

EMPOWERING SMES AND WOMEN ENTREPRENEURS

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In the financial sector, Non-Banking Financial Institutions (NBFI) are frequently overlooked despite playing a role no less vital than traditional banks. Entities like IDLC, IPDC, SFIL, and others provide essential support to individuals and businesses, offering crucial contributions and loan programs. Their notable assistance to Small and Medium-Sized Entrepreneurs (SMEs) and women entrepreneurs fuels aspirations and fosters growth within our communities.

IDLC

IDLC offers an SME Term Loan with a tenure of 13 to 60 months, providing convenient repayment options such as equal monthly installments and customized schedules. Furthermore, IDLC offers loans to SMEs of up to 5 crore without requiring collateral. In 2023, IDLC disbursed a total of Tk 34,831 million in SME loans, benefiting 40% of its SME customers.

"We recognize that supporting SMEs goes beyond providing financial products, and hence, we offer various non-financial services crucial for their development. One of our key initiatives is providing comprehensive training programs covering topics such as business management, financial planning, marketing strategies, and regulatory compliance. By equipping SME owners with essential skills and knowledge, we help them build stronger, more sustainable businesses," said Asif Saad Bin Shams, DMD & CRO, IDLC Finance.

IDLC is also known for actively participating in various entrepreneur-banker matchmaking programs organized by different patrons, aimed at increasing financial inclusivity. Additionally, reaching rural areas, especially the hard-to-reach ones, is a critical part of IDLC's mission to promote financial inclusivity across Bangladesh.

"With 31 strategically distributed branches, we cover 60 districts, making our reach extensive and comprehensive throughout the country. To further enhance accessibility, we provide door-to-door services as well. This personalized approach ensures that even the most remote communities can benefit from our financial products and services without the need to travel long distances," said Asif.

IDLC's Micro Enterprise Financing has been particularly impactful among the financial products. In 2023, they financed Tk 280 crore through this program, supporting numerous micro-businesses in rural areas.

Furthermore, their Women Entrepreneurship Loan program is another significant initiative in rural areas. In 2023 alone, IDLC financed over BDT 696 crore through this program, supporting women entrepreneurs in rural communities. This product is designed to empower women by providing them with the necessary capital to start and grow their businesses. It has been particularly impactful in rural areas with limited access to traditional banking services.

The IDLC Purnota SME loan is specially tailored for women entrepreneurs, offering them loans to improve financial access, enhance their bankability, and foster economic growth.

In addition to training, IDLC organizes the Purnota Fair, specifically designed

for women entrepreneurs, providing them with a platform to showcase and sell their products. It offers an excellent opportunity for these entrepreneurs to gain market exposure, network with potential customers, and build their brand presence. The Purnota Fair also fosters a supportive community where women entrepreneurs can share experiences and learn from each other.

IPDC

IPDC encourages potential SME entrepreneurs by offering affordable products, including Long Term and Short Term Finance Loans, with a vision to boost SME enterprises. They have recently launched IPDC Express to disburse loans up to Tk 1 crore to CMSMEs and IPDC Goti to disburse loans up to Tk 1.50 crore to CMSMEs for medium terms. IPDC's latest SME disbursement as of April 2024 totals Tk 17,985 million, benefiting 29,247 SME customers.

"The Long Term Loan supports purposes such as expanding production lines, modernizing manufacturing processes, and extending capacity and space, among others. With allowable tenures ranging from 24 to 60 months, or equivalently from 2 to 5 years, this facility adapts to the unique needs of each venture. Repayment options are equally flexible, offering the choice between monthly equal installments or structured payments tailored to the ebbs and flows of business cash flow. Moreover, we offer tailored financial advice to our clients, empowering them with insights on managing their businesses effectively and fostering growth," mentioned Rizwan Dawood Shams, Managing Director of IPDC.

However, securing this support requires collateral, and the security measures include cash security, personal guarantees, corporate guarantees, and post-dated cheques.

"In contrast, the Short Term Loan product provided by IPDC addresses immediate fund needs and procures raw materials essential for ongoing operations. With a tenure of 12 months or 1 year, it offers flexibility in repayment options, including monthly equal installments, structured payments, monthly or quarterly interest payments, and revolving terms aligned with business cash flow dynamics. Notably, the security requirements for this product mirror those of the long term loan," said Rizwan.

"Beyond providing financial assistance, IPDC play a pivotal role in fostering the holistic development of entrepreneurs, with a special focus on women. This strategy ensures that entrepreneurs not only receive financial support but also gain access to viable market opportunities, knowledge of financial literacy, and more. Furthermore, the importance of business documentation is emphasized through courses and training programs, equipping entrepreneurs with the skills and knowledge necessary to navigate market complexities and establish a presence in the industry," mentioned Rizwan.

"To complement its core initiatives in business and financial management training, the SME department also organizes mental well-

NBFIs play a crucial role in providing loans to SMEs, but several key factors need attention. Loans often favor medium-sized businesses, leaving micro, cottage, and small enterprises underserved, especially the most vulnerable and nascent ones. Thus, creating specialized schemes tailored to each business size is essential rather than adopting a one-size-fits-all approach.

Dr. Sayema Haque Bidisha

being management and female healthcare awareness programs. These programs broaden the company's impact within the community, solidifying its position as a premier financier in the industry," further added Rizwan Dawood Shams, Managing Director of IPDC.

Additionally, the SME department partners with various stakeholders to ensure rural access to finance, aiding IPDC's reach by providing potential leads. With over 16 branches and numerous sales offices nationwide, IPDC is dedicated to serving women, youth, and underserved communities. Noteworthy is cluster financing, crucial for economic growth, which helps IPDC reach rural areas in line with Bangladesh Bank's objectives, aiming to bring unbanked and underbanked individuals into financial inclusion.

IPDC's women-centric product, IPDC Joyee, is designed to empower women in business to achieve their aspirations. This product is founded on four essential pillars: providing low-interest loans with flexible repayment terms to facilitate access to finance, offering valuable market linkage workshops to enhance market access, emphasizing capacity development through extensive training and knowledge-sharing programs, and extending comprehensive business support services to women entrepreneurs, including assistance with trade license renewal and business counseling. With a minimum tenure of 24 months (2 years) and a maximum preference of 60 months (5 years), this product offers flexibility to suit diverse business timelines.

Recently, IPDC Finance expanded its support network with the launch of 'Joyee 360', a dedicated sub-branch in Mirpur, specifically designed for women entrepreneurs seeking business loans. This branch offers financial services tailored to their needs. In addition, 'Joyee 360' provides supplementary facilities such as 'Joyee Alapon', a designated space for business discussions, and 'Joyee Pathshala', a platform for regular workshops and training sessions to foster entrepreneurial growth.

SFIL SFIL Finance, committed to fostering economic growth, emphasizes supporting cluster-based small and medium entrepreneurs. According to their annual report of December 2022, they have disbursed a total of Tk 8,527,445 million to SME customers.

"SFIL offer two primary loan products: the Term Loan and the Revolving Short Term Loan, each tailored to address specific needs and circumstances of SMEs. For instance, if an SME seeks to invest in machinery, SFIL recommends the Term Loan as the preferred option. Conversely, when working capital needs arise, the Revolving Short Term Loan offers a flexible solution, ensuring businesses have the liquidity required to thrive," mentioned Imran Parvez, Senior Assistant Vice President at SFIL Finance.

The Term Loan extends a repayment period of 3 years, structured on an EMI/installment basis. Throughout this duration, repayment unfolds in 36 systematic turns, ensuring the gradual fulfillment of the loan obligation. Notably, both principal and interest components are integral to this process, reflecting SFIL's commitment to comprehensive financial solutions.

"In the Revolving Short-term Loan (the term 'revolving' defines the nature of the loan), interest repayment is intricately linked to the duration of loan utilization. With a predetermined maximum timeframe of one year, borrowers are required to

reimburse the accrued interest quarterly to SFIL. At the culmination of the year, these interest payments are seamlessly integrated with the principal amount, reflecting SFIL's commitment to facilitating efficient financial transactions," said Imran.

Their Women Entrepreneurship Loan is a financial solution crafted exclusively for visionary businesswomen, offering flexibility with both short-term and long-term financing options, specifically designed for the acquisition of fixed assets. Boasting a minimum loan amount of BDT 3 lacs and a maximum unsecured loan ceiling of up to BDT 35 lacs, this product caters to a diverse spectrum of entrepreneurial aspirations. With loan tenures spanning from 13 to 60 months and adaptable repayment structures aligned with business cash flows, women can leverage this opportunity with confidence and expert guidance.

"Beyond loan products, we offer comprehensive financial advice and counseling to SMEs, addressing various customer issues and barriers. Our goal is to thoroughly understand our customers' needs, providing viable solutions and advice. Many customers are unaware of financial barriers, concepts, opportunities, and government support, making it crucial for us to offer valuable insights to help them navigate challenges," said Imran Parvez, Senior Assistant Vice President at SFIL Finance.

"NBFI play a crucial role in providing loans to SMEs, but several key factors need attention. Loans often favor medium-sized businesses, leaving micro, cottage, and small enterprises underserved, especially the most vulnerable and nascent ones. For example, while loan portfolios might highlight loans to women, these often go to larger women-owned businesses, neglecting small-scale female entrepreneurs. Thus, creating specialized schemes tailored to each business size is essential rather than adopting a one-size-fits-all approach," emphasized Dr. Sayema Haque Bidisha, Professor at the Department of Economics, University of Dhaka.

"Bangladesh Bank, already pivotal in rule-making and regulation, should further emphasize loans to SMEs. Specific schemes detailing loan amounts, interest rates for different businesses, and incorporating customer experiences and preferences are crucial for effective financial inclusion," she added.

