School Banking
An Innovative Approach for Financial Inclusion: The Case of Bangladesh
Preamble

- **Unconventional central banking**: socially responsible and environmentally sustainable inclusive financing initiatives of Bangladesh Bank;

- **School Banking Program** to expand Financial Inclusion;

- Significant **outcome** within a year.
Bangladesh Bank, the central bank of Bangladesh has come out of conventional central banking role, reorienting its stewardship towards developmental central banking while preserving its mandated prime objective of price and financial stability:

- Financial Inclusion is a tool for promoting social inclusion and empowerment of the underprivileged segments of population.

- Bringing in the entire financial sector on board for socially responsible, sustainable, and inclusive business practices.

- Financial inclusion helps fight poverty by opening up new opportunities.
Four main thrusts areas have been identified for inclusive and socially responsible financing:

- Agriculture
- Micro, small and medium enterprises (MSMEs) in rural and urban areas.
- Environment friendly green financing for renewable energy, effluent treatment plants, and GHG reducing output practices.
- Digital inclusion: Mobile Financial Services
Glimpse of financial inclusion in Bangladesh

- Besides 10 Taka (USD 0.12) accounts for the farmers, the ‘Sharecroppers’ Scheme’ for the traditionally neglected tenant farmers
- Special incentives for the women entrepreneurs
- Prioritized financing options for agriculture, MSME, and environment friendly green output options
- No frill accounts for the school children, street children, itinerant wage laborers etc.
- Financial literacy program for the target groups
- Macro prudential policy support for green financing
- Guidelines on Mobile Financial Services (MFS) and agent banking issued to facilitate inclusive financing
Financial literacy motivates people to save money and develop savings behavior.

A financially literate child is more likely to save a certain portion of money got from parents (i.e., for Tiffin).

So literacy in early age will widen the scope of financial inclusion.
Why BB Choose “School Banking Account”

✓ To widen and deepen the scope of financial inclusion in Bangladesh.

✓ Younger generation is more enthusiastic to hoard their savings when they have access to the banks.

✓ To make children familiar with formal banking activities.
School Banking Program of BB

The Journey Begins……..

On 02 November 2010 Bangladesh Bank introduced “School Banking” Program.

All the banks have been instructed for introducing a special product – “School Banking” accounts for the school going children.
2013- A New Era of School Banking…

On 28 October 2013 “School Banking Guidelines” were issued to make the “School Banking” Program more effective and user friendly.
2013 - A New Era of School Banking…

According to the guidelines, students from the age level of 06 to 18 years old are eligible to open bank accounts named “School Banking” accounts with banks where parents or legal guardians remain as a co-signee.
2013- A New Era of School Banking……..

- Depositing Only BDT 100 (USD 1.25).
- No charges applicable
- No minimum balance requirement
- No minimum floor limit for deposit to open an account
- Parents/Guardians can also operate the account
2013- A New Era of School Banking……..

- Optimum level of rate of interest
- Debit cards facilities with maximum transaction limit of BDT 2000 (USD 25) only
- SMS service
2013- A New Era of School Banking…

- Students are receiving merit Scholarship/Stipend through these accounts
- Exclusive School Banking Counter/ Desk in each bank branch
Onsite Activities: School Banking Conferences

Initiatives of Bangladesh Bank towards “School Banking” program were not only limited by issuing instructions to the banks. There are enough onsite monitoring as well.
**Onsite activities: School Banking Conferences...**

From the end of 2013 Bangladesh Bank started financial literacy campaign throughout the country titled as “School Banking Conference” to promote “School Banking” program to all the school going children.
School Banking Program of BB (cont…)

School Banking Conference…

The very first School banking Conference was held in Dhaka-the capital of Bangladesh.

Later on, in between year 2014-15 Bangladesh Bank arranged eight “School Banking Conferences” throughout the country at the divisions/ districts head quarter of Bangladesh.
School Banking Conference…

Conference brought together students, teachers, parents and bankers under one single umbrella.

Students were encouraged to save their residuals in banks by opening “School Banking” accounts.
School Banking Conferences…

✓ Multimedia presentations, puppet shows and video/short films are used as financial literacy tools.

✓ Simple banking concepts and methods of opening “School Banking” accounts are described.

✓ Interactive quiz competition
Students at School Banking Conference
School Banking Fair...

All the Banks from the same region set up their individual stall in School Banking Fair.

Children, parents and mass people can directly open accounts in this “School Banking Fair”.
Honorable Governor of BB is visiting stalls
Students are Opening Accounts at Stall
Till to-date **52 banks** out of 56 banks have developed and introduced their saving instruments for school going children under different product names.
Special features of school banking accounts:

- Introducing stipend for meritorious students out of their CSR activities who maintain accounts with them.
- Bankers – students meeting at bank premises.
- Special programs in schools to introduce school banking program and encourage for saving.
Impact on Banks

• Low cost deposit
• Enthusiastic retail banking
• Future potential customers
• Money deposit for a long period (throughout student life)
Impact on Parents

• More bank oriented activities ➔ wider financial inclusion.

• Tendency of saving increases.

• Feeling more secured.
Impact on Students

• Increases saving tendency
• Economically empowered
• Feel secured as a bank account holder
• Can spend money for a targeted wish
### Statistical Facts

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>No of accounts</th>
<th>Growth</th>
<th>Percentage Growth</th>
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<tbody>
<tr>
<td>December 2013</td>
<td>2,95,802</td>
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<tr>
<td>March, 2014</td>
<td>3,66,254</td>
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<tr>
<td>June, 2014</td>
<td>6,39,465</td>
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<td>September, 2014</td>
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<tr>
<td>December, 2014</td>
<td>8,50,303</td>
<td>55,512</td>
<td>6.98%</td>
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<td>March, 2015</td>
<td>8,86,277</td>
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<td>June, 2015</td>
<td>9,04,652</td>
<td>17,816</td>
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Another initiative for children under Financial Inclusion

- Working and street children have no safe place to keep their money.
- Save the Children along with Banking for Working Children Advocacy Group (BWCAG) pursued for formal banking service for children to
  - Safeguard their earnings and
  - Achieve financial autonomy
Features of Banking Services for Working and Street Children

Bangladesh Bank directed banks to launch banking for working street children through a circular on 09 March 2014.

• Account can be opened with deposit of BDT 10 (USD 0.12) only.

• Designated officials from BB enlisted NGO will assist the children to open bank account and can operate the account on behalf of the children till they are 18 years old.
• Requirements to open account:
  ✓ Photographs
  ✓ birth registration certificate
  ✓ KYC (as much possible information of children and complete information of NGO officials)

• No charge/fees applicable
• Interest paid twice a year
12 Banks with help of 10 NGOs have opened 2781 number of accounts for working and street children by the end of FY 2015 where total deposit is more than BDT 2 million (USD 26 thousand nearly).
• Target based “School Banking” program

• School Banking” accounts based on region and gender

• Literacy campaigns in schools based on their position of branches.
What's Next?????

• Shifting from manual process of fees collection to online
• Collection of tuition/others fees of students through online banking and mobile banking
• Payment students stipend through School Banking Account
What's Next?????

• Collaboration educational institutions and Ministry of Education
• Bring banks and schools under one platform
• Accelerate the entire “Financial Inclusion” process.