

Report On
**The future of Fintech Aggregators:
The Unseized Digital Payment Market of Bangladesh**

By
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20104045

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

Brac Business School
Brac University
November 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:



Student Full Name: Tayeeb Hassan

Student ID: 20104045

Supervisor's Full Name & Signature:

Riyashad Ahmed
Assistant Professor
BRAC BUSINESS SCHOOL
BRAC University

Letter of transmittal

To,

Mr. Riyashad Ahmed

Assistant Professor

Brac Business School

Brac University

KHA 224, Progati Sarani, Merul Badda, Dhaka 1212

Subject: Submission of Internship Report

Dear Riyashad Sir,

I am writing to you to submit my internship report with the title of “ The Future of Fintech Aggregators: The Unseized Digital Payment Market of Bangladesh.” as the last part of my academic bachelor journey.

The report illustrates various aspects of the company, industry and my learning experience as an intern. I have put my utmost effort to cover as many areas as possible and keep it comprehensive and I hope I have provided a fair representation of all the mentioned aspects.

Thank you for your generous consideration and guidance. I hope the report will be able to provide valuable insights and meet the academic standards.

Best regards,

Tayeeb Hassan

ID 20104045

Brac Business School

Brac University

Date: 18th November, 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between shurjoMukhi Limited and the undersigned student at Brac University to safeguard sensitive information from unauthorized access.



Intern: Tayeeb Hassan
Bachelor of Business Administration
BRAC University

Acknowledgment

Praising the Almighty, I would wholeheartedly like to express my utmost gratitude towards everyone who has supported me during my internship and academic Journey.

Especially, my Supervisor, Riyashad Ahmed sir and co-supervisor Saif Hossain sir for all the support, guidance and considerations throughout the journey.

I am also very grateful to shurjoMukhi Limited for providing me with the opportunity to work with such a dynamic team and giving me the practical insight and experience of the Fintech industry of Bangladesh. With special thanks to Nahianur Arefin Bhai, my supervisor at shurjoMukhi Limited, Mahmuda Chaity apu for all the guidance and patiently teaching me the important aspect of the industry and the organization, Mahmud Zilan bhai for taking me to meetings with merchants to get the real scenario of the market, and lastly our CEO, Mujtaba Fidaul Haq sir for his wise words and leadership.

Lastly, I would love to thank my friends and family members for supporting me and pushing me through the hurdles to be a better individual.

Will always remain as a well wisher to all these wonderful people and the organizations.

With
Tayeeb Hassan
ID 20104045

full

Gratitude,

Executive Summary

This report dives into the depths of the digital payment industry and the key players within it, especially the role and future of aggregators. The study investigates and illustrates the gaps in the industry, the future prospects and how aggregators can solve the issues at hand. Additionally, it also looks into the micro as well as macro levels of the industry, providing an all rounded comprehensive view.

The key objectives of the study is investigating the Future of aggregators, both from internal and external aspects, the unseized digital payment industry and how to create a more financially inclusive society, and lastly the effects of not keeping promises, hence comes the question of trust and reliability.

The report provides significant points on how to solve these issues through reconfiguration of internal strategies and principles as well as tackling the external environment and fulfilling gaps.

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Note: All the above mentioned figures and tables are self made through critical evaluation through experience, hence no links or reference have been provided.

List of Acronyms

PSO:	Payment System Operator
MFS:	Mobile Financial Service
MEF:	Merchant Enrollment Form
PSP:	Payment Service Provider
SME:	Small and Medium Enterprises
FMCG:	Fast Moving Consumer Goods
QR:	Quick Response

Key Phrases

Cashless society

Financial Inclusivity

Digital Payment

Aggregators

Unseized Market

Interoperability

Account Settlement

Keeping Promises

Reliability

Automation

Fintech

Policies and Regulations

Chapter 1: Overview of Internship

1.1 Student Information:

Student Name:	Tayeeb Hassan
Student ID:	20104045
Program:	Bachelors in Business Administration
Department:	BRAC Business School
Major:	Finance
Minor:	Marketing

1.2 Internship Information:

1.2.1 Company Information

Period:	2024 May, 19th
Company Name:	Shurjomukhi Limited
Department:	Business Development
Address:	10th Floor, Haque Tower, 8/D Mohakhali C/A, Dhaka 1212

1.2.2 Internship Company Supervisor's Information:

Name:	Nahianur Arefin
Department:	Business Development
Designation:	Head of Business Development

1.2.3 Job Responsibilities

During my tenure as a business development intern at ShurjoMukhi Limited, the pioneer authorized payment gateway of Bangladesh, gave me practical experience in multiple areas in business, yet mostly within their marketing, sales, external relations and product development departments focusing on growing the business. I began my internship on the 19th of May, 2024 with a regular office timing structure of 10 AM to 7 PM, and was able to immerse myself in the core workings and customer-focused mission of the company.

Working in this role to support ShurjoPay, the flagship Payment System Operator (PSO) of Shurjomukhi, customer support, payment processing and dispute resolution are some essential functions that I facilitated. I was responsible for communication with customers to answer questions, solving payment-related problems, and helping with the settlement process.

Strategy Development for New Products

Leading the process for developing strategies for some of the upcoming products and programs at Shurjomukhi. Such as examining marketplace demographics, analyzing consumer needs, and identifying areas for growth within the financial sector.

Conducting Workshops and Focus Group Discussions

Organizing workshops and focus groups discussions for collecting data to better facilitate services. These activities were geared towards getting users to directly engage with the new product and features that were proposed to be developed, providing real and first hand customer insight to better position the new product offering.

Client Lead Generation & Marketing Activities

Preparing promotional materials for the marketing and sales team, organized weekly outreach initiatives, and coordinated client communication plans to build relationships while promoting Shurjomukhi services across different demographics.

In these facets of my role, I learned about what customers' needs and wants, as well as how to keep them happy and coming back for more.

1.3 Internship Outcomes

1.3.1 Contributions of the Student

I contributed immensely in developing the strategies for future products and programs of Shurjomukhi, collaborating with senior team members to analyze market trends, identify potential areas of growth, and draft market strategy with marketing and sales ideas. It included planning and pursuing customer outreach programs, organizing workshops and focus group discussions, through which we were able to gather anecdotal evidence to iterate on products. Being exposed to these activities helped me to suggest strategies on how to position and communicate the product based on customer insights and market needs.

Improved customer satisfaction

My interventions towards closing the payment issues helped the customers feel satisfied within the shortest span of time therefore strengthening their trust in ShurjoPay as a PSO. This experience helped me understand and provide insights on the issues clients frequently face, and advised on solutions to help make support processes more efficient.

By analyzing feedback received from clients and focus group sessions, I was able to provide both general recommendations as well as specific suggestions on how Shurjomukhi can develop its product development strategy further. Such insights were critical for defining product features to be developed in addition to communication strategy definition to align with customer expectations and market direction.

Assistance in the Implementation of the Marketing and Sales Strategy

I assisted senior team members in executing and devising different sales and marketing strategies, playing part in shaping campaigns around the different value propositions Shurjomukhi had to offer. I was very keen on how to connect our marketing messages with the needs and interests of our target demographic.

Enhanced Teamwork and Collaboration Efficiency

By being in constant contact with these departments, I was able to connect the dots of communication and workflow that would later make us a better, more cohesive, functioning team. With coordination of team members, I was able to strengthen cross-functional collaboration which led to improved project executions and customer support efforts.

New Product Development and Launching

Shurjomukhi was looking to design a new business credit lending platform, called **QuikLoan** and I was instrumental in designing that platform by conducting workshops and focus group discussions with merchants to learn about their requirements and design features for the platform

that meets clients' needs and communicating with the technical team to develop the product in a more customer centric manner.



Figure 1.1, Logo for the business credit lending Platform

System Revamp

Suggesting shurjoPay to engage in the re-engineering of various systems of ShurjoPay, along with the respective technical and business development teams in order to enhance functionalities and provide a hassle-free experience. This included studying the limitations in the current system and how to help the customer have a seamless experience. I also designed a more user centric website for shurjoPay to attract and facilitate more potential merchants.

1.3.2 Benefits to the Student

I got a practical exposure in a startup based company about the Fintech and digital payment sectors growing in Bangladesh from my Internship at Shurjomukhi Limited. It taught me the overall complexity of payment systems, especially in a developing country like Bangladesh, where the market for digital payments is growing rapidly.

I gained crucial customer relationship management skills by communicating directly with merchants and customers, understanding how to handle client complaints, developing relationships and offering support. Such engagements also deepened my comprehension of the unique requirements and pain points faced by users so that I could help build solutions that meet customer expectations better.

This also taught me strategic planning as I collaborated with senior team members for important projects like designing a new business credit lending platform, and system and website revamp for shurjoPay. Through this process, I had to study market trends and consider regulations before making an informed choice. I realized the value of data-driven approaches to product optimization and growth.

Further, working with different departments improved my business communication skills from technical, sales to customer service issues. I learned to express thoughts clearly, adapt communication to various audiences, and collaborate in a manner that kept all team members focused on the mission. In my fast paced environment, I learned the importance of clear and effective communication in the successful execution of projects.

I also gained the skills to collaboratively problem-solve through focus group discussions, workshops, and the redesign of the system. It gave me insights about dealing with roadblocks, shifting market scenarios and contributing to solutions to achieve the best for the business as well as the customer. I became more adept at managing expectations, negotiating with stakeholders, and pivoting strategies.

Most importantly, my time at Shurjomukhi taught me to be adaptable and agile to the true nature of the dynamic industry. It reaffirmed the importance of learning, analytical thinking and teamwork to realize the goals of a business. These skills have increased my confidence and helped me in securing my future roles in fintech and business development.

1.3.3 Challenges Faced as an Intern

I faced a couple of difficulties that challenged my problem-solving skills and flexibility. And these challenges were definitely good in a sense to learn from and to help me develop my skills of overcoming hurdles in the Fintech world.

Keeping up with the Rapidly Changing Environment

The adjustment to the speed of the fintech sector was perhaps the largest hurdle. For one, the digital payment sector is a fast-changing and ever-evolving space due to new technologies, regulations, and market trends coming online all the time. It was a role that constantly challenged me to learn, keep up with new aspects of the industry, and adjust course when new priorities emerged. Juggling different responsibilities, especially during peak deadlines, was challenging for the first few weeks, however I soon figured out how to be organized and focused in my work which helped me to plan and manage my tasks effectively.

Knowledge of Regulatory and Compliance Issues

The Fintech industry in Bangladesh is subject to strict guidelines set forth by the Bangladesh Bank which can be highly challenging to navigate. It was difficult as an intern to pick up on the subtleties

of these regulations. But, by talking to senior colleagues and reading around the subject, I gained more insight of the regulatory requirements and its role in determining the firm's strategies.

Merchant Outreach and Communication

It was both exhilarating and fraught with challenges to engage with merchants and really understand their individual needs. While some merchants were better able to grasp the basic principle of how a digital payment system works, others were initially reluctant to continue or enroll as merchants. There were moments where it was a bit difficult to do both that the expectations were fulfilled and also the solution worked out for Shurjomukhi and met the business objectives.

Working Interdepartmentally

Collaborating with various teams including marketing, sales, and technical was also a challenge. Between multiple departments came together since everyone had their own objectives, timelines, and communication styles that can lead to miscommunication or worse delays in executing the projects. So bridging the gap and making these collaborations seamless was the biggest challenge. These included regular meetings and clear communication which helped cultivate the connection between teams and align their efforts to achieve a common goal.

System Revamp Challenges

Another challenging aspect of my internship was contributing to the ShurjoPay system revamp. This required collaboration with the technical team to assess the weaknesses of the existing system and recommend enhancements. This necessitated a unique understanding of the technology as well as user experience. Frequently, there was misalignment of technical requirements and business

objectives, so there was a lot of back-and-forth to make sure system changes would satisfy both customer and operational needs.

Working in Small Teams

Shurjomukhi, being a smaller company compared to its bigger competitors, had a smaller team, leading to everyone needing to wear multiple hats. It made it difficult to keep a steady workflow and be organized when juggling many tasks at once. Although it was sometimes challenging to see progress on things I was working on or to create flow, it taught me how to manage my time and prioritize.

These challenges served as a pillar for building my critical thinking, adaptability, and problem-solving abilities. They provided me with insights into the complexities of the fintech industry and the need for effective communication and collaboration as well as a solution driven approach.

1.3.4 Recommendations

By instilling structural changes to make the environment more organized, Shurjomukhi Limited can aspire to elevate the experience and productivity of its interns. The company could start by taking a more balanced approach to assignment of tasks and distribution of workflow. If assignments were made on the basis of the skills and knowledge of the interns and not a common workload, then the interns would be working on projects exactly as they were supposed to because it would play to their strengths and what they needed to learn or practice. This method would allow the interns to not get overworked and provide better quality work within a defined scope.

Also, if interns were given more chances to observe clients meetings and even participate they would gain immediate exposure to client interactions, negotiations, and decision making. That level of engagement would surely give them a better sense of how a client works and what the industry requires, thus providing them with the inputs to make meaningful contributions to the projects and other client-related actions.

In order to ease onboarding, Shurjomukhi should create a handbook and a well designed orientation program. An internal guidebook might have critical information about the company's organizational hierarchy, the intern's own role within the company, department specific information, and goals the intern is expected to achieve during their tenure. Along with this, a structured orientation session covering the general framework of the company, details of the departments, and field-specific directions would amplify this as it will help them get familiar quickly and efficiently.

Finally, focusing on systems and workflow to reduce complexity, such as to simplify the technical aspects or to make the overall process better understood. This is partly because clearer and more intuitive systems and collaborative platforms would help interns easily monitor the status of projects, track interdependencies and manage day-to-day responsibilities. These actions would help Shurjomukhi cultivate a structured and nurturing internship process that promotes growth, productivity and the alignment of responsibility with the overall goals of a company.

Chapter 2: Organization Overview

2.1 Introduction

Bangladesh has experienced rapid growth in digital payments over the last few years due to the advent of smartphone use, Internet access (E-governance/E-banking/Telco), and government efforts toward a cashless society (*Cashless Dining, 2024b*). Digital money transfer systems are becoming more common place in many economies around the world; however, in Bangladesh, though such a wide market exists, digital payments constitute an under tapped opportunity area with room to develop further and innovate(*Wing, 2022*)

Digital payments in Bangladesh cross Tk 78,054 billion in quantum leap (*Issue-I, 2023*) This is a significant achievement, however, a number of segments including Small and Medium Enterprises (SMEs), local shop owners/street vendors, education institutes and public transport providers are still largely untapped for digital payments network. This gap illustrates that there is still a distance to go until full digital payments adoption occurs, and although numbers are on the rise for businesses and consumers who utilize some form of cashless payment option, cash transactions are still dominant, like the old saying “Cash is king”..

In Bangladesh, Shurjomukhi Limited led the way in the digital payment services industry and was the first company to receive a Payment System Operator (PSO) license by Bangladesh Bank (*Reza, 2021*).

The company acts as a bridge between merchants and financial institutions to enable various kinds of online transactions through its flagship payment gateway named as ShurjoPay (*Muntasir, n.d.*).

ShurjoPay aims to act as a bridge between the digital payment and end users. However, it is still very early in the development of the market, especially for small-scale vendors, transportation services and other cash-oriented segments of the economy which are less well-served.

Bangladesh Bank and the government of Bangladesh's overarching goal for financial inclusion influence the sector through policies that are relevant to the digital payments industry. (*Roundtables, 2020*)

This analysis is highly relevant to the mission of Shurjomukhi Limited — the company is sitting at a unique intersection where it can both serve demand and create demand in these underserved regions. With the rapid progression in the digital payment ecosystem, Shurjomukhi aims to be a more dominant player in furthering digital payments through their solutions catering to these unaddressed segments of population such as SMEs and street vendors on one hand with larger market access on another. Thus sometimes this leads to seizing a bigger piece of the digital payment pie for Shurjomukhi, and ultimately facilitating Bangladesh's digital economy through its systematic growth and solutions.

2.2 Company Overview

2.2.1 Vision

"Our mission is to help educational institutions and small-to-medium enterprises with simple, safe, fast and excellent digital payment solutions that create more financial access. We want them to organize simpler cash flows for businesses and to spread their wings grow continuously for a better future without leaving any single one behind by going digitally"

It embodies a promise to enhance the financial lives of enterprises and institutes by delivering practical digital payment solutions that drive growth as well as support a more connected cashless nation.

2.2.2 Mission

"Provide educational institutions and SMEs with simple yet powerful digital payment solutions based on their precise needs to ensure seamless transactions, fiscal transparency, and growth." Our mission to drive financial inclusion go beyond the secure technology and top-notch customer service available”

2.2.3 Core values

Customer-Centric Innovation

Shurjomukhi Limited is focused on understanding customer needs and then tailoring a solution and developing a unique practical product that suits to make digital payment easier for different

types of users. Having a relatively small and agile team, the company rapidly pivots to meet demand within the financial sector.

Integrity and Transparency

Shurjomukhi Limited has gained a significant amount of trust from their clients, partners and employees. All transactions and interaction carried out with truthfulness, integrity and transparency creating a transparent experience to trust on. However, it is more difficult to maintain trust than earning it.

Dedication to Financial Inclusion

At Shurjomukhi Limited, the mission is to bring digital payments within reach where small businesses and educational institutions have put immense focus to close those gaps and create a more financially included nation.

Kaizen

Shurjomukhi Limited believes this is a fast moving industry where the willingness to learn, grow and adapt as much part of professional development for every team member as it is an essential core quality for companies operating in this cut-through sector.

2.2.4 Hierarchy

In the hierarchy, the Chairman sits at the very top giving strategic oversight and long term vision for the company. The Board of Directors and the Chairman collaborate closely to make decisions at the highest levels regarding company policy, governance, and strategic direction.

The Managing Director (MD) / Chief Executive Officer (CEO) is the next person in line after the Board and comes under its direct supervision. The CEO overall manages and oversees day-to-day affairs of the company. The CEO makes sure to ensure that the objectives of the company are being met and he is in charge of all major divisions among various departments.

The heads of divisions that report to MD/CEO are:

Chief Operating Officer (COO)

The Business Development team, which reports to the COO, focuses on growth initiatives, expanding into new market verticals, customer acquisition and relationship management. The COO helps ensure that the business development strategies align with the company goals and works to increase operational efficiencies.

Chief Financial Officer (CFO)

The Accounts team deals with all the finances of your organization and is led by a CFO who oversees budgets, financial reporting, compliance, and planning. It is responsible for making sure that all finance operations comply with the financial goals and regulations of a company.

Chief Technical Officer (CTO)

The technical Team, led by the CTO who is in charge of building, maintaining and improving Shurjomukhi's technological backbone, and technical development of digital payment solutions.

The Tech Team is vital to assist with product development, system updates, and making sure technology mirrors a combination of the needs of clients along with that of the industry.

Administration Head

It deals with Human Resources (HR), which is the process of recruitment, onboarding, employee relations, and maintaining a good workplace culture in the administration department. In addition, the admin team looks after other internal functions like office infrastructure, supplies, and typical administrative support for day-to-day functions in order to keep things organized.

The departments work closely and under the guidance of senior leadership to ensure that the Shurjomukhi limited mission, goals and objectives are achieved successfully. Such a structure guarantees that every aspect of the functions business development, finance, technology as well as human resources is aligned to the entire vision of the company while keeping innovation and operational excellence flowing through its veins.

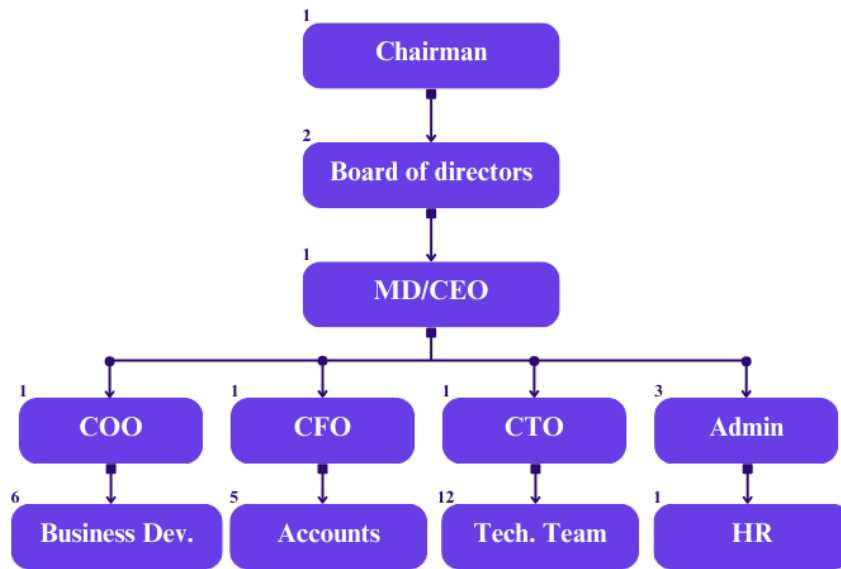


Figure 2.1 ShurjoMukhi Limited Organogram

2.3 Management Practices

2.3.1 Leadership Style

The way Shurjomukhi Limited runs is autocratic, where the power of decision making remains with the CEO and the senior leadership team. With this style, there are clear orders and expectations with little-to-no input from employees regarding the decision-making process. The CEO controls these heads, they are likely to make most of the strategic and operational decisions because this model has strong discipline over departments. The performance of each department will be monitored by the top management at a high level so that best can be achieved out of every section in an Organization.

Advantages of Autocratic Leadership Style

Centralized decision making: This leadership style provides faster decisions, this helps Shurjomukhi Limited, to take rapid decisions as digital payment is a vast and increasing market.

Need for Direction and Accountability: The autocratic style gives an employee a clear idea of what is expected from him or her as his goals will be outlined.

Uniformity in Vision: Centralizing leadership is crucial as it keeps the mission, values and objectives of a company synchronized, this is important for aligning departments like Business Development, Tech, Accounts to the strategic goals of the company.

Disadvantages of Autocratic Leadership Style

Low Employee Engagement: The leaders not reaching out for employees input can result in a low spirit among the staff, feeling neglected or devalued by the company means they may feel less interested in making the company succeed.

Less Innovation: Shurjomukhi will have a less chance of solving effectively, as employees are limited in contributing to creative solutions. This affects tech teams and business development teams such as sales and marketing who provide new perspectives on product development and customer experience.

Over Reliance on Leaders: The senior leadership of the organization are the key to success, and this can create bottlenecks as it is high risk if leaders are unavailable or puzzled.

2.3.2 Human Resource Planning

Recruitment and Selection Procedure

Shurjomukhi Limited employs a recruitment process that follows a sequence of steps which are designed to hire employees that share the core values of the organization and will thrive in Shurjomukhi's fast-paced fintech world. Their primary area of recruitment includes Business Development, Tech, Accounts, Sales, Customer Care and Support Staff roles. Candidates for every position are sourced from job portals, industry networks and internal references. The selection process generally consists of screening, shortlisting and conducting interviews with the heads of departments. This process has multiple stages that help determine whether candidates have the required skills and are a good cultural fit within the organization.

Compensation System

Shurjomukhi Limited provides a base salary along with other considerations. At the beginning of each year, employees go through a performance appraisal process which is used to decide salary raises based on performance level and contribution. Shurjomukhi also pays an Eid bonus for the staff as a reward and recognition of employees' efforts. This structure ensures that the company retains talent through monetary motivations and recognition.

Trainings and Development Initiatives

Shurjomukhi being smaller in scale does not have a lot of formal training schemes but focuses a lot on experiential learning. In particular for a technical and customer-facing job role, new joiners get acclimated training based upon their work areas. The Tech team is the largest department, and was subject to frequent internal workshops, with the CTO sharing details on upcoming trends in

tech. Workshops are also conducted for Business Development and Sales Teams to polish their client handling skills and increase their product knowledge.

Performance Appraisal System

Shurjomukhi Limited carries out annual performance appraisals at the start of each year, wherein contributions and achievements of employees are assessed with respect to predefined performance metrics. The result of this appraisal would directly impact the salary revision and promotion decision, depending on whether an employee is a top performer or not. The company leverages this framework to identify high performers and areas of improvement in order to drive productivity and ensure alignment between individual goals and organization's success.

2.4 Marketing Practices

Direct and email marketing are the key promotional tools for showcasing products and offers, and it employs its Sales and Business Development teams to reach target customers directly. As a B2B business adopts a marketing strategy that focuses on getting in touch with and building relationships between merchants, both potential and existing.

2.4.1 Target Merchants

Shurjomukhi Limited is targeting SMEs and educational institutions as primary customers who can utilize digital payment solutions and streamline their transactions. The firm also describes how it sees itself being a flexible and trustworthy payment service provider that meets the specifics of these sectors. Shurjomukhi focuses on industries that usually struggle to access hassle-free financial services, thus lending its aid in sectors less penetrated by digital payment.

2.4.2 Marketing Channels

Shurjomukhi mainly does direct outreach, email marketing and limited social media presence. The Sales and Business Development teams conduct a lot of the direct outreach, reaching out to prospective clients and managing existing relationships. Clients receive email marketing campaigns from time to time regarding the release of new products, features or updates. Shurjomukhi also has Facebook as their main social media channel but the marketing on this platform. Additionally, shurjoMukhi looks for opportunities to go for collaborative marketing as payment partners with clients and merchants. Whenever Shurjomukhi launches a new product, it starts by marketing the product to their previous clients through email and messages. To keep its followers and potential clients updated with new products, the company also publishes promotional posts on its Facebook page.

2.4.3 Critical Marketing Gaps and Challenges

Shurjomukhi has certain challenges in its marketing:

Lack of Branding: Shurjomukhi has not invested in significant branding efforts, resulting in low visibility and brand recognition among consumers unable to identify the firm.

Low Market Penetration: Because of the limited engagement with marketing channels, combined with a reliance on direct outreach to sales operations and service delivery partners, Shurjomukhi has low reliability in the wider market which limits new customer acquisition potential.

Limited Reach: Shurjomukhi focuses less on the scope of channels, mostly email and direct marketing, making it hard to reach a broader audience and engage with prospects.

Unprofessional Website Design: The website, often the most fundamental point of reference for reliability for merchant and client confidence, is very poorly developed and does not convey a professional image that one would expect with an organization handling financial transactions.

2.5.Financial Performance and Accounting Procedures

Being a private company, secretive in nature does not share financial data and reports with employees or other entities, except when documentation is required, such as for tender bidding, audit, or some compliance requirements. Nonetheless, we can still perform a rough assessment of the financial performance of the business in terms of liquidity, solvency, efficiency, and profitability using what little insights and estimates that are available.

2.5.1 Revenue

Using its Payment Service Outlet (PSO) service, ShurjoPay, Shurjomukhi now enables a daily transaction volume of 4.5 crore BDT on average, however, representing about 0.4% (Approximately 5,400,000 BDT per month) in revenue. While this revenue model is promising, it shows that the company is still in its growth stage. To make Shurjomukhi profitable, daily transaction volumes would have to cross 14 crore BDT for a minimum of 8-month duration. An extra obstacle is posed by the fact that some 30% of registered merchants are inactive in transactions, hindering its target transaction volumes. Seasonal peaks, such as during festivals or school admission times, contribute to short-term volume spikes but making growth happen consistently throughout the year is a key driver of profitability.

2.5.2 Costs and Expenses

Shurjomukhi has the following major monthly costs, Rent (200,000 BDT), Salaries (2,800,000 BDT), Utility bills (80,000 BDT), technical costs (800,00 BDT), marketing(200,000 BDT) and other general expenses(500,000 BDT), about 4,400,000 BDT per month. These costs factor into the difficulty of cash-flow management for a growing company. Given considerable technical expense and a big salary burden, Shurjomukhi must now scale its business efficiently and effectively to dilute these fixed costs and maximize net revenue.

2.5.3 Solvency

The company has a large long term loan and it also needs high upfront capitalization, formation cost of over 15 crore BDT. This financial leverage implies that Shurjomukhi has a high debt-equity ratio, which may affect the company in terms of financial stability in case fulfilling growth targets becomes difficult. This dependency on debt capital translates to a need for steady growth of transactions in order to manage the debts and payments without functioning short on capital. Having prospered with more than six thousand merchants at the moment, therefore proposing a potential growth prospect.

2.5.4 Efficiency

With the number of transactions Shurjomukhi handles, efficiency metrics are especially relevant. Still, as the company notes that 30% of registered merchants are non-transacting, the opportunity here for improvement is also broad in terms of increasing overall efficiency by finding opportunities to get inactive merchants resources and support in starting active usage. By focusing on existing clients and increasing transaction frequency and engagement, Shurjomukhi can do

more with less maneuvering their operational costs, therefore enhancing its operational efficiency and cash flows.

2.5.5 Liquidity

Liquidity is crucial for Shurjomukhi, particularly because of the operational costs being on the higher side. While the day-to-day transaction fees do create revenue, the cash flow is cyclical. Strengthening liquidity and cash management strategies to support non-peak transaction periods.

2.5.6 Accounting Practices

For accounting purposes, Shurjomukhi uses the accrual basis of accounting where revenues are recognized when earned and expenses when incurred. Following the accounting cycle from identifying transactions to creating financial statements which meets standard accounting practices. The company probably uses a straight line depreciation method for asset depreciation, as it has long term investments in technical infrastructure. As the company is private, accounting disclosures are less frequent and only necessary to comply or for strategic business purposes.

Conclusion

Conclusion: Shurjomukhi Limited is capable of growth in Bangladesh digital payment industry yet its financial health faces the issues for sustainable profit and debt. However the company is now at a point where they need to grow transaction volumes with high efficiency, turning inactive merchants into active users and balancing operational overheads for financial sustainability. Shurjomukhi can potentially invest heavily and create a stronger brand presence and develop with

potential customers through education & marketing so that it reaches its desired growth of daily transactions to become sustainable over the long run.

2.6 Operations Management and Information System Practices

2.6.1 Storage and Processing of Data through Information Systems

Shurjomukhi Limited also applies Information systems such as servers and websites to store, process and handle data for internal operations as well as for communication with its merchants. Merchant onboarding begins with the submission of a proposal outlining shurjoPay's offerings, including rates, terms, and advantages. In case the merchant agrees to take ShurjoPay as their digital payment partner, they fill up a Merchant Enrollment Form (MEF) in order to submit relevant business information, then this data is utilized for creating their account.

shurjoMukhi team entered this information to their system manually to create a merchant profile for onboard on the platform. With this profile, merchants can see transactional data as well as records around settlement and account summaries through a merchant panel. ShurjoPay's panel gives merchants a transparent view towards each of the financial details, where it helps create trust in the ShurjoPay system. Nonetheless, the dependence on entering new data manually during account creation points to a less efficient process and may also lead to human error. Automating this segment could simplify the initial process, reduce chances of error and provide a quicker service for new merchants.

2.6.2 The Database Management Software

Merchant and admin panels of shurjoPay serve as the main databases for managing merchant information and transactional data. Such systems are utilized to track the settlements of payments, maintain account books, and for preparation of different financial statements. Merchants and employees have the option to download desired data and reports in formats such as PDF or Excel for further analysis or record keeping purposes.

2.6.3 Quality and Operational Management

Quality management is one of the most crucial aspects for Shurjomukhi. And all data is accurate, which means merchants always have access to information about transactions and settlements. This level of transparency cultivates the trust of merchants, which is an important element in the financial services industry.

So, shurjoPay has a role-based access system within the admin panel where data access is managed as per team requirements. While the CEO, COO and selected admin users have complete access to everything within the system for full operational oversight. The CFO and the accounts team, on the other hand, only use settlement files and other financial data that would be relevant to them. For instance, the accounts department can view but not create settlements, ensuring that data remains secure and less likely to be amended without authorization. Such an access control structure encourages data integrity, as well as best practices in quality management and operational security.

2.6.4 Resource Allocation

ShurjoPay has a small team, but they give their best to distribute resources and responsibilities effectively. Three core admin members along with COO and his team manage the merchant panel and its day-to-day operations. Directed by the CTO, the technical team is responsible for managing and ensuring the upkeep of its system infrastructure, helping out in case any technical interruptions arise, and applying data security protocols to safeguard sensitive information. Additionally, the technical team has the ability to provide access to individuals with the authorization of the CEO.

2.6.5 Areas of improvement

However, there are existing challenges in Shurjomukhi's current system pertaining to manual processes and resource constraints. The high volume of manual data entry required to establish and manage a merchant profile is labor intensive with potential for human error — a major risk in the financial sector. Automating data entry and having digital workflows can help alleviate this to some extent, easing staff workload and reducing the chances of errors occurring. For better integration it will be good for Shurjomukhi to undercut its operation processing.

Conclusion

Shurjomukhi is utilizing information systems and operations procedures properly for a small-to-medium enterprise but to come at the very best level, there are paths of improvements. The merchant and admin panels are good sources for accessing reliable data but the manual nature of data entry often hampers operational efficiency and increases source error. Automation, improved role based access and integration of systems would not only allow Shurjomukhi to serve its merchants better but also help improve data security and increase overall operational efficiency. Investing in such improvements will enable Shurjomukhi to enhance its operations and provide

merchants with a seamless experience, thereby strengthening its quality close management system along with the reliability of service delivery.

2.7 Industry and Competitor Analysis

Bangladesh's digital payments sector has flourished in recent years, as numerous enterprises scramble for a share of an ever-growing cashless economy. Based in a competitive, innovative and technologically driven market that combines a variety of factors together, ShurjoMukhi Limited is the first of Payment Service Operator (PSO) license recipients from Bangladesh Bank. Nonetheless, ShurjoMukhi has quite a bit of competition from newer PSOs like SSLCommerz and Amarpay as they want to retain and grow their market share. In this part of the report, we analyze ShurjoMukhi's competitive positioning in the industry using Porter's Five Forces framework and a SWOT analysis to draw insights about its strengths, weaknesses, opportunities and threats within the context of the emerging digital payments scenario.

2.7.1 Porter's Five Forces Analysis

Competitive Rivalry

ShurjoMukhi Limited faces extreme competition in Bangladesh's digital payments space, with 14 authorized Payment Service Operators (PSOs) by Bangladesh Bank. While ShurjoMukhi had been first to acquire a PSO license, it has been losing ground by being challenged from upcoming big players such as SSLCommerz and Amarpay with stronger systems, faster settlement timeliness and broader service sets. SSLCommerz, for one, is particularly significant in capturing the highest market share and always has been leading the field of payment solution providing service focusing on technological aspects. The intensity of competition has placed immense pressure on top

management of ShurjoMukhi to keep abreast with changing market trends and consumer requirements in order to survive the competition.

Supplier's Bargaining Power

ShurjoMukhi relies on different financial service providers such as banks and mobile financial services (MFS) to process the transactions that are accomplished through its platform. But ShurjoMukhi has limited market covering and in some cases service offering compared to other larger PSOs, so that enables these financial institutions a huge amount of bargaining position as well. This, in turn, means that ShurjoMukhi frequently has to accept less than favorable rates for themselves and cannot offer lower costs for merchants. Such an unevenness of power makes it hard for ShurjoMukhi to acquire customers and retain them in a value-centric pricing environment.

Buyer's Bargaining Power

Buyers, also known as merchants, have tremendous power. For merchants, there are plenty of choices since multiple PSOs offer competitive pricing along with more personalized services. With the low rates, rapid services many PSOs offer, this can lead to high expectancy by merchants. This interplay keeps ShurjoMukhi in a competitive position where it cannot increase the price of its service without additionally working to retain current customers or capture new ones with an average quality offering.

Threat of New Entrants

Entering the PSO industry becomes a bit tough as Bangladesh Bank has established high set standards of regulations, therefore making the threat from new entrants low. Acquiring a PSO license is a tedious and lengthy process that adheres to strict regulatory compliances. Such

obstacles prevent new firms from easy market entry, meaning less prospective competition and a more stable competitive situation. On the downside, ShurjoMukhi needs to regularly renew its offerings or else face competition from existing players who are not holding back in terms of innovation.

Threat of Substitutes

Today, the substitution threat is low as merchants want holistic suites covering various payment channels and prefer to not negotiate contracts with numerous payment providers. Introducing seamless interoperability from MFS providers may pose a significant challenge to PSOs, however. When there is interoperability, merchants and customers would carry out transactions directly from their e-wallets or MFS accounts without the necessity of a PSO.

2.7.2 SWOT Analysis

Strengths

ShurjoMukhi has a **strong network and portfolio of merchants**, which is mainly associated with **BASIS** (Bangladesh Association of Software & Information Services) to promote tech-based solutions. Through this network, ShurjoMukhi gets a chance to access new opportunities and insights of the industry in a macro level.

ShurjoMukhi has recently added a **credit lending service** targeted for existing merchants, setting them different from other PSOs. For merchants looking for more liquidity, this service could give ShurjoMukhi an edge over its competitors as well as new revenue and income opportunities.

Weaknesses

ShurjoMukhi still operates on a comparatively **older, non-agile system** which is cumbersome to operate within along with manual data entry leading to redundancy and mistakes.

ShurjoMukhi is struggling with cash flow and has a heavy reliance on **debt financing**, which prevents it from getting the capital needed to make technological improvements or grow. These financial limitations threaten growth and competitive positioning in a fast-moving market.

Opportunities

ShurjoMukhi has a high potential to tap into steadily **expanding education and SME space** as Bangladesh generally aims towards becoming a cashless society. ShurjoMukhi can fill a large void in the market by targeting these sectors and adding them to their existing client base.

An **upgrade** to its existing system for greater efficiency, user-friendliness and **educating** merchants on digital payment would attract new merchants & better retention of old clients.

Threats

If market leaders like SSLCommerz **drop their price rates** then ShurjoMukhi would not be price competitive anymore with payment processing fees. Failing to do so would make it very tough for ShurjoMukhi to hold onto their clients since SSLCommerz has larger connections, reliability and a well known brand.

This could change with **MFS interoperability**, if it makes sense for the MFS providers to design their products that way, then it may make PSOs like ShurjoMukhi irrelevant as merchants would

route payments directly through whichever MFS or digital wallet provider they use. Such a shift would drastically decrease the need for PSO services.

Strategic Competitive Strength Analysis

A strategic competitive strength analysis is performed to evaluate the positions of the competitors in the market, where it shows how offset shurjoPay is from its competitors in different factors. A table is given below to illustrate strengths of the 3 mentioned PSOs.

Strategic Competitive Strength Analysis
--

		Brands					
Category	Weight	SSL	Weight	Amar Pay	Weight	Shurjo Pay	Weight
Smoothness	0.05	9	0.45	8	0.4	6	0.3
Clean	0.05	8	0.4	8	0.4	5	0.25
Comprehensive	0.1	8	0.8	9	0.9	6	0.6
Prototype	0.1	7	0.7	8	0.7	0	0
Attractiveness	0.05	7	0.35	7	0.35	6	0.3
Content	0.1	8	0.8	7	0.7	7	0.7
Clients	0.15	8	1.2	7	1.05	8	1.2
Product	0.1	9	0.9	8	0.8	7	0.7
Guideline	0.05	7	0.35	7	0.35	7	0.35
Accessibility	0.1	7	0.7	8	0.8	8	0.8
License and certificates	0.025	7	0.175	7	0.175	9	0.225
Responsiveness	0.075	8	0.6	7	0.525	7	0.525
Contact Info	0.05	8	0.4	8	0.4	8	0.4
Total	1		7.825		7.55		6.35

Table 1: Strategic Competitive Strength Analysis

Conclusion

The digital payments market in Bangladesh, while expanding rapidly, is a fiercely competitive one and major players such as SSLCommerz and Amapay will ensure that the bar for innovation and speed remains high. While ShurjoMukhi was one of the first PSOs in Bangladesh, it has been unable to retain its number one spot. Despite that, it still has its own strength, such as their big muscle leadership and new services like credit lending to draw in new customers. This will enable ShurjoMukhi to have a better market edge, especially by overcoming technology and operational

inefficiency weaknesses and also catering the opportunities available in the unserved sector. ShurjoMukhi will have to evolve and adapt by leveraging technology capabilities and focusing on customer experience in providing services in order to remain relevant in an ever-changing digital payments landscape for ensuring future business growth.

2.8 Summary and Conclusions

Bangladesh's digital payment sector is growing rapidly as an increasing number of companies are going towards cashless payments, and more businesses are adopting digital financial services. ShurjoMukhi Limited is the first Payment Service Operator (PSO) certified by Bangladesh Bank and one of the most active players in this domain, providing transaction services to a wide range of merchants. Though being the front-runner, ShurjoMukhi faces tough competition within an industry of some very bolstered players like SSLCommerz and Amarpay offering high-tech solutions.

An analysis of ShurjoMukhi in terms of organizational structure, leadership and operational practices as well as its financial performance uncovers the strengths and weaknesses. The benefits include a well-developed network and unique credit lending service developed recently, while the obstacles for the company lie in its outdated system capabilities, restricted marketing reach is still dependent on manual processes leading to decreased efficiency. The financials for the company show debt dependence and liquidity problems hindering its growth prospects.

2.9 Recommendations

Keeping in mind the recent developments and efforts made by ShurjoMukhi Limited to grow as a business entity and shifting towards an approach which places greater emphasis on core values while improving positioning among competitors within the digital payments space, few aspects requiring augmentation have been highlighted. Fixing those areas will not only borrow time to save the company, but strengthen its balance sheet and lead to improved experience for employees and clients.

Increase Automation to Improve System Efficiency

ShurjoMukhi needs to focus on automating their merchant onboarding and transaction processing systems. The company can save time while entering the data manually and thus enhance approximate functioning as well as remove chances of human errors creating a seamless experience for employees and clients.

Boost Marketing and Brand Recognition

There is a need for increased channels of marketing beyond direct and email marketing, such as targeted use of social media and branding through strategic partnerships. Through Facebook, one can reach a wider audience and create awareness regarding the website that would subsequently increase brand loyalty and recall value.

Bolster Financial Health and Revenue Diversity

To mitigate continued heavy dependence on financial leverage and low liquidity, ShurjoMukhi may want to consider working with other funds or finding a new equity investment player or prepare to go public.

Better Allocate Tasks to Avoid Employees being Overextend

Considering its team size, ShurjoMukhi may benefit from reallocation of tasks. By maintaining a systematic process and defining roles can enhance productivity and boost morale, if required, recruit more employees.

Enhance Website Performance and User Experience

The website is a primary touchpoint for potential clients, so it needs to be reliable and effective. If its design and user interface are updated, the website can serve as an even more useful resource furthering ShurjoMukhi's credibility.

Develop Orientation and Guidebook for new Interns & Employees

To get the new guys up to speed, ShurjoMukhi needed an orientation program along with a comprehensive guidebook, all prepared department wise. These materials must cover the company structure, operation and particular roles assessing interns and new employees how to meet expectations and add value.

Finally, ShurjoMukhi can work more efficiently by following these recommendations which as a whole will help the business to retain and promote name recognition and become an increasingly client centric and employee-oriented organization. This would help to build it sustainably, so by

cutting down on unnecessary expenses or seeking financial stability along with reducing its internal low efficiency through standardizing processes and automation, ShurjoMukhi can rise significantly over time.

Chapter 3: Project Overview

3.1 Introduction

Digital payments in Bangladesh cross Tk 78,054 billion (*Issue-I, 2023*), a sector that has experienced substantial growth with immense untapped potential, especially in the uncharted territory of SMEs, local merchants and education Payment Service Operators play a crucial role in achieving Bangladesh's financial inclusion goal, as they connect merchants with financial institutions.

ShurjoMukhi ventured out first, however is facing tough competition from newer players such as SSLCommerz and Amarpay who are largely ruling the game in this scenario due to more advanced services, wider provision circle, and rapid settlement. The challenges for ShurjoMukhi in this competitive landscape are indeed significant, as they try to adjust themselves in an industry where the digital payment solutions tend to be necessary but still remain largely underutilized by a large portion of the market.

At ShurjoMukhi, I was involved in business development and marketing as well as product planning which helped me learn about the operational and strategic sides of Bangladesh's digital payments industry. It was evident that a more efficient process and automated handling of lead generation along with a strategic approach towards market visibility were heavily due, especially in an industry that offered opportunities as much as it posed challenges.

3.1.1 Background

Bangladesh has seen tremendous expansion in its digital payment ecosystem over the past few years, fueled by a combination of technological innovation, government policies to foster financial inclusion, and rapid uptake of smartphones and internet access. According to the recent estimation, the digital payment market in Bangladesh was estimated to stand at around USD 15.49 billion (BDT 1.85 trillion) symbolizing an expanding trend of cashless transactions with a growing number of sectors becoming cashless. While this is a commendable expansion, much of the market is still underutilized, particularly in SMEs, local merchants and educational institutions that depend on cash for most transactions.

This expansive market replete with unmet demand is ripe with opportunities for fintech aggregators, technology firms providing integrated digital payment solutions to merchants, allowing them to accept various payment options through a unified platform. Therefore, Fintech aggregators have a unique opportunity to penetrate the Bangladesh market by providing scalable, accessible, and efficient digital payment solutions in a landscape that is plagued with limited access to traditional banking services particularly for rural populations. (*Issue-I, 2023b*)

But the sector still has challenges, such as lower adoption of digital payment systems by small businesses, lack of financial literacy skills, and fragmented regulations.

Bangladesh has long been considered a land of opportunities, but this Benison seems dormant within the Digital Payment camp. This report explores what it looks like for fintech aggregators

going forward in Bangladesh. The paper explores operational challenges for fintech companies, drivers of digital payments access and adoption, as well as the potential for growth in under-served markets. It explores the digital payment ecosystem with the dynamic interplay between fintech aggregators and traditional financial institutions, from which companies emerge poised to make a bold claim on their share of emerging opportunities in this fast-evolving market.

3.1.2 Objective

This report explores the potential that lies ahead for Bangladesh's digital payment landscape and how fintech aggregators have played a role in connecting cash to digital payments. Bangladesh has a huge untapped potential market for digital payments, especially in the SME and underserved segments of local merchants which is witnessing a rapid growth in its digital economy. The report provides strategic insights on how fintech aggregators can act as intermediaries to drive financial inclusion and promote large adoption of digital payment solutions by analyzing the market gaps, industry challenges and advantages.

This report has three aims:

Objective 1: To Understand the Future Barriers for Fintech Aggregators

To study the roles of fintech aggregators as intermediaries, addressing gaps and barriers in the market landscape and enabling fintechs to transact digitally as per the evolving requirements of businesses and consumers. Also, assessment of operational and strategic challenges the fintech aggregators are facing in the Bangladeshi market such as regulatory barriers, infrastructure limits and competitive pressure from both established players and new entrants.

Objective 2: To Investigate the Unseized Digital Payment Market

To gain an understanding of Bangladesh digital payment market landscape, current trends, and growth areas, steps to overcome challenges in existing solutions for SMEs and other unserved sectors by analyzing the unmet need and key drivers shaping the industry evolution.

Objective 3: To Understand the Significance of Keeping Commitments to Clients and Merchants.

To understand why many enterprises are still reluctant to use fintech aggregators, citing concerns with reliability and transparency as well as consistent service as necessary for getting into long term partnerships which help build trust in the digital payment ecosystem.

3.1.3 Significance

The report shines a light on the untapped opportunity in Bangladesh digital payment landscape for fintech aggregators and their catalytic role in advancing financial inclusion and economic prosperity. The report analyzes the various challenges and opportunities in this vertical offering insights for businesses, policymakers, and market participants into how they can take advantage of the increased demand for digital payment goods. It also outlines strategic recommendations for firms like ShurjoMukhi, to strengthen their market position, boost service offerings, and broaden the consumer touch points helping us towards building a smarter, more equitable and a digital economy in the nation.

3.2 Methodology

A more qualitative research approach has been utilized in this report to understand the holistic perspective of the digital payment market of Bangladesh and the changing dynamics regarding the role of fintech aggregators. This main research was carried out through informal interviews and casual conversations with SME owners to the FMCG delivery guys from varied demographics and corporate employees working in relevant sectors. This laid-back method created an atmosphere that encouraged participants to express their experiences, challenges and outlooks towards using digital payment systems. Such informal conversations yielded rich, qualitative data that could not be captured in more formal interviews or surveys.

To complement the surveys with secondary data, we also reviewed existing research papers, industry reports, and articles related to digital payment trends in Bangladesh, fintech ecosystem, and overall financial inclusion. Cited references are credible and support the analysis of this report, and its recommendations. This two-pronged approach guarantees a holistic viewpoint, drawing from both first-hand accounts through discussions with players in the industry along with those theoretical models and previous data extracted from secondary research.

Combining both these approaches generates a comprehensive picture of market trends, regulatory barriers and value-creation opportunities in digital payments, with practical implications suited to the specific economic and cultural milieu of Bangladesh.

3.3 Findings and Analysis

Future for Fintech Aggregators.

In Bangladesh, fintech aggregators, most notably Payment Service Operators (PSOs), act as intermediaries in the digital payment ecosystem linking merchants to banks, mobile financial services (MFS) and other financial institutions (*Arafat & Arafat 2023*).

These aggregators operate as facilitators, making digital payment solutions much easier for businesses and consumers to transact. Despite the inconsistency in adoption of digital payments across different sectors, trust and real-life usability allowed fintech aggregators to cover these gaps, contributing towards financial inclusion as an alternative to cash-dominated transactions. This aims to define the roles and challenges of fintech aggregators in Bangladesh and find out their potential as well as constraints corresponding to regulatory, infrastructural and competitive landscape.

Importance of Fintech aggregators

Fintech aggregators, although designed to act as intermediaries between consumers, merchants and both engaging financial institutions, drive safe and efficient end-to-end transactions. They offer critical infrastructure and services such as processing of transactions, settlement management, and reporting capabilities to simplify the complexities of digital payments. Providing complete payment systems for merchants, consolidating multiple financial channels to deliver the option of paying customers through bank transfer or mobile wallet (*Admin, 2024*).

While, from a consumer standpoint, these aggregators create a greater level of convenience by providing frictionless digital payment experiences in different retail environments, ranging from mom-and-pop stores to enterprises.

Payment Service Operators (PSOs) are important players when it comes to aggregating and onboarding merchants in. By aggregating payments across multiple channels, this minimizes the operational headache a merchant has and offloads some of the technical and regulatory burdens onto a payment provider, therefore, allows business owners to spend more time on growing their business and making customers happy, instead of worrying about how they will get paid. But PSOs in Bangladesh are also challenged operationally and strategically in ways that could keep them from scaling up to effectively address social issues.

This focuses on understanding the points in the market that the companies have not yet addressed.

Bangladesh fintech aggregators have a great opportunity to fill huge market gaps in areas of low digital adoption. The SME segment, which contributes to the backbone of the Bangladesh economy, tends to be cash-heavy as they have liquidity issues and hence are also in immediate need of cash. Progress to scale responsible digital payments in Bangladesh.

These barriers can be bridged by aggregators that provide faster settlement times and bundled services specifically designed to meet SME requirements such as microcredit and loyalty rewards, among others. Another area that is mostly uncharted is the education sector, where aggregators can implement secure and efficient payment solutions for tuition fees and other transactions.

Aggregators can promote the adoption of digital payments in cash-dependent segments with their funnel service.

Fintech aggregators can play a vital role in developing standardized, intuitive digital payment interfaces for all industries so businesses and consumers familiar with cash but new to digital payments will find it more seamless when adopting the latter. Rather, as aggregators expand services to unbanked and underserved verticals. They assist the government to pursue its big tent financial inclusion agenda (*Bangladesh Bank, 2022*).

Challenges in Operations and Strategy

Fintech aggregators hold vast potential for furthering the adoption of digital payment options, but they encounter a set of operational and strategic challenges that create difficulties for them to grow and expand their competitive space in the market.

Regulatory Hurdles

Restrictions on PSOs in Bangladesh according to the regulatory environment, PSOs can not display or do significant advertising of their services which limits their reach. Currently, such regulations do not allow businesses to display PSO QR Codes or payment links publicly, which limits the scope for PSOs to reach out and promote their services directly to consumers (*Issue-I 2021*).

Due to these restrictions, PSOs have low market penetration and find it increasingly difficult to compete with MFS providers such as bKash because of their freedom to promote digital payment solutions (*Report, 2020*).

Reliance on MFS and Banks with Weak Negotiation Leverage

For fintech aggregators, MFS providers and banks are the main clients that actually execute digital transactions through their platforms. But since MFS and bank providers are larger institutions, they have higher bargaining power, which may lead to neglect of the more specialist concerns of aggregators such as PSOs to reach more merchants. Due to this dynamic, aggregators tend to be on the back foot in negotiations, further limiting their options for reduced transaction fees or faster settlement times which impact their ability to compete.

MFS Interoperability Changes the Game.

This threatens PSOs in Bangladesh as MFS providers could easily become interoperable. Today, PSOs have a fundamental function of consolidating several payment pathways for merchants, but in the interoperable situation for MFS companies, customers can carry transactions from one MFS supplier to another by means of their MFS accounts directly without requiring a PSO intermediary. Such a change may make PSOs irrelevant.

Infrastructure Constraints and the Need for Automation

Fintech aggregators in Bangladesh suffer from lack of infrastructure with most of them relying on decades old systems where a lot of manpower is used in onboarding merchants, data entry and transaction processing. This exposes several limitations such as human error, transaction lag and the lack of scalability for PSOs. For aggregators, automation and digital transformation is needed to improve operational efficiencies, enhance accuracy, and deliver a faster and reliable service to merchants. However, the increasingly stronger ecosystem wherein larger aggregators like SSLCommerz and AmarPay operate demonstrates how smaller aggregators can spend on these emerging technologies in order to better compete.

Competitive Shocks

Bangladesh has a really competitive fintech setup with established players like SSLCommerz and AmarPay constantly making service better. Take SSLCommerz, for example, it is known for its swift settlements and plethora of services that make it the merchant's first choice. In the case of single and multi-vendor aggregation, the existence of strong market players not only establishes a dedicated merchant network but also builds on track records of reliability.

Reliability and Trustworthiness

Fintech entails consistency, transparency, and confidence as clients would not want to stay with a provider that they cannot trust. The aggregator's first line of defense to secure long-term relationships with merchants is their operational excellence in providing high-quality service and financial transparency (*Roh et al., 2022*).

Another growing concern is around transparency and compliance with data privacy regulations, while businesses are hosting most of the salient information online about their transactions as well as sensitive use-cases. Aggregators that maintain strong data protection practices and comply with requirements can actually earn a competitive advantage in the market. Providing extremely good communication and reporting structure also helps in building trust as it helps the merchants to obtain real-time access to transaction data, allowing them to track their cash flows.

Conclusion

In Bangladesh, digital payment aggregators are intermediaries that bridge the gap between services and infrastructure, accommodating various sectors by establishing efficient processing channels. Still, regulation limits their ability to be competitive, they have low negotiating power with banks

and MFS providers, and high competition pressure from the likes of market giants. Additionally, cross-platform transactions if made easier will endanger PSOs by reducing their relevance as interoperability within and between MFS could surface as long-term competition.

Fintech aggregators will need to strategize to tackle these challenges, giving priority to reliability and a more streamlined approach with an aim towards building trust with clients. Aggregators that invest in infrastructure enhancements, regulatory compliance and building relationships will be better off over the rapidly changing landscape of Bangladesh. There are challenges to the operational and strategic aspects that aggregators must address but with ever increasing digital payment adoption, those aggregators able to do so will be best positioned to capture market share while supporting the broader goal of financial inclusion in Bangladesh.

Unseized Market for Digital Payments

The digital payment sector of Bangladesh has grown significantly over the past few years with increasing smartphone adoption, greater internet penetration in both urban and rural areas as well as a government push for a cashless economy. However, even with these progressions and advancements there are still considerable gaps in the market especially for small and medium enterprises (SMEs), local vendors, general stores, educational institutions, and public transport services. This goal explores the gaps in Bangladesh's digital payment ecosystem, elucidating on primary challenges and unaddressed needs, catering to short-term state of affairs and growth prospects and major drivers affecting the roadmap of this industry.

Technology Review and Major Industry Players

Large Mobile Financial Service (MFS) providers like bKash and Nagad have created a trusted digital wallet system with broad networks, giving them dominance in the Bangladeshi digital payment market. Whilst these MFS operators have significantly affected the digital payment landscape in Bangladesh through mobile money transfers, merchant payments, and bill payments, they allegedly haven't been able to penetrate high volume low value sectors like SMEs or local vendors due to operational and logistics issues.

The key challenge for the SMEs and general stores is liquidity and cash flow management. Although digital payments offer ease for consumers, merchants, who depend on a continuous flow of cash to run day-to-day activities, find it problematic. This cycle exists as merchants need cash at hand to pay their suppliers who also operate primarily in cash-friendly environments, therefore, limiting the practicality of digital payments. On the other hand, transactions take a minimum of 24 hours to get settled for payment processing done through Payment Service Operators (PSOs) due to technical reasons and regulatory compliance. This T+1 settlement system means that the day after a transaction money enters in a merchant's account and is causing a cash flow bottleneck that keeps small business owners resistant to accepting a digital payment.

Besides the postponement of settlement, PSO services are expensive. For small-scale enterprises that work on thin profit margins, the added service fees add up to a lot, which makes such players skeptical towards digital payment solutions. Many small businesses still have a low perceived value of digital payments because there is no real-time settlement solution that is scalable and affordable.

Education Sector Unmet Needs

The facilities also reflect one of the segments with a major digital payment potential although it has been observed that the adoption rate is low as well. While the payment experience seems easy and convenient, these institutions have not embraced accepting digital payments money for tuition and fee payments as they have traditionally relied on cash transactions. Resistance to this type of digital payment has to do with old habits, and in part with institutional inertia as well. Educational institutions have fairly consistent cash flow and lesser working capital pressure, so they may be ideal fit for digital payments. But limited outreach, awareness and incentives have kept them out of the digital payment ecosystem.

Difficulties in Public Transport

Public transportation is another segment that is less penetrated within the digital payments market. Digital payments in this space have specific issues related to the informal nature of the industry. Most public transport operators lack this level of bureaucracy, formal bank accounts and the infrastructure for digital bills. Together with regulatory lapses, these limitations make it hard to integrate digital payments. Public transportation operators also depend on daily cash payments for significant operational expenses like fuel and maintenance, making the delayed settlements of digital payment systems impractical.

Cash is King

There appears to be a more general barrier that has emerged across sectors, the long-standing preference for cash-based transactions, which was fueled by underlying cultural attitudes and the longstanding structure of many economies to transact in cash. The belief that cash is king has been deep-rooted in Bangladesh and other countries for generations as the preferred way of doing

business with the help of a visible, palpable, tangible medium. Cash is king, especially in SME markets where immediacy is an important factor but trust and digital unfamiliarity are further contributory factors. This is the reason why thousands of business owners are hesitant to move to the digital platform using a cashless ecosystem and perceive it as complex, expensive & unreliable compared to handling cash.

Primary Factors Fueling Growth in Digital Payments

However, there are many reasons to be optimistic about the prospects for digital payment expansion in Bangladesh going forward. A conducive environment for digital payment solutions has been established by government policies including the financial inclusion agenda of Bangladesh Bank and specifications on digital finance regulations. Such initiatives focus on making finance accessible for those who do not have access to underprivileged sections of the community such as SMEs and rural areas (*Bangladesh Bank, 2022*). Furthermore, an expanding base of smartphones and internet access is making digital platforms more accessible particularly in urban and semi-urban regions, making the market ideal for digital payment providers to plant themselves deeper.

Underutilized Sectors with Growth Potential

Unserved segments, in particular SME, educational institutions and public transportation, are also seen to provide a significant room for growth. Digital payment players could increase market penetration in these sectors, therefore, promoting a cashless economy by meeting some of their unique needs and challenges. Another key point would be real-time settlements, very low transaction fees as well as education programs that drive digital payments adoption and hence the value proposition to SMEs. In education, targeted incentives and more efficient digital payment

systems could drive adoption by streamlining how institutions process tuition and fees electronically. Though public transportation is a challenge to hedge, it also provides the opportunity for mobile-based ticketing systems and contactless payment methods which can make fare collection easier.

Conclusion

Bangladesh has a market with tremendous growth potential for digital payments, but there are significant unmet needs of SMEs, educational institutions and public transportation sectors. Solutions to these challenges involve not only technology deployment, reform of the payment rail architecture but also cultural changes on acceptance towards digital payments. With changing times, digital payment providers can step up their game by catering to sectors that have always relied on cash for instantaneous settlement, cheaper transaction costs and more outreach programs. Addressing these specific needs enriches the role of fintech aggregators in promoting digital payment and further financial inclusion in Bangladesh.

Keeping a Promise goes a long way

It is also one of the reasons why larger organizations are more reluctant to partner with fintech aggregators who tend to miss out on important criteria like reliability, transparency and consistent service delivery. Payment Service Operators (PSOs) play an extremely important role in the digital payment landscape, as they facilitate the flow of money/make transfers to and from different parties, providing designated account services that handle client cash assets on behalf of companies by temporarily holding them within a trust cum settlement account until settlement. Yet the very nature of these intermediate services, and somewhat traditional practices in this sphere, can undermine trust.

Significance of Fast Settlements

Fast and predictable settlement times is a basic, expected service of clients — especially for those who need cash immediately in order to run the business on a day-to-day basis. PSOs in Bangladesh operate mostly on a “T+1” settlement cycle, which means that money from the transaction reaches merchant accounts after one day. This is because of the fact that, since this process goes through the PSO’s trust account before it gets to the merchant’s account, there are different systems within this chain which makes access to funds more complex and takes at least a business day (*American Banker, 2022*). This lag in cash settlement affects the day-to-day functioning of businesses which rely on liquidity, especially if they are in a high transaction frequency industry such as retail that depends on customer satisfaction. Research regarding digital trust in fintech services stresses the importance of timely and transparent financial transactions to credibility and user loyalty (*Kansas City Fed, 2023*).

Additionally, banks do not always give settlement requests from PSOs the same priority as those that come through direct MFS providers which creates further delays and inconsistencies. How banks have an influence over part of the settlement timeline can frustrate merchants who may view PSOs as unreliable partners within their business model that needs a constant stream of cash flow to function (*F5, 2022*). Studies performed on open banking heighten the idea that confidence in thought and reliance on an aggregate monetary asset proprietor is driven by how rapid the settlement takes place.

If the aggregator has delayed settlement times, system downtimes, or ineffective customer support, it can ruin client trust and potentially affect the reputation of the aggregator itself. Therefore, fostering reliability can be one way for PSOs to build such trust and compete with the existing and robust players while developing their sustainable clientele (*Aldboush & Ferdous, 2023*).

How Interest Accumulation Can Affect Trust

A further problem affecting PSO trust is the practice of delaying settlement in order to earn interest on money in the trust account. While this is something that can realize short-term PSO revenues, it ruins the entire ethos of prompt service delivery. Due to having a higher focus of interest accumulation rather than client services by PSOs, the delay in their response towards timely finishing of cases calls for neglecting or leaving certain clients behind during periods, hence are unable to provide value. Research on trust in the fintech ecosystem points out that even perceived self-serving practices create distrust as customers interpret delays as opacity and lack of consideration for customer needs by service providers (MDPI, 2023). For PSOs, particularly those managing funds on behalf of businesses, delivering timely service is essential to sustaining trust and long-term relationships with clients so that profit-maximizing delays will need to be avoided.

Limited awareness leading to distrust

The opaque nature of the PSO process further erodes trust. However, in Bangladesh there are certain regulatory restrictions where PSOs cannot directly reach consumers and display QR codes and payment links outside their apps making pushing the limit for visibility very difficult for them. However, this does not allow PSOs to communicate their function within the payment chain clearly and clients may wonder whether there is added value in having a PSO. Consequently, enterprises familiar with and used to transparent transactions through banks or MFS providers may see PSO

as an untrusted cumbersome alternative. Research focused on consumer trust towards fintech underlines that transparent and clear communication is the fundamental factor for building trust, especially in a relationship where companies undertake the task of managing client funds.

For instance, larger businesses largely prefer partnerships with banks and direct MFS providers as they both promise a better control over funds and a clearer transactional relationship. This transition indicates an era where in order for fintech aggregators to remain competitive, they should focus on the trust building strategies which could be further improved by transparent data practice, better client communication and timely settlement method (Rahman & Ahmed, 2021) among others.

Developing a Long Lasting Relationship

To be able to provide true competition against traditional financial institutions and cash payments, the service provided by fintech aggregators must always occur with consistent quality and provide assurances regarding fund settlements. Some research indicates that service inconsistencies such as delays, a lack of transparency, or low access to funds can destroy trust so that clients are then unwilling even to renew contracts with PSOs, let alone regard them as primary facilitators of the transactions. The need for continuous good service is more pronounced within financial services as any small error or delays can have magnified business impacts (LightCastle Partners, 2023). Focusing on reliability of services especially those impacting client cash flow and operational efficiency enables PSOs to differentiate as dependable partners in a crowded market.

Conclusion

Fintech aggregators, especially (PSOs) are significant for digital payment in Bangladesh, but they struggle to build and maintain trust with enterprise level organizations. The ability to settle quickly, not postpone for the sake of profit, and maintain transparency throughout the provision of services is key for PSOs to retain clients. In order to achieve a long-term partnership with businesses, PSOs have to develop consistent and reliable services that are in line with the expectations of clients regarding transparency, timely fund settlement and handling them with integrity. In Bangladesh's changing digital payment market, PSOs will need to tackle these issues and prove reliability in order to remain competitive and have the most sustainable relationships with financial institutions.

3.4 Summary and Conclusions

Bangladesh has a fast-growing digital payment ecosystem and both consumers and merchants can easily transact among each other through Payment Service Operators (PSOs), the intermediaries that connect them with banks and financial institutions. Payment service organizations simplify payment processing, offering merchants simplified access to multiple payment channels, along with added convenience for consumers. Despite such importance, PSOs face a number of challenges – lack of enabling regulations, dependence upon larger entities like Mobile Financial Service (MFS) providers and banks and limited infrastructure which limits their operational efficiency. Competition has also gotten stiffer, with established players like SSLCommerz and

others vying for their share of the growing market, squeezing smaller or newer aggregators into submission.

This report explores three essential goals to:

Fintech consolidators: A glance into the future

In the context of digital payments in Bangladesh, PSOs are critical links between merchants, consumers and financial institutions. They exhibit great potential to serve low-digital sectors like SMEs, educational institutions, and public transport. Leveraging through operational and strategic difficulties like regulatory restrictions, reliance on larger financial institutions, and infrastructure constraints etc., PSOs can play its role as a facilitator in furthering the financial inclusion arena in Bangladesh. Nevertheless, this threat is gradually being eclipsed by that of MFS interoperability since direct transfers between MFS platforms could entirely eradicate PSOs.

Untapped digital payments market:

Even with expansion in mobile monetary administrations, the digital payment market of Bangladesh actually has a huge number of undiscovered potential opportunities like small and medium enterprise (SMEs), education institutes and public transports. SMEs are cash flow constrained and rather wary of using digital payments, whereas larger swathes of the economy such as educational institutions or public transport still run on ink and paper simply due to inertia, but also because infrastructure does not exist. Addressing these existing barriers necessitates sector-specific solutions like real-time settlement systems, low economic transaction costs, and targeted outreach. However, if they can bridge these gaps well, the potential for growth of the overall market is huge.

Gaining trust and reliability:

A big challenge for the fintech aggregators is to make merchants willing to work with them, as most of them are very concerned about many questions like reliability, transparency, and business usage time. Even though the process is safe, the delayed settlement where funds only reach merchants after 24 hours or more destroys trust with companies who rely on quick cash flow. And the fact that trust accounts are held for a timescale more than they need to be before it settles, collecting interest in the process rather than again focusing on getting to settlement as soon as possible, only erodes this further. Of course attracting larger businesses is fundamentally driven on the principle of transparency and reliability in service delivery as they tend to nurture long term relationships. With Right consistency there is a dire need to establish PSOs as trusted financial partners with focus on improving service quality.

3.5 Recommendations

Securing the future of Fintech aggregators (Objective 1)

Fintech aggregators act as intermediaries within the digital payments domain and serve a crucial function in facilitating the convertibility of cash-based transactions to digital formats, particularly by merchant onboarding and extending the frontiers of digital payment adoption. Fintech aggregators need to fill the gaps described above and take strategic initiatives to adapt and evolve in an environment that may see rapid, large-scale change due to factors such as mobile financial service (MFS) interoperability, if they are to secure their future relevance. This movement to a cashless economy continues to need key components such as policy and regulatory support by the fintech aggregators in order for Bangladesh's digital payment ecosystem to remain strong enough to face changing business and consumer requirements.

Build industry alliances by creating association

For fintech aggregators, a crucial move is to develop an association devoted to tackling common problems, advocating for joint interests and promoting new technologies in the realm of digital payments in a macro setup. A chorus of that nature could be a singular voice in creating policy change advocacy, networking and establishing industry standards. With joint interests, aggregators can show united front in regulatory negotiation at Bangladesh Bank and grow more power on the policy making arena. The organization can also work towards regulatory promotion where PSOs/PSPs can display QR codes and make digital payment solutions more accessible from the domestic front, facilitating Bangladesh to move closer to a cashless society.

Encouraging financial inclusion through Policy Support

As both fintech aggregators and regulators will play key roles in enhancing financial inclusion in Bangladesh, regulatory organizations may also introduce tax exemptions or other facilities for digital financial services to encourage all stakeholders to bring their maximum output. Aggregators play a critical role in cashless transactions and in bringing unbanked segments into the financial fold that is aligned to national objectives for financial inclusion. One way to spur on this effect would be to offer tax incentives for aggregators that do well by doing good in the digital inclusion space, allowing firms to onboard more merchants and reinvest into expanding their services.

Performance Audits

Fintech aggregators are vital for the financial ecosystem; consequently, their performance, operationally and financially, must be evaluated frequently. Bangladesh Bank could start a system of biannual audits, ensuring that the aggregators are providing highly reliable, secure and efficient services. The audits would look beyond financial health to technology and operational

performance, highlighting areas in which aggregators need to improve. This might include, in addition to regulatory support, increased access to a reward pool with recognition abilities for the best-performing aggregators (or best-practice forces) creating a market that rewards excellence, while also inducing weak performers to improve or exit.

Assistance to Poor Performing Aggregators

Instead of trying to penalize underperforming fintech aggregators and sending them away at the first go, there is a need to enable them to do better for a competitive yet supportive industry. Whenever companies are unearthed as laggards, during the process of audit, they can be provided with a structured guidance system along with industry consultants and training on best practices in technology as well as operations. In doing so, those companies would gain some development support and be given time to catch up. If an aggregator does not meet basic standards after this provision time, it could lose its operating license that could subsequently be auctioned and sold to a company with better preparation for entering the market and continuing to operate under strict regulation.

Create a Strong Merchant Network to Enhance Relevance

It would be vital for the value proposition of any fintech aggregator to leverage a strong merchant network. More importantly, through collaborating with more merchants in different industries, especially the SMEs and local vendors as well as schools and universities, aggregators can claim their space at the center of the payments syllabus. Aggregators are critical enablers of MFS and regardless of the extensive footprint of an MFS provider, cannot easily be replaced. Hence having a successful, large merchant base leads to aggregation becoming only relevant, but facilitates thriving and needing MFS providers so that both can benefit from each other.

The Untapped Digital Payment Opportunity (Objective 2)

In order to fill the white space of Bangladesh's digital payment market and stimulate adoption within unserved sectors like SMEs, educational institutes, and public transport, strategic measures targeting each sector are vital. To ensure successful uptake of digital payments, interventions need to go deep into the roots of the financial transaction merchant chain and gradually move upwards to create an inclusive cashless economy.

Involving the Whole Supply Chain

Adoption of digital payments must start at the source, that is from manufacturers to supplier/distributor end and not only at retailers or the last vendors. Many SMEs and small shops are reluctant to accept digital payments because their suppliers are still cash-based as of now. The logic here is that if manufacturers and distributors are brought onboard digitally, retailers would be more open to go along with it since they would be able to make digital payments as well.

This not only enhances transaction safety (as there is less physical cash to handle) but also improves the ease of record-keeping, diminished theft risk, and lower logistical stock-driven cash-handling expenses. Digital payments would provide increased traceability and financial security for both manufacturers and suppliers. Other countries such as India, where offering digitization to the last mile (street vendors and small businesses, both online and offline) has been successful by companies like Paytm, illustrates that adoption territory-wide is much easier when supply chain pillars are coupled with top-down digitization efforts (Paytm, 2021).

Financial institutions and PSOs may provide slight incentives including reduced transaction fees or time-limited discounts and settlements for going digital, to facilitate this transition towards more

online transactions by suppliers and distributors. Regulatory bodies can further offer incentives to these institutes, making cashless payments attractive and affordable.

Petrol Stations Fueling Financial Inclusivity

The cash dependency in public transport is partly because business operators will often be forced to pay for services at fuel stations and vehicle maintenance shops largely in cash. Facilitating conversion to digital transactions for public transport services (buses, rickshaws, CNGs and minivans) by promoting acceptance of digital payments at fuel stations, garages, spare parts shops and other relevant facilitating areas.

Around this, a pilot programme can be rolled out in which selected fuel stations provide discounts or points to public transport operators on the basis of digital payment for fuel purchases. That would not only serve as an enabler for digital adoption but also usher in a seamless payment mechanism that could gradually drive the behavior of transport operators to accept digital payments from commuters.

Ease of implementation of these programs would depend on the strong cooperation between PSOs, fuel station chains and transport associations. With proper digital handling of transport operators' fuel and maintenance costs, Bangladesh can achieve a milestone in cashless transport systems, from the standpoint of making transactions more transparent, efficient and secure.

Educating schools about Digital Finance

Another area that has high potential of using digital payment due to many transactions however are found hesitantly adapting the new digital method because it is the educational sector based on

the cash payment system. The move would digitize school fees, tuition payments, and countless other transactions, providing parents and students with secure payment methods for all their school-related financial transaction needs.

Fintech aggregators and payment service operators (PSOs), in a bid to drive such shifts, can tie up with educational institutes to deliver tailored digital payment solutions that are collaboratively designed for their institute. For example, institutions may provide online payment portals with PSO integration so that parents can make digital payments for tuition & other fees. The system could further facilitate mobile payment options that cater to families with cash flow challenges and might offer installments. Universities can be incentivized with reduced transaction fees, or even promotional offers, to adopt these systems. Campaigns can also be run to make parents more familiar with e-payment options by discussing prevalent security concerns and the advantages of using other digital payment solutions as well.

Creating a widely Available and User-Friendly Ecosystem

For a cashless society transition to be successful, there is a need for user incentives along with the infrastructure. Exactly like Paytm in India which promotes digital transactions as part of lifestyle by providing various types of deals and cash back offers, similar programs can be introduced by Bangladesh PSOs and MFS providers to incentivize consumers for both merchants and consumers. By rewarding little things, giving loyalty points or cashback for small transactions such as day-to-day purchases and essentials can eventually train users in paying digitally.

Working with Regulators

Creating an inclusive digital payment ecosystem will require coordinated engagement with regulators to remove current barriers and enable wider access to digital payment mechanisms. For example, relaxing rules restricting PSOs from displaying QR codes in open settings would allow micro vendors and enterprises to collect payments effortlessly. This kind of visibility would open up multiple points of access to digital payment enabling consumers to conduct cashless transactions in daily-level interactions.

National campaigns by Bangladesh Bank and other financial authorities, however, can back these efforts up by highlighting the safety, convenience and benefits of digital payments. National leaders can devote time to inform the public, specifically those in rural areas, on the advantages of adopting digital payments which would then counteract the “cash is king” mindset present throughout a great part of the country. This is where the government can step in and to a large extent help to generate good publicity around digital payment systems through mass communication of these messages.

Developing a Back-End for Instant Settlements

Delay in settling funds is a major hurdle for SMEs to adopt digital payments. A solution to this problem would be the introduction of a system based on real time or near-real-time settlement. SMEs would be able to immediately stay liquid as fund transfers will reach merchants almost instantaneously after a transaction without going through the inconvenience of a longer settlement period.

Implementation of real-time settlements infrastructure to be jointly spearheaded by Fintech aggregators, banks and regulatory bodies. Technology investments that facilitate immediate fund transfers and faster, lower processing times are essential to discharge the demands of small businesses and promote high number digital payment adoption.

Creating Trust and Reliability in Fintech Aggregators (Objective 3)

For PSOs and PSPs, the key to earning trust from larger organizations is a professionalism based on reliability, transparency, and consistently following through on commitments. Returning money faster to clients and with transparency is a fundamental confidence in financial transactions. So, here are some strategic recommendations for fintech aggregators to enhance their trustworthiness, keep customer satisfaction and develop strategic partnerships.

Prioritizing Early Settlements

Another important reason for merchants not being able to put their full faith into PSOs and PSPs is that a lot of time settlements get delayed. Delayed settlements commonly occur if aggregators retain the funds longer than necessary to collect interest from bank accounts, which is a short-term gain for the aggregator but an undetected loss for their clients. Yet, this practice damages trust with clients and could force companies to even search for alternative payment solutions focusing on instant fund availability.

Fintech companies need to establish and maintain trust, by committing to settle on time and also regularly focusing on settling early in order to meet their clients expectations of accessing the funds in a timely manner. Settlements need to happen as soon as possible instead of delaying settlements for the sake of earning bank interest, which brings trust & respect from merchants.

Unless specifically asked by clients to settle at later times, the aggregator should prioritize settling immediately which will go a long way in building the aggregator's reputation for transparency and customer-centric service.

Management of the Fund with Transparency

Aggregators also need to enable their clients with digital solutions that can provide updates on the status of funds in real time. We would dedicate this score to an online dashboard or SMS notification system that notifies clients during every phase of the transaction—creating visibility from initiation until completion. It may reassure clients that their funds are under management and it will reach them within the promised time or transfer duration, resulting in lower frustration associated with vagueness.

Have a service commitment policy with strict adherence

Fintech aggregators must have a policy that clearly lays out their service commitments from the times they take to settle trade to the compensation for delays. This commitment code would give merchants written promises of on-time delivery and signal that the aggregator holds itself to high standards. Through financial penalties or compensations for late settlements, PSOs can demonstrate their commitment to merchant satisfaction and indicate that they are placing more importance on the financial interests of their merchants than short-term profits.

Build infrastructure and automation for enabled transactions.

Quick settlement is dependent heavily on aggregator operational capacities (Infrastructure & technology). Aggregators need to invest in an automated settlement process that eliminates delays caused by manual errors or bottlenecks. Additionally, components of fund management systems

that are automated allow for more reliable processing, reduced processes that are subject to human error, and processing that is faster allowing settlements to occur with reliability and speed.

Long-Term Merchants Through Consistency

Aggregators have to hold on to big organizations as their merchant and long-lasting relationships need consistent agility in serving merchant needs. In order to retain these partnerships, they should offer stellar customer support, resolve issues in a timely manner and keep the lines of communication open with their clients. Over time, offering consistently high-quality service creates an excellent reputation, clients will see the aggregator as a trusted partner in their processing finances.

Summary and Conclusion

As Bangladesh transforms into a digital finance hub, fintech aggregators must adapt their roles in order to stay relevant and meaningful. Strengthening industry coalitions through an association to deal with common challenges, promote pro-industry regulations, and influence policy. With such an organization in place, aggregators can collectively sway decisions on measures that facilitate digital payment access, generalizing the use of public QR codes, for example and take the country closer to a cashless economy. Moreover, offering tax exemptions and minimizing regulatory fees for aggregators that design products with financial inclusion in mind will spur its growth, allowing a wider population of small merchants to become part of the digital payments ecosystem and avoid becoming irrelevant.

Focusing on closing the gap in the digital payments market among supply chains, public transportation and education. Focusing on the whole transaction chain from distributors and

suppliers, rather than just endpoint vendors, aggregators can help promote greater digital payment adoption. Also, encouraging more digital payments through their use in public transport and educational institutions can go a long way towards achieving a cashless society as both sectors have a high volume of cash movement. By providing incentives like loyalty points or lower transaction fees, these cash-reliant sectors would be encouraged to join the digital payment bandwagon and achieve a wider market share.

Establish trust and reliability through fast settlements, clear fund management practices, and flexibility toward the client. Due to delayed settlement and perceived lack of transparency, large merchant bases are usually reluctant in trusting PSOs. Fintech aggregators can position themselves as more reliable by making early settlements a priority, because fast settlements build trust and show that this type of aggregator cares about merchants' finances. Providing clients the flexibility to choose how and when they want to settle, along with investments in technology and automation, will help further automate settlement processes, reduce delays and improve precision. Consistent service quality along with regular feedback from the clients will further normalize trust in years to come while creating long-term relationships with bigger organizations.

This combination of strategic actions both consolidates the position of fintech aggregators within the payments ecosystem, while also promoting wider financial inclusion and digitalisation.

These aggregators, also known as the “middle-men”, could be the ones to change the financial landscape and lead a pathway towards a more financially inclusive nation and a cashless tomorrow

as they continue their role in the financial sector. If aggregators can abide by these recommendations, their future is bright because there are untapped markets to be claimed.

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