

Ecosystem Mapping and Diagnostic Study

Bridging the Gap: Unlocking Small Business Finance through Fintech Partnerships

Bangladesh

September 22, 2026

Study Background and Design

7.16 M

MSMEs in Bangladesh

19 M

People Employed by the MSMEs

\$2.8B

Financing Gap Remaining

8

DIVISIONS

329 MSME Surveys
(Self-reported)

**4 Focus Group
Discussions**

**20 Key Informant
Interviews**

12 In-Depth Interviews

Secondary Research

(Policies, papers, articles, datasets, etc.)

Global and Local Economic Downturn Crowding Out Private Credit

3.49%

Real GDP Growth
(FY25)

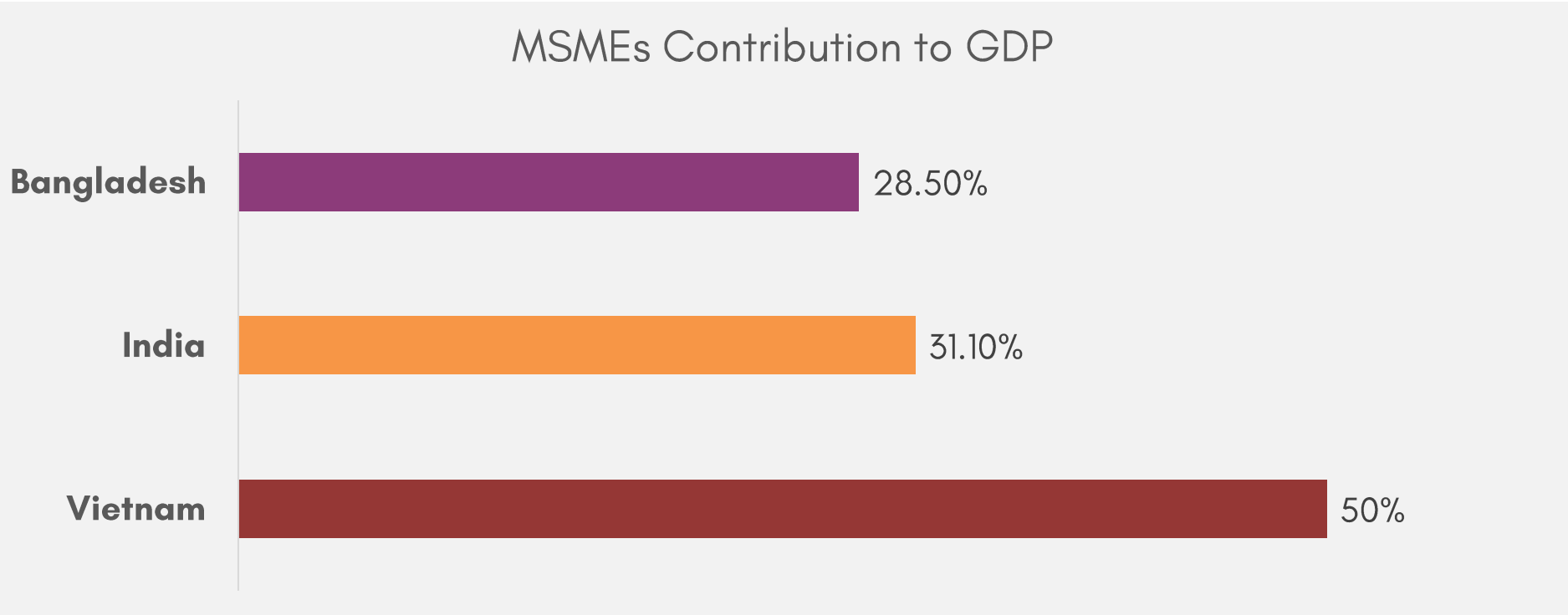
4.72%

Private Credit Growth
(Apr'26)

32.26%

NPL Ratio (Jun'26)

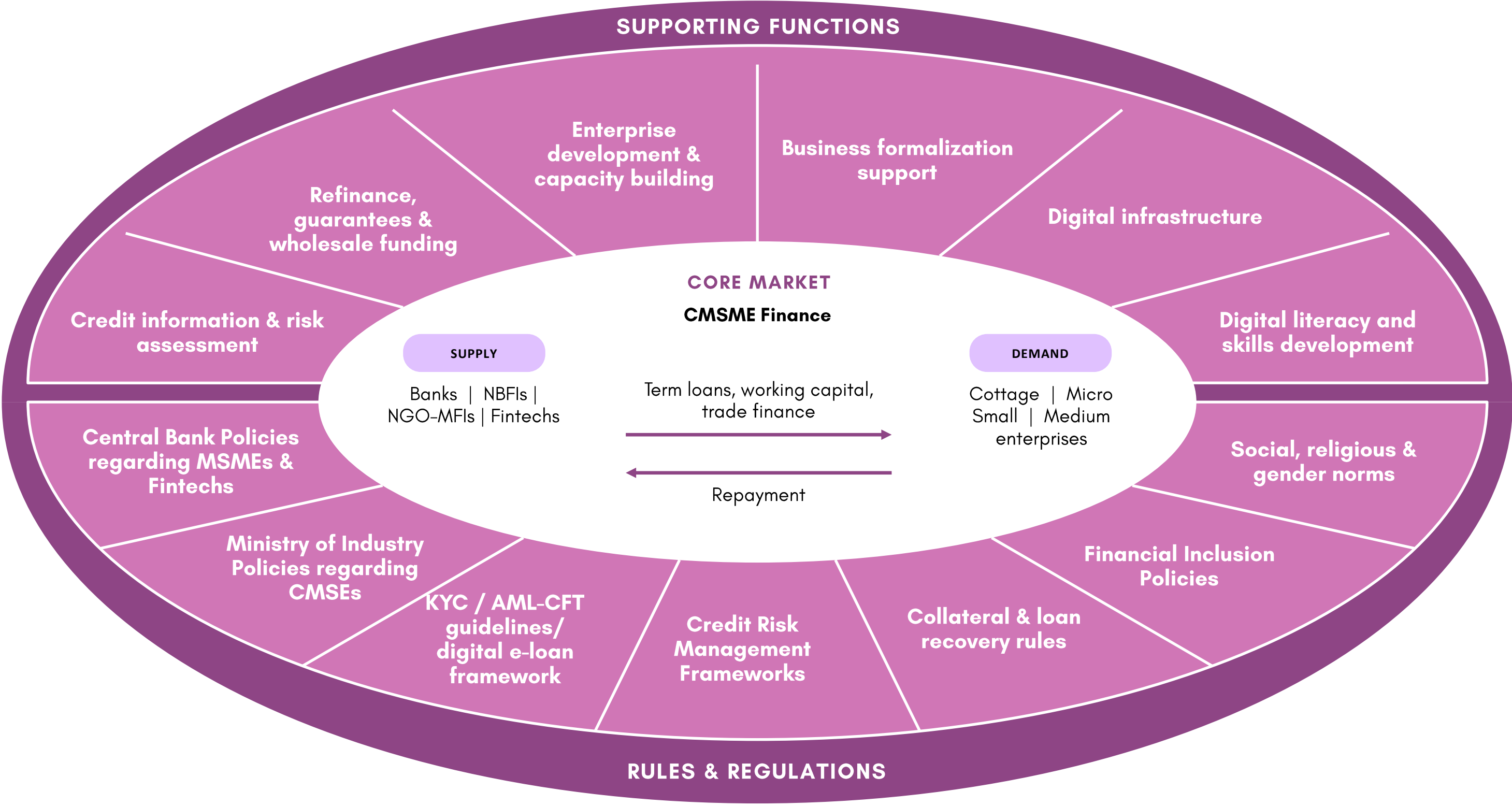
MSME Loan Disbursement (Mar'26) **15.05%**



	Micro	Small	Medium
% of MSMEs	92.62%	6.88%	0.50%
% of disbursed MSME loan (amount)	14.02%	60.73%	25.25%
% of disbursed MSME loan (number)	35.77%	57.04%	7.19%

Source: Bangladesh Bank Economic Data, BSB Economic Census, World Bank Data

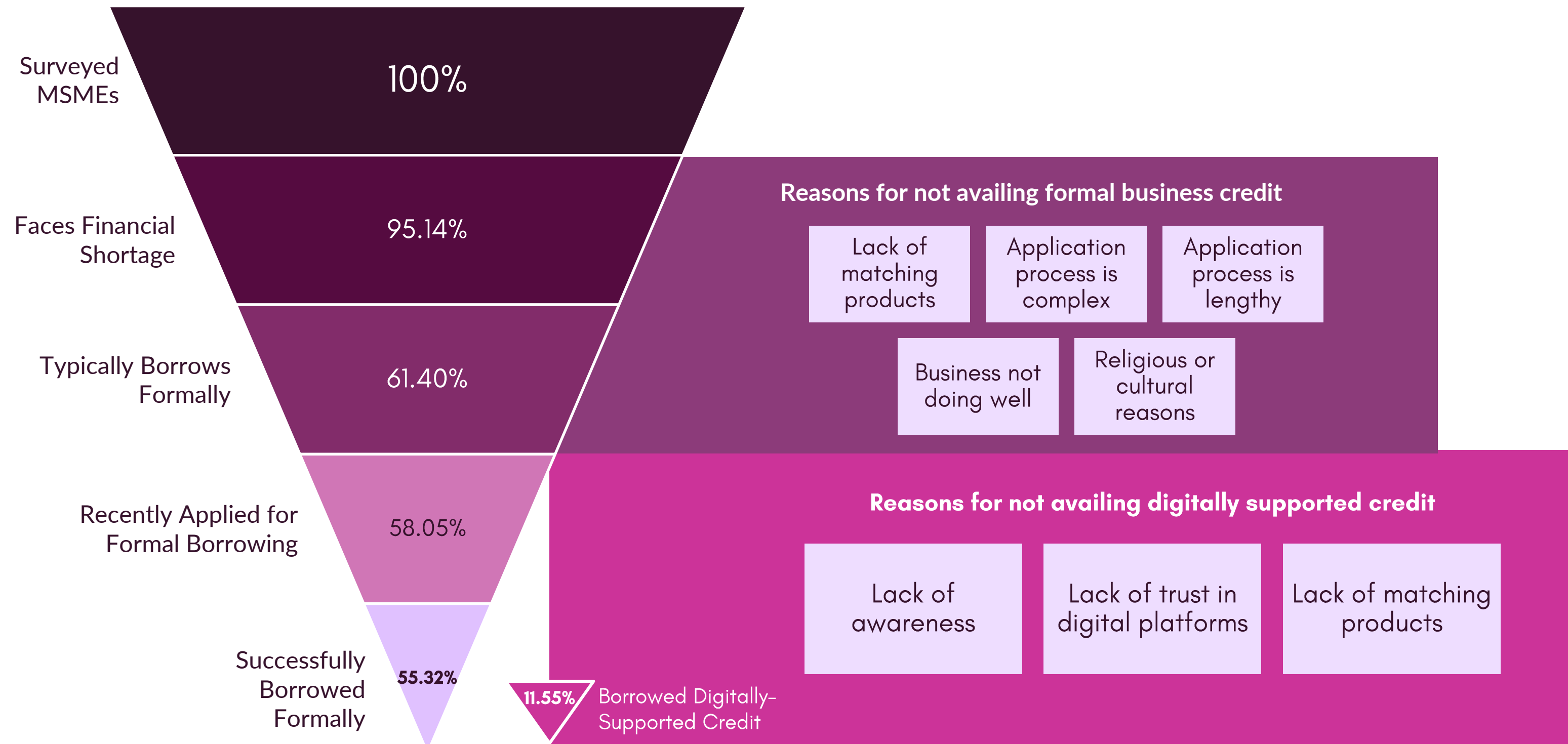
Mapping MSME Financing Ecosystem



Lending Ecosystem is Centered on Small or Medium Enterprises

	Banks and NBFI	MFI	Fintechs
Ticket Size	>BDT 50K to 25L <i>Profitability lies for BDT 10L+</i>	Small (BDT 50K to 5L) <i>Group loans and digital loans with varied ranges</i>	Nano (BDT 20K to 50K) <i>Consumer loans start from BDT 500</i>
Documentary Requirement	Heavy and complex <i>Offers advisory and literacy support</i>	Simple and uses social data	Simple, using alternative data <i>Offers minimum effort through API</i>
Assessment and Disbursement Timeline	Lengthy (8 to 15+ days)	Faster (<7 days)	Quick (<2 to 3 days)
Operational Reach	Urban-centric network <i>Agent bank network focused on deposit collection</i>	Wide operational network in BoP	Wide merchant network or digital platform partnerships
Repayment Capability	Limited by high cost	Strong, tagged with NGO operations	Connected to platform sustenance
Digital Integration	Partial (onboarding and disbursement) <i>Few pilots ongoing on credit assessment</i>	In disbursement <i>Few pilots on onboarding and credit assessment</i>	Fully digital with few manual interventions

The Borrowing Gap Sits with Product-Market Fit and Awareness



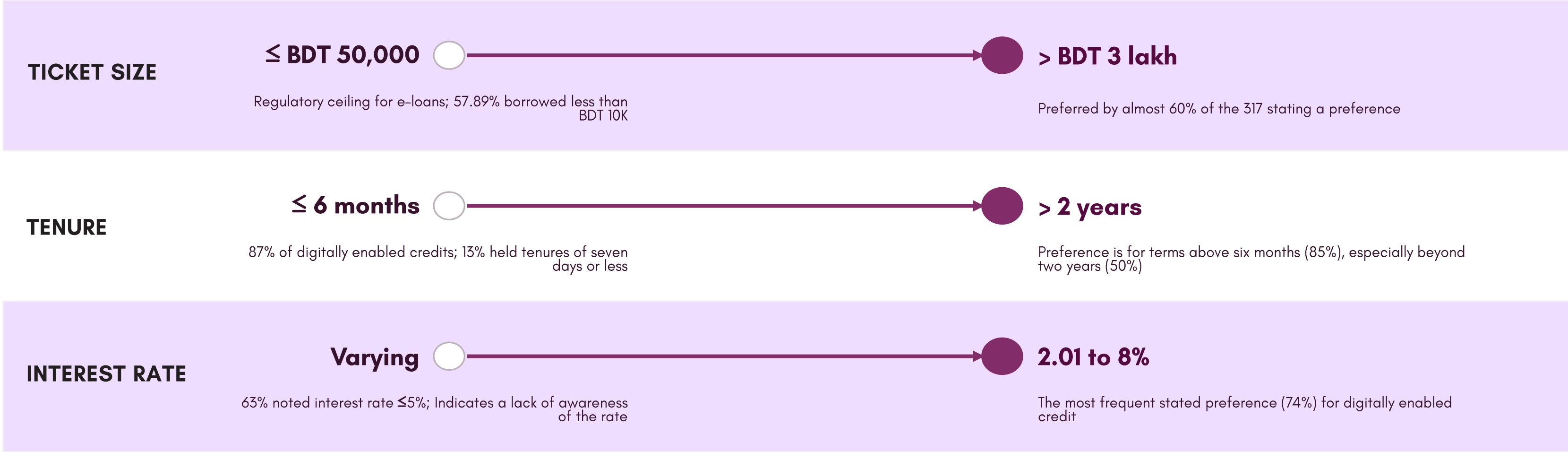
Formal Borrowing Is Influenced by Business Type

	Manufacturing	Trading	Service
Expensive Areas n=129, 103, 97	Payroll and people (80%) COGS (74%)	Space and utility (66%) COGS (68%)	Payroll and people (68%) Space and utility (67%)
Liquidity Shortage Frequency n=129, 103, 97	Varies (53%) Monthly (16%)	Varies (52%) Monthly (19%)	Varies (39%) Monthly (27%)
Purpose of Borrowing n=118, 89, 77	Working Capital (76%) Business Expansion (19%)	Working Capital (48%) Inventory (34%)	Working Capital (38%) Machinery (34%)
Typical Borrowing n=118, 89, 77	BDT 10 to 25L (23%) BDT 5 to 10L (22%)	BDT 5 to 10 L and 50K to 1L (19%) BDT 10 to 25L (18%)	BDT 1 to 2L (27%) BDT 20 to 50K (23%)
Formal Loan Amount n=68,65,47	>BDT 10L (35%) BDT 1 to 5L (34%)	BDT 1 to 5L (40%) >BDT 10L (37%)	BDT 1 to 5L (43%) >BDT 10L (23%)
Formal Loan Tenure n=68,65,47	1 to 2y (37%) 6 to 12m (29%)	6 to 12m (40%) 1 to 2y (31%)	6 to 12m (43%) >2y (30%)

Product-Market Fit and Viability Require Process Simplification

WHAT IS SUPPLIED
n=37

WHAT IS WANTED
n=317



Digitally Enabled Product for Piloting

Working Capital Finance (Revolving)

Amount BDT 50K to 2L

Tenure < 6m

Quick Processing

Interoperable and Centralized Digital Business ID

Three Independent Findings Point to Ideal Starting Cohort

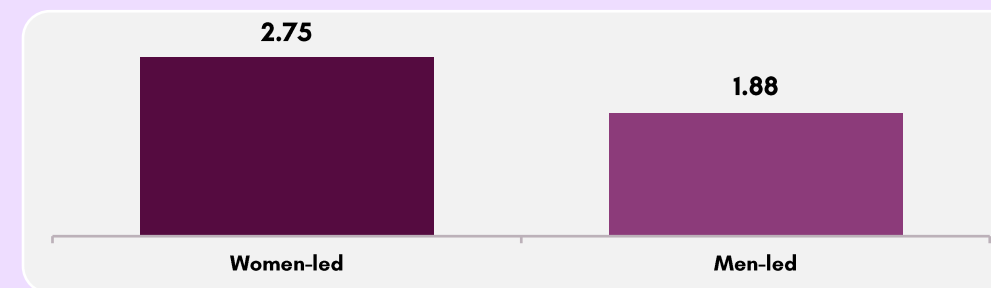
01 Participation And Profile

74%

of women hold HSC or above degree

Higher education will enable smoother onboarding for digitally enabled credit

02 Digital Engagement



Average number of digital platform types actively used

Higher digital footprint will make alternative data integration more efficient.

03 Digital Credit Appetite

83.1%

Of women with no prior knowledge expressed interest in digital credit

Higher level of appetite for digital credit will drive uptake of relevant products.

The study identifies **women-led and service-sector enterprises** as the strongest initial scale opportunity, combining high demand, a measurable access gap, and established MFS and NGO-MFI distribution networks.

Scalability of Digital MSME Credit Assessed through Five Dimensions

	OPPORTUNITY	GAP	STRATEGIC IMPLICATION
DIGITAL INFRASTRUCTURE AND PRODUCT DESIGN	Quick and quality assessment and disbursement sit at the core of technological design.	Scalable models remain limited, with pilots constrained by connectivity, monitoring infrastructure, and secure data-sharing gaps.	Simplified, user-centric platform design would optimize onboarding effort and help borrowers use the platform. A social and economic credit accountability framework would require strong design and secure operationalisation.
DATA AND CREDIT INFORMATION	Growing use of MFS and digital business platforms creates an expanding pool of transaction data able to support alternative credit assessment.	Digital footprints remain limited, with fragmented compliance records and insufficient access to reliable data.	Alternative data will require strong inter-agency collaboration and the use of existing distributor or agent networks of fintechs, corporate anchors or government agencies. A one-stop digital business ID would enhance both ease of doing business and data availability.
COMMERCIAL SUSTAINABILITY	Fintech partnerships are still at the pilot stage but could strengthen credit assessment and accountability.	Risk appetite for MSME financing has yet to mature, limiting both accessibility and loan amount.	Operational cost reduction must be explored alongside strong monitoring . Introducing multiple financing mechanisms customized based on business type, operation and need would help lenders diversify MSME risk. Informal and semi-formal enterprises require strong alternative credit mechanisms.

Scalability of Digital MSME Credit Assessed through Five Dimensions

	OPPORTUNITY	GAP	STRATEGIC IMPLICATION
BORROWER READINESS AND ADOPTION	High MFS adoption and data-sharing willingness create a pathway to formal finance through faster disbursement and stronger credit assessment.	> Digital and financial literacy enhancement is required for digital platform adoption.	> MSME-focused credit products need to address business-type-specific needs on credit specifications, such as loan amount, term, grace period and guarantor requirements.
REGULATORY AND INSTITUTIONAL ENVIRONMENT	Enhancing ease of doing business could reduce the documentary burden on borrowers and the assessment effort of lenders.	> Limited data interoperability, including credit score data, unclear data-sharing rules, and inconsistent enterprise definitions constrain scale and localized implementation.	> A fintech sandbox would motivate and facilitate innovation. Safe, secure cross-agency data sharing must uphold individual privacy. Public and private credit information entities need modernising to streamline evaluation and enable real-time assessment.

An Enabling Environment for Scaling Digital Credit Adoption

01 UNLOCK

First 12 to 24 months

Raising the digital lending ceiling gradually from BDT 50,000 to BDT 200,000, or grant a sandbox exemption.

- A sandbox could be developed immediately.
- The ceiling increase may take more time.
- Sandbox would encourage scaling of current pilots.

02 ESTABLISH

First 18 months

Running three to five bank-fintech co-lending pilots and establish the functionality of the channel.

- Pilot with working capital financing of BDT 10K to 50K.
- Minimum documentation requirement with a mobile money account, and a comprehensive digital business ID, enabling access to alternative data.
- First cohort with women-led and service-sector enterprises, where appetite is highest.

03 BUILD

12 to 36 months

Making the channel sustainable based on pilot experience.

- Enablement of credit records interoperability and streamlining MSME definitions to strengthen credit recording.
- Lower cost to acquire, assess, and monitor to offer commercially viable and market-demanded products.
- Formulate partnerships that enhance credit assessment, risk diversification and socio-economic accountability mechanisms.

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