



BANGLADESH

MICRO-MERCHANT MARKET OVERVIEW 2018

FINANCIAL INCLUSION AND DIGITAL FINANCIAL SERVICES

FINANCIAL INCLUSION A WAY TO GO

43% HAVE BANK ACCOUNTS

13% OF ALL THOSE WHO BORROWED, BORROWED FROM BANKS

53%

OPEN BANK ACCOUNTS TO **SAVE**

23%

OPEN BANK ACCOUNTS TO **BORROW**

MAIN USE OF BANK ACCOUNTS: **PERSONAL**

HIGH AWARENESS OF MOBILE FINANCIAL SERVICES BUT LOW USE



30% HAVE AN MFS ACCOUNT

43% OUT OF THOSE USE IT FOR BUSINESS

5.6% USE MFS ACCOUNT TO PAY SUPPLIERS

GREAT DEMAND FOR CREDIT

61% BORROWED OVER THE LAST 12 MONTHS

68%

BORROWED FROM MICROFINANCE INSTITUTIONS

13%

BORROWED FROM BANKS

\$1,116 AVERAGE LOAN SIZE BORROWED FOR BUSINESS

\$872 AVERAGE BORROWED FOR PERSONAL USE

WOMEN AS MICRO-MERCHANTS



THERE IS A NEED TO CONDUCT MORE RESEARCH ON WOMEN MICRO-MERCHANTS SPECIFICALLY ADDRESSING LACK OF DATA AND INSIGHTS ABOUT WOMEN

MICRO-MERCHANTS. THIS WOULD HELP IDENTIFY BARRIERS AND OPPORTUNITIES FOR WOMEN ENABLING THEM TO PLAY A GREATER ROLE IN THE RETAIL SECTOR.



WOMEN RUN INFORMAL BUSINESSES, AND FEW HAVE A TRADE LICENCE



WOMEN HAVE NO FORMAL EDUCATION



WOMEN HAVE MOBILE PHONES

WOMEN OBTAIN LOANS FROM MICROFINANCE INSTITUTIONS THAT TRADITIONALLY FOCUS ON SERVING FEMALE CLIENTS



WOMEN HAVE LIMITED ACCESS TO INTERNET-BASED BANKING OR MOBILE FINANCIAL SERVICES (MFS) ACCOUNTS



WOMEN HAVE LOW OWNERSHIP OF FORMAL BANK ACCOUNTS

Industries in Bangladesh are increasingly looking to micro-merchants to access a vast untapped consumer base. The Financial Services sector can expand Digital Financial Services through micro-merchants and FMCG companies can reach more consumers with products sold by micro-merchants. Lack of data, however, presents an obstacle to expansion, consequently Financial Sector and FMCG businesses struggle to see the value

proposition offered by the micro-merchant segment of the retail sector. To fill this data gap, the United Nations Capital Development Fund (UNCDF) embarked on a nine-month investigation into the micro-merchant segment involved in retail trade with FMCG predominately in rural areas of Bangladesh. This country brief gives an overview of the key findings. A full report is available here: www.uncdf.org

1. Data source: <http://data.gov.bd/>
2. Human Development Index
3. The data presented here are based on UNCDF's forthcoming Landscape assessment of micro-merchants in Bangladesh. This assessment only examined micro-merchants involved in the retail trade within FMCG sector mostly in rural areas of Bangladesh. Consequently, this data sheet presents information about only those micro-merchants.

4. Hussain, S.S. & Lesihman (2013). *The Food Retail Sector in Bangladesh*. USDA Foreign Agricultural Services. Global Information Network, GAIN report # BG 3014. Retrieved from: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Food%20Retail%20Sector%20in%20Bangladesh_New%20Delhi_Bangladesh_7-3-2013.pdf
5. Fast Moving Consumer Goods



Engage with us: shift.saarc@uncdf.org
Explore data: <http://dev.microentrepreneursasia.com/>





MICRO-MERCHANT MARKET BANGLADESH

OVERVIEW 2018¹


POPULATION SIZE  **168 MILLION**  **50.6%**
85 MILLION MEN
49.4%
83 MILLION WOMEN

 **24.3%**
BELOW THE NATIONAL
POVERTY LINE

\$1,465 
PER CAPITA INCOME

7.11% 
ANNUAL GDP
GROWTH

26 
YEARS
MEDIAN AGE

51.8% 
MOBILE
PENETRATION

HDI INDEX²
139th
PLACE



MICRO MERCHANT MARKET SIZE AND POTENTIAL³

GROWTH OF THE RETAIL MICRO-MERCHANT SECTOR:

680,000  **1,100,000**  **1,310,000**
NUMBER OF MICRO-MERCHANTS IN 2003 NUMBER OF MICRO-MERCHANTS IN 2013 ESTIMATED NUMBER OF MICRO-MERCHANTS IN 2018

 **210,000** ADDITIONAL INDIVIDUALS BECAME MICRO-MERCHANTS FROM 2014 - 2018 


 **70%**
MUDI DOKANS
Small neighbourhood roadside shops
dispersed all over Bangladesh⁴

 **30%**
SUPERMARKETS
Larger, semi-super/
hypermarkets

1.31 MILLION MICRO-MERCHANTS (2018)
Last mile transaction points with customers in rural and urban areas

 **SECTOR OFFERING ENTREPRENEURSHIP
AND EMPLOYMENT OPPORTUNITIES**
1.9 MILLION PEOPLE INVOLVED
IN THE SECTOR
42,000 NEW MICRO-MERCHANTS
ENTER THE SECTOR YEARLY

 **INDIVIDUALLY SMALL BUSINESSES,
COLLECTIVELY ENORMOUS MARKET FORCE**

SECTOR POISED TO
BECOME THE NEXT
ECONOMIC BOOM
IN BANGLADESH 

13% RETAIL SECTOR
CONTRIBUTION TO GDP
COMPARABLE TO RMG 12.84%
\$18.42 BILLION
ANNUAL TURNOVER
\$16.72 BILLION
ANNUAL VALUE OF INVENTORY

MEN DOMINATE THE SECTOR
GENDER PARITY A LONG WAY TO GO
 **94,800**  **1,215,200**

GREAT DEMAND FOR FINANCE
675,715 **\$778 MILLION**
TOOK LOANS CREDIT MARKET SIZE




BANGLADESH

MICRO-MERCHANT MARKET OVERVIEW 2018

A TYPICAL MICRO MERCHANT

MICRO MERCHANTS ARE YOUNG IN AGE AND BUSINESS

 **38 YEARS**
AVERAGE AGE

 **35%**
AGED BETWEEN
16 - 30 YEARS

 **68%**
HAD A TRADE
LICENCE AT
LEAST ONCE

9 AVERAGE YEARS
IN BUSINESS

 **EDUCATED**
AND CAN
READ BANGLA

65% 
WITH AT LEAST A
PRIMARY EDUCATION

RETAIL SECTOR ATTRACTS:
RETURNING OVERSEAS MIGRANT
WORKERS, FARMERS, FULL TIME
EMPLOYEES, STUDENTS.

REASONS TO BECOME A MICRO-MERCHANT:

 LEAVE SUBSISTENCE
FARMING


 EARN HIGHER INCOME

 INVEST

SMALL BUSINESSES = BIG OPPORTUNITIES

\$1,395 AVERAGE MONTHLY SALES

102 
AVERAGE NUMBER OF CUSTOMERS PER DAY

 **73%** BUT
HAVE ADDITIONAL
INCOME SOURCES

 **60-80%**
OF PRODUCTS FMCG⁵

WAYS MICRO-MERCHANTS OPERATE BUSINESS

CUSTOMER IS KING



KNOW CUSTOMER NEEDS,
HABITS AND PURCHASING ABILITIES

USE CUSTOMER KNOWLEDGE
TO STOCK PRODUCTS AND PREDICT SALES

 **73%** SELL ON CREDIT
TO CUSTOMERS

 **50%** OF CUSTOMERS
ARE REGULAR

RELUCTANT TO EXPERIMENT
WITH NEW OR ALTERNATIVE PRODUCTS

OPERATE IN CASH

98% BUY DIRECTLY FROM FMCG
PRODUCT DISTRIBUTORS
AND PAY IN CASH

MINIMUM RECORD KEEPING

 **85% KEEP NO RECORDS**
15% KEEP FINANCIAL ACCOUNTS

 **HIGH MOBILE PHONE
OWNERSHIP**
98% HAVE A MOBILE PHONE