

ISSUE # 84

# MONTHLY NEWSLETTER

This document contains the latest news and publications from SAMN member countries

---

MAY 2021

# *Afghanistan*

## **Afghanistan Infrastructure Trust Fund Discusses Progress and Forthcoming Priorities**

The Steering Committee of the Afghanistan Infrastructure Trust Fund (AITF), administered by the Asian Development Bank (ADB), today held its annual meeting to review progress and discuss AITF's role in supporting Afghanistan's infrastructure development needs.

The virtual meeting was co-chaired by Deputy Minister of Finance and ADB Alternate Governor Abdul Habib Zadran and ADB Director General for Central and West Asia Eugenie Zhukov. Deputy Minister for Policy of the Ministry of Finance Nazir Kabiri, ambassadors, and senior representatives of donor countries and organizations attended the meeting. The Steering Committee provides high-level oversight and guides AITF implementation at policy level.

"We are thankful to ADB and development partners for supporting AITF. Infrastructure development is crucial for Afghanistan to achieve the goal of self-reliance," said Mr. Zadran. "Since its establishment in 2010, ADB and AITF development partners have invested in highly needed infrastructure projects, which helped people and businesses with access to markets and electricity, created jobs, and reduced poverty."

AITF is the largest conduit for development partners' assistance to Afghanistan's infrastructure sector. It is a multi-donor fund for bilateral, multilateral, and individual contributors. To date, development partners have committed around \$752 million, of which \$570 million has been allocated.

**Read more at:** <https://www.adb.org/news/afghanistan-infrastructure-trust-fund-discusses-progress-and-forthcoming-priorities>

# Bangladesh

## **Digital Banking Soars as People Adapt to the New Normal**

Digital banking transactions have almost doubled amid the Covid-19 pandemic as people are getting used to digital banking instead of physically visiting bank branches.

Transactions of internet banking amounted to Tk10,371.1 crore in March this year, up 57.42% year-on-year, according to the latest data from the Bangladesh Bank.

The amount of internet banking transactions was at Tk6,588.0 crore in the same month of last year.

People started heavily depending on internet banking since March last year when the government imposed a bar on public movement to control the spread of the global pandemic.

**Read more at:** <https://www.dhakatribune.com/business/banks/2021/05/23/digital-banking-soars-as-people-adapt-to-the-new-normal>

## **Bank-Company (Amendment) Bill 2021 Draft Gets the Nod**

The proposed law will oversee banking business operation, control default loans, and ensure good governance and stability in the financial sector.

The Cabinet on Monday approved in principle the draft of Bank-Company (Amendment) Bill 2021 to control default loans and ensure good governance and stability in the financial sector.

The approval came from a virtual meeting held with Prime Minister Sheikh Hasina in the chair.

Hasina virtually joined the meeting from her official residence Ganobhaban, while other cabinet members took part from the Bangladesh Secretariat.

The proposed law is required for overseeing banking business operation, controlling default loans, and ensuring good governance and stability in the financial sector, Cabinet Secretary Khandker Anwarul Islam told reporters after the meeting.

**Read more at:** <https://www.dhakatribune.com/business/banks/2021/05/17/bank-company-amendment-bill-2021-draft-gets-the-nod>

## **SME Foundation Needs to Step Up, Assist More SMEs**

The country's SMEs and women entrepreneurs need special incentives in the next budget to overcome the damage caused by the Covid-19 pandemic.

SME Foundation needs to increase its financial capacity and provide opportunities to implement projects to accelerate the skills of small and medium enterprise (SME) entrepreneurs, said Planning Minister MA Mannan on Sunday.

Moreover, State Minister for Industries Kamal Ahmed Majumder called for the establishment of “SME Palli” for small entrepreneurs and special allocation for it in the upcoming budget of FY22.

They were speaking at a webinar on “Pre-Budget Discussion on Addressing the Challenges of CMSMEs and Informal Sector” jointly organized by the SME Foundation and Association of Fashion Designers of Bangladesh (AFDB).

Fahmida Khatun, executive director of Center for Policy Dialogue (CPD), presented the keynote in the webinar..

**Read more at:** <https://www.dhakatribune.com/business/economy/2021/05/23/sme-foundation-needs-to-step-up-assist-more-smes>

### **Delivery Services: An Industry Booming Mid Pandemic**

As the pandemic rages on for its second consecutive year, people in Bangladesh have increasingly gotten used to shopping online — a booming industry resting on the shoulders of delivery agents.

To cater to this demand for home deliveries, at least 30 product delivery companies have popped up across the country.

According to industry insiders, about 100,000 employees are working in these companies — most of whom are young and students turning to the profession of delivery agents due to the closure of their educational institutions or offices amid the pandemic.

Rahath Ahmed, the co-founder and Chief Marketing Officer of Paperfly, said that this is an emerging job sector of the country.

In the last few years, several new product suppliers and courier service providers have been formed for online product delivery of e-commerce and f-commerce platforms, where thousands of people have been employed, he said.

**Read more at:** <https://www.dhakatribune.com/business/2021/05/11/delivery-services-an-industry-booming-mid-pandemic>

# India

## **The Reserve Bank of India (RBI) Governor Meets MFI Heads to Assess Stress**

The Reserve Bank of India (RBI) governor Shaktikanta Das met the chiefs of non-banking finance companies (NBFCs) in the micro lending segment to take stock of the situation. The RBI governor discussed the current economic situation and the extent of credit that the microfinance institutions (MFIs) were able to provide. The RBI governor also sought information on whether the companies were able to meet their funding requirements and the extent of defaults that they were seeing.

MFIs have been the worst-hit segment in NBFCs with gold loans and housing being among best performers. The stress in the sector surfaced after the RBI lifted the moratorium that was introduced in March 2020 after the Covid outbreak.

### **Read more at:**

[http://timesofindia.indiatimes.com/articleshow/82377306.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/82377306.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst).

## **Hit Hard by Second COVID Wave, MFIs Seek Loan Restructuring and Fresh Liquidity Support from RBI**

The crisis-ridden microfinance industry has asked the Reserve Bank of India's permission to restructure borrower loans and sought urgent liquidity assistance as the second coronavirus wave hurts operations, sources have said.

RBI Governor Shaktikanta Das on May 3 met the representatives of NBFC- MFIs and the two industry associations— Sa-Dhan and MFIN (microfinance institutions network), sources said. Deputy governors MK Jain and MD Patra and other top RBI officials attended the meeting.

"The RBI should nudge the banks to increase their lending to MFIs. If need be banks may be directed to lend a percentage of their PSL portfolio to MFIs. Banks and FIs may be advised to relax their norms for lending, including rating norms, as a special case for this year," an MFI representative said during the meeting.

**Read more at:** <https://www.moneycontrol.com/news/business/hit-hard-by-second-covid-wave-mfis-seek-loan-restructuring-and-fresh-liquidity-support-from-rbi-6853751.html>

## **Banks May Transfer 80 Large NPA Accounts for Resolution to National ARC**

Banks are likely to transfer about 80 large NPA accounts for the resolution to National Asset Reconciliation Company (NARCL), which is expected to be operational by next month.

NARCL is the name coined for the bad bank announced in the Budget 2021-22. A bad bank refers to a financial institution that takes over the bad assets of lenders and undertakes resolution.

The size of each of these NPAs accounts is over Rs 500 crore and the banks have identified about 70-80 such accounts to be transferred to the proposed bad bank, sources said. It is expected that NPAs over Rs 2 trillion will move out of the books of the banks to the bad bank, they added.

The company will pick up those assets that are 100 per cent provided for by the lenders. Finance Minister Nirmala Sitharaman in the Budget 2021-22 announced that the high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. "An Asset Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt," she had said in the Budget speech.

**Read more at:** [https://www.business-standard.com/article/economy-policy/banks-may-transfer-80-large-npa-accounts-for-resolution-to-national-arc-121052001476\\_1.html](https://www.business-standard.com/article/economy-policy/banks-may-transfer-80-large-npa-accounts-for-resolution-to-national-arc-121052001476_1.html)

### **COVID-19 impact: Banks Initiate Process of Restructuring Loans Up To Rs 25 Cr**

To provide support to small businesses hit by the second coronavirus wave, banks have initiated the process of restructuring of loans up to Rs 25 crore in line with the COVID-19 relief measures announced by the Reserve Bank earlier this month. Many lending institutions have got board approval for the resolution framework and eligible borrowers are being contacted.

For example, the Bank of India has sent messages to its eligible customers to submit their willingness to debt recast online.

"In these trying times, we offer you a helping hand by extending relief as per RBI Resolution Framework 2.0 dated May 5th, 2021. If you are under financial stress caused by the COVID Second Wave, you may opt for restructuring of your account," the message said.

**Read more at:** <https://www.businesstoday.in/sectors/banks/covid-19-impact-banks-initiate-process-of-restructuring-loans-up-to-rs-25-cr/story/440385.html>

### **The Reserve Bank of India (RBI) Announces Series of Steps to Boost Microcredit Sector**

The banking regulator has decided to conduct special three-year long-term repo operations (SLTRO) of Rs 10,000 crore at the repo rate for small finance banks. The Reserve Bank of India on Wednesday announced a series of steps to boost the microcredit sector amid emerging concerns over the second wave of the Covid pandemic.

RBI has decided to conduct special three-year long-term repo operations (SLTRO) of Rs 10,000 crore at the repo rate for small finance banks (SFBs). This will be deployed by the SFBs for fresh lending of up to Rs 10 lakh per borrower. The facility will be available till October 31, 2021.

Further, lending by SFBs to micro finance institutions is currently not classified as priority sector lending. RBI has now permitted SFBs to reckon fresh lending to smaller MFIs with asset size of up to Rs 500 crore for on-lending to individual borrowers as priority sector lending. This facility will be available up to March 31, 2022.

**Read more at:** <https://www.telegraphindia.com/business/covid-rbi-announces-series-of-steps-to-boost-microcredit-sector/cid/1814664>

# Nepal

## **FMO, CDC Group, Swedfund, and IFC Participate in First Close of Nepal-Focused Dolma Impact Fund II**

The timing is important as COVID cases rise in Nepal, following the trend in India. Dolma II's target sectors will directly address capacity constraints in healthcare and enable digital solutions to scale rapidly that will be vital both during and following the pandemic.

Dolma Fund Management announces the first close of Dolma Impact Fund II (Dolma II) – a private equity fund investing primarily in renewable energy, healthcare and technology in Nepal. Investors in this \$40m first close are FMO, the Dutch entrepreneurial development bank; CDC Group, the UK's development finance institution and impact investor; Swedfund, the Swedish development finance institution; and the International Finance Corporation (IFC). The final close is targeted at \$75m.

The timing is important as COVID cases rise in Nepal, following the trend in India. Dolma II's target sectors will directly address capacity constraints in healthcare and enable digital solutions to scale rapidly that will be vital both during and following the pandemic.

Pre-COVID, Nepal was one of the world's fastest-growing economies, achieving GDP growth rates of between 6.7% and 8.2% in 2017-2019, according to the World Bank, as it continues its journey towards Middle-Income status. Even in 2020, Nepal outperformed its South Asian peers. Dolma II is part of a shift towards increased foreign direct investment (FDI) in Nepal, a country with a population of almost 30 million. Dolma II follows the success of Dolma Impact Fund I (Dolma I) which pioneered institutional FDI and Environmental and Social standards from 2014 in this high-growth emerging market. Dolma I's portfolio includes almost 50 MW of renewable energy, some of the country's leading AI and e-commerce firms, and much-needed pharmaceutical manufacturing and medical care.

Other foreign investment successes in Nepal include an internet service provider, mobile telco, and hydropower projects, while long-established multinationals such as Standard Chartered, Unilever, and Coca-Cola continue to thrive in the country. To further accelerate FDI, the Nepal Invests platform was launched last month by CDC, FMO, and the Swiss Agency for Development and Cooperation (SDC).

**Read more at:** <http://bwdisrupt.businessworld.in/article/FMO-CDC-Group-Swedfund-And-IFC-Participate-In-First-Close-Of-Nepal-focused-Dolma-Impact-Fund-II/11-05-2021-389255/>

# *Pakistan*

## **State Bank of Pakistan (SBPs) Policy Actions Boosted External, Fiscal Fundamentals: Governor Dr Reza Baqir**

State Bank of Pakistan (SBP) Governor Dr Reza Baqir Monday said that decisive policy actions taken by the State Bank before COVID-19 outbreak led to a significant strengthening of external and fiscal fundamentals.

Speaking at the CFO Conference 2021 titled “CFO in the world 2.0-360o perspective,” organized by Institute of Chartered Accountants of Pakistan (ICAP), Baqir said that with the support of SBP’s timely measures, as per revised estimates, the country’s is likely to achieve 4 percent GDP growth during this fiscal year and more than it in coming years.

Although, the challenges for the developing countries are unprecedented, causing economic, social and sustainable development concerns. However, he said that, Pakistan has successfully controlled its external imbalances during the Covid-19 as its economic fundamentals were strong. Pakistan is one of the only countries that undertook fiscal consolidation in 2020, despite Covid; and as a result, recorded one of the smallest increases in public debt.

**Read more at:** <https://www.brecorder.com/news/40094906/sbps-policy-actions-boosted-external-fiscal-fundamentals-baqir>

## **Small Businesses, SMEs: Collateral-Free Lending to have Positive Effect: Analyst**

Economic & Financial Analyst, Ateeq Ur Rehman has said that the drafted scheme titled “Re-Finance and Credit Guarantee Scheme for Collateral Free lending to SMEs will certainly facilitate the small segment of the business.

SBP is likely to provide collateral free refinancing of Rs60 billion to SMEs through banking sector of Pakistan which is approved by Economic Coordination Committee of the Cabinet is a breathtaking news and demand of the day and will have significant positive effect on overcoming difficult and challenging times of small businesses, small traders, vendors and SMEs, he said.

The small businesses, small traders, vendors and SMEs of Pakistan are facing extreme financial hardships and have become weaker segment of the society due to unbearable electricity tariffs, un-necessary, continuous notices by FBR and additional taxes / import duties / custom duties on raw material when the businesses are already trembling due to Covid-19. Also, there is Economic meltdown due to complete or partial lockdowns in Businesses.

**Read more at:** <https://www.brecorder.com/news/40094916/small-businesses-smes-collateral-free-lending-to-have-positive-effect-analyst>

## **Guarantees: The State Bank of Pakistan (SBP) Amends R-7 of PR for Corporate/Commercial Banking**

The State Bank of Pakistan (SBP) has amended Regulation R-7 of Prudential Regulations for Corporate/Commercial Banking.

As per revised Para 2 of Regulation R-7 of Prudential Regulations for Corporate/Commercial Banking, banks/DFIs can issue guarantees on behalf of Pakistani firms and companies functioning in Pakistan against the back-to-back/counter-

guarantees of banks/DFIs rated at least 'A' or equivalent by a credit rating agency on the approved panel of State Bank of Pakistan. Besides, the counter-guarantee of bank/DFI situated in a foreign country is also acceptable if it has the rating of at least 'A' or equivalent on global or National Rating scale by Standard & Poor, Moody's, Fitch, Japan Credit Rating Agency (JCRA) or a local credit rating agency of the respective country provided the guarantee issuing bank in Pakistan is comfortable with and accepts the counter-guarantee of such foreign bank.

**Read more at:** <https://www.brecorder.com/news/40094908/guarantees-sbp-amends-r-7-of-pr-for-corporatecommercial-banking>

### **ADB for Strengthening SMEs to Boost Pakistan's Private Sector Development**

The Asian Development Bank (ADB) has stressed the need for strengthening small and medium enterprises (SMEs) to spur private sector development in Pakistan.

Stronger small and medium-sized enterprises (SMEs) could collectively become an important pillar of the economy in Pakistan, able to absorb the significant numbers of youth entering the labor market, the ADB said in its annual report "Asian Development Outlook 2021".

It said during recovery from COVID-19, the priority should be to restore economic health by jumpstarting SMEs' operations and improving their access to financial services.

The pandemic has highlighted that Pakistan needs to address the challenges of its private sector, in particular the prevalence of SMEs that operate informally. An estimated 3.3 million SMEs in Pakistan engage some 40 million households in entrepreneurial activity. SMEs operate across the economy, including agriculture and livestock, trade and manufacturing, and services, the report added.

**Read more at:** <https://nation.com.pk/02-May-2021/adb-for-strengthening-smes-to-boost-pakistan-s-private-sector-development?fbclid=IwAR1i5pGsfhHY64V546-iY8OopXUm-PUGfkak00jCyMaKB2oSTZYv7h63oRw>

# *Sri Lanka*

## **Digitalization is the Way Forward for Sri Lanka**

In early 2020, when the COVID-19 lockdown began, Sri Lanka's food supply chain was significantly disrupted leaving farmers and consumers to face the adverse effects of the pandemic. Wholesale and retail markets were closed and traders were encouraged to deliver food items directly to doorsteps following strict health guidelines.

However, to sell and deliver food items and agricultural products, small traders were required to register at the Divisional Secretariats (DS), local-level administrative units which serve as the primary citizen delivery points.

But government office closures significantly affected this process. Meanwhile, there was no means to submit and process permit requests electronically.

Now, the Government of Sri Lanka, led by the Information and Communication Technology Agency (ICTA) in collaboration with various stakeholders, has embarked on a highly anticipated digital transformation journey to address such issues.

**Read more at:** [https://blogs.worldbank.org/endpovertyinsouthasia/digitalization-way-forward-sri-lanka?fbclid=IwAR0gpRHqmvHoPCeDVhaA67JXb8\\_hH0xqYn-pYnHfi29LeOt9JaqPnnPHyTY](https://blogs.worldbank.org/endpovertyinsouthasia/digitalization-way-forward-sri-lanka?fbclid=IwAR0gpRHqmvHoPCeDVhaA67JXb8_hH0xqYn-pYnHfi29LeOt9JaqPnnPHyTY)

## **World Bank Strengthens Engagement in Sri Lanka**

The World Bank today launched public consultations to update its Systematic Country Diagnostic (SCD) in Sri Lanka. This online platform will enable the Bank to engage with the Sri Lankan public and development partners and seek their views on the most pressing development opportunities and challenges for the country.

The SCD is a country-specific report compiled by the World Bank Group in close consultation with the respective national authorities, stakeholders and the public. This report forms the basis of the Country Partnership Framework, the strategy which outlines how the World Bank Group's engagement with the country can best contribute towards achieving the goals of ending absolute poverty and boosting shared prosperity in a sustainable manner.

"We are keen to hear from a wide range of development stakeholders – the government, private sector, citizens from different provinces, think tanks and civil society groups," said Faris. H. Hadad-Zervos, World Bank Country Director for Maldives, Nepal and Sri Lanka. "Their inputs will help the SCD to focus on areas that will have the maximum impact in fostering greener, resilient and inclusive recovery and growth for Sri Lanka."

**Read more at:** [https://www.worldbank.org/en/news/press-release/2021/05/06/world-bank-strengthens-engagement-in-srilanka?fbclid=IwAR3QTpUN6Ur9CODZJDNv14IPsnClumkOXQY7Ny17XHIFQ20\\_EE5cAqych5I](https://www.worldbank.org/en/news/press-release/2021/05/06/world-bank-strengthens-engagement-in-srilanka?fbclid=IwAR3QTpUN6Ur9CODZJDNv14IPsnClumkOXQY7Ny17XHIFQ20_EE5cAqych5I)

# *Updates from Members*

## **AFGHANISTAN**

### **AMA: Commencement of Radio Campaign**

In May 2021, Afghanistan Microfinance Association (AMA) launched the second segment of the radio campaign as part of its communication strategy in raising awareness of development financial institutions' impact on economic development and financial inclusion for the unbanked. The campaign aired 3,000 minutes in Pashto and Dari across Afghanistan's 34 provinces, the broadcast concluded in May 2021 and was made possible with financial support from Microfinance Investment Support Facility for Afghanistan (MISFA).

AMA received over 2,000 phone calls throughout the campaign from different location that referred to microfinance organizations. Implemented at a national scale, this was one of AMA's most effective marketing and awareness campaigns for the sector. Member institutions expressed their gratitude and appreciation for AMA's initiative requesting that AMA and MISFA continue such successful campaigns in the future.

### **AMA: FMFB-A's Extension Counters at Wakhan and Jumarj -e- Bala Districts of Badakhshan**

FMFB Afghanistan opened two Extension Counters in Khandood Wakhan to facilitate ease of access to finances for the residents of the concerned location. The counters help the residents avoid traveling long routes and reaching another destination where FMFB Afghanistan has its main branch and is far away from their residing location, saving both the customers' travel time and costs.

FMFB Afghanistan is the first bank in the aforementioned area to facilitate access to finance (deposit and withdrawal of cash) for the people in that area, which will eventually contribute positively to the local residents' economic condition. This is part of the bank's mission to maximizing its presence in far-flung areas to provide banking services for unbanked people and increase the financial inclusion outreach to the best possible extent.

The Khandood Wakhan district and Jurmaj Bala of Darwaz districts extension counters offer the below service to customers.

- Deposit acceptance and the cash withdrawal.
- Fund transfer.
- Electricity bills collocation.
- Loan amount disbursement and receiving loan repayments.

## **BANGLADESH**

### **CDF: BRAC Bank Shareholders Approve 15% Dividend At 22nd AGM**

Shareholders of Brac Bank approved a 15% dividend - 10% in the form of cash and 5% in the form of stock, for the financial year 2020.

With this, the dividend that the bank's board recommended earlier in April remains unchanged. Brac Bank held its 22nd Annual General Meeting (AGM) on a virtual platform on Thursday, said a press release. Ahsan H Mansur, chairman of the Board of Brac Bank, chaired the AGM. Other members of the board - Nihad Kabir, Kazi Mahmood Sattar, Asif Saleh, Fahima Choudhury, Farzana Ahmed, Dr Zahid Hussain, Meheriar M Hasan and Shameran Abed were also present at the AGM.

BRAC Bank's Managing Director and CEO Selim RF Hussain, who also participated in the meeting, responded to the queries of the shareholders and thanked them for their unwavering trust in the bank. BRAC Bank's Acting Company Secretary M Mahbubur Rahman, FCS, moderated the session.

Mansur, in his concluding remarks, highlighted the bank's performance to the shareholders and expressed his gratitude to them. He also thanked the customers for their continuous support to the bank and also thanked the employees for delivering amidst these difficult times. He reiterated the board's commitment to continue responsible and sensible business practices and returns to the shareholders.



### **CDF: SIBL Introduces Waqf Account**

Social Islami Bank Ltd. (SIBL) launched the Al-Wasiyah Bil Cash Waqf Account for the first time in Bangladesh.

The waqf account signifies that any person aged 40 years or above can enjoy the profit of the waqf amount in their life and, after death, the earned profit will be spent according to the person's wishes, shared a press release.

The account was inaugurated virtually, where attendees included Deputy Managing Directors Abu Naser Chowdhury, Md. Sirajul Hoque, Md. Shamsul Hoque, and Mohammad Forkanullah, Company Secretary Md. Moniruzzaman, Head

of Marketing and Brand Committee Secretariat Md. Mahfuzur Rahman Bhuiyan, and Shariah Supervisory Committee Secretariat Chief Muraquib.

DMD Abu Naser Chowdhury said the waqif (account holder) can enjoy the profit from their life and, after death, the profit can be spent on social, religious, or educational purposes. However, the account holder can still encash the whole amount for extenuating circumstances.

Md Sirajul Hoque, another DMD, stated that any person above 40 can open the account by depositing at least Tk5 lakh. The account holder can make one-third of their assets waqf, but if they want to make more than one-third of their assets waqf, they must have written consent from their descendants.



### **CDF: Digital Payments can Boost Bangladesh's Push to Meet SDGs**

As we grapple with the challenges presented by the pandemic, Bangladesh continues to clock impressive growth and is in fact an outlier in the global economic scenario.

Its gross domestic product (GDP) grew an estimated 5.2% in 2020 and is likely to grow 6.8% this year. In comparison, the global economy shrank 3.5%. Among Bangladesh's neighbours, Pakistan, Sri Lanka and India are facing GDP contractions. In fact, the IMF's estimates indicate that Bangladesh crossed India's per capita GDP in 2020. Its unemployment rate, a shade lower than 4.2%, is the lowest among all emerging markets, and it remains on a downward trend. Under the leadership of Prime Minister Sheikh Hasina, Bangladesh is ready to grow out of Least Developed Country status in 2024 and on track to become the world's 25th largest economy in 2035.

**To Access Full Article:** <https://www.dhakatribune.com/business/economy/2021/05/16/wef-digital-payments-can-boost-bangladesh-s-push-to-meet-sdgs>

## INDIA

### MFIN: News

- **Electronic Media: Dr. Alok Misra – CEO & Director spoke on:**
  - CNBC TV 18 – Trading Hour with Latha Venkatesh on 4th May 2021.  
**To Access the Video:** [https://www.youtube.com/watch?v=qDm\\_LVCzWzI](https://www.youtube.com/watch?v=qDm_LVCzWzI)
  - CNBC TV18 on 5th May 2021 welcoming the relief measures to the sector.  
**To Access the Video:** [https://www.youtube.com/watch?v=B3Wb\\_UI9QTI](https://www.youtube.com/watch?v=B3Wb_UI9QTI)
- CEO & Director, MFIN delivered the Keynote Address at the ELETS 5th BFSI Summit held on 12th May 2021 where he spoke on *“How MFIs are reaching the last mile customers using Fintech & how Government and Regulators can play an important role to standardize digital operations across the MFI industry”*.
- CEO & Director, MFIN interacted with the Reserve Bank of India - Governor twice during the month of May. The first meeting was held on 3rd May 2021 with select NBFC-MFIs and the Pre-Monetary Policy Committee meeting was held on 19th May 2021. Issues referring to *Liquidity, Restructuring, State specific Lockdowns, Pricing & Assam* were raised and followed up with a data-based note to provide a factual update to the Governor.

### MFIN: Microfinance Sector Development

- **Information Sharing Platform:** The fundamental data collection process from the five partner MFIs for beta testing of Impetus Platform has been completed. Mindstone has incorporated the data and generated login IDs for the partner MFIs for live viewing of the data inputted, uploading of documents and testing. A meeting with the partners will be organized in the first week of June for an update on the progress and proceed with the next step of creating institutional dashboards, which would be an ongoing activity.
- Priority Covid 19 vaccination for the employees of microfinance institutions was emphasized with the offices of Health Ministers, Health Secretaries, SLBCs across states
- MFIN contacted organizations like m-insure, Vidmed, Practo, DocOnline, 1mg etc. providing Tele-health consultation. The proposals on telemedicine & doctors' consultation for the sector/employees was solicited and a summary report was shared with Members for necessary action basis their requirement.

### MFIN: Microfinance Sector Advocacy:

- A Letter was sent to the Reserve Bank of India, Governor as a follow-up of his meeting held with MFIN and CEOs of NBFC-MFIs on 3rd May 2021. The letter highlighted an urgent need for liquidity support to the sector especially the smaller MFIs, review of pricing norms for NBFC-MFI loans, relaxation in treatment of the additional provisioning due to Covid stress, exemption for NBFC-MFIs as RBI regulated entities under essential services etc.

- A representation was sent to the Chief General Manager - Department of Supervision, on concerns of NBFC-MFIs in implementation of RBI guidelines on appointment of SCAs/SAs and its suggestions. In consultation with select Members, RBI has been requested to **(i)** increase the applicability threshold limit to Rs 5,000 Cr, **(ii)** defer the applicability date of implementation by one year, **(iii)** increase the rotation period of Auditors to 5 years, **(iv)** leave the decision on number of branches to be audited at the discretion of auditors and **(v)** the limit of eight NBFCs that can concurrently be audited by firms be made applicable to only NBFCs with asset size >Rs 5,000 Cr.
- A Letter was shared with Shri Pankaj Jain - Additional Secretary, Department of Financial Services, Government of India requesting the relaunch of '**Partial Credit Guarantee Scheme**' for NBFC-MFIs. Data on bonds/CPs issued by Members during FY 20-21 and their requirements for the next FY 21-22 was collected and shared with DFS.
- A Letter was sent to Chief General Manager – Department of Regulation, Reserve Bank of India to request for inclusion of small/medium NBFC-MFIs and financial intermediaries under the Resolution Framework 2.0 for restructuring of loans received by them.

#### **MFIN: Governance:**

Basis the Covid Task Force meeting held on 21st May 2021, among various inputs and guidance provided, one was on formation of a Consultative Group (CG) on Ind AS under the aegis of MFIN. The Consultative Group (CG) was formed with CFOs across selected MFIs, who met on 25th May 2021 to frame the TOR for further discussions with the Auditors. This exercise expects to bring out a 'White Paper' to serve as an Advisory on matters related to restructuring, asset classification, provisioning, ECL, and Securitisation for NBFC-MFIs that follow Ind AS.

#### **MFIN: Capacity Building:**

To advance the industry standards on the '**Employee Practices**' and develop a Code for '**Fair Treatment of Employees**', a small Working Group (WG) of HR Heads (representing MFIN lender community) has been formed. As advised by the WG, feedback was obtained from lenders on the employee practices. The WG is reviewing the feedback and will be sharing tangible outputs by June 2021.

## **PAKISTAN**

#### **PMN: Addressing the Challenges to the Education Ecosystem Due to COVID-19 - Targeted Interventions through Education Finance**

Pakistan Microfinance Network (PMN) conducted a webinar on "Addressing the Challenges to the Education Ecosystem Due to COVID-19 - Targeted Interventions through Education Finance" on 26th May 2021. This Webinar was attended by the leading players of the Industry, Mr. Yasir Ashfaq CEO- Pakistan Microfinance Investment Company (PMIC), Ms. Roshaneh Zafar MD- Kashf Foundation, Mr. Asim Ijaz Khwaja – Center for Economic Research in Pakistan (CERP), Ms. Hannah Hilali – Technical Assistance Adviser – Opportunity International, Mr. Kamran Azim, CEO – Taleem Finance Company LTD. Mr. Amjad Ali Arbab Chairman – Taleem Finance Company Ltd. and Mr. Kashif Mirza – President Private Schools Association.

In brief the webinar discussed the impact of COVID-19 on the education ecosystem right from the day when Pakistan went into first lockdown which was in the third week of March 2020, and which resulted in the closure of educational institutes, businesses, offices alike, and individuals being asked to isolate themselves at home. This lockdown not only adversely affected the economy, but also the educational activities had to be shut down which created a huge gap in students' learning and knowledge not only in Pakistan but all over the globe. Social distancing requirements associated with COVID-19 have led to mass school and university closures worldwide. The economic loss of school closures to be likely to be highly significant in the long run. With the ongoing third wave, these gaps have increased even further.

This past one year of pandemic has revealed that students and teachers have been facing difficulty during e-classes. While some students lacked access to technology to attend online classes, most of the students had received no prior guidance on the usage of online platforms. Teachers are faced with a different set of problems while conducting online classes: increased involvement of parents during classes, deteriorating attention span of students, and increased workload.

School closure because of the pandemic is going to have a lasting impact. An extended shutdown of schools will deeply impact the national education ecosystem in three distinct ways: it will cause large learning losses; exacerbating the existing learning crisis, with a potential devastating impact on the low-cost private school sector; and it may lead to a higher dropout rate, especially amongst older children, girls and children belonging to marginalized background due to non-payment of school fee. Many of the low-cost private schools are in a vulnerable position because educational institutions have remained closed most of the year and since they haven't collected fees, they can't pay salaries to their staff resulting in teachers going either jobless or unpaid.

Prolonged school closure is having a negative impact on the businesses directly associated with it, like demand for school uniforms, books and stationery has decreased. People employed or associated with these businesses are either now jobless or have shut down their businesses.

In short, the pandemic has had a lasting impact on the education system of Pakistan. Extended and repeated school closure has placed undue financial burden on not only the schools but also on teachers and ancillary businesses associated with the education system. Effectively handling the hurdles faced by the education sector requires disruptive thinking with a no-one-size-fits-all approach and collaboration among all those striving to empower the education system to successfully navigate the impediments presented by the pandemic. Education financing and the microfinance sector can play a pivotal role in not only allowing public and private schools to remain open but also allow parents, who can no longer afford education, to send their children to back schools.

## **SRI LANKA**

### **LMFPA: Cabinet Approves Proposed Microfinance & Credit Regulatory Authority Act**

The main objective of the Sri Lankan Microfinance Act No. 06 of 2016 was to regulate microfinance institutions and give them a legal recognition both locally and internationally. The Act focused more on regulating MFIs that lend as well as accept deposits. The high cost of capital requirement by the Central Bank was only fulfilled by 4 microfinance companies that received their licenses. However, a large contingent of MFIs that are only engaged in lending were left out of the regulatory framework. This gave rise to the emergence of many private money lenders who formed their

own companies and exploited the grassroots level in the guise of microfinance by charging exorbitant interest and other charges from their clients.

In 2018 the Lanka Microfinance Practitioners' Association (LMFPA) reestablished a self-regulatory framework for its members by introducing a Code of Conduct and also introducing a Recommended Maximum Interest Rate (RMIR) for the benefit of the end borrower. This helped distinguish LMFPA member organizations from other financial institutions to some degree yet the influx of money lenders posing as MFIs were on the rise and a legal framework to regulate micro credit became a crucial need for the betterment of the industry.

The LMFPA intervened on several occasions to address this issue that was bringing disrepute to the entire industry. Therefore in 2019, the Central Bank of Sri Lanka drafted a new regulatory framework for the microfinance industry called the Microfinance and Credit Regulatory Authority Act. In many moons thereafter, the draft Act has now received fresh approval from the present Cabinet to be drafted by the Legal Draftsman in 2021. The LMFPA has already forwarded its observations on the 2019 draft and proposed a sustainable mechanism to several key parties regarding the implementation of the proposed regulation. The Association will be closely monitoring the developments on the latest draft which is expected to be finalized in the near future.

#### **LMFPA: Low Interest Government Loan Scheme to Emancipate Over Indebted Micro Borrowers**

The government has released a revolving fund to the District Secretaries of the Northern Province and Anuradhapura district in Sri Lanka to assist over indebted micro borrowers to settle their loans borrowed at higher interest rates. This revolving fund can be utilized by the clients of any of the MFIs, to settle outstanding loans up to Rs. 100,000/- at 6% per annum which are disbursed through Cooperative Rural Banks (CRBs) and SANASA societies.

As an initial step, the LMFPA convened an online discussion between the Director Planning of the Anuradhapura District Secretariat and members operating in the Anuradhapura district on 3rd May. The objective of this discussion was to discuss the procedure regarding the utilization of this revolving fund, by interested member organization operating in this area.

Going forward with this government programme, LMFPA members agreed to waive off the interest component of the delinquent borrowers and also provide additional benefit to their clients to encourage them to take up this scheme. LMFPA will be coordinating with the district secretariats in the implementation of this programme.

## *In-Focus*

### **How COVID-19 Could Impede the Catch-Up of Poor Countries with Rich Ones**

It once seemed possible that covid-19 might deliver a softer blow to poor economies than rich ones. Instead, the virus seems likely to set the emerging world back in its quest to attain advanced-economy incomes. Real gdp per person in America shrank by about 4% in 2020, only about half a percentage point more than the average across emerging markets, in purchasing-power-parity terms. But projections made by the imf in April suggest that American growth is set to outpace that in the emerging world this year; with the pandemic still ravaging places like Brazil and India, poor-country growth will probably lag even further behind. More worrying still, the pandemic may reshape the global economy in ways that make continued convergence towards rich-world incomes a tougher slog. Worse prospects for poor countries will in turn make managing future crises, from pandemics to climate change, harder. The rich world should take note.

Economists once reckoned that incomes in poorer economies should naturally catch up to those in richer ones, based on experience in Europe in the 19th and early 20th centuries, when industrial laggards caught up to (and frequently overtook) Britain. Backward countries could borrow the latest know-how from leading ones, the thinking went, and their limited capital base promised hefty returns to investors. In the 1950s two economists, Robert Solow and Trevor Swan, separately developed models of economic growth in which higher returns to capital in poorer countries than in rich ones lead to more investment, generating faster growth and convergence. As scholars gathered more data on more countries, however, it became clear that the 20th century was not a period of convergence, but rather of “divergence, big time”, in the words of Lant Pritchett of Oxford University.

**Read Full Story:** <https://www.economist.com/finance-and-economics/2021/05/22/how-covid-19-could-impede-the-catch-up-of-poor-countries-with-rich-ones>

### **How can Countries Implement Low Tech Remote Learning? Using the Experiences from Edu Radio and Edu TV in Sierra Leone and Pakistan to Develop Knowledge Packs**

When we think of ‘digital technology’ or ‘EdTech’, we often forget about the power and reach of the good old ‘analogue’ technology tools like education TV and education radio. Contrary to popular belief, these technologies can be engaging, have proven to be impactful and most of all, can be a lot of fun for students of all ages ranging from early childhood to adult education. Their usefulness as mass broadcast education tools makes them particularly appealing to reach students remotely either during a pandemic, emergencies in education, or for distance learning.

With the uncertainty of the length of COVID-19 induced school closures, and a second and in some cases third wave of school closings across the globe, many countries like Sierra Leona and Pakistan have been working tirelessly to support remote teaching and learning for students and teachers at home, and have leaned into the use of educational technology (EdTech) as supporting tool. As a response to support remote education across the globe, and as part of the global program for Continuous and Accelerated Learning in response to COVID-19, the World Bank EdTech team has created guides known as Knowledge Packs (KPs) on education TV, education radio, and mobile-based learning,

among others. These KPs have been supporting policymakers and decision-makers within the education sector to make quick yet informed decisions on leveraging technology for education at scale.

1. Education TV in Pakistan - Highlights from the Education TV Knowledge Pack.
2. Education Radio in Sierra Leone - Highlights from the Education Radio Knowledge Pack.

**Read Full Story:** [https://blogs.worldbank.org/education/how-can-countries-implement-low-tech-remote-learning-using-experiences-edu-radio-and-edu?fbclid=IwAR3y\\_1c7BDWDtcToAuvXIsNxAtKjUWr1-N45VWSDWI4kavRnr8BU8vPyBUw](https://blogs.worldbank.org/education/how-can-countries-implement-low-tech-remote-learning-using-experiences-edu-radio-and-edu?fbclid=IwAR3y_1c7BDWDtcToAuvXIsNxAtKjUWr1-N45VWSDWI4kavRnr8BU8vPyBUw)

## **Mind the Gap — Is Fintech Closing the Gender Gap in Access to Finance?**

### **Equitable Access to Financial Services: A Policy Prerogative**

Fair and equitable access to financial services is a prerequisite for economic security and prosperity. It can improve individuals' employment outcomes, wealth accumulation, and propensity to start a business. Yet, women all over the world remain unbanked or underbanked (Demirgüç-Kunt et al. 2017). Hopes are high that new financial technology – or “fintech” – can enhance financial inclusion and finally close the gender gap in access to financial services.

But does fintech help to close the gender gap? To find out, we looked at 27,000 adults in 28 major economies (Chen et al. 2021), who shared their use of and attitudes toward fintech products and services provided by fintech entrants and traditional financial institutions. The sample is representative along the age and gender distributions and contains detailed background information on the respondents.

### **The Fintech Gender Gap**

Our findings suggest that fintech is not (yet) making good on its promise: there is a sizable “fintech gender gap.” While 29% of men in the survey use fintech, only 21% of women do — a gap of 8 percentage points (pp). The gap is present in almost all countries in our sample (graph 1). Individual characteristics, such as age, income, education, marital or employment status, or a proxy for financial literacy only explain 30% of the gap, and country-specific characteristics only 8%. In other words, even among individuals of similar age or income living in the same country, women use fintech by around 5 pp less than men.

How does the fintech gender gap compare with the gap in bank account ownership? Demirgüç-Kunt et al. (2018) report that 72% of men and 65% of women have a bank account globally. The unconditional gap in bank account ownership (7 pp) is thus smaller than the fintech gender gap (8 pp). Scaled by average adoption rates, at 69% for traditional bank accounts and 25% for fintech, the difference is even starker: 10% versus 32%. These findings suggest that fintech entrants have so far not closed the gender gap in access to financial services.

### **What Explains the Gap?**

Does it matter who offers fintech products? In our sample, 49% of the respondents use novel financial products and services that are offered by traditional financial institutions, compared with 25% for fintech entrants. Still, men are more likely to use fintech products irrespective of the provider. The gender gap averages 8 pp (32% of the average adoption rate) among services provided by entrants and 9 pp (18%) among those provided by incumbents (graph 2). The difference across providers is statistically insignificant, which implies that the gender gap is not influenced by who provides fintech products or services, but rather the products themselves.

These fintech products, however, differ greatly in scope. For example, some products tend to complement existing financial services, such as online budgeting and financial planning tools or aggregators, while others tend to substitute for these, such as peer-to-peer payments or digital-only branchless banking. When we examine differences at the respondent-product level for 19 narrowly defined product categories, we find that the gender gap is around 50% smaller for products that complement existing services than for substitutes. Yet, it is present for both types of fintech products.

To check whether traditional gender roles cause men to make more financial decisions and lead to higher adoption rates, we also looked at single adult households. There we found that female-led households were still less likely to use fintech than male-led households. This result suggests that arguments that try to tie the gap to traditional gender roles within households fall short.

However, gender differences in attitudes toward privacy and technology could explain the gap. In the survey, women report being less willing to adopt new applications, such as digital banks, and they are less willing to share their personal data for cheaper offers or lower rates. And more than men, women report that they worry about their security when dealing with companies online. Accounting for these differences in attitudes reduces the gender gap significantly, to around 2.2 pp.

**Read Full Story:** <https://blogs.worldbank.org/allaboutfinance/mind-gap-fintech-closing-gender-gap-access-finance?fbclid=IwAR1i5pGsfhHY64V546-iY8OopXUm-PUGfkak00jCyMaKB2oSTZYv7h63oRw>

### **S. Falsini, CGAP: Time Is Money - Financial Services Can Help Rural Women Save More of It**

Rural women play a growing role in agricultural systems around the world. In low-income countries, 79% of working women report that agriculture is their primary work activity. Yet rural women often have limited opportunities to improve their livelihoods. While there are many factors at play, one of the biggest challenges that rural women face is that they lack one of the most valuable resources there is: time.

“Time poverty” refers to the chronic lack of time – after engaging in necessary or expected duties – to pursue discretionary activities. For rural women, this can mean participating in income-generating activities or education.

This is a common problem for rural women, mainly because social norms in many countries dictate that women should be primarily responsible for unpaid childcare and household responsibilities. In fact, FAO research in nine African Union countries reveals that women’s workdays are up to 50% longer than men’s.

Below are three ways financial services can help to alleviate time poverty among rural women.

1. Improve rural women’s access to time-saving assets and financial solutions.
2. Promote more egalitarian norms around gender roles.
3. Increase access to formal and informal childcare support and networks.

There is a need for funders and researchers to improve the financial inclusion community’s understanding of how time poverty impacts women at different stages of their lives. A recent IFPRI paper uses a promising approach that looks not only at how much time women spend on various activities, but at the strategic choices they make about how to allocate time (their “time-use agency”). Building on this, the Measures for Advancing Gender Equality initiative will be developing new tools to measure how women use their time and discover time-use patterns.

Similarly, more research should be done on how the development community can integrate a gender lens into recovery efforts, especially in times of crises. Indeed, wars, environmental shocks, or health emergencies like the COVID-19 pandemic often exacerbate the effects of time poverty on women, whose unpaid workloads are amplified and who, as a result, are often obliged to give up paid work.

**Read Full Story:** <https://www.cgap.org/blog/time-money-financial-services-can-help-rural-women-save-more-it>

## *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)

