Turning local banking access into business finance

> Success should be measured not only by transactions and deposits, but also by sustainable business growth and financial inclusion.

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FAISAL RAHMAN

For small businesses, a nearby banking outlet can make transactions easier, but securing finance requires a closer assessment of income, records and repayment capacity. In a conversation with The Daily Star, Faisal Rahman, chief executive officer of Prime Bank PLC, discusses how agents and lending teams can work together to support local enterprise.

The Daily Star (TDS): How is agent banking evolving beyond savings, remittances and everyday transactions?

FAISAL RAHMAN (FR): Customers initially relied on agents for deposits, withdrawals, remittances and everyday banking. The opportunity now is to connect them with financial services that support livelihoods and enterprise. Small traders, agricultural input sellers, farmers and micro-business owners need working capital, convenient payments and financing suited to their business cycles.

Remittances can provide seed capital for enterprises and agriculture alongside household income. Convenient access to savings and formal financial services can also help women build financial independence and explore entrepreneurship.

As familiarity with digital banking grows, customers expect faster services and solutions suited to their needs. Our aim is to combine digital services, financial literacy and responsible financing to help local businesses grow. The next phase should turn financial access into productive engagement with the banking system.

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

FR: Entrepreneurs can access account opening, subject to regulatory requirements, deposits, withdrawals, domestic remittance services and other authorised transactions. These help them manage sales proceeds, maintain savings and transact closer to home or work. Depending on approved arrangements, agents may facilitate digital banking access, explain financial products and guide customers through loan application procedures.

Agents provide a local access point and help with documentation, but must operate within prescribed policies and regulatory guidelines. Credit approval, risk assessment and decisions requiring professional banking judgement remain with authorised bank personnel.

When a trader seeks expansion finance, the agent may facilitate the application and document submission. The branch or lending team assesses the business, cash flow, repayment capacity, credit history and risks before deciding. Local familiarity complements formal assessment; it does not replace it.

TDS: What does the financing application process involve, and what determines processing time?

FR: The entrepreneur first explains the business, financing requirement and intended use of funds at the outlet. The agent provides preliminary product and eligibility information and guides the customer to the designated branch or lending team.

That team receives the formal application, checks documents and assesses business viability, cash flow, repayment capacity, existing liabilities, credit history and any applicable collateral or guarantees. Business visits and other checks may follow. The authorised approving authority makes the decision, after which legal documentation and security formalities must be completed before disbursement.

Applicants should generally prepare their national identity card, valid trade licence, e-TIN and relevant tax documents, business address details, bank statements, sales and expense records, financial information and details of existing borrowings. Partnership or company documents, guarantor information and collateral papers may also be needed, depending on the business and product.

Processing time depends on application completeness, the quality of records, verification, collateral formalities and the approval level required.

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

FR: We assess actual business performance and repayment capacity while maintaining prudent credit standards. This means examining daily sales, purchasing patterns, operating expenses, inventory turnover, seasonal variations and existing obligations. Business visits and discussions with entrepreneurs help us understand their operations.

Regular savings may indicate financial discipline. Remittance receipts can demonstrate supplementary income where it is reliably available for repayment. Deposits of business proceeds and supplier payments can help establish transaction patterns and estimate cash flow, but these indicators require verification and assessment.

Where approved products and risk policies permit, alternative financing arrangements may help eligible businesses without conventional collateral.

TDS: How should financing accommodate seasonal or uneven business income?

FR: Retailers need working capital for inventory, agricultural businesses need funds linked to production cycles, and cottage industries or women-led enterprises may need equipment, raw materials or expansion finance.

Loan sizes should reflect genuine funding needs and repayment capacity. Where the approved product permits, repayment schedules should align with business cycles and expected revenue.

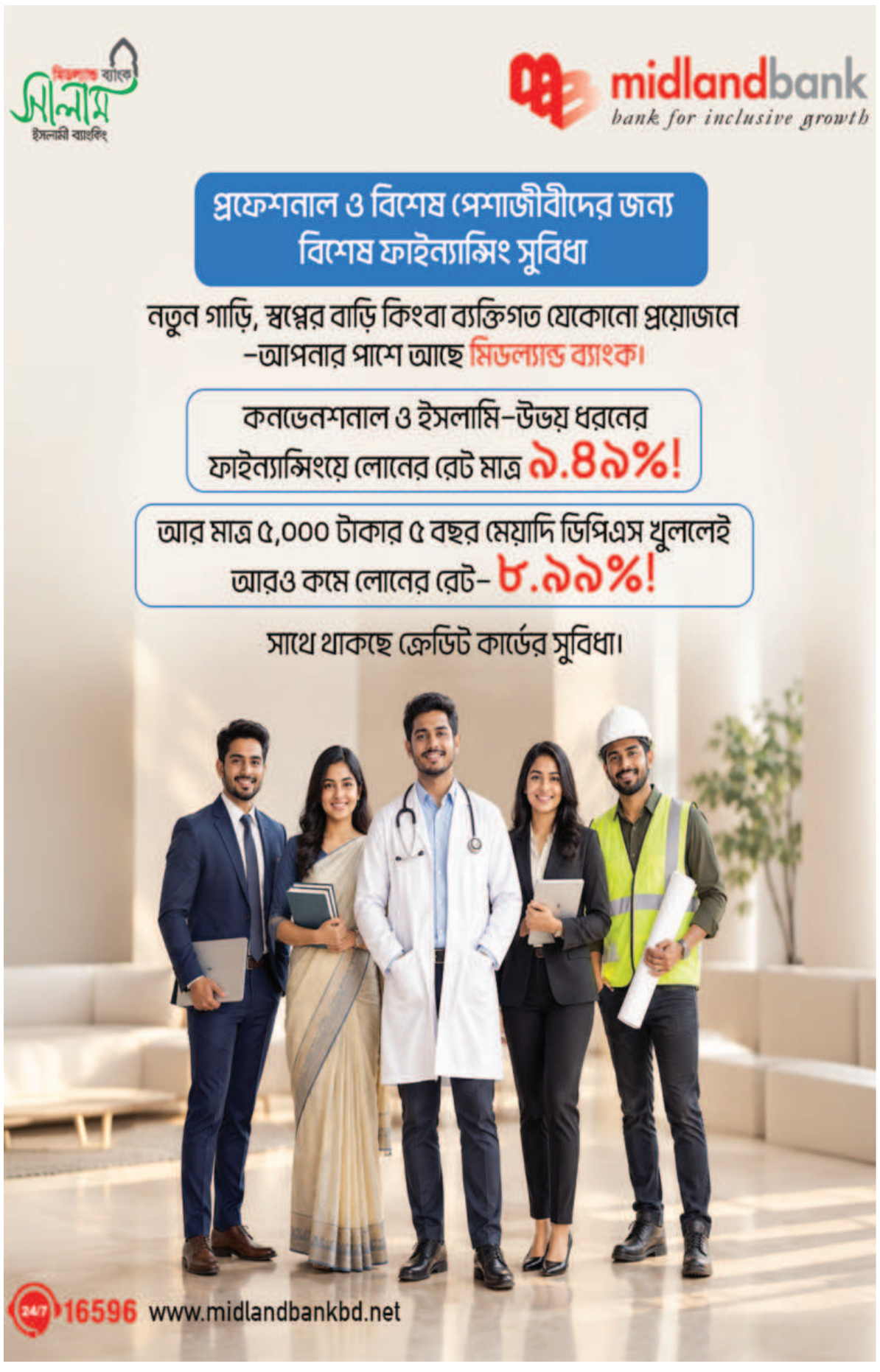
We communicate applicable interest rates, fees, charges and repayment obligations so customers understand the total borrowing cost.

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

FR: Priorities include identifying viable businesses, strengthening referrals between agents and lending teams, and developing financing that reflects entrepreneurs' cash flows. Success should be measured not only by transactions and deposits, but also by sustainable business growth and financial inclusion.

Md Zafar Khan, a farmer from Ramdirgati, Magura, uses a nearby outlet for transactions and needs funds for seeds, fertilisers and other inputs as his farming activities expand. Informal records, seasonal income and limited conventional collateral complicate assessment.

Agent support can connect him with the branch's lending team for a business visit, cash-flow assessment and explanations of documentation and repayment obligations. Financing remains subject to assessment and approval by the competent authority.



What can you actually do at an AGENT BANKING OUTLET?

LAURA Z.

A shopkeeper wants to deposit the day's earnings. A family needs to collect money sent from abroad. A small entrepreneur wants to enquire about a loan. An agent banking outlet can be a starting point for all three, although the services available depend on the bank and its arrangement with the agent.

These outlets provide selected banking services on behalf of a bank. Knowing what they are allowed to offer and which decisions remain with the bank can help customers avoid an unnecessary trip to a branch.

OPEN AN ACCOUNT AND BUILD SAVINGS

Customers can begin the account-opening process at an outlet by submitting forms and supporting documents. The agent helps collect the information, while the bank verifies it and approves the account. Before visiting, ask which identification documents, photographs and nominee details are required.

Some banks also offer monthly savings schemes and fixed deposits through their agent banking channels. Dutch-Bangla Bank, for example, lists both among its services. Customers should check the deposit amount, tenure, applicable return and early-withdrawal conditions before choosing a product.

DEPOSIT, WITHDRAW AND TRANSFER MONEY

Cash deposits and withdrawals are core services. Customers can also check their balance, obtain a mini statement and transfer funds through the channels supported by their bank. Before sending money, confirm whether the outlet can transfer it to the intended account and what charges apply.

Transaction limits apply, and a larger withdrawal may require advance arrangements. Checking with the outlet beforehand can help establish whether the requested amount can be handled during the visit.

RECEIVE REMITTANCES AND MAKE PAYMENTS

Participating outlets disburse inward foreign remittances, allowing recipients to collect money sent through supported channels. This does not mean the agent operates a foreign currency exchange counter: receiving a remittance and buying or selling foreign currency are different services.

Utility bill payments are another available service, although customers should confirm that their particular biller is supported. Depending on the bank's arrangements, outlets may also handle insurance premiums and payments under social safety-net programmes. Bank Asia lists these among its agent banking services.

START A LOAN APPLICATION

An outlet can provide a local point of contact for submitting a loan application and supporting documents. Bank Asia, for instance, lists SME and agricultural loan processing among its services.

However, submitting an application to an agent does not guarantee financing. Assessment and approval remain with the bank. Authorised outlets may also facilitate disbursement and collect repayments after a loan has been sanctioned.

CHECK BEFORE COMPLETING A TRANSACTION

Ask about the bank's prescribed charges and retain the transaction receipt or acknowledgement. Check the amount and account details, and review any SMS confirmation received. Dutch-Bangla Bank's published deposit procedure, for example, includes a receipt and an SMS where a mobile number is provided.

If the system is unavailable or cannot generate an acknowledgement, do not leave money to be processed later. An agent's familiarity with the neighbourhood is useful, but each transaction still needs to pass through the bank's authorised system.



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