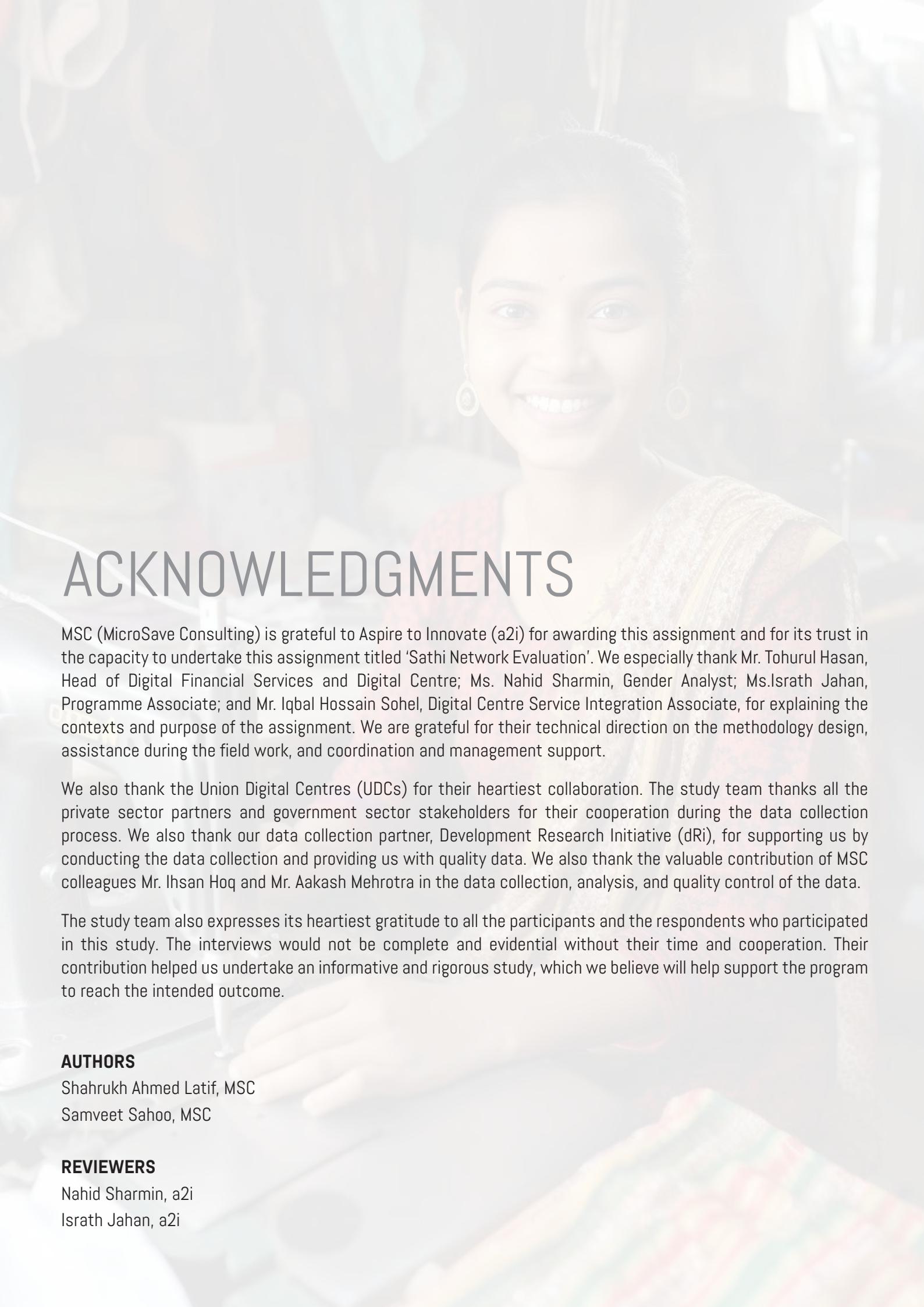


Sathi

EVALUATION REPORT

March 2024





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ACRONYMS

a2i	Aspire to Innovate
ATM	Automated Teller Machine
BDT	Bangladeshi Taka
DSS	Department of Social Services
FGD	Focus Group Discussion
FL	Financial Literacy
FSP	Financial Service Provider
IDI	In-depth Interview
MFI	Microfinance Institute
MFS	Mobile Financial Services
MSC	MicroSave Consulting
NGO	Non-Government Organization
OTP	One-Time Password
PC	Personal Computer
PIN	Personal Identification Number
PRA	Participatory Rapid Appraisal
SME	Small and Medium Enterprise
SMS	Short Message Service
SSN	Social Safety Net
TAT	Turnaround Time
UDC	Union Digital Centre
USD	United States Dollar

GLOSSARY

TERMS	DEFINITION
Agent Banking	Provision of limited-scale banking and financial services to the underserved population through engaged agents under a valid agency agreement rather than a teller or cashier.
Biometric	Automated technologies to authenticate and verify human body characteristics, such as fingerprints, eye retinas and irises, voice patterns, facial patterns, and hand measurements.
Commission	Fee that is paid to an employee after completing a task, which is, often, selling a certain number of products or services.
Demography	Statistics that describe populations and their characteristics on different factors, such as, race, gender, religion, ethnicity, etc.
Entrepreneurs	An individual who creates a new business, bears most of the risks, and enjoys most of the rewards.
Feature Phone	A mobile phone that incorporates features, such as the ability to access the internet and app store and play music, but lacks the advanced functionality of a smartphone.
Financial Inclusion	Individuals and businesses that have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit, and insurance—delivered responsibly and sustainably.
Financial Literacy	The ability to understand and apply different financial skills effectively, which include personal financial management, budgeting, and saving.

TERMS	DEFINITION
Focus Group Discussion	A small-group discussion that is guided by a trained leader and is used to learn about opinions on a designated topic and to guide future action.
Hundi	An informal form of remittance instrument used to transfer money from place to place, as a form of credit instrument or IOU to borrow money, and as a bill of exchange in trade transactions.
In-depth Interview	A qualitative research technique that involves intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation.
Inward Remittance	The money that is received in the local bank account from a foreign bank account.
Liquidity	The ease with which an asset, or security, can be converted into ready cash without affecting its market price.
Log Frame	A tool to improve the planning, implementation, management, monitoring, and evaluation of projects.
Marginalized Group	Groups and communities that experience discrimination and exclusion (social, political, and economic) because of unequal power relationships across economic, political, social and cultural dimensions.
Microfinance NGO	A non-stock, nonprofit organization that primarily seeks to implement a microenterprise development strategy and provides microfinance programs, products, and services, such as microcredit.
Mixed-method Study	A procedure to collect, analyze, and combine both quantitative and qualitative research and methods in a single study to understand a research problem.

TERMS	DEFINITION
Mobile Financial Services	Electronic money services provided against a particular mobile or cell phone number of a client (termed as mobile account).
Mohajon	A person who lends money, especially at a very high rate of interest.
Participatory Rapid Appraisal	A research method used to collect information needed when formulating an action plan within a short time and with the involvement of community members.
Random Sampling	A subset of individuals chosen from a larger set in which a subset of individuals are chosen randomly, all with the same probability.
Semi-structured Tool	A questionnaire with a combination of closed and open-ended questions to gather both quantitative and qualitative information.
Small and Medium Enterprise	A small business that has more than 30 employees but less than 250 employees.
Smartphone	A mobile phone that performs many of the functions of a computer and typically has a touchscreen interface, Internet access, and an operating system that can run downloaded apps.
Social Safety Net	A mobile phone that performs many of the functions of a computer and typically has a touchscreen interface, Internet access, and an operating system that can run downloaded apps.
Socioeconomic	The interaction between the social and economic habits of a group of people.

TERMS	DEFINITION
Stipend	A regular fixed sum of money paid for services or to defray expenses, such as for scholarship, internship, or apprenticeship.
Structured Tool	A questionnaire that consists of standardized closed questions that are worded in a specific way, asked in a set sequence, and require respondents to choose from a set of predefined answers.
Union Digital Centre	An enterprise that is run by two entrepreneurs who are appointed by the monitoring authority Deputy Commissioner and trained by the Aspire to Innovate (a2i) Programme of the Cabinet Division and ICT Division supported by UNDP Bangladesh.
Working Capital	The capital of a business that is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

EXECUTIVE SUMMARY

BACKGROUND & METHODOLOGY



The Sathi Network is a women-led agent network that seeks to accelerate rural and marginalized women's financial inclusion by encouraging women's entrepreneurship, improving financial literacy, and, most importantly, providing access to financial services. At the end of 2023, MSC evaluated the Sathi project to understand its progress, impact, gaps, and challenges.

MSC followed a mixed-method approach to conduct this evaluation. MSC developed a project log frame with output and outcome-level indicators on different project components. MSC also developed quantitative and qualitative tools, which included PRA exercises. MSC surveyed 175 Sathi members and 172 users and customers with a proportionate gender balance. MSC also conducted four FGDs and 24 IDIs with different stakeholders.

FINDINGS ON SATHI MEMBERS

Demographic and socioeconomic status: Out of the 175 surveyed female agents, 15% belong to marginalized groups. The average monthly income of the Sathi members exceeds BDT 25,000 (~USD 227) from all sources, and 84% of them can save regularly with an average amount of BDT 4,500 (~USD 41) per month. Sathi members contribute BDT 11,000 (~USD 100) per month toward their family expenses.

Agent banking business profile: Among the surveyed respondents, 83% provide agent banking services, with Bank Asia accounting for the majority (80%), followed by Modhumoti Bank (12%), NRBC Bank (3%), and others. Sathi members receive assistance from their respective banks to operate their banking businesses. Members provide a wide range of services that include account opening, money transfer, savings or deposits, remittances, and disbursement of allowances. Only a few of them process loan applications.

Members conduct 20 banking transactions per day with a transaction value of BDT 40,000 (~USD 364). So far, they have invested BDT 186,000 (~USD 1,690) in their agent banking business, which they have sourced through business profit, bank loans, or support from family members. However, a majority of them seek further funding to expand their business capital. At present, Sathi members earn monthly commissions of more than BDT 11,000 (~USD 100) from their agent banking business and spend more than BDT 6,000 (~USD 55) for their business monthly on average. Approximately 69% of the members have carried out campaigns or promotional activities. Local recognition, reputation, and trust have helped them attract more customers and expand their business. Despite their success, 57% of them face technical difficulties, such as server errors, power outages, and internet issues; 53% face logistics issues, and 29% lack financial literacy.

MFS business profile: More than three-quarters of the Sathi members are located in rural areas, which demonstrates the focus on marginalized populations. Among them, 55% provide MFS, and some hold multiple agencies. The majority have their agency business with bKash (91%), followed by Nagad (68%), Rocket (33%), and other local MFS. Sathi members conduct 15 MFS transactions per day with an average monetary value of more than BDT 16,000 (~USD 145).



bkash
91%

Nagad
68%

Rocket
33%

Some interviewed respondents expressed dissatisfaction or unwillingness to run MFS operations for a variety of reasons. So far, the members have invested more than BDT 35,000 (~USD 318) on an average into their MFS business. Sathi members earn a monthly commission of BDT 8,651 (~USD 79) from the MFS business. Some challenges mentioned related to the MFS business are increased local competition (61%), logistics challenges (55%), and technical issues (51%). Fraudulent activities have also become a major concern.

Capacity development training and financial literacy: All members have benefited from the Sathi-provided training programs. They have learned how to manage their business accounts, track profitability, save regularly, and about marketing and business development, customer management, and other effective business expansion strategies.

Members have become financially resilient and have grown the capacity to take formal loans. They have increased their financial literacy and occasionally organized financial literacy campaigns to educate the unbanked and underbanked populations, especially women and marginalized groups, about financial inclusion. They teach people basic financial skills, the importance of financial inclusion, raise financial awareness, and provide financial services from their agent points. Sathi members can now manage household income and expenses more effectively and make financial decisions through improved financial literacy.

Behavioral changes: All Sathi members can control their savings and participate in financial decision in their respected family's by contributing to household expenses. Some even cover most of their household expenses. Members also have full support from their families, particularly their husbands. Their husbands are found to share household chores, conduct agent banking business, and even assist with official works while at home. Some husbands also provide financial or in-kind assistance to their spouses to start and run the business.

Support requirement: Most members seek further training from the Sathi network. They seek training on business development skills (79%), financial literacy (65%), customer handling (64%), technical knowledge development (58%), and use of digital devices (48%).

FINDINGS ON CUSTOMERS AND USERS



Demographic and socioeconomic status: Of the 172 surveyed customers, 20% belong to marginalized groups. The vast majority of them are service providers (35%) and business owners (28%). Customers have an average monthly income of more than BDT 16,000 (~USD 145), and 76% can save regularly. Women are more likely to save than men. Customers save in a variety of ways, including bank savings accounts (56%), current accounts (48%), NGOs (16%), and cash at home (20%). Of the surveyed customers, 70% are smartphone users.



Female participation at the agent points: Women make up two-thirds (66%) of banking customers and roughly one-third (32%) of MFS customers, who visit agent points. Overall, 71% of the customers mentioned that the agent points offer feedback or complaint services, and 20% of the customers provided any feedback or complaints. The majority of their feedback or issues were duly addressed within one working day. Most of the customers (85%) expressed satisfaction with the service.



Banking: More than 90% of the customers have active bank accounts. The majority (80%) have opened bank accounts at the agent points, and more female customers have opened bank accounts at the agent points than male customers. Men are more likely (62%) than women () to use a bank account for regular transfers, but more women (19%) use bank accounts for remittances than men (13%). Men are more likely (33%) to go to the branch than women (13%), while more women (79%) prefer to go to the agent point than men (53%). Only 6% of the customers use bank products to make in-store purchases, 5% use bank cards to make online purchases through e-commerce platforms, and 7% use bank products to pay utility bills.





MFS: About 89% of the customers have MFS accounts, which they primarily use for regular money transfers, airtime purchases, utility bill payments, payments on purchase, and to receiving government allowances. Women are more likely than men to conduct MFS transactions using feature phones (27% vs 14%). Women use MFS agent points more frequently than men to complete MFS transactions. More than 20% of the customers use MFS to pay for in-store purchases, 40% to pay utility bills, and 18% to shop online. Women use MFS more than men to receive government allowances (40% vs 14%).



Use of financial products and services: More women have running loans than men, and the average loan amount is BDT 150,000 (~USD 1,364). The majority (55%) borrowed from microfinance NGOs, while 24% borrowed from banks. Even though MFI-NGOs charge higher interest rates, more women (64%) prefer to take loans from MFI-NGOs than men (46%) due to the ease of the documentation and application process. Only 16% of the customers currently have insurance coverage. More men have insurance coverage for both health and assets compared to women.



Customer protection: Less than 5% of the surveyed customers have ever shared their PIN with an agent to complete a transaction, and more female customers tend to do this. 11% of the customers have ever been defrauded due to a lack of financial literacy. The marginalized customers who receive SSN beneficiaries are the most common victims.



Financial literacy and financial inclusion: Only 22% of the respondents had participated in financial literacy campaigns, and 92% of them believe the campaigns increased their financial literacy. They learned about new financial products and services, and half of the participants started to avail for themselves. This is higher among women. More women have started to open bank accounts and save and receive remittances through their bank accounts.

RECOMMENDATIONS

Based on the evaluation, MSC has formed some actionable recommendations for the Sathi project team. Training and capacity building should be emphasized by organizing more training for the Sathi members regularly. Access to finance can be made viable by involving the banks and FIs to capacitate the members on the loan application procedures and also to provide loans to the members. Annual targets can be set for the female entrepreneurs to organize campaigns for the beneficiaries to increase their financial literacy. Sathi project can work with partner banks and FIs to develop customized loan packages for marginalized customers. Sathi can also collaborate with insurance companies and provide insurance coverage to the customers through the Sathi members. Focus should also be given on providing faster service to the customers and ensuring customer protection through mitigating frauds and scams. A standard feedback and grievance resolution mechanism is also needed to address customer issues properly.

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CHAPTER 1: INTRODUCTION

1.1 Background of the Project

Aspire to innovate (a2i) launched 'Sathi', a women-led agent network. Sathi seeking to close the gender gap in financial inclusion in Bangladesh and increase women's participation in formal financial services, by creating women-friendly financial access points across the country. Sathi was officially launched on 14th March 2022 with the participation of 100 rural women entrepreneurs. The network currently has more than 350 members. a2i took the following approach to increase capacity and implement the female agent network effectively:

- Provide training on financial services and financial literacy
- Organize financial literacy campaigns
- Develop partnerships for the availing agency
- Collaborate with regulators, financial service providers (Banks and MFS), and FinTechs
- Establish market linkages

After Sathi members received these services and support from a2i, they now provide the following services to the unbanked and underbanked women:

- Facilitate access to banking and mobile financial services
- Enhance capacity to use digital financial services
- Raise awareness of financial services
- Promote digital and financial literacy among marginalized women
- Enhance the capacity of marginalized women to utilize digital platforms
- Create linkage with e-commerce platforms to broaden opportunities

a2i commissioned MSC (MicroSave Consulting) to conduct an evaluation in the latter half of 2023 to understand the Sathi project's progress, impact, gaps, and challenges. The following section mentions this evaluation's specific objectives.

1.2 Objectives

This evaluation study's specific objectives are to:

- Comprehensively evaluate the Sathi network to assess the digital financial services (agent banking and mobile financial services) provided by female entrepreneurs and their usages by customers, especially by marginalized groups
- Assess the changes in capacity development and financial literacy of both the female entrepreneurs and the customers
- Measure the extent of customer protection and digital literacy of both the service providers and users
- Assess the behavioral changes of the customers, and their usages of different financial products and their preferences
- Identify the gaps and support requirements and provide actionable recommendations

CHAPTER 2: APPROACH AND METHODOLOGY

2.1 Study Design

The study used a mixed-method approach, which included both quantitative and qualitative surveys. The sample survey was conducted among female entrepreneurs, agents (members), and customers or users (beneficiaries). MSC conducted qualitative interviews with members, beneficiaries, and other relevant stakeholders to validate the quantitative findings. The purpose was to gain insights into the Sathi network from various perspectives to better understand the project's progress, challenges, and barriers, which helped us provide actionable recommendations. MSC has generated this evaluation report based on the quantitative and qualitative research findings.

2.2 Methodology

The study follows a systematic approach to conduct this evaluation. The details of the process are described below:

Step 1: Develop a project log frame

We developed a project log frame. The log frame consists of component-wise outcome and output level indicators. The log frame indicators, along with their values, are shown in Annex 1: Log frame indicator values

Step 2: Design survey tools

We developed quantitative and qualitative evaluation tools based on the approved log frame. We also prepared structured and semi-structured questionnaires for which we identified suitable, impactful research tools, such as focused group discussions (FGD) and participatory rapid appraisal (PRA) tools.

Step 3: Sampling framework

We followed separate quantitative and qualitative sampling frameworks for this study. The quantitative sampling is representative whereas the qualitative sampling is done purposively yet has a nationwide spread. The detailed sampling framework is described below:

Quantitative sampling

The quantitative survey is statistically representative. We applied a random sampling method to select members (women entrepreneurs or agents) from the Sathi member list for the survey. We used the snowball method to select its beneficiaries (customers). We surveyed one customer from each surveyed agent point and ensured a balanced gender ratio of the surveyed users.

The two categories of stakeholders were

1. Women entrepreneurs (members)
2. Customers (beneficiaries)

We used a precision of 5% and a 95% confidence level to derive the sample size for women entrepreneurs (members). The intra-cluster correlation of coefficients has not been considered, and the design effect was set to one. With a population size of 300, the derived sample size for female entrepreneurs or members was 168. We planned to conduct another 168 surveys among customers (beneficiaries).

Against the total target of 336 samples (168 members and 168 beneficiaries), we conducted the quantitative survey on a total of 347 samples (175 members and 172 beneficiaries). We also ensured a gender balance among the surveyed users. The sample distribution is shown in Table 1.

Number of Samples	Sathi member	User or beneficiary		
	Total	Male	Female	Total
Target	168	84	84	168
Surveyed	175	85	87	172

Table 1: Quantitative sample distribution

Qualitative Sampling

We conducted qualitative surveys in eight districts: Dhaka (Savar), Mymensingh, Narsingdi, Khulna, Rajshahi, Rangpur, Chattogram, and Sylhet.

We conducted focus group discussions (FGDs) and in-depth interviews (IDIs) across different project locations. We also exercised some PRA tools, such as problem and preference ranking, among others, during the group discussion with the beneficiaries to understand their preferences, importance, and challenges on different issues. In total, we conducted 24 IDIs and 04 FGDs at different project locations throughout the country. Table 2 below shows the list of stakeholders and the number of conducted interviews.

Type of interview	Stakeholder	Number of interviews
IDI	Female entrepreneurs (members) of the Sathi network	9
	Female entrepreneurs who are inactive or no longer a part of the Sathi network	3
	Male entrepreneurs who provide similar types of services	7
	Husbands or partners of the Sathi network members	5
Total IDI		24
FGD	Female beneficiary (user) group	3
	Male beneficiary (user) group	1
Total FGD		4

Table 2: Qualitative sample distribution

CHAPTER 3: FINDINGS ON SATHI MEMBERS

When Sathi first began to onboard members, the female entrepreneurs were unsure of the network's functions and purpose. Later, they attended the induction meetings and foundational training sessions and learned about the network's purpose. All the female entrepreneurs became more interested in joining the network after learning that Sathi would focus more on women's financial inclusion and thereby empower women. This motivation encouraged them to work more proactively. Their eagerness to learn, combined with a desire to succeed, influenced their decision to join Sathi. They recognized that the Sathi program would be a changemaker for themselves, their family, and other women in their society.

“

I was deeply inspired when I first learned that the Sathi network is working with women for their financial inclusion. I willingly attended their first campaign. Afterward, I gathered some women from my locality. I invited them to my place for a discussion, where I shared with them the benefits of becoming self-reliant and financially resilient. I gained a lot of trust and positive feedbacks from them. These motivated me to work and serve them.

- Neelima Akter Keya, Sathi Member, Dhaka

The following section discusses the demographic and socioeconomic status of the Sathi members, their MFS and agent banking business profiles, capacity development through Sathi's interventions, and their financial literacy. It also discusses the support they require further and the changes that have occurred as a result of becoming a Sathi member.

3.1 Demographic and Socioeconomic Profile of the Female Entrepreneurs

Area Coverage

More than three-quarters (78%) of the agent points are in rural areas, with 22% in urban areas. This demonstrates that the Sathi network mostly targets remote areas to serve the unbanked and underbanked populations.

Marginalized Group

A female entrepreneur is considered 'marginalized' if she is divorced or separated, follows a religion other than Islam, belongs to a minority ethnic group, or has any disability. When we consider these factors, 15% of the surveyed female entrepreneurs belong to marginalized groups. The demographic details of age, education level, marital status, religion, ethnicity, and disability are shown in Annex 2.

Household Size, Earning Members, and Number of Children

Sathi members have an average of five members in their households. A quarter (25%) of them have four members and 23% have five members. They have on average two earning members and most of them have two children in their households.

(Figure 1)

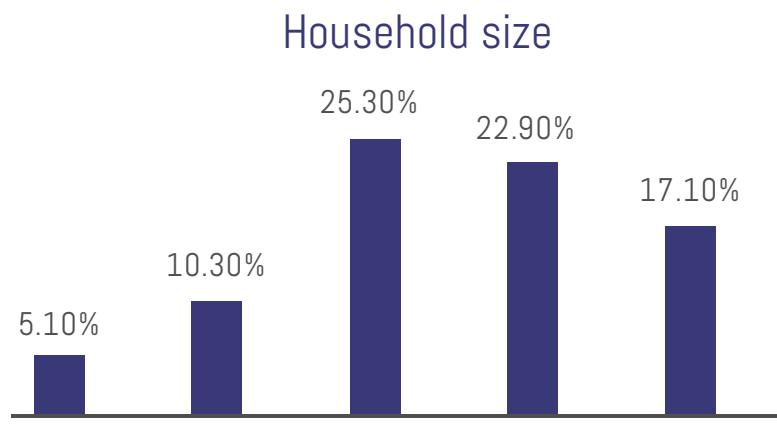


Figure 1: Household setup

Individual Income, Expenditure, and Savings

The average monthly income of the surveyed Sathi members is almost BDT 26,000 (~USD 236). This income includes their earnings from secondary sources, such as other businesses, part-time jobs, or earnings from agriculture. (Details shown in Annex 2)

Female entrepreneurs incur monthly personal expenses of less than BDT 5,000 (~USD 45) and business expenses worth an additional BDT 5,000 (~USD 45). They contribute BDT 11,000 (~USD 100) to the family expenses and can save the rest of the amount of less than BDT 5,000 (~USD 45) monthly. (Figure 2)

Nearly 84% of these entrepreneurs can save consistently. A higher proportion of the marginalized entrepreneurs (89%) can save regularly than the non-marginalized group (83%).

Individual income, expenditure, and savings
(In BDT)

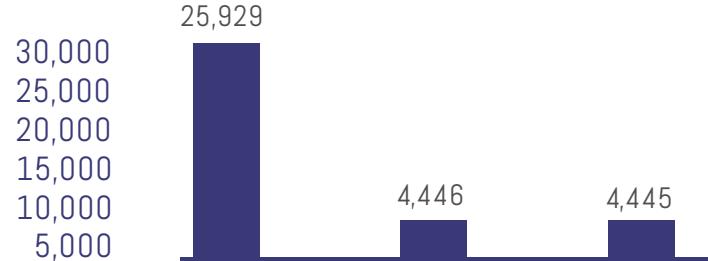


Figure 2: Individual average income, expense, and savings

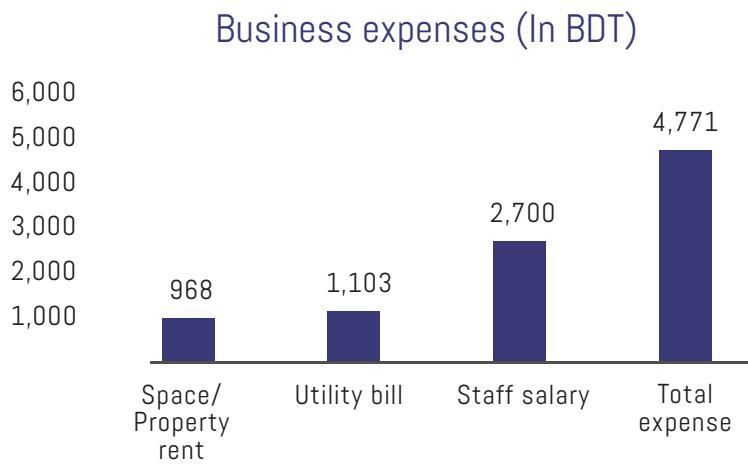


Figure 3: Business expenses

Business Expenses

Sathi members spend approximately BDT 1,000 (~USD 9) for space rental, more than BDT 1,100 (~USD 10) for utility bill payments, and close to BDT 3,000 (~USD 27) for staff salary. They have a total monthly expense of almost BDT 5,000 (~USD 45) for business purposes. (Figure 3)

Household Income, Expenditure, and Savings

The average monthly household income for Sathi members is above BDT 48,000 (~USD 436), with a monthly household expenditure of approximately BDT 28,000 (~USD 255). On average, Sathi members contribute BDT 11,000 (~USD 100) toward the family's expenses. (Figure 4) Overall, 90% of the households can save regularly.

The households spend most of the money on food consumption, utility bills, education for children, medical treatment, clothing, and commuting. This implies that the households spend most of their money on basic necessities.

Device Usage

Most female MFS agents (96%) use smartphones, while 34% also use feature phones to conduct MFS business transactions. Figure 5: Smartphone vs feature phone usage (category-wise) shows different category-wise phone usage.

Household income, expenditure, and savings: (In BDT)

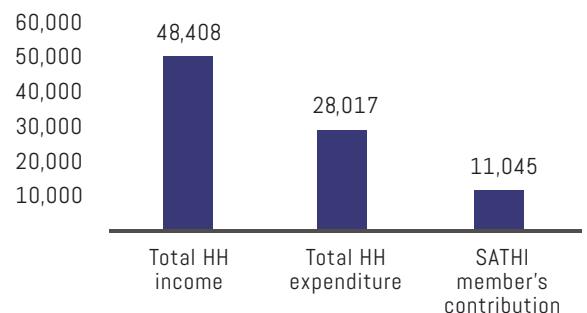


Figure 4: Household income, expense and savings

Percentage of smartphone and feature phone users

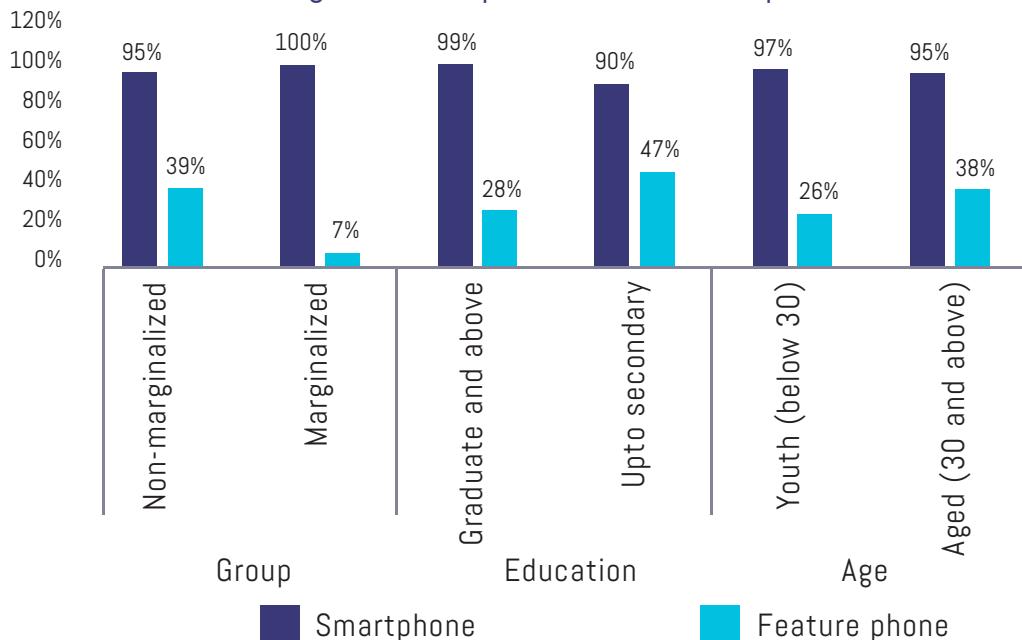


Figure 5: Smartphone vs feature phone usage (category-wise)

3.2 Agent Banking Business Profile

Bank Agency

Out of the 175 surveyed Sathi members, 83% provide agent banking services from their agent points. The majority (80%) are agents of Bank Asia, and 12% are agents of Modhumoti Bank. Less than 3% are the agents of NRBC Bank (Figure 6). The agent points are exclusive. The Sathi members either have agency ownership on their own or owned by their male colleagues at the agent points. It is found that 88% of the surveyed female entrepreneurs have bank agent ownerships.

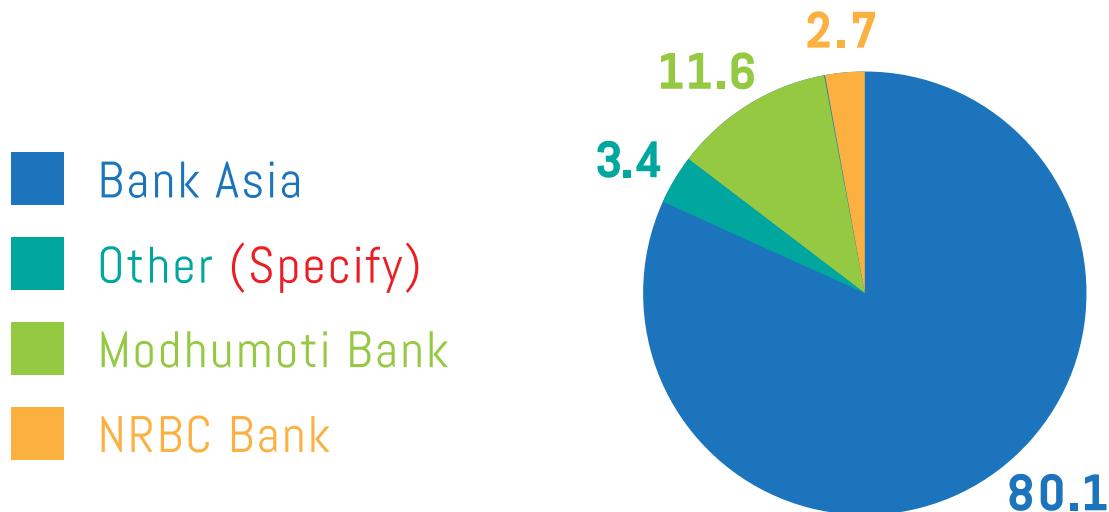


Figure 6: Bank agency of the Sathi members

Eight out of nine interviewed respondents stated that their respective banks provided full support and cooperation when they first started their agent banking business. Even after they started the business, they received months of support in various forms. They received technical and advisory support both remotely and in person. They continue to receive back-end support remotely. One respondent stated that she received cash support from the bank for daily operations and to disburse government stipends and allowances for the first three to four months. Another respondent stated that she received grant support in the form of assets, such as furniture and equipment.

Service Delivery

The Sathi members offer a wide range of services through their agent banking service. Account opening (99%), money transfer (96%), and cash deposit (92%) are the most common services provided. 78% provide inward remittance services, 69% pay government stipends, and 67% collect utility bills. (Figure 7)

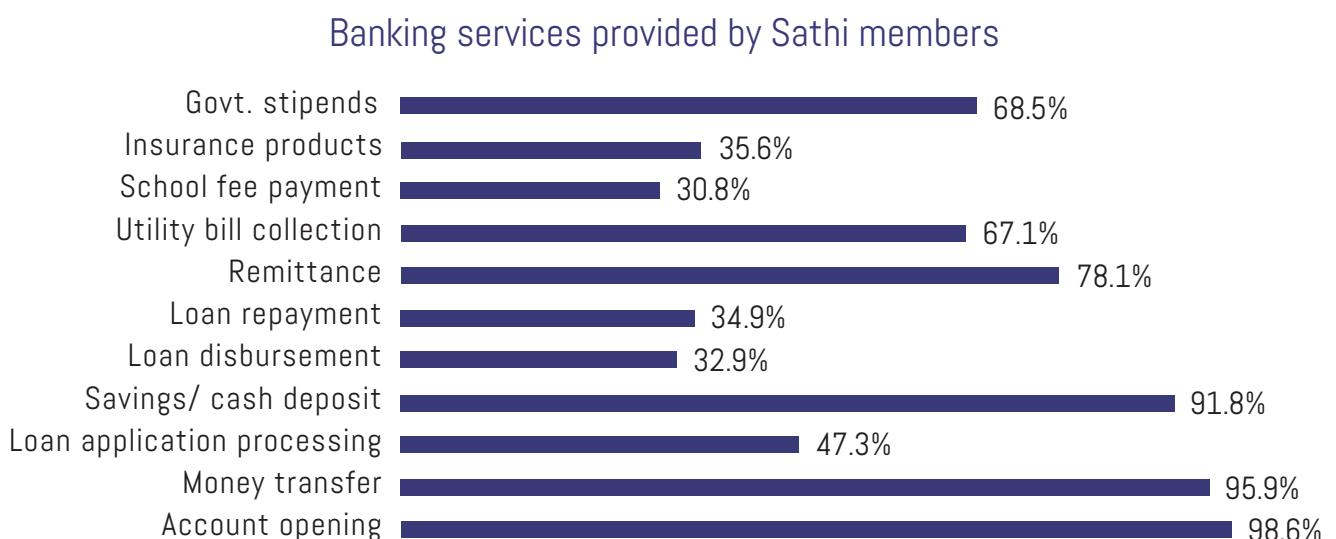


Figure 7: Banking services provided by Sathi members

Problems Encountered in Service Delivery

Some female entrepreneurs mentioned that they initially faced difficulties, earlier when they attempted to open bank accounts, because their customers could not provide the required KYC documents. Agents also encountered issues with customers who lost their documents or phone numbers and undetectable fingerprints for biometrics. One of the members mentioned:

“Sometimes, it can be difficult to get fingerprints for biometrics, especially for customers who work as day laborers or are differently abled. When we cannot use the biometric device to trace their hand fingerprints, we try using foot fingerprints to verify their identity because the account opening and transactions cannot be completed without biometric authentication. If no fingerprint is found, we wait and try until we get the fingerprint.”

– Sheuli Bachar, Sathi Member, Khulna

NRBC Bank does not offer loans through agent banking points, and Modhumoti Bank does not provide small loans to customers. On the other hand, Bank Asia offers small loans to both individuals and SMEs. As a result, members with Bank Asia agencies have more customers and process more banking transactions and operations than agents from other banks.

Five of the nine respondents interviewed stated that they do not process loan applications. Those who process loan applications face numerous challenges. The banks may reject some loan applications, and customers hold the agent liable when this happens. Furthermore, loan application and processing are time-consuming, and customers become frustrated with the agents. Many loan applicants cannot apply for loans due to bank documentation requirements.

Business Operations

On average, female entrepreneurs conduct 20 daily banking transactions, with a total transaction value of nearly BDT 40,000 (~USD 364). Entrepreneurs frequently face liquidity crises while they operate the agent banking business. They mostly visit a bank branch (95%), a nearby ATM (62%), or nearby bank agents (16%) to rebalance funds and manage their cash. (Figure 8)

Some inactive members mentioned that they lacked sufficient banking customers, which resulted in a decline in their agent banking business. A few of them even discontinued the service. Women are completely excluded from agent banking activities at some Union Digital Centres (UDCs). As the agent ownership is given to only one agent at the agent point, the female entrepreneurs have no ownership or control over the agent banking business in some cases where the bank agency is assigned to the male agent. Also, some agents lack the financial literacy and skills to conduct agent banking operations. As a result, they fail to earn commissions from the agent banking business and become less interested in agent banking services.

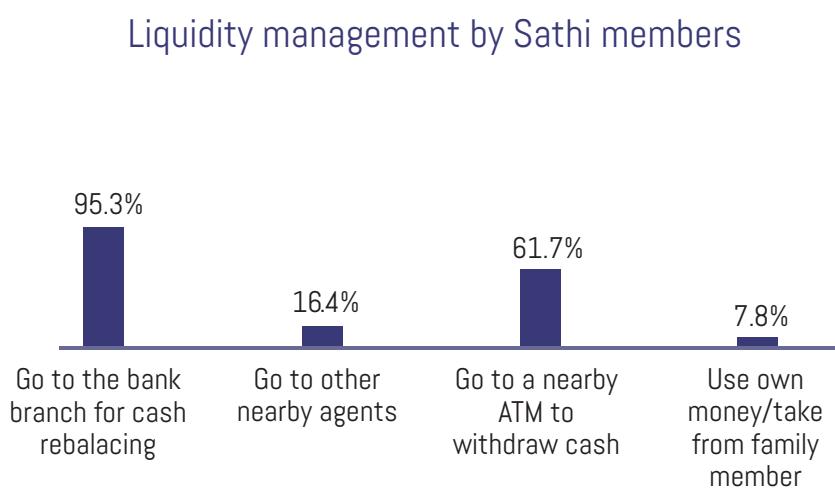
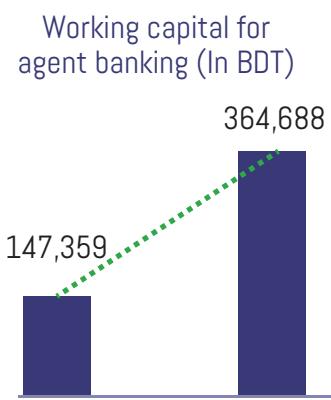


Figure 8: Liquidity management for agent banking business

The agent banking business has increased for most female entrepreneurs since its inception. The working capital of female entrepreneurs in agent banking has more than doubled since the business initiation. Female entrepreneurs who provide agent banking services now have a regular working capital of more than BDT 360,000 (~USD 3,273), up from less than BDT 150,000 (~USD 1,364) when they first started their business. (Figure 9) So far, the members have invested more than BDT 186,000 (~USD 1,690) in their agent banking business. They have sourced this fund through business profit reinvestment, with support from their spouse or family members, or through formal loans.

Most interviewed agents stated that they seek further funding to expand their business. They look for bank loans with easy terms. They understand they would need more working capital to grow the business as investment increases revenue and profit.



Initial working Current working capital

Figure 9: Working capital for agent banking

Business Expenses and Revenue

Sathi members earn a monthly commission that exceeds BDT 11,000 (~USD 100) from their agent banking business, which is around 40% of their overall income. The members spend more than BDT 6,000 (~USD 55) on average for the agent banking business.

Business Promotion and Marketing

Approximately 69% of the female entrepreneurs have conducted campaigns or promotional activities to help their agent banking businesses grow. They follow a variety of marketing strategies. These strategies most commonly include reaching out to people directly (93%), advertising through banners, leaflets, or posters (91%), and reaching out to new customers through references, such as friends, acquaintances, or family members (90%).

The female entrepreneurs' local recognition and reputation help them open more bank accounts and get more customers due to their trust and reliability among the locals. This results in more business revenue and success.

Challenges Faced

Among the various challenges in agent banking, female entrepreneurs are most likely to encounter technical problems (57%) that involve software or server issues. 53% face logistical challenges, such as outdated devices or a slow internet connection. 48% believe increased competition in the locality is also a challenge, while 37% are concerned about a lack of customers. About 29% believe their lack of financial literacy also causes problems (Figure 10). Due to the lack of financial literacy, some agents cannot take part in agent banking activities with their male colleagues at the agent points where their male counterparts own the agent banking.

Types of challenges faced by Sathi Members

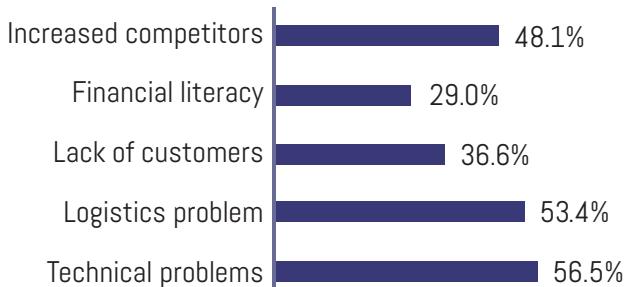


Figure 10: Challenges faced by Sathi members

Our research revealed that the most common technical issue they face is with the software and server. They do receive assistance when they contact the agent service centres, but this process causes service delays, which dissatisfies the customers. Some agents struggle with impatient customers who expect instant service. Another issue for some agents is power outages and the absence of power backup.

The Sathi agents have stated several reasons why they may lose customers. The most common reasons are customers' preferences for other nearby agents (54%), delayed service by female entrepreneurs (49%), and a lack of liquidity (42%).

3.3 Mobile Financial Service (MFS) Business Profile

MFS Agency

Among the 175 surveyed Sathi members, 55% offer mobile financial services (MFS). On average, they represent three MFS companies. The majority (91%) represent bKash, followed by Nagad (68%), Rocket (33%), Upay (23%), and other companies (3%)

(Figure 11).

Business Operations

Sathi members provide MFS at least six days a week on average. Female entrepreneurs conduct 15 MFS transactions per day on average, with an average monetary value of more than BDT 16,000 (~USD 145). 71% of the agents go to distributors to manage cash liquidity, while 35% go to a nearby branch, 33% go to a nearby ATM, and 33% go to other agents. (Figure 12)

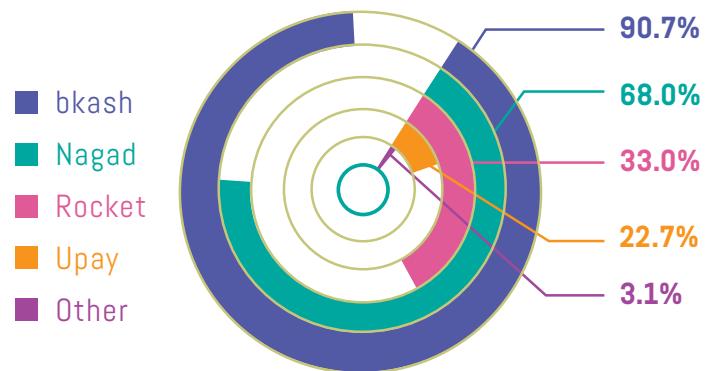


Figure 11: MFS agency of the Sathi members

Liquidity management by Sathi members

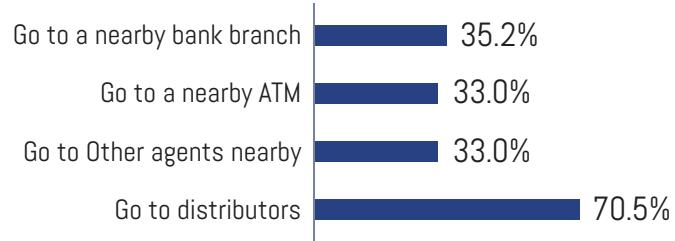


Figure 12: Liquidity management for MFS business

Some interviewed respondents expressed dissatisfaction and unwillingness to run MFS operations. At present, 55% female entrepreneurs are providing the MFS but some of them are reluctant to operate the MFS business. Female entrepreneurs receive a monthly transaction target from the respective MFS representatives, which they find difficult to achieve due to a lack of customers. Most MFS customers already have an MFS account they opened many years back. Usually, customers prefer to do the MFS transactions through the agent points where they had opened their account.

Customers prefer to go to the agent because of proximity, trust, and convenience. They can also do the MFS transactions online through the MFS applications. Therefore, customers do not usually visit the Sathi agents to conduct these transactions. As a result, the Sathi members have fewer MFS operations and cannot achieve the target given by the respective MFS provider. Sathi members are reluctant to use MFS agent accounts since they get less incentive.

Working Capital and Investment

Female entrepreneurs who provide MFS services now have a working capital of more than BDT 50,000 (~USD 455), up from less than BDT 20,000 (~USD 182) when they first started their business (Figure 13). This indicates that they have been expanding their MFS business operations and volume. So far, on average the members have invested more than BDT 35,000 (~USD 318) into their MFS business. Female entrepreneurs source these funds from their business profits or take support from their husbands. Some also take informal loans from family members or relatives.

Working capital in MFS business (in BDT)

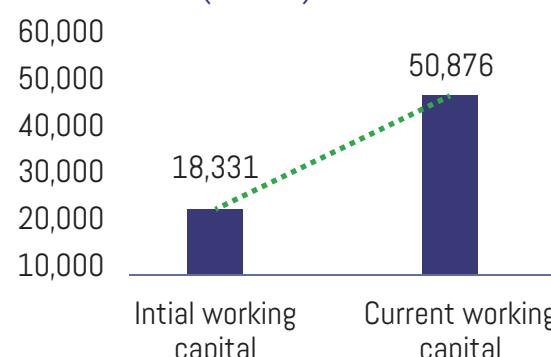


Figure 13: Working capital in the MFS business

Business Expenses and Revenue

Customers prefer to go to the agent because of proximity, trust, and convenience. They can also do the MFS transactions online through the MFS applications. Therefore, customers do not usually visit the Sathi agents to conduct these transactions. As a result, the Sathi members have fewer MFS operations and cannot achieve the target given by the respective MFS provider. Sathi members are reluctant to use MFS agent accounts since they get less incentive.

Challenges Faced in the MFS Business

Female entrepreneurs face numerous challenges when they run their MFS business. The most significant challenge is increased competition in the locality (61%). Another major challenge is logistical issues (55%), caused by outdated devices and slow internet connections, among others. More than half (51%) also experience technical issues, such as software errors and server outages, among others. Fraudulent behavior is another issue that has been highlighted. (Figure 14)

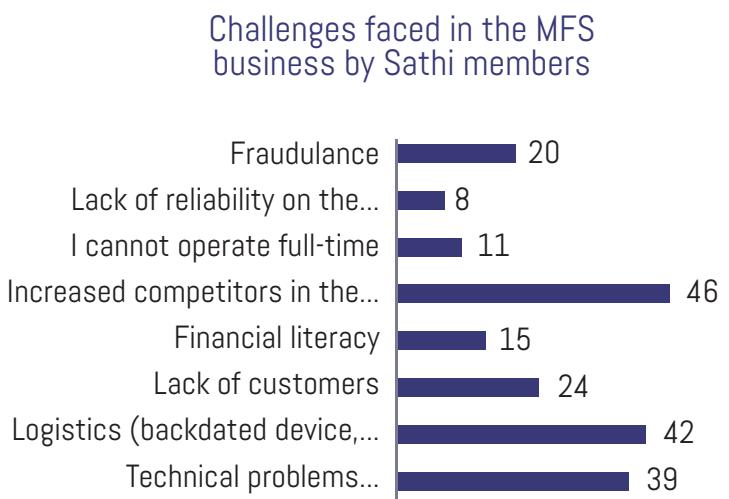


Figure 14: Challenges in MFS business

3.4 Capacity Development Training and Financial Literacy

Almost all (99%) of the respondents stated that they benefited from the training provided by Sathi. Meanwhile, business profitability increased by 87% for the training recipients.

Soft Skills Development

Among the numerous stated benefits, the most common is that they have learned how to track their business's accounting (85%) and profitability. 86% of the agents also stated that they have learned to build customer relationships, 79% stated that they have learned effective ways to reach out to new customers and expand their business, and 71% stated that they had learned how to run their business more efficiently. Agents face multiple challenges when they deal with customers, but they have learned well through the Sathi program's training sessions on how to deal with customers' issues.

The study found that after they attended the training and workshops, they learned to better manage their business and handle customers, which has increased their business volume and growth. They also learned how to open bank accounts, deal with customers, and sustain a business through various means. They gained the skills to calculate business profitability and become more financially literate. Through the training, the female entrepreneurs learned about financial inclusion and gained financial literacy through how to earn, save, and keep accounts, among other aspects. They pass on their knowledge to their colleagues, other agents, and customers, which builds relationships and results in more customers and business growth. They also arrange financial literacy campaigns for the people in their area.

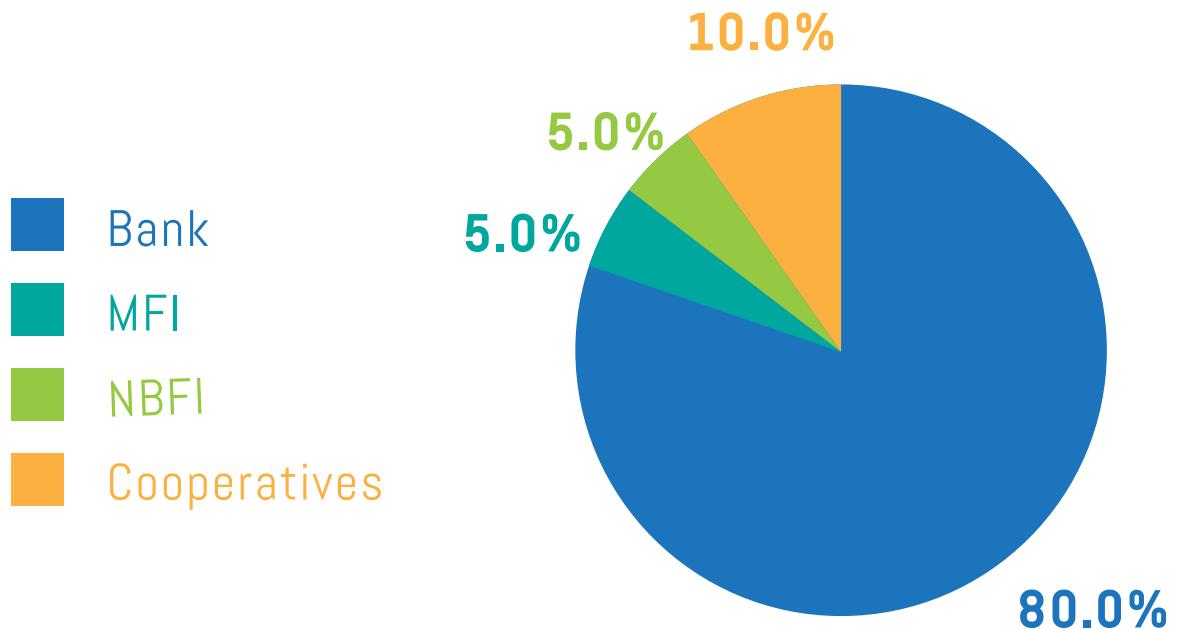


Figure 15: Loan sources for Sathi members

Ability to take Loans or Credit

Among the training recipients, 93% have developed the ability to take out business loans. Graduate female entrepreneurs (94%) have a higher loan-taking capacity than agents with only a secondary education (89%). Similarly, this confidence has increased more among older agents (96%) than among younger ones (89%).

However, only 14% of the training recipients have taken loans for their businesses since the training. The majority of agents (80%) borrowed from banks, while 10% borrowed from cooperatives (Figure 15). During the qualitative interviews, respondents asserted that they seek bank loans to expand their businesses.

Technical Skills Development

Sathi members receive technical supports through a WhatsApp group. This group shares the market update, which keeps the members updated. Whenever anyone faces any technical problems or posts any queries, they receive instant support and feedback from their peer groups and other network members. All the female entrepreneurs acknowledged the role played by a2i and Sathi to capacitate them with the necessary soft skills and technical supports. They have also gained the confidence and ability to take loans for business.

Sathi members apply their lessons in official works and their personal and family lives. All the respondents in the qualitative interviews mentioned that they can now manage household income and expenses better, thanks to their improved financial knowledge. They can also keep track of accounts and make necessary financial decisions on their own now.

Organize Financial Literacy Campaigns

Sathi members occasionally organize financial literacy campaigns with a special focus on the female population in their vicinity. They inform users about the services they provide through their agent points. They teach them basic financial skills and emphasize the need to have a bank account and save regularly. They also share significant stories with users to help them understand the importance of financial resilience. Agents also educate customers about fraud and scams and raise awareness among them.



Through the financial literacy campaigns, I can reach out to more customers, especially unbanked women. I believe that their financial literacy has improved through participation in the campaigns. Now, many customers come to me to avail the financial services, and the number of my female customers has increased significantly after the campaign.

- Sheuli Bachar, Sathi Member, Khulna

3.5 Behavioral Changes

Sathi members have increased agency in financial decision-making and greater control over their savings. They contribute to the family's income. In some cases, their business earnings comprise the major household income. Some Sathi members pay most of the household expenses, which include their children's education fees. The income and well-being of their family have improved as a result of the female members' contributions.



We are financially stable now. I could not afford to educate my kids with my own income. My two girls have completed their honors degrees, and my son is also studying for his honors degree in accounting. If she hadn't been there to help, my kids wouldn't have been able to attend college. We take all the familial and financial decisions together, and I always prioritize her opinion.

- Alamgir Alam, Spouse of the Sathi Member, Chittagong

Family support is critical to the success of female entrepreneurs. All Sathi members have their families' full supports. Their husbands and family members give their consent and also provide them with various forms of supports. Some accompany their wives to works, some share household chores, some even conduct agent banking business together, and some of their spouses assist them with their official work, even at home. Husbands play a crucial role in the success of female entrepreneurs. Some of the interviewed spouses mentioned that they also provided cash support to their wives while they opened the business. Those also couldn't provide cash support provided encouragement.



Support from both society and family is crucial for women to run a business successfully. However, at times, family dynamics at times, particularly influenced by cultural or religious beliefs, can present challenges. Despite this, women can thrive in business even as they uphold religious values. Society must adopt a more open-minded and non-judgmental approach to empower women entrepreneurs.

- Romi Akter, Sathi Member, Chittagong

All the respondents acknowledged the support and assistance they have received from their Sathi network membership. They have applied the lessons in their life to progress in both their work and professional lives.



Sathi has been instrumental in providing us with training and campaigns. I have a lot to learn when everyone comes together to discuss. They have inspired me and provided solutions to problems related to my business, which has been invaluable for its growth and success.

- Romi Akter, Sathi Member, Chittagong

3.6 Support Requirement

All the members (99%) feel the necessity and seek further training and support from the Sathi network. They require training in multiple aspects, such as training in business development skills (79%), financial literacy (65%), customer handling (64%), and technical knowledge development (58%), among others. Nearly half (48%) have also mentioned that they needed training on the efficient use of digital devices.

(Figure 16)

Support requirement by Sathi members

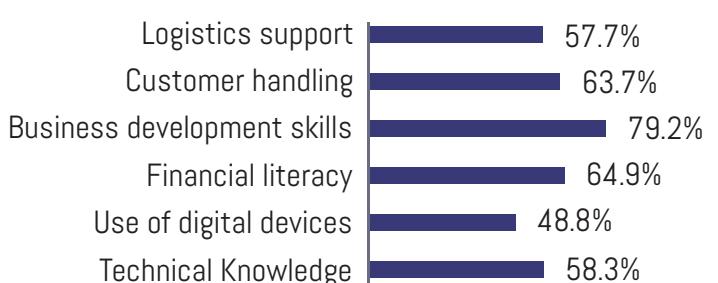


Figure 16: Support requirements by Sathi members

CHAPTER 4: FINDINGS ON CUSTOMERS

Customers who received services from the Sathi members were surveyed at the agent points. Out of the 172 customers surveyed, 51% were female, and 49% were male customers. This section discusses their demographic and socioeconomic status, their participation in and experience of availing financial services from the agent points, their use of agent banking and MFS providers, and different financial products, such as loans, insurance, and payments. This section also highlights on customer protection and the financial literacy of the customers.

4.1 Demographic and Socioeconomic Profiles of the Customers

Marginalized Group

About 20% of the surveyed customers fall under the marginalized group. The demographic details of age, education level, marital status, religion, ethnicity, and disability are shown in Annex 3.

Occupation

35% of the customers are service holders, while 28% have their own businesses. 7% of the respondents earn through agriculture. More men are in business (48%) than in service (40%). On the other hand, more women work in a service job (31%) over a business (9%).

Individual Income, Expenditure and Savings

The customers' average monthly income exceeds BDT 16,000 (~USD 145). Three-fourths (76%) of the customers can save on a regular basis. Women are slightly more likely than men to save on a regular basis (77% versus 75%).

These customers save money in various ways. 56% of the bank customers save in savings accounts, while 48% save in current accounts. 20% of the surveyed population also save money in the form of cash at home. 16% also save with MFI-NGOs. Women have a higher propensity for savings than men. (Figure 17)

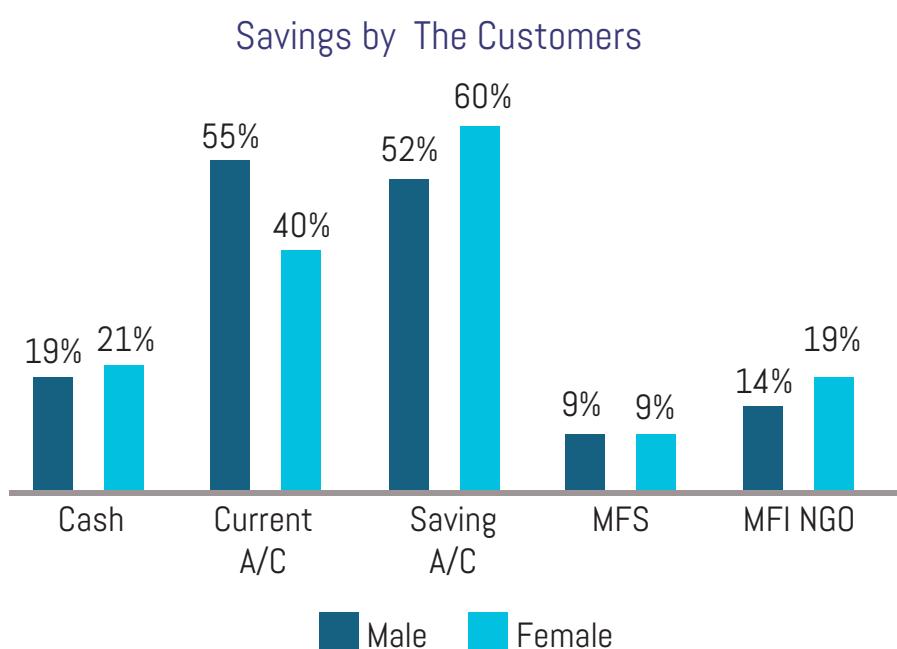


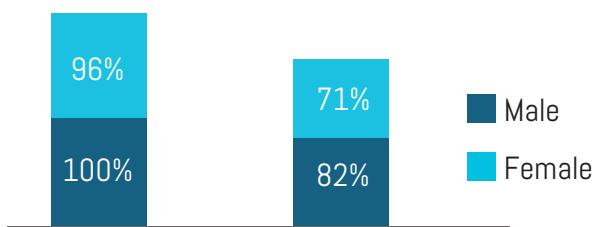
Figure 17: Savings by customers

Some people prefer to save in the bank's current account, especially those who run a business and require instant cash. Also, people who do not seek interest on savings due to religious reasons prefer to save in a current account.

Control over Savings and Decision-making

Among the savers, 98% have control over their savings. While every man has this control, 96% of women do as well. In this regard, the gap is insignificant. However, when it comes to family financial decision-making, the gap is still prominent, with 71% of female customers able to do so versus 82% of male customers. (Figure 18)

Control over savings and decision-making of customers



Control over savings Financial decision making

Figure 18: Control over savings and decision-making

Household Income, Expenditure, Savings and Remittance

The customers' average monthly household income is BDT 35,000 (~USD 318), while their monthly household expenditure is BDT 21,000 (~USD 190). More than 82% of households can save regularly. Approximately a quarter (24%) of the households receive remittances from abroad. Among them, two-thirds (67%) of households collect remittances through the Sathi agent points. A higher proportion of female customers (62%) collect remittances through Sathi members compared to male customers (38%).

Smartphone usage

All customers use phones, and 70% use smartphones. More male customers (81%) use smartphones than female customers (59%). The gender gap in this aspect is 22%, which is similar to the nationwide 18% gender gap, as per the GSMA Mobile Gender Gap Report 2021. The report identifies three main barriers for female mobile internet users: lack of literacy and digital skills, safety and security concerns, and affordability. We found that customers with higher education (93%) are more likely to use smartphones than less educated customers (63%). 76% of the non-marginalized customers use smartphones, compared to 42% of the marginalized customers. (Figure 19) This shows that income, affordability, and awareness created through education play a vital role in smartphone adoption and usage.

Smartphone and feature phone users

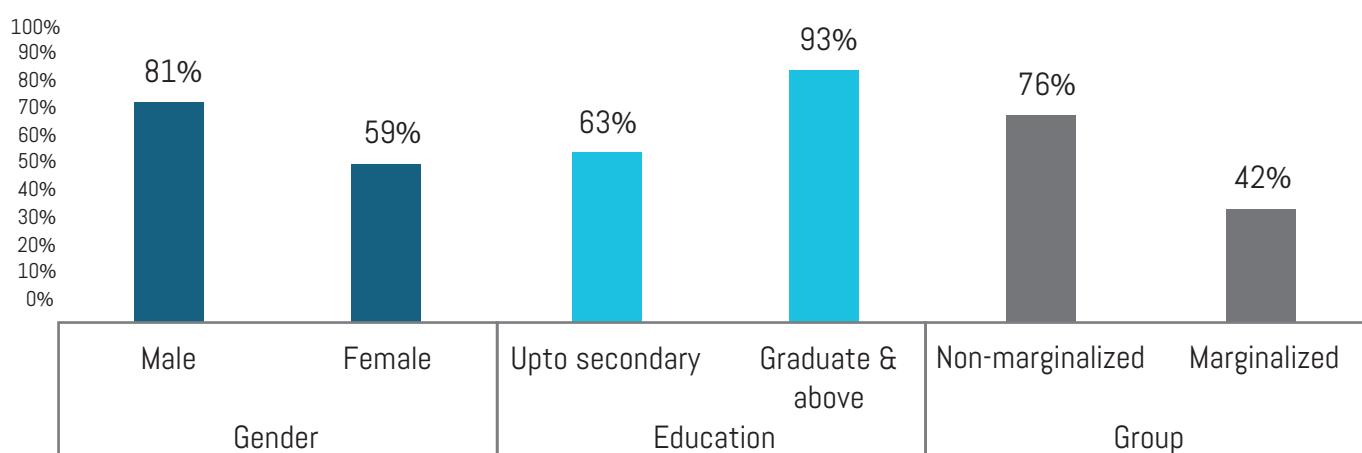


Figure 19: Smartphone and feature phone users (category-wise)

4.2 Female Customer Participation at the Agent Points and Customer Experience

Gender Ratio of Customers

From the survey with the Sathi agents, 66% of the banking customers and 32% of the MFS customers were women (Figure 20). This implies that more women visit the agent points to avail of agent banking services compared to MFS. The underlying reason for this gap is the difference in the system of operating the accounts. MFS account holders are not required to be physically present for MFS transactions, so they can be done by someone else on their behalf. On the other hand, for any agent banking transaction, the account holder is required to be physically present and verify their identity via biometric authentication. As a result, anyone else cannot use their account, and thus, they have to visit the agent point personally.

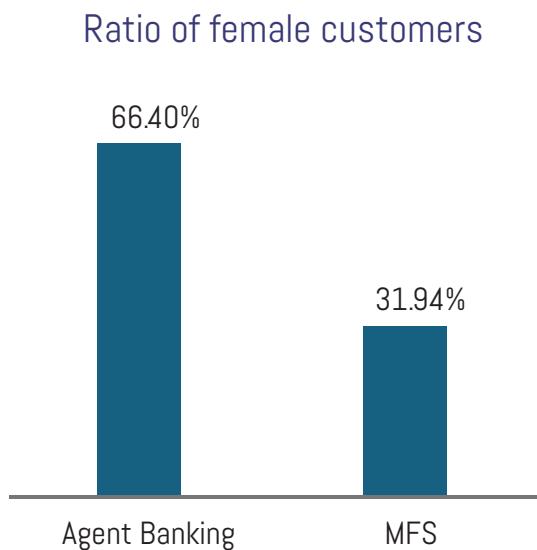


Figure 20: Ratio of female customers

Reasons of account operated by others



Account operated by others

Women's accounts are operated by their partners or other family members for numerous reasons. Some of the most common reasons are that, most women (77%) depend on their male counterparts and are unwilling to visit the agent points (71%). Other significant reasons include a lack of confidence in their ability to operate independently (58%) and trust in the person conducting the transaction on her behalf (56%). (Figure 21) The data shows, 77% of the women depend upon their male counterparts, and 56% have trust in the authorized person, which implies that 21% of the women have trust issues with their male counterparts.

Figure 21: Reasons of accounts operated by others

Customer Feedback Facility

Among the surveyed customers, 71% stated that the agents have a provision for their customers to share feedback. Only 20% of the customers have shared a complaint or feedback with the agent. The agents responded suitably to their feedback or complaints in 89% of the cases. An agent typically takes three working days to address the complaints or resolve any issue.

Service Satisfaction

Customers were asked to rate their overall satisfaction with the service provided by the agents on a scale of 1 to 5, in ascending order. Almost half (49%) of the customers were satisfied with the service quality, while 35% were extremely satisfied. More female customers (39%) were highly satisfied with the overall service quality compared to male customers (31%) (Figure 22). Women were more satisfied as they were comfortable with receiving services from a female entrepreneur as they felt it was easier for them to communicate with another woman.

Satisfaction level of Customer

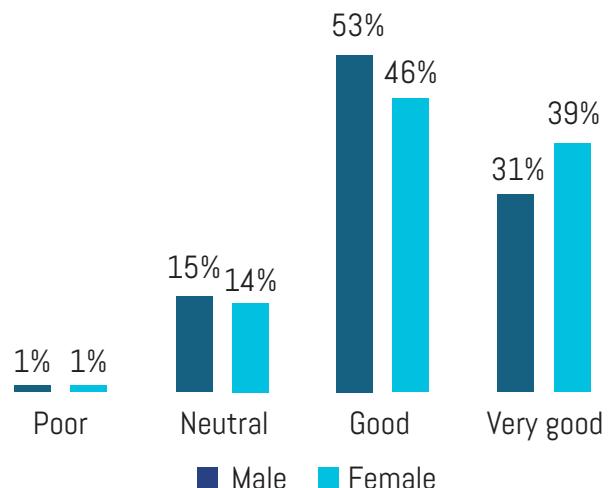


Figure 22: Customer satisfaction level

4.3 Banking by the Customers

Bank Account

More than 90% of the customers have active bank accounts. More males (93%) have active bank accounts than 90% of females.

Most of the surveyed customers (80%) opened their bank accounts at the agent banking points. More females (85%) have opened their accounts at the agent points than male (76%).

(Figure 23)

Account opening of the customers

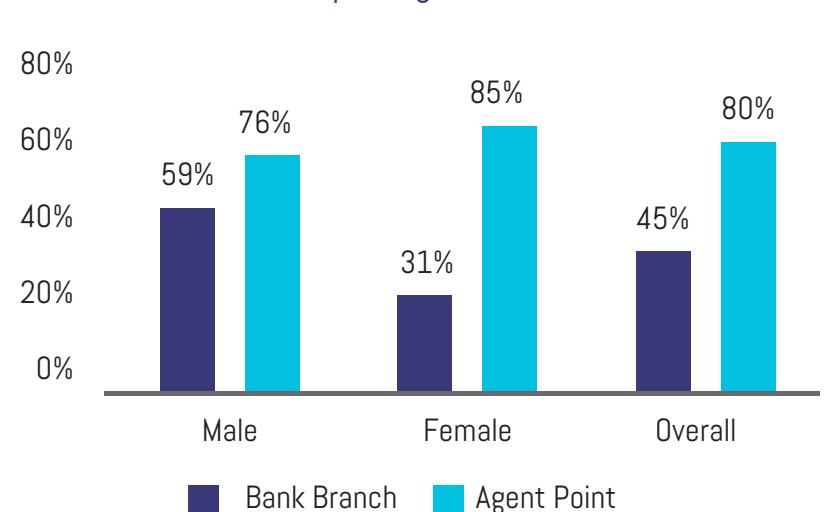


Figure 23: Account opening of the customers (gender-wise)

From the discussions, we found that earlier, some women had faced trust issues when they tried to open bank accounts on their own. They felt more confident when a male family member accompanied them, but this limited their independence and decision-making to operate their own accounts. This issue mainly arises with female customers, as they initially lacked confidence when dealing with financial matters without a male companion. However, after the emergence of female agents, women felt confident, and they started visiting the agent points themselves and avail of financial services on their own.

Account Usage

Customers use their bank accounts to save (75%), followed by use cases, such as for regular transfers (52%) and to receive remittances (16%). Some also use bank accounts to receive remittances, pay utility bills, and receive government allowances or stipends.

Men are more likely (62%) than women to use a bank account for regular transfers (41%). In contrast, more women (19%) use bank accounts for remittances than men (13%) (Figure 24).

Approximately two-thirds (66%) of the customers conduct their banking transactions at agent banking points, while 23% do so at bank branches. Men are more likely than women to go to the branch (33% vs 13%), which aligns with women's preference to open accounts at agent points. More women (79%) prefer to go to the agent points than men (53%) as women feel more confident and comfortable there and trust the female entrepreneurs. On the contrary, men prefer to go to the bank branches mostly for banking purposes where they can avail of other banking services, such as cash liquidation and loans.

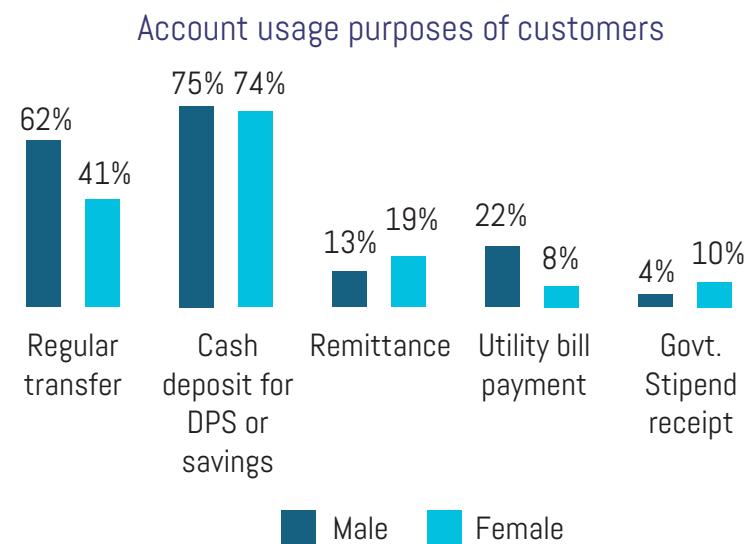


Figure 24: Account usage purposes of customers

Use of Different Banking Products

Only 6% of the customers use bank products (debit cards, credit cards, cheques) to make purchases at the store. Men use these bank products more than women when they make purchases in stores. Only 5% customers use bank cards to make online purchases through e-commerce platforms, and this practice is higher among men than women. 7% of the customers use bank products to pay their utility bills, and this is more common among women than men.

(Figure 25).

Less than a quarter (23%) of the account holders were found to be using online banking apps and this practice is significantly higher among men (33%) than women (13%).

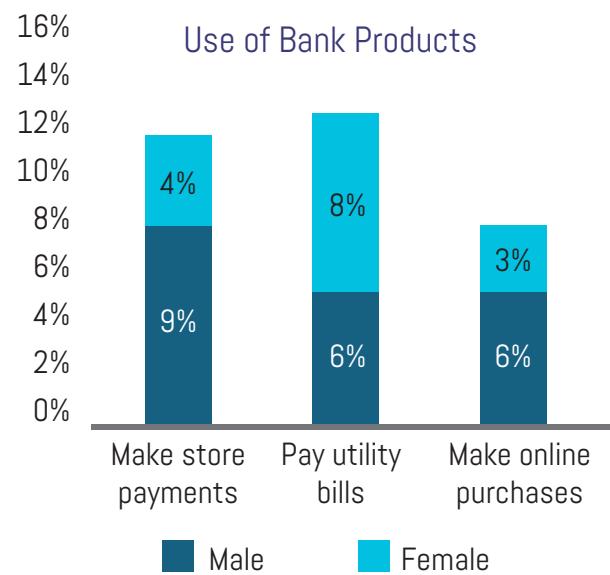


Figure 25: Use of banking products

Behavioral Analysis on the use of Agent Banking

Through the PRA exercises we found that, beneficiaries believe the most important and useful service they receive from Sathi agents is savings in their bank accounts. They feel savings at the bank are the most secure and believe that receiving allowances and remittances through the agent banking points is safer than other channels as it involves fewer chances of getting defrauded. On the contrary, beneficiaries were unsatisfied with agent banking in terms of loan service, as most of the agent banking points cannot process loan applications.

4.4 Mobile Financial Services (MFS)

MFS Account

Among the surveyed customers, 89% have MFS accounts. Young customers are more likely to have MFS accounts than older customers (older than 30). Most customers have at least one MFS account.

Account Usage

Customers use MFS accounts for a variety of reasons. Regular money transfers rank first (90%), followed by airtime purchases (69%), utility bill payments (35%), and purchase payments (27%). Other uses include receiving government allowances (16%) and remittances (12%)

(Figure 26).

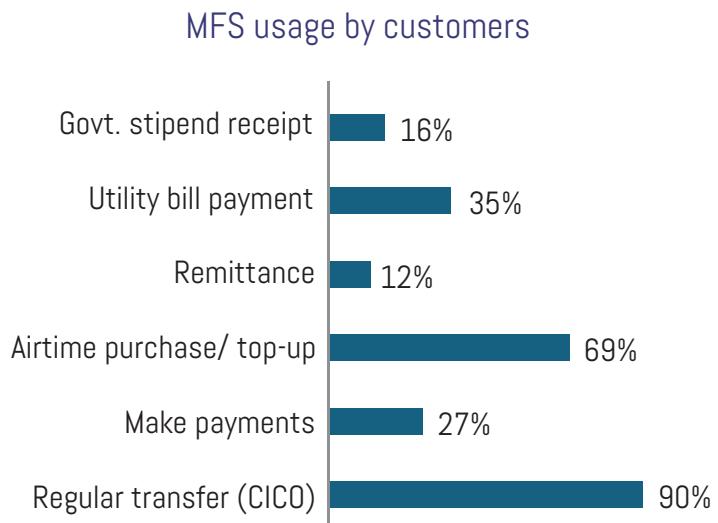
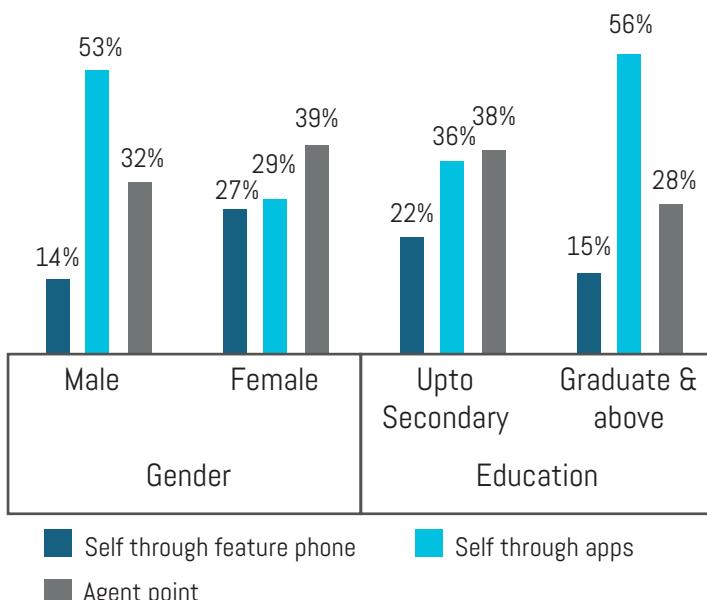


Figure 26: MFS usage by customers

MFS transaction points



Transaction Points

Overall, 41% of the users use MFS apps to complete transactions. Men are more likely to use apps (53%) than women (29%). Education also makes a difference. A greater percentage of less-educated users prefer to go to the agent points. Women (27%) are more likely than men (14%) to conduct MFS transactions using feature phones.

More than a third of the users visit the MFS agent points. Women use MFS agent points more frequently than men to complete MFS transactions. The majority (35%) users visit the MFS agent points at least once per week, while 22% visit twice a week.

(Figure 27)

Figure 27: MFS customer transaction points

Purchases and Payments through MFS

Slightly more than 20% of the customers use MFS to pay for in-store purchases. More men (28%) than women (15%) make store purchases through MFS. 40% of MFS account holders use MFS to pay their utility bills. This tendency is also more prevalent among men (49%) than women (29%). MFS account holders make only 18% of their purchases online (Figure 28).

More than a quarter (27%) of MFS account holders receive government stipends and allowances via MFS accounts. Women use MFS significantly more than men in this regard (40% vs 14%).

MFS payments and purchases by customers

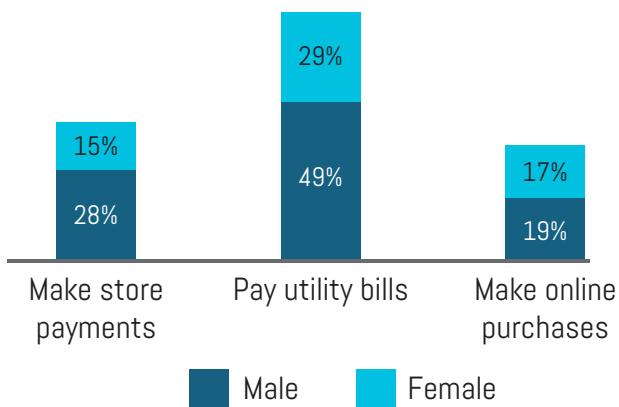


Figure 28: MFS payments and purchases by customers

Behavioral Analysis on the use of MFS

We found that customers mostly use MFS for regular money transfers as it is fast and convenient. They also mentioned utility bill payments and fee payments as the other important MFS services, since they are hassle-free and save time for them. However, beneficiaries felt that the loan system of MFS was not that important for them as the loan process was not clearly defined. Most customers were not aware of the loan facility of MFS, but some FGD participants knew of the loan facility provided by the MFS. However, they were not properly aware of the terms and conditions and the process of getting MFS loans. Also, some beneficiaries were reluctant to save money in their MFS wallets due to a lack of trust and confidence. They feared that they would get scammed and lose their savings from the MFS account. The women mostly fear of getting scammed through MFS and so they prefer agent banking services more. On the contrary, men also fear getting scammed through MFS, but they prefer doing the financial operations at the bank branches because they find it more convenient (nearer to their workplaces) and can also process other financial activities such as cheque liquidation, loan application and other banking transactions.

4.5 Use of Financial Products and Services

4.5.1 Loans and Credit

Running Loans

When asked about loans and credit, 48% of the customers stated that they have active loans. More women (51%) have running loans than men (46%). The majority (77%) have a single running loan, while 23% have multiple running loans. The average loan amount is BDT 150,000 (~USD 1,364).

Purposes of Loans

People took loans for a variety of purposes. Among the most important reasons are to meet basic needs (48%), followed by the purchase of necessary assets (39%) and medical or treatment purposes (13%). Only 8% of the customers have taken a loan to pay off another loan. In comparison, more women take loans to meet basic needs and purchase necessary assets, whereas men take loans for treatment purposes more than women.

(Figure 29)

Purposes of taking loans

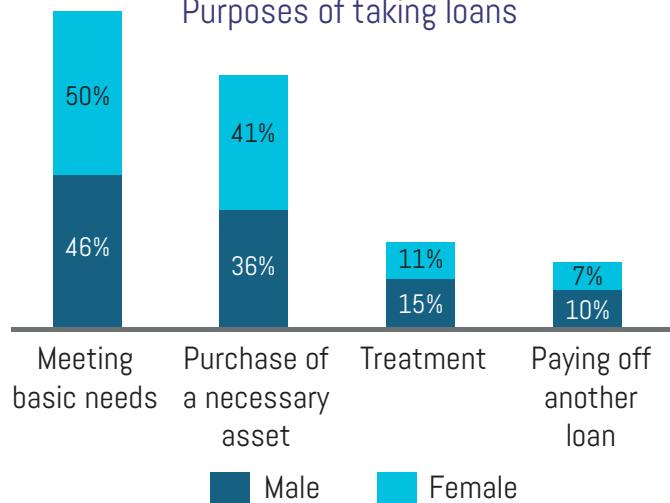


Figure 29: Purposes of taking loans

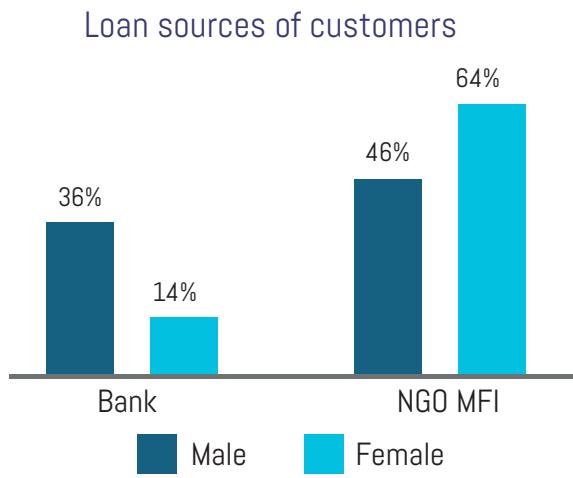


Figure 30: Loan sources of customers

Some customers and most marginalized women take loans from NGOs or MFIs because of the ease of getting loans. However, the interest rate on the MFI loans is significantly high, and they know banks offer loans at lower interest rates. Yet, they get discouraged from applying for bank loans due to documentation and collateral issues. This is mainly due to their lack of financial literacy. Also, women are more oriented toward the MFIs than banks as they know the NGO staff personally. However, female customers desire loans from the banks through the Sathi agents. On the other hand, men mostly prefer to take loans from banks as the interest rate is lower compared to the NGOs, but they also feel that the loan application and processing are quite complicated and time-consuming.

Loan Repayment

More than 85% of the borrowers can repay their installments on time, and men are more likely than women to do so (87% vs 84%). When compared to the non-marginalized group, a larger proportion of marginalized borrowers can repay their installments on time.

4.5.2 Insurance

Only 16% of the customers currently have insurance coverage. Men are more likely to be insured (19%) than women (14%). 90% have at least one insurance coverage, and 10% have more than one coverage.

Three-fourths (75%) of the insured customers have health and life insurance, with men having a higher proportion than women. 14% of the insured customers have asset-based insurance, and it is more common in men than in women.

(Figure 31)

Sources of Loans

The majority (55%) have taken loans from microfinance NGOs, while 24% have taken bank loans. Around 7% have taken informal loans from family members, and 6% have taken cooperative loans. Less than 5% have taken loans from a Mohajon.

More women (64%) have taken loans from MFI-NGOs than men (46%). On the contrary, more men (36%) have taken out bank loans than women (14%)

(Figure 30).

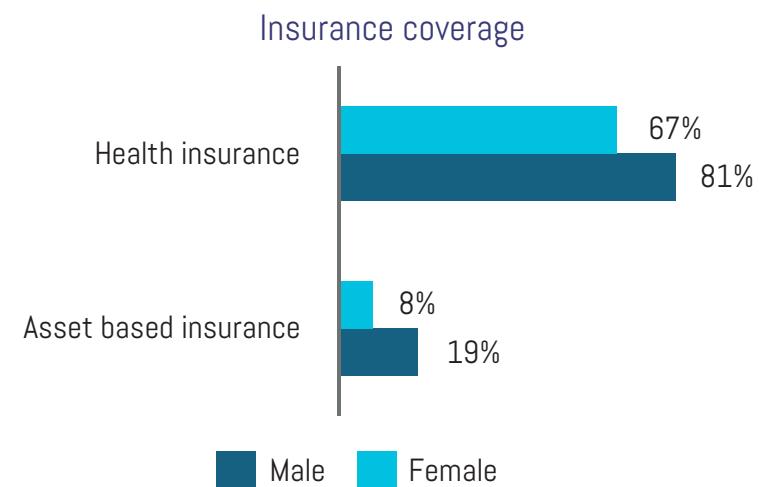


Figure 31: Insurance coverage of customers

4.5.3 Channel Preference of the Customers for Different Financial Services

We conducted a PRA exercise with both male and female customers to determine their preferred channels to access various types of financial products and services. Customers mentioned their level of preference and also stated reasons for their preference. We analyzed the information and ranked them on high and low levels. Figure 32 shows the preference level of customers for each product and why they used the channels.

Savings

Customers prefer to save through formal banks at bank branches because they believe they are the most secure. Furthermore, savings in bank accounts earn interest. Customers also prefer to save in bank accounts through agent points because of the convenience and ease of depositing. However, they frequently experience liquidity crises at the agent points and thus prefer bank branches to agents. Yet, they hesitate to save in MFS accounts because they fear being scammed.

Loans

Customers prefer to take loans from NGOs or MFIs due to the ease of loan application. They also have trust in NGOs because they know the staffs personally. Customers also prefer bank loans because they offer lower interest rates than other loan sources. However, they encounter difficulties with the application and documentation processes. Customers are most hesitant to take out loans from a mohajon because of the excessive interest rates.

Remittance

People prefer to receive remittances through hundi because it is fast and convenient. Additionally, it provides a better exchange rate. Some people prefer to collect remittances through agent banking points because they are more reliable and secure. However, the agent banking points have a lower exchange rate, which the central bank sets. People are highly reluctant to receive remittances through MFS accounts because it can be time-consuming, and most are afraid to lose money due to scams and fraud.

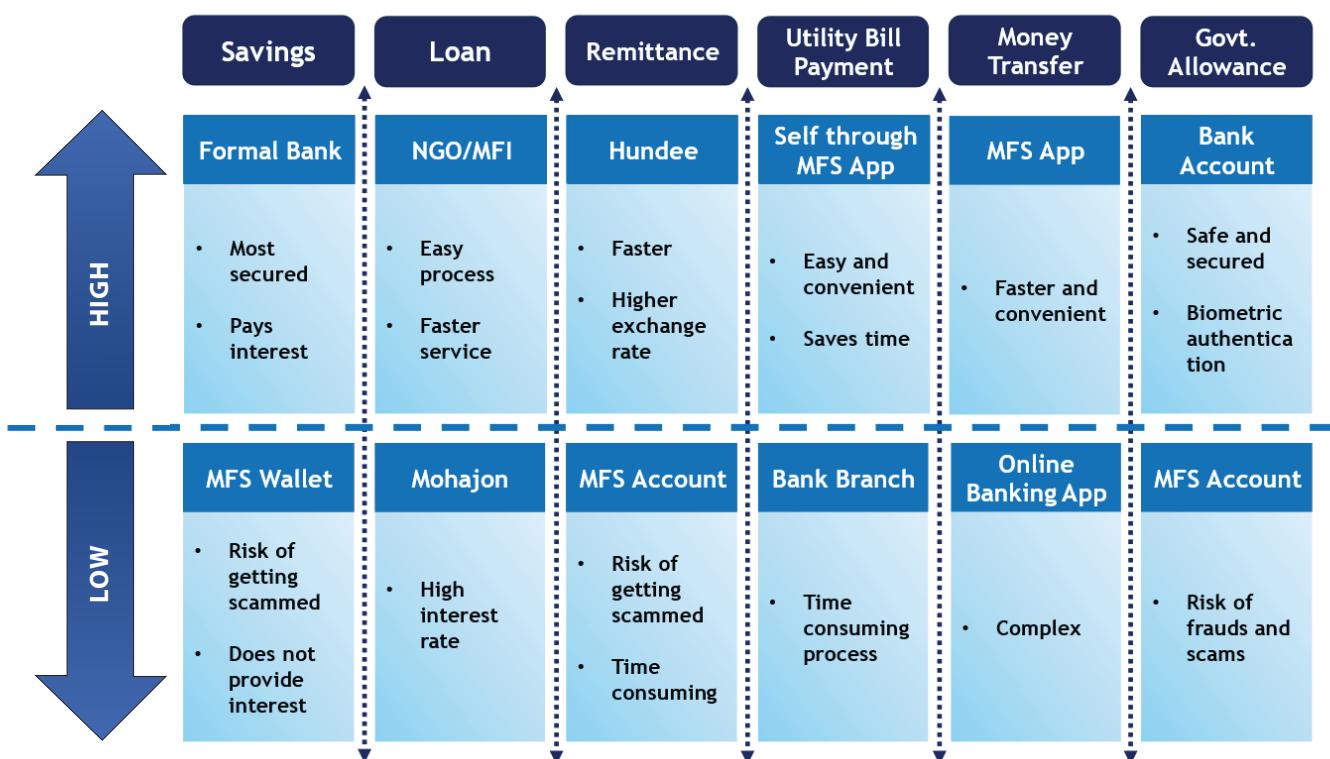


Figure 32: Most and least preferred channels of the customers for different financial products and services

Utility Bill Payments

People prefer to pay their utility bills through MFS apps because it is the fastest, simplest, and most convenient method. People who do not own a smartphone or cannot use MFS apps prefer to pay their utility bills through the local MFS agent points, but the agents frequently charge service fees. People do not like to go to bank branches to pay utility bills because it involves long waiting times to do simple transactions.

Money Transfer

Customers prefer to use MFS apps for regular money transfers because they are fast, easy and convenient, and can be done from anywhere, at any time. People prefer agent banking for larger money transfers, but the agent points are not open 24/7, and they must be visited in person. Money can also be transferred through online banking apps, but people mostly dislike it due to its complexity and the risk of making mistakes. This is due to a lack of financial literacy.

Government allowance

Beneficiaries who receive government allowances or stipends prefer to receive them in their bank accounts and collect them through agent banking points. Withdrawals from the agent point require biometric authentication, which makes it the safest and most secure option. On the other hand, they believe that receiving allowances through MFS accounts is risky due to the possibility of being defrauded and scammed.

4.6 Customer Protection

Scams and Fraud

Less than 5% of the surveyed customers have ever shared their PIN with an agent to complete a transaction. Women are more likely to share their PIN than men (Figure 33). Due to a lack of financial literacy, customers share their PIN and OTP with scammers and fall victims to fraud.

Among the users, 44% have received a fraudulent call, short message service (SMS), or email from imposters. Men (48%) are more likely to experience such incidents than women (39%).

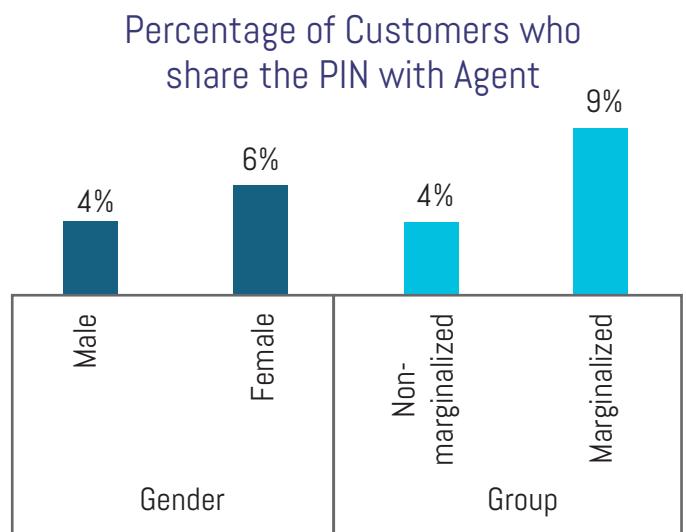


Figure 33: Sharing PIN with agents

The survey results show that 11% of the customers have been defrauded. A higher proportion of marginalized women (15%) have fallen prey to frauds than the non-marginalized group (10%).

Frauds and scams are common problems faced by the customers. Multiple MFS breaches and frauds have occurred. Usually, the Social Safety Net (SSN) beneficiaries are mostly the target of scammers and some customers get defrauded as well. The major types of frauds reported are from the receivers of old age allowance and maternity allowance.

Customers who Fall Victims to Fraud

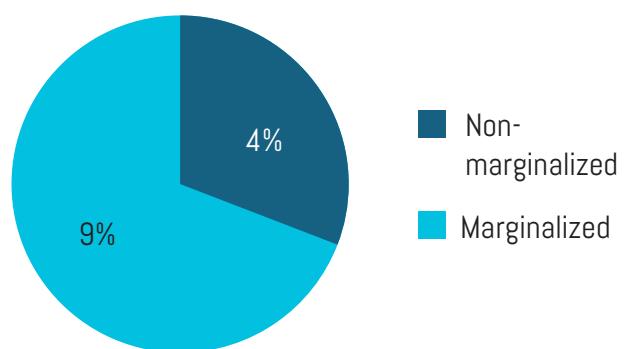


Figure 34: Customers who fall victims to fraud

4.7 Financial Literacy and Financial Inclusion

Initially, people were not aware of the Sathi network's service offerings. Later, the Sathi members arranged campaigns and started to distribute brochures and leaflets to educate the clients about financial inclusion. Then, individuals got to know about their service offerings, and women, especially, started visiting the agent points to avail of the services.

Only 22% of the respondents had participated in the financial literacy campaigns organized by Sathi members. Among them, 92% believe that the campaigns have increased their awareness and financial literacy.

(Figure 35)

They also learned about new products and services when they participated in financial literacy campaigns. These services include bank account opening (86%), savings and deposits (69%), online money transfers (60%), MFS accounts (46%), and online utility bill payments (43%), among others. Since they participated in the financial literacy campaign, half (50%) of customers have asked for new financial products and services or used them. More women (56%) than men (45%) have started using the new financial products.

Among the newly availed products and services, some of the most prominent are bank account opening (95%), followed by online money transfer and savings at agent points (74%), MFS accounts (42%), online utility bill payments (32%), and receiving remittance through MFS or bank account (16%).

(Figure 36)

Awareness of new products and services through FL campaigns

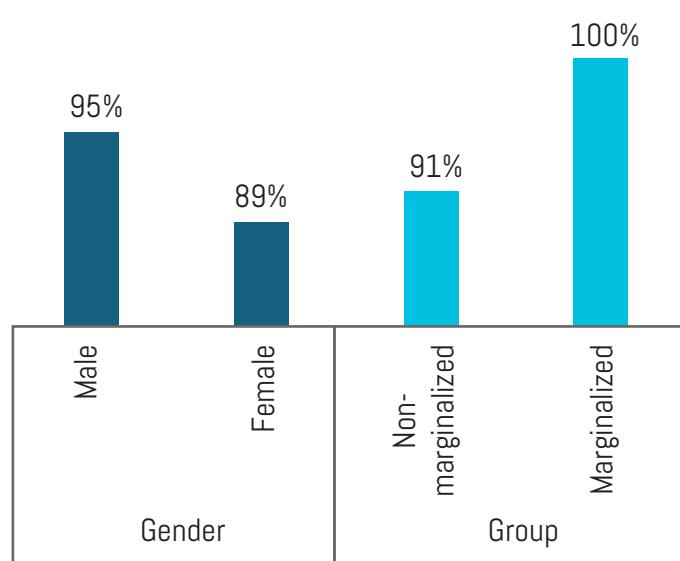


Figure 35: Awareness of new services after FL campaigns

Usage of financial services after financial literacy campaigns

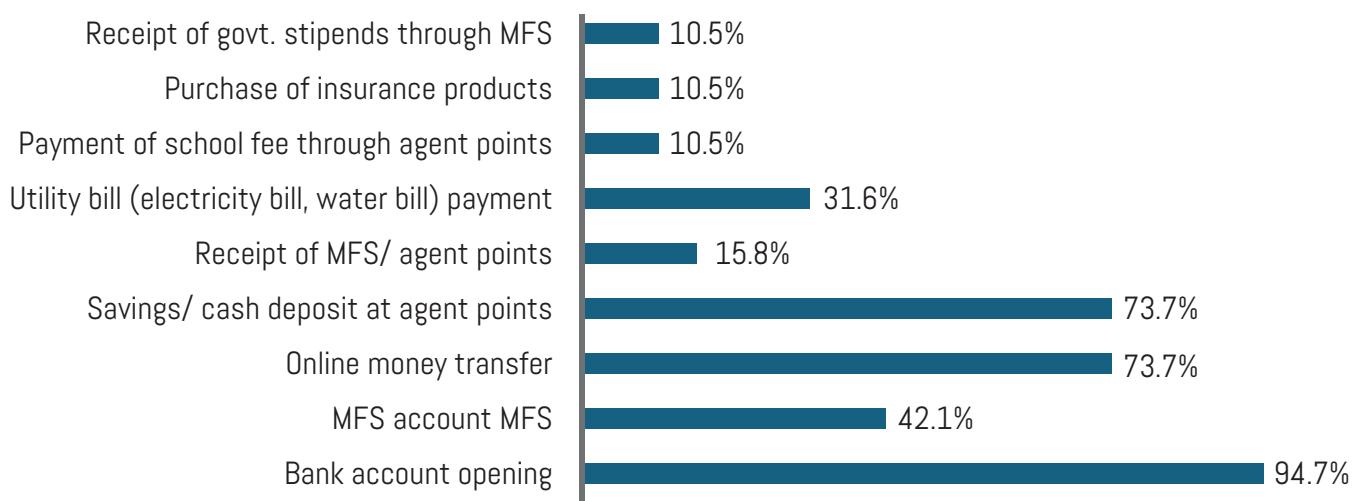


Figure 36: Usage of financial services after financial literacy campaigns

Financial inclusion of women

We observed changes in women's participation at the agent points since the Sathi project's launch. Some of the most significant changes observed by agents include an increase in women's accounts, an increase in transactions by the women at the agent point, and an increase in women's financial literacy.

Women used to save money in their homes, but sometimes their savings went missing or were consumed by their husbands. After they participated in the financial literacy campaigns, they learned the importance of their bank accounts and savings. Later, they opened their bank accounts through the Sathi members.

We found that female customers were more comfortable receiving services from a female agent as they felt it was easier for them to communicate with another woman. Women tend to trust other women more, which makes it easier for the Sathi agents to explain their services to marginalized women. Also, more women were found to deposit their savings at the agent points through the Sathi members. Male customers also visit the Sathi agents, but the ratio of female customers is significantly higher than male customers. Moreover, husbands prefer that their wives visit the Sathi agents to avail of the financial services.



Even our husbands suggest that we consult with female agents because they are gentle in their approaches and maintain a calm demeanor. Male agents frequently exhibit frustration and may not effectively listen to problems.

- A female customer, Sylhet

CHAPTER 5: RECOMMENDATIONS

The quantitative survey results revealed gaps, while the consultation interviews with multiple stakeholders identified the causes of the gaps and challenges. The evaluation team developed actionable recommendations for the project team to implement in the coming periods to improve the Sathi program's effectiveness and efficiency. The following are some actionable recommendations that the Sathi program can facilitate.

Recommendations for Sathi members

Training and Capacity Building

Sathi should organize more training for the members: All the interviewed respondents asserted that they require follow-up and refresher training. The training sessions could be provided in a hybrid model based on the need. Sathi can arrange an annual meetup in the form of a workshop for the entrepreneurs in Dhaka, where they can share their plans for the upcoming year and share strategies. They can also share ideas and launch new products and services in those workshops.

Sathi can also arrange a regular monthly or quarterly online refresher training session for the female entrepreneurs to share their progress, problems, and challenges. The female entrepreneurs can discuss within the network, which can provide lessons for the rest of the group. Frequent refresher training and workshops would enhance their knowledge and skills to help them serve customers better and offer them new services.

Access to Finance

Banks or FIs can provide loans and funding to the Sathi members at a preferential rate: Most Sathi members seek funding. Some even applied for loans, but the loan applications got rejected due to documentation issues. In this case, the Sathi program can collaborate with the banks to provide customized loans by offering preferential rates to Sathi Network's women entrepreneurs, which can help them invest in their businesses and build working capital.

Moreover, a2i can involve partner banks or FIs and arrange capacity development training for female entrepreneurs. The training content should include basic bookkeeping, access to finance and financial management, business regulations, and procedures to avail of finance from the banks.

Recommendations for Users and Customers

Financial Literacy and Capacity Development

Female entrepreneurs should organize financial literacy campaigns regularly and develop effective campaign materials for customers: The research revealed that agents did not organize financial literacy campaigns regularly. Most of them organized campaigns after they joined the network in 2022, while only a few did so in 2023. Sathi can set a yearly target for each member to organize campaigns in their respective community. Sathi helps female entrepreneurs organize campaigns by providing leaflets, posters, and other materials.

However, posters and leaflets are incomprehensible to the marginalized group, particularly those who cannot read or write. In such cases, the female entrepreneurs can show video or audio-visual contents to help these underserved women better understand the concept of financial inclusion and become financially literate. Sathi can develop effective training materials for marginalized groups and provide logistical supports to its members. Sathi can lend display monitors or projectors, screens, and sound systems to agents to show video materials in the yard meetings during the campaigns.

Access to Financial Products and Services

Banks can simplify loan applications and processing for female customers and marginalized groups: Many loan seekers have to borrow from MFIs or other informal channels at higher interest rates. They do know that the banks offer loans at lower interest rates. Yet, they are reluctant to apply for bank loans due to the complex documentation and application processes. Simplifying the loan application and processing by the banks will increase the agent banking customer segment, and more people will seek out formal loans instead of informal or other loans.

Banks can offer customized loan services for female customers and marginalized groups: Bank Asia provides individual and SME loans to its customers. The number of loan applications and agent banking customers will increase if the other partner banks, such as NRBC and Modhumoti Bank, start to provide small loan services through the agent points as well.

Banks can offer customized loan products for marginalized groups and women, such as loans with a longer payback period, small installments, or low interest rates. a2i can collaborate with partner banks to develop such customized loan products for customers—especially the marginalized population.



Improving loan amounts and accessibility is crucial. If I can offer more substantial loans, more customers will be attracted to my services. Gaining their trust is paramount, and fortunately, I have already achieved that. People expect me to provide more loans, but I often cannot fulfill their requests due to stringent requirements from the bank.

— Mahmuda Begum, Sathi Member, Sylhet

Sathi members can offer insurance products and services to the customers: Customers are presently reluctant to opt for insurance coverage. They have seen other people face hassles when they try to get insurance claims or get back their insurance money after the period matures. Moreover, scams and fraud by some insurance companies and their representatives also persist. Despite the negative experiences, people do understand the necessity and importance of insurance coverage. Yet, they are not compelled to get insurance due to a lack of trust in the insurance companies and their representatives.

Customers trust the Sathi members. They will feel secure, and more beneficiaries will be interested in insurance coverages if the government or a reputed insurance company provides the insurance coverage and a reliable representative or the Sathi members at the UDC collect the premium. a2i can partner with reputed and reliable insurance companies and provide coverage to their beneficiaries on their lives, assets, or agricultural products. a2i can provide the insurance coverage and collect the insurance premiums through the Sathi members.

Superior Customer Experience

Provide faster service to the customers at agent points: Due to extended waiting periods and insufficient assistance at the agent point, customers often receive services after considerable delays. Customers even have to wait for hours in long queues during rush hours. Additional employees may be needed to expedite processes, as the current staff of only two individuals can get overwhelmed by the high volume of customers each day. Recruiting an apprentice would help provide faster service and create a potential entrepreneur. Expansion of the physical space and hiring additional qualified employees or apprentices would significantly improve operations at the agent point.

Mitigate fraud and scams for the customers: Customers encounter fraud and scammers mostly through MFS. Usually, bank accounts are difficult to hack as any banking transaction requires a biometric fingerprint. So, adding biometric fingerprint verification for any MFS cash-out will reduce the incidents of fraud. Female entrepreneurs can also raise awareness through sessions and campaigns to build financial literacy and awareness among customers and encourage them to stay safe from fraud and scams.

Improve customer's feedback and grievance resolution mechanisms: Agent points should have a proper and standardized mechanism to record feedback and receive complaints. Complaints can be filed and received digitally and can be forwarded directly to the designated departments. For example, feedback related to SSN allowances can be linked directly to the Department of Social Service (DSS), and complaints regarding fraud and scams can be forwarded directly to law enforcement bodies from the UDCs. a2i can collaborate with the relevant government departments and develop a website or an application through which agents can receive and enter the complaints into the online portal and forward them directly to the designated departments electronically. This will help address the complaints and feedback of the customers faster and more efficiently.

ANNEXES

Annex 1: Log frame indicator values

Indicator level	Indicator ID	Indicators	Data sources	Indicator value
Component A: Agent Banking and Mobile Financial Services				
Outcome	1.1	Total number of beneficiaries (male and female) reached out by the agents of the Sathi project	Project documents	350,000
	1.2	Average number of beneficiaries (male and female) reached out by per agent of the Sathi project	Project documents	983
	1.3	Average monthly banking transactions done by each female agent of the Sathi project	Agent survey	610.2
	1.4	Average monthly MFS transactions done by per female agent of the Sathi project	Agent survey	443.7
	1.5	Percentage of beneficiaries having control over their savings	User survey	98.3
	1.6	Percentage of beneficiaries contributing to family's financial decision-making	User survey	76.7
	1.7	Mean monthly revenue earned from agent banking per female agent	Agent survey	11,185
	1.8	Mean monthly revenue earned from MFS per female agent	Agent survey	8,651.44
	1.9	Percentage of customers (male and female) satisfied with the Sathi agents' services	User survey	84.3
	1.10	Average running credit or loan amount availed by the beneficiaries	User survey	152,927
	1.11	Average amount of savings done by the beneficiaries of the Sathi network	User survey	3,923
	1.12	Percentage of beneficiaries who hold a savings account under the Sathi agents	User survey	76.1
	1.13	Percentage of the Sathi beneficiaries who have medical or accidental insurance	User survey	75
	1.14	Percentage of the Sathi beneficiaries who have asset-based insurance	User survey	14.3
	1.15	Percentage of the Sathi beneficiaries who have agricultural insurance	User survey	0

Indicator level	Indicator ID	Indicators	Data sources	Indicator value
Component A: Agent banking and mobile financial services				
Output	2.1	Number of female members registered under the Sathi project	Project documents	356
	2.2	Percentage of the Sathi network agents who provide agent banking services	Agent survey	83.4
	2.3	Percentage of the Sathi network agents who provide mobile financial services (MFS)	Agent survey	55.4
	2.4	Percentage of the Sathi project beneficiaries (male and female) who hold active bank accounts	User survey	91.3
	2.5	Percentage of the Sathi project beneficiaries (male and female) who hold active MFS accounts	User survey	89
	2.6	Percentage of beneficiaries (male and female) who availed remittance through Sathi project agents	User survey	66.7
	2.7	Number of agents who have customer feedback or complaint facility	Agent survey	73.7
	2.8	Average number of complaints filed monthly by the beneficiaries to the agents	Agent survey	2.61
	2.9	Turnaround time (TAT) in days to resolve grievances of the customers	User survey	2.87
Component B: Capacity development				
Outcome	1.1	Percentage of the Sathi Network agents who benefited from training programs or workshops to operate their business	Agent survey	99.3
	1.2	Percentage of the Sathi members whose business profits increased after they attended training programs or workshops	Agent survey	86.9
	1.3	Percentage of marginalized female agents who feel they benefited through workshops or training programs to operate their business	Agent survey	100
	1.4	Percentage of the Sathi network agents trained from workshops who have the capacity to take loans to start up or run their businesses	Agent survey	93.1

Indicator level	Indicator ID	Indicators	Data sources	Indicator value
Component B: Capacity development				
Output	2.1	Number of training sessions or workshops organized for the capacity development of the Sathi network agents	Project documents	20+
	2.2	Number of female agents under the Sathi Network who participated in training sessions or workshops	Project documents	356
	2.3	Percentage of marginalized female agents trained through workshops or training programs to operate their business	Agent survey	70.37
	2.4	Percentage of the Sathi network members who can efficiently use technology to perform business operations	Agent survey	97.1
	2.5	Percentage of marginalized women reached out by Sathi agents who have basic financial literacy	User survey	98.8
Component C: Financial literacy				
Outcome	1.1	Percentage of beneficiaries who became aware of different financial products or services through the FL campaigns	User survey	92.1
	1.2	Percentage of beneficiaries who availed new or different products or services (insurance/deposits/credit) after the FL campaigns	User survey	50
	1.3	Percentage of the Sathi members who participated in the FL campaigns	Agent survey	56
Output	2.1	Number of campaigns organized for marginalized women with the participation of the Sathi members	Project documents	3
	2.2	Percentage of beneficiaries who attended the campaigns	User survey	22.1
	2.3	Average number of participants per campaign	Project documents	70,000

Indicator level	Indicator ID	Indicators	Data sources	Indicator value
Component D: Women's Financial Inclusion Advocacy Forum (WFIAF)				
Outcome	1.1	Number of linkages and partnerships developed through the forum	Project documents	9
	1.2	Number of recommended laws, regulations, amendments, or government policies adopted to address gender constraints	Project documents	N/A
	1.3	Number of gender-sensitive feedback loops or other mechanisms that channel data on women constraints developed by forum	Project documents	N/A
	1.4	Number of resolutions undertaken	Project documents	N/A
	1.5	Number of best practices documents prepared in the advocacy forum	Project documents	N/A
Output	2.1	Number of advocacy forums held	Project documents	7
	2.2	Number of organizations or institutions that participated in the advocacy forum	Project documents	7
	2.3	Number of gender-sensitive awareness raising campaign conducted by the forum	Project documents	2
Component E: Knowledge management				
Outcome	1.1	Number of white papers or other publications published for developing the women's financial inclusion strategy	Project documents	1
Output	2.1	Number of research studies conducted	Project documents	3
	2.2	Number of knowledge-sharing sessions or round table dialogues organized with the FSPs, regulators, and academia	Project documents	2

Indicator level	Indicator ID	Indicators	Data sources	Indicator value
Component D: Women's Financial Inclusion Advocacy Forum (WFIAF)				
Outcome	1.1	Percentage of employed beneficiaries who receive salary or wage through digital payment method	User survey	7.3
	1.2	Percentage of beneficiaries who make digital payments in-store	User survey	21.6
	1.3	Percentage of beneficiaries who make digital payments online (utility bill payments)	User survey	39.2
	1.4	Percentage of beneficiaries who make digital payments online (e-commerce payments)	User survey	18.3
	1.5	Percentage of beneficiaries (of those who receive government allowances) who receive government stipends or allowances through MFS	User survey	26.8

Annex 2: Demographic Profile of the Sathi Members

Age Distribution

A majority (59%) of the Sathi members are middle-aged women who fall under the age range of 31-45 years. 38% of the members are young (18-30 years). A minuscule proportion (3%) of the members are aged between 45-60 years.

(Figure 37)

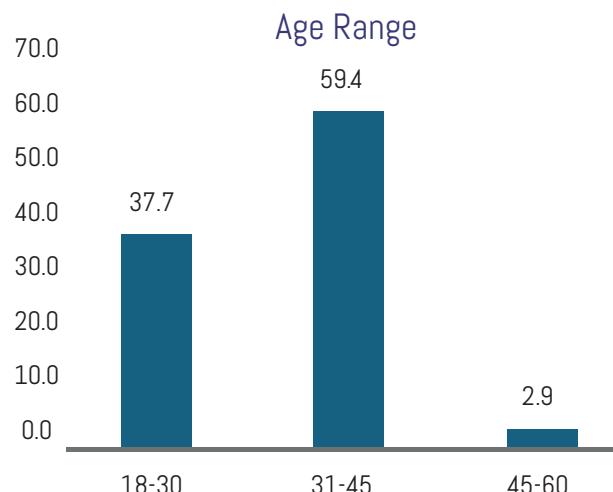


Figure 37: Age distribution of the Sathi members

Marital Status

Three-quarters (75%) of the female entrepreneurs are married, with around 21% unmarried among the rest. Divorce rates are below 3% among respondents.

(Figure 38)

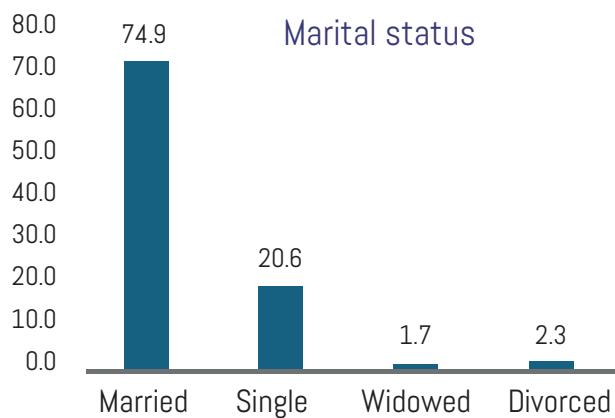


Figure 38: Marital status of the Sathi members

Education Level

All the Sathi members are found to be educated, and all of them have completed at least secondary level education. Most of them (42%) have completed graduation, and 32% have completed post-graduation. (Figure 39)

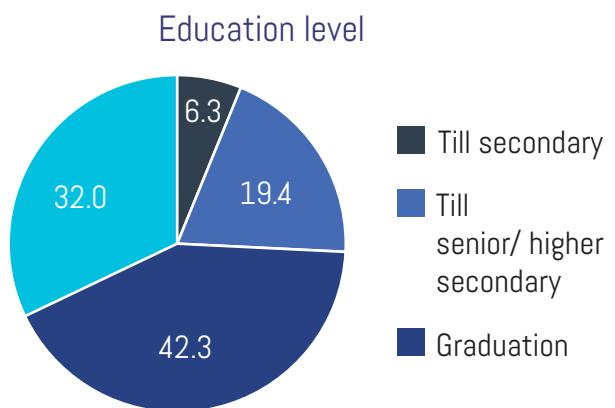


Figure 39: Education level of the Sathi members

Religion

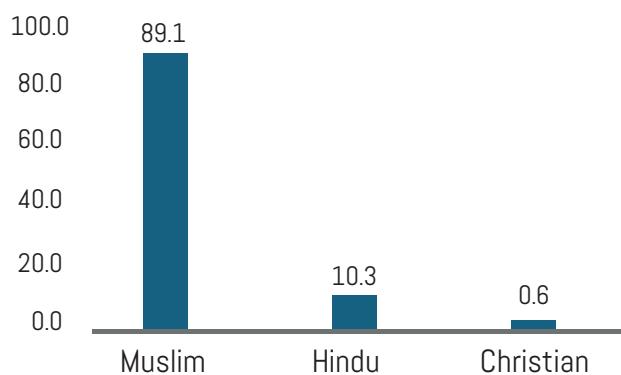


Figure 40: Religion of the Sathi members

Religion and Ethnicity

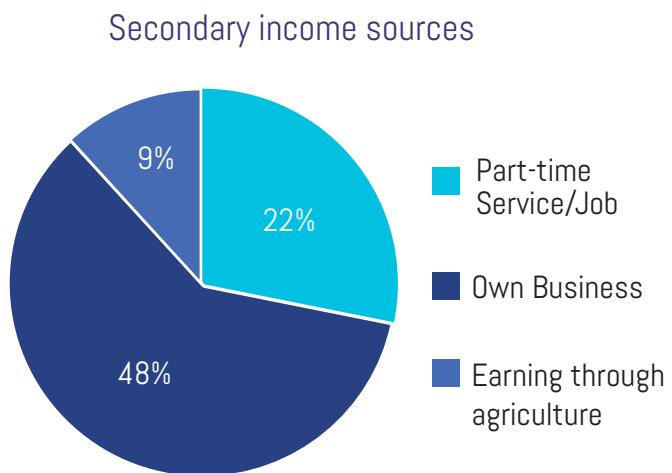
More than 89% of the members are Muslim, while 10% belong to the Hindu religion (Figure 40: Religion of the Sathi members). All the respondents were Bengali, with only one being from an ethnic minority group (Garo).

Disability Status

Only one respondent out of 175 was found to have a disability and faced challenges in walking or climbing steps.

Secondary Income Sources

Approximately 80% of the surveyed female entrepreneurs have income sources other than MFS or agent banking. The research revealed that a higher proportion of middle-aged entrepreneurs (84%) who are above 30 years had other income sources, compared to 71% of the young entrepreneurs (less than 30 years) who had any secondary income sources.



Approximately 22% of the respondents with secondary income sources have a part-time job. Slightly less than half (48%) of the respondents manage their own businesses, mostly small service enterprises. Around 10% of the female entrepreneurs earn through agricultural sources (Figure 41: Secondary income sources of the Sathi members). Most entrepreneurs with additional income sources can earn an average of BDT 10,000 (~USD 91) per month from secondary sources.

Figure 41: Secondary income sources of the Sathi members

Use of Electronics

Female members have more prior experience using computers (93%) than smartphones (85%). Older members (95%) have more prior computer experience than younger members (89%). On the contrary, more young agents (91%) had prior experience with smartphones before this business.

(Figure 42: Prior experience of electronic device use)

Prior experience of electronic device usage

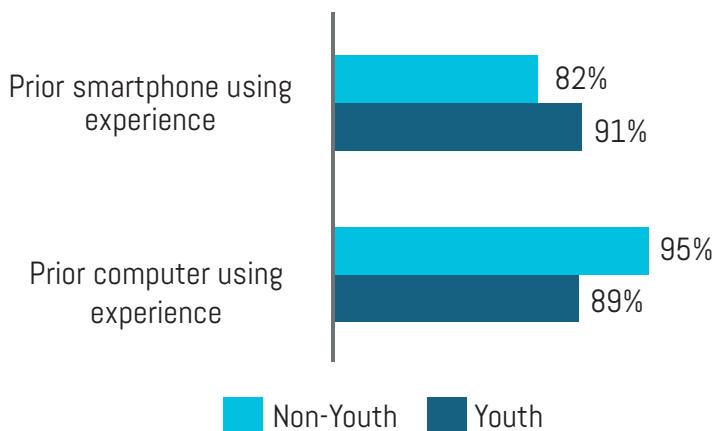


Figure 42: Prior experience of electronic device use

Device Handling and Challenges

Overall, 61% of the female entrepreneurs face technological difficulties while operating their businesses. Among the numerous difficulties mentioned, the most common include, slow internet connection (90%), device lag (51%), and fear of making mistakes (34%). 11% have also mentioned that their inability to read English instructions create difficulties. (Figure 43: Technological difficulties faced by Sathi members)

Despite all these challenges, 97% of the surveyed female entrepreneurs stated that they can use electronic devices, such as smartphones, desktop personal computers, laptops, and tablet PCs, among others, to conduct business operations smoothly and efficiently. This confidence is observed among all the marginalized women (100%) compared to 97% of the non-marginalized women.

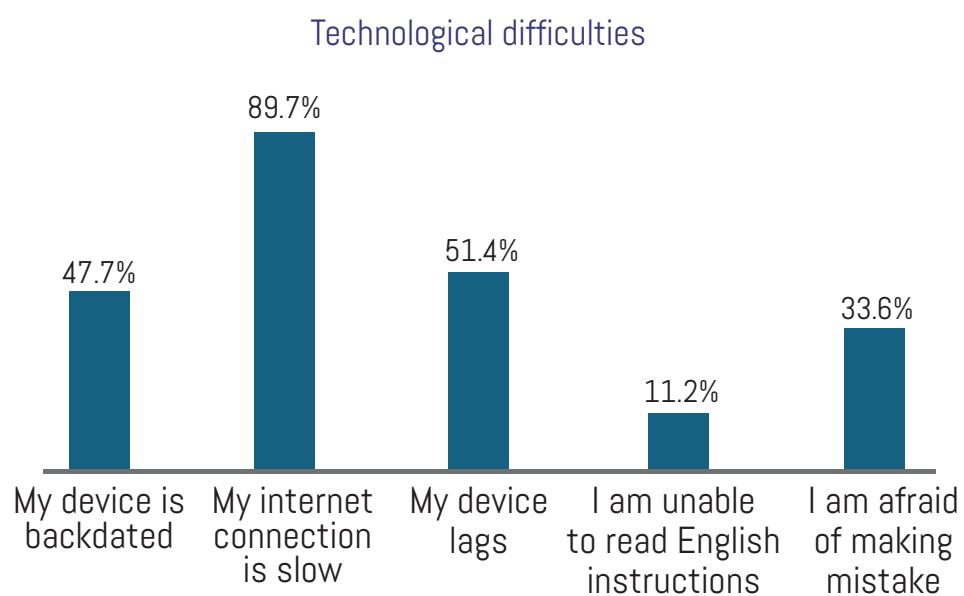


Figure 43: Technological difficulties faced by the Sathi members

Annex 3: Demographic Analysis of Customers

Age Distribution

The majority (42%) of the surveyed customers are young (below 30 years), followed by 36% middle-aged customers (31-45 years old). Only 3% of the surveyed customers are older than 60 years. (Figure 44: Age distribution of customers)

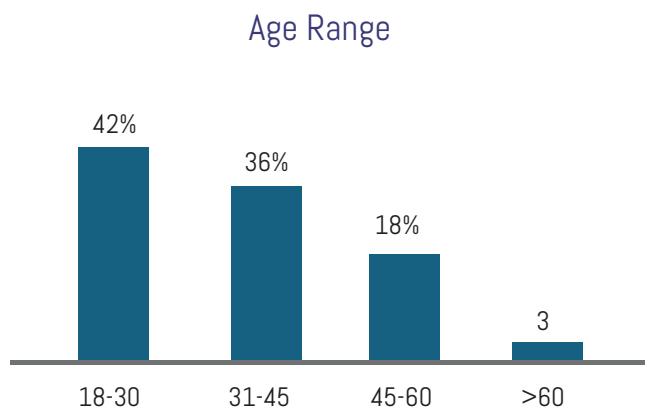


Figure 44: Age distribution of customers

Marital Status

Approximately 84% of the surveyed customers are married, with slightly more than 2% divorced or separated. Married women were surveyed at a higher rate (86%) than married men (81%).

Education Level

Less than a quarter (24%) of the survey respondents have a higher level of education (graduate or higher). Males have a higher graduation rate (33%), compared to females (15%).

(Figure 45: Education level of customers).

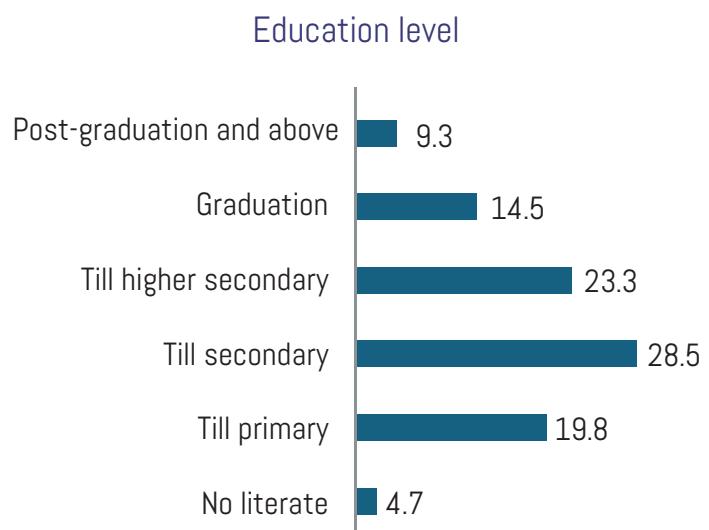


Figure 45: Education level of customers

Religion and Ethnicity

More than 80% of the surveyed customers practice Islam, while approximately 16% practice Hinduism. More Hindu women (20%) were surveyed than Hindu men (12%). All of the surveyed customers are Bengali.

Household Setup

The customers' household consists of five members on average, with two involved in any income-generating activity. They have two children on average in their home.

Disability Status

Less than 2% of the surveyed customers have a disability. The majority of them had mobility issues, while the remainder struggled with self-care.



Sathi

EVALUATION REPORT

March 2024

Technical Support by



Cabinet
Division
Government of the People's
Republic of Bangladesh



ICT
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FUTURE IS HERE

