



Promoting Women in the Digital Economy

Advocacy Paper

**Bangladesh Women Chamber of
Commerce and Industry**

Executive Summary

Bangladesh Women Chamber of Commerce and Industry (BWCCI), established in June 2001, is a non-profit, non-political organization that is the first women's chamber of commerce in Bangladesh working for women's socio-economic upliftment. BWCCI promotes a women-friendly business environment and encourages women's participation in the private sector as entrepreneurs.

E-commerce is one of the most promising opportunities for women entrepreneurs in Bangladesh to broaden their customer base and compete in today's digitally enhanced world. The COVID-19 pandemic underscored the importance of the digital economy, as women entrepreneurs increasingly relied on digital tools and platforms to continue their business operations during lockdowns and restrictions throughout the public health crisis. In 2020, BWCCI implemented a policy advocacy initiative focused on empowering women in business to participate fully in the digital economy. BWCCI systematically collected information through desk research, stakeholder workshops, questionnaires, interviews, and focus group discussions to identify the specific challenges women entrepreneurs face when seeking to engage in the digital economy and identify key policy recommendations that address these barriers.

Findings from this advocacy program suggest while some women entrepreneurs across Bangladesh have benefitted from e-commerce, many women still face many challenges that limit their potential to fully participate in and benefit from the digital economy. Some of the most notable limitations include a lack of digital and financial literacy and limited knowledge on aspects of the digital economy, including regulations and logistics and the awareness of technology devices, competitiveness, and technological know-how before starting an e-commerce business. Moreover, many women in business have refrained from participating in the digital economy due to uncertainty around complex or burdensome administrative processes that limit the formalization of businesses and diminish customer satisfaction. These include restrictive trade license issuance and renewal processes, burdensome tax procedures, and inadequate shipping and logistics infrastructure. A general lack of trust in e-commerce also disincentivizes participation in the digital economy. This lack of trust comes from an absence of consumer and entrepreneur protections and the presence of e-commerce marketplaces with low-quality, damaged, or falsified goods. Finally, systemic barriers, such as a lack of access to mobile phones or reliable internet, a reliable or safe e-payment system, and a finance, further disrupts the potential for women entrepreneurs to participate in an enabling digital economy in Bangladesh.

Based on the key findings, recommendations to government, business associations, and civil society organizations are organized into four main pillars for policy actions:

1) **Improving digital and financial literacy and understanding of an enabling digital economy environment**

- **Trade associations, city corporations, and government ministries, such as the Ministry of Education and the Ministry of Information should** develop digital and financial literacy trainings focused on helping women entrepreneurs, especially those living in rural areas. Trainings should include content on establishing an online presence, marketing and managing an online business, and understanding the relevant legal regulations.
- **Trade associations, city corporations, and government ministries, such as the Ministry of Education and the Ministry of Information should also** engage in public awareness campaigns to inform local business communities of digital and financial literacy trainings, financing opportunities, and policies that shape the country's digital economy. Special attention should be provided to women living in rural areas.

2) Simplifying a complex digital economy environment

- **The Ministry of Commerce, Local Government Divisions, the National Board of Revenue, city corporations, and municipalities should** review business registration processes and the tax system to ease the formalization process for businesses, keeping in mind obstacles women disproportionately face. Key areas of focus should be to adjust trade licensure requirements to enable home addresses to be used for businesses registration, providing for multi-year license renewal plans, and reducing the frequency of VAT reporting requirements for smaller businesses.
- **The Ministry of Commerce, Bangladesh Bank, National Board of Revenue, Local Government Divisions, city corporations, and municipalities should** establish an online portal for registering and renewing businesses, filing taxes, and applying for trade licenses and renewals. Processes and rules to register and regulate businesses need to be simplified, digitized and available for all citizens, particularly women, to access. Increasing budgets and providing technical support is also needed to support the digitization of registration procedures.

3) Enhancing trust in e-commerce

- **The Ministry of Commerce's Information and Communications Technology Division and the Ministry of Law's Justice Parliamentary Affairs should** strengthen and clarify the consumer protection legal frameworks to address product quality. These frameworks should provide protections for both parties of the transaction and recourse for non-compliance. Procedures should cover key aspects of a transaction including the proper disclosure of terms and conditions; exchange policies, cancellation, and repayment; and online and offline dispute resolution, settlement and enforcement mechanisms.
- **The Ministry of Commerce's Information and Communications Technology (ICT) Division, the Ministry of Law's Justice Parliamentary Affairs, and business associations should** improve the security and protection of data as well as safety of internet use. There should be a concerted effort to identify solutions that address vulnerabilities to cyber threats, including breaches of customer or company data and online harassment.

4) Reducing persistent barriers for women to participate in the digital economy.

- **The Ministry of Commerce's ICT Division, telecommunication service providers, and the Ministry of Educations should** seek to reduce costs and enhance access to a reliable internet, particularly for those living in rural communities. Special training and community orientation on the potential for women to advance economic opportunity through e-commerce can also support greater inclusion.
- **Private financial institutions, and banks, including the Bangladesh Bank, should** recognize e-payment transactions as eligible forms of authentic transactions. Such recognition will enable businesses to demonstrate the financial health history of their business, enabling them to be more competitive to obtain loans and other financial products. Chambers of commerce and trade associations can support efforts that raise awareness and advocate for this change.

Abbreviations

A2i	Access to Information
BB	Bangladesh Bank
BWCCI	Bangladesh Women Chamber of Commerce and Industry
CACCI	Confederation of Asia Pacific Chambers of Commerce and Industry
CMSME	Cottage, Micro, Small and Medium Industries
COD	Cash on Delivery
CIPE	Center for International Private Enterprise
DCCI	Dhaka Chamber of Commerce and Industry
E-CAB	E-commerce Association of Bangladesh
FGD	Focus Group Discussions
GOB	Government of Bangladesh
GSMA	Global System of Mobile Communications
ICT	Information and Communication Technology
ICTD	Information and Communication Technology Division
KII	Key Informant Interview
SCITI	Small and Cottage Industries Training Institute
SME	Small and Medium Enterprises
VAT	Value Added Tax

1. Introduction

Women's participation in economic activities through entrepreneurship has been rapidly growing in Bangladesh. Women are more frequently joining various cottage-, micro-, small- and medium-sized enterprises (CMSMEs). At the same time, they are faced with confronting challenges within a male-dominated environment. Women's entrepreneurship is not only a source of income generation, but also a path to achieving self-reliance. Women entrepreneurs contribute to the socio-economic development of the country, as well as take on increasing leadership roles in economic and social life.

Globalization and the innovation of digital tools has broadened business opportunities for women by facilitating access to new markets and simplifying business operations. National policies have also sought to provide opportunities for women's wider participation in trade and business. For example, the Government of Bangladesh's Eighth Five Year Plan¹ outlines commitments to support women in business planning, marketing, skills enhancement, and financial management. The Plan also includes support for women, such as linking them with financing institutions; arranging one stop support services at local levels and business incubator services; and the promotion of ICT and social media-based information dissemination.

The e-commerce market is convenient for women entrepreneurs as it provides them with the flexibility to balance their personal and professional responsibilities and typically requires less capital investment. However, existing socio-cultural and economic obstacles, as well as burdensome regulatory requirements impede women entrepreneurs from fully participating in the digital economy. While women face many challenges in accessing and operating within the digital economy, many of the barriers can be reduced by fostering a more accessible digital economy environment.

2. About the Bangladesh Women Chamber of Commerce and Industry (BWCCI)

Bangladesh Women Chamber of Commerce and Industry (BWCCI), established in June 2001, is a non-profit, non-political organization that is the first women's chamber of commerce in Bangladesh working for women's socio-economic upliftment. BWCCI promotes a women-friendly business environment and develops their capacity to encourage women's participation in the private sector as entrepreneurs. BWCCI also undertakes policy advocacy activities to facilitate women entrepreneurs' smooth entry, operation and growth in Bangladesh's economy. BWCCI membership is composed of women entrepreneurs from across the country and the socio-economic spectrum. Ms. Selima Ahmed, Honourable Member of Parliament (MP) is the Founder and current President of BWCCI. Contact email: womenchamber.office@gmail.com and website <http://www.bwcci-bd.org/>.

¹ "8th Five Year Plan - July 2020- June 2025: Promoting Prosperity and Fostering Inclusiveness." General Economics Division, Bangladesh Planning Commission. December 2020). http://www.plancomm.gov.bd/sites/default/files/files/plancomm.portal.gov.bd/files/68e32f08_13b8_4192_a_b9b_abd5a0a62a33/2021-02-03-17-04-ec95e78e452a813808a483b3b22e14a1.pdf.

3. Background

According to Statista, in 2019, the e-commerce market was valued at 1,648 million USD which was expected to increase to 2,077 million USD in 2020 and to 3,077 USD in 2023.² According to the E-Commerce Association of Bangladesh (E-CAB), in August 2020, the growth of e-commerce from the last three years almost doubled every year. The annual transaction is more than 8,000 crore Tk. About 1,200 organizations were associated with e-commerce in Bangladesh. During the COVID-19 pandemic, online sales increased by 70 to 80 percent in 2020.³ According to the IDLC Finance Sector Review of 2019, e-commerce, especially the Facebook market size in Bangladesh, was worth Tk. 312 crores where 50% of Facebook stores were run by women entrepreneurs⁴.

In implementing its “Digital Bangladesh” vision, the Government of Bangladesh instituted many initiatives that support women in business.⁵ Supporting this initiative, the government has opened Union Digital Centers (UDC) as one-stop service to provide relevant services to rural citizens. The government has undertaken several training programs for women to develop them IT Service Providers and Call Center Agents. The digital economy is shaping and expanding worldwide, but women still face many challenges to realizing the promised benefits of the digital economy.

To better understand how to improve women’s participation in the digital economy, BWCCI and the Center for International Private Enterprise (CIPE) partnered together in 2019 to organize two panel sessions focused on digital transformation during the 33rd Conference of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) in Dhaka, Bangladesh on November 27, 2019. The first panel titled “Building an Enabling Environment for Inclusive Digital Transformation in the Asia-Pacific” offered speakers a platform to share their perspectives on promoting inclusion in the digital economy and to elaborate on how business membership organizations can play an active role in shaping national and regional digital economy policy. The second panel, “Overcoming the Digital Gender Divide,” highlighted best practices and successful examples of initiatives that promote women’s economic empowerment and digital inclusion in the Asia-Pacific. A common thread identified during the discussions was that women’s full participation in the digital economy is essential and will help build a digital space where everyone can prosper.

The discussions during the CACCI annual meeting served as a foundation for BWCCI’s policy advocacy initiative in two important ways -- first, the path to improving women’s participation in the digital economy and the second, the role business membership organizations can play in shaping national and regional digital economy policy. Notably, the session “Overcoming the Digital Gender Divide,” highlighted best practices and successful examples of initiatives that promote women’s

² Hasan, Abir “The growth of e-commerce during the pandemic in Bangladesh” New Age. August 23, 2020. <https://www.newagebd.net/article/114200/the-growth-of-e-commerce-during-the-pandemic-in-bangladesh>.

³ Ibid.

⁴ Islam, Nowshin “The role of e-commerce in empowering women” September 8, 2020 <https://www.dhakatribune.com/opinion/op-ed/2020/09/08/op-ed-the-role-of-e-commerce-in-empowering-women>

⁵ “Digital Bangladesh” is a statement of the present government included in its Vision 2021 to develop the country with application of digital technologies where all systems will be digitized. The philosophy of “Digital Bangladesh” comprises ensuring people’s democracy and human rights, transparency, accountability, establishing justice and ensuring delivery of government services to the citizens of Bangladesh through maximum use of technology. The goal was to develop the country with peace, prosperity and dignity. The government has taken many initiatives relating to digital technologies and a number of these are already underway. National ICT Policy-2009 was developed with a view to achieve middle-income status of the nation by 2021 and developed status by 2041. It will help people think globally and connect themselves with the world economically, politically, socially, academically, and even culturally.

economic empowerment and digital inclusion in the Asia-Pacific that could be leveraged in Bangladesh. A common thread identified from the discussions was that women’s full participation in the digital economy is essential and will help build a digital space where everyone can prosper; the local pilot project that followed was BWCCI’s attempt to achieve that aim.

Shortly after the CACCI conference in 2019, the global economy saw a rapid shift towards digitalization in the wake of government government-ordered COVID-19 lockdowns. This prompted a rapid transition to digital space, especially as a means of maintaining small businesses. Now more than ever, livelihoods and businesses are more reliant on the internet and digital tools, making internet connectivity and an enabling digital ecosystem indispensable. In Bangladesh, the COVID-19 pandemic led to a significant increase in women’s participation in e-commerce. Many women and men who lost jobs or income during the pandemic joined Facebook’s for new forms of commercial activity. Businesses via Facebook, so called f-commerce, have expanded significantly over the last year, and yet, despite this trend, women entrepreneurs still face barriers when seeking to access and participate in the digital economy.

4. Methodology

Recognizing the growing importance of digital commerce and the need to reduce barriers for women’s participation, BWCCI embarked on a policy advocacy initiative focused on promoting women’s participation and access to the digital economy with support from CIPE. Through this initiative, BWCCI systematically collected information from its business members, including entrepreneurs, and key stakeholders to identify opportunities to make Bangladesh’s digital ecosystem more accessible to women. To initiate a baseline for assessing women’s participation, BWCCI convened 42 stakeholders from the government, the financial and technology sectors, and BWCCI’s membership for a virtual workshop on October 14, 2020. During the workshop, participants examined existing policies, regulations, and services related to the promotion of women’s participation in the digital economy.

Following the workshop, BWCCI sent a questionnaire to women entrepreneurs from across Bangladesh, with the goal of understanding specific challenges women entrepreneurs face when seeking to move business processes online. Approximately 70 women entrepreneurs responded to the questionnaire. Additionally, BWCCI convened seven virtual focus group discussions (FGDs) with 128 participants that included women entrepreneurs from seven divisions in Bangladesh: Dhaka (20), Rajshahi (19), Rangpur (16), Chattogram (17), Sylhet (18), Barishal (17) and Khulna (21). Finally, BWCCI conducted eight key informant interviews (KIIs) with representatives from sectors such as research organizations, financial institutions, and e-commerce associations. Together, the findings from the virtual workshop, questionnaire, FGDs, and KIIS are analyzed and summarized below.



5. Key findings

This section presents the identified issues and challenges that restrict the participation of women entrepreneurs in fully leveraging Bangladesh's digital economy. These barriers led to four main pillars for policy action: 1) **Improving digital and financial literacy and understanding of an enabling digital economy environment**; 2) **Simplifying complex procedures**; 3) **Enhancing trust in e-commerce** and; 4) **Reducing persistent barriers for women's participation in the digital economy**.

5.1 Improving Digital and Financial Literacy and Understanding of an Enabling Digital Economy Environment

Insufficient Digital and Financial Literacy:

Entrepreneurs need resources and skills to adequately assess their capacity and improve their awareness of technology and devices, competitiveness, expertise, cost effectiveness, local and international market demand, and technological know-how before starting an e-commerce business. In addition, they must understand the legal aspects of a digital business. Common areas where there is a lack of overall understanding among women entrepreneurs include: domain name registration and protection; rights of consumers and sellers; legal aspects of financial transactions; methods for protecting intellectual property and privacy rights and responding to claims of online slander or defamation.

Recognizing these basic elements for a digital business, women entrepreneurs require further training, as many expressed that they had little or no knowledge about how to start an online business. While Facebook serves as an important digital platform for entrepreneurs to exchange goods and services, most of the women entrepreneurs surveyed noted that they did not know how to leverage the platform for their business. For example, many cited a limited knowledge of how to upload pictures of their products online – an essential skill for any seller of goods online. Additionally, many FGD respondents stated that they depended on others to set up a web or platform page to begin the e-commerce process. Moreover, once online, women entrepreneurs expressed a lack of knowledge of essential elements of e-commerce such as building a digital brand, marketing products, and leveraging digital platforms. In an increasingly digital economy, those without the training and know-how to adapt to new markets are left behind. For women entrepreneurs in Bangladesh, bridging this gap means increasing trainings on e-commerce, digital markets and marketing, and online business finances and modeling.

Poor Awareness of Available Trainings and Financial Opportunities:

Digital and financial literacy trainings are essential in supporting women's participation in the digital economy. While there are many opportunities to learn about financial literacy, women entrepreneurs must be informed of the trainings that are available to them. Some women entrepreneurs, especially those residing in urban areas, are more informed, but the majority are unaware of women-focused trainings, including those offered by local organizations such as the SME Foundation, e-CAB, the Small and Cottage Industries Training Institute (SCITI), and the Government of Bangladesh's Information and Communication Technology Division (ICTD). At the same time, women entrepreneurs are also unaware of financial assistance opportunities or new laws or regulations that govern the digital marketplace. For example, there has been some indication that trade licenses have been updated to enable businesses to register as online businesses (an issue referenced below); however, as of the release of this paper, an official announcement has not been made, leading to confusion. More concerning, many women entrepreneurs did not apply to a

COVID-19 stimulus package of Tk. 2000 crore since they were unaware of this opportunity provided by the government.⁶

5.2 Simplifying a Complex Digital Economy Environment

While the Government of Bangladesh is supporting women in CMSME, the laws, regulations and related practices that govern the digital economy are inconsistent which can lead to confusion, hindering the ability for women entrepreneurs to engage in e-commerce. This complex process disincentivizes small businesses from formalizing. As a result, as digital transformation continues in Bangladesh, so does the number of informal businesses. Challenges related to trade licensing, taxes, and cross-border trade should be reviewed and streamlined to facilitate greater formalized business participation in the digital economy.

Challenges Obtaining Trade Licenses:

Entrepreneurs must acquire formal trade licenses to access commercial financing, enjoy the protections provided by the law, and engage in formal cross-border trade. However, trade license issuance and renewal are a big barrier for e-commerce entrepreneurs, as it is difficult to register a business using a home rather than a commercial address. Therefore, online businesses that do not require a commercial showroom for their operations face this undue restriction, often leading entrepreneurs to participate in e-commerce informally without needed financing and legal protections. As a result, women entrepreneurs mostly engage in e-commerce through social media platforms rather than larger e-commerce sites. This is largely due to restrictions within the terms and conditions of the e-commerce marketplace platforms which require businesses to be formalized.

In addition, most of the 330 *pourashavas* (municipalities) and 12 city corporations responsible for issuing and renewing trade or business licenses do not have online systems. For women entrepreneurs, the lack of a digitized system forces them to visit administrative offices in-person several times. Visiting offices can be particularly onerous as many women must manage household responsibilities in addition to their business – not to mention additional barriers to movement as a result of COVID-19. Women must also overcome societal pressures when they travel to administrative offices, which often requires multiple visits. These issues are revisited each year as businesses are required to undergo the burdensome annual registration process. While two city corporations in Dhaka have initiated an online trade license system, the government is seeking to automate systems in all city corporations. The Government of Bangladesh is also considering bringing the *pourashavas* under a unified automated system. While these steps will help bring harmony across local jurisdictions, it will also take time due to budgetary and technical capacity limitations. In the meantime, efforts should be made to reduce the necessity of multiple in-person visits with follow-ups via phone, virtual meetings, or text instead.

Burdensome Tax Procedures:

All registered businesses must pay a value-added tax (VAT) and submit monthly reports. While registering to pay taxes can be done online with a bank account or tax registration, many women work informally and do not have either. In addition, submitting monthly reports is manual, making it very time-consuming and burdensome to remain in compliance. Implementing an online system with less frequent reporting requirements (such as semi-annual VAT reporting) will reduce the time

⁶ Though the government allocated funds for women entrepreneurs under stimulus packages meant for CMSMEs, 58 per cent of them have not heard about it and 93 per cent women enterprises have not applied for any loan under the government support scheme. The COVID-19 Fallout on the CMSMEs in Bangladesh and Policy Responses: An Assessment, Policy Note: PN 2103, Bangladesh Bank, June 2021

and labor required to comply with the VAT tax requirements. More broadly, reviewing and simplifying the general tax and VAT systems for small and micro-business will incentivize women-owned businesses to formalize and respond to the evolving e-commerce landscape.

Easing Cross Border Trade Barriers:

For women entrepreneurs in Bangladesh, most e-commerce transactions are domestic. However, formal cross-border retail through e-commerce is anticipated to grow. Despite this trajectory, government compliance obligations remain burdensome for entrepreneurs as cross-border transactions require formalization, and product certification and approvals at various levels of government. It involves license, transportation, customs, tax, at both ends as well as tariff and non-tariff barriers of the receiving country. As a result of these barriers, small entrepreneurs often use informal networks such as friends or relatives to carry small quantity of goods in their checked baggage for reaching consumers in other countries. This form of informal trade is not calculated in national trading statistics. Easing trade restrictions through bilateral negotiations, implementing pre-screening procedures, improving transportation networks and infrastructure, and having a special lane for certain e-commerce products will help increase participation by women-owned businesses in cross-border trade.

Improving Logistics:

An essential element of e-commerce is the effective and efficient delivery of goods. In Bangladesh, logistics services are not able to scale to meet the increased volume of goods sold via the digital economy and inadequately cover the geographic reach of customers in the country. For example, the coverage of most courier services is limited, with most covering the administrative district level and some urban *upazilas*, or sub-districts.

In addition, most of the local service providers do not offer direct service between administrative districts. As a result, all goods are transported through Dhaka, which often adds additional costs and time. For example, if a business sends products from Rajshahi to a sub-district in Patuakhali, the product will be sent to Dhaka first by the courier company and then from Dhaka to Patuakhali, with additional delays to arrive at the *upazila*. For perishable goods, the added amount of time can lead to a lack of product freshness, further undermining consumer and seller confidence in e-commerce.

5.3 Enhancing Trust in E-commerce

An Absence of Consumer and Entrepreneur Protections

A weak consumer protection regulatory regime damages the trust in e-commerce markets and harms consumer confidence and satisfaction. In surveys and questionnaires completed during the FGD and KII, participants frequently cited that the quality of products were not at the standard advertised. There are limited options for remediation aside from returning the product, for which customers often are expected to pay courier charges. This leads to a loss of consumer confidence and satisfaction in individual businesses and the overall e-commerce market. In the case of prepaid items, obtaining refunds is problematic. Even after advance payments for goods have been made, the closure of Facebook pages or apps has resulted in transactional errors in which customers neither receive their goods nor can request refunds. Entrepreneurs also face risks as sellers when it comes to cancelled transactions. Entrepreneurs must pay for couriers to pick up and return the product, and build in time to process the refund, send a replacement product, and resell the returned product. Returns can reduce profit margins, severely impacting women entrepreneurs, as women often sell goods with small profits. Additionally, when it comes to cross-border e-trade, taxes, duties and international shipping costs are extra expenses that discourage selling overseas.

Improving security and the protection of data is also necessary to instill confidence in e-commerce. Questionnaire respondents expressed concern over the data privacy of customers and their company, and ongoing vulnerabilities to cyber threats. Additionally, women reported cases of online harassment and a general lack of protection against cybercrimes. Thus, there is a strong need to develop protections for entrepreneurs and consumers to help build trust and consumer confidence in online transactions, while preserving the data privacy and security of buyers and sellers alike.

Online marketing and access to platforms

Through the Government of Bangladesh's Aspire to Innovate (A2i) program, the ICTD established EK Shop, an e-commerce platform that seeks to improve market access for entrepreneurs, especially women and those living in rural areas. E-commerce platforms are helpful in reducing the effort and cost of operating a business. Sellers do not need a showroom to display products and distribution is managed centrally. These platforms can also cover responsibilities such as logistics, market assessment trends, and support in scaling up. Despite these benefits, women entrepreneurs with limited capital reserves found it difficult to meet the requirements of e-commerce platforms such as product quality assurances, quantity of warehouse ready goods, logistics access, and electronic transaction and returns policies.

In addition, e-commerce competition can be extremely intense. Since, women entrepreneurs produce and sell a number of common products or services such as food, fashion, or beautification services, business-specific marketing efforts are often frustrated and copied by other sellers on social media platforms. Products purchased online can also be of low quality or packaged in a way that damages the product. To improve the business environment, entrepreneurs need to be better equipped to assess the market to be competitive in the challenging e-commerce market. Support programs should be created that teach skills focused on effectively analyzing consumer preferences, diversifying products, and improving the quality of goods or services to meet the standards of consumers.

5.4 Reducing systemic barriers for women to participate in the digital economy

The digital economy requires an enabling environment that weaves together analog and digital systems in harmony. This includes courier services, transportation systems, secured payment options, stable and open markets, and access to uninterrupted internet service. Disruption in any one of these systems hinders the trust and satisfaction with operating online businesses. This section examines key barriers that limit the expansion of the digital economy in Bangladesh, such as poor access to mobile phones and reliable internet, unreliable or safe e-payment systems, and limited access to finance.

Access to mobile phones and reliable internet

Women's technical know-how and access to mobile phones and the internet is much lower when compared to men in Bangladesh. According to a 2020 Global System of Mobile Communications Association (GSMA) report, Bangladesh had the second widest gender gap in mobile ownership among 15 low- and middle-income countries with 86% of men owning mobile phones compared to 61% for adult women⁷. The high cost of the internet and data packages further constricts access to many under resourced women.

⁷ "Connected Women: The Mobile Gender Gap" GSMA. 2020. <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/05/GSMA-The-Mobile-Gender-Gap-Report-2020.pdf>

In addition, many regions in Bangladesh do not have reliable mobile phone and internet connections, making it difficult for people to browse or access information. In particular, women entrepreneurs living in small towns and rural areas do not have equal access to the internet and often lack the digital skills necessary to use technology for private and business purposes. Slow internet speeds or unreliable access makes browsing for information, promoting products, identifying cost comparisons, and conducting market research onerous and disincentivizes online transactions. Internet speeds and reliability must be improved especially in rural and underserved geographic regions to broaden the adoption of internet tools and enable entrepreneurs to more effectively use their time to benefit their businesses.

Payment services and transaction

Online and mobile payment transactions have increased in Bangladesh, particularly since the start of the COVID-19 pandemic. Mobile payments can help facilitate transactions among under- and unbanked populations, which are pervasive throughout Bangladesh. Common platforms include BKash, Ucash, Nogod. Bkash, in particular, has one of the largest usage rates among businesses and consumers.

The Bangladesh Bank, the country's central bank authority, began permitting online transactions in 2009, and, in 2013, permitted the purchase and sale of goods and services online using international credit cards. While Bangladeshi consumers have become used to online purchases, they often pay through cash. About 80% of e-commerce transactions are cash on delivery (COD) and only 15-20% are through mobile payment gateways⁸. This is due to a lack of trust and the absence of a reliable and safe payment system. In addition, respondents frequently cited the inability to transfer funds across e-wallets platforms as a major challenge to the wide-spread adoption of e-payments. The inability to transfer funds across e-payment systems limits opportunities to accept payments from customers, thereby reducing the size of the market.

Another barrier that prevents the wide-spread use of digital payments are the persistently low rates of adequately banked populations and scant credit card use, especially among women. However, e-wallet systems such as Ucash, Nagad, and Bkash, can overcome these barriers if additional regulatory action is taken to allow for interoperability across e-payment systems.

Limited Access to Finance:

Many women entrepreneurs start with small amounts of capital from families and gradually need additional credit and financial products for growth or expansion. Despite the Bangladesh Bank circular that provides collateral free loans to women entrepreneurs for up to Tk. 2.5 million and the existence of several refinancing schemes, women still face several challenges to accessing finance for their businesses, especially those operating digitally.

Cumbersome paper requirements, a lack of interest from bank officials, and the informal nature of their business limit the ability for women entrepreneurs to access finance. As a result of these challenges, women entrepreneurs frequently use social media platforms like Facebook to operate their businesses since digital platforms often do not impose the same rigid rules or restrictions compared to e-commerce platforms. Yet, this creates a damaging reinforcing cycle because e-commerce transactions are not linked with banks and are therefore not considered authentic

⁸ Khan, Sunera Saba "E-commerce in Bangladesh: Where are we headed?" January 15, 2020. <https://thefinancialexpress.com.bd/views/views/e-commerce-in-bangladesh-where-are-we-headed-1578666791>

transactions. This prevents women from demonstrating the financial history of their businesses, making it difficult to apply for and obtain loans. Despite these pitfalls, transactions via social media platforms remain high. Thus, the Bangladesh bank and other financial service providers should recognize social media sales as a legitimate form of commerce to demonstrate business solvency to obtain financial products or loans.

6. Role of Business Associations

Business associations such as BWCCI and the Dhaka Chamber of Commerce and Industry (DCCI) support women entrepreneurs through trainings, business operation support services, and facilitating connections with banks to obtain financing. Business associations can build upon this work to provide trainings that enable entrepreneurs to create websites, conduct market research and improve customer relations. Business associations can also act as an intermediary in linking financial institutions, e-commerce platforms, exporters, and market platforms together. Through their role as an intermediary, business associations can identify barriers and advocate for reforms that create a more inclusive digital economy for women.

7. Recommendations

7.1 Improving Digital and Financial Literacy and Understanding of an Enabling Digital Economy Environment

For women entrepreneurs to compete in the global digital market, they must be equipped with the digital and financial literacy skills to leverage digital technologies for their businesses. It is also essential that all women entrepreneurs understand the complexities of e-commerce and the policy environment that shapes the market. Currently women entrepreneurs do not have the basic digital skills to maximize the benefits of a digital market nor are they informed of the policies or opportunities that could aid them in their transitions online.

Key Recommendations:

- **Trade associations, city corporations, and government ministries, such as the Ministry of Education and the Ministry of Information should** develop digital and financial literacy trainings focused on helping women entrepreneurs, especially those living in rural areas. Trainings should include content on establishing an online presence, marketing and managing an online business, and understanding the relevant legal regulations.
- **Trade associations, city corporations, and government ministries, such as the Ministry of Education and the Ministry of Information should** also engage in public awareness campaigns to inform local business communities of digital and financial literacy trainings, financing opportunities, and policies that shape the country's digital economy. Leveraging social media is particularly important to maximize awareness. Special attention should be provided to women living in rural areas.

7.2 Simplifying a Complex Digital Economy Environment

Complex or inadequate procedures and systems within the digital economy, such as tax codes, business registration procedures, can disincentivize wide-spread participation in the digital economy. Complex procedures particularly impact women entrepreneurs seeking to formalize their businesses, as they often face additional financial and social constraints. Therefore, simplified and more accessible procedures for regulating business should be established.

Key Recommendations:

- **The Ministry of Commerce, local government divisions, city corporations, and municipalities should** review business registration processes and the tax system to ease the formalization process for businesses, keeping in mind obstacles women disproportionately face. Key areas of focus should be to adjust trade licensure requirements to enable home addresses to be used for businesses registration, providing for multi-year license renewal plans, and reducing the frequency of VAT reporting requirements for smaller businesses.
- **The Ministry of Commerce, Bangladesh Bank, the National Board of Revenue, local government divisions, city corporations, and municipalities should** establish an online portal for registering and renewing businesses, filing taxes, and applying for trade licenses and renewals. Processes and rules to register and regulate businesses need to be simplified, digitized and available for all citizens, particularly women, to access. Increasing budgets and providing technical support is also needed to support the digitization of registration procedures.
- **The Ministry of Commerce, Bangladesh Bank, National Board of Revenue, local government divisions, city corporations, and municipalities should** simplify rules related to cross-border e-trade, including logistics, customs, and duties. Engaging in bilateral agreements and easing cross-border financial transaction and data requirements will help to reduce the cumbersome process of engaging in trade.
- **The Postal Department, private sector couriers, the Ministry of Transport, and the Courier Services Association should** strengthen logistics networks to support the increased volume of goods being transported. Efforts should be taken to expand services to reach areas outside of urban centers and offer district to district service. Public-private partnerships may be promoted to expand and improve these services to reach rural areas. These steps will reduce the time it takes to send goods and help ensure that products arrive fresh. Public-private partnerships should be considered to support the expansion of services like providing a tax exemption and subsidy for expanding courier services in remote areas or an agreement with transport associations to provide courier services or ensure that postal parcel is faster in remote areas.

7.3 Enhancing Trust in E-Commerce

Consumer and seller confidence in e-commerce is essential to foster growth in the digital economy. Confidence can be developed by offering legal protections for consumers and sellers alike, especially for small businesses in business-to-business (b2b) transactions. Key components of legal accountability mechanisms should include the quality of products, timely delivery, refunds of advance payments, and recourse for fraudulent practices or faulty or ill-described goods.

Key Recommendations:

For Government, private sector, and civil society

- **The Ministry of Commerce's Information and Communications Technology Division and the Ministry of Law's Justice Parliamentary Affairs should** strengthen and clarify the consumer protection legal frameworks to address product quality. These frameworks should provide for protections for both parties of the transaction and recourse for non-compliance. Procedures should cover key aspects of a transaction including the proper disclosure of terms and conditions; exchange policies, cancellation, and repayment; and, online and offline dispute resolution, settlement and enforcement mechanisms.

- **The Ministry of Commerce’s Information and Communications Technology (ICT) Division, the Ministry of Law’s Justice Parliamentary Affairs, and business associations should** improve the security and protection of data. All entrepreneurs, especially women need protection from cybercrime – both as a means for personal safety and building trust in e-commerce. Thus, there should be a concerted effort to identify solutions that address vulnerabilities to cyber threats, including breaches to customer or company data and online harassment.
- **The Postal Department, private sector couriers, the Ministry of Transport, Bangladesh Bank and the Courier Services Association should** enhance cash on delivery procedures to ensure full and timely payments from couriers. Approaches could include increased regulation for cash on delivery. These entities should also improve communication mechanisms to inform businesses of the June 2021 Bangladesh Bank circular that recognizes that the Bangladesh Bank as the escrow guarantor.
- **Trade associations, city corporations, and the government, such as the Technical and Madrasa Education Division of the Ministry of Education, and the Ministry of Information should** establish support networks to help women entrepreneurs formalize their businesses, and offer additional guidance on improving the quality, logistics, transaction, and return policies of their businesses to promote participation in e-commerce marketplaces.

7.4 Reducing Persistent Barriers for Women to Participate in the Digital Economy

An enabling market ecosystem will enhance participation in in the digital economy. Reforming and addressing existing barriers that contribute to the digital divide or disincentivize the use of digital tools will help to raise demand.

Key Recommendations:

For Government

- **The Ministry of Commerce’s ICT Division, telecommunication service providers, and the Ministry of Educations should** seek to reduce costs and enhance access to a reliable internet, particularly for those living in rural communities. As Bangladesh lags behind other South Asian countries when it comes to the speed and price of internet, steps should be taken to facilitate reliable and affordable access to the internet. Those living in rural communities experience even more challenges to access reliable internet, exacerbating urban-rural economic divides. Special training and community orientation on the potential for women to advance economic opportunity through e-commerce can also support greater inclusion.
- **Private financial institutions, and banks, including the Bangladesh Bank, should** recognize e-payment transactions as eligible forms of authentic transactions. Such recognition will enable businesses to demonstrate the financial health history of their business, enabling them to be more competitive to obtain loans and other financial products.
- **Private financial institutions, and banks, including the Bangladesh Bank, should** establish avenues to support the interoperability of funds among e-wallet platforms. Taking these steps will enable customers and sellers to diversify the forms of e-payments and broaden the applicability of e-payment services.

8. Existing Initiatives Supporting Women in the Digital Economy

Within Bangladesh, the government, civil society, and the private sector, including banks have engaged in several advocacy initiatives that promote the inclusion of women in the digital economy. The advocacy issues being addressed include recognition of e-commerce as a type of business under the trade license regulation, issuance of trade licenses using a home address, reducing the charges of bank transaction on IT businesses, utilization of escrow accounts, and the simplification of rules. Below is a list of notable developments influencing Bangladesh's digital economy:

- In 2010 SSLCOMMERZ, an e-commerce company, was introduced. BKash, a mobile money system was launched in July 2011. Later the Bangladesh Bank introduced several online payment gateways and a personal retail account which offers a new form of transaction uses biometric identification and has reasonable costs, higher limits, and a dedicated mobile SIM card. This form of transaction does require a trade license and is acceptable as proof of transaction for bank lending.
- The Bangladesh Bank, the ICTD and eleven banks are working on an inter-transferable digital payment system. It will be rolled out when the system is technologically secured and prepared for the interface. An e-CAB dual currency card has been introduced for e-CAB members, which has no annual fees and bank account. The government also introduces a cash incentive system to improve exportation within the IT sector.
- Businesses associations, government ministries, and civil society organizations currently provide e-commerce trainings to support greater participation in the digital economy. For example, the Ministry of Commerce provides training on digital marketing. The Government of Bangladesh is creating avenues for women to market their products, including EK Shop, which enables women entrepreneurs to display their products online. Through the A2i initiative, the government provides information tools for marginalized women and has launched EK shop, a Bangladeshi e-commerce platform.
- BKash and city bank initiated a small-scale lending system for BKash account holders with a limit of 15,000 Taka. BRAC bank is also considering a similar plan. In addition, IDLC introduced loans from Tk 50,000 to Tk 500,000, repayable in three to 12 months for new women entrepreneurs using Shop Up's platform.

9. Conclusion

E-commerce provides an opportunity for women to achieve economic independence. It also helps women to contribute towards inclusive economic growth. Women are starting to take advantage of digital opportunities, but it remains in nascent stages and too many still face major obstacles to full integration and participation. BWCCI's research highlighted that many women lack knowledge, skills and access to technology to fully benefit from digital transformation efforts happening in Bangladesh. Women also still lack basic information, business skills, and access to finance and this exacerbates the digital divide as well. Finally, most women are operating informally within the digital economy as rules and regulation present unique challenges and roadblocks that require reform.

In closing, the existing e-commerce ecosystem does not fully facilitate women's participation. Access to digital devices, reliable internet infrastructure, payment services and logistics services are critical but remain under supported and underdeveloped for many communities, especially in rural areas. Many regulations are overly complex and need to be simplified or adopted for micro- and small-businesses. Appropriate regulatory frameworks need to be created to ensure the rights of both

sellers and consumers in order to establish greater trust in the digital economy especially transactions across regions and districts or cross-border. It is important that the experiences and unique challenges of women are considered while improving the e-commerce ecosystem, business environment, and regulations. The COVID-19 pandemic brought challenges to businesses of all sizes, but also highlight new windows of opportunity leveraging technology and digital trade. Dialogues and policy advocacy between business and policymakers are critical to understanding priorities, roadblocks, and steps for improving participation of women entrepreneurs in the digital economy. BWCCI will continue to engage in advocacy for regulatory reforms for the improvement of business environment and the e-commerce ecosystem for women in Bangladesh.
