



Directors’ assets may be sold to settle policyholder dues

Idra drafts tougher law to restructure troubled insurers, restore order in the sector

SUKANTA HALDER

The Insurance Development and Regulatory Authority (Idra) has finalised a draft of the Insurance Resolution Ordinance 2025, which would grant the regulator sweeping powers to declare financially troubled insurers bankrupt.

If necessary, it could even liquidate the personal assets of directors to clear dues owed to policyholders.

Industry experts say the move, on one hand, shows the regulator itself is acknowledging the fragile state of the sector. This is because the proposed ordinance mainly focuses on distressed insurers, strategies for their recovery, and punitive measures for wrongdoing.

But on the other hand, according to experts, this is the first time in nearly 15 years since Idra's inception that the regulator is preparing to implement bold clean-up measures.

In the long run, they say such a move could help restore public confidence, bring discipline to the industry, and protect the interests of policyholders.

The draft outlines procedures for restructuring troubled insurers, including changes in ownership, mergers, or liquidation.

“The main goal of the ordinance is to protect policyholders, especially by making sure their claims are paid on time,” said Saifunnahar Sumi, spokesperson for Idra.

“The process of merging weak companies under the Insurance Act 2010 is not broad enough. This ordinance will help expedite that,” she told The Daily Star.

The spokesperson said Idra will make the draft public soon to invite feedback from stakeholders.

The country has 82 insurance companies — 36 life insurers and 46 non-life.

For years, the country's insurance sector has been marred by mismanagement, fund embezzlement, and weak oversight.

More than 26 lakh policies have lapsed

KEY PROVISIONS IN DRAFT ORDINANCE



Troubled insurers can be declared bankrupt



Idra can remove top officials of failing insurers



Directors' personal assets may be sold to settle unpaid claims



Insurers must raise capital from existing or new shareholders



Ownership change, merger, or liquidation will be allowed



A consumer protection fund and compensation scheme will be introduced



SECTOR PERFORMANCE IN 2024

Only **57%** of total insurance claims were settled, down from **65%** in 2023

Total claims stood at **Tk 16,484cr**

Insurers paid just **Tk 9,476cr** against those claims

ONGOING CRISIS

Nearly **11 lakh** customers are still awaiting their dues

Over **26 lakh** policies have lapsed in the past 14 years

Idra is auditing **15** life insurers for alleged irregularities

over the past 14 years, according to Idra data. Besides, nearly 11 lakh policyholders are currently unable to recover their dues.

Against this backdrop, the government has recently moved to amend the existing insurance law, expanding Idra's authority to

dissolve and restructure insurer boards, limit family ownership concentration, and impose hefty fines for violations.

But why is Idra finalising the draft of the ordinance now, even after the proposed amendments to the insurance law?

“This has been a long-overdue step,” said Md Main Uddin, a professor and

former chairman of the Department of Banking and Insurance at the University of Dhaka.

Back in 2011, the authorities set up the insurance regulatory body but failed to give it the teeth to act effectively, he said. “This should have been done immediately after the formation of Idra.”

Meanwhile, Barrister Khan Mohammad Shameem Aziz, an advocate at the Supreme Court, said, “The purpose of a separate ordinance is to allow the regulator to independently make any decision regarding troubled insurers within a legal framework.”

While the Insurance Act 2010 sets general rules for regulation and supervision, it falls short when it comes to outlining specific procedures for crisis scenarios, he told The Daily Star.

Regulatory data show that 15 life insurance companies largely failed to settle policyholder claims last year due to alleged irregularities and corruption.

Idra appointed audit firms to conduct special audits of 15 life insurers covering the 2022-2024 period, as unpaid claims at that time continued to rise.

By the end of 2024, these companies owed policyholders Tk 4,615 crore but had paid only Tk 635 crore, according to regulatory data.

In another move, the regulator recently directed six of the struggling life insurers to submit recovery plans, leaving policyholders anxiously awaiting resolution.

According to Prof Uddin, Idra often hesitated to take action against certain companies accused of corruption and irregularities under the previous government.

That reluctance, he said, left several firms to deteriorate beyond repair.

Prof Uddin believes the proposed ordinance could finally help clean up the sector and restore some long-lost order.

FINE UP TO TK 1CR, 7-YR JAIL

The draft ordinance includes provisions for removing or replacing top officials, including chairpersons, directors, chief executives, and key personnel.

It also allows for raising capital through existing or new shareholders.

READ MORE ON B3

Trade policy reforms needed ahead of LDC graduation: PRI

STAR BUSINESS REPORT

Bangladesh's budget for fiscal year 2025-26 is missing out on enabling transformative trade policy reforms amidst two looming challenges—LDC graduation and US reciprocal tariffs, Policy Research Institute (PRI) warned in a post-budget analysis yesterday.

The institute cited the absence of “bold or transformational change” and the presence of “marginal policy tweaks” that are unlikely to drive export diversification or improve competitiveness, said Zaidi Sattar, chairman of the PRI.

According to the PRI, the FY26 budget offers only a token reduction in para-tariffs such as supplementary duties, while keeping customs duty (CD) and regulatory duty (RD) unchanged.

The clock was ticking as the country's least developed country (LDC) status graduation deadline was in November 2026, while the 90-day suspension of the Trump tariffs will expire in July, he said.

The lack of implementation of the National Tariff Policy 2023, which was designed as a preparatory step for LDC graduation, is also alarming, signalling inertia in reform, the economist said.

Presenting the paper at the PRI's office in the capital, Sattar spoke of two key external pressures heightening the urgency for reform.

Firstly, the LDC graduation will expose Bangladeshi exports to higher tariffs globally unless the country can secure preferential trade agreements, he said.

Secondly, the United States Trade Representative (USTR) has temporarily paused imposing 37 percent reciprocal tariffs on certain Bangladeshi exports, with the moratorium set to expire in July, he said.

A credible reform response aligned with the USTR requirements could preserve access to key markets, Sattar noted, urging the government to urgently redesign trade policies to meet international standards.

The PRI also criticised the revenue structure's reliance on trade taxes, which contradicts global best practices and discourages competitiveness.

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Safety net allocation inadequate

NGOs say the poor are being left uncared for

STAR BUSINESS REPORT

Bangladesh's allocation to social safety net programmes is inadequate, and a significant portion of the existing funds does not reach the poor, said speakers at a discussion in Dhaka yesterday.

They highlighted the need to prioritise schemes that directly support the poor and marginalised, such as old-age, disability, and maternity allowances. Programmes not directly linked to poverty alleviation should be excluded from the social safety net, they added.

The discussion, titled “Social Safety Net Programme and the National Budget to Address Inequality”, was organised by the Right to Food Bangladesh network at the Jatiya Press Club.

Mohsin Ali, general secretary of Right to Food Bangladesh, said the interim government formed on August 8 is now being tested on how it will act on the issue of social safety nets.

He said that while the introduction of the National Social Security Strategy in 2015 was a good initiative, the beneficiary selection process remains unclear in practice. Saidur Rahman Khan, director general of the Department of Social Services, said complaints about allowance disbursement have declined in recent times.

“We are working to prevent duplication so that the same person does not receive allowances from multiple sources,” he added.

“We need to think about what a social safety net means, who should receive it, and how it should be delivered,” said MM Akash, former economics professor at Dhaka University.

He stressed the importance of utilising social initiatives to reduce pressure on the state.

SM Zulfiqar Ali, research director at the Bangladesh Institute of Development Studies, said that while the number of allowances and beneficiaries has increased in the FY2025-26 budget, the monthly allowance amount still falls short of the poverty line income.

READ MORE ON B3

Bangladesh missing out on multibillion-dollar agro-processing potential

Industry experts tell The Daily Star-Swisscontact roundtable



Experts attend a roundtable titled “Export readiness of agro-processing SMEs through skills development” at The Daily Star Centre in Dhaka yesterday. The event was jointly organised by The Daily Star and Swisscontact.

PHOTO: PRABIR DAS

STAR BUSINESS REPORT

Despite their multibillion-dollar export potential, Bangladesh's agro-based products are yet to account for a substantial portion of the global market due to systemic challenges in compliance, quality control, and value addition, according to experts and industry leaders.

They emphasised the need for policy reform, targeted training, and stronger institutional support to address the challenges—ranging from certification gaps to limited testing infrastructure—to enable small and medium enterprises (SMEs) to thrive in international markets.

They were addressing a roundtable titled “Export readiness of agro-processing SMEs through skills development” at The Daily Star Centre yesterday.

The event was jointly organised by The Daily Star and Swisscontact under a BYETS

project, with support from the Embassy of the Netherlands in Dhaka.

Bangladesh's agricultural exports could triple from the current \$1 billion within the next three years—provided the government introduces adequate policy support, said Md Abul Hashem, president of the Bangladesh Agro-Processors' Association (Bapa).

Hashem identified several critical challenges, including the absence of internationally recognised testing facilities.

“The Bangladesh Standards and Testing Institution (BSTI) certifications are not globally accepted, limiting our export reach,” he said.

He also pointed to a severe shortage of technical experts and farmers' limited skills in fertiliser application, which impacts product quality.

Hashem said while Bapa has trained 1,200 workers in large industries, SMEs—which form the backbone of agro-processing—often lack

the capacity to comply with international standards.

This is now where the focus is shifting, said Nadia Afrin Shams, team leader at Swisscontact Bangladesh.

“Last month's international mango expo started this conversation. Today's roundtable builds on that momentum,” she said, adding that Swisscontact aims to co-develop inclusive skills-based solutions with SME stakeholders.

The discussion also revealed how firms are working to overcome export compliance challenges.

Mahbub Baset, chief operating officer of consumer food manufacturer IFAD Multi Products Ltd, shared how regulatory setbacks in the US market—stemming from the use of banned additives—led his company to adopt natural alternatives.

“These experiences have helped us strengthen internal controls. Now, with

READ MORE ON B3

Nagad gets its board restructured

STAR BUSINESS REPORT

The Directorate of Post, which oversees mobile financial service (MFS) provider Nagad, has restructured its board.

The new board was formed on June 23 with the approval of the Ministry of Finance.

Professor Niaz Asadullah, a development economist at Monash University in Kuala Lumpur, has taken over as chairman of the MFS provider.

The previous board, appointed by Bangladesh Bank in September last year, has been dissolved.

With the restructuring, several high-ranking officials have been inducted as board members by virtue of their positions.

These include the director general of the Directorate of Post; the joint secretary of Debt Management at the Finance Division; the joint secretary of the Financial Institutions Division; the director of the Banking Regulation and Policy Department at Bangladesh Bank; and the director of the central bank's Payment Systems Department.

Besides, the board now includes Khandaker Sabbir Mohammad Kabir, director of Accounting and Audit at American International University-Bangladesh; Tanim Hossain Shawon, a Supreme Court advocate; Saleh Uddin, executive editor of the Daily Ittefaq; and HM Barru Sunny, founder of Urban-E Tech and a member of the Bangladesh Computer Association.

READ MORE ON B3

Bata Shoe declares 445% cash dividend

STAR BUSINESS DESK

Bata Shoe Company (Bangladesh) Limited has declared a staggering 445 percent cash dividend, including a 340 percent interim dividend already paid and a 105 percent final dividend approved, for the financial year 2024.

The announcement was made during the company's 53rd annual general meeting (AGM), which was held virtually yesterday, according to a press release.

The meeting was chaired by Rajeev Gopalakrishnan, chairman of the company.

In his address, Gopalakrishnan extended his heartfelt gratitude to the shareholders, customers, suppliers, employees, and the Government for their continued support of the company.

A large number of shareholders participated in the meeting and approved the audited financial statements for 2024.

Among other, Debabrata Mukherjee, managing director of the company; Shaibal Sinha, director; Farzanah Chowdhury, independent director; Elias Ahmed, finance director; and Rajaur Reza Muhammad Faisal, company secretary; were also president.



Rajeev Gopalakrishnan, chairman of Bata Shoe Company (Bangladesh) Limited, presides over the company's 53rd annual general meeting (AGM), which was held virtually yesterday. At the meeting, a staggering 445 percent cash dividend was declared for 2024.

PHOTO: BATA SHOE COMPANY

Afroza Shahin appointed MD of TEAM Group

STAR BUSINESS DESK



Afroza Shahin has been appointed as the managing director (MD) of TEAM Group, following the untimely demise of Abdullah Hil Rakib, the founder and former MD, who passed away in a recent accident in Canada, according to a press release.

Shahin has long been actively engaged in the leadership and strategic direction of TEAM Group.

Her profound understanding of the organisation's core values, coupled with a strong sense of responsibility and resilience, has equipped her to steer the company through this transitional phase.

In a statement, TEAM Group noted, "Afroza Shahin's strength, dedication, and alignment with the company's vision will help propel the organisation to new heights."

The board has called upon all stakeholders to collaborate under her leadership to ensure the continued progress of the organisation.

Shahin holds an MBBS degree from Sir Salimullah Medical College and later underwent postgraduate training at Dhaka Medical College and Hospital.

Since the inception of TEAM Group, she has served as a board director and is also the managing director of the group's lifestyle fashion brand, Twelve Clothing.

Additionally, the couple's children, Mahir Daiyan and Lamia Tabassum, have been appointed to the board. Mahir is currently pursuing his studies at Seneca Polytechnic College, while Lamia is undertaking her undergraduate degree at the University of Toronto.

Aqidah Healthcare offers discount for Pubali Bank cardholders



Md Ashrafur Bari, chief executive officer and consultant psychiatrist at Aqidah Healthcare Limited, and Md Shahnewaz Khan, deputy managing director of Pubali Bank PLC, pose for photographs after signing the memorandum of understanding at the bank's head office in Dhaka recently.

PHOTO: PUBALI BANK

STAR BUSINESS DESK

Pubali Bank PLC has recently signed a memorandum of understanding (MoU) with Aqidah Healthcare Limited, a healthcare service provider in Bangladesh.

Md Shahnewaz Khan, deputy managing director of the bank, and Md Ashrafur Bari, chief executive officer and consultant psychiatrist at Aqidah Healthcare, signed the MoU at the bank's head office in Dhaka, according to a press release.

Under the terms of the MoU, Pubali Bank cardholders will be entitled to a 20 percent discount on services, including psychiatry, language therapy, neurology, and training workshops at Aqidah Healthcare.

NM Firoz Kamal, deputy general manager and head of card business division at the bank, and Md Ashadulla Khan, assistant general manager and head of card marketing, were also present, along with other high officials from both organisations.

Walton Hi-Tech wins Green Factory Award 2025



Md Yusuf Ali, additional managing director of Walton Hi-Tech Industries PLC, receives the award from Brig Gen (ret'd) M Sakhawat Hussain, adviser to the Ministry of Labour and Employment and the Ministry of Shipping, in an award giving ceremony at the Osmani Memorial Auditorium in the capital recently.

PHOTO: WALTON

STAR BUSINESS DESK

Walton Hi-Tech Industries PLC, one of the electrical and electronic products manufacturers in Bangladesh, has recently been awarded the "Green Factory Award 2025" in the electrical and electronics product manufacturing category.

Brig Gen (ret'd) M Sakhawat Hussain, adviser to the Ministry of Labour and Employment and the Ministry of Shipping, presented the award to Md Yusuf Ali, additional managing director of the company, at a ceremony held at the Osmani Memorial Auditorium in the capital, according to a press release.

Adilur Rahman Khan, adviser to the Ministry of Industries and the Ministry of Housing and Public Works, attended the event as the special guest, while AHM Shafiquezaman, secretary to the Ministry of Labour and Employment, presided over the programme.

Commenting on the award, Yusuf Ali remarked, "Walton is deeply committed to manufacturing environmentally friendly, energy-efficient, world-class electrical, electronic, home and kitchen appliances, and other technological products. To this end, we have integrated eco-friendly, state-of-the-art technologies and machinery across our manufacturing units -- refrigerators, air conditioners, televisions, washing machines, compressors, and more."

Midland Bank signs deal with Visa to launch 'Visa Direct for Account'



Sabbir Ahmed, country manager for Bangladesh, Nepal and Bhutan at Visa, and Md Ahsan-uz Zaman, managing director of Midland Bank PLC, pose for photographs after signing the agreement at a ceremony in Dhaka recently.

PHOTO: MIDLAND BANK

STAR BUSINESS DESK

Midland Bank PLC has recently signed an agreement with Visa, a global leader in digital payments, to introduce a new service titled 'Visa Direct for Account'.

Md Ahsan-uz Zaman, managing director of the bank, and Sabbir Ahmed, country manager for Bangladesh, Nepal and Bhutan at Visa, signed the agreement at a ceremony held in Dhaka, according to a press release.

Commenting on the occasion, Zaman stated, "This collaboration enables us to provide more efficient and innovative payment solutions to our customers, furthering our mission to enhance financial accessibility and convenience."

Sabbir Ahmed added, "Our partnership

with Midland Bank to launch Visa Direct for Account brings our vision to life by making cross-border payments simpler, safer, and faster for consumers."

"Whether it's for education, healthcare, or travel, Visa Direct will empower more Bangladeshis to benefit from a connected global economy and contribute to building an inclusive digital payments ecosystem," he further noted.

Among others, Ashish Chakraborty, director of Visa in Bangladesh; Mahir Shams Mullick, manager of Visa Direct; and Abed-Ur-Rahman, head of cards at the bank; Kazi Kamal Hossain, senior assistant vice-president of international division; and Md Rashadul Anwar, head of public relations division; were also present.

Bengal Commercial Bank organises 'Micro Credit Conclave 2025'

STAR BUSINESS DESK

Bengal Commercial Bank PLC organised the "Micro Credit Conclave 2025" for members of micro credit team at its training centre in the capital's Dilkusha on Wednesday.

Tarik Morshed, managing director and chief executive officer of the bank, inaugurated the programme as the chief guest, according to a press release.

In his address, Morshed underscored the critical role of micro credit financing in fostering entrepreneurship and reaffirmed the bank's commitment to promoting sustainable economic development across all levels of society.

KM Awlad Hossain, additional managing director and chief business officer, presided over the conclave. He highlighted the need to enhance communication and engagement with field-level clients to ensure the long-term sustainability of the micro credit sector.

Among others, Md Rafiqul Islam, deputy



Tarik Morshed, managing director and chief executive officer of Bengal Commercial Bank PLC, poses for group photographs with participants of the "Micro Credit Conclave 2025" at the bank's training centre in the capital's Dilkusha on Wednesday.

PHOTO: BENGAL COMMERCIAL BANK

managing director and chief technology officer of the bank; Md Masud Rana, head of micro credit business; Md Anisur Rahman, head of

micro credit CRM; and Nazia Khanom Kona, in-charge of brand and communications; were also present.



Khwaja Shahriar, chairman of Al-Arafah Islami Bank PLC, presides over the bank's 429th board of the directors' meeting at its head office in Dhaka on Wednesday. Md Shahin Ul Islam, Md Abdul Wadud, Mohammed Abu Eusuf and Mohammad Asrafur Hassan, directors of the bank; Mohd Rafat Ullah Khan, managing director (current charge), and Mohammad Moniruzzaman, acting company secretary, along with senior executives of the bank, were also present.

PHOTO: AL-ARAFAH ISLAMI BANK

Government of the People's Republic of Bangladesh
Local Government Engineering Department
Office of the Executive Engineer
District: Bagerhat
www.lged.gov.bd

e-Tender Notice (OTM) : 67/2024-2025

Memo No: 46.02.0100.000.07.038.24-1778 Date: 26-06-2025.

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of stated below:


Tender IDs	Package Description & No.	Last Date & Time of Depositing Document fees
1128200	Construction of 13.0m long RCC Girder Bridge with Pre-Cast Pile on Banagram Bazar - Hoglapasha UP Road at Ch.3220.00m [Road Id: 201603007] [Salvage Cost: 1,36,611.00 Tk.] [Morrelganj] [Bagerhat] [2nd Call] & Bag/Bridge UNR-05/FY 2024-25.	13.07.2025 Time : 5:00 PM

This is an online Tender, where only e-Tender shall be accepted in the National e-GP portal and no offline/hard copies shall be accepted.

To submit e-Tender, registration in the National e-GP Portal (<http://www.eprocure.gov.bd>) is required.

The fees for downloading the e-Tender Documents from the National e-GP System Portal have to be deposited online through any registered Banks branches.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (<http://www.eprocure.gov.bd>).


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GD-1468

"I think we have to be humble about our estimates, and we are very open to the possibility that transmission through into inflation will be less than we think, or maybe more than we think," Powell added.



Sharif Zahir

UCB eyes sustainable profitability within two years

The bank's chairman says

AHSAN HABIB

United Commercial Bank (UCB), one of the oldest private banks in Bangladesh, looks to return to sustainable profitability within around two years as it takes steps to improve governance, recover loans, and enhance asset quality.

Suffering from rising default loans, the private bank is tightening credit risk, restructuring legacy non-performing loans (NPLs), and enhancing lending through data-driven tools to emerge as a strong lender.

"At the same time, we're growing quality deposits, diversifying funding, and driving efficiency through cost control and digital transformation," said Chairman Sharif Zahir in an interview with The Daily Star.

"The recent rise in deposits and new accounts reflects renewed confidence," he said.

He took charge of the board of the UCB after Bangladesh Bank (BB) reconstituted it following the political changeover in early August last year as part of efforts to bring discipline into the banking sector.

The sector has been mired in loan irregularities, a lack of corporate governance, and a build-up of soured loans.

Since 2018, the UCB had been heavily influenced by former land minister Saifuzzaman Chowdhury Javed and his family members.

Zahir said the new board had strengthened internal controls, enhanced audits, and was working closely with regulators to ensure full transparency.

"Legal steps are underway to recover any misappropriated funds... I'm confident we're on the right path, and that stability and progress are well within reach," he said.

The UCB's profit dipped to Tk 8 crore in 2024, down from Tk 219 crore a year ago. The bank did not give any dividend last year as its profits slumped.

As of now, the UCB holds Tk 61,800 crore in deposits, and its outstanding loans stand at Tk 60,894 crore. Its NPL ratio to outstanding loans is 14 percent. The bank has a network of 231 branches, sub-branches, and around 650 agent banking outlets.

Zahir said the UCB's savings deposits have surpassed Tk 10,000 crore. The private bank has opened over 300,000 new accounts in the first half of 2025.

"This is a testament to the trust and confidence our customers place in us," he said.

Zahir, replying to a question on the



WHAT UCB DOING

Raising capital
via a strategic
investor

Expanding through
digital banking
innovations

Strengthening
governance and
risk controls

Revamping
mobile platform
UPAY

Targeting sustainable
profitability, dividend
returns

extent of misuse of funds in the bank during the tenure of the past board, said like any long-established institution, a bank can inherit legacy issues.

"While past actions may not have met today's standards, we have zero tolerance for misuse, then or now. Rather than focus on names—which are for auditors and regulators—we're focused on action," he said.

"This isn't about blame—it's about building a system where such lapses aren't possible. At today's UCB, governance is a daily discipline, embedded from boardroom to branch. That's the institution we're building—and we're well on our way," he said.

To put the UCB back on strong footing, its board has decided to issue new shares to a strategic investor to raise funds amounting to half of the bank's paid-up capital.

Zahir, also managing director of one of the leading garment exporters, Ananta Group, said the funds would be used to strengthen the capital base, support loan recovery efforts, invest in technology, and expand UCB's digital and retail banking footprint.

"While discussions with potential strategic investors are ongoing, we are committed to ensuring that any

capital infusion aligns with regulatory requirements and supports our long-term growth," he said.

He declined to give further details, saying, "Details about the investor will be disclosed in due course, following regulatory approval and due diligence."

In his interview, Zahir also spoke about the internal conflict that affected the bank in the past.

Responding to a question, he said the internal conflict was an unexpected and difficult chapter—a plot twist no bank ever anticipates, yet many are forced to navigate.

"While it created turbulence at the governance level, we acted swiftly and decisively to stabilise operations," he said.

"Through transparent communication, strict regulatory compliance, and the steadfast commitment of our leadership team, we effectively insulated the bank's core functions from reputational risk," said Zahir.

"But rather than dwell on the past, our focus is firmly on the future. We are committed to upholding strong governance, safeguarding depositor interests, and ensuring steady, sustainable growth," he said.

He said given the UCB's current trajectory—marked by robust deposit

growth, improved governance, and ongoing loan recovery—they anticipate returning to a position of sustainable profitability within the next 18 to 24 months.

"Once our capital adequacy and asset quality are fully restored within a few weeks, we aim to resume attractive dividend payouts to our valued shareholders," said Zahir.

He said the UCB was driving a digital-first strategy, investing in AI tools, open banking application programming interfaces (APIs), and integrated digital platforms.

Recently, it launched Bangladesh's first microservices-based open API banking platform.

On UPAY, UCB's mobile financial service (MFS) platform, he said it entered a highly competitive MFS market dominated by early movers.

"Challenges included limited brand visibility and a need for broader agent and merchant networks," he said.

"We are now investing in technology upgrades, expanding partnerships, and launching targeted campaigns to differentiate UPAY through innovative features and seamless integration with the UCB's core banking services," said Zahir.

READ MORE ON B3

The power of communication

MAHTAB UDDIN AHMED

Let's begin this serious discussion with two extremely serious incidents, both tragic in their own way. A Sardarjee, celebrating his 25th wedding anniversary, took his highly educated and poetic wife to a posh candlelight dinner. As the evening unfolded with elegance, the wife leaned over and said with poetic grace, "Please pass on the wine, my divine." Sardarjee, feeling inspired, replied with what he thought was an equally poetic response: "Please pass that roti, my moti." Moments later, he was found in a hospital bed, wrapped in bandages, surrounded by journalists. When asked what went wrong, he sighed and said, "My wife misunderstood me. By moti, I meant pearl, not her waistline." And that, ladies and gentlemen, is the literal cost of miscommunication.

In another equally dramatic case of linguistic gymnastics, I called an old engineer friend living in London. Curious about his work, I asked what he was doing. In a deep, intellectual tone, he said, "I'm currently engaged in aqua treatment of steel, melamine, and ceramics under a constrained environment." I almost nominated him for a Nobel Prize until, after much probing, I discovered that he was doing the dishes under the close surveillance of his wife. Communication, clearly, is less about what you say and more about how impressively you say absolutely nothing.

Jokes aside, the power of communication is no laughing matter. I recently started working on a podcast series titled YAP – Yet Another Podcast, which aims to help young people navigate career choices. We spoke to industry experts,

CEOs, HR heads, entrepreneurs and despite their different backgrounds, one message kept repeating like a broken record: communication is not just a skill; it's the skill. It can get you the job, save your relationship, earn you a promotion, or, if misused, land you in a hospital bed. Globally, surveys agree. A LinkedIn report listed communication as the most in-demand soft skill among employers. McKinsey found that companies with good communication practices are 25 percent more productive. Closer to home, a BDJobs survey showed that over 65 percent of hiring managers reject candidates not because they lack technical skills, but because they fail to communicate with them effectively. Sadly, Gen Z, despite being masters of Instagram captions and viral TikToks, often struggles to string together a coherent sentence in a job interview. Emojis don't translate well in PowerPoint presentations or interview sessions.

The truth is, our education system trains us to recite, not to express. So, we graduate with degrees but not with voices. And in a professional world where clarity trumps complexity, this becomes a fatal flaw. In many Bangladeshi boardrooms today, a diploma holder who speaks clearly often outshines an MBA who speaks in riddles. Presentation matters. And so does punctuation, as anyone who has accidentally texted "Let's eat, grandma" without the comma. Similar incidents have happened to me, just like many of you. Improving communication doesn't require magic; it just requires consistent effort, along with a dash of self-awareness. Start by telling stories; people remember narratives far more than they recall jargon. Read widely, from books and articles to cereal boxes, to expand your vocabulary beyond WhatsApp replies. Practice speaking, even if it's just to your bathroom mirror. If it starts, you are likely to be improving. Listen actively, because accurate communication includes what's left unsaid. And always seek feedback, if people nod too quickly, they are either lost or too polite to say so. Communication is clarity, not cleverness. And when in doubt, remember the golden rule: never try poetry with roti, unless your health insurance is up to date.

Jobs are scarce, misunderstandings are not. In our part of the world, good communication can unlock careers, resolve conflicts, and even save marriages. So choose your words wisely, because not every poetic line lands as intended.

The author is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd

H&M sales fall in Q2

AFP, Stockholm

Swedish fashion giant H&M on Thursday reported a drop in sales and profit in the second quarter, as currency effects weighed on the company's earnings.

H&M said its net profit fell to 3.96 billion kronor (\$419 million) for the period of March to May of 2025, down from 5.06 billion a year earlier.

"The quarter's result was negatively affected by higher purchasing prices as a result of a more expensive US dollar and higher freight costs, but also by the fact that we have continued to invest in the customer offering," H&M chief executive Daniel Erver said in a statement.

Erver noted that "negative external factors that increased the costs of purchasing for the first half of the year are turning positive for the second half of the year."

Net sales for the company fell nearly five percent to 56.7 billion kronor, compared to the second quarter of 2024.

But the company noted that net sales rose by one percent in local currencies "with four percent fewer stores at the end of the quarter compared with the same point in time the previous year."

In its quarterly earnings report it said net sales were hit by "a currency translation effect of around six percentage points due to the strengthened Swedish krona."

H&M also said its sales result in the second quarter should "be seen in light of the fact that the second quarter of 2024 was a strong quarter".

Dollar hits 3-year low

REUTERS, London

The dollar sank to a three-year low while world stocks notched their second record high in three days on Thursday as a report that Donald Trump was planning to choose the next Federal Reserve chief early fuelled fresh bets on US rate cuts.

Dollar selling continued after the Wall Street Journal said the US president - who has been urging the Fed to cut rates faster - was toying with the idea of selecting Chair Jerome Powell's replacement in the next few months ahead of his formal departure in May next year.

It left the greenback down more than 10 percent for the year. If it stays that way in the coming days it will be its biggest first half of a year fall since the early 1970s - effectively the era of free-floating currencies.

European shares edged higher again, buoyed by signs that the Israel-Iran ceasefire appeared to be holding and that European Union leaders were preparing to set their stance for US trade tariff talks ahead of a Trump-imposed deadline of July 9.

The region's flagship STOXX 600 index was up 0.2 percent on the day while MSCI's record-high world stocks benchmark was up 0.4 percent, leaving it almost 8 percent ahead for the year. The euro jumped 0.6 percent to \$1.173, its strongest since 2021.

How IMF finances itself and why it matters for global economy

JULIE KOZACK and BERNARD LAUWERS

The IMF may be best known for lending to crisis-hit countries. But what about its own finances? How does it finance its critical functions and cover its operational expenses?

Let's remember that the IMF is not only a global financial firefighter. It also provides policy advice and technical support to help members create the right economic conditions and institutions for maintaining economic and financial stability, boosting growth, jobs, and living standards.

Fulfilling this mandate is made possible by a unique mechanism for generating and deploying resources. Think of it as a credit union for countries—with a lending capacity of nearly \$1 trillion.

CREDIT UNION FOR COUNTRIES

Consider how a credit union works. Not only do members put in money to earn interest on their deposits, but they can also tap this pool of resources by taking out a loan.

The IMF works in a similar way. Its 191 member countries are assigned individual "quotas" based broadly on their relative positions in the world economy. These quotas are the primary building blocks of the Fund's financial structure. They determine the maximum financial contribution of each member, and they also help define how much a country can borrow from the Fund.

It's a model that benefits borrowers and creditors alike. In exchange for providing resources for IMF lending, member countries receive an interest-bearing, liquid, and secure claim on the IMF. Importantly, that claim counts as part of members' foreign exchange reserves.

This also means that, unlike many other international organizations, the IMF does not rely on annual fees or grants from budget appropriations by its members.

All this matters for the world economy. By

pooling member resources, the IMF plays a central role in the global financial safety net. It supports countries that are struggling to meet their international financial obligations, such as paying for imports or servicing their external debt. Faced with such a balance of payments crisis, countries can seek swift help from the IMF.

To be clear, the Fund does not provide development aid or project financing, such as loans to build infrastructure and so on; other institutions do that. As a lender of last resort, the Fund provides temporary liquidity



PHOTO: REUTERS/FILE

support to countries under stress. But the benefits of this assistance are not less tangible. IMF loans help soften the impact of a crisis on ordinary people. They restore confidence and provide vital "breathing space" to pursue economic reforms that can help countries get back on their feet.

This benefits everyone, even the strongest economies. Think about it: if instability is left unaddressed in one country, or one region, it could easily spill over to others, including through volatile capital flows and increased migration pressures. In other words, supporting a country in need is in the

enlightened self-interest of all countries.

TERMS AND CONDITIONS

When members borrow from the IMF, creditor countries receive fair compensation on resources made available for Fund lending—that is, the market-based interest you would expect to receive on a loan that for all practical purposes is risk-free.

The list of creditors includes those IMF members whose economic positions, especially in their external accounts, are strong enough to support others. In 2024, some 50 creditor countries received a total of about \$5 billion in interest on the resources they had provided for non-concessional IMF lending.

Members also benefit from the power of pooled resources. Take, for example, the largest IMF shareholder, the United States: for every dollar the US makes available for lending, the IMF leverages four dollars from other countries. All in all, the Fund's total lending capacity is close to \$1 trillion. Its loans can also serve as a catalyst for vital financing from other international financial institutions and, crucially, from the private sector.

For borrowing countries, the "credit-union membership" provides a macroeconomic lifeline. Loan amounts represent a multiple of their individual quotas. And to address the underlying economic challenges, loans come with IMF program design and conditionality. The benefits of such terms and conditions are reflected in reasonable interest rates on the borrowings from the IMF. These rates are far lower than what crisis-hit countries would face in private capital markets.

Borrowing countries that access the IMF's general, or non-concessional, lending pay an interest rate that equals the rate paid to creditor members—plus a small margin. In addition, the Fund administers trusts which provide even cheaper, concessional, financing to its poorest members.

Small Enterprises, Big Impact

Why MSMEs Matter More Than Ever

PRIYAM PAUL

The micro, small, and medium enterprises (MSME) sector is central to Bangladesh's pursuit of inclusive development and sustainable industrialisation. With high labour intensity and modest capital needs, MSMEs not only drive economic growth but also balance regional development, create jobs, reduce poverty, and promote gender equality. Despite efforts by the government, banks, and NBFIs, the sector faces persistent structural challenges. According to the draft National SME Policy 2025, Bangladesh has around 7.8 million MSMEs employing 21 million people. They make up 99% of all businesses and 80% of the workforce, yet their GDP contribution remains disproportionately low.

Barriers to Growth

One of the most prominent obstacles is the

misalignment between intended credit allocation and actual disbursement. Dr Mainul Islam, former professor of economics at Chattogram University, explains that the low rate of non performing loans in the SME segment contrasts with far higher bad loan levels in industrial and corporate portfolios. "The extent of loans that is supposed to reach the SME sector is not actually reaching it," he warns. He calls for a legislative mandate compelling banks to allocate at least 25 percent of total lending towards SMEs.

SEE PAGE J2

ILLUSTRATION: SOJIB ROY









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AIMING TO BE GRASSROOTS

Entrepreneurs' Complete Financial Partner

Tareq Refat Ullah Khan, Managing Director & CEO (Current Charge), BRAC Bank

The Daily Star (TDS): How does your bank currently support small and medium-sized enterprises (SMEs)?
Tareq Refat Ullah Khan (TRUK): Since cottage, micro, small, and medium enterprises (CMSMEs) lack collateral, most banks are usually discouraged from providing them with financing support due to the risks involved in unsecured credit. Against this stark reality, BRAC Bank, the country's only SME-focused bank, remains true to its strong commitment to ensuring easy access to credit for grassroots entrepreneurs.

BRAC Bank is the largest collateral-free CMSME financier in Bangladesh, with more than 85% of our small business loans provided without any mortgage. Since our inception in 2001, we have served around 20 lakh CMSMEs and disbursed BDT 200,000 crore in loans.

Today, BRAC Bank is the largest collateral-free CMSME financier in Bangladesh, with more than 85% of our small business loans provided without any mortgage. Since our inception in 2001, we have served around 20 lakh CMSMEs and disbursed BDT 200,000 crore in loans. But our goal is greater than being a lender; we aim

to be the complete financial partner of grassroots entrepreneurs.

We provide transactional and cash management services, foreign trade financing facilities, and a wide range of products and services to cater to every financial need of CMSMEs. We facilitate market access by connecting CMSMEs with one another to support their supply and value chains, thereby broadening their market opportunities. BRAC Bank offers comprehensive banking and financing support to women-led CMSMEs under its women banking proposition 'TARA'. We are proud to be the first bank in Bangladesh in the process of introducing an "SME Innovation Lab".

TDS: How does your bank reach SMEs in rural and hard-to-reach areas?

TRUK: BRAC Bank operates 446 SME Unit Offices, 191 branches, 80 sub-branches, 1,123 Agent Banking Outlets, and 330 ATMs across the country to cater to the daily banking needs of CMSME customers. This extensive network allows us to maintain a physical presence in many rural and remote areas, bringing banking services to the very doorsteps of SMEs. We have over 3,000 dedicated Relationship Officers engaged in SME banking services, fostering relationships and addressing all the banking needs of CMSMEs. Sixty per cent of our total

SME loans are disbursed in rural areas—this represents the highest rural penetration among local private banks.

TDS: What additional measures can banks take to better support SMEs, and what plans does your bank have in this regard?

TRUK: Banks should adopt a clear agenda to serve the CMSME (Cottage, Micro, Small, and Medium Enterprise) segment by tailoring products to meet their specific banking needs. Beyond financing, banks can invest in capacity building, networking opportunities, and market access facilitation to support the long-term sustainability of smallholder businesses. CMSMEs often require a hands-on, relationship-driven approach, which demands significant investment and ecosystem development through skilled human resources—a model BRAC Bank has embraced and one that can serve as an example for others in the industry.

BRAC Bank is in ongoing dialogue with Bangladesh Bank to promote more inclusive banking services. Drawing from our extensive experience in serving the CMSME sector, we recognise the need for specific policy reforms to ensure that CMSMEs have access to convenient, tailored banking solutions. At the same time, such reforms would encourage greater participation from banks in financing

this vital segment, creating a more supportive and sustainable ecosystem for small businesses across the country.

We are working towards a more simplified and convenient onboarding process for CMSMEs to access financial services, by leveraging technology. BRAC Bank is actively investing in digitisation to minimise manual interventions within the existing regulatory framework. To support CMSMEs' banking needs, we have introduced a Digital Loan Origination Solution (eLAP) for CMSMEs and are facilitating ASTHA & Corpnal for convenient B2B transactions. However, we believe that CMSME friendly policy reforms by the central bank and various government agencies would further empower CMSMEs in accessing banking services and enhance the ease of doing business. In my opinion, the key policy reform agenda that can be immediately addressed by the Government and Bangladesh Bank includes:

- Simplification of required legal documentation for CMSME loans, potentially based on loan ceilings.
- Immediate introduction of e-KYC for CMSMEs operating as proprietorship-based entities to facilitate faster onboarding into the banking system.
- Enabling the Credit Guarantee Scheme for all CMSMEs and simplifying the enrolment process.
- Online issuance of Trade Licences for a five-year tenure, with the platform being API-driven for use by banks and financial institutions.

• Allowing Bangladesh Bank's CIB records to be accessed instantly by banks.

• Implementing paperless digital signatures in place of wet signatures.

TDS: What kind of support do you need from the government to facilitate your efforts in assisting SMEs?

TRUK: The CMSME sector requires a number of reforms that various government agencies should implement. These reforms will enhance CMSMEs' access to banking services and may include, but are not limited to:

- Establishing a one-stop online service portal for the issuance of trade licences and other business-specific permits for starting a business,
- Digitisation of the account opening process and digital signature implementation,
- Simplification of the Credit Guarantee Scheme,
- Opening API access to the Credit Information Bureau,
- Providing tax rebates to banks on income earned from CMSME financing,
- Introducing separate tax slabs for CMSME businesses and offering rebates for transactions through banking channels,
- Recognising Electronic Fund Transfer instructions as Negotiable Instruments, and
- Encouraging digital storage of customer information.

Small Enterprises, Big Impact

From Page J1

This call to action underpins the National SME Policy 2025, which aspires to raise industry's contribution to national income to 40 percent by 2027. By protecting and nurturing domestic industries and positioning MSMEs as the primary engines of industrialisation, the policy aligns with Bangladesh's Five Year Plans, the nation's planned graduation from LDC status by 2027, and the United Nations' Sustainable Development Goals. These frameworks underscore the SME sector as a crucial pillar in the country's socio economic landscape.

Formal Finance vs Informal Borrowing

Banks and NBFIs perform a pivotal role in formalising the financial lives of MSME entrepreneurs. In the absence of formal credit channels, many small business owners resort to NGOs or local moneylenders, often at exorbitant interest rates. This over reliance on informal borrowing can trap entrepreneurs in vicious cycles of debt, severely limiting their capacity for long term economic advancement.

Bangladesh Bank's latest Quarterly Statement of SME Loan Disbursement (October–December 2024) reveals that 386,907 CMSMEs received loans totalling BDT 62,580.78 crore, and 88,260.04 enterprises repaid BDT 57,234.03 crore. These figures indicate both the sector's considerable appetite for credit and the rhythm of repayment—though there remains substantial room for deeper outreach.

Banking the Backbone: Institutional Perspectives

BRAC Bank, widely regarded as one of the country's most SME focused institutions, has served around two million CMSMEs since 2001, disbursing an impressive BDT 200,000 crore in loans. Managing Director and CEO (current charge) Tareq Refat Ullah Khan explains that BRAC Bank's mission goes beyond lending: "Our goal is greater than just being a lender—we aspire to be the complete financial partner for grassroots entrepreneurs."

Banking experts highlight that loan access is just the first step. Adequate documentation, verified accounting, and the knowledge to transact safely within formal systems remain recurring challenges. Sheikh Mohammad Maroof, MD

& CEO of Dhaka Bank, describes a joint initiative with Bangladesh Bank and the SME Foundation: "We deliver financial literacy and entrepreneurship development programmes to enhance business acumen and credit readiness among MSMEs. Furthermore, we actively participate in credit guarantee schemes designed to mitigate lender risk and encourage broader access to credit."

Empowering Women Entrepreneurs

Women led MSMEs face distinct barriers—from lack of collateral to time constraints and social norms. To bridge this gap, banks and NBFIs have crafted tailored products. IDLC Finance's Managing Director & CEO, M Jamal Uddin, highlights the "Purnota" loan product: "Women led MSMEs often face deeper barriers.

underscores this need: "The path forward requires coordinated effort across all stakeholders. We need expanded credit guarantee schemes that give banks confidence to increase collateral free lending. A centralised digital MSME registry connected to NID and tax systems, as well as credit risk scoring, would revolutionise how we assess and serve these businesses."

Role of Policy Reform

A legislative requirement for SME directed lending—such as the proposed 25 percent quota—would compel banks to maintain balance between credit to large scale corporates and grassroots entrepreneurs. Simultaneously, mandating large industrialists to source funds through the stock market rather than banks could reduce systemic risk and discourage



PHOTO: STAR

With our dedicated Purnota women entrepreneur loan product, we not only provide loans with favourable terms but also offer mentorship and training."

Echoing this commitment, Ali Reza Iftekhar, MD & CEO of Eastern Bank, points to "EBL Mukti", the country's largest collateral free loan exclusively for women owned businesses: "EBL has signed agreements with Bangladesh Women Chamber of Commerce & Industry and the Chittagong Women Chamber of Commerce & Industry. Our SME loan designed for women entrepreneurs named 'EBL Mukti' is the country's highest collateral free woman owned business loan."

Bridging the Coordination Divide Despite these successes, many stakeholders agree that isolated interventions cannot fully catalyse change. Coordinated policy, data integration and ecosystem wide reforms remain essential. Trust Bank's Managing Director & CEO, Ahsan Zaman Chowdhury,

non performing loans.

The National SME Policy's target of a 40 percent industry share by 2027 is ambitious but achievable given the scale—and resilience—of MSMEs. Coordinated reforms across licensing, credit guarantee schemes, digital identity frameworks, tax incentives, and financial literacy campaigns can unlock latent growth.

Moreover, public private partnerships—with development agencies, donor organisations and fintech innovators—must converge around joint capacity building, market linkage and cluster development initiatives.

As the nation moves towards Graduation from LDC status and the realisation of the SDGs, the MSME sector must be at the heart of the journey. With strong coordination among the government, regulators, banks, NBFIs, NGOs, and the entrepreneurs themselves, MSMEs can truly drive Bangladesh forward—into a future defined by shared prosperity, innovation, and sustainable growth.

সিএমএসএমই বিনিয়োগে এগিয়ে যাবে ব্যবসা সমৃদ্ধ হবে দেশ

উদ্যোগ যেমনই হোক শুরুটা হোক আল-আরযাহ্‌র সাথে

দেশের অর্থনৈতিক উন্নয়নে কৃষির, ক্ষুদ্র ও মাঝারি উদ্যোগগুলোর পাশে, সহজ শর্তে MSME বিনিয়োগ সুবিধা নিয়ে পাশে আছে আল-আরযাহ্‌ ইসলামী ব্যাংক পিএলসি। ক্ষুদ্র ব্যবসায়ী, কৃষক, মহিলা উদ্যোক্তা, নতুন উদ্যোক্তা, অধিক উদ্যোগগুলোর জন্য আল-আরযাহ্‌ বিনিয়োগ সুবিধা।

ক্ষুদ্র ও মাঝারি বিনিয়োগ প্রদান
বাংলাদেশের প্রতিটি কোণে

বিনিয়োগ প্রকল্পসমূহের নাম

- **স্মল এন্টারপ্রাইজ ইনভেস্টমেন্ট ফ্রীম**
ক্ষুদ্র ও মাঝারি ব্যবসার বিকাশে সহায়তা প্রদান
- **এসইএফ ফেল্ডিপল**
বাংলা উদ্যোক্তা ও ক্ষুদ্র ব্যবসায়ীদের উদ্দেশ্যে
উদ্যোগ বিনিয়োগ
- **মাইক্রো এন্টারপ্রাইজ ইনভেস্টমেন্ট ফ্রীম**
ক্ষুদ্র ও মাঝারি ব্যবসায়ীদের উদ্দেশ্যে সহায়তা প্রদান
- **করোনাল এন্টারপ্রাইজ ইনভেস্টমেন্ট ফ্রীম**
একটি কৃষি বাজার উন্নয়ন, পরিষ্কার বিশেষ
ও ক্ষুদ্র ব্যবসায়ীদের আর্থিক সহায়তা প্রদান
- **আল-আরযাহ্‌ রফী উদ্যোগ**
দেশে ক্ষুদ্র নারী উদ্যোগগুলোর বিকাশে সহায়তা প্রদান

শুধু আল-আরযাহ্‌





OPENING GLOBAL TRADE

Opportunities for MSME Entrepreneurs

Mohammad Ali

Managing Director & CEO, Pubali Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Mohammad Ali (MA): When considering a country's economic development—whether from a financial sector or macroeconomic perspective—the SME sector must be at the core of our focus. Development

Our first approach is to offer the most competitive pricing—usually aiming to stay at the lowest in the market. If someone from a remote area wishes to engage in export, our nationwide branch network is fully equipped to support them. Whether it involves import or export, we are now able to provide the required assistance—and we treat this as a top priority. Additionally, to educate them—specifically in financial literacy—we are regularly organising various seminars. We are working on creating awareness programmes to teach them how to properly conduct Due Diligence (DDC), how to carry out audits, how to maintain accurate cash flow statements, and how to manage proper accounting records.

is not merely about income generation; if we truly aim to reduce inequality, prioritising SMEs is essential, as they sit at the heart of the economic structure.

Bankers play a crucial role in supporting entrepreneurs through each stage of growth—from individual to cottage, then micro, small, medium, and ultimately into full-fledged enterprises. In doing so, they actively contribute to job creation and overall wealth generation. Our banking sector already has significant experience in SME financing.

When examining classified loans in Bangladesh, the real challenge lies in large corporate loans, where most defaults and irregularities are concentrated. These loans are often linked to fraudulent practices, political pressure, and undue influence. By contrast, the SME sector is largely free from such issues. A banking industry that focuses on SMEs is less vulnerable to pressure groups and maintains a healthier loan portfolio.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues?

MA: In the case of governance, there is often a lack of sufficient knowledge in this area. MSMEs mostly learn through

hands-on experience. But when it comes to corporate governance, maintaining proper accounting practices, or scaling up the business, they face additional challenges—like the need for security or collateral, which becomes difficult for them.

Since their financial resilience is generally low, if a natural disaster occurs—like a flood or a storm—or even if the entrepreneur falls seriously ill, they can quickly fall into financial crisis.

In the case of SMEs, our first approach is to offer the most competitive pricing—usually aiming to stay at the lowest in the market. If someone from a remote area wishes to engage in export, our nationwide branch network is fully equipped to support them. Whether it involves import or export, we are now able to provide the required assistance—and we treat this as a top priority.

Additionally, to educate them—specifically in financial literacy—we are regularly organising various seminars. We are working on creating awareness programmes to teach them how to properly conduct Due Diligence (DDC), how to carry out audits, how to maintain accurate cash flow statements, and how to manage proper accounting records. The aim is

to help them develop these practices correctly within their own accounts and day-to-day financial management.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs?

MA: At Pubali Bank, everyone is now working with the clustering method, focusing on cluster-based initiatives. Through this approach, financing can be provided collectively for the entire cluster, and they themselves can work together to make it happen. We are also trying to ensure that financing decisions can be made in the shortest possible time by reviewing their cash flow statements. Additionally, we are not imposing unnecessary charges. We are working to introduce and expand various such facilities to better support the SMEs.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

MA: In digital banking, we have our PI Banking platform. It is available for both our corporate clients and SMEs. In most SME cases, we see that often a single person approves transactions, although in some cases, there may be two people involved—one initiates the transaction and the other approves it. Since these are financial transactions, we have incorporated all these features into our mobile app, enabling SMEs to carry out their operations seamlessly. This means that from their office, they can perform all their banking activities such as batch transactions, BFTN,

RTGS, NPSB—all types of transactions. They can also view their account statements directly through the app.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

MA: Women are truly one of our greatest driving forces—making up 51 percent, which is very significant. The important thing is that women generally manage money very efficiently. Most of our small microcredit initiatives are already centred around women, and it's a positive sign that women want to become entrepreneurs. At Pubali Bank, we are giving the highest priority to women in the SME sector. Supporting women entrepreneurs is one of our key focus areas.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

MA: The most important thing is to provide support—this can be sectoral support, related support, or even targeted support specifically for women. Right now, inflation is very high. Previously, there were special funds of Tk 10,000 crore to Tk 20,000 crore for them. The first priority should be lowering the cost of financing, which banks alone cannot do. If inflation decreases, I would suggest that the Bangladesh Bank or the government take initiatives to create special funds for this purpose.

Tackling CMSME Hurdles to Empower Entrepreneurs

MIFTAHUL JANNAT

The cottage, micro, small, and medium enterprise (CMSME) sector is one of the core drivers of the economy in Bangladesh. Contributing approximately 25% to the national GDP and employing nearly a third of the workforce, CMSMEs drive innovation, foster rural industrialisation, and support millions of livelihoods.

Yet, despite their resilience and potential, these enterprises remain severely underfinanced and underserved. A persistent credit gap of nearly USD 2.8 billion stifles their growth, with only around 36% of enterprises having access to formal financing, according to Sheikh Mohammad Maroof, Managing Director and CEO of Dhaka Bank.

A sector with promise, hindered by old barriers

As Bangladesh aims for inclusive and sustainable economic development, transforming the CMSME financing landscape has become urgent, as many challenges continue to hinder the sector's full potential. "Despite potential, the sector remains underutilised due to informality, limited access to finance, and structural constraints," said M. Khurshed Alam, Additional Managing Director, NCC Bank.

Many enterprises, especially those in micro and cottage industries operate informally, maintain limited documentation and are unable to provide traditional collateral, making them ineligible for most bank loans.

"Since SMEs lack

collateral, most banks usually feel discouraged from providing them with financing support in view of the risks involved in unsecured credit," mentioned Tareq Refat Ullah Khan, Managing Director & CEO, BRAC Bank.

Ali Reza Iftikhar, Managing Director and CEO of Eastern Bank echoed similar concern, "There are still gaps in capital requirements and the loan provisions of banks, thus hindering the ability of the sector to expand and invest."

Additionally, entrepreneurs in this sector often lack the financial literacy to navigate formal loan application processes and manage financial documentation. Relatively high costs of borrowing also become a barrier to seeking formal finance. "MSMEs are often run by people who understand their business inside out but may not have the financial literacy to navigate complex banking procedures," commented Ahsan Zaman Chowdhury, Managing Director & CEO, Trust Bank.

Documentation-heavy processes, strict

eligibility criteria, and slow turnaround times discourage many from applying for credit. The absence of verifiable credit records also makes it difficult for banks to assess risk, reducing loan approvals.

Since many CMSMEs operate outside the formal economy, they lack proper bookkeeping or structured business plans. They also lack data and insights on market demand, supply chain dynamics, and competitive positioning, affecting their creditworthiness.

Moreover, traditional banking products often do not match the cash flow cycles or operational realities of CMSMEs, and conventional evaluation methods often overlook alternative data such as mobile money use or supplier history, further limiting loan accessibility. Remote areas and certain sectors also remain underserved due to limited physical banking infrastructure and customised solutions.

"Limited access to formal credit channels, inadequate bookkeeping practices, insufficient collateral, and a lack of market intelligence are major challenges in the micro and cottage industry segments," added Alam from NCC Bank.

Building an entrepreneur-friendly ecosystem

To combat the persistent challenges faced by CMSMEs in Bangladesh, banking leaders have proposed a range of practical, solutions focused on financing, formalisation, digitisation, and capacity building.

SEE PAGE J4





INTERNATIONAL

MSME

DAY 2025

ENHANCING THE ROLE OF

MSMES AS DRIVERS OF SUSTAINABLE

GROWTH & INNOVATION

NCC Bank CMSME

To ensure easy access to finance for CMSMES, NCC Bank has introduced numbers of CMSME friendly loan and deposit products. NCC Bank also offer credit facilities at comparative lower interest rate to women-led CMSMEs including various Refinance/Pre-finance Schemes Funds.

CMSME Special Products of NCC Bank

 NCC SME BUSINESS ACCOUNT

 NCC START-UP LOAN

 NCC MULDHANI FINANCE

 NCC COMMERCIAL BUILDING LOAN

 NCC MAJUMURI PRABRIDDIHI FINANCE

 NCC COMMERCIAL VEHICLE LOAN

 SMALL BUSINESS LOAN SCHEME

 NCC SUPPLY CHAIN FINANCE

 FESTIVAL SMALL BUSINESS LOAN SCHEME

 PARAMA HARI SHABOLOMBI RIN

CMSME Business Division

NCC Bank PLC, Head Office, Dhaka

Email: cmsme@nccbank.com.bd

16315

Call Center

MSMES AS PARTNERS, Not Just Borrowers Anymore



Mirza Elias Uddin Ahmed, Managing
Director & CEO, Jamuna Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?
Mirza Elias Uddin Ahmed (MEUA): The MSME sector stands as the backbone of our national economy. It contributes significantly to employment, income generation, and regional development. Despite macroeconomic challenges and global uncertainties, Bangladesh's MSME segment has shown consistent

span trading, manufacturing, and service sectors. We remain committed to widening access and deepening impact.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues?

MEUA: Access to finance remains a top barrier for MSMEs, especially at the micro and cottage levels. Many businesses lack formal records or collateral. Informality, limited awareness of financial products, and lack of credit history often hinder their journey.

At Jamuna Bank, we've designed practical solutions. We've introduced fast-track loan processing, with decisions made in 3 to 5 days at head office level and 7 days at branches. Our approval rate stands at 91%, with rejections as low as 9%.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

MEUA: At Jamuna Bank, we have developed a comprehensive and diversified product suite specifically designed for the MSME sector. Currently, we offer 24 dedicated loan products that cater to the distinct needs of small and medium enterprises across different sectors and growth stages.

Among our flagship offerings are:

- Jamuna SME Startup – designed for new entrepreneurs entering the business world with limited resources but high potential.
- SME Nari Uddogh – tailored for women entrepreneurs, offering flexible repayment terms, low processing time, and advisory support.
- Jamuna Swapno – created for small-scale traders and micro-business owners to scale operations.
- Jamuna Griho – finance for building semi-pucca (tin shade) residences in labour-intensive areas for commercial purposes.

We maintain active engagement with Bangladesh Bank and fully utilise the Credit Guarantee Scheme (CGS) to extend collateral-free financing to eligible MSME borrowers. At present, we are disbursing loans under BB's refinance scheme for women entrepreneurs, as well as participating in the pre-finance facility worth Tk 25,000 crore, also covered under CGS. These partnerships allow us to reduce risk while expanding outreach to first-time or underserved borrowers.

Our financial literacy programmes are integrated into our social responsibility strategy and run across various parts of the country. As part of our 2025 initiative, we conducted large-scale awareness campaigns

in Moulvibazar district, targeting 32 schools in Sreemangal, Kulaura, and Borolekha upazilas. Over 9,800 students participated in these events. This programme doesn't end with the students—we actively encourage them to carry this awareness back to their families, helping build a savings culture at the grassroots level.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

MEUA: At Jamuna Bank, we recognise that real inclusion in today's economy requires both physical and digital access. That's why we are actively expanding our services through agent banking, which plays a crucial role in reaching MSME clients in rural and semi-urban locations.

Through agent banking, local entrepreneurs—many of whom previously operated outside the formal banking system—can now access financing, make deposits or withdrawals, and receive advisory services without visiting a branch.

In parallel, we are developing a dedicated digital platform exclusively for our CMSME clients. This system will enable online loan applications with guided input steps, real-time loan status tracking, automated notifications and document uploads, as well as future integration with mobile and internet banking features.

Our goal is to ensure that every MSME—whether in a metro centre or a remote village—can access banking solutions with equal ease, speed, and confidence.

TDS: What steps is your institution taking to support women-led MSMEs

and promote financial inclusion among underrepresented segments?

MEUA: Women entrepreneurs hold great promise in reshaping our MSME landscape. Jamuna Bank actively promotes financial inclusion for women. As of 2024, we have disbursed BDT 377.99 crore to 1,751 women-led MSMEs. This represents 2.8% of our total MSME portfolio.

Our flagship success story is Aamal Foods, founded by Ms Rezina Afrose. Her journey from a student entrepreneur to leading one of Bangladesh's fastest-growing bakery chains is remarkable. With our financial support, Aamal Foods expanded across Dhaka, opened showrooms, and set up a production unit. Her vision, backed by our financing, is now a brand delivering quality and safety nationwide. Such stories motivate us to do more.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

MEUA: For sustained MSME growth, we recommend enhanced regulatory support and simplified tax policies for small enterprises. Policymakers should consider subsidised interest rates for start-ups and ease of collateralisation.

Stronger collaboration between banks, Bangladesh Bank, and SME Foundation is essential. Government-backed credit schemes, when designed efficiently, can significantly increase bank participation.

Jamuna Bank is ready to lead, collaborate, and innovate in this space. Together, we can build a stronger, more inclusive MSME ecosystem that supports dreams, drives jobs, and sustains national progress.

Over the past three years, we have supported more than 8,000 MSME clients annually. In 2024 alone, we served 8,340 clients with a total outstanding of BDT 2,143.27 crore. Our MSME loan disbursement reached BDT 3,175.34 crore across 23,092 accounts.

resilience and adaptability. At Jamuna Bank, we view MSMEs not just as borrowers but as partners in national progress.

Over the past three years, we have supported more than 8,000 MSME clients annually. In 2024 alone, we served 8,340 clients with a total outstanding of BDT 2,143.27 crore. Our MSME loan disbursement reached BDT 3,175.34 crore across 23,092 accounts. This reflects both scale and deep market trust. The MSME sector's strength lies in its diversity—our clients

Tackling CMSME Hurdles to Empower Entrepreneurs

FROM PAGE J3

A key priority should be strengthening the Credit Guarantee Scheme (CGS) to include a broader range of micro and cottage enterprises, particularly women-led businesses. "A more robust and well-funded CGS, covering a wider range of MSMEs, would encourage banks to lend confidently without being overly reliant on traditional collateral," commented Mohd. Rafat Ullah Khan, Managing Director (CC) at Al-Arafah Islami Bank.

Md. Ahsan-uz Zaman, MD & CEO of Midland Bank, also emphasised the importance of expanding credit guarantee programmes with shared risk models to encourage banks to lend to new and small borrowers.

Simplifying regulatory compliance is another crucial aspect. A ceiling-based documentation system for CMSME loans and the immediate rollout of e-KYC for sole proprietorships will ease the onboarding process for small businesses, according to Khan from BRAC Bank.

More customised digital banking solutions will also play a central role in improving entrepreneurs' access to finance. Leading banks in the country have already adopted digital loan issuance and app-based services to facilitate convenient B2B transactions.

"We've simplified loan processing, expanded agent banking, and adopted digital platforms to streamline credit approvals. Special refinancing and credit guarantee schemes are in place to support women entrepreneurs and agro-processing businesses," mentioned Sohail R. K. Hussain, Managing Director, Bank Asia.

Such initiatives should be expanded and made more accessible to entrepreneurs to reduce manual interventions and make banking services faster, cheaper, and more inclusive. Agent banking coverage must extend to remote areas, and simplified loan processing should be prioritised to better serve CMSMEs. To support these digital initiatives, banking leaders emphasise the need for government investment.

"Continuous government investment in rural internet and digital infrastructure is fundamental. It will empower banks to leverage technology effectively for MSME outreach," remarked Kamrul Mehedi, DMD & Head of Small, Microfinance and Agent Banking, City Bank.

Digital issuance of trade licenses with extended validity and API integration will also enable banks to verify documents instantly, making loan approvals faster. "Bangladesh Bank's Credit Information Bureau (CIB) records should be open for instant access to banks through API connectivity, along with the establishment of a Credit Bureau for the MFI customer base," added Khan

must scale up financial literacy and entrepreneurship development, focusing on youth and rural women," suggested M. Nazeem A. Choudhury, Deputy Managing Director, Prime Bank.

Innovative financing models, such as co-financing and blended finance involving banks, development finance institutions, and fintechs, are required to mobilise concessional funds for high-potential sectors. Banks also suggest regulatory support for paperless banking practices, such as accepting digital signatures and treating electronic fund transfer (EFT) instructions as negotiable instruments. These measures would further reduce friction and boost



from BRAC Bank.

Policy reforms must also incentivise SME formalisation. Tax rebates for businesses using banking channels, separate tax slabs for CMSMEs, and financial incentives for digital transactions have been suggested to encourage small businesses to register and operate formally. Leaders also propose recognising alternative forms of collateral, such as intellectual property and movable assets, through legal reforms to further broaden access to secured credit.

To enhance the long-term sustainability of SMEs, capacity development is crucial. "Joint capacity-building programmes

operational efficiency.

With a growing convergence between banking innovation and development priorities, Bangladesh may be approaching a turning point for its MSME sector. As banks increasingly view MSMEs not just as borrowers, but as long-term partners in nation-building, the groundwork is being laid for more inclusive and resilient economic growth. The success of this sector, and by extension, of the economy will depend on how effectively we connect ambition with opportunity and policy with practice. With the right support, MSMEs could very well become the powerhouse of a new era of growth.

আন্তর্জাতিক
এমএসএমই
দিবস। ২০২৫

BRAC BANK
আমরা অগোচরে

২০ লক্ষ
এসএমই গ্রাহক

২ কোটি পরিবারের
অর্থসামাজিক উন্নয়ন

২ লক্ষ
কোটি টাকার
এসএমই লোন বিতরণ

দেশের
কোটি
মানুষের
জীবন বদলে দিয়েছে
ব্র্যাক ব্যাংক SME

দেশের প্রথম ইন্সটিটিউট
ডিজিটাল এসএমই
লোন সুবিধা

নারীদের জন্য সর্বপ্রথম পূর্ণাঙ্গ
এসএমই ব্যাংকিং সুবিধা
'তারা'

জামানতবিহীন অর্থায়নে
দেশের সেবা প্রতিষ্ঠান

১৬২২১

নিরাপত্তা ও স্বচ্ছতা



Ahsan Zaman Chowdhury
Managing Director & CEO, Trust Bank

BUILDING MSME Solutions Around Real Entrepreneurial Needs

We need to move beyond conventional thinking and offer products that genuinely serve these businesses—collateral-free loans, flexible repayment schedules that align with seasonal cash flows, and simplified application processes.

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Ahsan Zaman Chowdhury (AZC): The MSME sector truly represents the backbone of our economy, contributing around 25% of our GDP and providing livelihoods to millions of Bangladeshis. When I travel across the country and meet these entrepreneurs, I see incredible determination and innovation—but

with seasonal cash flows, and simplified application processes. Digital tools are game-changers here, allowing us to assess creditworthiness through transaction patterns rather than the traditional methods of loan evaluation. When we work in partnership with policymakers and institutions such as Bangladesh Bank, we can build an ecosystem that truly nurtures MSME growth.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

AZC: The challenges are deeply rooted in the way formal banking has traditionally operated. Most micro and cottage enterprises function informally, maintain minimal records, and lack the collateral that banks typically require. They are often run by individuals who understand their businesses inside out but may lack the financial literacy to navigate complex banking procedures.

At Trust Bank, we have completely reimaged our approach. Our ‘Trust Ekota’ uses group-based lending models where community trust forms the foundation for credit decisions. We have invested heavily in training our officers to better understand these businesses and to use alternative methods for assessing creditworthiness—such as mobile money transactions, supplier relationships, and community

reputation, rather than solely relying on bank statements.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

AZC: We have built our MSME portfolio around understanding real needs rather than forcing entrepreneurs into standard banking frameworks. ‘Trust Ekota’ focuses on micro-entrepreneurs who benefit from group support and shared responsibility. ‘Trust Projekt’ is designed for light engineering businesses requiring flexible terms tailored to their project cycles. ‘Trust Uddoyog’ helps start-ups launch with minimal barriers.

But products alone are not enough. Our financial literacy programmes help entrepreneurs gradually transition from informal to formal business practices. We work closely with local communities, conducting workshops in Bengali on practical topics such as record-keeping, tax compliance, and business planning.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

AZC: Technology is transforming how we serve MSMEs, but we’ve learned that it must complement—

not replace—human relationships. Our Trust Money App and Internet Banking enable entrepreneurs to transfer funds instantly, open Time Deposits, and manage DPS facilities without travelling to branches—crucial for businesses in remote areas where time away from operations means lost income, thus significantly reducing transaction costs.

What makes our approach unique is the combination of digital convenience and personal service. While clients handle routine transactions through the app, our relationship officers maintain close connections with entrepreneurs, understanding their evolving needs and providing guidance when challenges arise. We have significantly enhanced our digital KYC processes, making account opening much faster—especially important for women entrepreneurs who may face additional barriers in accessing branches.

Our officers conduct regular field visits to build trust within local communities and gain deeper insight into the unique challenges faced by rural entrepreneurs. This personal approach has proven particularly effective with first-time bank users who require reassurance alongside convenience.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

AZC: Supporting women entrepreneurs is not just good business—it is essential for Bangladesh’s economic future. ‘Trust Sristi’ removes traditional barriers with just a 500 taka opening deposit and includes free digital banking and insurance coverage. Most importantly, ‘Trust Nondini’ provides substantial unsecured loans of up to 25 lakh taka, specifically designed to accommodate

widows and divorced women without requiring spousal guarantees—recognising that women’s financial independence should not depend on male relatives. Our business advisory services are tailored to women-led enterprises, helping them navigate both financial and operational challenges.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh’s MSME ecosystem?

AZC: The path forward requires coordinated efforts from all stakeholders. We need expanded credit guarantee schemes to give banks the confidence to increase collateral-free lending. A centralised digital MSME registry, integrated with NID and tax systems as well as credit risk scoring, would revolutionise how we assess and serve these businesses.

Bangladesh Bank’s refinancing programmes should be expanded with special provisions for women-led and rural MSMEs. The introduction of dedicated start-up refinance facilities would particularly benefit young entrepreneurs and innovative business models that traditional lending criteria might overlook. Equally important is the simplification of licensing and taxation procedures—many informal businesses want to formalise but find the process overwhelming.

Success depends on collaboration between banks, the government, NGOs, and fintech companies. Together, we can enhance financial literacy, improve market access, and ensure that technology serves inclusion rather than creating new barriers. The potential is enormous—we simply need the collective will to realise it.

The MSME code: How banks are earning the trust of new entrepreneurs

AYMAN ANIKA

Zarin Hossain didn’t grow up in a family of business owners. But at 28, she’s running a menstrual hygiene brand with biodegradable packaging, fuelled by a loan from a bank that initially wanted none of it. “They said I didn’t have the history,” she says. “But how do you have history if no one lets you start?”

Her story is one of hundreds playing out across Bangladesh, where young people with ideas are increasingly turning to the MSME ecosystem not just for capital, but for a shot. And as more banks shift from traditional lending to ecosystem building, something unexpected is happening: risk is becoming opportunity, and small is starting to look mighty.

The MSME backbone: Growing quietly, struggling loudly
The MSME sector isn’t fringe; rather, it’s foundational. This sector generate over 93 per cent of industrial output and employ nearly a third of the labour force in Bangladesh. Yet, paradoxically, only about 36 per cent of these businesses have access to formal credit—a financing gap estimated at nearly \$2.8 billion.

“Despite its potential, the sector remains underutilised due to informality, limited access to finance, and structural constraints,” says M. Khurshed Alam, Additional Managing Director of NCC Bank. “Banks can play a transformative role by offering tailored solutions, simplifying lending, and supporting capacity building.”

And some banks are doing just that.

Beyond the form: Rethinking collateral and character

The most visible shift is the willingness to fund without the old crutches—collateral, extensive track records, or elite referrals.

BRAC Bank, a pioneer in this space, has disbursed over Tk 200,000 crore in SME loans since 2001. “More than 85 per cent of our small business loans are without any mortgage,” says Tareq Refat Ullah Khan, current Managing Director and CEO. “We want to be the complete financial partner of grassroots entrepreneurs.”

NCC Bank, meanwhile, has aligned its operations with government

refinance schemes and offers open credit through a simplified documentation process, especially targeting micro and cottage industries. “We’ve reduced our loan turnaround time and introduced cluster-based lending to cater to informal businesses that typically fly under the radar,” adds Alam.

Financial literacy: The hidden currency
A loan is only useful if you know how to use it.

Ali Reza Iftekhar underscores this point: “Entrepreneurs have low financial literacy, inadequate credit history and lack of business expertise... EBL has been hosting financial literacy programs all

banks think in terms of risk, and that helped me reframe my application. I didn’t change my business, just my language.”

Policy as enabler: The road ahead
The consensus among banks is clear: policy must evolve alongside products. Credit guarantee schemes must be simplified. Tax benefits should incentivise banks to serve MSMEs. Digital infrastructure should be standardised for real-time data sharing.

As EBL MD and CEO Ali Reza Iftekhar suggests, “The government, in alliance with Bangladesh Bank, should establish new refinancing funds offering low-interest loans and partial credit guarantees to



over Bangladesh for three years now to create awareness and understanding.”

This is echoed across the industry. Dhaka Bank’s Managing Director and CEO, Sheikh Mohammad Maroof, adds that many MSMEs “face a range of structural and operational challenges... Limited financial literacy often prevents these businesses from navigating complex loan procedures.”

From BRAC’s “TARA” women entrepreneur workshops to EBL’s rural seminars and Dhaka Bank’s digital platform “i Samadhan,” the idea is simple: demystify the system. That means training on accounting, proposal writing, inventory tracking, and even marketing.

For 25-year-old Rakim Zia, who runs a mushroom farming business outside Gazipur, one such workshop was a turning point. “I walked in with an idea and walked out with a pitch,” he says. “The trainer explained how

banks for lending to export-oriented MSMEs adopting eco-friendly technologies.”

Rewriting the entrepreneurial narrative

If Bangladesh is to harness its demographic dividend, it must treat its young entrepreneurs not as fringe dreamers but as builders of a new economy. MSME loans are a start. But without education, digital access, gender sensitivity, and policy alignment, they risk becoming another tool that only the privileged few can wield.

For Zarin, the loan finally came after months of workshops, rewrites, and one very persistent mentor at a bank branch in Tejgaon. “It wasn’t just about the money,” she says. “It was that someone finally said, ‘Yes, your idea has value.’ That was the real breakthrough.”

And sometimes, that’s all a first-time entrepreneur needs.

ইবিএল এসএমই ব্যাংকিং

আমনার প্রয়োজন, আমাদের প্যান

Eastern Bank PLC.

ব্যবসা হোক আরও

স্বপ্নের মতো বড়

ইবিএল বিজনেস সলিউশন এসএমই লোন এর সুবিধাসমূহ

› সর্বোচ্চ ১০ কোটি টাকা পর্যন্ত ঋণ সুবিধা

› ব্যবসার চলতি মূলধন অথবা মূলধনী যন্ত্রপাতি ক্রয়ের জন্য

› সর্বোচ্চ ৫ বছর মেয়াদে মাসিক কিস্তিতে পরিশোধযোগ্য

› আকর্ষণীয় ইন্টারেস্ট রেট

› স্বল্প ডকুমেন্টেশনে দ্রুত লোন প্রসেসিং

পার্টনারস:

EFFECTIVELY

Leveraging Technology to Enhance MSME Outreach



M. Nazeem A. Choudhury
Deputy Managing Director, Prime Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

M. Nazeem A. Choudhury (MNAC): The MSME sector in Bangladesh is a vital engine of employment and economic growth, contributing over 25% to GDP and employing millions. However, it faces challenges such as limited access to formal finance, informality, and low financial literacy. Many MSMEs remain unbanked due to collateral requirements, complex

formalisation, enhance credit guarantee usage, and deliver financial literacy programmes. A proactive, inclusive banking approach is key to unlocking the sector's full potential and ensuring equitable economic progress.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

MNAC: MSMEs in Bangladesh face key financing challenges such as lack of collateral, informal business structures, limited financial records, low awareness of banking products, high transaction costs, high risk due to market fluctuations, and complex documentation processes. These issues are more acute for micro and cottage industries, particularly in rural areas.

To address this, Prime Bank has introduced tailored and collateral-free loan products, simplified documentation processes, and cash flow-based credit assessments. We are expanding agent banking to reach underserved segments and using alternative data for credit profiling. Additionally, we provide financial literacy training and promote formalisation through partnerships with local institutions. By combining digital platforms, inclusive practices, and relationship-based banking, we aim to make finance more accessible and sustainable for micro and cottage entrepreneurs.

TDS: Does your bank have any

dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs?

MNAC: Prime Bank has undertaken several key initiatives to support MSMEs, including dedicated collateral-free loan products of up to BDT 10 million with simplified documentation, tailored offerings for women entrepreneurs, and specialised solutions like school banking.

Through over 150 agent banking outlets, the bank ensures outreach for loan applications, disbursements, and repayments—particularly targeting micro and cottage industries. The Digital Nano Loan platform facilitates online loan processing and offers e-learning modules on financial management.

Prime Bank also conducts regular financial literacy programmes in partnership with local trade bodies and observes Financial Literacy Day/Week nationwide. Additionally, the bank has integrated with Bangladesh Bank's Credit Guarantee Scheme to ease collateral requirements and promote risk-sharing.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

MNAC: Prime Bank has effectively leveraged technology to enhance MSME outreach in semi-urban and rural areas by expanding its agent banking network, which provides real-time services including loan applications

and disbursements using biometric and tab-based systems.

The bank is integrating with popular mobile financial services to enable seamless digital loan disbursement and repayment. It is also developing digital lending platforms—often in partnership with fintechs—to offer AI-driven credit assessments and faster access to credit. Additionally, simplified e-KYC processes allow MSMEs to open accounts remotely, reducing dependency on physical branches and ensuring greater financial inclusion.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

MNAC: To support women-led MSMEs and promote financial inclusion among underrepresented segments, Prime Bank has introduced specialised products like "Anchol," offering lower interest rates, flexible repayment terms, and collateral-free options backed by Bangladesh Bank's refinancing schemes.

The bank actively collaborates with women's chambers and NGOs to identify and assist women entrepreneurs, particularly in cottage and home-based industries. Dedicated Women Entrepreneur Development Units (WEDUs) are set up at branches to offer personalised services and faster loan processing.

Besides that, regular training and financial literacy workshops are conducted in partnership with the SME Foundation and women's associations to enhance business skills and digital knowledge. For underrepresented groups such as rural communities, low-income individuals, and youth, Prime Bank extends services through its widespread agent banking network, enabling basic transactions and loan applications without visiting branches. School banking and targeted literacy campaigns promote awareness from an

early age.

Additionally, staff are incentivised to engage these segments, ensuring outreach and support.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

MNAC: To ensure the sustainable development of Bangladesh's MSME ecosystem, a collaborative approach involving banks, the government, and regulators is vital. Key reforms should focus on establishing a comprehensive credit information system that incorporates alternative data to support risk-based lending, alongside simplifying business registration, tax filing, and licensing to encourage formalisation.

Strengthening credit guarantee schemes—particularly for micro and women-led enterprises—will help de-risk lending and incentivise banks. Investment in digital infrastructure and interoperability among financial service providers is crucial to foster MSME adoption of digital tools, especially in rural areas.

Co-financing and blended finance models involving banks, government, DFIs, and fintechs can mobilise concessional funding and technical support. Promoting value chain financing and developing MSME clusters with targeted support can enhance competitiveness and financial inclusion.

Offering policy incentives such as tax benefits and refinancing windows to banks achieving inclusion benchmarks, along with a centralised data repository for real-time monitoring, will create an evidence-based, responsive policy environment conducive to long-term MSME growth.

Through over 150 agent banking outlets, the bank ensures outreach for loan applications, disbursements, and repayments—particularly targeting micro and cottage industries. The Digital Nano Loan platform facilitates online loan processing and offers e-learning modules on financial management.

procedures, banks' preference for larger enterprises, high interest rates, and rising operating costs.

Banks can accelerate MSME growth by offering tailored, collateral-free loan products, expanding agent banking in rural areas, promoting digital and green financing, and partnering with fintechs for data-driven lending. Providing training to enhance MSME business acumen and bankability is also essential. Banks should support

A WHOLE PORTFOLIO

Designed for CMSMEs



Kamrul Mehedi, DMD & Head of Small, Microfinance and Agent Banking

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh?

Kamrul Mehedi (KM): When I look at the MSME sector – our Cottage, Micro, Small, and Medium Enterprises – I see the real engine of Bangladesh's economy. They are literally the backbone.

We see our role as much more than just lending money. We are about being true enablers of growth. That means bridging the financing gaps, reaching out to those who have been traditionally underserved – especially in rural areas – and even helping them build their business skills. Ultimately, a strong MSME sector is crucial for Bangladesh to hit its development goals, and we are committed partners in making that happen.

TDS: How is your bank addressing the challenges faced by MSMEs?

KM: We have developed specialised loan products with much simpler documentation and more flexible collateral requirements, especially for those in micro and cottage industries. We have shifted towards cash flow lending, looking more at a business's potential earnings rather than just hard collateral. Currently, 97% of our lending to cottage, micro, and small enterprises is unsecured and collateral-free. We also work closely with partner organisations like Bangladesh Bank, SME Foundation, and Joyceta Foundation to reach out to promising entrepreneurs in clusters.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs?

KM: We have a whole portfolio of products designed specifically for CMSMEs. For example, we offer various working capital and fixed asset finance solutions, carefully

crafted to meet their diverse needs. We also encourage them to build financial habits with specific deposit schemes targeted towards enterprises and individuals. We have innovative offerings like Remittance Beneficiary Loans, Distributor and Supply Chain Finance, Shariah-compliant Islamic Investment products, etc.

Beyond products, financial literacy is huge for us. We regularly run workshops and training, often collaborating with the SME Foundation, renowned universities, etc., covering everything from basic accounting to digital banking.

We are active participants in the refinancing, pre-finance, and credit guarantee schemes offered by Bangladesh Bank.

TDS: How has your bank leveraged technology to improve outreach and services to MSMEs?

KM: Our agent banking network has been phenomenal – it brings banking services right to their doorstep in remote locations. Our Citytouch is one of the best digital banking solutions, where entrepreneurs can complete transactions and avail facilities without ever needing to visit branches.

We have also integrated with the popular Mobile Financial Services (MFS) platform bKash and are pioneering the country's largest Digital Nano Loan programme. We are moving towards more digital loan applications to cut down on paperwork and speed up approvals.

We are also exploring data analytics and credit scoring, particularly for those micro and cottage businesses without extensive financial records.

TDS: What steps is your institution taking to support women-led MSMEs?

KM: We are committed to Bangladesh

Bank's directive of dedicating at least 15% of our CMSME portfolio to women entrepreneurs. In fact, we outperform that number significantly, as 19% of our CMS portfolio constitutes women enterprises. We actively participate in their refinancing facilities, which offer lower interest rates specifically for women-led businesses, with additional incentives for timely repayment.

We run specialised training programmes for women entrepreneurs focusing on business management, marketing, and digital skills to build their confidence and capabilities. Our City Alo Certification Programme is a flagship programme that has been running for quite some time now.

TDS: What policy reforms or partnerships are needed to sustain Bangladesh's MSME growth?

KM: For sustainable MSME growth, ongoing, robust collaboration between banks, the government, and other key players is vital.

I would certainly recommend strengthening and expanding the credit guarantee mechanisms. Making them easier to access and perhaps increasing the guarantee coverage – especially for those high-potential but high-risk micro and cottage businesses – would greatly boost banks' confidence in lending.

A strong national drive for formalisation and digitalisation of MSMEs is also essential. Also, developing more sector-specific policies and focusing on MSME clusters would unlock immense potential.

Finally, continued regulatory support from Bangladesh Bank for innovative lending models – like cash flow-based lending and movable asset financing, building on the Secured Transactions Act – is key.

যমুনা নারী উদ্যোগ

আজকের উদ্যোগ আগামী দিনের সাফল্য। নারী উদ্যোক্তাদের জন্য সহজ শর্তে ঋণ সুবিধা নিয়ে এলো যমুনা ব্যাংক।

- সর্বোচ্চ ৫০ লক্ষ টাকা
- ৫% ইন্টারেস্ট রেট
- সর্বোচ্চ ৪৮ মাস পর্যন্ত কিস্তি সুবিধা

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যমুনা ব্যাংক



The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Sheikh Mohammad Maroof (SMM): The Micro, Small, and Medium Enterprise (MSME) sector is a vital pillar of Bangladesh's economy. It contributes over 25% to national GDP, generates more than 93% of industrial output, and employs around 32% of the labour force. MSMEs play a transformative role in fostering entrepreneurship,

generating employment, reducing poverty, and driving inclusive economic growth.

Despite its significance, the sector faces a substantial financing gap—estimated at approximately USD 2.8 billion. Alarming, only about 36% of MSMEs currently have access to formal credit, well below the regional average. Banks can play a catalytic role in

bridging this gap. Through the design of customised financial products, participation in credit guarantee schemes, and effective utilisation of refinance facilities provided by Bangladesh Bank and other development agencies, banks can substantially improve access to affordable finance for MSMEs. In addition, banks can support the sector by offering capacity-building and advisory services.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

SMMEs: MSMEs—particularly micro and cottage industries—face a range of structural and operational challenges in accessing formal finance. A key barrier is the requirement for collateral, which many small entrepreneurs are unable to provide. Limited financial literacy often prevents these businesses from navigating complex loan procedures, while relatively high interest rates further deter borrowing. Additionally, stringent documentation requirements delay loan processing, discouraging applications altogether. The absence of formal credit histories compounds the challenge, making risk assessments more difficult and impeding credit flow to the segment.

To address these barriers, Bangladesh's financial ecosystem must adopt more inclusive, simplified,

and technology-driven solutions. At Dhaka Bank, we are pursuing this vision through multiple strategic initiatives. We have simplified our loan application process to minimise delays and documentation burdens. Moreover, we offer targeted training programmes to enhance the financial literacy and managerial capabilities of MSME clients. Our expanding branch network, complemented by our digital banking platforms, ensures greater outreach to underserved and remote communities, with a special focus on micro and cottage enterprises.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs?

SMM: Dhaka Bank is strongly committed to fostering the growth of MSMEs through a comprehensive suite of products, programmes, and partnerships.

We offer a wide array of tailored loan products for MSMEs, including Continuous Loans, Demand Loans, Term Loans, Supply Chain Financing, Distributor Finance, and various non-funded credit facilities. On the deposit side, we offer specialised solutions such as Shukti, SME Current Deposit Accounts, FD Plus (SME), and Mudaraba FD Plus (SME), which cater to the savings and investment needs of small businesses.

In partnership with Bangladesh Bank

and the SME Foundation, we deliver financial literacy and entrepreneurship development programmes to enhance business acumen and credit readiness among MSMEs. Furthermore, we actively participate in credit guarantee schemes designed to mitigate lender risk and encourage broader access to credit.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

SMM: Dhaka Bank has strategically leveraged technology to extend its reach and improve service delivery to MSMEs—particularly those located in semi-urban and rural areas. Key initiatives include:

- **i-Samadhan:** A dedicated digital platform that streamlines loan applications and service requests for SME clients, reducing turnaround time and enhancing user experience.
- **Dhaka Bank GO:** Our mobile banking app offers 24/7 access to a broad range of services, allowing MSMEs in remote areas to manage accounts, conduct transactions, and access credit facilities without visiting branches.
- **ezybank:** This digital onboarding platform enables MSMEs to open accounts from anywhere, eliminating geographic barriers and simplifying access to financial services.
- **Digital Deposit Channels:** Our digital transaction channels have already facilitated over BDT 1,000 crore in deposits.

TDS: What steps is your institution taking to support women-led MSMEs

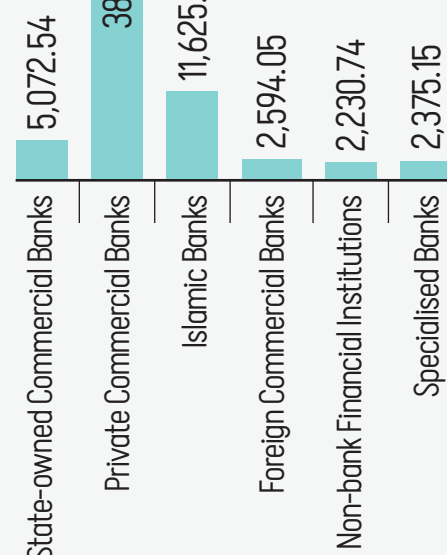
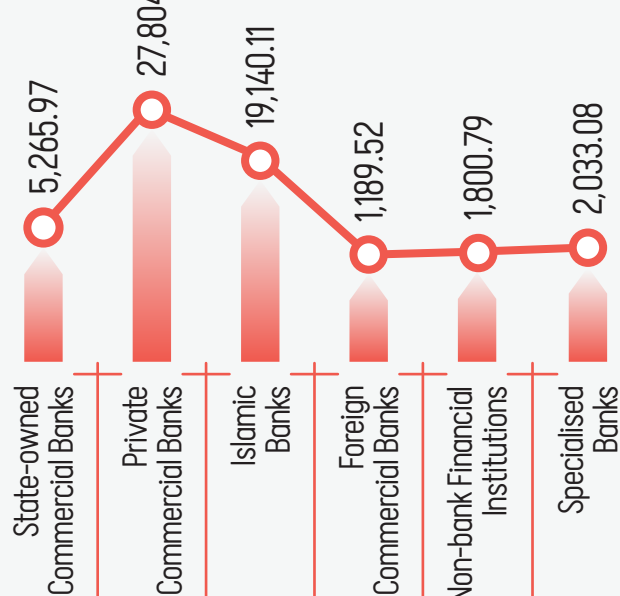
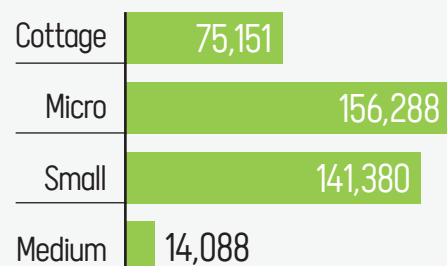
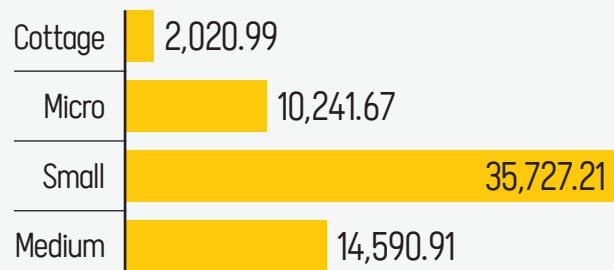
and promote financial inclusion among underrepresented segments?

SMM: Dhaka Bank is deeply committed to supporting women-led MSMEs. Our Oditiya Loan is an EMI-based product tailored specifically to help women-led businesses acquire assets and expand operations sustainably. We are also an active participant in the Bangladesh Bank Women Entrepreneur Refinance Scheme, which offers preferential financing to women-owned enterprises.

Beyond credit, we invest in financial literacy and entrepreneurship development programmes—often in collaboration with Bangladesh Bank and the SME Foundation—focused on building managerial, planning, and digital capabilities. These programmes are particularly targeted at women entrepreneurs in rural and semi-urban areas to foster inclusive participation in the formal economy.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

SNM: For the sustainable development of Bangladesh's MSME ecosystem, a coordinated effort across policy, regulatory, and institutional levels is essential. This includes expanding credit guarantee schemes and refinancing windows to reduce lending risk, simplifying collateral requirements, and introducing alternative credit scoring models using behavioural data. Streamlining tax and licensing procedures through one-stop centres, investing in rural digital infrastructure, and supporting women-led and marginalised enterprises can also promote inclusive and resilient regional growth.



SOURCE: BANGLADESH BANK

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সিটি ব্যাংক

সেবায়
আমরা
সহায়

দেশের অগ্রযাত্রার সঙ্গে তাল মিলিয়ে বাঁক খুরছে সিটি ব্যাংক

সিটি এসএমই টুয়েন্টি ৯,০০০ কোটি টাকার লোন পোর্টফোলিও। ৩০,০০০ ছোট ব্যবসায় জামানতবিহীন ৪,০০০ কোটি টাকার লোন, যার ২৬ শতাংশই নারী উদ্যোক্তাদেরকে দেওয়া; আর মাঝারি ব্যবসায়ের ২,৩০০ ব্যবসায়ী/উদ্যোক্তাকে দেওয়া ৬,০০০ কোটি টাকা—কোনো সন্দেহ নেই সিটি ব্যাংক বাকি খুরছে দেশের অগ্রযাত্রার সঙ্গে তাল মিলিয়েই।

আমাদের ১৬৬টি শাখা-উপশাখা, ৩৩টি এসএমই ইউনিট ও ৪০০-র বেশি এজেন্ট ব্যাংক অফিসেলেট প্রস্তুত এই বাকি বদলাকে এপিয়ে নিতে। কারণ, আমরা জানি, এসএমই-র এপিয়ে যাওয়া মানেই দেশের এগোনা।



WE OFFER Innovative, Need-Based SME Loans

Ali Reza Iftekhar
Managing Director and CEO, Eastern Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Ali Reza Iftekhar (ARI): The Micro, Small, and Medium Enterprise (MSME) sector forms the backbone of our economy, representing the vast majority of the industrial landscape of Bangladesh while contributing immensely towards employment

Not only do we provide loans to micro industries through our own sources, but we also partner with numerous NGOs across Bangladesh in order to maximise the number of customers reached.

generation, poverty alleviation, rural industrialisation, revenue growth, and overall GDP expansion. Banks can play a significant role in accelerating the growth of the MSME sector by providing access to finance through tailored financial products and streamlined loan application processes; assisting MSMEs with capacity building by conducting financial literacy programmes to promote financial inclusion; and facilitating technological adoption via the promotion of digital

financial services. All in all, banks can play a pivotal role in unlocking the full potential of the MSME sector in Bangladesh by empowering MSMEs to overcome financial barriers and improve their operational efficiency to reach new heights.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

ARI: Despite significant growth of the MSME sector in Bangladesh, the sector does face challenges in accessing finance, as gaps still exist between capital requirements and the loan provisions of banks, thus hindering the sector's ability to expand and invest. MSMEs often have limited access to formal credit, mainly because entrepreneurs possess low financial literacy, inadequate credit history, and a lack of business expertise. Banks, on the other hand, tend to pursue high collateral requirements, charge high interest rates and fees, and sometimes even lack suitable financial products to cater to the specific needs of MSMEs.

Eastern Bank addresses these issues with innovative propositions and need-based SME loan products that are mostly collateral-free in nature. We charge competitive interest rates compared to our peer banks and offer

excellence in service, resulting in customer delight across all channels. Not only do we provide loans to micro industries through our own sources, but we also partner with numerous NGOs across Bangladesh in order to maximise the number of customers reached.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

ARI: Our bank has several dedicated and need-based loan products, financial literacy programmes, and credit guarantee schemes targeted at MSMEs. Our SME loan designed for women entrepreneurs, named "EBL Mukti," is the country's highest collateral-free loan for women-owned businesses. Our SME loan "EBL Startup Explorer," targeted towards financing start-ups involved in the development of new products or services, has supported multiple notable customers across Bangladesh. Our SME loan "EBL Utkorsho" is designed for business acceleration with mortgage-free loans of up to a staggering BDT 1.5 crore. EBL has been hosting financial literacy programmes across Bangladesh for the past three years, with the objective of creating awareness and understanding of financial concepts among

customers. EBL has also participated in credit guarantee schemes under the guidance of Bangladesh Bank since their inception and has successfully registered over 100 MSMEs under these schemes to date. The bank has achieved the assigned targets under the stimulus fund, the women's fund, and the BDT 25,000 crore fund for CMSMEs.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

ARI: While it is seemingly impossible to reach semi-urban and rural areas solely through traditional banking channels, leveraging technology and digital banking solutions has significantly improved outreach and services to MSMEs. EBL Skybanking, our all-in-one mobile banking application, offers cutting-edge banking solutions to customers around the clock. EBL aspires to elevate the customer experience with engaging advertisements and digital media marketing, supported by a strong presence across social media platforms such as Facebook, Instagram, YouTube, LinkedIn, and others.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

ARI: We are working towards reducing gender disparity by encouraging women's representation in business leadership positions and fostering inclusive environments for women-led MSMEs. We offer "EBL Mukti" loans of up to BDT 1 crore, which are collateral-free up to BDT 50 lakh. EBL promotes financial inclusion by

offering entrepreneurship development services through the "EBL Women Banking Portal," a one-stop platform for women entrepreneurs. We have also signed agreements with the Bangladesh Women Chamber of Commerce & Industry and the Chittagong Women Chamber of Commerce & Industry. All of this is a testament to EBL Women Banking's commitment to making women entrepreneurs feel valued, respected, and empowered to succeed.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

ARI: Looking ahead, to ensure the sustainable development of Bangladesh's MSME ecosystem, a combination of policy reforms and collaborative efforts between banks and the government is crucial. The framework for loan disbursements to MSMEs needs to be simplified, and regulatory hurdles and compliance costs must be reduced. This also includes standardising loan application procedures and ensuring timely loan approvals for MSMEs.

The government, in alliance with Bangladesh Bank, should create new refinancing funds that provide low-interest loans and partial credit guarantees to banks for lending to export-oriented MSMEs adopting eco-friendly technologies. Lastly, the promotion of digital payment systems and mobile banking must be amplified to enhance financial inclusion for MSMEs in remote areas. This will help reduce transaction costs and improve their access to finance.

ছোট ছোট পদক্ষেপে স্বপ্নগুলো সত্যি হবে

সাধারন ক্ষুদ্র উদ্যোগের সেবা, সাহস আর অগ্রগতি পরিচয় করে পতিশীল হচ্ছে দেশের অর্থনীতি।
সম্ভাবনাময় ব্যবসায় পরিকল্পনাগুলো বাস্তবে রূপ দিতে ২০ বছর ধরে অবদান ও বৈশিষ্ট্যপূর্ণ
সহযোগিতা দিয়ে পাশে আছে আইডিএলসি। একসাথে আমাদের এই কৃষির বিভিন্ন আশায়ীতে এগিয়ে
যাবে আরো বহুতর - আর আইডিএলসি এসএসএসই নিয়ে এই আশায়ের প্রতিশ্রুতি।

■ ২ দশকের
বিস্তৃতি ও নির্ভরতার নিশ্চয়তা

■ দেশের বিভিন্ন স্থানে পৌঁছেছে
১ লক্ষাধিক
কণ সেবা

■ ৫৫,০০০+
কুটির, মাইক্রো ও ক্ষুদ্র উদ্যোগ
পেয়ারেড পাশে থাকার প্রতিশ্রুতি

■ ৭,৫০০+
নারী উদ্যোগ এগিয়ে
যাচ্ছেন স্বল্পপুঁজির পাশে

■ সাহসী উদ্যোগদের সঙ্গী হয়ে
তাদের অগ্রগতির জন্য
২৫,০০০+ কোটি
টাকা কণ বিতরণ



SUPPORTING MSME

Growth in a Shariah-Compliant Manner

Mohd. Rafat Ullah Khan
Managing Director (CC), Al-Arafah Islami Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh? What role do you think banks can play in accelerating its growth?
Mohd. Rafat Ullah Khan (MRUK): Bangladesh's CMSME sector (Cottage, Micro, Small, and Medium Enterprises) is a powerful driver of industrial growth, rural employment, women's economic participation, and poverty reduction. With approximately 11.8 million active enterprises, CMSMEs contribute over a quarter of national GDP and engage millions of workers, including large segments of women and youth.

We offer Shariah-compliant, collateral-free investment products specifically designed for micro and cottage industries, focusing on cash-flow-based rather than traditional asset-backed financing.

For the banking sector, CMSMEs represent both a developmental imperative and a strategic opportunity. As the sector continues to expand, banks play a pivotal role in bridging the financial inclusion gap by offering customised, Shariah-compliant, and sustainable financial solutions tailored to the unique needs of small entrepreneurs. Beyond financing, CMSMEs open new avenues for digital banking, agent networks, and partnerships that can deepen outreach and strengthen community-level resilience.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues, especially for micro and cottage industries?
MRUK: Major challenges faced by MSMEs in Bangladesh—particularly micro and cottage industries—include lack of adequate collateral, relevant business experience, sustainable revenue generation capacity, audited financial statements, sponsor equity injection, and expansion capability. Additionally, many MSMEs operate in informal sectors, making it difficult for banks to assess risk accurately.

At Al-Arafah Islami Bank PLC, we recognise these challenges and have tailored our approach to bridge the financing gap. We offer Shariah-compliant, collateral-free investment products specifically designed for micro and cottage industries, focusing on cash-flow-based rather than traditional asset-backed financing.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs?
MRUK: Al-Arafah Islami Bank PLC is committed to supporting the growth and development of MSMEs through a range of Shariah-compliant financing products, capacity-building initiatives, and strategic partnerships.

Dedicated MSME Products: Our bank offers a suite of investment

products tailored to meet the diverse needs of MSMEs:

- **Micro Enterprise Investment Scheme:** Provides financial support to micro-enterprises, facilitating their growth and sustainability.
- **EME Investment Scheme:** Assists small and medium enterprises in expanding their operations and enhancing productivity.
- **Women Entrepreneurs Investment Scheme:** Empowers women entrepreneurs by providing the necessary financial resources to establish and grow their businesses.
- **Start-up Uddog Scheme:** Our "Uddog" scheme under the Al-Arafah Rural Development Program (ARDP) is a best-in-class model for rural financial outreach—going beyond loans to build economic resilience, financial discipline, and social equity in Bangladesh's rural heartland.

These products are structured using Shariah-compliant modes such as Murabaha, Mudaraba, Musharaka, and HPSM, ensuring ethical and transparent financial transactions.

Financial Literacy Programmes: Our Financial Inclusion Department conducts workshops and seminars to enhance MSME financial literacy and promote digital banking in local communities.

Credit Guarantee Schemes: To mitigate the risks associated with lending to MSMEs, our bank has

partnered with Bangladesh Bank to access credit guarantee facilities. This collaboration enables us to offer refinancing facilities and risk mitigation support.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?
MRUK: While our bank has taken a cautious and Shariah-compliant approach to digital banking adoption, we are gradually integrating technology to enhance customer service and operational efficiency in ways that align with Islamic financial principles. Our core banking systems have been upgraded to enable faster transaction processing, centralised customer data management, and improved service delivery across branches.

We offer SMS banking and mobile alerts, while expanding agent banking, digital onboarding, and mobile services to reach underserved MSMEs.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?
MRUK: To ensure focused service delivery, each of our branches hosts a Women Entrepreneurs Desk, offering tailored guidance on Shariah-based financing. In collaboration with Bangladesh Bank, we also offer a refinance scheme that provides affordable investment at a concessionary profit rate, encouraging women entrepreneurs to formalise and grow their businesses.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?
MRUK: To ensure the long-term,

sustainable growth of Bangladesh's MSME sector, a coordinated approach between the banking sector and the government is essential.

Key recommendations include:

- **Strengthening the Credit Guarantee Scheme (CGS):** A more robust and well-funded CGS—covering a wider range of MSMEs, especially cottage and women-led enterprises—would encourage banks to lend confidently without being overly reliant on traditional collateral.
- **Simplifying regulatory compliance:** Many MSMEs struggle with complex licensing, tax, and reporting requirements. Streamlining these through one-stop digital service portals can significantly reduce the burden on small businesses and bring more of them into the formal financial system.
- **Promoting Shariah-compliant refinancing facilities:** Expanding refinancing schemes through Bangladesh Bank, specifically tailored for Islamic financial institutions, can improve liquidity and support ethical financing solutions for underserved entrepreneurs.
- **Enhancing financial literacy and entrepreneurship training:** A national-level partnership between banks, the SME Foundation, and educational institutions can scale up technical and financial literacy programmes, preparing MSME owners to manage risks, digitise operations, and scale sustainably.

At Al-Arafah Islami Bank, we believe that policy reforms must be inclusive, forward-looking, and aligned with both national development goals and the principles of Shariah.



MUJIB RAHMAN

In a world grappling with climate change and economic inequality, Bangladesh's private banks are emerging as vital champions of sustainable growth. Long dominated by public policies and development institutions, green finance is now increasingly being shaped by the private sector—particularly through the financing of micro, small, and medium enterprises (MSMEs).

This shift isn't just timely—it's transformational.

"In recent times, we have observed a noticeable shift in commercial banking toward SME-focused products," notes Professor Md Main Uddin of Dhaka University's Department of Banking & Insurance. "This transition is partly driven by the higher default risks often associated with large corporate loans."

Unlike big-ticket corporate lending, which often bypasses environmental considerations, MSME financing offers a chance to promote eco-friendly practices at the grassroots while simultaneously empowering low-income communities. Several banks are now pioneering loan products designed to be both inclusive and environmentally sustainable.

Eastern Bank (EBL), for example, is aligning its SME lending with environmental priorities. "We are deeply committed to fostering a green and sustainable business environment for MSMEs," says Md Shabu Munshi, Senior Vice President and Head of Asset, SME & Regulatory Reporting at EBL.

According to him, 60–70% of EBL's SME financing supports trading, while 30–40% goes to manufacturing and service-based enterprises. However, the bank actively avoids financing environmentally hazardous industries—such as tanneries, rubber, plastic, and certain types of footwear production—classified under red and orange risk categories.

Instead, EBL is prioritising sectors like garments, jute, hosiery, textiles, and paper cutting. One of their standout products is EBL Utkarsha, which offers need-based, collateral-free loans to support small enterprises with green aspirations.

City Bank is another frontrunner. The bank has received the Bangladesh Bank's Green and Sustainable Bank award four years in a row—a testament to its ongoing efforts. "Our SME Unsecured Loan product offers up to BDT 1.5 crore without requiring any collateral," says Kamrul Mehedi, Head of Small, Microfinance, and Agent Banking.

The product is designed to support sectors such as fisheries, livestock, agro-processing, agricultural equipment, diagnostic centres, rice mills, furniture,

and Ayurvedic ventures—areas that combine economic inclusion with environmental stewardship.

At Trust Bank, the green agenda is taking root in the form of renewable energy financing. "We are quite concerned about sustainability and environmental impact," says Sadat Ahmad Khan, Senior Vice President and Head of SME Division. The bank's "Trust Power" product facilitates investment in small-scale solar solutions for homes and commercial use, with the potential to scale into larger irrigation projects.

Trust Bank has also financed over 1,000 biogas plants and introduced Trust Shufola, a product that targets green industries, brick kilns using improved technology, and effluent treatment systems—offering a lifeline to pollution-heavy sectors looking to transition.

Meanwhile, BRAC Bank continues to lead from the front. "We empower SMEs with sustainable financing aligned with Bangladesh Bank's green banking guidelines," says Syed Abdul Momen, Additional Managing Director and Head of SME Banking. The bank's portfolio includes support for waste management, water conservation, energy efficiency, and sustainable infrastructure.

BRAC Bank stands out for its integration of technology. Its digital loan products, such as Shafollo and Jibika, are fully paperless—helping reduce deforestation. Platforms like ASTHA, bKash repayments, and 24/7 Cash Management reduce branch visits and transport-related emissions, while tools like eLAP (Digital Loan Origination System) and digital onboarding simplify banking for rural clients and cut the carbon footprint.

In addition, BRAC Bank helps finance the import of energy-efficient machinery for small manufacturers, enabling cleaner production and longer-term cost savings.

Taken together, these initiatives signal more than just compliance—they represent a new kind of banking ethos. By integrating sustainability into core business models, these banks are not only broadening access to finance but also supporting Bangladesh's ambition to transition to a low-carbon, inclusive economy.

The road ahead is not without challenges. Scalability, affordability, and regulatory alignment will be key to making green finance work for all. But the momentum is there. Private banks are no longer on the sidelines of green development—they are helping lead the charge.


As Bangladesh's MSMEs evolve into the country's green growth engines, the banking sector is proving that the future of finance is not just profitable—it can be sustainable too.



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EMPOWERING CMSES

Through Collateral-Free Loan Access



Sohail R K Hussain
Managing Director, Bank Asia

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Sohail R K Hussain (SRKH): The MSME sector is the backbone of Bangladesh's economy, contributing around 32% to GDP and accounting for approximately 85% of total employment. Despite its significance, the sector continues to face key challenges such as limited access to formal finance, informality, outdated business practices, and

training, and leveraging digital platforms for credit scoring and approval processes, thereby reducing turnaround time and increasing access to finance. Enhancing mobile and internet banking services will also promote wider adoption of formal financial services. Supporting the formalisation of businesses through easy digital registration and documentation tools can bring more MSMEs into the formal economy. By establishing business incubation centres and offering mentoring and advisory services, banks can act not only as financial intermediaries but also as growth partners in unlocking the full potential of the MSME sector.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

SRKH: Access to finance remains a major hurdle for MSMEs in Bangladesh—especially micro and cottage industries—due to inadequate collateral, low financial literacy, informal operations, and lack of proper documentation.

Bank Asia is actively addressing these challenges by offering collateral-free loans, with 12,900 such loans already disbursed to CMSEs. We've simplified loan processing, expanded agent

banking, and adopted digital platforms to streamline credit approvals. Special refinancing and credit guarantee schemes are in place to support women entrepreneurs and agro-processing businesses.

In 2024, we organised 92 financial literacy events, directly engaging 3,805 marginalised individuals, including 2,717 women. Our Financial Literacy Campaign 2024, conducted through a nationwide roadshow caravan, reached 66,306 people directly and raised awareness among over half a million individuals—fostering greater financial inclusion for underserved communities.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

SRKH: Bank Asia PLC is deeply committed to supporting MSMEs through a range of specialised products, financial literacy programmes, and credit guarantee schemes. We offer collateral-free financing to cluster-based industries—such as the cloth cluster in Bogura and the electronics manufacturing cluster in Jurain, Dhaka.

The bank actively participates in Bangladesh Bank's credit guarantee schemes to improve access to finance

for small entrepreneurs. In partnership with Bangladesh Bank and SME Foundation, we also conduct financial literacy programmes targeting prospective and existing entrepreneurs. Additionally, we are introducing a special training programme for freelancers, designed to enhance their financial literacy, digital skills, and access to banking services. These initiatives collectively strengthen the MSME ecosystem and promote inclusive economic growth across the country.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

SRKH: Bank Asia PLC has utilised technology to expand its reach by growing its agent banking network to over 5,000 outlets in rural and semi-urban areas, implementing e-KYC and digital document submission for CMSME loan applications, and providing digital platforms for an online loan approval system. These innovations have significantly improved MSMEs' access to financial and banking services, particularly benefiting micro and cottage sector businesses in rural areas.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

SRKH: Bank Asia supports women-led MSMEs and underrepresented groups by offering tailored financial products, along with refinance facilities and credit guarantee schemes at preferential interest rates. The bank also provides

branding materials, distributes smartphones and biometric devices to women micro-merchants, and conducts training and workshops in collaboration with organisations such as Bangladesh Bank, SME Foundation, and WE Association to improve financial access and entrepreneurial skills. Additionally, Bank Asia has established 400 women's centres across its agent outlets. Currently, 11% of agent owners are women entrepreneurs, and over 1,000 women are employed at agent points under the agent payroll. Moreover, 62% of our agent banking customers—4.40 million—are women. We are set to introduce remittance-backed deposit products exclusively for women customers, aimed at encouraging savings and financial empowerment.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

SRKH: To ensure the sustainable development of Bangladesh's MSME ecosystem, key policy reforms should include simplified documentation processes, comprehensive credit guarantee schemes for all microloans, insurance coverage support, tax incentives, and easier business registration. Collaboration between banks and the government should focus on expanding digital infrastructure, offering targeted financial literacy programmes, and strengthening refinancing facilities to support underserved MSMEs, particularly in rural areas and among women entrepreneurs.

SIMPLER

Loans, Smarter Assessments for MSMEs

M Jamal Uddin, CEO & Managing Director, IDLC Finance



The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

M Jamal Uddin (MJU): The MSME sector in Bangladesh is the backbone of our economy, contributing significantly to employment and GDP. However, it remains underfinanced and underserved. Financial institutions must go beyond traditional banking—by offering need-based financial products, simplifying access through digitization, and embedding themselves as partners in growth. At IDLC, we believe in enabling progress. Our focus on CMSMEs is not just strategic—it's a commitment to inclusive economic development. CMSMEs currently contribute around 25% to Bangladesh's GDP. In comparison, MSMEs contribute about 60% to India's GDP, 50-60% to Vietnam's, and over 70% to China's. These figures highlight the growth potential of our local enterprises and the need for enhanced support to help them reach similar levels of economic impact.

TDS: What are the major challenges MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

MJU: MSMEs, particularly micro and cottage enterprises, face challenges like limited access to formal documentation, lack of credit history, and insufficient collateral. At IDLC, we've made it easier to apply for loans, started using new ways to understand a borrower's ability to repay, and strengthened our connections with local communities. We have

also tailored financial solutions with flexible terms and integrated business advisory to ensure these enterprises are not just financed—but guided.

TDS: Does your bank have any dedicated products, financial literacy programs, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

MJU: Yes. Our offerings include SME Term Loans, Working Capital Financing, Seasonal Loans, and our specialized Women Entrepreneur Loan—Purnota. Beyond products, we prioritize capacity building. Through our dedicated financial literacy wing, we conduct financial literacy and business skills training for small entrepreneurs. We also participate in Bangladesh Bank's Credit Guarantee Scheme to enhance access for first-time borrowers with limited collateral.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

MJU: Technology is a key enabler of inclusion. We've digitized SME loan processing through our Loan Origination System (LOS) and credit scorecards, ensuring faster turnaround times, fewer documents, and standardized assessments. Our mobile teams use digital tools to onboard clients even in remote locations, with tab banking allowing relationship managers to assist customers directly as a single point of contact. We've also centralized operations to reduce delays and improve service, streamlining everything through a digital-first approach. Our goal is to ensure that an entrepreneur in

Natore gets the same level of access and service as one in Dhaka.

TDS: What steps is your institution taking to support women-led MSMEs and promote financial inclusion among underrepresented segments?

MJU: Women-led MSMEs often face deeper barriers. With our dedicated Purnota - women entrepreneur loan product, we not only provide loans with favorable terms but also offer mentorship and training. We're also working to expand access for youth-led and differently-abled-led enterprises. As a signatory to the UNEP FI Net Zero Banking Alliance and Principles for Responsible Banking, we integrate gender inclusion and SDG alignment in our core lending practices.

6. Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

We believe coordinated action is crucial. First, policy should promote blended finance and de-risking mechanisms for smaller enterprises. Second, simplification of trade license requirements and annual renewals, and business performance records would help build credible credit histories. Lastly, public-private partnerships in entrepreneur development and credit guarantee facilities should be scaled and designed to incentivize lenders. We urge regulators to support inclusive SME lending and create easier pathways for small businesses to access formal finance, aligning national development goals with grassroots entrepreneurship.



এমডিবি সিএমএসএমই

খণের মাধ্যমে হোক আপনার

ব্যবসায়িক প্রবৃদ্ধি

দেশের অর্থনৈতিক অগ্রযাত্রায় সিএমএসএমই খাতের গুরুত্ব অপরিহার্য। এখানে অনেক সম্ভাবনাময় ব্যবসায়ী রয়েছেন, যারা এই খাতে স্বপ্ন প্রদান এবং মুদ্রা আর্থিকের পর্যাপ্ত সুযোগ সৃষ্টি করছেন। সিএমএসএমই খাতের সার্বিক উন্নয়নে ভূমিকা রাখতে এমডিবি'র রয়েছে একাধিক বিশেষায়িত সিএমএসএমই স্বপ্ন পথ।

এমডিবি ব্যবসায় স্বপ্নঃ ট্রেডিং খাতের ব্যবসায়ীদের সার্বিক সহায়তার জন্য প্রস্তুতকৃত এই স্বপ্ন পথের মাধ্যমে ব্যবসায়ের চলতি মূলধন ও মজুত পণ্য ক্রয়ের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

এমডিবি সেবা স্বপ্নঃ সেবা খাতের ব্যবসায়ীদের জন্য প্রস্তুতকৃত এই স্বপ্ন পথের মাধ্যমে ব্যবসায়ের মূলধনি যন্ত্রপাতি ক্রয় ও পরিচালন ব্যয় নির্বাহের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

এমডিবি শিল্পায়ন স্বপ্নঃ শিল্প খাতের ব্যবসায়ীদের জন্য প্রস্তুতকৃত এই স্বপ্ন পথের মাধ্যমে ব্যবসায়ের মূলধনি যন্ত্রপাতি ক্রয়, পরিচালন ব্যয় নির্বাহ, ব্যবসায়িক কাঁচামাল ও মজুত পণ্য ক্রয়ের লক্ষ্যে আর্থিক সহায়তা প্রদান করা হয়।

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TAILORED FINANCIAL

Products to Empower MSMEs

M. Khurshed Alam
Additional Managing Director, NCC Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

M. Khurshed Alam (MKA): The MSME sector serves as a cornerstone of Bangladesh's economic growth, contributing over 25% to GDP

We are actively collaborating with key stakeholders such as the SME Foundation, Microfinance Institutions (MFIs), and the Skills for Employment Investment Programme (SEIP) under Bangladesh Bank to enhance financial inclusion.

and employing around 30% of the workforce. Despite its potential, the sector remains underutilised due to informality, limited access to finance, and structural constraints. Banks can play a transformative role by offering tailored financial solutions, simplifying lending procedures, promoting digital and agent banking, and supporting capacity building. Through inclusive and development-focused banking strategies, the financial sector can significantly accelerate MSME growth and enhance overall economic resilience.

TDS: What are the major challenges

MSMEs face in accessing finance, and how is your bank addressing these issues—especially for micro and cottage industries?

MKA: MSME financing in Bangladesh is constrained by several structural and operational challenges, including limited access to formal credit channels, inadequate bookkeeping practices, absence of comprehensive business plans, insufficient collateral, and a lack of market intelligence regarding demand, supply chains, and competitive positioning. These issues are particularly pronounced in the micro and cottage industry segments, which often operate informally and lack financial literacy.

To address these gaps, our bank has developed a range of MSME-friendly credit and deposit products tailored to the unique needs of this sector. We are actively collaborating with key stakeholders such as the SME Foundation, Microfinance Institutions (MFIs), and the Skills for Employment Investment Programme (SEIP) under Bangladesh Bank to enhance financial inclusion. Strategic initiatives include streamlined credit approval processes, reduced Turnaround Time (TAT), simplified documentation, and expanded access to government-backed refinance and pre-finance schemes. We also support the sector through

awareness campaigns, participation in trade fairs, facilitation of open credit disbursements, and the implementation of the Credit Guarantee Scheme (CGS) to mitigate credit risk and improve loan accessibility for underserved enterprises.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

MKA: NCC Bank PLC has a strong commitment to supporting the MSME sector through dedicated products, capacity-building programmes, and inclusive financing strategies. Nearly one-fourth of our total loan portfolio is allocated to the CMSME segment, reflecting our strategic focus.

We offer a diverse range of tailored loan and deposit products, including SME Business Debit Cards and app-based transaction platforms to enhance financial convenience. The bank actively organises region-specific financial literacy programmes, entrepreneurship training, and customer awareness initiatives to strengthen the operational capacity of MSMEs.

Under various Bangladesh Bank schemes, we provide concessional financing, such as the Tk. 25,000 crore Pre-finance Scheme, Refinance for Women Entrepreneurs, and Agro-

processing Industries, alongside participation in the Credit Guarantee Scheme (CGS). We also prioritise financial inclusion through start-up financing, cluster and group-based lending, and outreach to the unbanked population.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi-urban and rural areas?

MKA: With over 32 years of successful operations, NCC Bank PLC has built a legacy of trust and innovation, consistently evolving to meet the changing needs of its clientele. Over the past three decades, we have strategically embraced digital transformation to expand outreach and enhance service delivery, particularly to MSMEs in semi-urban and rural areas.

Our flagship mobile application—NCC Always—provides 24/7 access to a full suite of banking services, enabling MSMEs to conduct seamless and secure transactions anytime, anywhere. To support business-specific financial needs, we offer SME Business Debit Cards issued in the name of business entities, promoting greater financial transparency and ease of operation. Furthermore, we have introduced QR code-based payment solutions to facilitate digital commerce for MSMEs and deployed an AI-powered live chatbot on our website to provide real-time assistance and support. These initiatives underscore our commitment to harnessing technology as a catalyst for inclusive growth and financial empowerment in the MSME sector.

TDS: What steps is your institution

taking to support women-led MSMEs and improve financial inclusion among underrepresented segments?

MKA: To empower women-led MSMEs and enhance financial inclusion, NCC Bank PLC has established a dedicated Women Banking Division and Women Entrepreneur Dedicated Desks (WEDD) across branches. We offer tailored loan and deposit products, along with preferential financing under government-backed refinance and pre-finance schemes at competitive interest rates. Additionally, we conduct targeted financial literacy initiatives, such as SME fairs and open credit programmes, to build capacity and foster entrepreneurial growth among underrepresented segments.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

MKA: To foster sustainable MSME development, enhanced policy reforms and stronger public-private collaboration are essential. Beyond current initiatives by Bangladesh Bank, key recommendations include targeted tax incentives for new entrepreneurs, expanded concessional financing, and affordable insurance schemes tailored to MSMEs. Scaling up Credit Guarantee Schemes will further de-risk lending. Additionally, market-aligned training programmes and strategic infrastructure development—including digital and logistical support—are critical to creating an enabling environment for inclusive and resilient MSME growth.

FINANCING HER INITIATIVES



PHOTO: STAR

FROM PAGE J12

Others focus on gender-sensitive policies, such as offering unsecured loans without requiring spousal guarantees, particularly for widows and divorced women—recognising that women's financial independence should not hinge on male family members.

Emphasising the importance of gender-focused lending and expanding access for women entrepreneurs across Bangladesh, Mirza Elias Uddin Ahmed, Managing Director of Jamuna Bank, said, "Women entrepreneurs hold great promise in reshaping our MSME landscape. Jamuna Bank actively promotes financial inclusion for women. As of 2024, we have disbursed BDT 377.99 crore to 1,751 women-led MSMEs, representing 2.8% of our total MSME portfolio." The bank's SME Nari Uddogh programme is specifically designed for women entrepreneurs, offering flexible repayment terms, low processing times, and advisory support to help them thrive.

Describing support for women entrepreneurs as a national imperative, Ahsan Zaman Chowdhury, Managing Director and CEO of Trust Bank, said, "Supporting women entrepreneurs isn't just good business—it's essential for Bangladesh's economic future."

He added, "Our Trust Nondini programme offers substantial unsecured loans of up to BDT 25 lakh. We've specifically designed it to accommodate widows and divorced women without requiring spousal guarantees—recognising that women's financial independence should not be dependent on male relatives."

In 2023, Bangladesh Bank renamed its Small Enterprise Refinance Scheme to the Small

Enterprise Refinance Scheme for Women Entrepreneurs, dedicating it exclusively to women. Under this initiative, banks and financial institutions are offered incentive facilities at a rate of 1% to encourage timely loan adjustments, collections, and repayments. The maximum interest rate under the scheme is capped at 5%.

Women in rural areas face greater challenges than those in urban centres across every essential parameter for entrepreneurial growth. "Establishing economic zones for women entrepreneurs and strengthening institutions like BSCIC and the SME Foundation are critical," said Mousumi Islam, President of AGWEB.

Beyond credit, many banks are investing in financial literacy and entrepreneurship development programmes, often in collaboration with Bangladesh Bank and the SME Foundation. These initiatives aim to enhance managerial, planning, and digital skills among women entrepreneurs, especially in rural and semi-urban areas.

To strengthen financial access, banks have also established dedicated women banking divisions and women entrepreneur desks at branches across the country. These specialised units are staffed with professionals trained to understand the specific challenges faced by women-led CMSMEs.

With a dedicated Women Banking Division and Women Entrepreneur Dedicated Desks (WEDD) across its branches, NCC Bank offers tailored loan and deposit products, along with preferential financing under government-backed refinance and pre-finance schemes at competitive interest rates. "We conduct targeted financial literacy initiatives, such as SME fairs and open credit programmes, to build

capacity and foster entrepreneurial growth among underrepresented segments," said M. Khurshed Alam, Additional Managing Director of NCC Bank.

"BRAC Bank's extensive branch network includes specialised SME desks staffed with professionals trained to understand the unique challenges faced by small businesses," added Tareq Refat Ullah Khan, Managing Director and CEO (Current Charge) of BRAC Bank.

Furthermore, partnerships between banks and women-focused business associations are acting as catalysts for change. For example, EBL's agreements with groups like the Bangladesh Women Chamber of Commerce and Industry (BWCCI) and the Chittagong Women Chamber of Commerce and Industry are helping to streamline services and broaden outreach.

"We're also committed to expanding access for youth-led and differently-abled led enterprises," said M. Jamal Uddin, Managing Director and CEO of IDLC Finance, highlighting ongoing efforts to support underserved groups. "As a signatory to the UNEP FI Net Zero Banking Alliance and the Principles for Responsible Banking, we integrate gender inclusion and SDG alignment into our core lending practices." IDLC's women-focused loan product, Purnota, offers not only favourable loan terms but also mentorship and training to empower women entrepreneurs in overcoming systemic barriers.

Ultimately, the banking sector's evolving approach, ranging from capacity building and networking to facilitating market access—is proving that empowering women-led CMSMEs is not just a matter of fairness, but a smart strategy for long-term, inclusive growth.

MSME DAY 2025

ঢাকা ব্যাংক এসএমই উদ্যোগ

গল্প হবে সবার, স্বপ্ন ও সফলতার

আমাদের বিশেষায়িত সেবাসমূহ

ক্রেতার অর্থায়ন, ক্রেতা ব্যাবসায়িক এবং উন্নতি-প্রাপ্ত ক্রেতা ক্রেতা সুবিধা

লক্ষী উদ্যোগ ক্রেতার অর্থায়ন সুবিধা

সম্প্রদায়িক এবং উন্নতি-প্রাপ্ত অর্থায়ন

ক্রেতার উন্নতি (সম্প্রদায়িক উন্নতি) (এসএমই প্রকল্পের অধীনে)

ক্রেতার এবং উন্নতি-প্রাপ্ত ক্রেতার অর্থায়ন

ক্রেতার উন্নতি ক্রেতার অর্থায়ন উন্নতি এবং প্রকল্প

ক্রেতার উন্নতি ক্রেতার অর্থায়ন উন্নতি এবং প্রকল্প

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EXCELLENCE IN BANKING

SUPPORTING MSMES with Diverse Loan Products



Md. Ahsan uz Zaman
Managing Director & CEO, Midland Bank

The Daily Star (TDS): How do you assess the current state of the MSME sector in Bangladesh, and what role do you think banks can play in accelerating its growth?

Md. Ahsan uz Zaman (MAZ): The MSME sector in Bangladesh plays a pivotal role in employment generation and GDP contribution, accounting for over 25% of the national GDP and significant industrial employment. However, despite its importance, the sector faces structural constraints, limited access to finance, and informal

business operations. How is your bank addressing these issues—especially for micro and cottage industries?

MAZ: Key challenges include:

- Lack of formal financial records and collateral
- High perceived credit risk
- Limited awareness of financial products
- Complex loan processing and documentation

To address these, our bank has simplified credit assessment through alternative data scoring and cash flow based lending models. For micro and cottage industries, we offer unsecured loans and seasonal credit products under a linkage programme. We've also strengthened our field level presence through dedicated Relationship Officers at our Branch, Sub Branch, SME Centre and Agent Banking Centre. Besides the above services, we run mobile banking initiatives to ensure last mile delivery of financial services.

TDS: Does your bank have any dedicated products, financial literacy programmes, or credit guarantee schemes targeted at MSMEs? Please share key initiatives.

MAZ: Our bank has introduced a range of MSME Loan products including specialised products and services for MSMEs. These include loans for MSMEs with adequate land wishing to build houses for rental/commercial purposes with flexible repayment options; a

women entrepreneur dedicated loan product with lower interest rates and relaxed documentation to support women led MSMEs; a start up loan facility for early stage businesses with limited assets and backed by innovative business models; a special loan product for marginalised people under the financial inclusion refinance programme; and separate loan products under various refinance and pre finance schemes of Bangladesh Bank. We are also collaborating with Bangladesh Bank's refinance schemes to reduce collateral dependency for MSMEs. We run regular financial literacy camps and workshops in rural and semi urban areas to enhance awareness and capacity among small business owners.

TDS: How has your bank leveraged technology or digital banking solutions to improve outreach and services to MSMEs, particularly in semi urban and rural areas?

MAZ: While our full fledged digital or technology based SME banking platform is currently under development, we have already taken several foundational steps to improve outreach and service delivery to MSMEs, especially in semi urban and rural areas. These include:

1. Strengthening Agent Banking and Field Force Capabilities: enhancing our agent network and training Relationship Officers (ROs) and Relationship Managers (RMs) with digital tools for customer onboarding,

loan application collection and credit monitoring in underserved regions.

2. Piloting Mobile Based Loan Origination Tools: digitising SME loan origination and preliminary credit assessments to enable quicker service delivery and reduce dependency on physical branches.
3. Leveraging Existing Core Banking and CRM Platforms: integrating internal CRM and core banking systems to offer faster processing, centralised customer data and better service tracking for MSME clients.
4. Customer Awareness & Digital Readiness: conducting financial literacy campaigns and digital onboarding awareness sessions to prepare MSMEs—especially in rural areas—to adopt digital financial services once launched.

Future Roadmap:

Our upcoming digital SME banking suite aims to offer services such as online loan applications, automated credit scoring, mobile based transaction monitoring and digital document submission—tailored to the unique needs of MSMEs across diverse geographies. These innovations have not only increased MSME penetration but also enhanced credit quality through better monitoring and collection mechanisms.

TDS: What steps is your institution taking to support women led MSMEs and promote financial inclusion among underrepresented segments?

MAZ: Our bank is deeply committed to inclusive banking. Key initiatives include:

- Dedicated Women SME Desks: available at all branches to offer personalised support to female entrepreneurs.
- Special Credit Lines: with lower

interest rates, longer repayment tenures, and flexible documentation for women led businesses.

- Partnerships with NGOs: ensuring timely loan disbursement to marginalised women entrepreneurs and farmers.
- Social Awareness Campaigns: promoting female entrepreneurship and inclusion through digital and community based platforms.

We closely monitor the disbursement ratio to ensure equitable access and continuously review policies to reduce gender based financial barriers.

TDS: Looking ahead, what policy reforms or collaborative efforts between banks and the government would you recommend to ensure sustainable development of Bangladesh's MSME ecosystem?

MAZ: To ensure long term sustainability, I recommend the following:

- Digitised Business Identity & Credit Scoring System: government backed unified platforms to help banks assess MSMEs more effectively.
- Expanded Credit Guarantee Programmes: with shared risk models to encourage banks to lend to new and small borrowers.
- Tax Incentives for Formalisation: to encourage MSMEs to register and maintain financial records.
- Capacity Development Programmes: joint initiatives between banks, regulators and development partners to provide entrepreneurship training.
- Infrastructure Development: reliable logistics and digital connectivity in rural areas to unlock growth for rural MSMEs.

A strong public-private partnership is essential to build a robust, inclusive and innovation driven MSME sector in Bangladesh.



PHOTO: PRABIR DAS

FINANCING HER INITIATIVES

SAUDIA AFRIN

Despite growing participation in the economy, women entrepreneurs in Bangladesh continue to face systemic barriers that limit the scale and scope of their business ventures. From limited access to credit to entrenched gender norms, the challenges are both structural and social. Particularly within the cottage, micro, small, and medium enterprise (CMSME) sector, women-led businesses often struggle to secure financing due to lack of collateral and perceived risk.

However, this narrative is gradually shifting. With growing awareness of the need for inclusive growth, banks and financial institutions are increasingly introducing women-centric products tailored to the unique needs of female entrepreneurs—aiming to unlock their economic potential and promote sustainability.

According to the Asia Foundation's Annual Report 2022, 46% of SMEs received loans to expand their businesses, with 91% reporting increased income. Despite success stories where women-driven initiatives significantly contribute to family and national economies, the number of women-led SMEs remains relatively low. While Bangladesh ranks 59th in the World Economic Forum's Gender Gap Index 2023, it stands 139th out of 146 in women's economic participation, reflecting

the deep-rooted barriers to financial inclusion and leadership.

"Bangladesh has made progress in gender equality through policies and legislation, but their effectiveness remains limited," said Professor Muhammad Shahadat Hossain Siddiquee, Economics Professor at the University of Dhaka. He suggested creating opportunities for women and fostering a business-friendly environment to encourage more women to venture into entrepreneurship.

Access to formal credit remains a persistent hurdle for MSMEs, largely due to low financial literacy, inadequate credit history, and lack of business expertise. Sangita Ahmed, Senior Vice President of the Bangladesh Women Chamber of Commerce and Industry (BWCCI), highlights another layer of the problem: "Women's contributions often go unrecognised, as many run unregistered businesses without licences or tax records. This makes accessing financing—whether credit or other services—much more difficult. Alarming, only 1.7% of women-owned enterprises in Bangladesh are formally registered, far below the global average of 14.5%." She also cites limited mobility, lower access to information, and weak integration into the mainstream supply chain as additional factors that place women entrepreneurs at a disadvantage compared to men.

To address these challenges,

several banks have introduced targeted lending products and support programmes aimed at women-led MSMEs. Through their 'EBL Mukti' loan facility, EBL offers financing of up to BDT 1 crore, collateral-free up to BDT 50 lakh, specifically designed to empower female entrepreneurs.

BRAC Bank offers comprehensive banking and financing solutions for women-led CMSMEs through its dedicated women banking proposition, TARA. "We go beyond traditional banking by organising networking events and capacity-building workshops to equip SME owners, especially women, with the skills they need for entrepreneurial success," said Tareq Refat Ullah Khan, Managing Director and CEO (Current Charge) of BRAC Bank.

Highlighting Dhaka Bank's commitment to supporting women-led MSMEs, Sheikh Mohammad Maroof, Managing Director and CEO of Dhaka Bank, said, "Our efforts include a range of financing and capacity building initiatives designed to empower women entrepreneurs." Among these initiatives is the Oditiya Loan, an EMI-based product tailored to help women-led businesses acquire assets and expand their operations sustainably.

Some banks are offering EMI-based loans to help women acquire assets and scale their businesses sustainably.

SEE PAGE J11



আন্তর্জাতিক এমএসএমই দিবস ২০২৫

যাদের উদ্যোগে বড় স্বপ্ন বাস্তবায়নের পথে
এগিয়ে যায় দেশ, সেসব উদ্যোক্তাদের
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