Bringing small business lending closer to rural customers

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Mohammad Ridwanul Hoque
Deputy Managing Director
United Commercial Bank PLC



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Agent banking has brought deposits and everyday transactions closer to rural customers, but expanding access to business finance remains a challenge. In a conversation with The Daily Star, Mohammad Ridwanul Hoque, deputy managing director of United Commercial Bank PLC, discusses the bank's expansion plans, proposed digital lending and support for agents and women entrepreneurs.

THE DAILY STAR (TDS): How is agent banking changing, and what are your expansion plans?

MOHAMMAD RIDWANUL HOQUE (MRH): Agent banking is becoming a local financial hub where trusted agents support small businesses. Customers are moving from occasional cash transactions to regular banking close to home. More women and rural households are joining the formal system, while confidence in digital methods is spreading through word of mouth.

Our network has more than 630 outlets serving underserved and unbanked communities. Alongside banking services, we conduct financial literacy campaigns and support women entrepreneurs and small businesses in accessing the formal financial system.

We aim to reach 400 upazilas by the end of 2026 and achieve coverage of every upazila by 2027.

TDS: What can entrepreneurs do at an outlet, and who handles loan decisions?

MRH: Entrepreneurs can open accounts, deposit and withdraw money, receive remittances, transfer funds, check balances and open savings schemes. Outlets also offer utility bill payments and access to digital banking.

They serve as channels for loan applications, collecting documents and forwarding them to the respective branches for verification, approval and disbursement. Where required, agents assist with collecting loan instalments.

When an entrepreneur enquires about a loan, the outlet checks basic eligibility and the source of income before referring the applicant to a branch. Agents facilitate access and documentation; the bank retains responsibility for credit assessment and approval.

TDS: What financing is available, and what will change under your digital lending plans?

MRH: Our agent banking channel currently offers secured overdraft and agricultural loan facilities. From 2027, we plan to introduce digitally enabled SME, micro and cottage industry loans of up to Tk 10 lakh, targeting disbursement within one working day, subject to eligibility and credit assessment.

The plan involves simpler digital applications, faster assessment and streamlined approvals to improve access for small businesses and rural entrepreneurs.

Our collateral-free products supporting local enterprises include Suchana, offering Tk 1–6 lakh for new and micro entrepreneurs; Pragati, offering up to Tk 10 lakh for established businesses; and ARFL, offering up to Tk 10 lakh for agriculture and rural livelihoods.

Interest rates depend on the customer's banking relationship and applicable loan terms. In some cases, rates may be below 7 percent, subject to the availability of Bangladesh Bank refinancing facilities.

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

MRH: We examine whether applicants are local residents, whether they have an existing business and how they operate it. The main considerations are business activities, income and the ability to repay. Not having a bank account does not automatically make an applicant ineligible. A customer may still qualify, subject to the bank's requirements.

TDS: How do you support women customers and entrepreneurs?

MRH: Around 47 percent of our agent banking customers are women, and we have more than 100 female agents. Their presence helps women access services comfortably and conveniently.

In remote rural areas, limited literacy and financial knowledge can make formal banking difficult to navigate. We seek to bring more women into the financial system through awareness and inclusion initiatives.

We also offer dedicated loan products for women entrepreneurs. Before financing, we arrange training in business management and financial matters to help them develop their enterprises and use borrowed funds more effectively.

TDS: How are you helping agents build viable businesses?

MRH: Outlets offer products and services from UCB subsidiaries, including Upay, UCB Asset Management, UCB Stock Brokerage and UCB Investment. These provide additional revenue opportunities and diversify agents' income. We also introduce utility bill payment services to broaden their offerings.

Quarterly agent meetings, held in person and online, allow us to hear about operational challenges, business needs and earning opportunities. We use this feedback to make improvements before the next meeting. Supporting agents' business growth helps sustain the network serving local communities.

TDS: What safeguards help customers understand charges and report problems?

MRH: Prescribed schedules of charges are displayed prominently at outlets and published on our website. We regularly train agents and their staff on charges, fees and service terms.

Each outlet displays contact numbers for the call centre, linked branch manager, operations manager, area manager and outlet in-charge. Customers can use these channels to clarify information, complain or report irregularities.

Head office also monitors customer transactions through telephone calls. Physical outreach and social media campaigns promote safe banking practices, fraud awareness and secure use of agent services, alongside compliance with Bangladesh Bank requirements.

TDS: What would help agent banking contribute more to local enterprise?

MRH: Lending has not expanded at the same pace as deposit mobilisation. Banks should introduce simpler, small-value loans through outlets. Agents can identify potential borrowers, facilitate documentation and monitor businesses and repayments, while banks retain credit assessment and approval responsibilities. Simplified procedures, digital assessment and faster disbursement could strengthen agent banking's contribution to rural entrepreneurship and employment.



