

Thesis paper on

Survey on Impact Analysis of Access to Finance in Bangladesh

By

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An internship report submitted to the Brac Business School in partial fulfillment of the requirements for the degree of Master of business Administration

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Declaration

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

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Subject: Submission of Internship report.

Dear Sir,

With humble honor and respect, it is a great pleasure to submit the internship report on Survey on Impact Analysis of Access to Finance in Bangladesh.

As an internal part of academic program in completion of MBA, it has been joyful and enlightening experience for me to work on a thesis paper and prepare these internship report.

I have attempted my best to finish the thesis paper 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.

Therefore, it is a humble request to you to accept the report for your judicious evaluation.

Sincerely yours,

Amonyta Zahan Papry

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Date: 27th September, 2020

Acknowledgement

At First, I would like to thank The Almighty Allah for giving me strength to complete my internship. I am glad to complete the report successfully. “BRAC University” provided enormous support and guidance for my Internship program.

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This is really a good way of learning and I really appreciate here for giving me the proper line of directions.

Executive Summary

Access to finance includes the provision of financial services to different categories of deprived and low income groups at an affordable rate. This include access to deposits, investments, and insurance, transfers and remittance facilities provided by formal financial institutions.

In numerous other nations, comprehensive back for comprehensive development has ended up an arrangement issue in Bangladesh taking after the worldwide monetary emergency in 2008. Over the past 10 a long time, concentrated of budgetary developing and get to money related administrations has expanded. In cooperation banks and microfinance educate have donated to developed concentrated.

Access to finance signifies the arrangement of managing an account administrations at a reasonable fetched to the different segments of impeded and low-income bunches. These include reserve funds, credit, protections, installments and settlement offices advertised to those who tend to be banned by formal money-related education. Therefore, financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs in a reasonable and sustainable way: transactions, payments, insurance payments, credit, and funds.

Bangladesh Bank has issued a set of guidelines to open farmers 'accounts, government social safety net program accounts, opportunity fighters' unusual accounts, small life protection accounts, road and working children's accounts, and student accounts, etc., to state-owned commercial banks and specialized banks. Both from the supply and request sides, Bangladesh As a controller of the money keeping division, Bangladesh bank allotted various rules / circulars on the development of monetary administrations to underserved and un-served section of the populations. In 2007, the total number of banks and their branches were 48 and 6717 individualistically. But now there are 60 banks and 10,114 branches in the country.

The main objective of the present overview was to assess the impact of the financial inclusion measures taken by the Bangladesh Bank. Lion's share of the managed account interviewer detailed that after building up a relationship with the budgetary teaching, they were initiated to make reserve funds.

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Chapter – 1

Introduction and Background of the Survey

1.1 Introduction

Finance is a very powerful participation for economic development especially in a resource-constrained country like Bangladesh. Access to finance is an encouragement in the advancement of the future plans and cushion for low income and disadvantaged groups in times of crisis.

Entree to finance strategies are likely to influence the firm growth, production and job employment. Preferably, ant assessment of access to finance would find to understand the affects, as well as evaluating the effect on firm financing.

There are a variety of reasons that government should encourage entrance to financing systems:

- Allowing the development of start-ups, micro, small and medium-size firms/corporations.
- Promoting creative business growth and development when social returns outweigh private returns.

Entry to finance applies to public loans for enterprises or government sponsored loans. The aim of such lends is to promote and encourage economic growth by providing funding to businesses where this is not delivered by the market.

For itself, the strategy of access to finance/ financial inclusion has recently been realized as an important instrument for reducing poverty by hitting the absent minimal level. Low economic and financial prospects, which are fundamental to the incidence of poverty, restrict the ability of the underprivileged to use their skills for revenue generation. Entree to reasonable financial facilities could help motivate them to improve their lives and those around them, through credit, savings and insurance. Mainstream banks have plentiful capital in terms of available funds and enormous branches.

1.2 Rationale of the study

Access to finance in particular, is commonly viewed as the right of the poor. Financial inclusion efforts have been recognized to have multiplier properties on the economy as a total by higher savings joint from the large segment of the bottommost of the pyramid citizens by providing access to structured savings engagements resulting in credit and investment growth. The development of informal credit outlets (such as moneylenders) that often appear to be exploitative will decrease. Thus, by offering outlets for healthy and stable saving activities and by promoting a whole range of effective financial services, an all-inclusive financial system improves productivity and welfare.

In addition to moral suasion, a range of policy steps have been taken in this regard, including the opening of bank office outlets, the provision of deposit and credit products, some of which are very creative for our banking system. These also include: offering most elevated quality managing an account administrations to farmers by allowing them to open bank accounts with least starting store (BDT 10 as it were); delivering department licenses to all SME / agribusiness benefit midpoints; giving simple and successful get to to keeping money administrations for physically unfit individuals, difficult center destitute, unemployed

youth, opportunity warriors etc.; unwinding conditions of advance refund and giving new offices to common difficulties influenced farmer; making cooperation in agriculture credit for all banks compulsory, giving agribusiness credit to sharecroppers, defining and actualizing and SME credit Arrangements and targets, setting accentuation on ladies business, futurists fund, creating ICT and arranging plans for the banks to keep money.

Encouraging innovative collaborations between banks and MFIs endorsing green banking and agent banking policy guidelines; and implementing Corporate social responsibility and school banking financing guidelines for financial inclusion, and organization cross country investment roadshows, etc.

1.3 Literature Review

Although significant improvements have been made in all areas of financial capability, profitability and affordability, there are fears that banks have been unable to participate a large segment of the population, in specific the disadvantaged sectors of society, into the central banking services folding. For growth and economic development, access to finance is essential.

A financial system which can provide vital services can make an enormous contribution to the economic development of a country. Superior financial growth increases productivity, decreases financial uncertainty, generates employment chances and progresses the supply of income.

Khalily and Khaleque (2013) established a bond between access to credit and the productivity factor of businesses using data collected by an in 2010 nationally representative household survey. The survey data presented that approximately 32 percent of households had at least one business, and some of the businesses established credit from various sources, such as formal institutions, micro-finance organizations, and familiar moneylenders.

YadavJ.P Sharma A and Meena M (2016) tried to identify problems and difficulties in decreasing financial elimination by emphasizing the variables, importance and finding the challenges of rural India's financial inclusion with social and economic development. They said that banks should take steps to develop specific plans to strengthen the financial inclusion of the unbanked segment of the public.

From Manohar, S. The environment and amount of economic attachment and its effects on the socio-economic position of families fitting to vulnerable segments of comprehensive development in Karnataka, India were evaluated by Varma bally (2016) by investigating the primary data collected from Karnataka Income Divisions. Their findings presented that the nature and range of financial attachment were different.

The Access to Financial Services (A2FS) Survey, a comprehensive national study of all main financial services (savings, credit and insurance), was conducted by the Institute of Microfinance (InM) between October 2009 and May 2010. The investigation indicated that in Bangladesh, about 77% of families had access to any financial services. Nevertheless, only 37 per cent have access to formal financial services and 43 per cent have access to quasi-formal finance. 26 percent of houses have access to informal financing in over-all.

From Mujeri M.K. (2015) showed a learning on Improving Access of the Poor to Financial Services based on secondary data and materials, while providing inputs to the 7th Five Year Plan document. Agreeing to the study, while the number of deposit and credit accounts per 1,000 population in the country increased from 242 to 333 and from 51 to 63 respectively during 2005-2010, the increase in deposit accounts in countryside areas increased from 127 to 189 over the same period. The number of credit accounts, on the other hand, actually fell from 53 in 2005 to 51 in 2010. This demonstrates that a substantial proportion of the population in Bangladesh does not have access to formal financial institutions.

The probable social and financial influences of mobile financial services over the era have been studied by the Boston Consulting Group (BCG-2011). This description summarizes the results of the study, which highlighted on a broad development choice of 5 countries namely Pakistan, Bangladesh, India, Serbia and Malaysia. They noted that more than 2.5 billion adults, or almost 72 % of the rising population, are un-banked in the developing world, means that they have no access to financial facilities. Simultaneously, nearly 2.5 billion individuals have mobile phones in developing countries. This means that there could be up to 2 billion non-financially-included mobile phone users that could be served through mobile financial services (MFS). In their study, they mentioned that Bangladesh recently has a financial inclusion rate of 55 percent. That means that 45 % of adults have no access to formal financial amenities in Bangladesh today.

All the analyses mentioned, however, were commonly related to improving admission to financial services for the poor. Against this environment, this report highlighted in particular

the various innovative financial inclusion programs undertaken by BB to get the excluded segments of the population and the economic sectors into formal financial services and compared the progress of household livelihoods following the programmer's involvement. This study also try to find to identify the impact of economic products and services on rural economic development in relations of revenue and job generation.

1.4 Objectives of the study

It is not thinkable to bypass a large part of the population for the overall and even development of the country. Despite Bangladesh's significant growth in the banking sector and government struggles to boost financial access in countryside areas, rural financial markets have minimized in relative positions. Consequently, access to finance for minimal, small and medium-sized farmer, mainly for the poor segment of the population dominating Bangladesh's agricultural structure, remains limited. This is considered a matter of great concern because, in terms of income, employment and contribution to GDP, these groups play a crucial role in rural Bangladesh's growth.

The topmost objectives of the financial inclusion structures are in the direction to fetch into the formal financial system unserved sectors of the population. The research attempted to disclose how successful the BB initiative is in achieving the goals. The research-study required to measure the changing aspects of the degree of access to finance and to evaluate its effect on rural development as well as on the country's overall economic development. The aim of the research was also to sharpen the understanding of how poor people's access to proper financial institutions has evolved over time. This will help to increase insight into access to finance and how to reduce poverty and income inequality by contributing to inclusive growth. The study also tried to observe the sustainability of the results of the policy of economic inclusion and its effects on such development. So the study's main goals were:

- i. Evaluate its performance to measure the effects of financial products and services and their extent of dynamic flexibility on admittance to finance. Banks, MFIs (Big 4 for example- GB, ASA, BRAC and PROSHIKA), mobile phone operators, ATMs and POSs, and the insurance sectors provide financial products and services. Evaluating the achievement of BB 's objectives with regard to various inclusive policy measures aimed at ensuring wider financial inclusion alongside different refinancing patterns;
- ii. Finding the obstacles to entree to finance;
- iii. Propose new regions for the prolongation of maintainable financial presence; and

- iv. To provide strategy opportunities in addition to proposals.

1.5 Methodology of the subject

The evidence / data required was collected from chief sources with the purpose of achieving the objectives of the study. To this end, a field survey was conducted using a set of well-structured questionnaires over face-to - face interviews of the targeted accused.

- i. Eight divisions of the country were covered by the survey, specifically Dhaka, Chattagram, Khulna, Rajshahi, Sylhet, Barisal, Rangpur and Mymensingh. The survey teams collected data from 2872 interviewer from various groups linked to the expansion of financial inclusion.
- ii. In addition to qualitative data analysis, the study also applied quantitative analysis to find robust results using statistical tools (SPSS).

1.6 Sample selection, data collection and accumulation

Of the interviewer, both qualitative and quantitative data were collected. The entire survey process was completed with the following actions:

- i. Based on the Multi-stage Sampling method, the survey was conducted. It randomly selected eight districts from 8 divisions. Overall 8 Upazillas from 8 districts were chosen. 4 Unions of each Upazilla and 2 villages of each Union have been selected for the selection of samples.
- ii. State-owned profit-making banks (Sonali Bank Limited, Janata Bank Limited, and BASIC Bank Limited), 2 specialized banks (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank), 2 specialized banks (Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank) on the foundation of bank account numbers published by the Financial Inclusion Department and 2 private commercial banks (Dutch-Bangladesh Bank Limited and Islami Bank Bangladesh Limited), which are the main sources of countless financial inclusion programmes over and done with their rural outlet setup, were selected.
- iii. With the help of selected bank branches, separately interviewer joined 9 interviewers in a day of face-to - face interviews over the questionnaire set. A total of 2872 answers from 8 divisions were communicated during the 20 working days (4 weeks). The sample distribution is as given:

Table 1.1: Distribution of the sample through the Divisions

Division	Banked	Un-banked	NGO members	Total
Dhaka	178	92	71	354
Chattagram	189	89	7	346
Khulna	206	94	68	366
Rajshahi	187	110	65	369
Barisal	184	115	65	364
Sylhet	189	119	63	365
Mymensingh	179	127	69	363
Rangpur	192	92	76	348
Total	1499	836	535	2882

Source: Survey data

1.7 Limitation of the Data

As in most empirical studies, there were some drawbacks to this analysis that left room for upcoming future research. The study was carried out with the assistance of 7 commercial banks and 3 MFIs, which were the key agents of the country's financial inclusion programme. Therefore, it understated the real financial inclusion situation. The study interrogated 2872 interviewer randomly selected from 8 Upazilas from 8 districts due to limited time and costs. As interviewer were considered in a district from only 1 Upazila, the results may not extend to the broader aspect. Therefore, raising the sample size as well as the sample region will be reasonable in future study.

Chapter 2

Access to financial facility in Bangladesh – An Overview

Access to financial facilities is measured one of the greatest powerful instruments to ensure inclusive and sustainable economic growth by policy makers around the world. Bangladesh's financial sector is principally dominated by the investment sector. Microfinance organisations (MFIs) also play a vital character, in addition to the banking sector, in providing funding services to the vulnerable. An overview-summary of access to existing financial facilities in Bangladesh is defined in this section.

2.1 Measuring access to finance

These displays generally discuss two parts of financial access:

- a. The dimension of outreach
- b. The real dimension of utilization.

There are 2 categories of indicators in the field of outreach: geographic penetration (total number of bank branches or ATMs per 1,000 square kilometers) and demographic penetration (total number of bank outlets or ATMs per 100,000 population). Per 1,000 square kilometers, more bank branches and ATMs show lower distances to the nearest physical bank outlets and relaxed geographical access.

Two widely used indicators for the actual usage dimension are:

- a. The number of loan accounts per 1,000 individuals; and
- b. The number of deposit accounts per 1,000 individuals. The practice of banking facilities / access to financial services is measured by these indicators.

2.2 Access to finance through Banks

There are four types of banks in the country's banking sector: state-owned commercial banks (SCBs), state-owned specialist banks, private commercial banks (PCBs), and foreign trade banks (FCBs). The over-all number of scheduled banks presently positions at 58, 6 of which are SCBs and 3 specialized banks, with PCBs and FCBs numbering 40 and 9, individually. These banks had a total of 10,114 branches, 4,890 of which were countryside and 5,224 of which were city branches. 2.1 table shows that per 100 square kilometers, the Dhaka division

has the maximum density of bank outlets (more than 16 %) and the Barisal Division has the lowest density (3.82 %).

Table 2.1: Division wise scheduled bank outlets (per 100 sq. km.)

Division	2009	2010	2015	2018
Dhaka	4.68	5.01	6.39	6.78
Chittagong	7.86	8.59	15.10	16.24
Khulna	3.46	3.53	4.05	4.25
Rajshahi	4.05	4.84	5.51	5.73
Barisal	2.86	2.97	3.62	3.84
Sylhet	4.89	5.05	5.81	5.99
Mymensingh	-	3.54	3.95	4.17
Rangpur	-	-	3.73	3.92
Total	4.98	5.20	6.38	6.04

From 4.98 percent in December 2009 to 6.04 percent in March 2018, the ratio of bank branches per 100,000 people increased (Table 2.2). The ratio was the maximum for the Dhaka division (approximately 8 percent) and the lowermost for the Mymensingh division (nearly 3 percent) according to March 2018. These specify that, although banks' overall access to financial services has grown-up over time, it has not enriched to any significant level, particularly for rural families.

Table 2.2: Division wise scheduled bank outlets (per 100,000 people)

Division	2009	2010	2015	2018
Dhaka	5.63	5.94	6.84	7.06
Chattagram	5.44	5.88	7.75	7.98
Khulna	4.48	4.66	5.26	5.24
Rajshahi	3.94	4.57	4.92	4.91
Barisal	4.02	4.12	5.25	5.28
Sylhet	6.58	6.80	6.73	6.64
Mymensingh	-	3.50	3.67	3.64
Rangpur	-	-	3.24	3.32
Total	4.99	5.22	5.99	6.47

Source: Statistics Department, BB

2.3 Access to finance by Agent Banking

Agent banking financing is an advanced economic inclusion refers to the offers the underprivileged, underserved and poor segment of the people with unrestricted access to tailored financial products, especially in geographically remote places by opening banks where it is very tough or not even possible to establish branches. This new tool enables serving the population's financial requirements at an affordable cost in their neighborhood. The 'Agent Banking Guidelines' were allotted in December 2013 and accordingly, in June 2014, a 'Guidance Note for the Approval and Operation of Agent Banking Activities for Banks' was delivered to speed up the safe, secure and smooth alternative financial service delivery network for unbanked persons. A variety of banking services can be provided by agents, counting cash deposit and withdrawal, fund transmission, payment of value bills and salary expense. Banks are instructed to keep the 2:1 ratio for opening countryside and city outlets to deepen inclusive development.

2.4 Access to finance over mobile phones

Mobile Financial Services (MFS) has been experiencing phenomenal growth since its inception in 2011. Through delivering resources for the unbanked residents section and unlocking

development prospects for the underserved portion of society, MFS becomes one of the main drivers of financial inclusion.

The wide categories for Mobile Financial Services are:

- i. Cash-in and cash out by agents, bank branches and ATMs via mobile accounts,
- ii. Inward foreign remittance disbursement (only the domestic portion of the transaction, no cross-border act is acceptable),
- iii. Individual for enterprise payments. For example, utility bills, payments from retailers,
- iv. Business-to-person transfers, e.g. disbursement of salaries, payment of dividends / interest and refunds,
- v. Compensation from the government to individuals. For example, allowances for the elderly, social safety net,
- vi. The individual making payments to the government, e.g. taxes, levies,
- vii. Person to person costs (one mobile account registered with another mobile account recorded) and
- viii. Extra fees, such as microfinance, overdrawn savings, insurance, etc.

2.5 Access to finance by Micro Finance Institutions (MFIs)

MFIs are a big commercial facilities automobile for financially let off citizens in Bangladesh. The key driver of the activity of MFIs in the country is the offering of credit to the poor population. The Microcredit Regulatory Authority (MRA) has been established as the regulator of the microfinance sector with the aim of institutionalize microfinance operations and develop a comprehensive financial sector. Since its inception, through MRA-Act, MRA-Regulations, circular, off-site supervision, and on-site supervision, the MRA has been checking the MFIs and their microfinance activities. The 705 licensed MFIs and 128 interim licensed MFIs disbursed more than 1350.0 billion BDT to 30.5 million customers in FY18. At the same time, the overall savings of the MFI sector have reached BDT 270 billion.

2.6 Access to Finance by Insurance Sector

More than BDT 1350 billion to 30.5 million customers is distributed by the 705 licensed MFIs and 128 conditional licensed MFIs in FY18. At the same time, overall investments in the MFI sector have reached BDT 270 billion.

At present, under the Insurance Act 2010, a total of 79 insurance corporations are in business. Of all the companies, 32 are life insurance companies, 1 of which is a foreign corporation and 2 are state-owned, and 46 are general insurance corporations, 1 of which is a state-owned company. Life insurance, general insurance, protection, micro-insurance, and taka or Islamic insurance are involved in the insurance facilities.

2.7 Access to Finance in co-operative sector

The cooperative area similarly has an important role to play in expanding access to finance in rural zones. As of March 2018, there were 176,841 cooperatives working in Bangladesh. The number of beneficiaries was 10,684,749, of which 8,298,102 were male members and 2,386,647 were female members. The cumulative unpaid loans to the recipients amounted to 188, 84 billion BDT. Co-operative cultures are governed under the National Co-operative Deed, 2012 by the Co-operative Directors.

Chapter 3

Bangladesh Bank's Financial Inclusion Campaign

Bangladesh Bank released a series of directives to open farmers' accounts, government social security network accounts, special freedom fighter accounts, small amount life insurance accounts, street and waged child accounts, and student account, etc., to state-owned profitable banks and specialized banks. In addition to these steps, Bangladesh Bank has inculcated scheduled banks to open bank accounts by attaining BDT 10, 50, and 100 from marginal, vulnerable, and financially left out communities those are beneficiaries of the societal security network program, extreme poor women beneficiaries, Clothing staff, city cleaners, employees making boots and leather products, tornado victims, and mentally disabled people, as well as the eyeless.

3.1 Bangladesh Bank re-finance structure for BDT 10 account

In May 2014, Bangladesh Bank set up a rotating refinancing fund of BDT 2 billion with an outlook to the preparation of BDT 10 account.

3.2 Accounts for Farmers BDT 10

The accounts for farmers establish the major building wedge of the Bangladesh Bank's campaign for financial inclusion. The total number of farmers' accounts as of June 2018 was around 52.1 per cent of the total NFAs. With these accounts, the total deposits set upright at BDT 3.0 billion.

3.3 Accounts other than farmers' BDT 10 accounts

The remaining 48 percent of NFAs comprise accounts other than accounts for farmers. All these accounts are generally just for the disbursement of different government benefits and salaries.

3.4 School Banking Investment

Investment in School banking is a significant Financial Inclusion Policy advantage. The goal of school banking is to educate students under the age of 18 with banking facilities, modern banking techniques and savings practices.

3.5 Occupied / Street Children Banking

On 9 March 2014, Bangladesh Bank issued directives to scheduled banks to start NFAs for children with minimum BDT 10 deposit with a view to getting employed / street children into financial services and start getting their savings.

3.6 Financial literacy programme

A creative digital web site, press layouts, and television and radio advertisements were created as part of the financial literacy campaign. Story books, games, videos, messages, financial calculator, belongings and allocation networks are involved in the Web-link.

3.7 Small and medium enterprises (SMEs) fund finance

The Bangladesh Bank established a inclusive SME Credit Strategy and Program for Small and Medium Enterprises (SMEs) that takes into account the crucial role of the sector in inclusive economic growth.

3.8 Agriculture credit

The Bangladesh Bank places the greatest focus on the growth of the agricultural sector, as the sector shows a crucial role in the economy. As part of the financial inclusion policy of the Bangladesh Bank, agricultural and rural credit policies have been deployed to ensure the flow of funds to the rural economy.

Chapter 4

Statistical Exploration of the Sample Study

4.1 Details of the sample

The survey took a generally descriptive sample of 2,872 defendants selected using a multi-stage sampling approach based on the March 2018 quarterly update analysis of the Bangladesh Bank's Financial Inclusion Department. The 8 secretarial divisions of the country, namely Dhaka, Chittagong, Sylhet, Rajshahi, Barishal, Khulna, Mymensingh, and Rangpur, have stratified the selection setting.

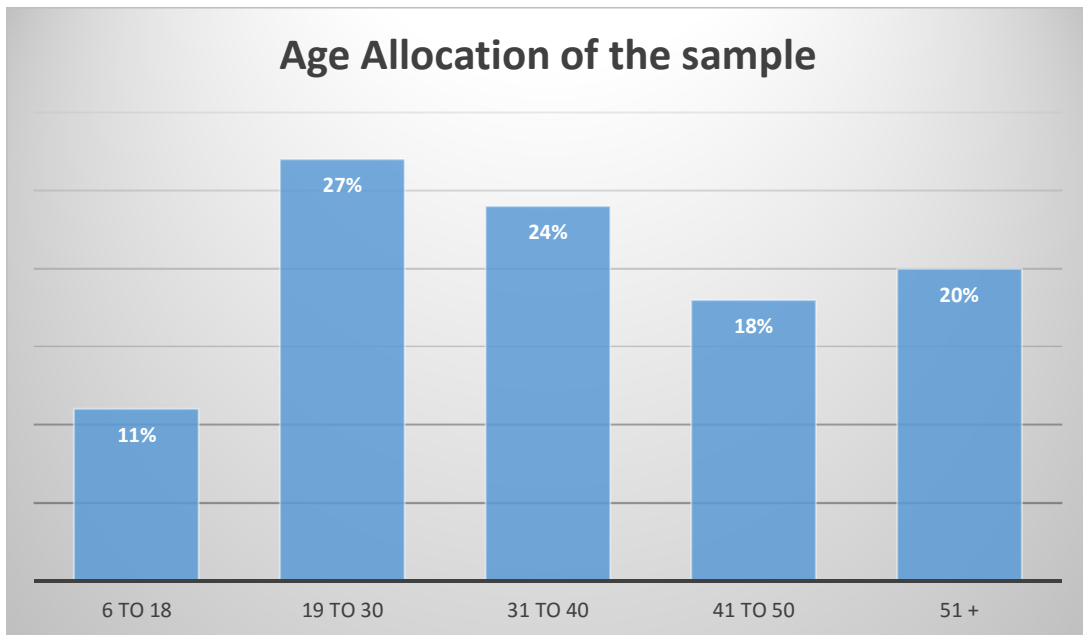
4.2 Socio-economic and Demographic Features

The figure of plaintiffs was 2,872 in total. Of these plaintiffs, 52 per cent of the overall interviewer were banked or financially included (1,494). 29% and 19% of the overall plaintiffs (Chart 4.1) were shared by the controller group or un-banked plaintiffs (826) and NGO members (552).

4.3 Age allocation

The average age of the accused was 38 years, and the age distribution standard deviation was 16.48 years. The 30-39 age group accounted for the biggest amount of interviewer (chart 4.2).

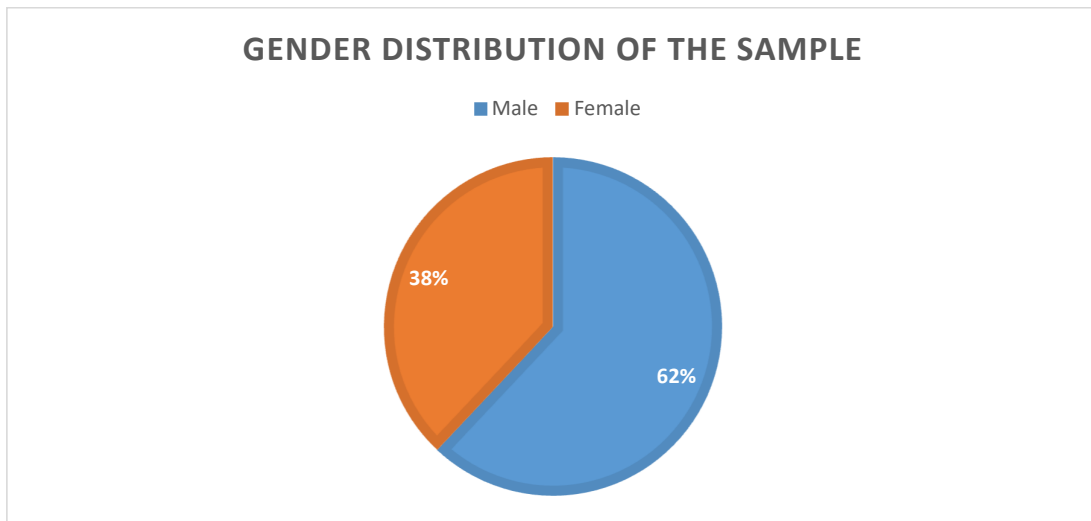
Chart 4.1: Age Allocation of the sample



4.4 Gender distribution

The proportion of male and woman interviewer was 62% and 38 %, separately of the total of 2,872 interviewer, Out of the total female interviewer, about 48 percent were members of NGOs.

Chart 4.2 Gender Distribution of the sample



4.5 Occupation styles distribution of the sample

With a 21.8 percent share, company was the dominant occupation form among the survey plaintiffs. Conversely, housewives were found to be a decent number of interviewer, who were classified into the other category. Laborers and farmers accounted for 15.1 percent of the subsequently less prevalent occupation forms and 14.7 percent of the sample contribution.

Table 4.5: Profession styles distribution of the sample

Occupation	Banked	Un- banked	NGOs members	Total
Student	319	71	1	391
Farmer	298	98	28	421
Businessman	280	266	79	627
Day labourer	139	284	11	433
Service holder	148	78	21	238
Others	307	35	418	762
Total	1497	825	551	2872

4.6 Mobile phone accounts distribution

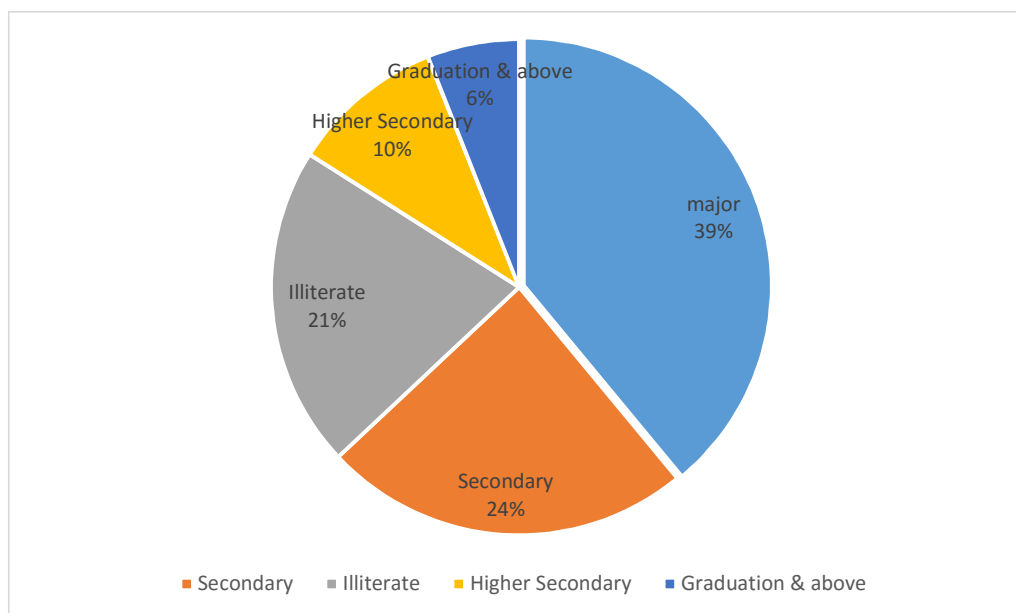
Mobile phone accounts were owned by about 22 percent of the interviewer. Although nearly all accused had their individual cell phones and connections, they appeared to trust on mobile-based money transmission business agents (Chart 4.14).

4.7 Remittances from abroad

Just 319 (11.1 percent) of the total interviewer reported receiving remittances from abroad. Of these 319 recipients of remittances, 231 (72.4 %) are banked, 42 (13.2 %) are unbanked and 46 (14.4 percent) are members of NGOs.

4.8 Bank accounts ownership

1142 citizens (76.4 %) have one active bank account out of the whole banked interviewer. Two bank accounts have a total of 254 (17.0 %) banked interviewer. There were three or more bank accounts held by the remaining 98 (6.6 percent) interviewers (Chart 4.3)



Chapter 5

Barriers to access finance

There are a number of causes for financial exclusion. Absence of knowledge, little income / assets, social rejection, and financial ignorance serve as obstacles to access to financial services on the demand sideways. There are common reasons for exclusion from the supply side, distance from the bank outlet, branch timing, lengthy paperwork and other measures, unsuitable items, staff attitudes. Availability, affordability and suitability measures can specify the amount of the financial service barricades in relations of deposits, loans, payments, places, equipment, etc. In short, the obstacles and barriers to financial access are as given:

- i. Deprived physical access or set-up for banking
- ii. For opening an account in Bangladesh, minimum amounts are required.
- iii. While most people live under the poverty line in Bangladesh and their per capita revenue is very short compared to any other country, this smallest quantity restricts the use of formal banking services by poor people.
- iv. Financial literacy and awareness, especially in rural areas, are very low in the country. In terms of savings, credit and payments, it makes it tough for a big segment of households to get financial facilities from the banking organisation.

- v. Another obstacle to financial inclusion is the lack of proper documentation needed to open a checking or savings account in a country where many people do not have such documents, including national ID cards, introductory, salary statement, and evidence of dwelling and reference letters.
- vi. Appropriate financial products need to be developed in order to allow the presently unbanked, poor and low-income people to access financial services from the official financial structure.
- vii. Another hindrance to people opening bank accounts is having an insufficient amount of money. There is still a large segment of households in the country with extremely low income levels, principally in country side areas. Those individuals are consequently not served by any financial institutions.
- viii. Matched to banks, the cost of the MFI product (interest ratio) is still extraordinary, demonstrating another obstacle to monetary inclusion.

Chapter 6

Findings

I found that approximately 77% of families in Bangladesh had access to some financial facilities. Nevertheless, only 37 percent have access to some financial facilities and 43 percent have access to quasi- formal finance. 26 % of families have access to informal finance in total. According to World Bank, 79.2 % of all young adults (aged 15-24) in Bangladesh have no bank account (World Bank 2015). The analyses indicates that access to Banking services increased gradually with increasing education level of households held. In the opinion of InM, about 86.7% of female headed households have no savings account with any bank (Khalily ET 2011). According to Bangladesh Institute of Development Studies (BIDS), 97% non-poor households have account while 34% poor have bank account.

The analysis on ‘Survey on impact analysis of access to finance in Bangladesh’ reveals that just 14 % of the interviewer had different kinds of insurance plans. The informants surveyed had very low exposure rates to insurance. However, the insurance policy adoption rate for the banked informants was found to be higher. There were insurance policies for about 17 percent of bank interviewer, while 8 percentage of unbaked interviewer were found to have insurance

policies. The responders surveyed had a very concentration rates to insurance. Just 14 % of interviewer had different sorts of Insurance policies. It was found that 8 percent of un-banked respondent person insurance policies.

I also found that saving activity had a remarkable relationship with the degree of financial inclusion. After being financially included, about 91 percent of the banked participants stated that they had extra savings. While comparing the interviewer' savings patterns, 81% of banked interviewer reserved savings, it was proclaimed.

I also observed that approximately 24% of banked answerer recognised that some amount of funding was borrowed from official sources. Among NGO members, borrowing has been found to be very common. Nearly 98% of NGO members lent money from the concerned agencies.

It is observed that the household in Rangpur has the lowest access and the household in Barisal has the highest access to Banking facilities. The finding shows that urban households have more access to banking services by comparison with rural households.

That is why it seemed acceptable to me that financial inclusion have a strong influence on the socio-economic wellbeing of the people. I also found from my analysis that, over the years all the indicators of banking system have confirmed success of these initiatives. The number of banks and bank brunches, financial products and channels, customers and beneficiary has expanded the expectations.

Though, inadequate financial literacy, lack of proper documentation, lack of initiatives of banks and financial institutions, low level of technological infrastructure, lack of suitable product structure of banks, opportunity cost and high cost of products are also acting as a hindrance to access to finance.

The response to the survey indicated that financial services focused on mobile phones were essential for achieving this success.

Chapter 7

Conclusion and Policy Recommendations

Over the last few decades, the idea of financial inclusion has acquired the utmost importance. Since introducing the financial inclusion agenda, almost all countries have seen success. The recent survey was conducted to examine the effects of several financial inclusion initiatives by

the Bangladesh Bank. Expectations have been outpaced by the number of banks and bank branches, financial products and networks, consumers and beneficiaries, etc. In order to improve its financial inclusion agenda, the Bangladesh Bank has constantly tried to update its lawful and regulatory construction. Most reporter involved in the survey reported that after opening bank accounts, they were induced to make savings. Finally, it was found that financial inclusion had a good effect on the socio-economic well-being of the interviewer.

The field level analysis was very beneficial in finding difficulties to economic inclusion, consumer concerns and problems, and difficulties met by financial institutions.

The survey team discovers it very problematic to bring forward the following policy recommendations against the context of the comprehensive study protocol and its supplementary analysis:

- i. The results of the investigation show that there is still a high proportion of the rural people without official financial amenities. BB can placed more highlighting on the creation of active policy plans to reinforce this current position on financial presence.
- ii. In relation to financial services, the general degree of comprehension of rural people is lower than that of urban people.
- iii. A significant number of rural citizens have been barred from accessing financial services for information on financial products. Banks and financial institutions may also conduct financial knowledge projects along with the government to educate un-banked citizens.
- iv. Expanded financial products can be provided to draw the unbanked population to the financial services that are available. Demand varies across ethnic, geographic, and work-related features etc. for financial products. BB and commercial banks need to analyze the state of the market and take the appropriate measures to introduce a new bank product that would please potential clients.
- v. Bank workers should be professionally qualified to gain the confidence of clients. The attitude of bank employees has a clear impact on customer registration. Rural people prefer to avoid an office setting that is hierarchical. To establish customer-friendly environments, steps should be taken at bank

outlets. In this regard, setting up a support desk / reception desk could be helpful.

- vi. Establish a framework and policy document that makes it mandatory for banks and financial institutions, while opening an account. Organizations should have national IDs, Develop an ICT-enabled strategy, ID Authority.

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