Business Finance for the Poor in Bangladesh

Voice-based service to help small businesses with record-keeping and credit management

The challenges: literacy and lack of reliable record-keeping

In Bangladesh, small businesses such as grocery stores and local vendors lose a lot of money due to a lack of reliable book keeping. 41-43% of retail sales are on credit, and these transactions are recorded in handwritten ledgers. At least 3% of these credit sales become unrecoverable every year due to disputes. Grocery alone loses GBP 94.87m.

In addition, banks and financial institutions fail to verify the authenticity of transaction detail of ledger books. As such, banks and microfinance institutions (MFIs) become reluctant to extend loans to MSEs.

Hishab's voice-based solution

Hishab is a voice-based mobile phone service, supported by a Bengali speech recognition system, that enables users to record transactions via phone calls. The solution eliminates the need for any technological literacy on the user's part.

The system also creates and sends SMS notifications to vendors and their customers to inform both parties about transaction details.

Transaction data from the platform can be used to generate credit scores and appropriate accounting statements which financial institutions can use to extend loans to MSE retailers in Bangladesh.

How **HISHAB** works

Call
User calls **165-13.** Hishab's voice-based ERP works on every phone and does not require an internet connection

Inform
User speaks information about the entire transaction, including sales details, persons involved in a transaction, and transaction amounts

Confirm
Hishab sends an SMS to both parties in the transaction to confirm transaction details. Hishab also sends reminder SMS

Receive
Automated documentation of MSE's cash flow, income statements and relevant business analysis

MONJU'S EXPERIENCES WITH HISHAB

Monju has owned a grocery store in a dense urban area of Dhaka, for 15 years. In mid-2017, he learned of the Hishab project. He got involved to help his retail record-keeping, get reminders of credits or customers dues, and increase his opportunities to access to formal financial services.

Benefits of using Hishab

Everyday, Monju sells large volumes of grocery items, and he reports. Hishab's data accuracy at almost 100 percent. Monju feels that the Hishab project enhanced his business in terms of increased revenue. Now, he keeps track of his store's purchases and sales, thus stimulating better inventory management, resulting in 15% increased income.

Savings, expansion

The new orientation also induced him to develop a habit of savings, and he is now better-informed about financial issues.

As a result of this increased income, he has employed another person, who now manages the grocery shop along with him. In addition, Hishab can enable Monju to gain access to formal financial services and enjoy coverage under life, health and credit portfolio insurance.

70,000
MSEs automated with Hishab's voice-based ERP solution

26m BDT
worth of micro loans disbursed to MSEs

50%
lower loan processing time

IMPACT on Monju's business

Automated documentation of business cash-flow

Better inventory management and increased efficiency

Habit of savings

Create employment

Faster and better services

Increased financial literacy

About the BFP-P project
The Business Finance for the Poor in Bangladesh project is a £25m strategic partnership between the UK and Bangladesh governments to boost access to financial services for small businesses.

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