

Partnership Snapshot: Nepal SBI Bank Ltd

Banking Facilities to Migrants and their Households

Nepal SBI Bank Ltd (NSBL) is a leading 'A' class commercial bank, providing banking services to over 900,000 clients. NSBL aspires to improve the lives of the underprivileged and the unbanked, through innovative, tailored financial products, while also catering to the needs of start-ups, small and medium businesses as well as large commercial clients. Province 2 is a priority geography for NSBL where it plans to expand its services and solutions through new and existing products, channels, and partnerships.

SKILLING TARGET: Pilot Phase (till Feb 2021) – 7,750	
Financial Product Name	Province 2 Targets
Saving Account	7,150
Migrant Loan	600

Scale up Phase – 15,000

NSBL and UKaid Skills for Employment Programme (सीप), forged a partnership on September 2019. The key innovation in this partnership is to introduce suite of financial products, including savings, insurance, and credit designed to address the needs of unbanked

migrants and their families, and improve financial inclusion in targeted municipalities of Dhanusha, Mohattari, and Siraha districts of Province 2.

The access to loans and savings has been provided by the bank after the launch of its products on Jan 30, 2020. Till March 2020, 230 people have subscribed to the savings account. Similarly, since the launch, 8 people have received loans for migration. Special priority is given to disadvantaged groups (DAGs) and women in these access to finance schemes where 63 DAGs and 37 women have benefitted so far.

Summary of Activities

- Introduced suite of financial products, including savings, insurance, and credit designed to address the needs of unbanked migrants and their families, and improve financial inclusion in targeted municipalities of Dhanusha, Mohattari, and Siraha districts of Province 2.
- Established five new branchless banking centres in three priority locations and three Tech Learning Centres to increase accessibility to affordable financial services, including financial literacy, increasing NSBL's total reach to 35% of the total migrant population in 3 districts in 8 targeted municipalities in Province 2 centres in Province 2.
- Forged stronger partnerships with selected NGOs, Government Migrant Resource Centres (MRCs) and Employment Service Centres (ESCs), community influencers, and other private partners like Khalti who have access to and can facilitate penetration of the target audience to adequately service the financial requirements of migrants and their families.
- Leverage NSBL's international networks at targeted migration corridors to increase remittance channelled via the formal sector instead of *hundi* from India and Gulf region.
- Leverage Rojgari Services online job platform to inform the target population about the services and products.



SUMMARY OF OTHER KEY PARTNERSHIP ELEMENTS

- Key Achievements:**
- Launched the migrant loan product jointly with P2 Government and DFID on January 30, 2020.
 - Developed three new products.
 - Initiated conversation with exchange companies in Gulf for tying up with NSBL, facilitating migrant workers towards easy remittances at lowered cost.
 - Financial literacy programmes were conducted in coordination with local stakeholders in Janakpur and Bardibas to create awareness about the migrant loan and saving account facility.
 - Conducted seminar in New Delhi for reducing cost of remittance and facilitating migrants for safe and secure banking transaction on first week of March 2020.

- Networking and Collaboration: Engagement with Provincial and Local Governments, MRCs and SaMI project.

Key Innovations:

- Collateral free and low interest cost loan products.
- High interest-bearing savings products.
- Bringing SBI network into the country for remittance transfers. Linking with Global Link Services (GLS) for real time remittance transfers thus decreasing the cost of transfers.

Sustainability and Scalability:

- Loan guarantee from UKaid शीप has covered the default risk on the loans which has emboldened the bank to enter into the market. If this is successful, the bank will pursue the products on its own.
- Bundled financial products will ensure that the customers are always within the ambit of the bank and have good relations thus reducing default risks on loan.
- Financial Literacy campaigns will encourage more people to opt for formal financial institutions for their financing needs. This will increase the portfolio of the bank thus increasing its risk appetite.
- Tying up with the GLS network will drastically reduce the cost of remittances. People from other Provinces can also benefit from this.
- Continuous training of project team and bank staffs for increasing sensitivity on the need to improve the lives of the poor communities.

Inclusion and Safeguarding:

- Out of total 238 clients acquired for the 2 products (Migrant Loan and Savings), 63 are from DAG communities and 37 are women.

Value for Money:

- *Economy:* NSBL is a public limited company with Government of Nepal as one of the major stakeholders. The bank is strictly regulated by the Nepal Rastra Bank - NRB (Central Bank). Hence, all the procurement processes are transparent.
- *Efficiency:* Bank has long industrial experience and has the lowest non-performing asset (NPA) in the industry.
- *Effectiveness:* Bank has a pool of qualified personnel who are inducted after a rigorous testing process. The staff are motivated through attractive packages and incentives. It has a very good network with the provincial and local governments and all the relevant stakeholders in the Province.
- *Equity:* 63 people from DAGs and 37 women beneficiaries have access to finance.

Risk and Challenges:

- Demand for loans is on complete halt due COVID-19 pandemic and Financial Literacy and Outreach campaigns are also not possible.
- Difficult to penetrate the strong informal lending network in the region.
- Activities of the bank limited due to strong NRB regulations and lengthy approval processes.
- Number of women in migration is very low. Hence, targeting them for returnee loan might be difficult.
- Limited investment opportunities (optimism) in the current scenario.

Lessons Learnt:

Worked well

- Visiting Local Governments and NGOs is effective to reach the needy and people from DAGs.
- Financial products for migrants and their family members were launched and 238 migrants and their family members have acquired migrant loans and savings.
- Conducted Financial Literacy campaigns in Province 2 (Janakpur and Bardibas).
- Conducted seminar in New Delhi (India) to reduce cost of remittances and safe remittance transfers.

Did not work well

- COVID-19 Impact: Migration stopped due to the impact of COVID-19 Pandemic.
- Bank activities are limited due to the Government lockdown orders and fear of COVID-19 infections among clients.
- Long approval processes delayed the activities.