

PROCEEDINGS OF CONFERENCE ON LEADERSHIP DEVELOPMENT FOR THE NEW NORMAL 27 NOV 2021



Foreword

It was a great pleasure for Banking Finance and Insurance Institution (BFIN) to organize the Conference on Leadership Development for the New Normal on November 27, 2021 in Kathmandu, Nepal.

Due to COVID19 pandemic, the global community has experienced volatility in the global market. Market conditions in some cases collapsed quickly whereas for some it increased in a sustained manner. The rapid rise of digitalization and change in working culture required new skills and knowledge and the executives need to be digitally ready to manage their institutions. The business risks have increased with digital revolution and disruption in the financial sector. The digital revolution requires enormous investment, new skills and capabilities to manage new threats and risks, new regulatory systems to look into the digital-backed businesses and complexities and the leaders have to be capable to manage digital institutions. In this context, the BFIN organized a Conference on Leadership Development for the New Normal, in Kathmandu on 27th November 2022.

Experts from Bangladesh, Sri Lanka, India and Nepal presented papers covering the theme (a) *Macro Economics and Green Banking* (b) *Technology Innovation and Disruption in the Financial Sector* (3) *Leadership for the New Normal*, and (d) *The Future of Banking in the Post COVID19 World: Searching a Success Model*. The conference was attended by over 170 delegates from the banks and financial institutions, corporate sectors and other interested individuals.

The main purpose of this publication “**Proceeding of the Conference on Leadership Development for the New Normal**” is to document all related material such as papers, speech, and discussion, program schedule for the use of academicians, bankers, delegates, researchers and other interested individuals. This is to generate meaningful dialogue and discussions among the practitioners. I hope this publication would be able to meet this purpose.

I like to acknowledge the support received from the respected Governor Mr. Maha Prasad Adhikari for accepting our invitation to be the Chief Guest and grace the program. Two former Governors (resource persons of the Conference) were invited to share their thoughts to the senior executives of Nepal Rastra Bank. I am thankful to Senior Deputy Governor of NRBMs Neelam Dhungana Timilsina for gracing this conference and delivering her opening remarks. I am indebted to Deputy Governor of Nepal Rastra Bank Mr. Bam Bahadur Mishra for chairing and leading the panel discussions. Notably, the banks and financial institutions for nominating delegates to attend the program, our Guest of Honour Former Governor of Reserve Bank of India Dr. Subbarao and Former Governor of Bangladesh Bank Dr. Atiur Rahaman; Dr. Chiranjibi Nepal, the former Governor of NRB; and eminent speakers Mr. Babacar Faye, Resident Representative, IFC, Nepal; Mr. Sujit Christy, Cyber Security Expert, Sri Lanka; Dr. Abhijit Chattaraj, Professor Birla Institute of Management Technology (BIMTECH) Delhi, India; Dr. Shah Md. Ahsan Habib, Professor, Bangladesh Institute of Bank Management, Bangladesh deserve recognition. Likewise, I am thankful to eminent speakers Dr. Prakash Kumar Shrestha, Executive Director, Nepal Rastra Bank, Mr. Upendra Paudel Chairman of NABIL Bank Limited, Mr. Bhuwan Dahal, Chief Executive Officer of Sanima Bank Limited for sharing their thoughts and making this conference successful. I would like to thank all the distinguished delegates for their active participation and valuable contribution in making the Conference on Leadership Development for the New Normal a grand success. I am thankful to the Victoria University of Technology, Melbourne Australia

and other national institutions for supporting us financially and making the conference a grand success. Let me acknowledge the hard work done by the organizing team, their dedication and tireless efforts to make this event a great success.

I look forward to your cooperation and support in our future conferences and programs. Any constructive feedback and suggestions will be highly appreciated.

Dr. Binod Atreya
Managing Director
Banking Finance and Insurance Institute of Nepal (BFIN)

Acknowledgment

This proceeding is an outcome of the materials presented at the Conference in Leadership Development for the New Normal. I have the privilege to have led the preparation and compilation of this proceeding.

This publication is the outcome of a team effort and I take this opportunity to acknowledge many contributions towards the successful completion of the publication.

First, I would like to acknowledge the guidance of the members of the Academic Committee in overseeing this proceeding. Their persistent efforts on superintending the proceedings were gracious and noteworthy. Also, I'd like to acknowledge the members for their roles in rapporteur, in proof reading, formatting and designing this publication.

Last but not least, I would again like to express my sincere thanks to all those who have helped directly or indirectly to produce this important document in present form.

Sujan Subedi
Deputy Chief Executive Officer
Banking Finance and Insurance Institute of Nepal (BFIN)

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Chief Guest

Dr. Neelam Dhungana Timsina **Sr. Deputy Governor Nepal Rastra Bank**



Dr. Neelam Dhungana Timsina was appointed as the Senior Deputy Governor of Nepal Rastra Bank on March 9, 2021. Dr. Timsina has over two decades of experience working in the Central Bank of Nepal. Prior to her appointment as the Deputy Governor, Dr. Timsina was the Executive Director of the Monetary Management Department and was concurrently the Chairperson of the Board of Directors of the Credit Information Bureau of Nepal as well. She joined Nepal Rastra Bank in December 1997 as an Assistant Director and rose quickly to the higher ranks holding various portfolios in the bank. During the early phase of her career, she had the stint of six years in the Foreign Exchange Management Department and Bank Supervision Department before moving to the Economic Research Department where she spent around ten years of her career and helped strengthening the monetary and financial stability of the economy by developing various policies and practices. Further, the experience of managing the province level office (Pokhara) of Nepal Rastra Bank, as the Office Chief, enriched her dynamic role in the Bank. Despite being a central banker by profession, she is an academician by her interest and has published many research papers related with the economic policy, economic growth, financial stability, liquidity management, and various other subjects. Prior to joining Nepal Rastra Bank, she served as an Assistant Lecturer in Tribhuvan University for about two years and lectured accountancy and finance to the students pursuing post graduate studies then. Dr. Timsina holds a Master's Degree in Business Administration from Tribhuvan University, Master in Economics from the University of Wollongong, Australia and a Doctorate Degree in Management from Mewar University, India. She has undergone several professional trainings on various subjects in Nepal and overseas and has attended many national and international seminars and conferences representing Nepal Rastra Bank during her tenure.

Special Guest of Honours

Dr. Duvvuri Subbarao **Former Governor Reserve Bank of India**



Dr. Duvvuri Subbarao served as Governor of the Reserve Bank of India (RBI) for five years (2008-13). Prior to that, Dr. Subbarao was Finance Secretary to the Government of India (2007-08) and Secretary to the Prime Minister's Economic Advisory Council (2005-07). Dr. Subbarao was a career civil servant in India where he worked both at the state and federal levels. He was a Lead Economist in the World Bank (1999 - 2004) working in the domain of public finance. Dr. Subbarao studied at the Indian Institute of Technology (IIT), Kharagpur, and later at the Indian Institute of Technology (IIT), Kanpur. He went to Graduate School at Ohio State University where he got MS in Economics and later was a Humphrey Fellow at MIT studying Public Finance. He got his Ph.D. from Andhra University in India. Dr. Subbarao went in as Governor of the Reserve Bank of India just a week before the global financial crisis erupted in full in mid-September 2008, and he led the effort to mitigate the impact of the crisis on the Indian economy and to institute economic and financial sector reforms reflecting the lessons of the crisis. In his capacity first as Finance Secretary and later as Governor, RBI, Dr. Subbarao was alternate Governor for India on the Governing Boards of the World Bank and the IMF. He participated actively in the G 20 meetings, the meetings of the International Monetary and Financial Committee (of the IMF), bi-monthly meetings on the global economy at the Bank for International Settlements (BIS) in Basel, the Asian Consultative Committee of central bank governors, and a host of other international committees and conferences where his views were respected for the emerging market perspective he brought to bear on the discussions. Dr. Subbarao was a Distinguished Visiting Fellow at the National University of Singapore (NUS) from May 2014 until June 2019. While there, he wrote a book "Who Moved My Interest Rate" which was acclaimed for its exposition of the management of the global financial crisis from an emerging economy perspective. At NUS, he also worked on a host of issues including central banking, financial sector regulation, challenges of globalization and global governance, and public policy leadership. After stepping down from the Reserve Bank of India, Dr. Subbarao was a Visiting Fellow first at the National University of Singapore (2014-18) and most recently at the University of Pennsylvania (2019-20).

Dr. Atiur Rahman **Former Governor, Bangladesh Bank**



Dr. Atiur Rahman is a Professor (Honorary) of Department of Development Studies, University of Dhaka. He is also the chairman of of the Executive Committee of Center for Advanced Research in Arts and Social Sciences of Dhaka University. Dr. Rahman served as the Governor of Central Bank of Bangladesh during the period of May 2009-March 2016. He occupied different positions in eminent research and academic institutions. After obtaining M.A. in Economics from Dhaka University, he pursued studies in the School of Oriental and African Studies (SOAS), University of London under a Commonwealth Scholarship, securing M.A. and Ph.D. in Economics (1983). He was also awarded a Commonwealth Development Fellowship at the University of Manitoba in Canada (1989), a Ford Foundation Post-Doctoral Fellowship at The University of London

(1991-92), and a Visiting Research Fellowship, at the Institute of South- East Asian Studies, Singapore (1998-99). The defining feature of Dr. Rahman's tenure as a Governor was his decisive drive reorienting the institutional objectives and ethos to support a pro-poor, inclusive and sustainable development model through his flagship initiatives of financial inclusion and environmentally benign green banking. His consistent support for widespread digitization of both central banking and commercial banking has helped achieve robust transparency and accountability in the financial sector in Bangladesh. He made significant contribution in the 3GF conference, Rio+20, COP18 and MDG Global Compact international negotiations linking sustainability and socio-economic development goals as a member/panelist of Bangladesh delegation. He was also a member of the UNEP Enquiry on designing 'Global Sustainable Financing'. Under his dynamic leadership, Bangladesh Bank was awarded the 'Best Employer of the Year 2014' by Bdjobs.com (the largest online job portal in Bangladesh). Dr. Rahman has published 75 books in English and Bengali, besides, numerous papers in national and international journals. Dr. Rahman has won many awards and Gold Medals including the Asiatic Society's (Kolkata) Indira Gandhi Gold Plaque-2011 for his outstanding contribution to international cooperation towards human progress, a certificate of world record by Hong Kong based World Record Association as the central bank governor undertaking the highest number of pro-poor and financial inclusive programs in the world, 'Regulator with a Human Face' by the University of Dhaka, and Manila based GUSI Peace Prize International 2014 in the field of Economics. Dr. Rahman has been awarded the Best Central Bank governor – Asia Pacific, 2015 by The Banker magazine, a Financial Times publication for his role in channeling credit towards environmentally and socially responsible development projects and very recently, the Emerging Markets (a subsidiary of the Euro money) has also awarded him the 'Central Bank Governor of the Year for Asia 2015' in recognition of his unparalleled leadership to build confidence among the mass people, visually reflecting their faith in central bank policy. Bangla Academy has honored him with the Bangla Academy Literary Award for 2015 for his extraordinary contribution in Bangla literature. He also received lifetime achievement award from Channel i for his outstanding contribution in digitization of the banking sector.

Dr. Chiranjibi Nepal **Former Governor Nepal Rastra Bank**



Dr. Chiranjibi Nepal has been the Governor of the Nepal Rastra Bank, the Central Bank of Federal Democratic Republic of Nepal, from 2015 to March 2020, Five years tenures. Previously, Dr. Nepal served as the Economic Advisor to the Rt. Honorable Prime Minister of Nepal (February 2014 to March 2015), Chief Economic Advisor to the Ministry of Finance (June 2013 to November 2013) and the Advisor to Deputy Prime Minister & Minister for Foreign Affairs (2009-2010). Earlier, he was also the Executive Chairman of the Securities Board of Nepal. In addition, he also held such positions such as a Senior Consultant and Advisor to Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Consultant to German Technical Cooperation (GTZ) and Advisor to UNESCAP. He was a Visiting Professor at Kathmandu University, a Senior Research Advisor to the Sambriddhi Foundation and an Assistant Professor at Tribhuvan University (TU). Throughout his career, Dr. Nepal has been cognizant of the need for having financially literate population and has thus been involved with activities for domestic financial inclusion. As Governor, he had lead the way for systemizing financial literacy activities for the licensed domestic Banks and Financial Institutions. Dr. Nepal received his Master's Degree in Economics from TU in 1985 and PhD in Economics from Banaras Hindu University (BHU), India in 1995.

Mr. Bam Bahadur Mishra
Deputy Governor Nepal Rastra Bank

Mr. Bam Bahadur Mishra is currently serving as the Deputy Governor of Nepal Rastra Bank. Mr. Mishra joined NRB in the year 02 August 2002 and reached the position of Deputy Governor in March 2021. Mr. Mishra holds a master's degree in Public Policy with a specialization in economic policy and also a Bachelor of Laws (LLB). During his tenure in the Nepal Rastra Bank, he holds experience in Foreign Exchange Management Department, Payment Systems Department, Bank & Financial Institution Regulations Department, Bank Supervision Department. Mr. Mishra enjoys Teaching, Training and serves as a resource person to many institutions. He played a key role in the implementation of the Real-Time Gross Settlement System (RTGS) in Nepal. He started his banking career at Nabil Bank Limited (1996) and worked for almost 6 years in a private bank, Nabil Bank (April 1996-1999 July) and NIC Asia Bank (1999 July – 2002 July). From the National Graduate Institute for policy studies, Japan, he completed his Masters in public Policy and also a Bachelor of Laws (LLB) from Tribhuvan University.



Eminent Guest Speakers

Dr. Shah Md. Ahsan Habib

Professor Selection Grade, Bangladesh Institute of Bank Management [BIBM] Independent Director, IPDC Finance Limited, Dhaka, Bangladesh



Dr. Shah Md. Ahsan Habib is a Professor Selection Grade of Bangladesh Institute of Bank Management [BIBM]. He obtained his PhD from Banaras Hindu University, India under BHU Research Scholarship; and accomplished Post-Doctoral Fellowship on Green Banking from Syracuse University, USA under Senior Fulbright Scholarship. Having around 25 years of professional experiences in the banking industry, his key research areas include inclusive finance, green banking, bank leadership and governance, trade financing and financial crime and malpractices in the financial sector. He is having teaching experiences with Institute of Business Administration [IBA] and Department of International Business of the University of Dhaka; East West University; Brac University and University of Professionals. Dr. Ahsan has over 200 research papers/studies/publications/chapters in different national and international journals/books. He is the author/lead author of the books 'Financial Globalization', 'Environmentally Responsible Banking in USA', 'Towards Knowledge Society', 'Green Banking in Bangladesh', 'Trade Services by Banks in Bangladesh', published by the national and international publishers. Dr. Ahsan worked as a research consultant with several national and international organizations like World Bank, GIZ, OXFUM GB, CPD, InM, Bangladesh Bank, EU, DFID etc. Dr. Ahsan is a columnist of the national dailies and published over 200 newspaper features in the national daily newspapers [The Financial Express, Business Standard, BanikBarta etc.] on the leadership, governance, and other banking issues. He is the Chief Editor of the yearly journal of the Valor of Bangladesh, and Executive Editor of the journal of Green Tech Foundation 'Green Biz'. Dr. Ahsan is the Chairmen of the Executive Committee of D.Net, a research organization to promote ICT for D in Bangladesh; a Member of the ICC Bangladesh Banking Commission; and a Member of the Global Editorial Board of the Asia-Pacific Risk Professional Association (ARPA). He is a Board Member of the Green Tech Foundation, Bangladesh and a trustee of the 'Valor of Bangladesh'.

Mr. Sujit Christy

Director / Chief Information Security Officer and Cybersecurity Adviser Sri Lanka



Sujit Christy is a Governance, Risk & Compliance Professional. He is a passionate cyber security adoption evangelist providing vital guidance to improve the cyber defenses whilst raising cyber security awareness to improve risk reduction and compliance. He currently serves as the Chief Information Security Officer and Cyber security Adviser in several organizations. He is a Director with Layers-7 Seguro Consultoria Private Limited and the President of the (ISC)2 Colombo Chapter, Sri Lanka. He also serves as an Advisory Board Member of Shaping Talent Landscape in Sri Lanka and Cyber security Center of Excellence (CSCx), initiatives of Sri Lanka Association for Software and Services Companies (SLASSCOM). Sujit is a Certified Information Systems Security Professional (CISSP), Certified Information Systems Auditor (CISA), Certified in Risk and Information System Control (CRISC), Certified Data Privacy

Solutions Engineer (CDPSE), a certified IT Disaster Recovery Professional and holds a Diploma in Cyber Law. Sujit counts over 25 years of experience in governance, risk, compliance and assurance. He specializes in Cyber security covering Risk Management, Consulting, Assurance, IT Governance, Privacy, Vendor Evaluation, Product Evaluation, Compliance and Awareness. He has worked with KPMG in New Zealand, Singapore and Sri Lanka. Sujit is a regular invited speaker and panelist in cyber security conferences, seminars and webinars. He is a resource person at the Center for Banking Studies, Central Bank of Sri Lanka. He is also a past visiting lecturer at the Department of Criminology, University of Madras, India and the General Sir John Kotelawala Defence University (KDU), Sri Lanka. Sujit is the founding member, the charter secretary and past president of the (ISC)2 Chennai Chapter, India (This is the first (ISC)2 Chapter to be formed in India) He also facilitated the formation of the (ISC)2 Colombo Chapter, Sri Lanka. Sujit is the founder/President of Information Security Professional Associates (iSPA). He was instrumental in organizing the first CISSP exam in Sri Lanka through Information Security Professionals Associates (iSPA) in 2006. He is a past Supervisor for the (ISC)2 credentials exams in India and Sri Lanka. He is a volunteer with the Center for Cyber Safety and Education formerly known as (ISC)2 Foundation. He pioneered the delivery of Safe and Secure Online programs in India and Sri Lanka. Sujit is the recipient of the 2013 (ISC)2 President's award (first person to receive this award in the SAARC Region), and (ISC)2 Honoree in the Information Security Practitioner Category for Information Security Leadership Achievements (ISLA), in the Asia Pacific Region.

Mashrur Arefin

Managing Director & CEO The City Bank Limited Bangladesh



Mashrur Arefin was appointed Managing Director & CEO of the bank in January 2019, prior to which he served as the Additional Managing Director of the same bank, having started his journey here in 2007. Mashrur started his career in 1995 with ANZ Grindlays Bank, Bangladesh as a Management Trainee. The last position he held at ANZ was Head of Consumer Finance, Bangladesh. He also worked in Standard Chartered Bank, Qatar and ANZ Banking Group in Melbourne, Australia. Later, he held the position of Director and Head of Retail Banking for American Express Bank, Bangladesh; and also worked in Citibank N.A. for a brief period as its Resident VP, Bangladesh. Before joining City Bank, he was EVP & Head of Consumer Banking at Eastern Bank Ltd. At City Bank, he has been a core team member of the Bank's "transformation" from a conventional bank into a modern and digital institution. He served as the Bank's Chief Communication Officer, and also its Business Head of SME, Retail Banking, Cards, Agent Banking and Digital Financial Services (DFS) where he successfully led several major projects like the launch of the American Express brand in Bangladesh, the launch of Retail Banking, Priority Banking, Small & Micro Finance business, Digital Financial Services and City Alo Women Banking over the past 14 years of his tenure in this institution. Mashrur holds a Masters in English from University of Dhaka and MBA in Marketing and Finance from Victoria University, Melbourne, Australia.

Mr. Bhuwan Dahal
Immediate Past President Nepal Banker's Association

Mr. Bhuwan Kumar Dahal is currently the Chief Executive Officer of Sanima Bank Ltd. Before taking the responsibility of CEO in January 2014, he did serve with NABIL Bank Ltd. for over 2 decades. Mr. Dahal served as president of Nepal Banker's Association and has experience as Chief Finance Officer, Chief Investment Officer and Chief Operating Officer.



Babacar Faye
Resident Representative International Finance Corporation (IFC)

Babacar Faye is the Resident Representative of the International Finance Corporation (IFC) in Nepal. He has more than twenty-two years of experience, including fifteen years with the World Bank Group where he held various positions. More recently, Babacar served as IFC's Resident Representative in the Democratic Republic of Congo (DRC), Sierra Leone and Liberia, where he led the expansion of IFC's investment and advisory programs. Before joining IFC, Babacar worked in the New York office of White & Case, as Counsel for a pension fund, and as an Adjunct Professor. Babacar is an attorney by training (member of the New York State Bar - USA). He holds Master's degrees in Corporate & Finance Law; and in Banking Law; and a JD in Business Law. He attended Fordham Law School (New York, US), the University of Paris 1 Sorbonne (Paris, France), and Cheikh A. Diop University (Dakar, Senegal).



Prof. (Dr.) Abhijit K. Chattoraj
Dean -SWSS Professor & Chairperson - PGDM-IBM, BIMTECH India

Dr. Chattoraj is a well-know and an established insurance academician and a professional with international acclaim. He is a Chartered Insurer and also Goodwill Ambassador of Chartered Insurance Institute in India; he is also currently the Hon. Vice President of Risk Management Association of India and a member FICCI –Health. An ace presenter in health insurance, other general insurance subjects and marketing, Dr. Chattoraj powers his delivery with a proactive attitude, out of the box thinking leading to generation of new solutions and ideas. He uses his rich exposure in underwriting and claims management in general insurance business- to the hilt while engaging with his audience. He is a keen researcher and consultant has been engaged with the insurance industry with several live research projects. Dr. Chattoraj's forte lies in conducting high end MDP programmes in Health, liability, automobile Insurance and insurance marketing. He did more than 75 MDP programmes in health, automobile, liability and marketing both in India and abroad. Dr. Chattoraj is known for his exploits in journalism and has been in the Editorial Advisory Board of Insurance Times and Banking Finance Dr. Chattoraj is a distinguished keynote and seminar speaker. Twenty two years' experience in industry with a leading public sector Insurance company and was part of Business Process Reengineering (BPR) exercise of OIC Ltd with globally respected consultant – The Boston Consulting Group (BCG).



Dr. Prakash Kumar Shrestha
Executive Director Nepal Rastra Bank



Dr. Shrestha is currently the Executive Director of Economic Research Department, Nepal Rastra Bank. He joined Nepal Rastra Bank in 1997 and spent a long time at the Research Department of the Bank. He also served various offices of the Bank in different capacities, including Executive Director of the then Microfinance Supervision and Promotion Department (2019-2020) and Head of Nepal Rastra Bank's Provincial Office in Siddharthnagar (2015). He was also SAARCFINANCE Coordinator of NRB for the period of 2015 to 2017. On deputation from the bank, he served as Economic Adviser to Ministry of Finance (2020-2021) and Vice Chairman of Province Planning Commission of Lumbini Province (2018-19). He obtained M.A. in Economics from Tribhuvan University, Nepal in 1996, Master in Economics and Finance from Curtin University, Australia in 2004 and PhD in Economics from New School for Social Research (The New School), USA in 2012. He has specialization in macroeconomics, monetary and financial economics. He has published several research articles in international and national journals and contributed book chapters. Occasionally, he writes op-ed in vernacular newspapers and magazines". He was Chief Editor of Mirmire (Nepali Magazine of NRB, 2015-2018) and Editor of NRB Economic Review (2014-2019). He is currently Chief Editor of NRB Economic Review.

Mr. Upendra Prasad Poudyal
Chairman Nabil Bank Ltd.



Mr. Upendra Paudel currently serves as the Representative for the Asia Pacific of the Global Alliance for Banking on Values, Netherlands, and the Chairman of the Board of Directors of Nabil Bank Limited, Kathmandu Nepal. He has over 35 years of experience in Banking and Finance including Investment Banking, microfinance, corporate banking, and SMEs. In the past, he has served in Standard Chartered Bank Limited and then to NMB Bank Limited where he retired from the position of Chief Executive Officer by serving about 17 years. He also served as the President of the Bankers Association of Nepal, Board Member of National Banking Institute, Mero Micro Finance, NMB Capital Limited, National Clearing House Limited, and the Treasurer of European Economic Chamber of Commerce to name a few of his associations.

Dr. Binod Atreya
Managing Director Banking Finance and Insurance Institute of Nepal



Dr. Atreya serves as a Managing Director at BFIN, a capacity development institution promoted by seven commercial banks, two development banks, two finance companies, two microcredit institutions, two capital market institutions, and the Emerging Nepal Limited – a PPP model investment company with shareholding from the Government of Nepal. Before joining this institution, Dr. Atreya served as a CEO of Emerging Nepal Limited. He is representing as a Board Member in Prudential Insurance Company, CARE Ratings Nepal Limited and also the Member in the Infrastructure, Banking and Finance Sub-Committee of CNI in Nepal. Dr. Atreya was also a Member of the

Executive Committee of Management Association of Nepal (MAN) and led the International Relations Sub Committee of MAN. He has been instrumental in the early period of establishment of the Nepal Infrastructure Bank Limited (NIFRA). Prior to joining BFIN, Dr. Atreya holds over 30 years of professional experiences in various capacities in Nepal Rastra Bank, the central bank of Nepal. He served as Executive Director at Micro Credit Promotion and Supervision Department, Office of the Governor, Corporate Planning Department, Bank Regulation Department, General Services Department, Bankers Training Centre, among others. Dr. Atreya was instrumental in drafting policies for strengthening the microfinance institutions, and the cooperative sector. He also served as National Project Director for implementing UNNATI - Access to Finance Project (A2F) in collaboration with UNCDF and Government of Denmark and conducted demand and supply side study of financial inclusion roadmap for Nepal. Dr. Atreya contributed to developing a five-year strategic plan for Nepal Rastra Bank, and also in preparing the Financial Sector Development Strategy approved by the Government of Nepal. He also served as Chief Executive Officer of Nepal Bank Limited, a commercial bank, for a period over three years. He did serve with UNDP projects in the Republic of Maldives, Marshall Islands and the Republic of Palau. His expertise includes in the areas of public-private partnership, entrepreneurship development, microfinance and developing the strategic plan, financial literacy policy, financial sector reform, management and administration, research and training. He has presented the number of papers in international conferences and seminars and regarded as Strategist, Motivator, Management and Banking Expert and a practical Resource Person. He holds a Ph.D. degree in Public Management Reform from Victoria University of Technology, Melbourne, Australia, and MBA (India) and MPA master's degree from Nepal. Dr. Atreya has over four dozens publications, both in national and international journals and in daily Newspapers, to his credit.

Executive Summary

Banking, Finance and Insurance Institute of Nepal (BFIN), organized a one-day conference entitled “Conference on Leadership Development for the New Normal” on 27 November, 2021 at the Radisson Hotel, Kathmandu. The conference was attended by over 170 delegates including Senior Executives and Managers of Institutions in the Financial Industry with insightful deliberations from prominent international speakers from India, Bangladesh, Nepal and Sri Lanka.

Dr. Neelam Dhungana Timsina, Sr. Deputy Governor of Nepal Rastra Bank as Chief Guest for the opening ceremony inaugurated the conference. Special Guests of Honour for the program were Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India, Dr. Atiur Rahman, Former Governor, Bangladesh Bank, Dr. Chiranjibi Nepal, Former Governor, Nepal Rastra Bank, and Mr. Bam Bahadur Mishra, Deputy Governor, Nepal Rastra Bank.

On behalf of the organizers, Dr. Binod Atreya, MD, BFIN welcomed the Guests and Delegates in the program while all the Guests presented their inaugural remarks. He highlighted the objectives of the program and noted that “leaders across organizations of all shapes and sizes must be “digitally ready” – considering present needs and the digital revolution.

The Conference emphasized the futuristic perspective of banking services; the use of technology in the delivery of products and services; emerging threats for the financial industries due to financial crimes and security issues; and the emerging challenges in managing the digital financial sector plus the impacts of Covid19 across the globe.

The prominent speakers shared their insightful thoughts on the innovation of digital leadership for a digital institution. The Technical Sessions of conference was spread over 4 Themes.

Theme 1, entitled Global and National Economic Perspectives was chaired by Dr. Atiur Rahman with Presentations from Dr. Duvvuri Subbarao and Mr. Babacar Faye, Resident Representative, IFC, Nepal. Dr. Subbarao made his presentation on the topic Emerging Issues in Financial Sector Regulation – Some Questions in Search of Answers while Mr. Faye’s topic was Green Finance: How Financial Institutions Could Further Contribute to Nepal’s Sustainable Recovery Post Covid-19. Both the presentations were extremely interesting and the delegates raised pertinent questions during the Q&A session.

Theme 2, entitled Technology Innovation and Disruption in the Financial Sector was chaired by Mr. Upendra Poudel, Chairman of NABIL Bank with presentations from Dr. Prakash Kumar Shrestha, ED, NRB, Mr. Sujit Christy, Information Security and Cyber Security Expert from Sri Lanka, and Mr. Mashrur Arefin, MD and CEO, Citi Bank Limited, Bangladesh. Dr. Shrestha made his presentation on the topic Impact of COVID-19 in the Nepalese Economy: Monetary Policy Measures for the New Normal. Mr. Christy presented on Managing Technology Challenges: Cyber Security, Threats and Protection Measures, while Mr. Arefin’s presentation was on External Commercial Borrowings (ECB): Experience from Bangladesh. All the presentations were very relevant with lively Q&A session.

Theme 3, entitled Leadership for the New Normal, chaired by Dr. Subbarao included presentations from Dr. Atiur Rahman former Governor of Bangladesh Bank and Dr. Shah Md. Ahsan Habib, Professor from Bangladesh Institute of Bank Management. The topic from Dr. Rahman was on Leadership and HR Development: A Regulator’s Tale while Dr. Habib made his presentation on Sound Corporate Governance and New Cultural Orientation for the New Normal. All the presentations were lively and insightful.

Theme 4, Entitled Panel: The Future of Banking in the Post COVID-19 World: Searching a Success Model was chaired by Mr. Bam Bahadur Mishra, Deputy Governor of NRB. Dr. Rahman, Mr. Upendra Poudel, Professor (Dr.) Abhijit K. Chatteraj, Dean –

SWSS/Chairperson PGDM-IBM, BIMTECH, Mr. Bhuwan Dahal, Immediate Past President of Nepal Bankers Association and Dr. Atreya made their presentations on the Theme. Dr. Rahman's Topic was on Sustainable Finance, Mr. Poudel talked about Banking on Values. Prof. Abhijit Chatteraj's discussed on Challenges in the Emerging Scenario Post COVID: Life and Non-Life Perspectives. While addressing the conference he noted that the importance of life and non-life sector has increased many folds and the insurance industry should go hand in hand with the banking industry along with the digital transformation to cater the new generation. Mr. Bhuwan Dahal discussed on Recovery from the Pandemic: Story from the Nepalese Banking Sector and Dr. Atreya delivered on The Future of Jobs: Employment, Skills and Workforce Strategy. He shared that the COVID19 has changed the work, the workspace and the working models, therefore the banking sector should develop manpower along with the new trend seen in the global market. The delegates had a wonderful learning experience from the presentations which was evident from the inquisitive questions/queries raised during the Q&A session.

Dr. Binod Atreya, MD of BFIN made his closing remarks by thanking all the guests, delegates, sponsors as well as entire stakeholders for making the program successful.

Welcome Remarks by Dr. Binod Atreya, Managing Director, BFIN

Honorable Chief Guest of this program, Dr. Neelam Timsina, Deputy Governor, Nepal Rastra Bank

Excellency Governors: Dr Subba Rao, Former Governor of Reserve Bank of India, India; Dr. Atiur Rahman, Former Governor of Bangladesh Bank, and Dr. Chiranjibi Nepal, Former Governor of Nepal Rastra Bank,

Deputy Governor Mr. Bam Bahadur Mishra, Nepal Rastra Bank

Eminent Guest Speakers Mr. Babacar Faye, Resident Representative IFC, Nepal, Professor Dr. Abhijit Chatteraj from BIMTECH, Dr Ahsan from BIBM, Mr. Sujit Christy from Sri Lanka, Mr. Mashrur Arefin MD and CEO of Citi Bank Bangladesh, and

Eminent Nepalese Speakers: Dr Prakash Shrestha from NRB, Mr. Bhuwan Dahal, Immediate Past President, Nepal Bankers' Association, and Mr. Upendra Paudel, Chairman Nabil Bank Limited.

My colleagues Board Members of BFIN and Distinguished CEOs, guests, participants, friends from media, ladies and gentlemen

It gives me a great pleasure to welcome all of you to this international Conference on “Leadership Development for the New Normal” being organized by BFIN in Kathmandu.

We are immensely delighted today and feel highly honored to host this important event, and are overwhelmed by the gracious presence of excellences, eminent dignitaries and professionals from the South Asian region.

We are delighted with the presence of CEOs and delegates from the banks and financial institutions, corporate sectors, friends from media and other dignitaries. I would like to express my sincere appreciation to all of you, including the sponsoring institutions who have generously helped us to make this event a great success. Thank you all for being here with us today and welcome to all of you again.

Excellences, dignitaries, distinguished delegates ladies and gentlemen

Please allow me to share in brief about this conference. “When there is a will there is a way”.

I had a desire to bring in front of you the most successful Governors and the professional speakers from the South Asian Region. With this in mind, we did announce a similar Conference on March 13, 2019. We did invite Dr. Subbarao and Dr. Atiur Rahman at that time too. But due to the Covid19, we had to postpone that event. We are fortunate today that both the Former Governors of India and Bangladesh are here with us, with whom I had the privilege to welcome them at the airport, take them to Pokhara, to mountain flight and, back to Kathmandu to see off at the airport, at a SAARC Governor's Conference when I was working in NRB then. I do also remember that on the way back from Pokhara, somehow the luggage of Dr. Subbarao was not loaded by the airline in Pokhara, and we had to transport the luggage by car at night to deliver it so that Dr. Subbarao could catch his morning flight to India. These prior memories empower me to remember both of you and search for your support whenever I am doing any conference in Nepal and abroad. Hope you will encourage me to spread the knowledge in the future too.

Covid 19 pandemic has changed the ways of our life - our work, the work place and the need for new workforce. It has resulted global economies to stall for the past almost two years, and the governments around the world have tried their best to protect the lives of their citizens. While still, we are in the second half of the game, and the game is far from over, but given our experiences, we are inspired with the hope that the roll-out of vaccination and other protective measures would bring positive results to the global community in 2022 and beyond. Nepal, along with other countries, is also trying to return to a “new normal” and since the restrictions have eased, we all are here today.

Distinguished delegates: Financial Stability Board in its report “Lesson Learnt from the Covid 19 Pandemic from a Financial Stability Perspective” has noted that : (a) The functioning of capital and liquidity buffers may warrant further consideration (b) There is a need to strengthen resilience (c) The importance of effective risk management arrangements (d) The importance of cyber-attack and security for the financial stability (e) Importance of cross border cooperation, coordination, and information sharing, among others, are important lessons learned from the Covid 19 by the global financial players. This conference is also planned with an attempt to discuss some of these issues by inviting honorable Governors and other distinguished speakers from India, Bangladesh, Sri Lanka, and Nepal.

We will be listening about “what keeps the Governor awake at night?” from Dr. Subbarao; “the leadership challenges” from Dr. Atiur Rahman; “the success story of External Commercial borrowing in Bangladesh From CEO and MD of City Bank, Mr. Mashrur Arefin; the “risks and governance issues in the new normal” from Dr Ahsan; “the increased risks of Cyber-attack” from Mr. Sujit Christy; and the search of new model of banking, such as green banking, sustainable finance, value based banking from Babacar Faye, IFC and from other speakers. We will be listening about the COVID 19 impacts in the Nepalese economy and the policy measures undertaken to address the situation as well.

Our understanding is that due to regulatory reform and stimulus package undertaken by the Government and the Central Bank in Nepal, the financial institutions, despite the challenges faced due to Covid19, have done well and shown positive results in terms of profitability and innovation in the digital payments domain. We have learned working from home, managed the COVID pandemic well, and made significant progress in digital payment and online banking; however we do feel that the financial institutions do need to prepare for the “new normal” – digitally ready to manage their businesses, develop recovery strategies, strengthen surveillance, risks, and governance, and manage human capital with new skills and knowledge for new culture adoption. The World Ahead Report 2022 noted that (a) Pandemic to Endemic (b) Inflation worries (c) hybrid work Culture (d) Crypto as a digital currencies, (e) climate Crunch (f) ease in the international travel (g) space races with flying taxis are some of the trends to watch in the coming years. We do hope that today’s discussions will revolve around some of these issues too. We do hope that the extensive agenda covered for the whole day will be exciting and fruitful to all of you. We look forward to your active participation.

Let me acknowledge the support received from the banks and financial institutions to host this conference. We are thankful to Rastriya Banijya Bank, and the Victoria University, Melbourne Australia for being the main host and NIC Asia Bank Limited and the Paramount Motors for being the co-host of this conference. Victoria University, wherefrom I had my PhD study, sends us message that they are eager to welcome students from Nepal. If you wish to send your children to Victoria University please do contact us.

We are also thankful to other banks and financial institutions for supporting us and making this program a grand success. This is a symbol of your trust in BFIN, a respect for all our dignitaries, and your encouragement for developing human capital in the financial industry.

Honorable Chief Guest, excellences and distinguished delegates: BFIN has two important dreams. First, to run a practical academic Master’s program on “Banking and Insurance” where students upon successful completion should be employed directly by the Banks, and second “establish a world class standard residential training Institute” in Nepal. We request the Honorable Chief Guest support this endeavor through regulatory measures.

Distinguished Delegates, to conclude, the God has given me grace period to serve more years to you, as with the prayers from all of you, I did survive a severe heart attack on August 7th 2021. I am here in front of you today. I, along with my team, assure you that BFIN will continue to impart knowledge and skills through education, training, and seminars and help

the financial sector transform into a new reality. We have received a great support from the Nepal Rastra Bank, banks and financial institutions, promoters and from other stakeholders in the past; and we look forward to your support and cooperation in the future as well.

Thank you all! Welcome you all again! Have a great day! Thank you.

Opening Remarks by Chief Guest Deputy Governor Dr. Neelam DhunganaTimsina

Chairperson of the program, His Excellency Dr. D Subbarao Former Governor Reserve Bank of India, His Excellency Dr. Atiur Rahman, Former Governor Bangladesh, Excellency Dr. Chiranjibi Nepal, Former Governor Nepal Rastra Bank

Distinguished Professors and Delegates, distinguished speakers of this conference, CEOs of Banks and Financial Institutions, Ladies and Gentlemen!

A very good morning to you all. It is my great pleasure to be here as a part of this conference. Let me begin by extending my gratitude to Banking, Finance and Insurance Institute of Nepal (BFIN) for bringing all of us together today to discuss on a pertinent issue of leadership development in a new normal situation. Also, I would like to thank the organization for providing me an opportunity to grace this conference as The Chief Guest and address it as a Key Note Speaker.

I reviewed the program schedule and learned that the topics for discussion are very relevant in the changed context ranging from regulatory facet to technology in banking to future of banking. We have two eminent speakers, (the former governors of India and Bangladesh) who are well known for economics and banking in the region.

On this today's program I would like to share my views mainly on two issues.

First, I will shed some lights on the economic and financial development since the COVID crisis appeared and the policy measures taken by the NRB. Then secondly, I will talk about the growth of digital financial services and role of leadership in promoting sustainable and inclusive financial services in the new normal.

As we all are aware we have passed challenging times created by the COVID pandemic. It has put us in the situation of short-term divergence with longer term economic implications. While the global recovery is going on, new variants are creating uncertainty in the recovery path. Vaccination has been proven effective to mitigate the adverse health impacts of the pandemic. However, unequal access to vaccines, vaccines hesitancy and higher infectiousness has led to divergences in the economic recovery. This has made the choice of policy measures more challenging and more confronting in the new normal. Despite the uncertainties, the recovery path seems to be encouraging in Nepal if we look the development during the recent months. With the contraction of output by 2.1% in 2019/20, economic activities are rapidly peaking up. These have been reflected in the upsurge of credit demand and import volume in the recent months. On the external front, growth of exports is encouraging. However, rising imports and stress on remittance are creating some pressure on current account and foreign reserves. Nonetheless, we have comfortable level of foreign reserves sufficient to cover the prospective imports of around 7 months. On the financial side, deposit and credit demand have increased and cost of borrowing has been low from the last one and half year. Low borrowing cost has supported the financial health of the firms during these hard times and encouraged entrepreneurs as well as businesses.

Let me now briefly review about how we responded to the crisis. NRB (Nepal Rastra Bank) brought forward four sets of measures through its policy toolkits in order to create the public confidence during the pandemic, support economic activities and maintain stability. The first set of measures was targeted at maintaining enough liquidity in the system and reducing the cost of credit. It included reduction of policy rates and report facilities. The second sets of measures were targeted at supporting the survival of the business. It included refinance facilities, additional working capital and term loan facilities, restructuring and rescheduling facilities, payment referral and additional grace periods among others. Nepal Rastra Bank embarked on a major innovation in the design of refinancing by offering refinancing equal to

the five times of the available fund during the pandemic. The third sets of measures were targeted at safeguarding the health of the financial system. It included the relaxation on assets classification and provisioning of the banks and financial institutions, recognition of deferred income and set of other regulatory for variances and the fourth set of measures were targeted at ensuring safe and smooth payment systems during the pandemic. Such measures included a temporary waiver of the fees of in digital payment transactions and ensuring smooth payment systems. With such measures, we were able to make the lives of the people easier and support economic activities during the hard times. Coordination with the fiscal authorities as well as international communities played a crucial role for making our measures effective. As a result of the coordinated policy efforts, we succeeded in preventing further fallout in economic activities during the pandemic, maintaining public confidence and safeguarding economy as well as financial stability.

Now let me draw your attention to the recent trends of digital financial services and challenges created by the Covid crisis for the leaders in financial industries. The recent growth in digital financial services has taken us to a land full of opportunities. It has been largely driven by the restrictions imposed by the Covid pandemic whatever the cause. Increasing use of digital financial services has lowered transaction cost by maximizing the economies of scale, made it possible to connect the population without access to financial services and has removed the barriers of providing financial services such as geographical distances, lack of identification and lack of formal income. In case of Nepal too, use of digital financial service has increased significantly during the recent years. During the last 16 months, average number of monthly transactions through digital instruments has increased by 86%. Average transaction volume has gone up by 70%. In addition, transactions through QR payments have gone up by 6 times, and volume of transactions has increased by almost 10 times.

In addition to digital payments, there is an increasing trend in offering services such as Account opening, applying for loans and insurance, fund transfers, remittance and other services through digital channels. Use of technology in the financial industry has changed the business models of banks and financial institutions. In addition, a completely new and complex set of issues are being apparent in the new normal. It demands the complete reorientation of the institutions to new working modality, and a set of new decision rules. In such a situation, there is a challenge for the leaders of financial industry to develop new skills in their human resource. The leaders need to be innovative and proactive in order to take decisions that are completely new and complex. We have seen that crisis can challenge even the most experienced leaders of the financial industry as it can evolve into most unexpected and complicated scenarios. Thus, we need to develop a leadership that can contemplate beyond the traditional thought of leadership and take a bold and decisive actions for remaining competitive and making the financial industry resilient to the crisis developments. This equally applies to the regulators of financial industries and leaders at the central banks. Let me sum up my words by reemphasizing the fact that business models in the financial industries have changed a lot in the new normal. Thus, we need to develop a new set of leadership skills to reap benefits from recent trends in digital finance and making our system self-developed and resilient. The Covid 19 has taught us a lesson on how to navigate through crisis time.

Finally, I wish a fruitful discussion in the sessions and great success of this conference. Thank you for your attention.

Theme 1: entitled Global and National Economic Perspectives

Session Chair: Dr. Atiur Rahman, Former Governor, Bangladesh Bank

Presentation 1:

Emerging Issues in Financial Sector Regulation - Some Questions in Search of Answers by
Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India

Presentation 2:

Green Finance: How Financial Institutions Could Further Contribute to Nepal's Sustainable Recovery post COVID-19 by Mr. Babacar Faye, Resident Representative, International Finance Corporation (IFC), Nepal.

Q & A Session (20 Minutes)

Closing by the Chair (10 Minutes)

Session 1: Presentation of Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India: Emerging Issues in Financial Sector Regulation: Some Questions in Search of Answers

**Financial Sector Regulation
Some Questions in Search of Answers**

**Conference on
Leadership Development for the New Normal**

Banking Finance and Insurance Institute of Nepal (BFIN)
Kathmandu

November 2021

Duvvuri Subbarao

1

**Financial Sector Regulation
Some Questions in Search of Answers**

A common and frequent media question to the
governor of a central bank:

“What keeps you awake at night?”

2

A regulatory question that I agonized over as governor

Should we impose a ceiling on the interest rate on microfinance loans?

3

Should we impose a ceiling on the interest rate on microfinance loans?

- 'Fortune at the bottom of the pyramid'
- Is the interest on microfinance loans usurious?
- What, in fact, is a usurious interest rate?

4

Financial Sector Regulation Some Questions in Search of Answers

This conference is set in the context of
the new normal shaped by digital
technologies.

5

Financial Sector Regulation Some Questions in Search of Answers

1. What is the appropriate regulatory approach to fintech?
2. What is the appropriate regulatory approach to cryptocurrencies more specifically?
3. What is the case for central bank digital currencies (CBDCs)?

6

What is the appropriate regulatory approach to fintech?

- Fintech has disrupted (and transformed) the world of finance.
- But over the last decade, digital technologies have upended many other sectors.
- What is so special about disrupting finance?

7

Fintech all over

- Payment systems
- Credit scoring
- Microfinance
- Peer to peer lending
- Crowd funding
- Wealth management
- Investment banking
- Insurance

8

What is the appropriate regulatory approach to fintech?

- Fintech has disrupted (and transformed) the world of finance.
- But over the last decade, digital technologies have upended many other sectors.
- What is so special about technology disrupting finance?

9

What is the appropriate regulatory approach to fintech?

- i. How will fintech impact banking?
- ii. How might banks respond to the threat of fintech?
- iii. How should regulators respond?

10

How will fintech impact banking?

- Compete away business from traditional banks using the same strategy as banks
- Lower cost and higher efficiency
- Reverse engineer banking without the burdens of banks
- More sophisticated risk management – data is the new collateral

11

How might banks respond to the threat of fintech?

- Take more risks (smaller banks?)
- Regress into narrow banking
- Reinvent themselves
- Collaborate with fintech

12

What is the appropriate regulatory approach to fintech?

- Same activity – same regulation
- Guard against ‘winner takes all’ threat
- Data access rules
- Sandboxes
- International standards
- Be ahead of the curve – capacity building for the new normal
- Parable of the greyhound and the bloodhound

13

What is the appropriate regulatory approach to fintech?

Emerging Market Concerns

- Financial intermediation has historically been an engine of growth
- Banks are special
- Can emerging markets afford banks being sidelined?
- How to prevent disruption from being destructive?

14

Financial Sector Regulation

Some Questions in Search of Answers

1. What is the appropriate regulatory approach to fintech?
2. **What is the appropriate regulatory approach to cryptocurrencies more specifically?**
3. What is the case for central bank digital currencies (CBDCs)?

15

What is the appropriate regulatory approach to cryptocurrencies?

- Cryptocurrencies are expanding at an explosive pace
- Are cryptos money or are they just another asset class?
- Should cryptocurrencies be regulated, and if yes, how and by whom?

16

What are the concerns about cryptocurrencies?

What are the concerns of governments?

- Money laundering
- Drug trafficking
- Terrorism financing
- Consumer safety (fraud, scams)

What are the concerns of central banks/regulators?

- Monetary policy traction
- Capital flight
- Financial stability
- Seigniorage revenue
- Consumer safety

17

Pros and cons of regulating cryptocurrencies?

Positive

- Check illegal activity
- Tax capital gains
- Enforce transparency
- Business code of conduct

Negative

- Stifle innovation
- False sense of credibility

18

Cryptocurrency Regulation Three Broad Approaches

- Passive tolerance
- Outright ban
- Regulate but not recognize as legal tender

19

What is the appropriate regulatory approach to cryptocurrencies?

Crossing the river by feeling the stones

20

Financial Sector Regulation

Some Questions in Search of Answers

1. What is the appropriate regulatory approach to fintech?
2. What is the appropriate regulatory approach to cryptocurrencies more specifically?
3. **What is the case for central bank digital currencies (CBDCs)?**

21

What is the case for CBDCs?

- What is CBDC?
- Nearly a hundred central banks are planning on launching CBDCs.
- A few have already launched them (Bahamas, Nigeria)

22

Central banks are driven by both fear and opportunity

- Fear that fiat money will be displaced by cryptos
- Opportunity to make payments cheaper, faster and more secure
- Reduce cost of printing and distributing paper currency
- Prevent counterfeiting

23

Concerns about CBDCs

- Will they disintermediate banks?
- Precipitate bank runs?
- Vulnerable to cyber attacks?
- What about loss of privacy?

24

What is the case for CBDCs?

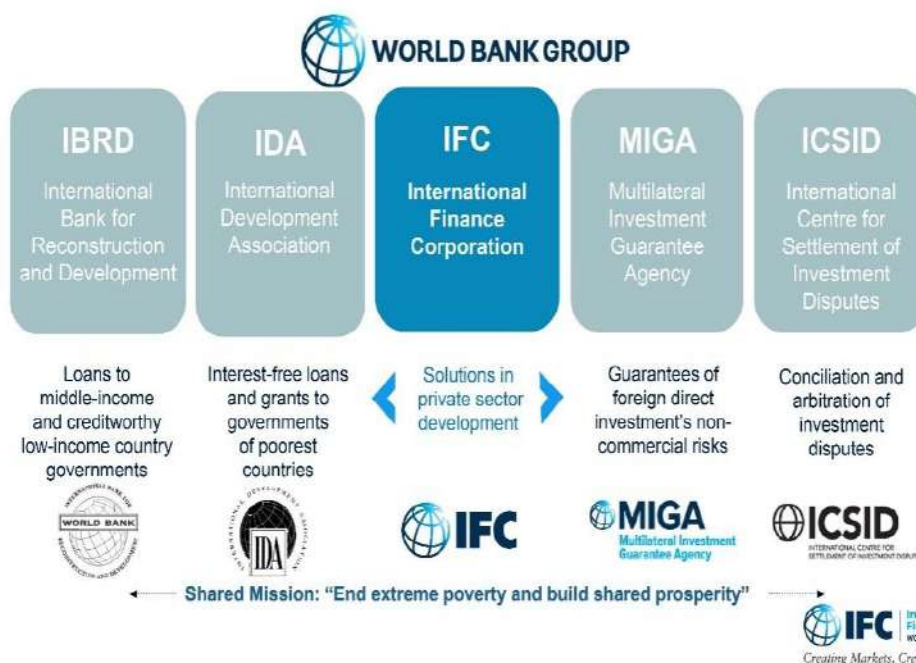
- Cash will not go away.
- For all the potential transformative impact, user experience will not be different from current digital transactions.

Session 2: Presentation of Mr. Babacar Faye, Resident Representative, International Finance Corporation (IFC), Nepal: Green Finance: How Financial Institutions Could Further Contribute to Nepal's Sustainable Recovery Past COVID-19



BFIN
Conference on Leadership
Development for the New
Normal
Kathmandu, Nov. 26, 2021

IFC: A MEMBER OF THE WORLD BANK GROUP





Creating Markets, Creating Opportunities

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- Provides investment, advice, resource mobilization
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- Present in nearly 100 countries

IFC is the largest global development institution focused on the private sector in emerging markets.

2



THE WORLD BANK GROUP'S TWIN GOALS

Create major opportunities for mobilizing private capital to:



End Poverty



Boost Shared Prosperity

3



WHAT WE DO

Integrated Solutions, Increased Impact

INVESTMENT	ADVICE	MOBILIZATION
<i>Financial products tailored to client needs</i>	<i>Innovative solutions combining IFC's expertise and tools</i>	<i>Mobilizing and managing capital for investment</i>
<ul style="list-style-type: none"> Loans Equity Trade and Commodity Finance Derivatives and Structured Finance Blended Concessional Finance 	<ul style="list-style-type: none"> Help Create New Markets Unlock Investment Opportunities Strengthen Clients' Performance and Impact Improve Environmental, Social, and Corporate Governance Standards 	<ul style="list-style-type: none"> Syndications IFC Asset Management Company
<p>\$21.9 billion committed in FY20</p> <p>\$58.7 billion committed portfolio</p>	<p>\$274.4 million program in FY20</p>	<p>\$28 billion syndicated in last five years</p> <p>\$10.1 billion under management at IFC AMC</p>

4

COUNTRY PARTNERSHIP FRAMEWORK– FY19-FY23: IFC's FOCUS AREA

Expanding Financial Inclusion	Developing hydropower Infrastructure	Expanding Tourism Industry	Providing Quality Healthcare	Promoting Agribusiness
				
TARGET	TARGET	TARGET	TARGET	TARGET
Additional 600,000 individuals with access to finance	New Construction to deliver 516MW	Contribute to increase net tourism spending	Additional 750,000 people with improved access to health services in targeted State/Districts	Increase in number of farmers adapting climate smart Agri-practices to 10,000
Additional 11,000 SMEs with access to finance	Additional generation capacity to increase by 216 MW			

5

Why is climate a priority?

Scientists are sounding the alarm.



6

THE PRIVATE SECTOR IS INCREASINGLY COMMITTING TO AMBITIOUS, NET ZERO TARGETS.



7

NEPAL HAS PROMISED NET ZERO EMISSION BY 2045



Nepal aims to reach net zero emission by 2045 AD; a commitment made by the country on COP26



15% of total energy demand supplied from clean energy sources by 2030



45% of the country under forest cover by 2030



Second Nationally Determined Contribution (NDC) 2020 promises country climate actions on; Energy generation, Transportation, Residential cooking and bio-gas, Forestry, and Waste

If there are no immediate actions, we are very likely to move into unprecedented climate risk era with widespread impacts. Climate change, however, brings exciting business opportunities as well for early and innovative movers.....

8

.....MANY SECTORS HAVE CLIMATE INVESTMENT OPPORTUNITIES



ENERGY: Energy efficiency, renewable energy, storage, smart grids, energy access



TRANSPORTATION: Energy efficient components, fuels and logistics



WATER: Capture, treatment, conservation, wastewater treatment, access



AIR & ENVIRONMENT: Carbon credits, trading and offsets



BUILDINGS: Low carbon strategy, energy efficiency, sustainable materials, green buildings



MANUFACTURING: Green chemicals, RE/EE supply chain, cleaner production



AGRICULTURE & FORESTRY: Land mgmt., low carbon and adaptation strategies, biomass, biofuels, EE



RECYCLING & WASTE: Recycling and waste treatment services

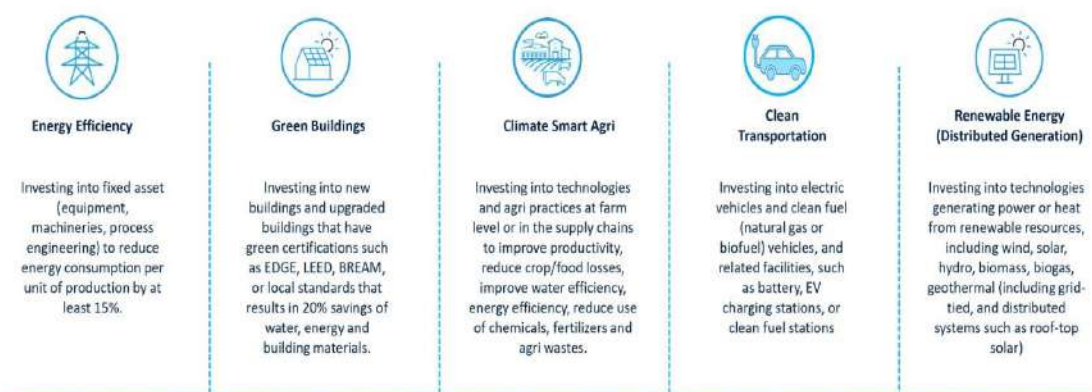
9

....ALL BUSINESS SEGMENTS IN FINANCIAL INSTITUTIONS (FIs) CAN CONTRIBUTE TO CLIMATE ASSETS AND SUPPORT ECONOMIC RECOVERY



10

CLIMATE FINANCE PRODUCTS THAT FIs CAN DEVELOP



11

NEPAL HAS MASSIVE CLIMATE FINANCE OPPORTUNITY

Nepal's estimated Climate Smart Investment Potential in key sectors by 2030 is close to US\$ 46 Billion¹



Nepal solar rooftop market potential (Commercial and Industrial) in the range of 110-170 MW over the next 5 years with total investment requirement of \$60-100 million including debt financing of \$42-70 million.

¹² Sources: [1] Climate Investment Opportunities in South Asia - An IFC Analysis, 2017



Challenges for FIs in mobilizing green and sustainable finance and build-up their climate business

Underdeveloped financial system in areas crucial for green investment: project structuring, knowledge, capacity, regulatory clarity, etc.

Lack of comprehensive regulatory framework to incentivize FIs to offer green finance products

Limited awareness about green bond market

Lack of capacity within regulatory institutions, insufficient demand for green bonds among investors, lack of supporting regulation, lack of qualified verifiers, insufficient pipeline of eligible assets, etc

13



Possible solutions: Greening FIs to expand green financing beyond hydro, embed it in the broader financial system, and facilitate greater access

Create awareness and sensitize FIs on climate lending potential beyond hydropower

FIs to better develop their capacity to effectively originate, evaluate, and manage the climate business segment

Deepen capital markets, including green bonds

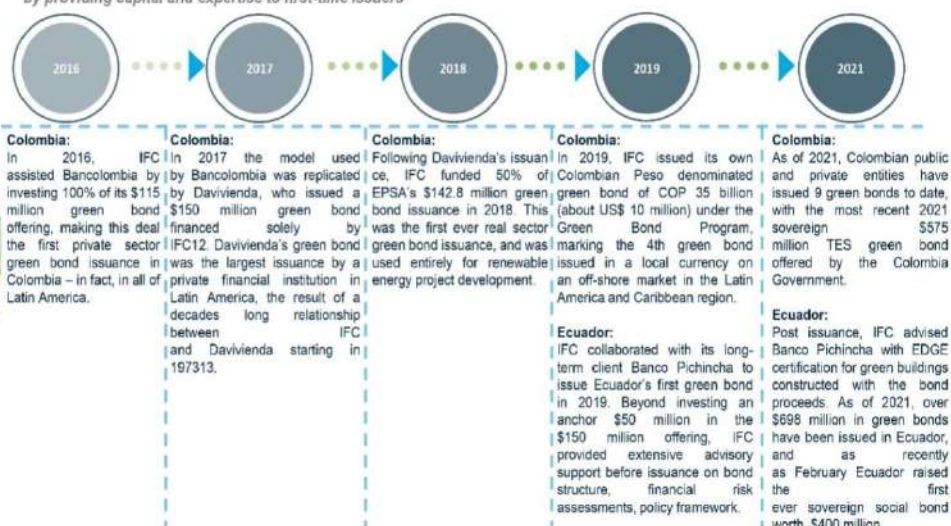
Develop a green taxonomy

Build financial resilience: actions to both address the growing climate risks and prevent the creation of new ones through climate risk finance, ensuring that private investments align with climate objectives

14

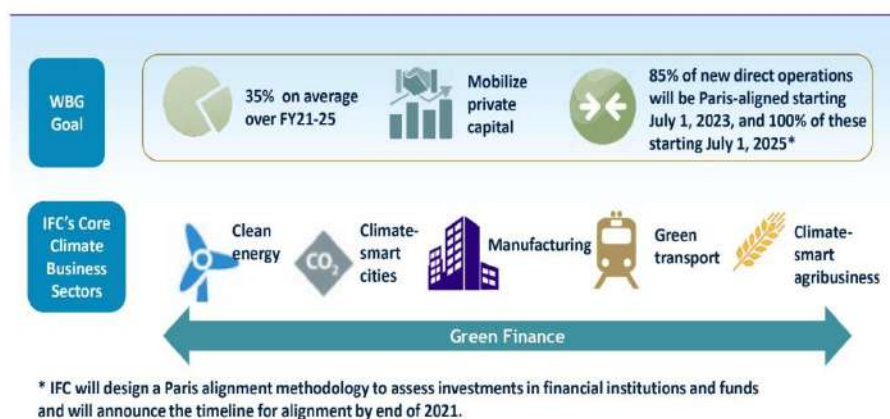
CASE STUDY

Building a green bond market in Latin America
by providing capital and expertise to first-time issuers



15

MEETING IFC's CLIMATE TARGETS.



16

THANK YOU

Theme 2: Technology Innovation and Disruption in the Financial Sector

Session Chair: Dr. Neelam Dhungana, Deputy Governor, NRB

Presentation 1

Impact of COVID – 19 in the Nepalese Economy: Monetary Policy Measures for New Normal by Dr. Prakash Kumar Shrestha, Executive Director, NRB

Presentation 2

Managing Technology Challenges: Cyber Security, Threats and Protection Measures by Mr. Sujit Christy, Director / Chief Information Security Officer and Cybersecurity Adviser, Sri Lanka

Presentation 3

External Commercial Borrowing (ECB): Experiences from Bangladesh(25 Minutes) Mr. Mashrur Arefin, Managing Director and CEO, City Bank Limited, Bangladesh

Q & A Session (20 Minutes)

Closing by the Chair (10 Minutes)

Session 3: Presentation of Dr. Prakash Kumar Shrestha, Executive Director, Nepal Rastra Bank: Impact of COVID-19 in the Nepalese Economy: Monetary Policy Measures for New Normal

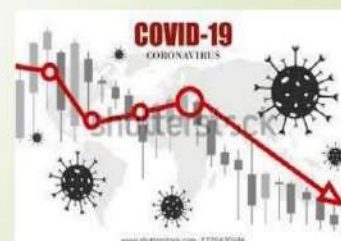
Impact of Covid-19 on the Nepalese Economy: Monetary Policy Measures for New Normal

Prakash Kumar Shrestha, PhD

Executive Director

Economic Research Department

Nepal Rastra Bank



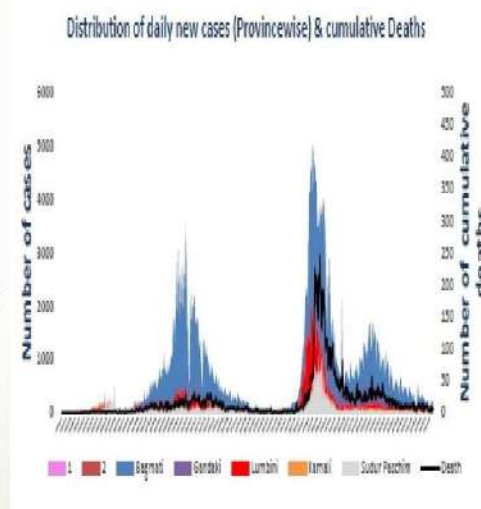
Outline

- Covid 19 and Government Response
- Impact on Nepalese Economy
 - Economic Growth; Inflation
 - Exports and Imports; Remittance and migrant workers; Tourist Arrival
 - Balance of Payments and Foreign Currency Reserves
 - Credit and Deposits; Interest Rates
 - Digital Payment
 - Government's Revenue and Expenditure
 - Stock Market
- Monetary Policy Measures
- Conclusions and way forward in New Normal



Covid 19 and Government Response

- Nationwide lockdown on 24 March 2020
- Full lockdown measures were continued until June 15
- Around January 2021, the government opened up almost all economic activities
- the second wave of coronavirus started in April 2021, compelling the government to impose again lockdown measures starting from April 29, 2021 which was lasted until August 2021.
- However, schools have been just opened in October 2021.

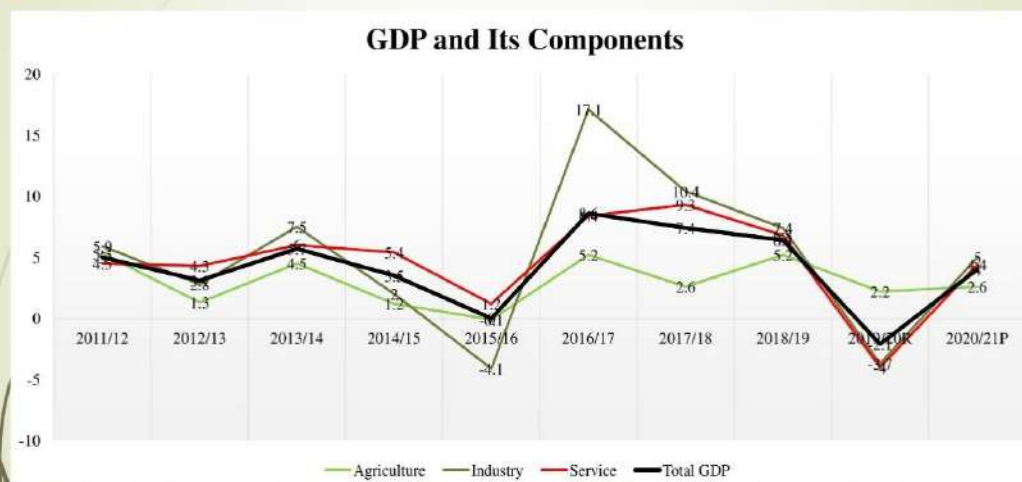


Impact on Nepalese Economy

- ❖ Based on the secondary macro level data, especially published by Central Bureau of Statistics (CBS) and Nepal Rastra Bank (NRB).
- ❖ Data recorded as of mid-March 2020 are taken as a benchmark to compare the how the Nepalese economy performed after the imposition of lockdown measures on March 24, 2020 during Covid 19 turbulent.
- ❖ Performance of Nepalese economy on a monthly basis as reflected in macroeconomic data for the period of mid-March 2020 through mid-October 2021 have been assessed, except for GDP data of which is not available in a higher frequency.

Impact on Nepalese Economy

Economic Growth



Impact on Nepalese Economy

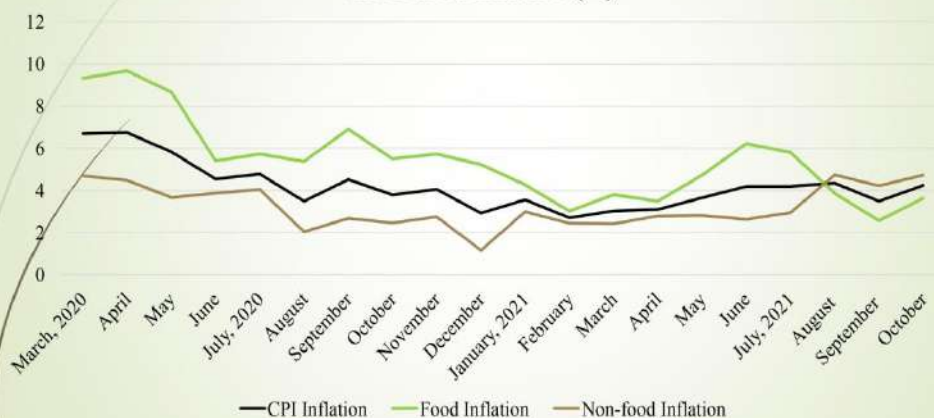
Performance of Different sectors in 2019/20



Impact on Nepalese Economy

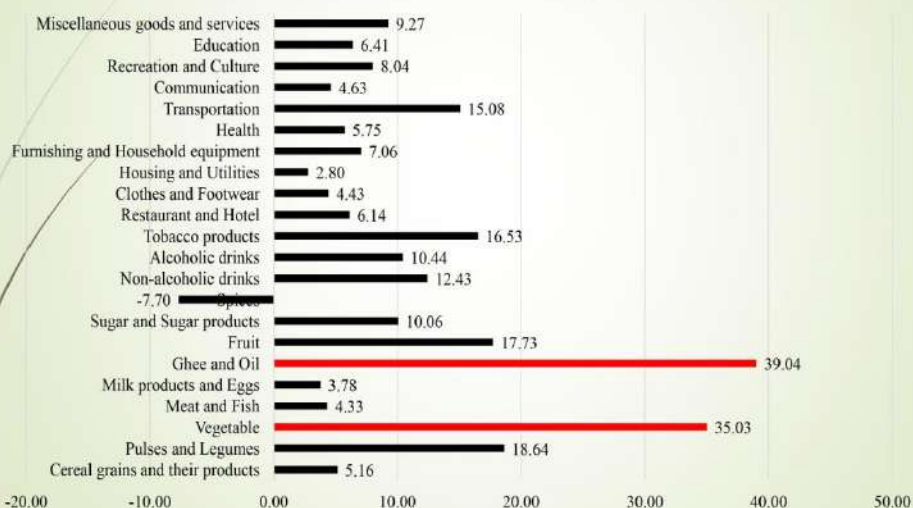
■ Inflation

CPI Based Inflation (%)



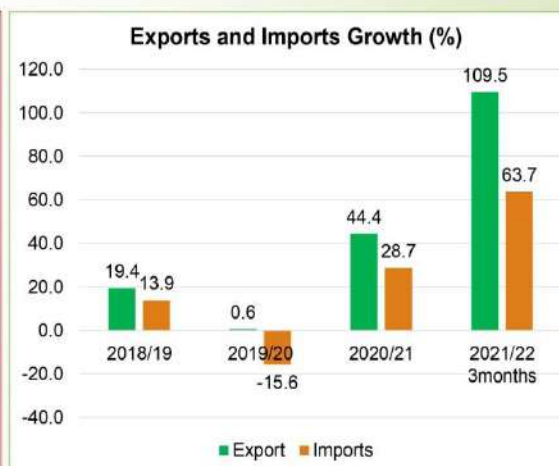
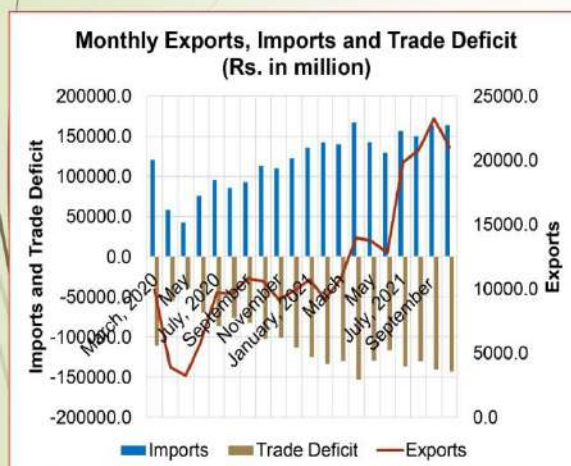
Impact on Nepalese Economy

Sub-group wise Price Change (% , between mid-March 2020 and mid-October 2021)



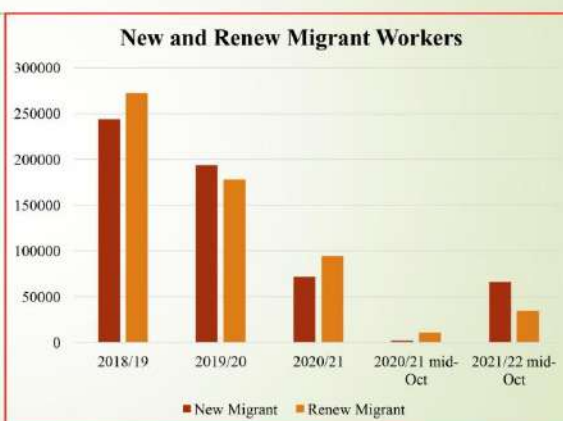
Impact on Nepalese Economy

Exports and Imports

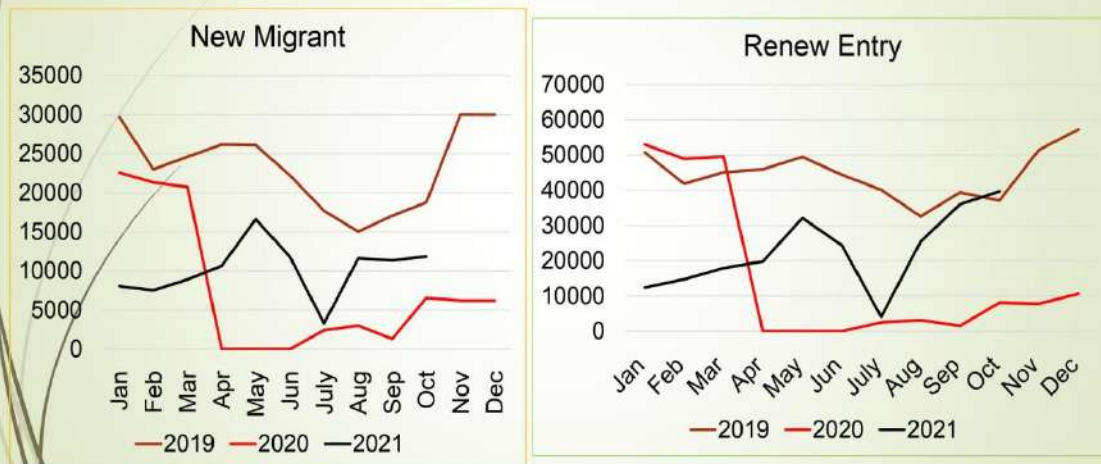


Impact on Nepalese Economy

Remittance and Migrant Workers

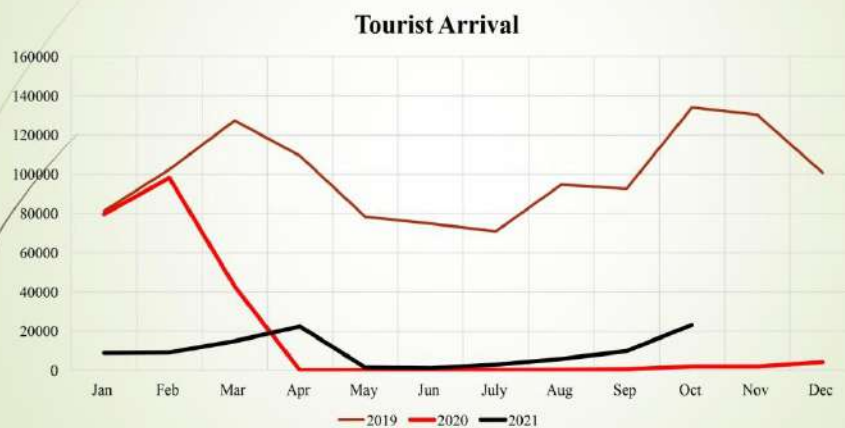


Migrant Workers



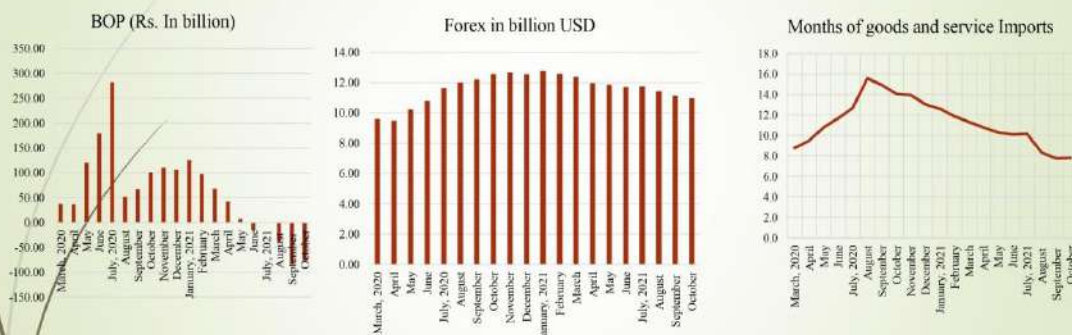
Impact on Nepalese Economy

Tourist Arrival



Impact on Nepalese Economy

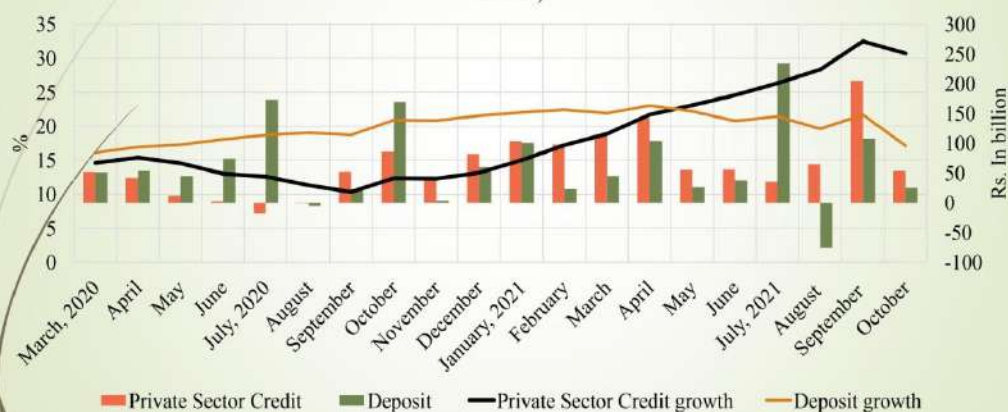
Balance of Payments and Foreign Currency Reserves

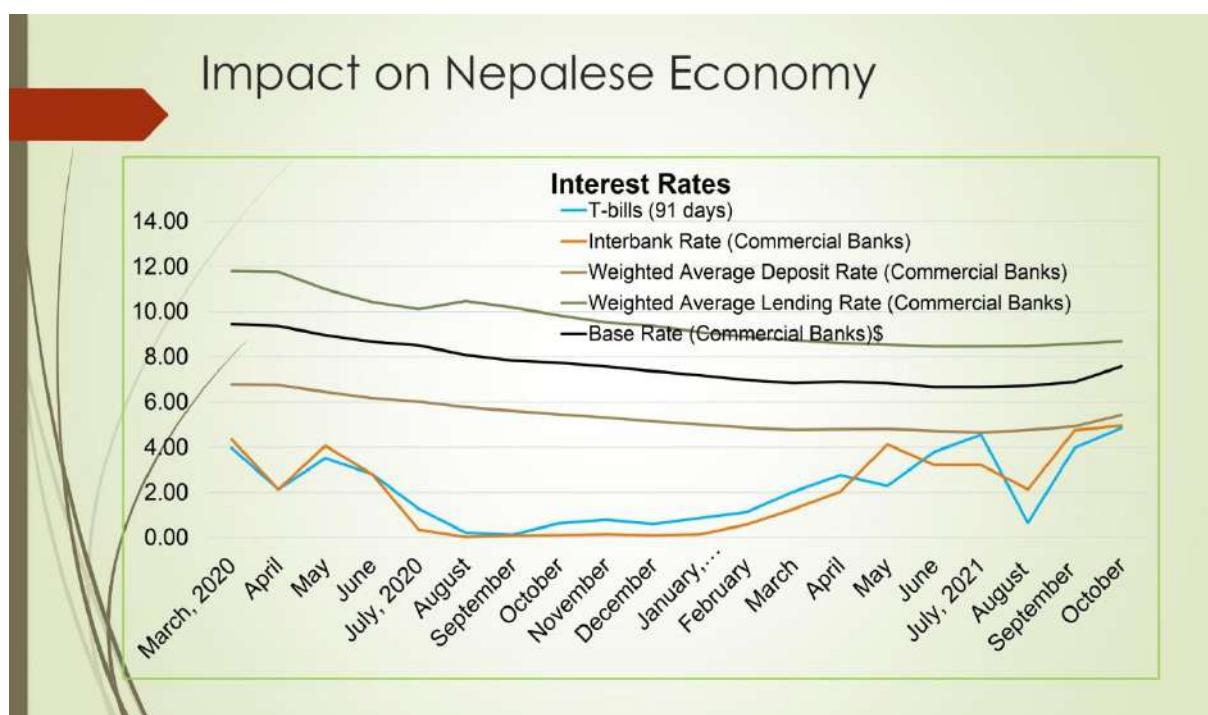
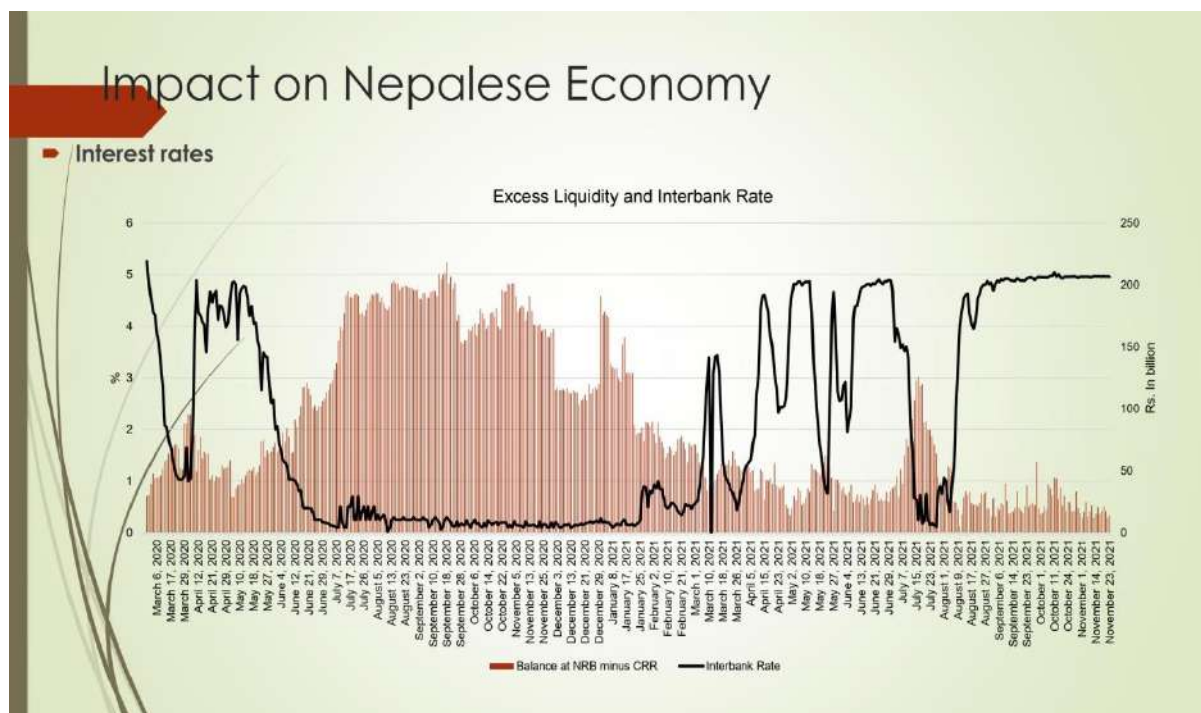


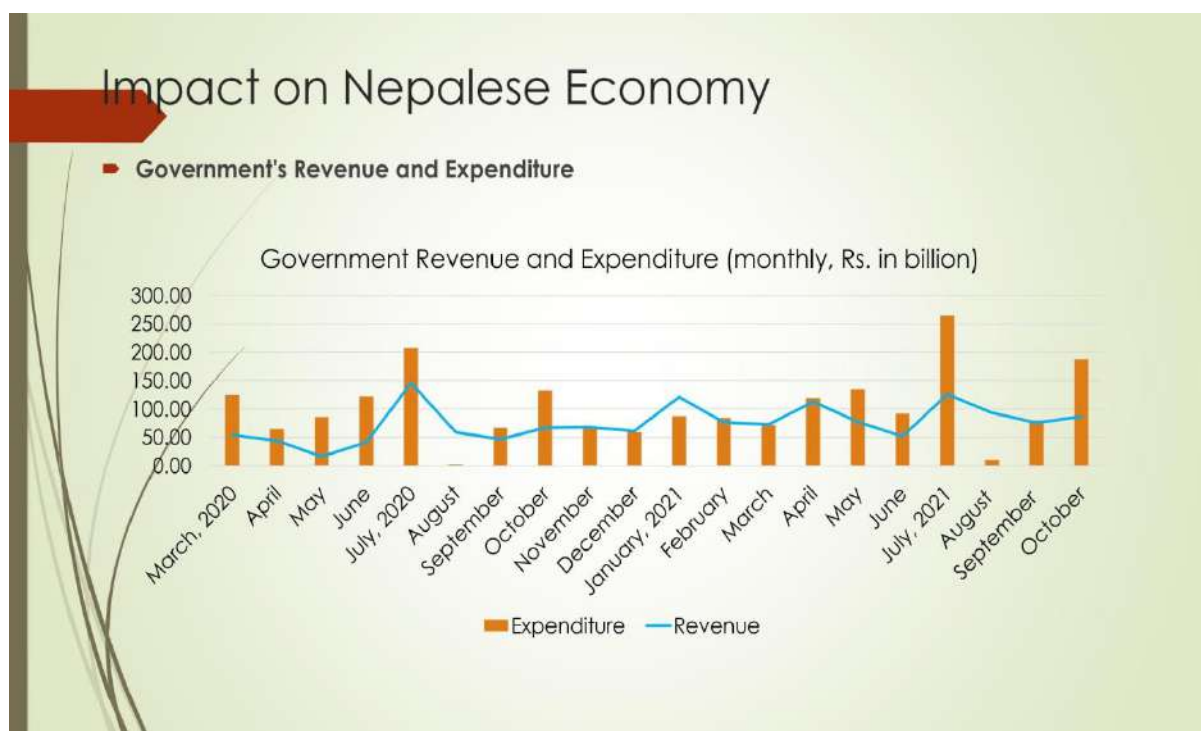
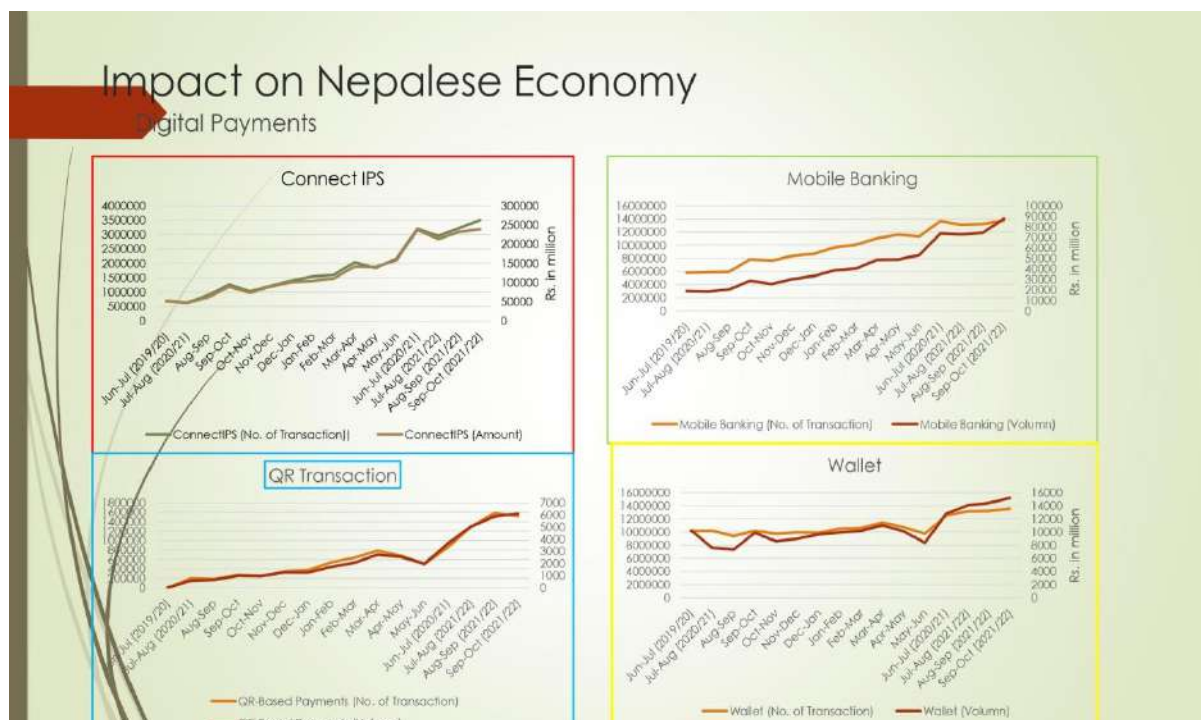
Impact on Nepalese Economy

Credit and Deposits

Credit and Deposits (y-o-y Growth in % and net change in Volumn in Rs. in billion)

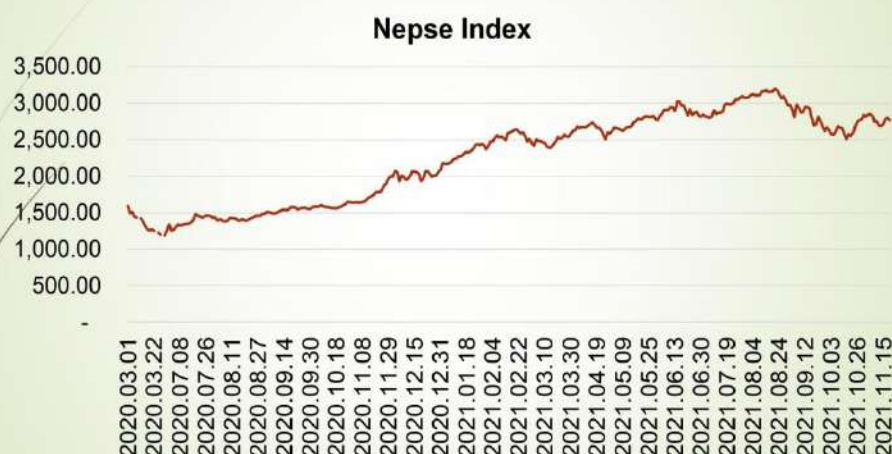






Impact on Nepalese Economy

■ Stock Market



Monetary Policy Responses

• Within a week

- Loosening monetary policy stance - cash reserve ratio to 3 percent, bank rate to 5 percent, repo rate to 3.5 percent and deposit collection rate to 2.0 percent from 4 percent, 6 percent, 4.5 percent and 3.0 percent respectively.
- 10 percent deduction on interest amount if paid by mid-April 2020.
- Watch list classification is made not mandatory in case of non-renewal of any loans.
- Payment period fixed for mid-April 2020 for all working capital types of loans can be extended to next 60 days.

• After a month

- NRB directed BFIs to reduce interest rate by 2 percentage point on interest rates charged as of mid-April 2020 while calculating interest payment on loans for the last quarter of 2019/20.
- Loan classification remained same in mid-July 2020 for good loans as it was mid-January 2020.
- Additional working capital loan provided.

Monetary Policy Responses

- **In monetary policy statement for 2020/21**

- Refinance fund increased by 5 times.
- Repo rate as the policy rate was further reduced from 3.5 percent to 3 percent.
- Restructuring and rescheduling of loans provided.
- Extension of payment period is provided by classifying the business three groups- less affected, relatively more affected and most affected sectors
- Credit to Deposit cum Core Capital (CCD Ratio) was increased from 80 percent to 85 percent.

Conclusion and Way Forwards in New Normal

- ◆ Nepalese Economy suffered a lot from Covid 19 pandemic
- ◆ With opening up the restriction, economy started recovering.
- ◆ With availability of vaccine, almost all sectors, except a few sectors like Tourism started bouncing back as reflected in credit and import growth.
- ◆ Now economy has been facing the problem of liquidity shortage as a result from growing BOP deficit.
- ◆ Interest rates have been rising on the ground of high demand of credit compared to deposit growth.
- ◆ Though vaccination process is going on, Covid 19 is still with us, downside risks still exist.
- ◆ Learning from the past and nature of Covid 19, economic activities should be continued in a new normal way.
- ◆ Rewinding of monetary and regulatory relaxation is needed gradually for financial and macroeconomic stability.



*Thank You
And
Any Questions*

Session 4: Presentation of Mr. Sujit Christy, Director/Chief Information Security Officer and Cyber Security Advisor, Sri Lanka: Managing Technology Challenges: Cyber Security, Threats and Protection Measures



Managing Technology Challenges: Cyber Security, Threats and Protection Measures
Conference on Leadership Development for the New Normal | Radisson Hotel, Kathmandu | November 27, 2021



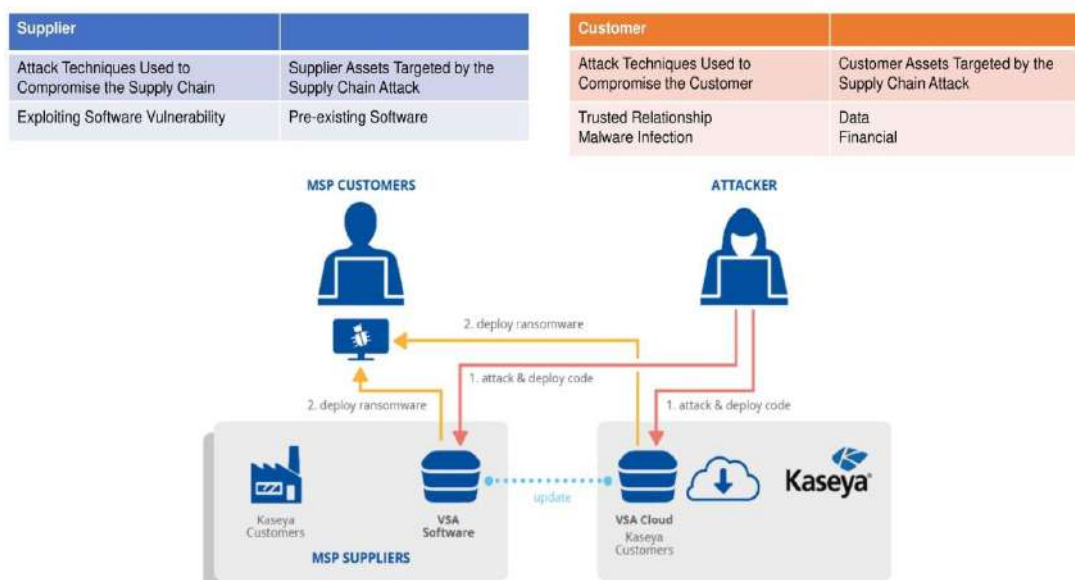
Sujit Christy CISA, CRISC, CISSP, Dip in Cyber Law, ISO 27001:2013 Lead Auditor
Director – Layers-7 Seguro Consultoria Private Limited

President & Board Member, (ISC)² Colombo Chapter, Sri Lanka
Founder, (ISC)² Chennai Chapter, India
Director – Information Security Professional Associates Private Limited
Advisory Board Member - Cybersecurity Center of Excellence (CSCx), SLASSCOM
Advisory Board Member - Shaping IT Talent Landscape in Sri Lanka, SLASSCOM
Vice President – Independent Professional Consultants Chapter, FITIS
Volunteer, Safe & Secure Online, (ISC)² Foundation, USA
Panel Member, (ISC)² Scholarships, (ISC)² Foundation, USA
Past President, (ISC)² Chennai Chapter, India
Past Secretary, (ISC)² Chennai Chapter, India
Past Board Member, ISACA Sri Lanka Chapter, Sri Lanka

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Kaseya:

IT Software Management – July 2021, Zero Day, Ransomware



Source: ENISA

Verkada:

Cloud based Security Surveillance Solutions – March 2021, Privileged Credentials



Supplier	
Attack Techniques Used to Compromise the Supply Chain	Supplier Assets Targeted by the Supply Chain Attack
OSINT	Configurations Data

Customer	
Attack Techniques Used to Compromise the Customer	Customer Assets Targeted by the Supply Chain Attack
Trusted Relationship	Data (150,000 Cameras)



Source: ENISA

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3

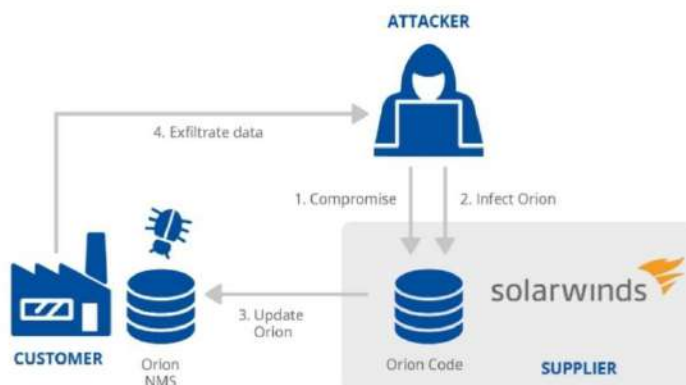
SolarWinds Orion:

IT Management & Remote Monitoring – December 2020, Supply Chain



Supplier	
Attack Techniques Used to Compromise the Supply Chain	Supplier Assets Targeted by the Supply Chain Attack
Exploiting Software Vulnerability, Brute-force attack, Social Engineering	Processes, Code

Customer	
Attack Techniques Used to Compromise the Customer	Customer Assets Targeted by the Supply Chain Attack
Trusted Relationship [T1199], Malware Infection	Data



Source: ENISA

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SITA

Passenger Service System - March 2021, Supply Chain



Supplier		Customer	
Attack Techniques Used to Compromise the Supply Chain	Supplier Assets Targeted by the Supply Chain Attack	Attack Techniques Used to Compromise the Customer	Customer Assets Targeted by the Supply Chain Attack
Unknown	Data	Unknown	Personal Data



Source: ENISA

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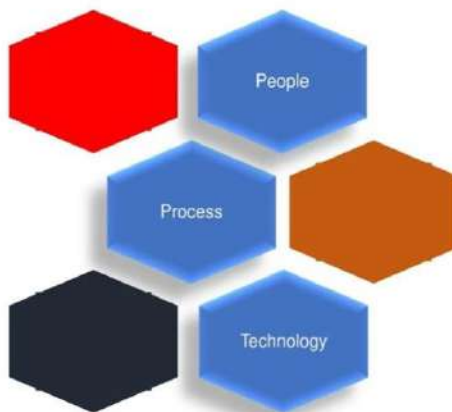
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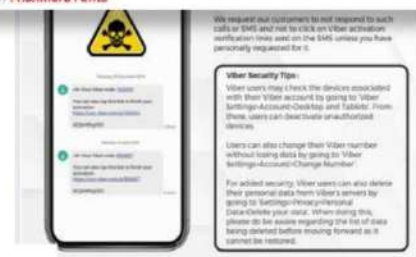
5

Ground Reality



Cyber Attacks on the Rise in Nepal Aftermaths the Recent Data Breach – Basic Preventive Measures

Posted on April 15, 2020 by **Phanindra Panta**



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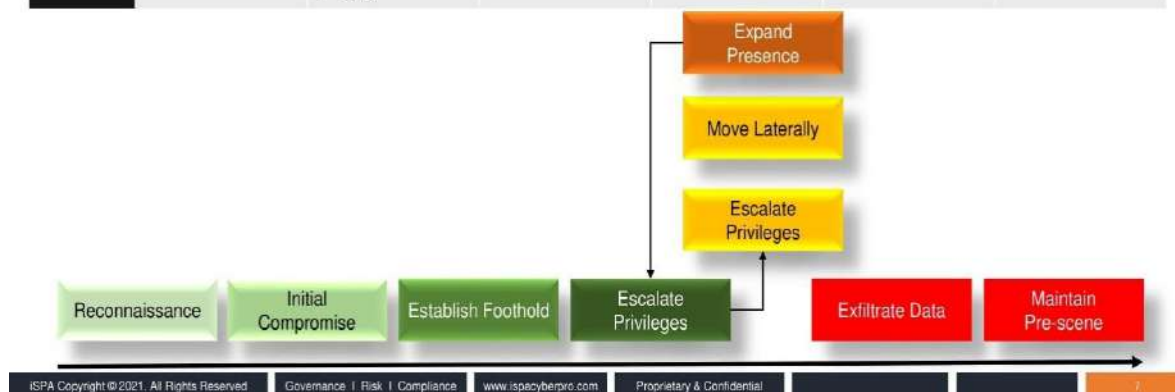
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Threat Actors



Threats	Hacktivism (Hacktivists)	Crime (Individuals & Criminal Enterprises)	Insider (Trusted Users)	Espionage (Nation-State)	Terrorism (Terrorist Groups)	Warfare (Nation-State)
Motivation	<ul style="list-style-type: none"> Publicity Watch it burn 	<ul style="list-style-type: none"> Financial Gain 	<ul style="list-style-type: none"> Revenge Financial Gain 	<ul style="list-style-type: none"> Steal sensitive state secrets Propriety Information 	<ul style="list-style-type: none"> Cause Support 	<ul style="list-style-type: none"> Economy Military
Targets	<ul style="list-style-type: none"> Anything and Everything 	<ul style="list-style-type: none"> IP Banks PoS 	<ul style="list-style-type: none"> Data and Networks 	<ul style="list-style-type: none"> Private companies 	<ul style="list-style-type: none"> Highly Visible Targets 	<ul style="list-style-type: none"> IP Infrastructure



Prime Threats





Source: SC Media

Game of Ransomware Thrones:

Growth of Smaller Affiliates
Eco-Kingdom of Ransomware as a Service.

Self-reliant cybercrime groups will shift the balance of power within the RaaS eco-kingdom from those who control the ransomware to those who control the victim's networks.

Source: McAfee Enterprise and FireEye

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Source: iStockphoto

Ransomware for Dummies:

Ransomware for less skilled operators.

Less-skilled operators won't have to bend the knee in RaaS model power shift as they leverage the expertise encoded by more skilled ransomware developers.

Source: McAfee Enterprise and FireEye

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Help Wanted:

Bad Guys with Benefits.

Nation states will increase their offensive operations by leveraging cybercriminals, prompting companies to audit their visibility and learn from operations conducted by actors targeting their sectors

Source: McAfee Enterprise and FireEye

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Social Media:

Friend Request a Easy Bait.

Lazarus wants to add you as a Friend. Nation States will weaponize social media to target more enterprise professionals, looking to infiltrate organizations for their own criminal gain.

SilentFade Social Media Malware Campaign Resurfaces; managed to defraud victims for more than \$4 million

Source: McAfee Enterprise and FireEye

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Source: teleinfo today.com

Inconvenient Truth:

Keep A Close Eye on API.

5G and IoT traffic between API services and apps will make them increasingly lucrative targets, causing unwanted exposure of information.



Source: McAfee Enterprise, FireEye

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Source: newsstime

Hijack Application Containers:

Resource Takeovers.

Hijackers Will Target (News - Alert) Your Application Containers. Expanded exploitation of containers and vulnerable applications will lead to endpoint resource takeovers.

1. Security groups were created or modified in 100% of deployments
2. IAM policy changes were made in 82% of deployments
3. Compute resource creation occurred in 48% of deployments (examples: VPCs and EC2s)
4. Resource deletion occurred in 23% of deployments (provisioned through Infrastructure as Code and then deleted without updating the code)
5. Managed CI/CD platform configurations are being managed entirely in runtime (21% of deployments) since it is a new capability and Infrastructure as Code does not exist yet to define during development (example: AWS CodeBuild)

Source: McAfee Enterprise, FireEye and Accurics

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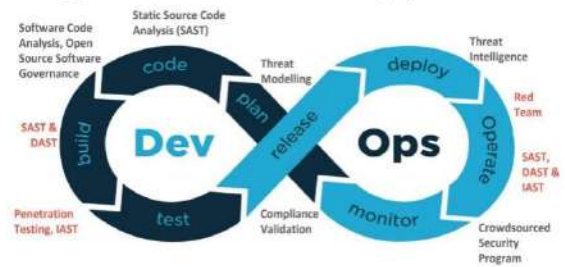
14



Zero Days:

Zero Cares about Zero-Days.

The time to repurpose vulnerabilities into working exploits will be measured in hours and there's nothing you can do about it... except patch.



Source: McAfee Enterprise and FireEye

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Organization Landscape

- Many workers using the same tools
- Frequent changes in user stations
- Limited documentation

		Location			
		Local	Remote	Mobile	Roaming
		Work from desktops at a central location (Office)	Work from the same place on a daily basis - not in the same location as the data center	Always on the move - working from different locations all the time	Hybrid of local and remote users - splitting their time across locations
Roles	Task Workers Work with one or two applications to accomplish simple, repeatable tasks	Call Center Retail Employees	Call Center Retail Employees	Meter Readers	
	Knowledge Workers Large documents and require email and internet access	HR Officers Finance Managers Sales Managers	Remote Office Workers Marketing Executives	Sales Representatives Mobile Service Engineers	Sales Representatives Mobile Service Engineers
	Power Workers Content Creators	On-site IT Workers Developers, CAD Workers, Graphic Artists	On-site IT Workers Developers, CAD	IT Consultants	Professional Services Operatives
	Kiosk Workers Access shared devices in public places	Information Gatherers /Givers	Information Gatherers /Distributors	Survey takers	Survey takers

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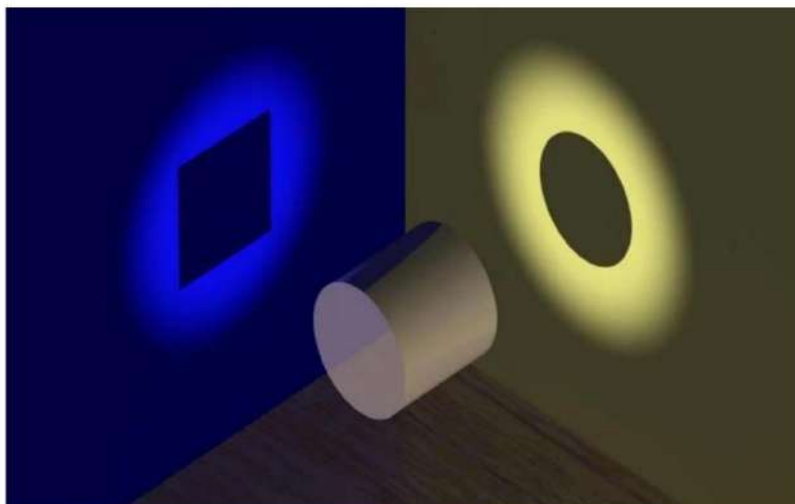
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“Every vendor sees different pieces of the full picture”



Source: cyb3rops

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Protection: Where Do We Start?



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Trustworthy Computing – Security, Privacy, Reliability & Business Practices

January 15, 2002



Zero Trust or Lean Trust – Never Trust, Always Verify

Trust nothing inside or outside the perimeter;
Verify everything trying to connect to the systems and the high-value assets.

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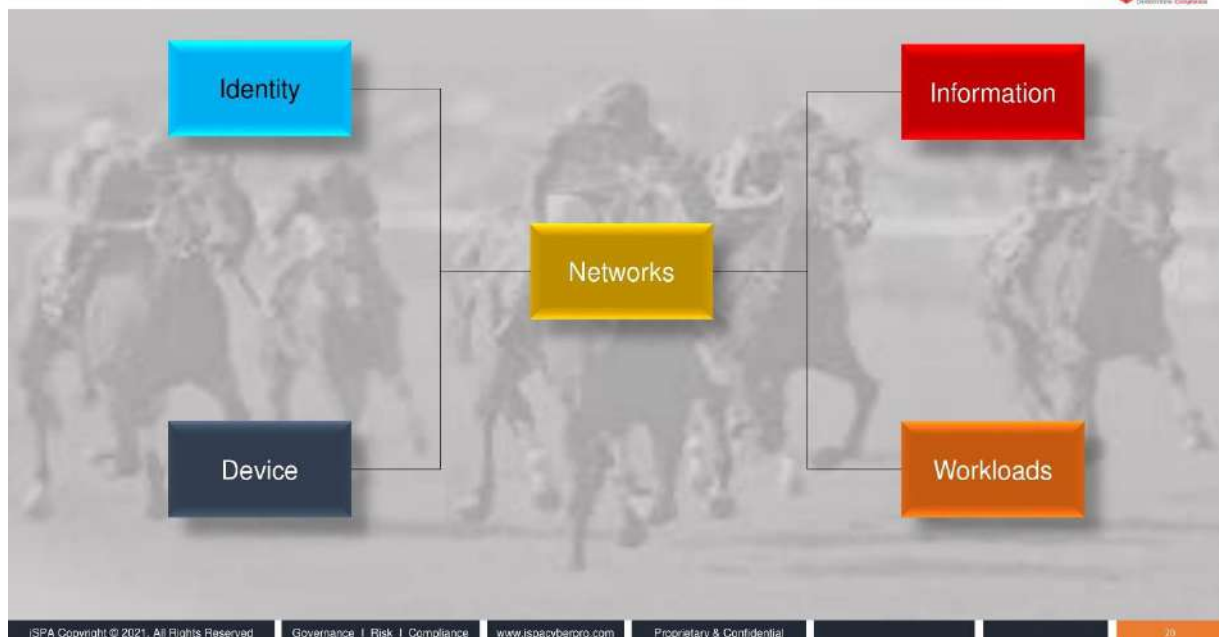
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Way Forward



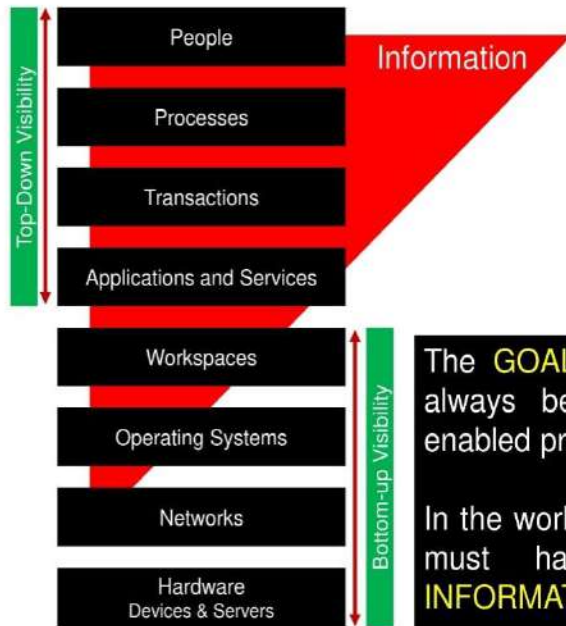
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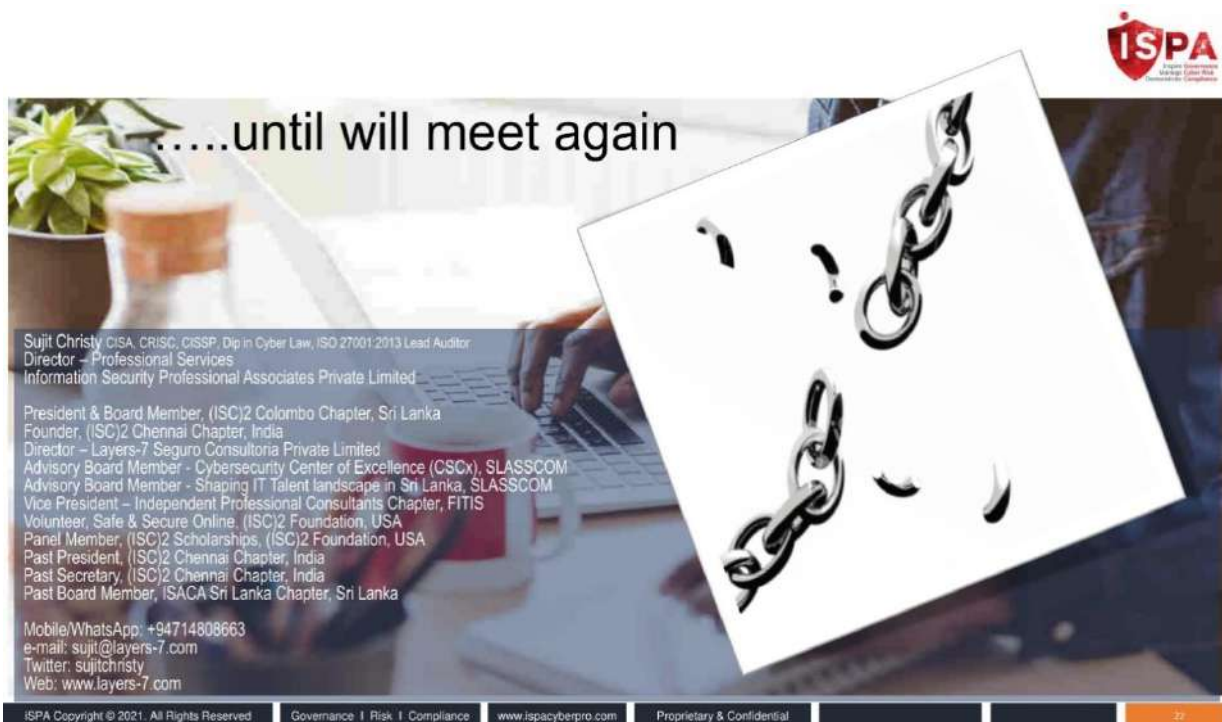
20



The **GOAL** of **INFORMATION SECURITY** has always been to protect Information and IT enabled process **RESILIENCE**.

In the world of cloud based digital business, we must have top-down visibility of our **INFORMATION, IDENTITIES** and **PROCESSES**

Source: Gartner



.....until will meet again

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Advisory Board Member - Shaping IT Talent landscape in Sri Lanka, SLASSCOM
Vice President – Independent Professional Consultants Chapter, FITIS
Volunteer, Safe & Secure Online, (ISC)2 Foundation, USA
Panel Member, (ISC)2 Scholarships, (ISC)2 Foundation, USA
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Session 5: Write up of Mr. Mashrur Arefin, Managing Director and CEO, the City Bank Ltd., Bangladesh: External Commercial Borrowing (ECB): Experience from Bangladesh

1. Prelude:

Development of an economy can be financed mostly from two sources; either domestic savings or foreign investments. But a country like Bangladesh, where Foreign Direct Investment (FDI) is historically low, has always relied heavily on foreign borrowing to meet up the country's financing deficits. Very low external debt to GDP ratio (19% as on June 2021) and very good repayment history make Bangladesh a very attractive destination for foreign lenders. Bangladesh has experienced a steady growth of external debt in the last couple of years. Compared to December 2018, external debt of the country has grown by 40% (source: BB-NSDP-External Debt) as on June 2021. As an emerging economy, external borrowing especially external commercial borrowing can play a pivotal role to the growth momentum of Bangladesh in upcoming years.

2. What External Commercial Borrowing actually is:

External Commercial Borrowings (ECB) refers to the debt shouldered by an eligible entity in a country for solely commercial purposes that has been extended by external sources, i.e. from any recognized entity outside the country. External debts are to be paid back in the currency in which it has been borrowed. Usually these debts are in the nature of tied loans, i.e. these have to be used for a predefined purpose as determined by a consensus of the borrower and the lender.

External commercial borrowing can be obtained from Foreign Commercial Banks, Multilateral Development Financial Institutions like IMF, World Bank, ADB etc. and from the Government of Foreign Nations.

Besides commercial entity, the government also raises funds from abroad for commercial purposes.

3. External Commercial Borrowing in Bangladesh:

External Commercial Borrowing by a local entity in Bangladesh can be in the form of direct lending by a foreign lender or it can be in the form of indirect lending via Offshore Banking Unit (OBU, a central bank permitted FCY operation of any country).

In Bangladesh, local corporate having good credit ratings enjoy direct lending from the foreign lenders for long term and at competitive interest rates. Usually, projects in the infrastructure sector can avail direct lending from ECAs (Export Credit Agency) and DFIs/Multilaterals. Projects in the RMG & other manufacturing sectors enjoy foreign currency long term or midterm loans from foreign commercial banks & Bi-laterals. In all cases, to avail the ECBs, borrower needs to obtain prior approval from Bangladesh Investment Development Authority (BIDA).

Companies not being able to secure an ECB directly invite a local bank to intervene by supporting them with a Bank Guarantee (BG) for the required FCY borrowing by raising their credit ratings backed by the bank's strength. After obtaining BIDA approval for the ECB, the bank willing to provide the BG needs to take the central bank's approval for securing the loan by a local entity against a FCY BG to be sent in favor of a foreign entity.

Banks licensed to operate Offshore Banking Operations can also support a local company by extending a FCY loan from Offshore Banking; again for extending a FCY loan to a local entity, central bank's approval is required. This is to note that Offshore Banking Operations of a bank secures its funding from foreign commercial banks, DFs/Multilaterals, Bi-laterals and onshore surplus of FCY sources.

Offshore Banking operations are also used to secure ECA loans by local entities when a foreign bank is not comfortable lending against ECA insurance directly, Offshore Banking acts as a stand-by lender for debt servicing on borrower's behalf.

Infrastructure projects or manufacturing projects having long implementation period, may avail suppliers' credit for medium term. Or even financing can be done in the trade finance space through UPAS LCs; in these cases, a foreign bank finances the supplier against the LC acceptance of importer's bank.

3.1 Channeling External Public debt through intermediaries:

There are few projects undertaken by the ERD of Ministry of Finance for financial sector capacity building in terms of financing manufacturing, infrastructure or energy efficient/green/sustainable projects in long term. These are also some sort of external public borrowing and meant for specific sector development. These ECBs are administered either by Bangladesh Bank or by a specific company. Sometimes government forms specific company (e.g. IDCOL & BIFFL) or appoints private banks to administer & channel the funds to the end beneficiary.

In Bangladesh, financing for power plants & other infrastructure sectors has initially been done by IDCOL in foreign currency and now it is being done popularly by few private commercial banks (City Bank is leading from the front in this space). The fund IDCOL used to receive is an example of public ECB whereas fund to the Offshore Banking of City Bank is an example of private ECB. Recently BIFFL has also joined from government side for channeling public ECB.

Bangladesh Bank also manages few public ECB or sometimes uses its own reserve fund in foreign currency to fund priority sectors of the government. Investment Promotion & Finance Facility (IPFF) project of Bangladesh Bank is a great example of Public ECB taken by GoB from World Bank directed for infrastructure sector. Similar projects are also being implemented by the central bank for sustainable financing (Green Transformation Fund and Long Term Financing Facility are the two great examples).

Bangladesh Agribusiness Development Project (BADP) is another example of Public sector ECB for promoting agro-based economy in the rural areas channeled through NGOs and administered by private commercial banks.

3.2 External Debt status of Bangladesh:

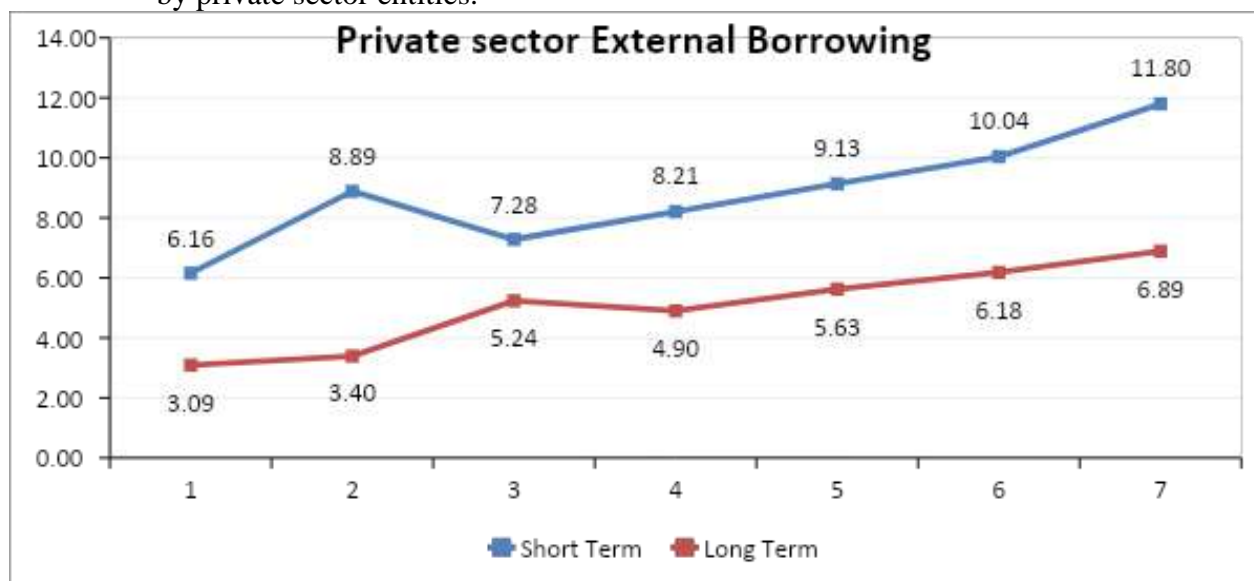
Particulars	Jun'2019	Jun'2020	Jun'2021
Total External Debt of the Country	60.35	65.72	78.03
Of which Public Sector External Debt	46.15	51.64	59.34
<i>Of which Short Term Debt</i>	2.11	1.26	2.23
<i>Of which Long Term Debt</i>	44.03	50.38	57.11
Of which Private Sector External Debt	14.20	14.08	18.68
<i>Of which Short Term Debt</i>	9.12	8.73	11.79
<i>Of which Long Term Debt</i>	5.08	5.35	6.88

Note: Figure in USD billion

Particulars	Jun'2019	Jun'2020	Jun'2021
Total Country External Commercial Borrowing	5.16	5.53	6.12
<i>Of which Public sector</i>	2.58	2.35	2.15
<i>Of which Private sector</i>	2.58	3.18	3.97

Note: Figure in USD billion

Bangladesh's external debt reached USD 78.04 billion in June 2021 which was USD 65.73 billion a year back. Out of this USD 78.04 billion, USD 59.35 billion or 76% belongs to the public sector and rest USD 18.69 billion or 24% borrowed by private sector entities.



On a different note, we can see over the year, private sectors appetite for short term loan has increased than long term financing except the case of December 2018 when due to the fear of rising labor trend borrower preferred long term external financing.

External commercial borrowing in private sector has seen a steady growth in Bangladesh over the last couple of years. It was USD 2.58 billion in June 2019 and increased to USD 3.97 billion in June 2021. In the same period, borrowing in public sector has witnessed a downtrend. It stood at USD 2.15 billion as of June 2021 from USD 2.58 billion in June 2019. Private sector ECB has grown at a rate of 24.8% in FY 21 which was almost same in last few years.

3.3 Destination of Private Sector External Commercial Borrowing in Bangladesh:

Power, gas and petroleum are the major sectors where external commercial borrowing is heading in recent years in Bangladesh. At the end of June 2021, the share of private sector long term external debt of the Power, Gas and Petroleum was 41.6% (Power 37.8%) followed by Trade and Commerce: 29.6% (Banking 29.3%) Manufacturing: 19.9% (Tobacco 8.1%, Textiles & wearing 4.5%, Food Products 3.2%, Pharmaceuticals & Chemicals 1.2% etc.) and Transport, Storage & Communication: 6.2%.

Over the last decade, the power sector performance in Bangladesh has been impressive due to the progressive efforts from the policymakers, effective participation from the private entrepreneurs and support from the development partners. The private sector has invested more than USD 15 billion over the last decade by setting up power plants. BIPPA (Bangladesh Independent Power Producers Association) leaders are expecting to invest USD 50 billion within 2030 to keep up the private sector's participation in power sector development. A big portion of their project expenditure is through raising fund from external sources. Small power projects are attracting private sector investment while the government is seeking innovative financing through joint venture and the ECA (Export Credit Agency) backed financing for large power projects. Currently USD 2.6 billion long term debt is outstanding against power sector.

3.4 Role of External Commercial Borrowing in Bangladesh:

External Commercial borrowing has these following advantages over borrowing from local sources:

a. Cheap source of fund: The most beneficial factor of external commercial borrowing is that its cost of funds is generally lower than borrowing from domestic sources. As a developing economy where public borrowing from banking system is always high due to insufficient government revenue collection, cost of borrowing for businessman from local sources in Bangladesh is always high. Whereas, libor which is reference rate for almost all the external borrowing is significantly low. Due to lower rate of interest borrowers prefer external borrowing over borrowing in domestic currency.

b. Hedging to exchange rate fluctuation: Borrower with revenue collection in foreign currency prefers external borrowing as it works as a natural hedge for them against currency rate fluctuations.

Because of external commercial borrowing the country's textiles sector has been contributing significantly to the development of the economy. UPAS, Buyers credit, factoring, export bill discounting through Offshore banking operation, which again raises fund from foreign sources and back to back LCs, all these have made countries garments product competitive to other countries and made fourth largest exporter of clothing.

4. Macroeconomic Consequence of External Commercial Borrowing in Bangladesh:

Central Bank looks up to ECB under some macroeconomic considerations to manage the price hike in local market and to counterbalance the product cost escalation from a global competitiveness point of view. While this controlling tool also helps the country to manage its foreign exchange reserve in an efficient manner, ECB can be used to boost domestic market by supplying additional money flow.

When a central bank allows commodity importer to use ECB in the form of trade loans, the financing cost of commodity remains lower than what it could have been if local financing was used; this helps to keep the commodity prices lower. On top, this also helps lowering

down the immediate pressure on foreign exchange reserve if it is financed through deferred payment by any means of ECB.

If ECB is used in the long term for any manufacturing sector that exports products in the international market, the production cost of that sector will remain competitive in the global scale. For example, if we could not manage to have long term ECB for importing capital machinery for our RMG sector, the cost of production would have been much higher than that of our competing countries. Bangladesh Bank also supports this sector with Export Development Fund (EDF) in foreign currency to purchase raw material so that the production cost remains even more competitive amongst competing nations.

Once the ECB is used for deferring a current foreign currency payment, it eases the pressure on foreign payment and helps the country to build a strong base for reserve of foreign currency. The more a country can grow its reserve the more attractive it becomes for ECBs. Thus the country credit rating improves and so does that of the financial sector which can attract more ECBs at a better pricing.

Particulars	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Private Sector External Debt growth (Y-o-Y)	19.80%	32.54%	1.68%	-0.81%	32.67%
Deposit Growth rate (Y-o-Y)	10.61%	10.30%	9.94%	10.94%	12.16%
Private Sector Credit growth (Y-o-Y)	15.66%	16.94%	11.32%	8.61%	6.79%
FX Reserve USD month end (USD mn)	33,679	32,943	32,716	36,037	46,391
FX Reserve Growth (Y-o-Y)	10.95%	-2.19%	-0.69%	10.15%	28.73%
Balance of Payment (USD mn)	2,598	-1,408	179	2,925	9,270

We can summarize impact of External Commercial Borrowing on macroeconomics variable below:

4.1 Rationalization of lending rate in Local Currency:

Cost of fund for doing business in country like Bangladesh has been historically high. As borrowing cost from foreign sources is low due to low reference rate (e.g. libor), option for businessman to borrow from abroad forces local currency lender to adjust their rate to remain competitive.

4.2 Strengthening Foreign currency reserve:

External Commercial Borrowing, especially ECB by public sector always converted to local currency and helps country to build up forex reserve.

4.3 Keeping Balance of Payment in Positive motion:

A wide trade gap due to higher import payment than export receipt always keeps pressure on current account balance of Bangladesh. Net inflow from External commercial borrowing helps Bangladesh to keep Balance of Payment positive.

4.4 Paves way for less expensive Govt. initiatives:

A positive macroeconomic impact of ECB came in the form of bringing cost effectiveness in power sector government initiatives. Power sector of

Bangladesh has seen paradigm shift in terms of advancement in the last couple of decades due to government's decision to open up the sector to private sector investment. Previously, power has been a highly subsidized public sector in our country. The new private sector entities were enabled to acquire external commercial borrowing which is significantly less expensive than local currency denominated debt. As a result, the historically highly subsidized power sector required less subsidy from the government as overall cost of production slumped. This resulted in significant reduction in cost for govt. initiatives and catalyzed the advancement of the sector we currently witness.

4.5 Export encourage through achieving price competitiveness in global market:

External borrowing has allowed exporters of BD to achieve price competitiveness in global market through mechanisms such as export bill discounting, UPAS facility, back to back, EPZ loan etc. Exporters were allowed access to low cost fund through ECB and optimized their production cost to remain relevant and competitive in global market. Essentially, ECB facilitated flow of low cost borrowing compared to local currency denominated fund to run their business and trim production cost which acted as the encouragement for export businesses.

5. Policy & Regulation pertaining to External Commercial Borrowing in Bangladesh:

Foreign borrowing in Bangladesh is highly controlled and no doubt it makes country less vulnerable to any global shocks. Bangladesh as a country was minimally effected by the Global financial crisis in 2008 due to its highly controlled external borrowing policy thus, less external debt burden.

Bangladesh has not defined ECB specifically. But for any midterm to long term external borrowing which is usually defined as an external commercial borrowing in our neighboring country, Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank both work as the approval authority.

General Guideline for Foreign Exchange Transaction (GFET) issued by Bangladesh Bank has made it very specific who can borrow from abroad and where to use it. To make it more rigorous, Bangladesh Bank has prepared details guideline for Offshore Banking Operation of Banks in Bangladesh.

For long term external borrowing, at present one must apply through the Bangladesh Investment Development Authority (BIDA), and after reviewing by BIDA, the application goes to Bangladesh Bank for technical assessment. Then the application is moved to the scrutiny committee headed by the Governor of Bangladesh Bank for final approval.

6. Risk of External Commercial Borrowing:

External commercial borrowing is risky for a country if not regulated properly. For example, The East Asian financial crisis in 1997 mainly roused by a mismatch of maturities (borrowing short and investing long) and currency mismatch (servicing debt in foreign currency with the assumption of a fixed exchange rate while earning in local currency).

Moreover, one should not overlook the following factors while prompted for borrowing from abroad:

- External borrowing often leads to vicious cycle of debt for the country. The debt cycle refers to the cycle of continuous borrowing, accumulating payment burden and event of default.
- Used of foreign borrowing if misplaced and fails to achieve a decent rate of return to help repayment of the debt interest will deteriorate the confidence of lenders over the country's borrower and eventually make foreign borrowing expensive.
- Unexpected devaluation of domestic currency can happen due to any external or internal shocks and can make the foreign borrowing expensive.

However, Bangladesh is a very low risk profile country as far as external commercial borrowing is concerned as its external commercial borrowing to GDP ratio is one of the lowest in the region and it has a very health foreign exchange reserve portfolio, backed by continuous flow of wage earners remittance, which can accommodate more than 7 months import payments at ease.

Indicators	Jun-18	Jun-19	Jun-20	Jun-21
External Debt to GDP	20.00%	19.90%	20.30%	19.00%
Foreign Exchange Reserves to Total Debt	60.20%	54.20%	54.80%	59.40%
External Commercial Borrowing to External Debt	8.59%	8.54%	8.41%	7.84%
External Commercial Borrowing to GDP	1.68%	1.70%	1.71%	1.50%

7. Export Processing Zone – A success story:

Of the many success stories that Bangladesh can take pride in, Export Processing Zone (EPZ) is one. This is a territorial and economical enclave provided by the government with necessary infrastructure, utilities and special fiscal and non-fiscal facilities for businesses interested in establishing 100% export-oriented industries. It was started by setting up of the first EPZ in 1983 in Chattogram. The idea of EPZ had its appeal to investors, both local and foreign, was fully demonstrated by the fact that a decade later, the second such export-dedicated zone for industries came into existence near the capital city at Savar. To meet growing investors' demand, the Bangladesh Export Processing Zone Authority (BEPZA) has already developed (08) eight EPZs spread across the country.

Objectives:

Above legal instruments set out the objectives of the Bangladesh Export Processing Zones Authority (BEPZA), the official organ of the Government responsible for the promotional activities relating to EPZs. These objectives are as follows:

- To foster the economic development of Bangladesh by encouraging and promoting foreign investment in a zone;
- To diversify the sources of foreign exchange earnings by increasing the exports of Bangladesh through a zone;
- To encourage and foster the establishment and development of industries and commercial enterprises in a zone in order to widen and strengthen the economic base of Bangladesh; and

(iv) To generate productive employment opportunities and to upgrade the skills of labour and management through the acquisition of advanced technology.

Later in 2014, procedure of medium and long term external borrowing by industrial enterprises located in the Export Processing Zones (EPZS) of Bangladesh were issued, which also allows diversification of source of fund for EPZ industrial units as well as broadens the horizon of FCY inflow in economy.

7.1 Contribution to the national economy

- Currently, BEPZA contributes to around 15% of the country's total annual exports, of which 64% account for non-RMG items.
- Large number of EPZ 'A' and EPZ 'B' types factories and higher proportion of Investment by them involves a large amount of FDI, that increase FCY availability in economy as well as helps for competitive exchange rate
- Total 461,460 number of employment have been created
- Create diversification in product range that is exported from Bangladesh.
- EPZ factories are helping the workforce to upgrade their skills through foreign training or training provided by foreign trainers.

The City Bank Experience:

External commercial borrowing has played a vital role for City Bank in the growth of our trade business from USD 2.52 Billion to USD 5.14 Billion within last 5 years. In City Bank, responding to the need of our customers; we are facilitating UPAS Letter of Credits, within the purview of the guidelines set by regulators, in collaboration with our strategic partners around the world, namely- Standard Chartered Bank, RAK Bank, Commercial Bank of Dubai, Bank Muscat, Doha Bank, State Bank of India, Abu Dhabi Commercial Bank, First Abu Dhabi Bank, Mashrek Bank and many others, as a source of short term external borrowing (Trade Loans). City Bank's brand image and strong balance sheet made it's a first choice for IFC, FMO, OEB and other Multilateral/Bi-lateral agencies for long term fund placement. This enables our exporters and manufacturers to be competitive in world market and enhance export volume, as well as reduce price burden from our domestic consumers.

8.1 Success Story of City Bank

Case Study-1: Vintage Denim Studio Ltd

Back in 2012, City Bank has financed Vintage Denim Studio Ltd, a 100% export oriented garments industry located at Ishwardi EPZ, with long term external borrowing solutions. The company is now a leading RMG exporter. It is exporting RMG worth around USD 110 million. We also take pride in announcing that this is the 1st factory in the world to receive the US Green Building Council's prestigious Leadership in Energy and Environmental Design (LEED) Platinum V3 award, putting Bangladesh in the forefront of green technology and design. This also reflects City Bank's commitment towards Green Financing for meaningful support to the cause of fighting climate change.

Case Study-2: Blue Ocean Footwear Ltd

Blue Ocean Footwear Ltd. is a 100% export oriented joint venture initiative of leather footwear products, financed by City Bank's long term external financing

solutions, now a leading footwear exporter of Bangladesh. With yearly export turnover of \$100 million+, they are now a well-renowned footwear manufacturer in the world for their innovative design and product quality. Many global footwear brands tied up as business partners of Blue Ocean Footwear are putting Bangladesh in the forefront of footwear export from this part of the world.

Case Study-3; Summit Barisal Power Ltd & Summit Narayanganj Power Unit II:

In 2016, Summit Barisal Power Ltd & Summit Narayanganj Power Unit II required around USD 78 million for a project of USD 122 million but it was extremely difficult to convince the Development Financial Institutions (DFIs) across the world to finance fossil fuel based power plants due to their relevant environmental concerns. Eventually we have arranged the fund from Infrastructure Development Company Limited and two foreign DFIs, OPEC Fund for International Development (OFID) and Islamic Corporation for the Development of the Private Sector (ICD). That arrangement has been awarded as the Country's Best Deal of 2016.

Case Study-4; Bangla Trace Power Unit 1:

Recently this year, another power company required financing for implementing its 200 MW capacity with a project size of USD 157 million. But City Bank, since 2017 has been arranging funds through ECA facilities, which brought the outstanding limit for ECA's exposure on a single bank (City Bank) to its ceiling and additional fund through ECA facility was not an option. So, City Bank approached to Mashreq Bank Plc. to provide the liquidity to City Bank and taking exposure to only the bank's credit risk. City Bank took direct exposure into the project risk and funded the project with USD 25 million by using Mashreq Bank's liquidity. This enabled us to provide our client the fund at a relatively cheaper rate using the foreign currency term loan facility.

Moreover, since 2016, City Banks' Structured Finance Division has arranged foreign currency term loan facilities for ten (10) companies (8 from the Power Sector, 1 from RMG sector and 1 NGO). Out of the combined project size of USD 830 million, the respective division has arranged a combined foreign currency loan of USD 362 million.

9. Suggestions and Recommendations:

Bangladesh has been cautious in opening up of its capital account transactions including private sector commercial borrowing in foreign currency from abroad. But in recent times, external debt has been doubled in June 2021 compared to December 2016 due to major investments in the public sector. So it must be monitored rigorously so that fund raised abroad is used for the predefined purpose. Besides that, regulators and all other stakeholders can consider the following suggestions to use external commercial borrowing as means of financing within the risk appetite of the country:

- New trade product should regularly be introduced and importers should be encouraged to use them so that borrowing portfolio become diversified.
- Importers should be encouraged to achieve credit rating done by international agencies to make the borrowers more acceptable to the foreign lenders.
- It should be monitored so that the borrowed funds are directed to such sectors or activities in which the rate of return is higher than the relevant interest rates. When

the global interest rates are lower than the domestic interest rates and the rates of return in the sector where borrowed funds are being utilized are low, it is pragmatic to supplement the domestic savings with external borrowings.

- It is of utmost importance to minimize the usage of borrowed funds in consumption as the return for money used in consumption is zero.
- To hedge the borrowers for their foreign borrowing, derivatives instruments should be made encourage/mandatory so that local borrowers become more reliable to the international lenders.
- Last but not the least, there should be sustained and rapid expansion of exports.

10. Conclusion:

For many years, it was regarded as a necessary and sufficient prerequisite for a successful materialization of growth-cum-debt structure through external borrowing by developing countries to be used to boost domestic investments and finance reasonably profitable projects. But the choice of the optimal debt structure between external and internal borrowing is critical to confirm the sustainability of development. Regulators should be vigilant to ensure the end use of foreign sourced funds and open up the door to new investors, off-course in a controlled manner, so that entrepreneur get the access to the low cost fund. Bangladesh so far is a success story for using external fund to boost up export and reducing import price of essential commodity. Any country with this same macroeconomic prospect can take Bangladesh as role model to use external commercial borrowing in economic development of the country.

Annex: Presentation of Mr. Mashrur Arefin, Managing Director and CEO, the City Bank Ltd., Bangladesh

External Commercial Borrowing Experience from Bangladesh

Mashrur Arefin
Managing Director & CEO
The City Bank Limited, Bangladesh

Radisson Hotel, Kathmandu, Nepal | 27th November 2021



Bangladesh

At a glance

Bangladesh economy continues to grow at an impressive rate and is among the five fastest growing economies of the world. Driven by export, strong consumption, inflow of remittances and investment spending, the country's GDP is expected to grow by 7.2% during FY2022 taking post-covid recovery into account.



Macroeconomic Indicators: FY 2021

Population

170 million

GDP

\$409 billion

GNI per Capita

\$2,554

GDP Rank (Nominal)

33rd largest

Forex Reserve

\$46.39 billion

External Debt

\$78 billion
19% of GDP

Exports ▲15%

\$38.76 billion

Imports ▲20%

\$65.59 billion

Remittance ▲36%

\$24.78 billion

Credit Rating

Ba3 (Moody's)
Outlook: Stable

Exchange Rate

\$1=Tk. 85.8
10.5% devaluation
in last 7 yrs

Interest Rate

7.33% Advances
4.13% Deposits



City Bank

Our journey started in 1983



International
Finance Corporation
World Bank Group

IFC holds 5% share since 2017
and is represented in the Board
by an IFC nominated Director



Sole territorial franchise
license for American
Express cards business

Rated B1

Moody's
INVESTORS SERVICE

Outlook: Stable

Tk. 400
Cr

Issuance of country's first
contingent-convertible
perpetual bond



Listed with Dhaka Stock
Exchange (DSE) and Chittagong
Stock Exchange (CSE)



132

Branches

385

ATM & CDMS

1,400

Agent Bank outlets



22 M

Customers

322,000+

Citytouch users

Tk. 17,938 Cr.

Txn. vol. on
Citytouch in 2021



363,205

AMEX Credit Cards

35%

Market Share

Tk. 5,190 Cr.

Billed Business



We have 4 subsidiaries:
1 in Malaysia, 1 in Hong Kong
and 2 operating in Bangladesh

Total Assets

41,574 Cr.

FUM

61,000 Cr.

Loans & Advances

30,562 Cr.

Deposits

30,500 Cr.

Revenue

2,100 Cr.

Operating Profit

1,050 Cr.

ROE

15.1%

ROA

1.2%

NPL

4.1%

CRAR

15.5%

Awards & Adulations

Bringing glory to Bangladesh as the country's leading private commercial bank



Global Finance
World's Best Banks
2021



FinanceAsia Country
Awards 2021



Asiamoney Best Bank
Awards 2021



Bangladesh
Innovation Award
2021



Asian Development
Bank under TSCFP
2020

External Commercial Borrowing in Bangladesh

External Commercial Borrowing (ECB) refers to the debt shouldered by an eligible entity in a country for solely commercial purposes that has been extended by external sources, i.e. from any recognized entity outside the country



External Commercial Borrowing in Bangladesh

External Commercial Borrowing by a local entity can be in the form of direct lending by a foreign lender or it can be in the form of indirect lending via Offshore Banking and subject to approval from Bangladesh Investment Development Authority (BIDA)

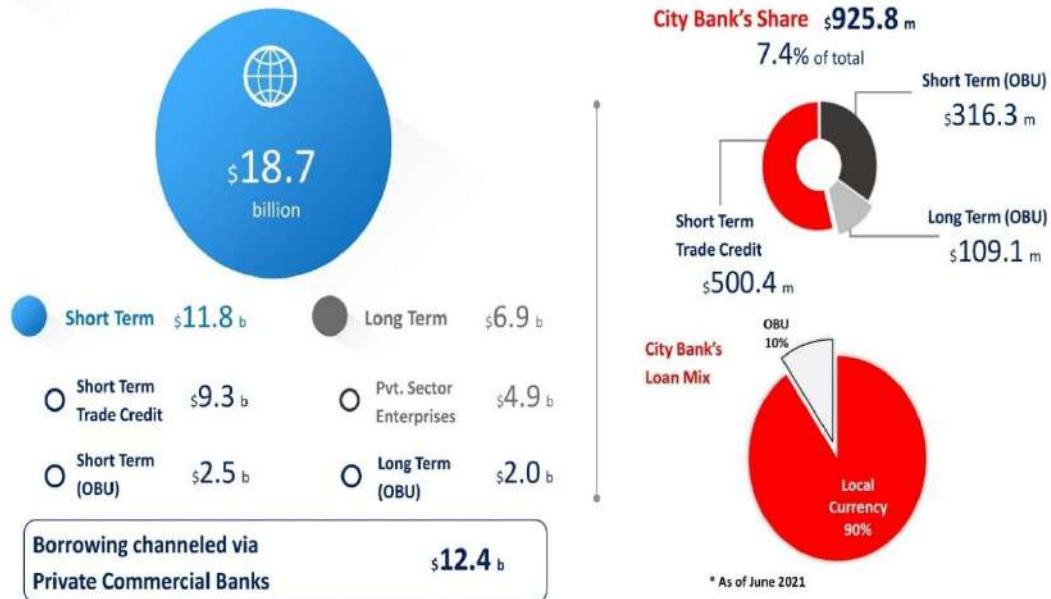


External Debt Status of Bangladesh

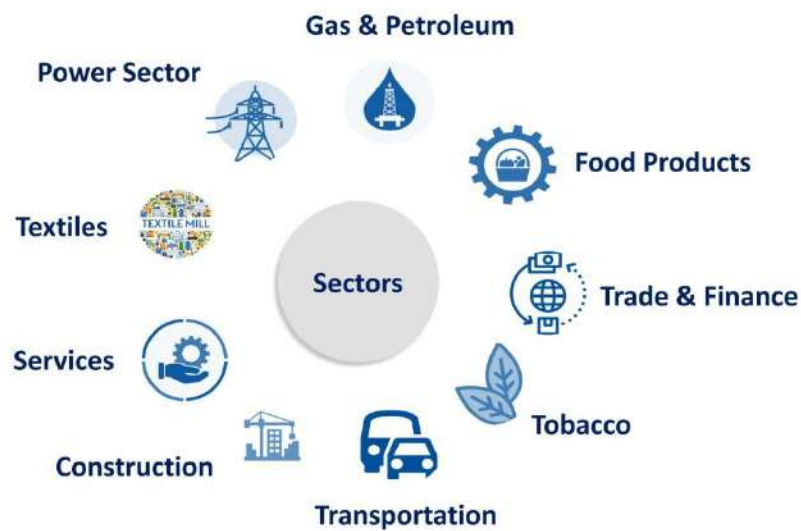


No clear definition of ECB provided by Bangladesh Bank as yet. If we consider mid term (i.e. above 1 year and below 10 years) borrowings as ECB as per RBI regulation, our ECB comes to \$6.12 b. We are considering \$20.85 b (\$18.7 b + \$2.15 b) out of the total \$78.0 b external debt as Bangladesh's ECB.

Private Sector External Borrowing in Bangladesh



Destinations of ECB in Bangladesh



Macroeconomic Consequences of ECB in Bangladesh

Central Bank looks up to ECB under some macroeconomic considerations to manage the price hike in local market and to counterbalance the product cost escalation from a global competitiveness point of view

Short-term Financing

Financing costs remain lower
Commodity prices remain lower
Lower immediate pressure on FX Reserve

Long-term Financing

Production costs remain competitive globally
Boost exports
Improves FX reserve

Impact on Macroeconomic Factors

- Rationalization of lending rate in local currency
- Strengthening foreign currency reserve
- Keeping Balance of Payment in positive motion
- Paves way for less expensive Govt. initiatives
- Export encouraged and remains price competitive

Particulars	FY 2018	FY 2019	FY 2020	FY 2021
Pvt. Sector External Debt Growth	32.5%	1.7%	-0.8%	32.7%
Deposit Growth	10.3%	9.9%	10.9%	12.2%
Private Sector Credit Growth	16.9%	11.3%	8.6%	6.8%
FX Reserve	\$32.9 b	\$32.7 b	\$36.0 b	\$46.3 b
Export	\$36.7 b	\$40.5 b	\$33.7 b	\$38.8 b

Policy & Guidelines

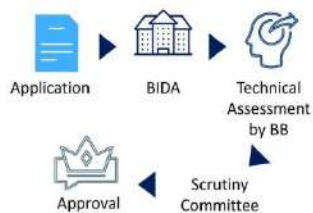
External borrowing is highly regulated to keep the economy less vulnerable to any global shocks

Approval Authority

- Bangladesh Investment Development Authority (BIDA)
- Bangladesh Bank
- Scrutiny Committee

Borrowing for Long-Term

Process Flow



Offshore Banking Operations

- Started in 1985 to create financing opportunities at the EPZs
- A comprehensive guideline in place – revisited in April, 2019

Guideline for Foreign Exchange Transaction (GFET)

- Guideline by Bangladesh Bank specifying:
- Who can borrow from abroad
 - Type of lenders
 - Pricing
 - Utilization criteria

Risk of External Commercial Borrowing (ECB)

1997 Asian Financial Crisis



AFC caused by the collapse of the currency exchange rate and hot money bubble starting in Thailand, which later swept over East & South-East Asia



Maturity mismatch & debt trap

Borrowing for short-term and investing in longer-term projects creates liquidity mismatch



Fund utilization

Funds borrowed but not utilized for the stated purpose will impact confidence of lenders and country reputation



Exchange risk

Borrower servicing debt in foreign currency but generating revenue in local currency is exposed to exchange risk unlike exporting entities



Interest rate risk

Due to increase in reference interest rate, borrowing cost may increase and lead to potential economic loss

Risk of External Commercial Borrowing (ECB) & Bangladesh

Bangladesh is very low risk profile country as far as external debt is concerned as its external debt to GDP ratio is one of the lowest in the South-East Asia region and it has a very healthy foreign exchange reserve portfolio along with continuous flow of wage earners remittance

Particulars	FY 2019	FY 2020	FY 2021
External Debt to GDP	19.9%	20.3%	19.1%
Fx Reserves to external debt	54.2%	54.8%	59.4%
External Commercial Borrowing to GDP	1.7%	1.7%	1.5%
External Commercial Borrowing to Export	12.7%	16.4%	15.8%

GDP

\$409 billion

External Debt

\$78 billion
19% of GDP

Forex Reserve

\$46.39 billion

Exports

\$38.76 billion

External Commercial
Borrowing

\$6.12 billion

Credit Rating

Ba3 (Moody's)
Outlook: Stable

Export Processing Zone – A success story

In order to stimulate rapid economic growth of the country, particularly through industrialization, the government has adopted an 'Open Door Policy' to attract foreign investment to Bangladesh



About EPZ

Export processing zone (EPZ) is a territorial or economic enclave in which goods may be imported and manufactured and reshipped with a reduction in duties and/or minimal intervention by custom officials



Bangladesh EPZ's at a glance

- Currently there are 08 (eight) EPZs in Bangladesh
- 38 countries have invested a total of \$5.5 b
- Fiscal as well as non-fiscal benefits are available for the investors

Ownership Type of Companies

- Type-A : 100% Foreign Ownership
- Type-B : Joint Venture
- Type-C : 100% Bangladeshi Ownership



Objectives

- Promotion of Local & Foreign Investment in EPZs
- Better services to the investors to boost up export of EPZs

Avg. yearly export **\$7.5 billion**

- Enhancement of employment opportunities including worker welfare in EPZs
- Transfers of technology & skill development



Offshore Banking Operations

31 local & foreign banks are licensed to operate in the country to cater to EPZ based clients for trade financing and long term borrowing needs

Economic Zones

To capture manufacturing investors from home and abroad in the 100 proposed special economic zones in various parts of the country with attractive financial & non-financial incentives



About EZ

- With the vision to become a developed nation by 2041, GoB has plans to set up at least 100 public and private economic zones across the country by 2030
- Offerings of EZ include adequate land, uninterrupted utility connection, fiscal and non-fiscal incentives and infrastructure for the investors
- Type of Economic Zones:
 - Private EZ
 - Governmental EZ
 - Government-to-Government EZ
 - Public private partnership (PPP) EZ
 - Science- and technology-based EZ
 - Tourism-based EZ



Objectives



Ensure employment for 1.5 million people within next 15 years



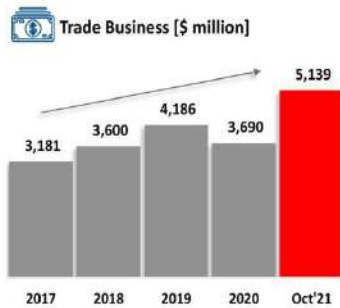
Ensure \$40 billion production/export from these industrial enclaves



Open avenues for billions of dollars of commercial borrowings for Bangladesh

City Bank Experience

External Commercial Borrowing played a vital role in the growth of our trade business



* Trade business includes import, export and guarantee business



Short-term arrangements

We are facilitating UPAS Letter of Credits, within the purview of the guidelines set by regulators, in collaboration with our strategic partners



Long-term arrangements

We are facilitating long-term requirement of our clients arranging credit limits with multilateral/bi-lateral agencies based on our brand image and balance sheet strength



Strategic Partnerships



Arrangement and re-enlistment under Global Trade Finance Program of USD 30 M, USD 10 M under RMG Remediation Program from International Finance Corporation, WB.



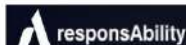
City Bank is availing a loan of USD 30 M from the Global Climate Partnership Fund to invest in Energy Efficient Projects



FMO, the Dutch Development Agency, has provided a term finance of USD 30 M



QeEB, the Austrian Development Agency has provided a Term Financing of USD 8.25 M



City Bank is availing a loan of USD 30 M from responsAbility



CDC, the UK's development finance institution, has provided a term finance of USD 30 M



ECA (Euler Hermes) backed funding ODDO BHF Aktiengesellschaft and Bayerische Landesbank amounting USD 43 M with a tenor of 12 years



Arrangement of Mid Term Loan of USD 10 M from The Norwegian Investment Fund for Developing Countries



Arrangement and enlistment under Trade Finance Program for USD 37.5 M from Asian Development Bank

Success Story of City Bank

VDSL

Vintage Denim Studio Ltd.

C A S E



“

Back in 2012, City Bank financed Vintage Denim Studio Ltd, a 100% export oriented garments industry located at Ishwardi EPZ, with long term external borrowing solutions. The company is now a leading RMG exporter. It is exporting RMG worth around USD 110 million. We also take pride in announcing that this is the 1st factory in the world to receive the US Green Building Council's prestigious Leadership in Energy and Environmental Design (LEED) Platinum V3 award, putting Bangladesh in the forefront of green technology and design. This also reflects City Bank's commitment towards Green Financing for meaningful support to the cause of fighting climate change.

”



Success Story of City Bank


blueocean
 footwear

C A S E



“

Blue Ocean Footwear Ltd. is a 100% export oriented joint venture initiative of leather footwear products, financed by City Bank's long term external financing solutions, now a leading footwear exporter of Bangladesh. With yearly export turnover of \$100 million+, they are now a well-renowned footwear manufacturer in the world for their innovative design and product quality. Many global footwear brands tied up as business partners of Blue Ocean Footwear are putting Bangladesh in the forefront of footwear export from this part of the world.

”



Recommendations

Credit Rating

Encourage local companies to be rated by international credit rating agencies to assess financial health and to boost lender's confidence

Segmental Return

Ensure that borrowed funds are directed to such sectors or activities in which the rate of return is higher than the relevant interest rates

Innovate in Trade Products

Use alternative sources of finances by introducing new and innovative trade products upon maintaining healthy debt-equity ratio

Pricing

All-in cost ceiling for borrowings with different tenors must be aligned with different market conditions

Use of Derivatives

Promote usage of derivative products to hedge against borrowing in foreign currency to mitigate risk

Thank you

Theme 3: Leadership for the New Normal

Session Chair: Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India

Presentation 1

Leadership and HR Development: A Regulator's Tale by Dr. Atiur Rahman, Former Governor, Bangladesh Bank

Presentation 2

Sound Corporate Governance and New Cultural Orientation for the New Normal by Dr. Shah Md. Ahsan Habib, Professor, Bangladesh Institute of Bank Management

Q & A Session (20 Minutes)

Closing by the Chair (10 Minutes)

**Session 6: Presentation of Dr. Atiur Rahman, Former Governor, Bangladesh Bank:
Leadership and HR Development: A Regulator's Tale**



LEADERSHIP & HUMAN RESOURCE DEVELOPMENT: THE BANGLADESH EXPERIENCE

Dr. Atiur Rahman

Bangabandhu Chair Professor, Dhaka University

Former Governor, Bangladesh Bank

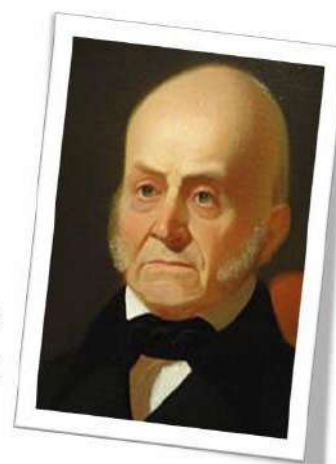
Paper presented at *International Conference on Leadership
Development for the New Normal* organized by BFIN at
Kathmandu on 27 November 2021



"If your actions inspire others to dream
more, learn more, do more and become
more, you are a leader."

-John Quincy Adams

6th President of the United States (1767-1848)



EVOLVING ORGANIZATION & THE LEADERSHIP CHALLENGE*



The leadership challenge is growing and becoming more important in the context of evolving organization.

Current and cross-current management forces throwing challenges for new type of leadership development.



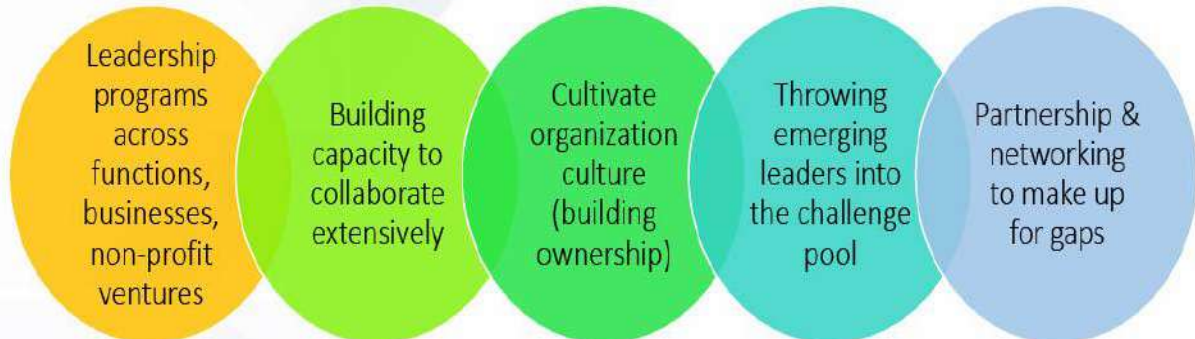
*Drawn from "Global Human Capital Trends 2016; The New Organization: Different by Design", Deloitte University Press

LEADERS CANNOT BE PURCHASED OFF THE SHELF!



Leaders need to be spotted early. Inspirational leadership development program demands a fresh look at the changing traits of leadership.

NURTURING LEADERSHIP: WHAT IS TO BE DONE?



The new leaders are to add energy in the organization by promoting team-building, attracting new talent and retaining the good old ones.

Strength of leaders at all levels are to be combined and enhanced. The older ones become mentors and pathfinders.

THINGS GREAT LEADERS MUST HAVE/DO* ...

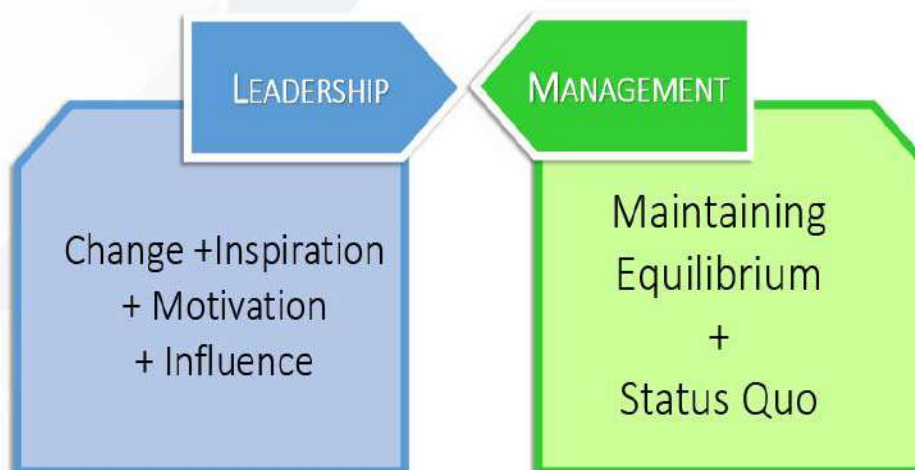


- Generate emotion and energy in the organizational culture
- Intention and capacity to develop co-leaders with shared authority
- Try to maximize engagement of team members
- Hunger for success as a pre-requisite for excelling for a long time

*Drawn partly from Peshawaria, Rajeev; "Too Many Bosses, Too Few Leaders", Free Press, 2011

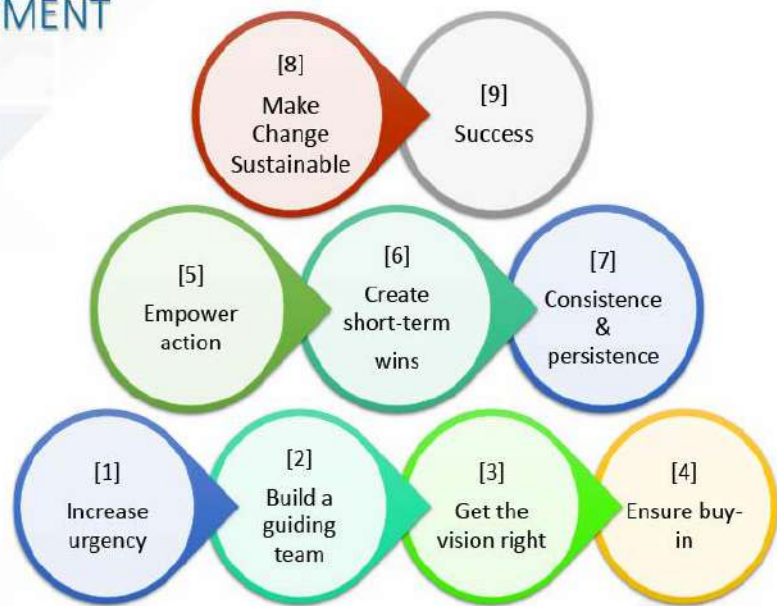
LEADING CHANGE

COMBINING LEADERSHIP & MANAGEMENT



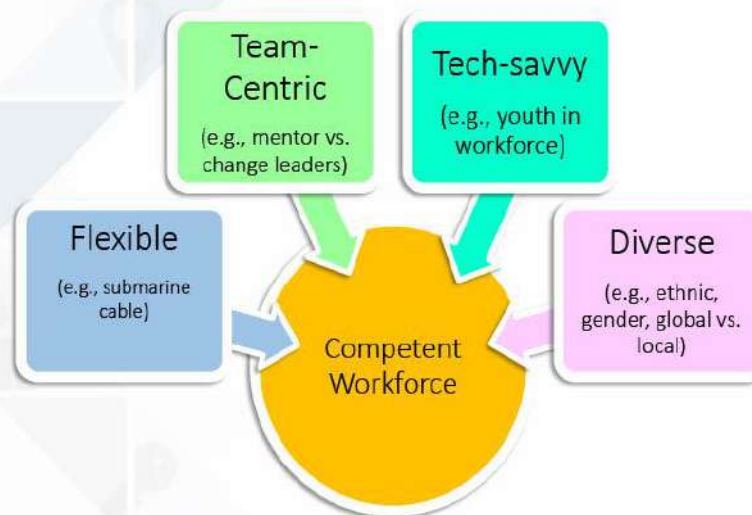
Leadership is an active living process rooted in character, forced by experience and communicated by setting examples.

CHANGE MANAGEMENT MODEL

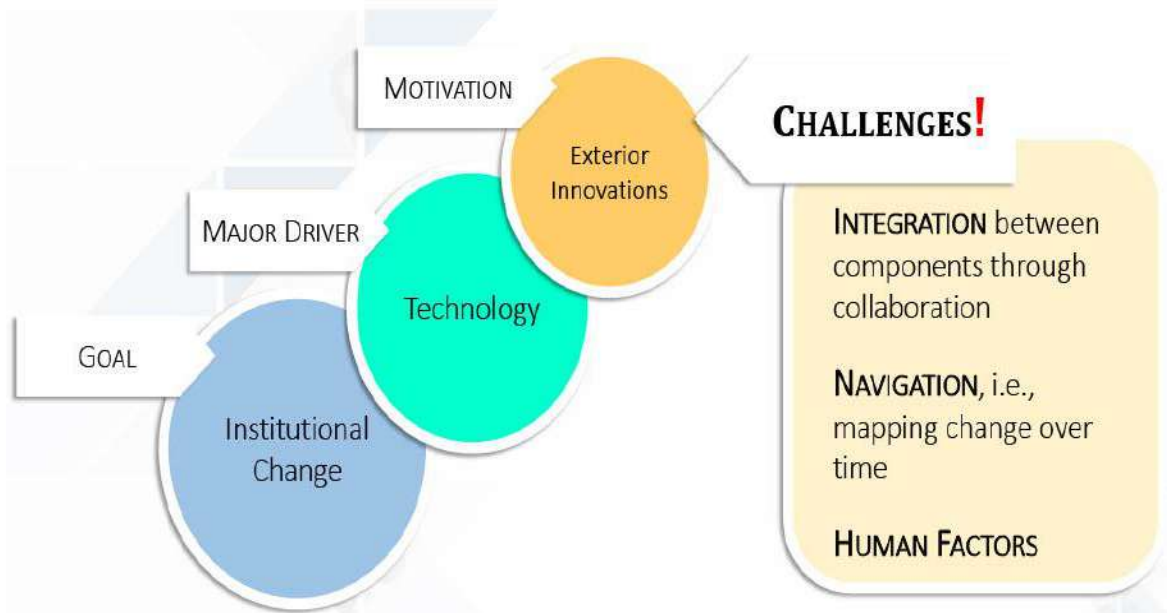


Source: Kotter, John P. Leading Change. Boston: Harvard Business School Press, 1996. Library of Congress Cataloging-In-Publication Data. Web. Feb 1. 2011.

THE “NEW NORMAL” STANDARD WORKFORCE

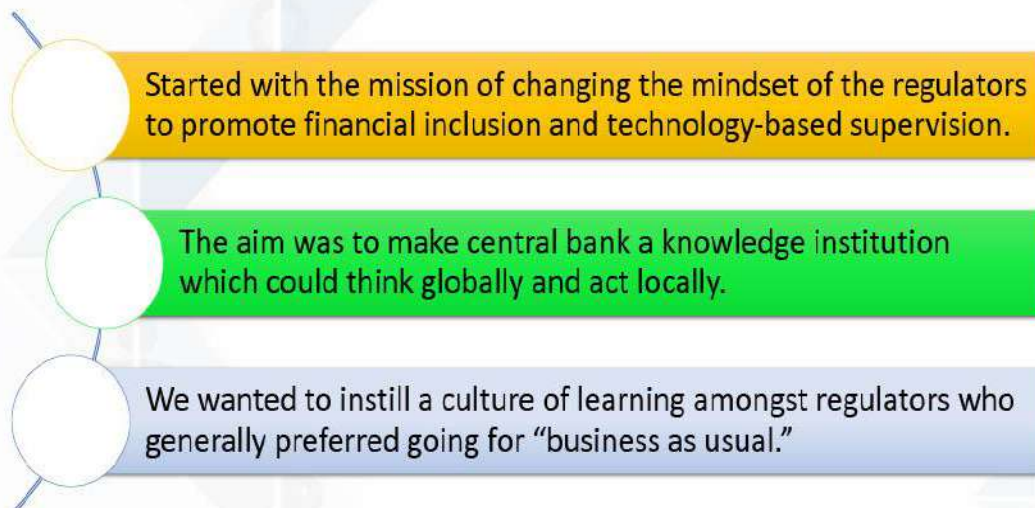


MANAGING DIGITAL TRANSFORMATION



HUMAN CAPITAL DEVELOPMENT: BANGLADESH BANK EXPERIENCE

OUR PARTICIPATORY APPROACH TO INNOVATION & MANAGEMENT



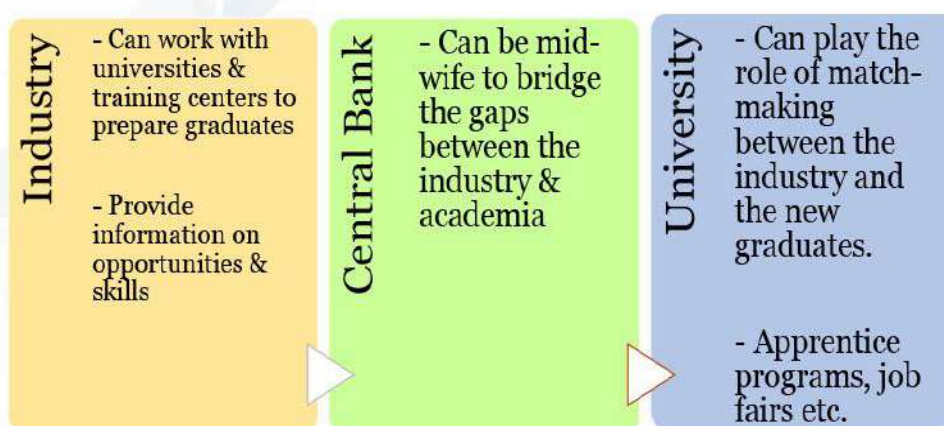
A BALANCING ACT BETWEEN INNOVATION AND MAINTENANCE OF CONTINUITY



INITIATIVES TO DEEPEN THE ETHICAL ANCHOR

- Encouraged new recruits to go for an immersion program to learn more about rural economy. Agriculture and SMEs were focused on immersion program.
- Promoted extension education and training both at home and abroad to transform BB a knowledge institution.
- Embarked on exchange programs with other central banks. We also revamped training institutions like BIBM, BBTB and IBB. We got the Dhaka School of Bank Management, a subsidiary of BIBM, affiliated with the Business Faculty of the University of Dhaka.

COMBINED EFFORT FOR HUMAN CAPITAL DEVELOPMENT



LOOKING AHEAD

DIGITIZATION FOR DEMOCRATIZATION: UTILIZING THE HYPER-CONNECTIVITY



Ever increasing digital connectivity will increase efficiency to unprecedented levels (40% organizations predict need for face-to-face meetings will decrease. And 70% predict use of online collaboration platforms will increase).



Digitization enables further accountability of the organizations/institutions. Society holds the mirror; organizations/institutions must ask themselves if they like what they see in that mirror.



“It is not lack of money which is a problem. Rather it is lack of *Bhorosha* (confidence).”

- Rabindranath Tagore

THANK YOU ...

Session 7: Presentation of Dr. Shah Md. Ahsan Habib, Professor, Bangladesh Institute of Bank Management: Sound Corporate Governance and New Cultural Orientation for the New Normal

Sound Corporate Governance & New Cultural Orientation for the New Normal

**Professor Shah Md. Ahsan Habib, PhD
BIBM, Bangladesh
Independent Director, IPDC Finance Ltd
finbislesh.com**

**Corporate Governance and
Leadership Issues of Banks &
Financial Institutions are Complex**

Corporate Governanceare Complex- Why?

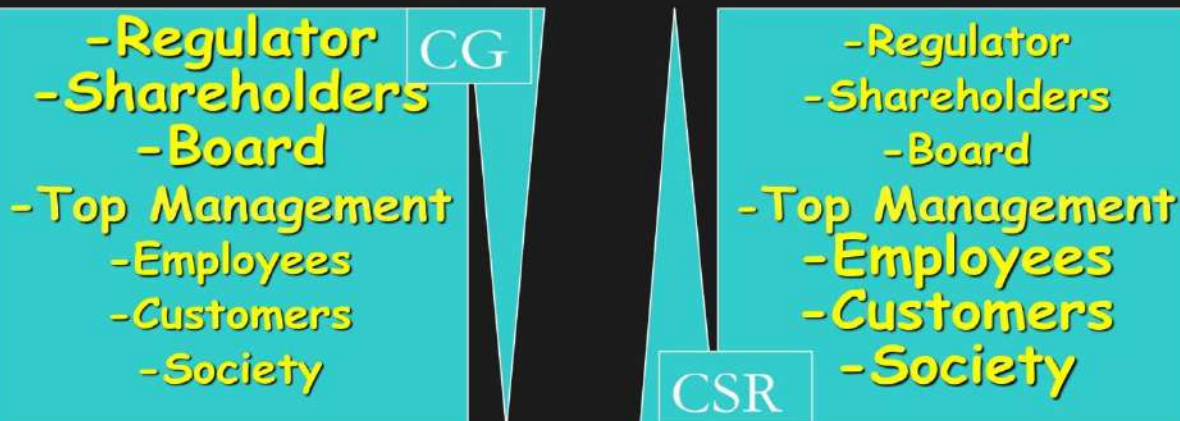
**Commercial Bank &
Commercial Entity**

**Fundamental objective of
Corporate Governance is to
maximize shareholders' return**

**Is it fully relevant for
Corporate Governance in Banks?**

Corporate Governanceare Complex- Why?

**Taking Care of the Interests of all
Stakeholders**



**Bank Good Governance Approach must be
Accountable to the Society**

**Banks are different
from other corporates**

Complex Ownership and Leadership Structure & Principal-Agent Complexity

Who are the Principals?

Corporate Governanceare Complex- Why?

Banks are regulated entity

**Banks must be highly regulated to
take care of the interests of
Depositors**

**Interests of Borrowers and Lenders
may conflict in the short run**

Sound Corporate Governance in Banks

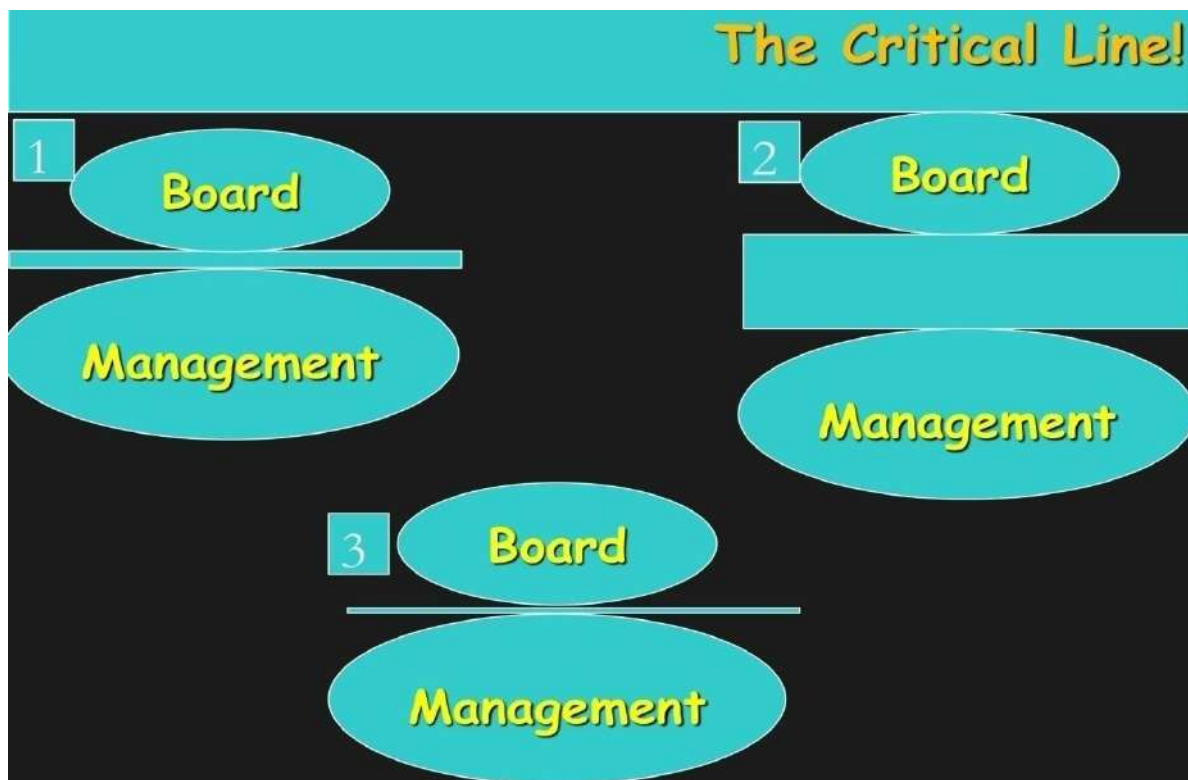
**Bank is a 'Public' Entity
....Concerning the People as a Whole**

Reshaped Bank Governance in the New Normal

**Covid-19 enforced new ideas,
brought in fresher social &
business behaviors-New
Culture**

Governance Approach during Covid-19 Crisis

Enterprise Risk Management- Collective Direction, Communication & Sharing Responsibility!!!



Improving Decision Making & Strategic Guidance for Consolidation & Sustainability

**Restraining
Excessive Profit
Target**

**Capital
Accumulation**

**Prudential
Regulation**

**Investment in
Transformation
& Technology**

**Investment in
Capacity
Development**

**Responsible
Behavior**

Thank You
finbislesh.com

Theme 4: Panel: The Future of Banking in the Post COVID-19 World: Searching a Success Model

Session Chair: Mr. Bam Bahadur Mishra, Deputy Governor, NRB

Panelists and the topics of Discussion:

Sustainable Finance by Dr. Atiur Rahman, Former Governor, Bangladesh Bank

Banking on Values by Mr. Upendra Poudel, Chairman, Nabil Bank Ltd.

Challenges in Emerging Scenario Post COVID: Life and Non-Life Perspectives by Prof. (Dr.) Abhijit K. Chattoraj Dean –SWSS | Professor & Chairperson, PGDM-IBM, BIMTECH, India

Recovery from the Pandemic: Story from the Nepalese Banking Sector by Mr. Bhuvan Dahal, Immediate Past President, Nepal Banker's Association

The Future of Jobs: Employment, Skills and Workforce Strategy by Dr. Binod Atreya Managing Director, BFIN

Q & A Session (50 Minutes)

Closing by the Chair (10 Minutes)

Session 8: Panel: The Future of Banking in the Post COVID-19 World: Searching a Success Model

The panel was chaired by Mr. Bam Bdr Mishra, Deputy Governor of Nepal Rastra Bank, and the Central Bank of Nepal.

Dr. Atiur Rahman, Former Governor of Bangladesh Bank, Mr. Upendra Poudel, Chairman of NABIL Bank Limited, Professor (Dr.) Abhijit K. Chattoraj, Dean – SWSS/Chairperson PGDM-IBM, BIMTECH, Mr. Bhuwan Dahal, Immediate Past President of Nepal Bankers Association and Dr. Atreya made their Presentations on the Theme.

Dr. Atiur Rahman's Topic on **Sustainable Finance**, highlighted the importance of taking due account of environmental, social and governance considerations when making investment decisions in the financial sector leading to increased longer term investments into sustainable economic activities and projects. He shared that global financial sector has become more sensitive in this area so as to keep improving the balance between business and overall environmental sustainability.

Mr. Upendra Poudel talked about **Banking on Values**. He shared his personal experience of his 3 and a half decade of banking and how this aspect has become more and more importance as the growth of this sector around the world. The major highlight of the presentation was about the provisions of the Global Alliance of Banking on Values (GABV) which is headquartered in Amsterdam of the Netherlands. The GABV has defined the principles of Values Based Banking. The Values Based Banks live by the 6 principles.

Principle 1. Social and environmental impact and sustainability are at the heart of the business model.

Principle 2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both.

Principle 3. Client Centered - Long-term relationships with clients and a direct understanding of their economic activities and the risks involved.

Principle 4. Long Term Resiliency - Long-term, self-sustaining, and resilient to outside disruptions.

Principle 5. Transparent and inclusive governance.

Principle 6. All of these principles embedded in the culture of the financial institutions.

Prof. Abhijit Chattoraj's discussed on **Challenges in the Emerging Scenario Post COVID: Life and Non-Life Perspectives**. While addressing the conference he noted that the importance of life and non-life sector has increased many folds and the insurance industry should go hand in hand with the banking industry along with the digital transformation to cater the new generation.

Mr. Bhuwan Dahal, Immediate Past President of Nepal Bankers Association and CEO of Sanima Bank Limited discussed on **Recovery from the Pandemic: Story from the Nepalese Banking Sector**. He shared his experience on how the banking/financial industry suffered and dealt with the situation created by the COVID-19 pandemic. He highlighted on the collective efforts of the entire stakeholders in coping with and providing solutions to the issues faced by the banking community. He highlighted the policy response from the central bank on areas of liquidity measures, interest rate reduction, restructuring and rescheduling of loans, extension of grace period, extension loan repayment, refinancing measures, business continuity plans, waiver of additional provision on loans, catering to health emergency, payment services and how these aspects were duly appreciated by the entire community. Further, he mentioned that Cultural Shift in the Working of Banks and Banking Transactions and Ensuring the Health and Safety of Staff Members was the major focus of the entire stakeholders during the pandemic hit period.

Dr. Binod Atreya, Managing Director of BFIN delivered on **The Future of Jobs: Employment, Skills and Workforce Strategy**. He shared that the COVID-19 has changed the work, the workspace and the working models, therefore the banking sector should develop manpower along with the new trend seen in the global market. The importance of the developments in the technology should be properly tracked so that the future generations are groomed to be successful in their career and livelihood.

The delegates had a wonderful learning experience from the presentations which was evident from the inquisitive questions/queries raised during the Q&A session.

The Chair of the Panel, Mr. Bam Bahadur Mishra, Deputy Governor of Nepal Rastra Bank summarized the panel discussions and thanked all the distinguished personalities for sharing their expertise and experience to make the program meaningful for the delegates. He concluded by adding his own experience in working with the banking community during the difficult times of COVID-19 pandemic.

Write-Up of Mr. Upendra Poudel, Chairman, Nabil Bank Limited: Banking on Values

We know banking is the backbone of the economy and touches the lives of all citizens of the country in a way or other. Where and how the financial sector channelizes their resources determines production and employment and many other things in the country. It has significant bearing on the well-being of the environment, society and the country's economy. As such, it is crucial that the banking business is being conducted in a responsible manner.

During my 35 years in Banking, I heard of and practiced lending to the productive sector, deprived sector and also other important sectors like Hydropower and agriculture sector as directed by the central bank. Similar provisions are also there in various other countries including in India. We have maintained our views that the investments in such sectors are the responsibilities of the government or a different set of that need to take up such responsibilities. It may partially be true. But now I am increasingly of the view that being a banking institution and having mobilized public deposits we have enormous responsibilities towards the economy and the people we serve.

I remember my early days in banking back in 1993/94. Then I was looking after branches in eastern part of the country when the then deputy governor of the Nepal Rastra Bank was in his visit of one of the Rural Development Banks in the region. He invited me to visit the branches and units of the Bank where I could clearly see the difference made by even a small sum of loan to the village women provided by the bank operating in Grameen Model. They *had* started generating income; they had also started sending their children to the school; and felt proud in signing on the attendance of the women group meetings. It was amazing to see how a small sum of money transformed the lives of these rural women.

We have experienced that banking system in Nepal, though considered as one of the better organized and regulated sectors of the economy remain vulnerable. Being in Banking for little over three decades and having retired four and half years back from Executive position, and reflecting on the evolution of banking in Nepal during the period and also on myself, I question myself:

- Does our current banking system think of people, community, and environment while making its decisions?
- Do we focus on contributing to the real economy?
- Do we give needed priority to a long-term relationship with our stakeholders, most importantly our customers?
- Do we care about understanding the business environment and risks of our customers?
- Are we concerned with long-term resiliency and sustainability of our banks, banking system and our customers?
- Do we maintain inclusiveness in our governance and transparency in our reporting?
- Have we identified value for ourselves and practice it in our real life?

The system, from time to time, is undergoing a serious challenge in terms of managing their liquidity and NPAs which has been major concerns of banking. While we need to work towards developing a sustainable structure, banking system which is focused chiefly in the volume and profit is greatly the cause for such vulnerable situation. Central Bank had to intervene and take serious action in many of the Banks and Financial Institutions due to serious governance issue and deviation from the prudent banking practice. We also remember that, the government had to initiate financial sector reform program which cost dearly to the tax payer's money. We have time and again failed to take lessons from past

mistakes, whether it be our own system or from global trends; and ultimately fall prey to the profitability pressures and compromise on the prudential norms. We cannot afford to continue like this in a system which is the custodian of the public deposits.

Values Based Banking

I believe I got some of the answers as to how we should conduct our banking business when I attended a conference of Global Alliance for Banking on Values (GABV) in March 2016 in the Netherlands with the theme “It is Banking but not as We Know it”. I was very much impressed with the values based principles of the Alliance and commitment of the banking leaders representing the member banks from all over the world, from Latin America, North America, Europe, Africa and Asia. I found that these values based banks were conducting their businesses in a way that their finances are used to improve social, environmental and other good causes with a clear focus on real economy. They have a Triple bottom-line approach of People, Planet and Prosperity at the heart of their business models.

For the majority of banking institutions, the primary or exclusive driver of business decisions is based on the profitability of the services provided, even if the by-products of those decisions do not deliver sustainable economic, environmental or social development. However, Values based banking community is playing a catalyst role to make the financial system more accountable and transparent supporting the economic, social and environmental sustainability. They strive to continue to change how banking is done.

For the banks who have embraced values based banking, business decisions start by identifying a human need to be met, and then establish how to meet that need in a way that is sustainable from an environmental, social and economic perspective, including sustainable profitability for the bank. They take into account the social and environmental impact when making their lending decisions. They try to ensure that their finance is invested in ways that aspire, as a first priority, to improve quality of life and wellbeing of people everywhere on earth.

This definitely does not mean the values based banks don't seek to maximize profit. Their core focus would be to play an active role in using finance in a way that can have positive impact in driving transformation. They change finance to finance change.

We have experienced growing awareness amongst the investors and depositors in Banks to consider where the money they have invested or the deposit they have put-in is being used for. They seek to ensure their banks are using their resources to generate a positive impact to the society and environment. The investors or the depositors may not be willing to invest in a company that undertakes business which harms the individuals, society, community or the country or in other words do not align with their values. Conducting business with the socially responsible bank is becoming more of a norm these days in many of the developed countries. Things like minimizing emissions, working for the welfare of society, and sustainable development are seen as more and more important.

Global Alliance for Banking on Values (GABV)

Let me now talk about the Global Alliance for Banking on Values that defined Values Based Banking:

After the financial crisis of 2007 and recession of 2008, three banks in Bangladesh (BRAC), the Netherlands (TRiodos), and the U.S. (Shore) joined forces with a shared vision: to create social change via the way they operated, which they had been doing for many years. They forged a new way of looking at everyday finance and created a network of values-based

banks built on the idea that working together can catalyze greater change. As a result of this initiative, Global Alliance for Banking on Values (GABV) was born in 2009.

Global Alliance for Banking on Values (GABV), headquartered in Amsterdam Netherlands is an amazing network of banking leaders from around the world committed to advancing positive change in the banking sector. The collective goal of the Alliance is to promote the banking system that is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy. Thus, it is a global movement of banking change-makers operating and built on primarily by the principles of value-based banking.

The Global Alliance comprises of 66 financial institutions and 12 strategic partners operating in countries across Asia, Africa, Australia, Latin America, North America, and Europe.

Its members have one thing in common: a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.

The GABV Members are deeply connected to the people and the communities they serve and are accountable for the risks they both take and create for the people who use their products and services. Its focus on inclusion puts basic banking products in service of a greater number of people, rather than highly sophisticated products in the hands of a few.

The Alliance wants to ensure that banking is a healthy and productive system of society. Its members strongly believe that only by changing finance are we able to finance change. Increasingly, people are becoming aware of the interdependence of the real economy, social cohesion and our natural eco-system, something values-based bankers have long understood, and which is at the heart of the business model.

Principles of Values-based Banking as exemplified by GABV.

GABV has defined the principles of Values Based Banking. The Values Based Banks live by the 6 principles.

Principle 1. Social and environmental impact and sustainability are at the heart of the business model.

Values based banks have Triple Bottom Line Approach of People Planet and Prosperity at the heart of their Business Model. These banks integrate this approach in their business and operations by focusing simultaneously on people, planet and prosperity. Products and services are designed and developed to meet the needs of people and safeguard the environment. In other words, the bank will focus on Funding Projects, Companies, Individuals that are Environmentally Friendly that looks for poverty eradication that promotes Financial Inclusion and access to finance and Foster Community life and cultural Diversity. The values based banks invest in businesses and allocate capital that will create positive change in social, environmental and economic areas. At the same time, the banks ensure that there is no contradiction between the three dimensions.

Generating reasonable profit is recognized as an essential requirement of values-based banking but is not a stand-alone objective. Importantly, values-based banks embrace an

intentional approach to triple-bottom-line approach to business – they do not just avoid doing harm, they actively use finance to do good.

Principle 2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both.

The Real Economy simply means the economy you and I are very much a part of, and contribute to – where goods and services are produced and consumed. Values-based banks serve the communities in which they work. They meet the financial needs of these geographic and sector-based communities by financing enterprises and individuals in productive and sustainable economies. It compares similar to the productive sector as also defined by our central banks. Values based banking system play a crucial role to connect, disrupt and transform various components of the productive sectors of the economy which is key to environmental and social development.

Principle 3. Client Centered - Long-term relationships with clients and a direct understanding of their economic activities and the risks involved.

Values-based banks establish strong long term relationships with their customers and are directly involved in understanding and analyzing their economic activities and assisting them to become more values-based themselves. The Banks also try to understand the risks associated with the customer and their businesses and prepare themselves to mitigate the same. For this, they always strive to develop Long Term Sustainable Relationship with the Customers. This enables customer led innovation and structuring of the facilities. The Banks exist to serve customers, and such Banks are always one step ahead to innovate to meet their needs, and strive to do the right thing.

Principle 4. Long Term Resiliency - Long-term, self-sustaining, and resilient to outside disruptions.

Values-based banks adopt a long-term perspective to make sure they can maintain their operations and be resilient in the face of external disruptions. Values based banks always operate through a sustainability lens as such they ensure their business and financial health including that of their customers is self-sustaining and resilient. For the values based banks how they make profit is just as important as how they invest it in sectors of the economy. These banks prioritize financial health and long term resiliency over short term profits. Thus they are expected to withstand outside disruptions and shocks in the economy. As an example, these banks' solvency and liquidity, capital adequacy will normally be better than the market average, at times better than the regulators' expectations, and profitability will be average of the market.

Principle 5. Transparent and inclusive governance.

Values-based banks are managed transparently as such they maintain a high degree of transparency and inclusiveness in governance and reporting. They have Governance Structure with Clear role of shareholders and other stakeholders. In this context, inclusiveness means an active relationship with the bank's extended stakeholder community including its customers and regulators, and not only its shareholders or management. Banks serve its customers, each of whom will have a say. Values based banks also seek

inclusiveness in its board and management in terms of gender and group. A radical transparency is practiced.

Principle 6. All of these principles embedded in the culture of the financial institution.

Values-based banks seek to embed these principles in the culture of their institutions so that they are routinely used in decision-making at all levels. Recognizing that the process of embedding these values requires deliberate effort, these banks develop human resources policies that reflect their values-based approach (including innovative incentive and evaluation systems for staff), and develop stakeholder-oriented practices to encourage values-based business models. These banks also have specific reporting frameworks to demonstrate their financial and non-financial impact. The Values Based bankers aim to create a culture where all of these principles are embedded in how we do business as part of the DNA of each employee and leadership in the Bank.

Principles of Values Based Banking

Finally As a Banker, I have witnessed growing focus of the Nepalese banking system chiefly in its business volume driven primarily by profits which, in my opinion, is damaging to system's sustainability; and its credibility as an important agent for development. We must come out of profit and volume driven banking philosophy and embrace a values based banking also giving due priority to long-term sustainability and positive impact on the real economy.



It is quite clear that if we continue to conduct our banking business the way we are doing our future generations will see us as co-conspirators, collaborators in a divisive system of haves and have nots. They will also not forgive us for the deteriorating planet to live in to the extent of extinction of various natural resources and living things including humans.

Undoubtedly, countries like Nepal require the banking system that focus on the real economy. The Banking system must all strive to meet the needs of individuals and enterprises in the local communities. We can't use our scarce resources in speculative and unproductive activities. The banks and banking institutions must give serious thought to use its finance towards supporting economic, social and environmental impact using specific business models driven by the Principles of Values Based Banking. I consider this to be the step ahead in strengthening the banking ecosystem in the country.

I strongly believe that the extent of impact a business venture can make on real sector determines the economic growth of the country. This should undoubtedly be given a priority by the state as well as the banking system.

There is an urgent need to rethinking of the current business framework that focuses on business volume, profitability and returns. Companies including the financial institutions must now prioritize integration of ESG considerations into business which is the key to embedding sustainability into business processes. Businesses and financial institutions lag behind in this front in a country like Nepal. Therefore, I think the financial system in the economies must find and adopt an appropriate road map in order to build a sustainable business of the future.

Annex: Presentation of Mr. Upendra Poudel, Chairman, Nabil Bank Limited



Values Based Banking

- Conduct their businesses in a way that their finances are used to improve social, environmental and other good causes with a clear focus on real economy.
- They have a Triple bottom-line approach of People, Planet and Prosperity at the heart of their business models.
- Committed to advancing positive change in the financial sector through sustainable economic, social and environmental development
- Change Finance to Finance Change

GABV: Who we are

An alliance of change maker Banks and FIs

Finance at the service of people and planet

- CEO level network
- Founded in 2009
- 66 member banks worldwide
- 16 supporting partners (DFI, NGOs and Academia)
- 80'000 co-workers and USD 210 billion combined assets
- Movement of frontrunners in sustainable finance and values based banking



Values Based Banking

Principles

- *Social and environmental impact and sustainability are at the heart of the business model.*
- *Grounded in communities, serving the real economy and enabling new business models to meet the needs of both.*
- *Client Centred - Long-term relationships with clients and a direct understanding of their economic activities and the risks involved.*
- *Long Term Resiliency - Long-term, self-sustaining, and resilient to outside disruptions.*
- *Transparent and Inclusive governance.*
- *All of these principles embedded in the culture of the financial institution.*

Principles of Values Based Banking



Values Based Banking

- A new economy is needed which is resilient, that works for everyone and aligns people planet and prosperity. We must take bold action to help realise such an economy. Pushing for the progress is urgently needed, and we can push hard enough together through the banking system that touches lives of all. For this values based banking can play a catalyst role.

*“It is not so much what we can do together
but what we mean together”*

Upendra Poudyal, GABV Regional Representative, Asia Pacific

upendra.poudyal@gabv.org

www.gabv.org

Thank you!



Global Alliance for
Banking on Values

Write-Up of Mr. BhuvanDahal, Immediate Past President, Nepal Banker's Association: Recovery from the Pandemic: Story from the Nepalese Banking Sector

1. Introduction

Nepal is a bank based economy. With the capital market still at a nascent stage, much of Nepal's financing requirements are met by the banking sector. As such, the important role that banks play as financial intermediaries in the Nepalese economy cannot be undermined. As is true with the majority of banking systems around the world, the banking system in Nepal is not new to economic shocks and adverse economic events. Banks in Nepal have had considerable experience managing crisis scenarios. In recent times, the banking system has managed itself out of a civil war, a real estate crisis, geopolitical trouble and a gargantuan earthquake. However, the banking sector was caught off guard when a major pandemic unfolded at the start of 2020.

The first case of COVID-19 in Nepal was identified in the month of January 2020. As the novel corona virus began spreading rapidly across the globe, the government was quick to announce a myriad of measures. The banking sector also introduced several emergency measures on its own. The magnitude of measures announced varied according to daily trends regarding new infections. As such, the Nepalese economy has weathered through two large scale lockdowns/prohibitory orders till date. The 1st nationwide lock down came into effect on 24th March, 2020 and measures of various intensity lasted until 21st July, 2020. Towards the end of August, 2020 nationwide prohibitory orders of varying time spans were reintroduced in a sporadic basis. Nevertheless, these events brought a number of economic activities to a standstill. While various measures remained, the 2nd major lockdown that began on April 29th, 2021 shut down the economic center of Kathmandu Valley. The rapidly spreading "Delta Variant" also affected the rest of the country as several other locations saw the introduction of measures in varying degrees and on a sporadic basis. At this juncture, there was no doubt that these events would be debilitating to the economy and due to whirlwind effects had the potential to undermine the stability of the banking system.

In this context, this paper shall discuss the Central Bank's policy response and measures taken by banks. It is to be understood that while most measures were implemented through directives issued by Nepal's central bank- "Nepal Rastra Bank" (NRB), there were also initiatives taken independently by Nepali banks and through collective decision of bank associations such as the "Nepal Bankers Association" (NBA). The period also marked a significant cultural shift in the way banks operate their business.

2. Collective Effort on Economic Recovery

The effect of COVID-19 on the economy was quite catastrophic. Official data shows that Nepal's GDP recorded a negative growth rate of 2.088 percent in FY 2019-20. However, the effort put forth in recovery attempts of the economy were admirable. It is without doubt that many stakeholders played their part. The business community was quick to point out demands in the form of additional credit, lowered interest rates, restructuring and rescheduling line of credit. Banks and Financial Institutions (BFIs) in the other hand saw aiding of this effort as their innate responsibility and were able to address these requirements under the guidance of the Central Bank. It is largely due to these contributions that GDP growth increased to 4.01 percent in FY 2020-21. Furthermore, the government has set and ambitious GDP growth target of 7 percent for FY 2021-22.

At a time when liquidity was a pressing need, banks facilitated credit growth of around 28 percent. This is a historical high with an additional growth of NRs. 901 billion in a single FY. It is very encouraging that credit disbursements to priority sectors such as agriculture, energy and subsidized loans increased by 43.6%, 29.1 % and 171% respectively. Even so, this was achieved as banks lowered credit interest rates in a very substantial manner. Average credit interest rate at the beginning of the crisis was 11.80 percent. By FY end 2020-21, banks had endeavored to reduce it to 8.43 percent. This was ensured even as deposit interest rates saw lower reduction. Depositors enjoyed a positive real interest rate during this period. Resultantly, the aggregate interest rate spread of the banking sector reduced to 3.62 percent by the end of FY 2020-21 in comparison to a pre-crisis interest spread rate level of 5.02 percent. This of course came at a cost as the magnitude of increment in Net Interest Income (NII) for the last fiscal year saw just around 2.5 percent despite of high credit growth.

It was possible because of the collective resolve and the strength of the banking sector in Nepal. The strength of the banking sector in Nepal is depicted by the fact that although banking returns decreased in these trying times, all banks in Nepal remained profitable. This was despite of the fact that banks worked to accommodate borrowers and depositors with favorable interest rate while also ensuring the 0.30 percent additional provisioning on good loans in compliance with the new regulation.

3. Policy Response

Like most peer central banks around the world, the NRB maintained an accommodative stance as the pandemic ravaged the economy. The Central Bank was quick to intervene with policy responses related to the easing of liquidity, reduction of interest rates and extension of moratorium periods. Sustaining businesses through the pandemic formed the basis of these policies. Businesses were categorized into less affected sectors, moderately affected sectors and highly affected sectors. These policy responses were released in an ad hoc basis and also announced in the annual Monetary Policy of the NRB for the Fiscal Year (FY) 2020-21. These policy interventions were well received by the stakeholders. Due to the prolonged nature of the pandemic, most measures announced in the previous monetary policy were sustained in the new Monetary Policy for FY 2021-22. Similarly, some changes were evident between the two monetary policies with regard to sectoral classification of businesses and industries based on the degree to which these businesses had been affected by COVID-19.

3.1 Liquidity Measures

A number of policy interventions were effected to ensure ample liquidity in the banking system. During the period, the Cash Reserve Ratio (CRR) and the bank rate saw a reduction of 100 basis points to 3.5 percent and 5 percent respectively. Both these measures were implemented from March 29, 2020. The repo rate also saw a reduction of 100 basis points to 3.5 percent to lessen the borrowing cost. The interest rate burden for maintaining liquidity utilizing the Standing Liquidity Facility (SLF) therefore reduced. Similarly, the Credit cum Core Capital to Deposit Ratio (CCD) was increased to 85 percent from a previously mandated maximum threshold of 80 percent. This immediately freed up loan able funds at banks. However, the focus of the Central Bank has now shifted to the implementation of the Credit to Deposit Ratio (CD) with the upper threshold of 90%, albeit with certain localized provisions and a transition period of one fiscal year. Provisions regarding the erstwhile CCD and the current CD ratio in particular are viewed by many as not adhering to the spirit of Basel III norms.

Basel III norms are recommended as a better remedy for liquidity risk in normal time and also during periods of financial turbulence with some customization if essential.

Also, central bank authorities have suspended the introduction of the counter cyclical buffer requirement in two consecutive fiscal years. The Central Bank had originally intended to introduce this capital requirement at 2 percent in FY 2019-20.

3.2 Interest rate Reduction

In the immediate aftermath of the 1st lockdown, the central bank enforced a regulation where banks were directed to provide an interest discount to eligible borrowers. Banks and Financial Institutions (BFIs) were required to lower interest rates in selected segments from the level charged and due on Mid-April 2020 for the last quarter of fiscal year ended 2019/2020. Similarly, retail and wholesale Micro Finance Institutions (MFIs) were also required to reduce interest rates by 3 percentage and 2 percentage points respectively.

Also, during the 1st nationwide lockdown period, banks were required to provide a 10 percent discount on interest due on third quarter of FY 2019-20 for term loans. This measure was introduced to encourage borrowers to make timely payments as borrowers were eligible for the discount only if they did not defer on payments due.

Similarly, a blanket monthly interest rebate of 2 percentage was introduced on most of the loans for the fourth quarter of FY 2019-20 conditional upon the provision that discounted interest rate is not below base rate of banks.

Official central bank data show that borrowers received a cumulative exemption to the tune of NRs. 10.22 billion due to these two facilities.

3.3 Restructuring and Rescheduling of Loans

Several measures introduced allowed for changes in loan repayment schedules. For instance, interest and principal due from borrowers in mid-April, 2020 and mid-July, 2020 were deferred. Similarly, the central bank facilitated an additional working capital loan facility of 20 percent on current working capital loan outstanding value as of mid-April, 2020 to facilitate businesses and industries categorized as severely affected by COVID-19. NRB data as of FY end 2021 shows that BFIs had disbursed NRs 14.24 billion to 16,182 borrowers under this scheme designed to ensure continuation of business. Additionally, at the end of FY 2020-21, BFIs had disbursed a total of NRs 9.36 billion to 7,269 term loan borrowers under the provision to provide 10 percent additional loans against existing collateral. As of the same period, a total of 21,167 borrowers affected by COVID-19 with total loans of NRs. 129.21 billion had benefitted under the provision to facilitate restructuring and rescheduling of loans.

3.4 Extension of Grace Period of Loans

The Central Bank also directed banks to increase the grace period of loans. A provision was introduced whereby BFIs could extend the grace period of loans of businesses whose operations had been obstructed by COVID-19. This facility was also applicable to under construction projects mired by COVID-19. As of FY end 2020-21, a total of 993 borrowers with loans amounting to NRs. 52 billion had benefitted from this facility.

Among these, 174 borrowers categorized as less affected sectors received grace periods of 6 months for a total loan value of NRs 3.95 billion. Similarly, 321 borrowers categorized as moderately affected sectors received a grace period of 9 months for a total loan value of NRs. 18.41 billion. Also, 498 borrowers categorized as hard hit sectors received a grace period of 1 year for a total loan value of NRs 29.63 billion.

3.5 Extension of Loan Repayment Time

The Central Bank provisioned for a time extension facility intended for the benefit of borrowers facing difficulty in the repayment of loan installments due to COVID-19. As of FY end 2020-21, 19,786 borrowers benefitted from time deferrals granted in periodical loan installments for the loan value of NRs. 93.63 billion. Of the borrowers granted an extension in loan repayment schedules, 7,688 borrowers pertaining to less affected sectors were allowed a 6-month extension for an aggregate loan value of NRs. 30.03 billion. Similarly, 7,887 borrowers described as moderately affected by COVID-19 were allowed a time extension of 9 months for loan repayment for an aggregate loan value of NRs. 28.27 billion and 4,012 borrowers categorized as belonging to hard hit sectors received loan repayment time extension of 1 year for an aggregate loan value of NRs. 14.47 billion. Likewise, 199 borrowers belonging to tourism and other specified industries within the hard-hit sectors received 2-year time extensions for a total loan value of NRs. 20.86 billion.

3.6 Refinancing Measures

The central bank has increased its subsidized refinancing facility to affected businesses in the period affected by the pandemic. As of FY end, 2020-21, a total number of 48,890 borrowers have benefitted from this facility for the aggregate amount of NRs. 148.75 billion. This facility was provided to specified occupations, businesses and industries to assist them in recovery efforts from the pandemic. A massive increase in refinancing facility was observed in the 15-month period leading to fiscal year end 2021. At the beginning of this period, total amount of refinancing provided under this facility was approximately NRs. 18.31 billion. This shows that the Central Bank utilized refinancing as a major tool to ensure money supply in the market and lower interest burden of impacted sectors.

3.7 Business Continuity Loan

A provision was made by the government with total fund of Rs.50 billion to allow for the disbursement of business continuity loans targeted at COVID-19 affected businesses categorized as falling in tourism and small and medium- scale enterprises at the rate of 5 percent. The purpose of these loans was to ensure the regularization of operations and the payment of wages. An aggregate loan amount of NRs. 956.7 million had been approved under this facility with an outstanding loan value of NRs. 736.8 million as of FY end 2020-21.

Similarly, a provision exists to disburse concessional credit within 7 working days to people unable to go abroad for foreign employment. Only those people who have already obtained foreign employment permits were eligible for this facility.

3.8 Additional Provisions for Loans

Additionally, the Central Bank also allowed flexibility in methods prescribed for provisioning. This relates in particular to the methods prescribed for assigning the “Watch List” status for loans. While the central bank eased this category of provisioning for majority of loans classified in this category for the period, 2021 August saw a directive where the central bank required banks to increase the mandatory general loan loss provisioning on good loans from 1% to 1.3%. This shows that Central Bank’s focus has now shifted toward strengthening capital of the bank.

The central bank also brought out a temporary restriction on black listing procedures for loan defaulters until FY end 2020-21. This provision was brought out to ensure that would be defaulters get ample time to manage their liabilities in view of catastrophic economic events.

3.9 Catering to the Health Emergency

The Central Bank allowed loans disbursed to private health institutions for the purpose of upgrading and revamping services to be classified as “Priority Sector Lending”, under the directed lending requirement. A provision made to provide upto NRs. 200 million for the establishment of oxygen plants, and NRs. 500 million for the establishment of liquid oxygen plants by health service providers, hospitals, or industries is under implementation.

3.10 Payment Services

In order to encourage transactions through digital means, applicable charges on Real Time Gross Settlement (RTGS) transactions were waived during the lockdown period. Similarly, the upper threshold of transaction limits for digital transaction mediums such as mobile banking, internet banking and mobile wallets saw an increment. Also, commercial banks in the country collectively decided to suspend charges on the cross utilization of Automated Teller Machines (ATMs) and online banking platforms in order to discourage customers from creating health hazards through in person visitation to banks. These facilities continued from March to mid July 2020.

4. Cultural Shift in the Working of Banks and Banking Transactions

Firstly, while the banking industry in Nepal is regarded as an adopter of technology, the pandemic accelerated the use of technology at banks. This change was Information Technology (IT) led. For the first time in banking history, a large number of employees worked from home. Swift adoption of these measures was prompted by the health emergency in hand. The Central Bank also was a key player in inducing these changes through regulation that limited the number of staff present in physical premises of banks. At one time this was 25% only. The investment in this IT architecture is likely to benefit banks in the longer term. While it will certainly help banks reduce service disruption during these kinds of health emergencies, it could also prompt the use of home work stations even during times of normalcy. Such an arrangement could prove a favorable situation for banks with potential cost savings.

Secondly, the pandemic accelerated the adoption of technology among customers. Nepal has a high penetration of mobile phone users. Several, digital banking platforms in Nepal recorded astronomical rises in digital transactions in the post pandemic period. QR Code based transactions jumped to an all-time high and is likely to gain more popularity in the years to come.

5. Ensuring the Health and Safety of Staff Members

Employees in the banking sector were affected by the pandemic. Staff in front facing roles was at a heightened risk of contracting COVID. The banking sector in Nepal employs around 50,000 people. According to NBA data, in the first wave itself, it came to be known that about 7,929 banking employees had contracted the disease. In the same period, 2,969 family members of bank employees had also contracted the disease. This statistic makes bank employees the third most affected category of front line workers after health professionals and security forces. In the much more contagious second wave, the NBA revealed that 7,241 bank employees and 3,811 of their family members had contracted the virus.

Since closing banking outlets was not an option, banks devised several methods to minimize the risk of infections. All banks devised independent standard protocols and business continuity strategies at the height of the pandemic. Several facilities were allotted to staff. These included the arrangement of medical advice, counseling, isolation centers, testing facilities and insurance coverage.

The government also was quick to prioritize vaccination for bank employees. Despite of this fact, the vaccination rates among bank employees in the beginning was quite low. This required quite a lot of myth busting regarding vaccination. However, the situation has improved drastically along with the passage of time. Nevertheless, the collective resolve of the banking community to ensure operations of banking facilities during these trying times is truly commendable.

6. Conclusion

The last two years have been quite tumultuous for the economy and the banking system in Nepal. COVID cases have significantly dwindled along with an improvement in the procurement of vaccines and vaccination rates. Banks are currently functioning as in normal times. However, the health and safety measures still remain and will continue to do so for a foreseeable future. Business confidence has returned as the demand for loans has shot up. The business community is now eager to make up for lost time. While policy measures are expected to remain for some time, the Central Bank is gradually beginning to do away from the accommodative stance deployed in the last two fiscal years due to stress on BoP and likely inflation. So far, the policy measures deployed by the Central Bank have been found largely effective. Except for some sectors like tourism, where recovery might take multiple years, other sectors have made marked recoveries. Bank managements are also now adept at managing crisis to a large extent. The response to COVID-19 will remain as institutional memory for decades to come. Credit goes to the Central bank and banking institutions in circumventing the crisis through joint efforts.

Presentation of Mr. Binod Atreya, Managing Director, BFIN: The Future of jobs: Employment, Skills and Workforce Strategy



The Future of Jobs

Employment, Skills and Workforce Strategy

Dr. Binod Atreya

Managing Director, Banking Finance and Insurance of Nepal



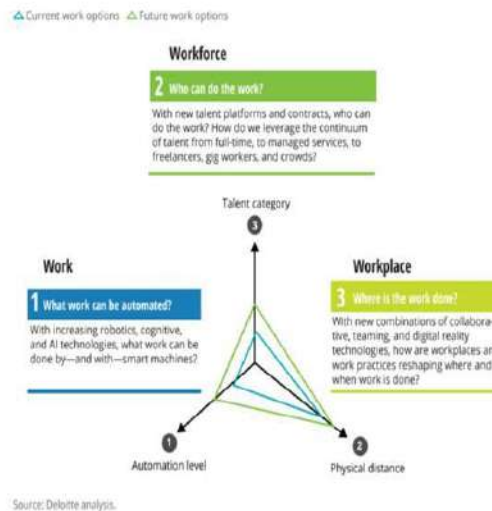
Objectives



- 1. Share the global trends in HR Functions**
- 2. Generate learning lessons**



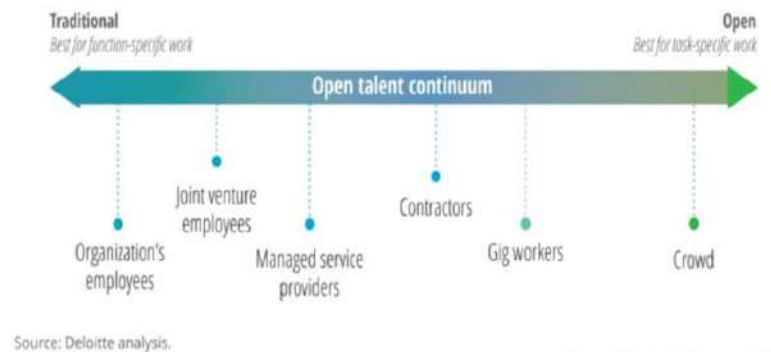
The future of work encompasses changes in work, the workforce, and the workplace



Work...

1. Human-machine Collaborations
2. Task completion to **problem solving** and **managing human relationships**
3. Routine and repetitive tasks to be taken away by machines
4. 1 million jobs will be lost ; 1.75 million new jobs will be created in the next decade
5. Jobs will be machine powered and data driven
6. Work will require skills of **problem solving** **design thinking**, **communication**, etc.

The talent market covers a spectrum of worker types and work arrangements



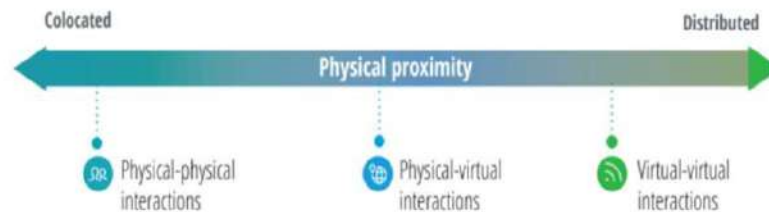
Work Force



1. Entry of the new millennials in the work force
2. Tech-savvy workforce in the job markets
3. Diverse workforce in the job market
4. Full time employment likely to fade away soon. Workforce could be part-time, contractors, outsourcing, crowdsourcing, etc.
5. Talent will be the key source of success in the future. Total rethinking on talent management would be required for the future organization. Talent will be short supply in the market.
6. Upskilling and reskilling will be important part of the HR management



Workplaces are also shifting



Source: Deloitte analysis.

Workplace...

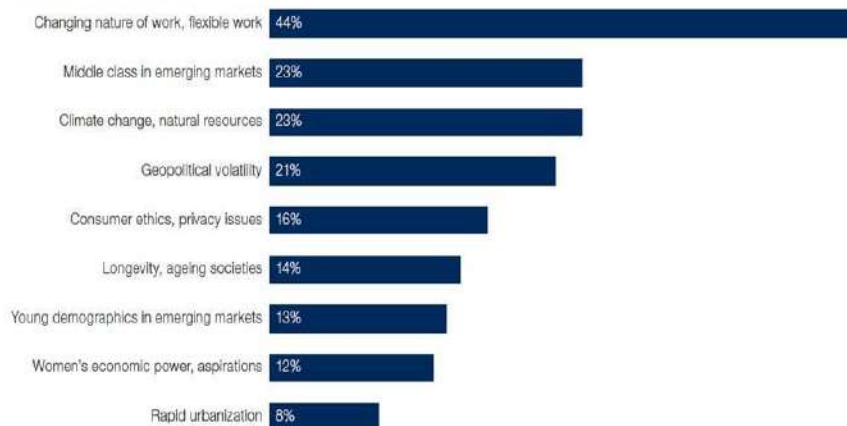
1. Advent of the digital communication, collaboration and digital reality technologies
2. Distributed teams dependent on virtual interactions
3. Work from home
4. Flexible working Environment
5. Target based management
6. Reward and recognition on achieving target and results
7. Use of HR Analytics would be very important. Computation of HR Balance sheet to make the proper use of HR

Drivers of change, industries overall

Share of respondents rating driver as top trend, %



DEMOGRAPHIC AND SOCIO-ECONOMIC



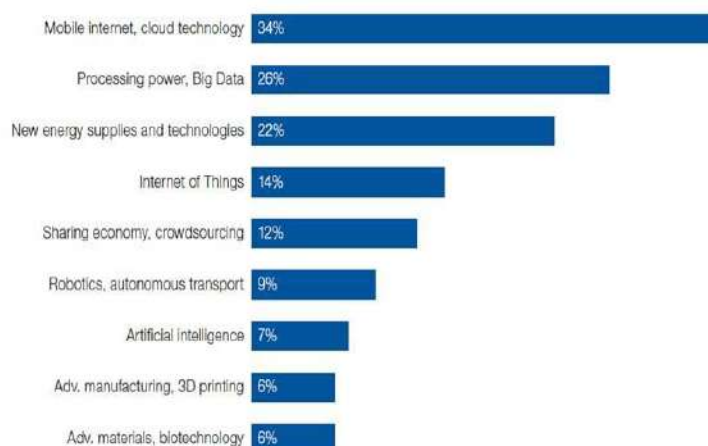
Source: Future of Jobs Survey, World Economic Forum.

Drivers of change, industries overall

Share of respondents rating driver as top trend, %

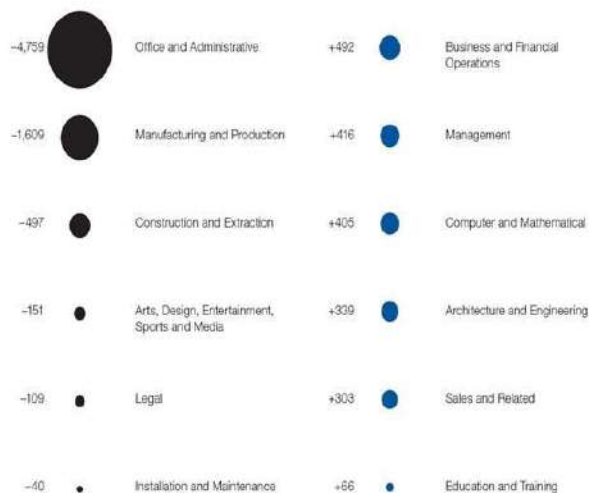


TECHNOLOGICAL



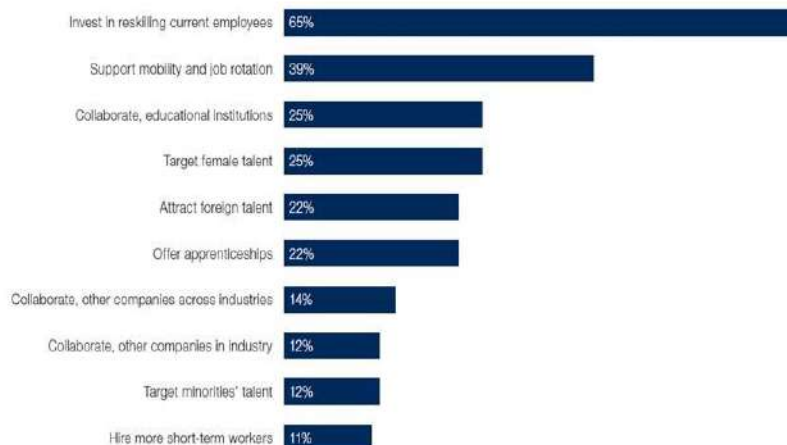
Source: Future of Jobs Survey, World Economic Forum.

Net employment outlook by job family, Employees (thousands, all focus countries)



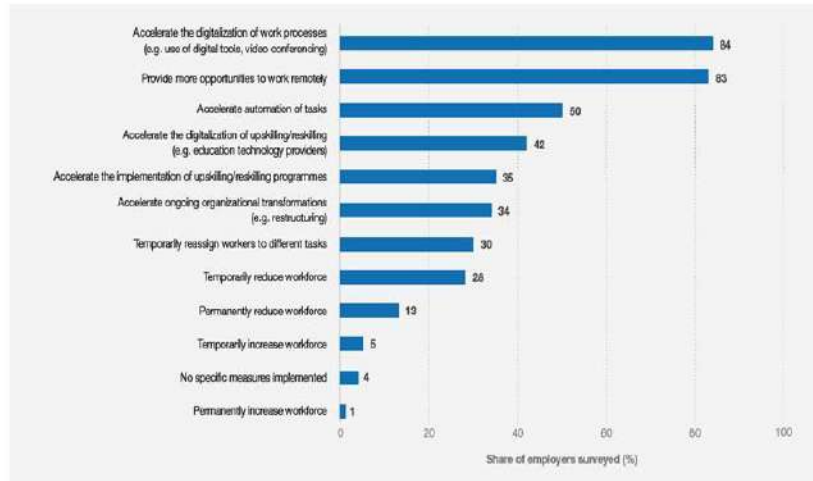
Source: Future of Jobs Survey, World Economic Forum.

Future workforce strategies, industries overall Share of respondents pursuing strategy, %



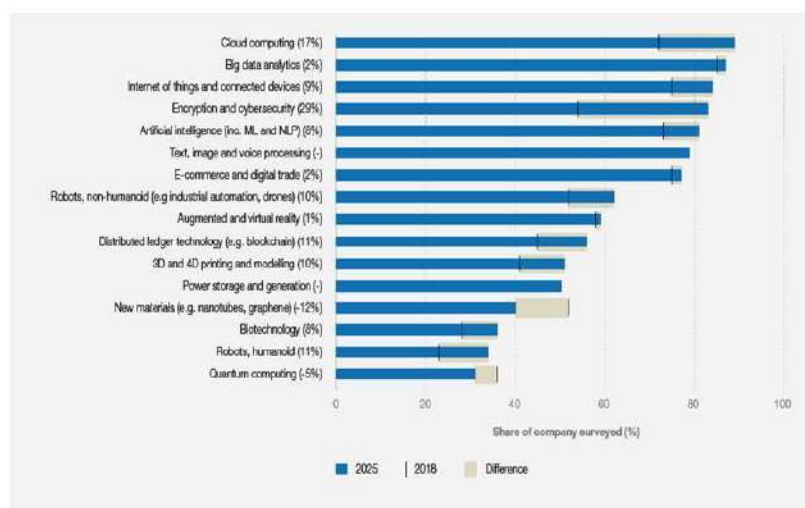
Source: Future of Jobs Survey, World Economic Forum.

Planned business adaptation in response to COVID-19



Source: Future of Jobs Survey 2020, World Economic Forum.

Technologies likely to be adopted by 2025 (by share of companies surveyed)



Source: Future of Jobs Survey 2020, World Economic Forum.

Top 20 job roles in increasing and decreasing demand across industries



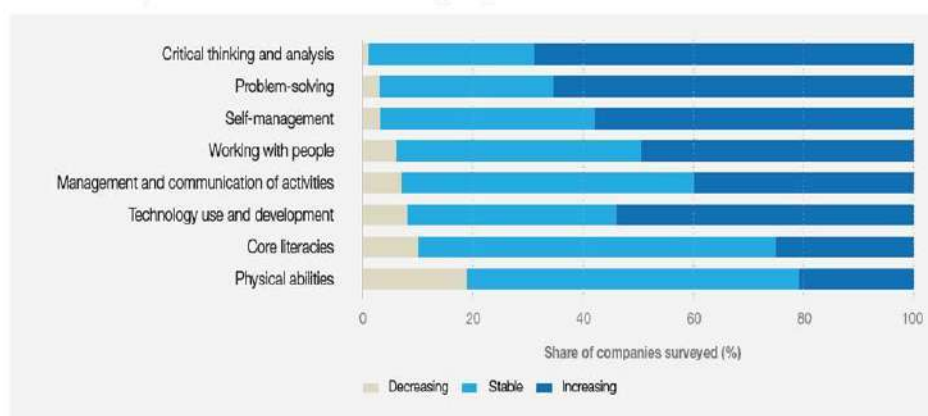
➤ Increasing demand		➤ Decreasing demand	
1	Data Analysts and Scientists	1	Data Entry Clerks
2	AI and Machine Learning Specialists	2	Administrative and Executive Secretaries
3	Big Data Specialists	3	Accounting, Bookkeeping and Payroll Clerks
4	Digital Marketing and Strategy Specialists	4	Accountants and Auditors
5	Process Automation Specialists	5	Assembly and Factory Workers
6	Business Development Professionals	6	Business Services and Administration Managers
7	Digital Transformation Specialists	7	Client Information and Customer Service Workers
8	Information Security Analysts	8	General and Operations Managers
9	Software and Applications Developers	9	Mechanics and Machinery Repairers
10	Internet of Things Specialists	10	Material-Recording and Stock-Keeping Clerks
11	Project Managers	11	Financial Analysts
12	Business Services and Administration Managers	12	Postal Service Clerks
13	Database and Network Professionals	13	Sales Rep., Wholesale and Manuf., Tech. and Sci. Products
14	Robotics Engineers	14	Relationship Managers
15	Strategic Advisors	15	Bank Teller and Related Clerks
16	Management and Organization Analysts	16	Door-To-Door Sales, News and Street Vendors
17	FinTech Engineers	17	Electronics and Telecoms Installers and Repairers
18	Mechanics and Machinery Repairers	18	Human Resources Specialists
19	Organizational Development Specialists	19	Training and Development Specialists
20	Risk Management Specialists	20	Construction Laborers

Source: Future of Jobs Survey 2020, World Economic Forum.

Perceived skills and skills groups with growing demand by 2025, by share of companies surveyed



A. Relative importance of different skill groups



Source: Future of Jobs Survey 2020, World Economic Forum.

Perceived skills and skills groups with growing demand by 2025, by share of companies surveyed

B. Top 15 skills for 2025

1	Analytical thinking and innovation	9	Resilience, stress tolerance and flexibility
2	Active learning and learning strategies	10	Reasoning, problem-solving and ideation
3	Complex problem-solving	11	Emotional intelligence
4	Critical thinking and analysis	12	Troubleshooting and user experience
5	Creativity, originality and initiative	13	Service orientation
6	Leadership and social influence	14	Systems analysis and evaluation
7	Technology use, monitoring and control	15	Persuasion and negotiation
8	Technology design and programming		

Source: Future of Jobs Survey 2020, World Economic Forum.

The future of job (2020-2025): Learning Points

1. The pace of technology adoption is expected to remain unabated and may accelerate in some areas
2. Automation, in tandem with the COVID-19 recession, is creating a 'double-disruption' scenario for employees (technology integration at work, reduction of work force, machine-men combination, use of contractors for specialized work)
3. Although the number of jobs destroyed will be surpassed by the number of 'jobs of tomorrow' created, in contrast to previous years, job creation is slowing while job destruction will be accelerating. New types of employees and different skills will be required for the organization.
4. Skills gaps continue to be high as in-demand skills across jobs change in the next five years (critical thinking, problem solving, self management, stress tolerance and flexibility, reskilling and new skills learning)
5. The future of work will be driven by remote work, tech savvy recruitment, digital on-board, physical-physical working space, physical-virtual working relationship, virtual-virtual working, employees safety protocols, target based work, small group/team, etc.)
6. Investment in human capital will continue. Reskilling and upskilling will be important for public sector entities.
7. Ensuring productivity, performance, satisfaction and measuring achievements will be a great challenge

Source: Future of Jobs Survey, World Economic Forum.



Our Immediate Focus

Reinventing the HR Function:

As business leaders begin to consider proactive adaptation to the new talent landscape, they need to manage skills disruption as an urgent concern. What this requires is an HR function that is rapidly becoming more strategic and has a seat at the table—one that employs new kinds of analytical tools to spot talent trends and skills gaps, and provides insights that can help organizations align their business, innovation and talent management strategies to maximize available opportunities to capitalize on transformational trends.

Source: Future of Jobs Survey, World Economic Forum.



Our Immediate Focus

Talent diversity—no more excuses:

As study after study demonstrates the business benefits of workforce diversity and companies expect finding talent for many key specialist roles to become much more difficult by 2020, it is time for a fundamental change in how talent diversity issues perceived and well-known barriers tackled. In this area, too, technology and data analytics may become a useful tool for advancing workforce parity, whether by facilitating objective assessment, identifying unconscious biases in job ads and recruitment processes or even by using wearable technologies to understand workplace behaviours and encourage systemic change.

Source: Future of Jobs Survey, World Economic Forum.



Our Immediate Focus

Leveraging flexible working arrangements and online talent platforms:

As physical and organizational boundaries are becoming increasingly blurred, organizations are going to have to become significantly more agile in the way they think about managing people's work and about the workforce as a whole. Businesses will increasingly connect and collaborate remotely with freelancers and independent professionals through digital talent platforms. Modern forms of association such as digital freelancers' unions and updated labour market regulations will increasingly begin to emerge to complement these new organizational models.

Source: Future of Jobs Survey, World Economic Forum.



Immediate Focus

Making Use of Data Analytics:

Businesses and governments will need to build a new approach to workforce planning and talent management, where better forecasting data and planning metrics will need to be central.

Source: Future of Jobs Survey, World Economic Forum.





Macro - Longer Term Focus

Rethinking education systems:

Most existing education systems at all levels provide highly siloed training and continue a number of 20th century practices that are hindering progress on today's talent and labour market issues. Two such legacy issues burdening formal education systems worldwide are the dichotomy between Humanities and Sciences and applied and pure training, on the one hand, and the prestige premium attached to tertiary-certified forms of education—rather than the actual content of learning—on the other hand. Businesses should work closely with governments, education providers and others to imagine what a true 21st century curriculum might look like.

Source: Future of Jobs Survey, World Economic Forum.



Macro- Longer Term Focus

Incentivizing lifelong learning:

The dwindling future population share of today's youth cohort in many ageing economies implies that simply reforming current education systems to better equip today's students to meet future skills requirements—as worthwhile and daunting as that task is—is not going to be enough to remain competitive. Ageing countries won't just need lifelong learning—they will need wholesale reskilling of existing workforces throughout their lifecycle. Governments and businesses have many opportunities to collaborate more to ensure that individuals have the time, motivation and means to seek retraining opportunities.

Source: Future of Jobs Survey, World Economic Forum.



Macro- Longer Term Focus

Cross-industry and public-private collaboration:

Given the complexity of the change management needed, businesses will need to realize that collaboration on talent issues, rather than competition, is no longer a nice-to-have but rather a necessary strategy. Multi-sector partnerships and collaboration, when they leverage the expertise of each partner in a complementary manner, are indispensable components of implementing scalable solutions to jobs and skills challenges. There is thus a need for bolder leadership and strategic action within companies and within and across industries, including partnerships with public institutions and the education sector.

Source: Future of Jobs Survey, World Economic Forum.



Presentations from the program organized by the Central Bank of Nepal on 26 Nov 2021

Dr. Duvvuri Subbarao on Dilemmas in Central Banking: Experiences from the Reserve Bank of India

Dr. Atiur Rahman on Developmental Central Banking: The Bangladesh Experience

**Presentation of Dr. DuvvuriSubbarao on 26 Nov 2021 at the Central Bank Program:
Dilemmas in Central Banking: Experiences from the Reserve Bank of India**

Dilemmas in Central Banking Experiences from the Reserve Bank of India

Nepal Rastra Bank

November 2021

Duvvuri Subbarao

1

Dilemmas in Central Banking

Subbarao's Baptism by Fire

2

Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
2. Managing Monetary Policy
3. Managing Communication
4. Managing the Exchange Rate
5. Managing Regulation

3

Dilemmas in Central Banking

1st Dilemma: Managing the Global Financial Crisis

- Frightening situation around the world
- Frightening situation in India

4

Managing the Global Financial Crisis

How do I, as an inexperienced governor,
lead the Reserve Bank through this
extraordinary crisis?

5

Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
- 2. Managing Monetary Policy**
3. Managing Communication
4. Managing the Exchange Rate
5. Managing Regulation

6

Dilemmas in Central Banking

2nd Dilemma: Managing Monetary Policy

- Tension between growth and inflation
- Tension between savers and borrowers

7

Managing Monetary Policy

- What does inflation targetting mean in practice?
- Why is price stability (low and steady inflation) important?
- Financial stability – a new variable in the equation?

8

Challenges of Managing Monetary Policy

Juggling between

- Maintaining price stability
- Supporting growth/employment
- Preserving financial stability

All this in a globalizing world

9

Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
2. Managing Monetary Policy
- 3. Managing Communication**
4. Managing the Exchange Rate
5. Managing Regulation

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Dilemmas in Central Banking

3rd Dilemma: Managing Communication

What would you have done differently?

11

Managing Communication

Whether, what, when and how?

- Markets pay very close attention to what central banks say.
- Analyze every word, turn of phrase and nuance.
- Ego trip as well as a burden

12

Jeremy Powell

July 2021

The Federal Reserve will be 'patient',
and will not unwind the Fed's balance
sheet before seeing 'substantial
further progress'

13

Managing Communication

Central bank communication
is a very potent tool

14

Fed announcement hours after 9/11

“The Federal Reserve System is open and operating. The discount window is open to meet liquidity needs.”

15

Federal Reserve’s guidance during the global financial crisis (2008/09)

“The Federal Reserve will maintain an *exceptionally easy* policy over an *extended period of time*.”

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Managing Communication

- Central bank communication is a very potent tool.
- **But until recently, central banks have been reticent about using communication as a policy tool.**

17

Alan Greenspan

“Since I’ve become a central banker, I’ve learned to mumble with great incoherence. If I seem unduly clear to you, you must have misunderstood what I said.”

18

Managing Communication

- Central bank communication is a very potent tool.
- But until recently, central banks have been reticent about using communication as a policy tool.
- **What has changed for central banks to give up that reticence?**

19

Mario Draghi, President of ECB During the Eurozone Sovereign Debt Crisis (2012)

“Do whatever it takes to save the euro.”

20

Managing Communication

- Central bank communication is a very potent tool
- **But many challenges in deploying it**

21

Subbarao's Exploits in Communication Alpha Male?

- **What I said:** *"We will withdraw these measures when the exchange rate stabilizes."*
- **What I should have said:** *"We will not withdraw these measures unless the exchange rate stabilizes."*
- Subbarao should learn to be an alpha male.

22

Communication can be tricky.

Can destabilize markets

Media Question to RBI

“Do you have sufficient reserves?”

23
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Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
2. Managing Monetary Policy
3. Managing Communication
- 4. Managing the Exchange Rate**
5. Managing Regulation

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Dilemmas in Central Banking

4th Dilemma: Managing the Exchange Rate

- Why do exchange rates move?
- Who gains and who loses from exchange rate movements?
- What is RBI's stated policy on exchange rate?
- How does RBI implement its exchange rate policy?
- What is RBI's challenge in managing the exchange rate?

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Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
2. Managing Monetary Policy
3. Managing Communication
4. Managing the Exchange Rate
- 5. Managing Regulation**

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Dilemmas in Central Banking

5th Dilemma: Managing Regulation

- Why is financial sector regulation important?
- How is financial sector regulation different from other sectoral regulations?
- The challenge of regulation – balancing between maintaining stability and encouraging innovation
- Protecting people from frauds and scams – central bank responsibility?

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Dilemmas in Central Banking

1. Managing the Global Financial Crisis (2008/09)
2. Managing Monetary Policy
3. Managing Communication
4. Managing the Exchange Rate
5. Managing Regulation

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Presentation of Dr. Atiur Rahman on 26 Nov 2021 at the Central Bank Program: Developmental Central Banking: The Bangladesh Experience



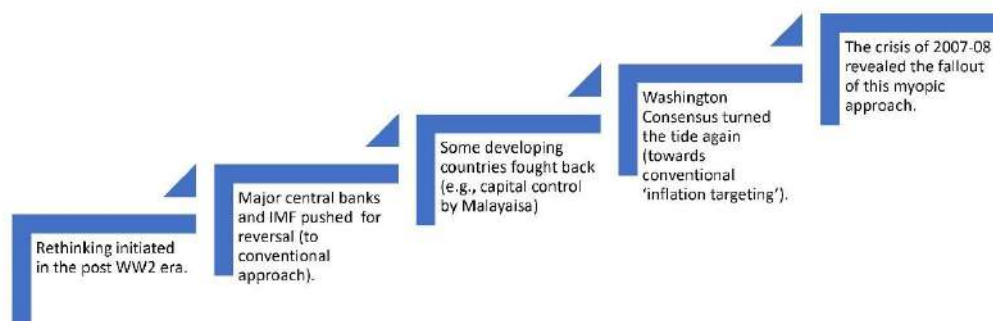
Developmental Central Banking: The Bangladesh Experience

Dr. Atiur Rahman



Presentation made at a Discussion Program organized by the Nepal Rastra Bank at Kathmandu, Nepal on 26 November 2021.

Developmental Central Banking: Rethinking induced by Global Crises



“

Before the crisis, mainstream economists and policymakers had converged on a beautiful construction for monetary policy. ... we had convinced ourselves that there was one target, inflation. There was one instrument, the policy rate. ... If there is one lesson to be drawn from this crisis, it is that this construction wasn't right, that beauty is not synonymous with truth. The fact is that there are many targets and there are many instruments. How you map the instruments onto the targets and how you use these instruments best is a very complicated problem.

– Oliver Blanchard
Chief Economist for IMF from 2008 to 2015



Bangladesh's Central Bank: An Agent of Sustainable Economic Development

- | | |
|---|-----------------------------|
| 1 Financial Inclusion Campaign | 2 Promotion of Agriculture |
| 3 Credit program for share-croppers | 4 Green credit support |
| 5 SME credit programs | 6 Women entrepreneurship |
| 7 Industrial policy (especially the cluster approach) | 8 Guiding green development |

Source: Gerald Epstein, 2013



POST-COVID WORLD: UNCERTAIN & UNEQUAL RECOVERY



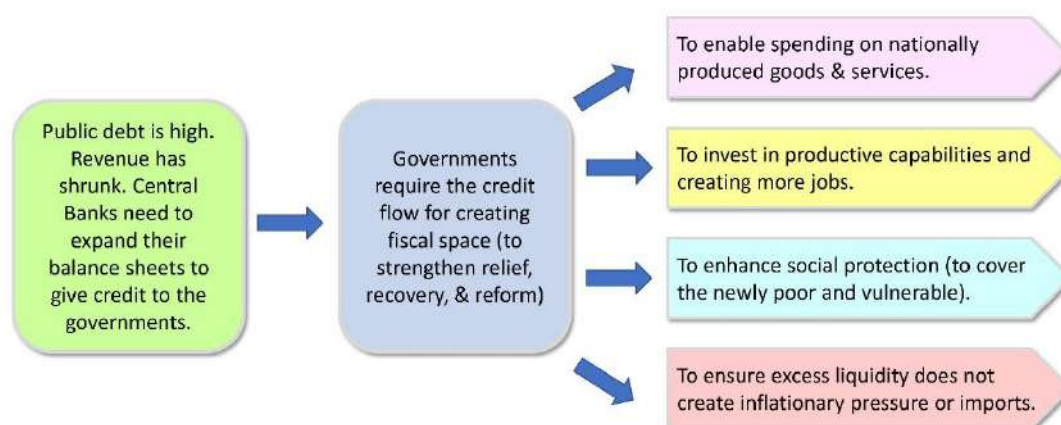
"We now witness an uneven response to globalization around the world. During the COVID-19 pandemic, we have seen the international governance system failing millions of people in the Global South. The huge gap in access to vaccines and treatments is only too telling."

- HPM Sheikh Hasina in her remarks at the Paris Peace Forum on 12 November 2021

INTERNATIONAL SUPPORT HAS BEEN SIMPLY INADEQUATE



NOW IS THE TIME TO FURTHER AUGMENT DEVELOPMENTAL CENTRAL BANKING



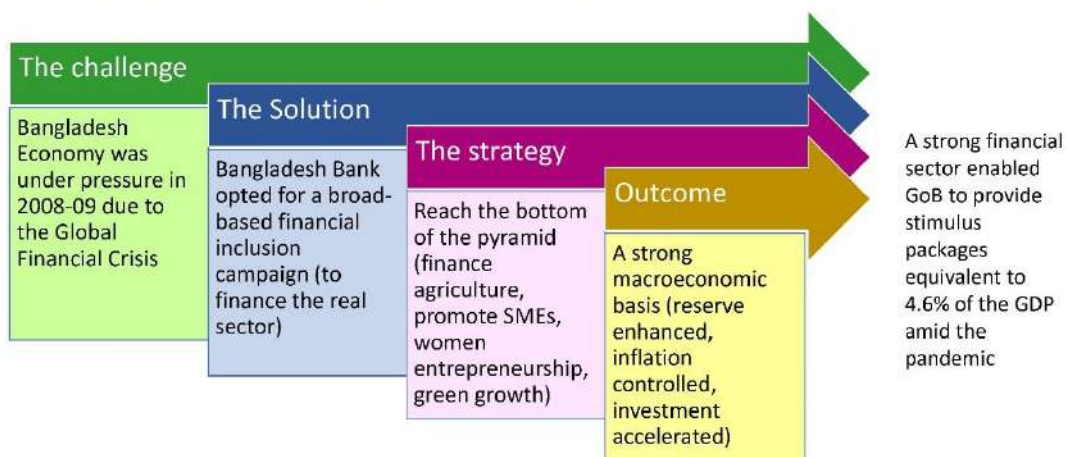


“Monetary policy has implications for issues beyond inflation and payments, including climate change and inequality. ... The best way forward for central bankers is to use monetary policy to target inflation, while directing their regulatory powers at other pressing concerns.”

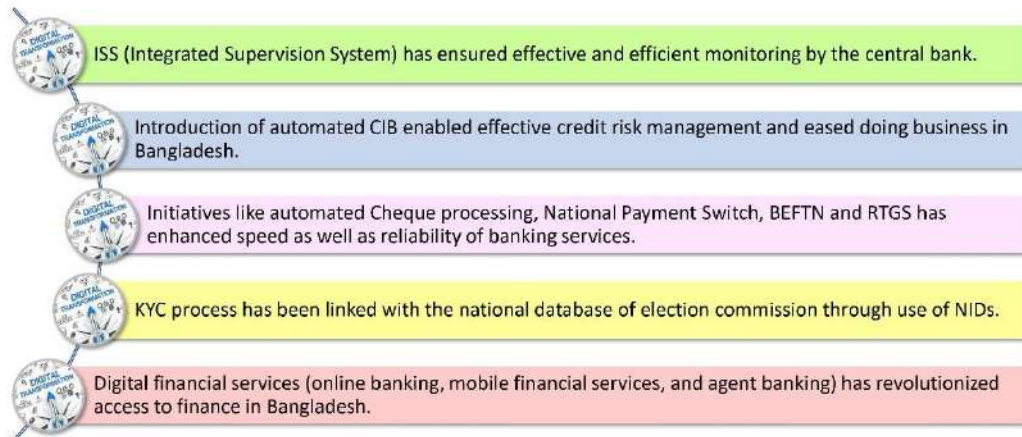
-Barry Eichengreen, Professor of Economics, University of California, Berkeley
‘New-Model Central Banks’, Project Syndicate, February 9, 2021.



DEVELOPMENTAL CENTRAL BANKING IN BANGLADESH: BANGLADESH BANK AS AN EARLY STARTER



DIGITIZATION HAS BEEN THE KEY TO BANGLADESH BANK'S SUCCESS



OUTCOME OF BANGLADESH BANK'S DIGITAL FINANCIAL SERVICE REVOLUTION



Source: FAS Survey, 2018



BANGLADESH'S RECOVERY: DFS TO PLAY A PIVOTAL ROLE

Through DFS, finance has reached the 'bottom of the pyramid' at a minimum cost.

DFS has proven its efficiency and reliability to the people and the government.

Reaching the distressed with digital finance will be a core element of the recovery process.

Proliferation of MFS and Agent Banking services in Bangladesh have proven that early policy moves towards the right direction can provide cushion in case of shocks.



MOBILE FINANCIAL SERVICE: BANGLADESH ENJOYING THE BENEFITS OF AN EARLY & PRUDENT DECISION



SUCCESS FROM INNOVATIVE POLICY



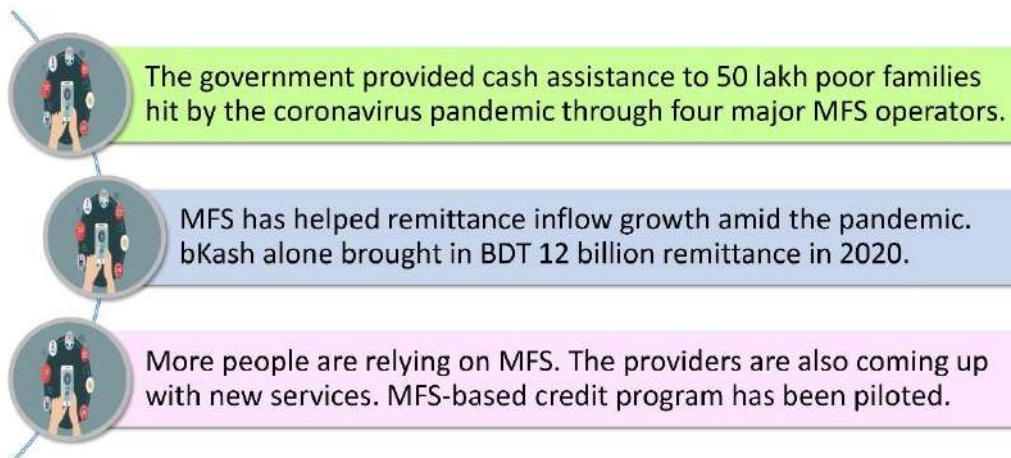
- ❑ Almost a decade ago Bangladesh Bank, upon considering the prospects and challenges of MFS- chose to implement the 'Bank-led Model'.
- ❑ Within three-four years, virtually all the citizens were brought under MFS coverage.
- ❑ The country is enjoying the benefits of that prudent and early decision amid the pandemic.



KEEPING THE ECONOMY VIBRANT AMID THE PANDEMIC



MFS IS OPENING NEW WINDOWS FOR BANGLADESH



RELiance ON MFS WILL FURTHER INCCREASE



Advancement of the macroeconomy will also rely to a significant extent on growth of the MFS providers





AGENT BANKING: NEW DIMENSION OF SERVICE IN REMOTE AREAS OF BANGLADESH

AGENT BANKING HAS ENHANCED ACCESS TO FINANCE IN HARD-TO-REACH AREAS OF BANGLADESH



Source: Field Survey by Unnayan Shamannay, 2018

PANDEMIC HAS MADE AGENT BANKING DELIVER FURTHER ON ITS GREAT POTENTIAL



Number of accounts stood at 88 million as of October 2020. This number almost doubled during 2020.



Deposit mobilization stood at BDT 137 million in October 2020. This is more than double of the same in the previous year.



Over the course of 2020, loan disbursement was up by 370%, remittance distribution by 302% and utility bill payment by 17%.



THE POTENTIAL OF AGENT BANKING NEEDS TO BE HARNESSSED IN THE PROCESS OF ECONOMIC RECOVERY

Low-Cost

Running a bank branch costs BDT 0.5 to 0.7 million per month. Agent outlets are much cheaper than that.

Easy

Takes 5-7 minutes to fill up a KYC form to have an account at an agent outlet. This is easy for the people in rural areas.

Sustainable

A reliable means to ensure access to finance for hard-to-reach areas. Women entrepreneurs are being specially benefited.



LOOKING AHEAD



BANGLADESH BANK'S GREEN DRIVE CONTINUES



BDT 200 crore
refinance scheme for
52 green products



Green transformation
fund for export-
oriented businesses
(USD 200 million plus
Euro 300 million)



BDT 1,000 crore
technology
development fund to
support green
technology
development



Sustainable finance
policy for ESG risk
management and
clear directives (20%
of term loans for
sustainable
businesses and one-
fourth of it for green
businesses)

Green financing funds and policy of Bangladesh Bank will surely reinforce longer-term climate-friendly initiatives of GOB (e.g., Mujib Climate prosperity plan, Delta Plan etc.)



GoB is now developing the strategic investment framework- 'Mujib Climate Prosperity Plan' to mobilize finance through international cooperation for renewable energy and climate resilience initiatives ...

"Climate change, pandemics and the destruction of nature are common threats. They should unite us in working towards a common solution: a cleaner, greener and safer world."

- HPM Sheikh Hasina in the Financial Times on 28 September 2020



Lessons Learned

- *One size does not fit all* (taking national and conjunctural needs into account is pivotal)
- *Specific groups and areas can be targeted* (e.g., success of the share-croppers' credit program)
- *Need to focus on more than just controlling inflation* (focusing on broader economy and changing the mindsets have yielded great results).
- *Broader expertise and use of new tools* (green technology, DFS etc.)
- *Developmental targeting* (enhancing transparency and accountability of the developmental approach).

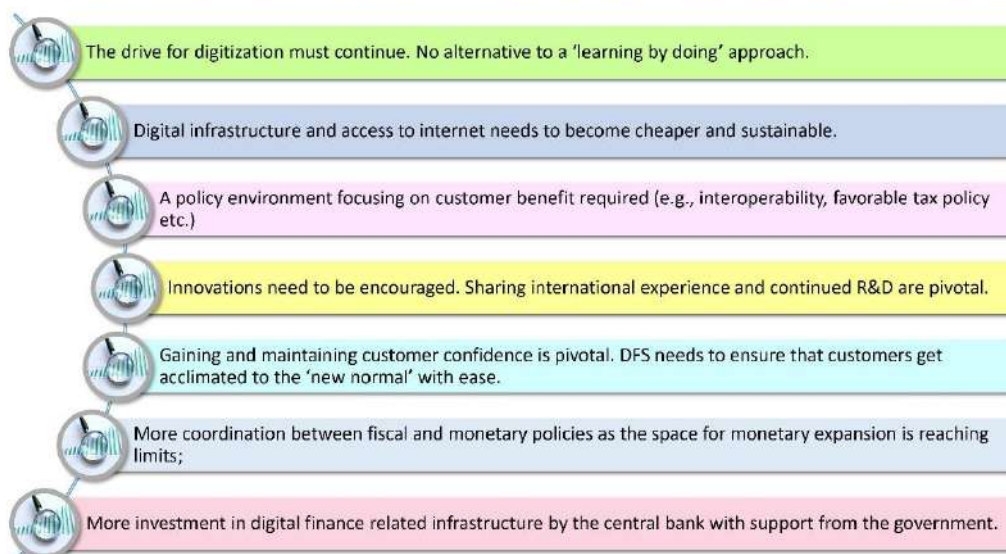


Lessons Learned (contd.)

- *Coordination with broader policy framework* (having understanding of the policy thrust of the government helps)
- *Directing credit to productive sectors instead of to speculative usage* (there need not be a trade-off between developmental central banking and financial and economic stability)
- *Developmental goal must be consistent with capacity* (it is important not to over-reach beyond institutional and economic capacity).



DEVELOPMENTAL CENTRAL BANKING MUST BE CONTINUED ...



List of participants

A. Commercial Banks

- | | |
|--|---|
| <p>1. Himalayan Bank Limited</p> <p>Mr. Prakash Bhandari</p> <p>Mr. Prabin Shrestha</p> <p>Mr. Sailendra Mani Shrestha</p> <p>Mr. Ayush Shrestha</p> | <p>Mr. Manish Lal Shrestha</p> <p>Mr. Binay Regmi</p> <p>Mr. Madan Singh Rajbanshi</p> <p>Mr. Shyam Khadka</p> |
| <p>2. NCC Bank</p> <p>Mr. Ram Nath Gautam</p> <p>Mr. Rajesh Raj Dhungel</p> <p>Mr. Sharad G. Raj</p> <p>Mr. Raj Kumar Shrestha</p> <p>Mr. Narayan Prasad Bhattarai</p> | <p>7. Nepal Bangladesh Bank Ltd.</p> <p>Mr. Suresh Devkota</p> <p>Mr. Rajendra Prasad Adhikari</p> <p>Mr. Amartya Ojaswi Upadhyay</p> <p>Mr. Rishi Ram Gyawali</p> <p>Mr. Kabindra Dahal</p> |
| <p>3. Everest Bank Limited</p> <p>Mr. Santosh K Bhattarai</p> <p>Mr. Bishnu Pd. Gyawali</p> <p>Mr. Harish K Acharya</p> <p>Ms. Vandana Khetan</p> <p>Mr. Raju Gauli</p> | <p>8. Nepal Investment Bank Ltd.</p> <p>Mr. Bijendra Suwal</p> <p>Mr. Ujwal Manandhar</p> <p>Mr. Ram Raj Upadhaya</p> <p>Mr. Reena Rajeshwori Chand</p> <p>Mr. Suraj Ram Bhandary</p> |
| <p>4. Century Commercial Bank Ltd</p> <p>Mr. Rajendra Prasad Timsina</p> <p>Mr. Ganesh Prasad Subedi</p> <p>Mr. Ujjwal Uprety</p> <p>Mr. Raman Shrestha</p> | <p>9. Rastriya Banijya Bank Ltd.</p> <p>Ms. Sarswati Adhikari</p> <p>Mr. Debesh Prasad Lohani</p> <p>Mr. Devendra Raman Khanal</p> <p>Mr. Pawan Regmi</p> <p>Mr.</p> |
| <p>5. NMB Bank Limited</p> <p>Mr. Govind Ghimire</p> <p>Mr. Pramod Kumar Dahal</p> | <p>Mr. Vinaya Raman Poudel</p> <p>Ms. Durga Kumari Kandel</p> <p>Mr. Narayan Prasad Lamichhane</p> |
| <p>6. Machhapuchchhre Bank Limited</p> <p>Mr. Surendra Pathak</p> | <p>Mr. Ram Kumar Thapa</p> <p>Riko Sthapit</p> |

10. NIC ASIA Bank Limited

Mr. Deepen Karki
 Mr. Suraj Shrestha
 Mr. SumitGiri
 Mr. Shankar Dhakal
 Ms. Sharmilli Shrestha
 Ms. Aashree Sharma

11. Nabil Bank Limited

Ms. Nikita Dhungana
 Mr. SaugatParajuli
 Ms. Monika Khadka
 Ms. SabitaPudasaini
 Ms. AasthaBhattarai
 Ms. PratibhaMahat

12. Nepal Bank Limited

Mr. Prakash Kumar Adhikari
 Mr. Santa Bdr. Shah
 Mr. DhirajRai
 Mr. Arjun Kandel
 Mr. Krishna HariBudhathoki
 Mr. SangamNeupane

13. Global IME Bank Limited

Ms. Anamika Singh
 Mr. Manindra Raj Joshi
 Ms. SwaichaRana
 Mr. ShashiShekhar Sharma
 Mr. Prakash Paudel
 Mr. DilipDangi

14. Laxmi Bank Limited

Mr. Saurab Kumar Gautam
 Ms. Sabina Banskota
 Mr. BijeshMaskey

15. Mega Bank Nepal Ltd.

Mr. Rajesh Sharma
 Ms. JenuThapa

16. Prabhu Bank Limited

Mr. Mukunda Prasad Lamichhane
 Mr. DipeshPokhrel

17. Kumari Bank Limited

Mr. UdeetBahadur Singh
 Mr. Rupendra Kumar Pandey

18. Global IME Bank

Ms. Anamika Singh
 Mr. Manindra Raj Joshi
 Ms. SwaichaRana
 Mr. ShashiShekhar Sharma
 Mr. Prakash Paudel
 Mr. DilipDangi

B. Development Banks

1. MahalaxmiBikas Bank Limited

Mr. Sanjay Kumar Shrestha
 Mr. Shekhar Acharya
 Ms. DeepanjaliKhakurel
 Mr. Paras Mani Thapaliya
 Mr. PrithaBahadurSunar
 Mr. Amit Kumar Jha
 Mr. Bishal Raj Karki

2. Nepal Infrastructure Bank Ltd.

Ms. Smriti Sharma

Mr. Bishal Shakya

Ms. Lakshmi Thapa

Mr. Iswor Bandhu Gautam

Mr. Saurav Tiwari

Mr. Raman Shrestha

3. Agricultural Development Bank Ltd.

Mr. Yagya Prakash Neupane

Mr. Prem Kumar Shrestha

Mr. Min Raj Pokharel

Ms. Rukumini Bhatta Upadhyay

Mr. Tanak Prashad Pokharel

4. Muktinath Bikas Bank Ltd.

Mr. Pradyuman Pokharel

Mr. Samir Sekher Bajracharya

Mr. Til Bahadur Gurung

Mr. Baburam Dhakal

Mr. Govind Ghimire

5. Lumbini Bikas Bank Ltd.

Mr. Naresh Singh Bohra

Mr. Paban Dhakal

6. Kamana Sewa Bikas Bank Ltd.

Ms. Shristina Manandhar

7. Garima Bikas Bank Limited

Mr. Madhav Prasad Upadhaya

Mr. Dipak Raj Bhandari

C. Microfinance

1. Samaj Laghubitta Bittiya Sanstha Ltd.

Mr. Kishori Mahato

2. Vijaya Laghubitta Bittiya Sanstha Ltd.

Mr. Basanta Lamsal

Mr. Kapil Neupane

Mr. Achyut Hari Arya

3. Mirmire Laghubitta Bittiya Sanstha Limited

Mr. Puskar Raj Joshi

4. Mahuli Laghubitta Bittiya Sanstha Limited

Mr. Gangadhar Pandey

5. Dhaulagiri Laghubitta Bittiya Sanstha Ltd

Mr. Ishwor Lal Rajbhandari

Mr. Hari Parsad Sharma

6. First Microfinance Laghubitta Bittiya Sanstha Ltd.

Mr. Dana Raj Panta

Mr. Babu Ram Neupane

Mr. Devraj Nepal

7. Laxmi Laghubitta Bittiya Sanstha Ltd.

Mr. Prakash Raj Sharma

8. Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd

Dr. Shiv Ram Prasad Koirala

D. Insurance

1. Jyoti Life Insurance Company Ltd.

Mr. Saput Chandra Khanal

Mr. BibekGautam

Mr. Nabin Kumar Sah

Mr. Ramesh Kumar KC

2. Himalayan General Insurance

Mr. Sujan Shrestha

3. Reliance Life Insurance Limited

Mr. Sandeep Kasaju

4. Surya Life Insurance Co. Ltd.

Mr. ManojPantha

E. Others

1. Victoria University Melbourne

Mr. Saurav Shrestha

Mr. Umesh Pandey

Mr. GhanashyamGhimire

2. Global College International

Dr. Dev Raj Paneru

Dr. Akshay Arora

3. Securities Board of Nepal

Mr. Rewat Shrestha

There were a list of Invitees from Various Banks and Financial Institutions, Media Personalities and more.

Program Schedule of the conference

Master of Ceremony: Ms. Nishu Bhagat, BFIN

Time	Program Details
08:30 AM – 09:00 AM	Registration and Tea/Coffee, Snacks

OPENING CEREMONY

Time	Program Details	Speakers
09:00 AM - 09:05 AM	Invitation to the Dias	Ms. Nishu Bhagat
09:05 AM - 09:10 AM	Welcome Address	Dr. Binod Atreya, Managing Director, BFIN
09:10 AM - 09:15 AM	Inauguration of the Conference by Lighting the Lamp	Mr. Maha Prasad Adhikari Governor, Nepal Rastra Bank
09:15 AM - 09:20 AM	Remarks by Special Guest of Honour	Dr. Atiur Rahman Former Governor, Bangladesh Bank
09:20 AM - 09:25 AM	Remarks by Special Guest of Honour	Dr. Chiranjibi Nepal Former Governor, Nepal Rastra Bank
09:25 AM - 09:30 AM	Remarks by Special Guest of Honour	Dr. DuvvuriSubbarao Former Governor, Reserve Bank of India
09:30 AM - 09:40 AM	Inaugural Address by Chief Guest	Mr. Maha Prasad Adhikari Governor, Nepal Rastra Bank
09:40 AM - 09:55 AM	Distribution of Token of Love	Mr. Maha Prasad Adhikari Governor, Nepal Rastra Bank
09:55 AM - 10:00 AM	Vote of Thanks	Mr. Sujan Subedi Deputy Chief Executive Officer, BFIN
10:00 AM – 10:10 AM	Break	

TECHNICAL SESSIONS

Time	Program Details	Speakers
10:10 AM – 11:30 AM	Theme 1: Global and National Economic Perspectives	Session Chair: Dr. Atiur Rahman Former Governor, Bangladesh Bank

Presentation 1	Emerging Issues in Financial Sector Regulation - Some Questions in Search of Answers (25 Minutes)	Dr. DuvvuriSubbarao Former Governor, Reserve Bank of India
Presentation 2	Green Finance: How Financial Institutions Could Further Contribute to Nepal's Sustainable Recovery post COVID-19 (25 Minutes)	Mr. Babacar Faye Resident Representative, International Finance Corporation (IFC), Nepal.
	Q & A Session (20 Minutes) Closing by the Chair (10 Minutes)	
11:30 AM – 11:40 AM	Break	
11:40 AM – 01:20 PM	Theme 2: Technology Innovation and Disruption in the Financial Sector	Session Chair: Dr. NeelamDhungana Deputy Governor, NRB
Presentation 1	Impact of COVID – 19 in the Nepalese Economy: Monetary Policy Measures for New Normal (20 Minutes)	Dr. Prakash Kumar Shrestha, Executive Director, NRB
Presentation 2	Managing Technology Challenges: Cyber Security, Threats and Protection Measures (25 Minutes)	Mr. Sujit Christy Director / Chief Information Security Officer and Cybersecurity Adviser, Sri Lanka
Presentation 3	External Commercial Borrowing (ECB): Experiences from Bangladesh(25 Minutes)	Mr. Mashrur Arefin Managing Director and CEO, City Bank Limited, Bangladesh
	Q & A Session (20 Minutes) Closing by the Chair (10 Minutes)	
01:20 PM – 02:10 PM	Lunch Break	
02:10 PM – 03:30 PM	Theme 3: Leadership for the New Normal	Session Chair: Dr. DuvvuriSubbarao Former Governor, Reserve Bank of India
Presentation 1	Leadership and HR Development: A Regulator's Tale (25 Minutes)	Dr. Atiur Rahman Former Governor, Bangladesh Bank
Presentation 2	Sound Corporate Governance and New Cultural Orientation for the New Normal (25 Minutes)	Dr. Shah Md. Ahsan Habib Professor, Bangladesh Institute of Bank Management
	Q & A Session (20 Minutes) Closing by the Chair (10 Minutes)	

03:30 PM – 03:40 PM	Break	
03:40 PM – 05:30 PM	Theme 4: Panel: The Future of Banking in the Post COVID-19 World: Searching a Success Model	Session Chair: Mr. Bam Bahadur Mishra Deputy Governor, NRB
	Sustainable Finance (10 Minutes)	Dr. Atiur Rahman, Former Governor, Bangladesh Bank
	Banking on Values (10 Minutes)	Mr. Upendra Poudel, Chairman, Nabil Bank Ltd.
	Challenges in Emerging Scenario Post COVID: Life and Non-Life Perspectives (10 Minutes)	Prof. (Dr.) Abhijit K. Chattoraj Dean –SWSS Professor & Chairperson, PGDM-IBM, BIMTECH, India
	Recovery from the Pandemic: Story from the Nepalese Banking Sector (10 Minutes)	Mr. BhuvanDahal Immediate Past President, Nepal Banker's Association
	The Future of Jobs: Employment, Skills and Workforce Strategy (10 Minutes)	Dr. Binod Atreya Managing Director, BFIN
	Q & A Session (50 Minutes) Closing by the Chair (10 Minutes)	
05:30 PM – 05:40 PM	Closing Remarks	Dr. Binod Atreya Managing Director, BFIN
05:40 PM Onwards	Reception	

Photos



Press Release before the Conference

The conference news was covered by several local newspapers in both Online and Printed version. Attached herewith is one of the news cutting from The Himalayan Times.

Link: <https://thehimalayantimes.com/business/bfin-conference>

Business

BFIN conference

By Himalayan News Service

Published: 10:27 am Nov 26, 2021



KATHMANDU, NOVEMBER 25

Banking, Finance and Insurance Institute of Nepal (BFIN) is organising a one-day conference titled 'Conference on Leadership Development for the New Normal' on November 27.

This conference is to be attended by board of directors, chief executives and top executives of banks and financial institutions, insurance companies, senior government officials, leaders of public and private industries and other distinguished delegates/professionals engaged in the public and private sector, as per a media release.

This conference shall be a great opportunity to hear from the prominent international speakers/personalities from Nepal, India, Bangladesh and Sri Lanka.

This conference explores the futuristic perspective of banking services; the use of technology in the delivery of products and services; emerging threats for the financial industries due to financial crimes and security issues; and the emerging challenges for the leadership in managing the digital financial sector.

A version of this article appears in the print on November 26, 2021, of The Himalayan Times.

#BFIN conference

Press Release after the Conference

The conference news was covered by several local newspapers in both Online and Printed version. Attached herewith is one of the news cutting from Magzter Inc, an International digital newsstand.

Link: <https://www.magzter.com/stories/Business/BANKING-FINANCE/Conference-on-Leadership-Development-for-the-New-Normal-Nepal>

Conference on Leadership Development for the New Normal, Nepal

BANKING FINANCE | January 2022

Banking, Finance and Insurance Institute of Nepal (BFIN) organized a one-day conference entitled "Conference on Leadership Development for the New Normal" on 27 November, 2021 at the Radisson Hotel, Kathmandu.

This conference was attended by over 170 delegates including CEOs, Top Executives and Managers of Banks and Financial Institutions, Insurance Companies, Senior Government Officials, Leaders of public and private industries and other distinguished delegates/professionals engaged in the public and private sector. This conference had several insightful deliberations from prominent international speakers/personalities from India, Bangladesh, Nepal and Sri Lanka.

Dr. Neelam Dhungana Timsina, Senior Deputy Governor of Nepal Rastra Bank was the Chief Guest for the opening ceremony who inaugurated the conference. Other Special Guest of Honour for the program were Dr. Duvvuri Subbarao, Former Governor, Reserve Bank of India, Dr. Atiur Rahman, Former Governor, Bangladesh Bank, Dr. Chiranjibi Nepal, Former Governor, Nepal Rastra Bank, and Mr. Bam Bahadur Mishra, Deputy Governor, Nepal Rastra Bank.

On behalf of the organizers, Dr. Binod Atreya, Managing Director of BFIN welcomed the Guests and Delegates in the program while all the Guests presented their inaugural remarks. Dr. Atreya at its welcome remarks highlighted the objectives of the program and noted that leaders across organizations of all shapes and sizes must be digitally ready - considering today's world and need. The business risks are increasing day by day with the introduction of the next phase digital revolution and disruption in the financial sector. The digital revolution requires enormous investment, new skills and capabilities to manage new threats and risks, new regulatory systems to look into the digital-backed businesses and complexities, and the leaders have to be capable to manage the digital institutions.

The Conference emphasized the futuristic perspective of banking services; the use of technology in the delivery of products and services; emerging threats for the financial industries due to financial crimes and security issues; and the emerging challenges for the leadership in managing the digital financial sector. The conference further shed lights on the impacts of Covid19 both at global and national levels, the recovery strategies and governance, and the cultural shift that have emerged due to pandemics and generate learning lessons for the success of banking in the future.

Organizing Team



Dr. Binod Atreya
Managing Director



Mr. Sujan Subedi
DCEO



Ms. Rajju Mulmi
Business Development
Manager



Ms. Nishu Bhagat
Information Technology
Manager



Mr. Matiram Poudel
Accounts and
Administration Officer



Ms. Aslin Gyawali
Program Analyst



Mr. Prabin Aryal
Program Coordinator



Ms. Barsha Thapa
Program Coordinator



Mr. Sugam Pokhrel
Office Assistant



Ms. Sweta Nepal
Intern

Sponsors

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INSTITUTE OF NEPAL Ltd.**

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