

Brac Bank MD sees SME expansion vital for economic growth

Yasir Wardad

SMEs can help reduce poverty by contributing to the national economic growth, removing problems of labour-intensive industries, creating employment opportunities for the semi-skilled workers and also linking small entrepreneurs with main stream business.

Brac Bank is trying to do the same considering it as a reality for the economic advancement of the country, Managing Director (MD) and Chief Executive Officer (CEO) of Brac



Syed Mahbubur Rahman

Bank Ltd (BBL) Mr Syed Mahbubur Rahman said this while talking to the FE Sunday.

When asked about the key problems the conventional banks are facing, as SME has no universal definition, he said, "The world is changing at a fast pace. Definition of an enterprise is primarily outlined by its manpower and assets. But sales turnover should also be

taken into consideration in defining an

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enterprise whether it is small or medium."

He said BBL's motto is to mobilise funds from the urban areas to rural areas.

"This is a key solution towards economic advancement through employment generation. Brac Bank at present stands among the top in the industry with a double digit profit growth every year. I think the risk is leaved past while the business

model comes successful."

Responding to a question on how many people have so far been employed through the bank's SME division, he said, BBL is the number two bank in the country in terms of employment generation.

"A total of 1,968 employees are currently working in SME Division and serving the nation. Thus, we are extending our reach to every potential customers belong to SME. A network of 424 SME unit offices and 144

branches or service centres is one of the core strength of Brac Bank having presence in almost every upazila of the country," he informed.

Responding to another question in connection with performance of SME division during 2010-11 FY, Mr Rahman said that the bank had disbursed Tk 32.28 billion during the period and fixed a target to disburse Tk 38.73 billion this year which is 20 per cent higher from the previous year.

"BBL is considering car-

rying out a study with a view to addressing customers' requirements more efficiently," he commented.

When requested to evaluate the overall banking sector of the country and to comment on the necessity of new commercial banks, BBL MD said, "Overall banking sector is facing severe expert manpower shortage. The right place or post lacks right person. The country is already oversaturated with banks, I think".

He said: "The new banks would make the situation more complicated. The new banks would face shortage of skilled manpower which would affect proper compliance and governance. The government can allow one or two specialised banks for the country's northern parts only".

Responding to another query about high interest rate being charged on small scale agro-entrepreneurs, specially women entrepreneurs, Mr Rahman answered negatively saying that the BBL is not charging high interest from women entrepreneurs or any agro entrepreneurs.

"There is a special product named 'PROTHOMA' with 10 per cent interest rate. This is to support women and their businesses grow

like other businesses. The bank has focused on women entrepreneurs and that is now an established fact. Tk 3.29 billion has been disbursed among 7,403 women entrepreneurs until April 30, 2011," he pointed out.

The BBL CEO also informed that they were offering various kinds of loans in agriculture, fisheries and livestock sectors ranging from Tk 0.50 million to Tk 1.0 million.

When requested to evaluate the role of the regulator in SME Financing, the BBL CEO said, "A regulator acts as a special programme department and involved in policy making. It would remain watchful in implementing policies. It would also hold regular meetings, monitor and oversee handling issues relating to compliance".

"The Bangladesh Bank has been particularly supportive to SME Financing. In fact, the central bank facilitates other banks to introduce SME Division. Its role in setting targets for banks in SME and Krishi loans (agricultural loans) and monitoring the same on monthly basis have accelerated the presence of SME financing to every corner of the country," he said.

Explaining other banking norms of BBL, Mr Rahman said, "BBL is the first bank to launch SME division, but BBL is now a financial tree that offers financial solutions to all branches - be it retail, SME, wholesale banking, capital market, or remittance, but we have a special focus on SME".

When requested to assess the e-commerce and mobile banking, the BBL MD said, BBL launched e-commerce platform together with Visa last year so that the consumers can purchase their favourite items through online.