Project Report on

Agent Banking Prospect in Bangladesh

Supervised by

Sonia Rezina

Assistant Professor

Dept. Of Business Administration

Submitted by

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Batch: 41th

Major: Finance

Program: Bachelor of Business Administration

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Submission date: 30th Aug, 2020

Letter of Transmittal

To
Sonia Rezina
Assistant professor
Department Of Business Administration
Uttara University
Dhaka, Bangladesh

Subject: Agent banking Prospect in Bangladesh.

Dear Ma'am,

With due respect, I beg to inform you that, I am a student of BBA, 41th batch & dept. of DBA at Uttara University. I am very glad to submit you my project report prepared on '**Agent banking Prospect in Bangladesh'.**

I have given my best effort to prepare the report with relevant information that I have collected from various sources during my project program from 20st June to 30th August 2020.

I pray and hope that the mistake of the report may have, will be kindly excused. So I cordially request to you evaluating this report & enough kind to receive this report.

Sincerely yours

Name: Shamima Sultana
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Student's Declaration

I declare that the Project Report on **"Agent Banking Prospect in Bangladesh"** includes the results of my own research works, pursued under the supervision of Sonia Rezina, Assistant Professor, School of Business, Uttara University.

I also declare that the internship report is prepared for academic purpose only. This report is not submitted by others.

Name: Shamima Sultana

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Batch: 41th

Major: Finance

Program: Bachelor of Business Administration

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Supervisor's Declaration

This is to certify that, Shamima Sultana is a student of BBA (Major in Finance) of the Department of Business Administration & ID no. 2163011017 has successfully completed Project on **"Agent Banking Prospect in Bangladesh" from** 20st June to 30th August 2020. On the basis of her successful completion of Project program, he has prepared the report under my supervision.

I wish his every success.

Sonia Rezina

Assistant Professor

Dept. Of Business Administration

Uttara University

Acknowledgements

At first, I would like to express my deepest gratitude to almighty Allah for giving me the strength and opportunity to finish the report within the schedule time.

I am also grateful to my supervisor **Sonia Rezina**, Assistant Professor, School of Business, Uttara University, for her motivating inspiration, direction, suggestions and advices during my project period.

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Section 01

Introduction:

Agent banking is the latest innovation in banking services available in Bangladesh. Agent banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a teller/ cashier. It aims to provide formal banking services to the unbanked, including populations that have traditionally been more inaccessible. It is gaining popularity, particularly among Bangladesh is living abroad, because of its convenient and cost-effective nature. The owner of an outlet conducts banking transactions on behalf of a bank. Globally these retailers are being increasingly utilized as important distribution channels for financial inclusion. It represents another channel, like mobile financial services, promoted by the Government of Bangladesh to promote financial inclusion. Bangladesh Bank has also decided to promote this complimentary channel to reach to the poor segment of the society as well as existing bank customer with a range of financial services especially to geographically dispersed locations.

Justification of The Study

In a country, where almost half of the population is involved in the agriculture sector and majority of this segment lives in rural places where financial services remain scarce to none. Due, to lack of proper education opportunities, this large portion of people remain uneducated. Moreover, in many places, mobile banking services cannot be reached because of weak infrastructures. According to ‘The Global Index Database 2017’ approximately 50 percent people have bank account aged more than 15 plus. The number goes much lower when it goes for women. So, many people specially women living in rural areas or remote places are deprived of proper financial services which makes me motivated to study in such prospect like agent banking that can play a vital role in ensuring proper financial services to these unbanked people.Agent banking has opened the door for reaching out these unbanked people to banking services with much lower cost and resources. Apart from this, agent banking has opened up the opportunity for employment to many. All in all, agent banking can play an important role to eradicate inequity of enjoying financial services due to time, distance and resource constraints. I strongly believe that, more and more study should be done on this topic to raise awareness among people and encourage them to come forward in implementing such concept.

Section 02

Objectives of the Study

1. I want to explain present market scenario of agent Banking in Bangladesh.
2. I want to describe how agent banking works.
3. I want to understand more about the problem and prospects of agent banking in Bangladesh.
4. I want to explain about services of agent banking.

Section 03

Methodology

Both primary and secondary data needed to conduct a study. But due to corona pandemic primary data collection is not possible.

Secondary data was collected through analysis of relevant literature and other documentary evidence like website articles. Secondary data serves the purpose of providing a general context of the research findings.

To accomplish the semi structured interviews, some general themes were used as a guide for the project so that the discussion remained relevant to the topic being researched. Data collected from different sources such as agent for Bangladesh bank websites of different banks Wikipedia, etc.

I selected 6 articles based on my topic this 6 articles help me to prepare my report.

Section 04

Discussion:

4.1. Present market scenario of agent banking in Bangladesh:

Agent banking is the latest innovation in banking services available in Bangladesh aiming to provide formal banking services to the unbanked, including populations that have traditionally been more inaccessible. Although officially sanctioned by Bangladesh Bank in late 2013, agent banking has only recently started to take off in Bangladesh in the 2015. The agent banking model also heavily stresses rural access, and banks are required to have two agent points in rural communities for every one agent point they have in an urban area.16 banks are licensed to provide agent banking in Bangladesh, although there are currently two market leaders actively engaged in expansion. Bangladesh bank has recently made a regulation that concerns that if a private bank wants to open a branch in the urban sector, they must need to open two branches in the rural sector. Mind-set of the rural people is another problem of this banking procedure. Many agent banking outlets or agents lack the trust & reliability of the rural people.

As per the central bank's provisions, it is expected that the agents will provide the maximum number of services to the clients. Therefore, they should not limit themselves only to facilitating account access to customers or transferring money'

Within just one-and-a-half years of its inception, agent banking has been able to attract a huge number of clients, forcing most commercial banks to take up this alternative form of financial service in addition to branch-based banking.

Agent banking is a limited scale banking and financial service for those living in remote areas across the country through persons under a valid agency agreement, rather than a teller or cashier, according to Bangladesh Bank agent banking guideline 2013.

An agent is a third party owner of an outlet who conducts banking transactions such as cash deposits, withdrawals, small value loan disbursement and recovery of loans, transfer of funds, paying bills under the government's social safety net programs, and account inquiries on behalf of a bank.

Although the central bank issued an agent banking guideline in 2013, the first banks started full-fledged agent operations in 2016. The business took off almost immediately, with 544,536 accounts opened with deposits of Tk380.68 crore opened between October and December that year.

By the end of March this year, the number of agent banking accounts stood at 1,468,797 with deposits of Tk1,634.36 crore, according to the latest estimate of Bangladesh Bank.

It started off with 10 banks and now 16 commercial banks run agent operations - Dutch-Bangla Bank Limited (DBBL), Bank Asia, Al-ArafahIslami Bank, Social Islami Bank Limited, Modhumoti Bank Ltd, Mutual Trust Bank Limited, NRB Commercial Bank, Standard Bank Ltd, Agrani Bank Ltd, Midland Bank, First Security Islami Bank, The City Bank, Islami Bank Bangladesh Ltd, The Premier Bank Ltd, United Commercial Bank Limited, and AB Bank Limited.

Meanwhile, Trust Bank, South Bangla Agriculture and Commerce Bank, Brac Bank Ltd, and NRB Bank have secured licenses from the central bank to operate agent banking, but they are yet to launch the service.

TREND OF AGENT BANKING IN BANGLADESH

Period	No. of accounts	Deposits (in crore Taka)
Oct-Dec, 16	5,44,536	380.68
Jan-Mar, 17	7,12,499	481.38
Apr-Jun, 17	8,72,865	651.21
Jul-Sep, 17	10,38,242	922.08
Oct-Dec, 17	12,14,367	1399.39
Jan-Mar, 18	14,68,797	1634.36

Source: Bangladesh Bank

BANKS PROVIDING AGENT BANKING

Dutch-Bangla Bank Limited	Agrani Bank Ltd
Bank Asia	First Security Islami Bank Limited
Al-Arafah Islami Bank	Midland Bank Limited
Social Islami Bank Limited	The City Bank Ltd
Modhumoti Bank Ltd	Islami Bank Bangladesh Limited
Mutual Trust Bank Limited	The Premier Bank Ltd
NRB Commercial Bank Ltd	United Commercial Bank Limited
Standard Bank Ltd	AB Bank Limited

Source: Bangladesh Bank

Agent banking has been able to get such popularity mainly for its simplicity to the clients and cost-effectiveness for the banks.

According to a research paper titled, “Alternative delivery channel: Opportunities and challenges of the new banking environment” by Bangladesh Institute of Bank Management (BIBM), agent banking has become popular because of its benefits for both the banks and clients, while the country’s economy is also being benefited through financial inclusion.

According to the paper, the banks have been able to increase customer volume, improve financial appearance, lower operating costs, expansion of business, increase deposit collection, improve banks' branding and widen their spreads.

Agent banking has facilitated customers by providing full-fledged banking services at their doorsteps in the remote area, and it has made convenient and easy for channeling remittance.

Until March, 31, 2018, Tk2,674 crore of inward remittances was channeled through 4,905 agent banking outlets across the country.

The agent banking outlets are now not only limited to services like cash deposits, cash withdrawal remittance payment only, the banks have started giving out small loans through the outlets.

As of March 31, this year, six banks have disbursed Tk122.25 crores in credit through their agent banking outlets.

Though substantial progress has been made in the area of agent banking in terms of the number of agents, account-holders and deposits, there are a number of challenges confronting the growth of this new tool of banking.

The BIBM research paper identified seven challenges for banks.

The challenges are: selection and monitoring of agents, cheque book issue and clearing cheque, limited transaction time, power failure, cash carrying or management risk, physical and cyber security, and settlement of complaints.

Another research paper by BIBM titled "Agent Banking: Effectiveness in Financial Inclusion," says product lending is still absent in the agent banking outlets.

"As per the central bank's provisions, it is expected that the agents will provide the maximum number of services to the clients. Therefore, they should not limit themselves only to facilitating account access to customers or transferring money," it says.

Central bank data says agent banking is concentrated in two banks, with DBBL and Bank Asia covering more than 86% of agent banking accounts.

By the end of March 2018, a total of 884,680 accounts were opened through DBBL and 380,936 accounts through Bank Asia.

A senior official of Bangladesh Bank said the central bank was preparing a revised draft of the existing agent banking guideline, which will be finalized and approved very soon.

4.2. How to Agent Banking Works:

4.2.1. To be an Agent, a person must need to have

•A shop

•Trade license

The procedure to be an agent is;

Contact with the Area Territory Manager/Region Sales Manager/Sales Manager

→

Submit some documents to TM/RSM/SM;

* Shop Name & Address
*Person's Name
*Person's Contact number

→

After Getting all these documents, if that person meet all the criteria to be an Agent, respective TM will communicate him/her

→

After training, he will get agent ship for his shop to his respective area

→

if the person meet all criteria, he will be communicated & will get a training of agent ship

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and more.

Banking agents are usually equipped with a combination of point-of-sale (POS) card reader, mobile phone, barcode scanner to scan bills for bill payment transactions, personal identification number (PIN) pads, and sometimes personal computers (PCs) that connect with the bank's server using a personal dial-up or other data connection. Clients that transact at the agent use a magstripe bank card or their mobile phone to access their bank account or e-wallet respectively. Identification of customers is normally done through a PIN, but could also involve biometrics. With regard to the transaction verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel.

Local regulation will determine if financial institutions are allowed to work through retail outlets. Regulators generally determine what kind of, if any, financial institutions are permitted to contract banking agents, what products can be offered at the retail outlets, how financial institutions have to handle cash transport, know your customer requirements, consumer protection, and other operational areas.

Banking agents help financial institutions to divert existing customers from crowded branches providing a “complementary”, often more convenient channel. Other financial institutions, especially in developing markets, use agents to reach an “additional” client segment or geography. Reaching poor clients in rural areas is often prohibitively expensive for financial institutions since transaction numbers and volumes do not cover the cost of a branch. In such environments banking agents that piggy back on existing retail infrastructure – and lower set up and running cost - can play a vital role in offering many low-income people their first-time access to a range of financial services. Also, low-income clients often feel more comfortable banking at their local store than walking into a marble branch.

Banking agents are the backbone of mobile banking, i.e., performing transactions over a mobile device, most often a mobile phone. To enable clients to convert cash into electronic money and vice versa which can then be sent over their mobile phone, clients will have to visit a branch, automated teller machine (ATM), or banking agent. Especially in remote and rural locations, where cash is still the most important way to pay and transact, a mobile banking service is dependent on banking agents to enable clients to effectively use the services.

4.2.2. Transaction process:

For the client, there is no difference in accessing his or her bank account at the agent or in a branch or at an ATM. However, besides signing a contract with the financial institution it will be working for, the banking agent also has to open a bank account at the same. In addition, the store has to deposit a certain amount of cash into that account which will serve as the banking agent's “working capital.” In many cases, rather than asking the agent to come up with the cash deposit, the financial institution will extend the store a credit line. The size of the credit line is normally not standardized, but adapted individually to each agent depending on its size, the expected volume of transactions and how long the agent has already been working with the bank. This is how the credit line will be used during each transaction:

- Client withdraws money (“cash-out” transaction): agent account is credited in same amount.
- Client deposits money (“cash-in” transaction): agent account is debited in same amount.

In case the agent's credit line had reached its limits, and the agent's bank account does not have sufficient funds, to cover the received funds, the POS will block and can only be deblocked if the funds have been deposited in the next bank account.

The transaction process for banking services using a bank card is simple:

1. An existing bank client presents his card at the agent and requests a specific transaction and the amount to be withdrawn, deposited, or transferred;
2. The agent selects the type of transaction on the POS device or personal computer, enters the amount, swipes the client's card through the device, and lets the client enter his PIN;

3. A General Packet Radio Service (GPRS), dial up, or satellite communication connects with the bank's server to authorize the transaction;
4. Once the transaction has been authorized, the device prints the client's receipt.

4.2.3. In Bangladesh many agency services are provided by the linkage of various organizations such as:

•Bkash

•Ucash

•Mcash

•Mobicash

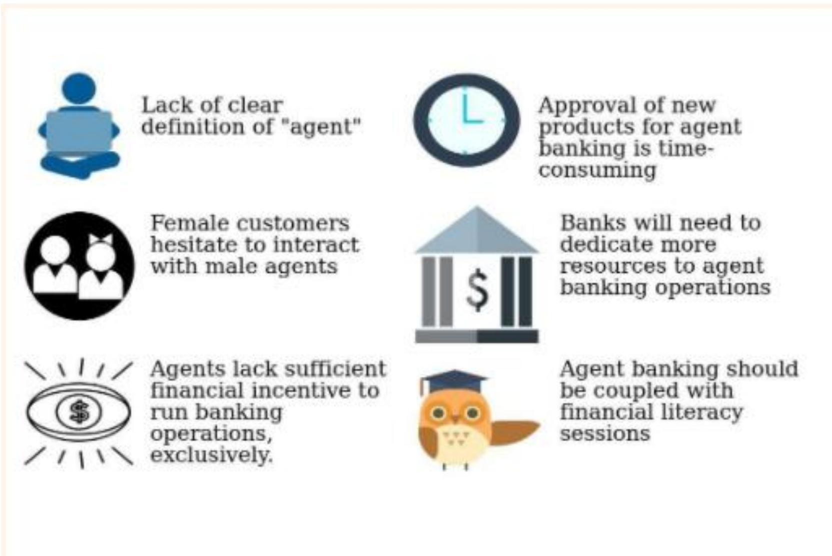
•My cash

•Sure cash

•OK etc.

4.3. Understand More About The Problem and Prospects of Agent Banking:

4.3.1. Constraints in the Agent Banking System



4.3.2. Problems:

a. No Loan or financial assistance: agent banking is an enormous scope of employment for the people of this country. But no loan is provided for the entrepreneurs at the starting of this business.

b. Mindset of the rural people: Mindset of the rural people is another problem of this banking procedure. Many agent banking outlets or agents lack the trust & reliability of the rural people.

c. No fixed income: The income of the agent banking is related with the sales as the agents get 6% commission on sales.

d. Lack of responsibility from the bank: Banks providing agent banking service has a little concern over the agents. The agents always demand regular visits, motivation & up to date technological training. But the banks are not taking this process importantly.

e. Change in bank's management creating dispute: Agent banking is very increasing sector of banking. But many banks have launched this banking system but lack of the interest and consistency to run this process. Many banks have slowed down the operation which results in unemployment for the agents.

4.3.3. Challenges of Agency Banking for Banks

There are of course challenges that the banks need to address to avoid losing customers and maintaining the Banker- Customer relationship. The customer is still the responsibility of the Banks and the same has not been delegated to the Agency. Some of the challenges that need to be addressed are: Confidentiality; Every year Banks ensure that their staff members sign secrecy forms and maintain confidentiality for all customer information. This should be looked at as these agency employees are not bank employees.

Security; Most of these agencies are in areas that are what would be considered 'high Risk'. The Bank needs to audit the security measures being taken by the agencies to ensure the customer can transact confidently without having to look behind their backs.

Customer service to the bank customer; Service is a huge challenge for the banks as they need to train and retrain the Agents so as to maintain high levels of customer service.

Issues of Fraud; The agency staff will be a target by fraudsters as they are aware that they will not be able to easily identify fraudulent transactions for example identification of documents for originality is a challenge.

4.3.4. Challenges:

i. Selection and monitoring of agents

ii. Cheque book issue and clearing cheque

iii. Limited transaction time

iv. Power failure

v. Cash carrying or Management risk

vi. Physical and cyber security

vii. Settlement of complaints

4.3.5. Prospects:

i. Overall digitalization: The government objective of agent banking is to create the digitalization of rural people. Government is providing assistance by giving offices to the agent outlets to UDC (Union Digitalized centre)

ii. Providing banking service to rural people: Agent banks provide banking service without loan, creating a huge acceleration to rural people by saving their time and money.

iii. Agents can operate on behalf of more than one agent banks: Agents can operate more than one agent banking activities but there is a regulation that is the two outlets of the agent bank cannot be near one another.

iv. Enlarging the business by seasonal business: Agents can be highly benefitted by doing seasonal business and agent banking both at the same time.

v. Gaining trust: Lack of reliability among the rural people is a main obstacle to agent banking process. But the ever increasing growth of this sector brings about the fact that rural people are gaining trust nowadays.

4.4. Service of Agent banking:

4.4.1. Agent must provide services in the designated business premises.

The following services will be covered under Agent Banking in Bangladesh as per Bangladesh Bank's guidelines:

- Collection of small value cash deposits and cash withdrawals (ceiling should be determined by the management of the Bank from time to time in line with the guideline of central bank);
- Inward foreign remittance disbursement;
- Facilitating small value loan disbursement and recovery of loans and installments;
- Facilitating utility bill payment;
- Cash payment under social safety net programmed of the Government;
- Facilitating fund transfer (ceiling should be as per limit given by Bangladesh Bank from time to time);
- Balance and Statement inquiry;
- Collection and processing of forms/documents in relation to account opening, loan application, credit and debit card application from public;
- Post sanction monitoring of loans and advances and follow up of loan recovery;
- Receiving of clearing cheque;
- Other functions like collection of insurance premium including micro- insurance etc;
- ATM Withdrawal;
- Merchant Payment;
- Fund transfer [Person to Person (P2P), Person to Business (P2B), Business to Person (B2P), Person to Government (P2G), Government to Person (G2P), Business to Government (B2G), Government to Business (G2B)]

As per Central Bank's guidelines, agents are not allowed to provide the following services on behalf of the banks:

- Giving final approval of opening of bank accounts and issuance of bank cards/ cheques;
- Dealing with loan/ financial appraisal;
- Encashment of cheques; and

With agent banking, banks are optimistic to target the outmost population of the country. The instruction provided by Bangladesh bank is as such banks will only have their agent banking operation in rural areas and pouroshova, Metropolitan cities and City corporation will be excluded from agent banking operation. The ration of agents in rural and pouroshova is 2:1 that means if a bank opens one agent point in pouroshova it needs open two agents in rural places according to the guideline of Bangladesh Bank.

4.4.2. The main target customers will be,

I. Rural families having one member working in different cities
II. Rural families having one member working in abroad
III. Rural families have members studying in the city
IV. Farmers who buys fertilizers and seeds from distant market
V. Farmers who normally do contract farming
VI. Rural families who receive funds from different national and international NGOs
VII. Freedom fighters and other group who receives grant from the government
VIII. Workers participating in food for work program of Bangladesh Government

4.4.3. Customer Protection

I. The banks shall offer products and services approved by their Board keeping conformity with the guidelines. The agents should not introduce any financial product or service at their discretion.

II. There should be clear identification/logo and name of the bank with contact address/telephone number displayed in a visible manner on the premises of the retail agents/ agent’s service premises.

III. The bank shall take necessary steps to ensure that the agents/retail agents/sub agents are known to the public in a specific area. The local branch manager may introduce the agent/retail agent or sub agent to the public, their activities and limitations in a clear manner.

IV. The fees/charges for offering the services shall be published in the form of a brochure and be available in the outlets of the agents/ retailers or sub agents for client’s use and information.

V. The bank shall take necessary steps for creating awareness among the customers (in local language) on agent banking which may contain the rights of the customers and safety measures to make transactions with agents.

VI. The bank shall have a business continuity plan to ensure uninterrupted services to the customers in case of failure or termination of agents.

VII. When a contract between bank and agent is terminated, bank shall issue a notice of the termination to be published within the locality where the agent was operating its business.

VIII. If any agent works on behalf of more than one bank, it shall ensure that there are no amalgamations/overlapping/intermixing in the database of customers of different banks.

IX. Customers may lodge complaints regarding agent banking to Customers’ Interests Protection Centre (CIPC) of Bangladesh Bank.

4.4.4. Charge for the Services

Customers should not be charged directly by the agents for providing services to them. Bank shall pay reasonable fee/ commission to their agents. However, bank may charge commission/ fee/charge as applicable to its customers.

Section 05

Future Forward:

Officially sanctioned by the Bangladesh Bank in 2013, agent banking has only recently begun to take off. It is considered to be the latest innovation in banking services and is persuading banks to think beyond CSR and focus on business imperatives with a view towards serving the unbanked.

The ecosystem for agent banking, as it stands, can also be represented through a doughnut of actors and rules (See the figure on Agent Banking Ecosystem). Banks, once again, are the key driver for agent banking, since they are the only licensed entities that can offer this service. Multilaterals have played a salient role in driving agent banking such as United Nations Capital Development Fund (UNCDF). The Rural Electrification Board (REB) has also provided agents with a source of additional income as Bangladesh Bank now allows people to pay their utility bills to REB through agent banking agents.

Technology providers are key, be it providers of hardware at agent points or software at either the agent or the bank's end, not to mention services that aim to integrate customer information across the service delivery chain. International NGOs (INGOs) have played a key role in the early stage of agent banking, since they possess considerable expertise in developing products for and marketing to the underserved. INGOs refer to the building of such awareness as "behavioral change communication." Such communication will be essential in generating financial literacy among the underserved and bringing them into the fold of formal banking services, through agent banking. According to Bangladesh Bank guidelines, microfinance institutions will not be left behind as banks gear up to serve the last mile, because they will be eligible to service banks as agents. In fact, it is believed that microfinance institutions may play a key role in connecting banks to the underserved given their long experience in developing products and servicing them.

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Appendix I
Introducing Consulted Articles

SL. No.	Article Title	Author(s)	Journal Name	Volume & Issue	Year	Publisher
1	Prospects and Challenges of Agent Banking in Bangladesh: A Case Study of Female RMG Workers	Sajid Amit	*Review of Integrative Business and Economics Research*,	Vol. 7, (Issue 4)		
2	Role of Agent Banking Services in Promotion of Financial Inclusion in Nyeri Town, Kenya	• Dr. Francis Ofunya Afande, • Salome Wairimu Mbugua	Research Journal of Finance and Accounting	Vol.6, .3, (ISSN 2222-1697)	2015	
3	The factor that affects the effectiveness of agent banking characteristics on financial inclusion performance: A study from Malaysian government-owned banks in Negeri Sembilan	• Bahiah A Malek • Shahimi Mohtar • Ahmad Shabudin Ariffin	*Journal of Advanced Research in Business and Management Studies*	Vol.7, (Issue 1)	2017	
4	Agent banking, the revolution in financial service sector of Bangladesh	Md. Razib Siddiquie	*IOSR Journal of Economics and Finance (IOSR-JEF)*	*Volume 5, (Issue 1)*	2014	
5	Inclusive Growth through Branchless Banking: A Review of Agent Banking and its Impact	• Rezwan Mahmood • Sandip Sarker	Journal of Economics and Sustainable Development	Vol.6, No.23,	2015	

6	The Impact of Agency Banking to the Development of SME Sector: The Case of Bangladesh	Benazir Rahman	*World Journal of Social Sciences*	Vol. 6. No. 3.	2016	

Appendix II

Complication of Objectives/ Purposes/ Questions/Hypotheses Addressed by the Articles

Article	Objectives/ Purposes/ Questions/Hypotheses
1	Assess appropriateness of Agent Banking as a business to serve the RMG sector; • Assess whether financial literacy sessions are encouraging RMG workers to open bank accounts and carrying out financial transactions using such accounts; • Assess areas of improvement for financial literacy sessions and explore alternative and sustainable ways of delivering financial literacy sessions targeting RMG workers; • Assess the overall scale-up, transition, and existing strategy for the project to ensure sustainability of its interventions; • Identify specific gaps in Agent Banking business model, financial literacy program including overall project implementation plan and provide recommendations accordingly.
2	• To evaluate the extent to which geographical coverage of agency banking has promoted financial inclusion. • To assess the extent to which security concerns associated with agency banking affect financial inclusion. • To analyze the extent to which agency banking has reduced the cost of financial services by commercial banks. • To assess the extent to which agency liquidity affects financial inclusion.
3	• The first objective of this study is to determine the effectiveness of banking agent characteristics towards the financial inclusion performance of the Malaysian local bank. • The second objective is to analyze the relationship between the factors and effectiveness of agents banking network characteristics.
4	• This research is about financial service sector in Bangladesh in rural areas.
5	• The study has attempted to identify the role of agent banking in inclusive growth. The findings can serve as an important policy implication for developing countries that are searching ways for inclusive growth.
6	• The main objective is to focus on the Impact of agency-banking on the development of SME sector of Bangladesh by surveying people related to SME clients who are unable to get banking services by creating banking accounts and agents; and applying appropriate tools. • The second section of the paper focuses on the reviewed literature showing the previous research of others and gap. The third section shows the methodology followed by the analysis and findings of the study. The final section emphases on the conclusion.

Appendix III

Complication of Methods

Article	Methods
1	• The methodology for this study was largely qualitative, although, certain numerical analyses have been performed with regard to responses from FGD participants. This research encompassed 4 focus group discussions (FGDs) with RMG workers with 10-12 female RMG workers per group. It was not easy accessing RMG workers during their work hours and hence the FGDs had to be structured around their lunch break. Best practices were followed to ensure that the discussions were not biased by any one or two FGD participants or for that matter, by the presence of supervisors of banking agents. In addition to FGDs, we deployed semi-structured questionnaires and conducted 10 Key Informant Interviews (KIIs) with partner banks, namely NRBC Bank and Bank Asia, two leading banks with regard to their agent banking operations as well as their involvement with Sarathi as partners. The KIIs were conducted with senior and mid-level banking staff, at their office. This sampling method, although under convenience sampling, is also known as Expert Sampling, which usually necessitates a smaller sample size. • The research has also been greatly benefitted and illuminated by discussions with the Sarathi Team Leader, Project Team and review of project documents.
3	• Research Framework • Research Instrument • The Research Approach • Population and Sampling
4	• I have chosen to interview few employees of few banks who have applied for agent banking, to have clear insight about the industries positives and negative of the industry. I also did a survey by interviewing few agent banking customers to find out the opportunity and treats of this service. Various statistical and analytical methods were used to process the primary data into presentable and understandable format.
5	• secondary data • Different journals • Bangladesh bank website
6	• For the study a questionnaire survey among the randomly selected sample group of both agents and small business persons have conducted. Since the study is concerned with the relationship between agency-banking services like Bkash and growth of SME business, all SME business person of Bangladesh are potentially constituted the sampling frame. However, the study concentrated on both SME clients and Agents. There are many agency services exist in Bangladesh but for the simplicity of the study Bkash has used to demonstrate agency services in the study.

Appendix IV

Complication of Conclusions

Article	Conclusions
1	First, a mobile wallet does not automatically correspond to a bank account and in fact, most people who use MFS do not have bank accounts. 4 In fact, many users of MFS do not even use their own MFS account, but that of an agent's. There is a second level of inter-operability, which is also important to address for the growth of transactions, and that is the ability to transact across platforms of MFS providers. For instance, at present, a bKash user is not able to transact with a user of any other MFS provider, or vice versa. However, owing to the first level of inter-operability, MFS providers are not yet conversant with offering banking products such as credit products, and owing to their lack of integration with their parents', banks transacting through MFS is not tantamount to full financial inclusion (such that they are absorbed into formal banking channels). Therefore, even if an RMG worker were to open an MFS account, she would not have access to a bank account, by default, and therefore, not be immediately eligible for formal banking products and services. This, however, may change as the regulatory environment changes in the next few years.
2	The study has established that agent banking had brought services closer to the people through agent banking. The study has also established that lack of liquidity was not a deterring factor as the agents were vetted and monitored to ensure there were rare cash shortages. Security concerns were minimal; the study found that all the agents had adopted physical security features such as metal grills and in some cases CCTV. The costs of services at agent banking were found to be high as compared to ATMS. The researcher concludes that greater geographical coverage brought about by agent banking is the strongest predictor of financial inclusion. This is because services are brought closer to the people and thus saves a lot of time which would have been used to queue in banking halls or ATMs. The strongest evidence to this effect is the fact that customers were willing to forego the extra cost charged at agent banking outlets to have their banking needs taken care of. It is the conclusion of the researcher that the agent banking model is a success as regards financial inclusion. The few number of accounts opened or number of transactions should not be taken as failure of the model. This is because agent banking services are a new phenomenon in Kenya having started in 2010.
3	Though the study has several limitations and possibilities for future research, the findings still had its own implication. The findings could be used by any banking industry when considering their efforts on recruiting agents. This study showed that there were some factors such as agent attitude, even agent experience in business and agent core business that affect the performance under the financial inclusion of the bank. The finding was interesting since the characteristics of agents andthe performance of financial inclusion were the important elements in the contribution of the profit for both parties, which is bank profit and the agents' income. The finding

	of this study has the potential to be used as a gauge on other financial institutions in Malaysia. The study concludes that using agents' leads to a higher customer base and transaction volume. The increasing number of agents will also relate in increasing customer base and transaction volume.
4	Agent banking has a huge possibility in Bangladesh. Few banks are taking different initiatives to make this service popular in Bangladesh. Banks like Bang Asia. Eastern Bank Limited, ONE Bank Limited, Farmers Bank have already launched agent banking and many more are waiting to get clearance from Bangladesh Bank. This service opens the separate epoch for accessible banks and financial institutions. More and more people will use this service because of the convenience it will provide to them in their daily life. Bangladesh bank has proper guideline and policies for agent banking; now the banks have to be very vigilant employing those policies to make it the biggest triumph story.
5	Agent banking can ensure the access of the marginalized people to several financial services, especially in remote areas. It can work wonders in financial inclusion and enhancing financial activity in remote areas. It can also prove financially viable for the formal banking sector. If the vibrant banking sector puts relentless efforts by following the proper guidance of the central bank, agent banking can prove an effective tool for enhancing financial inclusion and materializing the dream of a poverty-free Bangladesh. In Bangladesh, there are huge opportunities of financial inclusion through agent banking. Bangladesh bank has already taken some initiatives to promote agent banking and achieve inclusive growth. Since agent banking activities has started in 2013, there is little data on that. In future, further research can be carried out with large set of data to measure the impact of agent banking in inclusive growth in Bangladesh.
6	The study shows that agency banking has become popular among the SME people starting from tea-stall to boutiques and many other small and medium enterprises including manufacturers, retailers and so on. Although having a lot of problems like huge fraudulence, forgery etc., this will definitely push up the development of SME sector as well as economy of Bangladesh.