

Are Commercial Agent Banking Services Worthwhile for Financial Inclusion?

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In recent times, commercial agent banking services has got considerable attention from academia and banking industry for accelerating financial inclusion in emerging economics. However, it's incomprehensible to accelerate the economic progression through financial inclusion while ignoring a huge segment of the nonbank people from unprivileged areas. A very few studies have conducted on the association between agent banking services and financial inclusion in emerging economics such as Bangladesh. The present study aims to investigate the impact of agent banking services provided by the commercial banks on financial inclusion. To begin with the investigation, this study was based on agency theory considering purposive sampling technique. This quantitative study was conducted on 19 commercial banks which are currently providing agent banking services in Bangladesh. An econometric model was proposed whereas dependent construct has one specific dimension named as financial inclusion proxy by number of accounts as a percentage of adult population, in contrast, independent construct had three dimensions named as deposited amount, credited amount, and inward remittance of agent bank. In addition to that, this econometric model was based on secondary data whereas data analysis was conducted by considering time series statistical method using GRETL (2019) software. This statistical analysis revealed that currently both deposited amount and credited amount does have significant impact on financial inclusion. It has also inferred that using agent banking for in-warding remittance and new account open by clients have positive significant relationship with financial inclusion. It is argued that agent banking services by comprising unbanked people in financial inclusion which will ultimately prompt the opportunity for proper mobilization of resources and funds while maintaining safety and security. Further, it is also claimed that this study would assist to illustrate the present performance of agent banking services in financial inclusion from multidimensional perspective which will contribute to provide some more innovative and sustainable products and services towards the unbanked people. Finally, this study recommends that commercial bank through agent banking should include maximum number of nonbank populations into the financial inclusion by ensuring sustainable agent banking services which will accelerate the emerging economics Sustainable Development Goal (SDGs) performance.

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