



The Future of Agri Finance



Tarique Afzal
Managing Director & CEO
AB Bank

For better facilitation of the farmers in our country, the introduction of smart and simplified loan application procedures with less paperwork and processing time is a prerequisite. Loan products with flexible repayment terms, low-interest rates, and grace periods according to different agricultural product cycles must be developed to cater to the specific needs of farmers.

The current banking environment often fails to provide farmers with easy-term loans. Additionally, informal lenders charge high rates of interest. In response to this challenge, AB Bank has stepped into the disbursement of low-cost, collateral-free, and convenient "Open Credit Disbursement Programme" via smart cards, enabling easy access and repayment through Mobile Financial Services. To achieve self-sufficiency in the food sector through the agricultural revolution, we have taken the initiative to disburse Agri loans to marginal farmers through AB Smart Card, covering 43 Upazillas in 11 districts. Our initiative has benefited 27,000 marginal farmers, mostly landless and sharecroppers, supporting various agricultural activities from crop cultivation to livestock farming. Our programs have directly and successfully contributed to the agricultural production of 24,000 metric tons of grains across 12,500 acres of land.

Bangladesh Banks can allow banks to open more sub-branches in rural areas, provide coverage for the entire agri-loan through a credit guarantee scheme, offer more subsidies and incentives, and encourage the adoption of technology in the loan application and disbursement process, such as online platforms or mobile applications, facilitating coordination and collaboration among government agencies, financial institutions, agricultural organizations, and other stakeholders involved in agricultural lending.



ANM Mahfuz
Additional Managing Director &
Chief Business Officer, Bank Asia

Since the beginning of agri credit disbursement by the banking sector, the prime focus has been on facilitating farmers directly by providing all types of agri loans promptly. Farmers are already receiving loans at low prices with easy repayment options, either in installments or as one-time balloon payments, depending on the farming nature and requirements. Priority has been given to underprivileged and unbanked people in chars, haors, salinity-prone areas, and ethnic minorities, following government policy and regulation.

Our agri products are designed to cover the needs of all types of farmers in terms of convenience, purposefulness, and ease of repayment. This includes small-sized loans ranging from Tk 10,000 to Tk 50,000 for marginal, landless farmers, and sharecroppers. Small and medium farmers can also obtain unsecured loans with easy terms and conditions. Additionally, farmers can apply for agri loans based on seasonal demand through our digital platform, which is very user-friendly. The end use of funds is also ensured by the A-card, an NFC-enabled card that facilitates input purchases through POS transactions directly from retailers. Farmers are receiving doorstep services through our agent banking network, with loans at a 4.00% interest rate for cultivating import substitute special crops throughout the year, in addition to regular agri loans. Furthermore, there are different stimulus/refinance products under Bangladesh Bank's refinance scheme, providing loans at lower interest rates for specific purposes and needs. Last year, we supported 11,871 farmers through our products and have several success stories of transforming small, landless, and marginal farmers into medium and large farmers, significantly improving their socio-economic conditions.



Kamrul Mehedi
Head of SME (Small), Microfinance and
Agent Banking, City Bank

To better facilitate our farmers through agri-loans, financial institutions can adopt a more localized approach by understanding regional farming needs and tailoring loan products accordingly. Banks can further facilitate farmers by offering accessibility in rural and remote areas through the establishment of sub-branches and agent banking outlets. Additionally, digitizing loan applications and processing, implementing automated credit scoring, providing flexible repayment terms aligned with farming cycles, and offering training on financial literacy can greatly enhance the effectiveness of agri-loans.

The various agri-loan schemes at our bank offer tiered loan products to address the specific needs of farmers. For small and medium farmers, these loans often feature moderate amounts with reasonable repayment terms, aligning with their operational scales. Innovatively, many programs now include microloans for landless farmers and sharecroppers. These microloans are supported by group lending models via microfinance institutions/NGOs, facilitating access to capital in the farthest corners of the country where formal banking is beyond reach.

Effective policy support from the government is crucial for streamlining the agri loan process. This includes enacting policies that incentivize financial institutions to provide more agricultural loans. Such support could come in the form of refinancing schemes dedicated to agriculture, offering low-cost funds that increase interest spreads for financiers, thus keeping interest rates lower for customers. Establishing a centralized registry for farming land and a farmer's database can also mitigate risks associated with lending to smallholder farmers. Policies aimed at improving rural infrastructure, like roads and electricity, will enable banks to reach the furthest corners of the country and directly enhance the success rate of these loans by boosting farmers' reach and agricultural productivity.

What Bangladeshi banks offer to farmers

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Sufola (Ezy Bank Account) by Dhaka Bank

The Sufola Ezy Bank account is a relatively new loan product offered by Dhaka Bank. "Farmers can easily open a Sufola bank account using a smartphone or tablet, eliminating the need to visit a branch. With this account, they can access agricultural credit and receive a complimentary debit card. The debit card allows them to transfer funds from their loan account to the Sufola account for purchasing daily necessities or agricultural inputs. Additionally, they can transfer funds from the Sufola account to mobile banking apps. In addition to the Sufola account, Dhaka Bank offers nano loans ranging from Tk.5,000.00 to Tk.50,000.00, ideal for farmers facing short-term financial crises. To avail of this service, only a mobile number, NID, and reference are required. If any farmer applies properly, within 3 hours disbursement could be completed," said Md. Katebur Rahman, Senior Vice President, and Head of the Agriculture Banking Unit at Dhaka Bank.

Dhaka Bank also offers various existing agricultural credit products, including Overdraft Agriculture (OD Agri), Short Term Loan Agriculture (STLA), Term Loan Agriculture (TLA), Bai Muazzal Agriculture, Murabaha Purchase Order Agriculture, and Murabaha Term Finance Agriculture. Utilizing these products, Dhaka Bank provides agriculture loans/investments for individuals against secured assets (mortgaged property). Conversely, the new products offer insured loans to farmers. Considering the needs of small farmers, Dhaka Bank provides a group credit facility where no security is required, enabling small/marginal farmers to access credit facilities within a very short time.

EBL Krishi Rin by Eastern Bank
EBL has provided financing of up to 1.5 lac to farmers for cultivating crops such as paddy, wheat, and vegetables through its existing agri-product called 'EBL Krishi Rin.' The bank offers this loan for a period of 6 to 12 months under the Agri general loan or food safety scheme of Bangladesh Bank.

"We have already achieved the target under the food safety scheme of Bangladesh Bank, as well as agri general loans, and disbursed BDT 550 crore worth of loans with NGO linkage in FY24," shared M. Khorshed Anowar, Head of Retail &



PHOTO: STAR

SME Banking.

Krishi DL by Mutual Trust Bank (MTB)

MTB Bank's 'Krishi DL' is a new product tailored to synchronize cash flow with specific timeframes, launched in 2022. It aims to streamline customer transactions while disbursing loans to farmers 15 to 30 days before their seasonal needs arise. The loan offers tenor options of 1, 3, 4, 6, and 12 months, determined by the farmer's loan amount and the intended crop.

This approach aligns loan disbursement with the farmer's seasonal demands, facilitating timely repayment once harvesting generates sufficient cash flow. For instance, MTB extends a 6-month repayment period for long-term endeavors such as raising cattle, whereas activities like milking necessitates installment payments.

"Additionally, MTB offers an existing agricultural loan product called 'MTB Krishi', structured as an installment plan. The key distinction between the two lies in the flexibility afforded to customers: whether they prefer monthly/quarterly repayments or settling the entire loan once adequate cash flow is available, depending on their practical circumstances," said Kazi Mohammad Selim, Head of Cluster 4 for SME and Agri Banking Division at MTB.

MDB Krishi Loan by Midland Bank
Midland Bank currently offers the primary loan product, 'MDB Krishi Loan,' which is versatile and tailored to various agricultural needs, including direct disbursement to farmers or through NGO partnerships. Loan allocation is based on crop types and duration, aligning with the unique timeframes of each crop. Additionally, in collaboration with NGOs, Midland Bank strives to reach areas lacking branch presence,

ensuring widespread farmer access. NGOs report disbursement details to Midland, which are subsequently forwarded to Bangladesh Bank for regulatory scrutiny.

"In progress and currently undergoing vetting and evaluation for imminent introduction is the 'Buy Back Agreement' product aimed at financing large-scale agricultural machinery purchases," said Md. Ahsan Jamil Hossain, Vice President and Head of Agri Loan, Midland Bank.

Another ongoing initiative is contract farming, where agro-based industries such as Pran, Square, and others request loans for farmers, with the harvested crop serving as loan collateral while documentation ensures industry accountability. Abad, Krishok, Nabanno, and Khamar by Prime Bank

"Prime Bank tailors its agriculture and rural credit program, focusing on crops, livestock, and fisheries. It offers collateral-free products, implements digital loan origination systems, and collaborates with agent outlets to serve farmers in remote regions. Defining Agriculture as crop & non-crop by nature, Prime Bank has introduced two products styled Abad and Krishok for crop loans. In contrast, Khamar and Nabanno are running successfully as non-crop loans," mentioned Nazeem A. Choudhury, Deputy Managing Director - Consumer Banking at Prime Bank.

Private commercial banks in Bangladesh are taking proactive measures to improve the country's socio-economic condition and bolster the agricultural and rural sectors by offering a range of agri-loans to farmers. It is encouraging to witness these banks continuously introducing new products each year, aiming to maximize support for farmers, even though it may take time to realize their full potential.




এমডিবি কৃষি ঋণের মাধ্যমে কৃষির ক্ষমতায়ন

এমডিবি কৃষি ঋণ হচ্ছে ব্যক্তিক কৃষক এবং ক্ষুদ্র ও মাঝারি উদ্যোক্তা খামারীদের জন্য মিডল্যান্ড ব্যাংকের একটি বিশেষায়িত ঋণ পণ্য। কৃষি বাংলাদেশের একটি সম্ভাবনাময় ক্রমবর্ধমান খাত। এখানে অনেক সম্ভাবনাময় খামারি রয়েছেন, যারা এই খাতে ঋণ প্রদান এবং মুনাফা অর্জনের পর্যায়ে সুযোগ সৃষ্টি করছেন। কৃষির সাথে সংশ্লিষ্ট সকলকে সহায়তার জন্যই এমডিবি কৃষি ঋণ পণ্যটি তৈরি করা হয়, যা নিম্নোক্ত বিভিন্ন প্রয়োজনে প্রদান করা হয়:





শস্য খাতঃ ভাল মানের বীজ ত্রয়, সার ও কীটনাশক ত্রয়, শ্রমিকের মজুরি প্রদান, জমি প্রস্তুতকরণ খরচ, পরিচালন ব্যয় নিবাহ, জমির ভাড়া প্রদান, সেচ, গুদামজাতকরণ ও বাজারজাতকরণ খরচ, কৃষি যন্ত্রপাতি ত্রয় ইত্যাদি।



মৎস্য খাতঃ পুকুর বর্ধিতকরণ, হ্যাচারি, রেনু পোনা ত্রয়, খাবার, ওষুধ ও অন্যান্য আনুষঙ্গিক পণ্য ত্রয়।



প্রাণীসম্পদ ও হাঁস-মুরগিঃ গবাদি পশু ও হাঁস-মুরগি ত্রয়, খাবার, ওষুধ ও অন্যান্য আনুষঙ্গিক পণ্য ত্রয়, খামার সম্প্রসারণ, হাঁস-মুরগি ঝাঁচা ও হ্যাচারি ইত্যাদি।



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