



## ADOPTING ADVANCED technology is crucial

frameworks can help in identifying potential risks and implementing mitigation strategies. Enhancing credit appraisal mechanisms ensures better evaluation of borrower creditworthiness.

For instance, streamlined regulations can encourage new entrants and foster competition within the sector. Government-backed refinancing schemes and credit guarantee programs can improve NBFI's access to low-cost funding. These initiatives can enable NBFI to extend more credit to businesses and individuals, stimulating

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Non-bank financial institutions (NBFI) in Bangladesh play a pivotal role in the country's financial ecosystem, offering services ranging from leasing and housing finance to merchant banking and microcredit. In the face of the current financial crisis, characterized by liquidity constraints, rising non-performing loans, and economic uncertainty, NBFI need to adopt innovative strategies to remain resilient and drive sectoral growth. Additionally, leveraging government support is crucial for facilitating further expansion of the sector. Diversifying financial products is essential for NBFI to mitigate risks and explore new revenue streams. By offering a broader array of services such as microfinance, SME (Small and Medium Enterprises) financing, green finance, and Islamic finance, NBFI can cater to various market segments often

underserved by traditional banks. Investing in eco-friendly projects can attract environmentally conscious investors and align with global sustainability goals. Offering Sharia-compliant financial products can attract customers seeking ethical banking solutions.

Adopting advanced technology is crucial for enhancing operational efficiency and customer service. Online portals and mobile apps can facilitate seamless transactions and customer interactions. Utilizing data analytics and artificial intelligence for credit risk assessment can enable NBFI to make more accurate lending decisions and minimize default rates. Robust risk management practices are vital for NBFI to withstand financial shocks and maintain stability. Developing comprehensive risk assessment

**Targeting low-income individuals and small businesses with microloans can help NBFI tap into a vast, underbanked population. Providing tailored financial products to SMEs can stimulate economic growth.**

Government support is instrumental in bolstering the resilience and expansion of the NBFI sector. Key areas where government intervention can make a significant impact include: simplifying licensing procedures, reducing bureaucratic hurdles, and providing tax incentives to create a more conducive environment for NBFI.

economic activity.

Government programs aimed at capacity building can enhance the skills and competencies of NBFI professionals. Training programs and workshops can ensure that employees are well-equipped to manage complex financial operations and adopt best practices.

To spearhead the finance sector amidst the current crisis, NBFI in Bangladesh must adopt a multifaceted approach that includes product diversification, technological integration, and enhanced risk management. Collaboration with fintech companies and a focus on financial inclusion can further drive growth. Leveraging government support through regulatory reforms, funding access, and capacity building initiatives will be crucial in facilitating the sector's expansion and ensuring its long-term sustainability.



## At a glance

National Housing Finance is a private-sector housing finance company incorporated in August 1998 as a public limited company under the Companies Act 1994. The Company obtained a license from Bangladesh Bank under the Financial Institutions Act, 1993 in December 1998.

National Housing Finance offers a range of products across three categories. Home Mortgage Loans encompass options like Flat Purchase, Self Construction, Group Home Loan, NRB Home Financing Scheme, Renovation Home, Housing Plot Purchase, Commercial Space Purchase, Any Purpose Property Loan, and Project Loan. Term Loans include Term Finance and Lease Finance, while SME Finance offers Sonirvor, Sonirvor Nari, Jagoron, Kristi, SME for Agro Processing Industries, and Loans under Jica Fund.

The shareholding structure of National Housing is segmented into four categories: banks hold 14.16%, insurance companies account for 29.76%, local corporate and business groups comprise 18.30%, and general shareholders represent 37.78%.



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