Innovations for Poverty Action

Staff
Brian Mwesigwa
Associate Research Manager

William Blackmon
Senior Research Manager, Financial Inclusion Program

Rafe Mazer
Innovations for Poverty Action

Béchir Wendemi Ouédraogo
Research Associate

Bangladesh Consumer Protection in Digital Finance Survey

A large and growing segment of the Bangladesh population are digital financial service (DFS) users, yet little has been done to investigate the range and prevalence of consumer protection issues that occur with these services such as fraud, hidden fees, and ineffective complaints mechanisms. In other markets, evidence suggests some customer segments, for example, women and lower-income customers may experience these issues at higher rates than the population at large. To better understand the nature of risks in DFS in Bangladesh, IPA conducted a phone survey of DFS users in November 2021, the results of which are presented in this report.

This report finds that scams, overcharging, and poor customer care were the most common consumer protection challenges faced by digital financial service users, although these were all reported at lower levels than similar surveys in Kenya, Nigeria, and Uganda. The report also reveals that consumers often do not report challenges through formal complaints channels, and when they do, most consumers report the issue was not resolved to their satisfaction. These issues highlight the need for new monitoring tools such as complaints data analysis and agent mystery shopping to detect and reduce these consumer protection

challenges. Additionally, there is a need to design and test interventions that may encourage the use of formal redress channels—and measure their effects via impact evaluation studies. Consumer segmentation research will also bring more understanding to the dynamics of who reports and why they report in order to throw more light on any apparent discrepancies.

June 14, 2022