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**The Shared Roles of the Central Bank, Commercial Banks and Women Chambers
in Promoting Innovative Financing Models for Women-led SMEs**

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List of Acronyms

BARD	Bangladesh Academy for Rural Development
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BHWA	Bangladesh Homeworkers' Women's Association
BWCCI	Bangladesh Women Chamber of Commerce and Industry
DWBF	District Women Business Women Forum
FIs	Financial Institutions
GM	General Manager
GoB	Government of Bangladesh
MoF	Ministry of Finance
Mol	Ministry of Industry
NASCIB	National Association of Small & Cottage Industries of Bangladesh
SME	Small and Medium Enterprise
SMEF	Small and Medium Enterprise Foundation
UZP	Upazila Parishad
WEAB	Women Entrepreneurs Association of Bangladesh
YD	Youth Development
ZP	Zila Parishad

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Executive Summary

Over the last two decades, the focus of development policy initiatives to reduce poverty has undergone a significant shift. Known as the "inclusive finance" approach, these new initiatives advocate for a "Finance for All (FFA)" approach to bring excluded populations into the realm of mainstream banking, developing new schemes for ensuring better access to financial credit, and educating them about various financial products and services which may help them in making informed decisions. In the context of Bangladesh, the impact of these initiatives has already been felt and over the years, significant efforts have been made to facilitate the level and extent of financial inclusion of the poor into the mainstream banking sector.

However, Bangladesh's approach towards inclusive finance differs from the broader FFA policy agenda. Whereas in general inclusive financial market approaches leave a focus on women and gender equality outside the core of the debate, special efforts have been made in Bangladesh for increasing women's access to finance. The introduction and implementation of these policy initiatives raise a few important questions: (1) What are the key barriers faced by women entrepreneurs in gaining access to markets and becoming engaged in different business ventures? (2) How effective are the existing policies and programs in addressing the challenges faced by the women entrepreneurs? (3) What actions can be taken to make the policy and programmatic interventions more helpful and effective?

This paper focuses on finding answers to these key questions while providing a comprehensive and detailed analysis of the situation of the women entrepreneurs in Bangladesh. At the same time, this paper concentrates on both the demand side factors (i.e., issues related to the capacity and understanding of women entrepreneurs that may hinder their access to credit) and the supply side factors (i.e., the impact of policies developed by the Government of Bangladesh and Bangladesh Bank on women's entrepreneurship, as well as the capacity, willingness and commitment of commercial banks to support women entrepreneurs). Further, research suggests women's business chambers with adequate capacity can play a complementary role in advancing women's access to finance. This study explores the role played by the District Women Chambers in the context of Bangladesh.

The key findings of the study are:

- Problems faced by women entrepreneurs can be categorized into two groups: 1) the socio-cultural barriers faced by women in general which eventually prevent them from participating in economic and business activities and 2) the challenges faced by women entrepreneurs in case of gaining access to finance. While Bangladesh has seen gains in the status of women and gender equality over the years, women were found to exercise limited control over resources. Further, socio-cultural stigma, i.e. negative perception

about working women often prevent them from pursuing business activities. In fact, without the support of the husband or household heads (i.e. male family members including father and brother), women often still do not engage in business ventures.

- Overcoming the socio-cultural barriers does not necessarily mean that women will be able to gain access to the financial market in an effective way. Rather, this is when they start facing the second group of challenges, i.e. finding proper avenues to gain access to credit. It is, however, important to note that even though these challenges, to a large extent, are also related with socio-cultural barriers, they usually take a different form when women entrepreneurs finally decide to come out of their home to pursue business activities. These specific challenges can again be divided in two groups: the demand side problems and the supply side problems.
- Of the demand side problems, the most significant ones are: lack of overall knowledge among women entrepreneurs of the available business opportunities and credit facilities; hesitation in applying for a loan from a commercial bank; high loan interest rates; rigidity about loan-related papers and collateral; lack of knowledge and information regarding where they should go to receive assistance from the commercial banks; and lack of business or technical experiences among women entrepreneurs.
- On the supply side, the study identified the following difficulties: absence of a proper policy framework and a negative attitude among commercial banks towards women entrepreneurs. For instance, many banks are under the impression that, despite women entrepreneurs having the business license in their names, the business is being operated by male family members. They also believe the business initiatives explored by women entrepreneurs are less diversified with a limited number of clientele and henceforth, it is not safe for the commercial banks to support their business venture.

At the same time, while exploring the performance of the six District Women Chambers/Forums of the six divisions of the country, the study analyzed the capacity of the chambers while relying on four factors: state of knowledge and capacity to disseminate knowledge among the members, capacity to influence policy at the national and local level, networking capacity, and ability to assist the women entrepreneurs in gaining access to credit. The study identified the following key issues:

- The district women chambers demonstrated that they had extensive knowledge regarding the policy initiatives taken by the central bank and the other government agencies. They regularly provide women entrepreneurs and other stakeholders with policy-related information. However, while the chambers are aware of the needs and concerns of their members, they have limited capacity to address them.
- The capacity of these chambers to influence policy is quite limited. Most of the representatives of the chambers interviewed expressed that the reason they had failed

to influence policy was because they never managed to maintain a successful relationship with the national policymaking bodies. Whereas the forums maintain regular interaction with the commercial banks, government bodies or other financial institutions, this interaction has never really transformed into a partnership to facilitate women's access to credit.

- The chambers have been striving to promote women's access to credit. However, there are several issues identified by them as the major barriers to women's access to credit. These include: (a) women are borrowers but sometimes not the final users since their husband use the loan; (b) most of the women entrepreneurs have hardly the collateral required for loans; and (c) banks are less confident about women entrepreneurs and their entrepreneurial skills. Our study indicates that even though the chambers have identified these barriers, they are yet to address these.

Based on our overall findings and analysis (i.e. the demand side and the supply side barriers, and the performance of the district women's business forums in promoting women's access to finance), we argue that in the case of promoting inclusive finance for women in Bangladesh, three broad types of issues can be found:

- Capacity-related issues: As women entrepreneurs still lack access to information, do not have adequate training to devise a business plan, and their financial and business expertise is not necessarily satisfactory, capacity of individual women entrepreneurs needs to be strengthened significantly.
- Policy-related issues: We have pointed out in the study that there are some areas where further policy interventions are necessary. In effect, policy interventions should be in place to support women entrepreneurs to overcome issues related with guarantors and collateral.
- Implementation-related issues: Our study also indicates that developing a 'good' policy is never enough unless and until the implementing partners and agencies understand their duties and responsibilities properly.

To address these issues/limitations, we propose the following measures:

- Given that capacity development has remained an issue especially in regard to the demand side challenges, efforts to build the capacity of the women entrepreneurs should continue. The women chambers should play the pivotal role here but instead of conducting a wide variety of training programs, the chambers should conduct a training needs assessment of their members to determine the specific types of training to provide. For instance, our study shows that whereas the women entrepreneurs have limited knowledge about use of ICT to promote business activities or lack necessary networking

capacity to connect with different banks or financial institutions, the chambers, while designing training programs, rarely take these existing limitations of women members under consideration. A proper training need assessment would have helped them to design the appropriate training modules.

- The chambers should also organize regular view-exchange meetings where the chamber can interview representatives from the central bank, different commercial banks, NGOs and other financial institutions. The goal of these meetings will be to help the women entrepreneurs understand the loan application process, introduce them with different institutions, and connect them with organizations that can possibly fund their business initiatives.
- As discussed above, significant problems exist within the policies that need to be addressed as quickly as possible. Women chambers can take the lead by analyzing the current initiatives to identify the limitations in how they benefit women entrepreneurs, suggest specific policy measures and lobby the government agencies to initiate policy changes.
- Most importantly, to deal with the implementation-related problems, a joint effort should be taken where participation of different national and local level actors is required. This can function in the following way:
 - Whereas the Bangladesh Bank has directed the commercial banks to take certain actions to help women entrepreneurs, up to this point in time, they have not set a target of providing loans to a certain number of women entrepreneurs per month (or ensuring that out of all the borrowers a certain percentage is women entrepreneurs) for these banks. The central bank can take the initiative to introduce a target-based approach, where targets will be set for the commercial banks for each month.
 - At the local level (possibly at the district or sub-district level), a separate institutional arrangement can be established which would include members from commercial banks working within that locality, representatives from women chambers, representatives from women entrepreneurs, representatives from the Bangladesh Bank, representatives from the local level administration (DC, UNO), and elected representatives (ZP chair, Mayor or UZP Chair). The goal of this entity will be to monitor the activities of the commercial banks and evaluate whether these banks have managed to reach the agreed upon target and if not, why. This organization will then report to the national level and may suggest actions that would enhance women's access to credit.

1. Introduction

Over the last two decades, development policy initiatives aimed at reducing poverty have undergone significant changes. New initiatives advocate for inclusive finance, or “finance for all” (FFA) approaches that bring marginalized populations into the realm of mainstream banking. This includes developing new schemes for ensuring better access to credit, and educating the poor and other disadvantaged groups about various financial products and services that may help them make informed decisions.

In Bangladesh, the impact of this shift of focus in development policy has already been felt. Whereas in the past, microfinance institutions had played the dominant role regarding the inclusion of women in the financial sector, during the post-2000 period, significant efforts have been taken to initiate a broader approach for increasing the level and extent of financial inclusion of the poor into the mainstream banking sector. Consequently, emphasis has been placed on developing small and medium enterprises (SMEs). This is not surprising since for developing countries like Bangladesh, SMEs play a vital role in alleviating poverty and achieving rapid economic growth. Moreover, given that SMEs can generate employment and accelerate industrialization—in contrast to the self-employment approaches adopted by microfinance institutions—they allow more opportunities for inclusive finance. The result is that over time a number of policy initiatives have been implemented by the Government of Bangladesh and Bangladesh Bank to facilitate the growth of SMEs.

However, Bangladesh's approach towards inclusive finance differs from the broader FFA policy agenda. Whereas the inclusive financial market approaches taken to-date do not include gender equality and women's empowerment perspective in the core of the debate, special efforts have been taken for increasing women's access to the financial market in Bangladesh. Realizing that without ensuring women's participation and developing their entrepreneurial skills, sustainable economic growth will not be possible, the Bangladesh Bank (BB), Ministry of Finance (MoF), Ministry of Industry (MoI) and other authorities have designed detailed activities to achieve this goal. The introduction and implementation of these policy initiatives raise a few important questions: (1) What are the key barriers faced by the women entrepreneurs in gaining access to markets and becoming engaged in different business ventures? (2) How effective are the existing policies and programs in addressing the challenges faced by the women entrepreneurs? (3) What actions can be taken to make the policy and programmatic interventions more helpful and effective?

This paper focuses on these key questions while providing a comprehensive and detailed analysis of the situation of the women entrepreneurs in Bangladesh. Unlike previous studies, this paper will focus on both the demand side factors (i.e., issues related to the capacity and understanding of women entrepreneurs that may hinder their access to credit) and the supply

side factors (i.e., the impact of policies developed by GoB and BB on women's entrepreneurship, as well as the capacity, willingness and commitment of commercial banks to support women entrepreneurs). At the same time, research suggests women's business chambers with adequate capacity can play a complementary role to promoting access to finance, by assisting women entrepreneurs and/or various organizations functioning at different levels. This paper explores the important role of women's chambers.

The structure of the paper is as follows: the first section features a short introduction; the second section provides an overview of the existing studies on women's entrepreneurship development in Bangladesh along with a brief theoretical framework; the third section describes the methodology followed in conducting the study; the fourth section explains the major findings; the fifth section summarizes the findings and key conclusions; and the sixth section provides a list of recommendations.

2. Literature Review and Focus of the Study

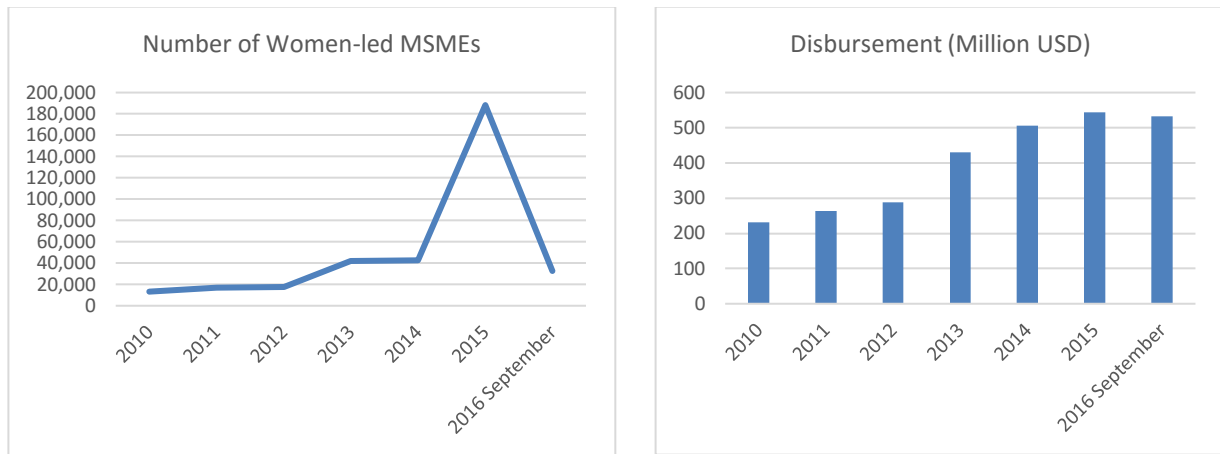
Women's participation in business activities is critical to accelerating economic growth in Bangladesh. Promoting women's entrepreneurship by increasing their access to finance is considered to significantly foster socioeconomic development in the country. Statistics suggest that the female labor force participation rate in Bangladesh is only 32.9 percent, whereas male participation is 81.7 percent (Bangladesh Bureau of Statistics 2013a). Micro, and small and medium enterprises comprise 99.93 percent of the 7.8 million businesses in Bangladesh, of which only 7.21 percent are owned by women (Bangladesh Bureau of Statistics 2013b). However, recognizing the significance of women's participation in the economy for achieving a higher national income, the GoB has crafted national policies with the aim of creating economic opportunities for women and improving their access to finance.

Through interventions by the BB, both the amount of credit for women entrepreneurs and the number of recipients have grown rapidly. In 2015, 188,233 women-led SMEs were provided USD 543 million, a dramatic increase from 2010, when 13,233 women-led SMEs were loaned USD 231 million by banks and financial institutions in Bangladesh. This rise in the financing available to women entrepreneurs in the SME sector demonstrates the significant impact of policy initiatives of the central bank on women's financial inclusion (to be explained later). In addition, in 2015, women comprised 90 percent of the total number of clients and borrowers of microfinance institutions (MFIs) in Bangladesh. Half of these women MFI clients were SME entrepreneurs.

However, while women's participation in the SME sector has significantly increased, women still remained underrepresented in SME ownership, and the problems and challenges they face have not disappeared. Various studies have argued that women entrepreneurs continue to encounter

a range of difficulties that have not been adequately address by the GoB’s policy initiatives. Given the existing studies on women’s entrepreneurship development in Bangladesh, it is possible to argue that these studies can be broadly categorized into two groups: demand side studies and supply side studies. The first group of studies has focused on the women entrepreneurs themselves, attempting to identify the socio-cultural barriers that have made it extremely difficult for them to initiate new business ventures, while also focusing on their individual capacities (e.g. educational attainment, financial literacy, access to credit).

Figure 1: Women-led SMEs financed by banks and financial institutions



Source: Bangladesh Bank, 2016

Of these studies, Saha (2007) drew a comparison between women entrepreneurs living in the capital city of Dhaka to those living in the outskirts and rural areas. He found that a solid educational background (43 percent were post graduates), familial support, and access to markets, technology, and finance were the most significant factors that gave the urban entrepreneurs upper hand over rural female entrepreneurs. A similar conclusion was drawn by Chowdhury & Amin (2011), who also identified other constraints including insufficient capital, lack of experience, difficulties in obtaining skilled labor, delays in loan processing and most importantly, gaining a foothold in a male dominated society. Further, an extensive survey conducted by the SME Foundation (2009) in 34 districts in Bangladesh found that despite a strong positive correlation between women’s entrepreneurship and economic development, the socio-cultural, legal and educational barriers, as well as poor accessibility to markets and lack of technical knowhow were the key underlying reasons of why many women entrepreneurs lagged behind. A study conducted by Bangladesh Women Chamber of Commerce and Industry (2008) and the Centre for International Private Enterprises (CIPE) also identified information failure as a critical factor behind the difficulty women entrepreneurs have in gaining access to credit. The study suggested that even though the central bank had initiated new policies to promote women

entrepreneurs, most potential women entrepreneurs were unaware of the BB's special refinancing schemes for women and, thus, rarely tried to utilize them.

The second category, known as the supply side studies, focuses on analyzing the effect of policies, rules and regulations enacted by the government, as well as the performance of different organizations including national and commercial banks in promoting women's entrepreneurship. In the case of Bangladesh, very few studies have focused on the supply side. One study by the BB and Bangladesh Academy for Rural Development (BARD) (2013) showed that banks were responsive to the loan requirements of women entrepreneurs and this led to a visible boost in their investments, thus uplifting their living conditions. However, it is extremely difficult to develop an overall understanding of the supply side situation based on the findings of one study. It is also important to note that this study did not necessarily incorporate the impact of policy changes that were initiated by the GoB and the BB in the post-2014 period.

To consider the impact of the supply side factors, it is important to understand the policies and programs that have been developed over time to promote women's access to the financial market. For instance, the Sixth Five Year Plan (2011-2015), which emphasizes equal opportunities for women, drew particular attention to the development of economic policies for improving women's employment and income. With a target of increasing women's employment in the non-agricultural sector, particularly SMEs, from 25 percent to 50 percent by 2015, the Sixth Five Year Plan focused on the promotion of women's entrepreneurship through improved and preferential access to credit and training programs. Extending the Sixth Five Year Plan with a framework for women's empowerment and gender equality, the Seventh Five Year Plan (2016-2020) has set a strategic objective of improving access to financial services for women and thus increasing economic benefits for women. The SME Foundation, in association with BB, is striving to promote women's entrepreneurship in the country by organizing capacity building programs in women's chambers of commerce and trade bodies; encouraging banks to provide access to finance for women entrepreneurs; and arranging workshops, seminars, conferences and SME product fairs for women entrepreneurs.

Further, both the Bangladesh Industrial Policy 2010 and the recent update in 2016 have adopted the following policies to foster the development of women-led SMEs:

- Women entrepreneurs will be provided training on the preparation and implementation of business plans by the Bangladesh Small and Cottage Industries Corporation (BSCIC), Bangladesh Industrial and Technical Assistance Center (BITAC), the SME Foundation and other government training institutions.
- BB will consider providing financial incentives to emerging women entrepreneurs in the SME sector.
- Under the leadership of BB, a mechanism for women-friendly banking services will be developed throughout the country.

- Women-led SMEs will receive at least 10 percent of all credit within the SME sector.
- Women-led SMEs will be provided collateral-free credit under initiatives like the Credit Guarantee Scheme.

At the same time, recognizing SMEs as a top priority for rapid industrialization in the country, the BB created a new department named SME and Special Program Department. Empowering women through increased SME finance and other initiatives is one of the major objectives of the department.

Based on the discussion so far, it is possible to draw the following conclusions:

First, though previous studies have pointed out a number of demand side problems faced by women entrepreneurs, it is important to note that none of the studies have been conducted after the policy changes made by the GoB (i.e. Industrial Policy of 2016, Seventh Five Year Plan, recent policy initiatives undertaken by the BB). It is unknown whether the demand side barriers have remained the same in the post-2014 period. A similar conclusion can be drawn about the supply side factors and in fact, since the initiation of new policies and programs, no credible study has been done to evaluate the impact on women entrepreneurs.

Second, no previous studies have emphasized a comprehensive analysis by bringing the demand and supply side factors together, or the pattern and nature of the interaction between the demand side factors and the supply side factors and the impact on women entrepreneurs' access to finance.

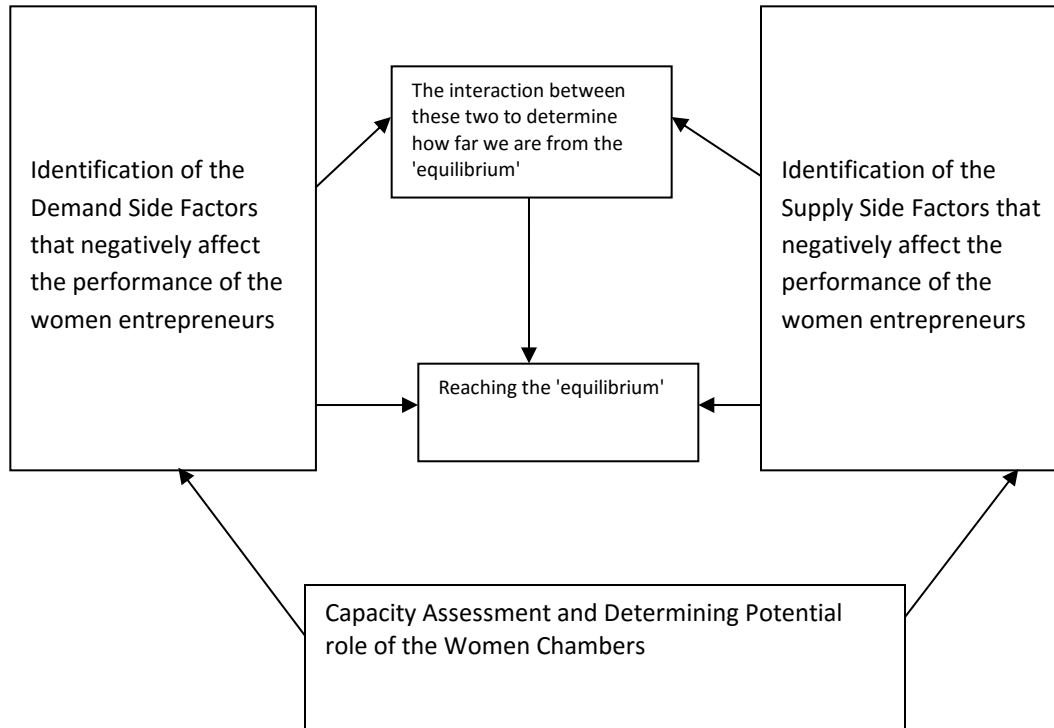
Third, while analyzing the policy framework and the institutional structure developed by the GoB, studies have mainly focused on the role played by the government organizations (e.g. SME Foundation, BB) or the private sector actors (e.g. commercial banks) and while doing so, these studies have ignored the role or potential role to be played by the women's business chambers. Recent studies and interventions implemented by The Asia Foundation have shown that these chambers can play a crucial role in ensuring financial inclusion for women entrepreneurs. They can disseminate information about various opportunities to their members, as well as enhance the financial literacy of women entrepreneurs and respond to the demand side barriers. Similarly, commercial banks are reluctant to provide credit to women entrepreneurs in the absence of a guarantor and collateral, but are willing to provide loans to these same entrepreneurs if the chamber agrees to play role of guarantor. This opens an opportunity for chambers with adequate capacity to support women entrepreneurs in addressing the demand side barriers while helping the supply side institutions in assisting the entrepreneurs in an effective and efficient way. However, more information is needed on the level of existing capacity of the women chambers and so far, no such study has been conducted.

Considering these limitations of the existing studies, the current study has the following objectives:

- Provide an analysis of both the demand and supply-side barriers faced by women entrepreneurs in Bangladesh;
- Explore how the demand and supply side factors interact with each other and how this interaction affects the status of the women entrepreneurs;
- Analyze the capacity of the women's chambers of Bangladesh to find out if they can play an effective and efficient role in ensuring financial inclusion for women entrepreneurs;

In effect, the paper will expand upon the following figure, reflecting the internal dynamics associated with these objectives.

Figure 2: Goal and Objectives of the Paper



3. Methodology

The study follows a mixed method approach—integrating qualitative and quantitative research techniques—to fulfill the research objectives stated in chapter one. The samples on which the findings are generalized have been drawn from six districts of six divisions of Bangladesh. Whereas this has helped us to identify the demand side constraints, to understand the supply side barriers related with access to finance for women entrepreneurs, interviews of managers and SME loan officers of some branches of private banks and dedicated officers and officials of BB have been conducted in the study areas to understand the views and process of relaxing credit constraints for women entrepreneurs. The sample women entrepreneurs have been interviewed through structured questionnaires and the interviews of management of private banks and BB through checklists.

In addition to that, to analyze the capacity of the women business chambers, which have the potential to play complementary roles in terms of ensuring access to credit for women entrepreneurs, we interviewed the officials of six leading women's business chambers of six districts of the country: Barisal, Chittagong, Khulna, Rajshahi, Rangpur and Sylhet.

Research Design

A purposive sampling technique has been followed in the study. The primary sampling units (Sadar Upazila of Divisional District) and the secondary sampling units, the women entrepreneurs, have been selected from the pool of women entrepreneurs who are the members of women entrepreneur organizations like the Women Chamber and Women Business Forum. BB and other bank branches have been selected based on convenience and local perceptions.

Survey Areas

Six divisional districts, Barisal, Chittagong, Khulna, Rajshahi, Rangpur, and Sylhet were selected for sampling. From the sampled districts, the Sadar Upazilas were considered as the survey area.

Sampling

As the study aimed to cover women entrepreneurs of six women business forums/chambers, the following sampling strategy was used to select the samples:

Samples

From the selected Sadar Upazilas of the six divisional districts, 50 samples were selected from the members of women entrepreneur-led organizations. The sample women are all women entrepreneurs. In total, 300 women were interviewed and the following table shows the distribution of women entrepreneurs from the survey areas:

Table 1: Distribution of samples by areas

SL	District	Expected Samples
1	Barisal	50
2	Chittagong	50
3	Khulna	50
4	Rajshahi	50
5	Rangpur	50
6	Sylhet	50
Total		300

Furthermore, two branches of private banks working in Sadar were visited randomly, and the branch managers, dedicated SME loan officers, and other officers involved with credit delivery were interviewed.

Table 2: The private bank branches visited

SL	District	Name of the Bank
1	Barisal	Bank Asia Ltd
		Trust Bank
2	Chittagong	City Bank
		BRAC Bank
3	Khulna	NCC Bank
		Pubali Bank
4	Rajshahi	National Bank Ltd
		PRIME Bank
5	Rangpur	Dhaka Bank
		Standard Chartered
6	Sylhet	PRIME Bank
		Bank Asia Ltd

We also visited regional Bangladesh Bank offices at Khulna, Rajshahi, Rangpur, and Sylhet. We conducted in-depth interviews of BB officials, including the General Manager (GM), the head of the SME department, and the other officers working in the SME cells.

Questionnaire Design and Field Testing

The survey was conducted through structured questionnaires for women entrepreneurs and through checklists for bank officials and the BB officials. The questionnaires were pre-tested by interviewing a sample of women entrepreneurs. Based on the literature and discussions with women entrepreneurs, the regulators, and experts and the experiences of the field testing, questionnaires were finalized for conducting the survey. The questionnaire contained several sections, including preliminary information about the business such as business type, business location and acquisition of various business-related licenses, any problems encountered in the business at the early stage of establishment, and problems during the escalation or growth periods. Finally, the extent of access to finance, measured by access to accounts (savings/loan), is expected to be assessed through the questionnaire.

4. An Assessment of the Current Situation: Key Demand and the Supply Side Findings

Women Entrepreneurs: Their Characteristics

Before analyzing the challenges faced by the women entrepreneurs, let us first consider some key characteristics of women entrepreneurs:

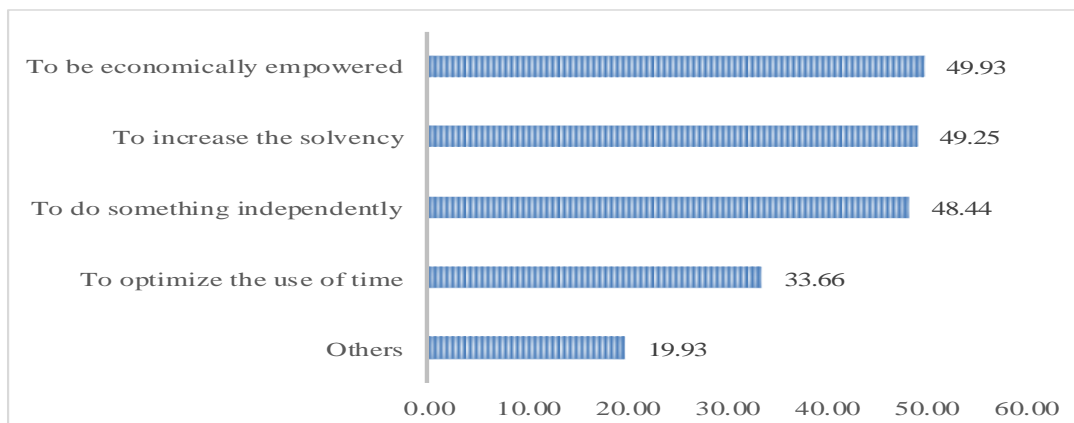
Relatively Younger Women are Getting Interested in Business Ventures: earlier studies (Saleh, 1995; Bhuiyan & Abdullah, 2007) have shown that around 75 percent of women entrepreneurs in Bangladesh belonged to the age group of 30–45 and their average age was 40.6 years. However, our study shows that out of the interviewed women entrepreneurs, a majority (56.2 percent) belong to the age group of 20–35 and 8.8% are less than 20 years old. This essentially means that younger women are getting interested in business ventures and as per our current study, the average age of women entrepreneurs is 35 years old.

The New Generation Women Entrepreneurs are Comparatively More Educated: Previous studies on the education level of women entrepreneurs reflected a bleak scenario. According to a previous study, 90 percent of entrepreneurs had an education level below Secondary School Certificate. These studies identified lack of education as a major barrier limiting women's access to credit. It is important to note that our study showed a significant improvement: 41.3 percent of women entrepreneurs have completed tertiary level education. At the same time, the average years of schooling of women entrepreneurs is 12.

Ownership Pattern Has Changed Significantly: The current study shows that almost 85 percent of women-owned enterprises are owned solely entrepreneurs and only 15 percent are partnerships – family members are allowed 7 percent and partnership with non-family members is around 8 percent.

Entrepreneurship is now being considered a Tool of Empowerment: Women entrepreneurs were asked to identify different reasons that have encouraged them to get involved with business initiatives:

Figure 3: Reasons to start the business



Source: Survey Data (2016)

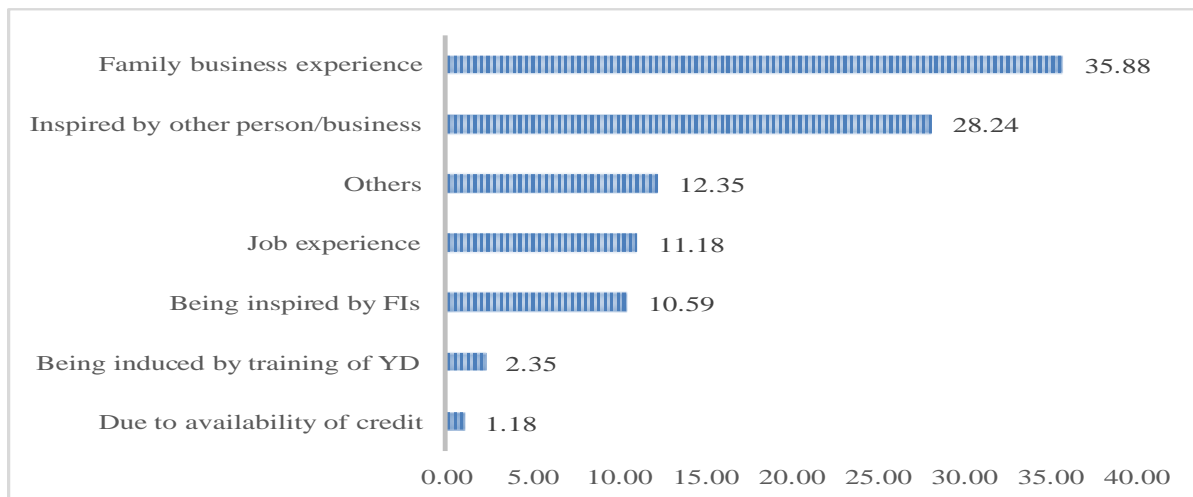
This is an interesting finding as it shows that women are now getting involved in economic activities with a view to doing something independently which is expected to empower them¹. They consider this an important tool to fight inequality and establish themselves as an 'equal' partner in the overall development effort of the country.

The discussion so far shows that the overall profile of the women entrepreneurs has gone through significant changes over the years and consequently, younger and more educated women are now getting involved in different business ventures. However, the question is: what types of barriers are these new groups of women entrepreneurs facing?

The Demand Side Constraints

We started our analysis of the demand side constraints by developing an understanding of the factors that encourage women entrepreneurs to get involved in different business activities.

Figure 4: Reasons/inspiration to start business (Percentage)



Source: Survey Data (2016) (Note: YD refers youth development, and FIs stand for financial institutions)

Note: The horizontal axis measures the percentage

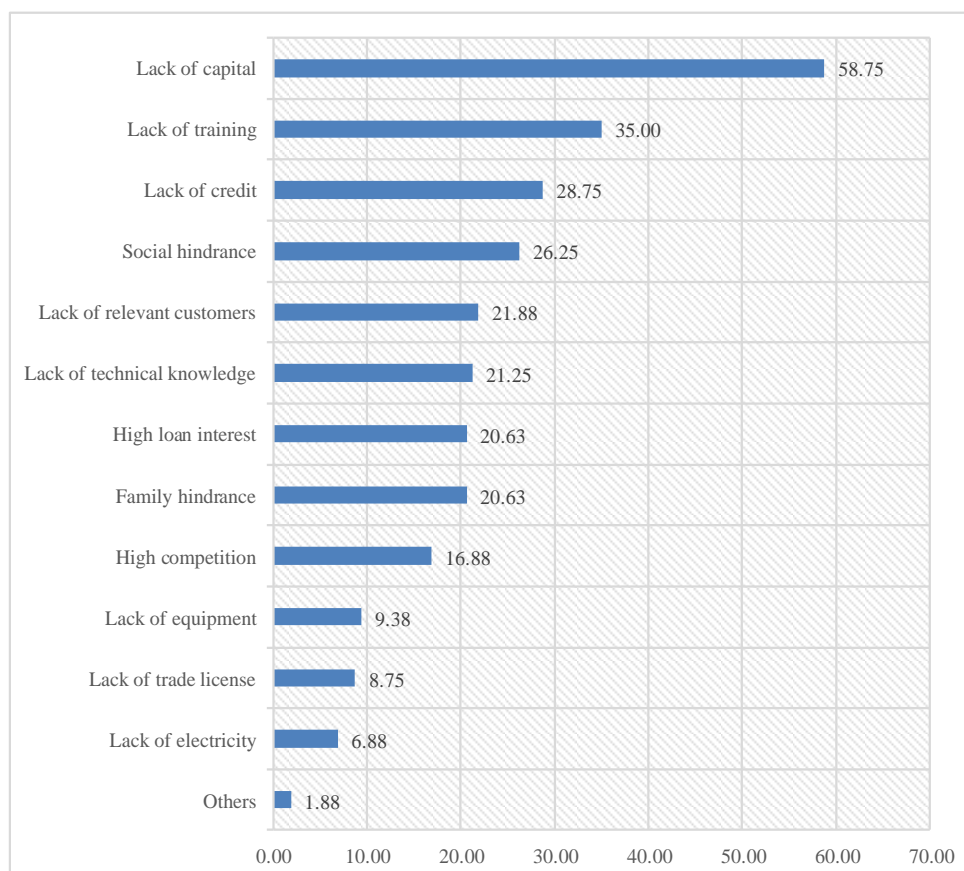
It is interesting to note that the key reason behind the involvement of women entrepreneurs in business activities is 'family business experience' which essentially means that family support still plays the pivotal role in promoting women's entrepreneurship—meaning socio-cultural factors still play the dominant role. However, whereas the factors mentioned above may have

¹It is, however, important to note that existing literature suggests a wide range definition of empowerment and sometimes, selection of a specific definition undermines the others. In this survey, economic empowerment is basically assessed through the perception of the entrepreneurs

encouraged women entrepreneurs, what types of constraints do they usually face when they focus on starting their businesses?

Our study identifies the following ones:

Figure 5: Business start-up constraints



Source: Survey Data (2016)

If we consider the constraints identified by the women entrepreneurs, and recognizing that there is overlap between the categories, we have grouped them into five categories:

- Issues related to access to finance, which includes lack of capital and credit;
- Socio-cultural barriers, i.e. lack of societal and family support
- Challenges related with business formalities
- Problems related with financial literacy
- Problems related with lack of business equipment/inputs

Problems related to access to finance: Any business requires capital mostly comprised of the borrower's own equity or credit. In a resource-constrained society, especially in a society where women's asset ownership, in general, is scarce, lack of financial resources often push back the aspirations of women entrepreneurs. In Bangladesh, the government has taken a number of initiatives to promote access to finance for women, yet problems still remain and through our

research, women entrepreneurs identified lack of capital as the major constraint that they faced. Fifty-eight percent of respondents mentioned that they lack capital to start their business and around 29 percent of women entrepreneurs reported that access to credit was limiting their business start-up. In effect, this shows that the policy interventions introduced by the GoB and the BB have so far not been fully successful at facilitating women's access to finance in an effective way.

Socio-cultural barriers: Women are not often encouraged to be engaged in independent economic activities in Bangladesh. Women entrepreneurs first face the constraints within their own home or their community where they live. The constraints are often created by their own relatives/. Twenty-six percent of survey respondents reported that social hindrance was an important factor that barred women entrepreneurs from starting a new enterprise. Furthermore, 20 percent of the women entrepreneurs said that family hindrance had also impeded their business start-up plans.

Business formalities: Business related formalities like trade license, TIN (business/personal), and other relevant certificates have negatively affected women's participation in business activities. However, our survey result indicates that this problem has mostly been dealt with as only 8.75 of the respondents considered the lack of a trade license as a barrier for starting a new business.

Problems related with financial and business literacy: For women entrepreneurs, starting a business requires relevant technical knowledge. Whereas this knowledge can be gathered through attending various training programs, in the context of Bangladesh, women's access to business-related training is limited: the survey results shows around 35 percent of our respondents reported that the lack of training opportunities was impeding the business start-up process. Furthermore, around 21 percent reported that lack of technical knowledge had made it difficult for them to be involved in business activities.

Another important obstacle faced by women entrepreneurs was their inability to diversify their business engagement. Women entrepreneurs, up to now, mostly engaged in activities that cover women as their clientele-base. Women entrepreneurs in Bangladesh have very limited knowledge about expanding business activities and their lack of business literacy forces them to fight over an already crowded market place. For instance, around 22 percent of women entrepreneurs reported that lack of relevant customers and high market competition had created an unfriendly environment for emerging women entrepreneurs.

Business inputs: The lack of supply of relevant inputs for business sometimes hinders the business initiation. Women entrepreneurs suggested that access to electricity and lack of

business related physical capital and equipment deterred their business start-up process. Around nine percent of women entrepreneurs indicated lack of physical capital as a hindrance in starting-up business and around seven percent reported that lack of electricity is impeding starting a business.

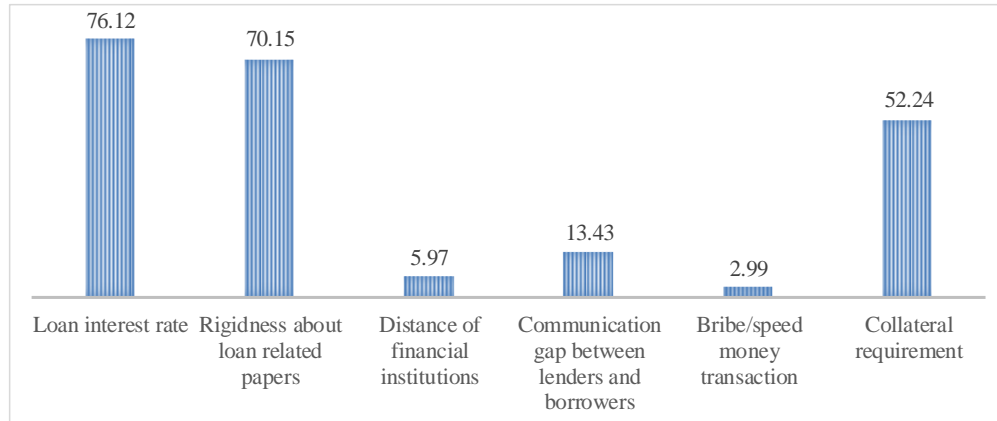
Our study also shows that numerous constraints affect women not only during the start-up phase but also at the growth phase. For instance, women entrepreneurs have on average 8 years of business experience and many of the women entrepreneurs have experience over 20 years. As per our study, in their phase of development, their businesses have expanded vertically and horizontally. The employment size, capital size, and monthly turnover have increased substantially. But their growth phase was not smooth and they faced various social, political, and economic impediments in their way of growth.

Like the start-up impediments, women entrepreneurs face the homogenous constraints in their growth phase as well. For example, capital constraint and lack of access to credit was also prevalent in their growth stage. High interest rates discouraged them from borrowing, while market competition sometimes impeded their growth. Lack of technical knowledge such as in ICT hampered their business growth. However, the major barriers identified by the women entrepreneurs during the growth phase of their business ventures are as follows:

Guarantors: Every loan application requires information and acknowledgement of guarantors. For married women entrepreneurs, husbands are considered the first-choice guarantors. Some women entrepreneurs admitted their husbands were reluctant to see them as entrepreneurs. The guarantor problem is much more severe for unmarried women entrepreneurs. For unmarried women entrepreneurs, the bank policy is that father or brother or any relative of the unmarried women entrepreneurs can be the guarantors. In a patriarchal society, the siblings or parents are not interested to act as the guarantor of unmarried women entrepreneurs.

Figure 6: Major reasons of financial exclusion² (Percentage)

²As per our study, financial exclusion means entrepreneurs are completely rationed out from credit market by the financial institutions or by themselves because of some characteristics.



Source: Survey (2016)

Note: The figures represent percentage of responses.

Loan Characteristics: The loan characteristics mostly determine the nature of access to finance by women entrepreneurs. Women entrepreneurs seeking credit listed loan interest rates, rigidness about loan related papers and collateral as the key hindrance to accessing finance. According to them, high loan interest rate discourages them to borrow as high low interest rate increases the cost of production of the enterprises and thereby increases the probability of business loss. Moreover, various papers are required to get loan and the lenders are quite rigid in following the procedures which reduces the scope of accessing to credit facility for the young and neophyte women entrepreneurs.

Collaterals: Collateral is a common problem in the credit market. While the lending institution aims to reduce the risk of lending to a risky borrower, this creates an additional challenge for the women entrepreneurs. More than 52 per cent women entrepreneurs identified collateral requirement as one of the major constraint in case of gaining access to finance.

Financial Literacy and awareness related with growth of business: Our study shows that over the years, even though the financial literacy and awareness of women entrepreneurs have increased, there are concerns over whether they are able to utilize their enhanced awareness in a productive way. For instance, whereas it is encouraging that 68 percent of women entrepreneurs know about dedicated desks for women established at the commercial banks, only 27 percent of them have availed the services of such desks. At the same time, it is important to note that the nature of services received at these desks was mostly rudimentary in nature and up to this point in time; these desks have not been that successful in playing an effective role in promoting women's entrepreneurship. Furthermore, less than 20 percent of women entrepreneurs know about the dedicated help line number (16236) and none of the entrepreneurs that we interviewed ever called that number even when they faced problems in gaining access to finance. Another issue of concern is that when filling out applications for loans,

only 40 percent of our respondents managed to do it on their own and the rest had to receive support from family members and dedicated officers of the bank (42.7 percent) .

Table 3: Awareness and access to financial services

Some key characteristics of women entrepreneurs	Percent
Have bank account (yes)	81.33
Have applied for credit (yes)	47.95
Know about women dedicated desk	67.41
Received services from dedicated desk	27.18
Know about help line number 16236	18.4
The application form was filled out by-	
Women entrepreneurs herself	40.00
Husband/other family member	26.67
Other persons	6.67
Bank officials	42.67
Others	2.67
Source: Survey (2016)	

The Supply Side Constraints

For the purpose of this paper, an analysis of the supply side incorporates two distinctive issues – first, the national level policies and programmatic interventions that aim at promoting growth of women’s entrepreneurship in different sectors through making access to finance easier; and second, the performance of various commercial banks who are in charge of assisting the women entrepreneurs. In this sub-section, we explore what these supply side initiatives are, whether they have been impactful and what barriers are there right now. We start our analysis by describing the policy initiatives undertaken by the BB.

Supply Side Constraints: The Policy Perspective

As indicated above, BB has taken some steps and formulated a guideline for the banks and financial institutions to ensure there are more institutional financial facilities for women entrepreneurs in the SME sector.

Box 1: Special Measures taken by Bangladesh Bank for Women Entrepreneurs

Bangladesh Bank has already introduced several schemes and programs to expand SMEs. Refinance scheme funded by Bangladesh Bank, IDA and ADB has been facilitated for the development of SME Sector. Besides, to ensure institutional financial facilities under easy

conditions Bangladesh Bank has taken diverse steps; like opening of ‘Dedicated Desk’ for SME and ‘SME Service Centre’ in the banks and special facilities for the women entrepreneurs.

According to the recent policy initiative of Bangladesh Bank (BB), for ensuring more participation of women entrepreneurs in industrial development of the country and for conducting business activities by women entrepreneurs in large number, priority will be given to potential women entrepreneurs in respect of SME credit disbursement. In case of receiving loan application, banks & Financial Institutions will prioritize small and medium women entrepreneurs and settle the loan disbursement process within very reasonable time from the date of acceptance of the application. Furthermore, each bank and financial institution shall establish a separate Women Entrepreneurs’ Dedicated Desk, will provide desk managers training on SME financing and suitably appoint a woman officer as chief of the dedicated desk. A list of the ‘Women Entrepreneurs’ Dedicated Desks should be sent to SME and Special Programs Department of Bangladesh Bank within two months from the date of declaration of this policy and program.

Specific Initiatives of Bangladesh Bank:

- With a goal to ensure institutional credit facilities for women entrepreneurs, at least 15% of total Bangladesh Bank refinance fund for SME sector has been allocated for women entrepreneurs.
- Interest rate for women entrepreneurs will be Bank rate (which is at present 5%) plus maximum 5%, i.e. not more than 10% per annum.
- Banks/Financial Institutions will accept and settle all types of loan applications of SME women entrepreneurs with the highest priority.
- Banks and financial institutions shall take initiative to advertise all the facilities for women entrepreneurs in both electronic & print media.
- Banks and Financial Institutions may provide a maximum loan facility of Tk.25,00,000/- against personal guarantee if borrower is woman or majority of the owners of the enterprise are women.
- Banks/Financial Institutions shall establish special advice and service centre for women entrepreneurs in selected branches and ensure service friendly approach towards women entrepreneurs.

Identification of the Women Entrepreneurs:

To identify the real women entrepreneurs, assistance can be sought from BSCIC, SME Foundation & professional organizations, such as, Handloom/Handicrafts Association, Mahila Samity, BWCCI, Women Entrepreneurs Association of Bangladesh (WEAB), Bangladesh

Home workers' Women's Association (BHWA), National Association of Small & Cottage Industries of Bangladesh (NASCIB), etc.

Our study indicates that whereas these policy and programmatic interventions have helped women entrepreneurs in gaining access to finance, there are some limitations which need to be addressed.

- These policy initiatives have not yet addressed some key barriers of the women entrepreneurs especially those related with guarantors or collateral. In fact, interviewees told us that the initiatives introduced by the government do not necessarily address these concerns;
- Another key concern raised by our interviewees is while the government has introduced these initiatives, up to this point in time, no mechanism has been developed to monitor the activities of the commercial banks and no effort has been taken to evaluate the performance of these banks in terms of ensuring access to finance for women. In effect, an 'accountability deficit' has emerged which is making the implementation of these policies challenging.
- Whereas the policies have clearly stated that different organizational bodies should be involved in identifying the women entrepreneurs and assisting them, their specific roles have not been defined and it is also not clear how these organizational entities will work together with different government organizations and commercial banks. This has made the tasks of these entities quite difficult as lacking proper jurisdiction, they cannot help the women entrepreneurs in an effective way.

Supply Side Constraints: From the Perspective of the Commercial Banks

One of the key goal of this is study is to identify the difficulties faced by the commercial banks in case of assisting women entrepreneurs. In effect, we wanted to understand the perception of these banks about the women entrepreneurs, and the difficulties they faced in processing their requests. From the interviews of different branches of commercial banks in various areas of the country, we have found a mixed perception of the lending institutions about women entrepreneurs. Some of these banks have positive attitudes toward women borrowers while some of them are reluctant to disburse credit to a women entrepreneur. From these interviews, we have identified the following supply side barriers.

Skepticism about women entrepreneurs: A number of bank officials told us that the capacity of women entrepreneurs is not well-developed and in fact, they do not consider them as real entrepreneurs. As per their perception, even when women entrepreneurs have business licenses in their names, the business is mostly operated by the other family members like the

husband, son, and others. This skepticism discourages the bank officials to disburse loans in a timely manner and leads them to ask for more documents.

Rigidity about Loan Procedures: As mentioned earlier, women entrepreneurs consider the loan procedure time consuming and rigid. In interviews, the bank officials did not deny this allegation. According to one officer, “Look, the thing is if we grant [a] loan, we have to be absolutely sure that the money will be repaid and we are not investing in a losing or too risky venture. To be honest with you, the track record of the women entrepreneurs is not great and we need to be absolutely sure about their skill and the potential of their initiative. We have to be rigid because we do not have any other option.”

Concerns about the Capacity and Diversity: Bank officials raised significant concerns about the capacity of women entrepreneurs, arguing that women entrepreneurs’ businesses are not diversified. Their business concentration is on parlor or boutique and as such a large number of women entrepreneurs are competing with each other in the same sector while lacking the vision to invest in a new sector. As one official noted, “While reviewing the loan applications, we are observing that the women entrepreneurs are not investing in a productive sector. And if it becomes clear to us that their business venture will not succeed or not generate the desired outcome, it becomes extremely difficult for us to approve them. You need to understand that we have our own rules and guidelines and we simply cannot bend them just for the fact that the applicant is a woman. Furthermore, the enterprises owned by women are mostly located in their houses and frankly speaking, they have failed to make a distinction between their homes and their businesses.”

Combing the Demand and the Supply Side barriers: An Overall Analysis

So far, we have discussed the demand and the supply side barriers separately. However, to get an overall understanding of the challenges faced by women entrepreneurs, we need to combine these two issues. In this section, we have tried to do so and based on this, we argue that the women entrepreneurs face difficulties in conducting their businesses in different stages:

At the initial stage, socio-cultural barriers play the key role that constrains women from getting involved with business activities. Our study shows that women who have come from a family with strong business ties or women, who are supported by their husbands, enjoy a distinct advantage. In a number of cases, their family background and the support of their husbands play the pivotal role in dealing with the problems related with access to finance. While women who lack this family connection or support of their husbands often find themselves in a disadvantaged position.

After overcoming these initial stage barriers, women entrepreneurs face the second-stage barriers. In this case, they require the necessary training and capacity to initiate business ventures. Their degree or level of financial and business literacy also become a key factor here.

It is, however, important to note that having the adequate training and capacity is not good enough as they will also require access to financial institutions to get a loan to start or grow their businesses. This is where the third-stage barriers start and for the women entrepreneurs of Bangladesh, gaining access to financial resources has remained a concern. There are several reasons behind this:

- First, they will need adequate information and understanding regarding the recent policy initiatives undertaken by the BB or GoB. They will also need adequate financial and business literacy to develop a business plan or to apply properly for loan;
- Second, having this capacity does not ensure their access to finance and in fact, they will also need to deal with the skepticism of the bank officials. In addition to that, they will also need to deal with the guarantor and the collateral issue which are not addressed by GoB policies.
- It is important to note that women entrepreneurs need to have a specific ‘networking’ capacity to ensure their access to finance. Whereas the experienced women entrepreneurs or entrepreneurs who can receive support from their influential spouse or family members can deal with the ‘networking’ issue quite easily, for the new women entrepreneurs, this is extremely difficult and most of the time, they cannot get their loan application approved. Whereas the district women chambers (as we will explain later) can direct the women entrepreneurs to the appropriate commercial banks, they cannot act as guarantors for the women entrepreneurs or influence the loan decision making process.

The fact that the women business chambers do have the potential of assisting women entrepreneurs in gaining access to finance raises an important question: Do these chambers have the capacity to do so? In the next section, we have focused on this particular issue.

5. Generating an Equilibrium: The Role and Capacity of the Women Chambers

In promoting women’s entrepreneurship and helping them in gaining access to finance, the government policies have recognized the role played by different organized entities like Women Chambers established at the district level. The women chambers can indeed play an important role in helping the women entrepreneurs as they have the potential of addressing both the demand and the supply side barriers. For instance, the women chambers can share necessary policy decision of the GoB with the government, raise their awareness and knowledge, provide them training to build their capacity and financial literacy and by taking these initiatives, women

chambers can play an important role in addressing the demand side barriers. At the same time, the District Women Business Forums (DWBFs) can assume the role of an important and influential interest group and by doing so, these forums can influence policies that can affect the women entrepreneurs in a productive way. The forums can also connect the women entrepreneurs with different financial institutions, including the commercial banks, and help them in getting loans by addressing the supply-side constraints.

Taking into consideration the significance of the role played by women's business chambers in promoting women's entrepreneurship, The Asia Foundation has played a pivotal role in facilitating the establishment of DWBFs in divisional cities of Bangladesh. However, do the women business chambers or business forums have adequate capacity to perform their roles? In this section, capacity assessment of six district women chambers/forums has been conducted, taking account of four specific features that characterize these organizations. These specific features— state of knowledge, impact on access to credit (these two features provide an understanding of the chambers' capacity to deal with the demand side issues), policy influence, and networking (these two analyse the chambers' capacity to deal with the demand side barriers). The following is an account of these four features that presents an overall assessment of organizational capacity for the DWBFs.

I. State of Knowledge

The DWBFs were asked questions about their knowledge of policy initiatives taken by the BB and the GoB to promote women's entrepreneurship. The DWBFs demonstrated that they had an exhaustive account of knowledge regarding the policy initiatives taken by the central bank and the other government agencies. They regularly provide the stakeholders with necessary policy related information. Women entrepreneurs can find advice and suggestions necessary for advancing their own business interests from the forums.

II. Impact on Access to Credit

The DWBFs have been striving to promote women's access to credit. However, there are a number of issues identified by the DWBFs as the major barriers to women's access to credit. Among them are (a) women are borrowers but not the final users since their husband use the loan; (b) most of the women entrepreneurs have hardly the collateral required for loans; and (c) banks are less confident about women entrepreneurs and their entrepreneurial skills. The DWBFs have yet to address these barriers. They, however, acknowledged that in order to promote women's access to credit, these barriers must be dealt with immediately. The forums attempted to address these barriers to women's access to credit in various meetings that involved concerned government agencies, but could not bring about significant outcomes.

III. Policy Influence

Over the years, the business forums' opportunities to influence the policy process have improved significantly. As the once-closed policy domain of the country has gradually opened up, government agencies are now seeking opinions of different organized groups before making policies that are relevant to these bodies. This shift in policy process has also created opportunities for the women chambers to effectively engage with the policy process. For instance, DWBF – Sylhet informed government agencies asked it to put forth its opinions before designing national policies or regulations. In addition, DWBFs regularly attend seminars, conferences, and meetings where they raise their demands for various issues such as keeping single digit interest rate for women entrepreneurs, fixed market place in districts, organizing adequate training program for the women entrepreneurs etc. It is, however, important to note that gaining access or opportunity does not necessarily mean that the organization will also be able to influence the policy outcome or if it will be able to affect policy changes. Literature on the policy process usually shows that without adequate resources, connection, capacity and expertise, it is not possible for any organization to influence policy. Our study shows that whereas they have gained access to the policy process, they still lack the capacity or ability to influence policies, they rarely play any role in the policy implementation process and they do not have any role in ensuring the accountability of the commercial banks and other agencies that are in-charge of implementing policies designed to help the women entrepreneurs.

IV. Networking

The forums maintain connections with various national and international bodies. A portion of the members of the forums have joint membership. The forums also maintain regular interaction with the commercial banks, government bodies or other financial institutions. In addition, they usually take various actions to link the women entrepreneurs with different financial institutions. For instance, the president of RWCCI said, “I personally as president of the forum have played the role of guarantor for some women entrepreneurs who received loans from private banks.” It is, however, important to note that in most cases, we have found that the forums have very limited ability to ‘network’ and they rarely succeed in using their connections or network to support the women entrepreneurs, when necessary.

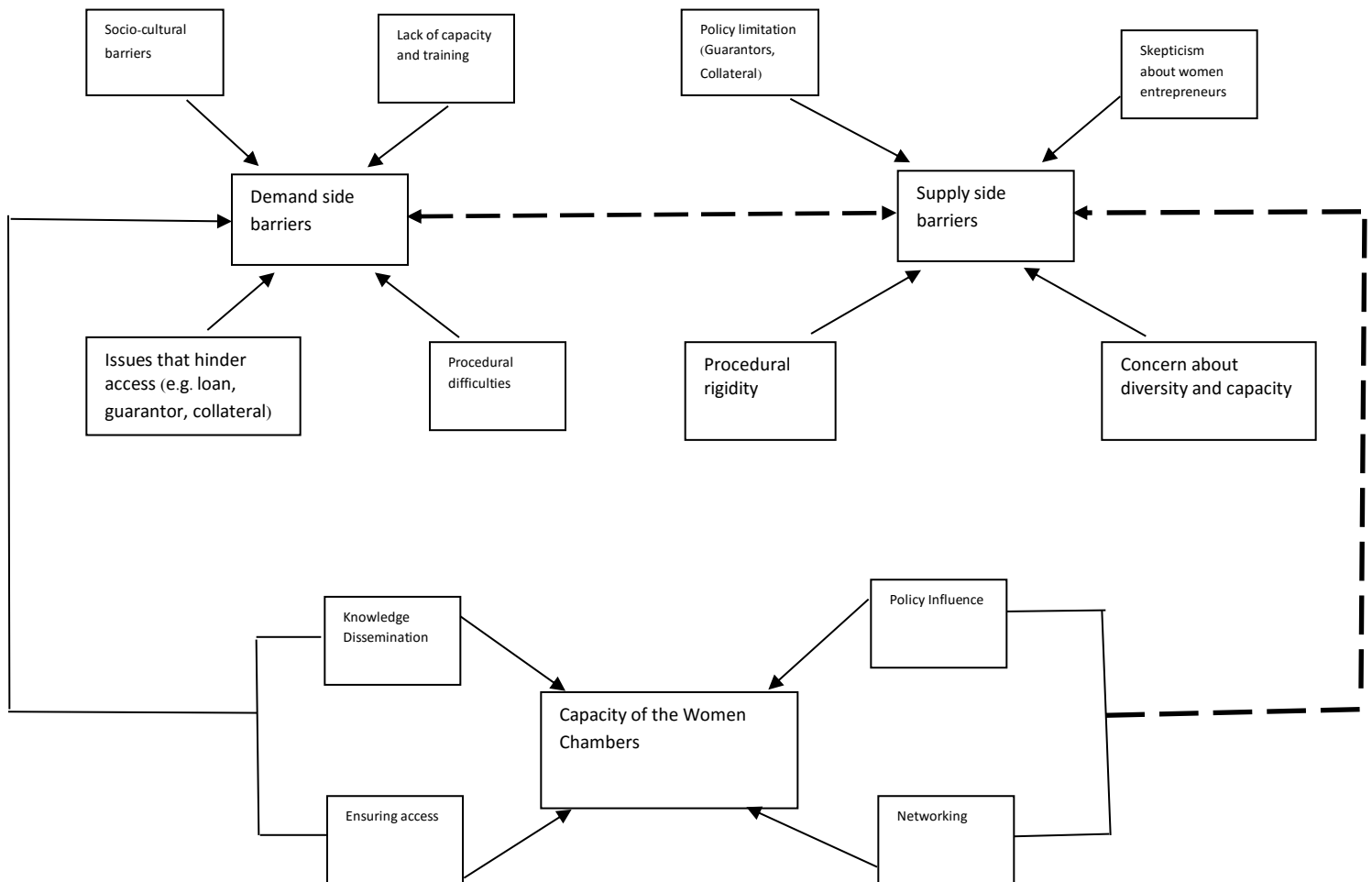
The discussion on the capacity of women chambers draws our attention to the following issues –

- In case of addressing the demand side barriers, the chambers are now playing an important and significant role. They are aware of the policy decisions of the government, disseminate necessary information to their members and have the ability to direct the women entrepreneurs to appropriate financial institutions so that they can try to gain access to credit.
- Having said that, the chambers, as of now, are not playing any role in enhancing the financial and business capacity of the women entrepreneurs. They rarely organize workshop or training programs to help the entrepreneurs and even when they do, they

do not conduct a needs assessment of their members to determine the proper training need.

- The chambers have so far played very limited role in addressing the challenges faced by women entrepreneurs while applying for loans. These organizations have virtually no role regarding the guarantor or the collateral issue and they do not provide the entrepreneurs necessary support in this regard.
- Whereas the chambers play some roles in addressing the demand side barriers, their capacity to address the supply side barriers is extremely weak. Even though they have been allowed to participate in the policy process, their participation is symbolic in nature and they do not have any influence in terms of making or changing policies. At the same time, these relatively new organizational entities have very weak ties with other influential and powerful government and non-government institutions and they lack the capacity to utilize these ties in helping the women entrepreneurs. The following figures shows a comprehensive scenario of barriers faced by the women entrepreneurs while taking under consideration the role played by the women chambers –

Figure 7: The Impact of Demand and Supply Side Barriers



Based on our discussion so far and the figure above, it can be argued that in the case of promoting inclusive finance for women in Bangladesh, three broad types of problems can be found:

- **Capacity related problems:** As shown throughout the study, women entrepreneurs still lack access to information and do not have adequate capacity to devise a business plan and their financial and business expertise is not necessarily satisfactory. The capacity of the individual entrepreneurs needs to be strengthened significantly.
- **Policy related problems:** We have pointed out in the study that whereas the GoB and the BB have taken a number of policy initiatives which have already made its mark, there are some areas where further policy interventions are necessary. In effect, policy suggestions should be there which would allow women entrepreneurs to deal with the problems related with guarantors and collateral.
- **Implementation related problems:** Our study also indicates that developing a ‘good’ policy is never enough unless and until the implementing partners and agencies understand their duties and responsibilities properly. For instance, as shown in the study, even though the central bank has issues specific directives to help the women entrepreneurs, to make the loan procedure flexible for them, to establish dedicated women helpdesk in the commercial banks, in most cases, the banks have not been so forthcoming in complying with these directives properly. In other words, a ‘good’ policy initiative has eventually resulted into a ‘not-so-good’ outcome. The absence of a monitoring and accountability mechanism has also made this implementation limitation possible.

6. Recommendations

To deal with the problems/barriers mentioned above, we propose the following measures:

- One of the interesting findings of the study is– women with supportive husbands and families are much more likely to be successful overcoming barriers in gaining access to finance. Therefore, efforts can be taken to introduce initiatives that would sensitize husbands and family members about the significance of women’s economic opportunities and benefits for the whole family.
- Given that capacity development has remained an issue especially in regard to the demand side issues, efforts to build the capacity of the women entrepreneurs should continue. The women chambers should play the pivotal role here but instead of conducting all kinds of training programs, the chambers should conduct a training need assessment of their members to determine the type of training programs to be provided;
- Efforts can also be taken to strengthen the role of the women chambers and connect them more effectively with the women entrepreneurs so that they can become more responsive to women’s needs.

- The chambers should also organize regular meetings where they can speak with representatives from the central bank, different commercial banks, NGOs and other financial institutions. The goal of these meetings will be to help the women entrepreneurs understand the loan-getting procedure, introduce them to different institutions, and connect them with organizations which could fund their business initiatives in the future.
- As we have discussed above, significant problems are there within the policies which need to be addressed as quickly as possible. The women chambers can again take the lead here as they may analyze the current initiatives to identify the limitations, suggest specific policy measures and lobby the government agencies to initiate policy changes.
- Most importantly, to deal with the implementation-related problems a joint effort should be taken where participation of different national and local level actors is required. This can function in the following way:
 - Whereas the BB has directed the commercial banks to take some certain actions to help the women entrepreneurs, up to this point in time, they have not set a target for these banks. The central bank can take the initiative to introduce a target-based approach, where targets will be set for the commercial banks for each month, i.e. each month they will be required to approve a certain number of loans, assist a certain number of women entrepreneurs, or provide information to a specific number of entrepreneurs;
 - This target will not be set arbitrarily. Rather, the central bank, after due consultation with the commercial banks, will set the targets.
 - At the local level (possibly at the district or sub-district level), a separate institutional arrangement will be established which will include members from commercial banks working within that locality, representatives from women chambers, representatives from women entrepreneurs, representatives from Bangladesh Bank, representatives from the local level administration (DC, UNO), elected representatives (ZP chair, Mayor or UZP Chair) The goal of this entity will be to monitor the activities of the commercial banks and evaluate whether these banks have managed to reach the agreed upon target and if not, why. This organization will then report to the national level and may suggest actions that would enhance women's access to credit.

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