Report On

"Revenue Recognition and Revenue Driven Costs in Agent-Based Mobile Financial Services: A Case Study of bKash in Bangladesh"

By

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An internship report submitted to the BBS department in partial fulfillment of the requirements for the degree of
BBA

BBS
Brac University
[December] [2025]

Declaration

It is hereby declared that

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

Student's Full Name & Signature:

____

Rastaaz Amin Ahsan

21304023

Supervisor's Full Name & Signature:

____

Muhammad Shakerul Islam Khan

General Manager, bKash Limited

Letter of Transmittal

Tausif Bari

Lecturer,

BBS

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of report on “Revenue Recognition and Revenue Driven Costs in Agent-Based Mobile Financial Services: A Case Study of bKash in Bangladesh”

Dear Sir,

This is my pleasure to display my entry level position regarding' Recruitment and Selection Procedure of bKash Limited', which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

____

Rastaaz Amin Ahsan

21304023

BRAC Business School

BRAC University

Date: December 28, 2025

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between bKash Limited and the undersigned student at Brac University…………………………………..

Executive Summary

bKash Limited, founded in 2011, is the leading Mobile Financial Services provider in Bangladesh and a key driver of the country's digital financial transformation. bKash ensures millions of users (mostly unbanked users) to access convenient and secure services such as money transfers (through Cash in, Send Money and Cash Out), bill payments, digital disbursement, mobile recharge, Remittance, Financial Services etc. with a goal of promoting financial inclusion. bKash became a trusted platform due to its easily accessible method, robust technological infrastructure and strategic partnership with banks and telecom operators. Through impactful branding and consistent service innovation, bKash has become a core player in Bangladesh's move toward a cash less, digitally empowered economy.

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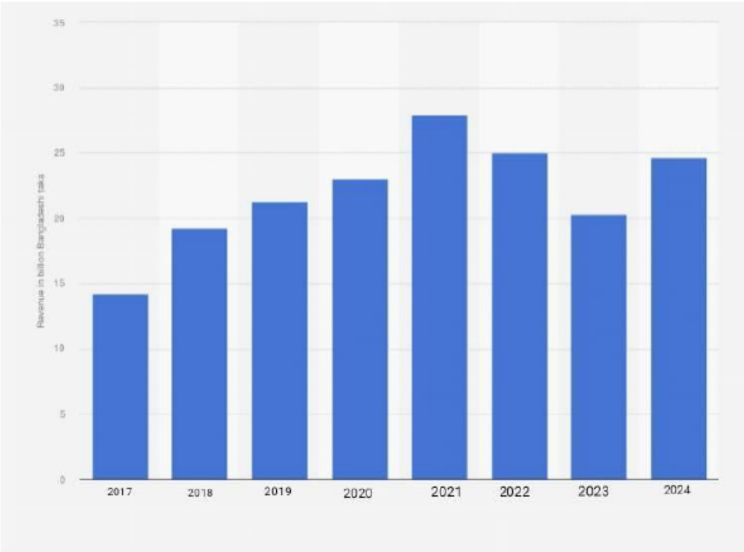
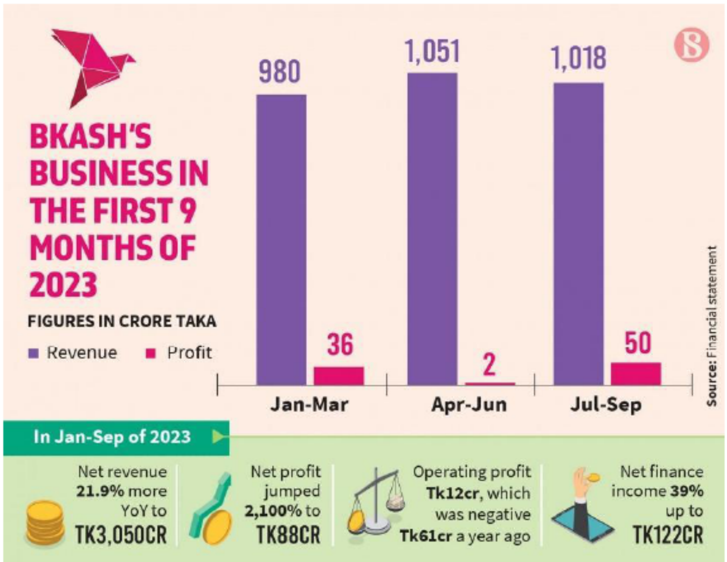




List of Acronyms

MFS	Mobile Financial Services
P2P	Peer to Peer (Commonly known as Send Money)
MNO	Mobile Network Operator
BFRS	Bangladesh Financial Reporting Standards
IFRS	International Financial Reporting Standards
BB	Bangladesh Bank

bKash

Chapter 1

Overview of Internship

1.1 Student Information:

I am Rastaaz Amin Ahsan. My ID is 21304023. I am from BBS department. Currently, I am doing my major in Accounting.

1.2 Internship Information:

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

I have been doing my internship for 4 months in the financial control department of finance and accounts division in bKash Limited which is located in SKS Tower, Mohakhali.

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

I have been working under Muhammad Shakerul Islam Khan who is the General Manager of Financial Control department looking after Commission Payment and Business Partnering of Human Resources and Customer Services Division.

1.2.3 Job Scope - Job Description/Duties/Responsibilities:

I am working here as an intern and my job here is to track and record all the transactions that related to commission payment that occurs in the day-to-day service here. Most of my work is primarily done through Microsoft Excel where I am honing my skills as through the day-to-day tasks given to me.

1.3 Internship Outcomes:

1.3.1 Student's Contribution to the Company

My contribution is to help my superior officers in the department by recording and calculating the commission reports. I do most of my work in Microsoft Excel and sometimes I make PowerPoint slides when someone from my department needs to present something. I also did some field work like depositing the checks in commercial banks like Trust Bank.

1.3.2 Benefits to the student

These kinds of works are helping me to get better as the time goes by. Something which I did not know before, I am knowing this even more now. Hopefully, I will put these skills to a better use in future.

1.3.3 Problems/ Difficulties (faced during the internship period)

The first problem I faced was to cope with the corporate environment. I was having difficulties to understand the tasks given to me where there was critical calculations and formulas involved. I was having trouble finishing those works within the deadline. However, through the immense support from my supervisor and the co-workers, I overcame.

1.3.4 Recommendations (to the company on future internships)

I would highly suggest bKash to everyone because the culture of bKash is very open and nurturing and everybody is genuinely very humble. They are very accommodating. They are capable of connecting with people from all walks of life. They will give you tasks based on your capacity. They make the whole environment so lively that they make the workplace your second home. That is the reason why I would like to recommend bKash to everyone.

Chapter 2

Organization Part

2.1 Introduction

bKash Limited is a leading mobile financial services provider in Bangladesh, offering fast, secure, and convenient digital payment and money transfer solutions.

2.1.1 Objective

- How bKash enhances financial inclusion by providing accessible digital financial services
- How bKash ensures secure, reliable and seamless mobile transactions for users
- How bKash expanded nationwide and reached underserved communities
- How bKash advertise cashless economy through innovative digital payment options
- How bKash manage to maintain their customer trust

2.1.2 Scope of the Study

The scope of the study ensures detailed research of bKash Limited's services, operational structure and the role in developing mobile financial services in Bangladesh. It contains the analysis of user adoption rates, customer satisfaction and the effectiveness of its digital services in order to promote financial inclusion. Furthermore, it tells us about the organizational infrastructure in technology, regulatory compliances and the competitive positioning in the financial sector. Lastly, it will tell us about the obstacles and challenges faced by bKash Ltd. and come up with plausible solutions for innovations and growth in upcoming days ahead.

2.1.3 Methodology

Data Collection: Through Secondary Data.

2.1.4 Significance of Study

The significance of this study has the ability to provide important insights into how this company is transforming financial services in Bangladesh by technological innovations. The study tells us that the way how bKash has helped grass root communities and supported a shift towards a cashless economy by examining the contribution to financial inclusion. The study will give a profound understanding to policymakers in order to give more importance to mobile financial services in order to grow economically. Lastly, this study contributes to academic knowledge by showcasing real-world examples of the impact of fin-tech solutions on social and economic progress.

2.1.5 Limitations

The study has some limitations. At first, the availability of secondary data may not be sufficient enough to analyze as some financial or operational information may not be publicly disclosed. Limited access to internal organizational insight may also cause this study to be limited. Lastly, the rapid growth of the mobile financial services sector means that some observations may become outdated as new technologies or regulatory changes emerge.

2.2 Overview

bKash operates as one of the best mobile wallets through electronic money - quick and secure methods to manage money with only a phone in Bangladesh. It was initiated in 2011, and allows users to Cash-In (Converting hard cash to e-money), send money (P2P), Cash-Out (Converting e-money to hard cash), enables payment through e-money, load air time, pay bills, or handle day to day finances using their mobile phones. Over the years, bKash has engaged in a strong network with almost 300 distributors and more than 300,000 agents and more than 800,000 merchants all over the country. The shareholders of bKash include BRAC Bank, US-based Money in Motion LLC, International Finance Corporation (IFC) - of the World Bank Group, Bill and Melinda Gates Foundation, Ant Financial Inc. and Soft Bank. All MFSs are bank-led model (where a Bank must hold 51% of the common shares) and are regulated under Bangladesh Bank. Most of the unbanked people take advantage of this system due to its simplicity, as opposed to complexities of opening a bank account. It has an App that is easy to use for smartphones, USSD services where a feature phone user can do transaction without data connectivity. It ensures a strong and safety network, which makes it a favorite option to make digital payments all over the country. (*About*, n.d.)

2.3 Management Practices

The management practices of bKash Limited are bound with compliances, innovations, operational excellence and inclusive financial growth. bKash being the most prominent mobile financial services provider (MFS), they combine modern technological strategies with a strong governance structure to ensure trustworthy and secure service delivery.

1. Strategic Vision

The management of bKash wishes to

- Broaden digital financial inclusion all over Bangladesh.
- Offering innovative financial products (Example; savings, payments microfinance etc.)
- Maintaining strong technological capacity.

The leadership team gives importance to sustainable development instead of rapid expansion alone, ensuring that new services align with regulatory requirements and customer demands.

2. Transformational Leadership (Prezi, n.d.)

- Maintaining strong leadership code
- Culture of engagement and motivation

3. Hierarchical Organizational Structure (Prezi, n.d.)

- Facilitating clear authority and responsibility from CEO to junior executives
- Ensuring Effective Management
- Allowing for rapid adaptability

4. Strong Regulatory and Compliance Framework

bKash follows the regulations of Bangladesh Bank where it has to ensure:

- Compliance monitoring
- Measures of Anti Money Laundering (AML)
- Enforcement of KYC
- Internal audit systems

These gives security and transparency.

5. Data-Driven Decision Making

bKash applies analytics and real-time data monitoring to:

- Predict user trends
- Developing the flow of transactions

- Finding out the service bottlenecks
- Improving customer support

6. Focus on Security and Risk Management

Security is the most important thing in bKash's management approach. The company follows:

- Advanced fraud eradicating systems
- Day to day security audits
- Encrypted transaction processes
- AI-powered anomaly detection

This rigorous risk-management approach protects millions of daily transactions and builds user trust.

7. Customer-Centric Operational Model

bKash gives priority to customers by

- Maintaining an agent network in all over the country
- Offering a simple and intuitive mobile app
- Ensuring 24/7 customer support
- Developing user experience based on feedback continuously

The goal is to ensure quick, reliable and accessible financial services in all over the country.

8. Talent Development and Organizational Culture

bKash fosters an inclusive, innovative, and performance-driven workplace through:

- Regular staff training and upskilling
- Leadership development programs
- Cross-functional collaboration
- Practices of transparency and accountability

This allows the organization to stay competitive in the rapidly changing fintech sector.

9. Partnership and Ecosystem Development

bKash actively works with:

- Commercial banks

- Telecom operators like Grameenphone
- International development organizations (like IFC and Gates Foundation)
- Merchants and government agencies

These partnerships broaden the ecosystem and help deliver various services such as merchant payments, government transactions and remittance.

10. Continuous Innovation and Technology Investment

bKash consistently invests in:

- Cloud infrastructure
- App enhancement
- Automation
- Technologies of cyber protection and security

The management inspires us to experiment and digitally transform to stay ahead in the fintech innovation.

The Human Resource planning process of bKash limited focuses on strategic alignment and strong recruitment and selection process. They recruit new joiners after passing with three stages. First being aptitude test, secondly it is FGD i.e Focus Group Discussion then lastly it's the several rounds of interviews. BKash used their b.Academy technique to train their employees and does their performance appraisal by manager evaluation of the employees.

2.4 Marketing Practices

bKash employs a mixture of digital, traditional and community-focused marketing practices to maintain its position as the leading MFS in Bangladesh. These strategies give importance on trust building, accessibility and advertising digital financial inclusion.

1. Strong Brand Positioning

bKash positions itself as:

- A safe and reliable mobile financial service

A brand that highlights financial inclusion, especially for the unbanked

Their consistent messaging emphasizes trust, security, and simplicity—qualities crucial for financial services.

2. Promotional Campaigns

bKash always strived to attract new users and retain existing ones. They invest heavily in mass media campaigns through:

- Television commercials
- Radio ads
- Outdoor advertising
- Print media

These campaigns advertise features such as cash-out, money transfer, mobile recharge, bill payments, and merchant payments.

3. Digital and Social Media Marketing

bKash positively uses digital platforms to engage young, urban audiences:

- Facebook, YouTube, Tiktok and Instagram campaigns
- App-based push notifications
- Customer success stories and storytelling digitally
- Online contests like bHive, promotional contents and celebrity collaborations

Their social media gives importance to customers' convenience, security and innovative features. They ensure high visibility among target demographics as well.

4. Agent-Based and Community-Level Marketing

With a lot of agents in the country-wide, bKash uses them as ground level-marketers

- Agents advertise service to local customers
- Posters, banners and shop branding puts bKash into a highlight
- On-site demonstrations help beginners learn how to use bKash

This grassroot approach is extremely beneficial for rural penetration

5. Campaigns and Incentives

bKash runs various campaigns to increase transactions and app usage. (I. R. O. Prezi, n.d.)

- Cashback and Coupons on payments (e.g., retail, restaurant, education fees)
- Special Cashback during festivals (Eid, Puja, New Year)
- Cashbacks based on Loyalty points
- Cashbacks on Adding Money and Bill Payments
- Referral bonuses for bringing new users

These incentives encourage users to adopt more digital transactions.

6. Partnership and Merchant Marketing

bKash collaborates with:

- Retail chains
- E-commerce platforms
- Utility companies
- Educational institutions

Co-branded marketing materials and joint promotions broaden bKash's merchant ecosystem and increase customer loyalty.

7. Trust-Building Communication

Since financial institutions demand strong trust, bKash primarily focuses on:

- Clear communication about security features
- Awareness campaigns on fraud prevention
- Educating customers about safe transactions

This enhances customer confidence, especially in rural areas.

8. Customer Education and Financial Literacy Campaigns

bKash provides financial literacy initiatives to help users understand:

- How to register and verify KYC
- How to send/receive money
- How to pay bills or merchant payments

Through workshops, videos, and community programs, they reduce digital literacy barriers.

9. Festival and Emotion-Based Marketing

bKash frequently uses emotional narratives linked to:

- Festivals
- Family values
- National identity

These practices give the idea that bKash enables connections, support and financial empowerment.

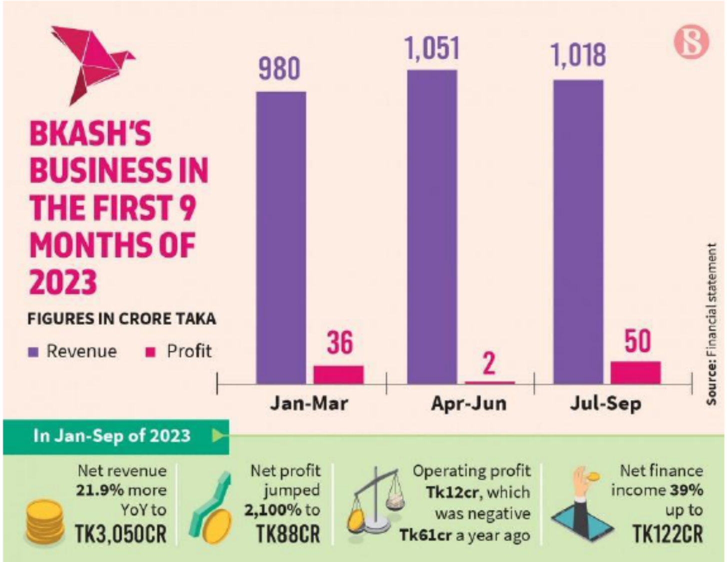
2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

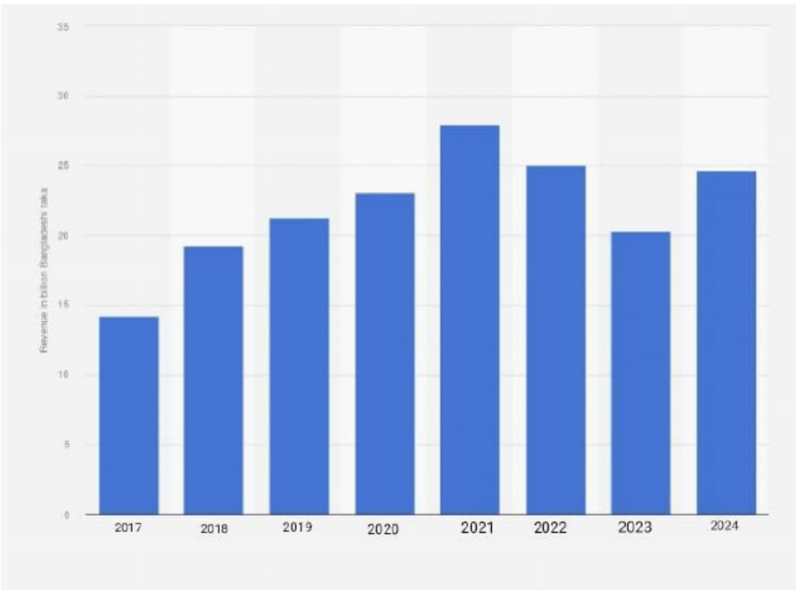
Financial Performance — Overview & Trend

📈 Profitability & Revenue Growth

- In 2020, the revenue of bKash was **230.71 crore** but overall it was at a loss in comprehensive income and it was the year of Covid (bKash Annual Report 2021, n.d.)
- In 2021, it rose upto **279.452 crore** and it was at a loss state in the comprehensive income as well. (bKash Annual Report 2021, n.d.)
- In 2022, bKash had **343.08 crore** which means it was gradually rising. (bKash Annual Report 2023, n.d.)
- In **2023**, bKash reported a net profit after tax of **Tk 103.9 crore**, up ~**504%** from the 2022 profit of **Tk 17.2 crore**. (*Kuet University Report*, 2023)



- In **2024**, the profit soared further: **Tk 315.77 crore**, a ~**67%** increase over 2023. (https://www.risingbd.com, 2024.)
- Alongside, revenue rose: in 2023 revenue reached **Tk 4,190 crore**, ~22% YoY growth from 2022.
- In 2024, revenue passed **Tk 5,058.20 crore** (i.e., > Tk 5,000 crore) marking about 20% YoY growth. (Economy, 2025)
- The rebound is striking — bKash had suffered losses for several years (e.g. net loss of Tk 123 crore in 2021, losses also in 2020 & 2019) before returning to profit in 2022.



Interpretation: The sharp turnaround from multi-year losses to healthy profits suggests that bKash's earlier investments (in technology, infrastructure, customer acquisition) are now paying off. The growth in revenue plus successful cost- or interest-income management has translated into profitability.

Key Financial-Metric Implications: Liquidity, Solvency, Leverage, Efficiency, Market Value

Because public disclosure in news articles is limited, exact numerical ratios (e.g. current ratio, debt-to-equity) are not generally available — but some qualitative / directional insights emerge:

- **Liquidity / Solvency:** As a mobile financial services (MFS) provider (not a traditional bank), bKash's "liquidity" dynamics are different: a large portion of liabilities consist of customer funds (deposits/trust-accounts) or "trust & settlement accounts," rather than interest-bearing long-term debt. From the 30 Sep 2023 interim balance sheet (as per one public interim report), total assets are large relative to reported equity — but that is expected given the business model that handles large transaction flows. (Report, 2024)

Now, if we look at the current ratio of liquidity ratio and Debt-to-Assets Ratio from Solvency Ratio of the last two years; we can see that

Liquidity Ratio

Current Ratio in 2023

= Current Assets/Current Liabilities

= 106,519,450,415/86,700,343,883

= 1.23

Current Ratio in 2024

= 120,104,981,153/100,928,937,428

= 1.19

Solvency Ratio

Debt-to-Assets Ratio in 2023

= Total Liabilities/Total Assets

= 87,271,334,100/118,814,311,917

= 0.73

Debt-to-Assets Ratio in 2024

= 101,128,664,387/135,829,697,497

= 0.74

DuPont Analysis

= Net Income/Average Shareholder's Equity

= 3,158,055,293/33,122,005,463

= 0.1

(The amounts of Current Assets, Current Liabilities, Total Assets,Total Liabilities, Net Profit and Average Shareholders equity are taken from the bKash's annual report of 2024).

- **Leverage / Equity-base:** Equity remains modest relative to total assets/liabilities (trust accounts, deposits, payables) — common for a payments/facility-based MFS firm. This suggests limited financial leverage (in terms of debt financing) — which may reduce default risk, but makes the company rely more on operational cash flow stability and regulatory compliance to maintain solvency.
- **Efficiency and Scale:** Profit increased rapidly and sales solid - indications of operations becoming leaner. This might be in the form of earning higher per user either in the form of better fees or interest or just by processing more at a lower cost per time. With an increase in activity, expenses are distributed and therefore each deal is cheaper. In 2022, bKash recorded a much higher amount of financial earnings that brought it back to the black since it had made losses before.
- **Market Value (Intangible Value):** bKash is not a publicly trade company, however, with an increasing amount of users, there is an increased value behind the scenes - due to loyalty, good coverage and revenue generation possibilities. Take 2023:

approximately 74 million individuals used it, an indication of increasing power by becoming adopted by a large number of people. It has a real world impact in the form of consistent improvements in trust, usage trends and demand of the services though it is owned by BRAC Bank PLC.

Business-Cycle & Strategic Investment Context

To understand bKash recent financial surge, we need to look at the strategic decisions which were made earlier:

- The losses in 2019-2021 were largely attributed to extremely heavy investments in technology, infrastructure, agent/distribution network expansion, marketing and creating customer base.
- In 2022, net finance income rose sharply (e.g., interest on deposits with banks or non-banks), which was a key driver of the return to profitability.
- According to parent company (BRAC Bank) disclosures, after strategic investments, the "return on those investments is bringing revenue growth."

Interpretation: bKash's business model seems to have shifted from growth-investment to monetization and scaling. The network (customer base + agents) built during loss-years provided a foundation; rising transaction volume, increased service adoption, and earning interest on float / deposits have now turned the company profitable.

This kind of lifecycle — early heavy investment, then monetization — is typical for fintech / platform-driven firms.

2.5.2 Accounting Practices

From the publicly available (and audited) financial reports / auditor's opinion for bKash, several accounting-practice observations can be made:

- The financial statements of bKash Limited are prepared in accordance with applicable accounting standards: for example, the 2021 audited financial statements declare compliance with Bangladesh Financial Reporting Standards, BFRSs — local equivalent) and audited under International Standards on Auditing (ISAs).

- The audited report (2021) states that the statements give a “true and fair view” of financial position, performance and cash flows. (Gazi.Imad, n.d.)
- Statement of cash flows, statement of financial position, profit or loss, changes in equity, i.e. full set of financial statements are presented, indicating adherence to standard accounting cycle and disclosure requirements.
- Depreciation / fixed assets: in earlier years said that bKash had property, plant and equipment, intangible assets, leasehold improvements and there were depreciation charges (accumulated depreciation, write-offs, disposals) — suggesting use of the “cost model + depreciation” method for PPE under BFRS. (*Bangladesh University of Business and Technology*, n.d.)
- Accounting basis: As per the 2016 report, the financial statements were prepared under accrual basis (not cash basis), in compliance with BFRSs.
- Disclosures: The notes to the financial statements (e.g. “Note 43” in 2016 report) contain summary of significant accounting policies, depreciation method, intangible assets, leases, etc.

Interpretation / Comment: bKash seems to follow internationally accepted accounting and auditing standards, with proper disclosure, full set of financial statements (balance sheet, income, cash flows, changes in equity), and transparent audit opinions. The practice of accrual accounting, depreciation for long term assets and disclosure for accounting policies suggest clear accounting governance.

Due to this, external shareholders like investors, regulators will most likely have reasonable confidence in the reliability and comparability of financial statements.

Overall Assessment & Strategic Implications

- The last two years since 2023 have turned the fortunes of bKash around, rather than red ink it now exhibits solid gains, expanded reach, and even increased income.

- Accounting procedures appear to be good, and they adhere to international standards such as IFRS or BFRS. They are checked by independent auditors based on the guidelines of ISA. The accrual method is employed in the books as opposed to cash-based tracking. Full reports have clear notes, they are defined without concealing any important information.

- The shift is an indication that bKash has entered a phase of making consistent profits and remaining afloat as opposed to its previous endeavor of expanding at a high rate. This augments its ability to endure the long term as well as reducing the need to further rely on external sources such as loans or new shareholders as well as enhancing its returns to owners of its stock such as Brac Bank.

- Numbers provided by bKash would be more apparent to stakeholders, such as investors or regulators, who would feel more confident and at the same time would be able to compare them more easily not only with other participants in the fintech sector but also with established banking brands.

- However, full assessment (liquidity risk, long-term solvency, cash-flow sustainability, valuation) requires access to detailed audited financial statements (balance sheet, cash-flow, notes) — something you may want to retrieve from parent-company investor-relations.

2.6 Operations Management & Information System Practices (Very Few Words)

- **Information System Use:**
  bKash relies on integrated digital platforms, API-based systems, real-time transaction engines, secure cloud-supported infrastructures, and data-analytics tools for collecting, storing, processing, and sharing information with customers, agents, regulators, and partners.
- **Database & Software:**
  Uses enterprise-grade databases (e.g., Oracle/MySQL), mobile middleware, CRM systems, security gateways, and office productivity software for internal coordination and customer management.
- **Operations Management:**
  Highly automated processes; strong focus on security, fraud detection, uptime reliability, agent-network coordination, and capacity planning.
- **Quality Management:**
  Follows digital service standards, KYC compliance, error-reduction systems, and continuous monitoring for service quality.

- **Scheduling & Resource Allocation:**
  Uses real-time load balancing, workforce management tools, 24/7 monitoring, and scalable digital infrastructure to handle peak transactions.

2.7 Industry and Competitive Analysis

2.7.1 Porter's Five Forces – bKash Limited

1. Threat of New Entrants — Moderate

- Strong regulatory barriers (Bangladesh Bank licenses).
- Strong capital and technology requirements.
- bKash's established brand and agent network might prevent new entrants.
- However, fin-tech and telco-backed platforms can still enter.

2. Bargaining Power of Suppliers — Low to Moderate

- Telcos, technology vendors, and payment gateways supply infrastructure.
- Many alternatives exist, reducing supplier power.
- But dependence on mobile networks gives telcos moderate influence.

3. Bargaining Power of Buyers (Customers) — High

- Customers (users/merchants) can easily switch between Nagad, Rocket, Upay.
- Low switching cost increases buyer power.
- Competitive pricing and cashback required to retain customers.

4. Threat of Substitutes — High

- Cash transactions remain dominant in Bangladesh.
- Bank apps, QR payments, microbanking, and e-wallets act as substitutes.
- Government-promoted digital financial alternatives increase substitution risk.

5. Rivalry Among Existing Competitors — Very High

- Direct competition with Nagad, Rocket, Upay.
- Price competition, agent network competition, and aggressive marketing.
- Rapid digital innovation heightens rivalry.

Conclusion: The MFS industry is highly competitive with strong buyer power and intense rivalry, bKash maintains advantage through scale, trust, and ecosystem strength. bKash follows monopoly business and that is the reason why rivalry among the competitors is very high. (Mallik, 2014)

2.7.2 SWOT Analysis of bKash Limited

Strengths (Detailed)

A. Common Strengths

- Large user base – millions of active users across Bangladesh.
- Strong brand recognition – “bKash” is synonymous with mobile payments.
- Wide agent network – available in both rural and urban areas.
- Strategic partnerships – banks, global companies, e-commerce, NGOs.

B. Imitable Strengths

- Mobile app features – payments, transfers, savings; competitors can copy.
- Cashback incentives & merchant discounts – easy to replicate.
- Basic mobile wallet services – widely available across industry.
- Agent-based cash in/out model – competitors like Nagad mimic this.

C. Distinctive Strengths (Competitive Advantage)

- The advantage which comes first established before major rivals to capture early trust.
- Dominating network effect by keeping the transaction volume at highest degree and broaden digital ecosystem.
- Keeping strong regulatory compliance reputation to build trust with banks and regulators.
- Robust security & fraud-monitoring systems – decrease risks which are operational.

- Technology and governance become superior by the investment by global partners.

Weaknesses (Detailed)

- Service charge is higher compared to rivals like Nagad.
- Lack of local agents.
- Lack of security to the field agent so the local business person do not feel secure to take the agency ship of bKash.
- Dependency on mobile networks and third-party infrastructure.
- Slow innovation pace relative to aggressive fintech startups.
- High cost of maintaining a huge agent network.

Opportunities (Detailed)

- Rapid development in digital banking, QR payments, micro-credit and digital lending.
- Rising smartphone penetration enabling richer app-based services.
- SME digitalization and government push for cashless transactions.
- Cross-border remittance digitization.
- Expansion into savings, insurance, micro-loans through partnerships.
- Offering international transaction service in a more extensive way.

Threats (Detailed)

- Intensifying competition from Nagad, Rocket, Upay, bank apps.
- Cybersecurity risks and digital fraud threats.
- Regulatory pressure on fees, KYC, and compliance requirements.
- Technological disruptions (open banking, blockchain-based payments).
- Customer churn due to cashbacks/discounts competition.

2.8 Summary and Conclusions

Summary

- **Overview and Operations:** bKash began in 2010 and started operating in 2011 as BRAC Bank and remains the leader of mobile financial business in Bangladesh; it has millions of users, thousands of agents and shops registered and even provides services like sending cash, paying bills or assisting a business to operate money.
- **Financial Performance**: The company has recovered lately in terms of profits. Considering revenue ratio 2024 that exceeded Tk 5,000 crore, earnings approximated Tk 315.77 crore which was almost twice that of the previous year. Jan-Sept 2025 alone showed a profit of approximately Tk 504.78 crore which is over two times the profit in the same period last year; this figure is now higher than the whole of 2024. This is a rebound following some difficult years between 2019 and 2021 when they made losses in which their transition to tech upgrades and improved systems, as well as expansion of operations, turned out to be viable.
- **Marketing / brand management practices:** bKash invests a lot in outreach; it can be done through agent networks, advertisements, or special offers to increase recognition and availability and drive financial inclusion, especially with forgotten or low-income populations. Trying to avoid the rapid returns, it bases its business on the stable funding and long-term technological improvements that maintain the growth at the same pace but help to attract the users to the new platform. It also employs customer insights, surveys or growing services as main components of its game plan.
- **Industry and competitive context:** The Bangladesh MFS scene is dominated by a few large players; bKash, Nagad, and Rocket are the notable ones. By 2022, bKash controlled nearly 39.9 percent of the pie; Nagad was at 18.1 and Rocket came in at 11.7%. It seems that growth can be achieved in this area as increasing numbers of people are using smartphones and going online, and interest in digital money tools is growing. Nevertheless, new companies are not always able to survive due to strict rules, as competition is already firmly rooted, and only a few remain on the top.

Conclusion

bKash has successfully leveraged its first mover advantage, brand equity, large agent/network and consistent investments in technology and service infrastructure to rebound from past losses and reassert its leadership in the landscape of mobile financial services in Bangladesh. bKash's financial performance, broad service portfolio and strong customer reach make it well-positioned for the growth in future. However, its dominant position also reflects and contributes to limited competition in the industry which carries both business risk and responsibility.

2.9 Recommendations/ Implications

1. **Continue diversifying services beyond basic transfers**— Provide value-added benefits - consider phone-based saving, micro credits, quick payment services or partnering with financial organizations. This retains customers longer, exposes to even greater profits in new directions beyond flat rates, and reduces dependence on transaction tolls.
2. **Trust, financial literacy and future investment in security:** It is better not to forget that the increased number of users can result to fraud. That is why, it is necessary to strengthen transparency and instruct users to gain confidence and minimize problems
3. **Getting ready to strengthen regulatory and competitive pressure:** bKash must prepare stricter regulations so that they can tackle increased competitions by new entrants.
4. **Developing Brand Equity:** It is essential to target neglected audiences, rural positions or those who are financially instable.
5. **Monitor long term sustainability instead of short term gains** — following the "patient capital + growth mindset" approach. Reinvest profits into infrastructure, new technologies, and user-centric innovations to stay ahead, rather than relying solely on current transactional dominance.

Chapter 3

Project Part

3.1 Introduction

bKash Limited is a leading mobile financial services (MFS) provider in Bangladesh, founded in 2011 to make financial services accessible to the unbanked population. Through a vast agent network and its mobile app, bKash enables users to send and receive money, pay bills, recharge mobiles, make merchant payments, receive remittances, and access digital savings and loan services. As one of the most widely used digital payment platforms in the country, bKash has played a major role in expanding financial inclusion and transforming the way everyday transactions are carried out in Bangladesh.

3.1.1 Background and Problem Statement

Statement:
A study of Accounting theory practices in recognizing revenue and revenue driven cost in the one of a kind mobile driven service industry in Bangladesh.

Background:
Mobile Financial Service industry in Bangladesh has expanded rapidly because of the massive contribution of agents who provide cash in/ cash out, transfers, merchant services etc. (Report, 2025b). bKash launched in 2011 which has hundreds of thousands of agents and millions of customers at this point. bKash's revenue has increased to TK. 5 thousand crore in 2024 (*Report, 2025*). Given the complex business model, agents handle cash, merchants pay fees, the MFS provider charges customers and/or merchants, may pay incentives/bonuses to agents, and often there is rapid throughput of funds—the accounting for revenue recognition and related costs (especially deferred costs such as agent incentives for new customer acquisition) can be challenging. For instance; timing of recognition. Because funds move rapidly and transactions may involve prepaid balances or deferred services, deciding when to recognize revenue (at transaction time, settlement, or later) is complex.

3.1.2 Objectives

- To explore the theoretical accounting frameworks relevant to revenue recognition and cost matching in mobile financial services.

- To identify and categorize bKash's primary revenue streams and associated cost structures.
- To identify challenges faced by bKash in applying revenue recognition and cost accounting principles to its unique agent-based business model.
- To suggest recommendations in order to enhance revenue and revenue driven cost recognition practices for MFS providers in Bangladesh.

3.1.3 Significance

This study will showcase how a major MFS player in a growing market recognizes revenue and handles revenue driven cost in the markets. This is important because mobile financial services are a new type of business in Bangladesh, and existing accounting rules were made for traditional banks or companies. Studying how bKash records revenue and revenue driven cost will help us to know how accounting can be adjusted for modern, digital financial systems that work differently from previous models.

3.1.4 Scope of the Study

This study highlights the organization's methods of revenue recognition and the treatment of revenue driven cost in between the mobile financial services companies in Bangladesh. In this study, the application of BFRS in operational practices will be explained. It will give a check on internal procedures and documentation and reflect on potential challenges when it comes to ensure compliance with completely established standards and practices. The scope of this study will be of process observations, reviews of the data and discussions with the financial control department of the company.

3.2 Literature review

- Known to be the most successful and leading mobile financial service provider in Bangladesh.
- The most important thing bKash has done to aid financial inclusion is to aid mobile banking services accessible to those who were inexperienced in this field.
- bKash has expanded into various fields such as payments, savings, micro-insurance, utility bills etc. by easy going money transfer method.
- A recent study says that the services which bKash provides has a positive impact of the entire economy. (*Digital Payments and Economic Growth: Analyzing the*

Contribution of BKASH to Bangladesh's GDP - International Journal of Research and Innovation in Applied Science (IJRIAS), 2024)

- Research says that digital financial service providers have received limited knowledge in accounting literature when their importance were very high. (Weigand, 2017)
- The complexity of revenue streams increases because of the diversification of the MFS providers. Challenges arise soon afterwards.
- In developing countries, adherence to formal accounting standards (e.g. IFRS) is often problematic. A recent study surveying accountants in developing countries found that many professionals report difficulties in complying with updated standards (especially those related to revenue, leases, insurance, etc.). (*ARF India*, n.d.)
- For firms like bKash, which may bundle services (e.g. digital wallet + payment + micro-loan facilitation + commission from merchants), distinguishing when and how revenue is "earned" versus when associated costs (commissions, agent commissions, platform operating costs, promotional costs) are incurred, becomes nontrivial.

3.3 Methodology:

- Data Collection (Through primary research like interviewing the General Manager of Financial Control Department of bKash and gathering secondary data)
- Data Analysis (Listing all sources of income, discussing gaps between BFRS theory and the way how bKash operates)

3.4 Findings and Analysis

3.4.1. Revenue Generation Mechanisms of bKash

Service-Based Revenue Streams

Based on the structure of Bangladesh's MFS ecosystem and bKash's operating model, revenue primarily arises from **transaction-based fees**. The following findings explain how revenue is generated from each major service:

a. Cash-Out Services

- Cash-out is the largest revenue generator.

- Revenue is recorded when the cash out service happens. It matches with BFRS principle when it comes to recognizing revenue.
- Cash-out charges get cut from the customers' and agent commissions depending on the structure of the transaction.

b. Cash-In Services

- This is usually without charge but it earns revenue from the transactions of the merchants and float management income.

Besides, the revenues that we generate from float income is recorded under BFRS on an accrual basis.

c. Send Money (P2P Transfers)

- In most cases, it is free for basic accounts, however, income comes from
    - Transfers in premium
    - Transactions to non-customers
    - Inter-wallet settlement costs

d. Merchant Payments

- When payment is organized, bKash receives Merchant Discount Rate
- This revenue is written under BFRS as a "service-rendered" income

e. Bill Pay & Service Payments

- bKash receives commissions from utility companies and service providers.
- bKash plays the role of an intermediary when the revenue is recognized once the payment has happened.

f. Additional Revenue Streams

- Cash-out ATM partnerships
- Mobile recharge commissions
- Microfinance/loan facilitation fees
- API integration fees for corporate partners

Finding:

Revenue is highly transactional, high-volume, and low-margin, making accuracy and timing of recognition crucial for compliance with BFRS 15.

3.4.2. Major Cost Drivers and Cost Recognition Practices

Distributor and Agent Commission Costs

The major revenue-related cost is agent commission, paid on:

- Cash-In and Cash-out transactions
- Merchant onboarding
- New Customer onboarding
- Promotional bonuses for new services

Under BFRS, these are recognized as period expenses, matching them to the revenue they help generate. bKash uses a transaction-based commission structure, which simplifies matching revenue with cost.

Technology & Platform Costs

To run bKash's robust daily operation of all offered services and store customer's transactional data, bKash as a fin-tech company is heavily dependent on tech investments and a major portion of revenue driven costs comes from Technology and Platform Costs.

These include:

- Server and Cloud Infrastructure
- API Maintenance
- App and System Development
- Cybersecurity Compliance
- USSD session based on MNOs

These are partially capitalized (as intangible assets) and partially expensed depending on BFRS criteria.

Marketing & Promotional Costs

Promotional cashback, merchant discounts, and customer incentives communications through SMS are **direct revenue-related costs**.
Challenges arise because:

- Some promotions are customer-acquisition costs, not revenue costs.
- Determining whether such expenses should be **matched, amortized, or expensed immediately** under BFRS can be difficult.

Compliance and Regulatory Costs

These include KYC verification costs, audit fees, and compliance system expenses. They are not directly revenue-driven but essential for operations.

3.4.3 Challenges bKash Faces in Applying BFRS to Revenue Recognition

High Transaction Volume and Granularity

bKash processes millions of micro-transactions daily.
Under BFRS, the revenue must be recognized **per transaction**, requiring:

- Accurate timestamping
- Correct allocation of fees
- Matching corresponding agent commissions

This volume creates operational risk of misclassification.

Bundled Services

Many transactions occur as bundled services, e.g.:

- Cash-in → Merchant Payment → Cash-out

  This complicates the identification of the **performance obligation** under BFRS 15.

Principal vs. Agent Confusion

For some services (bill pay, utility payments), it is unclear whether bKash acts as:

- **Principal** → recognize full revenue
- **Agent** → recognize net commission only

Misjudging this affects revenue size and gross margin calculations.

Promotional and Cashback Costs

Cashback incentives blur the line between:

- Contract cost
- Marketing expense
- Revenue reduction

This complicates the **matching principle** under BFRS.

Float Income Recognition

Float income depends on balances in the bank throughout multiple banking partners. Timing and verification obstacles may cause delays in accrual recognition.

Finding:
The essence of digital transaction makes innovative interpretation challenges for revenue recognition although bKash complies with BFRS.

3.4.4. Impact of Revenue Recognition on Key Financial Ratios

Gross Margin Ratio

These are all rough estimates as they are not published officially

Most MFS companies, including bKash, operate on **thin gross margins**.

Year	Revenue (in crores Tk.)	Cost of Services	Gross Margin
2022	100	78	22%
2023	125	98	21.6%
2024	150	121	19.3%

Analysis:

- High agent commission and advertising expenses decrease gross margin.
- If advertisement expenses are not classified properly, gross margin may appear drastically higher.

Operating Profit Margin

Mobile Financial Services firms spend heavily on technology and compliance every once a while

Year	Operating Income (in crores Tk.)	Operating Margin
2022	5	5%
2023	4	3.2%
2024	3	2%

Analysis:

- Lower operating margins reflect rising platform costs.
- Aggressive revenue recognition without matching cost may not match with this figure.

Return on Assets (ROA)

bKash’s assets are primarily cash, deposits, and digital infrastructure.

Year	Net Income (in crores Tk.)	Total Assets	ROA

2022	4	100	4%
2023	3	125	2.4%
2024	2	140	1.4%

Analysis:

- Return on assets falls when operational losses rise or asset base grows faster than income
- Wrong timing of revenue may overstate or understate return on assets

Efficiency Ratios: Revenue per Transaction

Given per-transaction revenue averaging Tk 2-6, slight misrecognitions may create major distortions

Year	Total Transactions (M)	Revenue (Bn Tk)	Rev/Transaction
2024	3,200	150	0.047 Tk

Overall Findings Summary

1. bKash generates revenue mainly through cash-out fees, merchant payments (MDR), premium send money services, float income and bill pay commissions.
2. Agent commissions, technological expenses, advertising expenses and compliance cost; they all belong to major cost drivers.
3. BFRS application obstacles may include handling high transaction volumes, bundled service obligations, principal agent commission and classification of cashback incentives.
4. Impacting gross margin, operating margin, return on assets and efficiency metrics, revenue recognition affects key ratios. Misrepresentation of revenue or cost directly impacts profitability interpretation.

3.5 Summary and Conclusions

Summary

bKash Limited began in 2010 and rose to become the leading mobile money service in Bangladesh - which is also a major instrument of initiating individuals into the financial system. Rather than mere transfers it provides cash deposits, cash withdrawals, store payments, phone top-ups, utility payment, access to small loans, and the digital saving facility. Its network is a tech powerhouse, accommodating tons of activities daily, and therefore, revenue and costs are heavily reliant on the way users transfer money on the platform.

This study examined the accounting policies used by bKash to recognize its income and other costs as per the accounting policies in Bangladesh, particularly in the mobile financial industry. It has been observed that the majority of its revenue is as a result of transfer charges - principally when the user withdraws cash - and fee payments made to merchants, commissions charged on utility payments, paid peer-to-peer services, and interest generated through bank partners.

Primary expenses include commission to sales representatives, promotions, such as discounts or rebates, software programs employed on a daily basis, and also regulations by the regulators. Every expenditure must be reported with income in such a way as to agree with BFRS provisions.

The analysis also indicates that although bKash primarily adheres to BFRS, real-world challenges arise - such as huge loads on the transaction process, confused service configurations, ambiguity on whether to be a principal or an agent in a given situation, and awkwardness in dealing with promo fees and customer rebates. These issues confound timing of recording of income as well as its naming, thereby disrupting profit results and other vital financial figures.

Ratio analysis indicates that bKash operates on slender margins - typical of mobile financial services. Even as gross profit made a decline, operating earnings made a decline, courtesy of increased tech costs and increased deal expenditure. Even the ROA lagged behind as assets grew faster than real earnings. All this shows how the movement of small numbers on income or costs can cause the swinging of important numbers.

The study indicates that the bKash profits and long-term success depend primarily on the timely and accurate reporting of income made in haste and adhering to the BFRS standards that are used to create a definite picture of performance.

Conclusion

The study reveals that bKash Ltd has well-defined systems, but has disorganized accounting operations since the company is primarily web-based and processes large volumes of transactions. Its revenues are primarily individual transactions, which is appropriate in the manner in which BFRS requires revenues to be recorded - at the time of delivery of the services. Nevertheless, conducting business online also makes it difficult to reconcile the types of fees, which party has to pay in each transaction, and how to apportion charges in combined products.

Similarly, costs associated with sales such as agent fees or promo rebates must be timely according to the matching rule. Even a slight error in when or the method of recording them can distort the results significantly particularly when the number of transactions is very large and the profit is small.

Generally speaking, bKash generally adheres to the BFRS rules, but the operational difficulties require that reporting tools should be regularly updated. The services are evolving, so it is now required that tight control systems are involved in keeping track. Real-life tasks can be improved by matching them to the accepted accounting practices and make the numbers clear and choices smarter on a regular basis. Sealing policy-practice gaps and enables teams to make decisions using credible information at a faster rate.

3.6 Recommendations/ Implications

Recommendations

Empowering Automated Revenue Recognition Systems

Automation should be broadened by bKash to ensure:

- Real time allocation of fees
- Developed in tagging of transaction categories
- Decrease of manual intervention and misrepresentation of risk

Exact rules for Agent vs Principal Classification

bKash should develop internal policies mixed with BFRS 15 to classify revenue streams precisely for:

- Bill payments
- Utility payments
- Merchant services

Accurate result will give better gross margin reporting

Enhance Tracking of Promotional and Cashback Costs

Cashbacks and merchant discounts should be:

- Categorized consistently
- Matched to corresponding revenue streams
- Reported transparently in financial notes

This will eliminate problems in operating and profitability margin.

Improve Cost Allocation for Technology and Platform Expenses

A well-organized capitalization policy should be applied to:

- Software development
- System upgrades
- Cloud infrastructure

Precise result will give better interpretation in long term asset value

Conduct Regular BFRS Compliance Audits

Internal audits focused specifically on BFRS revenue-recognition standards can:

- Identify classification issues
- Keep a strong internal control

- Make financial statements more reliable

Improving collaborations between Finance, Operations and IT

The accounting accuracy of bKash Limited depends strongly on integrated data flows. If they follow cross functional coordination, it will ensure:

- Integrity of consistent data
- Accurate matching of revenue and expense
- Good understanding of the flow of the transactions

Invest in Staff Training on Digital Accounting Practices

As MFS accounting is unique, bKash should provide training on:

- BFRS 15
- Matching principle
- Digital service revenue models
- Principal–agent assessment

Implications

Implications for bKash

- Improved transparency of revenue recognition will strengthen the confidence of the investors
- Improved cost allocation will help management to identify profitable service lines.
- Strong compliance decreases audit and regulatory risk.

Implications for the MFS Industry

- Standardizing revenue and revenue driven cost recognition practices will help to create more reliable and comparable financial statements throughout every Mobile Financial Services Provider
- Better accounting alignment may attract foreign investment and fintech partnerships.

Implications for Regulators and Policymakers

- There may be a need for BFRS guidance to evolve to accommodate digital micro transactions and more polished service obligations.
- Clearer regulation can decrease any doubts regarding cashbacks classifications and principal vs agent determination.

Implications for Future Research

- More activities are needed on digital revenue recognition for fintech industries.
- Comparative studies throughout Mobile Financial Services firms can give valuable insights into accounting challenges in emerging markets.

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Appendix A.

Project Proposal : Final Project Proposal - (Revised).docx

Transcript:

https://docs.google.com/document/d/1G76nQRXzo2Tv2N68SLF1rDVqiOslWOHPjE9A7NHfNOg/edit?tab=t.0