

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

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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.

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