

P1 CONFERENCE SUPPLEMENT



Business Finance for the Poor in Bangladesh (BFP-B) programme, a £25m facility funded by UK aid and managed by Nathan, has been working with the Government of Bangladesh, regulators, commercial financial institutions, and technology companies, to create economic opportunities for small businesses. Recognizing small businesses as one of the main drivers of growth for Bangladesh, employing over half of the country's workforce and contributing to a quarter of the GDP, this programme has been working towards improving the policy and regulatory environment, enhancing the credit worthiness and triggering private sector investments for small businesses. The aim has always been to expand finance for these 8 million small businesses, not through compulsion and compliance but through incentives and enablement.

Changes Achieved – These investments have resulted in 5 new regulations that make 7 million small businesses commercially attractive to banks, financial technology companies, microfinance institutions, impact investors, and capital market exchanges.

Additionally, 15 new business models have been generated from 36 investments. These demonstrate without doubt the commercial business case of serving the small business segment with insights on how to reduce risk, cut acquisition costs and increase life-time value of small business clients.

On 26th February, 2020 the day conference brought together the lessons – good and bad from regulatory and business model innovations.

Awards for the excellences

AWARD CATEGORY: TECH FOR FUTURE

WINNER: IPDC Finance Ltd.

IPDC Finance Limited, developed 'Orjon', an integrated supply chain financing platform using blockchain technology. The platform provides an immutable shared ledger where the value chain transaction of original equipment manufacturers, its primary and secondary suppliers & distributors are recorded. The Orjon platform provides IPDC a holistic view of the value chain actors and authentic data to facilitate real time credit decision. BDT 750 crore of financing for 2,500 suppliers and distributors has been processed through the Orjon platform



AWARD CATEGORY: CONNECTING PEOPLE

WINNER: Dutch-Bangla Bank Ltd

Dutch-Bangla Bank Ltd has extended its agent banking network to the remotest areas leveraging biometric registration. Hundreds of thousands of small businesses are now utilising secured and regulated savings, payments and credit instruments. The savings instruments have proven to be especially popular amongst small businesses. More than BDT 1,450 crore funds from the informal economy has been transferred to agent banking accounts.



AWARD CATEGORY: IMPACT MARKET BUILDER

WINNER: Truvalu.Enterprises Ltd.

Agri-business booster was launched in 2016 with an objective to support high growth- and high impact potential agro MSEs (micro & small enterprises). Through a tailor-made set of investments and business development services, Truvalu Enterprises Ltd. is supporting early-stage, inclusive agri-food businesses to grow into profitable companies with improved local and international market access. 17 sole proprietorship businesses have been graduated to private limited company and received over BDT 7 crore investments from Truvalu.



AWARD CATEGORY: RECOGNISING PRIVATE SECTOR INNOVATORS

WINNER: Bank Asia Ltd.

Bank Asia launched an online credit assessment system that is cutting small business loan processing time from 45- 60 days to less than 3-days. The system which has been rolled out in conjunction with their agent banking network enables small businesses to access appropriately priced and timely financing from the formal financing sector. More than 10,000 SME loans BDT 400 Crore has been processed through Bank Asia's online credit approval system.



AWARD CATEGORY: RECOGNISING PRIVATE SECTOR INNOVATORS

WINNER: Green Delta Insurance Company Ltd.

Green Delta Insurance Company Limited is providing weather index-based crop insurance to farmers to manage the risks posed due to inclement weather conditions. This data-driven risk mitigation product is being extended to farmers leveraging the established distribution network of agri-input retailers, farmer hubs and MFIs. Approximately 10,000 farmers in 7 districts have been



Business Finance for the Poor in Bangladesh

ACTION-FRAMING CONFERENCE

TRANSFORMING FINANCIAL MARKET FOR SMALL BUSINESSES

26th February, 2020



BFP-B Project: Key Achievements

1.4 Million MSE

Received business development and financial services



300,000 MSEs

First time access to financial services

300,000 Women led MSE

Received business development and financial services

BDT 1,450 Crore

Savings was mobilized from underserved customer segments



BDT 1,242 Crore

Additional financing released to micro & small businesses



BDT 209 Crore

Additional investment to pilot & scale business models by the private sector

1-2 Days From 15 days

Time to disburse MSE loan



2-7 days from 45-60 days

Time to approve MSE loans

Financing disbursed to MSEs, for every BDT 100 spent by BEF-B challenge fund

< 1 minute

Required to assess credit worthiness of MSEs

5 Insurance products

Introduced for small businesses, agriculture, and livestock



MICROFINANCE SECTOR

- Implement end-to-end digital transformation in financial institutions-processes, infrastructure and human resources
- Collaborate on shared platforms to reduce capital expenditure
- Establish one-stop solutions for cross-sectoral regulatory approvals

BANKING SECTOR

- Adopt alternative credit scoring tools to assess small ticket loans
- Establish single service points for financing, insurance and transaction services
- Establish interoperable systems across the multi-channels
- Redesign with digital infrastructure for a unified distribution channel approach – a seamless blend of physical and digital channels

BLENDED FINANCE SECTOR

- Inform and coordinate with regulators to activate regulatory support
- Assist in robust business modelling and pre-typing by strengthening the network of mentors and accelerators
- Create an investment platform for early stage startups and corporate innovative venture

INSURANCE SECTOR

- Continue experimentation with insurance products to meet MSE requirements
- Focus on development of support service market (weather-data, distribution model, actuary) for competitive pricing of insurance services
- Establish one-stop solutions for cross-sectoral regulatory approvals