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বাংলাদেশ ব্যাংক  
প্রধান কার্যালয়  
ঢাকা

পিএসডি সার্কুলার নং : ১

৪ মাঘ ১৪২৮  
তারিখ : -----  
১৮ জানুয়ারী ২০২২

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা,  
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক ও সকল আর্থিক প্রতিষ্ঠান।

প্রিয় মহোদয়,

**মাইক্রো এবং ক্ষুদ্র ও মাঝারি শিল্পোদ্যোগ (MSME) খাতে Local Factoring/Receivable Financing প্রক্রিয়ার প্ল্যাটফর্ম স্থাপন বিষয়ক গাইডলাইন অনুসরণ প্রসঙ্গে।**

আপনারা অবহিত রয়েছেন যে, দারিদ্র্য দূরীকরণ, কর্মসংস্থান সৃষ্টি এবং অর্থনৈতিক প্রবৃদ্ধি অর্জনে মাইক্রো, ক্ষুদ্র ও মাঝারি শিল্পোদ্যোগ (MSME) একটি গুরুত্বপূর্ণ খাত। এ খাতের গুরুত্ব অনুধাবন করে জাতীয়ভাবে বিভিন্ন ধরনের ঋণ সহায়তা কার্যক্রম চলমান থাকলেও বিভিন্ন প্রতিবন্ধকতার কারণে সংশ্লিষ্ট উদ্যোক্তাগণের প্রয়োজন অনুযায়ী আর্থিক সহায়তা গ্রহণের প্রক্রিয়াটি সহজতর নয়। এমনকি ঋণ প্রাপ্তির পর পণ্য তৈরী করে ক্রেতা প্রতিষ্ঠানকে সরবরাহের মাধ্যমে প্রাপ্ত “ট্রেড রিসিভেবল” (Trade Receivable) সমূহের বিপরীতে তাত্ক্ষণিকভাবে অর্থ প্রাপ্তির প্রক্রিয়াটি সহজ ও স্বয়ংক্রিয় না হওয়ায় এবং বাজার ভিত্তিক মূল্য নির্ধারণ পদ্ধতি অনুসরণ না করায় ওয়ার্কিং ক্যাপিটাল নিয়েও MSME সমূহ বিভিন্ন সমস্যার সম্মুখীন হচ্ছে।

MSME খাতের প্রতিষ্ঠানসমূহের উপরোক্ত সমস্যার বিষয়টি সামগ্রিকভাবে বিবেচনায় নিয়ে উক্ত প্রতিষ্ঠানসমূহের অভ্যন্তরীণ “ট্রেড রিসিভেবলস” এর বিপরীতে স্বয়ংক্রিয় পদ্ধতিতে অর্থায়ন/সাপ্লাই চেইন ফাইন্যান্সিং এর জন্য Digital Platform এর প্রয়োজনীয়তা অনুধাবন করতঃ এতদসংক্রান্ত পাইলট কার্যক্রম পরিচালনার জন্য অত্র বিভাগ কর্তৃক “Guidelines for Local Factoring/Receivable Financing through Digital Platform-Pilot Phase” প্রস্তুত করা হয়েছে যা অনুসরণের জন্য ব্যাংক ও আর্থিক প্রতিষ্ঠানসমূহকে পরামর্শ প্রদান করা হলো।

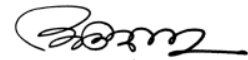
MSME সমূহ এ প্ল্যাটফর্মে ইলেক্ট্রনিক পদ্ধতিতে ট্রেড রিসিভেবলস আপলোড করতে পারবেন এবং আগ্রহী বিনিয়োগকারীগণ অর্থাৎ দেশে কার্যরত ব্যাংক ও আর্থিক প্রতিষ্ঠানসমূহ এই “ট্রেড রিসিভেবলস” এর বিপরীতে বিনিয়োগ করতে পারবেন। ফলে, MSME প্রতিষ্ঠানসমূহ তাদের ট্রেড রিসিভেবলস এর বিপরীতে দ্রুত ও সহজে অর্থ পাবেন এবং তাদের ব্যবসা পরিচালনা করা সহজতর হবে। অন্যদিকে, বিনিয়োগকারীগণ ট্রেড রিসিভেবল এর মেয়াদপূর্তিতে ক্রেতা প্রতিষ্ঠান হতে ট্রেড রিসিভেবল এর পূর্ণ মূল্য পেয়ে লাভবান হতে পারবেন।

এক্ষেত্রে Guidelines for Local Factoring/Receivable Financing through Digital Platform-Pilot Phase অনুযায়ী পাইলট আকারে ThinkBig Solutions Ltd.-কে Local Factoring/Receivable Financing প্ল্যাটফর্ম পরিচালনা করার অনুমোদন { অনুমতি পত্র নংঃ পিএসডি(আরএফএফও)/১/২০২২-১৮৮, তারিখ: ১৮ জানুয়ারী, ২০২২ } প্রদান করা হয়েছে।

বাংলাদেশ ব্যাংক অর্ডার ১৯৭২ এর ৭(এ)(ই) ধারার আওতায় জারিকৃত “Bangladesh Payment and Settlement Systems Regulation-2014”-এ প্রদত্ত ক্ষমতা অনুসারে উপর্যুক্ত নির্দেশনা জারী করা হল।

এ নির্দেশ অবিলম্বে কার্যকর হবে।

আপনাদের বিশ্বস্ত,



(মোঃ মেজবাউল হক)

মহাব্যবস্থাপক

ফোনঃ ৯৫৩০১৭৪

সংযুক্তি

১. Guidelines for Local Factoring/Receivable Financing through Digital Platform-Pilot Phase

# Guidelines for Local Factoring/Receivable Financing through Digital Platform - Pilot Phase

Payment Systems Department

Bangladesh Bank

2022



## Introduction

1. Micro, small and medium enterprises (MSME) are key drivers of economic growth and poverty alleviation in Bangladesh. Contributing 25 percent to the country's GDP, MSMEs play a crucial role in employment generation and resource utilization. According to the Economic Census, 2013 conducted by World Bank and Enterprise Survey, 2013 conducted by Bangladesh Bureau of Statistics (BBS), some 99 percent of all non-farm enterprises fall into the micro and small enterprises categories providing employment to 20.3 million Bangladeshi workers.
2. However, the exclusion of majority of the MSMEs from the formal lending ecosystems inhibits their growth. A majority of these MSMEs do not have access to sufficient credit and liquidity required for their daily working capital needs. One of the pressing issues has been the reluctance of formal sector to lend to MSMEs due to high perceived risks and higher operational cost since the loan size is very small and requires intensive monitoring and supervision. Also, MSMEs are highly unlikely to comply with the collateral requirements as typically they do not have immovable properties. MSMEs also lack in providing necessary documentation in terms of required legal and formal agreements. On the other hand, terms and conditions for receiving loan by MSMEs from micro finance institutions is not favorable and often the interest rate is too high. Thus, MSMEs mostly depend on informal sources of funds which results in higher borrowing cost. In this way, MSMEs have struggled to raise funds from formal sources resulting in a significant credit gap for the sector.

## Scope of Local Factoring/Receivable Financing

3. Local factoring/Receivable Financing can fill the credit gap for MSMEs in a cost-effective and efficient way. It can provide new option that aims to finance MSMEs by using accepted invoices and receivables as intermittent collaterals. Broadly, receivables financing is a term that describes several different techniques a business can use to raise funds against the amounts owed to it by its customers in outstanding invoices, also known as its trade receivables or accounts receivable. In short, as a process:
  - a) A corporate firm purchases products from MSME;
  - b) MSME receives an accepted invoice (which has a maturity date) from the large firm after delivery of products;
  - c) MSME sells the accepted invoice to a Financier [Bank/NBFI(Non Banking Financial Institution)] at a discount and receives cash immediately;
  - d) Financier receives the total amount from the corporate firm at invoice maturity.
4. Bangladesh Bank (BB) with a view to developing the MSMEs in Bangladesh has taken noteworthy initiatives including improving existing environment in the formal sector through regulatory and policy interventions as well as different refinance schemes. Following these initiatives, banks and NBFIs have given emphasis on financing to MSMEs. Even after the emphasis given by the formal sector, still there is scope to improve the scenario. Hence, a guideline by BB on local factoring/receivable financing through digital platform can encourage the financial institutions to invest in MSMEs which will open an avenue of short-term financing opportunities for these entrepreneurs. Besides, a technology based platform will improve efficiency, ensure transparency and reduce cost. At the pilot phase, along with

other interventions, Bangladesh Bank has decided to allow setting up digital/electronic platform on pilot basis to automate local factoring/receivable financing.

### Current Scenario

5. Current scenario consists of some stand-alone systems provided by some of the banks and NBFIs. These platforms are only available to the A/C holders of the specific banks and NBFIs. Besides, these platforms still require manual process to complete the full cycle of factoring.

### Expected Solution

6. A technology based online platform may be set up to facilitate trading among MSMEs, corporate and banks/NBFIs. MSMEs, corporate and banks/NBFIs will be the users of the platform and will be able to participate in the trading of various invoices. Invoices will be uploaded and verified for trading between respective parties. Bank/NBFI as a financier will be able to compare invoices and their issuers and endorsers based on information available in the platform.

### Eligibility Criteria for the participants to join into the platform during the Pilot Phase

7. MSMEs, Corporate and Banks/NBFIs with the following criteria will be eligible to participate in the platforms:
  - a) MSMEs: Any MSME entity (direct supplier of the participant corporate), holding accepted invoices;
  - b) Corporate: Any corporate incorporated or operating in Bangladesh;
  - c) Banks/NBFIs: Any bank or NBFI licensed by BB.
8. MSME and Corporate with the following criteria will not be eligible to participate in the platforms:
  - a) MSME and corporate having pending bankruptcy litigation against them;
  - b) MSME and corporate who are loan defaulter of any Bank/NBFI as per the law of land;
  - c) Banks/NBFIs will not discount any invoices where any of their director and director's family members (as defined in Bank Company Act' 1991 & Non Bank Financial Institution Act' 1993) have majority shareholdings (as defined in Bank Company Act' 1991 & Non-Bank Financial Institution Act' 1993) or is a director of either the concern corporate or the concern MSME.

### Document Requirement, Preservation & Confidentiality

9. Proper KYC (Know Your Customer) document, audited balance sheet, company profile of the participants (MSMEs and corporate firms) will be collected and maintained (if applicable) by the platform operator. Each participant will have a system generated unique identifier.
10. Approved invoices will only be eligible for financing from one single source and hence to be uploaded and traded in a single platform. Once approved invoices are uploaded in a platform, the relevant MSME must ensure that no other financing facility is being opted against the same invoice elsewhere.

11. Platform will have sole custody of the documents (agreement/KYC/invoice) during business operation.
12. All the data in the platform like bidding and transaction data, KYC documents and any other document that is required during the operation have to be preserved for up to 12 (twelve) years. In case of liquidation, cessation of business or end of NOC period without further approval of business continuity of the platform, documents will be handed over to respective participants or to entities as directed by BB.

### Other Operating Conditions

13. MSME sellers, corporate buyers and financiers (Banks and NBFIs) will be participants of the platform. A Memorandum of Understanding (MoU) and necessary participating agreements have to be signed between each participant and the platform. The MoU and the participating agreement will sufficiently detail the roles and responsibilities of each party of the platform.
14. Steps or procedures to be followed:
  - a) MSME will submit an accepted invoice in the platform;
  - b) Platform administrator will check the eligibility of the invoice and then upload the same in the platform;
  - c) Notification will be sent to the approving corporate for necessary approval of the submitted invoice;
  - d) Corporate will approve the invoice within a specified time frame and the approved invoice will become available for bidding by the financiers;
  - e) Financiers will bid for available invoices;
  - f) After a successful bid, the particular invoice will be locked and will not be available for further trading;
  - g) The winning bidder will do a verification of loan default for both the issuer and the approver and will initiate payment and settlement process;
  - h) On settlement confirmation, the ownership of the invoice will be transferred to the financier;
  - i) Information about all the discounted invoices will be made public (through website) by the platform;
  - j) At the maturity of the invoice, corporate will settle the fund against the invoice through its nominated bank and inform the platform accordingly. The platform will send prior notice to the corporate about the upcoming maturity of the invoice;
  - k) The platform will record all the information of such settlement and update the status of each outstanding invoice.
15. In case of a failure or default in maturity payment, the platform will provide reminders to the corporate for immediate payment and otherwise, will provide necessary support to the financier to recover the investment.
16. The pilot phase will be for 1 year. Platform owners will be given 4-month period prior to the pilot phase to prepare for the infrastructure and complete all initial agreements with the participants. In case of failure or postponement of the pilot phase, 6-month period will be allowed to settle all the outstanding invoices. No new invoice shall be uploaded or approved in the system during this 6-month period.

17. During the pilot phase, BB will have the right to stop such operation by providing a 7-day notice to the platform provider. The platform provider shall get 120 days more to settle all the existing outstanding dues with all the parties. No new transactions are allowed during this period.
18. The piloting of the proposed system will be conducted with at least Ten(10) banks, Five (5) corporate firms and at least Two (2) MSME suppliers of each corporate. There will be no restrictions on the number of corporate and MSMEs during the pilot phase.
19. Platform should have the capability of interoperable transactions. All such future platforms should be interconnected.
20. Secondary trade of 10% of a financier's portfolio has to be encouraged during the pilot phase.
21. In case of default, the recourse will be on the approving corporate.

### Limit of Investment and Transaction

22. Following transaction limit will be followed during the piloting phase:

Serial No.	Type	Limit (In BDT)	
		Number	Word
1	Maximum amount of investment by a single investor/financier to a single corporate buyer at any point of time	5,00,00,000	Five Crore
2	Maximum amount of investment by a single investor/financier at any point of time	20,00,00,000	Twenty Crore
3	Maximum value of a single factoring transaction	25,00,000	Twenty Five Lac
4	Maximum amount of investment a single MSME seller can obtain at any point of time	1,00,00,000	One Crore

### Bank Guarantee and Capital Requirement

23. The platform provider needs to provide a bank guarantee of BDT 1,00,00,000 (One Crore) in favor of General Manager, Payment Systems Department, Bangladesh Bank for the whole duration of the piloting phase in order to cover any unforeseen losses that may arise from the operation of the platform to its participants. The format of the bank guarantee has to be approved by BB before issuance of the same.
24. The paid up capital of the platform will be determined by BB at the licensing phase depending on the risk specification of such operation.

### Settlement Procedure

25. Platform will have a policy to ensure timely settlement of funds in case of accepted bids and matured invoice. Funds need to be transferred between respective banks (financier bank to MSMEs bank in case of accepted bids and buyer's bank to financier bank in case of invoice maturity) at T+1 basis. To ensure transparency and integrity, financier bank (in case of

accepted invoice) and corporate (in case of invoice maturity) will have to confirm about the initiation of agreed amount of payment in the system. The mentioned procedure has to be incorporated in the agreement among platform, financier and corporate buyer. Platform will have to put a separate recourse mechanism in case of settlement failure.

26. Invoices which were not discounted by any financier may be settled by the respective corporate and MSME at the maturity date. This action will be outside the scope of the platform. Platform will remove these invoices from further bidding after maturity date.
27. In case of any transaction related problem, platform should have a dispute resolution process where each participant will be able to raise issues.

#### **Audits, credentials and continuity of the platforms**

28. Platform will provide username, password to all the direct participants and also ensure multifactor authentication procedure and maker checker concept at the transaction level.
29. Platform owners will perform regular and random audits regarding the authenticity of the uploaded document (KYC and invoice).
30. Technology infrastructure of the platform should comply with the latest version of “Guideline on ICT Security For Banks and Non-Bank Financial Institutions” by Bangladesh Bank.
31. Platform should have a proper business continuity plan (BCP)/backup IT infrastructure in place.

#### **Evaluation and Monitoring of Pilot Results**

32. The performance of the platform will be evaluated and monitored in respect of the following Key Performance Indicators (KPI) for 12 (Twelve) months of the pilot operation:

<b>Subject</b>	<b>Target</b>
Number of Financier on boarded	10
Number of Corporate on boarded	5
Number of Supplier on boarded	100
Total value of invoices discounted	110 Cr

33. Based on the KPI report and overall assessment of the desired goals, a final report will be prepared for the management of BB with recommendation about the future course of action in this regard. A comprehensive guideline for such operation will be formulated and issued if the management of BB decides to introduce such platform based business modality for MSME financing.

#### **Oversight**

34. Regular and ad-hoc onsite and offsite oversight will be performed by Bangladesh Bank on the platform. Based on oversight, up gradation/alteration of the system/business procedure may be suggested during pilot phase.

## Exit Policy

35. There should be a proper policy for all participants to exit the platform. In case of completion of provisional period, failure to achieve key performance indicators, cessation of business or any other reason deemed satisfactory to the regulator, there might be an early end of given NOC of pilot. In that case, platform will have to inform the participants at least 2 months ahead. The exit policy for all related parties may be as follows:
- a) MSMEs: MSMEs can leave the system at any time. As soon as the resignation is accepted, their account in the system will have to be suspended and all of their uploaded invoices which are yet to be financed should be removed from the platform.
  - b) Corporate: Before leaving, a corporate has to inform the platform, MSME and the financier. All the due payments to the financier have to be cleared before the resignation. All the approved invoices of the corporate which are yet to be financed will have to be removed from the platform immediately after the receipt of release request.
  - c) Financiers: A financier can leave at any time. However, if any due payment is there to be received from any corporate after the resignation date, it can settle the matter outside of the platform afterwards.
  - d) Platform Providers: A platform provider may leave at any time giving a notice period of 3 months or the largest maturity date of invoices of that particular moment, whichever is higher. From the notice period, no new invoices shall be uploaded in the system.