



Gates Foundation



Microenterprise quantitative study



Bangladesh quantitative report

January 2024

Table of contents



Overall objective



Overview



Sampling strategy



Sample coverage



Sample description



Hypothesis



Platformed vs unplatformed segmentation



Deep dive learning

Overall objective



This study sought to explore the interaction between platforms and microenterprises to strategize on whether and where interventions are needed.



Our sampling strategy

We define microenterprises by a headcount of two employees or fewer, which may appear as an imperfect categorization. However, it serves a clear and strategic purpose for our research.

We have conducted 400 interviews with microentrepreneurs.

Gender-specific



We maintained a 74-26 gender ratio.

Location



We focused on microentrepreneurs in urban and rural areas at the *upazila* level, which have higher digital activity and potential for growth.

Platform use



We adjusted the ratio between “platformed” and “unplatformed” microenterprises to 2:1 to get richer insights on platform use.

Segment



Level of engagement

MEs started using DP in the past three months

ME used DP in the past but dropped

MEs have been using DP for years

ME does not use any DP

Category

Novice

Quitter

Early adopter and loyal

Non-user

Sample coverage

End-user IDIs sample

End-user description	Users	Non-users
Bangladesh – 400 samples	270	130

Gender-wise distribution

Gender	Platform	Non platform
Male (74%)	210	85
Female (26%)	60	45
Total	270	130

Sector-wise sample

Sectors	Platform	Non platform
Retail trade	95	66
Social selling	81	0
Transport and logistics	94	64
Total	270	130

Location type

Urban	Platform	Non platform
Male	165	50
Female	46	20
Total	211	70

Rural	Platform	Non platform
Male	45	35
Female	14	25
Total	59	60

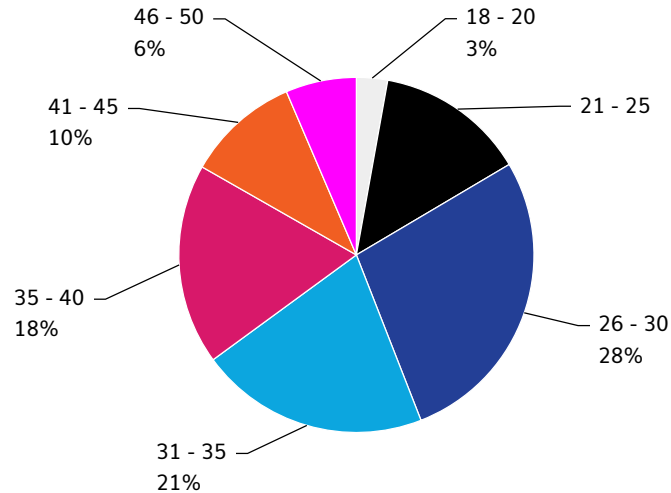
Sample description

Age-wise distribution



- 26-30 years old represent the highest number of respondents in the survey, which is 27%.

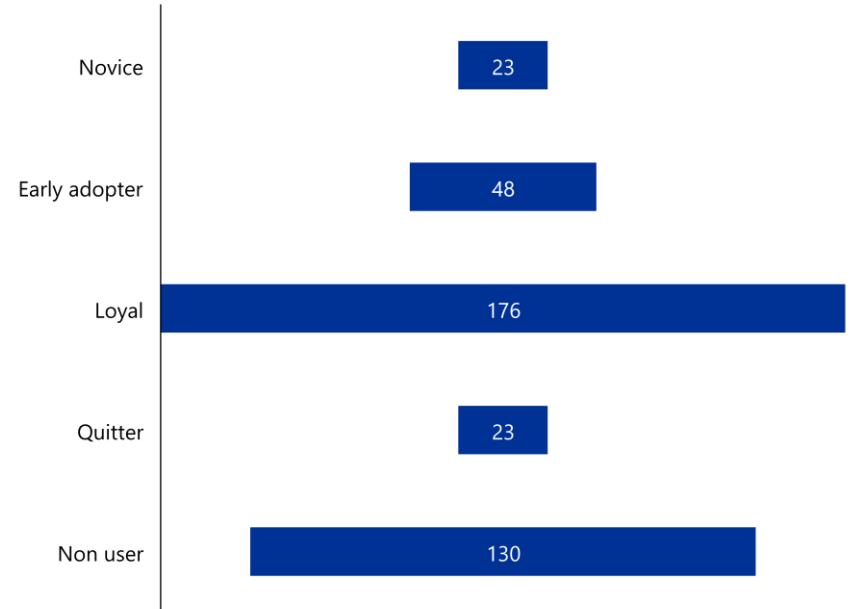
Age-wise distribution



Segmentation-wise distribution



User segmentation-wise distribution



A description of our sample



Education-wise distribution

- **41%** platformed and **44%** non-platform participants have cleared SSC or HSC. (Class 10 or 12 pass-outs)



Marital-status sample

- **87%** of the total respondents are married.



Phone-type distribution

- **269** out of **270** platformed participants have a smartphone. All the non-platformed participants also carry a smartphone.



Internet-access distribution

- **87%** of the platformed and **86%** of the unplatformed users are very comfortable using the internet.
- **97%** of the platformed and **85%** of the unplatformed users can install it by themselves.





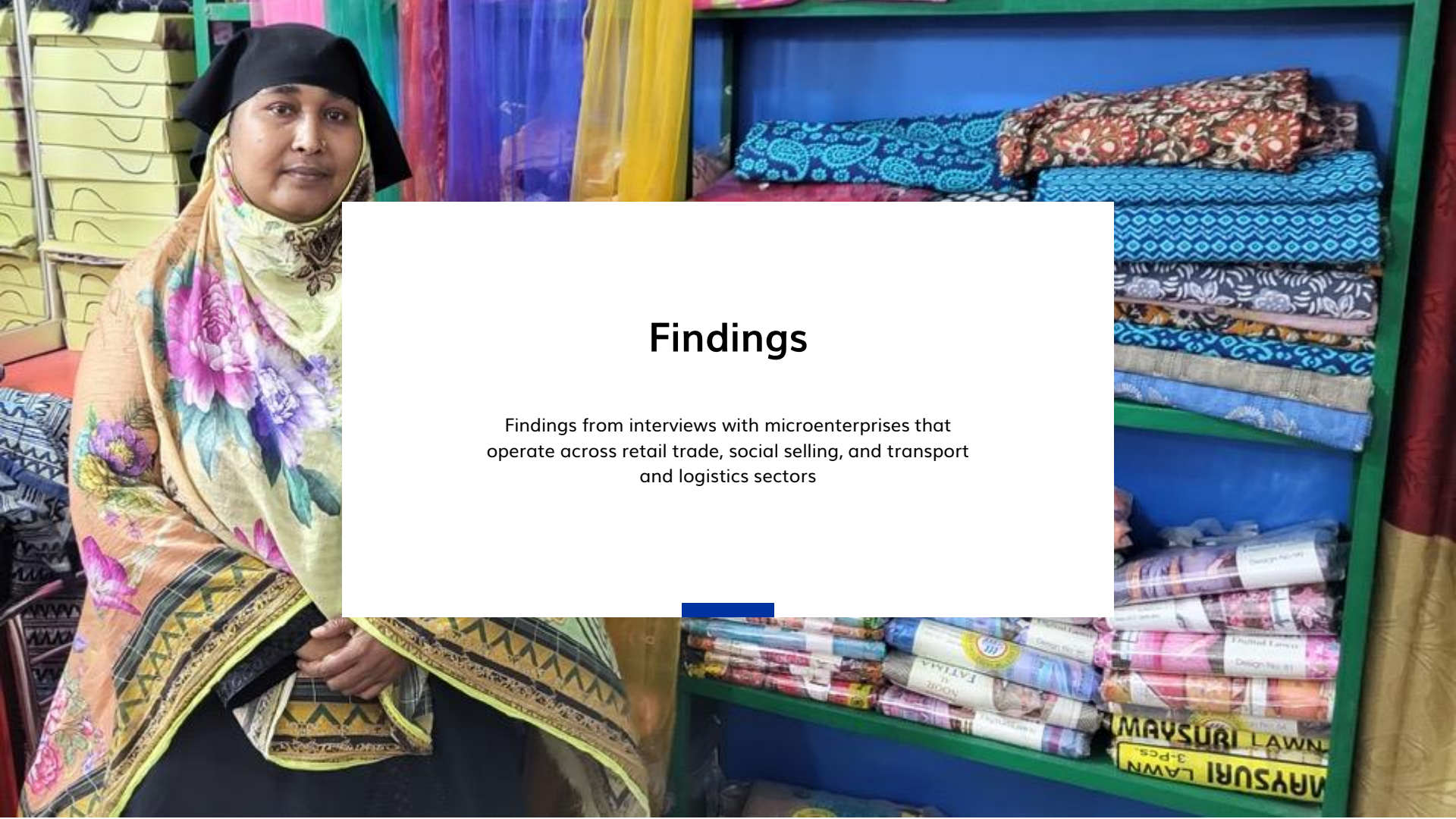
Hypothesis

Hypothesis of the quantitative research



Hypothesis

Focus 	Hypotheses 
Awareness	• Peer networks drive awareness and expectations of digital platforms among microenterprises.
Onboarding or first-time usage	• Salient monetary incentives are the primary incentives for microenterprises to onboard onto platforms. • Microenterprises that are active in online spaces are more likely to join digital platforms.
Sustained use	• The availability of improved credit options is the primary driver for sustained engagement with platforms. • Microenterprises' lack of clarity, discord with terms and conditions, and dissatisfaction with platform communication are barriers to platform adoption.
Impact	• Platform engagement contributes to the resilience capacities of microenterprises. • Sustained platform engagement reduces the income volatility of microenterprises. • Sustained engagement with platforms results in deeper and more beneficial participation in digital ecosystems. • Platforms create new capacities and optimize current capacities for owners and operators of microenterprises, which enables them to grow and operate their enterprises more effectively. • Microenterprises risk being less resilient when they are over-reliant on these platforms. This makes them unable to switch, and they lose negotiating power with platforms.



Findings

Findings from interviews with microenterprises that operate across retail trade, social selling, and transport and logistics sectors

Platformed and unplatformed users

Only platformed insights

Only unplatformed insights

Platformed versus unplatformed
insights and descriptions

Description related to women
microentrepreneurs



Brief of the report

This comprehensive analysis delves into the use of digital platforms by microentrepreneurs in Bangladesh and the various factors that influence their engagement and financial decisions.

A key finding is the gender and location-based differences in platform use and credit behavior. Female platformed microentrepreneurs are less likely, at 85%, to take loans compared to men at 77%. Women-led microentrepreneurs also show a notable preference for family support over formal banking channels. This contrasts with unplatformed microentrepreneurs, where 70% men show greater reluctance to take credit compared to 58% women. Both platformed and unplatformed rural microentrepreneurs tend to avoid credit more than their urban counterparts.

Regarding credit use, platformed microentrepreneurs with medium credit depth report the highest average incomes of USD 756. This suggests an optimal credit usage level to maximize income. However, unplatformed microentrepreneurs benefit significantly from higher credit usage because of the good income level of USD 1,727, although this comes with greater income variability. Most platformed and unplatformed microentrepreneurs fall into the low credit use category of USD 436. This limits income growth due to minimal engagement with credit.



Brief of the report

Satisfaction levels with borrowing amounts vary. Platformed microentrepreneurs generally express higher satisfaction than unplatformed microentrepreneurs. Those who have reduced their digital platform usage express more dissatisfaction with interest rates. The report also shows that high digital access does not necessarily correlate with higher income, which reflects the importance of digital tools utilization.

Moreover, women microentrepreneurs demonstrate a higher propensity for technological independence and often prefer to install apps without assistance, while male microentrepreneurs frequently require agent support. Overall, these findings highlight the nuanced relationship between digital platform usage, credit behavior, and the socioeconomic factors that influence microentrepreneurs in different contexts.



Awareness and onboarding



How do microentrepreneurs become aware of digital platforms?



Do the microentrepreneurs need help with sign-up and to onboard on the platform?

Do microentrepreneurs find it difficult to access the platform?

Access to the platform mainly depends on:

- Access to the smartphone and the internet;
- Presence and assistance from a platform representative or sales agent.



These are the highlights from the qualitative report findings.



Peer network and reach from digital platform representatives are crucial in creating awareness. Peer networks help build trust in the platform. Platform representatives and agents also help build that trust.

Platform representatives drive onboarding and first-time usage and help explain the platform. They often also help explain the platform. In most cases, the microentrepreneurs want to access the market through the platform.

Retailers who are active in online spaces do not require a support and onboarding platform independently.

For social sellers and those in the transport and logistics sectors, personal networks, which include friends and family, and reach from digital platform representatives, create awareness. These motivate microentrepreneurs to embrace digital platforms.

A summary of this section



Sales agents significantly influence platform awareness among platformed microentrepreneurs, especially men, while women often learn through friends and family. Unplatformed microentrepreneurs have a gender disparity in awareness. Women microentrepreneurs are slightly more aware than men, and urban users are more aware than rural ones.



Among unplatformed microentrepreneurs, women and rural users show higher comfort with current solutions than men and urban users. This indicates that men do not want to change established methods.



Women, especially in rural areas, join digital platforms for networking, safety, and visibility. Both men and women view market access as a primary benefit, though rural microentrepreneurs value peer networks more.



Digital platforms are adopted by different groups for various needs. Social sellers are attracted by marketing tools, retailers by cheaper stock and doorstep delivery, and transport and logistics operators by customer connections. Women tend to self-install apps, while men often need agent assistance.

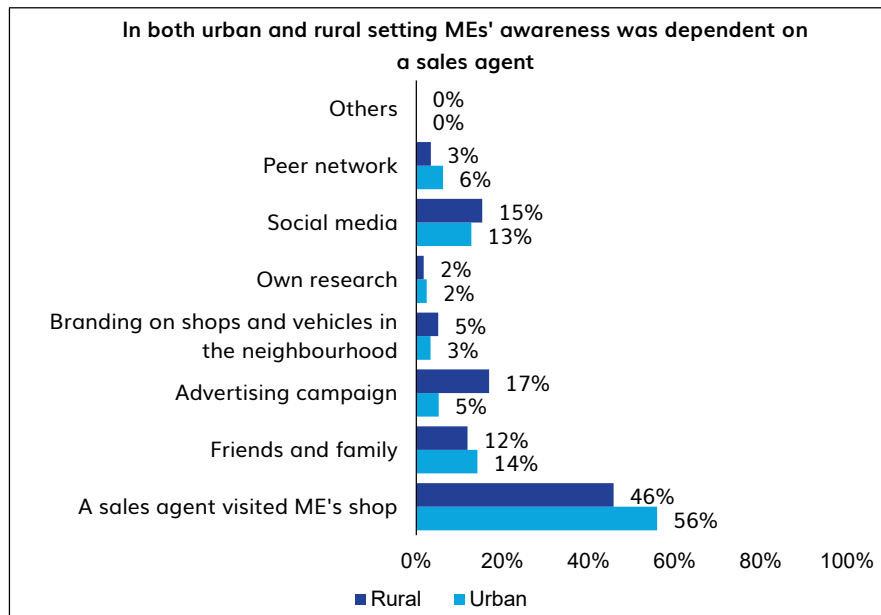
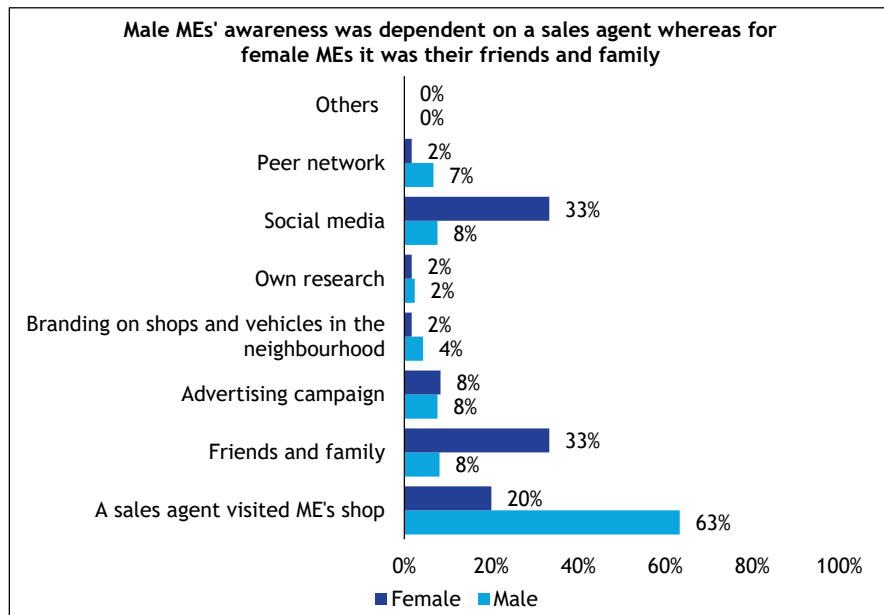


Platformed microentrepreneurs with high digital access do not necessarily earn more. In fact, they have lower average incomes than unplatformed microentrepreneurs with similar access. Confidence in the usage of digital platforms varies. Rural platformed microentrepreneurs show more confidence when they purchase stock than their urban counterparts.

Peer networks drive awareness and expectations of digital platforms among microenterprises.

How aware are platformed microentrepreneurs about digital platforms?

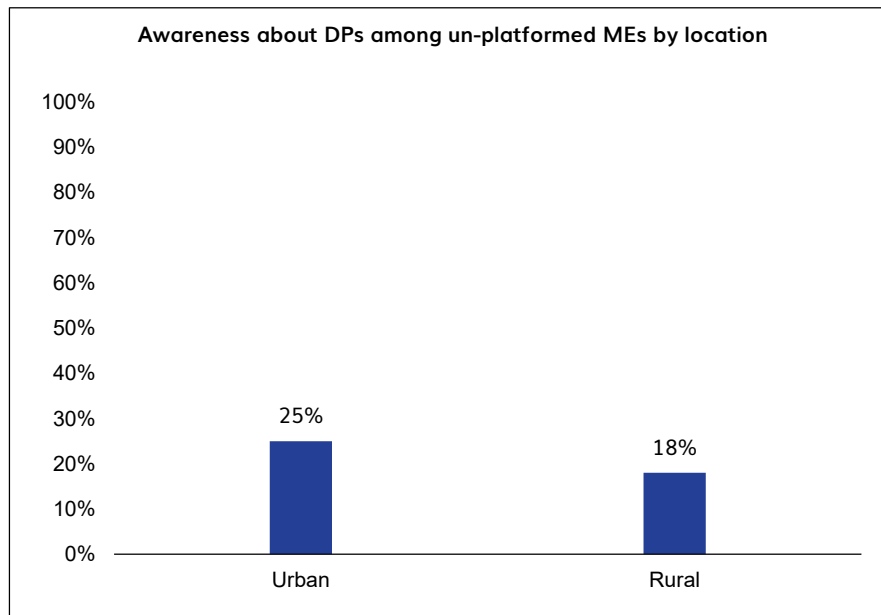
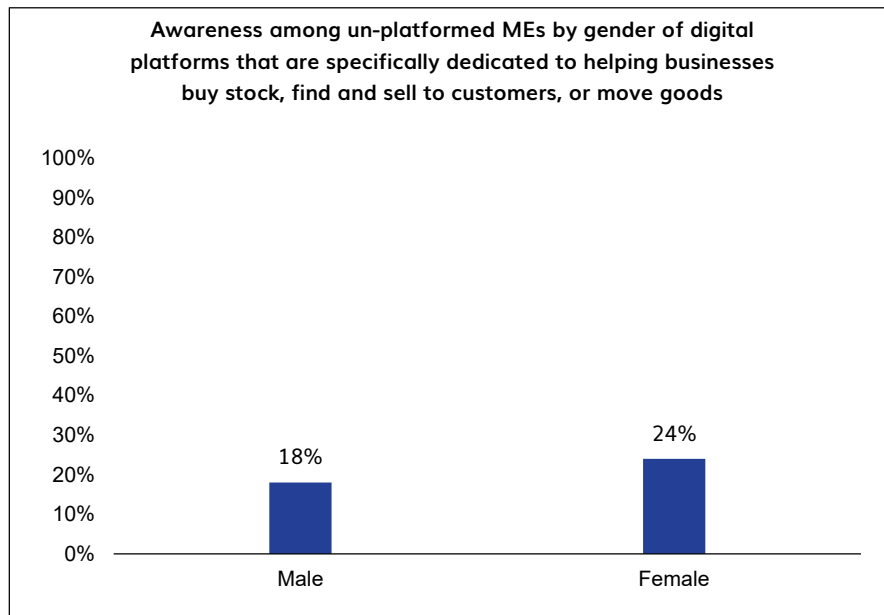
- Sales agents' visits significantly influenced awareness among 63% of male microentrepreneurs, whereas 33% of women microentrepreneurs primarily gained awareness through friends and family. Geographically, 56% of urban microentrepreneurs and 44% of rural microentrepreneurs became aware when sales agents visited their shops.



Peer networks drive awareness and expectations of digital platforms among microenterprises.

How aware are unplatformed microentrepreneurs of digital platforms?

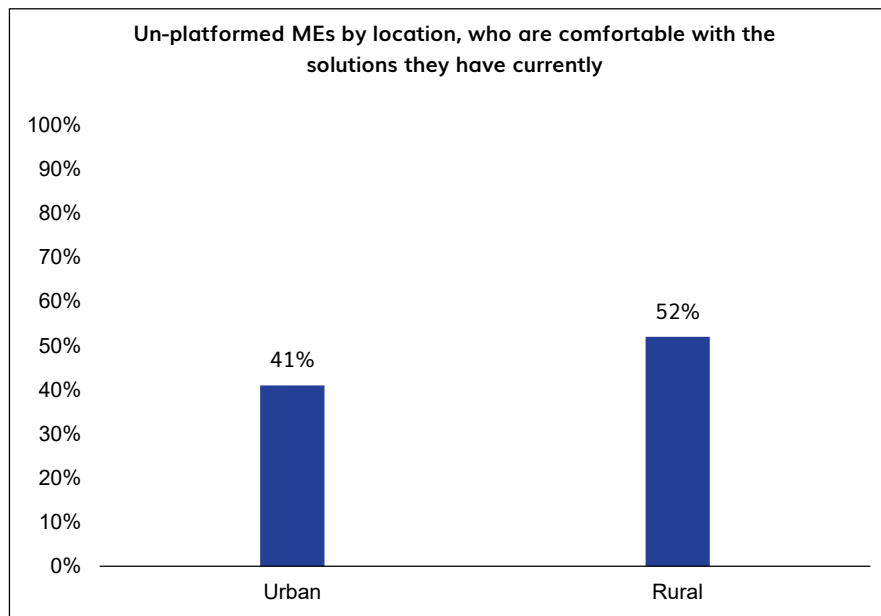
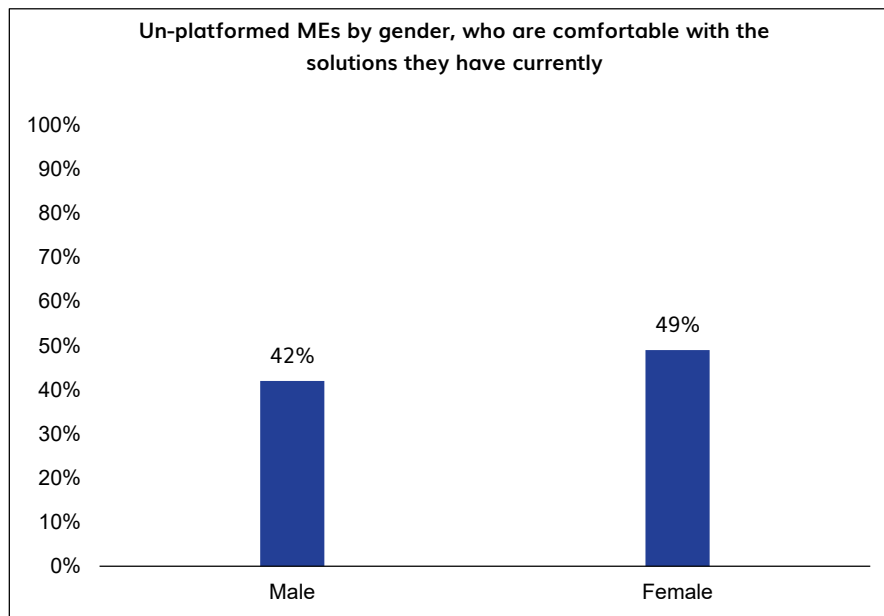
- The survey indicates that 24% of female unplatformed microentrepreneurs are slightly more aware of digital platforms than their male counterparts at 18%. Digital platforms help businesses buy stock, find and sell to customers, or move goods. Additionally, 25% of urban unplatformed microentrepreneurs exhibit a higher awareness of digital platforms than 18% of their rural counterparts.



Peer networks drive awareness and expectations of digital platforms among microenterprises.

What are some reasons microentrepreneurs give for not using or knowing about digital platforms?

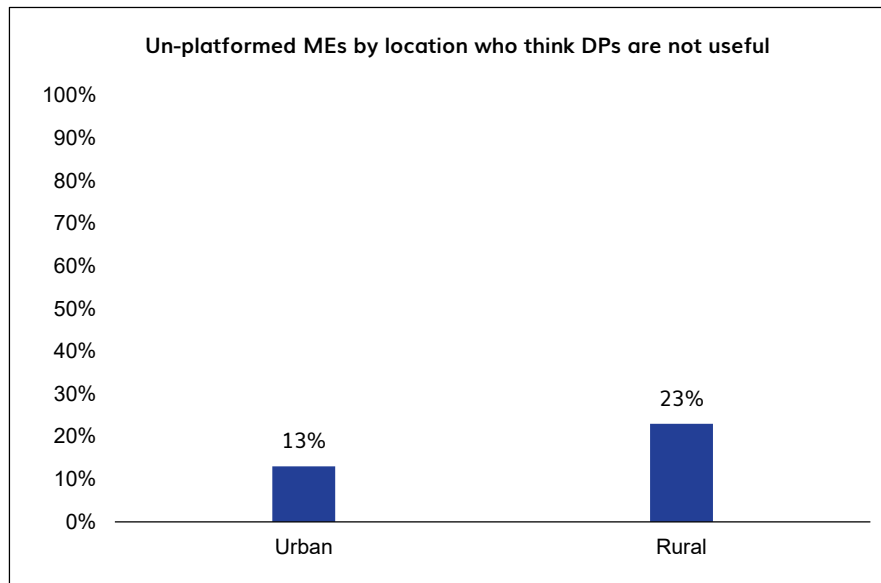
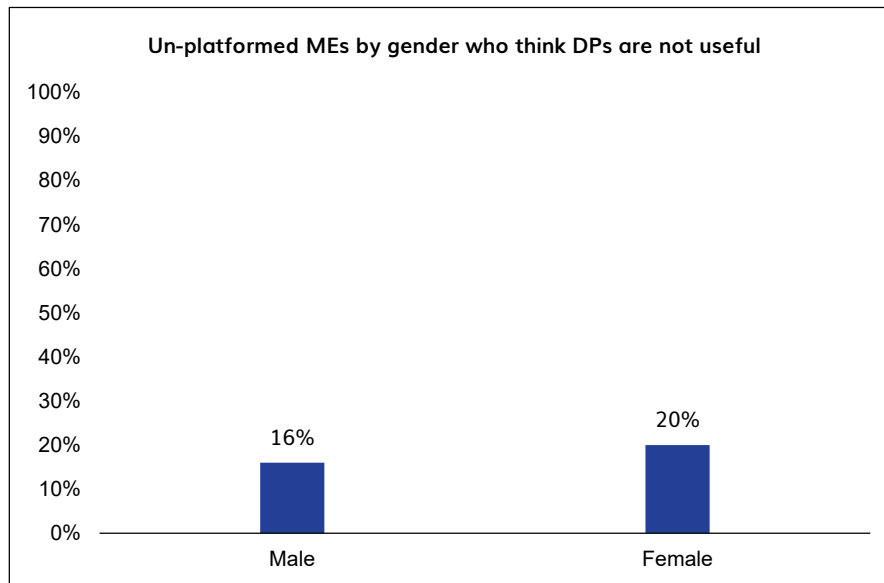
- Among unplatformed microentrepreneurs, 49% of women express a higher comfort level with their current solutions compared to 42% of men. Moreover, 52% of rural unplatformed microentrepreneurs demonstrate a greater comfort level with their existing solutions compared to 41% of their urban counterparts.



Peer networks drive awareness and expectations of digital platforms among microenterprises.

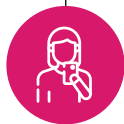
More reasons why microentrepreneurs do not use digital platforms:

- Among unplatformed microentrepreneurs, 20% of women believe that digital platforms are not useful compared to 16% of men, which is a slightly higher percentage. Furthermore, the perception of the usefulness of digital platforms varies significantly between urban and rural unplatformed microentrepreneurs. 23% of rural microentrepreneurs do not consider them useful, while only 13% of urban microentrepreneurs share the same view.



Salient monetary incentives are the primary motivation for microenterprises onboarding onto platforms.

What motivates women microentrepreneurs to join and onboard onto digital platforms?



93% of women in rural areas are driven to embrace digital platforms for networking opportunities. 79% want to join these platforms because of the safety and security they offer and for increased visibility and promotion of their businesses. This indicates that the need for connection and exposure significantly influences women entrepreneurs in rural areas to adopt digital platforms. The platforms allow them to amplify their presence and connect with a broader audience.



81% of male and 80% of female microentrepreneurs alike believe that access to the market is the primary benefit for the women microentrepreneurs who participate in digital platforms. However, there is a difference based on location. 74% of rural microentrepreneurs prioritize access to peer networks as the most crucial benefit for women microentrepreneurs. 68% of urban microentrepreneurs emphasize access to the market as the key advantage for their female counterparts.

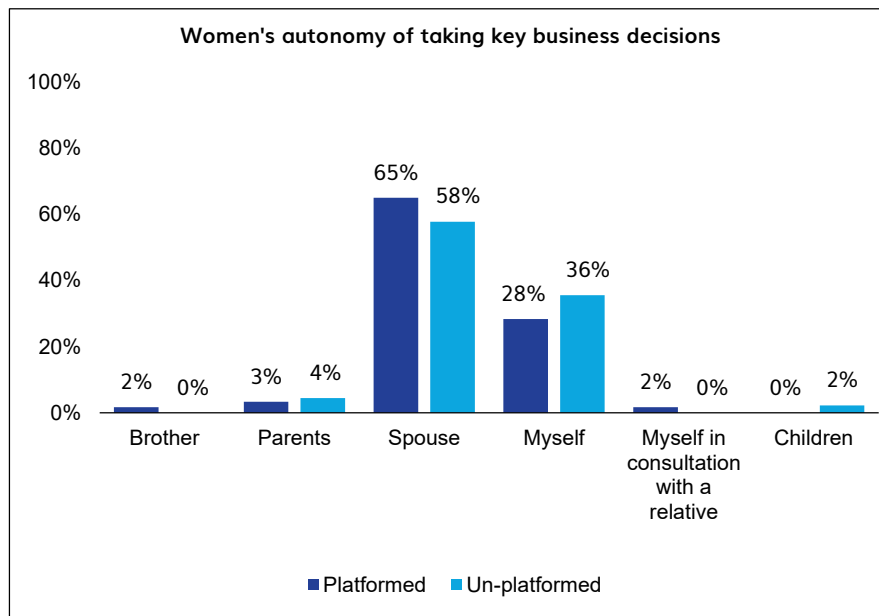
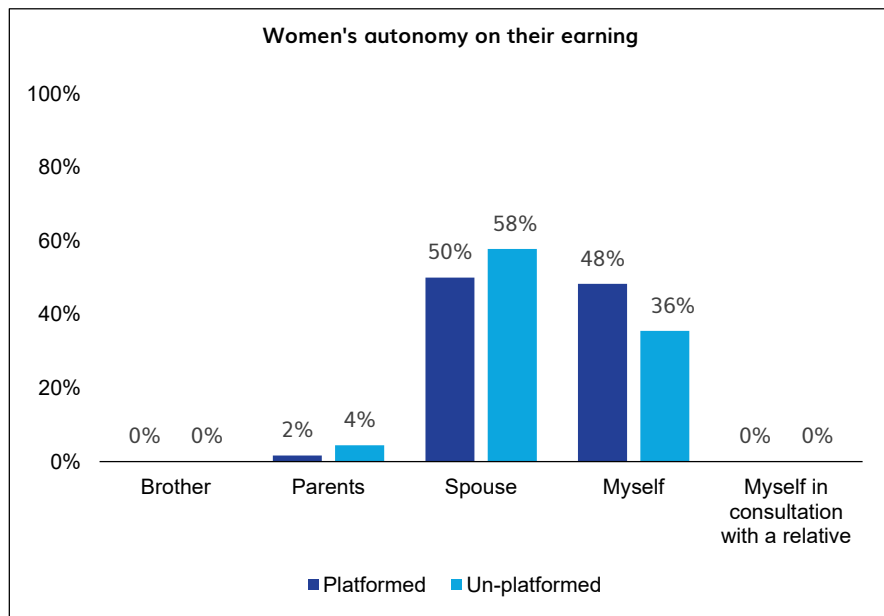


71% of the women in the urban and 57% in the rural settings did not encounter any challenges or barriers related to cultural norms, societal biases, or other social factors when they joined a digital platform.

Salient monetary incentives are the primary motivation for microenterprises that onboard onto platforms.

Spouses heavily influence women microentrepreneurs' business and income decisions:

- 65% of female microentrepreneurs on platforms rely mostly on family for business decisions, and 50% depend on income management. 58% of unplatformed female microentrepreneurs rely on family for business decisions, and 58% on income management. In both groups, the spouses generally strongly influence their wives' financial choices.



Salient monetary incentives are the primary motivation for microenterprises that onboard onto platforms.

What drives microentrepreneurs to onboard onto digital platforms?



68% of male and 83% of female sellers choose digital platforms for their marketing and promotional tools. They value these tools as they enable them to expand their customer reach. 70% of rural and 81% of urban sellers cite this as a primary reason to select digital platforms.



100% of women microentrepreneurs unanimously chose retail trade platforms because of the access to cheaper stock. Similarly, 74% male microentrepreneurs opt for the platform due to the convenience of doorstep deliveries to their shops. This alignment in preferences, observed across 72% of rural and 71% urban setups, highlights how retail traders prioritize direct and efficient supply chains offered by these platforms.



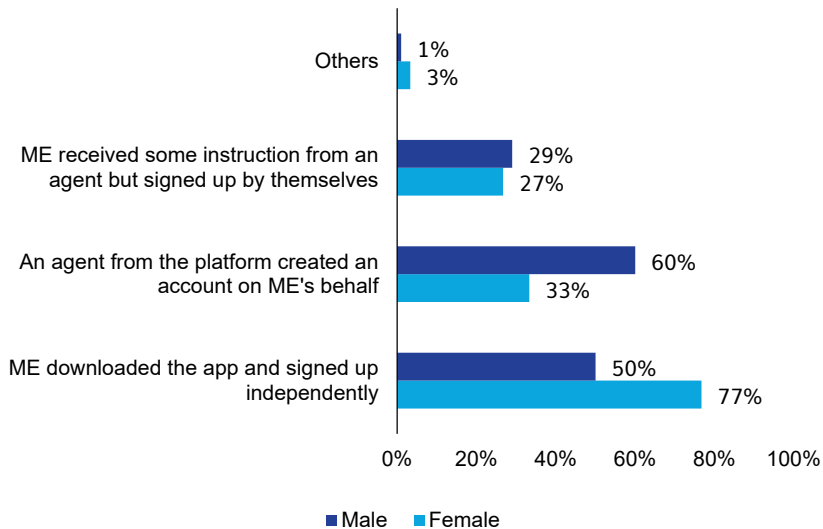
87% male microentrepreneurs and all female microentrepreneurs in the transport and logistics sector primarily use digital platforms to make it easy to connect with customers. This preference is consistent across rural and urban locations, which emphasizes how the platform simplifies customer acquisition for businesses in this sector.

Salient monetary incentives are the primary motivation for microenterprises that onboard onto platforms.

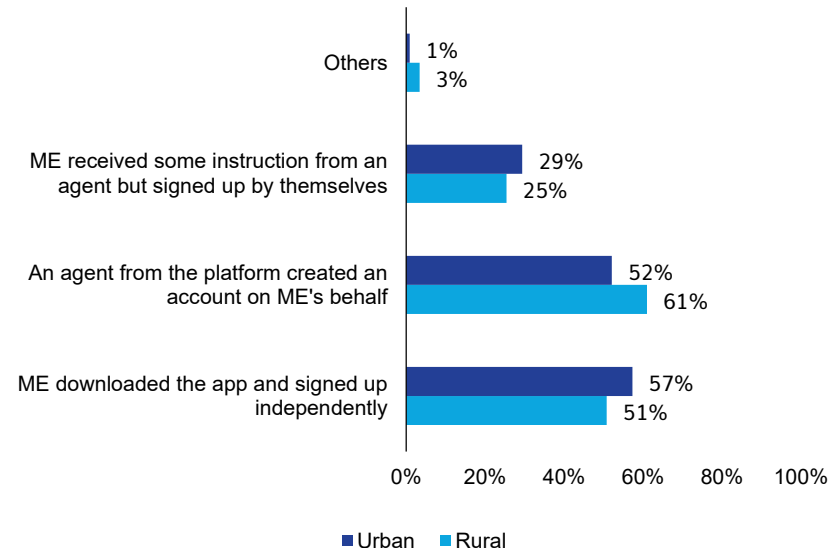
While female users self-install, male users seek agent assistance:

- Interestingly, 77% of female users preferred to download and install the platform app independently, whereas 60% of male users needed help from the agent. Moreover, 57% of the urban-based agents preferred to download the app independently, but 61% of the rural-based agents needed support from the platform agent.

Preferred sign-up method of the MEs by gender



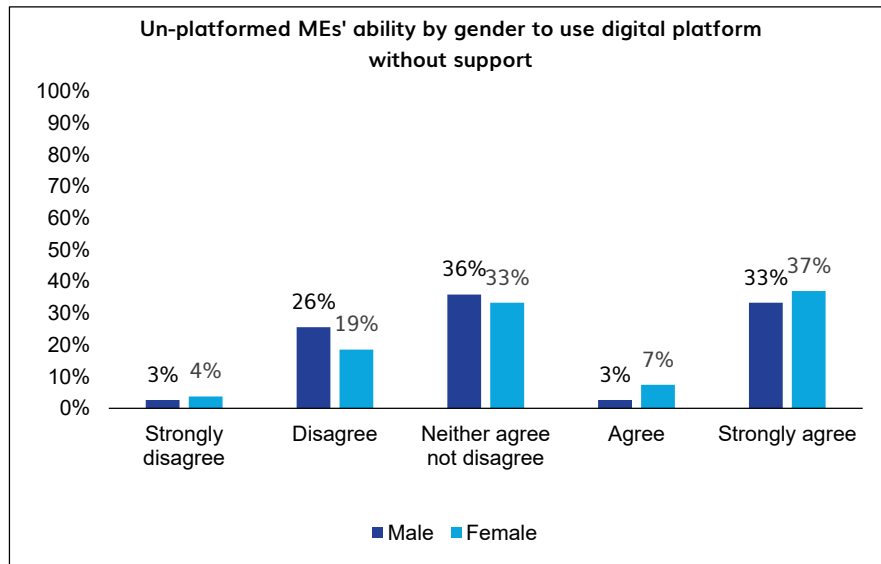
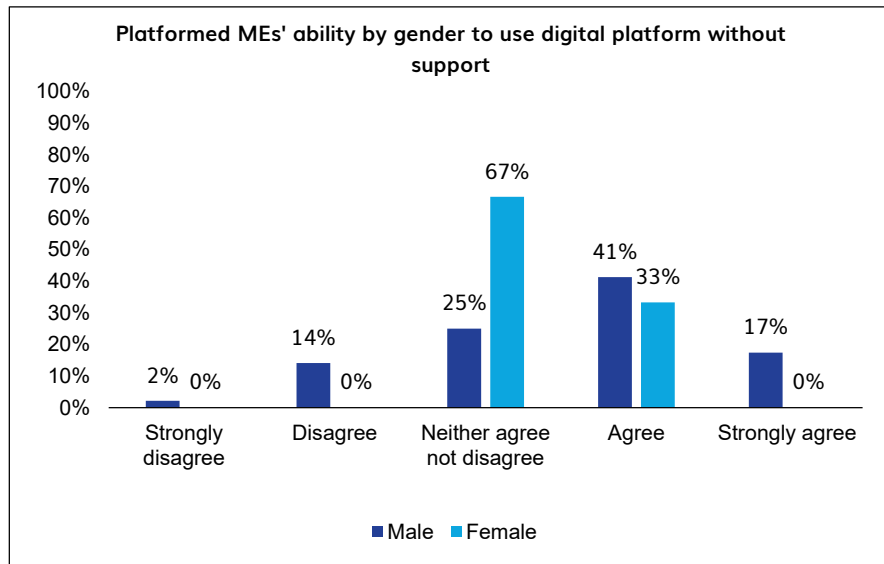
Preferred sign-up method of the MEs by location



Microenterprises that are active in online spaces are more likely to join digital platforms.

How confidently do microentrepreneurs use digital platforms for stock purchase in retail trade?

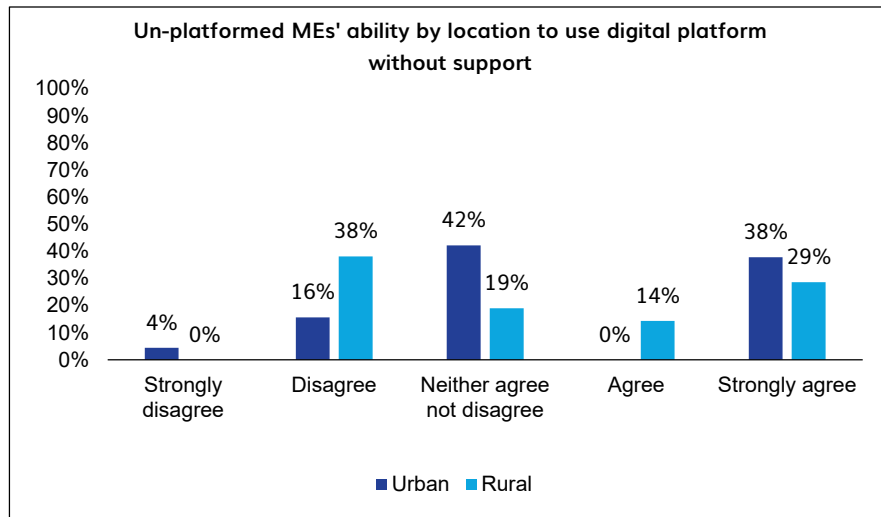
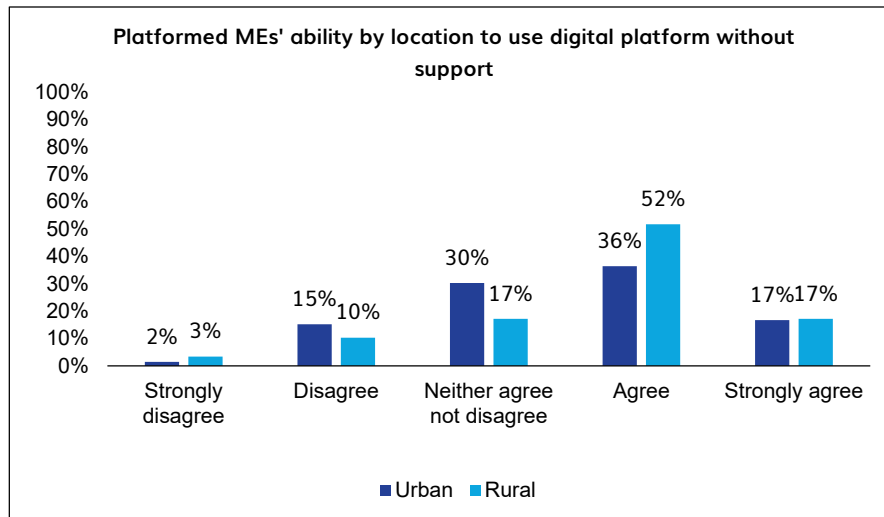
- In the case of platformed users, 66% of female microentrepreneurs were unsure about their ability to use digital platforms to purchase stock without any support. However, 41% of male microentrepreneurs were confident they could make a purchase. In the case of unplatformed microentrepreneurs, 36% of men in retail trade express a neutral stance on their confidence in using digital platforms independently to purchase stock. 33% women microentrepreneurs also agreed with this statement.



Microenterprises that are active in online spaces are more likely to join digital platforms.

How confidently do microentrepreneurs use digital platforms for stock purchase in retail trade?

- In the case of platformed microentrepreneurs, 51% from rural and 36% from urban locations showed confidence about their ability to use digital platforms to purchase stock without any support. In the case of unplatformed microentrepreneurs, 42% from urban locations express a neutral stance on their ability to use digital platforms to purchase stocks independently. 38% of rural microentrepreneurs disagreed.



- Also, in the case of the unplatformed microentrepreneurs in the retail trade sector, 54% of the microentrepreneurs agreed that they need to learn a lot of things before they could onboard onto digital platforms to buy stock.

Microenterprises that are active in online spaces are more likely to join digital platforms.

How do microentrepreneurs in retail trade perceive the platform's ability to save or make more money?

- For platformed users, 67% of female microentrepreneurs neither agreed nor disagreed that if they used digital platforms to buy stock, it would help their businesses save or make more money, However, 47% of the men and 41% from the rural and the microentrepreneurs and 48% from urban locations showed confidence in the platform's ability to save or make more money.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Structural access index:

Questions 	Scoring 	Classifications 
What type of phone do you currently have access to?	Smartphone/ Both - 1 Feature phone - 0	0–3 Low 4–5 Medium >6 High
Which of the following statements best explains your feelings about the cost of mobile data? 1. I cannot use my phone without worrying about the cost. 2. Mobile data is not very affordable, but I can still use my phone for essential tasks. 3. Mobile data is moderately affordable, and I can still get a lot done, but I need to manage my usage. 4. I can use my phone with little worry about the cost of data. 5. Mobile data is so affordable that I can use my phone without any concern for the cost of data.	4, 5 = 2 3 = 1 1, 2 = 0	
The cost of data discourages me from using services from the internet for my business.	Strongly agree, agree - 0 Neutral - 1 Disagree/ strongly disagree - 2	
The cost of data makes it easier for me to use the internet to run and grow my business	Affordable - 1 Unaffordable - 0	
How would you rate the reliability of the internet service you currently use?	<3 Unreliable - 0 >3 Reliable - 2 3- Neutral -1	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Structural access index for platformed microentrepreneurs:

Questions 
What type of phone do you currently have access to?
Which of the following statements best explains your feelings about the cost of mobile data?
1. I cannot use my phone without worrying about the cost.
2. Mobile data is not very affordable, but I can still use my phone for essential tasks.
3. Mobile data is moderately affordable, and I can still get a lot done, but need to manage my usage.
4. I can use my phone with little worry about the cost of data
5. Mobile data is so affordable that I can use my phone without any concern for the cost of data
The cost of data discourages me from using services from the internet for my business
The cost of data makes it easier for me to use the internet to run and grow my business
How would you rate the reliability of internet service you currently use?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low access	23	8.5%	445	582
Medium (in between)	96	35.6%	330	391
High access	151	55.9%	319	300
Total	270	100%	334	365

Microenterprises that are active in online spaces are more likely to join digital platforms.

Structural access index for unplatformed microentrepreneurs:

Questions
What type of phone do you currently have access to?
Which of the following statements best explains your feelings about the cost of mobile data?
1. I cannot use my phone without worrying about the cost.
2. Mobile data is not very affordable, but I can still use my phone for essential tasks.
3. Mobile data is moderately affordable, and I can still get a lot done, but I need to manage my usage.
4. I can use my phone little worrying about the cost of data
5. Mobile data is so affordable that I can use my phone without any concern for the cost of data
The cost of data discourages me from using services from the internet for my business
The cost of data makes it easier for me to use the internet to run and grow my business
How would you rate the reliability of internet service you currently use?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low access	15	11.5%	294	442
Medium (in between)	57	43.8%	307	230
High access	58	44.6%	285	162
Total	130	100%	296	237

Microenterprises that are active in online spaces are more likely to join digital platforms.

Structural access index analysis:

Digital access vs. income



- High digital tool access does not equal higher income. 55.9% of platformed microentrepreneurs and 44.6% of unplatformed microentrepreneurs with high access have lower average incomes of USD 319 and USD 285, respectively. This challenges the assumption that more access leads to greater earnings.

Optimal use of medium access



- Microentrepreneurs with moderate digital access report slightly higher incomes than those with high access. 35.6% of platformed microentrepreneurs have an average income of USD 330, and 43.8% unplatformed microentrepreneurs have an average income of USD 307.

Low digital access but high earnings

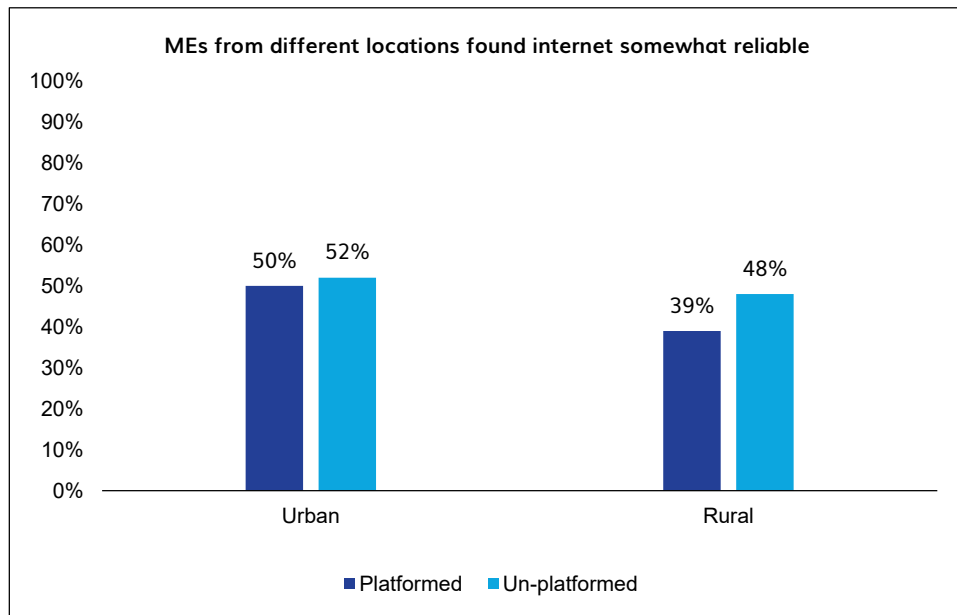


- Surprisingly, microentrepreneurs with low digital access report the highest incomes, which are USD 445 for platformed and USD 294 for unplatformed users. This highlights that strategic business approaches and adaptability might not have the impact of structural access.

Microenterprises that are active in online spaces are more likely to join digital platforms.

Internet reliability:

Platformed microentrepreneurs from rural and urban locations viewed the internet as somewhat reliable, with 39% from rural areas and 50% from urban areas agreeing to the statement. Unplatformed microentrepreneurs shared this view, with 48% from rural locations and 52% from urban locations agreeing to the statement.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Internet frequency



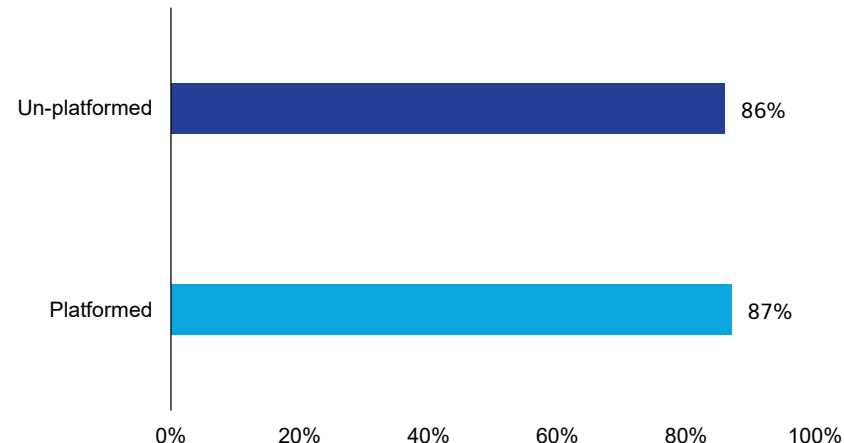
- In the case of platformed microentrepreneurs, 91% of men and 88% of women use the internet several times a day. In the case of unplatformed MEs, 79% of men and 72% of women use the internet several times a day.

Internet comfort



- 87% of the platformed and 86% of the unplatformed microentrepreneurs responded that they are very comfortable using a variety of online applications for both personal and business tasks.

Internet comfort



Microenterprises that are active in online spaces are more likely to join digital platforms.

Digital access index:

Questions 	Scoring 	Classifications 
Do you have regular access to a phone within your household?	Yes = 1 No = 0	0–3 Low 4–5 Medium >6 High
What type of phone do you currently have access to?	Feature phone - 1 Smartphone - 2 Other – 0	
Can you add new applications to your phone?	Yes = 1 No = 0 Do not know = 0	
How do you primarily access the internet? 1. Mobile phone 2. Home internet 3. Public access point 4. I do not have access to the internet 99. Other	1 option chosen = 1 2 options chosen = 2 etc.	
How would you rate the reliability of the internet service you currently use?	Very unreliable and somewhat unreliable = 0 Neutral = 1 Somewhat reliable and very reliable = 2	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Digital access index for platformed microentrepreneurs:

Questions 
Do you have regular access to a phone within your household?
What type of phone do you currently have access to?
Can you add new applications to your phone?
How do you primarily access the internet?
1. Mobile phone
2. Home internet
3. Public access point
4. I do not have access to the internet
99. Other
How would you rate the reliability of internet service you currently use?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low access to digital tools	1	0.4%	273	0
Medium (in between)	55	20.4%	284	411
High access to digital tools	214	79.3%	347	352
Total	270	100%	334	365

Microenterprises that are active in online spaces are more likely to join digital platforms.

Digital access index for unplatformed microentrepreneurs:

Questions 
Do you have regular access to a phone within your household?
What type of phone do you currently have access to?
Can you add new applications to your phone?
How do you primarily access the internet?
1. Mobile phone
2. Home internet
3. Public access point
4. I do not have access to the internet
99. Other
How would you rate the reliability of internet service you currently use?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Medium	32	24.6%	251	322
High access to digital tools	98	75.4%	310	201
Total	130	100%	296	237

Microenterprises that are active in online spaces are more likely to join digital platforms.

Digital access index analysis:

Digital access and income



- Platformed microentrepreneurs predominantly have high digital access at 79.3%, with an average income of USD 347, which indicates that high access may not significantly increase income. Unplatformed microentrepreneurs, mostly with high access at 75.4%, have an almost similar average income of USD 310, which indicates comparable impacts of digital access on both groups.

Income variability



- Income variability among platformed microentrepreneurs is lower for those with high access at USD 352 of the standard deviation, than medium access at USD 411, which suggests a narrower income range at higher access levels. Unplatformed microentrepreneurs show a similar trend, with less income variability at high access of USD 201, compared to medium access of USD 322.

Access level and earnings

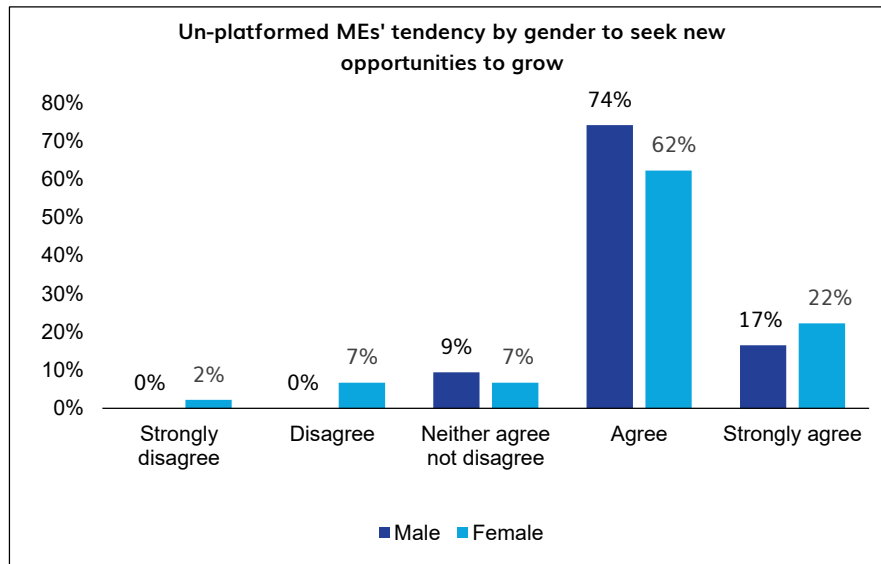
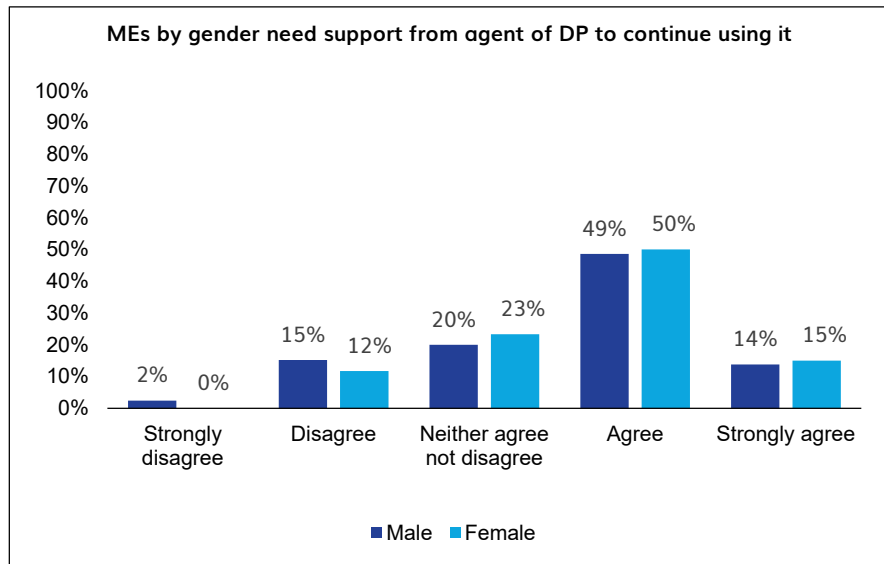


- Although the majority have high digital access, the slight income increase from medium to high access among platformed microentrepreneurs from USD 284 to USD 347 versus unplatformed microentrepreneurs from USD 251 to USD 310 shows that more digital tools do not drastically change income. This highlights the importance of how these tools are used.

Microenterprises that are active in online spaces are more likely to join digital platforms.

Platformed microentrepreneurs crave support, while unplatformed microentrepreneurs embrace change for success:

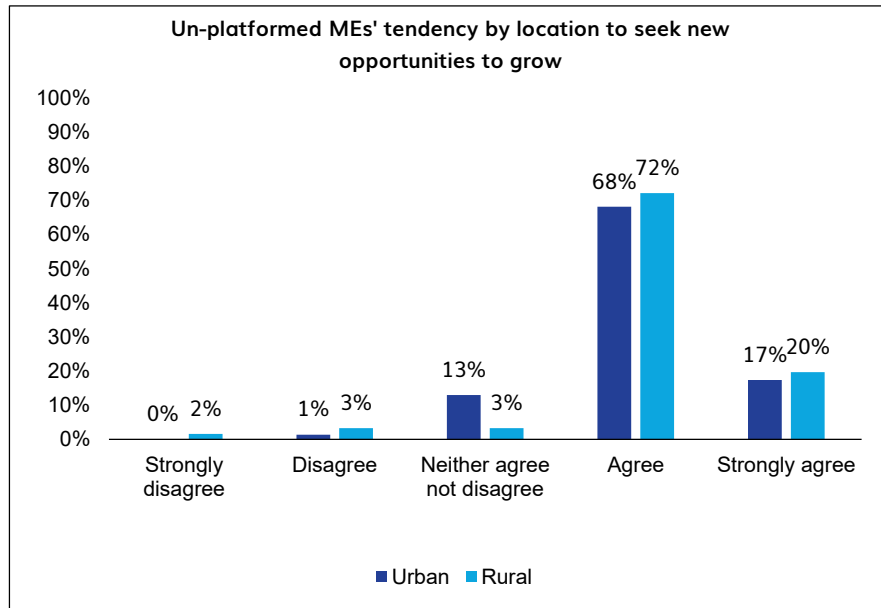
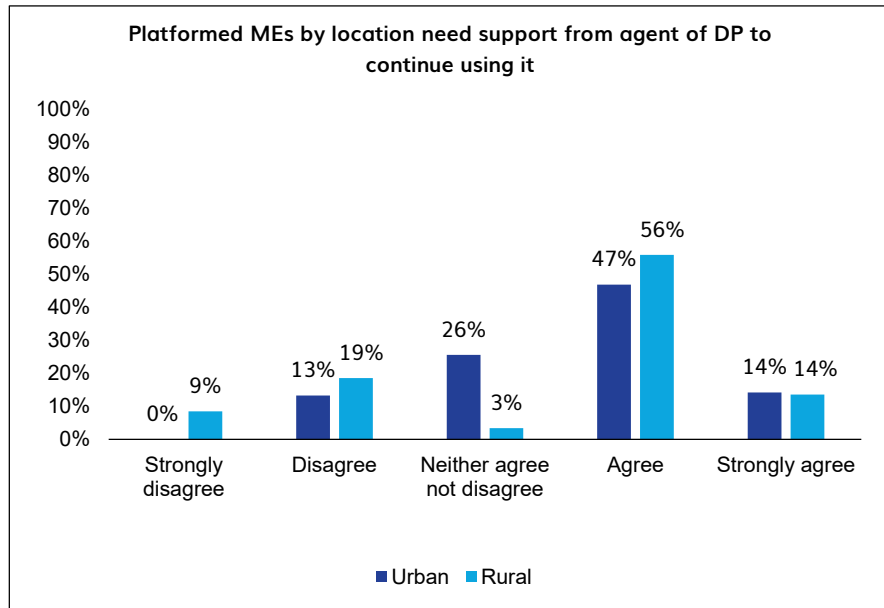
- Irrespective of location, 56% of microentrepreneurs are from rural areas and 47% from urban areas. 49% of men and 50% of women microentrepreneurs stated that their continued use of digital platforms relies on direct support from platform agents or employees. For unplatformed microentrepreneurs, 68% male and 72% female, actively seek new avenues for business growth and improvement. They are open to significant operational changes to advance their business.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Some more reasons that platformed microentrepreneurs crave support, while unplatformed microentrepreneurs embrace change for success:

- This proactive approach of unplatformed microentrepreneurs reflects their openness to substantial operational changes to advance and improve in their business endeavors.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Urban users navigate apps, while rural users rely on agents:

- 63% of urban microentrepreneurs primarily use the platform through its mobile app or website to interact with it. However, 64% of users in rural locations communicate with a platform agent whenever they need to use the platform's services. Microentrepreneurs prefer to deal with agents rather than use the platform's application and website due to several factors. The primary reasons include how they find it easier to communicate and resolve issues with a real person. They perceive the app and website as too complicated, and trust the recommendations and guidance provided by platform agents.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Net proficiency index:

Questions 	Scoring 	Classifications 
For logistics and social selling: I feel very confident about my ability to use digital platforms alone without any support to find customers For retail trade: I feel very confident about my ability to use digital platforms alone without any support to purchase stock.	Strongly agree, agree - 2 Neutral - 1 Disagree/ strongly disagree - 0	0--3 Low 4--5 Medium >6 High
Which of the following best describes how comfortable you are when using the internet? 1. I am very comfortable with a variety of online applications for personal and business tasks. 2. I am comfortable with the Internet and phone for basic tasks, such as messaging, social media, and to send money, but not for much else. 3. I typically need help from others when I need to get information or access a service online. 4. I am not comfortable using the internet for any tasks and typically avoid it.	Uncomfortable - 0 Comfortable with basic tasks - 1 Comfortable with complex tasks - 2	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Net proficiency index:

Questions 	Scoring 	Classifications 
How often do you access the internet?	1. A few times a day, - and 2. A few times a week = 3 3. A few times a month = 2 4. Rarely = 1 5. I do not have internet access = 0 6. I do not know = 0 99. Other (Please specify) = 0	0--3 Low 4--5 Medium >6 High
I am constantly looking for new and different way to grow and improve my business	Strongly agree, agree - 2 Neutral - 1 Disagree/ strongly disagree - 0	
I am open to making significant changes to the way I operate my business to achieve growth and improvement.	Strongly agree, agree - 2 Neutral - 1 Disagree/ strongly disagree - 0	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Net proficiency index for platformed microenterprises:

Frequency		Percent		Average business income (USD)		Standard deviation (USD)	
Medium	5	1.9%		365		181	
High	265	98.1%		333		367	
Total	270	100%		334		365	

Net proficiency index for unplatformed microenterprises:

Frequency		Percent		Average business income (USD)		Standard deviation (USD)	
Medium		10	7.7%		250	146	
High access		120	92.3%		300	243	
Total		130	100%		296	237	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Net proficiency index analysis:

Predominance of high net proficiency:



- 98.1% of platformed and 92.3% of unplatformed microentrepreneurs predominantly exhibit high net proficiency, which suggests widespread confidence in digital platforms and the internet for business operations. Despite this, platformed microentrepreneurs report a slightly higher average income of USD 333 than unplatformed microentrepreneurs at USD 300. This indicates a marginal advantage in having digital proficiency to generate income.

Income variability and net proficiency:



- The standard deviation in income for platformed microentrepreneurs with high net proficiency of USD 367 is slightly higher than that for unplatformed microentrepreneurs of USD 243, which suggests a broader range of income outcomes for platformed microentrepreneurs. This variability may reflect the diverse ways in which platformed microentrepreneurs capitalize on their digital skills.

Medium proficiency group's performance:



- A small fraction of both groups falls into the medium proficiency category, with slightly higher average income reported by platformed microentrepreneurs at USD 365 compared to unplatformed microentrepreneurs at USD 250. This suggests that even a moderate level of digital proficiency can significantly impact income, particularly for platformed microentrepreneurs, due to their ability to use platform-specific features for business growth.

Sustained use



Do credit options drive sustained engagement with digital platforms?



What leads to attrition among microentrepreneurs?

Does credit drive sustained use of digital platforms among microentrepreneurs?

Sustained usage of digital platforms depends on:

- Increased sales and customer reach for microentrepreneurs in retailers, and transport and logistics sectors
- Access to customers and ways to capture digital records, which are key among women microentrepreneurs
- Sufficient processes to tackle issues and good customer service, especially among transport and logistics microentrepreneurs



Highlights of qualitative report findings



Among novice transport and logistics adopters, value creation is imperative for sustained use. Microentrepreneurs who experience a rise in business generation, cost minimization, or convenience factors would continue to use the platform.



Among early adopters in social selling, the support from digital platform representatives and access to credit are the key factors that drive microentrepreneurs to stay on the platform.



Among transport and logistics early adopters and loyalists, digital platforms do not facilitate credit, and microentrepreneurs do not need credit either.



Among loyal retailers, microentrepreneurs value customer service, with no reference to credit.



Among quitters, lack of customer service drives attrition.



Among early adopters, women microentrepreneurs in social selling feel that the digital platforms provide customized support to women, which includes access to credit and representative support. They find networking and training opportunities invaluable.



Among early adopters in transport and logistics, digital platforms provide complete clarity on benefits and facilities.



Lack of professionalism from platform representatives leads to loss of trust in platforms.

Summary of this section



Microentrepreneurs seldom use digital platform credit. However, those who do primarily use it for growth and to seize opportunities. While men and women view credit as vital to scale businesses, rural microentrepreneurs focus on how to diversify product ranges, and urban microentrepreneurs prioritize how to increase inventory.



A majority of microentrepreneurs believe they can easily switch to another digital platform if needed. Rural users are more confident in this ability than urban ones.



Microentrepreneurs across the board, especially non-daily users, express that digital platforms should help them access credit, which highlights a need for more personalized assistance.



Female microentrepreneurs generally prefer to install platform apps independently, while men often require agent assistance. This reflects different levels of technological independence.

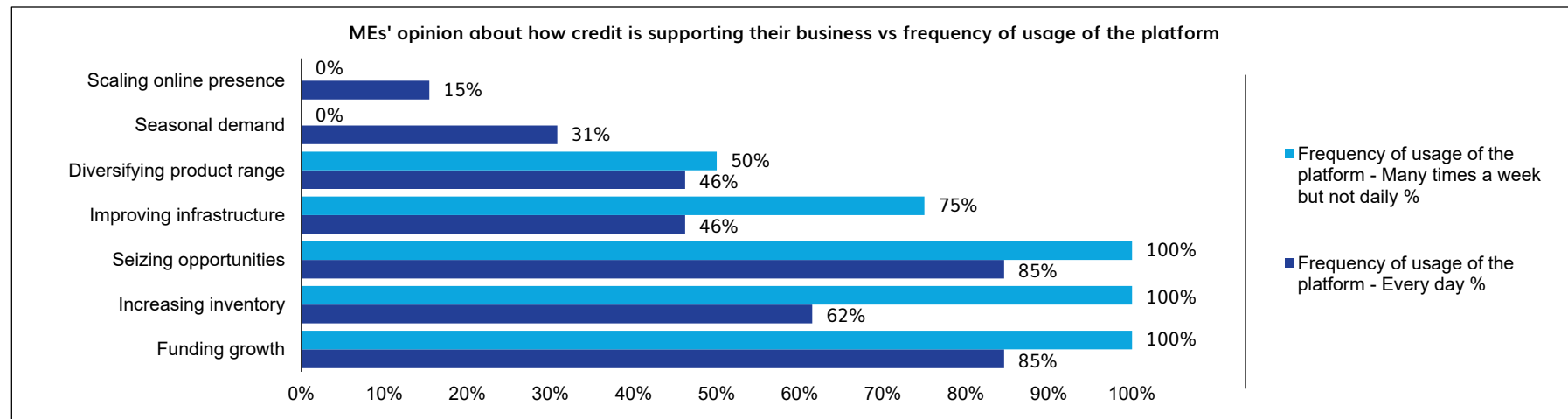


Microentrepreneurs who use digital platforms less frequently prefer cash transactions, while frequent users and urban microentrepreneurs lean toward mobile money. Women favor mobile money more than men.

The availability of improved credit options is the primary driver for sustained engagement with platforms.

Microentrepreneurs rarely use digital platform credit; daily users use it to buy stock, for growth, and to seize opportunities:

- 94% of the microentrepreneurs did not receive credit from digital platforms. Most platformed microentrepreneurs did not avail credit from the digital platform, which includes 94% of men and 92% of women, with 98% from rural locations and 92% from urban locations.
- All female and 84% of male microentrepreneurs preferred to use credit to fund growth and seize opportunities to support their businesses. In rural locations, all microentrepreneurs also use credit to fund growth, improve infrastructure, and diversify their product range for their business. In the urban locations, 87% of microentrepreneurs use credit to fund growth, 75% use it to increase inventory, and 94% use it to seize opportunities.



The availability of improved credit options is the primary driver for sustained engagement with platforms.

Both men and women microentrepreneurs who availed of credit found it crucial to scale businesses, emphasize growth, inventory, and opportunities:



Both men and women microentrepreneurs, who availed credit, think that credit is a crucial factor for scaling businesses for women microentrepreneurs. 100% of the women microentrepreneurs mostly focus on how to fund growth and increase inventory. In contrast, 83% men emphasize how to fund business growth and seize opportunities.



In the rural location, 100% of microentrepreneurs believe credit can fund women's businesses, help them grow, and diversify their product range. 87% of urban microentrepreneurs believed that credit can fund women microentrepreneurs' businesses, enable them to grow, and seize different opportunities.



All women and 91% male participants in both rural and urban settings, who availed credit, expressed a unanimous "yes" when asked if it would be helpful to receive support from digital platforms to access credit.



All the microentrepreneurs who are not daily platform users said that it would be helpful if they got support from the digital platforms to access credit. 93% of daily users feel this as well. Many microentrepreneurs in Bangladesh ask for personal support from the digital platforms.

The availability of improved credit options is the primary driver for sustained engagement with platforms.

User expectations shape perceptions. Some users are optimistic about convenience. Pessimistic users seek alternatives and cite how platform switches are difficult, and they are not ready for the change:

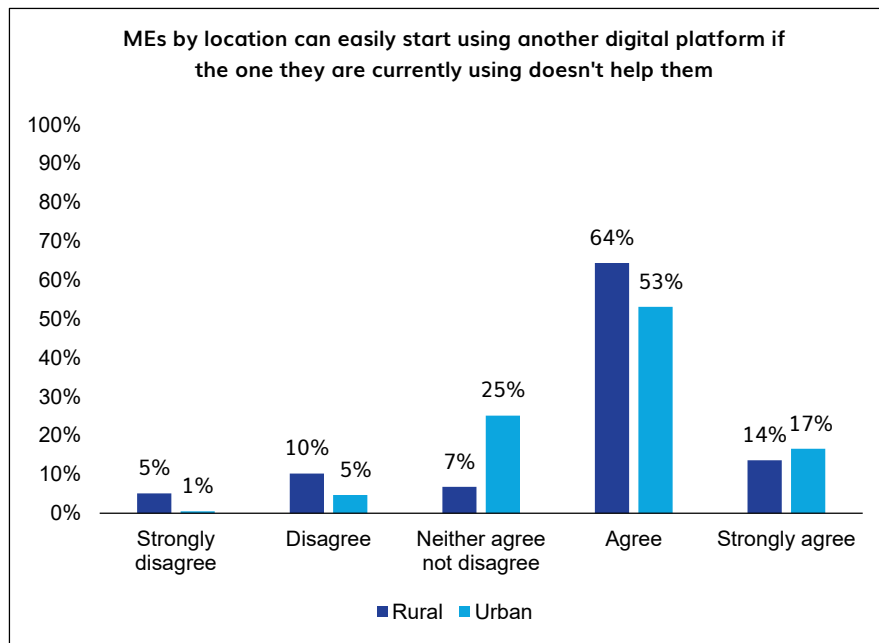
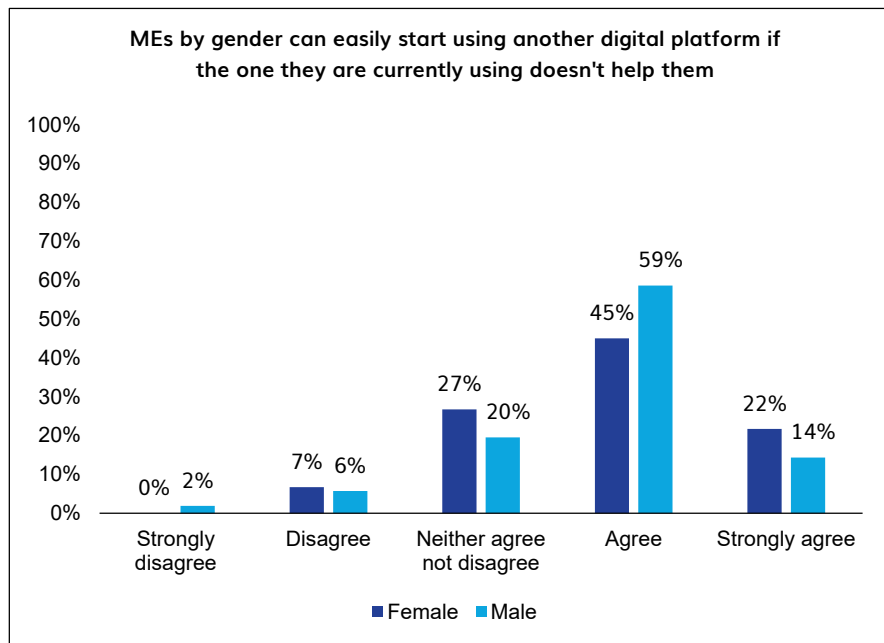
- Optimistic users, who include 74% of female microentrepreneurs 65% of male microentrepreneurs, expect to use the platform more in the future. 53% of these users are from rural areas and 74% are from urban areas. These users think that the platform is the most convenient way to find customers.
- Pessimistic users, who include 70% of men and 50% of women, expect to use the platform less in the future. They think they can easily source stock from other sources rather than the current one. 60% of the users are from rural settings and 70% from urban settings. Additionally, 50% of female microentrepreneurs expressed that the platform is difficult to understand and use.



The availability of improved credit options is the primary driver for sustained engagement with digital platforms.

Platform switch:

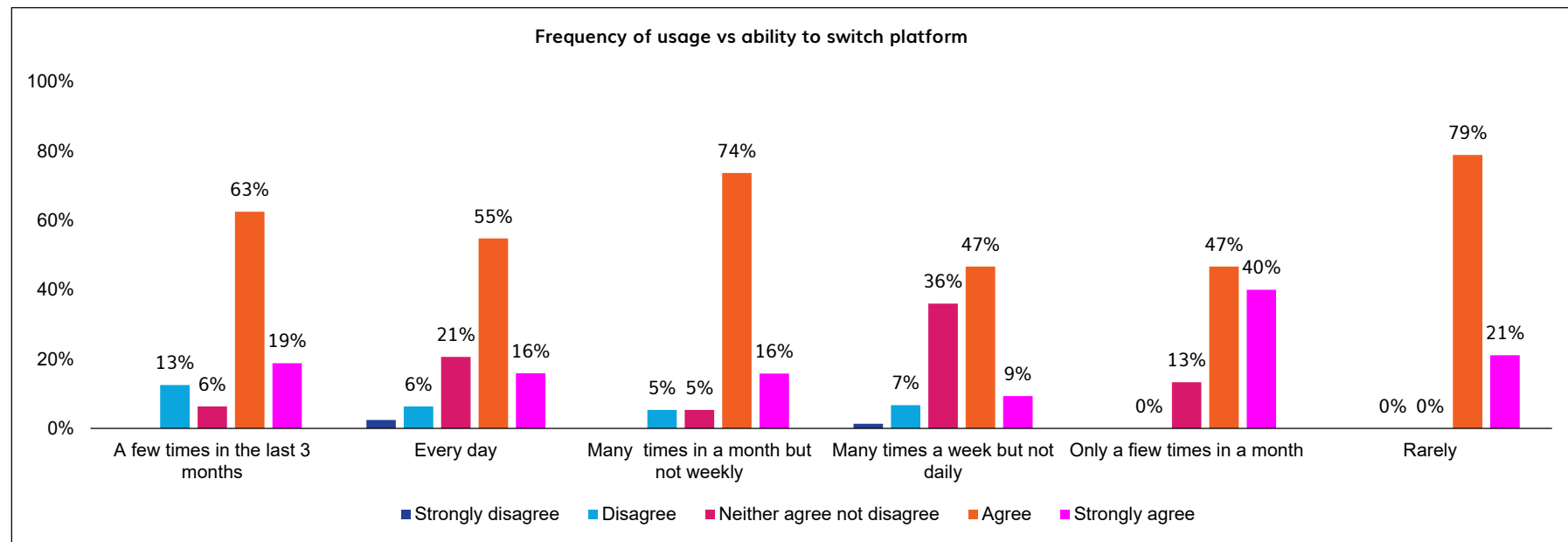
- Most users agreed that they can easily start using another digital platform if the one they are currently using does not help them. This included 59% of male users and 45% of female users. 64% of the users were from rural settings, and 53% from urban settings.



The availability of improved credit options is the primary driver for sustained engagement with digital platforms.

Platform switching ability vs frequency of digital public usage:

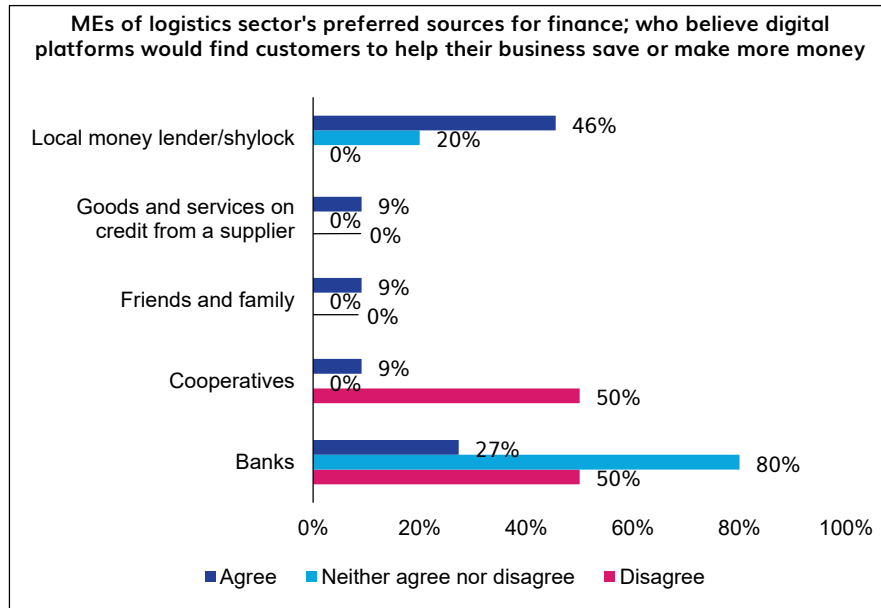
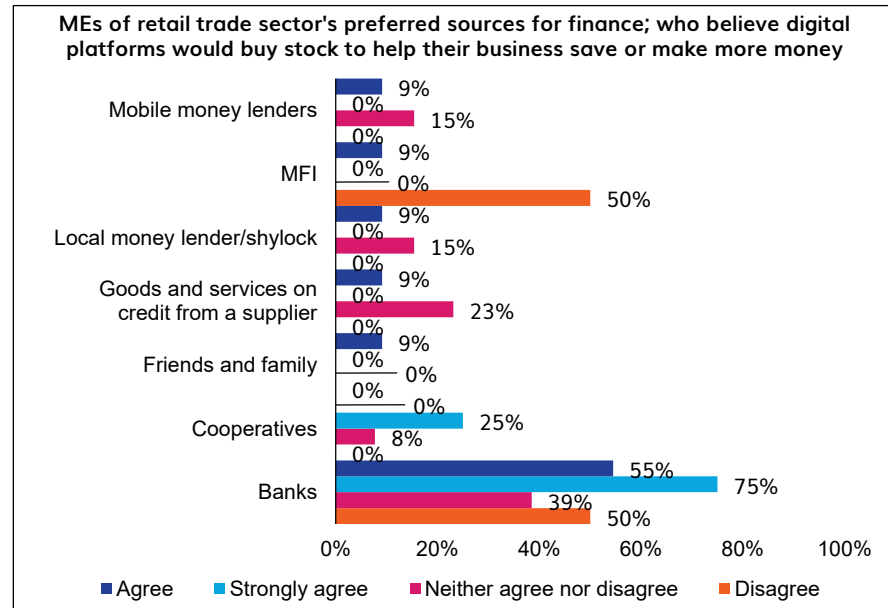
- In all the use cases of usage frequency, microentrepreneurs agreed that they can switch platforms easily.



The availability of improved credit options is the primary driver for sustained engagement with digital platforms.

Retail trade and transport and logistics sector microentrepreneurs' preference for availing credit:

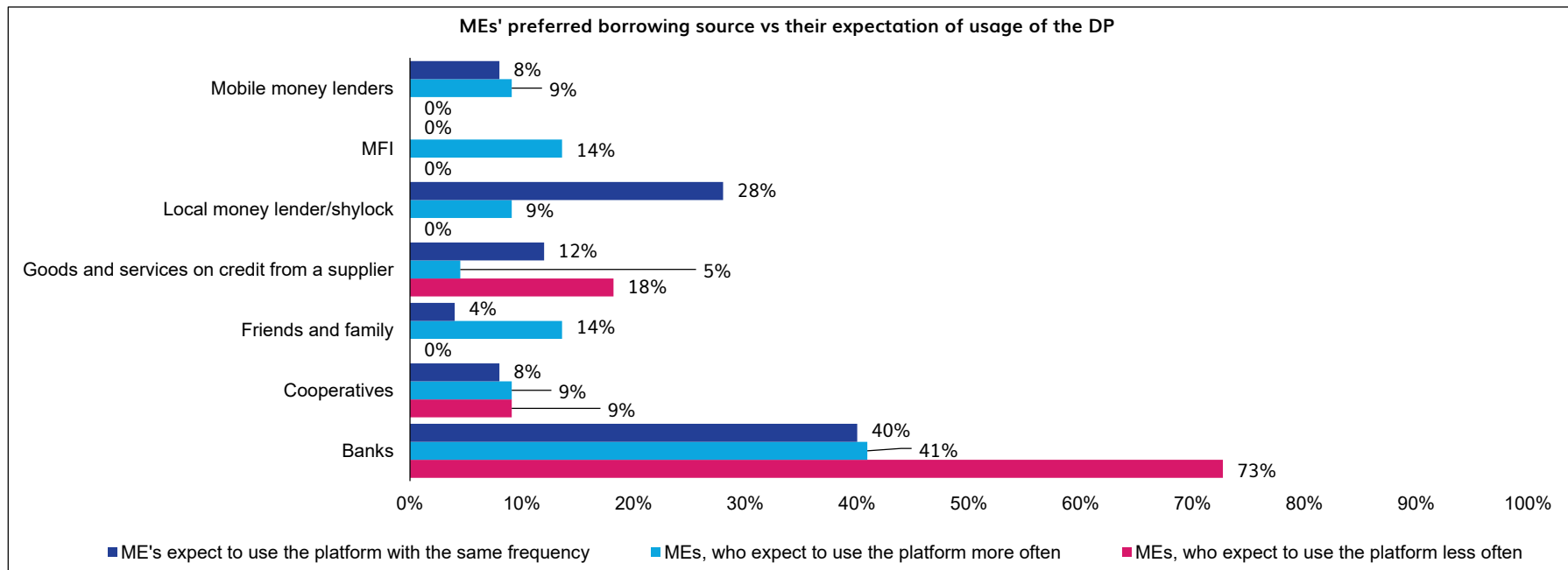
- Microentrepreneurs who availed credit from the retail and transport and logistics sectors prefer to borrow money from banks. Also, microentrepreneurs from the transport and logistics sectors prefer local moneylenders. Interestingly, retail traders do not prefer to take credit from microfinance institutions.



The availability of improved credit options is the primary driver for sustained engagement with digital platforms.

Credit preference vs digital platform usage:

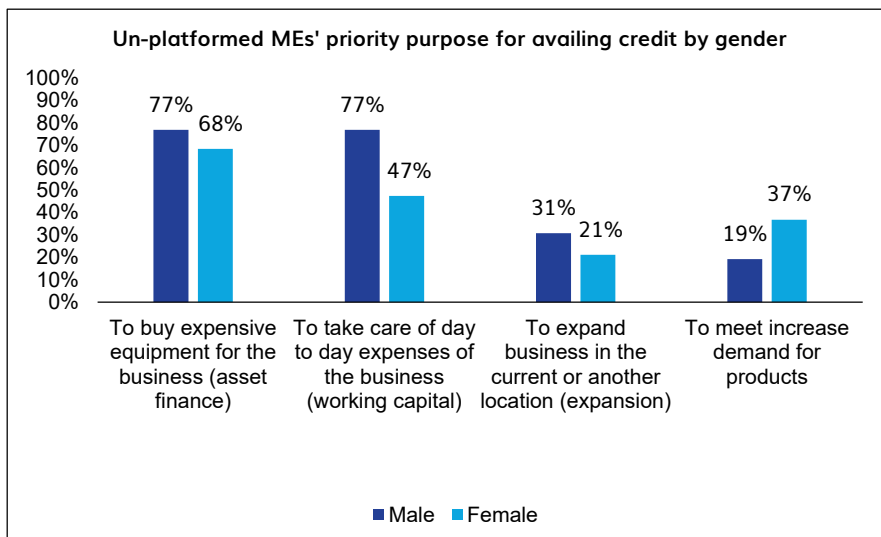
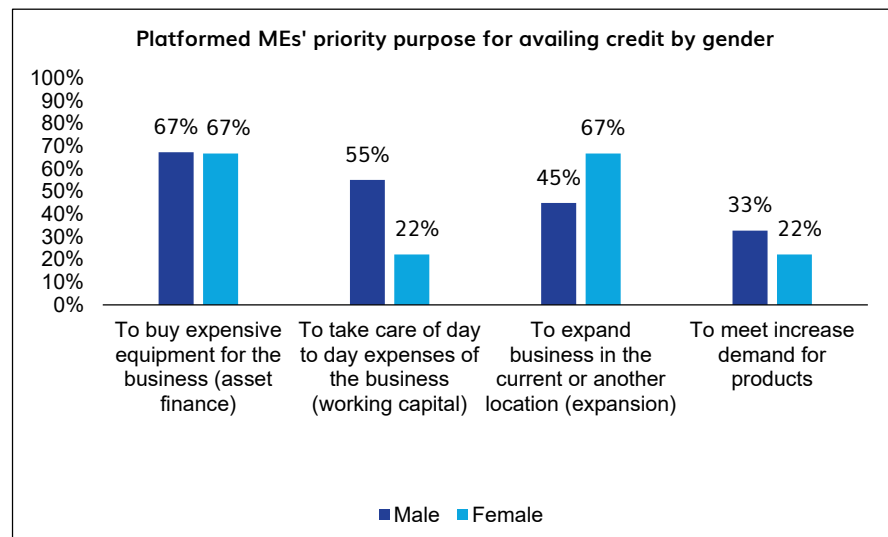
- 73% of the microentrepreneurs preferred banks as their preferred source to borrow credit. They expect to use the digital platform less often in the future.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Analysis highlights nuanced credit priorities influenced by gender and platform status.

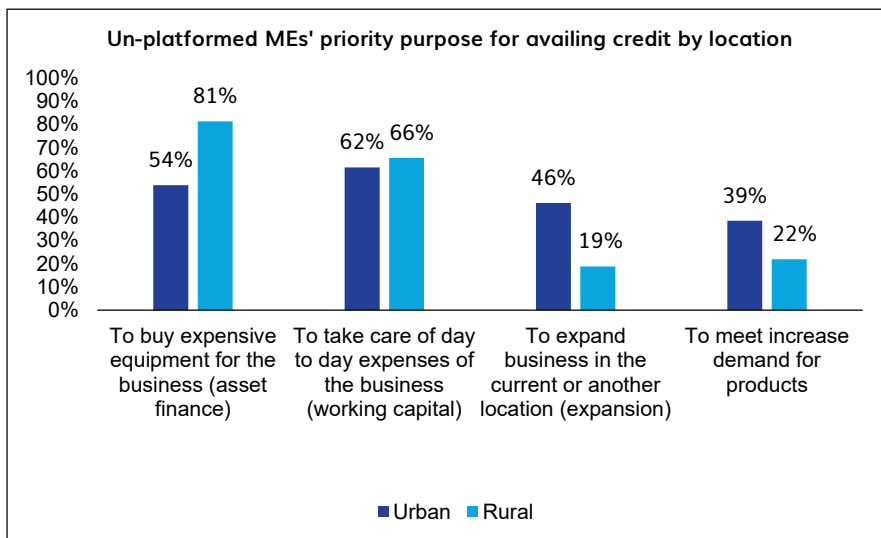
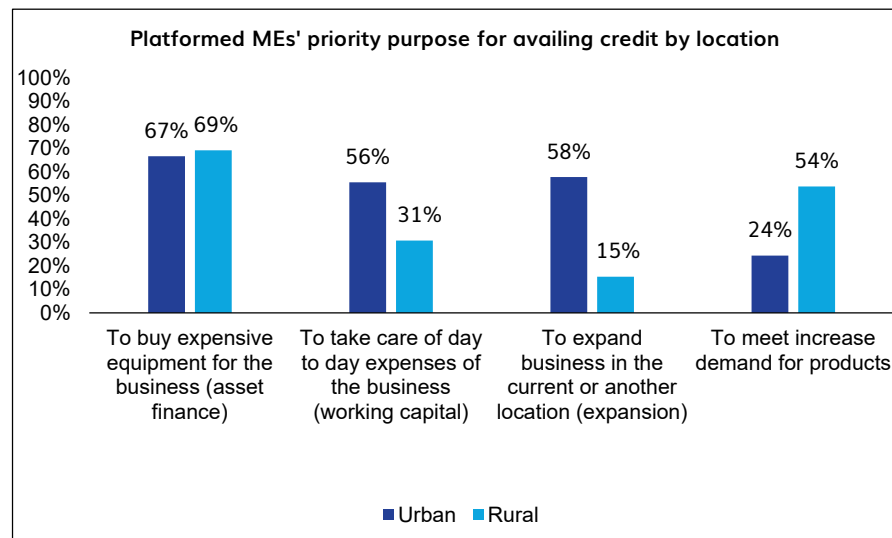
- 77% of unplatformed male microentrepreneurs prioritize credit for assets accumulation and daily expenses. 31% prioritize business expansion, and 19% prioritize ways to meet increased demand. 47% of their female counterparts show a lower preference for daily expenses. For platformed microentrepreneurs, 67% men and women prioritize assets. 67% of women exhibit a higher focus on business expansion compared to 45% of men. Working capital is not a primary priority for both genders, with a higher emphasis among men at 55% than women at 22%.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Distinct credit priorities influenced by both platform status and geographic location:

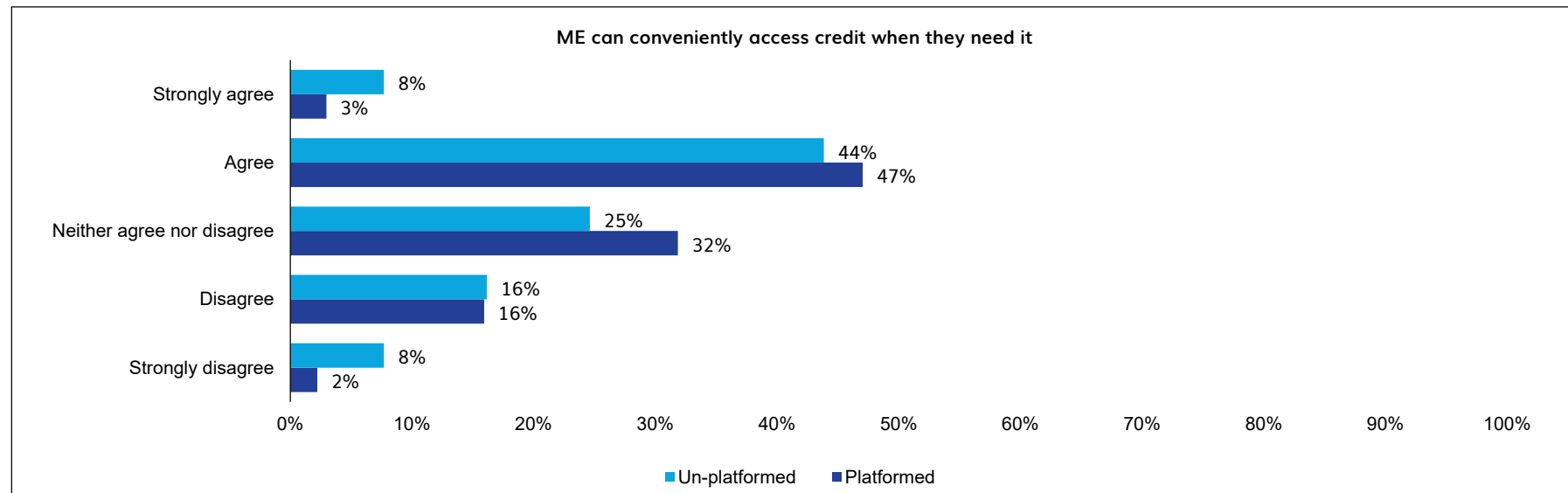
- 58% of platformed microentrepreneurs in urban areas prioritize credit for business expansion. 24% prioritize ways to meet increased demand more than their rural counterparts. 69% of rural platformed microentrepreneurs emphasize equipment purchase, and 31% prioritize daily expenses as primary concerns. Conversely, 81% of unplatformed microentrepreneurs in rural locations prioritize equipment acquisition, and 66% focus on daily expenses more than urban areas. Expansion is less of a priority for unplatformed microentrepreneurs, with a significant difference between 46% of urban microentrepreneurs and 19% of rural ones.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Digital platforms can ease credit access for microentrepreneurs.

- Platformed microentrepreneurs find it relatively easier to access credit when needed, where 47% agree and an additional 3% strongly agree. In contrast, unplatformed microentrepreneurs show a slightly lower level of agreement at 44%. However, a higher proportion of 8% strongly disagree compared to platformed microentrepreneurs at 2%. This indicates that a digital platform may provide better opportunities to access credit, while unplatformed microentrepreneurs face more significant challenges in credit acquisition.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Interest rate is the primary concern in most cases, irrespective of the platform used.

- Platformed microentrepreneurs showcase distinct patterns when they borrow credit. While interest rates remain crucial across all domains, 33% for asset finance, 48% for working capital, and 43% for business expansion, the duration of loan repayment gains prominence, especially for asset finance at 13% and business expansion at 14%. Flexibility in payment schedules is a notable consideration for business expansion at 4%. Additionally, platformed microentrepreneurs express a heightened concern for the total repayment amount, with percentages that range from 21% for business expansion to 36% for asset finance.

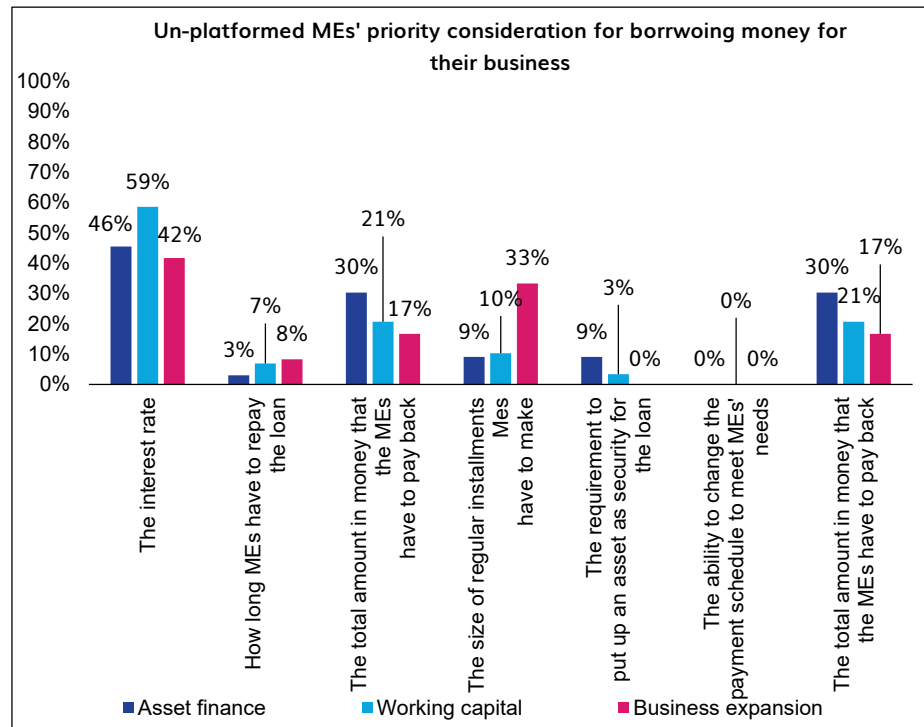
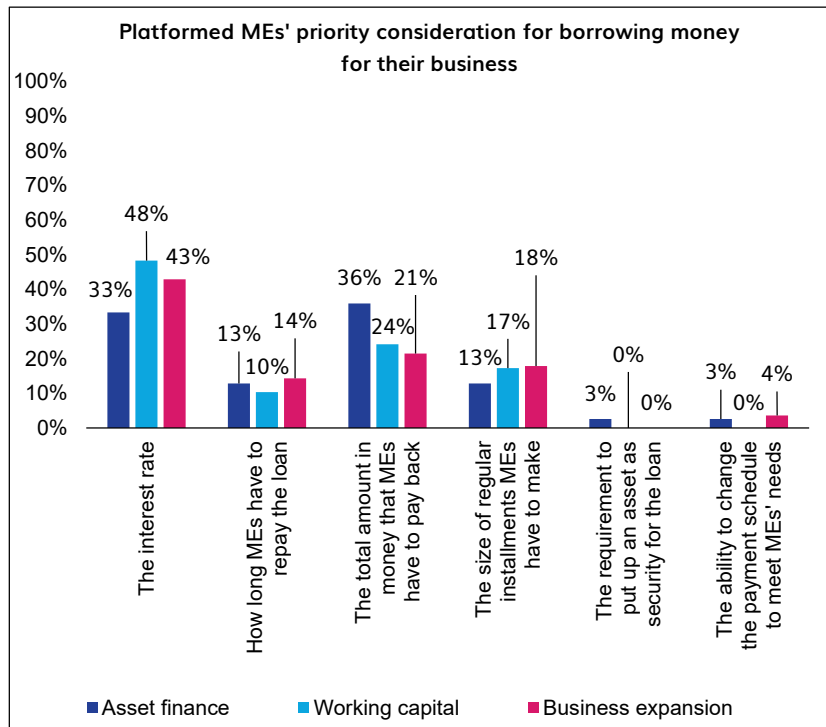
On the other hand, the survey on the borrowing preferences of unplatformed microentrepreneurs revealed a predominant emphasis on interest rates across all categories, 46% for asset finance, 59% for working capital, and 42% for business expansion. The total repayment amount is another vital consideration, particularly notable for asset finance at 30%, but less significant for working capital at 21% and business expansion at 17%. Interestingly, the loan repayment duration holds a relatively lower priority, with single-digit percentages for all categories.

Microentrepreneurs exhibit a noteworthy concern for the size of regular installments, particularly pronounced in the context of business expansion, where 33% prioritize manageable payment structures.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondence drive platform attrition.

The interest rate is the primary concern in most cases, irrespective of the platform used.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondence drive platform attrition.

Microentrepreneurs exhibit strong comprehension of platform terms, fees, and data usage.



64% of female microentrepreneurs and 85% of male microentrepreneurs, from 71% of rural and 68% urban locations, agree that they read the terms and conditions carefully on the app before they sign up for the platform.



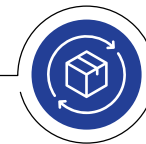
52% of female microentrepreneurs and 60% of male microentrepreneurs from 75% of rural and 54% urban locations agree that they are fully aware of and understand the fees charged by the digital platforms they use.



63% of female microentrepreneurs and 59% of male microentrepreneurs from 73% of rural and 56% urban locations agree that they understand how the platform uses the data that they have provided to them.



For logistics users, 50% of female users strongly agree that they understand how much time they are required to be active on the platform. Additionally, 70% of male users agree with this statement, with 57% from rural locations and 69% from urban locations.



For retail trade, 67% female and 66% male users from 76% of rural and 62% of urban locations strongly agree that they understand how the platform handles cases where they need to return faulty goods.

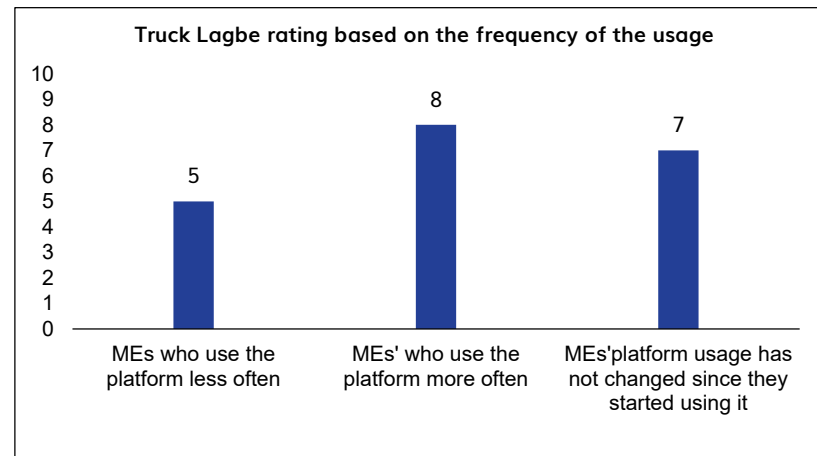
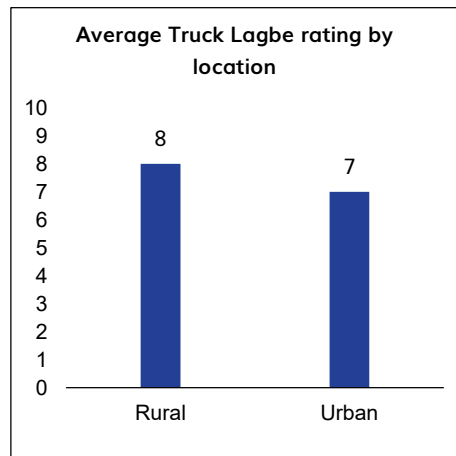
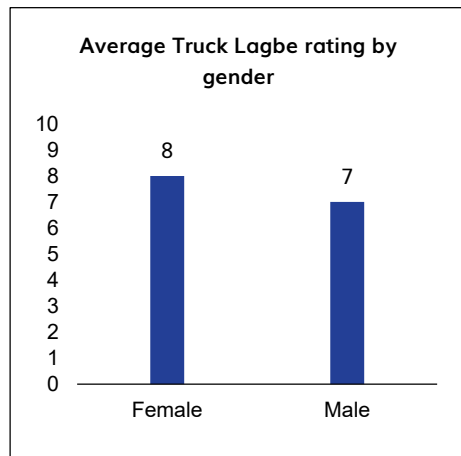
Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Microentrepreneurs' rating on the platform:

- On average, female microentrepreneurs' experiences are better than those of men in the platforms, when asked if they would recommend platforms to others.

Truck Lagbe:

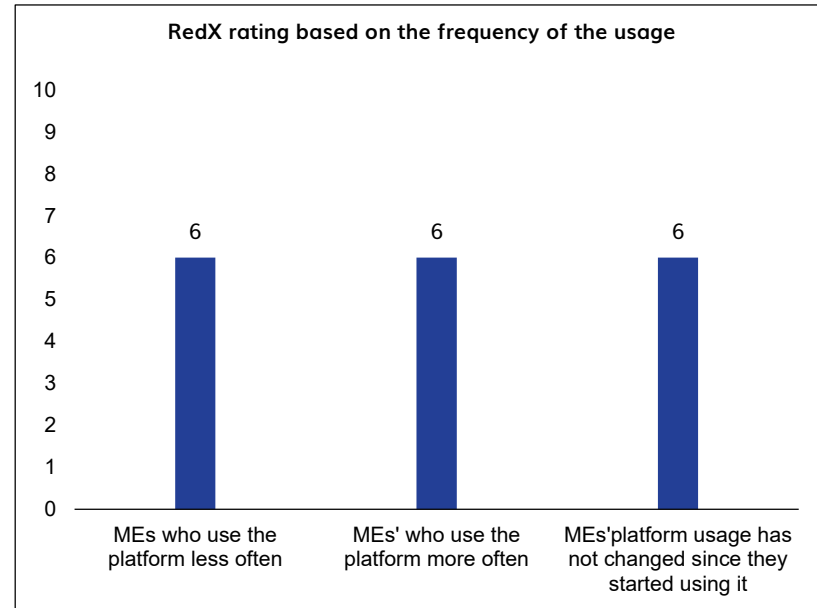
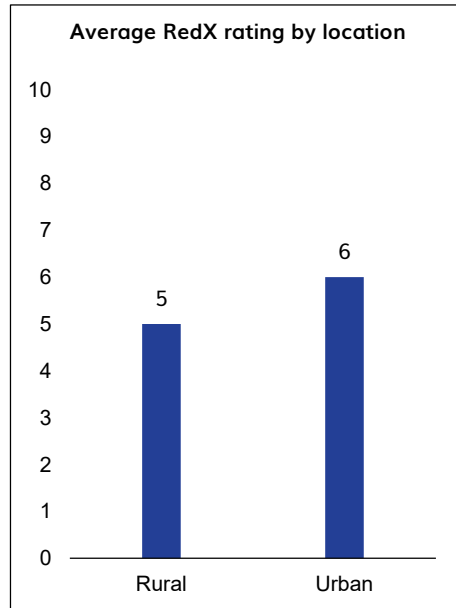
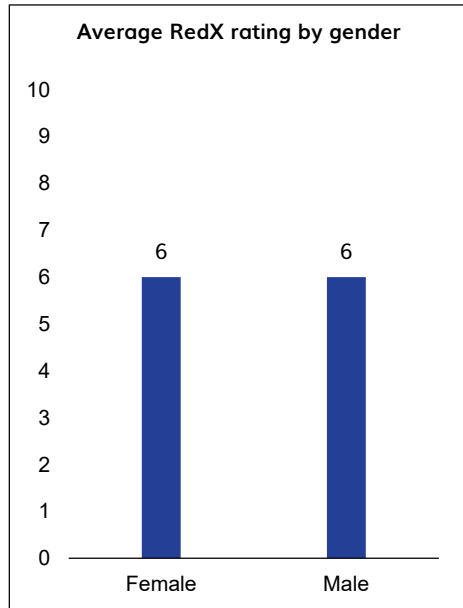
- The average Truck Lagbe rating is higher for women at 8, compared to men at 7. This indicates a positive perception among female users. Rural users also give Truck Lagbe a higher rating of 8 compared to urban users at 7. Interestingly, microentrepreneurs who use the platform more often rate Truck Lagbe the highest at 8, which suggests a positive correlation between the frequency of usage and satisfaction.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

REDX:

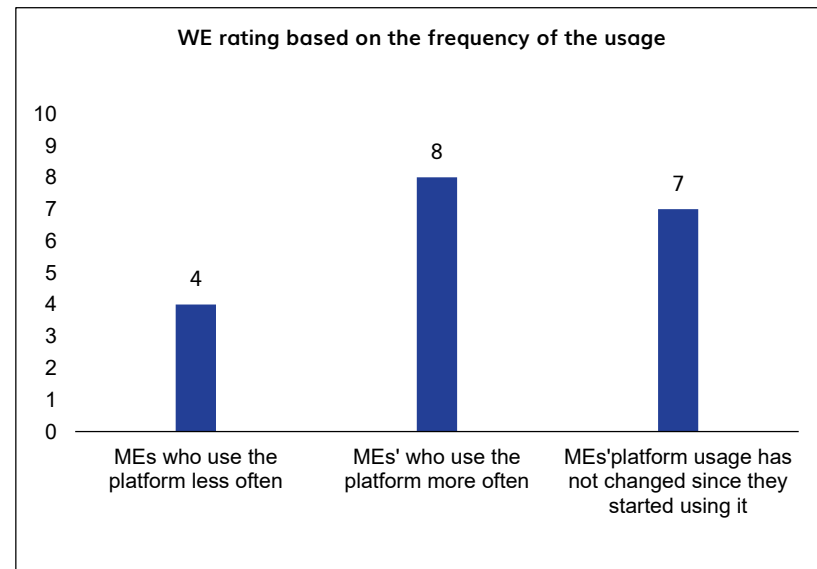
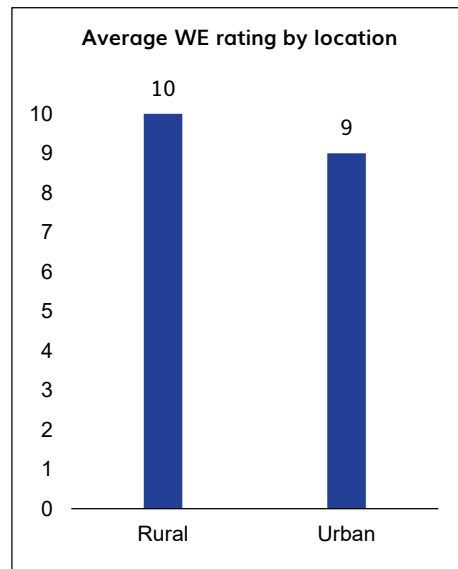
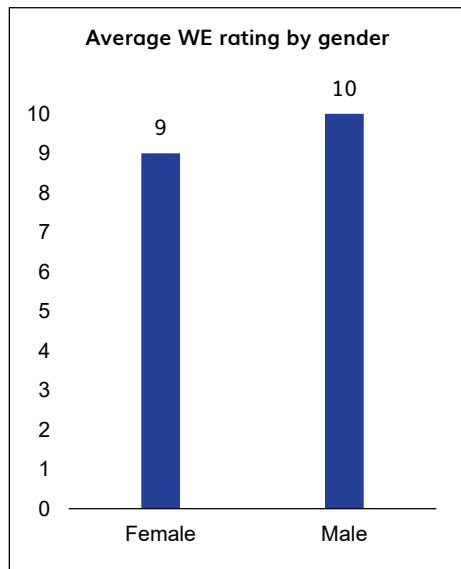
- The average REDX rating is consistent across genders, with both women and men giving it a rating of 6. However, urban users give REDX a higher rating of 6 compared to rural users at 5. Remarkably, the REDX rating remains the same at 6, irrespective of the frequency of platform usage.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

WE:

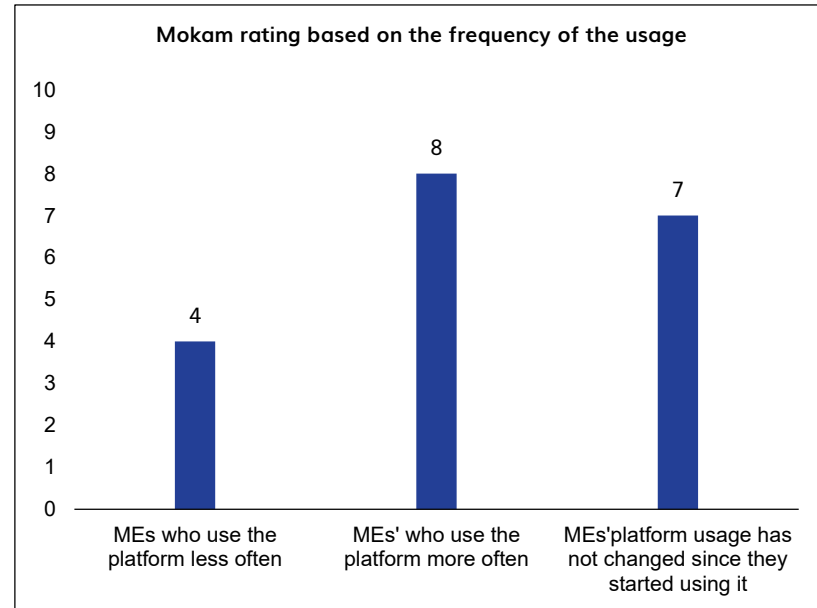
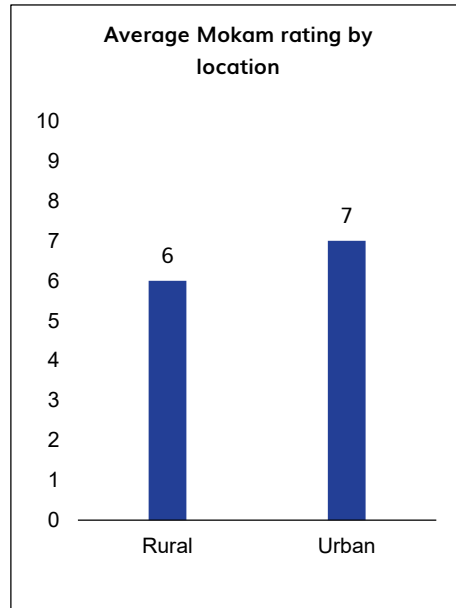
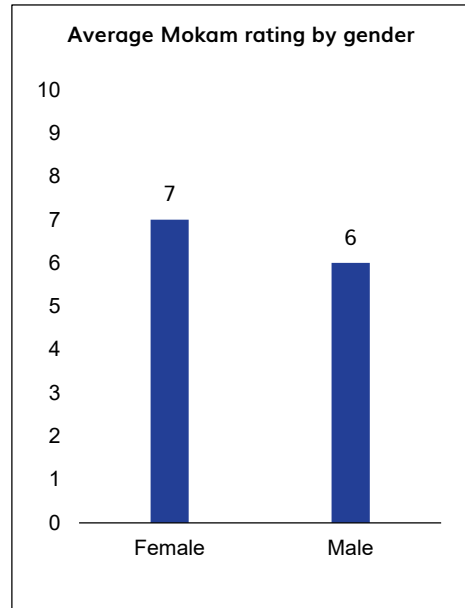
- The average Women and e-commerce Forum (WE) rating suggests a higher preference among men, who rate it 10, compared to women at 9. This indicates a positive perception among male users. Rural users give WE a higher rating of 10 compared to urban users at 9. Surprisingly, microentrepreneurs who use the platform less often give WE a lower rating of 4, while those who use it more often and those whose usage has remained unchanged rate it higher at 8 and 7, respectively.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Mokam:

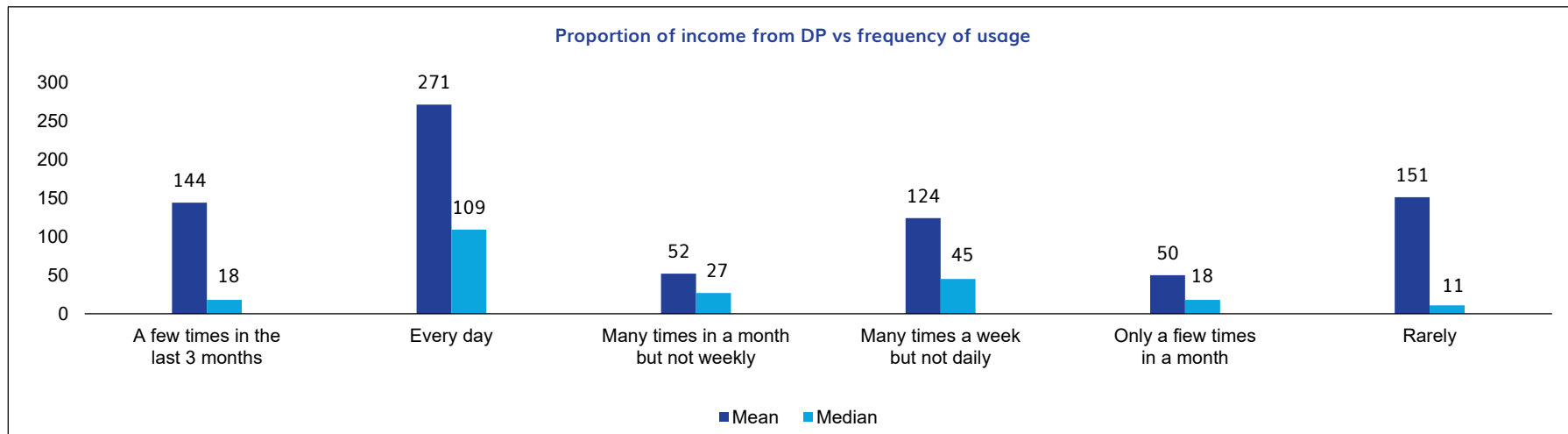
- The average Mokam rating shows a preference among women at 7 compared to men at 6. This suggests a positive perception among female users. Urban users also give Mokam a higher rating of 7 than rural users at 6. Interestingly, microentrepreneurs who use the platform more often give Mokam the highest rating of 8.



Microentrepreneurs' lack of clarity, discord with terms and conditions, and dissatisfaction with platform correspondences drive platform attrition.

Daily platform use correlates with higher, more consistent earnings:

- This data presents the mean and median incomes of users from a digital platform based on their frequency of usage. High-frequency users or those who use the platform every day, exhibit the highest mean income at USD 271 and a substantial median income of USD 109. This indicates a strong, consistent earning potential for regular users. In contrast, users with infrequent platform engagement, such as those using it "a few times in the last three months" or "rarely," show lower mean incomes of USD 144 and USD 151, respectively. However, they have notably low median incomes of USD 18 and USD 11, respectively, which suggests a wider disparity in earnings among these groups.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Platform engagement frequency classification:

- Most platformed microentrepreneurs we interviewed were frequent users.

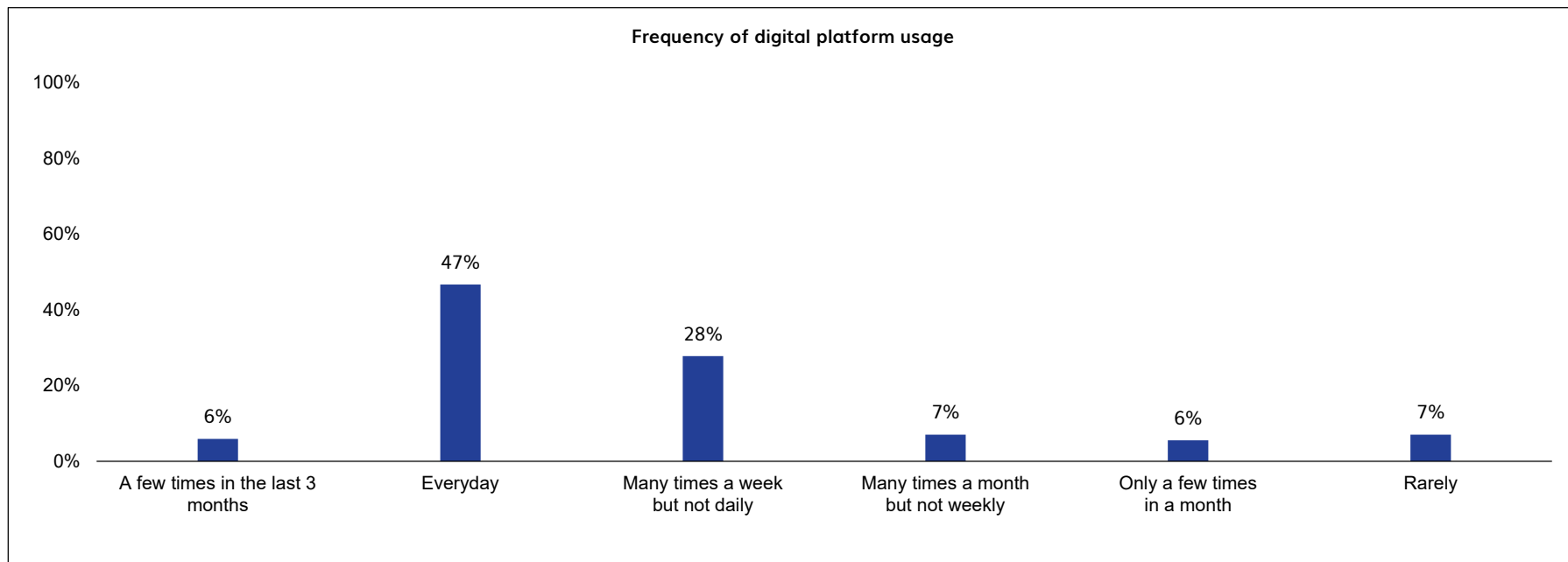
Particulars 	Frequent users 	Infrequent users 
Description	Use digital platforms at least "many times a month" to everyday	Use digital platforms "a few times a month" or less
Percentage	81%	19%
Count	220	50



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Daily users dominate digital platform engagement.

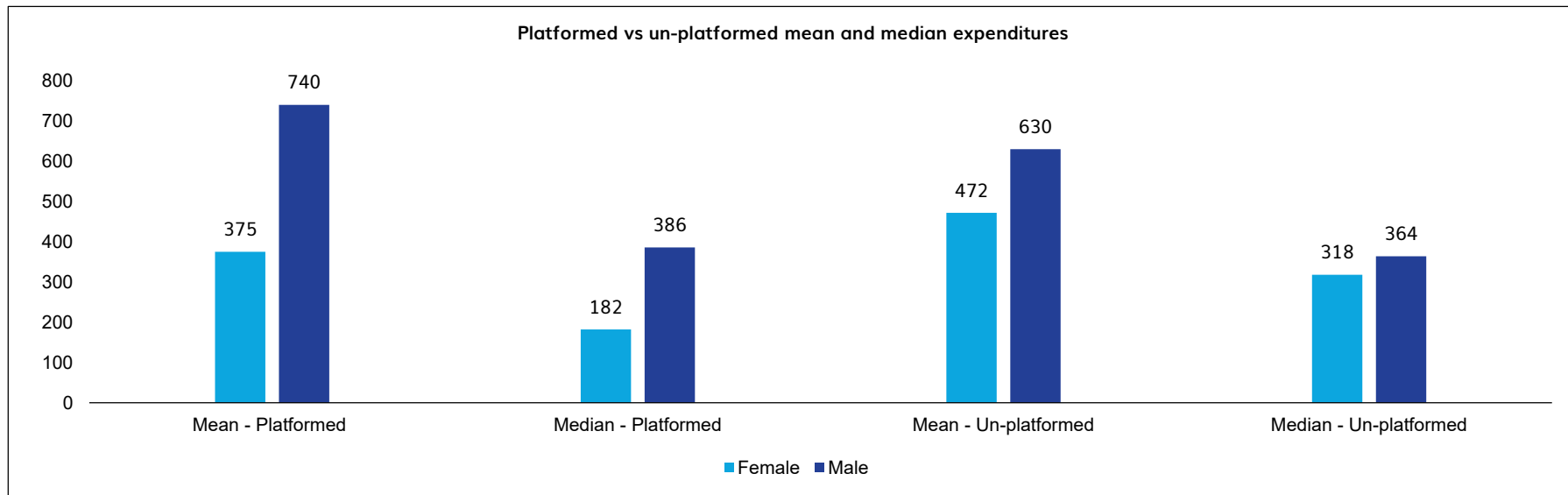
- The digital platform sees high engagement, with 47% of users who access it daily and 28% multiple times a week, which indicates a strong user retention rate. Less frequent usage is minimal, each under 7%.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Impact of gender and location on business spending:

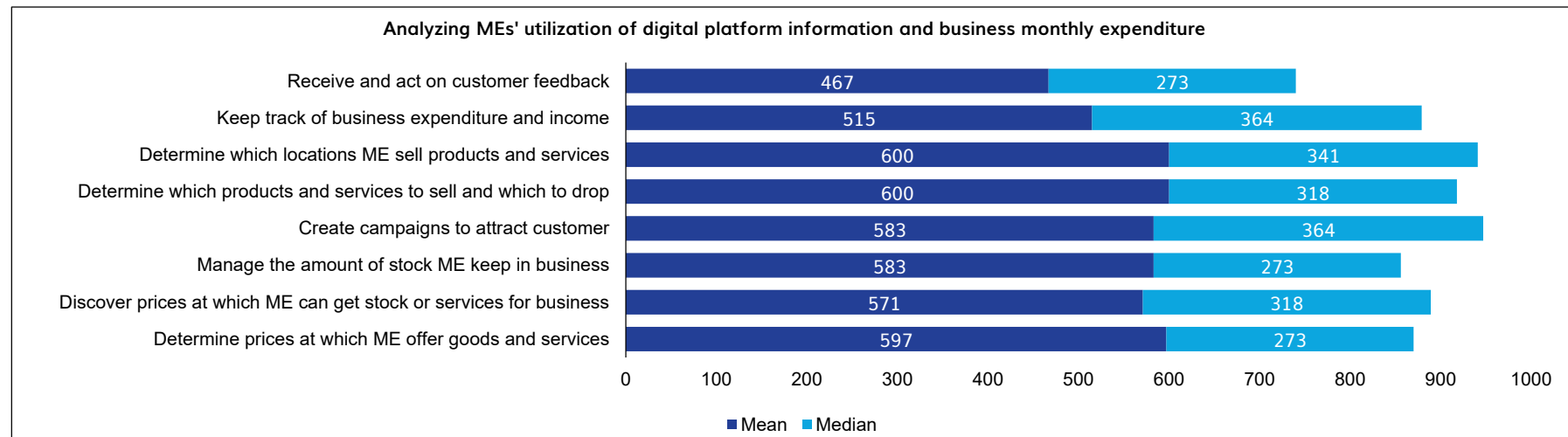
- Platformed female microentrepreneurs have a lower mean monthly business expenditure of USD 375 compared to unplatformed women at USD 472. The median expenditure for platformed women is also lower at USD 182 than that of unplatformed women at USD 318. For men, platformed microentrepreneurs have a higher mean monthly business expenditure of USD 740 and median expenditure of USD 386 compared to unplatformed men, where the mean is USD 630, and the median is USD 364.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Microentrepreneurs use digital platforms to determine prices, manage stocks, and track finances.

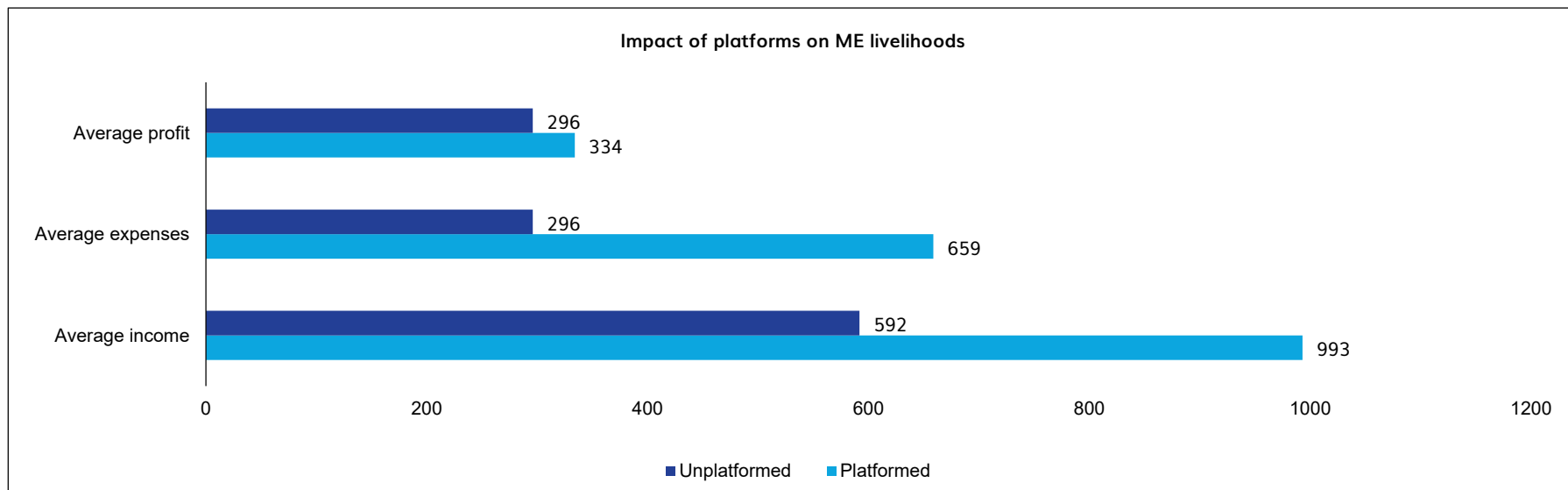
- The analysis reveals that microentrepreneurs rely heavily on digital platforms for crucial business decisions and financial management. Notably, they determine product prices with a mean of USD 597 and a median of USD 273. They select products and services to sell with a mean of USD 600 and a median of USD 318. These products are among the top priorities, which emphasize the strategic role of digital platforms when microentrepreneurs determine prices and select products. Additionally, microentrepreneurs actively use these platforms when they manage stocks with a mean of USD 583 and a median of USD 273, and when they track business expenditure and income with a mean of USD 515 and a median of USD 364.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Platforms boost income and profitability for microentrepreneurs.

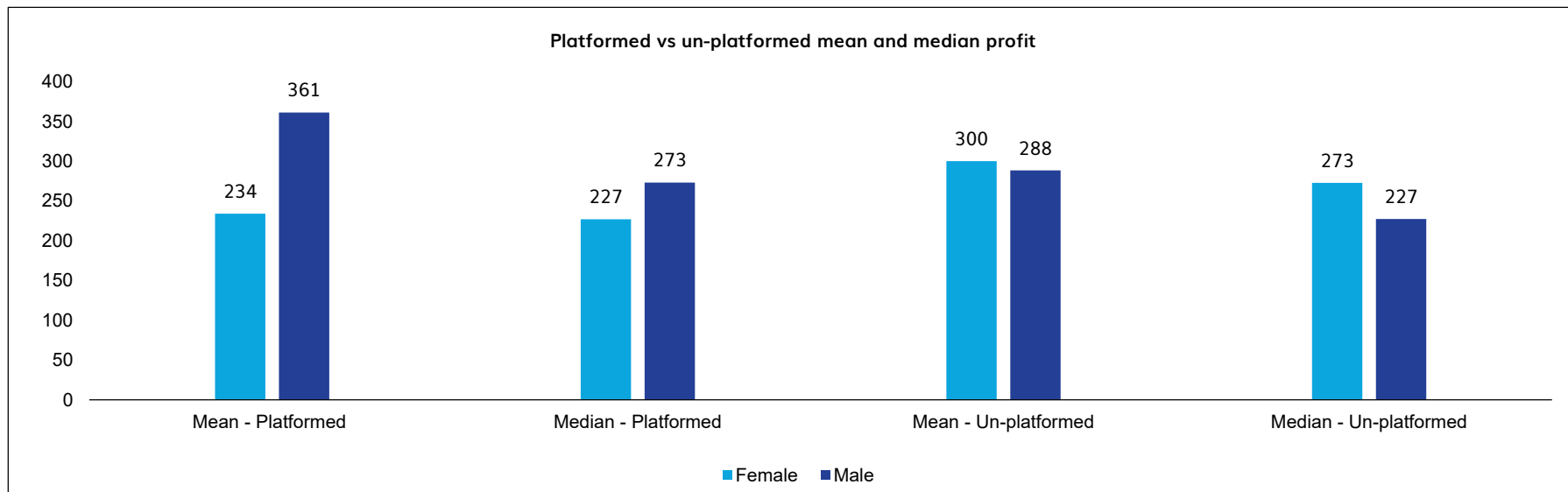
- Our findings suggest that digital platforms significantly enhance the livelihoods of microentrepreneurs as they increase the users' average income from USD 592 to USD 993 and their average profit from USD 296 to USD 334, despite higher expenses. This suggests that while platformed microentrepreneurs incur additional costs, the substantial rise in revenue more than compensates for the costs. This leads to improved profitability compared to their unplatformed counterparts.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Gender and regional contrasts in microentrepreneurs' earnings and expenditures:

- Platformed female microentrepreneurs have a lower mean monthly profit of USD 234 compared to unplatformed women at USD 300. However, the median profit for platformed women is slightly higher at USD 227 than that of unplatformed women at USD 273. For men, the mean and median profits are higher for platformed microentrepreneurs at USD 361 and USD 273, respectively, compared to unplatformed men, where the mean is USD 288, and the median is USD 227.

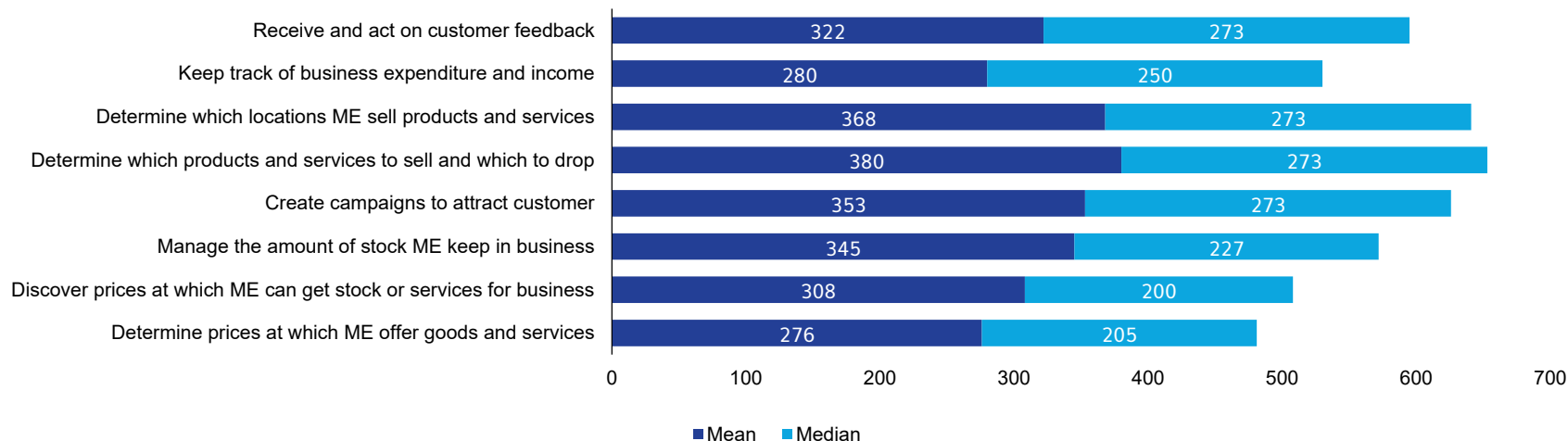


Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Microentrepreneurs harness digital platforms for strategic decisions and operations:

- Microentrepreneurs find digital platforms valuable for various business aspects. Notably, they determine which products and services to sell and where to sell them. This action has a higher mean of USD 380 and a median of USD 273, which showcases the strategic role of digital platforms in product and market decisions. Additionally, microentrepreneurs actively use digital platforms to manage a stock, with a mean of USD 345 and a median of USD 227. This creates customer-attracting campaigns with a mean of USD 353 and a median of USD 273.

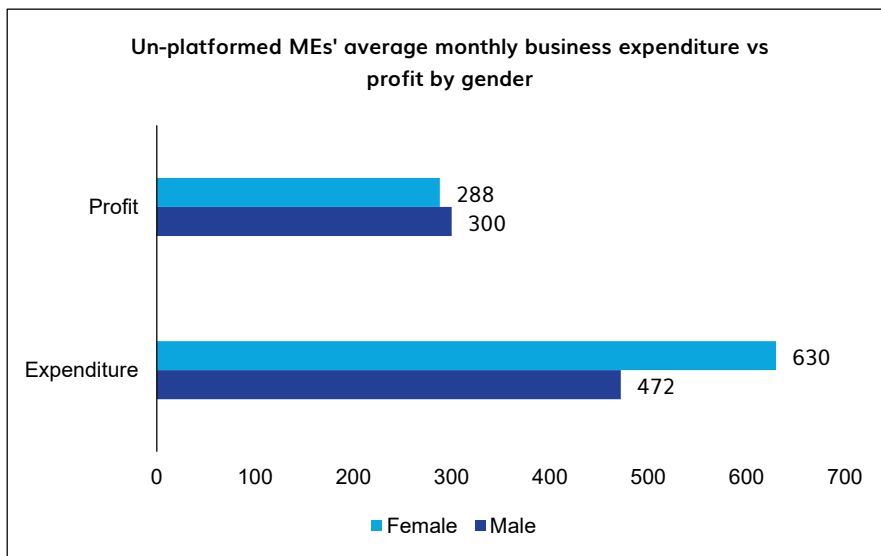
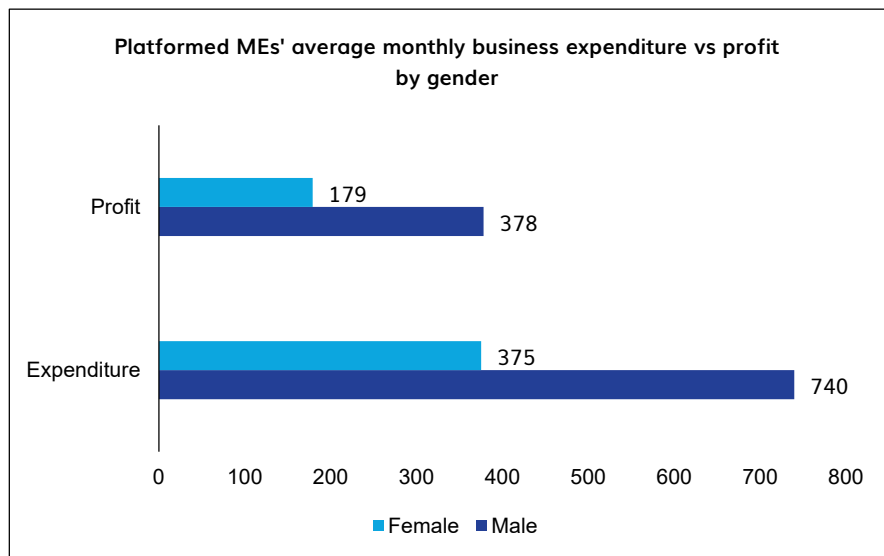
Analyzing MEs' utilization of digital platform information and business monthly earning



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Platformed and unplatformed microentrepreneurs' average expenditure vs income comparison in terms of gender:

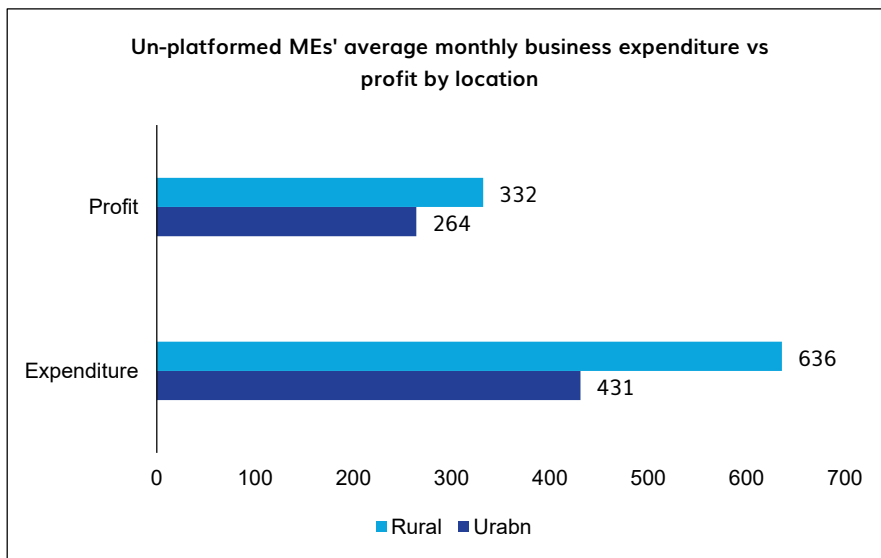
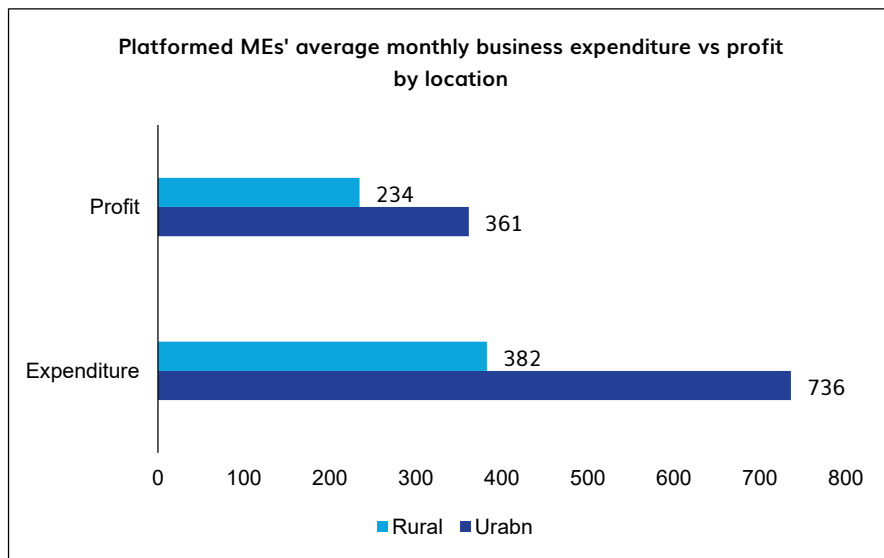
- In the platformed microentrepreneur sector, men exhibit higher average monthly business expenditures of USD 740 compared to women at USD 375. Men's profits are higher at USD 378 compared to women's at USD 179. On the other hand, for unplatformed microentrepreneurs, men have lower average monthly business expenditures of USD 472 compared to women at USD 630, and their profits are higher at USD 300 compared to women at USD 288.



Sustained engagement with platforms results in a deeper and more beneficial participation in digital ecosystems.

Platformed and unplatformed microentrepreneurs' average expenditure vs income comparison in terms of location:

- For unplatformed microentrepreneurs, those in rural locations exhibit higher average monthly business expenditures at USD 636 compared to those in urban areas at USD 431. Yet, rural profits are also higher at USD 332 compared to urban profits at USD 264. Conversely, platformed microentrepreneurs in urban areas have higher average monthly business expenditures of USD 736 and higher profits of USD 361 compared to their rural counterparts, who have lower expenditures of USD 382 and profits of USD 234.



Sustained engagement with platforms results in deeper and more beneficial participation in digital ecosystems.

The findings suggest strong alignment in reported business finances and perceived net profit or loss across demographics.

In the case of platformed microentrepreneurs, 98% of women and 99% of men, and 100% of microentrepreneurs in rural and 98.6% of microentrepreneurs in urban locations, affirm that their net profit or loss aligns with their reported business income and expenses. In the case of unplatformed microentrepreneurs, 98% of male and female microentrepreneurs, and 99% of microentrepreneurs in urban and rural locations also had the same opinion. These results suggest a strong correlation between reported business finances and perceived net profit or loss across gender and location categories.

Multiple sources of income



- In the case of platformed microentrepreneurs, 68% female and 79% men, from 66% in the rural location and 77% in the urban location, said their business is their only source of income. For unplatformed microentrepreneurs, 78% female and 79% male, from 75% in the rural location and 81% in the urban location, had the same opinion.

Response to shocks



- Most platformed microentrepreneurs, 67% female and 49% male, from 46% in the rural location 54% in the urban location, said they can quickly borrow money from friends and family in response to any shock. In the case of unplatformed microentrepreneurs, 42% female and 35% male, from 31% in the rural location 43% in the urban location, also had the same opinion.

Platforms create new capacities and optimize existing capacities for owners and operators of microenterprises, which enables them to grow and operate their enterprises more effectively.

Although users adopt divergent digital platforms, the common trend is to segregate business finances.

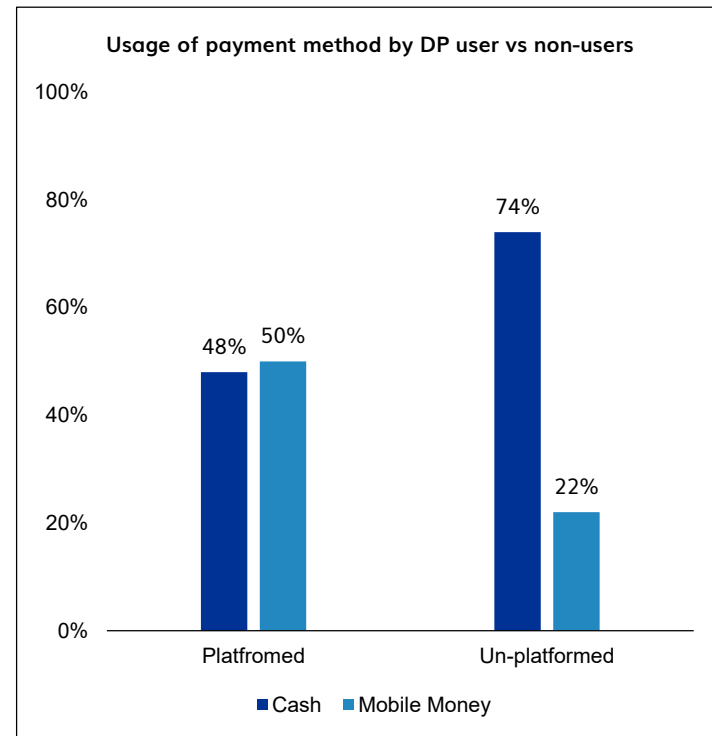
- Of the microentrepreneurs who use digital platforms less often than they used to use, 75% of them track their business and personal funds separately. 97% of the microentrepreneurs who use the digital platforms more often than before track their business and personal funds separately. 90% of the microentrepreneurs whose usage behavior has not changed ever since they started using the platform also had the same opinion. In the unplatformed base, 90% microentrepreneurs do not track their business and personal funds separately, as they mostly maintain a book where they note down money that comes in and out of the business.



Platforms create new capacities and optimize existing capacities for owners and operators of microenterprises, which enables them to grow and operate their enterprises more effectively.

Diverse payment choices: Cash versus mobile money in microentrepreneurs' behaviors:

- Of the microentrepreneurs who use digital platforms less often than they used to, 77% use cash to receive or make payments for the business. 64% of microentrepreneurs who use digital platforms more often than before, and 48% of the microentrepreneurs whose usage behavior has not changed ever since they started to use the platform, respectively, use mobile money, such as bKash or Rocket, to receive or make payments for the business. 54% of rural microentrepreneurs tend to use cash. However, 53% of microentrepreneurs in urban locations prefer to use mobile money, such as bKash or Rocket, to receive or make payments for their business. Interestingly, female users prefer mobile money at 67% in comparison to their male counterparts. Male microentrepreneurs prefer cash in this regard. On the other hand, in the case of unplatformed microentrepreneurs, 75% male and 73% female prefer to use cash for the payments they receive and make. 81% of the microentrepreneurs in urban locations and 66% of their rural counterparts prefer to use cash to receive or make payments for their business.



Platforms create new capacities and optimize existing capacities for owners and operators of microenterprises, which enables them to grow and operate their enterprises more effectively.

Usage of surplus funds:

- Most of the microentrepreneurs, irrespective of being platformed, reinvest any surplus funds in the business after they have covered all their household needs. In the case of platformed microentrepreneurs, this includes 65% female microentrepreneurs and 61% male microentrepreneurs, with 73% in the rural location and 59% in the urban location. For unplatformed cases, this includes 62% female microentrepreneurs and 62% male microentrepreneurs, with 66% in the rural location and 59% in the urban location.



Impact



Does sustained participation in digital platforms contribute to the reduction of income volatility for microenterprises?



What challenges might microenterprises face if they become overly reliant on digital platforms?

How do digital platforms impact microenterprises' resilience and growth?

The impact of a digital platform depends on:

- **Enhanced resilience through platform engagement:**

Microenterprises benefit significantly when they engage with digital platforms and experience a reduction in income volatility.

- **Optimized capacities for efficient growth:**

Sustained participation in digital platforms minimizes financial uncertainties and creates and optimizes capacities for more efficient growth and operation of microenterprises.

- **Balancing reliance for sustainable success:**

While platform engagement is crucial, microenterprises must strike a balance to avoid overdependence, which can result in reduced resilience, limited flexibility, and diminished negotiating power.



Highlights of qualitative report findings

Platform engagement enhances the resilience capacities of microenterprises. It helps access to credit and promotes social selling as a key component of their business strategies.

Regular engagement with digital platforms, especially in social selling and transport and logistics, leads to increased income stability for loyal microenterprises.

In retail trade, sustained and consistent platform usage correlates with increased business revenue and profit. Some retail traders rely predominantly on physical distribution channels.



While microenterprises use logistics platforms and embrace digital transactions, they must avoid overreliance. Some businesses strike a balance through multiple channels and stay competitive in the digital era.

Microenterprises benefit from platforms that provide regular and consistent services, which ensure doorstep supply delivery. This reliability saves time and effort to source and contributes to the growth of the business.

Microenterprises that experience inconsistent growth or unmet expectations leave the platform. The success of these enterprises on the digital platform is contingent on the platform's ability to deliver tangible benefits and support their growth trajectories.

Summary of this section



Female platformed microentrepreneurs are less inclined to take credit compared to men. In the unplatformed segment, men are more reluctant than women. Rural platformed microentrepreneurs and urban unplatformed microentrepreneurs also show a higher reluctance to avail credit.



Platformed men prefer bank credit, while platformed women lean toward family support. Unplatformed men also favor banks, but women opt more for local lenders.



Platformed microentrepreneurs generally express satisfaction with available borrowing amounts, while unplatformed microentrepreneurs show a more mixed response. This reflects different levels of contentment with credit facilities.

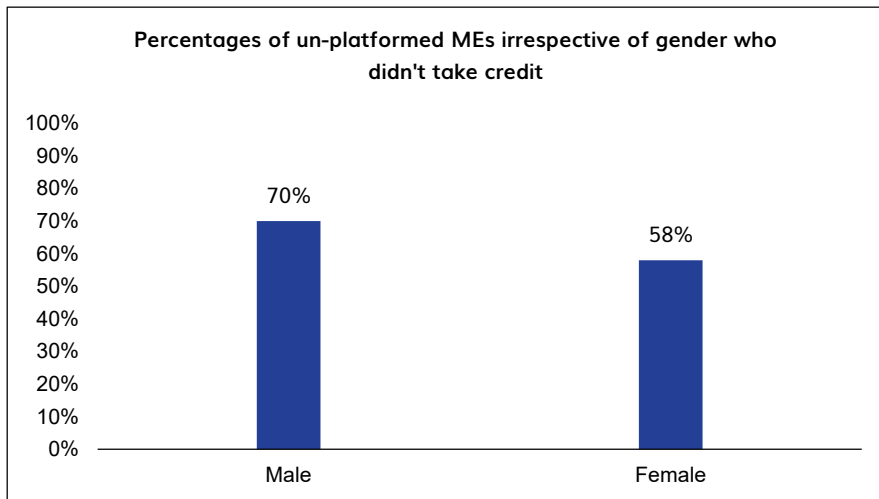
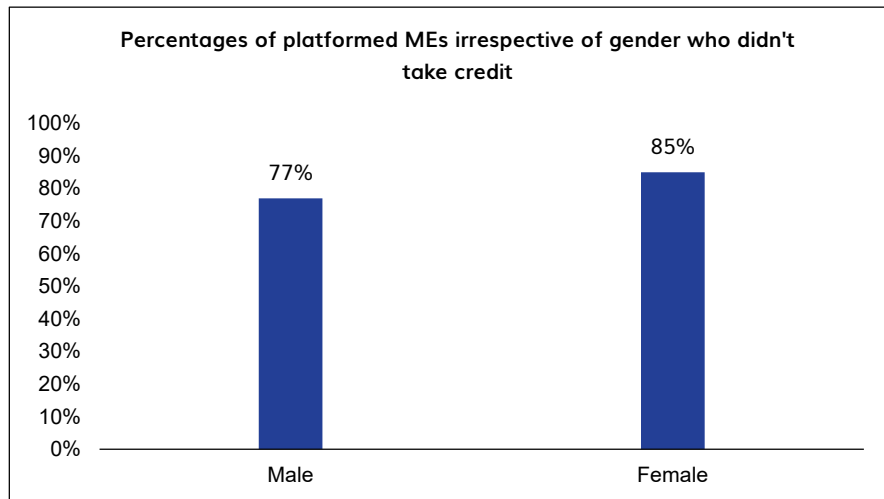


Dissatisfaction with interest rates is more pronounced among microentrepreneurs who have decreased their digital platform usage, whereas those who use platforms more frequently or maintain consistent usage exhibit varied levels of satisfaction with interest rates.

Platform engagement contributes to the resilience capacities of microenterprises.

Tendency to avail credit:

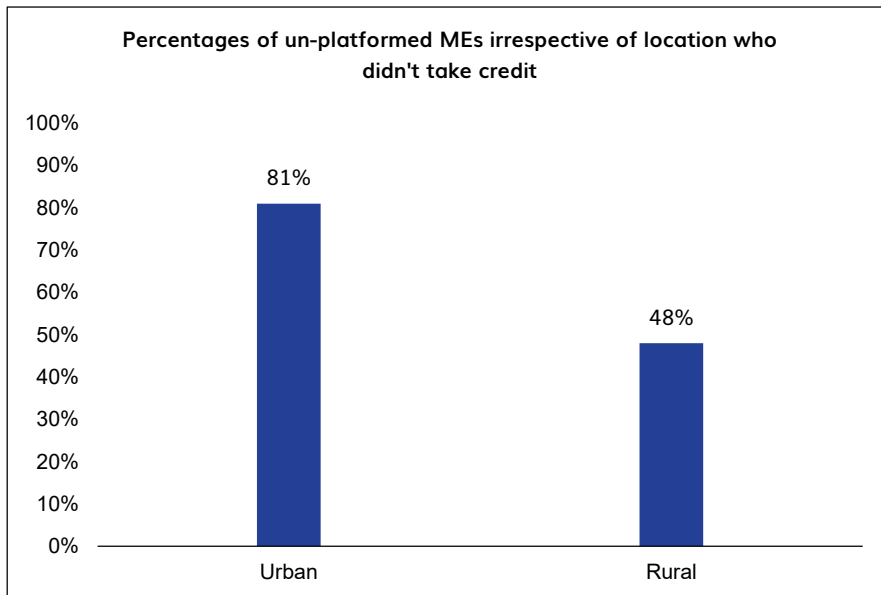
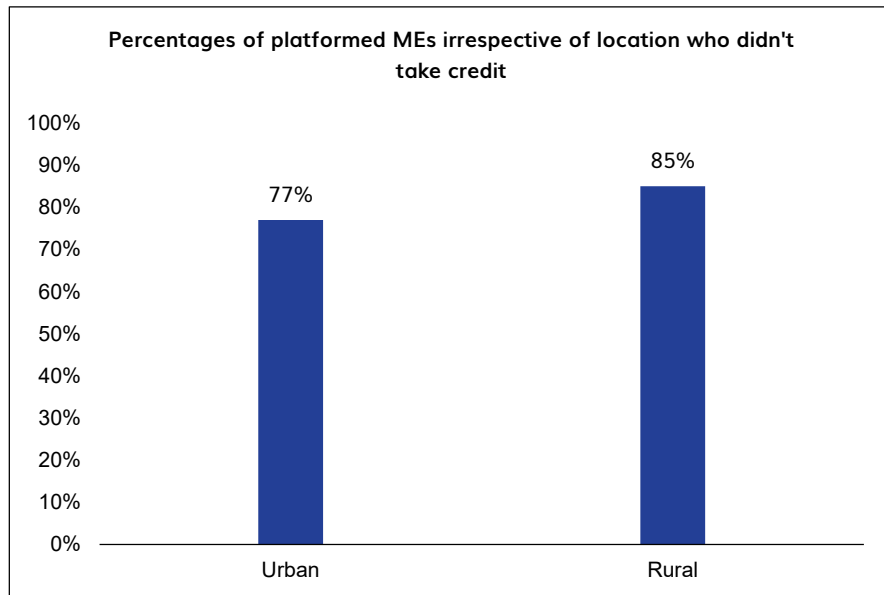
- 74% of the total number of microenterprises never received credit in any form; only 26% did.
- Only 22% platformed microenterprises received credit, and the rest of the 78% did not. For the unplatformed microenterprises, 35% received credit and 65% did not.
- 85% of female platformed microentrepreneurs refrained from taking credit compared to 77% of their male counterparts. In contrast, among unplatformed microentrepreneurs, 70% of men did not take credit compared to 58% of women.



Platform engagement contributes to the resilience capacities of microenterprises.

The tendency to avail of credit continues:

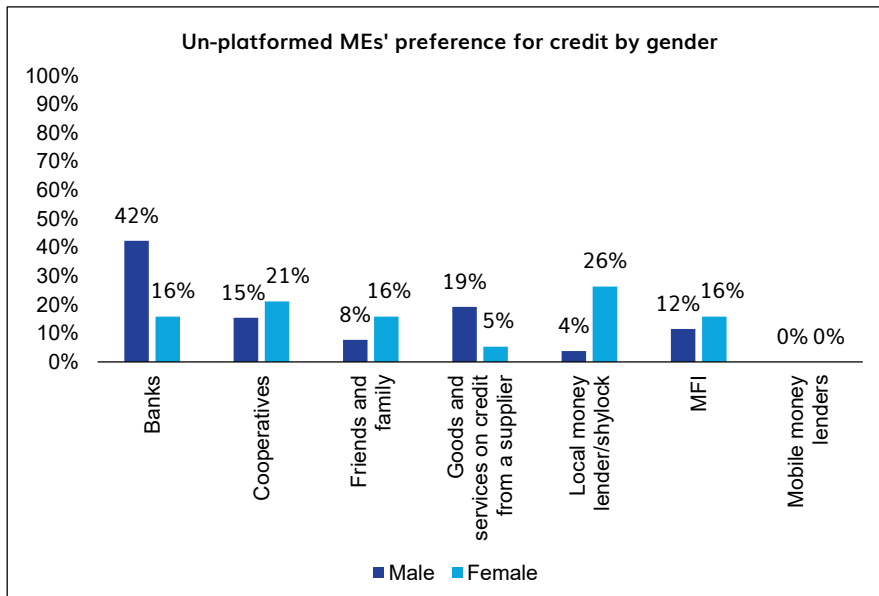
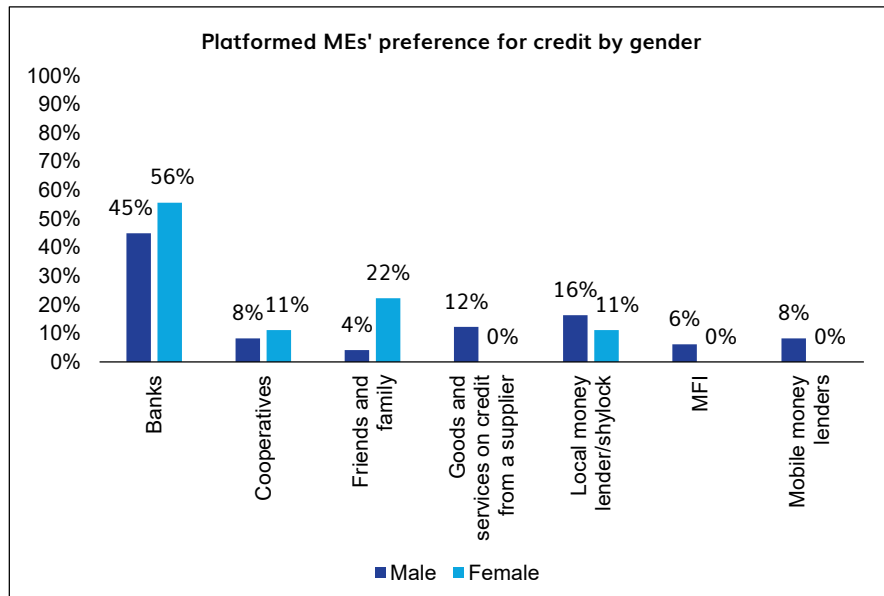
- 85% of platformed microentrepreneurs in rural areas refused to take credit compared to their urban counterparts at 77%. In contrast, among unplatformed microentrepreneurs, a significantly lower 48% in rural areas did not take credit compared to those in urban areas at 81%.



Platform engagement contributes to the resilience capacities of microenterprises.

Choices to source credit:

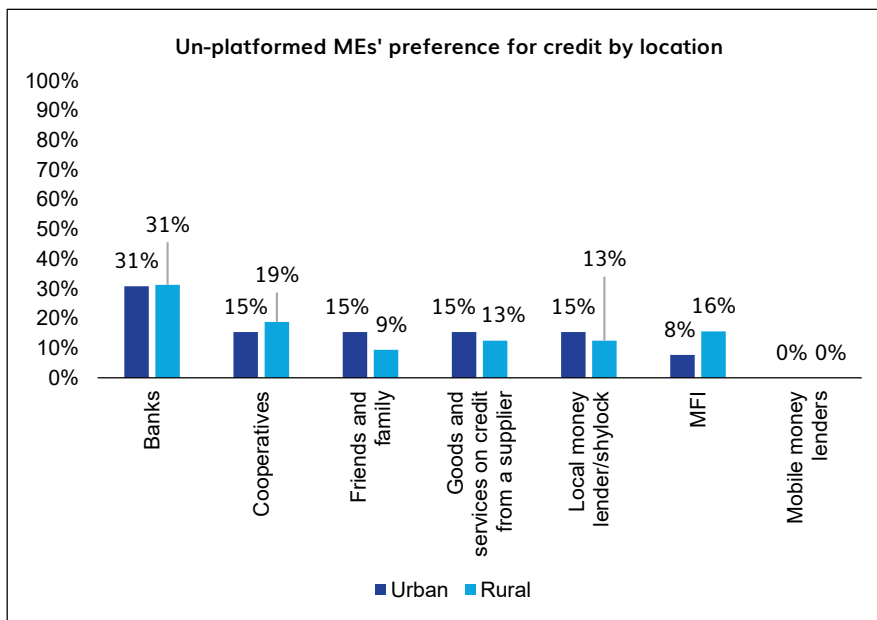
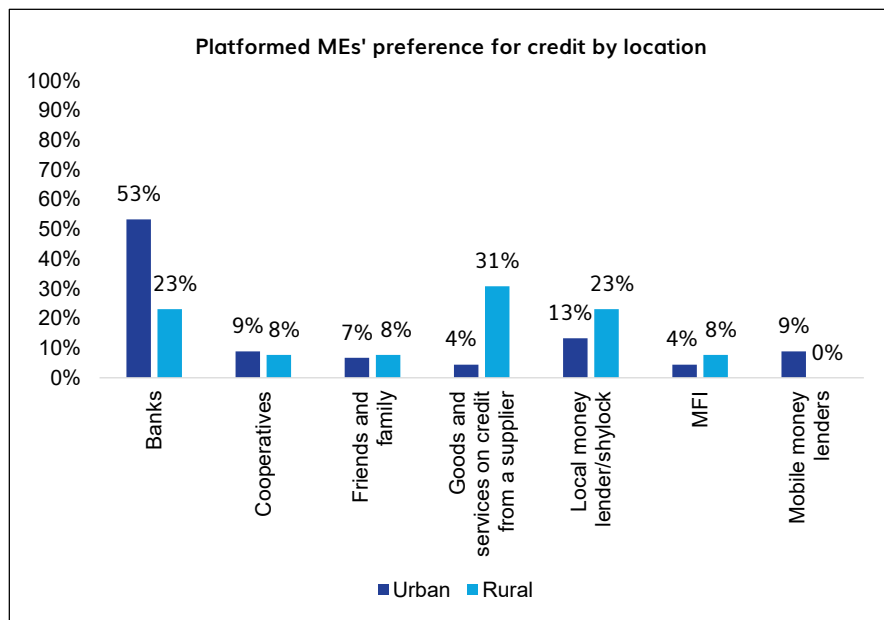
- When we examined credit preferences among Bangladeshi microentrepreneurs, our study revealed gender differences. Platformed women prefer formal banking and cooperatives, while men use a wider range of sources, which includes suppliers and mobile money lenders. Conversely, unplatformed women rely heavily on informal sources, which indicates a need for targeted support.



Platform engagement contributes to the resilience capacities of microenterprises.

Credit sourcing choices:

- Platformed microenterprises in urban areas prioritize formal banking at 53%, while those in rural areas prioritize credit from suppliers. However, unplatformed microentrepreneurs across all settings prefer credit from banks.



Platform engagement contributes to the resilience capacities of microenterprises.

Credit use depth index:

Questions 	Scoring 	Classifications 
Have you ever borrowed money?	Yes = 1 No = 0	0--2 Low 3 Medium Above 4 High
Did you borrow for personal or business purposes?	Personal = 1 Business = 1 Both = 2	
Which of the following have you ever borrowed money from?	1	

Platform engagement contributes to the resilience capacities of microenterprises.

Credit use depth index for platformed microentrepreneurs:

Questions 
Have you ever borrowed money?
Did you borrow for personal or business purposes?
Which of the following have you ever borrowed money from?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	212	78.5%	337	401
Medium (in between)	55	20.4%	323	184
High	3	1.1%	273	0
Total	270	100%	334	365

Platform engagement contributes to the resilience capacities of microenterprises.

Credit use depth index for unplatformed microentrepreneurs:

Questions 
Have you ever borrowed money?
Did you borrow for personal or business purposes?
Which of the following have you ever borrowed money from?



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	85	65.4%	273	253
Medium (in between)	40	30.8%	331	198
High	5	3.8%	409	198
Total	130	100%	296	237

Platform engagement contributes to the resilience capacities of microenterprises.

Analysis of credit use depth index:

Credit use and income correlation:



- Platformed microentrepreneurs with low credit use at 78.5% have a higher average income of USD 337 compared to unplatformed microentrepreneurs with low use at 65.4%, whose average income is USD 273. This suggests platformed microentrepreneurs can better use limited credit to generate income, possibly due to better access to financial management tools or resources.

Impact of medium credit use:



- Among microentrepreneurs with medium credit use, 30.8% unplatformed microentrepreneurs report a higher average income of USD 331 than 20.4% of their platformed counterparts, with an average income of USD 323. This indicates that unplatformed microentrepreneurs may be better at credit use for business growth, despite the digital platform support.

High credit use and income:

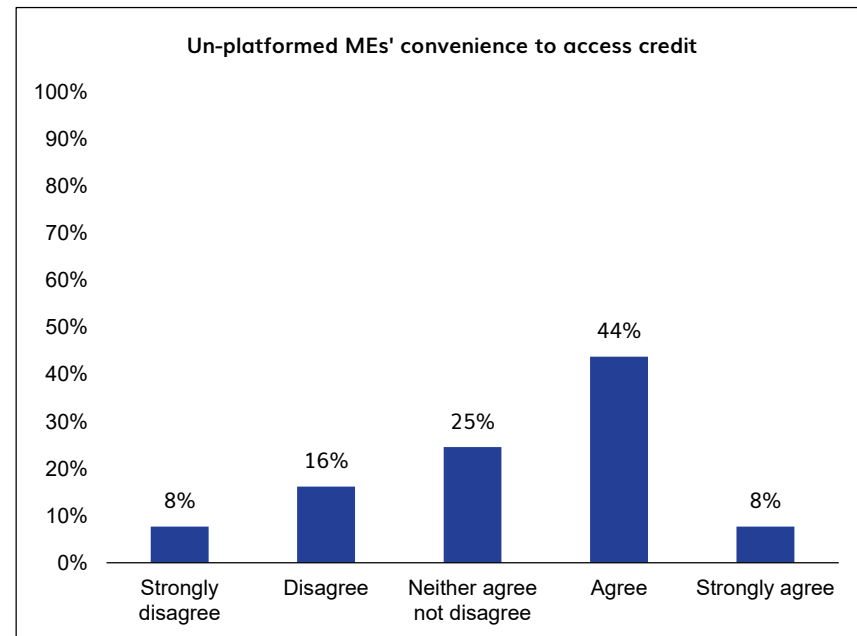
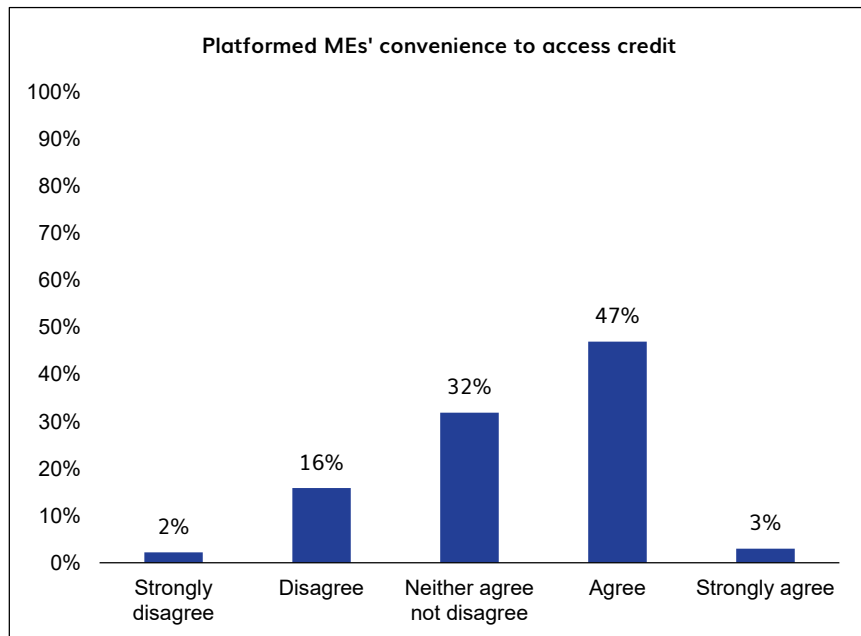


- High credit use is rare in both groups but yields the highest average income among 3.8% of unplatformed microentrepreneurs at USD 409 compared to 1.1% of platformed microentrepreneurs at USD 273. This highlights the potential for unplatformed microentrepreneurs to achieve greater income gains from extensive credit use, possibly due to more aggressive growth strategies or higher-risk, higher-reward investments.

Microenterprises that are active in online spaces are more likely to join digital platforms.

Convenience to access credit:

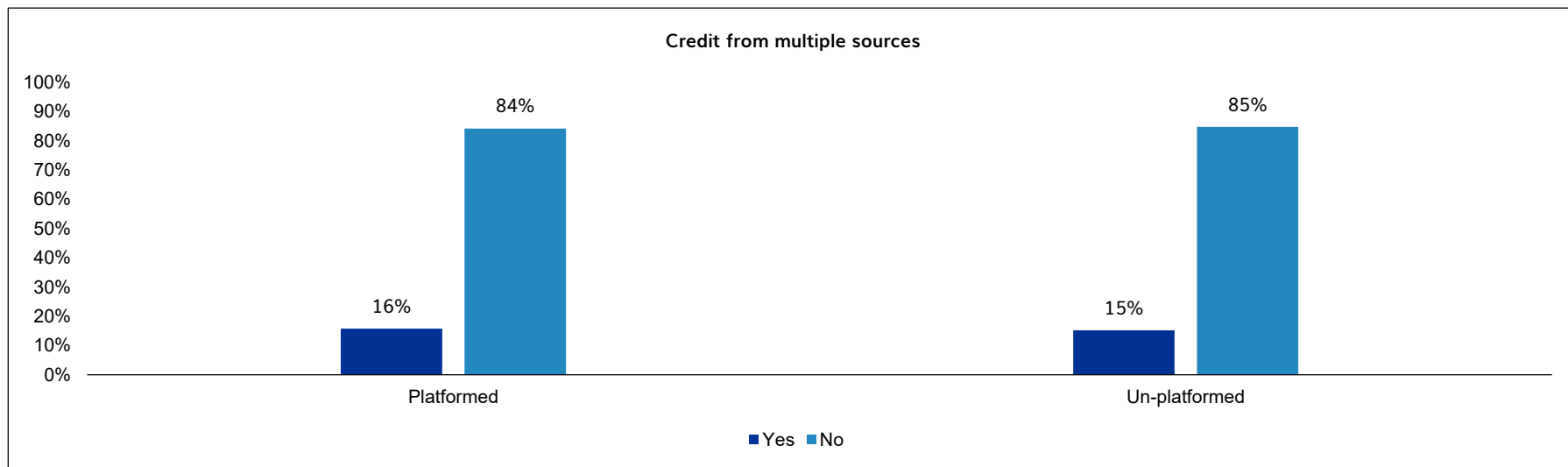
- Platformed microentrepreneurs view credit access as convenient and express their agreement. In contrast, unplatformed microentrepreneurs are less positive yet view credit access as convenient.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Microentrepreneurs show minimal diversity in credit sourcing, which indicates preferred or limited options:

- Platformed and unplatformed microentrepreneurs show similar patterns regarding credit sourcing, with a small minority (16% of platformed and 15% of unplatformed) sourcing credit from multiple channels. The vast majority do not diversify their credit sources (84% of platformed and 85% of unplatformed), which suggests that microentrepreneurs may have preferred lenders or limited access to multiple credit sources. This indicates a cautious approach to borrowing, potential barriers to accessing various credit lines, or satisfaction with a single source.



Microenterprises that are active in online spaces are more likely to join digital platforms.

Credit access index:

Questions 	Scoring 	Classifications 
Have you ever used credit provided by the digital platforms you currently use?	Yes = 1 No = 0	0--1 Low 2 Medium Above 3 High
Have you ever borrowed money?	Yes = 1 No = 0	
I can conveniently access credit when I need it.	Strongly agree/ agree = 2 Neutral = 1 Strongly disagree/ disagree = 0	

Microenterprises that are active in online spaces are more likely to join digital platforms.

Credit access index of platformed microentrepreneurs:

Questions 
Have you ever used credit provided by the digital platforms you currently use?
Have you ever borrowed money?
I can conveniently access credit when I need it.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low access	117	43.3%	376	479
Medium (in between)	105	38.9%	303	256
High access	48	17.8%	299	206
Total	270	100%	334	365

Microenterprises that are active in online spaces are more likely to join digital platforms.

Credit quality satisfaction index of platformed microentrepreneurs:

Questions 
Have you ever used credit provided by the digital platforms you currently use?
Have you ever borrowed money?
I can conveniently access credit when I need it.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low access	50	38.5%	330	298
Medium (in between)	52	40.0%	228	139
High access	28	21.5%	362	231
Total	130	100	296	237

Microenterprises that are active in online spaces are more likely to join digital platforms.

Analysis of credit access index:

Credit access distribution:



- A larger percentage of platformed microentrepreneurs report low credit access at 43.3%, yet they yield a higher average income of USD 376. However, unplatformed microentrepreneurs with low credit access at 38.5% report an income of USD 330. This suggests that platformed microentrepreneurs capitalize better on limited credit access due to more efficient financial tools or platforms at their disposal.

Medium and high credit access impact:



- Unplatformed microentrepreneurs with high credit access of 21.5% achieve a higher average income of USD 362 than 17.8% of platformed microentrepreneurs in the same category, with an income of USD 299. The unplatformed microentrepreneurs use credit access more effectively for business growth. Meanwhile, platformed microentrepreneurs with medium credit access have a lower average income of USD 303 than their unplatformed counterparts, that is, USD 228, which highlights a potential gap in using credit access to enhance business income.

Income variability related to credit access:

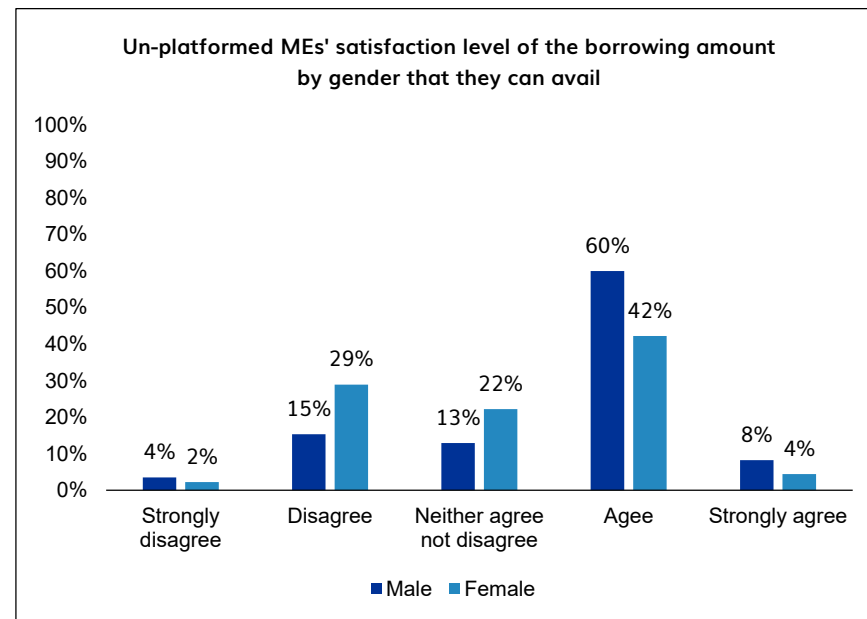
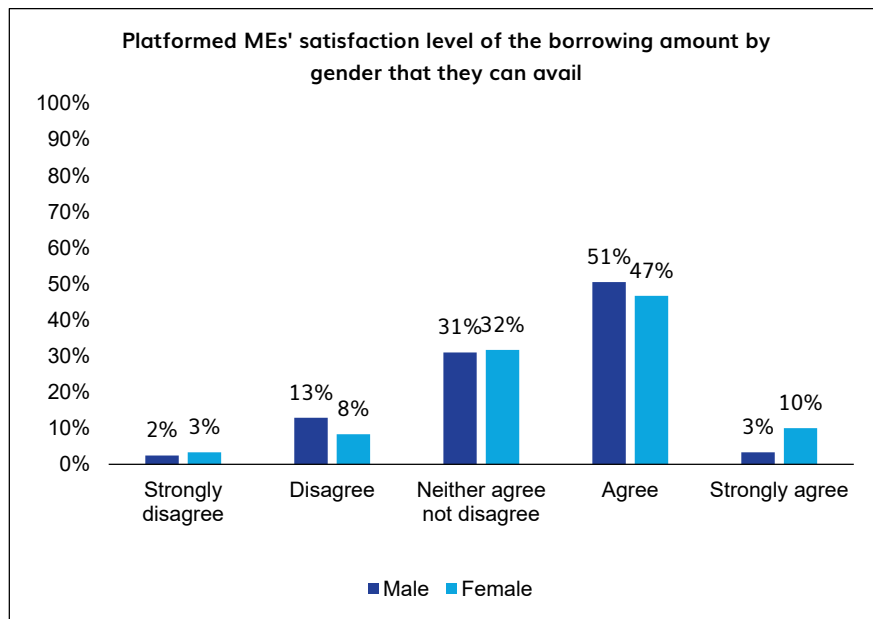


- Platformed microentrepreneurs show a broader range of income variability across all levels of credit access as compared to unplatformed microentrepreneurs. The higher standard deviations depict low access at USD 479 for platformed and USD 298 for unplatformed microentrepreneurs. The variability suggests that platformed microentrepreneurs experience a wider range of outcomes from their credit use, which reflects in how they employ credit for business activities.

Platform engagement contributes to the resilience capacities of microenterprises.

Satisfaction regarding the borrowing amount:

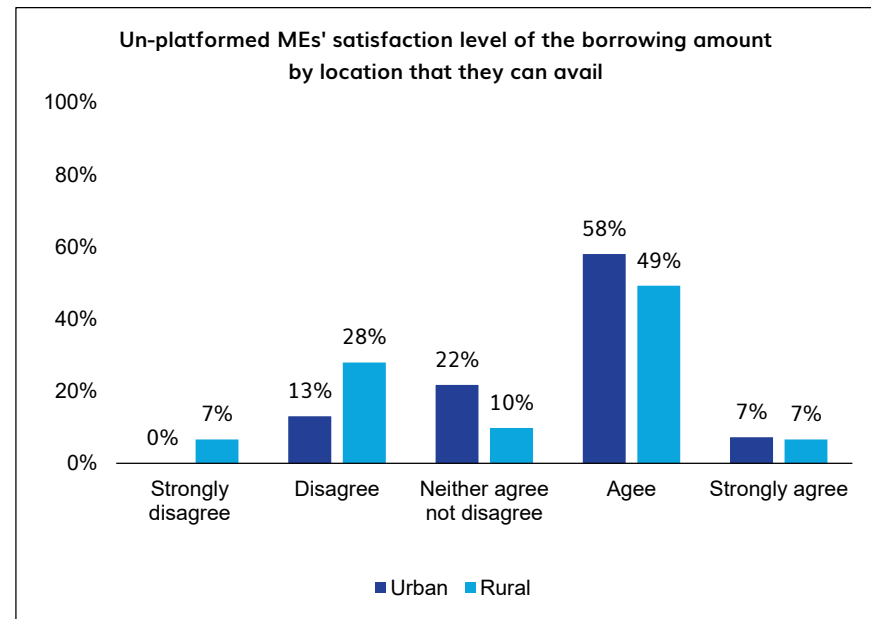
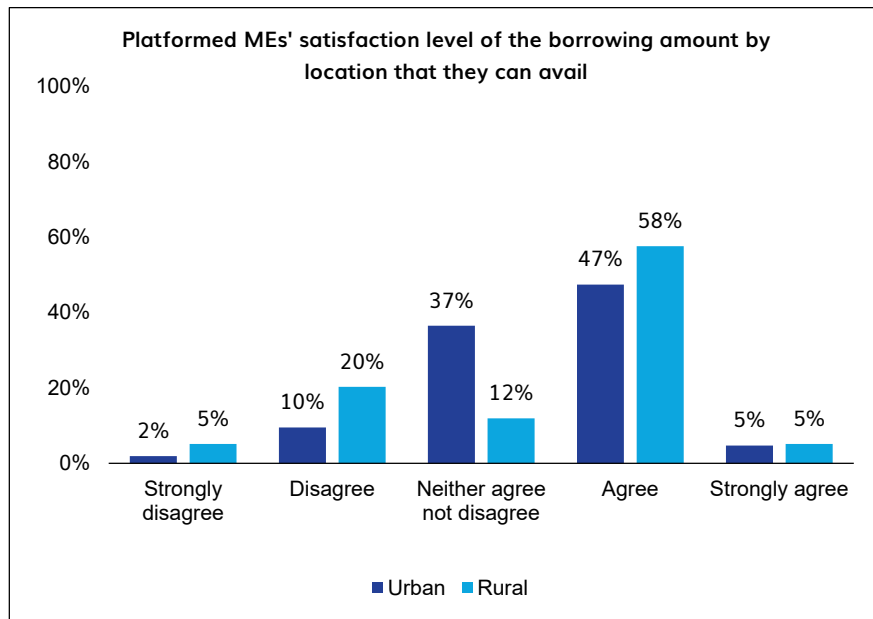
- Platformed microentrepreneurs express high satisfaction with the borrowing amount available, regardless of gender. Among them, 51% of men and 47% of women agree. Unplatformed microentrepreneurs show a more varied response, with 60% of men and 42% of women being satisfied with the borrowing amount available.



Platform engagement contributes to the resilience capacities of microenterprises.

Satisfaction regarding the borrowing amount (continued):

- Platformed microentrepreneurs in urban and rural areas express overall satisfaction with the borrowing amount, with a majority agreeing (47% urban, 58% rural). Unplatformed microentrepreneurs exhibit varied sentiments, with 58% of urban and 49% of rural microentrepreneurs being satisfied with the borrowing amount available.



Platform engagement contributes to the resilience capacities of microenterprises.

Dissatisfaction with interest rates varies among microentrepreneurs based on platform usage:



- Of the microentrepreneurs who use digital platforms less often than they used to use 51% of them are dissatisfied with the interest rate. 38% of the microentrepreneurs who use digital platforms more often than before are neither satisfied nor dissatisfied with the interest rate. 42% of the microentrepreneurs whose usage behavior has not changed ever since they started using the platform are dissatisfied with the interest rate as well.

Both platformed and unplatformed microentrepreneurs prioritize responsible lending, understand eligibility, and value financial flexibility:



- In the case of platformed microentrepreneurs, 40% female microentrepreneurs and 50% male microentrepreneurs, with 56% in the rural location 45% in the urban location, agreed that they would not make regular loan payments smaller if it meant they had to pay for a longer duration. In the case of the unplatformed microentrepreneurs, 40% female and 61% male microentrepreneurs, with 52% in the rural location 55% in the urban location, also had the same opinion.
- 40% female and 50% male platformed microentrepreneurs, with 56% in the rural and 45% in the urban locations, agreed that they understand the factors that affect what loans they can qualify for. 47% female and 76% male unplatformed microentrepreneurs, from 67% in the rural location and 65% in the urban location, also had the same opinion.
- Most of the platformed microentrepreneurs, which include 45% female and 58% male, with 68% from rural locations and 51% from urban locations, agreed that they are satisfied with their ability to increase their credit limit over time. Most of the unplatformed microentrepreneurs, who include 49% women and 67% men, with 57% from rural locations and 64% from urban locations, also had the same opinion.

Platform engagement contributes to the resilience capacities of microenterprises.

Both platformed and unplatformed microentrepreneurs prioritize responsible lending, understand eligibility, and value financial flexibility (continued):



- In the case of the platformed microentrepreneurs, 57% female and 52% male microentrepreneurs, of whom 70% were in the rural location and 48% in the urban location, agreed that they can easily switch from one lender to another. It depends on who gives the best loan terms. In the case of the unplatformed microentrepreneurs, 51% female, and 68% male microentrepreneurs, with 69% in the rural location and 56% in the urban location, also had the same opinion.
- When faced with a pressing expense, most of the platformed microentrepreneurs (67% female and 49% male), of whom 46% were in the rural location and 54% were in the urban location, can quickly borrow money from friends and family to meet it. Most of the unplatformed microentrepreneurs (42% female and 35% male), with 31% in the rural location 45% in the urban location, also had the same opinion.

Platform engagement contributes to the resilience capacities of microenterprises.

Credit quality satisfaction index:

Questions 	Scoring 	Classifications 
I can conveniently access credit when I need it.	Strongly agree/ agree = 2 Neutral = 1 Strongly disagree/ disagree = 0	0--3 Low 4--6 Medium >7 High
I am currently satisfied with the maximum amount of cash I can access by borrowing.	Strongly agree/ agree = 2 Neutral = 1 strongly disagree/ disagree = 0	
I am currently dissatisfied with the interest rate and additional amounts, so I must pay my loans.	Strongly agree/ agree = 0 Neutral = 1 Strongly disagree/ disagree = 2	
I am satisfied in my ability to increase my credit limit over time.	Strongly agree/ agree = 2 Neutral = 1 Strongly disagree/ disagree = 0	

Platform engagement contributes to the resilience capacities of microenterprises.

Credit quality satisfaction index of platformed microentrepreneurs:

Questions 
I can conveniently access credit when I need it.
I am currently satisfied with the maximum amount of cash I can access by borrowing.
I am currently dissatisfied with the interest rate and additional amounts, so I must pay my loans.
I am satisfied in my ability to increase my credit limit over time.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	38	14.1%	272	203
Medium (in between)	206	76.3%	347	394
High	26	9.6%	316	302
Total	270	100%	334	365

Platform engagement contributes to the resilience capacities of microenterprises.

Credit quality satisfaction index of unplatformed microentrepreneurs:

Questions 
I can conveniently access credit when I need it.
I am currently satisfied with the maximum amount of cash I can access by borrowing.
I am currently dissatisfied with the interest rate and additional amounts, so I must pay my loans.
I am satisfied in my ability to increase my credit limit over time.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	26	20.0%	327	355
Medium (in between)	94	72.3%	297	200
High	10	7.7%	203	154
Total	130	100%	296	237

Microenterprises that are active in online spaces are more likely to join digital platforms.

Credit quality satisfaction index analysis:

Satisfaction and income correlation:



- Platformed microentrepreneurs show a predominant satisfaction of 76.3% with medium credit quality, which correlates to a higher average business income of USD 347. In comparison, unplatformed microentrepreneurs show a satisfaction level of 72.3% with average business income of USD 297. This suggests that satisfaction with credit terms may positively influence income levels as platformed microentrepreneurs benefit more from their financial arrangements.

High satisfaction and income levels:



- Platformed microentrepreneurs with high credit quality satisfaction of 9.6% report an average income of USD 316, which is slightly below the group's medium satisfaction level. In contrast, unplatformed microentrepreneurs with a high satisfaction of 7.7% show a lower average income of USD 203, which is the lowest across their groups. This indicates that satisfaction with credit quality does not directly translate to higher income, especially without platform support.

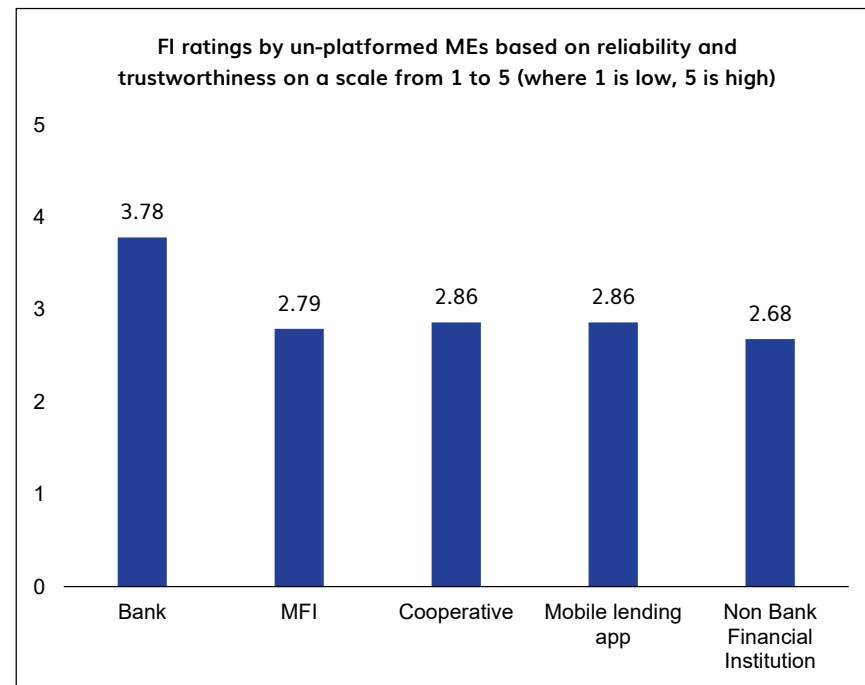
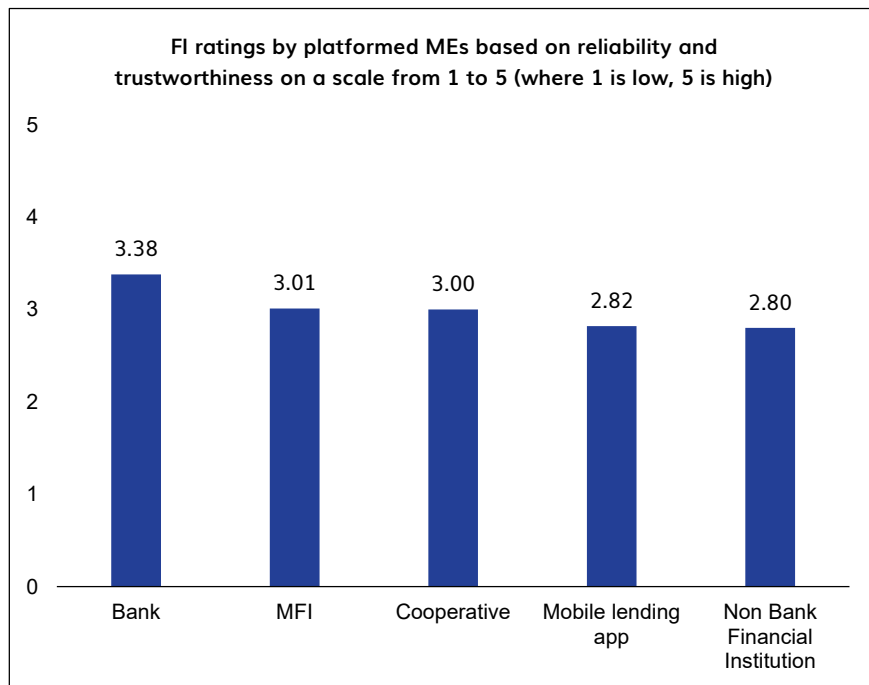
Impact of low satisfaction on income:



- Low satisfaction with credit quality affects a smaller segment of both platformed 14.1% and unplatformed 20%. The platformed microentrepreneurs have a lower average income of USD 272 in this category, but unplatformed microentrepreneurs with low satisfaction report a higher average income of USD 327 as compared to their high satisfaction peers, which suggests that dissatisfaction might motivate these microentrepreneurs to pursue income growth more aggressively or explore alternative financing options.

Platform engagement contributes to the resilience capacities of microenterprises.

Credit preference:



Platform engagement contributes to the resilience capacities of microenterprises.

Resilience index

Questions 	Scoring 	Classifications 
What are the other sources of income do you have? 1. Another business 2. Casual labor 3. Full-time employment 4. Regular financial support from family 5. This business is my only source of income	1	0--2 Low 3--4 Medium >5 High
When you do not have sufficient funds and face a pressing expense, which of the following statements best describes how you would meet this expense? 1. I can quickly borrow the money from friends and family to meet it. 2. I can borrow from an institution such as the bank, a nonbank financial institution, a cooperative, or a microfinance institution. 3. The business can absorb the hit with little impact on the household and business finances. 4. The business can absorb the hit, but with a large impact on both the household and business. 5. The business may close temporarily, but I would still need more money to cover the expenses. 6. The business may close permanently, but I would still need more money to cover the expenses.	Option 1, 2 and 3 = 2 Option 4 and 5 = 1 Option 6 = 0	
I can conveniently access credit when I need it.	Strongly agree/ agree = 2 Neutral = 1 Strongly disagree/ disagree = 0	

Platform engagement contributes to the resilience capacities of microenterprises.

Resilience index of platformed microentrepreneurs.

Questions
What are the other sources of income do you have?
1. Another business
2. Casual labor
3. Full-time employment
4. Regular financial support from family
5. This business is my only source of income
When you do not have sufficient funds and face a pressing expense, which of the following statements best describes how you would meet this expense?
1. I can quickly borrow the money from friends and family to meet it.
2. I can borrow from an institution such as the bank, a nonbank financial institution, a cooperative, or a microfinance institution.
3. The business can absorb the hit with little impact on the household and business finances.
4. The business can absorb the hit, but it will have a large impact on both the household and the business.
5. The business may close temporarily, but I would still need more money to cover the expenses.
6. The business may close permanently, but I would still need more money to cover the expenses.
I can conveniently access credit when I need it.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	61	22.6%	353	478
Medium (in between)	179	66.3%	339	341
High	30	11.1%	264	202
Total	270	100%	334	365

Platform engagement contributes to the resilience capacities of microenterprises.

Resilience index of unplatformed microentrepreneurs.

Questions
What are the other sources of income do you have? 1. Another business 2. Casual labor 3. Full-time employment 4. Regular financial support from family 5. This business is my only source of income
When you do not have sufficient funds and face a pressing expense, which of the following statements best describes how you would meet this expense? 1. I can quickly borrow the money from friends and family to meet it. 2. I can borrow from an institution such as the bank, a nonbank financial institution, a cooperative, or a microfinance institution. 3. The business can absorb the hit with little impact on the household and business finances. 4. The business can absorb the hit, but with a large impact on both the household and business. 5. The business may close temporarily, but I would still need more money to cover the expense. 6. The business may close permanently, but I would still need more money to cover the expense.
I can conveniently access credit when I need it.



Frequency		Percent	Average business income (USD)	Standard deviation (USD)
Low	10	7.7%	207	113
Medium (in between)	68	52.3%	309	266
High	52	40.0%	296	211
Total	130	100%	296	237

Platform engagement contributes to the resilience capacities of microenterprises.

Resilience index analysis:

Distribution of resilience levels:



- Platformed microentrepreneurs at 66.3% fall into the medium resilience category, with an average income of USD 339, and this suggests a balanced ability to withstand financial shocks. In contrast, unplatformed microentrepreneurs at 40.0% exhibit high resilience, yet with a slightly lower average income of USD 296.

Impact on business income:



- Platformed microentrepreneurs with low resilience report the highest average income of USD 353, and their vulnerability to financial shocks suggests that they may be operating in a higher-risk, higher-reward environment. But unplatformed microentrepreneurs with low resilience have the lowest average income of USD 207, which highlights the impact of lower resilience on income without platform support.

Resilience and standard deviation:



- The standard deviation in incomes among platformed microentrepreneurs decreases as resilience increases, moving from low USD 478 to high resilience USD 202. This trend is noted in unplatformed microentrepreneurs, where income variability also decreases with higher resilience. This pattern underscores that higher resilience is associated with more consistent income levels, which is due to better risk management and access to diverse income sources or emergency funds.

Deep dive lessons

What could be the possible areas that we want to know more about?

Sub-hypotheses and questions we want answers to:

On-boarding

- The excessive use of app onboarding tasks may hinder efficient engagement from microentrepreneurs and platform adoption.
- The reduction of in-person onboarding activities may significantly enhance efficiency and accessibility for new users.

Sustained usage

- The upstream and downstream payments data are crucial to understand the microentrepreneurs' financial flows.



Deep dive lessons

What could be the possible areas that we want to know more about?

Sub-hypotheses and questions we want answers to:

Impact

- Increased business demands lead microentrepreneurs to prioritize work over family, which reduces family time.
- Digital data helps women microentrepreneurs to understand the market, to make decisions, and enhance business efficiency.
- We must capture the names of informal mobile lending apps to understand microentrepreneurs' credit usage.
- Participation in microentrepreneurship influences credit availability, which requires further investigation for a deeper understanding.



Thank you

