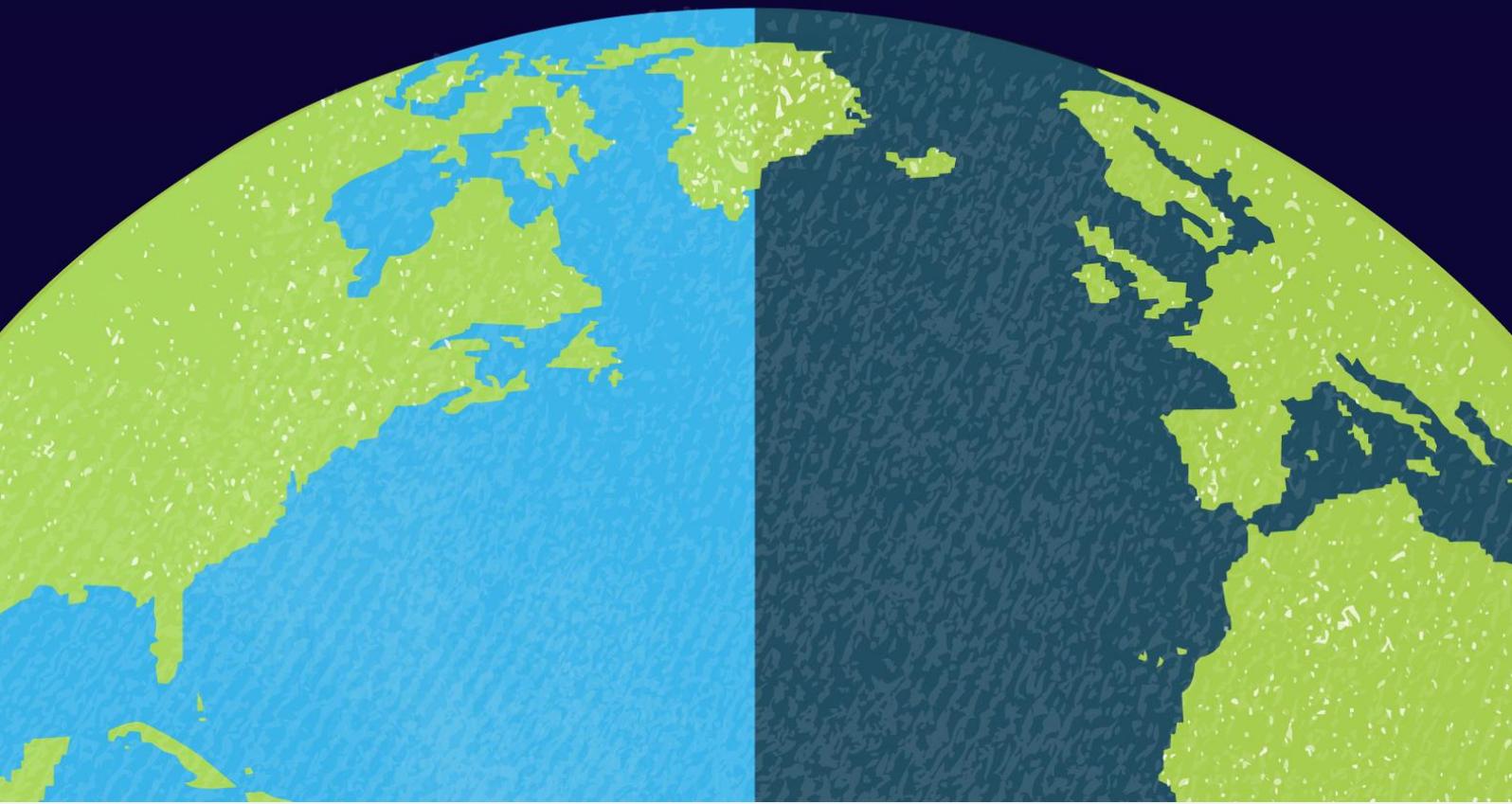


ISSUE # 86

MONTHLY NEWSLETTER

**THIS DOCUMENT CONTAINS THE LATEST NEWS AND
PUBLICATIONS FROM SAMN MEMBER COUNTRIES**



Bangladesh

City Bank Enrolls in IFC's Global Trade Finance Program

City Bank has entered into an agreement with IFC to participate in the Global Trade Finance Program (GTFP) as a confirming bank. With this, City Bank has become the first bank in Bangladesh to participate in the program, said a press release.

Sheikh Mohammad Maroof, additional managing director of City Bank, and Rosy Khanna, IFC regional industry director, Financial Institutions Group – Asia and Pacific, signed the agreement, the release added. IFC launched the GTFP in 2005 to support the development of trade involving emerging economies. Under this program, IFC offers full or partial guarantees to the confirming banks participating in the GTFP, effectively taking on their payment risks. City Bank joined the GTFP program in 2012 as an issuing bank. As a confirming bank under the program, City Bank can receive risk coverage from IFC to confirm LCs issued by other banks.

Read more at: <https://www.dhakatribune.com/business/banks/2021/07/27/city-bank-enrolls-in-ifc-s-global-trade-finance-program>

Mutual Trust Bank Ltd (MTB) Introduces Digital Gifting Service

Mutual Trust Bank Ltd (MTB) in partnership with XTRA, the first-ever digital gift card platform, has recently launched 'Digital Gifting Service' that allows companies and individuals to send gift cards to their selected persons from XTRA's merchant list for MTB smart banking app users.

MTB smart banking app users will enjoy this service through 'Digital Gift' under 'Payments' option while using the app, said a press release. MTB Managing Director and CEO, Syed Mahbubur Rahman announces the launch of this new MTB Digital Gifting Service at a simple ceremony held at the bank's Corporate Head Office, MTB Centre in Gulshan while Monjurul Alam Mamun, Founder of XTRA was present.

Read more at: <https://www.dhakatribune.com/business/banks/2021/07/26/mtb-introduces-digital-gifting-service>

Visa Launches Islamic Banking Cards in Bangladesh

Visa, the global leader in digital payments, announced the launch of a new portfolio of services for Bangladeshi customers in line with Islamic Banking principles on Thursday. Guided by Shariah principles, the new credit and debit cards will offer exclusive benefits to Islamic banking cardholders in categories like dining, travel, and shopping. Banks following Shariah principles, both traditional and Islamic, that wish to offer cards compliant with Islamic Banking can now do so in all available Visa card variants — Classic, Gold, Platinum and Signature — each of which comes with a range of tailored benefits, such as Hajj and Umrah travel, lifestyle, healthcare, and more. Customers can avail these offers online as well as in physical retail stores across the country that accept Visa cards, according to a press release.

Soumya Basu, country manager of Bangladesh, Nepal and Bhutan for Visa, said: “Bangladesh is one of the key markets for Islamic Banking. Being committed to the market, Visa is constantly striving to provide services most suitable for the locals. With our bespoke portfolio of card products for Islamic Banking customers, we are eagerly looking to partner with banks and bring our card products to more Bangladeshi customers.”

Read more at: <https://www.dhakatribune.com/business/2021/07/15/visa-launches-islamic-banking-cards-in-bangladesh>

Microcredit Lenders Hit Hard by Covid-19

Suffering from low demand for loans and the inability of many borrowers to pay instalments, the microcredit sector has been hit hard by Covid-19. Microcredit is engaged in providing small-business loans, savings accounts, and non-financial support to help boost financial inclusion and entrepreneurship within lower-income communities, especially in rural areas.

But most microcredit borrowers are small traders, street hawkers, and daily wage labourers — the same group of people who are most vulnerable to the economic shocks of the pandemic. According to industry insiders, small microcredit lenders are barely surviving, but big creditors have somehow managed to weather the storm for now. Lenders said that the government's dual policy of suspending collection of loan instalments from clients but making it mandatory for micro-creditors to repay the banks at the same time has further worsened the situation.”

Read more at: <https://www.dhakatribune.com/business/2021/07/12/microcredit-lenders-hit-hard-by-covid-19>

Bangladesh Spends \$2bn Annually on Climate Change

Finance Minister AHM Mustafa Kamal on Wednesday said that the government has been spending \$2 billion on average every year since 2010 for climate change adaptation and mitigation purposes. Allocation in the current budget is roughly \$2.9 billion, he also said, during a virtual press briefing to announce the 1st V20 Climate Vulnerables Finance Summit, which will be held on Thursday.

Prime Minister Sheikh Hasina, who is also chair of the Climate Vulnerable Forum (CVF), will inaugurate the summit, which will also be attended by heads of State/Government from the CVF, as well as Secretary-General of the United Nations Antonio Guterres.

Kamal also said that a high-level dialogue featuring finance ministers and representatives of the V20, with key partner governments from the G7, G20 and international finance and development partners, will also be held at the summit.

Read more at: <https://www.dhakatribune.com/business/economy/2021/07/07/kamal-bangladesh-spends-2bn-annually-on-climate-change>

India

Pandemic and Microfinance Institutions

Microfinance was strongly tested at the start of the Covid-19 pandemic. Microfinance institutions, running a high-touch business and serving lower income clients severely impacted by the pandemic, were projected to potentially become extinct.

Microfinance institutions managed to not merely survive the crisis, they are now seen as more resilient and relevant than before. What explains this? Looking back, the answers lie in how microfinance institutions responded to the pandemic and how they were supported by external factors.

At the onset of the pandemic, microfinance institutions reconnected with their clients, often with text messages on hygiene, and safety and social distancing reminders. Microfinance institutions reached out to their clients even as microfinance lending and loan collections came to a standstill.

These lenders sensibly avoided sending reminders on loan overdues and missed payments, instead focusing on the government-endorsed messages, which helped to build trust. Clients were also able to draw assurance from their past dealings with these microfinance institutions when they stood by them and extended lifeline credit.

Read more at: <https://thefinancialexpress.com.bd/views/pandemic-and-microfinance-institutions-1625409530>

MFIs Need Bold Policy Support

The sector is in dire need of liquidity, especially for the small and medium sized institutions

Microfinance is perhaps the only industry of similar vintage in India whose historical journey is dotted with repeated crisis, testing its business model time and again. But the sector has shown resilience, which is predicated on two major pillars – its ability to meet the byte-sized financial needs of low-income women clients at their doorstep and the proven link with development.

FINDEX, 2017 of the World Bank showed that while India has made significant progress in opening of bank accounts, credit penetration remains low; only 7 per cent adult Indians borrowed from a formal institution in last one year. Microfinance fills this credit gap for most low-income clients. Microfinance grew at a CAGR of 24 per cent over the last five years and as of March 31, 2021 catered to nearly 60 million low-income clients with loan outstanding of ₹2,59,377 crore.

Read more at: <https://www.thehindubusinessline.com/opinion/mfis-need-bold-policy-support/article35135854.ece>

SIDBI Steps Up Support to Covid-Hit MSMEs with Credit, Mentoring, Entrepreneurship Promotion, More

MSME development bank SIDBI has rolled out multiple measures to further support small businesses in the country amid Covid. The apex bank engaged in the promotion of MSMEs has lowered the interest rate for its existing customers of Timely Working Capital Assistance to Revitalise Industries in Times of Corona Crisis (TWARIT) scheme under ECLGS

from 8.25 per cent to 6 per cent. The scheme provided a working capital term loan at 6 per cent for the first year with nil promoter contribution and processing fee. SIDBI would enable loan sanctions under the scheme till September 2021 and disbursements up to December this year or notification of National Credit Guarantee Trustee Company (NCGTC), whichever is earlier.

SIDBI is also considering launching a Swavalamban Challenge Fund and a Swavalamban Facilitation Center for handholding and mentoring, and providing credit to micro entrepreneurs in villages and small towns under its PRAYAAS scheme through microfinance institutions., it announced on Twitter. SIDBI facilitates small-ticket loans up to Rs 5 lakh at an interest rate of up to 13 per cent to ultimate borrowers under the PRAYAAS scheme with a dedicated corpus of Rs 1,000 crore, according to the scheme's details.

Read more at: <https://www.financialexpress.com/industry/sme/msme-eodb-sidbi-steps-up-support-to-covid-hit-msmes-with-credit-mentoring-entrepreneurship-promotion-more/2283689/>

RBI Governor Shaktikanta Das says will Bring Financial Inclusion Index Soon

The Reserve Bank of India (RBI) is in the process of publishing a financial inclusion index shortly, even as the country has improved its performance on the inclusion part, Governor Shaktikanta Das said on Thursday.

"The financial inclusion index will have parameters across the three dimensions of financial inclusion viz., Access, Usage and Quality. Work on FI Index is underway and the Index will be published shortly by the RBI," Governor Das said in his keynote address at a financial inclusion summit.

Financial inclusion will continue to be the policy priority for the central bank, to make the post-pandemic recovery more inclusive and sustainable, Das said.

In this context, the recent guidelines on the microfinance sector will help limit over indebtedness of borrowers and would also help rationalise interest rates and enhance transparency of loan pricing. Financial literacy is becoming part of the curriculum of school children, with 15 states so far making it as part of the syllabus.

"Lessons from the past and experiences gained during the Covid-19 pandemic clearly indicate that financial inclusion and inclusive growth reinforce financial stability," the RBI governor added.

Read more at: https://www.business-standard.com/article/finance/rbi-to-bring-financial-inclusion-index-soon-121071501379_1.html

Around 1.09 Crore MSME Borrowers Gets Guarantee Support Under ECLGS

Around 1.09 crore MSME borrowers have been provided with guarantee support amounting to Rs 1.65 lakh crore as of July 2 this year under the Emergency Credit Line Guarantee Scheme (ECLGS), Parliament was informed on Monday.

The scheme is part of the Aatmanirbhar Bharat Abhiyaan package announced by the government to mitigate the distress caused by the lockdown due to COVID-19 by providing credit to different sectors, especially MSMEs.

"As part of the Aatma Nirbhar Bharat Abhiyaan, under the ECLGS, around 1.09 crore MSME borrowers have been provided with guarantee support amounting to Rs 1.65 lakh crore as on July 2, 2021," MSME Minister Narayan Rane said in a written reply to the Rajya Sabha.

Read more at: <https://economictimes.indiatimes.com/small-biz/sme-sector/around-1-09-crore-msme-borrowers-gets-guarantee-support-under-eclgs/articleshow/84551471.cms?from=mdr>

Nepal

World Bank Approves \$100 Million Additional Financing to Strengthen Nepal's School and Health Sectors

The World Bank's Board of Executive Directors today approved two separate additional financing of \$50 million each to support the implementation of the government's flagship School Sector Development Program and improve efficiency in the public resource management systems of Nepal's health sector.

"Strengthening Nepal's school sector and building resilient health systems are critical for human capital development, particularly for poor and vulnerable populations," stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. "Through this support to the Government of Nepal, we aim to mitigate learning losses and ensure that children return to schools and improve efficiency of spending and fiscal space for delivering quality and accountable healthcare services to contribute to Nepal's COVID-19 recovery."

The Additional Financing to the School Sector Development Program will help reduce dropouts and mitigate learning losses by supporting pro-poor targeted scholarships, pro-science scholarships, and catch-up programs. It will lay the foundation for the next school sector successor program in two areas – assessment and data systems and help create the fiscal space to fill the gap in financing the government's flagship program. It will also support the implementation of federalism in Nepal by aligning the program with the federal structure to improve efficiency and achievement of results.

"Learning losses and drop-outs are higher among children coming from poorer socio-economic backgrounds," stated Karthika Radhakrishnan, World Bank's Program Task Team Leader. "The additional financing will support catch-up programs to mitigate learning losses, and support children from poorer socio-economic backgrounds through pro-poor targeted scholarships."

The Additional Financing for Nepal Health Sector Management Reform Program for Results will support the implementation of Nepal's Health Sector Strategy in the one-year extension phase and sustain the gains accrued thus far in public resource management reforms of the health sector. It will also provide critical financing in a resource-constrained COVID-19 environment to build resilient health systems and prepare Nepal to implement its next health sector strategy.

Read more at: <https://www.worldbank.org/en/news/press-release/2021/07/08/world-bank-approves-100-million-additional-financing-to-strengthen-nepal-s-school-and-health-sectors>

Pakistan

State Bank of Pakistan (SBP) Announces Monetary Policy

The State Bank of Pakistan will announce monetary policy for the next two months on Tuesday, July 27, 2021.

According to a press statement issued here by SBP spokesperson, the Monetary Policy Committee of SBP would meet on Tuesday at Karachi and consider key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation.

Governor State Bank of Pakistan, Dr. Reza Baqir would announce the monetary policy decisions in a press conference on the same day following the MPC meeting.

The Monetary Policy Committee, in its previous meeting on May 28, 2021, decided to maintain the policy rate at 7 percent on the basis of further upward revision in the FY21 growth forecast to 3.94 percent and strength of the broad-based economic rebound on the back of targeted fiscal measures and aggressive monetary stimulus. The MPC also expected that the positive momentum would persist and be translated into higher growth next year.

Read more at: <https://nation.com.pk/27-Jul-2021/sbp-announces-monetary-policy-today>

The Securities and Exchange Commission of Pakistan (SECP) Approves Amendments to NCCPL Regulations

In another significant development, the Securities and Exchange Commission of Pakistan (SECP), has approved amendments to the National Clearing Company Pakistan Limited (NCCPL) Regulations 2015 to introduce reforms in Margin Financing (MF) product which allows securities brokers to provide financing to their customers in a regulated manner. These reforms will facilitate investors who wish to undertake leveraged trading and need finance for purchasing shares. As a result of these reforms, position limits and exposure limits have been liberalized to allow more liquidity. MF facility will now also be available to investors against their net purchases at expiry of Deliverable Futures Contracts period which will facilitate investors to honour their settlement obligations in futures segment, thereby further reducing settlement risk.

Read more at: <https://nation.com.pk/04-Jul-2021/secp-approves-amendments-to-nccpl-regulations>

State Bank of Pakistan (SBP) Asks Banks to Augment Consumer Grievance Handling Mechanism

The State Bank of Pakistan (SBP) has directed all the banks to enhance the grievance handling mechanism by ensuring ease to consumer in lodging a complaint and its quick and fair disposal at their end.

According to a SBP press release, the directives were issued based on the findings of the detailed review of complaint handling practices at banks, microfinance banks (MFBs) and Development Finance Institutions (DFIs) with focus, primarily, on 'ease of lodgment', and 'quick and fair disposal' of complaints and the role of complaints in improvising banking services.

In order to make complaint lodgment at banks easier and accessible, SBP has prescribed mandatory modes of complaint lodgment to banks with a direction to ensure their availability and accessibility at all times, the SBP spokesperson said.

Read more at: <https://nation.com.pk/18-Jul-2021/sbp-asks-banks-to-augment-consumer-grievance-handling-mechanism>

Women Empowerment Paramount for National Development: OICCI

Businesses should set a minimum goal of achieving by 2025, one fourth or 25 per cent women employees in overall workforce and in management roles. This together with visible action on other Sustainable Development Goals (SDGs), are critical for an inclusive economy and robust business growth in Pakistan.

This is one of the key recommendations by the Overseas Investors Chamber of Commerce and Industry (OICCI), in its position paper on Women empowerment titled “Increasing Women’s Inclusion in the Pakistan Economy – An OICCI Perspective”. The position paper was presented to the Minister for Human Rights, Dr Shireen Mazari.

OICCI President Irfan Siddique commenting on the key recommendations observed that “OICCI members were extremely concerned to note that Pakistan ranks second-to-last for women globally as per Global Gender Parity Report and that Pakistani women earn roughly 34 per cent less than men”. To redress the situation, Irfan added, “OICCI has compiled a set of recommendations for the government to accelerate women’s employment and career growth in the country”.

Read more at: <https://nation.com.pk/13-Jul-2021/women-empowerment-paramount-for-national-development-oicci>

Sehat Kahani’s CEO Selected as One of Five Awardees for We Empower UN SDG Challenge

The WE Empower UN SDG Challenge – a global business challenge led in partnership by Vital Voices Global Partnership and Julie Ann Wrigley Global Futures Laboratory at ASU – announced the five social entrepreneurs selected, amongst them was Sehat Kahani’s CEO & co-founder Dr. Sara Saeed Khurram. Each entrepreneur was selected on the basis that they lead an enterprise committed to advancing one or more of the United Nation’s Sustainable Development Goals and leverage their businesses to push for progress in their communities. The opportunity recognizes entrepreneurs for their ground-breaking work. As awardees, the five women leaders will participate in capacity-building training sessions, connect with renowned business experts from around the world and gain access to Vital Voices’ global network of more than 18,000 women leaders across 182 countries and territories. The WE Empower Awardees will also participate in a dynamic pitch competition, hosted by philanthropist, activist and Vital Voices Board Member Diane von Furstenberg, to present their business for the opportunity to receive a \$20,000 grant. The WE Empower UN SDG Challenge aims to invest in the most inspiring and transformational women entrepreneurs – providing unique trainings, capacity building, a network of their peers, visibility and credibility for their work – and ignite awareness of the valuable contribution women entrepreneurs can make to the SDGs and the world’s greatest challenges.

Read more at: <https://nation.com.pk/24-Jul-2021/sehat-kahani-s-ceo-selected-as-one-of-five-awardees-for-we-empower-un-sdg-challenge>

Sri Lanka

Symbiotics Launches Green Bond in Sri Lanka with Seylan Bank

Symbiotics, the leading market access platform for impact investing, has arranged a USD 15.1 million Green Bond for Seylan Bank PLC (“Seylan”).

Seylan will use the proceeds of the Green Bond for financing renewable energy projects within Sri Lanka, such as mini hydro power plants up to 25MW, solar and wind power facilities. All projects will contribute to green energy generation within the country.

“With this Green Bond issuance, Seylan Bank demonstrates its continuous commitment to sustainable finance, in particular the renewable energy sector, to which the proceeds of this bond will be allocated to.”, said Daniel Schriber, Head of Investments at Symbiotics.

“Seylan Bank is honored to welcome the lending facilities from Micro, Small & Medium Enterprises Bonds S.A. serviced by Symbiotics S.A. Enabling the growth and development of Sri Lankan micro, small or medium enterprise (MSME) customers has been a key priority of Seylan Bank which was further strengthened by this transaction. In a post-pandemic landscape, a large responsibility lies on us as a Bank to uplift the MSME customers. The USD 15.1 million loan earmarked for eligible green projects comes at a time when national policy encourages a more sustainable businesses which are environmental and social friendly. We believe these valuable engagements would support Seylan Bank to be part of the sustainable development of Sri Lankan economy gradually.”, added Champika Dodanwela, Chief Financial Officer at Seylan Bank.

With this Green Bond issuance, Seylan displays its commitment to assist the energy transition towards renewable resources via sustainable finance.

Read more at: <https://symbioticsgroup.com/news/press-release-symbiotics-launches-green-bond-in-sri-lanka-with-seylan-bank/>

The World of Work has Changed: Preparing for the Green Economy

The world we live in changes by the minute, even adjusting for the pandemic, and it is of vital importance that we be able to adjust and adapt to the new world. This is even more important when it comes to our young people, especially those who are about to embark on higher education or enter the job market. Many of the jobs that people, especially young people, will be doing 10 years from now have not yet been created.

Our economy is shifting and evolving. We’re in the middle of the Fourth Industrial Revolution, and where we go from here will define how we as the human race will survive. One key shift our economy needs to make is to go green. A green economy, as defined by the United Nations (UN) Environmental Programme in 2011, is “one that improves human wellbeing and social equity while reducing environmental risks and ecological scarcities”. To put it simply, a green economy is one that is mindful, with people living and working in a way that is low carbon, resource-efficient, and socially inclusive, where everyone benefits regardless of where they live and what resources they have.

As part of The Climate Connection campaign, the British Council will host a special webinar, titled “The Green Economy”, today, 29 July, focusing on how the green economy can be a potential career pathway for young people. The webinar will feature an eminent panel including British Council Sri Lanka Director – Education and English Louise Cowcher, Tourism Sector Skills Council Chair and The Hotels Association of Sri Lanka (THASL) President Sanath Ukwatte, Tertiary and Vocational Education Commission Vocational Deputy Director-General Janaka Jayalath, and University Grants Commission (UGC) Director – Quality Assurance Council Prof. Thilak Gamage.

Read more at: <https://www.themorning.lk/the-world-of-work-has-changed-preparing-for-the-green-economy/>

Updates from Members

BANGLADESH

CDF: Brac Bank gets International Data Security Certification

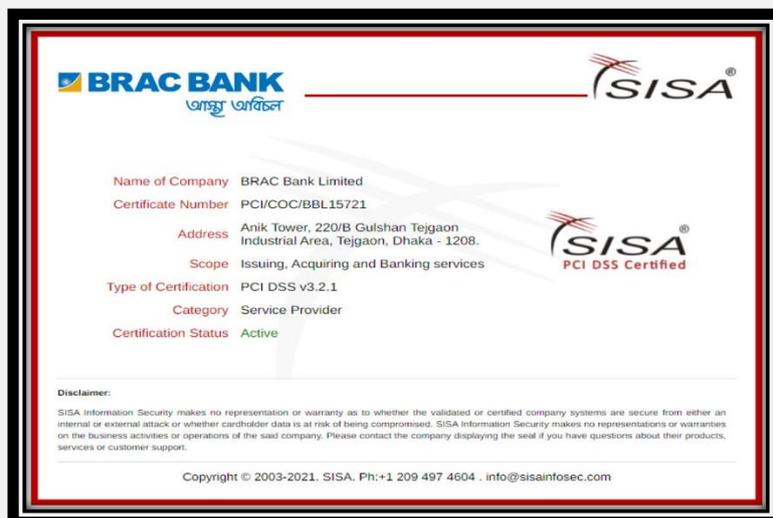
Brac Bank has achieved a distinct benchmark of compliance for maintaining a high level of data security of the customers. The bank has recently achieved compliance with the payment card industry data security standard (PCI-DSS) to obtain the certification, said a press release.

PCI-DSS Certificate is regarded as the most rigorous and globally recognized payment-card security standard in the industry. The compliance assessment was done by renowned Qualified Security Assessor (QSA) SISA InfoSec. PCI-DSS is a set of security standards developed for organizations that store, process, or transmit cardholder's data.

Governed by the Payment Card Industry Security Standards Council (PCI-SSC), the compliance certification aims to secure card transactions against data theft and fraud. Brac Bank is among very few banks in Bangladesh that have complied with the PCI-DSS requirement that has been set by the regulatory body and mandatory by payment partners (e.g., Visa, Master Card, JCB).

Sabbir Hossain, DMD and chief operating officer of BRAC Bank, said: "It was a journey of four years that has enabled us to be PCI-DSS certified. We had to upgrade multiple major solutions, including in-house applications to ensure compliance with the rigorous standard". In this process, Brac Bank has upgraded its eCommerce Platform, credit card solution, payment switch system, CORPnet, internet banking system and core banking system. It also deployed multiple security technologies and conducted several security assessments and multiple pieces of training.

Hossain added: "Brac Bank strives to achieve the utmost compliance standards in the industry and continuously improve to protect valuable business information assets. We are happy to offer complete data protection to our customers." Earlier, Brac Bank achieved the ISO 27001:2013 certification for Information security management function in 2017 and the ISO 18788 certification for Security Operations and Cyber Fusion Centre in 2020.



CDF: Bangladesh Bank's FY22 Monetary Policy Targets Faster Economic Recovery

The central bank on Thursday published its monetary policy statement (MPS) for the current 2021-22 fiscal year (FY22), with acceleration of economic recovery amid the pandemic as its main goal. Like the previous year, the Bangladesh Bank kept its private sector credit growth target unchanged at 14.8% — a target that economists think is too ambitious.

This is because private sector credit growth fell 6.4 percentage points short of the target last year, with the actual growth being 8.4% as of June 2021. Professor Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), said: “Currently, private sector credit growth is 8.4% and to achieve anything near 14.8%, investment demand needs to be high, which is unlikely amid the ongoing pandemic.”

Although fiscal policy coordination is required to achieve the economic targets, the implementation of the budget on the ground-level will be much more crucial, he added.

Full Story Can Be Accessed At: <https://www.dhakatribune.com/business/2021/07/29/bangladesh-bank-s-fy22-monetary-policy-targets-faster-economic-recovery>

INDIA

MFIN: MFIN CEO & Director Interactions

- An authored article titled “ MFIs need bold policy support” by Dr. Alok Misra – CEO & Director, MFIN covered in Hindu Business Line [https : https://www.thehindubusinessline.com/opinion/mfis-need-bold-policysupport/article35135854.ece](https://www.thehindubusinessline.com/opinion/mfis-need-bold-policysupport/article35135854.ece)
- **Mr. Devesh Sachdev elected Chairperson and Mr Prashant Thakker, Vice-Chairperson at MFIN’s 12th AGM [BFSI](#)**

MFIN: Microfinance Sector Advocacy:

- With reference to the treatment of Stage 2 provisions for capital computation, required data of (19 out of 22) Members that follow Ind AS was provided to the Reserve Bank of India
- The circular on “Credit Guarantee Scheme for MFIs” was formally released by National Credit Guarantee Trustee Company Ltd (NCGTC) on 15th July 2021. DFS and NCGTC diligently engaged with MFIN for the designing and execution of the scheme. Basis their request, preliminary leads for term loan requirement of MFIN Members for Q2 2021-2022 was provided to DFS which was further shared with participating lending institutions (PLIs). The Secretariat has requested DFS to ask PLIs to appoint SPOCs for the scheme to ensure a smooth application process for the MFIs. The scheme details are available on the homepage of MFIN website.
- The draft white paper on restructuring, asset classification, provisioning, ECL, and securitisation for NBFC-MFIs that follow Ind AS, prepared by the advisors from KPMG, Walker Chandiook & Co LLP, and E&Y, was shared with the Consultative Group formed by the Covid Task Force. On finalization of the report, a guidance note will be circulated amongst MFIN Members that follow Ind AS.

- MFIN prepared its response on “RBI's Consultative Document on Regulation of Microfinance” based on the feedback received from Members/Associates, other comments in public domain and internal discussions. In addition, the response also incorporates the views of the MFIN Board and detailed discussions during the 12th AGM for finalization. The response was submitted to RBI on 29th July 2021.
- Response was provided to DFS on Lok Sabha Starred Question No. *94 related to :
 - Emergency credit line support sought by MFIs to mobilize funds to tide over the crisis of lower collections due to the business disruptions caused by the pandemic.
 - Steps taken by the Government to facilitate flow of funds from the commercial banks to MFIs.
 - The extent to which this initiative is likely to help achieve the target of financial inclusion agenda of the Government.
- Response was provided to DFS on Lok Sabha Starred Question No. *312 on :
 - Amount of credit extended through the microfinance institutions since 2000 to now
 - How much of the same has been classified under stressed assets till today?
 - Details of the mechanism introduced to deal with the issue of stressed assets with respect to microfinance companies.

MFIN: Sector Development Initiatives:

- A soft launch of the Impetus Platform was done during the 12th AGM held on 23rd July 2021. At present, Mindstone is finalizing the design of the MFI-wise dashboard in consultation with the Secretariat and meeting potential investors for onboarding them to the platform. The roll-out of the platform for other small and medium members will commence shortly following the completion of the dashboard

MFIN: Governance:

- The 12th AGM of MFIN Society held on 23rd July 2021 was followed by a meeting of the newly formed Board to elect the Chair and Vice Chair. Mr Devesh Sachdev – MD & CEO, Fusion Microfinance was elected as the Chairperson and Mr Prashant Thakker – ED & CEO, Centrum Microcredit was elected as the Vice Chairperson. The newly elected Members on MFIN Board include Mr Udaya Kumar Hebbar – MD & CEO, CreditAccess Grameen and Mr Amardeep Samra – MD & CEO, Midland Microfin. The newly elected Members on the Enforcement Committee include Mr Jugal Kataria – Group Controller, Satin Creditcare and Mr Tarun Mehndiratta – COO, Fusion Microfinance.
- Quarterly SRO Report to RBI: Second part of the Quarterly SRO Report (capturing operational and financial data) for the quarter January 2021 – March 2021 and first part of the Quarterly SRO Report (capturing an overview of industry developments/issues) for the quarter April 2021 – June 2021 was shared with RBI on 22nd July 2021.

MFIN: Capacity Building:

- A comprehensive [training module on CGRM](#) aimed towards the employees directly involved within the CGRM function of the organization was released.
- To emphasize customer-centricity, a 'loan card contest' was initiated for Members and Associates to introduce new and good ideas/design for the loan card. The objective is to improve the loan card design from the customer's viewpoint and disseminate it in the industry for broader adoption.
- A National Level Radar Planning Meet for SPOCs, HR, Operations and Risk Heads was held on 30th July 2021. The meeting was attended by more than 300 participants.
- State Level Radar Training Workshops for Lead, Co-Lead and State Heads: RADAR Capacity building workshops were organized in Uttar-Pradesh (along with UPMA), Bihar, Jharkhand, Chhattisgarh, Maharashtra, and Gujarat.

PAKISTAN

PMN: Memorandum of Understanding (MoU) to Promote, and Further Enhance the Microfinance Sector Outreach and Financial Inclusion in Pakistan

The Pakistan Microfinance Network - PMN and Habib Bank Limited – HBL signed a Memorandum of Understanding (MoU) to promote, and further enhance the Microfinance Sector Outreach and Financial Inclusion in Pakistan.

The MoU signed on July 30, 2021, formalized mutual interaction, and strengthened the existing relationship between the PMN and the HBL at the strategic and working level, focusing on collaborating the NBMFCs with HBL especially in context of Kamyab Pakistan Program (KPP).

As the leading financial institution of Pakistan, HBL is at the forefront of all development initiatives which includes growth of priority sectors and targeting the unbanked population in the country. Under its commitment to the objective of financial inclusion for all segments of society, the Bank is already playing a leading role in enhancing financial inclusion through initiatives such as the Ehsaas Kafalat Program and facilitating access for women to the financial sector.

Pakistan Microfinance Network (PMN), the national association of retail microfinance players in the country, and HBL have a shared objective of serving the public interest. This MoU provides the opportunity for continued strengthening of future cooperation between the two entities in achieving their common goal that will increase stability and help in empowering the people of Pakistan.

At the signing ceremony HBL was represented by Mr. Faisal N. Lalani, Head – International and Syed Ahsan Mehdi, whereas PMN was represented by Mr. Ghalib Nishtar, Chairman PMN & CEO KBL, Syed Mohsin Ahmed, CEO PMN and Ali Basharat, Head of Operations.

PMN: Member Updates

- Pakistan's largest Digital Bank [Mobilink Microfinance Bank](#) announced its financial results for the first half of the fiscal year ending June 30, 2021. The bank reinforced its market standing as the leading digital bank by posting a 98% growth in total revenue with the profit before Tax (PBT) growing by 14601% compared to the first half of 2020.
- [Telenor Pakistan](#) has won at the prestigious 7th International Awards on Environment, Health & Safety 2021 in the "Responsible Supply Chain Sustainability" category for its efforts in cultivating a safe and environmentally sustainable supply chain. Telenor Pakistan was unanimously chosen as the recipient for the award by the jury, the board of The Professionals Network, and Ethical Business Update.
- [U Microfinance Bank Limited](#) President & CEO Kabeer Naqvi and Bank Alfalah Limited President & CEO, Atif Bajwa, signed off a strategic partnership to promote financial inclusion in the country. This new relationship not only strengthens the bond between both banks, but also promises to open up multiple avenues for collaboration, including medium to long term debt funding, credit structuring and synergizing their respective businesses to scale.
- Mobilink Microfinance Bank Limited (MMLB) has launched '[Dost](#)', a mobile-based application that provides a complete digital banking ecosystem to its customers and gives them hassle-free access to financial services round the clock. The latest addition to the MMLB ecosystem reflects the bank's relentless pursuit for innovation to foster digital banking and financial inclusion in the country.

SRI LANKA

LMFPA: Helpline for Microcredit Victims to Lodge Complaints

As a proactive measure to address any issues/grievances faced by any of the microfinance clients, the Lanka Microfinance Practitioners' Association (LMFPA) in consultation with the State Ministry of Samurdhi, Household Economy, Microfinance, Self-Employment & Business Development, established a 'Microfinance Helpline' to the general public and to persuade/encourage the stakeholders to take timely corrective measures for such grievances. The launch of this initiative took place on the 3rd of August 2021 at the Auditorium of State Ministry of Samurdhi, Household Economy, Microfinance, Self-Employment & Business Development, 1st Floor, Sethsiripaya Stage II, Battaramulla.

Recently in Sri Lanka, there had been adverse media reports about the microfinance industry. The LMFPA was concerned about these media reports as they could have serious implications on the industry as a whole. When similar media reports appeared on several occasions in the recent past, LMFPA responded to these institutions with the good intention of fact finding and to take any remedial measures if any. LMFPA as a responsible body wish to safeguard the key industry stakeholders, especially the poor and low-income clients, who are considered to be most vulnerable segment, who are presently facing the impact of COVID 19



pandemic too while ensuring the sustainability of the member organisations and the industry at large.

The procedure of the customer complaint handling system is as follows:

- Complaints can be made in either Sinhala or Tamil.
- Only complaints from direct borrowers will be entertained for follow up actions.
- Verbal telephone complaints to be followed up with written complaints and are to be sent to LMFPFA either through WhatsApp/Viber/email or by post.
- If the complaint is against an LMFPFA member, then it would be notified to the respective member organization to take remedial action within 2 weeks.
- For complaints regarding non-LMFPFA members, LMFPFA would still write to them as an Industry Association to take action and a copy to be sent to the State Ministry of Microfinance for follow up action.

The State Minister in his address commended the efforts of the LMFPFA for introducing a microfinance helpline at this time of need. “The objective of microfinance is to provide assistance to those households that are incapable of raising capital for income generating activities. But in recent times through the media, we have heard various complaints from microfinance beneficiaries facing various kinds of harassments from lending institutions. The objective of this helpline is to curb such incidents and address the grievances of the affected parties in a transparent manner” stated Hon. Shehan Semasinghe. He also stated that the government is ready to introduce a Micro Credit & Regulatory Authority Act very soon and that it is encouraging that Microfinance Institutions are already taking a novelty approach to handle customer grievances.



LMFPFA hopes this initiative will lead to finding solutions to genuine grievances of microfinance clients, minimize the criticism on the industry and ensure the important role played by MFIs in the national economic development and reduce the disparities in the distribution of benefits of development to rural, plantation and other under privileged communities in the country.

All print and electronic media are entrusted to collaborate in bringing this message to the masses so that the desired objectives of this initiative can be obtained. We also request repeat awareness creation as it is paramount that people be made aware of this programme on a continuous basis.

Helpline Details:

Telephone/WhatsApp/Viber No: 071 832 0000

Email: helpline@microfinance.lk

Address: No. 32, Suriyamal Mawatha, Divulapitiya, Boralesgamuwa

Operating Hours: From 7.00 am to 7.00 pm (All 7 days a week)

In-Focus

Kenichi Yokoyama on Climate Resilient and Sustainable Infrastructure in South Asia

ADB's climate change operations have positioned the organization to be able to contribute towards a climate-resilient development path for its developing member countries (DMCs). Adopting climate-resilient measures and technology in infrastructure projects ensure reliability, sustainability, and safety of these projects for their intended beneficiaries.

For South Asia, about 70% of ADB's projects in the pipeline for 2021–2023 have design elements that will scale-up support for low greenhouse gas emissions, climate and disaster resilience, and environmental sustainability.

In this Q&A, Director General for South Asia Kenichi Yokoyama, explains ADB's responses to the regional challenges, gives concrete examples of what ADB has already done, and what it intends to do in the years ahead.

What are the key climate issues facing South Asian countries?

The region is prone to climate and geological disasters such as floods, droughts, cyclones or storms, earthquakes, and landslides. Increasing average temperatures and changes in seasonal rainfall patterns are already having adverse effects across South Asia affecting populations, infrastructure, ecosystems, and livelihoods. Low-lying Bangladesh and Maldives, for example, are increasingly vulnerable to sea level rise, flooding, and cyclones in the Indian Ocean. Dhaka, Karachi, Kolkata, and Mumbai—urban areas that are home to more than 50 million people—continually face substantial risks of flood-related damages. Scientific literature suggests that such events will grow in intensity and severity over the coming decades.

How is climate change affecting economies in the subregion?

Climate change impacts are emerging as significant risks to sustained growth. Studies suggest that to avoid loss and damages under a business-as-usual scenario, the region will need to provide an average adaptation expenditure of 0.48% of GDP, or about \$40 billion, per year by 2050 and 0.86% of GDP, or about \$73 billion, per year by 2100.1 The COVID-19 pandemic has added another layer of complexities. It is clear that recovery efforts must focus on climate resilient and low-carbon growth development pathways.

What is ADB doing to help countries respond to climate challenges?

One of the key priorities under Strategy 2030, ADB's corporate strategy for the next decade, is to tackle climate change, build climate and disaster resilience, and enhance environmental sustainability. To help achieve this it will be supporting its developing member countries with planning and investments in a range of subsectors including clean energy, sustainable transport and urban development; water resources management including its nexus to food and energy security; climate-smart agriculture and sustainable land use; climate and disaster resilience; air and water pollution management; and enhanced environmental governance.

Full Story Can Be Accessed Through: <https://www.adb.org/news/features/qa-kenichi-yokoyama-climate-resilient-sustainable-infrastructure-south-asia>

Revitalizing MSME Financing: COVID and Beyond

Access to finance is a key constraint to the growth of micro and small businesses across economies. Data from 119 developing countries shows that MSMEs perceive access to finance as the most significant obstacle, which hinders their growth. In India, where MSMEs account for about 99% of all enterprises, comprising 63 million MSMEs across various industries and diverse geographic locations, financing of MSMEs has been regularly identified as a priority amongst India's economic goals. Even as the financial infrastructure has improved over the years, the access to finance for SMEs remains a challenge across countries.

MSMEs, particularly the micro and small businesses, face a funding gap, as they generally have a harder time obtaining credit from formal financial institutions. This is largely due to information asymmetry, lack of a previous credit history, and formal documentation, etc, which leads to unwillingness of lenders to provide financing to these borrowers. Even if they get financing, it typically takes time in approval and requires hard collateral like movable property and other onerous documentation.

Impact of the pandemic

COVID-19 has had an unforeseen impact on the global economy. Although the pandemic has affected firms of all sizes, but SMEs have been more vulnerable. These smaller firms are typically more financially fragile and have smaller cash buffers than their larger counterparts, making them less resilient to crises. A recent survey by EY amongst 1000 MSME entrepreneurs highlighted that more than 70% of the respondents were impacted during COVID-19 because of reduced orders, loss in business, availability of raw material, and liquidity issues.

Digitization of MSMEs and fintech ecosystem

In the online economy, the rapid development of digitization, automation, processes, etc., has offered a promising potential to unlock the bottlenecks faced by MSMEs. Historically, MSMEs have significantly low adoption of technology such as use of online channels for sales, digital accounting, payment transactions through multiple online channels or even for business communication.

Power of Alternate Data

It is well known that in the absence of collateral, under-writing the MSME customers often entails higher operating cost for banks. However, smaller firms have fewer assets to provide as collateral for loans. A World Bank report further suggests that 80% of these firm's capital stock consist of movable assets and are less likely to have access to fixed assets like plot or building. Policy makers have been advocating and nudging financial institutions to institute frameworks that can lower collateral requirements for SME borrowers.

Re-imagining financing structures

In recent years, policymakers have also increasingly begun to push innovative lending models for MSMEs and believe that some of the structural barriers can be addressed by bringing greater innovation in loan and product structures. Cash flow-based lending models envisage a shift in bank's appraisal system from parameters such as balance sheets, tax returns, credit bureau to evaluation based on historical cash flows and repayments predicated on future cash flows.

Such structures are highly suitable for MSMEs with volatile cash flows & seasonality in business, etc. Many small businesses associated with online marketplaces, aggregators and platforms are utilizing the power of cash-flow based lending.

Full Article Can Be Accessed Through: https://economictimes.indiatimes.com//small-biz/money/revitalizing-msme-financing-covid-and-beyond/articleshow/84700269.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

About SAMN

The South Asian Micro-Entrepreneurs Network (SAMN) is a regional microfinance industry association working to enhance financial inclusion among low-income population in South Asia. SAMN achieves this by improving knowledge, business environment and capital flows for the microfinance industry. SAMN, through its members, who national networks from the countries of the region, is the representative and collective voice of the industry reaching more than 50 million low-income customers in the region.

SAMN was established in late 2008 with a vision to improve quality and scale of financial services among low-income population in the countries of South Asia. The early foundation of SAMN was laid by ACTED, a French INGO along with a number of regional and global microfinance stakeholders.

Today, SAMN membership consists of the leading national networks in six countries of the region representing over thousand microfinance providers and other industry players. The current SAMN members, each represented by Executive Head on the Board of Directors, are:

- **In Afghanistan:** Afghanistan Microfinance Association (AMA)
- **In Bangladesh:** Credit and Development Forum (CDF)
- **In India:** Microfinance Institutions Network (MFIN)
- **In Nepal:** Centre for Microfinance (CMF)
- **In Pakistan:** Pakistan Microfinance Network (PMN)
- **In Sri Lanka:** Lanka Microfinance Practitioner's Association (LMFPA)

