



**SAMN**  
South Asia Micro-entrepreneurs Network

# **MONTHLY NEWSLETTER**

FINANCIAL INCLUSION &  
MICROFINANCE UPDATES  
FROM THE REGION

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# Bangladesh

## **BB: Digital banks to be profitable 3 years after launching**

Digital banks in Bangladesh would be profitable within three years after starting their operation, said Abu Farah Md Nasser, deputy governor of Bangladesh Bank (BB).

"From my experience I have expectations that digital banks will be profitable within three years," he said while speaking at a startup summit on Saturday.

However, he said the digital banks would be profitable only if they can efficiently cover untapped areas of the SME sector, which is actually the backbone of the country's business and economy.

Startup Bangladesh Ltd, a flagship venture capital company of the government's Information and Communications Technology (ICT) Division, organized the event at InterContinental Hotel in the city.

Speaking as the guest of honour, the Bangladesh Bank deputy governor said foreign investors are showing keen interest in digital banks, as the central bank is going to award its license soon.

"Everyday foreign investors are asking about the status of digital banks, how many bank licenses we are awarding, when we are starting, how to apply for the banks, etc," he said while speaking at a session titled "How to Leapfrog Our Fintech Ecosystem - Way Forward."

**Read more at:** <https://www.dhakatribune.com/business/banks/319785/bb-digital-banks-to-be-profitable-3-years-after>

## **ADB to Help Improve Community Resilience, Livelihoods in Rural Bangladesh**

The Asian Development Bank (ADB) has approved a \$120 million loan to help improve access to basic services and climate resilience of remote and rural communities in the Chittagong Hill Tracts of Bangladesh.

"The Chittagong Hill Tracts is one of the regions in the country most vulnerable to climate and disaster risks. It also lacks access to basic services and opportunities," said ADB Principal Water Resources Specialist Sanath Ranawana. "ADB's project will provide livelihood opportunities, build knowledge and capacity in dealing with the effects of climate change, and improve living conditions of communities in the region."

The project will help improve village access roads, develop water supply sources and sanitation services, install rooftop solar systems, and establish agricultural facilities. It will improve about 140 kilometers of rural roads with all-weather standards incorporating nature-based, climate-resilient, and safety features.

ADB's intervention will strengthen watershed management in nine sub-watersheds, to improve resilience to climate change and mitigate risks from natural hazards. This will entail improving vegetation in watershed areas through agroforestry, building small-scale water harvesting infrastructure, promoting income-generating activities from watershed protection, and training village forest committees in watershed management skills.

Read more at: <https://www.adb.org/news/adb-help-improve-community-resilience-livelihoods-rural-bangladesh>

### **How AB Bank is Revolutionizing Agri Credit with Its Smart Loan Policy**

Before taking charge, Tarique Afzal, president and managing director of AB Bank, the country's first private bank, was struggling with some 33% default loans in 2019. With his leadership, by 2022, they had recovered the big bulk of default loans and brought it down to 13%.

In an exclusive interview with Dhaka Tribune's Meraj Mavis, he elaborated on the 'Smart Card Agricultural Loan' program and the strategy behind AB Bank's new loan policy.

During your first tenure, when you took charge of AB Bank in 2019, 33% of its total loans were bad loans. By 2022, that dropped to just 13%. How did you manage to do this?

The situation was not so satisfactory when I took responsibility. Yes, the situation is getting better, but that doesn't mean we've achieved our goal or where we want to be. We still haven't reached our goal. There is still a long way to go.

Changing the culture of a 41-year-old organization or diversifying its loan portfolio is not possible overnight.

Our main objective is to get rid of our large and mostly-corporate default, bad/ non-performing loans (NPLs).

Even now, we are not interested in giving loans to the corporate sector. We have been trying to diversify our lending sector for the last few years.

Plans and programs have already begun to provide loans in the SME sector, specifically agriculture. More sectors will be included soon, such as for women entrepreneurs.

Read more at: <https://www.dhakatribune.com/business/banks/319616/how-ab-bank-is-revolutionizing-agri-credit-with>

# India

## **Satya MicroCapital Raises Rs 53 Crore in ECB from German bank**

Microfinance company Satya MicroCapital raised about Rs 53 crore in external commercial borrowing from a German co-operative bank, which focuses on sustainable development.

The deal marked the bank's second investment in India, furthering their commitment to provide support for the underserved in the rural areas of the country. The bank -- Bank Im Bistum Essen eg (BIB) -- earlier invested in Fusion Microfinance.

**Read more at:** <https://economictimes.indiatimes.com/industry/banking/finance/banking/satya-microcapital-raises-rs-53-crore-in-ecb-from-german-bank/articleshow/101691562.cms>

## **Microfinance Industry to Grow 18 to 20% For Next Two Years: Shalabh Saxena**

"With the improving infrastructure across the country, the distances are shrinking and hence what happens is that the markets for our customers, which are rural and deep rural, they have access to the nearby markets," says Shalabh Saxena, Spandana Sphoorty Financial.

FY23 has been a good year for microfinance industry. Is that largely because of base and if that is not the base, do you think this momentum will sustain?

FY23 in the wake of the Covid impact of almost two years. so to that extent, it's been a relief and we have seen good growth rates across the industry. So that is number one. Is it sustainable? That is the question or that is the crux of the question. I would hazard a guess and I would say yes. And the reason is as follows; we are still as an industry under penetrated, probably about 40% of the addressable population. That is number one. Number two is with the improving infrastructure across the country, the distances are shrinking and hence what happens is that the markets for our customers, which are rural and deep rural, they have access to the nearby markets.

**Read more at:** <https://economictimes.indiatimes.com/markets/expert-view/microfinance-industry-to-grow-18-to-20-for-next-two-years-shalabh-saxena/articleshow/101535587.cms>

## **Muthoot Microfin Refiles Draft Papers with Sebi for Rs 1,350-Crore Public Issue**

Muthoot Microfin Ltd has refiled a draft red herring prospectus with the Securities and Exchange Board of India (SEBI) for a public issue worth Rs 1,350 crore.

This comprises a fresh issue of shares worth up to Rs 950 crore and an offer for sale of shares by promoters and institutional investors worth up to Rs 400 crore.

The selling shareholders are Thomas Muthoot, Thomas John Muthoot, Thomas George Muthoot, Preethi John Muthoot, Remmy Thomas, and Nina George, who form a part of the promoter group. Besides them, Greater Specific Capital WIV will also be offering its shares.

**Read more at:** <https://economictimes.indiatimes.com/markets/ipos/fpos/muthoot-fin-arm-refiles-draft-papers-with-sebi-for-rs-1350-crore-public-issue/articleshow/101418033.cms>

# *Pakistan*

## **Symbiotics Investments Closed the First Local Currency Transaction in Pakistan with Kashf Foundation**

Symbiotics Investments has arranged a local currency loan (Pakistani rupees) for Kashf Foundation “KF”, one of the largest non-deposit taking microfinance institution providing micro credit and micro-insurance facilities in Pakistan, via the SEB Microfinance Funds. This transaction represents the first-ever local currency loan by any international institution in the microfinance sector of Pakistan. Until recently, loans from international lenders were solely in hard currencies.

KF is driven by its mission to deliver high quality and sustainable microfinance services to low-income families and micro-entrepreneurs, aiming to enhance their financial capabilities and alleviate household poverty in the country. With a particular focus on women, who represent 99.5 percent of its loan portfolio, KF strives to empower them to become active catalysts of social and economic change.

**Read more at:** <https://symbioticsgroup.com/symbiotics-investments-closed-the-first-local-currency-transaction-in-pakistan-with-kashf-foundation/>

## **World Bank Approves \$46 million to Increase Access to Child Healthcare Services and Enhance Citizen-Centered Service Delivery in Selected Districts of Khyber Pakhtunkhwa**

The World Bank’s Board of Executive Directors today approved US\$46 million in financing for the Khyber Pakhtunkhwa Citizen Centered Service Delivery Project, which will support both supply and demand side interventions to improve health service delivery in the province, as well as the operations of citizen-centric administrative facilitation centers in the Newly Merged Districts.

“The Project will support the Government in expanding the provision of Child Wellness Grants targeted at mothers, provided they attend health awareness sessions”, said Najy Benhassine, World Bank Country Director for Pakistan. “It will also help improve access to quality child health-related services.”

Nearly 300,000 children under the age of two will benefit from Child Welfare Grants (CWGs). To mitigate the financial barriers associated with the use of these services, families of these children will receive PKR 12,500 (approximately US\$45), spread over five visits, for attending the health awareness sessions and growth monitoring of their child.

The project will also support the Khyber Pakhtunkhwa Government in adoption of the one window operation model of the Citizen Facilitation Centers (CFC) to promote essential service delivery to the local population. The CFCs, in addition to provision of Child Wellness Grants, offer vital services to the local communities such as registration services including recording of birth, death, marriage, divorce, family registration etc. 560,000 individuals will be utilizing the services provided at the CFCs.

**Read more at:** <https://www.worldbank.org/en/news/press-release/2023/07/05/pakistan-world-bank-approves-46-million-to-increase-access-to-child-healthcare-services-and-enhance-citizen-centered-ser>

# *Pakistan*

## **UBL: Spearheading the Digital Banking Revolution in Pakistan**

United Bank Limited (UBL) is leading the digital shift in Pakistan's banking sector, motivated by the conviction that technology can dramatically redefine banking experiences. By investing heavily in developing state-of-the-art digital tools, UBL seeks to meet the progressive needs of its customers in this digitally-powered era.

The bank's mission is to bring banking within everyone's reach in Pakistan, ensuring it's not just accessible, but also convenient and secure, regardless of location or financial background.

Achieving significant strides, the bank promotes features such as UBL Mobile Banking, Aas Pas feature, ventures in the Metaverse, a digital cheque facility, and numerous investment opportunities. It also offers the simplified UBL Asaan Digital Account, augmented reality experiences, and top-notch customer service for its valued patrons.

**To Download the Report:** <https://www.techjuice.pk/ubl-spearheading-the-digital-banking-revolution-in-pakistan/>

## **State Bank of Pakistan (SBP) is Working on Pakistan's First Ever Digital Currency**

Getting its own CBDC (Central Bank Digital Currency) would give Pakistan a number of benefits including easier digital payment, easier remittance, higher efficiency and increased security

State Bank of Pakistan (SBP) Governor Jameel Ahmad has informed the Senate's Standing Committee on Finance and Revenue that the State Bank is actively working towards creating Pakistan's first ever digital currency known as the Central Bank Digital Currency (CBDC).

Held under the chairmanship of Senator Saleem Mandviwalla at Parliament House, the meeting was addressed by SBP Governor Jameel Ahmad who highlighted how central banks around the world have been launching their own digital currencies on a pilot basis and that the SBP is trying to learn from their experience.

Governor Ahmad added that the State Bank is currently busy reviewing and understanding the work of other central banks which have successfully created their own digital currencies, while also adding that the SBP will be cautious with the launch of its CBDC.

**To Download the Report:** <https://www.techjuice.pk/sbp-is-working-on-pakistans-first-ever-digital-currency/>



## *Sri Lanka*

### **Sri Lanka's Economic Crisis: A Call for Reform and Resilience**

World Bank Country Director for the Maldives, Nepal, and Sri Lanka Faris Hadad-Zervos recently conducted a press conference shedding light on the alarming economic crisis that has gripped Sri Lanka.

He revealed that the number of people living in poverty in the country had surged by a staggering 25% between 2021 and 2022, pushing an additional 2.5 million people into poverty. Even more concerning is the projection of a further 2.4% increase in poverty in 2023, leaving many more vulnerable citizens just one step away from falling into poverty.

Hadad-Zervos underscored the devastating impact of rising poverty rates, which had eroded decades of progress in human capital and economic gains.

"It's a lesson, I think, to all of us and to the world that something that takes so long to build can topple so quickly," he remarked. The crisis has also resulted in a serious learning crisis in the country, with only 14% of Grade 3 students possessing minimum competency in literacy and numeracy.

The economic turmoil demands immediate and deep reforms to stabilise the economy and protect the poor and vulnerable. The crisis, however, comes with an opportunity, as Hadad-Zervos pointed out, since there was a growing movement of youth and aspirants demanding better living standards based on good governance and transparency.

While acknowledging the challenging road to recovery, Hadad-Zervos highlighted some positive moves made by the Government. These include securing the IMF Extended Fund Facility, parliamentary approval of domestic debt restructuring, and obtaining financial support from the World Bank and the Asian Development Bank.

Regarding the financial sector, he stressed the need for careful monitoring due to high exposures to the public sector and rising non-performing assets. Additionally, the country must navigate external risks such as a volatile global economic environment, which includes increasing commodity prices impacting the purchasing power concerning essential goods.

**Read More At:** <https://www.themorning.lk/articles/6gquCQBViwAJLgUIJjEu>



## *Updates from the SAMN Members*

### **SAMN Holds its First Ever International Conference in London in collaboration with Financial Inclusion Forum (FIF-UK) and SOAS**

In collaboration with the Financial Inclusion Forum (FIF-UK) and the School of Oriental and African Studies (SOAS), the South Asia Microfinance Network (SAMN) orchestrated a two-day conference titled "Financial Inclusion in the Post Pandemic Era: Is Digitization and Managing Climate Change a Pathway to Success?". This assembly convened financial inclusion practitioners, regulators, and investors from across the world, facilitating a deliberate exchange of ideas and insights.

The conference provided a structured platform for essential stakeholders operating at local, regional, and global levels to engage in discourse. Participants seized the occasion to deliberate over challenges prevalent in the region, sharing experiences pertaining to initiatives designed to confront these challenges. The forum allowed for a knowledge-sharing mechanism, enabling the pooling of expertise from diverse countries. Through this collaboration, innovative products and technological solutions were jointly conceived, geared towards minimizing costs and enhancing affordability of financial services for the economically marginalized despite the persistent depth of poverty.

The conference was built around following tracks:

- Support from governments donors, especially FCDO to the civil society and private sector in increasing financial inclusion through Microfinance Organizations in South Asia.
- Examination of the pandemic's influence on the financial inclusion ecosystem, impacting both Microfinance Organizations and their clientele.
- Elephant in the room Climate Change.
- Strategies for mobilizing private capital to support financial inclusion endeavors.

The conference spotlighted and addressed the intricate challenges, innovative solutions, and opportunities within South Asia's financial inclusion landscape, specifically targeting the lower-income demographic. The overarching objective was to foster regional dialogue and amplify investment inflows into the region. Furthermore, the event explored the transformative role enhanced access to finance can play in unlocking the economic potential of the region. This encompasses contributions to job creation, with a deliberate emphasis on nurturing entrepreneurship among youth and women. The conference served as a platform for prominent thought leaders hailing from South Asia and beyond, fostering interaction and assessment of prospects for regional integration and mutual learning within the financial inclusion realm.

Eminent speakers representing preeminent microfinance organizations and the development sector engaged in enriching discussions across various sessions, sharing their strategies and grappling with a diverse array of challenges. The event witnessed participation from a diverse array of stakeholders, including Technical Assistance providers, Networks, Researchers, Microfinance Providers, Technology institutions, Regulators, Policy makers, Apex bodies, Donors, Investors, Banking professionals, Telecom entities, and Insurance firms.

The conference culminated with addresses from distinguished figures, including Mr. Bob Annibale, Senior Fellow at SOAS University of London, and Ms. Ase Bergstedt, Chairperson of the Financial Inclusion Forum (FIF-UK). In the closing

session, Syed Mohsin Ahmed, Honorary CEO of SAMN, warmly expressed gratitude for the invaluable support from FIF and SOAS. He extended appreciation to all speakers, dignitaries, participants, and event sponsors, namely CreditAccess Grameen, IIFL Samastha Finance, U Microfinance Bank, Satya MicroCapital, Muthoot MicroFin, and Future Life Investments, for their gracious contributions.

### **Pakistan Microfinance Network (PMN) Announced the Launch of its Highly Anticipated Director Training Program-DTP in collaboration with Pakistan Institute of Corporate Governance (PICG)**

The Pakistan Management Network (PMN) orchestrated the Director Training Program (DTP) in partnership with the Pakistan Institute of Corporate Governance (PICG), held at the Pakistan Institute of Management (PIM) in Lahore from June 12th to June 16th, 2023. Tailored for senior management personnel, including CEOs, CFOs, and Directors such as yourself, the DTP was meticulously designed to empower leaders with the acumen and proficiencies required to excel within the dynamic and swiftly changing business environment of today.

In an age characterized by continual transformation and heightened market intricacies, PMN recognizes the pivotal role of equipping leaders with the requisite resources to make informed decisions, foster organizational expansion, and maintain a competitive edge. The Director Training Program, as conceived by PMN, is artfully structured to tackle the distinct challenges encountered by senior executives, presenting them with invaluable insights, strategic approaches, and leadership methodologies imperative for navigating the ever-evolving corporate domain.

Given the stipulation for Directors of listed companies to be certified under the Director Training Program (DTP) as per the Corporate Governance Code issued by the Securities and Exchange Commission of Pakistan (SECP), this training proves pivotal. Upon completion, certified directors are seamlessly integrated into the independent director database maintained by PICG, as sanctioned by the SECP.

#### **Program Highlights:**

**Comprehensive Curriculum:** The program encompasses an extensive curriculum encompassing vital themes such as strategic management, financial leadership, effective governance, talent cultivation, and innovative strategies, among others. Each module has been thoughtfully curated to cater to the specific requisites of senior executives, aligning with the finest industry practices.

**Expert Faculty:** A distinguished cohort of recognized experts and accomplished professionals, many of whom have been trained by the International Finance Corporation (IFC) and have served as program faculty, were assembled. Their diverse industry backgrounds provided a wealth of experiences and proficiency, ensuring participants received unparalleled guidance and mentorship during the training.

**Interactive Learning Environment:** Emphasizing experiential and interactive learning methodologies, the Director Training Program facilitated heightened participant engagement and knowledge retention. Utilizing case studies, collaborative discussions, simulations, and real-world scenarios, attendees gained pragmatic insights and acquired skills that could be readily applied within their professional domains.

**Networking Opportunities:** The program offered a platform for participants to engage and collaborate with a select cadre of high-ranking executives from varied organizations. Fostering a supportive ambiance that encouraged peer-to-

peer knowledge sharing, networking, and ideation exchange, the program fostered connections of lasting value that extended beyond the training duration.

The Director Training Program presented participants with a transformative learning journey, equipping them with the essential proficiencies and know-how to propel their organizations toward success. Through participation, attendees augmented their leadership prowess while concurrently contributing to the overall triumph and advancement of their respective enterprises.

## *In Focus*

### **UK, World Bank Strengthen Partnership to Support Coordinated Climate Action In South Asia**

The Government of Great Britain and Northern Ireland and the World Bank have launched a partnership—the Resilient Asia Program (RAP) —to accelerate transformational and collaborative climate action to respond to the urgency of climate change challenges in South Asia.

The UK government has pledged up to \$63 million (£50 million) over the next seven years to finance research and analysis, build institutional capacity and expertise to adapt to climate change, strengthen stakeholder and institutional partnerships, and promote greater collaboration for transboundary climate actions and water resource management in South Asia. The World Bank will implement the program, which initially will focus on Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka, but is expected to expand to parts of the wider Indo-Pacific.

“Tackling shared global challenges, such as climate change, environmental damage, and biodiversity loss, is a priority for the UK, as stated in our Integrated Review Refresh which defines our overall security, defense, development, and foreign policy,” said Jenny Bates, Director General for Indo-Pacific, Foreign, Commonwealth & Development Office. “The UK’s Resilient Asia Program partnership with the World Bank will develop climate resilience and improve natural resource management, benefitting many millions of people across South Asia and the wider Indo-Pacific.”

In the first year, the program will support collaborations to address air pollution, facilitate dialogue and knowledge exchange on thermal comfort and cooling solutions to build resilience to heat, and improve coordination on early warning systems, and weather and climate information among countries in South Asia.

**Read Full Article:** <https://www.worldbank.org/en/news/press-release/2023/07/25/uk-world-bank-strengthen-partnership-to-support-coordinated-climate-action-in-south-asia>

### **Cooling the Heat: Can India Lead the World in Green Cooling Innovation**

In recent months, India has broken several temperature records, recording its hottest February in 120 years. Heatwaves have devastating impacts on the health, economy, and environment of the nation, causing deaths, illnesses, crop failures, power outages, and water shortages. They also worsen air pollution, which is already a major public health crisis in India.

Heat stress is a serious threat to human health and well-being, especially for the poor and marginalized populations who lack access to cooling infrastructure, green spaces, and adequate housing. According to the World Bank, heat waves affected over 1 billion people in India and Pakistan in 2020, exposing the region’s acute vulnerabilities to rising temperatures and frequency, duration, and intensity of extreme heat events<sup>1</sup>. Moreover, heat stress can reduce the labor capacity and productivity of workers, especially in outdoor and manual occupations that are prevalent among the poor. By 2030, lost labor due to rising heat and humidity could risk up to 4.5% of India’s GDP – approximately USD 150-250 billion. Another study found that low-income households in rural and urban South Asia experience higher indoor temperatures than outdoor temperatures, due to poor housing quality and lack of ventilation. These findings suggest that heat stress can exacerbate poverty and inequality, both within and across countries, and undermine the efforts to achieve sustainable development for all.

The problem of heat is particularly acute in urban areas, where the urban heat island (UHI) effect makes cities much hotter than their surroundings. The UHI effect is caused by the replacement of natural vegetation with concrete and asphalt, and the emission of waste heat from vehicles, industries, and air conditioners. The UHI effect also creates thermal inequities within cities, as the poor and marginalized suffer more from the lack of cooling infrastructure, green spaces, and adequate housing.

The World Bank's recent policy brief titled "Urban Heat in South Asia: Integrating People and Place in Adapting to Rising Temperatures" offers a comprehensive analysis of the urban heat challenge in India and its neighboring countries. It provides a conceptual framework and three specific recommendations for enhancing urban heat resilience in the region. These include gathering more data and research on urban microclimates and heat-vulnerable populations, integrating social and spatial factors in planning and development processes, and embedding urban heat resilience in building codes, zoning, and land-use regulations.

India must urgently address its urban heat challenge not only as a climate challenge but also as a development challenge. It poses a threat to the country's economic growth, social progress, and environmental sustainability, as well as exposing deep inequalities and injustices in our cities. Immediate action is needed to make our cities cooler, greener, and more inclusive for all.

Sustainable cooling solutions in India will not only benefit the people and the planet, but also create a huge economic opportunity for the country. According to a recent report by the World Bank, India can generate a whopping \$1.6 trillion of investment by 2040 by adopting green cooling technologies and practices<sup>1</sup>. These include improving energy efficiency of cooling appliances, enhancing building design and construction, expanding renewable energy sources, and phasing down high-GWP refrigerants. By implementing these measures, India can also reduce its annual greenhouse gas emissions by 213 metric tonnes of carbon dioxide equivalent by 2040<sup>2</sup>, contributing significantly to the global climate goals. As a signatory of the Kigali Amendment to the Montreal Protocol and the Paris Agreement, India has shown its commitment to addressing the challenge of cooling in a climate-friendly manner. The India Cooling Action Plan (ICAP), launched in 2019, is a visionary document that sets forth five ambitious goals and 100 concrete actions to achieve sustainable and equitable cooling for all. By pursuing these goals, India can not only protect its people from the deadly impacts of heat waves, but also unlock its economic potential and leadership in the global cooling market.

To achieve its cooling goals, India must invest in three major sectors: building construction, cold chains, and refrigerants. This requires adopting climate-responsive cooling techniques in affordable housing, district cooling systems in urban areas, pre-cooling and refrigerated transport in cold chains, and alternative refrigerants with lower global warming potential. These are proven technologies and best practices from around the world, and India has the potential to become a global leader and a hub for green cooling manufacturing and innovation. However, it will require concerted action from all stakeholders, including government, industry, civil society, and consumers.

The government must create an enabling policy and regulatory environment, provide incentives and financing mechanisms, promote awareness and capacity building, and monitor and evaluate progress. The industry must invest in research and development, adopt quality standards and labels, and scale up the production and distribution of energy-efficient cooling products and services. Civil society must advocate for sustainable cooling as a public good, mobilize consumer demand and behavior change, and ensure that the benefits of cooling reach the poor and vulnerable.

### **Paywatch, Visa Sign MoU to Promote Financial Inclusion Among Asia's Workforce**

Paywatch, an Earned Wage Access (EWA) South Korean startup that relocated its HQ to Malaysia in 2022, announced last week an MoU with Visa to promote financial inclusion among Asia's workforce. In a statement, the firm said it aims to bridge the gap between traditional banking services and the unbanked populations in Asia.

According to Alex Kim, President/co-founder of Paywatch, the underbanked population in Asia may be able to open bank accounts but are often completely excluded from other financial services offered by legitimate institutions.

"In our markets in Southeast Asia, those in the lower or middle-income segment face significant challenges in accessing short-term liquidity solutions. Paywatch provides employed individuals with direct financial access to a safer and more accessible alternative to traditional credit cards and predatory lending practices," he said.

"We are on a mission to disrupt the payday loan industry and predatory lending practices through our EWA solution which is not a salary advance - this is money that is already earned by the employees and belongs to them," Alex said.

"As such, it was important to us to ensure that employees have access to their hard-earned money without being burdened by high fees and charges, and that's why we benchmarked our fees to ATM fees at US\$0.21 (RM 1) per withdrawal, ensuring that our solution is transparent and affordable for all," he added.

Alex said that in this way, Paywatch is helping companies process payroll on a real-time basis, so that employees have more frequent access to their salary. He stresses that by giving on-demand access to salaries, Paywatch seeks to promote greater financial stability and independence.

Companies that deploy its solution provide a valuable employee benefit where, as long as their workers are employed with them, the employees are able to immediately access a percentage of their wages as they earn.

Paywatch said the launch of its EWA solution in partnership with financial institutions like Hong Leong Bank in Malaysia, Hana Bank in South Korea, and more, ensures fair pricing and consumer protection while also serving as a bridge to help employees get banked, build credit, and achieve financial security.

He also outlined that as part of Paywatch's partnership with Visa, the startup aims to further promote financial literacy and inclusivity and to help individuals break free from the cycle of debt caused by predatory lending practices.

Meanwhile, Richard Kim, CEO/co-founder of Paywatch and Alex Kim's older brother, said working with Visa reinforced its commitment to financial inclusion across Asia. "As we expand, this comes at a crucial time as we seek to explore innovative financial solutions that empower our users."

Presently, Paywatch plans to extend its reach to more of Asia's workforce and promote financial inclusion by leveraging Visa's cross-border capabilities, network, and financial literacy and digital education content.

As a first step, the firm said it will develop digital education content to promote financial inclusion and extend its reach to more of Asia's workforce who need accessible financial services.

“We recognize the importance of cross-border capabilities and networks, and we are collaborating with Visa to develop additional payment solutions that will provide our users with more financial access and convenience beyond our Earned Wage Access solution,” Alex said.

“We are looking to further expand into new markets across Southeast Asia and will launch in the Philippines in September and in Indonesia by the end of the year,” he added.

Paywatch is presently operating in Malaysia, Singapore, Hong Kong and Korea.

To date, Paywatch has raised US\$14.2 million (RM66.3 million) in funding over three rounds. Its funding journey began with a seed funding round in January 2022 whereby the company raised US\$4.68 million (RM21.9 million), led by venture capital firm, Third Prime, followed by a second seed round in December 2022, where it raised US\$9 million (RM42 million), also led by Third Prime. This round also saw participation from Parkwood and Hana Ventures. In a subsequent round in February 2023, Paywatch secured an undisclosed amount from Gobi Partners through its Gobi Superseed II Fund.

### **How Can Public-Private Partnerships (PPPs) be Successful?**

Public-Private Partnerships (PPPs) enable governments to procure and deliver public infrastructure/services and leverage the resources and expertise of the private sector – through risk-sharing arrangements. When properly designed and executed, PPPs can create social value through on-time and on-cost delivery, generating efficiency gains and offering innovation in project design, incorporation of global expertise, and accessing new sources of capital. Conversely, poorly designed and executed PPPs can fail to deliver on these promises.

Scaling up and sustaining a successful pipeline of PPP transactions over time, requires attention to critical building blocks across the project cycle. These include inter alia: i) a robust policy, institutional & regulatory framework, including on assessment and management of fiscal risks and contingent liabilities; ii) an extended pipeline of bankable projects, identified through clear processes prioritize and screen projects for PPP suitability; iii) solid project preparation and structuring capacity (considering commercial viability and risk allocation government support and affordability); and iv) strong transaction support and contract management capacity. The expectation is that well-designed PPP frameworks would facilitate the mobilization of infrastructure financing and the optimal allocation of risks, and ensure sound public investment management (e.g., proper integration on the overall country public investment strategy, adequate management of contingent liabilities and fiscal risks, etc.).

Over the last decades, countries worldwide increasingly adopted dedicated PPP laws and established dedicated PPP units (with varying responsibilities, jurisdiction, and location within government) — with the intent of: (i) locking-in government commitment and securing resources over time, (ii) introducing rigorous screening and consistent processes, enabling systematic learning and efficient contract management, (iii) building scarce capacity required by the development of complex transactions, and (iv) encouraging a sustained deal flow (including through the mobilization funding for project preparation).

In practice, a sound PPP legal and institutional framework is but one of many complex drivers for the success of PPP programs, and the exact contribution of each critical factor is difficult to determine a priori. The World Bank has



recently studied in detail these issues under the initiative Building Stronger Institutions to deliver better PPPs that resulted in the publication of six practice notes, one of them focusing on the role of the PPP framework.

However, the claim that PPP laws or the creation of a PPP unit bring little to no value and unnecessary delays, should not be assumed. Countries with historically successful PPP programs and extensive pipelines (e.g., South Africa, Chile, Brazil, Australia, South Korea) have developed over time robust legal frameworks in place (whether PPP-standalone or non-PPP specific legislation). Based on all this understanding and experience, the World Bank has also developed the Guidance on PPP Legal Frameworks with practical advice on drafting PPP-specific primary and secondary legislation.

In conclusion, it is essential to take a comprehensive approach to creating a supportive environment for PPPs and the contribution of PPP laws and units will vary depending on country context and design conditions. International experience offers useful insights in this regard:

- PPPs Units or PPP laws alone cannot substitute the need for political commitment and broader reforms to resolve underlying infrastructure governance issues.
- The development of a PPP legal framework and the creation of PPP units needs to be accompanied by sector strategies and reforms to ensure impact and create momentum and generate interest, particularly on procuring entities (line ministries/departments/agencies).
- A robust legal framework needs to be accompanied by adequate institutional arrangements. A well-resourced and staffed PPP Unit and a clear role for both the Ministry of Finance and procuring entities increases the chances of building a strong pipeline and accelerate its implementation.

The World Bank is acutely aware of these challenges to fully leverage private sector participation in the development of infrastructure. PPP transactions do not automatically follow regulatory reforms as can be seen when comparing results from the Benchmarking Infrastructure Development analysis of PPP regulatory quality and the Private Participation in Infrastructure database. An update to the former of these two World Bank global public goods is ongoing and will precisely highlight this aspect. Moreover, the World Bank can support countries to better address these challenges by, for example, assessing existing bidding constraints to private participation in infrastructure through country diagnostics; support the creation of an enabling environment for private participation in infrastructure through the adoption of tailored PPP regulatory reforms; assist with the development of a pipeline of bankable PPP projects to mobilize private capital, and help with managing infrastructure PPPs during the project life cycle including adequately considering their fiscal commitments and contingent liabilities as well reinforcing the capacity of governments to manage PPP contracts.

## *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)

