Prothom Alo in cooperation with CARE Bangladesh and Dhaaka Ahsania Mission organised a roundtable titled "A-Card: Smallholders’ Access to Finance through Bank" on December 7, 2017. Here we publish a summary of the discussions.

A-Card: Smallholders' Access to Finance through Bank

Abdul Quawum, Associate Editor, Prothom Alo & Moderator of the Session

Farmers seize control

Farmers tend to lose money leading to bad debts and other income agricultural inputs at a higher interest rate and later fall to repay the money, and end up losing their properties including their homes. This has been going on for ages. The government has already taken up several initiatives to provide agricultural credit to farmers. But farmers do not always have enough money to buy agricultural inputs and carrying cash is not always safe. The USAID funded Agricultural Extension Support Activity (AES) project implemented by Dhaaka Ahsania Mission in partnership with CARE and mifow has launched the A-Card, a joint agricultural project (A-Card), which could be a good solution to the above-mentioned problems. Bank Asia has come forward to support this project as well. It is truly remarkable that the project and how agricultural credit can be made easily accessible for smallholder farmers through modern financial technologies.

Shamsul Alam, Senior Secretary, Member, General Economic Division, Planning Commission

At present around 58 percent farmers are smallholders. The percentage of less than five hectares also increased many folds. These farmers do not have enough resources to carry on their business and invest in land. As a result, they may have to take loans at high interest rates which often turn into a vicious cycle and completely ruin them. To address this problem, various small agricultural credit programs have been launched by the government and non-government bodies including banks. However, we are still unable to meet the existing demand of agricultural credit. Therefore, I would like to appreciate the A-Card initiative and their innovative approach of using digital technologies. This is an important step towards digitalization of our agricultural economy.

Quazi Khaliquddin Ahmad, Chairman, PKSF

The development of agriculture is closely connected to the wellbeing of farmers and rural labour. Strong peasant organizations, improved storage and credit facilities and credit availability during the harvesting season are some of the requirements that need to be fulfilled to improve the conditions of agricultural workers. I must appreciate the A-Card initiative as it is a good attempt to extend direct financial support to farmers by solving the problem of bad debts and high interest rates. This will help them to produce at a low cost to meet expenses and repay their loans. It will eventually lift their spirit and help sell it at a suitable time and at a fair price.

Bidyut K. Mahalder, Chief of Party, USAID Agricultural Extension Support Activity, CARE Bangladesh

Generally smallholder farmers have no access to microcredit as their income is too low to qualify. The government has extended bank loans due to high collateral. The A-Card project in the whole area will solve this problem. It has successfully combined the bank and the microfinance model. This is not just a lending project. We are trying to bring financial literacy and bringing unbanked farmers into the banking sector. A great achievement of the project is providing credit to women smallholder farmers. In the A-Card system a farmer with an annual income of Tk 10,000 for a six-month period. A farmer has to submit his or her identity card, Ration Card, and sale plan (household agricultural business plan) along with the application for a loan. Based on the plan, we provide them with Tk 10,000-20,000 through the A-Card. We have formed Farmer Producer Groups (FPGs) who are engaged with ARS (Ministry of Agriculture) as candidates for the A-Card loan. Having a bank account opened with Bank Asia and an agent bank officer is an essential requirement of the project. The project also involves potential agricultural input retailer through mobile financial communication (MFC) enabled with the inputs of these farmers from the A-Card system.

Khudiram Bera, A-Card beneficiary

Through this project we are getting a relatively lower interest loan (3 percent). We can use the money to buy any agricultural inputs. Also, I have taken the loan from the A-Card. It has benefited my family a lot in improving our farm. My income and the profits made through sales of our agricultural product. There are still 17 months left in my group. More people are joining this project and they can easily earn a good income from the A-Card.

Md Shajahan, Local Retailer and Service Provider to A-Card Beneficiaries

This is the first time the U4H has availed the agricultural extension project to a Bangladeshi organisation and it has been a very successful initiative. It is a successful initiative and will continue to provide agricultural credit for our community. A great part of the project shared with me that the A-Card has given us a lot of empowerment to local farmers, particularly females. It has increased the productivity of the beneficiary farmers by around 15 percent. The use of digital technologies in lending agricultural credit is also a great contribution towards the eradication of digital gap in Bangladesh. This innovative service needs to be expanded and continued across the country.

Tania Shamin, NTC, Agricultural Extension Support Activity Project, CARE Bangladesh

From our experience of working with farmers we learnt that women have a higher access to finance, only training on improved agricultural practices will not bring any change in the agricultural sector. The A-Card model is a result of that. Again, the government and NGOs provide various incentives to farmers, but information about these programs do not reach smallholder farmers. They also do not know how to secure loans from different institutions. They have trained smallholder farmers on financial literacy and help them to develop agricultural farming business plans to overcome the aforementioned problems and access to agricultural credit.

Mehsannur Rahman, Executive Director, Dhaaka Ahsania Mission

Our goal is to create smallholder farmers’ access to agricultural credit. The usage of credit card by these farmers is the myth that literacy is a barrier to the adoption and expansion of digital technologies.

The requirement of digitalization and change in the credit card service. First, the cash is very low. We need to increase the demand to the overall credit demand of farmers. At present we provide loans for purchasing agricultural inputs. We should diversify in coverage and include payment of agricultural labor and other expenditures in the credit scheme. Finally, we need to fast track the lending process.

Anowarul Haq, Director, Extreme Rural Poverty Program, CARE Bangladesh

The most important contribution of A-Card is to link the smallholder farmers to the formal banking system. The use of digital technology has made it possible to combine the services of Bank Asia, mobile microfinance institutions, the agent banking service of Bank Asia has made it possible to take banking facilities to the grassroots level. We need to continue this cooperation even after the A-Card project ends. The percentage of higher profit made from the A-Card project which we can easily bear in operational costs.

Mohammad Sayed Shikib, Project Management Specialist and AIL, USAID Bangladesh

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Md Arfan Ali, President & Managing Director, Bank Asia

Bank Asia provides agricultural loans to both the direct banking channel and NGOs. In the latter case we provide money to NGOs and now distribute it. The A-Card is an innovative business model in which we have combined the bank and NGOs and now the bank directly provides loans from its portfolio. It has reduced loan processing cost and made it possible to provide Tk 20,000 at 9 percent interest rate.

E:j: The A-Card model would facilitate digital loan processing technology and delivery systems which has also significantly reduced cost of lending. We have also successfully tested Near Field Communication (NFC) technology which will provide a POS machine. This technology will change the whole scenario of our cash transaction system. Today in the USA many people in Bangladesh which has taken banking facilities to the grassroots level. We believe access to banking is a fundamental right for all human beings. In this regard, we are also introducing new financial technologies (NFC) so that it can continue a conducive regulatory framework rates. Financial inclusion will soon become a reality. We believe in the slogan: ‘Real Hope, Real Help!’

Nayem Gohar Wazir, Faculty, Institute of Disaster Management and Vulnerability, Dhaka University

The A-Card project is essentially an attempt to provide access to the credit solution to the credit-constrained farmers. To improve the service of the A-Card, we need to seriously consider certain aspects. In this case, the farmers have to be active and take part in the project so that they can gain from the digitalization process. How can we ensure quality of input and reliability in the digital A-Card? Has 50 decimal land be eligible for this credit schemes. The reality in Bangladesh is that most of the farmers do not have their own land. In this situation, we can reach the majority of the farmers who are landless farmers. But not the least but not last, when the prices of agricultural inputs fluctuate, the smallholder farmers and input retailers will cope with the market.

Quazi Khaliquddin Ahmad

Finally, the A-Card project needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable. You will have to ensure that the A-Card needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable. You will have to ensure that the A-Card needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable. You will have to ensure that the A-Card needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable. You will have to ensure that the A-Card needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable. You will have to ensure that the A-Card needs to be increased because if you do not pay the required interest rate, you may not get the agricultural credit. I would like to stress that a bank staff 800-50 thousand hours will be in charge of the A-Card project. You will get a network of agents in the area. You will have to be careful in making the initiative sustainable.