

The digital transformation of small and micro-businesses in Bangladesh



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Executive summary

Women entrepreneurs in Bangladesh face many barriers that impact the digital transformation of their business. These include low financial and digital literacy rates, social norms that impact mobile phone ownership and family support, and low confidence. Identifying the value proposition and support mechanisms for digitalization and providing capacity-building can accelerate the digital journey of women e-commerce entrepreneurs and help them overcome these restrictive social norms.



The United Nations Capital Development Fund (UNCDF), in partnership with Visa, ShopUp, a leading full-stack business-to-business platform, and ekShop, an e-commerce aggregator platform, has been implementing UNCDF's 'Build Back Better—Enhancing Recovery and Resilience of Small and Micro-Businesses (SMB)' project¹ in Bangladesh since 2020. The project aimed to build the digital and financial capabilities of 200,000 small and micro-businesses (SMBs) through e-learning modules across multiple channels.



This report provides an analysis of the second phase of the project, which entailed the development and provision of more advanced e-learning modules on the topics of financial negotiations, digital marketing, product pricing, cash flow management, loan management and e-commerce. The content and multi-channel approach are aligned with global best practices and the financial literacy guidelines established by the Financial Inclusion Department of Bangladesh Bank in 2021. A mix of these channels is key to promote, deliver and evaluate the digital financial literacy modules and should be customized to the target group. In-person channels provide the opportunity to go into more depth with the content, particularly for those with lower financial or digital financial literacy levels or those on the wrong side of the digital divide, while digital channels provide the opportunity to reach scale and offer more flexible models for course completion.



The partners exceeded the project milestones, reaching more than 200,000 SMBs through a range of delivery channels, including in-person training, SMS, social media, e-learning platforms, landing pages of the e-commerce platforms and WhatsApp groups. The partners also achieved additional success such as partnering with new organizations to reach the target group and more rural areas, leveraging the e-learning content for other projects, and adapting and tailoring the content to entrepreneurs in South Sudan.

¹ Part of the 'Shaping Inclusive Finance Transformations (SHIFT) in SAARC' programme, later linked to the 'Leaving No One Behind in the Digital Era' programme through a portfolio approach.

The pre-test and post-test training tools demonstrated significant improvements in knowledge, skills and attitudes related to the e-commerce topics, particularly around confidence in negotiating with suppliers and customers, selling products online through an e-commerce platform, and defining cash flow, services of e-commerce platforms, online promotions, profit margins for unique products and the requirements for having a digital shop. There were some noticeable differences by gender. Overall men showed more improvement than women between the pre-test and post-test. However, women showed more improvement than men in knowing the desired outcome of a financial negotiation, a good profit margin for unique products, and requirements for loan applications. Women also showed a large improvement in confidence related to negotiating with suppliers and customers and selling products online through an e-commerce platform. During the impact survey, nearly half of the SMBs (45 percent) for ShopUp felt confident to manage their business online, while nearly three quarters (72 percent) of ekShop's SMBs felt confident or very confident to manage their business online. Improving confidence of SMBs is key to building their digital and financial capabilities.



The impact survey also demonstrated improvement in the behaviours and practices related to business management, digital adoption, and use of financial and digital financial services, with more change evident in the business management practices for both partners. When comparing ShopUp's trained group with ShopUp's non-trained group, overall, a higher percentage of the trained group has adopted positive behaviours and practices regarding business management, digital adoption, and use of financial and digital financial services.

There is a large difference between the two groups regarding having a business plan over the next year and marketing and promotions, and a more moderate difference between the two groups regarding cash flow management, having a business loan and digital payments. There are mixed results for ekShop's SMBs when comparing the trained and non-trained groups. The most promising results are evident for digital adoption, where the differences are larger for digital delivery and payments systems, and more moderate for using a mobile app, digital bookkeeping, having a digital shop and digital order and inventory management.

These insights provide promising results as to the effects of an e-commerce capacity-building programme with a multi-channel approach for SMBs as they progress along their digital journey and digital transformation. UNCDF can leverage these results to further expand this project or related projects to include a mentorship component with SMBs at a later stage of growth.

UNCDF can also leverage the content and project outcomes and adapt them for other niche target segments such as the garment sector or migrant families, testing the hypothesis that integrated learning models leveraging digital channels and customized to the digital and financial literacy levels and internet access of the target segment are more effective. Lastly, UNCDF can work closely with Bangladesh Bank to institutionalize some of these learnings and disseminate them on a broader scale both nationally and regionally.

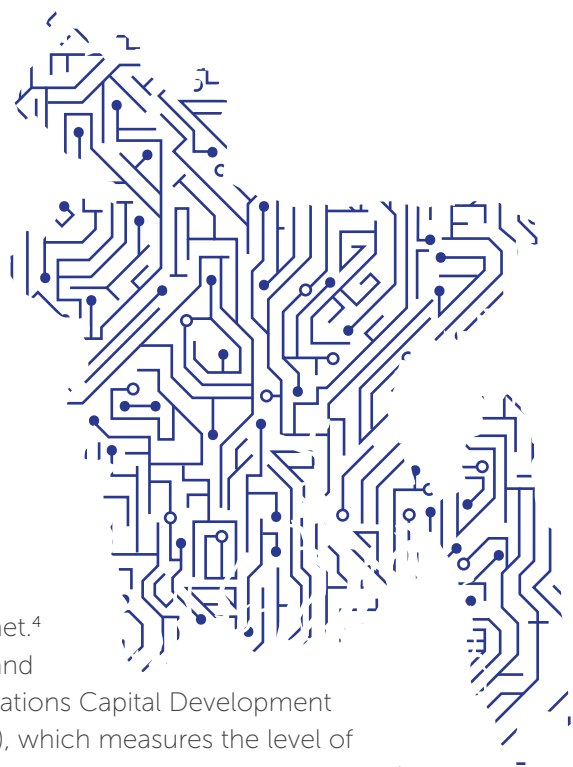


Introduction

PROBLEM STATEMENT

Entrepreneurs in South Asia are disproportionately affected by COVID-19. The Asian Development Bank conducted a survey of nearly 2,500 micro, small and medium-sized enterprises (MSMEs) in Bangladesh, India, Indonesia, Lao People's Democratic Republic, Mongolia and Pakistan and found that nearly three quarters of them experienced a decline in sales in the first half of 2020 as compared to the previous year across all countries, with the highest proportion in Bangladesh (90 percent). A quarter to a half of the MSMEs sampled experienced a temporary closedown during this period, and a third to two thirds were facing a cash shortage at the time of the survey.² The World Bank and the International Finance Corporation conducted Business Pulse Surveys in several countries, including six countries in the South Asia region, to assess the impact of COVID-19 on firms. This research revealed that small businesses in South Asia experienced a greater impact of the pandemic, in terms of business closures, decline in sales and financial fragility (i.e. falling into arrears, lack of confidence about the future) compared to global trends.³

The digital economy provides opportunities to overcome these problems but is not inclusive of everyone. The digital economy can provide wider access to finance and international markets, particularly for entrepreneurs, in addition to access to digital tools for business and financial management, networking and mentoring opportunities to promote business expansion. According to the World Bank's Global Findex, only 27 percent of people in Bangladesh have access to the internet.⁴ Digitalization may worsen existing inequalities by gender and between rural and urban areas. According to the United Nations Capital Development Fund (UNCDF) Inclusive Digital Economy Scorecard (IDES), which measures the level of inclusion of the digital economy, in Bangladesh, only 68 percent of those most left behind (i.e. rural, women, youth, elderly people, refugees, migrants, people with disabilities, MSME owners) fully participate in the digital economy.



2 Asian Development Bank, 'The Impacts of the COVID-19 Pandemic on Micro, Small and Medium Enterprises in Asia and Their Digitalization Response', Manila, 2021.

3 Asian Development Bank, 'COVID-19 Impacts on Asean Households: Survey Findings', Manila, 2020.

4 World Bank, 'Global Findex', Washington, DC, 2021.

There are low financial literacy⁵ rates in Bangladesh, especially when compared to other countries in the region. A recent survey conducted in 2021 by BRAC Business School's Research and Professional Development Center in Bangladesh found that the average financial literacy score in Bangladesh is 24.2 percent.⁶ This is much lower than other countries in the region such as Indonesia (38 percent), Malaysia (59.7 percent), Philippines (69 percent) and Thailand (72 percent).⁷

Financial literacy levels in Bangladesh are directly correlated with income, educational attainment and type of employment. Respondents who had educational attainment below Secondary School Certificate (SCC) scored the lowest (15.1 percent), while those with a Bachelor's degree scored the highest (33.1 percent). Government job holders scored the highest (33.8 percent), followed by students and private job holders (29.3 percent), business personnel (24.7 percent) and self-employed people/farmers (19.3 percent). Housewives scored the lowest (11.7 percent), followed by unemployed people (17.1 percent). Respondents in the highest income bracket (BDT50,000⁸ or more) had the highest financial literacy scores, while those with income of less than BDT15,000 scored the lowest (20.5 percent). These results indicate that the most marginalized groups in terms of financial literacy include self-employed people, farmers, housewives, those with education below SCC and people over the age of 50.⁹

Low financial and digital financial¹⁰ literacy rates of women prevent them from progressing along the digital journey, particularly in rural areas. In the survey conducted by



BRAC Business School's Research and Professional Development Center, women achieved lower financial literacy scores than men in Bangladesh by a little more than 3 percentage points (22 percent vs. 25.2 percent).¹¹ According to the GSM Association, there is a gender gap in the ability to use a mobile phone of 5 percentage points (11 percent for men vs. 6 percent for women), representing a barrier to mobile internet usage for women in Bangladesh.¹² This is particularly true in rural areas. Nearly two thirds of women in Bangladesh live in rural areas. IDEO conducted an in-depth study with a focus on women in rural areas in six countries: Bangladesh, India, Northern Kenya, Nigeria, Pakistan and Tanzania. Financial and digital financial literacy were much lower for rural women than rural men in Bangladesh (24 percent vs. 33 percent for financial literacy and 16 percent vs. 33 percent for digital financial literacy).¹³

Gender norms also play a key role in delaying the digital journey of women in Bangladesh. Social norms may prevent women from owning a mobile phone in certain countries.

5 The Alliance for Financial Inclusion defines financial literacy as the "awareness and knowledge of financial concepts and products required for managing personal finances, taking into account one's economic and social circumstances" (Alliance for Financial Inclusion, 'NFES Toolkit', Kuala Lumpur, 2021).

6 Respondents were asked five questions relating to knowledge of numeracy, interest, inflation and risk diversification. The questions were aligned with global surveys to evaluate financial literacy levels.

7 United Nations Capital Development Fund, 'ASEAN Monitoring Progress 2022: Financial Inclusion in Selected ASEAN Countries', New York, 2023.

8 At the time of writing of this report, BDT100 equals \$0.93.

9 Ibid.

10 The Alliance for Financial Inclusion defines digital financial literacy as "acquiring the knowledge, skills, confidence and competencies to safely use digitally delivered financial products and services to make informed financial decisions" (Alliance for Financial Inclusion, 'Digital Financial Literacy Toolkit', Kuala Lumpur, 2021).

11 Research and Professional Development Center, 'Financial Literacy in Bangladesh', Dhaka, 2022.

12 GSM Association, 'The Mobile Gender Gap Report', London, 2022.

In Bangladesh only 61 percent of women have a mobile phone of their own, compared to 86 percent of men,¹⁴ while only 21 percent of women have a smartphone, compared to 39 percent of men.¹⁵ The gender gap in mobile internet use also widened in Bangladesh in 2021 (from 2 percentage points in 2020 to 11 percentage points in 2021), due mainly to the lack of change in women's mobile internet use. This trend was common across all low- and middle-income countries in 2021.¹⁶ Around 26 percent of women who own a smartphone in Bangladesh do not use mobile internet, compared to 20 percent of men.¹⁷ Lack of family approval still ranks in the top three barriers to mobile ownership for women in Nigeria, Bangladesh and Pakistan. In Bangladesh lack of family approval was cited as an important barrier to mobile phone ownership by 14 percent of women, compared to only 3 percent of men. Other barriers to mobile internet use for women in Bangladesh are safety and security, and affordability.¹⁸

OPPORTUNITIES

Engagement with digital channels can help women overcome social norms that affect their digital journey.

Research recently conducted by the Consultative Group to Assist the Poor with women entrepreneurs in Bangladesh, Myanmar and Pakistan found that social platforms such as WhatsApp and Facebook are facilitating new informal online commerce, particularly for women. Informal online commerce can help women overcome restrictive social norms that limit engagement with men from outside the family, and can also serve as a pathway for women's financial inclusion due to regular payments, cash flow management and short- and long-term credit, particularly as their business expands.¹⁹



Capacity-building can accelerate the digital journey of women e-commerce entrepreneurs.

Recent research from Women's World Banking with women e-commerce entrepreneurs in Indonesia shows that women who receive entrepreneurial training before joining the e-commerce platform are more motivated to learn new features in the e-commerce platform than those who did not receive this type of training.²⁰

Identifying the value proposition and support mechanisms for digitalization can also accelerate the digital journey of women e-commerce entrepreneurs.

Women's World Banking's research in Indonesia also revealed that women entrepreneurs value safety, certainty, trustworthiness and the ability to receive customer feedback when evaluating e-commerce platform providers. They also rely heavily on support from their spouses and other family members in managing transactions with delivery services and financial management. This is due mainly to mobility restraints and low financial literacy levels.²¹

13 Financial literacy rates were measured by responses to questions on advanced financial concepts (e.g. investment, interest calculation). Digital literacy rates were measured by the self-reported ability to send and receive text messages.

14 Better Than Cash Alliance, 'Digital Payments Diagnostic', New York, 2022.

15 GSM Association, 'The Mobile Gender Gap Report', London, 2022.

16 Ibid.

17 Ibid.

18 Ibid.

19 Consultative Group to Assist the Poor, 'Business Her Way: Creating Livelihoods Through Informal Online Commerce', Washington, DC, 2021.

20 Women's World Banking, 'Building Digital Solutions for Women E-Commerce Entrepreneurs: A Demand Side Exploration in Indonesia', New York, 2023.

21 Ibid.

Limited use of digital financial services prevents the digitalization of financial inclusion in Bangladesh, particularly for women.

The World Bank's Global Findex 2021 shows that 29 percent of people in Bangladesh have a mobile money account, while only 27 percent of those with a mobile money account use it two or more times in a month.²² Only 15 percent can use a mobile money account without help from anyone, including a mobile agent.²³ Mobile phones are used more in Bangladesh for utility payments (28 percent), to send money (18 percent) and to receive wages (13 percent), while there is very limited use of mobile phones for digital merchant payments (3 percent).²⁴ There is a very large gender disparity of 24 percentage



points in making or receiving a digital payment (34 percent of women vs. 58 percent of men), and of 20 percentage points for using a mobile phone or the internet to send money (8 percent vs. 28 percent).²⁵ The GSM Association also noted a gender gap of 8 percentage points in weekly mobile money use (9 percent vs. 17 percent).²⁶

There is an enabling environment to promote the digital financial capabilities of women entrepreneurs in Bangladesh.

Increased financial literacy levels and use of digital services are referred to as key drivers of financial inclusion in Bangladesh's National Financial Inclusion Strategy (NFIS) 2021–2026, particularly during adverse situations such as the COVID-19 pandemic. Key target groups mentioned in the NFIS include women, youth, children and underserved segments of the population. The NFIS also refers to the changing nature of financial engagement due to mobile and internet adoption, which is providing opportunities for e-commerce and increased digital financial inclusion.²⁷ The National Digital Commerce (Revised) Policy 2020 mandates training on e-commerce for 5,000 entrepreneurs. The Financial Literacy Guidelines published by Bangladesh Bank in 2021 promote key financial education domains such as saving, borrowing and financial planning, financial products and access to financial services, entrepreneurship, payment systems and digital transformation, and identify key target groups such as small entrepreneurs, micro-merchants, women, youth, farmers, migrant workers and senior citizens.²⁸ The guidelines place emphasis on financial literacy initiatives that promote digital transformation (e.g. mobile banking, digital financial services).²⁹

22 World Bank, 'Global Findex', Washington, DC, 2021.Ibid

23 Ibid.

24 Ibid.

25 Ibid.

26 GSM Association, 'The Mobile Gender Gap Report', London, 2022.

27 Bangladesh Bank, 'National Financial Inclusion Strategy 2021–2026', Dhaka, 2020.

28 Bangladesh Bank, 'Financial Literacy Guidelines', Dhaka, 2021.

29 Ibid.

Project overview

PROJECT BACKGROUND

UNCDF's 'Build Back Better – Enhancing Recovery and Resilience of Small and Micro-Businesses (SMB)' project in Bangladesh is implemented through a partnership with [Visa](#) and [ShopUp](#), a leading full-stack business-to-business (B2B) platform, and [ekShop](#), an e-commerce aggregator platform – two of the most prominent SMB integrators in the country. The project aims to build the digital and financial capabilities of SMBs through the development of e-learning modules provided through different channels. The major targets of the project are to reach more than 200,000 SMBs including women-led SMBs and impact 5,000 individual SMBs as measured through evaluation tools.



In the initial phase of the project during 2021, the e-commerce platform partners conducted a Needs Assessment to evaluate the existing level of financial and digital literacy of SMBs.³⁰ The study identified substantial gaps in the digital and financial literacy levels of entrepreneurs in Bangladesh. Over 50 percent of SMBs showed limited understanding of how digital and financial services could help them. Financial literacy gaps were even more pronounced for women entrepreneurs despite their increasing awareness of the need to be financially literate, plan and actively manage their personal and business finances. Only nine percent of women were able to carry out interest rate calculations compared to 52 percent of men. Despite a positive view of the use of social media, adoption of technology and awareness of digital services, most SMBs did not use digital services for business, work, learning or training. In addition, although SMBs were aware of mobile and online financial services, less than half use these services. However, 96 percent of SMBs reported having an email account, 100 percent reported using a smartphone and nearly all SMBs had either a broadband or mobile internet connection, which indicates opportunities to reach them and build their digital capabilities.

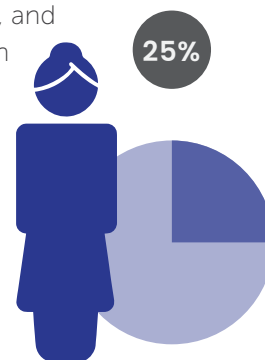
UNCDF then worked with ekShop and ShopUp to identify and prioritize module topics based on the results of the needs assessment, to build the partners' capacity in adult learning principles to ensure alignment of the modules with global best practices and to develop a framework and storyboard for 5 basic video modules. These basic modules were launched in November 2021 through a mix of delivery channels such as online platforms, in-person, social media, SMS, and e-mails.

³⁰ United Nations Capital Development Fund, 'Digital and Financial Literacy in the Bangladesh SMB Sector', New York, 2021.

They include the following key topics:

1. [Creating a business plan](#): Defining vision and mission, objectives and business strategy, and basic financial projections
2. [Financial basics](#): Creating a budget, saving for success, planning for financing, and building business credit
3. [Financial management](#): Managing cash flow and expenses, profit and loss calculation, payment options and banking services
4. [Promoting a business](#): Creating a digital storefront, enabling site searches, utilizing social media and metrics for marketing success
5. [Business to e-business](#): Onboarding online customers, inventory management and logistics and promotions for e-businesses

In the first phase of the project, the partners reached more than 110,000 SMBs (25 percent women) with the basic modules launched in November 2021 and impacted 5,202 SMBs, thus surpassing the impact target of 5,000 SMBs. A [learning assessment for the basic modules](#) was conducted in 2022 with both partners to measure the quantity, quality, and outcomes of the basic digital modules. Overall, SMBs expressed satisfaction with the modules. They were engaged by the stories and real-life examples in the video, and most had either shared the course with others or planned to do in the future. The partners found digital channels helpful for reaching scale with the capacity building but also found value in connecting personally with SMBs either by phone, SMS or in person.³¹



The learning assessment also demonstrated improvements in knowledge, skills and attitudes related to digital and financial capabilities among the SMBs for both partners, with a more significant increase noticeable for SMBs targeted by ShopUp.³² This could be due to the higher education levels of ekShop's target group as well as their higher level of comfort and experience with multiple-choice style tests.

UNCDF leveraged the feedback from the basic modules from the trainers and SMBs of both partners to prioritize and develop content for [five advanced modules](#) for the second phase of the project. These topics included the following:

- The importance of communicating and negotiation in growing your business
- Promoting and growing your business online
- Setting up your digital shop in an e-commerce marketplace
- Setting product pricing and managing your business cash flow
- Applying for and managing your business loan.

31 United Nations Capital Development Fund, 'Digital Financial Literacy via E-Commerce: Implications in Bangladesh Especially for Women in Business', New York, 2022.

32 There was a change among ShopUp SMBs of 30 percent or more for 7 of the 10 indicators.

ALIGNMENT WITH GLOBAL BEST PRACTICES AND FINANCIAL LITERACY GUIDELINES

Table 1 shows how the content and delivery channels for both phases of the project are aligned with global best practices.

TABLE 1 | Alignment of the project with global best practices³³

Theme	Best practices	Project application
Customization	Tailor content to target group's level of literacy, numeracy, financial knowledge, technological ability, learning styles, preferences and financial needs.	Content and delivery channels were prioritized and customized based on a needs assessment.
	Tailor content to the life stage, decision context and social and cultural norms of the target group.	Social norms such as negotiating with your spouse are addressed. Main characters are women SMBs.
	Embed education at different timely, relevant, teachable life-cycle moments.	Education is embedded as part of the onboarding process when SMBs are moving their business online.
	Leverage channels to raise awareness, provide direct training and provide opportunities for practice and reinforcement appropriate for target group.	Partners use a mix of channels such as in-person, social media, such as WhatsApp, SMS, platform/landing page and e-mails to promote and provide the training. Partners use additional resources on the website and the call centre and field staff to provide reinforcement.
Simplification	Sequence concepts or financial tasks in simple steps to build on success and increase confidence and self-efficacy.	Simple steps are presented for each module for key action items.
	Make it easy for people to remember and put into action through simple messages, heuristics and rules-of-thumb.	Simple messages on how to achieve the key learning objectives are presented at the end of each module.
	Embed education into existing touchpoints.	Modules were provided through existing learning and e-commerce platforms.

³³ Alliance for Financial Inclusion, 'National Financial Education Strategies Toolkit', Kuala Lumpur, 2021.

TABLE 1 | Alignment of the project with global best practices¹ (continues)

Theme	Best practices	Project application
Motivation	Frame key message, concept or financial decision to align with a person's goal, to encourage motivation and action.	Motivating messages of how to achieve goals like the characters in the story are presented at the end of each module.
	Build in small group work, large group discussion and peer learning.	In-person or virtual training of the basic modules and group-based learning assessments promoted peer learning.
	Make it fun and social through interactive activities, stories, dramas and games.	The stories of two main characters were carried throughout both the basic and advanced modules.
Application	Provide practical advice, tips and actionable steps.	Tip are presented at the end of each module.
	Link education with an opportunity to apply it.	There is a call to action to research e-commerce platforms, and set up a digital shop in the different platforms that are presented.
Inclusivity	Ensure content is fair in addressing all segments.	The videos are presented in the local language (Bangla) and distributed through multiple channels.
	Ensure easily accessible.	The modules present digital tools such as a 30-day social media calendar, a loan repayment calendar, a product costing tool and a cash flow tool.
Digital tools	Build interactive digital tools.	The modules present digital tools such as a 30-day social media calendar, a loan repayment calendar, a product costing tool and a cash flow tool.
	Ensure digital tools are accurate.	The digital tools are of high quality.
	Integrate videos that demonstrate positive financial behaviours.	The video-based module presents characters who demonstrate positive financial behaviours such as negotiating with suppliers, marketing through digital channels, applying for and managing loans, managing business cash flow, pricing products appropriately and setting up a digital shop on an e-commerce platform.

The project is also aligned with the financial literacy guidelines provided by Bangladesh Bank in 2021.³⁴ These include a module-based certificate course on different platforms, group-based modules with real-life examples, use of local language, learning through simulation and a multi-channel approach through channels such as instructional videos, stories, smartphone apps, simulation games and social media. Finally, the guidelines place emphasis on financial literacy initiatives that promote digital transformation (e.g. mobile banking, digital financial services). The project is also aligned with the financial literacy guidelines provided by Bangladesh Bank in 2021. These include a module-based certificate course on different platforms, group-based modules with real-life examples, use of local language, learning through simulation and a multi-channel approach through channels such as instructional videos, stories, smartphone apps, simulation games and social media. Finally, the guidelines place emphasis on financial literacy initiatives that promote digital transformation (e.g. mobile banking, digital financial services).

³⁴ Bangladesh Bank, 'Financial Literacy Guidelines', Dhaka, 2021.

Methodology of evaluation

This report focuses on the results of the learning assessment of the advanced modules launched on 7 October 2022 by our partners ekShop and ShopUp on their respective channels.

In the following sections we will present some of the key aspects of the advanced module assessment. Three tools were used to measure the quantity, quality and outcomes of the digital modules (see Table 2). Table 2 summarizes the tool's components and purpose, and the intervention in which the tool was implemented.

TABLE 2 | Overview of learning assessment tools

Tool	What it contains	Intervention	What we can measure
Modules/ videos	5 modules/videos: <ol style="list-style-type: none"> 1. The importance of communicating and negotiation in growing your business. 2. Promoting and growing your business online. 3. Setting up your digital shop in an e-commerce marketplace. 4. Setting product pricing and managing your business cash flow. 5. Applying for and managing your business loan. 	<ul style="list-style-type: none"> • Platform • Digital training 	<ul style="list-style-type: none"> • Total number of people who participate in the programme (outreach) • Number of people who complete each module • Completion rates
Pre- and post-test tool	15 questions across 5 module topics that measure knowledge and skills	<ul style="list-style-type: none"> • ekShop provided the pre- and post-tests through the platform and SMS targeting SMBs from the first phase. • ShopUp provided the pre- and post-tests through field staff and FaceBook. 	<ul style="list-style-type: none"> • Short-term changes in knowledge/skills • Gaps in knowledge/skills

TABLE 2 | Overview of learning assessment tools (continues)

Tool	What it contains	Intervention	What we can measure
Impact survey	A series of questions that capture feedback on the training (to measure quality of training) and changes in business management, digital adoption and use of financial services due to the training.	<ul style="list-style-type: none"> Survey provided to approximately 70 trained SMBs and 30 non-trained SMBs for each partner to establish a comparison group. ekShop conducted the survey with those who participated in the advanced modules through its Academy platform (Muktopaath). Both partners collected the data by telephone. 	<ul style="list-style-type: none"> Changes in behaviour Differences between trained and non-trained groups

SOCIO-ECONOMIC INDICATORS

The following figures provide socio-economic characteristics of the SMBs that participated in the second phase of the project (see Figures 1–5) with the advanced modules. These characteristics are derived from a sample of 817 SMBs, which mainly accessed the modules through ekShop’s digital channels (learning platforms Muktopaath/Academy and YouTube).

As evident from the figures, mainly women participated in the programme (nearly 80 percent of participants). Almost half of the participants were aged 26–35, while roughly a quarter were aged 18–25 and 36–45. There were very few participants over the age of 45, indicating a young population of SMBs. More than half of the participants have a Master’s degree, while a third have an Honours or Bachelor’s degree, indicating a well-educated sample. Three quarters of the participants live in either district or divisional towns, indicating a more urban sample of SMBs in the advanced module assessment. Lastly, just over 80 percent of the women are married.

FIGURE 1 | Gender

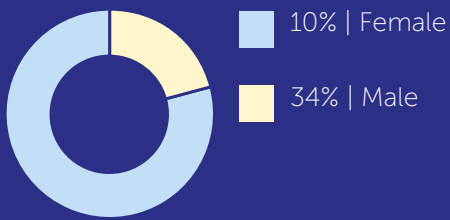


FIGURE 2 | Age

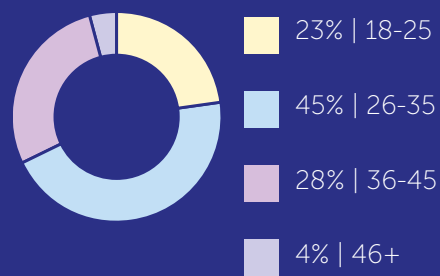


FIGURE 3 | Education level

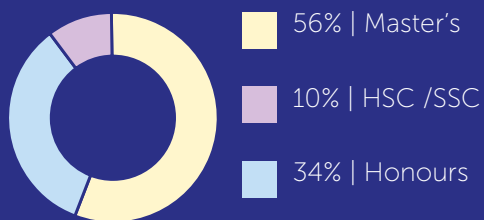


FIGURE 4 | Geographic location

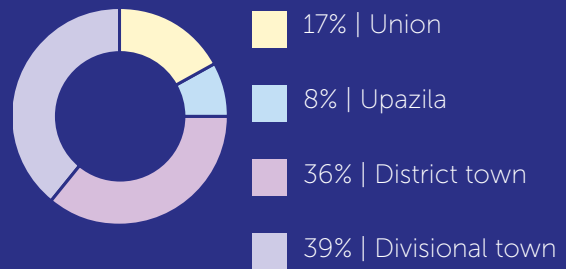
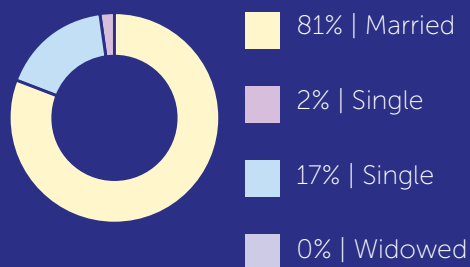


FIGURE 5 | Marital status



BUSINESS INDICATORS

Figures 6–8 show key business indicators of the SMBs. Nearly half of the SMBs have only been in business for one year, indicating the nascent and launch or start-up phase of their businesses, while 3 out of 10 SMBs have been in business for 4 years, indicating more of an operations phase.³⁵ Slightly more SMBs report that their current business is their main business than those who report it is not (54 percent vs. 46 percent). This indicates that many SMBs own more than one business. This may be particularly true for those who are just launching their business. Almost all the businesses are registered—a key requirement to have a digital shop on an e-commerce platform. Nearly three quarters of the participants have a weekly income of BDT1,000–2,000, indicating a low- to middle-income population as per the World Bank.³⁶

FIGURE 6 | Age of business

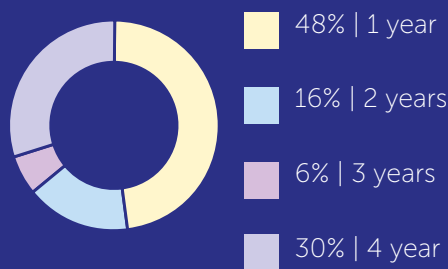


FIGURE 7 | Main business

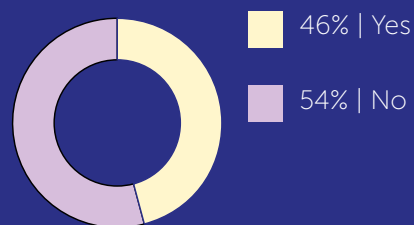


FIGURE 8 | Business registration

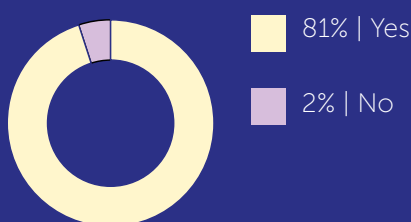
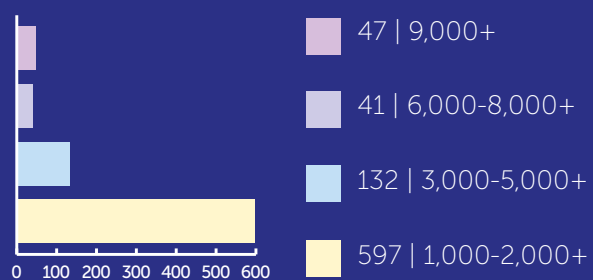


FIGURE 9 | Weekly income (BDT)



³⁵ Enterprises are categorized as follows: launch/start-up phase (1–2 years), operations phase (3–5 years), growth phase (5+ years).

³⁶ World Bank, 'Poverty and Equity Brief. Bangladesh', Washington, DC, 2022.

Project achievements

OUTREACH AND DELIVERY MODEL

To promote the e-learning course to SMBs, both partners used various channels such as e-mails, SMS messages, social media sites such as Facebook and groups such as WhatsApp ekShop also created small posts for each video to promote the videos within its network ([here](#)).

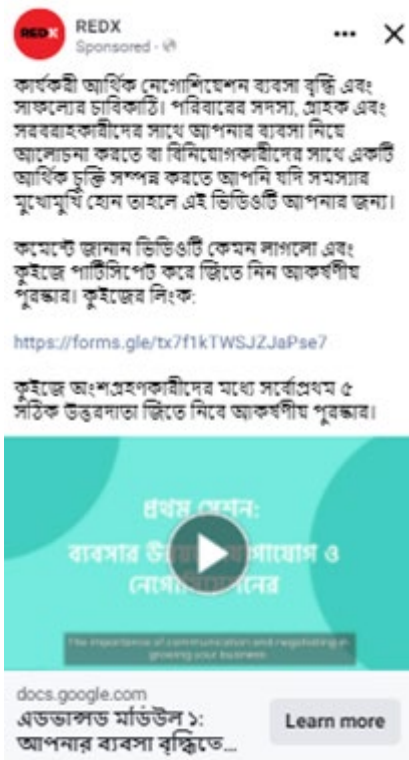


FIGURE 10 | ShopUp's RedX platform



FIGURE 11 | ekShop's Facebook platform

The advanced modules were provided by both partners through a multi-channel approach, thus scaling outreach. ShopUp used mainly digital channels such as REDX's Facebook (see Figure 10) and YouTube platform to provide the videos (see Figure 11), while ekShop used a mix of in-person channels through its District Branding team (see Figure 12) and digital channels such as [Muktoopath](#) (a large e-learning platform through a2i), [Academy platform](#) (e-learning platform with courses focusing on e-commerce), a2i's verified page, Facebook and YouTube (see Figure 13). ekShop also shared the e-learning content with more than 37 WhatsApp groups that are organized by 'district branding initiative' for entrepreneurs. To leverage the strengths and uniqueness of each district of Bangladesh, a district branding initiative, implemented through the District Commissioner's office, aimed to involve individuals from all backgrounds

in formulating and executing a comprehensive action plan that takes into account the district's history and heritage. a2i provided both online and offline training to entrepreneurs to enhance their digital business capabilities.



FIGURE 12 | ShopUp's RedX platform



FIGURE 13 | ekShop's Facebook platform

ShopUp reached 40,000 merchants who viewed some of the video-based modules, while ekShop reached 57,000 merchants, for a combined total of 97,000. Nearly 97,000 learners completed the course through ekShop's learning platforms (8,620 participants completing it through the Muktopaath platform, and 2,379 through the ekShop Academy platform). Combined with the outreach of the basic modules for both partners (110,000), the total project outreach is 207,000, thus surpassing the target of 200,000.

PARTNERSHIPS

For the advanced modules, ekShop continued to partner with organizations such as [Anondomela](#), [E-Joyeeta](#), [SME Foundation](#), [BSCIC](#) and the [UDC](#) network. ekShop also established new partnerships with **Nari Tumi Ononna**, an organization which supports women entrepreneurs in Bangladesh, and with **CARE Bangladesh's SHOUHARDO** project entrepreneurs, who primarily operate in eight flood-prone districts of the country (see Figure 14). ShopUp, in contrast, leveraged RedX and Mokam SMBs for this project but did not engage in any external partnerships.

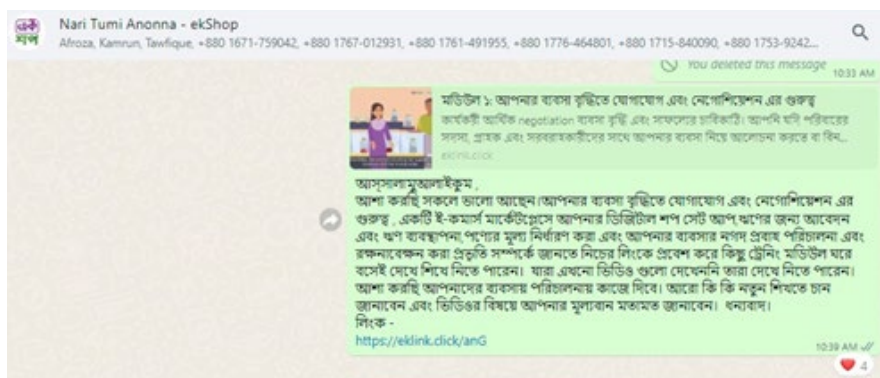


FIGURE 14 | WhatsApp post with partner Nari Tumi Anonna (ekShop)

LEVERAGING CONTENT FOR OTHER PROJECTS

ekShop promoted the e-learning modules through another project, [Meta's She Means Business Project](#), a project developed in partnership with Meta/Facebook. As part of this project, ekShop is providing in-person capacity-building for women SMBs in Bangladesh focused on digital marketing and ad boosts through Facebook, WhatsApp and Instagram. The links for the e-learning videos were provided to SMBs participating in this project.

GEOGRAPHIC EXPANSION OUTSIDE BANGLADESH

ekShop was able to adapt and tailor the content from the following three basic video modules for a project funded by the United Nations Development Programme in South Sudan:

1. Importance of business planning
2. Creating a digital mindset
3. Plan for financing

The project is in partnership with Dukaanye, a leading local e-commerce platform in South Sudan. ekShop created an English voiceover for these three e-learning videos which are in Bangla. To date, Dukaanye has provided e-commerce training to approximately 2,000 entrepreneurs in South Sudan.



Quality of training

Figures 15 and 16 show the overall satisfaction of a small sample of the SMBs with the e-learning modules from both partners.

This evaluation helps ensure the quality of the training. SMBs from both partners enjoyed the e-commerce module more than any other module. ekShop SMBs appreciated the digital marketing module, the certificate they received at the end of the course and the loan management module, while ShopUp SMBs appreciated the financial negotiations module more than the other modules.



FIGURE 15 | Feedback on advanced modules by SMBs trained by ekShop



FIGURE 16 | Feedback on advanced modules by SMBs trained by ShopUp

Outcome

The pre-test was given before promoting the virtual course, then the videos were shared from YouTube, and the post-training test was given afterwards. This tool measures the knowledge, skills and attitudes across the five module topics and aligns directly with the learning objectives for each module.³⁷ ekShop provided the pre- and post-tests through the platform and SMS targeting SMBs from the first phase, while ShopUp provided the tests through field staff.

Table 3 presents an overview of the pre- and post-test scores for both partners. ekShop's SMBs showed a larger change than ShopUp's SMBs in the percentage of correct answers between the pre- and post-tests (42.9 vs. 21.7 percentage points). However, when analysing the proportion of people who passed the tests (scoring 60 percent or higher), there is a much greater difference in the change between the pre- and post-tests among ShopUp's SMBs than among ekShop's SMBs (45.7 vs. 4 percentage points). This shows a change in learning and an overall improvement in scores for both partners, thus showing the effectiveness and relevance of the content.

TABLE 3 | Snapshot of pre- and post-test scores

	Correct answers (%)			People who pass 60% or higher (%)		
	Pre-test	Post-test	Change in correct answers (percentage points)	Pre-test	Post-test	Change in people who pass (percentage points)
ekShop	67.3	96.2	42.9	91.1	95.1	4
ShopUp	57.1	69.5	21.7	51.4	97.1	45.7

³⁷ See Annex A for the pre- posttest tools with answers (15 questions in total for the 5 topics).

Table 4 presents the pre- and post-test results for the SMBs from ekShop with a sample size of 817. Overall, there was a positive increase in the change for every question, ranging from 5 to 45 percentage points. This demonstrates that the e-learning modules were effective in increasing the knowledge, skills and attitudes of the SMBs.

TABLE 4. | Pre- and post-test results for ekShop

Pre-and post-test questions	Pre-test	Post-test	Change (percentage points)	Type of question	Category of change
1. What is the desired outcome of a financial negotiation?	59.9%	89.2%	29.4	Knowledge	Medium
2. You should work only with your existing suppliers.	67.6%	96.5%	28.9	Knowledge	Medium
3. I am confident I can negotiate with my suppliers/customers.	63.4%	98.2%	34.8	Attitude	High
4. A social media business account will help you promote your business.	78.6%	99.4%	20.8	Knowledge	Medium
5. What can help you to promote your business online?	50.4%	90.5%	40.0	Knowledge	High
6. What are some additional services offered by e-commerce platforms?	66.0%	97.3%	31.3	Knowledge	High
7. I am confident I can sell my products online through an e-commerce platform.	64.0%	99.5%	35.5	Attitude	High
8. What is one requirement for having a digital shop?	54.0%	99.3%	45.3	Knowledge	High
9. What is cash flow?	60.8%	91.1%	30.2	Knowledge	High
10. What is one key step in identifying your business cash flow?	78.6%	99.4%	20.8	Knowledge	Medium
11. What is your monthly profit if your total sales are BDT5,000 for the month and total expenses are BDT3,500?	88.0%	99.4%	11.4	Skills	Low
12. What is a good profit margin for unique products or those that take more time or require more skills?	52.0%	93.3%	41.2	Knowledge	High
13. What do you need to apply for a loan?	74.3%	97.1%	22.8	Attitude	Medium
14. What percentage of your monthly income should the loan payment not exceed?	57.8%	97.4%	39.7	Knowledge	High
15. It is important to understand the terms and conditions of a loan before signing a contract.	94.1%	99.5%	5.4	Knowledge	Low

The change in learning has been categorized as low (0–15 percentage points), medium (15–30 percentage points) or high (30+ percentage points) to provide another level of analysis. The two indicators that had a smaller change in learning (numbers 11 and 15) may be due to the level of difficulty of the question for the audience that participated in the assessment. It appears that these questions measuring knowledge (e.g. prerequisites for signing a loan contract) and skills (e.g. ability to calculate profit) may have been too easy for ekShop’s target group, as a high percentage answered the question correctly before participating in the e-learning module (88 percent and 94 percent, respectively). As mentioned previously, the sample of SMBs was well educated, with more than half of the participants attaining a Master’s degree, and a third having an Honours or Bachelor’s degree. This could also mean that these are more basic topics that SMBs understand even when they have only recently launched a business.



Questions measuring knowledge around cash flow management, benefits of a social media business account, requirements for loan applications, supplier networks and desired outcome of a financial negotiation scored in the middle range, while questions measuring attitudes or confidence in negotiating with suppliers and customers and in selling products online through an e-commerce platform scored at the higher end of the range. Other knowledge-related questions scoring at the high end of the range included definition of cash flow, services of e-commerce platforms and online promotions. The two largest changes in knowledge (41+ percentage points) included profit margins for unique products and the requirements for having a digital shop. The rationale for these scores could be that some of these topics could be of more interest to the SMBs, or they could be newer topics that they had not been exposed to before. It could also be related to the way the questions were phrased. We believe that further exploration of these aspects will help us better understand how SMBs grasp concepts, and what would be the best way to build their capacity in the future.

DIFFERENCES BY GENDER IN OUTCOMES

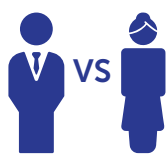


Table 5 presents results disaggregated by gender for the pre- and post-tests with ekShop’s sample. Nearly 80 percent of the total sample were women (N=643), while just over 20 percent were men (N=174). Overall, men showed more improvement than women between the pre- and post-tests. This could be due to women showing a stronger understanding of the questions at the

baseline or the difference in sample size. However, there are three indicators where women showed more improvement than men: the desired outcome of a financial negotiation, a good profit margin for unique products and requirements for loan applications. These are all knowledge-related questions, and social norms that limit any type of negotiation by women may make it more likely that they will sell handicrafts or unique products or prevent them from accessing loans, thus making these topics more culturally relevant to women SMBs. There was also a significant change in the attitude-related questions for women (numbers 3 and 7), showing a large improvement of roughly 30 percentage points in confidence related to negotiating with suppliers and customers and selling products online through an e-commerce platform. As low self-confidence is often a key barrier to building the digital and financial capabilities of women, it is encouraging to see this change among women SMBs after participation in the training.

TABLE 5. | Pre- and post-test results by gender (ekShop)

Pre-and post-test questions	Men			Women		
	Pre-test	Post-test	Change (percentage points)	Pre-test	Post-test	Change (percentage points)
1. What is the desired outcome of a financial negotiation?	47.1%	62.1%	↑ 14.9	63.3%		↑ 33.3
2. You should work only with your existing suppliers.	44.8%	95.4%	↑ 50.6	73.7%		↑ 23.0
3. I am confident I can negotiate with my suppliers/customers.	38.5%	94.8%	↑ 56.3	70.1%		↑ 28.9
4. A social media business account will help you promote your business.	74.1%	98.3%	↑ 24.1	79.8%		↑ 19.9
5. What can help you to promote your business online?	37.4%	85.1%	↑ 47.7	54.0%		↑ 37.9
6. What are some additional services offered by e-commerce platforms?	29.3%	98.9%	↑ 69.5	75.9%		↑ 21.0
7. I am confident I can sell my products online through an e-commerce platform.	53.4%	99.4%	↑ 46.0	66.9%		↑ 32.7
8. What is one requirement for having a digital shop?	31.0%	97.7%	↑ 66.7	60.2%		↑ 39.5
9. What is cash flow?	43.7%	94.8%	↑ 51.1	65.5%		↑ 24.6
10. What is one key step in identifying your business cash flow?	77.6%	98.3%	↑ 20.7	79.6%		↑ 15.1
11. What is your monthly profit if your total sales are BDT5,000 for the month and total expenses are BDT3,500?	75.9%	98.9%	↑ 23.0	91.3%		↑ 8.2
12. What is a good profit margin for unique products or those that take more time or require more skills?	38.5%	59.2%	↑ 20.7	55.7%		↑ 31.3
13. What do you need to apply for a loan?	72.4%	92.0%	↑ 19.5	74.8%		↑ 23.6
14. What percentage of your monthly income should the loan payment not exceed?	40.8%	97.1%	↑ 56.3	62.4%		↑ 35.1
15. It is important to understand the terms and conditions of a loan before signing a contract.	90.2%	99.4%	↑ 9.2	95.2%		↑ 4.4

Impact

An impact survey³⁸ was provided to comparison groups of roughly 70 people trained by ekShop and ShopUp and roughly 30 people who were not trained by either partner, taking the total sample to 200 for the impact survey (100 per partner). The survey consisted of three main sections focused on improvements in business management practices, digital adoption, and use of financial and digital financial services. Both partners collected the data through their respective call centres.

BUSINESS MANAGEMENT PRACTICES

Table 6 presents the results from both partners on changes in business management practices due to the training. Overall, SMBs from both partners showed improvements in these practices, particularly around having a business plan for the next year and setting prices. ekShop's SMBs showed more improvement in cash flow management, while ShopUp's SMBs showed a greater change in paying for promotions for their business.

TABLE 6. | *Changes in business management practices (ekShop, ShopUp)*

Business management category	ekShop (N=74)			ShopUp (N=70)		
	Before	After	Change (percentage points)	Before	After	Change (percentage points)
Have a business plan for next year	36%	58%	22	47%	79%	31
Negotiate with suppliers	39%	50%	11	67%	80%	13
Leverage paid promotion	9%	22%	13	33%	54%	21
Provide bundled offers	19%	29%	10	–	–	–
Manage cash flow	13%	36%	23	71%	84%	13
Set prices	48%	63%	15	57%	86%	29

38 See Annex B for the impact survey discussion guide.

ekShop probed a little further to identify what caused the changes in business management among the SMBs that participated in the e-learning course. Figure 15 reveals that SMBs improved their business practices through negotiation with suppliers, business planning, bundling offers, digital marketing and product pricing.

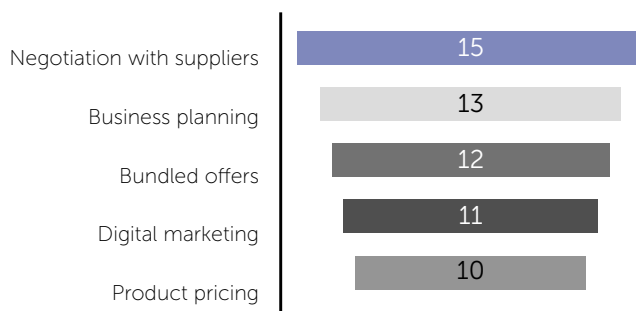


FIGURE 17 | Change in business management, ekShop

DIGITAL ADOPTION

Table 7 shows the changes in digital adoption of both partners before and after the training. The changes were more moderate in this category than for business management for ekShop's SMBs. However, ShopUp's SMBs showed greater change in digital marketing and promotions (44 percentage points), digital payments (24 percentage points) and having a digital shop (17 percentage points).

TABLE 7 | Changes in digital adoption

Digital adoption category	ekShop			ShopUp		
	Before	After	Change (percentage points)	Before	After	Change (percentage points)
Online Store	30%	33%	3	43%	60%	17
Delivery	20%	28%	8	49%	51%	3
Payments	21%	29%	8	41%	66%	24
Marketing and promotions	30%	32%	2	13%	57%	44
Bookkeeping/record-keeping	3%	12%	9	9%	6%	-3
Order and inventory management	7%	13%	6	3%	11%	9
Used mobile app	20%	25%	5	-	-	-

Nearly half of the SMBs (45 percent) for ShopUp felt confident to manage their business online, while nearly three quarters (72 percent) of ekShop's SMBs felt confident or very confident to manage their business online. As mentioned earlier, confidence is a key pathway to building the digital and financial capabilities of SMBs.

ekShop also probed a little further to identify what caused the changes in digital adoption among the SMBs that participated in the e-learning course. Figure 18 reveals that SMBs improved their digital adoption through training, use of mobile devices, business planning and marketing. A key objective of the training conducted for the project was to promote digital transformation and solutions among SMBs.

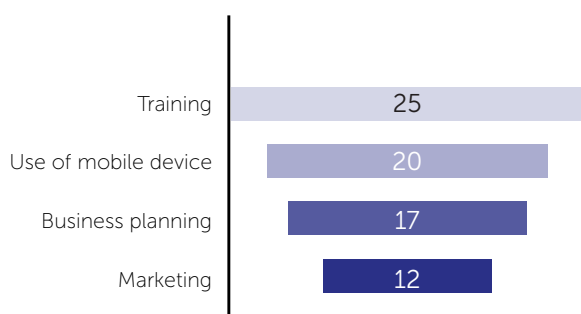


FIGURE 18 | Change in digital adoption

USE OF FINANCIAL AND DIGITAL FINANCIAL SERVICES

The change was also more moderate for the use of financial and digital financial services than for the change in business management practices for both partners (see Table 8). The change was larger for ekShop's SMBs in terms of having a bank account (13 percentage points), while it was larger for having a business loan among ShopUp's SMBs (17 percentage points). There was still a moderate change for both partners in the use of digital financial services (6–7 percentage points).

TABLE 8 | Changes in use of financial and digital financial services

Use of financial and digital financial services category	ekShop			ShopUp		
	Before	After	Change (percentage points)	Before	After	Change (percentage points)
Bank account	56%	69%	13	33%	34%	1
Apply for business loan	23%	35%	12	13%	13%	0
Have business loan	4%	6%	2	21%	39%	17
Digital financial services	55%	61%	6	29%	36%	7

ekShop also probed a little further to identify why the use of financial and digital services changed among the SMBs that participated in the e-learning course. Figure 17 reveals that participants' use of financial and digital financial services changed as a result of using business or merchant accounts and conducting online transactions, digital booking and tracking, and due to confidence. It is encouraging to see that increased confidence was closely linked to the increased use of financial and digital financial services.

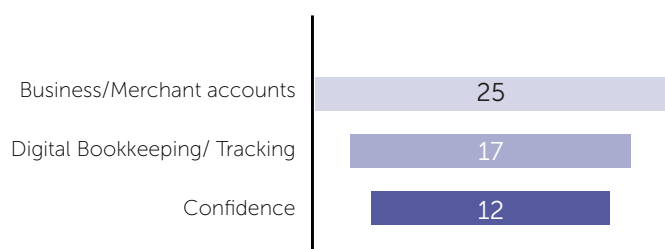


FIGURE 19 | *Change in use of financial and digital financial services*

COMPARISONS BETWEEN TRAINED AND NON-TRAINED GROUPS: SHOPUP

Another level of analysis is to compare the trained group with the non-trained group for each partner. The socio-economic characteristics are similar for ShopUp's trained group and non-trained group (see Table 9). Women represented 80 percent of the sample in the trained group and 100 percent of the sample in the non-trained group. Almost all participants in both groups were aged 18–35 (89 percent of the trained group and 97 percent of the non-trained group). The education levels are also similar, with around 40 percent of both groups having an Honours or Bachelor's degree. One noticeable difference is that there are slightly more single people than married people in the trained group, while two thirds of the non-trained group are married.

TABLE 9 | *Socio-economic characteristics of trained and non-trained groups (ShopUp)*

Socio-economic characteristics	Trained group ³⁹	Non-trained group ⁴⁰
Gender: Woman	80%	100%
Age range: 18–35	89%	97%
Education: Honours degree	40%	43%
Marital status: Single	54%	37%
Marital status: Married	46%	63%

³⁹ N = 70.

⁴⁰ N = 30.

The business characteristics are also similar across the two groups (see Table 10). Around half of the businesses have been in existence for one year (43 percent of the trained group; 50 percent of the non-trained group), and a little more than one third have been in existence for two years (35 percent of the trained group and 38 percent of the non-trained group). This indicates that most of the businesses are in the start-up or launch phase.

There are two noticeable differences between the types of businesses across the two groups. The trained group has twice the proportion of registered businesses (14 percent vs. 7 percent) as the non-trained group, while it has a third of the proportion of physical shops as the non-trained group (16 percent vs. 37 percent). This is most likely aligned with the requirements to have a registered business for a digital shop on an e-commerce platform and the benefits of having a digital shop (i.e. it does not require a physical shop) for those who participated in the training programme.

TABLE 10 | Business characteristics of trained and non-trained groups (ekShop)

Business characteristics	Trained group	Non-trained group
Age of business: 1 year	43%	50%
Age of business: 2 years	35%	38%
Registered business	14%	7%
Physical shop	16%	37%

There is also a noticeable difference in the monthly income levels of the two groups, with slightly higher income levels in the non-trained group (see Figure 18). The non-trained group has a higher proportion in the range of BDT10,000–40,000 than the trained group (27 percent vs. 19 percent), while the trained group has a higher proportion below BDT10,000 (76 percent vs. 63 percent).

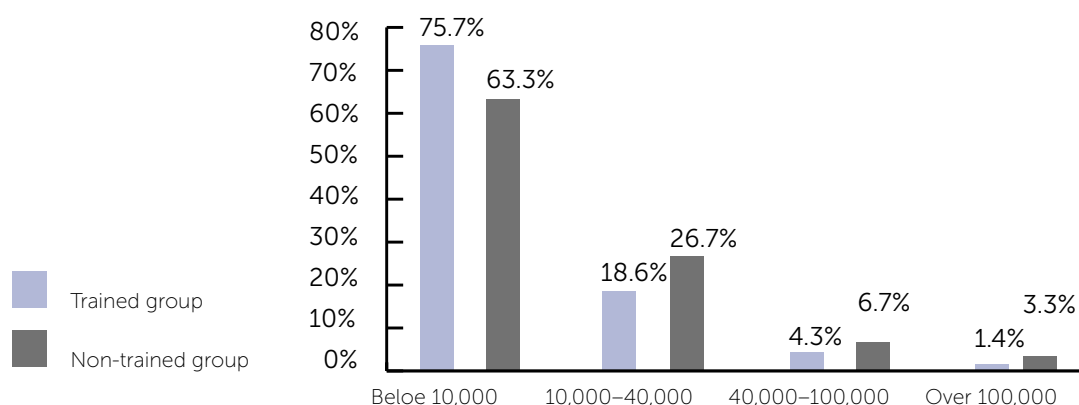


FIGURE 20 | Monthly income levels of trained and non-trained groups (ShopUp)

Table 11 presents the differences between the endline for the trained group (after the intervention) and the baseline for the non-trained group which did not receive any intervention. This offers a point of comparison. Overall, a higher percentage of the trained group has adopted positive behaviours and practices regarding business management, digital adoption, and use of financial and digital financial services. There is a large difference between the two groups regarding having a business plan over the next year and marketing and promotions—two key components of the training (52 and 40 percentage points, respectively). There is also a moderate difference between the two groups regarding cash flow management, having a business loan and digital payments (27, 18 and 16 percentage points, respectively). These are also key objectives of the training and essential for building digital and financial capabilities.

A higher proportion of the non-trained group than the trained group use paid promotions and bookkeeping software; this may be due to the slightly higher incomes levels of the non-trained group. Higher income might also increase the likelihood of owning a bank account and applying for a business loan. However, it is interesting to note that despite the higher income levels of the non-trained group, a higher proportion of the trained group have a business loan.

TABLE 11 | Comparison of impact indicators between trained and non-trained groups (ShopUp)

Business characteristics	Trained group	Non-trained group	
Business management			
Business management category	After training	Baseline (no intervention)	Difference (percentage points)
Business plan	79%	27%	52
Negotiate with suppliers	80%	70%	10
Paid promotion	54%	63%	-9
Manage cash flow	84%	57%	27
Set prices	86%	77%	9
Digital adoption			
Online store	60%	50%	10
Delivery	51%	40%	11
Payments	66%	50%	16
Marketing and promotions	57%	17%	40
Bookkeeping/record-keeping	6%	20%	-14
Order and inventory management	11%	7%	4
Use of financial and digital financial services			
Bank account	34%	50%	-16
Apply for business loan	13%	20%	-7
Have business loan	39%	17%	22
Digital financial services	36%	33%	3

COMPARISONS BETWEEN TRAINED AND NON-TRAINED GROUPS: EKSHOP

The socio-economic characteristics are similar for ekShop’s trained and non-trained group (see Table 12). More than half were men, and more than three quarters of both groups were married. The education levels are similar across both groups, with more than half having attained Master’s/Honours level (58 percent and 56 percent, respectively). There are differences in the geographic location of the two groups: the trained group resides in more rural areas, with nearly half at union level, while the non-trained group resides in more urban areas, with the majority living at division and district levels.

TABLE 12 | *Socio-economic characteristics of trained and non-trained groups (ekShop)*

Socio-economic characteristics	Trained group ⁴¹	Non-trained group ⁴²
Gender: Man	55%	59%
Education: Honours degree	30%	31%
Education: Master’s degree	28%	25%
Marital status: Married	76%	87%
Geographic location: Division	35%	22%
Geographic location: District	13%	63%
Geographic location: Union	45%	9%

There are also similarities between the business characteristics of the trained and non-trained groups (see Table 13). Most of the SMBs in both groups have a business in either the services or business-to-business/wholesale sector. More than three quarters of the SMBs in the trained group have more established businesses in the operations phase (in existence for 3–5 years), while 6 out of 10 of those in the non-trained group have a business in the launch or start-up phase (1–2 years).

There is an even greater difference between the two groups than with ShopUp’s SMBs in terms of the proportion with registered businesses, with nearly three times as many in the trained group as in the non-trained group (58 percent vs. 21 percent). Half of the trained group have a physical shop, compared to fewer than 1 percent of the non-trained group. Slightly more of the non-trained group have their business operating on an e-commerce platform (8 percentage points). These last two differences may be due to the more rural location of the trained SMBs, which may lead to operating more physical shops than digital outlets.

41 N = 74.

42 N = 32.

TABLE 13 | Business characteristics of trained and non-trained groups (ekShop)

Business characteristics	Trained group	Non-trained group
Business sector: Services	50%	31%
Business sector: Business-to-business/ wholesale	20%	37%
Age of business: 1–2 years	23%	59%
Age of business: 3–5 years	77%	41%
Registered business	58%	21%
Physical shop	50%	<1%
Business on e-commerce platform	80%	88%

The trained group has higher income levels than the non-trained group, with a little over half earning less than BDT10,000 per month, while nearly half earn BDT10,000–40,000 per month, and fewer than 3 percent earn BDT100,000 per month (see Figure 19). In comparison, nearly 90 percent of the non-trained group earn less than BDT10,000 per month, while only a little more than 10 percent earn BDT10,000–40,000 per month.

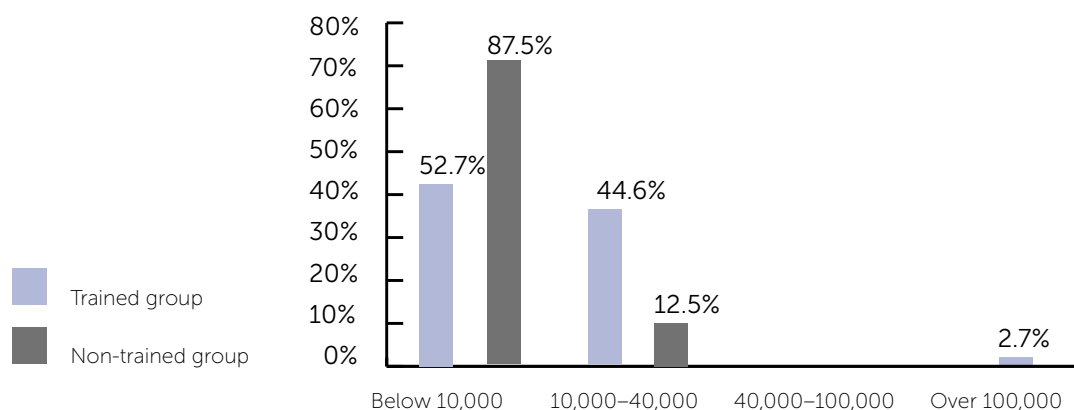


FIGURE 21 | Monthly income levels of trained and non-trained groups (ekShop)

Table 14 shows mixed results in terms of the differences in impact indicators for business management, digital adoption, and use of financial and digital financial services between the trained group after receiving the training and the non-trained group at baseline for ekShop. The most promising results are evident for digital adoption, where the differences are greater for digital delivery and payments systems for the trained group (20–25 percentage points) and more moderate for using a mobile app, digital bookkeeping, having a digital shop, and digital order and inventory management (4–10 percentage points).

TABLE 14 | Comparison of impact indicators between trained and non-trained groups (ShopUp)

Business characteristics	Trained group	Non-trained group	
Business management			
Business management category	After training	Baseline (no intervention)	Difference (percentage points)
Business plan	58%	62%	-4
Negotiate with suppliers	50%	65%	-15
Paid promotion	22%	32%	-10
Bundled offers	29%	62%	-33
Manage cash flow	29%	44%	-15
Set prices	36%	91%	-55
Digital adoption			
Online store	33%	29%	4
Delivery	28%	3%	25
Payments	29%	9%	20
Marketing and promotions	32%	41%	-9
Bookkeeping/record-keeping	12%	3%	9
Order and inventory management	13%	9%	4
Used mobile app	25%	15%	10
Use of financial and digital financial services			
Bank account	69%	79%	-10
Apply for business loan	35%	–	–
Have business loan	6%	–	–
Digital financial services	61%	82%	-21

Challenges and lessons learned

Both partners followed a similar approach and mainly adopted a digital model during this second phase of the project, as in the first phase. Both partners also faced challenges throughout the project in terms of changing teams and staff and the project timeline, and they would have liked to extend the timeline further to achieve the project milestones.

A key challenge that both partners faced was in collecting and analysing the evaluation data. Many entrepreneurs did not see the value in responding to the questions, and this may be closely linked to the lack of incentive to complete the pre- and post-test surveys. ekShop's call centre had to follow up with the SMBs several times before they completed them. ShopUp suggested a more qualitative approach of focus group discussions with a group of 5–10 SMBs to measure the project's outcomes and impact.



In addition, many of ekShop's SMBs expressed the desire to participate in more of a hybrid model with more opportunities for in-person training. An in-person learning model would provide opportunities for SMBs to seek clarification on their questions regarding some of the more technical content after watching the videos. It also provides an easier platform for evaluation, as the surveys can be provided in person before and after the training.

Most SMBs were motivated by the certificates they obtained for completing the e-learning course through the various channels. SMBs could identify with the SMB



characters in the story who demonstrate positive financial behaviours, showing the relevance of the content and the effectiveness of tailoring the content based on the needs of the SMBs. It is also effective to simplify the content through steps, tips, digital tools and key messages, along with embedding it into existing learning platforms or touchpoints (i.e. the onboarding process) and translating it into the local language.

Content that addresses social norms around financial negotiations and enterprises most appealing to women such as handicrafts is also very effective with women SMBs. Partnerships are also key, particularly with non-governmental organizations to reach the target segment of women and the more rural population. These strategies and practices are all directly aligned with global best practices (see Table 1).

Conclusion

The content and multi-channel integrated learning model are aligned with global best practices and the financial literacy guidelines established by the Financial Inclusion Department of Bangladesh Bank in 2021. The partners exceeded the project milestones, reaching more than 200,000 SMBs through a range of delivery channels, including in-person training, SMS, social media, e-learning platforms, landing pages of the e-commerce platforms and WhatsApp groups.

A mix of these channels is key to promote, deliver and evaluate the digital financial literacy modules and is largely dependent on the target group. In-person channels provide the opportunity to go into more depth with the content, particularly for those with lower financial or digital financial literacy levels or those on the wrong side of the digital divide, while digital channels provide the opportunity to reach scale and offer more flexible models for completion. The partners also achieved additional success such as partnering with new organizations to reach the target group and more rural areas, leveraging the e-learning content for other projects, and adapting and tailoring the content to entrepreneurs in South Sudan.




The pre- and post-test tools demonstrated significant improvements in knowledge, skills and attitudes related to the e-commerce topics, particularly around confidence in negotiating with suppliers and customers, selling products online through an e-commerce platform, and defining cash flow, services of e-commerce platforms, online promotions, profit margins for unique products and the requirements for having a digital shop. There were some noticeable differences by gender, particularly around content that addresses social norms such as the desired outcome of a financial negotiation ('win-win'), a good profit margin for unique products such as handicrafts (a more popular industry for women SMBs) and requirements for loan applications. Women also showed a large improvement in confidence related to negotiating with suppliers and customers and selling products online through an e-commerce platform.

Nearly half of the SMBs (45 percent) for ShopUp felt confident to manage their business online, while nearly three quarters (72 percent) of ekShop's SMBs felt confident or very confident to manage their business online. Improving the confidence of SMBs is key to building their digital and financial capabilities.



The impact survey also demonstrated improvement in the behaviours and practices related to business management, digital adoption, and use of financial and digital financial services, with more change evident in the business management practices for both partners. When



comparing ShopUp's trained group with ShopUp's non-trained group, a higher percentage of the trained group has adopted positive behaviours and practices regarding business management, digital adoption, and use of financial and digital financial services. There is a large difference between the two groups regarding having a business plan over the next year and marketing and promotions, and a more moderate difference between the two groups regarding cash flow management, having a business loan and digital payments. There are mixed results for ekShop's SMBs when comparing the trained and non-trained groups. The most promising results are evident for digital adoption, where the differences are greater for digital delivery and payments systems for the trained group and more moderate for using a mobile app, digital bookkeeping, having a digital shop, and digital order and inventory management.

These insights provide promising results as to the effects of an e-commerce capacity-building programme with a multi-channel approach for SMBs as they progress along their digital journey and digital transformation. UNCDF can leverage these results to further expand this project or related projects to include a mentorship component with SMBs at a later stage of growth in their business. UNCDF can also leverage the content and project learnings and adapt them for other niche segments such as the garment sector or migrant families, testing the hypothesis that integrated learning models leveraging digital channels and adapted to the financial and digital financial literacy levels and internet access of the target segment are more effective. Lastly, UNCDF can partner with Bangladesh Bank to institutionalize some of these learnings and disseminate them on a broader scale both nationally and regionally.

Annex A: Pre- and post-test tools

Question	Answer
1. What is the desired outcome of a financial negotiation?	<ul style="list-style-type: none"> a) Only one person gets what he/she wants b) Both people DON'T get what they want c) Both people DO get what they want d) All of the above
2. You should work only with your existing suppliers.	<ul style="list-style-type: none"> a) True b) False
3. I am confident I can negotiate with my suppliers/customers.	<ul style="list-style-type: none"> a) True b) False
4. A social media business account will help you promote your business.	<ul style="list-style-type: none"> a) True b) False
5. What can you help you promote your business online?	<ul style="list-style-type: none"> a) Post flyers at different stores b) Define target customer c) Upload stock pictures d) All of the above
6. What are some additional services offered by e-commerce platforms?	<ul style="list-style-type: none"> a) Order management b) Delivery c) Links to payments platforms d) All of the above
7. I am confident I can sell my products online through an e-commerce platform.	<ul style="list-style-type: none"> a) Strongly agree b) Agree c) Disagree d) Strongly disagree
8. What is one requirement for having a digital shop?	<ul style="list-style-type: none"> a) To have a Facebook account b) To register for a Digital Business ID (DBID) to make the business legitimate c) To have a lot of customers d) All of the above

Question	Answer
9. What is cash flow?	<ul style="list-style-type: none"> a) Money that comes into the business (income) b) Money that goes out of the business (expenses) c) Money that come into the business AND goes out of the business d) None of the above
10. What is one key step in identifying your business cash flow?	<ul style="list-style-type: none"> a) Comparing prices with similar products in the market b) Lowering the price of your products c) Raising the price of your products d) All of the above
11. What is your monthly profit if your total sales are BDT5,000 for the month and total expenses are BDT3,500?	<ul style="list-style-type: none"> a) BDT500 b) BDT1,000 c) BDT1,500 d) BDT2,000
12. What is a good profit margin for unique products or those that take more time or require more skills?	<ul style="list-style-type: none"> a) 25–50% b) 50–75% c) 75–100% d) 100–125%
13. What do you need to apply for a loan?	<ul style="list-style-type: none"> a) ID b) Bank account information c) Cash flow summary d) All of the above
14. What percentage of your monthly income should the loan payment not exceed?	<ul style="list-style-type: none"> a) 10% b) 20% c) 30% d) 40%
15. It is important to understand the terms and conditions of a loan before signing a contract.	<ul style="list-style-type: none"> a) True b) False

Annex B: Impact survey questionnaire

Personal and household information	
Name:	Gender:
Marital status:	
Business information	
Main area of business:	How long has the business existed:
Type of phone: <input type="checkbox"/> Smartphone <input type="checkbox"/> Basic phone	
Business is registered: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Revenue from business (BDT/month): <input type="checkbox"/> below 10,000 <input type="checkbox"/> 10,000–20,000 <input type="checkbox"/> 20,000–30,000 <input type="checkbox"/> 30,000–40,000 <input type="checkbox"/> 50,000+	
Do you have a physical shop? <input type="checkbox"/> Yes <input type="checkbox"/> No	Is your business running on any e-commerce platform? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, then which platform?

Feedback on training (quality of training)
<p>Did you participate in a DFL training/online module organized by this organization? If so, how many did you attend/complete of the 10 modules?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No *Interview will move forward with taking the financial services status, skipping DFL training outcome questions.</p> <p>** If a participant has completed at least 1 training module, then he/she is considered trained.</p>
<p>If yes, which modules did you complete? Please specify below (multiple choice)</p>
<p>What aspects of the DFL training were useful? (Multiple answers can be outlined as many the trainees can recall)</p> <p><input type="checkbox"/> Learning about negotiation with suppliers and other stakeholders</p> <p><input type="checkbox"/> Learning about digital marketing</p> <p><input type="checkbox"/> How to setup e-commerce marketplace</p> <p><input type="checkbox"/> How to get DBID</p> <p><input type="checkbox"/> Learning how to set up product pricing</p> <p><input type="checkbox"/> Learn to manage your business cash flow</p> <p><input type="checkbox"/> How to apply and manage a loan</p> <p><input type="checkbox"/> Certificate and acknowledgement</p> <p><input type="checkbox"/> Any other (please note)</p>

Business management outcomes (pre- and post-test comparison)

Did you have a plan for your business over the next year before joining the training?

Yes No

Do you have a plan for your business over the next year now?

Yes No

Did you negotiate with your suppliers for products and pricing before joining the training?

Yes No

Do you negotiate with your suppliers for products and pricing now?

Yes No

Did you ever pay for promotion for your business before joining the training?

Yes No

Do you promote (paid promotion) your business now?

Yes No

Did you ever manage a cash flow for your business before joining the training?

Yes No

Do you manage your cash flow now?

Yes No

Did you know how to set your prices before the training?

Yes No

Do you know now how to set your product prices now?

Yes No

After the training, I feel confident to manage my business online. (You can simplify by asking to rate the training impact on your business on a scale of 1 to 5?)

Disagree

Somewhat agree

No opinion

Agree

Strongly disagree

How did the training change your business management and operations?
(e.g. paid promotion, bundled services, negotiation with suppliers)

Answer (open ended answer):



Digital adoption (Pre- and post-test comparison)	
<p>Before the training, which components of your business were digitized? (multiple choice answer)</p> <p><input type="checkbox"/> Online store</p> <p><input type="checkbox"/> Delivery</p> <p><input type="checkbox"/> Payments</p> <p><input type="checkbox"/> Marketing and promotions</p> <p><input type="checkbox"/> Bookkeeping/record-keeping</p> <p><input type="checkbox"/> Order and inventory management</p> <p><input type="checkbox"/> Used mobile application</p> <p><input type="checkbox"/> Others (please specify)</p>	<p>After the training, which components of your business were digitized? (multiple choice answer)</p> <p><input type="checkbox"/> Online store</p> <p><input type="checkbox"/> Delivery</p> <p><input type="checkbox"/> Payments</p> <p><input type="checkbox"/> Marketing and promotions</p> <p><input type="checkbox"/> Bookkeeping/record-keeping</p> <p><input type="checkbox"/> Order and inventory management</p> <p><input type="checkbox"/> Used mobile application</p> <p><input type="checkbox"/> Others (please specify)</p>
<p>Can you please explain what led to the changes in your digital adoption/usage (platform and device usage) before and after the training?</p> <p>Answer (open ended answer):</p>	

Use of financial services (Pre- and post-test comparison)	
<p>Did you have a bank account before the training?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Do have a bank account now?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Did you have any formal financial services such as savings, credit, insurance, pension, payments before the training?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Do you have any formal financial services such as savings, credit, insurance, pension, payments now?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Have you received business loan before the training?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Have you received business loans after the training?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Did you use or accept digital financial services (i.e. bKash, Nagad, online payments) before the training?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Do you use or accept digital financial services (i.e. bKash, Nagad, online payments) now?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>How did your use of financial and/or digital financial services change after the training? Why did it change?</p> <p>Answer (open ended answer):</p>	





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