

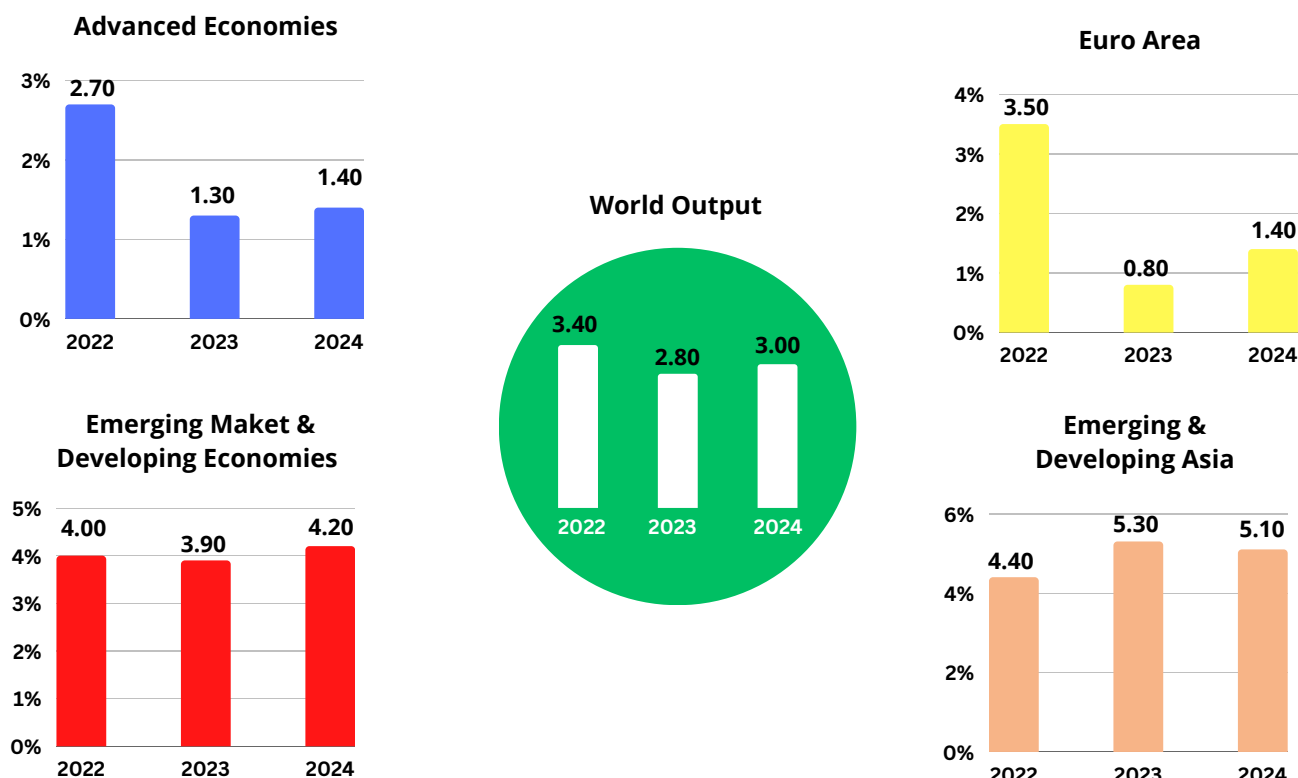
QUARTERLY NEWSLETTER

PUBLISHED BY NEPAL BANKERS' ASSOCIATION
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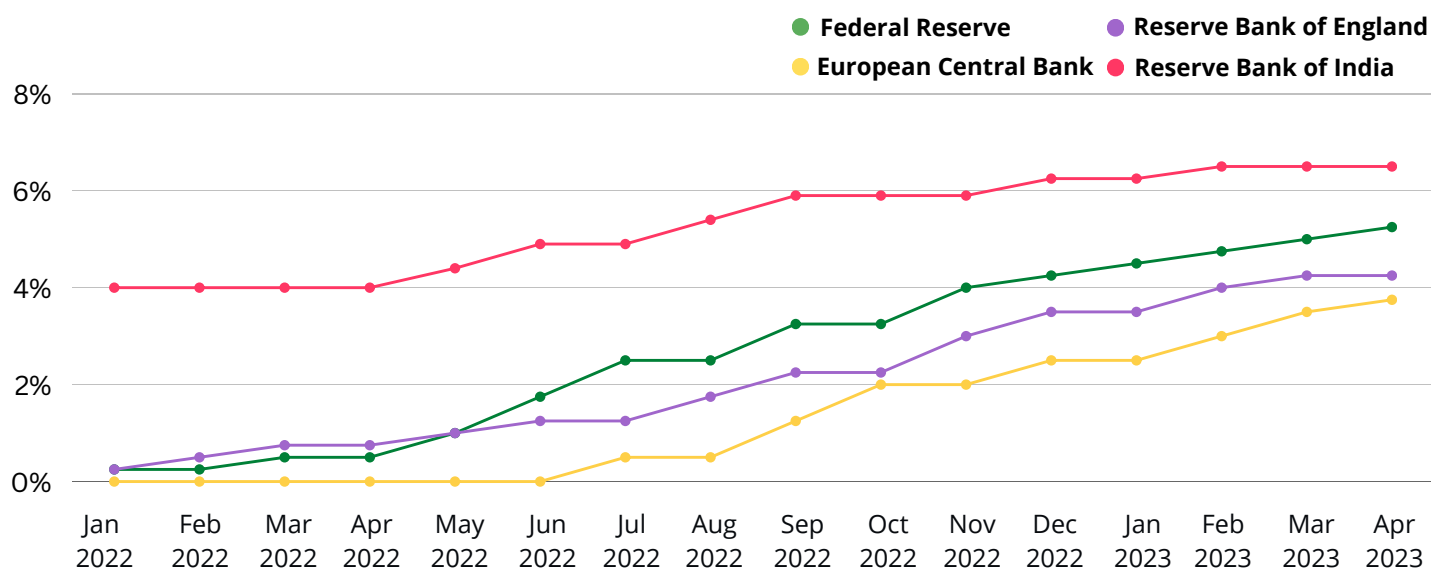
GLOBAL ECONOMIC SITUATION

World Economic Outlook Projection



Source: IMF, World Economic Outlook April 2023.

Global Interest Rate Scenario



Source: Respective CB's Data

Global Financial Stability Report 2023 - Policy Recommendations

- Central banks should use tools aimed at addressing financial stability risks to separate monetary policy objectives from financial stability goals.
- Clear communication about central banks' objectives and policy functions is crucial to avoid unnecessary uncertainty.
- Policymakers should act swiftly to prevent any systemic event that may adversely affect market confidence in the resilience of the global financial system.
- Supervisor should ensure that banks have corporate governance and risk management commensurate with their risk profile, including in the areas of risk monitoring by bank boards and the capacity and adequacy of capital and liquidity stress tests.
- Policymakers should close data gaps, incentivize proper risk management practices, set appropriate regulation, and intensify supervision for non-bank financial institutions.
- Adequate minimum capital and liquidity requirements are essential to contain financial stability risks.
- Prudential rules should ensure that banks hold capital for interest rate risk and guard against hidden losses that could materialize abruptly in the event of liquidity shocks.
- Central banks' liquidity support measures should aim to address liquidity, not solvency issues.
- The international community should draw policy conclusions on the effectiveness of resolution reforms after the global financial crisis.
- Policymakers should devote resources to assessing, managing, and mitigating financial stability risks caused by geopolitical tensions rising.

Source: IMF, Global financial Stability Report 2023

GDP Growth in Asian Economies Including South Asian Countries (in %)

	2018	2019	2020	2021	2022	2023	2024
Developing Asia	6.0	5.0	-0.6	7.2	4.2	4.8	4.8
Developing Asia excluding the PRC	5.4	4.0	-3.2	6.1	5.4	4.6	5.1
Caucasus and Central Asia	4.2	4.8	-2.0	5.8	5.1	4.4	4.6
East Asia	6.1	5.5	1.8	7.9	2.8	4.6	4.2
South Asia	6.4	4.0	-4.4	8.4	6.4	5.5	6.1
Afghanistan	1.2	3.9	-2.4	-20.7
Bangladesh	7.3	7.9	3.4	6.9	7.1	5.3	6.5
Bhutan	3.1	5.8	-10.0	4.1	4.7	4.6	4.2
India	6.5	3.9	-5.8	9.1	6.8	6.4	6.7
Maldives	8.1	7.1	-33.5	41.7	12.3	7.1	6.9
Nepal	7.6	6.7	-2.4	4.2	5.8	4.1	5.0
Pakistan	6.1	3.1	-0.9	5.7	6.0	0.6	2.0
Sri Lanka	2.3	-0.2	-4.6	3.5	-7.8	-3.0	1.3
Southeast Asia	5.3	4.7	-3.2	3.5	5.6	4.7	5.0
The Pacific	1.0	3.1	-6.1	-1.4	5.2	3.3	2.8

Source: Asian Development Outlook April 2023

Inflation in Asian Economies Including South Asian Countries (in %)

	2018	2019	2020	2021	2022	2023	2024
Developing Asia	2.7	3.2	3.3	2.6	4.4	4.2	3.3
Developing Asia excluding the PRC	3.3	3.5	4.1	4.2	6.7	6.2	4.4
Caucasus and Central Asia	8.2	7.4	7.7	9.0	12.9	10.3	7.5
East Asia	2.0	2.6	2.2	1.1	2.3	2.3	2.0
South Asia	3.7	5.0	6.5	5.8	8.2	8.1	5.8
Afghanistan	0.6	2.3	5.6	5.2	13.8
Bangladesh	5.8	5.5	5.7	5.6	6.2	8.7	6.6
Bhutan	2.6	2.8	5.6	7.3	5.6	5.5	5.1
India	3.4	4.8	6.2	5.5	6.7	5.0	4.5
Maldives	-0.1	0.2	-1.4	0.5	2.3	4.5	2.0
Nepal	4.2	4.6	6.2	3.6	6.3	7.4	6.2
Pakistan	4.7	6.8	10.7	8.9	12.2	27.5	15.0
Sri Lanka	4.3	4.3	4.6	6.0	46.4	24.6	5.5
Southeast Asia	2.8	2.2	2.2	2.0	5.0	4.4	3.3
The Pacific	4.3	3.0	3.0	3.1	5.7	5.0	4.4

Source: Asian Development Outlook April 2023

Economic Diversification Index Scores by Region

	2000	2004	2008	2012	2016	2019	2020-21
NORTH AMERICA	120.9	121.7	126.9	129.8	131.9	134.3	130.5
WESTERN EUROPE	108.9	110.3	112.3	111.8	113.3	114.2	113.9
EAST ASIA PACIFIC	101.4	103.2	104.1	106.0	107.2	108.2	107.9
EASTERN EUROPE AND CENTRAL ASIA	96.3	97.8	99.1	99.9	101.2	101.2	101
SOUTH ASIA	92.7	94.6	95.0	95.8	96.9	97.4	97.4
LATIN AMERICA	95.7	95.3	95.6	96.2	97.4	97.0	96.8
MENA	92.3	92.7	92.8	94.0	97.9	97.5	97.4
SUB-SAHARAN AFRICA	87.4	88.5	88.3	88.9	90.9	89.5	89.4

Least Improvement Most Improvement

Source: Global Economic Diversification Index 2023

National Economic Indicators

Government Revenue and Expenditure

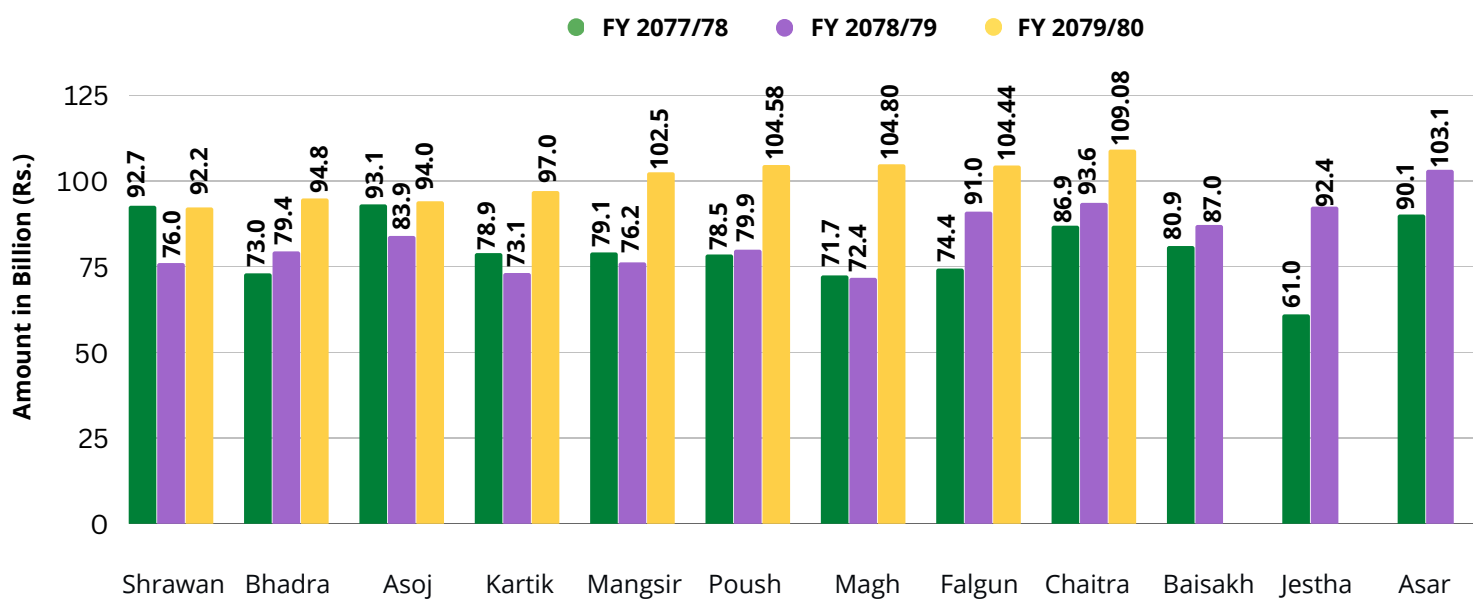
Amount in Lakh (00000)

As of 2080-01-26 (2023-05-09)

	Target/Budget	Collected	Percentage	Last Year - Percentage
REVENUE:				
1. Revenue	14,031,470	7,440,263	53.03 %	72.7 %
a) Tax Revenue	12,953,758	6,730,407	51.96 %	74.23 %
b) Non-Tax Revenue	1,077,712	709,856	65.87 %	58.18 %
2. Grants	554,583	48,020	8.66 %	23.17 %
3. Other Receipts	0	361,604	0 %	0 %
TOTAL RECEIPTS OF GON (1+2+3):	14,586,053	7,849,887	53.82 %	73.76 %
EXPENDITURE :				
1.Total Expenditure from Treasury (a+b+c)	17,938,373	10,238,066	57.07 %	55.32 %
a. Recurrent	11,832,351	7,680,437	64.91 %	66.88 %
b. Capital	3,803,845	1,229,836	32.33 %	30.98 %
c. Financing	2,302,177	1,327,793	57.68 %	38.91 %

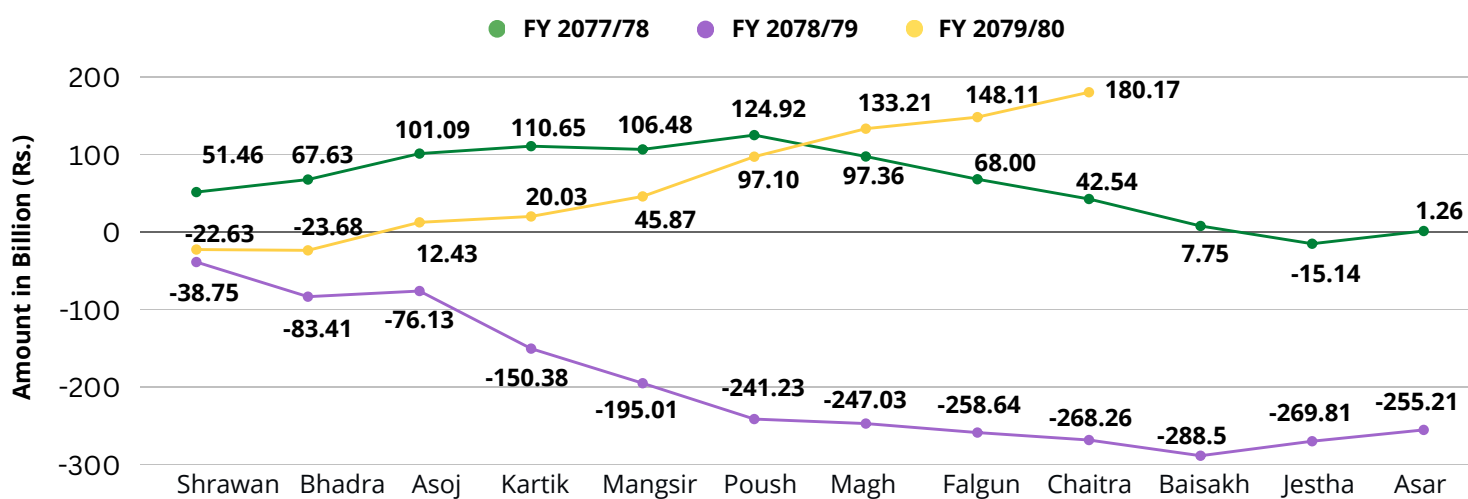
Source: Financial Comptroller General Office

Inward Remittance



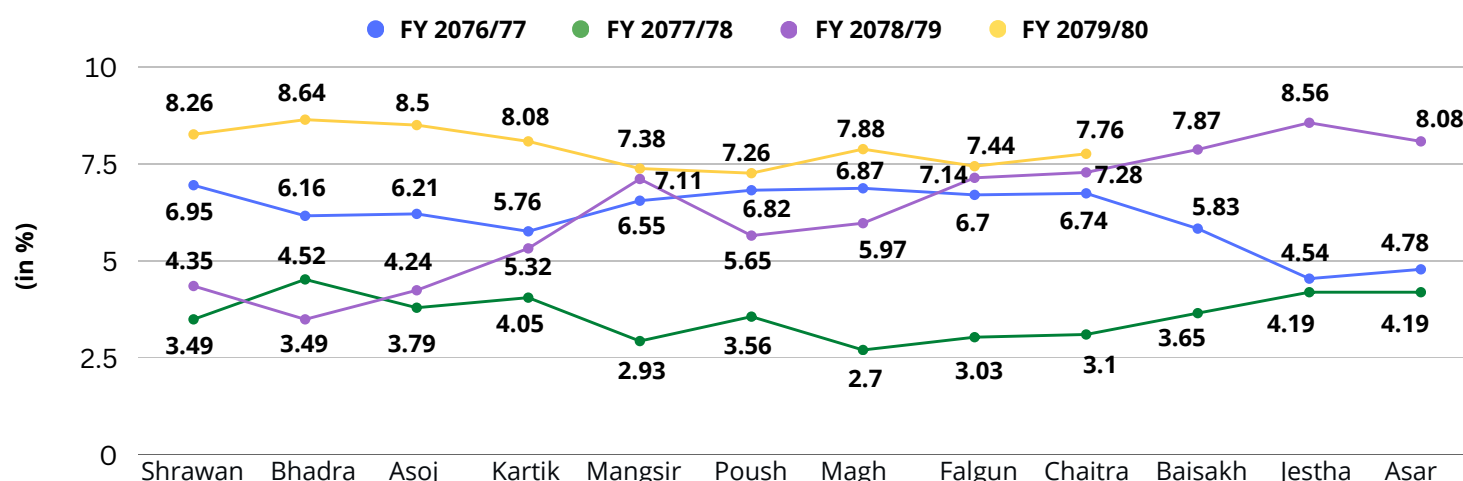
Source: Nepal Rastra Bank (NRB)

Balance of Payment



Source: Nepal Rastra Bank (NRB)

Inflation



Source: Nepal Rastra Bank (NRB)

Export and Import in FY 2079/80

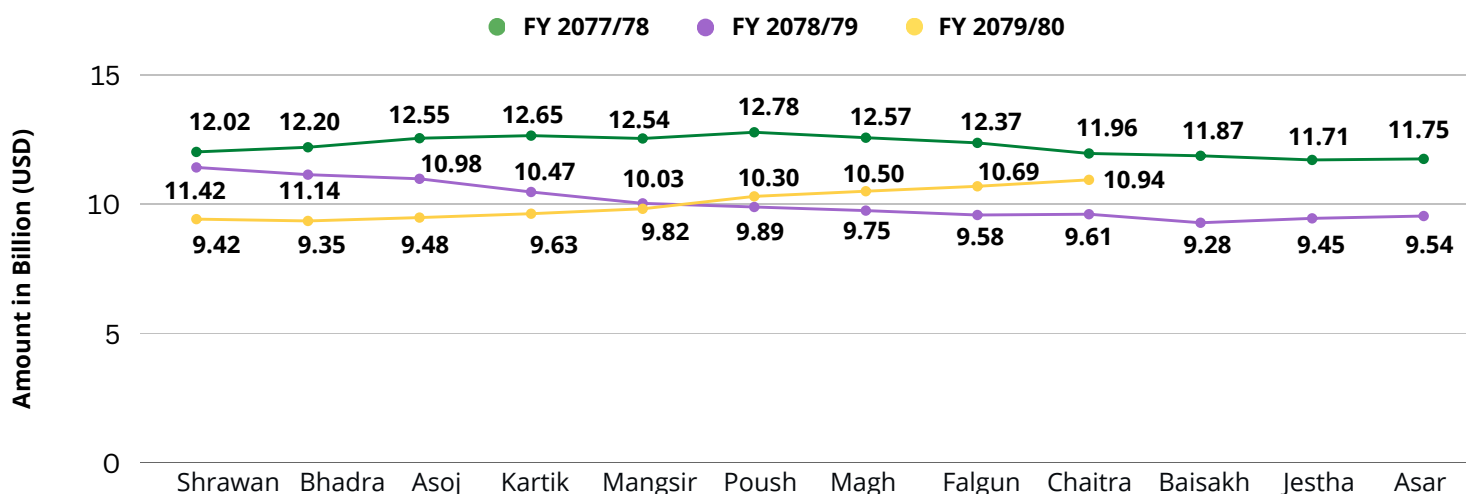
TRADE INDICATORS:

	FY 2078/79 (First Nine Months)	FY 2079/80 (First Nine Months)	FY 2079/80	FY 2078/79
Imports (Rs.in `000)	1,466,662,001	1,201,508,991	-18.08	31.97
Exports (Rs.in `000)	160,572,910	118,279,962	-26.34	69.44
Trade Deficit (Rs.in `000)	1,306,089,091	1,083,229,029	-17.06	28.47
Total Foreign Trade (Rs.in `000)	1,627,234,911	1,319,788,953	-18.89	34.91
Imports/Exports Ratio (%)	9.13	10.16	11.21	-22.12
Exports Share to Total Trade (%)	9.87	8.96	-9.18	25.59
Imports Share to Total Trade (%)	90.13	91.04	1.00	-2.18

Changes (%)

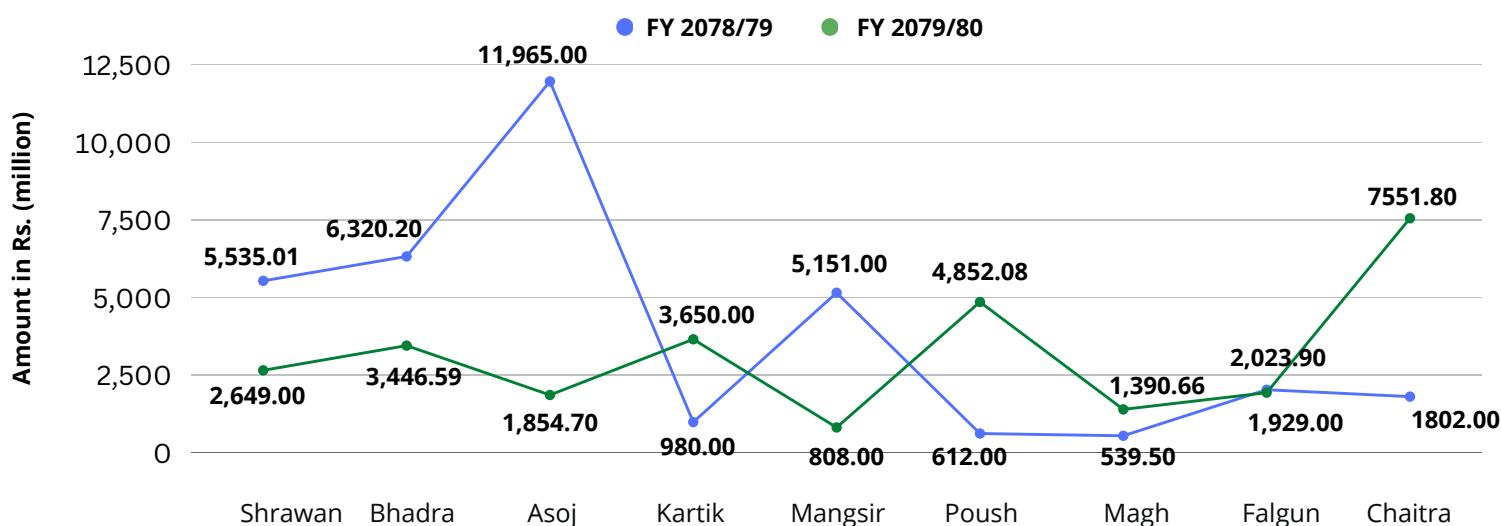
Source: Department of Customs

Gross Foreign Exchange Reserve



Source: Nepal Rastra Bank (NRB)

Foreign Direct Investment



Source: Department of Industry

Number of Industries Registered By Scale Upto Asar 2079

SCALE	NO. OF INDUSTRY	TOTAL CAPITAL (Rs. in million)	FIXED CAPITAL (Rs. in million)	WORKING CAPITAL (Rs. In million)	NO. OF EMPLOYMENT
Large	1,305	2,230,463.83	2,087,074.36	143,389.48	178,857
Medium	2,017	254,351.24	178,768.81	76,063.93	180,862
Small	5,442	142,447.96	78,032.68	64,562.18	297,788
Total	8,764	2,627,263.03	2,343,875.85	284,015.58	657,507

Source: Industrial Statistics FY 2078/79, Department of Industry

Number of Industries Registered in FY 2078/79

CATEGORY	NO. OF INDUSTRY	TOTAL CAPITAL (Rs. in million)	FIXED CAPITAL (Rs. in million)	WORKING CAPITAL (Rs. In million)	NO. OF EMPLOYMENT
AGRO AND FORESTRY BASED	21	5,289.10	4,044.11	1,244.99	1,155
ENERGY BASED	50	170,767.47	168,402.16	2,365.32	1,721
INFORMATION TECHNOLOGY BASED	11	1,898.50	1,611.15	287.35	889
INFRASTRUCTURE	5	2,279.10	1,031.20	1,247.90	399
MANUFACTURING	116	89,794.19	63,434.17	26,360.02	14,601
MINERAL	2	259.97	214.19	45.79	91
SERVICE	46	46,755.84	17,211.91	29,543.92	5,835
TOURISM	58	26,514.98	25,122.19	1,392.79	3,836
Total	309	343,559.15	281,071.08	62,488.07	28,527

Source: Industrial Statistics FY 2078/79, Department of Industry

Labour Permit Issued in FY 2079/80

	NEW ENTRY			RE-ENTRY			TOTAL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Shrawan	38,200	4,529	42,729	18,597	1,713	20,310	56,797	6,242	63,039
Bhadra	51,573	6,120	57,693	17,311	1,399	18,710	68,884	7,519	76,403
Asoj	40,097	3,937	44,034	17,199	1,473	18,672	57,296	5,410	62,706
Kartik	43,879	4,924	48,803	27,155	2,412	29,567	71,034	7,336	78,370
Mangsir	35,928	4,116	40,044	26,785	1,735	28,520	62,713	5,851	68,564
Poush	35,175	3,689	38,864	25,256	1,344	26,600	60,431	5,033	65,464
Magh	34,858	4,266	39,124	23,589	1,571	25,160	58,447	5,837	64,284
Falgun	33,569	3,425	36,994	23,150	1,701	24,851	56,719	5,126	61,845
Chaitra	32,420	3,658	36,078	23,923	1,477	25,400	56,343	5,135	61,478

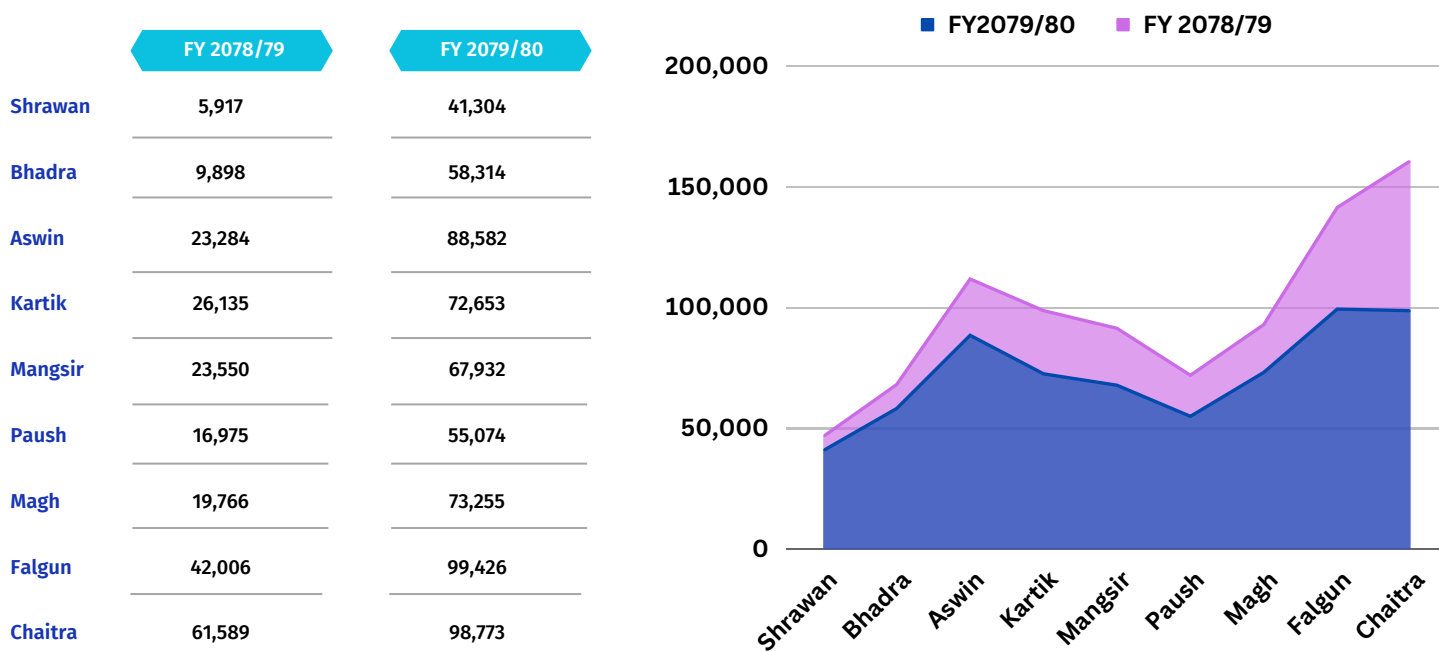
Source: Department of Foreign Employment

Top Ten Countries Foreign Investment in Industries Upto Asar 2079

	Number of Projects	Total Amount of Foreign Investment (Rs. In 10 crore)	Number of Employment
China	2,111	2,166	101,128
India	819	1,010	74,303
USA	438	156	19,687
South Korea	362	128	12,094
British Virgin Islands	17	111	2,326
United Kingdom	196	80	11,440
Singapore	56	75	3,816
United Arab Emirates	24	38	1,931
Canada	51	36	2,695
Japan	278	34	10,521
Others	1,181	357	52,179
Total	5,533	4,192	292,120

Source: Department of Industry

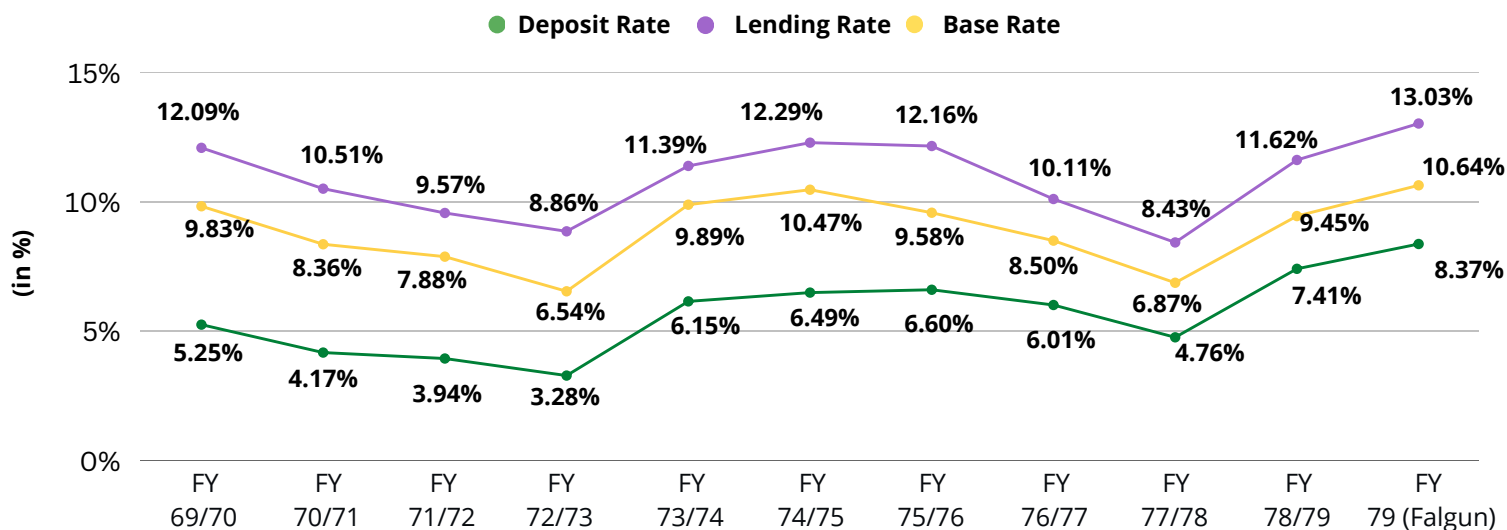
Number of Tourists Arrivals



Source: Nepal Tourism Board

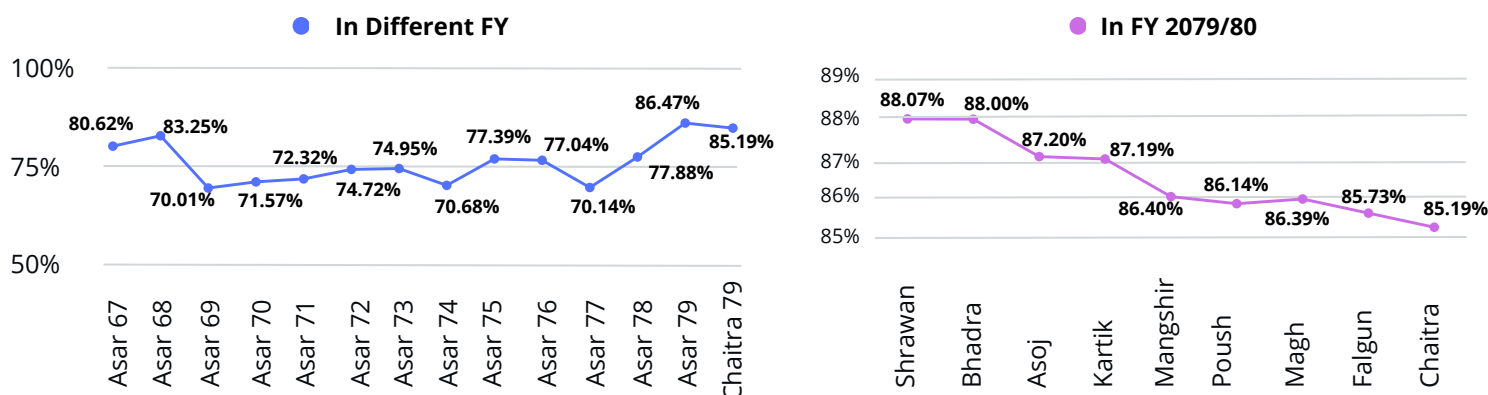
Banking Industry Data

Weighted Average Deposit / Lending Interest Rate & Base Rate



Source: Nepal Rastra Bank (NRB)

CD Ratio of Commercial Banks (in %)



Source: Nepal Bankers' Association

Deposit & Lending of Commercial Banks

On Y-O-Y Basis

Amount in Billions (Rs.)

	Chaitra 2078	Chaitra 2079	Growth	Growth %
Deposit	4389	4828	439	10.00
Lending	4197	4303	106	2.53

Current Status

Amount in Billions (Rs.)

	Shrawan 1, 2079	Baisakh 22, 2080	Growth	Growth (%)
Deposit	4541	4822	281	6.18%
Lending	4175	4300	125	2.99%

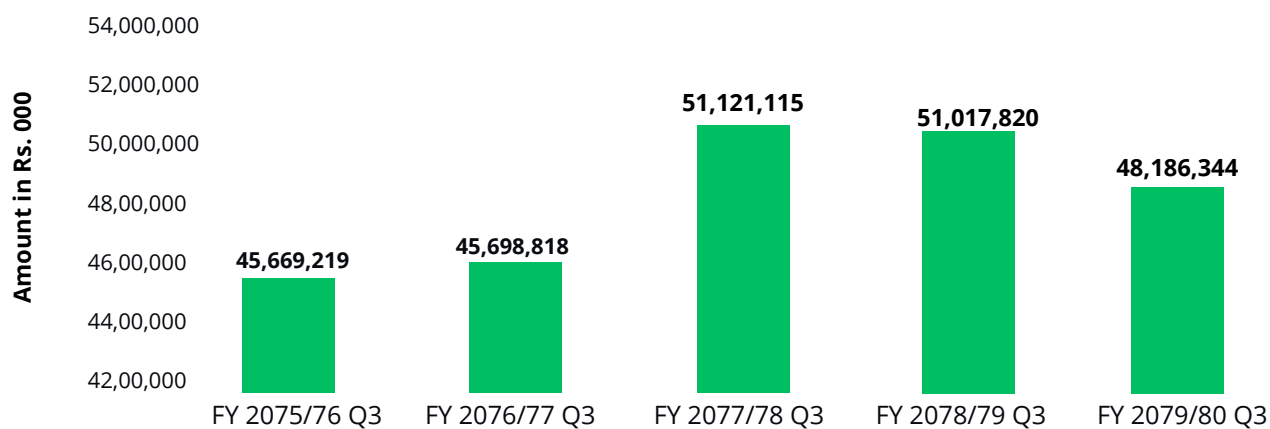
On Monthly Basis FY 2079/80

Amount in Billions (Rs.)

	Deposit	Lending
Shrawan	-108.07	1.52
Bhadra	52.15	13.75
Ashoj	61.64	30.04
Kartik	16.19	1.26
Mangsir	57.22	2.06
Poush	95.48	54.54
Magh	25.06	11.82
Falgun	31.75	-9.40
Chaitra	55.00	28.76

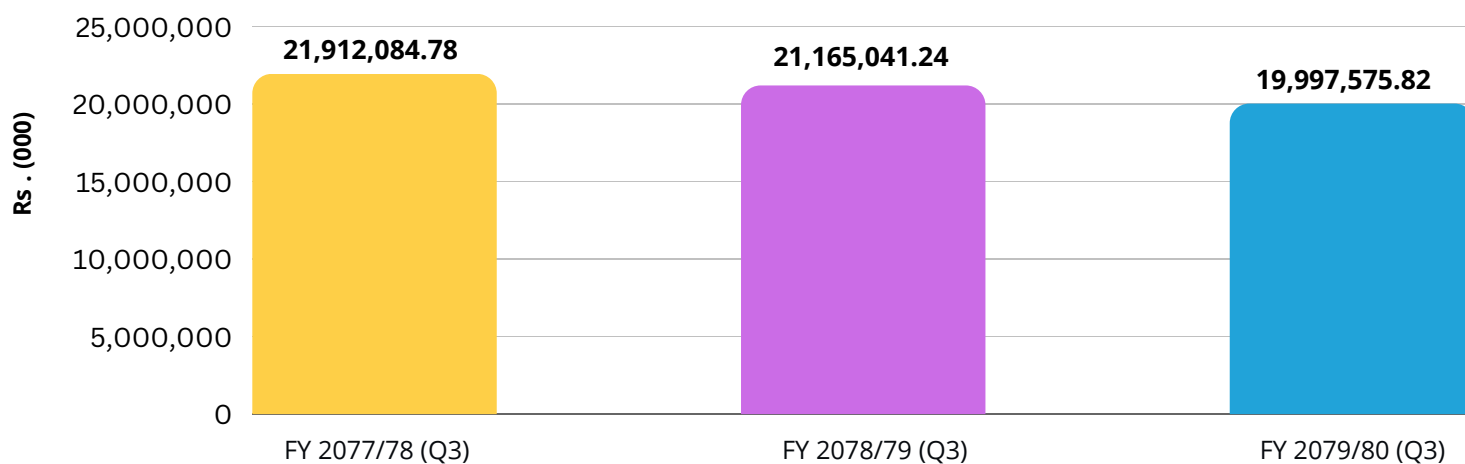
Source: Nepal Bankers' Association

Net Profit of Commercial Banks



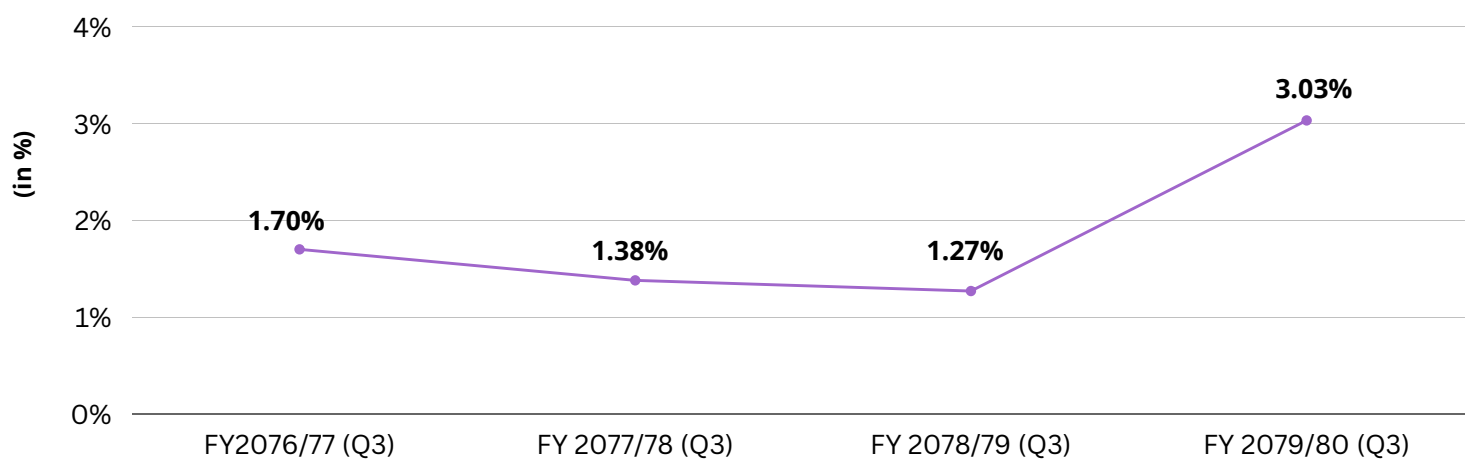
Source: Nepal Bankers' Association

Income Tax paid by Commercial Banks



Source: Nepal Bankers' Association

Non-Performing Loan of Commercial Banks



Source: Nepal Bankers' Association

Financial Access of Commercial banks

	Falgun 2078	Falgun 2079	Changes Since Falgun 2078	% Growth
No. of Branches	4,930	5,049	119	2.41%
No. of Deposit Accounts	36,818,548	42,360,165	5,541,617	15.05%
No. of Loan Accounts	1,488,293	1,528,172	39,879	2.68%
No. of Branchless Banking Centers	1,553	1,345	-208	-13.39%
No. of Mobile Banking Customers	14,871,058	17,382,472	2,511,414	16.89%
No. of Internet Banking Customers	1,257,970	1,305,874	47,904	3.81%
No. of ATMs	4,110	4,328	218	5.30%
No. of Debit Cards	9,742,605	11,106,589	1,363,984	14.00%
No. of Credit Cards	219,946	281,873	61,927	28.16%
No. of Prepaid Cards	92,952	126,166	33,214	35.73%

Source: Nepal Rastra Bank (NRB)

Sector-wise Lending

	Falgun 2078	Falgun 2079	Changes Since Falgun 2078	% Changes Since Falgun 2078
Agricultural and Forest Related	286.37	327.26	40.89	14.28%
Fishery Related	11	12.67	1.67	15.18%
Mining Related	8.35	11.23	2.88	34.49%
Agriculture, Forestry & Beverage Production Related	714.53	744.38	29.85	4.18%
Construction	167.62	162.61	-5.01	-2.99%
Electricity, Gas and Water	222.77	272.29	49.52	22.23%
Metal Products, Machinery & Electronic Equipment & Assemblage	71.98	75.02	3.04	4.22%
Transport, Communication and Public Utilities	84.02	80.42	-3.6	-4.28%
Wholesaler & Retailer	876.77	491.74	-385.03	-43.91%
Finance, Insurance and Real Estate	308.79	301.12	-7.67	-2.48%
Hotel or Restaurant	170.58	182.58	12	7.03%
Other Services	179.48	188.68	9.2	5.13%
Consumption Loans	732.9	747.95	15.05	2.05%
Local Government	1.29	1.08	-0.21	-16.28%
Others	335.2	277.42	-57.78	-17.24%
TOTAL	4171.68	4,277.45	105.77	2.54%

Source: Nepal Rastra Bank (NRB)

Product-wise Lending

Amount in Billions (Rs.)

	Falgun 2078	Falgun 2079	Changes Since Falgun 2078	% Changes Since Falgun 2078
Term Loan	910.26	1198.93	288.67	31.71%
Overdraft*	669.36	186.63	-482.73	-72.12%
Cash Credit Loan*		498.88	498.88	0
Trust Receipt Loan/Import Loan	119.48	80.72	-38.76	-32.44%
Demand & Other Working Capital Loan	991.74	997.81	6.07	0.61%
Residential Personal Home Loan (Up to Rs 1.5 Crore)	280.95	281.7	0.75	0.27%
Real Estate Loan	182.3	203.25	20.95	11.49%
Margin Nature Loan	79.77	58.42	-21.35	-26.76%
Hire Purchase Loan	141.39	116.53	-24.86	-17.58%
Deprived Sector Loan	287.06	265.28	-21.78	-7.59%
Bills Purchased	3.21	2.97	-0.24	-7.48%
Other Product	506.13	386.3	-119.83	-23.68%
TOTAL	4171.68	4,277.45	105.77	2.54%

Source: Nepal Rastra Bank (NRB)

Financial Knowledge and Awareness

Awareness about Financial Service Provider

Main Source of Knowledge about Financial Product

Provider	% aware
Banks	97%
Insurance	90%
ATM	85%
Money Transfer	79%
Others (Savings and credit cooperatives, etc.)	78%
Microfinance Institutions	77%
Mobile money services	71%
Mobile Money Agents	41%

Provider	% aware
Family or friends	53%
Financial service provider	38%
Advertisement in the media (TV, radio, newspaper, billboards)	6%
Employer	2%
Other	1%

Source: Nepal Financial Inclusion Report 2023

NBA ACTIVITIES

MAGH - CHAITRA 2079

Interaction Program on Implementation of NFRS 9

April 10, 2023 - Nepal Bankers' Association (NBA) successfully hosted an "Interaction Program on Implementation of NFRS 9". The program's major goal was to share the recent progress and upcoming plan set out by NBA towards implementation of NFRS 9 among the banks, along with seeking suggestions from the regulators and concerned authorities on the way forward.

Mr. Sunil KC, NBA President delivered welcome remarks where he highlighted the progress made by NBA so far and the plan ahead. He added that NBA is trying level best to ensure that the NFRS 9 implementation is completed within the stipulated timeline. He further emphasized that the successful implementation of NFRS 9 would require continuous support and guidance from Nepal Rastra Bank (NRB), Accounting Standards Board (ASB), Institute of Chartered Accountants Nepal (ICAN) and all other concerned authorities. He also informed that NBA will coordinate with National Banking Institute (NBI) to plan a training program calendar which will ensure the readiness of human resources towards the implementation.



At the event, Mr. Bhaskar Singh Lala, President, Institute of Chartered Accountants of Nepal (ICAN) shared that implementing NFRS 9 in banks would uplift the reporting and banking practices/standard of Nepalese banks in international arena. He also highlighted the challenging part in implementation of NFRS 9 and assured that ICAN is ready to provide all necessary support and assistance for banks towards the implementation.

During the program, Mr. Prakash Jung Thapa, Chairman, Accounting Standards Board (ASB) shed light on the significance of implementing NFRS 9 in the Nepalese banking industry. As the time frame for implementing NFRS 9 is approaching, the ASB President encouraged all banks to work actively. He also shared that NFRS 9 doesn't limit within Chief Financial Officers (CFOs) rather includes essential responsibilities to be performed by Chief Risk Officers (CROs) and the support from Chief Information Technology Officers (CITOs).

Chief Guest of the program Honorable Governor Mr. Maha Prasad Adhikari said that NFRS 9 is highly crucial for the entire banking industry. The Governor emphasized that Nepalese banks are highly capable in complying with international practices and standards and hence, moving ahead with NFRS 9 would not be a huge hurdle although a lot of work needs to be done in preparation. The Governor also thanked NBA for conducting the interaction session as the program helped to highlight the importance on the subject matter.

At the end of the opening session of the program, Mr. Gyanendra Prasad Dhungana, Immediate Past President of NBA, said that although some challenges are seen in implementing NFRS 9 banks are moving ahead under the guidance of NBA. He requested support from all stakeholders to successfully implement NFRS 9. He also expressed sincere gratitude to everyone present in the room for their participation.

During the program Mr. Jagdish Kumar, Deputy Director, NRB delivered a presentation covering various aspects of NFRS 9. The discussion followed by the presentation was very productive and fruitful, where the participants asked relevant questions and shared their opinions, which helped to deepen their understanding of NFRS 9. The program was attended by the Hon. Governor, Chairman of ASB, President of ICAN, Senior Officials from NRB, Chief Executive Officers, CFOs, CROs and CITOs of Commercial Banks.



Meeting with Finance Minister

April 3, 2023 - The Executive Committee Members of Nepal Bankers' Association (NBA) met with newly appointed Hon. Finance Minister Dr. Prakash Sharan Mahat at the Ministry of Finance. The members congratulated him and wished for a successful tenure.



During the meeting NBA President Mr. Sunil KC highlighted the present situation of Nepalese banking industry, importance of the banking sector in driving economic growth and emphasized the need for continued support from the Government to ensure that the financial sector remains strong and resilient.

He also expressed concerns over the increasing number of attacks on the banking industry from various sectors. He mentioned that such attacks not only harm the industry but may also adversely affect the country's economy as a whole as it may impact External Commercial Borrowing and Foreign Direct Investment.

He further ensured that Nepalese banking industry is dedicated and fully committed to support the goals taken by the Government and cooperate with all stakeholders to maintain financial stability and economic development of the nation.

During the meeting Hon. Finance Minister Dr. Mahat also showed his concern on the recent activities against banks and financial institutions. He expressed his commitment and determination to find amicable solutions to resolve the challenges seen in the economy and also requested for necessary support and coordination from the financial sector.

Monthly Press Meet

March 30, 2023 – Nepal Bankers' Association (NBA) hosted a media interaction program at NBA Office, Central Business Park, Kathmandu with an objective of creating an open forum for discussion. The program aimed to share relevant data about the banking industry and address queries from media colleagues on various current banking and financial issues.

Mr. Sunil KC, NBA President extended a warm welcome and expressed gratitude towards all journalists for their efforts in highlighting factual and relevant news about the banking industry to the general public. He also expressed concern over the increasing number of attacks on the banking industry from various sectors, and emphasized that such attacks not only harm the industry but also adversely affect the country's economy as a whole. He stressed that if the banking sector continues to receive such threats and protests against the banks, it is likely to have a significant impact in broader prospect, especially in External Commercial Borrowing (ECB) and the Foreign Direct Investment (FDI). Therefore, he urged all stakeholders to take the issue seriously and act in a responsible manner.

He also highlighted that the Nepalese banks are healthy, robust and resilient, and the Nepalese banks have no direct connection to banks that have faced failures abroad.

Mr. Sudesh Khaling, NBA Executive Committee Member said that banks are currently in comfortable liquidity condition. However, there is a lower demand for loans. He also stated that banks are performing well and are focusing on supporting its depositors and borrowers. He called for cooperation from all parties and emphasized the importance of using reliable data and facts when communicating with the public through the media.



Mr. Anil Sharma, NBA Executive Director delivered a presentation in which he provided an overview of the global and national economic and banking context. He stated that the macro-economic indicators of the economy are positive and the liquidity situation is gradually improving. He also discussed the current interest rate scenario and outlined the priorities areas of NBA.

The program was actively participated by more than 35 journalists from different media.

Webinar on Nepalese Banking Industry: Status and Opportunities

March 8, 2023 - Nepal Bankers' Association (NBA) and Asian Bankers Association (ABA) jointly organized a webinar on "Nepalese Banking Industry: Current Status and Opportunities". The main objective of the program was to share the current situation of Nepalese banking industry, strengthen the network with its member banks and to explore the potential areas of collaboration.



Mr. Sunil KC, NBA President, made a presentation covering the range of topics where he overviewed macro-economic indicators of the Nepalese economy, highlighted the history of the Nepalese banking industry and its current status, and also discussed investment opportunities and policies related to FDI and External Commercial Borrowing. During the presentation, he not only covered the key focus areas of the NBA, but also identified potential areas and opportunities for collaboration with ABA members.

The program was moderated by Mr. Dilshan Rodrigo, COO, Hatton National Bank. The program provided valuable information to bankers, potential investors, financial experts and several interested stakeholders to learn about the current status of the Nepalese banking industry and the opportunities available. Participants from more than 25 nations from throughout the globe attended the program.

Meeting with IMF Delegates

February 16, 2023 - Nepal Bankers' Association (NBA) held a meeting with the delegates from International Monetary Fund (IMF) - part of IMF's Article IV Agreement. The meeting was mainly focused on current economic and financial situation, regulatory and supervisory perspective, among others. The discussion also covered the main challenges that the banking industry is currently dealing with and the role that the regulatory body is playing in addressing these issues.



During the meeting, Mr. Sunil KC, NBA President and other Executive Committee Members highlighted about Nepal's present economic and financial position. In addition, they also addressed number of queries raised by the IMF Team. The meeting was quite fruitful as it helped to understand the IMF's perspective and also allowed NBA to present the financial status of Nepal. At a time when the financial sectors are facing a number of difficulties, it is also anticipated that the outcome and recommendations from the meeting would help to maintain financial stability.

Interaction Program with Media

February 15, 2023 – Nepal Bankers' Association (NBA) organized a media interaction program at NBA Office, Central Business Park, Kathmandu. The main goal of the program was to offer a forum for open discussion, share some banking industry data and respond to queries from media colleagues on relevant banking and financial issues.

Mr. Sunil KC, NBA President welcomed all the guests, set the context and highlighted the program objectives. During the discussion, he said that the Nepalese banking sector cannot exist independently beyond the global economic environment; and the interest rate rise is a result of both the internal and external economic environment.



He also said that the present economic situation is complex and it does not seem possible to lower the interest rate to a single digit level as demanded by some. He expressed concern about rising number of negative remarks made about the banking industry and clarified that none of the stakeholders would benefit from this negative and misleading publicity. In addition, he requested everyone to work together and also underlined the importance of using reliable data and facts to communicate the message to the public through the media.

Mr. Gyanendra Pd. Dhungana, Immediate Past President said that even though some positive signs are seen in the current economic indicators, there may still be pressure on liquidity due to government's calendar to raise internal debt in order to address the deficit. Comparing with international scenario, he also claimed that the current interest rate is not unusual. He also shared concern on growing NPL and said that the real effect of Covid is just beginning to be seen in the economy. He also emphasizes that the banks are still very much resilient and stable due to additional provision and capital strength.



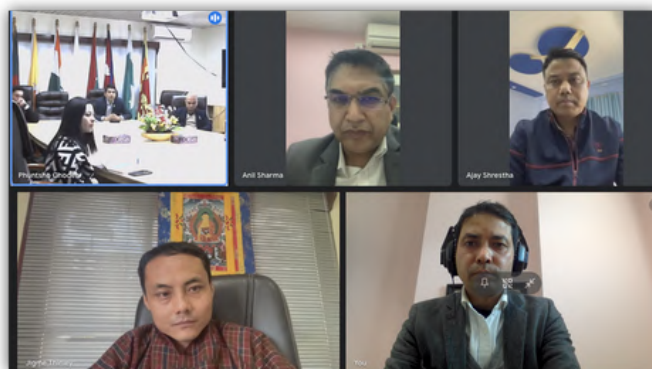
Mr. Anil Sharma, NBA Executive Director made a presentation where he highlighted global/national economic and banking context, reviewed the mid-term monetary policy and also pointed out the current challenges of the banking industry. He also discussed on the deposit and lending growth of the industry and the prospects ahead.

The program was actively participated by more than 40 journalists from different media.

Meeting with SAARC Development Fund

January 31, 2023 – Nepal Bankers’ Association (NBA) held a virtual meeting with the officials from South Asian Association for Regional Cooperation (SAARC) Development Fund (SDF). The main objective of the meeting was to get to know each other, identify the areas of possible collaboration and to strengthen the regional network.

In the meeting, Mr. Anil Sharma, NBA Executive Director highlighted the areas that NBA has been working upon. In the same line, SDF team member also emphasized their primary priority areas. The SDF’s team showed their interest to invest on the infrastructure development of Nepal and expressed their eagerness to explore further opportunities in this field. Team members also proposed conducting additional research and feasible study on potential investment projects.



The meeting also sought collaboration opportunities in between NBA and SDF on capacity building, technological transfer, knowledge sharing and awareness program. Both agreed that the meeting was an important step towards achieving the common goals and the collaboration can make a positive impact on the Nepalese economy and the communities. Both organizations looked forward for further conversation and discussions to work together in identified areas in near future.

An Interaction Program on Concessional Loan

January 25, 2023 - Nepal Bankers’ Association (NBA) organized an interaction program on “Interest Subsidy Concessional Loan”.

Mr. Anil Sharma, NBA Executive Director delivered a welcome note and highlighted the objective of the program. The program discussed on loan processing form, guidelines and business plan format that was drafted by NBA with an intent to have uniformity in documentation across the banks so that it is easier for the prospective customers.



During the program, participants highlighted the significance of concessional loan document prepared by NBA as well as provided their feedback and shared their experience on it. Similarly, participants also shared some of the challenges as well as suggested some policy-level changes which would help to ease out the process. The program was attended by concerned officials from the member banks.

Monthly Press Meet

January 24, 2023 – Nepal Bankers' Association (NBA) organized a media interaction program at NBA Office, Central Business Park, Kathmandu. The key objective of the program was to provide a platform to have an open dialogue, share some data related to the industry and also address the queries raised by media colleagues on pertaining banking and financial issues.



Mr. Sunil KC, NBA President welcomed all the guests, set the context, pointed out the challenges that the banking sector is currently experiencing, and urged everyone for their collective effort in order to make this sector even more competitive and resilient. Recalling the Covid period, Mr. KC said that the banking sector was crucial in bringing the Nepalese economy to the point of recovery. He stated that the average Return on Equity (ROE) of a commercial bank has significantly dropped from 24.4 percent to 11.73 percent in ten years' time resulting decline in the dividend paid by the commercial banks. He also emphasized the role that the media can play in raising public awareness and to spread the message to the general public with accurate data and facts.

Mr. Anil Sharma, NBA Executive Director made a presentation on "Nepalese Banking Sector: Half Year Review" where he highlighted global and national economic scenario and also shared some key data including deposit/loan growth; increase in cost of funds of banks; banks' profitability at stagnant level as compared to corresponding period last year; among others. He also touched upon some of the issues and challenges currently observed in the banking industry.

Mr. Santosh Koirala NBA Vice-President stated that although the Non-Performing Loans of banks have slightly increased, banks are still very much resilient and stable due to additional provision and also due to capital strength. He then thanked all the media personnel for their presence and active participation.

The program was actively participated by more than 40 journalists from different medias.



Provincial Activities

Global Money Week 2023

March 28, 2023 - NBA Madhesh Province Core Committee conducted "Financial Literacy Program at "Birgunj Public College" as a part of Global Money Week, 2023. Participants from BBA 1st Semester Students were provided knowledge on banking terms, digital banking frauds, services and products offered by banks, etc. and other relevant matters.



March 26, 2023 - As a part of Global Money Week 2023, NBA Madhesh Province Core Committee Conducted "Financial Literacy Program" at Janata Multiple Campus, Bardibas. In the program, basic banking terminologies, banking products/services, knowledge on banking frauds and cyber-attacks, etc. was shared amongst BBS first year students.

Interaction Program on Current Banking and Economic Situation



March 19, 2023 - Pokhara Chamber of Commerce and Industry organized an interaction program on current banking and economic situation where NBA Gandaki Acting Coordinator Mr. Surya Bahadur Roka attended the program.

Interaction Program on Current Banking Scenario

March 14, 2023 - Nepal Rastra Bank, Pokhara Office, organized an interaction program on current banking scenario in Gandaki Province where Provincial Heads attended the program.



Current Banking and Economic Issues



February 24, 2023 - NBA Sudurpaschim Core Committee invited NBA President Mr. Sunil K.C to discuss on current banking and economic issues. The program was attended by concerned officials from the member banks.

Other Provincial Engagements

- ▶ April 5, 2023: Nepal Rastra Bank, Biratnagar Office, conducted a one-day interaction program on "Currency Management and Identification of Fake Notes" where banks' Operational In-charge attended the program.
- ▶ April 2, 2023: Nepal Rastra Bank, Biratnagar Office, conducted a discussion program on "NRB Unified Directives" where Provincial Heads attended the program.
- ▶ March 10, 2023: Nepal Rastra Bank, Biratnagar Office, conducted a one-day workshop program on "Clean Note Policy" where bank representatives attended the program.
- ▶ March 3, 2023: NBA Sudurpaschim Core Committee members were invited by CDO Office at Kailali, to discuss on current banking issues in Sudurpaschim Region.
- ▶ February 26, 2023: World Wildlife Fund (WWF) Nepal organized Asia's Linear Infrastructure Safe Guarding Nature (ALIGN) Project discussion in Lumbini Province. Province head of Sunrise Bank attended the program.
- ▶ February 3, 2023: Interaction program on "Progressive Education" was held in Pokhara where Gandaki Provincial Heads attended the program.

NEPAL BANKERS' ASSOCIATION



+977 1 5901245 / +977 1 5901246



nba@nepalbankers.com.np



2nd Floor | Central Business Park Thapathali, Kathmandu

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