

An Analysis of Strengths & Weaknesses of SME Financing Program in Bangladesh: A Study on Social Islamic Bank Ltd

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Abstract

After decades of researches and experiments with various enterprises model SMEs have emerged as the cornerstone of economic development in developing countries providing the platform for job creation and economic growth. So SMEs play an important role both in the developed and the developing countries including Bangladesh socially and economically. Lasting private sector development depends on them. Small industry involving simple technology and less investment has enormous potentiality for future growth and development in Bangladesh. The enterprises need financial aid to grow up SMEs through banking sector. Social Islamic bank is a leading Islamic bank in our country and the main target of this bank is to make credit available according to the Islami Shariah to the poor people. The main strengths of their SME practices are they are providing enough capital to the customers for starting their business and customers are satisfied about the collateral requirement for the loan amount. Another major strength of this bank is that according to the customers the special scheme for SME financing is successful to create positive impact in improving our socioeconomic condition. One of the major weaknesses of their SME practice is their high interest rate. Their SME service centers are also not convenient and available to all customers.

Keywords: SME, socioeconomic, strengths, weaknesses, Bangladesh.

1. Introduction:

SME has been considered as the thirteenth sector in the economic development of the country with growing importance of all aspects of life. Now a day's unemployment problem is considered as a curse for the economic development of a country. SMEs have been considered as the engine of growth because SME sector is the largest provider of jobs especially new job in a country. Bangladesh is a densely populated country and one of the poorest countries in the world. Per capita income and job opportunity is very lower in this country. Unemployment rate is very high and about one-third people live below poverty line. So to create employment for generating income creation of job opportunity and employment is a prime issue for the nation. But to create job opportunity in a large scale is difficult because of low capital of people for starting business. In both industrialized and developing country SMEs are vital for economic growth and development by playing a key role in creating job opportunity. Small and medium enterprises are particularly suitable for densely populated countries like Bangladesh where SME sector can provide employment with much lower investment per job provided SMEs play dominantly important role in the national economy of Bangladesh by making up over 90 percent of industrial enterprises, providing employment to 4 out of 5 industrial workers and contributing to over one-third of industrial value added to gross domestic product (GDP) (Alam and Ullah, 2006). The main aim of this study is to analyze the overall small and medium enterprise practices of Social Islami bank Limited (SIBL), a leading Islamic bank in Bangladesh, and to find out the strengths and weaknesses of their SME activities. This study will also analyze the present status of SME financing of SIBL.

2. Objectives of the study:

The objectives of this report have been grouped into two categories:

A) Primary objectives:

- ❖ To find out the major strengths and weaknesses of the SME financing program of Social Islamic Bank Ltd
- ❖ To evaluate the major strengths and weaknesses of SME financing program of SIBL in relation to five different banks.

B) Specific objectives:

- ❖ To evaluate the present status of SME financing of SIBL.
- ❖ To have an understanding of the overall functioning of this bank regarding their financing of SMEs.
- ❖ To get a brief idea about the steps taken by this bank for developing and nourishing small and medium enterprise.

3. Methodology:

In order to accomplish the study, information has been collected from both primary and secondary sources. In case of primary sources, data have been collected from the SME loan borrowers of Social Islamic Bank Ltd throughout the country. Practical deskwork and face to face conversation with the officers are also significant sources for primary data collection. Among the secondary sources, data have been collected through the different text books and journals relating to the theoretical framework of the study. Furthermore, annual report of the bank, training calendar, policies of the bank and also published or unpublished or personally collected data from officers are also very significant source of secondary information.

3.1 Population: The population of the study is the SME loan borrowers of SIBL throughout the country, who are engaged in running Small Medium Enterprises with the help of SME financing.

3.2 Sample and sampling technique: Convenience sampling method, a non-probability sampling technique, is used for the selection of sample. Sample size is 100.

3.3 Questionnaire development: Structured questionnaire has been used as data collection instrument. A well structured questionnaire that focus mainly on the crucial variables that can be used to analyze the role of SIBL in case of developing entrepreneurship. The questionnaire contains two types of questions. First type consists of 22 questions which are developed using five point Likert scale where 5 indicates strongly agree (highest favorableness) and 1 indicates strongly disagree (lowest favorableness) to analyze the collected data. Question 23 is a multiple choice type. For representing a deliberate picture of the total responses the following scales will be used:

i.	5.00 > MV > 4.01	Represents "Most Favorable" standing of the respondents towards a specific statement
ii.	4.00 > MV > 3.01	Represents "Favorable" standing of the respondents towards a specific statement
iii.	3.00 > MV > 2.01	Represents "Neutral" standing of the respondents towards a specific statement
iv.	2.00 > MV > 1.00	Represents "Negative" standing of the respondents towards a specific statement

3.4 Data Analyze: Data collected have been analyzed with the help of statistical software SPSS v.16 and Microsoft Excel. Mean variance and standard deviation have also been used as statistical tools. Only percentage is used for interpretation.

3.5 Literature Review:

Small and medium enterprises are those organizations that have less than 250 employees and work on small scale. But these definitions vary from country to country because SME definition considers criteria such as number of persons employed, volume of output or sales, volume of assets employed or level of energy using. For example, In Europe small companies employ up to 50 workers and medium sized enterprises contain up to 250 employees. They also defined SMEs as firms with either a turnover of €10-50 million or a balance sheet total of €10-43 million. In the United States the criteria for SMEs are set by the Small Business Administration on the basis of industry, ownership, structure, revenue and number of employees. Both the US and the EU generally use the same threshold of fewer than 10 employees for small offices. In India a small enterprise is an enterprise where the investment in plant and machinery excluding original cost of land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006] is more than Rs.25 lac but does not exceed Rs.5 crore. ('Small and medium enterprises' n.d.).

Bangladesh has also a distinct definition for determining its SMEs. The Industrial Policy 1991 defined "Small Industry" as industry whose total fixed investment excluding the price of land, expenses for inland transportation and commissioning of machinery and appliances, and duties and taxes, was not more than Tk. 30 million and it includes initial working capital and it had fewer than 50 employees. According to this policy medium industry covered enterprises that have between 50 and 99 workers and/or had a fixed capital investment between Taka 100-300 million. However, in the industrial policy announced in 2005, significant changes have been brought about in the definition of the various size categories (Alam and Ullah, 2006). Bangladesh industrial policy 2005 defines small and medium industries in two sectors, one is manufacturing sector and another is nonmanufacturing sector According to the industrial policy 2005 in manufacturing sector medium industry means an industry in which the value/replacement cost of durable resources excluding land and factory buildings

is between 15 million and 100 million taka and small industry indicates an industry in which the value/replacement cost of durable resources without land and factory buildings is under 15 million taka. SMEs and informal enterprises, account for over 60% of GDP and over 70% of total employment in low income countries, while they contribute about 70% of GDP and 95% of total employment in middle income countries. In china SMEs are responsible for the 40% GDP growth of their country. Similarly, SMEs has become very prevalent in other countries such as Japan, Korea, and all other industrialized economies by creating employment, reducing poverty and increasing the more welfare and development of their society and country (Fida, B.A. 2008). According to the Economic Census 2001 and 2003 (BBS), the number of small enterprises stood at 74,629 which is 87 percent of the total number of enterprises, while the number of medium enterprises is 5,125 (6 percent). The growth in SME sector especially started since the 1990s. The number of small enterprises increased to 55,916 in 2001 from 24,590 in 1981. As per the Economic Census 2001 and 2003 (BBS), the number of small enterprises stood at 74,629 which is 87 percent of the total number of enterprises, while the number of medium enterprises is 5,125 6 percent (Rahman et al, 2008). According to Wickham 1998 failure usually the results if expectations are not meet, even though the concept of failure means different things to different people. Business failure also can be classified under four headings. There are several reasons behind the failure of a business such as poor plan poor preparation, poor management, lack of finance, lack of location, lack of inventory control, lack of experience, failure to invent proper strategic plan, not successfully make an entrepreneurial transition and poor plan (Van Aardt,1997). (Wright 1995) proposes that the business manager should read as much as possible in the field of small business to acquire knowledge, skills and competencies about management practices. But if the manager or entrepreneur doesn't have enough skill to conduct the business he or she can take partner for conducting the business. According to (wright,1995) there are several reasons behind the lack of proper cash flow management such as sometimes credit terms of the business is too generous and credit is very easily provided, also there is no strict policy to collection the credit. Small and medium entrepreneurs many times start undercapitalized business and fail to maintain the cost of conducting in future. Business owners very often make the mistake of making a business on a shoestring capital base which might be dangerous for the business. It happens because most of the time business entrepreneurs become very hopeful about the future success of their business and make a misjudgment about the financial conditions of the business. Small entrepreneurs often fail to find out and deal with the problems in an effective manner (Abdelsamad & Kindling, 1978).

4. Major features of SME financing at SIBL:

Small enterprises are the enterprises which are not any public limited company and fulfill the following conditions:

Table: 1 concept for Small entrepreneurship

Serial no	Sector	Amount of fixed assets except land and building	Number of employees
A	Service	50,000-50,00,000	25
B	Business	50,000-50,00,000	25
C	Industry	50,000-1,50,00,000	50

(Source: Brochure for small and medium enterprise of SIBL)

Medium enterprises are the enterprises which are not any public limited company and fulfill the following conditions:

Table 2: concepts for medium entrepreneurship

Serial no	Sector	Amount of fixed assets except land and building	Number of employees
A	Service	50,00,000-10,00,00,000	50
B	Business	50,00,000-10,00,00,000	50
C	Industry	1,50,00,000-20,00,00,000	150

Source: Brochure for small and medium enterprise of SIBL

Table 3: Portfolio of SME loan disbursement in 2011

Sector	Amount	% of total disbursement
Trading	6792068371	85%
Service	399533434	5%
Manufacturing	799066867	10%
Total disbursement	7990668672	100%

Source: From SIBL, HO, SME division.

Table 4: Position of SME as of February 2013

Total amount of disbursed loan (Since 2010)	7990668672
Total overdue amount	239720060
Recovery	97%
Number of non-classified customers	3610
Number of classified customers	230 (5.98%)
Total number of customers	3840

Source: From SIBL, HO, SME division

5. Data Analysis & Interpretation:

Table 5: Descriptive Statistics

Variables	N	Mean Value
1. Sufficient start-up capital	30	3.70
2. Helps to determine firm's requirement of capital for starting business	30	2.27
3. Provides suggestions about preparing successful business plan	30	1.97
4. Helps to address weakness of business plan preparation and business development	30	1.67
5. Provides guidelines for creating effective marketing strategies	30	1.47
6. Regulations of getting loans are easy	30	2.43
7. Rate of interest is reasonable	30	1.47
8. Repayment procedure of loan is flexible	30	3.73
9. Time for repayment is reasonable	30	3.63
10. Collateral requirement is reasonable	30	3.57
11. Sufficient training programs are arranged by the bank regularly	30	1.93
12. Trainings from bank improve management skill	30	2.33
13. Trainings from bank improve technological skills	30	1.87
14. Trainings from bank improve analytical skills	30	1.80
15. Bank is providing training in a structured and formal way	30	2.80
16. Provides advices for improving financial control and accounting practices	30	2.20
17. This different scheme for SME financing is more successful than traditional financing	30	4.10
18. Bank provides suggestions for diversifying business activities	30	2.07
19. Bank is creating positive impact in improving our socioeconomic condition through this SME financing	30	3.40
20. Necessary assistances from the bank encourage the growth of the business	30	3.37
21. Bank is offering enough service centers for encouraging and facilitating entrepreneurial activities	30	2.33
22. This scheme for financing for SMEs is successful to create awareness among people about SMEs	30	3.77

Table 6: Sufficient star- up capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	2	6.3	6.7	6.7
	disagree	3	9.4	10.0	16.7
	neutral	5	15.6	16.7	33.3
	agree	12	37.5	40.0	73.3
	strongly agree	8	25.0	26.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 7: Helps to determine firm's credit loans debt capital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	7	21.9	23.3	23.3
	disagree	14	43.8	46.7	70.0
	neutral	4	12.5	13.3	83.3
	agree	4	12.5	13.3	96.7
	strongly agree	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 8: Provides suggestions about successful business plan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	8	25.0	26.7	26.7
	disagree	17	53.1	56.7	83.3
	neutral	3	9.4	10.0	93.3
	agree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 9: Addresses weakness of business plan and development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	15	46.9	50.0	50.0
	disagree	11	34.4	36.7	86.7
	neutral	3	9.4	10.0	96.7
	agree	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 10: Provides guidelines for effective marketing strategies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	18	56.3	60.0	60.0
	disagree	10	31.3	33.3	93.3
	neutral	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 11: Regulations of getting loans are easy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	7	21.9	23.3	23.3
	disagree	12	37.5	40.0	63.3
	neutral	4	12.5	13.3	76.7
	agree	5	15.6	16.7	93.3
	strongly agree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 12: Rate of interest is reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	18	56.3	60.0	60.0
	disagree	10	31.3	33.3	93.3
	neutral	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 13: Repayment procedure of loan is flexible

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	3.1	3.3	3.3
	disagree	2	6.3	6.7	10.0
	neutral	3	9.4	10.0	20.0
	agree	22	68.8	73.3	93.3
	strongly agree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 14: Time of repayment is reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	2	6.3	6.7	6.7
	neutral	10	31.3	33.3	40.0
	agree	15	46.9	50.0	90.0
	strongly agree	3	9.4	10.0	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 15: Collateral requirement is reasonable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	9.4	10.0	10.0
	disagree	4	12.5	13.3	23.3
	neutral	2	6.3	6.7	30.0
	agree	15	46.9	50.0	80.0
	strongly agree	6	18.8	20.0	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 16: This scheme is more successful for creating SME awareness

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	3.1	3.3	3.3
	disagree	4	12.5	13.3	16.7
	neutral	3	9.4	10.0	26.7
	agree	15	46.9	50.0	76.7
	strongly agree	7	21.9	23.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 17: Sufficient training programs are arranged regularly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	6	18.8	20.0	20.0
	disagree	21	65.6	70.0	90.0
	neutral	3	9.4	10.0	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 18: Trainings provided by bank improve management skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	9	28.1	30.0	30.0
	disagree	20	62.5	66.7	96.7
	neutral	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 19: Trainings provided by the bank improve analytical skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	15	46.9	50.0	50.0
	disagree	14	43.8	46.7	96.7
	neutral	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 20: Trainings provided by the bank improve analytical skills

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	9	28.1	30.0	30.0
	disagree	18	56.3	60.0	90.0
	neutral	3	9.4	10.0	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 21: Bank provides trainings structured way

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	3.1	3.3	3.3
	disagree	4	12.5	13.3	16.7
	neutral	25	78.1	83.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 22: Provides advices for improving financial and accounting control

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	9	28.1	30.0	30.0
	disagree	14	43.8	46.7	76.7
	neutral	1	3.1	3.3	80.0
	agree	4	12.5	13.3	93.3
	strongly agree	2	6.3	6.7	100.0
	Total		30	93.8	100.0
Missing	System	2	6.3		
Total		32	100.0		

Table 23: This scheme is more successful than traditional scheme

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	1	3.1	3.3	3.3
	disagree	2	6.3	6.7	10.0
	neutral	1	3.1	3.3	13.3
	agree	15	46.9	50.0	63.3
	strongly agree	11	34.4	36.7	100.0
	Total		30	93.8	100.0
Missing	System	2	6.3		
Total		32	100.0		

Table 24: Provides suggestions for diversifying business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	8	25.0	26.7	26.7
	disagree	16	50.0	53.3	80.0
	neutral	3	9.4	10.0	90.0
	agree	2	6.3	6.7	96.7
	strongly agree	1	3.1	3.3	100.0
	Total		30	93.8	100.0
Missing	System	2	6.3		
Total		32	100.0		

Table 25: Bank is creating positive socioeconomic impact through this financing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	9.4	10.0	10.0
	disagree	4	12.5	13.3	23.3
	neutral	7	21.9	23.3	46.7
	agree	10	31.3	33.3	80.0
	strongly agree	6	18.8	20.0	100.0
	Total		30	93.8	100.0
Missing	System	2	6.3		
Total		32	100.0		

Table 26: Necessary assistances from bank helps to growth of business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	12.5	13.3	13.3
	disagree	3	9.4	10.0	23.3
	neutral	3	9.4	10.0	33.3
	agree	18	56.3	60.0	93.3
	strongly agree	2	6.3	6.7	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

Table 27: Enough service centers for encouraging and facilitating works

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	9.4	10.0	10.0
	disagree	20	62.5	66.7	76.7
	neutral	2	6.3	6.7	83.3
	agree	4	12.5	13.3	96.7
	strongly agree	1	3.1	3.3	100.0
	Total	30	93.8	100.0	
Missing	System	2	6.3		
Total		32	100.0		

6. Strength and weakness analysis of the SME:

Table 28: Strength and weakness analysis of SME financing of SIBL

SL NO	Variables	Maximum % of respondents responded	Remarks *
1	Providing sufficient start-up capital	37.5 (agree)	+
2	Helps to determine firm's requirement of capital for starting business	43.8 (disagree)	-
3	Provides suggestions about preparing a successful business plan	53.1 (disagree)	-
4	Helps to address weakness of business plan preparation and business development	46.9 (strongly disagree)	-
5	Provides guidelines for creating effective marketing strategies	56.3 (strongly disagree)	-
6	Regulations of getting loans are easy	37.5 (disagree)	-
7	Rate of interest is reasonable	56.3 (strongly disagree)	-
8	Repayment procedure of loan is flexible	68.8 (agree)	+
9	Time for repayment is reasonable	46.9 (agree)	+
10	Collateral requirement is reasonable	46.9 (agree)	+
11	Sufficient training programs are arranged by the bank regularly	65.6 (disagree)	-
12	Trainings from bank improve management skill	62.5 (disagree)	-
13	Trainings from bank improve technological skills	46.9 (strongly disagree)	-
14	Trainings from bank improve analytical skills	56.3 (disagree)	-
15	Bank is providing training in a structured and formal way	78.1 (indifferent)	
16	Provides advices for improving financial control and accounting practices	43.8 (disagree)	-
17	This different scheme for SME financing is more successful than traditional financing	46.9 (agree)	+
18	Bank provides suggestions for diversifying business activities	50.0 (disagree)	-
19	Bank is creating positive impact in improving our socioeconomic condition through this SME financing	31.3 (agree)	+
20	Necessary assistances from the bank encourage the growth of the business	56.3 (agree)	+
21	Bank is offering enough service centers for encouraging and facilitating entrepreneurial activities	62.5 (disagree)	-
22	This scheme for financing for SMEs is successful to create awareness among people about SMEs	46.9 (agree)	+
23	Financial Support	77% (among 100%)	+

“*” indicates that positive (+) remarks are the strengths and negative (-) remarks are some weakness to this financing (from the customers' point of view). From the table we can see that the weaknesses of the role of this bank in developing entrepreneurs are stronger than the strengths of this scheme.

7. Analysis of the present status of SME financing of SIBL:

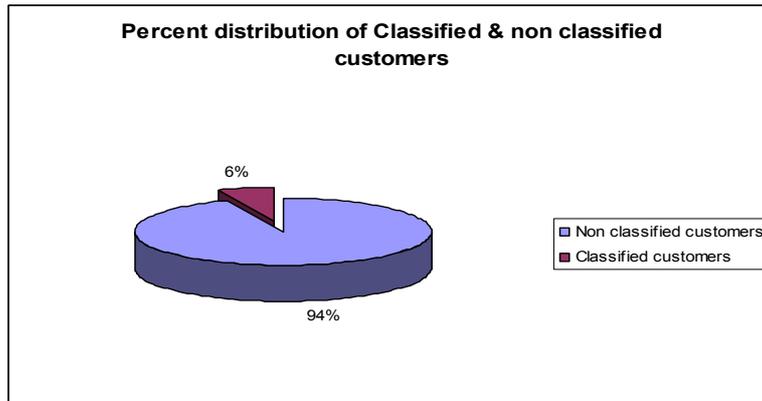


Figure 1: Percent distribution of classified & non classified customers

The figure above shows non-classified customers 94%. Non classified customers are termed as standard and substandard customers who have sound repayment record. Classified customers are the customers who have installments unpaid for at least six or more months. It implies that the customers are better in repaying loan which also indicates the soundness of this financing.

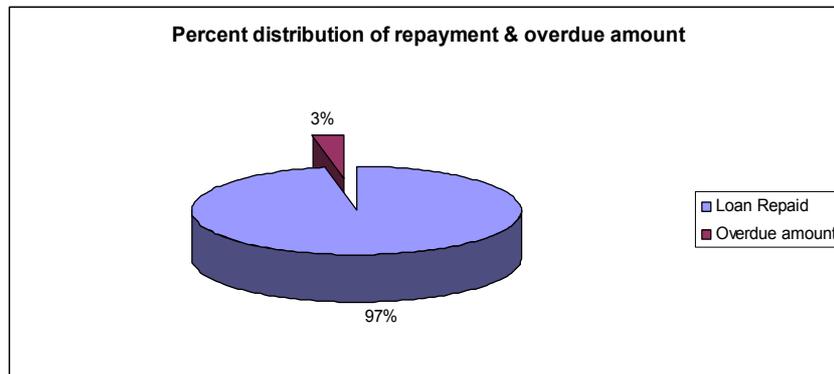


Figure 2: Percent distribution of repayment & overdue amount

From the figure we can get a picture of total disbursed and overdue amount of SME loan up-to February 2012 of this bank. From the figure we can say that the recovery rate of the loan is 97% which indicates the soundness of this financing.

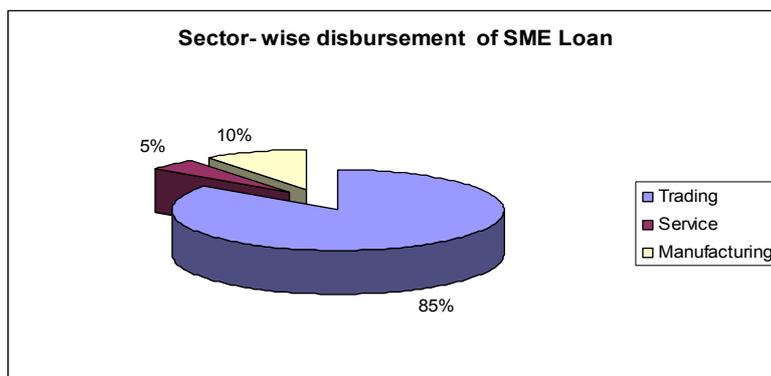


Figure 3: Sector wise disbursement of SME loan

The figure above clearly depicts the trading sector a thirist sector. Financing in this sector is common in our country. From the other two sectors manufacturing sector is getting more lending support from this bank than the service sector.

8. Findings of the study:

Strengths

- ✓ This bank is providing enough investment amounts to their SME clients for starting their business.

- ✓ Respondents are satisfied about the repayment procedure of investment and time for repayment of investment and
- ✓ The requirement of collateral is reasonable and satisfactory to the clients and it has proved that their SME financing is effective because customers having no collateral security to mortgage are also able to get loans.
- ✓ According to the respondents of this bank this special scheme for SME financing is more successful than the traditional financing as the facilities provided under this scheme are most lucrative and profitable to the customers.
- ✓ According to most of the respondents this financing is also improving our socioeconomic conditions that mean this scheme is an effective one and has potentialities enough to boost up our economy.
- ✓ Most of the SME customers of this bank are non-classified who have sound repayment record and it indicates the success of their financing.
- ✓ The recovery rate of the invested amount of this bank indicates that most of the disbursed investment amount has been collected by the bank.
- ✓ This bank is offering the highest loan amount to the SME customers.
- ✓ They are offering enough maturity period for loan amount
- ✓ They are offering both the mode of financing.
- ✓ Their disbursement of loan amount is satisfactory in relation to the other banks.
- ✓ They are offering both the term loan and working capital loan opportunity to their women entrepreneurs.

Weaknesses

- ✓ They are not providing any support to their clients for improving different types of business activities such as determining their requirement of capital or preparing any successful business plan.
- ✓ Regulations of getting loan from this bank are not easy and flexible to the clients of this bank and clients also are very dissatisfied about the current interest rate and both of these two weaknesses reduce attractiveness of their SME products.
- ✓ Bank is not arranging any training program for improving different entrepreneurial qualities such as managerial, technological, analytical etc of their SME clients.
- ✓ This bank also is not providing any suggestions or advices to improve the financial control and accounting practices of clients' businesses or diversify their business activities.
- ✓ According to the most of the respondents the SME service centers offered by this bank are not convenient and available to them.
- ✓ Their interest rate is high in relation to the other banks.
- ✓ They are charging loan processing, supervision and also the utilization fee for the loan amount.
- ✓ Their features for developing the women entrepreneurship such as interest rate, offering loan amount and products, amount of loan amount etc. are also not satisfactory in relation to the other six comparative banks.
- ✓ This bank is disbursing most of their loan amount to the trading sectors. But to encourage the proper growth of our country they should allocate more money in the manufacturing sector.

9.Conclusion:

The development of small and medium enterprises in developing country believed to be desirable end in view of their perceived contribution, decentralized job creation and generation output. In Bangladesh small and medium enterprises are growing rapidly. So the growing up SMEs is very significant in our national income. By considering the SME sector as the potential one which can affect the economic as well as financial condition Social Islamic bank is now focusing on the different aspects of SME financing. SIBL is a reputed Islamic bank of our country. This bank has already create a good position in the banking sector .It has been working for SMEs for a long time and it has a well customer base and sound financing record. It is providing sufficient loan amount and other satisfactory financial facilities to their SME customers. But according to the respondents of the SME holders one major problem of their SME practices is that they are providing only different types of financial helps to facilitate the small and medium enterprises. But they are indifferent about the nourishing different types of entrepreneurial qualities of their SME customers. But as a financial institution this bank has a lot of responsibilities towards the growth of the SMEs. Govt. in most of the countries have made regulations for the financial sectors to provide different types of financial and nonfinancial helps to the SMEs to flourish the development of SME sector. But in our country most of the banks are limited to providing only different types of monetary helps to their SME customers instead of providing different types of quality buildings helps. But to foster the rapid growth of the SME sector different types of entrepreneurial qualities should have been built in themselves by providing them necessary trainings and guidelines. So Social Islamic bank also should arrange different types of workshops and seminars for improving the quality of their SME customers. Besides that this

bank should revise their credit policies to make their SME financing program more attractive and profitable to their customers.

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List of Abbreviation:

- SIBL: Social Islamic Bank Limited.
SME: Small and Medium Enterprise.