

BRAC Bank's SME loans cross Tk 5,000cr

STAR BUSINESS DESK

BRAC Bank's SME credit portfolio has crossed Tk 5,000 crore as of November for the first time, up by Tk 712 crore from the last year's disbursement.

The bank's SME financing rose 17.63 percent to Tk 4,388 crore in 2011 from the previous year.

The growth is attributed to consistent credit demand for new small business start-ups and expansion at grassroots level as more and more entrepreneurs are being able to have access to SME loan, thanks to SME-focused initiatives of Bangladesh Bank, SME Foundation and trade bodies.

BRAC Bank is the only bank in the country to have a plan to disburse more than 50 percent of its loan portfolio to SME, the bank said in a statement.

The bank has set up 400 SME unit offices across the country to take loan facilities to small entrepreneurs at grassroots level. With average loan ticket size of Tk 6 lakh, the bank is efficiently reaching the rural and semi-urban small entrepreneurs.

A recent study shows that SMEs receiving finance from BRAC Bank have increased their fixed asset by 223 percent, equity capital by 109 percent, sales by 134 percent and profit by 91 percent.

The Impact Measurement Study conducted by independent experts of Dhaka University and commissioned by Global Alliance for Banking on Values

is aimed at assessing sustainability of SME financing on small enterprises.

"As an SME-focused bank, we have witnessed phenomenal growth in SME credit that boosts national economy," Syed Mahbubur Rahman, managing director of the bank.

"Our success also comes with challenges as well. SME financing needs large manpower to monitor small loans scattered in vast geographical areas. The new loan provisioning policy also puts effect on SME financing. Bangladesh Bank has been very supportive to the country's SME sector. With its support and guidance, we will overcome the challenges."

The central bank in assistance from Japan International Cooperation Agency has recently started a Tk 415 crore refinancing scheme to provide easy loan to SME entrepreneurs.

Such facilities from the central bank help commercial banks like BRAC Bank to provide soft loan to small entrepreneurs.

"In its 11 years of operations, BRAC Bank has disbursed Tk 22,000 crore loan to 4 lakh SME entrepreneurs across the country and 92 percent of these loans are collateral free," said Rahman.

"The finance has created direct employment to 13 lakh people. The bank also extended support to 8,000 women entrepreneurs with Tk 360 crore loan till date. With these efforts, the bank has now become synonymous with SME financing."