



bKash – shifting from scale to innovation

Executive summary

bKash has grown from a standing start to reach 29 million accounts, in just five years, making it Bangladesh's largest mobile financial services provider and a trusted banking brand in a country where, until very recently, most of its population had never come into contact with any type of banking facility.

The company has scaled effectively, but its challenge now is in maintaining its market dominance. That means continuing to grow the business, with new customer acquisition, but also focusing on innovation around the customer experience, and developing more sophisticated services and marketing capabilities.

The company needed a mobile money platform that could support its new business agenda, and in 2017, bKash successfully migrated 29 million subscribers to Huawei's Mobile Money platform.

Customer

Bangladesh is a country home to a population that is half that of the US (165 million), packed into a country the size of Wisconsin state. The country certainly feels busy and thriving, but it is easily the poorest of the world's 10 most populous. However, GDP is growing and the government is ambitious to see Bangladesh rank alongside other 'middle income' countries, such as Brazil and Malaysia, by 2050.

One of the drags on the Bangladesh economy is that vast swathes of the population are 'unbanked'; in fact, less than 10% of Bangladeshi citizens have ever encountered any sort of formal banking facility. This is because there is little incentive for mainstream banks to venture beyond cities, into the rural areas where over 70% of Bangladeshis actually live.

That was the challenge that bKash, a subsidiary of BRAC bank, was set up in 2011 to tackle: widening the net of financial inclusion to encompass all the people of Bangladesh, especially those living in poor and rural communities. Because the reality was that, without banking services, citizens were struggling to send and



receive money, and make payments. In many cases, city workers were taking time off from their jobs to physically move cash back to their villages, or pay agents to do so on their behalf. There was a direct cost to the Bangladesh economy in operating this type of cash-based system.

Expanding banking services to poor and rural communities

bKash launched to provide financial services that are convenient, affordable and reliable, allowing anyone with a simple mobile handset to safely send and receive money via their devices. Through partnerships with the country's leading operators, bKash's technology allows 98% of Bangladeshi mobile users to access bKash services.

Using bKash, rural migrants living in cities are now able to transfer money back home safely and instantaneously. Simplifying the way in which money is transferred from urban to rural areas is just one crucial way in which bKash is contributing towards the economic development in Bangladesh.

Challenge

The goal for bKash has always been to create a mass-scale enterprise. Its diverse range of investors, which includes the Bill and Melinda Gates Foundation, have all aligned behind this central ambition. And, since its launch, the company has grown incredibly fast. After six years in business, bKash currently has around 29 million subscribers – around 17% of the population. This is a significant development for what is a largely cash economy.

One of the reasons for bKash's rapid and widespread success is that it has focused on accessibility above anything else. Anyone with a cheap handset can access the bKash interface, simply by dialing an access code. With over 65 million unique mobile subscribers in Bangladesh, there is also huge potential for future growth.

Until recently, bKash built its business on the back of a mobile money platform, outsourced from a well-



known credit card provider. For its first five years, the platform provided bKash with the support it needed to get to scale. Now that bKash has almost 30 million registered accounts - and is increasingly seen as the default for sending money from person to person (P2P) - the company's requirements have significantly changed. Whilst scalability is still a critical factor going forwards, bKash also demands more sophisticated capabilities from its mobile money platform.

This is a natural next step as its customer base becomes familiar with the platform, and demands more from the financial services that bKash offers. To service their growing customer base, bKash required a level of customization and flexibility that was not possible with its existing platform. This was holding bKash back from taking its business to the next level.

Solution

bKash went to the market in 2014 to investigate the available Mobile Money options, and quickly realized that many systems out there were seriously restrictive, in terms of their reliability and extensibility.

Having been impressed with the stability, openness, and performance Huawei's Mobile Money product offered, bKash ultimately shortlisted Huawei as one of two possible vendors. It was during the Proof of Concept testing phase when the Huawei platform really proved its worth, with a transaction per second performance (TPS) that was double that of the competing vendor; allowing the platform to support multiple tariffs simultaneously, and thereby offering bKash the reliability and power it requires to expand its business.

bKash has ambitious plans for the future, and so the roadmap was a critical factor in deciding which vendor to partner with. bKash realized that its ambitions were more advantageously achieved with Huawei, with whom there was an alignment in the direction of travel for mobile money. For example, as smartphone penetration in Bangladesh increases, bKash will soon need to be in a position where it must support access to bKash services via a mobile app, as well as USSD. This will mean that bKash will ultimately need to start segmenting its customer base, and be more targeted in the services it offers. All this, and more, is entirely possible with Huawei's Mobile Money platform. There is also the option for Huawei and bKash to offer bKash as a pre-integrated mobile app on Huawei-built smartphones.



With other impressive features in the pipeline, bKash was confident that a Huawei's Mobile Money platform would be a critical to supporting future customer acquisition and revenue generation.

Beyond the product itself, bKash was impressed with Huawei's breadth of experience in the Mobile Money space, and felt that Huawei had the necessary global experience, R&D capability and rich resources to support the initial platform migration, and ensure bKash' ongoing success..

Results

The first phase of the project went live in 2017, whereby 29 million subscribers were successfully migrated to the new platform within five-months, with zero downtime, meeting the tight deadline that bKash had stipulated upon signing the contract. This global shift of active subscribers is thought to be the fastest in Mobile Money migration records.

Phase One was all about maintaining the service with minimal disruption to account holders. Now that 29 million accounts have successfully transferred, end users are beginning to see the benefits of the new system, starting with the roll-out of Real-Time online cash back (previously the customer had to wait 24 hours, and could only access cash from a bKash agent).

Phase Two, due to be complete by the end of 2017, will see bKash double down on new service production, with the introduction of the mobile app as well as tiered accounts. The company is also working with Huawei to launch an m-commerce payment gateway, meaning that users will soon be able to make payments through bKash to their favorite online brands.



<http://www.lightreading.com/huawei-video-resource-center/the-challenges-of-mobile-banking-implementation--/v/d-id/732788>

Customer Quote

'The Huawei team rose to the challenge we set in migrating 29 million accounts within five months, which was a huge task. I believe that Huawei's high quality support, and efficiency in delivery, will help bKash teams ensure maximum availability and quality of service. I am looking forward to the future where Huawei and bKash will continue to work together to create breakthrough mobile money services for the people of Bangladesh.' **Kamal Quadir, CEO bKash.**