

## Editor's Pick



# Mobile Payments Hits Eid Markets

**Faruk Ahmed**

The holy Eid-ul-Fitre ended last month leaving a new message- more shoppers are embracing digital payments in shopping. Because it is convenient, cost effective, easy and cost effective. Dr. Yeasmin Afroz Kamal is one of them.

Dr. Yeasmin Afroz is a reputed eye specialist and remains busy with her patients at her workplace at BARDEM hospital. But she never forgets to buy goods and gifts for her two

children- both medical students as well as for her doctor husband. Presently, the best tool she uses to buy goods is bKash App.

"Before going to the market, I load up my bKash wallet with money. It's a unique payment option to buy anything saving time. And at the same time enjoy lucrative discounts price offered from time to time", she said.



Dr. Yeasmin Afroz is seen paying bills through her bKash app at a shop during eid shopping. Photo : Tarik Ibrahim Sajib

brand shops in Baily roads, Taltola and 100 shops of different categories in Bashundhara City Shopping mall seven days ahead of the Eid-ul-Fitre when all markets remained crowded with millions of shoppers from noon to late night.

People spent some billions of taka in Eid markets and people working abroad this time sent millions of foreign currencies as remittance to their families mostly living in villages. Most of the small ticket remittance were transacted through MFS channel which are deep rooted in rural areas across the country.

Owing to unbearable traffic in the capital as well as a growing demand from rural parts of the country,

With her son Nahiyan, Dr. Yeasmin Afroz was making payments to a salesperson of a shop in the over-crowded Bashundhara City Shopping mall two days ahead of the Eid-ul-Fitre last month.

This year mobile payment has hit the Eid market in a remarkable way. Many shoppers have made payment through bKash and other digital wallets as most shops have posted QR code in their front desks and happily accepted payments through mobile apps", Dr Afroz told The Bangladesh Express.

"Recently, I visited Malaysia and Indonesia and saw the people there are now using mobile banking to purchase everything from roadside grocery shops to decorated malls. And similar trend is gaining momentum in Bangladesh very fast thanks to government's efforts for all encompassing digitalization", she said.

The month long awaited holy Eid-ul-fitre ended with great festivity. Hundreds of shop owners mentioned that millions of shoppers this year used bKash app, iPay, Rocket, Visa, Master Card and other digital payment tools to buy Eid gifts and commodities. And the digital payment accounted nearly 30 percent in the Eid markets this year, according to a survey, which was only 20 percent in the previous year.

The survey was conducted in

e-commerce in the country is experiencing a boon with many sites recording 30 percent higher orders than last Eid. The improvements in the delivery system and accessibility of internet across the country have also worked in favour of the e-commerce sector.

An increasing number of people, mostly city dwellers, choose e-shopping to save time as well as avoid traffic chaos and other hazards in the busy city life. Like the regular shopping malls and other shopping places, online market place also offer discount and other facilities to attract buyers ahead of the biggest religious festival of Muslims.

A revolution is taking place across the world with mobile payment that is changing shopping culture, impacting





Eid shopping in Dhaka.

consumers' behaviors and unleashing many opportunities both for buyers and sellers across the globe. Officials of bKash, the leading mobile financial service (MFS) provider in the country said that the volume of transactions jumped to double during the Eid shopping spree.

To attract Eid shoppers, digital payment services providers offered lucrative cash incentives and gifts and e-commerce operators accepted mobile payments. Using bKash app and others, people bought goods both online and offline and commercial banks sent remittance to the recipients living in every nook and corner of the country. Eid shopping with mobile pay got boost this year as Bangladesh Bank had raised limits of MFS transactions.

Many shoppers expressed their satisfaction over the BB's decision terming it as a "most prudent decision" for consumers as the new limits befits the current uptrend economic environment people of Bangladesh are experiencing today. Besides, it has also encouraged Bangladeshi diaspora working abroad to send remittance back home for their dear ones to spend for Eid festival in commensuration to the needs.

The outlets of different local fashion brands, including Easy, Aarong, Ecstasy, Dorjibari, Infinity, Rex and Plus Point, were abuzz with huge crowds, thanks to their new collections. Footwear brands like Apex,

Bay, Bata, Lotto and Crescent also attracted huge crowd with lucrative offers and arrays of new collections. Salespersons of these brand shops said that they experienced higher Eid sales this year and received huge amount of payments through bKash app, Visa, mastercards and the likes.

Abdul Wahed Tomal, General Secretary of e-Commerce Association of Bangladesh (e-CAB), said that e-shopping has been witnessing an upward trend in the last two weeks prior to the Eid festival.

"The average number of e-shopping deliveries was 25,000 every day before the last two weeks, but now it has reached 35,000-40,000 ahead of Eid-ul Fitr," he said,

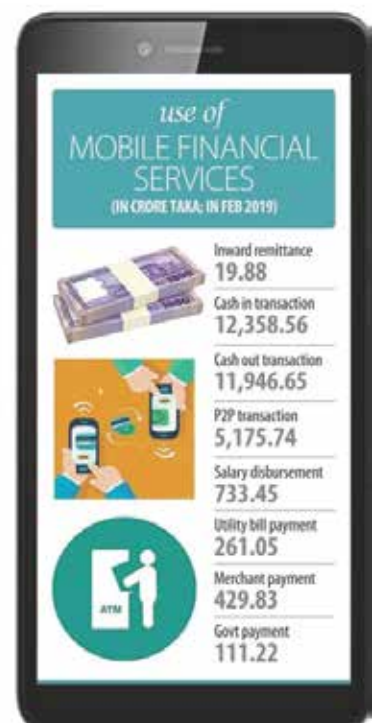
adding that different e-shops now offer discount and other facilities to attract more consumers.

It is to be noted that e-shopping has marked 30 percent growth this year as the number of social media users, particularly mobile Facebook, has also sharply increased in both urban and rural areas. "The yearly turnover of the country's online shopping is BDT 8- 10 billion," said the general secretary of e-CAB, an association of more than 900 e-shops.

Sifat Ara, owner of Women's Fashion BD, who runs online business through Facebook from the city's Shewrapara area, said that her sales started going up after Shab-e-Barat. "We



YEAR	MFS TRANSACTION (IN CRORE TAKA)
2014	103,155
2015	157,773
2016	237,692
2017	370,806
2018	378,886



used to get 15 delivery orders on average a day before Shab-e Barat, but now we're getting 25-30 delivery orders every day," she said.

Currently, there are 1,000 e-commerce entrepreneurs in Bangladesh, while another 1,000 run their business via Facebook. The country's total e-commerce market size is about BDT 15,000 – 20,000 million a year, and it is growing at 50 percent, according to the e-CAB. Most entrepreneurs say the rising adoption of mobile payment especially bKash in Bangladesh helps them to flourish business.

At present, there are 9.31 crore active internet connections in the country, according to the Bangladesh Telecommunication Regulatory Commission. The main reason for this upward e-shopping trend is mobile payment apps like bKash app which is very easy to use, backed by voice prompt, with customer preferred user friendly Bangla or English menu. Mostly younger generation amongst 30 million registered customers are now using bKash app for smart payment.

Not only in Bangladesh, shopping through mobile payment has now become a craze across the globe. Data from Criteo, an advertising platform, has revealed that mobile web sales during the Ramadan retail period saw a bigger increase of up to 69 percent in Malaysia and Indonesia, compared to desktop sales at 53 percent. App sales increased by up to 41 percent.

In the Middle East and Turkey, weekly mobile share in sales surged up to 17 percent and 29 percent respectively during Eid ul-Fitre. The shopping behaviour during Ramadan in Turkey mirrored that took place in Malaysia and Indonesia, with online retail sales reaching a peak at 50 percent uplift a week before the festival.

## Why Do People Love Mobile Payment?

Natasha, a final year student of East West University spent more than one lac taka to buy goods for herself and gifts for her relatives. More than 70 per cent purchased were made with bKash app she uses since last one year.



"Payment through mobile account today have become so convenient. I use bKash app to pay bills and buy goods because it is time saving and convenient for me", Natasha told The Bangladesh Express while paying bill at a shop in Baily road after buying festival attire.

"At times one can run out of required amount to be paid for goods or services at a shopping place. But, with the option of i-banking, you can transact money from your bank account to your bKash account instantly, which saves you from emergent need of fund", Natasha said.

Most consumers use mobile app because it allows people to avoid risks of carrying cash and make digital payments to shops in almost everywhere in Bangladesh. After the introduction of digital payments, the rate of cash mugging and snatching has dropped to near zero level in cities.

"It used to be frequent hazard as people lost cash money due to pick pocketing and/or mugging. Now, with mobile wallet, such occurrences are out of question. To remain safe, I use bKash wallet to make payment for most of my purchases and bills", said Razon, a young man residing at Malibagh area. "Before going to the market, I load up money in my bKash account and complete shopping without any tension. It's time saving, secured and safe for me."

In Bangladesh people are facing troubles with ATM cards and do not prefer to carry cash. "Many times, I could not withdraw funds from booths for technical disruption, sometimes for insufficient funds. Besides, there are all the reasons to be fearful about money muggers prowling in front of ATM booths", said Abul Hashem, a senior executive working in a leading non-bank financial institution. "Now I use mobile wallet to keep money and purchase goods or pay bills", he said

On the other hand, cost of card use is likely to go high with imposed duty. A magnetic stripe card will cost BDT 120 - 125 in contrast to BDT 20 - 25 at present. For a chip-based card, the cost of import will stand at BDT 370, up from BDT 100 - 120. The cost of contactless credit card will escalate by more than three times to BDT 550. As much as 2-3 million cards are usually imported by the local companies per year to meet the domestic demand.

The rise in the cost of cards will discourage clients from asking for credit and debit cards as banks will be compelled to impose charges for issuing them, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of private banks' managing directors. "The ABB will approach the authority concerned within a day or two to withdraw the duty," he added.

The recent study shows growing awareness regarding mobile wallets and their applications, facilitating



More receptive to coupons, mobile payments. Two UK girls are laughing after having shopping with digital device at a shop in London

To get the answers, John B. Dinsmore, assistant professor of marketing at the Raj Soin College of Business at Wright State University and Joe Silverman, CEO of New York Computer Help conducted a study on mobile app users. In his study, Dinsmore found that impulsive people are most likely to spend on apps and on in-app purchases: no big surprise there.

The next most likely to spend are extroverted

smartphone penetration. With new technology innovation and increased security features MFS providers are expected to drive the global mobile wallet market to higher benchmark. Mobile commerce is expected to be the leading segment till 2020, followed by mobile ticketing and mobile money transfer.

In 2014, Apple launched their first mobile wallet app, followed by Samsung and Android a year later. By 2022, it's estimated that the transaction value of mobile payment apps will reach nearly \$14 trillion illustrating the fast-pace of the industry.

Two thirds (64%) of 18-25 year old in the UK now use a mobile wallet, according to research released by social money transfer app Moneymailme. The research reveals that 48% of 18-25 year old believe that physical money will be obsolete within 20 years. US consumers routed \$64 billion in spending through mobile wallet or the individual payment apps issued by companies last year. That's also up substantially from 2017's figure of \$45 billion.

people. "It can be related to impulsivity because you're out and seeing new experiences. They tend to be related," he says. Silverman says that he sees the same at New York Computer Help. The more flashy the person the more likely they are to buy - and talk about the apps they bought.

An unexpected finding, Dinsmore, says, is that the third most likely category of people to pay for apps are the



bargain-prone. "When you hear that word, you think it's people who are not going to pay for stuff," he says. "But it's not to be confused with people who are cheap."

Hence, mobile phone app based payment is the next in line – order of the day.

Who pays for apps? Who doesn't when they should? And who is most likely to make in-app purchases on the fly?