How bKash Changed Bangladesh

School of Business & Economics

BBA Program

Internship (INT 4399)

Report

On

How bKash Changed Bangladesh

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Subject: Letter of Transmittal

Dear Sir,

It is indeed a great pleasure for us to able to hand over the report on on "How bKash Changed Bangladesh". This report is the result of knowledge that I have gathered from my internship experience & your guidance.

I tried my level level best in making this report & used both primary & secondary data to make the report findings more effective. The report has enabled me to get a good picture about the changes that bKash has brought in Bangladesh. Your inspiration was the key in making this report successful.

I hope that you will find my report worth reading & feel free for any sort of clarification. I hope you'll appreciate my hard work & excuse the minor errors. Thank you for your support.

Sincerely,

Md. Adib Adnan- 111 161 073

Acknowledgement

Foremost, thanks to Almighty Allah for the gift of life and for his protection. Secondly I would like to pass a lot of gratitude to Muhammad Rehan Masoom sir for his teachings and also so for allowing me to make a report on "How bKash Changed Bangladesh" as my study area.

I also thank the people whose valuable response helped me to make this report complete. Not forgetting those who are not mentioned here and contributed either directly or indirectly towards the completion of this report.

May Allah bless them all!

Executive Summary

At the year 2010 a service came in Bangaldesh which helped people to transfer money from one place to another. The company is bKash & is now one of the top notch mobile financial service company in Bangladesh. bKash is both a B2B & a B2C service company. They are merging both the individual level customers & also merchants in their payment system.

bKash has acquired millions of customers & now is helping people out in various kinds of payments, both from merchant & customer's end. bKash not only is focusing on how to create a better & faster payment system it's also focusing on how to create a better opportunity for the merchants to promote & to give a better service to its customers.

bKash while creating a better payment system is being a target of some people who are trying to swap other's money from the system. bKash has established a strong department to fight that. There are still a lot of segments for bkash where it hasn't reached yet. There lies reasons like – service charge, trust issues, not enough customers using bKash etc.

bKash has a great future lying ahead of us which is also challenging with the rise of new competitors like nogod, rocket, t-cash etc. We are hoping to see a future where bKash has reached every sphere of life through various ground breaking solutions.

Contents

Part -1

Introduction to the Report

1.1 Rationale

This report was made to show how the arrival of the first entrant bKash in the mobile financial service brought a drastic change in Bangladesh. Through this report I tried to show how bKash is used bby people to sort out day to day problems in their lives. This report tried to give a broader look on how bKash is also used by merchants for sorting out business issues like marketing & monitoring of cash. The report also briefly discusses about the type of fraudulent activities started out through the arrival of bKash & how bKash is fighting through it.

Considering the changes brought by bKash, the report also tried to show some real life interviews based on the satisfaction of bKash & why some segments still hasn't reached bKash. This report is worth a while to understand why a MFS service like bKash is so important for a developing country like Bangladesh.

1.2 Objective of the Study

Broad Objective

The objective of this study is to illustrate how bKash has changed Bangladesh.

Specific Objective

The report focused on

- How bKash is helping out people in day to day lives
- How bKash is helping out the merchants
- How a new type of fraudulent activity has emerged because of bKash
- Why some segments are still not under bKash
- The possible future of bKash

1.3 Scope of the Study

I worked with the offline payment department where I was engaged with merchant acquisition. For that I got a firsthand experience on what the merchants want & what they don't like. Based on that, the report was made.

1.4 Methodology

The report was prepared based on the information gathered from –

Primary Sources

- Field & Work Experience
- Interviews

Secondary Sources

- Internet & various reports related with the topic

1.5 Limitations

- Lack of Time
- Lack of Expertise
- Lack of Opportunity to Excess Internal Data

Part -2

Industry & Organization Overview

2.1 Company Profile

bKash Ltd. is based up on a mobile financial service in Bangladesh operating under the surveillance of Bangladesh bank. bKash at present is one of the leading mobile financial service in the world. bKash is used majorly for sending & paying money from one place to another. bKash started its journey as a joint venture between BRAC bank ltd. Later, in April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in March 2014, Bill & Melinda Gates Foundation became the investor of bKash.

bKash's main aim is to give broader range of financial services to the people of Bangladesh. While doing so, it has kept a special focus on the people of rural areas as they are deprived of financial services or in some case, it's difficult for them to receive it. Only 15% of Bangladeshis are connected to the formal banking system while others are for some reason being deprived of it. bKash has turned the cellular mobile devices into a medium for remote banking system, which has become a major part of the life style of the Bangladeshis nowadays.

2.2 SWOT Analysis

Strengths

- First Entrant in the MFS Market
- Customized Offerings for Merchants
- Brand loyalty and enormous number of customers.
- Huge cashback giving capability
- • Capability to adapt.

Weaknesses

- Has to Comply with Various Rules & Regulations
- High Service Charge Compared to Competitors
- Too much dependence on head office.
- Service Delivery does not Meet Customer Expectancy.

SWOT

Opportunities

- Possibility of penetrating market with different types of products.
- Joining in CSR Activities to Increase Word of Mouth
- Working as a Business Solution in Various Way

Threats

- Absence of National Political Consistency
- Too Many Competitors
- Commoditization of MFS
- Upcoming banks with new ground-breaking concepts, policy and reputation.
- Unexpected changes of banking rules by the Bangladesh Bank.

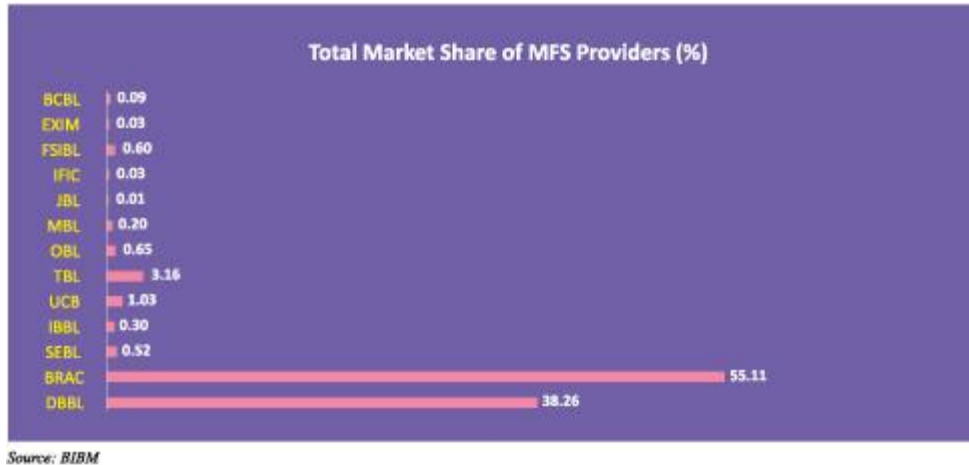## 2.3 Performance Analysis of bKash by Porter's 5 Forces Model

Competition in the Industry

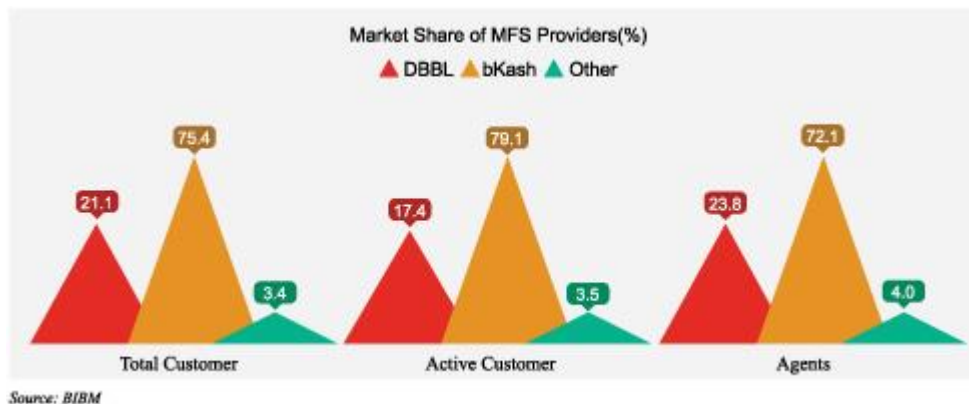One of the booming industry nowadays in Bangladesh is the mobile financial services industry.

The major MFS providers were judged in the below diagram based on 16 factors like - total MFS accounts, number of agents, total number of transactions and volume of transactions. In case of number and volume of transactions all services (Cash In, Cash Out, P2P, Mobile Top-Up, Inward Remittance Disbursement, Salary Disbursement, etc.) provided by the MFS providers are also evaluated.

Total Market Share of MFS Providers (%)

BCBL	0.09
EXIM	0.03
FSIBL	0.60
IFIC	0.03
JBL	0.01
MBL	0.20
OBL	0.65
TBL	3.16
UCB	1.03
IBBL	0.30
SEBL	0.52
BRAC	55.11
DBBL	38.26

Source: BIBM

bKash of BRACk bank is dominating the market with 55.11% of the market share where DBBL's Rocket has occupied 38.26% of the market. Based on the statistics we could state that, the development of the mobile financial services industry was led by bKash.

The below graph gives a representation of, market share by agent and customers.

Market Share of MFS Providers(%)
▲ DBBL ▲ bKash ▲ Other

Total Customer	Active Customer	Agents
21.1 / 75.4 / 3.4	17.4 / 79.1 / 3.5	23.8 / 72.1 / 4.0

Source: BIBM

The growth of the market has largely benefited from domestic remittances. The most popular transaction types are cash-in (42.46% of total transactions), cash-out (37.28%) and person to person (P2P) transactions (16.53%).

Potential of New Entrants into an Industry

Already the MFS market is pouring out with competitors. The market has bKash, NOGOD, Sure Cash, M-Cash, T-Cash, Rocket etc. All competing strictly with each other while making service charge cuts. So, the potentiality of new entrants is very low.

Bargaining Power of Suppliers

bKash's key suppliers are technological partners. Considering the nature & brand value of bKash its suppliers bargaining power is moderate to low.

Threat of Buyer's Growing Bargaining Power

Consumer's bargaining power of bKash is moderate to low. Because, though bKash has a lot of competitors, the reach that bKash has all over Bangladesh is totally outstanding. To enjoy the full satisfactory effect of MFS there is no alternative to bKash. That is why consumer's doesn't have that much bargaining power over bKash.

Threat of Substitute Products

The threat of substitution regarding MFS is very low. Because the purpose that, bKash & any other MFS serves is not provided by any other services. Substitutes that exists like, banks & their POS machines serves only the tip of the ice burg.

Part -3

bKash in Day to Day lives

3.1 How bKash personal wallet is helping people out in day to day lives

Less Risk of having Hard Cash

bKash personal wallets are basically virtual wallets. Its even more than your traditional wallet, its not just a storage for keeping your money. But it needs no saying that, it is always very risky to handle big amount of cash in a country like Bangladesh. Theft & other crimes are always sky high. Having your money in bKash makes it one less think for a normal person to worry about.

Having Record of Every Transaction

You not only just make payments or do cash outs through bKash personal wallets, it keeps every single record or every single transaction that you do. So, there is no worry for being in a panic attack where a person stays in a blackout about where his money went.

Discounts/Cash backs

bKash payments are now popular for cash backs which ranges from 5%-20% & in some cases even more. How it works is, bKash goes in contribution with a merchant suppose NOIR, where they agree to make 70:30 contribution for a 15% cashback for making payments in bKash. Here 70:30 means, 70% of the contribution will be from bKash & the remaining 30% will be from NOIR's end. This is a huge & one of the major incentives used by bKash to make people used to with bKash. The end result is, consumers gets a product at a huge discount & for that the merchant nor bKash has to take major pressure for that.

To add more on that, the new bKash app shows locations within 1 mile radius, about where are we getting the cashback offers & at what percent. This makes it very easier for the consumers, to track shops offering the best deals.

Bank to bKash

Customers can now extract money from their bank account to bKash wallet whenever they need. This reduces one's need of going to the agents. Moreover, this is a great facility for the merchant wallet users, as they don't need to go to the bank to extract their earned money of the business.

Send Money

Though this is a very common feature in MFS, bKash is widely used in Bangladesh compared to another MFS. This is why users feel more comfortable in sending money through bKash compared to another MFS.

Recharging of Balance

Recharging of balance has never been this much easier. People before used to go to nearest agent to recharge balance, but now with the use of bKash, recharging in mobile numbers has become a matter of seconds.

Payments

Not only that you are paying through bKash when you are going for shopping. You can now pay bills like electricity through bKash.

bKash is also now onboarding educational institutions. This is making fee payments very easier for students & guardians where you don't have to stand in a line for hours.

As for healthcare segments, it is a common practice of Bangladeshis that, they come to Dhaka for taking payment. But the medical payments sometimes goes off the budget, for that people has to get money from distant places. Before, for this problem a lot of patient's important treatment was held off. But, because of bKash things have now become much more easier.

3.2 bKash a New Medium for Marketing for Merchants

When we talk about alternative payment method we can think of POS machines. bKash in a physical structure might seem like another portable POS machine but it offers something especial to the merchants that the typical POS machine method doesn't provide.

Cash back Offers through bKash

bKash can be used by they merchants to do promotion. The major role here is played by bKash's cashback offers. If a merchant agrees on a cashback suppose 15%, then the bKash app will pop up the merchant's logo suppose BATA in the bKash app, showing bKash is giving 15% cashback. This notification will get popped up within the 1 mile radius of the merchant's location.

Reduced Cost of Marketing

When a merchant tries to give discounts on its products, the merchant has to communicate that to the people. This requires printing ad banners, putting it up on TVCs & PVCs & what not. This costs the merchants to bear a huge cost alongside the discounts. This ultimately reduces the effectiveness of the discount. But with bKash, things get much more easier, swifter, faster, cheaper & very effective. This is how the magic happens-

1. All kinds of banners & other POSM (Point of Sales Material) gets provided by bKash.

2. Secondly, the bKash app will notify customers about the merchant's cashback offer through bKash app.

3. And most importantly, merchants could go for cashback with bKash in contribution. For example, Bata could give 20% cashback to the customer, where 10% will be contributed by bKash. This unloads a huge pressure off the merchant.

Customized Offers

Not only just cash back offers, bKash is now giving merchants the opportunity to state what kind of cashback offer, such as for how long & for how much cash back does the merchant want to give customers cashback. Based on that, bKash personalizes an offer for that particular merchant.

3.3 How bKash is Helping Merchants in Greater Monitoring of Cash

bKash for merchants has become a greater means for monitoring cash. The merchant wallets which are being used, has a restriction on sending money to other wallets & for cash out. This makes merchants more comfortable in terms of letting the cashier dealing with the cash.

Moreover, the merchants are provided with a live portal, where they could monitor the payments of every wallets. This helps merchants to easily adjust incoming bKash payments to their accounts.

Another convenient feature of bKash if that, the merchant could shift money from their bank account to bKash wallets. This removes a lot of hassel for the merchants, as it reduces both time & money waste.

3.4 Customer's Satisfaction Level

Here the researcher has chosen the healthcare segment to get a glimpse of how bKash is coming handy in situations like taking health care. Below are some of the reviews from some renowned hospitals.

United Hospital

The contact person shared that bKash was used when customers were being discharged & to pay up the remaining fees. This as an end result reduced the time patients took in making payments.

ICDDRB

According to the contact person, he was pretty confident that bKash was mostly used by the customers for test purposes.

Islamia Eye Hospital

According to the contact person, BKash is mostly used for admission & operation particularly in this hospital. He added that, after installing bKash as their another payment system, patients discharging became way more easier. Because this hospital mostly involved patients of low income & they needed to get money from somewhere else. Now, they are directly paying up in the hospital's merchant wallet, without going to the agents.

Dhaka Central

According to the contact person, here customers used bKash to pay up the remaining fees & also for tests.

Ibn Sina

According to the contact person, customers are paying in bKash for diagnostic purpose but he couldn't specify for which tests. When it came to paying for operation & for other purpose where bills reached more than lacs, customers paid in cards or through cash but not through bKash.

Square

According to the contact person, indoor patients been using bKash more than other sectors for payment. And outdoor patients were using bKash for doctor visits & tests. But, he wasn't sure for which purpose the indoor patients were using bKash particularly. Because, according to him it depends on the type of the patient whether, he/she will pay more for meds, for tests or for operation or for other purposes. But, it became a lot easier for them to take payments from customers after installing bKash.

What could be concluded that, bKash made a great change after entering the healthcare segment. It became beneficial for both health care institutions & also for patients to get treatment. The lead time to get full payment reduced in a huge manner. The hassle for patients decreased too.

Part – 4

A New Means for Fraudulent Activity

As there is money involved with bKash, some people are always in search of some way of committing frauds through this. A lot of incidents relating to bKash money transferring has created a bad fuss in the market. For these reasons, bKash has still not gathered the trust of a huge portion of the target market. They are stated below.

4.1 Types of Frauds

Phishing

A fake SMS is sent by the deceiver, where he states through the SMS that, an amount of money was sent via his number. Then he asks for that amount of money back. This is a pretty common way of fraud, for bKash to deal with.

Fake Customer Service Agent

The deceiver acts like a customer service agent. Then asks various probing questions to get the PIN number of the customer. Customers trusting the fake caller, gives out the PIN number eventually in most cases.

Giving Handset to Others

This is mostly faced by the agents, where fraud customers asks for the agents phone to make a phone call, then uses the account to send money to other phones. The fraud customers knows the PIN number by lurking around the agent point and figures out the PIN.

4.2 Effect of Fraudulent Activities on bKash

Increased Monitoring

Because of the ease of transferring of money through bKash it has become a fast means of illegal transferring of money. For that, bKash is getting a lot of pressure from Bangladesh Bank on monitoring of the usage of bKash.

Decreased Trust

With the increase of frauds people are having trust issues regarding the usage of bKash. People for that don't want to keep a big amount of money in bKash. And some don't even want to use it. A lot of customers are still not under bKash for this reason.

4.3 How bKash is Fighting Fraud

In order to fight frauds, bKash has formed up a department named Eternal Corporate Affairs Division (ECAD). The department works with two sectors both internal & external. It creates guidelines for the internal departments, to reduce risks. And also deals with external stakeholders with various issues which is related with managing frauds & lower risks for users.

Part – 5

The Gap & the Future

5.1 Why bKash hasn't reached a vast portion of the population yet & not being used.

Though bKash is now being used almost every aspect of our lives. It is still not used by some merchants as a method for taking payments. After going through some meetings with the merchants a couple of reasons came behind that.

Reason 1

Many people are still not used to with the idea that there money will be in a digital format. Instead of seeing it as an easy & more reliable method to safe keep & to do safe transaction, people see it as an extra hassle for them or in other words they just don't trust it.

Reason 2

Although bKash is spreading like wild fire in every sector, it still hasn't reached vast portion of the population. When you need to buy simple grocery stuff from the shop next door, chances are you need to pay in cash as the merchant doesn't have a bKash merchant or personal wallet. This is why people still relies on cash to go through their day.

Reason 3

Many merchants that fall under the plus segment don't want to take bKash payment for a couple of reasons.

1. They want hard cash in hand, as they constantly have to do transactions with their other strategic partners in cash.

2. In Merchant wallet the cash that comes as payment goes to the bank account. Which later on has to be withdrawn from the bank, this seems like a major hassle for some merchants which is to go to the banks.

3. When the cash from bKash settles down to the bank a service charge is cut. This charge seems too high or in some cases unnecessary for the merchants.

4. The merchant wallet in the plus segment does not provide cash out, which means they have to use the bank to use the cash. For that reason, a lot of merchants are not interested in taking bKash payment.

5. Because of the unethical sense of some cashiers, they discourage the management to take payment through bKash. As the money in bKash cannot be cashed out or sent to someone else through merchant wallet, it becomes difficult for them to steal. As the management gets convinced of the inconvenience that is conveyed by the cashiers they (merchants, management) gets unwilling to take bKash payment.

Reason 4

A problem that occurs in acquiring merchants under bKash payment occurs because of the agents. In many cases, agents are right next to the shops. This is why even having bKash personal wallet, consumers don't even try to find out by going to the shop if the merchant receives bKash payment. They just do cash out from the agents & make payments in cash. As shopkeepers or merchants are getting hard cash on their hand, they don't complain neither encourages the consumers to pay in bKash. As a result, bKash wallets becomes useless in cases like this.

Reason 5

Some merchants or cashiers even though having merchant wallet asks consumers to pay in cash. They hide the fact that they have bKash in their payment method because either the merchant finds it inconvenient to take payment in bKash as he has to get the money from bank or the cahier with the intention to steal money, doesn't convey that they receive bKash payment.

Reason 6

Some merchants compare bKash with POS machines. And in Bangladesh the POS machine charge is only 1% in most cases. So, they want bKash at the same bank settlement rate. They don't consider the extra facilities associated with taking bKash payment. But, bKash being

reluctant to reduce service charge, it doesn't get the merchants on boarded with bKash payment system.

Reason 7

Another problem is the competitors, like NOGOD, Sure Cash, Rocket etc. In order to capture the market, these MFS providers have greatly reduced their charges for the merchants. Which is why merchants also expect bKash to reduce their service charge just like the other competitors.

5.2 Future of bKash

bKash is a service in Bangladesh of which, people never thought of. It has changed the way how we see money & use it. But still, there are room for improvements & there are a lot of segments untapped, which needs to be under bKash for gaining the maximum potential of this service.

Everywhere Anytime

The pace at which people are being turned towards bKash, soon hard cash will become redundant. Because, no matter where you'll go there will always be a payment gateway named bKash. This will force people to keep money in their bKash wallet but not in hard cash.

Loan Facility

bKash will work as a means for people to take loan in need. Maybe, the loan amount will be very little at first but in future bKash could focus on providing more amount as loan.

Packages

bKash could come up with various packages & deals for the customers which will only be available through the use of bKash. This will enhance bKash's customer base & merchants will get more caliber to promote their service.

Emergency Service

bKash could focus on providing emergency services, like an ambulance or a meet up with doctor, where the fees will be paid through bKash.

More Scope for Merchants

bKash could work on various sectors to help merchants pick up their business. This could be done through introducing more ways of marketing & by solving various business problems.

Part – 6

The Internship Experience

My internship experience at bKash was worth more than what I thought of. Because, I directly worked with sales & for that it perfectly aligned with my major area. I was an intern in the offline department, M+ team. Here, my key responsibility was to assist in merchant acquisition. Here, I'm sharing some valuable moments with bKash.

6.1 Key Duties

As an intern in the commercial division of M+, I was engaged with getting the healthcare & superstore merchants. My routine works were to-

Calling Lead Contact Persons

Firstly I had to gather the contact person's number who is the concerned person for opening up bKash merchant wallet. For, hospital segment usually it is the admin, manager, IT or accounts who deals with the payment system.

After that, I had to setup a meeting with the contact person or gave the value proposition of bKash merchant wallet over the phone.

Setting up Meetings

I had to setup a time, date & place for a meeting. Here we discussed with the clients or merchants about, how bKash works, how it is beneficial to them & for the customers. We discussed about service charge and necessary document requirements.

Gathering Documents

After necessary documents being ready, I had to make sure that the merchants had all the documents prepared according to the bKash's requirements.

Assisting in PIN Setup

After opening up the bKash merchant wallet, I assisted them in setting up PIN & made them know when they'll receive the POSM (Point of Sales Materials) like QR codes, Banners etc.

Troubleshooting

I called various active & inactive wallet users regarding. If they are facing any issue while using bKash merchant wallet. If any issues are occurring then I conveyed that to my superiors about the issue & they took necessary actions to solve it.

6.2 How bKash helped me in my Self Improvement

Opening up

The first thing that I want to put a light on is in my ability to talk with people. While working as an intern, I had to deal with hundreds of people either through phone or through meetings. I learned how diversified situations could be and how to cope up with them. This greatly invested on my capacity to open up & talk with a stranger freely. All of these improved my confidence & helped me to acquire the skill of communication to another level.

Listening

I understood the role & importance of hearing the other person out & then acting accordingly. Through this I got to know why some merchants were not interested in BKash & what could be done to change that.

Organizing

bKash helped me to be more organized & more punctual. As I had to deal with a lot of documents & had to attend a lot of meetings. I had to separate business cards, contact numbers, documents etc. separately & had to arrange & attend meetings which will reduce wastage of time in the best manner possible. There was no option but for me to be punctual & stay organized because, my mistakes could bring serious consequences for my team.

Coping up with Corporate Culture

It's always different, it's one thing to hear another thing to actually face the situation. Corporate culture is something one needs time to cope up with. With bKash I got the top notch experience regarding understanding chain of command, dealing with intimidation, managing

workplace pressure & so on. In short, these 4 months made me understand how to deal with various corporate pressures & challenges that one could face.

Conclusion

bKash is one of the leading MFS providing company in Bangladesh. The extent to which they have reached the people of Bangladesh is outstanding. The service they are providing is helping people out from paying bills, fees, making payments for buying products to taking service. bKash is also being used for disbursement purposes where in many cases salaries are given through bKash. They are also helping out merchants with business solutions related with marketing purposes. People are getting a hefty amount of cashbacks through the strategies of bKash. More & people are diving into the service of bKash. But, there is also the case of unfairmeans which is occurring the use of bKash by some people. For that bKash is trying hard & soul to stop from some customers getting harassed & they are trying to make the system as reliable & as fast as possible. Though with this huge number of customers bKash still has a lot of room left for improvement & also a lot of customer base untouched. With the right kind of strategy, just like always bKash is expected to keep its number 1 position.

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