

Impact of digital platforms on microenterprises

Bangladesh country findings



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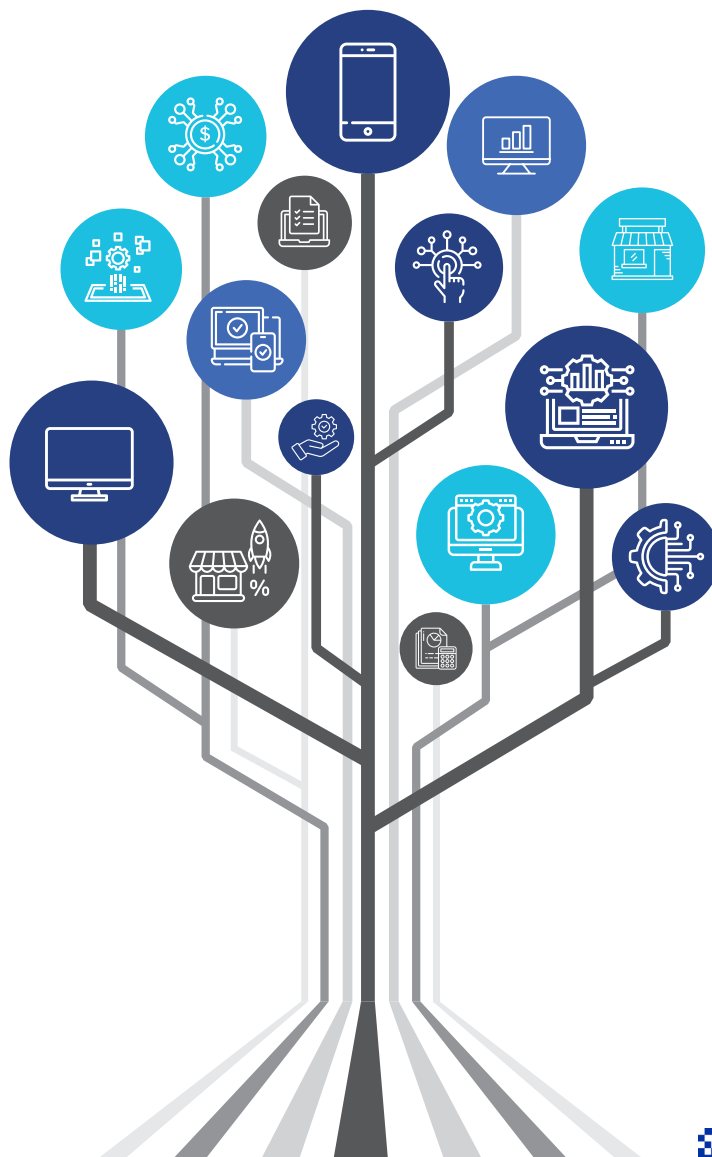


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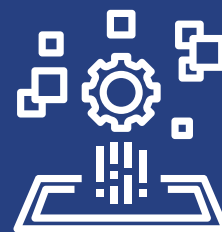


The context

MSC and Busara conducted a study, with support from the Bill & Melinda Gates Foundation (BMGF), to explore the impact of the use of digital platforms on microenterprises (MEs) in four focus countries—Bangladesh, India, Nigeria, and Kenya. MEs in Bangladesh, especially women-owned and informal MEs, face challenges in access to these platforms and their benefits. Our study in Bangladesh focuses on digitized retail trade, social selling, and digitized transport and logistics platforms, which makes it the most diverse sectorally across the four countries. We seek to develop strategies to enhance MEs' income, resilience, and access to financial services through the insights gained from qualitative studies and quantitative surveys.



The impact of digital platforms on the livelihoods of Bangladeshi MEs



The primary objective of the Bangladesh team's engagement was to identify the role of selected existing digital platforms in the lives of MEs. Our study sought to determine if these platforms have contributed to improvements in the profitability, resilience, and expansion capabilities of MEs. Additionally, we observed the experiences of women MEs as users and non-users of these digital platforms. A key focus was assessing MEs' access to finance, their utilization of credit, and the resulting impacts on their lives.

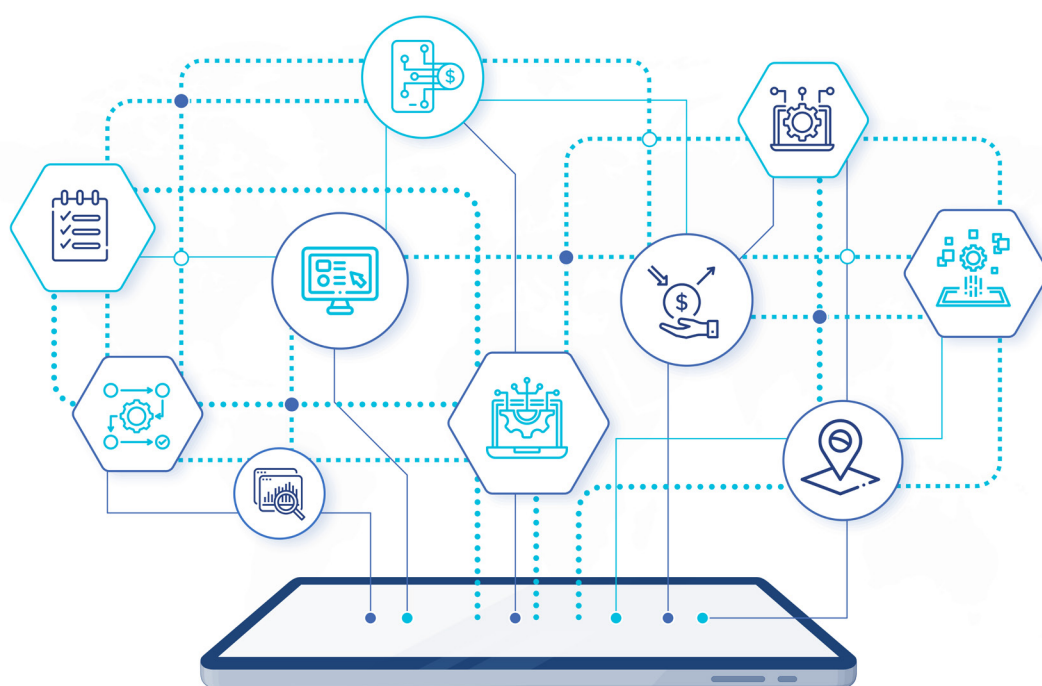
Microentrepreneur (ME)

In this study, we defined a microenterprise as a small business with fewer than two employees that operates in the retail, social selling, transport, and logistics sectors. Bangladesh currently has 9 million microentrepreneurs.

The study in Bangladesh concentrated on MEs engaged in retail trade, transport and logistics, and social selling, specifically those that supply or source goods and services from other microenterprises.

Platformed and unplatformed MEs

Platformed microenterprises operate on digital platforms in the retail trade, social selling, and transport and logistics sectors. Unplatformed microenterprises comprise MEs that do not use digital platforms.



Country context



Population:

The total population of Bangladesh in 2023 was estimated to be around **172.95 million.**



Per-capita GNI:

The Gross National Income (GNI) per capita for Bangladesh in 2023 was **USD 2311.**



The gender ratio in the population:

The percentage of the male population is **49.5%, compared to 50.5% of the female population.**



Smartphone penetration:

31%



Made or received a digital payment (Findex, 2021):

45%



Women's labor force participation rate:

37%



Sample



Gender-wise distribution:

Gender		Platformed	Unplatformed
Male (74%)		210	85
Female (26%)		60	45
Total		270	130

Sector-wise sample:

Sectors		Platformed	Unplatformed
Retail trade		95	66
Social selling		81	0
Transport and logistics		94	64
Total		270	130

Location-type:

Rural		Platformed	Unplatformed
Male		45	35
Female		14	25
Total		59	60

Urban		Platformed	Unplatformed
Male		165	50
Female		46	20
Total		211	70

Places of survey:



Urban

Dhaka, Khulna, Chattogram

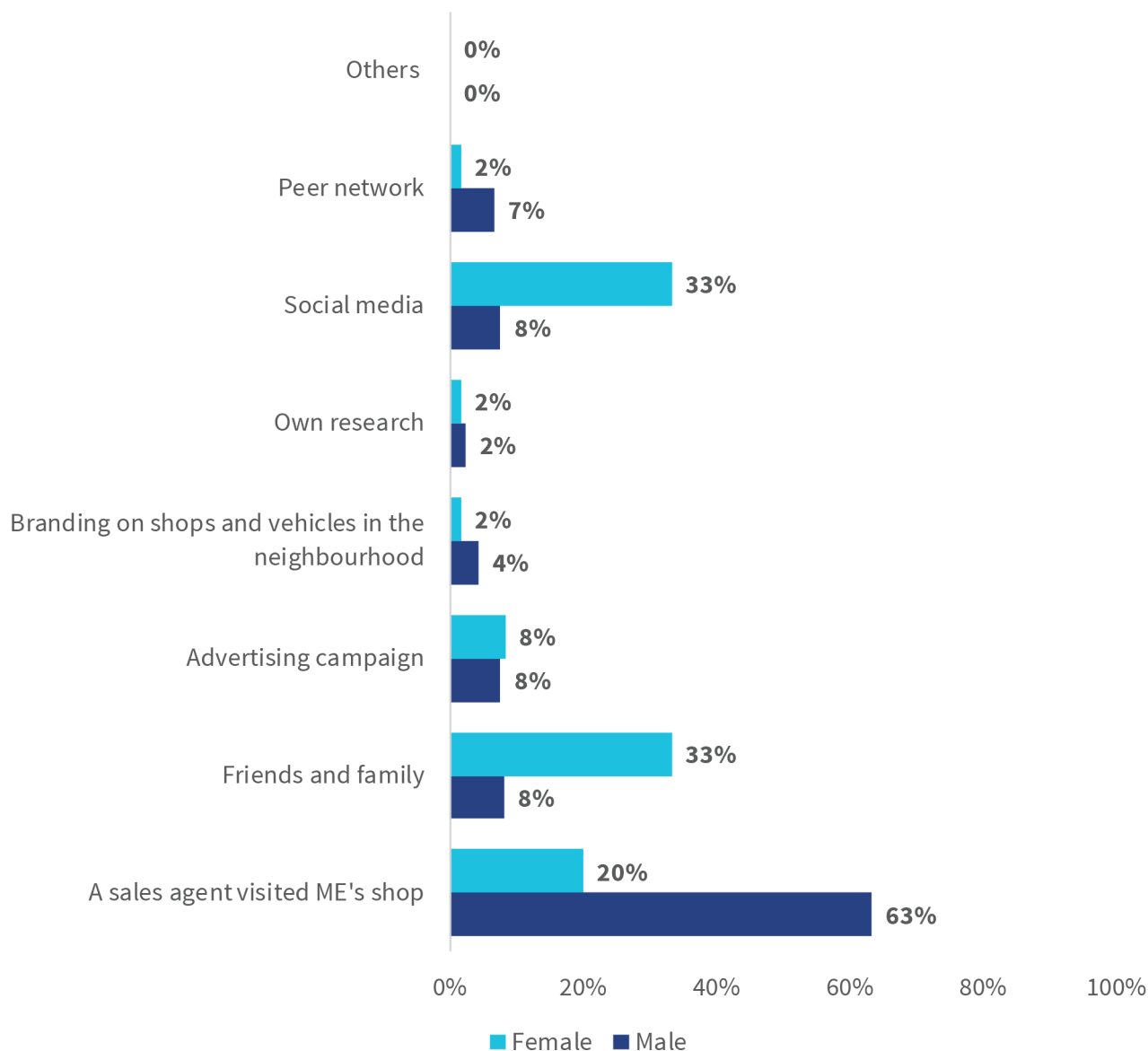


Rural

Manikganj, Munshiganj, Pabna, Sirajganj

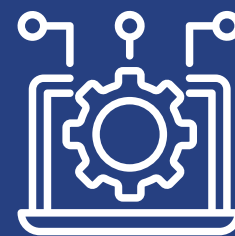
MEs' awareness of digital platforms

Male MEs' awareness was dependent on a sales agent whereas for female MEs it was their friends and family



Sales agents' visits significantly influenced awareness among 63% of male MEs, whereas 33% of female MEs primarily gained awareness through friends and family.

Sector-wise influencing factors to use the platform (top five reasons)



Retail trade

01	The platform delivers goods to the MEs' shop	
02	MEs can access stock at cheaper prices	
03	MEs can compare prices between different suppliers easily	
04	MEs can access goods that they could not get anywhere else	
05	It features an intuitive and user-friendly interface	

Transport and logistics

01	It makes it easier to find customers	
02	It enjoys a strong reputation for its fair treatment of drivers	
03	It features an intuitive and user-friendly interface, which makes navigation and booking convenient	
04	It boasts a dependable tracking and reporting system, which ensures transparency and accountability	
05	It charges low fees compared to other platforms	

Social selling

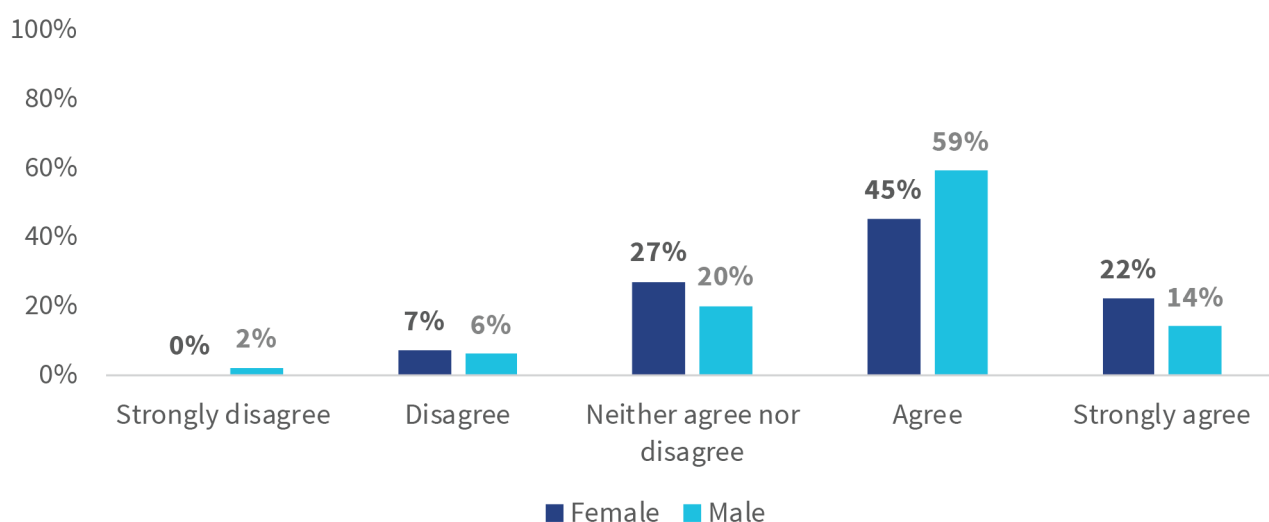
01	It provides robust marketing and promotion tools to reach more customers	
02	It offers secure payment processing and financial transaction features	
03	It provides analytics and insights to track sales and customer behavior	
04	It provides effective customer support and dispute resolution services	
05	It features an intuitive and user-friendly interface	

MEs churn because they can

Platform switch:

Most male (59%) and female (45%) users agreed that they could easily start using another digital platform if the one they are currently using does not help them.

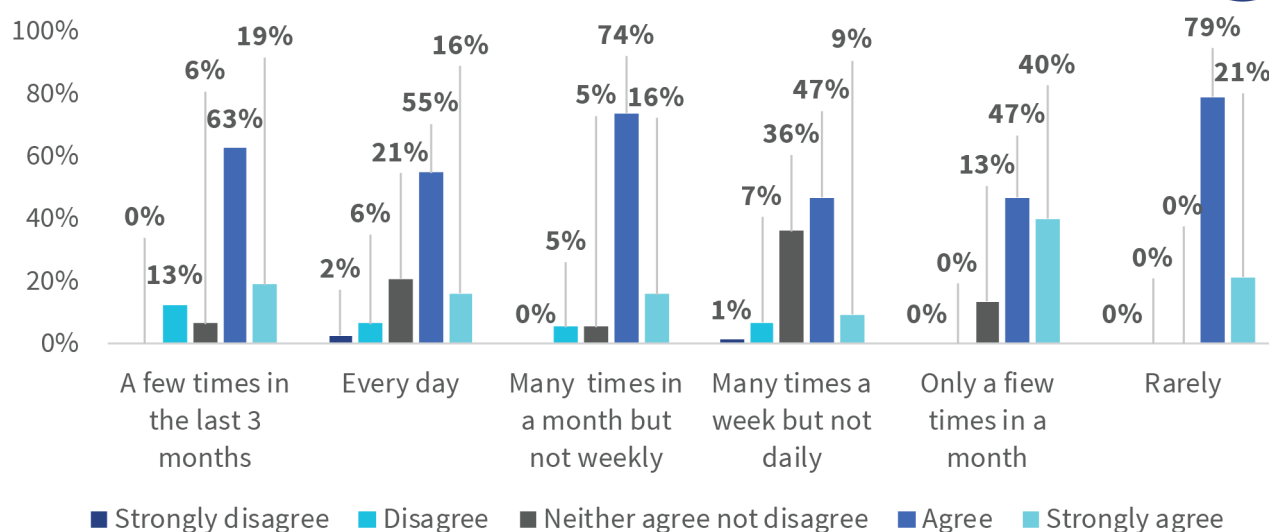
MEs by gender can easily start using another digital platform if the one they are currently using doesn't help them



Platform switching ability vs frequency of DP usage:

In all the use cases of usage frequency, MEs agreed that they could switch platforms easily.

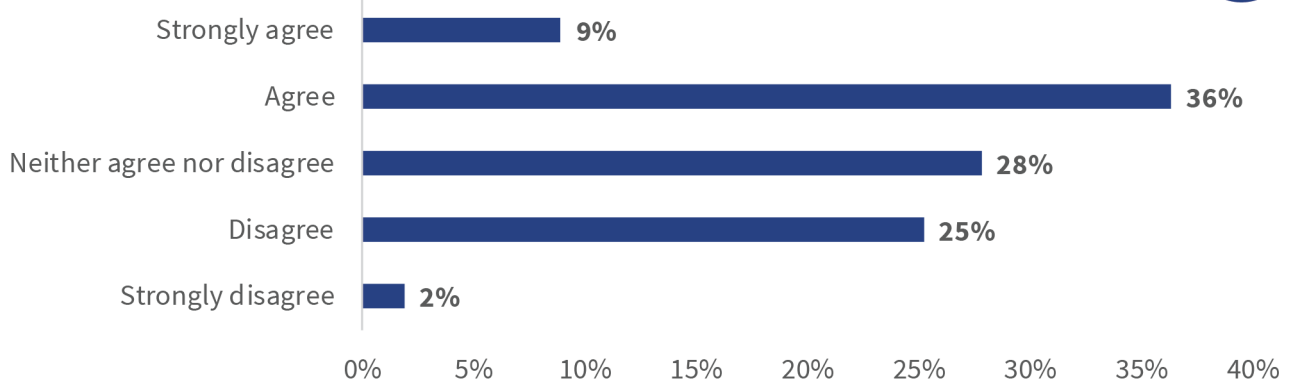
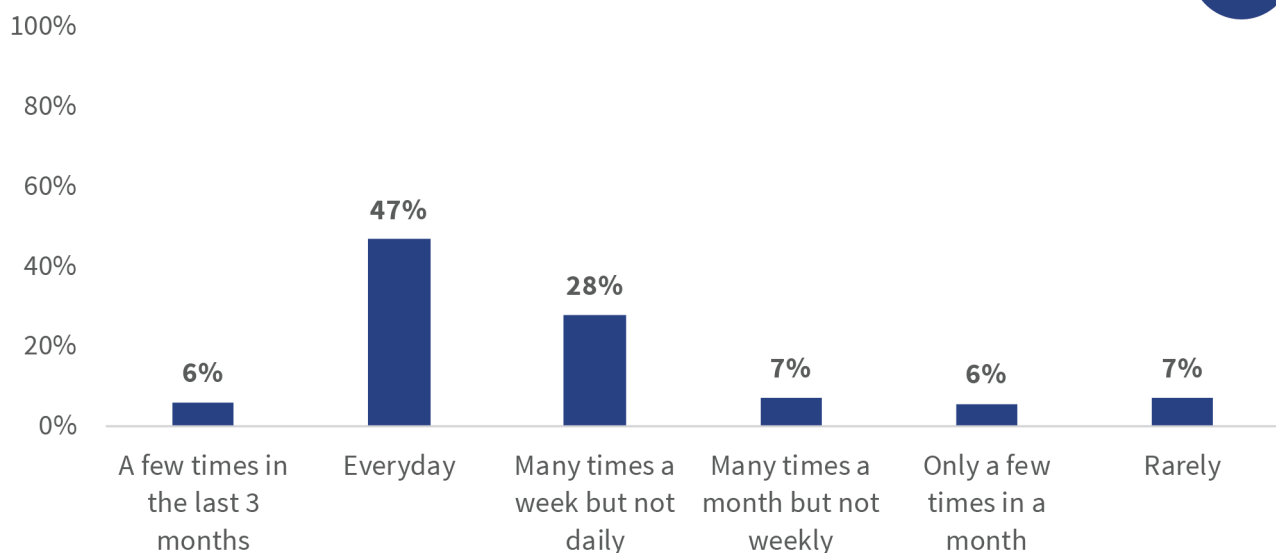
Frequency of usage vs ability to switch platform



Platform dependency:

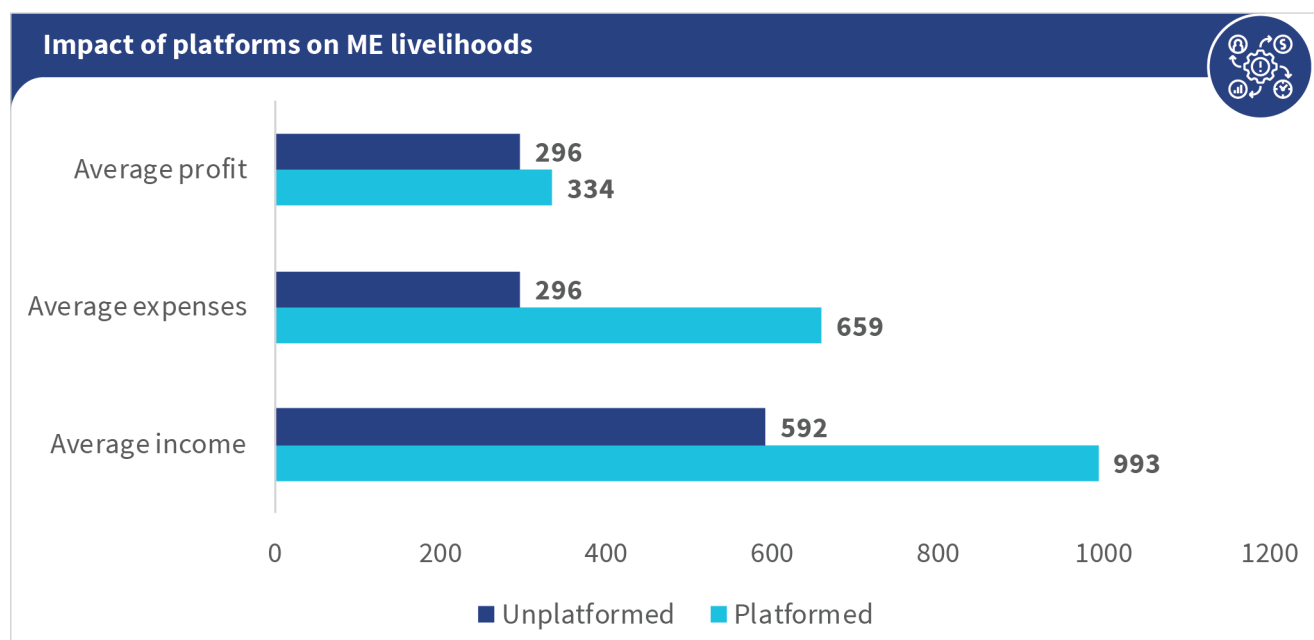
Though MEs can churn from the existing platform for several reasons, still 36% of the MEs agreed that they are highly dependent on the existing platform they use. That means that the existing platform matters for most MEs.

(My business would suffer significant losses if I were to lose access to the digital platform I currently use)

Dependency on the platform**Daily users dominate digital platform engagement****Frequency of digital platform usage**

The digital platform had a high level of engagement, with 47% of users accessing it daily and 28% multiple times a week, which indicates a strong user retention rate. Less frequent usage is minimal, each under 7%.

Platforms boost income and profitability for MEs

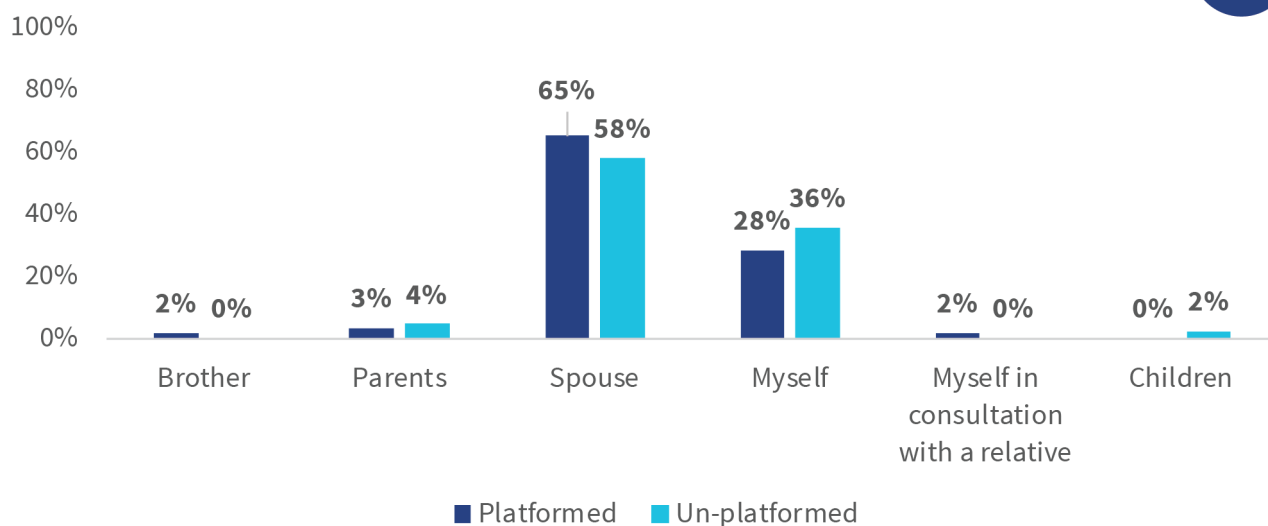


Findings suggest that digital platforms significantly enhance the livelihoods of microentrepreneurs by increasing their average income from USD 592 to USD 993 and their average profit from USD 296 to USD 334, despite higher expenses. This suggests that while platformed MEs incur additional costs, the substantial rise in revenue more than compensates and leads to improved profitability compared to their unplatformed counterparts.

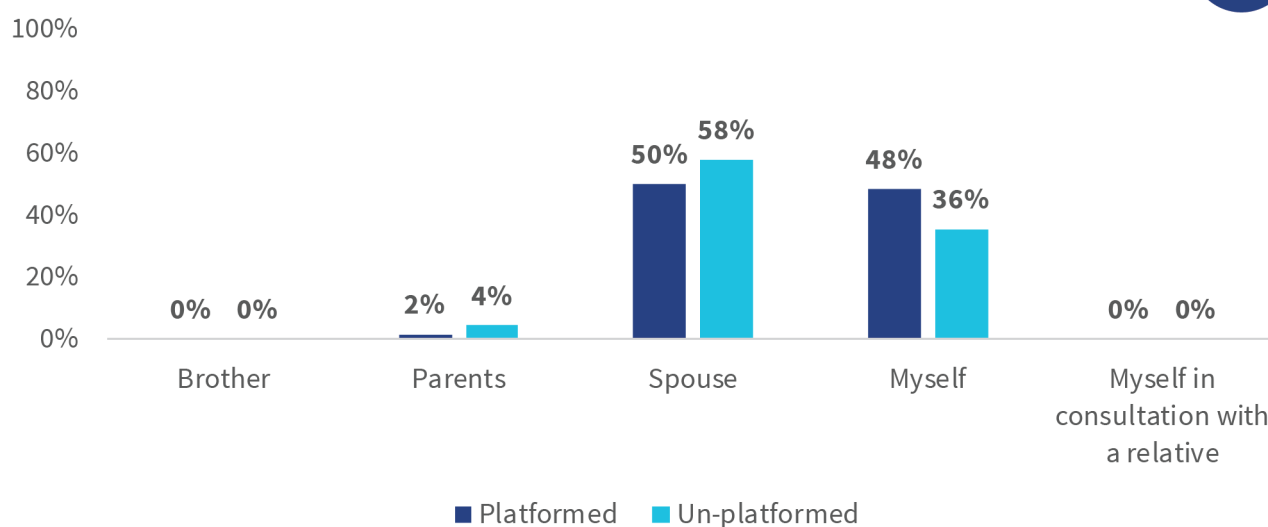


Spouses heavily influence women MEs' business and income decisions

Women's autonomy of taking key business decisions

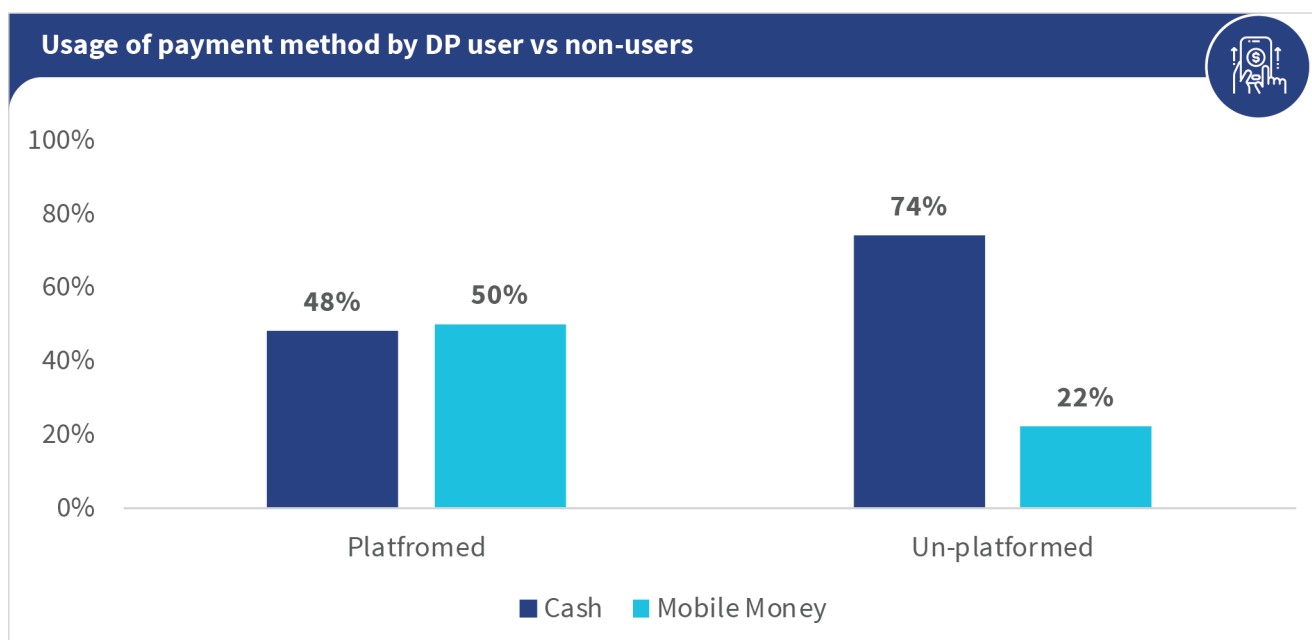


Women's autonomy on their earning



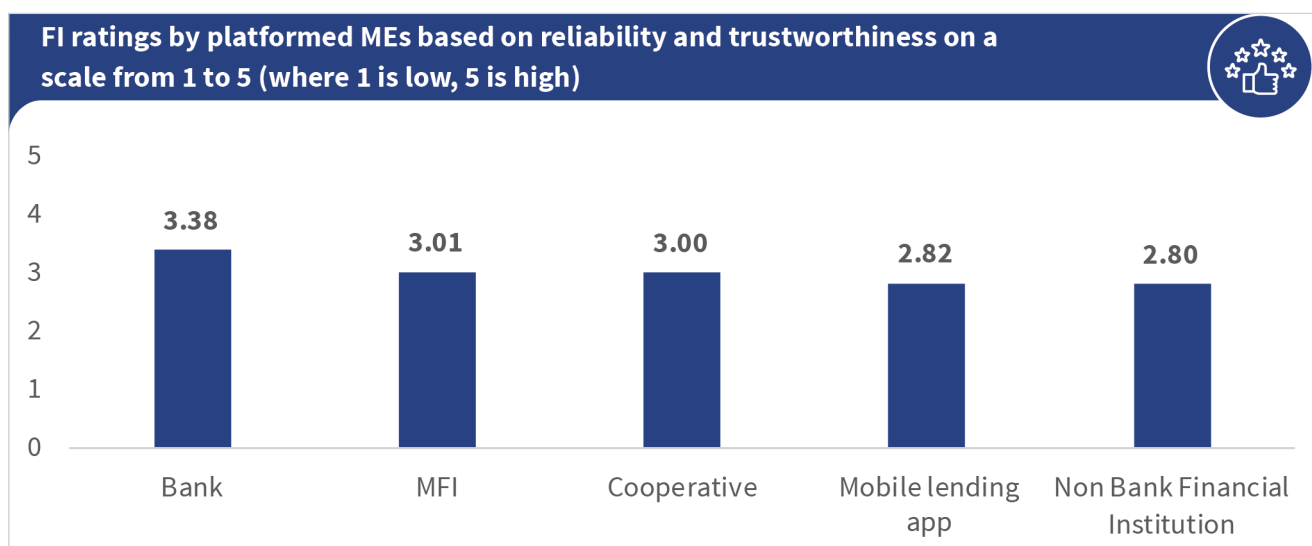
Platformed women microentrepreneurs primarily rely on their spouses for business decisions (65%) and handling income (50%). Conversely, unplatformed women exhibit more self-reliance in business choices (36% make decisions independently). However, in both groups, spouses still have a significant influence on financial decisions, though to a lesser extent among the unplatformed.

Diverse payment choices: Cash vs mobile money in ME behaviors

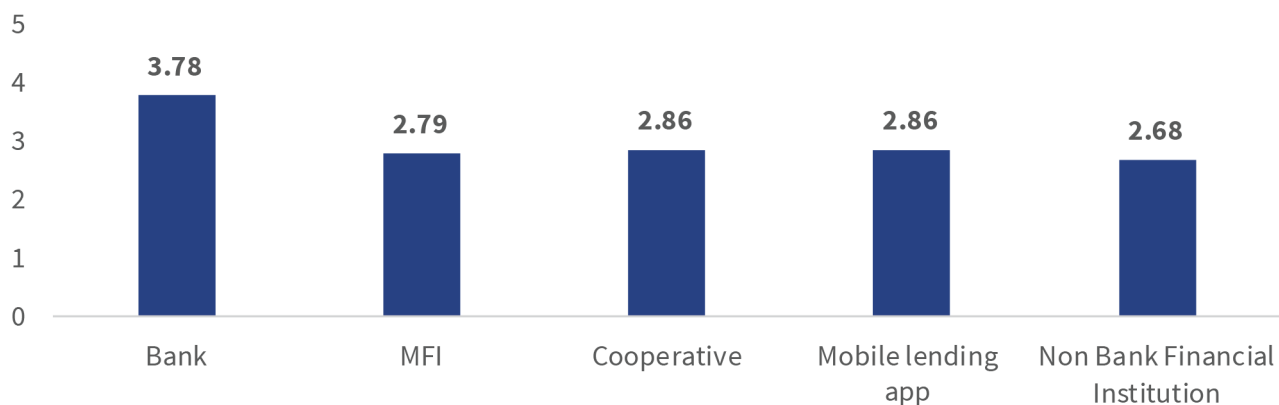


Of the MEs who use digital platforms less often than they used to, 77% use cash to receive or make payments for the business. Of the 64% of the MEs who use the DP more often than previously and of the 48% of the MEs whose usage behavior has not changed ever since they started using the platform, they use mobile money (bKash/ Rocket) to receive or make payments for the business. The tendency to use cash is seen among the rural MEs (54%). However, 53% of the MEs in urban locations prefer using mobile money (bKash/ Rocket) to receive or make payments for their business. Interestingly, more female users prefer mobile money (67%) than male MEs. Male MEs prefer cash in this regard. On the other hand, in the case of unplatformed MEs, most MEs, 75% male, and 73% female, prefer using cash to receive and make payments. Also, 81% of the MEs in urban locations and 66% of the MEs in rural populations prefer using cash to receive or make payments for their business.

Credit preference



FI ratings by un-platformed MEs based on reliability and trustworthiness on a scale from 1 to 5 (where 1 is low, 5 is high)



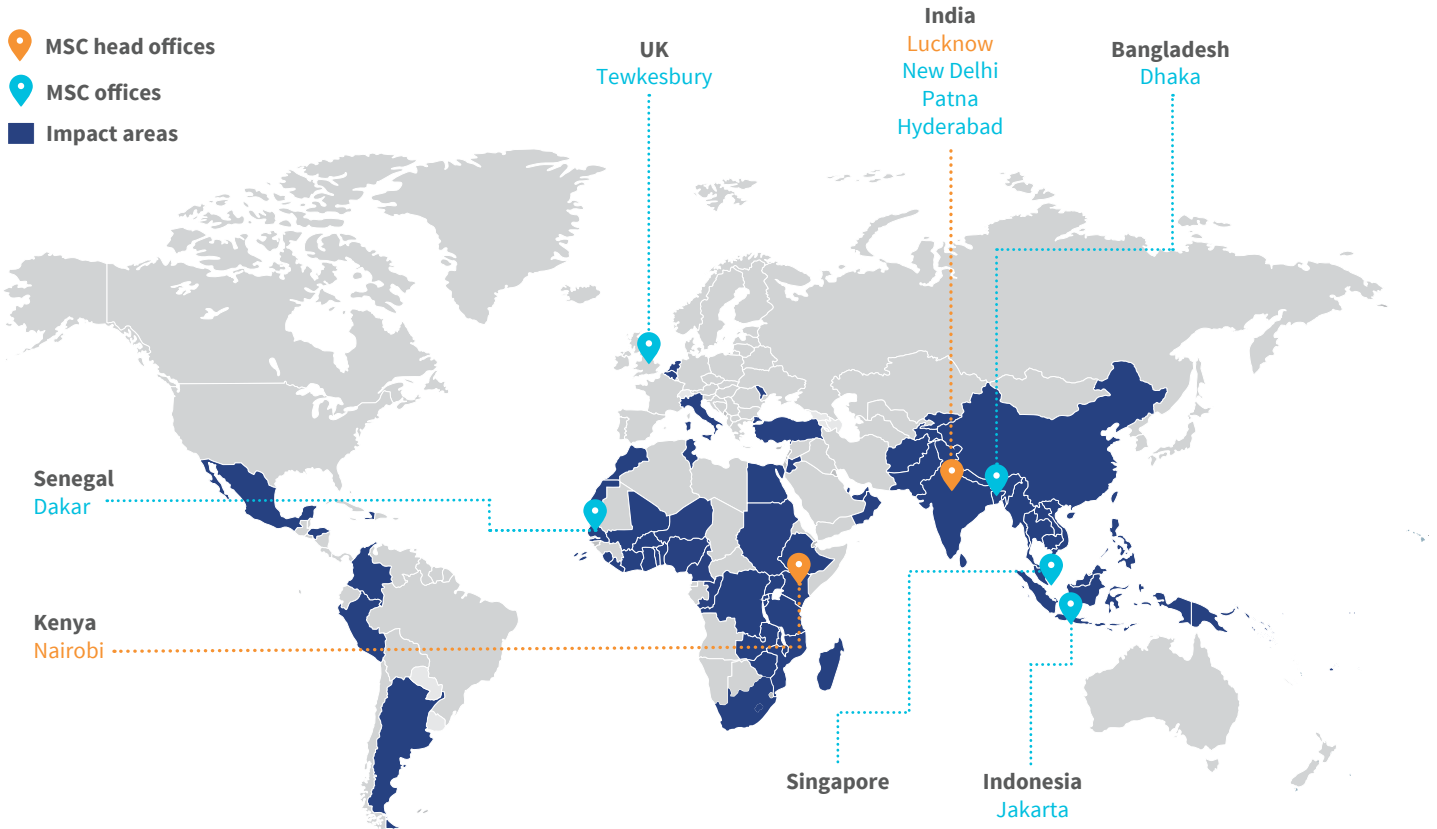
The bank is unanimously the choice to source credit from, for both platformed and unplatformed MEs.



📍 MSC head offices

📍 MSC offices

■ Impact areas



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