

# Financial Inclusion Report

## Bangladesh, 2023



NFIS Administrative Unit (NAU)  
**Bangladesh Bank**

## **Advisor**

Dr. Md. Habibur Rahman  
Deputy Governor

## **Lead Editors**

Husne Ara Shikha  
Executive Director

Md. Nazrul Islam  
Director (NAU)

## **Editors**

Shahana Ferdousi  
Additional Director

Md. Sharfuzzaman  
Joint Director

Md. Taohidul Islam  
Joint Director

Md. Masud Rana  
Deputy Director



## Contents

Sl.	Contents	Page
1.	Message from Honorable Governor	iii
2.	Acknowledgement	iv
3.	Executive Summary	v-vi
4.	Acronym	vii-ix
<b>Chapters</b>		
1.	Financial Inclusion in Bangladesh	2-13
	1.1 Overview: Where Bangladesh Stands	2-6
	1.2 Trend Analysis	6-13
2.	Financial Inclusion Initiatives in Bangladesh	15-25
	2.1 Digital Financial Services in Bangladesh	15-18
	2.2 School Banking	18-19
	2.3 Banking for the Under-privileged Children	19
	2.4 Secured Transactions (Moveable Property) Act, 2023	19
	2.5 Digital Nano Loan	19-20
	2.6 Strengthening CMSME Sector	20-21
	2.7 Women Financial Inclusion (WFI) Initiatives	21-24
	2.8 Sustainable Finance	24
	2.9 Contributions of Insurance Sector in Financial Inclusion	25
3.	Progress of NFIS Implementation	27-41
	3.1 Initiatives of NFIS Implementation	27-28
	3.2 Progress of NFIS Implementation	29-41
4.	Financial Literacy and Consumer Protection Initiatives	43-46
	4.1 Including Financial Education into National Curriculum	43
	4.2 Implementation of a Roadmap for Countrywide Financial Literacy	43-44
	4.3 Financial Literacy Program	44
	4.4 Financial Literacy Website and Tailored Content	44-45
	4.5 Consumer Protection	45
5.	Challenges to Financial Inclusion in Bangladesh	48-49
6.	Way Forward	51-52



**Dr. Ahsan H. Mansur**  
**Governor**

**BANGLADESH BANK**  
(Central Bank of Bangladesh)  
Motijheel, Dhaka-1000

### Message

Financial inclusion is a key enabler in enhancing the quality of life of households and individuals, especially the low income group, as well as raising the productive capacity of Cottage, Micro, Small and medium enterprises (CMSME). It is not merely about access to financial services but about empowering every individual, regardless of their background or circumstances, to participate fully in the economy and improve their quality of life. Through improving access to and usage of appropriate financial service that meet customers' financial needs, the goal of financial inclusion is to increase economic and social inclusion by supporting people's needs and activities in the economy.

As we navigate the complexities of a rapidly evolving global landscape, characterized by technological advancements, demographic shifts, and socioeconomic transformations, it is imperative that no one is left behind. By harnessing the power of innovation, fostering financial literacy, and strengthening regulatory frameworks, we can create an enabling environment where every citizen has the opportunity to build a better future for themselves and their families.

This Financial Inclusion Report (FIR) summarizes some of the important findings including key deliverables i.e. overall status and activities of sector-wise financial inclusion as well as the year-wise comparative charts of financial inclusion by gender, age and geographical location, key initiatives taken by the stakeholders, the contribution of digital financial services to financial inclusion, initiatives taken to increase financial literacy, and the implementation status of National Financial Inclusion Strategy (NFIS). This report provides insights to inform and update financial inclusion priorities that can make an impact towards poverty alleviation.

While we celebrate our achievements, we recognize that there is still much work to be done to ensure that every individual has the opportunity to participate fully in the economy and benefit from financial services. As we move forward, we remain committed to advancing our financial inclusion agenda and building a more inclusive and prosperous society for all.

I commend the efforts and dedication of the officials of the NFIS Administrative Unit (NAU) who have worked diligently to produce this report, which should serve as a valuable resource for policymakers, researchers, academicians, practitioners, and advocates alike. May it inspire meaningful dialogue, informed decision-making, and collaborative actions toward our shared goal of a more inclusive and resilient financial ecosystem.

*Ahsan H. Mansur*  
19.11.2024

(Dr. Ahsan H. Mansur)



## **Acknowledgement**

The NFIS Administrative Unit (NAU) of Bangladesh Bank acknowledges and expresses in depth gratitude to the contributions of relevant departments of Bangladesh Bank, other financial sector regulators, including the Bangladesh Securities and Exchange Commission (BSEC), Insurance Development & Regulatory Authority (IDRA), Microcredit Regulatory Authority (MRA), and Department of Cooperative, financial services providers like banks, finance companies, mobile financial service providers for their active participation in NFIS implementation providing support with data, collaborations, and dedication which was indispensable in preparing this report.

We acknowledge the dedication and commitment of the government, civil society organizations, and other stakeholders involved in advancing the financial inclusion agenda. The collective contributions of all have helped expand access to formal financial services, promote digital financial solutions, enhance financial literacy, and support microfinance initiatives, among other key initiatives.

We extend our deepest gratitude to Dr. Ahsan H. Mansur, Governor of Bangladesh Bank, for his unwavering support and guidance throughout the process of NFIS implementation in fostering financial inclusion initiatives in Bangladesh. We also express our heartfelt appreciation to Dr. Md. Habibur Rahman, Deputy Governor of Bangladesh Bank, for his valuable support to make the report enriched. His contributions have been essential in shaping the content of this report. NAU is specially thankful to the tireless dedication and invaluable contributions of Ms. Husne Ara Shikha, Executive Director, Bangladesh Bank who has greatly shaped & illuminated this report. Deepest gratitude to her who reviewed & refined this report.

Thanks to all those who have contributed information contained in this report and acknowledges to everyone mentioned above, as well as to all those whose support may not be explicitly mentioned but is equally valued.



## Executive Summary

Over the decades, Bangladesh's financial system has experienced rapid changes, especially in response to on-going transformation and changing structure of the real economy. In recent periods, financial inclusion landscape has been undergoing impressive improvements.

Despite notable progress in financial inclusion initiatives, a significant portion of the population still remains excluded from formal financial systems. As per World Bank Global Findex data of 2021, a significant portion of Bangladeshi population, 47% of individuals above the age of 15, remained outside the purview of the formal financial system in terms of account ownership. Among adults, 43.46% of female are availing formal financial services, while 62.86% of male has the access to formal financial services. There is a prevailing gender gap in the financial service sector of Bangladesh. The matter of great concern is that, almost half of the adults are still outside the financial sector's purview.

Consequently, financial inclusion policies and initiatives in Bangladesh have been directed towards empowering the financially marginalized and underserved segments of society. This commitment was formalized through initiation of the National Financial Inclusion Strategy for Bangladesh 2021-2026, wherein BB along with other stakeholders endeavored to bolster financial inclusion among individuals and enterprises in Bangladesh through evidence-based, deliberate, and prudent measures aligned with sustainable economic and social development goals as delineated by the UN Sustainable Development Goals (SDGs).

NFIS has set 12 goals and 69 targets. The implementation of NFIS is a multi-stakeholder task which requires effective and timely collaboration among all concerned stakeholders, with the key stakeholders being the concerned ministries and agencies, regulatory authorities, regulated and quasi-regulated finance companies, trade bodies and associations, and international organizations including the development partners. To implement this strategy, NFIS Administrative Unit (NAU) has been established in Bangladesh Bank in September 2021; and since the inception, this unit has been working constantly to implement NFIS. More than 67% of NFIS targets have already been fully achieved.

To ensure access to finance through banking channel the government passed a law on secured lending and movable collateral called Secured Transactions (Moveable Property) Act, 2023 which enables banks to accept floating assets, valued at market rates, as collateral, expanding beyond tangible assets. To ensure financial inclusion for the marginal and unbanked people, Bangladesh Bank has introduced a revolving refinance scheme of BDT 01 billion named 'Refinance Scheme for Digital Nano Loan'. In the recent past significant progress has been made in CMSME, Women entrepreneurs, Start-up financing.

The government has set a target to transform the country into going completely cashless, that is when payments will be made solely online, by 2031. The Cashless Bangladesh campaign aims to promote digital transactions and reduce cash dependency by enhancing financial inclusion and leveraging technology.



As there is a prevailing gender gap in the financial services in Bangladesh, Women's Financial Inclusion Data (WFID) Dashboard has been developed to monitor the gender gap. To track the implementation of NFIS and collect financial inclusion related data from FSPs, a dedicated website named NFIS Tracker is being developed in collaboration between NAU and a2i.

This Financial Inclusion Report is the representation of financial inclusion of Bangladesh as on December 2023 through the services provided by FSPs in the measures of Access, Usage and Quality.

At present, 61 Banks with 11,301 Branches, 35 Finance Companies with 260 Branches, 731 Microfinance Institutions with 25,567 Branches are providing services throughout the country. Besides, 13 Mobile Financial Services Providers, 36 Life Insurance Companies and 46 Non-Life Insurance Companies, 9291 Capital Market Intermediaries and other regulated financial service providers are working to facilitate financial services in Bangladesh.

Banks are the largest network all over the country. There are more than 160 million accounts at scheduled banks of Bangladesh. Among the total bank account, 47.11% accounts are rural and 32.36% accounts are owned by female customers. As on December 2023, Banks have disbursed loans/advances of BDT 3,143,355.04 million, of these disbursed loans/advances CMSME sector's share was BDT 64,842 million.

Another significant figure is the number of MFS account. There are more than 210 million MFS accounts in the country. MFS is also playing pivotal role in alleviating gender gap. As on December 2023, 58% of MFS accounts owned by male and 42% owned by female. This indicates lesser gender gap in comparison to other sectors. MFIs are also serving more than 40 million people in which significant part is rural population. Almost 91% beneficiaries of MFIs are women.

In Bangladesh, a country with a rich tapestry of culture and a growing population, the pursuit of financial inclusion is both a developmental imperative and a moral obligation. Ensuring financial inclusion in Bangladesh there are several challenges, rooted in both infrastructural limitations and socio-economic factors. Building awareness and financial literacy, formulating dedicated strategies, digitization may leverage financial inclusion among underserved and unserved segment of population.



**Acronym**

ACD	Agricultural Credit Department
AFI	Alliance for Financial Inclusion
A2I	Aspire to Innovate
ADB	Asian Development Bank
ADFIAP	Association of Development Financing Institutions in Asia and the Pacific
ATM	Automated Teller Machine
BACH	Bangladesh Automated Clearing House
BB	Bangladesh Bank
BBTA	Bangladesh Bank Training Academy
BFIU	Bangladesh Financial Intelligence Unit
BHBFC	Bangladesh House Building Finance Corporation
BMDF	Bangladesh Municipal Development Fund
BPO	Bangladesh Post Office
BRPD	Banking Regulations and Policy Department
BSEC	Bangladesh Securities and Exchange Commission
BTRC	Bangladesh Telecommunication Regulatory Commission
CGD	Credit Guarantee Department
CMI	Capital Market Intermediaries
CMPL	Child Marriage Prevention Loan
CMSME	Cottage, Micro, Small and Medium Enterprise
CSU	Cyber Security Unit
DFIM	Department of Finance Companies and Markets
DFS	Digital Financial Services
DID	Deposit Insurance Department
DMD	Debt Management Department
DOS	Department of Off-site Supervision
ERD	Economic Relations Division
FC	Finance Company
FCB	Foreign Commercial Bank
FI	Financial Institution
FEPD	Foreign Exchange Policy Department
FICSD	Financial Integrity and Customer Services Department
FD	Finance Division
FID	Financial Institutions Division
FID	Financial Inclusion Department
FLW	Financial Literacy Wing



FS Regulators	Financial Sector Regulators
FSPs	Financial Service Providers
GBCSRD	Green Banking and Corporate Social Responsibility Department
GED	General Economic Division
GMW	Global Money Week
ICB	Investment Corporation of Bangladesh
ICTD	Information and Communication Technology Division
ICTD	Information and Communication Technology Department of Bangladesh Bank
IDCOL	Infrastructure Development Company Limited
IDLC	Industrial Development Leasing Company
IDRA	Insurance Development and Regulatory Authority
IDTP	Interoperable Digital Transaction Platform
IPDC	Industrial Promotion and Development Company
IRD	Internal Resources Division
ISB	Islami Sharia'h Based Bank
JFPR	Japan Fund for Prosperous and Resilient Asia and the Pacific
KYC	Know-Your-Customer
LDC	Least Developed Country
MFI	Micro Finance Institution
MFS	Mobile Financial Services
MoA	Ministry of Agriculture
MoC	Ministry of Commerce
MoDMR	Ministry of Disaster Management and Relief
MoEWOE	Ministry of Expatriates' Welfare & Overseas Employment
MoF	Ministry of Finance
MoHFW	Ministry of Health and Family Welfare
MoI	Ministry of Industry
MoLE	Ministry of Labor and Employment
MoLGRD	Ministry of Local Governments, Rural Development and Cooperatives
MoLJPA	Ministry of Law, Justice and Parliamentary Affairs
MoPME	Ministry of Primary & Mass Education
MoSW	Ministry of Social Welfare
MoWCA	Ministry of Women & Children Affairs
MoYS	Ministry of Youth and Sports
MRA	Micro-Credit Regulatory Authority
NAU	NFIS Administrative Unit
NFIS	National Financial Inclusion Strategy



NBR	National Board of Revenue
NCTB	National Curriculum and Textbook Board
NFA	No-Frill Account
NGO	Non-Governmental Organization
NID	National Identity Card
NNC	NFIS National Council
NPSB	National Payment Switch Bangladesh
NSC	NFIS Steering Committee
NSD	National Savings Department
OECD	Organisation for Economic Co-operation and Development
OECD/INFE	OECD International Network on Financial Education
PCB	Private Commercial Bank
PKSF	Palli Karma Sahayak Foundation
PTD	Posts and Telecommunication Division
PSD of MoHA	Public Security Division of Ministry of Home Affairs
PSD	Payment Systems Department
PSO	Payment System Operator
PSP	Payment Service Provider
QR	Quick Response
RTGS	Real Time Gross Settlement
RTHD	Road Transport and Highway Division
SABINCO	Saudi-Bangladesh Industrial and Agricultural Investment Company Limited
SB	Specialized Bank
SDF	Social Development Foundation
SDG	Sustainable Development Goal
SFD	Sustainable Finance Department
SHED	Secondary and Higher Education Division
SID	Statistics and Informatics Division
SMEF	Small and Medium Entrepreneurs Foundation
SME & SPD	SME & Special Programmes Department
SOCB	State Owned Commercial Bank
TMED	Technical and Madrasa Education Division
UNSGSA	UN Secretary-General's Special Advocate for Inclusive Finance for Development
WEDU	Women Entrepreneur Development Unit
WFID	Women Financial Inclusion Data



# CHAPTER 1

## Financial Inclusion in Bangladesh

In Bangladesh, financial inclusion is not just an objective but a necessity for sustainable development. The government of Bangladesh has shown a strong commitment to align financial inclusion initiatives with its broader vision that entails leveraging technology to create an inclusive digital economy where every citizen can participate and be benefited. With initiatives like the National Financial Inclusion Strategy (NFIS) and the widespread adoption of mobile banking and digital payment systems, Bangladesh is on a promising path towards achieving financial inclusion goals. The government's proactive policies, coupled with the efforts of financial institutions and technology providers, are paving the way for a more inclusive, resilient, and prosperous future for all citizens. This report underscores the progress made, challenges faced, and the roadmap ahead for making financial services accessible to everyone in Bangladesh.

The government of Bangladesh has clearly stated its goal in the NFIS to achieve social cohesion and stability by ensuring access to and usage of quality financial services for all by June 2026. This Financial Inclusion Report portrays a glimpse of the overall condition of financial inclusion in Bangladesh until December 2023 by using the data collected from banks, finance companies (FCs), microfinance institutions (MFIs), mobile financial services providers (MFSPs), capital market intermediaries (CMI), and insurance companies by the measures of access, usage, and quality.

### 1.1 Overview: Where Bangladesh Stands

**Access Point Information:** At present, 61 banks and 35 finance companies are providing financial services throughout the country. These banks and FCs have 11,284 and 260 branches respectively. On the other hand, 731 microfinance institutions with 25,567 branches are providing their services. 13 MFSPs are also working to facilitate the people with mobile financial services. Besides, 1,176 CMIs are working to facilitate capital market customers. Among the total number of bank branches and sub-branches, 46.81% branches and 48.49% sub-branches are rural-based; and all branches are providing online services.

Table 1.1: Access Point Information (as on December 2023)					
Components	Banks	FCs	MFIs	CMIs	MFSPs
Number of Institutions	61	35	731	1,176	13
Total Branches	11,284	260	25,567	-	-
% of Rural Branches	46.81%	27.69%	-	-	-
% of Online Branches	100%	33.08%	-	-	-
% of Rural Sub-branches	48.49%	-	-	-	-

Data Source: BB, MRA & BSEC

The above data unveil a promising glimpse into Bangladesh's financial inclusion landscape, and indicates the areas of further development. Nearly half of all bank branches and sub-branches being located in rural areas reveal a commitment to extending financial services beyond urban centers. The extensive network of financial service providers, focus on rural areas, and adoption of mobile financial services demonstrate a dedication to financial inclusion. However, promoting financial literacy and ensuring a wider range of financial products in rural areas are crucial for further progress.



**Account Information:** Bangladesh, with a population of around 170 million, has over 160 million accounts in its scheduled banks. Another notable statistic is the number of Mobile Financial Service (MFS) accounts, which exceeds 210 million across the country. MFIs are also serving more than 40 million people, of which a significant part is rural population. Among the total bank accounts, 47.11% accounts are in rural areas and 32.36% accounts are owned by female customers. It is mentionable that around 60% of the individual account holders belong to the 31-60 years age group. In case of MFS, more than 55% accounts are opened in rural areas, and more than 41% account holders are female. Regarding MFI accounts, around 90% account holders are female.

Table 1.2: Number of Accounts (as on December 2023)					
Institutions	Rural	% of Rural a/c	Urban	% of Urban a/c	Total
Banks	76,444,850	47.11%	85,822,469	52.89%	162,267,319
FCs	137,223	21.65%	496,722	78.35%	633,945
MFSPs	120,121,419	55.48%	96,400,590	44.52%	216,522,009
MFIs	-	-	-	-	40,936,643
B/O account in CMIs	-	-	-	-	17,32,586

Data Source: Banks, FCs, MFSPs, MRA, BSEC

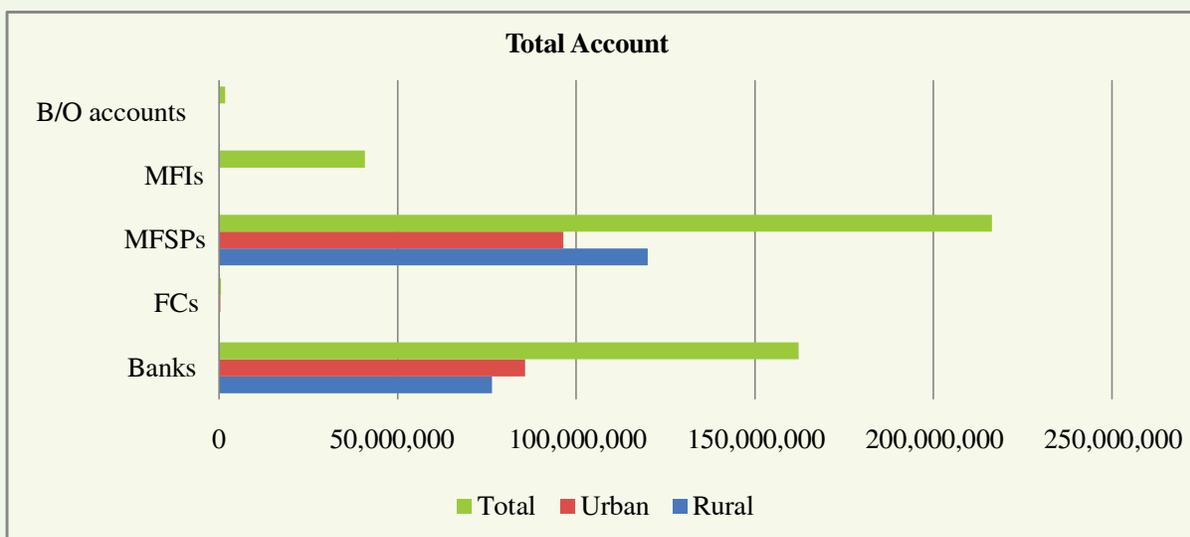
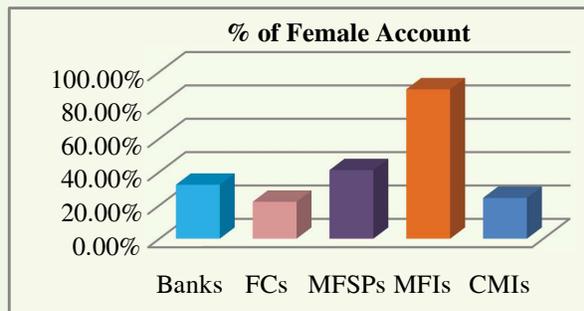


Table 1.3: % of Female Account (as on December 2023)	
Institutions	% of Female Account
Banks	32.36%
FCs	22.12%
MFSPs	41.09%
MFIs	89.55%
CMIs	24.43%



Data Source: Banks, FCs, MFSPs, MRA, BSEC



Bangladesh demonstrates impressive success in expanding financial inclusion through high account penetration. This signifies a noteworthy increase in access to financial services for a large portion of the population. While the number of female account holders is increasing (32.36% for banks, 41% for MFS), a significant gap remains. This highlights the need for targeted initiatives to empower women to actively participate in the financial system. The high account penetration rates, particularly in rural areas, and the success of microfinance in reaching women are positive signs. However, addressing the gender gap and ensuring active account usage are crucial for achieving more inclusive and sustainable financial growth.

**Agent Banking:** In Bangladesh, with a vast population spread across diverse landscapes, traditional bank branches might not always be readily accessible. This is where agent banking steps in, playing a vital role in promoting financial inclusion. People can avail various banking services, including deposits, loans, foreign and domestic remittances, and payment services (such as utility bills, taxes, and government social safety benefits) through agent banking outlets.

Table 1.4: Agent Banking Data (as on December 2023)			
Components	Rural	Urban	Total
Total Outlets	18,475	3,126	21,601
Total Accounts	18,419,080	3,000,895	21,419,975

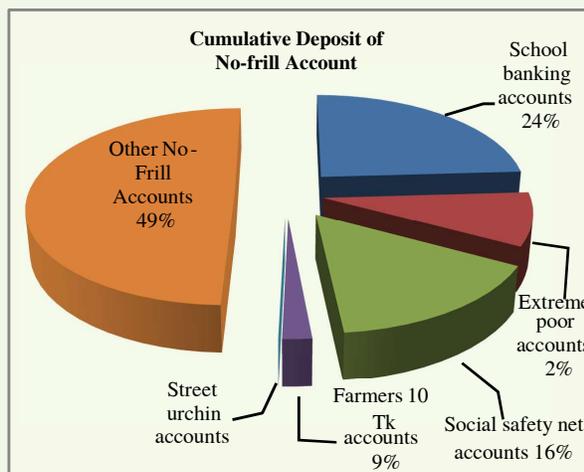
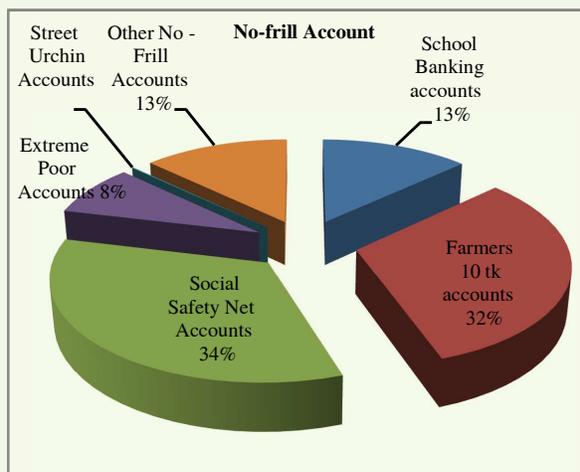
*Data Source: Financial Inclusion Department, BB*

The data reveals a significant expansion of rural agent banking outlets. With over 80% outlets (18,475) located in rural areas compared to just 3,126 in urban areas. This distribution reflects a targeted effort to expand financial inclusion beyond urban centers. While a focus on rural areas is crucial, it's also important to assess the density of outlets within these regions. An overconcentration in specific locations could leave other rural areas underserved. The number of rural agent banking accounts (around 74% of the total) follows a similar trend to outlets. This reveals outreach efforts are leading to account creation. However, it's also essential to assess account usage, which can maximize the impact of agent banking.

**No-frill Accounts (NFAs):** No-frill accounts, also known as basic savings accounts or zero-balance accounts, have been playing a crucial role in expanding financial inclusion, particularly for low-income individuals and those residing in underserved communities. NFAs include the accounts opened with an initial deposit of Tk. 10/50/100 by low-income people, school students under 18 years of age, and street urchins or working children. As of December 2023, the total number of NFAs was 30,893,887. Among them, social safety net accounts had the highest share, and school banking accounts had the highest amount of deposits.

Table 1.5: No-frill Accounts						
Number of Account as of Dec 23				Cumulative Deposit as of Dec 23 (in million BDT)		
No-frill Accounts	Rural	Urban	Total	Rural	Urban	Total
School Banking Accounts	2,209,234	1,846,005	4,055,239	6,146.84	15,666.97	21,813.80
Farmers 10 Tk Accounts	7,759,569	2,019,904	9,779,473	5,559.68	2,346.73	7,906.41
Social Safety Net Accounts	7,850,498	2,637,853	10,488,351	8,550.43	5,627.58	14,178.01
Extreme Poor Accounts	2,123,465	435,819	2,559,284	1,298.31	477.52	1,775.83
Street Urchin Accounts	696	36,820	37,516	0.95	3.94	4.89
Other No-Frill Accounts	2,176,997	1,797,027	3,974,024	14,278.88	30,635.88	44,914.76
<b>Total</b>	<b>22,120,459</b>	<b>8,773,428</b>	<b>30,893,887</b>	<b>35,835.09</b>	<b>54,758.61</b>	<b>90,593.70</b>

Data Source: Statistics Department, BB



The above data reveals a significant skew towards rural areas in terms of account numbers. Over 70% of all no-frill accounts belong to rural areas across all categories except School Banking Accounts, which tend to be concentrated in urban areas having more schools. Social Safety Net Accounts and Farmers' 10 Taka Accounts hold the top two spots among all types of no-frill accounts. This indicates a focus on reaching out to these specific segments of the population. Overall, the data on no-frill accounts depicts a positive picture of financial inclusion efforts in Bangladesh, particularly in rural areas. But it needs to take strategies to promote a culture of saving among rural account holders to lessen the gap in deposit value between rural and urban areas. Besides, tailored programs should be designed to reach the extremely poor and street urchin populations more effectively.

**Financial Literacy Program:** Bangladesh Bank recognizes the crucial role of financial literacy in fostering financial inclusion and empowering citizens. BB issued comprehensive Financial Literacy Guidelines in 2022. It outlines a framework for banks and financial institutions (FIs) to arrange financial literacy programs for their customers. These programs aim to empower individuals with the knowledge and skills necessary to make informed and responsible financial decisions, teach them how to build a financial safety net and be prepared for the future. All the financial institutions are arranging financial literacy programs for creating awareness and developing financial skills among people.

**Table 1.6: Financial Literacy Programs by FSPs in October-December 2023**

	Number of Programs Organized	Number of Participants
Banks	1,296	373,632
FCs	90	1,310
MFSPs	724	37,493
CMI	30	5,425

Data Source: Banks, FCs, MFSPs, MRA, BSEC

The above data provides a glimpse of financial literacy (FL) programs organized by different financial service providers (FSPs) in Bangladesh during the last quarter of 2023. It shows banks conducted most FL programs, organizing over 1,200 programs and reaching nearly 374,000 participants. Initiatives to incentivize FCs, MFSPs, and CMIs could make them able to arrange more FL programs. At the same time, the quality and effectiveness of the programs are equally important.

## 1.2 Trend Analysis

### 1.2.1 Banks & Finance Companies

Banks and finance companies (FCs) are the backbone of access point penetration for financial inclusion in Bangladesh due to their extensive branch networks. These networks stretch across the country, reaching both urban centers and remote villages. This widespread presence allows them to offer financial services, including opening accounts, depositing and withdrawing money, and potentially applying for loans, directly to communities. Banks and finance companies access point information are given below:

**Table 1.7: Access Point Penetration**

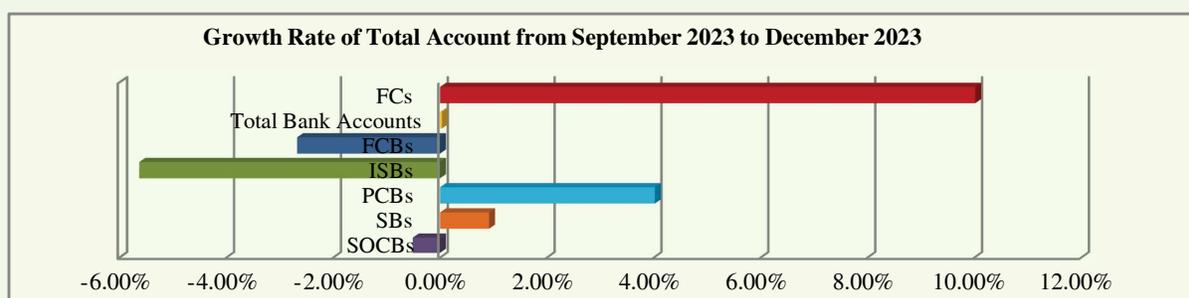
Components	September 2023		December 2023	
	Banks	FCs	Banks	FCs
Number of Institutions	61	35	61	35
Total Branches	11,233	225	11,284	260
Number of Rural Branches	5,307	55	5,290	72
Number of Sub Branches	3,951	-	4,201	-
% of Rural Branches	47.18%	24.44%	46.81%	27.69%
% of Online Branches	100%	47.11%	100%	33.08%
% of Rural Sub-branches	48.77%	-	48.49%	-
Number of ATM	13,623	-	13,436	-
Number of CDM	289	-	263	-
Number of CRM	3,717	-	4,035	-
Number of POS	106,451	-	108,469	-

Data Source: Statistics Department, BB, FCs



Table 1.8: Rural/Urban Accounts of Banks & FCs						
Institutions	September 2023			December 2023		
	Rural	Urban	Total	Rural	Urban	Total
SOCBs	30,822,784	23,766,216	54,589,000	30,479,683	23,831,695	54,311,378
SBs	15,516,705	3,031,392	18,548,097	17,325,788	1,392,288	18,718,076
PCBs	18,219,219	35,226,256	53,445,475	18,743,065	36,851,105	55,594,170
ISBs	10,780,363	24,066,313	34,846,676	9,887,031	22,998,652	32,885,683
FCBs	22,264	756,562	778,826	9,283	748,729	758,012
Total Bank Accounts	75,361,335	86,846,739	1,62,208,074	76,444,850	85,822,469	1,62,267,319
FCs	133,650	442,579	576,229	137,223	496,722	633,945

Data Source: Banks, FCs

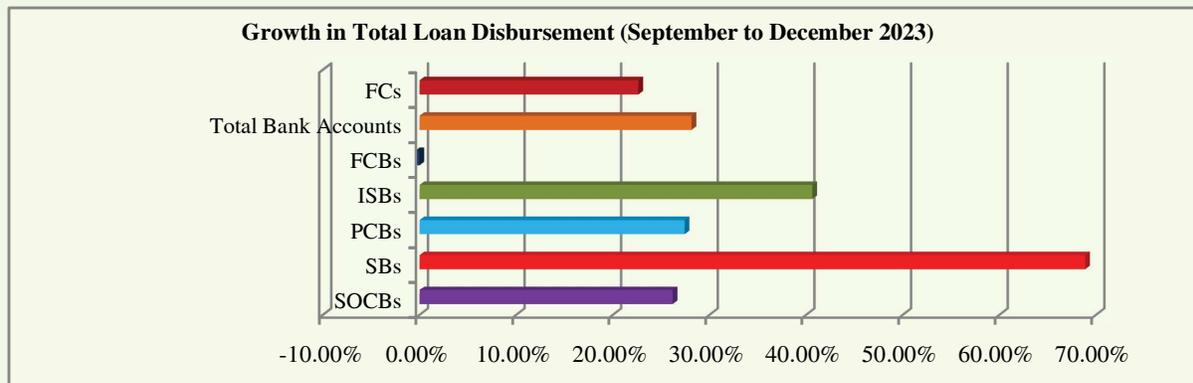


The above statistics provide insights into the status of access point penetration in Bangladesh for banks and finance companies between September and December 2023. During the period, there was no significant growth in the total bank account numbers. Private commercial banks made around 4% growth, which was pulled back by the negative growth (around 5%) of Islami Shariah Based Banks. On the contrary, the growth rate of quarterly disbursement of loans in Islami Banks had taken a sharp rise. The data on access point penetration gives a mixed picture. There's a slight increase in the total number of branches; a deeper analysis is needed to understand the geographical distribution, particularly the focus on rural areas. Additionally, promoting online banking, CDMs, and digital transactions through POS terminals could further enhance access to financial services.

Table 1.9: Total Loan Disbursement by Banks & FCs (in million BDT)						
Institutions	September 2023			December 2023		
	Rural	Urban	Total	Rural	Urban	Total
SOCBs	47,053.74	152,380.41	199,434.15	66,398.26	185,264.65	251,662.91
SBs	29,037.76	10,854.50	39,892.26	59,521.65	7,845.15	67,366.80
PCBs	72,608.61	1,200,411.96	1,273,020.57	96,479.14	1,525,716.37	1,622,195.51
ISBs	57,498.85	589,401.98	646,900.83	66,016.50	843,783.66	909,800.16
FCBs	341.29	293,392.27	293,733.56	44.12	292,285.54	292,329.66
Total Disbursement of Banks	206,540.24	2,246,441.12	2,452,981.36	288,459.67	2,854,895.37	3,143,355.04
Total Disbursement of FCs	10,041.66	36,452.31	46,493.98	6,739.00	50,278.57	57,017.57

Data Source: Banks, FCs





The above statistics clearly illustrate that banks are the primary drivers of loan disbursement in Bangladesh. However, a significant urban bias exists, Initiatives are needed to encourage banks and finance companies to increase lending in rural areas, coupled with efforts to improve financial literacy among borrowers to ensure responsible loan management to promote inclusive growth across the country.

**Agent Banking:** Bangladesh Bank introduced agent banking in Bangladesh in 2013 with a view to providing an alternate delivery channel of banking services to the under-served population of geographically remote locations where the formal banking networks are limited. At present, 31 banks are continuing agent banking operations. From July-September 2023 to October-December 2023 quarter, outlets of agent banking are gradually increasing, and also agent banking account numbers, loan disbursement, utility bill payments, and deposit volume are growing consistently.

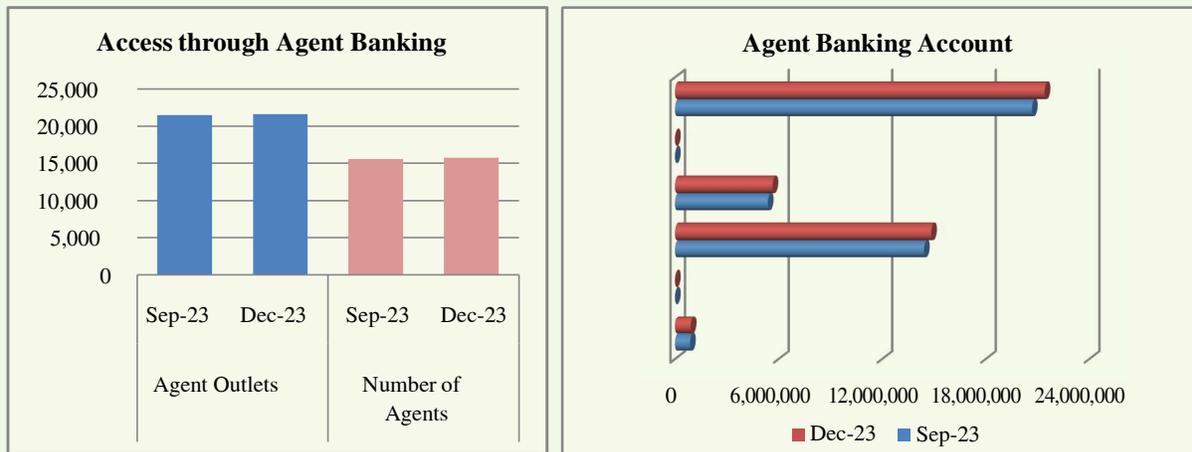
**Table 1.10: Access through Agent Banking**

Institutions	Agent Outlets		Number of Agents		Total Accounts	
	Rural	Urban	Total	Rural	Urban	Total
SOCBs	793	794	793	794	874,361	919,653
PCBs	16,599	16,657	10,922	11,044	14,428,311	14,844,495
ISBs	4,056	4,150	3,825	3,919	5,381,865	5,655,827
<b>Total</b>	<b>21,448</b>	<b>21,601</b>	<b>15,540</b>	<b>15,757</b>	<b>20,684,537</b>	<b>21,419,975</b>

**Table 1.11: Services Provided by Agent Banking (in million BDT)**

Institutions	Loan Disbursement		Deposit	
	Sep-23	Dec-23	Sep-23	Dec-23
SOCBs	461.38	492.42	21,212.09	21,925.48
PCBs	129,104.28	139,164.47	141,625.24	148,168.26
ISBs	12,360.84	14,416.36	189,170.29	193,487.62
<b>Total</b>	<b>141,926.50</b>	<b>154,073.25</b>	<b>352,007.62</b>	<b>363,581.36</b>

Data Source of Table 1.10 & 1.11: Financial Inclusion Department, BB



**No-frill Account:** Bangladesh Bank has implemented various initiatives to ensure financial services to reach all segments of society, including the introduction of no-frill accounts for marginalized individuals. These accounts require neither a minimum balance nor any service charge/fee. On the contrary, relatively higher interest rates than the existing savings rates are offered in these accounts to augment welfare of the low-income people. The targeted people of these accounts include farmers, RMG workers, extremely poor, the beneficiaries of the Social Safety Net (SSN) programs etc. NFAs also include the School Banking Accounts (SBAs) where students under the age of 18 years can open bank accounts with an initial deposit of BDT 100 only.

Table 1.12: No-frill Accounts				
Institutions	Total Accounts		Cumulative Deposits (in million BDT)	
	Sep-23	Dec-23	Sep-23	Dec-23
School Banking accounts	3,938,098	4,055,239	22,324.82	21,813.80
Farmers 10 Tk accounts	9,597,443	9,779,473	7,804.03	7,906.41
Social Safety Net Accounts	10,613,271	10,488,351	13,794.07	14,178.01
Extreme Poor Accounts	2,564,177	2,559,284	1,639.88	1,775.83
Street Urchin Accounts	37,483	37,516	5.07	4.89
Other No-Frill Accounts	3,913,218	3,974,024	33,188.70	44,914.76
<b>Total</b>	<b>30,663,690</b>	<b>30,893,887</b>	<b>78,756.57</b>	<b>90,593.70</b>

Data Source: Statistics Department, BB

Between September and December 2023, the overall number of No-Frill accounts increased by 0.75%. Cumulative deposits across these accounts experienced a substantial growth, increased by 15.03%. School Banking Accounts increased by 2.97% despite a 2.29% decline in deposits. Farmers 10 Tk Accounts experienced a slight growth in both accounts and deposits, by 1.90% and 1.31% respectively.

The overall trend indicates a positive movement towards financial inclusion, with significant increases in deposits reflecting growing trust and engagement with financial services among the marginalized populations, though the number of Social Safety Net and Extremely Poor Accounts showed slight declines. Notably, other No-Frill accounts exhibited a significant rise in deposits, highlighting the effectiveness of Bangladesh Bank's initiatives to enhance financial inclusivity and savings among marginalized populations.

### 1.2.2 Microfinance Sectors

The microcredit program in Bangladesh is a robust initiative implemented by a diverse array of entities, including NGOs, the Grameen Bank, various government-owned banks, private commercial banks, and specialized programs within government ministries. This extensive network employs nearly 200,000 people in microfinance institutions (MFIs) and the Grameen Bank, underscoring the sector's significant role in the national economy. Approximately 40 million individuals are getting direct benefit from these programs, which provide essential financial services to the poor, enabling them to engage in various income-generating activities and improve their livelihoods.

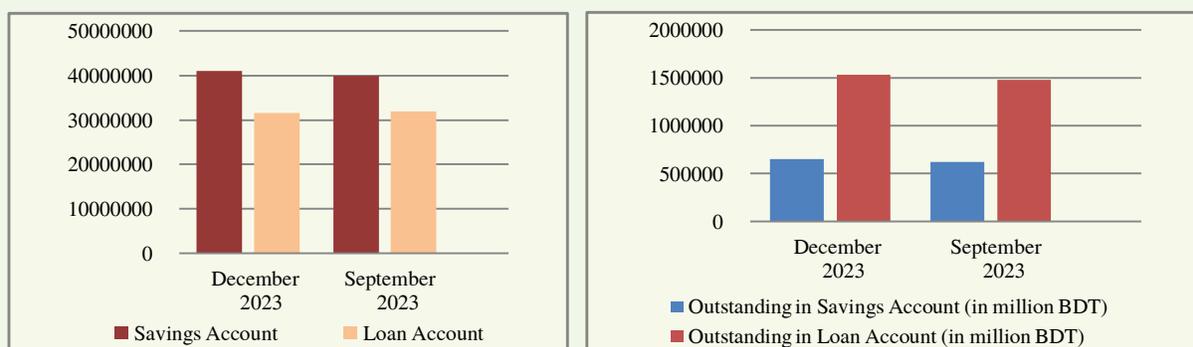
The establishment of the Microcredit Regulatory Authority (MRA) under the 'Microcredit Regulatory Authority Act, 2006' marks a significant milestone in the sector's development. To date, 731 microfinance institutions have been licensed by the MRA, reflecting the program's expansive reach and regulatory oversight.

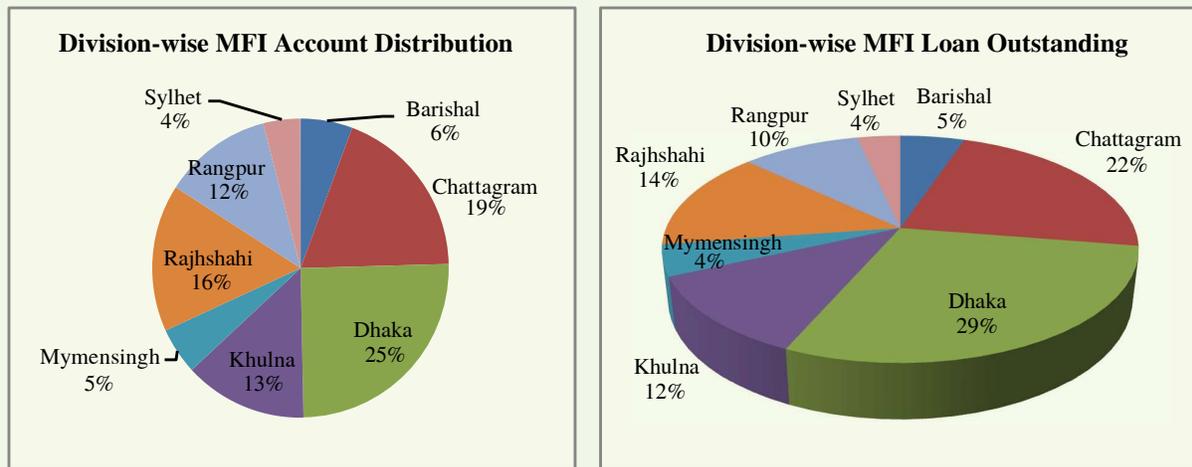
Components	September 2023	December 2023
Number of MFI	731	731
Number of MFI branch	25,348	25,567
Total Account	39,860,018	40,936,643
Savings Account	39,860,018	40,936,643
Loan Account	31,872,963	31,560,684
Savings volume (in million BDT)	618,811.40	648,582.34
Outstanding Loan (in million BDT)	1,474,505.15	1,529,333.99

Data Source: MRA

The microfinance sector in Bangladesh maintained stability and modest growth from September to December 2023, as evidenced by the above key metrics. Number of MFIs remained consistent at 731 throughout the period, while number of MFI Branches increased slightly from September to December 2023, indicating continued expansion of outreach. Total accounts grew from 39,860,018 to 40,936,643 reflecting an increase in savings accounts.

Overall, the data underscores the resilience and expansion of the MFI sector in Bangladesh, with a notable focus on savings growth and significant outstanding loans, despite minor fluctuations in loan account numbers. This stability and growth indicate continued confidence in microfinance as a tool for financial inclusion and economic empowerment in the country.





The progress of the microcredit sector in Bangladesh is evident in the widespread economic empowerment and poverty alleviation it has facilitated. By providing access to credit and financial services to those traditionally excluded from the formal banking system, the microcredit program has played a crucial role in fostering entrepreneurship and economic resilience among the poor. This qualitative advancement highlights the transformative impact of microfinance in promoting inclusive development and financial stability across the country.

### 1.2.3 Mobile Financial Services (MFS) Providers

Mobile Financial Services (MFS) are reshaping the banking landscape in Bangladesh, propelling the nation closer to its dream of digital banking and cashless transactions. Over the past few years, MFS has emerged as a game-changer, successfully bringing a substantial number of previously unbanked poor populations into the formal financial system. These populations, residing in both rural and urban areas, were long denied access to traditional banking services. However, the advent of MFS has paved the way for their inclusion, empowering them with newfound financial opportunities and bridging the gap between the unbanked poor and formal financial services. Currently, 10 banks and 3 subsidiary companies are providing MFS as an alternative payment channel. As of December 2023, the MFS accounts stood at 216.5 million with 13 MFS providers in Bangladesh, a country with a population of 170 million, as many individuals maintain multiple MFS accounts.

Table 1.14: Overview on Mobile Financial Services (MFS)		
Components	September 2023	December 2023
MFS Agents	1,502,376	1,602,874
Total Accounts	209,457,704	216,522,009
Total Female Accounts	86,098,237	88,967,886

Data Source: Statistics Department, BB

Table 1.15: Overview on MFS Transactions		
Components	September 2023	December 2023
All Transactions (in million BDT)	3,159,638.26	3,646,461.36
G2P (in million BDT)	1,298.51	28,071.44
Utility Bills Payments (in million BDT)	91,685.54	91,071.96
Inward Remittances (in million USD)	409.23	330.50
Accounts using for Monthly Deposit to Banks/FCs	444,955	399,911
Accounts availing loans from Banks/FCs	127,539	128,208

Data Source: MFSPs

The mobile financial services (MFS) sector in Bangladesh demonstrated substantial growth and resilience from September to December 2023. The data highlights a robust growth trajectory in the MFS sector in Bangladesh, characterized by increasing agent networks, account penetration, and transaction volumes. The surge in G2P payments underscores MFS's role in facilitating government welfare disbursements. During this period, MFS agents increased by approximately 6.7%, while total accounts grew by around 3.4%, with female accounts increasing by about 3.3%. Total transactions surged by approximately 15%. Overall, MFS continues to play a pivotal role in expanding financial inclusion, enhancing transaction efficiency, and supporting economic activities across the country.

#### 1.2.4 Capital Market Intermediaries

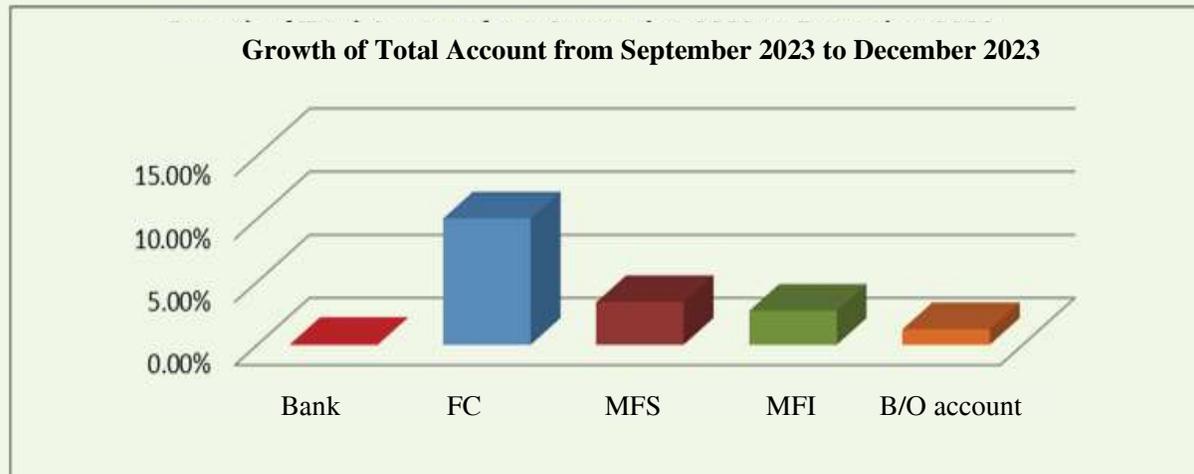
In last two decades, capital market witnessed number of institutional and regulatory advancements which has resulted diversified capital market intermediaries (CMIs). Bangladesh Securities and Exchange Commission (BSEC), the regulator of CMIs, is actively engaged in fostering the development of the Bond Market to establish a diversified and resilient capital market within Bangladesh. It plays a pivotal role in regulating and overseeing the securities market in Bangladesh. By maintaining a stable and well-regulated financial environment, BSEC instills confidence among investors, both domestic and foreign, thereby promoting greater participation in the capital market and fostering financial inclusion.

Table 1.16: Overview on Capital Market Intermediaries		
Components	September 2023	December 2023
Number of CMIs	1,149	1,176
Total Account	1,711,708	1,732,586
% of Female Account	24.41%	24.43%
% of BO account using mobile app	2.80%	2.39%

Data Source: BSEC



The CMI landscape witnessed a modest growth between September and December 2023. The number of CMIs increased to 1,176, which potentially indicates a more competitive environment for investors. This growth was accompanied by a rise of 20,878 in total accounts, suggesting an increase in investor participation. Interestingly, the gender distribution among these accounts remained fairly constant, with female representation hovering around 24.4%. However, a concerning trend emerged in mobile app usage. The percentage of BO accounts accessed through mobile apps dipped by 0.41%.



Bangladesh's ambition to become a developed nation hinges on financial inclusion, not just for social good, but as a powerful economic driver. To build a truly inclusive and prosperous society, we need to empower women entrepreneurs by equipping them with the financial tools they need to be succeeded. Digitizing the financial system is crucial to make financial services accessible and convenient for everyone. Additionally, building robust financial infrastructure ensures the system can handle the country's large population. Finally, reaching the most vulnerable— the extreme poor, isolated communities, and indigenous populations— is essential to bridge the financial gap.

The NFIS Administrative Unit (NAU) is at the forefront of this effort, collaborating with all stakeholders involved in the National Financial Inclusion Strategy (NFIS). This collaborative approach is yielding positive results. Progress is being observed across all aspects of financial inclusion, including access, usage, and quality. The number of access points offered by financial service providers (FSPs) is increasing, and accounts across various institutions like banks, finance companies, microfinance institutions, MFS providers, and capital market intermediaries have all shown steady growth from September to December 2023. Furthermore, institutions are continuously working to improve the quality of their services. These positive indicators demonstrate that Bangladesh is on a steady path towards a more inclusive financial future.

# CHAPTER 2

## Financial Inclusion Initiatives in Bangladesh

### 2.1 Digital Financial Services in Bangladesh

Financial system of Bangladesh has undergone a significant transition in recent times, mostly attributable to the implementation of digital financial services (DFS). Through innovative strategies and collaborative efforts, technology has been leveraged to extend financial services to previously underserved communities and to create more use cases that were already banked. Lots of ground breaking initiatives have been taken regarding establishing DFS throughout the country which have been influencing financial inclusion in Bangladesh significantly.

#### 2.1.1 Mobile Financial Services

Since the inception of MFS, it has proved to be the finest integration of finance and technology in Bangladesh. MFS has significantly contributed to rural-urban fund flow as efforts are being made to popularize mobile money as a viable alternative to physical and plastic money. In recent years, MFS have significantly bolstered financial inclusion in Bangladesh. MFS platforms have ensured access to payment and in some cases expanded access to banking services, especially in rural areas lacking traditional banking infrastructure. Because of its simplicity of use, there is less need for cash transactions, which promotes financial inclusion and the economic empowerment of women across the country.

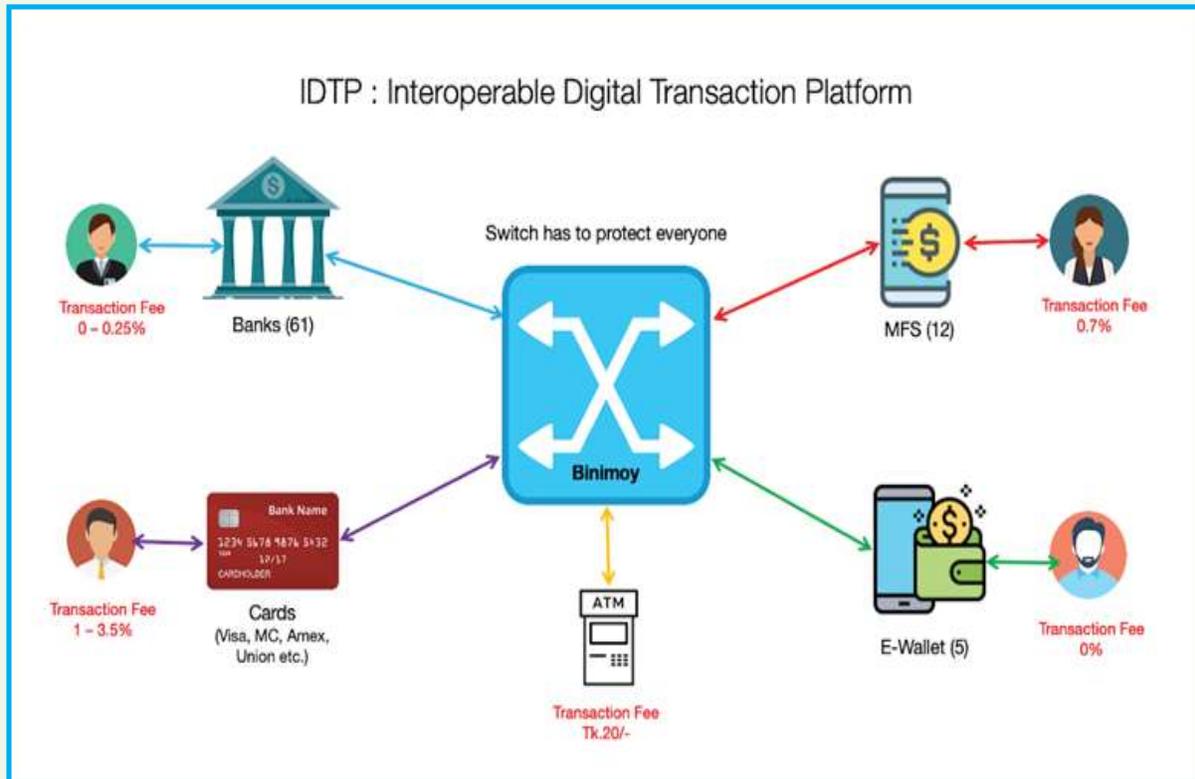
#### 2.1.2 Bangla QR

The introduction of Bangla QR marks a significant advancement in Bangladesh's journey towards financial inclusion. This interoperable QR code payment system has revolutionized transaction processes, particularly benefiting small businesses, enabling even the smallest street-vendors to participate in the formal financial system without the need for infrastructure and documentation process. Bangla QR serves as a catalyst for creating digital access point of micro-entrepreneurs to access formal financial services through its user-friendly design.



### 2.1.3 IDTP - Binimoy

Interoperable Digital Transaction Platform (IDTP) called Binimoy is one of the revolutionary steps to enable the instant transfer of money from one platform to another and vice versa within banks, mobile financial services (MFS) providers, and payment service providers (PSPs). Binimoy acts as a bridge for transactions between consumers, merchants, PSPs, e-wallets, banks, finance companies, government, and private institutions. It makes all types of financial transactions cost-effective, simple, and transparent, such as the disbursement of employees' salaries, sending remittances, payment of taxes/VAT, payment of utility bills, and e-commerce related transactions.



### 2.1.4 TakaPay

Bangladesh Bank has introduced its first ever national debit card called 'TakaPay' aiming to reduce reliance on international cards, and also minimize the outflow of foreign currency. Initially, the state-owned Sonali Bank PLC, as well as two private commercial banks City Bank PLC and Brac Bank PLC has been given responsibility to issue the 'TakaPay' card in collaboration with BB. TakaPay will provide services nationally through the use of National Payment Switch of Bangladesh, an electronic payment platform operated by the BB. This card can be used at all ATMs, points of sales and online platforms in the country. Initially it will be used as a debit card but in the future Taka Pay credit card will also come.



### 2.1.5 Payment Systems Digitization

National Payment Switch Bangladesh (NPSB) has been operationalized by BB in 2012. Introduction of NPSB was a game-changer for financial inclusion and economic activity in Bangladesh. It plays a crucial role in establishing interoperability among participating banks for their account and card-based transactions. Currently, it caters interbank Automated Teller Machines (ATM), Point of Sales (POS) and Internet Banking Fund Transfer (IBFT) transactions processed through any other member bank connected to the network. This eliminates the need for separate systems for each bank and creates a seamless experience for users. NPSB acts as the backbone for a more inclusive, convenient, and secure digital payments ecosystem in Bangladesh.

Bangladesh Electronic Funds Transfer Network (BEFTN) facilitates country's paperless electronic inter-bank funds transfer system. This network can handle credit transfers such as payroll, foreign and domestic remittances, social security payments, company dividends, bill payments, corporate payments, tax payments and person to person payments. At the same way it accommodates debit transactions like utility bill payments, insurance premium payments, Club/Association payments, EMI payment etc. At present, most of government salary, social benefits, all social safety net payments and other government payments are processed through BEFTN. The system plays a vital role in supporting economic activity and fostering financial inclusion within the country by promoting efficiency, security, and wider access to electronic fund transfers.

Bangladesh Automated Cheque Processing Systems (BACPS) is the state-of-the art cheque clearing facility, it's a revolutionary system that has significantly transformed the cheque clearing system in Bangladesh, which was previously a tedious, semi-automated process. It uses the Cheque Imaging and Truncation (CIT) technology for electronic presentment and payment of paper-based instruments (i.e. cheque, pay order, dividend & refund warrants, etc). The efficiency and speed introduced by BACPS contribute to a more efficient financial system. Faster turnaround times for cheques improve liquidity and

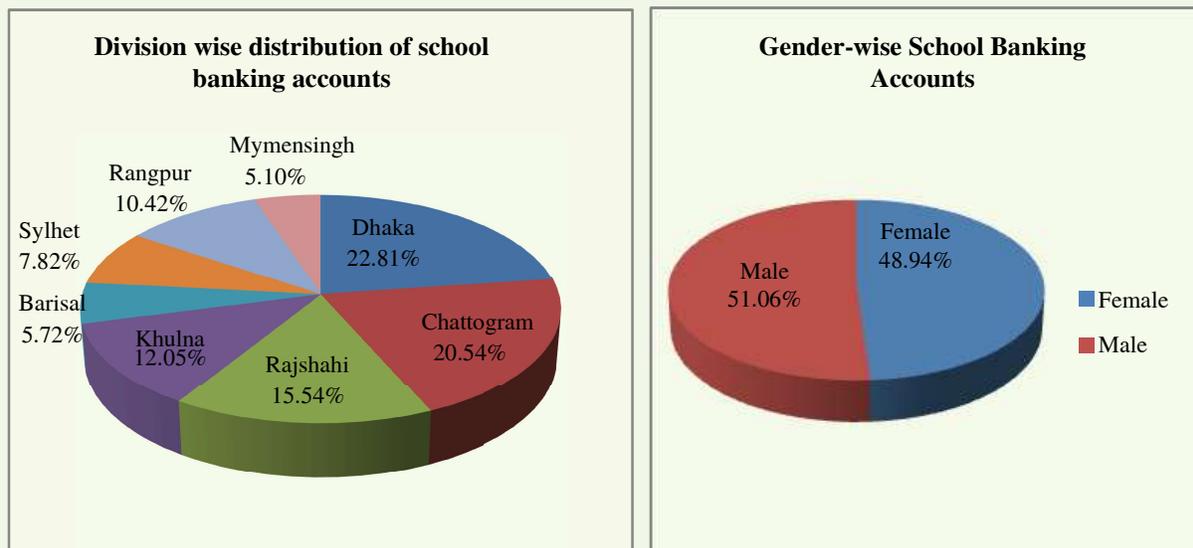
stimulate economic activity. Overall, BACPS plays a critical role in modernizing Bangladesh's financial infrastructure. It fosters efficiency, transparency, and cost-effectiveness in cheque clearing, ultimately contributing to a more robust and dynamic economy.

Real Time Gross Settlement (BD-RTGS), launched in October 2015, isn't just another digital initiative; it's a milestone transformation for high-value transactions in Bangladesh. BD-RTGS facilitates instant settlement of large-value transactions between banks. This eliminates the waiting period typically associated with traditional methods, significantly speeding up financial operations. Faster settlements translate to quicker access to funds, improving cash flow for businesses and fostering quicker completion of high-value transactions. BD-RTGS promotes efficiency, reduces risk, and fosters a more secure environment for large payments, ultimately contributing to the growing economy.

## 2.2 School Banking

School Banking stands out as a significant initiative in financial inclusion. The program was launched with the objective of instilling a culture of saving among students from an early age. It provides access to banking services and familiarizes students under 18 years old with modern financial tools and digital literacy. Bangladesh Bank issued directives to banks to implement School Banking in November 2010 and later formulated a comprehensive policy in October 2013. These policies pave the way for the conversion of School Banking Accounts (SBAs) into standard savings accounts once the students reach 18 years of age, contingent upon the consent of the account holder.

A special program named 'School Banking Conference' had been designed in 2014. Accordingly, school banking conferences are being arranged at the district-level of Bangladesh through lead bank model. Students from different educational institutions, parents, teachers, government officials, journalists of that locality participate, learn and share financial knowledge through various activities.



Source: Quarterly Reports on No-Frill Accounts (October-December, 2023), Bangladesh Bank

School Banking emerges as a powerful tool for financial inclusion in Bangladesh. Recognizing the importance of fostering responsible financial habits early on, the program was launched to cultivate a culture of saving among students. School Banking equips them with the knowledge and tools to navigate the financial world confidently. This innovative initiative by the central bank is proving remarkably successful. The number of accounts and deposits within School Banking programs are witnessing a constant upward trend, demonstrating its growing popularity and impact. Notably, statistics reveal a near-equal participation rate between male and female students, signifying a positive step towards achieving gender equality in financial inclusion in the young groups. School Banking's success highlights its potential to empower young minds and contribute to a financially inclusive future for Bangladesh.

### **2.3 Banking for the Under-privileged Children**

In a progressive move towards financial inclusion, Bangladesh Bank is encouraging banks to extend financial services to a previously overlooked segment: street urchins and working children. By providing access to bank accounts, Bangladesh Bank aims to protect their hard-earned money from theft or loss. This fosters financial security and empowers these children to manage their resources effectively, make informed financial decisions later in life and break the cycle of poverty.

Children lacking parental or legal guardianship can open accounts with designated banks through registered Non-Governmental Organizations (NGOs). These NGOs take full responsibility for managing the accounts and ensuring the welfare of the account holders. Notably, no fees are levied for these accounts. As of December 2023, 19 banks have opened 37,791 street urchin accounts through 53 NGOs. The total amount of deposit in these accounts reached BDT 10.59 million at the end of the reporting quarter.

### **2.4 Secured Transactions (Moveable Property) Act, 2023**

Bangladesh recently took a significant step forward in fostering a more dynamic business environment with the enactment of the 'Secured Transactions (Moveable Property) Act, 2023' that enables banks to accept floating assets, valued at market rates, as collateral, expanding beyond tangible assets. Consequently, not only immovable property but also fixed deposits or movable assets like gold, silver, and intellectual property can serve as collateral for loans from banks and finance companies. However, the movable property must undergo mortgage registration. To facilitate this process, a separate authority for registering movable assets with ascertainable valuations will be established, as outlined in the law.

This act will stimulate the country's economy and enhance inclusivity. Under this framework, individuals, particularly those in the CMSME sector and budding entrepreneurs, can leverage their movable assets to secure loans. The law is expected to open avenues for small and medium-sized enterprises to access bank financing, thereby fostering economic growth, entrepreneurship and financial inclusion.

### **2.5 Digital Nano Loan**

Bangladesh Bank has introduced a revolutionary financial instrument, called 'Digital Nano Loan', aimed at promoting financial inclusion. Nano loans are disbursed entirely through digital channels, eliminating the need for physical visits to banks. This makes them readily accessible to individuals residing in remote areas or those who lack access to traditional banking services. The Nano Loan eliminates cumbersome paperwork and reduces processing times, allowing individuals to access funds quickly and efficiently.



Under this scheme, low income, unbanked and marginal people can get credit facilities without any paper documents using digital platforms (MFS, Mobile apps, e-wallet and e-banking etc) for a maximum period of six months. The end users can borrow BDT 500 to BDT 50,000 at a maximum of 9% interest rate from the banks. On the other hand, Bangladesh Bank charges 1% interest to the participating banks on refinance amount. These conveniences ensure credit facilities to the beneficiaries without any collateral within very short time. Considering the demand for this product, Bangladesh Bank has enhanced the size of the fund for this scheme to BDT 5.0 billion in July 2023. As of December 2023, credit facilities amounting to BDT 4.37 billion has been refinanced to the participating banks against disbursed digital loans under this scheme and the total number of beneficiaries is 3,55,908 of which 22.26% are female.

Nano loans play a crucial role in promoting financial inclusion, ensuring a wider segment of the population has access to basic financial services. This can contribute to a more stable and equitable financial system. By empowering individuals and fostering entrepreneurial activities, nano loans have the potential to foster economic growth and development at the grassroots level.

## **2.6 Strengthening CMSME Sector**

In its drive to propel economic growth, the Bangladesh government has prioritized invigorating the Cottage, Micro, Small and Medium Enterprise (CMSME) sector. CMSMEs contribute to economic growth in various ways, including desirable economic sustainability, innovation, and trade. Bangladesh Bank has also given the highest priority to ensure supportive policies for the CMSMEs in line with the National Industrial Policy 2016 (revised in 2022), National SME Policy 2019 and also to achieve the SDGs.

### **2.6.1 CMSME Financing Policy**

CMSME financing policy has been issued for banks and finance companies in September 2019 which is considered as the stepping stone for boosting financing to the sector. BB has also standardized the definition of CMSMEs based on the number of employees, fixed assets and sales turnover.

BB formulated a year-wise outstanding target based lending to the CMSME sector. CMSME credit disbursement target by banks and finance companies has been set to 25% of the total loan portfolio by 2024. To emphasize on diversified distribution of overall CMSME credit portfolio, sector-wise distribution target has also been set by BB such as at least 40% in manufacturing, 25% in service and maximum 35% in trading to be followed by all banks/FCs. This policy stance is compatible to balance the needs of access to finance to different sectors of CMSME.

Bangladesh Bank has formulated a guideline for the banks and FCs to ensure more institutional financial facilities for women entrepreneurs in the CMSME sector. Target has been set to provide at least 15% of CMSME loan portfolio of banks and FCs to women entrepreneurs by the year 2024.

### **2.6.2 Refinancing Facilities for CMSMEs**

With a view to expanding the access to credit to CMSMEs by limiting the interest rate BB has introduced and continuing 12 refinance schemes (amounting to total BDT 375 billions) so far for CMSME customers to facilitate them with loans/advances with easy terms and concessional rate of interest. Out of these



schemes, 5 refinance schemes are financed from BB's own fund while the rest 7 schemes/projects are being implemented with the financial assistance of different development partners. These refinance schemes include financing for fighting Covid-19 damages, agro processing industries, new entrepreneurs, working capital & capital expenditures of CMSMEs, maintaining a safe working environment in RMG sector, creation of employment skills and others. The objective of these funds is to provide access to financing at affordable/reasonable cost and flexible terms and conditions for the CMSMEs.

### **2.6.3 Cluster Financing Policy**

Bangladesh Bank has issued Cluster Financing Policy in 2022 to facilitate increased access to finance for CMSMEs operating in clusters. According to that circular, 12% of the total loans financed to the CMSME sector should be given to the clusters by 2024.

### **2.6.4 Start-up Financing**

Providing funds to the start-up entrepreneurs can contribute significantly to support new, innovative, more dynamic and growth-oriented firms. BB has issued the policy of the startup fund to establish two separate funds. BB created BDT 5000 million refinancing revolving fund from own source and also instructed commercial banks to set up their own startup funds with 1 percent of their net profit.

### **2.6.5 Awareness Building**

Promotional activities including arrangement of CMSME fair and rallies, meeting, workshops and so on are being regularly held to create awareness in CMSME financing. A circular incorporating lead bank system as a strategic approach to foster financial inclusion and support CMSMEs has been issued by BB in January, 2021. The lead bank system has been instrumental in expanding financial access and boosting financial literacy among CMSMEs.

## **2.7 Women Financial Inclusion (WFI) Initiatives**

### **2.7.1 Setting up WEDU and WEDD**

To increase women's participation in financial services BB has formed Women Entrepreneurs Development Unit (WEDU) under SME & Special Programmes Department in its head office as well as in its branch offices. As instructed by BB, all Banks and FCs have also set up WEDU in their head office and regional offices and Women Entrepreneurs Dedicated Desk (WEDD) in all branches.

### **2.7.2 Women's Financial Inclusion Data (WFID) Dashboard**

Bangladesh Bank has recently launched the Women's Financial Inclusion Data (WFID) dashboard - a dedicated dashboard for women-centric financial inclusion data that will provide valuable insights into various programs and initiatives aimed at empowering women economically. Such initiatives can play a crucial role in promoting financial inclusion and gender equality. The dashboard will compile and present data graphically and enable to track progress, identify areas for improvement, and ensure that women are increasingly included in the financial ecosystem. This kind of transparency and focus can drive more targeted policies and interventions to support women's financial empowerment and contribute to overall economic development.



Home WFID Summary No Frills Analysis Agent Banking Accounts MFS Accounts CMSME Credit Policy Initiatives for Women Reports

# Bangladesh Women's Financial Inclusion Data (WFID) Dashboard

Welcome to the Bangladesh Women's Financial Inclusion Data (WFID) Dashboard, a collaboration between [Bangladesh Bank](#), [ConsumerCentriX](#) and [Financial Alliance for Women](#).

The dashboard aims to illuminate the landscape of women's financial inclusion in Bangladesh through comprehensive data representation. By aggregating information from banks, non-bank financial institutions, microfinance entities, and mobile financial services, it presents a nuanced, gender-disaggregated analysis. The WFID Dashboard serves as a strategic tool, providing insights to empower service providers in identifying opportunities to expand women's financial inclusion. Through intuitive graphical presentations, the dashboard will help in driving positive change by facilitating a deeper understanding of the financial landscape and fostering informed decision-making.

Click the links below to access the dashboards

[WFID Summary](#)
[No Frills Accounts](#)
[Agent Banking Accounts](#)
[MFS Accounts](#)
[CMSME Credit](#)
[Policy Initiatives for Women](#)

[No Frills Scorecard](#)
[Agent Banking by Division](#)
[CMSME Credit Scorecard](#)

Bangladesh Bank and ConsumerCentriX have collaborated since June, 2022 to develop the Women Financial Inclusion Data dashboard. The Financial Alliance for Women has prioritized the enhancement of sex-disaggregated supply-side data to drive women's financial inclusion in the current initiative and aims to further develop and optimize. The data dashboard will be the first of its kind and will provide the stakeholders a unique opportunity to know the national financial inclusion status and take effective policy action to promote women financial inclusion in the country.

### 2.7.3 Quota for Women in CMSME Loan

According to the SME policy of BB, banks and FCs must provide 10% of their total CMSME loan portfolio to the women entrepreneurs and the percentage will have to be raised at least 15% by 2024. This will include more women in the financial system which will ultimately expedite the women economic empowerment.

### 2.7.4 Definition of Women Entrepreneur

As per SME Policy of BB, if a woman is the owner of a privately owned or proprietary firm or owns at least 51% share of a partnership firm or a private company registered with RJSC, then she will be considered as a woman entrepreneur and the enterprise will be considered as a women enterprise.

### 2.7.5 Dedicated Refinance Scheme for Women

BB launched a refinancing fund of BDT 30.00 billion (Earlier 15.00 billion BDT) named “Small Enterprise Refinance Scheme for Women Entrepreneurs (SERS)” to increase financing to women enterprises. From SERS, upto December, 2023 women got refinance BDT 69,973.00 million (85.05%) out of the total disbursement from SERS BDT 82,264.30 million.

### **2.7.6 Quota for Women in Refinance Schemes**

BB has introduced a Refinance Scheme of BDT 30.0 billion for the low income professionals, farmers and micro businessmen affected by Covid-19. Refinance from this fund is being disbursed through micro-finance institutions whose main beneficiaries are women.

A refinance scheme of BDT 5000.00 million has been formed for no-frills account holders, where instructions have been given for prioritizing women account holders.

BB also decided to provide 10% of the loan under “Refinance scheme of BDT 5000.00 million to create employment and to eliminate poverty for the people returned to the home due to Covid-19 pandemic and other reasons” to the women.

20% of USD 150 million is reserved for women under “Supporting Post Covid-19 Small Scale Employment Creation Project (SPCSSECP) funded by ADB.

### **2.7.7 Incentive Facility**

Bangladesh Bank has established a fund for “Cash Incentive Facility against Disbursed Loan/Investment to Women Entrepreneurs in CMSME Sector”. 1% incentive is being provided to the women entrepreneurs who repaid the CMSME loans within stipulated time and 1% to the concerned banks/FCs.

### **2.7.8 Identifying, Imparting Training and Providing Loans to New Women Entrepreneurs**

To extend credit facilities to new women entrepreneurs’, instruction has been given to all Banks and FCs to find out at least three women entrepreneurs within the catchment area of all branches for imparting training and extending credit facilities to minimum one of those training receivers. BDT 30,397.82 million has been financed as of December 2023 in new women's initiatives.

### **2.7.9 Quota for Women in Credit Guarantee Fund**

10% of the credit guarantee fund will be reserved for women entrepreneurs of the “Credit Guarantee Facility against term loan to CMSME Sector under BDT 250.00 billion Refinance Scheme”.

### **2.7.10 Provision of Loan Facilities without Collateral**

Banks and FCs have been instructed to consider loan facilities up to BDT 2.5 million without collateral by considering personal guarantee as an alternative security in providing loans to women entrepreneurs. Also advised not to put any pressure/compel them for guarantee of specific person i.e. high officials, well-off relatives & husband.

### **2.7.11 Agricultural & Rural Credit Policy & Program (FY 23-24)**

BB has advised the banks and FCs to provide loans to rural women who involve in crop production, small-scale processing of agro-products and agro-related small businesses to improve their economic status through “Agriculture and Rural Credit Policy 2023-2024”.

### **2.7.12 Training under SEIP**

Under “Skills for Employment Investment Program” at least 30% of women will participate. Since 2014 to August 2022, total women participants were 3915 (33%).

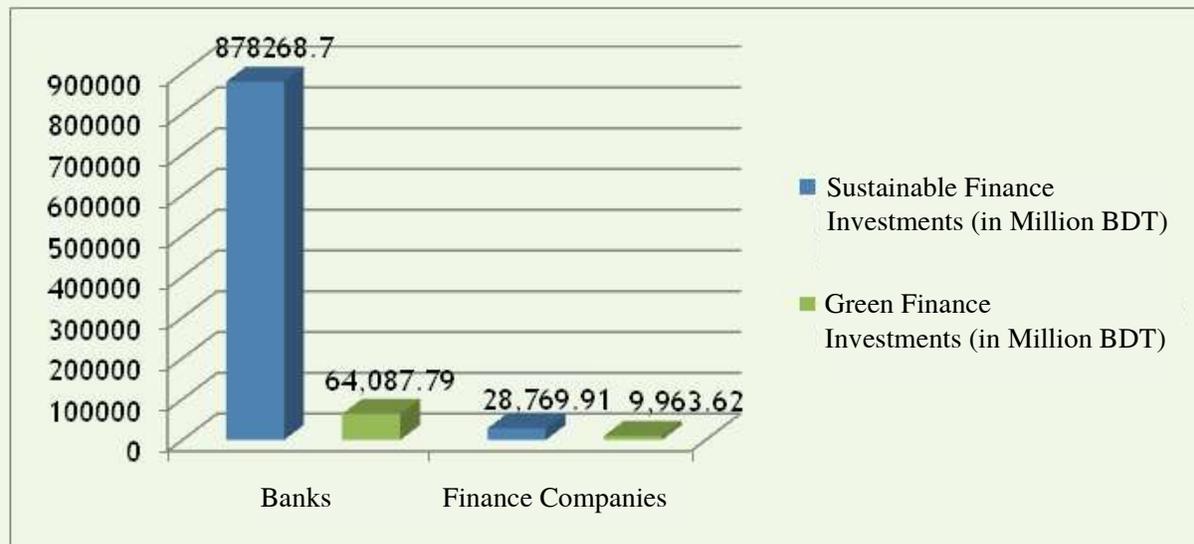


### 2.7.13 Problem Solution Center

If women entrepreneur face any problem or harassment in availing CMSME loan facility or interested to know CMESME related information, they can contact directly with Problem Solutions Centre or submit written application to SMESPD of BB.

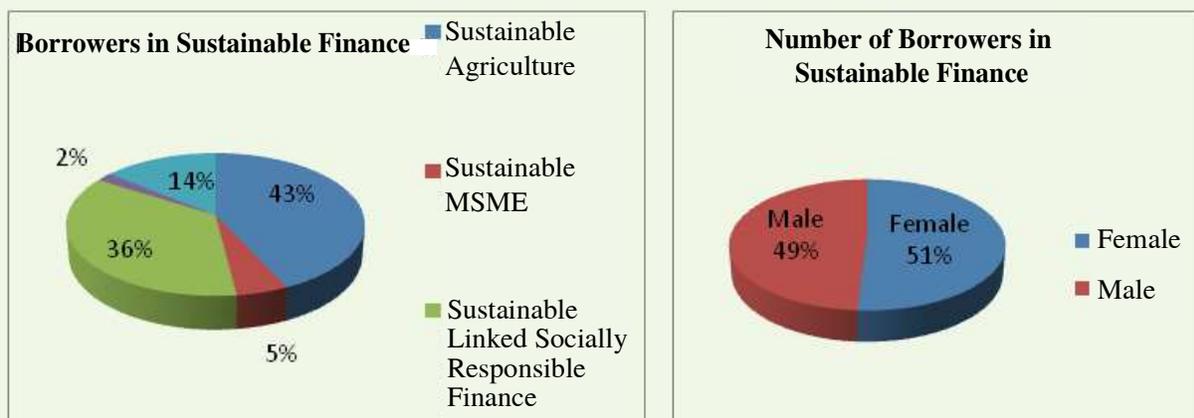
### 2.8 Sustainable Finance

Sustainable finance plays a crucial role in promoting financial inclusion in Bangladesh, especially considering the country's commitment to achieving SDGs and addressing environmental and social challenges. Sustainable finance initiatives aim to expand access to financial services for underserved populations, including women, rural communities, SMEs and especially the climate affected people.



Source : Quarterly Review Report on Sustainable Finance of Banks & Finance Companies, Oct-Dec 2023, Bangladesh Bank

BB has implemented various regulatory measures to promote sustainable finance and financial inclusion including guidelines for responsible financing, green banking, and inclusive banking practices.



Source: Quarterly Review Report on Sustainable Finance of Banks & Finance Companies, Oct-Dec, 2023, Bangladesh Bank

## 2.9 Contributions of Insurance Sector in Financial Inclusion

As Bangladesh progresses towards inclusive growth and sustainable development, the insurance sector emerges as a pivotal enabler of advancement. Through the embracement of innovation, fostering of partnerships, and acknowledgment of its role as a catalyst for change, the insurance industry can unlock novel opportunities and revolutionize the lives of millions of Bangladeshis.

Insurance Development and Regulatory Authority of Bangladesh (IDRA) is the government body for regulating and developing the insurance sector of Bangladesh since 2010. IDRA attempts to protect the interest of insurance policyholders, beneficiaries and ensuring stability of the insurance sector

Products like life insurance, property insurance, crop insurance, and livestock insurance play a pivotal role in helping vulnerable populations mitigate risks and bounce back from losses effectively, thereby promoting resilience and stability. The insurance sector holds the potential to bridge this protection gap by crafting and delivering tailored products that meet the diverse needs of the population. Micro-insurance, for example, provides affordable coverage to low-income households, empowering them to safeguard their assets and construct a more secure future. Through the utilization of technology and innovative distribution channels, insurers can extend their reach to underserved communities, ensuring inclusivity and leaving no one behind.

Moreover, the insurance sector's contribution to financial inclusion extends far beyond simply offering products. Through collaboration with diverse stakeholders such as government entities, FCs, and non-profit organizations, insurers can actively participate in shaping a more inclusive financial ecosystem. Forming partnerships aimed at raising awareness, strengthening financial literacy, and improving regulatory frameworks can amplify the effectiveness of insurance interventions, guaranteeing their availability to the most marginalized segments of society.

### 2.9.1 Bancassurance

BB recently has introduced the 'Bancassurance Guidelines' permitting banks to operate as corporate agents of insurance companies, facilitating the sale of insurance products directly to their customers. This model, known as bancassurance, streamlines the process by enabling banks to act as corporate agents, informing their clients about available insurance policies and facilitating the sale of insurance products to interested customers.

The primary objectives of implementing bancassurance are manifold. Firstly, it aims to establish a robust regulatory and supervisory framework for the sale of bancassurance, ensuring compliance with established guidelines. Secondly, it seeks to bolster insurance penetration by expanding the reach of insurance services through the extensive network of banks, thereby enhancing financial inclusion across the nation. Furthermore, by integrating banking and insurance services, bancassurance provides a convenient one-stop solution for both banking and insurance needs, offering enhanced efficiency and convenience to customers and insurers alike.

# CHAPTER 3

## Progress of NFIS Implementation

### 3.1 Initiatives of NFIS Implementation

#### Formulation of NFIS Implementation Plan

A comprehensive implementation plan has been formulated to guide future developments in financial inclusion, translating the vision and objectives of the National Financial Inclusion Strategy (NFIS) into concrete actions. The implementation plan has been developed based on 12 strategic goals and 69 targets of the strategy along with a Monitoring & Evaluation Framework. The Implementation Plan comprises (i) key performance indicators, (ii) priorities, (iii) implementation timelines and (iv) key implementing agencies for timely and proper implementation of NFIS. The M&E Framework portrays the outcomes of the NFIS implementation plan through the detailed indicators and formulas.

The Financial Institutions Division, Ministry of Finance and all other related stakeholders including relevant ministries, government agencies, regulatory authorities and FSPs played a crucial role in finalizing the NFIS implementation plan.

The “implementation plan” was developed with the support of the Asian Development Bank (ADB), under its technical assistance (TA) of the "Strengthening Social Resilience Program," financed by the Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR).

#### NFIS Tracker and Management Information System of Financial Inclusion Data

BB is spearheading the implementation of the National Financial Inclusion Strategy (NFIS). As depicted in the target 4 of goal 3 of NFIS, monthly progress of NFIS implementation will be uploaded in its website and web-based M&E tracker which includes robust and automated management information system (MIS) like SDG Tracker. In this backdrop, BB is actively developing the NFIS Tracker, a web-based tool poised to automate data collection, analysis and graphical representation.

Upon its completion, the NFIS Tracker will serve as a centralized platform, enabling financial sector regulators (including BSEC, IDRA and MRA), banks, finance companies and mobile financial services providers to input data seamlessly. Through automated analysis, the tool will generate comprehensive insights into the country's financial inclusion landscape. The resultant information, presented via an interactive data dashboard, promises to be a valuable resource for policymakers, practitioners, and researchers' alike, empowering stakeholders to leverage data-driven approaches in advancing financial inclusion agenda. NFIS tracker is being developed with the technical assistance of Aspire to innovate (a2i) Programme.


Bangladesh's Financial Mirror


About NFIS
Stakeholder
SDG & NFIS
M & E Framework
National Strategies & NFIS
Int'l Cooperation
Strategic Goals
Rules & Regulations
Publication
Test 1

### National Financial Inclusion Strategy



Messages



**Ahsan H Mansur**  
Governor  
Bangladesh Bank

[Details](#)

Financial Inclusion at a glance

						
Bank Deposit Account	Non Bank Financial Institution Deposit Account	Mobile Financial Services Deposit Account	Micro Finance Institution Deposit Account	BO Account	Insurance Account	Cooperative Account
1220	300	612	55	0	0	0

### Strategic Goals



**Strategic Goal 1**

Increase financial deepening

**16 Targets**

[Details](#)

NFIS Implementation Progress

Status : Poor Progress-Action Adjustment Required

### Recent News



Bangladesh Trade Summit 2023

27 Feb, 2024

[More News](#)

E-participation

## 3.2 Progress of NFIS Implementation

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
1. Increase financial deepening.	1. Implement e-KYC for all types of bank accounts, MFS accounts and other regulated financial services account.	e-KYC Guidelines Introduced and Implemented.	Partially implemented	BFIU, FS Regulators	FSPs
	2. Revisit the KYC requirement for cottage and micro enterprises, micro-merchant/retail businesses and low-income households.	KYC requirements for cottage and microenterprises, micro-merchant and retail businesses, and low-income households revisited.	Implemented	BB [BRPD, DFIM, SME&SPD, PSD], BFIU	Banks, FCs, MFSPs
	3. Ensure the access of all regulated financial service providers to 'National ID and Biometric Database' of Election Commission.	Access to the 'National Identity Card Database' of Bangladesh Election Commission for all regulated financial service providers ensured.	Partially implemented	FS Regulators, NID Wing of Bangladesh Election Commission	FSPs
	4. Introduce the framework for 'socially responsible financing'.	A detailed policy framework for 'Socially Responsible Financing' introduced.	Implemented	BB [SFD], MRA	Banks, FCs, MFIs
	5. Expand the scope and practice of 'Cluster' and 'Value Chain' financing.	(a) 'Cluster-based' and 'Value Chain' financing incorporated in the National Industrial Policy & SME Policy.	Implemented	MoInd	SME Foundation
		(b) Policy on 'Cluster-based' and 'Value Chain' financing introduced to promote financial inclusion.	Implemented	BB [SMESPD]	Banks, FCs
	6. Take necessary initiatives for making account opening process as optimally simple and convenient for all.	Account opening process revisited and simplified for all.	Implemented	FS Regulators	FSPs
	7. Develop framework for diversifying financing instruments and financing options for CMSMEs and low-income households.	Diversified financing instruments and financing options for CMSMEs and low-income households introduced.	Implemented	BB [SMESPD], MRA	Banks, FCs, MFIs

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	8. Take necessary actions to reduce fiscal burden on the usage of financial services for consumers specially in DFS.	a) Existing taxes, fees and charges on the usage of DFS reduced.	Implemented	FS Regulators	All FSPs
		b) VAT, Taxes and Excise Duty on the usage of DFS reduced.	Implemented	NBR	-
	9. Establish Micro-Finance Credit Information Bureau (CIB), Collateral (both movable and immovable) Registry Bureau for financial services and upgrade the existing CIB under Bangladesh Bank into full-fledged 'Credit Registry'.	(a) Micro-Finance Credit Information Bureau (MF-CIB) established.	Implemented	BB [CIB], MRA, FID of Ministry of Finance	MFIs
		(b) Collateral (movable and immovable) Registry for financial services established.	Implemented	BB [FID], FID of Ministry of Finance	Banks, FCs
		(c) The existing CIB under Bangladesh Bank upgraded into full-fledged 'Credit Registry'.	Implemented	BB [CIB]	Banks, FCs
	10. Introduce the usage of artificial intelligence and machine learning for credit scoring and monitoring through big data analysis.	(a) Usage of artificial intelligence and machine learning for credit scoring and monitoring incorporated into the 'Guideline on Internal Credit Risk Rating System for banks'.	Partially implemented	BB [BRPD, DFIM, PSD, DoS]	Banks, FCs, MFSPs
		(b) The use of artificial intelligence and machine learning for credit scoring and monitoring microfinance introduced.	-	-	-
	11. Introduce 'Credit Guarantee Fund' for CMSME finance, agricultural finance and green finance.	'Credit Guarantee Fund' for CMSME finance, agricultural finance and green finance introduced.	Partially implemented	BB [CGD, ACD and SFD]	Banks, FCs
	12. Take necessary initiatives for developing refinancing mechanism for funding 'Start-ups'.	(a) Policy on 'Start-ups financing' introduced.	Implemented	BB [SMESPD]	Banks
		(b) Refinancing mechanism for funding 'Start-ups' developed.			

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	13. Make required arrangements for facilitating smooth inward remittance of domestic professionals in Business Process outsourcing, Freelancing; NRBs/Diaspora and Overseas migrant workers.	Detailed policies emphasizing reducing transaction costs, providing cash incentives, and offering better exchange rates formulated.	Implemented	BB [FEPD], MRA, MoEWOE	Banks, MFSPs, MFIs, Foreign Exchange House
	14. Formulate policy framework for micro savings.	A detailed policy to attract micro-savings formulated from BB.	Partially implemented	BB [FID], MRA, NSD	Banks, FCs, MFIs
	15. Explore the feasibility to introduce 'P2P Lending' and 'Crowd Funding'.	Feasibility of introducing 'P2P Lending' and 'Crowd Funding' conducted.	Partially implemented	BB [BRPD, DFIM, PSD], BSEC	-
	16. Create structure of robust information sharing for convenient client on-boarding.	Robust information sharing structure for convenient client on-boarding formed.	Partially implemented	BB [BRPD, DFIM, PSD]	Banks, FCs, MFSPs
2. Strengthen payment system and service delivery channel.	1. Ensure interoperability within all MFS accounts.	Interoperable payment infrastructure for MFS accounts established.	Implemented	Bangladesh Bank [PSD], ICT Division	MFSPs
	2. Ensure interoperability within all MFS accounts, bank accounts and e-wallets (Digital wallets).	Interoperable payment opportunities within all MFS accounts, bank accounts and e-wallets ensured.	Implemented	Bangladesh Bank [PSD], ICT Division	Banks MFSPs PSPs
	3. Ensure the transformation of all branches of all banks into online branches.	All branches of the banks converted into online banking facilities enabled branches.	Implemented	Bangladesh Bank [PSD]	Banks
	4. Ensure the participation of all banks in interbank Automated Teller Machines (ATM), Point of Sales (POS) and Internet Banking Fund Transfer (IBFT).	(a) Participation of all Banks in interbank ATM, POS and IBFT ensured.	Implemented	Bangladesh Bank [PSD]	Banks
		(b) Participation of all Banks, MFSPs in QR code based payment system ensured.			
5. Establish a 'Payment System Coordination Committee' consisting of relevant regulatory bodies.	'Payment System Coordination Committee' consisting of relevant regulatory bodies formed.	Implemented	Bangladesh Bank [PSD]	-	

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	6. Bring all types of Government payments (P2G and G2P) including social security payments and all types of B2P and P2B payments under electronic financial services account (e.g. through bank account or MFS account or postal account).	(a) Social Security Allowances, Salaries, Wages and Other Government Payments (G2P) brought under Electronic Financial Services Accounts (both bank and/or MFS accounts).	Implemented	Bangladesh Bank [PSD], Finance Division (FD) of Ministry of Finance, Ministry of Social Welfare (MoSW), Ministry of Labour and Employment (MoLE)	Banks, MFSPs
(b) All payments including utility payments done on digital platforms.					
(c) Government revenue collection (P2G) system taken on digital platform.					
	7. Take necessary initiatives to digitize 'Micro-Merchant Payments' and 'Retail Transport Payment'.	(a) 'Micro-Merchant Payments' system digitalized.	Implemented	Bangladesh Bank [PSD]	Banks
		(b) 'Retail Transport Payment' system digitalized.	Implemented	Bangladesh Bank [PSD], RTHD	Banks, MFSPs
	8. Enhance the scope of MFI linkage for providing banking and MFS.	Policy for providing banking and MFS through MFI linkage introduced.	Implemented	Bangladesh Bank [BRPD, PSD], MRA	-
	9. Enhance the scope of financial service providing by PSPs.	Policy of providing financial services by PSPs introduced.	Implemented	Bangladesh Bank [PSD]	PSPs
	10. Initiate the formulation of National Payment Act.	'Payment & Settlement Systems Act' enacted.	Implemented	FID of MoF, Bangladesh Bank [PSD]	LPD of MoLJ
	11. Assess the feasibility of establishing payment bank.	Feasibility of establishing payment bank/digital bank conducted.	Implemented	Bangladesh Bank [PSD]	-
	12. Implement 'Digital Signature' to ensure security of any electronic transaction.	As per 'Information and Communication Technology Act, 2006' system of 'Digital Signature' implemented.	Partially implemented	FS Regulators, ICT Division	FSPs

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	13. Prepare framework to conduct regular vulnerability and penetration testing for the payment system.	Framework prepared to conduct regular vulnerability and penetration testing for the payment system.	Implemented	Bangladesh Bank [PSD, ICTD, CSU]	Banks, MFSPs
3. Establish Robust Data and Measurement Framework.	1. Conduct a comprehensive country-wide demand side survey to appropriately assess the financial service.	Country-wide survey on assessing the financial services conducted.	Not implemented	Bangladesh Bank [NAU]	-
	2) Establish a set of globally comparable national financial inclusion indicators in light of World Bank Findex, IMF Financial Access Survey and G20 Financial Inclusion Indicators.	Globally comparable national financial inclusion indicators developed.	Implemented	Bangladesh Bank [NAU]	-
	3) Ensure the collection of comprehensive and quality financial inclusion data disaggregated by sex, age, location and other aspects.	Comprehensive and quality financial inclusion data collection from all related stakeholders ensured.	Partially implemented	Bangladesh Bank [NAU]	Banks, FCs, MFSPs & FS Regulators
	4) Create robust and automated Management Information System and dedicated web-portal for NFIS data like SDG Tracker.	Management Information System (MIS) and dedicated web portal for NFIS data developed.	Implemented	Bangladesh Bank [NAU, ICTD]	a2i
	5. Explore the potential ways for using 'Cloud Solutions' to store and preserve data by Financial Service Provider and Regulatory Agencies.	Potential ways for using 'Local Cloud Solution' to store and preserve data by Financial Service Provider and Regulatory Agencies ensured has been explored.	Implemented	FS Regulators, ICT Division	FSPs
	6. Strengthen the capacity of statistical agency for national financial inclusion data.	MIS developed to strengthen the capacity of statistical agency and necessary training provided to the officials related.	Partially implemented	Bangladesh Bank [NAU], SID of Ministry of Planning	-

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
4: Promote Financial Literacy and Consumer Empowerment	1. Formulate Financial Literacy Policy / Strategy by all financial sector regulatory bodies separately.	Financial Literacy Policy/Strategy issued.	Partially implemented	FS Regulators	-
	2. Formulate Consumer Protection Framework and Grievance Redressal System by all financial sector regulatory bodies separately.	(a) Consumer protection framework and grievance redressal systems for Banks, FCs, MFSPs and CMIs updated.  (b) Consumer protection framework and grievance redressal systems for MFIs, insurance companies, and cooperatives introduced.	Partially implemented	FS Regulators	-
	3. All regulated financial service provider will have annual program on financial literacy which will be monitored by respective regulatory body.	Year wise targets/goals on financial literacy related programs for all regulated financial service providers set and monitored by related regulatory bodies.	Partially implemented	FS Regulators	FSPs
	4. Take necessary initiatives with Ministry of Education to incorporate 'Financial Literacy' at all levels of education (Primary, Secondary, Tertiary).	Initiatives taken to incorporate 'Financial Literacy' at all levels of education (Primary, Secondary, and Tertiary).	Partially implemented	FS Regulators, NCTB, Ministry of Education, Ministry of Primary and Mass Education	-
	5. Assess the feasibility of introducing consumer protection mechanism similar to 'Deposit Insurance Scheme' for banks.	Feasibility study conducted to introduce financial consumer protection mechanism similar to 'Deposit Insurance Scheme' for banks.	Partially implemented	FS Regulators	-

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
5. Broaden and deepen financial inclusion of women, population affected by climate change and other underserved segment of population and senior citizen.	1. Develop separate policy / strategy and undertake special programs by all regulatory bodies of financial sector on women financial inclusion covering the issues below:  a) Dedicated focus on catering the need of financial services (saving, credit, payment, investment and insurance) of women individuals and entrepreneurs from both rural and urban areas;  b) Convenient service delivery channel for women;  c) Separate focus for women in DFS.	(a) Financial inclusion policy for women formulated.	Partially implemented	FS Regulators	-
		(b) Women entrepreneurs encouraged to use DFS.			
		(c) Women financial inclusion data dashboard developed.			
		(d) Tailored products and delivery channel for women individuals and entrepreneurs introduced.			
		(e) DFS infrastructure developed for women individuals and entrepreneurs.			
2) Formulate target based specific policies and initiate dedicated programs by IDRA, BSEC and MRA as well as relevant government agencies on financial inclusion and climate change along with the reinforcing BB's initiatives.	(a) Policy formulated to mitigate the risks of climate change through financial inclusion.	Partially implemented	FS Regulators, Ministry of Environment Forest and Climate Change (MoEFCC), Ministry of Disaster Management and Relief (MoDMR)	-	
	(b) Initiatives dedicated programs taken to mitigate the risks of climate change through financial inclusion.				
3. Formulate target based specific policies and initiate dedicated programs by all regulatory bodies and relevant government agencies on following aspects of financial inclusion separately:	Policy formulated & programs taken regarding financial inclusion for  ✓ Youth  ✓ Physically Challenged People  ✓ Third Gender  ✓ Children	Partially implemented	FS Regulators, MoEWOE, MoEFCC, MoDMR, MoWCA, MoSW, MoYS	-	

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	<p>a) Financial Inclusion for Youth</p> <p>b) Financial Inclusion for Physically Challenged People</p> <p>c) Financial Inclusion for Third Gender</p> <p>d) Financial Inclusion for Children including the ones with special need</p> <p>e) Financial Inclusion for Old Age and Retired Persons</p> <p>f) Financial Inclusion for Bangladeshi Overseas Migrant Workers/Diaspora/Non-Resident Bangladeshi (NRBs)</p> <p>g) Financial Inclusion for extremely destitute and underprivileged people like tea labors, floating communities, urban slum dwellers, poor people in remote hilly, forest, coastal, haor, char with difficult terrain and similar areas; former enclave areas, sparsely populated areas and relatively underdeveloped areas with poor infrastructure.</p>	<p>✓ Senior Citizen</p> <p>✓ NRBs</p> <p>✓ Underprivileged peoples</p> <p>✓ People who lived separate areas</p>			
6. Upscale digital financial services and Fintech.	1. Formulate a DFS strategy to mainstream digital transformation and innovation in financial services offering.	A comprehensive DFS strategy formulated.	Partially implemented	BB [PSD], ICT Division, Other FS Regulators	-
	2. Ensure the usage of DFS in all types of utility services (water, gas, electricity, internet, health, education and others) payments.	A comprehensive DFS strategy formulated.	Implemented	BB [PSD]	Banks, MFSPs, utility service providers

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	3. Implement the financial sector related aspects of 'National Block Chain Strategy: Bangladesh', 'National Strategy for Artificial Intelligence Bangladesh' and 'National Internet of Things Strategy Bangladesh'.	Blockchain, AI, and IoT usage in the financial sector ensured.	Not implemented	BB [NAU, BRPD, DFIM, PSD], ICT Division	-
	4. Explore the potential modalities to introduce credit service and full deposit service for MFS account holders.	Necessary steps taken to explore the potential modalities to introduce credit service and full deposit service for MFS account holders.	Partially implemented	BB [PSD]	MFSPs
	5) Explore the potential solutions to provide all banking services at full scale in outlet level under agent banking.	Necessary steps taken to explore the potential ways to provide all types of banking services at full scale in outlet level under agent banking.	Partially implemented	BB [BRPD]	Banks
	6. Assess the potential scope of application of AI, Fintech, Regtech, Suptech, Insurtech and other emerging technological trends in financial services.	An assessment on the scopes of applying AI, Fintech, Regtech, Suptech, Insurtech and other emerging technologies in financial services conducted.	Partially Implemented	FS Regulators, ICT Division	FSPs
7. Strengthen the policy and regulatory environment.	1. Coordinate across Ministries, Regulatory Bodies and relevant government agencies for implementation of NFIS.	Coordination structure among ministries, regulatory bodies and relevant government agencies for the implementation of NFIS established.	Implemented	BB [NAU], FID of MoF	-
	2. Establish the practice of evidence-based policy making.	Evidence-based policy making practice commenced.	Implemented	BB [NAU], Other FS Regulators	FSPs
	3. Reinforce the coordination and coherent effort to refrain illegal financial services and eliminate the adverse impacts of shadow banking.	Existing acts, rules and regulations reviewed and updated to curb down illegal financial services and to eliminate the adverse impacts of shadow banking.	Implemented	FS Regulators	FSPs

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	4. Explore the potential ways to introduce 'Regulatory Sandbox'.	Feasibility study conducted to introduce 'Regulatory Sandbox'.	Partially implemented	FS Regulators	-
	5. Devise appropriate 'incentive structure' by regulatory bodies for financial service providers to penetrate low-income markets.	Incentive structure by regulatory bodies for financial service providers to penetrate low-income markets introduced.	Partially implemented	FS Regulators	-
	6. Strengthen the capacity of regulatory agencies on data-driven policy analysis and emerging technologies like Fintech, Regtech, Suptech, Insurtech, Artificial Intelligence, DLT, Machine Learning, Augmented Reality, Cyber Security.	Initiatives taken to strengthen the capacity of regulatory agencies on data-driven policy analysis and emerging technologies like Fintech, Regtech, Suptech, Insurtech, Artificial Intelligence, DLT, Machine Learning, Augmented Reality, Cyber Security.	Partially implemented	FS Regulators	-
8. Fortify risk management of financial Inclusion initiatives.	1. Ensure proper application of the core principles (set by Bank for International Settlement) for effective banking supervision to the regulation and supervision of institutions relevant to financial inclusion.	Regulation and supervision structure introduced by applying the core principles (set by Bank for International Settlement) for the institutions related to financial inclusion.	Partially implemented	FS Regulators	FSPs
	2. Take necessary initiatives to balance the Anti-Money Laundering (AML) and Combating Terrorist Financing (CFT) regulations and innovation in financial inclusion drives through ensuring financial integrity for reducing the practice of 'De-risking'.	(a) Necessary initiatives taken to enhance awareness and capacity of regulators to balance AML/CFT regulations with financial inclusion imperatives.	Implemented	BFIU	FSPs
		(b) Necessary initiatives taken to reduce the practice of 'de-risking', such as: introduction of e-KYC, simplification of account opening process and QR based payment system.	Partially implemented	BFIU	FSPs

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	3. Develop framework for assessing risk during financial product development.	A framework for assessing risk during financial product development established.	Not implemented	FS Regulators	FSPs
	4. Develop robust regulatory and supervisory apparatus to protect data privacy and security including cyber security and establish a coordinated platform among regulatory agencies, task forces and law enforcing agencies with a view to safeguarding and executing forensic tasks against cyber threat.	(a) A robust regulatory & supervisory framework developed to protect data privacy and security.	Implemented	FS Regulators	FSPs
		(b) A coordinated platform i.e. Financial Computer Incident Response Team (FIN-CERT) among all related regulatory agencies, task force and law enforcing agencies established.	Implemented	BFIU	-
9: Strengthen the insurance services.	1. Develop policy framework on micro-insurance by keeping provision of using MFI linkage to reach beneficiaries for uplifting the share of micro-insurance as 5% of GDP.	With the aim of increasing the share of micro insurance in GDP to 5 percent, the micro insurance policy formulated.	Implemented	IDRA, MRA	Insurers, MFIs
	2. Introduce 'Bancassurance' to diversify service opportunity to consumers.	'Bancassurance' policy introduced.	Implemented	BB (BRPD), IDRA	Insurers, Banks
	3. Introduce innovative insurance products for marginal people, small business and agriculture like.  weather-based crop insurance, livestock insurance, fisheries insurance with GPS tracking, health insurance for low income people, autistic people and pension scheme for old age retired people.	Innovative insurance products introduced for the following sectors:  ✓ Innovative insurance products introduced for the following sectors:  ✓ marginal people, ✓ small business, ✓ weather-based crop insurance,	Partially implemented	IDRA	Insurers

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
		<ul style="list-style-type: none"> <li>✓ livestock insurance,</li> <li>✓ fisheries insurance,</li> <li>✓ health insurance for low income people,</li> <li>✓ Autistic people and</li> <li>✓ Pension scheme for old age retired people.</li> </ul>			
	4. Develop policy framework on insurance for expatriate workers.	Policy framework on insurance for expatriate workers developed.	Implemented	IDRA, Ministry of Expatriates' Welfare and Overseas Employment (MoEWOE)	Insurers
	5. Develop framework for automation of insurance sector.	Policy framework for Automation of insurance sector developed.	Partially implemented	IDRA, FID of MoF	Insurers
10. Reinforce the capital market services.	1) Deepen the capital market to expand the participation of individuals and businesses and introduce a wider range of financial instruments for investment.	Diversified of financial instruments introduced.	Implemented	BSEC	CMI
	2) Expand the scope of usage alternatives investments like venture capital fund, impact fund, other AIF, SPV for CMSME finance, agricultural finance and green finance at remote rural level through appropriate capital market instruments.	Alternative investment opportunities in remote rural areas through appropriate capital market instruments enhanced.	Implemented	BSEC	CMI
	3) Develop bond market to facilitate risk-averse retail and small investors.	(a) Bond financing policies formulated to develop appropriate products for risk-averse small investors.	Implemented	BSEC	CMI

Goals	Targets	Key Performance Indicators	Implementing Agency		
			Implementation Status	Lead(s)	Associate(s)
	5. Develop framework for automation of insurance sector.	(b) Full fledged trading of govt. securities on stock exchange trading platform started.	Implemented	BB (DMD), BSEC	Banks, CMIs
11. Fortify microfinance services.	1. Increase the access to diverse source of fund by MFIs.	Access to diverse sources of funds (e.g. equity finance/venture capital, micro-insurance and remittances) for MFIs ensured.	Partially implemented	MRA, BB [BRPD], PKSF	Banks, MFIs
	2. Initiate 'digitization' of relatively small-scale MFIs to increase their efficiency.	Initiative taken to digitize small scale MFIs.	Partially implemented	MRA, FID of MoF	MFIs
12. Strengthen Quasi-Regulated Financial Service Providers.	Strengthen Quasi-Regulated Financial Service Providers like DOP, BHBFC, BMDF, PKSF, Samabay Bank, SME Foundation, Social Development Foundation, Bangladesh NGO Foundation, and Palli Sanchay Bank, ICB and other relevant government agencies to facilitate their financial services by complying applicable regulatory requirements.	(a) New rules and regulations formulated; (b) Automation of operational activities completed; and (c) New inclusive financial products introduced.	Not implemented	DOP, BHBFC, BMDF, PKSF, Samabay Bank, SME Foundation, Social Development Foundation, Bangladesh NGO Foundation, and Palli Sanchay Bank, ICB	-

# CHAPTER 4

## Financial Literacy and Consumer Protection Initiatives

### 4.1 Including Financial Education into National Curriculum

Bangladesh Bank, in collaboration with the Ministry of Education, Ministry of Primary and Mass Education, and the National Curriculum and Textbook Board (NCTB), is actively working to include financial education into the national curriculum. This initiative aims to introduce dedicated chapters on financial literacy for students across all educational levels, including primary, secondary, and tertiary. By embedding these essential lessons into the curriculum, the program seeks to equip students with the knowledge necessary to make financial decisions throughout their lives, foster economic responsibility from an early age, and enhance overall financial inclusion. NCTB has already added the following chapters in the textbook of different classes:

Class	Name of Text Book	Name of Chapter
III	Introduction to Bangladesh and World  'Life and Livelihood'	Use of Money
VI		Financial Thoughts
VII		Financial Thoughts
VIII		Introduction to Financial Services and Opportunities
IX		Financial Thoughts

### 4.2 Implementation of a Roadmap for Countrywide Financial Literacy

In 2022, Bangladesh Bank issued Financial Literacy Guidelines for banks and finance companies with a 7-year roadmap to provide tailored financial literacy to the target population, particularly focusing on those who are marginalized and underserved. The guideline was rolled out in January 2023, and the first year was marked as the piloting year. A number of workshops were arranged in the head office and 8 branch offices of Bangladesh Bank to disseminate the essence of the financial literacy guidelines among the officials of branch offices and the officials of commercial banks under the jurisdictions of branch offices of BB.

Based on the guidelines, vigorous and extensive numbers of programs are being conducted by banks and FCs throughout the country for different segments of people. The banks and FCs have already made significant progress towards following the instructions and achieving the goals set in the said guidelines. Some of the mentionable achievements under the guidelines are:

- A Dedicated Financial Literacy Wing (FLW) has been formed, and adequate numbers of employees have been assigned to respective head offices of all Banks and FCs.
- Financial Literacy Day has been celebrated on March 6, 2023 by the banks and FCs. This day will be observed by banks and FCs every year on a regular basis.
- Banks and FCs have participated in a year-long (2023) thematic financial literacy campaign announced by BB through developing content and publicizing messages on the theme “making social awareness for sending remittances through formal channels”.
- Banks and FCs are uploading various financial literacy related content under the ‘Financial Literacy’ tab in their respective websites. This will be an effective way to disseminate financial literacy by leveraging digital technology.

The steps outlined in the Financial Literacy Guidelines issued by Bangladesh Bank are significantly enhancing financial literacy in Bangladesh. Banks and finance companies have made notable progress by establishing dedicated Financial Literacy Wings. The annual celebration of Financial Literacy Day promotes consistent awareness efforts. Additionally, banks and FCs have engaged in a year-long thematic campaign to encourage remittances through the formal channels. By developing and sharing relevant content, and by uploading various financial literacy materials on their websites, banks and FCs are effectively leveraging digital technology to disseminate financial knowledge. These comprehensive efforts are crucial for fostering financial literacy among diverse segments of the population, particularly the marginalized and underserved.

### 4.3 Financial Literacy Program

BB has organized training sessions for banking professionals to extend financial literacy. A number of financial literacy programs are being conducted by banks and FCs countrywide. In the first half of the year 2023, 1055 programs were arranged by them, with 80,559 participants of different groups. For the year 2024, collectively they have a plan to arrange about 3,453 programs in different regions of the country.

Institutions	Number of programs				Number of participants							
	Rural	%	Urban	%	Rural	%	Urban	%	Male	%	Female	%
Banks	633	66.5	319	33.5	37,667	48.2	40,553	51.8	45,285	57.9	32,935	42.1
FCs	16	15.5	87	84.5	416	17.8	1,923	82.2	1,424	60.9	915	39.1
Sub total	649	61.5	406	38.5	38,083	47.3	42,476	52.7	46,709	58.0	33,850	42.0
Total	1,055				80,559				80,559			

Data Source: Financial Inclusion Department, BB

The Bangladesh Securities and Exchange Commission (BSEC) recognizes the importance of a well-informed investor base. To foster a vibrant capital market, BSEC implements a comprehensive education and training strategy every year. This multi-pronged approach caters to various stakeholders within the investment ecosystem.

BSEC offers investment education programs designed for ordinary citizens, empowering them to make informed investment decisions. They offer specialized training programs for employees, ensuring they are up-to-date on regulations, best practices, and new investment products. BSEC also caters to professionals such as accountants, lawyers, and financial advisors by offering training programs relevant to their specific roles within the capital market. These programs equip them with the knowledge and skills to navigate the capital market with confidence.

Microfinance Institutions (MFIs) play a critical role in empowering their customers by equipping them with the knowledge and skills to manage their finances effectively. This is achieved through financial literacy training programs offered by the MFIs themselves and facilitated by the Microfinance Regulatory Authority (MRA). MRA plays a vital role in supporting MFIs' financial literacy initiatives. By providing training for MFI officers and employees, the MRA ensures a standardized approach to financial education across the microfinance sector. By understanding financial concepts like budgeting, saving, and responsible borrowing, MFI clients can make informed decisions about their finances. This reduces the risk of over-indebtedness and empowers them to utilize financial tools effectively.

### 4.4 Financial Literacy Website and Tailored Content

Financial literacy is the bedrock of financial inclusion, empowering individuals to make decisions about their money and build a secure future. Recognizing this, Bangladesh Bank (BB) has taken a significant step

forward by launching a dedicated website aimed at enhancing financial literacy across the nation. The website called “finlit” (url: [finlit.bb.org.bd](http://finlit.bb.org.bd)) caters to individuals of all backgrounds and literacy levels, it includes six engaging animated videos, covering topics like Mobile Banking, Women Entrepreneurship, Financial Planning, Consumer Protection and Complain Resolution System, Remittance and Foreign Currency and School Banking. The videos make complex financial concepts easy to understand and explain all information in simple language ensures inclusivity for those with limited financial knowledge.

The website offers a variety of resources, catering to different segments of the population. This one-stop resource provides a wealth of information readily available at the fingertips. By promoting financial literacy at the community level, BB's website has the potential to create a ripple effect. Understanding financial products and services empowers individuals to make informed choices. This website fosters financial confidence, allowing users to navigate the financial system with greater knowledge and self-assurance. Overall, this website is a valuable tool for promoting financial inclusion and empowering citizens to take control of their financial future.



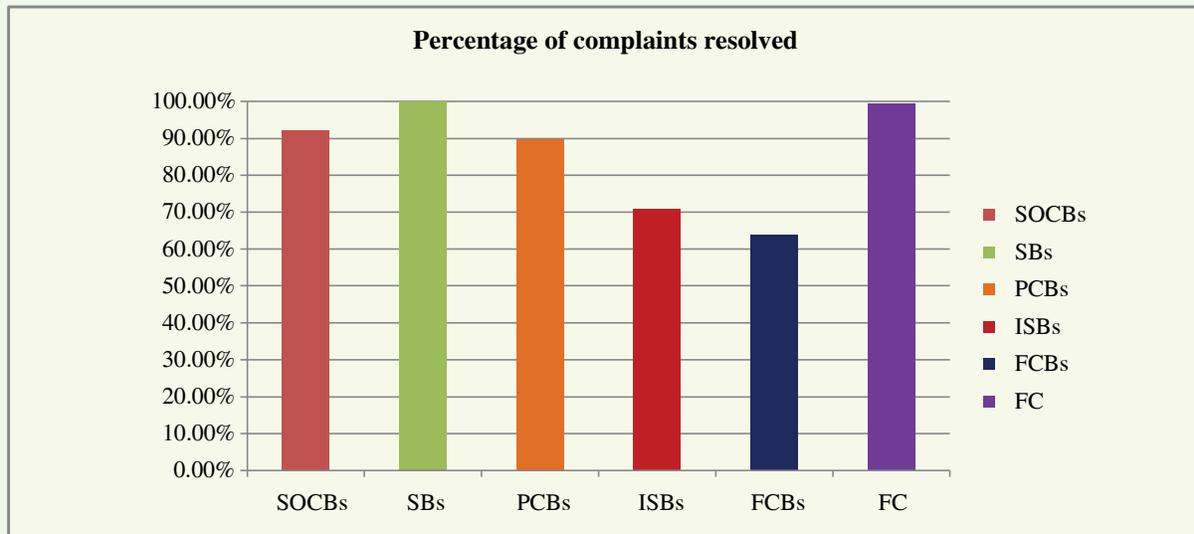
#### 4.5 Consumer Protection

Consumer protection and complain management is an important aspect of financial inclusion. Consumer protection measures foster trust in the financial system. When people know their rights are safeguarded, they're more likely to participate in financial services like savings accounts, loans, and mobile banking. In order to ensure the issue, BB has formulated and implemented the ‘Guidelines for Customer Services and Complaint Management’ with the aim of safeguarding the interests of customers of banks and finance companies, ensuring standards of customer service and formulating sound procedures related to complaint settlement. Bangladesh Bank prioritizes customer well-being by establishing the Financial Integrity and Customer Services Department (FICSD). This dedicated department acts as a central hub for resolving complaints lodged by customers in Bangladesh.

Summary of complaint received and resolution: Almost every bank and FC have their own hotline number and email address for receiving complaints. In the October-December 2023 quarter, information on complaints received and resolved is shown as below:

Institutions	Complaints Received	Complaints Resolved	
		Number	Percentage
SOCBs	359	331	92.2%
SBs	926	926	100%
PCBs	8,275	7,422	89.69%
ISBs	261	185	70.88%
FCBs	3,222	2,058	63.87%
Total	13,043	10,922	83.74%
FCs	839	834	99.4%

Data Source: Financial Integrity and Customer Services Department, BB



BB has introduced the 'Deposit Insurance Scheme' for banks as an important measure to protect depositors and promote stability within the banking system. This scheme guarantees a specific amount of insured deposits to each customer. Similarly, Dhaka and Chittagong Stock Exchanges have 'Investor Protection Funds' to protect the interests of investors. Moreover, Capital Market Stabilization Fund has been constituted to provide necessary support to the market. MRA has set up a 'Customer Welfare Fund' to protect the interests of customers in the microfinance sector.

The Bangladesh Securities and Exchange Commission (BSEC) and the Dhaka and Chittagong Stock Exchanges work collaboratively to ensure a fair and transparent capital market. A crucial aspect of this commitment is providing investors with avenues to address any grievances they may encounter. BSEC offers multiple channels for investors to lodge complaints related to the capital market. Investors can directly submit written complaints. The BSEC website also features a user-friendly Customer Complaint Address Module (CCAM) that facilitates online complaint submission. BSEC prioritizes a swift and efficient resolution process aims to achieve a quick and satisfactory resolution for the investor.

The Microfinance Regulatory Authority (MRA) is actively working to safeguard the interests of microfinance clients in Bangladesh. MRA established a dedicated hotline number to provide microfinance clients a convenient and accessible platform to voice their concerns. The MRA has also constituted a Grievance Redress System (GRS) committee. This dedicated committee serves as a formal platform for resolving disputes between microfinance clients and MFIs. By providing accessible channels for complaint redressal and establishing a robust dispute resolution mechanism, the MRA empowers clients and contributes to a more inclusive and sustainable microfinance ecosystem in Bangladesh.

# CHAPTER 5

## Challenges to Financial Inclusion in Bangladesh

### Difficulties in Accessing Remote Areas

Bangladesh has made significant strides in financial inclusion in recent years, but numerous remote and hard-to-reach areas still remain underserved. These regions often lack physical infrastructure, reliable internet connectivity, and basic financial services, making it challenging for finance companies to penetrate and provide essential services to the people living there. Remote hilly and sparsely populated areas; haor, char and similar areas with difficult terrain; and relatively underdeveloped areas with poor infrastructure are some of difficult to reach areas.

### Demand Induced Impediments

Despite significant progress in expanding financial services across Bangladesh, there remain substantial demand-induced impediments that inhibit broader financial inclusion. These barriers arise from the perceptions, behaviors, low incomes, lack of financial education, social exclusion and other constraints to availing economic opportunities.

### Supply Led Bottlenecks

Bangladesh continues to grapple with supply-led bottlenecks that hinder the effective delivery of financial products and services to unserved population. Distant location of bank branches, documentation requirements and procedures, distinct products and delivery mechanisms and similar other factors that preclude the inclusion of specific groups.

### Inadequate Financial Literacy and Awareness

Inadequate financial literacy and awareness represents a significant barrier to achieving comprehensive financial inclusion. Bangladesh faces persistent challenges related to low literacy rates, especially financial literacy, particularly in rural areas where access to quality education is limited. Despite notable strides in economic development, a substantial portion of the population, particularly in rural and marginalized communities, fights with limited understanding of basic financial concepts and formal financial products. Without adequate knowledge of savings, investment, and risk management, individuals are susceptible to financial exploitation and may struggle to make informed decisions about their financial well-being.

### Insufficient Digital Infrastructure

While mobile phone penetration has increased rapidly in Bangladesh, internet connectivity and smart phone ownership remain unevenly distributed, particularly in rural areas. Limited digital infrastructure, including inadequate internet access and electricity shortages, poses significant barriers to the adoption of digital financial services. Lack of digital infrastructure and limited knowledge hampers the expansion of digital financial services such as mobile banking, electronic payments, and online transactions, as many individuals lack access to the necessary technology and connectivity.

### Gender Disparity

Gender disparity remains a significant barrier to financial inclusion, impeding the overall economic empowerment of women. Women in Bangladesh face multifaceted barriers to financial inclusion,

including limited access to education, less employment opportunities, and financial resources. Women often face challenges in accessing formal banking services, obtaining credit, and participating in economic activities due to systemic biases. Achieving true financial inclusion necessitates dismantling barriers that prevent women from fully participating in the economy.

### **Regulatory and Legal Issues**

The regulatory environment in Bangladesh presents challenges to financial inclusion, including complex licensing procedures, stringent compliance requirements, and a lack of clarity in regulatory frameworks for emerging financial technologies. These regulatory issues hinder innovation and investment in inclusive financial services, limiting the availability and accessibility of formal financial services. Without clear regulatory oversight and well-defined legal frameworks, emerging financial technologies and digital payment systems face uncertainty and ambiguity. This hampers innovation and investment in inclusive financial services.

### **Lack of Identification Documentation**

Many Bangladeshis, especially those living in rural and marginalized communities, lack formal identification documents such as national identity cards (NID), birth certificates, passports and trade licenses. The lack of identification documentation and trade licenses poses a significant obstacle to financial inclusion in Bangladesh. Particularly in rural and marginalized communities, they do not possess the necessary identification documents required by formal finance companies to open accounts or access credit. Without proper identification, individuals face challenges in accessing formal financial services.

### **Risk Aversion Tendencies and Social Norms**

In Bangladesh, a combination of risk aversion tendencies and entrenched social norms presents difficult barriers to financial inclusion. The prevailing risk-averse attitude among finance companies often leads to reluctance in serving low-income individuals and small businesses, fearing potential defaults and operational challenges. Limited trust in formal finance companies, coupled with a lack of awareness about financial products and services, contributes to risk-averse attitudes and behaviors.

# CHAPTER 6

## Way Forward

### Gender-Responsive Financial Policies

Develop policies that specifically address the barriers women face in accessing financial services, such as property rights, inheritance laws, and legal identification requirements may leverage the women financial inclusion in Bangladesh. Gender-Responsive Financial Policies may include Tailored Financial Products, Mobile Banking and E-Wallets, Agent Banking Networks, Community-Based Training, Entrepreneurship Training, expanding Rural Banking Infrastructure, Community Engagement, NGO and Government Collaboration etc. creating an environment of gender equality and inclusivity will lead to a more resilient and prosperous society, where every individual has equal opportunities to thrive financially.

### Special initiatives for Youth Financial Inclusion

Enhancing youth financial inclusion is crucial for economic development and empowering young people to build secure financial futures. Develop policies that address the unique financial needs and barriers faced by young people, such as low income, lack of credit history, and limited financial literacy may increase the participation of youth in formal financial sectors. Special initiatives for youth financial inclusion may focus on creating tailored financial products like youth savings accounts and accessible loans, simplifying KYC requirements, and promoting digital banking tools such as mobile wallets and peer-to-peer lending platforms. Integrating financial literacy into educational curriculums and providing entrepreneurship training through incubators are key. Expanding digital infrastructure and launching awareness campaigns are crucial for outreach. Partnerships with tech companies, NGOs, and international organizations enhance these efforts. Monitoring progress with youth-specific data and adapting strategies based on feedback ensure these initiatives effectively empower young people financially.

### Tailored initiatives for disabled /destitute

Tailored initiatives for financial inclusion of disabled and destitute individuals include developing accessible financial products, such as low-fee/no-fee accounts and microloans with flexible terms. Providing financial literacy programs through community centers and specialized training for digital tools ensures inclusivity. Collaborating with NGOs, disability organizations, and governments supports address specific needs. Infrastructure improvements, like accessible ATMs and banking apps, are vital. Raising awareness through targeted campaigns and involving disabled individuals in feedback mechanisms ensures these initiatives effectively promote financial empowerment and independence.

### Fostering Financial Literacy and Consumer Empowerment

In order to enhance financial inclusion and facilitate inclusive growth in Bangladesh, it is essential to adequately tackle the challenge of poor financial literacy and awareness. To alleviate this challenge, comprehensive and targeted initiatives must be implemented. These include widespread digital financial education programs designed to equip individuals with the knowledge and skills necessary to make informed financial decisions. These programs should be accessible to both urban and rural populations, utilizing various channels such as schools, community centers, mobile vans, and digital platforms. Collaborating with local NGOs, community leaders, and religious institutions can help reach marginalized communities and overcome cultural barriers to financial literacy.

Digital financial literacy programs, innovative approaches leveraging technology and community engagement can enhance financial awareness among Bangladesh's diverse population. Mobile-based financial education platforms, interactive learning modules, and gamified applications can make learning about financial concepts engaging and accessible, particularly for tech-savvy youth and rural communities with limited access to traditional educational resources.

### **Digitization and Technological Adoption**

Expanding state-of-the-art digital infrastructure is vital for broadening financial inclusion. To address this issue, combined efforts are required to improve broadband internet access and mobile network coverage, particularly in rural and remote areas where connectivity is often sparse. This entails investments in infrastructure development, including the expansion of telecommunications networks and the deployment of affordable and accessible digital technologies. Collaborations with telecommunications companies, technology providers, and government agencies can facilitate the implementation of innovative solutions tailored to the specific needs of underserved communities. By bridging the digital divide and enhancing access to digital infrastructure, Bangladesh can unlock the potential of digital financial services to reach previously excluded populations, thereby fostering greater financial inclusion and driving economic empowerment for all citizens.

### **Strengthen the Policy & Regulatory Environment**

Overcoming regulatory and legal limitations is pivotal for expanding financial inclusion in Bangladesh. Streamlining regulatory procedures and establishing clear legal frameworks can encourage innovation and investment in inclusive financial services. By simplifying licensing requirements and compliance procedures, the government can facilitate the entry of new financial service providers, including Fintech startups and non-bank entities. Moreover, creating transparent and enforceable regulations ensures consumer protection and fosters trust in the formal financial sector. Collaborative efforts between policymakers, regulators, and industry stakeholders are essential to develop regulatory frameworks that promote financial inclusion while safeguarding the integrity and stability of the financial system. By resolving the regulatory and legal constraints, Bangladesh can establish a conducive environment that fosters inclusive economic growth and empowers individuals and communities nationwide.

### **Reducing Voluntary Financial Exclusion**

Voluntary financial exclusion, where individuals choose to exclude themselves from certain financial services or products, can be approached in Bangladesh through a combination of education, alternative financial solutions, and supportive policies. Moreover, fear of financial risk and uncertainty often discourages individuals from exploring new financial opportunities. To overcome these challenges, targeted efforts are needed to raise awareness about the benefits of formal financial services and address cultural barriers to financial inclusion. This may involve community-based education programs, financial literacy initiatives tailored to local contexts, and partnerships with religious and community leaders to promote acceptance of formal banking practices.

Published by:  
NFIS Administrative Unit (NAU)  
Bangladesh Bank, Head Office, Motijheel  
Dhaka-1000, Bangladesh  
Phone: +88-02-55665001-6/21473  
Website: [www.bb.org.bd](http://www.bb.org.bd)

Designed by: Srout Advertising  
Cell: 01819251898; E-mail: [srout.ac@gmail.com](mailto:srout.ac@gmail.com)