

Presentation on **Toward a Mobile Phone Based Solution for Microcredit in Rural Bangladesh**

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Introduction

Microcredit?

- What is **Microloan**?
- Main functions of microcredit
 - Provide the poor with a means to alleviate from poverty
 - Empower women

History of Microcredit

- Microcredit provided by institutions like Grameen Bank, BRAC
- 250 Microfinance institutions globally, dealing with 154383.43 million USD
- Dr. Muhammad Yunus and Grameen Bank awarded Nobel Prize in 2006

Criticism

- High Interest Rates
- Failed Enterprenueships
- Natural Disasters and Uncertainty
- **Misuse of loan**

Background Study

- Lots of Critical Analysis on Microcredit
- Microcredit can change fate of the poor
- Some serious situations leading to fates as worse as suicide
- Mobile tech solutions to rural problems: Avaaj Uthalo
- Tech solutions can solve problems such as rights issues,disease, human rights issues and cultural understanding

Statistics of the Jamalganj District

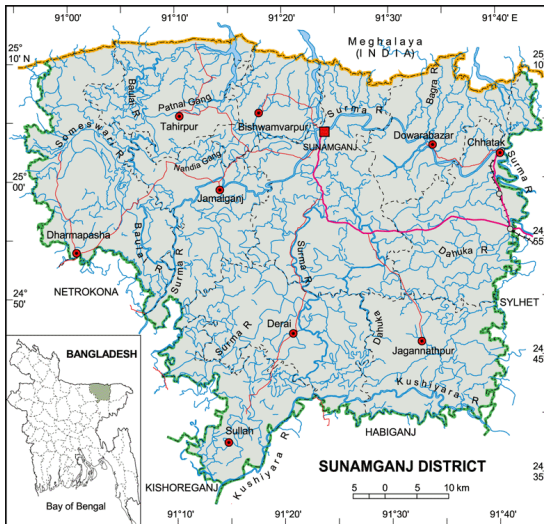


Figure 1: Map of Sunamganj

Upazila Introduction and Literacy

Located in Sunamganj District, Sylhet Division

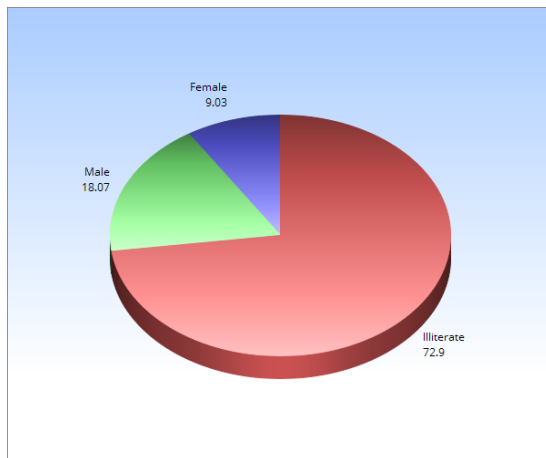


Figure 2: Literacy Rate of Jamalganj.

Main Occupations

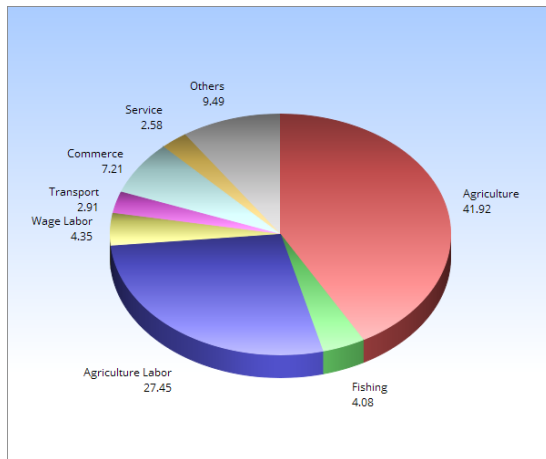


Figure 3: Main Occupations of Jamalganj.

Land Control

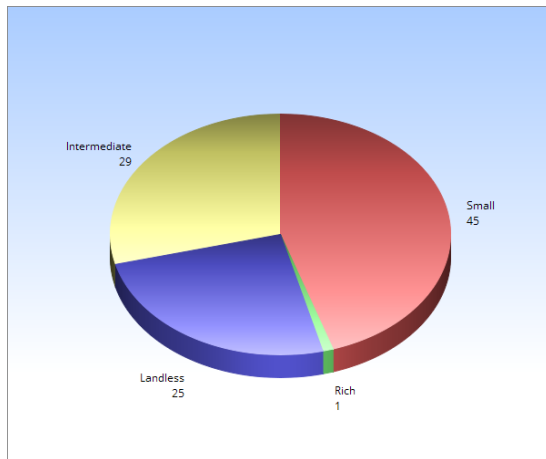


Figure 4: Land Control in Jamalganj.

Case Studies

Data Collection

Data collection on Microcredit transaction conducted in the Jamalganj Upazila in the division of Sylhet. Microcredit loans provided mainly to women of this region.

Age Distribution

Age Group	Number of Microcredit Clients	Percentage(%)
20-30	8	26.67
31-40	16	53.33
41-50	4	13.33
51 Above	2	6.67
Total	30	100

Table 1: Age Distribution of Microcredit Client respondents

Educational Qualifications

Education Qualification	Number of Microcredit Clients	Percentage(%)
No Formal Education	6	20
Primary	8	26.67
Middle	10	33.33
S.S.C	6	20
Total	30	100

Table 2: Educational Qualifications Distribution of Microcredit Client respondents

Family Member Distribution

Family Member	Number of Microcredit Clients	Percentage(%)
1-2	1	3.33
3-5	15	50
6-8	13	43.34
9-11	1	3.33
Total	30	100

Table 3: Family Member Distribution of Microcredit Client respondents

Loan Distribution

Amount of Loan	Number of Microcredit Clients	Percentage(%)
1000-5000	17	56.67
6000-10000	2	6.66
11000-15000	3	10
16000 Above	8	26.67
Total	30	100

Table 4: Loan Distribution of Microcredit Client respondents

Demographics of Mobile User at Jamalganj

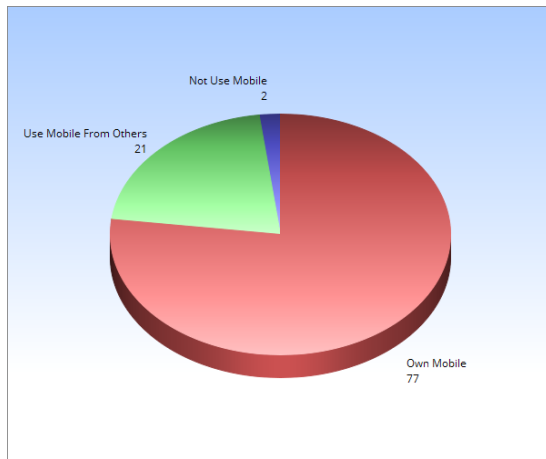


Figure 5: Mobile user at Jamalganj in Sylhet.

Comparative Study of People Involved in Microcredit

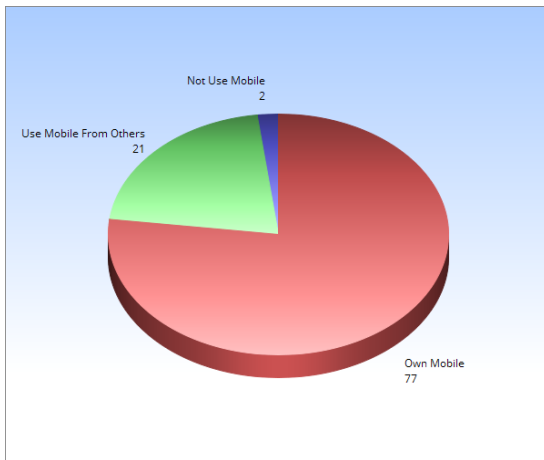


Figure 6: Micro credit user at Jamalganj in Sylhet.

Some Problems of Microcredit

Categorizing the problems of Microcredit

- Lack of Communication among Microcredit Organizations

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Proposed Solution

A mobile based technology based on the concept of Short Message Service(SMS). User will create a mobile account and verification for the loan will also be verified through the mobile account. All transactions will also be conducted through SMS using user's secret password. Designed to work on cheaper mobiles and uses Bangla font.

Advantages of the Proposed System

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Process

Account Activation Requirements

- Legitimate mobile account by government rules
- Willingness

Account Activation Process

- Visit bank
- Application form and documentation
- Verification
- Request sent and reply using mobile SMS
- Unique password and required training

Client Account Check

- Entry of password
- Request through mobile interface
- Required information displayed

Use of Loan Money

- Nominated seller concept
- Unique product code for each nominated seller's product
- Client pursues transaction in the following steps:
 - start service
 - select
 - enter code
 - get confirmation by SMS
- Limitations of use of money
- Live browsing

Monthly Repayment

- Reminder 5/7 days before due date
- Travel to load point
- Provide required info
- Request sent to predefined number

Reatailer's Sevices

- Registration
- Priviledges in case of cash money

Issuing Loan

- Go to bank
- Documentation and verification
- If yes, then:
 - ① terms and conditions
 - ② required training
 - ③ mobile account to cash ratio (84:16)
 - ④ finalize
- If no, then explain reason

Challenges of Proposed System

List of Challenges

- Lack of Education
- Availability of Registered Shops
- Implementation of a new concept

Conclusion

Concluding:

Data collection, analysis and a mobile tech solution to failing business endeavors of Microcredit system in rural Bangladesh.

Thank You and Q/A