



SAMN
South Asia Micro-entrepreneurs Network

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MICROFINANCE UPDATES
FROM THE REGION

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Bangladesh

How BRAC Bank achieved the highest credit ratings ever

Managing a bank during the Covid-19 pandemic was a big challenge. But within a couple of years, in 2022, Brac Bank Ltd showed excellent growth in its deposits, loan and international credit rating.

The steady hand behind this success is Selim RF Hussain, the bank's managing director and CEO. Dhaka Tribune's Meraj Mavis spoke to him in an exclusive interview to find out how he managed to keep the bank ahead of the curve.

BRAC Bank's deposit and loan growth is way above the industry trend in 2022. What factors contributed to this growth despite challenging market conditions?

This is not something that happened in a year. This is a result of years of hard work.

This very strong growth reflected in 2022, is well above the average deposit growth of the market and also the average loan growth of the market as well.

It happened for a number of reasons -- over the last 5-6 years we significantly enhanced our infrastructures. By infrastructure I mean not only physical infrastructures but technology, people, the skillset of our people, quality of our people, training of our people, process and overall brand equity of our company itself.

As a result, if you look at Brac Bank today, you see, for example, credit ratings which are the highest in the market, both nationally and internationally.

Read more at: <https://www.dhakatribune.com/business/banks/284536/how-brac-bank-achieved-the-highest-credit-ratings>

Bangladesh Bank: Digital bank to launch very soon

Bangladesh Bank Governor Abdur Rouf Talukder on Wednesday said that the country was set to see a full-fledged digital bank in line with the changes due to the fourth industrial revolution (4IR).

Speaking as chief guest at the inaugural session of a two-day digital transformation summit, he urged the top brass of the country's commercial banks to brace themselves for facing the changes and work on the 4IR and its accompanying technologies.

The governor notes that artificial intelligence (AI), machine learning, robotics, quantum-point computing and other disruptive technologies are anticipated to radically transform the banking industry

"Not only are we emphasizing digitizing existing legacy systems but soon we'll introduce a digital bank in the country," he told the bankers, who are just adapting to the digitization process.

At the same time, he said, the central bank plans to introduce an online and real-time credit-scoring system.

On the other hand, it is very close to launching the country's first-ever national debit card, the BB governor further informed.

Read more at: <https://www.dhakatribune.com/business/banks/284442/bb-digital-bank-to-launch-very-soon>

BGMEA, Mitro Fintech Signs Deal to Improve RMG Workers Financial Inclusion

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has partnered with Mitro Fintech Ltd to improve the financial inclusion of Ready-Made Garments (RMG) workers. The partnership aims to offer digital financial solutions to workers, read a press release issued on Wednesday.

While commenting on the partnership, BGMEA President Faruque Hassan said, "We are thrilled to collaborate with Mitro to promote the economic well-being of RMG workers. This initiative will have a positive impact on the lives of our workers and their families."

Read more at: <https://businesspostbd.com/economy/Corporate/bgmea-mitro-fintech-signs-deal-to-improve-rmg-workers-financial-inclusion>

India

Muthoot Microfin Q4 net profit nearly doubles to Rs 102 crore

Muthoot Microfin, a part of the Muthoot Pappachan group, said that its net profit for the fourth quarter nearly doubled at Rs 102 crore, backed by robust business growth.

Total income was at Rs 448 crore as compared with Rs 249 crore.

Profit for the full year was Rs 203 crore against Rs 80 crore in the preceding year.

The asset under management for the lender jumped 37% year-on-year to Rs 9200 crore at the end of March.

"The industry is now on a stable footing. Credit cost will be coming down this fiscal," Muthoot Microfin's chief executive officer Sadaf Sayeed told ET.

Read more at: <https://economictimes.indiatimes.com/markets/stocks/earnings/muthoot-microfin-q4-net-profit-nearly-doubles-to-rs-102-crore/articleshow/100035675.cms>

Indian microfinance sector seeks a dedicated funding institution in line with Bangladesh model

Microfinance lenders are contemplating forming a dedicated funding institution in quest of long term and steady flow of funds to the sector, which often faces gaps in funding especially at difficult times when it needs them the most.

The small and medium-sized microfinance lenders more than often struggle to mobilise funds while banks are generally more liberal in opening their purse strings for the bigger NBFC-MFIs. The dedicated special-purpose funding body can address this gap, sector.

Read more at: <https://economictimes.indiatimes.com/industry/banking/finance/indian-microfinance-sector-seeks-a-dedicated-funding-institution-in-line-with-bangladesh-model/articleshow/100187582.cms>

Nepal

ADB Approves \$300 Million Loan to Improve Road Connectivity and Trade in Nepal

The Asian Development Bank (ADB) today approved a \$300 million loan to improve transport connectivity of the Kakarbhitta–Laukahi road in Nepal to international trade routes, particularly to India and Bangladesh.

“The project road is along the East–West Highway which forms part of the South Asia Subregional Economic Cooperation corridor,” said ADB Transport Specialist for South Asia Sin Wai Chong. “Together with other regional cooperation initiatives under the SASEC framework, better infrastructure, improved connectivity, and safe road networks will boost border trade and logistics and improve the lives of rural communities.”

At least 95 kilometers (km) of road from Kakarbhitta to Laukahi will be upgraded from a two-lane to a four-lane dual roadway. It will incorporate climate- and disaster-resilient design features such as higher thermal resistant pavements and bridges with stringent flood-proofing requirement. The project will improve road safety through features such as junctions with traffic signals, footpaths with streetlights and tactile paving surface, overhead pedestrian crossings, road crossings with raised platform, and bus stops equipped with lighting system.

Read more at: <https://www.adb.org/news/adb-approves-300-million-loan-improve-road-connectivity-and-trade-nepal>

Pakistan

The Silent, Deep Human Capital Crisis Facing Pakistan: The Country Needs to Substantially Increase its Investments in Human Development

The World Bank's report, Pakistan Human Capital Review (HCR), Building Capabilities Throughout Life, underlines the need for Pakistan to significantly increase investments in human capital to address the severe gaps it faces in education and health outcomes particularly.

While the country has reached middle-income status and made significant progress in reducing poverty over the past two decades, low human capital outcomes limit Pakistan's further progress, capping its growth and development prospects.

"Strong human capital is essential for sustainable economic growth, to prepare the workforce for the more highly skilled jobs of the future, and to compete effectively in the global economy," said Mamta Murthi, the World Bank's Vice President for Human Development. "Investing in human capital can also build resilience and adaptive capacity to withstand the effects of climate change, while developing the skills and ingenuity needed for a green and inclusive economy and to reduce inequality".

To Download the Report: <https://www.worldbank.org/en/news/press-release/2023/05/02/the-silent-deep-human-capital-crisis-facing-pakistan-the-country-needs-to-substantially-increase-its-investments-in-huma>

Google and Pakistan Join Forces to Empower IT Education and Foster Digital Growth

Pakistan's Federal Minister for Information Technology and Telecommunication, Syed Aminul Haq, made a groundbreaking announcement during the Startups for Industries and IT Exports conference held at the Korangi Association of Trade and Industry (KATI). In collaboration with Google, Pakistan has initiated an agreement that will provide 45,000 scholarships, with the goal of increasing the number to 450,000 in the following year. It is worth noting that at least 40 percent of these scholarships will be reserved for women. This partnership marks a significant advancement in promoting IT education and fostering the growth of Pakistan's digital industry.

The primary objective of the collaboration between Pakistan and Google is to address the pressing need for skilled IT professionals in the country. The allocation of 45,000 scholarships represents a remarkable increase compared to the previous year's 15,000 scholarships. By specifically targeting women, the government aims to bridge the gender gap in the tech industry, empowering more female individuals to pursue careers in IT. This initiative recognizes the importance of diversity and inclusion in driving innovation and technological advancements.

To Download the Report: <https://www.techjuice.pk/google-and-pakistan-join-forces-to-empower-it-education-and-foster-digital-growth/>

Sri Lanka

ADB Approves \$350 Million for Sri Lanka Economic Stabilization Program

The Asian Development Bank (ADB) today approved a \$350 million special policy-based loan to provide budget support to Sri Lanka for economic stabilization. The program is part of a broader package of financial assistance anchored by the International Monetary Fund's Extended Fund Facility for the country, which aims to stabilize the economy and lay the foundation for economic recovery and sustained growth.

Sri Lanka is facing a severe and unprecedented economic crisis. High inflation has eroded purchasing power, livelihoods have been affected, and past development gains have been reversed.

"ADB is concerned about the deep crisis in the country and its impact on the people of Sri Lanka, especially the poor and the vulnerable, particularly women," said ADB President Masatsugu Asakawa. "ADB is committed to standing with Sri Lanka as it addresses its present challenges and strides toward economic stabilization, sustainable recovery, and inclusive growth."

Sri Lanka has embarked on bold reforms to address the causes of both internal and external imbalances and return to a sustainable debt trajectory. The country faces a long road to recovery and must remain steadfast in the implementation of necessary reforms, which include enhancing tax revenue collection, strengthening public financial management, improving performance of state-owned enterprises, ensuring autonomy and independence of the central bank, safeguarding financial sector stability, and bolstering governance frameworks. As these measures are implemented, it is essential to ensure that adequate social protection is provided. Implementing governance reforms and anticorruption measures will be critical.

Read More At: <https://www.adb.org/news/350-million-sri-lanka-economic-stabilization-program>

In Focus

Regional Cooperation Vital to Addressing Climate Change in Central and West Asia, Says ADB

Central and West Asia, and its neighboring countries, must work together to address increasingly severe impacts of climate change that could lead to water scarcity, food insecurity, and even conflict in the region, the Asian Development Bank (ADB) said.

“The recent, intense weather events in Central and West Asia show that we need to take urgent, collective action,” said ADB Director General for Central and West Asia Yevgeniy Zhukov. “Countries in the region must work together to cut greenhouse gas emissions, ramp up climate resilience, and manage precious, shared natural resources for the good of all.”

Mr. Zhukov made the statement at ADB's 56th Annual Meeting where he launched CAREC 2030: Supporting Regional Actions to Address Climate Change, a scoping study on climate challenges and opportunities in member countries of the Central Asia Regional Economic Cooperation (CAREC) Program.

Climate change is expected to have severe impacts in the CAREC region which includes Central Asia, Mongolia, Pakistan, the People's Republic of China, and the South Caucasus. Higher-than-average temperature rises are likely to lead to greater water scarcity, expanded desertification, and more extreme weather events like floods and droughts, according to the study.

In Central Asia, a water supply gap of 37% will occur by 2050 unless irrigation systems and other critical water infrastructure are upgraded and modernized. This gap could lead to lower agricultural productivity, more food insecurity, worse health outcomes—and potential conflicts over scarce resources.

The study recommends that the CAREC Program should develop a climate change strategy defining priority sectors for collaboration, outline projects with the most mitigation- and adaptation-potential and propose a facility to finance those projects. Publicizing a common position among CAREC members at global climate negotiations such as COP, will also strengthen the region's collective call for climate action, according to the study.

“While climate change is the defining challenge of our times, there is also an unparalleled opportunity in the ‘new climate economy’,” said ADB Director for Regional Cooperation in Central and West Asia Lyaziza Sabyrova. “Deploying more clean energy will create new jobs and climate-resilient agriculture will boost farmers' livelihoods. CAREC is helping to strengthen collaboration between member countries, development partners, and the private sector to make these green approaches and technologies more accessible.”

CAREC is a partnership of countries and development partners working together to promote sustainable development through cooperation. ADB hosts the CAREC secretariat and helps to facilitate projects that deliver regional benefits. Around \$50 billion has been invested in CAREC-related projects since inception in 2001.

As Asia and the Pacific's climate bank, ADB aims to deliver \$100 billion in climate financing from 2019 to 2030. This week, ADB launched the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP), which will use guarantees from partners as leverage to accelerate billions of dollars in much-needed climate investment.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

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)

