Report On

Commission Structure and Its Impact on Agent/Merchant Performance –
How the payment model incentivizes the distribution network in bKash Limited

By,
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ID - 22304060

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

BRAC Business School
BRAC University
May 2026

Declaration

It is hereby declared that -

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

Student's Full Name and Signature -

Samin Khan Chowdhury
ID - 220304060

Supervisor's Full Name and Signature -

Saif Hossain, PhD
Associate Professor, BRAC Business School
BRAC University

Letter of Transmittal

Saif Hossain, PhD

Associate Professor,

BRAC Business School

BRAC University

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

Subject: Submission of Internship Report on Commission Structure and Its Impact on Agent/Merchant Performance – How the payment model incentivizes the distribution network in bKash Limited.

Dear Sir,

On behalf of bKash Limited, I would like to submit the internship report entitled "Commission Structure and its impact on Agent/Merchant performance – How the payment model incentivizes the distribution network at bKash Limited" in partial fulfillment of the requirements for the award of the BBA program at BRAC Business School, BRAC University.

Within the scope of information and time available, I have used my best judgment to make this report accurate, clear, and comprehensive. I hope you will find this report satisfactory and useful for an academic purpose. This report would be greatly appreciated.

Sincerely yours,

Samin Khan Chowdhury

ID - 22304060

BRAC Business School

BRAC University

Date - May 07, 2026

Non-Disclosure Agreement

This agreement is made and entered into by and between bKash Limited and the undersigned student at BRAC University. As a former bKash Intern (Intern ID: IN1143) of bKash Limited, I am mindful of the fact that, at the time of my internship period, I was exposed to a lot of confidential information, and not to mention that the company must maintain data privacy. I am aware that I must always maintain the confidentiality and privacy of this information and not be permitted to disclose or share it with any third party.

Acknowledgement

I would like to thank Almighty Allah first of all for making my entire internship experience good and providing me with the chance to learn and to develop day-by-day. Also, I would like to thank my family, my mother, father, and sister for supporting me over the course of 4 years including this internship.

I would like to now give a thank you note to my academic supervisor, Mr. Saif Hossain, Associate Professor, BRAC Business School. I would like to thank Allah that I have successfully finished this internship period under his watch. Helping me with all the information necessary to complete the internship report, to simply supporting me all along, making sure I still have the necessary support, he has been of immense help to me during this time,e and I will always owe a lot to him.

Besides, I want to acknowledge my organizational supervisor, Mr. Muhammed Shakerul Islam Khan, General Manager, Financial Control, Finance and Accounts Division, bKash Limited, who has always supported and guided me through thick and thin so that I can best learn. During this internship time, he has never ceased to take care of me to learn new things and procedures about budget preparation, expense monitoring,g and variance analysis frequently. In addition, I would also like to say thanks to my other colleagues and seniors who have assisted me throughout my internship. They have cooperated and assisted me in accomplishing my internship.

Executive Summary

This internship report aims to examine the commission structure and its effect on the performance of agents and merchants of bKash Limited. The study was done with the help of practical experience gained during the internship period in the Commission Analysis Team of the Financial Control Department of the Finance and Accounts Division. The goal of the report is to explore the effects commission-based incentives have on the motivation, transaction activity, and performance of agents and merchants in the mobile financial services ecosystem. Both primary and secondary sources were collected, such as work observation, informal conversations with participants, company resources, and literature review. The results suggest that the commission structure has a significant impact on transaction volume, service prioritisation, and operational efficiency. Increased commissions increase the activity of agents and merchants, and a differential in incentives can lead to service imbalance and inconsistencies in performance. The report concludes that an effective and balanced commission structure is needed to ensure network performance, to enable digital financial inclusion, and to provide a competitive advantage in the mobile financial services industry.

Keywords: Commission Structure; Agent Performance; Merchant Performance; Incentive System; Mobile Financial Services (MFS); Transaction Volume.

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List Of Acronyms

AML	Anti-Money Laundering
API	Application Programming Interface
B2C	Business-to-Consumer
BB	Bangladesh Bank
BVA	Budget vs Actual
C2B	Consumer-to-Business
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFT	Combating the Financing of Terrorism
ERP	Enterprise Resource Planning
F&A	Finance and Accounts
FC	Financial Control
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards

Glossary

Agent	An authorized individual or outlet that provides mobile financial services such as cash-in, cash-out, and money transfer on behalf of the service provider.
Cash-In	Depositing physical cash into a customer's mobile account through an agent.
Cash-Out	Withdrawing cash from a mobile account via an agent.
Commission	A financial incentive paid to agents or merchants for facilitating transactions.
Digital Financial Service	Financial services are delivered through electronic platforms without a physical banking infrastructure.
Distribution Network	The system of agents and merchants through which services are delivered to customers across different locations.
Financial Inclusion	The provision of accessible and affordable financial services to underserved populations.
Incentive	An additional monetary or non-monetary reward is provided to encourage higher performance or transaction volume.
Merchant	A business entity that accepts digital payments from customers through the mobile financial service platform for goods or services.
Merchant Payment	Payment made by customers to merchants using a mobile financial service account.
Operational Cost	Expenses incurred by agents or merchants in running their service outlets.
Performance	The effectiveness of agents or merchants is measured by transaction activity, service quality, and business outcomes.
Service Charge	Fee imposed on customers for using certain services.
Settlement	The process of transferring earned commissions to agents or merchants after transactions are completed.
Transaction Volume	The total number or value of transactions processed within a specific period.

Chapter 1 - Overview of Internship

1.1 - Student Information

- **Name** - Samin Khan Chowdhury
- **Student ID** - 22304060
- **Program** - Bachelor of Business Administration (BBA)
- **Major** - Accounting
- **Institution** - BRAC University

1.2 - Internship Report

The internship was completed at bKash Limited, one of the leading mobile financial service providers in Bangladesh. The organization operates a large nationwide network of agents and merchants, providing accessible and convenient financial services to millions of users.

- **Division** - Finance and Accounts Division
- **Department** - Financial Control Department
- **Team** - Commission Analysis Team
- **Internship Duration** - January 25, 2026, to May 24, 2026.
- **Supervisor** - Mr. Muhammad Shakerul Islam Khan, General Manager, Financial Control

The internship provided exposure to real-world financial operations, particularly in commission monitoring, cost analysis, and financial reporting processes.

1.3 - Internship Outcomes

1.3.1 - Students' Contribution to the Company

Various activities were carried out during the internship period, which helped in improving the operational efficiency of the Financial Control Department. These include -

- Helping to analyze and validate data related to commissions.
- Assistance in tracking the channeling cost of campaigning.
- Helping to monitor and report costs associated with MNO (Mobile Network Operator) partnerships.
- Responsibility to support accounts receivable tracking and reconciliation procedures.
- Helping to prepare data to present financial reports and analysis.

These donations assisted in achieving accuracy in the financial records and also assisted in the continued financial control activities.

1.3.2 - Benefits to the Student

The internship was an important experience in terms of gaining practical lessons and mastering skills. Key benefits include:

- Learning the practical knowledge of financial control and accounting processes.

- Learning about commissioning structures and their effects on the business operation.
- Cultivating analytical and problem-solving skills.
- Training to deal with the actual financial data and reporting systems.
- Enhancement of communication and teamwork skills in a workplace.

This experience was a way of bridging the gap between theory and practice of academic knowledge.

1.3.3 - Difficulties Faced During the Internship Period

Although it was a great learning experience, several challenges were encountered during the internship -

- Having little access to confidential financial information because of organizational policies.
- The first challenge is learning the complicated financial systems and ERP software.
- The lack of time in the process of adapting to a fast-paced working environment.
- Minimal personal contact with the agents and merchants to collect primary data.

Nonetheless, these issues were progressively handled by means of supervisors and constant education.

1.3.4 - Recommendations for the Internship

According to the internship experience, the recommendations below are proposed -

- Offer well-organized orientation and training programs to interns.
- Provide some controlled exposure to pertinent financial information to learn.
- Enhance the paperwork and policies concerning new interns.
- Consider increasing the level of coordination among teams to offer a wider exposure.
- Give more real-world assignments in terms of analysis and reporting.

Such enhancements can facilitate the overall success of internship programs.

1.4 - Work Responsibilities and Activities

During the internship in the Commission Analysis Team under the Financial Control Department, the following responsibilities were carried out -

- Surveillance of financial information that is commission-related.
- Helping with cost analysis and tracking of the campaign.
- Financial reconciliation of the MNO partnership.
- Helping in the management and reporting of accounts receivable.
- Assembling and structuring of financial information to be analyzed.
- Helping with the daily financial control activities.

The work was carried out with internal systems and tools to process and report financial data. The roles gave me an opportunity to be exposed to the financial activities of a large organization.

1.5 - Organizational Placement

The internship job was in the Financial Control Department under the Finance and Accounts Division of bKash Limited. Precisely, the position was under the Commission Analysis Team, which is involved with expense and financial accuracy monitoring of commission activities. The reporting lines incorporated the work under the set team members and supervisors within the department. The position involved liaising with other functional departments like revenue assurance, business finance, and operational departments. This positioning offered a good perspective on how financial control functions enhance the overall organizational functions.

Chapter 2 - Organization Overview

2.1 - Introduction

This chapter contains a description of the organization in which the internship took place, including information regarding the structure, operations, and strategic location of the organization in the industry. The emphasis is on one of the major mobile financial service providers in Bangladesh, bKash Limited. It is meant to give an overall picture of the history of the company, its vision and mission, the products and services it provides, and its organizational structure. It also identifies the most important functional areas that impact the organization's performance, such as human resources management, marketing, information systems, and operations. To further evaluate the company’s position in the market, analytical tools such as SWOT analysis and Porter’s Five Forces are incorporated. The chapter provides an organizational backdrop for the subsequent analysis, as this is essential to understanding the commission structure and how it affects agent and merchant performance, as explained in the next chapter.

2.2 - Overview of bKash Limited

bKash Limited has emerged as one of the most important mobile financial service providers in Bangladesh, and it is also influential in the country's digital financial ecosystem. The organization was formed with the intention of offering affordable, convenient, and safe financial services to the citizens in the nation, especially to those who had not or barely had access to formal banking services in the past. Through mobile technology, the company has managed to change the financial transactions in Bangladesh. bKash is a joint venture between BRAC Bank Limited and Money in Motion LLC and was established in 2010. International investors like the International Finance Corporation and Ant Group came on board as future strategic partners. These alliances assisted in enhancing the technological capacity, operating skills, and financial ability of the organization, enabling it to proliferate very fast in the nation. The main strategy of the company is to create financial inclusion by offering affordable mobile phone financial services. In Bangladesh, geographical distance, absence of a proper infrastructure, and finances had made a significant percentage of the population unable to access traditional banking services in the past. Mobile financial services have overcome these problems since they have enabled people to carry out basic financial operations like sending and receiving funds, paying bills, and buying commodities using their mobile phones.

2.3 - Vision, Mission, and Core Values

All organizations have vision, mission,n and core values, which are essential in determining the strategic direction of the organization as well as its operations. These aspects show long-term goals of the organization, its main mission,n and values that define its culture and the decision-making process. These elements are critical to the sustainable growth of a financial service provider such as bKash Limited that is highly technology-based and provides accessible financial services to such a huge and diverse base of customers.

Vision

The bKash Limited vision is to revolutionize the Bangladesh financial situation by making financial services convenient, secure, and affordable to all. The organization has a dream of creating a digital financial ecosystem in which all people, regardless of their economic status, can comfortably access financial services using mobile technology. This vision is strictly related to the notion of financial inclusion. In most developing economies, such as in Bangladesh, a large segment of the population has traditionally been locked out of the mainstream banking systems as a result of a poor infrastructure, geographic location, or prohibitive prices. With the help of mobile technology and an extensive distribution network, bKash will be able to break these barriers and extend the financial services to the millions of individuals who were underserved before. (Financial Express, 2025) The organization aims to be one of the leading digital financial service providers not only in Bangladesh but also a role model to other developing economies through its constant technological innovation and expansion of services.

Mission

The mission of bKash Limited is to offer affordable, reliable, and accessible financial services that enable individuals and businesses and promote the creation of a digital economy. The company aims to develop easy, effective,e and convenient financial solutions to use in daily lives. Some of the key objectives are highlighted in the mission. One, the organization is focused on ensuring that financial services are readily available via mobile devices in order to facilitate the customers in carrying out their transactions at all times, wherever they are. Second, it is interested in the high level of security and reliability to provide customer trust and confidence in online financial services. (bKash Limited, 2025) Third, the organization aims to broaden its circle of agents and merchants in order to provide more services both in urban and rural areas in the country. The company provides economic development by enhancing safer and faster financial transactions, supporting small businesses, and promoting the use of digital payments in different areas of the economy, fulfilling its mission.

Core Values

The core values of bKash Limited are the basic ideas and moral principles that give the basis of behavior and acts of the organization and its staff. These values shape the way the organization relates to the customers, partners, employees, and stakeholders. Customer satisfaction is among the critical concerns of the organization. The company is constantly coming up with products and services that meet the demands of the clients and enhance their economic convenience. The key component of its service strategy is to provide a user-friendly and easy experience. There should be honesty, accountability, and transparency in all activities to instill trust in the customers and stakeholders. The company focuses on business ethics and adherence to the regulatory requirements of the Bangladesh Bank.

The organization has a core value of increasing financial access to every section of society, which is one of the most significant ones. The company is part of the reduction of financial inequality and economic participation by offering convenient and affordable financial services via mobile technology. The vision, the mission,n and the core values of the bKash Limited help to steer the strategy of the organization towards its long-term growth and operations. All these principles will make sure that the company not only concentrates on technological innovation and business expansion but also has a high level of commitment to customer satisfaction, ethical practice,s and social impact. (The Observer, 2025) As the organization has been guided by the principles, it remains in a strong position to be one of the most dominant providers of mobile financial services, as well as support the greater objective of creating a more inclusive and digitally connected financial system in Bangladesh.

2.4 - Organization Structure

The bKash Limited organizational structure is such that the management is efficient, the division of responsibilities is clear, and the coordination of various functional areas is effective. The organization serves as one of the major mobile financial service providers, and therefore, it has a well-organized hierarchical structure that helps to make strategic decisions and be operational and efficient. The company has about 10-12 major functional units,s and each has its business specifications. The flexible structure enables the organization to respond to the changes in the dynamic fintech environment,t and the organization has a high level of internal coordination.

The top-most organization level is the Board of Directors, which governs the organization in long-term strategy and policies of the organization and corporate governance standards. The Board makes sure that the company is working in accordance with the regulatory requirements and reactions of the stakeholders. The Chief Executive Officer (CEO) is the head of the executive leadership and is the person in charge of the overall operations, and also makes the overall strategic decisions. The CEO also has a team of senior executives who include the Chief Financial Officer (CFO), Chief Operating Officer (COO), and departmental heads.

bKash Limited is managed by a number of divisions, which are responsible for the operation and development of the company. These divisions are, but not limited to, the following:

1. **Finance and Accounts Division -** This division does financial planning, budgeting, reporting, cost control, and regulatory compliance. It leads to financial transparency and aids in decision-making by the management.

2. **Commercial Division -** This department deals with the network of agents and merchants, such as recruiting, performance checks, and development of the distribution network in the country.

3. **Marketing Division -** The marketing department is involved in promoting the brand, acquiring customers, and managing campaigns. It is also the one who comes up with promotional offers and implements services.

4. **Product and Technology Division (P&T) -** This division creates and sustains the technological infrastructure of the organization. It provides system reliability, security, and innovation of digital financial services.

5. **Human Resources Division (HR) -** The HR department is in charge of hiring, training, performance review,w and employee growth to have a talented workforce.

6. **Customer Service Division -** Customer queries, complaints,s and services are handled through this division to guarantee customer satisfaction and service quality.

7. **Communications Division -** It takes care of both internal and external communication, PR, and brand image of the organization.

8. **External Corporate Affairs Division (ECAD) -** This department ensures that it has contacts with the regulatory bodies, government, and the general stakeholders.

9. **Internal Control Division -** Accountable to achieve financial discipline, control over internal processes, and operational efficiency.

10. **Enterprise Risk Management Division (ERM) -** This department detects, evaluates, and manages the risks that are related to financial, operating, and technological operations.

11. **Legal and Compliance Division -** Complies with the law and regulatory provisions of the Bangladesh Bank and other entities.

The company has an organizational structure that puts high emphasis on the coordination of the divisions. The Finance and Accounts Division and the Commercial Division, as an example, operate closely in order to make payments to agents and merchants in terms of commission. On the same note, the Product and Technology Division benefits all the departments through the provision of digital infrastructure. This multi-functional teamwork guarantees the efficiency in service delivery and operation of the organization. This study is directly related to the organizational structure, because the commission system entails numerous divisions. The Commercial Division is in charge of the distribution system, and the Finance and Accounts Division will be monitoring payments of commissions. Meanwhile, the Internal Control and Risk Management departments provide transparency and compliance with financial operations.

This structure aids in explaining how the commission-based incentives are primarily set, executed, and observed in the organization. Finally, bKash Limited has a fully detailed, flexible,e and functionally divided organizational structure. The organization has about 10-12 major divisions,s and this provides good management, effective coordination,n and delivery of mobile financial services. This organization facilitates the execution of the commission-based incentive schemes that motivate the work of the agents and merchants.

2.5 - Products and Services

bKash Limited is a leading provider of mobile financial services with a comprehensive array of mobile financial services aimed at offering people and businesses in Bangladesh fast, secure, and convenient financial services. The platform has connected all financial activities into one digital ecosystem, which allows users to transact anywhere and anytime using mobile devices.

Core Financial Services

1. **Send Money -** This service enables users to send money in real-time between two bKash accounts. It forms one of the most utilized services because it is convenient and fast.

2. **Cash In and Cash Out**
    - **Cash In -** Users will be able to deposit funds to their account using bKash at agents or partner banks.
    - **Cash Out -** The cash can be withdrawn at the agents or ATMs in the country. One of the most popular services is cash-out because it has a good network of agents.

3. **Mobile Recharge -** Users will be able to instantly recharge prepaid mobile numbers and postpaid mobile numbers using their bKash balance.

4. **Payment -** This service allows individuals to pay at retail outlets, online platforms, and QR codes, which encourages the cashless transaction system.

5. **Add Money -** Topping up the bKash wallet can be made with bank accounts, cards, or other sources of money, making it more flexible to manage money.

6. **Pay Bill -** The bill payment service also enables the user to pay utility bills like electricity, gas, water, internet, telephone, and credit card bills easily via the application.

Advanced Financial Services

7. **Savings -** The bKash app enables users to save money by depositing funds in the partner banks or financial institutions either weekly or monthly.

8. **Loan Services -** bKash provides instant digital loans in partnership with other financial institutions so that users can access their immediate financial requirements.

9. **bKash to Bank Transfer -** This allows users to send money within their bKash account to bank accounts, connecting mobile financial services with traditional banking.

10. **Request Money -** Money can be requested from other users of bKash, thus making transactions more interactive and convenient.

11. **Remittance Services -** bKash allows users to get international remittances in their accounts, facilitating financial inclusion and accessibility to international funds.

Value-Added Services and Specialty

12. **Microfinance Services -** The platform facilitates microfinance transactions, which enable users to communicate with microfinance institutions via the platform.

13. **Education Fee Payment -** Educational payments can be made using bKas,h and this makes it easier for students and guardians.

14. **Donation Services -** The platform provides users with the ability to make donations to different charitable organizations.

15. **Insurance Services -** bKash offers insurance-related services, which allow users to digitally control financial risks.

The bKash Limited has a wide variety of services, which attest to its position as an all-purpose digital financial service provider. The platform facilitates individual financial services and business by combining payments, savings, loans, and remittances. To sum up, the bKash Limited has a wide range of products and services, which underscores the fact that it is one of the leading mobile financial service providers in Bangladesh. The platform has been empowered to provide a variety of financial services on one platform, which increases convenience, encourages online transactions, and adds to the overall financial inclusion.

2.6 - Finance & Accounts Division Overview

bKash Limited's Finance & Accounts Division is a vital part of the company's financial & regulatory framework, resource allocation & stability. It oversees the financial strategy, budgeting, cost management, reporting & financial governance of the company. The Finance & Accounts Division has six distinct departments, each with a particular financial focus to facilitate effective operations & decision-making. Departments under the Finance & Accounts Division are -

1. **Treasury -** The Treasury department is responsible for managing the company's cash, liquidity & risk.
    - Managing daily cash positions
    - Providing funds to meet operating needs
    - Managing cash transfers & banking relations
    - Managing interest & cash flow risk

The department ensures that the entity has sufficient cash to support its operational & strategic needs.

2. **Management Reporting & Planning (MRP) -** This department undertakes financial reporting, planning & budgeting.
    - Preparation of budgets & forecasts
    - Financial performance analysis
    - Analysis of differences between actual & budgeted results
    - Supporting management in decision-making

It is essential for achieving financial objectives.

3. **Supply Chain Management (SCM) -** The Supply Chain Management department is responsible for procurement & vendor financial operations.
    - Procurement of goods & services
    - Vendor relationships & payments
    - Cost control & optimization
    - Compliance with procurement policies

This department optimises resource allocation & costs.

4. **Financial Control -** The Financial Control department is responsible for financial accuracy, transparency & compliance.
    - Preparation of accounting records & financial statements
    - Adherence to accounting policies & regulations
    - Internal control & audit support
    - Tracking financial transactions & reporting

Working in this department as an intern gives insight into financial governance & control processes.

5. **Revenue Assurance & Operations -** This is responsible for tracking revenue streams & ensuring financial data accuracy.
    - Validating revenues from various services
    - Detecting revenue leaks or inconsistencies
    - Ensuring proper recording of transactions
    - Supporting operational efficiency

It is essential in safeguarding the company's revenue & financial health.

6. **Business Finance -** Business Finance provides financial analysis to the various business lines.
    - Analysing the financial performance of segments
    - Providing insights for pricing & costing
    - Supporting business projects with financial information
    - Assisting in profitability analysis

This division is responsible for the financial side of the business.

The Finance & Accounts Division oversees the financial operations of bKash Limited, ensuring they are effectively managed, controlled & in line with corporate goals. This collaboration between these six departments facilitates financial management, resource management & growth. In summary, the Finance & Accounts Division is a critical part of the company, enabling efficient operations & informed decision-making. The division's departments ensure a holistic view of financial management, making it vital to maintain the financial strength & sustainability of bKash Limited.

2.7 - Financial Control Department & Internship Role

bKash Limited's Financial Control Department is engaged in ensuring financial accuracy, compliance with regulations & financial management through effective decision making. This department is crucial in ensuring the effective protection of the resources of the organisation through appropriate monitoring, reporting & control. The department undertakes six main activities that help to manage the financial resources of the company. Key Activities of the Financial Control Department are -

1. **Accounts Payable -** It is responsible for all payments made by the organisation.
    - Processing vendor invoices
    - Ensuring timely payments
    - Keeping track of liabilities
    - Verifying supporting documents

2. **Business Partnering -** This involves providing other business units with financial support.
    - Helping with budgeting & cost management
    - Analysing financial information
    - Monitoring departmental financial performance

3. **Expense Settlement -** This involves the settlement of staff & other expenses.
    - Reviewing expense claims
    - Verifying supporting documents
    - Ensuring compliance with company policies
    - Processing reimbursements

4. **Enterprise Resource Planning (ERP) -** ERP provides system support to financial operations.
    - Managing financial data in the ERP system
    - Accurate transactions recording
    - Assisting with system integration & reporting

5. **VAT & TAX -** This activity relates to tax laws & reporting.
    - Generating VAT & tax reports
    - Checking compliance with regulations
    - Coordinating with regulatory authorities
    - Keeping tax records

6. **Commission Analysis -** The Commission Analysis function is critical when tracking commission expenses & making sure commissions paid to agents & merchants are accurate.
    - Analyzing commission structures & payments
    - Monitoring transaction-based commissions
    - Detecting errors in commissions
    - Assisting with financial reporting on commissions

Role during the Internship in the Commission Analysis Team

The role given during the internship at bKash Limited was in the Commission Analysis Team of the Financial Control Department. This team is vital in the process of recording, reporting & controlling all the commission-related financial activities & policies. The Commission Analysis Team has three key activities -

1. **Channeling Campaign Cost -** This activity is dedicated to tracking & reviewing campaign costs.
    - Tracking campaign-related expenses
    - Ensuring proper allocation of costs
    - Aiding in budgeting & reporting
    - Assessing the cost-effectiveness of campaigns

2. **Mobile Network Operator (MNO) Partnership -** This role is responsible for the financial aspects of the MNO (Mobile Network Operator) partnerships.
    - Tracking revenue/cost sharing agreements
    - Maintaining appropriate financial recording of transactions with partners
    - Assisting with reconciliation & reporting

3. **Accounts Receivable Management -** This covers the management of receivables & payments.
    - Tracking receivables from different partners
    - Monitoring outstanding balances
    - Ensuring timely collection
    - Supporting reconciliation of accounts

The experience of working in the Commission Analysis Team provided hands-on experience of -

- Real-world financial control processes
- Commission monitoring & analysis
- Cost management & reporting
- Integration of financial & operational activities

This role allowed me to build analytical, detail-oriented & financial management skills in a large corporation. To sum up, the Financial Control Department of bKash Limited is essential to uphold financial discipline & promote transparency in the organisation. The Commission Analysis Team, in this regard, plays an important role in tracking commission expenses & ensuring financial reporting. The internship with this team has offered a practical understanding of financial control & the role in enhancing the efficiency & sustainability of the organisation.

2.8 - Functional Areas (HRM, Marketing, MIS, Operations)

The successful operation of bKash Limited is based upon the coordination of various key functional areas, each having a contribution towards the overall functioning of the organization and towards its strategic objectives. The Human Resource Management (HRM) function is instrumental in recruitment, training, and retention of skilled employees so that the organization is in a position to support its operations and growth through the necessary human capital. The Marketing function is concerned with promoting services, attracting customers, and adding brand value via various campaigns, promotional offers, and customer engagement strategies, which is especially important in a competitive mobile financial services market. The Management Information Systems (MIS) support role is used to support the technological backbone of the organization, managing digital platforms and providing real-time data on which to base decision-making. Also, operations management deals with the day-to-day operations of the services, such as the management of the large agent and merchant network, the smooth flow of transactions, and the maintenance of service quality throughout the country. These functional areas operate in an integrated way to create operational efficiency, customer satisfaction, and sustainable growth. Specifically, the alignment of marketing strategies and financial control mechanisms is a key factor in determining commission-based incentives, which directly relate to the performance of agents and merchants in the organization.

2.9 - SWOT Analysis

SWOT analysis is a strategic instrument that is utilized in assessing the overall strength and position of an organization, as well as guiding in making decisions. The analysis, in the context of bKash Limited, identifies a number of important factors that affect its performance in the mobile financial services industry. The company has several strong points, such as the well-established brand reputation, the extensive network of nationwide agents and merchants, and a diverse set of digital financial services, all of which help it to be high in the market. It also has a well-developed technological infrastructure that facilitates effective and secure processing of transactions. There are, however,r some weaknesses which include heavy dependency on agent network to deliver services, differences in the various agent network commission structures of different services,s and lack of direct control over agent behavior, which may affect the consistency in the way the services are delivered. Conversely, there are also considerable opportunities because of the growing use of digital payment systems, the development of financial inclusion programs, the growing number of smartphone users, and the positive government policies favoring a cashless economy. These elements are very promising in terms of growth and expansion of services. Concurrently, the company confronts significant threats, such as stiff competition with other mobile financial service providers, regulatory pressures, cybersecurity threats, and the risk of losing customers to other mobile financial service providers. In general, the SWOT analysis shows that as long as bKash Limited is able to leverage its growth opportunities, it is well-positioned to capitalize on such opportunities successfully.

2.10 - Porter’s Five Forces

Porter's Five Forces Model is a popular analytical application that assists in the assessment of the intensity of competition and the overall attractiveness of an industry by analysing five key forces that can determine the level of competition and overall attractiveness of a particular industry. This model can be useful in the case of bKash Limited, as it helps to gather valuable insights into the dynamics of the mobile financial services (MFS) industry in Bangladesh. The degree of competition in the industry is especially high, with a variety of strong rivals, including Nagad and Rocket, who provide similar services, such as money transfers, bill payments, and mobile recharges. These businesses are very aggressive in price, promotion, and commission-based rewards to win over customers and agents. New entry barriers are moderate, since entry into this industry needs to be authorized by regulatory authorities, there must be substantial financial investment, technological infrastructure, and a well-established network of distribution, which become barriers to entry. Nevertheless, the increasing need for online financial services remains welcoming to possible new entrants. The customer's bargaining power is also high, as there are several substitutes, and customers can easily change service providers depending on the transaction costs, convenience, and quality of the services. On the same note, the bargaining power of suppliers, which consists of agents, merchants, and technology providers, is moderate as they are necessary in the delivery of services, but they rely on the platform to help them get a business opportunity. Finally, the threat of substitutes is also high because of the ongoing use of the cash transaction method, traditional banking services, and new digital payment systems. Generally, the analysis shows that the industry is very competitive and dynamic and requires companies such as bKash Limited to continuously innovate and adopt effective strategies, such as optimized commission structures, in order to sustain their competitive edge and ensure long-term sustainability.

2.11 - Conclusion

Overall, bKash Limited has become one of the prominent mobile financial service providers in Bangladesh due to its wide distribution network, innovative digital financial services, and market presence. It is managed using an integrated approach that brings together several functional areas like finance, marketing, human resource management, management information systems, and operations, all of which help in delivering efficient services and building the organization. The analyses performed with SWOT and Porter's 5 Forces prove that the company has strengths and growth opportunities, but it also has challenges from competition, dependency on operations, and market dynamics. However, the strategic approach with a strong emphasis on digital financial inclusion, technology, and network growth empowers the organisation to be competitive in the industry. Taken as a whole, this chapter delves into the organizational environment, a key foundation for examining the commission structure and its effects on agents' and merchants' performance in the next chapter.

Chapter 3 - Commission Structure and Its Impact on Agent and Merchant Performance

3.1 - Introduction

The fast-evolving digital technology of recent years has greatly changed the financial services landscape, especially with the creation and development of mobile financial services (MFS). Organizations like bKash Limited have been central in creating this change in Bangladesh by offering convenient, accessible, and efficient financial solutions to a significant number of the population. One of the main elements of this ecosystem is the large system of agents and merchants that facilitate different financial operations, such as cash-in, cash-out, money transfers, and digital payments. Commission-based incentive frameworks play a significant role in the performance of this distribution network since such incentive schemes are meant to motivate both the agents and merchants to participate actively in this distribution network and increase the volume of transactions. These systems of commission not only influence individual performance but also impact the overall efficiency of services and customer experience. Thus, knowing how commission structures influence the behavior of agents and merchants is critical to evaluating the efficacy and viability of the mobile financial services model. This paper is aimed at examining the importance of commission-based incentives in determining performance outcomes in this dynamic and competitive industry.

3.2 - Background of the Study

Digital financial services are rapidly developing, which has changed the financial environment in Bangladesh, especially with the growth of mobile financial services (MFS). The role that organizations like bKash Limited have played in enhancing financial inclusion by offering accessible, fast,t and secure financial solutions to a large population, including the unbanked and underbanked segments. One of the main characteristics of this ecosystem is the widespread network of agents and merchants that facilitate transactions of the type cash-in, cash-out, bill payments, and digital purchases. This distribution network is highly affected by commission-based incentive structures that are structured to encourage agents and merchants to increase the volume of transactions and use of services provided by this distribution network. Nonetheless, differences in commission rates among various services may result in skewed prioritization of service to the disadvantage of others. With the ever-growing competition, it has become a necessity to understand how these incentive mechanisms affect behavior and performance to ensure operational efficiency, customer satisfaction, and long-term sustainability. As such, this paper aims to analyze the form of commission and its influence on the functioning of the agents and merchants in the MFS sector.

3.3 - Objectives of the Study

The main purpose of this research is to examine the commission structure and the effect of the commission structure on the performance of the agents and merchants in bKash Limited. In particular, the research will analyze the effects of commission-based incentives on the behavior, motivation, and transaction activity of agents and how the incentives affect merchant participation and performance in digital payment systems. More so, the study aims to determine the variances in commission between the different service categories and how these variances result in the service prioritization and operational results. The other valuable goal is to investigate the problems and constraints of the current commission system and issues of imbalance, variability of incomes, and sustainability. In general, the study aims to offer a comprehensive knowledge of how commission structures can operate as a key driver of performance within the mobile financial services ecosystem in general and to develop insights that can support more effective and balanced incentive strategies.

3.4 - Methodology of the Study

This research will adopt a qualitative and descriptive research design in order to analyze the commission structure and its effects on the performance of the agents and merchants at bKash Limited. Primary as well as secondary sources of data have been used to ensure a complete grasp of the research objectives is realized. Primary data were taken by direct observation at the time of internship and informal interviews with colleagues in the Financial Control Department, especially the Commission Analysis Team. These techniques offered practical information on processes of commissions, the behavior of agents, and the dynamics of operations. Secondary data were also obtained, in the form of company reports, official websites, materials, and other academic literature, to help in supporting theoretical knowledge and industry background. The gathered data have been processed through associating the practices that have been observed with the known theories of performance motivation and incentive systems. The methodology has been chosen because it enables carrying out a more comprehensive study of real-life practices and reconciling them with the conceptual framework, which will ensure that the findings will be both practical and analytically based in the context of the mobile financial services industry.

3.5 - Literature Review

Commission-based incentives and their effect on performance have been very popular in the academic and professional literature, especially in the fields of marketing, finance, and organizational behavior. Commission structure is a very common motivational tool used to align the performance of an individual with that of the organization, particularly when the industry is highly dependent on distribution channels and sales representatives. The research on the motivation of performance indicates that financial rewards are very important in motivating employees to work hard, produce more, and prioritize serving the customers. Commission-based systems are necessary in the context of mobile financial services as a way of motivating agents and merchants to generate more volume of transactions and to increase the usage of the services. It is also noted in the research that as much as higher commissions can greatly increase performance, they can equally lead to an imbalanced focus on service, where people tend to focus on activities that can provide high commissions over other activities. Moreover, the literature on distribution network management is based on the fact that balanced incentive systems should be designed to promote efficiency and sustainability. These theoretical insights are very relevant in the case of bKash Limited because the performance of a large number of agents and merchants whose performance is directly influenced by commission structures is of great concern to the organization. That is why the current body of knowledge offers a solid starting point to examine the effect of incentive systems on the behavior and performance in such service ecosystems.

3.6 - Theoretical Framework

3.6.1 - Concept Of Commission-Based Incentives

Commission-based incentives are a type of variable pay in which people receive payment according to their performance, which is usually a number or value of transactions made. This kind of incentive system is common in sales-based and service-based industries to stimulate increased productivity, efficiency, and goal-oriented behavior. Commission-based structures also contrast with a fixed salary structure in the sense that they directly relate earnings to performance. This implies that one gets rewarded based on the effort and output. Consequently, with these systems, there is a high incentive among the individuals to perform better because the more one works, the more he or she gets paid. Commission-based incentives are also very important in the management and motivation of a large group of independent service providers, including agents and merchants, in the context of mobile financial services. The agents and merchants are not regular employees at bKash Limited but are independent business organizations. Thus, commissions are their main source of income and the key factor of their involvement and performance. The commission scheme is usually tailored according to various varieties of services provided by the organization. As an example, cash-in, cash-out, bill payment, mobile recharge,e and merchant payment transactions can have varied commission rates. Such variations are usually predetermined by the following factors: transaction demand, profitability, complexity of operations, ns and strategic significance of the service.

Commission incentives may be in various forms, such as fixed commissions per deal, percentage commissions, and performance bonuses. Fixed commissions pay a pre-established commission per transaction, whereas percentage-based commissions are based on the value of the transaction. In other instances, there are other incentives provided when the agents reach certain targets or when they have high volumes of transactions. Commission-based incentives have one of the most important benefits in the fact that they put the interests of the organization and the service providers into harmony. Once agents and merchants have an incentive to make more money by handling more transactions, they will naturally be motivated to advertise and bring in more customers and more frequent transactions. This congruency assists in enhancing the general performance of the organization without necessarily supervising it. Nevertheless, the efficiency of a commission system relies on the level of its design. When the commission rates are low, it is possible that agents have no motivation and they decrease their activity. Conversely, commission rates might be excessively high, leading to high operational costs to the organization. As such, there must be a balance so that organizational sustainability and agent satisfaction can be achieved. The other significant point about commission-based incentives is that they affect behavior. The distribution of services and customer experience can be affected by the fact that agents can place more priority on transactions that provide greater commissions. Although this can make some services more efficient, it can also result in imbalances when not effectively handled.

To sum up, performance-based incentives can be effectively used to motivate performance, especially in a decentralized service system such as mobile financial services. They relate earnings to performance, which motivates agents and merchants to take an active role in service delivery. The commission structure is central to the efficiency, growth, and sustainability of the distribution network in organizations such as bKash Limited.

3.6.2 - Performance Motivation Theory

Performance motivation theory describes the sources that motivate people to work hard, enhance productivity,y and deliver the desired results. Motivation in an organizational environment is important in dictating the efficacy with which the individuals in the organization undertake their activities. In the case of service-based systems, such as mobile financial services, where the agents and merchants are independent,n motivation is a determinant of performance. Financial incentives have a significant impact on performance motivation in the context of commission-based systems. The more agents and merchants see a sense of continuity between their output and rewards, the more they will tend to work harder and participate more. There are several well-developed theories of motivation, which can help to understand how and why such incentive systems affect behavior.

Hierarchy of Needs by Maslow

Abraham Maslow believed that human needs are arranged hierarchically, beginning with the fundamental physiological needs and followed by other needs at a higher level, like esteem and self-actualization.

- Income and financial stability will satisfy physiological and safety needs.
- Recognition, achievement, and success satisfy social and esteem needs.

Financial rewards are used in a commission-based setting, which encourages the agents to satisfy their fundamental needs as well as strive to do more in order to gain recognition and self-satisfaction.

Herzberg's Two-Factor Theory

Frederick Herzberg came up with the theory of hygiene factors and motivators:

- Dissatisfaction is discouraged by hygiene factors (e.g., income, job security).
- Achievement, recognition motivators (e.g., recognition) raise satisfaction.

Commission-based earnings are a motivator. Although income is a guarantee of basic satisfaction, the possibility of gaining more by doing better serves as a powerful motivational factor for the agents and merchants.

Expectancy Theory

Expectancy theory, developed by Victor Vroom, explains that motivation is based on three relationships:

- Effort → Performance
- Performance → Reward
- Reward → Value (Valence)

This relationship is highly evident in a commission-based system. Agents know that the harder, the more transactions they will have and the higher the commission. The fact that the system is highly motivating through this direct and transparent linkage makes it very effective.

Equity Theory

According to the equity theory, people compare themselves with others to evaluate their fairness in terms of rewards. Whenever agents feel that their commission is fair in relation to that of others, they will be motivated. Nevertheless, when they feel that there is inequality or they are not paid fairly, they may lose motivation. The equity in giving commissions in a company such as bKash Limited is imperative in maintaining motivation and confidence between the agents and the merchants.

Goal-Setting Theory

Goal-setting theory highlights that specific and challenging goals have the potential to improve performance. When the agents are provided with targets, like the required volume of transactions, they are likely to concentrate on their actions and have a better result. Incentives on a commission basis, in conjunction with performance goals, can considerably boost productivity as they motivate agents to perform at higher standards.

Financial incentives are directly associated with performance motivation in the mobile financial service industry. In response to commission structures, agents and merchants change their behavior in ways that include:

- Increasing transaction volume
- Promoting specific services

- Improving customer interaction
- Maintaining service availability

These changes in behavior add to the efficiency and effectiveness of the distribution network. To sum up, the theories of performance motivation can be regarded as a good basis to explain the impact of commission-based incentives on the behavior of agents and merchants. The financial rewards, perceived fairness, and performance targets form a motivating environment, which promotes increased productivity. In the case of bKash Limited, an effective commission structure is necessary in implementing these motivational principles so as to maximize the performance of the agents and to ensure that its distribution channel is successful.

3.6.3 - Agent and Merchant Performance Indicators

Performance indicators are quantifiable elements that are utilized to assess the effectiveness, efficiency,y and productivity of persons or organizations in achieving intended results. In agent and merchant performance indicators in mobile financial services, these performance indicators are necessary to determine the contribution of these service providers to the entire operations of the distribution network. Agents and merchants are very important at bKash Limited in the provision of services to customers. Thus, their performance should be measured with the help of particular indicators that can show their level of activity, quality of service, and their contribution to organizational goals. Performance indicators are useful in the organization:

- Keep track of the performance of agents and merchants.
- Determine the good and bad service providers.
- Develop proper incentive and commission plans.
- Enhance the quality of service and customer satisfaction.
- Assist in decision-making and planning operations.

Through quantifiable measures, the organization will be in a position to make sure that its distribution chain is efficient and in line with its strategic objectives. Several key performance indicators are used to evaluate the performance of agents and merchants.

1. **Transaction Volume -** The number of transactions that an agent or merchant has completed during a period is referred to as the transaction volume. It is among the key performance indicators. Increased transaction volumes will signify increased activity, increased customer engagement,t and improved service utilization. This indicator is directly related to commission-based incentives since agents are motivated to do more transactions to earn more money.

2. **Transaction Value** - Transaction value is the summation of the money in transactions. The indicator is used in order to determine the contribution made by the agents and

merchants in terms of finance. Whereas the amount of transactions quantifies activity, transaction value quantifies the economic effect of an activity. The agents dealing with bigger transactions bring a higher contribution to the overall business.

3. **Service Mix -** Service mix can be defined as the diversity and ratio of various services that are offered by agents and merchants, including cash-in, cash-out, bill payment, and merchant payment. A balanced service mix means that the agents are marketing many services, but not just high-commission transactions. This plays a role in making the service ecosystem effective in general.

4. **Customer Base and Retention -** Performance measures can include the number of customers served and retention capabilities. Agents that attract more customers and retain them make a greater contribution to the growth of the organization. The service quality and trust are also reflected in customer retention and are the key to long-term success.

5. **Availability and Reliability of Services.** - This measure is used in gauging the reliability of agents and merchants in service delivery. Consistency and consistency of service delivery are crucial in ensuring customer satisfaction. Still active agents that offer continuous service are deemed more effective for the network.

6. **Compliance and Accuracy -** Compliance is defined as the compliance with the organizational policies and regulatory requirements. Precision in the processing of transactions is also important. Guidelines by the Bangladesh Bank and the organization have to be adhered to by agents and merchants. Failure to comply may result in punishment and hurt the performance evaluation.

7. **Customer Service Quality -** Responsiveness, behavior, and assistance ability are some of the elements of customer service quality. Good customer experiences result in increased customer satisfaction and use. The agents who serve customers better will have more chances to win repeat customers and have a good reputation. The performance indicators are directly influenced by the commission structure. For example:
   - Greater commissions enhance volumes in transactions.
   - Incentives affect the service mix.
   - Rewards based on performance enhance the quality of services.

Nevertheless, when the commissions are not balanced, agents can pay attention to those transactions that give a high earning only, and this can impact the distribution of services in general. The performance indicators are of great relevance to the present study since they give an outline of analyzing the agent and merchant behavior on the basis of commission-based incentives. The assessment of these indicators will allow for determining whether the commission structure is effective in motivating service providers to achieve the organizational goals.

Finally, agent and merchant performance indicators are the critical tools to analyze the efficiency and effectiveness of the distribution network. Organizations can evaluate performance by quantifying certain aspects like transaction volume, service quality, and customer engagement, and create more effective incentive systems. In the case of bKash Limited, this set of indicators can be of great importance in regulating the effect of incentives based on commission on the performance of agents and merchants, which is the focus of the present report.

3.6.4 - Role of Incentives in Distribution Networks

Incentives are also an important factor in the performance & viability of distribution networks, especially in service-based industries where the independent intermediaries, i.e., agents & merchants, are charged with the responsibility of providing services to the customers. A distribution network is a system where products or services are made available to the final consumers. This network, in the case of mobile financial services, is made up of agents & merchants who form the main point of contact between the organization & the customers. As the agents & merchants are not direct employees, but rather independent players, their performance depends on organizational incentives to a greater extent. Finance is the primary driving force behind the amount of their engagement, effort & service delivery, which is motivated by financial incentives, in particular, commission-based payments. Incentives play a crucial role in making sure that the distribution network is efficient & that it is geared towards organizational goals. They shape the conduct of agents & merchants, motivating them to be engaged in service provision. The important functions of incentives are -

- Incentivizing agents & traders to trade more.
- Promoting the advertising of certain services.
- Improving access & availability of services.
- Enhancing customer service & interaction.
- Helping with network growth & maintenance.

In the absence of appropriate incentives, agents might be unmotivated, leading to poor quality of services & decreased level of transactions. Depending on the organizational strategy & the operational needs, incentives in distribution networks may be in different forms.

1. **Financial Incentives**

The most prevalent & successful form of motivation is financial incentives.

- Commissions are based on a fixed per-transaction fee.
- Percentage-based earnings
- Performance-based bonuses

Agents & merchants in organizations such as bKash Limited depend on commissions as the main source of their income & therefore, they are a major motivation for performance.

2. **Non-Financial Incentives**

Though dominance is on financial incentives, non-financial incentives are also relevant.

- Recognition & awards
- Training & development opportunities.
- Branding & business support.

These motivations aid in establishing a long-term relationship & enhancing loyalty among agents & merchants. Incentives have a direct impact on the behavior of agents & merchants in the distribution system. For example:

- Agents are likely to focus on services with higher commissions.
- Growth in incentives will result in increased volumes of transactions.
- Attractive rewards will keep the agents active in the network.
- Rewards encourage the purchase of customers & service growth.

Nevertheless, the incentives might have unintended consequences when not designed appropriately. An example is that the agents can concentrate on high commission services by ignoring others, leading to an imbalance in service provision. The incentives are important in the development of the distribution network. The attractive commission structure may attract new agents & merchants to enter the network & those who are already a part of the network will be encouraged to work more actively. An effective incentive system assists:

- Increase geographic coverage
- Enhance rural penetration of services.
- Enhance the network in general.

This is especially crucial to mobile financial services, where convenience is a determinant of success. The development of a decent incentive system is not an easy task. Some of the pitfalls are:

- Striking a balance between cost & profitability.
- Providing equity & transparency.
- Not being too dependent on certain services.
- Having uniformity between regions.

Incentive structures need unceasing evaluation & modification to make organizations effective & viable. Incentives play a direct role in the subject matter of this report. In bKash Limited, the incentive system of commission is one of the critical factors that affect the performance of agents & merchants. This study will determine the effectiveness of the existing commission structure by studying the influence of incentives in shaping behavior, transaction patterns & service delivery.

In conclusion, incentives are a fundamental component of distribution networks, especially in decentralized service systems. They shape the motivation, behaviour & performance of agents & merchants & the success & efficiency of the network is finally decided. In the case of bKash Limited, an active & productive distribution system can only be promoted by a well-organized incentive system. The performance of such a system directly influences service delivery, customer satisfaction & overall performance of an organization.

3.7 - Analysis and Findings

3.7.1 - Commission Structure for Agents and Merchants

The commission structure is an essential part of the working model of the bKash Limited. It acts as the key incentive scheme that encourages agents and merchants to take an active part in service provision and to help in the overall functioning of the distribution channel. Given that agents and merchants are independent participants, other than employees, their earnings are mostly contingent on the commissions they receive as they enable different financial dealings. Thus, commission structure design and implementation are significant factors that can affect their behavior, engagement, and performance. The commission system is created to compensate agents and merchants according to the kinds and the quantity of transactions they are involved in. Various services are charged with varying commission rates based on their operational significance, demand, and profitability. The overall aim of this structure is to:

- Promote greater volumes of transactions.
- Promote specific services
- Make certain the involvement of agents and merchants.
- Increase the number of distribution centers.
- Commission for Agents

Commission For Agents

Commissions received by agents are mainly based on the transactions made with customers. These include -

1. **Cash-Out Commission -** The commissions for cash-out are usually higher than with other services. The reason is that cash-out is one of the most commonly used services and deals with physical cash. Commissions on cash-out are high, and it encourages the agent to keep up liquidity and make sure that the customer can access services.

2. **Cash-In Commission -** Cash-in deals usually have lower commissions than their cash-out counterparts. Cash-in services are important to the system, but they are less profitable to the agents, potentially affecting their priorities in transactions.

3. **Money Transfer (P2P) -** Agents can gain indirectly where there is customer activity in terms of money transfer. Direct commissions might be different, but as the frequency of transactions increases, it helps in making money as a whole.

4. **Bill Pay and Recharge -** Such services offer comparatively lower commissions but contribute to raising the volume of transactions and customer interaction. These services are normally used by the agents to attract and retain customers.

Commission for Merchants

Merchants receive commissions as they accept digital payments made by customers. The commission structure of their agents varies in several ways -

1. **Merchant Payment Commission -** Merchants are paid a commission percentage of every transaction made using digital payment. This encourages them to encourage cashless payments.

2. **Transactions Volume Incentives -** Merchants can also be provided with more incentives according to the volume of transactions or consistency. This will help boost sales with the help of online payments.

3. **Promotional Incentives -** Promotional offers and special campaigns are sometimes offered to merchants to get additional benefits on reaching certain targets or switching to new services.

Commission structure depends on several factors -

- Type and frequency of transactions.
- Cost of operations and risk.
- Strategic significance of services.
- Market competition
- Regulatory considerations

All these aspects make the commission system sustainable and balanced. The commission system directly affects the operation of agents and merchants:

- Agents focus on high-commission deals, including cash-out.
- The merchants are advised to encourage digital payments.
- Greater incentives result in greater activity in transactions.
- Depending on the earning value, the service focus can change.

This shows that commission structures not only dictate income but also influence the way things are done within the network.

Advantages of The Commission Structure

- Gives direct incentives in terms of monetary compensation.
- Promotes increased productivity and efficiency.
- Supports network expansion
- Fits individual performance to organizational aims.

Disadvantages of The Commission Structure

- Over-dependence on high-commission services
- Weaknesses of possible imbalance in service distribution.
- Agents' variability in incomes.
- Need for continuous adjustment and monitoring.

This part is the focal point of the piece, as it gives the basis on which the effect of commission-based incentives on the performance of the agents and the merchants can be analyzed. The knowledge of the structure aids in describing the patterns of behavior and performance observed in the distribution network. To sum up, the commission system of bKash Limited is one of the driving forces of agent and merchant performance. It connects earnings to transaction activity, which provides a performance-driven environment that facilitates service delivery and network development. The success of this system is, however, based on the balance between motivation and sustainability, which will be further discussed in the subsequent sections.

3.7.2 - Types of Commissions by Service Category

The commission system of bKash Limited is divided into various types of financial services provided using the platform. Different service categories will have a certain commission rate that will be adjusted according to their operational value, frequency of transactions, and profitability. This classification has a major role in affecting the conduct and performance of agents and merchants in the distribution channel. The commission system is not the same in every service. Rather, it is different based on -

- Character of the transaction.
- Volume and frequency of use.
- Operation cost and risk.
- Strategic value of the service.

The organization will focus on the distinction of commissions among the various service categories to achieve a balance in service delivery and maximize efficiency and expansion of the transactions. Large Service Categories and Commission Types are -

1. **Cash-Out Services -** Amongst all categories of services, cash-out services usually have the best commission rates. Each cash withdrawal attracts a percentage or fixed commission for the agents. It is one of the main sources of revenue due to high demand

and frequent use. This will motivate the agents to focus on cash-out transactions and have adequate liquidity to address customer demands.

2. **Cash-In Services -** The commissions received by cash-in services are usually lower than those received by cash-out. The agents receive minor incentives when they place money in customer accounts. Although the earnings are low, this service is important in ensuring balance in the system. The agents might prioritize less priority on cash-in transactions and give more attention to more lucrative services.

3. **Person-to-Person (P2P) Transfers -** P2P transfers entail the transfer of money between two accounts. Direct commissions can be direct or indirect. When the transaction activity is increased, it serves as a contribution to the overall engagement of the agent. Although it is not a significant source of income, P2P transfers contribute to the expansion of customer use and platform activity.

4. **Merchant Payment Services -** Merchants are provided with commissions in the form of percentages by merchant payment services. Merchants are given incentives for accepting digital payments. Promotes the use of cashless transactions by businesses. This will facilitate the use of digital payment and help build a cashless economy.

5. **Utility Bill Payments -** Bill payment services have moderate commissions. Incorporates electricity, gas, water, and internet bill payments. Gives a stable flow of transactions. This service is used by the agents to appeal to the regular customers and increase the number of transactions.

6. **Mobile Recharge Services -** Mobile recharge services have low yet high frequency commissions. Low commission rates are offset by a high frequency of transactions. Easy and quick service attracts regular users. Helps agents keep the customers interested and bring in consistent revenue.

7. **Remittance Services -** Remittance services also offer commissions on the receipt of foreign funds. Agents can profit from facilitating cash-out of remittance. Of significance to rural and migrant reliant areas. Incentivizes the agents to market remittance services and increase the customer base.

Comparative Analysis of Commission Categories

Service Category	Commission Level	Frequency	Agent Priority
Cash-Out	High	High	Very High
Cash-In	Low	High	Moderate
P2P Transfer	Low/Indirect	High	Moderate
Merchant Payment	Moderate	Growing	High (for merchants)
Bill Payment	Moderate	Regular	Moderate
Mobile Recharge	Low	Very High	Moderate
Remittance	Moderate	Variable	High in rural areas

The differences in the rates of commission between the different types of services also have a great impact on the behavior of agents and merchants:

- Cash-out is one of the high-commission services that are valued by agents.
- Customer relationships are maintained through lower-commission services.
- Businessmen are urged to encourage online payments.
- Focus on service can change according to the earning potential.

Finally, the bKash Limited commission structure is different in the various categories of services to indicate the operational priorities and strategic objectives. Although high-commission services are the ones that generate immediate income and incentive, the low-commission ones can help maintain customer access and stability in the network in the long term. This equilibrium is crucial to the effective and sustainable distribution chain.

3.7.3 - Impact on Agent Performance

A commission-based incentive system has an important role in determining the level of motivation and activity of the agents in the distribution network of bKash Limited. As agents are units of independent service providers, their degree of involvement and performance is directly dependent on the monetary gains they obtain through the occurrence of transactions. In this section, the impacts of the commission structure on agent motivation, behavior of transactions, and the overall activity in the network are analyzed.

Impact on Agent Motivation

1. **Direct Financial Motivation**

Financial motivation is the most short-term effect of commission-based incentives. Agents are paid depending on the quantity and worth of transactions they make,e and this creates a strong association between hard work and pay.

- An increase in commission rates stimulates more activity in transactions among the agents.
- Agents are encouraged to be active and on duty all day.
- The revenue potential turns out to be a major performance driver.

This simple correlation between effort and earnings is in line with motivation theories, especially the expectancy theory, whereby individuals are motivated when rewards are easily associated with performance.

2. **More Engagement and Participation**

The commission incentives motivate the agents to be involved in the service delivery process.

- Agents market services with a view to getting more clients.
- They are operationally ready to transact.
- They take the time and effort to broaden their customer base.

Consequently, the distribution network will be more effective as agents will be more active in their work.

3. **Income Growth Opportunities Motivation**

The possibility of making more money as a result of more transactions enhances the performance of the agents.

- The goal of the agents is to get as many transactions as they can on a daily basis.
- Greater earnings potential promotes participation in the long run.
- Agents consider their work to be a promising way of earning money.

This brings about an atmosphere of competition in which agents compete to outdo one another.

Impact on Agent Activity

1. **Growth in the volume of transactions**

The first impact of commission-based incentives that is the most obvious is the growth in the number of transactions.

- Agents will handle more transactions to earn as much as possible.
- Greater attention is paid to high-commission services.
- There is an overall network activity.

This helps in increased business growth and efficiency.

2. **Service Prioritization**

   The agents will opt to give priority to the services that have a better commission.
   - The priority is often given to cash-out transactions.
   - Less attention can be paid to lower-commission services.
   - Resource allocation is influenced by earning potential.

   As much as this enhances the efficiency of some services, it can lead to imbalances in service allocation.

3. **Improved Customer Interaction**

   In order to facilitate more transactions, agents concentrate on establishing a relationship with the customers.
   - They offer quicker and more efficient service.
   - They promote repetitive business deals.
   - They aid customers in utilizing various services.

   This results in better customer satisfaction and the rise of service utilization.

4. **Operational Efficiency**

   Inspired agents will be more productive.
   - Less waiting time for customers.
   - Greater control of cash liquidity.
   - Faster transaction processing

The efficiency increases will bring about an improved general customer experience. The commission system not only motivates the agents, but it also affects the actions of the agents in certain ways:
- Centre on revenue-generating activities.
- Increased competition among agents
- Careful choice of services.
- Increased work at the high-traffic times.

Nonetheless, when too much attention is paid to commissions, they can cause:
- The disregard of low-commission services.
- Short-term orientation as opposed to long-term customer relationships.
- Challenges in Motivation

Despite all the advantages, there are also certain challenges to the commission system:
- Unstable incomes with the changing volume of transactions.
- Reliance on customer demand.
- Rivalry between the neighboring agents.
- Minor motivation for low-commission services.

These challenges should be addressed to ensure consistent motivation and performance. This is the main part of the research, because it is the direct analysis of the impact of commission-based incentives on the motivation and activity of the agent. It offers useful information on the influence of financial incentives on behavior and performance in the distribution network. To sum up, the commission structure of the bKash Limited negatively affects the agent motivation and activity to a large extent. It makes agents work harder to achieve more transactions, better service delivery, and stay proactively involved in the network by associating earnings with performance. The success of this system, however, lies in a balance between motivation and equity to achieve sustainable performance and quality of service.

3.7.4 - Impact on Merchant Performance

The commission incentive system is important in determining the performance of merchants in the distribution channel of Bkash Limited. In contrast to agents, merchants mostly utilize the platform to receive payment for goods and services. Thus, their work is directly connected with the implementation and encouragement of the digital payment systems. This part examines the impacts of commission incentives on the behavior of merchants, the pattern of transactions, and the general performance of the business.

Impact on Merchant Motivation

1. **Digital Payments Adoption**

Merchants will be motivated to use and embrace digital payment systems through commission incentives.

- Merchants are advised to accept mobile payments from customers.
- Less reliance on cash dealings.
- Greater ease in making payments.

This helps to develop a digital payment ecosystem and makes the organization pursue its strategic goals.

2. **Extra source of income**

Commissions give an extra source of revenue to merchants.

- Earnings are generated from each digital transaction
- Incentives increase the overall profitability of the business
- Rewards traders to encourage online payments.

This is a monetary gain and a good incentive to encourage merchants to be active in the system.

Impact on Merchant Activity

1. **Growth in the volume of transactions**

Commission incentives lead to an increase in digital transaction volume.

- Merchants are encouraging customers to use mobile financial services to pay.
- Increased transaction rate enhances the efficiency of sales.
- Quick transactions will save on waiting time and enhance customer experience.

This leads to greater business and efficiency in operations.

2. **Cashless Transactions**

An important role in encouraging cashless transactions is played by merchants.

- Online transactions minimize the handling of cash.
- Enhanced transparency and records of transactions.
- Improved business financial management.

This transition goes in favor of achieving the larger objective of building a cashless economy.

3. **Improved Customer Experience**

Customers are more convenient with access to digital payment methods.

- More secure and quicker transactions.
- Reduced need for carrying cash
- Increased diversity in the payment options.

Customers will be attracted and retained more by merchants who provide digital payment options.

4. **Competitiveness and Business Growth**

The merchants who take an active approach to the use of the digital payment systems receive a competitive edge.

- Increased customer base
- Improved business reputation
- The capability of taking part in marketing campaigns.

Commission incentives motivate the merchants to stay competitive and increase their business activities. The commission structure has some effects on the behavior of merchants:

- Retailers encourage online consumers.
- Greater emphasis on the efficiency of transactions.
- Being part of promotional campaigns and offers.
- Favor greater volumes of transactions.

The influence is, however, not usually as direct as it is in the case of agents since merchants are mostly concentrated on their main business operations. Although it has certain advantages, merchants might encounter some difficulties:

- The rate of commission can be quite low with respect to agents.

- Reliance on the willingness of customers to make use of digital payments.
- Preliminary installation and configuration.
- Competition among merchants

Such difficulties can influence the degree of motivation and turnout of certain merchants. It is a key section to learn about the impact of commission-based incentives on a larger scale than on agents. It brings out the effect of the incentive system on the performance of merchants as well as its impact on the effectiveness of the entire distribution network.

To sum up, the commission-based model of bKash Limited has a positive effect on the performance of merchants, promoting the use of digital payments, growing the volume of transactions, and improving customer experience. The influence of merchants is not as direct as that of agents; nevertheless, they contribute significantly to the growth of the digital financial ecosystem. An incentive system should be well-balanced to maintain the involvement of merchants and the sustainability of the distribution network in the long run.

3.7.5 - Role in Network Expansion and Sustainability

A commission-based incentive system is crucial in guaranteeing the growth as well as long-term sustainability of the distribution network of bKash Limited. Incentives are the main driving force in a decentralized service model where agents and merchants are independent entities,s and the incentives will attract new participants and keep the existing participants. This part explores the contribution of the commission structure to network growth, geographic coverage,e and sustainability of operation over time.

Network Expansion Role

1. **The presence of New Agents and Merchants will be attracted**

The attractive commission-based system attracts new people and firms to be part of the network.

- The greater earning potential encourages entrepreneurs to be agents.
- Businesspeople are urged to embrace online payment.
- Participation is encouraged by low entry barriers and financial incentives.

This stream of agents and merchants promotes the growing speed of the network of distribution.

2. **Geographic Growth and Reach**

Commission incentives are important in the expansion of services to the underserved and rural population.

- The agents are encouraged to work in areas that have a high demand for transactions.
- Operating at remote locations is rewarded with finances.
- More coverage enhances financial service accessibility.

This growth is key in enhancing financial inclusion and access amongst the unbanked.

Role in Sustainability

1. **Retention of Agents and Merchants**
   The network can only be sustainable based on active participation.
   - Long-term participation is promoted by constant revenue based on commissions.
   - Agents will be active in case earnings are in line with what is expected.
   - Merchants will persist in using the platform as long as it promotes the growth of their business.

   Retention saves the cost of recruiting and training new participants.

2. **Active and Controlled.**
   An effective commission plan will make sure that the agents and merchants stay active in the long run.
   - Frequent dealings yield consistent cash flow.
   - Rewards promote the constant provision of services.
   - Efficiency in the network is ensured by active involvement.

Constant action is vital in ensuring service availability and customer confidence. Although it has advantages, the commission system has some challenges:

- Lack of uniformity in the distribution of agents to different areas.
- Overpopulation in hotspots.
- Reliance on high-commission services.
- Exposure to a loss of agent activity in case of a decrease in earnings.

This part is directly connected with the study as it proves how incentives based on commission contribute not only to the performance of the particular person but to the development and sustainability of the distribution network in general. It gives emphasis to the strategic role of the design of incentives in the realization of long-term organizational goals. Finally, the commission system in the bKash Limited is a vital factor contributing to the growth of the network and its sustainability. The incentive system helps the distribution network to grow and be stable by drawing in new participants, fostering constant activity, and providing financial sustainability. The long-term success of a competitive and changing financial services environment can be addressed by a balanced and flexible commission structure.

3.7.6 - Challenges in the Current Commission System

Although the commission-based incentive system of bKash Limited is an essential part of motivating agents and merchants, it has a number of challenges that may influence the efficiency, balance, and sustainability of the distribution network. These challenges are critical in terms of assessing the efficiency of the existing system and suggesting ways to improve it.

1. **Imbalance in the prioritization of services**
   The unequal attention to various types of services is one of the most critical challenges.
   - Agents are more likely to focus on high commission services, including cash-out.
   - Services such as cash-in and bill payments that have low commissions can be overlooked.
   - Produces unequal distribution of services.

   This impacts the efficiency of the entire service ecosystem and can make the customers less convenient.

2. **Agents Income Instability**
   The amount of agent earnings greatly depends on the volume of transactions.
   - The income varies depending on the demand by customers.
   - Transaction frequency is influenced by seasonal changes.
   - Financial uncertainty due to the absence of a fixed income.

   This volatility can decrease motivation in the long term and result in agent attrition.

3. **Few Incentives to Merchants**
   Merchants are usually given relatively lower incentives compared to agents.
   - The commission rates might not be attractive enough.
   - Low financial incentive decreases activity.
   - Reduced use of digital payment systems.

   This may stifle the development of transactions based on merchants.

4. **Regional Disproportion in the Distribution of Agents**
   The commission system might unintentionally cause uneven distribution of geography.
   - Clustering of the agents to high concentrations in cities or high-demand regions.
   - Poor distribution in rural areas or low demand.
   - Reduced accessibility in underserved areas

   This leaves service coverage gaps and reduces financial inclusion.

5. **Excessive reliance on the High-Commission Services**
   The system tends to be highly reliant on several high-earning services.
   - The agent activity is dominated by cash-out transactions.
   - Limited diversification of services
   - Risks of higher operations in case of demand change.

This kind of reliance may have an impact on the sustainability of the entire business model. This part is very crucial to the research because it indicates the shortcomings of the existing commission system. Knowing these obstacles will give a basis on which more recommendations can be made to enhance the effectiveness of the incentive structure. To sum up, despite the effectiveness of the commission system of bKash Limited as a tool of motivating agents and merchants, this system has several challenges connected with imbalance, sustainability, and complexity of its operations. It is vital to address these issues to enhance performance, promote fairness and efficiency in the long-term network.

3.8 - Conclusion

Conclusively, the paper on the commission structure and its effects on the performance and behaviour of the distribution channel at bKash Limited demonstrates that commission-based incentives are important in influencing the behaviour and performance of the distribution channel. The analysis shows that increased commission rates, especially on services like cash-out, are a great motivator to have more transactions and focus on certain services, which directly affects the overall performance of the operation. On the same note, incentives in the form of commission will encourage merchants to embrace digital payment systems, which will lead to increased transactions and efficiency of business. Nevertheless, the study also recognizes some limitations, such as service imbalance, income variability among the agents, and relatively lower incentives for some of the services, which can be an issue for long-term sustainability. According to the aims of the study, it may be concluded that though the commission structure is an effective tool to drive performance and network growth, there is a need to have a balanced and optimized incentive system to ensure fair growth, better service distribution, and sustainable competitiveness in the mobile financial services industry.

3.9 - Recommendations

In light of the results of the study, several recommendations can be made in order to make the commission structure at bKash Limited more effective. First, the organization must consider implementing a more balanced commission structure across the different categories of services in order to reduce over-dependence on high-commission services like cash-out and promote diversification of transactions. Secondly, a tier-based incentive system would motivate agents and merchants to reach higher performance levels through incentives that encourage increased performance and consistency. Also, the company can work on better incentives for low-performing services, like bill payments and mobile recharge, to guarantee more homogeneous utilization of services. The use of non-financial incentives, including recognition programs and performance-based rewards, is also recommended to boost motivation above monetary rewards. Moreover, it is possible to enhance monitoring and evaluation systems to detect inefficiencies and provide transparency in terms of commission distribution. Lastly, it will be necessary to conduct a regular review and revision of the commission policy according to the market conditions and competitive pressure to ensure the long-term sustainability and contribute to the development of the distribution network.

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