

mSTAR: Mobile Solutions Technical Assistance and Research

Bangladesh

mSTAR is a broad, flexible, and responsive technical assistance and action learning program that fosters the rapid adoption and scale-up of mobile money, mobile technologies and mobile data solutions in developing countries. Ultimately, mSTAR seeks to increase access and use of mobile technologies by the poor, civil society, local government institutions and private sector stakeholders.

In Bangladesh, mSTAR supports the acceleration and adoption of digital payments, including mobile money and electronic payments, within the USAID Mission's programs and the populations that they serve. Implementation of this activity began in September 2013. It is anticipated to run until 2017.



BACKGROUND & GOALS



Mobile technologies are accelerating economic and social development around the globe by reducing the costs of accessing goods, services and information, and building transparency and accountability. However, despite the speed of adoption, millions remain excluded or underserved. Moreover, innovations often fail to reach impactful scale due to lack of access, financial means or knowledge. As a result, the development potential of mobile solutions, particularly as an enabler of financial inclusion, has not yet been fully realized.

Within Bangladesh, mobile networks already cover 99% of the country. Mobile phone ownership exceeds 70% in urban areas and almost 60% in rural communities.¹ Since its start in 2011, the mobile money market in Bangladesh has seen fantastic growth. By the end of 2015, Bangladesh accounted for 8% of the total number of registered mobile money accounts globally and more than 10% of the number of global transactions.²

Roughly, one in eight Bangladeshi adults now actively use a mobile money account. Twice as many have opened accounts. Given Bangladesh's high population density, mobile coverage, low levels of financial inclusion, and permissive regulatory environment, in many ways it is an ideal market for scaling up digital financial services particularly via mobile.

¹ InterMedia, *Financial Inclusion Insights, Wave 2 Report*

² Bangladesh Bank; GSMA *State of the Industry Report Mobile Money 2015*



Go to <http://bit.ly/m-star>
for mSTAR tools, guides, and
other resources

mSTAR/Bangladesh in Action

As of June 2016, mSTAR has supported eight USAID implementing partners (IPs) to adopt digital payments. Four IPs supported by mSTAR have made around US \$1.51 million in mobile transactions, all of which were previously done using cash.

Since transitioning to digital payments, IPs are already seeing benefits.

WorldFish realized US \$19,150 in annual savings and reduced the administrative burden on technical staff by 600 days annually. **Dnet** saved the equivalent of 20 full-time staff per year in reduced administrative tasks while realizing an annual benefit of BDT 4.75 million (~ US \$60,900).

Awareness Raising:

mSTAR recognizes that one of the greatest challenges towards transitioning to mobile money is a lack of awareness by potential users.

To address those challenges, mSTAR:

- Facilitates technical workshops aimed at USAID IPs and other stakeholders.
- Develops and shares learning documents to increase awareness of digital payment products and to promote their effective and innovative usage.

Technical Assistance:

Complementary to awareness-raising activities, mSTAR offers technical assistance to implementing partners with a particular focus on helping them assess the feasibility of using digital payments and rolling out their use of digital payments where possible.

Dialogue Facilitation:

mSTAR facilitates sharing and learning between mobile financial service providers, USAID implementing partners, and other parties through coordinated meetings, such as the **Mobile Money Consultative Group**, a quarterly stakeholder meeting aimed at promoting improvements in the sector within Bangladesh that are beneficial to advance the use of digital payments within USAID projects and by USAID beneficiaries.

Portfolio Acceleration:

mSTAR is exploring opportunities for accelerating the usage of digital payments within agricultural value chains in Bangladesh, with a particular focus on areas supported by USAID programs. This is done primarily through targeted assessments to identify potential opportunities and barriers.

In light of this potential for scale, mSTAR is helping USAID implementing partners integrate digital payments into their programs and operations.

The objectives of mSTAR's work in Bangladesh are two-fold:

- ▶ Increase the use of digital payments in USAID programs, resulting in efficiency and productivity gains that contribute to strengthened programs and greater development outcomes.
- ▶ Promote improvements in the overall digital finance sector within Bangladesh with the end goal of improving uptake within USAID projects and by USAID beneficiaries.

Shaping the Market

mSTAR is one of the leading actors promoting use of digital payments within the development sector in Bangladesh.

mSTAR/Bangladesh's *Mobile Money Infosheet* series brought price transparency to the market for corporate account users for the first time, while mSTAR's *2015 Mobile Financial Services in Bangladesh* report provided a comprehensive look at the market.

mSTAR was also an early advocate of the digitization of government payments, playing a role in encouraging the Government of Bangladesh to join the Better than Cash Alliance.

As a result of mSTAR's efforts, mSTAR has negotiated lower rates and service enhancements for USAID's IPs, enabling an increase in digital financial services.

All of mSTAR/Bangladesh's learning documents, along with technical assistance reports, Mobile Money Consultative Group highlights, and other publications can be accessed at: <http://ow.ly/B9dLL>

*You can also stay up to date on new publications and other news related to digital finance in Bangladesh by signing up for the monthly **mSTAR Bangladesh Newsflash**.*

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