

LANDSCAPE ASSESSMENT OF RETAIL MICRO-MERCHANTS IN BANGLADESH

A CLOSER LOOK AT JAMALPUR, SHERPUR,
SIRAJGANJ AND TANGAIL DISTRICTS



ABOUT THIS PRESENTATION

In 2017/18 the United Nations Capital Development Fund (UNCDF) undertook the first comprehensive review of micro-merchants in Bangladesh engaged in the retail sector, particularly in Fast Moving Consumer Goods (FMCG) operating mostly in rural areas.

This presentation provides an overview of key research findings from the Landscape Assessment of Retail Micro-Merchants in Bangladesh, with a closer look into the districts of Jamalpur, Sherpur, Sirajganj and Tangail. The four districts are the focus of the UNCDF SHIFT programme in Bangladesh, “Merchants’ Development Driving Rural Markets”, which is funded by the European Union under Poverty Reduction through Inclusive and Sustainable Markets (PRISM).

This presentation was prepared by Zamid Aligishiev, Lars Leezenberg and Ana Klincic Andrews, Ph.D. The findings are based on the data-set encompassing 600 respondents from these districts. The views expressed in this publication are those of the authors and do not necessarily represent those of the United Nations, including UNCDF and the United Nations Development Programme (UNDP), UN Member States or their partners.

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The Landscape Assessment of Retail Micro-Merchants in Bangladesh is available here:

<http://www.uncdf.org/article/3986/micro-merchant-research-into-action-series-landscape-assessment-of-retail-micro-merchants-in-bangladesh>

The infographics summary is available here: <http://www.uncdf.org/article/3927/micro-merchants-landscape-in-bangladesh-infographic-leaflet>

UNCDF CARRIED OUT A NINE-MONTH ASSESSMENT OF THE RETAIL MICRO-MERCHANT SEGMENT IN BANGLADESH.



LACK OF DATA LIMITS EXPANSION OF A LARGE SECTOR WITH UNTAPPED OPPORTUNITIES FOR EMPLOYMENT AND FINANCIAL INCLUSION.

WITHOUT GOOD DATA...

- Businesses in the financial sector and Fast Moving Consumer Goods (FMCG) struggle to see the value proposition offered by the micro-merchant segment of the retail sector.
- Policy makers struggle to see ways this segment can spur development and inclusive growth.
- Retail micro-merchants remain off the radar, with limited systematic efforts to leverage their vast presence to expand goods and services and increase their incomes.

UNCDF CARRIED OUT A NINE-MONTH ASSESSMENT OF THE RETAIL MICRO-MERCHANT SEGMENT IN BANGLADESH.



2,100 RETAIL MICRO-MERCHANTS (MOST FROM RURAL AREAS) ACROSS THE COUNTRY WERE STUDIED USING QUANTITATIVE AND QUALITATIVE RESEARCH METHODS.

- Micro-merchants were defined as merchants “employing no more than 15 employees and/or holding assets worth less than BDT 1 million, excluding land and buildings” as per the National Industrial Policy 2016. Micro-merchants sampled for this study were exclusively engaged in retail trade.
- Respondent distribution: 75% rural and 25% urban
- The qualitative phase (Phase I) took place from July to November 2017 and was aimed at obtaining a deeper understanding of the FMCG trade sector in Bangladesh and potential drawbacks faced by the market agents, through Market Mapping and Value Chain Analysis.
- The quantitative survey (Phase II) was executed between November 2017 and March 2018 and consisted of two parts: a nationwide survey and a deep-dive focus survey.

THE LANDSCAPE ASSESSMENT OF RETAIL MICRO-MERCHANTS IN BANGLADESH IS THE FIRST COMPREHENSIVE REVIEW OF MICRO-MERCHANTS IN BANGLADESH ENGAGED IN THE RETAIL SECTOR, PARTICULARLY IN FAST MOVING CONSUMER GOODS.

IT PROVIDES DATA ABOUT RETAIL MICRO-MERCHANTS THAT WILL HELP THREE KEY PLAYERS IDENTIFY BUSINESS OPPORTUNITIES AS WELL AS MERCHANTS' NEEDS:

The financial services industry | Companies engaged in FMCG | Government

THE RESEARCH EXAMINES:

- demographics
- business operations
- capacity development needs
- financial accounting practices
- financial services access and use (credit, savings and insurance)
- behaviour with suppliers
- use of mobile financial services and merchant accounts
- membership in associations



5

KEY RESEARCH FINDINGS FROM THE NATIONAL REPORT

LANDSCAPE ASSESSMENT OF RETAIL
MICRO-MERCHANTS IN BANGLADESH

1

MICRO-MERCHANTS REPRESENT AN IMPORTANT MARKET FORCE – AND IT'S GROWING.

1,310,000

NUMBER OF MICRO-MERCHANTS



\$18.42 BILLION

ANNUAL TURNOVER

\$16.71 BILLION

ANNUAL VALUE OF INVENTORY

1,918,200



PEOPLE INVOLVED IN THE MICRO-MERCHANT SEGMENT OF THE RETAIL SECTOR

(micro-merchants, employees, unpaid family labour)

675,715

MICRO-MERCHANTS WHO TOOK LOANS

\$778 MILLION

CREDIT MARKET



While individually their businesses are small, together retail micro-merchants transact billions of dollars annually and **interact with millions of customers every day.**

Retail has contributed an average of **13% each year** to the Bangladesh Gross Domestic Product (GDP) since 2012/13 which is comparable to the ready-made garments industry at 12.84% annually from 2007.

2

MICRO-MERCHANTS KNOW MILLIONS OF CUSTOMERS. FMCG COMPANIES AND THE FINANCIAL SERVICES INDUSTRY WOULD LIKE TO REACH THOSE CUSTOMERS.

**60-80%**

**OF ALL PRODUCTS IN
A STORE ARE FMCG**

\$3,195

**AVERAGE MONTHLY
SALES PER INDIVIDUAL
MICRO-MERCHANT**

(BDT 4,000), WITH A RANGE FROM \$49 TO \$12,805

WORK 7 DAYS A WEEK

SERVE 102 CUSTOMERS DAILY

**\$2,887**

**AVERAGE MONTHLY
INVENTORY**

**65.6%**

**HAD A TRADE LICENCE
AT SOME POINT**

3

BANGLADESH'S 1.3 MILLION MICRO-MERCHANTS ARE AN UNDERSERVED AND OVERLOOKED GROUP MOSTLY TRANSACTING IN CASH. THEY WOULD BENEFIT FROM DIGITAL TECHNOLOGIES.

**STOCK REPLENISHMENT
CAN BE DONE ONLY IN
CASH AND UPFRONT**



73% REGULARLY SELL ON
CREDIT TO CUSTOMERS



**MOSTLY CASH UP-FRONT PAYMENTS
60% PAYING FOR STOCK IN INSTALMENTS**



ONLY THE TOP
20%

CAN ACCESS
CREDIT FROM
SUPPLIERS



**THEY KEEP WRITTEN
CREDIT SALES RECORDS**



**THEY CANNOT PAY
SUPPLIERS THROUGH
MOBILE FINANCIAL
SERVICES**



4

DIGITAL PAYMENTS AND MOBILE FINANCIAL SERVICES COULD HELP MICRO-MERCHANTS EXPAND THEIR BUSINESSES.

**57%**

OF MICRO-MERCHANTS
HAVE NO BANK ACCOUNTS

LESS THAN 1% HAVE INSURANCE

13%

OF THOSE WITH BANK ACCOUNTS
BORROWING FROM BANKS

68%

BORROW FROM MICROFINANCE
INSTITUTIONS

**\$872**

AVERAGE
PERSONAL LOAN

**\$1,116**

AVERAGE
BUSINESS LOAN

**30%**

HAVE A MOBILE FINANCIAL
SERVICES (MFS) ACCOUNT

5.6%

USE MFS ACCOUNTS TO PAY SUPPLIERS

5

MICRO-MERCHANT BUSINESSES ARE VERY IMPORTANT FOR THE BUSINESS LANDSCAPE IN GENERAL, AS THEY ARE LAST-MILE TRANSACTION POINTS WITH CUSTOMERS ACROSS THE COUNTRY, BUT THEY FACE SIGNIFICANT BARRIERS.

WHAT DO MICRO-MERCHANTS NEED?

93%

NEED FOR MORE CREDIT

96%

NEED FOR BUSINESS TRAINING

87%

NEED FOR TRAINING IN FINANCE
(CASH MANAGEMENT, BOOKKEEPING, FINANCIAL LITERACY)

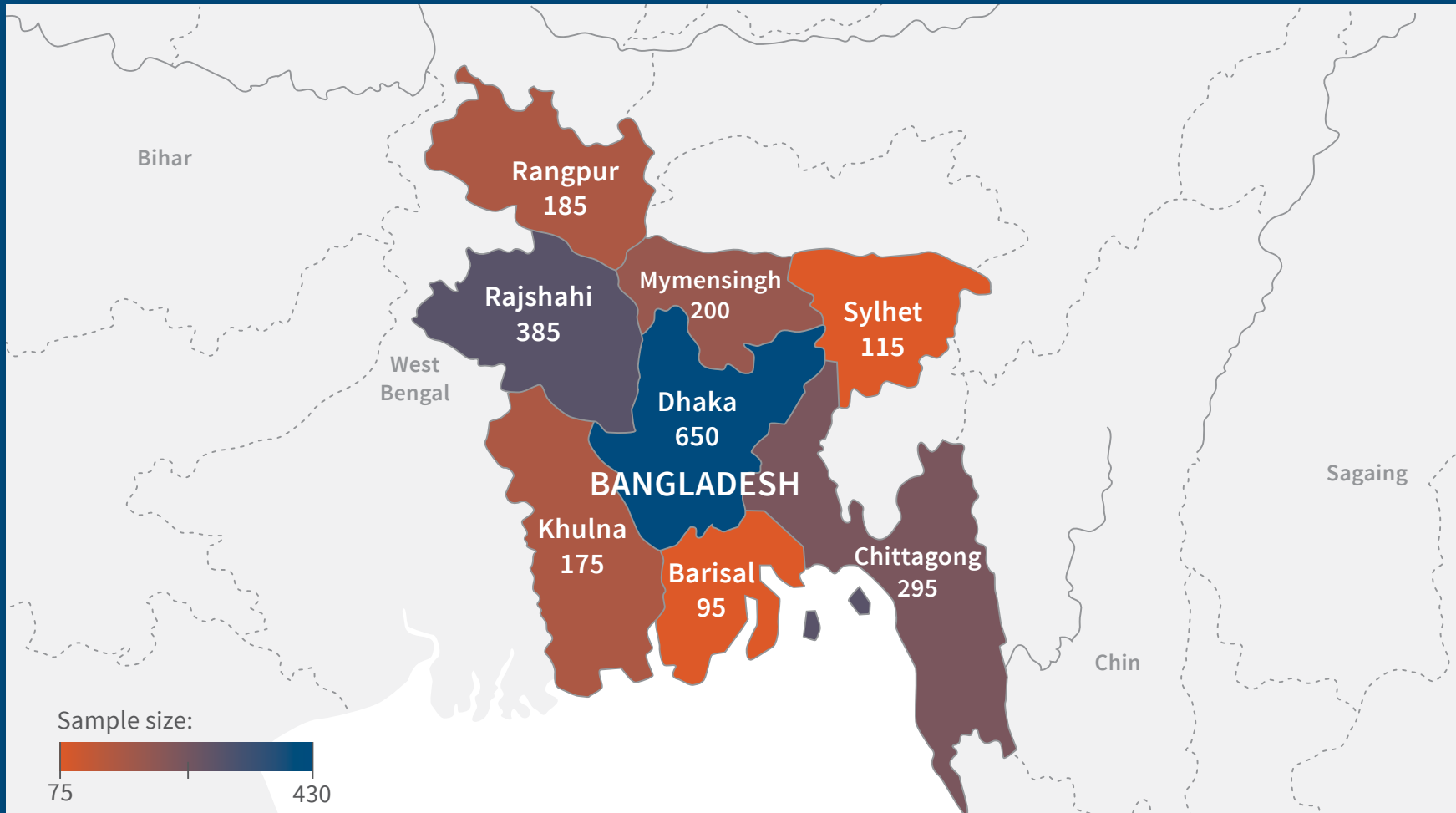
87%

NEED FOR TRAINING IN MARKETING

87%

NEED FOR TRAINING IN BUSINESS PLANNING

Micro-merchants can be a major source of innovation for the industries they operate within. Micro-merchants are an important, growing sector of the Bangladesh economy – an economic force – yet it is a sector that needs action to stimulate its further growth and development.



A CLOSER LOOK AT FOUR DISTRICTS

DISTRICT ANALYSIS

ACROSS BANGLADESH, A TYPICAL MICRO-MERCHANT IS MALE, AGED 38 AND HAS BEEN IN BUSINESS FOR NINE YEARS OR LESS. MOST ARE EDUCATED AND CAN READ IN BANGLA. THE PROFILE IS SIMILAR IN THE FOUR DISTRICTS.

NUMBER OF RESPONDENTS, BY DISTRICT

DISTRICTS	NUMBER OF RESPONDENTS	% OF TOTAL
Jamalpur	125	20%
Sherpur	75	13%
Sirajganj	180	30%
Tangail	220	37%
Total	600	100%

AGE OF RESPONDENTS, BY DISTRICT

DISTRICTS	AGE
Jamalpur	37
Sherpur	35
Sirajganj	37
Tangail	39
Overall (N=2,100)	38

EDUCATION LEVEL, BY DISTRICT

DISTRICTS	% READ BANGLA	% FINISHED PRIMARY SCHOOL
Jamalpur	72%	56.0%
Sherpur	81%	68.0%
Sirajganj	86%	67.2%
Tangail	82%	70.0%
Overall (N=2,100)	86%	65%

THE FOUR DISTRICTS HAVE A GREATER SHARE OF PEOPLE LIVING BELOW THE NATIONAL POVERTY LINE THAN OTHER DISTRICTS IN BANGLADESH, THOUGH THEIR POPULATION SIZE IS SIMILAR.

POPULATION SIZE	
Jamalpur	2.30 million
Sherpur	1.36 million
Sirajganj	3.09 million
Tangail	3.6 million
National	163 million

	GENDER	
	MALE	FEMALE
Jamalpur	49%	51%
Sherpur	50%	50%
Sirajganj	50%	50%
Tangail	49%	51%
National	51%	49%

LIVING BELOW THE POVERTY LINE	
Jamalpur	51.0%
Sherpur	48.4%
Sirajganj	38.7%
Tangail	29.7%
National	24.3%

WITH YOUNG POPULATIONS, THE DISTRICTS WILL NEED EDUCATION, EMPLOYMENT AND ENTREPRENEURSHIP. INFANT DEATH RATES ARE HIGHER THAN THE NATIONAL AVERAGE.

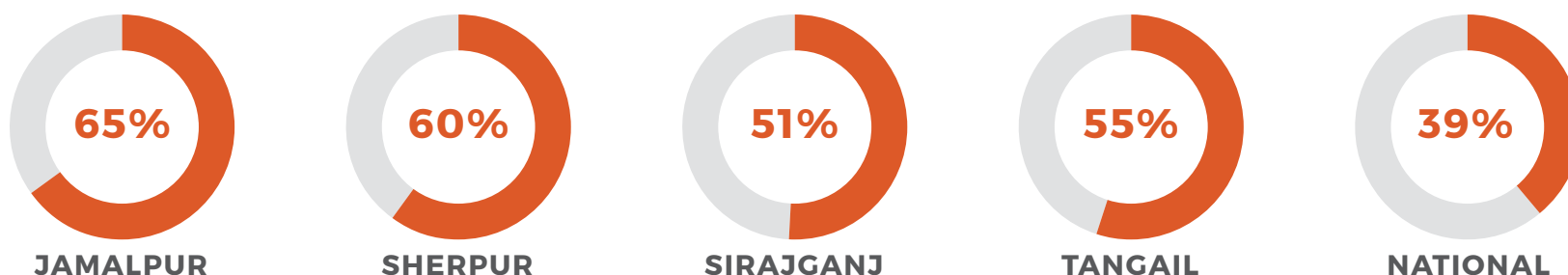
POPULATION AGED 10 TO 39 YEARS		LITERACY		INFANT MORTALITY RATE (INFANT DEATHS PER 1,000 LIVE BIRTHS)	
Jamalpur	49%	Jamalpur (2011)	32% literate	Jamalpur	39
Sherpur	49%	Sherpur (2011)	38% literate	Sherpur	35
Sirajganj	51%	Sirajganj (2011)	42% literate	Sirajganj	49
Tangail	51%	Tangail (2011)	47% literate ¹	Tangail	32
National	54,2%	National (2011)	72% literate²	National	27

1 Khondker, B. H., & Mahzab, M. M. (2015). Lagging districts development: background study paper for preparation of the Seventh Five-Year Plan", pp. 45, 46. Retrieved from http://www.plancomm.gov.bd/wp-content/uploads/2015/02/15_Lagging-Regions-Study.pdf

2 Dhaka Tribune (2018, March 21). *Unesco: Bangladesh literacy rate reaches all-time high of 72.76% in 2016*. Retrieved from <https://www.dhakatribune.com/bangladesh/education/2018/03/21/unesco-bangladesh-literacy-rate-reaches-time-high-72-76-2016>

THE ECONOMIES OF ALL FOUR DISTRICTS ARE LARGELY DEPENDENT ON AGRICULTURE, WITH SOME DIVERSIFICATION INTO RETAIL AND REPAIR, MANUFACTURING, AND TRANSPORT & STORAGE.

SHARE OF PEOPLE EMPLOYED IN AGRICULTURE SECTOR



SHARE OF PEOPLE EMPLOYED IN OTHER SECTORS EXCLUDING AGRICULTURE

CATEGORY	JAMALPUR	SHERPUR	SIRAJGANJ	TANGAIL
Wholesale and retail trade and repair of motor vehicles and motorcycles	44.3%	45%	41%	48%
Transport and storage	25.7%	—	17%	24%
Manufacturing	12%	8%	24%	10%
Accommodation	3%	5%	3%	4%
Other services	11%	8%	11%	10%

INCLUSIVE GROWTH HAS YET TO REACH TO THESE FOUR DISTRICTS, WHERE EARNINGS ARE FAR BELOW THE NATIONAL AVERAGE.

GDP PER CAPITA (US DOLLARS)
1 US\$ = 84 BDT

Jamalpur	\$394
Sherpur	\$411
Sirajganj	\$347
Tangail	\$370
National	\$1,395

WAGE AND SALARIED WORKERS

Jamalpur	33%
Sherpur	33%
Sirajganj	35%
Tangail	33%
National	39.5% ¹

¹ The World Bank Group, Jobs Data. (2016). Country Dashboard. Bangladesh.
Retrieved from <http://datatopics.worldbank.org/jobs/country/bangladeshw>

THE DISTRICTS ARE LAGGING IN FINANCIAL INCLUSION. THERE'S MINIMAL BANK PENETRATION THOUGH SOME PRESENCE OF MICROFINANCE INSTITUTIONS.

NUMBER OF BANK BRANCHES		NUMBER OF MICROFINANCE INSTITUTIONS		POPULATION PER BRANCH	
Jamalpur	85	Jamalpur	6	Jamalpur	27,058
Sherpur	36	Sherpur	5	Sherpur	37,777
Sirajganj	95	Sirajganj	10	Sirajganj	32,526
Tangail	131 ¹	Tangail	10	Tangail	27,481

¹ Bangladesh Bureau of Statistics, Government of Bangladesh. (2013). District Statistics 2011: Sirajganj, p.100. Retrieved from <http://203.112.218.65:8008/WebTestApplication/userfiles/Image/District%20Statistics/Sirajganj.pdf>

MEN OBTAIN FAR MORE CREDIT THAN WOMEN DUE TO GREATER ACCESS AND AWARENESS, AND ASSETS ALLOWING THEM TO GUARANTEE LOANS.

NUMBER OF BORROWERS, BY GENDER (2012/13, MOST RECENT AVAILABLE)		
	MEN	WOMEN
Jamalpur	230,063	74,494
Sherpur	118,577	28,513
Sirajganj	62,354	30,201
Tangail	73,271	18,821

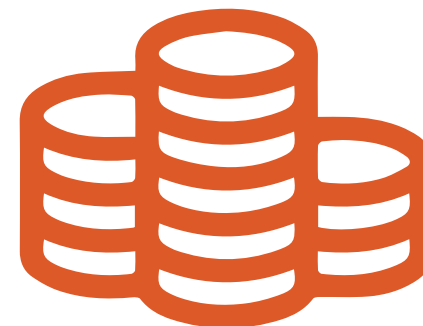
A photograph of a retail market stall. In the foreground, there are large white sacks filled with lentils. One sack on the left contains red lentils, and another on the right contains yellow lentils. A metal weighing scale is placed on top of the red lentil sack. In the background, there are more sacks, a plastic bag of white powder, and a ledger with handwritten notes. The scene is lit with warm, orange light. A dark blue diagonal overlay covers the bottom left corner, where the text "RETAIL BUSINESS CONSIDERATIONS" is written in white.

RETAIL BUSINESS CONSIDERATIONS

WHAT IS DIFFERENT ABOUT MICRO-MERCHANTS IN THESE FOUR DISTRICTS?

ACROSS BANGLADESH, MICRO-MERCHANTS ARE VERY SIMILAR IN TERMS OF AGE, BUSINESS SIZE AND YEARS IN BUSINESS. COMPARED WITH THE NATIONAL AVERAGE:

- They operate in a setting where poverty rates are higher.
- Most of their businesses are smaller in sales and inventory.
- They are just a little bit younger.



MICRO-MERCHANTS IN THESE DISTRICTS MAY NEED ADDITIONAL SUPPORT TO SUSTAIN AND GROW THEIR BUSINESSES, SUCH AS GREATER INTEGRATION WITH THE EXISTING FMCG SUPPLY CHAINS.

WITH YOUNG PEOPLE AND YOUNG BUSINESSES, DEMAND FOR GOODS IS LIKELY TO BE STEADY.

- More than 50% of people in the four districts are young (between 10 and 39 years).
- Micro-merchant respondents to the survey are 37 years old on average – slightly younger than other micro-merchants in Bangladesh.
- Young micro-merchants are likely to have a steady influx of customers.
- Young businesses will continue to grow to meet the future needs of their customers.



BUSINESSES ARE YOUNG

PERCENTAGE OF MICRO-MERCHANTS WHOSE BUSINESSES ARE 5 YEARS OLD OR LESS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	47%	56%	53%	43%	45%

LIKE THEIR COUNTERPARTS NATIONALLY, THE MICRO-MERCHANTS SERVE A STEADY FLOW OF CUSTOMERS.

THE MOST COMMONLY SOLD PRODUCTS ARE TOBACCO GOODS, EDIBLE OIL, RICE, PACKET BISCUITS, FOUR AND DAL/PULSES.

- Similar number of customers each day: 97 in the districts vs. 102 nationally
- Similar share of **regular** customers: 45.8% in the districts vs. 50% nationally



AVERAGE NUMBER OF CUSTOMERS PER DAY

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	102	105	96	100	87

PERCENTAGE OF CUSTOMERS WHO ARE REGULAR

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	50%	49%	43%	46%	45%

MORE YOUNG PEOPLE ARE LOOKING INTO RETAIL FOR INCOME AND EMPLOYMENT AFTER SCHOOL.

- Opportunities for employment are very limited, and many young people need work.
- More students are likely to choose retail as an occupation.
In the past, students often tried other jobs first.
- Small retail shops seem to provide an opportunity to earn income.
- Starting a small shop requires a relatively small amount of investment.



IT IS IMPORTANT TO PROVIDE SUPPORT SERVICES TO THESE YOUNG ENTREPRENEURS TO INCREASE THEIR CHANCES OF SUCCESS.

PERCENTAGE OF STUDENTS LOOKING TO BECOME MICRO-MERCHANTS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	24.5%	19.2%	30.7%	26.7%	19.1%

SMALLER MONTHLY SALES COMPARED WITH NATIONAL AVERAGE

- Monthly sales for micro-merchant businesses average BDT 114,400 nationally.
- Sales in Sirajganj (BDT 111,894) and Jamalpur (BDT 110,936) are somewhat lower. But sales in Sherpur (BDT 77,027) are more than 30% lower.
- Sales are likely smaller because the population living in these districts is poorer and has less income to spend in these small shops.
- Businesses in the four districts also keep much smaller inventory.



AVERAGE MONTHLY SALES OF MICRO-MERCHANT BUSINESS IN THE FOUR DISTRICTS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total sales in BDT	114,400	110,936	77,027	111,894	91,532

AVERAGE MONTHLY INVENTORY OF MICRO-MERCHANT BUSINESS IN THE FOUR DISTRICTS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total value of inventory in BDT	103,810	99,544	67,560	95,828	85,045



LACK OF FINANCIAL INCLUSION

FEW HAVE BANK ACCOUNTS, SHOWING THAT MICRO-MERCHANTS FACE CHALLENGES IN FINANCIAL ACCESS.

- Ownership of a bank account can be used as a proxy to assess financial inclusion.
Many micro-merchants have no bank account.
- This signals high levels of financial exclusion among the micro-merchants in the retail sector.

BANK ACCOUNT OWNERSHIP:

Only 28.8% in Jamalpur, 33.3% in Sherpur and 34.4% in Sirajganj.

The situation is slightly better in Tangail, where 49.1% have a bank account.

PERCENTAGE OF MICRO-MERCHANTS WITH A BANK ACCOUNT IN THE FOUR DISTRICTS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	43.3%	28.8%	33.3%	34.4%	49.1%

MANY BORROW FOR PERSONAL AND BUSINESS NEEDS.

- More than half of micro-merchants in the four districts borrow to cover personal or business needs.
- The average loan amount borrowed per loan in these districts is slightly lower than the national average.
- Micro-merchants in Sherpur borrow the lowest amounts, at BDT 61,023 per loan on average.

PERCENTAGE OF MICRO-MERCHANTS WHO TOOK A PERSONAL OR BUSINESS LOAN IN THE LAST 12 MONTHS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=220)
Total	61.4%	55.2%	69.3%	56.7%	67.7%

AVERAGE LOAN AMOUNT MICRO-MERCHANTS IN THE FOUR DISTRICTS BORROWED FROM ANY FINANCIAL INSTITUTIONS

	NATIONWIDE SURVEY (N=1,153)	JAMALPUR (N=64)	SHERPUR (N=43)	SIRAJGANJ (N=100)	TANGAIL (N=134)
Total in BDT	91,551	90,609	61,023	74,440	89,343

MANY MORE MICRO-MERCHANTS COULD USE MOBILE FINANCIAL SERVICES - ESPECIALLY DIGITAL PAYMENTS TO SUPPLIERS.



ALMOST ALL MICRO-MERCHANTS IN THE FOUR DISTRICTS HAVE MOBILE PHONES

25% OF THEM ARE SMART PHONES

MFS ACCOUNT OWNERSHIP IS LIMITED

40% MICRO-MERCHANTS OWN AN MFS ACCOUNT IN JAMALPUR AND SHERPUR

21% MICRO-MERCHANTS IN TANGAIL OWN AN MFS ACCOUNT

CASH IS THE MOST COMMON METHOD OF PAYMENT



LESS THAN **7%** MICRO-MERCHANTS USE THEIR MFS ACCOUNTS TO PAY SUPPLIERS

LESS THAN **2%** MICRO-MERCHANTS USE THEIR MFS ACCOUNTS IN SHERPUR

MANY MORE MICRO-MERCHANTS COULD USE MOBILE FINANCIAL SERVICES – ESPECIALLY DIGITAL PAYMENTS TO SUPPLIERS.

PERCENTAGE OF MICRO-MERCHANTS WHO OWN A MOBILE PHONE

	NATIONWIDE SURVEY (N=2,100)	SIRAJGANJ (N=180)	JAMALPUR (N=125)	SHERPUR (N=75)	TANGAIL (N=149)
Total	98.1%	100%	98.4%	100%	96.8%

PERCENTAGE OF MICRO-MERCHANTS WITH MOBILE PHONES WHO HAVE A SMART PHONE

	NATIONWIDE SURVEY (N=2,061)	JAMALPUR (N=123)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=213)
Total	30.5%	17.9%	22.7%	27.2%	30.1%

PERCENTAGE OF MICRO-MERCHANTS WHO OWN AN MFS ACCOUNT

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=149)
Total	29.6%	37.6%	38.7%	30.6%	20.9%

PERCENTAGE OF MICRO-MERCHANTS WHO USE MFS ACCOUNTS TO PAY SUPPLIERS

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=149)
Total	5.6%	5.6%	1.3%	5.0%	6.8%

PERCENTAGE OF MICRO-MERCHANTS WITH INTERNET CONNECTION

	NATIONWIDE SURVEY (N=2,100)	JAMALPUR (N=125)	SHERPUR (N=75)	SIRAJGANJ (N=180)	TANGAIL (N=149)
Total	7.1%	0.8%	0%	3.3%	0.5%

RECOMMENDATIONS

FAST MOVING CONSUMER GOODS SECTOR

- Ensure that micro-merchants in these four districts know they are valuable actors in the FMCG supply chain.
- Invest in improving their marketing skills.
- Talk to them periodically to see how to leverage their position in the retail sector more effectively.

FINANCIAL SERVICES SECTOR

- Expand credit to micro-merchants.
- Market current product offerings to micro-merchants more effectively.
- Consider using technology to expand lending to micro-merchants thus lowering the costs of serving this segment; for example, pilot a small loan through a mobile phone platform.

REGULATORS

- Enable access to business and financial management training for micro-merchants.
- Call on Business Development Services (BDS) providers and organizations that promote Micro, Small and Medium Enterprises (MSMEs) to extend skilling and capacity development opportunities to micro-merchants in the four districts.
- Promote entrepreneurship and support services for youth entrepreneurs.

ABOUT THE UNITED NATIONS CAPITAL DEVELOPMENT FUND

UNCDF makes public and private finance work for the poor in the world's 47 least developed countries. With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments — through fiscal decentralization, innovative municipal finance and structured project finance — can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to the Sustainable Development Goals (SDGs), particularly Goal 1 on eradicating poverty and Goal 17 on the means of implementation. UNCDF also contributes to other SDGs by identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access.

ABOUT SHIFT SAARC IN BANGLADESH

The Shaping Inclusive Finance Transformations (SHIFT) programme framework for the South Asian Association for Regional Cooperation (SAARC) countries is a regional market-facilitation initiative aiming to improve livelihoods and reduce poverty in SAARC countries by 2021. SHIFT SAARC seeks to stimulate investment, business innovations and regulatory reform to expand economic participation and opportunities for women and help small and growing businesses to be active agents in the formal economy.

SHIFT SAARC is currently implemented in Bangladesh where it has two major streams of work: 1) accelerating the uptake and usage of Digital Financial Services (DFS) to respond to the needs for greater digital financial inclusion; and 2) enhancing the growth and competitiveness of retail micro-merchants through the “Merchants Development Driving Rural Markets” project. SHIFT SAARC does this through growing the awareness and demand for DFS through communication, advocacy and industry research. SHIFT SAARC also stimulates expansion of digital technologies for micro-merchant segments by encouraging innovation and linkages between retail and financial services industries.

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