

# A BANK FOR ENTREPRENEURS



## Interview with Mr. Sanjeev Paul, Group CEO of Bahrain Development Bank Group

As countries across the world are trying to find their footing amongst the tidal shifts in the global market, here is a bank looking to lead the change. Established by the Government of Bahrain, to promote entrepreneurship and finance SMEs in the country, Bahrain Development Bank Group (BDB), has played a prominent role in the development of banking & finance sector of Bahrain since 1992.

Bahrain Development Bank Group (BDB) provides a variety of financial services including business finance, Islamic financing, Tamkeen finance to manufacturing, agribusiness, healthcare and other services sectors to meet the needs of small and medium businesses in Bahrain.

BDB has financed BD26.49 million during 2018, bringing the total amount of cumulative financing done by BDB to BD592 million since it commenced operations in 1992. The role played by BDB in the development of Bahrain economy is quite significant as a total of 2,695 enterprises benefited in the same year from BDB's development services and programs, which include training, coaching, mentoring and entrepreneur events.

BDB's contribution to funding SMEs will generate BD18.9 million of value added to the economy, BD19.2 million of export growth and create approximately 3,191 new jobs in the upcoming two years.

The bank also offers non-financial services to help support both early stage and growing entrepreneurs to develop their businesses. The support provided includes coaching and consulting, financial restructuring and advisory services.

The Group also runs two incubators The Bahrain Business Incubator Center (BBIC), the first mixed-use incubator in Bahrain which was established in 2002 and the Business Women Incubator Center (Riyadat), opened in 2013.

As part of the Group's commitment to support the kingdom's future in environmental and agricultural innovation, the Farmers Market in Hoorat A'ali was launched in February 2018 in collaboration with the Ministry of Works, Municipalities Affairs and Urban Planning and the National Initiative for Agricultural Development (NIAD). The market is designed to embrace a wide range of locally produced fruits, vegetables, dates,

flowers, etc.

Bahrain This Week meets with Mr. Sanjeev Paul, Group CEO of Bahrain Development Bank Group to understand BDB's recent initiatives to support entrepreneurs and value creators in Bahrain to resolve some of the world's toughest challenges.

**You have over 30 years of international banking experience with Standard Chartered Bank (SCB) especially in ASEAN & South Asia. How did you take up the prominent role with BDB?**

When I was approached by BDB, I met the Chairman and each Board member of the bank. I was struck by the honesty of purpose and great clarity of thought among these senior leaders that convinced me to take up this challenge and I must say that 14 months in the job I am not been disappointed with my decision.

**You have over 30 years of international banking experience. What separates the Banking sector in Bahrain from the rest of the world?**

The challenges that Small & Medium Enterprises (SMEs) face in this kingdom are the same as they face in most markets around the globe. Whether they're in highly developed markets like Singapore or in Bahrain, SMEs are thinly staffed, mostly run by the promoter and few family members. They do not have the resources to hire professionals and have very little management bandwidth. In most markets access to capital is a major challenge as banks are unwilling to invest in SMEs because they perceive it as a high risk scenario. However in Bahrain thanks to institutions like Tamkeen and BDB, capital is abundantly available to the right entrepreneur and SME.

The other big challenge especially in small markets like Bahrain is a very small customer universe in the home



country so the SMEs have to learn to go cross border. The resources and management skills required to take your business overseas is a necessary prerequisite for continuing success for businesses emanating here.

**What's your vision for BDB?**

BDB is more than just a bank. It is in our mandate to not only fund SMEs but to promote entrepreneurship in Bahrain and mentor entrepreneurs to set them up for success. We're upholding that vision at every step. In the first six months of this year alone we have disbursed more than twice the amount of small loans than we did in the same period in 2018, which is a dramatic

acceleration in our books.

We partner actively with Tamkeen to fund SMEs through Tamkeen's very generous and business friendly schemes like Tamweel and Tamweel Plus.

From funding SMEs, investing seed capital in startups, running two incubators in addition to a farmers market and running coaching and mentoring services, our goal is to provide end to end services to entrepreneurs and to make Bahrain entrepreneur friendly.

**What are BDB's value added services to the investors?**

We finance SMEs especially the S of the SME i.e. very small Bahraini businesses.

In addition to this debt financing as I said we are also the General Partner for the Al Waha fund which is a USD 100 Mio fund of funds. We also do start up equity financing through our Seed Fuel program. Under the Rowad umbrella we do coaching and mentoring of entrepreneurs and also run several programs to expose our entrepreneurs to international best practices.

The Bahrain Business Incubator Centre runs two incubators which provide all services to entrepreneurs including coaching and mentoring. One of the incubators in A'ali - Riyadat Mall - is a women only incubator that focuses on female run businesses. The all-weather Farmers Market hosted in Hoorat A'ali launched in collaboration with the National Initiative for Agricultural Development and Ministry of Works, Municipalities Affairs and Urban Planning to support and encourage local farmers to display their produce in a world class ambience.

**Can you detail Seed Fuel Rowad program?**

The Seed Fuel Rowad program is our way to support great start up ideas. So BDB invests up to BD25000 in sound start up business ideas in exchange for a stake in the company and board representation. We also organize knowledge sessions for entrepreneurs as part of the program. We've made seven investments so far and four of them have already received follow-on investment from other fund managers and angel investors. That

is quite a good track record for a seed capital private equity investment. So obviously we are happy with the due diligence done by us for these investments and the way the promoters have grown these start ups.

**How has BDB advanced in terms of Fintech and Digital transformation?**

The bank is undergoing a digital transformation, and we have appointed Deloitte to help us with our Digital transformation journey. We have also moved some of our services to the AWS cloud, which I believe will improve customer service, reduce costs and make us more efficient and nimble in our approach.

**What are the major challenges you have faced while working with BDB?**

Our challenges are external, it is a small domestic market for our customers which increase their business risk of succeeding. As we mirror the risk profile of our customers this increases our risk too. Entrepreneurs have to be very agile and nimble to survive and grow. As the country's development bank BDB strives hard to equip our entrepreneurs to succeed.

**Is there anything else that you want to share with our entrepreneurial readers?**

Come to BDB, we're here to support you with every means possible. Thousands of Bahraini businesses and entrepreneurs have benefited from BDB's programs and you could be the next.