



Scale X Design

## Scale X Design Accelerator Cohort 3

View on Screendoor at <https://screendoor.dobt.co/careinnovation/scale-x-design-accelerator-cohort-3/admin/responses/30>

### Initiative and/or Program Name

Increasing uptake of Financial Literacy App - Shonchita

### Technical Sector

No response

### Check this box if your application should NOT be entered in the Accelerator as a finalist.

No response

### Check this box if your application is a social enterprise or consulting practice that does NOT fit within the Cohort 3 theme: Women's Economic Empowerment. Hidden

No response

### Are you submitting your application in English?

✓ Yes

No

### Problem Statement

There's an interesting paradox in financial inclusion of Bangladeshi women. Birthplace of Microfinance, Bangladesh has done well with 90% of the 21 million clients served by MFIs are women. And in terms of access to formal financial services, 35% percent of women in Bangladesh hold a bank account, which is above the regional average for South Asia (Global Findex). However, there has been growing critique of microfinance as path to women's economic empowerment. The 2015 study by Farah Nawaz revealed only 20% had full control over the borrowed amount and 15% had equal control with their spouse with rest 65% having little or no control. Thus, access to microloans proves insufficient for economic empowerment through ownership and control over assets. Similar situations exist with formal banking. 2016 study on state of financial inclusion among RMG workers reveal while 26% have bank accounts, they were last used 4 months ago or before. 25% had full control over their income while 28% hands over full income to spouse and 44% hands over income minus minor expenses for personal needs. Consequently, only 20% owned assets in their name while 63% had assets bought with their money but in others' name. 25%-30% interest rates make MFI loans too expensive while lack of assets make them ineligible for bank loans. Thus, financial inclusion of women in Bangladesh stay limited to financial transactions for spending or transferring money to home or spouse. With 2.8million women making 80% of the workforce, the RMG sector is a major employer of women. A closer look at their financial behaviors reveal key bottlenecks. 52% thought financial service mean only transactions while 35% stated they did not know what it meant or were using it in any form, even though they were. Thus, financial literacy is lacking – resulting in both low-demands on user side while banks are unable to understand female client needs. Particularly, banking hours clashing with work hours and banking is 'for the rich' misperception is ever widening the gap for financial inclusion. The result is according to Bangladesh Bank, of 16 million formal bank accounts only 21,500 belong to RMG workers. Compounding the problem are social pressures. The husbands of 46% of married female RMG workers did not approve of personal bank accounts for their wives. The number rises to 49% for personal mobile banking account. As married women, husbands' support becomes critical if the wives are to enjoy greater financial inclusion. Analysis shows that women who have their husband's support have a 20% higher probability to have bank accounts. Thus, financial literacy empowering women with knowledge of financial services and banking process is essential if for turning bank accounts to actual control over own income and assets.

**a) Explain how your initiative solves the problem. What evidence exists to prove your initiative solves the problem?**

From January 2015 to February 2017, CARE Bangladesh implemented Empowering Women Financial Services Agents in Bangladesh (EWFSAB) project funded by VISA Worldwide Ltd in partnership with Dutch-Bangla Limited (DBL) group of factories and Bank Asia. 922 Female RMG workers were briefed Basics of Economics Empowerment and Financial Literacy Training. They came from 5 factories. These workers went onto influence other workers, and people in their communities to spread the benefits of formal banking services. Over 6000 community people including other workers were reached through various campaign activities. 200 new bank accounts from were opened among the trainees. And with literacy came subsequent changes in financial behaviour:

- Own Bank accounts: 22% to 95% and last used 1.2 months ago
- Practice of saving went up from 62% to 94%
- Control over earnings went 94% shared jointly with husband from 65% having little or no control
- Annual Savings Goal: Increased from Tk. 22,000 to Tk. 56,000 (2.5 times)
- Annual Savings: Tk. 35,304 (41% higher than initial)

The changes go beyond numbers. One major challenge pre-identified is spousal acceptance. 8 sensitization sessions were held with 150 male members of their families. Male members were sensitized on financial planning and budgeting for facilitating women's decision making and choices regarding financial matters and supporting women's to access financial services. From 46% spouses opposing personal bank account, the number fell to 5%.

Behaviors changed regarding use of money. While RMG working women still want to invest in other businesses, the method has shifted from taking loans to using savings – much more resilient form of livelihood improvement. Similarly with remittances sent back to family in village, which 87% does, new ideas arrived. Instead of just transfer, one woman sent instructions to buy a cow, which the family rears. When the cow is sold, she will take share of the profit – creating secondary income sources.

The changes are enthusiastically endorsed by all stakeholders involved. DBL group is in talks with Bank Asia to open ATM booth at one of their factories to bring all 3000 workers under banking instead of just those in project. Mr. Zahir of Bank Asia has said, while individual impact of the project is yet to be determined, in last two years, Bank Asia has opened new branch with new clients in areas close to Intramex and DBL factories.

**b) How does the initiative apply the CARE approach? (Increased Resilience, Promoting Inclusive Governance and Gender Equality and Women's Voice – The initiative does not have to apply all four to qualify)**

No response

**b) b) How does the initiative apply the Women's Economic Impact Strategy?**

The initiative takes a root-approach to financial inclusion addressing key bottlenecks that stops banking for women from reaching its potential to empower them. The following points apply the WEI Strategy:

1. Financial Inclusion: The initiative not only results in financial inclusion, but in an effective one by inducing practices in financial behavior required for effective and sustainable relationship between working women and banks. It looks beyond opening bank accounts for women and at use of the account to empower.
2. Dignified Work: Focusing on financial literacy, joint budget management and empowerment modules enables women to take better control over their own income as well as make better use of it.
3. Underlying barriers of women's economic empowerment. The initiative emphasizes engaging spouses, factory management and communities these women live in. Effective financial inclusion requires changing attitudes of male spouses and community towards women owning and controlling their own account and income.

**c) Why is your initiative better than what's been done before or by others?**

- Works on root-causes of financial inclusion; not just access
- Works through 'Agents' who are built-in scalars of impact
- Brings together various stakeholders for sustainable solution
- Engages men as spouse, in community and factory management
- Homogeneity: RMG worker specific builds cohesion faster
- Prioritizes savings over loan-taking for investment –related financial services
- Brings together workplace and community – combined approach necessary for financial services uptake
- Large group of homogenous women as potential customer: 2.8 million

**a) Describe how this initiative could further impact 1million+ people by 2020? How can this be taken to scale, either at the national or international level?**

The pilot is tested with ~1000 women and communities they live in. The approach is quite intensive and scaling from to a million would require different design. CARE Bangladesh is working in a UN Women project on Career, Capital and Confidence. The pilot works with 6,000 women by mobilizing and supporting selected group of women to empower women garment workers for career mobility, financial literacy and reduced violence against women. In addition another agreement is to be signed with TARGET USA, whereby similar model of combining empowerment with financial inclusion will be implemented for further 20,000 RMG workers indirectly. Both projects will be executed for RMG workers all living within one city, Gazipur. Thus, CARE Bangladesh has already committed to scale from 1,000 to 26,000 in a year. However, that is still a long way to reaching 2.8 million. So how do we get there?

In Project, an android application was developed with financial literacy module converted into an offline android application for one-time download. Platform was chosen because Bangladesh is among the largest mobile user base globally. Currently 140m of 170m population uses mobile phone while 80m access the internet according to National Telecom regulatory body. While smartphone penetration is relatively low, it is growing at a staggering rate of 57.44% year-on-year. Also, Bangladesh accounts for 8% of total mobile money accounts globally – a promising market for banking innovations and financial inclusion. Counterpoint Senior Analyst SuJeong says at present 30% use smartphones and set to reach 60% by 2020. In such a scenario, mobile-based applications will become the fastest, cheapest way to reach large number of people in a targeted manner.

CARE Bangladesh can pioneer the way to use this platform for bringing mass change. It requires technical marketing and promotion of a virtual product which CARE Bangladesh has no experience in. Assistance and resources are required in mass promotion and B2B strategies like spread through OEMs. Digital marketing through social media is another area relevant for the app uptake; where CARE Bangladesh lacks competency. As an ongoing product, technical support would be required in periodic updating.

**b) Who will pay for taking this initiative to scale? (i.e. what is the funding model? Will government adopt the innovation? Will the initiative be scaled through market-based approaches? Will it be supported through traditional philanthropy or replicated by other NGOs?)**

The local smartphone market is highly contested between local brand Walton and Indian brand Symphony. Mr. Amdadul ED Marketing, Walton revealed their brand is hotly competitive with imports and are looking for competitive edge to win market share. Imported brands remain cheaper due to larger scale of production and thus price competition is unfeasible. When approached, he responded with interest to be involved once benefits to brand value perception of Walton will be proven. The idea is to have Shanchita app in-built into every Walton mobile sold, especially to women, piloted in Gazipur Area, in return for discounted price if the customer is proven to be a woman. The costing of extensive marketing across social media (Facebook) and discount is to be shared among Walton and other parties.

Bank Asia is working with Swisscontact to replicate this model with 2,000 workers and so are a 3 other projects with RMG sectors, the App can be promoted among them to increase download. As the App is in Bangla, it can reach global population, where the language is 7th most common in the world. There is scope for bringing our work in financial literacy to masses in a personal manner.

**c) Based on your experience so far, what is the major obstacle or challenge you feel CARE faces in taking this initiative to scale?**

- Low awareness of Shanchita App
- No OEM has in-built social awareness app till now. Only major telco carrier-related apps.
- Reaction from male spouse or family member might be negative
- Difficult in measuring behavioral change through virtual App
- While many banks, incl. Bank Asia would readily promote Shanchita App, they would do so with their branding and links to opening accounts with them. Shanchita is an app for all; thus partnering with any particular bank would limit its scope and purpose as it becomes a commercial app.

**a) What is evidence or the analysis that proves there is demand or interest for this initiative? (i.e. is there interest from the government? Are stakeholders such as partners or communities interested in scaling? Have donors or investors shown interest?)**

Commitments from Target USA and UN Women proves interest for the initiative. However, their objectives and organizational interests do not specifically align with mass public promotional strategy through android applications. Thus, while the app may be promoted within project groups, it would not be able to support mass-scaling. Bank Asia is already replicating this model with Swisscontact. The government has a current strategy of Digital Bangladesh 2020 where they are promoting rapid integration of ICT across Bangladesh. CARE Bangladesh itself is promoting the app within its various projects especially urban ones. Among RMG workers, 78% have their own mobile phones. In addition, rapid smartphone penetration has also led to many Bangla Apps taking the top list in Play Store for Bangladesh. Mr. Zakir of Bank Asia has said women are the fastest growing customer base for them and most banks – so they are keen on expanding the account number at the moment. Recently, systemic irregularities in banking sector has led to practice of high-risk lending which is seen as a severe national liquidity crisis now. Thus, the government and banks are now pushing for savings-based investment into businesses rather than lending-based.

All these factors indicate, Government institutions, private companies, banks, factories and their international buyers are all interested in mass-scaling initiatives that combine women empowerment with financial inclusion. In such a rich supportive environment, the smallest push in terms of better marketing strategy and resource – might ripple into large impact of changing financial behavior of Bangladesh women in RMG factories.