

National Bank
A Bank for Performance

Banking Services for Working and Street Children

পবিত্র রমজান মাসে
লেনদেনের সময়সূচী

সকাল ৯:৩০ মিঃ
হতে
বেলা-২:৩০ মিঃ পর্যন্ত।



Save the Children

Published by

Society for Underprivileged Families (SUF)
Save the Children

Photo credit

BWCAG

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Published

December, 2014

Printed by

Sikder Enterprise

Preface

I thank the initiators and contributors who assisted in preparation of this booklet.

Save the Children envisions a world where all adults will treat children with respect and dignity, particularly those children who are poor, marginalized and disadvantaged.

Save the Children in Bangladesh has led the Banking for Working Children Advocacy Group coalition which has long advocated establishing a mainstream banking service for working and street children.

As a result of the coalition's sustained advocacy efforts, the central bank of Bangladesh, the Bangladesh Bank circulated a bank order on 9 March 2014, which enabled for the first time scheduled and private banks to provide working and street children with access to a bank account with support from non-government organizations. The circular empowers street and working children to access banking services with a small deposit of only BDT 10TK (USD 0.12), in any branch of the scheduled participating bank, anywhere in the country.

We hope that better financial inclusion within the banking sector can bring a real change to lives of millions of street and working children in Bangladesh. This booklet will contribute to a better understanding of how this can be done.

Hagar Russ

Director

CRG, Save the Children

Governor Speech

Opening a bank account service for street and working children is a long standing demand. Bangladesh labor law permits children 14 to 18 years old to be involved in labor under special conditions. Children in the socio-economic context of Bangladesh engage in labor in order to support their family and ensure their livelihood. They should have the right to deposit their earnings in a safe banking system. Bangladesh Bank has taken the initiative to allow a savings mechanism for children in order to secure their income and a better future. Every child has the potential and talent needed to promote and bring about a better society and a successful nation. Bangladesh Bank urges all to come forward to support this initiative so that children can fulfill their dreams and turn it into a reality.

I think the initiative of this Working and Street Children Guide Book is an important step. I hope this guide will be considered as a key information guide and motivational material for all. I congratulate all who prepared this guide.

Dr Atiur Rahman

Governor, Bangladesh Bank

Banking Services for Working and Street Children





1. Background

According to the National Child Labour Elimination Policy 2010, any child under 14 is strictly prohibited from engaging in employment, and children under 18 are not permitted to engage in any hazardous work. Unfortunately, 7.4 million children are involved in child labour according to a Bangladesh Bureau of Statistic (BBS) report from 2003, primarily to support their family. Moreover, according to a study commissioned by Save the Children, 25% of family expenditure in these families is covered by the child labourer's income. However, these children, who often live at their workplace or on the street, are unable to open bank accounts in which to secure their savings because, under Bangladeshi law, children cannot open a bank account without a guardian's approval. Consequently, children are more likely to spend their income on non-essential items to reduce the chance of their money being stolen or lost, or deposit it in a way that

increases the risk of exploitation, such as with their employer.

Currently, a number of NGOs are operating informal savings services to encourage children to save their money which benefits many. However, it has been observed that such informal savings services pose some risks and it is not a wholly sustainable or safe mechanism maximizing children's financial interests.

However to better help children achieve financial autonomy and to safeguard their earnings, Save the Children along with Banking for Working Children Advocacy Group in 2014 successfully called for a formal banking service for children. To that end, recently Bangladesh Bank circulated BRPD Circular No 05 to bring poor and underprivileged people under banking service for developing their livelihood.

Pursuant to this Circular, children should be able to make deposits and withdraw money from all commercial banks in the country.





2. Who are working and street children?

Under Bangladesh law, anyone under the age of 18 is considered a child. The ILO notes that child labour is essentially types of work that deprive children from their childhood, interrupts their physical and mental development, and diminishes their esteem and potential growth. If they are under 18 years old, children who are involved in different forms of labour within the formal and informal economy are known as working children. Street children are those who are separated from their parents, living by the side of streets, bazaars, slums, launch terminal and who have no adult to supervise or take care of them.

Challenges faced by working and street children:

- They don't live in the same place continuously.
- They are underskilled in accounting and numeracy, and also reluctant to keep savings for long time.





- Parents use their children earnings and savings for purposes that do not always benefit the children.
- Lack knowledge about the rules and regulations of the bank. Children are not familiar with the banking environment.
- Face challenges due to savings in an unsafe point.
- Due to absence of savings practice there is a tendency to spend money for purposes that do not benefit children.

How a bank account will help to overcome the challenges:

- Earnings can be deposited to account for better security
- Harassment related to savings will be reduced
- Cash deposit and withdrawals facilities will be readily available
- Children can better access other types of banking services.

- Create the opportunity to get other banking services in the future.
- Child will be distinguished as a respectable customer of the bank.
- Savings will be supportive for descent and safe life.

3. What is the banking of street and working children?

Banking services for street and working children is the scheme offered by the Bank for children to open accounts by depositing only BDT10. This initiative will benefit small working children, adolescent living at home, street, in train stations, bus stands, launch terminals and footpaths with greater welfare by allowing them to make savings, protect their earnings, and minimize the likelihood that they will spend their money on unsavoury purposes by bringing them within the formal banking sector and therefore improving their financial wellbeing.





4. How to open a bank account

To open an account, street and working children have to engage with a non-government organization (approved by Bangladesh Bank). On behalf of the children, a responsible person of the non-government organization will collect a photo of the child along with necessary information and operate the account with the prior permission of the account holder. Children will be able to deposit and withdraw cash during normal business hours as needed. When the child account holder reaches 18 years of age, the account operators from the NGOs will be released from their responsibilities and the account holder will have sole responsibility for maintaining their own account. No service charge or fees will be deducted from these accounts. Based on the daily balance the highest rate of regular interest will be paid twice a year.

5. The Bangladesh Bank circular: at a glance

Bangladesh Bank, Head office, Dhaka, BRPD
Circular No-05 Date: March 09, 2014, Falgun 25, 1420

What is contained in the circular?

1. Bangladesh Bank will prepare a list of NGOs who are interested to assist in operating the accounts of street and working children. In order to be considered for this list NGOs are recommended to apply to the Department of Green Banking and CSR of Bangladesh Bank.
2. A minimum two officers of from each nominated NGO will be responsible to operate the accounts on behalf of the street and working children. Among them one should be from finance and other one should be a field officer. The board of directors/trustee of the NGO will nominate their two officers.
3. The NGO officials will not have personal liability; rather, the NGO itself will be liable for the banking transactions and account. A bilateral agreement between the respective bank and NGO will be signed in this regard.





4. Custodial accounts of street and working children will be opened. On behalf of the children, NGO representatives will operate the accounts but signature of the respective children must be there.
5. An NGO officer may be changed if necessary with the approval of board of directors/trustee. In the case of Know Your Customer–KYC, information will be collected as much as possible of the account holders, including with their photo. Proper KYC of NGO officials (accounts operator) will also be ensured.
6. Respective NGOs will take necessary steps to collect birth certificate to determine the age of street and working children. Nominee against their accounts will not permitted.
7. The account holder will be eligible to receive interest payable by the bank twice a year (June and December) for the balance at that time based on the interest rate for maximum savings.

Apart from the above mentioned circular Bangladesh Bank authority has shown high flexibility to accelerate the process of opening bank account for children and open to further review the circular as appropriate.

6. The benefits of banking activities

- Children earning money can keep it safe.
- Children will be able to use savings in an emergency for themselves or their family.
- Children will get used to having savings. This will build an attitude of saving children for the future which will benefit them as adults.
- Children will get interest against their savings money.
- Children will become more familiar with formal banking activities.
- Children will be better recognized as dignified and respectable citizens of the country.
- If children move from one location to another, they will be able to transfer their bank accounts.
- It enhances the opportunities for non-discriminatory participation of children, and increases child participation on issues that benefit children with adult collaboration.





7. What is the Banking For Working Children Advocacy Group (BWCAG)?

Banking For Working Children Advocacy Group (BWCAG) is a alliance formed with the representatives of 7 NGOs (SUF,CPD, BRAC, PRODIPAN, Nari Maitree, Aparajeoy Bangladesh, MSSUS) and later joined by UDDIPAN and led by Save the Children, who are working to establish the rights of street and working children in Bangladesh. Advocacy group has already facilitated to open bank account for nearly 2000 working and street children in Dhaka, Khulna, Chittagong and Camilla The activities of the BWCAG are below -

- Alliance members will operate children's banking accounts, maintain regular communication with specific banks in their own working areas.
- Motivate other children to save their earnings through regular meetings and seminars with children.

- Arrange training to develop their skills in numeracy, account-keeping etc.
- Send updates on savings and withdrawal information to Bangladesh Bank every three months.
- Introduce children to respective commercial banks where the saving accounts will be held.
- Undertake mentoring and coaching regularly to motivate children.
- Advocate for creating a child friendly and enabling environment in the bank.
- Assist children to prepare a savings plan and brainstorm how they can best utilize their savings in future.
- Advocate with commercial banks to create opportunities for more banking services for children.





8. How interested non government organizations can engage

Organizations who are interested in participating in this innovative process should apply to Bangladesh Bank through the particular branch of a commercial bank where the organization would like to operate a banking service for children. Organizations could also be involved in the process by engaging with the BWCAG. Bangladesh Bank will consider the following issues when determining an organization's application:

- Experience, credibility and technical infrastructure of the organization
- Experience of working with children and child rights
- Legal registration and status
- Permission from board of directors/trustee and the nominated people who will operate accounts with children.

Contact for detail information
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Banking For Working Children Advocacy Group (BWCAG)

