

Report On

**The Impact of MFS on the “Cashless Bangladesh”
Initiative by Bangladesh Bank with Reference to উপায়
(upay)**

Submitted 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

Department of BRAC Business School

BRAC University

October 2023

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing a 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 that 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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Supervisor's Full Name & Signature:

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Senior Lecturer, BRAC Business School
BRAC University

Letter of Transmittal

Md. Shamim Ahmed

Senior Lecturer,

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BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on the topic “The Impact of MFS on the "Cashless Bangladesh" Initiative by Bangladesh Bank” with reference to upay”

Dear Sir,

With all due respect, I hereby present my internship report on upay in accordance with the BBA Program's requirements at BRAC University. With your assistance and in accordance with the BRAC Business School's rules, I created the report where I briefly explained my experiences working as an intern in upay's Strategy & Product department.

In order to conclude the report in the most meaningful, compact, and thorough way possible, I have done my best to include the pertinent information and suggested recommendations. Therefore, I sincerely hope and pray that you will accept my internship report.

Sincerely yours,

Kazi Ishraq Nur

19304074

BRAC Business School

BRAC University

Date: October 19, 2023

Non-Disclosure Agreement

This agreement is made and entered into by and between upay and the undersigned student (Kazi Ishraq Nur, ID: 19304074) at Brac University.

Acknowledgment

It has been a tremendous accomplishment to work as an intern and to complete my internship report in compliance with the requirements for the Bachelor of Business Administration degree. Without the ongoing advice and knowledge of people who assisted me with the preparation of my internship and report, it would not have been possible.

I've had a terrific time working as an intern for upay since it has taught me things and helped me develop abilities I didn't know I had. I want to thank the company for helping me with my internship report by providing all the necessary data, information, and tools.

I want to start by thanking Md. Shamim Ahmed, my esteemed faculty supervisor and intern report supervisor, for his outstanding guidance in providing me with the necessary support and promptly addressing any questions.

Executive Summary

I wrote the report utilizing the skills I developed while working as an intern in Strategy & Product at upay. The three sections of this internship report each have sub-chapters that discuss various areas of the study in line with the requirements of the internship.

The first section, named "Overview of Internship," contains information about me, my internship, the organization I worked with, the name of my school, the job scopes and responsibilities, and much more. It also details my contributions to the company I once worked for and the perks I enjoyed when I was employed there.

The second section, named "Organization Part," contains information about the organization and the different strategies it has applied in terms of pricing and communication. It also contains an analysis of upays competitors, as well as a SWOT analysis, market segmentation, and Porter's Five Forces analysis.

The third section, named "Project Part," contains the research topic and gives an in-depth understanding of how MFS platforms, specifically upay, are contributing towards the "Cashless Bangladesh" initiative. In conclusion, a few suggestions are provided which could help upay in being a major force in the mobile financial services industry of Bangladesh.

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Chapter 1: Overview of the Internship

1.1 Student Information:

This is Kazi Ishraq Nur and I am currently pursuing my under-graduation from BRAC

University under the program of BRAC Business School (BBS). My student ID is 19304074.

I enrolled at BRAC University in the summer semester of the year 2019 and I am doing my major in Finance and minor in Economics.

1.2 Internship Information:

1.2.1 Period, Company, Department & Address

Period of the Internship: The period of my Internship was for 3 months (90 days). It began on 4th June 2023 and was completed on 30th September 2023.

Company Name: I had the chance to complete my internship thanks to upay. Given that it has helped me advance both personally and professionally, I believe upay is an excellent choice for an internship program.

Department: My internship has been accepted in the Strategy & Product Department of upay. Even though I majored in Finance, I was able to enhance my knowledge about how a company researches the market and introduces different products. Working in this department allowed me to see how finance is integrated with different aspects of the company's ecosystem.

Address: My office is in the United Commercial Bank Limited Head Office. It is situated at Gulshan, Dhaka. The detailed address is Plot CWS (A) -1, Road 34, Gulshan Avenue, Dhaka - 1212, Bangladesh.

1.2.2 Internship Company Supervisor's Information: Name, Position:

Name: Md. Sazid Chowdhury

Position: Deputy General Manager (DGM)

Department: Strategy & Product

1.2.3 Job Scope & Job Responsibilities:

I began my internship at upay, where I was given a three-month contract in the Strategy & Product department. I was given a variety of activities and responsibilities throughout this time to help me deepen my understanding of my specific departmental function. I also had the chance to work with the Project and Planning departments, among other divisional divisions. I also learned about new projects in my area of expertise as well as in other departments, the importance of each of these duties, and potential backup plans in the event of difficulties.

The job responsibilities I had during my internship are given below:

- Assisted in preparing PowerPoint presentations which were later used in meetings and training new employees.
- Created and maintained Excel spreadsheets/dashboards where I had to integrate new data on a regular basis.
- Assisted the Product team during the release of a new campaign by providing insights and making recommendations.
- Assisted the Product team by conducting UATs (a phase where new products are tested thoroughly before they are released).
- Coordinated and organized meetings with the other departments, as well as preparing meeting minutes for future reference.
- Assisted the Planning segment of the Strategy & Product department by creating MEMOs, training PPTs, and coordinating the work structure of contractual employees.
- Provided market insights by going on visits to different locations and by speaking with different retailers/merchants/agents.
- Recommended design changes for the upay app.
- Prepared user journeys for the app.
- Prepared website write-ups and factsheets which are crucial facets during the release of a new product or service.

1.3 Internship Outcomes

1.3.1 My Contributions to the Company:

I had a great time working as an intern for upay's Product and Planning team in the Department of Strategy & Product. I believe that taking part in upay has helped me advance professionally. Even as an intern, I believe I was given challenging duties and assignments, but my line manager believed me and gave me a chance to prove my abilities.

At upay, employees are treated with the utmost respect, which frequently encourages them to willingly go above and beyond the requirements of their typical job descriptions out of love and concern for the business rather than out of fear. I contributed in a number of ways throughout my internship.

One of the most important phases of my internship was during the last month of my internship when I assisted in the release of new products and services. I was given tasks such as generating leads, preparing training materials for on-field officers, following up with customers, and creating Excel dashboards that kept track of the day-to-day activities. This dashboard was used to find insights and new findings which were used to develop and improve the workflow. Even though my contributions were not of such high volume to the company as a whole, I believe that by allowing me to take part in such activities, upay has helped me to develop a proper work ethic for a successful career.

1.3.2 Benefits to the Student:

My abilities were significantly improved, and this internship also increased my confidence and self-esteem. This affected me in many different ways and caused significant changes in my life. I have gained useful work experience as an upay intern that would help me in my future corporate position. At upay, I have improved my technical expertise, people management capabilities, and overall development.

Working for the Strategy & Product department allowed me to learn more about products and how companies research the market and its customers before releasing new products. It gave me a new perspective regarding the strategies and how a company plans to release new campaigns each month based on the current market trend.

Lastly, since most of my work was based on recording data and communicating new insights to the team, I was able to improve my skills in using MS Word, MS PowerPoint, MS Excel, Outlook, and Teams.

1.3.3 Problems/ difficulties (faced during the internship period):

- One of the biggest challenges I faced during the internship was that I was placed in a department that was not in line with my major. It took me some time to understand the workings of the department.
- Furthermore, we often used Microsoft Word and PowerPoint for our projects and presentations throughout my undergraduate degree, but I discovered during my internship that Microsoft Excel is the most frequently used program. While writing or compiling several papers, I had to learn how to use Microsoft Excel capabilities like VLOOKUP, Conditional formatting, and formulae. I had to watch a number of videos on many occasions in order to understand how MS Excel works.

1.3.4 Recommendations:

The experience of working for upay was amazing. upay provides students with a fantastic opportunity to learn from them, but there are a few areas where the whole internship program might be improved. I believe that having a more planned strategy for interns may help interns learn, adapt, and adjust to the new workplace more readily because this work culture provides hands-on training for the future. A scheduled work schedule would also be advantageous for interns and substantially help line managers in their role as mentors. Furthermore, it is important to give constructive criticism. It is crucial that interns offer constructive criticism because they gain knowledge regarding the real world from actual experts. Ideally, the firm would also receive helpful input from its interns. Finally, by enabling them to network with seasoned professionals as well as other interns to improve their contacts for future opportunities, upay may provide a noticeably superior internship experience.

Chapter 2: [Organization Part]

2.1 Introduction:

The United Commercial Bank subsidiary UCB Fintech Company Limited, better known by the brand name "upay," offers online financial services. After receiving a permit from the

Bangladesh Bank, (upay) initiated its operations at the beginning of 2021 and started offering a variety of mobile financial services to clients from all walks of life.

Like most other mobile financial services platforms, upay also provides the same products and services, with a few distinct services such as toll fees. Customers can take advantage of their nationwide agent and merchant network's services at a reasonable cost.

In line with the "Digital Bangladesh" strategy, (upay) wants to actively change the financial landscape of the country. The easy accessibility to streamlined digital financial solutions provided by (upay) benefits millions of people and encourages financial integration in the country.

2.2 Overview of the Company:

2.2.1 Company Values:

Aiming to usher in a new era in the digital financial services sector by placing the customer's requirements at the forefront and center of all upay do, and (upay) embraces empathy as a core pillar of their value system. No matter what difficulties their customers encounter, upay pledges to be their trustworthy issue solver and partner by providing a great customer experience, total security, and significant advancements.

- **Complete Security:** An important pillar for upay is to provide complete security for its customers.
- **Simple Experience:** upay believes that providing a simple and seamless experience through its products and services will actually provide its customers a better experience.
- **You Are First:** upays culture of significant innovations is one of the main characteristics that distinguishes them. upay continually seeks to identify pertinent solutions through significant advancements while also actively listening to customers in order to better comprehend their demands.

2.2.2 E-business Model:

upay follows three business models:

- **B2B:** upay conducts the B2B business model with its agent's.
- **B2C:** upay conducts a B2C business model between their agents and customers.
- **M-Commerce:** upay conducts all of its business via mobile devices. Additionally, upay involves bill payment, internet banking, and the purchasing and selling of both online and offline goods.

2.2.3 upays Corporate Focus:

upay's corporate goal is to provide simple, rapid, and secure financial services to Bangladesh's unbanked and underbanked population. They want to empower people and small businesses by providing them with access to easy and inexpensive digital financial services. In addition to focusing on financial inclusion, upay pays close attention to customer satisfaction.

They work hard to provide their clients with excellent customer service and support in order to forge long-lasting connections with them.

2.2.4 Range of Services:

- **Send Money:** upay allows its users to send money through the app without any hassle. A cash-out charge can also be added while sending the money.
- **Mobile Recharge:** Users can recharge their mobile phones from their preferred Mobile Networking Operators (MNOs). This includes prepaid/postpaid recharges, as well as internet bundles.
- **Cash-in & Cash-out:** Users can deposit or withdraw cash from their upay account at any authorized upay agent or upay point.
- **Make Payment:** Users can make cashless payments to thousands of merchants across the country easily via the app or through the USSD.
- **Request Money:** With this feature, upay users can easily ask for money from any upay number.
- **Toll Payment:** One of the features that distinguish upay from other MFS companies is the toll payment feature. Once users register their vehicles through the upay app, they can easily pay toll fees without much hassle.
- **Payoneer:** upay and Payoneer have teamed up to develop a new remittance channel to assist Bangladeshi freelancers. Now, freelancers may create or link their Payoneer account directly from the upay app to receive payments. There will be no need to travel to specific bank offices or provide voluminous paperwork in order to open an account or obtain cash.

2.2.5 Pricing Strategy of upay:

In Bangladesh, upay promotes financial inclusion and online commerce. Numerous customers can use the service, and its low charges for transactions make it a desirable choice for regular or sizable money transfers. A short description of the cash-out charges is given below:

Cash Out (BDT 1000)	Charge Amount
bKash	BDT 18.5
Nagad (App & *167#)	BDT 12.5 / BDT 15
upay (App & ATM)	BDT 14 / BDT 8

2.2.6 Branding Strategy of upay:

To increase its reach and provide more services to its clients, upay has partnered with a number of businesses, including e-commerce platforms, mobile carriers, and utility providers. These collaborations serve to strengthen the brand's standing as a dependable and practical payment platform. For the ICC Cricket World Cup 2023, upay brought Cricket Fest, where its users can take part in cricket games and quizzes and have the opportunity to win amazing rewards, such as an iPhone 15.

2.2.7 Communication Strategy of upay:

To update its consumers about new services, discounts, and other pertinent information, upay uses SMS and push notifications. When a transaction is finished or an account balance threshold is reached, customers are notified.

upay interacts with clients, shares information, and responds to inquiries using social media platforms like Facebook and Instagram. Social media updates from the business are educational and include unique promos or deals.

2.3 Competition & Analysis

2.3.1 SWOT Analysis of upay:

Strength

- **Widespread Agent Network:** upay has established a vast agent network throughout Bangladesh, enabling clients in both urban and rural locations to easily access and use the service.
- **Convenience:** Without the need for actual cash, the app offers a user-friendly and convenient platform for carrying out financial activities like cell top-ups, bill payments, fund transfers, and merchant payments.
- **Integration with Banks:** Due to Upay's connections with several banks, customers may link their bank accounts to the app and enjoy a variety of banking services.

- **Security:** The app places a high priority on protecting user financial information by implementing authentication procedures and encryption technology in all transactions and customer data.
- **Unique features:** upay offers different and unique services such as Payoneer, Toll Payment, and the ability to pay traffic fines. Consumers can also receive health tips from the app. Another unique service is “Request Money”, where one upay user can request money from another upay user.
- **Affordable Prices:** Compared to bKash and Nagad, two of the biggest MFS companies in Bangladesh, upay has zero charges for “Sending Money”. Also, compared to bKash, upay charges a lower fee for cashing out from an ATM.

Weakness

- **Limited Digital Literacy:** A sizable section of Bangladesh's population may have limited digital literacy abilities, which may make it difficult for elderly or less tech-savvy people to embrace and use the upay app.
- **Dependency on Mobile Network and Electricity:** The app's functionality depends on having access to an electricity source and a reliable mobile network. Users may have trouble using the app efficiently in places with spotty network connections or frequent power outages.
- **Competition:** Bangladesh's market for mobile financial services is extremely competitive, with several well-established businesses vying for market share. To stand out from the crowd and be on the cutting edge of technology, upay must differentiate itself.

Opportunities

- **Government Initiatives:** As part of its attempts to increase financial inclusion, the Bangladeshi government has been supporting digital financial services. To promote adoption and increase the scope of its services, upay can take advantage of these initiatives and work with government organizations.
- **Partnerships with Merchants:** By working with a variety of merchants, such as brick-and-mortar shops, e-commerce sites, and service providers, upay can strengthen its value proposition and draw in additional customers.
- **Adding New Services:** Being a relatively new player in the MFS industry, upay is still missing a few services which are being provided by its competitors. Such as

Savings(DPS), giving the customers the chance to cash out from other banks' ATMs, etc. upay can also have a loyalty program, which is bound to retain current consumers and attract new ones. The “upay Islamiat” service can also be expanded by providing more monetary services. Moreover, just as it shows Islamic dates and other Islam-related information, the app can include the same for other religions, showing an inclusiveness and open arms attitude towards other religions.

Threats

- **Cybersecurity Risks:** As cyber-attacks become more common, upay is at risk for security lapses and fraud attempts. In order to reduce these risks, it is essential to maintain strong security measures and to inform users about acceptable practices.
- **The emergence of Competitors:** upay's market share may be threatened by novel features, aggressive pricing, or improved user experiences offered by new or existing competitors in the mobile financial services industry.
- **Aggressive Competitors:** The competitors are constantly improving themselves and are providing high-quality products and services to their consumers. A company like bKash has huge capital backing, and cutting-edge technology, not to mention first-mover advantage, allowing them to adapt quickly to market trends and change according to customer needs and preferences. upay needs to be fast with its operations and be more adaptable to changes in the finance industry.

2.3.2 Competitor Analysis:

- **bKash:** The most widely used digital banking service in Bangladesh is bKash, which is seen as the main challenger in the mobile financial services market. It offers similar services like remittance, mobile banking, and digital payments. bKash benefits from a bigger network of agents and retailers. bKash provides their service to a wide spectrum of customers in the Bangladeshi market by utilizing the robust and expansive mobile networks of four major mobile operating companies (Robi, Grameenphone, Banglalink & Airtel). The best technology support is available to bKash, enabling them to provide client service in the quickest timeframe.
- **Nagad:** The Bangladesh Post Office's mobile finance service, Nagad, was introduced on March 26, 2019, by Prime Minister Sheikh Hasina. Nagad has always placed a high priority on efficiency while utilizing cutting-edge technology to produce outstanding results. Nagad is the second largest market share holder after bKash.

- **Rocket:** Another popular mobile banking service in Bangladesh is called Rocket, which is operated by Dutch-Bangla Bank. It is well-known in rural areas and offers services comparable to those of bKash and Nagad.
- **SureCash:** SureCash is another mobile financial service accessible in Bangladesh. It has fewer users than Nagad and bKash, but it prioritizes financial inclusion and aiding underserved populations more than those two services do.
- **iPay:** In Bangladesh, there is an online payment method called iPay. Although it has fewer users than other digital payment platforms, it prioritizes user experience and consumer happiness.

2.3.3 Market Segmentation of upay:

- **Geographic Segmentation:** Based on the geography of its clients, upay can divide the market into different segments. Because the requirements and interests of clients in both places can vary greatly, it might choose to target either urban or rural customers.
- **Demographic Segmentation:** Based on demographic factors including age, gender, income, and occupation, upay can divide its market into different segments. It may, for instance, target young adults who are more technologically aware and frequently use mobile devices. Additionally, it can use insurance plans to attract bike riders of Pathao, Uber, and other ride-sharing platforms and educate them on the value of having insurance in a bank to cover unforeseen disasters.
- **Psychographic Segmentation:** Based on psychographic factors including lifestyle, personality, and values, upay can divide its market. Customers who are concerned about the environment and prefer digital payments can be targeted, for instance, in order to decrease the use of cash.
- **Behavioral Segmentation:** Based on consumer behavior and views around its offerings, upay can segment its market. For instance, it can target users who frequently make purchases online and want to encourage others to download the app.

2.3.4 Porter's Five Forces Analysis of upay:

- **Threat of New Entrants**
 - ❖ **Low to Moderate:** In Bangladesh, the market for mobile financial services is regulated and subject to central bank licensing requirements. This regulatory framework creates an entry hurdle. However, there is still an opportunity for new competitors, particularly those with creative strategies and sizable funding.

- **Bargaining Power of Suppliers**
 - ❖ **Low:** Suppliers in the context of MFS often refer to telecommunications firms that offer the foundation for mobile transactions. The MFS providers, like upay, typically have a variety of choices for collaborations with various telecommunication firms. They have some negotiating power because of this.
- **Bargaining Power of Buyers**
 - ❖ **High:** In Bangladesh, those who use MFS services have a lot of negotiating leverage. Users can easily switch between the various MFS providers that are available on the market. For businesses like upay, this makes retention of customers and service quality highly critical.
- **Threat of Substitutes**
 - ❖ **Low to Moderate:** The availability and acceptance of alternative payment methods like cash, traditional financial services, or even newly developed technologies like cryptocurrencies impact the threat of replacements in the MFS sector. However, MFS has grown in acceptance and trust among Bangladesh's populace, lessening the threat of immediate alternatives.
- **Rivalry Among Existing Competitors**
 - ❖ **High:** In Bangladesh, the MFS market is highly competitive. Along with upay, other players like bKash, Nagad, Rocket, and others exist. Since everyone is striving for the same market share, ingenuity and aggressive strategies for marketing are encouraged. The fact that customers' switching fees are generally cheap intensifies this battle even more.

2.3.5 Financial Analysis of upay:

The financial information of upay is confidential and therefore, cannot be analyzed in the internship report.

2.4 Conclusion & Recommendation:

upay faces a major challenge from long-standing rivals like bKash and Nagad and emerging firms like iPay. If upay wishes to maintain its competitiveness, it must continue innovating, expanding its agent and merchant network, and prioritizing consumer services.

Moreover, upay can better serve its customers by creating focused marketing campaigns, tailoring its products and services to each segment's demands, and learning about their preferences. Furthermore, upay conducts business in a market that is both dynamic and cutthroat. Although there are entrance obstacles and regulatory scrutiny, the business must constantly innovate to stay ahead of the competition and satisfy client requests.

In conclusion, upay should concentrate on client care, technological developments, and strategic alliances to keep and expand its market share and its success will also depend on monitoring regulatory changes and encouraging client loyalty.

Chapter 3: [Project Part]

3.1 Introduction

3.1.1 Background:

In order to dive deep into the world of mobile financial services (MFSs), let us first know what it actually means. Financial services that can be accessed through portable electronics like smartphones and tablets are referred to as mobile financial services. These services use mobile technology to offer simple and safe access to a range of financial activities, such as banking, payments, investing, and money management.

On March 20, a virtual ceremony was held to officially launch the expansion program of the "Cashless Bangladesh" initiative by the Governor of the Bangladesh Bank Abdur Rauf Talukder. In order to spread cashless transactions across the country, the program was concurrently launched in the Dhaka University region and four upazilas in each of the districts of Rangpur, Gopalganj, Natore, and Gazipur, according to a Bangladesh Bank news release. By 2027, the central bank wants to have at least 75% of retail transactions settled digitally, which may significantly accelerate Bangladesh's digital transition and shift the country's cash-based economy to one that is cashless.

The mobile financial services in Bangladesh have a huge impact on helping this initiative to be successful. MFS platforms like bKash, Rocket, Nagad, and upay, which have over 90 million registered users, are the foundation of Bangladesh's cashless economy. Users can now seamlessly transfer money, pay bills, and make purchases thanks to these services.

3.1.2 Objectives:

- To examine whether MFS has a positive or negative impact in Bangladesh.
- How upay has contributed to the “Cashless Bangladesh” initiative with its innovations.

3.1.3 Significance:

One of the biggest benefits this study will provide is that it will provide insights into whether the MFS industry is having a positive or negative impact on the country. It will show how the MFS industry is affecting the financial market and other industries. Moreover, this study will explore how the MFS companies are helping the Bangladesh Bank’s initiative of a “Cashless Bangladesh.”

3.2 Methodology

This report was created using the skills and knowledge I learned from my internship and my own independent research. To complete the study, some extra data from additional sources was also needed.

- **Primary Sources:**

- ❖ Regular conversations with the line manager and colleagues.
- ❖ Conversations with customers.
- ❖ Survey

- **Secondary Sources:**

- ❖ Online Articles
- ❖ Websites

3.3 Findings and Analysis

3.3.1 Findings from Survey:

In order to understand how people feel regarding the current MSF platforms, and whether they feel these platforms are having a positive or negative impact, I released a survey form. The responses to this survey are shown below.

Do you use mobile financial services in Bangladesh? (bKash, upay, Nagad, etc.)
30 responses

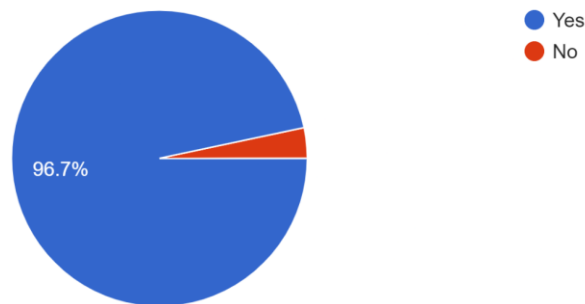


Figure- 1

Of the 30 respondents, 96.7% use mobile financial services, which signifies that MFS platforms have become an essential part of our daily lives.

- Have mobile financial services improved your access to banking and financial services?

Have mobile financial services improved your access to banking and financial services?
30 responses

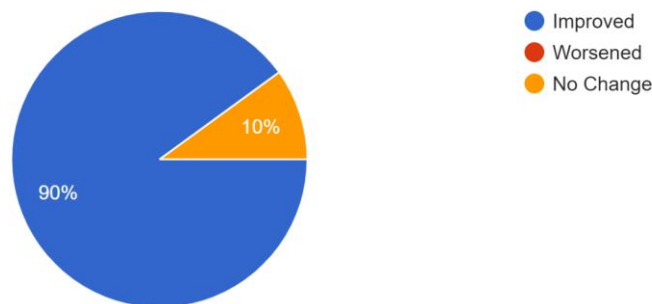


Figure- 2

As we can see from the figure above, 90% of the respondents believe that MFS platforms have actually improved their access to banking and financial services.

Do you find mobile financial services convenient for everyday transactions like payments, transfers, or bill payments?

30 responses

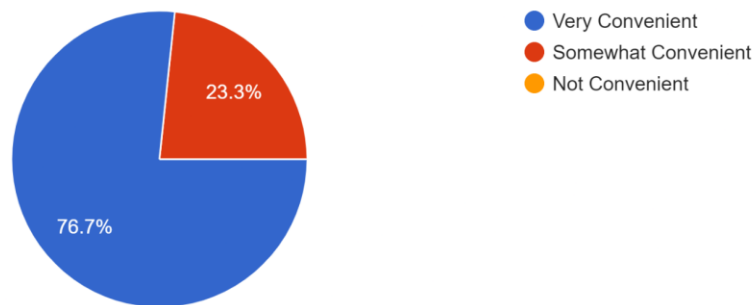


Figure- 3

We can clearly see that 76.7% of the respondents believe that MFS platforms are more convenient for everyday transactions like payments, transfers, and bill payments.

Do you believe mobile financial services have contributed to financial inclusion in Bangladesh?

30 responses

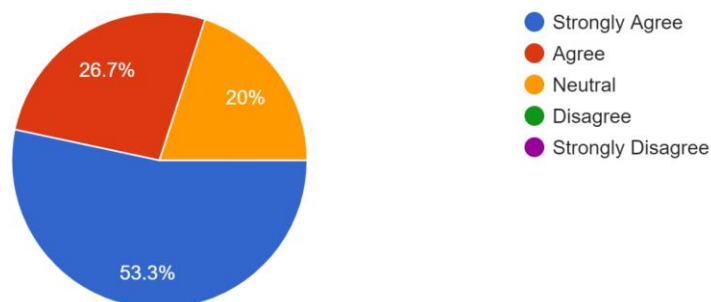


Figure- 4

Financial inclusion is a huge aspect and drive for the MFS platforms in Bangladesh. From the diagram above, 53.3% of the respondents believe that the MFS platforms have contributed to financial inclusion in Bangladesh.

In your opinion, has the introduction of mobile financial services had an overall positive or negative impact on the economic well-being of the people in Bangladesh?

30 responses

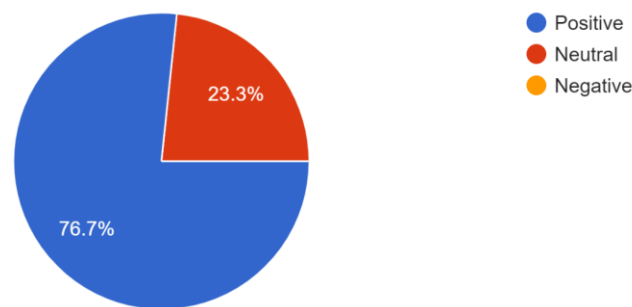


Figure- 5

Lastly, we can see that 76.7% of the respondents believe that mobile financial services have had a positive impact on the economic well-being of the people in Bangladesh.

3.3.2 Helping the underbanked:

In Bangladesh, there are about 160 million individuals, yet only a handful of them have bank accounts. For the majority of Bangladeshis, safe and trustworthy financial transactions through the traditional banking system are not available. People without bank accounts used to transfer funds using middlemen and the cumbersome and delayed postal money transfer methods. The adoption of mobile phones has significantly altered Bangladeshi people's way of life in the last ten years. In light of this, Dutch Bangla Bank launched MFSs in Bangladesh in 2012, starting full-fledged operations in 2014.

Presently, 18 institutions offer MFSs to those who do not currently use traditional financial services. Financial institutions' and banks' contributions to economic growth have been well-studied and supported by prior studies. Previous studies have demonstrated the importance of financial institutions' services for a nation's economic development, including their facilitation of transactions, promotion of savings, provision of capital for businesses, and other services. In recent years, Bangladesh has made great strides toward increasing financial inclusion. MFS has actively taken part and been a significant driver. In 2013, financial inclusion stood at 20%. The percentage rose to 55% in 2019.

3.3.3 Digital Bangladesh:

One of the nation's long-term socioeconomic development objectives, Vision 2021, also known as Digital Bangladesh, was revealed more than ten years ago, and steps were taken by the government in accordance. The Bangladesh Bank granted licenses for mobile financial services (MFS) as part of the efforts. It sought to include unbanked individuals in the official financial system, increase financial intermediation, and promote economic growth. Due to its accessibility and use of a safe medium of exchange, MFS has quickly gained acceptance and is revolutionizing the way that money is transacted.

Since the MFS sector's establishment, a tech-savvy populace, mobile connectivity, and internet use have all contributed significantly to its bullish growth. 10.27 crore users of MFS were registered as of July 2021. In the previous four years, it increased by 159%. In July, there were 32.64 crore MFS transactions each month. Bangladesh has experienced a significant rise in digitalization in recent years, which is gradually altering the socioeconomic characteristics of the nation and propelling it into the digital age. MFS providers aid in Bangladesh's transition to a digital economy.

3.3.4 Rise in E-commerce:

Retail e-commerce has experienced an average monthly growth of 72% since January 2020 and is expected to reach Tk 25,500 crore by 2023 thanks to the MFS platform's simple digital payment gateway and increased internet usage.

For the past few years, Bangladesh has seen a steady increase in digital payments, which has assisted the nation in increasing revenue collection. According to statistics from the Bangladesh Bank, monthly transaction volume increased by more than 50% year over year in August 2021, from Tk 41,403 crore to Tk 62,230 crore.

3.3.5 Source of Financial Information:

A widely read article in the Economist from 2017 asserted that data had displaced oil as the most valuable resource in the world. The foundation of the digital economy is data. MFS is one of the most important sources of financial data in Bangladesh.

Data are used by decision-makers in both the public and private sectors. The transaction patterns and statistics of the 10.27 crore clients can be used as a possible source of data using machine learning and AI to handle disaster and pandemic relief efforts as well as government safety nets, social welfare, and other development programs. The government's choice to transfer the funds through MFS will enable quicker execution, greater transparency, and the inclusion of more unbanked people in the established financial system.

3.3.6 Assisting the Education Industry:

Currently, Bangladesh has 20 ministries and divisions that administer more than 125 social protection programs. In the current fiscal year, the government has set aside Tk 95,570 crore for social security activities. The MFS sector largely favors the government's decision to deliver rewards digitally rather than in cash. One of the most significant donations is now going to the Primary Education Stipend Program. The government gives approximately thirteen million elementary school students stipends through MFS, totaling Tk 4,000 crore. Throughout

the epidemic, more and more MFS has been used in the education sector, from financing for college registration and tuition to distributing salaries. This directly affects how the landscape of digital education is evolving.

3.3.7 Rise in Digital Payments:

MFS-based digital bill payment is gaining popularity. Bills paid in August came to Tk 1,323 crore, down from Tk 225.49 crore in September 2016.

In August, merchant payment increased three times to Tk 3,465 crore from Tk 1,062 crore in the corresponding month of the previous year, and wage disbursement through the MFS system nearly doubled to Tk 1,903 crore from Tk 1,063 crore.

3.3.8 Easier to Securing Loans:

Due to the convoluted regulations and lengthy lead times necessary to meet their current demands, the citizens of Bangladesh are frequently obliged to get loans from unauthorized sources. Recently, a pilot program for digital finance was introduced by City Bank and bKash.

Right now, applying for a loan doesn't involve any purely physical steps. The lives of marginalized individuals, microentrepreneurs, and students will be revolutionized as they seek to fulfill their urgent private or professional demands.

Some financial organizations also utilize MFS to collect repayments on loans and pension plan deposits. Insurance businesses are now concentrating on digital technologies in order to enhance customer payment experiences and speed up collection.

3.3.9 Help in Reducing Poverty:

Mobile money must deal with the issues that the poor face so frequently in order to eliminate poverty. One such issue is the ability to afford unforeseen expenses like buying animals or farming equipment at the appropriate periods. Reliance on cash in these circumstances is problematic because it is simple to lose or spend it. People can better manage their money and financial lives when they have access to a bank or mobile money.

Additionally, it lessens the blow of unexpected medical costs and keeps people from sliding into poverty. When compared to households having access to mobile money, it was discovered that households without such accounts had a 7% decline in consumption. Extreme poverty may not be solved by mobile money, but with bank accounts and mobile money, the issues that keep people in poverty can be efficiently addressed.

3.3.10 Women's Empowerment:

Another significant contribution that mobile money makes to the economy is the empowerment of women. Women can autonomously handle their financial transactions without any outside intervention, which is a significant side consequence of MFS. The time savings connected with mobile transfers, which provide women more time for other activities, is another clear advantage of MFS. When compared to homes that did not get mobile transfers, for instance, women in Niger (a country in South Africa) were able to boost household diet diversity by 9–16% because of these time savings.

According to data from the World Bank and GSMA 2022, 7.2% of Bangladeshi women use their own accounts for mobile financial services (MFS), and 20% of them receive services both directly and indirectly via SFS. On the other hand, the Asian Development Bank (ADB) and Bangladesh Institute of Development Studies (BIDS) 2021 figures show that women are not connected to 57.8% of SFS services. The details were made public at a seminar on the "Gender Dimension of Digital Financial Services (DFS) in Bangladesh" held on Sunday at the Bangabandhu Military Museum and sponsored by The Innovation and Development Associates (IDEA) Foundation.

To promote gender equality, the Ministry of Women and Children Affairs implemented a number of projects related to the digital and mobile banking system. The fundamental goal of this cooperative endeavor is to further the development of a digitized economy in line with the Smart Bangladesh vision by bringing all female employees from the textile and tea sectors, as well as domestic workers, under financial inclusion.

3.3.11 upays Contributions towards “Digital Bangladesh”

On March 17, 2021, upay began conducting business after receiving a license from the Bangladesh Bank in December 2020. Since its inception, upay has prioritized client security over a host of advantages, including the lowest cash-out fees, free money transfers, free utility bill payments, etc.

upay has built its basic platform with an internal technological team using blockchain technology. Additionally, the platform is completely protected from any kind of social engineering that scammers would try thanks to a device authentication system. upay intends to deliver development in terms of price, simplicity, and security. upays goal is to alter MFS customers' behavior and enhance the ecosystem as a whole.

upay has concentrated its efforts on finding innovative ways to alleviate consumers' problems ever since it was founded. The primary complaints about MFS still revolve around registration and cash-out fees. Considering this, upay emphasized on low cash-out fees and simple consumer registration.

With the aid of platform flexibility, upay attempted to find a different solution to the cash-out charge problem. To give their consumers a choice of different cash-out rates, they added the multi-wallet option. A standard primary wallet, a salary wallet, a remittance wallet, and a disbursement wallet are examples of the multi-wallets feature. Different wallets have fees that range from Tk14 per Tk1,000 in various layers to even being free. Additionally, upays pricing strategy is based on the tenets of "Simple Pricing" and charges the same amount for both the app and USSD, a messaging protocol used on GSM networks to deliver brief text messages.

Additionally, upay provides USSD consumers with the lowest cash-out rate. Despite growing accessibility and use of smartphones, more than 70% of MFS customers still complete transactions using USSD. The majority of them are clients from low-income groups. upay provides clients who conduct transactions through USSD with the lowest cash-out cost, which is Tk14, in light of the circumstance and to guarantee financial inclusion. Users of the app continue to pay the same cash-out cost.

In collaboration with the biggest mobile phone provider in the nation, Grameenphone, upay has established an innovative yet straightforward and safe upay account opening method for uncomplicated registration. By dialing upay USSD number *268#, Grameenphone subscribers can open upay accounts with ease. Because of this, a user of a feature phone is able to create an upay account right away. Additionally, utilizing Grameenphone's USSD code *121#, upay and Grameenphone together introduced mobile recharging services for the first time in the nation.

Through the National Payment Switch Bangladesh (NPSB) network, which is also the first of its type in Bangladesh, upay users can also deposit money into their accounts from any bank offering online or mobile banking services. Along with standard MFS and bill payment

services, upay also provides a number of unique services that are only accessible to upay members. These services include paying traffic fines, toll fees, and Titas gas (prepaid) bills. Lastly, upay started a new service in August 2023, which allowed its customers to donate to mosques via the app.

3.4 Recommendations

There are a few general ideas that upay can implement which can help them to gain more visibility in such a competitive market. A few suggestions are given below:

In every market, with every stakeholder, and across the entire nation, upay has to think about adding more POSM (Point of Sale Materials) such as sign holders, display stands, and x-banners. A customer can consider making the payment in upay or using upay for cashout purposes since the cashout fee for upay is lower than bKash. However, if there is an x-banner or posters of upay stating the cashback offer or any promotional offer, a customer will simply choose another MFS to make an e-payment. So, putting this idea into practice is a wise move for upay.

Additionally, endorsements from celebrities can be a powerful tool for brands looking to enhance exposure and trust. As a young business with a restricted budget each year, upay was unable to secure endorsements from famous individuals like its rival (bKash), which is where upay is lacking. Individuals who are in line with upay's target market and who uphold their brand's core principles should be sought out. For instance, if Nagad is aiming to attract young adults, they could think about collaborating with well-known social media influencers who have a sizable following among this group.

Lastly, upay could implement new features such as one-tap payments, the ability to conduct international transactions, and provide budgeting assistance. These are a few suggestions that could push upay to have more visibility and achieve a higher market share.

3.5 Conclusion

According to the study's findings, consumers have a generally positive opinion of the upay brand and many of them find it to be reliable and credible. People are increasingly adopting the upay app as their preferred MFS platform because of its user-friendly interface and simple transaction process.

The report also points out several aspects that upay may improve in order to raise brand recognition and customer satisfaction even higher. These recommendations include growing brand recognition through targeted advertising activities, expanding their service offerings, improving customer service, and strengthening their digital security processes. upay has the capacity to develop into a potent market rival for Nagad and bKash, which would ultimately lead to more revenue and a larger clientele.

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