

Contribution of Banks to the Development of SMEs' Access to Finance in Bangladesh

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Abstract: The Bangladeshi economy benefits greatly from SMEs, especially in the areas of employment, Gross domestic product (GDP), and the alleviation of poverty. SMEs in Bangladesh are classified as companies with less than 60 employees and an investment of up to TK 10 million. 99.9% of privately owned industrial facilities are SMEs (IMF, 2012). Despite being a sector with potential for the Bangladeshi economy, SMEs have difficulties getting financing for their operations. The development of SMEs must therefore receive special attention. Due to COVID-19, the SME sector is also experiencing issues on a number of fronts, including company closures, reduced output, job losses, declining sales, and income, etc. To lessen their financial hardship, the Bangladeshi government and Bangladesh Bank have implemented initiatives. Bangladesh Bank has launched a number of programs in order to address the financial challenges the SME sector is facing. There aren't many studies in Bangladesh that talk about SMEs' access to financing. This study examines how banks have helped Bangladeshi SMEs gain access to financing by using time series data. This study reveals that banks in Bangladesh are crucial to the growth of SMEs' access to financing.

Keywords: SME, SME Financing, Development, Bangladesh economy, Bangladesh

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I. Introduction:

The Bangladeshi economy's main industrial sector is the SME sector. SME industries are those with less than 250 employees (The European Union (EU), 2003). Small and marginal business owners make up the majority of entrepreneurs in the SME sector. They struggle with the issue of having insufficient funding to launch the SME firm. Therefore, banks are crucial in helping to finance the SME industry. Banks are disbursing CMSME credit at an increasing rate. Actual disbursements were 535.44 in 2010, but by 2021 they had increased to 2093.92 billion (Bangladesh Bank, 2021). The SME sector can also get refinancing from Bangladesh Bank. The Bangladeshi government also created the SME Foundation to aid in boosting the SME sector. In 1988, a distinct bank called the Bank for Small Businesses and Trade (BASIC) was established for the purpose of providing funding for small and medium-sized businesses (Ullah & Alam, 2006). Additionally, on December 31, 2009, Bangladesh Bank created a brand-new division called "SME and Special Program Department (SMESPD)" with the goal of fostering the growth of CMSE in Bangladesh. Bangladesh Bank has been working tirelessly to achieve the anticipated economic growth by bringing the broad population into banking services and paying special attention to financing CMSMEs, female entrepreneurs, and diverse financially excluded private firms.

In order to increase the SME sector's access to financing from banks and NBFIs, The Central bank of Bangladesh has implemented a variety of measures, including all banking institutions and Non - bank financial institutions (NBFIs) throughout the SME Financing system; highlighting small businesses; a refinancing program for SMEs; and SME guide desks in financial institutions to provide data and the Business Development Solutions (BDS) to the SME

Contribution of Banks to the Development of SMEs' Access to Finance in Bangladesh

customers (Bangladesh Bank, 2021). In addition to this, banks and NBFIs work to minimize collateral fees and credit requirements for SME loans so that business owners in the SME sector have quick access to funding.

The number of entrepreneurs operating in the SME sector is growing with time because it is labor-intensive and requires less capital. In the SME sector, there are a considerable number of female startups. According to research done by Abdin in 2009, Bangladesh has over 6.0 million SMEs. For the Bangladeshi economy, this sector generates a lot of employment opportunities. SMEs, especially in rural regions, provide substantial employment and income-generating prospects at comparatively cheap costs (Qamruzzaman, 2015). Unemployment is a major issue for Bangladesh, a developing nation. The SME sector may significantly contribute to Bangladesh's sustainable economic development by helping to lower unemployment and raise household incomes. In this study, we'll look at the role that banks play in financing the SME sector.

The following is the paper's structure: the next part defines the term SME, followed by a review of the literature, a statement of the methodology, an evaluation of the data, an example of demand-side intervention, and a conclusion.

II. Concept and Definition of SME:

Sectors with less than 250 employees are classified as SMEs (The European Union (EU), 2003). The National Industrial Policy 2010 of the Government of the People's Republic of Bangladesh has prompted Bangladesh Bank to update its definition of the cottage, micro, small, and medium-sized enterprises (CMSMEs) for banking and financial institutions. The definitions of CMSMEs are as follows:

Micro, Small, and Medium Business Definitions:

Categories	Sectors	Fixed Asset & other than land and building (TK.)	Employed Manpower
Microenterprise	Manufacturing	5-50 lakh	10-24
	Business	Less than 5 lakh	Less than 10
	Service	Less than 5 lakh	Less than 5
Small Enterprise	Manufacturing	50 lakh-10 crore	25-99
	Business	5 lakh-1 crore	6-10
	Service	5 lakh-1 crore	10-49
Medium Enterprise	Manufacturing	10-30 crore	100-150
	Business	1-15 crore	11-50
	Service	1-15 crore	50-100

Source: Bangladesh Bank.

III. Literature review:

The facilitation of improved access to finance for the SME sector is necessary to support the expansion of SMEs in Bangladesh as this sector significantly contributes to the GDP, employment creation, poverty reduction, and women's empowerment (Qamruzzaman, 2015). Previous research has suggested that financial distress is a barrier to the growth of the SME sector. Financing, insufficient resources, inadequate financial reporting, poor financial management, and low productivity are indeed the reasons for such financial trouble, which might be resolved by financial planning, according to research using both financial and statistical methods on SMEs in Bangladesh (Jahur and Qadir, 2012). Furthermore, the financial crisis of firms in accessing finance persists due to a lack of external financial alternative sources and capital market access (Carb o-Valverde, 2016). Given this prevailing situation, very little research of existing studies has addressed the gap in the contribution of a Bangladeshi bank in giving access to finance in the SME industry to ensure the expansion of SMEs.

The major obstacle stopping SMEs in Bangladesh from accessing finance is collateral-based lending. Other challenges include excessive interest rates, corruption, an absence of technology, education, and business information, as well as restricted access to existing markets (Hasan and Jamil, 2014; Chowdhury and Alam, 2017; Alam and Ullah, 2006). Small and marginal business owners look for funding from the unofficial sector at high-interest rates since they lack the means to provide security for a loan. As a result, the credit allocation for SMEs is less than that for industrial credit (Borsi, 2016).

Therefore, a number of studies recommend collateral-free lending to improve financial inclusion and lessen the difficulties associated with SME sector funding. Given the circumstances, there aren't many studies that address how banks might help SME businesses get financing by lowering collateral fees.

It is believed that one of the biggest obstacles to the growth of the private industry is access to financing. It's particularly the case for Businesses in our country (Alam and Ullah, 2006). SMEs can promote private ownership, entrepreneurial skills, and quick market adaptation; create jobs; aid in economic diversification; and significantly increase exports and trade (Zaman and Islam, 2011). A policy should be implemented to boost the level of competitiveness of SMEs in Bangladesh. Market conditions for SMEs can be improved via easy access to financing, market development, and expansion

According to several studies (such as Chowdhury et al. (2013) and the Daily Star (2017), Bangladesh is home to a variety of small and medium-sized businesses, including villagers who produce handicrafts (weaving, embroidery, etc.), make pottery, dye, operate restaurants and small machine shops, produce toys and leather goods, raise livestock, harvest fish, manufacture chemicals, transport equipment, and build houses. The owners of such businesses lack training and expertise (Chowdhury and Alam, 2017). Training can help people develop their skills. According to some earlier studies, some investors have trouble obtaining financing because they are unfamiliar with credit formalities, loan terms, credit history, business structures, greater transaction costs, high-interest rates, etc. (Bosri, 2016; Rahman et al. 2016). There aren't many studies that talk about how banks could do more to help SMEs get access to financing by offering financial education and training.

In Bangladesh, women make up about half of the population. Therefore, it is essential for Bangladesh's economy to include women if it is to prosper economically (Metha, Qamruzzaman, and Serfraz, 2022). Women are active in numerous businesses today, including SMEs. The development of women entrepreneurs has been the subject of numerous studies. A 2011 study by Witbooi and Ukpere revealed that women entrepreneurs in developing nations face significant obstacles when trying to secure funding from conventional and unofficial sources. However, there are few studies that address how banks may better support women's access to money in the formal financial sector.

The COVID-19 pandemic has impacted practically every industry, including SMEs. The organizations' business sales have been severely hindered, and the supply of goods and services has also been shockingly disturbed (Fabeil, Pazim, & Langgat, 2020). Additionally, the owners' SME businesses were shut down while many of them continued to operate at a loss or with very little profit (Shammi, et al., 2020). As a result, recovering SMEs from the shutdown scenario requires special attention. In light of the current circumstances, Bangladesh Bank has launched numerous stimulus programs for the SME industry. However, very few studies have examined the action taken by the Bangladeshi government and the Bangladesh Bank to improve the current state of the SME sector through several measures to finance it.

The majority of CMSMEs in Bangladesh are dispersed around the nation and are of a diverse type (Mamun et al., 2022). There are frequently no official banking services in distant places. In spite of the fact that certain non-governmental organizations (NGOs), Microfinance organizations (MFIs), non-banking institutions (NBFIs), multipurpose organizations, unofficial lenders of finance, amenities, etc. provide some financing for CMSMEs, but not nearly enough to cover their financing requirements (Mamun et al., 2013). Therefore, financial services must be accessible throughout Bangladesh in order to boost SMEs' access to finance. Few studies have examined banks' efforts to increase SMEs' access to financing by opening branch offices in rural regions of Bangladesh, which is the current state of affairs.

The success of the SME depends on a wide range of variables, including management and expertise, goods and services, clients and the market, business practices and collaboration, resources and finances, strategy and the external environment, access to market opportunities, technological advancements, subject-matter knowledge, and business information, among others (Chittithaworn et al., 2011, Mahrouq, 2010; Uddin and Bose, 2013, Alam and Ullah, 2006). Primary inputs for the SME sector include funding, market intelligence, training, infrastructure development, R&D, technology skill development, etc. Therefore, a focus must be placed on providing such inputs for that industry so that SMEs may gradually thrive (Alam and Anwar Ullah, 2006). All SME business segments must be improved in order for the SME sector to grow. Among these, improving SME financing might make it easier for SME owners to run their businesses. How would they enhance the company if they weren't running it? Easy access to financing is therefore essential for the SME industry. Although there are many studies that highlight the issues and difficulties faced by the

Contribution of Banks to the Development of SMEs' Access to Finance in Bangladesh

SME sector, there are very few that discuss the role played by banks in facilitating SME access to financing in Bangladesh.

In our study, we attempt to address the gap in the body of literature by talking about the role that banks play in Bangladeshi SMEs' access to financing.

IV. Methodology

For the years 2010 through 2021, secondary data were used to perform this analysis. The Bangladesh Bank's Bangladesh Economic Review and the Bangladesh Bureau of Statistics Economic Census are used to compile the data. The data analysis includes viewpoints on the disbursement and recovery of industrial loans, financing for women entrepreneurs, the allocation of CMSME loans by banking institutions and Non - bank financial institutions, and Bangladesh Bank's funding assistance to provide low-cost capital to CMSMEs.

V. Financial inclusion and the financing of SMEs by Bangladesh Bank:

In its blue book titled "Building Inclusive Financial Sectors for Development," the United Nations (2006) defined financial inclusion as "access to the variety of financial services at a reasonable cost for creditworthy people and companies." Basic financial services include things like deposits, short-term and long-term lending, renting and financing, foreclosures, security, dividends, reimbursements, regional financial transactions, and foreign transfers. The Rangarajan Committee defined financial inclusion as the "procedure of funding as well as timely and sufficient financing for poor households at an affordable fee" (2006). People can easily access formal financial services due to an inclusive financial system. By bringing the mass population under banking services and paying special attention to financing CMSMEs, female entrepreneurs, and various financially excluded private firms, the Bangladesh Bank has been working tirelessly to achieve financial inclusion. In order to improve financial inclusion, Bangladesh Bank has conducted a variety of measures, including

All banking and non-bank financial institutions have been directed by the Central Banks of Bangladesh to set up SME help desks and to provide financial education through training programs, booklets, posters, and other mass communication media to help SME entrepreneurs gain simple accessibility to official banking services because the majority of them lack knowledge about how to do so. This is due to the fact that most SME business owners are unaware of how to get official banking services. Additionally, Bangladesh Bank gives guidance to banks and NBFIs on how to prioritize lending to the SME sector

In the SME sector, there are a lot of female business owners. Therefore, Special consideration has been given to the development of women's businesses through training, simple access to financial services, etc.

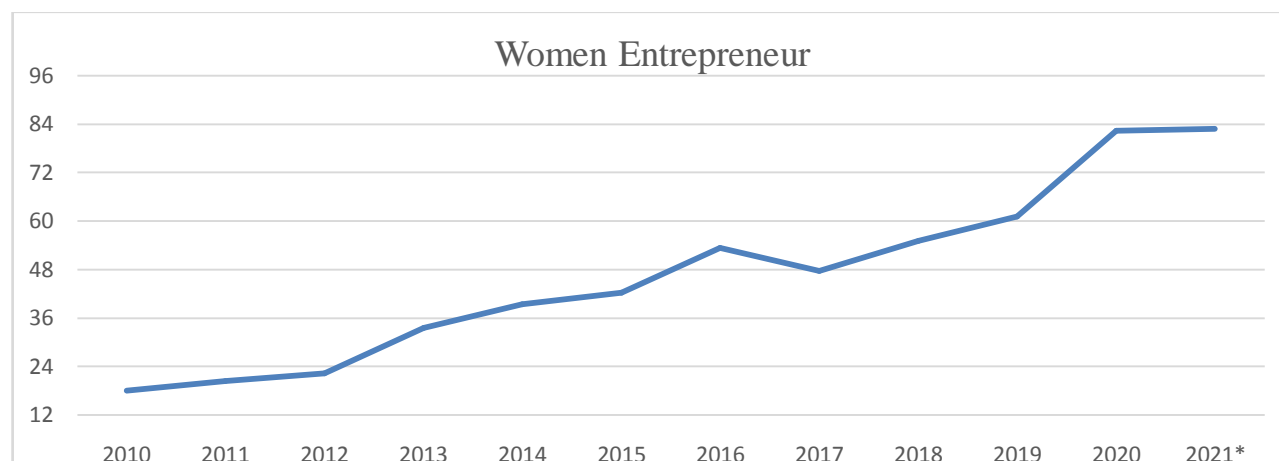
With the aid of its own funds and various donors, Bangladesh Bank offers a variety of refinancing schemes in an endeavor to improve financial intermediation and ease of access to funds. Additionally, financing for the CMSME sector that is based on Islamic law has begun.

5.1 Development of women entrepreneurs in the CMSME sector:

Bangladeshi female business owners work in the SME sector, which enables them to end their unemployment and achieve financial independence. Women entrepreneurs need special consideration in order to support their financial needs. In order to make sure that female businessmen have simple access to finance, Bangladesh Bank has made a number of initiatives;

15% of Bangladesh Bank's overall refinance fund was designated for female business owners (Bangladesh Bank, 2021). It will make it easier for female business owners to get affordable finance. Because collateral is the main obstacle preventing SMEs from obtaining funding, the Bangladesh Bank has ordered all banking institutions and Financial institutions to grant loans to female business owners up to BDT 2.5 million without surety (Annual Report of Bangladesh Bank 2021). A special support desk for female entrepreneurs called the "Women Entrepreneurs Development Unit," has been established in the head office and branch offices of Bangladesh Bank. It is also recommended that all banks and NBFIs open such a unit. Offering training, financial services, and other services that enhance women entrepreneurs' business skills will support female entrepreneurs.

5.2 Women entrepreneurs financing trend in Bangladesh



Source: Bangladesh Bank.

The aforementioned graph makes it obvious that more women business owners are receiving CMSME credit. In 2010, 18.05 billion in CMSME credit was given to women business owners; by 2021, that amount will have increased to 82.87 billion (Bangladesh Bank, 2021).

Considering that approximately 50% of people are women in Bangladesh. Therefore, achieving sustained economic growth and reducing poverty depend on women's engagement in the economy. Therefore, increasing women's participation in the SME sector with financial and other support can help Bangladesh's economy grow.

5.3 Launching SME Credit Policies and Programmes 2010:

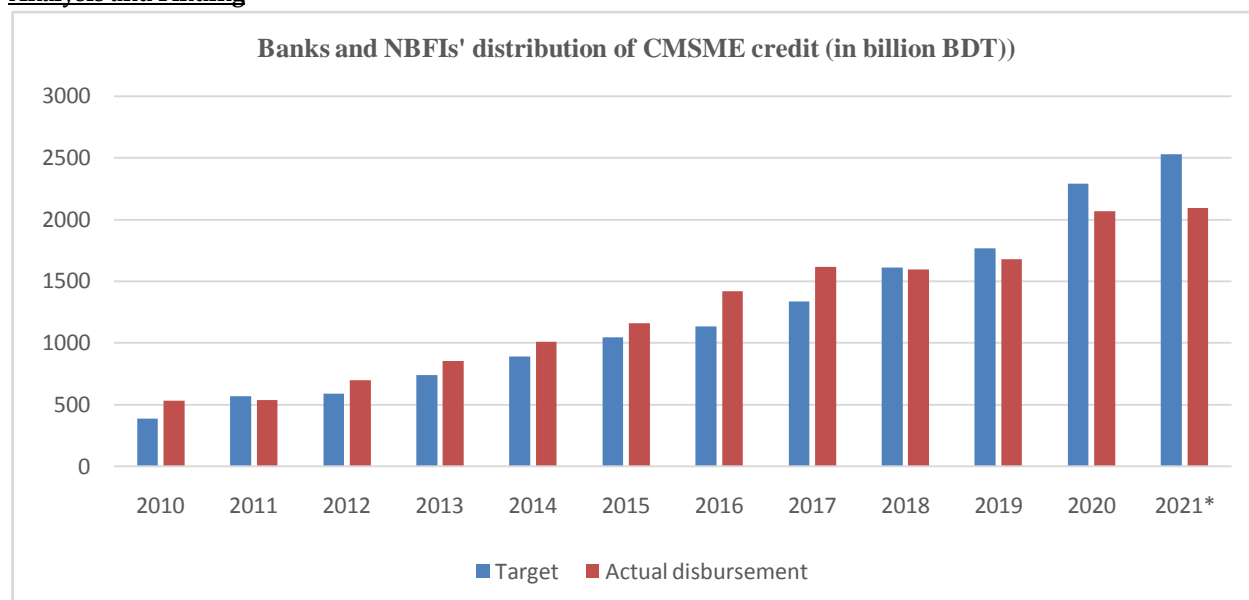
In 2010, Bangladesh Bank introduced SME Credit Policies and Programs. There are numerous specific elements of SME Credit Policies and Programs, including the establishment of target-based financing, adherence to Cluster Policy, Regional Strategy Technique, primary concern, given to women and micro business owners, and a focus on manufacturing and service sectors.

Since 2010, target-based lending to CMSMEs has been implemented. Up to 2019, the lending target calculation process was based on disbursements.

The lending goal will be calculated using the net outstanding approach starting in 2020:

$$\left(\frac{\text{Total CMSME Loans and Advances Outstanding} - \text{Total CMSME Classified Loan Outstanding}}{\text{Total Loans and Advances Outstanding} - \text{Total Classified Loan Outstanding}} \right)$$

Analysis and Finding



Source: Bangladesh Bank.

The aforementioned graph shows the rising trend in banks' and NBFIs' disbursement of credit to small and medium-sized businesses. Actual expenditures were 535.44 billion in 2010, but by 2021 they had increased to 2093.92 billion. The expansion of CMSME credit benefits Bangladesh's economy in all respects. Entrepreneurs can now increase the efficiency of SME goods and services by using new manufacturing methods or techniques that they previously couldn't afford due to a lack of funding. These days, these products satisfy both domestic and international demand. Today, a lot of SME items are exported. It will assist in generating foreign exchange. The SME sector has begun to contribute to economic growth. By ensuring that the country's poor citizens, micro, small, and female entrepreneurs have access to institutional finance, the CMSME sector also helps the marginalized population benefit from economic development. According to a report recently released by the Daily Star in July 2022, Bangladesh barely contributes 20.25 percent of its GDP to SMEs, contrasted to 80% in India, 60 % in China, and 69 % in Japan. Even though the SME sector is becoming more important to Bangladesh's economic growth on a daily basis, its impact on the country's economy still pales in comparison to that of other nations. The small- and medium-sized business sector is essential for speeding up the rate of industrialization of the nation, creating high-quality jobs, and ensuring that both men and women actively participate in the economy. Therefore, the government of Bangladesh should implement particular incentives to promote the development of the sector.

5.4 Bangladesh Bank refinancing support to provide low-cost funding to CMSMEs:

The process of getting a new loan to pay off one or more existing loans is referred to as refinancing a loan. Borrowers typically refinance in order to obtain a lower interest rate or to reduce their repayment obligations (Wamala, 2021). Therefore, in order to provide low-cost financing for CMSMEs, lenders, and Finance firms are also disbursing short- to long-term funding to CMSMEs via refinancing initiatives of Bangladesh Bank. That will support CMSMEs' growth and development.

Table-4: Summary information on CMSME refinancing (up to June 2021)(In Billion BDT)									
Sl. No.	Name of Fund	Amount Refinance (BDT in Billion)				No. of Beneficiary (Sector wise)			
		Working Capital	Mid Term Loan	Long Term Loan	Total Loan	Industry	Trade	Service	Total
1	Refinance Scheme for Agro-based Industries in Rural Areas.	8.88	4.96	8.55	22.39	3,228	0	0	3,228
2	Small Enterprise Refinance Scheme	10.77	30.05	9.11	49.93	14,252	22,123	6,213	42,588

Contribution of Banks to the Development of SMEs' Access to Finance in Bangladesh

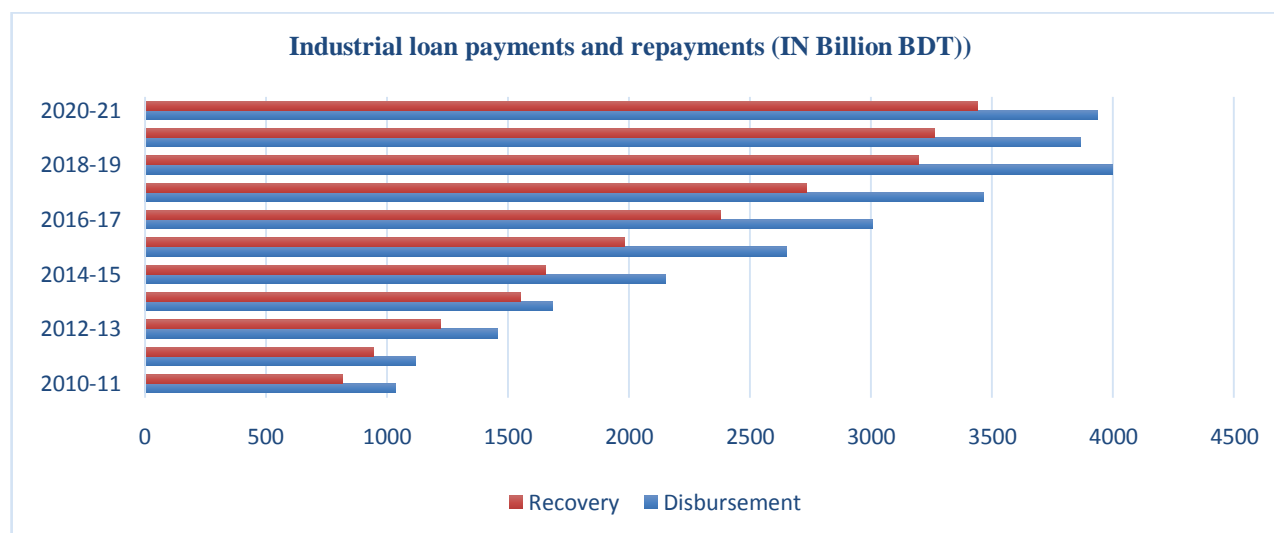
3	New Ent. Refinance Fund for CMSEs	0.05	0.52	0.02	0.59	333	352	229	914
4	Islamic Shariah-based Refinance Fund	3.85	0.87	1.43	6.15	233	626	62	921
5	COVID-19 Refinance Scheme	34.26	0	0	34.26	97,814			97,814
6	JICA FSPDSME	0.9	5.6	3.83	10.33	892	34	600	1,526
7	JICA UBSP			0.79	0.79	6			6
8	SREUP	0	0	0.89	0.89	10			10
9	IDA Fund (EGBMP)*	0.8	1.33	1	3.13	1,368	1,306	486	3,160
10	SMESDP (ADB-1)*	1.45	1.32	0.58	3.35	800	2,096	368	3,264
11	SMEDP (ADB-2)*	0	5.68	1.79	7.47	3,765	7,435	2445	13,645
Grand Total		60.96	50.33	27.99	139.28	24,887	33,972	10,403	1,67,076

Source: SME & Special Programmes Department, Bangladesh Bank. (*Project Closed)

Currently, SMESPD of Bangladesh Bank is managing four projects in the CMSME sector with the assistance of JICA, AIIB, and various European development partners, as well as five refinancing schemes from its own funds. This money is all on a revolving basis. Three further refinancing plans have also been successfully completed.

5.5 Disbursement and recovery of industrial loan

Rapid industrialization is required for developing nations with an agricultural economy, like Bangladesh, to experience the appropriate level of economic growth. In Bangladesh, the industrial sector is crucial for generating money, decreasing poverty, and other benefits. Special attention must be paid to the industrial sector in order for the economy to thrive by providing financial assistance.



Source: Bangladesh Bank.

Disbursement and recovery of industrial credit have been increasing daily. The industrial loan's disbursement and recovery totaled 1034.64 billion and 817.11 billion dollars, respectively, in 2010. However, in 2021, it was 3935.91 and 3439.67 billion, respectively. Since industrialization is essential for the growth of the economy, the Bangladesh government has been providing industrial credit as well as other auxiliary assistance through banks and other financial institutions over the past several years in an effort to support both small and large businesses. As a result, there has been a progressive rise in the amount of industrial loan disbursement and recovery.

5.6 Operations of Large Microfinance institutions (MFI) and Grameen Bank in Microcredit:

MFIs have been essential in enhancing and extending financial access for the disadvantaged, particularly for women running unregistered micro businesses. More than 33.3 million borrowers received loans from the 746 licensed MFIs in FY21, totaling more than BDT 1680.98 billion. More than BDT 414.35 billion worth of savings were made in the microfinance industry ([Micro Credit Regulatory Authority \(MRA\), 2021](#)). The goal of Grameen Bank's founding was to end poverty and improve the social standing of the underprivileged. Grameen Bank disbursed a total of BDT 175.11 billion in loans in FY21, with BDT 211.50 billion of loans already repaid at that point ([MRA, 2021](#)).

Table-6: Operations of Grameen Bank and Large Microfinance institutions (MFI) in Microcredit			
	FY19	FY20	FY21
1. Disbursement	1076.33	967.27	1038.18
i) Grameen Bank	251.37	223.08	190.57
ii) BRAC	396.12	360.99	429.01
iii) ASA	283.68	252.16	285.67
iv) Proshika	4.32	4.93	7.9
v) TMSS	49.67	43.91	48.95
vi) BURO Bangladesh	91.48	82.2	76.08
2. Recovery	1000.92	887.15	1042.26
i) Grameen Bank	245.06	207.22	205.28
ii) BRAC	350.4	325.62	431.08
iii) ASA	284.57	236.21	273.13
iv) Proshika	4.22	5.39	6.16
v) TMSS	45.09	40.96	46.2
vi) BURO Bangladesh	70.95	71.75	80.41
3. Outstanding loans	647.52	715.91	701.42
i) Grameen Bank	158.51	158.62	142.6
ii) BRAC	230.43	265.8	263.68
iii) ASA	161.1	177.05	189.6
iv) Proshika	9.08	13.23	5.15
v) TMSS	28.82	30.93	34.69
vi) BURO Bangladesh	59.58	70.27	65.7
4. Loans overdue	14.82	17.17	32.92
i) Grameen Bank	0.92	1.54	5.06
ii) BRAC	3.57	6.36	7.79
iii) ASA	6.47	6.41	18.22
iv) Proshika	0.75	0.8	0.2
v) TMSS	1.16	0.85	0.85
vi) BURO Bangladesh	1.95	1.2	0.8
5. Overdue as percentage of outstanding	2.29	2.4	4.69
i) Grameen Bank	0.58	0.97	3.55
ii) BRAC	1.5	2.39	2.95
iii) ASA	4.02	3.62	9.61
iv) Proshika	8.25	6.05	3.82
v) TMSS	4.04	2.74	2.45
vi) BURO Bangladesh	3.28	1.71	1.21

Source: MRA

5.7 Refinance program designed to offer loans and investment opportunities to the CMSME sector affected by Corona Virus (COVID-19) epidemic.:

The COVID-19 epidemic has a varying degree of impact on every area of the Bangladeshi economy. This epidemic is also having a serious impact on the SME sector. Many small and marginal business owners in the SME sector closed their doors after suffering losses. Therefore, that industry needs specific stimulus plans in order to restart its businesses. To ensure that banks provide CMSME businesses with liquidity, the Bangladesh Bank created a refinancing program of BDT 10,000 crore. As of June 2021, 97814 CMSMEs received payments totaling BDT 34.26 billion through the refinancing program, as shown in the table below. (Bangladesh Bank, 2021).

Table-5: Summary Information on CMSME stimulus packages (up to June 2021)

SI No	Type of Institutions	Refinanced Amount (BDT in Billion)	No of CMSME Enterprises
1	Banks	31.71	97,814
2	Financial Institutions	2.55	
Total		34.26	

Source: SME & Special Programmes Department, Bangladesh Bank.

5.8 Project for an Emergency and Crisis Response Facility (COVID-19) (CECRFP):

On February 26, 2021, an agreement for a different project known as the "Project for an Emergency and Crisis Response Facility (COVID-19) (CECRFP)" was made. Its goal is to increase financing availability and ease the financial limitations that the COVID-19 pandemic has placed on CMSMEs the Asian Infrastructure Investment Bank (AIIB) is a donor of this project, which has a \$300 million fund size (SME and Special Programmes, Bangladesh Bank, 2021).

VI. Demand side interventions:

The Bangladesh Bank is putting on training sessions, seminars, and workshops to help SME owners strengthen their skills. Thanks to the efforts of Bangladesh Bank, banks and NBFIs have organized marketing campaigns and training for the growth of SMEs. Bangladesh Bank has partnered with many organizations, such as the Institute of Diploma Engineers Bangladesh (IDEB) and the Dhaka Chamber of Commerce and Industries (DCCI), in order to foster entrepreneurship and launch new businesses.

6.1 Circulars/ Guidelines issued by Bangladesh Bank that Facilitated SMEs' Access to Finance:

Bangladesh Bank periodically distributes a variety of instructions, circulars, and strategy guidelines for all banks and other financial institutions in order to increase the reach of SMEs' access to financing. The Bangladesh Bank website has all of the circulars available.

VII. Conclusion

SMEs are essential to the industrial and economic development of emerging nations like Bangladesh. Due to its high population density, SMEs help to eradicate poverty in the nation by creating a large number of jobs at a low cost. 2016 (Aziz & Siddique). The development of SMEs in Bangladesh is significantly influenced by access to financing (Abdin, 2009). The results of this study indicate that, in an effort to minimize the financial hardship of SMEs in Bangladesh, the Bangladeshi government and Bangladesh Bank have implemented a number of measures to enhance SMEs' access to finance in Bangladesh. We can therefore draw the conclusion that banks are essential to SME financing in Bangladesh. Further, it is indicated that in order to produce the intended results, BB projects also require a variety of non-financial business services, such as market expansion, technology advancement, productivity growth, and innovation.

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