Financial Education for Micro, Small and Informal Businesses in Bangladesh in the context of the manual developed by ILO Philippines

"Manage Your Money Smartly"

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Introduction

Small and Medium Enterprises (SMEs) play a pivotal role in Bangladesh's economic development by contributing significantly to employment generation, industrial diversification, and poverty reduction. Despite their importance, many SMEs face challenges related to financial management, limited financial literacy, and restricted access to formal financial services.

The document you have in your hands is the Trainee's booklet on financial education. It targets primarily micro, small and informal business owners in Bangladesh who wish to improve their financial management skills. This Trainee's booklet introduces basic knowledge, and practical tools to help trainees develop skills in managing earning, controlling spending, budgeting, and effectively using financial services such as savings, credit, money transfers and insurance. The purpose of the Financial Education training materials is to support micro, small and informal business owners in developing the fundamentals of household and business financial management. The materials cover the following topics: set financial goals, communicate with confidence, understand key financial products (savings, loans, payments, digital wallets, insurance), understand and negotiate with financial institutions, transfer money and manage risks. The training is also intended to remedy the low level of education and unequal power relationships - between men and women and between the older and younger generations - which often affect money-related decisions. The training package is developed in the shadow of the Manual developed by the International Labour Organization (ILO), Philippines based on various ILO financial education tools created for different target groups. This specific booklet has been adapted for its use in Bangladesh.

This Trainee's booklet is to be used hand in hand with the Trainer's manual. It is developed for specific target groups. As a complement of the Trainer's manual, the Trainee's booklet provides all the information related to case studies, exercises and specific references to the target group. This Trainee's booklet also comprises the key points of the training and the tools required to strengthen financial management practices and decision-making. It is designed for participants in the training courses and is intended for use as a practical workbook during the training and as a reference guide subsequently.

Key Take Away from This Manual

Key take away outlines the "Manage Your Money Smartly" manual, a financial education guide contextualized from the manual of ILO Philippine for micro, small, and informal business owners in Bangladesh.

Core Objective and Target Audience

The manual serves as a practical workbook to help entrepreneurs develop essential skills in earning management, spending control, and the effective use of financial services. It specifically addresses challenges such as limited financial literacy and restricted access to formal banking in the Bangladeshi SME sector.

Key Financial Management Pillars

- **Goal Setting and Communication:** Emphasizes defining personal and family goals (short vs. long-term) and the importance of transparent communication within the household to align financial priorities.
- **Strategic Budgeting:** Introduces tools to distinguish between "needs" and "wants". In the current 2026 economic landscape, it advocates for "inflation-proofing" through realistic urban allocations (e.g., 60–65% for essentials) and maintaining an emergency fund covering 3–6 months of expenses.
- **Record Keeping:** Recommends a hybrid approach to track both digital (MFS/Cards) and cash transactions to prevent "invisible" spending and ensure tax compliance.

Navigating Financial Products

- **Savings Methods:** Details diverse options including government-backed *Sanchaypatra* (offering high security and ~10.5% interest), institutional banking products like DPS and FDR, and Shariah-based Mudaraba accounts.
- **Mobile Financial Services (MFS):** Highlights the role of apps like bKash and Nagad in enabling "micro-savings" and convenient digital money transfers.
- **Credit and Debt:** Advises on selecting formal lenders (Banks, MFIs) over informal sources to avoid high risks and intimidation. It stresses calculating "repayment capacity"—typically not exceeding 30-40% of monthly income—to avoid over-indebtedness.

Risk Management and Insurance

Managing risk involves a dual strategy of building personal resilience via emergency funds and utilizing evolving insurance infrastructure. Key tools include term life insurance with critical illness riders and business-specific covers for fire and climate risks. As of 2026, stricter oversight by the IDRA has improved claim settlement reliability.

A brief journey of an entrepreneur to manage the finance smartly

A. Set Goals and Communicate Within the Family

1. Set Your Goals

A goal is something you want to do. Setting goals helps you to define what you want to do in life and hence to know what you need to do to make it come true.

There two types of goals in terms of person involved

i. Personal goals
ii. Family goals

If we elaborate these two types

i. Personal goals: It is to achieve personal targets, like getting an incentive bonus in one's job. To obtain such goals individual planning and strategies are the keys.

ii. Family goals: A family is thinking of buying a property where all the earning members of the family are investing at a pro-rata basis. The goal is one but the achievers are many.

There is other two types of goals in terms of time duration

i. Short-term goals
ii. Long-term goals

i. Short-term goals: A goal which requires short-time. A kid is saving to buy an ice cream; this type of saving is a short-term goal.

ii. Long-term goals: This type of goal needs longer time to achieve. If someone is saving to build a home it is a long-term goal.

2.Talk To Your Family About Your Financial Goals!

• Think well about what you want (and the reasons why you want it) before you talk to your family.

• Don't be afraid to talk about your goals. All men and women – young or old – have a right to set their own goals.

• Find allies in your family: persons to whom you would have talked before and who could support you, persons who are respected in the family.

• To talk about your goals to your spouse and/or other family members, choose the right time, set a time when they are available.

• Be confident when you talk about your goals and listen to the opinions of the other people without interruption.

• Be respectful to your family members and flexible on your position.

• If there is a disagreement, examine the issue and look for compromise solutions that will benefit everyone in the family

DO

- Be self-confident
- State clearly what you want
- Listen to your partner
- Acknowledge the other person's point of view
- Show respect
- Be flexible and calm
- State your opinion, even though you owe the other person respect

DON'T

- Be passive or arrogant
- Shout
- Interrupt
- Get angry
- Be vulgar or insulting
- Repeat the same point several times
- Immediately reject the other person's ideas
- Adopt a defensive posture
- Show impatience

IMPORTANT: Talking about money can trigger a lot of emotions. Try to find someone you trust to talk about this. Not talking about your emotions have a negative effect your mental health.

3. **Assess The Costs of Your Goals and Your Priorities**

Do you know the costs of your goals?

Do you know the costs of your goals? If you do, write the costs beside the goals you have written or drawn above. If you don't, it is very important that you find out. It is the only way to know how much money you need to achieve your goals. Meanwhile you can indicate an approximate cost that you can correct later. Then, prioritize your goals indicating 1 for the most important, 2 for the second most important and so on.

Sl #	Personal or Family Goal	Goal	Estimated Cost (In BDT)

Remember

Goals are generally easier to achieve if you think ahead and gather all the information you need to take a well-informed decision. It is vital that we assess how much it will cost to achieve our goals. Careful research is sometimes necessary (seeking information from suppliers, finding out about market trends, etc.).

You need to keep an eye constantly on the price of your goals. Remember to check for marketplaces on the internet. Sometimes you might even find very good second-hand goods.

Do not forget that prices rise over time! Therefore, build in a margin, i.e. save a bit more, in case the costs of achieving your goals increases in the next few years.

4. Make A Savings Plan to Achieve Your Goals

Turning a vague wish into a concrete financial reality is less about "willpower" and more about **systematizing your habits**. Think of a savings plan as a roadmap: without it, you're just driving around hoping to stumble upon your destination.

Here is a breakdown of how to build a plan that actually sticks.

a. Categorize Your Goals

Not all goals are created equal. You need to separate them by their "time horizon" because this dictates where you should keep your money.

Goal Type	Timeline	Strategy
Short-term	< 1 year	High-Yield Savings Account (HYSA)
Medium-term	1–5 years	CDs, Money Market Accounts, or Conservative Bonds
Long-term	5+ years	Sanchay Patra, Double Money Deposit schemes, Triple money deposit schemes, DPS

b. Reverse-Engineer the Math

Once you know what you want (e.g., a BDT 150,000 down payment for a home), work backward to find your **Monthly Contribution**.

c. The "Pay Yourself First" Strategy

The biggest mistake people make is saving "whatever is left over" at the end of the month. Usually, nothing is left.

The Golden Rule: Treat your savings goal like a mandatory bill.

- **Automate it:** Set up a recurring transfer from your checking to your savings the day after you get your salary.
- **Friction is your friend:** Keep your "Goal Savings" in a different bank than your "Spending Account." If you don't see the balance every time you buy coffee, you're less likely to dip into it.

d. Review and Calibrate

Life isn't static. Every six months, check your progress. If you got a raise, increase your automation. If expenses went up, don't scrap the plan—just dial back the amount. The goal is **consistency**, not perfection.

What is the specific goal you're looking to save for first?

e. A table for 'Savings'

My Goals	Date when I want to achieve my goal	Cost of my goals	Number of months before the date of achievement of my goal	Other sources of financing, if (Optional)	How much I need to save each month to achieve my goal
Short-term goals (less than 12 months)					
Mid-term goals (1 to 3 years)					
Long-term goals (More than 3 years)					
Total amount to be saved each month to achieve the goals					

Tips

Making your savings plan digitally, for example by using a spreadsheet, could be a very good idea to keep it at hand and adjust it when your situation changes.

IMPORTANT:

Making a savings plan may cause some distress, especially if you can't save as much as you want. Don't push yourself! Always remember that you can always adjust your savings plan.

5. Conflict And Negotiation

Key messages

- It is easier to achieve your life plans if you know what you want and set yourself precise goals to achieve them.
- Some goals can be achieved quickly; others take years or even decades. Goals need to be classified as short, medium or long-term.
- People's goals change in the course of their lives and different family members will have different goals. It is important to make family members' different goals compatible with each other.
- Good communication is desirable in all families, especially in families with relatives living in a
- distant town, region or country.
- Defining one's goals and making the difference between myth and reality in setting goals makes it easier to reach them.
- It is important to seek reliable information in assessing the value and cost of achieving your
- goals. Make sure to check different marketplaces and providers on the Internet.
- You also need to be able to readjust your goals if they are too costly, and to be flexible in doing so (in the event of a change in your financial or social circumstances).
- Having a digital savings plan in a spreadsheet could be a great idea to be able to adjust it easily.
- Keeping your goals in mind is a sure way to achieve success.
- Making a savings plan helps you to achieve them more easil

Case Study-1

Rahima lives in a semi-urban area near Dhaka, Bangladesh. She runs a small home-based tailoring business. While she earns a steady income from sewing clothes for her neighbors, she often finds herself short of cash for both business expansion and household emergencies.

The Financial Problem: Rahima's income is irregular (higher during Eid and wedding seasons). Without specific goals, she spends her surplus income on non-essential household items or small loans to relatives. She wants to buy a high-speed industrial sewing machine to increase her output but hasn't been able to save the 25,000 BDT required.

Step 1: Defining SMART Goals

Following the manual's framework, Rahima categorizes her savings into three distinct buckets:

1. **Short-Term (Emergency Fund):** Saving 5,000 BDT over 3 months for sudden medical needs or machine repairs.
2. **Medium-Term (Business Growth):** Saving 25,000 BDT over 12 months for an industrial sewing machine.
3. **Long-Term (Family/Education):** Saving for her daughter's admission to a vocational institute in two years.

Step 2: Communication and Family Alignment

In the Bangladeshi context, family dynamics play a huge role in financial success. Rahima holds a "family meeting" with her husband and elder son.

- **Action:** They agree to reduce spending on daily tea-stall snacks and expensive mobile data packages.
- **Result:** By involving her family, Rahima reduces the pressure to give away her savings for unplanned household requests.

Step 3: Choosing the Right Savings Product

Rahima realizes that keeping "cash under the mattress" is too tempting to spend. She evaluates her options based on the local financial landscape:

- **Informal (Somity/Cooperative agencies):** High risk of the organizer disappearing.

- **MFS (bKash/Nagad):** Good for small, frequent deposits (Micro-savings), but easy to withdraw.
- **Formal Bank (DPS):** She decides to open a **Deposit Pension Scheme (DPS)** at a local bank branch. She commits to a monthly deposit of 2,100 BDT.

Step 4: Tracking and Discipline

Rahima uses a simple notebook (as recommended in the manual's record-keeping section) to track her "In-flow" and "Out-flow."

- **The "Pay Yourself First" Rule:** Every time she receives a large order payment, she immediately sends the savings portion to her MFS account or bank before buying groceries.

Outcome

After 12 months, Rahima successfully accumulates 25,200 BDT (excluding interest).

- **Impact:** She purchases the industrial machine. Her production capacity doubles, allowing her to take on contracts from a nearby boutique.
- **Lesson:** By shifting from "saving what is left after spending" to "spending what is left after saving," Rahima moved from a subsistence cycle to a growth cycle.

Quiz-1

1. If a family in Bangladesh is collectively saving to purchase a piece of land where all earning members contribute on a pro-rata basis, what type of goal is this categorized as?

A. Family Goal

B. Lifestyle Goal

C. Personal Goal

D. Short-term Goal

2. According to the manual, what is the 'Golden Rule' of the 'Pay Yourself First' strategy?

A. Save whatever is left at the end of the month

B. Treat savings like a mandatory bill

C. Keep all your money in a single checking account

D. Only save when you receive a bonus

3. For a long-term goal (5+ years) in Bangladesh, which financial product is specifically recommended for its growth potential and stability?

A. Daily Mobile Financial Service (MFS) wallet

B. Sanchay Patra or DPS

C. Informal 'Somity' circles

D. Cash under the mattress

4. When discussing financial goals with family members, why does the manual suggest finding 'allies' first?

A. To keep the goal a secret from the spouse

B. To outvote everyone else in the family

C. Because allies will give you the money directly

D. To gain support from respected members who can help advocate for the goal

5. In the urban context of Dhaka, why is a 'medical sinking fund' (10% allocation) considered essential?

A. It is required by Bangladeshi law

B. Due to high out-of-pocket health costs in the region

C. Because urban rent is low

D. To pay for lifestyle and entertainment

6. What is the primary benefit of 'Reverse-Engineering' the math for a financial goal?

A. It guarantees that inflation will not occur

B. It eliminates the need for any savings products

C. It identifies the exact monthly contribution needed to reach the target on time

D. It allows you to ignore the total cost

7. In Rahima's case study, how did she successfully reduce the 'pressure' to give away her savings to relatives?

A. By involving her family in a 'family meeting' to align on goals

B. By keeping all her money in cash at home

C. By moving to a different city

D. By closing her business entirely

8. Which of the following is a recommended strategy to create 'friction' for your savings?

A. Keeping 'Goal Savings' in a different bank than your 'Spending Account'

B. Checking your savings balance every hour

C. Writing your PIN number on your ATM card

D. Setting up automatic transfers on payday

9. If your life circumstances change (e.g., a change in income), what does the manual suggest doing with your savings plan?

A. Review and calibrate the plan every six months

B. Never change the plan, regardless of income

C. Double your savings target immediately

D. Delete the plan and stop saving

10. Why is 'Mobile Financial Services' (MFS) like bKash or Nagad specifically mentioned in the rural budget context?

A. They are the only way to buy seeds

B. They allow for small, frequent 'micro-savings' that are safe from physical theft

C. They are only used for playing games

D. They provide 100% interest rates

B. MANAGE YOUR MONEY WISELY

1.Be a smart spender

Savings mean not spending all your money and setting aside a part for a specific goal in the future. It means setting aside small or large sums of money, regularly or from time to time.

Necessary expenses (we call them needs) and optional expenses (we call them wants)!

Table for purchasing decision

Needs	How much does it cost?
Total Needs	
Wants	How much does it cost?
Total Wants	

Attention
Sometimes, something can be a need for someone and a want for someone else. For example, a mobile phone, a person can need it for a business, while others might only use it to call friends and family.

IMPORTANT:
You might spend to make yourself feel better. Some people describe this as feeling like a temporary high. But it will only do so for a short period of time. Be careful! If your budget is tight take a moment to distinguish always between needs and wants. Otherwise not having enough money later for your needs can be really stressful for you.

Tips to save

- Set aside a bit of money every day or every week.
- Do not buy a new item if yours still works or if it can be repaired.
- Buy less presents for your family. Talk to them first and agree with them on your support.
- If possible, spend less on cultural or social ceremonies.
- Keep less cash in your wallet - you can start exploring other means of payment such as digital wallets and bank cards.
- If you send money to your parents or other family members, do not send all your money to them and keep part of it for your own needs and emergencies.
- Always keep in mind your long-term goals to remind you why you save!

Key Messages

- You need to be able to distinguish between essential and optional spending.
- Saving for an emergency: saving is essential, an absolute need.
- “Manage well what has been earned by others”.
- Saving means giving up an immediate want to invest and achieve a goal in the future.
- Saving makes for security.

2.CREATE YOUR BUDGET!

In the context of Bangladesh in 2026, budgeting is less about "finding extra" and more about **inflation-proofing** your purchasing power. With inflation hovering between **8% and 9%**, particularly driven by food and fuel, a standard 50/30/20 budget often feels disconnected from reality.

Here is how to adjust your personal budgeting framework for the current local landscape.

1. The Real-World Allocation (Urban Context)

Because food and housing typically consume nearly **75%** of a middle-income household's budget in cities like Dhaka or Chattogram, the traditional "30% for housing" rule is often impossible. A more realistic local breakdown looks like this:

- **60–65% Essentials:** Rent, utilities (electricity/gas/water), and groceries.
- **15–20% Financial Defense:** High-yield savings, DPS, or emergency funds.

- **10% Education/Health:** Tuition fees and a "medical sinking fund" (essential due to high out-of-pocket health costs).
- **5–10% Lifestyle:** Dining out or entertainment.

The Real-World Allocation (Rural Context)

In a rural context, financial patterns shift from high fixed costs (like city rent) to seasonal income fluctuations and community-based expenditures. For a rural entrepreneur or farmer in Bangladesh, the allocation must account for harvest cycles and the lack of traditional utility bills, while prioritizing agricultural reinvestment.

Strategic Breakdown for the Rural Context

- **50% Essentials (The Subsistence Core):** In rural areas, housing costs are often lower or non-existent (owner-occupied), and some food is self-produced. However, this category must cover staples not grown on the farm, fuel for irrigation or cooking, and basic household maintenance.
- **20% Seasonal Buffer & Financial Defense**: Rural income is rarely monthly; it is "lumpy" (concentrated at harvest).
    - **The MFS "Pocket":** Using tools like bKash or Nagad to keep a digital reserve that isn't easily spent as cash.
    - **Livestock as Savings:** In rural Bangladesh, "Financial Defense" often includes purchasing poultry or goats, which act as a living savings account that appreciates over time.
- **15% Education & Agri-Inputs (The Growth Fund):** This replaces the "Urban Rent" pressure. It covers school fees and, critically, the Sinking Fund for Inputs. Saving small amounts daily ensures that when the next planting season arrives, the farmer does not need to take high-interest loans for seeds, fertilizer, or pesticides.
- **10% Social & Community Obligations:** Rural life relies heavily on "Social Capital." This portion is set aside for weddings, religious festivals (Eid/Puja), and helping neighbors. In a rural setting, these are not just "lifestyle" choices but essential investments in the community safety net that will support the family during a crisis.
- **5% Lifestyle:** Small occasional treats from the local *haat* (market) or mobile airtime for staying connected with relatives.

The "Harvest-to-Savings" Workflow

Unlike the urban monthly salary, the rural model uses a "Bulk Inflow" strategy:

1. Immediate Partition: As soon as the crop is sold, 20% is moved to a formal bank or MFS account.
2. Input Retention: 15% is immediately set aside for the next season’s costs to avoid debt.
3. The Remainder: Distributed for monthly essentials until the next harvest.

2. Choosing the Right Savings Instruments

- In a high-inflation environment, keeping cash in a standard savings account (yielding only **1.5%–3%**) effectively loses you money. You need instruments that match or beat the inflation rate.

Instrument	**Best For**	**Typical Rate (2026)**
DPS (Deposit Pension Scheme)	Forced monthly discipline	**8.5% – 9.75%**
FDR (Fixed Deposit)	Lump sum security	**9% – 10%** (Senior Citizens get higher)
Sanchaypatra	Long-term, government-backed	Varies by tier (Highly stable)
Shariah-based Mudaraba	Ethical/Islamic banking	Profit-sharing (Variable)

3. Bangladesh-Specific Budgeting Tactics

The "Bazar" Strategy

Since food inflation is a primary driver of cost-of-living distress, shift your buying habits:

- **Bulk Buying:** Purchase non-perishables (rice, oil, lentils) from wholesale markets (like Karwan Bazar) once a month rather than local *kacha bazars* or supermarkets.
- **Seasonal Sync:** Budget specifically for seasonal spikes (e.g., higher vegetable prices during monsoon or meat price hikes during Eid-ul-Adha).

Managing "The Taka Slide"

- With the Taka's depreciation affecting the cost of imported electronics and fuel, avoid "lifestyle inflation" on tech. If you need a laptop or phone, buy it sooner rather than later, as prices are more likely to rise than fall.

The Emergency Fund (3-6 Months)

In the Bangladesh job market, an emergency fund is vital. Aim to save at least 3 months of **essential expenses** (not income).

Note: Keep this in a liquid "Mudaraba" or "Value Max" savings account so you can withdraw it instantly via MFS (bKash/Nagad) or ATM.

Personal Budget

A budget is a tool to decide, to plan and to use your money to achieve your goal

Source of Income	**Amount**
Fixed Income	
Salary	
Sub-total fixed income	
Variable Income	
Sub-total variable income	
Total Income	

Expenses	
Essential Expenses (Needs)	
Contribution to the family budget	
Sub-total (Needs)	
Optional expenses (Wants)	
Wedding Presents	
Sub-total (Wants)	
Total Expenses	
Income- Expenses	

Key Messages

- There is a tool used to manage your income – a budget.

- To create your budget, you need to calculate your income and expenses. With this calculation, you can define your savings capacity, meaning how much you can set aside each month.
- In case of emergencies or changes in your financial situation, you will have to adjust your budget to be able to cover all your expenses and save for your goals.
- A budget can help you to decide how to spend your money and save to reach your goals.
- Remember you can easily create a digital budget using a spreadsheet. There are also many apps to help you building a budget. It is a great way to compare what you planned with what actually happened.

3. Keep Track of and Stay Within Your Budget

There are many ways to make sure you stay within your budget. You can use a spreadsheet, or an app, like a lot of people are starting to use! There are many applications that can help you to keep track of your money. Take some time to explore them.

Digital Tools for Tracking

Manual tracking is difficult in a cash-heavy economy. Use a hybrid approach:

- **MFS Tracking:** Most major spending (utilities, internet, groceries) can now be done via **bKash** or **Nagad**. Use their "Transaction History" or "Statement" features at the end of the month to see exactly where your money went.
- **Excel/Google Sheets:** Still the gold standard for many, as it allows you to track cash transactions (like rickshaw fares and small bazaar purchases) alongside digital ones.

Income Tracking Sheet

Income Tracking Sheet		
Name:		
Month:		
Year:		
Date	**Description of source of Income**	**Amount of Income**
	Total Income	

Expense Tracking Sheet

Expense Tracking Sheet			
Name:			
Month:			
Year:			
Date	**Description of Expense Item**	**Amount Spent**	**Planned or Unplanned**
			Yes/No
			Yes/No
			Yes/No
			Yes/No
	Total Expenses		

Total Income	
Total Expenses	
Savings (= Income- Expenses)	

Tips to stay within the budget

- Keep savings out of reach so you do not spend them.
- Keep track of what you spend.
- Make sure you do not spend more than is budgeted.
- If you spend more on one item, spend less on something else.
- Make a list of ways to cut planned expenses.
- Get the family to participate in developing and sticking to the budget.
- Remember to check apps available for keeping track of your budget.
- Remind yourself often what you planned to spend.
- Put in the budget something for unexpected spending needs.
- Get the family to participate in developing and sticking to the budget.
- You need to know your total income. Knowing how much you earn is an important step to take control of your money and allows you to plan ahead for expenses.
- You also need to know the amount of your total expenses.

It is important to control your budget. You can adjust your expenses when you see that you spent more than expected.

4.Keep your financial records

In Bangladesh, personal financial record-keeping is uniquely challenging because we operate in a "Hybrid Economy"—half-digital (MFS/Cards) and half-cash (Rickshaw, Bazaar, local shops). Without a system to capture that "invisible" cash spending, your budget will never balance.

Here is a practical framework for maintaining financial records in the local context.

1. Categorize Your Record-Keeping "Buckets"

To get an accurate picture, you must track three distinct streams of data:

- **The Digital Stream:** Transactions via bKash/Nagad, Credit/Debit Cards, and Internet Banking.
- **The Cash Stream:** High-frequency, small-ticket spending (Bazaar, transport, tea stalls).
- **The Institutional Stream:** Your "hidden" wealth like DPS, FDR, Sanchaypatra, and Insurance premiums.

2. Recommended Tools for the Local Context

The Manual "Hisab" Book (For the Traditionalist)

A simple "Debit/Credit" diary is still highly effective for those who deal heavily in cash and bazaar trade. It is the most resilient system against phone battery or data issues.

Mobile Apps (For the Modern Saver)

- **Money Manager (by Wallet Developer):** Excellent for Bangladesh because it allows you to create "Accounts" for bKash, Cash, and Bank separately.
- **Excel/Google Sheets:** The best for long-term planning. You can create a simple sheet with columns for Date, Category, Payment Method (Cash/MFS/Card), and Amount.

3. Security and Privacy

Given the rise in digital fraud, your "Financial Record" should never include:

- Full Credit Card numbers.
- PINs or OTPs.
- Passwords for banking apps.

Advice: If you use a physical diary, keep it in a locked drawer. If you use a spreadsheet, ensure it is protected by Two-Factor Authentication (2FA) on your Google or Microsoft account.

4. Why Documenting is Legally Vital in Bangladesh

Beyond personal clarity, keeping records is crucial for Tax Compliance (NBR):

- Bank Statements: Keep digital PDFs of your bank statements for the last 3 years. You will need these for your annual tax return (Wealth Statement).
- Large Asset Receipts: Keep physical or scanned copies of receipts for any electronics, furniture, or gold purchases above 20,000 BDT.
- Utility & Rent Receipts: Essential if you are claiming house rent deductions on your income tax.

Tips

Moving from cash to digital payments can help you a lot in terms of having financial records every time you spend money.

Case Study-2

Case Study: The Hybrid "Bazar" Strategy

Subject: Mr. Kamal, a mid-level private sector employee living in Mirpur, Dhaka.

Income: 45,000 BDT per month.

The Problem: The "Invisible" Taka Slide

By the 20th of every month, Kamal consistently found his bank account empty. Despite a steady salary, he struggled with the rising cost of groceries and frequent small cash outlays. He felt the "Taka Slide"—the phenomenon where small, untracked daily expenses (rickshaw fares, tea, snacks) and food inflation eroded his purchasing power before he could save for his daughter's school session fees.

Step 1: The Needs vs. Wants Audit

Kamal used the manual's "Purchasing Decision Table" to audit his previous month's spending.

- **The Revelation:** He discovered he was spending nearly 4,000 BDT monthly on "Wants"—specifically premium brand snacks and frequent ride-sharing apps when a rickshaw or bus was available.
- **The Adjustment:** He reclassified "Ride-sharing apps" as a **Want** and "Rickshaws/Public Transport" as a **Need**, immediately freeing up 2,000 BDT.

Step 2: Implementing the Urban Allocation (65/20/10/5)

Following the 2026 Urban Framework, Kamal restructured his 45,000 BDT income:

1. **Essentials (65% - 29,250 BDT):** Covers rent, utilities, and a new **Bulk Buying** strategy. Instead of buying oil and rice weekly at the local *kacha bazar*, he started visiting **Karwan Bazar** once a month to buy in bulk, saving approximately 15% on staples.
2. **Financial Defense (20% - 9,000 BDT):** He set up a **DPS (Deposit Pension Scheme)** at 9% interest. He treated this 9,000 BDT as a "mandatory bill" paid on the 1st of the month.
3. **Medical Sinking Fund (10% - 4,500 BDT):** Kept in a liquid **MFS (bKash) wallet**. This ensured that if a family member fell ill, he wouldn't have to break his DPS.
4. **Lifestyle (5% - 2,250 BDT):** Limited to one modest family outing or special meal.

Step 3: Managing the Hybrid Economy

Kamal struggled to track cash spent at the local tea stall or on rickshaws.

- **The Solution:** He adopted a **Hybrid Tracking System**. He used his MFS app statement to track utility bills and bulk groceries. For cash, he kept a small "Hisab Diary" in his pocket. At the end of every day, he spent 2 minutes logging his cash outflows.
- **Result:** He identified that "Rickshaw tips" and "Small Change" accounted for 1,500 BDT of "invisible" spending that he could now control.

The Outcome

After six months of following the **"Manage Your Money Wisely"** principles:

- **Inflation Protection:** His bulk buying strategy shielded him from weekly price fluctuations in the local market.
- **Emergency Readiness:** His bKash "Medical Sinking Fund" reached 27,000 BDT, providing peace of mind without touching his long-term savings.
- **Behavioral Shift:** By using the **"Pay Yourself First"** rule, Kamal's DPS grew steadily. He no longer waited for the "end of the month" to see what was left; he decided what was left on the first day of the month.

Key Lesson: In a high-inflation urban environment like Dhaka, tracking the "invisible" cash and buying staples in bulk are the most effective ways to maintain purchasing power.

Quiz-2

1. In the context of the 2026 local economy, why is the traditional '50/30/20' budgeting rule considered disconnected from reality for most urban households?

A. Because there are no taxes in urban areas.

B. Because inflation has dropped to 0%.

C. Because food and housing typically consume nearly 75% of a middle-income budget.

D. Because urban residents prefer to spend 50% on entertainment.

2. Which strategy does the manual recommend to mitigate the impact of food inflation in the city?

A. Eating out at restaurants more frequently.

B. The 'Bazar' Strategy: Bulk buying non-perishables at wholesale markets.

C. Buying groceries daily at the local kacha bazar.

D. Shifting to imported luxury foods.

3. In a rural budget, what does 'Input Retention' (15%) specifically refer to?

A. Keeping money aside for daily snacks.

B. A 'Sinking Fund' for seeds and fertilizers to avoid high-interest loans.

C. Saving for social ceremonies like weddings.

D. The cost of building a new house.

4. The manual describes Bangladesh as a 'Hybrid Economy.' What does this mean for financial record-keeping?

A. All transactions are strictly digital.

B. Budgeting is only necessary for business owners, not individuals.

C. You must track both Digital Stream (MFS/Cards) and Cash Stream (Bazaar/Rickshaws).

D. Income is only earned in foreign currency.

5. Why is keeping money in a standard savings account yielding 2-3% considered 'losing money' in 2026?

A. Because MFS apps are faster.

B. Because there are no savings accounts left in Bangladesh.

C. Because inflation is higher than the interest rate.

D. Because the bank might close.

6. What is the primary purpose of the 'Harvest-to-Savings' workflow in rural areas?

A. To avoid using banks entirely.

B. To manage 'lumpy' income that only arrives at specific times of the year.

C. To focus only on personal goals and ignore the community.

D. To spend all income immediately after the harvest.

7. Which digital tool is recommended for 'Automated Tracking' of utility bills and internet costs?

A. Social Media apps.

B. Writing on a chalkboard at home.

C. Physical newspaper ads.

D. MFS (bKash/Nagad) Transaction History.

8. If you are an urban resident, why should you aim for an Emergency Fund of 3-6 months of 'expenses' rather than 'income'?

A. Because the manual says you should never have an income.

B. Because income is usually higher than expenses.

C. Because taxes are based on your savings.

D. Because expenses never change.

9. What is the 'Taka Slide' mentioned in the record-keeping section?

A. The erosion of purchasing power due to currency depreciation and untracked small costs.

B. A government savings scheme.

C. A new digital payment app.

D. The physical act of dropping coins.

10. According to the manual, why are receipts for assets over 20,000 BDT 'legally vital'?

A. To increase the battery life of your phone.

B. For Tax Compliance and the NBR Wealth Statement.

C. To show to your neighbors.

D. To get a discount on your next purchase.

C. Get to Know Savings Methods and Products

Now that we have created personal budget (or family budget), we know how much We can save every month and how much we must save for each of our goals.

A saving product is a saving method for which we know characteristics, such as:

- Interest rate
- Access to savings/flexibility to withdrawal
- Convenience and ease of use
- Requirements for opening savings account
- Safety
- Cost of savings (fee to open, manage or close an account, to do transactions)
- Liquidity
- Online access
- Purpose and goals of your saving strategy

Here are three popular savings products offered by financial institutions:

- **The regular savings account:** Account is adapted for when you want to make deposits or access your money any time. It is the most common savings account.
- **The business account:** This is similar to a regular savings account but might include special features focused on your business operations. It can include facilities for transferring funds, pay bills, depositing checks, getting paid with digital means of payment and other special features for your business operations.
- **The time (fixed) deposit account:** This type is adapted if you want to make your money grow for longer term goals (you deposit a lump sum which you promise not to touch for a specific period of time). Each type of product has advantages and disadvantages (for example, the different interest rates or the possibility to do online transactions).

1.Choosing a saving method

In Bangladesh's financial landscape for 2026, savings products have become more diverse, moving beyond traditional bank accounts to include government-backed schemes and mobile-first digital products. With inflation being a key factor, choosing the right method depends on your liquidity needs and risk appetite.

In Bangladesh, Microfinance Institutions (MFIs) and Cooperatives operate as vital pillars for financial inclusion, serving segments of the population that often fall outside the reach of traditional commercial banking.

Here is a breakdown of the primary savings methods and products currently available.

1. Government-Backed Savings (Sanchaypatra)

These remain the most popular for risk-averse savers due to their high security and superior interest rates compared to regular bank accounts.

- **Family Savings Certificate (Paribariki Sanchaypatra):** Specifically for women and senior citizens. It offers monthly returns and is currently among the highest-yielding safe instruments.
- **Pensioner Sanchaypatra:** For retired government employees or those with specific eligibility, offering some of the best rates in the market.
- **Bangladesh Sanchaypatra (5-year):** Open to all individuals, with profit paid at maturity or in installments.
- **Key Fact (2026):** Rates generally hover around **10.4% to 10.6%**, though they decrease slightly if your total investment exceeds 5 lakh BDT or 15 lakh BDT.

2. Institutional Banking Products

- Banks offer structured ways to save, which are better for building discipline or managing large sums.

Product	Best For	Typical Features
DPS (Deposit Pension Scheme)	Monthly discipline	You commit a fixed amount (e.g., 2,000 BDT) every month for 3 to 10 years. Current 2026 rates are approximately **8.5% – 9.75%**.
FDR (Fixed Deposit Receipt)	Lump sum growth	You "lock" a large sum for a fixed period (3 months to 5 years). Rates in 2026 range from **9.25% to 10.5%** depending on the bank and tenure.
High-Yield Savings	Liquidity + Growth	Some banks (like UCB or BRAC) offer "Dynamic" or "Max" savings accounts that give higher interest (up to **5-6%**) if you maintain a high balance.

3. Microfinance Institutions (MFIs)

MFIs are regulated by the **Microcredit Regulatory Authority (MRA)**. They primarily serve low-income individuals, predominantly women, through group-based lending and savings models.

How MFI Savings Work

- **Mandatory Savings:** Traditionally, members are required to deposit small, regular amounts as a condition for receiving a loan. This acts as a security buffer and a "forced" savings mechanism.
- **Voluntary Savings:** Many mature MFIs (like BRAC or ASA) allow members to open voluntary savings accounts that offer more flexibility than mandatory accounts.
- **Social Business Mandate:** Under the 2026 Ordinance, the sector is shifting toward a "social business" model. Many larger MFIs are transitioning toward becoming "Microfinance Banks." In this new structure, borrower-members are not just clients; they are intended to become **shareholders and owners**, ensuring profits are reinvested into social development rather than distributed as private dividends.

Key Features

- **Accessibility:** Often the only financial access point in remote or rural areas.
- **Service Charge/Interest:** While MFIs charge a "service charge" rather than traditional interest, it is often higher than formal bank rates due to the high operational costs of field-based collections.
- **Member Welfare Funds:** Many MFIs (e.g., CCDB) maintain welfare funds that provide members with insurance-like benefits, such as burial assistance, medical treatment support, or loan waivers in the event of death or disaster.

4.Shariah-Based (Islamic) Products

For those avoiding traditional interest (*Riba*), Islamic banks offer profit-sharing models.

- **Mudaraba Savings:** You provide the capital, the bank provides the expertise. Profits are shared according to a pre-agreed ratio (ISR).
- **Hajj Savings/Marriage Savings:** Specific Mudaraba schemes designed for life events, where you save monthly toward a target.
- **Sukuk (Islamic Bonds):** A relatively newer entrant in Bangladesh, allowing you to invest in government or corporate infrastructure projects for a share of the profit.

5. Mobile Financial Services (MFS) Savings

Apps like **bKash** and **Nagad** have revolutionized savings by making it "micro." You no longer need to visit a bank to start a DPS.

- **App-Based DPS:** You can start a monthly savings plan with as little as **500 BDT** directly from your bKash/Nagad app. They partner with banks like IDLC, City Bank, or Mutual Trust Bank to manage the funds.
- **Interest on Balance:** Simply keeping a balance in your bKash wallet (usually above 5,000 BDT) and making a few transactions a month can earn you up to **3% to 4%** interest annually.

6. Emerging Digital Methods

- **Digital FDR/DPS:** Many banks (like Midland Bank or City Bank) now offer "Digital Only" versions of their savings products through their apps, often providing a **0.25% to 0.50% higher rate** because the bank saves on overhead costs.
- **Mutual Funds (SIP):** Systematic Investment Plans (SIP) in Shariah-compliant or general mutual funds are gaining traction for long-term wealth building, offering potentially higher (but variable) returns than bank deposits.

7. Cooperatives in Bangladesh operate under the **Department of Cooperatives** and are based on the principle of member ownership and mutual benefit.

- **Member-Driven:** Unlike banks or MFIs where the institution is separate from the client, a cooperative is *owned* by its members. You generally must buy "shares" in the cooperative to become a member and access its services.
- **Savings Products:** Cooperatives typically offer:
    - **Share Capital:** Investing in the cooperative itself, often yielding annual dividends based on performance.
    - **Recurring Deposits:** Monthly savings schemes similar to bank DPS but usually with higher decision-making power for the member.
    - **Emergency Loans:** Access to credit based on your savings and share balance.

Key Messages

- Saving provides security in the event of an emergency.
- Some needs/emergencies can be foreseen, others cannot. Saving enables you to plan for future needs or projects.

- When everything is going well, saving also enables you to plan for things you would like to do or have.
- You need to be familiar with the different savings methods to choose the one best suited to your needs.
- Consider that there are many financial services providers offering digital solutions that can make the opening of savings account much easier than before.

What questions to ask a financial institution before selecting your savings product?

• For every savings goal there is an appropriate savings product.
• Can I make withdrawals when I want?
• What is the interest rate?
• Do I need to pay taxes on the interest rate? If so, how much?
• Can I access my account online?
• May I take out loans against my savings?
• Is the savings schedule flexible? (In other words, do you have to deposit certain amounts
at a fixed date?)
• Is there a minimum deposit when I open the savings account or a minimum amount that
should always be on the account?
• Will I be charged for making anticipated withdrawals? If yes, how much?
• How would people normally use this type of account?
• As a national from another country, can I open an account here? What documents do you ask for?

Advantages and disadvantages of different savings methods

Saving Method	Advantages	Disadvantages
Formal • Banks • The Post Office • Registered microfinance institutions • Registered savings and credit cooperatives • Insurance companies (for long-term savings products such as life insurance) • Mobile wallets • Fintechs • Apps	• The safest option • Privacy (no one except the holder of the savings product knows how much is in the account). • Less temptation to withdraw money (easier to refuse requests) • You may receive interest. • You can access other financial products (current accounts, retirement	• Not easily available for low income and illiterate people • Might require IDs or proof of residence not easily available • Bank employees are often sales personnel aiming to sell products, so they may put the interest of the bank first rather than the clients.

	savings accounts, loans, etc.) • A better way of managing your money (savings account statements) • Speeds up the payment of bills. • When the bank operates internet, mobile banking services or online savings accounts, you can check your balance and manage your savings 24 hours a day. • Many banks operate through Bank Agents that make their services much more accessible • Digital providers also allow you to check your balance and manage your savings 24 hours a day	• Remuneration rates vary from product to product. It can be very low. • Some products might have minimum deposit required for opening an account that may act as a barrier. • You may have to pay account charges. • A waste of time queuing at the bank. • The different products and charges are complex; fear of making a mistake. • Restricted opening hours (closed evenings and during weekends). • The effects of economic or political instability: financial crises, currency devaluations, blocking of withdrawals, impossibility of getting money out of the country (exchange controls). • Bank agents may have no sufficient funds to serve you
Semi- Formal • Savings groups • Self-help groups • Village banks • Village Savings and Loan Associations (VSLAs) • Unregistered microfinance institutions	• Easy access • The fact that you are saving often means you can get a loan. • You can earn interest on loans made with savings.	• Few guarantees. • You cannot be sure of earning interest on your savings. • Limited or no access to loans. • Being able to save or withdraw

• Unregistered savings and credit cooperatives • Unregistered loan institutions	• The savings group rules about the frequency and number of deposits encourage saving. • Discipline • Makes for solidarity and strengthens social bonds among members.	money is subject to the approval of the members. • Danger that a member will not abide by the rules (e.g., someone might disappear after receiving money from the group). • Depending on the degree of formalization, it may not be possible to appeal to the police if there is a problem. • Danger of the death of a member of the savings group. • You need to be part of a network in order to join a savings group. • Savings groups run a higher risk of failing (no management supervision by the authorities).
Informal • At home (in cash, in a safe or money box. • In kind (gold, jewelry, livestock, land, property, etc.) • Entrusting money to a friend, relative **or** trader.	• Easy access. • The asset you have acquired may increase in value. • You have to sell your asset to get your money back (subject to the law of the market). • The friend, relative or trader is always available. • There are other advantages to saving in kind: production or sale of milk (in the	• Not secure: value may fall over the years, risk of theft, sickness or death (in the case of livestock). • There may be a strong temptation to spend (if you keep money in the home). • Difficult to liquidate in case of emergency (selling an asset takes time). • Cost associated with savings in kind:

	case of cattle), jewelry can be worn for important events. • If you save in kind (livestock, property) you may be able to earn money (sale of meat/ milk, rent.)	food and veterinary costs for livestock, repairs to property.

Key take aways

1. Matching Product to Purpose
2. Safety First: The Formal Advantage
3. The High-Yield Shield
4. Digital and Micro-Savings Revolution
5. Understanding MFI & Cooperative Models
6. Ask the Right Questions

Summary Table:

Goal	Best Method	Key Benefit
Emergency Fund	Regular Bank/MFS	Instant access 24/7
Buying a House/Land	Sanchaypatra / FDR	Highest security and profit
Education Fees	DPS (3-5 years)	Consistent monthly discipline
Business Inputs	MFI / Cooperative	Access to community loans
Religious/Social Events	Shariah-Based Mudaraba	Ethical, profit-sharing model

Case Study-3

Case Study: Choosing the Right "Vehicle" for Success

Subject: Nasrin, a small-scale tailor in a peri-urban area near Bogura. **Financial Situation:** After meeting her daily needs, Nasrin manages to save **3,500 BDT** per month. She has a lump sum of **50,000 BDT** from a successful seasonal contract and is planning for two specific goals:

1. **Short-term Goal:** Buying a high-speed industrial sewing machine in 12 months.
2. **Long-term Goal:** Her daughter's university admission in 6 years.

The Dilemma: Where to Put the Money?

Nasrin traditionally kept her cash in a wooden box at home. However, she noticed that with the rising prices of fabric and thread (inflation), her "box savings" were losing value. She also found it too easy to dip into the box for small family requests.

Step 1: Analyzing the Options

Following the manual's framework, Nasrin evaluated three different products:

- **Option A: The Wooden Box (Informal).** * *Pros:* Immediate access.
    - *Cons:* High temptation, no interest (losing value to inflation), and risk of theft.
- **Option B: MFS-Based Savings (Digital).** * *Pros:* Extremely convenient, can start small (500 BDT), and safe from physical theft.
- **Option C: Sanchaypatra or DPS (Formal).** * *Pros:* High interest rates (~9% to 10.5%), government-backed, and "forced" discipline.

Step 2: The Multi-Product Strategy

Nasrin realized that no single product fit all her needs. She decided to use a **"Basket Approach"**:

1. **For the Industrial Machine (Short-term):** She opened a **1-year DPS (Deposit Pension Scheme)** via her mobile banking app. By committing **3,000 BDT** monthly at a **9% interest rate**, she ensured the money was "locked away" from daily temptations while earning enough to combat price hikes on machinery.
2. **For the University Fund (Long-term):** Instead of keeping her **50,000 BDT** lump sum in a regular account, she invested it in a **5-year Bangladesh Sanchaypatra**.

At a rate of **~10.5%**, her money would grow significantly more than in a standard savings account, providing a solid foundation for her daughter's future.

3. **For Daily Emergencies (Liquidity):** She kept the remaining **500 BDT** of her monthly savings in her **MFS Wallet (bKash/Nagad)**. This allowed her to pay for sudden repairs or medicine instantly without breaking her long-term investments.

The Outcome

After one year:

- **Target Achieved:** Nasrin successfully purchased her industrial sewing machine using her matured DPS. The "forced discipline" of the monthly deposit prevented her from spending the money on "wants."
- **Wealth Protection:** Her Sanchaypatra investment is untouched and growing at a rate higher than current inflation, unlike the cash she used to keep at home.
- **Financial Inclusion:** By moving from a wooden box to digital and formal products, Nasrin now has a "financial footprint," making it easier for her to apply for a small business loan in the future if she needs to expand her shop.

Key Takeaway for the Local Context

In Bangladesh, the smartest savers don't just "save"—they **allocate**. By using a mix of **MFS for liquidity**, **DPS for discipline**, and **Sanchaypatra for high-yield growth**, small business owners can protect their hard-earned money from both inflation and impulse spending.

Quiz-3

1. In the 2026 economic context, which factor is most critical when choosing between a regular savings account and a high-yield instrument like Sanchaypatra?

A. Inflation-proofing your money against an 8-9% rate.

B. The number of employees at the institution.

C. Whether the bank has a physical branch in every village.

D. The color of the bank's logo.

2. Which government-backed product is specifically highlighted as a top-tier choice for women and senior citizens in Bangladesh?

A. Current Account.

B. Digital-only FDR.

C. Family Savings Certificate (Paribarik Sanchaypatra).

D. Mudaraba Savings.

3. What is the main advantage of a DPS (Deposit Pension Scheme) compared to a regular savings account?

A. It allows you to withdraw money at any ATM 24/7.

B. It offers the lowest interest rates in the market.

C. It creates 'forced discipline' by requiring fixed monthly deposits.

D. It requires a large lump sum to start.

4. How have Mobile Financial Services (bKash/Nagad) changed the way people in Bangladesh can save?

A. By allowing 'micro-savings' where a DPS can be started with as little as 500 BDT.

B. By requiring a physical visit to a bank branch for every deposit.

C. By making it possible to save only in US Dollars.

D. By eliminating the need for any ID or registration.

5. What is a characteristic of a 'Shariah-Based' savings product like Mudaraba?

A. The bank takes 100% of the profit.

B. It can only be used for buying gold.

C. The bank guarantees a fixed 15% interest rate regardless of performance.

D. It is based on a profit-sharing model (ISR) rather than fixed interest.

6. In a Cooperative (Samity), what makes a member different from a standard bank client?

A. The member is also a part-owner of the institution.

B. The member is not allowed to save money.

C. The member does not have access to emergency loans.

D. The member must pay the bank manager a daily fee.

7. Why might a 'Digital-Only' FDR or DPS offer a higher interest rate than one opened at a physical bank branch?

A. Because digital money is worth more than cash.

B. Because digital accounts are less secure.

C. Because the government requires all digital accounts to be free.

D. Because the bank saves on 'overhead' costs like rent and staff for physical branches.

8. Which of the following is a major 'Disadvantage' of informal savings, such as keeping cash in a money box at home?

A. It earns too much interest.

B. You have to pay the government a fee to keep it at home.

C. High temptation to spend and high risk of theft or damage.

D. It is too difficult to access in an emergency.

9. Before selecting a savings product, which of these is a critical question to ask a financial institution?

A. Do you have a television in the lobby?

B. What is the bank manager's favorite food?

C. Are there any 'Exclusions' or penalties for withdrawing my money early?

D. How many other people have an account here?

10. Under the 'Social Business' model mentioned for MFIs in 2026, what is the intended role of borrower-members?

A. They are to become shareholders and owners, with profits reinvested in social development.

B. They are required to pay a 50% service charge.

C. They are strictly clients with no say in the business.

D. They must work for the MFI for free.

D. Use Credit Products Wisely

We now know the basics of setting a financial goal, savings and managing our expenses. To raise fund, we need to know better about the financial products and the pros and cons of financing a project with external funding.

1.Choose A Method to Finance Your Projects

There are generally four ways in which people raise money to fund a project:

i. Sell an asset
ii. Use personal savings
iii. Borrowing money from informal sources of credit
iv. Borrowing from a financial institution such as a bank, microfinance institutions, registered savings and credit cooperatives.

Definitions of the common terms one should get familiar before going for a credit facility

Loan: The act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges.

Credit: A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest

Interest: It is the price for the use of the money of the lender over a certain period

Penalties: Sums the borrower will have to pay to the lender if he/ she fails to repay the loan (e.g., Seizure of property, a vehicle, savings)

Credit Broker: Professional charged by his clients with finding them the most suitable and/or cheapest loans (generally mortgage loans) from banks and other financial institutions

Principal: The amount of the loan granted by the lender, net of interest.

Guarantor/ Collateral: Person who will pay off your loan in the event of you failing to do so. This person may be asked to add his/her signature to the agreement with the lender. The guarantee may also be in the form of property.

Personal contribution: The proportion of the funding for your project which you possess before borrowing additional sums from the credit institution. This contribution will consist mainly of your liquid assets and savings.

Mortgage: Pledging a property, you own as security to obtain credit from a financial institution. In the event of repayments not being made, the creditor may seize/repossess the property concerned and sell it in order to recover the sum originally lent plus charges. The owner does not lose ownership of a mortgaged property as long as he honours his repayment obligations.

Early repayment: Repaying all or part of your loan before the term of the agreement.
Rethink: Cancelling a credit agreement without penalty. A "cooling-off period" protecting you against impulse buying.

Grace period: Period allowed between receipt of a loan and the first repayment (buy now, pay later)

Key Messages

- There are several options to finance your goals.
- Each option has pros and cons. It is important to understand and review them carefully to select the option
- that matches the best your needs and your personal situations.
- You can also combine several financing options (borrowing and savings).
- Talk about the financing options to your family, in particular the members of your family who are involved in your goals (spouse, parents, children, siblings…).

2. Select Your Credit Wisely!

There are several sources of credit. Some, such as banks, micro-finance institutions or specialized loan companies, are part of the formal economy and lay down specific terms for any person or institution wishing to contract a loan. Some try to make it easier to get a loan, even for poorer people. Others require that one be part of a group, such as a tontine, or that you already have some money saved up. Important features to consider when selecting a lender

What shall one analyze when selecting a lender?
- Interest rate (fixed or variable).
- Annual Percentage Rate (APR), the true cost of taking the loan (including administrative charges, compulsory insurance).
- The amount you can borrow.
- How easy it is to get the loan (e.g., how much you must have saved before a loan can be granted, the amount of the guarantee...).
- Requirements (papers one needs to present; chances they would give a credit).
- How quickly one gets the money.

- Penalties in the event of late repayment.
- Distance from the home.
- Online services.
- Methods of debt collection in the event of late payment (legal, intimidation, threats...).
- Grace period.
- Obligation to use the loan for a particular purpose (housing, productive investment...).
- Possibility of extending the term or being given a grace period.
- Possibility of accessing other financial services: current account, money transfer, debit card, mobile phone or internet services...).
- Arrangements in the event of death, sickness or a change in the borrower's circumstances.

Key Messages

- To use credit products successfully, one needs to understand well the credit terminology.
- The borrower is responsible for repaying the loan according to the repayment schedule.
- Taking out a loan is a serious matter. Don't take it lightly.
- The rich man is the one who pays his debts (proverb)!
- To choose a loan and a lender wisely, you first need to know what products are available
  and who the lenders are, by gathering as much information as possible. With that information, you will be able to choose the product best suited to your needs.
- Which lender you choose will depend on the nature of your project, i.e., the goal you
  wish to achieve by taking out a loan.

3.Calculate The Cost of the Credit

Repayment Capacity

Suppose after thinking well, one decided to take a loan to finance a project. He/ She knows how much he/ she needs, and one feels ready to go and see the financial institutions to find the right product. Before one goes to see them, he/ she will need to take the time to calculate the ability to repay a credit. Let's focus on personal loans. According to the laws in force in many countries, a person cannot repay beyond a percentage of his/her monthly income. Depending on the country, this varies between 30 and 40% of the monthly income. If we exceed this percentage, there is a high risk of over-indebtedness. Moreover, a financial institution giving credit to a person who will have to pay back more than the percentage of his authorized income can be sued.

In the 2026 economic landscape of Bangladesh, "repayment capacity" has shifted from a simple math exercise to a strategic calculation influenced by high interest rates (with the policy rate held at **10%**) and persistent inflation (around **8.5%–9%**).

For a professional or an entrepreneur, assessing repayment capacity now requires looking at "Real Disposable Income" rather than just gross earnings.

1. The Critical Metric: Debt Burden Ratio (DBR)

In Bangladesh, most commercial banks use a **Debt Burden Ratio** to determine how much you can borrow.

- **The Threshold:** Banks generally limit your total monthly loan installments (EMI) to **30%–40%** of your net monthly income.
- **The "Net Income" Trap:** Banks now rigorously deduct **"Cost of Living"** based on current inflation before calculating this ratio. If your salary is 1,00,000 BDT, but your estimated household expense (Bazaar, rent, education) is 60,000 BDT, your capacity is based on the remaining 40,000 BDT, not the full lakh.

2. Regulatory Safety Nets (2026 Updates)

Bangladesh Bank has introduced several measures to prevent mass defaults amid high interest rates:

- **Housing Loan Rescheduling:** New 2026 guidelines allow for more flexible rescheduling. If your EMI spikes, you can now extend the repayment period based on the **remaining term** of the loan (plus 20-30% extra time), provided the loan is settled before the borrower turns **65**.
- **Grace Periods:** For export-oriented industries and certain SMEs, the central bank has allowed **3-month grace periods** on specific wage-support loans to maintain liquidity.
- **Renewal Discipline:** For "Continuous Loans" (like Overdrafts), banks must now initiate the renewal process **two months before expiry**. If you haven't adjusted amounts exceeding your limit, the loan may not be renewed.

3. Factors That "Drain" the Capacity

When calculating one’s own capacity, account for these Bangladesh-specific variables:

- **Interest Rate Volatility:** With the SMART rate and subsequent market-based shifts, your EMI can fluctuate. Always budget for a **2% increase** in interest rates to see if you can still afford the loan.
- **Medical Sinking Fund:** Out-of-pocket health costs in Bangladesh are high. A "repayment plan" that doesn't leave room for medical emergencies is considered high-risk.
- **MFS/Hidden Debt:** Digital micro-loans through apps (bKash/Nagad) often have high effective interest rates. These are often "invisible" to traditional bank checks but directly eat into your monthly cash flow.

4. Practical Checklist for Borrowers

Before taking a loan in 2026, ask:

1. **The Inflation Test:** If the grocery bill rises by another 10%, can one still meet this EMI?
2. **The Asset-Liability Match:** Is the loan for a "productive" asset (e.g., a machine that generates revenue) or a "consumptive" one (e.g., a car)? In high-interest periods, only productive debt is recommended.
3. **The Maturity Profile:** Ensure the loan maturity doesn't coincide with other major life expenses (e.g., a child's university admission year).

A table for identifying the parameters of a business loan

Business Loans	
Questions To Ask Before Taking A Business Loan	
Questions	**Suggestions**
1. Is this loan necessary for the business?	Borrowing can be an attractive option if it enables to take advantage of a time-sensitive opportunity and/or it generates additional revenue that more than covers the cost of the loan. However, if a business already carries a lot of debt or if lack collateral or a credit history, a business may not be able to access a loan.
2. Why is the cash-flow important?	A cash flow plan will help a business to determine how much money it will need, why the money is needed and when it can be paid back.
3. How do one qualify for a loan?	To qualify for a loan from a financial institution, a business has to first show the loan officers that the current business is doing well. One can do this by showing them the records of your previous sales, costs and profits. Then, they have to show the loan officers the purpose of the loan. The plans for the

	following year should make it clear why your business will need to borrow the money. The loan officers will also want to see how the business will be able to make enough profit to pay back the loan. The plans should provide them with that information.
4. How do an entrepreneur/ borrower know if the conditions are good for him/ her?	An entrepreneur should never accept a loan at a price that his/ her business cannot afford, or with conditions that his/ her business cannot comply with. The stronger the business becomes, and the more clearly, he/ she can document its capacity to operate profitably in the future, the easier it will be to access a loan and to negotiate its terms. He/ She can increase his/ her bargaining power by remaining loyal to a financial institution over a period of time.
5. What about repayments? How do an entrepreneur/ borrower estimate this?	It is important to repay a loan when installments are due. Late payments will hurt company's credit rating, which may make it difficult to borrow in the future. The cash to make the monthly loan payments should be generated from the business itself. If repayment of the loan must come from another source, the business would be getting deeper in debt, which would be a major concern. To ensure that the business can repay the loan when instalments are due, remember to include the instalment amount in the cash flow plan. Do not inflate the sales projections or the amount of loan requested in an attempt to ensure that you get the amount required. This can lead to larger loan payments than the business has the capacity to repay.

Key Messages

- In order to use well a credit product, one should understand well all the credit terms.
- Borrowing comes with the responsibility to repay, and to repay on time.
- Borrowing is a serious business. Do not take it lightly!
- In order to select the credit product, one needs to know the different products, gathering information on the characteristics of each of them. With the information, borrower will be able to select the credit product that is the most adapted to your needs.
- Remember not all loans are the same. There are business loans, personal loans, student
  loans and others. Make sure to get the loan that fits the needs.

Over-indebtedness: Over-indebtedness is when it is impossible for a person or business to cope with/ service their personal debts, including bank loans (while maintaining decent living conditions for themselves and their family.

Tips to stay away from over-indebtedness

• Only borrow the amount of money that one can manage to pay back. Be careful with easily accessible digital loans that might tempt one to borrow more than to repay.
• Calculate the debt-to-income ratio. Calculate the total monthly income and the monthly payments one has to make to pay back his/ her loans (monthly debt obligations). Compare these two figures and calculate the ratio. Usually, if the repayments reach 30 per cent of his/ her monthly income, he/ she should not take an additional loan. He/ she can use many digital tools available for this.
• If a borrower can't make the loan repayment on time, be honest with the lender and explain the reasons for such challenge.
• Listen to the advice of the lender, friends and family on how to pay back the loan.
• Reduce some of the daily life expenses in order to pay off the debt.
• Always keep some emergency savings so that can cope with emergencies without affecting the loan repayments.
• Take action! Go and see the account manager at the financial institution. Do not wait until it is too late to ask for assistance.

Some Solutions

If a person is already over-indebted, here are the solutions that can be offered by the credit institution:

- Reschedule the debt, i.e. reduce the amount repaid each month and lengthen the term of the loan.
- Interrupt payments for a given period.
- Sell an asset to pay off your most expensive debts (i.e., those that charge the highest rate of interest).

Key Messages

- Repaying is a decision that shall be taken when you decide to borrow.
- Avoid borrowing to repay a loan!
- Money from a credit is not yours!

Advantages and disadvantages of different ways of raising money

	Advantages	Disadvantages
Sale of assets / property	• You use only your own resources	• Risk of the asset losing value • If it is a productive asset, the family may incur additional costs or have to spend more from day to day
Savings	• Fast access • Private resources • No interest to pay • You can do what you like with the money (no external interference)	• A person deplete his/ her savings • The money has to be saved over a long period, so will probably not cover all the needs • A person may lack financial resources in an emergency
Borrowing from an informal lender (family, shopkeeper...)	• Fast • A local transaction • No implementation procedure	• Very expensive • Risky: if you fail to repay, the lender may adopt “heavy” methods, including intimidation • No legal protection in case of abuse by lender • Easy to get into debt
Borrowing from a formal financial institution (Bank, microfinance institutions, Savings and Credit Cooperative Organizations)	• Fast • Accessible • Proximity • Registered in accordance with legal requirements • Part of a group able to give advice (social aspects/collective support)	• Might not have a product suited to your project • Interest rates sometimes high • Some providers might only finance me if I have a registered business

Case Study-4

Case Study: Funding the "Green Grow" Expansion

Subject: Mr. Ariful, a second-generation commercial poultry farmer in Gazipur.

Project: Expanding his farm to include an automated climate-control system to reduce bird mortality during the intense summer heatwaves of 2026.

Required Capital: 1,200,000 BDT (12 Lakh).

The Dilemma: High Stakes, High Costs

Ariful is faced with a "productive" investment. The automated system will increase his revenue by 20% by reducing waste. However, with the **Central Bank policy rate at 10%**, borrowing is expensive. He must choose a financing method that doesn't lead to **over-indebtedness**.

Step 1: Evaluating the Financing "Menu"

Ariful analyzed the four methods outlined in the manual:

1. **Sell an Asset:** He considered selling a small plot of ancestral land.
    - *Analysis:* No interest to pay, but he loses an asset that is appreciating in value.
2. **Use Personal Savings:** He has 400,000 BDT in a High-Yield Savings account.
    - *Analysis:* Using this is "free," but it leaves him with zero **Emergency Savings** for bird flu outbreaks or sudden feed price spikes.
3. **Informal Credit (Mahajan/Relative):** A local trader offered the money instantly.
    - *Analysis:* Fast access, but the interest was a staggering 20% (flat), and a failure to pay would lead to "heavy" social intimidation.
4. **Formal Credit (Agri-SME Loan):** A specialized bank offered an SME loan.
    - *Analysis:* 12% interest (market-linked), requires a **Guarantor** and trade license, but offers a **Grace Period** and legal protection.

Step 2: The "Hybrid" Financing Decision

Ariful decided to combine methods to minimize risk, a strategy known as **Personal Contribution**:

- **Personal Contribution (33%):** He used **400,000 BDT** from his savings. This reduced the total amount he needed to borrow, lowering his monthly **EMI**.
- **Formal Bank Loan (67%):** He applied for an **800,000 BDT SME Loan**.
- **The Negotiation:** Because he showed the bank his **Cash Flow Plan** (proving the system would generate more revenue than the loan cost), he negotiated a **3-month Grace Period**. This allowed him to install the machines and start seeing profits before the first installment was due.

Step 3: Calculating Repayment Capacity (The Stress Test)

Before signing, Ariful performed two checks:

1. **The Debt Burden Ratio (DBR):** His net monthly profit was 150,000 BDT. The bank's EMI was 45,000 BDT. His DBR was **30%**, which sat safely within the 30–40% limit recommended for Bangladesh.
2. **The Inflation Test:** He asked, *"If chicken feed prices rise by another 10%, can I still pay?"* Since the new system reduced electricity waste, he calculated a "buffer" that allowed him to absorb feed price hikes without defaulting.

The Outcome

- **Productive Debt:** The loan was used for a "Productive" asset (the cooling system) rather than a "Consumptive" one (like a personal car), ensuring the farm could pay for its own debt.
- **Avoided Over-Indebtedness:** By not borrowing the full 12 Lakh, he kept his monthly installments manageable.
- **Safety Net:** Because he stayed with a **Formal Institution**, when a minor transport strike delayed his sales for two weeks, he was able to use the **Rescheduling** dialogue with his account manager rather than facing the threats of an informal lender.

Key Lesson for the 2026 Context

In a high-interest environment like Bangladesh, **never borrow 100% of a project's cost.** Use a **Personal Contribution** to lower your debt burden and always prioritize **Formal Loans** for business expansion to ensure you have legal "Safety Nets" like grace periods and rescheduling options.

Quiz-4

1. What is the primary difference between the 'Principal' and the 'Interest' of a loan?

A. Principal is the cost of the loan, while Interest is the amount borrowed.

B. They are the same thing.

C. Principal is the amount of the loan granted, while Interest is the price paid for using that money.

D. Principal is the penalty fee, while Interest is the insurance cost.

2. In the 2026 context of Bangladesh, why is the 'Debt Burden Ratio' (DBR) calculated based on 'Net Disposable Income' rather than gross salary?

A. To make it harder for people to get any loans at all.

B. Because taxes are no longer collected in 2026.

C. Because gross salary is a secret in Bangladesh.

D. To ensure that the borrower can still afford essentials like food and rent despite high inflation.

3. Which of the following is considered a 'Productive' use of debt in the current high-interest environment?

A. Borrowing to purchase a delivery van that increases shop sales.

B. Taking a personal loan to buy a high-end luxury smartphone.

C. Borrowing money from a shopkeeper to pay off an existing bank loan.

D. Using a credit card to pay for an expensive wedding ceremony.

4. What is a 'Grace Period' in a loan agreement?

A. The amount of interest you are forgiven if you pay early.

B. The time you are given to apologize for a late payment.

C. The period after a loan is fully paid off.

D. The time between receiving the loan and when the first repayment is due.

5. According to the manual, what should you do if you find yourself over-indebted and unable to meet your EMI?

A. Take a high-interest micro-loan from an app to pay the bank.

B. Stop answering the bank's calls and hide.

C. Visit your account manager to discuss rescheduling or a debt moratorium.

D. Increase your daily life expenses to feel better.

6. Why is borrowing from a 'Formal' financial institution considered safer than an 'Informal' lender?

A. Because formal institutions are registered and follow legal requirements for debt collection.

B. Because formal banks never charge interest.

C. Because bank employees are always family members.

D. Because it is easier to get a loan from a bank than a friend.

7. What is 'Collateral' in the context of a loan?

A. An asset (like property or savings) pledged as security that the lender can seize if you default.

B. The person who suggests the loan to you.

C. A gift given to the bank manager.

D. The interest rate charged on the loan.

8. How does the 'SMART' rate system in 2026 affect a borrower's monthly installments?

A. It keeps the interest rate frozen forever.

B. It automatically pays the loan from your savings.

C. It means the EMI can fluctuate based on market interest rate shifts.

D. It makes all loans interest-free for women.

9. What is the 'Annual Percentage Rate' (APR)?

A. A special discount for senior citizens.

B. The name of the bank's annual party.

C. The amount of money you save in a year.

D. The 'true' cost of the loan, including interest, administrative charges, and insurance.

10. In the context of Bangladesh which factor below ‘drain’ the capacity of a borrower

A. Expensive purchase

B. Go beyond budgets in ‘dining out’

C. Over expenses on Credit card

D. Interest rate volatility

E. Choose Means of Payments and Money Transfer Products

1.Use means of payment with security

The different means of payment and payment operations:

- Cash
- Bank card
- Payment via the internet
- Bank transfers and direct debits
- Digital wallet
- Electronic mandate
- Payment via mobile phone
- Bartering

Definitions

Pre-paid or cash cards

A pre-paid card allows the user to withdraw money from the account by entering it into a device called an automated teller machine (often abbreviated as ATM). In addition to the possibility of money withdrawal, user can check the balance of the account. User can buy food, fuel, and clothes, provide the person or shop paying to accept cards. The money used is deducted immediately from the balance. Some cards allow you to pay bills and recharge credit on mobile phone. Each bank has its own network of ATMs but often user can use bank card to withdraw from any ATM whether the ATM belongs to the bank or not. However, the bank may charge a fee each time of the use of an ATM that is part of another bank's network. User can only use the money which have put in the balance. User can recharge it as many times as he/ she wants, through ATMs, bank transfers or even by use of network agents. Some digital wallets offer the possibility to recharge the pre-paid cards through the app.

Debit cards

A payment card allows electronic banking transactions. In addition to using, it to withdraw money from ATMs, User can use a debit card to pay for the goods he/ she buys in many stores. User must have money in your account at the time of purchase. The amount of the purchase is deducted from user account immediately. User can regularly check the balance through the home-banking or cell phone. In some cases, User might receive a statement from the bank or financial institution, indicating the total amount deducted from the account as well as the balance.

Credit card

In general, a credit card allows user to make the same transactions as a pre-paid/cash card and debit card. The major difference is that it allows, that it also allows to have access to instant credit. That is, if a person do not have money on his/ her account, he/ she can still make a purchase in a store by taking a loan from the financial institution who sold the credit card (financial institutions, department stores ...). Under the terms of the credit card purchase agreement, the amount of the purchase/loan will be deducted from the account (in one or several times, at an interest rate often much higher than that of conventional credit products). A user will regularly receive a statement from the financial institution that sold the credit card, indicating the total amount deducted from the credit, the amount repaid and the interest rate. Nowadays a user can also check all this information online.

Digital Wallet/ E-Wallet

By digital wallet we refer to an electronic device, online service, or software program that allows one party to make electronic transactions with another party bartering digital currency units for goods and services.

Advantages and disadvantages of Digital/ E- Wallet

	Advantages	**Disadvantages**
E- wallet	• User can withdraw money in shops: no need to queue at a cash point or bank. • User don't need to carry money around when paying bills or someone. • The e-wallet is protected by a PIN; money is safe. • User don't need to fill in any forms to withdraw or deposit money, as one do when visit a bank. • Retailers are rarely short of money. • One does not need a bank account. • Transactions are made immediately. • It allows the user to pay bills and send money in an easy, traceable and safe way.	• The user may forget the PIN. • The mobile phone might be stolen. • If one does not monitor the expenses, it might • be difficult to stick to the budget.

Security Tips for Digital Wallet

- Do not share your PIN with anyone.
- Never keep a record of your pin close or together with your sim-card.
- Do not save your PIN as a contact in your phone.
- Always demand to look at the charges for the different transactions, especially when using an agent.
- When you are sending money to someone, double check the name and amount before inserting the PIN.

Security tips for means of payment

• Use the means of payment carefully, always thinking about staying within your budget.
• Keep the card, check book, wallet and mobile phone in a safe place.
• Never lend the credit card or check book to anyone.
• Never sign a blank check (without putting the amount).
• Do not write the confidential code on the bank card or leave it nearby.
• Never send the confidential information by e-mail, SMS, fax ...
• Check your bank statements carefully and regularly.
• Report immediately to your bank of any sum debited from your account which you cannot explain.

Key Messages

- There are various means of payment: cash, payment card or payment operation: bank transfer, direct debit/standing order, payment by mobile phone or via the Internet...
- Each means of payment is different. As with all financial products, each involves costs and has advantages and disadvantages, which often depend on the type of expenses you want to pay for.
- A cash card enables you to withdraw money, check your balances and, in some cases, also pay for goods, without having a bank account. A debit card is a card linked to your bank account that allows you to use ATMs and pay for goods and services.
- As well as enabling you to withdraw money and pay for purchases, a credit card gives you access to instant credit (if the necessary funds are not available in your account at the time of purchase).
- Digital wallets are a great way to digitalize the way you use your money and use less cash. It can be a great way to start using financial institutions.
- The use of means of payment presents risks! Use your means of payment with care always thinking to stay within the limits of your Budget

2. Get to know money transfer operators

Informal money transfer operators

These institutions and individuals are not regulated or supervised by the regulatory authority

Formal money transfer operators

These institutions are regulated and supervised by the State.

Formal money Transfer operators	Informal money Transfer operators
• The Post Office (via local office or Internet) • Money Transfer Operators (Via agency or Internet) • Banks (via bank branch or Internet) • Digital wallets	• Shopkeepers and traders • Taxi and lorry drivers • Friends and family

Whatever the provider is chosen to make a money transfer, be it formal or informal, a user needs to look at a series of criteria before making a choice:

• Costs of sending money (paid by the sender).
• Costs to receive money (paid by the receiver).
• Geographic proximity (for the sender and the receiver).
• Safety.
• Speed.
• Money exchange commission (if relevant).

Key Messages

- It is important to be familiar with the procedure for transferring money (documents to be provided, costs, operator's network ...).
- There are several ways to transfer money: cash to cash, bank account to cash, cash to bank account, bank account to bank account, cell phone to cell phone ...
- Choose your transfer method and your operator according to your situation and that of the person you are sending money to.
- Looking at characteristics such as the cost of sending, the exchange commission, the cost of receiving, the geographic proximity, etc.) enables you to take a decision that is best suited to your needs.
- Send money in a safe way, go for formal channels and facilitate the withdrawal for your relatives!

3. How to send and receive money

METHOD 1: Through a money transfer operator

• Contact or visit a bank or financial institution (in person or online);
• Fill in a simple and quick money transfer form;
• Approach the clerk and give him/her the following information:
1. The name and number of the payee's account (if the payee, i.e., the person you are sending the money to, has a bank account),
2. The name and identity card number or other identity document number of the payee (if the payee does not have a bank account);
• Inform the payee of the amount of money you have transferred and, depending on the time period indicated by the bank/agency (which may range from a few minutes to several days), the payee will be able to collect the money from the bank or agency, in cash or paid into their account (as you would have specified).
• Go to the bank or agency and give the clerk the necessary information concerning the amount of money being sent to you and the name of the person sending.
• Show the bank clerk your identity card or other document proving your identity.

METHOD 2: Through bank software

• Enter the website of your banking institution. Complete your username and password.
• Once inside the system, select the account from which you want to send money.
• Click on Make Transfers / Send money. Sometimes this functionality can be found under a tab called Payments.
• Once inside Transfers section, you will have to complete the following information:
- Date of realization.
- Destination: Here you will have to complete the Alias and/or Bank account number of the payee.
- Currency: typically, local currency but can also be another international currency.
- Amount: complete the value of the transfer.
- Concept: choose the payment concept (Assets, Miscellaneous, Rent or another that appears in the drop-down panel).
- Description: this is to send a message to the payee.
- Recipient's email: so that a notification reaches the payee.
• Press Continue or Make Transfer and the money will be sent on the chosen date. Some banks might require an additional security step here (could be an SMS sent to your phone that you need to include for confirming the transaction, could also be an extra pin generated for these operations). Generally, you receive a confirmation on the same website or via email that the transfer has been made successfully.
• Enter the website of your banking institution. Complete your username and password.
• Once inside the system, select the account to which you have been sent the money. When you enter when viewing the account details, you should have a new income for the amount sent and a detail that indicates who and when has sent you the money.

METHOD 3: Through digital wallet

• Access the application from your phone. It must be the same application that the payee uses. Click on the menu and choose the option "Send Money".
• In the "To" field you can choose a contact from your phonebook, a cell phone number or an email address.
• Enter the value to send, choose the reason for sending the money (for example, return of the borrowed money or money for yesterday's dinner) and press the continue button.
• Select the payment method. It can be the balance of your digital wallet or also any of the payment methods that you already have linked to your digital wallet (debit card, credit card or bank account). In case you want to do it through a new card, the application will ask you for the card details. By pressing continue, the application will confirm the sending of the money.
• You may receive a notification by your app directly on your phone that you have received money.
• When you open the application, you will notice the payment instantly in your balance and last movements. The incoming of money is immediately available, that is at the same time as whoever send you the money completes the operation.

In Bangladesh, the landscape of financial transactions has shifted rapidly toward digital platforms, though traditional "analog" methods remain vital for rural accessibility and high-value commerce.

Here is a breakdown of the primary ways to send and receive money in the country as of 2026.

Digital Methods

Digital transactions are dominated by Mobile Financial Services (MFS) and the Bangladesh Automated Clearing House (BACH) systems.

1. Mobile Financial Services (MFS)

This is the most popular way for individuals and small businesses to move money instantly.

- **Major Providers:** bKash, Nagad, Rocket (by Dutch-Bangla Bank), and Upay.
- **Key Features:** * **Send Money:** P2P transfers between user accounts.
    - **Cash-In/Cash-Out:** Converting digital balance to physical cash (and vice-versa) at local "Agent" points.
    - **Remittance:** Receiving international funds directly into the mobile wallet.

2. Digital Banking & Interbank Transfers

Traditional banks have integrated digital networks to allow near-instant movement of larger sums.

- **BEFTN (Electronic Funds Transfer):** Standard for salary disbursements and monthly bills; usually takes 24 hours.
- **RTGS (Real-Time Gross Settlement):** Used for high-value transactions (typically above ৳100,000) with instant settlement during banking hours.
- **NPSB (National Payment Switch Bangladesh):** Enables instant transfers between different banks' apps and ATMs using debit/credit cards.

3. Payment Gateways & Apps

- **AamarPay / SSLCommerz:** Used primarily for online shopping and service payments.
- **Internet Banking:** Apps like **MTB Neo** or **CityTouch** allow users to manage accounts and transfer to other banks or MFS wallets.

Analog Methods

While "analog" often implies physical or manual processes, in Bangladesh, these are frequently used for legal or informal local transfers.

1. Over-the-Counter (OTC) & Physical Branches

- **Cash Deposit/Withdrawal:** Visiting a bank branch (e.g., Sonali Bank, Islami Bank) to fill out a deposit slip or write a check.
- **Demand Drafts & Pay Orders:** Used for formal payments, government tenders, or university admissions.

2. Traditional Remittance (Cash Pickup)

- **International Agents:** Services like Western Union or MoneyGram allow a sender abroad to provide a PIN to a recipient in Bangladesh. The recipient then visits a physical bank branch or agent with their NID to collect paper currency.

3. Courier Services (Condition-based)

- **Cash on Delivery (COD):** While the logistics are analog, the payment is physical. Many local couriers (like SA Paribahan) act as intermediaries where the recipient pays cash to the courier, who then returns the funds to the sender.

4. Informal Channels (Hundi)

- **Note:** This is an informal, unregulated system used for cross-border transfers. While it operates on trust without digital traces, it is **illegal** under Bangladesh Bank regulations and lacks consumer protection
- **Comparison at a Glance**

Method	Speed	Best For	Typical Fees
bKash/Nagad	Instant	Daily expenses, small transfers	~1.5% to 1.85% (Cash out)
RTGS	Real-time	Business/Large payments	Minimal flat fee
Bank Check	1–2 Days	Formal business, high security	Free/Cheque book cost
Cash Pickup	Instant	Rural families without bank accounts	Variable (Sender p

Key Messages

- It is important to be familiar with the procedure for transferring money (documentation required, costs, operator's network...).
- There are many different ways of transferring money: cash to cash, bank account to cash, cash to bank account, bank account to bank account, payment card to cash, bank card to bank account, bank card to bank card, bank card to mobile phone, mobile phone to mobile phone...The technology is evolving all the time. Keep yourself well informed about the new methods, as you might find them more convenient than the older ones.
- Considering your personal circumstances and those of the person you are sending money to when choosing your transfer method and operator (cost of transfer, foreign exchange commission, cost of receiving, geographical proximity...), will enable you to come to the best possible decision.

Questions to ask a formal money transfer operator

• How can I send money to a relative?
• What forms do I need to fill in in order to send money?
• What forms will the receiving person have to fill in?
• What identity document is required for sending money?
• What identity document is required for receiving money?

• Do I need to have a bank account with your bank in order to send money?
• How long does it take for the receiving person to get the money?
• If I transfer through an app in my phone, the person that receives the money needs to have the same app?
• What is the cost of a transfer?
• Will the receiving person get all the money I send, or will they have to pay additional charges on receipt?
• How can I check that the receiving person has in fact got the money?
• How will the receiving person be notified that the money has arrived?
• Can I cancel or amend my transfer?
• What exchange rate is used in converting my money into the currency of the receiving country (if I am sending money abroad)? What are the exchange costs?
• If I send money in Dollars, in what currency will the receiving person get the money?
• Do I have to come to the bank in person or is there a remote service for transferring money (internet, mail...)?
• Do you have branches or agents of your bank in _______ (place of residence of the relative you are sending the money to)?
• Can I send money through my phone if the other person does not have a digital wallet? If so, where can they withdraw the money I send?

Advantages, disadvantages and use of means of payment

Means of payment	Advantages	Disadvantages	Use
Cash	• Simple to use •Very widely accepted (legal tender) • No charges • Immediate purchase possible	• Risk of theft or loss • No remedy in the event of theft or loss • Limits on the permitted amount of transactions (not everything can be paid for with cash, especially when large sums are involved) • It leaves no evidence on the transaction (could be problematic for budget management)	• For everyday purchases when small amounts of money are involved • To limit what you can spend during a particular period or on a particular occasion • To be able to buy something immediately

Bank card	• Security (generally speaking) • Leaves a trace of the place and amount of the transaction, and the item purchased • Protection against theft (secret PIN, the card can be cancelled if stolen) • Possible to make purchases involving large sums • They can be linked to bank accounts in other countries (not necessarily where I live) • May give access to secondary products: e.g., legal assistance, insurance when buying airline tickets Access to other financial services (insurances, legal assistance) • They can be linked to loyalty programmes that could lead to benefits/ discounts	• Sometimes significant charges: annual fee, charges for withdrawals, payments made abroad... • Risk of not keeping track of your expenses • Risk of forgetting when managing one's budget • Cannot be used everywhere: depends on the retailer having a working terminal	• For making everyday payments involving significant sums • For making occasional large purchases • For buying goods and services included related products" (e.g., paying for plane tickets if the card provides insurance)
Bank transfers and direct debits	• No need to go anywhere or carry cash	• No one to refer to directly (if a problem arises)	• To access good deals

	• Purchases can be made 24/7 • Often enables you to access good deals	• Risk of scams if you buy from non-secure websites • Possible delivery problems with items purchased online • Risk of forgetting the expenses in the budget management • Risk of not keeping track of expenditure	• For quick purchases offering a Comparative advantage (clothes, books, DVDs, tickets for shows, plane tickets...) • For rare items available only via the internet • For paying bills (mobile phone) if you don't have a bank account • Payment without physical contact (COVID-19)
Digital wallets	• No need to have a bank account, just a mobile number and sim card • Easy way to send money to someone else • Easy to pay bills • Creates automatically a record of your spending • Allows you to handle your money in a safe way • Might pave the way to access other financial services	• Risk of phone being stolen • Risk of forgetting pin/ password • Could create problems following your budget	• Transfer money to other people • Payment without physical contact (COVID-19) • Bills payment

Comparative table between different bank cards

Card	PRE-PAID/CASH	DEBIT	CREDIT
Where can you use this card?	• ATMs from your bank and other networks. • In shops that accept card payments.	• ATMs from your bank and other networks. • In shops that accept card payments.	• ATMs from your bank and other networks. • In shops that accept card payments.
What can you do with this card?	• Check your balance. • Withdraw money. • Pay for goods as long as you have money in your balance.	• Check your balance. • Withdraw and deposit money. • Pay for goods as long as you have money in your account. • Transfer money to other accounts. • Recharge your phone.	• Check your balance. • Withdraw and deposit money. • Pay for goods as long as you have money in your account. • Pay for goods even if you do not have money in your account at that moment. • Pay for goods in instalments. • Transfer money to other accounts. • Recharge your phone.
Charges are immediate or deferred?	• Immediate	• Immediate	• Deferred, you will pay at the end of the month the total of your purchases. You will not face interest charges as long as you pay in time and do not finance the balance
Which are the costs/charges for using this card?	Depends on the offer of each provider. You should get all the information and compare.		

Advantages and disadvantages of money transfer operators

MONEY TRANSFER OPERATORS	ADVANTAGES	DISADVANTAGES
FORMAL	• Security (the money is safe, and the transfer is secure) • Long-term loans of large sums • Reliability • Confidentiality • Choice of products • Operates within the banking regulation framework, if declared officially • Enables you to build up a credit record and establish your solvency • Access to financial advice and other financial products • Speed (depending on the method) • Discretion (sometimes a mobile phone number is all you need to get the money)	• Remoteness, for people living far from towns and cities • Risk of being robbed as you leave the branch/agency • Restricted opening hours • Minimum amount requirements sometimes too high • Costs can be high • Having to wait at the counter • More difficult to use for people who are illiterate • Sometimes, lack of liquidity for transfers of large sums
INFORMAL	• Cost (depending on the method) • Access • Local availability • Speed (depending on the method) • Trust (you may be able to make the transfer via a local shopkeeper you have known for a long time) • No administrative procedures or forms to fill in	• No other financial services that your transfers of funds might entitle you to • Danger of receiver having to collect the money in an unsafe place (shop, public square...): risk of theft or assault • Illegality of taking large sums in or out of a country (risk of the person carrying the money being arrested) • Risks of being robbed • Counterfeit money

Case Study-5

Case Study: Navigating the Digital Shift – The Tale of Two Merchants

Background: It is 2026 in rural Narsingdi, Bangladesh. **Kabir** runs a small wholesale vegetable business, and his sister, **Fatima**, operates an online boutique selling hand-stitched clothing to customers in Dhaka. Both need to move money regularly but face different challenges regarding speed, cost, and security.

The Scenario: Scaling Up Operations

1. Fatima's Digital Expansion (The E-Wallet Route) Fatima's boutique relies on small, frequent payments from customers. Previously, she used Cash on Delivery (COD) via local couriers, but the 2-day delay in receiving her money hampered her cash flow.

- **The Solution:** Fatima switched to **MFS (Mobile Financial Services)** like **upay** and **bKash**.
- **The Benefit:** Her customers now pay instantly via their digital wallets. She uses the **"Send Money"** feature to pay her fabric suppliers immediately.
- **The Lesson:** Fatima follows the manual's security tips: she never saves her PIN in her phone and always double-checks the recipient's name before hitting "Confirm."

2. Kabir's High-Value Purchase (The Interbank Route) Kabir needs to purchase a new delivery truck from a dealer in Dhaka costing **৳15,00,000**. Carrying this amount in cash is physically dangerous and logistically difficult.

- **The Options:** * *Informal (Hundi):* Kabir considers a local trader's offer to "arrange" the payment in Dhaka, but remembers it is **illegal** and offers no legal protection if the money disappears.
    - *Bank Check:* Secure, but takes 1–2 days to clear via BACH.
    - *RTGS (Real-Time Gross Settlement):* The most modern formal option.
- **The Choice:** Kabir visits his bank and uses **RTGS**. Because the amount is over ৳1,00,000, the settlement is **instant** during banking hours. He pays a minimal flat fee, far less than the ~1.85% he would pay if he tried to "Cash Out" that sum via an MFS agent.

The Crisis: A Security Test

One afternoon, Kabir receives an SMS claiming his bank account is blocked and asking for his PIN to "verify" his identity.

- **Applying the Module:** Kabir remembers the **Security Tips for Means of Payment**: *"Never send confidential information by e-mail or SMS."* He ignores the message and calls his bank's official hotline instead.
- **The Result:** He avoids a "Smishing/ (SMS phishing) " scam that could have emptied his business account.

Comparison of their Financial "Tools"

Feature	Fatima (MFS)	Kabir (RTGS/Bank)
Primary Need	Micro-payments & speed	Large-sum security
Advantage	No need for a bank account; 24/7 access	Legal framework; builds credit history
Risk	Phone theft or PIN exposure	Branch remoteness and opening hours

Final Outcomes & Key Takeaways

By the end of 2026, both siblings have optimized their businesses by choosing the right **Means of Payment**:

1. **Match the Method to the Amount:** Use **MFS** for daily small expenses and **RTGS/BEFTN** for large business transactions to save on fees.
2. **Formal Over Informal:** By avoiding "Hundi" or "Lorry Driver" transfers, they ensure their money is protected by Bangladesh Bank regulations.
3. **Traceability:** Both merchants now have a digital record of their spending, making it much easier for them to create an accurate **Personal/Business Budget** as taught in previous modules.
4. **Security is a Habit:** They treat their PINs and passwords with the same care as physical cash, ensuring their hard-earned profits stay safe.

Quiz-5

1. In the 2026 Bangladesh landscape, what is the primary security risk associated with using Mobile Financial Services (MFS) like bKash or Nagad?

A. The risk of receiving too many promotional SMS messages.

B. The risk of the agent running out of physical paper receipts.

C. The exposure of your PIN or losing a phone where the PIN is saved as a contact.

D. The risk of the phone battery dying during a transaction.

2. What is the major functional difference between a Debit Card and a Credit Card?

A. A Debit Card can only be used at ATMs, while a Credit Card is only for online shopping.

B. Only Credit Cards require a PIN for security.

C. Debit Cards have higher interest rates than Credit Cards.

D. A Debit Card uses your existing account balance, while a Credit Card allows you to access instant credit/loans.

3. For a business owner in Bangladesh needing to send ৳5,00,000 (5 Lakh) to a supplier instantly during banking hours, which formal method is most appropriate?

A. RTGS (Real-Time Gross Settlement).

B. Handing cash to a long-distance lorry driver.

C. Mobile Financial Services (MFS) 'Send Money'.

D. BEFTN (Electronic Funds Transfer).

4. Why is the 'Hundi' system considering a dangerous and discouraged method for money transfers?

A. Because you have to fill out too many complicated government forms.

B. Because the exchange rates are always worse than at a bank.

C. Because it takes several weeks for the money to arrive.

D. Because it is unregulated, illegal under Bangladesh Bank rules, and offers no consumer protection.

5. Which of these is a key security tip when sending money via a digital wallet app?

A. Use the same PIN for your bank account, email, and digital wallet.

B. Double-check the recipient's name and account number before entering your PIN.

C. Always send the money as quickly as possible to avoid app timeouts.

D. Share your PIN with the MFS agent so they can help you with the transfer.

6. What is an 'Annual Percentage Rate' (APR) on a credit card?

A. The 'true' cost of borrowing, including interest and other fees associated with the card.

B. The date on which the card expires.

C. The total number of rewards points earned in a year.

D. The amount of cash back you get for every purchase.

7. Which of the following is a disadvantage of using a Digital Wallet compared to a traditional bank account?

A. Digital wallets are only available to those with a university degree.

B. Digital wallets do not allow you to pay utility bills.

C. If the phone is stolen or the PIN is forgotten, accessing the funds can be challenging.

D. Transactions made via digital wallets are not traceable.

8. When receiving international remittance via a cash pickup method (e.g., Western Union), what must the recipient provide?

A. A valid National ID (NID) and the specific transaction PIN provided by the sender.

B. A copy of their trade license and business plan.

C. Payment of a 'receiving fee' in cash before the money is released.

D. A photograph of the sender and a letter of recommendation.

9. Which payment method leaves 'no evidence' of a transaction, making it difficult for detailed budget management?

A. MFS (bKash/Nagad) transaction.

B. Cash.

C. Bank Transfer.

D. Debit Card purchase.

10. What does 'Bartering' mean in the context of payments?

A. Sending money to a relative through a bank branch.

B. The process of negotiating a lower price at a market.

C. Exchanging goods or services directly for other goods or services without using money.

D. Paying for goods using a credit card with a high limit.

F. Get to Know Financial Institutions and Use Them with Confidence

1.Get To Know Financial Institutions

Financial institution: Public or private service that deals with financial operations such as savings, credit and payments.

Banks are organizations approved by the State as credit institutions to perform banking operations: mainly receiving funds from members of the public, performing savings and lending operations, and providing payment services. Banks may be publicly or privately owned, specialize in deposits or investments, make products or act as cooperatives or mutual societies.
A Microfinance institution is a financial institution specializing in banking services for low-income groups or individuals. Microfinance institutions provide account services to small-balance accounts that would not normally be accepted by traditional banks, and offer transaction services for amounts that may be smaller than the average transaction fees charged by mainstream financial institutions.
Finance companies are profit-making organizations approved by the State as credit institutions. They cannot take deposits from members of the public or offer savings products.
Fintech is the term used to describe any technology that delivers financial services through software, such as online banking, mobile payment apps and cryptocurrency. Fintechs is usually used as the term that englobes the companies offering financial services through technology

Characteristics To Be Considered In Choosing A Financial Institution

Characteristics To Be Considered In Choosing A Financial Institution	Questions To Ask
Geographical proximity	• Is there a branch of the financial institution near me (near my house, my place of work or other convenient location such as my children's nursery)? • If I have a payment card, is there an ATM nearby (near my house, place of work or other convenient location, such as the gym...)
Reputation and trustworthiness of the institution (question to ask yourself or your friends/family)	• Does this financial institution have a good reputation? • What does my family think of this institution?

	• Does this financial institution inspire me with confidence? • Have I heard of problems relating to the institution in the press or through friends and family? • Do I know anyone who has had a problem with this financial institution? What sort of problem? How was it resolved?
Provision and quality of non-financial services (business training, financial education...)	• Do you offer training services for customers/ members? If so, on what topics? Who can take advantage of them? Are they free? • Are you involved in solidarity or sponsorship activities? • Are you involved in humanitarian activities? • Do you have advisors to help customers manage their investments and accounts?
Remote services (access to services through Internet, spending alerts via SMS, telephone banking, access to digital financial services...) and costs	• Do you provide remote services? • What kind of services can I access through Internet? • Can a customer find out their balance online? • If so, is this service included free of charge when someone opens an account? If not, how much does the service cost? • Can I be notified of payments I have made by SMS?
Quality of service and staff (waiting times, respect for customers, languages spoken, speed of service...)	• What are the bank's opening hours? • What is the average waiting time before a customer is dealt with by a member of staff? • Do you have a nationwide ATM network? • Will I be charged if I withdraw money from another ATM (in another area, abroad, or belonging to another bank)?
If appropriate (mutual societies), conditions of membership	• Are there conditions for becoming a member of your financial institution? What are they?

	• How much is the subscription? Is it payable weekly, monthly, annually...? • How often do members' meetings take place? • Is one obliged to attend these meetings? If so, what penalties apply if someone fails to attend? • What are the decision-making powers of the members?
Transparency regarding charges and terms and conditions, quality of the information given to customers (questions to ask yourself)	• Are the charges and conditions displayed on the premises of the financial institution? • Does the institution provide explanatory brochures or other means of information (website...)? If so, did I get all the information I needed by reading the brochures/consulting the information? • Is the documentation provided easy to understand? • How does one open or close an account? How much does it cost?
Products designed for specific customer groups (students, salaried employees, pensioners...	• Do you have any products or financial services designed especially for people like me? (young people, shopkeepers, employees, women, businessmen/women...)
Charitable works undertaken (solidarity fund, sponsorships...)	• Is your institution involved in charitable works? If so, what are they? Who are the beneficiaries (children with disabilities, the sick...)?
Presence of the institution abroad or in the region and geographical proximity to the place of residence of the relative sending or receiving money	• Is there a branch of the financial institution close to the place where my family lives (their home, place of work or other convenient location), as I will be sending and receiving money to/from them?
Access to savings/flexibility of withdrawals	• How often can I make withdrawals? • Is there a minimum amount per withdrawal? • Will I have to pay penalties if I make withdrawals from this savings account?
User-friendliness	• Do customers receive statements relating to their savings account? How often?

	• Do you offer a telephone and/or online banking service?
Digital access	• To which extent can I operate my savings account online?
Conditions for opening a savings account	• What is the minimum deposit if I open a savings account? • What documents do I need to show you?
Security	• What insurance or guarantees are there for protecting customers' funds?
Interest rate	• What is the interest rate with this savings account? • How does the rate compare with that of other institutions? • How often is interest paid? • How is interest calculated? Is the rate fixed or variable?
Possibility of accessing other products and services provided by the financial institution	• By taking out a financial product, will I have access to other products and services? If so, what are they? At a more favorable rate? • How is interest calculated? Is the rate fixed or variable?
Costs of saving (charges, penalties)	• What will it cost? (What charges are made for transfers, for withdrawals from ATMs) • What are the management charges for a savings account?
Liquidity	• Is it easy to withdraw funds? What is the procedure? • Can I withdraw the total amount if I want to? • Are there charges to pay if the funds are withdrawn before a certain date?
Ethical values of the product (sustainable finance, environmental, Islamic...)	• Does the financial product meet ethical standards? Which standards? • Does the product carry a label attesting to its compliance with these standards?

Key Messages

- To select a financial institution, you need to review its characteristics and products and choose those which best suit your needs.
- You can find the information on brochures of financial institutions and you can also ask questions to the institutions' employees.
- When you choose savings or credit products, keep in mind that the interest rate is the only one aspect to take into account among many others.

2.Use Financial Institutions with Confidence!

Using financial institutions in Bangladesh with confidence requires navigating a landscape that is currently undergoing significant reform. While the sector has faced challenges with non-performing loans, the regulatory environment in 2026 has introduced several layers of protection to safeguard individual depositors and SME owners.

Here is how you can engage with the financial system with a sense of security and clarity.

1. Regulatory Safeguards: Who Protects You?

The **Bangladesh Bank (BB)** acts as the ultimate watchdog. To build confidence, it is helpful to know the specific mechanisms in place:

- **Customers' Interests Protection Centre (CIPC):** If you face harassment, hidden charges, or poor service that a bank branch refuses to resolve, you can bypass them.
  - **Hotline:** Call **16236** to lodge a direct complaint with the central bank.
- **The Bank Resolution Ordinance 2025:** This recent law empowers Bangladesh Bank to intervene rapidly in "distressed" banks. Instead of letting them collapse, the regulator can now merge them or create "bridge banks" to ensure your deposits remain accessible and safe.
- **Mandatory Disclosure (2026 Update):** Banks are now legally required to display all interest rates, fees, and penalty structures clearly on their websites and in physical branches. If a fee isn't listed, you have the right to contest it.

2. Choosing the Right Institution

Confidence often comes from diversification. In Bangladesh, you can categorize institutions by their risk and utility:

Type	Best For	Confidence Level
State-Owned Banks	Large savings, government schemes	**High** (Backed by the state, though slower service)
First-Tier Private Banks	Business operations, tech features	**High** (Strong governance and modern apps)
MFS (bKash/Nagad)	Daily liquidity, small transfers	**High** (Regulated, but keep lower balances for security)
NBFIs	Specialized loans (Housing, SME)	**Moderate** (Verify their current Bangladesh Bank rating first)

3. Practical Steps for Safe Banking

To maintain control over your financial journey, adopt these "confidence-building" habits:

- **Verify KYC Procedures:** Strong "Know Your Customer" (KYC) processes are a sign of a healthy bank. If a bank is lax about your ID or address verification, it likely has weak internal controls.
- **Monitor Early Withdrawal Rules:** Under 2026 regulations, banks are limited in the penalties they can charge for premature withdrawal of fixed deposits. Always ask for the **"Schedule of Charges"** document before signing.
- **Utilize E-Statements:** Move away from paper passbooks where possible. Real-time SMS alerts and monthly e-statements allow you to spot unauthorized transactions immediately.

4. Confidence for SMEs and Professionals

For those managing business finances or institutional funds, confidence is built through **Compliance**:

- **Audit Trails:** Always ensure your bank provides structured M&E (Monitoring and Evaluation) reports for your accounts, especially if you are managing training grants or institutional funds.
- **Shariah-Compliant Options:** If you prefer Islamic banking, look for institutions that have recently undergone the 2025-2026 consolidation, as these have been restructured for better capital adequacy and transparency.

Tip: In the current 2026 economic climate, "trust but verify" is the best approach. Use the **Bangladesh Bank official website** to check the list of scheduled banks in good standing before opening high-value long-term deposits.

A few other functions of Financial Institutions

Appropriate Product Design and Delivery

Financial institutions should ensure that their products and distribution channels are designed in such a way as not to harm their customers' interests. They should take into account their customers' characteristics when designing their products and distribution channels.

Prevention of over-indebtedness

Yes, it's perfectly normal. There is no such thing as a right to borrow money. By preventing its customers from getting heavily into debt, the bank is protecting you. This principle requires that financial institutions take measures to ensure that loans are granted only if borrowers can prove they are able to repay, and that loans do not put the borrowers at risk of getting heavily into debt.

Transparency

You should ask the bank staff for further information. This is your right, and financial institutions are bound to comply with the principle of offering a clear and responsible system of charges. In other words, the charges and conditions associated with financial products must be written clearly and communicated in a language that is easy for customers to understand.

Responsible pricing

Ask your advisor at the bank for more information. Financial institutions must ensure that their charges, conditions and procedures are affordable for customers, while enabling them as businesses to make a reasonable profit. Financial institutions should make every effort to ensure that funds deposited with them yield a fair rate of interest.

Fair and respectful treatment of clients

Financial institutions are bound to treat their customers fairly and respectfully. They must not practice discrimination in any form. They must ensure that adequate measures are in place to detect and remedy instances of corruption and any aggressive or abusive behavior on the part of their agents and staff, especially when making loans and recovering debts.

Mechanisms for complaint resolution

Financial institutions must have mechanisms for intervening in a timely manner in the event of problems and complaints on the part of their customers. They must use these mechanisms to resolve individual problems and to improve their products and services.

Privacy of client data

Confidentiality regarding a customer's personal data must be respected in accordance with the laws and regulations of individual countries' legal systems. Such data may be used only for the purposes defined when it was given and as legally permitted, unless agreed otherwise with
the customer.

Case Study-6

Case Study: The Pivot to Formal Banking

Subject: Mrs. Sharmin, a successful boutique owner in Cumilla.

Business Status: After three years of operating informally, Sharmin's "Elegance Fabrics" is growing. She has ৳5,00,000 in cash profit stored in a home safe and is looking for a ৳10,00,000 loan to open a second branch.

Phase 1: The Trust Gap (Informal vs. Formal)

For years, Sharmin avoided banks because she found the paperwork "scary" and the branches "intimidating." She kept her money in a local *Samity* (informal cooperative). However, when she applied for a large loan from the *Samity*, she realized the interest rate was 22% and there was no legal contract to protect her.

Applying the Module: Sharmin uses the **Characteristics to be Considered** checklist from the manual:

1. **Reputation:** She asks other shopkeepers which bank resolved issues quickly during the recent 2025 liquidity crisis.
2. **Geographical Proximity:** She looks for a bank with a branch in Cumilla and an ATM near her new shop location in Dhaka.
3. **Digital Access:** She requires a bank with a strong mobile app so she can pay her staff and suppliers without leaving her shop.

Phase 2: The "Confidence" Interview

Sharmin visits a **First-Tier Private Bank**. Instead of being passive, she uses her **Rights to Transparency** to ask the advisor:

- *"What is the total cost of credit (APR), including processing fees?"*
- *"What are the penalties if I pay off my loan early?"*
- *"Is my data kept confidential if I provide my NID and trade license?"*

The Institution's Response: The bank provides her with a **Schedule of Charges** and explains the **CIPC (Customers' Interests Protection Centre)**. They inform her that if she ever feels harassed or discovers a hidden charge, she can call the **Bangladesh Bank Hotline (16236)**. This transparency builds her confidence.

Phase 3: Leveraging the 2026 Safeguards

During the loan application, the bank agent suggests she take a larger loan than she needs.

- **The Decision:** Remembering the principle of **Prevention of Over-indebtedness**, Sharmin refuses. She knows the bank is legally bound to ensure she can repay without risking her livelihood.
- **The Tool:** She chooses a **Shariah-Compliant** product that has undergone the 2025-2026 regulatory restructuring, ensuring better capital adequacy and ethical profit-sharing.

The Outcome: A Formal Future

1. **Safety:** Her ৳5,00,000 is now in a **High-Yield Savings Account**, protected by the **Bank Resolution Ordinance 2025**, which ensures her money is safe even if the bank faces "distress."
2. **Growth:** Because she moved to formal banking, she is building a **Credit Record**. This will allow her to access even lower interest rates for her third branch in the future.
3. **Efficiency:** She uses **E-Statements** and SMS alerts to monitor her business cash flow in real-time, eliminating the risk of internal theft.

Key Lessons for the Bangladesh Context

- **Don't Settle for "No Info":** As a customer, you have the **Right to Information**. If an employee cannot explain a fee, ask for the "Schedule of Charges."
- **Use the Watchdog:** Confidence comes from knowing you are not alone. The **Bangladesh Bank (16236)** is a powerful ally for small business owners.
- **Verify Before You Deposit:** Always check if an institution is a **"Scheduled Bank"** on the central bank's official list to ensure they are fully regulated and supervised.

Quiz-6

1. Which type of financial institution is specifically defined as a profit-making organization that is approved by the State but cannot take deposits from the public?

A. Fintechs

B. Banks

C. Finance companies

D. Microfinance Institutions

2. If a customer in Bangladesh faces harassment or hidden charges that a bank branch refuses to resolve, which specific center allows them to bypass the branch for a resolution?

A. Bank Resolution Ordinance

B. Customers' Interests Protection Centre (CIPC)

C. Scheduled Bank Committee

D. Fintech Hotline

3. In the case study, why did Mrs. Sharmin decide to leave the informal 'Samity' and pivot to formal banking?

A. The Samity did not offer Shariah-compliant products.

B. The Samity required her to use a mobile app she didn't have.

C. The interest rate was high (22%) and there was no legal contract protection.

D. The Samity branch was too far from her boutique.

4. Under the 2026 regulatory update in Bangladesh, what are banks legally required to display clearly on their websites and in branches?

A. Internal employee audit trails

B. The home addresses of the board of directors

C. All interest rates, fees, and penalty structures

D. A list of all other customers

5. Which principle is a bank following when it ensures that a loan is only granted if the borrower can prove they are able to repay without risking their livelihood?

A. Responsible pricing

B. Fair and respectful treatment

C. Transparency

D. Prevention of over-indebtedness

6. What does the 'Bank Resolution Ordinance 2025' allow the regulator to do with 'distressed' banks to protect depositor funds?

A. Increase the interest rates on all existing loans.

B. Shut them down permanently immediately.

C. Remove the requirement for KYC procedures.

D. Merge them or create 'bridge banks'.

7. Which of the following is considered a sign of a healthy bank with strong internal controls?

A. Offering loans with no documentation required

B. Providing only paper passbooks without SMS alerts

C. Lax ID or address verification

D. Strong 'Know Your Customer' (KYC) processes

8. When Mrs. Sharmin wanted to know the actual cost of her loan, what specific term did she use to ask about the total cost including fees?

A. M&E Report

B. Schedule of Charges

C. APR (Annual Percentage Rate)

D. KYC Tier

9. According to the document, where is the most reliable place to check if a bank is a 'Scheduled Bank' in good standing?

A. The Bangladesh Bank official website

B. The bank's own marketing brochures

C. The local trade license office

D. Recommendations from friends and family

10. What is a major advantage of using E-statements and SMS alerts over paper passbooks as mentioned in the text?

A. They are the only way to access State-Owned Banks.

B. They allow you to spot unauthorized transactions immediately.

C. They guarantee a higher interest rate on savings.

D. They remove the need for KYC verification.

G. Risk Management and Insurance

1.Manage Risks

A risk is a more or less foreseeable danger that can have a damaging impact on us or on our family. Risks have different probabilities to happen and their consequences are different, from minor to very serious, depending on the nature of the risk and of the characteristics of the people or places that are affected.

A danger is a situation in which there is the possibility or threat that something unwelcome or unpleasant happen.

There are different protective measures you can take to protect yourself:

- Eliminating/avoiding the risk (e.g., by brushing your teeth)
- Transferring the risk to a third party (a mutual benefit association or insurance
- company)
- Predict the impact of risk and prepare against it (by saving, for example).

Key Messages

- Risks are inherent to life.
- Some risks can be foreseen, and you need to take measures so that their impact will be
  lower.
- It is essential to have an emergency fund so that minor emergencies do not affect you too
  much; saving is key to reducing your vulnerability.
- For other emergencies, personal savings might not be enough: you need to use insurance.
- You need to take measures to protect yourself and your family
- For business owners, take into account that there are many occupational safety and health
  risks at the work place. You should take into account these costs.

2.Tips To Create Your Emergency Fund

• Start putting money aside for personal emergencies on a daily or weekly basis, even if the amounts are small. Little by little, your fund will grow.
• Keep your money in a safe place, preferably out of the house, so no one can get at it. Opening a savings account, if possible, could be a good idea.
• Save varying amounts, depending on how much you are paid on any particular occasion. It is not necessary that you always save the same amount.
• Do everything you can to cut out unnecessary expenditure. Everyone can save, however Little they earn, if only a small sum.

Your emergency fund is intended to cover expenditure for relatively minor emergencies. Most of you will not be able to put money aside for major emergencies, such as a long course of medical treatment or a death in the family. If you plan for emergencies, you are more likely to achieve your goals. If you have an emergency fund, you will avoid having to draw on the savings you have made for starting a business, making home improvements, investing in education (yours or your children's). And you will avoid having to borrow and pay a high rate of interest.

3. Understand Your Insurance Policy

INSURANCE: What is the idea?

The principle of insurance is to defend ourselves against a risk we may face (accident, illness, theft…) and to set aside some money to receive a compensation the day the event will occur.

Definition
Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of an accident or of any event covered by the insurance.
Mutual benefit association: is a non-for-profit organization that is owned collectively by its members. It provides insurance to its members and acts in their best interest.
Insurance company: A business that provides insurance services. Its goal is to make profits.

Sometimes our stress can have an impact on our body. If money management worries you this can result in physical health problems.

Key Messages

- Insurance: a tool for income preservation and social protection.
- To be insured is to prevent risks.
- Insurance: pooling of risks.

4.Use Your Insurance Policy

People face many different risks in the course of their life and each period of their lives come with a number of different risks. Some risks are general and may happen to anyone. Other risks may be specific to categories of people.

General risks	Risks specific to certain categories of people
• Death • Sickness • Accident	**Business owners and entrepreneurs** • Risk of economic losses • Risk of health and safety accidents at the

• Theft • Your house burning down • Loss of job/unemployment • Physical, psychological and/or sexual abuse	workplace • Reputational risks • Liabilities risks

Let's review the key terms and definitions

Basic Insurance Terms	
Compensation or pay-out	The amount the insurance company pays to the insured person when the event against which they are insured (often referred to as the risk: accident, fire, illness...) has occurred, subject to presentation of a valid claim.
Policy	The agreement between the insured (the customer) and the insurance company. The policy sets out the terms, conditions, duration, risks covered and exclusions.
Premium	The price or cost of an insurance policy, often split into monthly or quarterly instalments.
Insured (person) / member / Beneficiary	The person who receives the insurance pay-out when a risk covered by the policy arises.
Claim	Request for compensation following a loss covered by the insurance policy.
Insurance card	Card issued by the insurance provider as proof that the policyholder has paid for a premium.

Key Messages

- In order to find the insurance product that best meets your needs, you first need to identify the risks you and the persons you want to insure face.
- Insurance uses specific terms - You should learn them well in order to understand the available insurance products and make informed choice.
- Each insured risk may require different documentation when making a claim.

5.Choose Your Right Insurance Product

- Insurance may look complicated. But, now that you understand the basics, you can evaluate if the protection your insurance offers is worth the cost.
- If you want to purchase a health insurance policy, you will have to decide which family members to include in the policy. Some policies charge extra premiums for each family member you add to the policy. Some offer a basic package for a family of four, and charge extra for any more family members.
- It is very important to learn the rules that each policy uses to calculate the premiums for insuring your family.
- Insurance policies are not all the same. It is important to understand the policy and its conditions before subscribing to it.
- Be confident to talk to an insurance agent, your employer or your trade union representative if you have any doubts.
- If you're interested in buying an insurance policy, or if you have any question, immediately talk about it to an insurance agent, your employer, or your union representative.

Risk and Insurance Bangladesh Scene

Managing risk in Bangladesh requires a dual strategy: building personal financial resilience and utilizing the country's evolving insurance infrastructure. As of 2026, the regulatory body (**IDRA**) has implemented stricter oversight to ensure claims are settled more reliably, making insurance a more viable tool for both individuals and businesses.

1. Personal Risk Management

For an individual, risk management is about protecting earning capacity and family stability against sudden shocks.

Key Insurance Tools

- **Term Life Insurance:** The most cost-effective way to secure a family's future. Modern plans in 2026 often include **critical illness riders** that provide a lump sum if diagnosed with major diseases (cancer, heart attack), which is vital given the rising cost of private healthcare.

- **Bancassurance:** Many banks (like City Bank or Standard Chartered) now offer insurance products directly through your bank account. This is often more "confidence-inspiring" for individuals because the bank acts as a familiar intermediary.

- **Health Insurance:** Beyond corporate covers, individual health plans are growing. Look for "cashless" facilities where the insurer pays the hospital directly, reducing the need for emergency liquidity.

Non-Insurance Strategies

- **The 6-Month Buffer:** Given the volatility of the local job market, maintaining an emergency fund in a high-yield savings account or Shariah-compliant Mudaraba term deposit is the first line of defense.
- **NID-Linked Digital Vaults:** Use government-approved digital lockers to store property deeds and educational certificates, protecting against physical loss from fire or flooding.

2. Business Enterprise Risk Management

For SMEs and larger enterprises, the focus shifts to asset protection, liability, and employee retention.

Essential Business Covers

- **Fire and Allied Perils:** This is often mandatory for trade licenses or bank loans. It covers fire, lightning, and explosion, but in Bangladesh, it is crucial to add **flood and cyclone riders** due to climate risks.
- **Group Life & Health:** A major trend in 2026 is the **Insurance Innovation Challenge (IIC)**, which encourages SMEs to offer group insurance. This protects the business from the financial burden of compensating a worker's family in the event of a workplace accident.
- **Marine Cargo Insurance:** Essential for any business involved in import/export. It covers goods from the port (Chattogram/Mongla) to the warehouse.
- **Cash-in-Safe/Cash-in-Transit:** For retail businesses that handle high volumes of physical currency, this protects against robbery or internal theft.

Institutional Resilience

- **Operational Risk:** Diversify suppliers. With the growth of special economic zones (BEZA), businesses are increasingly spreading their inventory across different geographic locations to mitigate the risk of localized disruptions.
- **Regulatory Compliance:** Ensure all non-life policies are issued directly by reputable companies rather than individual agents, as IDRA has phased out individual agent licensing for non-life sectors (effective Jan 2026) to improve transparency.

3. Comparing the Risk Landscapes

Feature	Personal Focus	Business Focus
Primary Goal	Family Income Protection	Continuity & Asset Protection
Key Instrument	Life & Health Insurance	Fire, Cargo, & Group Insurance
Top Risk	Medical Emergencies	Supply Chain & Property Damage
Regulatory Body	IDRA / Bangladesh Bank	IDRA / Ministry of Commerce

- **Confidence Check**
- Before purchasing any policy, verify the company's **Claim Settlement Ratio**. Industry leaders like **MetLife** (Life) and **Green Delta** (General) are often cited for their higher reliability and digital claim processing in the current market.

Case Study-7

Case Study: The Resilience of "Mayer Doa" Garments

Background

Arif is a 38-year-old entrepreneur in Gazipur, Bangladesh. In early 2025, he opened "Mayer Doa Garments," a small-scale factory employing 15 workers. Arif lives with his wife, two school-aged children, and his elderly mother.

While the business started successfully, Arif faced two major categories of risk: **Personal** (family stability) and **Business** (operational continuity).

Part 1: The Personal Strategy (Risk Mitigation)

Following the advice of a financial literacy workshop, Arif decided to separate his personal risks from his business risks.

- **The Emergency Fund:** Arif started a "Small Drops" habit, saving 500 BDT every week into a Shariah-compliant **Mudaraba savings account** at a local bank. He treated this as a "non-negotiable" expense, similar to a utility bill.
- **The Health Safety Net:** Knowing that private healthcare in Bangladesh can lead to "catastrophic spending," he purchased a **Bancassurance** health policy through his bank. This policy included a "cashless" facility at nearby hospitals in Dhaka.
- **The Future Protector:** He took out a **Term Life Insurance** policy with a critical illness rider, ensuring that if anything happened to him, his children's education would be funded.

Part 2: The Business Crisis (The Event)

In June 2026, two unfortunate events occurred within the same week:

1. **The Health Shock:** Arif's mother required urgent gallbladder surgery.
2. **The Factory Fire:** An electrical short circuit caused a minor fire in the warehouse section of his factory, destroying 30% of his finished export stock and damaging two sewing machines.

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Part 3: The Recovery (Risk Transfer in Action)

Because Arif had implemented the risk management strategies outlined by IDRA (Insurance Development and Regulatory Authority), his recovery was swift:

1. Managing the Personal Shock

Without an **Emergency Fund**, Arif would have been forced to take a high-interest loan from a local moneylender to pay for his mother's surgery. Instead, he used his savings for the initial admission and the **Bancassurance** policy covered the surgical costs directly via the hospital.

Result: His business capital remained untouched.

2. Managing the Business Shock

Many small SME owners in Gazipur avoid **Fire and Allied Perils** insurance to save on costs. However, Arif had secured a policy as part of his trade license requirement.

- **The Claim:** Because IDRA phased out individual agents for non-life sectors in January 2026, Arif dealt directly with the insurance company's digital portal.
- **The Pay-out:** He submitted his **Insurance Card** and filed a **Claim**. The company verified the "Fire and Allied Perils" coverage and provided **Compensation** that allowed him to replace the sewing machines and buy new raw materials.

Key Lessons from the Case

The story of "Mayer Doa Garments" highlights the "Key Messages" of risk management in the modern Bangladesh context:

Strategy	Action Taken	Benefit Realized
Avoidance	Regular electrical safety audits at the factory.	Prevented the fire from spreading to the whole building.
Reduction	Building a 6-month cash buffer.	Reduced stress and prevented high-interest debt.
Transfer	Purchasing Fire and Health Insurance.	Shifted the heavy financial burden to a third party (Insurer).

Quiz-7

1. According to the text, what is the primary difference between a 'Risk' and a 'Danger'?

A. Dangers are always minor, while risks are always very serious and life-threatening.

B. A risk is a foreseeable danger with damaging impact, while a danger is the possibility of something unpleasant happening.

C. Risks are unavoidable situations, whereas dangers can always be eliminated through insurance.

D. Risk only applies to businesses, while danger only applies to personal health and family.

2. Which of the following is an example of 'transferring the risk' as mentioned in the text?

A. Brushing your teeth daily to prevent cavities.

B. Diversifying suppliers to mitigate localized disruptions.

C. Saving money in a high-yield Mudaraba term deposit account.

D. Purchasing a policy from an insurance company or mutual benefit association.

3. What is the primary purpose of an emergency fund according to the tips provided?

A. To replace the need for any form of insurance policy entirely.

B. To generate high-interest profits for the household on a weekly basis.

C. To cover major long-term medical treatments and deaths in the family.

D. To cover relatively minor emergencies and avoid drawing from business or education savings.

4. In the context of the Bangladesh insurance scene, what is 'Bancassurance'?

A. Insurance products offered directly through a bank account with the bank as an intermediary.

B. A government-mandated tax on all bank accounts to fund national healthcare.

C. A type of marine cargo insurance specific to the Chattogram port.

D. A digital vault used to store NID-linked property deeds.

5. Which basic insurance term refers to the amount the company pays the insured person when a covered event occurs?

A. Compensation or Pay-out

B. Policy

C. Claim

D. Premium

6. For a business owner in Bangladesh, which cover is often mandatory for trade licenses or bank loans?

A. Term Life Insurance

B. Marine Cargo Insurance

C. Fire and Allied Perils

D. Cash-in-Transit Insurance

7. What significant regulatory change by IDRA became effective in January 2026 for the non-life insurance sector?

A. A ban on health insurance riders for family members.

B. All insurance companies must now be non-profit organizations.

C. The elimination of individual agent licensing to improve transparency.

D. Making 6-month emergency funds legally mandatory for all citizens.

8. In the case study, how did Arif manage the 'health shock' of his mother’s surgery without taking high-interest loans?

A. He sold the factory's sewing machines to pay the hospital bills.

B. He used his Marine Cargo Insurance pay-out.

C. He used his personal emergency fund and a 'cashless' Bancassurance policy.

D. He requested a payout from the IDRA Innovation Challenge fund.

9. Which business insurance trend is specifically mentioned as a way to protect businesses from the burden of compensating worker accidents?

A. Bancassurance

B. Group Life & Health Insurance

C. Liabilities Risks coverage

D. Cash-in-Safe Insurance

10. Based on the comparison table, what is the 'Top Risk' for the Business Focus compared to the Personal Focus?

A. Death and Unemployment

B. Medical Emergencies

C. Regulatory Compliance errors

D. Supply Chain & Property Damage

Definitions

General

Goal
A goal is something you want to do in the future.

Formal/Informal
In general, something that is formal respects the forms, meaning that it fits into a framework, a structure, or a law. It is also something that is legitimate and recognized by an authority. Unlikely, something that is informal will not be subject to strict and official rules or framework. For example, the informal sector gathers businesses that are not registered and do not pay taxes.

Budget
A budget is a tool to decide, to plan and to use your money to achieve your goals.

Employment Contract
A (legal) agreement between employer and worker that specifies the duties and responsibilities and benefits for both parties. A contract should include a description of duties, responsibilities and rights. It specifies employment and working conditions, such as pay, hours of work. A contract is an agreement between two parties that both parties sign of their own free will. An employment contract should preferably be in written form, in a language understandable to both parties, signed by both parties and a copy given to each party.

Financial Institution
A financial institution is a public or private service that deals with financial operations such as savings, credit and payments.

Savings And Credit Cooperative
A Savings and Credit Cooperative is a democratic, unique member driven, self-help cooperative that strive to meet the financial needs of its members. It is owned, governed and managed by its members.

Savings Accounts

A Regular Savings Account
A regular or passbook savings account (also known as demand deposit account) in a financial institution allows the account holder to make deposits or withdrawals at any time. The amount and timing are not set in advance. The savings are remunerated according to an interest rate (usually annual). This savings account usually cannot be used to make direct payments.

Contractual Savings Account
A contractual savings account in a financial institution allows the account holder to link his/her deposits with the achievement of specific goals. The account holder deposits a set amount on a regular basis for a specified period of time. After the maturity date the client can withdraw the entire amount plus interest (interest rate is set in advance). Early withdrawal is either prohibited or penalized.

Time Deposit Account
A time deposit account in a financial institution allows the account holder to deposit a lump sum, which he/she promises not to touch for a specific period of time. The client can choose from a range of possible terms. Since this type of account presents constraints (duration and amount blocked) for the client, it usually pays the highest interest of any savings product.

Credit

Interest Rate
The amount of money that the borrower pays to the lender, in addition to the loan amount, for use of the money of the lender.

Principal
The original amount of the loan, without interest.

Loan Term
The period of time that the borrower has to use the loan money and repay it.

Collateral
An item of value that the borrower will have to give to the lender in case the borrower is unable to repay the loan (could be land, vehicle, savings, etc.).

Grace Period
Period after receiving a loan and before the first payment is due.

Re-think
Cancellation of the credit contract. In some countries the loan agreement is not legally binding until several days or weeks after signing. During this period no payment can be made from the lender to the borrower. It ensures an efficient protection against impulse buying.

Early Repayment
The borrower is always free to repay all or part of his/her debt before the expiration of the loan agreement, and that without incurring penalties.

Guarantor
A person who will repay your loan in case you cannot pay; this person may be required to co-sign your loan agreement with the lender.

Over-Indebtedness
The inability for a person to cope with his or her personal debts.

Payment Methods

Cash Card
A cash card is given to you by your bank and allows you to get cash from your account using a special machine called an Automated Teller Machine (ATM) or cash dispenser. In addition to withdrawing cash from your account, you can use an ATM to find out your account balance, transfer money from one account to another, and make deposits into your account. Some ATMs also sell postage stamps or airtime credits or allow you to pay some invoices (electricity…). Each
bank has its own network of ATMs but often you can use your bank card to withdraw from any ATM whether the ATM belongs to your bank or not. However, your bank may charge you a fee each time you use an ATM that is part of another bank's network.

Debit Card
A debit card is another way to make banking transactions electronically. In addition to using, it to withdraw money from ATMs, you can use a debit card to pay for goods you purchase in many stores. You must have the money in your account at the time of purchase. The amount of your purchase is deducted immediately from your account. You will regularly receive a regular statement from the bank, showing the total amount deducted from your account and your remaining balance.

Credit Card
• In general, a credit card allows you to carry out the same transactions as cash and debit cards. The major difference is that it also enables you to access instant credit. In other words, if you do not have money in your account, you can still make the purchase by taking out a loan from the institution that sold you the credit card (financial institutions but also supermarkets, department stores, others).
• Depending on the features of your credit card contract, the amount of your purchase will be deducted from your account (in one or more instalments, at an interest rate that is often much higher that standard credit products...). You will receive a regular statement from the institution that issued the credit card, showing the total amount to be repaid, the amount already paid off and the interest rate.

Money Transfers

Informal Money Transfer Service Providers
These organizations are not regulated or supervised by the government. This type of provider includes retail shops, friends and couriers.

Formal Money Transfer Service Providers
These organizations are regulated or supervised by the government. This type of provider includes money transfer operators (MTOs), banks, microfinance institutions, savings and credit cooperatives, and mobile phone providers.

Risk And Insurance

Risk
A risk is the possibility of a loss or injury.

Insurance
Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of accidents or any event covered by the insurance.

Insurance Company
An insurance company is a business (profit oriented) that provides insurance services.

Mutual Benefit Association (Cooperative)
A mutual benefit association (cooperative) is a non-for-profit mutual organization, which provides insurance to its members.

Policy
Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.

Premium
The money a policyholder pays to the insurance company to activate the insurance policy and keep it valid

Benefits
The money that the insurance company pays to either the person who submits the claim or to his or her beneficiary.

Beneficiary
The person who receives the insurance money when an insured event occurs.
Claim
A request for payment for a loss that is covered by the policy.

Insurance Card
Card issued by the insurance provider as proof that the policyholder has paid a premium

Exclusion
Specific condition, circumstance, or situation usually listed in a contract as being not covered

Brief page

The manual developed by experts of Philippine ILO is the basis of this paper. By studying thoroughly, we found very familiar financial activities in both Philippines and Bangladesh. We have few common practices and definitely we learned new things, which we can adapt in our day-to-day financial decisions. Philippines is way ahead of us in digital transactions and insurance -based services.

We have contextualized the theme and tried to interpret through our financial practices the following:

- **GOAL**
- **FORMAL/INFORMAL CHANNELS OF FINANCING/DEPOSIT/CREDIT**
- **BUDGETING (PERSONAL/ORGANIZATIONAL)**
- **FINANCIAL INSTITUTION**
- **SAVINGS AND CREDIT COOPERATIVE**
- **SAVINGS ACCOUNTS**
- **CREDIT**
- **PAYMENT METHODS**
- **MONEY TRANSFERS**
- **RISK AND INSURANCE**