

Report On
“Role of Agent Banking in Financial Inclusion in Bangladesh”

By

FAHIM ASHAB SAHEEL
Student ID: 18164073

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

Master of Business Administration
BRAC University
December 2020

© 2020. BRAC University
All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my 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.

Student's Full Name & Signature:

Fahim Ashab Saheel

FAHIM ASHAB SAHEEL

Student ID :18164073

Supervisor's Full Name & Signature:

SM PARVEJ ISLAM

Adjunct Lecturer, Graduate School of Management
BRAC University

Letter of Transmittal

SM Parvej Islam
Adjunct Lecturer,
Graduate School of Management
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on “**Role of Agent Banking in Financial Inclusion in Bangladesh**”

Dear Sir,

Here I am submitting my internship report on “Role of Agent Banking in Financial Inclusion in Bangladesh” where I discuss about the growth of Agents & outlets and how Agent Banking playing a pivotal role in the overall growth of our economy and positive impact in the financial inclusion. I would like to recall with gratitude, the tremendous support, and encouragement, which I received from you. I am grateful for your stimulating guidance and encouragement.

There may have many omissions and errors on my part but I have tried my level best to prepare this report to the required standard.

Sincerely yours,

Fahim Ashab Saheel

Fahim Ashab Saheel
Student ID: 18164073
Graduate School of Management
BRAC University
Date: December 19, 2020

List of Acronyms

POS	Point of sale
PC	Personal Computer
MDM	Mobile Device Management
ATM	Automated Teller Machine
CMSME	Cottage, micro, small and medium Enterprise

Executive Summary

This internship report summarizes the role of Agent Banking in financial inclusion in Bangladesh. Amidst the COVID-19 pandemic, agent banking in Bangladesh has continued to grow in all dimensions during this entire quarter. Up to September 2020, 24 banks in Bangladesh have undertaken agent banking operations, the number of agents has grown by 15.96% and the number of outlets has grown by 12.59% throughout this quarter. By comparing the figures before and after the pandemic we can see a positive growth in every segment of Agent Banking. The persistent positive growth of agent banking accounts amidst Covid-19 pandemic throughout the last quarter indicates the surging demand of agent banking services across different segments of population. The share of female accounts opened through agent banking is also very promising, as the gap between male and female accounts is narrowing down gradually signifying the increased participation of females in the formal financial system. The volume of deposit has increased by 27.60% while the volume of loans has increased by 50.85% overall. The amount of inward remittances distributed by the agent outlets has increased notably by 43.84% than before. This remarkable remittance inflow was possible due to the government's initiative of 2% cash incentive as well as some banks' enthusiastic initiative of 1% more cash incentive on the remittance sent by the expatriates through agent banking. We can say the Govt. is quite successful on discouraging the 'hundi' among the expatriates as now they are sending remittance through proper banking channel. This overall report very much indicates that financial services through agents are truly reaching the underprivileged segments of the society even in the pandemic situation. Thus helping our economy boom with the help of our rural economy whom were once unbanked and ignored.

Table of Contents

Declaration.....	ii
Letter of Transmittal	iii
List of Acronyms	iv
Executive Summary	v
Table of Contents	vi
List of Tables	ix
List of Figures.....	x
Chapter 1 INTRODUCTION	1
1.1 Background of the study	1
1.2 Foundation of the Research	2
1.3 Current Agent Banking Scenario in Bangladesh	3
1.4 Problem Statement	4
1.5 Research Objectives.....	6
1.6 Significance of the study.....	6
1.7 Scope of the study	7
Chapter 2 LITERATURE REVIEW	8
2.1 Introduction.....	8
2.2 Engagement in Agent Banking Activity	8
2.3 Eligibility to become an Agent	8
2.4 Permissible activities of an Agent.....	10

2.5 Logistic support required for Agent Banking operation:	10
2.6 Structure of Banking Sector in Bangladesh	10
2.6 Status of Agent Banking in the World & Bangladesh	12
2.7 Empirical Review.....	14
2.7.1 Geographic Coverage.....	15
2.7.2 Security	16
2.7.3 Cost	18
2.7.4 Liquidity.....	19
2.8 Theoretical Framework.....	20
2.9 Conceptual Framework.....	21
2.10 Operational Framework	22
2.11 Research Gap	23
Chapter 3 RESEARCH METHODOLOGY	24
3.1 Introduction.....	24
3.2 Research Design.....	24
3.3 Target Population & Sample.....	24
3.4 Data Collection Procedure	24
3.5 Research Limitations	25
Chapter 4 ANALYSIS, FINDINGS, RECOMMENDATIONS & CONCLUSION	26
4.1 Introduction.....	26
4.2 Number of Agents & Outlets	26

4.2.1 Impact in Financial Inclusion.....	26
4.3 Growth of Agents & Outlets	27
4.3.1 Impact in Financial Inclusion.....	28
4.4 Customer Penetration.....	28
4.4.1 Impact in Financial Inclusion.....	29
4.5 Growth of Accounts	30
4.5.1 Impact in Financial Inclusion.....	30
4.6 Deposit Collection	31
4.6.1 Impact in Financial Inclusion.....	31
4.7 Loan Disbursement	32
4.7.1 Impact in Financial Inclusion.....	32
4.8 Inward Remittance	32
4.8.1 Impact in Financial Inclusion.....	33
4.9 Findings.....	33
4.10 Recommendation	34
4.11 Conclusion	35
References.....	36

List of Tables

Table 1-Current Agent Banking Scenario in Bangladesh4

Table 2-Operational Framework22

List of Figures

Figure 1- Geographical Concentration of Agents & Outlets	15
Figure 2- Conceptual Framework	22
Figure 3- Number of Agents	27
Figure 4- Number of Outlets.....	27
Figure 5- Gender Wise Account	28
Figure 6- Category Wise Account	29
Figure 7- Location Wise Growth of Accounts.....	30
Figure 8- Gender Wise Growth of Accounts	30
Figure 9- Deposit Collection in Rural & Urban Areas	31
Figure 10- Geographical Concentration of Loan Disbursement.....	32
Figure 11- Remittance Growth in Agent Banking Outlets	33

Chapter 1

INTRODUCTION

1.1 Background of the study

Financial inclusion is defined as the ability of an individual, household, or group to access a full range of responsibly delivered, affordably priced and reasonably convenient formal financial services. Without this ability, people are often referred to as financially excluded. People that are financially excluded might not be able to access affordable credit/advance, and are financially at risk of not having home insurance, struggle to budget and manage money or plan for the unexpected and not know how to make the most of their money (FSD, 2010). Evidence shows that financial inclusion is the key to reducing the economic vulnerability of households, promoting economic growth, alleviating poverty and improving the quality of peoples' lives (Christen, Lauer, Lyman & Rosenberg, 2011).

Since the early 2000s, the term "financial inclusion" has gained importance as a result of findings about financial exclusion and its direct correlation with poverty. Micro-credit as a concept and system has been an asymmetric evolution ahead of financial inclusion. Financial inclusion is often closely connected to the aggressive micro-credit policies that were introduced without appropriate regulations, oversight or client education policies. It resulted in clients becoming quickly over-indebted to the point of committing suicide in a country like India, Bangladesh etc. Lending institutions also witnessed repayment rates collapse after politicians in one of India's largest states called on borrowers to stop paying their loans back, thus threatening the existence of a big Indian microcredit industry. This crisis has often been compared to the mortgage-lending crisis in the US.

In theory, "financial inclusion" or inclusive financing is the delivery of financial services at affordable costs to sections of deprived and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. Studies show still a large portion of working-age adults globally have no access to the types of formal financial services delivered by regulated financial institutions. Globally 31 percent of the adults are unbanked even though the formal financial sector of the Asia region has grown in the recent years. It is argued that "as banking services are in the nature of public good; the availability of banking and payment services to the entire population without discrimination is the prime objective of financial inclusion of the public."

Bangladesh aims to bring in majority people under financial inclusion, In pursuit of this strategy, the Bangladesh Bank in 2013 come up with Agent Banking Guidelines as a means of addressing financial inclusion and enable more people access banking services. A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, outlets, post offices, and many more. This model of banking allows people access financial services from bank-appointed agents, away from the traditional banking halls. Loan disbursement facilities also included now.

1.2 Foundation of the Research

Over the years, Agent Banking has proved to be very effective for developing countries which lack access to formal financial services. Agent Banking has been a radical inclusion in the financial systems of Brazil, Colombia, Peru, Malaysia and Kenya. In all the three countries, Agent Banking has been most successful in easing payments made by different households

particularly utility bills, taxes etc. In remote areas, as data suggest, such payments account for more than 70% of the total transactions.

In Bangladesh, with more than 759 licensed Microfinance Institutions (MFIs) operating with a client base of around 60 million in different regions, the outreach of microfinance institutions is vast. While these MFIs have done a great job by targeting the poverty-stricken segment and providing small-scale financial services to these marginalized people, they have limitations as far as the regulatory framework is concerned.

Understandably, in some cases, it may not be financially feasible for a bank to open a full-fledged branch. In such cases, the agent outlets act as mirror bank branches. The agents will provide banking services to the people on behalf of a bank and the nearest branch of the bank will provide necessary logistic support. As a result, the need for Agent Banking became more justified. If the vibrant banking sector is properly guided by the Central Bank guidelines, Agent Banking can ensure the access of the marginalized people to several financial services in remote areas. It can work wonders in ensuring financial inclusion and materializing the dream of a poverty-free Bangladesh. This study expectedly will show the objectives of the Agent Banking services in financial inclusion for socio-economic development of Bangladesh.

1.3 Current Agent Banking Scenario in Bangladesh

In order to include the unbanked population in the banking system, Bangladesh Bank (BB), Central Bank of Bangladesh, has launched agent banking services through a circular on agent banking on December 03, 2013 aiming at providing banking services to the people where banking service has not reached yet or where expansion of full-fledged bank branches is not financially viable. Agent banking is a cost effective tool for the banks as it takes huge amount of money to open a new branch and run the operation of the branch.

Agent banking service in Bangladesh comes into live in 2014 and now 24 (Twenty-Four) banks are operating the activities countrywide. At the end of September, 2020 agent banking enrolled total 82.21 lacs customers through 14016 agent outlets under 10,163 agents having total deposit amounted to Tk.13,040 crore. The outlets registered Tk.1,982 crore remittance inflow during

the year 2020. Bank wise penetration of Agent Banking operation up to September 2020 is mentioned below:

(In BDT Lacs)

	September 2019	June 2020	September 2020	Change	
				Y-to-Y	Q-to-Q
Banks with Agent Banking License	22	28	28	6	0
Banks in operation	19	23	24	5	1
Number of Agents	6531	8764	10163	55.61%	15.96%
Number of Outlets	9391	12449	14016	49.25%	12.59%
Number of Accounts	3964346	7358190	8221893	107.40%	11.74%
Number of Female Accounts	1465024	3410270	3749087	155.91%	9.94%
Number of Rural Accounts	3308018	6377457	7111887	114.99%	11.52%
Amount of Deposit	616986.50	1022021.13	1304061.72	111.36%	27.60%
Amount of Load Disbursement	30579.45	72054.89	108695.84	255.45%	50.85%
Amount of Inward Remittance	1193769.57	2665059.00	3833524.40	221.13%	43.84%

Table 1-Current Agent Banking Scenario in Bangladesh

1.4 Problem Statement

Bank serves a long and often-recited list of goals.

- It mobilizes savings, allocates funds to their most productive uses, and facilitates exchange.
- It is central to risk management: allowing firms to manage risk, protect against the loss of productive assets, and contributes in corporate social responsibility.

- It allows households to smooth consumption, invest in their children's education, and facilitates investment.

With these goals in mind, access to finance is widely considered to be a critical component in the development process based on the accepted belief that it directly improves welfare and encourages growth. Individuals are often defined as having access based entirely on whether or not they currently maintain a formal deposit account. In some cases, average distance from households to a Bank serves as a measure of financial access.

Every Government dreams to have an efficient and inclusive financial system for purposes of resource mobilization and sustainable development process. In Bangladesh, the aim is to provide efficient and inclusive financial system majority of its population should have access to the formal financial services. However, the developing countries have a relatively sparse financial infrastructure by international standard, but in Bangladesh it is applicable for the educated people as a result more than two-third Bangladeshi population is still totally out of the financial services circle. The government through the central bank has therefore been trying exploring and implementing innovative models that will excavate Bangladesh's financial sector to support savings and investment growth. One of the initiatives has been the agent banking model. More than five years since its commencement in 2013, empirical evidence on the role agent banking model has played in promoting financial inclusion in Bangladesh. Therein lays a knowledge gap. Therefore, the purpose of this study is to analyze the role played by agent banking in promoting financial inclusion in Bangladesh, with emphasis on the factors contributing to financial exclusion, such as geographical coverage of agents, security, liquidity of agents and cost of financial services via agents.

1.5 Research Objectives

The study was guided by the following objectives:

- To evaluate the extent to which geographical coverage of agent banking has promoted financial inclusion.
- To assess the extent to which security concerns associated with agency banking affect financial inclusion.
- To analyze the extent to which agent banking has reduced the cost of financial services by commercial banks.
- To assess the extent to which agent liquidity affects financial inclusion.
- To evaluate the extent to which the agent banking is concentrating on deposit collection rather than providing advance to the rural entrepreneurs.

1.6 Significance of the study

- Since agent banking is still a new concept in Bangladesh, this research will help highlight new issues that emerged in the implementation and even after implementation. This will help commercial institutions to come up with policies and procedures to handle such issues before they become big problems so as to gain full potential of this innovation, on the other hand, the regulatory authority will be able to adopt proper guidelines to regulate and offer advices on such issues.
- This information will be important for decision making to individual's investors who intend to engage in agent banking.

- The research findings will contribute to the body of knowledge since it looks at a relatively new area which is constantly growing and empirical literature is limited.
- This research will help us to understand more about the financial inclusion in Bangladesh thorough Agent Banking.

1.7 Scope of the study

The study focuses on the role of agent banking services in promotion of financial inclusion in Bangladesh. It was carried out on quarterly report published by Bangladesh Bank.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical as well as the empirical literature, the theoretical literature focuses on the relationship that exists between the principal and the agent and the agency theory. Empirical literature focuses on what previous researchers have found out in the area, it is guided by the research variables i.e. liquidity, security and cost associated with agency banking. This chapter also analyzes the status of agency banking in other countries like Brazil, India, Peru and Mexico who are the pioneers of agent banking.

2.2 Engagement in Agent Banking Activity

Banks willing to offer banking services through agent banking operation shall obtain prior approval from Bangladesh Bank. Banks also have to take prior approval for new agents and agent banking outlets separately. Banks shall ensure that all policies and procedures relating to its agent banking activity are in place. Banks having license for Islamic Shariah based banking services will be allowed to provide Islamic Shariah based banking services through their agent network. Bangladesh Bank will assess the bank's overall performance as well as specific performance, evaluate the bank's capacity to conduct agent banking, financial inclusion priorities and do due diligence before giving the approval. Banks shall commence its agent banking operation within 3 (three) months of getting approval from Bangladesh Bank. Bangladesh Bank, considering the application of the bank, if any, may extend the commencement time for another 3 (three) months. Banks shall notify commencement of services to Banking Regulation and Policy Department (BRPD) and Financial Inclusion Department (FID) of Bangladesh Bank.

2.3 Eligibility to become an Agent

An entity should fulfill the following conditions to be eligible for entering into contract with banks:

- It should be a juristic person;
- Agent banking shall not be in ultra vires to the parent, statute, memorandum and articles of association or other constitutive document or objects of the juristic person; and

- The agent, in the case of a proprietorship, or the agent's directors, significant shareholders, and/or senior officers, as the case may be, is fit and proper.
- It shall be an entity having multiple branch offices or outlets, either owned or otherwise engaged legally by it.
- If the entity is a private sector organization, it shall possess a business license or permit for any lawful business activity.
- The owner or manager of the entity or the juristic person shall possess at least 1 (one) year of experience in the related field.
- It shall be carrying out the business activity on ongoing basis.
- It shall possess managerial, financial and technical expertise for managing agent banking outlets in addition to its regular operations.
- It shall have willingness and capacity to invest in managing liquidity, risk management, security management and continuous capacity development of agent banking outlets.
- The agent banking outlet must have at least 2 (two) persons (a manager and a teller) with required managerial and financial expertise for this purpose and 1 (one) counter for cash transaction.
- In cases where the master agent provides agent banking services through third party outlets, which are engaged legally, the outlets and outlet owners/managers shall fulfill the eligibility criteria for unit agent.
- It shall be an entity having valid business license or permit for any lawful business.
- The owner or manager of the entity or the juristic person shall possess at least 1 (one) year of experience in the related field.
- It shall be carrying out the business activity on ongoing basis.
- It shall possess managerial, financial and technical expertise for managing agent banking outlet of a bank in addition to its regular operations.
- It shall have willingness and capacity to invest in managing liquidity, risk management, security management and continuous capacity development.
- The unit agent must have at least 2 (two) persons (a manager and a teller) for this purpose and 1 (one) counter for cash transaction.

2.4 Permissible activities of an Agent

An agent may provide any of the following services as may be specifically agreed between it and the bank:

- Cash deposit and cash withdrawal;
- Inward foreign remittance disbursement;
- Disbursement and repayment of loans;
- Collections of bills/utility bills;
- Collection of insurance premium;
- Payment of retirement and social benefits;
- Payment of salaries;
- Transfer of funds;
- Balance enquiry;
- Generation and issuance of mini bank statements;
- Collection of documents in relation to accounts;
- Collect account opening forms, loan application forms, credit and debit card applications;
- Monitoring and recovery of loans and advances sanctioned by the bank; and
- Any other activity as Bangladesh Bank may prescribe from time to time.

2.5 Logistic support required for Agent Banking operation:

- POS, card reader
- Tablets, PC
- MDM Solution for controlling the tablets
- Bluetooth printer, Scanner.
- Fingerprint scanner.

2.6 Structure of Banking Sector in Bangladesh

Immediately after the independence of the country in 1971, the then government nationalized the commercial banks (except a few foreign banks) and organized them into six distinct banks by the Bangladesh Bank (the central Bank of the country) nationalization order 1972. As saving

and investment in the country is very low, in order to channel saving and investment through the formal sector and to expand banking services in the remote areas of the country, the nationalization of the banking sector was considered as one of the major objectives at that time. In the initial years after independence, six nationalized commercial banks (NCB's) dominated the banking segment. In the post reform period, the structure of the banking system has changed significantly. Total numbers of scheduled banks are sixty. As part of the reform program, some NCB's were privatized, foreign ownership of banks has been opened up, and additional new commercial banks were allowed to start and operate. Consequently, the banking system in the country consists of several NCB's along with a number of home based privately owned commercial banks (PCB's), some foreign owned commercial banks (FCB's), some privately owned Sharia Compliant Islamic banks (IB's) and some state owned specialized financial institutions (SFI's) such as the Bangladesh Krishi (agricultural) Bank and Bangladesh Development Bank Ltd., all under the supervision of the central bank. Besides that, the Investment Corporation Bank (ICB) also plays vital role as investment banking. Unfortunately for the last ten years, their services were not active like previous time periods, though it has been divided into three wings with the objective of improving its performance.

However, a strong competitive and efficient banking system has not yet developed. The banking system is mired in corruption, mismanagement, and direct interference from government in power. Though the Govt. has fixed the deposit (6%) and lending rate (9%), the commercial banks still do not determine interest rate under competitive environment. Rather they are determining interest rates (both lending and deposit rates) within an oligopolistic framework, possibly following some collusive or cartel type arrangements. This is perhaps true for all types of banks, nationalized banks, domestic private banks and foreign owned banks.

The last decade witnessed some major policy shift as the Bangladesh Bank introduced repurchase agreement in July 2002 and Reverse Repo in April 2003 and reintroduced Bangladesh Bank Bill in 2006. These were introduced as indirect monetary policy tools for day-to-day liquidity management in response to temporary and unexpected disturbances in the supply of and demand for money. The initiatives of the Central Bank to face the situation through reform measures since 1990 no doubt have improved the capital adequacy, governance, regulation and supervision, and the legal and payment systems in the economy.

Government is still playing important role in the financial sector as borrowers from the banking system. In Bangladesh, there is very limited scope for individuals to invest in the capital markets and lack of alternative opportunities for investment compelled them to invest mainly in bank deposits, post office saving certificates and government bonds. Banks operate with old and outdated banking procedures, lack of coordination between proper manpower planning and bank schemes, lack of market research for customer psychology analysis, scarcity of financial derivatives, inefficient banking services, and lack of long term planning.

2.6 Status of Agent Banking in the World & Bangladesh

Brazil's success with using agents to expand access to financial services is a result of many years of experience, evolving from more restricted possibilities to less stringent licensing conditions, without loosening the monitoring capacity of the supervision authority. However, this important achievement has been only possible because of coordination among different stakeholders, such as financial system regulators, private institutions and other governmental entities, which together supported financial inclusion with the overall goal of meeting customers' needs. But there is still much work ahead to maintain and expand innovations achieved to date. New challenges include claims by agents for the same labor rights as banking employees and discussions about agents' security requirements. These will require a coordinated approach, involving different authorities (Fadel and Dias, 2009).

In **Brazil** in 2008, agents transacted 75% of the volume (agents made 1.6 billion transactions) and 70% of the value (agents transacted a total of US \$ 105 billion) of total bill payments (Banco in CGAP, 2010). Again in Brazil, rural agents transact more deposits and withdrawals as a percentage of total transactions (38%) than their urban counterparts (8%) (CGAP, 2010). Also in Brazil, although permitted to offer several types of services less than 30% agents actually handle bank accounts. Most specialize in receiving bill payments, which account for approximately 75% of all agency transactions. Withdrawals and deposits account for 12.6% and are nearly equally divided into savings and current accounts. Only 0.16% of transactions are account opening and 7.3% are government transfers (CGAP, 2010 C). In Peru, agents carry out approximately 24 million transactions per month with more than 26000 agents (CGAP, 2015)

In **Colombia** from August 2010 to July 2011, collections of utility bill payments through agency banking made up the majority of transactions averaging \$1.8 million in July 2011, followed by mandatory payments, such as loan repayment and official government payments, such as tax accounting for over \$ 800,000 in July 2011. Although there were reported more withdrawals than deposits, the number of these two transaction types were typically and consistently close. Yet, the number of credit applications, money transfer and opening of savings accounts were negligible.

In **India**, an average of 8.4 deposits and 3.1 withdrawals were carried out by individuals FINO (a technology firm and one of the first pioneers of agency banking in India) agents each day in 2010. With 10,000 agents Nationwide this translates to approximately 84000 deposit and 31800 withdrawals each day. With an average deposit size of USD 3.5 and withdrawals size of USD 7.39 per agency this translates to USD 301,000 worth of deposits and USD 221,000 of withdrawals processed each day (CGAP, 2010).

In Bangladesh Before the pandemic, Up to March 2020, Bangladesh Bank had issued license to 26 banks for operating Agent Banking activities. 22 banks were doing Agent Banking operation with outlets 11,875 under 8,260 Agents. A number of 6,497,451 accounts have been opened through Agent outlets of which 2,956,022 accounts were female accounts. The amount of total deposit collected through Agent outlets was BDT 853,504.49 lacs while a total of BDT 67,391.83 lacs had been disbursed as loan and BDT1,953,533.30 lacs had been distributed as inward remittance through these outlets. The year-to-year growth, from March 2019 to March 2020, in terms of the number of Agents, outlets, and accounts was 69.75%,51.51% and 123.54% respectively, while the amount of deposit, loan disbursed and inward remittance had a growth of 128.55%,220.33% and 171.98% respectively. Again, the quarter-to-quarter growth, from December 2019 to March 2020, in terms of the number of Agents, outlets, and accounts was 5.14%,4.90%, and 23.33% respectively, while the amount of deposit, loan disbursed, and inward remittance has a growth of 13.54%,51.10% and 25.76% respectively.

In **Bangladesh** during the September quarter of 2020. Amidst the COVID-19 pandemic, agent banking has continued to grow in all dimensions during this entire quarter. Up to September 2020, 24 banks in Bangladesh have undertaken agent banking operations through 10,163 number of agents and 14,016 number of outlets. The number of agents has grown by 15.96% and the number of outlets has grown by 12.59% throughout this quarter. A cumulative

8,221,893 number of accounts has been opened through agent banking of which 3,749,087 (46%) numbers of accounts belong to female customers and 7,111,887 (86%) numbers of accounts belong to rural mass. Till this quarter, total amount of deposit collection stands to BDT 1,304,061.72 lacs; loan disbursement stands to BDT 108,695.84 lacs and inward remittance distribution stands to BDT 3,833,524.40 lacs. The year to year comparison (September 2019 to September 2020) also provides notable progress (please see the Figure 1). The number of accounts opened through agent banking has grown by 11.74% during this quarter compared to the previous quarter. The persistent positive growth of agent banking accounts amidst Covid-19 pandemic throughout the last quarter indicates the surging demand of agent banking services across different segments of population. The volume of loans has also increased by 50.85% during this quarter. Although the volume of loan disbursement is not significant due to fewer numbers of banks have come forward, still the growth of loan disbursement in rural area is promising. The amount of inward remittances distributed by the agent outlets has increased notably by 43.84% during this quarter. This remarkable remittance inflow through banks is a positive outcome of the government's initiative of 2% cash incentive as well as some banks' enthusiastic initiative of 1% more cash incentive on the remittance sent by the expatriates through agent banking. Agent banking is thus becoming popular channel of inward remittance distribution since beneficiaries are getting doorstep services within lowest time. This quarterly progress of agent banking for the quarter of September 2020 is very much indicative that financial services through agents are truly reaching the underprivileged segments of the society even in the pandemic situation.

2.7 Empirical Review

There are several research studies which have been done in the past which have tried to explain the role of agency banking in promotion of financial inclusion, this section describes these studies in line with the study objectives namely geographical coverage, security, cost and liquidity. The recent quarterly report published by Bangladesh Bank on Agent Banking is used for reference in this report.

2.7.1 Geographic Coverage

Within the short span of time, the Agent Banking services have covered a major portion of geographical territory in Bangladesh through establishing wide-network converge in rural areas. The agent banking activities included 13 kinds of services. Cash deposit and cash withdrawal; inward foreign remittance disbursement; disbursement and repayment of loans; bill collection; payment of insurance premium, retirement and social benefits, and of salaries; fund transfer; balance enquiry; generation of mini bank statements; collection of loan application forms, credit and debit card applications; monitoring and recovery of loans and advances sanctioned by the bank.

As of September 2020, 87% of the agents and 88% of the outlets are located in the rural area. From the regulatory perspective, the main objective of introducing agent banking is to bring geographically unreached mass people under the umbrella of formal financial services. Hence this wide coverage of agent banking in rural areas provides positive indication of upholding the agenda of promoting financial inclusion

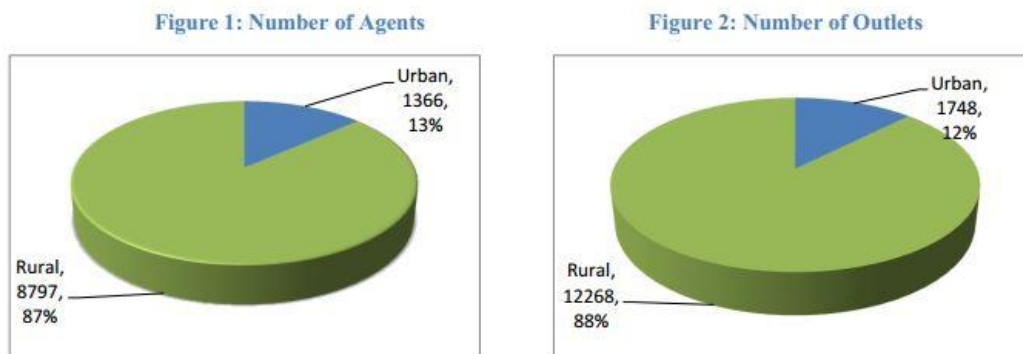


Figure 1- Geographical Concentration of Agents & Outlets

The above information indicates that banking agencies help financial institutions to divert existing customers from crowded branches providing a “complementary” often more convenient channel. Other financial institutions especially in developing markets use agents to reach an “additional” client segment or geography. Reaching poor clients in rural areas is often prohibitively expensive for financial institutions since transaction numbers and volumes do not cover the cost of a branch (Kitaka P, 2001). In such environments, banking agents that piggyback on existing retail infrastructure – and lower set up and running cost- can play a vital role in offering many low income people their first-time access to range of financial services.

Also, low – income clients often feel more comfortable banking at their local store than walking into a marble branch (Adiera, 1995).

2.7.2 Security

Physical security is another common concern of regulators. In Brazil, for example, agents must deposit the cash received from clients in a bank branch no more than every other business day. This intended to limit cash accumulation that can lead to robbery by third parties or even by the agent itself. The Mexican regulator, by requiring every agent transaction to be made against the agent’s account at the contracting bank, does not reduce the risk of third- party robbery but eliminates the risk of agents misappropriating the accumulated cash, since the cash is in fact the agent’s own. The simplest measure to reduce cash accumulation and its related risks may be requiring providers to set daily and monthly transaction limits for each agent and client (Stephens and Kevin, 1998).

Evidence from the four country studies suggests that technical failures (e.g., equipment malfunctioning and other errors occurring during a transaction) are not a major issue in branchless banking. Similarly, research on consumer experience in Brazil shows that less than 5 percent of users have made a mistake and paid the wrong bill at an agent, sent money to the wrong account, or noticed that a payment or a deposit was never processed or received (Collins, 2010).

Financial institutions have embarked on an aggressive entry into the segment keen to take advantage of the cost-saving and accessibility brought about by the agency banking model, but many are finding that agents lack capacity to handle large transactions of cash and under-spend on security measures. Identifying agents who are capable of handling cash transactions efficiently has been a challenge for the institutions, with consumers reporting that cash is often scarce even as rising fears of security mount at the outlets. Flaming, McKay and Pickens (2011), reports that as a branchless banking service grows, agents attract increasing interest from criminals. In Brazil, 93 percent of agents interviewed by CGAP report that being an agent increases the risk of being robbed, and 25 percent say they have been robbed at least once during the past three years losing on average more than US\$500 of their own money.

While bank staff maintain a higher level of training, and are directly supervised, real time IT systems with adequate controls are the key risk management device in both cases. Agents must also manage their existing physical security risks to sufficient standard to protect their stock and cash just the same way banks do. Short-term insurance is widely available and already bought by banks to cover various risks, including loss of cash in branch or in transit due to robbery and loss of money through fraud. The banks' short term insurance also covers direct monetary loss arising from failure of electronic information systems to capture transactions in real time and accurately and loss resulting from fire, theft or damage to physical property (Bangladesh Bank Policy).

Tarazi (2010), observes that where damages are not easily quantified and agent behavior not easily monitored – resulting in an unknown risk that principal service providers are not well equipped to mitigate, for example, violations of data privacy. In this case, damages could be indirect and punitive – and therefore quite high. And yet, a principal service provider is ill equipped to stop such agent behavior. Some would argue that this problem is easily solved – keep the principal institution liable and it will take recourse against its own agent for any damages it is forced to pay as a result of such agent's misconduct. That could work where agents are large well-capitalized retail chains. But to reach the very poor, agents are often the simple, modest corner shops – the ones whose independent behavior is most difficult to control and whose ability to “pay back” a principal for paid damages is most limited.

In Bangladesh the security is a big concern. Already many scammers scammed the Agent owners by disguising as their employee. It is advised by the Bank to the Agents not to hold excessive cash in the outlet. They are advised to deposit the excessive cash to their nearest branch. As the cash is adjusted with the Agent's settlement account, they are advised to deposit the excessive cash through BEFTN or RTGS. Moreover, in-terms of enrolling fingerprint of the customers, it is advised to delegate a branch official in the Agent outlet by the controlling branch. The main work of that branch official is to monitor the Agent transactions and finger enrolment. Agent can hire security guards for their Agents, but studies showed that hiring security guards isn't viable for the Agents.

2.7.3 Cost

Gardeva and Rhynea (2011), in a survey report on opportunities and obstacles to financial inclusion observes that, product cost-structures and branching costs were ranked 7th and 12th respectively viewed as significant obstacles to financial inclusion, especially by providers, high branching costs in rural areas are associated with poor physical infrastructure – roads, electricity, etc. – that branchless banking is able to leapfrog. Such infrastructure barriers ranked surprisingly high, at 9th on the obstacles list. Agent banking drastically reduces the cost of setting up points of contact with customers, allowing MFIs, banks and other providers to reach out into areas where building branches would be too expensive.

Muriungi (2012), reports that banks expansion is usually limited due to the high initial cost of opening a branch and in many areas due to the low economic status of the people living in these areas. The initial costs of setting up a branch and running cost takes many years to be translated into profits hence limiting branch expansion. Through partnerships with businesses across the country, banks will take their services closer to the people in areas with potentially less number and volume of transactions. This in turn will lead to increased customer base and thus the market share, increased coverage with low cost solution, increased revenue from improved indirect productivity by reducing congestion in existing branches. Customer's visiting the General store will benefit from lower transaction costs as it is closer home and hence no need to travel 20 km to a bank, longer banking hours as the Agents will operate for longer hours and shorter queues than in branches.

Barriers for poor people to access appropriate financial services include socio-economic factors (e.g., education, gender and age, low and irregular income and geography), regulatory factors (e.g. provision of identity documentation) and product design factors (e.g., minimum account balances). Some major barriers financial service providers experience when expanding appropriate services to poor people are the cost of providing those services and finding the regulatory space to innovate. As a general rule, transaction costs do not vary in direct proportion to a transaction's size. Thus serving the poor with small value services is simply not viable using conventional retail banking or insurance approaches (G20 Financial Inclusion Experts Group, 2010).

It is well documented that access to savings accounts, insurance and other financial services is crucial to allow poor people to invest in their homes and small businesses, weather the impact

of economic shocks, build up savings as financial cushions against unexpected events, and manage uneven cash flows and seasonal incomes. Yet, an estimated 2.5 billion people – over half the world’s adult population – do not have access to formal financial services, representing a huge untapped potential for economic and social development. 2.2 billion of these unserved adults live in Africa, Asia Latin America, and the Middle East. There are multiple barriers to expanding financial inclusion that vary from country to country. Key barriers include the high transaction costs of delivering small-scale financial services across large geographic distances, infrastructure constraints such as lack of roads, fixed telephone lines, and ID systems, and insufficient information amongst both providers and consumers. The lack of data on the state of financial inclusion is another main constraint, both to advance financial inclusion and to evaluate the impact of policies aimed at improving access (AFI, 2012).

2.7.4 Liquidity

One of the biggest challenges in rolling out banking agencies is the establishment and the effectiveness of the agent network. Agents are the touch- points where the subscribers of the service can get money into and out of the system. (Agents are often also referred to as cash-in and cash-out points). In instances where a subscriber arrives at an agent with the need to withdraw a large amount it does happen that the agent does not have enough cash to satisfy the cash-out request. This leads to frustration and is one of the reasons why take-up of these systems is slower than what is expected. This problem is referred to as the agent liquidity problem- how to ensure that the agent has sufficient cash available to satisfy the need of the system (Central Bank of Bangladesh, 2013). This problem is often approached in a way where the system keeps track of the actual cash available in the drawer of each agent in order to guide subscribers where they can withdraw big amounts. This approach is overtly complex and often fails because of the informal nature of agent’s business.

Musau (2013), observed that lack of cash at cash points does not appear to be a widespread problem at this time, according to her in-country studies; it appears that low-income clients may be willing to tolerate occasional liquidity shortfalls in exchange for continuity of service in the long run and the convenience of an extensive network. Lehman (2010), notes that agents will not provide quality service to customers without ongoing, on-site and in-store supervision to ensure the agents are liquid, consistently branded, and following the prescribed business processes. Providers need to decide how to divide the varied management functions and

whether to keep those functions in house or outsource to an independent service provider. As the networks grow, it is increasingly difficult for the provider to cover the “last mile” of the distribution chain, so most use third parties for part or all of the channel management functions. Providers need a system of regular agent site visits to ensure that agents are in compliance with the business processes and maintain proper branding.

2.8 Theoretical Framework

One of the theories that describe the principal-agent relationship is the agency theory; this section describes this theory and highlight insights from different authors. An agency relationship arises when one or more principals (for example an owner) engage another person as their agent (or steward) to perform a service on their behalf. A principal and an agent form an agency relationship because they each expect to receive some net benefit. The parties expect that the relationship will lead to an efficient division of labor. Performance of this service results in the delegation of some decision-making authority to the agent. This delegation of responsibility by the principal and the resulting division of labor are helpful in promoting an efficient and productive economy. However, such delegation also means that the principal needs to place trust in an agent to act in the principal’s best interests. (Walker, 2003).

The relationship between the principal and the agent is called the “agency,” and the law of agency establishes guidelines for such a relationship. The formal terms of a specific principal-agent relationship are often described in a contract. A contract to be made by an agent on behalf of a principal is considered to be the contract of the principal and not that of the agent. It allows the principal to authorize somebody to carry out her duties, either for a specific purpose or generally (to conduct many transactions) Inherent in the Principal-Agent relationship is the understanding that the agent will act for and on behalf of the principal. The agent assumes an obligation of loyalty to the principal that she will follow the principal’s instructions and will neither intentionally nor negligently act improperly in the performance of the act. An agent cannot take personal advantage of the business opportunities the agency position uncovers. A principal, in turn, reposes trust and confidence in the agent. These obligations bring forth a fiduciary relationship of trust and confidence between Principal and Agent (Green, 2012).

An agent must obey reasonable instructions given by the Principal. The Agent must not do acts that have not been expressly or impliedly authorized by the Principal. The Agent must use

reasonable care and skill in performing the duties. Most importantly, the Agent must be loyal to the Principal. The Agent must refrain from putting herself in a position that would ordinarily encourage a conflict between the agent's own interests and those of the principal. The Agent must keep the Principal informed as to all facts that materially affect the agency relationship (Schuler, 2002).

Agency Theory is relevant to this study because it appreciates the role of the agent in achieving a greater goal. According to the theory the delegation of responsibility by the principal and the resulting division of labor are helpful in promoting an efficient and productive economy. The delegation of responsibility in the context of this study is the outreach of financial services from the banking halls to where people live and work ensuring rise in financial inclusion.

2.9 Conceptual Framework

Agent banking means providing limited scale banking and financial services to the underserved population through engaged agents under. A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, transfer funds, pay their bills, inquire etc. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and more. Globally, these retailers and post offices are increasingly utilized as important distribution channels for financial institutions. Banking agents are usually equipped with a combination of devices that connect with the bank's server using a personal dial-up or other data connection. Banking agents help financial institutions to divert existing customers from crowded branches by providing a "complementary", often more convenient channel. Reaching poor clients in rural areas is often prohibitively expensive for financial institutions since transaction numbers and volumes do not cover the cost of a branch. In such environments, banking agents can play a vital role by offering many low income people their first-time access to a range of financial services. Banking agents are the backbone of mobile banking, i.e., performing transactions over a mobile device. To enable clients to convert cash into electronic money and vice versa which can then be sent over their mobile phone, clients will have to visit a branch, ATM or banking agent. Especially in remote and rural locations, where cash is still

the most important way to pay and transact, a mobile banking service is dependent on banking agents to enable clients to effectively use the services.

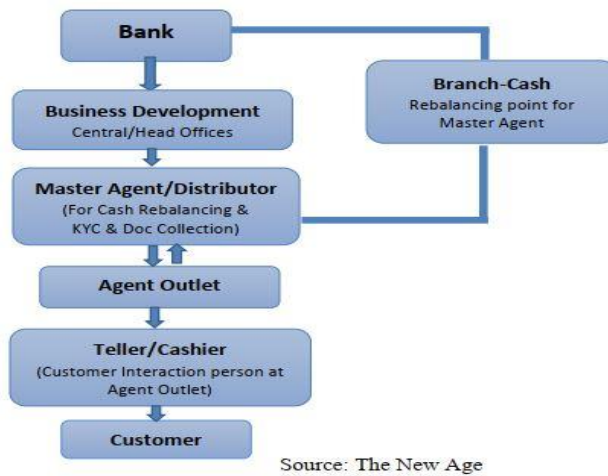


Figure 2-Conceptual Framework

2.10 Operational Framework

The operational framework for the study is presented in figure 2.2 below:

Time	Geographical Coverage	Financial Inclusion <ul style="list-style-type: none"> • No. of Transactions • Accounts Opened
Proximity		
Cash Availability	Liquidity	
Cash Convertibility		
Physical Security	Security	
Internal Control		
Agency Implementation Cost	Cost	
Agency Services Cost		

Table 2-Operational Framework

Source: Researcher (2013)

This study measures financial inclusion based on the usage of financial services. In this case, usage focus more on the regularity and frequency of transactions and number of accounts opened via agents. Information was sourced from the supply side, that is, at the level of a financial institution. Liquidity of agents is measured establishing the minimum and maximum cash limit held by agents and frequency of cash shortages which affect convertibility and access of cash by clients. Security: this was measured by establishing the existence of physical security (CCTV, watchmen, alarms etc) and internal controls (training, monitoring of agents

and maintenance of equipment) Cost: this study measured cost in respect to how much client pay to procure financial services through agents, and effect of operational cost of agency on financial services.

2.11 Research Gap

There is limited empirical work exploring role of agent banking services in promoting financial inclusion by commercial banks in Bangladesh. Studies have focused largely on the impact of nonbank-based agent banking models on financial development. Research done by ‘Enhancing Financial Innovation and Access’ analyzed agent banking regulations in selected countries Bangladesh included, information was analyzed from Central banks of the respective countries, this information come from the regulators point of view with little concern on the commercial banks who are implementing these regulations. Another research conducted by the Bill & Melinda Gates Foundation specifically focused on how agent banking has changed economics of banking the poor.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains how the study was conducted. It highlights the type of research design to be used, the study population, the sample size, data collection and procedure for data analysis.

3.2 Research Design

Research design is the general plan of how the researcher will go about answering research questions. It specifies the sources from which the researcher intends to collect data, measurement and analysis of data, (Saunders, Lewis and Thornhill, 2009). The purpose of this study being to describe the financial inclusion in Bangladesh through Agent Banking. Therefore, descriptive research design was used as it is deemed to be the most appropriate on this pandemic.

3.3 Target Population & Sample

The study population involved the commercial banks in Bangladesh which have successfully implemented agent banking. The study targeted bank branch managers and the appointed agents of these banks.

3.4 Data Collection Procedure

Data was collected mainly from the recent published Quarterly report of Bangladesh Bank & by studying several other reports on Agent Banking. Due to the ongoing pandemic physical visit to the controlling branches and agent outlets was not possible.

3.5 Research Limitations

Although this research was carefully prepared, I am still aware of its limitations and shortcomings. The research was conducted during the ongoing pandemic (covid-19). So it was not possible to observe the entire agent banking performance in Bangladesh by going to the branches and agent outlets physically. It would be better if the situation was under normal circumstances.

Chapter 4

ANALYSIS, FINDINGS, RECOMMENDATIONS & CONCLUSION

4.1 Introduction

This chapter presents the analysis, findings, recommendations and conclusion on overall Agent Banking scenario of our country. Presentation was done using tables, charts and graphs for easy yet effective communication. Data analysis aimed to answer the following questions:

- (i) To what extent number of Agents and outlets impact in financial inclusion?
- (ii) To what extent growth of Agents and outlets impact in financial inclusion?
- (iii) To what extent customer penetration impact in financial inclusion?
- (iv) To what extent growth of accounts in Agent Banking impact in financial inclusion?
- (v) To what extent deposit collected by the Agents impact in financial inclusion?
- (vi) To what extent loan disbursement impact in financial inclusion?
- (vii) To what extent Inward Remittance impact in financial inclusion?

4.2 Number of Agents & Outlets

The coverage of agent banking operation in terms of number of agents and outlets increases remarkably which is shown in [Table 1](#). Up to September 2020, the total number of agents and outlets reach at 10,163 and 14,016 respectively.

4.2.1 Impact in Financial Inclusion

From the above data and figure we can clearly see how the portion of Agents and outlets are higher than the urban area. In terms of the number of Agents 13% are in urban whereas 87% are in rural. Again in terms of Outlets, 88% of the Outlets are in rural whereas only 12% are in

urban area. As the main motto of Agent Banking is to include the rural people in the financial system, we can say that the number of Agents and Outlets affects the financial conclusion.[Table1]

4.3 Growth of Agents & Outlets

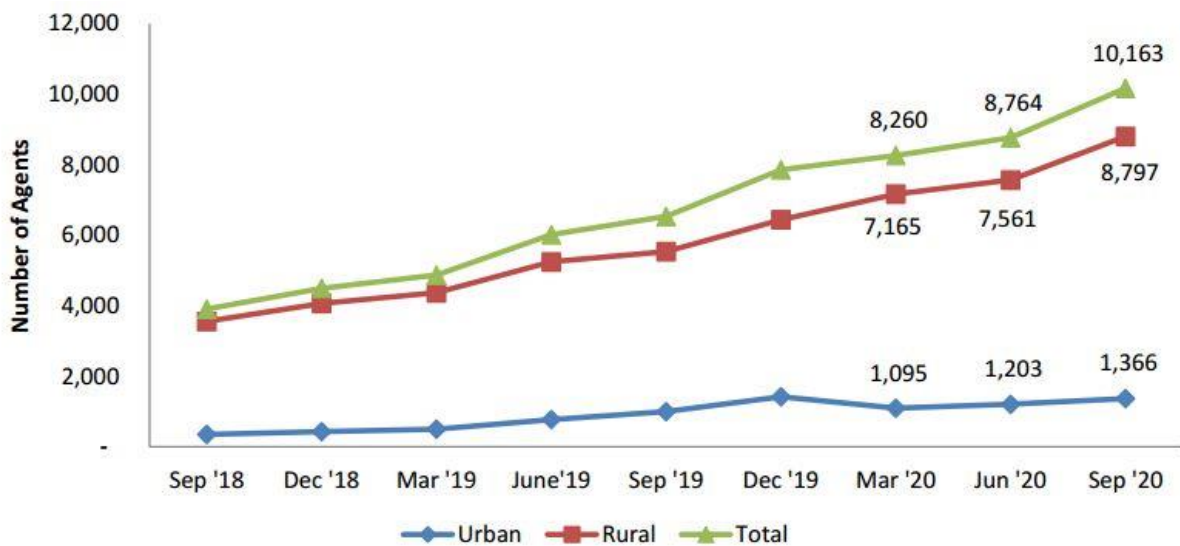


Figure 3-Number of Agents

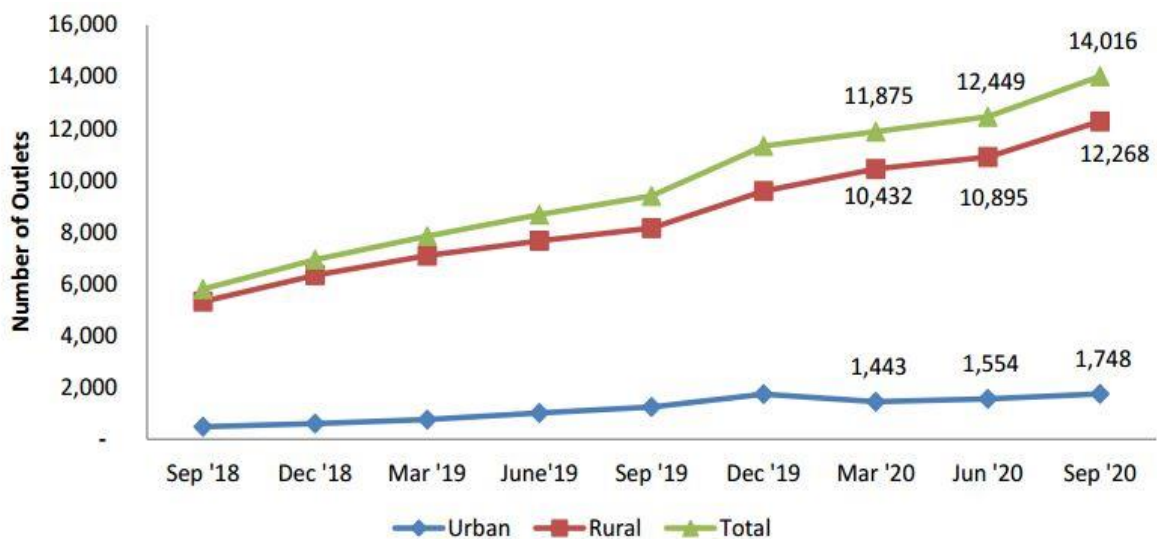


Figure 4-Number of Outlets

4.3.1 Impact in Financial Inclusion

Figure 3 and 4 show that both the number of agents and outlets has been growing in a stable form, especially, in the rural area. This positive growth of Agents and Outlets not only ensures financial service in the formal form but also creates job opportunity for the skilled or semi-skilled graduates in the rural areas. By creating these job opportunities, Agents are playing an important role in scaling up the financial activities in the rural area through their full-fledged outlets.

4.4 Customer Penetration

At the end of September quarter of 2020, the total number of accounts opened through agent banking reaches at 8,221,893.

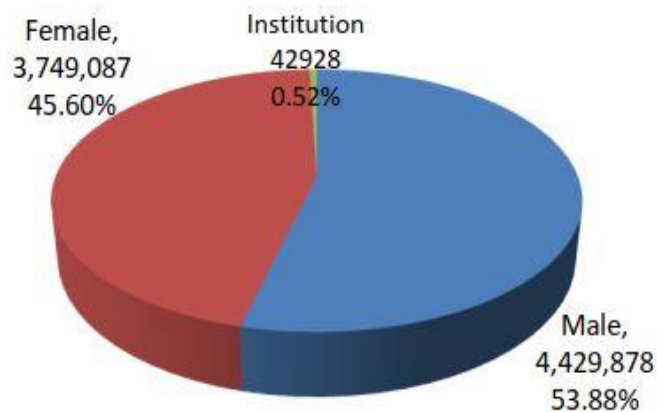


Figure 5-Gender Wise Account

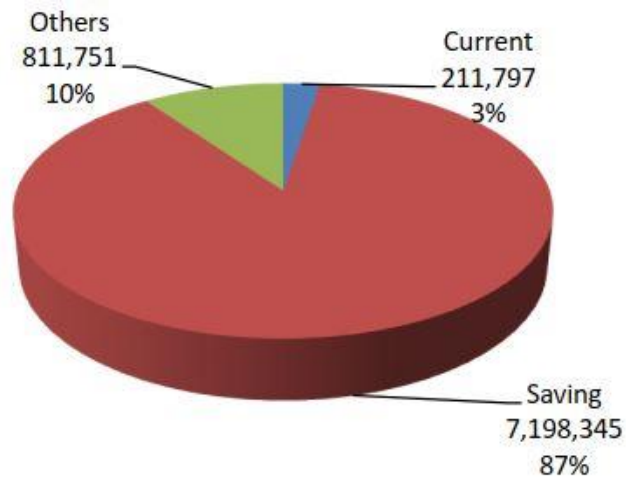


Figure 6-Category Wise Account

4.4.1 Impact in Financial Inclusion

Figure 5 shows us the penetration of customer through agent banking. It also shows that out of 100%, female customers hold almost 46% which indicates a positive socio economic growth of female customers who were ignored or uncounted before the inception of Agent Banking. Figure 6 shows the category wise account, where 87% are saving accounts which indicates that rather than business, household chores tend to access more to the financial services through Agent Banking.

4.5 Growth of Accounts



Figure 7- Location Wise Growth of Accounts



Figure 8-Gender Wise Growth of Accounts

4.5.1 Impact in Financial Inclusion

Both Figure 7 and 8 shows a prominent growth in the number of accounts by Agent Banking. From figure 8 we can see that the growth of accounts remains static till September 2019, but after that even in the pandemic the growth increased in a positive manner. This indicates the popularity of Agent Banking in different segment throughout the country.

Though Figure 8 indicates the gap of volume between male and female account holder, it is not deniable that the gap is becoming narrower than before. This implies that the females of our

country are participating in the financial system which will boost the financial inclusion to a new height.

4.6 Deposit Collection

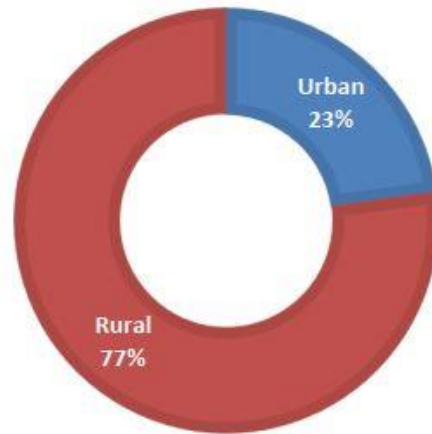


Figure 9-Deposit Collection in Rural & Urban Areas

4.6.1 Impact in Financial Inclusion

As we know financial inclusion means the affordability, availability, and equality of opportunities to access financial service, Agent Banking is the best way to do these. This became clearer by looking at the Figure 9 where we can see that the percentage of deposit is much higher (77%) in the rural areas than the urban areas (23%). This is because it is much easier and time efficient to deposit in an Agent Banking than a Branch of a bank. As you don't have to write any cheque or fill up any deposit form. Everything can be done just by client's enrolled fingerprint. Moreover, this deposit can be used for investment in rural areas which can stimulate the local economy.

4.7 Loan Disbursement

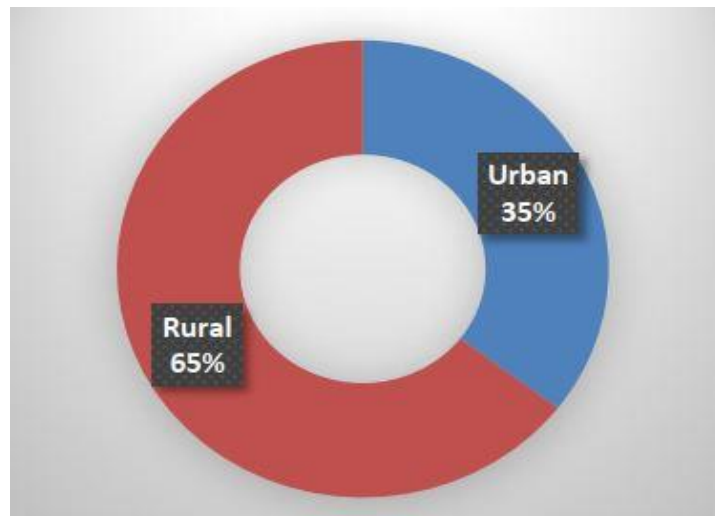


Figure 10-Geographical Concentration of Loan Disbursement

4.7.1 Impact in Financial Inclusion

As the main objective of Agent Banking is to facilitate the rural people so that they can actively participate in the financial system, Figure 10 perfectly illustrates the succession of this objective as we can see that the rural customers has received loan worth of BDT 70,188.95 lacs which is 65% of the total loan disbursed through Agent Banking. This loan help the rural people to actively take part in the growth of our economy.

4.8 Inward Remittance

The most and vital segment of Agent Banking which broke all the records of the past. Inward remittance has increased by 43.84% in the current quarter compared to the previous quarter and 221.13% compared to the previous year. This increase became possible due to the 2% cash incentive declared by the Govt. This initiative is taken to discourage the expatriates using 'hundi' and encourage them to send money via banking channel. In addition to the government's initiative, some banks enthusiastically giving 1% more cash incentive on the remitted amount so as to encourage the remittance inflow through formal banking channel. Due

to the quick service and doorstep services Agent Banking has become a popular channel for inward remittance.

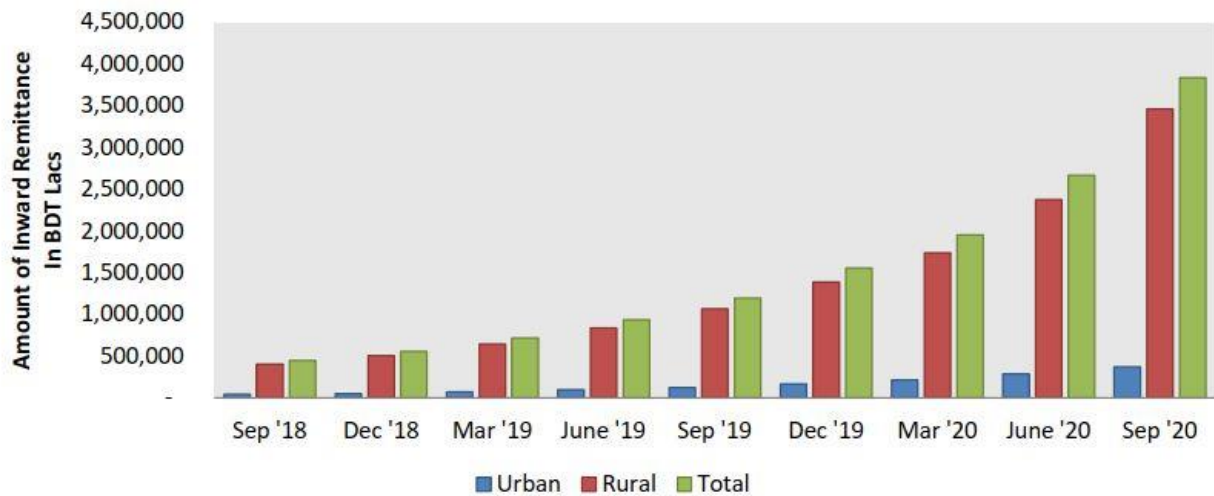


Figure 11-Remittance Growth in Agent Banking Outlets

4.8.1 Impact in Financial Inclusion

Figure 11 is showing the rising of inward remittance from September 18 to September 20. The most significant part is that major share of the remittances is going to the rural areas which is expected to boost up the rural economy.

4.9 Findings

From the above analysis we can clearly see that there is positive growth on every segments of Agent Banking. Mainly due to the on the go service of Agent Banking it is getting popular day to day in the rural areas where opening up a branch is very costly for the Banks. Moreover, Agent Banking is helping us to increase women empowerment as we can see that the number of female clients are increasing aggressively in Agent Banking, household and small business are more prone to Agent Banking then big business. This is helping the rural people to use their full potential and be an efficient member in boosting the economy.

4.10 Recommendation

As the agent banking model becomes popular, banks have to be extra careful about the agents they hire and, ensure they uphold the required standards' of delivery in order to avoid any kind of mischief that will hurt the image of any particular Bank. Bank should also be concerned on the employees employed by agents by ensuring that only specific employees who have undergone training should handle customers and they must be graduate; banks should also maintain a record of proper identification of such employees, this will help them hold such employees accountable in case of fraud or misconduct of employees. The settlement accounts should be opened more carefully by ensuring their NID, and other identifications. Beside these some other recommendations are;

- More agent banking outlets should be opened to offer more services to increase the geographical coverage which will help eventually boost our economy in terms of financial inclusion.
- Commercial banks who have adopted the agent banking model should limit operational costs on agent banking to avoid the cost of services to the customer going up.
- Security should be emphasized to all agent banking outlets and more frequent monitoring and training should be carried out. Where an agency contract is terminated, banks should adopt strict procedures to ensure that any other Agent/person does not take advantage of the situation and fraud the clients.
- Financial institutions should also conduct consumer education as this will help customers understand the operations of agents, and assure them that their money is secure.

4.11 Conclusion

The rising trend of agent banking even though in this ongoing pandemic hints us about the huge opportunity to bring the mass rural unbanked people under the radar of financial system. Agent banking is playing a fundamental role in providing necessary financial services, especially for rural women, small business entrepreneurs and expatriates. The number of each segment under Agent Banking increased than the previous quarter. Bangladesh Bank is constantly encouraging banks to facilitate CMSME and women entrepreneurship loan through agent banking in order to promote women empowerment. Overall, agent banking is having a significant positive impact on financial inclusion and therefore, has the potential to fill the market gap created by the insufficient outreach of branch banking. Since agent banking services are no longer limited to basic banking services such as cash deposits and withdrawal and receipt of remittances, it is expected that this innovative delivery channel will revitalize rural economy and thus boost the overall economy of our country.

References

1. Bank, Bangladesh. (2020). *Agent Banking Activities in Bangladesh*. Retrieved from https://www.bb.org.bd//pub/quarterly/agent_banking/january_march2020.pdf
2. Bank, Bangladesh. (2020). *Agent Banking Activities in Bangladesh*. Retrieved from https://www.bb.org.bd//pub/quarterly/agent_banking/jul-sep2020.pdf
3. Pickens, Mark. (2010). *Nationwide Impacts of Agents in Brazil*. Retrieved from <https://www.cgap.org/blog/nationwide-impact-agents-brazil>
4. Faz, Xavier. (2015). *Five Lessons about Agent Networks in Peru*. Retrieved from <https://www.cgap.org/blog/five-lessons-about-agent-networks-peru>
5. Afande Ofunya, Francis., & Mbugua Wairimu, Salome. (2015). *Role of Agent Banking Services in Promotion of Financial Inclusion in Nyeri Town, Kenya*. Retrieved from <https://core.ac.uk/download/pdf/234630486.pdf>
6. Kumar Banerjee, Prashanta., Rahman Alam, Mahbubur., Mehdee, Tanweer., & Hossain, Zakir. (2017). *Agent Banking: Effectiveness in Financial Inclusion*. Retrieved from [\(PDF\) Agent Banking: Effectiveness in financial inclusion \(researchgate.net\)](#)
7. Monirul Islam, Mohammad., Mohammad Khaled Rahman, Syed., & Elahi Md. Foysal, Fazle. (2019). *Present Scenario of Agent Banking in Bangladesh*. Retrieved from https://www.researchgate.net/publication/342096120_Present_Scenario_of_Agent_Banking_in_Bangladesh