

Syed Mahbubur Rahman, Managing Director and CEO of BRAC Bank speaks on the Challenges of Small and Medium Enterprise Financing at ULAB

The Center for Enterprise and Society at the University of Liberal Arts Bangladesh (ULAB) organized a talk entitled **“The Challenges of Small and Medium Enterprise Financing”** on November 27, 2012 at ULAB’s campus in Dhanmondi. Syed Mahbubur Rahman the Managing Director and Chief Operating Officer of BRAC Bank, Bangladesh’s pioneer bank in SME financing, spoke to a full house of ULAB students and faculty as well as several members of the business community.



Founded in 2001, BRAC Bank has quickly grown to almost 7,000 employees with total assets of almost BDT11,000 Crore. Unlike other commercial banks, however, 53% of BRAC Bank’s loan portfolio is directed at small and medium size business.

Commercial banks have traditionally avoided lending to SMEs because many lack proper bookkeeping, and they are typically unable to offer collateral. Nonetheless, by developing a strong relationship with clients, understanding the client and his or her cash cycle, and using neighbors and acquaintances as a source of reputational information, BRAC has been able to achieve a small loan default rate even without the use of collateral.

Given growing competition from other banks, BRAC Bank has had to continue to innovate to maintain its competitive advantage. One significant innovation has been the development of B-Kash, a cell phone based banking service. BRAC Bank is currently developing its capacity to organize loan disbursement and collection through the B-Kash system.

As a result of its success, BRAC Bank has received a number of domestic and international recognitions, including the Financial Time’s Sustainable Bank of the Year 2010, and it is considered by the Council of Microfinance Equity Funds to be one of the world’s most successful and sustainable SME banks.

The **Center for Enterprise Society (CES)** at ULAB seeks to advance understanding of the opportunities and challenges to entrepreneurship and enterprise development in Bangladesh through objective, academic study. For more information, please visit: <http://www.ulab.edu.bd/CES/center-for-enterprise-and-society/>