

# Comprehensive financial PARTNERFOR SMEs

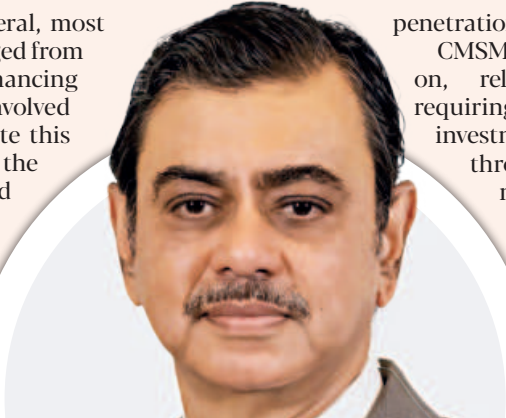
Since CMSMEs lack collateral, most banks are usually discouraged from providing them with financing support due to the risks involved in unsecured credit. Despite this challenge, BRAC Bank, the country's sole SME-focused bank, remains steadfast in its commitment to facilitating easy access to credit for grassroots entrepreneurs.

Today, BRAC Bank stands as the largest collateral-free CMSME financier in Bangladesh, with over 85% of our loans granted without any mortgage. Since our inception in 2001, we have disbursed BDT 154,694 crore to approximately 15 lakh CMSME customers. However, our ambition extends beyond mere lending; we aspire to be the comprehensive financial partner for grassroots entrepreneurs.

We offer transactional and cash management services, foreign trade financing facilities, and a wide range of products tailored to meet the financial needs of CMSMEs. We facilitate market access by connecting CMSMEs with each other to streamline their supply chains, thereby expanding their market opportunities.

BRAC Bank provides extensive banking and financing support to women CMSMEs through its women banking proposition 'TARA'.

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 3,000 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



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penetration among local private banks. CMSMEs seek a more hands-on, relationship-based approach requiring a substantial amount of investment and ecosystem creation through human resources, a model BRAC Bank adopts, from which others can draw inspiration.

We are exploring a more simplified and convenient onboarding process to provide easy access to banking financial services for CMSMEs by leveraging technology. BRAC Bank is actively investing in digitisation to reduce manual interventions as much as possible within the current regulatory framework. To meet the banking needs of CMSMEs, we have introduced the Digital Loan Origination Solution for CMSMEs, facilitating ASTHA & Corpnet for convenient B2B transactions. These digital capabilities have ensured faster, cheaper, more convenient, and easily accessible banking services for CMSMEs.

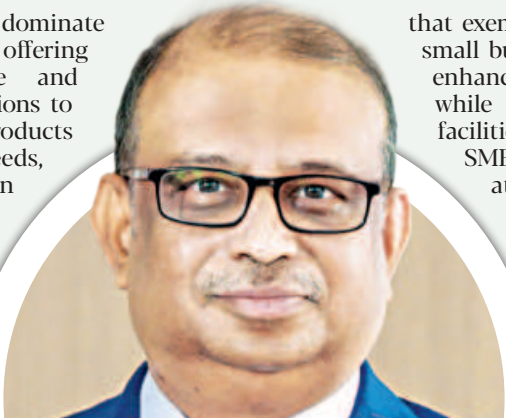
The key policy reform agenda that could be immediately addressed by the government and Bangladesh Bank would be: Revision of existing definitions of CMSMEs; informal micro-merchants should be considered under the CMSME sector; simplification of required legal documentation for CMSME loans, which can be based on loan ceilings; immediately introduce e-KYC for CMSMEs, which are proprietorship concerns, to expedite onboarding; enable a Credit Guarantee Scheme for all CMSMEs and simplify the enrolment process; online issuance of trade licenses for a 5-year tenure, with platforms API-driven for use by banks and financial institutions; Bangladesh Bank's CIB records should be instantly accessible to banks through API connectivity, and a Credit Bureau should be established for the MFI customer base; and implementation of paperless digital signatures instead of wet signatures.

# Ensure quick and well-timed DISBURSEMENTS

Eastern Bank PLC aims to dominate the SME lending market by offering a range of competitive and differentiated product solutions to its customers. The SME products are tailored to clients' needs, with quick, hassle-free loan disbursement processes requiring minimal documentation, and 80% of loans being mortgage-free. EBL supports SMEs by evaluating their cash flows and providing timely disbursements of loans up to BDT 1.50 Crore without collateral. This access to unsecured finance enables customers to experience significant development and business growth. Maintaining our client base effectively and reaching bankable businesses nationwide are paramount. Our bank reaches SMEs in rural and remote areas through various channels including branches, sub-branches, and agent banking outlets. Currently, we operate 85 branches, 36 sub-branches, and 104 agent banking outlets across Bangladesh.

Additional measures that banks can take to better support SMEs include ensuring quick and timely disbursement of SME loans and financing accurate loan amounts according to customer requirements. For seasonal businesses, timely disbursement of SME loans is crucial for maintaining business stability and ensuring timely loan repayments. We assess our clients thoroughly and provide financial support aligned with their business plans, focusing away from mortgage requirements. Business types and funding needs are carefully evaluated for customers, and we continuously enhance our SME product offerings accordingly. Our bank plans to strengthen our focus on meeting the needs of SME clients by expanding our range of product solutions from working capital to fixed asset finance, thereby streamlining and reinforcing SME lending.

In terms of government support to facilitate our efforts in assisting SMEs, we strongly believe



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that exempting cottage, micro, and small businesses from taxes could enhance clients' financial solvency, while increasing refinance facilities may reduce fund costs. SME products must be more attractive and suitable for the international market, necessitating training for business owners to meet international standards. They will also require advanced equipment and technology to increase production and manufacture high-quality, durable products. In addition to financial support, these business owners will need technical, marketing, and managerial support.

SME clients face issues with foreign currency and Letters of Credit (LC) for imports. Coupled with shortages in gas supply, these challenges cause businesses to shrink, necessitating support in these areas. Despite the government's initiative to establish 100 Economic Zones in Bangladesh, SMEs do not find viable opportunities there. Apart from the presence of the Bangladesh Small & Cottage Industries Corporation (BSCIC) and the 74 industrial estates, there are no other hubs or areas fostering SME growth. The government may implement changes to improve this scenario and focus more on supporting SMEs in the future, ensuring easy access to finance, which will facilitate our efforts in assisting SMEs.

Building awareness among SME clients regarding international standards and marketable products, maintaining proper business documentation to ensure organised, accessible, and up-to-date records, fostering genuine transactional relationships with banks, enhancing market competitiveness, and assuring product quality are crucial aspects for boosting the SME sector. In addition to trading businesses, which dominate in our country, manufacturing businesses also hold significant growth potential within the SME sector.

## Bridging the Gap Enhancing Financial Services for SMEs

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"We are implementing different cluster financing strategies to onboard potential CMSMEs in areas where we currently lack physical presence. We are the first bank to provide financial support to small-scale manufacturers of imitation jewellery in Savar's Vakurta," he added.

"Dhaka Bank has already financed 8 clusters and 156 customers individually, amounting to Tk 37.63 million, and has collaborated with the SME Foundation to utilise their refinancing schemes," said Md Mahbubur Rahman Palash, Executive Vice-President and Head of MSME and Emerging Business Division at Dhaka Bank.

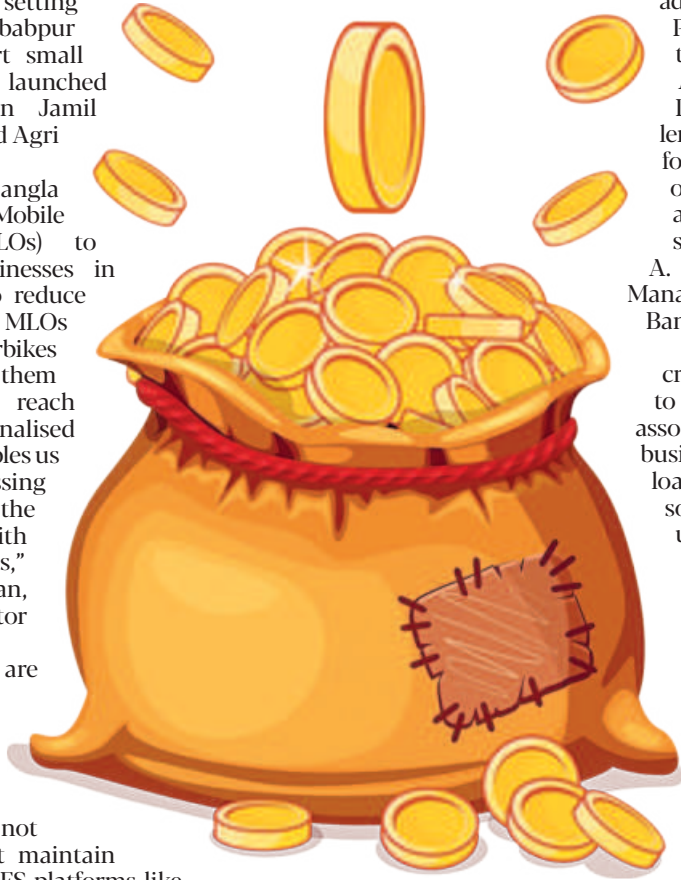
Midland Bank have adopted a unique approach to reach clients in remote areas by partnering with NGOs. "We are also setting up SME Centers in Nababpur and Gazipur to support small traders, which will be launched soon," said Md Ahsan Jamil Hossain, Head of SME and Agri at Midland Bank.

Meanwhile, LankaBangla Finance deploys Mobile Lending Officers (MLOs) to assist clients and businesses in remote areas, aiming to reduce operational costs. "Our MLOs are equipped with motorbikes and laptops, allowing them to operate flexibly and reach clients in the most marginalised areas. This approach enables us to expedite loan processing while minimising the expenses associated with establishing new branches," said AKM Kamruzzaman, Acting Managing Director of LankaBangla Finance.

Financial institutions are also leveraging mobile financial service (MFS) platforms to disburse and collect repayments on SME loans. Many small businesses do not hold bank accounts but maintain accounts with various MFS platforms like bKash, Rocket, and Nagad, streamlining the loan processing procedure.

"LankaBangla has established connectivity with all MFS platforms operating in the country, enabling direct loan disbursements to and repayments from our clients. We have also integrated with different payment service providers such as iPay," added AKM Kamruzzaman.

Meanwhile, City Bank has integrated its digital solutions with bKash through a tri-party agreement involving their clientele to simplify loan processing. "Through our tri-party agreement with bKash, we access annual sales data from our clients. This allows us to set an overdraft limit for each business. Traders can request loans via the City Bank app, and the process takes approximately 17 seconds," said Kamrul Mehedi.



Dhaka Bank also signed an agreement with bKash in March this year to provide 24/7 cash management services to bKash distributors, agents, and merchants. "Through the Dhaka 24/7 project with bKash, distributors, agents, and merchants can add or transfer e-money in real-time. They can generate and transfer e-money using their Dhaka Bank accounts," said Md Mahbubur Rahman Palash, Head of MSME at Dhaka Bank.

Another major issue concerns the accessibility of financial data. There is a screening process before approving a client's loan, which includes verifying their identities, assessing credit risks, and evaluating the condition of their existing business. In these cases, digital solutions prove invaluable.

"To enhance SME support, banks should adopt advanced technology. Prime Bank is leading this effort with "Digital Account Opening Procedures" and digital lending facilities tailored for small-ticket SMEs, offering a streamlined, automated experience," shares Md. Nazeem A. Choudhury, Deputy Managing Director of Prime Bank.

"We have implemented credit scoring software to assess the credit risks associated with specific businesses and expedite loan processing. This software automatically updates and generates data on the business in question, facilitating faster loan approvals," said AKM Kamruzzaman, Acting Managing Director of LankaBangla Finance.

"Digital solutions have been a key focus for our bank in SME services. We have already approved plans for our Entrepreneur Nano Loan scheme, which integrates digital solutions into the credit approval process," said Kamrul Mehedi from City Bank.

"Our next objective is to integrate digital thumb impressions for instant loan approvals and reduce the current 3-4 day processing gap. If we can consolidate all identification and verification systems into one digital platform, it could significantly reduce costs and processing times for monitoring loans," said AKM Kamruzzaman from LankaBangla Finance.

LankaBangla also serves as a financial consultant for businesses seeking loan assistance. In addition to regular customer awareness training at branch level, they have launched a chatbot and an app called "FinSmart" to assist their clients in this regard.

MTBএসবিএল প্লাস

এমটিবি এসবিএল প্লাস

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আবেদনের যোগ্যতা

- ন্যূনতম ৫ বছরের ব্যবসায়িক অভিজ্ঞতা
- কোন ব্যাংক/আর্থিক প্রতিষ্ঠানের ২ বছরের নিয়মিত ঋণ পরিচালনা ও পরিশোধের ইতিহাস

উদ্যোক্তার বয়স

- এককমালিকানা ব্যবসায়: ২০-৬০ বছর
- কোম্পানি: ১৮-৬৫ বছর
- ব্যবসার ধরণ ভেদে ব্যাংক হিসাবে লেনদেনের ২৫%-৪০% প্রতিফলন

বৈশিষ্ট্য

- ঋণের ধরণ: মেয়াদি ঋণ
- ঋণের মেয়াদ: ১ বছর থেকে ৩ বছর
- ঋণের পরিমাণ: ৫০ লক্ষ থেকে ১ কোটি টাকা
- জামানতের ধারণ: জামানতবহীন/নগদ জামানত
- চলতি মূলধন ও ব্যবসা সম্প্রসারণ সহায়ক ঋণ

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