

Prabhu Bank Ltd: Partnership Snapshot

Enhancing Financial Inclusion of Unbanked Migrants and Migrant Families in Province 2

UKaid Skills for Employment (सीप) Programme's partnership with Prabhu Bank, since September 2019, led to promotion of financial inclusion for unbanked migrants and migrant families in Province 2.

Migration has a far-reaching impact on the Nepali economy with over 450,000 Nepali youths entering the labour market every year. The lack of expansion in jobs at home with the ever-increasing population entering into the labor market each year has largely exacerbated the outmigration trend in Nepal. Such exponential growth of both remittances and international labour migration began in 2000, with more than four million foreign labour permits issued by the Department of Foreign Employment (DoFE) between 2008 and 2017. Largest concentration of these Nepali migrants is in the Gulf Cooperation Council (GCC) nations and Malaysia Corridors, predominated by the people from Province 2 and Lumbini Province. The raison d'être for migration is the remittances that they earn and send back home from abroad. The remittances, thus earned, not only help migrants and their family cope with poverty but also form assets which can be sourced into investments in real estate, housing, small enterprises, education, and health. Despite a strong inflow of remittances and benefit potential, migrants and their family members are largely excluded in reaping the benefits and optimizing their income. This is mainly attributed to the lack of information; higher migration and remittance transfer costs; unethical recruitment practices; difficulty in accessing formal financial services; and lack of access to markets.

KEY FACTS

Duration: September 2019 - February 2021

Geography: Parsa, Bara, Rautahat, Sarlahi, and Saptari Districts in Province 2

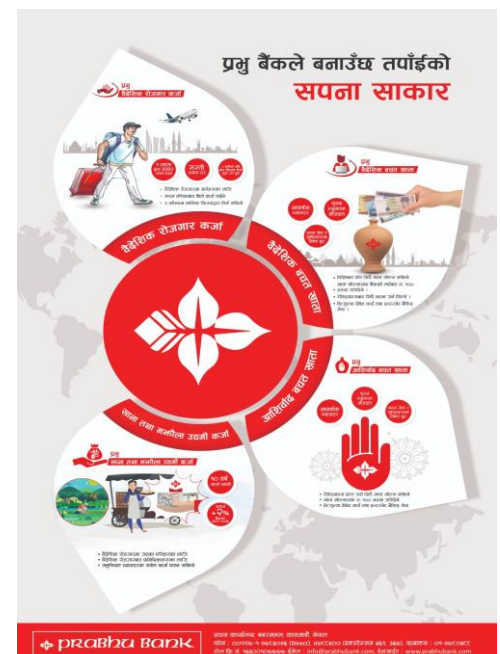
Key Impacts:

- Increased access to customised and collateral-free pre-migration loans, with decreased cost of migration.
- Enhanced access to formal financial network and products. Within the pilot period, 10,620 people subscribed to the savings accounts; 181 people received loans, including 61 migration loans and 120 entrepreneurship loans.
- Enhanced financial literacy through mobile app and targeted social media outreach and media mobilization.

Through catalytic funding support from the UKaid सीप, Prabhu Bank introduced suite of human-centered financial products, including savings, insurance, and credit solutions to address the needs of unbanked migrants and their families, and improve the financial inclusion in targeted municipalities of Parsa, Bara, Rautahat, Sarlahi and Saptari Districts in Province 2. Prabhu Bank launched loan and savings products in January 2019. Till May 2021, 10,671 people have availed financial products from the bank under the project.

Summary of Activities

- Design and introduce human-centric design process in designing a range of financial products such as credit facilities, insurance and saving products; and services such as financial literacy activities--to reach and meet the needs of migrants and their families—aimed at lowering the cost of migration and enabling business start-ups for returnees and migrant families.
- Provide saving products for migrants which can enable saving habits among the migrants as well as decrease their cost of remittances.
- Allocate dedicated team and network, including through Prabhu Bank's envisioned partnership with selected NGOs, and Migrant Resource Centres (MRCs), international partners and digital financial literacy partners, to adequately serve the banking requirements of migrants, their families, and returnees. Using the expanded team, network, and products/services, reach and empower migrants, their families, and returnees with lowered cost, increased savings and investments, better budgeting of their expenses, and stronger resilience (given the vulnerability of many migrant communities to various socioeconomic crises).





- Leverage Prabhu Bank's international network with long-term partners at targeted corridors, to better integrate and market inward remittance from India and Gulf countries to Nepal, utilizing the bank's extensive money transfer network in Nepal to disburse remittances at a lower fee.
- Develop digital financial literacy mobile application, to help the users with product and service information, and impact financial management literacy to the target communities.

Summary of Key Achievements

- Conducted needs assessment survey to design human-centered financial products and services. This led to the development of affordable and easily accessible financial products tailored to the needs of migrants and their family members.
- Launched the migrant loan product jointly with Province 2 Government.
- Reached out to 10,671 people through financial products. 181 migrant households obtained loans for entrepreneurship and 54 potential migrants received loans to finance their pre-migration costs. In total, 2,608 unbanked women, and 2,997 from indigenous backgrounds, have come to the banking system through various financial products introduced through this partnership.
- Added two branches in the target districts through the partnership.
- The Sampatti App has already reached more than 6,000 downloads and the financial literacy videos have been viewed more than 530,000 times.
- Through the partnership, the bank introduced financial literacy outreach products including videos in collaboration with the consortium partner, to impart financial literacy training to the target population, and disseminated widely through Facebook and YouTube channels.
- Deepened engagement with provincial and local government, MRCs and the SaMI project. Most of the beneficiaries of loans received information about the products through information dissemination sessions at MRCs.