

Exploring Business Development Services Provided by Microfinance Institutions in Sri Lanka

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Abstract

Introduction: Microfinance institutions (MFIs) play a key role in empowering marginalized communities by providing financial and non-financial support to enhance entrepreneurial growth and economic development. In Sri Lanka, MFIs address capital constraints and enhance entrepreneurial growth and capacity through Business Development Services (BDS), including training, mentoring and market facilitation. This study examines the types of Business Development Services offered by MFIs in Sri Lanka, delivery methods, barriers faced by MFIs and strategies to enhance the sustainability of micro and small enterprises.

Methodology: Following a qualitative approach, data were collected through in-depth interviews with senior officials from five leading MFIs in Sri Lanka. Thematic analysis was used to identify key patterns and insights.

Findings: The study categorizes BDS as advisory services, agricultural training, and digital market linkages, delivered individual workshops, field officers, and partnerships. Challenges like resource constraints and workforce retention are addressed through collaboration, staff training, and community education initiatives.

Conclusion: BDS from MFIs leads to micro enterprise growth by improving financial literacy, market access, and efficiency. Despite challenges, effective delivery and collaboration increase impact. The study contributes to understanding the role of MFIs in economic development and provides policymakers with actionable insights to strengthen the microfinance sector in Sri Lanka.

Keywords: Microfinance Institutions (MFIs), Business Development Services (BDS), Micro and Small Enterprises (MSEs)