



With a diverse landscape and a rapidly rising class of women entrepreneurs in rural areas, advent of fintech innovations has added tremendous power towards transforming the rural financial landscape in Bangladesh. This is also creating the enabling conditions for rural women entrepreneurs to access financial services who had historically faced significant hurdles in accessing traditional banking services. The geographical remoteness, coupled with women's lack of collateral and male-dominant banking culture, have always made it difficult for banks and other financial institutions to extend their reach to rural women entrepreneurs,

At present, the rise of fintech startups has revolutionised the country's financial sector. Leveraging technology and mobile devices, fintechs have become instrumental in breaking down the barriers to accessing financial services by rural women including the CMSME women entrepreneurs. Fintechs have introduced digital payment solutions and mobile wallets that allow rural women entrepreneurs to make transactions, pay bills, and transfer money using their smartphones or basic feature phones, reducing the reliance on cash and improving financial efficiency.

Similarly, digital banking revolutionises rural financial system, fostering access to financial services through USSD (Unstructured Supplementary Service Data), agent banking, and other technologies. Agent banking providers establish partnerships with local businesses, for extending banking services through POS devices. These solutions enhance financial access, support institutional savings, and facilitate transactions for rural women entrepreneurs.

Fintech platforms have also pioneered digital microfinance initiatives, providing small loans to rural women entrepreneurs and individuals who were previously excluded from the formal banking sector. As a result, traditional credit assessment methods, such as credit scores and bank statements, are often not available or relevant to these rural borrowers. This has been one of the major hurdles for rural women entrepreneurs to access credit from traditional banks and other financial institutions. In contrast, the digital lending platforms use alternative credit assessment methods, including data from smartphones and payment histories, to extend credit to these underserved populations and entrepreneurs. Thus, digital lending is making it easier for rural women entrepreneurs to access loans with flexible eligibility criteria.

Many fintechs are developing mobile apps that offer financial education and literacy tools in Bangla. These apps empower rural women entrepreneurs to make informed financial decisions, manage their finances better, and understand the benefits of savings and investments. Fintech innovations are also entering the insurance sector, introducing digital insurance platforms that can provide affordable and accessible insurance products tailored to the specific needs of rural women entrepreneurs. These solutions can offer coverage for agriculture, health, life insurance, asset losses and other categories, while also extending protection in the event of natural disasters.

The NID biometric identification system has been a crucial enabler of fintech initiatives. It allows rural individuals and entrepreneurs in remote areas to open bank accounts and access financial services using their unique identity. This integration has streamlined the onboarding process and reduced the need for extensive paperwork.

All these transformations are moving fast, but we still have a long way to go to create an inclusive rural finance system. While fintech innovations have made significant strides in promoting financial inclusion in rural Bangladesh, many challenges persist and new challenges are also emerging. Connectivity and internet infrastructure remain uneven in remote rural areas, limiting access to digital financial services. Additionally, the challenges of digital transformation in banking and financial institutions include the high cost of modern tech solutions, cultural resistance within tradition-dominant organisations, prudent leadership lacking seriousness towards fundamental change, rivalries between winners and losers of changed scenarios, inadequate project management and ownership, and a lack of knowledge sharing due to traditional regulatory constraints.

Overcoming these hurdles requires substantial investments both in physical and human capital, shift in organisational culture, support from proactive leadership, adoption of effective project management strategies, and fostering knowledge sharing across all stakeholders. For Bangladesh, embracing newer vintages of fintech solutions is pivotal for successful digital transformation capable of ensuring enhanced financial security and wide ranging scalability along with providing substantial cost-effectiveness.

At present, all indications highlight that fintech innovations are driving financial inclusion in rural Bangladesh, supported by multiple government initiatives for creating a truly digital country. Collaboration between fintech, traditional financial institutions, and regulators is no doubt the key to overcoming challenges and ensuring last-mile delivery of fintech benefits. Mobile financial transactions and agent banking services have witnessed a record surge in recent years and the digital lending market is growing rapidly to reach newer heights. More interestingly, the major share of this growth is coming from the rural sector.

The government and Bangladesh Bank are pushing for rapid expansion of digital banking service centres to improve access to financial services for the rural residents. Agent banking outlets are physical 'branches' of banks that offer digital banking services. These outlets offer services such as account opening, cash deposits and withdrawals, fund transfers, and loan applications. This is making it easier for rural residents to manage their finances and access financial services without having to travel to a formal bank branch.

About two-thirds of Bangladesh's population resides in rural areas, highlighting the importance of providing basic financial services to these communities. Fintechs have been adapting their products

and enabling doorstep delivery of financial services. The trust challenges are also being addressed through local agents and partnerships with MFIs and retail stores.

In the ultimate analysis, collaboration between fintechs, traditional financial institutions, and regulatory authorities is crucial in addressing challenges and ensuring that the benefits of fintech reach the last mile in rural Bangladesh.

CRFS Consultation Meetings for Institution Level Analysis

Under the Comprehensive Rural Finance Study (CRFS), which is being implemented by InM with support from the Bangladesh Bank, an important component is to conduct institution level analysis for the financial sector institutions. The objective of the analysis is to solicit the experience and lessons learned by all relevant financial sector institutions who are involved in designing and delivery of financial products and services (e.g. savings, credit, insurance, mobile financial services, agent banking etc.). The issues under review also cover their limitations in reaching the target groups as seen by the providers, and their views on how to develop appropriate, user-friendly and sustainable financial products and services for the excluded and under-served rural population groups and enterprises.



Under the component, InM organised a series of consultation meetings during March 2024 with relevant financial institutions including Bangladesh Bank, IDRA, MRA, BTRC, banks/NBFIs, fintechs, PKSF, MFIs, insurance

companies and associations, BPO, SME Foundation, trade bodies and associations, SDF, FID of the Ministry of Finance and other agencies to identify policy, regulatory and other relevant issues related to designing and delivery channels of financial services for the excluded/underserved groups in the rural areas. Glimpses of these consultation meetings are being shared in this report while the main reports are being prepared for Bangladesh Bank and other stakeholders.

Second Batch Managerial Staff Training Programme with Gram Unnayan Kendra (GUK) and Shakti Foundation for Disadvantaged Women (SFDW)

The Institute for Inclusive Finance and Development (InM), in collaboration with Water.org, is implementing the WaterCredit Adoption Scale-Up Programme in various regions of Bangladesh through eight (8) partnered implementing Microfinance Institutes (MFIs). As part of the capacity development initiatives, InM ensured one day ToT training for the Branch Managers to equip them with WCAD model, WASH initiatives, creating demand generation and programme outcomes for successful implementation of the project at the field level.

These training sessions were held at Bogura on February 13 and 15, 2024, for GUK and SFDW, respectively. A group of senior professionals, including 30 Branch Managers/Area Managers were actively participated in both of these training programmes. Notably, higher management representatives from both partnering organisations were also in attendance, underscoring the significance of these physical training programs. InM played a pivotal role as a facilitator throughout both sessions, ensuring their smooth execution and effectiveness.

The training aimed to enhance the understanding of the WCAD programme among Branch Manager/ Area Manager - level participants, facilitating effective knowledge dissemination and future implementation. During the training sessions, the WCAD programme model was discussed, ensuring that participants gained a holistic understanding of its objectives, methodologies, expected outcomes and motivating them to amplify WCAD loan disbursement in alignment with project indicators. The participants also registered themselves for the online digital learning platform developed by InM on WCAD project implementation. The interactive nature of the training encouraged participants to ask questions, seek clarifications, and engage in meaningful discussions, thereby fostering a conducive learning environment.



Field Visit under WCAD Scale- up Programme at Bogura

On February 14, 2024, the Institute for Inclusive Finance and Development (InM) conducted field visits to the Shakti Foundation for Disadvantaged Women (SFDW) in Bogura to monitor ongoing field activities associated with the WCAD programme. Their aim was to assess the progress and challenges of the ongoing activities.

During the visit, InM representatives met with key personnel at various SFDW branches, including Area Managers, Branch Managers, and Loan Officers. These discussions provided insights into field activities and highlighted implementation challenges. Additionally, representatives visited beneficiaries' homes to inspect water and sanitation infrastructure installations, ensuring they met WCAD programme objectives. Feedback was provided to address any issues identified, fostering continuous improvement and enhancing the effectiveness of WCAD initiatives.



2nd Coordination Meeting of WCAD Programme Partners

The Institute for Inclusive Finance and Development (InM) hosted a Coordination Meeting on April 29, 2024, in Dhaka, as part of its strategic efforts to intensify the impact of the WaterCredit Adoption Scale-Up Programme (WCAD). This initiative engaged InM's eight partner Microfinance Institutes (MFIs), all dedicated to expanding access to improved sanitation and safe drinking water.

The primary objectives of the meeting were to assess the current status of the WCAD programme's implementation, identify both internal and external factors influencing the performance of MFIs, and devise a structured roadmap for future implementation. The overall discussion covered achievements against WCAD targets, challenges encountered, strategic plans for overcoming obstacles, assessments of the programme's effectiveness, and tangible benefits experienced by beneficiaries. Additionally, partners discussed their respective organisations' plans for ensuring the long-term viability and scalability of the programme.



The meeting aimed to foster stronger communication channels among partners and between partners and InM. It also served as a platform for sharing lessons learned from the effectiveness of adopted strategies in addressing challenges at the field level. This collaborative effort between InM, Water.org, and partner MFIs underscores a collective commitment to making significant strides in improving water and sanitation access for marginalised communities.



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