

National Financial Inclusion Strategy of Bangladesh

The Way Forward to Access to Finance for all, Leaving No One Behind

BACKGROUND

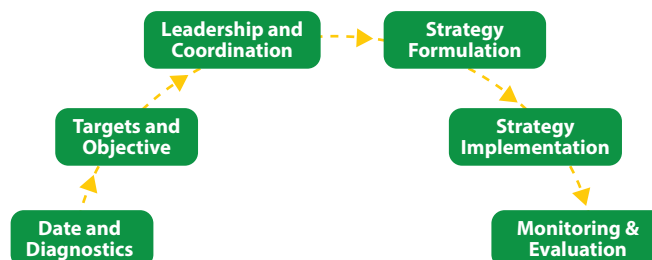
Bangladesh being a leading member of AFI committed internationally in 2014 to develop 'National Financial Inclusion Strategy (NFIS) for Bangladesh' as part of signatory of Maya Declaration. This commitment was reiterated in 2015 during the Bangladesh visit of Her Majesty Queen Máxima of the Netherlands by the capacity of UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA). Moreover, in accordance with the vision of Honorable Prime Minister of Bangladesh for sustainable financial inclusion, Government of Bangladesh's flagship project for financial inclusion, 'Ekti Bari Ekti Khamar', started since 2009 playing a huge role in widening access to financial service for the underserved people. For stepping toward sustainable financial inclusion, Bangladesh needs developing its own 'National Financial Inclusion Strategy' onward. Accordingly, Bangladesh Bank and Ministry of Finance took an initiative to develop a complete draft of NFIS for Bangladesh with the support from the UK Government (as part of BFP-B project funded by UK aid). This initiative was started in 2016. By October 2018, the final draft along with diagnostic study report will be submitted to Cabinet of GoB which is the apex approval authority of NFIS for Bangladesh. The time period for implementation of first NFIS for Bangladesh has been planned as '2019-2024' in the draft in line with Government's target to graduate LDC toward middle income country.

NFIS PROCESS

The NFIS preparation process includes four components:

- research and data analytics;
- report drafting and expert peer reviews;
- inter-ministerial policy coordination;
- multi-stakeholder consultations.

During the formulation of this strategy, following approaches have been adopted:

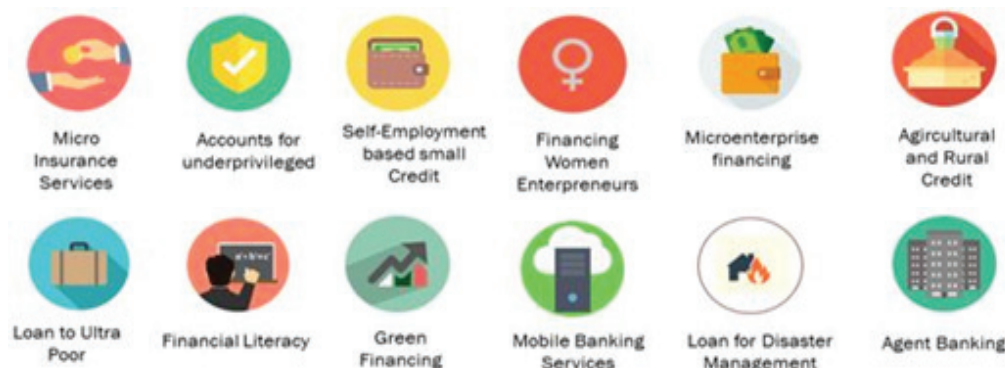


Four diagnostic studies (Banking Sector, Microfinance Sector, Insurance Sector and Definition of Financial Inclusion) and a short demand side survey have been conducted in line with this approach.

RESULTANTLY, THREE CORE DIMENSIONS HAVE BEEN IDENTIFIED

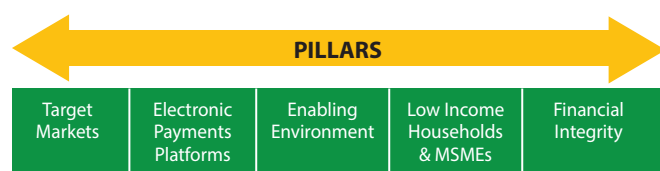
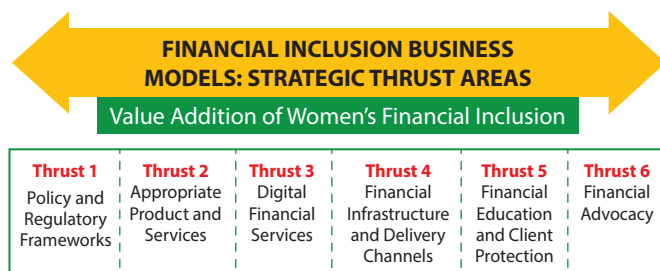
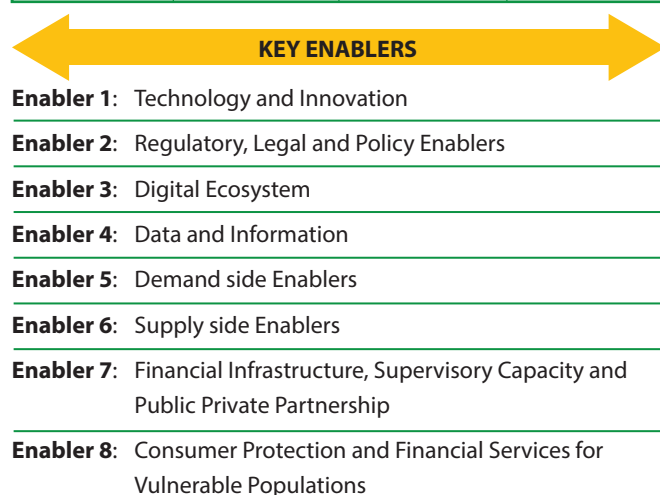
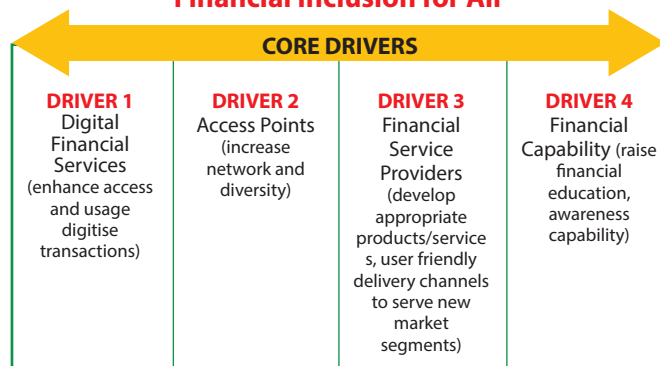
- All adults need to have individual, full-service, safe and secure electronic bank account.
- Each account holder needs to have access to electronic financial service points within acceptable distance having cash deposit, withdrawal and transfer facilities in a secure environment and at reasonable charges.
- All households and businesses (especially low-income families and MSMEs) need to have convenient access, at reasonable prices/charges, to:
 - a full range of suitable formal credit and other financial products;
 - suitable deposit and investment products;
 - a range of insurance (including micro insurance) and risk management products; and
 - legally protected rights to be offered only suitable financial products and services by the providers and the right to make informed decisions.

POTENTIAL INTERVENTION AREAS TO PROMOTE FINANCIAL INCLUSION



FRAMEWORK FOR NFIS-B ACTION

Financial Inclusion for All



NFIS development experience has shown that financial inclusion is not a tool of financial sector development alone. It recognises that the transformative power of financial inclusion lies in its ability to deliver a full spectrum of tailored financial services by a diversity of service providers to households, including payments, savings, insurance and credit.

EFFECTIVE VEHICLES FOR FINANCIAL INCLUSION

1. Linking microcredit with formal financial services
2. Building financial inclusion components into safety net systems
3. Promoting appropriate insurance programmes
4. Expanding the mobile banking network.

STRATEGIC CHALLENGES FOR NFIS-B IMPLEMENTATION

- Creating an environment for the providers within a market-led approach staying focused on financial inclusion for all.
- Balanced approach between AML/TF versus consumer convenience
- Driving consumer protection and safety
- Encouraging interoperability across players, systems, and technologies
- Moving towards market force-led balancing of demand and supply and product pricing along with judicious intervention when needed

KEY PUBLIC PLAYERS OF NFIS-B ROLE

- Concerned ministries and departments
- Bangladesh Bank
- Microcredit Regulatory Authority
- Insurance Development & Regulatory Authority
- Bangladesh Securities & Exchange Commission
- Bangladesh Telecommunication Regulatory Commission

KEY PRIVATE PLAYERS OF NFIS-B ROLE

- Private Banks & FIs, Insurance companies, NGO-MFIs, Cooperatives etc.
- MFS & DFS providers
- Trade bodies and associations

COORDINATION STRUCTURE OF NFIS-B

