

BIG FISH IN SMALL PONDS

A C A S E S T U D Y




The Right Kind

 **এজেন্ট** ব্যাংকিং
আপনার দোরগোড়ায়

 **ব্যাংক এশিয়া**

Big Fish in Small Ponds

A case study on the access to finance program piloted by Bank Asia in collaboration with The Right Kind with support from USAID/Bangladesh Aquaculture Activity.

Selling Dreams

It is a crisp and quiet autumn morning in the Kultia Union of Jashore's Monirampur Upazila. With enough safety precautions taken due to COVID-19, Nibedita Biswas, an input retailer oversees her six farmer-customers filling up loan application forms through a cluster meeting organized by Bank Asia Limited and its implementing partner on the ground - The Right Kind. Although the pandemic brought a temporary halt, the project staff defied all those challenges and facilitated loans for struggling farmers at a time when they were in desperate need of money.



Usually, Nibedita has to sell a majority of her input products on a 30/90-day credit period because half of her customers generally do not have money at hand. This gives rise to a multitude of problems including having to chase the customers for repayment, not receiving the full credit amount, and being pressurized to find the funds to re-stock her shop. As part of the Bangladesh Aquaculture Activity (BAA) project implemented by Bank Asia Limited in collaboration with The Right Kind, she received not only financial product, but financial guidance as well. The business model of the project relies on a 'retailer-referral' method where the likes of Nibedita recommend their best customers needing loan support based on which Bank Asia Limited provides collateral-free microloans up to BDT 40,000. This is a loan transferred straight to the farmers' accounts, which they can use for transactions while buying input (feed, medicine) from the retailers' shops. Although the loan is exclusively for farmers, because of Nibedita's referrals, this entire system works as a customer-loyalty scheme and helps her attract even more customers. Today, Nibedita is regarded as a one-stop hub for farmers, who not only sells inputs, but also helps them avail loans.

With grant support from Bangladesh Aquaculture Activity project, managed by WorldFish, Bank Asia could pay special attention to aquaculture farmers for the first time. Spanning over three districts in the Feed the Future Zone of Influence, more than 440 farmers have received microloans of up to BDT 40,000 (total amounting to Tk. 1.61 crores) as of end of January 2021. Bank Asia has also embraced this as a commercial practice. **Based on the success and rapport created by The Right Kind in the first phase, Bank Asia has commissioned a target of providing BDT 3.5 crore to these farmers.**

It has truly been a fulfilling and empowering initiative for fish farmers, especially women who are more likely to approach fellow peers like Nibedita in order to purchase inputs and apply for financing.

If Wishes were Fishes

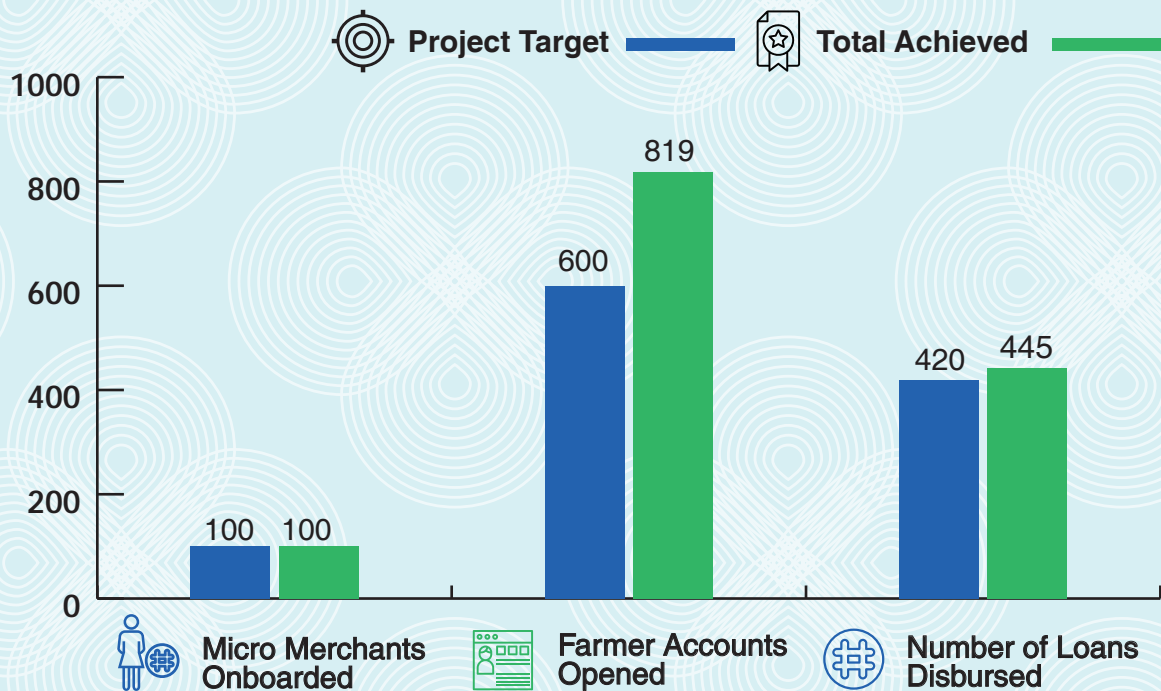
One of the beneficiaries of Nibedita's referrals is Robita Biswas. Before our intervention, Robita did not even have a bank account. While many may take having a bank account for granted, for most rural women like Robita Biswas, filling out forms and creating an account at a financial institution can be a major barrier. In this day and age, Robita's journey towards financial inclusion (bank account and loan from Bank Asia) is a testament not only to the untapped opportunities, but also of the unquenchable enterprising spirit of women entrepreneurs across rural Bangladesh.



Robita, being referred by input retailer Nibedita Biswas and oriented by the project staff initially received almost BDT 30,000 from Bank Asia Limited without any collateral. Rather than having to rely on exorbitant rates from local moneylenders, or microfinance institutions, due to the intervention, Robita and her fellow farmers could enjoy affordable rates (9% annually) with a flexible repayment policy that allows more freedom and financial independence. Through this project, in addition to microloans from Bank Asia, she has received advisory support on fish production, and is confident of repaying the loan with interest in time.

Today, Robita gleefully applies quality feed to her pond that she purchased from input retailers through digital transactions, awaiting the day of a bountiful harvest

Project Snapshot (October 2019 - March 2021)



Loan Amount
Provided

₹ 16,800,000

Recovery Rate
99%

All in all, the project was a resounding success. Even during the pandemic, the recovery rate was 99%. Not only the targets have been achieved, but a meaningful and sustainable change has been brought into the region. Partnerships between organizations like Bank Asia and The Right Kind have shown that the wide gap between rural beneficiaries and access to finance can be effectively bridged by capitalizing on each other's strengths. There is an ample market to explore and if multiple stakeholders join hands, it becomes easier to promote digital financial inclusion for small and mid-scale farmers in rural areas.

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The views and opinions presented here are the authors' own and are not reflective of the donors'

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