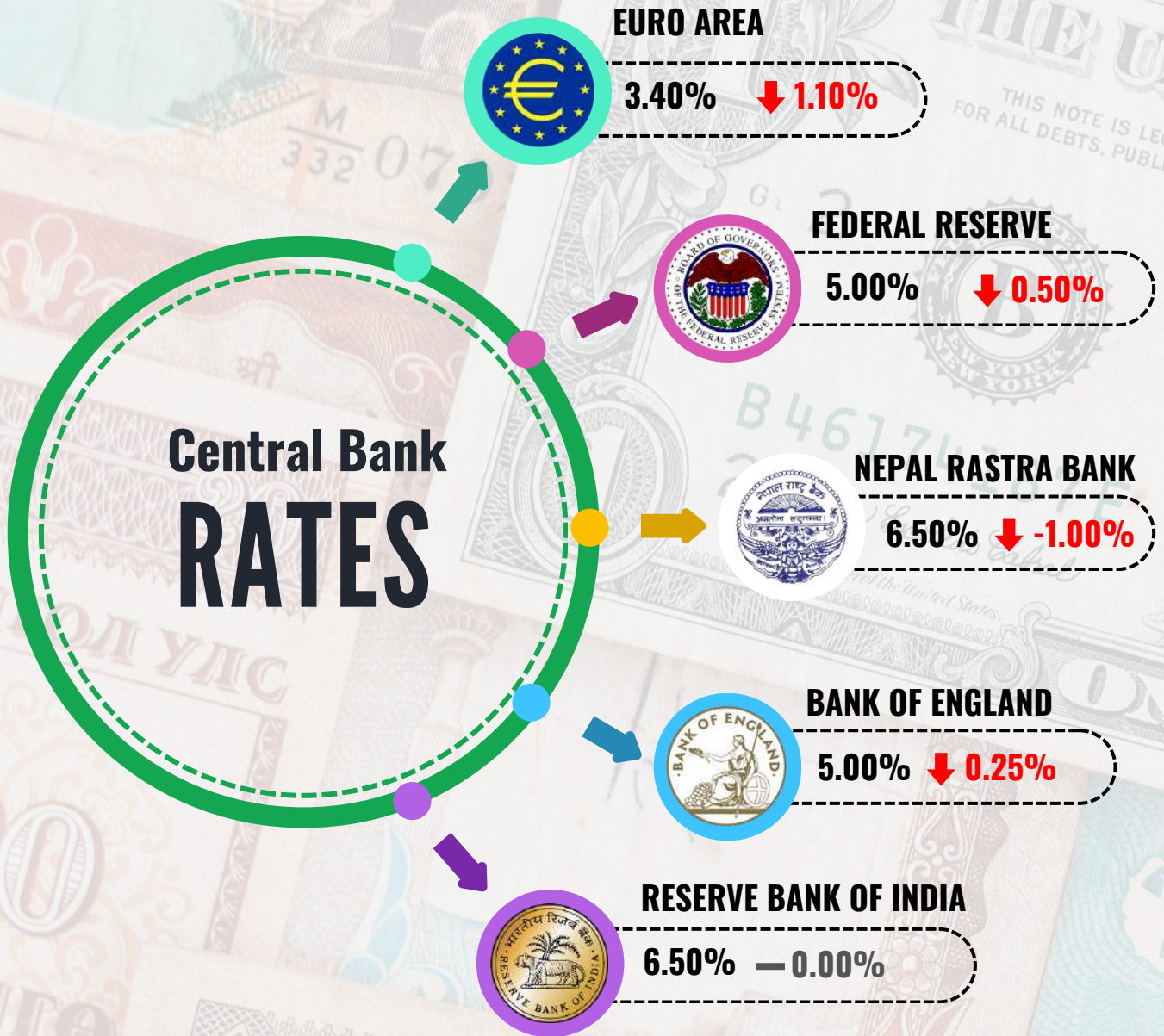


QUARTERLY NEWSLETTER

PUBLISHED BY NEPAL BANKERS' ASSOCIATION

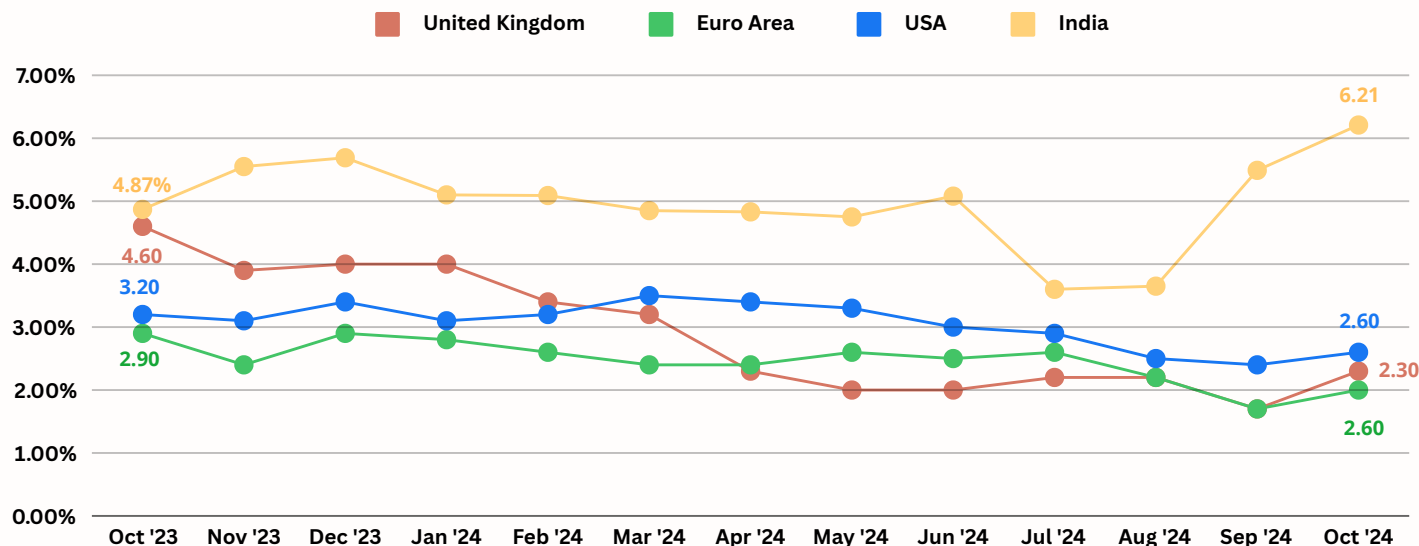
Q1 - MID JULY TO MID OCTOBER 2024 (SHRAWAN 2081 TO ASHOJ 2081)



Oct 2023 to Oct 2024

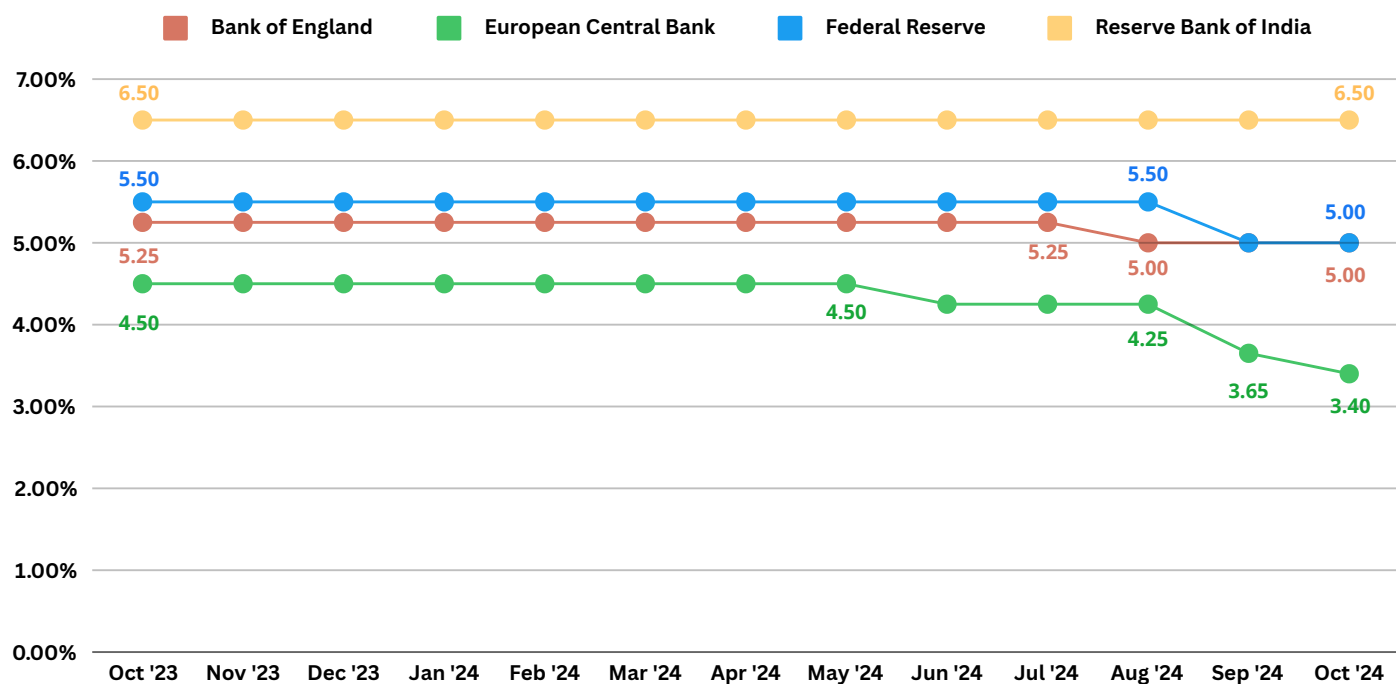
Source: Respective CB's Data

Inflation in Major Economies (in %)



Source: Respective CB's Data

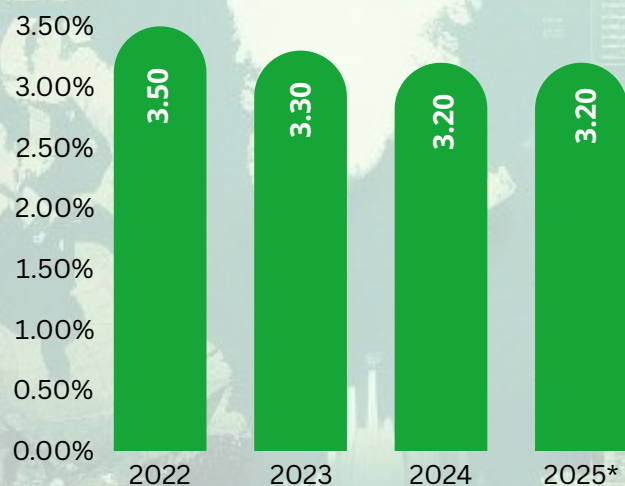
Central Bank's Interest Rate in Major Economies (in %)



Source: Respective CB's Data

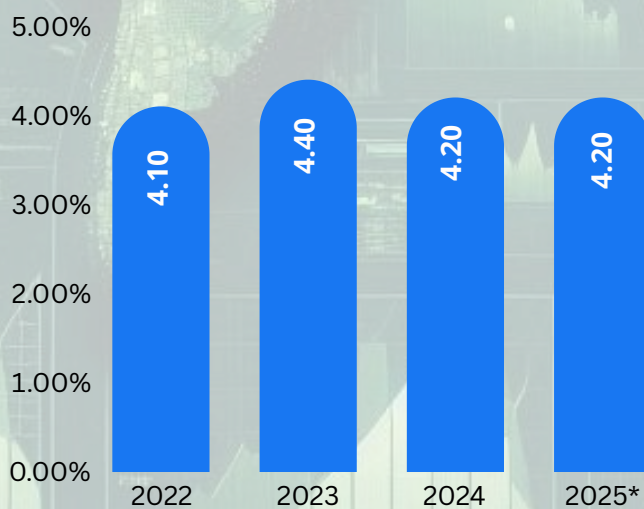
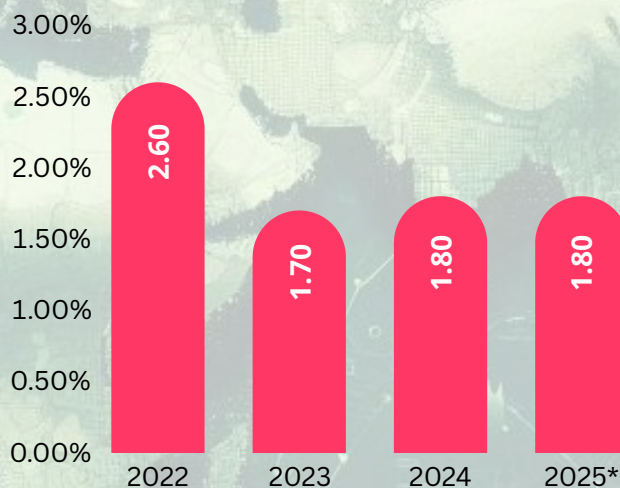
World Bank Projections

Real GDP Growth Projections (in %)



GLOBAL ECONOMY

ADVANCED ECONOMIES



EMERGING MARKET AND DEVELOPING ECONOMIES

* Projected

Source: World Economic Outlook, October 2024

Asian Development Bank Projections

GDP Growth Projection (in %)

	2024 April	2024 September	2025 April*	2025 September*
Developing Asia	4.9	5.0	4.9	4.9
Developing Asia (excluding China)	5.0	5.1	5.3	5.2
Caucasus and Central Asia	4.3	4.7	5.0	5.2
East Asia	4.5	4.6	4.2	4.2
South Asia	6.3	6.3	6.6	6.5
Southeast Asia	4.6	4.5	4.7	4.7
The Pacific	3.3	3.4	4.0	4.1

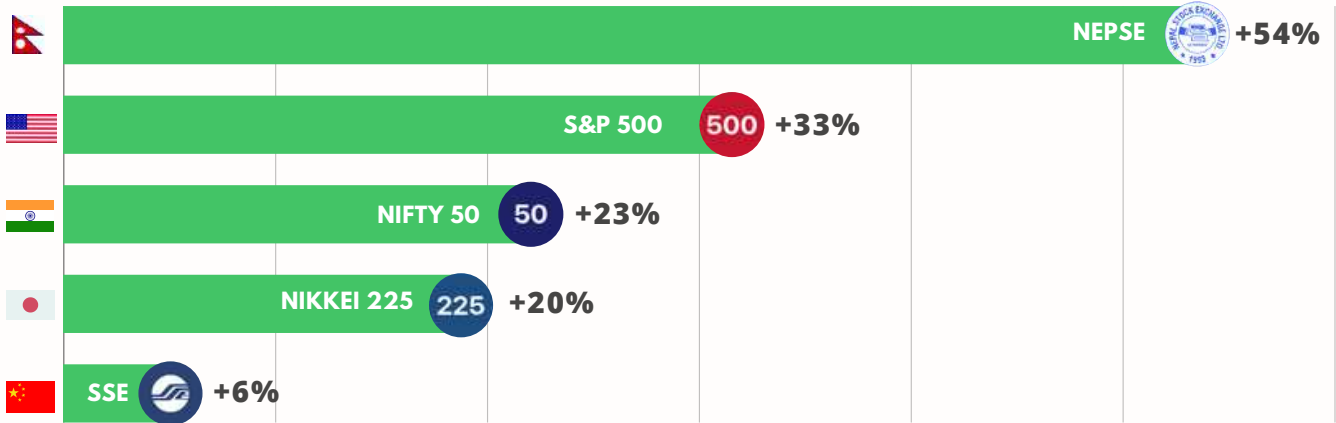
Inflation Projection (in %)

	2024 April	2024 September	2025 April*	2025 September*
Developing Asia	3.2	2.8	3.0	2.9
Developing Asia (excluding China)	5.1	5.1	4.4	4.5
Caucasus and Central Asia	7.9	6.9	7.0	6.2
East Asia	1.3	0.8	1.6	1.3
South Asia	7.0	7.0	5.8	6.1
Southeast Asia	3.2	3.3	3.0	3.2
The Pacific	4.3	3.6	4.1	4.1

Source: Asian Development Outlook, September 2024

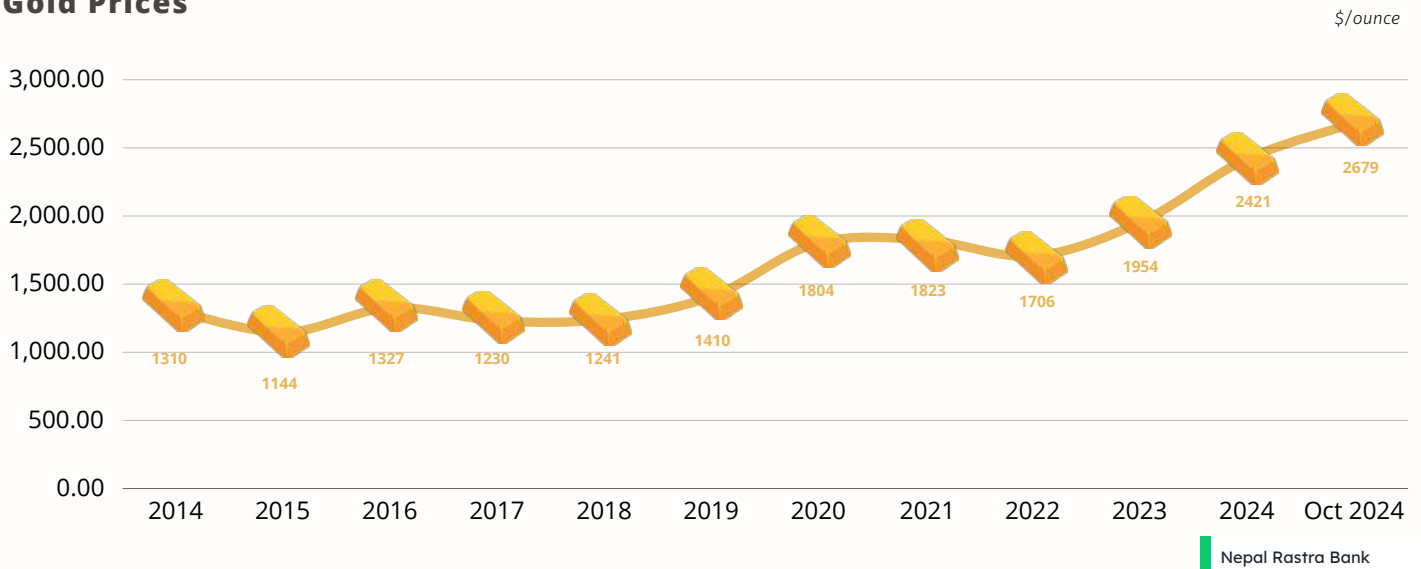
Global Financial Markets

Some Stock Indices Performances Oct 1, 2023 to Oct 31, 2024



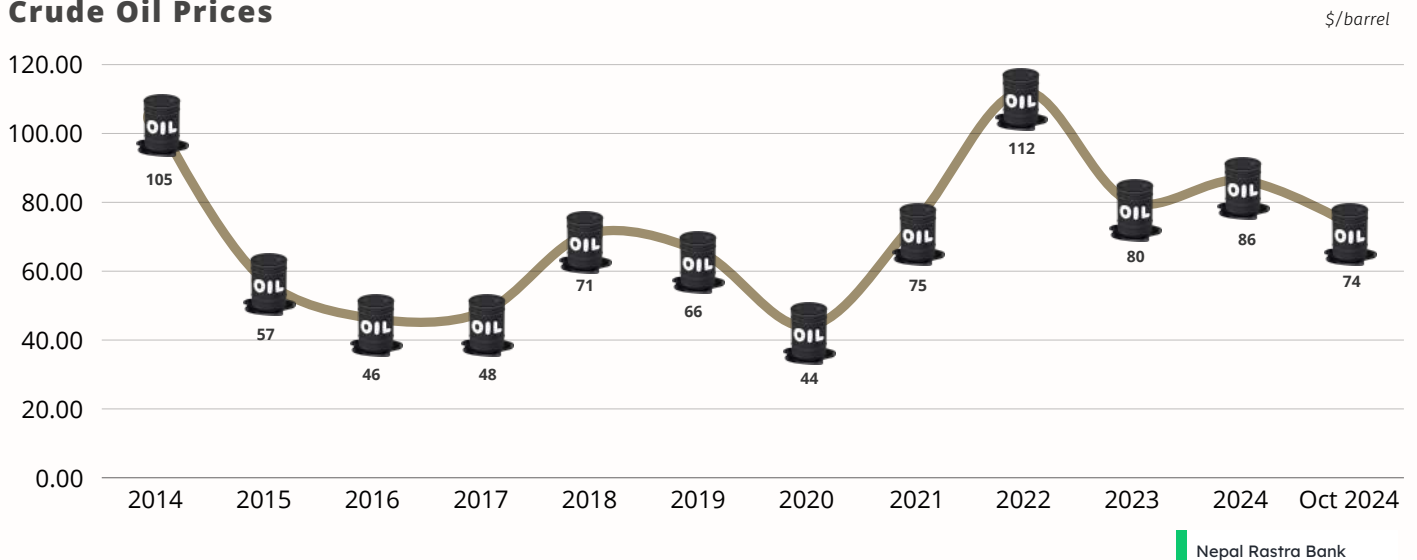
Respective Stock Indices, TradingView

Gold Prices



Nepal Rastra Bank

Crude Oil Prices



Nepal Rastra Bank

Asian Development Outlook Highlights: September, 2024

- Developing Asia maintained robust economic growth during the first half of 2024, despite sluggish domestic consumption in the People's Republic of China (PRC). Strong global demand for electronics continued to support the region's exports, but growth patterns differed.
- Inflation continued to retreat across developing Asia, but the disinflation process remains uneven. Price pressures are moderating due to the lagged effects of monetary tightening and falling global commodity prices. Energy inflation has returned to pre-pandemic levels, while food inflation remains slightly elevated relative to its pre-pandemic level, albeit also on a declining trend.
- Exports from developing Asia continue to increase steadily, led by high-income technology exporters. Goods exports have regained momentum, recovering from a 3% contraction in March to 8% growth in July.
- Global demand for electronics has supported export growth in the region, but non-electronics exports have also been expanding. High-income technology exporters continue to benefit from the upturn in the global semiconductor cycle, driven by surging investment in artificial intelligence.
- Regional financial markets remain resilient, with currencies holding steady. The Chicago Board Options Exchange's Volatility Index, which measures the expected volatility of the United States (US) stock market and serves as a proxy for global risk aversion, spiked sharply in early August to its highest level since June 2020.
- The 2024 growth outlook for major advanced economies is revised slightly upward to 1.5%, driven by faster-than-expected US growth. Stronger-than-expected private consumption and investment in the first half, despite tight monetary policy conditions, underpin the upward revision to 2024 US growth.
- Fiscal deficits in the region are narrowing, but vulnerabilities persist. Improvements in fiscal balances have materialized for most economies with large fiscal deficits. Robust growth is expected to drive the regional average government debt-to-GDP ratio down to 47% this year, after peaking at 50% in 2020, though pockets of vulnerability remain.
- Lower inflation is creating conditions for eventual monetary policy easing. With inflation running below or close to target in most inflation-targeting economies, some central banks are reducing policy rates to support economic activity.
- Escalating geopolitical tensions due to the wider conflict in the Middle East and Russia's war in Ukraine remain concerning. A broader conflict in the Middle East, in particular, could further disrupt shipping routes or involve major oil producers.
- Growth prospects in the PRC could be weakened by further deterioration in its property market. The current downturn in the property market could become more severe or disorderly, negatively impacting overall economic activity. This could be compounded by indirect effects, including a worsening of consumer and investor sentiment, as well as implications for local government revenues.
- Adverse weather conditions and the impacts of climate change could undermine food and energy security, leading to volatile commodity prices. The US National Oceanic and Atmospheric Administration's Climate Prediction Center currently estimates a 70% likelihood of La Niña developing during the third quarter (Q3) of 2024, persisting into Q1 2025.

National Context

Government Revenue and Expenditure

Amounts in Lakh (00000)

	2080			2081		
	Target/Budget	30 Ashoj	Percentage	Target/Budget	30 Ashoj	Percentage
REVENUE:						
1. Revenue	14,225,417	2191151	15.4%	14193030	2482600	17.49%
a) Tax Revenue	13,054,796	1994621	15.28%	12842096	2196829	17.11%
b) Non-Tax Revenue	1,170,621	196530	16.79%	1350934	285771	21.15%
2. Grants	499,430	618	0.12%	523265	0	0%
3. Other Receipts	0	154555	0%	0	47533	0%
TOTAL RECEIPTS OF GON (1+2+3):	14,724,847	2346324	15.93%	14716295	2530133	17.19%
EXPENDITURE :						
1.Total Expenditure from Treasury (a+b+c)	17,513,121	2805725	16.02 %	18603030	3292011	17.70%
a. Recurrent	11,417,841	2133904	18.69%	11406645	2298521	20.15%
b. Capital	3,020,744	178331	5.90%	3523540	293746	8.34%
c. Financing	3,074,536	493490	16.05%	3672845	699744	19.05%

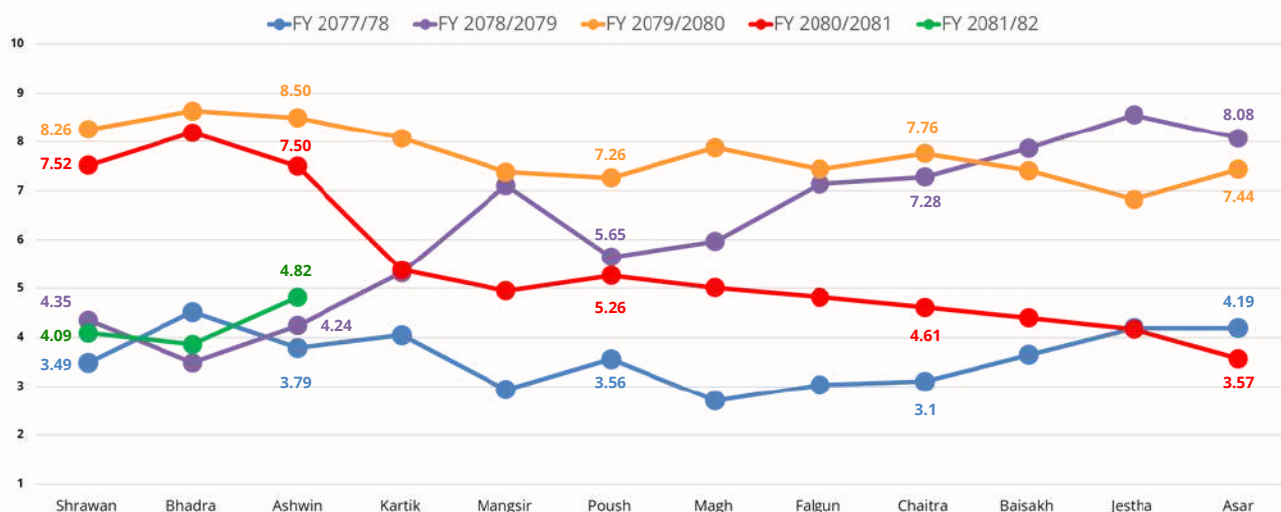
Source: Financial Comptroller General Office

Export and Import (First Three Months)

TRADE INDICATORS	FY 2080/81	FY 2081/82	CHANGE (%)
Imports (Rs.in `000)	407,758,975	390,752,321	-4.17
Exports (Rs.in `000)	40,874,891	38,378,717	-6.11
Trade Deficit (Rs.in `000)	366,884,084	352,373,604	-3.96
Total Foreign Trade (Rs.in `000)	448,633,866	429,131,038	-4.35
Imports/Exports Ratio (%)	9.98	10.18	2.06
Exports Share to Total Trade (%)	9.11	8.94	-1.84
Imports Share to Total Trade (%)	90.89	91.06	0.18

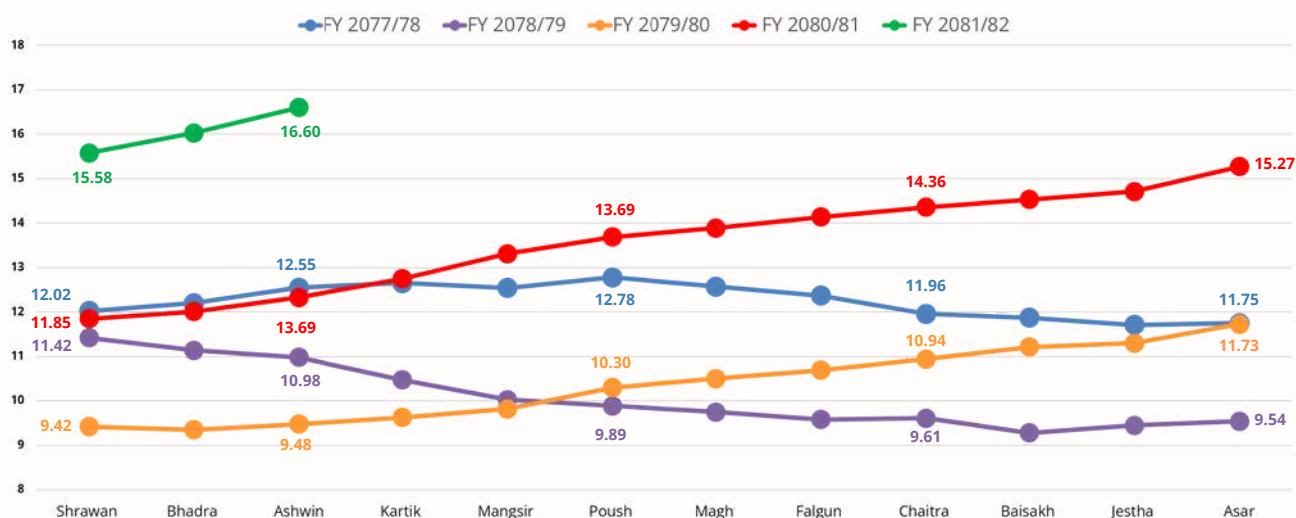
Source: Department of Customs

Inflation (in %)



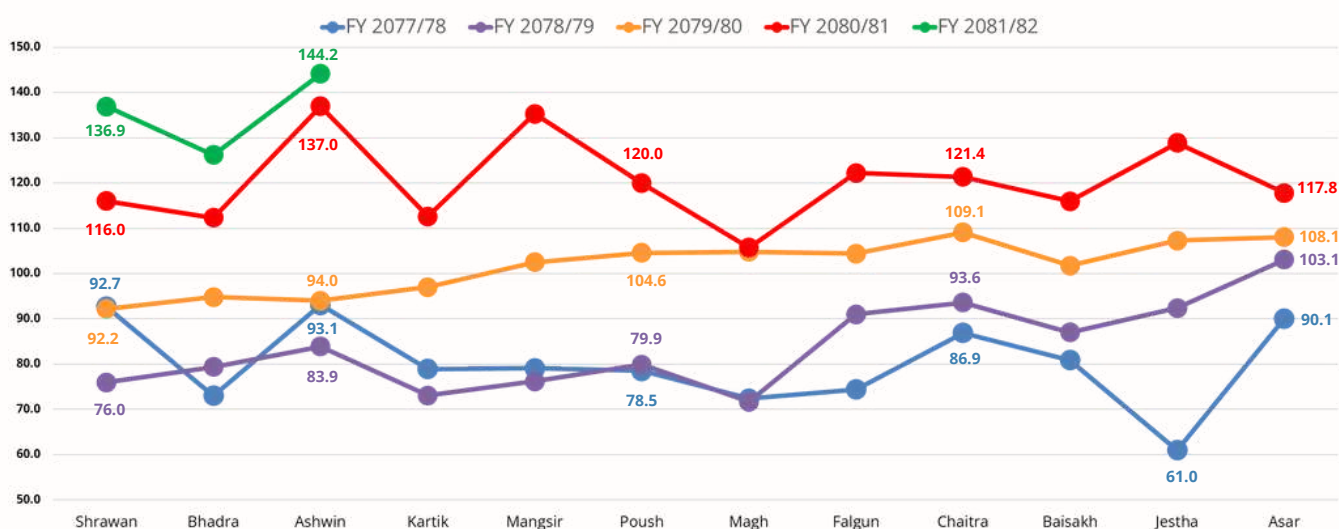
Foreign Exchange Reserve

Amounts in Billion (USD)



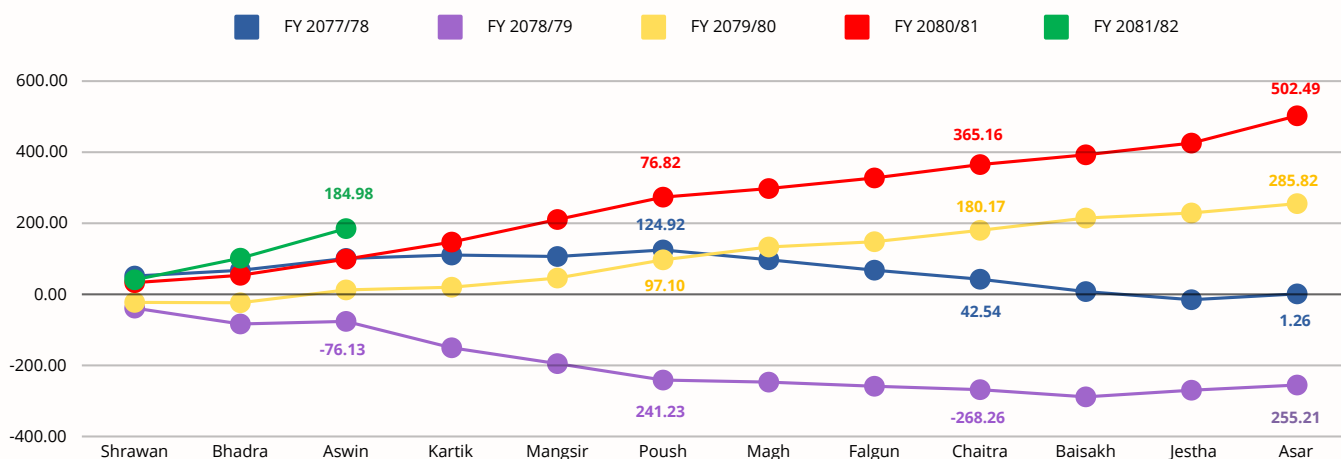
Inward Remittance

Amounts in Billion (Rs.)



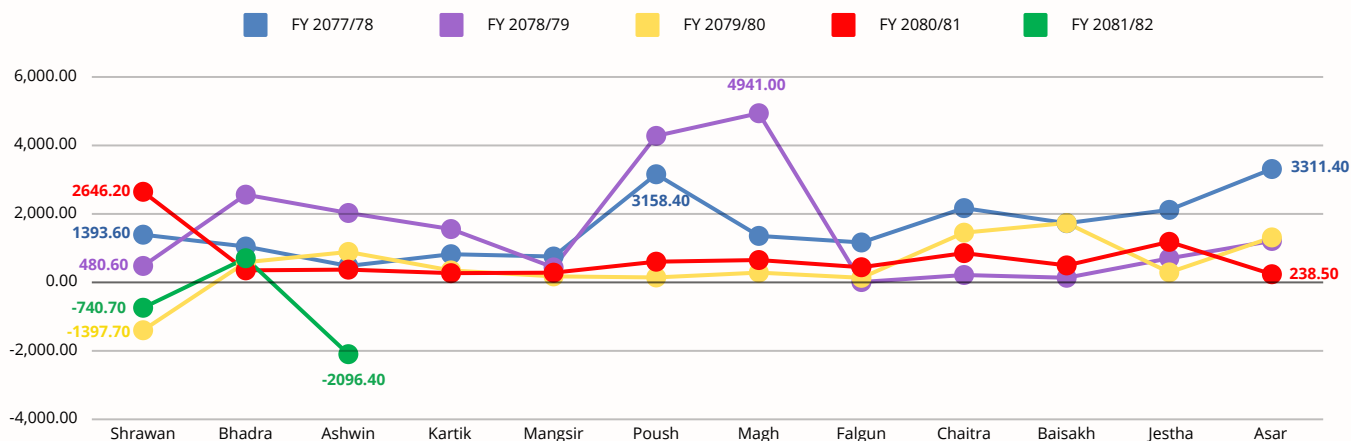
Balance of Payment

Amounts in Billion (Rs.)

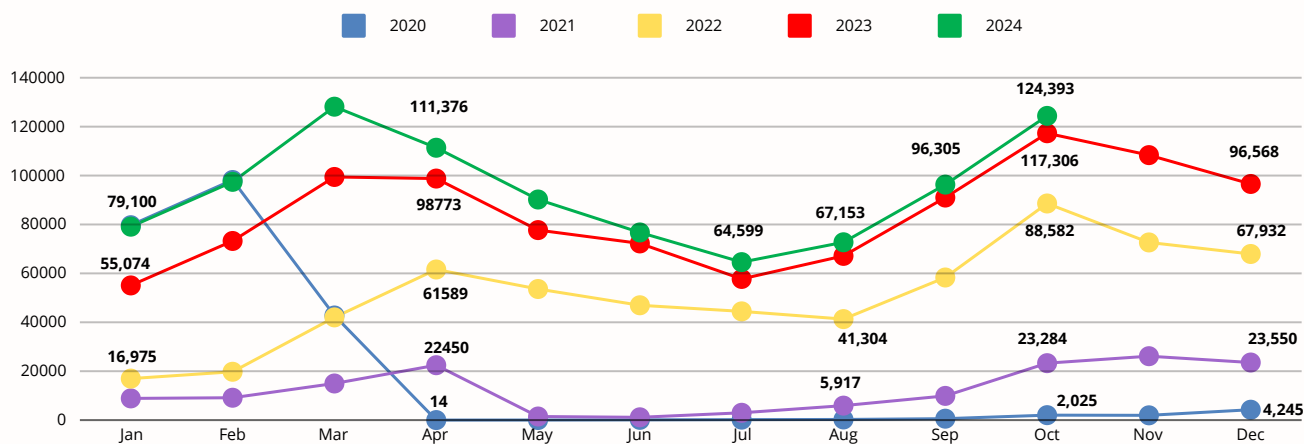


Trend of Net Direct Investment in Nepal

Amounts in Million (Rs.)



Number of Tourists Arrivals



Number of New Industry Registration

SCALE	FY 2079/80	FY 2080/81	FY 2081/82 Q1
Large Industry	66	49	11
Medium Industry	70	52	10
Small Industry	186	333	178
TOTAL	322	434	199

Source: Department of Industry

Labour Approval In FY 2081/82 Q1

Details	Male	Female	Total
New Individual	22,847	5,870	28,717
Recruiting agency	70,522	8,904	79,426
Re Entry	54,033	5,906	59,939
GG (EPS Korea & Isreal, UK)	2,241	270	2,511
Grand Total	149,643	20,950	170,593

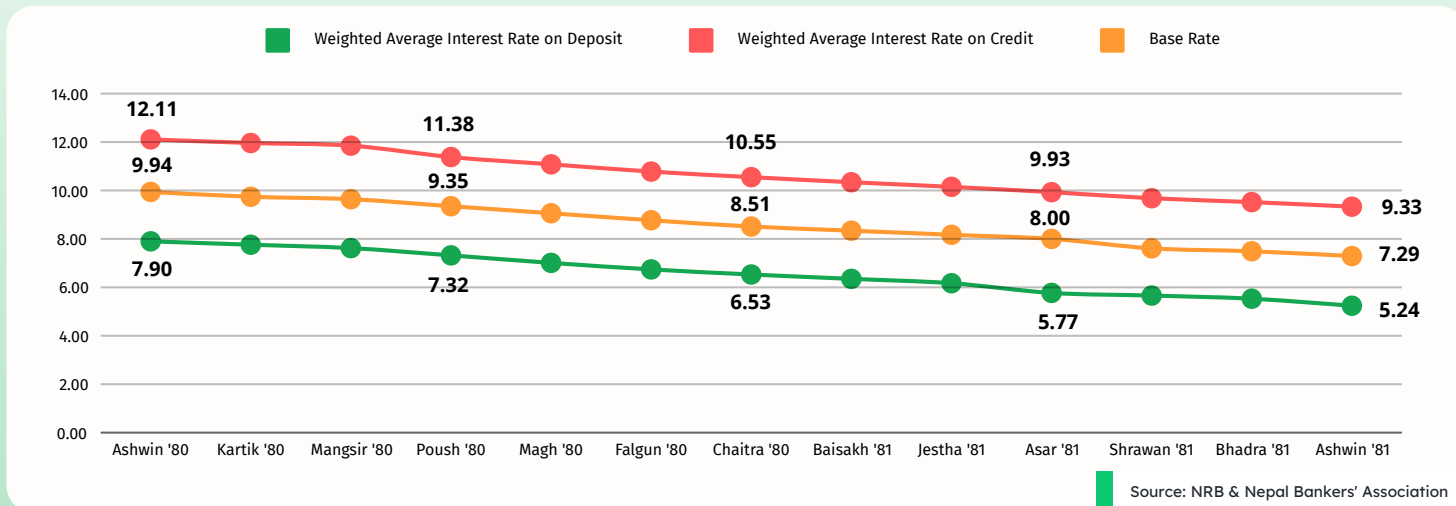
Skill Type	Male	Female	Total
High Skilled	170	41	211
Professional	800	148	948
Semi-skilled	14,963	1,784	16,747
Skilled	101,175	13,221	114,396
Unskilled	32,535	5,756	38,291
Grand Total	149,643	20,950	170,593

Source: Department of Foreign Employment

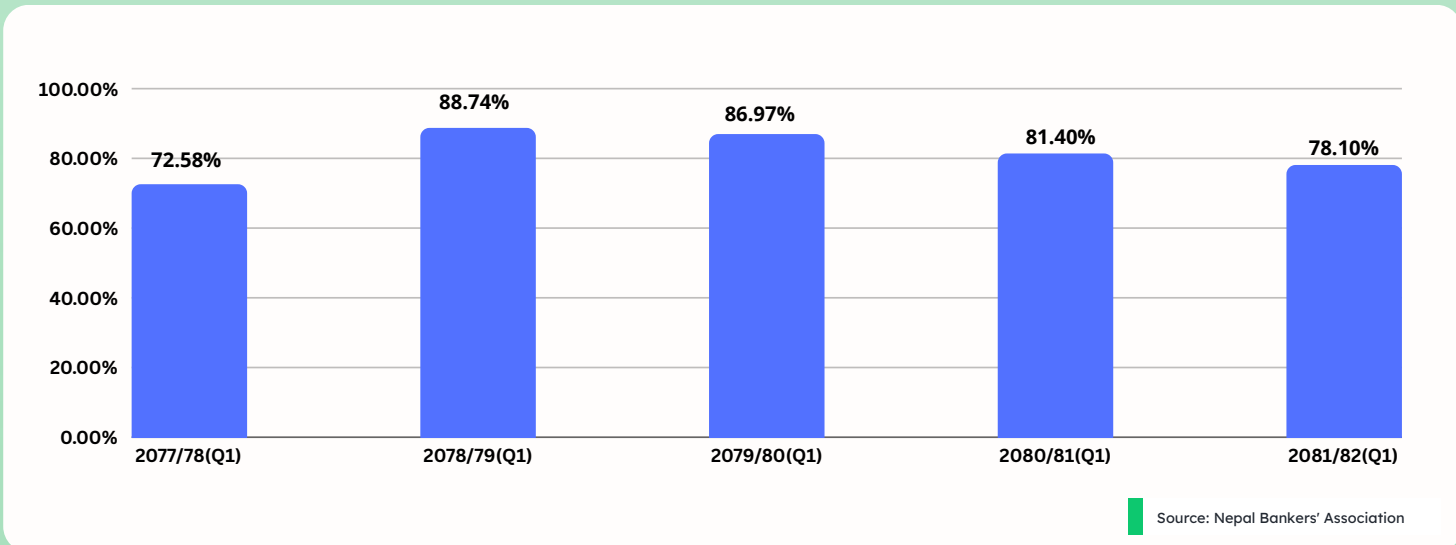


Nepalese Banking Industry

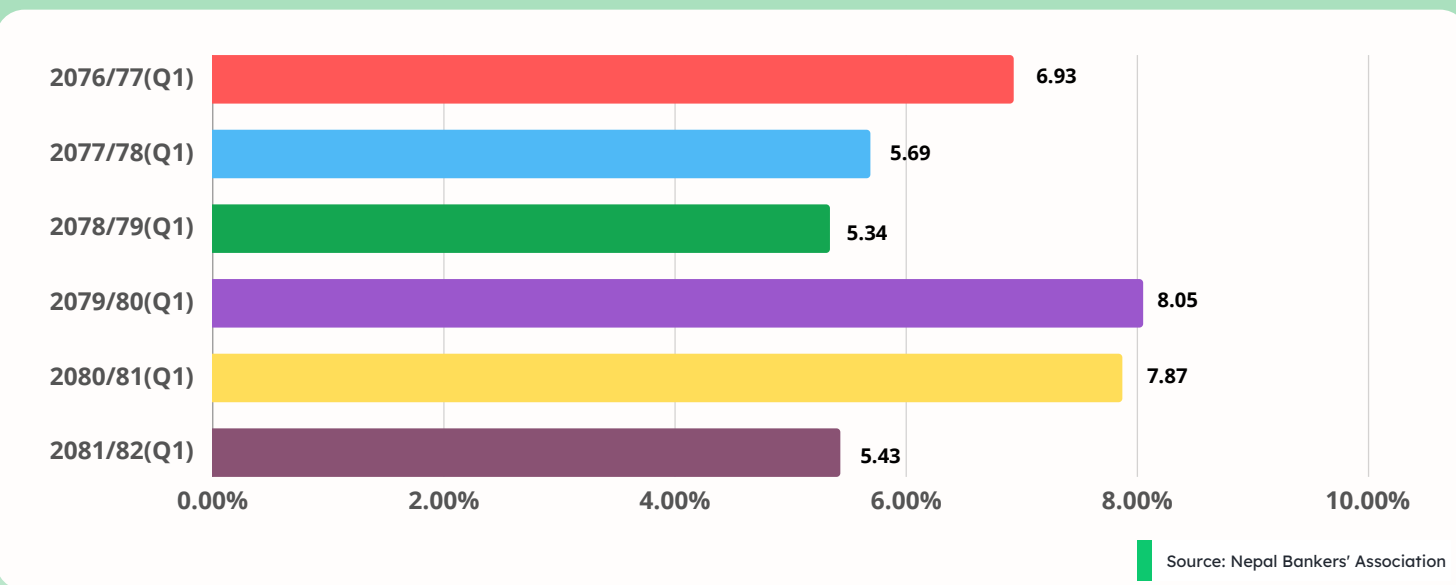
W.Avg Deposit & Lending Interest Rate of Commercial Banks



Avg. CD Ratio of Commercial Banks

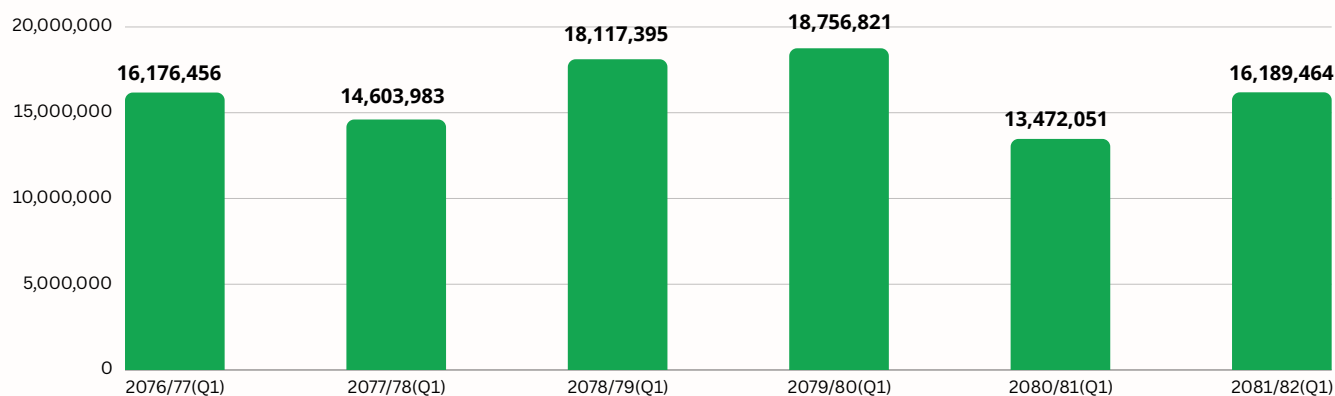


Avg. Cost of Fund Of Commercial Banks



Avg. Net Profit of Commercial Banks

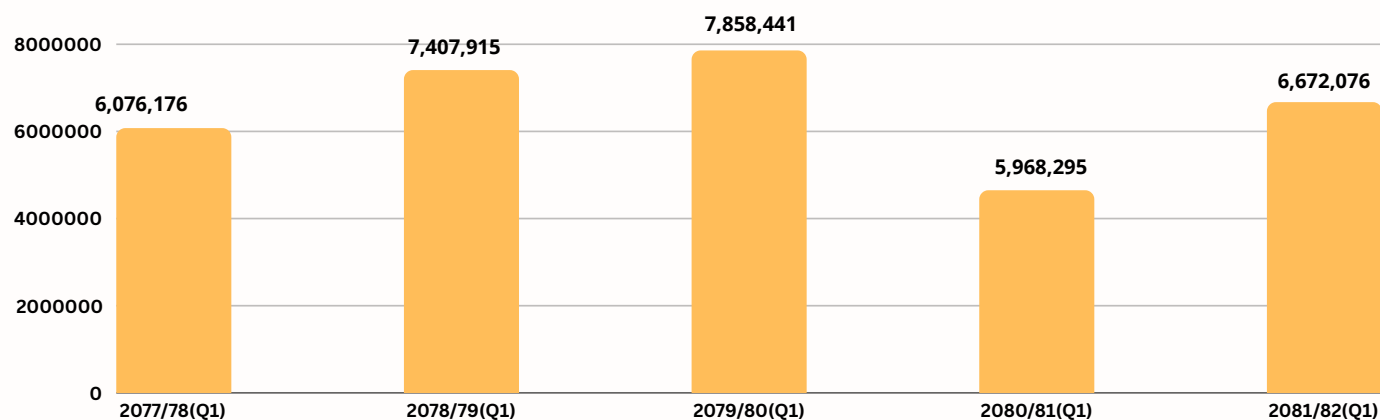
Amounts in Billions (Rs.)



Source: Nepal Bankers' Association

Income Tax paid by Commercial Banks

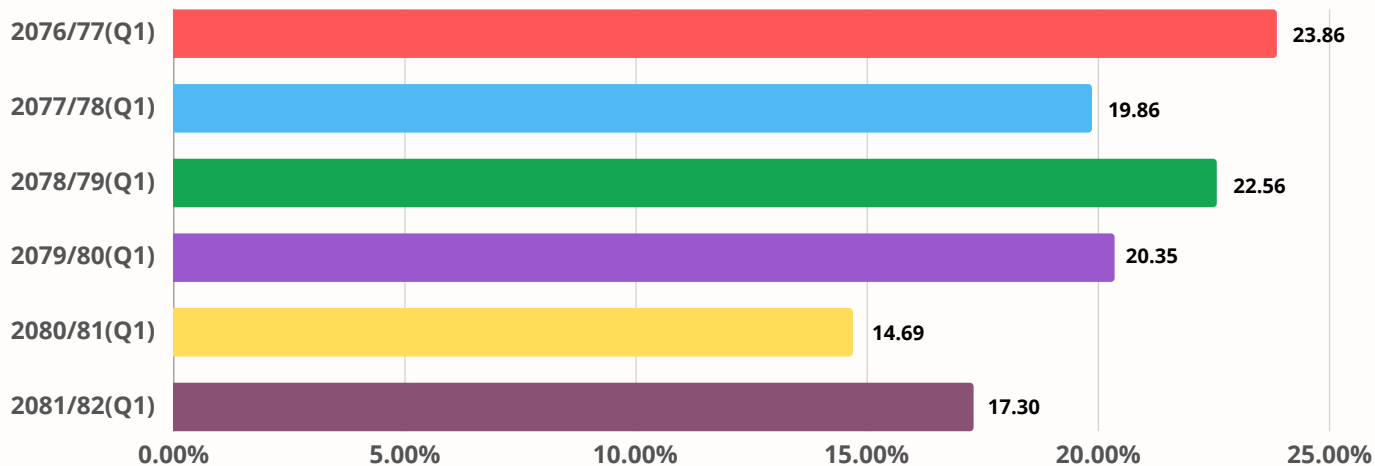
Amounts in NPR' 000



Source: Nepal Bankers' Association

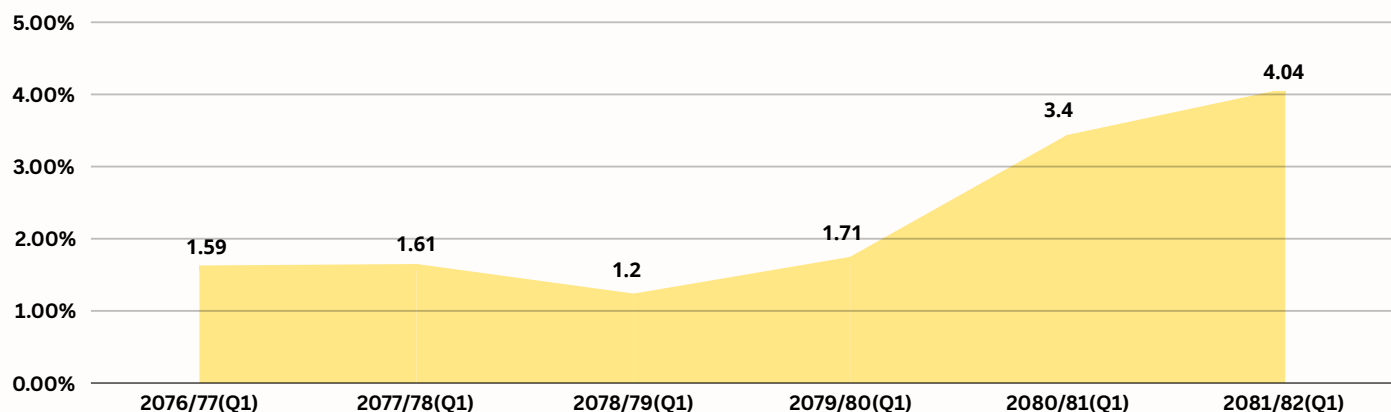
Avg. Earning Per Share of Commercial Banks

Amount in Rs.



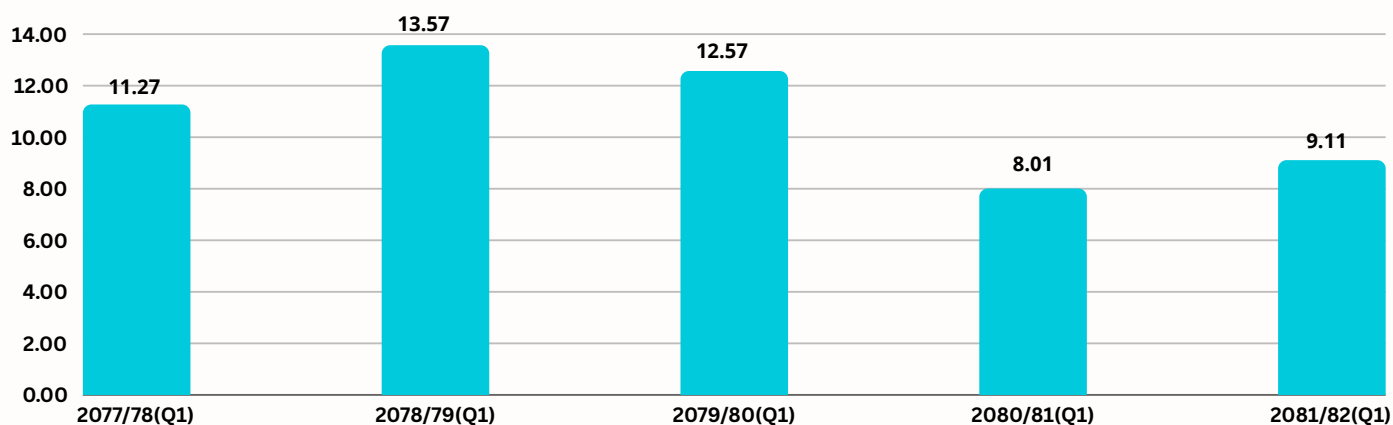
Source: Nepal Bankers' Association

Avg. NPL of Commercial Banks (in %)



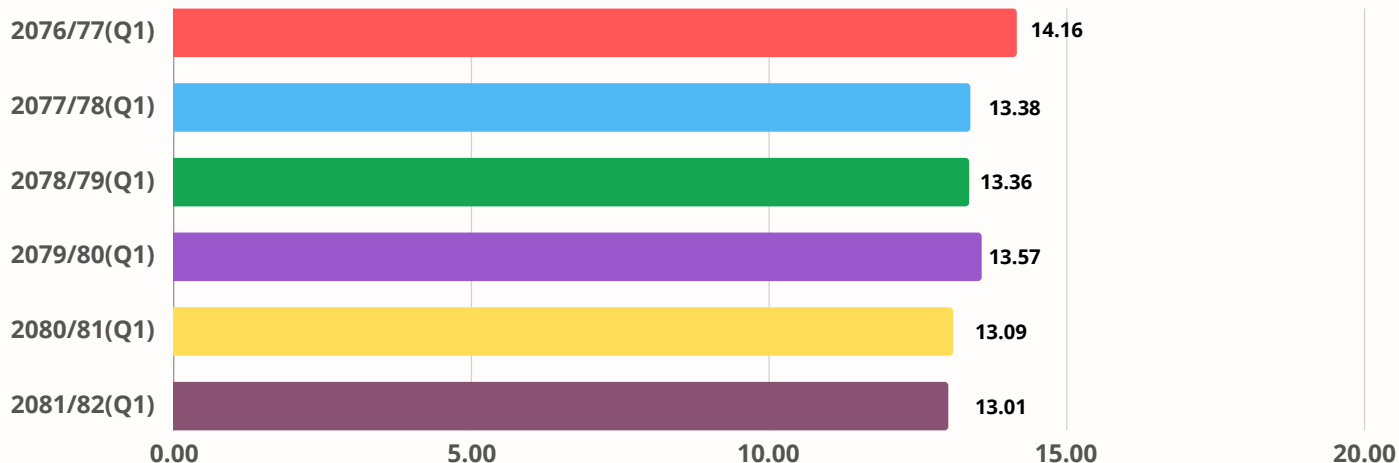
Source: NRB & Nepal Bankers' Association

Avg. Return on Equity of Commercial Banks (in %)



Source: Nepal Bankers' Association

Avg. Capital Adequacy Ratio of Commercial Banks (in %)



Source: Nepal Bankers' Association

Deposit & Lending of Commercial Banks

FY 2080/81

	Amount in Billions (Rs.)		Amount in Billions (Rs.)	
	Shrawan 1, 2080	Ashoj 32, 2080	Growth	Growth (%)
Deposit	5086	5223	137	2.69%
Lending	4318	4429	111	2.56%

FY 2081/82

	Amount in Billions (Rs.)		Amount in Billions (Rs.)	
	Shrawan 1, 2081	Ashoj 32, 2081	Growth	Growth (%)
Deposit	5755	5922	167	2.91%
Lending	4571	4682	111	2.43%

Source: Nepal Bankers' Association

Sector-wise Lending

	Amounts in Billion (Rs.)			
	Ashoj 2080	Ashoj 2081	CHANGES SINCE Ashoj 2080	(%)CHANGES SINCE Ashoj 2080
Agricultural and Forest Related	328.31	322.07	-6.24	-1.90%
Fishery Related	13.98	14.45	0.47	3.37%
Mining Related	10.38	13.31	2.93	28.21%
Agriculture, Forestry & Beverage Production Related	787.36	841.83	54.47	6.92%
Construction	179.48	188.05	8.57	4.78%
Electricity, Gas and Water	313.50	384.79	71.28	22.74%
Metal Products, Machinery & Electronic Equipment & Assemblage	67.73	71.32	3.59	5.30%
Transport, Communication and Public Utilities	84.59	78.20	-6.40	-7.56%
Wholesaler & Retailer	919.03	932.25	13.22	1.44%
Finance, Insurance and Real Estate	306.45	342.46	36.01	11.75%
Tourism Services	188.52	208.27	19.75	10.48%
Other Services	181.43	182.97	1.54	0.85%
Consumption Loans	808.54	854.78	46.25	5.72%
Local Government	1.18	1.18	0.00	0.00%
Others	236.74	246.08	9.34	3.94%
TOTAL	4,427.22	4,682.00	254.78	5.75%

Source: Nepal Rastra Bank

Product-wise Lending

	Amounts in Billion (Rs.)		CHANGES SINCE	(%)CHANGES SINCE
	Ashoj 2080	Ashoj 2081	Ashoj 2080	Ashoj 2080
Term Loan	1,507.70	1,749.61	241.91	16.05%
Overdraft	92.54	89.47	-3.08	-3.33%
Cash Credit Loan	553.37	595.64	42.28	7.64%
Trust Receipt Loan/Import Loan	85.07	97.23	12.16	14.29%
Demand & Other Working Capital Loan	836.70	744.40	-92.30	-11.03%
Residential Personal Home	302.11	319.58	17.47	5.78%
Real Estate Loan	208.30	225.90	17.60	8.45%
Margin Nature Loan	63.33	84.21	20.88	32.97%
Hire Purchase Loan	109.58	107.82	-1.76	-1.61%
Deprived Sector Loan	273.24	267.91	-5.33	-1.95%
Bills Purchased	5.10	7.20	2.10	41.20%
Other Product	390.19	393.03	2.84	0.73%
TOTAL	4,427.22	4,682.00	254.78	5.75%

Source: Nepal Rastra Bank

Financial Access of Commercial Banks

			CHANGES SINCE	(%)CHANGES SINCE
	ASHOJ 2080	ASHOJ 2081	ASHOJ 2080	ASHOJ 2080
NO. OF BRANCHES	5,015	5,062	47	0.94%
NO. OF DEPOSIT ACCOUNTS	45,243,527	48,836,432	3,592,905	7.94%
NO. OF LOAN ACCOUNTS	1,524,060	1,587,391	63,331	4.16%
NO. OF BRANCHLESS BANKING CENTERS	1,279	1,083	-196	-15.32%
NO. OF MOBILE BANKING CUSTOMERS	19,201,179	21,867,428	2,666,249	13.89%
NO. OF INTERNET BANKING CUSTOMERS	1,102,915	1,416,159	313,244	28.40%
NO. OF ATMS	4,658	4,831	173	3.71%
NO. OF DEBIT CARDS	11,667,570	11,968,637	301,067	2.58%
NO. OF CREDIT CARDS	297,832	294,901	-2,931	-0.98%
NO. OF PREPAID CARDS	154,800	198,597	43,797	28.29%

Source: Nepal Rastra Bank

NBA ACTIVITIES

SHRAWAN - ASHOJ 2081

Meeting with the Deputy Prime Minister and Finance Minister

July 16, 2024 - The Executive Committee Members of Nepal Bankers' Association (NBA) extended their heartfelt congratulations and best wishes to the newly appointed Hon'ble Deputy Prime Minister and Finance Minister, Mr. Bishnu Prasad Paudel, at the Ministry of Finance.



During the meeting, NBA President Mr. Sunil KC provided an overview of the current state of the Nepalese banking sector and emphasized the sector's contribution to the country's economic growth. He also discussed the recent challenges faced by the banking sector such as increasing negative public perception of the financial sector, targeted attacks on banks and financial institutions, declining profitability of banks, and the growth of non-performing loans. Mr. KC noted that although banks have sufficient loanable funds, there has been a noticeable decline in credit demand, which has prevented the market to be vibrant despite decreasing interest rates. He suggested that the government should take steps to make the economy more viable under the current circumstances and assured that the banking sector is prepared to support the Government in achieving financial stability and economic development.

In response, Hon'ble Deputy Prime Minister and Finance Minister Mr. Paudel assured that the Government would continue to support and facilitate the banking sector as needed. He emphasized the Government's commitment to take necessary actions to eliminate the atmosphere of fear and intimidation within the banking sector. He further stated that all stakeholders should focus on boosting economic activities by increasing the confidence of the general public, entrepreneurs and businesspeople, as this is the main challenge for Nepalese economy at present. The Finance Minister expressed a strong commitment to resolve the current challenges and requested continued support and coordination from all the stakeholders.

Digital Financial Services (DFS) Program at Gandaki and Lumbini Province

August 11, 2024 - The Nepal Bankers' Association (NBA), in collaboration with the International Finance Corporation (IFC), hosted a series of workshops in Gandaki and Lumbini provinces titled "Knowing your Digital Payment Services for Digital Empowerment" focusing on the evolution of digital financial services (DFS) in Nepal. The primary goal of the event was to enhance the participants' knowledge of DFS, relevant regulatory frameworks, and the crucial role of financial inclusion.





Mr. Ashim Nepal, Operations Officer at IFC, opened the workshop by outlining its objectives and providing an update on the DFS Nepal project. He emphasized the importance of improving digital financial literacy and highlighted the need to enhance access to and security of these services, especially at the grassroots level.

The session then moved forward with Mr. Sanjib Subba, Digital Financial Services Expert, who started interactive quiz session titled “Ice-Breakers.” This activity emphasized the significance of digital services and highlighted security concerns such as phishing and fraud. Mr. Subba also conducted interactive sessions “Digitally Empowered Employees” showcasing various digital financial services and products available in Nepal, exploring methods to increase their adoption and foster a more inclusive digital financial sector.



The workshop explored use cases such as M-Pesa, the role of artificial intelligence in advancing digital financial inclusion, and innovations like credit scoring models. The session covered topics including the “bank-in-a-box” concept, the challenges faced by “legacy banks” due to the rise of digital banks, digital lending, the importance of QR code interoperability, consumer rights in terms of its use, and Buy Now Pay Later (BNPL) services. The sessions also addressed the growing issue of cyber fraud, even among educated individuals, underscoring the importance of continuous consumer education on fraud prevention. Mr. Subba highlighted the main causes of fraud as GIF – “Greed, Ignorance and Fear”. The session was attended by more than 50 banking officials in each province from various commercial banks.



Digital Financial Services (DFS) Program at Madhesh Province

August 12, 2024 - The Nepal Bankers’ Association (NBA), in partnership with the International Finance Corporation (IFC), conducted a workshops in Janakpur, Madhesh province under the theme “Knowing your Digital Payment Services for Digital Empowerment.” The workshop aimed to deepen participants’ understanding of the development of digital financial services (DFS) in Nepal, the associated regulatory frameworks, and the vital role of financial inclusion.



Ms. Suvekshya Bhandari Subedi from IFC, inaugurated the workshop by outlining its objectives and providing an update on the DFS Nepal project. She underscored the importance of enhancing digital financial literacy, with a particular focus on improving access to and the security of these services, especially at the grassroots level.



Following the opening remarks, Mr. Sanjib Subba, a Digital Financial Services Expert, led an engaging quiz session titled “Ice-Breakers.” This activity highlighted the significance of digital services and brought attention to security issues such as phishing and fraud. Mr. Subba also facilitated interactive sessions under the theme “Digitally Empowered Employees,” where he showcased various digital financial services and products available in Nepal, exploring strategies to increase their adoption and support the development of a more inclusive digital financial sector.

The workshop explored used cases like M-Pesa and discussed the role of artificial intelligence in enhancing digital financial inclusion, as well as innovations such as credit scoring models. Topics included the “bank-in-a-box” concept, the challenges that “legacy banks” face due to the emergence of digital banks, digital lending, the significance of QR code interoperability, and consumer rights concerning their use. Additionally, the sessions addressed the rising concern of cyber fraud, even among the educated population, emphasizing the need for ongoing consumer education on fraud prevention. Mr. Subba pointed out that the primary drivers of fraud are GIF—Greed, Ignorance, and Fear. The event saw participation from over 45 banking officials representing various commercial banks.



Interaction Program on Risk Management and Compliance Practices

August 14, 2024 - Nepal Bankers’ Association (NBA), in collaboration with National Banking Institute (NBI), successfully conducted an interaction program on “Risk Management and Compliance Practices” at NBA’s Conference Hall. The event aimed to equip banking professionals with in-depth knowledge and critical insights into the current landscape of risk management and compliance, which are essential for addressing the ongoing challenges in the banking industry.



Delivering the opening remarks, Mr. Dhan Thapa, Deputy General Manager, NBI welcomed all the participants and emphasized the importance of the program in strengthening the industry’s approach to risk management and compliance. He underscored the need for continuous collaboration to advance the learning and adaptation in these areas, given the rapidly evolving financial environment.

During the program, Mr. Anandan Murugesan, Head of Conduct, Financial Crime, and Compliance Risk Measurement, Standard Chartered Bank delivered a comprehensive presentation covering important topics related to risk management and compliance, providing participants with a strategic overview as well as practical guidance.

Mr. Murugesan delved into critical components such as governance, operational resilience, policy development, establishment of robust frameworks for Financial Crime Compliance (FCC) and overall compliance management. He offered detailed insights into regulatory compliance, prudential risk management, complexities of banking regulations, and the strategies for managing regulatory changes.

Furthermore, he discussed upon setting strategic directions for risk management, designing effective risk assessment methodologies, and executing comprehensive compliance programs from start to finish. He also talked on Global Risk Assessment (GRA) Model, business and geographical financial crime risk assessment and shared the best practices for managing financial crime risks and preventing financial fraud. The program was attended by more than 45 officials from the member banks.



Partner Support Workshop Nepal 2024

August 28, 2024 - Nepal Bankers' Association (NBA), in collaboration with Visa International successfully conducted a workshop titled "Partner Support Workshop Nepal 2024". This initiative was designed to equip banking professionals with essential knowledge to deepen their understanding of card services and support mechanisms and enhance the efficiency of operations across banks by addressing the current challenges.

Delivering the opening remarks, NBA Senior Program Officer, Mr. Kapil Gautam, warmly welcomed all participants and emphasized the importance of continually adapting and improving operations to meet the growing demands of customers within a rapidly evolving financial landscape. He also noted that this workshop is a crucial step in that direction.



During the program, Mr. Ganesh Mohan Chowdhury, Director of Client Services for India and South Asia at Visa, delivered an insightful presentation covering a wide range of topics. He delved into the complexities of card systems, operational framework of Visa, authorization and settlement processes, dispute resolution mechanisms, and the e-commerce transaction liability shift. He also addressed key areas including interchange reimbursement fees (IRF), electronic data quality program, account updater, online services, upcoming mandates and technology advancements, among others.

Mr. Ashish Chakraborty, Director of Business Development for South Asia at Visa, delivered the closing remarks, expressing gratitude to all participants for their presence. He noted that the session was instrumental in understanding the card-related operational challenges faced by Commercial banks and in providing practical solutions. He further emphasized Visa's commitment to organizing similar programs in the future.

The program saw the participation of over 90 officials from commercial banks and various PSOs and PSPs.



Digital Financial Services Program at Bagmati Province

September 1, 2024 - Nepal Bankers' Association (NBA) in a partnership with the International Finance Corporation (IFC) in a support from the Ministry of Economy and Finance, Government of South Korea, organized digital awareness program titled "Knowing your Digital Payment Services for Digital Empowerment" in Hetauda, Bagmati Province. The primary goal of the program was to raise awareness and equip the digital financial service knowledge among banking officials, with a particular focus on the front-line operational staff of member banks.



In his opening remarks, Mr. Ashim Nepal from IFC Nepal warmly welcomed the participants and outlined the key objectives of the program, setting the tone for the event. He also discussed IFC's ongoing Digital Financial Services project in Nepal, including their efforts in assisting Nepal Rastra Bank with policy reforms in the Digital Financial Sector. He also underscored the importance of improving digital financial literacy and stressed the need to enhance the knowledge related to the security of these services, particularly at the grassroots level.



During the program, Mr. Sanjib Subba, Digital Financial Services Expert, led an informative session with a presentation that covered various aspects of digitalization. He discussed the landscape of digital financial services in Nepal, digital payment products, cross-border payments, digital lending, and issues related to cyber fraud. Mr. Subba emphasized how digitalization is shaping the future of the banking industry and highlighted the crucial role of front desk officers in understanding these changes and communicating them to customers. He also pointed out the rising incidents of fraud in digital banking, stressing that building customer awareness about digitalization is not only beneficial for customers but also essential for banks.

Recognizing the potential of Gen AI, the session explored how digital solutions and Gen AI integration can empower the knowledge of bank employees and bring the efficiency in banking operation.

Delivering a closing remarks, Mr. Kapil Gautam from NBA thanked all the participants for their active participation. He noted that while digitalization offers numerous opportunities, its challenges should not be underestimated. To fully harness these opportunities, deepening the understanding and knowledge related to digital financial services is crucial. Additionally, he highlighted NBA's ongoing efforts in this area and urged all participants to share their learnings to their team members so that the benefits of the training are widely disseminated.

The program was attended by almost 50 officials from the member banks.



Digital Financial Services Program in Koshi, Karnali and Sudurpaschim Province

September 5, 2024 - Nepal Bankers' Association (NBA), in collaboration with International Finance Corporation (IFC) and supported by the Ministry of Economy and Finance, Government of South Korea, successfully concluded the Digital Financial Services (DFS) Program in Biratnagar, Surkhet and Dhangadhi. The program titled "Knowing your Digital Payment Services for Digital Empowerment," aimed to enhance the digital financial literacy of banking officials and promote the adoption of digital financial services across the country.



Over the course of the program, more than 150 banking officials from various commercial banks participated in training sessions held in different provinces. The program focused on building a deeper understanding of digital financial services, empowering banking professionals to better serve their customers and foster financial inclusion through digital means.

The program covered key topics such as digital payment products, digital payment systems, cross-border transactions, and the growing challenges related to cyber fraud.

Participants were introduced to the latest developments in digital financial services, including the use of artificial intelligence (AI) in banking, with a special focus on Gen AI and its potential to enhance operational efficiency and security within banking industry. The sessions also explored the practical insights, emphasizing the significance of various digital channels and recent regulatory changes aimed at simplifying KYC procedures for small vendors, thereby enhancing the acceptance of electronic payments. The session further discussed on Payment Service Providers (PSPs) and Payment System Operators (PSOs), as well as the regulatory frameworks governing them. Key discussions focused on reducing the operational costs, boost digital payments, and promote financial inclusion through digitalization. The program also underscored the importance of developing robust security measures and increasing awareness among customers regarding the digitalization of financial services.



In each province, the program emphasized the role of banking professionals in educating customers about digital financial services. By equipping bank staff with the necessary knowledge and tools, the program sought to create a more digitally inclusive financial ecosystem in Nepal. Participants were encouraged to share their learnings with their teams, ensuring that the benefits of the training extend beyond the individual attendees.

The program marks a significant milestone in Nepal's journey towards digital financial empowerment. With the completion of this initiative, NBA and IFC have attempted to make some contribution towards enhancing the country's digital financial infrastructure and promoting a more secure and inclusive digital financial environment, ultimately contributing to the country's economic growth and development.

Workshop on Mapping Solar Power Project Financing Opportunities and Trends in Nepal

September 10, 2024 - Nepal Bankers' Association (NBA), in collaboration with USAID Urja Nepal and Solar Power Producers' Association, Nepal (SOPPAN) successfully organized a workshop titled "Mapping Solar Power Project Financing Opportunities and Trends in Nepal. The event brought together key stakeholders from Nepal's energy and financial sectors to explore the future of solar power financing.

The workshop aimed to map the solar financing opportunities and trends within the country, providing participants with a comprehensive understanding of the roles that financial institutions play in solar utility power projects. The workshop's discussions centered on the need for enhanced investment in solar infrastructure to meet the nation's growing energy demands and reduce reliance on imported fossil fuels. Industry experts and representatives from leading institutions addressed the challenges and opportunities in financing solar power projects, with a particular focus on how commercial banks can support this emerging sector.

During the program, Mr. Ashok Sherchan, NBA Executive Committee Member and CEO of Prabhu Bank Ltd., delivered remarks highlighting Nepal's significant potential for solar energy and its crucial role in diversifying the country's energy mix. He emphasized the Government of Nepal's efforts to promote clean energy and highlighted how commercial banks have aligned with these policies by investing over 370 billion in the energy sector in the fiscal year 2080/81, which represents around 9% of their total lending portfolio. Despite these efforts, Mr. Sherchan pointed out that Nepal continues to face energy challenge and remains heavily dependent on imported fossil fuels. He underscored the importance of solar energy as a viable alternative, offering a sustainable solution to reduce reliance on fossil fuels, foster a cleaner energy system, and align Nepal with global efforts to combat climate change.



Key sessions included presentations on innovative financing models, environmental and social impact standards, and solar project development strategies. Participants, including government representatives, financial institutions, and international development agencies, engaged in productive dialogue about the current regulatory landscape and potential public-private partnerships.

The workshop also featured a dynamic panel session where experts from key organizations, including the Solar Power Producers Association Nepal (SOPPAN), Ministry of Energy, Water Resources and Irrigation (MoEWRI), Nepal Electricity Authority (NEA), Electricity Regulatory Commission (ERC), Nepal Insurance Authority (NIA), Nepal Bankers Association (NBA) and German International Cooperation (GIZ) discussed the evolving landscape of solar project financing and development in Nepal.

The workshop underscored the critical need for strategic financial mechanisms, such as concessional loans and international grants, to make solar projects viable in Nepal. Speakers also emphasized the importance of conducting thorough environmental and social impact assessments to safeguard communities and ensure sustainable project development.

The workshop was participated by over 85 participants from various sectors, including government officials, development partners, officials from commercial banks and concerned stakeholders.

Meeting with IMF Representatives

September 15, 2024 - Nepal Bankers' Association (NBA) held a meeting with the delegates from International Monetary Fund (IMF), led by IMF Mission Chief Dr. Sarwat Jahan. The meeting was attended by several IMF officials, including Ms. Teresa Daban Sanchez, the Resident Representative for Nepal. The discussions primarily focused on Nepal's economic and financial landscape, key challenges facing the banking sector, business outlook, monetary policy concerns, and regulatory hurdles, among other critical issues.



NBA President Mr. Sunil KC, accompanied by several members of the Executive Committee, provided an in-depth analysis of Nepal's current economic and financial situation. One of the key points raised was the sluggish credit growth, despite a significant decrease in interest rates. To address this, Executive Members emphasized the crucial role of the Government in helping to boost the low morale and also the importance of timely capital expenditure to stimulate economic activity and drive financial sector growth. They also raised the concern of low public confidence due to various uncertainties. They stressed that improving public sentiment is vital to revitalizing the economy and fostering a more positive business environment.

The meeting was highly interactive and constructive, offering a platform for both NBA and the IMF team to exchange insights and explore strategies for addressing these pressing issues.

Seminar on Integrating Climate Finance and Green Finance Taxonomy in Nepal's Banking Industry

September 26, 2024 - Nepal Bankers' Association (NBA), in partnership with Invest for Impact Nepal (IIN) successfully organized a seminar titled "Integrating Climate Finance & Green Finance Taxonomy in the Banking Industry of Nepal". The event marked a pivotal moment for Nepal's financial sector and other stakeholders as it seeks to align with global climate finance strategies and green finance taxonomy.



The seminar kicked off with welcome remarks from H.E. Dr. Danielle Meuwly, the Ambassador of Switzerland to Nepal, followed by a presentation from Mr. Sunil K.C., President, NBA. Mr. K.C. emphasized the importance of climate finance in Nepal's banking industry and reaffirmed NBA's commitment to promoting sustainable finance. Special Guest of the event Mr. Michael Jongeneel, CEO of FMO Netherlands, shared his vision of how the banking industry can lead in promoting climate finance.



A key highlight of the event was the launch of the Sustainable Finance Department at NBA, jointly launched by Mr. Maha Prasad Adhikari, Governor of Nepal Rastra Bank (NRB), H.E. Dr. Danielle Meuwly and Mr. Michael Jongeneel. With a theme "Paving the Path for a Greener and Resilient Future" NBA officially launched the establishment of the Sustainable Finance Department at NBA. Chief Guest of the event the Governor highlighted the significant policy milestone announcing that NRB is nearing the final stages of implementing the Green Taxonomy Guideline, and also stressed the importance of making these guidelines National-level Documents, underscoring their crucial role in bringing the country's financial sector in line with international green finance benchmarks.

The seminar's technical session was led by Ms. Yulanda Chung, former Managing Director of DBS Singapore and Sustainability Expert at Standard Chartered Bank UK, who delved into the integration of climate finance and green finance. She addressed key principles in understanding climate risks and their relevance to Nepal's banking sector, along with green financial products and the evolving regulatory landscape.

The event's dynamic panel discussion brought together leading experts from key organization including Mr. Guru Prasad Paudel, Executive Director, Nepal Rastra Bank; Ms. Jeesun Han, Manager, Energy-Asia and ECA, FMO; Ms. Antonia Fluck, Programme Manager, Swiss Agency for Development and Cooperation; Ms. Katja Silva-Leander, Managing Director, Cadmus UK; Mr. Dipak Kumar De, Executive Committee Member, Nepal Bankers' Association; and the session was moderated by Mr. Buddhika Samarasinghe, Programme Director, Invest for Impact Nepal. The session sparked engaging dialogue on integrating climate finance strategies into banking operations. The panelists explored key opportunities and challenges, including the importance of regulatory frameworks, risk management, and innovative green financial products.



The program was participated by over 200 participants from various sectors, including government officials, development partners, officials from commercial banks, medias and concerned stakeholders.

Climate Finance Masterclass for Nepal's Financial Sector Leaders

September 27, 2024 - Nepal Bankers' Association (NBA) in a collaboration with Invest for Impact Nepal (IIN) successfully organized Climate Finance Masterclass for Nepal's Financial Sector Leaders. The event aimed to build a deeper understanding of climate-related risks and unlock the potential of climate finance possibilities. As the global transition towards sustainability accelerates, the masterclass offered an unique opportunity to equip banking industry leader and decision-makers with the knowledges and tools necessary to navigate the evolving green financing landscape.



Masterclass was designed to equip top executives with insights on integrating climate finance into their core banking strategies, thereby enhancing their role in mitigating climate risks while driving sustainable growth.




The session was led by Master Trainer Ms. Yulanda Chung, former Managing Director of DBS Singapore and Sustainability Expert at Standard Chartered Bank, UK and Co-Trainer Ms. Alison Snellen, Principal Consultant at IBIS Consulting, Hong Kong. The session focused on identifying key climate risks, both physical and transitional, and their impact on financial institutions. The session also highlighted emerging opportunities within climate finance, such as green bonds, sustainability-linked loans, and other innovative financial instruments that support climate-resilient projects. Banking industry leaders actively engaged in discussions on the financial sector's role in addressing climate change, sharing insights and exploring practical solutions tailored to the Nepalese banking context.



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