

Seminar Report:

Mobile Banking and Remittances: Evidence from Local Migrant Workers of Bangladesh

The International Growth Centre (IGC) and BRAC Institute of Governance and Development, BRAC University (BIGD) jointly hosted a seminar on 'Mobile Banking and Remittances: Evidence from Local Migrant Workers of Bangladesh' on the afternoon of 18 December 2016 at Ikebana Hall, Lakeshore Hotel, Dhaka. The half day seminar presented findings from a research project (89233) commissioned by IGC which studies the impact of mobile money in the context of rural and urban Bangladesh. Please find the programme and invitation card attached as Annex I.

The objective of this event is to disseminate the findings of the paper to the relevant stakeholders in Bangladesh- the seminar was attended by officials from government notably Ministry of Industries and Bangladesh Bank (central bank), private sector including private banks and mobile financial services companies, development partners, researchers, academics, think tank etc. Please find the seminar registration form attached as Annex II for details. The presentation is attached to the email.

The key note presentation made by Dr. Abu S. Shonchoy, Adjunct Assistant Professor at University of Tokyo. Mr. Md. Mosharraf Hossain Bhuiyan ndc, Senior Secretary, Ministry of Industries chaired the event. Dr. Sultan Hafeez Rahman, Country Director, IGC jointly with Professor Wahiduddin Mahmud, Senior Advisor, IGC Bangladesh moderated the event. Dr. Wahid Abdallah, Research Fellow, BRAC Institute of Governance and Development, BRAC University and Mr. Pial Islam, Managing Partner, pi Strategy Consulting are the designated discussants. Representatives from various academic and research institutes, government, private sector, NGOs, development partners and civil society attended to the programme.

Dr. Rahman in his opening remarks gave a brief overview of the current research activities of IGC Bangladesh and underscored IGC's commitment in undertaking demand driven research which in turn can inform and facilitate economic growth and development of Bangladesh.

Dr. Abu Shonchoy in his presentation noted that providing financial access to poor and excluded population is still a challenge for developing countries and basic banking services (like savings) are still not accessible by many. Bangladesh which is well-known for its micro-credit revolution still has 76% of its population unbanked. Financial inclusion, therefore, remains as a high policy priority for Bangladesh. The particular intervention was also motivated by the fact that Bangladesh has a large

migrant population and these migrating households depend on remittances for their day-to-day expenses. Typically ways of remittances are hand-to-hand transaction or informally through friends and relatives. These traditional methods are unreliable, fraught with delays, and involved substantial losses due to theft.

The experiment took place in and around rural Gaibandha (a district in northwest Bangladesh) targeting to the ultra-poor and in Dhaka, the capital city of Bangladesh. To understand the drivers of mobile money adoption, peer impact/ network effects in adoption and impacts of mobile money adoption on household financial management and well-being the study randomly assigned Bkash training (mobile financial service), and a small amount of assistance with the enrolment process to the ultra-poor households in and around Gaibandha - district in northwest Bangladesh and pair migrant Dhaka.

The study evaluates the impact of mobile money focusing on (a) mobile banking adoption and (b) the impact of mobile banking on domestic remittance and welfare. Based in the intervention piloted in this project, the authors finds that local migrants at urban Bangladesh have switched toward sending remittances by mobile phone. Even in households where members are illiterate or have low literacy, household members can adopt and use mobile banking technology upon receiving some basic training. This underscores that mobile technology can potentially provide financial services to the remaining unbanked population in Bangladesh. There are positive effects of mobile money on the frequency of remittance, health and education outcomes for children in rural households. The author noted that although mobile money services is used as a means of faster and secure transmission of funds, the study finds that many users have revealed their willingness to pay for the service and mobile money platform can potentially be used as savings product as well.

The presentation was followed by comments from the two designated discussants who shared their observations on analytical issues as well as the policy recommendations that may be drawn based on findings of the study. Both discussants noted that study is very relevant and timely for Bangladesh given the very fast growth of mobile money services the country is experiencing. It would be interesting to understand the impact of mobile money for on the remitters who are predominantly industrial workers in urban areas as well as the receiving households. The discussants also noted that there may be spill over effects between control and treatment households in terms of adotion and learning. There is also a need to understand the efficacy of mobile financial services

vis a vis agent based banking services. In addition, the scope of the study merits further expansion possibly through a follow-up nationwide study.

A vibrant discussion session took place where officials from Bangladesh Bank, BRAC, members from the academia, development partners, and media actively participated. It was noted that the study provides valuable insight on adoption behaviour and ways to reduce 'over the counter' transactions. Comments were received on making mobile banking secure which requires innovative ways to lower over the counter transaction further. The impact of mobile money on rural household welfare and favourable impact on local economy off farm activities was also noted which may in turn have economic growth impact. Elaboration on the gender dynamics in mobile financial services adoption will also be useful- to this the author responded that the most users fall in the 18-35 age bracket and females are more likely to adopt.

The Honourable Chair thanked the IGC for undertaking a timely and pertinent study and noted that mobile financial service is being explored by the government as a part of its 'Digital Bangladesh' endeavour which has been reflected in key strategy documents. In this regard, an initiative has been undertaken by Ministry of Industries whereby farmers to supply sugarcane to sugar mills are paid through mobile wallet. He noted that findings of the study will provide valuable guidance to key stakeholders in the formulation and implementation of policy reforms and interventions in the arena of mobile financial services.

Representatives from the print media were invited to the seminar and news article was published in two leading English and two Bengali newspapers.

The link to the articles below:

1. The Financial Express: <http://www.thefinancialexpress-bd.com/2016/12/19/56730/Half-the-population-lack-access-to-financial-system:-Study>
2. New Age: <http://www.newagebd.net/article/5087/mobile-banking-helps-financial-inclusion-of-poor-speakers>
3. Samakal (Bengali newspaper): <http://bangla.samakal.net/2016/12/19/256735>
4. Bonik Barta (Bengali newspaper): <https://goo.gl/KwZO0h>

Annex 1

Programme:

Mobile Banking and Remittances: Evidence from Local Migrant Workers of Bangladesh



The International Growth Centre (IGC) and
BRAC Institute of Governance and Development (BIGD), BRAC University
are pleased to invite you to a seminar on

**Mobile Banking and Remittances:
Evidence from Local Migrant Workers of Bangladesh**

on 18 December 2016 from 3.00 pm to 5.00 pm
at Ikebana Hall, Lakeshore Hotel, House 46, Road 41, Gulshan 2, Dhaka.

Mr. Md. Mosharraf Hossain Bhuiyan ndc, Senior Secretary, Ministry of Industries, has kindly consented to chair the seminar. Eminent bankers, entrepreneurs and academics will be present. We cordially request your presence and look forward to your participation.

Programme overleaf,
RSVP:
Phone – 8801763 708910
Email – bangladesh@theigc.org

Dr. Sultan Hafeez Rahman
Country Director, IGC Bangladesh
&
Executive Director, BIGD, BRAC University



- 3:00 Registration
- 3:20 Opening remarks
- 3:30 'Mobile Banking and Remittances: Evidence from Migrant Workers of Urban Bangladesh' by Dr. Abu S. Shonchoy, Research Fellow, Institute of Developing Economies, IDE-JETRO
- 4:15 **Discussant 1:** Mr. Pial Islam, Managing Partner, pi Strategy Consulting (approximately 10 mins)
- Discussant 2:** Dr. Wahid Abdallah, Research Fellow, Brac Institute of Governance and Development (approximately 10 mins)
- Open floor Q&A
- 5:00 Tea and refreshments
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Annex 2

Registration for Dissemination Seminar – Mobile Banking and Remittances: Evidence from Local Migrant Workers of Bangladesh on 18 December 2016

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