

## 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

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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



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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.

## ঢাকা ব্যাংক এসএমই উদ্যোগ

গল্প হবে সবার, স্বপ্ন ও সফলতার

**অস্বাভাবিক বিশেষায়িত মেম্বারশ্বপ**

শ্রমিকের কর্মসংস্থান, কৃষক ব্যাবসায়িক এবং খুচরা-আপেক্ষক গ্রুপ সুরক্ষিত

নারী উদ্যোগে শ্রমিকের কর্মসংস্থান সুরক্ষিত

সম্পূর্ণ বেকিং এবং ডিস্ট্রিবিউটর কর্মসংস্থান

প্রকৃতি-ভিত্তিক (পেশাদার ফ্রিশ (এসএমই) প্রকল্পের অধীনে)

সেফটি এবং অস্বাভাবিক-নারী অস্বাভাবিক

কল্প সুরক্ষিত শ্রমিকের কর্মসংস্থান এসএমই গ্রুপ প্রদান

অস্বাভাবিক শ্রমিকের কর্মসংস্থান এসএমই গ্রুপের অধীনে

শ্রমিকের কর্মসংস্থান সুরক্ষিত গ্রুপ সুরক্ষিত