PPRC REAL ECONOMY DIALOGUES

Financial Inclusion

2.0

Policy Goals, Transactions Ecology
and Sustainable Roadmap

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2.0

POLICY GOALS

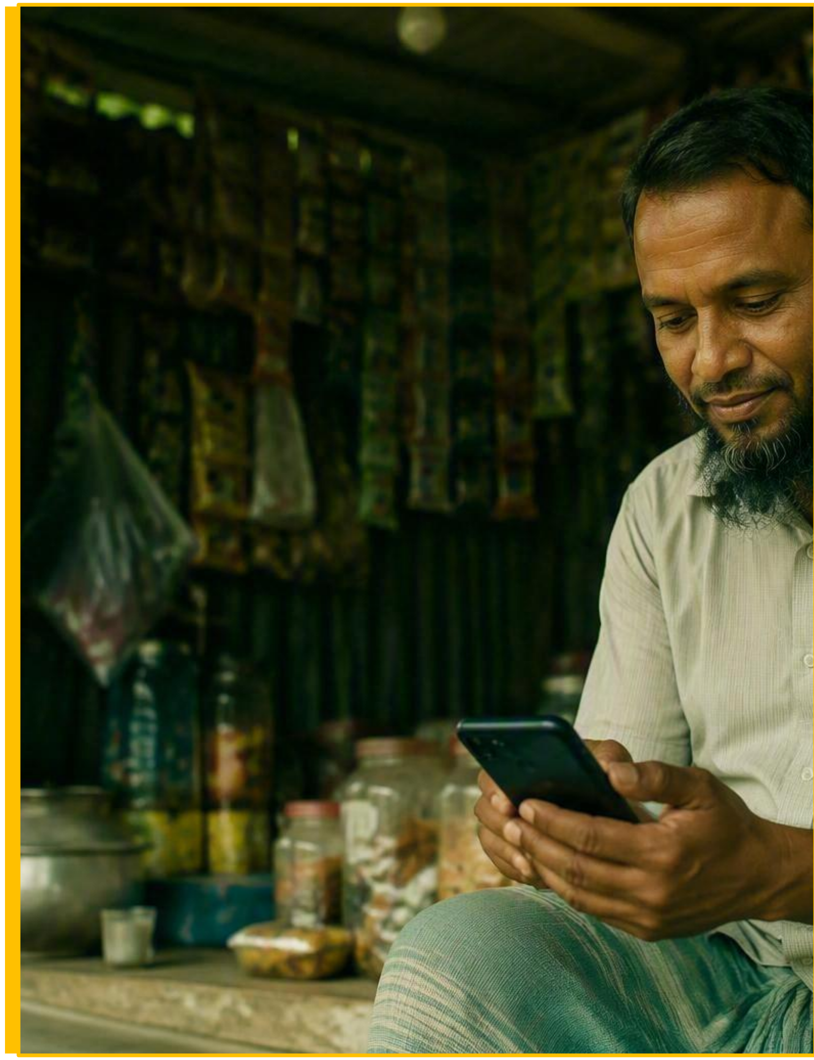
TRANSACTIONS ECOLOGY

SUSTAINABLE ROADMAP

PPRC
Power and Participation Research Centre

Inclusion 1.0 targeted the unbanked

Policy agenda →	**Poverty Alleviation**
Client →	**Unbanked Population**



MFI, MFS and agent banking built the inclusion ecosystem

	IMPLEMENTATION MODEL	SERVICE	GUARDRAIL
MFI	**Client doorstep**	**Supervised loans** Savings	**Social Welfare registration** (except Grameen) PKSF MRA (2006)
MFS	**Bank or bank subsidiary** Phone-based client access Operator–distributor–agent Low-cost transaction ecology Two-way rural–urban household income distribution	**Digital fund transfer** Payments Savings	**MFS Guidelines 2011** MFS Regulations 2022
AGENT BANKING	**Agent substitutes for bank branch**	**Deposit mobilization** Limited lending	**Added to banking regulation in 2013**

Client needs drove Bangladesh’s inclusion gains

01 Ecosystem Growth & Drivers

Bangladesh made significant financial-inclusion gains through MFI, MFS, agent banking, digital savings and nano-loans. Client needs generally drove ecosystem growth and evolution.

02 Clients as Active Co-Partners

By investing in phones, clients became co-partners in the growth of the digital finance ecosystem.

03 Demographic & Geographic Reach

MFI and agent banking brought in rural populations; MFS linked rural–mofussil–capital–diaspora.

04 Expansion Beyond Poverty Alleviation

Programs gradually expanded from poverty alleviation-focused to growth-focused clients.

The inclusion challenge has moved to CMSME sectors

05 Inclusion has not always meant empowerment: agent banking focused more on deposit mobilization than rural lending.

06 MFS leveraged technology and big data toward an integrated digital future, while its strength remained the innovative combination of low-tech human and high-tech digital features.

07 **The inclusion challenge shifted from the Unbanked to CMSMEs, which constitute around 95% of economic units. Collateral-based lending and time-insensitive approval and delivery largely exclude them from bank finance; their needs also do not fit neatly within the MFI package.**

Inclusion 2.0 expands access into system transformation

GOAL

01

Continue focusing on the excluded

GOAL

02

Move the financial system to fully formal and digital

GOAL

03

Promote growth

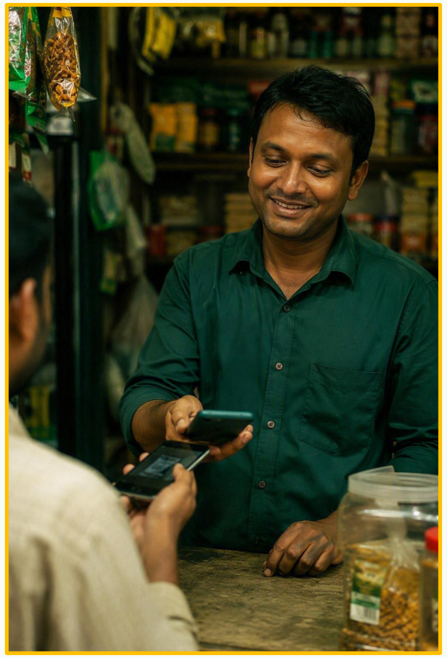
GOAL

04

Expand the tax net and improve the tax-GDP ratio

Inclusion 2.0 prioritizes digital finance and CMSMEs

01 OPERATIONAL AGENDA



Create a sustainable pathway for the MFS system to become an integrated digital financial system

02 OPERATIONAL AGENDA

Financially empower the CMSME sectors

PAIR EACH TOOL WITH ITS SYSTEM QUESTION

Policy tools must resolve their system issues

INSTRUMENT	ISSUE TO RESOLVE
01 Stimulus Refinancing	Transmission Channel
02 Priority Sector Targeting	Sectoral Voice
03 Bangla QR & Digital Future	System Guardrail & Incentive Breakdown Risks

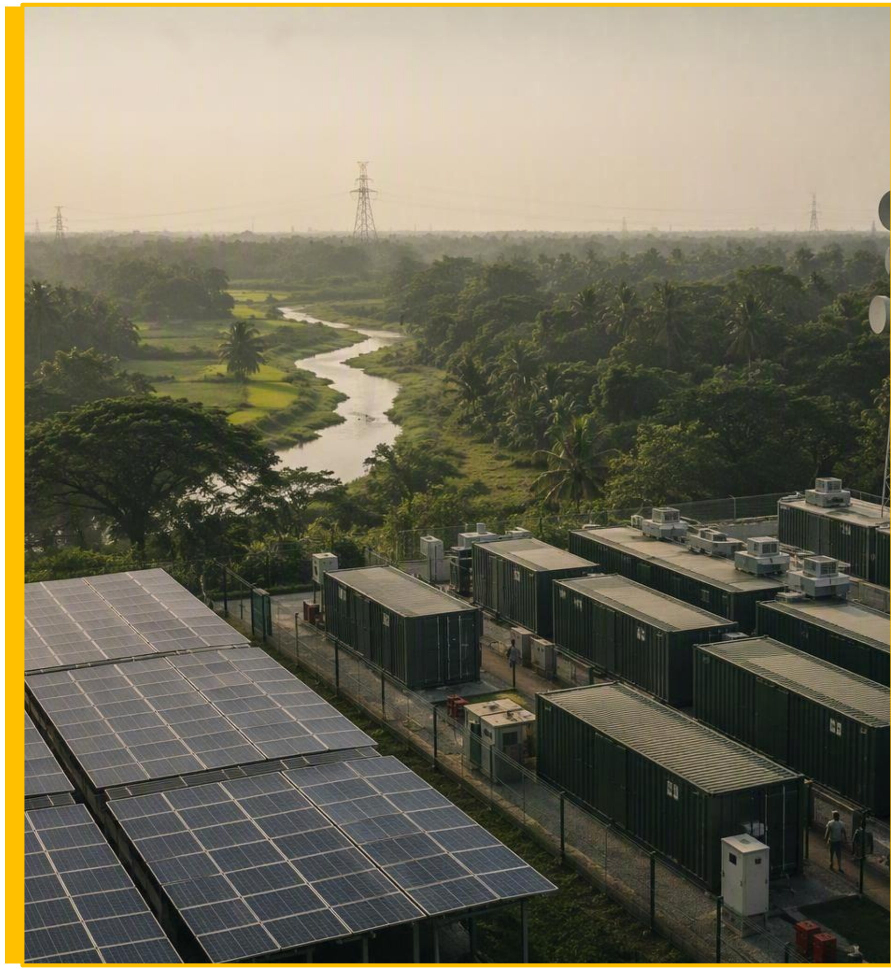
Public finance falls short without system planning

01 Covid stimulus financing for agriculture and SME went under-utilized

02 IDCOL's home solar system overdrive lacked end-to-end planning

03 Hi-tech parks remains severely underused amid an infrastructure-first policy focus

04 Bangla QR faces compliance and fraud risks without end-to-end governance



DISCUSSION

Three Questions to explore

01

Which indicators meaningfully measure inclusion, and how should real-time knowledge gaps be addressed?

02

How can MFS-built digital and financial inclusion foundations sustainably evolve into an integrated digital financial future?

03

How can banking and MFI/MFS channels empower CMSME sectors through financial and policy support?