



**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 & Corpnet 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 NBFI's 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 NBFI's 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



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, NBFI's, NGOs, and the entrepreneurs themselves, MSMEs can truly drive Bangladesh forward—into a future defined by shared prosperity, innovation, and sustainable growth.

## সিএমএসএমই বিত্তিযোগে এগিয়ে যাবে ব্যবসা সমৃদ্ধ হবে দেশ

ডাক্তার তারেক আল-জায়ারাহুর সামো

সেশের অধীনিক উদ্দয়ে কৃতি, কৃত ও কার্য উদ্যোগের পাশে, সক্ষ পর্যবেক্ষণের সুবিধা প্রিয় পাশে কার্যে আল-জায়ারাহুর সামো

প্রত ও বাসেন্টিন প্রেসিসিং  
অসিল বিত্তিযোগে প্রয়োগের সুবিধা।

### বিত্তিযোগ প্রকল্পসমূহের নাম

- সাল এন্টেনারাইজ ইনকোর্পোরেটেড লিমিটেড  
কৃত ও কার্য প্রয়োগের বিকাশে সহায়তা করার
- এসডাইক ফ্রেন্টিলেন  
কৃত ও কার্য প্রয়োগের উন্নয়নের উদ্যোগীয় উন্নয়নকে বিত্তিযোগ
- সাইজেন এন্টেনারাইজ ইনকোর্পোরেটেড লিমিটেড  
কৃত ও কার্য প্রয়োগের উন্নয়নের উদ্যোগীয় উন্নয়নকে বিত্তিযোগ
- ড্রাল এন্টিকলার ইনকোর্পোরেটেড লিমিটেড  
কৃত ও কার্য প্রয়োগের উন্নয়নের উদ্যোগীয় উন্নয়নকে বিত্তিযোগ
- মাল-জায়ারাহুর সামো

আল-জায়ারাহুর  
ইসলামী ব্যাংক পিএলসি

aib  
ASIAN BANK

16434  
মিলিয়ন রুপায়ে  
কল দ্বাৰা কৰা কৰা