanding its web of merchants both online and brick-and-mortar stores (Bocconi Students Fintech Society, 2021). With the following decade seeing the advent of smartphones, it was not long till Alipay had established itself as a “super app,” with a slew of features, being both a social media app and a comprehensive financial app.

The success of Alipay demonstrates a door of possibilities awaiting for bKash, given an highly developed digital landscape. China commands one of the most technologically advanced ecosystems, hence online payments were made seamless (*Understanding China's Digital Economy: Policies, Opportunities, and Challenges*, n.d.). Alipay has sought to expand in all frontiers, even being an accepted form of payment in other competing e-commerce sites such as JD.com, not to mention everyday transactions such as utility bills, manage investments and other financial services. A reason the Chinese MFS has been able to successfully cater to its customer-base is its access to the data of its massive user base (Dong & Dong, 2024), which leverages technologies such as Machine Learning to create something truly personalized for the user, as well as make any changes and security updates based on the data (Cho, 2020). bKash also collects data through its app and surveys, however the sheer scale and sophistication that Alipay employs is yet to be achieved.

Compared to bKash, Alipay enjoys a significant advantage due to its deep integration within a highly developed digital ecosystem in China. While bKash dominates Bangladesh's mobile money market, its reach isn't as extensive. Alipay seamlessly integrates with major online retailers like Taobao and JD.com, facilitating effortless online payments. Additionally, a vast network of brick-and-mortar stores in China accept Alipay payments through QR codes or point-of-sale systems, making in-store transactions convenient. Furthermore, Alipay goes beyond payments – its super app functionality allows users to pay utility bills, manage investments, and access other financial services directly within the platform (Space, 2024).

This creates a one-stop shop for financial needs, whereas bKash primarily functions as a mobile wallet for money transfer and payments. This difference is further amplified by the power of data. Alipay's massive user base and extensive data collection empower it to personalize user experiences, develop new features based on user behavior, and enhance security measures (Alibaba Tech, 2018). While bKash likely collects user data, the scale and sophistication of its data analytics might not be on par, limiting its ability to optimize services and compete with Alipay's comprehensive financial platform.

### *iii) Swish*

Meanwhile in the case of Nordic countries, the most widely adopted mobile payment system is Swish. Major banks in Denmark, Sweden, and Finland recognized the potential of mobile financial services around 2012, forming a joint venture. This ensured buy-in from key financial players and facilitated integration with existing accounts. Following the pilot launch phase for companies from 2014 and 2015 to test and refine the service, Swish achieved national launches in each Nordic country, experiencing steady growth and solidifying its position as the dominant mobile payment platform in the region (*Swish - För En Enklare Vardag Sedan 2012.*, n.d.).

Its origins should make clear the different approach taken by Alipay and bKash. It builds upon the thriving banking infrastructure of the countries it serves, acting as an overlay service to make financial services easier and more accessible. Swish circumvents the need for an all-encompassing app, which focuses its services on doing only a handful of things, however with the primary focus being the Payment app of choice (Chen & He, 2020). This streamlined approach makes Swish easy to adopt for a wider demographic. The key to Swish's success lies in its collaborative approach that extends beyond just banks, as it also has the benefit of a close partnership with policymakers as well. Hence, while all previous MFSs were seemingly in competition with traditional banks and had to navigate various regulations set by the

government, Swish took the complete opposite approach (Jakobsson, 2017). With these marketing appeals at hand, an emphasis on simplicity and user-friendliness, and incentivising both local businesses and retailers, Swish had carved its niche in the market.

### **3.4 Summary and Conclusions**

To conclude, an overall investigation was done on the slow adoption rate of bKash's "Payment" service, in spite of Bangladesh's ambition for a cashless future. The survey results revealed a preference for cash payments and a gap between awareness of the "Payment" option and its actual usage. While a significant portion of respondents expressed interest in cashless transactions, factors like limited MFS wallet balances, lack of information about the service, and a preference for cash among merchants hinder wider adoption.

By comparing bKash with successful MFS providers around the world, we identified areas for improvement. M-PESA's earlier focus on the "Payment" service, an extensive merchant network, and its close cooperation with MNOs offer valuable insight for avenues bKash can employ in future projects. Alipay's success highlights a goal bKash can aim towards once the country has also developed a solid digital ecosystem, where its app can offer a multitude of facilities, and leverage extensive user data for personalization and security. Swish represents a different approach should the banking sector be focused on instead by the government. The aforementioned MFS demonstrates the benefits of collaboration with banks and policymakers, focusing on a streamlined user experience.

### **3.5 Recommendations/Implications**

- It is evident from the survey that 18.9% of respondents do not use the payment option because they lack information surrounding it and another 18.9% prefer transacting with cash with merchants. Hence, bKash needs to create more incentive campaigns, keeping in mind their agents and merchants to create a stronger community. Whether it is

through commissions, gifts, or other forms of regular acknowledgement, they need to make their agent and merchant base feel seen and heard, so that they in turn promote bKash effectively to the consumer base. It is only if they are satisfied would they be willing to proactively encourage customers to utilize bKash services and thus, use the payment service instead of cash. Moreover, they would also be able to provide customers with necessary knowledge and benefits on using the company's services.

- Most (32.1%) of respondents have claimed that they do not use the payment option as much because they do not keep substantial funds in their bKash accounts. Hence, bKash can design campaigns that incentivize regular top-ups, where the user is rewarded with loyalty points and which can in turn be redeemed for offers related to payments.
- Utilizing M-Pesa's strategy, bKash can collaborate more closely with MNOs so that SIM card purchases can come alongside a bKash account if the user does not already have one. These new account users can be given initial mobile recharge cashback offers through the app. This can lead to an increase in the number of accounts, and potentially increase the number of active users.
- Following in Swish's footsteps, bKash can consider forming a better relationship with the government and policy makers. This way, they will be able to advocate for and promote regulations that will encourage cashless transactions and establish it as the norm in coming times.
- bKash can also emulate Alipay's strategy, the mobile app can be made to better reflect its user, personalizing the layout and offers based on their interests. Helping in developing a strong infrastructure, by investing and partnering with other companies to develop better internet connectivity and mobile coverage, especially in rural areas, can help increase their reach and reliability.



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## Appendix A. (Project Proposal)



### **MFS the missing puzzle piece to cashless Bangladesh? - A Case Study on bKash**

**Submitted by:**

**Name:** Tazrian Binte Ansar

**ID:** 21104025

**Submitted to:**

**Supervisor:** Ms Afsana Akhter

**Supervisor Designation:** Assistant Professor

**Co-supervisor:** Mr. Md. Hasan Maksud Chowdhury

**Co-supervisor Designation:** Assistant Professor

**Date:** 04.03.2024

BRAC Business School

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## **Problem Statement/ Research Questions/ Objectives**

Most nations are progressing towards becoming cashless, where its citizens can enjoy benefits, including increased efficiency, reduced crime, and improved financial inclusion. It is a concept that is being practiced today by countries such as Sweden and Finland, demonstrating the potential for economic growth and transparency. Recognizing these benefits, Bangladesh has actively pursued a cashless future, where Bangladesh Bank has set an ambitious goal of progressing towards a 70% cashless society by 2027 (The Financial Express, 2023). Mobile Financial Services (MFS) have become the most popular form of cashless transactions in Bangladesh, offering a promising pathway towards this goal. At the precipice of the country's most popular MFS company is bKash. Despite capturing the hearts and minds of the people, Bangladesh remains far from achieving a cashless economy. The primary challenge is the population's slow adoption rate of Digital Payment services from MFSs, as the "Merchant Payment" option saw an increase from 1.8% to 4%, from 2019 to 2023 (Bangladesh Bank, n.d.).

The specific objectives for this case are:

- Assess the importance of cashless payments for financial inclusion
- Examine the current "Make Payment" awareness and usage scenario in the context of bKash
- Identify the potential reasons behind the slow adoption rate of the "Make Payment" service
- Analyze and study the position of successful international MFSs and provide solutions catered to bKash from a marketing standpoint

## **Background Information/Preliminary Literature Review**

MFSs have made their first strides in the country in 2011, a once fledgling enterprise with a few players on the field, now stands as a flourishing industry. As of 2023 there are 13 major MFS providers (Zaman, 2024), including bKash, Nagad and Rocket with a market share of 39.9%, 18.1% and 11.7 per cent respectively (Issue-I, 2022). All the companies are privately owned except for Nagad, which is a concern of the Bangladesh government, with a 51% by the Bangladesh Post Office (Kashem, 2021). A pioneer in the industry was bKash, established in July 2011, and is Bangladesh's leading Mobile Financial Service (MFS) provider, boasting over 70 million users (bKash, n.d.). Their user-friendly platform, accessible through both USSD menus and a mobile app, caters to a diverse population, reaching even those with basic feature phones (bKash, n.d.). According to Rahman (2021), bKash offers a broad spectrum of services beyond money transfers, including mobile recharge, bill payments, and merchant payments, positioning them as a one-stop solution for many Bangladeshis. This convenience encourages users to adopt cashless transactions for various daily needs, potentially leading to a more digital economy. While challenges regarding financial inclusion and security concerns persist, bKash's dominant position and comprehensive service offerings make them a potential trump card for MFS companies to drive Bangladesh's cashless transformation.



## **Methodology**

Primary data, such as information gained while being associated with the company will consist of the bulk of the study. These include data through observations, and data authorized to be disclosed. Moreover, a Google Forms survey will be conducted to understand customer awareness and usage surrounding the “Make Payment” service. The secondary data consists of scholarly articles and research, and case studies. Hence both qualitative and quantitative research will be conducted for this case study.

## **Significance of the Issue**

The study will shed light on how MFSs are currently struggling to veer their large user base into using their “Make Payment” option, through the lenses of bKash.

Both the company’s primary goal and Bangladesh Bank’s plans align, with bKash aiming to spearhead the economic shift, as it did over a decade ago. As things currently stand, the MFS industry shows the most promise of realizing the country’s ambition of a cashless Bangladesh. Hence the issue of boosting the public’s preference towards shifting their transactional habits to digital is an important one.

## Timeline of the Report Work

The timeline of the internship report and its related activities have been detailed below:

<b>Steps</b>	<b>Actions</b>	<b>Timeline (Completion Dates)</b>
<b>1</b>	Register for the course BUS490 Internship	January 01 - January 20
<b>2</b>	Get assigned with supervisor and co-supervisor and internship documents	January 28
<b>3</b>	Attend the mandatory "Internship Orientation Session"	January 30
<b>4</b>	Attend an initial meeting with the supervisor	February 16
<b>5</b>	Submit an initial proposal on the project	February 29 - March 4
<b>6</b>	Receive feedback and finalize the project proposal	March 5 - March 14
<b>7</b>	Collect data and conduct interviews for the project	March 15 - March 28
<b>8</b>	Submit 1st draft of the report and receive feedback	March 29 - April 07
<b>9</b>	Submit 2nd draft of the report and receive feedback	April 08 - April 14
<b>10</b>	Submit 3rd draft of the report and receive feedback	April 15 - April 21
<b>11</b>	Defend the report	April 22 - April 28
<b>12</b>	If revisions are suggested, submit the revised final report to both the supervisor and library	April 29 - May 05
<b>13</b>	Receive grades	May 05 - May 09

**Table 1:** Timeline of the Report

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## **Appendix B. (Survey Questionnaire)**

- Section 1-

1. What is your gender?

# Male

# Female

# Other

# Prefer not to say

2. What is your age bracket?

# Below 18

# 18-25

# 26-35

# 36-45

# Above 45

3. What division are you from?

# Barisal

# Chattogram

# Dhaka

# Khulna

# Mymensingh

# Rajshahi

# Rangpur

# Sylhet

4. What is your preferred mode of payment?

# Cash

# Credit/Debit Card

# MFS

5. Where do you usually transact with cash?

Shopping

Restaurant

Paying Bills

Transportation

Personal services

Entertainment

6. Would you prefer a cashless mode of transaction?

# Yes

# No

7. What MFS do you primarily use?

# bKash

# Nagad

# Rocket

# Upay

# SureCash

# mCash

# MyCash

# Tap

# Islamic Wallet

# Ok Wallet

# TeleCash

# Tap'n Pay

# I do not use any MFS

# Other

- Section 2-

1. How long have you been using your preferred MFS?

# Less than 6 months

# 6 months - 1 year

# 1 - 2 years

# More than 2 years

2. How frequently do you use your preferred MFS?

# Very Frequently

# Frequently

# Occasionally

# Rarely

# Very Rarely

# Never

3. What do you primarily use your preferred MFS for?

Send Money

Cash In

Cash Out

Payment

Mobile Recharge

Pay Bill

Add Money

Savings

4. Are you aware of the "Payment" option of your preferred MFS?

# Yes

# No

5. Are you aware of the difference between the "Payment" and "Send Money" options?

# Yes

# No

6. Where did you learn about the "Payment" option from?

# Word-of-mouth

# Newspapers/Magazines

# Social Media

# Television Advert

# Banners/Posters

# Flyers

# Billboards

# Website Pop-up Ads



# App Notifications

# By using the app itself

# Other

7. Do you regularly use the "Payment" option?

# Most of the time

# Some of the time

# Seldom

# Never

(If people answered "I do not use any MFS" in Question 7, Section 1) -Section 3 -

1. What is the primary reason for not using any MFS?

# Lack of necessity

# Lack of access

# Lack of information

# Not interested

2. What do you think would make you start using MFS?

Easier Registration and Verification Process

More Agent Locations

Lower Fees

Easier Transactions

Greater Security

More Mobile App Features

More Rewards or Cashback

3. What are your biggest concerns or reservations about using MFS?

{ Short answer text }

(If people answered anything other than "Most of the time" in Question 7, Section 2) -Section

4 -

1. Why do you not use the "Payment" option as regularly?

# Lack of information regarding the option

# I prefer merchant transactions through cash/other mediums

# The merchants I transact with do not accept the "Payment" option

# Lack of reliable internet connection for mobile payments

# History of technical issues with the "Payment" option

# I do not keep substantial money in my MFS account

# Potential security risks

# Other

2. What are your biggest concerns or reservations about using the "Payment" option?

{Short answer text}