

## Implement comprehensive credit GUARANTEESCHEMES

City Bank has a robust framework for supporting CMSMEs, offering a variety of financial products and services tailored to meet the unique needs of small and micro enterprises. The bank's CMSME portfolio constitutes around 22% of its total portfolio, amounting to BDT 8450.84 crore at the end of 2023. Small and micro businesses alone contributed approximately 9.75% (3856.53 crore BDT) to this portfolio. We maintain a low non-performing loan (NPL) ratio of 1.17% in this sector, demonstrating the effectiveness of our credit management strategies.

City Bank has implemented several measures to ensure that CMSMEs in rural and hard-to-reach areas have access to its financial services. The bank operates over 500 agent banking outlets in suburban and rural areas, focusing on traditionally underbanked segments. Through our Citytouch platform, we provide digital banking solutions that reduce dependency on physical branches, making it easier for SMEs to access banking services remotely. We have established 34 dedicated SME unit offices and deployed more than 1000 business staff, including field officers and credit analysts, to support CMSMEs at the grassroots level. Our distribution network covers more than 85% of the country.

We have reduced our dependency on manual hard copy documentation and are implementing internal digitisation measures to simplify loan processes, including loan origination systems and alternative credit scoring models, making them more accessible to SMEs.

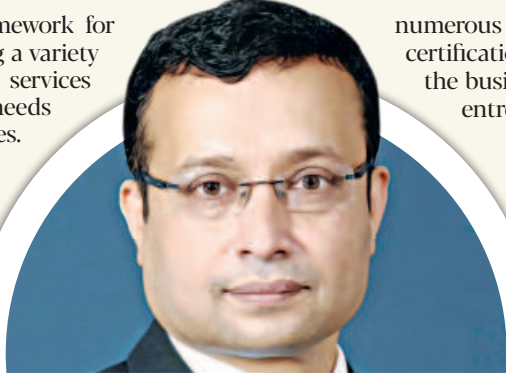
We provide continuous training and consultancy services to bank staff and entrepreneurs alike to enhance the financial literacy and business management skills of SME owners. Under our City Alo – Women Enterprise Wing, we have conducted

numerous batches of training and certification programmes to enhance the business skills of these budding entrepreneurs.

The bank is enhancing its digital offerings through initiatives like the Digital Agri Loan, which provides automated financial services to rural agricultural businesses. We aim to collaborate more with development partners and fintech companies to expand our reach and improve the ecosystem for SME financing. For instance, City Bank has partnered with Syngenta Foundation to offer quick loans to farmers using digital credit scoring.

The government could implement comprehensive and continuous credit guarantee schemes to reduce the risks associated with SME lending, making it more attractive for banks to extend credit to this sector. Enacting supportive regulatory policies that encourage banks to lend to SMEs, such as tax incentives and reduced regulatory burdens for SME financing, is crucial. The central bank could also evaluate reintroducing infrastructural and policy support to help banks establish more dedicated SME service centres and unit offices, easing access for clients seeking SME banking services at their convenience.

Increasing the number and reach of financial literacy programmes is essential to ensure that more SMEs understand and can effectively utilise financial services. Strengthening programmes like City Alo, which provide certification and training to women entrepreneurs, fosters gender-inclusive growth in the SME sector. Continuously developing and offering new financial products that address the specific needs and challenges of SMEs, such as unsecured loans, digital Nano loans, and supply chain financing solutions, is also crucial.



**KAMRUL MEHEDI**  
SENIOR EXECUTIVE VICE PRESIDENT  
HEAD OF SMALL & MICROFINANCE  
CITY BANK

## Innovation and collaboration ARE CRUCIAL

Most banks support SMEs through a variety of services and products designed to address their specific needs. At Bank Asia, however, we offer specialised checking and savings accounts tailored for businesses, often with features like higher transaction limits and integration with accounting software. We also offer different types of loans—such as term loans, lines of credit, and working capital loans—to help SMEs manage cash flow, expand operations, or invest in new opportunities.

In terms of payment processing, we provide merchant services that enable SMEs to accept payments via credit/debit cards, online transactions, and mobile payments. Additionally, we offer consultancy services in the form of financial advice and planning to help SMEs with business strategies, financial management, and growth planning.

Financial literacy is a major aspect we need to focus on if we want to develop the SME sector. At Bank Asia, we arrange workshops, webinars, and other educational resources to help SMEs develop their business acumen and stay informed about industry trends and best practices.

Reaching small and medium enterprises (SMEs) in rural and hard-to-reach areas is challenging but crucial for economic development. We offer branch-less banking services through mobile banking units, agents, and kiosks to help reach remote areas. These mobile units provide basic banking services and educate rural customers about financial products. We believe that collaborating with local cooperatives, microfinance institutions, and non-governmental organisations (NGOs) can extend our coverage, as these organisations often have established relationships and trust within rural communities. We also offer designated banking products to meet the needs of rural SMEs, such

as agricultural loans and equipment financing.

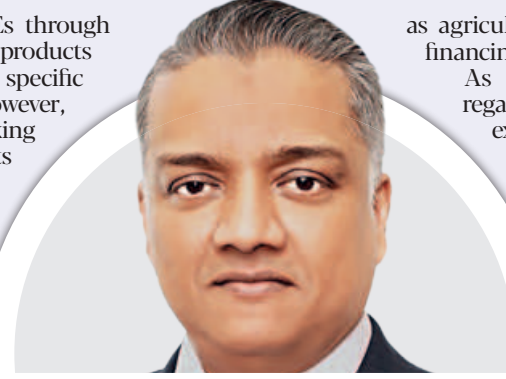
As for our future plans regarding SMEs, we aim to expand our consultancy services to assist SMEs with financial planning, business development, risk management, and regulatory compliance. We plan to facilitate more mentorship programmes and networking opportunities where SMEs can connect with industry experts, successful entrepreneurs, and potential business partners. Our bank also plans to offer flexible loan repayment schedules and restructuring options to accommodate the fluctuating income cycles and financial challenges that SMEs often face.

The government can ensure the presence of a comprehensive database on SMEs, including industry-specific information and performance metrics. Banks and non-banking financial institutions should have access to government publications, market research, and industry reports.

The government can also introduce a unique Business Identification Number (BIN) for SMEs to simplify the identification and verification process. There should be timely updates on relevant policies, regulations, and compliance requirements affecting SMEs. All financial institutions should be given clear guidelines on Group SME Finance funding opportunities and other incentives available for SMEs.

Encouraging and supporting SMEs to adopt digital tools and technologies can improve efficiency, market reach, and competitiveness. Providing training and resources for digital literacy is crucial.

Simplifying regulatory requirements, reducing bureaucratic red tape, and providing clear guidelines can make it easier for SMEs to start and grow.



**ANM MAHFUZ**  
AMD & CHIEF BUSINESS OFFICER  
BANK ASIA

## BRIDGING THE GAP Enhancing Financial Services for SMEs

**NAHALY NAFISA KHAN & TAZRI MARWA AHMED**

The SME sector currently contributes approximately 30-32% to Bangladesh's GDP, showcasing substantial potential to emerge as a leading driver of economic growth in the country in the foreseeable future. However, several challenges impede its further development and enhancement. Chief among these challenges is the limited access to formal finance, posing a significant barrier to the growth and expansion of SMEs. Banks and non-banking financial institutions have adopted various solutions to address this gap and extend support to small businesses in the country's most remote areas.

"BRAC Bank operates

457 SME Unit Offices, 45 sub-branches, 1,080 Agent Banking Outlets, and 330 ATMs nationwide to cater to the daily banking needs of CMSME customers. This extensive network ensures a physical presence in many rural and remote areas, bringing banking services closer to the doorsteps of SMEs. With over 3000 dedicated Relationship Officers (ROs) engaged in SME banking services, we build relationships and cater to all banking requirements of CMSMEs. Sixty per cent of our total SME loans are disbursed in rural areas, achieving the highest rural penetration among local private banks," shares Selim R. F. Hussain,

rural customers about financial products," informs ANM Mahfuz, AMD & Chief Business Officer at Bank Asia.

"City Bank has taken steps to enhance financial access for CMSMEs in rural and remote areas. With over 500 agent banking outlets in suburban and rural regions, the bank targets traditionally underserved segments. Our Citytouch platform offers digital banking solutions, reducing reliance on physical branches and enabling easier access to banking services for SMEs remotely. We've set up 34 dedicated SME unit offices and deployed over 1000 business staff, including field officers and credit analysts, to support CMSMEs at the grassroots. Our extensive distribution



network now spans more than 85% of the country," stated Kamrul Mehedi, Head of Small Business at City Bank.

"Our numerous physical channels, particularly agent outlets in remote areas, enhance our coverage. We have launched the 'MTB Instant e-Loan' under a digital financing platform for small-scale merchants. Additionally, we are facilitating online account openings through e-KYC to extend financial services to underserved communities," explained Md Khalid Mahmood Khan, Additional Managing Director and CBO of MTB.

Managing Director & CEO at BRAC Bank.

"We provide branch-less banking services using mobile banking units, agents, and kiosks to access remote areas. These mobile units deliver essential banking services and educate



“এসএমই উদ্যোগে সমৃদ্ধ দেশ  
স্মার্ট অর্থনীতির বাংলাদেশ”

**এমডিবি সিএমএসএমই ঋণ**  
এর মাধ্যমে হোক আপনার ব্যবসায়িক প্রবৃদ্ধি

আমাদের দেশের অর্থনীতির মূল চালিকা শক্তি সিএমএসএমই সেক্টর। বাংলাদেশের আর্থসামাজিক উন্নয়নে, বিশেষ করে দারিদ্র্য বিমোচন, কর্মসংস্থান ও নারীর ক্ষমতায়নে এই সেক্টরের অবদান আমাদের অনুপ্রাণিত করেছে ক্ষুদ্র ও মাঝারী উদ্যোক্তাদের পাশে দাঁড়াবার। সিএমএসএমই খাতের উন্নয়ন অগ্রযাত্রায় ভূমিকা রাখতে এমডিবি'র রয়েছে একাধিক বিশেষায়িত সিএমএসএমই ঋণ পণ্য।

**এমডিবি ব্যবসায় ঋণঃ** ট্রেডিং খাতের ব্যবসায়ীদের সার্বিক সহায়তার জন্য প্রস্তুতকৃত এই ঋণ পণ্যের মাধ্যমে চলতি মূলধন ও মজুত পণ্য ক্রয়ের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

**এমডিবি সেবা ঋণঃ** সেবা খাতের ব্যবসায়ীদের জন্য প্রস্তুতকৃত এই ঋণ পণ্যের মাধ্যমে চলতি মূলধন ও স্থায়ী সম্পদ ব্যয় নির্বাহের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

**এমডিবি শিল্পায়ন ঋণঃ** শিল্প খাতের ব্যবসায়ীদের জন্য প্রস্তুতকৃত এই ঋণ পণ্যের মাধ্যমে মূলধনী যন্ত্রপাতি ক্রয়, পরিচালন ব্যয় নির্বাহ, ব্যবসায়িক কাঁচামাল ও মজুত পণ্য ক্রয়ের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

