Sustainable banking boosts sales of small businesses: study

From left, Syed Mahbubur Rahman, managing director of BRAC Bank; Muhammad A (Rumee) Ali, chairman, and David Korslund, senior adviser to the Global Alliance for Banking on Values, attend the inaugural session of a meeting of sustainable bankers of the alliance, at BRAC Centre Inn in Dhaka yesterday.

STAR BUSINESS REPORT

Finances from sustainable banks lead to 76 percent increase in sales and 62 percent in assets in small businesses, according to a study commissioned by a global alliance of value-based banks.

The study was presented at the opening ceremony of a meeting of sustainable bankers of the Global Alliance for Banking on Values (GABV) at BRAC Centre Inn in Dhaka yesterday. The study aims to work out the impact of sustainable banking on business entities.

The Impact Measurement Study conducted by independent experts of Dhaka University assessed the impact of finances on small and medium scale borrowers of BRAC Bank in Bangladesh. Credit programme helps business owners spend more on health, education of the children and housing, the study said.

Enterprises become more committed to environment and elimination of child labour with the influence of bank. Sustainable banking facilitates development of significant local market with growth of supportive backward and forward businesses growth, according to the study.

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The GABV is a network of 20 of the world's leading sustainable banks from Asia, Latin America, North America and Europe.

BRAC Bank and BRAC Microfinance Programme are the only members from Southeast Asia to the global alliance.

The meeting, hosted by BRAC Bank, is part of a series of meetings in different parts of the world to streamline the uniform practices of sustainable banking.

"GABV takes SME financing of BRAC Bank as a model for sustainable economic development. It makes us proud that GABV banks intend to replicate the financing model of a Bangladeshi bank," said Muhammad A (Rumee) Ali, chairman of BRAC Bank.

"We focus on meeting financial needs of small entrepreneurs at grassroots level, who are missed out in traditional banking system, for their financial inclusion," said Syed Mahbubur Rahman, managing director of the bank.

Development of uniform global practices of sustainable banking will encourage more banks to join in the alliance which will help fight financial crisis globally, Rahman said.

David Korslund, senior adviser to GABV; Martin Rohner, chief executive officer of Alternative Bank of Switzerland; Pierre Aebi, chief financial officer of Triodos Bank from the Netherlands; Linda Morris, a senior vice president of Vancity Credit Union in Canada; and Salvador Menjivar, executive director of One Pacific Coast Bank, USA, were also present.