

Agent banking makes dent with 42pc growth

Bank Asia, Dutch Bangla, NRBC Bank In Lead

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Agent banking, a business model innovation in financial inclusion has made a dent in Bangladesh with exponential deposit growth of 42 per cent- higher than global industry average thanks to impressive performance of four private commercial banks.

Bangladesh Bank in its report said deposits in agent banking in Bangladesh increased by 42 per cent to Tk 92.21 billion during the three months from July to September this year mainly due to impressive performance of four commercial banks.

The banks are- Dutch Bangla Bank, Bank Asia, Al Arafa Islami Bank and NRB Commercial Bank. These banks played the leading role in agent banking with higher number of outlets across the country during the period.

Through these outlets, a large number of people living in rural and remote areas are enjoying various credit facilities from agent banks to improve their standard of lives. Of these loans, Bank Asia topped the list of lenders and disbursed Tk 7525.20 lakh followed by Al Arafa Islami Bank with credit disbursement of Tk 346.00 lakh during the period.

A total of 1 lakh 65 thousand 195 new accounts were opened during the period under agent banking operations in the country mostly in rural areas. The number of accounts opened by women shot up to 3 lakh 16 hundred 916.

Among the banks, Dutch Bangla Bank topped the list for highest number of outlets- 1,487 all over the country. It was followed by - Bank Asia outlets with Dutch Bangla Bank, 1205 with Bank Asia and 356 with NRB Commercial bank. These banks disbursed

Tk 7872.20 lakh among poor people mostly living in rural areas.

Agent banking is a system of providing banking and financial services on a limited scale to the underserved population of Bangladesh by way of agents under an agreement rather than a teller. In recent time, banks find agent banking a unique opportunity to expand their customer base by on boarding new customers who were previously out of their reach.

Talking to The Bangladesh Express, Md. Arfan Ali, President & Managing Director at Bank Asia said



Md. Arfan Ali, President & Managing Director at Bank Asia Ltd.

agent banking is increasingly getting popular because it is cost-effective. Because, he said traditional banks have a hard time reaching customers. Agent banking is too much cost effective.

"Bank Asia is the pioneer of agent banking in the country. Technology helps us to reach agent banking in public doors and we've already celebrated three years with impressive growth record", the CEO said.

"Currently we've more than one thousand agents across the country. A vast portion of our population is out of the banking service. Agent banking introduces to solve this problem. We've attached with A to I and hope to reach at every village by next two years", Mr. Ali said.

A total of 13 commercial banks are operating agent banking through 2,015 agents and 3,565 outlets across the country that has brought millions of unbanked people in formal banking activities during the period who are contributing to the country's economic growth and prosperity.

The banks are: Dutch-Bangla, Bank Asia, Al-Arafah Islami, Social Islami, Modhumoti, Mutual Trust,

NRB Commercial, Standard, Agrani, Midland, First Security Islami, The City and Islami Bank Bangladesh. The BB report has been prepared on the basis of information submitted by these banks. The agent banking activities are limited to 13 kinds of services.

Bangladesh Bank has decided to promote this complimentary channel to reach out to the unbanked and underserved segments of the society as well as existing bank customers with a range of banking services, especially to geographically dispersed locations to boost financial inclusion. The central bank observes that agent banking has become a successful initiative in Bangladesh as only 25.6 per cent people living in rural areas have bank accounts and being deprived of enjoying formal banking service to improve their standard of lives.

According to the Global Findex Survey 2015 (World Bank 2015), 46.4% of total adults have bank accounts at formal financial institutions which were 33% in 2011. Many countries like Colombia, Brazil, Peru, Kenya, India and Pakistan have already adopted agent banking as a way of financial inclusion.

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Mr. Promoth Ranjan Biswas (01745-922-737), Vice-Chairman of BJFCI is supervising the Learn & Earn project and Mr. Md. Bashir Hossain Miah (01753483985), Member of BJFCI is working as Project Coordinator of the project and the Digital Finance.

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