

bKash got a license to operate as a Mobile Financial Services (MFS) provider in 2010 from the financial regulator, Bangladesh Bank. Less than 20 million people used formal banking channels for their financial transactions in a country of 165 million people. The objective of bKash was to offer a universal platform to the unprivileged population of Bangladesh where people could perform various financial transactions using their mobile phones. There were around 73 million mobile phone subscribers at that time, of which smartphone users were negligible in number and in terms of proper utilization of smartphone features. Very few digital platforms offered Bangladeshi customers the experience of electronic transactions. One of the primary challenges for bKash was to gain customers' trust from all categories by ensuring convenience, security, and flexibility.

In technology deployment, one fundamental requirement was to carry customer requests from their mobile phone to the bKash platform in real-time and at any time. There were two immediate challenges – selecting the right channel for communication and integrating bKash with all mobile network operators (MNOs). SMS (Short Message Service) could be one channel supported by all operators using the predominant GSM communications technology. However, technically it is not easy to place valid requests through SMS. Another alternative was USSD, which is close to SMS by nature, but it offers options through a menu and expects a numeric response for each possible choice. And USSD was supported by almost 100% of handsets and available to 100% of subscribers.

USSD messages travel over GSM signaling channels, carry query information, and generate services. USSD establishes a real-time session between a mobile handset and the application handling the service. So, to make bKash services available to all mobile users, getting USSD connectivity from all MNOs was critical. bKash had discussions with all MNOs. Getting agreements on the matter took a while for the following reasons:

1. Inherently, MNOs had ambitions to offer financial services themselves and were reluctant to integrate.
2. USSD used to be a channel of communication for own customers of MNOs, and the operators did not have any experience in integrating USSD with any third party
3. The proper benchmarking of qualitative or capacity-oriented exercise needed to be included. USSD was never used for transactions before. (MNOs used the channel for balance queries and similar services.)
4. There was no mechanism for assessing the cost of USSD as a channel. Hence there was hardly any benchmark for setting any commercial charge.

After lengthy discussions and rigorous negotiations, bKash got the USSD connectivity from the MNO. The immediate challenge was to bring the relationship under formal KPIs to ensure seamless connectivity, availability of functionality, and required capacity to support the proper growth. MNOs were reluctant to agree to any KPI, and the connectivity with their system used to experience low capacity. Such scenarios triggered intermittent availability of the channel, frequent time out of connections, missing acknowledgments, etc., particularly during peak hours of transactions. As a logical consequence, there came many complaints from customers and cases of financial disputes, and MNOs, which were large corporate giants, could not and did not support sufficiently to resolve those issues. The stability and growth of bKash suffered substantially.

What should bKash, a relatively small company at that time, do to improve the speed, availability and reliability of their services, since this was critical to gaining customers trust and ensuring growth? Could a bigger share of revenue from bKash satisfy the MNO? How would the balance of power settle between small and large corporations? How could the emerging technologies support in finding solutions?