Agent Network Accelerator Survey: Bangladesh Report 2016

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Project Description

MicroSave is conducting a four-year study in the following countries as part of the **Agent Network Accelerator (ANA)** Project, with financial support from the Bill & Melinda Gates Foundation and the United Nations Capital Development Fund (UNCDF).

Africa

- Kenya
- Nigeria
- Tanzania
- Uganda
- Zambia
- Senegal
- Benin

Asia

- Bangladesh
- India
- Indonesia
- Pakistan

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The research focuses on operational determinants of success in agent network management, specifically:

Agent Network Structure	Agent Viability	Quality Of Provider Support	Provider Compliance And Risk

Digital Financial Services In Bangladesh: A Short History But A Lot of Action

DBBL Mobile Banking partners with MobiCash in order to lease MobiCash agents for DBBL's service

SureCash team up with 6 banks to introduce their MFS offering

bKash – a subsidiary of BRAC Bank–launches mobile financial services, mainly focusing on P2P

Bangladesh Bank (BB) publishes guidelines for Mobile Financial Services (MFS) which mandates a bank-led model for the country

BB releases guidelines for agent banking*: Banks could now offer a range of banking services from agent points

Southeast Bank Limited launches MFS - 'TeleCash'

| ...2011 | 2012 | 2013 | 2014 | 2015 | 2016 |

United Commercial Bank (UCB) launches UCash, and Islami Bank introduces mCash

Mercantile Bank (MYCash), One Bank Limited (OK Bank) and International Finance Investment and Commerce Bank Limited (IFIC)launch MFS

BB presents a draft of revised guidelines for MFS to tighten the regulations and promote access to finance

Dutch-Bangla Bank Limited (DBBL) introduces mobile financial services (MFS)

Bank Asia and DBBL launch agent banking

BB awards a licence to Pay point.com and Secure Sockets Layer (SSL) wireless for Payment Gateway

*Please see Appendix 3: Footnotes

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Bangladesh Is Pioneering Advanced Agent Network Deployment Models

A surge of Digital Financial Services (DFS) providers in Bangladesh has created world class, innovative agent deployment models. Licensed providers that may not have strategic and operational resources to build and manage their own agent network efficiently can now buy access to existing channels, such as MobiCash or third party service providers such as SureCash. This has given rise to different types of agents who are known by the names of third parties they serve rather than the names of providers.

Providers*	Agent Network Typology	DFS Services Offered
➢ bKash ➢ Southeast Bank Limited (TeleCash)	Master Agent Model	➢ Account registration ➢ Basic product offerings** ➢ International remittance ➢ Merchant payments
➢ DBBL ➢ Mercantile Bank (MYCash) ➢ UCB (UCash) ➢ Islami Bank (mCash) ➢ IFIC	Mix of Master Agent Model, hub and spoke, and shared agent model (MobiCash)	
➢ First Security Islami Bank Limited ➢ Bangladesh Commercial Bank ➢ Rupali Bank ➢ National Bank Limited ➢ Jamuna Bank	Third party specialist (SureCash)	

* This is not an exhaustive list of providers in Bangladesh providing MFS; rather it is a list of providers frequently reported to the *Helix* by agents.
** Basic product offerings include: person-to-person transfer (P2P); cash-in/cash-out; and basic payment services (utility payments, airtime top-up etc.).

Agent Network Overview

Bangladeshi providers continue to offer superior liquidity and agent network management services. Their agents are more profitable and optimistic than they were in 2014. The number of DFS providers has increased, however the market is still anticipating sophisticated products.

► Fraud is on the rise, as is the percentage of agents who report conducting over-the-counter (OTC) transactions. These factors present risks for the market, and concern both Bangladeshi providers and the regulator.

► Though in nascent stages, third party agent network managers are performing well on operational metrics such as training and service downtime.

► The newly introduced biometric identity registration of SIM cards, which has initially decreased DFS accounts, will likely influence agents' behaviours towards the illegal over-the-counter (OTC) transaction methodology and customer enrolments. This may spur changes in providers' agent network management practices.

Bangladesh

Dhaka

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Agent Network Structure

The Research Is Based On Nationally Representative Interviews With 2,088 Agents

Achieved Sample

Pie chart:
- Metro**: 17%
- District**: 50%
- Thana**: 29%
- Rural**: 4%
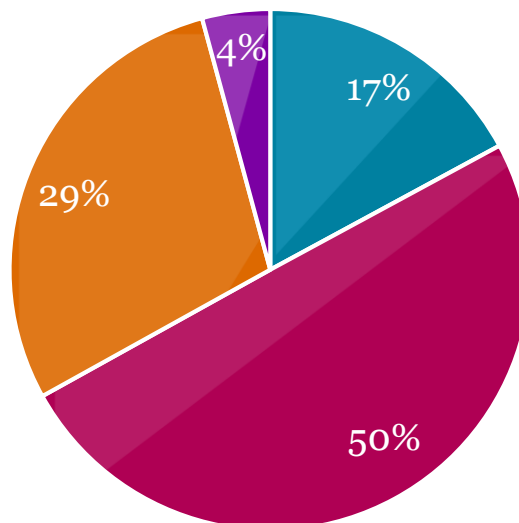
Sample Profile

Total Sample Size	DFS Outlet Staffing		Exclusivity		Dedication		Gender	
	Owner	Operator	Exclusive	Non-Exclusive	Dedicated	Non-Dedicated	Male	Female
2,088	**1,664** (80.0%)	**424** (20.0%)	**929** (44.0%)	**1,159** (56.0%)	**119** (6.0%)	**1,969** (94.0%)	**2,080** (99.6%)	**8** (0.4%)

*Only agents who conduct at least one transaction per month (active agents) were interviewed as part of the ANA survey. 22% of the agents encountered were dormant for at least one of the providers they served.
**Please see Appendix 1 for further details.
***Please see Appendix 2 for definitions.

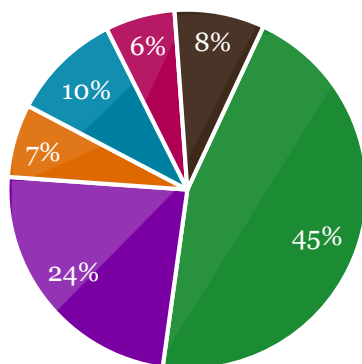# As The Market Grows, One Player Continues To Lead

Market Presence*

Legend:
- bKash
- DBBL
- mCash
- UCash
- MYCash
- Others**

Market Presence pie chart values: bKash 49%, DBBL 27%, mCash 6%, UCash 7%, MYCash 5%, Others 6%
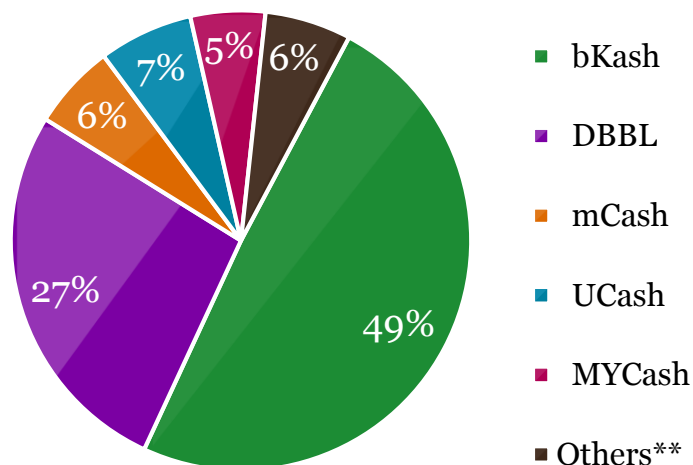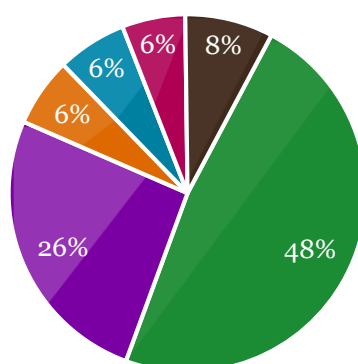
▶ Whilst a plethora of providers have entered the market since 2014,*** bKash continues to dominate—across all regions—accounting for half the market presence, followed by DBBL with just over a quarter of the market share.

▶ UCash's share of market presence has decreased by 7% since 2014, while MYCash – a new entrant— seems to be expanding aggressively.
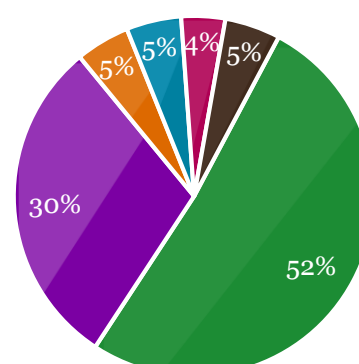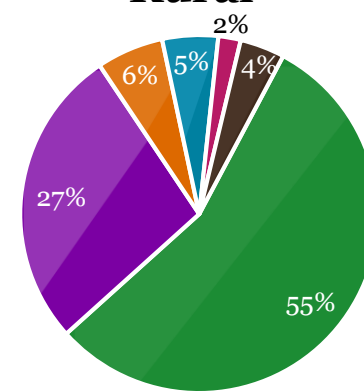
Metro
bKash 45%, DBBL 24%, mCash 7%, UCash 10%, MYCash 6%, Others 8%

District
bKash 48%, DBBL 26%, mCash 6%, UCash 6%, MYCash 6%, Others 8%

Thana
bKash 52%, DBBL 30%, mCash 5%, UCash 5%, MYCash 4%, Others 5%

Rural
bKash 55%, DBBL 27%, mCash 6%, UCash 5%, MYCash 2%, Others 4%

*Agent market presence is defined as the proportion of cash-in/cash-out agents by provider. Numbers here are provided on a unique provider till basis, therefore if an agent serves three providers the agency is counted three times. If an agent has multiple tills for the same provider, on the other hand, they are counted once.
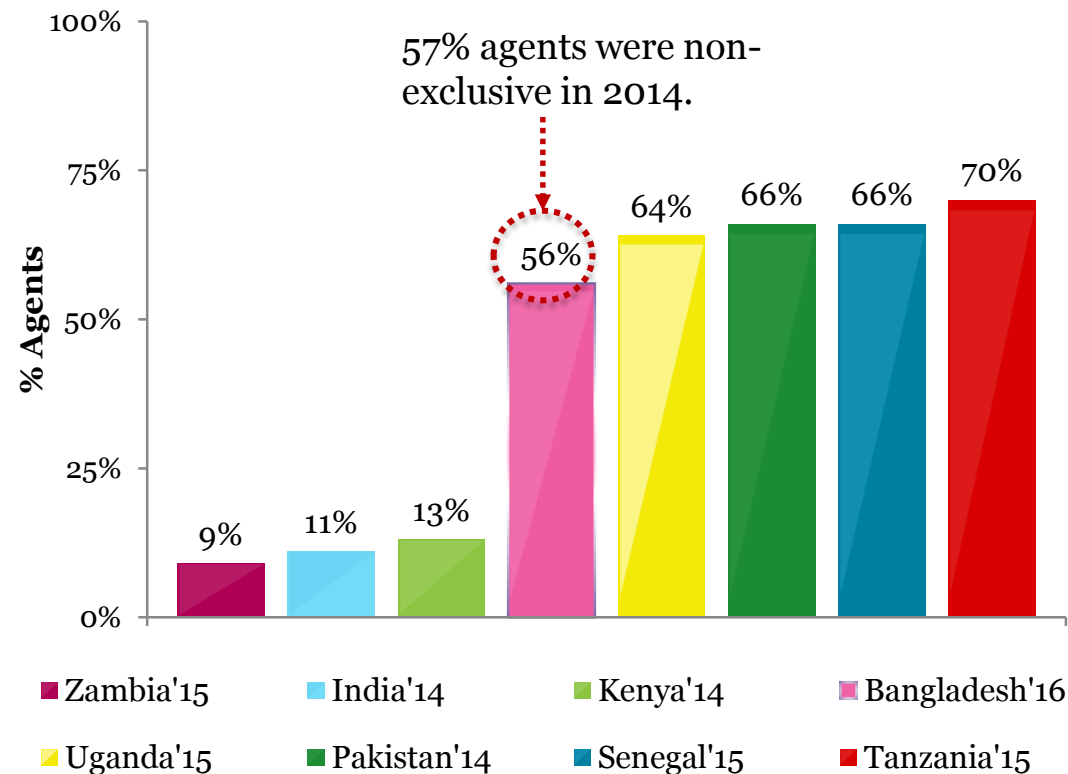** Please see Appendix 3
*** The reference to 2014 is made from data published in ANA Bangladesh 2014.

Over Half Of All Bangladeshi Agents Are Non-Exclusive

Bangladesh continues to be a largely non-exclusive and non-dedicated market.
Other ANA research countries are also moving in that direction.

Non - Exclusivity: ANA Research Countries*

57% agents were non-exclusive in 2014.

56%

Zambia'15 — 9%
India'14 — 11%
Kenya'14 — 13%
Bangladesh'16 — 56%
Uganda'15 — 64%
Pakistan'14 — 66%
Senegal'15 — 66%
Tanzania'15 — 70%

% Agents

- Zambia'15
- India'14
- Kenya'14
- Bangladesh'16
- Uganda'15
- Pakistan'14
- Senegal'15
- Tanzania'15

13% of non-exclusive agents serve a median of 4 or more providers. It will be important to understand whether these agents are able to handle the business generated from four (or more) providers.

Non-exclusivity may introduce the risk of agents trying to squeeze commissions out of providers in order to promote their products, as witnessed in Pakistan and Senegal.
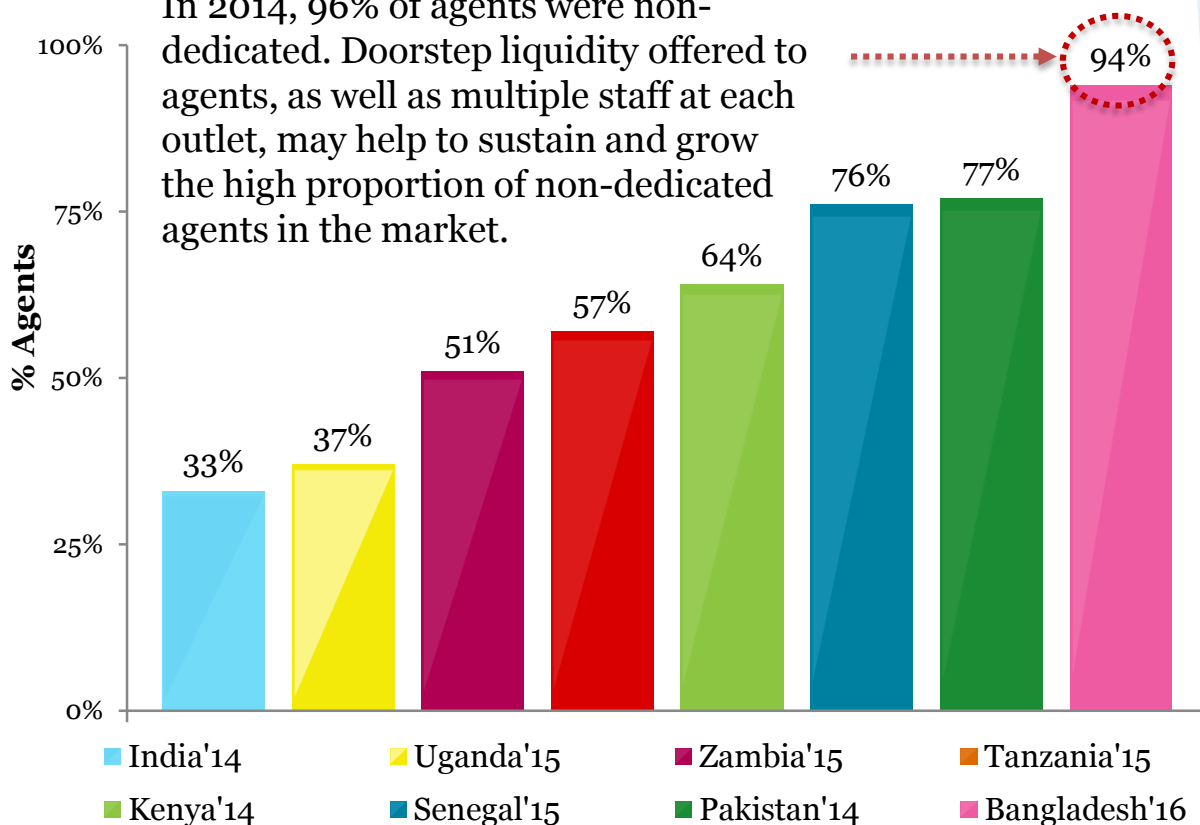
*Please see Appendix 3

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Providers Prefer Non-Dedicated Agents

The majority of **non-dedicated agents (65%) run small stores** - *mudi dokaan/flexi dokaan*. These stores are run by a median of two staff.

Non-Dedication: ANA Research Countries*

In 2014, 96% of agents were non-dedicated. Doorstep liquidity offered to agents, as well as multiple staff at each outlet, may help to sustain and grow the high proportion of non-dedicated agents in the market.

% Agents

- India'14 — 33%
- Uganda'15 — 37%
- Zambia'15 — 51%
- Tanzania'15 — 57%
- Kenya'14 — 64%
- Senegal'15 — 76%
- Pakistan'14 — 77%
- Bangladesh'16 — 94%

Providers seem to prefer non-dedicated agents as the income from a parallel business reduces the pressure on providers to ensure their agents' profitability. For example, non-dedication increased in Kenya by 15% between 2013 and 2014, and by 54% between 2013 and 2015 in Tanzania.

*Please see Appendix 3

Agents Are Optimistic And Outlets Are Mature

Bangladeshi agents are the most optimistic of all agents in the ANA research countries: **almost all agents see themselves continuing as agents for another year compared to 86% in 2014.*** This optimism may stem from agent profitability increasing from 2014 coupled with the fact that many agents are non-dedicated and the income from their agency business tops up their revenue.
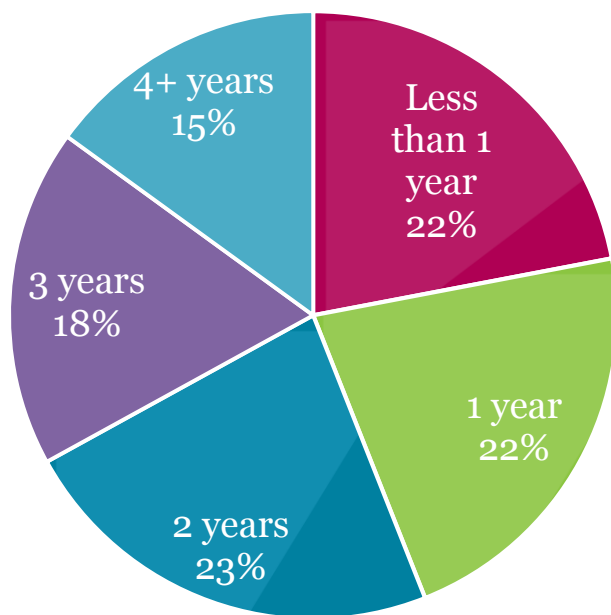
Age Of Agency*

➤ There are fewer agents who are less than a year into their operations compared to 2014 (57%). It is probable that new providers are recruiting established agents.

➤ One third of agents have now run agency operations for three years or more, compared with 2% in 2014.

*Only owner–agents are asked 'age of agency' questions.
**This question is asked about a randomly chosen provider, if the agent is serving more than one provider.

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Outsourced Agents Receive Better Support

Agents who are managed by third party/agent network managers (21%) **face fewer instances of service downtime and are more knowledgeable of MFS policies**; but are broadly similar on other metrics.

Agent Network Model

Managed by third party 21%

Managed by providers 79%
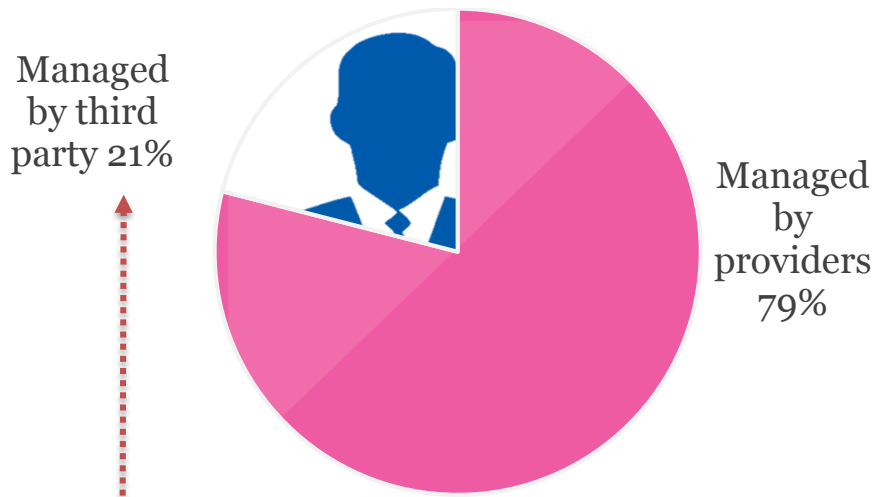
1. Of the agents managed by DFS providers, 58% agents face service downtime versus 34% for third party managed agents.
2. 76% of third party managed agents know that Bangladesh Bank regulates DFS, while 55% of provider managed agents are aware of this.

▶ Providers who rely on outsourced agent networks each use the same SureCash and MobiCash agents, and will therefore likely need to **distinguish their value proposition to their customers**.

▶ Providers who use multiple agent deployment models will want to understand how the 'third party managed model' performs in comparison to directly managing a portion of the agent network. This is a new and important agent management system from which much can be learned.
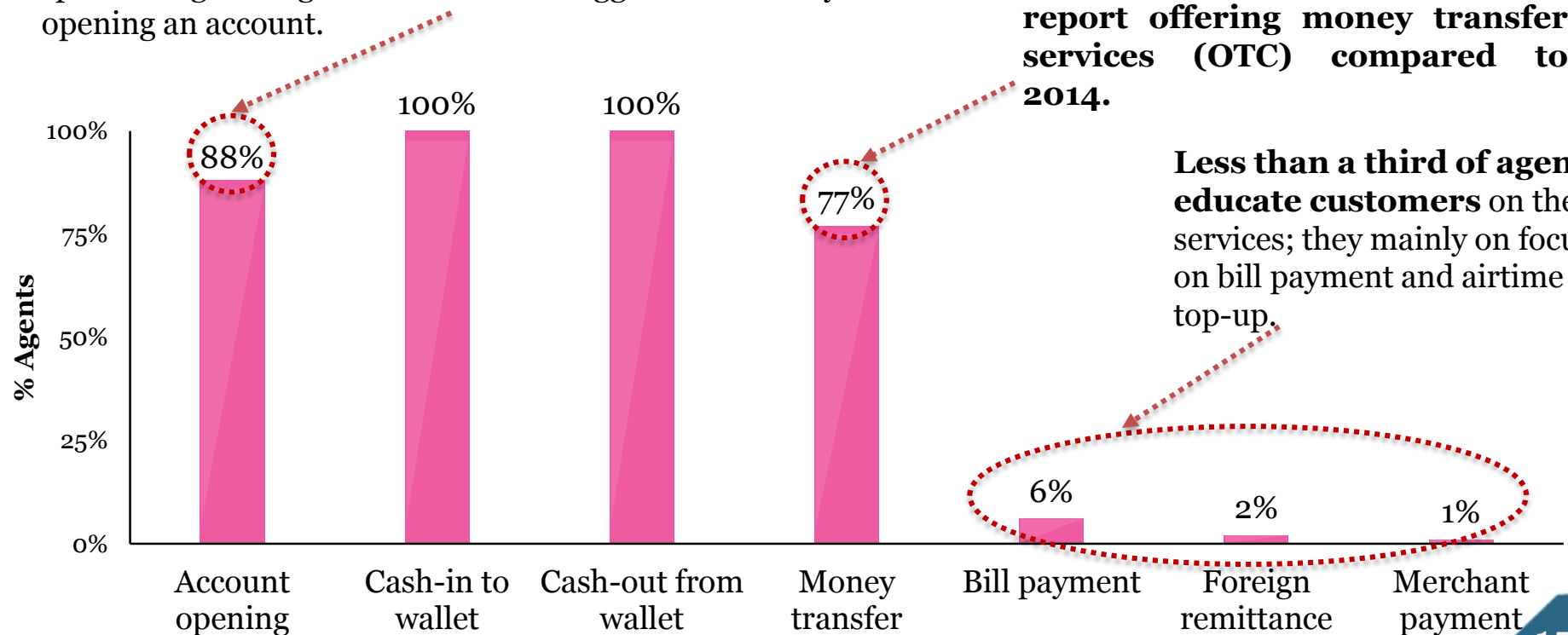
Agent Viability

Product Offerings Remain Limited Despite Banks' Involvement

Despite the bank-led DFS model and the increase in the number of providers, few sophisticated DFS products (deposits/credit/insurance) are on offer. **Providers need to focus on developing these products, as this is where the future of DFS lies.**

Account opening services should be **offered at all agent outlets,** especially given that only 9% of the population has a registered mobile money account. Agents report that the time spent in registering a customer is the biggest barrier they face in opening an account.

Double the percentage of agents report offering money transfer services (OTC) compared to 2014.
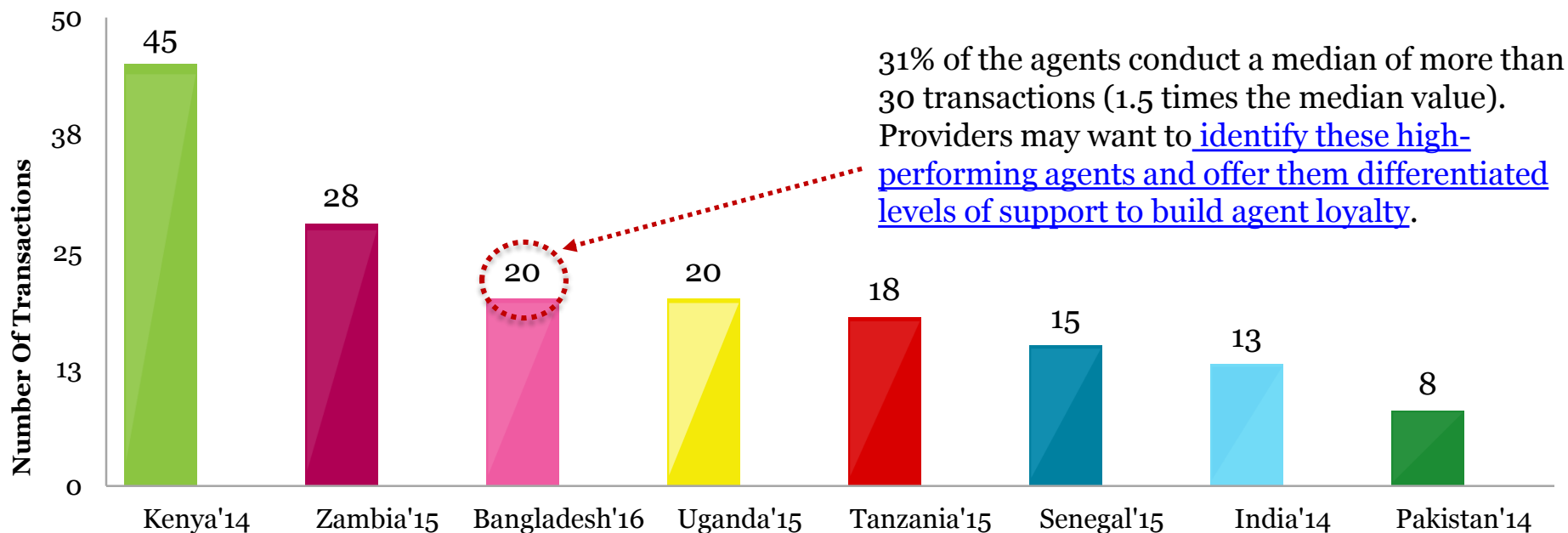
Less than a third of agents educate customers on these services; they mainly on focus on bill payment and airtime top-up.

% Agents

Category	Value
Account opening	88%
Cash-in to wallet	100%
Cash-out from wallet	100%
Money transfer	77%
Bill payment	6%
Foreign remittance	2%
Merchant payment	1%

Transaction Volumes Have Increased Since 2014

The increase to 20 transactions at the provider level (up by 33% from 15 in 2014) may reflect the increase in access to mobile financial services – <u>33% of Bangladeshis now have access up from 22% in 2013</u>. Moreover, **median daily transactions at the outlet level are 30**, which indicates that despite non-exclusivity, transaction volumes at an outlet are largely driven by one provider.

Median Daily Transactions*: ANA Research Countries**

31% of the agents conduct a median of more than 30 transactions (1.5 times the median value). Providers may want to <u>identify these high-performing agents and offer them differentiated levels of support to build agent loyalty</u>.

Chart — Number Of Transactions:
- Kenya'14: 45
- Zambia'15: 28
- Bangladesh'16: 20
- Uganda'15: 20
- Tanzania'15: 18
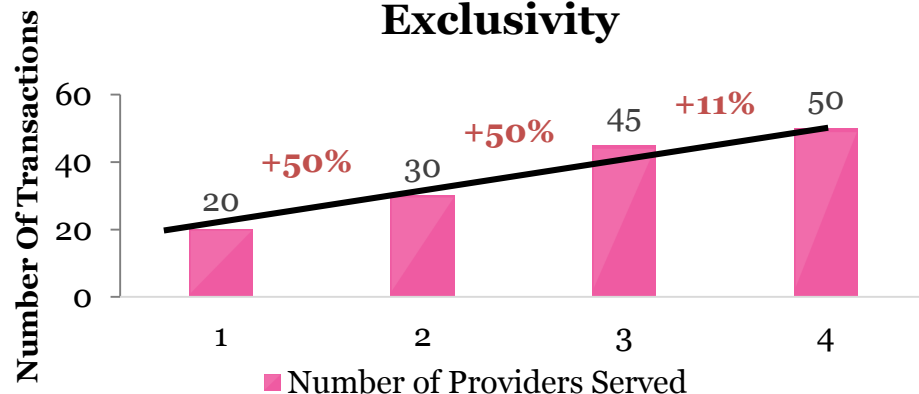- Senegal'15: 15
- India'14: 13
- Pakistan'14: 8

*Numbers represent transactions per day at the provider level, not overall volumes for the agency. Methodology for calculating provider-level transactions has changed, please see Appendix 2 for further details.
** Please refer to Appendix 3: footnotes

Median Daily Transactions By Exclusivity

Number Of Transactions

+50% +50% +11%

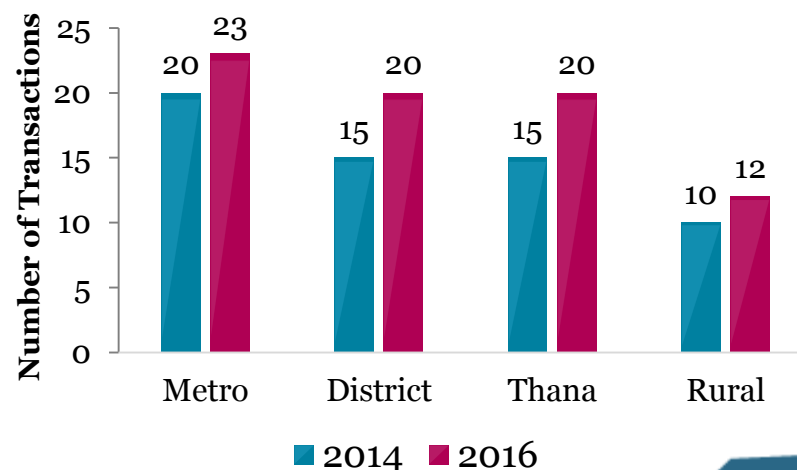| Number of Providers Served	Transactions
1	20
2	30
3	45
4	50

■ Number of Providers Served

The more providers an agent serves, the more transactions they conduct. However, **marginal utility decreases when serving a fourth provider.** Providers must ascertain if the investment they make in an agent who serves more than three providers will help them gain traction.

Median Transactions By Type

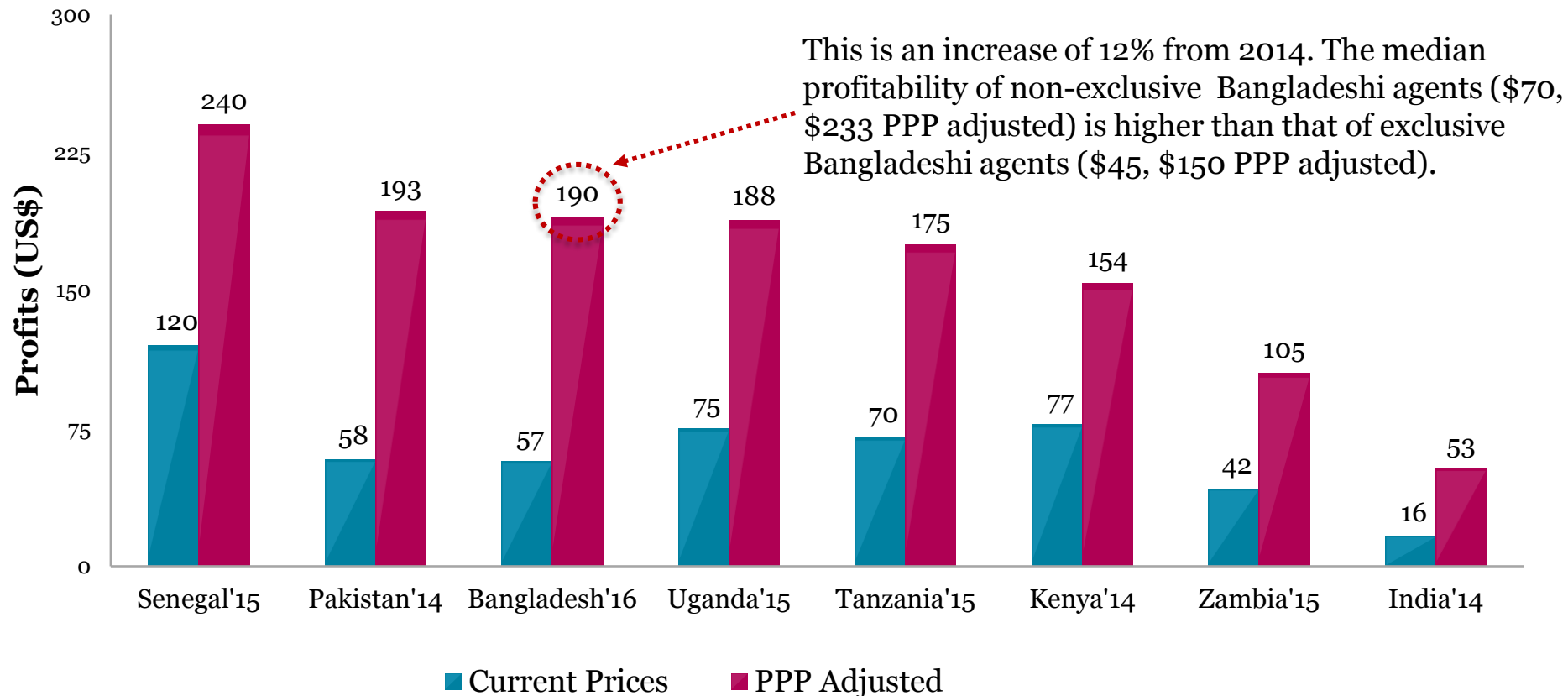|	Cash In (Daily)	Cash Out (Daily)	Money Transfer (Daily)	Monthly Enroll-ments	Monthly Bill Payments
2014	5	10	NA	13	13
2016	5	10	5	5	10

Providers may want to concentrate on registering customers, as only 9% of the population are registered users. Moreover, active MFS accounts have decreased because of the new Bangladesh Telecommunication Regulatory Commission (BTRC) regulations mandating biometric identity registration.
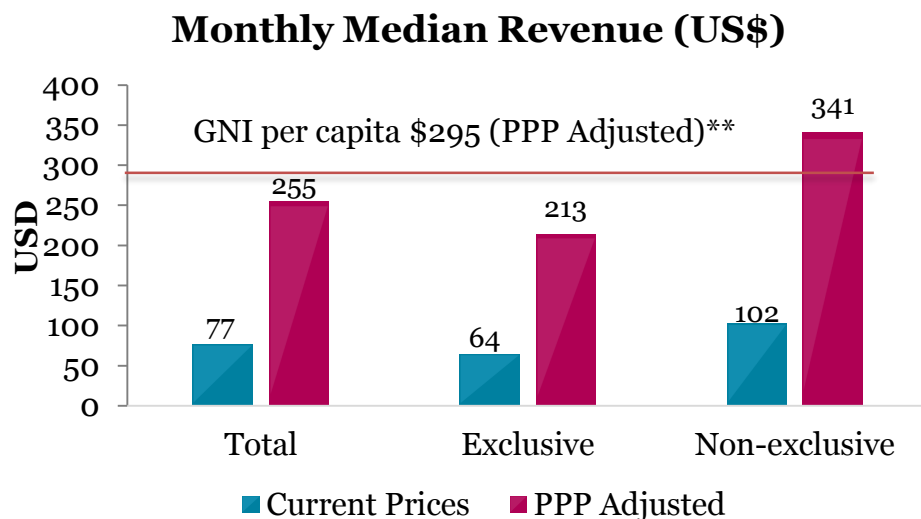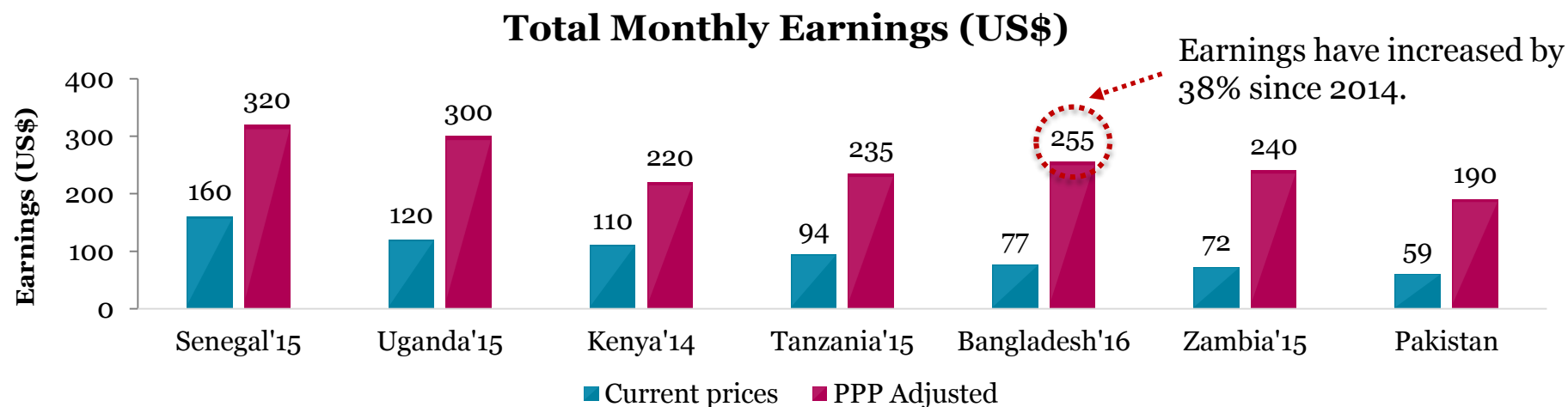
Median Transactions By Location

Number of Transactions

Location	2014	2016
Metro	20	23
District	15	20
Thana	15	20
Rural	10	12

■ 2014 ■ 2016

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Agent Profitability Has Increased*...

Median Profitability Comparison (in US$)

This is an increase of 12% from 2014. The median profitability of non-exclusive Bangladeshi agents ($70, $233 PPP adjusted) is higher than that of exclusive Bangladeshi agents ($45, $150 PPP adjusted).

Chart data — Profits (US$):

Country	Current Prices	PPP Adjusted
Senegal'15	120	240
Pakistan'14	58	193
Bangladesh'16	57	190
Uganda'15	75	188
Tanzania'15	70	175
Kenya'14	77	154
Zambia'15	42	105
India'14	16	53

■ Current Prices   ■ PPP Adjusted

*Profitability as shown in the graph is calculated as total earnings minus operating expenses for all countries (though exact question wording has changed: see Appendix 2 for further details). In the case of India, the fixed monthly component given to agents has also been considered in this calculation. This is different from other ANA research countries where commissions earned make up the total earnings of the agent. For all countries, profits are reported for the agent business as a whole (overall).

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...But Earnings* Are Still Below Gross National Income

Total Monthly Earnings (US$)

Earnings have increased by 38% since 2014.

Bar chart showing Earnings (US$) by country with Current prices and PPP Adjusted:
- Senegal'15: 160, 320
- Uganda'15: 120, 300
- Kenya'14: 110, 220
- Tanzania'15: 94, 235
- Bangladesh'16: 77, 255
- Zambia'15: 72, 240
- Pakistan: 59, 190

■ Current prices   ■ PPP Adjusted

Monthly Median Revenue (US$)

GNI per capita $295 (PPP Adjusted)**

Bar chart (USD) with Current Prices and PPP Adjusted:
- Total: 77, 255
- Exclusive: 64, 213
- Non-exclusive: 102, 341

■ Current Prices   ■ PPP Adjusted

Though agents are profitable, they still earn slightly less than the Gross National Income (GNI) per capita. However, this may not pose a threat as the majority of agents are non-dedicated and earn an additional revenue stream.

Non-exclusive agents report higher operating expenses ($19) at the provider level when compared with exclusive agents ($13). This could be due to the need to manage multiple float accounts.

*Our methodology for calculating total earnings has changed. Please see Appendix 2 for further details. Historical data may not be fully comparable.
** http://databank.worldbank.org/data/reports.aspx?source=2&country=BGD . The rate is shown as PPP adjusted USD.

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# Top Three Barriers To Conducting More Transactions*

E-float (e-money) given to agents on credit has gained traction in mature markets and providers in Bangladesh might want to consider this option. Additionally, providers like M-PESA enforce standard minimum float requirements, which may help prevent agents from running out of cash and/or e-money.

The number of unique agents in the country has almost quadrupled since 2013. It seems that agents feel the pressure of competition.

This could be due to the P2P nature of the market as the need of this product is not very predictable. The demand might become regular and/or predictable if there are more use-cases in the form of sophisticated products from the providers.

Lack of resources to buy enough cash/e-money
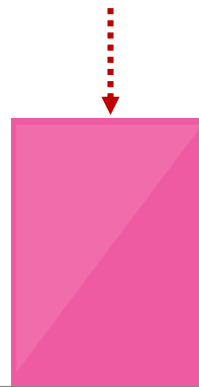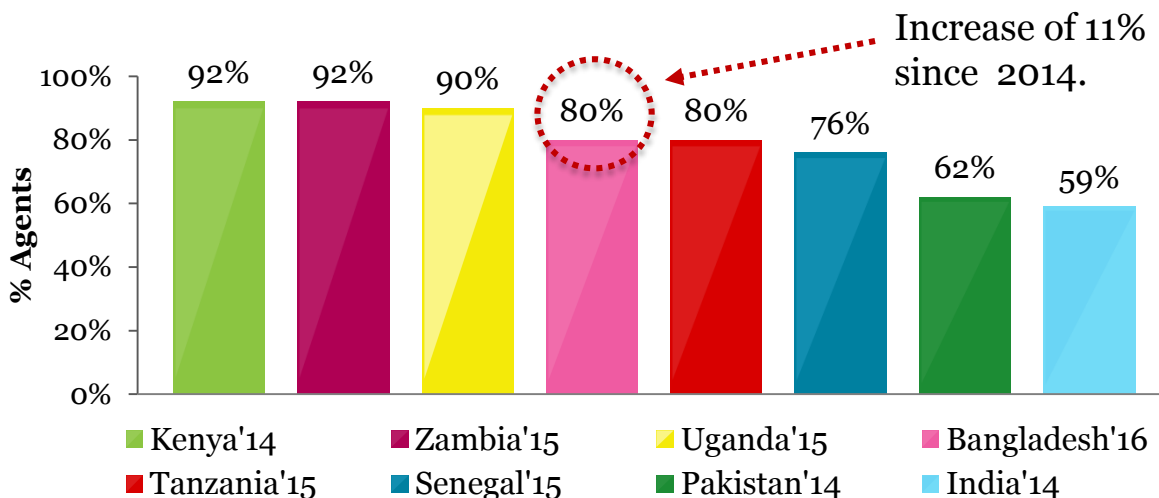
Too many agents competing for business
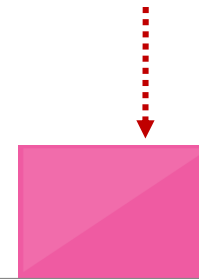
Individual clients' demand for service is not very regular

*Agents were asked to select the top three barriers they face from a list of 11 options, including the option to pick 'Other'. The taller bars imply a higher relative ranking, which is a weighted average of the barriers ranked by agents.

Quality Of Provider Support

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Agents Are Trained But Lack Knowledge Of MFS Policies

Trained Agents*: ANA Research Countries**

Increase of 11% since 2014.

- 92% Kenya'14
- 92% Zambia'15
- 90% Uganda'15
- 80% Bangladesh'16
- 80% Tanzania'15
- 76% Senegal'15
- 62% Pakistan'14
- 59% India'14

% Agents (0% – 100%)

Legend:
- Kenya'14
- Zambia'15
- Uganda'15
- Bangladesh'16
- Tanzania'15
- Senegal'15
- Pakistan'14
- India'14

▶ **Agents who receive initial training conduct 4 more transactions per day on average**.

▶ **Only 31% of agents receive any refresher training. Agents who receive refresher training from providers conduct 5 more transactions on average**. Greater investment in regular agent training can improve agents' performance, improve their ability to educate their customers on DFS products, and help them to deal with crime and fraud.

Agent's Knowledge

- 30% of agents know that there is a limit to the amount of money users can keep in their accounts.
- One out of six agents know it is possible to send e-money to those who do not have an account.
- Just over half of agents know who regulates mobile money in Bangladesh.

Agents who are more knowledgeable about mobile money policies experience <u>significantly higher demands for transactions than their less knowledgeable peers</u>.

*In Kenya, Zambia, Pakistan and India agents were asked if they received any training; in Tanzania, Uganda, Senegal and Bangladesh agents were asked if they received any training within the first 3 months of becoming an agent. Questions were asked differently in 2014 and in 2016.
** Please see Appendix 3

Support Visits Have Significantly Improved

Frequency Of Support Visits

Visits in rural areas are much less frequent than in other areas.

Chart data:

Metro: At least once a week 66%, At least once a month 17%, No fixed frequency 14%, Never 3%

District: At least once a week 52%, At least once a month 25%, No fixed frequency 15%, Never 8%

Thana: At least once a week 47%, At least once a month 32%, No fixed frequency 15%, Never 6%

Rural: At least once a week 33%, At least once a month 25%, No fixed frequency 29%, Never 13%

Legend: ■ At least once a week ■ At least once a month ■ No fixed frequency ■ Never

Y-axis: % Agents (0% to 100%)

➤ 82% of the agents are visited regularly by distributors and 17% by a provider's staff. The agents who **receive these monitoring visits conduct 5 more transactions** than those who do not receive visits. These agents also **deny fewer transactions (4%)** than those who do not receive regular monitoring visits (6%).

➤ Over half of agents face service downtime at least once a month, which doubles in rural areas. Service downtime may lead to risky customer behaviour such as leaving cash with an agent.

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Bangladesh Is The Global Leader In Innovative Liquidity Management

Key Facts About Liquidity Management

	2014	2016
% who have liquidity delivered	96%	99%
Median frequency of e-float delivery per month	12	15
Median frequency of cash delivery per month	10	10

5% of agents travel to rebalance and also receive doorstep liquidity.

The median number of transactions has increased, which has impacted frequency of rebalancing.

Two Most Frequently Used Rebalancing Options
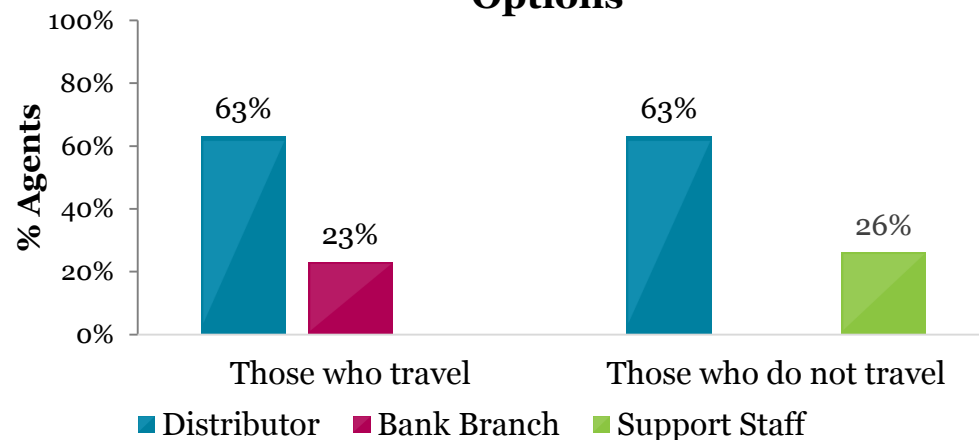
- The **median number of transactions denied per day is still zero.** This is a huge achievement considering that the volume of transactions has increased. This is also better in comparison with East African countries like Kenya (2), Uganda (2), and Tanzania (4).

- More agents are satisfied with liquidity management support from their provider(s) if they receive doorstep liquidity, than those who have to travel - 90% and 37% respectively. Agents who get liquidity delivered also rebalance more frequently than those who travel.

In rural areas more agents go to 'another agent' (18%) than to a bank branch (10%). Those agents who do not travel also report having an on-demand facility from their providers (4%) and distributors (7%).

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Barriers For Agents Who Receive Doorstep Liquidity

Providers could develop float requirement models based on the periodic transaction data at an agent's outlets (analytical framework). Such support would help agents maintain adequate float levels at their outlets.

The biggest barriers for agents who travel to rebalance are having to shut their stores and the time they have to spend at the rebalancing points.

This provides an opportunity to offer e-float on credit. Providers in Kenyan and Zambian markets have successfully offered this facility to their agents.
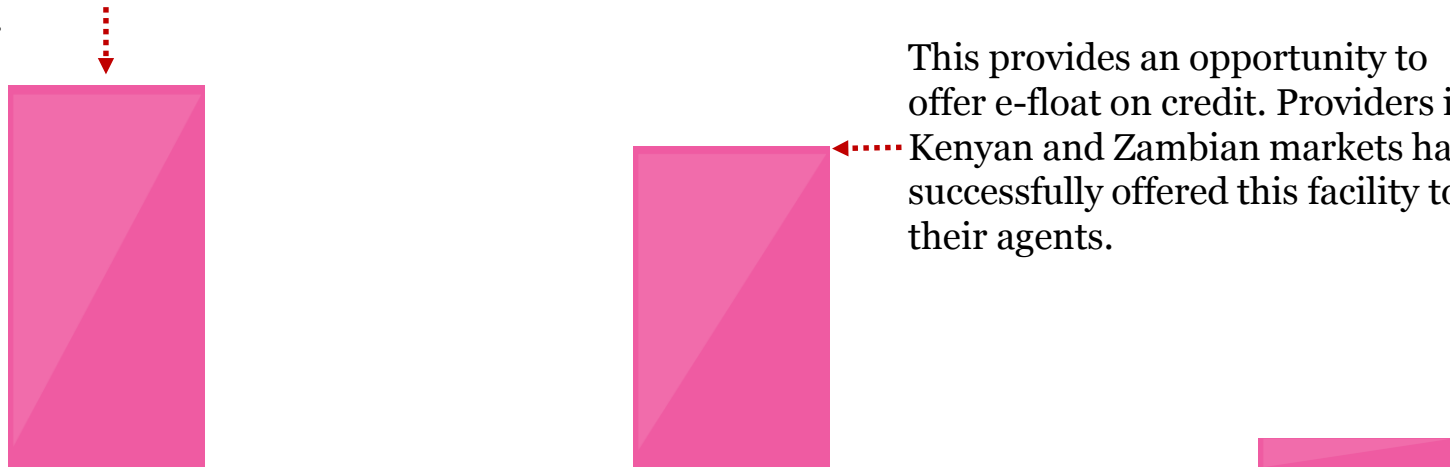
Unpredictable fluctuations in client demand

Lack of resources in general to buy a sufficient amount

Delays in delivery of cash from service provider/distributor

*Agents were asked to select the top three barriers they face from a list of 13 options, including the option to pick 'Other'. The taller bars imply a higher relative ranking, which is a weighted average of the barriers ranked by agents.

Provider Compliance And Risk

Fraud Incidences Are On The Rise In Bangladesh

Agents, or their employees, who have personally **experienced fraud, increased from 19%*** in 2014 to 22% in 2016.** Agents are most concerned about fake SMS incidences (72%), counterfeit money (17%), and PIN/SIM hacking (8%) when it comes to threats of fraud.

Robbery/Theft* And Fraud: ANA Research Countries**
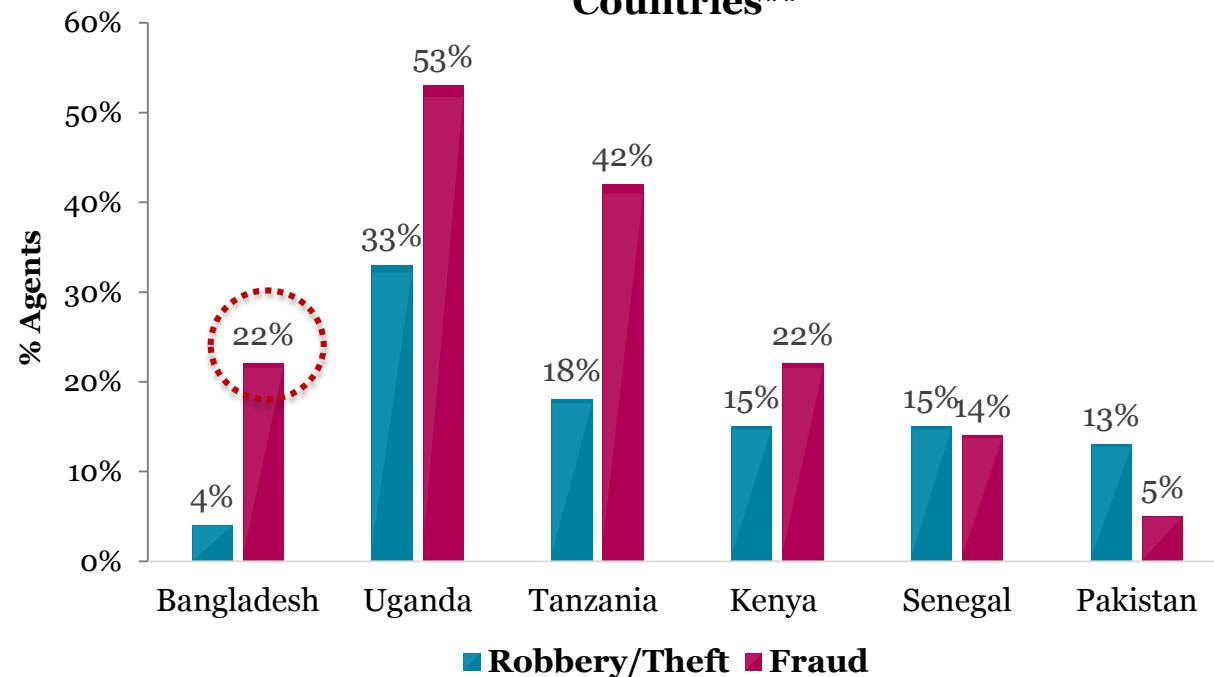
Agents believe that customers are most likely to commit fraud (71%) against them, followed by distributors (15%).

Agents who display a unique ID number at their outlet are more likely to face incidents of fraud. This ID is the same as, and/or includes, the agent's registered mobile number. This easy access to an agent's number makes it easy for fraudsters to send fake SMS messages.

*Robbery/theft can include theft by people external to the agency business (armed robbery) and internal theft by staff.
** In Zambia, Pakistan, India and Kenya, agents reported whether they or one of their employees had ever experienced robbery or fraud; in all other countries agents were asked whether they or their employees had experienced such incidents within the last year. Thus, data is not fully comparable.
*** The 2014 ANA Bangladesh Report published variable on fraud incidences (13%) refers to the % of agents who lost money due to fraud.

Agents Benefit By Meeting Providers' Requirements

Chart: % Agents by country

Country	Agent ID on display	Tariff sheet on display
Tanzania	99%	94%
Kenya	92%	96%
Uganda	45%	77%
India	42%	32%
Bangladesh	47%	85%
Senegal	30%	68%
Pakistan	25%	38%
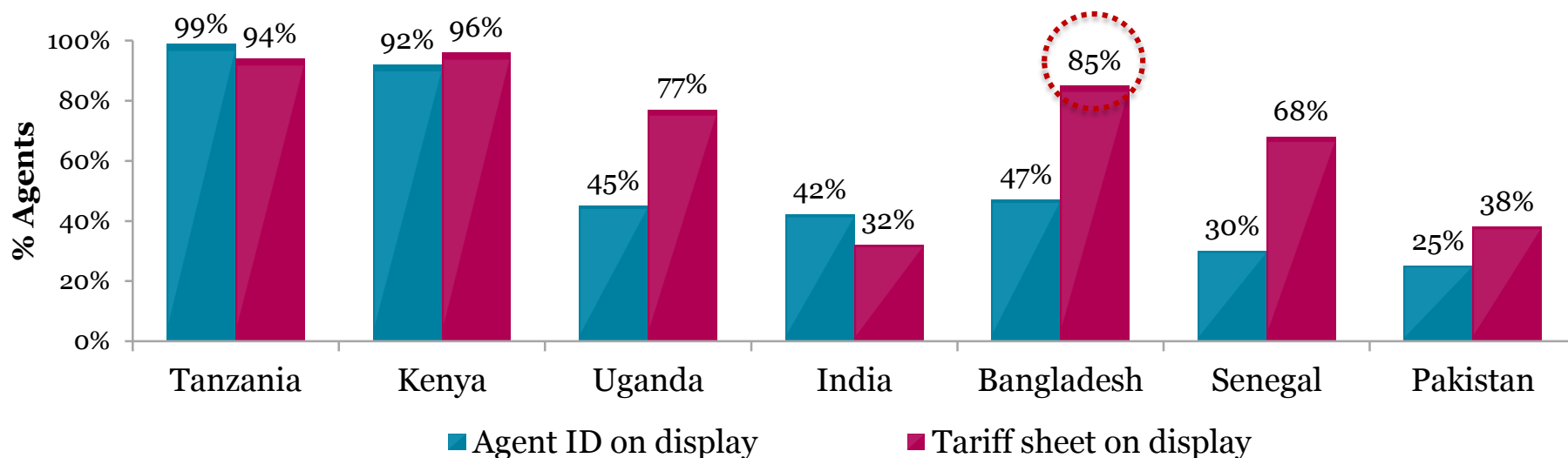
- Agents who receive induction training are more likely to display tariff sheets (88%) and their agent ID (49%). Amongst those who do not receive any training, 72% display tariff sheets and 36% display their agent ID.

- Agents who display their tariff sheet perform **four more transactions** on average than those who do not. Those who **paint their outlets** with their providers' colours perform **seven more transactions** on average. This demonstrates the importance of complying with providers' mandates.

- **Compliance rates are the highest in rural areas** (89% display tariff sheets and 55% display ID).

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Customers Prefer Over-the-Counter (OTC) Transactions

OTC transactions are prevalent – **over three-fourths of agents offer money transfer services and 47% assist customers in performing transactions** on their handsets.*

▶ **73% of mobile money users prefer asking an agent** to conduct a transaction on their behalf—i.e. OTC transactions.**

▶ While OTC is formalised in Pakistan and Senegal, it is not uncommon in other ANA research countries such as Uganda (78%) and Zambia (67%), where it may not be formalised.

▶ Under new guidelines from BTRC, current agents' OTC practices of holding multiple SIMs to conduct transactions for customers, might change as agents know that transactions could be traced back to them.

What Does This Mean For Bangladesh?

The preference for OTC methodology remains strong. DFS stakeholders would benefit from understanding the following:

1. How does the OTC methodology influence an agent's and provider's profitability, adoption of DFS, and customer satisfaction?

2. How can providers incorporate customers' preferences, behavioural biases and existing practices into product and service design and user interfaces that can reduce OTC?

3. Are there technological options to address Know Your Customer/Anti-Money Laundering concerns? How will the new regulations from BTRC impact OTC transactions?*

* Please refer to the visual in Appendix 4 to understand how customers use agents to conduct money transfer and bill payment transactions on their behalf.

**An OTC transaction is "a transaction that the agent conducts on behalf of a customer from either the customer's or agent's mobile money account." This definition includes transactions conducted by an agent from his/her own account on behalf of a customer, and agent-assisted transactions.

Outstanding Attributes Of Agent Network Management

➤ The market has a set of **non-dedicated, non-exclusive** agents who see themselves **continuing their agent businesses** for another year.

➤ The fact that more Bangladeshis are adopting digital financial services, coupled with increased agent profitability, indicates a **healthy market and bright prospects for the future**.

➤ Bangladesh has created **industry-leading liquidity management practices.** The number of transactions denied per day due to lack of liquidity is still zero despite growth in the market and increase in transaction volumes.

➤ There is a significant percentage (31%) of **high performing agents** who conduct more than 1.5 times the country median level of transactions.

▶ Bangladesh is a competitive, non-exclusive market with new entrants using established agents. Despite this competition, **innovative products are lacking** and product development has stagnated. Providers will need to **distinguish themselves** by offering **enticing product suites** with better customer value propositions.

▶ Bangladeshi agents have started feeling the pain of **crime and fraud**. Providers will want to assist their agents in tackling these issues by **incorporating fraud typology, identification and mitigation measures into specialised training modules**.

▶ Although Bangladeshis like OTC transactions, this transaction methodology might not be in the interest of providers in the light of regulations and growing customer protection issues. Providers should understand why **customers prefer OTC transactions** and develop solutions to change market behavior.

Appendix

MicroSave
Market-led solutions for financial services

Appendix 1 – Methodology

The study is based on a nationally representative sample of 2,088 agents. Data was collected between March and April 2016. Since a country wide census of DFS agents was not available at the time of the agent network assessment, the sample frame is based on lists obtained from data from public domain and from select DFS providers with total agent counts, broken down geographically. The sample is designed to be representative at the country level, for urban and rural agents, and for the selected providers.

The sampling strategy was clustered random sampling of <u>administrative units</u> that were stratified into metro, district, *thana*, and rural, prior to randomisation.

➤ **Metro**: Bangladesh is administratively divided into eight divisions. 'Metro' refers to the divisional headquarters, which are the administrative hubs for these eight divisions. For the purpose of this study, the sampling frame used followed the classification of seven divisions as used in 2014, to allow for comparisons across the two waves.

➤ **District**: Divisions are further divided into districts. These are smaller towns. In Bangladesh there are 64 districts.

➤ **Thana**: A district is further divided into sub-districts or *thanas*, which comprise the second lowest tier of regional administration in Bangladesh.

➤ **Rural**: Villages are rural locations, which do not fall into any of the categories above.

Data were collected using the random walk methodology with the skip pattern proportional to the desired sample count for a particular location. Data collection and entry was performed using an Android device.

The use of an Android device allows for an additional level of randomisation and ensures the survey representativeness at the provider level. The provider an agent is interviewed for, is randomly assigned by the application out of the list of all providers, for which the agent is active (i.e. has conducted at least one transaction within the last 30 days). Because of shortfall in data collection, weights were used during analysis to correct for under representation of some regions in the final achieved sample.

Appendix 2 – Definitions

| 1	Exclusivity	Exclusive Agent	Agent who serves only one mobile money service provider.
		Non-Exclusive Agent	Agent who serves more than one mobile money service provider.
2	Dedication	Dedicated Agent	Agent who conducts solely mobile money services.
		Non-Dedicated Agent	Agent who conducts other business from the shop, in addition to mobile money services.
3	Age of Agency	Agents were asked to report the date they started serving each provider. Age of agency is calculated from the date the agent started serving the first provider.	
4	Transaction Levels (Provider)	In 2014,transactions were calculated as the sum of reported average enrolment, cash-in, cash-out, bill payment, and 'other' transactions; in 2016 transactions were calculated as the sum of reported average enrolment, cash-in, cash-out, money transfer, bill payments, domestic/foreign remittances, merchant payments, and 'other' transactions the agent conducted for the particular provider. Values of zero were excluded from analysis.	
5	Monthly Earnings (Agency)	In 2013 and 2014, agents were asked "What is your total monthly commission from all providers combined?" From 2015 onwards, this question was rephrased slightly: "On average, how much do you earn per month from all the providers you serve, combined?" Only owners reported on commissions.	
6	Monthly Operating Expenses (Agency)	In 2013 and 2014, agents were asked "How much on average do you spend per month as an agent to cover operational expenses?" From 2015 onwards, monthly operating expenses were calculated as the sum of reported rent, utilities, staff salaries, business travel, personal and other expenses. Non-dedicated agents were asked to estimate the amount of total expenses that went toward mobile money. Non-exclusive agents were also asked to estimate the amount of total mobile money expenses that went to serving the selected provider. Only owners reported on expenses.	
7	Profit (Agency)	Profit is calculated as the difference between monthly agency earnings and monthly agency operating expenses. Only owners who answered both revenues and expenses were included in this calculation.	
8	Exchange Rate	1 Taka = 0.012770 USD	

➢ Slide 4: * There are 19 MFS providers in the country. We have highlighted those providers whose names were frequently reported by agents.

➢ Slide 4: **Agent banking means that a micro-branch is set up at an agent's outlet, which uses a mobile phone, a kiosk and card-based transaction facilities, and interacts with the bank's Core Banking Solutions (CBS) directly. This is different from MFS where agents and customers use a mobile-based interface and authentication mechanism to conduct financial transactions.

➢ Slide 9: ** The 'Others' category includes First Security Islami Bank (2%), IFIC (2%), OK Bank (2%), and other providers with <1% share of market presence as well as an "Other" category (2%), in which some agents reported serving MobiCash and SureCash, third party providers who offer services for DBBL, mCash, UCash and MYCash. Therefore, the market presence of these providers may be underestimated slightly.

➢ Multiple slides providing comparisons with other ANA countries: ANA surveys were conducted in 2013 in Uganda, Kenya, and Tanzania; in 2014 in Bangladesh, Kenya, Pakistan, and India; in 2015 in Zambia, Tanzania, Uganda and Senegal; and in 2016 in Bangladesh.

Money transfer method 1: an unregistered user directly deposits money into a registered user's account.

Money transfer method 2: a registered user sends money to an agent. The receiver collects it from the agent.
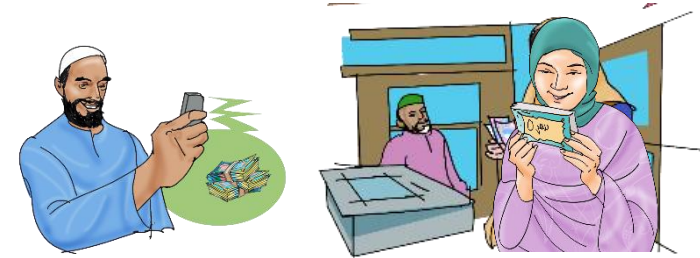
Money transfer method 3: neither sender nor receiver have a wallet; personal wallets of agents are involved. The sender gives cash to the agent on his/her side; the receiver withdraws cash from the agent. The sender only has to give the number of the receiving agent. The agents at both ends use one of their multiple phones/SIMs to conduct the transaction.

Bill payment method 1: (un)registered users give cash to agents to conduct bill payments.

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Thank You

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