

Impact of Mobile Financial Services on Consumer Behavior: A study on Generation Z and Late Millennials

Internship Organization: bKash Limited

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Submitted in Partial Fulfillment of the Requirements for the Degree

Bachelor of Business Administration



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Internship/Project Report Approval Form

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INTERNSHIP/PROJECT INFORMATION

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Name: NADIA ISLAM AKSHA

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Letter of transmittal

15 September, 2024

Kazi MD. Tarique, PhD

Assistant Professor

ULAB School of Business

Subject: Submission of Internship report on “Impact of Mobile Financial Services on Consumer Behavior: A study on Generation Z and Late Millennials”.

Dear Sir,

I would like to inform you that the internship report entitled “Impact of Mobile Financial Services on Consumer Behavior: A study on Generation Z and Late Millennials” is completed as a requirement for a Bachelor of Business Administration (BBA) degree at the University of Liberal Arts Bangladesh (ULAB). I tried to include all the necessary elements to produce this report.

This report provides an inside look on how the use of mobile financial services have impacted consumer behavior especially the 90s to 2000s generation also known as the late millennials and generation Z. The report also includes a recommendation based on the gathered perceptions.

I would like to express my gratitude to you for providing me feedback, support during the whole internship journey. Therefore, I hope that you will be gracious enough to approve the report.

Sincerely,

Nadia Islam Aksha

ID: 202011007

ULAB School of Business

Acknowledgement

First and foremost, I want to thank the Almighty for giving me the courage, strength and patience to get through my university life with all the hurdles. I want to thank the members of my family, especially the little ones for giving me hope and strength for the past three years.

I want to relay my heartfelt gratitude to my academic supervisor Kazi MD. Tarique, PhD sir for being my supervisor of this term and for guiding me to make this report even through tough times. For advising me and guiding me till the last minute to make this report better.

I want to thank bKash Limited for introducing such an exclusive internship program where learning as well as growing is the main focus. I want to especially thank my supervisor Md. Nowrose Farhan Chowdhury for being patient and lenient with me throughout the tenure and for always teaching me, be it for work or for life. I also want to thank all the HR interns of bKash for the Summer 2024 semester for being the light of the office and always being there for me.

I want to appreciate and relay gratitude to my friends at ULAB and other universities for always being there for me through thick and thin for the past four years. For always helping me choose the right path and advising me to help become the best version of myself and I hope you will continue to do that.

I want to thank all faculties of ULAB that I have had the privilege of interacting with throughout the course of my academic years. Especially Tazrian Shainam Shahid, my academic advisor for always being there for academic and career advice and for contributing to my growth as a student and person.

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Part A

Chapter One

Internship Preparation

Motivation to do Internship

Internship is considered as the bridge between academic life to one's professional career. An internship offers an opportunity to apply the knowledge gained from academic courses into real life events and experiences. I had always prepared myself to join the corporate world hence, internship was more ideal for me than project. My urge to join a corporation was, I believe, the biggest motivating factor. Additionally, I intended to improve my shortcomings in public speaking, time management and soft skills through my experience in the office. Furthermore, I had also wanted to gain knowledge on how much of the academic courses are actually applied in a real-world scenario and learn how a company function. In a nutshell, I believed an internship would directly contribute to my personal growth since it would challenge me to step out of my comfort zone, learn how to adapt to new situations, expand my social network, and boost my self-esteem.

Internship Search Process

As I was active with my university's extra-curricular activities I always maintained my resume and kept updating it as much as I could. At the beginning, when I was looking for internships online through LinkedIn and job portals, I used to panic thinking I would not be able to secure an internship in due time because I was not getting call backs from a lot of companies. I sent my CV through online job portals as well as applied through email in various companies and forwarded my CV to ULAB's career services office. In the later part of my previous semester, I was fortunate enough to receive call backs from three very reputed companies in the finance sector.

I chose to start my internship at bKash as a bNext intern as it is one of the most anticipated internship programs for final year students and I had always wanted to work in bKash. I have always been interested to learn how a Fin-tech company runs and how it is structured. Hence, I have chosen this company for my internship.

Interview Experience

bNext is a flagship internship program in bKash Limited. For the bNext program there are multiple stages of assessments before one join as an intern. First assessment was an online aptitude test. The selected candidates from the test then have to attend a focus group discussion. Finally, there is a case study given on which the candidate has to give a presentation and later an interview is conducted. After the FGD round the candidate is assigned to a division. For example, I was assigned to the Human Resources division and the case study was on a related topic. As a Finance major I was a bit disappointed to be appointed in a division I had no prior exposure to. However, I realized it would be a new learning experience for me and an opportunity to explore my interests.

On the day of my final interview I was a bit nervous as I had previously faced problems with presentations, but I did prepare well. When I was called for the interview I instantly felt relieved as the interviewers were extremely friendly and polite even after hours of taking interviews. I finished my presentation and received constructive feedback. When the interview started it did not feel like an interview at all. It was more of a conversation about my experiences and how I was willing to learn. I even got to show off my Korean language skills. I received the results of my interview very promptly in two days.

Brief About Internship Organization

bKash is a mobile financial services company under the regulation of Bangladesh Bank. It started as a joint venture between BRAC Bank PLC and Money in Motion LLC. It was founded by Kamal Quadir and Iqbal Quadir in 2010 and started its journey with the launch of its services on Robi Mobile Network in 2011. In 2018, bKash app was launched and the company received the best brand award in the MFS category. By 2023, bKash had registered 7 crores authentic customer base in Bangladesh and has become a household name. Financial inclusion is at the heart of bKash. With all activities guided by compliance, the firm drives technological innovation across all operations, providing a wide range of services that empower customers and allow flexibility in their financial activities. Financial inclusion is the core mission of bKash. The company upholds 5 values in their services; customer centric, innovative, collaborative, agile and ethical. Mission and vision of bKash is catering to people's daily transactional needs, empowering them to fulfill their dreams as well as taking the country forward. (*bKash*, n.d.)

Chapter Two

About the Internship

Job Position & Responsibilities

I was a part of the HR Operations department in the Human Resources division. I was placed as an intern under my supervisor who is a Manager in Talent Acquisition for Product & Technology, Marketing, Legal, Secretarial & Corporate Governance, Enterprise Risk Management, Communications, Internal Controls and Customer Services divisions.

My workplace is located in Bir Shreshtha Shaheed Jahangir Gate where bKash occupies 6 floors of Shadhinota Tower. My workspace was on the 13th floor which consisted of multiple teams of HR, ECAD and Finance & Accounts divisions. On the induction day I was provided with a work laptop solely for the office which was very convenient as my personal laptop would have been a hassle to carry every day. The work environment is friendly and collaborative. Aside from my direct supervisor I got to assist and collaborate with other supervisors as well. As an intern I had the opportunity to closely work in recruitment of the company in multiple divisions under my supervisor. My work mainly consisted of day to day recruitment and selection tasks depending on the business needs. A few significant tasks I have is:

- Assisting supervisor in overall recruitment process
- Coordinating interviews
- Communicating with interview candidates
- Learning HR operations in perspective of recruitment & selection
- Assisting supervisor with preparing job advertisements
- Coordinating in and learning about CV sorting for specific job roles
- Co-operating with supervisor in day-to-day recruitment & selection tasks
- Assisting in selection process and staff requisition
- Accommodating in collection and preservation of all required documents for future references

During my tenure as an HR intern I have assisted the interviews of at least 231 candidates across various divisions.

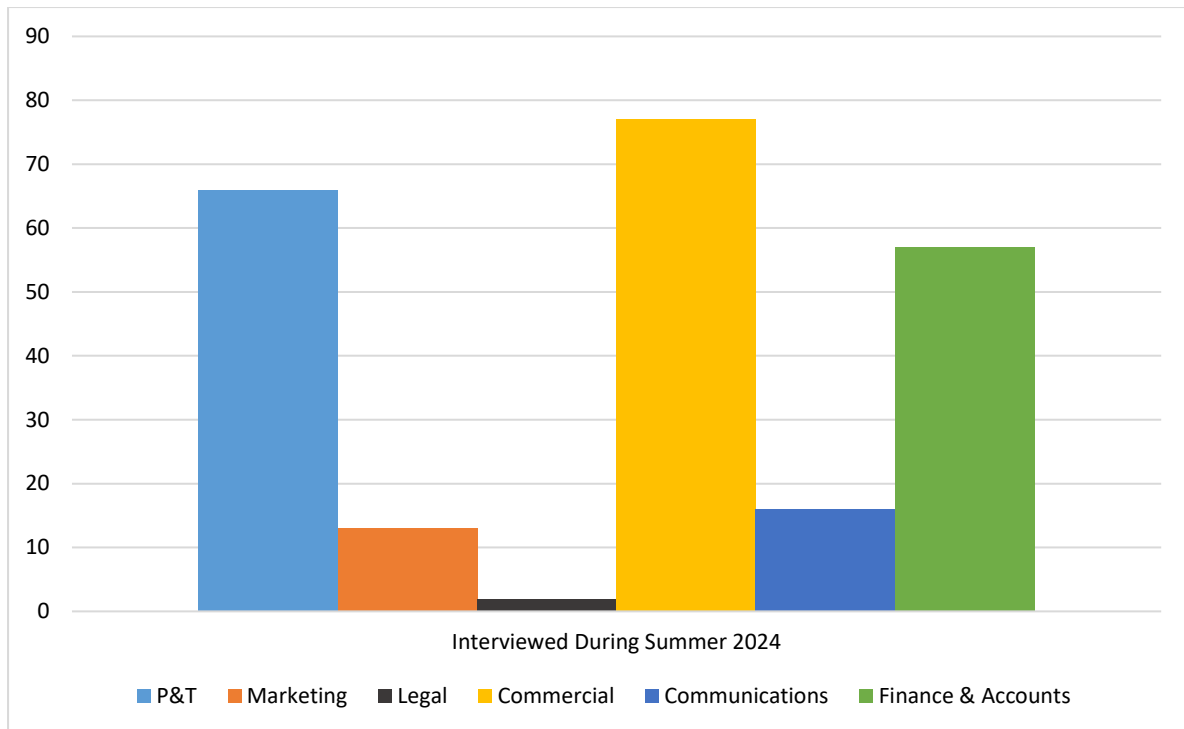


Figure 1: Number of people interviewed in each division

My Take-away

Throughout my internship I have gained knowledge about the overall HR operations in a Fin-Tech company. Prior to joining in HR, I had misconceptions about HR as only focusing on recruitment but through this journey I learnt that although recruitment is a significant role of the division there are many more aspects that work closely together to make a good human resources division. I gained many soft as well as hard skills throughout my time here.

Industry knowledge: I gathered understanding of the Fin-tech industry closely as a part of it. Through observing how every division, although independent, closely collaborates and coordinates their workflow gave me a better knowledge about the company as well as the Fin-tech industry.

Technical Proficiency: I got the chance to enhance and improve my computer skills including MS word and MS excel as well learned to look up certain job roles and profiles through browsing on LinkedIn.

Communication Skills: Through regular interactions with seniors, peers and interview candidates I believe that I have enhanced my communication skills. Prior to this internship I

was anxious about talking to unknown people, but now I am more confident and can express myself more eloquently.

Adaptability: I improved my adaptability skills through blending in with my peers and colleagues. Due to work requirements I learned to deal with sudden changes of plans or crisis management during coordinating interviews which helped me to push my boundaries and not stay inside certain limitations.

Self Esteem: Due to the improvement in my skill set and behavior my self-esteem has grown and I believe it will help me further in my life in every aspect of it.

Relation Between Educational Learning and Internship Roles and Responsibilities

As my major is Finance there was not much that I could apply to during my tenure as an HR intern. However, I got the chance to apply my knowledge of excel in creating, entering and maintaining an interview excel file which also helped to keep my knowledge relevant and in use. If I were to relate my “Human Resource Management” course knowledge with my role in this internship, then it would be more appropriate. During the course I gained theoretical knowledge on various recruitment and selection activities which helped me catch on to my work here efficiently. Although the course took a more generalized approach I am grateful to have got the opportunity to learn how these theories are being applied in real life in a company like bKash. I could apply my knowledge of the recruitment process to understand how a single process plays out over the course of weeks and sometimes months in order to acquire the perfect candidate for the role. Furthermore, I could apply my learnings of the course “Business Communication” in terms of communicating with my seniors in the office as well as the support staff.

Chapter Three

Self-Reflection

There were several things I liked as well as thought needed improvement for the internship program at bKash.

Induction Program

The two days long induction program was an orientation and introduction to the company and its culture. The program introduced us to all divisions and working departments under it, and the work responsibilities in respective departments.

Lunch Facility

bKash provides fully subsidized lunch facilities to most of their interns. Only those whose work requires field visits get a special allowance instead of this facility.

Culture

bKash provides a friendly and polite culture in their workplace where every person can interact with one another freely. Although a certain hierarchy is maintained it is not deemed as an obstacle to not communicate and collaborate with one another.

Although I liked most things of bKash, there are certain aspects that I believe could be improved.

Accommodation

There was a lack of sufficient space for the HR interns specifically. However, there were multiple vacant desks in other division's parts of the office.

Limited Web Access

As an HR intern access to LinkedIn is crucial. But due to the IT policy all social media were inaccessible and hence, LinkedIn was also inaccessible from my workstation. This resulted in having to use my phone for certain tasks.

How Could I do Better & They can Utilize Me Better

As a Finance major I had limited knowledge on how vast the Human Resources division is in the company. Hence, if I had previous exposure to the field I could have done better in my internship tasks. If I had previous exposure, I could have easily transitioned to my workplace and responsibilities. For instance,

Be proactive: I could proactively adopt the recruitment process from my supervisor since my first day.

Share Ideas: I could have shared ideas to enhance the already effective recruitment and selection process.

Additionally, they could have utilized me better if-

Preferred Division: If I were placed in my preferred division, I could have been utilized better because I had strong knowledge on the matter.

For my next position, I want to continue with the gained self-esteem and efficiency. With my newly learnt extensive knowledge about recruitment & selection I hope to further utilize this in my career.

Recommendation to develop the Internship program

I would like to suggest that candidates specify their preferences for divisions on their application form. This will help to ensure that recruiters are aligned with the candidate's preference of division.

Chapter Four

Personal Development Plan

Career Plan

After my tenure ends at bKash in the last week of October, I would like to solely focus on getting a job in a similarly reputed company. My first preference would be to join in the financial section companies as an Officer in any finance & accounts department. Other than that I will also be looking out for promising HR roles as I have gained extensive knowledge which I can apply in my career. Aside from my profession, I want to develop my German language skills to A2 level by doing weekend courses. I also wish to start studying for Chartered Financial Account level 1 in the near future for the development of my career in Finance.

Skills to Learn

For technical skills I want to improve my excel knowledge by regularly staying in touch with the application. Furthermore, I want to develop my IT knowledge by doing online courses on computer languages like python and C++.

For interpersonal skills I want to improve my verbal communication as well as my networking skills by talking to and mixing with people from various backgrounds. I also want to improve my impromptu presentation skills as I face difficulty in ideating something on spot.

PART - B

Research Segment

Abstract

The purpose of this study was to examine the impact of mobile financial services (MFS) on the spending and saving habits of young consumers, specifically Generation Z and late Millennials, in Bangladesh. The study employed a quantitative approach, surveying a sample of 50 individuals between the ages of 18 and 34 to understand their MFS usage patterns, spending behavior, and perceptions. The findings reveal that the widespread adoption of MFS platforms, such as bKash, Nagad, and Upay, has significantly influenced the financial behavior of young consumers in Bangladesh. The ease and convenience of digital transactions provided by MFS have created a psychological "illusion" of financial abundance, leading to increased impulse buying and overspending. This study investigates the influence of mobile financial services (MFS) on the financial habits of young consumers, particularly Generation Z and late Millennials, in Bangladesh. By surveying 50 individuals aged 18 to 34, the study aimed to understand their MFS usage, spending behaviors, and perceptions. Key findings indicate that MFS platforms like bKash, Nagad, and Upay have significantly shaped the financial behaviors of these young consumers. The convenience of digital transactions has created a psychological effect of perceived financial abundance, leading to increased impulse buying and overspending, especially in non-essential areas like retail, dining, and entertainment. Most respondents reported an overall increase in spending since they began using MFS, with 54% admitting to more impulse purchases. This behavior suggests that the lack of physical money transactions on MFS platforms reduces the perceived impact of spending, resulting in less financial restraint. Additionally, the study found that 32% of respondents save less due to the frequent use of MFS, which is linked to the increased spending facilitated by these services. To mitigate these negative effects, the study recommends that MFS providers enhance financial literacy programs, improve security features, introduce responsible spending tools within MFS apps, and collaborate with traditional banks for integrated services. While, MFS offers the benefits of financial inclusion and convenience, it also poses risks of impulsive spending and reduced savings among the youth. By addressing these concerns, MFS providers can promote responsible financial behavior and ensure the sustainable growth of the digital payment ecosystem in Bangladesh.

Chapter One

Introduction

Financial transactions in the past decade have seen a great evolution. From cash to digital banking to E-money, Bangladesh has seen incredible growth in the mobile financial services sector. Companies like bKash, Nagad, Upay etc. have created a cashless economic structure in such a short period of time. However, prior to the introduction of these services financial inclusion was a concern for the country especially those who were stated in the rural parts of the country. Early in the year 2000, the idea of mobile financial services began to catch on around the world due to the success of African models, most notably M-Pesa in Kenya. Bangladesh observed these developments and concluded that mobile technology may bridge the gap in financial inclusion. The financial landscape of the country at the time consisted of limited access to banks, especially in rural regions where a large number of people lived.

When Bangladesh introduced bKash, the country's first mobile banking service, in 2011, it marked a significant milestone. BRAC Bank created bKash in partnership with Money in Motion LLC to provide a practical, secure, and fairly priced platform for financial transactions. Bangladesh Bank, the country's central bank, played a key role in developing the regulatory framework that enabled MFS to expand. Because of this legal approach, consumers could trust and rely on services such as bKash, which operated in a regulated environment. Following the success of bKash many other banks have launched their own mobile payment platform like Nagad which is authorized by Bangladesh Post Office, Upay by UCB, Rocket by DBBL and many more.

Additionally, the COVID-19 pandemic highlighted how crucial digital financial services are. The use of mobile banking services increased as a result of social isolation and movement limitations. Individuals began using digital platforms for basic financial activities, demonstrating the MFS ecosystem in Bangladesh's flexibility and resilience. Such remote payments were only possible through credit cards and digital banking gateways.

Currently these financial services are providing more than just financial inclusivity or convenient payment systems. It is transforming the payment systems as well as consumer

behavior. Today, users can access savings accounts, micro financing, insurance etc. through these apps. With so many services in one single application in our mobile phones there has been a robust change in our behavior as consumers. One of the most used features of these apps is the merchant payment service which is the function that pays the consumers' bills to the specific merchant. In general, the merchants are restaurants, shops, universities and other such institutions. According to the Bangladesh bank website, there has been an increase of approximately 900% in merchant payment since the starting of 2020.

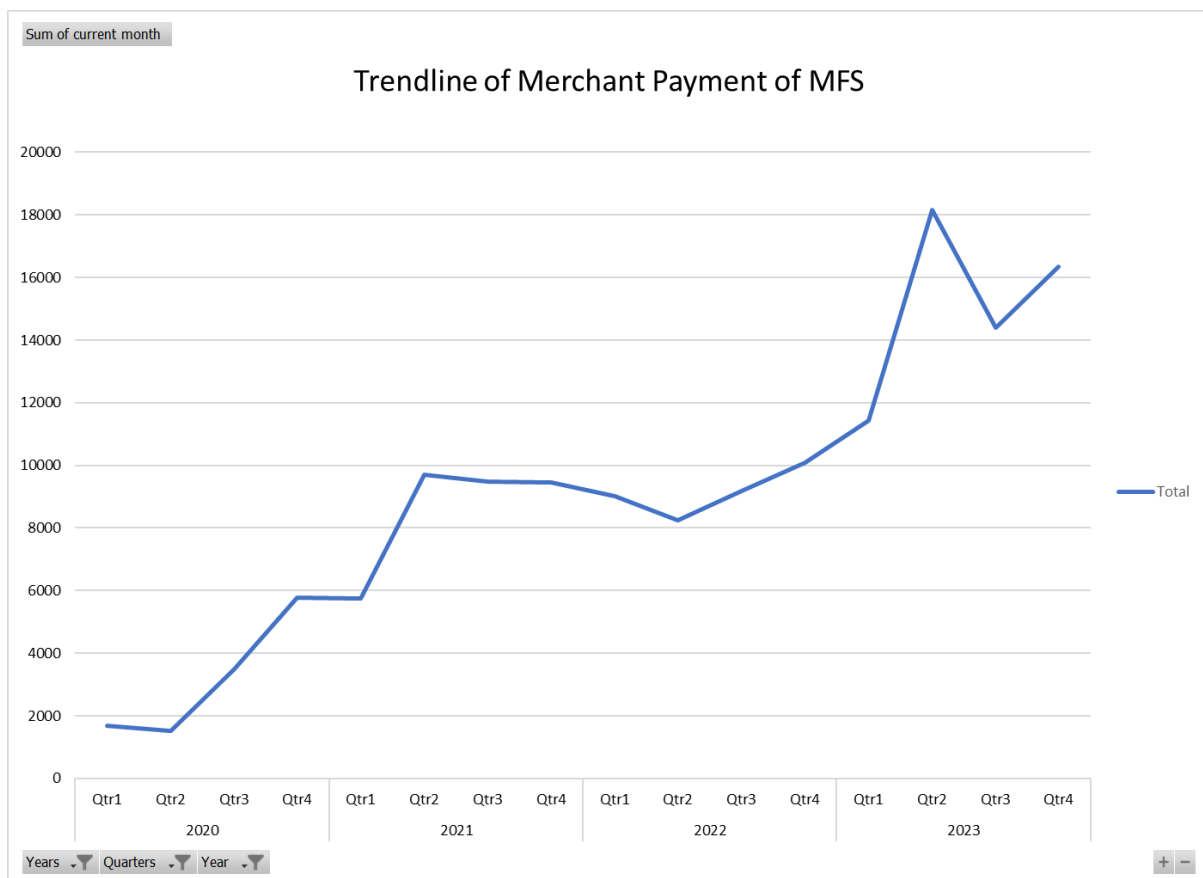


Figure 2: Trend line of Merchant Payment in Mobile Financial Services (Source: Bangladesh Bank Archives)

This study aims to investigate the increase of merchant payment in the daily lives of consumers and whether there has been an increase in impulse buying with digital payment. Here, merchant payment will solely focus on payments made to restaurants, theaters, shopping malls and places of entertainment. It will exclude necessities like university payments, bill payments etc.

Research Question

- Does the evolution of mobile payment have an impact on young consumers' spending and savings behavior?
- Does the mobile payment service influence impulse buying behavior among generation z and young millennials?

Research Objectives

- To investigate the impact of mobile payment on young consumers' spending and savings behavior.
- To find out whether the mobile payment services influence consumers' impulse buying behavior among generation z and young millennials.

Significance of The Study

By conducting this research consumers, especially generation z and young millennials can be made aware of their impulsive behavior in terms of spending as well as try and mitigate the excess spending. In addition, Mobile Payment services can take into account the opinions of the consumers and design their services to influence responsible spending behavior.

Literature Review

There has been a great influence on consumer spending behavior from the rise of digital payment systems—e-wallets and mobile money. The literature review has been prepared from the findings of different studies on how these technologies have affected financial behavior and spending habits.

Mobile payments such as e-wallets and mobile money have impacted the way consumers transact, especially in the developing world. Mobile money has been widely used in Sub-Saharan Africa, where surveys have revealed the effect of mobile money on people's financial behavior. Cobla and Osei-Assibey (2018) established that active mobile money users spend more than their counterparts with an average spending of 20 Ghana Cedis more per month. This spending rise is catalyzed by the convenience and liquidity that comes with mobile money. Another scholar, Morawczynski (2009), pointed out the same by discovering that in Kenya, mobile money becomes part of the life through enhancing financial transactions which change

financial behaviors through advancing money transfers and savings especially by the use of mobile based agents mainly in the rural areas.

Another type of digital payment system, e-wallets, has also been observed to have a significant effect on spending patterns, particularly in young people. Cobla & Osei-Assibey (2018) note that the ease of using e-wallets makes it easier to spend, due to lowered psychological costs of so doing. As Hirschman (1979) and Hayhoe et al. (1999) established, this is so because free and convenient access to payment systems is likely to spur spending. For example, Hirschman in his research showed that when different retail outlets accepted credit cards, spending by consumers was higher. Credit card users in college were also identified as compulsive buyers similar to trends observed with mobile money users as they spend more due to the convenience of transferring and accessing money.

Mobile money as well as e-wallets remove the perception of the amount of spending hence, letting loose the spending power. According to Cobla and Osei-Assibey (2018) this convenience can lead to overspending, something that requires financial awareness and policy approaches. It is crucial to ensure that there is a public awareness campaign on the proper use of digital payment with particular focus on the young people especially young adults and students because they are most likely to misuse it leading to overspending. The authors insist on producing financial literacy programs to introduce the aspects of budgeting and improved handling of digital transactions and to promote the usage of these technologies responsibly.

Mobile financial services have been highly embraced across the generations, especially the millennial and the Generation Z. These financial services such as mobile banking, e-wallets and Investment apps are convenient and time saving meaning they will favor the busy lifestyle of these groups (Karim et al., 2020). In a study by Qamar et al (2023) identified that mobile financial services enhance financial inclusion and financial literacy among the Millennial and Gen Z users to make a better financial decision and to adopt responsible financial behaviors such as planning, saving, and investing. However, these services have come with inconveniences like people having higher tendencies of spending beyond their means and have less savings which is even worse among the young people yet to have good discipline on how they spend their monies (Ramli, 2022).

Mobile financial services impact spending behavior and this is where digital financial literacy plays an important role in mitigating the effects. Qamar et al. (2023) acknowledged that good digital literacy leads to positive Financial Literacy and better financial results of Millennials and Gen Z. Meanwhile, Ramli (2022) pointed out that negative Financial Literacy could deepen the negative habits that already exist today such as excessive spending and poor savings.

Therefore, mobile money and e-wallets have useful attributes in enhancing financial access, efficiency, and liquidity but give a possibility to overspend. These systems have influenced the spending abilities of the population for the better or worse, mainly focusing on the young consumers. To reduce the potential risks and harness the potential benefits associated with these technologies, it will be important to fill gaps in financial literacy and to advance policy measures (Karim et al., 2020; Qamar et al., 2023).

Chapter Two

Methodology

The study “Impact of MFS on Consumer Behavior” aims to provide an overview on how the mobile payment feature of the mobile financial services have impacted consumers’ spending and savings behavior. Additionally, explore the reasons for any deviations from past behaviors of the consumers.

Descriptive Research

The descriptive nature of research is used for describing and understanding of the characteristics of a target group. The method may involve surveys, observations and analysis of existing data. This method was ideally utilized in this paper to understand the consumers’ behavioral characteristics on their spending and savings using the MFS apps by gathering samples’ opinions which assisted in understanding the current viewpoint of the consumer regardless of previous studies.

Quantitative Research

The quantitative nature of research assists to measure and analyze the research findings through data collection using structured instruments like questionnaires or surveys. The purpose of such design is to analyze the numerical data collected. The prime focus of this study is to measure and analyze the consumers’ behavioral aspects while using the mobile financial services and for that quantitative research design is the most ideal. Through this design the paper will collect the data of the consumers’ and analyze and observe their behavior based on their usage patterns of mobile financial services.

Sampling Method

For this paper, random convenience sampling was deemed the most ideal. Random convenience sampling is a non-probability sampling approach with respondents selected on the basis of their willingness or availability to participate in research. It is easy to use and fast to carry out. However, random convenience sampling would not be statistically representative of the population, and any findings would likely not generalize to a larger group. The target group for this study are young students and professionals who have had experience with MFS on a

recurring level as well as have experienced payments and other monetary transactions with physical money or credit card. Considering the time and situation constraints regarding preparation of this study, random convenience sampling has been adapted as a method of sampling.

Data Collection

Primary as well as secondary data has been collected in preparation of this study. The secondary data has been collected from online sources such as google scholar. However, the secondary data acquired is deemed as generalized among all demographics and is not relevant for the Bangladeshi population. The primary data has been collected through a google form survey in order to generalize the findings to a larger population. A survey is a set of predetermined questions that gather standard information from respondents. In this case, answers from the respondents' insights are being collected using the Google Form through multiple choice questions and Likert scales. The data has been collected from 18 to 34-year-old individuals with the sample size of 50 people in this study.

Data Analysis Method

The responses have been recorded through google forms and have been extracted to google sheets in order to organize as well as visualize and measure percentages. In this stage, the data has been filtered to focus on the target group responses of certain questions to find out the percentage of respondents. Overall, thematic analysis has been conducted for this study.

Limitations

Time constraint was a core limitation in order to conduct this study. The span of 3 and a half months is not sufficient to observe and understand the consumer behavior of such a target group. Moreover, the political and social unrest during the tenure was also a setback as most human communication was limited. Additionally, random convenience sampling has been used which is based upon the respondent's willingness to participate in the study which can lead to biases and individualized responses.

Chapter Three

Findings and Discussions

In this study, there were a total of 50 respondents, all of whom were aged within 18 to 34 years. Previous research has shown that this specific group of people tend to overspend due to access to e-wallet and that large-scale advertising efforts encourage young customers to think like they have more money, which in turn leads to increased spending. (Aji & Adawiyah, 2021). Hence, this group was studied upon in the context of Bangladesh.

Based on the survey results, the responses are given below in sections:

Section 1: Demography

Q1: What is your income Level?

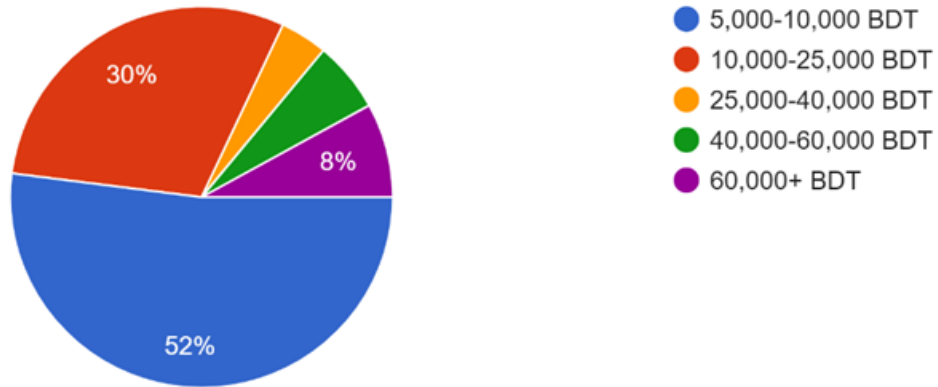


Figure 3: income level of the respondents

The pie chart displays the income levels of the respondents, where mostly (52%) are earning 5,000 to 10,000 BDT. This can be interpreted as most of the respondents are students and young professionals starting their careers.

Q2: What was the main reason you started using mobile financial services?

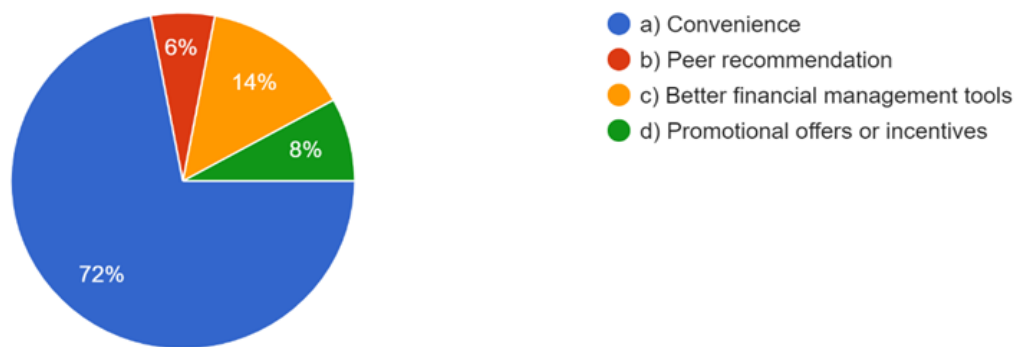


Figure 4: Reason of starting to use MFS

The pie chart displays, convenience is the most significant factor (72%) of using mobile financial services, followed by peer recommendations, better financial tools, and promotional offers or incentives.

Q3: How often do you use mobile financial services?

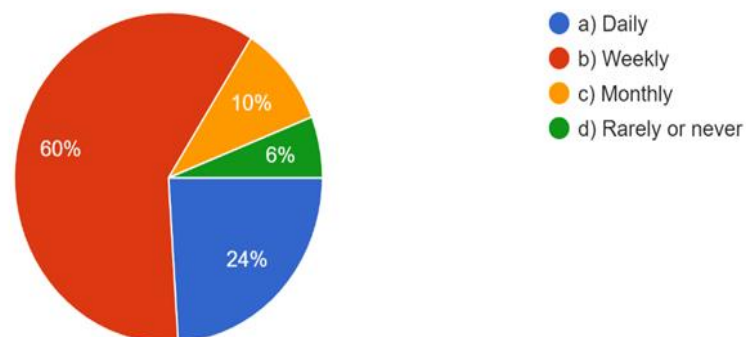


Figure 5: Frequency of use

As shown in the pie chart above, the highest number of users using these services either on a daily (24%) or weekly (60%) basis. Monthly and rarely used are far less frequent.

Q4: What do you consider the main benefit of using mobile financial services?

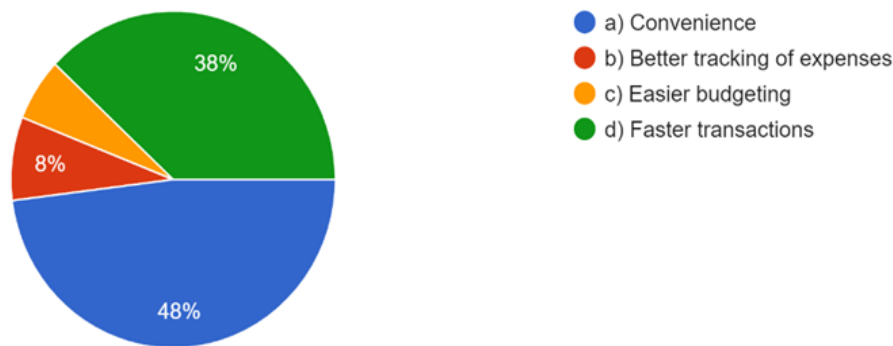


Figure 6: Benefits acquired through MFS

This question is linked with the previous intention of using MFS as I had wanted to observe if the intentions were met or any other benefits may have been acquired throughout. As shown in the pie chart above, 48% of the respondents deem convenience as the main benefit of using the service along with faster transaction following closely as 38% of the respondents' choice.

Section 2: Spending Behavior through Mobile Financial Services

Q5: In which sector do you spend most using mobile financial services?

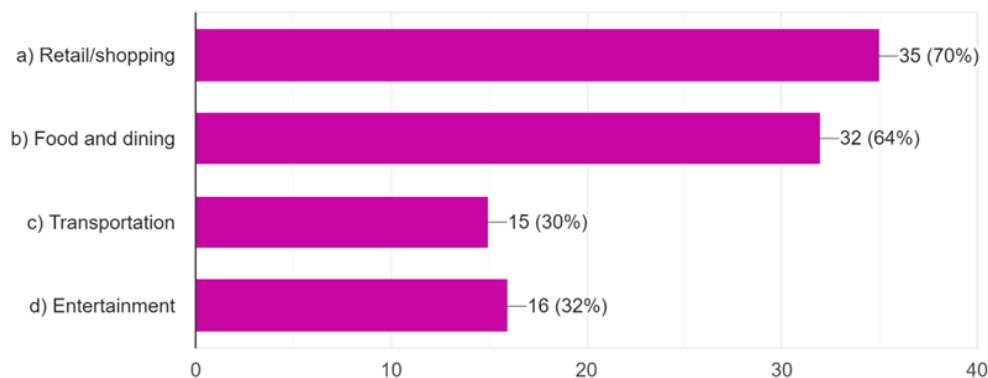


Figure 7: Usage in various sectors

The above pie chart demonstrates that among the sectors where users are spending frequently using mobile financial services, two major sectors are retail or shopping (70%) and food and

dining. (62%) Following quite behind, other important sectors are entertainment (32%) and transportation (30%), where most users spend regularly.

Q6: Would you prefer paying with cash/card or through MFS?

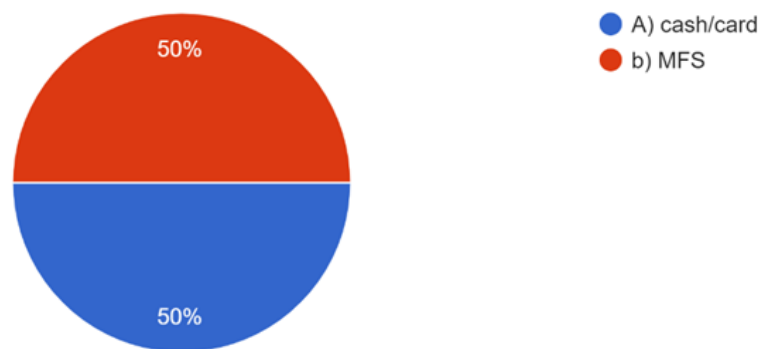


Figure 8: Preference of payment

Through this question I had wanted to observe exactly how much of this sample prefer MFS over traditional payment methods like card or cash. As shown in the figure both methods are equally used among the populace.

Q7: Has MFS played a role in your monthly expenditure?

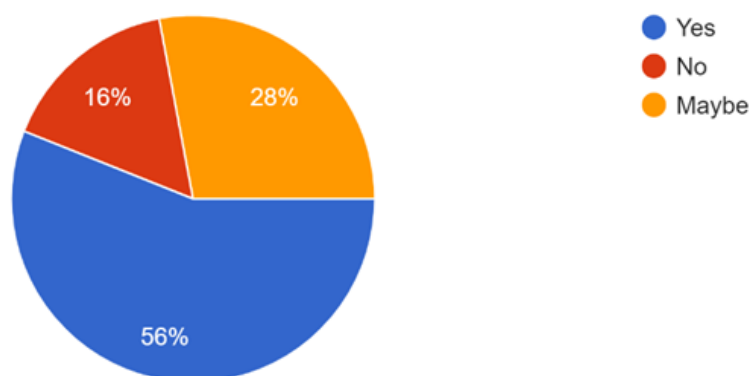


Figure 9: Role of MFS in monthly spending

As shown in the figure MFS has impacted 56% of the respondents' monthly spending. From subsequent responses, it can be assumed that their monthly expenditure has increased due to the ease of use of MFS.

Q8: How has real-time expense tracking affected your financial behavior?

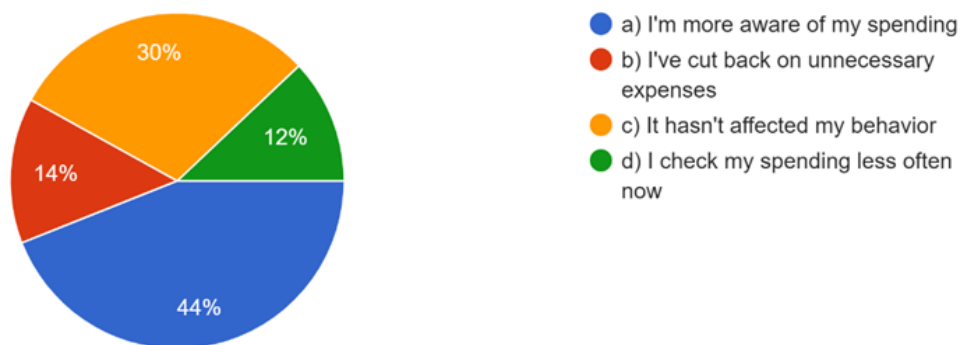


Figure 10: Effect of real time tracking of expenses on financial behavior

As shown in the figure above, 44% of the participants have claimed that real time expense tracking has made them aware of their spending while 30% claimed that it has no effect on their behavior.

Q9: Since you have started using mobile financial services, how has your overall spending changed?

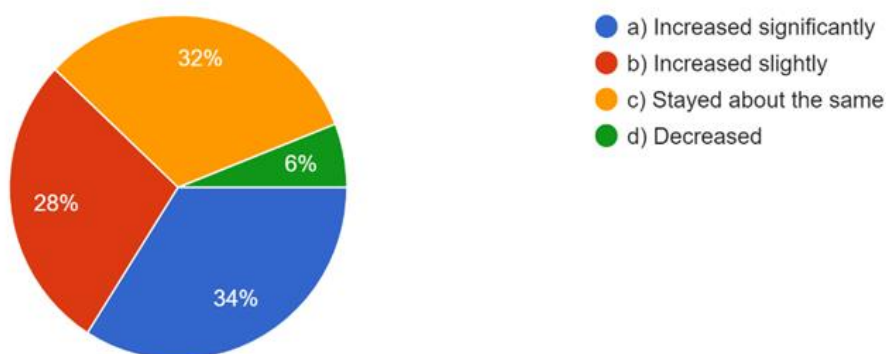


Figure 11: Difference in spending behavior after MFS

The majority of participants (62%) have claimed that using MFS has increased their spending significantly while a big chunk (32%) claims their spending remains unchanged.

Q10: How have mobile payments affected your impulse buying habits?

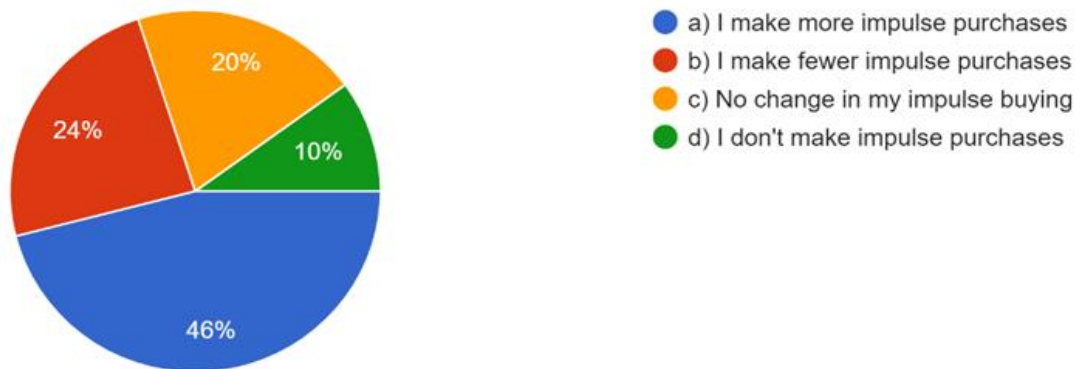


Figure 12: MFS impact on impulse buying

As shown in the figure above, the majority (46%) have responded that due to MFS their impulse purchase has increased. Hence, it can be interpreted that the convenience of the service has increased impulse behavior among the consumers.

Q11: I frequently shop from online now that mobile payment is easier.

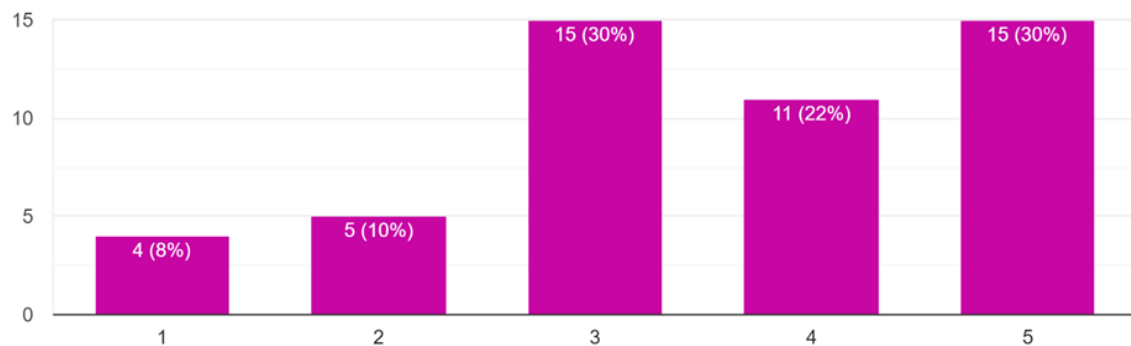


Figure 13: Frequency of online shopping

As shown in the figure above, a total of 52% have agreed that they now shop online with the ease of mobile payment. As online shopping requires minimal physical and cerebral activeness it is deemed to be easier. Moreover, 30% of the participants have stayed neutral meaning their frequency of online shopping has neither increased or decreased.

Q12: I frequently spend offline through mobile payment.

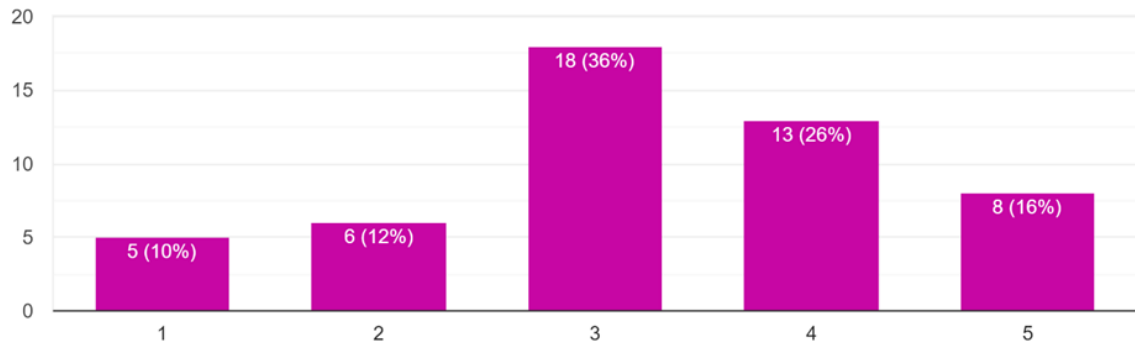


Figure 14: Offline spending through mobile payment

A total of 42% have agreed upon using mobile payments frequently while shopping offline. Whereas, 22% have disagreed, meaning that they use either cash or cards. 36% have claimed neutral meaning they do not spend through mobile payments during shopping physically.

Q13: I sometimes overspend as it is not physical money.

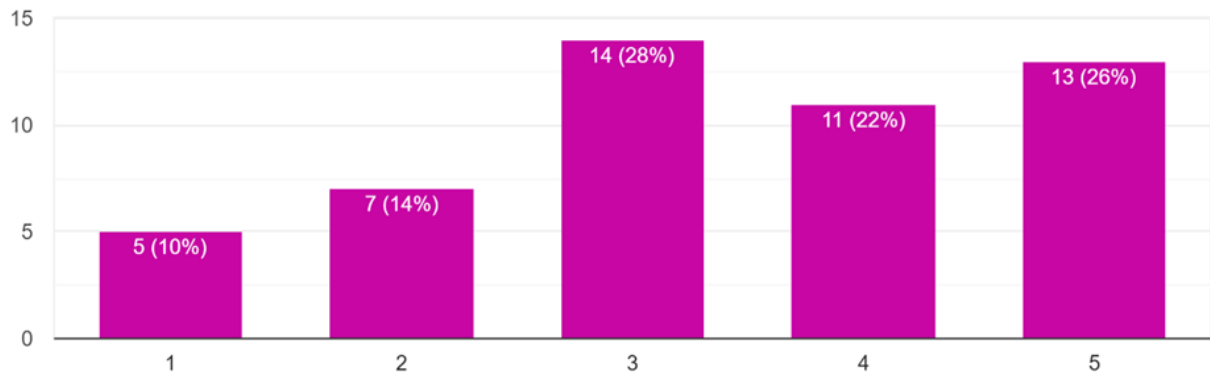


Figure 15: Spending behavior regarding E-money

A total of 48% of the participants have claimed that they tend to overspend as they do not have physical contact with the money spent. 28% have claimed to stay neutral in regards to overspending.

Q14: If it were cash, I would spend less.

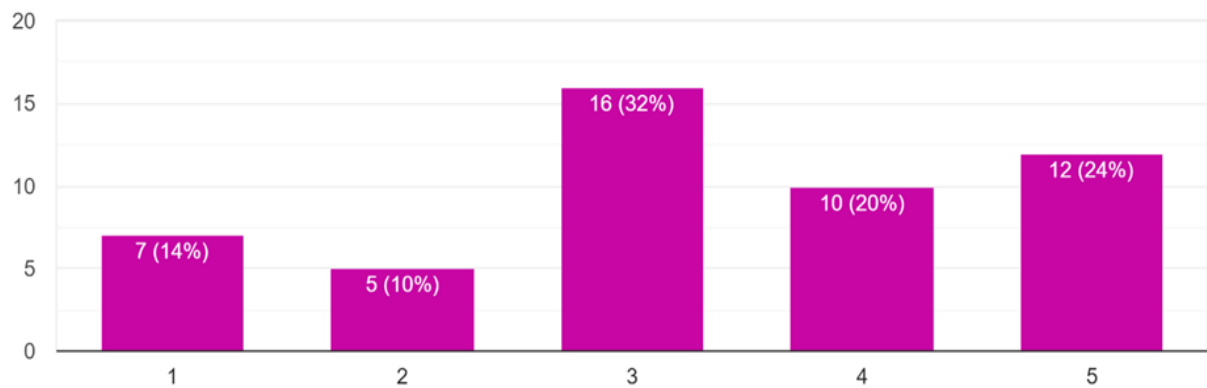


Figure 16: Spending behavior with physical money

As shown in the figure above 44% of the participants have claimed they would spend less if it was cash. It can be interpreted that the consumers tend to spend more when they do not have physical contact with the money. 32% have stayed neutral meaning that their spending behavior will remain unchanged.

Section 3: Saving Behavior

Q15: How has using mobile financial services affected your saving habits?

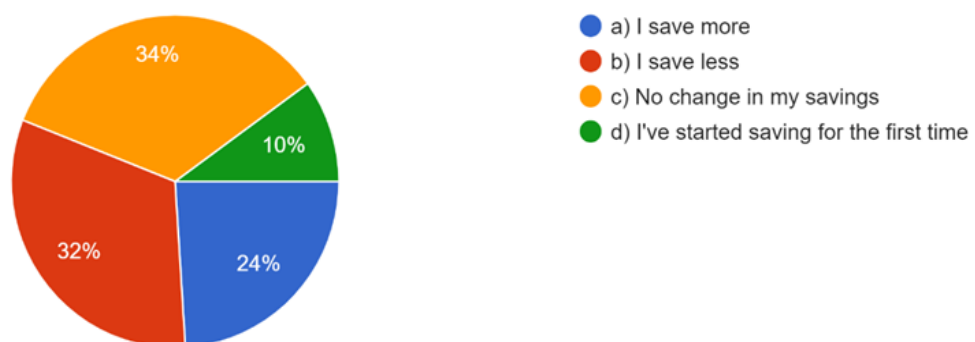


Figure 17: MFS' impact on savings behavior

As the theory suggests that MFS affected the savings behavior of the consumers as well as the spending behavior, this question was directed in order to understand whether or not it was true.

Although, 34%, the majority claim that their savings were unaffected a large number, 32%, claim that they save less now due to the frequent use of MFS.

Q16: How comfortable are you with using mobile financial services for saving?

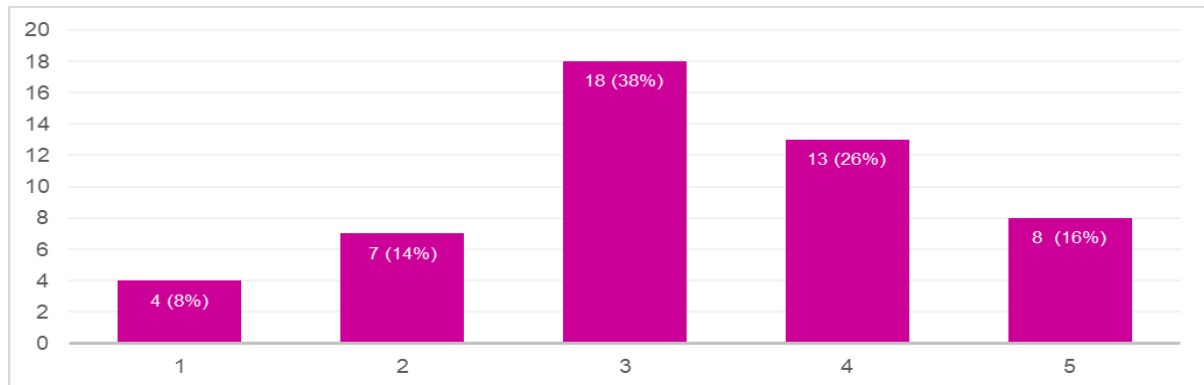


Figure 18: Savings perception using MFS

A total of 42% have claimed to be comfortable with saving through MFS apps while 36% stayed neutral. As the savings is a relatively new feature in this service trust may be an issue in regards to saving and investing consumers' money.

Section 4: Relationship with traditional banking, debt management and security concern

Q17: How has using mobile financial services affected your relationship with traditional banks?

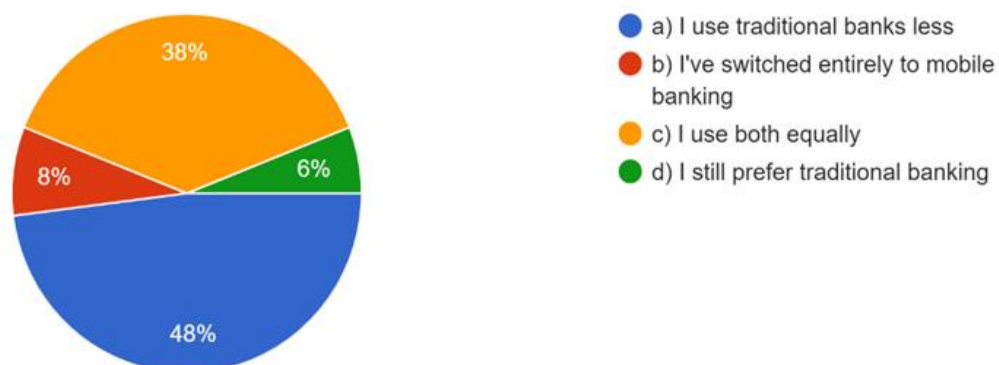


Figure 19: MFS' impact on the relationship of traditional banks

The majority (48%) of the respondents claim that they are not using the traditional banking services as much as before while 38% have claimed that they use both services equally.

Q18: How have mobile financial services impacted your debt management?

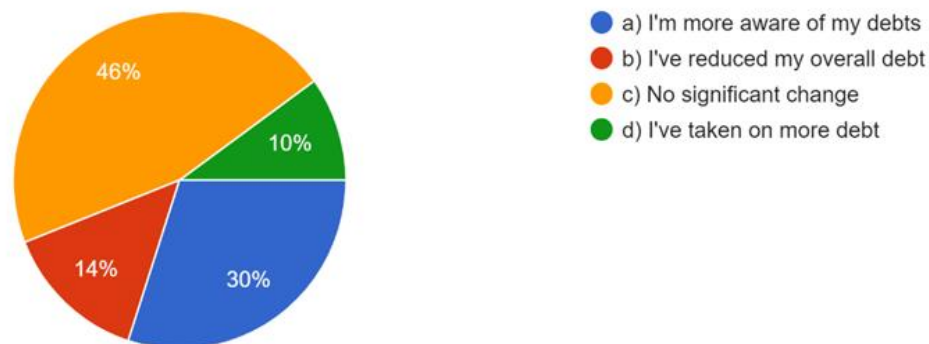


Figure 20: MFS impact on debt management

Some MFS apps feature a loan or pay-later service to their users. As it is not physical money, I wanted to observe whether it impacts the debt management of users. 46% of the participants have claimed their debt management had no significant change while only 10% claim that they have taken on more debt than before. 30% have claimed that they are now more aware of their debts which is a positive impact.

Q19: what is your biggest concern about using mobile financial services?

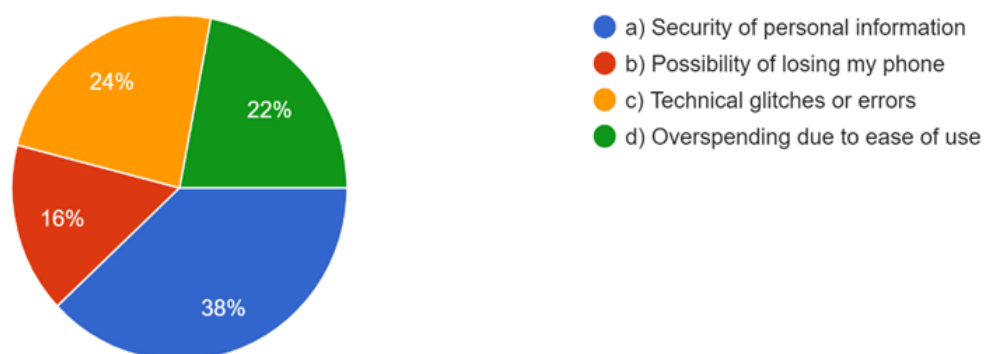


Figure 21: Major concerns regarding use of MFS

Security of personal information is the biggest concern among the survey participants. While technical glitches and overspending are next big concerns among the users.

The survey respondents claim that due to use of MFS their spending and saving behavior has changed significantly. The spending behavior has vastly changed. This suggests that mobile financial services do impact the young consumers' spending behavior in Bangladesh much like the rest of the world. Overall, the findings suggest that the consumers tend to spend more when it is e-money rather than when they are spending cash or through a card. Additionally, I have also discovered that the consumers are likely to spend less while dealing with hard cash. It proves that e-money creates an illusion where consumers tend to overlook their budget and spend more than necessary. This behavior tends to be more common among Generation Z and late Millennials.

Chapter Four

Recommendations

Based on the above findings on the impact of mobile financial services on the young consumers' spending habits it has been discovered that the MFS providers can help to improve the spending behavior of this specific group in order to stay relevant and useful. A few recommendations can be followed.

Enhancing Financial Literacy Among Young Consumers

The findings suggest that mobile financial services significantly influence spending and savings behavior, often leading to impulsive buying. Financial literacy programs for Generation Z and late Millennials can help manage their finances better and reduce their impulsive purchases. As bKash has recently launched a student registration program it will be efficient in order to teach the younger generation of responsible spending.

Encourage Responsible Spending Tools in MFS Apps

Since users tend to overspend when using e-money, providers may introduce features that encourage responsible spending, like budget tracking, spending alerts, or setting spending limits directly within the app.

Control Impulse Purchases

To reduce the detrimental effects of impulse purchases facilitated by MFS, service providers can work with regulators to establish guidelines or mechanisms that help MFS users exercise financial control, such as cooling-off periods for specific types of transactions.

Targeted Marketing for Savings Products

The research shows a relatively low level of trust in saving through MFS apps. Trust in the safety, convenience, and return of the savings products can be increased through focused marketing and communication programs.

Collaboration with Traditional Banks

As MFS disrupts the customer relationship that users have with traditional banks, there is an opportunity for MFS providers to partner with banks to offer integrated services that combine the convenience of MFS products with the reliability of traditional banking.

Improve the Security Features of MFS Platforms

Respondents raised security concerns about MFS platforms. More investment in data protection and user privacy by MFS providers could go a long way in convincing users. Increased trust and adoption could be achieved through the implementation of advanced security protocols and educating users about safe practices.

Chapter Five

Conclusion

In conclusion, the study on how Mobile Financial Services influence consumer behavior, especially that of Generation Z and late Millennials, will be of value in understanding how these services could have influenced their patterns in spending and saving. The observations underscore the deep change in financial behavior that MFS has led to, primarily driven by the convenience, access, and liquidity that such platforms offer.

The proliferation of MFS into the country led by companies such as bKash in Bangladesh has brought changes in young consumer's interaction with money. It has not only made the frequency of transactions easier, but apparently, impulsive buying as well. These increases are viewed in the context of most non-essential expenditures that include retail, dining, and entertainment, which are now being commonly facilitated by MFS platforms.

The study's main conclusion is that digital money has a psychological effect on consumers' purchasing decisions. Customers that use MFS appear to have an "illusion" of financial abundance due to the absence of tangible money transactions, which causes them to spend more than they would if they were using cash or conventional banking methods. This situation is in line with global trends in the usage of digital payment systems, as people are using them more frequently and with less financial restriction due to their convenience and quickness.

Finally, MFS has had a considerable influence on the financial behavior of Generation Z and late Millennials in Bangladesh, highlighting both the benefits and problems of this quickly rising sector. While MFS platforms have made financial transactions simpler and more accessible, they have also resulted in changes in spending and saving habits that require attention. By addressing the highlighted difficulties through targeted interventions and enhancements, MFS providers may better serve young clients and contribute to more responsible financial behaviors in the digital era.

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Appendix

Internship Placement Letter



21 May 2024

Nadia Islam Aksha

Flat:13D, House:67 Lake circus, "Tridhara Tower", Kalabagan Dhaka 1205

Subject: Internship Placement

Dear Ms. Nadia Islam Aksha,

With reference to your request for an internship placement in bKash Limited (here in after referred to as the "Company") for a period of 4 (Four) months, please be informed that the management has accepted your request to allow you to pursue an internship placement for the period from 28 May 2024 to 26 September 2024. During this period, you will be working under the supervision of Mr. Md. Nowrose Farhan Chowdhury (Manager, Talent Acquisition, HR Operations, Human Resources).

We would like to inform you that the Company would pay you a consolidated amount of Tk. 10,000/- (Taka Ten thousand) per month as internship placement allowance.

Please note that, without the prior written consent or authorization of the Company, you must not divulge, disclose, or communicate to any person, firm, corporation or other entity, or use for your own benefit or for the benefit of any other person, firm, corporation or other entity matters, data or information, which includes but is not limited to,

- (i) any data or information or electronic communication, whether verbal or in writing relating to the Company's price sensitive information, policy, procedure, strategy, business or operation or any other information which is declared or deemed to be confidential by bKash; or
- (ii) any personal information of any customer, employee, agent, distributor or any other business entity which you may come to know/learn by yourself or through any other person during the course of your internship placement with the Company.

You must not misuse your position with the Company in any way during the course of your internship placement and shall maintain the same degree of confidentiality for a period of 1 (one) year after cessation of the internship placement by either party.

For any breach of confidentiality, the Company shall have the right to revoke your internship placement and seek damages from a court of law with competent jurisdiction for such breach.

Prior to any submission, disclosure or publication of any internship report, data or summary, you must submit a copy of the same to the Human Resources Division of the Company for review and obtain a written clearance from the Company for such submission, disclosure or publication. Subject to successful completion, you will be awarded a certificate at the end of the internship placement.

Please note that, the Company management may decide to revoke your internship placement anytime before commencement or during the internship placement without prior notice and with immediate effect for any reason whatsoever. You are entitled to withdraw from this internship placement by giving 7 (seven) days' prior written notice to the Company. In case of revocation or withdrawal from the internship placement, no or no further (as applicable) internship placement allowance will be payable to you thereof.

In compliance of the above, you are instructed to report to your supervisor in due course. We hope that this internship placement will be useful to you and contribute in developing your education in your concern area.

Best regards,

A handwritten signature in black ink, appearing to read "Shahriar Mahmood", with a long, sweeping horizontal stroke extending to the right.

Shahriar Mahmood

EVP & HoD, Organizational Effectiveness and Employer Branding

Copy to: Internship File

Survey Questionnaire

1. How often do you use mobile financial services?
 - a) Daily
 - b) Weekly
 - c) Monthly
 - d) Rarely or never
2. Since you started using mobile financial services, how has your overall spending changed?
 - a) Increased significantly
 - b) Increased slightly
 - c) Stayed about the same
 - d) Decreased
3. What is your age group?
 - a) 18-34
 - b) 35-50
 - c) 51-65
 - d) 65+
4. What do you consider the main benefit of using mobile financial services?
 - a) Convenience
 - b) Better tracking of expenses
 - c) Easier budgeting
 - d) Faster transactions
5. How have mobile payments affected your impulse buying habits?
 - a) I make more impulse purchases
 - b) I make fewer impulse purchases
 - c) No change in my impulse buying
 - d) I don't make impulse purchases
6. In which sector do you spend the most using mobile financial services?
 - a) Retail/shopping
 - b) Food and dining
 - c) Transportation
 - d) Entertainment
7. How comfortable are you with using mobile financial services?
 - a) Very comfortable
 - b) Somewhat comfortable
 - c) Neutral
 - d) Uncomfortable

8. How has using mobile financial services affected your saving habits?
- a) I save more
 - b) I save less
 - c) No change in my savings
 - d) I've started saving for the first time
9. Which mobile financial service feature do you use most often?
- a) Peer-to-peer transfers
 - b) Bill payments
 - c) Making card payments without the card
 - d) Mobile recharge
10. How has real-time spending tracking affected your financial behavior?
- a) I'm more aware of my spending
 - b) I've cut back on unnecessary expenses
 - c) It hasn't affected my behavior
 - d) I check my spending less often now
11. What is your biggest concern about using mobile financial services?
- a) Security of personal information
 - b) Possibility of losing my phone
 - c) Technical glitches or errors
 - d) Overspending due to ease of use
12. How has using mobile financial services affected your relationship with traditional banks?
- a) I use traditional banks less
 - b) I've switched entirely to mobile banking
 - c) I use both equally
 - d) I still prefer traditional banking
13. What was the main reason you started using mobile financial services?
- a) Convenience
 - b) Peer recommendation
 - c) Better financial management tools
 - d) Promotional offers or incentives
14. How have mobile financial services impacted your debt management?
- a) I'm more aware of my debts
 - b) I've reduced my overall debt
 - c) No significant change
 - d) I've taken on more debt
15. Has MFS played a roll in your monthly expenditure?

- a) yes
- b) no

16. Would you prefer paying with cash/card or through MFS?

- A) cash/card
- b) MFS

17. I frequently shop from online now that Mobile payment is easier.

- a) Strongly Agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly Disagree

18. I frequently spend offline through mobile payment

- a) Strongly Agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly Disagree

19. I sometimes overspend as it is not physical money

- a) Strongly Agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly Disagree

20. If it were cash, I would spend less

- a) Strongly Agree
- b) Agree
- c) Neutral
- d) Disagree
- e) Strongly Disagree