Independent University **Bangladesh (IUB)**

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Independent Business Review Volume 11, No. 1-2 July

2018

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Independent Business Review, 11(1-2), 46-49, 2018
School of Business, (IUB) http://www.sb.iub.edu.bd/ibr

CHALLENGES OF THE THIRD PARTY DISTRIBUTION AND MANAGEMENT MODEL: A CASE STUDY ON bKASH

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bKash is a mobile financial service (MFS) company. They launched in Bangladesh in 2011. MFS, as many of us already know, combines banking with mobile networks which enables users to make deposits, withdraw, and to send or receive funds from a mobile account (Nabi et al, 2012). Firstly, we need to understand where the idea of MFS stems from. According to the World Bank, Two billion people worldwide currently lack access to regulated financial services. Underlying financial infrastructure widely available in rich countries is still not available to many people in developing countries (Grandolini, 2015). Basically there remains a significant gap in financial inclusion. This brings us to MFS which is presently an important component of Africa's financial services landscape with Asia following its footstep (Chironga, Grandis, and Zouaoui, 2017). MFS has been a game changer for Bangladesh too with bKash operating in the country focusing on the people (70% of total population) living in rural areas with limited access to formal banking services.

bKash incorporates a distribution centric model also known as the third party model. It provides services to its clients mainly through commission based agents instead of payroll employees typically assigned by other business organizations. It is said to be a cost saving mechanism for the company.

bKash has around 216 third party distributors nationwide that involve around 180 thousand third party agent points. Distributors and Agents work as communicators between the company and the clients. After the clients are brought in through registration, they earn a cash lump sum from bKash and from each transaction the client makes, bKash keeps a small percentage share (1.8%). Agencies visit door to door to communicate and persuade customers to open bKash accounts and discuss various schemes and benefits. bKash utilizes its third party agencies to reach out to different corporate, big clients as well i.e. restaurants, departmental stores etc. and set up collection/payment points. General customers are allowed to make deals and partner with bKash for payment solutions. For high value clients, bKash assigns their key personnel to make the deals and provide lucrative customized solutions.

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