



Dutch-Bangla Bank Limited Agent Banking

CREATION OF SMALL BUSINESSES FOR AGENT BANKING

Affordable financial services that meet small businesses' requirements often do not reach millions of small businesses due to geographical dispersion, high transaction cost, and limited offering of products and services. Currently there are roughly 6 bank branches for every 100,000 rural adult citizens in Bangladesh.

Small businesses struggle to access financial services due to a lack of nearby bank branches, poor infrastructure, high costs of finance, and lack of documentation such as proof of identity. This increases the cost of doing business, limits their attempts to grow, and hinders economic development.

DBBL AGENT BANKING

To address these challenges, DBBL adapted the distribution channels of multinational organisations, FMCGs, and telecommunication organisations for the banking sector. DBBL has partnered with master agents who work as their distributor. These master agents helped to source agent banking outlets in popular bazar areas.

AGENT POINT SERVICES

Range of financial services:

- Biometric-based banking services to rural and semi-rural areas so that unbanked citizens can join formal financial sector from their doorsteps
- Deposits and payment services

- Regular courtyard meetings to address rural customer relationship gaps
- In future, will also facilitate loan application and disbursement

Small business-focused services:

Small businesses without previous bank access receive instruction about benefits of bank accounts. They also receive guidance on obtaining credit and utilising funds to grow their business.

Women-focused services: The initiative encourages women to open accounts, instructs them on benefits of opening accounts, and highlights value of savings habits.

BUSINESS DYNAMICS OF DBBL AGENT BANKING

The set-up cost of agent outlets is approximately £4,000. Agents share 80% of the cost, and DBBL shares 20%. On average, an agent can start profiting within 2 years of business. Overall, these agent outlets are now becoming a major source of the Bank's deposits.

KEY BENEFITS TO SMALL BUSINESSES

- Greater convenience, and cheaper transaction costs
- Travel shorter distances to use banking services
- Services available after regular business hours, as agent banks are open 9am to 7pm

In Bangladesh, there are roughly 6 bank branches per 100,000 rural citizens.



Dutch Bangla Bank Limited arranging an account sign-up process that enables citizens to set up new accounts using biometrics.



SHUCHORITA CHAKMA, DBBL BANKING AGENT

Shuchorita Chakma has been a DBBL banking agent in Sadar, Rangamati, for more than two years. In mid-2016, she learned from DBBL officials how agent banking provides formal banking services to the unbanked, including small businesses like hers that have traditionally been excluded from formal financial services.

Nandana Enterprise, the DBBL agent outlet managed by Shuchorita, is much smaller than a regular bank branch, though well-equipped with biometric point of sales (POS) devices, mobile phones, fingerprint scanner machine and computer devices.

SUCCESSES FOR SUCHORITA

This agent banking model has enabled Shuchorita to enhance the range and quality of service to DBBL customers. According to Shuchorita, it has also proved to be convenient for minimally educated populations to pick up. The agent point enables customers to open an agent banking account, deposit and withdraw cash, transfer funds, and make payments.

In 2017, Shuchorita was one of DBBL's leading agent outlets, with customer savings of BDT 3 million (GBP 30,000). As a result of expansion of her business, she also created employment for one new person, who now manages the booth with her.

TRANSPARENCY AND ACCESSIBILITY

Strict compliance of the policy and consumer complaint hotline for DBBL (16216) as well as Bangladesh Bank (16236) is widely visible at

agent outlets. Like formal banking services, all of the payments made by agent banking are traceable and accessible to clients through transaction records and monthly bank statements.

IMPACT OF DBBL AGENT BANKING SERVICES

This co-investment by BFP-B and DBBL has provided banking services to more than 800,000 customers, including 206,000 small business, and has created roughly 3,000 jobs.

Previously, a customer had to travel 7 kilometres to avail banking services. Now, customers can find DBBL agent banking outlets within 2 kilometres of home. Cost per transaction was previously BDT 51, and it is now BDT 17 (mainly transportation).

As of March 2018, the total deposit amount in agent banking clients' accounts is approximately £40 million. Cumulative daily credit transaction of these agents is around £4 million.

COST-SHARING WITH BFP-B

During the project cycle, DBBL shared 78% of the total cost of this project, and BFP-B shared 22%. This cost-sharing has helped DBBL to establish 1,500 agents within 1.5 years of operations, making the model self-sustaining.

ABOUT BUSINESS FINANCE FOR THE POOR IN BANGLADESH (BFP-B)

The Business Finance for the Poor in Bangladesh project is a £25m strategic partnership between the UK and Bangladesh governments to boost access to financial services for small businesses.

Executing Agency



MoF FID

Implemented by



Managed by



Trusted for Excellence



Oxford Policy Management

Funded by

