Local enterprise needs more than access to credit

More flexible repayment arrangements, alongside training in bookkeeping and financial management, can also help small businesses grow sustainably.

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Access to a nearby banking outlet can help small businesses save, transact and seek finance, but documentation and repayment remain challenges. Sohail R K Hussain, managing director of Bank Asia PLC, discusses how agent banking can support local enterprise, the bank's lending process and the gaps that remain, in a conversation with The Daily Star.

THE DAILY STAR (TDS): How is agent banking moving beyond everyday transactions to support local enterprise?

SOHAIL R K HUSSAIN (SRKH): Bank Asia initially focused on bringing unbanked and marginalised people into formal banking. Through more than 5,000 agent outlets, we open around 40,000 accounts monthly, over 80 percent of them for first-time banking customers.

We now combine financial literacy with access to finance to help farmers, small traders and women entrepreneurs invest in productive activities. Over the past five years, we have extended Tk 1,300 crore in financial support to approximately 100,000 customers and supported more than 8,000 women entrepreneurs in starting and growing their businesses.

TDS: What services can entrepreneurs access, and where does an agent's responsibility end?

SRKH: Entrepreneurs can access deposits, withdrawals, remittances, fund transfers, account-opening support and bill payments. Agents also assist with SME and agricultural loan applications, disbursements and repayments within their authorised scope.

Credit appraisal, due diligence and loan approval remain with the bank's designated lending teams. Our Online Credit Approval System (OCAS) helps speed up processing. The model combines local access with the bank's formal risk management framework.

TDS: What does applying for business finance involve, and how long does it take?

SRKH: Entrepreneurs can approach an outlet for guidance on suitable products and application procedures. They usually need their national identity card, photograph, trade licence, business bank statements and income records.

The lending team verifies the business, assesses repayment capacity and makes the credit decision. Disbursement generally takes three to five working days after all required documents are submitted, subject to verification and fulfilment of the bank's requirements. Agents facilitate the application; assessment and approval remain with the bank.

TDS: How do you assess businesses with limited formal accounts or collateral?

SRKH: We consider actual business performance, income patterns and overall creditworthiness rather than relying solely on formal accounts or collateral. Savings patterns, remittance receipts and transaction histories offer insights into financial behaviour and repayment capacity.

Field verification, Credit Information Bureau reports, guarantor assessments and market reputation also inform appraisal. Local agents provide insights into customers and their businesses. Lending decisions must comply with our credit policies and Bangladesh Bank guidelines, balancing wider access with prudent risk management.

TDS: What financing is available for businesses with seasonal or uneven cash flows?

SRKH: We offer cottage, micro, small and medium enterprise (CMSME) and agricultural financing, including working capital, term loans and seasonal finance. Loan amounts range from Tk 30,000 to Tk 50 lakh, depending on the product and borrower's eligibility.

Repayment schedules and financing costs depend on the business, its cash-flow patterns and the approved facility. Seasonal financing helps enterprises build inventory and meet peak demand, with repayment terms structured around their financial capacity.

TDS: What barriers do women entrepreneurs face, and how are you addressing them?

SRKH: Limited collateral, inadequate documentation, low financial literacy, mobility constraints and social barriers can restrict women's access to finance. We respond through financial literacy and capacity-building programmes, alongside SME and agricultural financing.

Women represent 64 percent of our agent banking customers. Over the past four years, more than 100 physical capacity-building events have reached around 6,000 women entrepreneurs, alongside virtual programmes. Our network includes 527 women agents and around 1,700 women micro-merchants.

We have disbursed approximately Tk 150 crore to women entrepreneurs. Gaps nevertheless remain in collateral, formal documentation and business development support, requiring targeted finance, partnerships and training.

TDS: How do customers learn about charges and terms, and raise complaints?

SRKH: We communicate charges, financing terms and application updates through outlets, SMS alerts, customer support and written receipts, using simple Bengali where appropriate. Agents are trained to explain terms clearly.

More than 90 percent of loan applications are initiated through OCAS, allowing credit officers to track them in real time. Customers can complain through our hotline, branches or agent outlets. Complaints are recorded in our Complaint Management System and monitored by designated officers for timely resolution.

TDS: What would strengthen agent banking's contribution to enterprise development?

SRKH: More varied financing products, simpler documentation, stronger digital and financial literacy, and better access to markets and business support are needed. More flexible repayment arrangements, alongside training in bookkeeping and financial management, can also help small businesses grow sustainably. Coordination among banks, government agencies and development partners would help.

Shikah Moni Hosiary in Narayanganj illustrates the opportunity and challenges. The business accessed a Tk 3 lakh CMSME loan to expand inventory before winter. The entrepreneur's savings and previous loan history supported eligibility without formal collateral. Sales increased significantly during the festival season, but uneven cash flows and limited bookkeeping made repayments difficult to manage. Finance therefore needs complementary support in financial management and business development.



