

Learning from our neighbor: Exposure visit to Bandhan Bank Ltd., India

'Learning gives creativity, Creativity leads to thinking, Thinking provides knowledge, Knowledge makes you great' – APJ Abdul Kalam

Kick starting the year 2017, the Centre for Self-help Development (CSD) organized the first exposure visit to our neighboring country, India, to observe the operations of Bandhan Bank Ltd. which originated in the cultural hub of West Bengal. Nine top microfinance practitioners representing the eastern, central and mid-western development regions of Nepal were a part of the program which took place from January 9 – 16, 2017 and spanned across Siliguri, Sikkim and Kolkata.

Starting out as an NGO with just three staff in 2001, the organization was setup to serve the dual purpose of poverty alleviation and women empowerment. Over the years it has grown and strengthened its position and is now a national level bank, receiving license from the Reserve Bank of India (the Central Bank) in 2015.

In order to learn from the Bandhan experience, the team, led by the Chairman of CSD, Mr. Shankar Man Shrestha started out by observing the field activities in New Jalpaiguri and Siliguri, West Bengal and in Gangtok, Sikkim. During the field visits, it was refreshing to observe that the essence of microfinance was not lost among the staff and the clients of Bandhan, despite over a decade of operation. The Micro Banking Officers (field staff) were as enthusiastic and dedicated to their work and their members alike with each MBO facilitating 4-5 group meetings a day.

The average group size comprised of 30 – 40 members with not a single drop out till date. The reason behind the no drop out was the fact that Bandhan has been able to go to the real poor and ultra-poor communities and women to provide their services. As such, the members have been



Interacting with the microfinance members of Tapti Center, New Jalpaiguri, West Bengal

able to slowly graduate, step-by-step, and has no unproductive consumption. Groups come under the Doorstep Service Centre (DSC) which is Nepal's equivalent of Branch Offices.

Loan and savings products are kept simple and designed according to the needs of the members. Bandhan aims to introduce technology to its members gradually and in a simple manner. As a bank, the members are issued a debit cum ATM card and every financial transaction is processed using the Point of Sale (POS) machine. The POS machine created much interest among the visiting team members. Passbooks of the members are updated by the software latest by every three months.

Interactions with the enterprising women members in both New Jalpaiguri and Gangtok clearly indicated that the members were extremely satisfied with the services of Bandhan and had no urge to go to other MFIs. They understood the reason behind weekly group meetings and have unanimously accepted it noting that it was for their benefit. They were content with the loan they were receiving

and had made effective utilization of loan in various business activities. Appreciating Bandhan's endeavor to adhere to the basic principles of microfinance, Ms. Bimala Yogi said, "If the organization continues to follow the basics of microfinance, it can attain great success and respect in the community, as seen in Bandhan's case. We have deviated from the mission of microfinance and that is why we are facing the current problems in the sector."

An impressive system of accountability is kept alive by the necessity of project verification by the DSC Head prior to every loan disbursement. The DSC Head observes 2 group meetings per day, makes household visits, monitors projects (surprise visits), and supervises loan disbursements and so forth. As noted by Mr. Kiran Tharu of UNYC Nepal, "Appropriate loan size despite huge market is what is keeping the sector in check. Moreover, responsible monitoring and the high level of staff motivation and responsibility is noteworthy. From the top to the bottom, everyone shares the same voice."



With the microfinance members of Tapti Center, New Jalpaiguri, West Bengal

At the DSC office and the branch office, the team was involved in discussions and experience sharing with the staff. As said by Ms. Shova Bajracharya of Manushi, "The Credit Bureau Report is taken very seriously among the MFIs in India, where loan tracking is done before disbursement. As per the rule, no member is allowed to take loan from more than two MFIs and cannot exceed a total loan limit of INR. 1 lakh. We must learn from this and make ours more effective and binding."

The team also visited the Learning Center in Siliguri, where the Branch Officers were in session. Bandhan makes huge investments in the training and capacity building of their staff. As mentioned by Mr. Mani Kumar Arjyal, CEO of Nerude Laghubitta Bikas Bank Ltd., "I'm impressed with how Bandhan has been able to recruit and train their staff from the bottom up. They have been able to make gradual promotion of their staff from the field level and retention rate is very high. The staff is energetic and motivated right from the field to the head office level."

The eight-day program ended with an experience sharing with the top management of Bandhan at their head office in Kolkata. The team had the opportunity to meet and exchange experiences with the Founder of Bandhan, Mr. Chandra Shekhar Ghosh. The Chairman & Managing Director shared his journey thus far, saying, "Bandhan is a unique banking model. We are created on trust. It is important to gain the trust of your people, the members, the community and the non-members as well. One must have a big vision and not be afraid to dream big. Our journey hasn't been an easy one, but we believed in what we do and the services we provide to the marginalized. Keeping in view of our best microfinance practices, the RBI issued our license in 2015. The RBI provided only two banking

license in the last ten years and Bandhan is the first organization in 67 years to receive the license from the Eastern part of India. We are the 4th largest bank in India in terms of customers and service. We are currently reaching almost 10 million customers and are serving them through our 768 bank branches and 2,400 DSCs. Our strong screening process has been an asset for the organization and we try to simplify everything so that our members can also be a part of the process." Responding to a question regarding over indebtedness put forth by Mr. Uday Raj Khatiwada of Swarojgar Laghubitta Bikas Bank Ltd., Mr. Ghosh said, "Over indebtedness has never been a problem for us. Our strong screening process, our following of the data provided by the Credit Information Bureau and our strong relation with our customers has been our forte and we had not had to face such an adverse situation thus far."

Impressed by the simplicity, low profile and team building approach of the management team, Mr. Rajendra Bahadur Pradhan of SOLVE Nepal said, "There is excellent communication from the top to bottom of the team. The staff discipline on the one hand is highly appreciable and on the other hand Bandhan's effort in giving opportunities to their staff to develop cannot go unnoticed."

Summing up the exposure visit to India, Mr. Shankar Man Shrestha said, "We need to develop solidarity in Nepalese microfinance. Sharing of credit information and abiding by the regulations laid down will be in the benefit of all stakeholders. Winning the confidence of the community, law makers and district officers is important to raise awareness of the work we are doing. We must not deviate from our mission. Falling into the false complacency will diminish what we set out to achieve. The main person to steer the organization in the right direction is the CEO. Unless the person is active, motivated, disciplined, dynamic and determined and with a vision, the organization cannot move forward. S/he is like a boatman, who makes their way through the waves and currents."

"The staff is highly motivated and loyal to the organization and treats it as their own. Moreover, the relation between the field staff and the members is very good, and it should remain this way as they are the field ambassadors of the organization. Bandhan has continued to adhere to the principles of microfinance and hence has been able to achieve much accolades. Mr. Ghosh's presence has been a source of inspiration and motivation to us all, and we must not let this enthusiasm die out," said Mr. Shrestha.

"I'm eager to replicate the Bandhan model in our cooperative as well. Their vision, operating system and staff capacity are their strengths. They have kept everything simple and basic and yet their staff and members are highly motivated," said Mr. Mahendra Kumar Giri, CEO of Sahara Nepal SACCOS.

Sahara Nepal SACCOS, Jhapa; Nerude Laghubitta Bikas Bank Ltd., Morang; Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd., Saptari; SOLVE Nepal, Dhankuta; Swarojgar Laghubitta Bikas Bank Ltd., Kavre; Manushi, Kathmandu; UNYC Nepal, Bardia and Nepal Women Community Service Center, Dang were a part of the visit.

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At the Branch Office in Sikkim, Gangtok

CSD Facilitated training on Fundamentals of Accounting in Microfinance

Training on Fundamentals of Accounting in Microfinance organized by Kisan Foundation was facilitated by CSD from Magh 3-5, 2073 (Jan 16-18, 2017) at Moon Boon Villa Lamki, Kailali. There were 38 participants from different institutions. The main objective of the training was to enhance the capacity of the account officers in identifying and analyzing problems of microfinance institutions.



Group photograph of the participants

The key resource people of the training were Mr. Mahendra Ban, Department head, Swabalamban Laghubitta Bikas Bank Ltd. and Ms. Renu Prajapati, Training Officer of CSD. At the end of the program, the participants got acquainted with concepts and fundamentals of accounting principles, the role and responsibilities

of account officers, significance of financial analysis, importance of reconciliation statement etc. This program has also helped the participants to get acquainted with the concept of accounting in microfinance, importance of voucher and supporting documents,

bank reconciliation statement and its importance, ratio analysis, preparation of financial statement and its importance, positive thinking & attitude development. The participants were given a questionnaire to know the outcomes of the training in their opinion.

The participants have appreciated the training program, which was very participatory, interactive, demonstrative and knowledge building. They mentioned that every part of the program was carried out in an excellent manner by the resource persons. All of the participants were happy, energetic and delightful at the end of the program and appreciated every single part of the training program.

CSD enhances the capacity of Account Officers

With the objective of enabling microfinance institutions to apply sound accounting system by enhancing capacity of the account officer in identifying and analyzing problems of microfinance institutions CSD organized Training on Fundamentals of Accounting in Microfinance from Magh 7-9, 2073 (Jan 20-22, 2017) at ADBL Training Centre Pipari, Banke. Altogether there were 24 participants from 9 microfinance institutions. The participating institutions were; United Youth Club Nepal, Laxmi Laghubitta Bittiya Sanstha Ltd., Swabalamban Laghubitta Bikas Bank Ltd., Pioneer Multipurpose Cooperative Society Ltd., Rural Women Development Centre, Udayadev Multipurpose Cooperative Society Ltd., Mahila Upakar Munch, NADEP Laghubitta Bittiya Sanstha Ltd. and Mahila Sahayatra Microfinance Bittiya Sanstha Ltd.



Group photograph of the participants

The training oriented the participants on the role and responsibilities of account officers, significance of financial analysis, importance of reconciliation statement etc. This program has helped the participants to acquaint with the concept of accounting in microfinance, importance of voucher and supporting documents, bank reconciliation statement and its importance, ratio analysis,

preparation of financial statement and its importance, positive thinking & attitude development. The key resource people of the training were Mr. Mahendra Ban, Department head, Swabalamban Laghubitta Bikas Bank Ltd. and Ms. Renu Prajapati, Training Officer of CSD.

The chief guest in closing ceremony was the Chief Executive Officer from Mahila

Upakar Munch, Ms. Sharada Pokhrel. All the participants appreciated the training and said that it had enhanced their theoretical and practical knowledge in accounting. Distributing the certificates to the participants, Ms. Pokharel thanked CSD for giving her such an honor to be the chief guest of the program. She urged all the participants to put their learning into action.

National Microfinance Summit Nepal, 2017

National Microfinance Summit Nepal was held in Hotel Yak and Yeti, Kathmandu from March 15-17, 2017. The Summit was an eventful three-day program where more than 600 microfinance practitioners, bankers, researchers, development professionals, students, etc. had participated.

Finance Minister Mr. Krishna Bahadur Mahara as the Chief Guest of the ceremony inaugurated the conference by lighting the traditional lamp 'Panas'. There were altogether four participants from CSD, Mr. Shanker Nath Kapali (Executive Director), Mr. Satish Shrestha (Director), Ms. Stephaniema Rana (Senior Officer) and Ms. Renu Prajapati (Training Officer).

The Summit revolved around the theme of **"Balancing Financial, Social and Human Values"**. The program was organized by Centre for Microfinance (CMF), Nepal in collaboration with Nepal Rastra Bank, UKAID and Sakchyam.

Charing the session on 'State of Microfinance in South Asia' Mr. Shankar Man Shrestha, Chairman of CSD said, "The main issue in microfinance here in Nepal is multiple financing and over indebtedness. But in case of clients utilizing loan in productive enterprises, multiple financing is not a big issue." He further added, "Many microfinance practitioners have forgotten the fundamentals of microfinance which can create several problems. We should not forget the objective and the fundamentals of microfinance which will help in reduction of poverty."

There were other sessions presented by different microfinance practitioners and development experts which included Micro-health Insurance Practices in Nepal, Agriculture Value Chain Financing, Social Performance Management History, Concept and Status in Nepal, Challenges of Reaching Poorest of the Poor and Enhancing Depth of Outreach (Poverty Targeting), Microfinance Networking in Nepal, Discussion on Microfinance Experience and Vision, Technological Innovation, etc. It aimed at finding pathways to better serve the ultra-poor and marginalized sections of the society and combating the current problems and challenges that have riddled the microfinance sector.

The Summit reached 17 Declarations. The program was fruitful outcome of the combination of different sessions which balances business, financial and social values.

CSD enhancing Branch Managers' Capacity



Group photograph of the participants

A Branch Management program was organized by CSD from March 7-9, 2017 in Kathmandu at the CSD Training Hall focusing on the capacity building of branch managers.

The training program was a compact course of 3 days. There were 28 participants from different MFIs namely: Karnali SACCOS Ltd., Mirmire Microfinance Development Bank Ltd., National Microfinance Bittiya Sanstha Ltd., Udayadev Multipurpose Cooperative Society Ltd., Jeevan Bikas Samaj, Nepal Women Community Service Center, Aarambha Microfinance Bittiya Sanstha Ltd., Swarojgar Laghubitta Bikas Bank Ltd., Mahila Sahayatra Microfinance Bittiya Sanstha Ltd., Manushi and ILFCO Microfinance Bittiya Sanstha Ltd.

The course was designed to enhance the managerial skills of the branch managers to improve their efficiency and effectiveness in delivering credit. It also tried to instill in them attitude and aptitude to build good relationships with clients and at the same time manage human resources. The training provided them a platform for discussing current management practices, financial management and team building methods.

This program has helped the participants to acquaint them with the basics of microfinance and equip them with tools of managing branch. The training also tried to improve their knowledge and

skills in financial analysis, program planning, budgeting, client protection and management, self development management, monitoring and supervision of their clients.

The chairman of CSD, Mr. Shankar Man Shrestha, in the open discussion session said that they should not forget the socio-economic objectives of MFIs. He urged all the branch managers not to drift away from the mission of microfinance. He further said that microfinance is for the disadvantaged community and should work for uplifting their economic status. He added that if the clients of MFIs get strong then the position of microfinance will also be strong.

Ms. Bimala Yogi, Chairperson of Nepal Mahila Samudayik Sewa Kendra was invited as the chief guest of the closing ceremony. She mentioned that the training would be successful only if the knowledge gained could be put in action by the participants. She said that the staff plays a key role in the success of an organization. She distributed certificate of participation to all the participants.

As chairperson of the closing session, Executive Director of CSD, Mr. Shanker Nath Kapali thanked all the participants, resource persons and others who provided support to the training program directly or indirectly for making it a successful event.

CSD organized customized training on Fundamentals of Microfinance for DCRDC Staff



Group photo with the DCRDC Staff

Upon the request of DCRDC, Baglung, CSD organized a 4-day long training on "Fundamentals of Microfinance" on Magh 11-14, 2073 (January 24-27, 2017) for 40 newly appointed field staff at their training hall in Baglung.

This course was designed to provide participants with a solid foundation on the concept of microfinance, basics of microfinance methodology, including steps of operation as well as how to monitor clients and their projects and mitigate risk of loan portfolio. In addition, the course aimed to equip participants with practical tools and techniques for successful implementation of microfinance program in the field.

Mr. Satish Shrestha, Director of CSD and Mr. Padam Bahadur Khadka, Senior Manager from Swabalamban Laghubitta

Bikas Bank Ltd. were the key facilitators for the training program. Altogether 15 sessions were included, few of them are: concept and importance of microfinance, importance & methodology of targeting clients, group dynamics, importance & management of savings, credit appraisal, monitoring & supervision, delinquency management etc. Out of 40 participants, 28 were female and 12 were male from different branches.

In the closing session the Chairman of DCRDC, Mr. Ishwor Lal Rajbhandari awarded the certificate of participation to the participants. Mr. Rajbhandari remarked, "We should increase savings, understand the very concept and objectives of microfinance and should understand the process of loan utilization, supervision and management." Board Member of DCRDC, Mr. Bhimsen Pant

was the special guest for the program. Mr. Pant said, "We should become familiar with identifying target household, conducting pre-group training, developing and designing loan and savings products and forming member groups." He added, "This type of training will further help the newly recruited staff to develop their skills which will help them to carry on operations in the field."

The course goes beyond explaining 'What to do' by teaching the participants 'How to do it' by equipping participants with practical tools and techniques for the implementation of program. The aim of the program was to involve people working in microfinance operations. The feedback from the participants indicated that the training has been very fruitful for performing their jobs in the right and efficient manner.

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Learning from our ...

Mr. Shyam Kant Chaudhary said, "We overlooked our neighbor in the search for learning from others. We were wrong. There is much to learn from Bandhan and India. We are returning with a bag full of memories and learnings which we can easily implement in our own sector."

The team was highly appreciative of CSD's initiative of the Exposure Visit and has recommended the management to conduct a second visit for those who missed out. The program was coordinated by Senior Officer of CSD, Ms. Stephaniema Rana.



Handing a Token of Appreciation to Mr. Chandra Shekhar Ghosh

Member's Corner



Profile of Udayadev Bahuuddeshiya Sahakari Sanstha Ltd.

Udayadev Bahuuddeshiya Sahakari Sanstha Ltd. started its operation in 1999 in Kanchanpur district to provide service to the poor and deprived sections of the society. Registered under the Division Cooperative Office in Mahendranagar, Kanchanpur, the organization aimed to provide financial services to the deprived families of Tharus, Dalits, Janajatis and other marginalized sections of the society. Starting its microfinance services in the year 2007, it focused on cultivating savings habit among its members and at the same time encouraging them to borrow small loan amounts to invest in productive activities.

The organization was awarded the 'Best Co-operative' in 2059 B.S. by the National Cooperative Union Ltd., Kathmandu and received the 'Best Board Members' from the Division Cooperative Office, Kanchanpur in 2066 B.S. In 2070 B.S. Udayadev was a recipient of the 'Best Documentation' from the Habitat for Humanity Nepal, Kathmandu. In 2072 B.S. the cooperative received recognition from the Internal Tax Office of Mahendranagar, Kanchanpur as the highest tax paying institution in the district.

VISION

To establish a competitive, strong and self-dependent organization on the basis of the Cooperative values, norms and principles to contribute towards the economic, social and community development of its members.

Goal

To contribute towards poverty alleviation by bringing about changes in the economic development of its members.

Microfinance Objectives

To serve the underprivileged and deprived communities with microfinance services and uplift their economic and social conditions to build a prosperous society thereby supporting the drive of poverty alleviation in the country.



PRODUCTS AND SERVICES

Savings Products

Cooperative Department:

- Daily Savings
- General Savings
- Monthly Savings
- Special Savings

MF Department:

- Group Savings
- Pension Savings
- Centre Fund Savings
- Personal Savings
- Udayadev Savings

Loan Products

Cooperative Department:

- Agricultural Loan
- Business Loan
- Foreign Employment Loan
- Poultry/ Animal Husbandry Loan
- Hire-purchase Loan

MF Department:

- General Loan
- Seasonal Loan
- Centre Fund Loan
- Housing Loan

Protection Schemes & Credit Plus Activities

- Client Life and Loan Insurance
- Spouse Insurance
- Housing Insurance
- Shareholder's Insurance
- Maternity Allowance (For two children)
- Scholarship for deserving children of clients

Operational Status: as of February 2017

• Area Coverage	8 Municipalities and 2 VDCs of Kanchanpur
• No. of branches	6
• No. of staff	39
• MF members	18,402
• MF borrowers	10,340
• Share capital	Rs. 45,064,200
• Loan Outstanding	Rs. 595,223,269
• Savings from Clients	Rs. 284,790,891
• Loan overdue	Rs. 132,654
• Profit as of Feb. 28, 2017	Rs. 23,015,447
• Reserve Fund	Rs. 37,948,236
• Operational Self-Sufficiency (OSS)	162.95%
• Repayment Rate	99%



Mr. Purna Bdr. Chand
Chairman



Mr. Ganesh Bdr. Chand
Executive Director

TRAINING ON CREDIT MANAGEMENT



Group photograph of participants

CSD organized a Training on Credit Management in CSD Training Hall, Kathmandu from February 21-23, 2017. The three-day long training aimed at helping MFIs to systematize the process of credit management to safeguard their loan portfolio and minimize risk therein and promote and develop the clients' economic conditions. There were 23 participants from different MFIs. They were equipped with different credit management tools. The training tried to address the emerging operational issues and challenges faced by the microfinance sector like identifying potential clients, appraisal of clients, their credit needs, process of operation, cash flow analysis, collateral valuation, monitoring and supervisions, etc.

There were altogether 13 classroom sessions with 2 practical exercises. Addressing the participants in the free discussion in the last session, Mr. Shankar Man Shrestha- Chairman of CSD urged the participants to emphasize more on betterment of their members by avoiding over indebtedness. He urged all the participants to be loyal to their organization and best serve their clients. He mentioned that MFIs have been prospering day by day in terms of number

of clients they served, volume of loan operation, profitability and have been able to distribute good dividend to the shareholders and provide good bonus and facilities to their staff. However he questioned, "What about the clients? Have they been able to prosper in real term or they been put into loan trap?" He urged all the participants to be concerned about their clients. He asked participants to work in accordance with the aim of microfinance and maintain the essentials of microfinance. He urged them to focus on clients, help them grow economically and socially and work for

their betterment.

The participating organizations were: Mahila Sahayatra Microfinance Bittiya Sanstha Ltd., Mirmire Microfinance Development Bank Ltd., Shreejana Development Centre, Aarambha Microfinance Bittiya Sanstha Ltd., Shrijana Community Development Center, Karnali SACCOS Ltd., National Microfinance Bittiya Sanstha Ltd. and Himalayan Bank Ltd.

In the closing ceremony, Mr. Ram Bahadur Yadav, CEO of National Microfinance Bittiya Sanstha Ltd as the Chief Guest said that we should care for client protection and the economic and social upliftment of clients. He later presented certificate of participation to all the participants. As the Chairperson of the session, Mr. Shanker Nath Kapali, Executive Director of CSD thanked all the participants for their active participation. He urged all the participants to be loyal to their organizations and best serve their clients. During the feedback session the participants expressed their satisfaction over the program and said that they learnt a lot on credit management and vowed to work in the interest of their organization.



Training in session

UPCOMING EVENTS

Sri Lankan MF Practitioners visit Nepal:

CSD in collaboration with the Lanka Microfinance Practitioners' Association (LMFPA) is hosting the exposure visit for a team of 13 Sri Lankan officials representing 6 different MFIs. The team will be visiting various parts of the country from April 1 – 8, 2017 and will observe the MF practices prevalent in the country.

Training on Credit Management:

CSD will be organizing a Training on Credit Management from April 2 – 4, 2017. The three day-long training aims at helping MFIs to systematize the process of credit management to safeguard their loan portfolio and minimize risk therein and promote and develop the clients' economic conditions.

Training on Branch Management:

A Training on Branch Management will be held from April 10 – 12, 2017 in Kathmandu. The main objective of the training is to equip branch managers with

management skills to efficiently and effectively run their branch office. The program will also help the participants acquaint with the basics of microfinance.

Exposure Visit to Bangladesh:

As part of its initiation to expose the MF practitioners of Nepal to the different MFIs and practices in various countries, the Centre will be taking a group of MF board members and officials to Bangladesh this April. The group will interact with officials of established MFIs and partake in field visits during their exposure visit.

A Journey from an NGO to a Bank: Bandhan Bank's Experience



Special Guests on the Dias along with the Keynote Speaker Mr. Chandra Shekhar Ghosh

On the morning of March 9, 2017 the Centre for Self-help Development organized an interaction program on an experience sharing session with Mr. Chandra Shekhar Ghosh, Founder and Managing Director of Bandhan Bank, India. The program took place in the capital city, Kathmandu and was attended by 40 heads of various Commercial Banks, Development Banks, Wholesale lending organizations, Microfinance Institutions (MFIs) and media persons.

The interaction was held by the Centre to introduce the works of Bandhan Bank and share its experience on how microfinance operations could be upgraded to a universal bank and serve both the poor and non-poor clients from rural, semi urban and urban areas for creating enterprises and self-employment opportunities and taking modern banking facilities to the doorstep of the people.

Mr. Chandra Shekhar Ghosh was the Chief Guest and Keynote Speaker of the program which was chaired by Mr. Shankar Man Shrestha, Chairman of CSD. Special Guest of the occasion was Mr. Anil K. Shah, Chairman of Nepal Bankers' Association (NBA) and CEO of Mega Bank Nepal Ltd. Also seated on the dais were former Chairman of Nepal Bankers' Association, Mr. Sashin Joshi, CEO of Nabil Bank Ltd. and Mr. Ashoke SJB Rana, CEO of Himalayan Bank Ltd.

Welcoming the gathering of various stakeholders, Mr. Shanker Nath Kapali, Executive Director of CSD introduced the guests to the activities and achievements of the Bandhan Bank.

Delivering his keynote speech, Mr. Ghosh shared how the concept of Bandhan came into being when he visited the fish market

in Kolkata and realized that moneylenders were providing a soft loan every morning to the fish mongers and collecting a small fee against it every day. When he pointed out the high interest rate that they were paying to the moneylender, the fish mongers replied, "We receive the money we require without any hassle with no requirement of guarantors nor signatures at our doorstep. It is convenient for us. Why would we look for loans from any other place?" This incident gave idea and encouragement to establish Bandhan in the year 2001.

Driven by the constant desire to serve the people better, Bandhan marched on to become a universal bank in 2015. As said during his speech, "Small is beautiful, but big is necessary. Especially when in a country like India, where half the population of 1.3 billion people are unbanked. Despite the criticism that microfinance was facing in the year 2009-2010 and the crisis in Andhra Pradesh, we were largely unaffected by it."

Bandhan Bank Ltd. was incorporated on 23rd December 2014 with 51% ownership of its subsidiary, Bandhan Financial Holdings Limited. It received the in-principle approval from the Reserve Bank of India (RBI) for setting up a universal

bank in April 2014 with the banking regulator giving its final nod in June 2015. Incidentally, Kolkata-headquartered Bandhan is the first bank to be set up in the eastern part of India after independence.

Bandhan Bank started with 501 branches, 50 ATMs and 2,022 Door step Service Centers (DSCs) on day one. Presently, the bank has 3,544 touch points pan India consisting of 826 bank branches, 2,437 DSCs and 281 ATMs, serving more than 10 million customers. The bank has mobilized deposits more than Rs. 20,800 crores and has an outstanding loan book of Rs. 21,290 crore. With a team of nearly 23,750 employees on roll, the bank has two divisions - general banking and micro banking, offering a suite of retail financial solutions, including a variety of savings and loan products. Currently, the savings bank account interest rate is 6% for balance above Rs.1 lakh and 4.25% for balance up to Rs.1 lakh. For term deposits, the maximum interest rate offered is 7.70 % for one year with an additional 0.5% for senior citizens.

Quoting three criteria for success, Mr. Ghosh said, "Foremost, is your staff. Just like how Lord Ram would not be successful without Hanumanji, without



Attendees at the interaction program

our staff we cannot achieve success. Our team is hard working and dedicated, and we equally invested in them through training programs throughout the year. Secondly, is our customers. Our customers are our ambassadors and we must do our very best in providing them with the best service and facilities. Lastly, are our non-customers and media, who make their statement independently and largely hold the public view and opinion.” Summing up his speech, he said, “People in microfinance require PHD – Patience, Hard work and Dedication. Then only we can serve the target group and achieve great heights.”

On the occasion, Special Guest, Mr. Anil K. Shah commented, “The model that Mr. Ghosh has presented is people centric, and is the key reason behind their success. Our people in South Asia pay little attention to training and staff retention. We must change this mindset and better serve the people at the bottom of the economic pyramid. Nepali bankers have much to learn from the Bandhan experience.”

Speaking from the Chair, Mr. Shankar Man Shrestha said, “Bandhan has not



Group photo of attendees with the Keynote Speaker

compromised on the fundamentals and principles of Microfinance. We on the other hand have become profit oriented, governed by a handful of profit driven investors. The problem is on our part, not our staff nor our clients. We must change ourselves and our mindsets.”

He further added, “The evidence of Bandhan’s success is the strong monitoring and supervision system and the focus on training and creation of learning centers in the organization. Despite becoming a universal bank, Bandhan continues to have 100% active clients, while we cope with 40% dormant

clients in Nepal. It is high time we embrace the PHD that Mr. Ghosh has spoken of and learn from his experience.”

Bandhan Bank is a bank for all whose focus remains unchanged to meet the financial needs of the people who are overlooked by the formal banking system and create better education, health care and self-employment opportunities. In sync with the philosophy of, ‘Aapka Bhala, Sabki Bhalai’ and keeping financial inclusion at the heart of it, Bandhan is committed to provide a host of products and services, competitively on par with India’s top private and state-owned banks.

Exposure Visit to Bangladesh

CSD organized an exposure visit for a group of microfinance institutions of Nepal to Bangladesh from February 25 - March 4, 2017. The objective of the exposure visit was to learn from the best practices of the microfinance programs in Bangladesh which is considered to be the Mecca of microfinance.

The participants led by Mr. Ram Kumar Shrestha (Centre for Self-help Development) comprised of Ms. Arati Paudel (Mahila Upakar Manch), Mr. Bhagi Ram Tharu and Mr. Khushi Ram Tharu (UNYC Nepal), Mr. Laxmi Prasad Chaudhary Tharu and Mr. Roshan Kumar Mandar (Mahuli Samudayik Laghubitta Bittiya Sanstha Ltd), Ms. Vasanti Pun (Grameen Mahila Utthan Kendra) and Mr. Bishwo Shrestha (Shreejana Bikas Kendra).

One of the institutions visited during the exposure visit to Bangladesh was the Grameen Bank, established by the Nobel Laureate, Prof. Muhammad Yunus. The world renowned Grameen Bank has been instrumental in promoting

and popularizing microfinance across the globe. The second institution the team visited was the IDF (Integrated Development Foundation) which too was promoted by a group of professionals that comprised of prominent figures like Prof. Muhammad Yunus with the aim to enhance financial services to the Chittagong hill track of Bangladesh. The organization, which has been operating many credit plus activities to help protect its clients, won the prestigious Citi Award 2015 for the ‘Best Microfinance Institution of the year’.



Team photo of the group

In the feedback session held at CSD after the visit, the participants said that they did learn a lot of things that would be helpful to improve the microfinance operations in Nepal. They mentioned that the MFIs in Bangladesh still maintain the fundamentals of microfinance and have been effective in raising the economic conditions of their clients. MFIs in Bangladesh still continue to hold group meetings every week and their loan size is small and increased in commensurate with the need and capacity of the clients unlike in Nepal where MFIs have started to lend one lakh rupees as first loan and collateral based loan of four lakhs or more from the very beginning. Loan duplications were found to be minimum and staffs were highly motivated and disciplined.

The team leader Mr. Ram Kumar Shrestha said, “Bangladesh has motivated the participants a lot. The Grameen Bank is really a great organization worth visiting to learn about microfinance.”

LEARNING FROM SRI LANKA

A nine member team comprising of Board of Directors from 2 FINGOs from Nepal, namely- Dhaulagiri Community Resource Development Centre (DCRDC, Baglung) and Shreejana Community Development Centre (SCDC, Siraha) visited Sri Lanka from February 11-18, 2017 (Magh 29 to Falgun 7, 2073) on a study tour of MFIs.

The team visited a total of 4 different institutions practicing microfinance in different locations of Sri Lanka, apart from getting acquainted with the overall development and present conditions of the sector in Sri Lanka from partner in Sri Lanka, the Lanka Microfinance Practitioners' Association (LMFPA).

The team visited the beneficiaries and officials of SAP Sri in Anuradhapura, Lak Jaya in Dambulla, Gampola Prajashakthi in Gampola and Senkada Microcredit in Kandy. The visit provided the participants with insight of the poverty situation in Sri Lanka and acquainted them with the rural development approaches, strategies and poverty alleviation initiatives from the non-government sector. They had the opportunity to observe and learn from different operational procedures of the successful NGOs, share their experiences and visit successful cases in the grassroots level.

The team led by Mr. Satish Shrestha, Director of CSD comprised of Mr. Ishwor Lal Rajbhandari (Chairman), Mr. Jiban Acharya (Vice Chairman), Mr. Bhimsen Pant, Mr. Pingal Raj Pant, Dr. Sudarshan Silwal and Mr. Krishna Raj Sharma (all board members) from DCRDC and Mr. Raj Kumar Shrestha (Board Member) and Mr. Hari Bhuju Shrestha (Senior Manager) from SCDC.

In the evaluation session held after the visit at CSD's office, the participants thanked CSD for carrying out the visit in an excellent manner and they said that the objectives set for the visit had been fulfilled.

Mr. Ishwor Lal Rajbhandari said, "Interest rate in Sri Lanka is much higher than in Nepal but the clients have no complain. It is the quality of service that matters most to the clients than the interest rate. There is no duplication of loan and services in Sri Lanka. What is most important in microfinance is effective supervision and monitoring mechanism." He also added that the key to success of microfinance is the fact that there is only one loan product in majority of MFIs compared to numerous products in



Participants with the officials and beneficiaries of SAP Sri

Nepal. He vowed that he would ensure that clients in DCRDC would not be overburdened with loans in the name of various loan products to a single borrower.

Mr. Hari Bhuju Shrestha from SCDC expressed, "My key learning from Sri Lanka is that the staff needs to be well trained and oriented correctly to better serve the clients. They need to know the socio-economic conditions of the families and economic potentials well before providing a loan and lend them to suit their need and capacity."

Similarly other participants also positively expressed their learning and observation of the visit. They commended the warm and friendly hospitality which they found to be deeply ingrained in the social and cultural values of the Sri Lankan society. They found simple living and high thinking nature of both clients as well as the staff of the MFIs they visited.

Addressing the participants during the session, chairman of CSD, Mr. Shankar

Man Shrestha said, "Clients are just like fruit saplings and MFI board officials are the gardeners who must always be concerned with nurturing their clients to bear fruits, which is the essence of microfinance institutions." He advised the participants to limit the number of loan products and to consider training expenses as an investment to bear fruits in the future and not as expenses that need to be curtailed.

The key takeaways for the visiting team was the awareness on how various issues pertaining to the poor in Sri Lanka had been successfully addressed through integration of microfinance and plus activities coupled with entrepreneurship and simplicity amongst the community members for successfully improving their quality of life. The wrap up meeting concluded with participants' commitment to enrich their clients' discipline and changed the behavior of microfinance staff through training and other capacity building activities in their respective institutions.



Participants with the members of Gampola Prajashakti Women's Group in Gampola

Learning from the Grameen Financial System

On the morning of February 9, 2017 the Centre for Self-help Development (CSD) in joint collaboration with the Grameen Trust (GT), Bangladesh initiated a two-day program on the Grameen Financial System, in the capital city, Kathmandu. CSD's objective in undertaking this joint program was to learn from the Grameen Bank, Bangladesh experience which is the pioneer microcredit organization in the world and to self-realize the areas for improvement in Nepali MFIs.

Managing Director, Mr. Abdul Hai Khan and Deputy General Manager, Mr. Mir Hossain Chowdhury of the Grameen Trust were the chief resource persons for the program.

Welcoming the distinguished gathering of 36 microfinance chiefs to the program, Mr. Shanker Nath Kapali, Executive Director of CSD highlighted that microfinance is an effective and proven tool to serve the under privileged and marginalized families living in the nooks and corners of the country and requires to be reviewed and upgraded to suit the changing situations.



Chief Guest, Mr. Chinta Mani Siwakoti inaugurating the program

The program was formally inaugurated by the Chief Guest of the ceremony Deputy Governor of the Nepal Rastra Bank Mr. Chinta Mani Siwakoti by lighting the traditional lamp, Panas.



Microfinance Chiefs at the program

Delivering his keynote speech, Mr. Chinta Mani Siwakoti highlighted the state of the Bank and Financial Institutions (BFIs) in Nepal. He mentioned that the Central Bank focused on expanding financial services to those who have been deprived of financial services for years. Chief Guest, Mr. Siwakoti said, "In Nepal, there are 178 BFIs and as of Poush 2073 there were 50 Microfinance Development Banks and 25 FINGOs. Yet, there are thousands of people who do not have access to the basic financial services and microfinance is the most effective instrument to provide financial services to those families."

Currently, these MFDBs and FINGOs are serving 24,37,000 microfinance members and of them 15,30,000 are loanee members. Through their 1,541 branches they have outstanding loan of Nrs. 75 billion and provide employment to 8,400 staff.

According to Mr. Chinta Mani Siwakoti, "NRB's new Monetary Policy that directs commercial banks to directly lend 2% of their portfolio to the deprived sector has posed a challenge to the MF sector in terms of availability of fund."

MD of Grameen Trust, Mr. Abdul Hai Khan gave a brief introduction of Grameen Bank and Grameen Trust. He addressed, "Grameen Bank started as a brainchild of Nobel laureate Prof. Muhammad Yunus in Bangladesh in the year 1976. Micro Credit was conceptualized to enhance the empowerment of women, economic

development of the poor people and to create income generating activities in the community.

Speaking from the Chair, Mr. Shankar Man Shrestha, Chairman of Centre for Self-help Development gave a brief introduction about Nepal's microfinance sector and said, "The basic objective of the two-day seminar is to learn from the Grameen Bank experience. The mission of microfinance is to solve the great problem of poverty. This is also a forum for us to learn from each other and through experience sharing. Our prime concern now should be how we can partner with our clients to improve their living standards. If we have any problems, they have been created by ourselves. Therefore, only we can solve them." He cautioned, "If we are not careful and continue giving unscrupulous loans, we may land in disaster, where both the institutions and MF members will collapse. If we continue to practice unhealthy competition and over burden our members with excessive loans then disaster is sure to strike."

All the participants were fully satisfied, having met the objective of the seminar and unanimously agreed on the necessity of such programs to be held every second year. The attendants were impressed with the Grameen Star awarding system and the tips and techniques to reduce and avoid default and delinquency and have vowed to implement the best practices in their respective organizations.



Group photograph of the participants and resource persons

Age of the new dawn: Advancing Financial Inclusion in a Digital Age

On March 21 – 22, 2017 the region's premier thought leadership event on financial inclusion was held in Hanoi, Vietnam. The Asia-Pacific Financial Inclusion Summit was hosted by the State Bank of Vietnam and organized by the Citi Foundation and the Foundation for Development Cooperation (FDC), in partnership with the Banking with the Poor Network (BWTP) and the Economist Group. The organizers sought to convene key stakeholders in the inclusive finance ecosystem to drive collective actions to promote positive change and inclusive growth across the region.

The 2017 Summit explored opportunities and challenges of the next generation of financial inclusion and facilitated interactions with policy-makers on the latest national and regional initiatives and frontier issues in enabling greater financial inclusion in the region. It also showcased the latest technology and innovations in financial products and services for the unbanked and underserved. Stimulating debates and knowledge exchange among thought leaders, experts and fellow practitioners for best practice programming were carried out at the event wherein partnership models that could most effectively achieve scale and impact were ventured.

Among the gathering of more than 450 senior leaders and practitioners from non-profit organizations, financial service institutions, central banks and government agencies, MFIs and multilateral organizations, 26 microfinance practitioners from Nepal were a part of this milestone event. Of the Nepalese attendees, a group of 13 microfinance practitioners were led to the event by the Chairman of CSD, Mr. Shankar Man Shrestha.

A sideline meeting of selected participants was organized by Banking with the Poor Network (BWTP), during which a request was made to the BWTP to organize the next program of such a scale in Nepal. This request was also endorsed by the participants from Bangladesh and India.

Following the Summit, the team traveled to the neighboring country Cambodia to learn about the microfinance practices in the country. The team met with the senior officials of the Cambodia Microfinance Association, the key institute that contributes in creating a local and international network between microfinance operators. They engaged in discussions regarding the legal and regulatory frameworks, government policies relating to microfinance, role of the Central Bank, MFIs capital structure, approach and strategies, CMA role and structure.

During their visit, the participants had the opportunity to visit two well-known MFIs, AMK MF Institution and PRASAC MF Institution and learn about their MF operation procedures, products and services, staff recruitment and development policy and problems and challenges. The team learnt that only eight of the MFIs in Cambodia have been licensed as the deposit taking MFIs and are allowed to take deposits from the general public and their own clients. This has added a new dimension to



The team outside the office building of CMA, Cambodia

microfinance operations towards creating self-dependency in resource mobilization and providing banking services to the deprived and marginalized families in the nook and corners of the country. This practice is one of the important aspect to be followed by the microfinance sector in Nepal. Besides, Cambodian MFIs have created substantial impact in developing micro enterprises all over the country.

During the discussion with the CMA and MFIs it was learnt that the National Bank of Cambodia, the Central Bank, has also issued a new directive to the MFIs introducing a cap of 18% interest rate to be charged to the clients by the MFIs. This has been a great issue for the MFIs which has been charging an interest rate of 2.5 – 3% per month. They have been bewildered on how they can meet the operating cost with this new capped interest rate as some MFIs like the AMK have an operational expense of almost 18%.

The team comprised of CEOs and Board Members from member institutions of CSD: Mr. Mani Kumar Arjyal, Executive Director of Nerude Laghubitta Bikas Bank Ltd., Morang; Mr. Yogendra Mandal, Chairman, Ms. Ribol Devi Mandal, Board Member, Mr. Bikram Raj Subedi, Member and Mr. Sanjay Kumar Mandal, Director of Jeevan Bikas Samaj, Morang; Mr. Mahendra Kumar Giri, CEO of Sahara Nepal SACCOS Ltd., Jhapa; Mr. Gopal Dahit, Patron of UNYC Nepal, Bardiya; Mr. Chandi Prasad Sharma Paudel, Chairman of Chartare Youth Club, Baglung; Mr. Ishwor Lal Rajbhandari, Chairman of Dhaulagiri Community Resource Development Centre, Baglung; Mr. Shogat Bir Chaudhari, Director of Rural Women Development Centre, Dang and Mr. Lila Nath Shrestha, Chairman and Mr. Batuk Shamsheer Shrestha, Executive Director of Shrijana Community Development Centre, Siraha.



The team with PRASAC officials



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