

Merchant Onboarding Toolkit

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Merchants are one of the first two recipients of money from RMG workers after they receive salaries. If merchants are included in the MFS ecosystem, a major portion of workers' expenses will be made through digital channels – eliminating the need for instant cash out. For this to happen, merchants need to find MFS an option worth considering.

CHAPTER 1: Finding the Right Merchant

For MFS providers, small merchants are a very promising user segment. For those without a bank account, MFS can be an ideal channel to include them in the financial ecosystem and give them access to a range of services. However, it's important to understand what type of merchant are ideal prospects for MFS providers.

Small merchants are central to the cash economy of RMG workers' neighborhoods. On the one hand, they receive payments from the workers, and on another they pay suppliers with cash. The factors that influence merchants' willingness to consider MFS depends on:

- **Scale of Business:** The size of the shop usually gives a rough idea about the scale of business. If the scale is too low (sometimes total sales below BDT 1,000 per day) then most likely the grocer will find the effort of transitioning to MFS not worth it.
 - **Age Group:** Merchants in their 30s and 40s tend to be more welcoming to adopting MFS and also have sufficient business experience to understand the pros and cons, although this is not a hard and fast rule.
 - **Education:** Adoption of MFS and education level have a positive relationship.
 - **Migrant Status:** If the merchant is a migrant in the area he is conducting business, he is more likely to have long distance transactions as he will need to remit money for his family
- Challenges with onboarding small merchants

Barriers in adopting MFS by small merchants:

- **Alternate of QR Code:** While urban MFS users can scan the QR code on their smartphone to make merchant payments, the same may not be possible with semi-urban people where smartphone usage is low and there is often a limited understanding of technology.
- **Low profit margin:** Usually small merchants (grocers) operate with very low profit margins and they are not be able to afford Merchant Discount Rate (MDR) charges within that margin. MFS providers needs to ensure it makes economic sense to the merchants.

Revenue Generating Opportunities for MFS providers

- **Merchant Transaction Fee:** MFS providers can consider charging a subsidized fee to small grocers that serve low income groups like RMG workers. Lower fees will motivate them to adopt MFS quickly as they may compare this with bank rates and cash based transactions. Increased uptake of MFS by the smaller merchants can lead to increased uptake and use of MFS by the users.
- **Float earning:** While most grocers have limited room for idle cash, those without a bank account will consider short term savings in an MFS wallet. They have stated bank staff do not treat them with respect so they stay away from banks.

CHAPTER 2: Leaflet Content for Small Merchants

This section contains ideas as to how MFS providers can motivate small merchants to open MFS accounts and what content must be there in the leaflet meant for small merchants.

What is MFS based merchant payment service?

Through merchant account, you can receive sales proceeds on your MFS account directly. This is fully compliant with financial policy of Bangladesh government.

Why is MFS relevant for small merchants?

- Accounting Support: It can help merchants like you to keep track of transactions by looking at the account history
- Send Money back home: Since most small merchants are migrants in the area, there is a need to send back money to families. Having this account will help you send money anytime without having to leave the shop
- Convenience of not dealing with cash: Sometimes change of big notes is a problem and it can even prevent someone to buy something from your shop. Having a MFS account also mitigates the risk of fake and torn notes.
- Pay Suppliers directly: From a mobile wallet, you can directly pay the suppliers without having to collecting cash for payment.
- Earn interest on idle cash: You can earn interest on your wallet balance as well. Small merchants sometimes have extra cash (e.g. Festivals, special occasions) which can earn them some interests.

To open a merchant mobile wallet, the following documents are needed:

- Photo ID (NID/Smart Card/birth certificate)
- Passport size photograph

- Mobile phone with SIM card
- Trade License
- Contact Details including physical address for the shop, phone number and email address
- TIN Certificate (not mandatory)
- Bank Account Declaration Letter for settlement (not mandatory)

How to apply for a bKash/Rocket merchant account?

There are several ways to reach bKash/Rocket to open a new merchant account. Either you visit their office in person or request for a merchant account online bKash: (<https://www.bkash.com/i-want-register/send-registration-request>). Once they have received a request, they will assign an account manager to assist you. They will request all the necessary documents. Once you have submitted all the documents, they will proceed with the initial verification.

How to activate a bKash merchant account?

Once your application is approved, you will get an SMS to your given number for activating the account. You just need to dial the USSD number (*247# for bKash, *322# for Rocket) from that number and follow the instructions to set a new **PIN code** (never share your PIN code with others) for your account. After that, you can start receiving payments right away. Along with the SMS notification for activating your account, you will also receive login credentials for accessing a web portal (login page, username and password) in your email, if shared with bKash beforehand. As you already know, merchant account is designed for business and you have more flexibility to track all payments here. Besides mobile SMS or account balance, you will have access to a web portal to see all your transactions online too. Access to the portal allows merchants to review transaction history. It

is to be noted that email address is the username by default and therefore, an email will be required to use the web portal for reviewing transaction history.

It takes approximately four days to get a merchant account activated. You will receive all branding materials from the MFS provider once your account is ready for use.

CHAPTER 3: How to operate MFS Merchant Account

3.1 The USSD Menu

The USSD menu for merchants is very simple and easy to use

1. My Account

- a. Check Balance: You can check your current balance from here. Confirm by entering your PIN.
- b. Request Statement: To see recent transactions in your account, choose request statement option from the menu. You will see last five transactions in the USSD screen.
- c. Change Mobile Menu PIN: To change PIN, you have to verify your identity by providing the current PIN number first. Then enter the new PIN twice to set it up. Select a PIN that is difficult to guess all the time.

2. **Helpline:** If you have any difficulty operating the account press 2 here or dial helpline number (16247/16216)

3.2 Ensuring Safety of your Account

- Keep enough space in the mobile to receive confirmation SMS of all transactions. Ensure that the SMS have been sent from authentic source and it is not a fake message.
- Ensure the phone is sufficiently charged and is near the payment counter at all times to give your customers a smooth payment experience.
- Check balance after every payment from customer. To ensure customer is paying at

the right account, always keep the MFS account number/QR code is prominent display.

- Match the amount to be paid and the amount received on MFS account
- Never share your PIN number with anyone, not even with MFS agent or anyone from their office.
- If the phone is lost, damaged or stole, please inform the area-in charge/Manager. Alternatively, call 16247 to report the matter.

You can choose how you want to collect the amount collected through MFS account. If you have a bank account, the MFS provider can settle your funds every alternate day. If you must have quick access to cash, you can choose 'account rebalancing' from a nearby MFS agent. Having a bank account for small merchant is not mandatory.